**Project Dissertation**

**On**

**A study on how Electronic Word-of-Mouth through Social Networking Sites is affecting Consumers**

**Submitted By:**

**Kirti Negi**

**2K13/MBA/34**

**Under the Guidance of:**

**Prof. P.K. Suri**

**Head of the Department**

****

**DELHI SCHOOL OFMANAGEMENT**

**Delhi Technological University**

**Bawana Road Delhi 110042**

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**CERTIFICATE FROM THE INSTITUTE**

This is to certify that the Project Report titled “**A study on how Electronic Word-of-Mouth through Social Networking Sites is affecting Consumers”,** is a bonafide work carried out by Ms. Kirti Negi of MBA 2013-15 and submitted to Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 in partial fulfillment of the requirement for the award of the Degree of Masters of Business Administration.

 Signature of Guide

 Signature of Head (DSM)

 Seal of Head Place:

 Date:

**DECLARATION**

I **Kirti Negi**, student of MBA 2013-15 of Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 declare that Final Semester Dissertation Report on “**A study on how Electronic Word-of-Mouth through Social Networking Sites is affecting Consumers”** submitted in partial fulfillment of Degree of Masters of Business Administration is the original work conducted by me.

The information and data given in the report is authentic to the best of my knowledge.

This Report is not being submitted to any other University for award of any other Degree, Diploma and Fellowship.

 Kirti Negi

Place: Delhi

 Date:

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**ABSTRACT**

Word of mouth (WOM) marketing refers to the use of informal communications among networks of consumers to promote products, brands, or services. It has been widely accepted by researchers, companies as an essential marketing activity, since it is extremely effective in moulding consumer’s attitude and behaviour. Nowadays, Internet has become inseparable part of peoples’ life, attracting millions of people around the world. This has resulted into shift of word of mouth to a digitalized world and development of a new term called Electronic word-of-mouth (eWOM). eWOM has been recognized to generate the same benefits to companies as word-of-mouth. Growth in the internet & social networking sites has enabled Electronic word-of-mouth with a power to reach millions of people at a time & therefore is perceived more influential than other ways. This makes electronic word-of-mouth along with social networking sites, two concepts to acknowledge. Thus, for companies to make the most out of them, they need to gain the required knowledge.

This study mainly deals with the effect of eWOM on consumers in Indian context. The hypothesis & questionnaire in the present research has been adopted after a thorough study of the research paper on EWOM through social networking sites (Hodza, Papadopoulou & Pavlidou, 2012) which was conducted in European context.

There are two purposes of this research. The first one is to analyse how electronic word-of-mouth through social networking sites affect consumers’ product perceptions i.e. whether an opinion or recommendation about a product on social networking site influences their understanding & perception about the product. The second purpose is to understand the impact on purchase intentions i.e. whether a positive comment on social networking sites motivates them to buy the product hence influences their buying behaviour.

As per the study it was found that electronic word-of-mouth through social networking sites has a direct positive effect on both consumers’ product perceptions and purchase intentions. In addition, age was found to have a moderating effect on the relation between electronic word-of-mouth through social networking sites and purchase intentions.

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**CHAPTER 1**

**Introduction**

1.1 Introduction of the Project

Before the inception of advanced technology, traditional methods of communication were used by community members to share views and news about a product and service. The decisions were made on the basis of these expert opinions, later this communication method was referred to Word of Mouth (WOM) communication, and defined as the communication process that allows consumers to share information and views that direct customers towards and away from specific brands, products or services.

The communication ways has now shifted to an advanced horizon after the emergence of latest technology and internet where marketers interact with their customers. Online social networks & media has changed the way information is transmitted from the business to the consumer and among consumers themselves which allows consumers to share each other’s’ product-related experiences through electronic-word-of-Mouth (eWOM). eWOM can be defined as “any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the  Internet ”.Social media channels; social networking sites for example Twitter, Facebook, LinkedIn and MySpace etc.), company’s website, discussion forums and blogs that facilitate to review products and services reviews (e.g. Amazon.com, epinions.com, tripadvisor.com, angieslist.com, eBay.com) or just regular emails are being utilized for this purpose. Social media is defined as “a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content”. There are basically six types of social media: blogs and micro-blogs, virtual worlds, collaborative projects, content community sites, sites dedicated to feedback and social networking sites .These means are used as platforms for engaging in relationships, exchanging views, provoking debates, questioning and sharing information.

WOM communication has been a widely discussed & accepted as vital in shaping consumers’ attitudes and behaviours. Some people feel that WOM is much more effective than traditional marketing methods such as advertisement through newspapers, radio and personal selling, while others state that it is nine times as effective as traditional marketing. However, WOM can either occur naturally or be promoted by companies; namely “fertilized” WOM. Fertilized WOM is considered biased and is therefore less effective than “organic” WOM.

 Many people have argued that companies should recognize the both negative and positive WOM impact on consumers. The consumers are nowadays relying heavily on online information generated by other users for making future purchase decisions .It is clearly evident that brand awareness as well as information sharing, opinions and attitudes are highly influenced by social media. Social networking sites (SNS) platforms are on the rise and have already attained hundreds of millions of users and it is one of the fastest growing and most popular Internet activities to have at least one or more SNS accounts. Furthermore, SNS allows marketers to engage in two-way communication with online consumers, with the help of personalised messages and product related content. It is believed that the better you know and understand the individuals, who make up the grounds around your brand and your company, the better you can use the new social networking phenomenon to your advantage.

 The twenty first century has been marked by a fast and continuous growth of social media, and particularly SNS and messages transmitted through them. SNS provides a perfect platform for eWOM, since consumers use their on-line social networks for exchanging brand-related information. It is possible that SNS contacts exists already in consumers’ established networks and hence can be perceived as more trustworthy than unknown users that are visible in different SM platforms. A person online behavior can be thought of as an opinion provider, seeker and transmitter when exchanging eWOM. In SNS, opinion seekers explore for friends’ reliable recommendations, opinion providers share opinions concerning product & services with other customers & an opinion transmitter simply transmits that information.

SNS are an enhancing tool for eWOM and hence a beneficial platform for companies due to their high reaches to consumers. Even though WOM has been an essential part of small and medium sized businesses, 64 percent of them do not use SM for their business. In order to take advantage of WOM, companies have to attain information about consumers such as why they interact in eWOM on SNS and how they are affected by it. This understanding of how a Social networking site is affecting consumers’ eWOM behaviour can be utilized by managers for including social networking sites in their integrated marketing communications.

Hence, for enabling companies and managers to control and benefit from eWOM, they are required to understand the mechanisms behind it, and indicate the norms of consumer behaviour. The similar concept is applicable for eWOM through SNS i.e. by understanding how consumers are affected by eWOM through SNS, can give the necessary knowledge that will enable the company to make the most out of this phenomenon.

1.2. Objectives of the Study

* Objective 1: To examine the internet using behaviour of respondent.
* Objective 2: To study the effect of eWOM through Social Networking Sites(SNS) on product perception & product purchasing intention of consumers.
* Objective 3: To study the moderating effect of age on relation between eWOM through SNS, product perception & eWOM through SNS, purchase intention of consumers.

**CHAPTER 2**

**Literature Review**

This chapter covers theoretical background about the role of WOM, the importance of eWOM and SNS and the reasons to why people interact in eWOM and SNS. Further, in the theoretical framework, the impact of eWOM through SNS and the role of product perception and purchase intention are also included.

2.1 Theoretical Background

*Word of mouth:*

 It is a general tendency to collect product information before buying so as to reduce the perceived risk of the unknown. Purchasing behaviour can also be determined by product involvement i.e. by understanding the importance of a product for an individual; the higher the product significance is, the higher the perceived risk for the potential consumer.

 Buyers use various channels to communicate with the companies and gather information to make a product-related decision from both print and electronic sources. It has been identified that different sources have influence over customers’ purchase decisions. Accordingly, the most popular influence is browsing retail stores and the second most popular is recommendations from close ties, or WOM. Search engines, brand sites, catalogs, outdoor advertisement and user-generated sites are some of the other influential sources, and it was noted that online sources were compared in a favorable way to offline sources. eWOM is still considered not a much popular sources, that is because it is still in a nascent stage, in which it only has an impact on specific products and purchase channels. Nevertheless, in another study it is argued that eWOM has a large influence on brand attitude and judgment compared to other influential sources.

*E word of mouth:*

eWOM has most often been referred to as similar to viral marketing. The Internet is an essential component of viral marketing, since it is basically WOM through electronic media and this is the major difference between viral marketing & WOM. The effectiveness of WOM has been widely discussed for a long period of time. The transparency, size and accessibility of the Internet have given marketers the ability to influence and monitor WOM. It is seen that the WOM have the power to control some type of eWOM messages, for example comments on companies’ websites, by deciding whether to show them or not.

It is important for marketers to pay heed to eWOM, since online opinions are available to a large no of individuals for an unlimited period of time. Also they can reach to a wider audience at a lower cost and thus, if eWOM is managed well, it has a huge potential to transcend a product from a small market to a much larger one.

*Consumer interaction in eWOM & SNS:*

 During eWOM in Social networking site consumers seek, provide or transmit product- related information online by using specific sites. It is said in a study that the time people spend online, would be more valuable if they use it to substitute partly their face-to-face interactions. Several studies showed that there can be a positive outcome as far as the social capital and the communities evolve, when people use computers for their social interactions. Using Internet in this way can be beneficial for people with low emotional comfort due to weak social ties .People that predominantly use the Internet to connect with others, do it to preserve existing contacts in long distance relationships .In conclusion, the growth of online relationships is not necessarily a sign that people are drawn away from the real world, but instead they are using it to maintain their contacts with people even when they are not physically close to each other

Research findings have suggested that “keeping in touch with friends” is the most primary goal for using social networking. SNS are used for keeping touch with close and not so friends, but it cannot substitute the personal “offline” socializing with the friends. It is concluded that individual personality is a major factor in determining peoples’ interaction in SNS, and it is considered to be the most significant in determining a pattern in the SNS usage.

*Impact of eWOM on Consumers:*

Consumers generally seek opinion & information before making decisions and purchasing products. Since earlier times WOM is of great interest to companies, as it is recognized to have an impact on consumer behaviour and can affect their overall preferences .Exposure to positive WOM usually leads to a product purchase, while negative WOM tends to have the reverse effect. Recommendations available on-line, can also have the same effect and increase a product's overall sales, since they have an impact on consumers’ opinions regarding a product, as a result can encourage a purchase. On-line opinions which have originated from consumers, are considered to have a positive impact on the receivers’ product evaluations and future, and particularly those opinions that are logical and well articulated with reasonable facts. The number of comments available on-line are also considered to have impact on consumers’ purchase intentions, since numerous comments about a product suggest that many people have purchased the product and liked it .

 Recommendations about a product given online have a huge influence on the receivers’ product selections, since it has been confirmed that those consumers who were confronted with a product recommendation online were more likely to purchase that product than those who were not. eWOM is recognized to build consumers’ brand awareness, helps a company to create buzz and has an effect on consumers’ brand loyalty. eWOM has an effect on purchase intentions and decisions too, but with some products more than others. Consumers who purchase products online are more likely to be influenced by comments from other consumers.

*Impact of eWOM through SNS on Consumers:*

Advertisement from companies on SNS is most likely to be ignored by the members , since these advertisements are company generated and therefore are not perceived as trustworthy as consumer generated. Discussion platforms are perceived to be more trustworthy and preferable by consumers, as content is believed to be consumer generated.

When a friend recommends a group that concerns a company, the receiver is much more likely to join that group too, since friends often have similar interests .Consumers’ attitudes towards products and companies can be shaped by friends on SNS, since friends share common interests and are perceived to be trustworthy. Thus if someone give positive recommendation or negatively evaluates a product to another friend, it impacts their behaviour towards the product.

*Product Perception*

A perception or an attitude towards a product is a significant moderator of consumer behaviour. A consumer’s attitude towards an object influences the overall responses to that product in a consistently favourable or unfavourable way. One’s behaviour is determined by the intention to do so; one’s intention in return, is a result from his or her attitude to perform the specific behaviour. Therefore, when there is a high connection between intention and behaviour, a single act is predictable from the attitude towards that act. A consumer’s overall attitude towards a product is an ongoing developing learning process, which is affected by known influences, social groups, information, personality, experience and former consumer behaviours such as purchase intentions.

*Purchase Intention*

Purchase intention refers to the predictable behaviour of a consumer regarding a future purchase decision. Precisely, it is the decision making that what kind of product to purchase on the next occasion. A purchase intention is expected outcome behaviour. It has been measured extensively within marketing and economic research and is often used to predict the sales of new packaged products.Information generated from consumers is effective in forming others purchase intentions.

2.2 Hypotheses & Research Model

The eWOM through SNS and its effect is about to be investigated in this study. A consumer’s perception of a product is highly influential of the consumer’s final behaviour, either in a favourable or unfavourable manner. Consumers’ attitudes toward a product can be affected by eWOM through SNS. To validate the limited research done in this area, it is necessary to investigate whether eWOM through SNS has an impact on consumers in a way that affects their product perceptions. All the hypothesis used in the analysis are being adopted from earlier research (Hodza, Papadopoulou & Pavlidou, 2012).

**H1: eWOM through SNS has a direct positive effect on consumers’ product perceptions.**

The opinions of friends, family, relatives and acquaintances do matter in making our purchase intentions. Moreover eWOM through SNS has far more influence on consumers’ purchase intentions than traditional advertising.

**H2: eWOM through SNS has a direct positive effect on consumers’ purchase intentions.**

Moderation is a theory that helps in achieving a better understanding of a causal relationship. Moderators are a researchers’ hypotheses to investigate whether a cause will lead to an effect and works like a third variable that will modify that effect. Thus, the effect of a moderator is an interaction in the relation between a dependent variable and an independent one. It is investigated whether age has a moderating effect on the relation between eWOM through SNS and their purchasing behaviour, specifically product perception and purchase intension.

**H3a: Age has a moderating effect on the relation between eWOM through SNS and consumers’ product perceptions.**

**H3b: Age has a moderating effect on the relation between eWOM through SNS and consumers’ purchase intentions.**

Age

Product Perception

 *H3a*

 *H1+*

Product related eWOM through SNS

 H2+

Purchase Intention

 H3b

Age

 Figure 2.1: Research Model

**CHAPTER 3**

**Research Methodology**

3.1 Research Purpose

The aim of this paper is to make generalised assumptions about how consumers are collectively affected by eWOM through SNS, and not to deeply understand the reasons behind every individual’s motive. The purpose of this paper is causal and explanatorybut not descriptive or exploratory.

3.2 Sampling Technique

Out of the many sampling techniques available, Convenience Sampling has been used for this purpose. Basically being a non-probability sampling technique, it involves the sample being drawn at convenience. It is one of the most convenient methods of sampling because it saves time and effort in choosing the samples. The data collection for this study has been mainly done through Google Forms. The survey was live for 2 weeks through various social media network like Facebook and Gmail. A random sampling technique was thus used in selecting the respondents for the survey..

3.3 Sample Size:

The total number of respondents for this survey stands at 50 which are the actual usable responses.

3.4 Tools Used

The main tools that had been used for the purpose of analysis have been Excel and SPSS. SPSS stands for Statistical Package for Social Sciences.

The main tests that were applicable to find a relationship between the cited variables are Regression and Correlation. To be able to evaluate if there is a relation between the dependent variable and one or more independent variables, a linear regression can be applied. With the R square value, one can see how much the variance of the dependent variable is explained by the independent variable. The Beta value will show how much the dependent variable will change, when the independent variable changes by one unit. A significance level lower than 0.05, is assumed to be a conventionally chosen level of significance.

3.5 Operationalisation & Measurement of variables

An operationalisation is referred to as the translation of theoretical concepts into observable indicators of their existence (Saunders, et al., 2009). Basically, it is how a concept is to be measured in a study (Bryman & Bell, 2011). The concepts that were applied in this study are eWOM, SNS, purchase intention and product perception.

Table 3.1 Measurement and scaling of constructs

|  |  |  |
| --- | --- | --- |
| **Concept** | **Type of scale & its construction** |  **Items Used** |
| SNS | 1 item, dichotomy scale 2 items, nominal scale | SNS1: Do you have an account on a social networking site? SNS2: Which of the following social networking sites have you joined? SNS3: On average, how many times a day do you log in to a social networking site? |
| eWOM through SNS | 3 items, 5 point Likert scale anchored by: (1) strongly disagree, (5) strongly agree | eWOM1: On social networking sites, I tend to pass along my product-related opinions to my contacts. eWOM2: On social networking sites, I tend to seek for opinions from my contacts regarding a product that I intend to purchase. eWOM3: I am likely to recommend a product to others, after receiving relevant comments about that product on social networking sites from my contacts. |
| Product perception (PP) | 3 items, 5 point Likert scale anchored by: (1) strongly disagree, (5) strongly agree | PP1: I understand a product better after receiving relevant information about that product on social networking sites from my contacts. PP2: A former comment or update about a product on social networking sites from my contacts has had an influence on how I consider that product. PP3: I am likely to change my opinion about a product, after viewing a positive or negative comment about that product on social networking sites from my contacts. |
| Purchase intention (PI) | 3 items, 5 point Likert scale anchored by: (1) strongly disagree, (5) strongly agree | PI1: The opinions I have received on social networking sites from my contacts, have affected a former purchase decision of mine. PI2: Given a choice between two products, one recommended on social networking sites from my contacts and the other not, I would always choose to buy the recommended product. PI3: Whether a product is recommended on social networking sites from my contacts, is NOT important to me making my own decision on what to buy. |
| Age (A) | 1 item, nominal scale | A1: Please indicate your age. |
| Gender (G) | 1 item, nominal scale | G1: Please indicate your gender. |

 **CHAPTER 4**

**Data Analysis & Results**

The data after collection has to be simplified and analysed in accordance with the background defined for the purpose. This is a vital step for a study and for assuring that we have the relevant data. Processing involves editing, coding, classification and tabulation of collected data so that it is accepted for analysis. The term analysis refers to a systematic process of examining and evaluating data or information, by breaking it into its contributing parts to discover their interrelationships. Thus the following chapter starts by presenting the examination of descriptive statistics of the response. The tests are done to measure the validity and reliability of the research. Then, the two principal hypotheses are analysed using a linear regression. A subgroup analysis is also done to answer the sub- hypotheses.

4.1. Introduction to the case

For a long time ,word-of-mouth has been accepted as a crucial marketing activity by Researchers, companies and managers, since it is extremely effective in shaping consumers’ attitudes and behaviour .The digital age and, in particular, the Internet, has transformed the way that consumer performs their research, discover, share, and shop. Due to the growth of the Internet and social networking sites, electronic word-of-mouth has the strength to reach millions of people and is therefore perceived as more influential. This makes electronic word-of-mouth along with social networking sites, two concepts to acknowledge. Thus, the companies need to acquire the necessary knowledge to make the most out of them. The aim of this research is to analyse how consumers are affected by electronic word-of-mouth through social networking sites. A research gap was noticed namely how electronic word-of-mouth through social networking sites affects Indian consumers’ product perceptions and purchase intentions. Based on this gap, six hypotheses and a research model were conducted. The empirical data was collected via questionnaire.

4.2. Data analysis

Gender

 Figure 4.1 chart showing gender distribution of respondent

The majority of the respondent in the sample are Male (58 percent) whereas female respondent are 42 percent.

Age

Figure 4.2 chart showing age distribution of respondent

Only six out of 50 respondents ie 12 percent belongs to the age group of Greater than 30 yrs whereas maximum no of respondent belongs to age group 17-23 yrs ie 66 percent.

Occupation:

The respondents of this survey mainly belongs to the following classes of occupation

 Figure 4.3 chart showing occupation of respondent

As evident majority of the respondents (58 percent) belong to the student category. However the other type of dominant respondents in this survey are the Professionals (34 percent)& rest self employed, retired and others have negligible presence in the survey i.e. 4 percent,2 percent and 0 percent respectively.

Social networking site

 Figure 4.4: Chart showing preferred Social networking sites by respondent

All respondents selected Facebook, as it is the most popular social networking site and everyone has presence in this in the first place. As shown in the Figure 4.2, the second most popular site was Linkedin on which approximately 92 percent (46 respondents) had an account. 82 percent (41 respondents) had an account at Google+, 74 percent (37 respondents) at Twitter and 4 percent (2 respondents) answered “Other”, meaning that they had another SNS account, which was not on the list, for example Tumblr, MSN and others.

Average number of login times in social networking sites

 Figure 4.5: Chart showing no of times respondent login in SNS in a day

Maximum no of respondents said 30 i.e. 60 percent accepted that on an average they login a social networking sites (SNS) 1-3 times a day. 10 respondents i.e. 20 percent agreed that they login SNS 4-7 times a day, while rest 20 percent said they login SNS more than 7 times a day.

Frequency of communication with your contacts on social networking sites

 Figure 4.6 Chart showing frequency of communication on SNS

While answering the question approximately, how frequently do you communicate with your contacts on social networking sites maximum no of people ie 32% said less than a week, 28% said once a week, 26% said 3-5 times a week while only 14% said they communicate with their contacts every day.

Eword of mouth through Social Networking Sites

 Figure4.7: Chart showing respondent attitude when doing Ewom through SNS

The variable Eword of through SNS has been studied under the following three parameters namely Opinion Seeker, Opinion Transmitter and Opinion Provider. The respondents had rated these three parameters on a 5 point Likert scale ranging from strongly agrees to strongly disagree. Going by the analysis it is visible that most of the respondents are actually neutral about opinion transmitting and opinion seeking attitude i.e. 34 percent & 36 percent respectively while maximum no of respondent i.e. 30 percent agreed to that they likely to recommend a product to others, after receiving relevant comments about that product on social networking sites from their contacts.

Product Perception

 Figure 4.8: Chart showing respondent product perception

The statements eleven, twelve & thirteen in the questionnaire collectively referred to as product perception. The majority of the respondents in our target group (52 percent) agreed that they understood a product better after receiving relevant information about it from their contacts on SNS, whereas 1 percent of the respondents were neutral about it. Most of the people (60 percent) agreed that a former comment or update about a product by their contacts on SNS , had an influence on how they perceived that product. Moreover, 48 percent of the people agreed that by seeing a positive & negative comment from their contacts about a product on SNS affects their product perception, whereas 16 percent of respondent did not agree or disagree about it.

Purchase Intention

 Figure 4.9: Chart showing respondent Purchase Intention.

The next three statements in questionnaire are about purchase intentions. 50 percent of the respondents in our target group agreed that opinions of their contacts on SNS had affected their former purchase intentions; 26 percent were neutral and 8 percent disagreed. In the next statement, nearly 44 percent respondents agreed that they would always choose to purchase the product that had been recommended by their contacts on SNS; 24 percent were neutral about this statement. Finally, in statement sixteen 34 percent agreed that it was not important to them whether a product had been recommended by their contacts on SNS , when making the decision on what to buy.

4.3 Reliability & Validity Analysis

4.3.1 Reliability testing

All questions in the questionnaire were adopted from previous research (Hodza, Papadopoulou & Pavlidou, 2012), measuring the same variables that are to be measured in present research, thus Cronbach alpha analysis is conducted to ensure reliability of questions to measure specific variable. In the Cronbach alpha analysis, as shown in the Table, a number 0.748 was achieved for eWOM through SNS, which according to the literature, is acceptable. The Cronbach alpha value of Product perception and Purchase intention was 0.933 and 0.505 respectively therefore no questions were eliminated. At this point, considering the reliability is ensured, we proceed in combining the remaining questions by calculating their mean value.

Table 4.1:Construct Correlation & Cronbach Alpha

|  |  |  |  |
| --- | --- | --- | --- |
|  | Ewom\_SNS\* | PP\* | PI\* |
| Ewom\_SNS | 1 |  |  |
| PP | 0.580 | 1 |  |
| PI |  0.471 | 0.727 | 1 |
| Standard Deviation | 0.966 | 0.933 | 0.790 |
| Mean | 2.88 | 3.47 | 3.21 |
| Cronbach Alpha | 0.748 | 0.933 | 0.505 |

\* Ewom\_SNS: eWOM through SNS, PP: product perception, PI: purchase intention.

Correlation signiﬁcance level is 0.000.

4.3.2 Validity Testing

The correlation values of 0.580, 0.471 and 0.727 are measured for different combination (PP& Ewom\_SNS),(PI & Ewom\_SNS) & (PI & PP) respectively, as presented in the above table. Even though the correlation between product perception and purchase intention was 0.727, still the variable was not composed but instead preceded normally with the analysis. There is a significance value of 0.000 on all of the correlations, which is lower than the acceptable level and therefore statistically confirms the above analysis. Furthermore, since no correlation was above 0.95, discriminant validity can be assured. This implies that the variables represent different concepts.

4.4 Hypotheses Testing

4.4.1Hypothesis 1: eWOM through SNS has a direct positive effect on consumers’ product perceptions.

To analyse H1, Regression test is used. The results of the analysis are shown in Table 4.2.The results shows that R-square value of 0.336, which means that the variable eWOM through SNS explains 33.6 per cent of the variations in the variable product perception. A significance value of 0.000, indicates that eWOM through SNS is significant for product perception. The Standardized Coefficient of Beta (0.580) with a significance value of 0.000 depicts that if there is an increase of one unit is measured in variable eWOM through SNS then the estimated expected value of product perception will increase by 0.580 units. This concludes that eWOM through SNS and product perception are significantly related to each other and hence H1 is supported**.**

4.4.2 Hypothesis 2: eWOM through SNS has a direct positive effect on consumers’ purchase intentions.

To analyse H2, Regression test is used. The results of the analysis are shown in Table 4.2.The results shows that R-square value of 0.222 with a significance value of 0.000a. This could be translated as 22 percent of the variations of purchase intention can be explained by the variable eWOM through SNS, and this is statistically significant. eWOM through SNS and purchase intentions have a significant positive relation with a Beta value of 0.47, which is relatively high. It depicts that if eWOM through SNS increases by one unit, then the estimated expected value of purchase intentions will increase by 0.4 .A significance level of 0.000 is measured for this. This concludes that eWOM and purchase intentions are significantly related to each other and hence H2 is supported.

Table 4.2: Regression test result

|  |  |  |  |
| --- | --- | --- | --- |
| Hypotheses | R square | Standardized Coefficients Beta | Hypothesis test |
| H1:eWOM through SNS → PP | 0.336 | 0.580 | Supported |
| H2: eWOM through SNS → PI | 0.222 | 0.471 | Supported |

Hypotheses Discussion

As previously discussed and shown in the Table 4.2, hypothesis 1 and hypothesis 2 are both supported. An R square value of 0.336 was measured for eWOM through SNS and product perception. This is higher than the R square value 0.222 for eWOM through SNS and purchase intention. This indicates that consumers’ product perceptions are more affected by eWOM through SNS than their purchase intentions. This is because a lower percentage of the variation of purchase intention than of product perception can be explained by eWOM through SNS. This is also confirmed since the Beta value is higher for eWOM through SNS and product perception than eWOM through SNS and purchase intention. Moreover, if eWOM through SNS increases by one unit then product perception will increase by 0.580 units while purchase intention will only increase by 0.471 units.

4.4.3 Hypothesis 3a: Age has a moderating effect on the relation between eWOM through SNS and consumers’ product perceptions

For this analysis respondents weredivided into two groups one is young having the age group of 17-23yrs and other is old having age group of greater than 23 yrs.

To analyse H3a, Regression test is used. The results of the analysis are shown in Table 4.3.The results shows an adjusted R square value of 0.402 for younger respondents and 0.315 for older respondents. Both adjusted R square values had a significance level of less than 0.05. As shown, a bigger percentage of product perception can be explained by eWOM through SNS concerning the younger respondents rather than the older ones. Also, a Beta value of 0.634 was indicated for the younger respondents and a 0.561 for older respondents with a statistical significance for both. This means that older respondents’ product perceptions will increase by 0.073 units less than the younger respondents’, if eWOM through SNS increases by one unit. As a result of this, It could be concluded that there is no moderating effect of age on the relation between eWOM through SNS & product perception. Therefore, H3a is not supported.

Table 4.3: Regression test results between eWOM through SNS & product perception based on age of respondent

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Age Groups | R- Square | Adjusted R-Square | Sig. | Standardises coefficients Beta | Sig. |
| Young | 0.402 | 0.383 | .000 | 0.634 | .000 |
| Old | 0.315 | 0.269 | .019 | 0.561 | .019 |

4.4.4 Hypothesis 3b: Age has a moderating effect on the relation between eWOM through SNS and consumers’ purchase intentions

To analyse H3b, Regression test is used. The results of the analysis are shown in Table 4.4.The results shows an adjusted R square value of 0.304 for younger respondents and 0.354 for older respondents. As displayed, a bigger percentage of purchase intention can be explained by eWOM through SNS concerning the older respondents rather than the younger ones. Moreover, a Beta value of 0.551 was indicated for younger respondents and a 0.595 for older ones with a statistical significance for both. This means that younger respondents’ purchase intention will increase by 0.044 units less than older respondents’, if eWOM through SNS increases by one unit. Because of this, we conclude that age has a moderating effect on the relation between eWOM through SNS and purchase intention. Hence, H3b is supported.

Table 4.4 Regression test results between eWOM through SNS and purchase intention based on age of respondent

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Age Groups | R- Square | Adjusted R-Square | Sig. | Standardises coefficients Beta | Sig. |
| Young | 0.304 | 0.281 | .012 | 0.551 | .012 |
| Old | 0.354 | 0.311 | .001 | 0.595 | .001 |

 Sub hypotheses Discussion

Going by the analysis above and results a presented in the tables 4.3, 4.4.It could be concluded that age does not have a moderating effect on the relation between eWOM through SNS & consumers’ product perceptions but it does have a moderating effect on purchase intentions. The sub-hypothesis 3b is confirmed but 3a is not confirmed.

It was found that a lower percentage of the older respondents’ product perceptions can be explained by eWOM through SNS than the younger respondents’. Specifically, the difference in the adjusted R square between the two age groups is 0.114 for product perception. In addition, the Beta value of the older consumers for the relation between eWOM through SNS and product perception,is less than the Beta value of the younger. Precisely, the Beta value difference between the two groups is 0.073 for product perception. Therefore, the respondents who are 17-23 years old , are more likely to get affected by eWOM through SNS as far as product perception is concerned than the respondents who are greater than 23 years old.

Similarly it was found that a lower percentage of the younger respondents’ purchase intentions can be explained by eWOM through SNS than the older respondents’. Specifically, the difference in the adjusted R square between the two age groups is -0.05 for purchase intention. In addition, the Beta value of the younger consumers for the relation between eWOM through SNS and purchase intention, is less than the Beta value of the older. Precisely, the Beta value difference is -0.03 for purchase intention. Therefore, the respondents who are greater than 23 years old, are more likely to get affected by eWOM through SNS as far purchase intention are concerned than the respondents who are 17-22 years old.

|  |  |  |  |
| --- | --- | --- | --- |
| Hypotheses | Adjusted R square Difference | Beta value Difference | Hypothesis test |
| H3a: Age → PP | 0.114 | 0.073 | Not Supported |
| H3b: Age → PI | -0.05 | -0.03 | Supported |

Table 4.5: Regression Analysis by calculating difference between young & old respondent.

4.5 Conclusions

The aim of this study was to analyse how consumers are affected by eWOM through SNS. After doing the thorough study of existing literature and then identifying the reasons behind interaction in eWOM through SNS, the effect of this interaction on consumers’ product perceptions and purchase intentions was reviewed. It was also found that there is a scope to test whether age has a moderating effect on the relation between (eWOM through SNS a,product perception) and (eWOM through SNS ,purchase intention).

After testing both the hypotheses i.e. hypothesis 1 and hypothesis 2, it is confirmed that eWOM through SNS has a direct positive effect on both consumers’ product perceptions and purchase intentions thus both the principal hypotheses are therefore supported. Further it also shows that the increase of eWOM through SNS has a greater effect on consumers’ product perceptions than it has on their purchase intentions.

Also after testing Hypothesis 3a & hypothesis 3b for moderating effect of age on the relation between eWOM through SNS and consumers’ product perceptions, consumers’ purchase intentions. It was discovered that age does not have any moderating effect in the relation between eWOM through SNS & consumers’ product perceptions but moderating effect exists in case of purchase intentions. Hence, Hypothesis 3b is supported but not Hypothesis 3a. In addition it was also found that the product perceptions of respondent who are greater than 23 years old is more likely to be affected by eWOM through SNS, than the consumers who are 17 to 22 years old.

4.6 Limitations

1) The Small sample size is limited only 50 respondents.

2) The measured cronbach alpha values for eWOM through SNS, product perceptions and purchase intentions are found out to be (>=0.5)which is acceptable but it did not reach to the optimal limit(ie >=0.8).

3) The correlations should be low to moderate .The result showed correlation values that are lower than 0.6 for the eWOM through SNS and product perception as well as for eWOM through SNS and purchase intention. For product perception and purchase intention, the correlation value is exactly 0.727. Therefore this is another limitation for this research since the ideal situation would be to achieve values that are low to moderate for all variables.

4.7 Comparison with earlier Studies

By comparing both the studies, present one in the Indian context & earlier research (Hodza, Papadopoulou & Pavlidou, 2012) it was found out that there is very much similarity in the results as far as hypothesis 1: eWOM through SNS has a direct positive effect on consumers’ product perceptions and hypothesis 2: eWOM through SNS has a direct positive effect on consumers’ purchase intentions are concerned. Both were supported in earlier research so as in present case study. Also it was confirmed that the consumers’ product perceptions are more affected by eWOM through SNS than their purchase intentions in both the studies.

But there is some variation in results also, when measuring moderating effect of age on the relation between (eWOM through SNS a, product perception) and (eWOM through SNS , purchase intention). It was found in the present study that age does not have a moderating effect on the relation between eWOM through SNS & consumers’ product perceptions but it does have a moderating effect on purchase intentions. The sub-hypothesis 3b is confirmed & 3a is not confirmed. But in earlier research it was found that age has moderating effect in both the case & both the hypothesis are being supported.

4.8 Recommendation

In this final part, a number of propositions could be proposed for further research. First of all, the limitations stated above can provide suggestions for future research, which could add credit to this investigation. Also, further research on this topic could imply extensions to this study.

Since this research is based on a convenience sample, it is recommended for future researchers who will investigate this topic, to adopt a non-convenience sample. This is because they will then be able to generalise the findings to the entire population of students & professionals. It is also recommended that other populations should be further investigated since eWOM and SNS attract various ages.

It is also suggested that the effect of eWOM through SNS should be investigated on other aspects of consumers’ behaviour such as purchase decisions, consumption behaviour and others. Also, the effect of eWOM through SNS can be compared to how traditional advertising influences consumers’ product perceptions and purchase intentions. These suggestions are to add value to the limited research that exists in this area.

Finally, it is proposed that future researchers investigate what connects the reasons that drive consumers to engage in eWOM through SNS and the final purchasing affect of this engagement.

**CHAPTER 4**

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**CHAPTER-5**

**Annexure**

**5.1 Appendix 1: Questionnaire**

 1.Please indicate your age

 -17-23 yrs

 -23-30 yrs

 -Greater than 30 yrs

2. Please indicate your gender

- Male

 - Female

3.Occupation?

- Student

-Professional

-Homemaker

-Selfemployed

-others

-retired

4. Do you have an account on a social networking site? (A social networking site is a website on the Internet where people can become members and create a profile, so that they can publish pictures, post comments and updates and interact with each other.)

 - Yes

 - No

5. Which of the following social networking sites have you joined? (You can choose more than one option)

 - Facebook

 - Twitter

- Google +

 - LinkedIn

- Myspace

- None –

 Other

6. On average, how many times a day do you log in to a social networking site?

- 0

 - 1 to 3

- 4 to 7

 - more than 7

7. Approximately, how frequently do you communicate with your contacts on social networking sites?

 - Every day

 - 3 to 5 times a week

 - Once a week

 - Less than once a week

Please indicate on a 5 point scale the extent to which you relate to the following statements.

8. On social networking sites, I tend to pass along my product-related opinions to my contacts.

 Strongly disagree Disagree Neutral Agree Strongly agree

9. On social networking sites, I tend to seek for opinions from my contacts regarding a product that I intend to purchase.

Strongly disagree Disagree Neutral Agree Strongly agree

10. I am likely to recommend a product to others, after receiving relevant comments about that product on social networking sites from my contacts.

Strongly disagree Disagree Neutral Agree Strongly agree

11. I understand a product better after receiving relevant information about that product on social networking sites from my contacts.

Strongly disagree Disagree Neutral Agree Strongly agree

12. A former comment or update about a product on social networking sites from my contacts has had an influence on how I consider that product.

Strongly disagree Disagree Neutral Agree Strongly agree

13. I am likely to change my opinion about a product, after viewing a positive or negative comment about that product on social networking sites from my contacts.

Strongly disagree Disagree Neutral Agree Strongly agree

14. The opinions I have received on social networking sites from my contacts, have affected a former purchase decision of mine.

 Strongly disagree Disagree Neutral Agree Strongly agree

15. Given a choice between two products, one recommended on social networking sites from my contacts and the other not, I would always choose to buy the recommended product.

Strongly disagree Disagree Neutral Agree Strongly agree

16. Whether a product is recommended on social networking sites from my contacts, is NOT important to me making my own decision on what to buy.

Strongly disagree Disagree Neutral Agree Strongly agree

**Appendix 2:**

**Abbreviations**

Abbreviation Explanation

SM- Social Media

WOM- Word-of-mouth

eWOM- Electronic Word-of-mouth

SNS- Social Networking Sites