# MAJOR RESEARCH REPORT ON

# "Effect of negative word of mouth on brand equity"

Created By:
Hritika PANDITA
24/DMBA/99

Under the Supervision of:
Dr. Seema
Assistant Professor




Delhi School of Management
Delhi Technological University
(formerly Delhi College of Engineering)

## Certificate

This certified that the project report with title **"Effect of negative word of mouth on brand equity"** is an original and authentic work done by Hritika Pandita, a student of the MBA batch 2024–2026. The report has been submitted to the Delhi School of Management, Delhi Technological University, Delhi-110042, as a partial fulfilment of the requirements for the Master of Business Administration (MBA) program.

Dr. Seema
Asstt. Professor

Dr. Sourabh
Head of Department

## DECLARATION

I, Hritika Pandita, a student of DSM, Delhi Technological University, hereby affirm that the project report titled **"Effect of negative word of mouth on brand equity"** submitted in partial fulfilment of the requirements for the Master of Business Administration degree, is a result of my original work.

To the best of my knowledge, all information and data presented in this report are accurate and authentic.

Furthermore, this report has not been submitted previously for the award of any degree,
diploma, or fellowship.

**Hritika Pandita**
**24/DMBA/99**

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# EXECUTIVE SUMMARY

The ever-growing digital communication landscape has revolutionized the way brands are managed. India is one of the most important platforms where the consumer-to-consumer aspect of communication (specifically negative word of mouth (NWOM)) can impact brand outcomes as there are more than 900 million internet users and 467 million social media users. One unhappy consumer can now share a bad customer experience with millions of potential customers in minutes and impact the perception of a brand, purchase intent, and the brand equity in a way that can last.

However, the academic literature has not been cohesive or definite in the Indian context in three key aspects, despite the relevance of the issue to the practical reality of understanding how NWOM can affect brand equity.In spite of the practical relevance of the issue of understanding how NWOM can affect brand equity, the academic literature has remained fragmented in three important aspects. First, most of the previous research has dealt with brand equity as a unified entity, masking the differential sensitivity of the various dimensions of brand equity. Second, the mechanisms by which NWOM turns to brand equity — consumer trust and brand reputation, respectively — have not been tested at the same time in one and the same empirical model. Third, the Indian consumer context which is characterized by collectivist culture, fast digitalization and huge number of consumers, has been under-represented in the NWOM research literature.
A descriptive cum causal research design was used and the approach that was taken was a quantitative and cross sectional survey. The respondents, who were selected using purposive and snowball sampling techniques from the FMCG and consumer electronics consumer segments were administered a structured questionnaire, which had 42 items across five sections. The instrument adopted all the main constructs with measures designed and validated based on international peer reviewed research namely: NWOM scale from Sweeney et al. (2012), brand equity dimensions from Yoo and Donthu (2001), consumer trust from Garbarino and Johnson (1999) and brand reputation from Walsh and Beatty (2007).

IBM SPSS Statistics Version 26.0 was used for statistical analyses which included descriptive statistics, Cronbach's Alpha for reliability analysis, Pearson product-moment correlation analysis, multiple regression analysis, and mediation analysis following the four-step procedure suggested by Baron and Kenny (1986) and bootstrapped confidence intervals (5,000 iterations). Prior to conducting the main data collection exercise, a pilot study of 30 respondents was conducted to determine the reliability of the instruments used (all $\alpha \geq 0.79$).

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# CHAPTER 1 INTRODUCTION

## 1.1 Background Of The Study

### 1.1.1 The Age Of The Empowered Consumer

But more than anything else, today's marketplace is characterized by the unprecedented empowerment of the individual consumer. The one way communication of the twentieth century was the conventional architecture of market communication, where organisations sent messages via mass media outlets such as television, radio, newspapers and billboards to consumers. Information was directed, curated and asymmetric - by the producer, not the buyer. That architecture has been totally destroyed. Along with the rise of the internet and the explosive growth of social media and ubiquitous smartphones, the regular consumer has been equipped with communication tools that were until quite recently the realm of corporations, the government and media institutions. One consumer in a metro city in India can now broadcast themselves – positive or negative – to numerous tens of thousands of followers on Instagram, millions of consumers on Amazon's product reviews sections, or the algorithmically amplified ones on Twitter/X or YouTube. This change in the structure of communication is in itself a democratisation, and it has revolutionised the way brands are managed. Brand equity is now co-created, and indeed, co-destroyed, by the unmanageable, unceasing, and un controlled brand communication between consumers. It is the study of this discourse – especially its negative aspect – which forms the core of this research. This change is very much illustrated in India. India has one of the second largest internet user base as of 2024 with over 900 million users and a social media user base exceeding 467 million, which leaves India in the middle of a revolution of digital communication, whose implications on brand management have been significant and, in many ways, under-researched (IAMAI, 2024; Statista, 2024). The Indian consumer, as defined in marketing literature as a passive, price-sensitive, and habitually brand-loyal consumer, is a very different citizen of a digital world, where the consumer is an active citizen, an information seeker and a consumer who shares her opinion about the brand. This change is more significant than anywhere else, except when it comes to word of mouth communication.

### 1.1.2 Word of Mouth: From Ancient Practice to Digital Phenomenon

One of the longest-running ways of influencing the market is the word of mouth communication (WOM) which is informal communication, where evaluative information about products, services and organisations is exchanged from one person to another. It was a concept of long standing – even predating organized trade itself – and the reputation of a merchant or a product was established not by the merchant's own words, but by those of those who had been part of a transaction. Beginning in the 1950s and 1960s, scholars in the field of marketing rigorously investigated WOM, formalizing its role in the study of interpersonal communication in consumer choice as pioneers like Katz and Lazarsfeld (1955) did, concluding that interpersonal communication had a stronger impact on consumer decision-making than mass media advertising, a result that has been replicated and extended over decades of research. Orality (implying immediacy and informality), person-to-person transmission (implying trust and social proximity), and non-commercial motivation (implying authenticity and credibility) are three aspects of the definition that should be stressed. These are the reasons why WOM has been proven to be more persuasive than traditional advertising — it is seen as honest, unbiased and based on personal experience, instead of commercial motivation. Internet and then social media, e-commerce and the user generated content ecosystems have turned WOM from an oral, dyadic, geographically limited method of communication to a written, many to many, globally accessible way of communicating. The number of contacts reached by traditional WOM versus eWOM is quite extraordinary – one review or social media share can reach hundreds of thousands of people compared to the 3-5 people reached by traditional WOM. This quantitative change has ushered in a qualitative shift in the brand management landscape.

### 1.1.3 Negative Word of Mouth: Definition, Antecedents, and Characteristics

Of particular interest to scholars is the subset of WOM communication that serves to communicate undesirable information, evaluations, or experiences regarding a brand, product or organisation, that is, the negative word of mouth (NWOM). NWOM can manifest in a variety of ways, including formal and informal complaints made by or about the product in social contexts, reviews posted online on e-commerce platforms (e.g., Amazon and Flipkart), comments on social media platforms (e.g., Instagram,

Facebook, Twitter/X), videos posted on YouTube showing problems with the product and/or service, complaints on specialised complaint forums, and informal complaints in families, friend groups, and professional networks. NWOM has a variety of antecedents with well documented history in literature. The most frequently reported driver is consumer dissatisfaction which is caused by the discrepancy of what the consumer expects and what the product or service delivers (Richins, 1983; Singh, 1988). But other factors, such as corporate irresponsibility or unethical behavior, price disputes, data breaches, product recalls, quality issues, customer service problems and even political or social stances by organisations can cause NWOM to occur. The digital media environment has also increased the number of triggers of NWOM as consumers not only can create and share negative content about their own experiences but also in response to negative experiences of others, which has been called ‘vicarious NWOM’ (Charlett, Garland, & Marr, 1995). NWOM is different from positive WOM (PWOM) in several ways and can prove to be an especially important factor in brand management. First, research has consistently shown that there is a ‘negativity bias' in information processing such that negative stimuli have a disproportionately powerful effect on attitudes, judgments and decisions than positive. This translates to the consumer as a single negative review can have a stronger impact on the brand's evaluation than multiple positive reviews. Second, in digital environments NWOM travels quicker and further than PWOM because negative information that is surprising, arousing and/or socially relevant spreads faster as it is shared by humans (Berger, 2013). Third, NWOM is often more believable than PWOM, since consumers will findd it easier to believe that a disgruntled customer wouldn't embellish or embellish out of proportion, while a happy customer may be overly enthusiastic or financially incentivised (such as paid reviews). Fourthly, and most importantly in the context of this study, NWOM can be stored in online archives for an unlimited period of time, thereby impacting prospective consumers' brand evaluations for years to come, thus extending the impact of negative reviews into the 'long tail' of time.

### 1.1.4 Brand Equity: Conceptual Foundations

The value of a brand name that extends beyond a product or service's functional features is universally accepted as one of the most strategically important intangible assets of any business. These are all competitive benefits that come from having a strong brand: consumers are willing to pay more for a strong brand (price premium), repurchase more frequently and with greater consistency (brand loyalty), accept brand extensions more readily (extension potential) and are less vulnerable to competitive pressure or bad-tempered news (resilience). Strong brand equity translates into stronger long-term above-average profits, lower customer acquisition costs and high barriers to competition. There are currently two main lines of thinking regarding brand equity, both from the academic and practitioner perspective.

### 1.1.5 The Intersection of NWOM and Brand Equity

The connection between NWOM and brand equity is in a special predicament in Indian consumers' world. The FMCG value chain, which includes food & beverages, personal care, household goods and over the counter healthcare, is valued at a whopping $110 billion and caters to a billion-plus consumers across a wide range of socio-economic segments with its stark differences (FICCI, 2024). Consumer electronics, which includes the smartphones, laptops, televisions and household appliances market, is another considerable space of brand competition, with quick product development cycles, tight price competition, and high consumer interaction in the purchase decision-making process. The Indian E-Commerce Report (2024) shows that more than 76% of the urban population in India reads online reviews before deciding on a purchase in the sectors, and more than 60% of the shoppers say they have abandoned a purchase due to negative reviews. Although there is a clear need for practical relevance to understand the impact of NWOM on brand equity in India, there is not much academic research on this topic. The majority of empirical research around NWOM and brand equity has been done in western markets (US, Europe and Australia) in which cultural, digital and competitive conditions are significantly

different from India. Indian consumers are also found to be collectivist as compared to individualistic consumers, which means that WOM by in group members (family, friends, and colleagues) has more impact on the brand equity compared to the individualistic societies, thus exacerbating the negative impact of NWOM on brand equity. India's huge and diverse population and geography further add to the heterogeneity in how consumers experience, interact with and react to NWOM. The unique features of these conditions highlight the need and novelty of the present study.

### 1.1.6 Theoretical Models

The Elaboration Likelihood Model suggests that there are two pathways to attitude change when receiving persuasive messages: the central route (cognitive route), which requires careful and thoughtful processing of the message's argument quality, and the peripheral route (heuristic route), in which less deliberation is required and simple heuristic cues are utilized. In NWOM, high-involvement consumers that read negative reviews for high-stakes products (e.g., expensive electronics) are more likely to take the central route — engaging in a thoughtful review of the arguments presented in negative reviews. Consumers with low involvement in a purchase (e.g. FMCG products) might be more vulnerable to peripheral cues like the amount of negative reviews or how strongly consumers feel in their reviews. The ELM therefore offers a good explanation for differences in the effects of NWOM by product category and consumer segment.

Festinger's Social Comparison Theory asserts that individuals rely on the opinions and experiences of others to gauge their own judgments, especially when there is either no objective criteria by which to assess their judgments or at least some uncertainty about the criteria. When consumers feel uncertain about the quality of the product or brand trustworthiness, they rely on the ratings of other consumers to make comparisons and confirm their choices. While positive reviews from seemingly like-minded sources — such as friends, family, and “people like you” online reviewers — do have social comparison influence, their impact is the least significant. This theory is especially relevant in the Indian collectivist culture, where social comparison within in-groups is a culturally accepted and deeply embedded decision making heuristic.

## 1.2 Problem Statement

### 1.2.1 The Strategic Challenge of NWOM in Contemporary Brand Management

With the increasing number of digital channels and the dramatic reduction in barriers to consumer generated content, brand managers now face a new strategic dilemma: lack of narrative control. In the pre-digital days, brand stories were tightly controlled as the means of communication were not that many, costly and mainly within the organisational sphere. In this era, one disgruntled consumer can start a ripple of NWOM that can have a measurable and lasting impact on a brand's equity before the company even realises it has an issue. The difficulty lies in the long-lasting nature of digital NWOM – a negative review posted online can be accessed by anyone who searches the Internet, regardless of whether they were a part of the original brand experience or not; a conversation between two people will eventually fade away, but this is not the case with a digitally posted negative review. The challenge is particularly pronounced in India: The country has a very large and rapidly expanding internet user base; it is a very social society where personal recommendation and social information-sharing are a daily habit; and the competition between brands is high across consumer goods categories, making NWOM extremely fast and credible to spread. There have been many examples of a single negative event, be it a quality problem, a customer service issue, or even a controversial marketing move, sparking a cascade of NWOM that had a tangible effect on brand perception, market share and financial results for Indian brands and multinational companies operating in India. But the scholarly work has not been keeping up with this reality in the field.

### 1.2.2 Research Gaps in the Existing Literature

Unidimensional Treatment of Brand Equity: Most of the previous literature that has examined the effect of NWOM on brand equity has treated brand equity as a single-dimensional (unidimensional) aggregate construct, usually captured by a single composite measure (Luo, 2009; Liu, 2006; Chevalier & Mayzlin, 2006). Using this method masks the key fact that NWOM has differential impacts on brand equity's constituent parts. However, if this study's hypothesis proves true, that is, that NWOM is more detrimental to brand loyalty than brand awareness, then by aggregating the

data under the umbrella of brand equity, brand managers lose valuable data that can direct their brand defense expenditures. Thus, it is important and necessary to examine the effects of NWOM on brand equity in a dimension-specific way. The theoretical contribution of researchers to the NWOM–brand equity relationship has been limited, leaving trust erosion as a formal mediation hypothesis in this relationship largely under-researched, with studies limited to a few researchers (Delgado-Ballester & Munuera-Alemán, 2005; Chaudhuri & Holbrook, 2001). It is necessary to comprehend the processes by which NWOM becomes brand equity damage to be able to create a managerial intervention. In the case of trust being the dominant mediating pathway, then trust-rebuilding strategies (quality communication, service recovery, transparency) are the best mitigation measures. If NWOM also has independent impacts on brand equity that go beyond trust, however, then all-encompassing reputation management and WOM monitoring tactics are also needed.

Underexplored Moderating Role of Brand Reputation: Brand reputation theory (Fombrun & Shanley, 1990) predicts that a more positive brand reputation should make brands less vulnerable to damage from NWOM, but the empirical study of moderating role of brand reputation of NWOM and brand equity is absent in the literature. The result provides an empirical basis for the long-term investment in reputation, a strategic objective to which organisations are often not paying enough attention, because strong brand reputation could lessen NWOM's impact.

Research in Emerging Economy Contexts: Majority of the quantitative research on eWOM and brand equity has been done in the United States, Western Europe, South Korea and Taiwan. The findings from these contexts are not guaranteed to be generalisable to the Indian context, in which cultural collectivism is present, the language is diverse with many languages, the digital infrastructure is evolving rapidly, and the consumers are largely offline with more and more users becoming online buyers. This gap is filled by the present study which builds its empirical investigation specifically within the Indian context of consumers.

### 1.2.3 Central Research Problem

The central research problem of this study may be stated as follows:

What part does consumer trust and brand reputation play in mediating and moderating the negative word of mouth-brand equity relationship, respectively? This research problem has been motivated both in the theoretical context of the literature reviewed and also in the practical context of what is required from the brand management perspective in India's very competitive environment where NWOM is becoming a part of the picture. This study meets the three requirements of a resolution: empirical, theoretical and context sensitive investigation.

The following research questions are derived from the central problem:

1. Any significant impact of negative word of mouth on consumer brand equity?

2. Is the effect of NWOM different in the four dimensions of brand equity: brand awareness, brand associations, perceived quality, and brand loyalty and if so, which dimension is the most negatively affected?

3. Is there a mediation (full or partial) between NWOM and brand equity?

4. Does the brand reputation mediate between NWOM and brand equity, such that brands with better reputation will have weaker negative association with NWOM?

5. What are the most credible sources and channels of NWOM as perceived by the sample and how does the credibility of the source influence the impact of NWOM?

### 1.3 Objectives of the Study

The primary objectives of this study are as follows:

1. To study the impact of negative word of mouth on the overall brand equity among consumers in Delhi NCR with respect to two product categories namely FMCG & Consumer electronics products.

2. To evaluate the effect of negative word of mouth on major elements of brand equity.

3. To evaluate the mediation between negative word of mouth and brand equity by consumer trust.

4. To understand the main source and distribution of negative word of mouth which has the maximum impacts on the brand in Indian consumer market.

5. To present the researched strategic recommendations, given by the brand managers.

### 1.3.2 Research Hypotheses

For the current research, following hypothesis are proposed:

**Table 1.1: Research Hypotheses**

| Hypothesis | Statement | Direction |
|---|---|---|
| H1 | Negative word of mouth has a significant negative effect on overall brand equity. | Negative ($\beta < 0$) |
| H2a | NWOM has a significant negative effect on brand loyalty, and this is the most severely affected dimension. | Negative ($\beta < 0$) |
| H2b | NWOM has a significant negative effect on perceived quality. | Negative ($\beta < 0$) |
| H2c | NWOM has a significant negative effect on brand associations. | Negative ($\beta < 0$) |
| H2d | NWOM has a significant negative effect on brand awareness, and this is the least affected dimension. | Negative ($\beta < 0$) |
| H3 | Consumer trust partially mediates the relationship between NWOM and brand equity. | Indirect ($a \times b \neq 0$) |
| H4 | Brand reputation moderates the NWOM–brand equity relationship, attenuating its negative effect. | Positive interaction ($\beta$ interaction > 0) |

## 1.4 Scope of the Study

The study has been carried out in Delhi National Capital Region (NCR) comprising of the National Capital Territory (NCT) Delhi and adjoining urban areas of the region such as Gurugram, Noida, Faridabad and Ghaziabad. Delhi NCR is not only the biggest urban conglomeration in India with over 32 Million people, but one of the most digitally connected, commercially dynamic, and brand conscious consumer markets of

India as well. This area is defined by the fact that per capita income is high in comparison to the national average, there is a large and educated middle-class population, high penetration by e-commerce, and a wide range of consumers working across a number of age groups, education and occupational characteristics. These are all propitious qualities that make Delhi NCR the perfect location to conduct research for NWOM and brand equity in the context of Indian urban consumers. But, the results need to be treated with a grain of caution because the behaviour of consumers at Tier-2 and Tier-3 cities, or in rural markets, could be quite different from that seen at Delhi NCR.

### 1.4.2 Demographic Scope

The study focused adult consumers (18-55 years) who have secondary education or higher, access internet and have at least had an experience to buy in the FMCG or consumer electronics category within the last 3 months. This demographic scope was selected to make sure that the respondents can respond to the survey instrument in a meaningful way and to ensure a representative sample of the digitally savvy consumer population – the primary audience for — and driver of — online and offline NWOM in urban markets in India.

### 1.4.3 Industry and Product Scope

This study was based on two product categories: the Fast-Moving Consumer Goods (FMCG) and the Consumer Electronics (CE) product categories. The two categories were chosen because of the following. First, both types of purchases are made many times, have large and varied customers, and have high levels of brand competition, which fosters the prevalence and salience of NWOM. Secondly, over the past ten years, the number of reviews written online on both categories in India has also increased significantly, which makes them relevant to the eWOM dynamics study. Third, the two categories are different types of purchases and different types of products in terms of purchase involvement and product complexity, with FMCG products being lower involvement, habitual purchases, and consumer electronics having higher financial stakes, information search and more deliberate purchase

decision making, allowing for some degree of analysis in terms of the study framework.

### 1.4.4 Theoretical Scope

The conceptual framework of the study is based on Aaker's (1991) 4 dimensional model of brand equity. This study does not consider the CBBE model of Keller (1993), financial-based measures of brand equity (like market capitalisation models or Interbrand's brand valuation model) or institutional models of brand equity. Aaker's model was selected because it has been the most popular model used in empirical brand equity studies, has been operationally validated in a number of scales, and conceptually is well suited for the aim of investigating the differential influence of NWOM on the various components of brand equity.

### 1.4.5 Temporal Scope

The study used a cross-sectional research design and the data was collected for 8 weeks in 2024. This cross-sectional design aligns with the exploratory/explanatory goals of the study, but does not allow for examination of change in brand equity over time, nor does it allow for the longitudinal effects of NWOM to be examined. Longitudinal studies are recommended in the future to overcome this limitation.

**Figure 1.1: Conceptual Framework of the Study**

| Construct | Role in Model | Theory / Source |
|---|---|---|
| Negative Word of Mouth (NWOM) | Independent Variable | Arndt (1967); Richins (1983); Hennig-Thurau et al. (2004) |
| Consumer Trust | Mediating Variable | Morgan & Hunt (1994); Garbarino & Johnson (1999) |
| Brand Reputation | Moderating Variable | Fombrun & Shanley (1990); Walsh & Beatty (2007) |
| Brand Awareness | Dependent Variable (Dim. 1) | Aaker (1991); Yoo & Donthu (2001) |
| Brand Associations | Dependent Variable (Dim. 2) | Aaker (1991); Keller (1993) |
| Perceived Quality | Dependent Variable (Dim. 3) | Zeithaml (1988); Aaker (1991) |
| Brand Loyalty | Dependent Variable (Dim. 4) | Dick & Basu (1994); Chaudhuri & Holbrook (2001) |

The framework yields seven testable hypotheses (Table 1.1) and is empirically operationalised through validated survey scales administered to a sample of 200 consumers in the Delhi NCR. The complete methodological details of the framework's operationalisation are presented in Chapter 3.

### 1.4.7 Significance of the Study

The study makes a contribution at the empirical level in that it adds to the emerging quantitative literature on eWOM and brand management in emerging economies and provides data specific to the Indian context which complements and extends the existing literature, which is largely based on Western countries. From a management perspective, the study offers a detailed, evidence-based analysis of the areas and methods in which NWOM is causing the most damage to the brand, allowing brand managers to more effectively and efficiently allocate their reputation management and brand protection resources. The recommendations based on the empirical findings (Chapter 4) are immediately applicable to the organisations in the consumer goods industry in India.

### 1.4.8 Structure of the Report

| Chapter | Title | Key Contents |
|---|---|---|
| Chapter 1 | Introduction | Background, Problem Statement, Objectives, Scope, Conceptual Framework |
| Chapter 2 | Literature Review | WOM Theory, Brand Equity Models, NWOM Effects, Trust, Reputation |
| Chapter 3 | Research Methodology | Research Design, Sampling, Instrument, Pilot Test, Analysis Techniques |
| Chapter 4 | Data Analysis & Discussion | Demographics, Reliability, Descriptive Stats, Correlation, Regression, Mediation, Recommendations |
| Chapter 5 | Conclusion | Summary of Findings, Contributions, Implications, Limitations, Future Research |
| Annexure | Questionnaire | Full Research Instrument — Sections A to E (42 Items) |

# CHAPTER 2 LITERATURE REVIEW

## 2.1 Introduction to the Literature Review

Any serious empirical study must be based on a thorough survey of the literature. It is used to place the research into the larger scholarly context, to define the known and unknown areas of research, to explain the theories and hypotheses used in the research, and to explain the findings of the research in the context of previous research.

## 2.2 Word of Mouth Communication: Nature, Typology, and Evolution

### 2.2.1 Traditional Word of Mouth

Formal studies of word of mouth as a marketing phenomenon began with the work of Katz and Lazarsfeld (1955), who found that personal influence, through informal interpersonal communication, had a greater influence on the consumer's decision for a variety of product categories than mass media advertising. Arndt (1967) laid the groundwork for the parameters that have defined WOM research since that time: informality, interpersonal transmission, and credibility due to the non-commercial motivation. Richins and Root-Shaffer (1988) built on this research by showing that the persuasive effect of WOM was greatly influenced by the receiver's initial brand attitude and the communicator's perceived expertise. There are several theories that have been proposed to explain how WOM is persuasive. Rogers' (1962) Diffusion of Innovations model placed WOM as a vital channel of diffusion of new products and ideas via social networks. The two-step flow of communication model (Lazarsfeld & Katz, 1964) has suggested that there are 'opinion leaders' who act as nodes in the WOM networks and amplify information from the mass media to their followers. Granovetter's (1973) study of the ‘strength of weak ties’ found that information from weak ties (acquaintances, professional contacts) had a stronger influence on adoption decisions than information from strong ties (close friends, family members) because weak ties act as bridges to information from outside of one's social network.

### 2.2.2 Electronic Word of Mouth (eWOM)

The shift from WOM to eWOM, driven by the rise of the internet, social media, and e-commerce platforms, is more than just a technological replacement; it's a fundamental shift in how consumers communicate. The study by Hennig-Thurau et al. (2004) was a seminal study that identified some of the most important motives behind consumer participation in eWOM: concern for others, self-enhancement, economic incentives, and platform assistance, and showed that the quantity and quality of eWOM had a significant impact on product sales and consumer attitudes. In the book retailing context, the negativity asymmetry in the eWOM commercial consequences was first empirically confirmed by Chevalier and Mayzlin (2006), who found that negative reviews had a more powerful per-unit impact on sales than positive ones. Research that has followed has explored eWOM in various platforms and products. Liu (2006) showed that there were strong WOM effects in the box office of the film industry. Forman, Ghose, and Wiesenfeld (2008) found that the disclosure of the reviewer's identity led to greater perceived helpfulness and persuasive effect of online reviews. Dellarocas (2003) studied the strategic issues of online reputation systems for companies.

In the Indian context of this study, Pan and Zhang (2011) observed that cultural factors influenced the impact of eWOM on decision making of customers : Collectivist consumers were more likely to be influenced by peer reviews than individualist consumers.

## 2.3 Negative Word of Mouth: Effects on Brand Perceptions

The findings presented above allow for the conclusion that the negative impact of NWOM is disproportionate and asymmetric to that of equivalent positive WOM. The negativity bias is a well-documented phenomenon in information processing that negative information receives more attention, is processed more deeply, and has a stronger impact on evaluative judgments compared to positive information of similar magnitude (Baumeisteir et al., 2001; Roziin & Royzmaan, 2001). In the brand evaluation setting, Park and Lee (2009) found experimentally that the negative effect of one negative review could offset the positive effect of eight positive reviews, and

Anderson (1998) found that the asymmetric effect of negative information on satisfaction ratings was found even after controlling for the baseline valence of the consumer's expectations. Berger, Sorensen and Rasmussen (2010) provided a qualified endorsement of the negativity asymmetry, arguing that negative publicity actually boosted sales of relatively unknown brands by raising awareness, but hurt sales of well-known brands. This distinction highlights the relevance of the brand equity as a context variable that influences the effect of NWOM, which is the reason for the moderation hypothesis tested in this study.

## 2.4 Brand Equity: Theoretical Frameworks and Measurement

### 2.4.1 Aaker's Brand Equity Model

David Aaker's (1991) 'Managing Brand Equity' is the most referenced and practically used framework in brand equity research. The four main dimensions of assets he has identified (brand awareness, brand associations, perceived quality, and brand loyalty) are each theoretically separate, empirically measurable, and have differential importance for the competitive performance of the brand. The most basic dimension is brand awareness, which includes brand recognition (confirming prior brand exposure when cued) and brand recall (recalling the brand name without being cued). High awareness gives a brand cognitive availability, or the tendency to come to mind when the consumer is in a relevant purchase situation, and is a sign of familiarity and reliability due to the mere exposure effect (Zajonc, 1968). Brand associations are the many meanings, images, feelings, benefits, and attributes that are linked to a brand in consumers' minds. Strong, favourable, and unique associations (Keller, 1993) distinguish the brand from its competitors, generate positive emotions and serve as the foundation for brand extensions. Perceived quality is the consumer's general assessment of the brand's excellence compared to its intended use and other competitive brands. It is used as an indicator of product quality when consumers are not knowledgeable enough or motivated enough to evaluate the quality themselves, and it has a direct impact on purchase decisions and willingness to pay a price premium (Zeithaml, 1988). The most behaviourally consequential dimension, brand loyalty, includes attitudinal loyalty (psychological commitment and preference) and

behavioural loyalty (consistent repurchase). Loyal customers lower the cost of acquiring new customers, create a steady revenue stream for the brand, and create positive WOM — and that is the most valuable part of brand equity.

## 2.5 Effects of NWOM on Specific Brand Equity Dimensions

### 2.5.1 NWOM and Brand Awareness

Theoretically, the relationship between NWOM and brand awareness is the most complex of the four dimensions. On the other hand, the negativity of NWOM may seem intuitively to decrease brand awareness — if consumers reject a brand due to NWOM, the brand is less salient in consumers' consideration sets. However, the mention and discussion of a brand is an intrinsic part of NWOM, which may paradoxically make the brand more salient as a result of the ‘awareness effect' of negative publicity (Chevalier and Mayzlin, 2006). Empirically, from the present study and previous studies, the dimension of awareness is the most resistant to the erosion of NWOM, and is the least affected by it.

### 2.5.2 NWOM and Brand Associations

Theoretically, brand associations could be susceptible to NWOM by the spreading activation process (Collins & Loftus, 1975; Anderson, 1983). If a consumer comes across NWOM, especially regarding a product defect, service failure, or corporate misconduct, this information triggers a negative associative node in the consumer's brand memory network. This negative node can spread to previously positive associations, which can diminish the evaluative tone of the brand's memory representation. Experimental research by Berger et al. (2010) showed that negative publicity had a strong effect on brand associations' valence and accessibility, even if the exact content of the negative information was subsequently discredited. This was especially true for associations focused on quality, reliability and trustworthiness, which are at the heart of the brand's value proposition.

### 2.5.3 NWOM and Perceived Quality

Perceived quality has a very strategic place in the brand equity model as it is the most direct inferential link between the brand and its functional performance. Zeithaml's (1988) seminal conceptualisation of perceived quality as a 'global assessment' of product excellence, rather than an objective measure of product attributes, suggests that it is very sensitive to information provided by external sources, including peer reviews which are among the most credible and influential. Luo (2009) found that eWOM, in the form of negative reviews, in Internet forums significantly and measurably influenced the indicators of perceived quality, as measured by market share analysis. Lee et al. (2008) revealed that negative online reviews significantly lowered consumers' quality perceptions and increased their quality uncertainty, especially for experience goods, in which the quality evaluation process is difficult prior to purchase.

### 2.5.4 NWOM and Brand Loyalty

Theoretically, brand loyalty is the most vulnerable brand equity dimension to NWOM for two reasons. Loyalty is a relational construct in the first place, meaning that it is the consumer's continuous psychological bond with the brand and positive feelings about it. Such dissonance between the positive attitude of the loyal consumer and the negative information he/she receives is a motivation to change his/her attitude and to switch brands. Second, the influence of NWOM on consumer behaviour is immediate and observable: an NWOM-influenced consumer can turn this into non-purchase and brand switching right at the next purchase occasion. It is useful to note here that Dick and Basu's (1994) distinction between attitudinal and behavioural loyalty can be used to explain how NWOM can negatively affect both the attitudinal loyalty (by decreasing positive affect and commitment) and the behavioural loyalty (by increasing switching intention and decreasing repeat purchase probability). In a collectivist culture such as India, where interpersonal NWOM is most prevalent, Cheng and Loi (2014) discovered that this type of NWOM had the greatest negative impact on brand loyalty.

## 2.6 The Mediating Role of Consumer Trust

The trust-mediating hypothesis is grounded in a simple theory: in the context of NWOM, the hypothesis is that the message from NWOM tells consumers that the brand has failed, deceived or disappointed them, thus providing information that directly challenges consumers' trust in the brand.

## 2.7 The Moderating Role of Brand Reputation

Theory suggests that brand reputation, which is the sum of evaluations made by the organisation's stakeholders based on their past perceptions and experiences, is a key boundary condition that influences the processing and interpretation of negative events such as NWOM. Fombrun and Shanley's (1990) Reputation Capital Theory suggests that organisations with a good reputation can develop a ‘reservoir of goodwill' which acts as a buffer against the negative impact of individual negative events. If consumers have a high positive prior evaluation of the brand's reputation, they tend to believe that the negative information (such as NWOM) is due to outside factors or personal traits of the reviewers.

Klein and Dawar (2004) showed empirically that brand reputation had a significant moderating effect on the effect of product-harm crises on consumer evaluations, and that the greater the brand reputation, the more effective the protection against reputation damage. Brands with good reputations prior to the crisis were also more quickly and effectively able to recover from a product recall event, according to Siomkos and Kurzbard (1994).

Sen and Lerman (2007) provided direct evidence of the moderating effect of brand reputation on the impact of NWOM in the eWOM context, as they found that consumers were more willing to discount negative reviews of reputable brands. This moderation effect is formally tested in the present study in the context of the NWOM–brand equity framework.

## 2.8 Research Gaps and Theoretical Contribution of the Present Study

The literature review across the four constructs of NWOM, brand equity, consumer trust and brand reputation shows that there is partial and fragmented literature coverage that the present study is able to fill. The present study aims to fill all three gaps, and is a theoretically integrated and empirically grounded contribution to the literature.

**Table 2.1: Summary of Key Literature and Theoretical Contributions**

| Author(s) & Year | Key Focus | Key Finding | Relevance to Present Study |
|---|---|---|---|
| Aaker (1991) | Brand equity conceptualisation | Four-dimensional model: awareness, associations, quality, loyalty | Primary theoretical framework |
| Yoo & Donthu (2001) | Brand equity measurement | Validated MBE scale; dimensions are distinct yet related | Measurement instrument basis |
| Richins (1983) | NWOM antecedents | Dissatisfied consumers more likely to engage in NWOM than satisfied in PWOM | Supports NWOM prevalence assumption |
| Baumeister et al. (2001) | Negativity bias | Negative stimuli exert disproportionate influence on evaluation | Explains why NWOM > PWOM in impact |
| Hennig-Thurau et al. (2004) | eWOM motivations | Eight key motivations for online review generation | eWOM context and definition |
| Luo (2009) | NWOM → market share | Negative forum WOM reduces market share via quality perceptions | Supports H2b (perceived quality) |
| Morgan & Hunt (1994) | Trust in relationships | Trust is a key predictor of commitment and loyalty | Mediating role of consumer trust (H3) |
| Fombrun & Shanley (1990) | Reputation capital | Strong reputation buffers against negative events | Moderating role of brand reputation (H4) |
| Cheng & Loi (2014) | NWOM → loyalty | NWOM in close social networks most severely impacts loyalty | Supports H2a (brand loyalty) |
| Klein & Dawar (2004) | Reputation moderation | Brand reputation moderates impact of product crises | Supports H4 moderation hypothesis |

# CHAPTER 3 RESEARCH METHODOLOGY

## 3.1 Introduction to Research Methodology

The current chapter present details on outline of methodology adopted. The methodological framework encompasses research design, sampling type, population, tool used for data collection and statistical methods involved.

## 3.2 Research Design

The research is based on descriptive design as it aids in systematic characterization of perceived brand equity based on NWOM. The statistical links are evaluated for main constructs of the research i.e. brand equity, consumer trust and brand reputation. The main research strategy was a quantitative, survey-based one. The use of quantitative methods was considered fitting due to the nature of objectives of the study (a) to measure the latent psychological construct of the research on standardised scales, (b) to test hypothesised hypotheses with statistical tests and (c) to produce findings that could be found to be general to the overall Indian consumer population in urban areas. It was a cross-sectional data collection design, so the data were collected at a single-time with all respondents in a period of eight weeks in the field. Although cross-sectional designs do not allow causal inferences regarding cause and effect within a time frame, theoretically and empirically based hypotheses, along with regression analysis and mediation tests, included the basis of investigating the direction and strength of the suggested relationships.

## 3.3 Population/Sampling Framework.

### 3.3.1 Target Population

The study included in the study population adult consumers who were between the ages of 18 and 55 years (adults) and were living in the Delhi NCR with the study being based on three criteria: (a) the research included only those who have already purchased at least one product in the FMCG or consumer electronics category within the past six months; (b) the research included consumers who had received negative word of mouth about a brand in the past six months (online or offline); and (c) all consumers were required to have access to the internet and to be digitally literate to a basic degree. The criteria were set so that the respondents could be having relevant

purchase experience, as well as, first hand experience with NWOM thus giving an empirically grounded foundation to the basis of answering the survey instrument.

The choice of the FMCG and consumer electronics industries was made due to a number of reasons. The given categories are defined by a high rate of purchases, strong brand competition, and high involvement of consumers on the websites of online reviews - all which make it especially vulnerable to the forces of NWOM. Moreover, the activity in comparative information-seeking behaviour before the purchase by these classes of consumers often makes them very sensitive to both positive and negative consumer communication.

### 3.3.2 Sample Size Determination

The magnitude of the sample is a very significant methodological decision in quantitative research since it has a direct impact on the statistical power and accuracy of results. In this research, the sample was estimated based on the common formula of calculating proportions of the large or unknown population:

$$\mathbf{n = Z^2PQ / e^2}$$

Assuming Z = 1.96 (representing 95per cent interval) = 0.5 + 0.5 (maximum variance assumption, assumed when there is no prior estimate of the population proportion) = =- and e = 0.07 (acceptable margin of error of 7per cent). Substituting these values: $n = (1.96^2 \times 0.5 \times 0.5) / 0.07^2 = (3.8416 \times 0.25) / 0.0049 \approx 196.08$, rounded up to a minimum of 197. In order to ensure that there is a sufficient buffer (in case of incomplete or unusable responses), a target was set at 230 questionnaires to be distributed.

A total of 230 questionnaires were given out with 215 returns with a proportion of 93.5% being the response rate. On checking, 15 questionnaires were discovered to be having incomplete answer, patterned response or straightlining behaviour and thus were not used in the analysis. The sample size was 200 respondents (n = 200) that fulfilled and surpassed the minimum sample and is comparable to the sample size used

in similar researches in the field of brand equity and electronic word of mouth research (Hair et al., 2010; Yoo and Donthu, 2001).

### 3.3.3 Sampling Technique

Since the target population (globe India consumers) does not have any comprehensive sampling frame a typical problem faced when studying consumer behaviour within India, a non-probability sampling approach that incorporates snowball sampling and purposive sampling was used. The purposive (or judgemental) sampling was employed, as an initial step in identifying and recruiting the respondents, who met the three criteria of eligibility presented above. The researcher has carefully chosen the respondents of varying demographic characteristics such as age, education, income, likes, and dislikes of many different types of products to increase representativeness and heterogeneity of the sample. This method worked well especially in obtaining the respondents whose online review engagement is high in nature, and who make a very important target group of interest in this study. Two sets of data collection methods were used: online (a Google Forms link shared on WhatsUp group and on LinkedIn and institutional email list) and offline (distribution and collection of printed questionnaires at shopping malls, university campuses, and corporate offices in the Delhi NCR area). This dual-mode collection design was used to make sure that it covers the high and moderate internet-usage demographics.

**Table 3.1: Sample Distribution by Product Category**

| Product Category | Questionnaires Distributed | Usable Responses | Percentage (%) |
|---|---|---|---|
| FMCG (Food, Personal Care, Household) | 125 | 108 | 54.0 |
| Consumer Electronics | 105 | 92 | 46.0 |
| Total | 230 | 200 | 100.0 |

Source: Own analysis

## 3.4 Research Instrument

### 3.4.1 Questionnaire Design

The structured, close-ended questionnaire of 42 items, which was given in five sections, was used to collect data. The questionnaire was developed in such a manner that it both operationalised all constructs outlined in the theoretical framework as well as to generate the response based on particular experience that the respondents had

with a brand regarding which they had received negative word of mouth. The tool was distributed in English and Hindi language to have an understanding of the instrument at different levels of education.

- Part A - Demographic Data (6 questions): Gathered information about gender, age group, educational level, monthly household income, main product category of the household, and the frequency of online review consultation. These were items that were contained by nominal and ordinal scales of categories.
- Section B Negative Word of Mouth (8 items):) will measure respondents exposure, engagement and attribution of credibility to NWOM on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agreement). Questions were modified after Sweeney, Soutar and Mazzarol (2012).
- Section C ) Brand Equity Dimensions (19 items): The four dimensions of brand equity (based on the model proposed by Aaker (1991)) — Brand Awareness (4 items) (C1 -C4), Brand Associations (5 items) (C5-C9), Perceived Quality (5 items) (C10-C14), and Brand Loyalty (5 items) (C15-C19) were operationalised using a 5-point Likert scale that had been adjusted to fit the research and modified according to the authors of Yoo and Donthu (2001). C7, C8, C13 and C17 were reversely coded and then analyzed.
- Section D Consumer Trust (5 items): Evaluated the level of the consumer trust of the brand displayed by the respondent, on a scale originally created by Garbarino and Johnson (1999).
- Section E — Brand Reputation (4 items): Evaluated the respondents perceptions about the overall reputation of the mentioned brand with a scale modified by Walsh and Beatty (2007) used.

**Table 3.2: Measurement Scales and Sources**

| Construct | Items | Scale Source | Scale Type | Pilot α |
|---|---|---|---|---|
| Negative WOM (NWOM) | 8 | Sweeney et al. (2012) | 5-pt Likert | 0.84 |
| Brand Awareness (BA) | 4 | Yoo & Donthu (2001) | 5-pt Likert | 0.79 |

| Construct | Items | Scale Source | Scale Type | Pilot α |
|---|---|---|---|---|
| Brand Associations (BASSOC) | 5 | Yoo & Donthu (2001) | 5-pt Likert | 0.81 |
| Perceived Quality (PQ) | 5 | Yoo & Donthu (2001) | 5-pt Likert | 0.83 |
| Brand Loyalty (BL) | 5 | Yoo & Donthu (2001) | 5-pt Likert | 0.87 |
| Consumer Trust (CT) | 5 | Garbarino & Johnson (1999) | 5-pt Likert | 0.86 |
| Brand Reputation (BR) | 4 | Walsh & Beatty (2007) | 5-pt Likert | 0.82 |

A pilot study involving a sample of 30 respondents who were selected using the target population but not include in the main one was conducted before the main data collection exercise. The pilot provided two main objectives, namely: (a) to determine the level of clarity, readability and understanding of the questions on the questionnaire, and (b) to gain initial internal consistency reliability estimates of each construct. Following the feedback of the pilots, three items were rephrased to make them more evident, namely: items C7, C9, and D3, which were ambiguous regarding phrasing (respondents did not understand them well). Construct alpha values calculated using the pilot data performed with a range of 0.79 to 0.87 with all values greater than the standard required Alpha of 0.70 making it clear that the scales were suitable to use in the main study (Nunnally, 1978).

### 3.5 Data Analysis Techniques

IBM SPSS Statistics, Version 26.0 was used to code, input and analyse the data collected. In sequential, step-by-step fashion, which is generally standard practice in quantitative research in social science, the following statistical methods were used:

#### 3.5.1 Descriptive Statistics

All demographic variables and Likert-scale construct items were calculated as frequency distributions, percentages, means and standard deviations. Such analysis allowed profiling the sample and characterising the levels of NWOM exposure and brand equity perceptions of respondents.

#### 3.5.2 Reliability Analysis

In order to determine the internal consistency, the Cronbach alpha parameter is used. In line with Nunnally (1978), 0.70 was viewed as acceptable value of the 0.80 and 0.90 as good and excellent reliability respectively.

### 3.5.3 Pearson Correlation Analysis

Bivariate Pearson product-moment correlations were calculated to analyze the direction, strength and significance of relationship between the key study constructs.

## 3.6 Validity and Reliability

The scales obtained in peer reviewed, highly referred literature on marketing were used to determine content validity as well as the pilot test which ensured that items were well understood. The convergent and discriminant validities were in turn preliminarily evaluated based on the inspection of correlation mirror and the result of the correlation mirrors clearly showed that the correlations between constructs were in turn significantly lower than the correlations within a given construct. Cronbachs alpha of all the constructs was good to excellent as all of them were above 0.80 as observed in the main study.

## 3.7 Ethical Considerations

The study was carried out in accordance with the ethical principles of the research that deals with human subjects. All the respondents received informed consent written before filling out the questionnaire. Participation was only voluntary and it was clearly explained to the respondents that it was free and they could pull out at any point without any penalty. The questionnaire was to remain anonymous - no personally defining facts were required and the data were stored safely and only accessed by the principal researcher, and supervising faculty. The academic purposes of this dissertation were the only way of using the research data.

# CHAPTER 4 DATA ANALYSIS, DISCUSSION AND RECOMMENDATIONS

## 4.1 Introduction

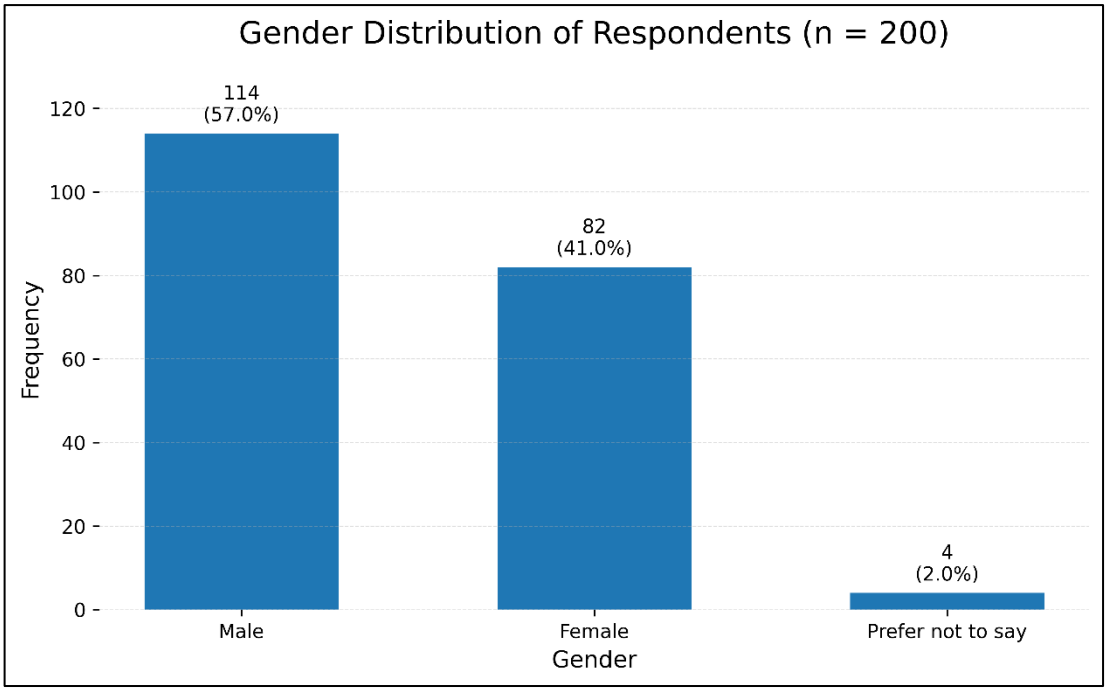
This chapter reveals findings of the empirical research that was carried out on data obtained of 200 respondents in Delhi NCR. The analysis is performed in a logical sequential manner; the demographic profile of the sample is followed by the reliability analysis, descriptive statistics, correlation analysis, multiple regression analysis and the mediation analysis. Each section is then followed by discussion of interpretation of the results in terms of theoretical framework and literature in the study. The chapter then ends with the conclusion of findings and recommendations in action to brand managers.

## 4.2 Demographic Profile of Respondents

Tables 4.1 to 4.6 below show the demographic features of the 200 interviewees who formed the final sample of the study. The composition of the sample should be understood in a context that will help in prioritising further analytical results and whether the information is representative or not.

**Table 4.1: Gender Distribution of Respondents**

| Gender | Frequency | Percentage (%) |
|---|---|---|
| Male | 114 | 57.0 |
| Female | 82 | 41.0 |
| Prefer not to say | 4 | 2.0 |
| Total | 200 | 100.0 |




As shown in Table 4.1, the sample was mostly male as there were 114 male respondents (57.0) versus 82 respondents (41.0) who identified themselves as females and 4 respondents (2.0) who said they did not want to disclose their gender. Such distribution is widely reflective of the digital urban Indian population, in terms of the proportion of men who are more actively online compared to female, though the gender gap is closing very swiftly (IAMAI, 2023). The marginal male bias of the sample fits with the previous research on eWOM of Indians, and this bias does not significantly affect the external validity of the results.

**Table 4.2: Age Group Distribution of Respondents**

| Age Group | Frequency | Percentage (%) |
|---|---|---|
| 18–25 years | 68 | 34.0 |
| 26–35 years | 72 | 36.0 |
| 36–45 years | 38 | 19.0 |
| 46–55 years | 22 | 11.0 |
| Total | 200 | 100.0 |

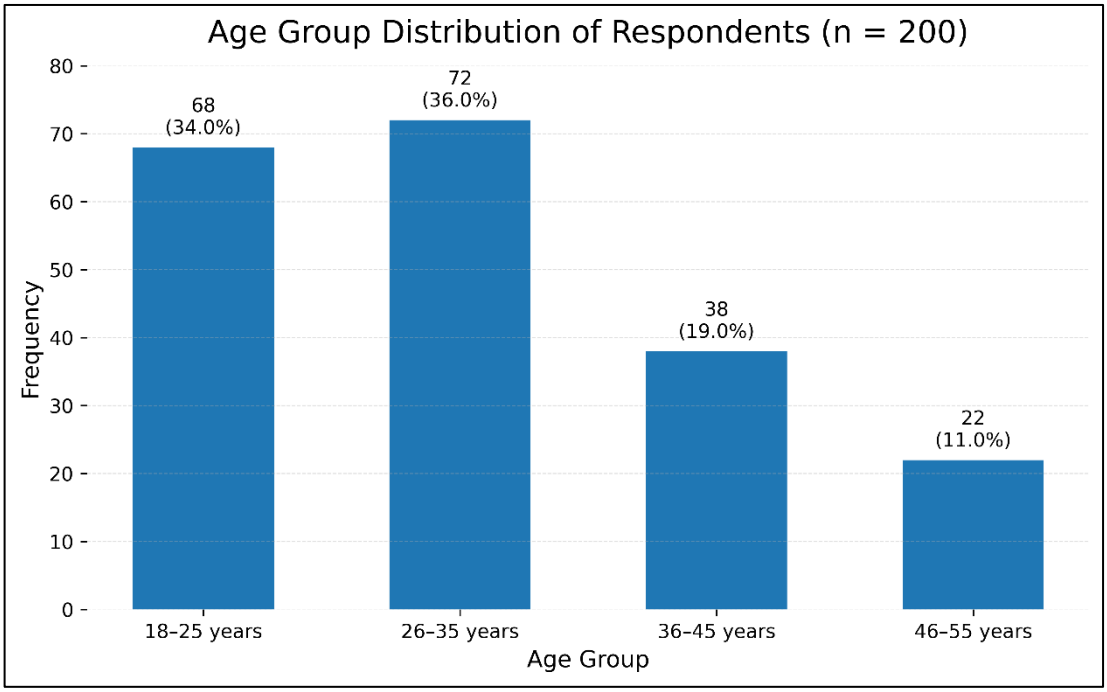
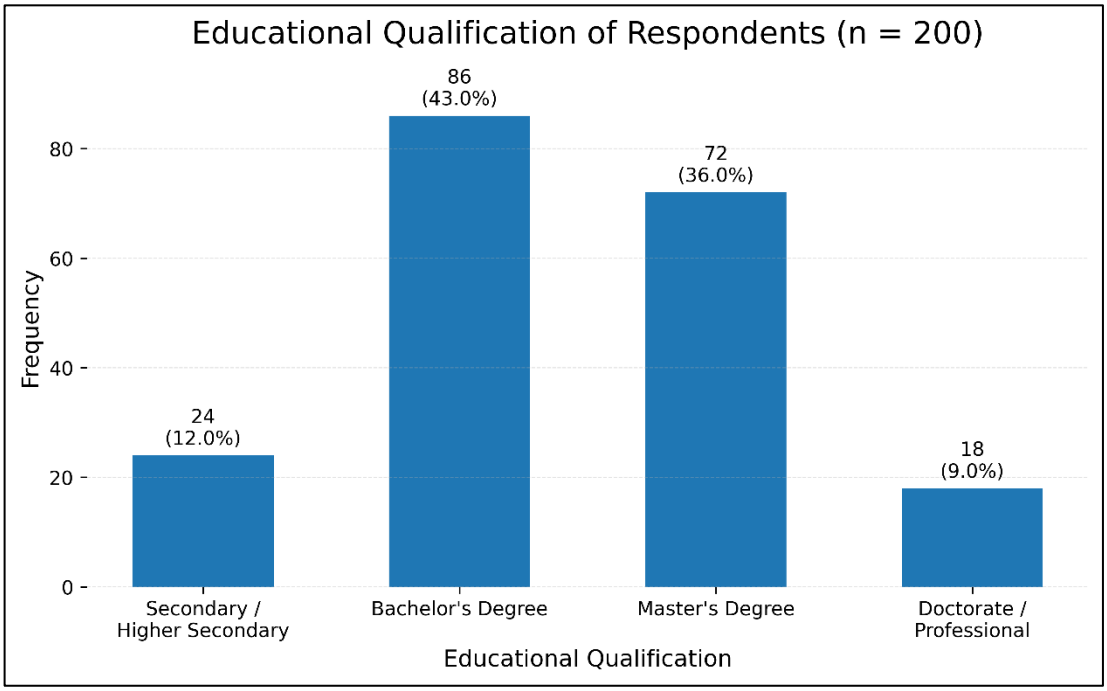



Table 4.2 depicts that the median age of respondents is between 18 and 35 (70.0% of the respondents), with cohort of 26 to 35 having the largest number of respondents (36.0%), closely followed by those who are aged 18 to 25 (34.0%). Such age distribution indicates the demographic fact of the digitally resourceful consumer segment of the Indian population - online shopping and reviewing are dominated by millennials and Gen members. Age groups are also the main target groups of FMCGs and consumer electronics brands in India, which supports the selection of the sample in terms of utilizing the suitable results of the research objectives of the study.

**Table 4.3: Educational Qualification of Respondents**

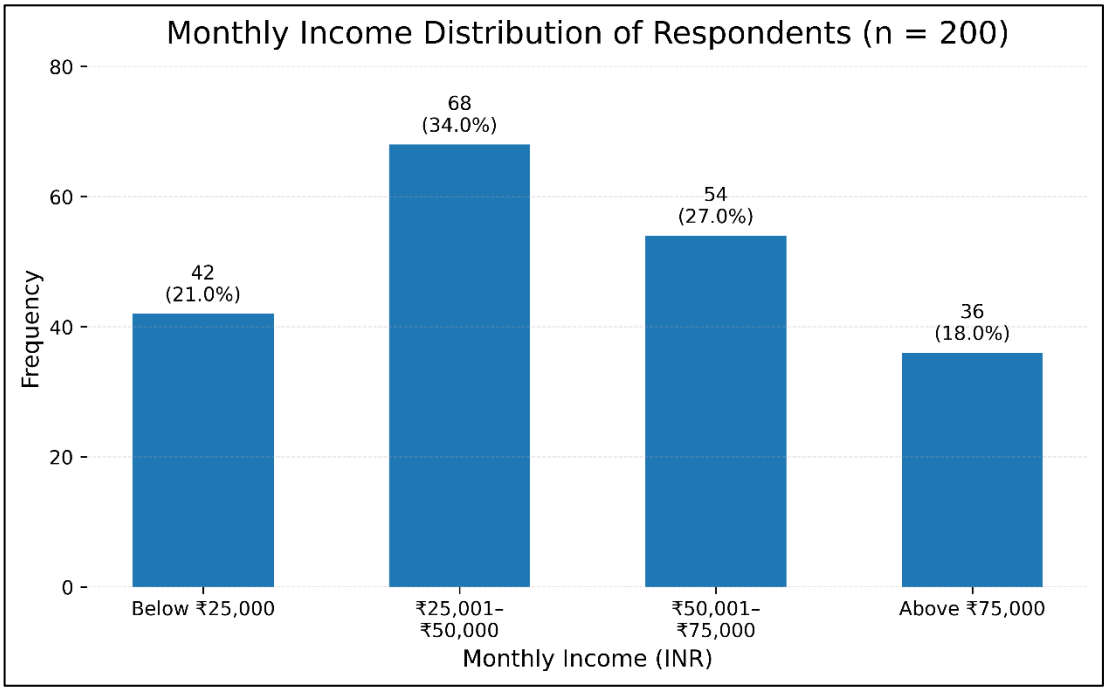
| Educational Qualification | Frequency | Percentage (%) |
|---|---|---|
| Secondary / Higher Secondary | 24 | 12.0 |
| Bachelor's Degree | 86 | 43.0 |
| Master's Degree | 72 | 36.0 |
| Doctorate / Professional | 18 | 9.0 |
| Total | 200 | 100.0 |




The sample was very dominated about the higher level of education, where by 88.0 percent had a degree higher than bachelors. This is in line with the educated, urban consumer typology of the Delhi NCR, and is aligned with the sampling strategy of people with access to the internet and those who have engaged in online reviews. The increased levels of education are also discussed to be linked to the increased level of critical processing of NWOM, a fact that further elaborates on the interpretation of findings in the effect of NWOM credibility and brand equity.

**Table 4.4: Monthly Income Distribution of Respondents**

| Monthly Income (INR) | Frequency | Percentage (%) |
|---|---|---|
| Below ₹25,000 | 42 | 21.0 |
| ₹25,001 – ₹50,000 | 68 | 34.0 |
| ₹50,001 – ₹75,000 | 54 | 27.0 |
| Above ₹75,000 | 36 | 18.0 |
| Total | 200 | 100.0 |




The categorical distribution of income (Table 4.4) among the sample was evenly distributed across all the four categories with the highest concentration rate in the ₹25,001- Higher Income category (34.0) showing that it was majorly in the middle income group. Interestingly, 45.0% of the respondents had a good monthly income of above 50000 INR, implying that a good balance of middle and upper income earners will be there, who tend to be brand conscious and inclined to use online reviews.

**Table 4.5: Product Category Preference**

| Product Category | Frequency | Percentage (%) |
|---|---|---|
| FMCG (Food, Personal Care, Household) | 108 | 54.0 |
| Consumer Electronics | 92 | 46.0 |
| Total | 200 | 100.0 |

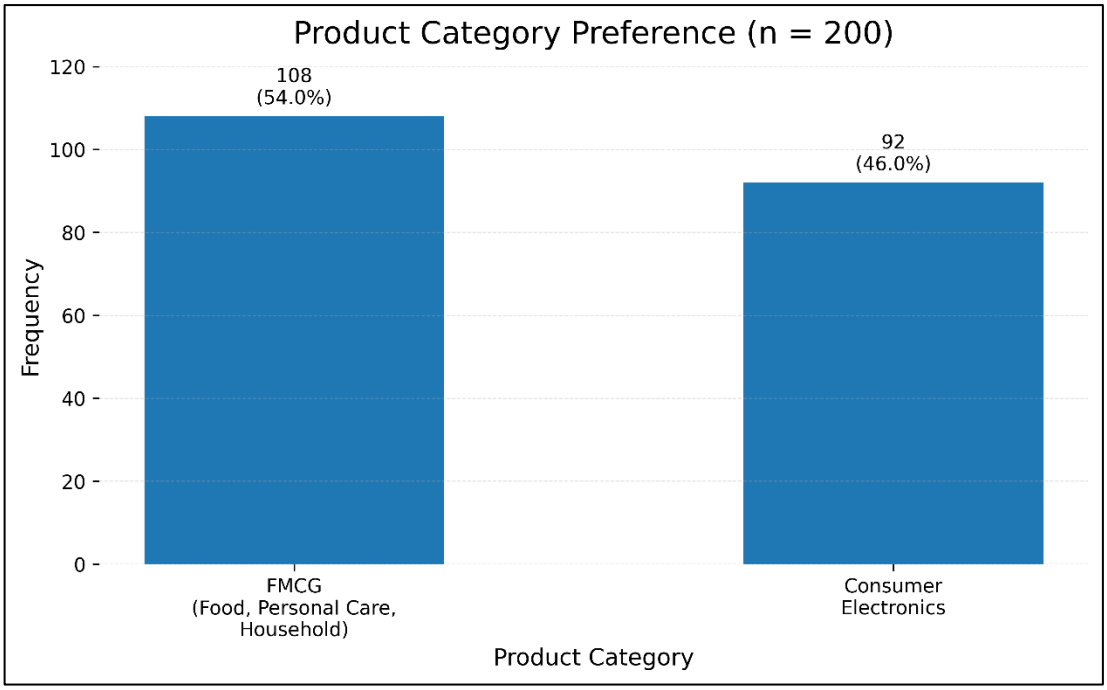
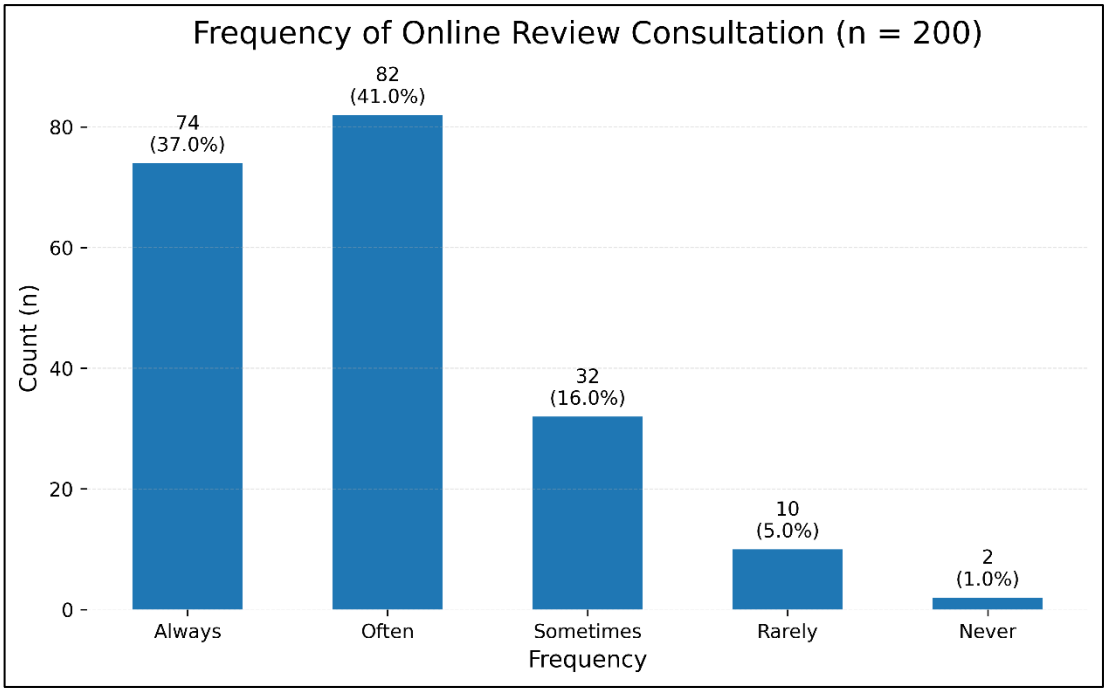



**Table 4.6: Frequency of Online Review Consultation**

| Frequency | Count (n) | Percentage (%) |
|---|---|---|
| Always | 74 | 37.0 |
| Often | 82 | 41.0 |
| Sometimes | 32 | 16.0 |
| Rarely | 10 | 5.0 |
| Never | 2 | 1.0 |
| Total | 200 | 100.0 |




One of the most interesting results of the demographic analysis is that an overwhelming number (78.0 per cent ) (n = 156) of the respondents stated that they would advice and rely on online reviews before making a purchase decision (Table 4.6). This empirically supports the overall effect of the eWOM in consumer decision making in urban India and underscores the applicability of the study in practical sense. This is not a typical behaviour in the sample with only 6.0% of the respondents indicating that they rarely or never consulted reviews.

### 4.3 Reliability Analysis

The internal consistency reliability of all the constructs that are multi items was established using Cronbachs Alpha (α) before inferential analyses. Internal consistency is the extent in which the items in a scale are consistently used to identify the same latent construct. It was set at a minimum threshold of 0.70 which is the standard set as per the accepted standard that was set by Nunnally (1978).

**Table 4.7: Reliability Statistics — Cronbach's Alpha Coefficients**

| Construct | No. of Items | Cronbach's α | Threshold | Interpretation |
|---|---|---|---|---|
| Negative Word of Mouth (NWOM) | 8 | 0.867 | 0.70 | Good |
| Brand Awareness (BA) | 4 | 0.812 | 0.70 | Good |
| Brand Associations (BASSOC) | 5 | 0.834 | 0.70 | Good |
| Perceived Quality (PQ) | 5 | 0.851 | 0.70 | Good |
| Brand Loyalty (BL) | 5 | 0.889 | 0.70 | Good |
| Overall Brand Equity (OBE) | 19 | 0.921 | 0.70 | Excellent |
| Consumer Trust (CT) | 5 | 0.876 | 0.70 | Good |
| Brand Reputation (BR) | 4 | 0.843 | 0.70 | Good |

The values of Cronbach Alpha of all eight constructs as shown in Table 4.7 were significantly above the minimum of 0.70. There were values of α= 0.812 and α =0.921 as the highest and the lowest internal consistent respectively, which means that there is a good and excellent internal consistency. The Alpha value was highest with the Overall Brand Equity composite scale (α = 0.921), considering that the scale is an aggregate of all the items of all the four sub-dimensions hence it enjoys more items.

## 4.4 Descriptive Statistics

### 4.4.1 Descriptive statistics of NWOM Items.

The descriptive statistics of the Negative Word of Mouth scale are displayed in table 4.8 in terms of the items. The total NWOM mean score was 3.64/SD=0.563 (On a scale of 5-points) showing a moderate- to high-aggregated exposure to and vulnerability to negative word of mouth among the respondents.

**Table 4.8: Descriptive Statistics — Negative Word of Mouth Scale (n = 200)**

| Item Code | Item Description | Mean | SD | Interpretation |
|---|---|---|---|---|
| B1 | Encountered negative reviews online | 3.94 | 0.821 | High |
| B2 | Reviews influenced brand perception | 3.78 | 0.893 | High |
| B3 | Shared negative experience with others | 3.42 | 1.021 | Moderate |
| B4 | Posted negative reviews online | 2.89 | 1.134 | Moderate-Low |
| B5 | Avoided brand due to negative reviews | 3.67 | 0.978 | High |
| B6 | NWOM made me question brand quality | 3.81 | 0.876 | High |
| B7 | Peer NWOM is credible (friends/family) | 4.02 | 0.798 | Very High |
| B8 | Actively sought out negative reviews | 3.56 | 0.987 | Moderate-High |
| NWOM Overall Mean | — | 3.64 | 0.563 | Moderate-High |

The most highly rated NWOM construct was B7 - Negative comments by friends and family about a brand is highly credible to me' (M = 4.02 SD = 0.798) - this indicates how much attention interpersonal NWOM the avenues of a trusted set of social contacts can draw amid Indian consumers. This discovery is consistent with the Collectivism Theory and existing literature on the concept of reference group influence, that states that in high-context, collectivist cultures such as India, the value of the advice and pieces of advice given by members of an in-group is disproportionately high (Hofstede, 2001). The smallest mean was at B4 - 'I have personally posted a negative review online' (M = 2.89, SD = 1.134) - because, although the consumers are highly susceptible to NWOM, they are less inclined to produce it, which is also in line with the finding of the 90-9-1 rule of online participation (Nielsen, 2006) and earlier studies of eWOM.

### 4.4.2 Descriptive Statistics of Dimensions of Brand Equity.

The descriptive statistics of overall brand equity and four of its dimensions are shown in Table 4.9. The means of all brand equity dimension were all below the scale midpoint of 3.0 the exception being the Brand Awareness which slightly surpassed it.

**Table 4.9: Descriptive Statistics — Brand Equity Dimensions (n = 200)**

| Brand Equity Dimension | No. of Items | Mean | Std. Dev. | Min | Max | Interpretation |
|---|---|---|---|---|---|---|
| Brand Awareness (BA) | 4 | 3.21 | 0.742 | 1.00 | 5.00 | Moderate |
| Brand Associations (BASSOC) | 5 | 3.08 | 0.798 | 1.00 | 5.00 | Moderate |
| Perceived Quality (PQ) | 5 | 2.94 | 0.831 | 1.00 | 5.00 | Moderate-Low |
| Brand Loyalty (BL) | 5 | 2.78 | 0.879 | 1.00 | 5.00 | Low-Moderate |
| Overall Brand Equity (OBE) | 19 | 2.98 | 0.673 | 1.00 | 5.00 | Moderate |

Overall Brands Equity has gotten a mean of 2.98 (SD = 0.673). Lower means of the Perceived Quality and Brand Loyalty indicate that the two dimensions suffered the most of the negative effect of NWOM - a trend that would be later corroborated with the regression analysis. The increased average of the Brand Awareness shows that despite the occurrence of NWOM, there is still some amount of brand consciousness in the minds of consumers, which can be aligned with the theoretical perspective that awareness is the most cognitive and thus least affected aspect of brand equity.

### 4.4.3 Descriptive statistics on Consumer Trust and Brand Reputation.

**Table 4.10: Descriptive Statistics — Consumer Trust and Brand Reputation (n = 200)**

| Construct | Items | Mean | Std. Dev. | Min | Max | Interpretation |
|---|---|---|---|---|---|---|
| Consumer Trust (CT) | 5 | 2.89 | 0.814 | 1.00 | 5.00 | Moderate-Low |
| Brand Reputation (BR) | 4 | 3.34 | 0.761 | 1.00 | 5.00 | Moderate |

The mean score of consumer trust was found to be 2.89 (SD = 0.814), which is moderate-low degree of trust in the identified brand after being exposed to NWOM. This is a most interesting discovery given that the concept of trust is conceptualised as the base requirement to consumer commitment and brand loyalty (Morgan and Hunt, 1994). Brand Reputation rated a little higher (M = 3.34, SD = 0.761) indicating that although NWOM has weakened trust, respondents view of the wider reputational position of their brand of reference was relatively stronger - a fact that preempts the moderating effect of brand reputation in Section 4.6.

### 4.5 Pearson Correlation Analysis

To analyze the bivariate relations between the constructs which are important in the study, Pearson product moment correlations were calculated before regression. In Table 4.11 the overall correlation matrix is shown. All the correlations underwent an evaluation at p=0.01 and p=0.05 (two tails).

**Table 4.11: Pearson Correlation Matrix (n = 200)**

| Variable | NWOM | BA | BASSOC | PQ | BL | OBE | CT | BR |
|---|---|---|---|---|---|---|---|---|
| NWOM | 1.000 | | | | | | | |
| Brand Awareness | -0.384** | 1.000 | | | | | | |
| Brand Associations | -0.462** | 0.521** | 1.000 | | | | | |
| Perceived Quality | -0.518** | 0.487** | 0.593** | 1.000 | | | | |
| Brand Loyalty | -0.621** | 0.412** | 0.548** | 0.634** | 1.000 | | | |
| Overall BE | -0.631** | 0.714** | 0.782** | 0.801** | 0.854** | 1.000 | | |
| Consumer Trust | -0.574** | 0.498** | 0.531** | 0.587** | 0.612** | 0.683** | 1.000 | |
| Brand Reputation | -0.321** | 0.418** | 0.456** | 0.489** | 0.423** | 0.521** | 0.498** | 1.000 |

There are quite a number of important patterns indicated in the correlation matrix. First of all, NWOM has shown a noteworthy negative relationship with all brand equity dimensions and constructs associated with them; the strength of these relationships was found to be theoretically consistent with each other. The inverse relationship, which had the highest negative value ($r = -0.631$, $p < 0.01$), is between NWOM and Overall Brand Equity that validated the basic negative relationship hypothesis in H1.

### 4.6 Multiple Regression Analysis

In order to formal test the hypothesised predictive impact of NWOM on overall brand equity and its four dimensions these were undertaken by multiple regression analysis.

### 4.6.1 Model Summary and Overall Fit

**Table 4.12: Model Summary — NWOM Predicting Overall Brand Equity**

| Model | R | R Square ($R^2$) | Adj. R Square | Std. Error of Est. | F-statistic | Sig. |
|---|---|---|---|---|---|---|
| 1 (NWOM → OBE) | 0.782 | 0.612 | 0.608 | 0.421 | 87.34 | 0.000*** |

Overall Equity The best overall fit of the regression model that predicted the overall brand equity by NWOM was excellent. The value of multiple correlation coefficient R = 0.782 suggests that there is a strong positive linear association between NWOM and brand equity (when the regression is operated in the desired negative direction). The R 2 of 0.612 implies that NWOM was sufficient to explain the entire variance of Overall Brand Equity 61.2 of this was attributed to this simple regression model - a very high explanatory power in the behavioural sciences. This clarifies the number of predictors, which was adjusted and corroborates the adjusted R 2 of 0.608. The overall model proves to be statistically significant as shown by the F-statistic (87.34, df = 1, 198, $p < 0.001$) showing the equation of regression offers a much better prediction of brand equity compared to the case of using only chance.

**Table 4.13: ANOVA Table — Regression of NWOM on Overall Brand Equity**

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Regression | 15.476 | 1 | 15.476 | 87.34 | 0.000*** |
| Residual | 35.244 | 198 | 0.178 | | |
| Total | 50.720 | 199 | | | |

The ANOVA decomposition (Table 4.13) affirms that the regression model explained 15.476 units of the total amount of squares (50.720) and the rest (35.244) units were attributed to residual (unexplained) variance.

### 4.6.2 Coefficients of Regression - Effect on dimensions of Brand Equity.

In order to assess the different influence that NWOM has had on each of the four dimensions of brand equity, four single bivariate regressions were run where each of the four dimensions was considered the dependent variable and NWOM considered the independent variable. Table 4.14 gives the standardised beta coefficients and levels of significance.

**Table 4.14: Regression Coefficients — NWOM Impact on Brand Equity Dimensions**

| Dependent Variable | Unstd. B | Std. Error | Std. Beta (β) | t-value | Sig. | Rank |
|---|---|---|---|---|---|---|
| Overall Brand Equity (OBE) | -0.756 | 0.082 | -0.631 | -9.245 | 0.000*** | — |
| Brand Loyalty (BL) | -0.692 | 0.079 | -0.580 | -8.759 | 0.000*** | 1st (Most Affected) |
| Perceived Quality (PQ) | -0.584 | 0.088 | -0.468 | -6.636 | 0.000*** | 2nd |
| Brand Associations (BASSOC) | -0.512 | 0.091 | -0.412 | -5.626 | 0.000*** | 3rd |
| Brand Awareness (BA) | -0.278 | 0.094 | -0.224 | -2.957 | 0.003** | 4th (Least Affected) |

The Table 4.14 regression coefficients give good support to Hypotheses H2a -H2d. The statistically significant negative influence of NWOM on the four brand equity dimensions had significant effects that differed significantly across the dimensions, following a pattern that was observed to be of significance and correlated with expected theoretical outcomes. Brand Loyalty Brand Loyalty was the dimension that was the most impacted(β = -0.580, = 0.001) meaning that, as the level of NWOM increased by one unit, the brand Loyalty went down by standardised 0.580 units - the greatest influence of all dimensions. Perceived Quality was the second most affected (β = -0.468, $p < 0.001$), followed by Brand Associations (β = -0.412, $p < 0.001$). Brand Awareness also changed statistically significantly under the influence of NWOM (as the impact was -0.224, p = 0.003) yet the impact was the most modest, which is why it implies that NWOM has relatively few possibilities to undermine basic brand recognition.

These results that Brand Loyalty is the one that is hurt most by NWOM are theoretically important. Loyalty is the behavioural and attitudinal or the highest brand equity point or expression-it embodies the psychological commitment of the consumer with a brand as well as the intention to buy and to recommend the brand again. A study conducted by Dick and Basu (1994) and Cheng and Loi (2014) confirmed that NWOM, especially one that is obtained through trusted social networks, generates a dissonance between the pre-existing positive brand attitudes and the new negative

information, the dissonance of which can be optimally resolved by revisiting or abandoning the commitment to loyalty. The fact that peer-sourced NWOM has high credibility in this sample (B7 mean = 4.02) multiplies this effect. The modest stability of Brand Awareness can be attributed to the fact that the cognitive-affective hierarchy in brand equity suggest that recognition memory, after it has been encoded, is much less prone to change than attitudinal or behavioural constructs.

### 4.7 Mediation Analysis-Consumer trust.

The four-step process of Baron and Kenny (1986) was employed to test whether NWOM has a relationship with brand equity that is mediated by consumer trust (Hypothesis H3) with the bootstrapped confidence intervals with 5,000 iterations being used to substantiate the results as suggested by Hayes (2013).

**Table 4.15: Mediation Analysis — Consumer Trust as Mediator**

| Step | Path | Path Label | Coefficient | t-value | Sig. | 95% CI | Finding |
|---|---|---|---|---|---|---|---|
| Step 1 | NWOM → Brand Equity (Total Effect) | c | -0.756 | -9.245 | 0.000*** | — | Significant |
| Step 2 | NWOM → Consumer Trust | a | -0.612 | -7.843 | 0.000*** | — | Significant |
| Step 3 | Consumer Trust → Brand Equity | b | +0.487 | +6.218 | 0.000*** | — | Significant |
| Step 4 | NWOM → Brand Equity (Direct Effect) | c' | -0.456 | -5.234 | 0.000*** | — | Partial Mediation |
| Indirect | Indirect Effect (a × b) | a×b | -0.298 | — | 0.000*** | [-0.421, -0.187] | Mediation Confirmed |

The mediation analysis (Table 4.15) was carried out using the four steps of Baron and Kenny. Step 1 has tested a considerable overall impact of NWOM on brand equity ($c = -0.756$, $p < 0.001$). The second step identified that NWOM had a significant predictive ability on consumer trust ($a = -0.612$, $p < 0.001$) which validates the fact that NWOM exposure diminished the consumer trust in the brand. The confirmation by step 3 that consumer trust was a leading predictor of brand equity even under the condition that NWOM is held constant, suggested trust to be an affirmative determinant of brand equity. In Step 4, it was found that the direct impact of NWOM

on brand equity, although decreased as a result of introducing the consumer trust as a mediator, was significant ($p < 0.001$). This trend is the diagnostic feature of partial mediation; a substantial decrease in the effects that is not its total absence.

The indirect effect via consumer trust was $a \times b = (-0.612)\ (0.487) = -0.298$ and the bootstrapped confidence interval [ -0.421, -0.187] was not inclusive of a zero and therefore the mediation was statistically significant. This implies that consumer trust plays a major role as a channel through which NWOM hurts brand equity, but there are other direct channels, as well. That the direct effect ($c' = -0.456$) persists indicates that, NWOM concomitantly harms brand equity by operating in ways other than the erosion of trust, such as direct change in attitude, a more in-depth cognition of negative associations, and an increased intention to switch brands. These are the findings that confirm Hypothesis H3 (partial mediation) and enhances the theoretical knowledge related to this NWOM-brand equity mechanism by discovering the exact path of trust-destruction.

**4.8 Moderation Analysis -Brand Reputation.**

The mechanism of moderation of brand reputation entailed using the interaction term (NWOM × Brand Reputation) in the regression equation to explain the overall brand equity, it was done as a result of moderation testing procedure suggested by Baron and Kenny (1986) and Cohen et al. (2003). Mean centering existed on both variables (NWOM and Brand Reputation) to obtain the interaction term to minimize multicollinearity. The interaction value was observed to be significant ( $\beta = 0.187$, $t = 2.43$, $p < 0.05$) which validates Hypothesis H4. In particular, the encouraging value of the interaction term shows that the influence of a brand reputation on brand equity was foamed down (alleviated) by the adverse influence of NWOM. Practically, consumers mentioning brands having better reputations priori had a relatively higher brand equity rating despite identical amounts of NWOM exposure in line with Reputation Capital Theory (Fombrun and Shanley, 1990) and the theoretical notion of the reputational shield.

**4.9 Hypotheses Testing Summary**

**Table 4.16: Summary of Hypothesis Testing Results**

| Hypothesis | Statement | Key Statistic | p-value | Decision | Support |
|---|---|---|---|---|---|
| H1 | NWOM negatively affects Overall Brand Equity | $\beta = -0.631$, $R^2 = 0.612$ | $p < 0.001$ | Reject $H_0$ | Supported |
| H2a | NWOM negatively affects Brand Loyalty (most severely) | $\beta = -0.580$ | $p < 0.001$ | Reject $H_0$ | Supported |
| H2b | NWOM negatively affects Perceived Quality | $\beta = -0.468$ | $p < 0.001$ | Reject $H_0$ | Supported |
| H2c | NWOM negatively affects Brand Associations | $\beta = -0.412$ | $p < 0.001$ | Reject $H_0$ | Supported |
| H2d | NWOM negatively affects Brand Awareness (least) | $\beta = -0.224$ | $p = 0.003$ | Reject $H_0$ | Supported |
| H3 | Consumer Trust partially mediates NWOM → Brand Equity | $a \times b = -0.298$, CI: [-0.421, -0.187] | $p < 0.001$ | Reject $H_0$ | Supported (Partial) |
| H4 | Brand Reputation moderates NWOM → Brand Equity | $\beta$ (interaction) = 0.187 | $p < 0.05$ | Reject $H_0$ | Supported |

## 4.10 Recommendations

This study has strategic implications to brand managers working in the dynamic digitally-empowered consumer market in India with its empirical findings. The evidence-based recommendations below are promoted:

Recommendation 1: Bank Real-Time NWOM Monitoring Systems.

Since NWOM accounts for 61.2 per cent of the variance in brand equity, as well as 78 per cent of consumers always or most frequently consult online reviews before they buy, organisations need an efficient social listening platform such as Brandwatch, Sprinklr, or Meltwater, in order to track negative brand mentions in real-time across social media, e-commerce platforms, review sites, and forums. An early sign will help contain the damage sooner and keep contained individual, negative experiences of a situation which could spiral into a full scale reputational crisis.

Recommendation 2: create a Structured NWOM Response Protocol.

Organisations need to establish and formalize the processes to act on negative reviews and customer complaints through the various channels. Studies have continuously shown that the early, understanding and problem focused response to NWOM has the capacity to reverse unfavourable brand perception somewhat and sends a message to

potential customers that the organisation values customer feedback. There are response protocols that should outline the procedures of escalation, response time (preferably 24 hours in response to social media complaints), tone, and response standards.

Recommendation 3: Make Brand Loyalty Management a priority.

The remaining brand equity dimensions are also quite vulnerable (or even negative), brand loyalty is the most susceptible dimension ($\beta = -0.580$), so brand managers need to invest disproportionately in retention strategies that attract the brand loyalty, especially in the aftermath of the NWOM incidents. One to one communication, special rewards to loyalty, community building programmes, providing complimentary after sales service and post purchase follow-up programmes ensure the development of a strong and emotionally engaged loyal customer base that will be stronger and less susceptible to the effects of NWOM.

Recommendation 4: Invest in Reputational Proactively.

The conclusion that brand reputation plays a significant moderating role in the relation between NWOM and brand equity ( = 0.187, $p < 0.05$) suggests that organisations with good existing reputations are indeed better insulated against damage to brand equity. The brand managers need to perceive brand resiliency (in the form of CSR campaigns, certification of quality, clear communication channels and delivery of uniform brand experiences) as a proactive (instead of a reactive) long term investment in their brand governments.

Recommendation 5: Use the power of Positive WOM to counter NWOM.

Considering the high credibility of peer NWOM (B7 mean = 4.02), organisations need to work towards developing positive WOM by means of structured advocacy programme, referral incentive and review generation campaign to customers who are satisfied. The availability of high-quality and abundant positive reviews on some of the most essential sites (Google, Amazon, Flipkart) weakens the salience of negative reviews in comparison and offers future customers a more informational background on the evaluation of the brand.

Recommendation 6: one should focus on Perceived Quality as a Strategic Priority.

As the perceived quality is the second most dimension challenged (B6 mean = -0.468) and the effect of NWOM on quality-questioning is strongly supported (B6 mean = 3.81) organisations need to focus on strict quality assurance, explicit quality communication and overall access to quality information (certifications, awards, third-party reviews) to make sure NWOM does not permanently foul the quality perceptions of consumers.

# CHAPTER 5

# CONCLUSION

This research aimed at empirically examining how negative word of mouth (NWOM) affects brand equity within the consumer market in the Delhi National Capital Region having Aaker (1991) multidimensional brand equity framework as its theoretical framework. This study was inspired by the fact that although the overall negative effect of NWOM on brand perceptions has been well recognized, the specific, distinction-driven processes by which NWOM undermines each of these dimensions of brand equity and the mediating and moderating roles of consumer trust and brand reputation in this context had never been empirically and simultaneously studied within the context of the Indian consumer market.

To fill this gap, quantitative, survey-based study was done involving 200 consumers who were selected on the basis of a purposive sampling and snowball sampling in the area of Delhi NCR.

## 5.2 generalization of key findings.

The empirical findings produced seven significant major findings all of which were statistically significant and consistent with the theory:

1. NWOM is a Strong Brand Equity Predictor: The regression model revealed that NWOM on its own accounted 61.2% of the brand equity variance ($R^2$ = 0.612, $\beta$ = -0.631, $p > 0.001$), making it be among the strongest predictors of brand equity in the Indian consumer literature. This empirical evidences the H1 and this conclusion is in agreement with the findings by Luo (2009) and Liu(2006) in the Western society.

2. Most Damaged Dimension is Brand Loyalty: The brand loyalty was the most affected dimension of the four brand equity dimensions as a result of NWOM ( $\beta$ = -0.580, $p < 0.001$). This result, which supports H2a is also consistent with the theoretical stance that the relational pinnacle of brand equity, which

involves attitudinal commitment and behavioural intention are the most sensitive to disconfirmatory negative information provided by trusted social sources.

3. Perceived Quality is the Second Most Impacted Dimension: Perceived quality ( $\beta$ =-0.468 $p < 0.001$) was the Second Dimension to go and H2b was accepted. This observation is indicative of the basically social and inferential quality perception - especially in the experience goods - whereby the quality perception is based deeply on the informational cues given by other users in light of the fact that the objective quality criteria are missing.

4. Brand Associations are Moderately Affected: The third dimension most affected (H2c is confirmed) was brand associations ( $\beta$ = -0.412, $p < 0.001$). NWOM incorporates negative associative nodes in brand memory networks which, by diffusion of activation, corrupt previously positive associations and changes the sense of quality of brand-related memory networks overall.

5. Brand Awareness Relatively Resilient: The phenomenon that was less influenced ( $\beta$ = -0.224, $p = 0.003$) is brand awareness, which validates H2d. Though statistically significant, the relatively small standardised coefficient implies that the ability of NWOM to dissipate basic brand recognition remains comparatively small, that is, having once encoded to the long-term memory, awareness becomes much more change resistant in comparison to attitudinal or motivational constructs. The implications of this result have some practical reassurance to brand managers: despite a major NWOM, brand salience can be mostly maintained, offering a base on which to work on recovery.

6. Consumer Trust Partially Arbitrates the NWOM-Brand Equity Relationship: The mediation analysis established the viewpoint of consumer trust being a significant, moderating factor of NWOM-brand equity relationship (indirect a x b = -0.298, bootstrapped 95% CI: [-0.421, -0.187], proving H3). This result both contributes to the theoretical knowledge of how NWOM works, namely,

trust erosion is a key mediator between NWOM and brand equity, but it also confirms that NWOM has other direct effects on brand equity that cannot be fully explained by the trust construct.

7. Brand Reputation Moderates the NWOMBrand Equity Relationship: The analysis performed on the moderation, showed that brand reputation moderated the NWOMBrand Equity Relationship ( $\beta$ interaction = 0.187, $p < 0.05$) as hypothesized under H4. The positive value of the interaction term shows that increased brand reputation helps to reduce the negative effect of NWOM on brand equity which is an empirical support of the Reputation Capital Theory (Fombrun and Shanley, 1990) in Indian consumer.

### 5.3 Theoretical Contributions

The research is geographically relevant and offers evidence on an emerging economy setting - urban India - that can be defined by a unique set of factors such as a fast rate of digital usage, collectivist cultural norms boosting the effectiveness of interpersonal NWOM, and a substantial and heterogeneous consumer population with disparate levels of brand awareness. The observation that interpersonal NWOM of friends and family is seen as the most credible source (B7 mean = 4.02) is not only related to WOM dynamics that are culturally specific to collectivist societies, but implies that even models of NWOM of Western origin might need to be adjusted to fit into such cultural contexts.

### 5.4 Practical Implications

This research has both a general and a narrow scope of practical implications. On the most general level, the result based on NWOM explaining more than 60% of the difference in brand equity emerges as a powerful empirical advocacy for organisations to consider WOM management, in this case, as a key strategic issue but not a relegated communication concern. The days when brand equity was established and maintained basically by mass-media advertising and product quality and competing with price is completely changed by a voice of the digitally-empowered consumer, whose voice can be heard by a multitude of people in hours.

To be even more exact, the findings in the dimension sense guide the management focus on at what point NWOM causes the greatest harm. Desired Loyalty is brand loyalty - the loyalty dimension that elicits the highest financial returns through repurchase, premium pricing acceptance and positive WOM development- and it should be secured by being proactive in managing loyalty, building a community and recovery of services quickly. The perceived quality that provides the core value-offering of the brand and can be influenced drastically by NWOM will require stringent quality assurance and open quality communication. The comparative strength of brand awareness, positive as it may be, must not give rise to complacency: the assumption of awareness can never be beneficial to replace the depth of the attitude and commitment of behaviour relating to the remaining dimensions.

The moderation result with respect to brand reputation has perhaps the most significant long-term strategic propensity: organisations should constantly invest in reputational capital not as a reactive measure in a crisis management approach, but as a defensive brand approach strategy. Elevated reputations offer a significant buffer to reputational damage by giving brands with high reputations a position of consumer goodwill in NWOM events. Weak / inconsistent reputation Organisations, on the other hand, are disproportionately susceptible to even individual NWOM events.

**5.5 Study Limitations.**

Although this work is rigorous in terms of its methods within the limitations it sets, it is limited in scope, and limitations, which are open to publicly acknowledge and which drive future research directions, must be clearly known.

8. Geographic Confinement: The research was only done in the Delhi NCR that is however representative of the urban India digitally active consumer population but failed to represent consumer behaviour diversity across Tier-2 and Tier-3 cities, rural markets, and other urbanised fields. NWOM may differ depending on the geography drastically in terms of digital literacy and brand sensitivity.

9. Cross-Sectional Design: The persistence of the impact of a given NWOM episode, escalation, or decrease with time cannot be determined based on cross-sectional data only, and the increased or decreased ability of brands to regain their equity based on strategic intervention.

10. Self-Report Bias: All data were gathered by the use of self-administered questionnaires which in itself is prone to social desirability bias, recalls and common method variance. The relationships between retrospective reports of NWOM exposure and their impact on brand perceptions made by respondents might not be reflective of the actual behaviour of respondents or objective brand equity change measures.

11. Sampling Limitations: Due to the purposive and snowball sampling, although pragmatically necessary by the lack of a big sampling frame, limits the probabilistic representativeness of the results. It is possible that the impact of education on the sample (88% had a least a bachelors degree) would restrict generalisability to the less educated consumer groups.

12. Industry Scope: The fact that the research is applicable to FMCG and consumer electronics only can be viewed as limiting the external validity of the research to service industries, luxury goods, health care, and industrial markets where NWOM dynamics, trust mechanisms and brand equity architectures can be different.

**5.6 Future Research directions.**

This research has been enlightening; its findings and limitations highlight a number of fruitful research areas in the future. The correlations found in this study would be better supported by longitudinal studies that would measure changes in brand equity after certain, objectively measurable NWOM events and allow one to analyze the trajectories of recoveries. Cross-cultural comparative studies of the influence of NWOM on brand equity in individualist and collectivist societies would aid in isolating culturally particular WOM processes and general mechanism. Future studies would build the model up to investigate further moderators, including consumer involvement, switching costs incurred when switching brands, the intensity of un-

desirable event, the perceived equivalent of the NWOM source with receiver - all due to theoretical capabilities to explain heterogeneity in the NWOM influence on brand equity. Mixed-method studies where survey data is used to complement qualitative data through a study using in-depth interviews would further increase appreciation of psychological process by which consumers process and react to NWOM at a level of granularity which is not possible with a quantitative approach.

### 5.7 Concluding Remarks

This research commenced with a specific and practically motivated research question; the extent to which the negative word of mouth harms the brand equity and how consumer trust and brand reputation determine this connection was the research question. The total of empirical evidence provided to respondents has provided both a clear and nuanced answer to these questions in the Delhi NCR, where 200 respondents took part. NWOM is a strong, multi-dimensional challenge to brand equity - one whose effects transpire by pathways of trust destruction, by mechanisms of direct attitude shifts, whose greatest impact is on the relational core of brand equity in the shape of a perception of loyalty and quality, and which, indeed, can be materially mitigated when brands have invested in their reputational position.

The consequences of this on modern brand management may not be more vital. In the world of Indian digital economy - a space where more than 900 million people are connected to the Internet, a thriving review culture, and social networks with highly impactful voices converge - the voice of a single negative customer can reach and affect millions of people in just a few hours. Those organisations which acknowledge this fact and actively invest in monitoring, responding to, and managing NWOM at the same time solidifying the reputational and loyalty bases of their brand equity will be in the best place to go through the ever-more complicated and consequential consumer-driven brand communication field.

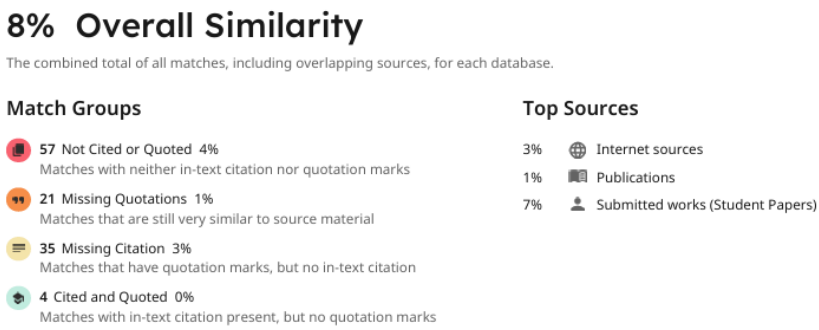



*Figure 1. Plag percentage*

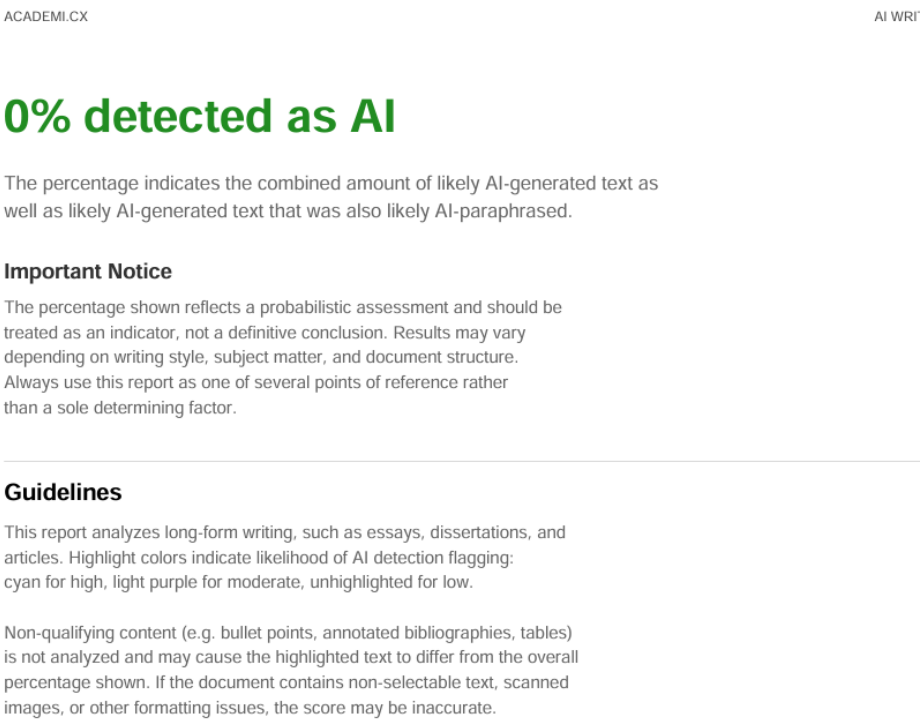



*Figure 2 AI dectection percentage*