

Influence of Word of Mouth in Creating Brand Loyalty

Dhanyasree VK,

Postgraduate Student,
Department of Commerce,
Sb College, Changannasery, Kerala, India.

Jisha S. Kumar,

Department of Commerce,
Sree Krishna College,
Guruvayur, Kerala, India.

ABSTRACT

Brand loyalty is a customer's favourable attitude towards a brand and likelihood of consistent purchase. It is the degree to which a buying unit such as household concentrates its purchases over time on a particular brand within a product category. A good word of mouth (WOM) can create brand loyalty, as people may believe what they receive first from their friends and, or relatives. Hundred households belonging to different age group, income level, and educational qualification constituted the sample and are personally interviewed. Results revealed that most of the people have strong passion towards certain brands, especially in case of consumer durables and such a loyalty is generated first from WOM.

Keywords: Brand, Brand Loyalty, Word Of Mouth, Word Of Mouth Marketing.

INTRODUCTION:

A brand is a name, term, sign, symbol, or design or a combination of these that identifies the maker or seller of a product or service. Branding is the management process by which a product is branded. It is a general term covering various activities such as giving a brand name to a product, designing a brand mark and establishing and popularizing it (Emmanuel M, 1999).

Brand loyalty is the tendency of consumers to buy same brand of products repeatedly rather than competing brands. It is the consumer's favorable attitude or strong passion towards a brand and its consistent purchase. Brand Loyalty is a practice of consumer behavior where consumers are committed to brands and their tendency to make repeat purchases from the same brands over time (Investopedia, 2017). A loyal customer continuously purchases products from their preferred brands, regardless of their convenience or price or availability. American Marketing Association (2017) approaches brand loyalty from two view points;

- 1) Consumer behavior approach
- 2) Sales promotion approach

As per Consumer behavior approach, brand loyalty is the degree to which a consumer consistently purchases same brand within a product class. As per the sales promotion approach, brand loyalty can be the situation in which a consumer generally buys the same manufacturer – oriented product or services repeatedly over time rather than buying from multiple suppliers within the category.

Companies sometimes use different marketing techniques to build up loyal customer, including loyalty programs or Rewards programs or trials and provide incentives such as samples and free gifts with a view to attract and retain customers. It is a new practice whereby, consumers who market the brand and communicate positively about it among their friends both orally and online. This is free word-of-mouth marketing for the company and is often an effective way of creating brand loyalty. Word of mouth marketing is a recent trend in marketing, where by marketers intentionally induces positive “buzz” about the product in their conversation which may help to promote brand loyalty. Companies strive to discover what consumers want by bridging the gap between their brand choice and ideals. If a product is less than ideal, customers may move on to another brand. When brands don't pay attention to customer trends, they lose their competitive advantages. Brand Loyalty is thus, a customer's choice to purchase a specific brand in a product category. Brand loyalty occurs

when customer believe that the brand offers appropriate product features that suits one's requirement, and of course, best quality at reasonable price. Brand Loyalty is the percentage of most purchased brand to total purchase made in a product category.

Customer's Word Of Mouth (WOM) refers to the messages that conveys by one individual to another, orally or through some communication medium, after consuming a product or availing a service. WOM is considered as most effective form of advertising, irrespective of the matter that it is intentionally produced or not. WOM message has both short term and long term impact on WOM recipient. In short run, they may simply hear, and develop a passive idea about the information they first received. But, in long run, they judge the message with their own experience and build up a strong image about the information they received from their consultant. When a purchase is made, customer may relate their experience with WOM received and arrive at a purchase decision. Thus, we can say that every customer has strong brand preference before they make purchases. On the basis of WOM they received, they develop a sense of brand loyalty.

REVIEW OF LITERATURE:

Jacoby and Chestnut (1978) in their work entitled "Brand loyalty, measurement and management" defined brand loyalty as "the biased, behavioral response, expressed overtime by some decision making unit, with respect to one or more alternative brands, out of a set of such of brands, and is a function of psychological decision making, evaluative processes". Mellens, DeKimpe and Steenkamp, (1996) in their article "A Review of Brand-Loyalty Measures in Marketing" say Brand loyalty implies that a continuous repurchase of a specific brand as a result of positive affection towards the brand. It is the positive perception towards a specific brand, for which consumers are willing to pay higher prices and they are less sensitive to a price hike. Brand loyalty is thus paved the way for a company's success.

A brand with strong customer loyalty enjoys certain advantages such as, maintaining premium pricing, greater bargaining power with channels of distribution, reduced costs and a strong barrier to potential new entries in to the product or service in the same category, stated by Ishak F& Ghani, N.H.A (2013) in their paper "A Review of the Literature on Brand Loyalty and Customer Loyalty". Aaker, D. A (1991) in his book entitled "Managing Brand Equity" defined brand loyalty as "the measure of attachment that a consumer has towards a brand". According to him brand loyalty reflects how likely a customer will be switched to brands when that brand makes a product change, either in price or features. Aaker also states that core of brand equity is nothing else, but brand loyalty. A Brand Loyal consumer can be regarded as the most fundamental factor for long term business success, because a loyal consumer is less price sensitive, least influenced by competitors ,observed by Dimitriadis (2006) in his article "Customer satisfaction, Loyalty and commitment in service organizations" , and they may also in the chain of positive WOM providers.

Word Of Mouth is defined by Bone, (1992) in his article titled "Determinants of Word-Of-Mouth Communications During Product Consumption" as "Inter-personal, face to face communications among consumers about a product, a service, a brand, or an organization and none of the communication parties represent a marketing source". Henning, T., Gwinner, K .P., Walsh, G., & Gremler, D.D. (2004) in their article titled " Electronic word- of -mouth via consumer-opinion platforms: what motivates consumers to articulate themselves on the internet?" defined Word Of Mouth as "any positive or negative statement made by customers experiences about a product or company, which is made available to a mass of people and institutions using the internet". Taylor, D.G., Strutton, D., & Thompson, K. (2012) say in their article "Self Enhancement as a Motivation for Sharing Online Advertising" that Word Of Mouth is a method of communication among two non commercial people and without benefit in the business they are talking about. Individual, who provide a word of mouth about a product or service does not have any intention to promote or demote it. They simply meant to give a feed back about the product. However, such WOM have great impact on recipient. They may judge utility of a product on the basis of such WOM once received from their peer group. It is highly difficult to get a positive WOM. The basic nature of human being is that only when they are delighted they may give signs of satisfaction. Otherwise, they may generate negative WOM. A successful product sharing could be affected by positive word of mouth and lakh of negative word of mouth said by Mcgriff, J.A.(2012) in his research entitled " A conceptual topic in marketing management: the emerging need for protecting and managing brand equity: the case of online consumer brand boycotts". Every customer has a tendency to consult their peer before making a purchase, especially a higher valued product. Consumer durables market often faces such brand preference problem. Customers after consulting their friends, family, colleagues etc, approach the salesman for making purchase. They have some sort of brand preference which is developed mainly from the WOM of their consultants. Such brand preference is usually least influenced by supplier

STATEMENT OF PROBLEM:

Brand loyalty is created by many factors, such as awareness about the brand, its perceived quality, association, image, experience and suggestions from others. Experience is one of the major factors that may create brand loyalty. However, every purchase cannot be made with previous experience. In such situations, consumers are prone to seek suggestions from their friends or relatives. Thus, WOM of peer groups can better create Brand Loyalty. Once, a consumer get high satisfaction by using a brand, they may intentionally or otherwise give positiveness about the brand. Usually, customers before making a purchase, especially durables, make a detailed examination of various brands available under that particular product category. They may check catalogues, search online, consult their family members and friends, refer magazines, etc. After arriving a decision regarding brand choice, they may go for further product features. So, the prime importance is given to brand selection itself. This brand choice is found to be highly influenced by WOM of their peer group. People may consult their friends, family or colleagues before making purchase especially higher valued products. Consumer durables like Television, Refrigerator, Washing Machine, Computer, Music system etc are typically branded products, and consumers have brand preference on them. They may sustain on the WOM they received from others before making a purchase decision. This study focus on to what extent customer's brand loyalty towards a product is influenced by WOM.

OBJECTIVE:

To ascertain how far customer's brand loyalty towards a product is influenced by word of mouth given by others.

METHODOLOGY:

The study is purely based on primary data collected from customers through a pre structured questionnaire. For this 100 households are personally interwied. The study was based on three basic statements which revealed the influence of WOM in creating brand loyalty. The statements included in the questionnaire are:-

- 1) I have brand preference while making purchase of Durable items like T V, Refrigerator, Washing Machine, vehicles, music system and so on.
- 2) I consult others before making my purchase.
- 3) My purchase decision is being influenced by WOM of others.

The above statements rated using 3 point scaling technique. This Three point scaling technique (1 – Agree, 2 – Disagree, 3 – No opinion) was used for data collection regarding brand loyalty and level of customers trust on WOM. In addition to this Demographic profile of the respondents such as Age, Qualification and income was also investigated.

RESULTS AND ANALYSIS:

Table 1: Demographic Profile Of Respondents

PARTICULARS	FREQUENCY	%
Age of respondents		
Between 13 - 19	13	13
Between 20 – 59	62	62
60 & above	25	25
Total	100	100
Income Level		
Below Rs. 25000 pm	32	32
Rs.25000- Rs.50000pm	56	56
bove Rs.50000 pm	12	12
Total	100	100
Qualification		
High School	36	36
Graduation	26	26
Post Graduation	23	23
Technical education	15	15
Total	100	100

The above table shows that 62% of the respondents are adults and they make most of the purchase decision in a family. 56% of respondents have monthly income ranges Rs. 25000 and Rs. 50000. That means majority of respondents belong to middle income group and 36% of respondents have only school education.

Statement 1: I have brand preferences while making purchase decision

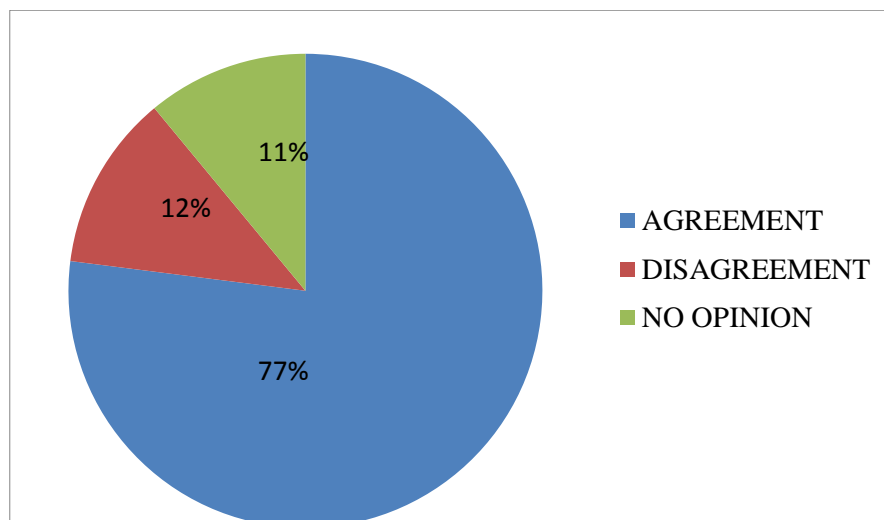
Table 1: Customers have brand preferences while making purchase decision

Age group	Agree	Disagree	No opinion	Total
13 - 19	9	2	2	13
20 - 59	53	5	4	62
Above 60	15	5	5	25
Total	77	12	11	100
Qualification				
High school	29	3	4	36
Degree	20	3	3	26
Post graduation	20	1	2	23
Technical education	8	5	2	15
Total	77	12	11	100
Income				
Below Rs. 25000 pm	27	3	2	32
Rs. 25000 - Rs.50000 pm	43	8	5	56
Above Rs.50000 pm	7	1	4	12
Total	77	12	11	100

Source: primary data

Demographic – wise cross classification on the statement “ I have brand preference while making purchase decision “ reveals that majority of the respondents are of the opinion that they have strong brand preference. Major purchase decisions in a family are usually taken by adults, who belong to the age group of 20 – 59. Age wise analysis shows that these adults group have strong brand preference. Out of 100 respondents, 62 respondents belong to adult group and among these 62 respondents, 53 agreed to this statement (I e, 85.48%). Educational Qualification wise analysis shows that out of 36 respondents who have only high school education, 29 agreed to this statement (I e 80.56%). This proportion is 86.96% in case of post graduates (i.e., 20 respondents out of 23). This means that whatever may be the qualification people are prone to select best brands. Income wise analysis also reveals that customers have strong brand choices. Out of 100 respondents, 77 agreed to the fact. 76.79% of middle income group agreed the statement. This proportion is 58.33% in case of higher income group and 84.38% in case of lower income group.

Fig. 1: The three point scale analysis on the statement “I have brand preferences while making purchase decision”



Statement 2: Consult others before making a purchase decision

Table 2: Consult others before making a purchase decision

Age group	Agree	Disagree	No opinion	Total
13 - 19	10	2	1	13
20 - 59	42	11	9	62
Above 60	19	4	2	25
Total	71	17	12	100
Qualification				
High school	27	4	5	36
Degree	19	4	3	26
Post graduation	18	2	3	23
Technical education	7	7	1	15
Total	71	17	12	100
Income				
Below Rs. 25000 pm	23	5	4	32
Rs. 25000 - Rs.50000 pm	41	10	5	56
Above Rs.50000 pm	7	2	3	12
Total	71	17	12	100

Source: primary data

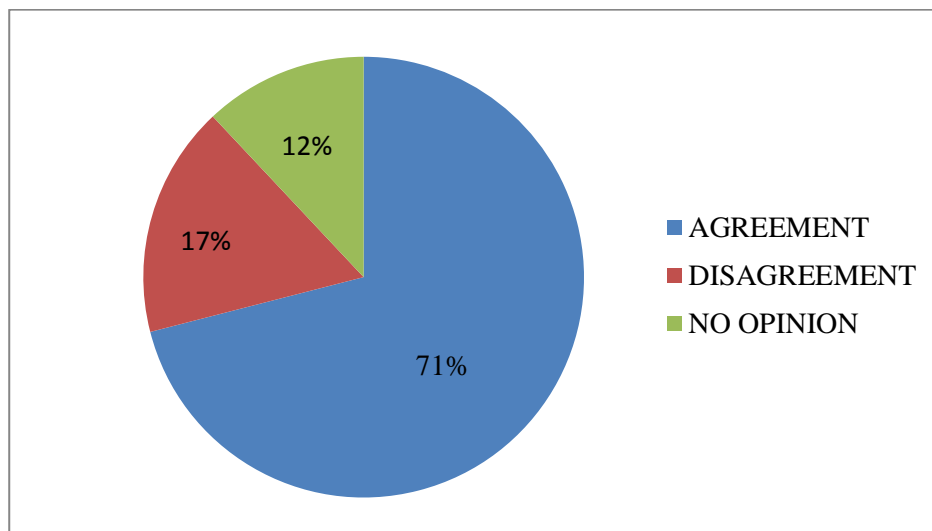
Demographic – wise cross classification on the statement “Consult others before making a purchase decision” shows that 71% of respondents agreed that they consult others before making a purchase. 17% disagreed the fact and 12% have no opinion regarding the same.

Age wise cross classification shows that adult groups, who are the major respondents in this analysis, 67.74% (i.e. 42 out of 62) agreed that they consult others for making their purchase. This proportion is 76% in case of senior citizens.

Qualification wise cross classification on the statement shows that respondents who have only high school education 75%(27 out of 36) agreed to this fact and this proportion is almost similar in case of degree holders (i.e., 73.08%). In case of those who have technical education this proportion is 46.67% (7 out of 15).

Income wise analysis reveals that out of 32 respondents, who belong to lower income group 23 agreed that they consult others (i.e., 71.88%). This proportion is 73.21 % (41 out of 56) in case of middle income group and 58.33 % (7 out of 12) in case of higher income group. This means that both lower income and middle income group are more prone to consult others before making purchase decision.

Fig. 2: Three point scale analysis on the statement “Consult others before making a purchase decision”



Statement 3: Purchase decision is influenced by WOM given by others

Table 3: Purchase decision is influenced by WOM given by others

Age group	Agree	Disagree	No opinion	Total
13 - 19	8	4	1	13
20 - 59	44	8	10	62
Above 60	16	5	4	25
Total	68	17	15	100
Qualification				
High school	26	4	6	36
Degree	17	6	3	26
Post graduation	15	3	5	23
Technical education	10	4	1	15
Total	68	17	15	100
Income				
Below Rs.25000 pm	25	3	4	32
Rs. 25000 - Rs.50000 pm	37	12	7	56
Above rs.50000 pm	6	2	4	12
Total	68	17	15	100

Source: primary data

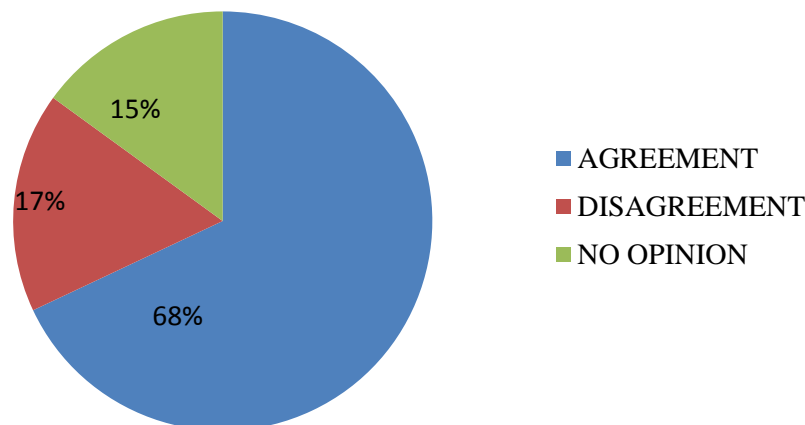
Demographic wise cross classification on the statement “My Purchase decision is being influenced by WOM given by others” reveals that 68% respondents agreed to the statement. 17% disagreed the fact and 15% are reluctant to give any opinion regarding the same.

Age wise classification on the above statement reveals that 68% respondents agreed that their purchase decision is being influenced by WOM given by others. Out of this 68, who agreed the statement 44 belongs to adults group.

Qualification wise analysis shows that out of 36 respondents who have only school education 26 agreed that they are being influenced by words of others. Their proportion is 72.22%. This proportion is 65.38% in case of degree holders. This is more or less the same in case of post graduates (65.22%) and technically qualified (66.67%).That means irrespective of their qualification, customers are on the opinion that their purchase decision is being influenced by the WOM of their peer group.

Incomes wise analysis also reveals the fact that majority of respondents agreed the above statement. In case of lower income group 78.13 % (25 out of 32) agreed to the statement. This proportion is 66.07 % (37 out of 56) and 50 % (6 out of 12) in case of middle income and higher income group respectively.

Fig. 3: Three point scale analysis on the statement “Purchase decision is influenced by WOM given by others”



FINDINGS:

- Majority of respondents have brand preference .85.48% of adults agreed that they have strong passion towards a specific brand.

- 80.56% of respondents who have only school education agreed that they have strong brand loyalty. This proportion is 76.92% in case of degree holders and 86.96% in case of post graduates. It indicates that irrespective of educational background, customers have brand choices.
- In case of middle income group, 76.79% respondents agree that they have brand preference. Lower income group also agreed the same. This proportion is 84.38% which means irrespective of income level, people have strong brand choices.
- 71% of respondents agreed that they consult others before making a purchase. Those who belongs to the age group 20 – 59 takes major purchase decision in a family. Out of 71 respondents who agreed that they consult others for taking a purchase decision 42 belongs to adult group (59.15%).
- Out of 36 respondents who have only school educations 27 agreed that they consult others before making purchase decision (75%). This proportion is almost similar in case of degree holders (73.08%) and post graduates (78.26%).
- The proportion of middle income respondents who agreed that they consult others while making purchase is 73.21%. This proportion is almost similar in case of lower income group (71.88%). This means that whatever may be the income, consumers are much conscious about their expenditure. So they seek an expert advice before taking a purchase decision.
- 68 respondents agreed that their purchase decision is being influenced by WOM of others.
- More than 50% of respondents in each age group unanimously agreed that their purchase decision is influenced by WOM of their peer. This proportion is 61.54% in case of teenagers, 70.96% in case of adults and 64% in case of senior citizens.
- Majority of respondents (68%), irrespective of their qualification and income level agreed that their purchase decision is being influenced by WOM. Only 17% disagreed that they are not being influenced by others.

CONCLUSION:

Brand Loyalty is a strong passion towards a specific brand, which can be intentionally created from WOM of consumers. People, once delighted from owning and using product from a particular brand they may give positive signs which motivate others to go for same brand. Thus, before owning and using, customers may show signs of brand loyalty. Thus, it can be stated that brand loyalty can be the by – product of Word Of Mouth.

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