

**IMPACT OF ELECTRONIC WORD OF MOUTH OVER THE TRADITIONAL
WORD OF MOUTH: A COMPARATIVE STUDY**

A dissertation report submitted in the partial fulfillment of the requirements of the degree of
Master of Business Administration

Submitted by

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Registration No:
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Under the Guidance of Dr. Rajeev Airani



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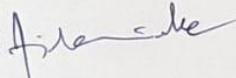


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Signature of Faculty Guide: 

Name of the Faculty Guide: Dr Rajeev Airani

ACKNOWLEDGEMENT

I want to extend my gratitude to Dr Rajeev Airani my faculty mentor, for consistently providing valuable assistance and support during the challenges I faced while conducting my current research. I am grateful for the insightful suggestions and motivation that have been instrumental throughout the dissertation process and in composing this report.

Additionally, I'd like to acknowledge the immense assistance and encouragement from my study participants, whose contributions were indispensable.

It is important to note that this research builds upon existing literature in the field. However, what sets it apart is the incorporation of primary data collection, adding a unique and genuine dimension to the factors being studied.

I wish to express my heartfelt gratitude once again to all those individuals who played a role in guiding and supporting me throughout this research journey.

Index

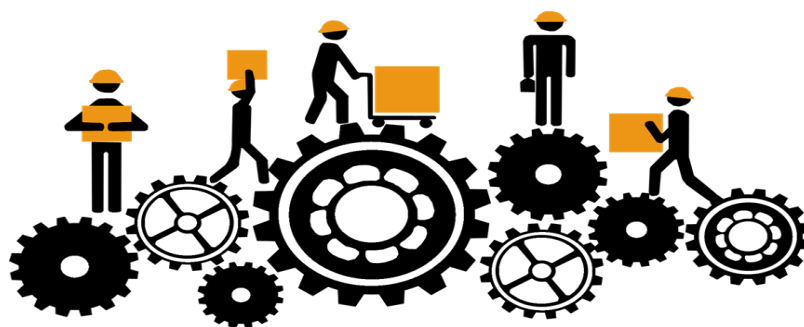
Chapter No.	Content	Page no.
1)	Introduction	5-8
a)	Word of mouth	
b)	Electronic word of mouth	
c)	Channels word of mouth	
d)	Data and Insights	
2)	Literature Review	12-13
3)	Methodology	14
a)	Questionnaire	15-20
4)	Result and Discussions	21
5)	Conclusions	22
6)	References	23

CHAPTER 1 – Introduction

In an era marked by rapid technological advancement and the pervasive influence of the digital age, the dynamics of communication have undergone a profound transformation. Traditional word of mouth, once confined to interpersonal exchanges and physical interactions, now finds itself inextricably interwoven with the virtual fabric of electronic word of mouth. This comparative study embarks on a journey to dissect and analyze the multifaceted impact of electronic word of mouth (e-WOM) when juxtaposed against its time-honored counterpart, traditional word of mouth (WOM).

In the age of social media, online forums, and digital communities, the concept of word of mouth has transcended its traditional boundaries, transcending geographical limitations and temporal constraints. Electronic word of mouth, characterized by its lightning-fast speed of dissemination, immense reach, and ease of interaction, has revolutionized the way information is shared, consumed, and perceived. In contrast, traditional word of mouth, while deeply rooted in human interactions and personal experiences, operates on a smaller scale and often relies on face-to-face exchanges.

The implications of this paradigm shift are far-reaching and multifaceted. Consumers today are not only exposed to a deluge of product reviews, recommendations, and critiques from both personal connections and online strangers, but they also have the power to amplify their own voices to an unprecedented extent. This study aims to delve into the intricacies of this digital transition, examining the advantages and drawbacks of both eWOM and traditional WOM.



Through empirical research, theoretical frameworks, and case studies, this study endeavors to uncover how eWOM and traditional WOM impact various aspects of consumer behavior. It explores how these communication modes influence brand perception, purchase decisions, trust building, and information credibility. By investigating the psychological mechanisms that underpin both forms of communication, we hope to shed light on whether e-WOM's efficiency and reach translate to enhanced trust and credibility, or if traditional WOM's personal touch remains unrivalled in shaping consumer opinions.

In an age where online interactions can influence not only individual choices but also the success or failure of businesses and products, understanding the nuanced interplay between electronic word of mouth and traditional word of mouth is essential. This study seeks to contribute to the growing body of knowledge that illuminates the evolving landscape of communication and its profound ramifications across various domains.

What is Word of mouth marketing?

Word of mouth marketing is a dynamic strategy that harnesses the influence of interpersonal communication to promote products, services, or brands. It's rooted in the fundamental human tendency to share experiences and recommendations with others. Rather than relying on traditional advertising methods, word of mouth marketing relies on the authentic and spontaneous conversations that take place between friends, family members, colleagues, and even strangers.

At its core, word of mouth marketing capitalizes on the credibility and trust that people place in recommendations coming from their social circles. When someone hears about a positive experience or a favorable review from someone they know and trust, they're more likely to consider trying out the product or service themselves. This personal touch makes the message more compelling and relatable, as it's coming from someone with no vested interest other than their genuine satisfaction.

Word of mouth marketing can take various forms, both offline and online. In the digital age, social media platforms and online reviews have amplified the impact of word of mouth. Positive comments, shares, likes, and reviews can quickly reach a wide audience, often resulting in increased brand visibility and customer engagement.

Businesses can actively encourage word of mouth marketing by delivering exceptional customer experiences that naturally prompt customers to share their positive interactions. This can be achieved by providing high-quality products, outstanding customer service, and unique value propositions that set the brand apart. Companies can also implement referral programs, where existing customers are incentivized to refer new customers, further incentivizing positive recommendations.

Conversely, negative word of mouth can have equally powerful effects, potentially damaging a brand's reputation. Hence, companies need to be attentive to customer feedback, promptly address issues, and continuously strive to improve their offerings.

Electronic Word of Mouth (eWOM)

Electronic Word of Mouth (eWOM) is a contemporary evolution of traditional word of mouth marketing that takes advantage of the vast digital landscape to facilitate conversations, recommendations, and reviews about products, services, or brands. In a world dominated by the internet and social media, eWOM has gained immense importance as a potent form of consumer communication and influence.

eWOM encompasses a wide range of online platforms and channels, including social media platforms like Facebook, Twitter, Instagram, and TikTok, as well as review sites like Yelp, TripAdvisor, and Amazon customer reviews. Additionally, blogs, forums, discussion boards, and even video-sharing platforms like YouTube play a role in disseminating eWOM.

What makes eWOM particularly powerful is its potential to reach a global audience instantaneously. A single positive recommendation or review can be shared, liked, retweeted, and commented on by thousands, if not millions, of individuals. This virality amplifies the impact of eWOM and can significantly influence consumer perceptions and purchase decisions.

For businesses, monitoring and actively participating in eWOM discussions have become essential. Positive eWOM can lead to increased brand visibility, customer trust, and ultimately, sales. On the other hand, negative eWOM can spread quickly, potentially harming a brand's reputation. As a result, companies need to be vigilant in addressing customer concerns and feedback promptly.

Strategies to encourage positive eWOM include providing exceptional customer experiences, engaging with customers on social media, creating shareable content, and implementing referral programs. Leveraging influencers and brand advocates can also amplify positive eWOM, as their recommendations are often well-received by their followers.

However, it's important to note that eWOM can be difficult to control since it's driven by individual consumers' experiences and opinions. While businesses can encourage positive eWOM through their actions and strategies, the actual spread of eWOM remains organic and spontaneous.

Channels Word OF Mouth

Word of mouth (WOM) marketing can take place through various channels, both traditional and digital. Here are some of the different channels for word of mouth:

1. **Face-to-Face Conversations:** Personal conversations among friends, family members, colleagues, and acquaintances are one of the most powerful forms of word of mouth. People tend to trust recommendations from those they know and respect.
2. **Phone Calls and Text Messages:** Direct communication through phone calls and text messages allows individuals to share their experiences and recommendations with a more personal touch.
3. **Social Media Platforms:** Social media platforms like Facebook, Twitter, Instagram, TikTok, and LinkedIn enable users to share their thoughts, experiences, and recommendations with a broad audience. Likes, shares, retweets, and comments amplify the reach of these recommendations.
4. **Online Reviews and Ratings:** Review platforms such as Yelp, TripAdvisor, Amazon, and Google Reviews allow customers to leave feedback and ratings about products, services, and businesses. Positive reviews can influence potential customers' decisions.
5. **Blogs and Forums:** Online forums, discussion boards, and blogs provide platforms for individuals to discuss and recommend products or services based on their personal experiences.
6. **Video Platforms:** Video-sharing platforms like YouTube allow users to create and share video content, including product reviews, tutorials, and testimonials, which can have a significant impact on viewer perceptions.
7. **Podcasts:** Podcasts have gained popularity as a medium for discussing various topics, including product reviews and recommendations. Podcast hosts and guests can share their thoughts on products or services with their listeners.
8. **Email:** Personal emails and newsletters can be used to share experiences and recommendations, especially for businesses engaging with their existing customer base.
9. **Influencers and Brand Advocates:** Influencers, who have a strong online following, can promote products or services to their audience. Their recommendations hold weight due to their perceived expertise and authenticity.
10. **Referral Programs:** Businesses can implement referral programs where existing customers are incentivized to refer new customers, thus encouraging word of mouth marketing.
11. **Public Speaking and Presentations:** Individuals speaking at events, seminars, or conferences can share their experiences and recommendations, potentially influencing their audience.

12. **Product Packaging and Labels:** Packaging can include testimonials, endorsements, or QR codes linking to online reviews, encouraging potential customers to seek more information before purchasing.

Some data and insights:

1. **Volume and Reach:**

- eWOM has the potential to reach millions of users across the globe due to the interconnected nature of the internet. Platforms like Twitter, Facebook, and Instagram boast user bases in the hundreds of millions, if not billions.
- Studies have shown that a single online review or social media post can be seen by thousands to potentially millions of people, whereas tWOM is generally limited to the speaker's immediate social circle.

2. **Speed of Dissemination:**

- Information shared through eWOM can spread across different platforms and countries in a matter of hours or even minutes. Viral marketing campaigns are a testament to this, showing rapid spread that cannot be matched by tWOM.
- For instance, viral hashtags or trending topics on Twitter can garner worldwide attention almost instantaneously.

3. **Influence on Purchasing Decisions:**

- Research indicates that eWOM significantly influences purchasing decisions. According to a Nielsen Global Trust in Advertising report, 92% of consumers trust earned media, such as recommendations from friends and family, more than all other forms of advertising.
- Online reviews on platforms like Amazon and TripAdvisor can sway decisions, with statistics showing that a one-star increase in Yelp rating can lead to a 5-9% increase in business revenue.

4. **Consumer Trust and Credibility:**

- While tWOM typically enjoys high levels of trust due to personal connections, eWOM's credibility can vary. Surveys suggest that around 50-70% of consumers trust online reviews as much as personal recommendations, with the trust level influenced by the perceived authenticity of the reviews.
- Platforms are continually evolving mechanisms to authenticate reviews and reduce fake postings to bolster trustworthiness.

5. Feedback and Interaction:

- eWOM enables dynamic interactions where consumers can respond to others' comments, ask questions, and get replies in real time. This interaction not only enriches the information quality but also builds community engagement around products or brands.
- In contrast, tWOM interactions are generally linear and lack the immediate, scalable feedback loops found in eWOM.

Chapter 2 - Review of Literature

In today's technologically driven society, the landscape of communication has experienced a paradigm shift with the proliferation of online platforms and digital communities. This literature review delves into a comprehensive exploration of the impact of electronic word of mouth (eWOM) in comparison to traditional word of mouth (WOM), shedding light on the dynamic interplay between these two modes of communication and their implications for consumer behavior, decision-making, and brand perceptions.

Xie and Lee (year) conducted a study examining the influence of online reviews on consumer purchasing intentions, with a specific focus on the moderating role of temporal distance. Their research underscores the significant impact of eWOM on consumer decisions, emphasizing the transformative role of online reviews in shaping purchase intentions. Furthermore, their findings highlight the temporal aspect, revealing that eWOM holds stronger influence for shorter temporal distances between review exposure and purchase.

Addressing the fashion industry, Kim and Ko (year) examined the impact of eWOM on consumer attitudes toward brands. Their study revealed a significant positive relationship between eWOM and brand attitudes, indicating that positive online recommendations contribute to more favorable perceptions of brands. The mediating role of brand trust in this relationship further underscores the importance of credible eWOM sources in influencing consumer perceptions.

Jarvenpaa and Todd (year) delved into the relative importance of online and offline information sources in Internet purchase decisions. Their research indicated that eWOM carries substantial weight in influencing purchase decisions, surpassing the impact of traditional WOM. This finding highlights the growing dominance of eWOM as consumers increasingly prioritize online recommendations in their decision-making processes.

Turning to the realm of pharmaceuticals, Peterson and Aslani (year) examined the influence of eWOM on trust and information search behavior among Internet users seeking prescription drug information. Their study found that eWOM significantly affects information search behavior and trust in online drug information. This underscores the importance of reliable and accurate eWOM sources in guiding consumer decisions, particularly in contexts where trust is crucial.

Ye, Law, Gu, and Chen (year) explored the impact of eWOM on travel decisions, considering the moderating effects of different traveller types. Their research showcased the significant influence of eWOM on travel choices and highlighted the importance of understanding how traveller characteristics moderate this impact. This study underscores the need for a nuanced approach when examining eWOM's role in influencing consumer decisions across diverse industries.

Collectively, these research papers contribute to a comprehensive understanding of the evolving communication landscape. The transformative influence of eWOM over traditional WOM becomes evident as online platforms shape consumer perceptions, purchase intentions, and trust building processes. From the temporal dimension to the mediating role of trust, these

studies illuminate the intricate mechanisms through which eWOM reshapes consumer behavior and decision-making in the digital age. As businesses and marketers navigate this landscape, insights from these studies provide valuable guidance in leveraging the power of eWOM to engage and influence modern consumers.

Research Gap

The exploration of the impact of electronic word of mouth (eWOM) over traditional word of mouth (WOM) has yielded valuable insights into the changing dynamics of communication and its influence on consumer behavior. However, within this realm of research, there exists a notable research gap that calls for further investigation and exploration.

The research gap lies in the need for a more nuanced understanding of the contextual factors that shape the relative impact of eWOM and WOM across different industries, consumer segments, and cultural contexts. While existing studies have provided valuable insights into the overall influence of eWOM and WOM on consumer perceptions and decision-making, they often overlook the complexities introduced by the diverse environments in which these forms of communication operate.

For instance, studies that focus on the fashion industry (Kim & Ko, year) or the travel industry (Ye et al., year) provide valuable insights into the impact of eWOM within those specific contexts. However, the transferability of these findings to industries with different consumer motivations, product characteristics, and purchase processes remains a research gap. It is important to recognize that the effectiveness of eWOM and WOM could vary significantly between industries and even within different stages of the consumer journey.

Moreover, while several studies emphasize the positive impact of eWOM, there is a gap in research that delves into the potential negative consequences of this digital mode of communication. Investigating factors such as the spread of misinformation, the prevalence of fake reviews, and the implications of viral negative feedback could provide a more comprehensive understanding of the overall impact of eWOM.

Cultural nuances also contribute to the research gap. The impact of eWOM and WOM might differ significantly across cultures due to variations in communication norms, trust-building processes, and information-seeking behaviors. Further research is needed to explore how cultural factors moderate the influence of eWOM and WOM and whether these differences necessitate tailored strategies for businesses operating in diverse markets.

In summary, the research gap within the topic of the impact of eWOM over traditional WOM lies in the need for a deeper exploration of industry-specific nuances, potential negative consequences of eWOM, and the moderating role of cultural factors. Bridging this gap could provide a more comprehensive and contextually relevant understanding of how digital communication channels reshape consumer behavior and decision-making in an ever-evolving.

Chapter 3 – Methodology

1) **Literature Review:**

Reading and reviewing relevant books and articles is essential for understanding the existing knowledge and identifying gaps in the literature.

Summarize and synthesize key findings from these sources to build a strong foundation for your research.

2) **Problem Statement:**

Refine your problem statement based on the insights gained from the literature review. Clearly state the research objectives and questions you aim to address.

3) **Research Design:**

- i) Develop a questionnaire that covers various dimensions of eWOM and WOM impact, including consumer perceptions, decision-making, trust, industry preferences, and potential negative consequences.
- ii) Pilot test the questionnaire to ensure clarity and validity before distributing it to a larger sample.

4) **Data Collection:**

- i) Implement the questionnaire through appropriate channels, such as online surveys or in person interviews, depending on your target audience.
- ii) Aim to gather a diverse and representative sample to ensure the generalizability of your findings.

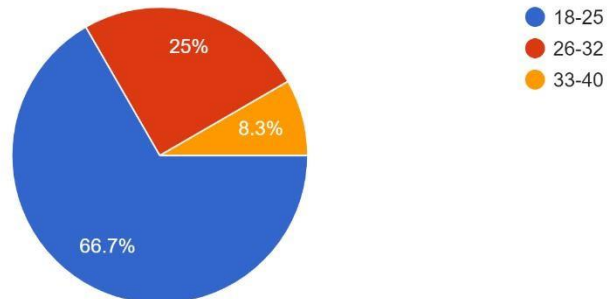
5) **Data Processing:**

After data collection, clean and organize the data. Check for missing values, outliers, and inconsistencies that might affect the analysis.

Questionnaire Responses

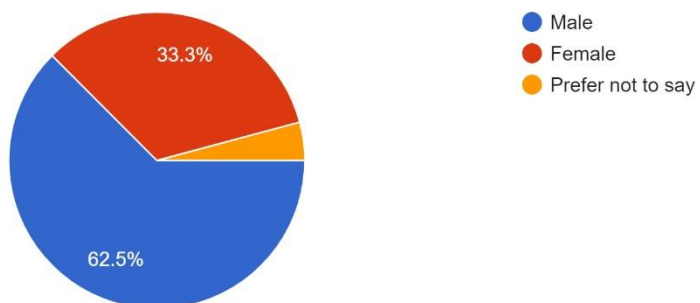
Which age group you belong to?

48 responses



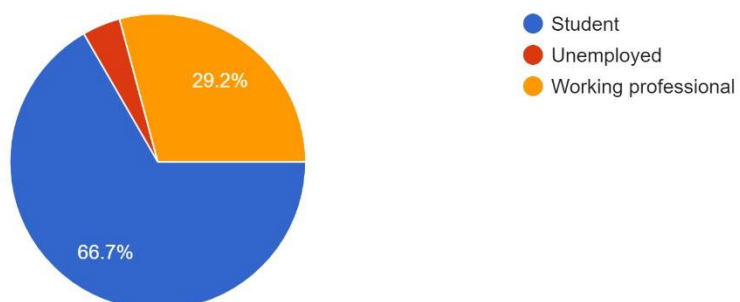
Gender

48 responses

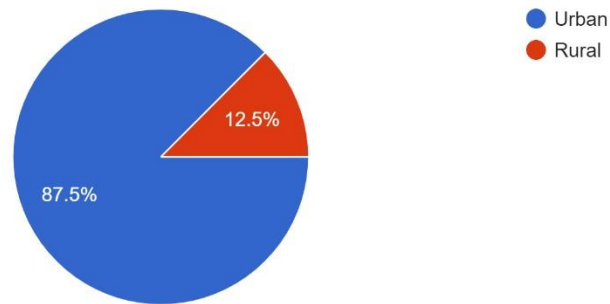


Profession?

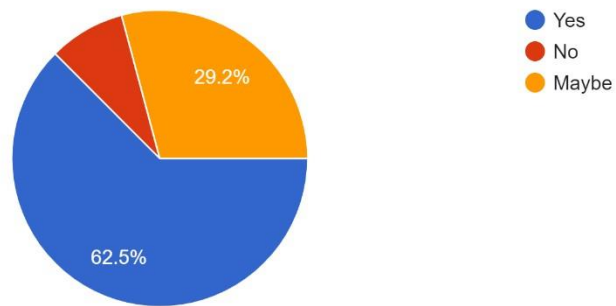
48 responses



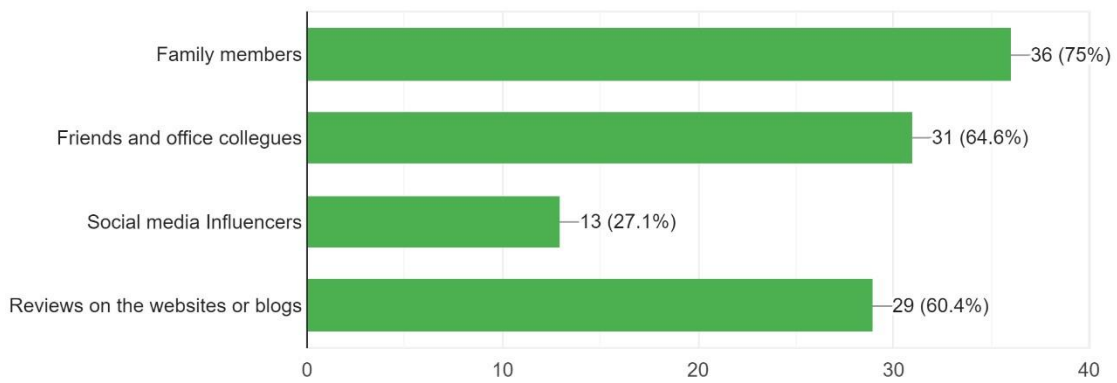
Location
48 responses



Do you seek others opinion while purchasing any product?
48 responses

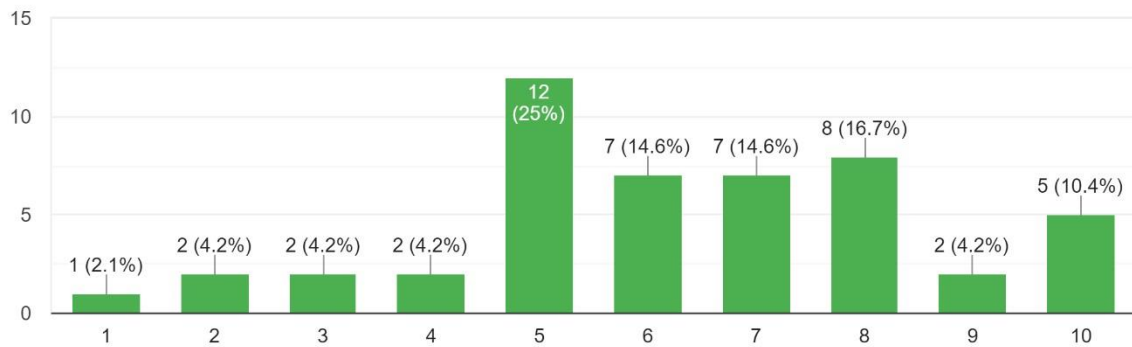


Who do ask for opinions whenever you are buying any new product?
48 responses



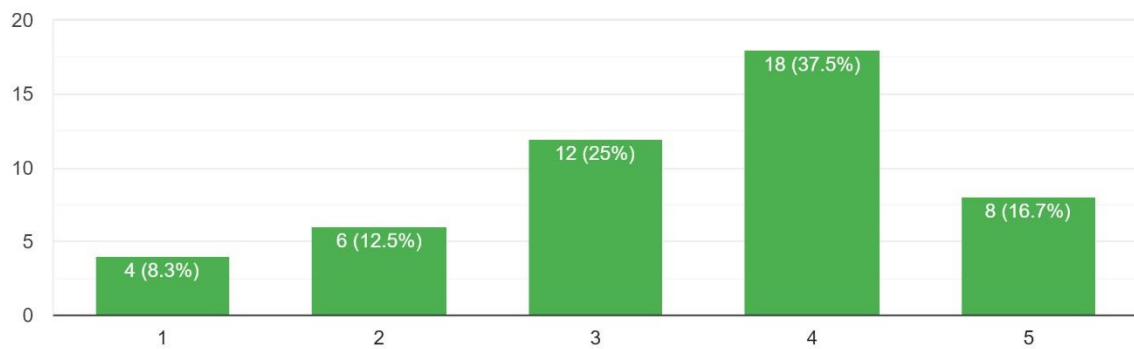
On a scale of 1 to 10, how much does the opinions or advices from others impact your purchase decision?

48 responses



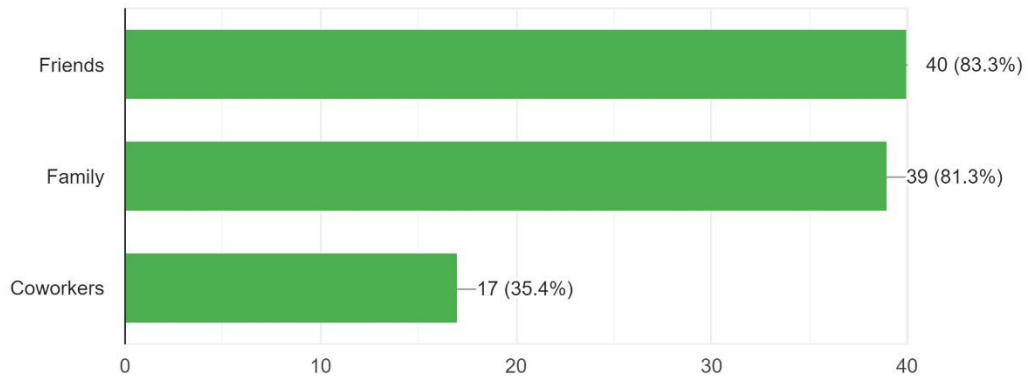
How frequently do you engage in digital word of mouth communication (e.g., social media, online reviews)?

48 responses



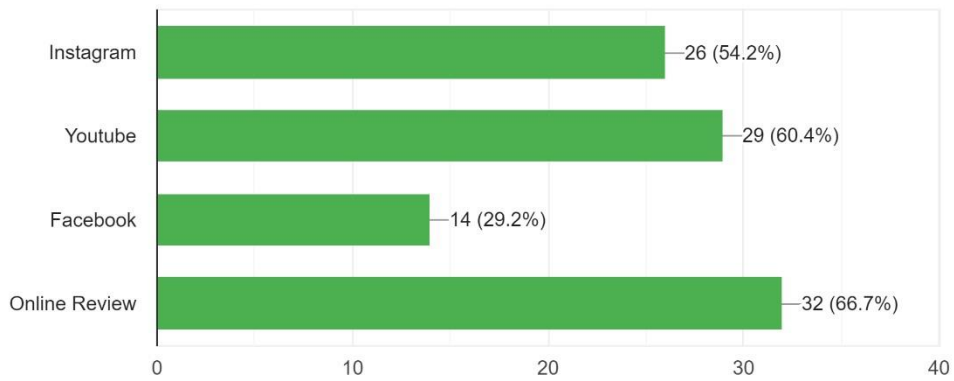
What are the main sources of traditional word of mouth for you?

48 responses



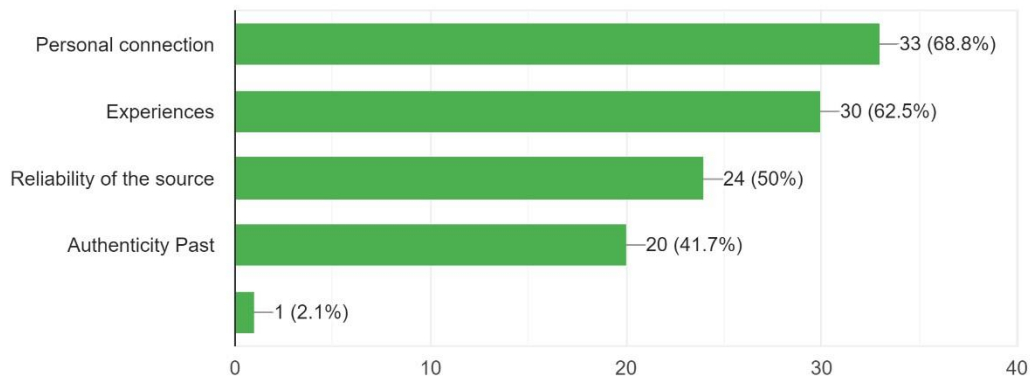
What are the main platforms you use for digital word of mouth?

48 responses



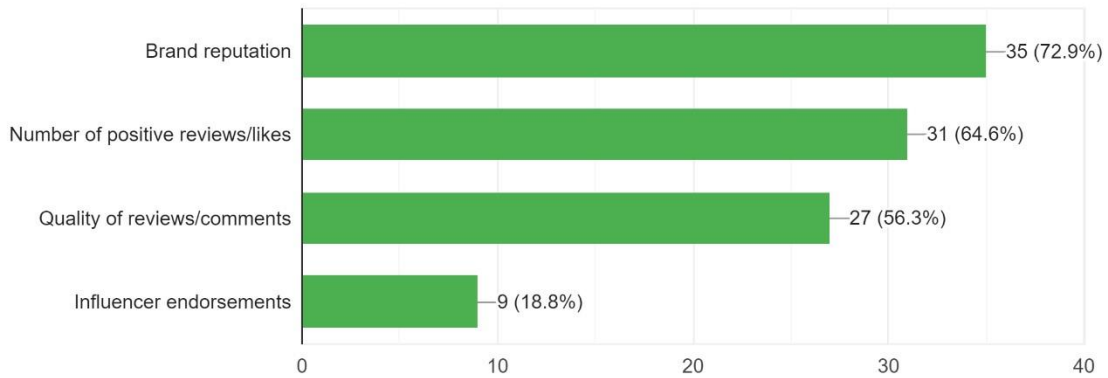
What factors contribute to your trust in traditional word of mouth?

48 responses



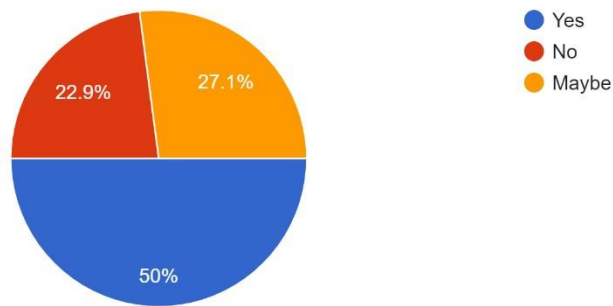
What factors contribute to your trust in digital word of mouth?

48 responses



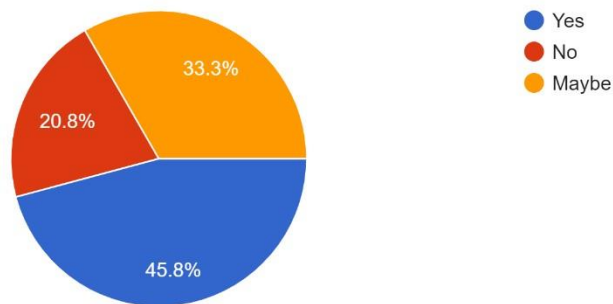
Do you believe traditional word of mouth is more trustworthy than digital word of mouth?

48 responses



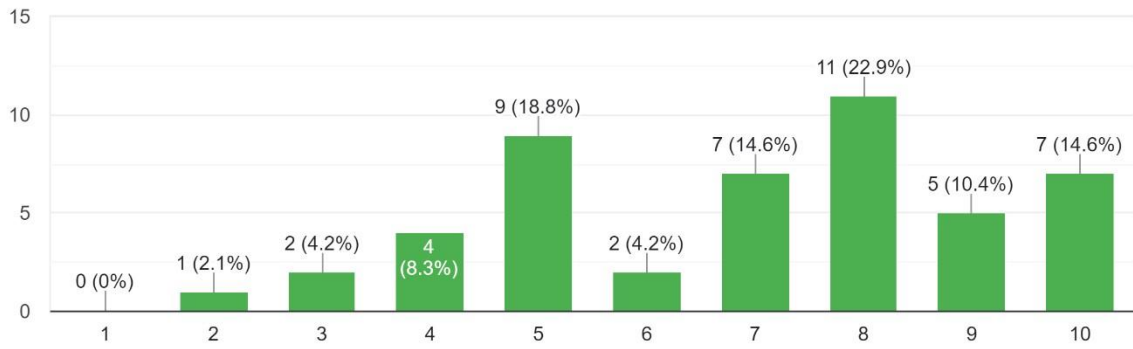
Do you think traditional word of mouth will continue to be relevant in the age of digital word of mouth?

48 responses

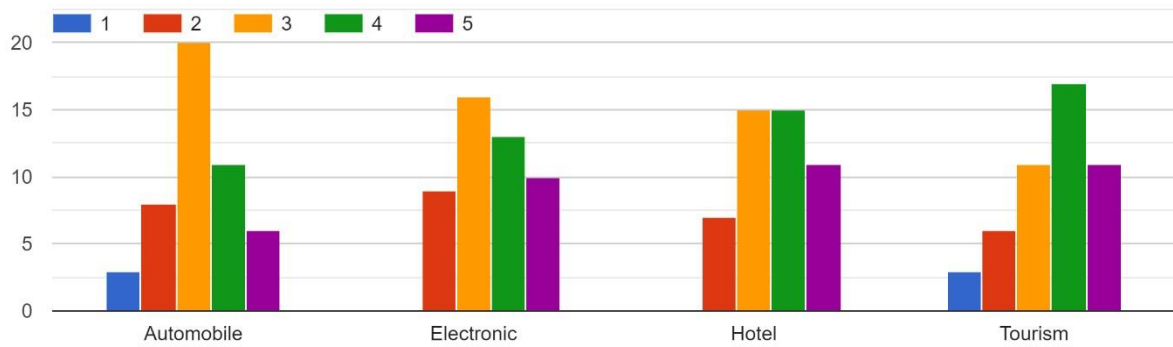


On a scale of 1 to 10 how much do you think traditional Word of mouth is effective?

48 responses



How much do you think Digital Word of mouth is most relevant in the following industries?



Chapter 4 – Results and Discussions

From the Survey that was carried out the following results came out.

- 62.5% of the people look for others opinion before buying any product. This is to make sure that they are opting for the best product among the other available options, and they don't buy products on any bias.
- Family members, Friends and office colleagues are the most significant sources of word of mouth be it traditional or digital medium.
- Friends and family are the most important source of traditional word of mouth.
- YouTube and Instagram are the most important sources of digital word of mouth. It is because you get to know every aspect of the product and how the users are feeling about the product in a detailed video format.
- 50% of people thinks that they believe in traditional word of mouth is more trust worthy for them than digital word of mouth.
- Brand Reputation and Number of positive likes and reviews are the most important factor that contribute when talking about trust in digital word of mouth.
- Majority of the people agree and most of them were confused too that in this age traditional word of mouth will be relevant when compared to the digital word of mouth.
- Almost 22.9% were partially agrees that traditional word of mouth is effective, and most of them were found confused when asked about is digital word of mouth is effective?
- When asked about what do you think digital word of mouth is most relevant in which industries in the following. Automobiles, Electronic, Hotel, Tourism.
Automobile and Tourism was the most relevant industries people opted for when thinking digital word of mouth as a consideration.

Chapter 5 – Conclusions

Firstly, most people, 62.5%, consider others' opinions crucial before making purchases. This reflects a desire to make informed choices based on unbiased information.

Family, friends, and social media influencers emerge as pivotal sources of word of mouth, both in traditional and digital forms. Friends and family particularly stand out in traditional word of mouth, while platforms like Instagram and YouTube gain prominence in the digital realm due to their ability to provide comprehensive insights through detailed video formats.

Interestingly, respondents view both traditional and digital word of mouth as influential in their purchase decisions, indicating the continued relevance of both avenues.

When considering traditional word of mouth, the experience with the product and the authenticity of information holds utmost importance. In contrast, for digital word of mouth, brand endorsement by influencers, brand reputation, and the volume of positive reviews and likes play significant roles.

Furthermore, it's striking that a considerable 45.8% of individuals believe that traditional word of mouth maintains relevance even in this digital era.

In conclusion, word of mouth remains an influential force in shaping consumer choices, regardless of whether it's conveyed through traditional means or digital platforms. Understanding these dynamics is pivotal for businesses to tailor their strategies effectively, build positive reputations, and foster meaningful connections with consumers across diverse industries.

Chapter 6 – References

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Title: "The Impact of Online Word-of-Mouth on Consumer Attitudes: An Empirical Study on Fashion Brands" Authors: Kim, A. J., & Ko, E.

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