SOCIAL OR TRADITIONAL WOM: AN INVESTIGATION OF SUCCESSFUL BRAND EXTENSION RECOMMENDATION METHOD FOR PURCHASE DECISIONS

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This study is based on a survey conducted among 200 individuals whose opinions regarding social media word of mouth (SWOM) and word-of-mouth (WOM) marketing techniques were analyzed. It has been concluded that customers rely more on social media WOM to make purchase decisions as compared to traditional WOM. Therefore, marketing effort for brand extension success should be made on Social networks. These results came through a survey methodology where the response of 200 participants was analyzed through t-test statistical analysis using SPSS software. In this developing era of business and technology, the way businesses promote and sell their products and services has drastically experienced a shift that is triggered by the shift in customer’s reliance on internet for gaining information. SWOM has replaced word-of-mouth promotion and has been attracting more of consumer attention thus helping both businesses and their customers to make more satisfying choices.


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1. INTRODUCTION

Consumers lack trust on retailer advertisements (Makki & Chang, 2015), Survival of brands has become difficult due to increasing competition, technology and online buying behaviour (Soomro, 2019). A large number of Small medium enterprises shut down and large multinational managed to survive with issue that how to grow and diversify the business portfolio ahead and they have to learn to survive (Strauss, 2012). The worlds as we see it today has become much saturated and compact. Managers of companies are continuously trying to introduce new products to grow their portfolio and reduce risk. One of the strategies that managers prefer in their practices is the brand extension strategy.
Brand extension is a term using an already established brand name to introduce a new product in to a market thus facilitating new-product acceptance and providing positive feedback to the parent brand and company (Keller & Aaker, 1992).

As of today, the marketing communication trend has changed drastically by User-generated content (UGC) (Liu et al., 2017). Now many people interact on social networking cites and even real life interactions, influence of one user is very substantial over other users and this interaction determines the buying behavior of consumers in many cases. Consumers have tendency to trust the people in their social circle and connections such as friends, family and relatives, office colleagues as compared to what company reveal in the advertisement campaigns (Keller & Fay, 2012). Maybe this is the motivation behind greater usage and research carried on social media, turning out to be definitely more main-stream than TV ads or shimmering magazine promotions. Individuals accept that through the assessment of others they can get to know the genuine feedback for the product or services (Cakim, 2010).

As social media usage grows rapidly, there are changes that have been created to traditional modes of marketing and brand endorsement, as influencers and the medium the influencers choose to communicate through have changed. Social media has changed the way WOM methods of recommendations work, where social media is increasingly being used by numerous companies globally to attract new customers and retain old ones. There has been a shift in marketing media, where the focus has changed and SWOM now is additional tool that businesses can utilize as compared to other conventional methods for WOM like publicity, etc. Social word of mouth gives an informative online platform to its customers with an important characteristic that it can accompany not only to an individual customer but also a group of people at once. A large number of people can have an access at the same time on same online review. A research showed that small businesses rated social media (48%) and word of mouth (45%) as Top ten tools utilized for marketing. (Holland, 2016)

It has been estimated by the few internet projections that nearly 73 per cent of all adults using the internet use social networking sites and with smart Phones proliferations it has become part of human life. This growing popularity of social networking sites has changed the way marketers pursue their customers, and has given rise to a paradigm shift in the field of marketing (Al-Deen, Hana, & Hendricks, 2011). As per the survey (BrightLocal, 2016) that revealed that 91 percent of buyers read online reviews before purchasing from a local business, also 84 percent of consumers showed trust on online reviews.

A better volume of WOM would add to consumer responsiveness a new launches in the market and thereby add to the product’s sales and enhance customer confidence. This argument is confirmed by most studies that relate to the relationship among the valence of WOM amid the volume of WOM. While the valence of WOM is tall, according to the hope disconfirmation theory, some customers would easily feel displeased. These displeased consumers would have greater motivation to spread negative WOM to reduce their worry or dissonance. Some consumers are eager to spread positive WOM out of basic courtesy and self-enhancement. This study investigates the impacts of volume of word of mouth (WOM) and social word of mouth (SWOM) on how it affects consumer preference towards the extended brand of existing company.
2. LITERATURE REVIEW

2.1 BRAND EXTENSION

Many companies especially renowned MNC’s develop new products with various product categories to increase their market share (Soomro & Issani, 2017). Brand extension strategy is when a former name of brand is utilized for entering on the road to modified or class some other product (Aaker, 1990). Brand extension is explained to as a strategy where brand leverages an established brand name to support new product in the market to avoid failure (Soomro et al., 2016). The buyers as well respond quickly to the new offered product as they can relate with the performance and are familiarized with parent brand, In addition, positive feelings and evaluation of parent brand can be transferred to new launch. This brand extension strategy is very well known and common practice that can be adopted to expand market globally for multinational companies (Estes et al., 2012). In brand extension, the companies bring improvement, innovation and new variants for fresh goods. The benefits of product extension are that it can increase promotional efficiency, the customer risk of purchasing product is reduced, easiness in distribution channel because of parent brand (Keller, 2003).

2.2 WORD OF MOUTH (WOM):

Word of mouth is conceptually a two-way oral or face-to-face communication between two or more people. Generally, one person acts as a recipient (i.e. receiver) and other, a communicator (i.e. sender) (Rezvani et al., 2012). They exchange informal information and their experiences regarding any particular product or services in a way in which recipient perceives communicator as a non-commercial entity without any limitation (barrier) to advancement in technology (Hoeye and Lievens, 2009). On the basis of communicator’s remarks or experiences, the recipient chooses to build decisions. Trustworthiness is the most significant source that causes customers to purchase a product and build a durable association with company (Ghorban & Tahernejad, 2012).

Word of mouth valence has gained more consideration in current analysis regarding WOM, and there is confirmation that positive and negative word of mouth are mainly general types of WOM. Word of mouth has a growing influencing power, directly impacts the behavior of the customers about their buying decisions. Positive (Valence) as word of mouth engages a customer’s preference for particular brand and negative (Valence) as word of mouth disengages a customer’s preference for a particular brand.

WOM conversation arises through personal and non-personal sources of references. Companions, relatives and associates can be referred to as personal source of references, a well known tool for WOM conversation. Amongst non-personal sources of references are included journals, published literature and analysis by researchers, reporters, customers and their proficient systems found in magazines, weekly reviews, social media blogs, chat forums etc. The research even indicates that there is no doubt in the fact that customers who are dissatisfied get attracted with the process of word of mouth than those customers who are satisfied. Anderson (1998) indicates that almost 20 to 50 percent of all purchasing decisions are done with the help of word of mouth which is therefore a primary factor. Sundaram and Webster (1999) found that the negative WOM have a
damaging effect on bran evaluation of unfamiliar. Whereas, positive WOM done by consumers benefit both known and unknown brands. As brand extension is a strategy to associate new product with strong existing brand name, now will the WOM have significant effect on purchase decision of brand extension? To test, following hypothesis is developed:

**H1: Product recommendation via traditional Word-of-Mouth promotion is significantly related to consumer purchase decision of product extended.**

### 2.3 SOCIAL WORD OF MOUTH (SWOM):

According to Keller and Fay (2012), the social network is trendy and has innovative qualities. Due to advancement of technology and growing influence of social media, traditional boundaries of word of mouth have expanded now; it has become so easy to exchange information not only amongst companions but also with the whole world. SWOM also has the capacity of dealing with more than one person at a time and this is the actual power of SWOM (Almana & Mirza, 2013).

Social word of mouth (SWOM) on consumer purchasing decisions has vastly expanded its latent impact on the considerable growth in online social networks. Internet has gained popularity therefore word of mouth has grown from linear traditional use to network and emanative or logical. Immediate communication devices have become effective media to exchange information online.

A book on how to craft word-of-mouth strategies and attract customers states that internet browsers have reconsidered their privacy and information collection approaches as they try to gather more data out of their client's profiles and the search history. Likewise, Facebook has chosen to sell sponsored ad section on its timeline that will be controlled by the Facebook users (Cakim, 2010). Currently, Facebook is also tracking and gathering offline information from users profile and smartphone through different applications (Zhao et al., 2019). In future, this profiling will help companies to predict the future movement and preference of consumers (Pellet et al., 2019).

Social media has gained popularity in the last decade, and lately risen to prominence among vendors, solution providers and consumers as a media of choice to connect with one another without any hassle or delays (Cakim, 2010). Social networking sites serve the users to disseminate their social circle or peers review and evaluation of their purchase decision. These sites grant the users the liberty to directly reach out to service providers and sellers with their complaints and response about products and services (Staff, 2012).

Social media has given power to the consumers to ask or inquire about the features, attributes and value propositions of a product offering before they even make a purchase decision and it increases sales for companies (Woessner, 2010). Users are more informed and equipped about the reputation of any brand and their performance in the market compared to competing brands by reading the experience and feedback reviews of existing users of the particular product or business. (Al-Deen et al, 2011).

Social media marketing holds the power that advertising messages can be targeted according to individual customer’s preferences and can be sent out to multiple users, which their preferences in mind through the social networks. Social media marketing has positive impact on brand awareness (Kaimkhani, 2018). Social media is a platform where users share personal information, and armed with this personal information, social networking sites use advanced data mining techniques that
enable customized marketing on a mass scale (Al-Deen et al, 2011).

Many people think that there isn’t a great deal of difference between social WOM and traditional word-of-mouth. Believe is that only difference is in the mode or medium of communication. Furthermore, Social media has easily becoming a platform for spreading unverified news and reviews (Grinberg, 2012). The current trend and practice by company managers is that they are shifting their spending from traditional advertising campaigns to social media marketing to achieve their promotion objectives and word of mouth publicity (Sass, 2013).

Consumer behavior depicts that one individual can affect the purchase decision of others. This elaborates the extent of ability of other people in altering final buying decisions (Keller, 2013). Pro-active business managers have recognized this trend and sense that alternatively smarter way is to focus on social media usage and create SWOM buzz instead of spending money on TV or print media advertising (Keller, 2013). Social networking sites are famous due to their engagement power and discussion forums. These networks are endowed with the current technological tools that are instrumental in making an impact on consumers. Traditional WOM is limited due to time and space also does not patronize continuous dialogue between parties (Shih, 2009).

Social networks like Facebook and Instagram, allows both buyers and sellers to establish partnership in the communication process and exchange. As the information flow in the virtual communities is smooth on these sites (Kirkland, 2010). Social networking sites such as Facebook, Instagram, Twitter, and YouTube etc., brought the cost of advertising down immensely. Not just the costs of marketing has lowered but a much bigger audience pool could be easily targeted by utilizing these mediums and number attained through WOM method is less compared to SWOM (Scott, 2002). Now a consumer can easily share their opinions on social network sites, like as Facebook, twitter and it appeal other customers through it. Results indicate that a huge impact is created in the world of advertisement, through Social Voice. It is believe of many, that social voices plays a vital role in the decision making journey of a consumer. SWOM creates awareness and the decision making power gets clear and in a way or so, people get satisfaction as many people are getting tech savvy, therefore SWOM has increased significantly (Kirkland, 2010).

Social Word of Mouth is a person’s informal opinion about a specific product, organization or services and the opinion are based on experiences only therefore it is more reliable and interesting. Communication among consumers that takes place, physically or through internet has a lot of significance for the marketing agents they are keen to know what the consumers are thinking and demanding of the product. This helps them to improve their product as per the demand of the costumer. This is somehow similar to the traditional method but of course SWOM is of much advance, efficient and effective. Earlier the marketing agents needed to give advertisements on air and spend heavy amount of money on the billboards to publicize the launch of their product but with the help of SWOM it is far more efficient, productive and economical. Positive eWOM (user-generated) on social media networking site such as Facebook has significant affect on brand attitude and purchase intention (Kudeshia & Kumar, 2017). Liu et al. (2017) stated that electronic word of mouth (eWOM) is an useful strategy that influence consumers’ evaluations for brand extension, However, authors also found that positive eWOM works more for high-similarity brand
extensions as compared to low-similarity ones. Therefore, following hypothesis was formulated to test that whether SWOM has any significant effect on purchase decision of brand extension.

H2: Product recommendation via SWOM is significantly related to purchase decision of product extended.

3. RESEARCH METHODOLOGY

3.1 METHOD, SAMPLING TECHNIQUE AND SAMPLE SIZE

The main aim was to evaluate the difference between the impact levels of social WOM on social networks opposed to Traditional WOM assessing a better way to market product launched through brand extension. To achieve the main objectives of this research, a self-developed questionnaire was used to collect primary data from university students in Jeddah Saudi Arabia. A questionnaire survey was spread on social networking sites and WhatsApp application. It was the researcher’s prerogative to choose a respondent based on observation of certain traits that makes the candidate a suitable participant for the study non-restricted non-probability sampling (Cohen et al., 2007). Non-restricted sampling is the method that was used here as the entire population of the universe of candidates cannot be accessed. Target was to achieve 300 valid responses but only 200 were useful to process for data analysis and interpretation. Primary data collected is the first-hand information regarding any issue or problem of the research. As mentioned earlier, to achieve the objective of this study, a questionnaire was specifically designed to gather relevant and most accurate responses from the target audience. The questionnaire included 15 closed ended questions and was used to obtain data. The demographic analysis is presented in Table 1.

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Percentage</th>
<th>Age (years)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bachelor’s</td>
<td>57.7</td>
<td>≤ 21 years</td>
<td>68.4</td>
</tr>
<tr>
<td>Diploma</td>
<td>8.5</td>
<td>&gt;21 - 25</td>
<td>26.0</td>
</tr>
<tr>
<td>Non educated</td>
<td>0.4</td>
<td>&gt;25 - 30</td>
<td>1.9</td>
</tr>
<tr>
<td>Postgraduate studies</td>
<td>17.0</td>
<td>&gt;30 - 35</td>
<td>1.9</td>
</tr>
<tr>
<td>Up to High School</td>
<td>15.3</td>
<td>&gt;35</td>
<td>1.7</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>Total</td>
<td>100.0</td>
</tr>
</tbody>
</table>

3.2 RESEARCH MODEL DEVELOPED

The research model that was used in this research paper was a conceptual model that uses hypothesis testing in order to understand the perceptions of respondents towards how they are influenced by word-of-mouth (WOM) or social media marketing messages SWOM. Astin’s IEO model (Kerlinger, 1979) has been used here and has been illustrated as follows:

The model (Figure 1) indicates that social media marketing and WOM messages tend to influence the output – which is the consumer purchase decisions, directly as well as indirectly through the environment.
4. RESULTS

4.1 FINDINGS AND INTERPRETATION OF RESULTS

The mean value for the One Sample T-Test should not be less than 4 in order for Hypothesis 1 to be accepted. The mean value that has been noted here is greater than 4 which indicate that product recommendation via social media allows consumers to make more satisfying and quick purchase decisions thereby helping businesses attain better sales targets. Therefore, the first hypothesis stands “Accepted”.

The mean value for One Sample T-Test should be less than 4 in order to be rejected, and here it has been indicated that the mean is less than 4 (refer Table 2), which indicates that the Word-of-Mouth product recommendation method (sig > 0.001) is not considered to be favourable for businesses when it comes to increment of sales revenues as compared to social media marketing. Therefore, it is inferred that hypothesis H1 stands rejected.

Table 2: One-Sample Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social WOM</td>
<td>200</td>
<td>4.065</td>
<td>0.985</td>
<td>0.0696</td>
</tr>
</tbody>
</table>
| Word-of-Mouth | 200| 3.095|0.812|0.0574

Table 3: One-Sample Test

<table>
<thead>
<tr>
<th></th>
<th>t</th>
<th>df</th>
<th>Sig. (2-tailed)</th>
<th>Test Value = 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social WOM</td>
<td>.933</td>
<td>199</td>
<td>.001</td>
<td>Mean Difference</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>95% Confidence Interval of the Difference</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lower</td>
</tr>
<tr>
<td>Word-of-Mouth</td>
<td>-15.755</td>
<td>199</td>
<td>.015</td>
<td>-0.065</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.905</td>
</tr>
</tbody>
</table>

Table 4: Independent Samples Test

<table>
<thead>
<tr>
<th></th>
<th>Levene's Test for Equality of Variances</th>
<th>t-test for Equality of Means</th>
<th>95% Confidence Interval of the Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>Sig.</td>
<td>t</td>
</tr>
<tr>
<td>Equal variances assumed</td>
<td>12.392</td>
<td>&lt;0.001</td>
<td>10.745</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
<td>10.745</td>
<td>384.097</td>
<td>0</td>
</tr>
</tbody>
</table>
The Levene's Test sig. (<0.001) indicates that the variance in SWOM is significantly different than that of traditional WOM, showing SWOM is more effective in increase in sales of company’s products and services, which requires social media for its marketing and advertising.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Empirical Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Traditional WOM is significantly related to consumer purchase decision of product extended.</td>
<td>Not supported</td>
</tr>
<tr>
<td>H2: SWOM is significantly related to purchase decision of product extended.</td>
<td>Supported</td>
</tr>
</tbody>
</table>

This research study has practical contribution for managers of companies to take advantage of social media by engaging consumer to consumers into discussion. User-generated content is a new trend and marketers have to encourage buyers and consumer after purchasing to post a video or written blog post as review and then monitor the discussion to counter any negative reviews and highlight positive reviews. This can be achieved as social media teams can monitor the forums and communities as neutral users, unlike in traditional marketing where, marketers had no interference in the conversations between consumers, peers and associates. This is what highlights the importance of using social networking sites for companies to create buzz in more controlled and monitored manner.

This study paves way for readers to ponder and research further in this field pertaining to marketing. In fact the conclusions derived from this research can open doors for future assessment of better product recommendation within area of SWOM and digital WOM. There are different avenues of future research that can be looked into and these include the convenience with which some marketers can taper social networking websites like Facebook, twitter, snapdeal /snapchat and ebay.com which are gradually budding as significant shopping tools for both sellers and buyers.

Additional research can be carried out on the topic of social networking websites that want to target customers more strategically by matching the demographics of consumer such as income, gender, age that match their target group and product. Social networking sites and other mediums alike do demonstrate a powerful but also can harm the reputation and acceptability for businesses for those who will received may negative reviews of users; therefore future research can be based on answering how risk can be minimized by businesses.

5. CONCLUSION

This research study was aspired at determining the difference between word of mouth (WOM) technique and social WOM; and how both impacts on consumer purchase decision for brand extension purchases. Previous literature showed support for both the techniques and each had its merits and limitations. Besides, this research finding confirmed that WOM carried on social networking has more impacts and the most desirable technique for appealing consumers towards a particular brand.

The concept of globalization has enclosed the entire world into our computer systems enabling the people to keep track of the latest updates and news available. It is argued that social networks, contrasting with the other forms of media, loses track as to how much information has to be
transmitted and where to stop dissemination. Security could become another vicinity of distress where people can gain easy yet unlawful right to a user’s information. Without a doubt social networking sites have promising future for advertising but still have to overcome the issues associated with it.

Having so many promotional options available, there was a need to achieve a thoughtful perceptive of who influences the consumer buying behaviour of consumers. To simply conclude the research findings, it can be assured that social media, alike any other media and mediums have equally positives and negatives outcomes. Businesses have to wisely and smartly utilized and defend themselves against any rumour or negative news or propaganda created due to social media.

Then, the consumers may have different attitude and behaviour about how search for information and seek recommendation regarding any product. Some people may prefer virtual or in person information regarding the products or services, therefore preference for social media buzz or peer buzz can vary. Social networking site are in growth and drastically improving with each day passing and further room for research in this area does exist.

With the greater than before use of social networks, it is not surprising to know that results of research further confirm the reality that social networking platforms are the preferred mediums to network and spend time for most people. According to Rutledge (2008) that the chief persuasion on online buying behaviour nowadays are online blog reviews and the personal experiences of connection and friends, and most significantly on social sites like Facebook and Twitter. The finding still need to be research further to check the shift from conventional methods of advertising to the social media formats, however what is apparent is the fact that companies urgently need to establish an understanding regarding this process if they would like to connect with their consumers and enhance their sales.

6. AVAILABILITY OF DATA AND MATERIAL
Data can be made available by contacting the corresponding authors.

7. REFERENCES


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