

# The Brand Equity Moderating Effect of Social Media and Impact of Word-of-Mouth Publicity In Purchasing Behavior

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## Abstract

**Introduction:** The most popular social networks are Twitter, Facebook, and Instagram, which offers people a wide range of entertainment and communication tools, meet the need for information, allow you to correlate your ideas with the ideas of other participants of the social network, thereby to make self-identification and social identification, to make a choice. These social media platforms have influenced the brand equity. Moreover, marketers can spend millions of dollars on advertising campaigns with a complex concept, but most often simple things that money can't buy affect a consumer's decision: verbal recommendations of those whom this consumer trusts.

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**Objective:** To investigate the impact of word of mouth (WoM) on brand equity moderating the effects of social media.

**Methodology:** Collected primary data through survey method from 30 respondents.

**Findings:** The overall model is not good fit and hence the results are not significant.

## Article History

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**Conclusion:** Consumers are influenced by several factors. Moreover, the research identified two factors, the word of mouth and social media influence upon purchasing behaviour of consumers. However, other researchers have observed that there is significant relationship of independent variables upon dependent variable.

## 1. INTRODUCTION

Flourishing brands recognize the ability of social networks to create, maintain, communicate and communicate with potential users or consumers in modern reciprocal market. In the world of social networks, fast communication and interaction

companies have helped to concentrate. Through this type of social network, users can express their experiences and opinion to millions of people in seconds, and this phenomenon shows that consumers are now more used to receiving news than before to search for information. Changes in interaction and communication

technology have encouraged many companies to use Web 2.0 strategies. Moreover, these strategies can be extended to different online platforms (Hudson, et al., 2015).

Social networks, including social networking sites, open virtual worlds, virtual worlds sponsored by the brand, image and video areas and social news. According to the results, word of mouth is one of the most powerful channels in social networks. Word of mouth is a very powerful tool for information transfer. In addition, the influence of informal electronics in different brand designs has been investigated in the existing literature and consumer perception is emphasized. However, one study Godey, et al., (2016), focused on assessing the impact of different elements of brand value on mediating the relationship between electronic word of mouth.

And brand value. However, this study showed that the existing literature is not enough to study the design of different brand assets (including loyalty, association, recognition of brand, image set by consumers for brand and perceived quality) as an intermediary between electronic word of mouth to mouth and measurement of the brand value based on a social network environment. In recent years, social media have transformed the way of thinking, of buy or relate from all consumers. This transformation has allowed that 77% of the population have access to the Internet and 47% have Profile in some social media (Choi, Thoeni, and Kroff, 2018). The youth age group of the world spend an average of 4 hours connected to the Internet and 2 hours from mobile phones; specifically, they spend 1 hour and 36 minutes to watch social media and 2 hours and 37 minutes to watch TV (Choi, Thoeni, and Kroff, 2018). These data

reflect that the importance of the Internet as a Marketing channel and communication cannot be underestimated. Most users of social media participates in one or two online communities, either direct, and be indirectly (Chahal, and Rani, 2017). As such, the Internet and social media have brought a new way of communicating, word of mouth communication Electronics (Chahal, and Rani, 2017).

Internet along with Information and Communication Technologies (ICT), in general, they only provide new opportunities for users to share their opinions positively or negatively on the different brands are also new key channels for the commercialization of products and services (Eelen, Özturan, and Verlegh, 2017).

Electronic word of mouth communication has grown exponential use in recent years, mainly due to the media social and due to advances in trade electronic (Hsu and Lawrence, 2016). These two reasons soon caught the attention of researchers and marketing professionals whose results are available to all (Eelen, Özturan, and Verlegh, 2017).

## 2. OBJECTIVES

The objectives for this paper is as follows;

- ✧ The research paper examine the channels of Internet (social media) and the influence of electronic word of mouth communication on the brand equity in terms of consumer behavior.
- ✧ The research will also focus on consumers who use mouth communication in electronic mouth to search for information.

## 3. LITERATURE REVIEW

### 3.1 Word of Mouth

Baker, Donthu, and Kumar, (2016), define the word of mouth as a platform for

exchanging negative or positive information between present target market and future customers. Hudson, et al., (2016), also believes that word of mouth is one of the powerful options for exchanging information between people, because word of mouth is the process of conveying ideas and opinions from one person to the other. Word of mouth is often associated with personal meetings and evaluations of companies or their products (Seo, and Park, 2018). Word-of-mouth advertising plays a major role in customer purchasing decisions, because word-of-mouth advertising provides a channel for exchanging opinions and provides overview of the company's products or services. A 2007 Nielsen survey confirms this point: 78% of customers rely on word of mouth for purchasing daily use items along with luxury products (Eelen, Özturan, and Verlegh, 2017).

### *3.2 Word of Mouth through Social Media (eWoM)*

According to Sharif, (2016), electronic word of mouth communication is the communication that occurs between clients through Internet when these clients act or interact with the relevant circumstances of consumption on the Internet. Moreover, any positive or negative opinion or experience expressed by consumers current, potential or past about any company or a product that is accessible to a multitude of people and organisations through from Internet (Kamboj, and Rahman, 2016).

Furthermore, it was stated by Sharif, (2016), that all direct informal communication of consumers through any social media platform on Internet related to the use or to the particular characteristics of goods or services.

The most obvious difference between electronic word of mouth and word of mouth

is the replacement of human-human interaction with user interaction- computer and therefore this change may require new approaches to measure brand equity (Ansary, and Hashim, 2018). Since the consumer in an electronic environment is both a virtual buyer and a real user of the computer. Consumers who use social media sometimes cannot take the decision of purchasing online. Due to the fact that they face limited representations, such as photographs, videos and text descriptions. Therefore, information that is available online is also sensitive to consumer buying behaviour and brand equity (Wilson, Giebelhausen, and Brady, 2017).

### *3.3 Brand Equity*

Brand value can be defined as the financial and marketing value associated with a brand in the market (Babić Rosario, et al., 2016). Brand value includes brand, brand knowledge, brand loyalty, brand partnership, perceived quality and other relevant registered trademarks. Pee, (2016), assessed brand value in terms of finance and customers. Financial statements usually indicate the brand value that the company includes in its balance sheet. On the other hand, the client's point of view indicates the value of the client's decision on brand value marketing (Babić Rosario, et al., 2016).

Kundu, and Rajan, (2016), defined brand values from five different aspects that offer value to brand value, such as brand association, brand recognition, brand loyalty, identification and perceived quality of the true brand value. However, some researchers divide brand value into four aspects, including loyalty towards brand, recognition of brand, brand association, along with perceived quality. In contrast, another researcher divided brand value into four other aspects, including recognition of brand, perceived quality, loyalty, and image of brand. In addition, Pham, and Gammoh, (2015),

believes that brand recognition includes brand image and brand recognition.

### *3.4 Impact of electronic Word of Mouth on Brand Equity*

Prasad, Gupta, and Totala, (2017), conducted an experimental study which showed that the brand image has a great influence on the perceptions of quality and importance of consumers. Several studies have shown that the brand image is a fast source of consumers or a representative of quality and value. Wilson, Giebelhausen, and Brady, (2017), believes that consumers can use the brand image to determine the perceived quality of the product. In addition, a study by Kundu, and Rajan, (2016), has yielded the same results as consumers with a higher brand image, often showing products with high quality and high value. Electronic word of mouth can influence consumers in terms of brand perception and brand image, because electronic word of mouth (eWoM) is a component of consumer expression (in terms of expressing brand happiness) that influences the image of the product in the market. However, there is an argument by (Kamboj, and Rahman, 2016), consumers may have different opinions with customers through word of mouth. If there is negative word of mouth for any company or product, the buyer will have a bad impression of product quality. On the other hand, if word of mouth is positive, the buyer has a good impression of quality. Studies show that word-of-mouth e-advertising is becoming increasingly non-linear affects the impact of the cost and quality of a particular product (Baker, Donthu, and Kumar, 2016).

## **4. METHODOLOGY**

### *4.1 Research design*

There are three commonly used research projects: qualitative, quantitative and

mixed methodology. Researchers use these constructions to conduct their research. Quantitative studies are based on statistics and are presented in numerical form. While qualitative data represents ideas, experiences and perceptions of people. However, mixed methodology uses above both designs in the study. Moreover, this article will adopt the Quantitative research design because it will help in developing the exact and accurate understanding of that how word of mouth impacts the brand equity moderating the effects of social media.

### *4.2 Data Collection*

Researchers commonly use two types of data collection method one is survey and other is interviews. When there is quantitative study conducted by the researcher so the survey method is utilised by him. In contrast, the interviews are used for qualitative research. Therefore, this research has collect data through survey method. Moreover, the survey was conducted in an structured way.

### *4.3 Data Analysis*

The collected data through questionnaire will be analysed through the SPSS Software and the regression analysis and correlation for variables will be performed.

### *4.4 Sampling Technique and Sample Size*

Random sampling technique will be used to select the sample because it provides the unbiased results. Moreover, the data will be collected from 30 respondents. In total, the obtained sample of 30 people (21 men and 9 women), whose age group was between 25 and 65 years.

### *4.5 Ethical Considerations*

Data for the research will be collected while respecting ethical values, as it will take into account the confidentiality of the respondents and their confidentiality will be maintained throughout the research. Along with this, respondents will not be forced to

participate in the research. In addition to this, they are free to leave any time during the research process.

## 5. FINDINGS and DISCUSSION

The results are discussed below;

### Statistics

	Time (approx.) spent on social media sites per week	VAR00006	VAR00007	VAR00008
N Valid	30	30	30	30
Missing	0	0	0	0
Mean	2.9333	10.2833	15.7117	9.6333
Std. Error of Mean	.25790	.52010	.58511	.43214
Median	3.0000	9.7500	15.6650	9.2500
Mode	2.00 <sup>a</sup>	6.50 <sup>a</sup>	14.50	8.75 <sup>a</sup>
Std. Deviation	1.41259	2.84872	3.20476	2.36692

a. Multiple modes exist. The smallest value is shown

The mean of the particular variables is shown in the above table and the median for time spending on social media is 3, it means that the data has central tendency of 3 the mode for spending time on social media is 2 that means

the most frequent used number in the data is that represents that most of participants has market 2 option which exhibits that they spend time on social media from 1 to 3 hours.

### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.317 <sup>a</sup>	.100	.034	3.15056	.100	1.503	2	27	.240	1.785

a. Predictors: (Constant), VAR00008, VAR00006

b. Dependent Variable: VAR00007

The model explains the variability in the dependent variable by 3.4%.

### ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	29.843	2	14.921	1.503	.240 <sub>b</sub>
Residual	268.002	27	9.926		
Total	297.845	29			

a. Dependent Variable: VAR00007

b. Predictors: (Constant), VAR00008, VAR00006

The significance of the model is 0.240 which is higher than 0.05, that means the results are not significant and we can accept the null

hypothesis (H<sub>0</sub>) that shows that there is no significant impact of word of mouth and social media on consumer behavior.



#### Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	11.461	3.283		3.491	0.002	4.725	18.196
VAR00006	0.012	0.205	0.01	0.057	0.955	-0.41	0.433
1 VAR00008	0.429	0.247	0.317	1.734	0.094	-0.079	0.936

a. Dependent Variable: VAR00007

The social media has the coefficient of 0.12 it means social influence the purchasing

behavior by 0.012. moreover, word of mouth influences the purchasing behavior with 0.429.

#### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.564	.475	18

The model has internal consistency of 47.5% which is shown by Cronbach Alpha.

Consequently, the studies have also confirmed that when the brand name is directly associated with a high level of quality, then in this case there is no need for the consumer to explain that BMW cars are a guarantee of quality and reliability. Furthermore, buyers of this brand do not mind the policy of price for the auto maker, they understand that together with reliability and quality they buy prestige. That is the reason it can be said with full confidence that this brand has a well-established reputation. Moreover, brand reputation is created throughout the company's existence. However, the only difference is that at the initial stage of the

existence of the business it needs to be created, and in the future, like a small child, it needs to be careful to create a positive word of mouth.

In addition to this, it has been also observed by Kundu, and Rajan, (2016), that a decision-making consumer often does not have enough information in a social network about the value of a product or service that is essential for him or cannot process the excess of such information on his own. Then he tries to determine the value of a product or service as a result of monitoring the actions of other consumers. Information about the actions of other consumers can be obtained as a result of communication and interaction: communication on interests, exchange of experience and market news, discussion of product features with reputable personalities and turn into the

installation of the consumer, his understanding of the product. This form of getting the information is described as word of mouth.

However, it is important to note that the presence of consumers of similar ideas about a product or service does not necessarily entail similar behaviour in the market (Yan, et al., 2018). By comparing their actions with the actions of others, a consumer may purchase a product or order a service to achieve social approval or obtain higher status in the community. At the same time, he may not have a similar view of the product with other consumers, but may perform similar actions on the market. Thus, the decision on consumer choice in the conditions of a social network is accomplished by an individual primarily under social influence, which can be described through the phenomena of “word of mouth”, herd behaviour, and information cascades.

Consumer preferences are one of the characteristics that influence market mechanisms. These are habits, traditions and taste characteristics of customers. Preferences are the most unpredictable and variable factor. Moreover, customer preferences are greatly influenced by marketing of products through word of mouth. It has been also confirmed through survey findings that consumers are influenced by word of mouth.

However, new product information and the impact on customers through advertising can radically change the attitude towards it among consumers. Moreover, changes in preferred characteristics may occur due to changes in the economic system of the state, political perturbations, social changes, etc.

## 6. CONCLUSION

It is concluded from the above research that the most popular social networks are Facebook, Twitter, Instagram, which offers people a wide range of entertainment and communication tools, meet the need for information, allow you to correlate your ideas with the ideas of other participants of the social network, thereby to make self-identification and social identification, to make a choice. In this regard, social networks are a powerful tool for influencing a person's personality and controlling his activities. Note that due to these qualities, social networks are used in economic, marketing purposes by the majority of small, medium and large companies of various fields of activity all over the world.

Information about the actions of other consumers can be obtained as a result of communication and interaction: communication on interests, exchange of experience and market news, discussion of product features with reputable personalities and turn into the installation of the consumer, his understanding of the product. This form of getting the information is described as word of mouth. Information about the actions of other consumers can be obtained as a result of communication and interaction: communication on interests, exchange of experience and market news, discussion of product features with reputable personalities and turn into the installation of the consumer, his understanding of the product. This form of getting the information is described as word of mouth.

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