



The Impact of Word-of-Mouth (WOM) on the Buying Behavior of Filipino Young Adults

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Abstract

The word-of-mouth marketing is considered to be one of the most powerful forms of promotion and communication in the market. In order to comprehensively examine the effect of Word-of-Mouth (WOM) on the buying decision of Filipinos under the age of 18 to 24 years old, the researchers will aim to understand the weight of influence this marketing strategy provides in order to persuade its consumers in acquiring the product/service or steer clear of it. In correlation to this, it will solely identify the deciding factors of a consumer in order to perceive the product/service as trustworthy. Lastly, the study will gauge the most influential word-of-mouth; positive or negative feedback. Through focus group discussions the researchers found the marketing strategy effective with much consideration of factors and consumer inclination to negative word-of-mouth.

Keywords: *Credibility, Filipino Endorsers, Inclination, Influence, Word-of-mouth*



1. Introduction

Word-of-mouth is considered to be one of the most powerful forms of promotion and communication in the market. It can either persuade or push away your potential consumers. For that reason, companies and organizations are pursuing positive word-of-mouth by giving quality products and services to their customers consistently. There are four main reasons why organizations should engage in word-of-mouth communication relating to products and services (Loudon&Bitta, 1994). The first one is the involvement of the product. Once the consumer tries a new product, they are usually impressed and captivated by it. That is the time when they share positive feedback on the product with other people, particularly among family and friends (Rosen, 2000). The second is self-involvement. In simpler terms, the product talk can attain a lot of objectives including intensifying the feeling of being a leader (Batra, et al., 1995). The third one is the “other involvement”. And lastly, the message involvement.

Moreover, word-of-mouth is highly capable of attracting potential buyers. It is important for an organization/company to experience positive word-of-mouth from its consumers as it can lead to long-term economic success (Hennig-Thurau et al., 2002). Some researchers have recognized special treatment benefits as being functionally oriented (Beatty et al., 1996; Reynolds and Beatty, 1999). An organization/company needs to hire people that have a lot of patience with consumers since it is one of the factors contributing to why there are repeat customers. The product itself cannot satisfy the customer and cannot convince them to generate positive feedback on the organization. If the consumer utilized a high-quality product but experienced bad service, then you cannot convince them to provide positive feedback on the product. “Technical quality deals with the reliability of “what” customers expect to receive and the technical know-how and expertise of the service provider” (Caceres and Paparoidamis, 2007; Doney et al., 2007, Gronroos, 1984). Evidently, word of mouth has been considered one of the major influential sources of information for consumers (Katz & Lazarsfeld, 1955). Because consumers are willing to share and discuss products, services, and/or specific brands with one another (Berger, 2013). The significance of word of mouth is revealed in a study based on the effects of word of mouth on consumer purchasing decisions (Chevalier & Mayzlin 2006). Word of mouth is like an informal communication among the consumers regarding the character of a product or service (De Matos & Rossi, 2008).

As a fundamental means of distribution, word-of-mouth can influence others’ views, thoughts, and decisions. If the power of word-of-mouth is utilized correctly, it could market any product/service for a long time. It has the power to create a strong image in the individual mind. Word of mouth could be beneficial as well as harsh. Local market influencers, Trendsetters, and Tastemakers are supported by word-of-mouth marketing through the release of advertising and messaging campaigns. The word-of-mouth marketing campaigns are connected with influencers and trendsetters who help in starting consumer trends such



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as consumer products trends, automobile purchase trends, entertainment trends, fashion trends, and beverage consumption trends.

In the Filipino context, word-of-mouth is more engaging on social media platforms such as Facebook. The existing intent to purchase intensifies the need of a consumer to buy the product and instantly share the gained experience and satisfaction on Facebook. The purchasing decisions of consumers after encountering word-of-mouth show that particularly positive word-of-mouth and distinguishable consumer behavior can impact the purchasing decision of consumers to a product. On the other hand, negative word-of-mouth has a lesser impact on consumers, consequently, convincing them not to purchase the product. This simply proves that word-of-mouth can be highly influential among Filipinos, most especially when it is recommended by social peers (Catedrilla, 2017). This has earned the biggest trust of Filipinos, provided that it has been endorsed by either a family, friend or reliable personality. It can instantly amplify the need for the product and quickly widen brand awareness.

The purpose of the study is to comprehensively examine the effect of Word-of-Mouth (WOM) on the buying decision of Filipinos under the age of 18 to 24 years old. To be more specific, the research aims to understand the weight of influence this marketing strategy provides in order to persuade its consumers in acquiring the product/service or steer clear of it. In correlation to this, it will solely identify the deciding factors of a consumer in order to perceive the product/service as trustworthy. Lastly, the study will gauge the most influential word-of-mouth; positive or negative feedback. The research will solely focus on further analyzing the following research questions: (1) How effective is word-of-mouth in changing the perception of its consumers to purchase or not to purchase the product or service? (2) What factors does the consumer consider in order to ascertain the credibility of a product or service promoted through word-of-mouth? (3) Are consumers inclined to give more attention to negative word-of-mouth compared to positive feedback?.

2. Research Method

In this section of the study, the methods to qualitatively research in a case study approach will be thoroughly elaborated to determine the Impact of Word-of-Mouth (WOM) on the Buying Behavior of Filipino Young Adults. Hence, it will tackle the sampling techniques, sample size, data collection, and instruments to identify the extent of this marketing strategy in influencing the decision of individuals between the age of 18 to 24 years old. The methods will also be used to create data on the factors considered in determining the credibility of WOM, and consumers' inclination to either the positive or negative WOM. That being the case, it will serve as an acknowledgment of the need to give rigor, logic, and coherence to this research along with the means to validate its conclusion (Goundar, 2012).



The researchers will make use of purposive sampling, a non-random sampling technique that particularly selects its participants in line with specific criteria. The segment of the population that is carefully chosen by the researchers will provide information that allows an in-depth exploration and description of the study (Lubrosky & Rubenstein, 2011). Therefore, the participants that will be participating in the data gathering process are young adults, ranging from the age of 18 to 24 years old. They contain a habit of purchasing products and/or services online and in physical stores and live within the vicinity of Metro Manila, Philippines.

The sample size will be based on Richie Et al's suggested number of people to be interviewed to gather data which is stated to be a small population. When it comes to the sample size in qualitative research, it is usual to have sample sizes between 15 to 25 respondents (Guest Et al, 2006). With this, the researchers will formally conduct an interview with 20 respondents, all of which meet the requirement of the research as stated in the previous paragraph. It is worth emphasizing that determining the sample size is essential for achieving accurate and meaningful findings of the study.

In terms of data collection, the researchers will utilize a structured interview to understand the respective views, experiences, and beliefs of the participants through a list of predetermined questions. It is organized, guided, monitored, and recorded with consent in order to generate deep comprehension of the topic at hand (Gill et al., 2008). Due to the Covid-19 pandemic restrictions, the platform used to conduct the interview will be held in the video conferencing platform, Zoom.

3. Results and Discussion

The Filipino consumers of today are changing their buying behavior, opting to be more smart and critical with every peso they spend. Be that as it may, in the Global Trust in Advertising Survey conducted by Nielson in the year 2013, results shows that more than nine in every ten of Filipinos finds it easy to place their trust in Word-of-Mouth recommendations. In order to determine an up-to-date information regarding their perception of this form of advertising, the proponents of the study conducted a focus group discussion with 20 participants. All have shared their thoughts and opinions rooted from the personal experience they have garnered upon encountering this marketing agenda.

Table 1. Presentation of data analysis for research question number 1 using codes and corresponding descriptive themes.

Research Question No. 1	Codes	Themes
How effective is word-of-mouth in changing the perception of its consumers	<ul style="list-style-type: none">● Credibility of the endorser● Budget and review	<ul style="list-style-type: none">● Influence and perception to



to purchase or not to purchase the product or service?	of the product <ul style="list-style-type: none"> ● Brand Loyalty ● Transparency and honesty of seller to both positive and negative aspects of the brand ● Item or service review ● Price and quality of a product/service 	consumer buying behavior. <ul style="list-style-type: none"> ● Factors in choosing the right product and trusting the word-of-mouth
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Word-of-mouth is considered a powerful form of communication that influences individuals to have either a positive or negative perception of the brand. It plays a fundamental role that shapes consumer behavior and attitude toward the product or service (Huete-Alcorer, 2017). In point of fact, in the field of professional services, the word-of-mouth marketing strategy is slowly peaking its recognition with it being regarded as an important form of promotion, given that the factor of “credibility” plays a critical role aligned to consumer choices (Sweeney et al., 2008). More to that, the results of the interview conducted with the participants of the study support the idea that word-of-mouth is quite effective, especially when it is endorsed by famous individuals. There is also the transparency and honesty of the endorser that adds to the advantages of using the strategy. It is highly likely to influence consumer behavior due to the reliability and credibility of end-users promoting the product/service. However, despite these factors, there are existing studies that perceive risk in interacting with word-of-mouth (Hussain et al., 2017).

Table 2. Presentation of data analysis for research question number 2 using codes and corresponding descriptive themes.

Research Question No. 2	Codes	Themes
What factors does the consumer consider in order to ascertain the credibility of a product or service promoted through word-of-mouth?	<ul style="list-style-type: none"> ● Brand image and reputation ● Item/Service reviews ● Corroborating evidence ● Clear and precise information ● Ingredients 	<ul style="list-style-type: none"> ● Factors verifying product or service credibility



	<ul style="list-style-type: none">● Expert recommended● Fast transaction● Knowledgeable● Background information or aligned expertise on product or service● Well-known influencer● Honest and transparent● Trustworthy● Relationship to consumer	<ul style="list-style-type: none">● Qualities of the individual promoting the product/service
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Establishing the effectiveness of word-of-mouth is also dependent on the consumer perception in the credibility of this marketing strategy. As per the interview conducted, each participant of the study has their respective factors to verify the degree of trustworthiness of both the product or service being sold and the endorser. According to Sirma (2009), the significant impact of word-of-mouth on consumer buying behavior can be attributed to the distinct features of the product or service at hand. Given that purchases are made based on the decision of their wants and needs, there are also certain situations in the choice of brand forces consumers to further deliberate their decision. Here is when word-of-mouth takes place to give the consumer reassurance before taking the risk. That being the case, we can then conclude the pervasiveness of word-of-mouth can have an exponential diffuse effect, spreading information like a wildfire. The message being transferred from one person to another are basic goods to complex goods that have established successful results from firsthand users (Sirma, 2009).

Table 3. Presentation of data analysis for research question number 3 using codes and corresponding descriptive themes.

Research Question No. 3	Codes	Themes
Are consumers inclined to give more attention to negative word-of-mouth	<ul style="list-style-type: none">● More positive reviews● Popularity of the product	<ul style="list-style-type: none">● Corresponding reasons to incline on positive word-of-mouth



compared to positive feedback?	<ul style="list-style-type: none">● Lack of time to seek negative reviews● Price● Perfectionists● Influence of Family and/or Friends● Item/Service Reviews● Money involvement● Avoiding negative circumstances● Product worth	<ul style="list-style-type: none">● Corresponding reasons to incline on negative word-of-mouth
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Based on the results of the interview, most of the consumers inclined more to the negative word-of-mouth since they assume that negative feedback is more of honest feedback. Nielson (2012) showed that customers trust their fellow consumers' opinions more than the advertisement of a particular brand. 24% of the consumers are consulting online reviews and feedback before deciding whether to purchase it or not (Kerkhof, 2015). One of the interviewees stated that he/she would believe in the positive feedback if the product/service is popular or if most of the reviews are the same as others. But to make sure that the product is worth its price, they tend to look more at the negative ones to avoid negative circumstances especially when the product that the consumer wants to purchase is a bit pricey. This shows that positive reviews have a "little-to-no effect" on the perception of consumers of a particular brand (Doctor Genius, 2020). During the interview, negative word-of-mouth appeared to be more powerful than positive.

4. Conclusion

The word-of-mouth marketing strategy is a powerful form of promotion and communication in the market today, given its means to influence the views, thoughts, and decisions of the consumers. Its effectiveness is assured upon establishing the credibility of endorsers, and the amount of transparency they provide to enlighten the individual of both positive and negative attributes of the product and/or service. They are provided with reviews from different personalities who had first-hand experience of the product, consequently boosting its credibility. The factors individual consumers consider mostly varies on the brand image and reputation, the existing evidence, and the information provided. They are supported by the good qualities of the individual promoting the product, hence, raising its value. Lastly, with both the positive and negative word-of-mouth being



tackled, consumers find the negative feedback more appealing since it gives them a reason to become smarter about their respective purchasing decisions.

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