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## Discriminant model for online viral marketing influencing consumers behavioural intention

Sharda Haryani<sup>\*</sup>,<sup>1</sup>, Bharti Motwani<sup>2</sup>

Prestige Institute of Management and Research, Scheme 74-C, Vijay Nagar, Opp. Life Care Hospital, Indore, M.P., India

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## ABSTRACT

Advancements in communication technology have given rise to the evolution of a new electronic form of word-of-mouth publicity i.e., viral marketing communication. Internet induced viral marketing is a highly effective tool available to marketers today. Online marketing has been used by various organizations via platforms, such as blogs, company websites, and social networking sites. Online marketing is helping organizations to grow their business by adopting strategies to reach out to their customers. Such marketing can be used to generate brand awareness among large populations in a short span of time; in addition, consumers can refer brands to others. Word of mouth publicity can be a powerful factor to influence the purchasing decision of customers. This paper is an attempt to predict the buying intention of consumers as a result of internet induced viral marketing techniques. The study was performed on primary data collected through self-structured questionnaire based on a five-point Likert Scale. Non-probability judgemental sampling was used. Discriminate analysis was performed using statistical software SPSS 16.0. The study determines the important factors that predict customer buying behaviour. Marketing managers should understand these factors and appropriately target the customer. Appropriate use of these factors can help the managers' businesses flourish. In this study, we found that the factors immense efficacy, professed security and escalating brand were significant predictors of the consumer's buying intention.

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<sup>\*</sup> Corresponding author. Tel.: +91 9755124949 (mobile).

E-mail addresses: [sharda\\_haryani@pimrindore.ac.in](mailto:sharda_haryani@pimrindore.ac.in) (S. Haryani), [bharti\\_motwani@pimrindore.ac.in](mailto:bharti_motwani@pimrindore.ac.in) (B. Motwani).

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<sup>1</sup> She has done M.Sc (Mathematics) from Holkar Science College, D.A.V.V., Indore. She has seven years of teaching experience in academics. She has been distinction holder throughout the academics. She has various publications to her credit and has attended a number of conferences, seminars and workshops organized by various institutes and organizations. Her areas of interest are Differential Equations, Calculus, Discrete Mathematics and Statistics.

<sup>2</sup> She has completed Masters in Business Administration (Information Systems) from Institute of Management Studies, DAVV, Indore in 1997 and B.Sc(Computers) from Holkar Science College, Indore in 1995. She has 7.5 years of experience in software industry. She is associated with teaching industry since last 8 years. She has been a distinction holder throughout her academics. Her technical expertise include languages like Java, J2EE, VB.Net etc, RDBMS like Oracle, SQL SERVER etc., Frameworks like JSF and IDE like Net Beans etc. She has developed and trained many software projects on different platforms. She has also conducted training program for students of different institutes. Currently she is pursuing Ph.d on Enterprise Resource Planning. Tel.: +91 9755958877 (mobile).

## 1. Introduction

According to Ridings et al. (2002) and Bruyn and Lilien (2008), in the small world concept, the demand for information, the good intention to share experience or ideas regarding products and services, the capability of the customer-to-customer (C2C) communications as electronic peer-to-peer referrals on the Internet and the potential for obtaining recommendations from mutual acquaintances have considerably increased the potential for Viral Marketing (VM), which is the effective mixture of the traditional idea called Word of Mouth (WOM). The advent of social networks, online communities, online videos and emails, blogs, and forums provide the ability to distribute information faster than ever before. Viral Marketing can spread any message to millions of people in a short time span in an effective manner. This technique has been used to take advantage of pre-existing social networks to produce exponential increases in brand awareness; this is similar to the spread of an epidemic.

Viral Marketing is the current word that is used to describe the revolutionary manner by which any information proliferates across a million people rapidly within a short period of time. Marketers are now increasingly looking forward to tap this opportunity to deliver any type of a marketing message because of its ability to make the message contagious. Viral Marketing is not easy or uncomplicated; it has been observed in the past that all such marketing campaigns have not been always successful, with certain exceptions. The complexity of Viral Marketing campaigns arises from understanding how consumers react or respond to online marketing messages. It is extremely important to tap the appropriate type of consumer behaviour and attitude to leverage the opportunities available with the marketers. The effectiveness of viral marketing as a promotion relies on the types of social interactions and on identifying the most active media in viral marketing campaigns. Hence, in this study, we will examine certain factors that directly impact the implementation of Viral Marketing campaigns and how they play a role in creating positive sales for any product or service.

For the purposes of this study, we will consider viral marketing as a technique that utilises the Internet to transmit and spread messages among individuals who will filter and forward the messages to their peers, who may be interested in the message's content. Due to the extensive use of the internet in sharing information among young adults, marketers should focus on viral marketing as one of the new marketing sources. The growth in the number of internet users has been dramatic since it entered into existence. The marketing managers want to observe the factors that discriminate between those who have the intention of buying from those with the intention of not buying the products as a result of online viral marketing techniques, because once this can be identified, certain intervention measures can be put in place to ensure the businesses flourish. In our pilot study, we identified seven factors that affect the consumer attitude towards the internet induced by the viral marketing technique. In this study, these factors were considered as predictors to discriminate between the customer who wants to buy the product and the customer who does not buy the product as a result of an online viral marketing technique.

## 2. Literature review

According to Vilpponen et al. (2006), certain of the terms used to describe electronic WoM include “interactive marketing” (Blattberg and Deighton, 1991), “Internet word-of-mouth” and “word-of-mouth” (Goldenburg et al., 2001), “stealth marketing” (Kaikati and Kaikati, 2004) and “referral marketing” (De Bruyn and Lilien, 2004). Thomas (2004) attempted to unify these ideas in the term called “buzz marketing”. Knight (1999) states that viral marketing is similar to a “digitalized sneeze”, one characterized by the release of “millions of tiny particles that can infect others who come into contact with them”. Welker (2002) emphasizes the contagious power of a virus and suggests that a “virus replicates with geometrically increasing power, doubling with each interaction”. Viral marketing communication is viewed as a vital electronic extension of word-of-mouth (WoM) communication, which involves the principle of passing on or referring news, information or entertainment to another person. Where WoM has occurred, it simply implies that informal, ad hoc communication between individuals concerning products and services has occurred (Bayus, 1985). WoM communication is widely perceived as a dominant force in the marketplace where information is filtered out and passed on by friends or family who are viewed as free, unbiased sources of advice (Cruz and Fill, 2008; Carl, 2008). In viral marketing, the communication style used for transmission is usually

informal. Messages are spread through different channels including e-mail, chat rooms and discussion forums. The messages may encompass various types of content that ranges from text and images, to Microsoft PowerPoint files, Adobe's Flash animations, and YouTube's video clips (Woerndl et al., 2008). Viral marketing is viewed as a far more effective, penetrating and faster medium compared with traditional WoM communication (Helm, 2000).

Spero and Stone (2004) state that it is estimated that in the UK, twelve- to sixteen-year-olds spend, on average, £3 Billion per year on products and services. More traditional advertising such as television ads no longer satisfies the youth sectors, who increasingly desire more information regarding products and brands before they decide to make a purchase. However, more importantly, it appears the “consumer generated media”, as described by Frost (2007), is being used by over 50% of the population to make their purchasing decisions. It has been suggested that 82% of the fastest growing private companies use word-of-mouth techniques, which is why viral marketing is becoming more popular (Frost, 2007).

Jurvetson and Draper (1997) also argued that viral marketing utilises the recommendations by friends and has a snowball effect. Viral marketing is more powerful than other means of advertising because it conveys an implied endorsement from a known person. Therefore, companies should personalize their referral e-mail so that it clearly shows that it is originating from a friend. Currently, Viral Marketing Communication is still considered to be at a premature phase of development; therefore, information regarding its behaviour and magnitude has yet to be clearly established and determined. The Internet allows significantly more interaction, targeted communication, increased reach and better results evaluation, all at a low cost (Derbaix and Vanhamme, 2003; Kozinets et al., 2010). Although WOM occurs naturally between consumers, researchers note that there are marketing activities implemented to intentionally influence the per-to-peer communications (Kozinets et al., 2010). At the same time, as we will observe in the following, word-of-mouth is an important aspect in the modern communication media, such as e-mail, blogs and social media (Steyer et al., 2007; Smith et al., 2007). Consumer behaviour has been identified as a risk taking behaviour since Raymond Bauer proposed his risk theory in 1970 (Taylor, 1974). Since then, risk taking studies have examined consumer responses to reduce the risks of purchasing certain products and brands. Specifically, Sheth and Venkatesan (1968) observed that consumers rely on seeking information, such as a brand image or purchasing experience, to overcome a perceived risk. In another investigation, Roselius (1971) proposed word of mouth seeking as a searching method that consumers use to manage risk and uncertainty. Word of mouth (WOM) is a primary information channel that influences consumer decision-making (Arndt, 1967; Engel et al., 1969; Katz and Lazarfeld, 1955; Richins, 1983; Richins and Root-Shaffer, 1988). Accompanied by the prevalence of the online marketplace, eWOM is rapidly flourishing. McGuigan (2008) stated that 77% of online consumers check online reviews and the ratings of products before deciding to make a purchase, and 92% of consumers reported that online reviews are extremely helpful (Kee, 2008).

## 3. Research methodology

The research design of this study is exploratory in nature. The objective of exploratory research is to explore or search through a problem or situation to provide insight and understanding (Kothari, 2004). The analysis of collected data was performed using Statistical Package for Social Science (SPSS 16.0) and MS Excel 2007. In a pilot study on a sample of 110, seven factors were extracted using principal component factor analysis, which are Immense Efficacy (% of Var. = 19.693), Supportive Access (% of Var. = 13.17), Professed

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