# A Study on online Consumer Marketing and its Effectiveness of Various Tools and Techniques across Industries

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## ABSTRACT

*This research is conducted to see how the consumers' brand perception and purchasing decisions are influenced by different online marketing tools used across the industries such as Word of Mouth (WOM), online Chat assistance and Email advertising. Its purpose was so study the relationship between the different online marketing tools and techniques, WOM, Online chat and Email and their effects on the brand perception and consumer purchasing decision. There are a lot of other influencing factors included in a decision making of a consumer for purchasing and developing a perception about a particular brand but the most important factors that play a defining role in changing the consumer brand perception and purchasing decision is WOM and the dependency exists on these three variables. Our results show that the residents of Karachi who are active on internet prefer WOM over the other two variables which are online chat and email advertising. Different companies avail the online marketing strategy of WOM service in order to attract the potential customers and influence their purchasing decision and brand perception. There are no generalized factors that affect the consumer decision of purchasing and developing a brand perception in Karachi. WOM is being done by the consumers and it's one of the cheapest medium of online marketing which is being availed by many companies and proved to be effective.*

**Key Words: Word of mouth, online marketing, referral marketing, relationship marketing**

## INTRODUCTION

### Overview

In this contemporary era, traditional marketing is fading away with the penetration of online marketing which has spread many different branches including social media, blogs, chat forums and general troubleshooting forums. The pace of information sharing has never been as rapid as it is in this era and to facilitate this explosion of new changing information, online marketing has a role to play. Online marketing empowers the consumers to market the products which they feel are worthy of purchase along with detailed discussions on the features, quality, durability, design and functionality of various products across industries.

Marketing managers are increasingly making use of online marketing due to various reasons including; eliminating geographical constraint, ease of accessibility, consolidation of large volume of information into a compact online website, high margin for customization and intensity of reach to potential and actual consumers around the glove.

Online marketing can influence the consumer purchasing decision and alter brand perceptions of different products of different industries. It is the purpose of this research to study the various tools and techniques marketing managers can use to influence consumer purchasing decision and brand perception by utilizing consumers as their marketing asset.

### Problem Statement

To study the effects of online marketing through consumers, using various tools and techniques across industries.

### Hypothesis

H1: The effect of online word of mouth marketing through consumers on consumer purchasing decision and brand perception across industries.

H2: The effect of email advertising through consumers on consumer purchasing decision and brand perception across industries.

H3: The effect of online chat section on consumer purchasing decision and brand perception across industries.

**Definitions**

1.    Consumer Purchasing Decision: Consumer purchasing decision refers to final decision a consumer takes after considering all the factors such as income of the person, quality of the product, brand equity of the company etc, to make payment for the purchased product to make the purchase final.

2.    Brand Perception: This refers to the set of characteristics a potential consumer relates a particular product/company/brand with in order to make associations with. The perception of a particular brand maybe influenced by factors such as marketing of that particular brand, social campaigns carried out by that brand, consumer satisfaction/dissatisfaction of that particular brand after consuming that brand and word of mouth image that brand has established.

3.    Email Advertising: This refers to the exchange of product discussions/views/testimonials through emails shared between consumers with consumers, triggered by the companies.

4.    Online word of mouth marketing: Marketing the product online through various techniques including social media such as Facebook, Twitter; including consumer blogs to encourage viral marketing.

5.    Chat section: One to One or One too many discussions on the internet on established chat forums designed to facilitate opinions, troubleshooting, recommendations and suggestions regarding one or more products.

## LITERATURE REVIEW

In these modern times, consumers not only buy products but also market them. They share details such as product quality, reliability, pricing, ease of use and warranty claim procedures by word of mouth and through online forums and social communities. This research aims to study in depth the factors that affect consumers' ability to market products online and to then develop and focus on the most productive measures of marketing so that they help marketing managers across industries to develop new tools and techniques to harness consumers marketing potential.

As Chaffee (1986) noted, the greater the interaction between people on mass media, the higher the chances of them sharing this information to cause opinion change resulting social change. This means that indirect agents aren't as effective as direct agents, in this case, consumers themselves. Encouraging consumers themselves to get involved in the marketing process increases the credibility of the message delivered.

In addition, Direct-to-consumer marketing can be greatly affected by consumers approach towards it, which is influenced by media integrity(Huh, Delorme and Reid, 2004).It's also important to keep in mind the ethical concerns of pharmaceutical industries when involving consumers as advertising agents as improper attempts can lead to damaging results. For example, Merck's careless practices concerning Vioxx injured quite a lot of patients and caused tremendous economic loss (Mercola, 2005).

Apple Newton, a discontinued product over 9 years ago has the opportunity for coming up again as consumers of this particular product aim to use vigilante marketing as a tool to modify, repair and innovate this product. The way in which we regard Newton trade name population "homebrew advertising" (Kahney, 2004) "Folk advertising" (O'Guinn, 2003), the open source "branding (which goes by many names, including the recent proliferation of customer evangelism with a nice dovetails Garfiel, 2005), and "vigilante marketing" (Ives, 2004).

Online chatting has proved to be a strong promotion and marketing hub in this century. According to Teenage Research Unlimited, 81% of youngsters use the Internet and chatting is the number one activity in which they engage (Brown, 1999; Porterfield, 1999). The research in this area is still under development but the prospects look fruitful as such large number of young minds in a single place has tons of information to share, including their experiences of different products.

Creating ethical customer value not only means satisfying the customer by fulfilling their needs through a product which is manufactured by an enterprise backed up by many ethical norms and values. Rather it also means, involving customers to share their experience of product utilization against the experience of using competitors products and then to publish these blocks of information online of social blogs or relevant forums so that it allows enterprises with greater edge to come forward. (Grace Tyng-Ruu Lin and Jerry Lin, 2006).

According to David Godes and Dina Mayzlin (Fall, 2004), the survival of a freely controllable pool of apparent interactions is matchless. This examination establishes the existence of evidence into these interactions along with its retrieval by least price tag. The discrepancy relations amid quantity plus diffusion and sales, ought to be studied. Furthermore, supposing the relationship is there, the issue of tackling dispersion is motivating.

In addition he further stated that more research is required for the generation of a more acceptable root intended for the computation of distribution. One more significant issue in this regard is the association between the online and

offline realms of word of mouth. This study probed the effectiveness of online societies in mending fundamental sale development occurring offline. Meaning a) individuals come to offline judgments after processing online data or b) online interactions may trigger offline interactions. Consumer's willingly participate in online information sharing without acknowledging the fact the organizations might be processing this information simultaneously and concluding various interpretations from them. However, this is not the case in customary market research measurement where people give their consent for such use of their information. According to Alan L. Montgomery Interfaces (Mar. - Apr., 2001) It is normal for a dynamic medium such as internet to create by itself new means of communication interfaces and new applications to assist in the creation of an online language. For example, Icono cast (16th Dec,1998) mentioned that viral marketing is the new language in online marketing. However, some new names are being coined in relation to viral marketing which might cause others to interpret it in the wrong fashion. Collective filtering enjoins individuals with parallel comforts using huddling methods. Such methods aid in etching Web sites. Ungar and Foster [1998] mention a collective filtering method used by CD Now, in order to suggest new and upcoming artists to their existing clients via their email addresses. [Chavez and Maes, 1996] mentioned creation of online bazaars for the buying and selling of goods can be done by computer agents. Pazgal [1999] notes that these agents greatly affect the effectiveness of e- marketing.

Robert V. Kozinets, Kristine de Valck, Andrea C. Wojnicki and Sarah J.S. Wilner (2010) further added, "We analyze revising practices at Amazon.com and bn.com and discovered that customer appraisals tend to be constructive at both sites and that they are more comprehensive at Amazon.com.This confirmation suggests that customer endorsement touches consumer purchasing performance at two Internet retail sites. The notion that customer content affects sales is mandatory for variances in customer content eminence to have any impact on differences in revenues or profitability across retailers. An interesting allowance to this research would be to scrutinize whether refining a customer's contentment with his or her purchases affects consequent customer loyalty."

This paper Chrysanthos Dellarocas (October 2003) relates and explains the relationship between internet feedback mechanisms & their ability to become large scale information exchange hubs where consumers share their views on different products. The penetration of online marketing in the consideration set of consumers is greatly influencing the decision patterns and decision behaviors of consumers across industries in a subtle yet significant way. There is evidence to suggest that consumers now rely much on online views and opinions ranging from investment options to deciding what entertainment to use for recreation.(Guernsay, 2000).

The online marketing faces a new challenge in the contemporary era, that is, the unfamiliarity of the individuals posting or sharing information on the web with those who view and/or access it. As each individual can freely post, share and comment his/her opinions and views regarding different products on the internet without any thorough input of personal information; it creates a fragile online identity, similar to that of a stranger. This can lead to trust issues amongst the target audience, thus affecting the impact of the shared information. (Friedman and Resnick, 2001).

Dellarocas (2003) discusses however that unfamiliar identity can lead to optimum outputs if the nature of information sharing is not subjective, but objective. Objective information sharing and exchange can lead to better understanding of the context than subjective information as there is less distortion and variability in objective data compared to subjective data. However, it is important to note that the nature of the product or service will also influence the effectiveness of the shared information.

The growth rate of the market is an essential indicator of the market's potential. (Gatignon, Weitz and Bansal 1990). Markets that are growing strongly tend to have more potential for profits than markets that are stagnating or on the decline. However, a high growth rate may not necessarily indicate a high profit potential as well (Aaker and Day 1985). This is due to the fact that companies might be aiming to penetrate the market by keeping profit margins low. Consequently, companies might keep their profit margins high yet still have a strong growth rate simply because the market's potential is such.

Competition in most cases eats away the profit margins of the existing firms in play as the larger the number of total players, the lesser the money to play with. This is also means that highly concentrated firms tend develop strong barriers to entry to protect their profit margins. (Scherer and Ross 1990). Although, this anti-competitive nature of firms can be harmful in the long-run for consumers, it proves quite beneficial in the short-run for the firms.

Another aspect relating to markets is product standardization. In markets, where product standardization is high, consumers tend to make simple comparisons between products. Consequently the market for such products is highly competitive and price wars are a common feature of such market, unless tacit collusion is already decided. This creates a strong need for companies to differentiate their products through effective marketing as the products themselves are more or less the same(Kotler 1991).

## RESEARCH METHODS

**Method of data collection**
Data used in this research is purely primary data collected from the respondents. Personal surveys were conducted and questionnaires were made to fill.

**Sampling Technique**
The sampling technique and procedure is unrestricted, non- probability sampling.

**Sample Size**
75 respondents from different areas , including offices and shopping malls.

**Instrument of Data Collection**
Questionnaires based on close ended questions, multiple choice and likert scale.

**Statistical Technique**
One sample T-test used to compare the dependency in the hypothesis.

## RESULTS

**Findings and Interpretation of the results**
In order to analyze and compare the various tools and techniques of across industries in online marketing through consumers. For this purpose we have used One-Sample T –test.

**Table 4.1Question: Do you think a brand's existence in social media is essential for its growth?**

**One-Sample Statistics**

| In the contemporary era, do you think a brand's existence on social media is essential for its growth? | | N | Mean | Std. Deviation | Std. Error Mean |
|---|---|---|---|---|---|
| Strongly Agree | Chat Section | 30 | 2.2667 | .69149 | .12625 |
| | Word of Mouth | 30 | 4.4000 | .81368 | .14856 |
| | Email Advertising | 30 | 2.1000 | .75886 | .13855 |
| Agree | Chat Section | 32 | 2.3438 | .82733 | .14625 |
| | Word of Mouth | 32 | 4.2813 | .81258 | .14364 |
| | Email Advertising | 32 | 1.9063 | .64053 | .11323 |
| Neutral | Chat Section | 13 | 2.3846 | .86972 | .24122 |
| | Word of Mouth | 13 | 4.1538 | .89872 | .24926 |
| | Email Advertising | 13 | 1.9231 | .75955 | .21066 |

**Table 4.2**

**One-Sample Test [a]**

| In the contemporary era, do you think a brand's existence on social media is essential for its growth? | | Test Value = 4 | | | | 95% Confidence Interval of the Difference | |
|---|---|---|---|---|---|---|---|
| | | t | Df | Sig. (2-tailed) | Mean Difference | Lower | Upper |
| Strongly Agree | Chat Section | -13.730 | 29 | .000 | -1.73333 | -1.9915 | -1.4751 |
| | Word of Mouth | 2.693 | 29 | .012 | .40000 | .0962 | .7038 |
| | Email Advertising | -13.714 | 29 | .000 | -1.90000 | -2.1834 | -1.6166 |
| Agree | Chat Section | -11.325 | 31 | .000 | -1.65625 | -1.9545 | -1.3580 |
| | Word of Mouth | 1.958 | 31 | .059 | .28125 | -.0117 | .5742 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Email Advertising | -18.491 | 31 | .000 | -2.09375 | -2.3247 | -1.8628 |
| Neutral | Chat Section | -6.697 | 12 | .000 | -1.61538 | -2.1410 | -1.0898 |
| | Word of Mouth | .617 | 12 | .549 | .15385 | -.3892 | .6969 |
| | Email Advertising | -9.859 | 12 | .000 | -2.07692 | -2.5359 | -1.6179 |

| One-Sample Test [a] | | Test Value = 4 | | | | | |
|---|---|---|---|---|---|---|---|
| In the contemporary era, do you think a brand's existence on social media is essential for its growth? | | | | | | 95% Confidence Interval of the Difference | |
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a No statistics are computed for one or more split files

The data analysis was performed on One-Sample Test, with the Test Value of 4, where 1 represents strongly disagree, 2 disagree, 3 neutral and 4 agree. Three prominent tools for online marketing were identified while doing the analysis; chat section, email advertising and word-of-mouth. Throughout the sample the result was unanimous and consistent across all the four options. All the respondents agree that online word of mouth marketing through consumers is most effective tool across industry whilst email advertising and chat section were not. To support this claim the mean value of word-of-mouth in three categories are either same as the test value, that is 4 or greater than 4 highlighting respondents agree with word of mouth. On the contrary the mean value of chat section and email advertising are less than 3 across three categories highlighting that the respondents disagree. Consequently, word-of-mouth (two-tailed) value might be significant or insignificant. If it's significant, then the positive mean difference confirms the result. While on the other hand (two-tailed) values for email advertising and chat section are all significant with negative mean difference, indicating a disagreement as the result.

### 4.2 Hypothesis assessment summary ( Table 4.3)

| Hypothesis | Representation | Result |
|---|---|---|
| The effect of online word of mouth marketing through consumers on consumer purchasing decision and brand perception. | H1 | Accepted |
| The effect of email advertising through consumers on consumer purchasing decision and brand perception. | H2 | Rejected |
| The effect of chat section on consumer purchasing decision and brand perception. | H3 | Rejected |

## CONCLUSION, DISCUSSIONS, IMPLICATIONS AND FUTURE RESEARCH

**Conclusion**
According to the research of sample size 75 respondents, we came to know that there is no direct connection of the studied variables (Consumer Purchasing Decision, Brand Perception and Online marketing through Consumers).

Consumers either strongly agree or agree that brand's existence on social media is essential for growth. Almost every manager agrees that marketing through word of mouth has major impact than doing it through chat section or email advertising. Consumers do select word of mouth as a major tool for online marketing. Moreover this study contributes to the studies of different theorist who have worked on the same subject. The conclusion to the paper is also endorsing what Sheth (1971) concluded. According to him Word of Mouth is vital tool than advisements in nurturing cognizance of an innovation and in securing the decision to try the product The study contributes to the studies of different theorist who have worked on the same subject. WOM is better tool of marketing than any other this is possibly because personal sources are regarded more dependable (Murray, 1991).

**Discussions**

Word of mouth can be very a helpful tool that provides a firsthand feed back to understand the various types and degree of opportunities and threats that are faced by the customers. Through word of mouth customers openly expresses his concerns and views about a particular product. Word of mouth has also proved to be quite useful techniques which very effectively influence the consumer behavior towards their purchase decisions. Moreover Word of mouth has emerged to be a tool tackle traditional advertisement techniques in term of cost, time and spread. Consumers rely on the feedback of existing users and opinions of experts. This reliance tends to be static in the short run. Once a perception has been made about a product it cannot be change overnight and also makes the other means such as email advertisement and chat section. So in order to maintain a positive word of mouth about a particular product should be created and maintained from early in product's life-cycle.

**Implications**

We can say that the research implies that online marketing through consumers via word of mouth platforms proved to be the most effective tool across industries to influence consumer purchasing decision and brand perception.

**Future Research**

Future research is possible in the area of online marketing through social media, specifically Facebook as its target reach is the highest. To complement this area of research, further research on internet access and wireless networking access in urban and rural areas can also be carried out.

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