

# **CHAPTER 1: INTRODUCTION**

## **1.0 Introduction**

Chapter one explains the initiation of the study. This chapter explains importance and rational of conducting research on relationship between personality characteristics and behavior of spreading word of mouth. Objective of the study is to respond the questions that rose when analyzing the problem statement. This chapter explains how important it is to conduct a research and answer the research questions.

## **1.1 Background**

The factor of ‘trust’ by consumers, has led to the notion of word of mouth (WOM). Since WOM is originally customer-initiated rather than firm-initiated, and due to its non-commercial nature, consumers usually find it easier to trust. Therefore, WOM can be more influential than many promotional activities (Gremler et al., 2001). Many firms, especially service providers, are increasingly relying on positive word of mouth by current customers to generate positive attitudes and ultimately positive intentions towards their services.

WOM environment has been altered from traditional ‘face-to-face’ to ‘world of no limits’. Cyberspace has provided marketers with new avenues to improve the efficiency and effectiveness of communication. The growing presence of the Internet is expanding the availability and importance of Electronic-WOM in the marketplace. The large-scale, anonymous and ephemeral nature of the internet, engage more and more people in some kind of WOM either as comment, suggestion, complaint or compliment. Arguably, e-WOM reaches more consumers than other types of WOM, which shows its importance to be studied and monitored by the

companies. Although, informal word of mouth seems to be unmanageable by the companies, online environment itself, assists companies to capture, interpret and manage this information.

Nowadays many websites offer a review writing platform where customers can share their experience of a product or service with others who are interested in that offering. Among some of the more renowned product/ service review websites are: epinions.com, dooyoo.co.uk, productopia.com, consumerreview.com, cnet.com, revoew.com and tripadvisor.com. Many studies (i.e. Chevalier and Mayzlin, 2006; Litvin et al., 2008) argue that such reviews have influence on purchase decisions. Such information becomes even more influential when it comes to hospitality industry where their intangible product cannot be evaluated prior to consumption (Litvin et al., 2008). This strong influence by word of mouth, has even led some vendors to manipulate online reviews to their own benefit (Hu et al., 2010).

Although spreading word of mouth either in electronic form or conventional methods is not a difficult or complicated task, some people still do not perform it. Beyond many possible explanations, this study will consider the relationship of personality characteristics and the actual behavior of spreading WOM. However, due to the explicit distinctions of electronic and non-electronic forms of WOM, the study also compares both situations. Finally Hospitality industry is chosen as the context of the study due to its importance and elevated usage.

## **1.2 Problem statement**

Due to criticality of word of mouth to marketing, effects of positive or negative WOM on behavioral intentions of customers and their decision making process have recently received great attention by scholars (Chevalier and Mayzlin, 2006; East et al., 2008; Vermeulen and

Seegers, 2009). Yet, firms are not aware of how to encourage positive WOM and what are the antecedents of generating WOM without any manipulation to the shared reviews by customers.

The determinants behind customer's intention to perform positive or negative word of mouth have received moderate attention by researchers, but not much in online environments. However, understanding the reasons behind spreading WOM is as important as its effects and implications, if not more important. Although personality characteristics are one of the most dominant determinants of human behavior, the relationship between people's personality and their behavior in spreading word of mouth have not much been explored by scholars.

Moreover, although consumers are more unpredictable in online environments, there are limited studies focusing on the differences between online and offline word of mouth behaviors. Hence, there is a need for further exploration and research in this field.

### **1.3 Research Scope**

This study will determine personality characteristics of people who actually engage in both kinds of conventional and online word of mouth. Since internet is the world of no boundaries, this study does not limit itself to any geographical location. Any person of the age group of eighteen years old and above who engages in spreading word of mouth is target of this study. This age group is chosen since their personality should be formed by this age and their opinions are more independent than younger persons.

### **1.4 Research Questions**

This study aims to respond to the following questions:

- 1) How do consumer's personality characteristics influence their attitudes towards word of mouth in offline compared to online environment?
- 2) What is the relationship between customers' attitudes towards offline (conventional) and online (electronic) word of mouth and their behavior of spreading WOM?
- 3) What is the difference between WOM in online and offline environment?

### **1.5 Objectives of the Study**

The objective of this study is to examine attitudes of consumers towards word of mouth and gauge antecedents of spreading word of mouth in online and offline environments from customer' personality characteristics perspective.

Thus, objectives of the present study are as the following:

- 1) To examine the relationship between consumers personality characteristics and their attitudes towards word of mouth in offline (conventional) environments.
- 2) To examine the relationship between consumers personality characteristics and their attitudes towards word of mouth in online (electronic) environments.
- 3) To investigate the relationship between customers' attitudes towards offline (conventional) word of mouth and their behavior of spreading WOM.
- 4) To investigate the relationship between customers' attitudes towards online (electronic) word of mouth and their behavior of spreading e-WOM.
- 5) To compare WOM behavior model between online and offline environments.
- 6) To suggest marketing strategies to practitioners and marketers

## **1.6 Importance of the Study**

From the theoretical perspective, this research will give insights in understanding consumer's personality characteristics and how they may influence customers' attitudes and behavior towards WOM. The comparative nature of this study will also provide insights into differences of people's attitudes and behavior towards WOM in online and offline environments.

More prominently, from marketers' perspective, present study can assist in several perspectives. First, marketers will have further insights in their psychographic segmentation. This is specifically important for service firms who greatly rely on their patrons' word of mouth. Secondly, since this research assists in understanding customer's characteristics in relation with their attitudes and behavior towards WOM, companies that actively use viral marketing campaigns will also benefit from the results. Finally, with such insights, marketers are aided in developing Customer Relationship Management (CRM) strategies.

## **1.7 Summary**

Chapter one was dedicated to the fundamentals of the research. This chapter covered the background to the study, problem statement, research scope, questions and objectives of the study. Last but not least, the importance of the research and proposed implications were highlighted. The following chapter will review the preceding literature to observe how this area of study is appraised by academicians.