

IMPACT OF WORD OF MOUTH ON SOCIAL MEDIA PURCHASE DECISIONS

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List of Abbreviations

WOMWord of Mouth
e-WOM..... Electronic Word of Mouth

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Hopefully this report will serve a good purpose.

Thank you,

Hassan Ahmed

Abstract

Purpose of the study: Purpose of the study is to conclude the impact of word of mouth on social media purchase decisions among youth of Karachi. Factors of word of mouth include source's credibility, sender's reputation and sender's expertise and their impact on social media purchases are analyzed.

Research method/sampling: This research is explanatory research in nature as cause and effect relationship of word of mouth and social media purchases is analyzed. Data is collected from the youth of Karachi. Convenience sampling technique is used and the sample size for this research was 300 samples.

Findings of the research: All the hypotheses are accepted source credibility is found to have weak positive relationship where as sender's reputation and sender's expertise have moderate positive relationship with social media purchases. All the factors of WOM were found to have significant and positive impact on social media purchase decision.

Practical implications of the research: This research is very important and it will help businesses understand the impact of word of mouth on social media purchases. As people give high regards to a suggestion coming from close family member, friend or other users of the same product. It is very important for businesses to consider this factor and utilize this information to their advantage.

Keywords: Word of mouth, source credibility, sender's reputation, sender's expertise, social media, purchase decision

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Chapter 1

INTRODUCTION

1.1 Problem Background

Word of mouth is considered as one of the most powerful tool and technique on which purchase decisions are based on (Ahmed, 2014). If the word of mouth is used correctly and effectively it will increase sales drastically (Vveinhardt, 2014). Word of mouth has a psychological impact on customer's mind that triggers purchase decision (Ahmed, 2014). Word of mouth can be negatively or positively related to the purchase decision. Negative word of mouth will have more impact on purchase decision as compare to positive word of mouth (Goldsmith, 2006).

Word of mouth campaign is more linked with trendsetters and opinion leaders (Allsop, 2008). Prospect buyers are more prone to search for end user reviews before they decide to avail any service or buy any product (Kim, 2010). In current scenario social media purchases are more common and widespread. It's easy for customers to shop online than to go to the mall or a shop to purchase the product. Online shopping through social media has demolished all the physical constraints for product purchase along with that it has also provided a wide variety of product range to prospect buyers (Rodgers, 2006).

Social media purchase is among the new trend which is mainly influenced by word of mouth. When people are unable to see things physically so they search for user reviews and on the basis of which they take purchase decision (Herr, 2010). Online end user reviews are the easiest way for the prospect buyers to know about a product. Authentication and credibility of the end user review is also very important to consider, the review source should be reliable and credible otherwise it will cause dissatisfaction among customers in long run, it might give short term sales but the impact will not last for longer period of time and ultimately review seekers will lose their trust on that source (Brown, 2007).

Another important factor of word of mouth is reputation of the sender, the person who is writing review online about any product or service or sharing it face to face. When it comes to find out the impact of word of mouth reputation of the sender always counts the most (Kim, 2010). If the sender's trustworthiness is in question so no one will trust on their reviews about any product or service and in the end it will have an impact on purchase decision. Expertise of the sender about product or service also counts a lot when it comes to purchase decision (Mcgriff, 2012). Those who are an expert in the particular field, prospect buyers usually prefer and count their opinion before taking purchase decision.

1.2 Problem Statement

Businesses like to understand the factors that influence a buyer's purchase decision. Social media purchases are increasing day by day. Young generations are more involved in the use of social media and other online offerings. People consider the input of their family members, friends and other users of the same product at the time of shopping and making purchase choices. It is very vital for small and big businesses to understand the impact and extent of word of mouth on online and social media purchases. Source credibility, sender's reputation, sender's expertise are three factors of word of mouth that are studied in this research.

1.3 Research Objective

Objective of this study is to find out the impact of factors of word of mouth on social media purchases among youth. For this purpose three factors of word of mouth are selected: source credibility, sender's reputation and senders expertise .Impact of these factors on social media purchases is studied in this research .

1.4 Hypotheses

H_{a1}: There is a significant impact of source credibility on social media purchases.

H_{o1}: There is no significant impact of source credibility on social media purchases.

H_{a2}: There is a significant impact of sender's reputation on social media purchases.

H_{o2}: There is no significant impact of sender's reputation on social media purchases.

H_{a3}: There is a significant impact of sender's expertise on social media purchases.

H_{o3}: There is no significant impact of sender's expertise on social media purchases.

1.5 Thesis Time Horizon

Data for this research is collected at a specific time so this is a cross-sectional research. The study was initiated in September. According to the projected timeline, this research work is completed in May 2015.

1.6 Thesis Time Scale

Registration of thesis: September, 2014

Selection of topic: November, 2014

Proposal Submission: December, 2014

Chapter One- Introduction: January 2015

Study of Literature: February 2015

Literature Review: February 2015

Questionnaire: March 2015

Data Collection: April 2015

Data Analysis: May 2015

Critical Debate: May 2015

Conclusion and Recommendations: May 2015

1.7 Limitation of This Study

Following are the limitations of this research:

The impact of only three factors of word of mouth is studied in this research.

This study is limited to the youth/younger population only so results cannot be generalized or whole population.

This research is based on the population of Karachi only so the results cannot be generalized of the youth of other region

Another constraint of this study is the time constraint as this research is needed to be completed within a specified time period.

1.8 Significance of Study

This research is very important and it will help businesses understand the impact of word of mouth on social media purchases. As people give high regards to a suggestion coming from close family member, friend or other users of the same product. It is very important for businesses to consider this factor and utilize this information to their advantage. This research will help in understanding the impact of different factors of word of mouth on social media purchases among youth. This study will assist different businesses and organizations to come up with more effective social media and marketing campaigns. This will result in more detailed understanding of source credibility, sender's reputation and sender's expertise on social media purchase. It will help in identifying that which of the above mentioned factors is more impactful.

1.9 Prospects of Further Research

This research can be used as a foundation for further researches in this area. This study can be conducted for other segments of population and on the basis of different demographic factors. More factors of word of mouth can be identified and included in future researches.

1.10 Ethical Considerations Involved

This research is conducted according to a strict ethical and moral guideline. Research participants were informed about the purpose of this study. Participation of respondents were their choice, they were neither pressurized nor forced for their cooperation. Integrity is an essential element for research work, full confidentiality and integrity of data is maintained for this research.

1.11 Organization of the Thesis

The thesis consists of six chapters, a list of references / bibliography and appendices.

Chapter 1 constitutes the problem background, aim of the research, research hypotheses and objectives and introduction to the organization/sector over which the research is being conducted etc.

Chapter 2 provides critical review of the existing literature containing the critical academic debate about (the topic) with the views of the academicians' and practitioners' on the matter.

Chapter 3 provides information on research methodology – nature and kind of research, sample size, sampling method, data collection methods employed during the study, kind of data collected, and the way the data is integrated

Chapter 4 includes research data of both kinds – primary as well as secondary – collected and integrated. It will also show findings of the data and their interpretation and analysis.

Chapter 5 provides a critical debate on the study drawing on the literature review and contrasting it with the findings of this study.

Chapter 6 constitutes conclusion and recommendations of the study.

Chapter 2

LITERATURE REVIEW

2.1 Word of Mouth and Purchase Decision

Word of mouth (WOM) now-a-days is one of the most important and influential method that companies use to produce their product and services. It is the cheapest and fastest method. It has heavy impact on customers purchase decisions and buying behavior. Word of mouth (WOM) is being used both traditionally and electronically that is known as electronic word of mouth (e-WOM). At one hand it is beneficial for the companies that their products are being promoted and purchased out of no cost, on the other side, negative word of mouth (WOM) can damage the image more drastically. Negative word of mouth (WOM) can be more damaging for the company's image than the constructive nature of positive word of mouth (WOM).

Word of mouth (WOM) is a practice that influence the buying behaviors and purchase decision of the customer by communicating the person directly (face to face) or indirectly through online reviews etc.(Merton, 1968). It can be easily identified that people generally influenced by the opinion of opinion leaders (Katzz , 1955). People generally ask for opinions when they are about to purchase anything, so it is a fair justification that word of mouth (WOM) is very popular and effective among people. Potential power of word of mouth (WOM) for promotion of product and services are generally accepted by the companies as well (Dye, 2000).

According to the research of Buttle (1998) only generating positive word of mouth (WOM) is not enough, buyers also need to react positivity towards it. This is known as dual process conceptualization and this all go with each other (Merton, 1968). Impacts of word of mouth (WOM) vary person to person because different people perceive differently about it (Wilson, 1991). Studies have identified that word of mouth (WOM) has a positive relation with

purchase decision; word of mouth (WOM) will have pleasant impact when it is positive and destructive impact when it is negative (Anderson, 1998).

Research suggests that word of mouth (WOM) has a very strong impact on customers' perception about a product, judgment of the product and it will ultimately lead to product purchase decision (Peterson, 1989). According to the research of Martilla (1971) word of mouth (WOM) plays a very important role in stages of product purchases. In prior stages customers are more prospective to rely on word of mouth (WOM). Positive word of mouth (WOM) reduces the threat of evaluation stage of purchase cycle (Woodside, 1976).

Word of mouth (WOM) acts as a key factor to reduce risk that cause hurdles in purchase decisions. According to the research superficial risk factor will always be there when it comes to purchase of any product or service (Berry, 1980). Research shows that word of mouth (WOM) has a more positive impact on customers than TV commercials (Derbaix, 2003). This means that customers are more prone to listen to advise of person either verbally or electronically before they take purchase decision (Vanhamme, 2003). Research says that people consider word of mouth (WOM) more because it consists of a two way communications (Almani, 2012). One of the research suggests that word of mouth (WOM) reduce cognitive dissonance among customers, because of cognitive dissonance customers think they have made wrong decision as word of mouth (WOM) helps them to reduce cognitive dissonance and that will lead to trigger purchases , along with that post purchase cognitive dissonance is also reduced (Gilannia, 2012). In current era where there is a boom of internet, word of mouth (e-WOM) is used electronically through social media, online forums, blogs and other fan pages etc(Goldsmith, 2006).

At one hand , the impact of word of mouth (WOM) is very evident, on the other hand in some cases it is treated as a black box, where its working is too complex to handle and identify (Rust, 1996;Zeithaml, 2000). Now a days where technological boom is at its peak, companies are mostly using viral marketing techniques to promote their products and services, viral marketing is known as the intensive source of advertisement , where social networks are used as a medium to increase sales or make people aware others about the

products or services (Howard, 2005). On the other hand it can be said that viral marketing technique act as a deliberate transfer of information person to person, where people are used as a source to promote product through word of mouth (WOM) (Golan, 2006).

2.2 Word of Mouth and Social Networking Sites

Social media websites provides the customers an online approach and opportunity to make their online presence by creating online profile and get the opportunity to find electronic word of mouth (e-WOM) from the people worldwide (Boyd, 2007). By doing this customers and buyers get a chance to interact with other people directly which will help them to get to know the opinions of others about any product and service (Kozints, 2010). On social media platform customers and buyers can make their own community where they can share their own reviews and messages, like and dislike the opinion of others and discuss their purchase decisions (Ellison, 2007). Social media sources such as Facebook , twitters, Instagram etc are used by big and small businesses to sell their products and comments on these platforms are used as word of mouth (WOM).

2.3 e-WOM and Purchase Intention

To find out that whether the impact is strong or weak first of all it is mandatory to find out that has word of mouth (WOM) really inspire purchase decision or not. Bundle of research has shown that word of mouth (WOM) is significantly influenced by buying behavior of the customers and also provide help in purchase decision (Engel, Blackwell, Kegerris 1969). As the online shopping is improving and flourishing day by day electronic word of mouth (e-WOM) is reaching to new heights of acceptance. Research says that when customers get suggestion from their friends it will help them to make more informed choices , this is the main feature which make electronic word of mouth (eWOM) a more prominent feature over the traditional word of mouth (WOM) (Keller, 2007).

2.4 Factors of Word of Mouth (WOM)

Word of mouth (WOM) is currently being used as a main and most influential source to spread the words about the performance of a product or service. Various researchers suggest that word of mouth (WOM) is the least expensive, easiest and fastest way to promote any product or services, and it will always have a great impact on customer's purchase decision.

People rely on these sources the most as compare to other sources like advertisements. TV commercials and ads are made with huge expenses but the attraction of these medium are less as compare to word of mouth (WOM) , now-a-days electronic word of mouth (e-WOM) is being used heavily to grab more and more customers at any time without out any geographical boundaries and restrictions. The most important factors of worth of mouth are source credibility; Research says that credibility of the messenger has the greatest impact on post purchase behavior (Ditcher, 1966).

Another most important factor of word of mouth (WOM) is sender's reputation. . If the sender's reputation is counted negative, it will have significant negative impact on customers buying decision or if the sender's reputation is found positive it will have significant positive impact on customers buying behavior (Richins, 1986). Another important word of mouth (WOM) factors is sender's expertise, various researches have concluded that impact of word of mouth (WOM) is dependent on the perceived interest of receiver and expertise of the sender (Ditcher, 1966). Opinion leaders are considered a very important and powerful source of word of mouth (WOM) as it is related to the expertise of the source (Voyer, 2000). One of the contrary a research shows that expertise of the receiver is negatively related to the word of mouth (WOM) (Bone, 1995).

2.4.1 Source credibility

Source credibility is known as the level to which the source is perceived realistic and truthful, and it is identified on the quality of argument used (Lea, 1998).Research shows that electronic word of mouth (e-WOM) have more impact on customers' purchase decision than the company's own created image about product or service. Customers consider electronic

word of mouth (e-WOM) more credible than the companies own saying (Bickart, 2001). Research says that credibility of the messenger have the greatest impact on post purchase behavior (Ditcher, 1966).

Different studies have suggested that in electronic word of mouth (e-WOM) credibility of the source is of more concerned that the traditional word of mouth (WOM). According to the research if people perceive the source credible it will lead to a series of purchases and will eventually trigger higher level of sales (Sussman&Siegal, 2003). Study shows that if the customers perceive reviews credible it will have positive and significant impact on purchase decision on the other hand if the customer perceive the source less credible it will have negative and significant impact on purchase decision (McNight, 2002).

2.4.2 Sender's reputation

Sender reputation is known as the extent to which sender's words are perceived trusted, reliable and truthful by the buyers. In an online shopping or social media purchases sender's reputation counts a lot when it comes to take purchase decision (Bloch, 1986). If the sender's reputation is counted negative it will have significant negative impact on customers buying decision or if the sender's reputation is found positive it will have significant positive impact on customers buying behavior (Richins, 1986).

When it comes to find out the direct impact of sender's reputation on traditional one on one contact, reputation of sender can be find out easily by other peers or your own personal experience, one interaction with the sender can add a lot to this matter, when the relationship is positive and trustworthy so word of mouth (WOM) will have positive and significant impact over purchase decision on the other hand if the relationship is not trustworthy so word of mouth (WOM) will have negative impact on customers buying decision (Dholakia , 1977).

In an online presence it is difficult to find out the sender's reputation in early stages, it is mostly found out after some purchase experience, Once a transaction has taken place only then the reputation is highlighted .Argument's quality can also counts as a important consideration of quality of worth of mouth, if the argument is supported by strong arguments

and references so sender will be considered trustworthy and truthful and this will add into his good reputation on the other hand if the argument quality is not good and not supported by the credible resources it will add to bad reputation of the sender (Sternthal, 1977).

2.4.3 Sender's expertise

Expert is the reliable source with a broad base of knowledge and his suggestions are based on the research, experience and occupation in the related field (Robert, 2006). Research says that impact of word of mouth (WOM) is dependent on the perceived interest of receiver and expertise of the sender (Ditcher, 1966). Opinion leaders are very important and powerful source of word of mouth (WOM) as it is related to expertise of the source (Voyer, 2000). One of the research shows that expertise of the receiver is negatively related to the word of mouth (WOM) (Bone, 1995).

It is considered that message came from the expert, people consider the message valid because expert give message based on prior experience or after through research (Wang, 2011). Reliability of the message sent by the sender also counts a lot when it comes to find out the impact of word of mouth (WOM) over purchase decision. Reliability includes extent of conviction and acceptance that receiver have on senders, the recipient should have a desired level of trust over the words of sender only then word of mouth (WOM) will have a significant impact on purchase decision (Wu, 2011). Data sources are considered more reliable and attractive when it comes from someone who is perceived as expert and authentic (Goldsmith, 2000).

2.5 Conceptual framework

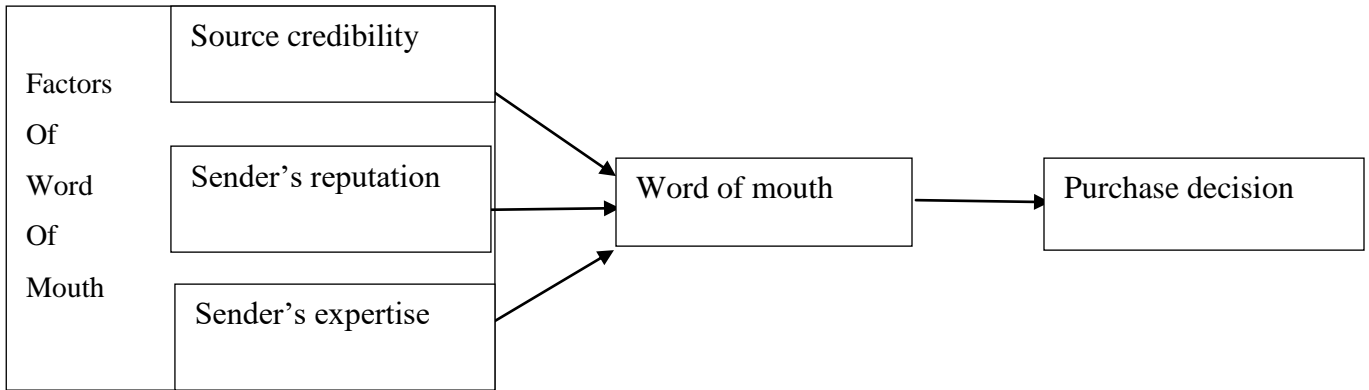


Figure 1: Conceptual Framework

The above shown figure represents three factors of word of mouth that includes source credibility, sender's reputation and sender's expertise which will have an impact on purchase decision of the buyers.

Chapter 3

RESEARCH METHODOLOGY

3.1 Nature of Research

Deductive Approach is used in this particular research .Three factors of word of mouth were identified from the study of previous researches. Three hypotheses were made to study the impact of those selected factors of word of mouth on social media purchase among the younger generation.

This research is explanatory research i.e. it is a cause and effect study. For this specific research social media purchase is the selected dependent variable whereas source credibility, sender's reputation and sender's expertise are the selected independent variables. Moreover, this research is cross-sectional as the data collected for this study was at a particular point of time.

3.2 Population under Study

For this research the targeted population is the youth of Karachi. This includes the people of age group of 14-35 years.

3.3 Sample Size

Sample size selected for this research is 300. As various books and researches suggest that for non-probability sampling there is no definite formula for sample size calculations. Based on the study of previous researches sample size of 300 respondents is found to be adequate for this research.

3.4 Sampling Method

Convenience sampling technique of non-probability sampling is adopted in this research. As the sampling frame is not clearly specified, non-probability sampling is the relevant choice for this research.

3.5 Data Collection Method

For this particular research, questionnaires were used to collect data. Questionnaire is a extensively used data collection method in the field of research. All the respondents were informed about the purpose of research and their anonymity was ensured.

A total of 320 questionnaires were distributed for this research. Out of these distributed questionnaires, 300 questionnaires were filled properly and returned. This collected data was further analyzed to come up with results and conclude this research.

3.5.1 Data Type

The data utilized in data analysis of this research is primary in nature. A specific questionnaire was designed on the basis of selected variables to collect data for this research. As the questionnaire is based on likert scale statements, the data collected through it was treated as quantitative data.

3.5.2 Structure of Questionnaire

A questionnaire was designed to collected data on different factors of word of mouth and social media purchases. This questionnaire consisted of different statements that the respondents were asked to rate on a 5 point Likert scale. According to the scaling used in this questionnaire, 1 is indicative of strong disagreement whereas 5 show strong agreement with the given statement. The questionnaire is further classified into five segments. First segment

of the questionnaire consists of choices for demographic information. Each remaining segment has statements about a separate variable. Out of the remaining four segments, three are for independent variable whereas one segment has statements about the dependent variable.

Section one has choices about demographic information including age, gender, occupation and educational level etc. Section two comprised of five statements about source credibility. The target of this section was to collect responses of youth about the importance of source's credibility. Section three has five statements on sender's reputation. The target of this section was to gather data on sender's reputation as a factor of word of mouth. Section four consisted of five statements on sender's expertise. This section was aimed to gather inputs from youth of Karachi about the sender's expertise as an important factor of word of mouth. The fifth and last section also comprised of five statements about social media purchase decision. It was aimed to collect youth's response on social media purchases.

3.5.3 Scale used in Questionnaire

The questionnaire used in this research was designed on a five point Likert Scale. According to the scale used in this questionnaire 5 stands for strongly agree (SA), 4 stands for agree (A), 3 represents neither agree nor disagree (NAND), 2 represents disagree (D) and 1 stands for strongly disagree (SD). 5 point likert scale is commonly used scale for data collection.

3.5.4 Values of Reliability test of Questionnaire

As a new questionnaire was designed it was necessary to check the reliability of statements of the questionnaire. Cronbach's Alpha test was used for reliability testing. There were four variables. Each construct is representative of a single variable. Each construct has five statements. Cronbach's Alpha test was applied on all the four constructs separately. The results of these reliability tests are as follows:

Table 1: Results of reliability test of questionnaire

Variable	Cronbach's Alpha Value	Number of statements	Result
Source Credibility	.865	5	Good
Sender's reputation	.736	5	Good
Sender's expertise	.821	5	Good
Social Media Purchases	.784	5	Good

The above results illustrates that all the calculated value of Cronbach's Alpha test falls within the acceptable range. This shows that the questionnaire designed for this research has passed the reliability test and the data collected through this questionnaire is fit for drawing results of this research.

Chapter 4

DATA INTEGRATION AND ANALYSIS

4.1 Hypotheses Testing

To check the relationship between factors of word of mouth and social media purchase decision three independent variables were identified through previous researches that include source credibility, sender's reputation, sender's expertise whereas, social media purchases is the elected dependent variable of this research. On the basis of above mentioned variables three hypotheses were made. Pearson Correlation test is applied on the collected data. Since the hypotheses are bi-directional two-tail Pearson Correlation test is applied with the help of IBM SPSS Statistics version 20. Results are as follows:

4.1.1 Hypothesis 1

H_{a1}: There is a significant impact of source credibility on social media purchases.

H_{o1}: There is no significant impact of source credibility on social media purchases.

Table 2: Relationship between Source Credibility and Social Media Purchase Decision (Pearson Correlations)

Pearson Correlations		source's credibility	social media purchase decision
source's credibility	Pearson Correlation	1	.163**
	Sig. (2-tailed)		.005
	N	300	300
social media purchase decision	Pearson Correlation	.163**	1
	Sig. (2-tailed)	.005	
	N	300	300

** . Correlation is significant at the 0.01 level (2-tailed).

According to the Table 2, result of Pearson correlation between source credibility and social media purchase decision is as follows:

$$(r = .163, n = 300, p < .005)$$

This result suggests that the Pearson correlation coefficient between source credibility and social media purchase is .346 and the calculated p-value is less than the level of significance that is .05, as a result the alternate hypothesis is accepted. *“r” value of 0.163 suggests that source’s credibility and social media purchase decision has a positive but weak relationship. This means that increase in one will result in increase in the other variable.*

4.1.2 Hypothesis 2

H_{a2}: There is a significant impact of sender’s reputation on social media purchases.

H₀₂: There is no significant impact of sender’s reputation on social media purchases.

Table 3: Relationship between Sender’s Reputation and Social Media Purchase Decision (Pearson Correlations)

Pearson Correlations		sender's reputation	social media purchase decision
sender's reputation	Pearson Correlation	1	.356**
	Sig. (2-tailed)		.000
	N	300	300
social media purchase decision	Pearson Correlation	.356**	1
	Sig. (2-tailed)	.000	
	N	300	300

** . Correlation is significant at the 0.01 level (2-tailed).

According to the Table 3, result of Pearson correlation between sender’s reputation and social media purchase decision is as follows:

$$(r = .356, n = 300, p < .000)$$

This result suggests that the Pearson correlation coefficient between sender’s reputation and social media purchase decision is .356 and the calculated p-value is .000 that is less than the level of significance that is .05, as a result the alternate hypothesis is accepted. *“r” value of*

0.356 suggests that sender's reputation and social media purchase decision has a positive moderate relationship. This means that increase in one will result in increase in the other variable.

4.1.3 Hypothesis 3

H_{a3}: There is a significant impact of sender's expertise on social media purchases.

H_{o3}: There is no significant impact of sender's expertise on social media purchases.

Table 4: Relationship between Sender's Expertise and Social Media Purchase Decision (Pearson Correlations)

Pearson Correlations		sender's expertise	social media purchase decision
sender's expertise	Pearson Correlation	1	.364**
	Sig. (2-tailed)		.000
	N	300	300
social media purchase decision	Pearson Correlation	.364**	1
	Sig. (2-tailed)	.000	
	N	300	300

** . Correlation is significant at the 0.01 level (2-tailed).

According to the Table 4, result of Pearson correlation between sender's expertise and social media purchase decision is as follows:

$$(r = .364 \text{ n} = 300, p < .000)$$

This result suggests that the Pearson correlation coefficient between sender's expertise and social media purchase decision is .364 and the calculated p-value is .000 that is less than the level of significance of .05, as a result the alternate hypothesis is accepted. "r" value of 0.364 suggests that source's credibility and social media purchase decision has a positive but moderate relationship. This means that increase in one will result in increase in the other variable.

Chapter 5

5. DISCUSSION

Word of mouth (WOM) is a practice that influence the buying behaviors and purchase decision of the customer by communicating the person directly (face to face) or indirectly through online reviews etc(Merton, 1968). It can be easily identified that people generally influenced by the opinion of opinion leaders (Katz , 1955). People generally ask for opinions when they are about to purchase anything, so it is a fair justification that word of mouth (WOM) is very popular and effective among people. Potential power of word of mouth (WOM) for promotion of product and services are generally accepted by the companies as well (Dye, 2000). Data sources are considered more reliable and attractive when it comes from someone who is perceived as expert and authentic (Goldsmith, 2000).(WOM) will have positive and significant impact over purchase decision on the other hand if the relationship is not trustworthy so word of mouth (WOM) will have negative impact on customers buying decision (Dholakia , 1977)

First hypothesis states that there is a significant impact of source credibility on social media purchases, hypothesis testing shows that alternate hypothesis is accepted, that means there is a significant impact of source credibility on social media purchases among youth. Research of (Bickart, 2001) and (Ditcher, 1966) supported this point of view in their research. Different studies have suggested that in electronic word of mouth (e-WOM) credibility of the source is of more concerned that the traditional word of mouth (WOM). According to the research if people perceive the source credible it will lead to a series of purchases and will eventually trigger higher level of sales (Sussman&Siegal, 2003).

Second hypothesis states that there is a significant impact of sender's reputation on social media purchases, hypothesis testing results shows alternate hypothesis is accepted, which means that there is a significant impact of sender's reputation on social media purchases. Research of (Bloch, 1986), (Richins, 1986), (Dholakia , 1977) supported this point of view in their research. Argument's quality can also counts as a important consideration of quality of

worth of mouth, if the argument is supported by strong arguments and references so sender will be considered trustworthy and truthful and this will add into his good reputation on the other hand if the argument quality is not good and not supported by the credible resources it will add to bad reputation of the sender (Sternthal, 1977).

Third hypothesis states that there is a significant impact of sender's expertise on social media purchases. Hypothesis testing shows that alternate hypothesis is accepted, which means that there is a significant impact of sender's expertise on social media purchases among youth. Research of (Bone, 1995), (Voyer, 2000) & (Wang, 2011) supported this results in there researches. Reliability includes extent of conviction and acceptance that receiver have on senders, the recipient should have a desired level of trust over the words of sender only then word of mouth (WOM) will have a significant impact on purchase decision (Wu, 2011).

Chapter 6

6. CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

The research was conducted in Karachi to identify the impact of word of mouth over social media purchases among youth. The targeted audience was the young individuals between the ages of 14-35. To collect the data three hypothesis were made with the variables of source credibility, sender's expertise and sender's reputation as independent variable and word of mouth (WOM) was considered as dependent variable. To conduct this research convenience sampling of non-probability sampling was used and explanatory approach was used to identify cause and effect relationship of variables.

All the hypotheses were accepted; some had relatively weak relation with word of mouth (WOM) while some had relatively stronger relationship with word of mouth (WOM).

First hypothesis was accepted which shows that there is a significant impact of source credibility on social media purchases among youth.

Second hypothesis was about sender's reputation which was also accepted, which shows that there is significant impact of sender's reputation on social media purchases.

Third hypothesis shows significant impact of sender's expertise on social media purchases.

All three variables show that word of mouth plays a very important role to convince the person to purchase the product. It should also be considered that negative word of mouth will have more negative impact on purchase decision as compare to positive word of mouth.

Word of mouth campaign is more linked with trendsetters and opinion leaders (Allsop, 2008). Prospect buyers are more prone to search for end user reviews before they decide to avail any service or buy any product (Kim, 2010). Social media purchase is among the new trend which is mainly influenced by word of mouth. When people are unable to see things physically so they search for user reviews and on the basis of which they take purchase decision (Herr, 2010).

Value of hypothesis testing results shows that there is a weak but significant impact of source credibility on social media purchases among youth in Karachi. Literature supports that when the source is authentic and customers depends on it so it will give maximum benefits, so should be more authentic sources on which customers can rely to search for the product details.

Value of hypothesis testing shows that there is a moderate but significant impact of sender's reputation over social media purchases among youth in Karachi. According to the literature when customers rely on reputed source they will get maximum benefits, so they should rely more on reputed and more credible source.

Values on hypothesis testing shows that there is a moderate but significant impact of sender's expertise on social media purchases, but literature shows that impact should be strong for maximum benefits so customer should rely on experts more, experts opinion always have high weight-age so opinions of opinion leader should be considered in purchase decision.

6.2 Recommendations

- This research suggest that social media business has a great potential of growth.
- As the demand and supply gap is huge. So there is great chances for social media business to be promoted.
- Karachi is very fast city, people have problem in managing out their purchases either it is book or cellphone etc.
- The features of social media purchases medium should be user friendly.
- Sources should be creditable.
- If the sources say something than and do something else. This would be a small time benefit but the thing is that it would cause a huge negative word of mouth impact.
- In our culture the negative thing floats which much more extensive speed than positive word of mouth. It could also be said that negative have more weighted than positive word of mouth. It spreads in a very speedy manner.
- . Beside the problem would also exit that the word of mouth in a good tools that is most referred to the by friend, family members, cousins and other subordinates etc.
- If there is good sources than it would automatic lead to the repetition of purchases.
- A good brand (creditable brand) is itself a good profitable brand. Such as amazon which has good brand name. People trust it, as they know that paying them is worth off.
- The business model should be clear enough, so that there would be no problem for new potential clients.
- The buyer should have a sure that his order is delivered on time, even though it is ordered at 11th hour.
- Mode of payment should be transparent.
- Percentage of fraud should be minimized.
- Different deals should be introduced so that it could be attractive for customers. As operating in Islamic state the brand can cater the demands by Islamic month wise.

Appendices

QUESTIONNAIRE

What is your current age?

- **15-20 years**
- **21-25 years**
- **26-30 years**
- **31-35 years**

What is your gender?

- **Male**
- **Female**

What is your current marital status?

- **Single**
- **Committed**
- **Engaged**
- **Married**
- **Divorced**
- **Separated**
- **Widowed**

What is your current level of education?

- **Under Graduate**
- **Graduate**
- **Post Graduate**
- **Other: _____**

Q1. Which social media medium do you use the most?

1. Facebook
2. Twitter
3. Other _____

Q2. Have you purchased anything from social media?

- Yes
No

Q3. If your friend/ relative ask you to purchase something through social media, will you?

- Yes
No

If yes, kindly proceed further:

Kindly fill this questionnaire according to provided directions:

- 1= Strongly Disagree 2=Disagree 3= Neutral
4= Agree 5= Strongly Agree

SR. NO	STATEMENTS	1	2	3	4	5
	Source credibility					
1	A credible source always provide realistic information					
2	When a source provide unbiased(i.e. both positive and negative reviews) information , I consider that source credible					
3	When a source provide truthful information , I consider that source credible					
4	When the information from a source is perceived fake than I do not trust the source anymore					
5	When a source provide reliable information , I consider that source credible					
	Sender's reputation					
6	When the sender is honest in his dealings I trust his/her opinion					
7	When the sender is perceived truthful by others, I trust his/her opinions					
8	When the sender is perceived fake by others so I do not trust his/her opinions					
9	When the sender uses cheap words during arguments, It results in negative reputation.					

10	When the sender is involved in activities which I do not like, I do not trust that sender.					
	Sender's expertise					
11	When the sender has experience of related purchase , I give high regards to his/her opinion for purchase					
12	When the sender has working experience in the related field, I consider his/her opinion for purchase					
13	When the sender has done research in a particular field , he is considered an expert of that field					
14	When the sender has knowledge about a particular field, he/she is considered an expert of that field					
15	When the sender has a degree in a particular field , he is considered an expert in that field					
	Purchase decision					
16	When the source is credible it triggers my purchase decision					
17	When the sender is well reputed I consider his/her opinion for purchase					
18	Expert's opinion plays an important role in my purchase decision					
19	when my friends/relatives tell me something good about product/ service I consider it before purchase					
20	Online reviews and blog posts play an important role in my purchase decision					

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