Chapter 3

Word of Mouth on Social Media: A Potent Tool for Brand Building

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**ABSTRACT**

In the present era of technology enabled markets, social media marketing is gaining increasing importance through the process of gaining website traffic or attention with the use of social media websites. To most of the entrepreneurs, social media marketing is the “next big thing”. It is a powerful tool that must be taken advantage of. In a very short span of time, social media marketing has become one of the most loved media for the youths today. Social Media Marketing (SMM) is the hottest new marketing concept and every business owner wants to know the way in which social media can generate value for their business. Businesses today are using SMM for grabbing attention, stimulating interest, creating desire and promoting action. It has become a panacea for communication, visibility, promotion, brand building and everything. This chapter attempts to highlight the significance of e-WOM on social media as a tool for brand building and creating value to business. It also discusses its role, benefits and challenges.

**INTRODUCTION OF SOCIAL MEDIA AS A MARKETING PLATFORM**

John Moore, the marketer for Starbucks and Whole Foods says, “*If people are not talking about you, they are forgetting about you.*”

In the present era of technology enabled markets, social media marketing is gaining increasing importance through the process of gaining website traffic or attention with the use of social media websites. The social media marketing programs are usually attempted to create content that attracts buyers’ attention and encourages them to share it across their social networks.

To most of the entrepreneurs, social media marketing is the “next big thing”. It is a powerful tool that must be taken advantage of. With the rise of the internet, social media and mobile technology, it has led to dramatic increases in the accessibility of information about companies and the experiences they provide.

DOI: 10.4018/978-1-4666-9449-1.ch003
The resulting electronic word of mouth (e-WOM) refers to any statement consumers share via the internet, e.g., web sites, social networks, instant messages, news feeds, etc. about an event, product, service, brand or company. When the underlying message spreads from user to user, it presumably resonates because it appears to come from a trusted, third-party source, as opposed to the brand or company itself. Therefore, this form of marketing results in earned media rather than paid media (wiki, 2015).

The statistics, illustrate the following:

- According to Hubspot, 92% of marketers in 2014 claimed that social media marketing was important for their business, with 80% indicating their efforts increased traffic to their websites (DeMers, 2014).
- According to Social Media Examiner, 97% of marketers are currently participating in social media but 85% of participants are not sure what social media tools are the best to use. This demonstrates a huge potential for social media marketing to increase sales (DeMers, 2014).

RADICAL SHIFT IN BUSINESS IN INDIA

Over the past 40 years, India has experienced a radical shift in the way the business is conducted, drifting at a fast pace towards technology driven ideas and the way, people interact with each other. With introduction of e-commerce, there has been a tremendous impact on how business operates. The social media technology is accelerating and as new technologies become available; businesses that learn to use new technologies gain greater benefits. Some of the best known examples include companies such as Microsoft, eBay, Amazon, Google, Snapdeal, etc.

In a very short span of time, social media marketing has become one of the most loved media for the Indian youths today. Social Media Marketing (SMM) is the hottest new marketing concept and every business owner wants to know the way in which social media can generate value for their business. The fact is that people are social by nature and collecting & sharing information is important to them. SMM is about understanding on how technology can make it easier for people to socially connect with their social networks and profit from that understanding. Today more & more of customers use social media for personal purpose, business to consumer (B2C) purpose or business to business (B2B) purpose.

PURPOSE OF SOCIAL MEDIA MARKETING (SMM)

One of the main purposes in employing social media in marketing is to use it as a communications tool that makes the companies accessible to those interested in their product and make them visible to those, who have no knowledge of their products.

e-WOM is at its heart, using happy customers to promote your business. The aim in e-WOM is to provide customers with an unbelievably amazing, life-affirming product or service so that they cannot help but share their experience with friends, family, co-workers, and the random person, who sits at the bus stop every day. Out of the top 10 factors that correlate with a strong Google organic search, 7 are social media dependent, i.e. if brands are less or non active on social media, they tend to show up less on Google searches.