EFFECTIVENESS OF WORD OF MOUTH MARKETING IN COMPANY'S SALES PERFORMANCE IN THE FAST FOOD INDUSTRY:

THE CASE OF CHEF'S PRIDE – RESTAURANT DAR ES SALAAM

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By

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A Research Report Submitted to Mzumbe University in Partial Fulfillment of the Requirement for the Award of Master of Business Administration in Corporate Management (MBA-CM)

2014

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University a dissertation entitled: **Assessment of the Effectiveness of Word of Mouth Marketing in Company's Sales Performance in Fast Food Industry: The case of Chef's Pride – Restaurant – Dar es salaam**, in partial fulfillment of the requirements for award of Master of Business Administration in Corporate Management (MBA-CM).

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External Examiner

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DEAN, SCHOOL OF BUSINESS

DECLARATION AND COPYRIGHT

I, Fatuma Ndutu, declare that this dissertation is my own original work and that it has not been presented and will not be presented to any university for a similar or any other degree award.

Signature……

Date……

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DEDICATION

By the grace of God, The Creator of our universe, this work is specially dedicated to my best friend ever, my love, my number one fan, hubby and the father of our kids, Gad Oneya. He is the man behind me all the way while I toil to make this work tangible. My dedication also extends to our beloved daughter and sons, Rukia, Jim and Joshua and my mom Asha Ramadhan for their untold patience during the whole period of my academic pursuit.

ABREVIATIONS

BAM	-	Band Association Maps
ILO	-	International Labour Organization
RM	-	Relationship Marketing
SEM	-	Structural Equation Modeling
SM:	-	Social Marketing
WOM	-	Word of Mouth

ABSTRACT

For many years word of mouth has been used by companies as an advertising tool which requires less major investments in mass media yet it was regarded as an ineffective tool for business sales performance. With the invention of new technologies in communication the same is increasingly gaining popularity in the context of marketing. In view of the same this study aimed at assessing its effectiveness in influencing businesses sales performance. The study was conducted at Chef's pride located along Chagga Street at the centre of the city of Dar es salaam.

The population of the study involved restaurant's top managers (the management), non managers members of staff (receptionists, waiters, waitress and cooks) and customers. A total of 80 respondents were selected to compose the study sample. The sampling technique employed in the study involved purposive, simple random and convenient sampling. The techniques for data collection included interviews, questionnaires, and observation. Qualitative data were analyzed using content analysis and elements coded accordingly for analysis and presented. The study data were all analyzed using basic mathematical calculations that were presented in tabular, bar and pie chart form.

The study reveal WOM advertising is effective in improving company sales in the following ways; it speeds up customer's decision making in buying service and products, increase number of customers, and increasing sales volume of the company. The study also revealed that applying WOM in advertising has the following challenges; negative WOM is more influential than positive WOM, the environment in which WOM takes places is constantly changing also negative WOM can be used in unfair business competitive practice.

The study recommend that companies should create positive business environment and consider providing quality hotel services and allied products, maintaining customer care and avoiding annoying customers for whatever reasons.

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CHAPTER ONE

PROBLEM SETTING

1.0 Introduction

This chapter covers background information, background of the problem, statement of the problem, research objectives, research questions, and significance of the study.

1.1 Word of Mouth marketing

The fact that travellers appreciate talking about and share their experience, express their opinions with others provides a spontaneous promotion (Goyett, Ricardo, Bergeron and Marticotte, 2010; Litvin, Goldsmith and Pan, 2008). While the motives of many people may vary in providing such advice or feedback about a particular experience of a hospitality service, the power of this type of communication is enormous. Interpersonal influence and word-of-mouth are ranked the most important information source when a consumer is making a purchase decision, particularly in the hospitality of food domain, which is intangible products and mostly difficult to evaluate prior to their consumption (Latvian et al., 2008). Moreover, the subjectivity of the expressed opinions or judgments does not really influence the creditability of such experience due to the objectivity of product information available in hand. People love to talk and share their ideas (Henning & Gwinner, 2004). Many hospitality organizations are using the strategy of WOM as their major source of marketing (Anderson, 1998). WOM is a source of reliable marketing as it comes from actual and unbiased experiences (Cheung & Thadani, 2010). The adequate and correct use of WOM marketing technique leads to a successful business that can be translated into sales to the business (Lindberg, 2001).

Therefore, word-of-mouth marketing is working within this conversation so people are talking about your product (Sernovitz & Kawasaki, 2012).

1.2 Background of the problem

Fast food industry is highly intangible in nature therefore the importance of word of mouth recommendation is very highly required in the industry. Many researchers believe that WOM is a very powerful form of communication in the world of business. This communication can hamper or damage company's reputation or give it a boost (Duncan & Moriarty, 1997). WOM is the major competitive tool which is used for capturing and maintaining customer who ultimately come loyal to the company, Word of Mouth recommendations have become more important in hotel and hospitality industry as it attempts to enhance the long-term customer relationship and increases the scope of repeat business (Lindberg, 2001). Repeat business means more sales revenues to the company (Anderson, 1998).

1.2.1 Industry Profile

Fast food industry is one of the largest and fastest growing branches of service industries in Tanzania. The industry is made up of micro, small, medium and large fast food chains (Food Guide, 2010). Micro and small fast food operate in an informal sector and carry their business in predominantly makeshift cottages and they operate in poor areas, while medium and large scale fast food industries operate in improved area especially in town streets (Ruteri, 2009). Small and medium fast food industries are the majority of local providers of fast food services.

The current Tanzania economic environment has provided opportunities for the private sector to participate actively in investment activities as opposed to the previous socialist policies, which put investment activities under state control. The new economic environment has created significant incentives for local and multinational investors to invest in different sectors of the economy and fast food is one of the industries that attracted foreign investors (ILO, 2004).

The current trend in competition is the use of word of mouth advertising as the tool for building competitive edge, instead of keeping embracing the traditional methods of advertising forms which are paid for to be channeled to the audiences.

1.3 Statement of the Problem

For many years hospitality companies have been striving to increase market shares in the industry, and improving performance at large by increasing budgets for paid for advertising channeled to audiences through different media. The same have been realized as the best method of reaching multitude of audiences at once, thus allowing dissemination of information to greater part of the market with expectation of increasing customer awareness and level of customer retention. On the other hand, the WOM method has been the major source of company expenditure, and the way of promoting intensive competition among companies in the industry.

The increased expenditure on paid form of advertising and severe competition has been the big source inadequate profit realization problem in the company. The same have resulted into company's poor performance and closure of the companies.

The impact of closure of the companies is both to the owners and the society at large. For the case of the owner the impact or effect is the fact that during the creation of the companies lot resources are invested in the business. The motive of the investment is normally generation of profits to ensure both returns on investment and reward to owners for the efforts they have devoted in the creation on the companies. Hence, if profits are not realized these owners suffer big losses. On the case of the society, closure of the companies means depriving the society with availability of goods and services. On the other hand, businesses are sources of government revenue. Therefore, shrinking of profit levels and the closure of companies has resulted into reduction of government sources of income.

A number of researches have been conducted about the causes of poor organization performance and way forward in improving the same. Most of the research carried out bases on traditional marketing communication mix especially paid form of advertising and sales promotion. Wanoff (1997) in his study also explained that, Advertising is a tool of marketing for communicating ideas and information about goods and services to an identified group, which employs paid space or time in the media or uses another communication vehicle to carry its message; Young (2005), stated that traditional marketing communication is an effort to improve managing and gain audience attention, advertisers create branding moment that would resonate with target markets, and motivate audiences to purchase the advertised product or service. Apart from the communication mix, other studies have been focusing on marketing competitive strategies and production efficiency. It has been argued by Ferguson (1974) that, "advertising increase barriers to entry and reduces competition on measured by increase in monopoly profit". The argument that advert reduces competition is based on the assumption that the cost of advertising, a new product is prohibitive for any but the large firm in the industry. In other words advertising superiority enables large existing product to block new competitors from entering into market and result in the establishment of monopoly with high price.

In this regard, fewer studies have been done about word of mouth as marketing tool for customer capture and retention. This study was intended to assess the effectiveness of the word of mouth marketing in improving company's sales performance in the hospitality and service industry especially in the fast food sector. The findings of the study will help to generate information that would be used as a tool for marketing management decision making particularly in the process of creation of business competitive and or delighted customers.

1.4. Study Objectives

The objective of this study was to identify the effectiveness of the word of mouth marketing in company's sales performance.

1.4.1 Specific Objectives

i. To identify techniques of word of mouth used by companies in advertising.
ii. To assess the effectiveness of WOM advertising in company sales performance.
iii. Identify challenges in implementing WOM advertising in business organizations.

1.5 Research questions

This paper ought to answer the following questions

(i) What WOM Marketing techniques do the companies use?
(ii) How effective is WOM advertising company's sales performance?
(iii) What challenges face organizations in applying WOM advertising?

1.6 Significance of the study

This research has five key contributions.

First, the study provides better understanding of motivations and behaviors of customers in the whole process of promoting business through word of mouth be it electronic (eWOM) or any other interactive form of word of mouth communication among consumers. Assessing the effectiveness of WOM in sales performance companies take better advantage of buzz (WOM) for improvement of their performance in business competitive environment. Given the situation that in today's business context consumers are overwhelmed by an array of product and brand choices, the face difficulties in selecting the right product to cater for their problems. Through word of mouth consumers become well informed of the product they need through word of mouth. In this regard, the study is of great advantage to seller as they learn how best they can

utilize consumers as their marketing agency (ambassador for their products). On the other hand the tool costs less than mass media advertisement and is quick method of spreading information. (Bughin et al, 2010).

Generally, the phenomenon studied in this paper, assessing the effectiveness of WOM on company sales, is comparatively new in Tanzania particularly in the field of academic research and thus, this study aims at building body of knowledge in the field of non-paid form of marketing (WOM) and its effect in sales performance. This means that the study is vital to both marketers and educators in the field.

The study is important to policy makers, as it guides the same on how best decision can be made particularly on how to generate good government revenues through tax collections resulting from expansion company productivity due increased use of WOM.

Furthermore, this study is important for marketers, business managers and business analysts studying the effectiveness of advertising on sales growth and the creators and producers of such advertising messages.

From this perspective, understanding effectiveness of advertising messages can create buzz (WOM) which can consequently translate to actual sales, this study in turn becomes highly relevant from the policy makers' point of view.

1.7 Scope of the study

This study focused on the assessment of the effectiveness of word of mouth marketing on the company's sales performance. The research setting was focused to the hospitality industry particularly in the fast food chain subsector in the business city of Dar es Salaam.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The first part of the chapter provides theoretical literature review. This section of the study provides definition of key concepts used in the study, the essence of word of mouth marketing, theories pertaining to word of mouth marketing, and the applicability of word of mouth marketing in business. The second part of the study was about empirical literature review which covered analysis of different studies done in the area under study, and finally conceptual framework which was the presentation of the relationships among variables of the study.

2.1 Definition of terms

2.1.1 Advertising

Advertising is a form, written or orally, that attempts to sell something whether it is a product or services. Advertising also is a form of marketing communication used to encourage, persuade or manipulate an audience to take or continue to take some actions (Wanoff, 1997). Longe (2001) defined advertising as any personal paid form of non-personal communication which is directed to the consumers or target audiences through various media in order to present and promote a product, services and idea.

2.1.2 Sales

Sale is the total amount collected for goods and services provided. Sales can be recognized when the transaction is already realized even though payment has not been made (Petersen, 2008).

2.1.3 Effectiveness

Effectiveness is about doing the right task, completing activities and achieving goals. It measures percentage achieved in comparison to predetermined objective (Leon, 1998).

2.1.4 Sales performance

Sales performance is the process of applying scientific methods in finding, winning and keeping customers (Crosby et al, 1990).

2.1.5 Customer

The term customer in this study was used to describe one or more individuals that use and buy the organization product (Anderson, 1994).

2.1.6 Company

This has been used to explain a commercial or industrial enterprise and the people who constitute it (Hagel & Armstrong, 1997).

2.2 Word of mouth (WOM)

Word of mouth diffusion is regarded as an important mechanism by which information can reach large populations, thereby influencing public opinion (Katz & Lazarsfeld, 1955), consumer decisions for purchasing new products (e.g. Engel et al., 1969; Arndt, 1967; Richins, 1983; Richins & Root- Shaffer, 1988; Whyte, 1954; Bansal & Voyer, 2000), but also shape consumer expectations (Anderson & Salisbury, 2003; Zeithaml & Bitner, 1996), pre-usage attitudes (Herr, Kardes & Kim, 1991), as well as post-purchase product perceptions (Bone, 1995; Burzynski & Bayer, 1977) and risk reduction associated with buying decisions (Murray, 1994; Godes & Mayzlin 2004).

Word of mouth diffusion may be useful for marketers when they make use of consumers' network to spread the marketers' message. WOM communication strategies are appealing because they combine the prospect of overcoming consumer resistance against traditional forms of communication, with significantly lower costs and fast delivery (Trusov et al., 2009).

Positive WOM communication is considered a powerful marketing tool for influencing consumers. Customers may spread the marketing message because they are pleased with a brand (positive WOM) or because they are dissatisfied with it (negative WOM). Both positive and negative WOM have different motivations behind it (Anderson, 1998). The major incentive for people to spread positive WOM is to gain social or self-approval. WOM sentiment has shown asynchronous effects in the sense that the impact of negative WOM was stronger than the impact of positive WOM (Chevalier & Mayzlin, 2004; Anderson, 1998). Additionally, altruistic behavior of sharing expertise with others has also been shown to motivate positive WOM (Fehr & Falk, 2002; Richins, 1983). Hostility (Jung, 1959; Kimmel, 2004) and vengeance (Richins, 1983) motivates dissatisfied consumers to engage in negative eWOM.

Whereas business to consumer communication is perceived as subjective, word of mouth is perceived as more reliable, credible and trustworthy. WOM has shown to be more effective in situations than personal selling and various types of advertising (Katz & Lazarfeld, 1955; Engel et al., 1969; Feldman & Spencer, 1965). Furthermore, WOM has a greater impact on product judgments than printed information (Herr, Kardes & Kim, 1991). Customers acquired through WOM improved sales and market share (Danaher & Rust, 1996) and add more long-term value to the organization than customers acquired through traditional marketing (Villanueva et al., 2008).

Interest in WOM communication has been revitalized in marketing practice through its proposed role in fashion and other diffusion processes (Gladwell, 2002), as well as through its role in virtual communities (Hagel & Armstrong, 1997). Furthermore, traditional forms of communication appear to be losing effectiveness (Nail, 2005). More specifically, the Internet has emerged as a source and an outlet for electronic word of mouth communication for customers (Hennig-Thurau et al., 2004).

2.3 Theoretical literature review and framework

A theoretical framework addresses the research questions, which tie together issues discussed in the preceding sections, and the effectiveness in sales performance that is more likely to be the influence the impact of WOM on the sales performance of a company.

Word-of-mouth or "buzz" is a phenomenon that has created several marketing legends (Siddarth, 2011). People like to share their experiences with one another – the restaurant where they ate lunch, the movie they watched over the weekend, the computer they just bought – and when those experiences are favorable, the recommendations can snowball, resulting in runaway success (Siddarth, 2011).

Word of Mouth (WOM) has been recognized as one of the most influential sources of information transmission since the beginning of society, especially for experience goods (Godes & Mayzlin, 2004) and has been the subject of extensive research in marketing (Anderson, 1998; Bansal & Voyer, 2000; Brown & Reingen, 1987). This prior literature has collectively identified three key dimensions of WOM communication that determine its effectiveness: who (Bone, 1995; Engel, Blackwell & Kegerreis, 1969), how much (Arndt, 1967; Herr, Kardes & Kim, 1991) and what (Crane, 1989; Feldman & Spencer, 1965). The who dimension refers to the source of the WOM information, how much refers to the volume or quantity of WOM and the what refers to the content or the body

of meaning conveyed by the symbolic elements, such as the verbal, musical and pictorial cues in the WOM communication.

Recent technological advances have enabled consumers to easily access real time information and exchange opinions about companies, products and services on an unprecedented scale. The emergence of online communities, discussion groups, blogs and opinion websites has changed how consumers interact with one another and provided new avenues for word-of-mouth communications. These changes have led to a renewed interest in measuring buzz and understanding its impact on firm performance.

Most of the literature to be reviewed this research was focused on the impact of word-of-mouth on the "how much" aspect of WOM, i.e., on establishing that buzz volume significantly impacts product/service sales (Chatterjee, 2001; Chen et al, 2005; Chevalier & Mayzlin, 2006; Dellarocas et al, 2004; Godes & Mayzlin, 2004). However, this research was either ignored the "what" aspect of WOM or that the content or valence of buzz does not impact performance. However, it is not puzzling given the large body of research in consumer behavior and communications showing that content is an important driver of the effectiveness of word of mouth.

Though most of the researches that followed support the assumption that all companies could benefit from befriending their customers, not all has found that the costs of relation market (RM) always outweighs the benefits. Dwyer, Schurr and Oh (1987) referred to managing relationships with customers as a necessity to the seller, but warned marketers that those relationships are analogous to the marital relationship, which involve both benefits and costs – and the former don't always outweigh the latter. Relationship marketing is founded on the idea that, "to achieve competitive advantage and, thereby, superior financial performance, firms should identify, develop, and nurture relationships" (Hunt, 2002). This concept is not new. People are relational beings who, when they feel connected with something, will become loyal to that something. The

claim that customers want to trust the company with which they do business is not an astounding idea.

2.4 Empirical literature works on effectiveness of WOM on sales

Several models have been proposed in the literature to understand how effective the WOM on sales of an enterprise was.

Marsden (2005) argues that research shows that word of mouth (WOM) is at least twice as powerful as traditional marketing communications in influencing sales, and given the rise of electronic word of mouth (mobile and internet), word of mouth is now some 50% more influential than it was 30 years ago to generate sales revenues.

This was further found supported by Edelman, who found that trust in a person tripled in only two years to 68% and a Nielsen survey showing the most trusted form of advertising was recommendations from other consumers, being cited by 78% of respondents. Furthermore, the third most trusted form of advertising (behind adverts in newspapers at 63%) was consumer opinions posted online which was trusted by 61%.

According to Burmaster (2008) prospects are now generally more likely to trust these sources than website or advertising. Brand Association Maps (BAM) that plots language, attributes and issues around a topic show that, for WOM, attributes like false, deceptive and misleading are highly associated to converting sales. The fact is that customers are seeking out opinions because they don't trust marketing as much and thus independent influencers become more influential than ever before.

One of the leading writers in this field, Silverman (2001), places great emphasis on the credibility and independence of the source of the WOM message. A "credible and "independent" source will provide prospects with an indirect experience of a university or college (prospects experience the institution "vicariously" without taking the risks involved in enrolling). Word of Mouth, primarily because it provides a timely and

credible vicarious experience, is also thought to speed up the decision to purchase or enroll (it short-cuts the consideration stage and enables prospects to crystallize choices by confirming their own pre-disposition towards a particular provider).

Research studies conducted by Gale (1992) and Fornell (1992) showed that higher customer satisfaction translates into higher than normal market share growth, the ability to charge a higher price, lower transaction costs, and a strong link to improved profitability. Nelson et al., (1992) also demonstrated that customer satisfaction is related to higher profitability and proved his findings statistically. Andersson et al., (1994) found a significant association between customer satisfaction and accounting return on assets. Ittner and Larckner (1996) found that shareholder value is highly elastic with respect to customer satisfaction. Fornell et al., 1996, found out that customer satisfaction is significantly related to firms' financial performance.

The volume of business conducted with a firm is directly related to customer satisfaction, which in turns affect profitability (Ittner and Larcker, 1998).

Other empirical findings further demonstrated that; customer satisfaction has greater influence on repurchase intentions and profits for service companies (Edvardsson et al., 2000b); customer satisfaction affects share-of-wallet (SOW) positively (Braun and Scope, 2003; Keiningham et al., 2003); customer satisfaction leads to increased profits (Fečiková, 2004); and customer satisfaction is strongly associated with improved share-of –spending (Keiningham 2005).

The significance of this sub-section to this study is that it helps to provide better understanding that customer satisfaction may create favorable word of mouth towards potential new customers, which to some extent affects loyalty, which in turn may affect retention and profitability.

2.5 Conceptual framework

This study used the theory of relationship marketing as put forward by McKenna (1991) as a conceptual framework to develop three key research objectives (one for each WOM variable) designed to address the otherwise anecdotal assumption that WOM leads to improved sales.

In his book Relationship Marketing, industry consultant Regis McKenna refers to the past two decades or so as a revolution in the computer-age marketplace that has all but destroyed corporations whose isolated managements continue to use massive advertising campaigns to manipulate the consumer into making a purchase (McKenna, 1991). McKenna is firm in the idea that today's focus is on direct consumer contact and developing personal relationships with the customer who, by the way, should always come first.

Early in Relation Marketing's arrival in the marketing literature, Crosby and Stephens (1987) astutely observed that the emphasis on relationships as opposed to transaction-based exchanges could very likely redefine the domain of marketing itself. Little did they know that technological advances in the near future would indeed change the domain of marketing – and in a way that encourages and fosters relationship-building. Further research conducted by Crosby, Evans and Cowles (1990) confirmed that RM generates strong customer relationships that improve customer loyalty and increase firm profits.

Shani and Chalasani (1992) referred to RM as "an integrated effort to identify, maintain, and build up a network with individual consumers and to continuously strengthen the network for the mutual benefit of both sides, through interactive, individualized and value-added contacts over a long period of time". The evolution of social media, nearly ten years later, made this definition more accurate than researchers in the 90s could have

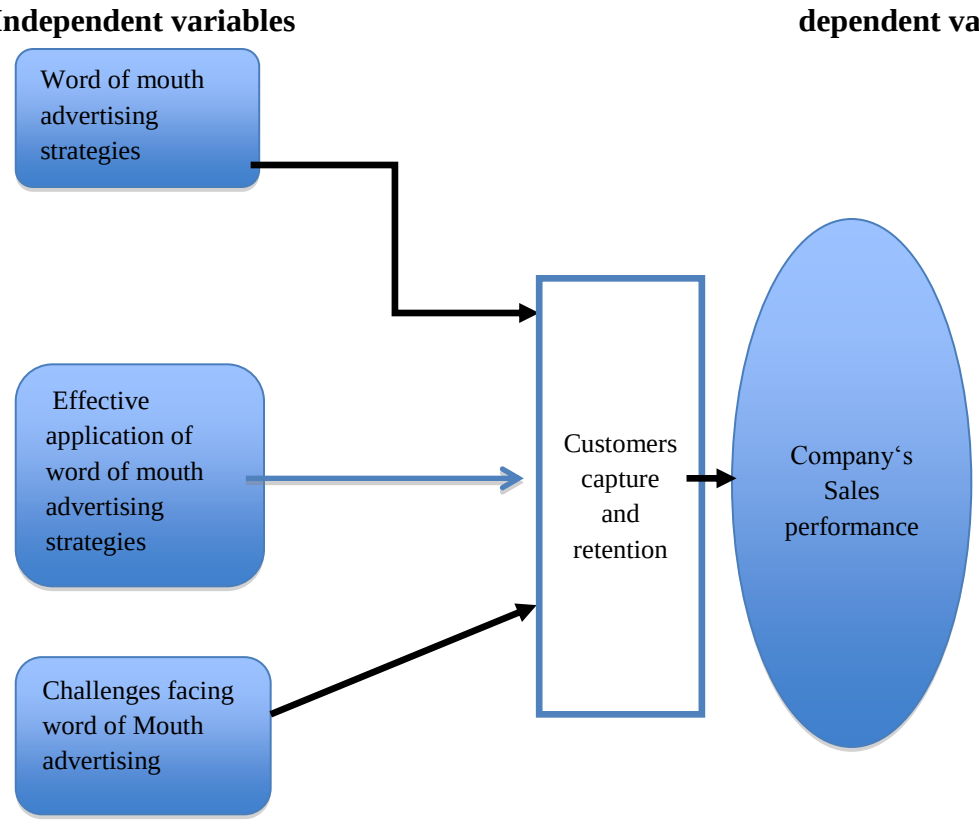
dreamt. Building up a network over time has become one of the simplest, yet most effective, marketing tasks of all and WOM is very effective in such networks.

Morgan and Hunt (1994) argued that relationship marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges and that the objective of RM must be to establish, develop, and maintain successful relational exchanges. They also found through empirical research that relationship marketing requires relationship commitment and trust, which were both identified through structural equation modeling (SEM) as key mediating variables of RM. These findings coincide with some of the current literature regarding WOM and SM marketing (Bickart & Schindler, 2001; Liu, 2006).

Grönroos (1996) argued that "relationship marketing is to identify and establish, maintain, and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met," which "is done by a mutual exchange and fulfillment of promises". Companies operating in the social media environment have experienced for themselves the benefits of such mutual exchange and the close-knit bonds formed with customers actually drives the company to work hard to keep their promises and to deliver superior products and value (Zhu & Zhang, 2009).

Conceptual framework depicting how effective can WOM impact on company follows hereunder that loyal customer's word of mouth may bring in new customers; that negative WOM may impact restaurant sales negatively, and the converse is the case. Here, company sales was a dependent factor, and word of mouth advertising strategies, effective application of word of mouth advertising strategies and challenges facing word of mouth advertising were independent factors. This can be represented in the below graphical figure.

Figure 2.1. A Graphical representation of the Conceptual framework for the causal effect of WOM on fast food company sales.



Source: researcher's own model (2014)

2.5.1.Explanation of each element forming independent variables

2.5.1.1 Word of mouth advertising strategies

Word of mouth advertising (WOMA) is powerful. Regardless of the type or nature of business guarantees the company with free, easy, quick, information spread There's no right or wrong way to execute WOM; if it works. But there are ways to maximize this

simple, everyday activity to be even more beneficial, Gregory Alyssa (2009). This means that WOM is dependent on the impact of the customers' experience with the product or service. The various WOM advertising strategies include but not limited to the following narrated;

Friends networking

If the business is starting in an unknown territory and does not have an experienced marketer, it can be difficult for the business to sell itself, especially to people you know. In order to avoid the risk of irritating customers, friends and peers, and of course, there is always the fear that they just won't get it. But word of mouth is the perfect way to get the ball rolling, partly because you can start with those people who you know and trust. It's a great way to get yourself out there advocating for yourself with a solid group of supporters behind you.

Giving a little first (customer networking influenced by free offers)

The business managers should be willing to spread the word to others before you ask for yourself. By supporting your colleagues, clients and friends by pushing their own WOMA campaigns along, you are telling them you care about them enough to make it known that you support them. They will remember that and be more likely to spread the word about the business. The owners or managers be afraid to call in favors and directly ask others to support. For a fast food business, it may give free food for the first attendees for a specific point of time during the day…or reduced priced for people visiting during certain times. Gregory Alyssa (2009).

Going right to the influencers

As a business manager, your professional and social networks, there are people who garner the attention of others without even trying. They are magnetic, respected and heard. These are the people you want them to supporting. Having them as your

megaphone getting the message to otherwise hard-to-reach people can be invaluable. For instance, "Did you know there is a new restaurant in town? The food and service are great!"

Generating a buzz

One of the best ways to generate a buzz is by getting people excited. And the best way to get people excited is by being excited yourself. Do not be afraid to toot your own horn. Let a person know that you have something going on that is worth getting excited about. Send e-mails, make calls, talk about it on Twitter (and ask for retweets!), and post it to your Facebook profile. Keeping up your own level of excitement will be contagious. Gregory Alyssa (2009).

2.5.1.2 Effective application of word of mouth advertising strategies

In order to surely establish how effective the word of mouth is, there need to have specific metrics to be used. The best metric that can objectively be relied upon is to measure sales performance of an organization; Chef's pride in this case. The reason for using sales performance as a measure being that the information can be obtained and enumerated in financial terms. That is to say by measuring revenue (sales) and profitability of a company that relies heavily on viral messages thru its customers and loyal customers is very important. Gregory Alyssa (2009).

Other non-financial metrics can also be used to establish effectiveness of word of mouth although these are much of qualitative in nature and there may be doubted as being subjective. However, they may give a glimpse of the effectiveness of WOM as tool of advertising a message. Among non-financial measures could be surveying customer satisfaction rate; frequency of customers visiting the restaurant; receiving new customers visiting the facility, and the like.

2.5.1.3 Challenges facing word of Mouth advertising

WOM advertising is a powerful promotional tool and should be considered as part of almost every business marketing strategy. The challenge with WOM advertising is that it cannot be controlled. It is independent to be precise.

The least powerful WOM message is neutral – these tend not to travel very far and are not strong influencing factors. “Did you know there is a new restaurant in town?"

Positive WOM usually results for a good brand experience and is spread by 'brand ambassadors'. "Did you know there is a new restaurant in town? The food and service are great!"

Negative messages are spread by 'saboteurs' or 'destructors'. "Do not go to that new restaurant – I got food poisoning and had to take two days off work."

2.5.2 Capture and retention

Capturing and retaining a customer will mean creating loyalty. Loyalty is the cause and effect of value (Reichhled, 1996). The importance of customer loyalty is proved by this statistic: Compared to the revenue a somewhat-loyal customer generates, a loyal customer contributes 260% the annual revenue (Reichhled, 1996). Customer loyalty is a composite of a number of qualities. It is driven by customer satisfaction and involves a determination by the customer to make a sustained investment. It is reflected by a willingness to recommend the company to others and a commitment to the company demonstrated by a resistance to switching. (Prus & Randall, 1995).

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter covers research design, area of the study, study population, sampling technique and sample size, data collection methods and data processing and analysis.

3.1 Research Procedure

A procedure is an operational blue print which the researcher uses in completing the study. It accounts for the variables that have been considered in the study, sources of data and the sample involved in the study, data collection procedure followed by the selection of the analysis tool, and study management plan (Kombo and Tromp, 2006). The procedure for this study is as depicted in the following sections of this chapter.

3.2 Research Design

Research design is a structure of research – which is considered as glue that holds together all the elements of the study (Gill and Johnson, 1997). A design, therefore, is the structure used to plan on how the entire major parts of the work works together to address the central research problem (Kombo and Tromp, 2006). In this view, case study was applied (which is descriptive and diagnostic study). This type of research design enabled the researcher to study thoroughly the problem under the single area in the fast food industry. The design was further selected because it is less expensive when compared to survey or experiment designs. The design is flexible because makes it easier the process of data collection through the use of different methods such as questionnaire, in depth interviews, focus groups etc. In fact, the design is in line with conceptual structure within which research was conducted; as Kothari (2004) defined it as the blue print for collection, measurement and analysis of data.

3.3 Area of Study

The study was conducted at Chef's Pride Restaurant in Dar es Salaam. The selection of the case is based on fact that restaurant has been in the market for many years; it is reputable and has goodwill with the society as well as being located in the hearth of Dar es Salaam city. In view of the same, the researcher believed to collect reliable data from an array of service users, thus would likely meet the study objectives.

3.4 Population and sample

The term population refers to the set of individuals, cases or events having certain characteristics or attributes of interest of study (Kothari, 2004). Moreover Kombo and tromp (2006) express population as group of objects or items from which samples are drawn for measurement. Gupta and Gupta (2011) state and specify population as the total of items or units in any field of inquiry. For this study, population refers to all elements from which data were collected; which included 22 employees (the management and subordinates) and 58 customers for the restaurant.

3.4.1 Sample size and Sampling Technique

Sampling is the procedure a researcher uses to gather people, places or things for studying. It is therefore a process of selecting a number of individual or object from a population such that the selected group contains element representative of the characteristics found in the entire group (Orodho & Kombo, 2002). A sample size is a small group of people or elements selected from the total population to represent the whole population (Nichols, 1991). The researcher purposely selected the element to form the sample because they had adequate information about the study. Convenient availability of the respondents necessitated the researcher to employ convenience sampling method. In view of the same, customers were selected basing on convenient availability. Thus, the sample involved 80 elements. The composition of the sample will be as indicated in the table below:-

Table 3.1 Sample Size

S/N	Categories	Number (population)	Sample	%
1	Top Management	2	2	100
2	Subordinates	20	20	100
3	customers	Infinite	58	-
	Total		**80**	

Source: Field Study, 2013/2014

3.4.2 Justification of the sample size

The reason for opting for this sample size and composition is to allow the researcher to conduct in-depth interviews which would prove as an opportunity to receive information on what is it that customers actually come for and what compel them and expect from the hotel and narrate incidents or instances where the service quality left an impression on their mind, positive or negative. The researcher aimed at studying word-of-mouth and the possible dark side of which is definitely linked to customer informing colleagues and loyalty, however, the aim for this project is not to measure customer satisfaction.

3.5 Data Collection Methods

The study employed different methods of data collection. The kind of data collected was categorized in two broad types. The types include primary and secondary data.

3.5.1 Primary Data Collection Methods

Primary data was collected using the following tools:-

3.5.1.1 Questionnaires

Questionnaires were developed, pre-tested and distributed to respondents. This was the major tool of primary data collection, which was supplemented by interviews and observation methods. The method was selected to suit the environment or setting of the

study where respondents was busy attending customers to the extent that they may not get adequate time to respond to interview questions before they would be interrupted by clients. In this regard, questionnaires were distributed to the respondents who would fill them at their own convenient time. Questionnaires were distributed to employees with subordinate category who by the nature of their duties they cannot have adequate time for interviews. The questionnaires contain both structured and semi structured questions that focused on generating answers for research questions.

3.5.1.2 Interview

Interview method was applied to top managers who are normally busy with big matters pertaining to organization management and may not secure adequate time to fill questionnaires. On the other hand, data from customers was also collected through interviews with the sense that if they are supplied with questionnaires they may result into non respondents as they may not appear for repeat service or they are just one time customers show. Hence they might not return the questionnaires. In this regard, the researcher collected data from these people through interview with the assistance of the interview guide.

3.5.1.3 Observation

Under the observation method the information were collected by research by engaging directly (participating) in the activity the elements under population are doing. Hence this calls for the researcher to collect data through observing these elements. This is also termed studying by looking intensively. While collecting the data the researcher had the following questions in mind:

i. What should be observed?
ii. How the observation should be recorded?

3.5.2 Secondary Data

Documentary review guide was used as an instrument during data collection from different documents. This involved reviewing restaurant documents, such as manuals, reports and other publications such as books newspapers and all materials related to the performance of the industry.

3.6 Data processing and analysis methods

3.6.1 Data processing method

Data were edited in order to detect errors and omission for ensured accurate and consistent with other facts gathered and well arranged to facilitate coding and tabulation. Coding was done to assign numerals or other symbols to answers so that responses can be put into a limited number of categories or classes which are appropriate to the research problem under consideration. Because research result may present a large volume of raw data, classification was done to reduce them into homogeneous group for meaningful relationship data was arranged in group or class on the bases of common characteristics. After aggregating data into classes, the researcher summarized raw data and displayed the same in the form of statistical and tables thus, column and rows for further analysis (Kombo, 2009).

3.6.2 Data Analysis

Data analysis is an important step towards finding solution of a problem understudy. It is a systematic process involving working with data, organizing them and dividing them into small manageable parts. With regard to the intended study, Coding procedure is the analysis that pertains specifically to the naming and categorizing of data (Enon, 1998).

In this case, the first step was to categorize data based on the research objectives. Data analysis begun with individual response and responses from different respondents was

purposively sorted and grouped to make them tally with research objectives and research questions. Comparison of data was done to identify similar data. This reduced data into manageable and analytical packages which were used for analysis and drawing the conclusion and recommendations.

3.7 Data validity and Reliability

The validity of the instruments was established by first taking expertise opinion on the questions framed and asking a test sample if they would comprehend the questions in the questionnaire. Secondly is through triangulation, where the researcher triangulated data sources; where data were collected from top managers, restaurant attendants and customers. The researcher also triangulated data collection instruments, where questionnaires, interview and observation were used to collect data.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS OF FINDINGS

4.0 Introduction

This chapter focuses on the empirical data obtained through interview and questionnaires. Findings are presented in accordance to the key research objectives established in chapter one.

4.1. Respondents profile

Out of 80 respondents 48 were female and 32 were male. The respondents were categorized as follows; top management 2, restaurant attendants 20 and customers 58. Composition of the sample is presented in the table bellow;

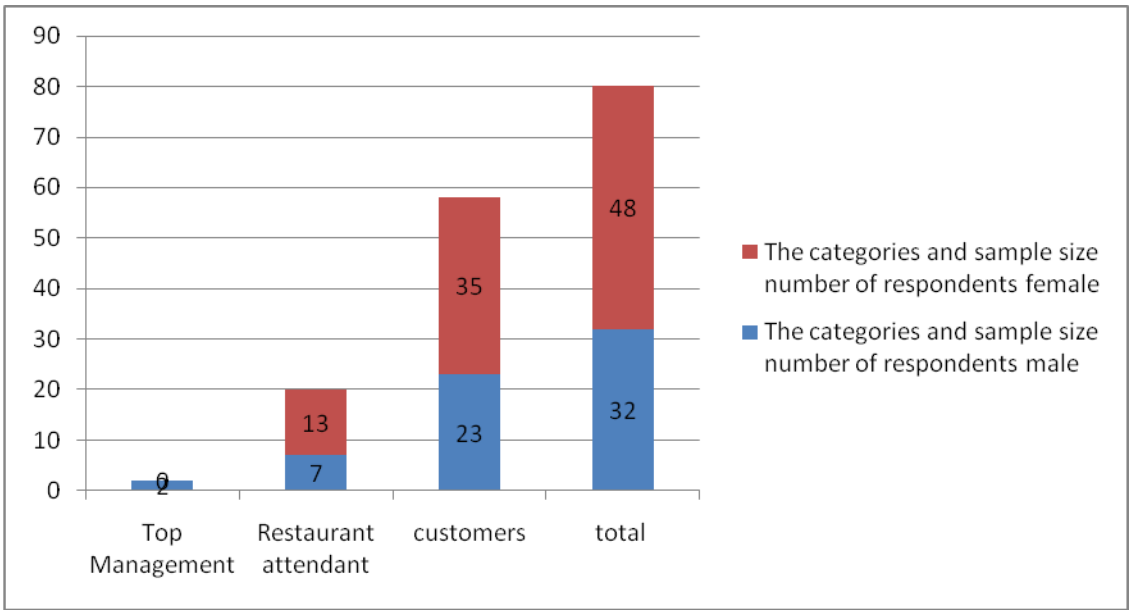
Table 4.1: The categories and sample size

Categories	number of respondents		sample size
	male	female	
Top Management	2	0	2
Restaurant attendant	7	13	20
Customers	23	35	58
Total	32	48	80

Source: Study findings (2014)

The same information has been presented in bar graph as shown in figure 4.1 below:-

Figure 4.1: The Categories and sample size



Source: Study findings (2014)

4.1.1 Working Experience of Restaurant Respondents

Working experience was another important aspect of the study. The study was further interest in knowing the distribution of respondents in the restaurant according to their working experience. The purpose of knowing the working experience of respondents was to ensure reliable information about the study was collected. The study revealed 5 (five) staff which involved 3 males and 2 females had one year experience, The 2-4years were of 10 staff which involved 7 females and 3 males, Staff who fell between 5-6 years were 4 females only and for experience exceeding 6 years was only 1 female and 2 males. Consider the data on the table below:-

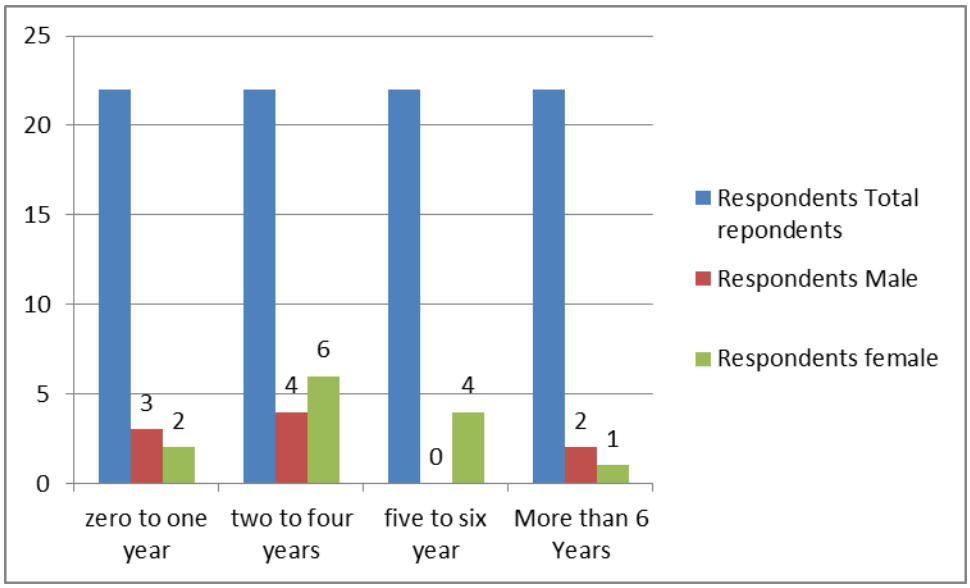
Table 4.2: Working Experience of the restaurant attendants

Years	Respondents		
	Total respondents	**Male**	**female**
0-1	22	3	2
2-4	22	4	6
5-6	22	0	4
More than 6 Years	22	2	1
Total	**22**	**9**	13

Source: Study findings (2014)

The same information has been presented in pie chart as shown in figure 4.2 below:-

Figure 4.2: Working Experience of the restaurant attendants



Source: Study findings (2014)

4.1.2 The extent of the company using WOM as a method of marketing services

The study also wanted to know the extent of the company in using WOM as a method of marketing its services. The study reveals that Chef's Pride restaurant uses WOM to

market its services. The researcher posed this question to restaurant attendants and managers as follows "*To what extent does this restaurant use WOM in marketing its product/services".* About 20(91%) of respondents responded to questionnaires selected WOM as the only way of marketing their product through friends networking. Moreover the interviewed sales manager admitted that they provide quality services and maintain their quality which build trust and made the customer to come more and more. In view of the same, the study reveals that majority of the respondents 17(77%) also said they used WOM techniques such as customer networking influenced by free offers which influence customer to come again for the same services and 12(54%) were said they use to go right to the influencers so as to influence them to talk positively about their product. About 4(18%) of respondents responded to questionnaire said that they generate buzz by getting people excited about their product or services. they Send e-mails, make calls, talk about it on Twitter (and ask for retweets. Table 4.3 below shows the information.

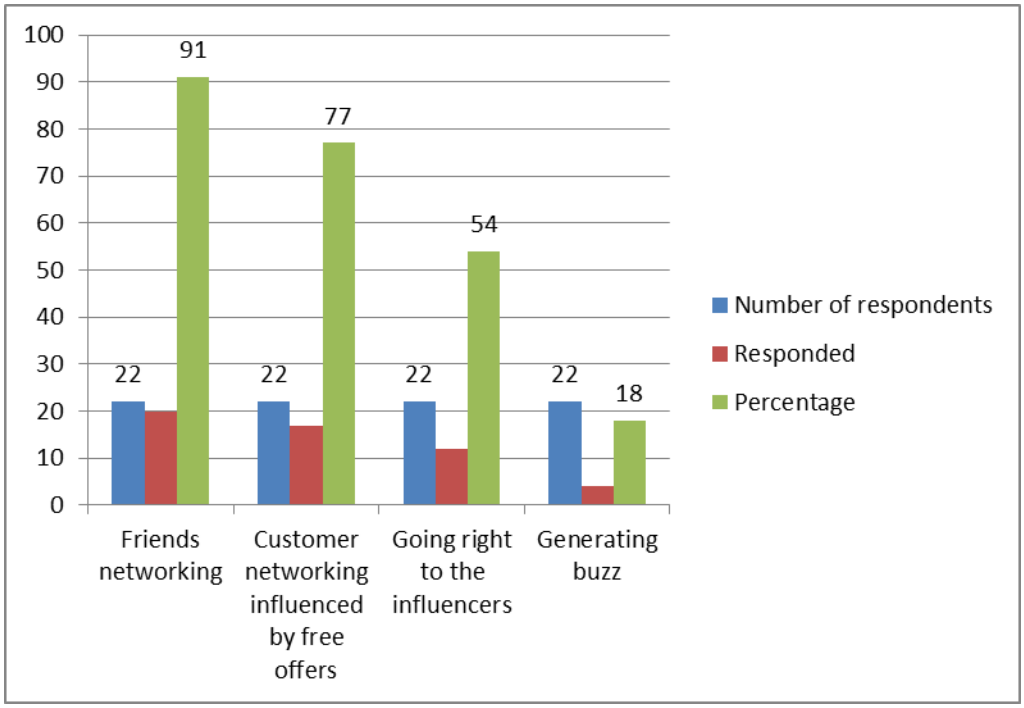
Table 4.3: The extent of the company in using WOM in marketing services

Strategies used	Expected Number of respondents	Responded	%	Non respondents	%	Total %
Friends networking	22	20	91	2	9	100
Customer networking influenced by free offers	22	17	77	5	33	100
Going right to the influencers	22	12	54	10	46	100
Generating buzz	22	4	18	18	96	100

Source: Study findings (2014)

The same information is shown using bar graph as indicated in figure 4.3 below

Figure: 4.3 The extent of the company in using WOM in marketing services



Source: Study findings (2014)

4.1.3: Social groups networking as the agents of WOM

The researcher was also interested in knowing the social groups from which the company uses to influence WOM as the way of marketing the services and check whether the agents of WOM can influence sales performance. Hence the study showed that friends 80 (100%) of respondents has high influence of telling others about restaurant services, staff mate 69 (86%), relatives 80 (100%), any other group 39 (49%). When interviewing customers on social groups networking as the agents of WOM, 100% responded that they get information from friends and relatives. Customers also said that they get influence from social networks like Facebook and twitters when communicate with friends. Since the highest numbers of respondents responded that friends and relatives were the most agent of WOM therefore the company uses those

social groups as the agents of WOM in increase sales performance of the company. The distribution of respondents according to social groups was indicated in table 4.4 below:-

Table 4.4: Social groups as the agents of WOM

Social groups	Number of respondents	Responded	%	Non respondents	%	Total %
Friends	80	80	100	0	0	100
Staff mates	80	69	86	31	14	100
Relatives	80	80	100	0	0	100
Any other group	80	39	49	41	51	100

Source: Study findings (2014)

The same information is shown using bar graph as indicated in figure 4.4 below

Figure 4.4: Social groups as the agents of WOM



Source: Study findings (2013)

4.2 WOM techniques used by the company in marketing

This section presents and analyses data on techniques of WOM used by the restaurant in marketing the services. This study wanted to establish WOM techniques used by the restaurant in marketing its products or services. In order to generate information about this the researcher posed the following question, *Which WOM techniques are used by this restaurant in marketing its products/influencing customers to buy its products/services?*. The responses reveal that:-

4.2.1 Free offers

The findings reveals that free offers at some points of time during the day do create one of the positive WOM messages used by the restaurant to advertise its products and services. In response to the question during interview on the ways WOM influences company sales performance the restaurant managing directors pointed out that their staffs especially restaurant attendants get trainings on customer care by explaining to customers at some point during the day, for instance those that turn up before 1.00PM get huge discounts for lunch dishes or free offers for some adds –on for some menus, this is in order for them to be attracted which results into increase number of customers. He also revealed that free offers influence customers to speak positive WOM about products or services and therefore influence potential customers to buy services or products from this restaurant. Table 4.5 indicate the responses

Table 4.5 WOM techniques used by the company in marketing

Techniques	Number of respondents	Responded	%	Non respondents	%	Total
Free offers	80	80	100	0	0	100
Networking customers	80	79	99	1	1	100
Honesty	80	78	98	2	2	100
Giving customers free lunch for those visiting certain hours	80	65	81	15	19	100

Source: Study findings (2014)

The responses above shows that 80 (100%) of the respondents who filled in questionnaires and interviewed showed that free offers is one of WOM techniques used by the company in marketing. Chef's pride restaurant ensures freebies in its restaurants services in order to influence customers talk positively about its services and organization in general. This WOM technique has helped this company to retain and influence more customers.

4.2.2 Customer networking as instrument of WOM

Data collected through interview, questionnaire and observation portray that another WOM method used by the restaurant in marketing its services is asking customers to tell their friends and other people about the services or products sold in the restaurant. Table 4.5 above portrays that 79(99%) of restaurant attendants responded to questionnaires and interviewed managers and customers shows that another WOM techniques used by the company to market its products is through networking customers. This is through asking customers to tell their friends and other people about the services available at Chef's pride restaurant. This was also proved by the researcher using non-participatory observation who noted that restaurant attendants were also asking and convincing customers to tell other people about the services available at this restaurant and this has enabled them to get a lot of customers. This is due to the fact that when a friend tells someone about great services or products he or she is more likely to take his or her word for it, she or he can nearly take two out of five recommendations made by ones friend. This technique has helped Chef's pride restaurant in increasing number of customers and improving sales performance.

The restaurant attendant's response to questions in the questionnaire show that customers networking influences customers to make positive WOM over the services and products and influence other people to look for the services or products for buying. While responding to the same question in the interview session, the interviewed managing director explained further that the strategy of marketing their services among

other things lies on the customer networking and quality of the services they offer to their customers. He said that customers networking influence people to speak positively about their services. This is because when a satisfied, happy customer recommends the products or service, it comes across as genuine, objective and unsolicited. Chief's pride restaurant ensures that it provides quality services and products as a technique of influencing customers talks positively about services and products and in turn influence so many new customers to buy services and products. The table below indicates the response

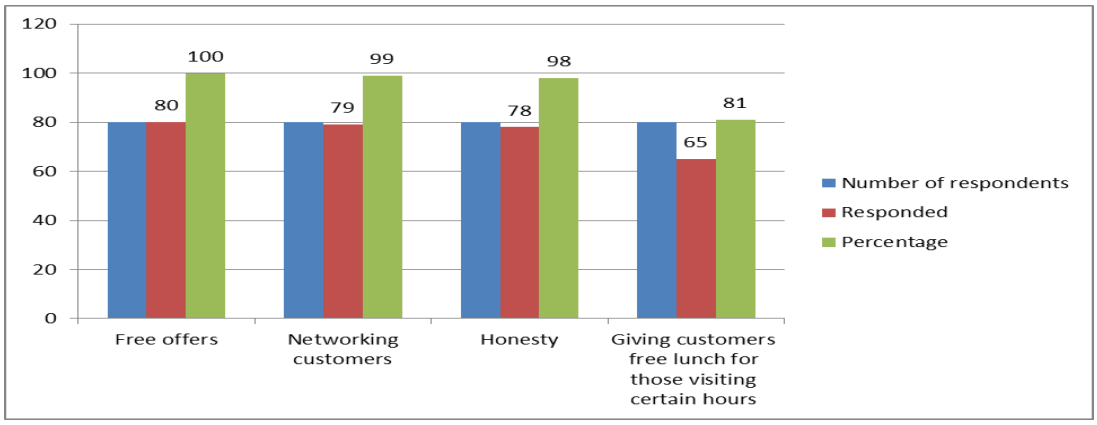
Table 4.6 WOM techniques used by the company in marketing

Techniques	Number of respondents	Responded	%	Non respondents	%	Total
Free offers	80	80	100	0	0	100
Networking customers	80	79	99	1	1	100
Honesty	80	78	98	2	2	100
Giving customers free lunch for those visiting certain hours	80	65	81	15	19	100

Source: Study findings (2014)

The same information is shown using bar graph as indicated below in figure 4.5 below

Figure 4.5 WOM techniques used by the company in marketing



Source: Study findings (2014)

4.2.3 Giving a little first to customers to engage in positive WOM

The same table 4.6 shown above indicates that 65 (81%) of respondents have shown that another WOM techniques used to advertise services by this restaurant is giving incentives to customers to engage in WOM about the services or products sold in this restaurant. When responding to interview question on the WOM techniques used by this restaurant to market its products or services, the interviewed sales managers revealed that sometimes they surprise their customers by giving them little more than expected. For example they sometimes offer fruits to their customers, bags when taking away their products or anything good for them. Normally people talk about the extraordinary, surprises, the unusual and the remarkable. Interviewed customer revealed that surprising customers for anything pleasant make them talk about the services, products and the business organization wherever they are, and in turn influence so many people to look for such a service or products and increases sales.

4.2.4 Honesty

Data presented in Table 4.6 also shows that 78 (98%) of respondents revealed that one of the WOM techniques used by this restaurant in advertising its products and services is by being honest to customers. When in interview session the restaurant managing director said that WOM advertising method can work both positively and negatively, if just a single customer is annoyed by one of the staffs for whatever reason he or she can use WOM to spread negative information about the business to both customers and potential customers of the company which may destroy the business.

This was also supported by interviewed customers who added that some customers are very arrogant and problematic, that they sometimes use bad language to restaurant attendants, but restaurant attendants have always been calm and patient, smile, work and speak friendly to customers even if some customers attempt to annoy these attendants.

4.3 Effectiveness of WOM in sales performance

The second objective of this study aimed at exploring the effectiveness of WOM in company sales performance. The researcher used questionnaires, interview and observation to collect data and provide answers as follows;

In order to establish the effectiveness of WOM in company sales performance the researcher posed the following question in questionnaire; "*In which ways does WOM influence sales performance in the company*? Respondents were required to list number of ways through which WOM influence sales performance of the company. Table 4.7 bellow portrays responses for the question.

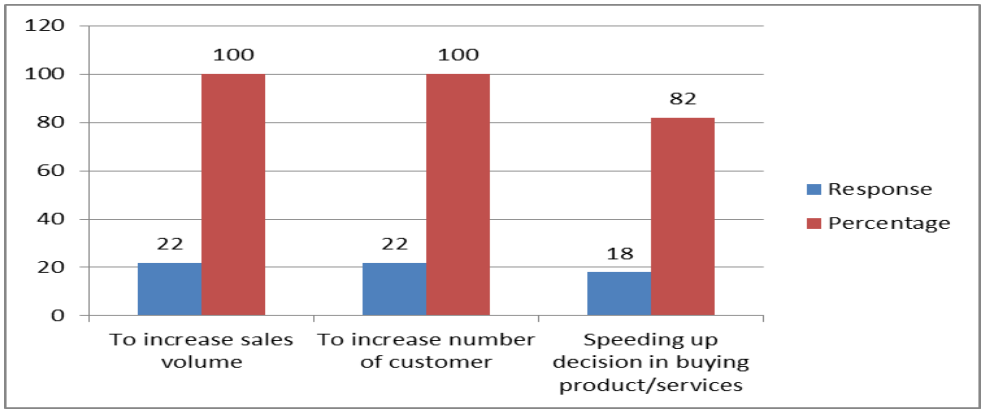
Table 4.7 Effectiveness of WOM on company sales performance

Ways	Number of response	Response	Percentage
To increase sales volume	22	22	100
To increase number of customer	22	22	100
Speeding up decision in buying product/services	22	18	82

Source: Study findings (2014)

The same information is shown using bar graph as indicated below in figure 4.6 below

Figure 4.6 Effectiveness of WOM on company sales performance



Source: Study findings (2014)

4.3.1 Speed up decision marking to buy service and products

Data in Table 4.7 reveals that 18(82%) of restaurant attendants show that WOM is powerful in influencing potential customers to make decision of buying services and products. Interviewed managing director indicated further that positive WOM makes potential customers to take shorter time to decide on buying products and services this is because these potential customers know about the services sold from the people they know and trust. Out of 58 Interviewed customer 30 respondents revealed that it did not take them long time to decide on visiting this restaurant for the first time because they heard about that restaurant from a person they trusted very much and now they are the customers of the restaurant. Speeding up decision of buying service or products is more powerful than positioning, image value, customer satisfaction, guarantees or even product superiority on increasing company sales.

4.3.2 Increasing number of customers

Findings obtained through questionnaires and interview portrays that positive WOM increases number of customers which in turn increases sales performance in this restaurant. Researcher posed the following question to customers to obtain the result "*How many friends/relatives you have told about this restaurant*". Findings indicate that 43(74%) of the interviewed customers disclosed that they always talks to friends not less than three people about the services provided at this restaurant, 10(17%) they just influence two people and said most of people knew about this restaurant through WOM and have influenced other customers and their relatives to get their services at Chef's pride restaurant. In addition to this Table 4.7 indicate that all (100%) of questionnaire respondents have disclosed that positive WOM help to increase number of customers. This is because satisfied customers tell other people about a product or services she or he likes, by so doing many customers are influenced to buy goods and services and increase sales performance. Those 5(9%) revealed that they just passed and saw the restaurant for

the first time they expect to come again and again simply because the services provided are in good quality. Table 4.8 indicates the responses of interviewed customers.

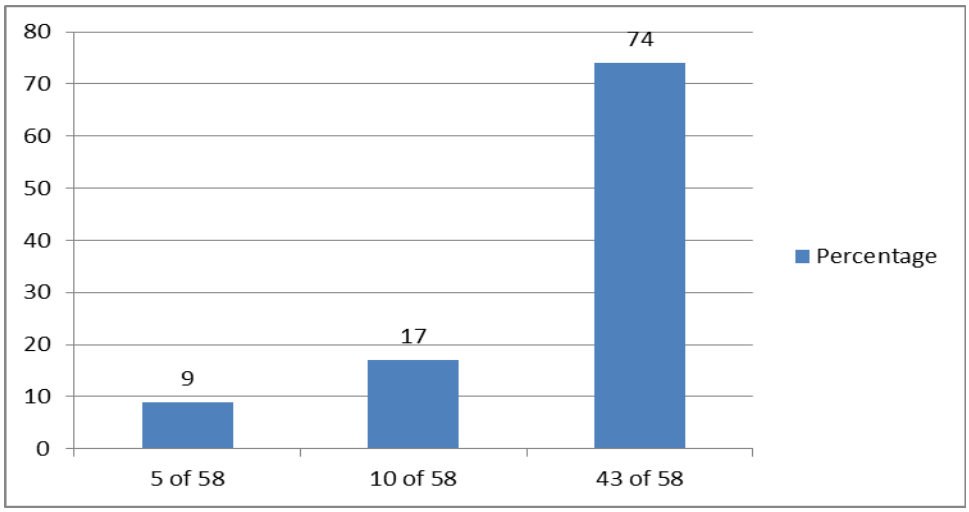
Table 4.8 Increasing number of customers

Number of customers influenced	Response	Percentage
1	5/58	9
2	10/58	17
3 and above	43/58	74
Total	**58**	**100**

Source: Study findings (2014)

Figure 4.7 below shows the same information in the form of a bar chart.

Figure 4.7 Increasing number of customers



Source: Study findings (2014)

4.3.3 Increasing sales volume

Findings reveal that sales volume for Chef's pride restaurant has been increasing day after day through positive WOM. When interviewing the company sales manager on the effectiveness of WOM in marketing the managers revealed that the company has no

budget for advertising but they have been getting good number of customers (an average of 1000 customers a day), moreover number of tables and plates has been increased and the sales volume has been increasing day after day. This is also supported by data in Table 4.6 that shows that all (100%) of responses from questionnaires on the effectiveness of WOM in company sales performance showed WOM increases sales volume of the company. Moreover the researcher also observed that during breakfast and lunchtime customers increase which results into few tables compared to customers.

When customers interviewed about how often do you get services from this restaurant?. They also admitted that 28(48%) they always visit during working days almost five days a week. Customer 20(35%) revealed that they obtain services at Chef's Pride restaurant almost three to four days a week, 17% said it is their first time to obtained services at the restaurant because they are not permanent working near the restaurant, they have been motivated to get food services at Chef's pride restaurant because of good quality of their products. The table below indicates the responses of customers about frequency of their attendance.

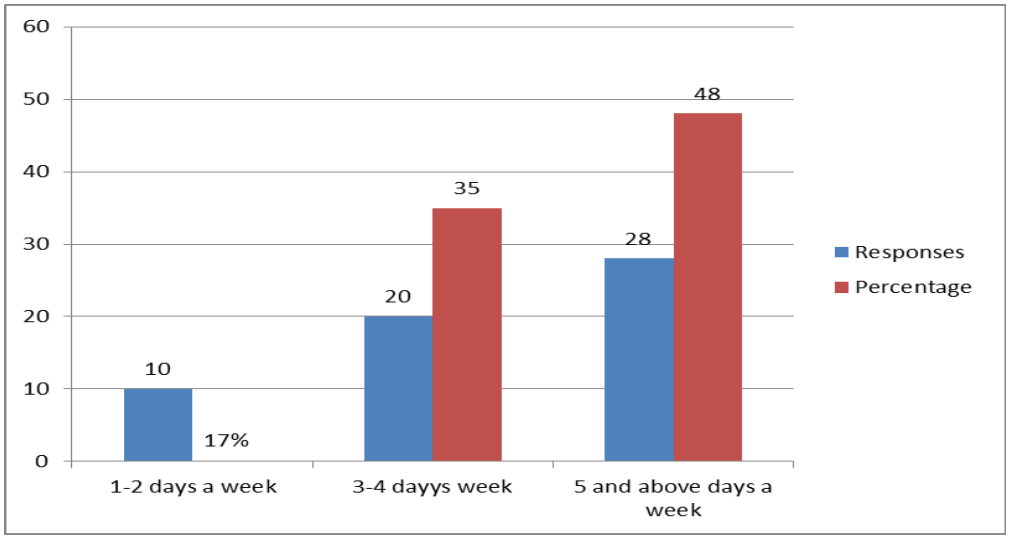
Table 4.9 Customers attendance

Frequency of attendance in a week	Responses	Percentage
1-2 days a week	10/58	17
3-4 days week	20/58	35
5 and above days a week	28/58	48
Total	58	100

Source: Study findings (2014)

Figure 4.8 below shows the same information in the form of a bar chart.

Figure 4.8 Customers attendance



Source: Study findings (2014)

4.4 Challenges of applying WOM in advertising

The third objective aimed at investigating the challenges faced by this company in applying WOM in advertising. To establish challenges facing the company in using WOM in advertising its products or services the researcher posed the following question; "I*dentify challenges the company encounter in using WOM in advertising".* Respondents were required to tick challenges in the lists of challenges given.

4.3.1 Negative WOM is more influential than positive WOM

Data collected revealed that negative WOM affects consumers probability of purchase and attitudes towards products and services sold. The interviewed sales manager disclosed that if any bad thing, even a minor one happens to the products, services, or company or a mistake committed by restaurant attendants to the customer, such a negative incidence will be given more weight by WOM as opposed to something positive done to the products, services or the company in general. He further added that when negative WOM is given weight it is likely to affect sales negatively. This is also

supported by data in Table 4.11, which discloses that 22(100%) of respondents of questionnaires and interviewed managers showed that one of the challenges facing WOM is that negative WOM is more influential than positive WOM.

When customers interviewed on challenges they face while telling other people about this restaurant. The response revealed that 25(43%) said, satisfaction level is very important factor to consider when a company uses WOM as the marketing strategy. When customers dissatisfied with a product will spread that message to a good number of customers and potential customers while satisfied customers will tell only a few customers and potential customers about that pleasant information, 20(35%) revealed that accessibility of a product is also the challenge some people leave far away from the services it take them time to reach the restaurant and the remaining percentage of customers that 22% said, they spread negative WOM if they get annoyed by the restaurant attendants. Negative WOM therefore is likely to have bigger effects on sales of the company within a shorter time.

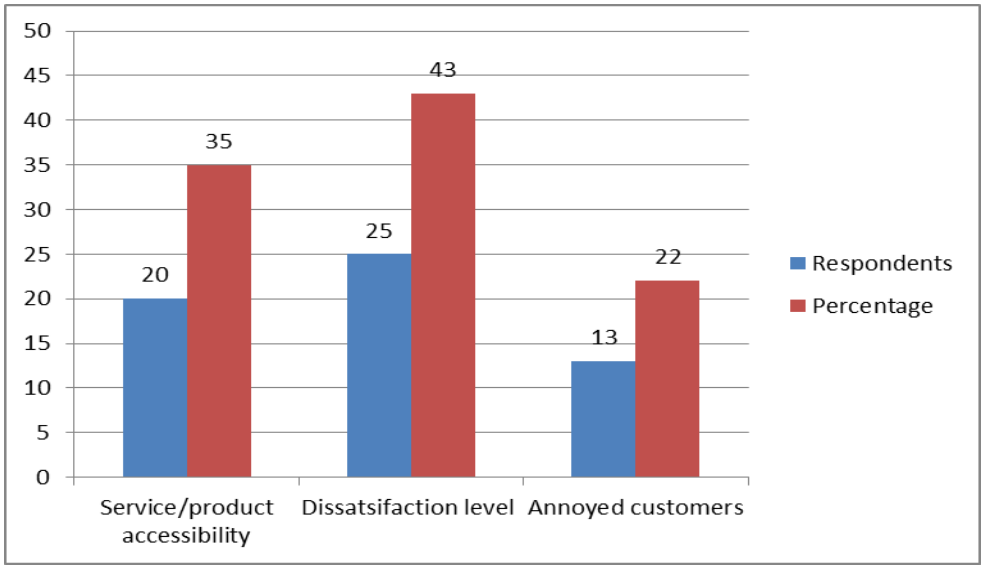
Table 4.10 Negative WOM is more influential than positive WOM

Factors contribute negative WOM	**Respondents**	**Percentage**
Service/product accessibility and satisfaction level	20/58	35
Dissatisfaction level	25/58	43
Annoyed customers	13/58	22
Total	58	100

Source: Study findings (2014)

The same information is shown using bar graph as indicated below in figure 4.9 below

Figure 4.9 Negative WOM is more influential than positive WOM



Source: Study findings (2014)

4.3.2 The environment in which WOM takes place is constantly changing

Findings collected from restaurant staffs involved in this study revealed that the consumer environment in which WOM takes place is constantly changing especially at this era high development of information technology. While responding to the question on the challenges facing the company in applying WOM the sales manager disclosed that development of information technology had brought both benefits and challenges in applying WOM advertising method. He further pointed out that nowadays people use social networks such as face book and twitter for both positive and negative WOM. This new information network brought challenges to the company and forced it to continually changes, measure and monitor what is going on in social networks about services and products sold by this company. The interviewed sales manager added further that Chef's pride restaurant has now been forced to find people who work to correct negative WOM and misperceptions that arise about the services and products sold by the company.

Further to this, figure 4.11 portrays that 18(82%) of responses show that using WOM in advertising is challenged by constant change of the environment in which WOM takes place. The consumer market places is a complex dynamic system and WOM is more than other types of information exchange in the market place that change quickly, and in order for business organizations to use WOM positively, they are challenged to change and cope with technological changes.

Table 4.11 bellow portrays responses for the question. The interpretation of this data confirms the notion in the conceptual framework that the challenge with WOM advertising is that it cannot be controlled. The company can only influence in WOM but cannot control it.

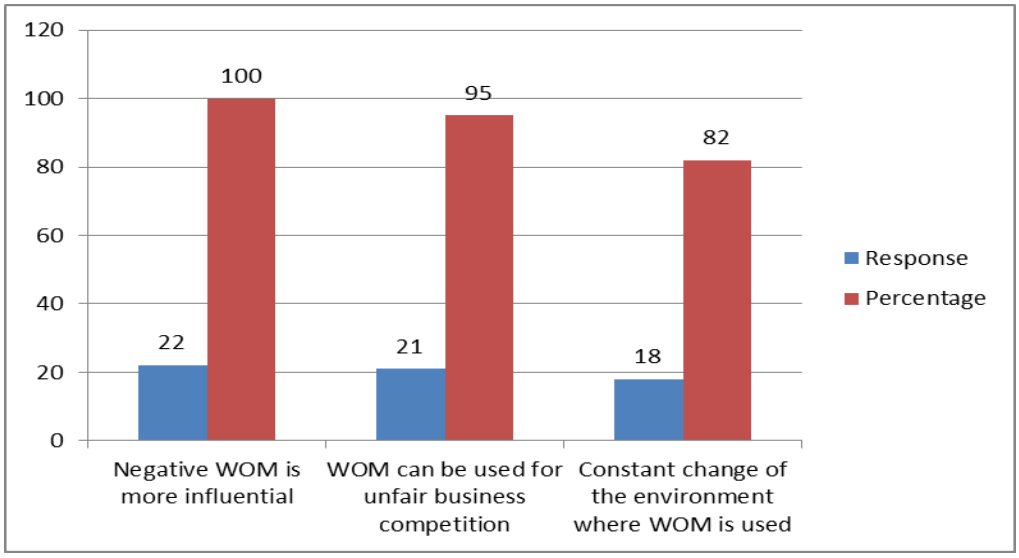
Table 4.11 Challenges facing WOM in advertising

Challenges	Number of respondents	Responded	%	Non respondents	%	Total
Negative WOM is more influential	22	22	100	0	0	100
WOM can be used for unfair business competition	22	21	95	1	5	100
Constant change of the environment where WOM is used	22	18	82	4	18	100

Source: Study findings (2014)

The same information is shown using bar graph as indicated below in figure 4.10 below

Figure: 4.10: Challenges facing WOM in advertising



Source: Study findings (2014)

4.3.3 Negative WOM can be used for unfair competitive practices

Figure 4.11 show that 95% of responses revealed that another challenge faced by this company in applying WOM in advertising is that WOM is supportive in unfair business competitive practices. The interviewed sales manager disclosed that sometimes business competitors use WOM to spread negative information about the services and the products the company sales in order to spoil the name of organization and its services or products. He further added that controlling unfair competitive practice is difficult due to the fact that WOM operates in informal context using informal channels whose monitoring is very difficult. This is because the designer and sender of the message are free to design and send without being monitored compared to advertisements delivered through media such as television and newspapers. Unfair competitive practices through these media can be monitored and controlled. Business competitors may take advantages of negative WOM by introducing unfair business competitive practices such as rumors or telling lies about the product or services. If this happens it is likely to affect sales of the products and services negatively.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The purpose of the study was to assess the effectiveness of WOM marketing in company sales performance in fast food industry. In particular the study investigated different methods of WOM used by the company in advertising, assess the effectiveness of WOM advertising in company sales performance and exploring challenges faced in applying WOM advertising in business organizations. This chapter presents the summary of study findings, conclusion and recommendations.

5.1 Summary of findings

The summary of findings of this study is presented according to the research objectives presented in chapter one as follows;

5.1.1 Techniques of WOM used by companies in advertising

The study reveals that the WOM techniques used by companies to influence actual and potential customers to talk about products and services are; friends networking, giving little first (customer networking), going right to the influencer and asking customers to tell friends and relatives about the products and services.

5.1.2 Effectiveness of WOM in company sales performance

The study reveals that WOM advertising is effective in improving company sales in the following ways; it speeds up customer's decision making in buying service and products, increase number of customers, and increasing sales volume of the company.

5.1.3 Challenges in applying WOM in advertising

Findings reveal that applying WOM in advertising has the following challenges; negative WOM is more influential than positive WOM, the environment in which WOM takes places is constantly changing also negative WOM can be used in unfair business competitive practice.

5.2 Conclusion

Service marketers have long argued for the importance of positive word-of-mouth as a factor influencing consumer selection and usage of services. This form of communication is arguably of particular importance in relation to services which are characterized by a high degree of experience and credence qualities. Financial services provide an example of just such a service.

Despite the importance of positive word-of-mouth, there has been little research to address this issue from an organizational perspective despite the fact the management of word of mouth may become an increasingly important marketing activity. This paper seeks to provide some preliminary evidence on the role and management of word-of-mouth from an organizational perspective using the case of fast food services providers in Tanzania. The results of a small scale survey suggest that the active management of word-of-mouth via customer referral campaigns, although widespread, is less effective than other more relational approaches such as the delivery of high quality service, building good customer relationships and ensuring that staff are friendly and helpful. The literature review suggested that the significance of positive word-of mouth might vary according to product characteristics, the competitive environment and the nature of the organizations' approach to marketing. The identification of these constructs empirically proved somewhat problematic, although reasonable approximations were identified. The estimated models suggested that market conditions did not affect the perceived importance of positive word-of-mouth (or the effectiveness of WOM);

product characteristics were found to have some tentative impact, but strategic focus was probably the most influential factor, particularly in relation to the perceived importance of word-of-mouth. The relatively clarity explanatory power of the conceptual framework would tend to suggest that there are other organizational or market factors that might need to be considered when evaluating the role of word-of-mouth and, perhaps more importantly, that this form of assessment is recognized as being effective irrespective of the service, market or organizational context. Clearly, the small sample size and single sector focus limit the generalisability of the current findings. Further cross-sectorial work would be desirable to test the impact of context more rigorously as would larger samples. Notwithstanding these limitations, the results do suggest that the importance of positive word-of-mouth is widely recognized as are the limitations of customer referral campaigns. From a management perspective, the results tend to suggest that actively considering the integration of word-of-mouth into marketing strategy may be beneficial and would be consistent with the development of a customer focused approach to the market. Equally though, it needs to be recognized that generating effective recommendations from consumers may be more reliant on good relationships and good service than on simple incentives.

From the study findings it can be concluded that positive WOM marketing is effective in improving company sales performance since it may contribute to the increase increasing number of customers, speed up decision making by customers on buying services and products, it also increases sales volume of company and affect sales performance positively. However negative WOM may also affect company sales performance negatively. Therefore, business organizations need to monitor, and more importantly to perform their functions positively in order to influence customers talk positively about their products and services. By so doing business organizations will be able to harness the fruits of positive WOM and improve their sales performance.

5.3 Recommendations

(i) As the study has shown the effectiveness of WOM on sales performance that positive WOM has significant contribution in improving sales volume. Business organizations therefore need to ensure that they create the environment to influence positive WOM to dominate their business as opposed to negative WOM which is likely to affect sales negatively.

(ii) The effectiveness of WOM lies on the good perceptions of the customers towards the services, products and the organization, company managers therefore need to ensure that organizations provide services and products of high quality, maintaining good customer care, avoiding annoying customers for whatever reason, using customers to tell their friends about services or products and giving incentives to customers. These methods will influence customers to have positive perception towards services and organization and encourage them to talk to other people positively about the services and products. This does not only help out ways of retaining customers but also increase number of customers which in turn increase sales volume of the company.

(iii) The companies need to train their employees in word of mouth advertising so to gain WOM marketing skills in attracting and retaining customers and this can be achieved through customer networking, customer care and marketing skills. This may enable employees to know customer needs, expectations and finally satisfy them, as satisfaction is the foundation of customer loyalty.

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APPENDICES

APPENDIX I

RESEARCH QUESTIONNAIRE FOR RESTAURANT WORKERS

My name is Fatuma Ndutu, MBA student at the Mzumbe University. I am interested to study "An Assessment of "*The Effectiveness of Word of Mouth Marketing In Company's Sales Performance: The Case Of Fast Food Industry*". The study is part of my academic dissertation in partial fulfillment of Master of Business Administration. Please be assured that your responses will be kept strictly confidential.

Please answer all questions as instructed;

A: INTRODUCTORY QUESTIONS

1. For how long have you been working in this restaurant?.

(a) One year ( )

(b) 2-3 ( )

(c) 4-6 ( )

(d) More than 6 years ( )

B: WOM TECHNIQUES USED BY THE COMPANY IN MARKERTING

2. To what extent does this restaurant use WOM in marketing its products/services? (Tick the alternatives given bellow)

(a) It is the only method used ( )

(b) Mostly used ( )

(c) Used ( )

(d) Rarely used ( )

(e) Any other comment on the extent of usage ……

3. In your view which social group(s) has been the agent of marketing your services/products? (Tick the list of social groups given bellow)

(a) Friends ( )

(b) Staff mate ( )

(c) Relatives ( )

(d) Specify any other social group(s)…….

4. Which methods of marketing has this restaurant been using to market its products/services? (Tick the marketing method (s) that has been used in the list given bellow)

(a) Flayers ( )

(b) Internet/Phones ( )

(c) Newspapers/magazines ( )

(d) Radio ( )

(e) Word of mouth ( )

(f) Any other method (specify) ……..

5. Which WOM techniques has your company been using in marketing its services/products? *(Tick the WOM techniques used in the list given bellow:)*

(a) Free offers ( )

(b) Networking customers ( )

(c) Honesty ( )

(d) Giving customers free lunch for those visiting certain hours ( )

(e)Any other technique (specify)……

C: EFFECTIVENESS OF WOM IN INFLUENCING SALES PERFORMANCE

6. In your view, how much has WOM helped this restaurant to attract more customers? (Tick the appropriate alternative(s) bellow).

(a) Influence a few customers ( )

(b) Influence a lot of customers ( )

(c) Influence moderate number of customers ( )

(d) It doesn't influence customers at all ( )

(e) Any other comment/answer (specify)……

7. (a) Does WOM contribute sales performance of your restaurant? .....

If YES answer questions 7(b) and 7 (c)

(b) In which ways does WOM contribute to the increase in sales performance? (Tick the appropriate way(s) in the list given bellow)

(a) Increasing sales volumes ( )

(b) To increase number of customers ( )

(c) To speed up the decision making by the customers in buying products ( )

(d) Any other way (s)

(specify)……

(c) How much does WOM contribute to the increase in sales performance?.(Tick the alternatives given bellow)

(a) It has a most significant contribution ( )

(b) It has a significant contribution ( )

(c) It has a moderate contribution ( )

(d) It has a little contribution ( )

(e) Any other contribution (specify)……

(d) If the answer in 7(a) is NO, give reasons as to why do you think WOM does not contribute to the increase in sales:…….……..

C: CHALLENGES FACED IN USING WOM IN MARKETING

8. Which challenges have you been encountering in using WOM marketing of your products/services? (Tick the relevant challenge in the list given bellow)

(a) Negative WOM is influential than positive WOM ( )

(b) WOM can be used for unfair business competition ( )

(c) The environment with which WOM is used change frequently ( )

(d) WOM messages reach customers too slowly ( )

(e) Any other challenge (s),

specify……

THANK YOU FOR YOUR VALUABLE CONTRIBUTION

APPENDIX II

INTERVIEW GUIDES FOR MANAGING DIRECTOR & SALES MANAGER

Name:……..

Working experience; …….

1. Which marketing methods has your company been using to market your products?
2. Which WOM marketing techniques has your company been using?
3. What have been the motives behind using WOM method in marketing products of this services?
4. To what extent have you been using WOM for advertising your products?
5. In your view how much has this WOM helped to attract customers?
6. How has WOM influenced this restaurant increase sales of products/services?.
7. What Challenges has this company been encountering in using WOM as a marketing method?.

Thank you very much for your valuable time and information.

APPENDIX III

INTERVIEW GUIDING QUESTIONS FOR CUSTOMERS

Name:……

Age:……

1. How did you get to know about this restaurant?
2. In your observation, what WOM strategies has been used this restaurant to attract customers?
3. How often do you get services from this restaurant?. If you have been visiting this restaurant regularly what has been influencing you so?
4. How many friends/relatives you have told about this restaurants?
5. Have you ever faced any challenge while telling other people about this restaurant?

Thank you very much for your valuable time and information.