

Virtual Word-of-Mouth and Legal Accountability: Navigating Consumer Protection in Online Spaces

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KEYWORDS

Virtual Word-of-Mouth(vWOM), social media, Consumer Trust, Consumer Loyalty, Influencer Marketing, User-Generated Content, Consumer Protection Act, 2019.

ABSTRACT

In the digital era, social media has emerged as a critical medium for consumer-brand interactions, shaping perceptions and influencing purchase decisions. This paper investigates the role of social media-based virtual word-of-mouth (vWOM) in shaping consumer trust and loyalty, while also considering the implications of consumer protection laws in ensuring ethical digital engagement. Using a mixed-method approach combining survey analysis and in-depth interviews, the study explores how user-generated content (UGC), influencer marketing, and peer reviews impact consumer psychology and behaviour. Findings indicate a strong correlation between vWOM exposure and enhanced brand trust, which further mediates long-term consumer loyalty.

Additionally, this paper incorporates the Indian legislative framework, namely the Consumer Protection Act, 2019, and related policies on influencer advertising, to highlight the legal framework that promotes transparent and reliable digital marketing techniques. This legal aspect not only strengthens the need of authenticity and transparency in vWOM but also underscores the necessity of regulatory compliance in fostering customer trust. This study enhances digital marketing literature and legal studies by providing a cohesive framework for using vWOM in a manner that is legally permissible, trust-oriented, and focused on consumer-brand loyalty...

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1. INTRODUCTION

The exponential growth of social media platforms such as Instagram, Facebook, YouTube, and Twitter have dramatically redefined how consumers interact with brands and make purchasing decisions. According to Statista (2023), over 4.8 billion people globally use social media, creating a dynamic ecosystem for marketing communication. Within this digital landscape, virtual word-of-mouth (vWOM) has emerged as a powerful form of informal communication, defined as any user-generated commentary or endorsement—positive or negative—about products, services, or brands that is shared over the Internet (Hennig-Thurau et al., 2004).

Unlike traditional word-of-mouth (WOM), which is limited by physical and temporal boundaries, vWOM operates asynchronously, is widely scalable, and has a global reach. It is frequently disseminated through social media features like posts, comments, stories, live streams, and reviews. This technological shift has enabled consumers not only to share opinions but also to influence the perceptions and purchasing behaviors of others within expansive online communities (Kaplan & Haenlein, 2010).

This study examines how virtual word-of-mouth (vWOM)—facilitated through influencer marketing, user-generated content (UGC), and peer reviews—affects two key outcomes: consumer trust and brand loyalty. In the absence of physical interaction, trust becomes essential, and loyalty is increasingly shaped by digital influence. The paper also considers the role of consumer protection laws, such as India's Consumer Protection Act, 2019, in reinforcing transparency and accountability in digital marketing. Through a mixed-method approach, the study provides empirical and legal insights into how vWOM, supported by regulatory safeguards, fosters trust and sustains consumer loyalty in the social media era.

Meaning and Concept of Social Media

Social media refers to digital platforms and technologies that enable users to create, share, and interact with content and with one another in real time. These platforms facilitate social interaction and collaboration through web-based applications and mobile technologies (Kaplan & Haenlein, 2010). Examples include Facebook, Instagram, YouTube, Twitter, LinkedIn, and TikTok.

Social media platforms are characterized by their participatory and user-driven nature, where users are both content creators and consumers. These digital spaces offer tools for communication, such as comments, likes, shares, and live streaming, which facilitate interaction at an unprecedented scale (Kietzmann et al., 2011). The accessibility and immediacy of these interactions have transformed how individuals seek information, express opinions, and form relationships—including those with brands.

For marketers and businesses, social media has become a crucial channel for digital advertising, customer engagement, and brand building. Its interactive features enable brands to build communities, respond to customer queries, and monitor public sentiment in real-time. As such, social media is not merely a communication tool but a strategic asset that shapes consumer perceptions and behaviours across the entire buyer journey.

Understanding the functions and dynamics of social media is essential to comprehending how virtual word-of-mouth is disseminated and why it holds significant power in influencing consumer trust and loyalty in the digital era.

Social media have changed the classic business dynamics. Through more efficient communication means, such as weblogs, social networks, social bookmarking sites, wikis, and virtual worlds (Curran & Lennon, 2011), social media facilitate promotion among dispersed individuals with seemingly, marginal concerns (Rodriguez, Peterson, & Krishnan, 2012), they foster mutual enrichment through conversation, exchange, and participation (Whelan et al., 2011) and they reduce transaction and coordination costs. In addition, social media platforms allow salespeople to coordinate internal value-creating functions and deliver superior value in customer relationships (Bharadwaj, 2000; Kaplan & Haenlien, 2009). In doing so, they represent an important marketing strategy in which organizations build relationships with customers (Agnihotri et al., 2012; Culnan et al., 2010). Social media also capture the attention of managers. A recent global survey of managers has found that almost half of the buyers pay attention to social media's role when involved in the buying process (Agnihotri, et al., 2012)

This expanded role of social media platforms can better contribute to improving decision making than traditional methods (Bruhn, et al., 2012) on purchase intention. Consequently, firms can adopt a customer-dominant logic and become involved in consumers' lives and businesses (Cheung & To, 2015; Heinonen & Strandvik, 2015; Heinonen et al., 2010)

Meaning and Concept of vWOM

Virtual word-of-mouth (vWOM) refers to the informal, digitally transmitted communication among consumers concerning products, services, or brands. It encompasses any consumer-generated content shared via online platforms—including

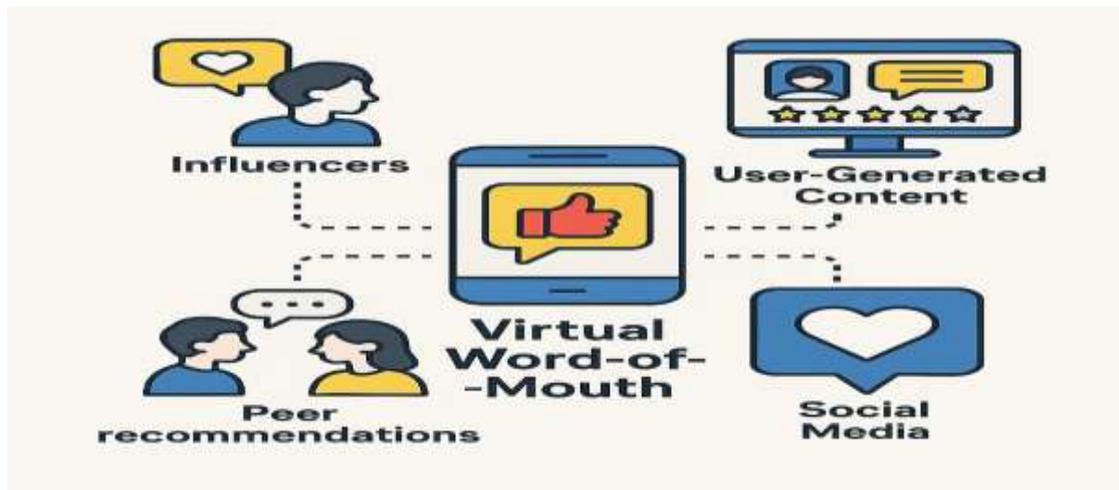


reviews, testimonials, comments, social media posts, and video recommendations—that can shape others’ attitudes and behaviours (Litvin, Goldsmith, & Pan, 2008).

The key distinction between traditional WOM and vWOM lies in its medium and reach. While traditional WOM is face-to-face and limited in scope, vWOM transcends physical limitations and can be disseminated globally in real-time. It is typically disseminated on social media platforms, online forums, product review sites, and e-commerce platforms (Cheung & Thadani, 2012).

vWOM can be organic, where users voluntarily share their experiences, or amplified through marketing strategies such as influencer partnerships and brand advocacy programs (Berger, 2014). Its potency lies in the perceived authenticity and trustworthiness of peer recommendations, which often outperform traditional advertising in terms of influence (Brown, Broderick, & Lee, 2007).

Given the rise of social media usage and the shift toward experiential and trust-based consumerism, vWOM has become a cornerstone of digital marketing strategies. This section lays the foundation for exploring how this powerful communication mechanism influences two vital consumer outcomes: trust and loyalty.



2. LITERATURE REVIEW

According to Alhulail, H., Dick, M., & Abareshi, A. (2018) in his paper focuses on the influence of Word-of-Mouth (WOM) on customer loyalty to social commerce websites, highlighting trust as a mediator. It does not specifically address virtual WOM, influencers, user-generated content, or other factors mentioned in your question.

Usman, A., & Okafor, S. (2019) in his paper discusses how user-generated content and social media interactions enhance consumer trust and loyalty through social influence, emphasizing the role of brand communities and influencers in shaping purchase intentions, but does not specifically address measurement methods or industry-specific impacts.

Hallock, W. B., Roggeveen, A. L., & Crittenden, V. L. (2016) in his paper emphasizes that content significantly drives engagement over relationship-building in social media interactions. It does not specifically address influencers, user-generated content, or demographic factors, focusing instead on the importance of meaningful two-way communication in customer engagement.

Siuda & Grębosz-Krawczyk, 2020 in his paper focuses on consumer loyalty within virtual brand communities, emphasizing the role of social media in enhancing brand engagement and loyalty. It highlights differences in loyalty based on age and activity level, but does not address influencers or user-generated content.

The emergence of social media has added new dimensions to consumer communication, particularly through influencers and user-generated content. Research by Cheung et al. (2009) suggests that eWOM significantly impacts consumer decision-making processes. However, there remains a gap in understanding the mediating role of trust in the relationship between vWOM and loyalty.

Trust is widely acknowledged as a cornerstone of online interactions, particularly in contexts where direct physical evaluation and interpersonal cues are absent. Gefen, Karahanna, and Straub (2003) emphasize that online trust is crucial for consumer decision-making and is shaped by both technology features and interpersonal communication. Similarly, Pavlou (2003)



integrates trust and risk within the framework of the Technology Acceptance Model (TAM), highlighting how trust influences online transaction behaviour.

The evolving nature of brand loyalty has also been redefined in the digital age. Oliver (1999) conceptualized loyalty as a deeply held commitment to rebuy a preferred product or service despite situational influences and marketing efforts. In the context of digital platforms, this commitment is shaped by emotional engagement, personalization, and peer influence.

The emergence of social media has introduced new paradigms of consumer communication through user-generated content and influencer marketing. According to Cheung, Lee, and Rabjohn (2009), electronic word-of-mouth (eWOM) has a significant impact on consumer attitudes and behaviors, especially when credibility and social proof are high. The participatory nature of social media platforms allows users to actively shape brand narratives, contributing to an ecosystem where virtual word-of-mouth (vWOM) plays a central role.

Despite extensive research on eWOM and digital trust, a gap remains in understanding the mediating function of trust in the relationship between vWOM and long-term consumer loyalty. This study seeks to bridge that gap by developing a conceptual framework and offering empirical insights into how vWOM fosters consumer trust, which in turn drives loyalty in the social media context.

Research Objectives

- To identify the key drivers of virtual word-of-mouth on social media platforms.
- To evaluate the impact of vWOM on consumer trust.
- To examine how consumer trust, influenced by vWOM, contributes to brand loyalty.
- To investigate the legal framework governing digital endorsements and influencer marketing
- To assess the role of consumer protection laws in ensuring ethical practices and legal accountability in vWOM,

3. METHODOLOGY

This study employed a mixed-methods research design to ensure a comprehensive understanding of the influence of virtual word-of-mouth on consumer trust and loyalty. The quantitative phase involved the administration of a structured online questionnaire to a sample of 500 active social media users residing in various metropolitan and non-metropolitan regions across India. The participants were selected using purposive sampling to include individuals who frequently engage with content on platforms such as Instagram, Facebook, and YouTube. The questionnaire included Likert-scale items designed to assess constructs such as exposure to vWOM, perceived trust in content, and loyalty intentions toward brands.

- In parallel, the qualitative phase consisted of semi-structured interviews with 20 purposively selected participants from the survey pool. These interviews were conducted via video conferencing platforms and aimed to delve deeper into participants subjective experiences and perceptions regarding social media interactions. Questions probed into themes such as trust formation, brand loyalty, content credibility, and peer influence. The qualitative data were audio-recorded, transcribed, and subjected to thematic analysis using NVivo software, allowing for the identification of recurrent patterns and nuanced insights that complemented the quantitative findings.
- This dual-method strategy enabled triangulation of data sources, enhancing the reliability and validity of the research findings and providing both breadth and depth to the investigation of vWOM dynamics on social media.

4. RESULTS AND DISCUSSION

The quantitative analysis using multiple regression revealed significant positive relationships between key predictors and consumer trust. Influencer credibility ($\beta = 0.41, p < 0.001$), content authenticity ($\beta = 0.34, p < 0.01$), and peer interactions ($\beta = 0.29, p < 0.05$) were all found to significantly influence consumer trust. Further analysis confirmed that trust itself was a strong predictor of consumer loyalty ($\beta = 0.48, p < 0.001$). The model had an R^2 value of 0.62, indicating that 62% of the variance in consumer loyalty could be explained by trust and the three antecedents.



Figure 1: Path Diagram Showing Standardized Regression Weights

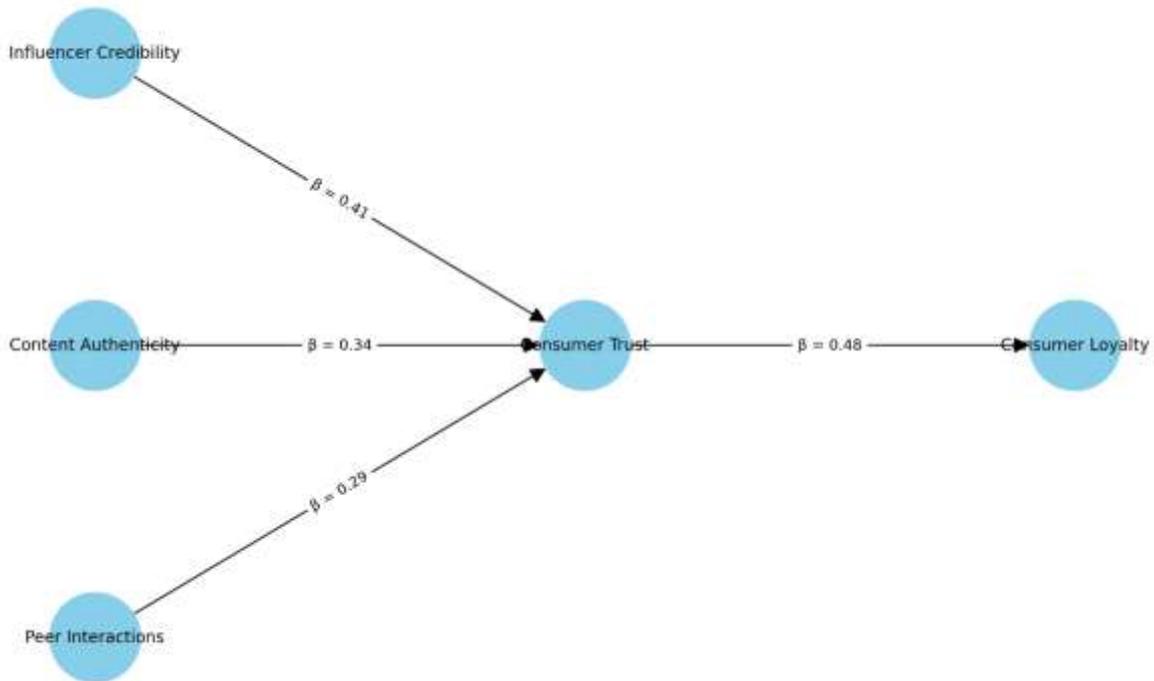
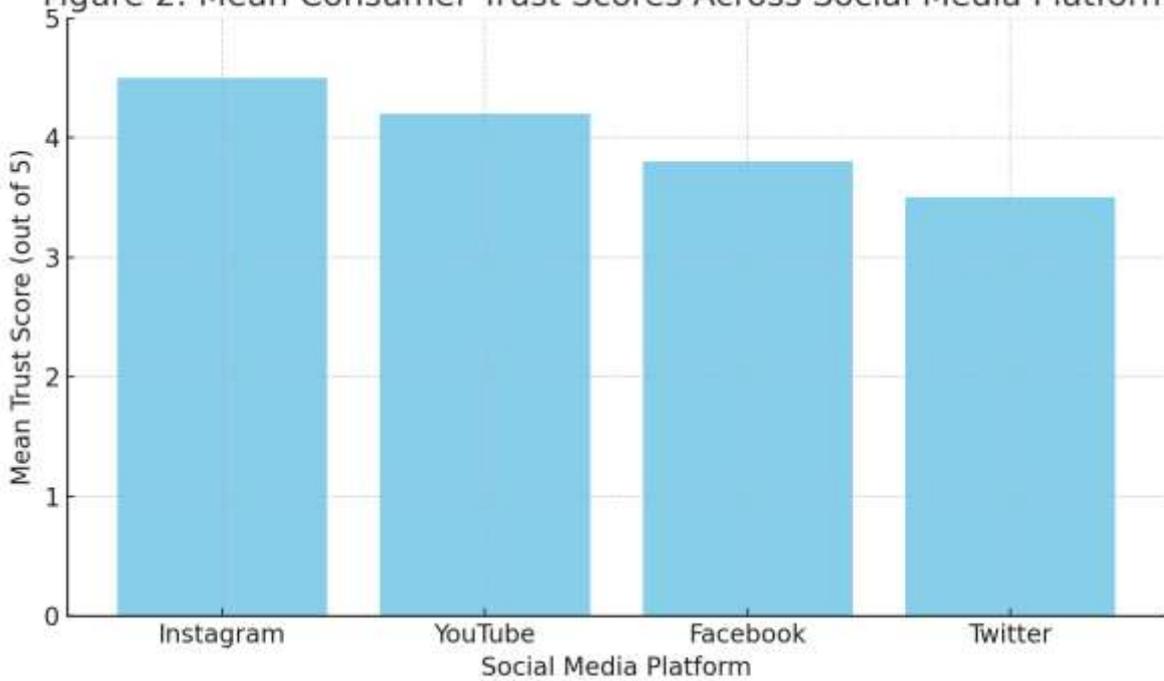


Figure 2: Mean Consumer Trust Scores Across Social Media Platforms



Here are **Figure 1** and **Figure 2** as requested:

- **Figure 1:** A path diagram illustrating the influence of influencer credibility, content authenticity, and peer interactions on consumer trust, and how trust impacts consumer loyalty.
- **Figure 2:** A bar chart showing mean trust scores across major social media platforms, with Instagram leading in perceived trustworthiness



Qualitative data supported these results through thematic analysis of 20 semi-structured interviews. Three major themes emerged:

- **Perceived Sincerity:** Participants expressed a strong preference for influencers who disclose sponsorships and maintain a consistent personal tone.
- **Transparency:** Users cited transparent product reviews and behind-the-scenes content as trust enhancers.
- **Community Belonging:** Consumers noted that participation in niche online communities, especially comment sections and live streams, fostered a sense of shared identity that reinforced trust.

Together, these findings underscore the multidimensional nature of trust-building in digital environments. The integration of quantitative data with qualitative insights not only triangulates the findings but also highlights the psychosocial dimensions of online consumer behaviour. These results form the empirical basis for the proposed vWOM-trust-loyalty model discussed in the next section.

Legal Framework: Indian Context

In the Indian legal ecosystem, the Consumer Protection Act, 2019 plays a pivotal role in safeguarding consumer interests in the digital marketplace. The Act explicitly recognizes unfair trade practices, misleading advertisements, and endorsements by influencers, bringing them under the purview of consumer rights violations. Under Section 2(47) of the Act, misleading advertisements—whether by manufacturers, sellers, or endorsers—are actionable offenses. The Central Consumer Protection Authority (CCPA) has been empowered to impose penalties on endorsers and can prohibit misleading influencers from promoting products for up to a year for the first offense, and up to three years for subsequent violations.

In the context of virtual word-of-mouth (vWOM), this legal backing becomes especially significant. Influencers and digital marketers, who shape consumer perceptions and trust, must ensure that content remains transparent, non-deceptive, and in compliance with the Guidelines for Prevention of Misleading Advertisements and Endorsements for Misleading

Advertisements, 2022. These guidelines, issued by the Ministry of Consumer Affairs, mandate proper disclosure of paid partnerships and promotional content, thereby aligning legal standards with the ethical principles of trust-building in digital communication.

By embedding consumer protection norms into digital marketing practices, the Indian regulatory framework strengthens the reliability of vWOM, offering consumers legal recourse and promoting responsible brand-influencer collaborations. Thus, aligning marketing strategies with these statutory obligations is not just a compliance necessity but also a catalyst for fostering long-term consumer trust and loyalty.

Theoretical Contributions

This study extends the Technology Acceptance Model (TAM) by integrating constructs from the Trust Transfer Theory, suggesting that trust developed through peer recommendations and influencer endorsements can be transferred to the brand. It also proposes a new framework illustrating the vWOM-trust-loyalty nexus in social media contexts. Additionally, it contributes to Social Identity Theory by demonstrating how group affiliation and shared values in online communities reinforce trust and loyalty.

Practical Implications

Marketers should prioritize authenticity in influencer collaborations and encourage user-generated content that resonates with target audiences. Platforms must also improve algorithmic transparency to bolster user trust. By leveraging vWOM strategically, brands can build long-term consumer relationships grounded in trust and loyalty.

5. LIMITATIONS AND FUTURE RESEARCH

The study is limited by its geographic scope and sample size. Future research could explore longitudinal impacts of vWOM and extend the model to different cultural or regional contexts.

6. CONCLUSION AND SUGGESTIONS

This study concludes that virtual word-of-mouth (vWOM), facilitated through influencer marketing, user-generated content, and peer reviews on social media platforms, significantly impacts consumer trust and brand loyalty. The empirical findings underscore that trust—fostered through influencer credibility, content authenticity, and interactive peer engagement—is a pivotal mediator in building long-term consumer relationships. Legally, the Consumer Protection Act, 2019 and the CCPA



guidelines provide a critical framework ensuring ethical practices and promoting transparency in digital marketing, thereby reinforcing consumer confidence in online engagements.

From a theoretical perspective, the integration of Trust Transfer Theory and Social Identity Theory into the Technology Acceptance Model (TAM) enriches the understanding of digital consumer behaviour. The proposed vWOM-trust-loyalty framework offers a holistic view of the psychological and legal dynamics at play in social commerce environments.

7. SUGGESTIONS

For practitioners, it is essential to maintain transparency in influencer partnerships by disclosing paid content clearly, as mandated by Indian regulatory guidelines. Brands should encourage authentic user engagement and create content that aligns with the values and expectations of their digital communities. Moreover, marketers should invest in monitoring and moderating digital conversations to ensure credibility and foster trust.

Future research may benefit from a cross-cultural comparative approach or a longitudinal design to evaluate how vWOM influences consumer behaviour over time. Expanding the demographic and regional scope would provide deeper insights and validate the proposed framework across different consumer segments.

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