

To investigate how e-WOM affects young buyers purchasing decision in FMCGS

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Key words

WOM, e-WOM, Social Networking Sites, Purchase Intention

Abstract

The purpose of this study is to understand the influence of Word Of Mouth on Consumer Purchase Intention among young consumer buyers and to find factors of Word of Mouth (its sub variables) affecting Consumer Purchase Intention. The factors of Word Of Mouth influencing Purchase Intention are trustworthiness, source similarity, and information usefulness. This paper will be helpful for marketers in making effective promotional strategies which will lead to their greater sales and ultimately greater profits.

Introduction

Background

Traditional Word of mouth Traditional word-of-mouth (WOM), which was originally defined as an oral form of interpersonal non-commercial communication among acquaintances (Arndt, 1967), has evolved into a new form of communication, namely electronic word-of-mouth (e-WOM) Communication. E-WOM communication refers to any positive or negative statement made by potential, actual, or previous customers about a product or a company via the Internet (Hennig-Thurau et. al., 2004) . The notion of electronic word-of-mouth (e-WOM) communication has received considerable attention in both business and academic communities. Numerous studies have been conducted to examine the effectiveness of e-WOM communication. The scope of published studies on the impact of e-WOM communication is large and fragmented and little effort has been made to integrate the findings of prior studies and evaluate the status of the research in this area The consumer influence through word-of-mouth communication is further accelerated with the advent of the Internet. E-WOM communication can take place in various settings .Consumers can post their opinions, comments and reviews of products on weblogs (e.g.xanga.com), discussion forums (e.g. zapak.com), review websites (e.g. Epinions.com),e-bulletin board systems, newsgroup, social networking sites (e.g. facebook.com).

Research Objective

The objectives of this study are to investigate the direct impact of WOM on consumer purchase intention. And to study the important factors of WOM that contribute to the impact on purchase intention.The purpose of this study is to analyze how consumers are affected by e-WOM through SNS.

Problem statement

Research Motive:e-WOM is an important topic to investigate on. Also it's a new trend in the Egyptian market. Few studies have been made in this area so further research will be needed.

The research is made to understand how e-WOM through social networking sites affects customer intention thus affects their decision.

Research Problem: *"To gain a better understanding how e-WOM affects the customer's purchasing Intention*

Research Question:

How does e-WOM affect customer's purchasing Intention through Trust, information usefulness, and Source similarity?

Literature Review

• *Theoretical Background and Hypothesis Development*

Word of Mouth and e-WOM

Theoretical Background

In the traditional WOM literature, WOM communication is a type of social influence that affects consumers' attitude, belief, and purchase intention (Cheung and Thadani, 2010). Marketer Traditional communication appears to be declining as consumer recommendations of products are increasingly becoming important (Eccelston and Griseri, 2008; 593; Keller, 2007; 449). Consumers generally perceive word of mouth to be far more credible than marketer generated communication (Allsop et al., 2007;398), which is often perceived by consumers as untruthful and biased (Eccelston and Griseri, 2008; 593). The influence of word of mouth marketing is strongly growing (Allsop et al., 2007; 398). Word of mouth communication is now very important to organizations, As traditional marketing methods are not as effective at reaching target audiences as they once were (Smithet al., 2007; 387 & Keller, 2007; 449). Marketer-deliberate communication appear to be declining as consumer-driven recommendations of products increase in importance (Eccelston and Griseri, 2008; 593; Keller, 2007; 449). Word of mouth marketing can be defined as: "Giving people a reason to talk about your products and services, and making it easier for that conversation to take place." (Word-of-Mouth Marketing Association,2009a.)

Previous Studies

Research shows that word of mouth communication consistently outperforms glossy magazines, radio and TV commercials, due to customer recommendations and reviews carry much more influence (Godes et al., 2004, 545 and Keller, 2007; 448). Currently, word of mouth is no longer restricted to face-to-face communication. An online Environment offers countless new opportunities for businesses to influence the behavior

and opinions of consumers (Eccleston and Griseri, 2008; 592). This relatively new Phenomenon is now referred to as online word of mouth and it is a crucial element of marketing practice (Keller, 2007; 449) as Internet usage continues to grow rapidly and widly (Schindler &

Bickart, 2005; 35). Since traditional WOM is similar to eWOM, the reasons that have been highlighted in the literature, as to why people interact in traditional WOM, are also applicable in e WOM (Hennig-Thurau& Walsh, 2004). Not only the motives, but also the connections that are found in traditional WOM are implementable in e WOM, since they operate in a similar way (Sun, et al., 2006; Prendergast, et al., 2010). Also, the theories that explain how consumers are affected by traditional WOM can be applied to an online environment as well (Prendergast, et al., 2010). As online word of mouth is a relatively new area, first appearing with the rise of the Internet usage, it has not been studied as much as the traditional word of mouth methods. This is why, when compared to traditional word of mouth, there is relatively little research literature regarding the online word of mouth phenomenon. However, As a result of the increasing importance of online word of mouth communication, awareness and interest in the subject is greater than ever. Consumers have changed their roles, from being inactive receivers of advertising messages who used to follow manufacturers' and retailers' recommendations, to being proactive participants in the marketplace. By using new forms of communication through social media platforms to rate products or post product reviews, consumers provide valuable information to other consumers (Barbara Gligorijevic, 2013). Even though it is confirmed that people connected on SNS (Social networking sites) have a strong influence on each other and that there is a huge opportunity in this area for marketers, this potential has yet to be realized (Diffley, et al., 2011). Thus, as Soares et al. (2012) mention, eWOM is WOM termed in the Internet context (p.49). While a typical WOM communication consists of spoken words exchanged with one friend or relative in a face-to-face situation, online WOM usually involves personal experiences and opinions transmitted through the written word. (Bickart and Schindler,2001; Sun et al., 2006).

Purchase Intention

Theoretical Background

Purchase intention refers to the anticipated behavior of a consumer regarding a future purchase decision (Espejel, et al., 2008). Precisely, it is what kind of product to purchase on the next occasion. A purchase intention is an expected outcome behavior (Ibid). Purchase intention has been measured extensively within marketing and economic research and is often used to predict the sales of new packaged products (Bemmaor, 1995). In the research done by Price and Feick (1984), it was found that a consumer's purchase intention is strongly influenced by the opinions of friends, family, relatives or acquaintances.

Previous Studies

Wallace, et al. (2009) confirmed that e-WOM through SNS is much more effective in influencing consumers' purchase intentions than traditional advertising through these sites. SNS can be used to share information about oneself to others, including updates of one's recent activities, experiences, appreciated things and lifestyle (Dunne, et al., 2010). A connection between SNS and group acceptance has been found and brand messages in SNS do occur (Ibid). Users of some SNS can become "friends" with a certain brand, which is a way to show support for it, and that in turn might lead to positive e-WOM (Ibid). Lu et al. (2010) state that rational consumer's purchase decision-making processes follow the three stages of requirement cognition, information gathering and the purchase behavior. They believe that today, virtual communities have profoundly changed consumers' purchase decision-making process. According to them, many people nowadays examine other consumers' reviews and experiences posted in virtual communities before purchasing new products. In this case, members engage in

knowledge sharing to reduce their uncertainty prior to the consumption experience.

Survey research shows that about 61.7 per cent of virtual community members consider other members' opinions before making purchase decisions and about 88 per cent of Web users gather product or service-related information before making purchases.

The attitude towards a brand may play a vital role in decision-making for customer, i.e. the intention to purchase.

Trust

Theoretical framework

Liu et al. (2004) state that trust becomes all the more important in a high-tech environment. Oh et al. (2012) defines trust as a sense of expectation formed by Individuals or groups of individuals in combination with their beliefs and behavioral Intentions, which, in turn, can lead to the tendency to rely on transaction counterparts who can be trusted and assessed (p. 309) According to Soares et al. (2012), trust can be defined as a belief or expectation that the trusted party is reliable and dependable .

Previous Studies

Lu et al. (2010) divides trust into two distinct segments; trust in the Web site and trust in members. According to them, while trust in the Web site refers to the beliefs that the Web site or the virtual community sponsor is capable of providing quality services and would do good to its users, trust in members can be a major factor that affects the prosperity and success of virtual communities, as, in a virtual environment where participants are usually anonymous and do not engage in direct face-to-face communication, trust can be a significant issue (p. 348). They also mention that in virtual communities, trust plays an important role in affecting members' behavior, as people would act more proactively when they trust the environment and other people (p. 348)

Source Similarity

Theoretical Framework

Burnkrant and Cousineau (1975) integrate these two approaches by suggesting that Deutsch and Gerard's (1955) normative social influence occurs through Kelman's (1961) compliance and identification processes and that informational social influence occurs through internalization. The influence of typical consumers, whom people do not know personally and who thus Downloaded by [Professor Chingching Chang] at 17:43 16 December 2011 418 C. Chang should not exert conformity expectations or create a need to strengthen relationships, likely falls into the category of information influence and affects attitudes through internalization or similarity in values.

Previous Studies

When people are motivated to reduce uncertainty, they seek opinions from similar others to validate the information (Turner, 1991). In such situations, they are subject to the informational influence of those who are similar in background attributes related to that which is being evaluated. According to Festinger's (1950) social reality function, similar others constitute the appropriate reference group for social validity testing, because similarity induces confidence. Such validity testing is more likely when people cannot engage in physical reality tests to validate information, such as when trials are not possible before purchase. When people are more concerned about mis purchase, consumers similar to them should be the appropriate reference group for obtaining valid product information.

Information usefulness

Theoretical Framework

The concept of perceived Information usefulness is based on a theoretical framework that includes the theory of self-efficacy, the theory of behavioral decision, the theory of expectations, and the theory of 'the diffusion of innovations', the theory of reasoned action and the theory of planned behavior (Baile, 2005). The theory of self-efficacy (Bandura, 1982) explains that individual behavior is influenced by the beliefs of expected result of this behavior. The concept of perceived usefulness is the equivalent here to this of the result's beliefs. The behavioral decision theory (Beach and Mitchell, 1978, Johnson and Payne, 1985) emphasizes the fact that the choice that an individual makes between several decision-making strategies is conditioned both by the effort required to implement a strategy and by the correctness of the perceived decision resulting from this process. This latter determines the choice of the individual and therefore joins the concept of the perceived usefulness.

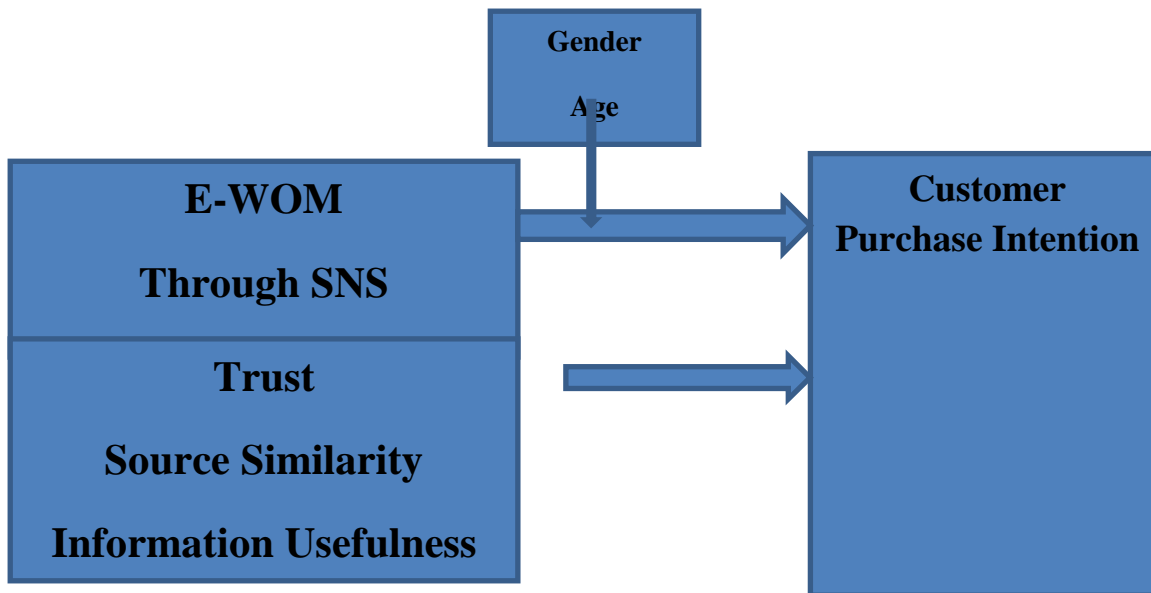
Previous studies

Many review websites have designed peer reviewing systems that allow people to vote on whether they found a review useful in their decision making. For instance, Amazon.com provides a service that displays the top two most helpful, favourable, and critical reviews posted by online users in order to help its customers evaluate each displayed product easily. These useful votes are generally believed not only to be an indicator of review diagnosticity to separate the useful reviews from the rest (Mudambi&Schuff, 2010), but also to be a signalling cue for users to filter numerous reviews efficiently (Ghose&Ipeirotis, 2008). In other words, the useful information in a review may assist customers to evaluate the attributes of the service so as to build confidence in the source (Gupta & Harris, 2010). That is, the possibility to make better decisions and experience greater satisfaction with the online platforms can be increased when information seekers encounter numerous pieces of useful information that affect their decisions.

Conceptual Framework/Research Model:

After viewing various literature in this area, the following model was proposed showing the independent variable (Electronic word of mouth through social networking sites like Facebook, Instagram, Online reviews and recommendations, blogs.....) including its sub variables "Trust in the WOM source, source similarity to you in terms of level ,lifestyle, and mentality and Information usefulness regarding how much this information shared is useful to me " affecting customer purchase

intention (the willingness to buy certain product) which is the dependent variable .Age and Gender moderates the relationship between the IV and the DV.



• Hodza, Papadopoulou&Pavlidou, 2012 : “Electronic Word-of-Mouth through Social Networking Site”

• “IMPACT OF WORD OF MOUTH ON CONSUMER PURCHASE INTENTION”/ Sci.Int.(Lahore),27(1),479-482,2015 ISSN 1013-5316; CODEN: SINTE 8, *Saba Anwar Khan¹, Naveed Ramzan², M.Shoaib³ and Adam Mohyuddin⁴.

• Mortazavi, Esfidani, and Barzoki, (2014),Journal of Research in Interactive Marketing , Vol. 8 No. 2, 2014,pp. 102-123

Hypothesis:

These hypotheses will be either accepted or rejected later. Based on the literature review, the hypotheses of its study are:

H1: e-Word of mouth through social networking sites positively influence consumers’ purchase Intention

H1a: Trust has positive impact on Consumer Purchase Intention.

H1b: Source Similarity has positive impact on Consumer Purchase Intention.

H1C: Information Usefulness has positive impact on Consumer Purchase Intention

H2: Age has a moderating effect on the relation between eWOM through SNS and consumers’ purchase intentions

H3: Gender has a moderating effect on the relation between eWOM through SNS and consumers’ purchase intentions.

Conclusion

Study limitation and Future Work:This study depends mainly on previous research .The lack of practical implications for this study is one of the limitations.

This study intends to propose a theoretical framework of e-WOM affecting customer purchase intention Based on previous studies. The model proves that e-WOM through social networking sites affects customer purchase intention The researcher will conduct further empirical study to validate the model and reach a solid reader contributions .

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