

Effect of E-WOM Stimuli on Customer Purchase Decision

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Abstract:

Electronic word-of-mouth (e-WOM) refers to the spreading of knowledge about goods or services through online reviews, recommendations, or content generated by influencers. The purpose of this study was to determine the effect of e-WOM stimuli on customers, to measure the relationship among various e-WOM factors, to explore the relation between consumer demographics and effect of e-WOM on them. The sample size consisted of 211 respondents. Analysis of the study indicated that brand reputation and social media posts are the most influential factors of e-WOM, which have the greatest impact on customer purchasing decisions. When asked to rank the factors, respondents ranked brand image, information quality, and trust of reviews the highest. The Kruskal-Wallis H test between e-WOM factors and the majority of demographic factors yielded a p-value greater than 0.05, indicating no significant difference between the two. According to the Pearson correlation test, the majority of e-WOM components are positively, weakly, and insignificantly correlated.

Keywords: eWOM, Perceived Risk, Brand Image, Information Quality, Sources of eWOM

1. INTRODUCTION

1.1 Topic overview

e-WOM is defined as any statements made by future, present or former customers about a product or enterprise, either positive or negative, and is accessible by anyone online. (Thorsten Hennig-Thurau, 2004)

1.2 Dimensions of Electronic Word of Mouth (Haryono, 2022)

There are various dimensions of Electronic Word of Mouth, including:

1. Intensity

The number of opinions generated by customers or buyers on social networking sites is referred to as the intensity of Electronic Word of Mouth. Here are indicators of intensity:

- A. How often you use social networking sites to get information.
- B. How often interaction with users of social networking sites.
- C. Number of user generated reviews on social networking platforms.

2. Positive Valence

The positive impression of consumers towards products, services, and brands is referred to as Positive Valence. The following are indicators of Positive Valence:

- A. Users of social networking sites give favorable statements to product reviews.
- B. Get recommendations about products from users of social networking sites.

3. Negative Valence

Unfavorable consumer opinions about products, services, or brands are known as Negative Valence. Negative comments from users of social networking sites are an indicator of Negative Valence.

4. Content

Content is information on social networking sites about products and services. Here are indicators of content:

- A. Information about different types of products or services.
- B. Information regarding the quality of products and services.
- C. Information on the prices of products and services.

1.2 Stages of eWOM (Ana Babić Rosario, 2019)

Stage 1: eWOM creation

eWOM creation includes consumer contributions of original content—either in a short-term fashion through one-time product reviews or through long-term engagement such as prolonged participation in online communities—and sharing other consumers’ or companies’ content such as re-tweeting . In turn, the marketer can support this creation by encouraging eWOM participation and designing benefits for the consumer.

Stage 2: eWOM exposure

After eWOM is created (by eWOM senders), other consumers (eWOM receivers) take note of it. This awareness may be the result of either an active search or consumers’ accidental exposure, and it may be supported by marketer actions. In this stage, marketers may try to facilitate this exposure by maintaining online platforms on which eWOM receivers can access eWOM, as well as through online tactics such as search engine optimization. Further understanding of “best practices in capturing exposures across platforms” is important, to enable a holistic view of the consumer (Marketing Science Institute 2018).

Stage 3: eWOM evaluation

Consumers (eWOM receivers) evaluate eWOM to inform their decisions. Marketers manage eWOM to ensure its relevance for consumers and perform web care to preserve brand image.

2. Population and Sample

The descriptive research design utilized for the study. The data was collected from 211 respondents as a sample size. The non-probability convenience sampling method was adopted for selecting the respondents. Secondary data such as journals, articles etc complemented the study.

3. Theoretical framework

Variables of the study contains dependent and independent variable. The study used pre-specified method for the selection of variables. Effect of e-WOM stimuli is dependent variable and listed below are independent variables.

3.1 Variables:

1. Brand Reputation:

Brand reputation encloses individual recognition of the other's perspective of a brand. A brand needs to have a good reputation to be successful and profit making in the market. The reputation is outsider's impression on the important attributes of corporations. The good reputation of the brand is helpful in

generating brand love. The relationship with brands is developed by the customers on the basis of several attributes and discernment of the brands and the behaviors of customers toward the brands. (Jawad Iqbal, 2020)

2. Price:

Price is the amount of value that consumers exchange for the amount of benefit by owning or using an item or service. (Didin Hikmah Perkasa, 2020)

3. Online Reviews:

Online reviews are highly complex information bundles and processing them can be cumbersome for consumers who are trying to make sense of the plethora of available information. This has led to some consumers being confused or overwhelmed with the amount of information that they can use for their decision. (Sabrina A. Gottschalk, 2017)

4. Social media:

Social media are perfect vehicles for generation and propagation of eWoM. SMBCs are gaining relevance as marketing strategy platforms and they have proven their usefulness for eWoM generation. Social media marketers and practitioners focus on the importance of eWoM engagement metrics as key SMM strategy performance indicators. (fic Journal of Marketing and Logistics What makes fashion consumers 'click'? Generation of eWoM engagement in social media, 2018)

5. Information Quality:

Information quality is consumer's perception towards information quality from a product that is provided by e-commerce website. Perception is a process of accepting, selecting, organizing, and giving meaning towards received stimuli. (Randy Danniswara, 2017)

6. Trust:

Trust is mandatory to reduce risk perceptions and conduct business in online environment. As discussed earlier, and unlike prior studies that focused on type of trust (vendor' attributes trust or on individual trust or trust of the internet), how conceptualize trust as both individual dispositions to trust attributes (trust toward other people) and institution-based trust in term of trust of internet/Instagram. (Kamel Rouibah N. A.-Q., 2021)

7. Purchase intention:

Online communication includes social media networks such as Facebook, Twitter, and YouTube. This source of media creates new opportunities for customers to interact and become active participants in social media instead of being passive observers through eWOM. Thus, customers become engaged in eWOM by looking for correct information before making a purchase decision. (Md Adnan Rahman T. A., 2020)

8. Perceived Risk:

Perceived risk relates to the expectation of uncertainty and perceived consequences from the purchase of goods and services, fraud and product quality. It is also related to the consumer's negative perception that the online vendor will not fulfill its security requirement. (Kamel Rouibah N. A.-Q., 2021)

9. Attitude towards information:

Attitude is formed through a person's evaluation of his or her performing behaviour, while evaluation is the cognitive assessment of information. (Choi-Meng Leong A. M.-W., 2020)

10. Brand image:

Brand image is consumer perception and preference for the brand, as reflected by various brand associations that exist in consumer memory. Although brand associations can occur in various forms,

they can be differentiated into performance associations and imagery, associations that are related to brand attributes and advantages.

11. Source of information:

Customers feel that a reliable source can assist them in evaluating the quality and effectiveness of a product. Although several source characteristics impact the effectiveness of WOM, the relationship closeness to the source is the most significant one. (Reema Nofal, 2022)

4. Statistical tools and analysis

4.1 Kruskal-Wallis Test:

As per Kruskal- wallis H test between eWOM factors and majority of demographic factors the p value is more than 0.05. So, there no statistically difference between eWOM factors and majority of demographic factor.

| Factor no. | Dependent factor | Independent factor (sign. Value) | | | | | | Interpretation |
|------------|------------------------------|----------------------------------|-------|----------------|-----------|------------|--------|---|
| | | Gender | Age | Marital status | Education | Occupation | Income | |
| 1 | Information Quality | 0.819 | 0.327 | 0.492 | 0.956 | 0.087 | 0.691 | The result indicates that sign. Values (P Value) is z more than 0.05 except marital status so we are fail to reject null hypothesis. In Marital status p value is less than 0.05 with the eWOM factor so we reject null hypothesis. |
| 2 | Trust | 0.758 | 0.611 | 0.699 | 0.084 | 0.851 | 0.157 | |
| 3 | Purchase intention | 0.467 | 0.884 | 0.579 | 0.688 | 0.892 | 0.851 | |
| 4 | Perceived risk | 0.392 | 0.606 | 0.849 | 0.413 | 0.872 | 0.862 | |
| 5 | Sources of eWOM | 0.829 | 0.322 | 0.280 | 0.350 | 0.504 | 0.150 | |
| 6 | Attitude towards information | 0.714 | 0.879 | 0.079 | 0.102 | 0.846 | 0.238 | |
| 7 | Brand Image | 0.466 | 0.102 | 0.455 | 0.286 | 0.925 | 0.738 | |
| 8 | eWOM | 0.553 | 0.067 | 0.030 | 0.175 | 0.391 | 0.062 | |

4.2 Pearson correlation Test

Correlations

| | Information_Quality_Average | Trust_Average | Purchase_intention_Average | Perceived_risk_Average | Sources_of_ewom_Average | Attitude_towards_information_Average | Brand_Image_Average | eWOM_Average |
|--|-----------------------------|---------------|----------------------------|------------------------|-------------------------|--------------------------------------|---------------------|--------------|
| | | | | | | | | |

| | | | | | | | | | |
|-----------------------------|--|------|------|------|--------|-------|-------|------|--------|
| Information_Quality_Average | Pe ars on Co rrel ati on | 1 | .028 | .065 | .133 | .009 | -.093 | .012 | .389** |
| | Sig . (2- tail ed) | | .682 | .348 | .054 | .892 | .178 | .866 | .000 |
| | N | 211 | 211 | 211 | 211 | 211 | 211 | 211 | 211 |
| Trust Average | Pe ars on Co rrel ati on | .028 | 1 | .048 | -.039 | -.019 | .132 | .100 | .372** |
| | Sig . (2- tail ed) | .682 | | .485 | .575 | .786 | .056 | .148 | .000 |
| | N | 211 | 211 | 211 | 211 | 211 | 211 | 211 | 211 |
| Purchase_intention_Average | Pe ars on Co rrel ati on | .065 | .048 | 1 | .256** | .173* | -.064 | .015 | .460** |
| | Sig . (2- tail ed) | .348 | .485 | | .000 | .012 | .356 | .831 | .000 |
| | N | 211 | 211 | 211 | 211 | 211 | 211 | 211 | 211 |

| | | | | | | | | | |
|--|--|-------|-------|--------|------|------|------|------|--------|
| Perceived_risk_Average | Pe ars on Co rrel ati on | .133 | -.039 | .256** | .1 | .099 | .042 | .068 | .528** |
| | Sig. (2-tail ed) | .054 | .575 | .000 | | .154 | .548 | .325 | .000 |
| | N | 211 | 211 | 211 | 211 | 211 | 211 | 211 | 211 |
| Sources_of_e wom_Average | Pe ars on Co rrel ati on | .009 | -.019 | .173* | .099 | .1 | .091 | .075 | .444** |
| | Sig. (2-tail ed) | .892 | .786 | .012 | .154 | | .188 | .281 | .000 |
| | N | 211 | 211 | 211 | 211 | 211 | 211 | 211 | 211 |
| Attitude_towa rds_informati on_Average | Pe ars on Co rrel ati on | -.093 | .132 | -.064 | .042 | .091 | .1 | .084 | .417** |
| | Sig. (2-tail ed) | .178 | .056 | .356 | .548 | .188 | | .223 | .000 |
| | N | 211 | 211 | 211 | 211 | 211 | 211 | 211 | 211 |

| | | | | | | | | | |
|---------------------|--|--------|--------|--------|--------|--------|--------|--------|--------|
| Brand_Image_Average | Pe ars on Co rrel ati on | .012 | .100 | .015 | .068 | .075 | .084 | 1 | .454** |
| | Sig . (2- tail ed) | .866 | .148 | .831 | .325 | .281 | .223 | | .000 |
| | N | 211 | 211 | 211 | 211 | 211 | 211 | 211 | 211 |
| eWOM_avg | Pe ars on Co rrel ati on | .389** | .372** | .460** | .528** | .444** | .417** | .454** | 1 |
| | Sig . (2- tail ed) | .000 | .000 | .000 | .000 | .000 | .000 | .000 | |
| | N | 211 | 211 | 211 | 211 | 211 | 211 | 211 | 211 |

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

* . Correlation is significant at the 0.05 level (2-tailed).

The majority of the eWOM components are Positively, weekly and insignificantly correlated, according to the Pearson correlation test.

4.3 Table: Rank given by respondents to following factors from 1 to 8 to select the important and least eWOM factor for them.

| Factors | Rank |
|------------------------------|------|
| Information Quality | 2 |
| Trust on review | 3 |
| Purchase intention | 4 |
| Perceived Risk | 8 |
| Sources | 5 |
| Brand image | 1 |
| Attitude towards information | 7 |

Usefulness of review

6

Interpretation

The table reveal that majority of respondents gave priority to Brand image and gave least priority to Perceived Risk.

5. RESULTS AND DISCUSSION

Electronic word of mouth, or eWOM, is the dissemination of knowledge about a good or service through online reviews, recommendations, or influencer-generated content. The study conducted to find out effect of eWOM stimuli on customers, to measure the relationship among the various eWOM factors, to know relation between consumers demographic as well as socio economic factors and effect of eWOM on them. The data was collected from 211 respondents as a sample size. By analyzing the data, I have found that Brand Reputation, and social media post are most influence factors of eWOM, which affect customer purchase decision the most , Brand image, Information Quality and Trust on review ranked highest by respondents while asked to rank to the Factors. As per Kruskal- wallis H test between eWOM factors and majority of demographic factors the p value is more than 0.05. So, there no statistically difference between eWOM factors and majority of demographic factors. The majority of the eWOM components are positively, weekly and insignificantly correlated, according to the Pearson correlation test.

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