

# ELECTRONIC WORD OF MOUTH: EXPLORING CONSUMER REACTIONS AND PURCHASE INTENTION

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## Abstract

*This study aims to investigate thoroughly the consumer reactions on the information disseminated via electronic word of mouth. In this era, dissemination of information on social network such as Facebook, Twitter or WhatsApp may influence the consumers' cognitive, emotion and behaviour. The researcher aims to explore the consumers' reactions every time they received messages via electronic word of mouth as well as exploring on how the electronic word of mouth influences consumers' immediate purchase behaviour. The researcher intends to obtain information regarding the experience of the consumers on how they react towards the information they received via electronic word of mouth. It is important to understand in depth on the impact of electronic word of mouth towards consumption patterns since technology has been widely used in disseminating information*

**Keywords:** *Electronic word of mouth, marketing, consumer*

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## Introduction

The dissemination of positive or negative information on social network and technology gadgets are called as electronic word of mouth (Verhagen et al, 2013). This study focuses on consumers' reactions toward electronic word of mouth messages as well as the impact of electronic word of mouth messages towards immediate purchase behaviour. These days dissemination of information has been way easier since technology has been widely used. Globalisation helps in the greater use of Internet and technology. Since the access to information is way easier than years before, it is also easier for users to be exposed to any information regardless of whether it is true or false. The topic on word of mouth has been discussed widely a few years ago. Word of mouth is an oral form of interpersonal non-commercial communication among acquaintances (Arndt, 1967).

It is also known as an online feedback mechanism that been known as a key factor affecting trust and online sales (S. H. Lee, Noh, & Kim, 2013). (Gheorghe & Liao, 2012) stated that word of communication refers to the exchange of information between traditional offline

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interpersonal information sources such as friends, family and acquaintances about products, services or companies.

Traditional word of mouth and electronic word of mouth play important role marketing. (Bambauer-Sachse & Mangold, 2011) argued that online word of mouth communication has much stronger effect than offline word of mouth communication. The effects of negative online product reviews should exist even more clearly and independently of such a person specific variable. Electronic word of mouth is a great source of information because it leverages the advantages of the Internet , asynchronous mode of communication between potential strangers and achieving ability, to provide reach accessibility and persistence of messages that traditional word of mouth cannot achieve (Cheung, 2010).

It is also known as consumer to consumer interactions by Yadar & Pavlov (2014) and an Internet mediated written communications between current or potential customers (You, Vadakkepatt, & Joshi, 2015). The dissemination of information on social network such as Facebook, Twitter, or even WhatsApp may influence to consumers' cognitive, emotion and behaviour. Information on products and services are freely disseminated using social network without control. As most people are exposed to social network, they have high tendency to be exposed to any information spread by their circle of acquaintances.

### **Word Of Mouth And Electronic Word of Mouth**

Based on (Zhang, Craciun, & Shin, 2010)( Here et al., 1991, Skownonsla and Carlston, 1987), word of mouth is a form of interpersonal interaction either online or offline. Messages spread influence people in positive or negative ways. Based on ( Arndt, 1967), word of mouth refer to an oral form of interpersonal non-commercial communication among acquaintances. It also refers to interpersonal communication concerning the evaluation of products or service of interest. It is an online feedback mechanism that has been identified in previous research as a key factor affecting trust and online sales ((Chevalier & Mayzlin, 2006). Based on (Gheorghe & Liao, 2012), word of mouth communication refers to the exchange of information between traditional offline interpersonal information sources such as friends, family and acquaintances about products, services and companies.

Word of mouth marketing is the intentional influencing of consumer to consumer communications by professional marketing techniques (Kozinets, de Valck, Wojnicki, & Wilner, 2010). It is an informal transmission among consumers of commercial content or spontaneous one to one advertising (Goldsmith & Horowitz, 2006). Based on (Bickart & Schindler, 2001), electronic word of mouth refers to internet mediated written communications between current or potential consumers has emerged to play important role in consumer decision making process (Cheung & Lee, 2012) with an increasing number of consumers trusting these communications over traditional media.

Word of mouth plays a vital role in influencing consumers especially the ones who have high uncertainty on the products or services. Based on (Schumann et al., 2010), word of mouth has a positive effect on customer service quality perceptions. Furthermore, received WOM has a stronger effect on the evaluation of customers in high-uncertainty-avoidance than in low-uncertainty-avoidance cultures.

Both traditional word of mouth and electronic word mouth play important role in marketing. Electronic word-of-mouth (eWOM) refers to the knowledge exchange consumers carry out online. This exchange has a direct relationship on customer loyalty, which in turn affects overall value of the company. Therefore, the effect of eWOM on consumers is gradually receiving increased attention (Gruen et al., 2006; Hennig-Thurau et al., 2004). Electronic word of mouth is informal communications among consumers regarding the usage and characteristics of goods and services on the Internet (Litvin, Goldsmith and Pan, 2008).

The utilisation of technology gadgets and devices has created an enormous viral marketing. Electronic word of mouth is also defined as word of mouth system that exist in virtual space in which messages are sent or received related to product or services and consumers may experience through chatting or online boards (Lee, Noh and Kim, 2013). It is also known as interpersonal communication among consumers regarding a company, product or service through Internet based technology. (Lee, Noh, and Kim, 2013).

### **The Impact of Electronic Word of Mouth on Consumption**

Based on e-marketer report by (Boyle, 2015), the number of mobile phone internet users has increased from 51.7% to 60% from 2014 to 2015. More than 1.4 billion consumers worldwide are expected to use a mobile messaging app this year. In 2018, that number will reach 2 billion, according to estimates from eMarketer's first global report on the apps' reach. Double-digit growth in the number of mobile messaging users is projected through 2018, as more consumers gain mobile internet access worldwide and flock to messaging apps as cheaper alternatives to SMS, MMS and voice calls.

Customers are more attracted to purchase products and services when the promotions sound more positive. This is proven by (Cheung, C.M.K. & Thadani, D.R., 2012) which stated that participants perceive the positive review to be more persuasive than the negative review when they evaluate a product associated with promotion consumption goals. It is important to explore the impact of the messages disseminated. Towards consumers' behavioural intention, the messages disseminated might leave positive or negative impact towards the product, service or business. Lee, Noh and Kim (2013) stated that the sharing of information in the open market gave positive effect on eWOM activity. It works well when the people voluntarily share the valuable information with others. Besides that, self-presentation desire in the open market also has positive effect on eWOM activity. Previous findings have shown that customer loyalty gives positive impact on eWOM activity (Lee, Noh and Kim, 2013). However, based on (Barreto, 2014), loyal consumers are not the best ambassador of a brand but satisfied consumers are the ones that are willing to promote a brand regardless of how much of the brand they consume or how loyal to it they are.

Happy and loyal customers influence to positive messages while unsatisfied customers may spread bad words on products or services. (Dobele, Lindgreen, Beverland, Vanhamme, & van Wijk, 2007) mentioned that emotions influence to the content of the message disseminated. The Internet and communications technology makes it easier for people to talk to each other from short or far distance. It is important to look at the impact from the messages spread since messages are spread by humans with emotions.

For a product associated with prevention goals, consumers will perceive negative reviews as more persuasive than positive ones. When evaluating product reviews, consumers show a positivity bias for products associated with promotion consumption goals and a negativity bias for products associated with prevention goals. (Zhang, J. Q., Craciun, G., & Shin, D. (2010). However, participants perceive the negative review to be more persuasive than the positive review when evaluating product reviews. Consumers show a positivity bias for products associated with promotion consumption goals and a negativity bias for products associated with prevention goals (Cheung, C.M.K. & Thadani, D.R., 2012).

Information credibility and product quality are important factors in purchasing decision. Based on previous research, argument quality had the strongest direct effect on behavioural intention, whereas source credibility had the strongest indirect effect. Source credibility had the strongest total effect on behavioural intention, followed by argument quality and perceived quantity of reviews. (Zhang, K. Z., Zhao, S. J., Cheung, C. M., & Lee, M. K. (2014). The electronic word of mouth give impact to sales distribution when products have objective and subjective evaluation standards. Matured markets have a higher level of sales concentrations on high ranking products while eWOM lessen the sales concentration of high ranking products in markets (Lee, J., Lee, J.N. & Shin, H., 2011.) Not every dissatisfaction influence to negative word of mouth. East et. Al (2014) found no significant evidence that dissatisfaction produces more negative word of mouth than satisfaction produces positive word of mouth in either the preliminary or the main study. There is a slight tendency for the receivers' dissatisfaction to be associated with more word of mouth than their satisfaction in both the preliminary.

Electronic word of mouth gives impact to consumers in many ways. Online consumer reviews influence customer's attitudes towards the product and services. Based on (Lee et al. 2008), consumers conform to online consumer reviews and their attitudes become favourable as the proportion of negative online consumer reviews increases. Besides that, high-quality negative online consumer reviews influence consumer attitude more than low-quality negative online consumer reviews (Lee et al. 2008).

Based on previous research, it has been revealed that the degree of negative change in the attitude towards a product as a result of low-quality and high-quality negative online consumer reviews is greater for high-involvement consumers than for low involvement consumers. (Lee et al. 2008). Furthermore, customers have high tendency to remember unsatisfying experiences more than satisfying ones. These responses might have been based less on experience of satisfaction than dissatisfaction (Lee, Noh and Kim, 2013). Respondents remember unsatisfying experiences more strongly than satisfying ones, and their responses might have been based less on experience of satisfaction than dissatisfaction. Information sharing desire is influenced both by self-presentation desire and open market reward (Lee, Noh and Kim, 2013).

Electronic word of mouth plays important role in influencing consumers in positive or negative ways. (Almana, 2013) stated that online comments and reviews are crucial factors in making purchase decision. They stated that the ratings and characteristics of reviews are important factors which influence to consumers' purchase decision. Customers are increasingly using social media channel in their purchase decisions. (Meuter, McCabe, & Curran, 2013) explored the influence of interpersonal word of mouth and various form of

electronic word of mouth. Word of mouth is believed to have more influence on behavioral intentions, trust in WOM and attitude toward business compared to all electronic word mouth channels. Electronic word of mouth on independent source such as Facebook was found more influential compared to company controlled sources of electronic word of mouth such as customer testimonials on a firm website.

### **Electronic Word-of-Mouth and Business**

The Internet is the fastest growing communication technology today. The phenomenon of word of mouth has been recognised as the most influential sources of information since the beginning of human society. Word of mouth, online or offline is a form of interpersonal interaction. Word of mouth is influential on potential customers' purchasing behaviour and decision makings (Son et al., 2012). Electronic word of mouth is a word of mouth system that exists in virtual space in which messages are sent or received related to product or services and consumers may experience through chatting online boards (Lee et al., 2013).

It is important to investigate the impact of this phenomenon since technology has been widely used to disseminate information. In this era, the dissemination of information on social network such as Facebook, Twitter or even WhatsApp may evoke doubts or excitement towards certain products or services. Information on products and services are freely disseminated using social network without control. As most people are exposed to social network, they have high tendency to be exposed to any information spread by their circle of acquaintances.

According to (Wu & Wang, 2011) consumers generally believe that source of information through word of mouth is much more credible as compared to commercial advertisement and announcement. The dissemination of information via social network might create positive or negative reactions among consumers. Hence, the effect of particular information disseminated through word of mouth towards the consumer is more significant and give significant impact towards particular matters accordingly (Herr, Kardes, & Kim, 1991). People often voluntarily share their experiences and opinions, suggesting on utilising certain products or services (Cascio, O'Donnell, Bayer, Tinney, & Falk., 2015).

Word of mouth recommendations significantly shape consumer decisions (Anderson & Magruder, 2012). People instantly share it across the boundaries and thus spreading the vibes which may shape positive or negative phenomena among the community itself. Information spread online may influence consumer's cognitive, affection and behaviour as well as influencing company reputation. Research has shown that WOM gives significant impact on customer choice and post purchase product perceptions (Gruen, Osmonbekov, & Czaplewski, 2006). Similar to word of mouth, research has shown that electronic word of mouth may have higher credibility, empathy and relevance to customers that marketer created sources of information on the web (Bickart & Schindler, 2001).

Companies have become aware that they may take advantage of the online communication channels which have been changing consumers' information search habits and use them to encourage consumers to engage in word of mouth activities to the company's own benefit (Barreto, 2014). 70% of the world's population own at least one mobile phone. Malaysia is

one of the countries riding the wave of telecommunication evolution. The percentage of mobile phone users in Malaysia has been increasing from time to time. It is reported that 85% of Malaysian own mobile phones which are mostly smart phones. It is also reported that 66.6% in Malaysia are Internet users while only 33.4% are non-Internet users (Suruhanjaya Komunikasi dan Multimedia Malaysia, 2014). In addition, 73% of Malaysians are frequent Internet users on mobile phones while 79.7% of them check their smartphones constantly (Suruhanjaya Komunikasi dan Multimedia Malaysia, 2014). These statistics reveal that most people in Malaysia are relying information spread via Internet. This phenomenon may influence the consumers minds and actions either positively or negatively.

The researcher aims to explore the consumers' reactions every time they received messages via electronic word of mouth as well as exploring on how the electronic word of mouth influences consumers' immediate purchase behaviour. The researcher intends to acquire information regarding the experience of the consumers on how they react towards the information they received via electronic word of mouth. It is significant to understand in depth on the impact of electronic word of mouth towards consumption patterns since technology has been widely used in disseminating information.

### **Model related**

Technology acceptance model will be used as a guidance for this study. Technology acceptance model is a model which examines the mediating role of perceived ease of the use and perceived usefulness in their relation between system characteristics (external variables) and the probability of system use ( as an indicator of system success) (Li, Qi, & Shu, 2008). It is relevant to apply technology acceptance model since this study aims to investigate the consumers' acceptance and reactions towards messages disseminated via social media. It is also useful since the researcher intends to explore the acceptance of consumers towards the information disseminated online and how it influences their immediate purchase behaviour. Besides that, this theory is applied to explicate on how technology exposes the consumers towards the awareness of products and services.

### **Methodology**

Phenomenological approach will be relevant for this study since it explores the experience of a person. According to Christensen, Johnson and Turner (2010), the main objective of phenomenological study is to explore the meaning, structure and essence of the lived experience of a person or a group of people around a specific phenomenon. The researcher would like to explore the experience of individuals who are also Internet users.

Photo elicitation and in-depth interview will be used in investigating the phenomenon thoroughly. In depth interview is a technique designed to elicit a vivid picture of the participants' perspective on the research topic (Milena, Dainora and Alin 2008). Therefore, in depth interview is an effective qualitative method for getting people talk about their personal feelings, opinions and experiences. One-on one interview will be conducted. Interview will be conducted in identifying their views on the product issues and the influence towards the related products. Unstructured interview or sometimes known as 'discovery interviews'

informal interviews will be used. It contains open-ended questions that can be asked in any order. Interview with the informants will be recorded. A method of interview using visual images to elicit comments from the participants will be used since it will be essential in obtaining thorough information on the process involved and their reactions towards electronic word of mouth.

## Contribution

This research will provide information for the government bodies and non-government bodies. Based on the current situation, the news and rumours spread via electronic word of mouth has caused panic phenomena to the people from around the world. This research is beneficial for policy makers or government in regulating the rules, regulation and policies of using Internet. The policies regulated by the policy makers intended to control and filter the information disseminated via Internet. The enormous utilisation of technology gadgets and Internet made consumers are exposed to huge amount of information from everywhere around the world. This research is useful for marketers to understand on how this phenomenon gives impacts to the consumption patterns. Since this research on the consumer reaction and purchase intention, it is crucial for marketers to comprehend the purchasing trend by these people. This research is also valuable in facilitating the marketers to formulate their marketing strategies and maintain their good reputation.

## Conclusion

Electronic word of mouth is known as any online opinion exchange or online communication through the Internet. It has become an increasing source of information for consumers. Organisations should be aware of this phenomenon because of the speed of its occurrence and effects. This study aims to acquire information regarding the experience of the consumers on how they react towards the information they received via electronic word of mouth as well as exploring its impacts towards consumers' immediate purchase behaviour.

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