Chapter 7

Investigating Factors Affecting Electronic Word-of-Mouth

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ABSTRACT

Electronic Word-of-Mouth (eWOM) has been identified and proven to be one of the major factors affecting online buying behaviour of the consumers. A growing number of sellers are shifting to online business channels in order to attract the online consumer. The consumers are also utilizing online platforms for sharing their product related experiences and thereby influencing other consumers. Thus, it is critical for businesses to recognize the important factors affecting eWOM. This chapter deals with different elements that conceptualize the phenomenon of eWOM and analyze what may be the possible ways for service marketers to influence this recommendation-based communication among online consumers. This study investigates factors affecting the eWOM behaviour of consumers by using of qualitative and quantitative research.

INTRODUCTION

There are various factors affecting a consumer’s purchasing behaviour and decision-making. Social information shared by other consumers’ has been considered by various consumers as an important source of information for decision making Especially, when social network services are readily available for consumers in the online context, consumers can easily exchange their purchasing experiences with others. Many potential buyers use other consumers’ information, their opinion, comments, and experiences for taking their purchase decisions. This trend is called Word-of-Mouth (WOM) that is regarded as influential in determining customers’ purchasing behavior and decision-making (Richins & Root-Shaffer 1988). WOM means interpersonal communication concerning the evaluation about products or service of interest (Arndt, 1967). The Internet is the context of online WOM to share information on products, services, transactions and other experiences. Eric (1988) regarded electronic WOM (eWOM) as a tool for consumers to exchange information with each other. eWOM may be defined as an individual’s information sharing and communication activities for others in online context, i.e., online market.

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An analysis of previous research indicates that WOM is key factor in affecting trust and online sales as an online feedback mechanism (Chevalier & Mayzlin 2006; Dellarocas 2003; Pavlou & Dimoka 2006; Zhu & Zhang 2010). WOM about target product or service reduces uncertainties about the target product and the associated risks in purchasing and using it; this form of reassurance may then affect development of customer trust in the product. Based on the trust, customers may decide to proceed to purchase the product or service. For this reason, previous research on WOM regarded the WOM-based marketing approach much more effective in the promotion of sales, compared with advertising or individual sales activities (Katz & Lazardfeld 1955). Chevalier & Mayzlin (2006) found that WOM has an effect on online sales. It is thus one of the most influential sources of marketplace information for customers (Dellarocas 2003). It is created and spread through online WOM platforms such as product review websites, retailers’ websites, brands’ websites, personal blogs, message boards, and social networking sites (Lee and Youn 2009). It was observed that most of the previous research conducted on eWOM is focused on the online word of mouth pertaining to online shopping malls with single vendor (Lee et al. 2011). There has been, however, lack of research on the factors affecting eWOM among students.

In Internet enabled market, several online vendors provide the products or services to potential customers through online means. For example, there are several vendors selling products in Flipkart. Flipkart manages the online market by selecting and allowing such vendors to do their business through its online market platform. Customers are given space to share their experiences and information about those vendors as well as about those products and services which they have experienced. It is important for potential customers to check the vendors as well as the products and services they are considering in the online market. In order to develop a deeper understanding of the phenomenon related to eWOM a sequential combination of qualitative and quantitative research methods were used, where findings from the qualitative study empirically inform the later quantitative study. Qualitative data were collected by conducting a questionnaire based survey of students who experienced eWOM to explore what motivates them to go for and take decision on the basis of eWOM. The questionnaire thus substantiated the basic premise of the research model. The survey also assisted in the interpretation of specific survey results with 291 respondents. Then quantitative data were collected through online surveys to identify the factors effecting eWOM. This study contributes to research by adding to the broader literature on eWOM. Moreover, the study can inform Internet vendors and internet market providers on how to promote and manage eWOM activities for their online business.

Son, Kim and Jang (2012) have also conducted a similar study by adopting an interview approach with experienced eWOM customers as a qualitative research method to explore potential factors affecting eWOM. Although the interview approach has weaknesses such as response bias, subjective interpretation, and reflexivity, it has several strengths such as the capability to focus directly on the research topic and to deliver perceived causal inferences (Yin 2003). The researchers had conducted structured interviews with 31 randomly selected experienced eWOM customers. The interviewees were mainly asked the factors that affected their decision to do eWOM activities in the open market context. Due to limitations of the interview method this research was conducted with questionnaire method by taking a few variables of eWOM.

**Objective of the Study**

The objectives of this study are as under: