Chapter 12

Investigating impact of Electronic Word of Mouth on Consumer Purchase Intention

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ABSTRACT

The domination of Word of mouth (WOM) has been applauded for many years as key influence on consumer purchases. Associating WOM with the internet usually called electronic-WOM (e-WOM) makes transmission of messages much easier, wider and faster. As e-WOM is not restricted to strong social tie groups thus the message itself plays a critical role in building purchase intention. The present study, first attempts to investigate messages efficacy on identified constructs. The study recognized credibility of message as a sole component that could moderate the discord between level of involvement and expected intention for online purchase.

INTRODUCTION

Earlier researcher of word-of-mouth, Arndt (1967) defined it as informal, noncommercial, oral, person-to-person communication about a brand, a product or a service between two or more consumers and also identified Word-of-Mouth (WOM) as one of the most effective marketing source for consumers. WOM can be more influential than print sources and is more important than advertising in raising awareness of an innovation and purchase decision (Sheth, 1971). WOM which provide pre-purchase information is known as input WOM and sharing information after the purchase like consumption experience is known as output WOM. Richins (1983) associated word-of-mouth with price and stated that the higher prices are likely to attract negative messages, if product fails to satisfy the needs.

The World Wide Web (WWW) is providing unprecedented opportunities for consumers to voice their opinions on brands, products and services in a written format, structured in the form of product reviews, complaints, discussion threads, or chats. In current scenario, customers often search for product information and features before making purchase decisions and use online reviews as primary sources.

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that influence their decision. Opinion leaders are also present online, however they are not considered as significant contributor to the decision making process for online purchases. Yet they also act as good transmitting agents of market information and in diffusion of business information. Opinions in form of messages present on internet are called electronic Word of Mouth (e-WOM), which need not be face-to-face or direct. Associating WOM with the internet makes transmission of word of mouth much easier, wider and faster. With the advent of web 2.0, e-WOM is getting more universal and important in purchase decision making. Online communities have become a popular place for online users to search and gather information on other consumers’ shopping experiences, evaluations, and opinions (Kozinets, 2002). E-WOM can be in the form of electronic bulletin boards, review websites, posted-views, discussion boards, community websites, personal e-mails, chat rooms, instant messaging, blogging, twittering and others which perform in similar functions as to face-to-face WOM.

For company’s perspective, e-WOM can also serve as a feedback mechanism that helps to improve the quality of product and in acquiring new customers. Companies even offer consumer opinion forums on their own web sites to strengthen customer loyalty and reduce service costs (Dellarocas, 2003). But it was found that product information provided by companies is less influential among consumers than information provided on consumer opinion sites or discussion boards (Bickart, B. and Schindler, R.M., 2001). Further, if not enough information about the product is available from offline sources like family, friends and colleagues; then the risk involved in purchase for the buyer becomes high. Hence the influence of e-WOM on consumers’ purchasing decisions also becomes higher.

The similar condition is true for the purchase of technology products like mobile phone, desktop computer, laptop, digital camera etc. People buying technology products are not having enough experience of true features of product and insufficient knowledge about a product category hence raises difficulties in making the correct purchasing decision, this scenario gives importance to pre-purchase searches of opinions and product reviews. The internet provides both opinion leaders and opinion seekers with efficient ways to spread and search information online. For these reasons, e-WOM is an important product information source as they provide potential customers with an extensive source of customer and expert opinions about the product. In addition, since opinions are gathered from many customers, the process supports impartiality, truthfulness and information richness.

Word-of-mouth communication is considered as a type of social influence that affects consumers’ belief, attitude, and purchase intention (Arndt, 1967). Purchase intention, which is the willingness to purchase a product in the future, is the most widely studied outcome variables of e-WOM communication model (Hovland, 1948). Past studies also support that customers purchase intentions increase when they are exposed to high quality messages which include information that is specific, objective, and logical. In current internet arena, although the sender and the receiver of messages are independent to each other, therefore message characteristic have significant influence on e-WOM and subsequently on purchase intention (Senecal and Nantel, 2004). But, little has been researched on impact of quality of e-WOM messages on purchase intention.

Against this backdrop, the present study attempts to investigate messages efficacy on identified constructs. It further analyzes the potency of constructs to abridge gap between the customers’ level of involvement and predisposition towards online purchase. The first part of the paper being introductory, discusses about the significance of electronic word of mouth. Following the introduction, second section provides an extensive related literature review related to e-WOM, message characteristics and its