The Effect of eWOM on E-Loyalty: The Mediating Role of E-Satisfaction

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ABSTRACT

This article examines how the electronic word of mouth (eWOM) influences customer e-loyalty in the context of online banking and the role of e-satisfaction as a mediator factor. For these purposes, research hypotheses based on the content analysis of the previous studies were developed and tested using 352 mobile customers banking services in Jordan. Using multiple regression analysis, the empirical results suggested that e-WOM has a positive and significant on e-loyalty. Also, e-satisfaction is partially mediating the relationship between e-WOM and e-loyalty. These findings represent a valuable contribution to the bank’s eWOM, and customer e-loyalty and e-satisfaction literature through providing its management with a clear guidance concerning how to efficiently utilize their eWOM and customer e-satisfaction in order to enhance their customer’s e-loyalty.

KEYWORDS

Customer E-Loyalty, Customer E-Satisfaction And Jordanian Commercial Banking Sector, Electronic Word Of Mouth (Ewom)

INTRODUCTION

The focal task of marketing research is to analyse, explain and predict consumer-buying behaviour. In today’s dynamic consumer environment, understanding buyers’ decision-making processes is important (Septianto, and Chiew, 2018; Al-Dmour et al., 2019). In this context, the most interesting issue in consumer behaviour is that word-of-mouth (WOM) communication plays key role in shaping consumers’ attitudes and behaviours. In recent years, with the rapid growth of online communication, brand choices and personal influences, WOM is increasingly taking place in computer-mediated environments (Hussain et al., 2017; Yang, 2017). This offers two major changes within the traditional WOM research: (1) WOM can be investigated easier and in a more time efficient manner, as this kind of WOM is transferred in written form instead of oral face-to-face communication, and (2) WOM itself is changing as well within online environments, and is at this stage called Electronic Word-of-Mouth (eWOM).

In tradition WOM literature, scholars have investigated many different factors. However, analysing offline WOM behaviour is incredibly limited as well as difficult (Godes & Mayzlin, 2004). Within computer-mediated environments, the content is in a written format, making it easier to capture instances of WOM communication (Huang, et al., 2011). Furthermore, Dellarocas (2003) stated that “The Internet allows this powerful social force to be precisely measured and controlled through proper engineering of information systems.” Therefore, eWOM-marketing is a significant feature.
on the internet as it provides many different channels for consumers to share their experiences and exchange information (Trusov et al., 2009). Today, consumers are increasingly using online tools (e.g., social media, blogs, etc.) to share their opinions about the products and services they consume (Gupta and Harris, 2010) and to research the companies that sell them. These tools are significantly changing everyday life and the relationship between customers and businesses, because they are perceived to provide comparatively reliable information (Grun et al., 2006). Consequently, this type of communication is considered as having a great persuasiveness through higher perceived credibility and trustworthiness.

In addition, electronic word of mouth also provides companies with an advantage over traditional WOM insofar as it allows them both to try to understand what factors motivate consumers to post their opinions online and to gauge the impact of those comments on other people (Cantallops and Salvi, 2014). However, consumers’ use of technology to share opinions about products or services (eWOM) can be a liability for companies, as it can become a factor they do not control (Yang, 2017). Hennig-Thurau et al. (2004) defined eWOM as “any positive or negative statement made by potential, actual, or former customers about a product or company which is made available to multitude of the people and institutes via the Internet” Many scholars have reported that eWOM has an impact on the profitability and performance of companies. Tang et al. (2016) reported that higher firm profitability was prospectively related to higher star ratings, more verbalised positive feelings and eWOM. These studies indicate how great of a potential impact eWOM can have on the consumer decision process. For example, Senecal and Nantel (2004) examined how eWOM influences product choice through an experimental study of consumers’ use of online recommendation sources.

Today, there is substantial global competition in the service industry especially in the banking sector; this warrants businesses’ use of the most innovative and effective methods to promote their services. Due to the great importance of the Jordanian commercial banks and what they are facing now large competitor. Understanding the impact of eWOM on consumer behaviour decision has received great attention from marketing schoolers over the world. In fact, at present, the Jordanian banking sector is witnessing a huge trend in customers retention, as their customers are changing their bank accounts from one bank to another (Alalwan et al., 2018). The reasons for this are still vague and it is unknown whether the electronic applications or interactions play a role in retaining their customers and enhancing their satisfaction and loyalty or not.

Therefore, this study will examine the impact of the eWOM on the loyalty of customers to the banks and the role of e-satisfaction as a mediating factor. Furthermore, it will investigate how eWOM could be used as a strategic promotional tool to improve the image of Jordanian banks. This study is expected to provide empirical evidence concerning the impact of eWOM on customer loyalty through the mediating role of e-satisfaction in a Jordanian business environment with reference to its cultural context as a developing country.

**Jordanian Banking Sector and Electronic Implementation**

Given the intensity of the competition, increasing the customers’ sensitivity to issues related to cost, time and convenience, banks have begun to utilise technological applications in their endeavors to override the restrictions pertaining to human encounter. Indeed, technological breakthroughs have dramatically contributed to the nature of the business environment by introducing new mechanisms that can enhance a bank’s capability to provide customers with a high-quality service and greater convenience. One of these breakthroughs is Internet banking (IB), which offers an innovative way of providing customers with a wide range of financial services. Replacing the role of a human encounter defined IB as a banking application that allow customers to access and conduct their financial transactions (i.e. balance enquiries, fund transfers, paying bills, stock market), using the World Wide Web, Wi-Fi technologies and the Internet, at a time and place of the user’s choosing (Alalwan et al., 2018).
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