What drives electronic word-of-mouth on social networking sites? Perspectives of social capital and self-determination

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ABSTRACT

An increasing number of customers make purchase decisions according to social media referrals. Social-network-based communication is becoming a necessity for companies to stay competitive. However, using social networks to effectively promote electronic word-of-mouth (eWOM) remains challenging. Managers in general are unfamiliar with the key factors that can encourage online social network members to engage in eWOM. This study used social capital and self-determination theories to identify three social capital factors and two individual factors on eWOM. A survey of 238 social network users was conducted to determine the relative influence of these five factors on eWOM among the users. The partial least square analysis results indicate that tie strength and innovativeness directly influence eWOM in virtual social networks. Trust, shared language, and voluntary self-disclosure do not exhibit a significant influence. Theoretical and practical implications of the five factors for promoting eWOM in social networks are drawn from these findings.

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1. Introduction

Electronic word-of-mouth (eWOM) is the exchange of product or service evaluations among people who meet, talk, and text each other in the virtual world (King et al., 2014; Yoon, 2012; Barreto, 2014). eWOM differs from traditional or personal word-of-mouth (WOM, Katz and Lazarsfeld, 1955) in various aspects, as summarized in Table 1: (1) eWOM messages are typically anonymous, (2) several customers can receive the same message, which can be accessed from anywhere at any time (Hennig-Thurau et al., 2004), and (3) eWOM is more persistent and measurable than its traditional counterpart (Cheung and Thadani, 2012). E-businesses offer a wider variety of products and services than do traditional businesses. Because the product choices available on the Internet overwhelm consumers, eWOM has become increasingly crucial in enabling consumers to make purchase decisions. Nielson demonstrated that 92% of 28,000 Internet users in 56 countries rely on the recommendations of friends and family, and 70% of them rely on online consumer reviewers (Chaney, 2012). eWOM is emerging as a more influential marketing tool than traditional WOM because of its speed, convenience, amplitude, and absence of face-to-face human communication and pressure (Phelps et al., 2004; Lee et al., 2013).

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Table 1
Electronic word-of-mouth vs. word of mouth.

Aspects	eWOM	WOM
Setting	Online and Virtual	Offline and Physical
Message Source	More from anonymous sources	More from acquaintances
Duration	Longer, in the electronic form	Shorter, from ear to ear
Accessibility	Higher, no geographic and time limitations	Lower, from ear to ear
Feedbacks	Usually is open and more measurable	Usually is limited and short-lived

1.1. Motivations for the study

Managing eWOM as a marketing tool and influencing consumer-to-consumer communication to yield positive purchase decisions are difficult tasks (Kozinets et al., 2010; Kleina et al., 2015). One major challenge is the poor understanding of the effectiveness of evolving eWOM channels, including independent sources (e.g., social networking sites [SNSs], personal blogs, and online customer reviews) and company-controlled sources (e.g., customer testimonials on a corporate site) (Meuter et al., 2013). An additional challenge is the complexity of measuring eWOM effectiveness because of the multitude of motivations involved (e.g., direct customer experiences, attractive messages, celebrity endorsements, and consumer involvement) (Bughin et al., 2010; Dwyer, 2007).

Social media have become among the most prevalent eWOM channels because of their ubiquity, mobility, and interactivity (French and Read, 2013; Zmuda, 2013). These attributes enable social media users to communicate and connect with each other more frequently and more closely (Laroche et al., 2013; Kleina et al., 2015). For instance, Pepsi has used social media platforms, including Twitter and Facebook, to promote products and marketing events since 2012 (Zmuda, 2012). Despite the benefits of using social media to improve eWOM effectiveness, the effects of network closeness and network strength on the diffusion of eWOM remain unclear.

Relevant studies have investigated key drivers (Cheung and Lee, 2012; Chu and Kim, 2011) of eWOM and their impacts on sales (Chevalier and Mayzlin, 2006), the consumer decision-making process (De Bruyn and Lilien, 2008), and attitude toward brands and websites (Lee et al., 2009). However, few studies have investigated the role of social network features and their impacts on the formation and spread of eWOM. To close the research gap, the present study used social capital theory to explore the potential influence of online social network characteristics on eWOM. Social capital theory posits that connections and linkages among members of a social group facilitate and form relational resources, thus, yielding social capital. Social capital is a "productive resource" (Tsai and Ghoshal, 1998, p. 464) because it can facilitate value creation and knowledge contribution at the business-unit (Johnston et al., 2013; Tsai and Ghoshal, 1998) and community levels (Chiu et al., 2006; Wasko and Faraj, 2005). Extending this line of research, this study examined the influence of social capital on the eWOM diffusion process at the individual level.

Social capital comprises three distinct dimensions: structural, relational, and cognitive (Nahapiet and Ghoshal, 1998). The present study examined the interrelationships among these three dimensions in an online social network context. Individual motivations are crucial conditions for facilitating the influence of social capital on information exchange (Wasko and Faraj, 2005). Drawing from self-determination theory, this study also examined voluntary self-disclosure and innovativeness as individual motives and whether they affect the ability of people to engage in product information exchange.

The next section discusses social capital, self-determination motives, and their relationships with eWOM. The literature review is followed by descriptions of the research model, research methodology, and data analysis results. Theoretical and managerial implications are drawn from the findings to conclude this study.

2. Literature review

2.1. Social capital in structural, relational, and cognitive forms

Social capital has network value because structural, relational, and cognitive resources are inherent in a social network and can help group members gain personal benefits and achieve common goals (Nahapiet and Ghoshal, 1998). The structural resources of social capital refer to the connections between people (Bolino et al., 2002). Structural resources include network characteristics such as social interaction ties, tie strength, and centrality (Chiu et al., 2006; Wasko and Faraj, 2005). An actor with specific network ties may access valuable information before others do, obtain referrals, and enhance information value (Nahapiet and Ghoshal, 1998).

The relational resources of social capital refer to "the kind of personal relationships people have developed with each other through a history of interactions" (Nahapiet and Ghoshal, 1998, p. 244). According to Coleman (1990), relational resources encourage members to take action and achieve group goals by helping each other. A key relational resource, trust refers to the "willingness to rely on an exchange partner in whom one has confidence" (Moorman et al., 1993, p. 82) and represents a relationship attribute (Tsai and Ghoshal, 1998).

The cognitive resources of social capital refer to a shared paradigm and are defined as "those resources providing shared representations, interpretations, and systems of meaning among parties" (Nahapiet and Ghoshal, 1998, p. 244). A shared set