



## Exploring the effect of e-WOM participation on e-Loyalty in e-commerce



Chul Woo Yoo <sup>a,\*</sup>, G. Lawrence Sanders <sup>b,1</sup>, Junghoon Moon <sup>c,2</sup>

<sup>a</sup> Department of management science and systems, School of management, University at Buffalo, 325 Jacobs Management Center Buffalo, NY 14260-4000, United States

<sup>b</sup> Department of management science and systems, School of management, University at Buffalo, 325G Jacobs Management Center Buffalo, NY 14260-4000, United States

<sup>c</sup> Department of Regional Information, Seoul National University, 200-8203B, Shinlim-Dong, Gwanak-Gu, Seoul, 151-742, Republic of Korea

### ARTICLE INFO

#### Article history:

Received 11 June 2012

Received in revised form 12 November 2012

Accepted 1 February 2013

Available online 8 February 2013

#### Keywords:

Electronic Word of Mouth

Online participation

e-Loyalty

Social identification

e-Commerce

Customer review

### ABSTRACT

The idea behind the concept of Electronic Word of Mouth (e-WOM) is very important to the visibility of individuals and businesses seeking exposure on the Internet. e-WOM is defined as “any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet” [39]. The purpose of this study is to understand how electronic word of mouth influences the online shopping patterns of customers. This study draws on motivation theory and identification theory to understand how e-WOM influences online shopping behavior. The results from the empirical examination are very encouraging. The proposed research model is supported as well as the accompanying hypotheses. The findings illustrate that the intrinsic motives (e.g., desire to help other customers) are more important than the extrinsic ones (e.g., monetary rewards) as the antecedents of e-WOM participation. It was also found that personal site identification has a greater impact on e-loyalty when compared to social site identification.

© 2013 Elsevier B.V. All rights reserved.

### 1. Introduction

Virtual community participation and User Generated Content (UGC) are the prevailing social activities in virtual spaces. Along with such trends, word-of-mouth (WOM) transactions have also increased dramatically. WOM information on the Internet (henceforth e-WOM) has become an important information source for shopping. e-WOM is defined as “any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet” [39]. e-WOM is known to have a strong impact on purchase decisions and is a key factor in the Internet shopping market [61].

Consumers now use blogs, search engines, internet communities, social media, consumer review systems and online instant messenger services to gather and disseminate product information. These tools are the basis for e-WOM networks and are used for information searching, decision-making, and forming brand images [13,38]. The emergence of these e-WOM tools has changed the way customers interact with other customers as well as how they engage with businesses. Today’s online shopper compliments and complains in a more aggressive and bolder way in this brave new world of faceless e-commerce [37]. Traditional word-of-mouth interactions are not as

far reaching as e-WOM because they are restricted by time, space and relationships. This is in contrast to the e-WOM environment where there are very few restrictions in terms of time and place of interaction due to the fact that the Internet is always available. In essence, range and speed of electronic word-of-mouth is wider and faster than traditional word-of-mouth communication [17].

Most e-commerce sites attempt to encourage their customers to produce more e-WOM because consumer-produced information provides potential customers with a sense of trust [35]. e-WOM is considered a viable marketing strategy to attract new customers and to retain existing customers. Researchers have recognized the growing importance of e-WOM in e-business. For example, there have been several studies on e-WOM participation involving the motives of customers (e.g., [14,39]), the effects of negative e-WOM (e.g., [13]), and the relationship between revenue and e-WOM (e.g., [15,35]). Most of these studies deal with the role of e-WOM as an information source for customers, or focus on how to motivate customers to participate in the process. However, very little is known about the relationship between e-WOM participation and the participant’s next purchase. The purpose of this study is to investigate the role of e-WOM participation as it relates to loyalty to an online shopping site.

In order to investigate the influence of e-WOM participation on e-loyalty, we developed an integrated framework that consists of theories of motivation, participation and identification. Cermak et al. and Wind and Rangaswamy found that customer participation in service specification or mass customization leads to an increase in customer satisfaction, loyalty, and repurchase [12,66]. Creating e-WOM by writing comments or posting a review is a type of extra-role behavior carried out by the buyer. Our study uses motivation and identification

\* Corresponding author. Tel.: +1 716 418 5210; fax: +1 716 645 6117.

E-mail addresses: [chulwooy@buffalo.edu](mailto:chulwooy@buffalo.edu) (C.W. Yoo), [mgtssand@buffalo.edu](mailto:mgtssand@buffalo.edu) (G.L. Sanders), [jmoon@snu.ac.kr](mailto:jmoon@snu.ac.kr) (J. Moon).

<sup>1</sup> Tel.: +1 716 645 2373; fax: +1 716 645 6117.

<sup>2</sup> Tel.: +82 2 880 4772; fax: +82 2 873 5080.

theory to investigate the effect of e-WOM participation on participant's e-loyalty towards a web site.

In the next section of this paper, we will review previous studies on e-WOM; we will then present hypotheses and develop a structural equation model based on the theoretical framework, which is followed by introducing the measurement instruments and the survey items. Finally, we will present the empirical results and discuss them.

## 2. Literature review

Compared to the offline environment, there exists a large amount of e-WOM information about specialized activity and product and service communities, along with consumer reviews [64]. Chatterjee constructed an imaginary internet shopping mall, and using an imaginary consumer survey, investigated the effects of e-WOM [13]. The results show that a negative consumer review has a critical influence on the consumer's trust and purchase intention at the internet shopping mall. Moreover, in the case of bargain shopper who prefers to purchase at a lower cost, the negative word-of-mouth impact is even greater. It appears that online shoppers are much more sensitive to negative e-WOM and this is particularly true of low-priced products. As this finding is more prominent in the case of small online shopping malls, Chatterjee pointed out that the management of negative e-WOM is crucial for those companies solely dependent on their cost advantage when they do not have brand power.

Hennig-Thurau and Walsh studied the customer motives for reading online word of mouth and the resulting effects. Their study found that the most important motivations for reading reviews were: diminution of risk, lowering of search time, understanding the various methods for how to consume a product, reduction or curtailment of purchase regret, compensation from an imaginary community, searching for new products, and increasing social status [39]. Diminution of decision making time and better purchase decision making motivation were shown to be the most significant factors motivating the customer to read e-WOM. In addition, Hennig-Thurau et al. studied the motivation to post e-WOM on the internet [40]. These results can be summarized in terms of consumers' desire for social interaction, economic incentives, and increase in social status.

Gruen et al. viewed e-WOM as a kind of know-how exchange among the customers. And that the development of the know-how or e-WOM was preceded by opportunity, motivation and ability [36]. Furthermore, when e-WOM is well managed, it was shown that it has positive effects on the customer evaluation of the company and on intentions to repurchase.

Bickart and Shindler allowed customers to gather information on 5 product categories for a period of 12 weeks [10]. The results show that customers actually pay more attention to the information provided by other customers rather than those of the salesperson or marketers because they have used the product. In short, the information they provide is more appealing and meaningful to the potential customers than that of the salesperson or marketers. Chevalier and Mayzlin also studied the effects of e-WOM on actual sales by examining online book reviews posted on Amazon and Barnes and Noble [15]. The results illustrate that more positive e-WOM is posted on online book stores than offline, with Amazon having far more positive e-WOM in both quantity and quality than Barnes and Noble. Overall, this study demonstrated that high levels of e-WOM increases book sales.

Dellarocas stressed that game theory, which is based on evaluation and trust, may be the most useful method for explaining the importance of e-WOM interactions. Pavlou and Dimoka analyzed text-oriented e-WOM [53]. Their study shows e-WOM in the form of text, as opposed to simple customer ratings, constructs more trust and creates price premiums on the products. One problem with e-Bay is that the interactions between sellers and buyers are very constrained. This leads to trust problems that are caused by the lack of interaction between a salesperson and a customer in e-commercial transactions, as well a lack of a

pathway that would allow the customer to actually investigate the product being offered [22].

Through the literature review, we found that most studies on e-WOM show how e-WOM influences future customers and how it benefits online shopping malls. However, few studies have attempted to reveal the relationship between a customer's e-WOM participation and his/her next purchase, or illuminate the psychological aspect of e-WOM participation and the process of enhancing e-loyalty. The objective of this study is to fill this gap. The next section delves into the research model used in this study.

## 3. Theory building and hypotheses development

Based on the above discussion, the conceptual framework illustrated in Fig. 1 will be used to examine the importance of e-WOM in generating awareness. This framework draws on motivation theory, participation theory and identification theory. Motivational theory is the force behind the process of e-WOM participation. Secondly, participation explains how the customer's e-WOM posting behavior leads to positive and negative attitudes toward certain online shopping malls. Finally, identification theory is employed as a mechanism to explain the process of the e-WOM participants' increased loyalty to online shopping malls.

### 3.1. Motivational theory

The first stage of our conceptual framework, as shown in Fig. 1, is the customer's motivation to participate in e-WOM. In this stage, we discover significant motives that make the customer participate in writing e-WOM. It is important to examine motive in this study, because it provides practical and theoretical implications to boost e-WOM participation. Motivation has been studied in a wide range of research studies and is considered an important theoretical variable [21]. Woolfolk defines motive as a psychological state that induces, directs and maintains human behavior [68]. Deci separates motive into intrinsic and extrinsic motives [20]. On the one hand, intrinsic motives trigger behavior by reason of interest, enjoyment, and satisfaction caused by the behavior itself. On the other hand, extrinsic motives are followed by reason of compensation obtained by result of external activity. These intrinsic and extrinsic motives simultaneously influence the intention of the individual.

In the context of information systems, Davis et al. introduced motivation theory in terms of technology acceptance [19]. Consistent with previous studies examining other behavior, their study found that both intrinsic and extrinsic motives were key factors in behavioral intention, leading to actual acceptance of new technology. In their study, intrinsic motive refers to perceived enjoyment—the extent to which using a computer is perceived to be enjoyable distinct from any performance outcomes that might be obtained. Empirical support for enjoyment as a determinant of behavioral intention to use a specific technology has been demonstrated for both computer games [50] and computer technology in the workplace [19]. Extrinsic motive refers to the use of a specific technology in the workplace by linking it to more productively performing job-related activities. Individuals are often rewarded for good and productive behavior with raises, bonuses, etc. Therefore, if a technology is perceived to be useful in facilitating the individual's productivity, s/he is likely to have extrinsic motivation to use a given technology [19]. The consistent results of Garrity et al. also showed that 'task support satisfaction' and 'shopping enjoyment,' adopted as extrinsic and intrinsic motives of 'intent to use an electronic commerce web site' are significant factors [33].

In this study, we examined four motives (i.e., concern for other customers, self enhancement, social benefit and economic incentives) that were posited to facilitate e-WOM participation behavior. Concern for other customers refers to other-oriented emotions evoked by and congruent with the perceived welfare of someone in need

Download English Version:

<https://daneshyari.com/en/article/552057>

Download Persian Version:

<https://daneshyari.com/article/552057>

[Daneshyari.com](https://daneshyari.com)