



Value co-creation and purchase intention in social network sites: The role of electronic Word-of-Mouth and trust – A theoretical analysis



Eric W.K. See-To^a, Kevin K.W. Ho^{b,*}

^aDepartment of Industrial and Systems Engineering, The Hong Kong Polytechnic University, Kowloon, Hong Kong

^bSchool of Business and Public Administration, University of Guam, Mangilao, Guam 96923, United States

ARTICLE INFO

Article history:

Available online 2 November 2013

Keywords:

Electronic Word-of-Mouth (eWOM)
Purchase intention
Social media
Social network sites (SNSs)
Trust
Value co-creation

ABSTRACT

This study uses the theories in trust and value co-creation to analyze how electronic Word-of-Mouth (eWOM) affects purchase intention in social network sites (SNSs). In particular, we develop a theoretical model by blending cutting-edge research in consumers' trust, value co-creation, and eWOM to study how these factors interact with each other through a systematic review. From the theoretical analysis, we note that eWOM has a direct impact on purchase intention, and has an indirect impact on purchase intention which is moderated by consumers' trust on the underlying product. eWOM also has an impact on value co-creation, and value co-creation has an effect on purchase intention. Consumers' trust on a product has an impact on value co-creation, and the message source in the SNSs moderates the impacts of eWOM on consumers' trust on a product, value co-creation, and purchase intention. This study provides a theoretical ground for future empirical research into issues related to the inter-relationship between value co-creation and eWOM within the SNS context. Practitioners can also develop a deeper understanding on developing SNS-based customer relationship management strategy from this work.

© 2013 Elsevier Ltd. All rights reserved.

1. Introduction

Social media is “a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user generated content” (Kaplan & Haenlein, 2010). In the past decade, we witness the rapid development of social media in the cyber world, which brings significant impacts to our daily lives. This rapid development stimulates research efforts in studying the impacts of social media to different facets in the society through the theoretical lens of information systems (IS) (for example, Gnyawali, Fan, and Penner (2010), Pai and Arnott (2013), and Ransbotham and Kane (2011)) and marketing (for example, Naylor, Lamberton, and West (2012)). At the moment, there is no formal classification of the types of Internet-based applications included in social media. However, Constantinides and Fountain (2008) suggest classifying social media into five categories, i.e., (i) blogs, (ii) social network sites (for example, Facebook and Google+), (iii) content communities (for example, YouTube and Wikipedia), (iv) e-Forums, and (v) content aggregators. Amongst these five categories of Internet-based applications in social media, social network sites (SNSs) is the most popular one nowadays. The most successful SNS is Face-

book, which has a market value of around \$61 billion as at 28 March 2013 (Yahoo!, 2013) and over 1 billion users all over the world (Wikipedia, 2013). SNSs allow individuals to build up personal Webpages to disseminate their information, and communicate with their friends in real life as well as in the cyber world. Firms can do a similar thing with a fans page. SNSs have a huge potential for marketers to develop the brand image of their products through using the Word-of-Mouth in cyber world (i.e., electronic Word-of-Mouth) in an inexpensive way. Therefore, in recent years, some studies have been conducted to investigate into how electronic Word-of-Mouth is developed in social media (Cheung & Thadani, 2010).

Electronic Word-of-Mouth (eWOM) is “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” (Hennig-Thurau, Gwinner, Walsh, & Gremler, 2004), and is a popular research topic in IS and marketing research (Chan & Ngai, 2011; Cheung & Thadani, 2010). In recent years, we observe an increasing number of publications in eWOM in IS and marketing journals, as well as in the literature of other relevant disciplines, such as innovation management (for example, Cho and Koo (2012), Kawakami, Kishiya, and Parry (2012), and Parry, Kawakami, and Kishiya (2012)). Most of these publications focused on how eWOM influences receivers' attitude and purchase intention. Based on the statistics from Chan and Ngai (2011), at least one third of these publications are not theoretically

* Corresponding author. Tel.: +1 (671) 735 2501; fax: +1 (671) 734 5362.

E-mail addresses: eric.see-to@polyu.edu.hk (E.W.K. See-To), kevinkho@ugam.uog.edu (K.K.W. Ho).

oriented, and there is a call for building more theories in this area (Cheung & Thadani, 2010).

Prior research studies show that eWOM has an impact on purchase intention through two channels. First, eWOM has a direct impact on purchase intention. While positive eWOM enhances purchase intention, negative eWOM reduces it (Bailey, 2004; Xia & Bechwati, 2008). Second, eWOM influences purchase intention through its impact on consumers' trust (Chan & Ngai, 2011). According to Barber (1983), trust is a "rationally based expectation that technically competent performance and/or fiduciary obligation and responsibility will be forthcoming". Consumers' trust has been shown empirically to be a significant factor affecting purchase intention (McKnight, Choudhury, & Kacmar, 2002b).

eWOM may also influence purchase intention through value co-creation. Value co-creation is the process where "the consumer and the firm are intimately involved in jointly creating value that is unique to the individual consumer and sustainable to the firm" (Prahalad & Ramaswamy, 2004a). It is a new research topic in IS (Gnyawali et al., 2010), marketing (Vargo, Maglio, & Akaka, 2008), and service science and innovation management (Kohler, Fueller, Stieger, & Matzler, 2011; Maglio & Spohrer, 2008; Perks, Gruber, & Edvardsson, 2012; Wu & Wu, 2011). To the best of our knowledge, there is no prior study investigating into the impact of eWOM on value co-creation. The literature review in Section 2 and theoretical deduction to be presented in Section 3 suggest that eWOM may have a direct impact, and also an indirect impact through consumers' trust (Abela & Murphy, 2008), on value co-creation. Value co-creation may also have a direct impact on purchase intention.

Scant research has been conducted using SNSs as the processing platform for eWOM research (Cheung & Thadani, 2010), despite the fact that more and more firms are using this platform for brand development (Yang, 2012) and prior research shows that SNSs can bring economic benefits to the firms (Stephen & Toubia, 2010). Chan and Ngai (2011) have conducted a thoughtful review for research on the relationship between eWOM and social media. Most of these studies use blogs (for example, Kozinets, de Valck, Wojnicki, and Wilner (2010)) and e-Forums (for example, Dellarocas (2003)) as the eWOM platforms in their analyses. Due to the reasons mentioned above, we decide to use SNSs as the platform for this research to fill the current gap in research involving eWOM and social media.

Based on the above reasons, and echo to the call for theoretically oriented research in eWOM (Cheung & Thadani, 2010), we develop a theoretical model to explain how eWOM affects the purchase intention of online consumers using the theories in trust and value co-creation, with SNSs as the platform to develop the eWOM concerned through a systematic review. In particular, we develop a theoretical model in this study to address the following four research questions:

RQ1:. How does eWOM in SNSs affect consumers' trust on the product?

RQ2:. How do eWOM in SNSs and the consumers' trust on a product formed by eWOM in SNSs affect purchase intention?

RQ3:. How do eWOM in SNSs and consumers' trust on a product formed by eWOM in SNSs affect value co-creation in SNSs, and how does value co-creation in SNSs affect purchase intention?

RQ4:. How the message source in eWOM moderates the impact of eWOM in SNSs on consumers' trust on a product, value co-creation, and purchase intention?

This paper is presented as follows. In Section 2, we present our literature review on eWOM and its relationship with trust and purchase intention, and value co-creation. Afterwards, we develop a theoretical model to link up these constructs in Section 3. Section 4 presents our discussion, which discusses the possible empirical methodologies for the research model and the theoretical contributions of this work. We then conclude the paper at Section 5 by discussing the practical implications of this study, as well as future research directions in this stream of research.

2. Literature review

2.1. Electronic Word-of-Mouth, trust, and purchase intention

Prior studies in IS and marketing show that eWOM has an impact on consumers' trust on a firm and its products. Dellarocas (2003) shows that trust on a firm and its products can be developed in e-Forums by those eWOM submitted by prior consumers. These prior consumers provide their views or even rate the performance and behavior of a firm in their consumer-supplier relationship. Potential consumers usually use these eWOM to decide whether they would trust the firm in an electronic transaction. Other studies also show that eWOM stated in the seller's profiles in the electronic marketplaces has significant impacts on the closing price of electronic auctions (Ba & Pavlou, 2002; Lee, Im, & Lee, 2000; Rice, 2012; Yoo, Ho, & Tam, 2006; Zhou, Dresner, & Windle, 2009), which can be interpreted as eWOM has a direct impact on purchase intention. Most of these studies analyze the impact of eWOM using regression analyses (for example, Ba and Pavlou (2002), Lee et al. (2000), and Yoo et al. (2006)), which use the peer evaluation records as independent variable(s) and regress them using the closing price of the electronic auctions as dependent variable. Based on the findings from these analyses, it is suggested that when a potential consumer noted that there is a large quantity of positive eWOM about the product sold by a firm, she will develop a positive expectation about the quality of the product and the service to be provided by the firm. This positive expectation will lead her to feel confident to purchase this product from that firm. Thus, consumers' trust on a product generated by eWOM leads to an increase of purchase intention (Gefen, Karahanna, & Straub, 2003; Kim, Ferrin, & Rao, 2009; Sia et al., 2009), which IS researchers have found empirical evidences to establish such claims based on experimental studies developed based on the trust theory (Kim et al., 2009; Sia et al., 2009) or an extended version of Technology Acceptance Model, TAM (Gefen et al., 2003). On the other hand, if a potential consumer notes that there is a large quantity of negative eWOM about a product sold by a firm, she will develop a negative expectation about the quality of the product and the service from the firm, which reduces her trust on the product and the firm, as well as her purchase intention (Bailey, 2004). Lee and Song (2010) indicate that messages shown in a complaint Website, which is a haven for negative eWOM, changes potential consumers' attitude towards the firm. Awad and Ragowsky (2008) also report that the quality of eWOM in an e-Forum has a positive impact on online customers' trust on a firm, which has a positive impact on the online purchase intention.

IS and marketing researchers also report the impact of eWOM generated in different online platforms, including Websites (Bailey, 2004), online forum (Xia & Bechwati, 2008), and blog, emails, virtual community, etc. (Chan & Ngai, 2011), on purchase intention. This shows that eWOM has impacts on trust and purchase intention across different online platforms. To sum up, prior studies show that eWOM has a direct impact on purchase intention, which is supported by either regression analysis using the price of the product sold as the proxy for purchase intention, or experimental

Download English Version:

<https://daneshyari.com/en/article/6839446>

Download Persian Version:

<https://daneshyari.com/article/6839446>

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