

Electronic Word-of- Mouth as a Key Player in Consumer Purchase Decision Making: A Critical Review

Dr. Anand Thakur¹, Simriti Kohli²

¹Assistant Professor in Marketing, Department of Commerce and Management, Central University of Tamil Nadu-610005., ²Lecturer, Guru Nanak Dev University College, Jalandhar.

Abstract- Electronic Word of Mouth has gained miraculous strength and it plays a significant role in consumer decision making process. The vast amount of information found online and the eWOM has shaped the purchase decision making environment. E Word-of-Mouth communication shares few characteristics in common with traditional WOM communication, but in several dimensions it is distinct from traditional WOM. Word-of-mouth information accessible online represents adequacy in terms of quantity in contrast to information obtained from traditional WOM. The present paper is an attempt to evaluate the role of eWOM as a key player in consumer purchase decision making.

Keywords- eWOM, Decision Making.

I. INTRODUCTION

Social Networking has always been eye-catching among the human society, but such interaction is within the limits and has some restrictions. Hence, family, close friends, relatives and some business partners are happy to be part of the network. But the online social networking has created a larger world to interact. Market situations are changing rapidly with the interventions of IT and viral marketing techniques. But there still needs to be a systematized method of marketing the products through social networking sites. Every business house wants to enhance their brand value and gain competitive advantage through innovations in their viral marketing strategies. The major challenge for modern marketers to penetrate in to urban and semi urban regions of India where Information Technology is still in its infancy stage. The substantial coverage of Internet has made it possible to reach anywhere and provides a freeway to promote yourself or your business. This is the main reason for online social sites to gain miraculous strength. The importance of social networking relates to increasing traffic to your site and increasing awareness for your site. This means that more people will become exposed to your business, which means more users to convert to sales. The model under which social network operates is an autonomous business model, in this network members plays a dual role of both supplier and the consumer of the content. Organizations and individuals have pursued sustainable development within mainstream social networking sites (Satya 2012).

eWOM communication refers to any statement made by former, actual and potential customers about products or services of a company via Internet. There are different

platforms for consumers on which they can post their comments, opinions and reviews of products like weblogs, discussion forums, review websites, e-bulletin, and social networking sites. Word-of-mouth communication strategies are appealing as they carry lower costs and fast delivery especially through technology, such as the Internet.

E Word-of-Mouth communication has some features similar to traditional WOM communication, but in several dimensions it is different from traditional WOM. In traditional WOM sender of the information is known to the receiver, thereby the source of the message is credible. On the contrary, in eWOM most applications eliminate the privilege of knowing whether the information is from the credible source or not. Therefore, it is generally known as world's most effective marketing strategy. Marketers nowadays are more interested in better understanding WOM. WOM campaigns have become a standard part of many companies' marketing plans. Companies of all types have to be aware that word of mouth is an important part of the marketing strategy. Companies must build healthy relations with their customers to win their loyalty, and ensure that they talk about the positive aspects of the company and its products in all forums. Satisfied customer can help in attracting new customers through word of mouth (Zamil 2011).

The most influential consumers on the web today are 24 to 44 year olds who embrace the internet, not just as a tool, but as a way of life. These Online Insiders are on the vanguard of online WOM and represent a group that stands to grow considerably in the next five years. Younger users, characterized by the Content Kings and Social Clickers segments, are focused on entertainment and communication activities, respectively. They may be talking online in significant numbers, but their discussions are geared to entertainment or talking for talking's sake (Riegner 2007). Ideal targets for word of mouth marketing efforts are members of online social networks. Their participation in online social networks needs to be more open with the members of their online social community, and they naturally want to share information with other members (Dwyer 2007). Many of the social network site users love to share their experiences about the products they have used.. However, although WOM marketing and offline social networks have been extensively studied, there is little research that examines the phenomenon of WOM marketing through online social networks and variables associated with such WOM marketing efforts.

II. REVIEW OF LITERATURE

Social media's (e-discussion, websites, online chat, email etc) parameters have effect over the customers buying decision. Social Media is being considered playing an important role in customer buying decisions (Rehmani & Khan 2011). With the advent of Internet Technology and social media revolution it's must for the Indian firms to take help of social networking websites for the sales generation as well as brand promotion to achieve global competitiveness (Pani & Sharma 2011). Social media measurement is a quickly evolving field, and it's not difficult to come up with interesting measures. What is important is to keep the focus on developing measures that will link to achievement of marketing goals. The best measures will be developed when we can combine online word of mouth data with information about marketing actions and sales data (Fogel 2010).

The quantity of eWOM is closely associated with perceived credibility of consumers. The consistency of numerous eWOM also assists in enhancing eWOM reliability. At times Consumer prefer making decisions on their own, and consumers who have higher involvement are willing to consider discussions and adopt others' opinions (Fan et al. 2013). Consumer reviews have shown a significant impact upon consumer purchasing behaviour and they have an effect on choosing the products by consumer. There were significant main effects of the reading reviews before purchasing and buyers' purchase frequency. Number of reviews has a significant effect on buyers' purchasing decision due to the increase in the perceived popularity of a product. Trust plays a role in online consumer behavior (Vimaladevi & Dhanabhakaym 2012). Trust has a significantly positive influence on consumer purchase intention. Positive word-of-mouth has a moderating effect between the influences of trust on purchase intention (Lin & Lu 2010). Purchase intention is the most widely studied outcome variables of eWOM communication and the conceptual framework on the social communication is comprised of four major elements: Communicator, Stimulus, Receiver, and Response (Cheung & Thadani 2010).

Consumers have shown lot of dependence for e-reviews on purchasing electronics. For purchasing an experience product, however, more elaborate interpersonal communication would be needed to affect consumers' decisions. The effectiveness of eWOM as a decisive factor for consumers' purchase behaviour is examined (Jung & Kim 2012).

Gender differences have a great role to play in eWOM credibility, eWOM acceptance, and intent to purchase. Expertise and rapport have significant effects on eWOM credibility for female customers. Gender-based social sciences research can be applied to virtual communities and e-commerce transactions. Expertise and involvement leads to increased eWOM credibility, eWOM acceptance, and intent to purchase (Fan & Miao 2012). Online retailers are attempting to use online WOM to develop trust in the consumer but in a standard way across genders. Results suggest that men and women value online WOM differently, and these factors affect online trust differently across genders. Online trust affects

intention to shop online more for women than for men (Awad & Ragowsky 2008).

With the reduced role of price in the buying decision, social discussion via eWOM becomes a collective signal of reputation, and ultimately a significant demand driver. It has been examined that eWOM can be used to convey the reputation of the product, the reputation of the brand, and the reputation of complementary goods. eWOM technologies gain attention of both retailers and shoppers as the primary source of social buying experience till the newer social shopping technologies gain acceptance, (Amblee & Bui 2011). The e-message impression of online word-of-mouth and leader's comments have much influence on consumer's willingness of buying clothes; the information of online word-of-mouth influences its receiver's attitude towards brand and consumer's willingness of buying clothes positively in the end (Sudhakar 2009).

The eWOM forum provides information which is more influential in their decision than speaking with friends in person (WOM). While existing research suggests that strong tie referral sources are more influential than weak tie information sources on decision making, this research finds that some weak tie information sources are rated as more influential (Steffes & Burgee 2008). The online referrals play a significant role in WOM spread through their contacts in the network. However, it is more likely that negative WOM is disseminated more than positive and neutral WOM. The confirmed interaction effect between Centrality and Prominence signifies that neutral, negative, and positive WOM are produced by members who have large friend lists and are also being followed (Samutachak 2012). WOM has a greater impact on product judgments, attitude formation, and decision making than formal marketing communications (Brown et al. 2007).

III. NEED, OBJECTIVE & METHODOLOGY

The rise of the internet has led to the emergence of new word of mouth that is e WOM. E WOM plays a crucial role in consumer decision making process. The present paper attempts to evaluate the role of eWOM in consumer decision making process through extensive literature review.

IV. DISCUSSION

Electronic Word of Mouth plays a crucial role in consumer decision making process. Nowadays for brand promotion and sales generation companies are taking tremendous assistance from social networking sites.

Previous researches have examined that e WOM plays a pivotal role in 20 to 50% of consumer decision making process (Boughin et al. 2010). E WOM also plays a significant role in influencing consumer purchase in positive or negative ways. For products associated with promotion consumption goals, consumers show a positivity bias, whereby they rate positive reviews as more persuasive than negative ones. Conversely, consumers show a negativity bias for products associated with prevention consumption goals (Zhang et al. 2010). It also challenges the credibility of the source as

anonymity of the online messages could also have a negative effect on their credibility. The information which is shared is also not private as it is in written form and anybody can view it at any point of time.

Trust plays a significant role in online consumer decision making process. Results suggest that men and women value online WOM differently, and these factors affect online trust differently across genders. Online trust affects intention to shop online more for women than for men. Thus, firms may want to consider more carefully designing online WOM.

Most of the managerial implications of these researches have provided these firms adequate food for thought to strategize on e-word of mouth and they must consider online social network and online WOM as important marketing tools which should be strategically and actively used to promote their image and offerings. Reliability, popularity, ownership and internationality of the website also helps in making consumer purchasing decisions. Needless to say that Electronic Word of Mouth is emerging as one of the strongest influencer in purchase decision making especially for expensive durable products. The Marketers as well as research community may gain insights from the critical assessment attempted in the abovementioned discussion to capitalize the opportunities present in rapidly growing segments like rural markets as well as teenagers.

V. REFERENCES

- [1]. Amblee, N. and Bui, T. (2011), "Harnessing the Influence of Social Proof in Online Shopping: The Effect of Electronic Word of Mouth on Sales of Digital Microproducts", *International Journal of Electronic Commerce*, Vol. 16, No. 2, pp. 91–113.
- [2]. Awad, N. F. and Ragowsky, A. (2008), "Establishing Trust in Electronic Commerce Through Online Word of Mouth: An Examination Across Genders", *Journal of Management Information Systems*, Vol. 24, No. 4, pp. 101–121.
- [3]. Boughin, J., Doogan, J. and Vetvik, O.J. (2010). A new way to measure word-of-mouth marketing. *McKinsey Quarterly*, 2, pp. 113-116.
- [4]. Brown, J. J. and Reingen, P. H. (1987), "Social Ties and Word-of-Mouth Referral Behavior. *Journal of Consumer Research, Inc*", Vol. 14, No. 3, pp. 350-362.
- [5]. Cheung, C. M. and Thadani, D. R. (2010), "The Effectiveness of Electronic Word-of-Mouth Communication: A Literature Analysis", *23rd Bled eConference*, pp.329-345.
- [6]. Dwyer, P. (2007), "Measuring the Value of Electronic Word of Mouth and Its Impact in Consumer Communities", *Journal of Interactive Marketing*, Vol-21, pp.63-79.
- [7]. Fan, Y. W. and Miao, Y. F. (2012), "Effect Of Electronic Word-Of-Mouth On Consumer Purchase Intention: The Perspective Of Gender Differences", *International Journal of Electronic Business Management*, Vol. 10, No. 3, pp. 175-181.
- [8]. Fan, Y. W., Miao, Y. F., Fang, Y. H. and Lin, R. Y. (2013), "Establishing the Adoption of Electronic Word-of-Mouth through Consumers' Perceived Credibility", *International Business Research*, Vol. 6, No. 3 pp.58-65.
- [9]. Fogel, S. (2010), "Issues in Measurement of Word of Mouth in Social Media Marketing", *International Journal of Integrated Marketing Communications*, pp.54-60.
- [10]. Jung, N. y. and Kim, S. (2012), "Determinants of Electronic Word-of-Mouth: Meta- Analysis of Quantitative Research", *Proceedings of the Atlantic Marketing Association*, pp.342-361.
- [11]. Lin, L. Y. and Lu, C. Y. (2010), "The Influence of Corporate Image, Relationship Marketing, and Trust on Purchase Intention: The Moderating Effects of Word-of-Mouth", *Tourism Review*, VOL. 65 NO. 3, pp. 16-34.
- [12]. Pani, A. and Sharma, M. (2011), "Innovation in Social Networking Media and their impact on the Buying Behavior of Gennext Consumers in India: A new face of Viral Marketing", *International Journal of Business and Management Tomorrow*, Vol. 1 No. 1 pp. 1-15.
- [13]. Riegner, C. (2007), "Word of Mouth on the Web: The Impact of Web 2.0 on Consumer Purchase Decisions", *Journal of advertising research*, pp.436-447.
- [14]. Rehmani, M. and Khan, M. I. (2011), "The Impact of E-Media on Customer Purchase Intention", *International Journal of Advanced Computer Science and Applications*, Vol. 2, No.3, pp.101-103.
- [15]. Samutachak, B. (2012), "The Effects Of Centrality And Prominence Of Nodes In The Online Social Network On Word Of Mouth Behaviors", *Journal of Academy of Business and Economics*, Vol.12, pp.125-148.
- [16]. Satya, S. (2012), "Leisure, Social Networking And Mass Media: The Evolving Confluence", *Indian Journal of Marketing*, pp.11-16.
- [17]. Sudhakar. (2009), "A Study On Various Factors Influencing Students' Laptop Purchases Among Various Student's In Vit University, Vellore, Tamil Nadu, India", *International Journal of Research in IT, Management and Engineering*, Volume1, Issue3, ISSN: 2249- 1619.
- [18]. Steffes, E. M. and Burgee, L. E. (2008), "Social Ties and Online Word of Mouth. *Emerald Group Publishing Limited*", Vol. 19 No. 1, pp. 42-59.
- [19]. Vimaladevi, K. and Dhanabhakaym, M. (2012), "A Study on the Effects of Online Consumer Reviews on Purchasing Decision" *Prestige International Journal of Management & IT-Sanchayan*, Vol. 1(1), pp. 91-99.
- [20]. Zamil, A. M. (2011), "The Impact of Word of Mouth (WOM) on the Purchasing Decision of the Jordanian Consumer", *Research Journal of International Studies*, Vol. 20, pp.24-29.