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# ELECTRONIC WORD OF MOUTH: FACTORS THAT INFLUENCE PURCHASE INTENTION

Literature  
review

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## Abstract

*With the rapid development of Internet and the emergence of Web 2.0 sites, user interaction has increased considerably, widening the scope of word-of mouth communication. People can now access information, exchange ideas and opinions, join various networks and socializing groups, regardless of their position on the globe. This new means of communication, electronic word of mouth (e-WOM), makes it possible for users to be inter-connected and participate in a continuous flow of information exchange. In literature, there have been identified multiple factors that can define electronic word of mouth and it has been noted that this phenomenon can influence the purchase intention of online consumers. However, due to the complexity of e-WOM, it's very difficult to offer a single definition of this concept. Considering the ample area that electronic word of mouth may have an impact on, this article proposes a literature review of possible factors that influence the purchase intentions. Results will provide a baseline for developing a possible model for electronic word of mouth and its role in the purchase intention.*

## INTRODUCTION

With the exponential growth in the IT sector, people can nowadays access Internet from anywhere; there are no time or place limitations. This type of advancement has deeply changed the way people communicate with each other and has led to a new form of communication: electronic word of mouth. E-WOM is most frequently used online especially on social networks, forums or any other community type website. Consumers, therefore, can easily share their experiences or opinions on various goods and services. By the same token, they can seek for other people's opinions online and analyze their experience with a specific product even if they do not know personally the user who posted the review. The opinions and comments can be found from different online sources including companies' websites and websites created by consumers, social networks, blogs and different electronic forms (Lerrthairakul et al., 2014).

Sharing information, opinions, and experiences is a natural reaction for people, as it comes in their instinct to socialize and participate in group activities. Online, this type of behavior has been transfused to social media platforms (Heinonen, 2011). These sites are considered hybrid in the idea that they offer possibilities for electronic word of mouth (so users to interact with one another) but also possibilities for marketers to promote their products to a wider range of consumers, with a very low cost (Chi, 2011).

The most popular sites where people choose to disseminate information on various topics are web 2.0 ones, especially social media sites (Facebook, Reddit, LinkedIn, Twitter), forums, and niched blogs. Activity on such platforms leads to the creation of user generated content (UGC) which is the baseline for electronic word of mouth: product related experiences are shared and opinions exchanged (Mohammad et al, 2011). The change to electronic information channels has also introduced decision makers to a much wider and easy-to-access collection of "friends" that may potentially influence decision making (Tham et al., 2013).

As an Internet-based version of word of mouth, e-WOM has become a major informational source for consumers before they buy the products (Lin et al., 2013). Whereas many studies have examined the importance and roles various factors of electronic word of mouth that may influence the purchase intention have (e.g., Lin et al. 2013, Lerrthairakul et al. 2014, Zamil, 2011, Akyuz 2013, Jalilvand et al, 2011, Chang et. al, 2011), there has not been compiled an integrative list of factors that define e-WOM and have a role in the purchase decision. Therefore, this study aims to synthesize the

effectiveness of e-WOM on consumers' purchase intention by systematically reviewing the factors investigated in literature.

## THEORETICAL FRAMEWORK

### WORD OF MOUTH (WOM)

Word of mouth (WOM) is considered one of the most influential sources of information since the beginning of human society (Yayli et. Al, 2011). Before Internet, word of mouth was the preferred method for people to share their ideas and experiences with various products. Because of its importance and influence on consumers and their buying decision, WOM is a concept that has been analyzed for many decades by scholars and practitioners from different perspectives. As a result, in literature there are various definitions for WOM, which remain congruent decades later, and describe word of mouth as an "*oral, person-to person communication between receiver and a communicator whom the receiver perceives as non-commercial, regarding a brand, product or service*" (Kaijasilta 2013, p.7). Word of mouth takes place when one individual shares with another any type of information regarding a certain good, product, service. What differentiates WOM from other types of communication is its non commercial character. Consumers that engage in word of mouth, can be assured that the information obtained will be custom-tailored for their needs without any hidden objectives (opposite to ads where the main goal is to sell the product). Another factor specific to WOM is the need for social support for participants: they seek confirmation that they acquired the right product. WOM is a social behavior, where the consumer gets in contact with a wide range of people from close friends and family to acquaintances (Ryu and Feick, 2007). The similarities between the sender and receiver of the message may be very important when it comes to developing new attitudes towards brands (Kaijaslista, 2013). Considering that conversation has a high perceived credibility, it is often the case that WOM has a strong impact on how people evaluate their purchasing options.

Due to Internet's global nature, users can now communicate, exchange ideas regardless of their locations. This type of behavior led to the creation of electronic word of mouth, which has been used more and more in the recent years.

### ELECTRONIC WORD OF MOUTH (e-WOM)

On a superficial approach, one may be tempted to assume that electronic word of mouth is a mere extension of word of mouth in the online space. WOM is defined as a non commercial form of sharing messages about specific products, services,

brands, from a communicator to a receiver. However, when it comes to electronic word of mouth, people who do engage in this activity perform different activities compared to those in the real world, since communication takes place in a virtual environment (Park et al., 2011). Considering that it's a recent phenomenon, e-WOM is not yet fully understood and very well defined. There have been attempts in the literature to offer an explanation to what e-WOM may imply. One of them was given by Henning-Thurau et al. (2004) who suggested this definition: *"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 Internet"* (p.39).

An important aspect to mention is that several studies have found that WOM communication influences the purchase intention of consumers, their attitudes, beliefs and the pre and post usage of a product (Arnaud and Lilien, 2008). Even if it hasn't been thoroughly researched, there have been various papers that underlined the importance of electronic word of mouth in online consumer's buying decision. Therefore, there is a need to understand the depth of the impact of e-WOM on users.

#### PURCHASE INTENTION

Purchase intention is associated to consumer's intention to purchase a particular product or service. According to Fishbein and Azjen (1975), purchase intention is considered to be the single most accurate predictor of actual purchase behavior. Various studies have been conducted on this topic, and their results found statistically significant relationships between purchase intention and actual purchase behaviors. This factor seems to be most influential on the consumer durable goods category, where purchase intention can be a good measurement for buying behavior. Godes and Mayzlin (2009) conducted a study on how exogenous word of mouth would affect sales. The results showed that WOM is the main cause for the higher level of sales in the organization (Lin et. al, 2013).

The decision process and psychosocial activity are involved in the stages of evaluating, acquiring, consuming or ordering of goods and services. With the development of Internet and globalization, the market has exploded: nowadays consumers are facing the issue of "confusion by over-choice". There are many brands available for the same type of product, which makes it difficult for the average consumer to take a decision. That is why there is a strong need for a medium to help people cut through the advertizing "clutter" and choose a product that would fit their needs. This is where electronic word of mouth comes in, and consumers

that decide to use this means of communication may have their purchase intention altered, especially by people who already had a shopping experience with that specific good (Ahmad et al., 2014).

Electronic word of mouth is regarded as a critical source for consumers when making a buying decision. Some related studies have also indicated that e-WOM messages are a great way for consumers to obtain information about certain products and also decrease the uncertainty revolved around online shopping.

A very important finding of a study conducted by Frambach, Roest, and Krishnan (2007) states that consumers who search for information online, about services and products, will consider buying the product and services in three main stages. These are: pre-purchase stage, purchasing stage and post-purchasing stage. According to their research, consumers that searched for online reviews of products and services, also engaged in commenting on their own, to share their opinions (either positive or negative) with respect to their experience of buying those products online and also utilizing them in the post purchase stage. Blackwell, Miniard, and Engel (2006) stated that during the consumers' decision process they face various factors that influence them, either caused by the environment (online medium, site) or by the context (topic discussed, how others reacted to that). Such elements play an important role in the final buying decision. It can be included in the list their social status, culture, personal motives, family,

and sometimes even religion. Before the actual purchase, many people spent time reading suggestions, reviews given by experienced customers, or specialists in a certain field. Their opinions do make a difference and influence the purchase intentions which eventually will alter the final decision (Lerrthaitraku et. al, 2014).

Nowadays, almost every website that is devoted to online sales, offers the chance for users to review their services/goods and share their shopping experience. While making a purchase decision, many consumers are influenced by these comments, ratings and may adopt a positive or negative attitude towards the product. According to Mudambiet. al (2010, p. 186), a customer review is a: "peer-generated product evaluation that facilitates the consumer's purchase decision process." One of the findings of a Nielsen study (2012) states that 70% of consumers world wide trust online reviews, whilst 30% still believe in traditional advertising through broadcast and printed ads. The same study revealed that online reviews increased in credibility with 15% in the past four years.

Park et al (2011) defined e-WOM effect as “the effect by e-WOM to affect purchase decision making”.

WOM and e-WOM both are interactive ways to exchange information regarding consumption. According to Brezeale (2009) the online side of communication is not as spontaneous as the offline one. This argument lies on the fact that the participants of an online conversation can answer in their own rhythm, while offline conversations demand instant reaction/reply. However, thanks to the evolution of social media sites and telephone industry, electronic word of mouth has started to become a more spontaneous form of communication, also more personal and direct (Kaijasilta, 2013).

## RESEARCH METHOD

In order to analyze the existing research on electronic word of mouth and its role in the purchase intention, this paper applied a systematic literature review method. In this manner, coherent and clear results can be obtained in order to summarize existing factors which define e-WOM and how it affects consumers' buying behavior.

The first step for implementing a systematic review, was to identify journals and conference papers that investigated the effectiveness of electronic word of mouth on consumers' purchase intention. Various databases were also consulted such as ACM, Science Direct, Sage, EBSCO host, JSTOR, Pro Quest, Google Scholar. The keywords used for searching were: *electronic word of mouth, factors defining electronic word of mouth, e-WOM and purchase intention, online purchase intention, electronic word of mouth and impact on purchase intention, and influence of electronic word of mouth on buying decisions*. Because researchers often use *purchase intention* and *purchase decision*, other terms were added to the search query: *electronic word of mouth in decision making, influence of e-WOM on decision making*. Also, the term *influence* is interchangeable with the term *impact*, so more search has been done using the latter.

Initially 104 articles were collected on the topic of electronic word of mouth, decision making process and purchase intention. However, not all of them analyzed e-WOM and purchase intention within the same study and very few of these articles included defining e-WOM in the mix. Only research that approached the role of electronic word of mouth in online consumers' purchase intention was selected. Thus, at the end of the search query, 23 articles are considered to be relevant. Studies that were approaching e-WOM and purchase intention from different perspectives (i.e. the impact of social

media on youth, decision making process in management) were excluded.

## FACTORS DEFINING E-WOM

After a first analysis of the articles, a number of 20 unique factors were identified as having a strong connection with electronic word of mouth and impacting consumers' purchase intention. For a better overview, these factors have been presented in Table 1.

## DISCUSSIONS AND CONCLUSIONS

This paper explores the question of which factors defining electronic word of mouth have an impact on the purchase intentions of online consumers, by following a systematic literature review. Results have shown that there are numerous elements that may influence the buying behavior of online consumers. However, researchers have chosen to study factors of their own interest and there is little integration among all of them. Various retail fields have been approached (electronic goods, clothing, tourism) and it remains unknown which are the exact elements of e-WOM that do have an impact on consumers' behavior.

Nevertheless, this compilation of electronic word of mouth factors, from literature sets a good baseline to obtain a more defined view on the exact correlation between e-WOM and the purchase intention.

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**Table 1 Factors defining electronic word of mouth and their involvement in purchase intention**

No.	E-WOM Factor	Description	Article (s)
1	Customer reviews	a type of electronic word-of-mouth which provides product information and recommendations from the customers' perspective	Akyur et. al (2013), Yayli et. al (2011), Lerrthaitakul et. al (2014), Lamba et. al (2014), Alman (2013)
2	Interpersonal influences	the degree of influence coming from peers and people belonging to the same social group	Akyur et. al (2013), Ahmad et. al (2014), Jalilvand et. al (2011)
3	Previous shopping experience	Experience with buying from the same retailer of the same product	Akyur et. al (2013), Chang et. al (2012), Lin et. al (2013)
4	Perceived credibility	how marketing related information is perceived by consumers on social networking sites	Akyur et. al (2013), Ahmad et. al (2014)
5	Message trustworthiness	credibility of the message transmitted during e-WOM process	Chang et. al (2012), Yayli et. al (2011)
6	Mobile e-WOM	mobile shopping is growing more popular, and e-WOM exchanged on mobile devices can influence the purchase decision	Zamil (2011)
7	Review characteristics	consistency and word quality	Yayli et. al (2011), Alman (2013)
8	Reviewer characteristics	If the person posting the review fits with the social criteria of the consumer	Yayli et. al (2011), Alman (2013)
9	Website characteristics	how the website is structured, the layout	Yayli et. al (2011), Alman (2013)
10	Product involvement	if there are any emotional attachments towards a product, or any other interests	Lin et. al (2013)
11	Brand image	corporate/brand image facilitates customers' knowledge about the level of quality offered by a certain company, and decreases hesitation during the purchasing decision	Lin et. al (2013), Themba et. al (2013), Bataineh (2015)
12	E-WOM quality	the convincing power of comments rooted in an informational message, to influence purchase decision	Lin et. al (2013), Lerrthaitakul et. al (2014), Batain et. al (2015)
13	E-WOM quantity	the amount of information customers received influence their purchase decision of products and services	Lin et. al (2013), Lerrthaitakul et. al (2014), Batain et. al (2015), Lamba et. al (2014)
14	E-WOM credibility	the dependence degree of people with their peers, valuing their opinion more	Akyur et. al (2013), Lerrthaitakul et. al

		as opposite to an online review	(2014), Batain et. al (2015)
15	Perceived value	The value perceived by the consumers by engaging in e-WOM	Lamba et. al (2014)
16	Product review rating	if a product has a good rating, most likely it will influence the purchase intention of consumers	Lamba et. al (2014), Almana (2013)
17	Environment influence	e-WOM can have a stronger impact according to the platform where it takes place: for some people it will be more relevant on facebook, others will prefer shopping sites or forums etc.	Almana (2013), Ahmad et. al (2014)
18	Viral marketing	the effectiveness of e-WOM across social networks, forums and other social platforms	Ahmad et. al (2014)
19	E-WOM valence (positive, negative)	the type of information provided through e-WOM may influence positively or negatively the purchase intention	Chang et. al (2012), Almana (2013)
20	Experience with online reviews	an important factor which helps evaluate the trustworthiness of the information source	Akyur et. al (2013), Lin et. al (2013)