Prospects and Challenges of Commerce

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Edition 2024

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A Study on the Impact of Word of Mouth and Electronic Word of Mouth on Consumer Purchase Intention with Special Reference to Palakkad District

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ABSTRACT

Electronic word-of-mouth (eWOM) has become an important communication tool in the online environment. Some studies have identified what makes certain online reviews more influential than others, accordingly the main purpose of this study is to identify the impact of eWOM dimensions including (Quality, Quantity, and Credibility) on consumer's purchase intention. The study proposed a model and data has been gathered using questionnaire. The sample consists of Palakkad district citizens. The data analysis results provided that eWOM quality, and eWOM quantity; are significantly impact on purchase intention, however on the contrary eWOM credibility had no significant impact on purchase intention.

Keywords: eWOM (Quality, Quantity, and Credibility), purchase intention, Online Environment.

Introduction

Marketers are always looking to detect consumer purchase intent because of its importance in understanding how consumers think, feel, and choose between different options. There are essential factors that influence the consumer's purchase intention such as: cultural, social, personal and psychological factors. Therefore, consumers can be influenced by what they hear (WOM) from others in their immediate environment (friends, colleagues, family) etc. The emergence of Web 2.0 and social networking sites has increased the influence of groups and individuals and resulted in eWOM which is expected to influence consumer intent both in the market and in the market space. The Arab community is considered a rich community to study, so the present study examines the impact of the eWOM dimensions (quality, quantity, credibility) on consumers' purchase intention. Accordingly, the problem statement, research conclusion, recommendations and future research are also discussed.

Statement of the Problem

Even though there are several studies and a substantial volume of literature on WOM, it is important to point out that eWOM is still an understudied area and requires further investigation because there is a lack of studies on this subject in Palakkad district. However, previous studies have rarely focused on whether eWOM can impact purchase intent.

Due to the extensive use of social media in society, the concept of social media marketing has emerged. According to this, the traditional WOM has moved from the real world to the virtual world as "eWOM" and it

becomes very important to study how eWOM could affect the purchase intention of the consumer. On this basis, the present study will attempt to answer the following main research question:

What is the impact of eWOM on consumer purchase intent?

Objectives of the Study

The objective of this study is to identify the impact of eWOM dimensions on consumer purchase intention. In addition, the research aims to achieve the following objectives:

- A review of the literature available to develop a research model.

- Check the impact of each dimension (credibility, quality and quantity) on the consumer's purchase intention.
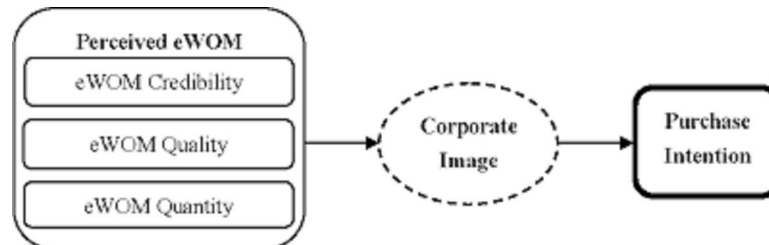
Through extensive review and study of eWOM literature, a conceptual model has been proposed as shown in the above Figure, which consists of independent variables (eWOM credibility, eWOM quality, and eWOM quantity) and the dependent variable (purchase Intent).

Operational Definitions

WOM: Word of mouth can be defined as a communication between people in which the person receives a non-commercial message related to brands, products or services. In other words, sharing and exchanging information on the consumer experience.

Purchase intent: The primary definition of purchase intent is the subjective likelihood that users will engage in a certain behavior. If users want to get a specific product or service, it means that there is a purchase intention in their mind; they want to buy that product or service, whether long-term or short-term. When consumers have a positive reputation or expression towards branded products or services, purchase intentions will mostly occur, as it is influenced by their positive expression towards the product.

eWOM: eWOM is a statement made by potential, current or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet.

Social network Sites (SNS): Social networking sites are described as web services that aim to provide Internet users with the ability to create their own profiles and networks via friend lists while allowing them to reach.

Quality: The quality of eWOM can be described as the persuasiveness of comments embedded in an informative message. When customers seek information, the quality of information can impact customers acceptance of the same regarding the eWOM communication channels.

Quantity: When you take into consideration the amount of information people share online, most of them while shopping may need a reference to build their confidence to lessen the feeling of making mistakes or take risks, because online reviews, the number of reviews could be a sign of the product's value and popularity. Second. The amount of information customers were impacted on the customer's intention to purchase products and services.

Credibility: The credibility of eWOM in this research refers to the degree of dependence of people in your contact list such as friends or colleagues, etc.

eWOM Effect

For most consumers, it is necessary to know what others think of a certain product/service before or during purchases. While doing this with family and friends in the traditional WOM, they can get the opinions they want by interacting with customers they don't know but who share similar interests in the online WOM. From now on, each online sales site offers consumers the opportunity to express (comment/review) their opinion on a particular product/service. As they shape purchase intent, many consumers are influenced by these comments and reviews and adopt a positive or negative attitude towards the product.

Factors Affecting eWOM

This study selected three factors to consider including the quality, quantity and credibility of eWOM. The quality of the eWOM can be defined as the persuasive power of the opinions/comments integrated in an information message. According to Lee et al he customer's intention to buy products and services depends on the amount of information obtained for this product or service, as well as according to product review sites, customers tend to believe negative comments more than positive ones. The receiver's judgment on the credibility of the information is considered a key to the initial phase of the information persuasion process. eWOM credibility refers to the extent to which an individual trusts a recommendation from a particular source person/organization . The credibility of eWOM in this research indicates the dependence of consumers on their friends, relatives or colleagues.

This research is based on an analytical descriptive approach that includes two types of data, primary data and secondary data. A data collection questionnaire was used for this study. Therefore, several members of the leading citizens of Palakkad, including men and women who are familiar with social media sites and have at least

one active account on the following social media sites: (Facebook, Twitter, YouTube and Instagram), were asked to answer the questionnaire, and it was an important requirement. Convenience and cluster sampling techniques used in data collection; the sample size determined to be 50 respondents of palakkad district.

Data Analysis

Variable	Frequency	Percentage
The social networking site that used frequently		
Facebook	18	32
Twitter	2	4
Instagram	8	16
YouTube	22	44
Total	**50**	**100**
Average hours visiting social networking sites		
1-2 hours	11	22
2-3 hours	7	14
3-4 hours	7	14
Above 4 hours	25	50
Total	**50**	**100**
The most activity usually respondents do on social networking site		
Chatting	26	52
Posting comments	6	12
Making new friends	4	8
Searching products/services	14	28
Total	**50**	**100**
Gender		
Male	17	34
Female	33	66
Total	**50**	**100**

Age

18-24 years	38	76
25-30 years	9	18
Above 30 years	3	6
Total	**50**	**100**

Reviews influence highly in online purchase decision

Yes	48	96
No	2	4
Total	**50**	**100**

online reviews/comments through eWOM could be beneficial as it can improve customers' perception and further validate purchase intent

Agree	47	94
Neutral	3	6
Disagree	0	0

Interpretation

The impact of traditional WOM on consumer intent has already been studied in numerous researches, based on the huge evolution of electronic word of mouth over the past decade, marketers need to better understand and realize how eWOM might affect their potential buyers or customers. Analysis shows that there is a significant and positive impact of the independent variables (eWOM quality and eWOM quantity) on the dependent variable (purchase intention). The results support the eWOM literature, which argues that the ease of understanding the message (reviews/comments) (eWOM quality) and the volume of the message on social networking sites (eWOM quantity) could attract and influence intent buying potential customer. The results indicate that eWOM credibility has no impact on purchase intent; Moreover, this result is new in the eWOM literature and could be tested by other researchers in the future. Thus, online

reviews/comments through eWOM could be beneficial for citizens as it can improve their perception and further validate their purchase intent. Additionally, understandable, helpful, and persuasive reviews/ comments (as measures of quality) about the product can have a big impact on customers' purchase intent. After getting the information from e-WOM, people tend to believe and have their own perception of the product or services. As a result, E-WOM can positively or negatively influence consumers' purchase intent by influencing their purchasing decision to buy or not to buy.

Conclusion

eWOM has exceptional influence compared to other marketing strategies and advertising methods. When this form of marketing strategies is used on social media sites, a significant increase in its effect is clearly visible. However, the present study made several theoretical contributions as the study showed that consumers' purchase intent towards products can vary depending on the quality, credibility and quantity of online reviews, which would lead to different behaviors in purchase intentions. The study results indicated that eWOM quantity is the most influential dimension (predictor) on purchase intent, followed by eWOM quality.

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