

# **THE IMPACTS OF ELECTRONIC WORD OF MOUTH IN SOCIAL MEDIA ON CONSUMERS' PURCHASE INTENTIONS**

Ismail Erkan\* & Chris Evans\*\*

*Brunel University / Brunel Business School*

*ismail.erkan@brunel.ac.uk, chris.evans@brunel.ac.uk / London UB8 3PH, UK*

\* Ismail Erkan is a Doctoral Researcher at Brunel Business School.

\*\* Chris Evans is a Senior Lecturer at Brunel Business School.

### **Abstract**

*The influence of Electronic Word of Mouth (eWOM) on consumers' purchase intentions has been known for a long time. However, eWOM has gained a new dimension with the advent of social media. Before this new phenomenon, people were able to talk with anonymous people on the Internet. Social media enable people to talk with friends and acquaintances, on the Internet. This new way of eWOM might be more powerful in terms of triggering purchase intention. This study discusses the electronic word of mouth within the context of social media. Particularly, this study examines the influence of eWOM in social media on consumers' purchase intentions. The research consists of two phases. First, survey will be conducted to understand the effect of eWOM in social media on purchase intention. Then interviews will be made to reveal that how eWOM in social media affects consumers' purchase intentions. The results should contribute to both researchers and practitioners.*

**Keywords:** *word of mouth, electronic word of mouth, social media, purchase intention*

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### **INTRODUCTION**

Marketing means making lucrative relationships with customers, which includes gaining new customers and keeping current ones (Kotler et al., 2013). In order to keep and grow current customers, marketers try to increase satisfaction and quality about their products or services. However with the purpose of acquiring new customers, marketers generally try to present their products and services by different sorts of advertisements.

Consumer behaviour can be affected with many types of advertising but word of mouth has a stronger impact than the other types such as personal selling, written and radio advertisements (Engel, Blackwell & Kegerreis, 1969). Word of mouth (WOM) is a communication among consumers, which consists comments related to products and services (Arndt, 1967). People find these comments more trustworthy than the other non-personal sources like television commercials or other kinds of advertisements. In fact, according to Trusov, Bucklin and Pauwels (2009), the traditional form of getting information which we called advertising starts to lose its efficacy because of reliability issues.

These studies lead the marketers and academics to examine word of mouth more deeply. The capability of WOM to affect consumers' purchase decisions has long been known to researchers and marketers; but in the age of the Internet it has appeared in a new way which we called electronic word of mouth (eWOM) (Cheung and Thadani, 2012). Then researchers start to discover the stronger and weaker sides of this new phenomenon. Although eWOM might be less personal due to not being face-to-face, it is stronger because it is immediate and is accessible by others (Hennig-Thurau et al., 2004).

In recent studies, lack of information about the identity of authors of postings has been considered a weak side of eWOM (Keller, 2007). This is due to the fact that they have mostly focused on eWOM which has been occurring in online forum sites and sites that have consumer reviews related to products. However, thanks to social media (social networking sites) eWOM now not only occurs between unknown people but also happens between people who already know each other. This new way of eWOM might be more powerful in terms of triggering purchase intention. Therefore the aim of this study is to understand the relationship between eWOM in social networking sites and purchase intention.

## **THEORETICAL BACKGROUND**

### **Word of Mouth**

Word of mouth is defined as a communication between people where the person receives some non-commercial messages regarding to brands, products or services (Arndt, 1967). In other words, sharing and exchanging information about consumption experience.

Balter and Butman (2005), draw attention to the difference of WOM from the other marketing tools because of its natural structure formed by real reviews and information about products and services. Therefore, word of mouth is considered by consumers as an effective way to reduce perceived risk by getting information about the products. Consumers can do that both offline and online and for this reason WOM is divided into two categories: Offline Word of Mouth and Electronic Word of Mouth.

### **Electronic Word of Mouth**

The method people used to communicate has noticeably been changed and it has become more convenient for people to share their personal opinions and experiences through the Internet. This process has revealed a new approach for word of mouth that is called

“electronic word of mouth” or “online word of mouth”. Hennig-Thurau et al. (2004), defined eWOM as a: “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”.

Electronic word of mouth can be marketer-generated or user-generated. While the information on the internet is often supplied by company-generated sites, online communities are enabling people to share their views with others by creating media content as pictures, videos or texts. As an example, social networks (e.g. Facebook, Google+), brands’ websites, product review sites (e.g. epinions.com), forums and blogs are different kinds of eWOM platforms (Bickart and Schindler, 2001; Cheung and Thadani, 2012) (see Table 1).

**Table 1**

*Different types of eWOM platforms (Cheung and Thadani, 2012)*

Platforms	Examples
Social networking sites	<i>Facebook.com, Twitter.com</i>
Online brand/shopping sites	<i>Amazon.com, Ebay.com</i>
Online consumer review sites	<i>Epinions.com, Shopping.com</i>
Online discussion forums	<i>Ukbusinessforums.co.uk</i>
Blogs	<i>Xanga.com, Blogger.com</i>

### **EWOM and Social Networking Sites (SNS)**

Social networking sites are described as web-based services which aim to provide internet users an opportunity to create their profiles and personal networks via friend lists while allow

them to reach others` (Boyd and Ellison, 2007). Besides the term “Social Networking Sites”, the term “social media” also appears in both academic studies and public discourses in order to describe this phenomenon.

Consumers can find a chance to talk about the product information which has effects on their purchase decisions with their friends by social media (Kozinets et al. 2010). Social media users create their own contents related to their opinions which can be post, comment or like. In fact they generate even their own community which consists of the people who have similar ideas about the same product or services.

### **EWOM and Purchase Intention**

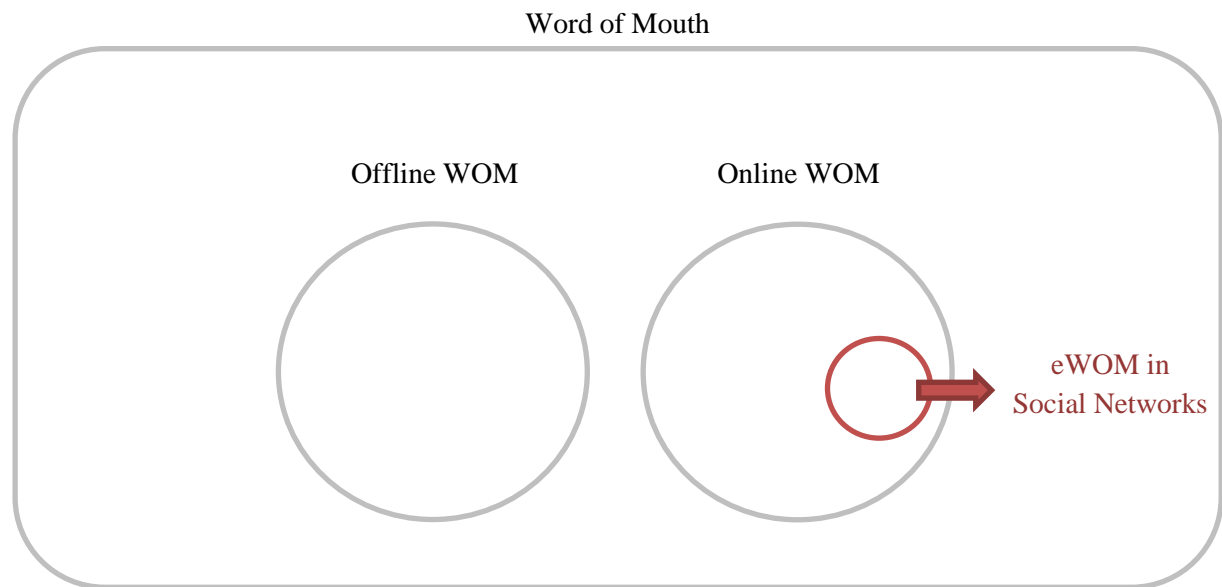
In order to understand whether it is a strong marketing tool or not, the first thing that should be understood is, does WOM influence the purchase intention? This question has been studied by many of researchers and these previous research has revealed that WOM has significant effects on customers’ purchase intentions (Engel, Blackwell and Kegerreis, 1969).

By the improvements in online shopping facilities eWOM has gained more and more importance. When consumers get suggestions from their friends or acquaintances on social media, they can visit the websites which provide the products or services. In other words, if consumers take recommendations into consideration, it can be turn into purchase action instantly. This is one of the prominent features which make eWOM superior over offline WOM.

### **RESEARCH GAP**

Previous studies have mostly focused on the electronic word of mouth which is happening between the people who don’t know each other. For this reason, eWOM has been considered a weak marketing tool (Keller, 2007). However, social media has removed this deficiency by

providing people an opportunity to talk with their friends and acquaintances on the Internet. But the effects of eWOM in social media on purchase intention still have not been known. The aim of this research is to address this research gap (see Figure 1).



*Figure 1. Research GAP*

## RESEARCH QUESTIONS

Research has been designed to answer following questions:

- Does eWOM in social media affect purchase intention? If so, how?
- Is “eWOM between friends” more effective than “eWOM between non-friends” on purchase intention?
- How do social networks differ from each other in terms of eWOM?
- How do different types of eWOM messages affect purchase intention? (e.g. Picture oriented – Video oriented – Text only) Why?

## METHODOLOGY

To address these research questions, two studies will be conducted sequentially with both quantitative and qualitative methods. In the first study, we aim to understand is there a relationship between eWOM in social media and purchase intention. Besides, in order to find whether eWOM in social media is more effective than the other types or not, we need to compare it with another eWOM source. For those reasons, survey method will be used in order to test the relationships between the key variables in the proposed model of study 1 (see Figure 2).

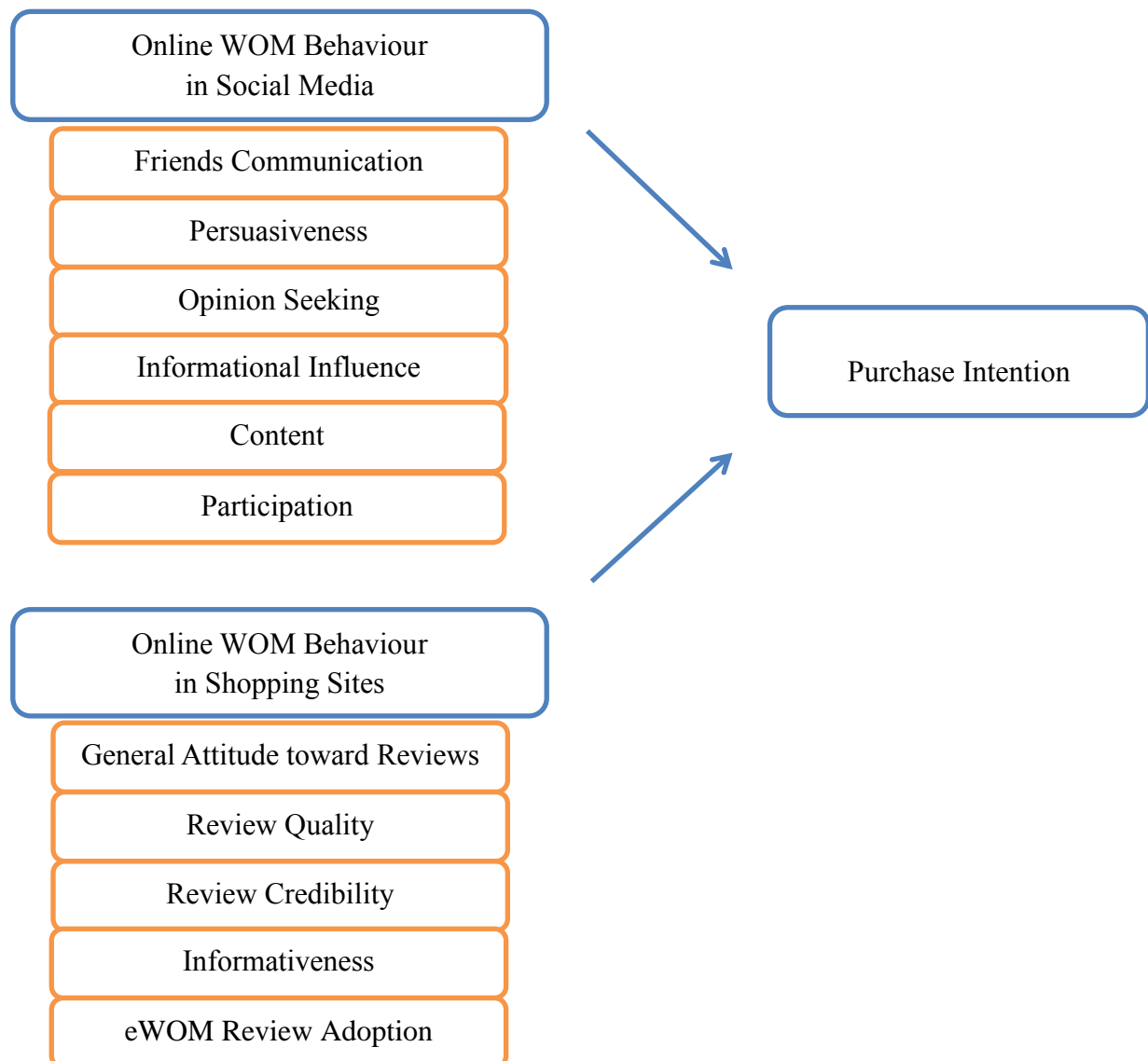


Figure 2. Model of Study 1



In the second phase, interviews will be conducted to expand initial results and to find how/why social networks and eWOM message types differ from each other in terms of affecting purchase intention. By using interviews, we aim to understand these questions deeply. The use of interviews can help the researchers to get reasonable and credible data which are appropriate to their research questions (Saunders, Lewis and Thornhill, 2012).

Sequential mixed methods research includes more than one stage of data collection and analysis. In this research design, the researchers use the second method in order to expand or elaborate on the initial findings (Saunders, Lewis and Thornhill 2012). This approach fits perfectly to the purpose of this study.

The data will be collected from university students due to the fact that they have been considered most active social media users. They constitute the greatest segment of the social media users, with 75% of adult between the ages of 18 and 24 (Chu and Kim, 2011). Thus, the sample is appropriate for study.

## **CONCLUSION**

In conclusion, as a one of the fastest growing areas for marketing, online word-of-mouth could offer obvious chances for marketers. In particular, eWOM in social networks is an appealing research topic due to exceptional growth, power and popularity of social networks. Besides, the effects of eWOM in social media on purchase intention remain uncertain. The aim of the research is to address this gap and the results should be useful for both practitioners and researchers.

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