

Association for Information Systems AIS Electronic Library (AISeL)

WHICEB 2014 Proceedings

Wuhan International Conference on e-Business

Summer 6-1-2014

Online Consumer Misbehavior: The Effects of WOM versus Observational Learning

Jingwen Chen

School of Business Administration, Zhongnan University of Economics and Law, China

Yuan Yin

School of Business Administration, Zhongnan University of Economics and Law, China

Shumeng Liao

School of Business Administration, Zhongnan University of Economics and Law, China

Follow this and additional works at: <http://aisel.aisnet.org/whiceb2014>

Recommended Citation

Chen, Jingwen; Yin, Yuan; and Liao, Shumeng, "Online Consumer Misbehavior: The Effects of WOM versus Observational Learning" (2014). *WHICEB 2014 Proceedings*. 96.

<http://aisel.aisnet.org/whiceb2014/96>

This material is brought to you by the Wuhan International Conference on e-Business at AIS Electronic Library (AISeL). It has been accepted for inclusion in WHICEB 2014 Proceedings by an authorized administrator of AIS Electronic Library (AISeL). For more information, please contact elibrary@aisnet.org.

Online Consumer Misbehavior: The Effects of WOM versus Observational Learning

Jingwen Chen, Yuan Yin, Shumeng Liao

School of Business Administration, Zhongnan University of Economics and Law, China

Abstract: Word of mouth (WOM) and observational learning (OL), as two types of social interaction, have been generally studied by researchers. And they have significant impacts on consumers' purchase decision. However, few researches pay attention to their influences on online misbehavior. In this paper, we respectively examined the effect of these variables on consumers' misbehavior. Moreover, Machiavellianism (Mach) as a kind of intrinsic quality may have an impact on consumers' choice making, thus it was introduced in this study. Using experimental methods and analysis data from 124 respondents, the results show that (1) the likelihood of consumer misbehavior is lower when the WOM is positive and (2) negative OL could induce observers to learn the misbehavior; (3) Mach has no significant effect on misbehavior, while it acts as a mediating variable: consumers with low Mach are more likely to be influenced by misbehaviors.

Keywords: word of mouth, observational learning, misbehavior, social learning theory, social influence

1. INTRODUCTION

Consumer misbehavior, which is defined as behavioral acts by consumers who breach codes of conduct generally accepted in consumption situations and thus disrupt the consumption order, has serious financial and social consequences^[13]. There are varieties of consumer misbehaviors such as smoking in public area, tenant pilfering when leaving a hotel, financial fraud and so on. Specifically, some intense misbehavior often hurts. For example, shouting or insulting on employees brings terrible impact on the servers' mentality and emotion, which may give them excessive pressure^[14]. In addition, researchers have found that misbehavior can bring other customers with negative emotion^{[19][12]}.

In the offline environment, previous researches focused on the types, motives and effects of the consumer misbehavior. The existing classification of misbehaviors is mainly based on contents^[7], objects^[13] and psychological motivations^[16]. However, there are less empirical studies about influencing factors of consumer misbehavior in the online commercial circumstance. From the perspective of corporations, consumer misbehavior is driven by perceived equitableness and negative emotion of unsatisfied service and environmental factors. From the perspective of consumers, psychological factors and characteristics of customers and groups can lead to misbehavior tendency^[13]. Currently, rapid increasing consumer misbehavior has been observed via online transaction, which promotes the study on the network security, illegal operations and other acts^[24].

Previous research have found that the e-WOM has a significant impact on consumer's purchase intention, because it makes consumers feel more credible by reading product reviews^[5]. E-WOM acts as an important role in inducing/ reducing misbehavior. However, the influence of the e-WOM for consumer's misbehavior is not drawn enough attention. The research gap will be filled and the effect of both positive e-WOM and negative e-WOM will be presented in this paper. There is another significant factor for consumer misbehavior named observation learning (OL), which is defined as some actions based on social interaction or behaviors of others^[6]. According to the social learning theory^{[2][15]}, people can learn behaviors by actively observing and imitating, then it is more likely to learn behaviors if the results were strongly expected. In this paper, we build on behavioral research to examine the effects of WOM and OL on consumers' misbehavior respectively. In addition,

the Machiavellianism (Mach) is added into this research, for it is the inherent quality, and customers with strong Mach are barely concern about morality while more powerful to influence others^[2].

2. LITERATURE REVIEW AND HYPOTHESES

2.1 Consumer Misbehavior

In previous researches, influencing factors of misbehavior are usually classified into two different categories. The first one locates the misbehavior factors into the enterprises' and the customers' level. At the enterprises' level, customers represent misbehavior because of perceived unfair, negative emotion from unsatisfied service and adverse factors existing such as noise and waiting time of the service^[23]. At the customers' level, personal characteristics and the psychological changes will lead misbehavior, which means that the attitude, the moral level and the personality traits may stimulate consumer misbehavior^[13]. The second one is illegal behavior, such as pilfering, stealing or deceptive service guarantee. When a customer's behavior is never modified by any service supplier or the customer requires compensation because of unsatisfied treatment, there is likely to produce misbehavior^[26]. In addition, the customer's misbehavior might be influenced by the repeat purchase intention, level of satisfaction, morality, ability of self-monitoring and Machiavellianism^[25].

However, the consumer misbehavior, as used here, must be distinguished from misbehavior in the offline environment. Consumer behavior in the online environment has some features such as anonymity, interactivity, rapid replication and transitive, fuzzy boundaries, which can distinguish it from the behavior in the offline. It means that in web environment, consumers' behaviors are occult, which shows that they don't worry about their information being leaked no matter what they do, so it indicates that online consumer misbehavior is complex and uncontrollable. The study proposes the effects of the e-WOM and the OL variables besides Machiavellianism by analyzing the consumers' psychology.

2.2 EWOM versus OL

In general, WOM is defined as the behavior of informal communication about information relevant with product, brand, organization or service^[1]. The e-WOM in this study takes the Internet as a media to spread product information, purchase experiences and so on. In previous research, the valence of the WOM has been divided into positive, negative, and duplex. In general, positive WOM enhances the purchase intention, while the negative WOM performs in the opposite way. In addition, the negative WOM sometimes play a more important role in influencing the purchase intention when consumers are not familiar with the brand^[25]. The difference from some conclusions is that negative WOM can increase purchase likelihood via increasing product awareness when the product is unknown, because reviews of unknown goods will be more likely to fade over time^[4]. In addition, WOM can also affect the sales. For new products in the early selling period, the amount of the reviews, which is the quantity of WOM information^[8], has a significant effect on the sales^[11].

However, there are few studies about the impact of WOM on customer misbehavior. The misbehavior can be considered as the response of perceived rewards and costs. The perceived rewards can make consumers impolite and the perceived costs play a role of inhibitors^[22]. Consumers can perceive the cost of time, economy, and psychology, while this study focuses on the last one. According to technique of neutralization, perpetrators of deviant behavior will give a rationalize rhetoric for their misbehavior behavior to repudiate their true intention and then to reduce their psychological burden by covering up their mistakes^[21]. For a product with poor WOM, consumers may use the poor reviews as a pretense to do misbehavior, which can reduce their psychological cost. While for a product with positive WOM, consumers can't find a good reason for their

deviant behavior, it means for a product with good reviews in majority, misbehavior would increase the psychological cost. So we can propose the following hypothesis.

Hypothesis 1: In the network environment, the intention of consumer misbehavior is higher when the WOM is rather negative than positive.

It is found that when choosing between two restaurants, people normally choose a one with more diners [3]. This performance is based on social interaction named as observational learning (OL). Most previous studies focused on the impact of reference group on consumers’ decision making. On product’s home page of Amazon.com or Taobao.com, OL information such as the section named “What do customers ultimately buy after viewing this item” can let customers learn the behavior of others [9]. Empirical studies have identified that misbehavior of other customers may cause consumers’ dissatisfaction or immorality, and make them either imitation or reprisal [16]. In further research, the motives of OL for consumers’ misbehavior can be explained by the Social Learning Theory. Consumers take misbehavior by observing and imitating if learning behavior acts for great results. Similarly, once a behavior observed is rewarded, people will learn from it if they also expect to receive the same reward. So people will show greater likelihood of learning behavior [2][15].

On the Internet, it is more convenient to share misbehavior. Consumers’ purchase decision will be influenced by purchasing experience, returning experience, return rates and other information. When online misbehavior is imitated, other consumers will perform with reasonable motivation and have lower psychological cost. While for positive OL, which includes observing high ethical behavior or boycotting misbehavior, the psychological cost will increase, and doing it may make consumers apprehensive. So we can propose hypothesis 2 as follows.

Hypothesis 2: In the network environment, the intention of consumer misbehavior is higher when the OL is rather negative than positive.

2.3 Machiavellianism

Machiavellianism is proposed by Machiavelli and it describes a universal personality trait [10]. In previous studies, scholars focused on the relationship between Machiavellianism and consumers’ behavior. Generally, people with high Machiavellianism (high Mach) always perform more self since they hardly think about basic ethics of society, and they deceive to achieve personal goals and manipulate other’s behavior and so on. That means people with high Mach is more likely associated with non-ethical behavior [17]. Arawaks, Vitell and AI-Khat (1994) researched consumer’s performance in Lebanon and found that people with high Mach are easier to do misbehavior than people with low Mach. And the same result is also confirmed by Jones and Kavanagh (1996).

Hypothesis 3: In the network environment, people with high Mach are more likely to do misbehavior than low Mach.

The study model can be described as follows:

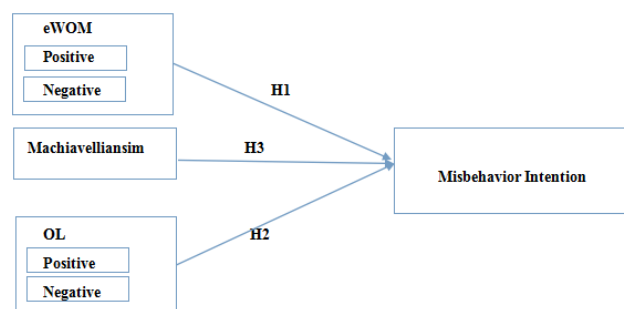


Figure 1. The study model

3. METHOD

3.1 Research Design

In this study, a between-subject experiment was presented to measure effects of the two independent variables WOM and OL, and a quasi-experiment was applied to the study of Mach. An online clothing store was selected to construct the framework of this study because the return rate of cloth is highest in E-C field. In the designed scenario, Xiaoli was intended to buy a coat to attend the coming conference and he picked a formal suit for consideration from a shop which provides a return & exchange policy "Return or change for no reason in seven days". He preferred the clothes more than those observed in other places, while the price seemed a little expensive and the formal design of it would limit the chance for wearing. Finally he bought it and felt satisfied when the new cloth was received.

The effect of WOM and the effect of OL for Xiaoli's purchase experience were both examined in two opposite levels. The positive WOM meant the dynamic rating of this shop was above average and the major reviews of the cloth were satisfied. Conversely, the situation with negative WOM set the shop with low dynamic rating was below average and assumes the reviews of the cloth were disappointed. The OL was set into positive situation (0.2%) and negative situation (30%), which meant the return rate was 4 times in the positive situation otherwise was 600 times in the negative situation considering the sales of the shop was 2000 clothes monthly.

3.2 Samples and Research Procedure

The questionnaires were divided into four groups by randomly matching a 2(positive WOM or negative WOM) x 2(positive OL or negative OL) between-subjects design, and people familiar with the online shopping were preferred to be the respondents (we asked respondents whether they have no online shopping experience, then excluded these with low scores in the pre-test experience). For each questionnaire, the respondents were told that the researchers were interested in online shopping habits of different consumers and they were asked to read the scenario and then consider what they would do if they were Xiaoli (the protagonist used for the context). For the data collected from a survey sites, questionnaires finished less than 5 minutes were excluded for reliability consideration. Currently other questionnaires were finished by students from Zhongnan University of Economics and Law. Although it seemed perfunctory to employ the students to attempt the research in marketing, the results from the students in this case were reliable because the majority of online consumers are females and under 30 years old. For these students, they were demanded to fill out the questionnaire with little gift as incentives. The finally sample was 122 ($N_{\text{Student}}=96$) and the distribution of respondents was 66.3% women in gender and 64.8% undergraduates in education level. The percentage of respondents with lower than high school education was only 5.7%.

4. RESULTS

To measure Mach, we selected Mach Scale Likert-type scale^[10]. In the pretest, the 20 items reliability of the scale was below 0.5. However, after moderately deleting some items, finally we retained 14 items, which the reliability was 0.680.

Table 1. ANOVA Results

Independent Variables	Mean Values for Misbehavior		F-Value	p
	Low ^a	High		
WOM	3.245	2.258	32.223	.000***

OL	3.399	2.247	41.876	.000***
Mach	2.643	2.892	.344	.559
WOM*Mach	---- ^b	----	.186	.667
OL*Mach	----	----	3.175	.077*

a. LOW means to these conditions: negative WOM, negative OL and low Machiavellianism. All scales ranged from 1 to 5.

b. It refers the interaction effects.

***p<.01 *p<.1

Misbehavior intention was measured by three-item scales. The first item of the scale asked respondents whether they would return purchase if they were XiaoLi. The second item asked respondents whether they would return if they were in this scenario [25]. The third item asked the respondents for their level of agreement with the statement “XiaoLi would most likely return purchase”. These three items were measured good reliability (a=.911).

We examined misbehavior intention in a 2 (WOM: positive versus negative) × 2 (OL: positive versus negative) analysis of variance (ANOVA). The findings in Table 1 show that WOM has a significant effect on misbehavior intention, $M_{\text{negative WOM}}=3.245$ versus $M_{\text{positive WOM}}=2.258$, $F(1,120)=32.223$, $p=.000$, supporting Hypothesis 1. From the analysis results, $M_{\text{negative OL}}=3.399$, $M_{\text{positive OL}}=2.247$, $F(1,120)=41.876$, $p=.000$, so the Hypothesis 2 was also supported. However, Mach was not found to have a significant direct effect on misbehavior. $M_{\text{low Mach}}=2.643$, $M_{\text{high Mach}}=2.892$, $F(1,120)=.344$, $P=.559$, rejecting Hypothesis 3.

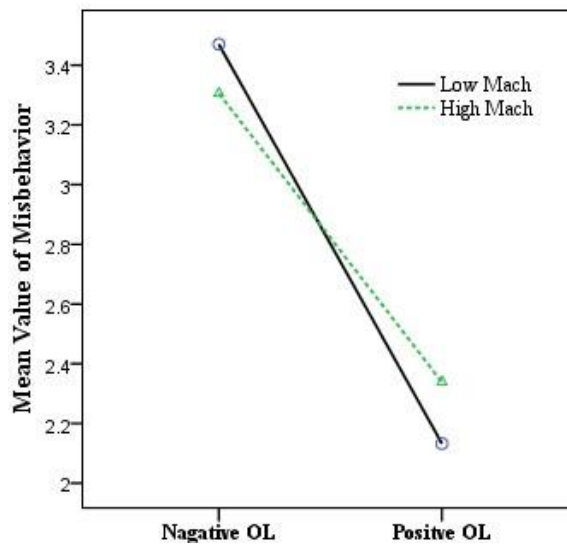


Figure 2. The Effect of OL and Mach on Misbehavior Intention

The effects of some possible interaction were examined. As show in Table 1, it was clearly found that the interaction effect between OL and Mach was significant ($F(1,118)=3.175$, $p=0.077$), while it was not significant for that between WOM and Mach ($F(1,118)=0.186$, $p=0.667$). To further investigate the interaction effect between OL and Mach, the character of Mach was grouped and the regression and multivariate analysis of variance were applied which provided results showed in Figure 2. Comparing the value of B_{OL} , the impact of low Mach was found greater for consumer misbehaviors, where we got $B_{OL}=-1.375$ in the case of low Mach and $B_{OL}=-0.937$ in the opposite.

5. DISCUSSION AND IMPLICATIONS

This study has showed the relationship between WOM, OL and Machiavellianism and online misbehavior intention. Specifically, besides main effect, we found that the interaction effect of Mach and OL was also significant.

WOM. The hypothesis 1 about the effect of the WOM has been proved. When the WOM is negative, the likelihood of consumer’s misbehavior is higher than that when the WOM is positive. Back to the first research about the impact of the WOM by Arndt (1967), it has been a long period to find the relationship between WOM with sales or purchase intention, while the effect of WOM on the misbehavior intension is ignored. For instance, reviews in Taobao.com include descriptions of product quality, supplier’s attitude, transaction duration and

post-purchase service, and a good review means that the consumers are very satisfied with all these aspects. So in the circumstance of positive WOM, both the products and the suppliers are fully trusted by consumers. Since it is costly to lose a trusted partner^[19], it will be inconvenient and complex to abuse misbehavior for purchasing a product or service with positive WOM, which they should find an acceptable reason and a similar supplier in substitute. Thus, the perceived cost of misbehavior is greatly increased if the WOM is positive. For a product others thinking good, it is difficult to find a suitable reason to hide people's true motives.

This finding has important implications for managers. In the online environment, managers should not only concern about the procedures and strength of the service guarantees, but also concern about the e-WOM to ensure that the consumers will be satisfied with the service, product quality and logistics. The improvement in e-WOM may increase brand loyalty of existing consumers and it can encourage consumers to share WOM and products, and then finally increase potential consumers.

OL. Previously, it has found that negative OL could induce other consumers to learn misbehavior, which was proved in this study. And it demonstrated that positive OL produces a low misbehavior intention. When misbehavior is noticed to bring benefit in potential, it may be imitated because the psychological costs of misbehavior can be reduced and consumers may regard this imitation as a reason to cover up their mistakes.

This result should bring enlightenment to companies intending to reduce online consumer's misbehavior. Customers usually share their purchase experience through media such as forum, blog and some social network sites. The information spreads in a rapid speed and has potential influence. This requires the company to make effort on their public relations work. The webmasters have to carefully audit the comments shared by consumer to prevent misbehavior spreading. Furthermore, suppliers need to make prompt respond to the comments as well as increase the publicity of positive OL.

Machiavellianism. In previous researches, it has been confirmed that consumers with high Mach are more likely to do misbehavior. However, the impact of Mach is not significant in this study. Such distortion might be conducted by the particular character of the sample, which is mainly woman or student with high education.

For enterprises, segmenting consumers is not easy, so it definitely challenges about how to distinguish the characteristic of the consumers and then to develop specific plans for consumers with Mach in different level.

Interaction Effects. In this study, it has showed that the intention of people with different Mach to perform misbehavior can be adjusted by the behavior from the reference group, where the social learning theory supplies a proper explanation. For customers with low Mach, negative referenced behavior impels them to be misbehavior, because the moral guilt and psychological cost will be reduced once emerging herd mentality. On the contrary, consumers feel hesitate and pressure to take misbehavior when the referenced behavior is positive. So it is important for enterprises to develop approaches to classify the consumers. The enterprises also should actively promote positive behavior and take conciliatory policies to reduce the likelihood of misbehavior of people with low Mach. Therefore, it is possible to influence and adjust the misbehavior intention of consumers with low Mach. Even though the poor behavior has occurred, it can be remedied.

6. LIMITATION AND FURTHER RESEARCH

A limitation of our study is that the respondents are undergraduates and graduates. Firstly, the sample size is relatively small. Secondly, the levels of morality and culture of respondents are relative high, as well as the circumstance is similar, so that the experiment results may be biased, which may result in the interaction effect between Mach and WOM insignificant. In addition, questionnaires collected online cannot ensure that respondents read the context and filled carefully.

However, further research could examine developing the experiment design and extent sample scales. The effect factors of consumers' misbehavior are very complex. Although in this study, the main effect of Mach and interaction effect of Mach and WOM are not ideal, it does not mean that it is insignificant under other

circumstance. In the further study, we can expand our respondents' scope and take culture, income and region factors into consideration. In addition, we can study how to reduce the intention of consumer misbehavior.

REFERENCES

- [1] Arndt J. (1967). Role of Product-Related Conversations in the Diffusion of a New Product. *Journal of Marketing Research*, 4(1):291-295
- [2] Bandura A. (1989). Human agency in social cognitive theory. *American psychologist*, 44(9):1175-1184
- [3] Becker G (1991). A Note on Restaurant Pricing and Other Examples of Social Influences on Price. *Journal of Political Economy*, 99 (5): 1109–1116
- [4] Berger J, Sorensen A T, Rasmussen S J. (2010). Positive Effects of Negative Publicity: When Negative Reviews Increase Sales. *Marketing Science*, 29(5):815-827
- [5] Bickart B, Schindler R M. (2001). Internet forums as influential sources of consumer information. *Journal of interactive marketing*, 15(3):31-40
- [6] Bikhchandani S, Hirshleifer D, Welch I. (1998). Learning from the behavior of others: Conformity, fads, and informational cascades. *The Journal of Economic Perspectives*, 12(3):151-170
- [7] Bitner M J. et al. (1994). Critical service encounters: The employee's viewpoint. *Journal of Marketing*, 58(4): 95-106.
- [8] Bowman D, Narayandas D. (2010). Managing customer-initiated contacts with manufacturers: The impact on share of category requirements and word-of-mouth behavior. *Journal of Marketing Research*, 38(3): 281-297
- [9] Chen Y, Wang Q, Xie J. (2010). Online social interactions: A natural experiment on word of mouth versus observational learning. *Journal of Marketing Research*, 48(2):238 –254
- [10] Christie R, Geis F L. (1970). *Studies in Machiavellianism*. New York: Academic Press.
- [11] Cui G, Lui H K, Guo X. (2010). The Effect of Online Consumer Reviews on New Product Sales. *International Journal of Electronic Commerce*, 17(1):39-57
- [12] Fan G. et al. (2012). Why Customers Behave Badly? The Review of Antecedent Research on Customer Misbehavior. 2012 International Joint Conference on Service Sciences, pp.185-190
- [13] Fullerton R A, Punj G (2004). Repercussions of promoting an ideology of consumption: consumer behavior. *Journal of Business Research*, 57(11): 1239-1249.
- [14] Grandey A A, David N D, Sin H P. (2004). The customer is-not always right: Customer aggression and emotion regulation of service employees. *Journal of Organizational Behavior*, 25(3): 397-418
- [15] Hanna R C, Crittenden V L, Crittenden W F. (2013). Social Learning Theory: A Multicultural Study of Influences on Ethical Behavior. *Journal of Marketing Education*, 35(1):18-25
- [16] Harris L C, Reynolds K L. (2003). The consequences of dysfunctional customer behavior. *Journal of Service Research*, 6(2):144-161
- [17] Hegarty H W, Sims P H. (1978). Some Determinants of Unethical Decision Behavior: An Experiment. *Journal of Applied Psychology*, 63 (4): 451-457.
- [18] Huang W H. (2008). The impact of other-customer failure on service satisfaction. *International Journal of Service Industry Management*, 19(4): 521-536
- [19] Hwang P, Burgers W P. (1997). Properties of Trust: An Analytic View. *Organizational Behavior and Human Decision Processes*, 69 (1): 67-73.
- [20] Jones G E, Kavanagh M J. (1996). An Experimental Examination of the Effects of Individual and Situational Factors on Unethical Behavioral Intentions in the Workplace. *Journal of Business Ethics*, 15:511-523.
- [21] Matza D, Sykes G M. (1961). Juvenile delinquency and subterranean values. *American Sociological Review*, 26(5):712-719

- [22] Paternoster R, Simpson S. (1996). Sanction threats and appeals to morality: Testing a rational choice model of corporate crime. *Law and Society Review*, 30(3): 549-584
- [23] Rose R.L, Biedermeyer M. (1999). From rudeness to road rage: The antecedents and consequences of consumer aggression. *Advances in consumer research*, 26(4):12-17
- [24] Siponen M, Vance A. (2010). Neutralization: new insights into the problem of employee information systems security policy violations. *MIS quarterly*, 34(3):487-502
- [25] Wilson W R, Peterson R A. (1989). Some limits on the potency of word-of-mouth information. *Advances in Consumer Research Volume*, 16:23-29
- [26] Yagil D. (2008). When the customer is wrong: A review of research on aggression and sexual harassment in service encounters. *Aggression and Violent Behavior*, 13(2): 141-152.