

# E-WOM (Word of Mouth): A Technical Communication Tool

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## Abstract

*Internet has reformed the behavior of customers as earlier they behaved. Traditionally customers were not aware about the products or services and awareness level of them was totally depending on companies' perspectives but now-a-days customers are more informed and more curious. The widespread use of internet has extended customer's options for collecting product information by considering others comments and reviews posted on online shopping portals. E-WOM has made online shopper's purchase decisions easier. E-WOM reviews are seen by perspective customers of related products and services who want to know more information from those customers who have purchased and used the interested product or service. E-WOM empowers customers by giving information, experience of other who are not known to One another. Consumers perceive online reviews are more trustworthy than other marketing communication element. E-WOM /Online reviews act like a salient salesman for those customers who shop through e-retailers. The wider acceptance and popularity of e-wom has received substantial attention from researchers and e-retailers. A questionnaire with variables taken from prior studies was framed to measure the responses of online customers. The questionnaire was distributed among customers from different demographics for collecting the data. The results show that consumer reviews have a causal impact on consumer purchase decision and they play a crucial role in selecting and evaluating the appropriate product. Finally, the conclusion and their implications are discussed. In management perspective, E-WOM helps the e-retailers to better capture consumer purchase decision, shopping experience and their expectations so that they can generate more revenue.*

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## 1. INTRODUCTION

The wide expansion of the Internet has reformed consumer's options for gathering information about required product by considering other consumer's comments, posted on the Internet, and has provided opportunities to consumers to share their own consumption-related experience by engaging in electronic word-of mouth (E-WOM). With the help of the Internet, information handling is no longer controlled by the companies.

Everyone can share his/her thoughts with end no if Internet users and influence other's decisions through electronic word-of-mouth. The value of complex products is hard to evaluate because it is only possible to value them after either trying them or understanding its content. In other words, a consumer can get genuine information without tasting and assessing its quality, while a steady research stream into the impact of E-WOM on online sales has emerged in recent years, there are still many unanswered questions. E-WOM

becomes one of the most trusted source because the people who give word of mouth about the product ,they are not being paid and are provided genuine experience, does not attached to any specific brand. After obtained the information from E-WOM customers tend to believe and have their own perception toward the product or services. As a result, E-WOM can affect consumer purchase decisions in a positive or negative way by influencing their perception either to purchase or not to purchase. The web has created the opportunities for electronic word-of-mouth (E-WOM) communication through electronic media, such as online discussion forums, electronic bulletin board systems, newsgroups, blogs, review sites, and social networking sites (Goldsmith, 2006).

The main objective of the study is to assess the impact of the online reviews on consumer purchase decisions. The study also contributes to the knowledge of marketers by providing insights into consumers' attitudes and behavior, which can potentially be used by marketers to serve their part in a better way.

## **2. LITERATURE REVIEW**

Word-of-mouth (WOM) has been recognized as one of the most influential source of information transmission. Prior to the wider use of Internet, consumers' shared one another's product-related experiences through discussing with friends and family. The Internet's global nature has created an electronic source of communication between consumers those who are even unknown to one another. The Internet has made possible for consumers to share experiences and opinions about a product through E-WOM. The E-WOM phenomenon has been changing customers' behavior. Customers often make purchase by getting online information; furthermore, they tend to rely on the opinions of other consumers when making purchase decisions. The online market

enables customers to express experiences that influence potential consumers. The electronic word-of-mouth is network user's information exchange and discussions on some products or services by network media (Sun et. al., 2006). Hennig-Thurau et al.,(2004:39) identified by the study that E-WOM acts as a guide given either positive or negative made by potential, actual, or former customers about a product or company.. Similarly, Godes and Mayzlin (2004) define the influence of E-WOM is measurable because comments of a product are given by customers and also available in the websites.

E-WOM/Online consumer reviews (OCR), one type of electronic word-of-mouth, provide product information and suggestions from the users of the product. OCR have become increasingly crucial as consumers continue to purchase products online. When consumers are not able to select an appropriate one, they often rely on this E-WOM to minimize the risks associated with the product quality and the credibility of the seller. The reviews given by the technical tool (E-WOM), play a major role in the shaping the decision to purchase products or services, according to the latest survey from Opinion Research Corporation. Approximately two-thirds (61%) of respondents agreed that they consider E-WOM before purchasing a new product or service. This survey also found that most of the respondents viewed and take the advice from online reviews. They mostly rely on E-WOM while searching information online for a particular brand of electronic (Werbler and Harris, 2008).

Nelson Research Company presented a report which present the fact that consumer's opinions posted on the network (Xiaofen and Yiling,2009) is the 3<sup>rd</sup> most trusted Promotion Method is. According to the Nielsen Global Online Consumer Survey, 70 % of consumers trust opinions posted online (Cherecwich, 2009). In a recent survey, conducted by BIG research, consumers say that word of mouth is the biggest influence in determining

their purchases in their electronics (44.4%) purchases (BIGresearch, 2008).

Compared with traditional word-of-mouth, the electronic word-of-mouth spread the information at a very fast pace and also large volume of information with little efforts and time. Through information shared by E-WOM, consumers can obtain high levels of market genuineness. In addition, they can help the e-retailers in creating the value chain and also helps in forming the decisions regarding the products and prices as per the of the customers. The crucial role of WOM has been widely documented in the existing literature (Zhu and Zhang, 2006). Bickart and Schindler's (2001) concluded by the study that product information on online platform has greater credibility, relevance and more likely to evoke empathy with consumers than information on marketer-designed websites. Xiaofen and Yiling (2009) also Identified that the impact of the message of electronic word-of-mouth and leader's comments have stronger influence on consumer's willingness of buying. As a result, E-WOM plays an increasingly crucial role in consumer buying decisions (Duan, Gu and Whinston, 2008b).

Additionally, Goldenberg et al. (2001) concluded that a consumer's decision-making process is shaped up by E-WOM. Similarly, Chevlier and Mayzlin (2006) examined the effect of consumer reviews on books at [www. amazon.com](http://www.amazon.com) and [www.barnesandnoble.com](http://www.barnesandnoble.com), and found that E-WOM significantly influenced the sales of books.

### 3. RESEARCH OBJECTIVES

To identify the viability of E-WOM on consumer purchase decision in line with horizontal interaction.

#### 3.1 Research Methodology

##### 3.1.1 Research Design

Descriptive research design has been used.

##### 3.1.2 Data Collection Method

Primary data collection: Questionnaire has been developed. The questionnaires were prepared in two parts. One part of the questionnaires was related to the demographic information of the respondents and the other part was related to the responses of online consumers who see reviews

Secondary data collection: Internet, research paper, journals have been used.

##### 3.1.3 Sampling Plan

Sampling unit: Customers who have purchased products online at least once.

Sample size :100

Sampling Technique: Judgmental sampling has been used.

## 4. DEMOGRAPHIC PROFILE OF THE RESPONDENTS

Most of the respondents are in the age group of 18-25 years of age. Gender wise 64% of the respondents are male and the rest are female. Occupation of the respondents are mostly working professional and most of respondents purchase decision affected through E-WOM are having 2-5 lac per annum.

### 4.1 Do you see online reviews before purchase products through e-retailers?

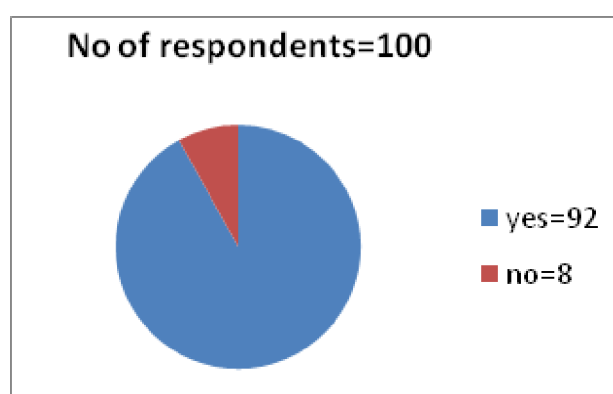
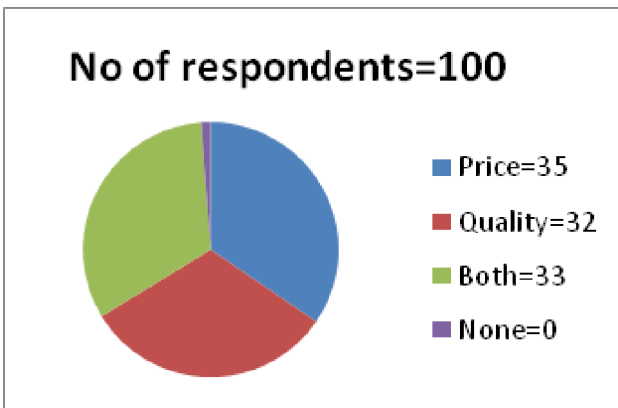


Fig.1: Level of agreeableness regarding seeing reviews

According to the chart it has been shown that 92 respondents see online reviews before purchase.

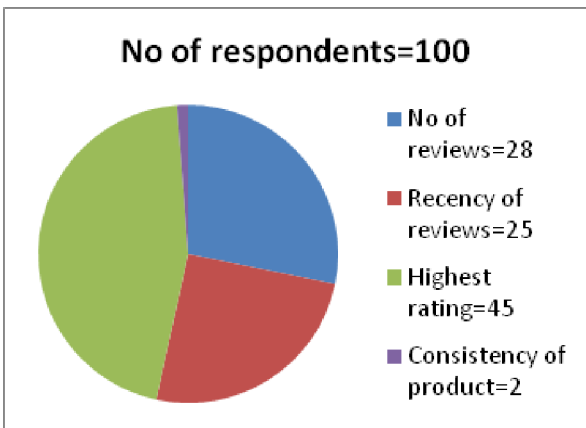
**4.2 What are the considerations involved while seeing online reviews?**



**Fig.2:** Considered Factors

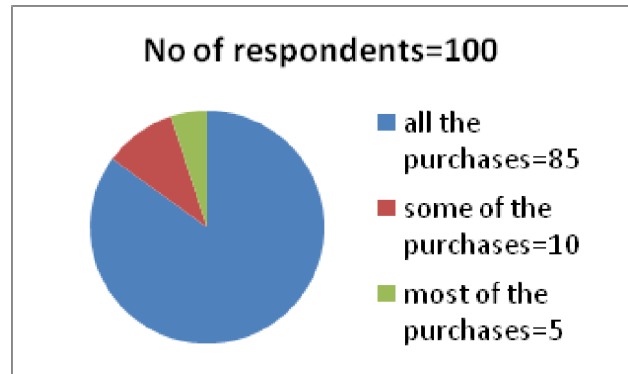
According to the chart it has been concluded that customer see online reviews for price and quality factor.

**4.3 What factors of online reviews influence you the most?**



**Fig.3:** The most influencing factors

According to the chart it has been concluded that most of the respondents are influenced by highest rating given to a product.

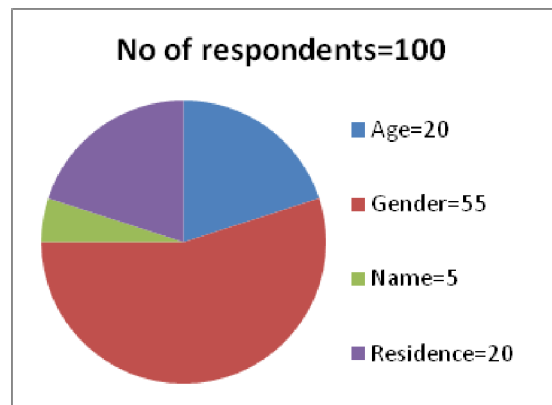


**Fig.4:** Time of seen reviews

**4.4 You see online reviews in**

According to the chart it has been concluded that respondents see reviews in all the purchases.

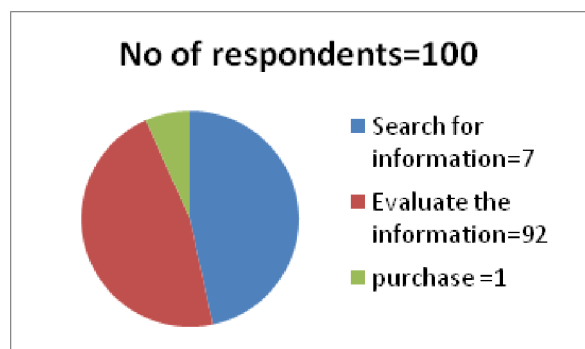
**4.5 Which of the following factors of reviewers affect your purchase decision.**



**Fig.5:** Reviewers factors

According to the chart it has been seen that gender and residence factor of reviewer affect customer purchase decision.

**4.6 Online reviews help you when you**



**Fig.6:** Role of reviews at different stage of purchase

According to the chart it has been seen that most of the respondents see online reviews while evaluating for information.

**4.7 Which factor is the most unique and interesting factors in context of online reviews?**

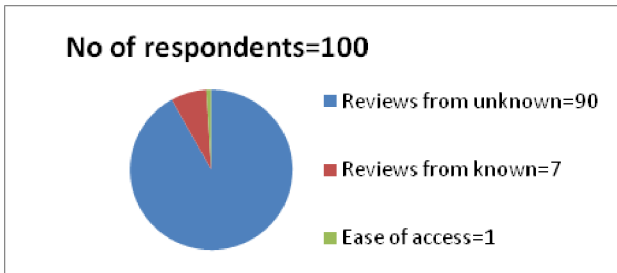


Fig.7: Unique feature of E-WOM

According to the chart it has been seen that most of the respondents like in online reviews activity is seeing those reviews given by unknown one.

**4.8 Online reviews are reliable source for your purchase decision**

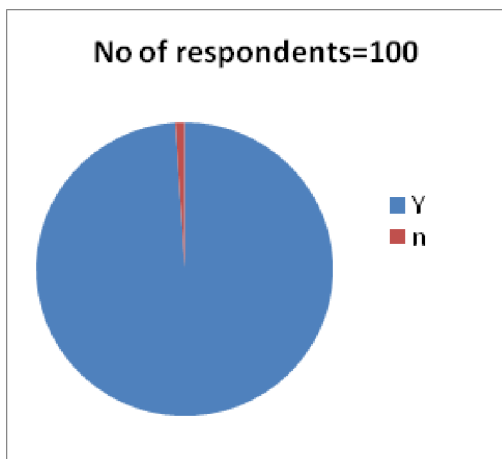


Fig.8: Reliability of reviews

According to the chart it has been seen that most of the respondents consider E-WOM is a reliable source.

**4.9 How is your experience by getting information through online reviews**

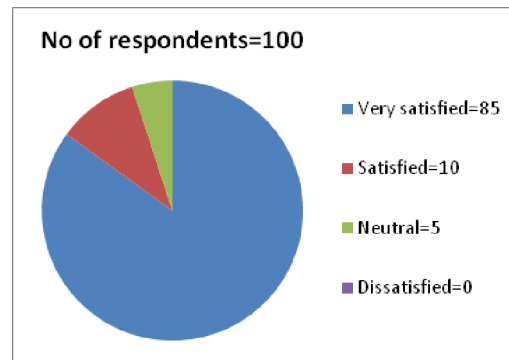


Fig.9: Level of satisfaction through reviews

According to the chart it has been seen that most of the respondents are very satisfied by the feedback given by E-WOM.

**4.10 According to you, can E-WOM be an important determinants of patronage intentions?**

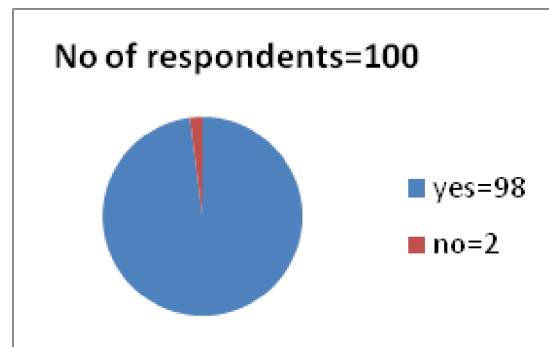


Fig.10: Level of agreeableness

According to the chart it has been concluded the most of the respondents agree that E-WOM can be the important determinant of patronage intention.

**10. CONCLUSION**

As per the study it has been concluded that E-WOM the technical tool, is one of the most reliable source for getting information because it gives feedback of those people who are not known to one another. Customers see the reviews in almost all the stages and almost all the type of purchase for seeing the price and quality factor. The highest rating product will become the choice of the respondents. Based on this result, it is important

for marketers to focus on their customer e-WOM's accuracy, as the more accurate the message are, the more customer purchase decisions are influenced. They should arrange a place on their website, with their previous customer testimonial about the product or services they bought, with some evidence such as a video or photo. As a technical tool, E-WOM helps in giving information as well as also helps in forming purchase decision of customers This can boost up the future customer confidence about their product or services.

## 11. LIMITATIONS AND FUTURE SCOPE

The sample size of this study is 100 which cannot be used in concluding general statement. Biasness may be one of the reasons as a limiting factor. Time was also a constraint. Further study can be Also future research could investigate an E-WOM effect model on cross-cultural basis. Considering that E-WOM is global, cross-cultural research on the E-WOM effect would be an interesting issue. Future study can be done by taking a larger sample size.

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