The influence of positive and negative eWOM on purchase intention

Introduction and Conceptual Framework

Consumers rely on information from others to make purchasing decision, especially in uncertain situations (Mitchell and McGoldrick 1996). Word of mouth (WOM) is an effective way to acquire service evaluation and insightful information from other experienced customers within a short period of time (Mazzarol, et al, 2007) and it can be positive or negative. The intangible and experiential attribute of services (Zeithamal, 1981) make WOM more influential and more credible than in product decision situation (Opperman, 2000), and this is reflected in the large number of customers that switch service providers based on WOM (Keaveney, 1995; East et al., 2001). Holiday destination choice is a complex one that includes decisions of many services activities and is highly costly (Bargeman and Van der Poel, 2002).

There is a rich body of literature on traditional face to face referral (Arndt, 1967; Bone, 1995). Electronic word of mouth (eWOM), that is, when the referral is received through electronic communication, provides insights into how consumers use online information to assist purchasing decision making through the use of online rating (Sparks and Browning, 2011), social media (Brown et al., 2007), online recommendation agents (Gershoff et al. 2003), and online forum (Harrison-Walker, 2001). However, there is little that leverages the power of e-mail and the extended personal influence of e-mail, despite it being one of the most used online communication activities (Purcell, 2011). Email is a tremendously powerful communication tool for marketers (Stokes and Lomax, 2002). Therefore this study investigates how unsolicited email referrals, influence purchasing intention of a holiday. In particular, the study focuses on the influence of source (i.e., sender) expertise and similarity on trustworthiness and purchase intention in both positive and negative email messages.

WOM is considered as more reliable and trustworthy than other sources of information (Day, 1991) and is effective as a decision making aid when the consumer trusts the recommender (Smith et al, 2005). The information source must be perceived as credible and relevant for WOM to have an effect on the receiver. Expertise and trustworthiness are critical components of credibility (Hovland et al., 1953). In addition, Lazarsfeld and Merton (1954) argue that similarity between people encourages communication, and Festinger (1954) asserts that people with similar attitudes and capabilities have similar needs and preferences. Thus WOM from a source that is similar to the receiver is likely to be considered more relevant than a referral from a dissimilar source.

Trustworthiness is also essential to credibility. The perception of trustworthiness is the product of a set of beliefs that are centred on the integrity, benevolence and ability of the trusted party (Mayer and Davis, 1999). Mayer and Davis (1999) defined ‘integrity’ as the belief that the trusted party adheres to accepted rules of conduct, such as honesty, ‘benevolence’ as the belief that the trusted party wants to do good to the customer and ‘ability’ as concerned with beliefs about the skills and competence of the trusted party. Research has shown that source expertise in the product or service has an impact on the receiver’s purchasing decision and perceived trustworthiness (e.g., Smith, et al., 2005). A source may be considered expert by virtue of “his or her occupation, social training, or experience” (Schifman and Kanuk, 1997: p.335).
Online consumers are used to relying on other consumers’ product/service ratings to make their purchasing decision (Sparks and Browning, 2011). In the specific context of this study, the travel industry, people who are frequent travellers accumulate knowledge and retain expertise from their experiences (Kerstetter and Cho, 2004). These characteristics may permit consumers to effect others’ choices with respect to destination related alternatives (Kerstetter and Cho, 2004). Therefore we incorporated sender expertise into our scenario and hypothesise:

**H1:** The greater the perceived expertise of the source, the greater their perceived trustworthiness.

Consumers appear to give more weight to recommendations coming from those with greater knowledge about products and services. Consequently, information from an expert source is also more influential (Bansaal and Voyer, 2000). Therefore we hypothesise that:

**H2:** The greater the perceived expertise of the source, the greater their perceived influence on purchase intention.

Similarity is the degree to which individuals are similar in terms of certain attributes including demographic and lifestyle (Wangenheim and Bayon, 2003) and perceptual believes and values (Gilly, et al., 1998). Similarity between people facilitates the development of close relationships and friendships (Lazarsfeld and Merton, 1954), as individuals tend to affiliate with others who share similar interests or are in a similar situation (Schacter, 1959). Similarity predisposes people towards a greater level of interpersonal attraction, trust and understanding than would be expected among dissimilar individuals (Ruef et al., 2003). Thus we hypothesise:

**H3:** The greater the perceived similarity of the source, the greater their perceived trustworthiness.

Similarity facilitates the flow of product information due to a perception of ease associated with the communication (Price and Feik, 1984). People with similar attributes, such as age, gender, education or lifestyle are likely to have similar values and needs. Consequently, WOM regarding product/service information from such source is perceived as more relevant and will exert more influence (Gilly et al., 1998). Thus we hypothesise:

**H4:** The greater the perceived similarity of the source, the greater their perceived influence on purchase intention.

When a message recipient is confident that an expert source will be willing to provide accurate information because of his or her high trustworthiness, they may forgo the effortful task of scrutinizing the message and instead unthinkingly accept the source’s conclusion as valid. Information presented by trustworthy sources is, as such, more likely to be unthinkingly accepted (Priester and Petty, 1995). Therefore we hypothesise that:

**H5:** The greater the perceived trustworthiness of the source, the greater its influence on purchasing intention.

WOM can be positive or negative. Positive WOM (pWOM) refers to favourable experiences and recommendations to buy, negative WOM (nWOM) to unfavourable experiences and recommendations not to buy (Luo, 2009). Investigation of the differences in the impact of nWOM and pWOM online has been increasing. Nevertheless, most of these studies focus on product/brand choices rather than services. Studies on eWOM are generally consistent with the negativity bias theory (Folkes and Kamins, 1999); negative eWOM has a significantly higher impact on consumers’ evaluation of their emotional trust and intention to
shop online (Cheung and Lee, 2008). In addition, negative opinions receive more consideration by recipients than positive opinion (Sparks and Browning, 2011). This may be because negative opinions are perceived as more credible and easier to generalise than positive opinions (Mizerski, 1982). Chatterjee (2001), however, disagrees with this notion as the credibility of an online source is minimal when compared with face to face communication. In contrast to other studies, Ahluwalia, (2002) and East et al. (2008) found that positive information has a stronger impact on brand choice than negative information. Consequently, we hypothesise that:

\[ H6: \text{The impact of source characteristics and trustworthiness on purchase intention will differ according to email message direction (i.e., positive versus negative eWOM).} \]

**Research Design**

A 2 (positive/negative) x 2 (expert/non-expert) x 2 (similar/non-similar), full factorial, between subjects survey research design, using unsolicited e-mail scenarios, was used to test the hypotheses. Two extreme scenarios – positive, expert, similar and, negative, non-expert, dissimilar – are shown in Figure 1. As the study focuses on the relationships between source characteristics and individual factors as they impact on behavioural intentions, the sample needed to be (i) homogeneous and (ii) comfortable receiving eWOM. Undergraduate students are homogenous in terms of age, interest and use of computers and extensively use email, fulfilling both criteria. The survey was distributed and administered during lectures, with an equal number of each scenario distributed. In total, 650 questionnaires were returned. One hundred and seventy seven questionnaires were discarded due to missing responses.

**Figure 1: Scenarios**

### Scenario: Positive/ Expert/ Similar

You have received the following e-mail from your friend, who is similar to you. She/he travels abroad a lot to different destinations and is telling you about her/his holiday. Please read the e-mail and complete the questionnaire.

Hey sorry I wasn’t in-touch last week. I have been to yet another place for a holiday and have just got back home. That holiday was good value. It was really fantastic. I should have gone there sooner. You should have seen the beaches, really gorgeous, the place was fabulous, great weather, never been to such a brilliant place; wow, I might even go back there again you’d love it.

Got to go, time to go out
See you around

### Scenario: Negative/ Non-expert/ Dissimilar

You have received the following e-mail from your friend, who is not similar to you. She/he has never travelled abroad before and is telling you about her/his holiday. Please read the e-mail and complete the questionnaire.

Hi, sorry I have not been in-touch for a while. I have changed where I go on my annual holiday and have just got back home. That holiday was not good value. It was really awful. I should not have gone there. You should have seen the beaches, really like a rubbish dump. The place was horrible, lousy weather. It is such a boring place. It is not somewhere I’d go back to, definitely not worth visiting.

Look forward to seeing you when we have the chance
Catch up with you later

**Expertise** was measured using a five-item, seven point semantic differential scale (Netemeyer and Bearden, 1992; Bansal and Voyer, 2000). The scale used to measure similarity (Brown and Reingen, 1987; Gilly, et al., 1998) contained five items with responses ranging from not similar at all to very similar. Trustworthiness consisted of three factors - Ability, Benevolence, and Integrity (Mayer et al., 1995) – and was measured using seventeen seven point Likert items: six for ability, five for benevolence and six for integrity. **Purchase**
intention was measured using five semantic differential items with seven response categories (Brunner and Hensel, 1996).

Analysis

Refining the measurement model statistics resulted in deleting one item from the integrity measure. The overall model fit statistics for the measurement model including all the constructs was acceptable:

- $\chi^2 = 1325.472, p = .000, \chi^2/df = 1.831$, TLI = .917, CFI = .926, RMSEA = .042. Metric invariance was also established across the positive/ negative scenarios. AVEs were generally acceptable (i.e., greater than .5), though some of the sub-dimensions of trustworthiness were marginal: benevolence = .49 (negative model), .48 (positive model); integrity = .42 (negative model). All the CRs were above .7 except those associated with the lower than desired AVEs. The discriminant validity of the trustworthiness sub-dimensions was confirmed by the three factor model being a significantly better fit of the data than a single factor model (Hair et al., 2010).

The structural models were fitted simultaneously. The model fit statistics were acceptable:

- $\chi^2 = 1353.142, p = .000, \chi^2/df = 1.807$, TLI = .919, CFI = .926, RMSEA = .041. When the relationships between constructs were constrained to be equal across negative and positive eWOM models there was a significant differences between the two models ($\Delta\chi^2 (13) = 32.037, p = .002$), indicating differences between the positive and negative message scenarios. Each path was then individually constrained to identify where the differences between the positive and negative models occurred. Three paths differed: from Similarity to Ability, from Similarity to Purchase Intention, and from Benevolence to Purchase Intention. The resulting models are shown in Figure 2, Table 1 shows the regression weights and the effects of source characteristics on purchase intentions are in Table 2.

Table 1: Structural Paths Estimates

<table>
<thead>
<tr>
<th>Paths From</th>
<th>To</th>
<th>Both Path estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expertise</td>
<td>Ability</td>
<td>.333</td>
</tr>
<tr>
<td>Expertise</td>
<td>Integrity</td>
<td>.286</td>
</tr>
<tr>
<td>Similarity</td>
<td>Ability</td>
<td>.219</td>
</tr>
<tr>
<td>Similarity</td>
<td>Integrity</td>
<td>.580</td>
</tr>
<tr>
<td>Benevolence</td>
<td>Ability</td>
<td>.866</td>
</tr>
<tr>
<td>Benevolence</td>
<td>Purchase</td>
<td>.367</td>
</tr>
<tr>
<td>Expertise</td>
<td>Purchase</td>
<td>.242</td>
</tr>
<tr>
<td>Similarity</td>
<td>Purchase</td>
<td>.791</td>
</tr>
</tbody>
</table>

In all cases $p < .001$

Table 2: Direct and indirect effects

<table>
<thead>
<tr>
<th>Model</th>
<th>Direct Effect</th>
<th>Indirect Effect</th>
<th>Total Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expertise</td>
<td>Positive eWOM</td>
<td>.242</td>
<td>.090</td>
</tr>
<tr>
<td></td>
<td>Negative eWOM</td>
<td>.242</td>
<td>.070</td>
</tr>
<tr>
<td>Similarity</td>
<td>Positive eWOM</td>
<td>.791</td>
<td>.382</td>
</tr>
<tr>
<td></td>
<td>Negative eWOM</td>
<td>.382</td>
<td>.070</td>
</tr>
</tbody>
</table>
Findings and Conclusions

This paper determined the impact of source expertise and similarity on purchase intention. In particular, it examined whether source expertise and similarity impacted directly or through trustworthiness, and whether their impact differed according to message direction (i.e., positive or negative). The analysis clearly showed that both expertise and similarity impacted directly on purchase intention. However, there was little indirect impact on purchase intention through trustworthiness. While, with negative eWOM, expertise and similarity acted directly on purchase intention, but also through trustworthiness, with positive eWOM only a direct effect was observed. However, despite the lack of any indirect effects, the impact of source similarity on purchase intention was significantly greater with positive eWOM.

Table 3 summarises the hypotheses. The study’s findings support the hypotheses concerning the direct effect of source expertise and similarity on purchase intentions (H2 and H4), as well as showing that there are differences between positive and negative eWOM (H6). The effect of source characteristics on trustworthiness (H1 and H3) is, however, only partially support as the perception of benevolence is not influenced by either expertise or similarity, and it is only with negative eWOM that similarity influences the assessment of integrity. H5 was largely unsupported as it was only with the negative model that a relationship is observed between any of the trustworthiness sub-dimensions (specifically benevolence) and purchase intention.

Table 3: Summary of Hypotheses

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 The greater the perceived expertise of the source, the greater their perceived trustworthiness</td>
<td>Partially supported</td>
</tr>
<tr>
<td>H2 The greater the perceived expertise of the source, the greater their perceived influence on purchase intention</td>
<td>Supported</td>
</tr>
<tr>
<td>H3 The greater the perceived similarity of the source, the greater their perceived trustworthiness</td>
<td>Partially supported</td>
</tr>
<tr>
<td>H4 The greater the perceived similarity of the source, the greater their perceived influence on purchase intention</td>
<td>Supported</td>
</tr>
<tr>
<td>H5 The greater the perceived trustworthiness of the source, the greater its influence on purchasing intention</td>
<td>Largely unsupported</td>
</tr>
<tr>
<td>H6 The impact of source characteristics and trustworthiness on purchase intention will differ according to email message direction (i.e., positive versus negative eWOM)</td>
<td>Supported</td>
</tr>
</tbody>
</table>

The relationships between source characteristics and trustworthiness are largely irrelevant to eWOM as only benevolence is important to purchase intention and this only occurs with negative messages. In contrast, the evidence for the direct effects of expertise and similarity on purchase intention is much stronger. In most cases these relationships are equivalent across negative and positive messages, however, similarity has a greater direct impact on purchase intention with positive messages. Differences in attribution across negative and positive messages might explain this. When negative experiences are reported attribution might be being assigned to the source (i.e., they did something wrong), whereas with positive experiences attribution could be being assigned to the situation (i.e., the holiday destination).

Overall, these findings indicate that similarity has a stronger impact on purchase intention than expertise. The impact of similarity on purchase intention is clearly stronger with positive messages, whereas the addition of indirect effects makes the impact of expertise on purchase intention slight stronger with negative messages.
References:


