THE E-WOM ADOPTION IN THE CONSUMER DECISION MAKING: A CROSS-CULTURAL STUDY

Exposé

Submitted by

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ABSTRACT

Keywords
E-WOM ADOPTION - CONSUMER BEHAVIOR – DECISION-MAKING PROCESS – TIME - COGNITIVE DISSONANCE

Background
Electronic word of mouth (eWOM) recommendations are online consumer-generated recommendations posted on a service providers’ or third party’s websites (Mudambi and Schuff, 2010). Electronic word of mouth recommendations play an increasingly important role in the popularity and success of electronic commerce (e-commerce) (eMarketer Inc., 2010). Adoption of a recommended service is not a one-time decision, but rather is a process that occurs over time and consists of three stages: pre-usage, initial use, and repeated use (Looney et al, 2008; Montazemi and Qahri Saremi, 2013, 2014; Rogers, 2003). However, the extant literature is silent on the possible effect of eWOM recommendations on consumers’ perceptions of adopting services, at different stages of service adoption process. Furthermore, with a few exceptions (e.g., Gupta and Harris, 2010), much of literature assumes implicitly that the effect of eWOM recommendations is the same for all consumers across different stages of service adoption.

Purpose
The purposes of this study are based on the adoption of eWOM, using the decision making process as integrative model. Specifically, aims of this study are:

1) When eWOM is used by the consumer in an online purchasing
2) How much eWOM deserves an online purchasing
3) What kind of eWOM deserves an online purchasing

Method
The data needed to answer the research question will be collected through an online questionnaire that will be sent to people across, Germany, Italy and the United States. Many potential participants can be reached by approaching the administrative staff of universities and asking them to send it to the students who can then fill out the online survey, furthermore, I will distribute the questionnaires via Facebook. The questionnaire will be based on quantitative research measures.
1. Introduction

1.1 Background

Consumers’ adoption of eWOM occurs in three stages of pre-purchase, purchase, post-purchase (Jang, Prasad, and Ratchford, 2012). As such, adoption of a service is not a one-time decision, but rather a process that occurs over time and consists of a series of actions and decisions occurring at each of three stages (Rogers, 2003; Xia and Lee, 2000). In this process, the consumer start from the initial awareness and search of product reviews depending on his involvement degree to decide the focus of adoption of the service, to switching opinion behaviours, and finally confirm or reverse the initial adoption decision. At any stage, the consumer may decide to stop the adoption process or to discontinue using the service (Rogers, 2003; Xia and Lee, 2000). Consumers in different stages of the service adoption process may hold different perceptions towards the service, which may be influenced by different antecedent factors (Xia and Lee, 2000).

Firstly, eWOM can be classified as “search” or “experience” (Arnold et al., 1989; Guiltinan, 1987; Mitra et al., 1999; Nelson, 1970; Nelson, 1974). Search services are characterized by attributes that can be objectively evaluated based on the values attached to their attributes, without the need for the consumers to experience them directly prior to their adoption (Xiao and Benbasat, 2007). The evaluation of search services is primarily associated with a fact-gathering, information-seeking stance that is typically outcome-oriented, impersonal, and objective (Nelson, 1974). Given that eWOM recommendations include the experiences and opinions of other consumers, they can act as a surrogate for the consumers’ direct experience of experience services, prior to adoption (Fan et al., 2011).

Despite (Laurent and Kapferer, 1985) Rothschild (1979) concluded that no single indicator of involvement could satisfactorily describe, explain, or predict involvement, (Teng Shasha, Khong Kok, Goh Wei, 2014). Evidence that involvement is a key determinant of eWOM effectiveness on consumers’ perception of adopting products/services is the nature of the product/service (i.e., goods type).

Strictly related to eWOM adoption, Polyorat and Alden [2005] identified that both product types and need for cognition moderated consumers’ attitude formation process that moderating effects of e-WOM adoption (Floyd, Freling, Alhoqail, Cho, and Freling, 2014). In fact (Gai, 2010), NFC used as a proxy for motivation to process information. Thus individuals high NFC enjoy thinking while NFC low try to avoid cognitive tasks.

The theoretical explanation that holds Need for Cognition and Involvement is given by the elaboration likelihood model (ELM) (Petty, and Cacioppo, 1983), where individuals who are highly involved with a product are more likely to engage in thoughtful and effortful processing of persuasive arguments. Individuals who are less involved are not affected by the argument contents, but rather by non-content elements (peripheral cues).
This means that high NFC and Involved consumers might adopt effort in the information adoption and will be more stable in their decisions when purchasing, contrary to the low NFC and Involved consumers, that use more "heuristic" decision making process. Consistent with this perspective, recent work in the e-WOM context suggests that recommendations do not make individuals search less (Senecal et al., 2005).

These would be the fixed means that will help to understand the consumer behaviour adoption of e-WOM in his entire decision-making process.
1.2 Problem Statement and Research Questions

Sun (2012) finds that the variance of product reviews has an influence on consumer decisions. However, at the individual level, the use of product reviews in different stages of the purchase decision process remains relatively unexplored. The three stages that I will consider are the search/consideration set stage, where products are searched, evaluated and compared for further evaluation, the choice stage, where a final product is chosen from the consideration set, the purchase and the post-purchase level.

RQ1: Examine in what stage, and how, consumers use eWOM in the entire purchase decision process: pre-purchase, purchase and post-purchase

When, how much, what kind of e-WOM?

Pre-purchase:

- Search/consideration set
- Choice set

Main characteristics differentiating hi/low NFC consumer behaviors are:

Switching behaviour towards the two sets

- the adoption of e-WOM (product related vs experience related)
- time (more or less time on eWOM)

This change in attribute preferences does not affect only the configurations of the consumer behaviors, but also the decision making process, where (Jang et al., 2012) consumers might update information about product attributes in the purchase decision process. Though the consumer has information on the same product attributes, it is possible that the consumer weights them differently in the choice stage because that is a different task than consideration set formation (e.g., Andrews and Srinivasan 1995).

Purchase:

- Direct purchase
  - Anticipating emotion of regret
    - (Zeelenberg et al., 2002) To prevent high feeling of regret on choice responsibility, consumers would likely be to act, than not.
    - (Diecidue et al., 2012) Simon-son (1992) suggests that consumers who anticipate how they would feel if they made the wrong move (such as not buying forward) are more likely to purchase a currently available item.

- Delayed purchase
  - eWOM adoption
In delayed purchase, consumers will experience the second way of eWOM adoption: gathering new eWOM or evaluating old eWOM. (Liao, 2014) When consumers feel conflicted about a purchase, they may delay the decision and seek additional information. Dhar [1997] proposed that in the real world, decision makers have few choices because they seek information on existing products or search for new alternatives. (Eric A. Greenleaf, 1995) suggest because they spend time gathering additional information regarding the possible purchase.

Post-purchase:

- Cognitive dissonance:
  - Dissonance from decision making vs product choice (Das and Joffe, 2012)
  - eWOM adoption: confirming vs disconfirming eWOM search

Even if (Oliver, 1997) Dissonance is known to follow a personal decision but, as indicated, may continue over the entire decision-making process and may never completely disappear;

It is important to note that dissonance is not aroused in every purchase. The main condition for such arousal have been suggested (Cummings and Venkatesan, 1976; Korgaonkar and Moschis, 1982; Mowen, 1995; Oliver, 1997). The decision must be important to the consumer.

In support, (Babu and Manoj, 2009) state that post purchase behavior is a psychological phenomenon which refers to the fact that people seek out information which supports their currently held views, and seek to avoid information which challenges them

Here the third step of eWOM adoption, consisting in seeking confirming or disconfirming eWOM.

1.3 Purpose

The purpose of this thesis is one, but it involves many different variables, which consequences will affect the vast field of consumer behaviour.

1) When eWOM is used by the consumer in an online purchasing

2) How much eWOM deserves an online purchasing

3) What kind of eWOM deserves an online purchasing

All these objectives will be accomplished by fragmenting the consumer behavioural and psychological components involved in the decision-making process, such as: involvement, switching behaviors, uncertainty and cognitive dissonance. There is a time, a quantity and a quality of eWOM for each of these components.
2. Literature Review

2.1 E-WOM

2.2 Consumer Involvement
2.2.1 Product Involvement
2.2.2 Need For Cognition

2.3 The Adoption of e-Wom And Decision-Making Process
2.3.1 Pre-Purchase: Search And Consideration
2.3.2 Purchase: Buy Now/ Delay
2.3 Post-Purchase

2.4 Delay
2.4.1 Evaluating Old E-WOM Vs Gather New E-WOM
In relation to consumer attitude, old eWOM can be towards consumer-generated reviews or product features. Gather new eWOM means following same path dynamics seeking new eWOM.

2.5 Time and e-WOM

2.6 Cognitive Dissonance
2.6.1 Search and Consideration Regret Vs Product Choice Regret
3. Hypotheses Development

Sun (2012) finds that the variance of product reviews has an influence on consumer decisions. However, at the individual level, the use of product reviews in different stages of the purchase decision process remains relatively unexplored. The three stages that we consider are the pre-purchase stage: search/consideration set, where products are searched, compared, evaluated for further evaluation, the choice stage, where a final product is chosen from the consideration set, the purchase and the post-purchase.

The decision making process starts with the search/consideration set, that overtake the initial phase of the adoption of eWOM in the decision making process.

Consumers need for cognition will be used as a proxy to involvement, in this sense the study will choose to test high and low involved consumer behaviors during the pre-purchase stage.

(Gupta and Harris, 2010) Consumers with low information processing motivation are unlikely to spend the cognitive effort necessary to make sure that their choice is the best one possible for their needs.

Further, consumers lower in motivation to process information redirect their limited search and consideration efforts towards the recommended product, whereas consumers with higher motivation search more overall and around the recommendation.

(Chakravarti, Janiszewski, Mick, and Hoyer, 2003) For consumers high in information processing motivation, in particular, this may make a recommended product a good choice, even if they had to compromise on a preferred attribute configuration. On the other hand, consumers less motivated to process information are likely to switch away from their preferred attribute profiles towards the recommended product if they use e-WOM as a decision heuristic. Therefore, all consumers are likely to move away from their attribute profile preferences in the presence of e-WOM recommendations, albeit for different reasons.

Highly involved individuals, just because of their high involvement in the purchase decision, are likely to be more stable in their preconceived cognitions that lead to the purchase. They might believe that their pre-purchase cognitions are well-founded on intensive information search, collection and analysis (Smith and Bristor, 2006)

(Gupta and Harris, 2010) suggest that e-WOM strength positively impacts overall search and consideration behavior for high NFC respondents only. Further, Thus, we find that e-WOM recommendations lead to more time spent analyzing the information and that this occurs for consumers highly motivated to process information. Thus,
- **H1**: Following e-WOM experience recommendation (H1a), evaluating eWOM product attributes (H1b), time spent online (H1c) will be high correlated to search/consideration set
  
  **H1a**: there will be positive relation b/w following eWOM experience and recommendations search/consideration set
  
  **H1b**: there will be positive relation b/w e-WOM product attributes and search/consideration set
  
  **H1c**: there will be positive relation between time spent on eWOM and search/consideration set

After consumer consideration set, each product in the set is further evaluated in the choice stage and the one with the highest utility is chosen. Though the consumer has information on the same product attributes, it is possible that the **consumer** weights them differently in the choice stage because that is a different task than consideration set formation (e.g., Andrews and Srinivasan 1995). In addition, consumers might update information about product attributes in the purchase decision process. (Jang et al., 2012)

For consumers high in information processing motivation, in particular, are willing to move away from stated preferences and are able to acknowledge doing making a recommended product a good choice, even if they had to compromise on a preferred attribute configuration. On the other hand, consumers less motivated to process information to “sacrifice” their own preferences switching away away from their preferred attribute profiles towards the recommended product if they use e-WOM (Gai, 2010).

Therefore, all consumers are likely to move away from their attribute profile preferences in the presence of e-WOM recommendations, albeit for different reasons.

Finally, (Gupta and Harris, 2010) suggest that e-WOM recommendations on an experience product lead high NFC individuals to spend significantly more time analyzing their choices compared to low NFC individuals.

On the other hand, low NFC individuals seem to focus more attention on the recommended product, even though their overall time on their decision does not increase. Even though their overall analyses depth (as measured by total time spent on the task) does not seem to similarly increase. Thus,

- **H2**: Following e-WOM experience recommendation (H2a), evaluating eWOM product attributes (H2b), time spent on eWOM (H2c) will be high correlated to choice set
  
  **H2a**: there will be positive relation b/w following eWOM experience recommendations and choice set
  
  **H2b**: there will be positive relation b/w e-WOM product attributes and choice set
  
  **H2c**: there will be positive relation between time spent on eWOM and choice set
With respect to the purchase decision we consider two possible types of consumer: pragmatic and regret reflecting. The two differentiate between themselves by the prevention of emotions in general. More specifically, a pragmatic consumer does not let regret affect his decision on whether or not to buy straightforward after his choice and thus makes the purchase as long as the product’s valuation exceeds its price. A regret-reflecting consumer, in contrast, will buy in delay only if the surplus exceeds the regret of having forgone the discount.

However, a regret-reflecting consumer, (Diecidue, Rudi, and Tang, 2012) To prevent high feeling of regret on choice responsibility, consumers would likely be to act, than not. (Zeelenberg, van de Bos, van Dijk, and Pieters, 2002). (Diecidue et al., 2012) Simon-son (1992) suggests that consumers who anticipate how they would feel if they made the wrong move (such as not buying forward) are more likely to purchase a currently available item than to wait for a better sale. Hypotheses as follows:

- **H3: there will be positive relation between choice set and direct purchase**

(Eric A. Greenleaf, 1995) Results indicated that, among other reasons, many people delayed their product choice because they needed advice or consent from another individual before making a purchasing decision, or because they did not have sufficient information in order to make an informed decision. Word-of-mouth advice is sought out and solicited in order to aid in gathering information, and therefore word-of-mouth advice that ends or shortens an individual’s purchase delay is considered successful.

(Liao, 2014) Hence, consumers who perceived that the information in online advertisements was unreliable, not useful, and difficult to understand tend to delay their purchase decisions and spend additional time gathering information. Furthermore, when consumers feel conflicted about a purchase, they may delay the decision and seek additional information.

Dhar [1997] proposed that in the real world, decision makers have few choices because they seek information on existing products or search for new alternatives. Certain studies have indicated that consumers may hesitate to make purchasing decisions because they spend time gathering additional information regarding the possible purchase [Greenleaf and Lehmann 1995; Shugan 1980]

(Liao, 2014) When consumers hesitate to make a purchase decision, they may be willing to spend time gathering additional information about the possible purchase [Greenleaf and Lehmann 1995; Shugan 1980]

- **H4 there will be positive relation between choice set and delayed purchase**
- **H4a** the positive relation b/w choice and delayed purchase will be higher for gathering new eWOM than evaluate old eWOM

Even if (Oliver, 1997) states that dissonance is known to follow a personal decision but, as indicated, may continue over the entire decision-making process and may never completely disappear;

It is important to note that dissonance is not aroused in every purchase. The main condition for such arousal have been suggested (Cummings and Venkatesan, 1976; Korgaonkar and Moschis, 1982; Mowen, 1995; Oliver, 1997). The decision must be important to the consumer

Concerning the regret in the decision making, (Das and Joffe, 2012) suggest that is important to evaluate regret from both the decision-making process and the product concurrently to obtain a holistic view of the emotion. Das and Kerr (2010) had conceptualized the two sources of regret using need for cognition and regulatory focus on product or decision path.

This finding underlines what researchers have established earlier in that a choice regret is evaluated primarily in terms of product performance than the analysis of the decision process (e.g. Higgins 2000; Heitmann, Lehmann, and Herrmann 2007).

Additionally, an important component of post purchase evaluation is the reduction of any uncertainty or doubt that the consumer might have had about the selection. As part of their post purchase analyses, consumers try to reassure themselves that their choice was a wise one; that is, they attempt to reduce postpurchase cognitive dissonance (Schiffman and Kanuk, 2000: 457). Thus,

- **H5** there will be positive relation between search/consideration set and cognitive dissonance

- **H6** there will be positive relation between choice set and cognitive dissonance

(Babu and Manoj, 2009)state that postpurchase behaviour is a psychological phenomenon which refers to the fact that people seek out information which supports their currently held views, and seek to avoid information which challenges them.

(Diecidue et al., 2012)Because of the potentially optimistic bias in self-prediction (Armor and Taylor 1998), consumers might suppose their future selves to be better aligned—that is, in our setting, more likely to be a pragmatic and “buy” type than a regret-reflecting and “always” type.

(Babu and Manoj, 2009)Highly involved individuals, just because of their high involvement in the purchase decision, are likely to be more stable in their preconceived cognitions that lead to the purchase. They might believe that their pre-purchase cognitions are well founded on intensive information search, collection and analysis (Smith and Bristor, 2006).
Consequently, they tend to downplay the new cognition and actively look out for purchase supportive information, rather than changing the old cognition that led to the purchase decision. So, since more involved individuals are less likely to reject the old cognition, they are the ones who are likely to search purchase supportive information more intensively. In other words, in their attempt to help reduce dissonance. (Babu and Manoj, 2009)

Dissonance theory would suggest that post-purchase dissonance might affect the size of the customer satisfaction gap because of the positive attitude that arises from the desire to reduce dissonance (Phipps and Simmons, 2000).

- \textit{H7} there will be positive relation between cognitive dissonance and confirming eWOM search
Table 1

- Following eWOM experience recommendation
- e-WOM product attributes
- TIME

- Search/Consideration
- Choice

- Cognitive dissonance
- Confirming eWOM

- Direct
- Time (delay)

- Gather new eWOM/evaluate old eWOM
4. Methodology

5. References


