

Research on the Influence of WOM on Consumer Decisions

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Abstract: With the role which opinion leader plays in e-WOM (word of mouth) generation and communication comes more and more important, its influence on online consumer purchase intention become a hot issue for industry and academics. Based on the concept model constructed and scale designed in our previous studies, a questionnaire is used in this paper for data collection. Then, structural equation model is adopted for fitting and path analysis, and found that: In all 14 hypotheses, 9 of them have significant positive correlation, which verified that variants including professional knowledge, product involvement, interactive, functional value, emotional value influence purchase intention virtually via trust. And at the same time, professional, product involvement and visual clue impact purchase intention directly. Moreover, homophily has positive moderating effect on correlation between professional knowledge and purchase intention, as well as in the relationship of product involvement and purchase intention.

1 Introduction

With the further development of Internet technology and applications, online shopping has become a more popular phenomenon. According to statistics of iResearch, Chinese e-commerce turnover in 2013 has reached 10 trillion Yuan, and shows a rapid development tendency. For online consumers, product quality and service are undoubtedly the focus of their attention, but the anonymity and virtual features of Internet make consumers cannot easily obtain authentic information. It also makes the importance of (WOM)word-of-mouth as an experience in network environment more prominent, and opinion leaders, as a more credible and high quality WOM generator can effectively reduce purchase risk and uncertainty, the information they released are more emphasized in consumer purchase decision-making. Along with the development trend of network socialization, researches on opinion leaders also attracted wide attention from industry and academics.

Opinion leaders, referring to those people who generally accepted, familiar and recognized by the public, those who have high fame, professional degree in their field, and those who often provide product information and opinions. In existing literatures,

researchers are mainly focus on the influence of WOM on consumer decisions, and a few studies involving opinion leaders, but rarely researchers emphasizes the relationship between opinion leaders and purchase intention. This study attempts to make an empirical analysis on the influence of opinion leaders on online consumer purchase intention, and discusses its specific propagation path and mechanism, exploring key impact factors, in order to enrich the theory of consumer behavior, and provides appropriate theoretical support for the industry.

2 Research Model and Questionnaire Design

2.1 Research Model

In the author's previous study¹, an conceptual model of opinion leaders' influence on consumer purchase intention in online environment has been built. In this conceptual model, on one hand, the researchers assume three constructs including opinion leaders features, information recommended by opinion leaders and consumers perceived value indirectly affects consumer purchase intention through trust; the other hand, two constructs including characteristics of opinion leaders and opinion leaders recommended information directly affect consumer purchase intention. In that model, opinion leaders feature construct including four variables such as professional knowledge, product involvement, interactivity, fame, etc. Opinion leaders recommended information construct including 3 variables, namely, timeliness, recommend consistency and visual cues. Construct of consumers perceived value have two variables, functional value and emotional value. Finally, homogeneity is assumed to have an adjustment function between the two paths of opinion leader features to consumer purchase intention, and recommended information characteristics to consumer purchase intention.

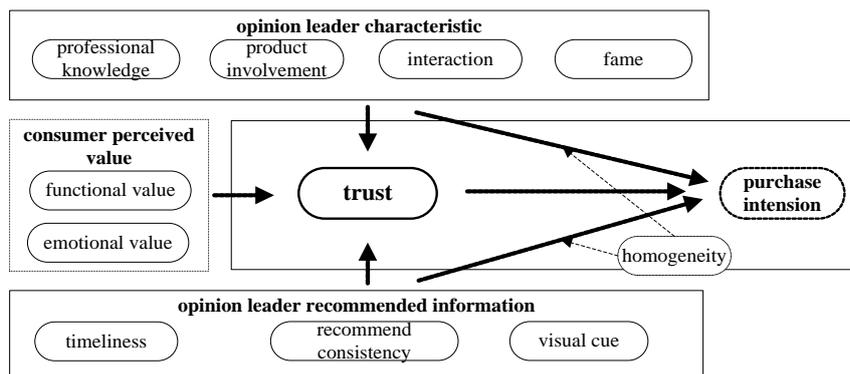


Fig.1. Influence concept model of online opinion leader on consumer purchase intention

2.2 Questionnaire Design

(1) Basic information and online activities

The design of basic information questions refers to survey of Internet users in the "China Internet Development Statistics Report Network" released by China Internet Network Information Center regularly. The questions of online activity aims at investigate consumers' online activities under the network environment and their attentions on the opinion leaders.

(2)Scale Design

In the author's previous study², according to 12 variables involved in the model of opinion leaders' influence, the author designed to make Scale asked to form an initial scale .These variables are professional, product involvement, visual cues, interactive, functional value, trust and other items. Furthermore, in order to increase applicability and accuracy, by the means of small-scale interviews, small former sample measurement, as well as large sample test, the author found that "trust" and "willingness to buy" failed the validity test. In view of this, the author analyzes the correlation coefficient, the exclusion of "trust" and "willingness to buy" variable coefficient lower part of the question items, and then get the final questionnaire which has reached the standard reliability and validity. Data of the main part of the study is acquired based on the scale.

3 Data collection and preliminary analysis

3.1 Data collection

The final questionnaire is distributed to participants of website forums or exchange area, such as Taojianghu, Tianya Community, VANCL, Onlylady, YOKA, Douban, where user participate in the online activities related to product information dissemination probably. Also, concerning that college students are the main participations of network, therefore students in numbers of universities in Hangzhou and Nanjing have been chosen. Two formal questionnaires, hardcopy questionnaire and network questionnaire, were distributed and recovered during August to December in 2011. A total of 200 paper questionnaires pointing to college students who contact with opinion leaders and their recommended products had been gave out and 175 valid questionnaires were reclaimed.

E-mail questionnaires were distributed and recovered though email. A total of 900 questionnaires had been sent and finally we got 343 back. Excluding invalid ones and questionnaires filled by those who have no apparent concern about opinion leaders, we finally got 312 valid questionnaires. The mainly reason why network response rate is low is that online respondents were completely strangers with the investigator, most respondents would not respond the mail, but the respondents are highly targeted and the survey question items are consistent with their situations, so the questionnaire has

high efficiency, reaching 90.96%. Ultimately, this study received a total of 487 valid questionnaires.

3.2 Descriptive statistical analysis

Sample demographics

Sex ratio of the samples in this study was 47.2: 52.8, mostly aged between 20-29 accounting for 43.3% of all samples, and respondents aged below 40 account for 94%. Main part of the samples has academic credentials above undergraduate, in which undergraduate (44.9%) and master's degree (23.8%), there is a obvious characteristic of higher education. As for the income, people who earn less than 1,000 Yuan are the most important group, accounting for 40.7%, followed by the groups whose income is 1001-2000 Yuan, 2001-3000 Yuan and 3001-5000 Yuan. In the occupational distribution, students share the highest ratio of 47%, business / corporate general staff account for 29% and self-employed and freelancers account for 6.6%.

Statistical analysis of online activities

Most respondents have contacted with network for over two years, in which between 3 to 5 years account for 40.7% and more than 5 years account for 38.6%. As for the time of online shopping, respondents spent 1-2 years, 2-3 years and 3-5 years account for 21.2%, 28.5% and 22% respectively. On average monthly online shopping purchase expenses, the amount of monthly consumption is more than 300 Yuan accounting for 37.2 %, 101-200 Yuan for 25.2% and 201-300 yuan for 19.3%. On the number of online shopping, 53.2% of the respondents have on average 2-3 times per month, 23.8% more than 4 times a month.

As for the information search, most respondents often search for product information on the Internet before shopping; only 7.6 % search occasionally. The largest source of information is the public reputation, accounting for 42.7%, and expert recommendation account for 32.2%. This explains, to some extent, that word of mouth has become an important source required in online shopping. Further, 71% of respondents often or sometimes find product information by recommendation of opinion leaders.

4 Empirical Analysis

4.1 Model fitting

Owing to the scale used in this study has passed the reliability and validity testing, we lay a lot of emphasis on analysis the causal relationship of all the aspects by WarpPLS 2.0 for testing the establishment conditions of hypothesis and model results. Specifically, we give the fitting analysis about the concept of model using Structural Equation Model (SEM).

Overall model fitting results as shown in Table 1, we determine the effect of the overall fitting of model mainly by APC (average path coefficient), ARS (average explain degree) and AVIF (average variance inflation factor). And APC is the average path coefficient, ARS is the average of R², AVIF is the average variance inflation factor. The observation value of AVIF is 2.013, meeting the criteria of less than 53.

Table 1. Model goodness-of-fit index

Index	APC	ARS	AVIF
observed value	0.243*	0.52*	2.483
Note: * means the value is significant at the 0.001 level			

4.2 Path analysis and hypothesis test

Path analysis found that 9 of 14 assumptions involved in the model pass the significant test (Figure 2). In the figure, the solid line indicates significant while the dotted line represents not significant. Meanwhile, the hypothetical relationship of these 9 assumptions belongs to non-linear relationship. 5 assumptions performance significantly at the 0.01 significance level and 2 assumptions is significant at 0.001 significant levels, indicating that the conceptual model gets better data support.

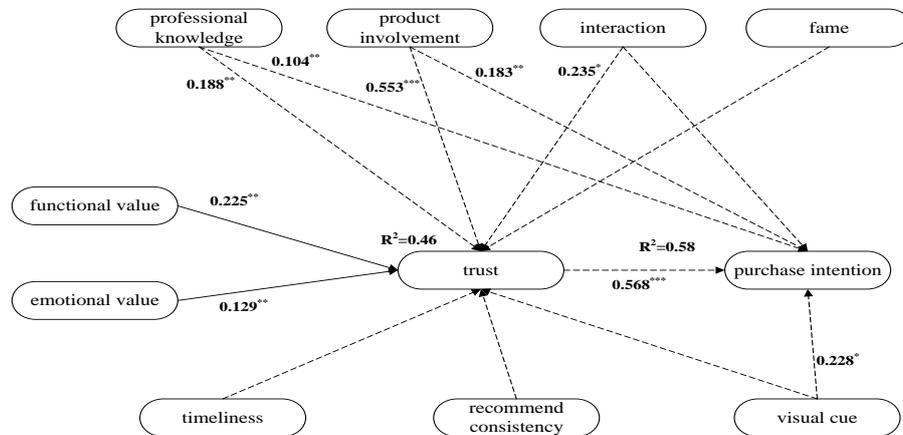


Fig. 2. Result of Model fitting(Note: *, ** and *** means significant in level of 0.05, 0.01 and 0.001 respectively)

4.2.1 Feature constructs of opinion leaders

The feature constructs of opinion leaders involve seven assumptions, in which 5 assumptions get various degrees of support, the path coefficients is shown in Table 2. Specifically:

The influence of timeliness on consumer confidence did not pass the significance test. That means timeliness has no significant positive impact on consumer confidence.

Recommended consistency

The influence of recommended consistency on consumer confidence did not pass the significance test. That means recommended consistency has no significant positive impact on consumer confidence.

Finally, the path coefficient calculation results of the influence of consumers' confidence in the recommendation of opinion leaders on purchase intention is 0.568***, we can say, consumers' confidence on the recommendation of opinion leaders has a significant positive impact on consumers' purchase intention, which is consistent with previous findings. That shows consumers' confidence on the recommendation of opinion leaders has a significant positive impact on their purchase intention.

According to process of communication theory, the receiving party is the main part of information dissemination and the receiver itself will affect the reception of information. In this study, we chose two variables—consumers' functional value and emotional value to analyze their impact on purchase intention. The empirical results show that the functional value and emotional value have significantly positive effect on trust, thus affect consumers' purchase intention.

Functional value

Functional value and trust or purchase intention is high correlation (the correlation coefficients are 0.462 and 0.460). As for the correlation of specific items, item 2 and item 3 have a high correlation with trust, shown that perceived value of product quality has strong correlation with trust.

5 Effect of homogeneity

The empirical results show that homogeneity on the relationship between purchase intention and profession or product involvement has a positive regulatory role, while homogeneity on the relationship between purchase intention and interaction has no significant regulatory role, so as to the relationship between purchase intention and visual cues. Because individuals with homogeneity have more similar hobbies, interests and ideas in the product, they are more likely to communicate and understand with each other, so that they are more likely to be accepted. Therefore, between consumers and opinion leaders with homogeneity, they often have similar professional knowledge structure and the degree of product involvement, or the consumers recognize the professional knowledge and product involvement of opinion

leaders. Therefore, the regulation of homogeneity in these two variables has more significant affect on the purchase intention. Instead, from the view of homogeneity, the visual cues and interactive are difficult to reach consensus, consumers have different product preferences with opinion leaders, but if recommendation of opinion leaders has rich and attractive visual cues, or opinion leaders interact with consumers well, it can also influence the purchase intention. That makes the regulation of homogeneity in visual cues and interactivity has insignificant affect on the purchase intention. As for the correlation of specific items, item 3(I think the opinion leaders have similar interest in product with me) have a high correlation with trust, showing that consumers care more about the homogeneity of product preferences.

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