

Chapter 87

Influence of Electronic Word of Mouth (e-WOM) on Brand Credibility and Egyptian Consumers' Purchase Intentions

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ABSTRACT

Electronic communication has become an essential part of consumers' everyday lives. Consumers rely on the internet as an alternative source of information pertaining to brands that can be accessed easily. As a result, electronic word of mouth (e-WOM) has become a force to be reckoned with that needs to be understood in order to be properly managed. This research investigates how the credibility of the brand as a source of information might be influenced by consumers' engagement in e-WOM and whether this influence subsequently reflects on their purchase intentions. The research findings indicate that indeed there is a relationship between e-WOM and brand credibility that reflects both directly and indirectly on the consumer's purchase intentions. Based on this, several recommendations are developed to help managers navigate their online presence in a way that specifically suits their consumers' internet usage patterns, in order to effectively manage available e-WOM on their brands.

INTRODUCTION

The current dominance of speedy technology on consumers' lives creates a pressing urge for marketers to understand the new technologies and their effects, in order to stay informed on how to effectively target consumers (Husnain et al., 2016). The evolution of technology boosted the development of social media, which has become an undeniable force that thrives on people's need to connect and communicate (Mangold & Faulds, 2009).

The vast spread of the internet allowed e-WOM to have a wide reach and permanent storage, thereby increasing its influence on consumers and brands (Hennig-Thurau et al., 2004; Sahelices-Pinto & Rodríguez-Santos, 2014). Technology has shifted the balance of power, between brands and consumers, in favor of the consumers (Rivera et al., 2015).

Thereby, Electronic Word of Mouth (e-WOM) became a dominant factor that influences consumers and brands. Consumers use e-WOM as a socially generated signal of brand reputation to help them formulate their judgements (Amblee & Bui, 2011). Subsequently, purchase intentions and sales are influenced as a result of consumers believing that the amount of e-WOM available on a brand can serve as a signal of its popularity (Chatterjee, 2001; Laczniak, et al., 2001; Park, et al., 2007; Amblee & Bui, 2011; You et al., 2015; Rosario et al., 2016). On the other hand, the presence of e-WOM as an influential source of information for consumers can be an undermining authority to numerous investments poured into a brand in order to build its credibility. Negative e-WOM can prove to be detrimental to a brand's credibility since consumers have more tendency to believe negative comments (Huang et al., 2012), which could subsequently result in consumers forming negative brand evaluations (Khammash & Griffiths, 2011).

This research attempts to offer useful insight on young Egyptian consumers' online behaviour and how it might affect the credibility of smartphone brands and subsequently influence their purchase intentions. This context fits this research due to several aspects.

First, research indicates that university students are heavy users of the internet and Social networking sites, especially Facebook (Chu & Kim, 2011; Hsu & Tran, 2013). This encourages marketers to increase the use of such internet sites to promote their brands as they hold an influence on the desirable demographics of teens and young adults (Jin & Phua, 2014).

In addition, the global smartphone market is becoming increasingly dynamic and competitive where market leaders, Samsung and Apple, are facing fierce competition from emerging brands, especially the Chinese brands such as Huawei, which is forcing them to lose market share (Gartner, 2016). The struggle of market leaders and the changing dynamics of the smartphone industry explain the need for modern innovative strategies that can help brands connect to their consumers and defend their market share. Furthermore, research indicates that consumers tend to rely on online consumer opinions when considering a purchase of an electronic product as they are high involvement, expensive and generally complicated products (Park & Kim, 2008).

In the end, e-WOM can become an opportunity for marketers to listen in on consumers' thoughts, feelings, and preferences, which can help them, adapt to consumers' needs more quickly and learn to reach their target audience more effectively (Erkan & Evans, 2016; Husnain et al., 2016). In this sense, e-WOM can complement the brand's marketing activities and promote brand credibility, which should manifest as consumers having strong purchase intentions towards the brand. Therefore, this study aims to examine the influence e-WOM has on brand credibility and consumers' purchase intentions.

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