

Chapter 8

Impact of e-WOM on the Brand Image and Purchase Intention of the Consumer: An Empirical Study

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ABSTRACT

In this digital age, any information is just a click away, whether it is relating to business news or the fashion world. Consumers today do not rely on print media for any news; rather, they resort to online platforms for exploring the details with regard to the any product or services before making any buying decisions. In this chapter, the researcher has tried to explore how e-WOM has influenced the brand image and shaped consumers' perception towards product purchase decisions. The population of the study are the customers who use online platforms for purchasing or making purchase decisions. A structured questionnaire has been filled in by 341 respondents so as to analyse the impact of factors on the consumer's perception of purchase. The statistical technique used is SEM. The findings indicate that electronic word of mouth (e-WOM) significantly affects brand image and also has a substantial impact on purchase intentions. Further, brand image of a product also influences the consumer buying decisions.

INTRODUCTION

Most experts agree that word-of-mouth (WOM) communication has a significant impact on shaping consumer attitudes and intentions (Chatterjee, 2001; Chevalier and Mayzlin, 2006; Herr et al., 1991; Kiecker and Cowles, 2001; Sen and Lerman, 2007; Weinberger and Dillon, 1980; Xia and Bechwati, 2008). Research has shown that e-WOM has greater influence than communication from other sources, such as editorial recommendations or advertisements and moreover provides relatively reliable information (e.g. Bickart and Schindler, 2001; Smith et al., 2005; Trusov et al., 2009). (Gruen et al., 2006).

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As a result, due to its increased perceived reliability and dependability, this kind of communication is seen as being very convincing (e.g. Chatterjee, 2001; Godes and Mayzlin, 2004; Mayzlin, 2006). A less intimate but more common form of WOM communication emerged with the global spread of the internet, known as “online WOM communication,” which replaced the earlier definition of WOM communication, which was person-to-person conversations between consumers about a product (Chatterjee, 2001; Sen and Lerman, 2007). (e.g. Brown et al., 2007; Chatterjee, 2001; Davis and Khazanchi, 2008; Godes and Mayzlin, 2004; Kiecker and Cowles, 2001; Xia and Bechwati, 2008). Because of its increased accessibility and wide audience, this new form of WOM communication has grown to be a significant platform for consumer opinions (Bickart and Schindler, 2001; Godes and Mayzlin, 2004; Hennig-Thurau et al., 2004; Mayzlin, 2006). It is believed to be even more effective than WOM communication in the offline world (Chatterjee, 2001). One of the most significant forms of online word-of-mouth (WOM) communication are product reviews that consumers post online (Schindler and Bickart, 2005; Sen and Lerman, 2007). It is becoming more and more common for consumers to search for online product reviews when obtaining pre-purchase product information (Adjei et al., 2009; Zhu and Zhang, 2010) and forming purchase intentions (Zhang and Tran, 2009). Additionally, a lot of industries have identified branding as their core capital. Robust brands have the potential to enhance consumers' confidence in the good or service they have chosen, as well as help them see and comprehend intangible elements more clearly. Yoo and Donthu (2001) posit that a company's brand image has the potential to impact various aspects of its operations, including future earnings and long-term cash flow, consumer willingness to pay premium pricing, stock prices, merger and acquisition decision-making, and marketing success. It is contended that online WOM communications posted in such an engaging and dynamic medium as the internet may have significant effects on brand image and, consequently, purchase intention, based on the theory that particularly vividly presented WOM communication has a strong impact on product judgments (Herr et al., 1991).

According to Keller (1993), brand image refers to how consumers perceive a brand based on the brand connections they have in their memory. Perceived service quality is a function of a consumer's consumption experiences, which in turn form the basis of their brand image. Therefore, brand image is strongly impacted by customers' perceptions of service quality (Aydin and Ozer, 2005). Customers are increasingly reliant on the interpersonal impact of e-WOM since intangibles, including after-sale services, cannot be assessed prior to the consuming experience. As a result, investing in intangible goods and services has a larger risk (Lewis and Chambers, 2000; Litvin et al., 2008).

Even though e-WOM has a big impact on the manufacturing sector, not much research has been done on the topic. e-WOM communications can influence brand image and purchase intention, based on the studies in the literature.

The experimental design methodology is used in this paper to investigate:

- how e-WOM messages affect a brand's image;
- how e-WOM communications affect consumers' intentions to buy; and
- the influence of brand perception on intention to buy.

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