Effect of Trust Factors on Consumer’s Acceptance of Word of Mouth Recommendation

Dr. Syed Akif Hasan and Dr. Muhammad Imtiaz Subhani and Ms. Amber Osman

Iqra University Research Centre (IURC), Iqra university Main Campus Karachi, Pakistan, IQRA UNIVERSITY

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Syed Akif Hasan  
*Iqra University- IU,  
Defence View, Shaheed-e-Millat Road (Ext.) Karachi-75500, Pakistan  
E-mail: hasandrukif@gmail.com  
Tel: (92-21) 111-264-264 (Ext. 1513); Fax: (92-21) 35894806

Muhammad Intiaz Subhani  
*Iqra University Research Centre-IURC, Iqra University- IU,  
Defence View, Shaheed-e-Millat Road (Ext.) Karachi-75500, Pakistan  
E-mail: drsubhani@yahoo.co.uk  
Tel: (92-21) 111-264-264 (Ext. 2010); Fax: (92-21) 35894806

Amjad Ali Khan  
*Iqra University Research Centre-IURC, Iqra University- IU,  
Defence View, Shaheed-e-Millat Road (Ext.) Karachi-75500, Pakistan  
Tel: (92-21) 111-264-264 (Ext. 2010); Fax: (92-21) 35894806

Amber Osman  
*Iqra University Research Centre-IURC, Iqra University- IU,  
Defence View, Shaheed-e-Millat Road (Ext.) Karachi-75500, Pakistan  
E-mail: amber.osman@yahoo.com  
Tel: (92-21) 111-264-264 (Ext. 2010); Fax: (92-21) 35894806

Abstract

This study investigates the effects of Trust Factors on Customer’s Acceptance of Word of Mouth recommendations. A sample size of 1000 consumers of different brands has been taken randomly on the basis of convenience. Results obtained from statistical analysis using the Logistic regression as a statistical tool which showed that the individual variables like experience, affinity, expertise are displaying no significant impact upon the acceptance of word of mouth.

Keywords: Expertise, Experience, Impartiality, Affinity, Track Record of recommender

1. Introduction

In today’s consumer driven world vast amount of information is obtainable that’s why now consumers are more doubtful about typical marketing and advertising of companies and do not completely rely on the comments written about their products. This power shift shows consumers buying decisions about any product and how companies try to grab new but retain old clients as well and companies build their achievement on a long-term retention of customer relationship. (Nedungadi, 1990). It’s known that a consumer is a rational thinker (Biehal & Chakravarti, 2006) and word of mouth is an indication to the transient of information commencing person to person. The term referred
exclusively to oral communication via means or medium and is considered as a powerful promotional tool when developing business marketing strategy. Consumers are influenced by word of mouth which eventually changes their attitude towards the brand because the consumer decides to buy the product on his own will. We focus on the Effects of trust factors on consumer’s acceptance of word of Mouth recommendation. Research mainly assesses the inspiration of motivating communication through online word of mouth and the effect on consumers purchasing decision due to online word of mouth (Richins & Marsha 1983).

The online word of mouth may be the fastest feature of spreading the information on larger scale by uploading the knowledge, receiving the feedback beyond space and time having more the reasons of consumers getting more attracted to the product since the Word of Mouth as been effective. having extensive features like spreading of information, it’s fast, saveable, and large volume of knowledge can be uploaded, receives instantly, beyond space and time and anonymous this is a reason why most of the consumers now prefer the recommendations of friends and their peers in form of reviews online rather than trusting an advertisement.

2. Literature Review
Due to globalization the main emphasis in marketing has shifted from captivating new customers to the retention of current ones (Arndt & Johan 1967). Customers’ know-how and wealth allow them to test and recommend products, which changes other consumer’s attitude of purchasing a product or to prefer a brand. Therefore giving knowledge to people through different Medias and techniques would be great help for the consumers as well as the brand itself (Bearden & Michael, 1982). Word of mouth is the major aspect of literature in marketing which helps the customer to make the decision whether to buy the product or not. However, emotional positioning is another way to pursue customers, which is usually used by many marketers. Word of mouth is the only way to make the consumer trust the brand, making the consumer believe that they have complete knowledge about the product and its services and features or else the message would be considered fake and would be a great disadvantage for the product (Biehal & Chakravarti 2006). Consumers can be influenced by word of mouth has its a triggered form of messages containing interactions through actions with great context. Strong emotions are needed to create a good impact of word of mouth. (Briester, 1991) Individuals might be different because of their experiences they have had in relations to the attributes of a product or ad this can affect their approach and responsiveness to advertising (Greenwald & Leavitt, 1984). For an effective marketing program the detail information of consumer behaviour is a vital foundation. Major aspects influencing consumer behaviour towards purchasing a product are word of mouth communications and consumers sharing their experiences of the product with other consumers (Ji Xiaofen & Zhang Yiling, 2009). Word of mouth is always different for every product and services. As mentioned before word of mouth should be at the right time with a great context. Word of mouth is great strategy and works for every single product and can easily effect consumer’s perception whether negative or positive (Kenny & Shekhar, 1990). Word of mouth is positive or negative but stronger when negative as negative messages are taken as more informative, accurate and significant. So companies must rely on positive factors such as Loyalty and quality to produce positive word of mouth (Kenny & Shekhar, 1990). Studies prove that negative news spreads faster than positive news because the unsatisfied customers share their experience much rather than the satisfied ones, which means that the impact of negative word of mouth is apparently stronger than positive word of mouth. Word of mouth is given in the form of reviews and would only be positive if the result of the product is satisfactory (Laroche & Zhou, 1996). Word of mouth is such an aspect of marketing that once it is out it cannot be changed, so it can effect in a positive way or negative. Sometimes a positive word of mouth can be ruined by misinterpretation of consumers and as every product is different; therefore the context of every product should be different and carefully conducted that it is assumed to be in the wrong way. (Ji Xiaofen & Zhang Yiling, 2009). Consumers always consider those opinions which are given to them directly is the chief factor behind almost 50 percent of all purchasing choices. (Nedungadi, 1990).

Marketers have realized the significance of word of mouth because of the growing rate of online communities and their characters. (Richins & Marsha, 1983). Today the world is a consumer driven world. The vast amount of information obtainable today has made considerable changes and variations in balance linking companies and consumers. (Rudd, 1983). Now days online reviews
manage to inform the consumers about various products which are considered to be word of mouth and these retail websites are very different from mail order catalogue because they provide descriptive knowledge about the product at no cost. Moreover, any sort of negative or bad comments can be managed in a very appropriate and sensible way where as positive and good comments can be seen online throughout the world, eventually improvement in the ratings would be observed and the popularity through the internet would be higher. (Sheth & Jagdish, 1971). As stated by the CNNIC report, there are 53.9% network consumers who would check relative comments of the merchandise before purchasing any product. The comments on the merchandise were seen by 78.9% of the commodities. And as stated by the report, more than 90% citizens make comments on the real shopping website. The China’s Nelson Research company stated in one of their report that the “most trusted advertising method” is considered to be consumers’ opinions posted on the network which is approximately 61% globally. (Whyte & William, 1954). Consumer’s behaviour is consistent towards similar things (Rudd & Kohout 1983). Brand orientation contains all the knowledge about the products and this information helps the consumer to decide whether to buy a product or not and good brand image helps to improve consumers buying decision and attitude towards the brand (Laroche & Zhou, 1996).

Past research also states that the information on the products also affects the pricing of product for the consumer’s therefore; recognition of products through information given to the consumers plays a vital role in decision buying process (Whyte & William (1954). Online word of mouth has a higher accuracy rate than any usual situation. Due to this concept, majority people consider reading the reviews online before purchasing as they think that these reviews and comments are trustable and reliable. (Brister, 1991) Opinion leader is a person with great knowledge, personality, special skills and many characteristics which influence the member of the groups. (Laroche & Zhou, 1996) Researchers who were expert in communications revealed in their studies that in most of the word of mouth spreading thing, the leaders who provide with their opinions are the most crucial facet (Kenny & Shekhar, 1990). But the thing which needs attention is that why a consumer or a random person will bother to write a review or opinion if he is not rewarded anything in return of that. No source can stop any consumer to utilize any content offered by any web page to notify about purchases made somewhere else. Moreover by offering users opinions, a website have control over the content being shown, negative reviews may cause the sales to drop. (Laroche & Zhou, 1996) and moreover it cannot be determined that in reviews about a product either the quality or conversations is the cause of more popularity and researches failed to prove that word of mouth has links with total sales (Biehal & Chakravarti, 2006).

Unlike a built market place, the new online marketplace adds up more unique factors that encourages more brand trust. Creating new challenges for the brand since the client become more aware of internet and want to deal with reliable and trusted cyber companies and prefer doing business with them (Nedungadi, 1990). The way to develop trust on web is not yet found through studies. The main purpose of conducting this study was to help researchers who want to know the strategic features of brand trust and brand familiarity on web. This research is significant for the researchers and academics since most of the work on trust is not empirical but mainly theoretical. There is difference in factors which affect brand trust online and factors which affect in built market place which can also be referred as bricks and mortar market place (Richins & Marsha, 1983). Most of the consumers now prefer the recommendations of friends and their peers rather than trusting an advertisement (Arndt & Johan, 1967). And mobile marketing can help as according to the wireless advertising association mobile marketing is more likely to be a source of releasing messages for advertisement to PDAs or cell phones via wireless networking (Bearden & Michael, 1982). Wireless medium is used for mobile marketing in order to offer the customers the organized information relating to products, services or any ideas regardless of time or location and it’s an advantage for stakeholders. Consumers go for word of mouth information when step in for the purchasing of intangible products and this information help them to see the risk and reduce their bumpy feelings (Laroche & Zhou, 1996). When a consumer seeks difficulty in having access to some service or purchasing some product he seeks for the aid of word of mouth and can be on any medium that could be a mobile phone. Now a day’s internet facility can be considered as the best way to find out about a product (Hoffrage & Gerd, 2000). Consumers with interpersonal intentions or motives like to develop and maintain associations with others or to attain
status and acquire power in the virtual world and always looking to get more information regarding the product or services and may share or distribute it as well. Consumer’s purchase decision is based on the information they get. Therefore, the information should be carefully advertised. Word of mouth is connected to all attributes of the product. Moreover, these attributes should be perfectly according to the product and should provide complete services and features (Laroche & Zhou, 1996). A company always is wanting to keep old one and bring new customers but failure of different kind can make it helpless and that when it finds how many loyal customers it has who would try to get things solved by either complaining to the company or brand, or continue to work with the company and such situations only happen with very few brands, brands that have loyal customers. When failure occurs, the company does have an opportunity to fix it, and if the company fixes the problem at right time than the word of mouth could lead into positive word of mouth instead of negative word of mouth and otherwise apposite can happen.

According to studies conducted, sometimes the “recovery paradox” could get a higher result of positive word of mouth compared to before which was at an average rate. Advertising techniques and viral marketing are used for interactions and generate more word of mouth, to attain the desired consumer response. Individuals who posses more authority and power including more personal contacts are the key targets of the marketers if there are implying influencer marketing. Customers can be separated into two groups, these two groups perceive word of mouth in two different perspective. The group which have expert consumers consider the benefits and features of the products before purchasing a certain product. Many studies states that word of mouth has a very strong impact on all of the AIDA phases when purchasing, it influences the consumer’s choice, purchasing decision, pre and post usage attitude and expectation.

Therefore, one of the great ways to spark word of mouth is to deliver the consumer an outstanding services and commendable products (John & Sons, 2007). The perception of brand loyalty is linked with the commitment of consumers to any specific brand and it is acquiring growing weight in consumer attitude. Motivating consumers to share their ideas and experiences and their positive opinions supports brand reputation in such a way that it’s difficult to do alone through advertising only. (Laroche & Zhou, 1996). An individual can focus on approximately 40 products and services at a certain time. Marketing strategies can influence consumers mind to get a certain product on that list; moreover unsatisfactory or bad products can also be on that same list. Word of mouth is the basic aspect which counts down the list of these 40 products and services on the consumers mind. Word of mouth is such an aspect which every company can have but not all companies can succeed in getting positive word of mouth (Rudd & Kohout 1983).

3. Research Hypotheses

H1: The Expertise of recommender has positive effect on consumer’s acceptance of word of mouth recommendation.

H2: The Experience of recommender has positive effect on consumer’s acceptance of word of mouth recommendation.

H3: The Impartiality of recommender has positive effect on consumer’s acceptance of word of mouth recommendation.

H4: The Affinity of recommender has positive effect on consumer’s acceptance of word of mouth recommendation.

H5: The Track Record of recommender has positive effect on consumer’s acceptance of word of mouth recommendation.

4. Research Method

Descriptions of data
Six parts Questionnaires were used as an instrument for data collection “five parts presenting the different chosen scenarios and asking their reactions and the last part containing demographic question” on a sample of 1000 consumers via personal meetings and direct emails. Convinces sampling was used as a sampling technique.

5. Findings and Results
With the help of Logistic Regression we tried to get to know the effects of trust on the acceptance and credibility of the person who is getting the buzz across, following are the results as per our hypothesis.

Table 1:

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Exp(B)</th>
<th>Sig.</th>
<th>(0.000)</th>
<th>Empirical Conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: The Expertise of recommender has an effect on consumer’s acceptance of word of mouth recommendation.</td>
<td>0.000</td>
<td>0.999</td>
<td>Reject</td>
<td></td>
</tr>
<tr>
<td>H2: The Experience of recommender has positive effect on consumer’s acceptance of word of mouth recommendation.</td>
<td>0.114</td>
<td>0.128</td>
<td>Reject</td>
<td></td>
</tr>
<tr>
<td>H3: The Impartiality of recommender has positive effect on consumer’s acceptance of word of mouth recommendation.</td>
<td>0.000</td>
<td>0.998</td>
<td>Reject</td>
<td></td>
</tr>
<tr>
<td>H4: The Affinity of recommender has positive effect on consumer’s acceptance of word of mouth recommendation.</td>
<td>0.000</td>
<td>1.000</td>
<td>Reject</td>
<td></td>
</tr>
<tr>
<td>H5: The Track Record of recommender has positive effect on consumer’s acceptance of word of mouth recommendation.</td>
<td>0.000</td>
<td>0.244</td>
<td>Reject</td>
<td></td>
</tr>
</tbody>
</table>

The findings of this paper reveal that the expertise of recommender does not have significant impact on the acceptance of articulated buzz as Exp(B) is found insignificant at \(p=0.999>0.05\), therefore we fail to accept the H1. The findings also suggest that experience of the person, who passes the word of mouth on, does not have significant impact on the acceptance of expressed buzz as Exp(B) is also found insignificant at \(p=0.999>0.05\) thus we also fail to accept the H2. While, Impartiality of the person, who passes the word of mouth, Affinity of the person, who passes the word of mouth, and Track Record of the person, who passes the word of mouth, they all have no significant impact on the acceptance of expressed buzz as for all these Exp(B) are found insignificant at \(p=0.999>0.05\) therefore, we also fail to accept H3, H4 and H5.

In a nutshell, the objective of carrying out the research was to get to know the effects of trust on the acceptance and credibility of the person who is getting the buzz across. According to above results, the individual variables like experience, affinity, expertise are displaying no significant impact upon the acceptance of word of mouth.

6. Discussion and Conclusion
The major intention of developing a brand trust is to attain a competitive gains and improvements which ultimately boost up the business performance. A good familiarity to the product offering security with privacy, word of mouth, commendable advertisements and the brand reputation is necessary for the establishment of brand trust as per determined in researches. Now days the most common and reliable source of word of mouth information to the consumers is through online reviews. These online reviews manage to inform the consumers about various products which are considered to be word of mouth. Furthermore, these retail websites are very different from mail order catalogue because they provide descriptive knowledge about the product at no cost. If managers expect brand loyalty from the consumers than the primary step should be to provide adequate information on their web site.
5.1 Implementation

Through online communities and social networks, marketers should try to interact by word of mouth to help and guide the customers interested in the products or services of their company. Moreover, any sort of negative or bad comments can be managed in a very appropriate and sensible way where as positive and good comments can be seen online throughout the world, eventually improvement in the ratings would be observed and the popularity through the internet would be higher. Since word of mouth is spread through internet now, therefore, it has developed emanative and network mode from linear and single mode. Word of mouth carriers are internet, blogs, instant communication, virtual communication and so on which has eventually become a very successful media for sharing or exchanging knowledge online. Understanding the importance is not a difficult thing and can easily be measured. Marketers should remember that the word of mouth could turn into a complete failure or can be very successful. It all depends on the marketing strategy and the context given out related to the product and it must be noted that the acceptance of word of mouth is effected by the individual variables like experience, affinity, expertise are displaying no significant impact upon the acceptance of word of mouth.

References