

# The Impact of Ewom in Social Media on Consumer Purchase Decisions

*Merve Turkyilmaz*

*International Burch University  
Bosnia and Herzegovina  
[turkylmz@outlook.com](mailto:turkylmz@outlook.com)*

*Mersid Poturak*

*International Burch University  
Bosnia and Herzegovina  
[mersid.poturak@ibu.edu.ba](mailto:mersid.poturak@ibu.edu.ba)*

**Abstract:** *Marketers define their social media platform as an essential piece to reach their consumers. The flock of web users turning to social media to receive and convey their thoughts, opinions, and suggestions has made social media an integral part of digital marketing. Using traditional media to advertise had restrictions in placement and outcome while, nowadays, social media has liberated this obstacle. It has created a platform which allows information to spread freely and at a fast pace. Using electronic word-of-mouth in social media permits a constant connection to a vast audience. The purpose of this study is to explore the effect of electronic word-of-mouth within the context of social media on consumer purchase decisions. More precisely, how the familiarity of the eWOM source, the way of communication, writer's expertise and the popularity of a product affects the consumer's purchase decision. The data has been gathered using quantitative research method. The sample consists of students studying in Timisoara, Romania. The surveys were e-mailed to students' e-mail addresses. Due to the lack of response from e-mails, the responses were gathered using a mixture of door-to-door and online surveys methods. The questions were answered by 200 students within a month. The results will provide the extent of impact eWOM in social media has on the purchase decisions.*

**Key Words:** *Electronic word-of-mouth, Social media, Digital marketing, Purchase decision*

## **Introduction**

The constant escalation of the internet usage drove companies to mend their marketing strategies to include the digital interactivity of their customer base. Digital marketing is defined as; "a subcategory of marketing which uses digital technology to place and sell products." It is the marketers' use of technologies such as; emails, social media, and word-of-mouth to engage with their target group and generate sales. What sets digital marketing apart from traditional marketing is the ability to comprehend the efficiency of the marketing campaigns while they are still being served to the online viewers.

The choice procedure and psychosocial movement are involved in the phases of assessing, buying, devouring or requesting any good or service. As the Internet advanced, along with globalization, the buyers started to confront the issue of "perplexity by over-decision". The various brands accessible for a similar item perplexes the customer to make up his/her mind on which brand to choose. Thus,

there is a solid requirement for a medium to slice through the advertising "mess" and help shoppers pick an item that will fit their needs. Electronic word-of-mouth plays the role of this medium. Customers that decide to utilize this method for correspondence may have their buy goal adjusted, particularly by individuals who has had a shopping background with that good or service (Nawaz et al., 2014).

The way individuals see data sources influence their process of acknowledging the information being provided (Hu, 2015). By the enhancements in web based shopping the significance of electronic word-of-mouth has extremely increased. When shoppers get recommendations from their closest or colleagues on social media they are able to instantly go to the websites which provide the product or service. If the person thinks about the suggestions given by someone he or she knows, the visit to the website can finish with purchase. This is one of the crucial elements which make eWOM better than traditional WOM (Evans & Erkan, 2014). In other words, ads posted by firms on social network sites is probable to be overlooked by the individuals because these advertisements are created by the firm, and in this way seen as deceitful (Diffley *et al.*, 2011).

Consumers are now in the position where they can immediately express their thoughts, give input, acknowledge or question the activity of a brand (Chiosa, 2014). These actions are possible because of the digital world we live in. By participating in web-based social networking, brands can create showcasing techniques that improve customer dedication and carry on the positive picture of the brand.

## **Literature Review**

Numerous definitions of electronic word-of-mouth (eWOM) have been made throughout literature. Hennig-Thurau *et al.* (2004) have defined this marketing strategy as "Any positive or negative statement made by potential, actual, or former customers about a product or company which is made available to a multitude of people and institutions via the Internet". The sole difference between Electronic word-of-mouth (eWOM) and traditional word-of-mouth (WOM) is identified as the platform of communication being the Internet (Sørensen, 2010).

It is vital to comprehend the thought processes directing the online influencers to use electronic word-of-mouth. Understanding the motives is fundamental for those seeking to urge the influential individuals to spread messages. Knowing the thought processes in conveying online word-of-mouth can help organizations to create messages that will improve the viral movement and focus on the targeted customers.

The work of Hennig-Thurau *et al.* (2004) demonstrates the factors affecting the number of visits and the frequency of these visits on online platforms. Their findings indicate that the dominant reason for site visits is the social benefit. Furthermore, the number of comments is positively correlated with the social benefit motive. The probability to advise a product based on an online review depends on where the reader has found the comment (Lee & Youn, 2009). Readers are more inclined to suggest the product when they have read it on an independent review website or the brand's own website. From another perspective, a negative correlation exists between the consumer

expertise and consumer involvement. The consumer expertise has a negative impact, while the consumer involvement has a positive impact on the potential buyers of the product in question (Cheung *et al.*, 2012). Figure 2 shows the motives of word-of-mouth communication identified in the literature.

**Figure 1** Motives of word-of-mouth communication identified in literature

<i>Dichter (1966)</i>	<i>Engel et al. (1993)</i>	<i>Sundaram et al. (1998)</i>	<i>Hennig-Thurau et al. (2004)</i>	<i>Description</i>
Product involvement	Involvement	Product involvement; vengeance; anxiety reduction	Venting negative feelings	Consumer feels so strongly (positively or negatively) about product that a pressure builds up wanting to talk about it
Self involvement	Self enhancement	Self enhancement	Positive self-enhancement	WOM allows person to gain attention, show connoisseurship
Other involvement	Concern for others	Altruism; helping the company	Concern for other consumers; helping the company	Consumer feels a genuine need to help others make a better decision (or warn them against making a bad decision) or to reward a company for a good product
Message involvement	Message intrigue			Discussion stimulated by advertisements or other marketing messages
			Social benefits	Enjoyment from engaging in the social experience of online WOM
			Economic incentives	Response to direct economic incentives offered by website for posting online reviews (e.g. "WebMiles")

Source: Dellarocas, C., & Narayan, R. (2006, December). What motivates consumers to review a product online? A study of the product-specific antecedents of online movie reviews. In *WISE*.

Park *et al.* (2007) emphasizes how electronic word-of-mouth has two different roles of either becoming the channel for obtaining information or a sign of product popularity. However, the extent to which the consumer is affected by one of these roles is based on the consumer's intention. Consumers tend to care more about reading the comments which give more clues about the product when their intentions to buy are high. On the other hand, when their buying intentions are low, the quality of the comments is not a priority. In this case, consumers are merely interest in the popularity of the product in question. The confidence of the consumer increases depending on the expertise of the writer and the purpose of the research (Chang *et al.*, 2010).

Based on the findings of Hoffman & Daugherty (2013), the communication ties between firm and consumers are not merely up to the content, the delivery effectiveness is just as important. Apparently, customers give their time into creating eWOM via social media since they wish to have any kind of effect by impacting product awareness and choices made by different purchasers. The recommendations among female consumers are more effective when compared to male consumers (Nadeem, Andreini, Salo, & Laukkanen, 2015). Even though users of a certain product or service are unwilling to post their experience, they are likely to be affected by the comments they read on social media sites because these sites are seen as platforms which are effective and valid (Yogesh & Yesha, 2014).

## **Research Methodology**

According to the study of Perrin (2015), 90% of the teenagers from the ages 18 to 29 have a social media presence. In this manner, the utilization of university students was considered suitable as the sample group for the study. The aim of this research was to use descriptive statistics and gain an insight on the importance of certain eWOM variables in social media on purchase decision.

## **Sampling Procedure**

The research was conducted in Timisoara, Romania. A total of 200 students filled out the questionnaire. While 172 of the replies came from Romanian students, 28 of them were attained from international students studying in Timisoara. Female students comprised more than half of the total responses.

## **Questionnaire Design and Data Collection**

The questionnaire was formed using Google forms. It began with an introductory paragraph explaining the reason for conducting the research and what their contributions meant for the data gathering. Twenty straight forward questions were design and all besides the demographic questions were 5-point Likert scale based. Each question was mandatory to reply while confidentiality was promised. The survey had 6 short sections. The first three questions were asked to understand the demographic background of the respondents; such as their age. The second section was used to measure the impact of commenter familiarity and whether readers see known source as more valuable. The third section focused on comprehending the importance on bidirectional communication. The fourth section comprised of the expertise factor. Knowing that only some of the comments are written by experts this section aimed to analyze the significance of the writer's background. The fifth section asked the frequency to purchase a product because of its popularity. The final section consisted of questions directed to understand your purchase behavior based on the comments on social media. A title and description for each section were added in order to ease the understanding of the sections. This also helped the respondent clear any questions regarding the aim of the research.

The students were reached by using their student email addresses and Facebook groups created by different departments. Additionally, door-to-door survey approach was in order to reach the planned number of responses. The survey was conducted from February 10, 2017 till April 13, 2017.

## **Results**

Even though a total of 200 responses were achieved in this research, 172 of them were considered to be the targeted sample. The 28 responses obtained from international students were excluded. The three demographic questions asked to gain an understanding about the respondent's background profile were gender, age and their completed education level. The data was analyzed using SPSS 18.0. The four variables analyzed were the importance of commenter familiarity, bi-

directional communication, expertise and popularity of the product/service. Since descriptive statistics was the only method for analyzes, the questions related to each variable were compounded in SPSS. This enabled us to present a single descriptive table for each of the four sections.

The majority of the survey has been filled out by females with a 60.0% of response rate, leaving the males 40.0% out of the total. 4 respondents are below the age of 18, 161 of them are between the ages of 18-24 and 7 of them are 25 or above. These results lead to the conclusion that most of the respondents were between the ages 18-24, making up 94% of the surveyors. Out of the total 172 respondents, more than half of them have finished high school and are studying undergraduate. 46 respondents have finished undergraduate, 22 of them have finished their master’s degree and only 1 has finished their PhD. The percentages based on the education levels of the respondents are 60, 27, 13 and 0.5, respectively.

### **Descriptive Statistics on the importance of the Familiarity of the Commenter on Social Media**

The following questions were compounded in SPSS to obtain table 1.

- How likely are you to be affected by product recommendations posted on social media?
- Do you think that you are more likely to purchase a product because it was recommended by someone you personally know? Such as a friend or family member.
- Do you consider the frequency of the communication between you and the recommender of the product as important?
- Are you more likely to remember a product recommendation from someone you know?

As stated before, the total numbers of surveyors were 172. The mean is found to be 3.747 and the median is 3.75. Out of a 5 point range these results show that the respondents are likely to be affected the familiarity of the commenter on social media. The std. deviation and variance are .5779 and .334, respectively.

**Table 1 Descriptive results on the familiarity variable**

	<b>N</b>	<b>Mean</b>	<b>Median</b>	<b>Mode</b>	<b>Std. Deviation</b>	<b>Variance</b>	<b>Range</b>
<b>Familiarity</b>	172	3.747	3.750	3.75	.5779	.334	2.50

### **Descriptive Statistics on the importance of the Bi-directional on Social Media**

The questions compounded in order to analyze the second variable were as follows:

- Does the online communication with the recommender motivate you to make the purchase?
- Do you feel the need to contact the person who posted a comment about the product you were planning on buying?

- Do you find all the answers to your questions about a product when going through the comments?

Table 2 shows that the mean for the questions related to bi-directional communication is 3.093 and the median is 3.00. Out of a 5 point range these results show that the respondents are quite neutral when it comes to the importance of communication on social media. Meaning that, having the opportunity to communicate with the commenter does now fall under any of the two extremes. The std. deviation and variance are .7319 and .536, respectively.

**Table 2 Descriptive results on the bi-directional communication variable**

	<b>N</b>	<b>Mean</b>	<b>Median</b>	<b>Mode</b>	<b>Std. Deviation</b>	<b>Variance</b>	<b>Range</b>
<b>Bi-directional Communication</b>	172	3.093	3.000	3.00	.7319	.536	3.67

### **Descriptive Statistics on the importance of the Commenter Expertise on Social Media**

The following three questions were used to have a single descriptive table for the expertise variable.

- Does the level of knowledge the commenter has on a product affect your purchase decision?
- Do you feel the need to search if the commenter is an expert?
- Does the level of recognition that the commenter has affect your purchase decision?

The mean for the expertise factor (shown in table 3) is seen to be 3.455 and the median is 3.33. Out of a 5 point range these results show that the respondents are more likely to be affected the commenter's expertise when compared to the communication opportunity. The std. deviation and variance are .6479 and .420, respectively.

**Table 3 Descriptive results on the expertise variable**

	<b>N</b>	<b>Mean</b>	<b>Median</b>	<b>Mode</b>	<b>Std. Deviation</b>	<b>Variance</b>	<b>Range</b>
<b>Expertise</b>	172	3.455	3.333	3.33	.6479	.420	3.67

### **Descriptive Statistics on the importance of the Product/Service Popularity on Social Media**

The questions listed below were used for the last variable which was the importance of product/service popularity.

- How often do you purchase a product because of its popularity among social media users? The popularity could be the number of likes, comments, shares or retweets.
- How often do you prefer the popular product because of its social media presence?

- Do you find the popularity of a product to ease your decision making progress?

The mean of the popularity variable is found as 3.484 and the median is 3.66. Out of a 5 point range these results show that the respondents are likely to be affected the popularity of the product/service on social media. The std. deviation and variance are .7734 and .598, respectively.

**Table 4 Descriptive results on the popularity variable**

	<b>N</b>	<b>Mean</b>	<b>Median</b>	<b>Mode</b>	<b>Std. Deviation</b>	<b>Variance</b>	<b>Range</b>
<b>Popularity</b>	172	3.484	3.666	3.67	.7734	.598	3.67

## **Conclusion**

The descriptive analysis made in the previous section shows that the four variables do not possess the same level of importance. The results indicate that the familiarity variable plays the most important role out of the four. Social media users are prone to rely on comments they read from friends and other acquaintances. Becoming informed by someone who you know by first hand eliminates the doubt of reliability. On the hand, the opportunity to communicate with the writer of the comment is found to be the least important variable. This provides an understanding that Romanian students are rarely the initiatives of communication to gain more information on a certain product/service on social media. When compared with the familiarity variable we understand that our sample takes cognizance of immediately concluding whether or not the comment is reliable and provides most of the information needed without the extra effort of contacting. The other two variables analyzed were expertise and the popularity of a product/service on social media. The results of both variables have shown that even though they are not considered to be as important as the familiarity variable their roles aren't as small as being able to communicate with the commenter. That is to say, they fall in between the two.

The limitation of the study is that it was conducted in a single city and could be broadened to gain a better understanding of the topic. A comparative analysis will be possible when more than one country is involved. This will allow the researcher to comprehend the differences and similarities of variables found to crucial in social media. The sample size can be bigger and number of variables can be extent. Furthermore, certain SPSS analysis can be used to find if there is a statistically significant value for each variable.

Companies need to focus on their own needs in order to use their social media platforms to the fullest. The sample of this paper was found to be more concerned about the familiarity of the writer on social media. However, a broader research with an expansion in sample size, variable and geographic location will certainly provide a clearer answer for any future researcher. Conducting an analysis by adding various countries will allow us to see this topic from a wider perspective.

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