Antecedents of Electronic Word of Mouth Communication on Consumer Decision through Social Networking Sites in Australia

Abu Bakr Emran Salahuddin, Rashidul Mubasher
Department of Information Technology, Kent Institute Australia, Australia

Abstract

Association of relationship strength, homophily, trust, normative influence, and informational influence with electronic word of mouth (eWOM) in social networking sites (SNSs) for Australian consumers has been explored in this study. The research is focused to analyze the impact of these precursors on eWOM which influences consumers’ purchase decision from an online platform. A structured questionnaire based on multiple measurement items was designed to measure all the variable in this research. The reliability and validity of the measurement instruments were endorsed by previous researches where they were collected from. Focus group discussions and pilot surveys were carried out by the researchers in this study to examine and completing the measurement instruments. 220 convenient surveys were conducted using personal interview techniques from respondents who use SNSs regularly from Sydney CBD area. It is evident from multiple regression results that the predictor variables have statistically significant relationship with the predicted variable, which in this case is eWOM in SNSs. From the regression analysis normative influence and informational influences were found to be most influential for eWOM. Consumers’ value the acceptance and expectations of their purchased item from the virtual community that they belong to. They pursue the expert advice regarding an online purchase from the knowledgeable other in their virtual community. A clear indications were found regarding the impact of the contributors of eWOM in SNSs for online consumers’ purchase decision which would help online businesses to design their marketing campaigns.

Keywords: Relationship Strength; Homophily; Trust; Normative Influence; Informational Influence and Electronic Word of Mouth Communications; Social Networking Sites; Online Purchase

1. Introduction

Social media have attained an influential role as a communication and marketing tool for corporations to reach out to their targeted audience. It has created a unique platform for companies to advertise their offerings and interact with their customers, whereas just few years ago this area was dominated by Newspapers, Radio, Billboards, and Television. In recent years, social media have become a new hybrid component of integrated marketing communications that allow organizations to establish strong relationships with their consumers (Mangold and Faulds 2009).

Social media are essentially an internet-based platform that allows people to generate and exchange information, ideas, and various other contents in a virtual community. As defined by Kaplan and Haenlein (2010), social media are “a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content.” Social media encompass a variety of online information-sharing formats including social
networking sites (SNSs) (e.g., Facebook, Instagram, LinkedIn, Snapchat), creativity work-sharing sites (e.g., YouTube and Flickr), collaborative websites (e.g., Wikipedia), and microblogging sites (e.g., Twitter) (Mangold and Faulds, 2009). Among the various types of social media, SNSs have received mounting attention from researchers, educators, practitioners, and policy makers (Boyd and Ellison 2008; Thelwall 2008, 2009).

SNSs have become immensely popular worldwide for daily interactions. Some of the most popular ones in Australia are Facebook, LinkedIn, Instagram, and YouTube. With high levels of self-disclosure and social presence (Kaplan and Haenlein, 2010), SNSs have recently outpaced email as the most popular online activity (Nielsen Online, 2009) and have enabled consumers to connect with others by exchanging information, opinions, and thoughts about products and brands. Given the collaborative and social characteristics of SNSs, this study focuses on SNSs as an emerging venue for consumer-to-consumer conversations, namely, brand-related word of mouth (WOM) and this medium being online is commonly known as electronic WOM (eWOM).

eWOM is defined as the act of exchanging information among peers and plays a crucial role in changing consumer attitudes toward products and services. Consumers consider eWOM a more trustworthy source of information for products and brands rather than company-generated persuasive messages.

The introduction of SNSs has offered the internet users to create need based networks and profiles. These personal networks help them to connect with people they know. Businesses are using the perks of social media activities to connect and offer their customers with wide range of services. Businesses are encouraging customers to be connected to them not only through email but also through SNSs for creating a stronger connection and this creates customer engagement.

By this common practice, consumers can find an opportunity to discuss products and services and influence their friends and family members toward purchasing similar products and services. SNS users post, comment, like, share, and share their thoughts online which explain the phenomenon eWOM. SNSs such as Facebook, Twitter, LinkedIn, and other sites are well equipped with the network building facility to facilitate information sharing and such as product or service review.

To recognize the determinants of customer engagement through eWOM in SNSs, the companies need to understand the factors which are bringing SNSs users to get along and share information regarding their products or services. To understand the success of the business based on the social media activities, various factors such as relationship strength, homophily, trust, normative influence, and informational influence and various other factors can be examined. On the other hand, the limitations of the report did not allow the study of all other variables that are associated with the practice of customer engagement through eWOM in SNSs. As more and more organizations are already using the power of SNSs to promote customer engagement through eWOM; thus, understanding the factors that are influencing its practice is very significant.

The importance of eWOM in influencing consumer engagement and decision-making has been well-recognized by modern organizations. Hence, the companies have been putting in more effort to widen their reach over their customer base. This project is focusing to identify a few factors – relationship strength, homophily, trust, normative influence, and informational influence – that could affect eWOM through SNSs. Through its findings, this study aims to help the organization ascertain the determinants of customer engagement through eWOM in SNSs.

2. Literature Review

2.1. Relationship strength

Relationship strength explains the connection between members of a certain network and how strongly they are tied to each other. Relationship strength refers to “the potency of the bond between members of a network” (Mittal et al., 2008). The tie is also known as Social Tie as it groups between the members of a certain network or community. Social ties are “the links that bind individuals to other individuals, as manifested in the frequency and kinds of communications among individuals” (Pickering and King,
A social tie exists between individuals wherever they exchange goods and services, or share information (Haythornthwaite, 2002).

Social ties hold a strong influence on various aspects and a tie either strong or weak has direct influence over perspectives and perceptions. According to Granovetter (1973), social ties can be classified as strong or weak. Strong ties, such as family and friends, constitute stronger and closer relationships that are within an individual’s personal network and are able to provide substantive and emotional support (Pigg and Crank, 2004).

With the growing usage of SNSs more and more people are being inclined by people in their friend list and it has a direct impact on the overall network. Consumer’s product purchase or service availing choices are as well determined by strong or weak ties. Strong ties employ a more significant impact at the individual and small group level; however, the connective characteristics of SNSs allow weak ties to expand their potential influence by extending consumers’ personal to external communities or groups.

Social ties speed up eWOM conversations throughout an extensive network. A social tie exists between individuals wherever they exchange goods and services, or share information (Haythornthwaite, 2002). One can distinguish between strong and weak social ties by four dimensions: Time, emotional intensity, mutual confidence, and reciprocity (Granovetter, 1973). Strong ties are maintained by frequent and emotional communication, shared confidences, and reciprocity between individuals over time. The apparent relationship strength based on both strong and weak ties developed through SNSs motivates consumers to communicate with one another and expose product or service related information that escalates the eWOM behavior in SNSs.

It is often seen that an individual’s personal network or individual’s tie play a significant role when it comes to the decision making factor while purchasing a product or availing a service. More personal networks of an individual, for example, family and close friends provide stronger and nearer relationships that offer a materialistic and emotional support while less personal social networks as arrange of contacts and colleagues provide a weaker relationship that does not offer a trustworthy support and helps because of its nature of being from different socio-cultural background (Goldenberg et al., 2001). Rogers (1995) suggests that weak ties play a fundamental role in propagation of WOM information on the cumulative level.

2.2. Homophily

Homophily refers to the tendency of individuals to connect and bond with individuals sharing the similar interests. Several studies have proven that homophily is the factor that establishes similarity kinds of association. Prior studies have concluded that friends and members of social networks tend to be similar in socio-demographic characteristics such as gender, race and age, as well as in perceptual attributes such as beliefs and attitudes (Festinger, 1957). These include age, gender, class, and organizational role. Homophily refers to the degree to which individuals who interact with one another are congruent or similar in certain attributes (Rogers and Bhowmik, 1970).

Individuals tend to interact and socialize more with those who shares common interest and similar characteristics. Homophily is also termed as social homophily as it gathers the individuals of the society within a certain frame. Exchange of information most frequently occurs between individuals who share some qualities in common (Rogers, 1995; Rogers and Bhowmik, 1970).

Homophily acts as a connecting medium in the flow of information from one individual to the other as the connections are considered to be strong among each other. The more similar communicators are, the more the perceived ease of communication increases homophily can facilitate the flow of information in consumers’ external searches (Price and Feick, 1984).

Homophily has a strong influence in pulling out eWOM and has a greater impact than people outside the individual’s network. It is seen that consumers with a higher level of perceived homophily are more likely to engage in eWOM with one another while deciding on a product or service. Although the World Wide Web has a variety of content to offer, yet SNS users are privileged to choose from their preferred topic for participation and interaction. This selective participation not only gathers the participant’s interest but also the people who are connected with him/her.
2.3. Trust

Trust on its own heavily impacts the consumers’ decisions to engage in eWOM in SNSs. Trust is defined as “a willingness to rely on an exchange partner in whom one has confidence” (Moorman et al., 1993). Having trust in the contacts in the SNSs is another factor which needs to be measured. Numerous studies have suggested that trust plays a key role in information exchange and knowledge integration, as it allows individuals to justify and evaluate their decision to provide or attain more useful information (Pigg and Crank, 2004). Trust over the friend list in SNSs plays an important role in sharing knowledge and affect eWOM quality in online social networking environments.

In the online environment, trust has been found to be essential to virtual community members’ intention to exchange information with other members (Jarvenpaa et al., 1998; Ridings et al., 2002). As Mangold and Faulds (2009) suggested, consumers perceive social media as a more reliable source of information about brands than marketer-generated content communicated through the traditional promotional mix comprising advertising, sales promotion, and public relations. Along the same lines, compared to comments from anonymous or unfamiliar sources through other eWOM formats (e.g., product review sites and forums), connections in SNSs are embedded in consumers’ existing networks and may, therefore, be perceived as more credible and trustworthy than unknown sources or advertisers with vested interests. With consumers’ mutual agreement to become friends and join each other’s social networks in SNSs, this “friending” procedure requires consumers to go through profiles, which may increase the credibility of their contacts and inspire high levels of social trust. Further, since SNSs enable the users to articulate and maintain real-world relationships (e.g., friends and family) and easily exchange information with them, the established trust may extend to the other contacts in networks in general, thereby improving the overall sense of trust in the environment. Such enhanced trust in SNS contacts may substantially impact consumers’ willingness to engage in eWOM through these sites.

Trust has also been viewed as behavioral intentions that result from specific beliefs in competence, integrity, and benevolence (McKnight et al., 2002). Trust is the main source for the social capital that contributes to the value of relationship (Zahedi et al., 2010). Trust is also crucial in social interactions, especially in online environments (Gefen et al., 2003). Without trust almost all networks would have fallen apart as the primary consideration while interacting with people of a certain network is trust. People are more willing to engage in social interaction, when trust is high in relationships (Putnam, 2000). On the contrary, as members participate in the community, it is positively related for members to trust each other (Sherif et al., 2006). Thus, it pictures the positive relationship between social interactions and trust.

Besides, SNSs allow social networks to be visible to people and enable people to articulate their social networks (Haythornthwaite, 2005). An individual’s connection in SNSs is based on the individuals existing networks and the people they are connected with. The connections are made on trust which is further taken under consideration by a mutual agreement. These may influence the credibility of their networks and increase trust. E-commerce-based systems have been used to build trust (Awad and Ragowsky, 2008).

2.4. Normative influence

Normative influence is a social influence that leads to conformity. It is the influence that others have on us that influences our need to be liked or accepted by them. Normative influences, referring to the tendency to conform to the expectations of others, affect attitudes, norms, and values (Myers and Smith, 2012; Burnkrant and Cousineau, 1975). It is the fundamental human need to belong to social groups and be accepted in terms of belonging to the group. To live peacefully and to share common beliefs, we all are influenced by the people around us. Normative influence addresses the reasons which influence human beings for the need for companionship and social associations.

It is seen that both informational influence and normative influences are each associated with unique instruments that cause change in attitudes. For over 40 years, the central organizing perspective in this area has been a dual-motive scheme that differentiates between informational influence, which
involves accepting information obtained from others as evidence about reality, and normative influence, which involves conformity with the positive expectations of “another,” who could be “another person, a group, or one’s self” (Deutsch and Gerard, 1955).

2.5. Informational influence

While normative influence refers to the trend to fit into the expectations of others that affect the attitudes, norms, and values of an individual. Informational influences; on the other hand, denote the tendency to accept information from knowledgeable others and be guided in product, brand, and store search (Bearden et al., 1989; Deutsch and Gerard, 1955). In SNSs, both normative and informational influence has an effect on influencing the eWOM behavior; however, each of the influence has its distinct role in engaging customers. According to Myers and Smith (2012), informational influence is conformity under acceptance of evidence about reality which has been provided by others.

Informational influence refers to new information or arguments provided in a group discussion that change a group member’s attitudes, beliefs, or behavior. Informational influence is likely to be stronger when a person is uncertain about the correct interpretation of reality and/or the correct behavior in a given context and therefore looks to other group members for guidance.

In SNSs, the users who are more engaged based on informational influence are predicted to display a higher sense of gathering and sharing information. These users also seek guidance from knowledgeable contacts while purchasing products or availing services. SNS users who are detracted by normative influences are often the ones who are encouraged by informational influence. These people time and again look up to the knowledgeable people in their network and try to acquire valuable feedbacks on their need and such behaviors are associated with the informational influence of eWOM, where users of SNSs view people of their network as an important source of product/service-related information.

Informational influences are positively associated with eWOM behavior on customer’s preferred SNSs. These customers are more engaged in seeking, giving, or passing their opinions on these sites if they have strong connection with the network in the SNS who are believed to provide trustworthy influence of information.

2.6. eWOM in SNS

The introduction of SNSs has offered the internet users to create need-based networks and profiles. These personal networks help them to connect with people they know. Businesses are using the perks of social media activities to connect and offer their customers with a wide range of services. Businesses are encouraging customers to be connected to them not only through email but also through SNSs for creating a stronger connection and this creates customer engagement.

By this common practice, consumers can find an opportunity to discuss products and services and influence their friends and family members towards purchasing similar products and services (Erkan and Evans, 2016; Lin et al., 2017). SNSs where users can post, comment, like, and share their thoughts online which explain the phenomenon of eWOM (Hsiao et al., 2016). SNSs such as Facebook, Twitter, LinkedIn, forums, and other sites are well equipped with the network building facility to facilitate information sharing and such as product or service review.

To recognize the determinants of customer engagement through eWOM in SNSs, the companies need to understand the factors which are bringing SNSs users to get along and share information regarding their products or services. To understand the success of the business based on the social media activities, various factors like, tie-strength, trust, homophily, normative and informational influences, information usefulness, awareness, loyalty, quality, and various other factors can be examined.

Relationship strength explains the connection between members of a certain network and how strongly they are tied to each other. Relationship strength refers to the potency of the bond between members of a network (Mittal et al., 2008). The tie is also known as social tie as it groups between the members of a certain network or community. Social ties are the links that bind individuals to other
individuals, as manifested in the frequency and kinds of communications among individuals (Pickering and King, 1995). A social tie exists between individuals wherever they exchange goods and services, or share information (Haythornthwaite, 2002).

Homophily refers to the tendency of individuals to connect and bond with individuals tends to socialize and share the similar interests with those who have similar characteristics (Mouw, 2006). Several studies have proven that homophily is the factor that establishes similarity kinds of association. According to prior researches, friends and members of SNSs inclined toward similar in socio-demographic characteristics such as gender, race, and age, and this inclination extends to perceptual attributes such as beliefs and attitudes (Festinger, 1957; Gilly et al., 1998). Internet diversity allows consumers from different background, race, characteristics to participate in discussion, social interactions, determining credibility perceptions, and evaluating information on social web sites or forums based on similar qualities in them (Best and Krueger, 2006; Wang et al., 2008; Solman, 2007).

Interpersonal influence in eWOM brings out a vibrant atmosphere to convince a customer in decision making by utilizing modern technology (D’Rozario and Choudhury, 2000; Park and Lessig, 1977; Muk, 2007). On the other hand, normative influences refer to standard expectations of others on effecting the attitude, norms, and values, whereas, informational influence signifies in accepting the information from knowledgeable experts in the course of action for searching brand or product (Bearden et al., 1989). Normative and informational influence plays an important role in determining the behavior of consumers in eWOM. Moreover, participants of SNSs would display higher need to gather information and feedback from experienced other who have prior knowledge on the field, while considering a purchase, which will enable their engagement in eWOM in SNSs (Chu and Kim, 2011).

Information usefulness explains how new information enhances the performance as per user’s perception (Cheung et al., 2008). According to Erkan and Evans (2016), eWOM influence on SNS relies on the characteristics of eWOM information and consumers’ behaviors about eWOM information. Information usefulness is regarded as the major contributory predictor in purchase intention, particularly in social media where consumer receives significant amount of eWOM information and intend to adopt them when found useful (Lee and Koo, 2015; Chu and Choi, 2011).

According to Cheung and Thadani (2010), the quality of eWOM communication depends on the quantity of comments posted for a product or service. The distinctness of WOM is, it is a tool that psychologically connects a consumer to a brand and along with this, and it also plays an important role in consumers’ future behavior for repurchase intentions. Hence, brand loyalty, awareness along with the perceived quality is well judged before expressing the intension on SNSs. Behavioral intentions lead to customer loyalty and influence the consumer to act as an informal representative of the brand (Egan, 2011; Solomon, 2012). As depicted by Schivinski and Dabrowski (2015), a product is conceived better in comparison to its competitors is considered as the perceived quality. It is generally understood by the consumers that there is a positive co-relation between brand advertisement and quality, which information they can attain from the eWOM sources (Hudson et al., 2015).

3. Conceptual Framework

From the above literature review, the following conceptual framework has been derived (Figure 1):

3.1. Hypotheses

- $H_1$: The influence of relationship strength will substantially increase positive eWOM in SNS
- $H_2$: The influence of homophily will substantially increase positive eWOM in SNS
- $H_3$: The influence of trust will substantially increase positive eWOM in SNSs
- $H_4$: There is a positive relationship between normative influence and eWOM in SNSs
- $H_5$: There is a positive relation between information influence and eWOM in SNSs.
4. Methodology

4.1. Focus group discussion

A group of nine individuals were selected and invited to a focus group from diverse contextual background including students, service holders, businessperson having social media sites, and internet based transactions. The meeting was facilitated by the researchers for about 1 and ½ h. The participants were briefed about the purpose and the antecedents that influence online shopping behavior from the previous literature. In the discussion, the participants were requested to examine the variables from their experiences. Survey questionnaire design was enhanced with the results of the discussion.

4.2. Measurement instruments

The survey instruments were developed for this study from relevant literatures and results from focus group discussion. A pilot study was also conducted among 20 randomly selected respondents with internet based sales and purchase experience facilitated through SNSs for the refinement of the instruments. The questionnaire was being designed in two sections. The first part of the questionnaire is designed to capture demographic characteristics of respondents’ age, gender, and usage patterns of SNSs. The second part of the questionnaire was comprised of six segments for six variables where the researchers used five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) borrowed from previous researchers. The operational definition of each construct/variable is presented with its originally reported reliability in Table 1.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Operational definition</th>
<th>Source(s)</th>
<th>Reported reliability (Cronbach’s alpha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship strength</td>
<td>The potency of the bond between members of a network</td>
<td>Mittal et al. (2008), Chu and Kim, (2011)</td>
<td>0.819</td>
</tr>
<tr>
<td>Homophily</td>
<td>Tendency of individuals to connect and bond with other individuals sharing the similar interests</td>
<td>Chu and Kim, (2011)</td>
<td>0.898</td>
</tr>
<tr>
<td>Trust</td>
<td>Trust is the main source for the social capital that contributes to the value of relationship</td>
<td>Zahedi et al. (2010), Chu and Kim, (2011)</td>
<td>0.895</td>
</tr>
<tr>
<td>Normative influence</td>
<td>Refers to the trend to fit in to the expectations of others that affect the attitudes, norms and values of an individual</td>
<td>Chu and Kim, (2011)</td>
<td>0.938</td>
</tr>
<tr>
<td>Informational influence</td>
<td>Refers the tendency to accept information from knowledgeable others and be guided in product, brand and store search</td>
<td>Chu and Kim, (2011)</td>
<td>0.866</td>
</tr>
<tr>
<td>Electronic word of mouth</td>
<td>Information usefulness is regarded as the major contributory predictor in purchase intention, particularly in social media where consumer receives significant amount of eWOM information and intend to adopt them when found useful</td>
<td>Lee and Koo, (2015), Chu and Kim (2011)</td>
<td>0.961</td>
</tr>
</tbody>
</table>
4.3. Sampling and data collection

The researchers have utilized the non-probability convenience sampling. For data collection purpose, the researchers employed survey through personal interview. Structured questionnaires were distributed among 250 (220 questionnaires were usable) regular social media user with online purchase experiences from Sydney CBD area. As per the surveyed data, most of the respondents fall in between 15 and 21 years of age almost 84%. Among the respondents, 72.72% were male and 27.27% were female. About 52.27% of our respondents are using social media and e-commerce site for 3–5 h daily whereas 28.64% are using them for 6–10 h and 17.73% are using 0–2 h on daily basis. Tables 2-4 have the details of frequency distributions.

4.4. Data analysis

The researchers have employed both descriptive and inferential statistics. Correlation analysis and linear regression have been carried out using JASP version 10.2.

5. Results

5.1. Descriptive statistics and reliability coefficients

Descriptive statistics and reliability coefficients of the studied variables are presented in Table 5. The range of Cronbach alphas of all the scales was 0.961–0.819; which shows that the reliabilities of the constructs of relationship strength, homophily, trust, normative influence, informational influence, and eWOM used in this study found to be well above the standard set by Nunnally (1978). Mean scores of all the variables measured on a five-point Likert scale found to have a range of 4.00–3.46 and the corresponding standard deviations were ranging from 1.23 to 0.84. Appendix1 shows the frequencies of social media usage of

<table>
<thead>
<tr>
<th>Table 2: Frequencies for gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 3: Frequencies for age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
</tr>
<tr>
<td>15–25</td>
</tr>
<tr>
<td>26–35</td>
</tr>
<tr>
<td>36–45</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 4: Frequencies of hours spent on SNS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours</td>
</tr>
<tr>
<td>0–2</td>
</tr>
<tr>
<td>3–5</td>
</tr>
<tr>
<td>6–10</td>
</tr>
<tr>
<td>11–15</td>
</tr>
<tr>
<td>15+</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
the respondents. These mean scores pointing toward the respondents’ assessment of relationship strength, homophily, trust, normative influence, informational influence, and eWOM are quite high.

5.2. Correlation analysis

One of the purposes for conducting the correlation analysis is to check the presence of multicollinearity, which is revealed when the inter-correlation between independent variables exceeds 0.8 (Berry and Feldmann, 1985). In this study, no such bivariate relationship found to exceeds 0.8. Moreover, correlation analysis shows the relationships between independent and dependent variables. The bivariate correlation method develops two-tailed tests (positive or negative) of statistical significance at two different levels highly significant (P < 0.001) and significant (P < 0.05). A correlation matrix is presented in Table 6 supports most of the hypothesized positive relationships among the independent variables and dependent variable with high statistical significance (P < 0.001).

5.3. Regression analysis

Multiple regression analysis was performed to assess the observant relationship of each independent variable with the dependent variable. In the Model 1, it is observed that the independent variables relationship strength (RS), homophily (HO), trust (TR), normative influence (NI), and informational influence (II) have explained 74.9% of the dependent variable eWOM. The results are included in Table 7.

The results also indicate all the models have high statistical significance (Model 1: F = 131.764, P < 0.001). All the variables were found to have high statistically significant relationship with eWOM. Hence, the results have supported all five hypotheses.

Equation – 1 is the regression equation of the proposed model as follows:

\[ Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \varepsilon \]  

Where, 
- \( Y \) = eWOM (dependent variable)
- \( \alpha \) = intercept
- \( \varepsilon \) = error term
- \( \beta_1, \ldots, \beta_5 \) = coefficients

Table 5: Descriptive statistics and reliability coefficients (n=220)

<table>
<thead>
<tr>
<th>Scales</th>
<th>Number of items</th>
<th>Alpha</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship strength</td>
<td>3</td>
<td>0.819</td>
<td>4.00</td>
<td>0.84</td>
</tr>
<tr>
<td>Homophily</td>
<td>3</td>
<td>0.898</td>
<td>3.46</td>
<td>1.12</td>
</tr>
<tr>
<td>Trust</td>
<td>3</td>
<td>0.895</td>
<td>3.49</td>
<td>1.06</td>
</tr>
<tr>
<td>Normative influence</td>
<td>3</td>
<td>0.938</td>
<td>3.55</td>
<td>1.23</td>
</tr>
<tr>
<td>Informational influence</td>
<td>3</td>
<td>0.866</td>
<td>4.13</td>
<td>0.92</td>
</tr>
<tr>
<td>Electronic word of mouth</td>
<td>9</td>
<td>0.961</td>
<td>3.56</td>
<td>1.14</td>
</tr>
</tbody>
</table>

Table 6: Correlation matrix (n=220)

<table>
<thead>
<tr>
<th>Variables</th>
<th>eWOM</th>
<th>RS</th>
<th>HO</th>
<th>TR</th>
<th>NI</th>
<th>II</th>
</tr>
</thead>
<tbody>
<tr>
<td>eWOM</td>
<td>-</td>
<td>0.572***</td>
<td>0.688***</td>
<td>0.545***</td>
<td>0.841***</td>
<td>0.731***</td>
</tr>
<tr>
<td>RS</td>
<td>-</td>
<td>0.742***</td>
<td>0.582***</td>
<td>0.695***</td>
<td>0.623***</td>
<td></td>
</tr>
<tr>
<td>HO</td>
<td>-</td>
<td></td>
<td>0.655***</td>
<td>0.764***</td>
<td>0.626***</td>
<td></td>
</tr>
<tr>
<td>TR</td>
<td>-</td>
<td></td>
<td></td>
<td>0.607***</td>
<td>0.564***</td>
<td></td>
</tr>
<tr>
<td>NI</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.705***</td>
</tr>
<tr>
<td>II</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

n=220, *P<0.05, **P<0.01, ***P<0.001)
Table 7: Multiple regression on electronic word of mouth

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>RMSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.869</td>
<td>0.755</td>
<td>0.749</td>
<td>0.573</td>
</tr>
</tbody>
</table>

ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of squares</th>
<th>df</th>
<th>Mean square</th>
<th>F</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>216.336</td>
<td>5</td>
<td>43.267</td>
<td>131.764</td>
<td>&lt;0.001</td>
</tr>
<tr>
<td>Regression</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residual</td>
<td>70.271</td>
<td>214</td>
<td>0.328</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>286.606</td>
<td>219</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

n=220, *P<0.05, **P<0.01, ***P<0.001

Figure 1: Conceptual framework of the proposed model

X₁……. Xₙ = independent variables
X₁ = Relationship strength
X₂ = Homophily
X₃ = Trust
X₄ = Normative influence
X₅ = Informational influence.

Populating the results obtained from the stepwise multiple regressions, equation – 2 is derived as:

Y = 0.423–0.149 (Relationship Strength)+0.128 (Homophily)–0.009 (Trust)+0.644 (Normative Influence)+0.295 (Informational Influence)+0.218

(2)

6. Discussion

Significance of this study depends on many different aspects. Effect of eWOM communication using SNSs for purchase decision making in Australia has not being explored substantially in research literature. Furthermore, SNSs plays influential roles in consumer’s purchase decision making. eWOM
is an effective tool that facilitates through SNSs. This study has explored the understanding of different contributing factors of eWOM which are found to be very important.

Multiple regressions have shown that the antecedents: Relationship strength, homophily, trust, normative influence, and informational influence have statistically significant relationship with eWOM. In addition to this, the predictor variables can explain 74.9% of the measured variable. From the regression coefficients, we can observe that normative influence and informational influence are the two most influential contributors for the dependence variable. Individuals significantly consider that their purchase decision needs to be accepted and valued in their own virtual community. Consumers usually purchase products which is expected of them from their virtual community. In addition, information such as the product review and preview by the users from same virtual community plays a convincing role for online shoppers. Individuals often pursue the advice and opinion of knowledgeable other from their virtual community for purchasing any product or services from online platform.

Therefore, a rational of this research indicates that the norms or behavioral information of a particular virtual community can be harness to influence purchase decision through eWOM using SNSs. For example, a business organization can analyze the cultural or behavioral trends and match that to design their product and services. Furthermore, effect of “informational influence” can be implemented within a virtual community by establishing a brand value, which will inspire the members of that community to spread the information among themselves and eventually will influence a purchase decision of other members.

The findings of this research can be considered with some limitations. The regression coefficient for Trust is found to be negative which is not supporting the hypothesis. Multicultural diversity among the respondents can be the reason for this. Future researchers can use the ethnic background as one of the demographic information, which might show high trust among the respondents from the same ethnic background. Furthermore, the data were collected using convenient sampling from Sydney CBD area where the respondents are mostly multicultural and come from all walks of life. Respondents’ from Regional Australia would present a different scenario, where online shopping is more suitable due to unavailability of different type of retailed products and services. Online shopping is a very lucrative location for bargain hunters or buyers looking for economic savings in their purchases. Hence, the study can be enhanced by focusing on collecting data from rural or semi-urban areas. Finally, other additional factors such as ethnicity, income groups, and product categories can be used for future research purposes.

References


Chu, S., Kim, Y. (2011), Determinants of consumer engagement in electronic word-of-mouth (eWOM) in social


Solman, G. (2007), Surveying the scenesters: China in the Web 2.0 world. Ad Week, 48(42), 8.

Appendix 1

The chart below shows different social media usage and their frequencies from the surveyed data set.