ELECTRONIC WORD-OF-MOUTH (e-WOM) AND ITS IMPACT ON CUSTOMER TRUST AND BUYING DECISIONS IN SOCIAL COMMERCE

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Abstract

I*n the contemporary digital landscape, the widespread adoption of online shopping can be attributed to its transactional convenience and efficient delivery systems. The pervasive utilization of social media platforms such as Facebook, Twitter, and Instagram provide valuable insights into customer engagement behaviors within these domains. As the realm of social commerce continues to expand, the phenomenon of electronic word-of-mouth (e-WOM) has emerged as a critical factor influencing consumer purchasing decisions. The evolution of social media has empowered online users to effortlessly create and share reviews and recommendations, extending to brand endorsements through e-WOM, thereby minimizing both physical and psychological purchase barriers. This study adopts an empirical approach, employing a survey-based methodology involving 252 respondents selected through purposive sampling techniques. The participant pool, consisting of individuals aged 18 and above, encompasses active users of Facebook, Snapchat, and Instagram. This research aims to contribute to the existing literature by investigating electronic word-of-mouth (e-WoM) and its impact on customer trust and buying decisions in social commerce. The findings reveal that consumer trust serves as a mediating factor between e-WOM and the consumer's intention to make purchases on social media platforms.*

Keywords: Electronic Word-of-Mouth (e-WOM), Customer Trust, Buying Decision, Social Media and Social Commerce.

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Introduction

In recent years, the fusion of online technologies with the advent of social media concepts and tools has given rise to a groundbreaking form of electronic commerce known as social commerce (Hajli, 2014). This emerging paradigm involves the seamless integration of social media platforms and Web 2.0 technologies within the electronic commerce landscape (Huang & Benyoucef, 2015). Within this evolving landscape, a dynamic transformation is taking place, wherein customers are actively engaged in both the purchasing and selling of products and services (Huang & Benyoucef, 2015). According to Marsden and Chaney, social commerce encompasses the process through which sales transactions occur on popular social media platforms such as Facebook, Twitter, LinkedIn, Pinterest, and YouTube – often referred to as the "Big Five" platforms, which encourage user-generated content and facilitate robust social interactions (Marsden & Chaney, as cited in the paper). This symbiotic interaction between business processes and customers carries profound implications, fundamentally reshaping the commerce landscape due to the pervasive influence of social commerce (Spaulding, 2010).

The surge in online technologies has profoundly amplified the significance of peer-to-peer communication and transactions, leading to the emergence of social commerce. This phenomenon revolves around the acquisition and dissemination of consumer experiences, where seasoned consumers share their insights and perspectives with potential buyers (Hajli, 2014; Lin et al., 2019). Traditional word of mouth has evolved into electronic word of mouth (e-WOM) due to the widespread prevalence of social media platforms. e-WOM entails a dynamic and continuous process of information exchange among prospective, current, or past consumers about products, services, brands, or companies, occurring over the Internet and reaching a broad audience (Ismagilova et al., 2017). e-WOM provides quick and convenient access to firsthand consumer experiences, effectively disseminating these insights in real-time (Buttle, 2002).

The advent of new forms of interactivity through social platforms has facilitated faster customer connections (Hennig-Thurau, 2010). These platforms encourage customers to review, rate, recommend, and share their purchase intentions, thereby endorsing products or services (Hajli, 2015). Prior research underscores e-WOM as a pivotal information source for online consumers (Liu et al., 2015). Cheung and Thadani's study

(2012) revealed that a substantial 91% of users consult online reviews, blogs, and other user-generated content before making new product or service purchases, with 46% confirming that such content influences their decision-making process. Indvik categorization of social commerce websites into seven distinct categories further illuminates this landscape. These categories encompass platforms driven by social networks for sales (e.g., Facebook), websites for peer recommendations (e.g., Amazon), group buying platforms (e.g., Groupon), peer-to-peer sales platforms (e.g., eBay), user-curated shopping websites (e.g., Lyst), social shopping platforms (e.g., Motilo), and participatory commerce websites (e.g., Kickstarter). This study endeavours to delve into the realm of electronic word-of-mouth (e-WOM) and its implications for customer trust and purchasing decisions within the sphere of social commerce. By undertaking this investigation, the aim is to contribute to a deeper comprehension of the dynamic interplay among e-WOM, customer trust, and consumer decision-making within the context of social commerce.

Review of Literature

The rise of digital marketing, social networking sites, and online platforms has accelerated the adoption of electronic word-of-mouth (e-WOM) as a mechanism to share information about products or services based on existing customer experiences (Sharma & Aggarwal, 2019). e-WOM refers to the sharing of insights solely within the online domain (Wu & Wang, 2011). This exchange significantly impacts customer loyalty, providing a competitive advantage to companies. Within the context of social commerce, a subtle yet influential interaction takes place between customers and companies. Many customers join a company's social commerce page or fan page to gather information before finalizing a purchase decision (Liang & Turban, 2011). As noted by Chikandiwa et al. (2013), social networking sites offer marketers a platform to engage and involve customers in marketing initiatives.

e-WOM encompasses both positive and negative statements made by potential, current, or past customers about a product or company, accessible by others online. The intention of e-WOM involves the proactive sharing of either favourable or unfavourable information, including endorsing a company's fan page to fellow online users (Teng et

al., 2014). e-WOM communications play a pivotal role in educating consumers about products/services, with consumers viewing these communications as more credible than traditional media sources (Ismagilova et al., 2017). The trust placed in an e-commerce platform extends to trust in the seller as well (Chen, Huang, Davison, & Hua, 2016).

Existing literature underscores the prevalence of electronic word-of-mouth across various social media platforms like Facebook, Twitter, and others, often disseminated through friends and family connections. This study aims to address a gap in this literature – an underrepresented or missing focus on the relationship between customer trust, purchase decisions, and electronic word-of-mouth on social media platforms. A clear research gap emerges: no comprehensive study investigates the impact of e-WOM on customer trust and purchase decisions within the realm of social media platforms. Hence, this study holds significance in shedding light on this unexplored dimension, enhancing the overall credibility of existing research.

Research Gap
The literature review reveals a notable gap in understanding the intricate interplay between electronic word-of-mouth (e-WOM), customer trust, and purchase decisions within social media platforms. While e-WOM's influence on consumer perceptions is acknowledged, current studies lack an in-depth examination of its profound impact on brand or company trust, subsequently shaping purchase choices. This gap highlights the absence of a holistic view of how e-WOM dynamics manifest within the context of social commerce. Within this context, research is limited, leaving unexplored terrain concerning the complex relationships among e-WOM, trust-building, and digital purchasing behaviors. By addressing this research gap, the current study aims to illuminate nuanced connections, thereby contributing to a more comprehensive understanding of the phenomenon and instilling higher confidence in findings within this emerging field.
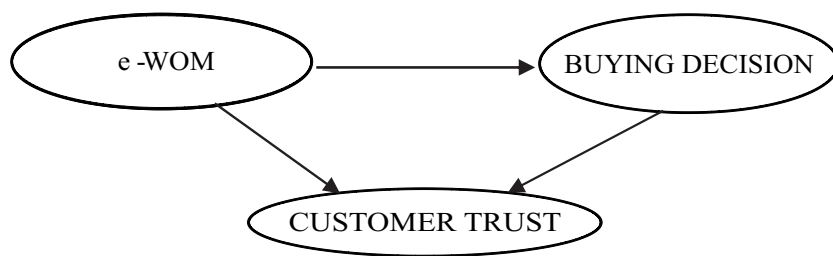
Statement of Problem
The swift and recent growth of the internet, coupled with the burgeoning e-commerce landscape, has ushered in a transformative era filled with boundless opportunities. This digital realm has become integral to daily life, impacting communication, entertainment, social interactions, and consumer behavior, while also transcending

geographical constraints. This shift has prompted numerous businesses to recalibrate their strategies, transitioning from physical establishments to virtual marketplaces, driven by the allure of online platforms to engage customers. Amidst this dynamic landscape, the global adoption of electronic word-of-mouth (e-WOM) via "social networks" has profoundly reshaped global interactions. Actions like following, sharing, and liking hold symbolic influence, not only as sources of information but also as indicators of a lifestyle that guides decision-making and shapes opinions (Nielsen, 2009). As the world navigates this evolving digital paradigm, a vital question arises: What are the nuanced effects of this surge in e-WOM on consumer behavior, decision-making processes, and opinions? How does it redefine the boundaries of modern interactions and choices in an interconnected world? This study seeks to delve into these intricate questions, unravelling the complex interplay between e-WOM, social networks, and their transformative impact on consumer preferences and decisions within the vast landscape of the digital era.

Objective of the Study

The purpose of the study is to determine electronic word-of-mouth (e-WoM) and its impact on customer trust and buying decisions in social commerce. We establish the research framework in Fig.1

Fig. 1. Research Framework

Hypotheses

H_1: e-WOM positively affects purchasing decisions on social commerce.
H_2: e-WOM positively affects the customer trust.
H_3: Customer trust positively mediates the relationship between e-WOM and buying decisions on social commerce.

Methodology

A rigorous scientific approach to research methodology is crucial for a thorough evaluation of the research challenge at hand. This study aims to encompass both descriptive and analytical elements. Employing the survey method, it seeks to glean valuable insights into electronic word-of-mouth (e-WoM) and its impact on customer trust and buying decisions in social commerce. The research primarily relies on gathering primary data. This primary data is sourced from active and regular users of Facebook and other social commerce platforms, all aged 18 and above. The data collection involves a survey administered to 250 respondents selected through purposive sampling techniques. The well-structured questionnaire is the key tool for data collection, and it is distributed through various platforms, including Facebook, Instagram, and Snapchat. The questionnaire is thoughtfully organized into three sections, each comprising carefully crafted questions in formats such as dichotomous, multiple choice, and semantic differential. The initial section aims to acquire socio-economic background information from users of social commerce platforms. The subsequent sections, two through four, employ Linker's 5-point scale to gauge the impact of E-WOM on purchase decisions within the domain of social commerce.

Table 1: Customer Engagement in Social Commerce

Variable	Category	Frequency	Percentage
Gender	Male	150	66.8
	Female	100	33.2
	Total	250	100
Age	Above18-25	95	38
	26-35	78	31.2
	36-45	54	21.6
	Above 45	23	9.2
	Total	250	100

Education Qualification	High School	29	11.2
	Secondary School	44	17.6
	Bachelor Degree	94	37.6
	Master Degree	52	20.8
	Above Master Degree	32	12.8
	Total	250	100
Income	Below - 10000	79	31.6
	10001-20000	93	37.8
	20001-30000	42	16.8
	Above 30001	36	14.4
	Total	250	100
Time spent on Internet	1 Hour and below	25	10
	1-3 Hours	94	37.6
	3-5 Hours	58	23.2
	5-7 Hours	41	16.4
	Above 7 hrs	32	12.8
	Total	250	100

Source: Computed from Primary Data

The data presented in the table indicatesparticularly when contextualized within the framework of behavioural intention a predominant trend among male respondents engaging in online shopping. The survey participants predominantly fall within the age range of 18 to 25, demonstrating a notable propensity for online platform usage. Moreover, a significant portion of respondents with Bachelor's degree qualifications demonstrate an inclination towards increased social media usage. Within the spectrum of monthly incomes, a noteworthy 37.8% of respondents falling within the 10,000 to 20,000 range exhibit internet usage patterns. Further analysis highlights that a substantial 37.6% of participants dedicate 1 to 3 hours of their time to Internet activities. Notably, the survey findings underscore a heightened internet usage rate within the younger demographic, juxtaposed with their older counterparts. These demographic insights hold substantial implications, s concerning the utilization of e-commerce platforms for online product or service purchases.

One-Way ANOVA

The One-Way Analysis of Variance, often denoted as one-way ANOVA, constitutes a statistical methodology aimed at comparing the means of two or more sample groups through the utilization of the F distribution. In the present study, a one-way ANOVA was employed to investigate potential associations between the dependent variables, encompassing purchase decisions and customer trust related to electronic word-of-mouth (e-WOM), and the factor of respondents' gender. This analysis sought to discern if any significant relationship exists among these variables. The following hypotheses were tested: The mean level of buying behavior remains consistent across both gender categories.

Table 2: One-way ANOVA for Customer Trust and Purchase Decisions

Variable		F value	
		Products	**Services**
Gender	**Customer trust**	0.13	0.17
	Purchase decision	0.46	0.35

Source: Computed from Primary Data

The gender of the respondents does not attain statistical significance at the 95 per cent confidence level, as indicated by the data in Table 2.0. Consequently, the null hypothesis is upheld, while the alternative hypothesis is dismissed, given that the F value surpasses the 0.05 threshold. Hence, it can be inferred that individuals' gender holds no discernible influence on their engagement with e-WOM or their decisions related to service purchases.

Discussion

The findings from the statistical analysis, as detailed in Table 2.0, reveal that respondents' gender does not demonstrate statistically significant results at the 95 per cent confidence level. This leads us to accept the null hypothesis and reject the alternative hypothesis, as the computed F value exceeds the critical threshold of 0.05. This implies that gender does not exert a discernible influence on individuals' engagement with electronic word-of-mouth (e-WOM) or their subsequent purchase

decisions. Furthermore, this study delves into the interplay between the availability factor and users' perceived convenience within the online realm. In a dynamic landscape offering an array of options tailored to consumer preferences across various countries, familiarity with payment and shipping options emerges as a pivotal factor in instilling consumer confidence. A comprehensive understanding of consumer interests during the pre-purchase information-seeking phase serves as a valuable resource for businesses. This insight enables them to fine-tune promotional strategies, refine website design, and cultivate stronger relationships with manufacturers, ultimately enhancing the overall consumer experience.

It is worth noting that in the current digital landscape, e-WOM has ascended to a position of paramount importance, wielding a more profound impact on consumers compared to conventional advertising methods. This study takes an empirical approach to evaluate the determinants of e-WOM engagement. These determinants encompass attitudes towards e-WOM, perceptions of information credibility, levels of innovativeness, and assessments of website quality. These factors collectively play a pivotal role in shaping consumer engagement with e-WOM on social media platforms, further underlining its significance in contemporary marketing strategies.

Recommendations for Future Research
Additionally, future research endeavours in this field should aim to encompass a broader spectrum of e-WOM dimensions. One pivotal aspect worth exploring is the frequency of online reviews. While this study has provided valuable insights, delving deeper into the patterns and regularity of consumer-generated feedback could offer a more nuanced understanding of consumer behavior and preferences. Moreover, it is worth noting that this study focused specifically on university students. To gain a more comprehensive and well-rounded perspective, it is recommended that future studies diversify their sampling methods across various demographic populations. By including participants from different age groups, occupations, and socio-economic backgrounds, researchers can obtain a more diverse set of perspectives and experiences. This diversification of the sample pool could potentially yield a range of outcomes, enriching the collective understanding of the subject matter. Incorporating a broader range of participants not It

only enhances the external validity of the findings but also allows for the identification of potential variations in e-WOM engagement across different segments of the population. This inclusive approach to sampling can lead to more robust and generalizable conclusions, contributing to a more holistic comprehension of the dynamics surrounding electronic word-of-mouth.

Conclusion

In this era of rapidly advancing technology, electronic word of mouth (e-WOM) has transcended its conventional boundaries, extending its influence to a wider audience of potential customers. Within the dynamic landscape of social commerce, individuals who may not have previously engaged with a company's fan page can transform into valuable customers, provided that a foundation of trust is established within the social commerce ecosystem.

This trust is intricately linked to the content presented on the company's fan page and the confidence instilled by other followers. The interactive exchange of information among these followers contributes significantly to the decision-making process of potential buyers. Thus, trust emerges as a pivotal factor that guides purchase decisions within the realm of e-WOM. While both consumer trust in a company and trust within the social commerce platform is undeniably important, the former carries greater weight in influencing purchase intentions. This underscores the critical role that a company's reputation and perceived reliability play in driving consumer behavior.

e-WOM, in this context, emerges as a powerful force, exerting a positive influence on both consumer trust and the ultimate decision to make a purchase online. In an age that emphasizes convenience and calculated risk-taking, consumer attitudes are increasingly inclined towards embracing novel experiences and ventures. This shift highlights the evolving nature of consumer behavior and the central role that e-WOM plays in shaping purchasing decisions in today's digital landscape. The integration of technology and social commerce platforms has opened up new avenues for businesses to connect with potential customers, underlining the importance of building trust and credibility in these online spaces.

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