

The Impact of Electronic Word of Mouth Advertising on Purchase Intention with the Role of Trust

Mahdi Aliyari¹

1. Management Department, Business Management major, Islamic Azad University, Central Tehran Branch, Iran

ARTICLE INFO

Keywords: *Trust, Electronic Word of Mouth Advertising, Purchase Intention*

ABSTRACT

For customers' purchasing decisions, word of mouth advertising is considered as one of the main influential factors. With the emergence of internet-based technology and the use of online devices, customers now consider online opinions and electronic reviews of other users as an important source of information for making final purchasing decisions. Organizations also emphasize electronic word of mouth advertising as a primary advertising tool for their businesses. This study aims to examine the impact of electronic word of mouth advertising on customers' purchase intention and to determine the mediating relationship of trust between eWOM and customers' purchase intention. To achieve this, an exploratory study was designed using purposive and available sampling methods. With the help of a structured management questionnaire, a total of 218 respondent data were selected for structural equation model analysis. The data were then analyzed using IBM SPSS and IBM AMOS v24 software. The results of this study indicate that electronic word of mouth advertising had a significant impact on customers' online repurchase intention with the mediating role of trust. The findings of the study can contribute theoretically and practically in many aspects.

Introduction

With the advancement and proliferation of the internet in past decades, the number of online users has rapidly increased, significantly impacting various fields of business. Word of mouth (WOM) advertising has been widely used across various industries worldwide to disseminate information about products or services [1]. Traditionally, WOM occurs when a customer shares their product experience or discusses a product with friends and family. With the expansion of the internet and social media, the form of WOM has evolved into a new form called electronic word of mouth (eWOM) [2]. Nowadays, many companies in various industries actively use social media as an essential tool to reach their potential and existing customers. In today's interconnected digital world, electronic word of mouth (eWOM) has emerged as a prominent and central consumer influence [3].

Digital technologies enable customers to share their adoption-related opinions, leading to the creation of eWOM. Hennig-Thurau and colleagues defined eWOM as "any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a large number of people and institutions via the internet." In this sense, information sharing through websites, platforms, or various social media groups (e.g., Facebook, YouTube, Twitter, etc.), discussion forums, or reviews can be a source of eWOM. In the context of electronic word of mouth advertising, individuals are inclined to discuss their various experiences and minimize their purchasing risk to the lowest possible level by exchanging positive or negative recommendations about a specific product or service, in order to make the best and most suitable choice. Consequently, with the expansion of electronic and digital communication channels such as social networks, mobile phones, and the internet in recent years and the increasing number of users of these media, physical boundaries have vanished, and consumers can send their opinions, provide explanations and interpretations, and review and evaluate products on blogs, discussion rooms, review websites, news groups, and social network sites.

A wide range of past studies indicates that reference groups are one of the primary determinants shaping consumer purchasing behavior [4, 5]. Purchase intention, reflecting consumers' inclination to buy a product or service, has gradually taken shape with the emergence of eWOM and the widespread proliferation of e-commerce platforms. E-commerce sites have become central poles in the consumer decision-making process, with online reviews, recommendations, and descriptions playing a crucial role in influencing purchase intentions [6]. Additionally, when making purchasing decisions, customers go through multiple processes. Studies show that customers who previously made purchase decisions based on non-online advertising or other platforms now base their purchase decisions on online reviews. Consumers are heavily reliant on various online platforms for gathering information prior to purchasing products or services, making it an inseparable part of the entire purchase decision-making process [7]. However, not all opinions and reviews on social media are always genuine. Positive online opinions and reviews create trust in products or sellers. Trust, in turn, reduces perceived risk among customers, ultimately increasing their inclination to purchase. Therefore, trust in eWOM (i.e., opinions, reviews, and even web page information) can convey positivity to the mindset of customers and can play a mediating role in consumer purchase intentions.

The relationship between purchase intention and brand trust has become forefront. Positive eWOM and a strong brand reputation enhance brand trust and consequently influence consumers' purchase intentions. Consistently delivering on promises and providing exceptional experiences for customers further enhances brand loyalty and encourages repeat purchases. In the fiercely competitive e-commerce landscape, strengthening brand trust can lead to the development of long-term customer relationships and increased customer lifetime value [8].

Furthermore, in the e-commerce domain, brand trust significantly influences consumers' purchase intentions. Consumers prefer to make purchasing decisions from brands they trust, as brand trust reduces perceived risks and creates a sense of security in online transactions. Positive brand trust not only instills confidence but also increases consumers' inclination to engage in

online shopping and ultimately boosts conversion rates [9].

Previous researchers such as Pihlaja et al. [10], Seo et al. [11], and Abubakar and Ilkan [1] have examined the relationship of eWOM with customers' purchase intentions, but only a very small portion of studies have considered trust as a mediator. Additionally, most studies have been focused on a specific industry (e.g., airlines, fashion, tourism, etc.). Therefore, this study aims to first determine the impact of eWOM on customers' purchase intentions and then seeks to investigate the impact of brand trust on the aforementioned relationship within a comprehensive, non-industry-specific approach.

The dual objectives of this empirical study are as follows. Firstly, it aims to examine whether eWOM has an impact on shaping customers' purchase intentions, and secondly, whether brand trust has a mediating impact on the relationship between eWOM and customers' purchase intentions.

According to the presented theoretical literature and the researched studies, a model has been formulated concerning the research variables, and the conceptual model of the research is proposed as follows:

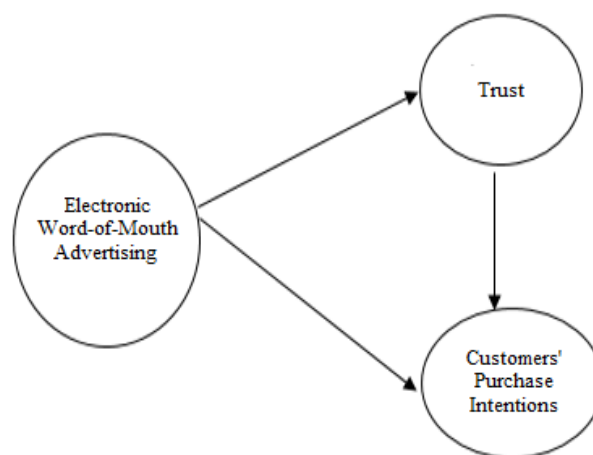


Figure 1: Conceptual Model of the Research

2. Theoretical Framework

2-1- Purchase Intention

Repurchase intention is actually the decision of individuals to buy selected services from the previous store they had purchased from. Customers' repurchases help the online sellers in achieving success and profitability. Repurchase intention is an action that a person takes after being satisfied with the product or service they have used and wants to repeat their positive experience [12].

2-2- Electronic Word-of-Mouth Advertising and Customers' Purchase Intentions

eWOM is considered a primary tool for exchanging information with various audiences, both online and offline. Due to its flexibility, multidimensional nature of online users, and relatively low costs, marketers are constantly active in developing and implementing sustainable eWOM strategies to maximize value for their businesses. After having a certain customer experience, customers usually share their thoughts with their peers. This process of sharing experiences has now transitioned to online platforms. Therefore, online statements potentially influence consumer product behavior, although multiple factors are associated with it [6].

eWOM, including pre-purchase expectations and customer satisfaction or dissatisfaction, shapes consumer behavior. eWOM, as a form of online review platform, acts as a mediator to assist customers in their final purchasing decisions, which is supported by previous studies. Based on the existing literature, the following hypothesis can be formed:

- **Hypothesis 1:** eWOM has a direct impact on customers' purchase intentions.

2-3- Trust and Repurchase Intention Online

Trust is all the skills that customers have and all the decisions made by customers to achieve a

goal. Trust is something that an individual personally perceives and determines the nature of interaction and the type of information they show to others. It has been considered as one of the major influential factors in purchase decision-making. Trust is a key factor that strongly influences repurchase intention. When consumers find it easy to interact with e-commerce websites, search for products, and make online payments, online shopping becomes convenient, ultimately leading to customer trust. The most influential indicator of trust is on-time delivery [13].

Today, online shopping is a process mainly conducted by people. People can easily access it anytime, anywhere. The essence of trust is belief, and it will have a significant impact on customer satisfaction. When a person trusts a program or website in the online marketplace, consumer loyalty is created. A type of consumer loyalty is the tendency or interest in repurchasing. Purchase intention essentially indicates plans to purchase a specific product or service in the future or the likelihood of a customer purchasing a specific product or service in the future. Repurchase intention is the most critical growing problem and needs to be addressed. This is because it directly or indirectly affects customer objectives, including several elements determined by previous purchases and personal decision-making processes [14].

In a study, the three dimensions of customer trust (competence, honesty, and benevolence) were measured, and it was found that customers with high overall trust are more inclined towards repurchasing in the context of e-commerce. Another study defines trust as areas of uncertainty that impact interpersonal relationships to create transactional value, by expecting a feature, product value, or the product itself in line with each individual's perception. According to the trust perspective created in online transactions, a person's belief in the privacy aspect and product quality of a company or the company itself is to create interest in conducting transactions. Therefore, trust has a positive and significant impact on purchase intention [15]. Similarly, research conducted by Chan indicates that trust has a significant effect on consumers' intention to repurchase [16].

The generalized concept of trust minimizes perceived risks for customers [1], leading to a positive idea for purchase [15]. With the help of eWOM, potential customers obtain information about products and make purchase decisions. Therefore, in the presence of trust, as it provides consumer support related to perceived risk, customers gain more confidence in making their final purchasing decisions. Hence, the following hypothesis can be formulated:

- **Hypothesis 2:** Trust mediates the relationship between eWOM and customers' purchase intentions.

3. Research Methodology

Due to the use of a new approach, the present study is considered an applied research of the descriptive-survey type that has been conducted causally.

3-1- Population and Sampling

Online users considering online product reviews for their purchasing decisions constitute the population of this study. To achieve the study's goal, online users who had recent experiences with online purchases and had considered online reviews in their purchasing decisions were selected as the sample from Bangladesh. Purposeful and accessible sampling (non-probabilistic sampling) methods were used to collect data from the samples. The reason for choosing purposeful and convenient sampling methods was that the data collection for this study was limited to respondents from Tehran, and only social media users were invited to fill out the questionnaire. The survey questionnaire link was posted on Facebook and LinkedIn profiles, and the data were collected between June 26, 2022, and June 20, 2022. The authors also privately sent the questionnaire link to some respondents using the Telegram messenger. Only Telegram and WhatsApp platforms were used since they are widely used in Iran. A total of 232 responses were collected during the data collection period. Out of 240 responses, ultimately, 218 responses that met all the criteria were used for analysis. For conducting Structural Equation Modeling (SEM), as recommended by Hair et al. [17], a minimum sample size of 150 was required for this

study.

3-2- Research Tools

To collect data, this study utilized a structured online questionnaire of managerial origin. A step-by-step approach was employed to develop the structured questionnaire. First, an extensive literature review was conducted by the authors. Following the comprehensive literature review, some constructs related to eWOM, WOM, trust, and customer intention were identified. Based on the identified constructs, two idea-sharing sessions were conducted with 15 customers who had experience purchasing based on online reviews/ recommendations. In these sessions, four academic experts also participated in the discussions. Based on the discussions and the examined constructs, ultimately, three constructs were considered for formulating the questionnaire. The final questionnaire was prepared in English, reviewed, and finalized by the authors. Then, with the assistance of experts, the English version of the questionnaire was translated into Persian. An online questionnaire was created using Google Forms. The questionnaire consisted of two parts. Part A included questions related to demographic information, and the items related to the three latent variables used in this study were included in Part B. A 5-point Likert scale ranging from 1 (strongly agree) to 5 (strongly disagree) was used to measure all the items in this research.

3-3- Data Analysis

In this research, for data entry and initial analysis, IBM SPSS software was used for online surveys, and IBM AMOS v24 software was used for analyzing multivariable data.

4. Results

4-1- Descriptive Statistics

The demographic characteristics of the respondents are presented in Table 1. Ultimately, 218 respondent responses were considered for further analysis from the collected data. From Table 2, it can be observed that the number of male (47.20%) and female (52.80%) respondents is approximately equal. Most respondents were in the age range of 18 to 35, and in terms of education level, most had completed their education at the undergraduate and graduate levels. When asked about the average time spent on social media (daily), respondents reported spending an average of 1 to 2 hours on various social media platforms.

Table 1: Demographic Characteristics of Participants

Demographic Variables	Category	Percentage Frequency
Gender	Male	47.20
	Female	52.80
Age	18-35 years	60.60
	36-50 years	35.50
	51-60 years	3.90
Education	High school diploma	3.10
	Bachelor's degree	40.00
	Master's degree	56.90
Average Time Spent on Social Media (Daily)	Less than 1 hour	20.20
	1-2 hours	32.20
	3-5 hours	30.30
	6-8 hours	15.50
	More than 8 hours	2.80

4-2- Model Fit

To have a good model fit and appropriate structural relationships, it is necessary to evaluate the relationship between latent variables and their indicators. For this study, three latent variables (12 items) were considered for further processing. Table 3 illustrates various model fit indices.

From Table 2, it can be concluded that the study questions/items of the latent variables pass all the suggested main model fit indices proposed by Gaskin and Lim as well as Hair et al.

Table 2: Model Fit Criteria

	estimate	hreshold	terpretation
Chi-Square (CMIN)	3.5		
Degree of Freedom (df)	9		
MIN/df	39	Between 1 and 3	acceptable
Root Mean Square Error of Approximation (RMSEA)	0.055	0.06	acceptable
	0.61	0.05	acceptable

4-3- Measurement Model Evaluation

Before evaluating the structural model, evaluating the measurement model is necessary. Table 3 shows the reliability and validity of the measurement model. In order to determine the validity and reliability of the constructs and research variables, the following indices were used: composite reliability, Cronbach's alpha, extracted variance mean, measurement model quality index, and convergent validity index.

In the software PLS-SEM SMART, for fitting measurement models, criteria such as factor loading coefficients, composite reliability (CR), and average variance extracted (AVE) were used to assess the convergent validity of the measurement models. According to Table 3, it is observed that the extracted variance mean for all constructs exceeds 0.5.

Table 3: Results of Items, Cronbach's Alpha (α), AVE, and CR of Constructs

Variables	Cronbach's Alpha (α)	Extracted Mean Variance	Construct Reliability
Consumer Purchase Intention	0.71	0.32	0.70
Trust	0.73	0.45	0.75
Electronic Word of Mouth	0.51	0.36	0.72

According to the results in Table 3, the reliability of the variables is higher than 0.70, indicating an acceptable level of reliability.

Table 4 presents the results of the structural model.

Table 4: Results of the Structural Model

Result		estimate	SE	Value	Result
Hypothesis 1	Electronic word of mouth advertising → Purchase Intention	0.31	0.047	0.000	Hypothesis Confirmed
Hypothesis 2	Electronic word of mouth advertising → Trust	0.971	0.152	0.000	Hypothesis Confirmed
	Electronic word of mouth advertising → Purchase Intention	0.136	0.381	0.021	Hypothesis Confirmed
	Trust → Purchase Intention	0.230	0.361	0.000	Hypothesis Confirmed

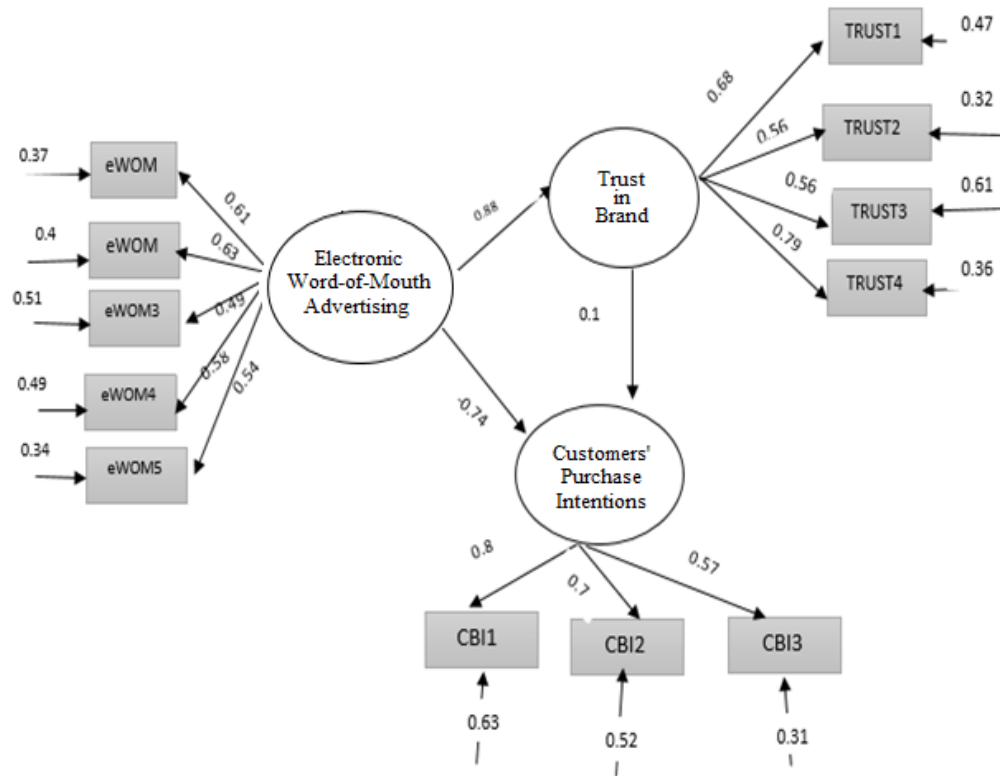


Figure 2: Results of the Structural Model

The results indicate that all hypotheses have been confirmed, and the results can be seen in Table 4.

From the results, it is evident that eWOM has a significant direct impact on customers' purchase intentions. Therefore, the first hypothesis is statistically supported. Additionally, in the presence of trust as a mediator, it was observed that the relationship between eWOM and customers' purchase intentions is meaningful. In this study, it was evident that both the absence of a mediator and the presence of a mediator significantly affect customers' purchase intentions.

5. Discussion Conclusion

In online businesses, much like traditional ones, the examination of customers' repeat purchase behavior is essential, as retaining customers and encouraging them to make repeat purchases is no less significant than acquiring new customers. The rapid changes in the world today have presented organizations with various challenges, and successful organizations are those that utilize new management tools and technologies to benefit from the opportunities created. The e-commerce environment is one of these tools. The internet-based e-commerce environment enables customers to directly search for information and purchase goods and services from online stores. Considering the significance of this matter, the present study investigates the impact of electronic word-of-mouth (eWOM) advertising on consumer purchase intentions with the mediating role of trust and presents a model in this regard.

The purchase intentions of customers are significantly influenced by reference groups, which is supported by previous studies. Traditionally, different reference groups play an influential role in customers' product selection for purchase through word-of-mouth (WOM), but with the emergence of internet-based technology, online WOM or eWOM has taken shape. This study experimentally tested hypotheses. The findings clearly establish a positive and influential relationship between the dimensions of eWOM and consumer purchase intentions. Specifically, the quality, quantity, and credibility of eWOM have been identified as strong determinants of consumer purchasing intentions. These revelations underscore the central role of eWOM as a fundamental driver in shaping consumer behavior in today's digital landscape.

The empirical results demonstrated that eWOM has a direct impact on customers' purchase

intentions, but the presence of trust resulted in different dimensions of the relationship. With trust acting as a mediator, the direct relationship between eWOM and customers' purchase intentions weakened and, as a result, became fully mediated, implying that eWOM in some way instills trust in consumers and influences their purchasing decisions. If positive trust affects consumers' minds, their purchase intentions will skew positive, and vice versa. Thus, organizations must carefully employ eWOM strategies, as a decrease in customer trust will negatively impact future purchasing behavior. When considering customers' purchase intentions, WOM has been considered a primary influential factor. With the rise of internet-based technology, eWOM has dominated, creating a new horizon that has empowered customers in many ways. Both positive and negative opinions have significant effects on customers' purchasing decisions. Customers become disheartened in their final purchasing decisions after being exposed to unfavorable opinions or information related to products and services from other customers. Negative eWOM has a deeper impact on customers' minds compared to positive eWOM.

Experimental results of this study demonstrate that without establishing trust in the minds of customers, eWOM alone cannot ensure better outcomes for the organization. Therefore, marketers should adopt eWOM strategies to disseminate information about their products among potential customers and should emphasize building trust among the customer base by providing reliable, cohesive, and credible information. The results of this section are aligned with the findings of Ercan and Evans' research [18].

Electronic word-of-mouth advertising generates a wide range of information, and this large volume of information can influence consumer behavior in terms of awareness, brand product selection, and purchase intention. Thus, facilitating the spread of consumer opinions and enabling access to such opinions, internet websites and social networks have a profound influence on consumer purchasing decisions. The recommendations and opinions that customers express about their purchasing and product usage experiences can notably impact other purchasing and consumption behaviors. Therefore, electronic word-of-mouth advertising, as a form of marketing communication, despite the difficulty of controlling information channels for marketers, can have a significant impact on product sales [19].

Furthermore, the results show that trust significantly influences consumers' purchase intentions. Increased trust can lead to improved perceived value. The better a customer's electronic trust in online sales, the greater the possibility for repeated purchases by the customer. If sales and marketing managers are able to enhance trust in electronic environments among their customers and strive to create transparency in the process of performing activities in the store, they can be confident that the purchase process will be repeated. Considering the results of the second hypothesis, it is suggested to pay attention to indicators such as trust in online systems.

In the final conclusion, it can be said that since electronic word-of-mouth marketing has a positive and significant impact on customer trust and purchase intentions, it is essential for marketers seeking to increase profitability through increased consumer purchasing intentions to always consider consumer trust. The use of electronic word-of-mouth marketing and the provision of useful information, customer opinions, and ratings about products can create a factor in increasing customer trust and repeat purchasing in them.

It is important to note that one of the limitations of this study is the relatively scattered availability of research articles and regular reports on the impact of eWOM on consumer behavior. This limited scope restricts the overall findings. Future research should address this limitation by conducting comprehensive studies and analyses in this field.

Considering the results of this research, it is suggested that companies and stores should take online customer-to-customer communications seriously and use electronic word-of-mouth advertising as one of the marketing tools to increase the competitive advantage coefficient of their businesses.

References

- [1] Abubakar AM, Ilkan M. Impact of online WOM on destination trust and intention to travel: A medical tourism perspective. *Journal of Destination Marketing & Management* ;5(3):192-201, 2015.
- [2] Zhang TC, Omran BA, Cobanoglu C. Generation Y's positive and negative eWOM: use of social media and mobile technology. *International Journal of Contemporary Hospitality Management*; 13;29(2):732-61, 2017.
- [3] Jha B. The role of social media communication: Empirical study of online purchase intention of financial products. *Global Business Review* ; 20(6):1445-61, 2019.
- [4] Chen YF, Tsai CW, Chaung YC. Influences of online negative word of mouth on purchase intention. *International Journal of E-Adoption (IJEAE)*;11(1):1-1, 2019.
- [5] Solomon MR, Behavior C. *Buying, having and being*. London: Prentice Hall, 1994.
- [6] Mothersbaugh DL, Hawkins DI. *Consumer behavior: Building marketing strategy*. McGraw-Hill; 2016.
- [7] Zainal NT, Harun A, Lily J. Examining the mediating effect of attitude towards electronic words-of-mouth (eWOM) on the relation between the trust in eWOM source and intention to follow eWOM among Malaysian travellers. *Asia Pacific Management Review*;22(1):35-44, 2017.
- [8] Teng S, Wei Khong K, Wei Goh W, Yee Loong Chong A. Examining the antecedents of persuasive eWOM messages in social media. *Online information review*;38(6):746-68, 2014.
- [9] Roy G, Datta B, Basu R. Effect of eWOM valence on online retail sales. *Global Business Review*;18(1):198-209, 2017.
- [10] Pihlaja J, Saarijärvi H, Spence MT, Yrjölä M. From electronic WOM to social eWOM: Bridging the trust deficit. *Journal of Marketing Theory and Practice*;25(4):340-56, 201.
- [11] Seo EJ, Park JW, Choi YJ. The effect of social media usage characteristics on e-WOM, trust, and brand equity: Focusing on users of airline social media. *Sustainability*;12(4):1691,2020.
- [12] Rohmatin I, Andjarwati AL. Pengaruh kualitas layanan dan kemudahan penggunaan terhadap niat beli ulang dengan kepuasan sebagai variabel mediasi. *Jurnal Ilmu Manajemen*;7(1):104-12, 2019.
- [13] Yolandari NL, Kusumadewi NM. *Pengaruh Pengalaman Pelanggan Dan Kepercayaan Terhadap Niat Beli Ulang Secara Online Melalui Kepuasan Pelanggan (Studi Pada Situs Online Berrybenka. com)* (Doctoral dissertation, Udayana University), 2018.
- [14] Nabila EY, Listiana E, Purmono BB, Fahrana Y, Rosnani T. Determinants of Repurchase Intention: A Study on Ease of Use, Trust and E-Satisfaction Construct in Shopee Marketplace. *East African Scholars Journal of Economics, Business and Management*;6(1):29-36, 2023.
- [15] Oliveira T, Alinho M, Rita P, Dhillon G. Modelling and testing consumer trust dimensions in e-commerce. *Computers in Human Behavior*;71:153-64, 2017.
- [16] Van Chan SA. *Pengaruh Orientasi Belanja, Kepercayaan Online, Dan Pengalaman Pembelian Online Sebelumnya Terhadap Minat Pembelian Ulang Online Pelanggan Di Tokopedia*. Prosiding Konstelasi Ilmiah Mahasiswa Unissula (KIMU) Klaster Ekonomi. 2019.
- [17] Hair JF. *Multivariate data analysis*.
- [18] Ikhsan I, Lestari R. Pengaruh promotion, perceived value, e-service quality, dan e-trust terhadap e-repurchase intention dan e-loyalti konsumen e-commerce tokopedia di Kota Banda Aceh. *Maneggio: Jurnal Ilmiah Magister Manajemen*;4(2):205-14, 2021.
- [19] Ahmadi, M., Sohrabi, S., Tahzebi, S. (2020) The Impact of Personalization of Advertisements and Interaction on the Value of Advertisements and Purchase Intention in Digikala Company, *Journal of Business Management*, 12(47), 1-24.