

Role of eWOM in Selecting Branded and Unbranded Electronic Products Online

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ABSTRACT

The prior studies reflected that eWOM has significant positive impact on different marketing outcomes but study of impact of eWOM on online purchase intention is comparatively a less explored area. Prior research has demonstrated a strong influence of eWOM on consumers. However, it is not known whether individuals react differently to eWOM when it concerns branded products rather than unbranded products. This paper therefore examines the impact of branded and unbranded electronic products on consumers' reaction towards positive and negative eWOM.

The study is conducted to highlight the customer preference of branded and unbranded electronic products by reviewing eWOM patterns online in Lucknow, Uttar Pradesh region. The current study is limited to the sample size of 150 customers who purchased electronic products online.

The study depicts that both the perception level as well as behavioural level show that eWOM has a stronger influence on purchase intention for unbranded electronic products as compared to branded electronic products. At a perception level negative messages are seen as more negative when concerning branded electronic products rather than unbranded electronic products. Thus, the role of eWOM in selecting branded and unbranded electronic products in online context is examined in the paper.

Keywords: Branded Products, Electronic Products, eWOM, Online Purchase Intention, Unbranded Products.

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INTRODUCTION

The advent of eWOM has led some observers to posit that brand names, as assurances of product quality and performance, will lose much of their importance in the interactive marketing environment. This suggests that customers will bypass marketer-influenced signals such as brands and instead rely directly on unfiltered word of mouth from other consumers. Because the information contained in eWOM does not originate with the company, it is generally considered highly credible and influential (Bickart and Schindler 2001). It is possible that this long tail perspective will be there, and consumers will use eWOM to find desired products irrespective of their brand name. However, the marketing literature offers evidence on the importance of brand equity that suggests it is improbable that brands will lose their value just because consumers have access to eWOM. In this research the investigation is done on the effects of eWOM on branded and unbranded electronics products online.

The previous research found evidence that strong brands have greater advertising elasticities, show better

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marketing communications effectiveness, and are more protected from negative information (Ahluwalia, Burnkrant, and Unnava 2000). If consumers respond to eWOM as they do to advertising, strong brands should benefit more from positive eWOM and be hurt less by negative eWOM.

In the eWOM context, Ho-Dac, Carson, and Moore (2013) find that eWOM can be especially valuable for unbranded items in early stages of a product life cycle. This raises the question whether the impact of eWOM on consumers' perceptions and intentions differs with branded and unbranded items.

Though some studies were undertaken on the Electronic Word of Mouth area, study on the impact of

eWOM on consumer electronics items is a new research area.

RESEARCH QUESTIONS

- What is the role of eWOM in selecting branded electronic products online?
- What is the role of eWOM in selecting unbranded electronic products online?

AIM OF THE STUDY

The study is conducted to highlight the customer preference of branded and unbranded electronic products by reviewing eWOM patterns online.

OBJECTIVES OF THE STUDY

The objectives are:

- To highlight the customer preferences of branded and unbranded electronic products by reviewing eWOM patterns online.
- To highlight the role of eWOM towards customer attitude during online shopping of electronic products.

LITERATURE REVIEW

eWOM

Hennig-Thurau *et al.* (2004) established that, the electronic word-of-mouth has the features of extensiveness of spreading information, fast, large volume of information, savable, instant to receive, anonymous and transcend space and time than the traditional word-of-mouth. Throughout the eWOM process consumers can obtain high levels of market transparency.

According to Xue and Zhou (2010), there is either positive or negative information in WOM messages because customers either recommend or warn others about products according to their own experiences. Positive WOM has a greater influence on customers than negative WOM because it enhances the positive perception of brands or products. Positive WOM has also been found to influence consumer buying decisions. When it comes to the source of WOM, customers tend to be more influenced when the information comes from people than when information originates from advertising and organizational sources. They also explained how the format of WOM transfers from the face-to-face communication to the Web-based platforms such as blogs, forums, and review sites among strangers. Although the eWOM differs from WOM in the

way it transmits, the power of influencing consumers does not decrease.

The leading online retailer, Amazon.com has enabled consumers to post product comments on its website since 1995, and these reviews have been regarded as one of the most popular and successful features of Amazon (New York Times 2004). Amazon.com encourages multi-modality reviews such as video and audio, compared to the standard text reviews. In recent years, an increasing number of websites offering similar types of consumer reviews have emerged in speciality areas, such as electronics (CNet.com).

Branded and Unbranded Items: Consumer Preference

Brands have a wide range of uses for businesses, products and individuals in today's dynamic marketing landscape where publishing and message distribution are no longer limited to media entities.

Branding is a tool used by producers to increase consumer awareness and loyalty. The goal of such marketing strategies is to convince consumers that the brand name is a substitute for expected benefits. Consumers may have an orientation hypothesis for satisfaction regarding consumption of a product, to contact the same producer or brand to avoid the risk of a wrong choice. Branding may represent a mechanism to address this risk-averse behaviour by providing a guarantee that the product consumed today will be essentially identical to the one the consumer sampled on a previous occasion. A positive experience with a brand may reduce the expected payoff of updating information about substitutes and competition, thereby creating persistence in purchase (Antonio Iazzi, 2016).

In the process that leads to the purchase of a product, the consumer, guided by the reasons for which he or she has decided to make the purchase (motivation), seeks information that will be useful in making the best choice, minimising the associated risks (Erdem & Swait, 1998).

Although the behaviour of consumers cannot easily be schematized, given the specific characteristics of each individual, it can be argued that the process of choosing a product depends on the consumer's preference for either branded or unbranded goods (Spinelli *et al.*, 2015). The expectations developed by the consumer with respect to a brand, with the awareness of the characteristics that it is able to provide, can modify the perception of the attributes and, thus, the preferences that arise from the evaluation process. Although the literature contains examples of hostility



towards brands (Klein, 2010) and “unmarketing” (Stratten, 2010), it confirms the existence of a positive relationship between the brand and the perception of quality that can increase trust in it (Krishnan *et al.*, 1989). After brand awareness is established, consumers tend not to explore the additional informational attributes and purchase the known brand, even if it is lower in quality (Hoyer & Brown, 1990). This is likely because the search cost associated with updating product information across a set of competitors is greater than the benefit that the consumer expects to receive as a result (Ubilava *et al.*, 2011).

Firms go to considerable lengths to build and strengthen their brands. Perhaps the most fundamental rationale behind creating strong brands is their function as a risk-reducing property of products or services (Peter & Ryan, 1976). Thus, strong brands are advantageous compared to weak brands because consumers rely on the brand name in order to inform their decision. Furthermore, consumers usually connect positive associations and feelings with strong brands (Keller, 1993). Brand strength is therefore usually connected to consumer preferences and choice (Ailawadi, Lehmann, & Neslin, 2003). While there is no uniform definition on what constitutes a strong brand, the most common concept to approximate a distinction between strong and weak brands is brand equity, which entails aspects of brand awareness, brand associations and perceived quality of a brand (Keller, 1993).

Brands were shown to influence consumers on a perception level.

The well-known study by De Chernatony and McDonald (1992) used blind tests with Coca-Cola and Pepsi to show that products which are otherwise perceived identical on the product attribute level are evaluated differently in taste when brand information is present. Similarly, Page and Herr (2002) find evidence for an interaction effect of brand strength and product design on quality judgments on quality evaluation within the notebook category. On the other hand, brands were frequently shown to impact consumers on a behavioural level. Ailawadi, Lehmann, and Neslin (2003) find that branded products have a lower price elasticity compared to private label products. Dodds, Monroe, and Grewal (1991) study effects of price, brand, and store information on product quality perception and find a positive influence of favourable brand information on willingness to buy.

On the behavioural level, we expect that eWOM has a lower impact for branded items as compared to

unbranded items. When dealing with branded items, a consumer already possesses a certain degree of familiarity and holds strong associations and opinions. In turn, his purchase intention is less likely to be influenced and altered by eWOM information. When dealing with unbranded items, however, consumers are more likely to listen to information of other consumers and to be convinced for or against a purchase because brand familiarity and associations with the brand are weaker.

When looking at the perception level, customers of branded items hold relatively high expectations regarding branded items and are confident concerning subsequent brand performance. In turn, negative information which contradicts this mindset may disappoint prior associations with the brand (Roehm & Brady, 2007) and lead to a more negative evaluation of that information (Chandon, Wansink, & Laurent, 2000). While this may not transfer directly to behaviour, i.e., purchase intention, we can assume that consumers will perceive the message as more negative than consumers of unbranded items. Consumers of unbranded items usually have only weak or even no expectations regarding the brand and are therefore not likely to attribute a particular level of pessimism to a negative eWOM message. We therefore expect a negativity effect for branded items on the perception level.

Online Consumer Purchase Decisions

A number of recent studies have examined the possibility of better explaining the loyalty structure of brands based on various product attributes or variants (Trinh *et al.*, 2009). Seen from this perspective, any product category comprises subcategories formed around product attributes, and that each of these subcategories performs differently in terms of loyalty, obtaining its own attribute-based loyalty level (Krystallis & Chrysochou, 2010). In this respect, managing customer loyalty involves working with a bundle of attributes, with the brand name being only one of them (Jarvis *et al.*, 2007). Some studies have tried to explain the relationship of consumption based on the attributes of the product (Schuitema & De Groot, 2015).

The appreciation manifested by the consumer is not exclusively linked to the product’s characteristics and expected benefits. Some authors (Maslow, 1987) have placed particular emphasis on the importance of values in individuals’ behaviours, i.e., the deeper needs which such characteristics can help to meet. The model most frequently used (Kotler, 2012) for analysing consumers’ reasons for purchase is the so-called “means-end chain”,

which represents the logical sequence of motivations undertaken by the consumer. The sequence entails the consideration of the concrete aspects (the product's attributes) associated with the expected benefits (the consequences of its use), and the values that guide the behaviour of the individual (Gutman, 1982; Reynolds & Gutman, 1988). A mental association between the individual and the product is also assumed by self-image congruence models (Kressmann *et al.*, 2006; Sung *et al.*, 2012). The basic assumption of self-image congruence models is that consumers use products to express their self-images. Self-congruity refers to the matching between consumers' self-images (i.e., actual, ideal, social, and ideal social self-images) and value-expressive attributes of the product.

Exploring the consumer's decision-making process is useful because the thoughts arising from one's most personal and private values are often sub-conscious and consumers are rarely able to identify and reveal them.

For marketing managers, it is important to know the consumer's perception of the product's characteristics and, accordingly, adopt specific communication and positioning strategies.

As per Constantinides & Fountain (2008) five categories of platforms exist in online environment which are blogs, social networking sites (e.g., twitter, facebook), forums (e.g., epinion), content communities (e.g. Youtube) and content aggregators (e.g. google, yahoo).

A study by Lin *et al.* (2011) revealed that the quality of online review argument is positively associated with online purchase intention. Erkan & Evans (2016) came up with the findings that eWOM found on shopping websites is more influential on online purchase intention compared to eWOM found on social media websites.

eWOM and Electronic Products

Pornpitakpan (2004) mentioned that Opinion seeking is positively correlated to power distance, category knowledge, category purchase intention, category innovativeness, opinion giving, market maven, brand loyalty, susceptibility to interpersonal influence, and negatively correlated to the masculinity and uncertainty avoidance cultural dimensions, category ownership, self-esteem, education, and age, and no correlation existed between opinion seeking and individualism, long-term orientation, and risk taking according to a finding in a study which examined the relationship between opinion seeking and cultural values and individual characteristics in the context of electronic products.

Wu & Mei-Hsin (2004) has explained about the expertness. Since the consumer electronics products are more experience-oriented, the information seekers do not expect to obtain information from an expert who has professional or specialized knowledge. A recommendation from a former consumer who has actual experience is more persuasive than a comment from an industry expert. To evaluate the degree of experience for a reviewer, the contribution and the duration are two indicators. Contribution refers to how many reviews a reviewer wrote and the duration reflects how long a reviewer involves in sharing and exchanging information.

RESEARCH METHODOLOGY

The study is exploratory and descriptive in nature. The study is based on secondary as well as primary data collected from 150 customers who shopped online in Lucknow, Uttar Pradesh. It was an online study. An online semi-structured questionnaire was developed by using Google forms, with a consent form appended to it. The link of the questionnaire was sent through e-mails, WhatsApp and other social media to the contacts of the investigators. On receiving and clicking the link the respondents got auto directed to the information about the study and informed consent. After the respondents accepted to take the survey they filled up the demographic details. Then a set of several questions appeared sequentially, which the respondents were required to answer.

The tools used in the study for analysis were Percentage analysis which give descriptive analysis of the study and correlation analysis in excel sheet. The Google form was distributed among respondents and they were asked questions related to their perception about online reviews when selecting branded and unbranded electronic product online. The survey was conducted from 1 to 31st July. The socio-demographic variables included age, gender, occupation, education, etc.

RESULTS

An online survey related to customer perception and behaviour towards online purchasing of branded as well as unbranded smart watch after looking at the online customer reviews was conducted in the Lucknow, U.P., India. A total of 150 responses were recorded. All the respondents were above 18 years of age and Indian origin. The Pie Charts and Bar Graphs were used to depict the results of the study. The results are:



- Socio-Demographic Profile of the Respondents in the Study (Figures 1 to 4).
- How often respondents purchase online? (Figure 5)
- When shopping online how often respondents read reviews? (Figure 6)
- While purchasing branded smart watch does the reviews of other customers alter the decision? (Figure 7)
- While purchasing unbranded smart watch does the reviews of other customers alter the decision? (Figure 8)
- When branded smart watch have negative reviews does it affect the expectation from the brand during online purchasing? (Figure 9)
- When unbranded smart watch have negative reviews does it affect the expectation during online purchasing? (Figure 10)
- Correlation (Figure 11)

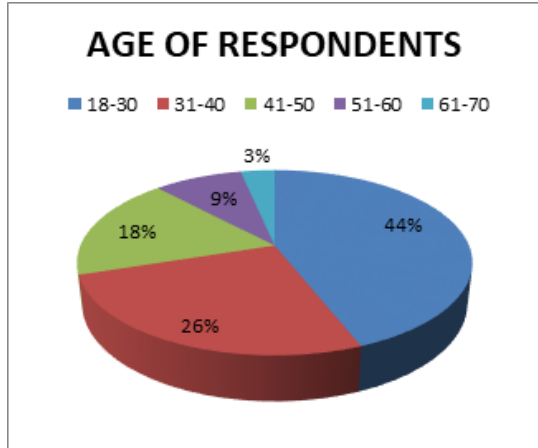


Figure 1: Age of respondents

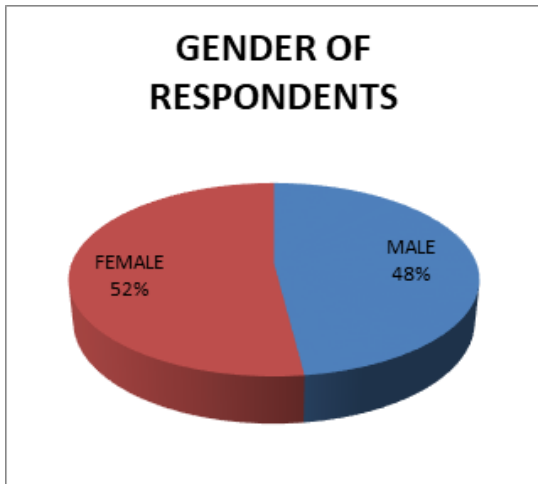


Figure 2: Gender of respondents

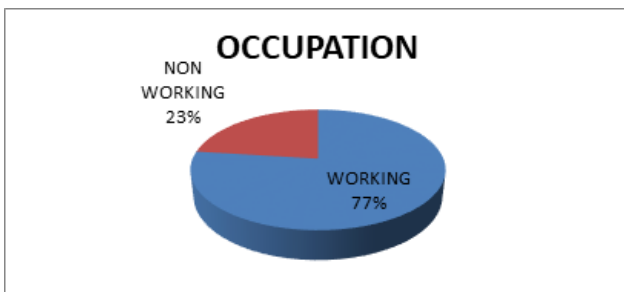


Figure 3: Occupation of respondents

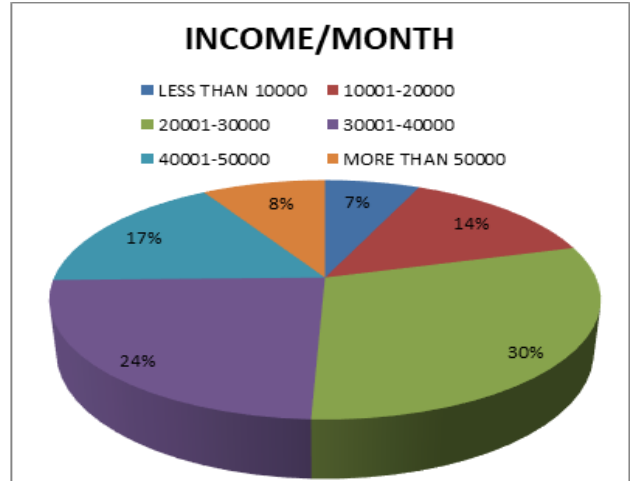


Figure 4: Income of respondents



Figure 5: Online purchasing by respondents



Figure 6: Online reading of reviews

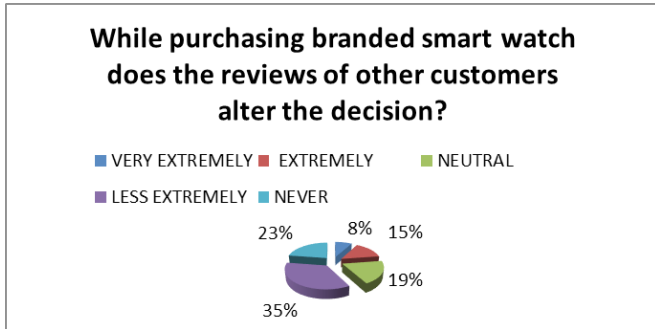


Figure 7: eWOM and purchase decision for branded product

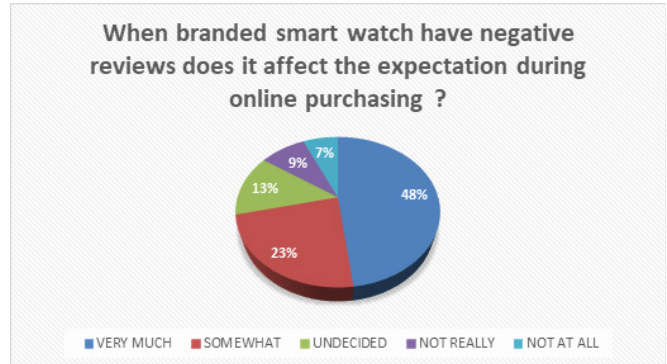


Figure 9: Negative eWOM and customer expectation

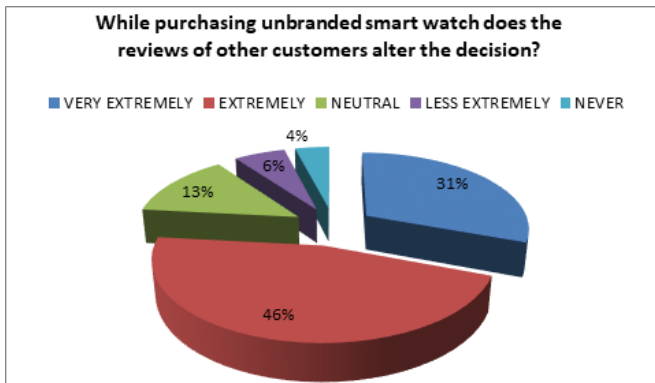


Figure 8: eWOM and purchase decision for unbranded product

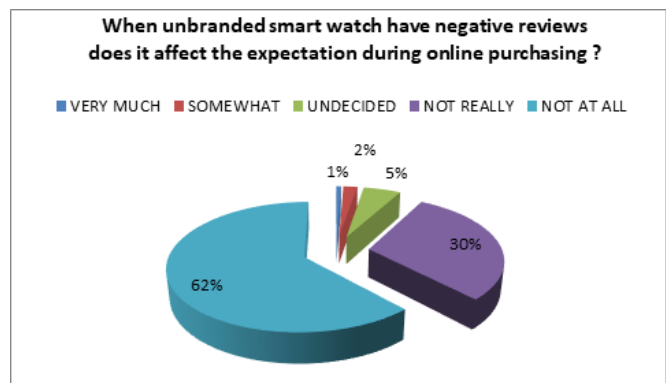


Figure 10: Negative eWOM and Customer expectation

To analyze the correlation between the following variables:

Age and Frequency of eWOM reading by customers

X Value(Age)

$\Sigma = 150$
Mean = 30

$\Sigma(X - M_x)^2 = SS_x = 2300$

Y Values(Frequency of eWOM reading by customers)

$\Sigma = 150$
Mean = 30

$\Sigma(Y - M_y)^2 = SS_y = 3146$

X and Y Combined

N = 5

$\Sigma(X - M_x)(Y - M_y) = 2640$

R Calculation

$r = \frac{\Sigma(X - M_x)(Y - M_y)}{\sqrt{(SS_x)(SS_y)}}$
 $r = 2640 / \sqrt{(2300)(3146)} = 0.9814$

The value of R is 0.9814. There is a strong positive correlation, which means that high X variable scores go with high Y variable scores (and vice versa).

The p-value is <.00001. The result is significant at p <.05.

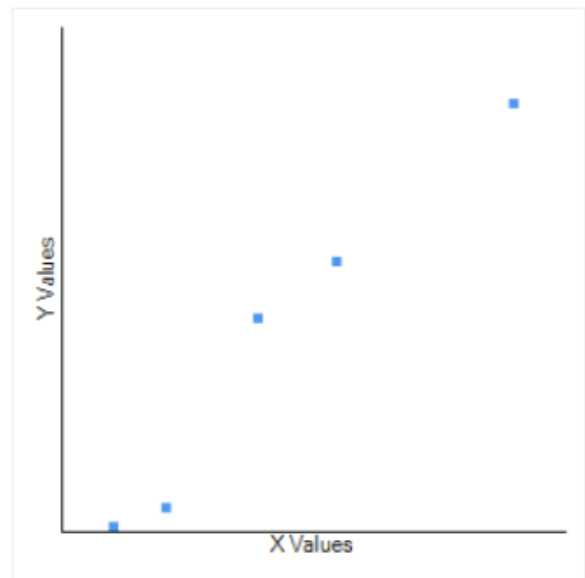


Figure 11: Correlation between age and frequency of eWOM reading by customers

Notes

X: X Values

Y: Y Values

M_x : Mean of X Values

M_y : Mean of Y Values



$X - M_x$ & $Y - M_y$: Deviation scores
 $(X - M_x)^2$ & $(Y - M_y)^2$: Deviation Squared
 $(X - M_x)(Y - M_y)$: Product of Deviation Scores
 r: Correlation coefficient

FINDINGS

• Socio-Demographic Profile of the Respondents in the Study

The findings suggest that the majority of the respondents were of the age between 18–30 years which was about 44% of the respondents (Figure 1). Customers were mainly millennial. There was purchasing made from 52% of females 48% of males online (Figure 2). 77% of the respondents were working and 23% were not working (Figure 3). The income of the majority of the respondents was between 20000-30000, which was about 30% of the total (Figure 4).

• The role of eWOM towards customer attitude during online shopping of electronic products

The findings suggest that the respondents purchase very extremely online which was about 42% (Figure 5). Before making any purchasing decision online customers read online reviews very frequently which were about 45% (Figure 6).

• The customer preference of branded and unbranded electronic products by reviewing eWOM patterns online

The findings suggest that the respondents while purchasing branded smart watch the reviews of other customers alter the decision less extremely which is about 35.33% (Figure 7).

While purchasing unbranded smart watch the reviews of other customers alter the decision extremely which is about 46% (Figure 8).

When branded smart watch have negative reviews it affect the expectation from the brand during online purchasing very much which is about 48% (Figure 9).

When unbranded smart watch have negative reviews it does not at all affect the expectation during online purchasing which is about 62% (Figure 10).

• Correlation

There is strong positive correlation between age and frequency of eWOM reading by customers. The value of correlation between age and frequency of eWOM reading by customers is 0.9814 (Figure 11). The result is significant at $p < 0.05$.

DISCUSSION

On the behavioural level, eWOM has a lower impact for branded items as compared to unbranded items.

When dealing with branded items, a consumer already possesses a certain degree of familiarity and holds strong associations and opinions. In turn, his purchase intention is less likely to be influenced and altered by eWOM information. When dealing with unbranded items, however, consumers are more likely to listen to information of other consumers and to be convinced for or against a purchase because brand familiarity and associations with the brand are weaker.

When looking at the perception level, customers of branded items hold relatively high expectations regarding branded items and are confident concerning subsequent brand performance. In turn, negative information which contradicts this mindset may disappoint prior associations with the brand (Roehm & Brady, 2007) and lead to a more negative evaluation of that information (Chandon, Wansink, & Laurent, 2000). Consumers will perceive the message as more negative than consumers of unbranded items. Consumers of unbranded items usually have only weak or even no expectations regarding the brand and are therefore not likely to attribute a particular level of pessimism to a negative eWOM message. The negativity effect for branded items on the perception level is seen in the study.

CONCLUSION

The study depicts that both the perception level as well as behavioural level show that eWOM has a stronger influence on purchase intention for unbranded electronic products as compared to branded electronic products. At a perception level negative messages are seen as more negative when concerning branded electronic products rather than unbranded electronic products. Thus, the role of eWOM in selecting branded and unbranded electronic products in online context is examined in the paper.

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