

Impact of Electronic Word of Mouth Communication on New Product Adoption in Cell-Phones

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Abstract:

This study aimed at to investigate the impact of electronic word of mouth communication on new product adoption; three social network sites (Facebook, twitter, and linkldn) were chosen to find out their contributions in new product adoption. The targeted sample of this study was students. Total sample size for this study was 200 (n=200) respondents of Shah Abdul Latif University main campus, Shikarpur campus, Sukkur IBA, and SZABIST Larkana. Regression analysis technique was performed to analyze the data. The Results revealed that there is the significant Positive impact of electronic word of mouth communication on new product adoption.

Keywords: *Word of Mouth Communication, New Product Adoption, Electronic Word of Mouth Communication, Social Network Sites.*

Introduction

Word of mouth communication plays a vital role in shaping consumer behavior and it is considered as an interesting and important topic by the marketing and communication researchers (De Bruyn & Lilien, 2004). Sun et al., (2006) reported the importance of word of mouth communication and suggested that word of mouth communication is free of cost source of information amongst the customers as compare to the advertising. The influence of word of mouth communication on consumer behavior via the web is one of the most attractive topics for the marketing researchers and it is essential for the companies (Jansen et al., 2009; Riegner, 2007).

The use of the Electronic word of mouth communication such as Facebook, tweeter, and LinkedIn are at the peak, millions of users in all over the world are connected worldwide through this fastest medium of communication (Bausch & McGiboney, 2008). Raacke & Bonds, (2008) cited that social networking sites are now becoming means of communication internationally and increasing the number of population throughout the world are spending their time on SNS.

Users are getting ideas of adopting new product through the social networking sites, internet chat and electronic word of mouth communication (Chu & Kim, 2011). Access to the internet and social networking sites have created a platform where opinion leaders share the information about the brands, services and consumers are suggesting buying a particular product to other consumers which are saved in their contact list as a friend. These friends are highly trusted and their suggestions have a positive impact on the adoption of the new product (Chu & Kim, 2011). Companies all around the world are creating their own brand pages on the social networking site and encouraging consumers to have friends or being followed by the other consumers as a friend through positive electronic WOM communication (Jansen, et al., 2009). Engel et al., (1969); Lazarsfeld & Katz, (1955) reported that word of mouth communication has a more strong impact on the consumer behavior than the conventional promotional methods like print advertisements, personal selling, and radio advertising.

Electronic word of mouth communication also includes peer to peer communication system where one user at social networking sites share different things of his interest to other users like the clips, documentaries, and comments through blogs, emails, and newsgroup (Dellarocas, 2003).

In Past, media did not have the facility of two-way communication but this is present in the social networking sites and users are getting feedback quickly on the spot (Dellarocas, 2003). Therefore, the main objective of this

study is to investigate the impact of electronic word of mouth communication through social network sites (Facebook, twitter, LinkedIn) on new product adoption.

Literature Review

1. Word of Mouth Communication:

Word of mouth is one of the most important marketing technique which great impact on consumer thought processes and behaviors (Brown & Reingen, 1987).

Kiel & Layton, (1981) suggested that the word of mouth communication has a significant influence on choosing the particular product category (Kiel & Layton, 1981) and on consumer behavior in choosing services (Ennew et al., 2000; Keaveney, 1995).

Katz & Lazarsfeld, (1970) reported that consumers are adopting new products especially the household and food products when they are guided by the word of mouth communication. They further suggested that the consumer behavior is most likely to be changed by using word of mouth communication rather than the conventional promotion techniques like advertising and personal selling. Dellarocas, (2003) cited that consumers are influenced by electronic word of mouth communication while sharing and giving comments about the products and their usage on social networking sites.

According to the survey conducted in the United States of America, near about (2.3 billion), 29% of the population throughout the world has the facility of the internet. They are connected through these social networking sites. The user-friendly platform created by these sites like Facebook and twitter support the users to sit a long time on the internet and get the comments and opinion from the friends and make a decision regarding purchasing the product. Storbacka et al., (2012) reported that the marketers are implementing the marketing campaigns and changing or creating brands with the help of the mob communication. Keller, (2012) suggested that the face to face communication plays an important role in order to influence consumer behavior. Keller, (2012) further suggested that the most authentic way of word of mouth is the face to face communication, as this method is realistic, accepted and touching to customer gut feelings when they are in conversation.

Trusov et al., (2009) cited that consumer to consumer communication is an important source of communication in which consumers are highly motivated to buy a new brand that is suggested by his or her friend or family member on the internet. This technique of word of mouth communication is just like celebrity advertisements with no any advertising cost and most trusted method of communication (Sen & Lerman, 2007).

Anderson, (1998) reported that consumers are highly interested in discuss the positive or negative word of mouth communication about brands and companies to their friends and family members. Dick & Basu, (1994); Oliver, (1997) studied word of mouth communication and suggested that WOMC plays the vital role in consumer decision making about brands and helpful for marketers. Kumar et al., (2014) suggested that companies are giving more importance to social networking sites and developing a strategy to implement marketing program through these social network sites. De Matos & Rossi, (2008) reported that the word of mouth communication is influencing more on the consumer while adopting new product as compare to conventional methods of promotions like personal selling, sales promotion, and advertising. De Matos & Rossi, (2008) further suggested that the impact of word of mouth communication is only possible when the customer is satisfied with the product or service quality and become loyal to the product. In social gatherings like parties and ceremonies when one share to others its experience about the brands from which they are satisfied (Sun, et al., 2006).

2. Electronic Word-of-Mouth Communication:

According to Henning- Thurau et al., (2004) Electronic word-of-mouth communication is a positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via internet. Dwyer, 2007; Gruen et al., (2006) reported that internet users are connected to each other through different modes or interfaces of communication like blogs and emails where they have freedom of speech to discuss and share an opinion about any topic with other people at a very distant geographic location without any problem of time. This creates the world as a global village due to the quick transfer of information from one continent to another through EWOM (Hennig-Thurau, et al., 2004).

Past research suggested that EWOM has a positive influence on the consumer thought process about the product performance and quality in the online environments (Gruen, et al., 2006). The recent trend of the use of the social networking sites is increasing and customers are sitting a long time approximately 6 to 8 hour for 24/7 hours in the week on Facebook, twitter or LinkedIn. These sites provide the platform to the users to get advice about the brands and its features and performance and also share own experiences with other users (Flanagin and Metzger, 2007). Social networking sites are an effective tool of communication in which users have authority to create their own personal page that is visible to all others people where they disclose the comments on pages through blogs publically (Ellison, 2007). Graham and Havlena, (2007) reported that users are connected globally and they share knowledge, information, and experiences about the brands to their friends in the contact. Graham and Havlena, (2007) further reported that social networking sites are important tools to connect with the masses that have same interest and likings about brands through different communities via an online interface.

Frambach and Schillewaert (2002) reported that social network, social influences, and personal innovativeness can also affect potential adopters' propensity to adopt a new product. Gilly et al., (1998) cited that the interaction between members of a social network can also enhance the speed and rate of adoption. Flynn et al., (1996) suggested that social networks facilitate the spread of information about an innovation, which positively influences individual adoption. Innovative consumers will exhibit more positive attitudes towards using the innovation (Golsmilth and Clark, 2008). Birkner, (2011) cited that mass media affects the availability and accessibility of information about a new product, which in turn influences the intention to use an innovation.

3. New Product Adoption:

Goldenburg, (2001) suggested that the consumers are most likely to adopt new product when they have influence from certain factors like the personal need of innovation, becoming aware of new product through social media, public influence on the decision making and recommendations of friends through Facebook or twitter. Goldenburg, (2001) further reported that the communication done through Facebook by friends will likely to increase the adoption of the new product.

Research Hypothesis

H0: There is no significant positive impact of Electronic Word of Mouth on New Product Adoption.

H1: Electronic Word of Mouth tends to positively influence New Product Adoption such that higher the EWOM, the higher will be New Product Adoption.

Research Model:



Conceptual Model of the Study

The conceptual model of this study is comprised of one independent variable Electronic Word of Mouth Communication (Facebook, Twitter, and LinkedIn) and one dependent variable New Product Adoption.

Research Methodology:

The targeted sample of this study was university students, particularly the data were collected from Shah Abdul Latif University Khairpur, SZABIST Larkana, Sukkur IBA, and SALU Shikarpur Campus. This study used non-probability sampling techniques particularly convenience and judgmental techniques were implemented. Total 300 (n=300) questionnaires were distributed among students from which 200 (n= 200) questionnaire were filled completely.

This study used 5-point Likert Scale developed by was used, which comprised of 24 items.

Results and Discussion

A simple Linear Regression Analysis technique was used to check the impact of Electronic Word of Mouth Communication on new product adoption. The result shows the significant impact of Electronic word of mouth communication on new product adoption. From the Table 1, it can be seen that an R-square is .751 which suggested that electronic word of mouth communication explains 75.1% of variance to predict new product adoption. Furthermore, the adjusted R-square is 74.6% and the standardized error of estimates account for .2980.

Table 1 Goodness of Model Statistics

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.866 ^a	.751	.746	.2980

a. Predictors: (Constant), Electronic Word of Mouth Communication

Table 2 shows the regression analysis statistics in which electronic word of mouth communication is proved as a predictor of new product adoption. The t-value is 12.02 more than 2 thresholds, and a p-value is .000, less than 0.05 thresholds. Moreover, the standardized coefficient is .866 which indicates that word of mouth communication has a unique contribution to explaining new product adoption. Therefore, it can be concluded from the results that customers will likely to adopt new product more when the word of mouth communication take place.

Table 2 Regression Analysis Statistics

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.644	.044		-14.688	.000
	Electronic Word of Mouth Communication	.529	.044	.866	12.024	.000

a. Dependent Variable: New Product Adoption

Table 3 shows the result off-test, which further confirms the impact of electronic word of mouth communication on new product adoption. From the table 3, it can be seen that the f-test test score is 144.57 which is significant at the level of 0.000.

Table 3 Model fit Statistics

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	12.84	1	12.84	144.57	.000
Residual	4.26	198	.089		
Total	17.10	199			

a. Predictors: (Constant), Electronic Word of Mouth Communication

b. Dependent Variable: New Product Adoption

In other words, the electronic word of mouth communication predicts new product adoption, therefore, the null hypothesis for H1, is rejected and the alternate hypothesis has been supported that is “electronic word of mouth tends to positively influence new product adoption. So it is to be concluded that that higher the Word of Mouth Communication, the higher will be the rate of new product adoption.

Conclusion

This study concludes that the electronic word of mouth communication has significant positive impact on new product adoption, as today world becomes a global village through technology. Now a day most of the people are using social network sites as a source of connecting with family, friends, and relatives. So this study suggested that the cellular companies should utilize this body of knowledge to develop strategies for new product adoption through electronic word of mouth communication.

This research is also valuable for the marketers in order to launch new brands, they should be careful about the recent trends of using social network sites. Marketers may use social network sites to promote their product through electronic word of mouth.

Limitations and Future Research

Basically, the targeted sample of the study was the university students, so we cannot generalize the results of this study beyond this population, therefore, future study can be carried out to test this model with a different sample. Future study can also be carried out to check the impact of opinion leader on new product adoption.

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