



# The Role of Negative eWOM in a High Involvement Decision Context

Online Pre-Purchase Consumer Behavior

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**JUNE 2009**

## I. ABSTRACT

**Title:** The Role of Negative eWOM in a High Involvement Decision  
Context: Online Pre Purchase Consumer Behavior

**Date of the Seminar:** 2<sup>nd</sup> of June 2009

**Course:** BUS809

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A thesis submitted in partial fulfillment of the requirements for the degree of

**Keywords:** ~~MC, International Marketing and Brand Management~~  
WOM, negative eWOM, consumer behavior, high involvement decision, grounded theory

**Thesis Purpose:** The main purpose of this thesis is to uncover the relationship that exists between the formation of purchase intentions and the factors that influence the process of intent formation; a specific focus will be given to the discovery of the impact of negative eWOM within a consumer's pre purchase decision context.

**Methodology:** The thesis uses an inductive and qualitative design. The authors propose and apply two data collection approaches, non participant observations and semi structured interviews. Grounded theory and scenario analysis are utilized as main tools of analysis.

- Theoretical Perspective:** This thesis builds upon prior WOM and eWOM literature and consumer behavior theory literature. The primary theoretical foundation however is based on Howard & Sheth (1967) consumer decision model and helps our understanding of the consumer purchase behavior and its components within the decision process.
- Empirical Data:** Data was collected over a month long period via non participant observations and semi structured interviews with male Swedish consumers.
- Conclusion:** There were four concepts discovered that influence the process of intent formation. Out of these four, two concepts, namely information exposure and information evaluation are the most important, when a specific focus is given on negative eWOM within a consumer's pre purchase high involvement decision context. The impact of negative eWOM is quite intense and consumers are thus very much influenced by negative eWOM during the pre purchase decision process.

## II. ACKNOWLEDGEMENTS

The authors would like to acknowledge a number of people for their help, support and guidance throughout the generation of research and the creation of this thesis. The authors would like to thank the staff of the MSc International Marketing and Brand Management at Lund University, and in particular Jon Bertilsson, our supervisor for his highly valued input and guidance throughout this research project.

The authors wish to acknowledge the considerable time and effort of the participants involved in this study. The authors also wish to thank each other for motivating and guiding one another throughout the creation of this thesis.

Finally the authors would like to thank Nora, Cristina, Eleanor and the author's families for their financial help and support throughout the research project.

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## CHAPTER ONE: INTRODUCTION

### 1.1 BACKGROUND

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Word of mouth (WOM) is a communication channel marketers have known and utilized for decades, if not centuries (Godes & Mayzlin, 2004). It is recognized as one of the most well-known forces within the marketplace (e.g. Hutton & Mulhern, 2002; Katz & Lazarsfeld, 1957; Silverman, 1997; Whyte, 1954), and is differentiated by its strong persuasiveness and high credibility. Traditional WOM has been shown to play a major role for customers' buying decisions (Richins & Root-Shaffer, 1988). In addition, it has been shown to be a more effective marketing communication tool than many of the traditional marketing communication techniques, for instance advertising (Gruen et al., 2005). According to previous literature, WOM is particularly influential when consumers have little experience in a product category (Furse, et al., 1984; Gilly et al., 1998), perceive a high risk in decision-making (Bansal & Voyer, 2000), are deeply involved in the purchasing decision (Beatty & Smith, 1987), or when the product is of intangible nature and is not easily evaluated (Arndt, 1967; Webster, 1991). In addition to its high impact, the WOM message is generally known for its relatively short reach and its difficulty to control for the marketer. Consequently WOM has often been considered a difficult tool to use strategically and efficiently on a large scale, which means that it has not been widely used by companies in their marketing communication mix (Woodside & Delozier, 1976).

Arndt (1967, p. 3) defines WOM as;

*“Oral, person-to-person communication between a receiver and a communicator whom the receiver perceives as non-commercial, regarding a brand, a product or a service.”*

While this definition still holds true for traditional WOM, a less personal yet more prevalent form of WOM has emerged with the arrival of the internet (Sen & Lerman, 2007; Nyilasi 2006). On the internet, people do not interact orally through face-to-face communication; instead they only interact with their computers, communicating primarily through text. Due to the development of the internet, online WOM (eWOM) has become an increasingly interesting and usable tool for marketers, which has revived the academic interest in WOM (Sen & Lerman, 2007). The internet has revolutionized WOM in several ways. First of all, it has changed WOM from being a low reach channel to a one-to-many communication channel. One person can communicate their opinions and recommendations to an infinite number of people with minimal effort, strengthening the effect of WOM. Blogs, social networks, web forums, emails, rating sites, user reviews, commentary options, and buyer recommendations have emerged from all corners of the World Wide Web, and have shown to affect consumers' opinions and purchase behavior (Duan, et al., 2008; Godes & Mayzlin, 2004; Reigner, 2007). Secondly, as opposed to traditional WOM, the sender is usually anonymous. Therefore, eWOM lacks the traditional ties between the parties involved (Weiss et al., 2008). Thirdly, eWOM only activates when the sender accesses the information in some sort of way, mainly when searching for information (Sen & Lerman, 2007). Due to all these

differences, eWOM has received a rather broad definition of its own. Henning-Thurau et al. (2004, p.39) defines 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 multitude of people and institutions via the Internet."*

Today, eWOM can be found everywhere, and it is gaining an ever increasing share of the consumers' attention. Some blogs even rate higher viewer statistics than newspapers, and social networks such as Facebook or Twitter allows one to voice opinions in front of thousands of other users (Reigner, 2007). Furthermore, nowadays consumer reviews can be found everywhere online, for almost every single product or service category. It has become an important source of information for consumers, complementing and even substituting other forms of business to consumer (B2C) communication regarding product and service quality (Chevalier & Mazlin, 2006). Almost regardless of what one is about to purchase one has the option to be aided in the decision by other consumers' opinions and reviews. Traditionally, reviews have been posted on independent opinion platforms. However, today one can observe a trend where the reviews are posted on company affiliated websites. Given the great quantity of information available of varying quality on the internet, together with the ever increasing consumer searching cost, companies are starting to include consumer user reviews, opinions and recommendations close to the point of purchase by including this type of information on their own websites (Chatterjee, 2001). The function according to Chen & Xie (2008, p.477) is for the reviews to work as free sales assistants to help consumers

identify the products that best match their individual usage conditions. However, much is still unknown about this phenomenon.

## 1.2 PROBLEM AREA

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As eWOM has become a growing social phenomenon, researchers have recently given it increased attention and most agree that eWOM has the potential to affect the revenue flow of companies in one way or another (Samson, 2006) and therefore eWOM is deserving of thorough research. Marketer's today stand before the opportunity of taking control over the eWOM communication channel (Dellarocas, 2003) and many companies have already done so successfully. Given the heightened interest among practitioners to use user reviews in their marketing, the need for a better understanding of how negative eWOM actually affects the consumer has increased. This is especially true for high involvement purchase decisions, such as deciding on a computer, flat screen television (TV) or digital camera, where traditional WOM has shown to have a large influence on the receiver (Beatty & Smith, 1987; Bansal & Voyer, 2000; De Bruyn & Lilien, 2008; Gilly et al., 1998). Given the fact, that consumers accept advice from others in these kinds of decisions, a better understanding of how negative eWOM influences the consumer in this particularly context could have significant consequences for the ongoing marketing efforts of companies. Compounding this need for research is the internet's increasing importance as a medium in the daily lives of consumers. With the increasing interactive usability that is now being observed, it is important to understand how strangers, influence one's pre-purchase behavior.

One specific feature of eWOM is the loose ties between sender and receiver. In addition, companies can post reviews themselves, disguised as satisfied consumers, or ask consumers with strong company affiliation to write a positive review. However one should look then at how readers are affected by the eWOM information when the review can be dishonest or biased. Research has shown that people are aware of that this sort of disguised marketer generated information exists. Therefore consumers, in general, discount the value of positive reviews more than negative reviews and are affected to a greater degree by negative reviews (Chevalier & Mayzlin, 2006). However, Sen & Lerman (2007) found that this negative bias is only prevalent in some product categories. With this in mind, it is acknowledged that it is still unknown to what extent negative reviews can affect the behavior of the consumer, especially when the review is posted on the company website.

Furthermore, although previous research has shown that traditional WOM can influence the receiver's brand attitudes (Herr et al., 1991), brand awareness (Sheth, 1971), attention (Mikkelsen et al., 2003), consideration and intentions (Grewal et al., 2003), as well as expectations (Westbrook, 1987), this has not been applied in a high involvement pre-purchase context, not offline or in an online environment.

An important inconsistency has emerged in the eWOM literature. One has to look at to what extent the available theories regarding offline WOM are applicable in the online environment. Given that companies are starting to take control of the eWOM message, in addition to the ambiguity of the sender, the lack of spoken words, gestures and emotions,

and the one to one personal touch, some researchers argue that we have moved far away from Arndt's definition of WOM posted above, and new theories are called for (Brown et al. 2007; Chatterjee, 2001; De Bruyn & Lilien, 2008). However, other researchers have found that existing theories still hold predictive power in the online environment (Bickart & Schindler, 2001; Godes & Mayzlin, 2004; Gruen et al., 2005; Sen & Lerman, 2007). This leaves us at a position where more research is called for to clarify to what extent the traditional theories are applicable online, and where new theories are needed.

A final criticism of eWOM research has been its extensive use of the individualistic paradigm (Bansal & Voyer, 2000). This individualistic approach isolates people and eWOM from their social environment, removing some complexity, but also some valuable insights. This individualistic approach is also reflected in the quantitative research methods adopted by many eWOM researches. The use of quantitative methods has demonstrated a link between eWOM and purchases (Chevalier & Mayzlin, 2006). However, there is still a lack of understanding of how and why eWOM causes these differences in purchase intent formation. This research will attempt to address this limitation.

In light of the above discussion, the following main research questions could thus be formulated:

*“Which pre-purchase decision factors are most important in a high involvement decision context?”* And secondly, *“How does negative eWOM affect the pre-purchase decision in a high involvement decision context?”*

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### 1.3 PURPOSE

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The main purpose of this research is to uncover the relationship that exists between the formation of purchase intentions and the factors that influence the process of intent formation; a specific focus will be given to discovery of the impacts of negative eWOM within a consumer’s pre purchase high involvement decision context.

An additional purpose is to create a better understanding of what characteristics of eWOM are important in affecting the key pre-purchase decision of the consumer.

Finally, as a peripheral purpose, this study is designed to shed some light at to what extent traditional offline WOM theories can be applied in an online environment.

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### 1.4 INTENDED CONTRIBUTION

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The topic of eWOM is still a rather new and increasingly important concept within the field of marketing and which to a large extent is somewhat unexplored. This study will ideally contribute to the existing research regarding eWOM with original findings through the application of traditional theories in a new context.

From an academic point of view we hope that this thesis will help one understand how negative eWOM affect consumers pre purchase behavior in a high involvement decision context, both in an online and offline environment, and why this is the case. There has been surprisingly little written about the effect of negative eWOM, especially in the high involvement pre-purchase behavioral context both in an offline and online environment (Bansal & Voyer, 2000). Also, by examining the established WOM theories, we will be able to envisage to what extent traditional theories are applicable in this new online context.

Researchers have looked at the reasons why one engages in WOM and how this affects the consumer (receiver), or what are the mediating factors that can affect this relationship. This has resulted in a lack of detailed theories regarding the chain of events (Söderlund & Rosengren, 2007). Although we do not go into the reasons why consumers or companies post or facilitate the posting of reviews, we will look at the relationship between the most common mediating factors and the consequences of negative eWOM in a high involvement decision context.

From a practical point of view, we hope that this thesis will help one to better understand how negative eWOM affects the pre purchase behavior of consumers. This thesis will ideally increase the comprehension of which related factors are necessary in order to facilitate and stimulate the use of reviews in high involvement decision context. Moreover, given that eWOM is becoming a more frequently used marketing tool, we hope that our

research can contribute to a better understanding of the limitations of eWOM, and thus enable companies to make more strategic marketing allocations.

### 1.5 LIMITATIONS

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Within this thesis several limitations occurred, due to the fact that the research topic needed to be brought down to the scope and scale of a master thesis. Firstly this thesis only looks at one type of eWOM, which is user reviews. According to Hennig-Thureau et al. (2004, p.39) eWOM also includes emails, blogs, social networks, chat and forums. We choose to look at reviews, because this has grown most exponentially over the last couple of years (Reigner, 2007).

Secondly the authors will use the purchase of a LCD flat screen TV as an illustration of a high involvement decision. It should be noted that by applying it to the choice of a LCD flat screen TV, we limit the scope of this thesis to high involvement decisions concerning electronic consumer products. Therefore our findings may not be directly applicable towards high involvement services and other types of services. There are of course other kinds of electronic consumer products we could have used to study eWOM in high involvement situations, e.g. choice of digital camera or computer. However, given the fact that a LCD flat screen TV is a product, where consumers spend a great deal time and effort on, before buying one, it seemed to be perfect for a high involvement product, thus choosing a LCD flat screen TV seemed to be an ideal situation to study eWOM.

Thirdly, many researchers have found that the message, either positive or negative, has a large influence on how WOM and eWOM affect the consumer (Chevalier & Mayzlin, 2006; Sen & Lerman, 2007). We have mainly focused on negative reviews as this is interesting from a marketers' perspective.

Fourthly, the participants used in this thesis were all Swedish university students that recently bought or owned a LCD flat screen TV or were planning on buying a flat screen TV in the near future, limiting the scope of the study to Sweden. It should be noted, that this is important as online behavior can differ between countries. This is due to the fact that the internet is adopted at different rates in different countries, and experience will thus affect how the internet and eWOM will be used. Many review sites are in English, which creates linguistic constraints on users with lower English skills. However since Sweden is considered as a an evolved IT country, even if the results are not directly applicable to other markets, it may in fact have some projective value for predicting the role of user reviews in other countries in the future.

A final limitation of this thesis is the reliance upon purchase intent as opposed to actual purchases. This limitation is due in part to financial and practical limitations of observing actual high involvement purchase decisions. Therefore, though the relationship between purchase intent and actual purchases is well documented (Howard & Sheth, 1967) it is not absolute and thus this adds some uncertainty as to how eWOM actually affects physical purchases in a high involvement context.

## 1.6 DISPOSITION

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The rest of this thesis is divided in to five chapters. The next chapter aims to give the reader a better understanding of the current theories regarding WOM, eWOM and by looking at the most relevant findings in order to gain more knowledge. Subsequently, certain consumer decision models will be explained in order to form a basic theoretical foundation. Chapter three deals with the methodology used to carry out the data collection for this thesis. In this section a brief introduction to grounded theory, a review of the approach, design of the study, measures and data collection, together with comments on the reliability and validity will be presented. This section will be useful for readers wishing to replicate the study. The fourth chapter will present, analyze and discuss the results from the obtained observations and interviews. Here the most interesting findings, e.g. codes, categories and concepts will be formed in order to create hypotheses. The thesis will then be concluded in chapter five with a concluding discussion of the results, and implications for marketers and hypotheses will be formulated. A critical review of the paper and suggestions of future studies within this field will also be discussed.

## 1.7 DEFINITIONS

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WOM (Word of Mouth)

“An oral, person-to-person communication between a receiver and a communicator whom the receiver perceives as non-commercial, regarding a brand, a product or a service” (Arndt, 1967, p.3)

#### eWOM (Electronic Word of Mouth)

“Any 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 the Internet” (Henning-Thurau et al., 2004, p. 39)

#### Purchase Intent

Purchase intent is the consumer’s predication of his/her product choice sometime in the future. Given it is only a prediction it includes assumptions about the future. Furthermore, purchase intent has been used extensively to predict durable goods purchases (Howard & Sheth, 1967).

#### High Involvement Purchase Decision

A high involvement purchase decision is a purchase decision that requires the involvement of the consumer. It is characterized by higher costs, more risk, more active consumer search and research prior to purchase, enjoys higher brand loyalty, and lower brand recall. Examples of high involvement purchase decisions are deciding on clinic of surgery, the purchase of a luxury product (Dick & Basu, 1994).

## CHAPTER TWO: CONCEPTUAL FRAMEWORK

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### 2.1 INTRODUCTION

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Consumers in the twenty first century are much more demanding, knowledgeable and more difficult to please than ever. With the growing number of consumers using the internet worldwide, consumers are much more exposed to different information sources than before (Horrigan et al., 2007). With the arrival of online WOM and in particular user review websites, consumers can easily read and access consumers' opinions and experiences. Consumers that search the internet for information regarding a certain product, can easily access information regarding the different product experiences of other consumers. It has thus provided consumers opportunities to offer their own consumption related advice by engaging in eWOM (Hennig-Thurau et al., 2004). There are numerous user review websites to be found on the internet and the majority of these user review websites have various product reviews that have been written typically by anonymous consumers that have bought the reviewed product. In a way, anyone can upload their product review online onto these specific review websites. On one hand a consumer can write a positive experience, positive word of mouth (PWOM), with the reviewed product and on the other hand the consumer can write a negative experience, negative word of mouth (NWOM), with the reviewed product.

In view of the increasing popularity of these user review websites and the amount of negative reviews, it is not surprising that there has been a commensurate rise in both academic interest and business interest. With reference to this research, the literature section covers the basic theory regarding online communication, WOM, eWOM and consumer decisions models in order to understand the context of the research.

## 2.2 CONSUMER DECISION MODEL

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One of the most influential consumer decision models is proposed by Howard & Sheth (1967) and can be found in figure below. The Howard & Sheth (1967) consumer decision model (figure 1) can be broken down into four components that the consumer goes through when conducting a purchase decision. The four components used in the Howard & Sheth (1967) model are; Stimulus Variables (Inputs), Hypothetical Constructs, Response Variables (Outputs) and Exogenous Variables, these will form the basic pillars for the theoretical chapter.

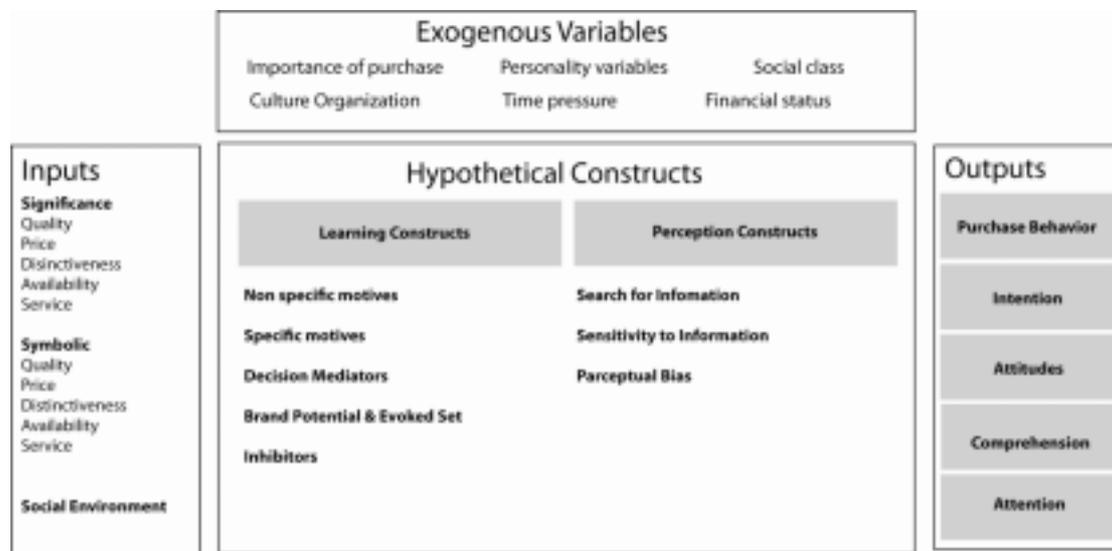


FIGURE 1: MODIFIED VERSION OF THE HOWARD & SHETH MODEL (1967)

The decision to utilize this model is driven by its ability to link information and purchase intent. Howard & Sheth’s (1967) attempt to connect these variables via hypothetical constructs which moderate the flow of information and subsequent purchase intent formation. A second strength of this model is its incorporation of exogenous variables. By making these variables salient they help identify high level variables that may influence purchase intent formation across geographical area and social groups. Though this model has been criticized for its complexity, it is this complexity that adds to its explanatory power (Howard & Sheth, 1967). Having mentioned this, throughout this chapter the authors will attempt to build on the afore mentioned model, by incorporating more recent finding with regards to WOM theory.

By incorporating the Howard & Sheth (1967) model the authors are attempting to provide a holistic view of intent formation and information processing. Consequently some

of the variables discussed may not be of direct relevance to the variables described in the subsequent research methodology and analysis. This elaborated explanation of intent formation is an attempt to position this thesis within the greater field of intent formation, while also acknowledging the complexity and interdependences that cloud intent formation and consumer behavior.

### 2.3 STIMULUS VARIABLES

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One of the central tenets of the Howard & Sheth (1967) model is that internal constructs moderate the flow of information and subsequent purchases. The information inputs into this model are categorized as commercial or social. Given the authors focus on WOM the social aspect of this model is of particular importance. This being said, eWOM tends to blur the line between these constructs, given that eWOM information is to some degree treated as commercial and thus screened to a higher degree than traditional WOM (Senecal & Nantel 2004). Moreover, it is also important to consider that commercial information and branding plays a large role in purchase intent formation. Thus, commercial information needs to be considered when performing studies related to purchase intent formation. Under the Howard & Sheth (1967) model commercial information is broken down into brand information (significance information) and symbolic information. Each of these information mediums are used to convey information, namely; quality, price, distinctiveness availability and service information.

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### 2.3.1 ENVIRONMENTAL INPUT

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Though the model alludes to the fact that environmental inputs plays a role in purchase intent formation, it does little to inform how this information is communicated within the sphere of online consumer to consumer (C2C) interactions. In order to fully understand the concept of online C2C communication, one must first understand the basic theory regarding communication. Communication models can give one insights into what is going on in the world of C2C communication. However no model takes all the possible variables and their relationships to the communication process into consideration (Ling, 2007). The Shannon Weaver (1949) model points out the degree to which a message is received and interpreted as it was intended. It also addresses the role of “noise” that may interfere with the reliability of the message (Appendix 1). However this model does not take interactivity with the receiver into account and Weiner (1986) mentions that giving a reply or feedback to a message constructs a new form of communication through media and interpreted using language (Appendix 2). Dellarocas (2003) points out that one of the most important capabilities of online C2C communication is its bi-directionality and can therefore confirm the new form of communication. A strong focus should thus be on the receiver in the online C2C communication process (Gronroos et al., 2006) and Dellarocas (2003) mentions that the receiver, the consumer in this case, and the feedback is an important factor within an online C2C communication model.

## 2.4 HYPOTHETICAL CONSTRUCTS

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With regard to hypothetical constructs the Howard & Sheth (1967) model takes an integrative approach combining the works of Osgood (1957), Berlynes (1963) and Hull (1943). Using this approach Howard & Sheth (1967) break down hypothetical constructs into two classes, namely those that have to do with learning constructs and those to do with perceptual constructs.

A different model mentioned by Wyer & Srull (1988) can aid in understanding hypothetical constructs and it is referred to as the dual process model. This model focuses on the concept that decisions are made up of conscious and unconscious components. This has implications given that hypothetical constructs are inherently hypothetical and thus undefined and difficult to measure. This model would thus imply that many of the hypothetical constructs influencing decisions are unconsciously doing so and thus it is unfeasible to measure them using traditional interview methods (Wyer & Srull, 1988). This has consequences for this thesis and it is important that these ideas are considered. One example of unconscious influences on judgment is the affect as information model (Martin & Clore, 2001). This model indicates that the atmospheric environment can induce emotions that when misattributed can lead to positive or negative judgments. This unconscious misattribution is central in explaining the role of store atmosphere and purchases. Therefore, the authors have adopted the dual process model as it indicates that information alone cannot account for all the variation present in judgments. A concept that is given further

weight by recent Functional Magnetic Resonance Imaging (*FMRI*) scans showing that the context of judgments has a significant influence on the area of the brain recruited in the decision process (Hubert & Kenningy, 2008). Moreover, decisions associated with brand preference have shown greater degrees of activity in the emotional sectors of the brain indicating that the unconscious may play a larger role in decisions than first realized.

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#### 2.4.1 LEARNING CONSTRUCTS

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As noted above, learning constructs are related to learning, pre-and-post consumption. These constructs are of relevance given the focus of this research on online product information. Learning is therefore of great importance to the study of eWOM because for eWOM to influence purchases some learning must take place.

##### 2.4.1.1 MOTIVES, SPECIFIC AND NON-SPECIFIC

One of the most significant influences of purchase behavior is motivation. Consumers need to have a significant level of motivation to conduct information search and form purchase intent. Motivation provides the impetus for action. Furthermore, these motives can be broken down into specific motives and non-specific motives (Howard & Sheth 1967). Logical specific motives are related to specific attributes of the target product. Where non-specific motives can be seen as higher level needs such as the desire for status and camaraderie. These non-specific motivations can be related to the hierarchy of needs proposed by Maslow (1943) and popularized throughout marketing literature. Though

motivation plays a central role in purchase intent formation an in-depth investigation of motivation is beyond this thesis. Consequently, it will be assumed that consumers have a sufficient level of motivation to begin information search and purchase intent formation.

#### 2.4.1.2 BRAND POTENTIAL OF EVOKED SET

The evoked set refers to a group of brands the consumer brings to mind when forming purchase intent (Narayana & Markin, 1974). This set consists of a group of brands the consumer believes will satisfy their needs. The evoked set is often small in size consisting of fewer brands than are present in the market as a whole. Of these brands one may be deemed to have a higher chance of satisfying his or her needs and thus is the preferred brand. The evoked set is important to purchase intent as it forms a frame of brands that are initially considered. The evoked set is formed through a process of learning and thus is to some degree fluid (Narayana & Markin, 1974). This being mentioned, the greater the brand commitment and knowledge levels the less fluid the evoked set will become, due to a number of perceptual biases (Ahluwalia et al., 2000).

A related concept proposed by Howard & Sheth (1967) is satisfaction. In their model they propose that the process of using a product will lead to satisfaction or dissatisfaction. The level of satisfaction is then incorporated into the evoked set. Because of this integration the authors have incorporated satisfaction as an extension of the evoked set. Howard & Sheth (1967) propose that if a consumer is satisfied this increases the likelihood of repeat

purchases. Though satisfaction is an important ingredient for loyalty formation, recent research indicates that satisfied customers are not always loyal (Reichheld et al., 2000).

#### 2.4.1.3 DECISION MEDIATORS

The third learning construct described by Howard & Sheth (1967) is decision mediators. Decision mediators are the rules set by the consumer to match products and their perceived probability of satisfaction. As in all learning constructs discussed these decision mediators are formed throughout the pre purchase process. Decision mediators can be formed through actual experiences or information. The latter is of particular interest given that eWOM may play a role in forming these mediators. The topic of decision rules is also considered in the work in Bettman (1973). Bettman (1973) proposes that decision rules are imperative to consumer behavior and the lack of such rules increases perceived risk and thus motivates continued information search. One area both researchers agree on is the importance of decision mediators in purchase intent formation (Bettman, 1973; Howard & Sheth, 1967). Moreover, given the complexity of intent formation it may be difficult for marketers to assess and modify variables such as perceptual bias and motivation. Hence, by better understanding decision mediators and their formation is extremely beneficial knowledge for both marketing professionals and academics alike.

#### 2.4.1.4 INHIBITION

Inhibitions are important external inhibitors that disrupt the purchase process. Moreover, a consumer may be brand committed and motivated, but may not choose to

purchase the brand due to financial limitations. Inhibitors are situational and temporally specific and therefore may depart or intensify over time (Howard & Sheth, 1967). It is beyond the scope of this study to undertake a detail investigation of the factors leading to inhibition.

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#### 2.4.2 PERCEPTUAL CONSTRUCTS

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Perceptual constructs influence how information is perceived and interpreted; in this regard they serve to modify the quality and quantity of objective information (Howard & Sheth, 1967). The three constructs described in Howard & Sheth (1967) model are; sensitivity to information, perceptual bias and search for information. It is important to state that these variables do not exist in isolation and the specific context plays a large role in their strength.

##### 2.4.2.1 SENSITIVITY TO INFORMATION

Sensitivity to information is the degree to which consumers are open to new information. In scenarios of high brand commitment consumers have been shown to be less open to new stimuli (Leuthesser et al., 1995). On the other hand, if a consumer is actively seeking information then the sensitivity increases (Zhang & Watts, 2008). One interesting addition to this research stream is the influence of knowledge type on information search. Moreover, one approach for understanding knowledge is to break it down into objective and

subjective knowledge. The latter is the amount of perceived knowledge the consumer has. When subjective knowledge is high the degree of information search and sensitivity decreases even though the consumer may lack objective knowledge (Duhan et al, 1997). When looking at objective knowledge the reverse is true. Those consumers with a medium level of objective knowledge often more spend more time searching and are more open than those with little or no objective knowledge.

#### 2.4.2.2 PERCEPTUAL BIAS

Perceptual bias is related to the idea that not only consumers selectively choose inputs but also distort them. A high perceptual bias is associated with high brand commitment (Ahluwalia et al., 2000). In the research of Ahluwalia et al. (2000) consumers were exposed to negative brand publicity. The consumers that showed high brand commitment would often counter argue negative information and thus discredit it, although this was not the case for low brand committed consumers. In another interesting study Glazer (1984) found that it is possible to map perceptual bias and thus preference, through mapping information input and subsequent purchase decisions. Glazer (1984) also found these perception biases are weighted towards the extremes, e.g. very positive or negative. This being mentioned, the accessibility diagnosticity model, which will be discussed further in this chapter, gives an alternative explanation for these results.

#### 2.4.2.3 INFORMATION SEARCH

The final perceptual construct is search for information. This is when consumers actively search for information. This stage is of particular importance in understanding eWOM given it is often actively searched for. In the model proposed by Howard & Sheth (1967) they suggest that most information search occurs initially, when extensive search is being conducted. It should be noted that given our study's focus on high involvement scenarios, the extensive search pattern is going to be predominate. Since the publishing of the Howard & Sheth (1967) model the field of information search has continued to develop. Therefore, the aspect of ongoing search is not incorporated by Howard & Sheth (1967). Ongoing search relates to information search outside a specific purchase context (Bloch et al., 1986). The practice of ongoing search can also be related to search involvement. Search involvement relates to the practice of being highly involved in the process of searching. This may be product specific and related to the intrinsic satisfaction of performing search (Bloch et al., 1986). This ongoing search can also form the basis for a subsequent purchase related search.

#### 2.4.2.4 SOURCE CREDIBILITY

Though not mentioned in the Howard & Sheth (1967) model, the source of WOM may also influence its role in purchase intent formation due to perceptual constructs. Because of this both source credibility and source of information are explored. In the offline WOM literature, source credibility has been referred to as to what extent the statement of a person is considered trustworthy in the specific context, e.g. to what extent the communicator has

the appropriate knowledge and competence or reporting impartialness (Eagly et al., 1978). A WOM source is considered to be credible if the reviewer's opinions are based on external attribution related information, and not on internal subjective reviewer related reasons (Eagly et al., 1978). Thus, a source would be considered more credible if the source holds the right expertise and is unbiased, i.e. have no strong affiliation to the company, or any reasons or incentives to embroider their experiences (Buda & Zhang, 2000). If the information is not considered to be credible it will be discounted and consequently lose its persuasiveness (Kelly, 1967).

#### 2.4.2.5 SOURCE OF INFORMATION

Brown et al. (2007) argue in their qualitative study that internet users use alternatives to compensate for the difficulty to attribute certain characteristics to the reviewer. In other words, people use the alternatives on the actual website, to make inferences about the attribution characteristics. In addition, it has been shown that the stronger the company affiliation, the more bias the source will be perceived (Sniezek et al., 2004). Company values are important when it comes to the consumer's perception of a certain brand. It can be closely interrelated with the company affiliation. As Brown et al. (2007) points out, the way a consumer can perceive the company can reflect upon the way the consumer can relate that to the company's products. Companies seeking to enhance or differentiate offerings typically do so by increasing the product lines available, thereby creating a large variety for

consumers (Rust, Thompson, & Hamilton, 2006; Kahn & Wansink, 2004; Kahn & Morales, 2001).

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#### 2.4.3 ACCESSIBILITY DIAGNOSTICITY MODEL

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One model that can aid in understanding both the learning and perceptual constructs is the accessibility diagnosticity model by Menon et al. (1995). The accessibility diagnosticity model has been popularized in WOM literature due to its explanatory power of why a specific WOM message is more influential than others (Herr et al., 1991; East, Hammond & Wright 2007). The accessibility diagnosticity model to some degree bridges the space between conscious and unconscious information processing. This model proposes that information that is cognitively easily accessed will have more effect on the decision process than non-accessible information (Menon et al., 1995). It also proposes that for this information to be useful it has to be diagnostic. The diagnosticity of information refers to its ability to categorize products or objects, be it positive or negative. Therefore, information that is ambiguous or allows multiple categorization is utilized less in the decision process. This theory has ramifications for WOM. Specifically, it proposes that for WOM to be effective it has to be accessible and diagnostic. The latter condition indicates that polarizing opinions may be of more value given they are more effective at categorizing the product either positively or negatively (Skowronski & Carlston, 1987). It should also be highlighted that as accessible information is added the relative accessibility of previous information is reduced.

#### 2.4.3.1 MESSAGE ACCESSIBILITY

A number of researchers have examined how the accessibility of a message can be improved (Schwarz, 2004). Herr et al. (1991) found that the more vivid the message the more accessible the information becomes. Their research focused specifically on comparing face-to-face WOM to written WOM. Their results indicated that face-to-face WOM is more effective in altering decisions given it is more vivid and therefore more accessible. These results would indicate that face-to-face WOM will remain important, but also indicate that the way eWOM information is conveyed may mediate its role in the decision making process. Moreover, the more interesting and charismatic the writer the greater effect it may have on the decision processes of others. These findings have interesting parallels to how charismatic salespeople often outperform the less charismatic. Another factor influencing accessibility is the processing fluency. Processing fluency can be defined as the ease to which new information can be processed and interpreted. The most researched influencer of processor fluency is familiarity (Schwarz, 2004). The more familiar a stimulus the more easily it is processed. This familiarity is also associated with higher levels of positive emotions. In addition to these finding Schwarz (2004) has also found the ease or reading a color choice also has an impact on judgments.

#### 2.4.3.2 PRIOR KNOWLEDGE

It should be stated that the effect of WOM is determined by the extent of prior knowledge. In general, consumers tend to trust their own judgments more than those of others. In the experiment of Herr et al. (1991) it was also shown that the effect of PWOM is also mediated by the availability of negative WOM (NWOM). This is theorized due to the higher diagnosticity of negative information. The higher diagnosticity of negative information is based on the central assumption that most consumers have positive impressions of products (Skowronski & Carlston, 1987). This is also further extended to the point that negative attributes are often reserved for extremely low quality products. Consequently, the vast majority of products are assessed as degrees of average and good. Therefore, for these reasons NWOM is often perceived as more diagnostic. Another reason for the perceived importance is the role of negative information as a deal breaker. A car for instance may be perceived as good overall, but the lack of good breaks may seriously jeopardize the likelihood of purchase.

Subsequently, information accessibility effects will be reduced when more diagnostic information, such as prior impressions or extremely negative attribute information, is available. The importance of negative information has also been shown to be moderated by consumers' previous knowledge. PWOM has also been shown to be more influential when consumers have a high brand commitment (Ahluwalia et al., 2000). The relevance of the accessibility diagnosticity model has also been called in to question in regards to low involvement decisions (Menon & Greeta, 2003). Menon & Greeta (2003) postulate that in a

low involvement situation the cognitive effort of assessing the diagnosticity of information is too great and therefore mere accessibility is the sole director of judgments. Given the authors choice of a high involvement product category this model could thus be less applicable. However it may have some affect if the cognitive processing of the consumer is impaired.

## 2.5 RESPONSE VARIABLES

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Under the Howard & Sheth (1967) model response variables are viewed as the output stimulus variables moderated through hypothetical constructs. One of the major strengths of this model is its attempt to approximate these variables and constructs to purchase intent formation. Under this model purchase behavior is the final step pre-empted by; purchase intention, attitudes, comprehension and attention. Both comprehension and attitudes with reference to WOM are addressed in more detail below.

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### 2.5.1 BRAND COMPREHENSION

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Brand interest is conceptually similar to brand comprehension and is defined as;

*"The base level of approachability, inquisitiveness, openness, or curiosity an individual has about a brand." (Machleit et al., 1993, p. 73)*

It has been shown in the literature, that interest in the brand is as important as positive attitudes leading up to purchase intentions (Deogun and Beatty, 1998). An interest in a

specific brand enables the company to stand apart from other homogenous services or goods.

De Bruyn & Lilien (2008) define interest as a part of a chain leading up to a purchase decision or purchase intent. They argue that after becoming aware of the product, interest needs to be developed where the potential customer decides to learn more about the product. In high involvement categories, this interest stage ought to be particularly important as it can be seen as a critical stage where the consumer decides to engage in further search for more information regarding the specific offer or not.

De Bruyn & Lilien (2008) found that eWOM has the potential to awake brand interest in form of unsolicited emails. In addition, Doh et al. (2009) found that negative eWOM creates higher interest than positive eWOM generated information when eWOM is considered evaluating eWOM messages.

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## 2.5.2 BRAND ATTITUDE AND INFORMATION ATTITUDE

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Kotler (2008) defines attitude as;

*“A person’s consistently favorable or unfavorable evaluations, feelings, and tendencies towards and object or idea.”*

More specifically, brand attitude is a consumer’s overall attitude towards the brand (Keller, 1993). Research has shown that a favorable attitude towards a good is one of the more

important preconditions influencing purchase and consumption intentions (Blackwell et al. 2005), and more specifically, brand attitude will have the potential to influence future consumer behavior when deciding between two homogeneous products or services (Keller, 1993).

Both Day (1971) and Herr et al. (1991) found that traditional WOM has the potential to affect attitudes. Day (1971) showed that this is primarily due to the source reliability and the flexibility of interpersonal communication. Day (1971) also showed that WOM was substantially more effective compared to advertising to convert neutral attitudes into positive attitudes (Buttle, 1998).

Related to, brand attitude, research has shown that attitude towards the presented information (ad attitude or information attitude) at the time of exposure can mediate the effect on brand attitude (Brown & Stayman, 1992). It has been shown that ad attitude is not only relevant for low involvement and low skill consumers but also high involvement purchase categories as well as for high knowledge consumer segments (Gardner, 1985), and a favorable attitude towards the information will positively affect brand attitude. According to Bickart & Schindler (2001), and Mangold (1987) eWOM and WOM is considered more empathic and relevant to the consumer, which implies that compared to negative eWOM generated information, positive eWOM will evoke stronger attitudes. For the purpose of this thesis we will call this information attitude.

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## 2.6 EXOGENOUS VARIABLES

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### 2.6.1 SOCIAL ENVIRONMENT

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The final set of variables proposed by Howard & Sheth (1967) is exogenous variables. This is a diverse set of variables that by definition are derived from the external environment, but over time are internalized and thus have a role in consumer intent formation (Howard & Sheth, 1967). Additionally, during the process of internalization these variables become closely associated with hypothetical constructs and unconsciously frame purchase decisions. Given the diversity of constructs described in the Howard & Sheth (1967) model it is beyond the scope of this study to discuss them individually. Therefore, the authors will attempt to address the majority of the variables and their interaction with perceived purchase importance and perceived risk. These two variables are of significant interest given that they have both been shown to influence purchase intent formation (Hugstad et al. 1987; Taylor, 1974; Celsi & Olson, 1988).

One of the variables discussed by Howard & Sheth (1967) is the importance of purchase. This concept of importance can be related to purchase involvement. Moreover, in the work of Celsi & Olson (1988) involvement has been described as perceived personal relevance. A product is deemed personally relevant if it is instrumental to achieving personal goals. This concept can be elaborated in the light of Belk's (1988) findings and the concept of extended self. This theory postulates that objects are used to define our personality or

concept of self and thus become extremely relevant. To gain a better understanding of purchase involvement Celsi & Olson (1988) break involvement down into situational involvement and enduring involvement. The latter is of particular interest given enduring involvement remains relatively constant overtime and thus may have some impact on information processing. This conclusion is supported by the findings of Celsi & Olson (1988). In their research it was found that both situational involvement and enduring involvement lead to higher attention rates to related stimuli. Referring back to the Howard & Sheth (1967) model attention can be related to sensitivity to information. In light of these findings it is possible to view involvement as a source of motivation, motivating the consumer to spend a greater amount of time and effort conducting information search (Celsi & Olson 1988).

These initial findings in regard to high involvement purchases have also been extended when examining WOM. It has been shown that self relevant products tend to enlist more WOM than utilitarian products (Chung & Drake, 2006). In a related study from Hogg, et al. (2009) this researcher attempted to examine why the majority of WOM produced was positive. Hogg et al. (2009) attributed this positive bias to the concept of symbolic consumption and the idea the consumption activities are associated with status. Furthermore, through constructing dialogue concerning self-relevant products, consumers can increase their status (Hogg et al. 2009). Though not discussed by this researcher the use of dialog to convey status has many similarities to the concepts discussed by Holt (1998), when differentiating high and low cultural capital consumption. The role of social class in

shaping purchase decisions is also addressed in the Howard & Sheth (1967) model. These correlations would indicate that there might be significant differences in the content of WOM depending on social class (Holt, 1998), due to differences in self relevance across product categories. Hence, the products that signify high class in one social group may differ greatly to those of another social group and thus different levels of motivation can be expected. The initial findings of Hugstad et al. (1987) indicate that social class does play a role in information search, but other factors such as perceived risk play a more dominant role.

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### 2.6.2 RISK AND INVOLVEMENT

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Though, not elaborated on within the Howard & Sheth (1967) model there is a close association between involvement and the concept of purchase risk (Bettman, 1973). In the study of Bettman (1973) it was found that the importance of purchase is one of the central components of risk. The concept of risk was first described by Bauer (1960). Bauer (1960) proposes that consumer construct decision strategies to enable them to purchase products, when they may lack specific information and the outcomes of their actions may be dramatic (Woodside et al. 1967). A different perspective is presented by Taylor (1974), this researcher views risk as uncertainty and thus uses the terms interchangeable. Taylor (1974) also extends the notion to encompass all choices and thus perceives risk as a fundamental aspect of life in a free society. What is more, the basis of a free society is choice which to some degree involves uncertainty and thus risk. The motivation to avoid and manage risk comes through its connection to anxiety. Moreover, anxiety as described by Fisher (1970) creates tensions

that are “intolerable, or at, least un-pleasurable” and thus serve as a motivation to reduce risk. Though the anxiety may be felt in the same way under differing conditions the cause of the anxiety differs. Taylor (1974) proposes that any purchase consists of uncertainty about the outcome and uncertainty about the consequences of a purchase. This concept furthers the understanding of risk, but a more functional approach to break down risk into different types namely; economic (utilitarian) and social risk (psychological) (Woodside et al., 1967). Economic risk is concerned predominantly with the possibility of monetary losses involved in a purchase. Social risk deals with the social uncertainty that may be incorporated into a purchase. These social risks range from losing face with friends to being unable to justify a specific purchase (Woodside et al. 1967). In light of these findings it could be assumed that if a product is highly relevant in regards to social positioning it also becomes socially risky. In this scenario of high risk high involvement a greater effort towards search can be expected (Celsi & Jerry, 1988, Taylor, 1974).

Given that risk is inherent in most purchases there has been substantial research on how consumers perceive and reduce risk (Celsi & Olson 1988; Taylor, 1974; Bettman, 1973; Pras et al., 1978). Of these researchers, Bettman (1973) makes the most concise attempt to identify the factors that make a purchase scenario risky, specifically; variance in product quality and the number of brands which fall with acceptable quality levels. The last variable can be related to the evoked set of the consumer and thereby the larger the evoked set the less perceived risk. In this regard brands serve as a risk reducer, a perspective encompassed

by the brand as a covenant definition popularized by Kapferer (2008). It is interesting to consider that the larger the evoked set may reduce the total perceived risk but lead to longer processing times given a greater selection of alternatives. Thus, purchase formation may be extended even though the overall risks are reduced.

Another variable discussed by Bettman (1973) is the perceived ability to form a relevant decision rule. Though this is related to the amount of information available to the consumer it has also been shown that it depends on the personality of the consumer. What is more, some consumers tend to perceive more risk than others (Arndt, 1967). In the original model proposed by Taylor (1974) this researcher incorporates the concept of self-esteem as our method for accounting for this variable. The interaction between self-esteem (personality) and intent formation is also theorized in the Howard & Sheth (1967) model through their incorporation of personality under the category of exogenous variables. Its inclusion hints at the importance of personality in moderating the flow of information and the formation of purchase intent. This influence of personality on information adoption has been shown to exist online in recent studies (Mowen et al., 2006). In their study Mowen et al. (2006) demonstrated a link between susceptibility to normative information and eWOM opinion adoption. Normative information is related to social norms and is often desired when making decisions in a high social risk scenario (Duhan et al., 1997). Therefore, by examining these findings it is possible to theorize that personality interacts with perceived

risk and thus influences intent formation and information search. Therefore, reminiscent of involvement, risk acts as a motivator.

Given risks role as a motivator it is not surprising it motivates specific types of information search behaviors. Though the type of information differs depending of the type of risk experienced (Duhan et al., 1997) the overall search strategies tend to remain reasonably constant (Hugstad, Taylor & Bruce). One of the most highly recognized strategies in risk reduction is the elicitation of subjective information (Arndt, 1967; Taylor, 1974). Moreover, the greater the perceived risk the more information sources that are used (Hagstand et al., 1987).

One of the predominate sources used when encountering risk is WOM. Thus, WOM has shown to be important in a range of risky purchase decisions for example innovation adoption (Pras & Summers, 1967), durable goods (Epstein & Zin, 1991), and service encounters (Wangenheim & Bayon, 2004). Consequently the concept of risk is of particular importance for high risk decisions, i.e. choosing a digital camera, flat screen TV or computer. The choice of for instance a new flat screen TV is of considerable risk and is often of high involvement character, and a consumer will most likely have very little experience to base a decision on. More elaborately, when a consumer decides on what to buy and where to buy their TV, they stand before a decision that (1) costs a large sum of money. (2) requires the consumers involvement for many years, (3) since most consumers only go through a small amount of TV's in their life, they will likely have little experience or internal

information to base their decision on. Therefore, this type of decision can be qualified as a high risk decision where external information sources are called for, and where advice, opinions, and experiences from others are expected to be among the primary sources of information (Taylor, 1974).

## CHAPTER THREE: METHODOLOGY

### 3.1 INTRODUCTION

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The purpose of this research design is to uncover the relationship that exists between the formation of purchase intentions and the factors that influence the process of intent formation; a specific focus will be given to discovering the impacts of negative eWOM. In order to construct a research design that would allow the development of theoretical concepts that could be used to explore the connection between intent formation and exposure to negative eWOM it was determined that an inductive method should be developed.

As Patton (1980) mentions inductive method allows for the discovery of theory through a process of direct observation and recording of qualitative data that is then systematically analyzed in search of emergent patterns and themes that are then categorized to serve as the foundation for theory development. This process of induction allows

researchers to directly observe and experience events, actions, and subjects in a naturally occurring setting; this leads to theory development that is the result of directly observed phenomena. The purpose of induction is to develop theories through exploratory methods by allowing theories to be revealed and developed based on events that are witnessed and encountered in reality as opposed to deduction, which relies on development and testing of hypotheses derived from prior theoretical constructs (Bryman & Bell, 2002).

### 3.2 GROUNDED THEORY

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Grounded theory is a form of inductive research that focuses on the use of qualitative research methods to develop theories of socio-cultural behavior based on the researchers' ability to find theories based on data provided through qualitative research (Glaser & Strauss, 1967). Grounded theory allows for researchers to make use of any form of qualitative research method; however observation and long interviews are most often used as these methods allow researchers to elicit the largest amount of data possible. In order to develop theories through the use of grounded theory it is necessary to gain a great deal of information that offers an in depth account for the participants decisions, ideas, and behaviors (Glaser and Strauss, 1967). The goal is to use systematic analysis of the gathered data to create a coding system that represents the participants expressed ideas and behaviors (Smith et al., 1995).

An essential part of theory development through grounded theory is the systematic review of the data gathered at the conclusion of each participant observation or interview; the responses or observations are transcribed and then reviewed for the purpose of identifying patterns, commonalities in ideas and thoughts expressed that are used to create categories that serve to group information (Morse & Field, 1995). These categories serve as the foundation for theory development; each category represents only a small part of the theory and through linkages relationships form between categories and theory can be generated (Glasser & Strauss, 1967). It is essential for theory development using grounded theory that the categories developed are well developed and fully accounted for. To ensure that the creation of categories is accurate and fully developed it is necessary that coding and categorization remains continuous, systematic, and reflexive (Smith et al., 1995). Thus once the initial interview is completed analysis of interview contents is completed immediately prior to undertaking any further interviews; once initial coding has been completed it becomes possible to proceed with further interviews (Smith et al., 1995). During the coding of subsequent interviews the categories and codes developed in prior analysis are used to categorize and code the new information; the goal is to establish patterns of responses that become consistent and redundant despite the probability of increased variation expected with increasing number of participants (Glasser, 1992). Once this level of consistency in data is achieved it becomes possible to develop a theory that is soundly grounded in observed and proven through empirical research. The probability of achieving absolute homogeneity

in responses and thus establishing theory that is proven irrefutable is unlikely however grounded theory serves to create empirically based theories that are then available for hypothesis testing through the use of quantitative methods.

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### 3.3 PRE-STUDY

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Although Glaser and Strauss (1967) collaborated to develop the initial foundations for grounded theory they have since terminated researching together and expressed separate philosophical views regarding the operation of conducting research using grounded theory. The fundamental differences expressed by these two researchers have been the amount of involvement and prior knowledge researchers should include when conducting grounded theory research. The positivist view as expressed by Glaser (1987) suggests that grounded theory can only be effective if researchers remain passive observers and that only through passive observation does it become possible to experience emergent theories which are formulated from observed, this is the underlying principle of grounded theory (Glaser, 1987). A second postulate proposed in the positivist view is the amount of information and knowledge that researchers have prior to undertaking research. True positivists believe that researchers should have no knowledge prior to conducting research; only when researchers have a completely unbiased and unaware prior conception can the process of grounded theory provide for accurate and unbiased theory discovery (Glaser, 1987). However this view has taken on a great deal of criticism specifically with regards to the inclusion of prior knowledge; authors argue that to achieve suspended awareness is simply not possible, there

will always remain a level of prior knowledge or experience that will impact the way in which research is conducted and conclusions are drawn (Bulmer, 1979).

The constructionist view of grounded theory states that researchers should include a level of active involvement in conducting research and establishing theories and that through the use of prior knowledge the process of conducting grounded theory research becomes more effective and efficient (Strauss & Corbin, 1990). Sensitizing concepts are the researcher's prior knowledge and ideas that are established by completing base level research to become familiar with the underlying concepts and theories of an area of interest prior to the conducting of research (Bowen, 2006). Researchers use sensitizing concepts to establish research objectives, research design, create a focused aim or area of interest for which to study, and aid in the interpretation of data (Charmaz, 2006). The purpose of sensitizing concepts is to serve as a guide for conducting and completing research using grounded theory, however this prior knowledge should not be incorporated into the construction of theories nor should researchers use this knowledge to form preconceived hypotheses or result expectations (Blumer, 1954). Sensitizing concepts thus serve as a starting point allowing researchers to begin at a particular point of interest with a basic level of understanding as opposed to the positivist view which suggests that researchers must begin with no prior starting point and only through observations and continuous review of findings can basic understanding evolve.

For the purpose of this research it has been determined that the constructionist view should be undertaken and thus the use of primary research was undertaken in order to formulate a more concise purpose and field of study. The choice of constructionist view served to focus the field of study, provide the authors with some general knowledge in order to identify a research topic that offered an opportunity for exploratory research, and also to aid in the creation of an effective research design. Through the use of the constructionist view of grounded theory it became possible to reduce the amount of time required to complete this research project as well as allowed for insight to be gained into potential research areas and the best possibility of arriving at theoretical contributions to the topic of eWOM.

Source material was obtained mainly from the review of textbooks and academic articles and journals obtained through online databases such as ELIN, ABI, JSTOR, and Business Source Complete. The researchers took a great deal of care when completing research to focus on macro level topics that would aid in gaining an understanding of underlying concepts and theories relating to communication models, WOM, eWOM, and consumer behavior models. It was necessary to complete a review of these sources in order to clarify the aim, purpose, and research design however the amount and focus of the research was broad and done with the intent to gain exposure and base knowledge in order to aid in the completion but not interfere or bias the proceeding research or influence the results.

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### 3.4 RESEARCH DESIGN

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#### 3.4.1 SCENARIO ANALYSIS

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The research design that was used in the completion of this thesis was the use of scenario analysis. It was determined that the use of grounded theory would be used in order to complete the research and allow for theory development. The principles of grounded theory state that the research should be completed in an ethnographic manner, meaning that observations and interviews should be a reflection of reality or true events as they occur naturally (Glaser & Strauss, 1967). However, the area of interest for this particular thesis was the purchase intent formation for home electronics, specifically the purchase of a new LCD flat screen television. In order to create an opportunity for true grounded theory to occur it would have been necessary to involve respondents who were at the beginning stage, search and alternative evaluation, of a purchase decision dealing with LCD flat screen televisions.

The opportunity to identify a sample that would fit the criteria proved difficult, only few participants were available that had no prior knowledge, preconceived purchase intentions, or recent purchase of a LCD flat screen television (within two years). Furthermore the time constraints of this thesis made the possibility of direct observation difficult as in some cases the amount of time between initial search and actual purchase can range from two weeks to six months. In order to ensure that the research could be completed in a timely and representative fashion it was determined that scenario analysis should be applied in

completing research. Scenario analysis involves exposing participants to a real life situation within a controlled environment (Hsiaj et al., 1994). This allows researchers to create situations similar to those expected to occur in reality and thus serve as representative of naturally occurring events. As researchers a great deal of effort was taken to attain a scenario that closely matched the events expected in reality while making slight efforts to ensure that the experienced events were conducive to the research being conducted. In this fashion it became possible to remain accurate and consistent with naturally occurring events by limiting the amount of impact and control aspects to get a better representation of reality. However some minor variable manipulation was necessary to achieve desirable results with regards to the area of theoretical interest, mainly the introduction of some company value based information within a specific user review that would be posted on the user review website (Appendix 4).

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### 3.4.2 PARTICIPANTS

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For the purpose of this thesis a convenience sample was used to obtain the necessary participants. A convenience sample can be referred to as a non-probability sample that uses subjects that are easily accessible and available for the completion of primary research (Bryman & Bell, p.198, 2002). The use of convenience samples is not ideal as in most cases does not serve to accurately represent the total population, however this type of sample is often used when time and cost are limiting factors in research completion (Bryman & Bell, p.200, 2002). In this case a convenience sample was thus used due to the pressing time

constraints. Researchers have attempted to reduce bias in a manner consistent with theory, through the use of participants that are of only one nationality it becomes possible to reduce cultural variability and potential related bias (Bryman & Bell, 2002). The convenience used for this thesis sample consisted of Swedish males, ranging from 22 to 26 years old, and were all primarily in their undergraduate years. The rationale for choosing this segment was that according to Markham et al. (2006) males ranging 18 to 29 years, dominantly spend the most time online visiting e-shops and searching for information regarding high involvement products.

The total number of samples used for the data gathering sessions that occurred for the purpose of this thesis was six. Data gathering sessions were limited to six sessions for an important reason which can be related back to the grounded theory. The caveats of grounded theory states that the process of data collection continues until convergence in data occurs and that the categorization process ceases to reveal new and distinct concepts and categories (Glaser & Strauss, 1967). After the completion of six data gathering sessions and coding completion, the developed categories and concepts were well established, well supported, and data sessions proved to add no information that had been previously unmentioned or unaccounted for. Thus according to the caveats of grounded theory the data collection process was justifiably halted at six data collection periods.

Sampling using grounded theory is often very different from that of other qualitative and quantitative research methods (Charmaz, p.110, 2006). Theoretical sampling is the use

sampling techniques where individuals are selected as participants not based on an effort to represent the total population but to represent a portion of the population that share certain characteristics or qualities (Strauss & Corbin, 1990). The goal is thus to generate samples that are accurately linked to the type of study or aim the authors are trying to achieve. An attempt has been made to include a degree of theoretical sampling by conducting informal interviews prior to post interview settings asking participants about their internet usage. Participants are asked if they use the internet frequently and if they have used the internet in the past to search for product comparison information. Participants that answered no to the above two questions were dismissed from further participation. This ensures that participants included in the sample share in common behavioral characteristics (Bryman & Bell, 2002). Furthermore participants were asked about their amount of knowledge, interest, and past purchase experience regarding a LCD flat screen television. These factors were included in an attempt to satisfy the criteria of theoretical sampling and were applied to the convenience sample to create a greater degree of accuracy in completion of research founded in grounded theory (Glaser 1978).

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### 3.4.3 PHASE ONE: PRE-SEMI STRUCTURED INTERVIEW

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The main goal of the interviews was to gain an in depth understanding of the consumers' reasoning when exposed to different forms of qualitative data regarding product attributes and values attributes, impact of negative eWOM against positive eWOM. Factors that may serve to discount encountered information (brand preference, prior knowledge and

prior experience), formation of purchase criteria, search motivation and online behavior, and other factors considered in relation to the aim of this thesis. Through the course of interviews it became possible to gain an increased depth of knowledge of how information was used and the steps taken to form purchase intentions.

The initial phase of each session included a brief semi-structured interview with the participant that consisted of questions relating to the participant's online search behavior and attitude. A semi-structured interview was selected because it ensured a level of consistency in the pre-interview, serving as a control and anchoring the discussion topics, ideas, and themes to be discussed in the initial interview (Rapley, 2001). The use of pre-generated questions was also appropriate in this phase as the purpose of the questions was to gain specific confirmation information that was used to qualify the participants intended behavior and ensure that the remaining portions of the interview might serve as an accurate description of participants' intended search motivations and behaviors. Lastly, semi-structured interviews were used to establish a professional interview setting, establish the pace for the interview, and create an atmosphere conducive to participant-researcher trust formation (Bryman & Bell, 2002). The researchers involved in this thesis had limited prior experience in conducting long interviews and inductive research and thus this initial portion of semi-structured interview was used to create consistency and confidence for researchers by alleviating inconsistencies and in order to control the pace and tone of the interview (Bryman & Bell, 2002).

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#### 3.4.4 PHASE TWO: PRE-NON PARTICIPANT OBSERVATION

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The use of non-participant observation was initiated in the second phase for several reasons. First of all to ensure the opportunity for participant observation during online search sessions and C2C information review that would be similar to naturally occurring events and thus creating an environment for grounded theory to be established. Secondly, the use of observation made it possible to directly observe online behaviors including different methods, uses, and strategies that participants would enable in order to gain information relevant to the search and evaluation of alternatives in order to formulate their purchase intentions (Johnson et al. 2004). To establish how participants were using the internet to gain information attention was focused on what served as primary sources of information; the use of manufacturer websites, C2C communications facilitated by user review pages and online forums.

Through observation of the participants' online behavior it will become possible to identify specific patterns of behavior and monitor for consistency amongst participants actions. According to Bryman & Bell (2002) non participant observations makes it easier for researchers to directly experience and categorize the behaviors of participants and allows for an increased understanding of the participants true actions and the sequential order of events in greater detail than can be provided through surveys where participants may leave out or negate key pieces of information regarding their true habits. Thus it becomes necessary to observe the online behavior of individuals in order to create categorizations of

behaviors that can be used to elicit theory development. The authors took on a complete observer role during the observation phase of data collection in order to remain unbiased and allow participants to make use of the internet in a way consistent with their naturally occurring online behavior (Bryman & Bell, 2002). Lastly, the used observation was utilized to enhance discussions during the interview process. Similar to methods, such as photo elicitation, the use of online observation will be used to develop an in depth conversation relating to how and why participants acted as they did; methods of this nature create stronger forces of recall and thus provide greater depth of information during the interview (Bryman & Bell, 2002).

The non-participant observation phase was split into two distinct parts. The initial portion of phase two was strictly observational where participants were presented a scenario where they would be completing their first initial search for information if they were to consider the purchase of a LCD flat screen television. This allowed the authors to observe the search patterns and methods of search used by participants to gain initial information and establish criteria. This portion was free of any further instruction other than the scenario presentation and was completed in order to gain further understanding of the types of sites that might be considered, brand preferences and information sought. This portion was limited to fifteen minutes of non-participant observation in order to control the amount of time dedicated to this particular area of interest as the aim of this thesis is not focused on online search behaviors and patterns, but requires the establishment of these concepts in

order to gain a better understanding of consumers' preferences for information search in order to determine if online C2C communications becomes an important part of the intention formation process with a particular importance place on negative eWOM as source of influence.

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### 3.4.5 PHASE TWO: MAIN NON PARTICIPANT OBSERVATION

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The second portion of the non-participant observation phase was an exposure to a website specifically selected for the purpose of this thesis (Appendix 5). The website was an actual user review website found online that contained consumer reviews of multiple television brands and models in many different price and quality ranges (Appendix 6). The purpose of this phase was to expose participants to a scenario where it was necessary to formulate a purchase intention using information gained through consultation of C2C communications as posted on a user review site. This was proven to be consistent with the actual or planned search methods and behaviors as was established to be an accurate description of the process undertaken by individuals through semi structured interview and prior non-participant observation.

Participants were given a list of six prior selected brands and models that they were asked to review and make a purchase decision based on this information. Six models and brands were selected to limit and standardize the observation (Hitt, 2008). When choosing the six models and brands the authors attempted to neutralize the impacts of technical

specifications, size, and price in order to create a controlled scenario and establish the best way to test the impacts of negative eWOM (some variation occurred in these aspects but overall an attempt was made to create consistency and limit potential deviations resulting from factors unrelated to eWOM). Furthermore, when creating the list of six alternatives it was determined that a mix of known brands and unknown brands would be used (Appendix 4). The purpose of this endeavor was to measure the ability of a brand to offset negative eWOM and to establish how participants may deal with information differently based on prior knowledge of brands. Participants were able to navigate the different review pages and reviews in an uncontrolled and uninstructed manner in order to gain an accurate and in depth account of their preferences, actions, and interests.

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#### 3.4.6 PHASE TWO: OBSERVATION MONITORING

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In order to monitor, record, and analyze the movements and navigation of participants during both phases of observation a laptop with a computer program named “CamStudio” was used to record on screen events as they occurred. Participants were given a set amount of time, fifteen to thirty minutes to seek all information they felt necessary in order to make a purchase decision. After the completion of this navigation, the recorded on screen events were briefly explored and after this the participants were asked follow up questions regarding their navigation behavior and why they acted as they did when reviewing information (seeking for greater amounts of information regarding certain models, spending more or less time on certain reviews, general inferences gained from review material). The

purpose of this phase was to review how participants might navigate, search for, and use C2C information in order to formulate purchase decisions. Specific attention was given to the amount of time and effort spent reviewing negative eWOM versus positive eWOM. This difference became very important and one of the central topics of discussion in the third phase of the data gathering process. This phase of main observation proved to be critical in terms of eliciting information during the post interview stage, because it allowed participants the opportunity to directly interact with the C2C data and user reviews as they normally would. The authors then used these recorded observations to navigate discussions and generate interview questions relevant to explaining the participants' actions and reasoning during search and evaluation of information stages.

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#### 3.4.7 PHASE THREE: POST SEMI STRUCTURED LONG INTERVIEW

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The third phase of data collection process was a post interview used to gain information regarding the exposure to C2C information and its usage in terms of influencing and reasoning for the pre-purchase decision indicated. The authors intentionally choose to go for a semi-structured long interview with the participants, because this would be the best way to elicit the greatest amount of information for the purposes of gaining insight and understanding into the reasoning associated with the formation of given purchase intentions (Meyers et al., 2007). Consideration was given to the use of different interview techniques including structured, semi-structured and unstructured interviews (Bryman & Bell, 2002). However structured and unstructured methods had disadvantages that directly impacted

their ability to be effectively used in terms of the research objectives of this thesis. Structured interviews required the use of a preconceived list of questions and materials; as a result it would not have been possible to allow for greater elaboration for topics of interest or the inclusion of questions generated from the previous stages of observation (Voss, 2002). Because the purpose of this research was to use inductive grounded theory to develop a theory in relation to the effects of negative eWOM it became necessary to gain an understanding of participants' online behavior and how they viewed information in intention formation, thus the use of prior observation phases. This required the ability to in depth explore the thoughts, intentions, ideas, involvement constructs, behaviors and reasoning that was displayed in both the observation phases. The use of a structured interview would have limited the amount of potential incoming information because the number and type of questions asked during interviews would have been limited to those predefined questions which would not have allowed for the inclusion of probing necessary to gain a full and in depth understanding of the participants behaviors (Bryman & Bell, 2002).

The interview structure chosen for this particular research study was an open long interview with slight elements of semi-structured, however in relation to the amount of structure incorporated in interviews it is more likely to classify the interview type as open interviews. The interview was "semi-structured" in terms of certain ideas and themes were predetermined for inclusion and exploration. The reason that this element of structure was

included was to ensure that in each post interview there was a consistent frame of reference for which to compare interviews in the accordance with the process of grounded theory. As was stated above the process of grounded theory research includes constant comparison of obtained data in search of emerging trends, themes, and patterns (Charmaz, 2006). Thus it becomes necessary to ensure that themes and concepts experienced in one interview are then incorporated into future interviews. Furthermore it was determined that the inclusion of a degree of structure would be useful for the authors in order to ensure that all relevant information was discussed and to serve as a guide for conducting the post semi-structured interviews. To ensure that the interviews were conducted in accordance with outlined principles and proved useful in attaining the greatest amount of useful information it was determined that elements of structure (themes, concepts, and ideas) should be used to guide the interview and ensure results conducive to the development of theory. The interviews are more easily classified as long open interviews as the authors were able to adjust questions and discussion material based on the responses of participants during this third stage of the data collection period.

The goal of the long interview was to allow participants to answer questions in a free form and allow the authors the opportunity to create elongated discussions on topics of interest through probing methods (McCraken, 1988). Through the use of the long interview it became possible to engage the participant in discussions of depth and uncover the consumer's motivations, thoughts, ideas, rationale, reasoning, perceptions, knowledge and

logic (McCracken, 1988). Thus through the use of semi-structured long interviews it became possible to gain the most information possible to the topics and themes that were considered central to area of interest.

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#### 3.4.8 TRIANGULATION

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The research design established and most suitable for this research was the use of non participant observation in conjunction with semi-structured interviews in order to create triangulation of the gathered data (Bryman & Bell, 2002). The observation and interview process can thus be seen as three separate events that are interlinked to form one total session of data gathering. It was thus determined that a combination of observation and interview should be considered in order to increase the accuracy of information received and considered while also ensuring the maintenance of the caveats of inductive research using grounded theory. Charmaz (2006) mentions that the essential concept of grounded theory is that actual observed events are used to develop theory. It was not possible to directly observe situations in a naturally occurring environment. Therefore it was necessary to create scenario analysis and observation in order to create an environment similar to reality and thus ensure grounded theory research could occur. Without the use or inclusion of grounded theory the qualitative method would have been limited to semi structured interviews. Semi-structured interviews are effective sources of explanatory information and can be very useful in explaining how and why consumers act and reason as they do (Rapley, 2001).

However without the use of observations (grounded theory) the information collected from the interviews would be unproven and founded only in consumer responses and not in actual observed or proven behaviors. Thus the level of trust, reliability, and ability of the developed theory to explain expected occurrences and events would be potentially biased to only information ascertained from participant responses while offering no way of concluding whether or not responses were accurate descriptions of actual events or just the presented ideal as conjured by respondents (Bryman & Bell, 2002). Therefore to ensure that theory was developed accurately and possessed the ability to fully explain the behavior and reasoning of participants in the process of navigating C2C communications and the inclusion of negative eWOM in intent formation process during the purchase of high involvement product. It would not have been possible to facilitate inductive research that offered explanatory value without the combined use of grounded theory in the form of scenario analysis and observation in coordination with post observation interviews explaining observed behavior and reasoning.

By combining a non-participant observation with a semi-structured long interview it became possible for the authors to directly observe how participants used the internet to facilitate online search and review their online behaviors; paying particular attention to the information being viewed, the routes followed to obtain information, the amount of time dedicated to certain types of reviews and the types of sites being consulted for information. Through the subsequent completion of interviews it became possible to use this stage of

observation to explore not only the core elements of their online behavior, but also pursue participants' reactions and post review attitudes based on the information encountered during the search stage. The combination of a non participant observation and a semi structured long interview served to stimulate thought and discussion.

The use of triangulation was thus used as the primary analysis tool. All that has been mentioned above can be referred back to how Bryman & Bell (2002) define triangulation;

*"The process of using different data sources to gain information and then using deductive skills and reasoning to create linkages between data sets that in isolation do not serve to explain experienced phenomena but when combined and used in accordance with perceived or proven connections allow for the emergence of theory."*

Thus the search characteristics observed are not used simply as a tool to elicit greater amounts of information during interview completion, but can also be used in conjunction with this information to establish theoretical constructs that explain behavior patterns and consumer behavior. Only through the use of triangulation does it become possible to effectively combine data sets in order to construct a theoretical concept that is based on observed events thus supporting grounded theory caveats in accordance with the information ascertained from interview sessions that can be used to explain and qualify observation data as well as information that may not be possible to directly observe but impacts the manner in which information reviewed is used to reason and assert purchase intention formation (Mathisen, 1988).

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### 3.4.9 CODES, CATEGORIES AND CONCEPTS

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The method of analysis was an area where great care was taken to follow the caveats of grounded theory. The central concepts of grounded theory are the authors' use of systematic and continuous recording, analyzing, and coding of obtained information (Charmaz, 2006). In order to ensure the proper results the authors spent a great deal of time and effort to ensure that the process, as outlined in the writings of grounded theory, was followed as closely as possible.

The process of analysis was as follows; upon the immediate conclusion of observation and interview sessions the recorded material was transcribed into a digital document, by one of the authors, for the purpose of accurate record keeping and coding. After the transcription was completed the process of coding into concepts and categorization began. After the initial interview coding was completed by one of the authors an attempt was made to create concepts for future comparative analysis for the next post interview. However this task proved to be more difficult than expected as the gathered information was representative for only one participant and it was thus a challenge to establish emergent themes and patterns. As further interviews were completed the codification and concept process became easier as there was a foundation for which responses could be compared and evaluated against making the ability to recognize themes and patterns easier thus making the process of

categorization easier. Finally at the end of each coding and categorization procedure a visual diagram (Appendix 8) containing the patterns, themes, and underlying ideas of each category was constructed by one of the authors. The use of this visual diagram made the emergence of trends and patterns easier as well as made the process of establishing relationship linkages between categories easier, which is essential to the development of certain concepts for theory (Smith et al., 1995). The procedure of data analysis outlined above was developed in accordance with the recommended setup for completing grounded theory research as supported by Smith et al. (1995).

It should be noted that during the coding, categorization, and theory development stages the use of triangulation was relied on heavily in order to place information into emergent codes and categories as well as make connections between categories in the foundation of theory. As Bryman & Bell (2002) point out triangulation is important and it is a process that researchers undertake in order to connect multiple data series, different sets of data, and create correlations between the data obtained through different source materials.

#### 3.4.9.1 INTERVIEW TRANSCRIPTION

The process of analysis began immediately at the conclusion of the initial data gathering session (interview one). After the completion of the first interview the process of transcription began. It was determined that interview transcription should be done initially as it was the interview process that took the longest amount of time to complete and contained the most pertinent and influential data. Further it was decided to complete

interview transcription prior to observation transcription as many of the questions asked during the interview process were directly related to the observed online behaviors as witnessed during the observation phase of the data gathering session. Thus it was necessary and logical to complete the interview transcription initially in order to use the information relating to observed behavior during the transcription process for the observation phase. Transcription involved the process of listening to interview recordings and typing out the information received in full. It was necessary to transcribe the interviews in order to ensure that all information encountered was accounted for during the coding and categorization process. The transcription process was completed in accordance with the principles and recommendations of grounded theory procedures as recommended by Corbin & Strauss (1990).

#### 3.4.9.2 OBSERVATION TRANSCRIPTION

Upon completion of the interview transcription it became possible to begin transcription of the observations. Again it should be made clear that the transcription occurred immediately following the data gathering sessions and prior to the beginning of the following data gathering session. Transcription of the observation phase of data gathering session consisted of transcribing the screen recordings and creating summaries of the participant's navigation and viewing behaviors. Transcription included notations regarding navigation behavior such as engagement with particular reviews (if participant selected "read more" for particular posted review in order to explore the entire review in an

expanded window), number of reviews engaged, number of reviews engaged for specific things, number of review pages visited (each brand offered five plus pages of posted reviews, attention given to how many pages of posted reviews were used or explored), tracking of cursor movement and highlighting of certain information. This information was cross-coded with time evaluations, thus how long did participants spend reading certain reviews, reviewing information for given brands and total duration directed toward given brand. The transcription of duration of time directed toward certain products and reviews became important as it served as an indication of overall attention, interest, and involvement given to particular reviews for particular brands. Through cross coding of information in relation to time and content it became possible to gain an impression of online behavior in dealing with C2C content and deduce which posts were given higher levels of value and thus potential influence.

To further create accuracy and limit the amount of required deduction in explaining observed online behaviors the authors actively recorded and noted behaviors of interest during the observation phase. Although these notes were not as accurate or scientific as the information attained during transcription of observation, the notations did allow for follow up questions to be asked during phase three (open interview). The purpose of these probing questions was to eliminate the necessity of behavior attribution by the authors by allowing participants to account for and explain their (observed) behaviors; thus limiting the authors potential for bias in explaining observed behaviors. Thus through the use of the interview

and observation transcription it became possible through the use of triangulation to combine the observed data with the verbal data in order to gain a better and more accurate understanding of the observed behaviors of participants.

#### 3.4.9.3 OPEN, AXIAL AND SELECTIVE CODING AND INITIAL CATEGORIZATION

After the completion of both observation and interview transcription it became possible to begin open coding. Open coding is the process of systematically reviewing the transcribed information in search of emergent themes, patterns, and topics (Corbin & Strauss, 1990). Coding can prove to be a difficult task for researchers as there is an inherent level of deductive reasoning used to establish purpose and meaning to observed behaviors and experienced responses (Glaser & Strauss, 1967). Researchers undertaking open coding must be able to logically and analytically review transcriptions, observations, events, and situational factors in order to accurately identify key underlying factors and emergent trends.

During the open coding stage of analysis it was necessary for the authors to use deductive reasoning in order to assert underlying motivations used to explain observed behaviors and to analyze responses given during interview sessions. An attempt was made to limit the amount of inference necessary by combining the use of observation and interview; this process allowed the authors to directly observe participant behavior and use interviews to ascertain information regarding attitudes, motivations, knowledge and values,

that could be attributed to behavior explanation. However it should be noted that in many cases participants were unable to express direct accounts for all observed behaviors and attitudes; often when participants were asked to respond to questions involving attitudes and motivations they found these questions challenging and difficult to quantify.

The process of open coding involved the systematic review of transcriptions followed by the use of deductive logic and reasoning to create interpretations of the data expressed by participants. The goal of open coding was to review the transcriptions and create brief summaries expressing the relevant information contained within participant responses. The focus of these summaries was to create short and concise statements that reflected the ideals, values, attitudes, and motivations expressed by participants during interview sessions, in order to determine the effect on participants' online behavior in searching for, gathering, and analyzing data contained on C2C communication pages in order to formulate purchase intent. By completing this summarization process it became easier to create initial categorization based on emerging patterns and themes presented in the participants' responses and behaviors.

Categories developed after open coding included impact of attribute information, formation of criteria, information regarding organizational values information, judgments of source credibility, and influence of negative information. Through the establishment of initial categories resulting from open coding during the first and second data gathering sessions it became possible to become more effective in pursuing information of interest in subsequent

interviews by developing questions and topics that allowed for greater exploration and elaboration in participant's responses. Also, through the establishment of initial categories it became possible to direct attention to areas of increased interest during subsequent data gathering sessions and to hold the information gathered during these sessions to a higher level of scrutiny (Corbin & Strauss, 1990). Thus the process of coding and category building became more concise, efficient, and effective making the information obtained more reliable, accurate, and influential in building a model capable of offering theory contributions.

Upon completion of the first two data gathering sessions and the development of initial categories through post data gathering open coding procedures outlined above, it became possible to begin the process of axial coding. Axial coding involves the categorization of information and data encountered based on initial categories established in open coding (Corbin & Strauss, 1990). Through the use of axial coding it became possible for the authors to use established categories to group and classify participants' responses during the data gathering sessions proceeding sessions one and two. During the axial coding process it was still necessary to transcribe the interview and observation sessions however it was not necessary to code all of the information independent of categorization (as was the case when completing open coding).

Thus through the use of established categories it became possible to group the data during transcript reviews by systematically comparing the established categories with the observed behaviours and expressed information gathered during interview; based on

similarities and trends experienced between current participant responses and the previously recorded categories it was possible to categorize the new information into established categories. The result was that categories initially established received support from newly gained information thus giving the categories and increased level of depth and support proving that categories were accurate and verifying their explanatory ability. However instances did occur where information expressed by participants was not able to be grouped into established categories as the information differed from that previously gathered. In these instances it was necessary to code this information and assert new categories that would more accurately account for the information expressed. It should be noted that after the completion of six interviews the established 11 categories were able to account for all information expressed by participants.

During the course of the final two interview and observation sessions; it became possible to conclude that all of the relevant information and categories had been encountered and developed after the completion of six total data gathering sessions and thus this number was sufficient to eliminate the necessity for future interviews and begin theory development (Glaser & Strauss, 1967).

The final stage of analysis was the identification of patterns, trends, and relationships that could be established between the 11 developed categories in order to create the core categories or central concepts that would allow for theory development and academic contributions. Selective coding is the attempt to unify previously established categories by

creating linkages based on patterns and relationships that can be used to intertwine categories and create an overall representation of the information gathered by summarizing all categories into one core category or concept (Corbin & Strauss, 1990).

Thus the final stage for the authors is to create concepts based on the grouping of categories that allow the authors to establish theories related to the area of study and aim of their research. For the purpose of this thesis categories were analyzed in terms of the purchase intent formation process and the impact of online sources in making decisions regarding high involvement products; with a particular interest on the impact of negative information. An attempt was made when completing selective categorization to develop one concept that could serve to unite all 11 categories, however this proved to be difficult as the information recovered from the data gathering sessions was vast and encompassed a multitude of different perspectives, behaviors, and influential factors. As a result of these experienced difficulties the authors developed four core categories that could be identified by searching for patterns, themes, interactions, and correlations between the established 11 categories.

The goal of grounded theory is to establish one central concept that can be used to summarize the findings of research and serve as the central pillar for theory formation (Corbin & Strauss, 1990). In order to accomplish this task and develop one central concept that would accurately represent the research findings in their entirety, it was necessary to develop a model that would allow for the incorporation of the four identified core concepts.

Through the development of the model which will be presented in the next chapter, it became possible to link the four core concepts and use this model to encompass all of the relevant information and gain a better understanding for the process of purchase intent formation.

### 3.5 ETHICS

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In terms of ethical implications the conducted research has little implications, there are no elements of physical or emotional risk to the participant. However there is a level of deception that should be mentioned as it may present ethical concern. The deception occurs as a result of the variable manipulation required to explore areas of relevance in accordance with the goals of the research. The deception occurs in order to test the impact of values information and the potential impact of this information on purchase intent formation. On the selected website used for scenario creation there were no consumers posted reviews that contained values information and as a result the measure of company value information became difficult to monitor and evaluate. As a result the authors have posed as consumers and added posts to the website that contained company value based content. It should be noted that without these contrived posts it would not be possible to observe the potential impacts of values based information as exchanged in C2C communication. Despite the fact that these posts were falsified on this particular website, the authors did find subsequent websites that offered a great deal of information relating to company value information. However these websites did not serve to facilitate reviews for the selected brands and

products chosen for testing in the main observation phase of the research process. Therefore the posts added by the authors were simply a similar copy of posts that were available on other websites, thus this level of deception does not taint the effort to establish grounded theory, but would only serve to better the research through slight levels of deception. According the AoM Code of Ethical Conduct states that the level of deception should be minimizes and when possible mitigated however in this case it is necessary to incorporate a level of deception in order to obtain useable results (Bryman & Bell, p.141, 2002).

### 3.6 CREDIBILITY AND VALIDITY

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For the purpose of this thesis the views expressed by Guba et al. (1994) will be adapted to determine the validity and credibility of the completed research. Guba et al. (1994) have been chosen to satisfy and measure validity and credibility as their model is specific to qualitative research and has been applied to studies using grounded theory in the completion of past research projects (Strauss & Corbin, 1990).

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#### 3.6.1 CREDIBILITY

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Guba et al. (1994) identify credibility as the ability of the results and developed theories to accurately reflect the observed results created through the course of study completion. In order to ensure that the developed theories and hypothesis are accurate reflections of the

observed online behaviour it was determined that the use of triangulation should be applied in order to accurately determine the motivations and create explanations for the observed behaviour. Triangulation makes it possible to compare, contrast, reason, and deduce explanations for the experienced results of the observations while using interviews to gain information in relation to the motivations, logic, and reasoning that resulted in the observed behaviour (Mathisen, 1988). To increase validity and establish true credibility the triangulated theories were then reviewed with participants in order to assess and confirm their accuracy (Bryman & Bell, p 411, 2002).

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### 3.6.2 TRANSFERABILITY

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Transferability refers to the ability of the received data and developed theories to be applied to situations and contexts that fall outside that of the study (Guba et al., 1994). In other words would the results occur naturally in environments that differ from the created scenario. Two approaches were taken to establish increased transferability, one the use of pre-observation questions regarding the method of research a participant would undertake during the search stage of the intention formation process and an account for participants predisposition toward certain brands based on brand attitude and current knowledge. Second, through direct and independent observation it becomes possible to monitor and summarize the behavior and action of participants in a “naturally” occurring state. These two aspects increase the level of expected transferability.

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### 3.6.3 DEPENDABILITY

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The measure of dependability as defined by Guba et al. (1994) refers to the amount of trustworthiness in relation to how the results were observed, recorded, and transcribed. This serves as an indication of the reliability of the data collected to ensure that all of the information is present and accounted for in an accurate and consistent manner to the results observed or gained through the interview process. Dependability has been ensured via the recording and transcription of all data, including observations and conversation that occurred during the course of participant interactions. Transcripts and developed codes, categories, and concepts were then reviewed with participants in post analysis sessions to ensure the interpreted information was accurate and a true reflection of the information expressed by participants. To further ensure dependability actions were taken by researchers to compare and agree upon observed and stated responses in order to create consistency between the derived theories and experienced interactions.

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### 3.6.4 CONFIRMABILITY

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The principle of confirmability is to remain unbiased during the observation, interview, and triangulation processes (Guba et al., 1994). To reduce potential bias that may exist during the interview recordings and transcriptions conducted will be reviewed by all involved authors and a consistent and agreed upon result will be produced.

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### 3.6.5 AUTHENTICITY

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The major area of concern for this dissertation in terms of the category of authenticity is ontological authenticity. Ontological authenticity is the ability of research to provide an increased depth of understanding regarding the social situation that is to be tested and sought to explain (Guba et al., 1994). Regarding the conducted research the aim is to gain a better understanding of the manner in which individuals use the internet to search for information and use eWOM in their formation of purchase intention. Through the use of grounded theory it becomes possible to directly observe individuals online behaviours and interactions with C2C information exchange. By using a combination of direct observation and interviews it becomes possible to not only observe the behaviour of participants but also establish the motivations for how the internet has been used to gain and process information in order to formulate purchase intent. This use of grounded theory through scenario analysis allows for the exploration of the context where these types of online behaviours would occur naturally and thus the information is without prejudice creating ontological authenticity.

## CHAPTER FOUR: ANALYSIS AND DISCUSSION

### 4.1 INTRODUCTION

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In this chapter the results from the observations and interviews will be further analyzed. Prior to this a manipulation check will be performed. Then a conceptual model will be presented. The proposed model will be presented in order to fully understand which factors related to eWOM are most important in affecting pre-purchase behavior. In light of this, the model presented attempts to replicate the pre purchase behavior of consumers in a

high involvement decision context. This section will have a strong focus on negative eWOM. As will be explained throughout this chapter, certain aspects of purchase intent formation process will be more important than others and therefore, not all concepts within this conceptual model will be fully explained. This is due to these aspects being outside of the scope of this thesis. The two concepts, information exposure and information evaluation, will be further analyzed with regard to negative eWOM. After discussing all the above mentioned results a brief summary will be given at the end of the chapter.

#### 4.2 MANIPULATION CHECK

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In order to make sure the scenario presented during this study was credible and realistic a number of steps were taken. Prior to the observation, specific questions were asked regarding information search and internet behavior. From these interviews it was ascertained that all participants would use eWOM during high involvement/risk purchases. These initial findings were supported during the observation stage where it was noted that six out of the six participants utilized C2C communication tools (user review website) in order to initiate their actual search. Hence, it can be interpreted that this situation is realistic outside the boundaries of this study.

#### 4.3 CONCEPTUAL MODEL

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The conceptual model (figure 2) that has been developed involves four concepts that are linked in order to describe the entire process of purchase intent formation, as was

derived from the data gathering sessions completed during the course of this research. A brief overview of the model, concepts (including categories grouped to form each concept), and how the model can be applied will be described briefly below. However there are some aspects, namely two aspects that will be discussed in lesser detail as they are not directly related to the purpose of this dissertation.

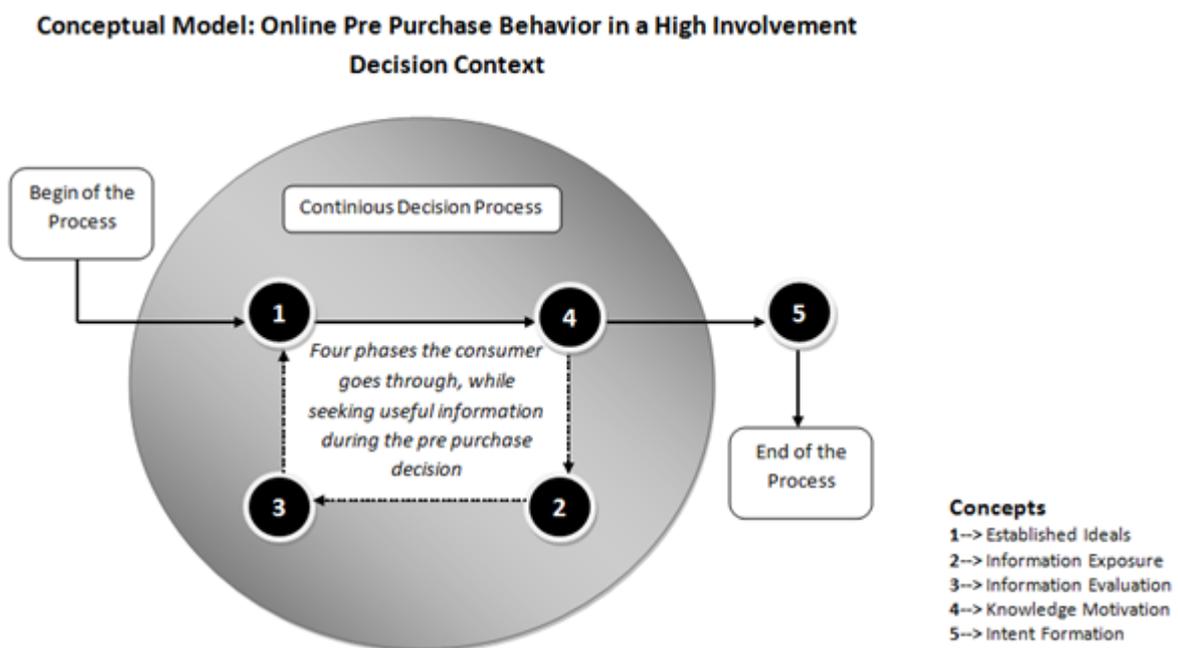


FIGURE 2: CONCEPTUAL MODEL

Prior to discussing the different concepts that have been incorporated into this model a brief explanation of how the model works will be established. The model is a representation of what this research has shown to be the process of intent formation, based on the observed events that occur during search phases and information provided during interviews about how information is evaluated and used in the intent formation process.

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#### 4.3.1 OVERVIEW DIFFERENT STAGES

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The initial stage (concept one) is the motivation to begin search. At this point participants have established ideals, criteria, and knowledge based on prior experiences, either through past purchases of similar products, information received from friends and commercial or brand knowledge. Basically this is knowledge that in many cases has been informally obtained during day to day life with no direct attempt to garner information regarding the purchase decision at hand. Participants had varying levels of established beliefs and knowledge based on their own personal histories. The authors attempted to establish the amount of prior knowledge in order to understand how this knowledge may impact information seek behavior and determine potential sources of bias when encounter information presented during observation.

The second stage of the model (concept four) is knowledge motivation. Knowledge motivation is the concept that influences the search for knowledge and how much knowledge one will try to obtain prior to forming purchase intentions. This concept determines not only how much time and effort will be generated toward the search for information, but will also dictate what type of information will become most relevant to one during the search stage. There are many factors that will impact the amount of time, effort, sources, and type of information that one will access during search phases; the important thing to note at this point is that as long as there remains a motivation to gain further information the intent formation process cannot run to completion. For this reason there is a

looping effect that occurs in this model that connects stages one through four; this process of seeking information, evaluating information, and then using this information to adjust criteria and ideals will continue until one is satisfied with the information present and feels able to make a competent and confident choice in the formation of purchase intent. Only when one is comfortable in making a purchase decision will the looping affect cease and will the movement forward to proceeding stage five, (concept five), intent formation occur.

The third stage of the model (concept two) is identified as information exposure. This concept will be dealt with at great length, but in order to continue with the explanation of the model a brief overview will be provided at this point. This concept is related to the type of information that individuals are exposed to while completing their search for information. It deals with the many different types of information that one will encounter during the search and evaluation process; negative information, positive information, expert information, C2C information, attribute information, values information and consideration for the different sources of information. The way in which one evaluates and uses this information is of great importance in establishing how the purchase intentions will be formed.

The fourth stage of the model (concept three) is evaluation of the information encountered in during stage two of the model. This concept will also be dealt with in great detail, but again a brief overview will be provided in order to explain the model. At this point in time one has been exposed to a vast deal of knowledge including different sources and containing different content. It is at this stage that one will evaluate the information to determine

credibility; which overall establishes how useful and influential the information will be in impacting one's purchase intentions. One will scrutinize information and make judgments of the information based on context, content, source, credibility, and reliability. In most cases participants were unable to fully express how these judgments were made as they include a high level of internal processing, logic, reasoning, and subjective judgments that are often on a subconscious level. However it must be noted that this is the most important stage of information processing, as this is the stage where information is evaluated and deemed to be relevant or irrelevant. This process of recognizing information as reliable and relevant will have a great deal of impact on the formation of purchase intent as it will determine how much the different sources of information are used in the decision making process. All information gathered will be scrutinized and discounted in several possible ways. In all participant responses it was expressed that the information gathered will be discounted however the degree to which information is discounted, and thus the degree to which it is ranked and considered in terms of importance and relevance, will differ greatly.

Once the information has been evaluated and processed one will use this information to reevaluate prior held knowledge and initially established criteria, this process of information gathering and evaluation thus serves as a method of learning in order for one to ensure a sound decision is reached. The information will then be used to form new knowledge and criteria that will then be used to narrow the potential alternatives and assert potential purchase intent formation. It is interesting to note that this process is continuous

(hence the looping mentioned above) until one is confident that all relevant information has been considered and the possibility of confident and comfortable choice is realized.

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#### 4.3.2 HIGH INVOLVEMENT PURCHASE PROCESS

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The completed research indicates that for a purchase of this nature, high involvement context, one will begin the search process independent of social contact by facilitating online search for information. The sources used during online search vary from expert reviews, C2C communications (blogs, consumer review pages and social networks), manufacturers' websites and websites of independent retailers. The level of interaction that one will undertake at this stage differs based on the participants, but it was generally discovered that this is a solitary process where one is simply completing data gathering by reading multiple sources of information in order to improve knowledge and create specific criteria for which to qualify alternatives and limit the number of potential alternatives based on these criteria. After the completion of online information search and the evaluation process (concepts two and three) the process of information search and evaluation begins again with newly learned information and newly established criteria. At this point in time the participants indicated that the use of social interaction becomes more common and relevant. One seeks to confirm the information encountered online by making use of their social networks, of particular relevance are those that are seen to have significant knowledge in the area of interest. This process is important as the people in the social network are seen to be more influential based on increased levels of trust and comfort based on established relationships. Individuals are

seeking to gain new sources of information from these people's knowledge and experience. However more importantly this social consultation is used to confirm the information participants have gathered and the learning that has occurred. Once this process of consultation with the social network has occurred the information gained will again be processed and evaluated and a learning process will occur, leading to adjustments to criteria and knowledge. Even at this stage the information gathering and evaluation phase is not yet complete as all participants indicated they would still seek to increase the amount of information by repeating the process of online search or beginning to go to potential purchase locations to actually view the product in question and speak to sales support staff. In five of six interviews participants stated that they would facilitate a greater degree of online search. However they would likely to visit a potential purchase destination in order to view the alternatives. When visiting a retailer it is likely they would also encounter sales support staff and thus additional information may be gained.

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#### 4.3.3 SCOPE OF CONCEPTUAL MODEL

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The initial stage of any purchase decision is the motivation to satisfy a need or want (Howard & Sheth 1967). The amount of time and effort that one dedicates to arriving at their intended purchase decision greatly depends on the factors surrounding the purchase; price, perceived risk, expected duration of use, importance to individual, intended use, and many other factors (Hugstad, Taylor & Bruce, 1987 & Celsi & Olson, 1988). With regards to this model it has been established that the products in question are tangible goods that can be

classified as durable goods based on their expected length of use (Epstein & Zin, 1991). Further, these goods can be classified as high involvement as has been established in previous studies based on financial outlay, anticipated risk, self-importance, and other reasons (Celsi & Olson, 1988 & Taylor, 1974). As a result of these conditions it is expected that individuals interested in the purchase of such products will dedicate more time and effort to the search and evaluation of information in the process of forming purchase intent (Hugstad, Taylor & Bruce, 1987 & Celsi & Olson, 1988). Thus the developed model is applicable for high involvement purchase decisions for tangible goods.

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#### 4.3.4 PAST AND PRESENT

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The previously mentioned model and description has many similarities to the model proposed by Howard & Sheth (1967). Judging by appearance they may seem vastly different, but many of these differences are merely cosmetic and related to specific focus of this study. Moreover, the research conducted in this study revealed that some of the variables discussed in the work of Howard & Sheth (1967) are influential and relevant today. Additionally, many of the concepts mentioned in this conceptual model can be related to variables found in the original Howard & Sheth (1967) model, Figure three gives a diagrammatic representation of these associations. Additionally, earning and perception were found to be central in forming purchase intent and thus form the backbone of both models. Another major similarity is the incorporation of motivation. This incorporation is due to the engine like role motivation plays in all areas of life including high involvement purchases. These incites would indicate

that many of concepts developed in the pre-internet period still have value in predicting consumer behaviour today. The main differences being the forms of information are vastly different and speed of information flow is also much more rapid.

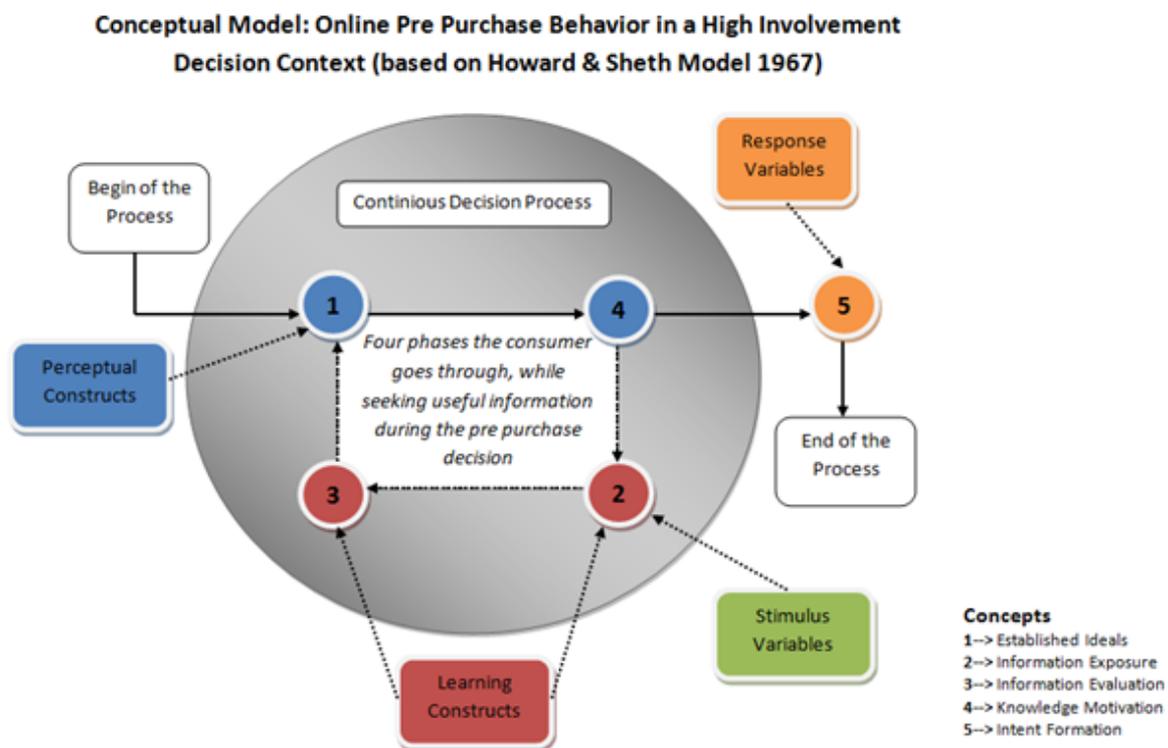


FIGURE 3: CONCEPTUAL MODEL (EXPLAINED WITH HOWARD & SHETH MODEL 1967)

One area where the models differ in is the incorporation of a feedback loop in the proposed model. The reason for this can be related to the high involvement context studied in this research. Moreover, the Howard and Sheth (1967) model was proposed for all buying situations and thus was less specialized to high risk or involvement purchases. The authors believe that the incorporation of this loop adds to the predictive power of the model and thus

adds a valuable insight when considering high risk and high involvement decisions. This feedback loop also highlights the learning process essential to pre-purchase search in a high involvement/risk context. Though the Howard & Sheth (1967) incorporates this concept its overly complex arrangement to some degree masks the importance of this feedback loop. Another area where the models differ is lack of exogenous variables. This omission is not an attempt to discredit the importance of these variables but rather a limitation of the before mentioned research. Moreover, this research focused on a narrow slice of society and thus lacked the breath to make these exogenous variables salient. Therefore, though these variables are omitted it is import that researchers remain open to their influence and further investigation of these variables could form the foundation of additional studies. A final addition to this model not by Howard and Sheath (1967) model is the theorized role of unconscious artifacts in influencing the decision process. During the studies a number of respondents expressed uncertainty when explaining their reasoning behind specific motives. These difficulties combined with new incites with consumer behavior (Hubert & Kenningy, 2008) indicate that unconscious process are important influencers of purchase intent formation and thus need to be considered when making conclusions within this field.

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#### 4.3.5 STAGE ONE

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The first stage of the model (concept one) is established ideals. This concept is extremely important as it impacts the participant's pre-purchase criteria formation, the amount of information sought prior to intent formation, the sources of information, factors

and knowledge that will impact the ability of information to have influence. With that said this concept is not directly related to the forces of negative eWOM and thus will not be given full explanation but receive only brief attention in the form of an overall introduction to the categories contained within this concept. The two identified categories that comprise the concept of established ideals are; level of involvement and evaluative criteria.

#### 4.3.5.1 LEVEL OF INVOLVEMENT

Level of involvement toward any purchase decision is a subjective matter (Celsi & Olson, 1988). That is to say that one will experience different levels of involvement toward the same goods as what others may experience. The differing levels of involvement can be accounted for based on individuals perceived risk, financial cost, social importance, personal importance, prior experience, level of intimacy felt toward good, and so on. For example an individual who uses their television as a source of socialization (whether this is online gaming or having friends over to watch sports or programs of common interest) will have a higher level of involvement than individuals who do not associate television with socialization. The reason is that for one individual the television is a source of social identity and social status and thus becomes more important to this individual as the individual places a greater deal of value on the television not based on the product but based on the derived impact of the product (Bettman, 1973). Through interview and observation it was found that participants who expressed a greater deal of involvement were more likely to extend an increased amount of time and effort to information search and evaluation prior to

formulating purchase intentions than participants who expressed lower levels of involvement for this product category. These findings are consistent with Celsi & Olson (1988) who found that perceived personal relevance moderated the amount effort dedicated to search.

#### 4.3.5.2 EVALUATIVE CRITERIA

The second category that is included to make up the concept of established ideals is that of evaluative criteria. In all cases participants were able to identify a series of qualifying factors that were established based on prior knowledge that products or brands must be able to satisfy before even beginning the search process. It is interesting to note that regardless of the degree of prior knowledge possessed by respondents there remained was always some preset evaluative criteria present. The number and type of criteria varied among participants; a correlation between the number and type of criteria held and the amount of prior knowledge regarding the category became evident during the interview process. Those participants who were more informed from the onset of search held a greater number of criteria and in most cases criteria were increasingly objective and quantifiable (based on detailed technical information) versus participants who had lesser prior knowledge of the product category. For example participants who had recently purchased a flat screen television were able to quantify in terms of measured size, distinct technical specifications and color and picture quality ratings. Furthermore, participants with less experience and lesser prior knowledge relied upon criteria such as brand and subjective measures of size

and quality. The evaluative criterion that was most present in all participant responses prior to search was brand or evoked set. Participants expressed a distinct level of prior brand knowledge and were relying on this knowledge to assert levels of quality and value.

*"I would begin by looking at bigger brands; you know Sony, Samsung, Philips, brands like that. They just offer a higher level of quality and consistency than whatever else is out there."*

This quotation shows that participants use brands as prequalifying criteria when determining what information will be sought in terms of alternative evaluation. For this particular participant the television brand held such strong associations of quality and value, which only brands, that were deemed "big brands" would be considered in the search and evaluation process. Quotations such as this one occurred in every interview to differing degrees. Some participants indicated that they would prefer to purchase an established and respected brand but would review other lesser known brands if the product fit their unique criteria. However in several of the interviews participants indicated that brands that were not known would not be explored as they believed that these brands offered less quality, less value, less accountability, and that the number of established "big brands" offered a significant number of alternatives and thus it was not necessary to consider lesser known brands in their search and evaluation process. Thus participants use brands not only to set criteria and bench marks of quality and technical characteristics but also to limit the amount of effort and time required during the search and evaluation process.

These findings can be related to evoked set and decision mediators mentioned in the theoretical chapter. Given that these are both learning constructs it can be predicted that they would differ depending on the objective knowledge levels of participants (Howard & Sheth 1967), this was shown to be the case. These findings are also consistent with evoked set literature which postulates the role brands play in reducing risk (Narayana & Markin, 1974). One area of deviation was relationship between evoked set and risk. Moreover, the majority of participants had around five big brands they would consider, yet this scenario was considered of high enough risk to warrant a search time of months. This finding would indicate that in high involvement decisions evoked set size does little to reduce search time which could be predicted given the lower perceived risk, thus opposing the perspective of Bettman (1973). The use of brands to reduce risk is well characterized. A more interesting finding of this study is the use of brands to reduce decision complexity. Referring to the accessibility diagnosticity model brand information could be seen a highly diagnostic to consumers in terms of categorizing product (Menon et al., 1995).

After one has evaluated current knowledge and used this knowledge to assert evaluation criteria there becomes a motivation to gain an increased amount of information regarding potential alternatives in order to reduce the number of options (Bettman, 1973). As a result the beginning of the search and evaluation process begins. One interesting point worth notation is that regardless of the degree of prior knowledge participants would engage in similar types and amounts of research. In a few cases it was even noted that

participants with higher degrees of prior knowledge would even exert more effort and commit more time to information search and analysis than those with lower levels of prior knowledge. This phenomenon was also experienced by Duhan et al. (1997).

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#### 4.3.6 STAGE TWO

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Based on the observation of participants the second stage (concept four) of the developed model is the initiation of information search based on one's need to gain information in order to eliminate uncertainty and establish greater criteria in order to reduce the number of alternatives facing them. Thus the established concept is search motivation. Again in this instance this concept is important in the intent formation process however is of lesser importance in terms of the purposed aim of this dissertation and as a result this section will be limited to a brief introduction of this concept. The categories used to establish the search motivation concept include evaluation of current knowledge, level of desired knowledge, and perceived level of needed information. The two later categories are fairly similar however two participants identified a distinct difference between the levels of information they felt would be needed to make a decision and the amount of information they actually sought to attain and hence the categories have been separated in order to account for this difference.

##### 4.3.6.1 EVALUATION OF CURRENT KNOWLEDGE

The initial source of motivation is a perceived deficiency in the amount of information currently held by one in regards to the purchase decision at hand. Participants reported that when they begin the process of seeking for information they often first complete an internal evaluation of their current level of knowledge in relation to the purchase at hand. All of the participants interviewed stated that they believed their established level of knowledge was not vast or deep enough to make this decision without gathering and reviewing sources of information.

*"I wouldn't feel comfortable making a purchase of this size without getting more information about current technologies, expected trends, different prices and model, and stuff like that."*

Based on the quotation above and responses similar to this response it was possible to establish that the search for information was seen as necessary in making a purchase decision of this nature. In all cases participants identified the purchase of a flat screen television as a high involvement decision with increased degrees of expected risk and thus sought information regarding the product in order to compliment and build on their established knowledge prior to formulating purchase decision. Thus one of the main motivating factors behind the search for information is the desire to gain information about the products and produce category in order to make a well informed decision and thus limit the amount of associated risk that is inherent in high involvement purchases. It was found that risk avoidance and risk reduction were two of the main principles or issues that served to guide one's behaviors and information processing techniques when facilitating intent formation of high involvement electronics. The concept of risk will be elaborated in great detail in later

sections so at this point the issue will not be further discussed. However it should be understood that the motivation for information search is directly related to the perceived level of risk; where high levels of perceived risk equate to an increased motivation to dedicate time and effort toward search.

#### 4.3.6.2 LEVEL OF INFORMATION

The second category to be included in the concept of motivation for information search is the perceived amount of required information. Several participants expressed that during their search for information they attempt to create minimum expected level of information that should be sought prior to formulating purchase intentions for purchases with higher degrees of associated risk.

*“...when I start looking for information I usually ask friends how long it took for them to make their decision and how much time they spent actually reading reviews, magazines, and talking to people before they bought it.”*

As was expressed by this participant there is an attempt made to establish how much time and effort should be placed into the search for information prior to establishing purchase intention. In the case of this participant he has evaluated the amount of time necessary to seek information based on friend’s prior experience. Other stated reasons incorporated ideas of time and effort in relation to cost, perceived risk, prior knowledge, expected duration of use, and so on. There was no identifiable “golden rule” regarding how much time and effort participants expressed should be committed to the search for

information; however in all cases participants attempted to express or establish some form of correlation between the amount of time and effort dedicated to information gathering based on criteria important and influential to participants.

#### 4.3.6.3 DESIRED INFORMATION

Lastly, the concept of search motivation is impacted by the amount of information desired category. Amount of information desired differs from amount of information required as in some cases (two particular respondents) indicated that even when they have dedicated a significant amount of time and effort toward the attainment and evaluation of information and feel comfortable and confident in the amount of information reviewed yet still seek further information.

*“...it took me about five months to make my decision. I really wanted to know all of the facts and figures and know everything about the products and brand and potential trends. I wanted to know everything that might impact my decision...I wanted to be the expert.”*

The explanation for this behavior was based on an increased level of search involvement because the participant enjoyed the search and analysis process and that the participant enjoyed becoming an “expert” in this given area of interest. This participant was questioned on the level of involvement he felt toward the actual television and in comparison to other participants actually expressed lower levels of social and self-involvement however indicated an increased level of search involvement. For this participant the actual search process was a source of enjoyment and not viewed simply as a

task to gain information in order to make the best decision. The participant prided himself on being able to offer increased levels of information to those who might ask for assistance; in this case the participant's motivation for search was driven by a desire to be seen as a referent influencer among his social group (Hogg, et al, 2009). This result was interesting to the authors as it was assumed that a higher degree of prior knowledge would eliminate the need for increased information search participants who posed this knowledge were assumed to have a lesser degree of risk and thus need less information.

These findings can be interpreted with reference to past research. In the work of Hogg et al. (2009) it is mentioned that product reviews can be used to insure status. Moreover, by talking positively about a product this increases the status through association. So in this scenario by gain significant knowledge the participant can thus defend his purchases to a greater extent and thereby maintain his social positioning. In a similar vein research Holt (1998) illustrate that consumption dialogue is essential in maintaining status and thus by becoming an expert the participant can again defend his position in society. A final and more probable explanation is provided by Bloch et al. (1986). This research addresses the phenomena of ongoing search, unrelated to a specific purchase. The situation detailed above bares many similarities given that the knowledge threshold for purchase intent has been exceeded. They relate ongoing search to inherent satisfaction of conducting search on a specific product, which is likely to be the motivation in this scenario.

#### 4.3.7 STAGE THREE

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The two remaining concepts present in the model are the most important and relevant in terms of this thesis as they deal with how information is analyzed and evaluated by one in order to formulate purchase intent. The concepts previously discussed deal with how information is gathered and the motivations that lead to the desire to gain information however the most important stages of the model deal with how information is processed, analyzed, and evaluated in order to be useful and influential for individuals. The concepts presented below will elaborate research findings in relation to how one uses reasoning to evaluate information in order to assert the relevance and influence of given pieces of information.

The third stage as presented by the model (concept two) is the information exposure concept. At this point, one has recognized there is a gap in their current knowledge and has determined that it is necessary to seek information in order to reduce the knowledge gap and extend the decision making capabilities. The purpose of this concept is to explain the research findings in terms of what types of information was sought in order to improve individual decision making ability. Our findings revealed several categories worth notation

in terms of the types of information participants sought in order to improve their ability to form purchase intentions. The categories include the evaluation of negative information, the influence of different sources, and the relevance of content. An in depth explanation of each category will follow as these categories are of great importance in the intent formation process and are the most relevant in terms of the aim and purpose of this thesis.

#### 4.3.7.1 NEGATIVE INFORMATION

Negative information was determined to be the most influential and sought form of information in the intent formation process within the high involvement context. During data gathering sessions attention was given to ways in which participants viewed and interacted with negative information and during post observation interviews a great deal of the discussion focused on why one sought negative information and how this information was used to influence purchase intent formation. While completing the observation phase of data gathering sessions it was observed that participants sought to engage and explore negative information to a higher degree than that of positive or neutral information. During observation attention was given to how participants were navigating posted information and interacting with the posted data. In all cases it was possible to observe stronger responses to posts containing negative information. Indications of this phenomena that were observed included highlighting of the “con” section of posted reviews, scrolling past posts that included only positive information, expanding posts containing negative information in order to read the entire “con” section of the review in greater detail, seeking posts where the

consumer rating was lower than perfect, an increased duration of time spent reviewing posts that included elements of negative information, verbal remarks and slight physical responses when reviewing negative information, increased amount of time dedicated to product review pages that contained a higher amount of negative posts, and so on. These observed behaviors served as indications that participants were more engaged and focused a greater deal of attention and emphasis on reviews containing negative information. In order to confirm these observations participants were asked during interview sessions to explain their behaviors as observed by the authors. The responses were then used to determine the motivation for the observed behavior specifically the detailed review of negative information. The expressed motivations explaining why negative information was sought on a higher level than that of positive information was quite interesting and the following section will present some of the expressed quotations of interest and offer some theoretical development based on these interactions.

Participants indicated a strong affinity toward the use of negative information as they believed that the information contained within negative posts was of greater value to their evaluation process because negative reviews contained information regarding product deficiencies or issues experienced by reviewers that participants sought to avoid.

*“...there is a certain level of established quality that you expect, it is nice to have perks of course but those are just perks. When you come across information stating that it (the television) is below the standards in some way, that had a larger impact. I don't want something below the standards....I would rather have a television that maintains the standard than offer perks in one area but problems in another”*

The participant's response is quite similar to content expressed during other interview sessions. It was found that for all of the participants there was a great deal of emphasis placed in avoiding problems or issues encountered by other individuals. Participants used the experience of others to formulate an impression of perceived quality and use reviewers' experience to contrast their own personal expectations. If reviewers reported issues this effectively lowered the standing of the product in terms of participant expectations of product quality and expected experience. Thus participants were seeking negative information in order to establish a level of expected performance and then compared these expected levels with ideal levels; where deficiencies occurred based on expressed negative information was then used to discredit and disqualify the product in question.

The impact of the negative information was found to be more influential and have a greater degree of impact if it related to a criterion that was held to be important in the participant's decision matrix.

*".....in the "con" section it said that the TV only had one HDMI input. This was really a big deal for me because I have my Xbox, my computer, and HD cable box, that means that each time I want to switch between these I have to disconnect one to connect the other, that is just a pain."*

For this the participants' ability to use the television as a media centre and have multiple connections to other electronic devices was an important and highly valued criterion. When the participant encountered negative information regarding a criterion that was highly influential it had a great deal of impact on the expected usage experience. The

participant used this information to formulate an opinion or construct of what future usage experience might entail. Because the post contained negative information in relation to the goals and ideals of the participant the television was disqualified from the alternative set. In this instance the participant had pre-ranked this brand to be highly but based on one negative post that was related to a criterion that was highly relevant to the individual the television was eliminated from the purchase options. This exemplifies the power of negative information in relation to how consumers use negative information to disqualify potential alternates and as is displayed by this example if the negative information is related to a topic of increased interest the power of the negative information to be influential is further increased. Of course the opposite is also true in that if there is negative information encountered that is not deemed as relevant to the individual and their purchase criteria the information will be largely discounted and in some cases even ignored. This is an issue that will be discussed in greater detail in proceeding sections.

#### 4.3.7.2 BRAND STRENGTH

Another factor that was found to impact the degree of influence that negative information may elicit is the relative strength of the brand in terms of consumer's opinions and judgments of the brand and whether or not it is part of the established evoked set. The authors of this dissertation were interested to explore whether or not the strength of a brand can effectively overcome negative information. The implications of this research are vital to brand managers as it determines how and to what degree consumers will remain brand loyal

despite negative information. The contentions or beliefs of the author were that the stronger the brand in terms of importance and relationship to the participant the greater the degree of discounting of negative information might be and thus the less influence negative information has on the purchase intent formation process.

In an attempt to establish the potential impact of brand on the influence of negative information participants were asked in pre-observation interviews if they had any preferred brand and then asked to rank the brands selected for comparison during the scenario analysis. An interesting phenomenon emerged during the observation phase of the data gathering sessions. Participants who were unfamiliar with given brands (mainly Westinghouse and Olivia) would actively review consumer reviews and actively engage in the reading of both positive and negative information equally. This differed from participant's behaviour during the review of established brands, in these cases participants focus on negative information as the positive information was assumed to be similar in all posts. The second area of interest was the way in which participants responded to negative information. For brands that were lesser known the review of information ceased upon the discovery of negative information, this behaviour occurred in five out of the six participants. In regards to the more established brands participants continued the review of further information after initial encounters with negative information. This observed behavior lead researchers to believe that the influence of negative information on lesser known brands was in fact greater than the impact on more established brands.

When asked to explain this behavior, participants offered responses similar to the quotation below:

*"..because I didn't know anything about the brand I read all the information posted more thoroughly (including positive) but as soon as I read that comment about picture quality (negative) I stopped reading...I didn't think I needed to know more, I mean it is a company I didn't even know made TV's, to go through and read all the information just to get a better idea of something I probably still wouldn't buy just seemed like a waste of time."*

Statements to this affect were reiterated by a majority of the participants. Participants were willing to review the information about the brand in order to learn more but because there was no prior connection or knowledge of the brand there was no foundation of knowledge to offset negative information. Participants believed that because they had not previously heard of the brand that it was not at the same quality level of other well known brands thus the presence of negative information was seen as more influential as it "confirmed" why the brand was unknown. It can be determined then that the influence of negative information for lesser known brands is of greater influence as consumers use negative information to reason or justify why they do not know the brand. Consumers assumed lesser levels of quality because the brand was unknown and used negative information to confirm why they possessed no prior knowledge and justify the disqualification of the brand based on preconceived notions of poor quality that were confirmed by negative reviews. It is important to note that the impact of negative information on lesser known brands is more influential but this does not mean that larger and more established brands are immune from negative information. Negative information

still has a great deal of influence on the intent formation process however individuals are less likely to eliminate a well established brand from consideration without gaining a significant amount of information to evaluate the brand by.

Further, the need for information of lesser known brands is seen to be higher than the need for information regarding established brands. Participants acknowledged that had a lesser known brand been of interest they would have had to commit a larger amount of time and effort into seeking information about the brand as they had prior knowledge or judgements of the brand. Thus the encounter with negative information allowed consumers to justify discrediting the brand and eliminating the need for further effort and time directed toward data gathering.

The conclusion that can be drawn from these participant responses is that negative information has the ability to have a great deal of impact during the evaluation process and selection of alternatives for further research or purchase intent formation but only to the degree that it is seen as relevant based on the individual's own criterion.

#### 4.3.7.3 ALTERNATIVE SOURCES

Participants also identified negative information as more useful in the process of alternative evaluation based on the ability to quickly gain a great deal of relevant information in an expedited fashion. Participants indicated that they believe negative

information is not only more relevant and of greater value but also allows for efficiency in the search process.

*"I start by reading the "cons" section of reviews because all of the "pros" just say the same thing...why waste time reading the same information over and over, if I read a few positive posts I know that all of the others (positive posts) will be the same...I focus on reading the "cons" because there are less of them and they are more useful to me."*

The participant brought up an interesting point that was expressed by a majority of participants as well. The time and effort dedicated to the search for information in high involvement goods can require a great deal of dedication in order to gain all relevant information. Consumers search to increase their knowledge of technical information, the current trends, future trends, competing brands offerings, price, where to buy, and so on. There is so much information to consider that individuals seek to limit the amount of incoming stimuli to improve efficiency in the process while ensuring they gain the appropriate amount of information to make an informed decision (Samson, 2006). As a result participants indicated that they would seek negative information in order to quickly gain information that they consider important and influential in their decision making process while also seeking to limit the amount of incoming stimuli requiring processing for alternative evaluation.

The higher use of negative information revealed in this study is consistent with the majority of WOM research (Samson, 2006). The accessibility diagnosticity discussed in the theoretical chapter predicted the above results with reference to the higher diagnostic value of negative information. Moreover, it was revealed during questioning that the majority of

participants had positive expectations of the TVs reviewed. Hence, in this overly positive environment negative WOM is better at categorizing a specific TV as undesirable. The use of positive information in this scenario would involve significantly more cognitive load and thus the reliance on negative information for categorizing (Samson, 2006). This categorization of products is the ultimate goal of participants as they attempt to choose the most satisfactory product to fit their needs (Bettman, 1973). The higher relative importance of some features in categorizing products is formed on the basis of decision mediators as described by Howard & Sheth (1967). By combining these theories it becomes apparent that decision mediators form the criteria for categorizing a product as undesirable and NWOM serves as the predominate input source for categorizing products. The utilization of categorization and decision mediators is essential to the navigation of risk as described by Bauer, in this case the high monetary cost lead to anxiety related to the potential monetary loss. These findings are consistent with an extensive search approach typifying a high involvement scenario (Taylor, 1974; Woodside & DeLozier, 1976). Therefore, the two motives of alleviation of risk and reduction of cognitive load help to explain the use of negative user reviews. Given these results were collected in a positive perceived product environment the opposite would be expected if products were perceived negatively (Samson, 2006).

Combined the above results reconfirm the value of the accessibility diagnosticity model in predicting the relative importance of WOM polarity and point to the central role of risk reduction in purchase intent formation.

#### 4.3.7.4 RELEVANCE OF CONTENT

The third category to be discussed in relation to the concept of information exposure is relevance of content category. This category has been mentioned briefly in the preceding section in terms of the increasing influence of negative information when that information is in direct relation with the individual's core criterion. In order to establish how different information influenced participants purchase intents an attempt was made by the authors to test different kinds of content and how differing types of content might impact the information process. Information was categorized into two broad categories; attribute information and values information. Attribute information has been defined as information relating the products physical attributes including screen size, picture quality, physical appearance, technical specifications, construction material, and so on. Any information that was related to the actual physical product and its performance was considered to be attribute information. Values information was classified based on relation to the organization and brand in question; this category included posts addressing warranty, customer service, operating practices, brand values, and so on. The site chosen for use during the observation stage did contain a limited number of posts providing consumers with information regarding customer service, warranty practices; brand reputation however did not include any information regarding corporate practices. It was determined that authors would assert a slight degree of manipulation by actively creating several posts relating to organizational values and operating practices. This level of manipulation was kept to a minimum and was

acknowledged and justified in the method section found above. During the observation and interview process it became apparent that participant's attention, focus, and consideration was directed entirely toward information relating to product attributes.

*"yeah, I found one of the reviews really funny. It was obviously just some idiot who just had a problem with Samsung because the review had nothing to do with the product."*

The above quotation is a participant's response when asked to elaborate on an observed behavior that occurred during information review; the participant openly laughed while reviewing a post containing information about Samsungs corporate ethics. The quotation above is the participant's response when asked why he laughed while reading that particular post. Another participant described the posts involving organizational values as "just a bunch of losers" referring to those individuals who had added posts of this nature. When participants were asked questions regarding the influence of organizational values and corporate ethics on their purchase intent formation for this product category all participants responded that this type of information had no bearing on their purchase decision, as they did not find this information to be relevant. Even the information regarding warranty and customer service was viewed as irrelevant as or less important than information regarding product attributes. However there are instances where values information may be influential in the purchase intent formation process.

*"...if I was stuck between two TVs, I would probably look at warranty and service and ethics but otherwise no."*

This was the response of one participant when asked about the potential impact of values based information. This was the only respondent that acknowledged the potential of values based information to impact the intent formation process. However even in this instance the response indicates that the importance of this information is limited to only those situations where attribute information and other factors were constant and able to provide differentiation in order to eliminate alternatives and arrive at a selection.

Thus it can be concluded that in the formation of purchase intent for a high involvement electronic good the use of attribute information is most relevant and most sought in terms of influential context. Information relating to organizational values, corporate ethics, and operating procedures is viewed as irrelevant and does not impact purchase intent formation. However there was one participant who brought up an interesting point during informal discussion following the data gathering session. The participant stated that values information has become increasingly more prevalent in the media and as a result he has started to pay a higher level of attention to these factors. The potential implication of this comment is that it is possible that as societal values shift the values of consumers will also shift and if this should occur values information may become increasingly more relevant and influential. The authors believe that this could be an area to monitor and potential exists for reevaluation in the future.

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#### 4.3.8 STAGE FOUR

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The fourth stage of the model (concept three) is where information evaluation occurs. Individuals seek to evaluate information as it pertains to their personal relevance, alternative criteria, current economic situation, the information context, the information source, previously established information, and so on. As expressed in the model explanation this stage occurs simultaneously with stage three however for the purposes of analysis and concept creation it was identified separately and thus separated in order to complete the conception formation process. The categories have been established that make up the concept of information evaluation are source credibility and discounting factors. This concept is extremely important as it determines the amount of influence attributed to information received.

#### 4.3.8.1 SOURCE CREDIBILITY

The first category that contributes toward the concept of information evaluation is the category of source credibility. This category is extremely important when evaluating information as it determines the level of trust that individuals attribute to the source and thus the amount of influence that is appropriated to the information. Unlike traditional offline WOM it becomes very difficult for individuals using online information sources to establish the appropriate level of trust that should be attributed to the given source (Brown et al. 2007). In traditional offline WOM models the level of trust is much easier to establish because it is possible to use sense and surrounding to improve information evaluation; the ability to be physically engaged and use visual and audio processing allows for greater levels

of trust as deception can be identified more quickly and accurately (Eagly et al. 1978). Further the individuals engaged in communication are often associates, colleagues, or friends and thus the established social relationship increases the amount of trust and credibility as the level of trust attributed to the individual is also passed to the information being exchanged (Eagly et al., 1978; Duhan et al., 1997). The establishment of trust when using online sources is a particularly difficult task as it is not possible for individuals to rely on physical setting and senses to disseminate information. When using online sources it becomes more difficult to establish the level of trust that should be given to information. This becomes increasingly more difficult when dealing with C2C sources as there is less familiarity with the reviewers.

The current theory regarding eWOM and the analysis of online information states that individuals attempt to assert levels of trust based on website credibility and participant credibility (Zhang & Watts, 2008; Brown et al., 2007). Website credibility is established based on the webpage appearance, number of registered users, offline reputation, and independence. Independence is one of the critical factors relating to the amount of trust that users attribute to the website. The motivation for users to access a C2C website is to gain information directly from other customers and to have this information come without prejudice or bias based on brand. Thus if the website is known to have brand sponsors or affiliations the website becomes less trustworthy and thus loses credibility (Sniezek et al., 2004). Users make further evaluations of trust based on the reviewers present on the given

page. Aspects of trust are evaluated based on the ability of users to establish a relationship or judgment of the reviewer. Thus if the website offers user review profiles containing personal information or a picture of the individual reviewer, than this will increase the level of trust. Further evaluations of reviewer trust are based on the number of posts or repeated presence of the given reviewer on the website; an increased level of presence creates an increase in perceived trustworthiness (Zhang & Watts, 2008)

After completing the data collection process the authors have come to realize there are other factors relating to evaluations of trust and reliability that have yet to be developed into theory. During participants' interviews a great deal of time was spent in an attempt to ascertain how participants made judgments of credibility and trustworthiness. At no point did participants mention the website layout or design and there was no expressed desire or need to establish relationships with reviewers in order to increase trust. Participants did however explain two ways in which they established trust and source credibility when reviewing posts. First and foremost was the content and construct of the post.

*"Specifics mentioned in the review and also the language how they write. I mean is this a credible person writing this. That is probably what I look for but that is probably because I study language. But yea thats a factor how people write."*

This quotation shows that the language contained within the review is used to assert trust and credibility; this sentiment was reported by all participants. Participants indicated that the language used in the review was used to determine the credibility of the source; if a review contains a mixture of technical information and experiential data it is seen to be more

trustworthy and influential. The amount of information and length of the review also becomes important in assessing the credibility of reviews.

*".....if someone has taken the time to do a review then usually there is something they feel. Strongly enough to post a review either they like it a lot or they really dislike it..."*

The quotation indicates that with increasing amount of information and length there is an increased impression that the review has expressed their opinions in order to help others and has a general interest in reporting information fairly and accurately so users can make the best purchase decision possible. If reviews are short and do not contain a great deal of information than the level of credibility is negated. Participants expressed a sense of trust relates to the amount of information contained in reviews as this shows a genuine interest in not only expressing the level of satisfaction or dissatisfaction but is also an indicator of the degree of assistance the reviewer is trying to offer. The greater the amount of information contained in the review equals an increase interest in helping users equals an increased level of trust which equates to a greater degree of influence.

Therefore through the process of interviews it was established that the level of trust and credibility attributed to a given review is based on the amount of information contained within the review and also the language contained within the review.

#### 4.3.8.2 DISCOUNTING INFORMATION

The second category that contributes toward the concept of information evaluation is the discounting of information. This topic is closely related to source credibility in that based

on the level of trust and perceived credibility the information contained within the post may be discounted if believed to be motivated by intentions other than a fellow consumer trying to provide aid in another's purchase decision. Discounting is a perceptual construct based on perceptual biases and an evaluative criterion that allows one to make judgments on the credibility and reliability of information in order to deem the information acceptable or non-acceptable (Howard and Sheth, 1967). During the course of interview completion a majority of participants expressed a similar form of discounting of information.

*"Usually I discount them, if you are extremely satisfied then you didn't even look for any problems for it. If you are extremely negative then you maybe had some problem and then you just search for every problem that could occur. So usually I just put them aside I want the more constructive criticism of the TV."*

This participant was discussing his perceptual bias toward information that was deemed to be too negative or too positive. In instances where information was encountered that was evaluated as swayed too heavily in one direction the participant would discount that information as bias and believed that there was some underlying motivation as to why the post was so polarized. When this participant encountered information that was too polarized he began to question the reasoning and motivations of the reviewer. The result is a decreased level of credibility and trust placed in the review thus the power of these posts to influence individuals is reduced. A majority of participants expressed similar perspectives when it came to evaluating highly polarized information. In many cases participants stated that posts that were highly polarized were discounted to such a degree that they were negated and disqualified from the information evaluation stage.

This finding is of particular interest as it has long been the belief of academics that the diagnosticity of extremely negative information is more influential to consumers (Menon et al. 1995; Herr et al., 1991). This research finding shows that highly polarized reviews do not pose as great a risk as those reviews that contain negative information but at lesser degrees because it is these reviews that are most influential as they maintain a higher level of perceived trust and credibility and are therefore of greater influence.

#### 4.3.8.3 SOURCE OF INFORMATION

When looking at the information exposure with regards to the different sources one can look at alternative information sources (Brown et al., 2007). Mainly two different information sources were used by the participants, namely consumer user reviews and expert reviews. All participants mentioned that they found it difficult to explain on which of these to put more emphasize on during the information search process.

*“.... I always look at expert reviews first just to have a clear picture of what I should look for in a TV then it is always interesting to see the consumers review because the expert is always testing the TV for a short period, while the customer might upload the review after six months of owning the TV.”*

However, referring to the above quote and having analyzed the observation, the authors found that all participants had similar quotes and actions with regard to which review they would put more emphasis on. Overall more emphasis was given on a user review than an expert review, due to the fact that these reviews could be more related to experience wise. Also user reviews were given more thought, because the participants noted

that expert reviews contained more technical information of which most participants were not interested in.

## CHAPTER FIVE: CONCLUSION

### 5.1 THEORETICAL CONTRIBUTION

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This thesis makes three contributions to current WOM and eWOM literature. The first contribution is to reconfirmation the applicability of traditional consumer behavior and WOM models. Throughout this research the authors have demonstrated how traditional models can be used to interpret findings in a new information age typified by interconnectedness and vast flows of information. In particular, the authors have focused on the models of Howard & Sheth (1967) and Herr et al. (1991). Proving that both the Howard & Sheth model and the accessibility & diagnosticity model are valid and have predictive value in today's world. The applicability of the accessibility & diagnosticity model is of extreme relevance as it directly relates to the participants high reliance NWOM when forming purchase intent. Thereby these results prove that this WOM theory has relevance when applied in the new context of eWOM.

The second contribution this thesis makes is the generation of new theory and incites. This new theory was built on the back of any deficiency in the traditional, models with regards to purchase intent formation and the handling of eWOM information. One of the

most interesting new incites revealed in this research was the association between highly polarized data and discrediting of information. Moreover, this discrediting of polarized information has not been noted before and thus adds to existing knowledge of how eWOM information is handling. Another related incite was how content moderated the acceptance of information. Moreover, it was found in this research that both length and writing content be it experiential or technical influence information acceptance. Though some these incites have been reflected in previous research the influence of length and perceived effort have not. A third incite provided by this research was value information's complete lack of influence when considering the purchase of high involvement electronic goods. These findings address the gap proposed by Park & Lee (2009) that suggested more research was needed in regards to how attribute and value based eWOM influence purchase intent formation. A four incite gained in this research was the use of negative eWOM to disregard unknown brands. This has consequences for new brands in high involvement categories as it would indicate that these brands are particularly susceptible to negative eWOM. The final contribution of this research is the development of a model specifically modeling the use of information in a high risk and/or involvement scenario.

The final contribution this thesis makes is to propose four hypotheses, based upon the findings of this study. These hypotheses are intended to provide guides for further research within the field of eWOM and it affect of purchase intent formation. These four hypotheses

form the major contribution of this thesis given the method chosen makes it unreliable to generalize any findings outside this study.

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### 5.1.1 HYPOTHESIS

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Based on the discussion in the previous chapter, the authors can derive four important hypotheses and these will be formulated as a concluding part of this study. The four hypotheses will be briefly explained according to our findings. These hypotheses could thus be tested in a quantitative study in order to either reject or support them.

The first hypothesis that will be looked upon deals with the negative eWOM effect on purchase intention within a high involvement decision context. This hypothesis was established based on our previous findings. Within the conceptual model, the most important concepts with regard to negative information indicate that negative eWOM strongly affects the purchase intent of a consumer in a high involvement decision context. The following hypothesis can thus be formulated with regards to purchase intention in high involvement decision context:

<p><b>H1)</b> <i>Negative eWOM has a stronger effect on purchase intent in high involvement decisions context compared to positive eWOM</i></p>
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The second hypothesis that the authors have formulated can be related back to the consumer's pre purchase behavior when reviewing user reviews. Here the authors have derived that negative eWOM, in the form of a review creates more interest and will be, in

most cases, read first by the consumer. Therefore the following hypothesis could be formulated:

**H2)** *Negative eWOM in the shape of a user review will be able to create a higher interest compared to positive eWOM in the shape of a user review*

The third hypothesis that the authors have formulated, with the backing of the reasoning above, is that within certain user reviews extremely negative or extremely positive information is discounted. It can be therefore expected that these kinds of user reviews have a limited influence on the consumers' pre purchase behavior and are thus discounted.

**H3)** *Extremely polarized eWOM will not strongly affect the consumer's purchase intent*

The last hypothesis that was formulated by the authors can be related back to the actual product. Hence product attributes are, based on our findings, important to consumers while they are searching for information. These product attributes are more highly ranked, when compared to company values. Therefore the following hypothesis could be formulated:

**H4)** *Negative eWOM regarding product attributes will strongly affects purchase intent compared to negative eWOM regarding company values*

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## 5.2 PRACTICAL CONTRIBUTION

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From a practical point of view this study can contribute to

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### 5.3 FUTURE RESEARCH

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The most obvious area for further research is testing the hypotheses provided by this study in a quantitative environment. The research approach chosen was used due to its ability to generate theory, but this approach lacks the ability to generalize findings outside the confined setting used in this study. Consequently, it would be of significant interest to determine if the findings of this study, such as the discounting of highly polarized data are applicable in the population as a whole.

One of the limitations of this study was its limited focus on online reviews. In light of Hennig-Thureau et al.'s (2004) definition eWOM communication now encompasses a large and diverse range of communication forms. Therefore one further research avenue could be to examine a wider set of eWOM communications and ascertain how influential they are to intent formation and subsequent purchases. A secondary limitation of research was our narrow selection of participants. In light of this it would be interesting to investigate the influence of eWOM over a broader sample. Furthermore, it could be expected that both, differing age groups and genders use the internet differently and thus any further research in

this area would add significant insights into the role eWOM plays in purchase intent formation.

In this study the authors attempted to illuminate the role of brand values information in eWOM content. Although our findings would indicate it is not potent, it would be interesting to investigate this in a new research setting. Moreover, this research focused on flat screen TV's, a very utilitarian product where specific product attributes were the most dominate determinate of product selection. Therefore it would be interesting to examine this in a different product category, for instance a service based industry like banking where moral considerations such as honesty may be of greater importance. In regards to company values and eWOM a longitudinal study could also be of interest. While observing the participants it was noted that the participants seemed uncomfortable when talking about these ethical issues. Consequently it would be interesting to follow these participants to see if company values begin to play a larger role in their decision process. In this regard, as environmentalism continues to grow these considerations may become increasing fraught with social risk. Finally in the study of Fong & Burton (2007) it was shown that Chinese eWOM typically incorporated a verity of posts relating to anti-Japanese sentiment. In light of the authors findings it would be interesting to re-examine these findings to determine to what extent these posts actually influence the purchase intent formation for Chinese consumers.

Another fruitful area of research could be to examine the role of eWOM in a Business to Business (B2B) context. Though B2B transactions account for a large percentage of the total economy they have to the authors' knowledge been totally excluded from the eWOM literature. B2B transactions are also typified by high levels of financial risk. Current eWOM literature would hence indicate that given this high level of risk, B2B markets could be highly influenced by eWOM. The presumption that B2B markets are susceptible to eWOM is further supported by anecdotal evidence from the general media. For example, South Korea recently arrested a blogger for allegedly damaging the Korean currency due to his overly pessimistic financial forecasting. This aggressive silencing of eWOM would indicate that Korea perceived a great systematic risk to the financial system brought about by the comments of a single blogger, highlighting the importance of eWOM on a global level (Bowcott, 2009). In a similar vein, John Mack, CEO of Morgan Stanley recently accused rival banks of starting rumours that lead to a total collapse in confidence and ultimately to government intervention (Pulliam et al, 2008). These two instances demonstrate that WOM and eWOM may be potent influencers of B2B markets and thus deserve research attention.

A final area of research could be the examination of eWOM content in relation to social class. In the work of Holt (1998) it was shown that consumers often use dialogue in relation to consumption objects to establish their social class. In related findings it has also been shown that food writers often use language to justify their status with regards to authentic consumption (Johnston & Baumann, 2007). In light of these findings it would be interesting

to examine if differing eWOM content formulations influence product choice in relation to social class.

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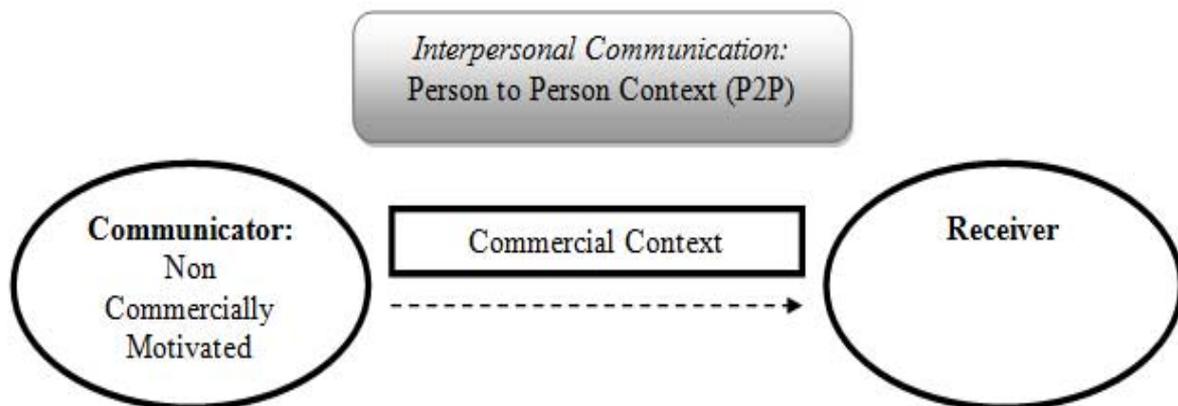
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## APPENDICES

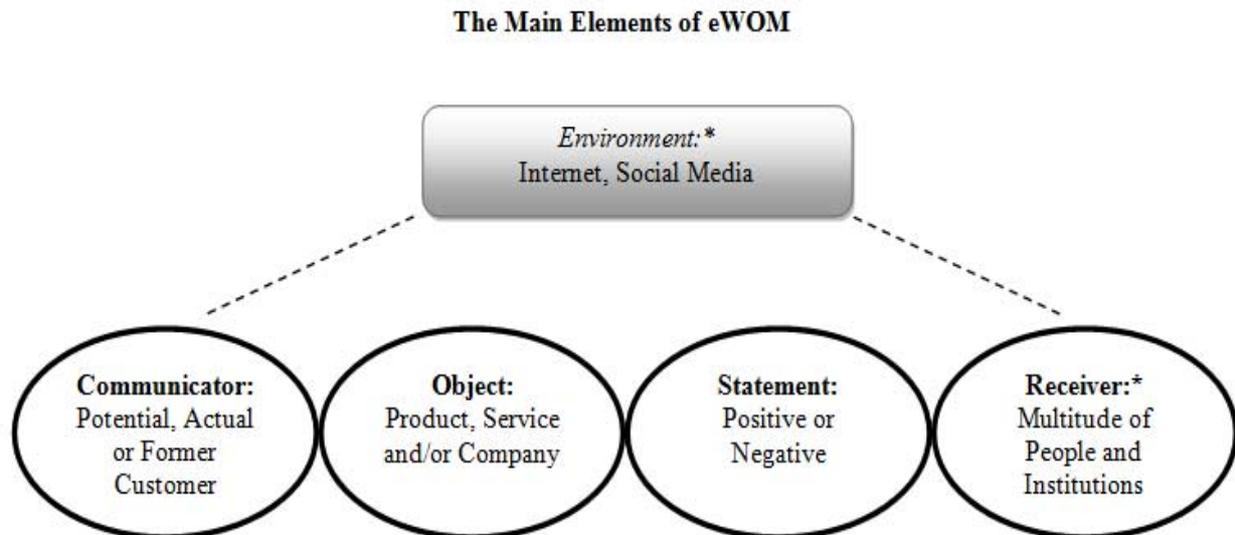
### APPENDIX 1: TRADITIONAL WOM

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#### The Nature of Traditional Word of Mouth



APPENDIX 2: MAIN ELEMENTS EWOM



\*Changed elements in contrast to traditional non electronic WOM

APPENDIX 3: LCD FLAT SCREEN TVS

BRAND	TYPE	INCH	PRICE (\$)
Olevia	537H	37	699
LG	37 LC7D	37	725
Westinghouse	SK32H24OS	32	675
Sharp	LC 32D62U	32	699
Samsung	LN 3251D	32	649
Panasonic	TC32LX70	32	699

APPENDIX 4: UPLOADED REVIEWS

1 of 20

Next review

### Full user review

★★★★★

"To good to be true"

by jstx2010 on May 6, 2009

**Pros:** Good set of features and reasonable quality

**Cons:** Wouldn't trust the warranty!

**Summary:** Good TV but would not trust the warranty. The company has recently filed bankruptcy and being investigated for fraudulent transfers. Fingers crossed if keeps going, as like Clevia investors I wouldn't trust on getting my money back.

Was this review helpful? YES | NO

Reply to this review

0/0 ▲

1 of 21

Next review

### Full user review

★★★★★

"Wait Lower Prices Are On The Way"

by tgrigg09 on May 6, 2009

**Pros:** Good quality for the price and a nice range of features.

**Cons:** Price not as low as it could be.

**Summary:** With flat screen LCD's dropping in price this can only continue with LCD being found guilty of price fixing. Give it a couple more months, prices will continue to fall!

Was this review helpful? YES | NO

Reply to this review

0/0 ▲

1 of 78

Next review

### Full user review

★★★★★

"Good TV pity about their business practices"

by tgrigg09 on May 6, 2009

**Pros:** Good picture quality and sound.

**Cons:** The major con is Samsung is a bunch of cons. They have been shown to use company money to bribe politicians and journalists. Is this the type of company you want to support?

**Summary:** Another good TV from a leading manufacture, but do you want to support the corrupt means they used to become a global power?

Was this review helpful? YES | NO

Reply to this review

0/0 ▲

APPENDIX 5: SCREENSHOTS USER REVIEW WEBSITE

The screenshot displays the CNET Reviews website interface for the 'Televisions' category. At the top, there is a navigation bar with the CNET logo and a search bar. Below the navigation, the page is titled 'Televisions' and features a sidebar with filters for 'Best HDTVs', 'TV buying guide', and 'HDTV finder'. The main content area includes a 'Find a television' section with filters for price, television type, and other features. A featured article highlights 'Samsung's cheapest thin LCD still expensive', discussing the Samsung UN40J7000 series. Below this, there are sections for 'Latest television reviews & advice' with links to various reviews, a 'CNET HDTV Finder' tool, and 'editors' favorites' featuring products like the Pioneer Elite Kuro and Panasonic TC-P50G10. The page also includes a 'television video reviews' section and a 'SAMSUNG LED TV' advertisement.



APPENDIX 6: SCREENSHOTS PRODUCT/USER REVIEWS



The screenshot displays the Amazon product page for the LG 37LC7D television. The page is organized into several sections:

- Navigation and Product Info:** At the top, there are links for "Print", "E-mail", and "Share". Below this, the product name "LG 37LC7D" is prominently displayed, along with navigation links for "product brief", "user reviews", "specifications", "compare", and "shop".
- Rating and Reviews Summary:** The "Average user rating" is shown as 4 stars out of 5, based on 20 reviews. A "My rating" section allows users to rate the product, with a "WRITE REVIEW" button. A pagination bar shows "1 to 5 of 20" reviews.
- User Reviews:** Two reviews are visible:
  - "Waste of Money"**: A 4-star review by "rtahney" dated August 18, 2007. The review text includes: "Pros: Very nice picture quality, easy to set up and use. Cons: It's broken...Again. Summary: I bought this TV on a Saturday and it died on..."
  - "Lots of problems"**: A 4-star review by "mccord" dated May 12, 2007. The review text includes: "Pros: Clear nice picture. Cons: Multiple problems with it. Summary: The first one I bought would pop up with a bl..."
- Product Recommendations:** A sidebar on the left titled "TOP PRODUCTS FROM TOP BRANDS" lists categories like "Dell products", "Sony products", "Samsung", "Intel products", and "AT&T products". Below it, "Related reviews" are listed, including "First discontinued LG flat-panel tv".
- Recently Viewed Products:** A section titled "My recently viewed products" shows a carousel of product images with a "COMPARE" button and a "clear all / remove selected" link.
- Where to Buy:** A section titled "Where to buy LG 37LC7D" shows the price as "\$725.00" and lists "Amazon.com Marketplace" as a retailer with a "SEE STORE" button.
- Additional Elements:** There are "Sponsored" product links for "Western Digital TV" and "Samsung", and an "Ad Feedback" section with an image of tulips.

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APPENDIX 7: INTERVIEW GUIDELINES

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**Pre Interview (Initial Open Ended Questions)**

1. Describe the search process when you would look for a new product?
2. Would you use the internet in order to search for information regarding products?
3. Would you use websites containing user reviews in order to such for product information?
4. Would you spend a lot of effort and time on gaining information when buying a LCD flat screen TV?

**Post Interview (Intermediate and Ending Questions)**

1. In what order would you place these brands based on what brand you would buy?  
*(Brand preference prior to eWOM exposure)*
2. Which brand did you choose after the research you did online?
3. What are the main characteristics you are looking for when you are going to buy a LCD TV?
4. In terms of what the characteristics were, how did you formulate a list of factors which are important to you?
5. How important is company information within your decision process?
6. How do you see a purchase, such as this LCD flat screen TV, is it something you would put a lot of time and effort into?
7. What would your first point of search be to gain information?

8. Would you visit either a manufacturer website or consumer review websites?
9. Do you find the information on these consumer review websites reliable/trustworthy information?
10. What makes one user review more reliable than the other user review?
11. Would you think that a review would be more reliable or trustworthy if it contained technical information versus experience?
12. How do you deal with very positive or very negative reviews with regard to the "standard reviews"?
13. Is there anything particular that you focus on when reading a user review for the first time?
14. What information do you find more effective, positive or negative information?
15. How does the number (amount) of reviews impact you decision?
16. Would be willing to trust the brand with the large number of reviews more than the other way around?
17. Would you consider looking at lesser known brands in your information search process?
18. Would certain information regarding the unknown brand have more or less impact on your decision?
19. If you encounter a brand that you did not know as well as another brand and it had negative information, would that negative information way more heavily than a brand that you did know?

20. In terms of encountering negative information, how do you use that negative information in order to make a decision?
21. Why would the negative have more impact on your decision than the positive?
22. If you would use an expert review or a user review, which one would have a greater impact on you?
23. Is television an important dynamic in your day to day life?
24. After going through all these reviews would you change your decision? (*Brand preference post eWOM exposure*)

THE ROLE OF NEGATIVE EWOM IN A HIGH INVOLVEMENT DECISION  
CONTEXT 2009

APPENDIX 8: VISUAL DIAGRAM CODES AND CATEGORIES

NUMBER	CODE	EXTENDED CODE
1	Use of prior established, used website	Expert websites
2	Begin information seeking using manufacturers/seller websites	Gain information regarding the product
3	Big brand (premium) are better, more trustworthy/reliable	Mix of online and offline research
4	Consumer reviews later to enhance information decision	Seek information to eliminate risk
5	Strong brand preference, rely on brand knowledge	To assert judgement about the quality of the product
6	Seek to limit number of negative reviews, particularly degree/importance of negativity	Major negativity less accepted than not so bad negativity
7	Issues of quality/reliability are of greater importance	Negative reliability has huge impact
8	Criteria is technical/reliability, negativity is big	
9	Longer (length)/detail of the review	Trust and commitment to participate
10	Aggregate review impacted amount of information sought	Low risk, less time and effort
11	Information values not used/effective, highly discounted	Not related to the actual product
		Negative value information based on strong association to brand
		High trust in dealer/expert by increased knowledge
12	Criteria importance can overcome other important aspects	
13	Number of reviews increases legitimacy, increase in trust	
14	Negative is more important, most reviewed	More valuable information as contained information information about issues that may want to avoid
15	Negative contains true experiences	Greater reflection of true experience/reality, duration of use, long term expectation
16	Evoked set used to limit search	Less risk association
17	Values of organisation are seen as values of brand	Favorable brand attitude, favorable organisation beliefs, discount negative information, less important to begin with
18	Criteria determined from initial search phase, learning information, creating criteria	
19	Offline WOM had higher trust, usage	
20	Credibility review established by language	
21	Extremes (pro vs con) are discounted	Be seen as motivated/driven not representative, trust
22	Extended search and evaluation is important purchase be associated with risk and costs	Amount of information sought based on prior knowledge/availability of new knowledge
23	Seek to limit information search, overwhelmed by available information/options	Combination of brand and criteria to limit search/eliminate Information sought only for brands that are known, part of the evoked set

CATEGORIES	EXTENDED CATEGORY
Brand Preference	Clear preference for established brands Quality assertions based on brands Limit search by using evoked set
Search Motivators	Gain information Set criteria, learning/motivation to be informed to make the right choice Established search motivations/ evoked set
Online Behavior	Preselected website containing expert, user and search tools Use of manufacturer/stores online to gain information during initial stages Consumer reviews sought to confirm during later stages Invested increased time Search to limit information, concentrate on negative. Seek known brands/ those that known to establish criteria
Initial Influences	Offline WOM drives search for information, trustworthy source
Negative WOM	Sought in relation to criteria. Other negative information discounted Seek to limit number of influential negative reviews in decision process to reduce risk More representative of what can be expected Less to review and better for forming expectations in order to reduce risk Extreme negative or positive discounted, untrustworthy
Purchase Involvement	High involvement High cost and high risk, expected duration of use High effort/search, high perceived risk importance
Attribute Information	Given most important Search is based on attributes derived Seek to limit negative information in relation to important attributes
Information Values	Not important, not related to the product Strength of brand to consumer, high discounting, trust own though and knowledge Reviews not seen as credible/representative Favorable/known brand is favorable impression of values
Criteria	Quality/reliability are essential Technical specifications, compatability, major issues Established based on information search, friends and personal Aesthetics, is furniture not just some entertainment Criteria importance offsets negative, area of higher importance has negative increased impact
Credibility	High trust in high detail of review (language, insight gained) High importance placed on experiential information, performance/satisfaction with the product Length/interest shows commitment of reviews, increase in trust be seen as higher knowledge, willing to aid Increased number of reviews, increased credibility, increased interest displayed, higher population used Overcome unknown by establishing relationship with the review based on length and use of language Technical language that is average to establish trust, to expert/professional "fake consumer"

APPENDIX 9: ETHICS PROTOCOL

## ETHICS PROTOCOL

Thank you for your willingness to participate in our study where we are aiming to research eWOM in an online behavior context.

We appreciate your participation. Before we start the observation and interview, we would like to reassure you that as a participant in this research you have several distinct rights:

- Your participation during this observation and interview is entirely voluntary
- You are free to stop the observation at any time and to refuse questions at any time
- You are free to withdraw from the observation or interview at any time

The observation and interview will be strictly confidential and will only be available to the members of the research team, thus to us and our assigned supervisor from Lund University.

We would be grateful if you could sign this form to show that we are aware of ethics content of this thesis.

With Regards,

Scott Benny, Brad Eicher, Michel Roeleveld

RESEARCH TEAM MEMBER (signature)

PARTICIPANT (signature)