The impact of online reviews on consumer attitudes: The moderating role of Trust and Consumer Knowledge

Germaine Siahailatua
Anr:515306
Pre-master International Business
8/13/2010
Table of contents

Chapter 1  Introduction  3
  1.1  Managerial relevance  4
  1.2  Academic relevance  4
  1.3  Problem statement  5
  1.4  Research questions  5
  1.5  Structure of thesis  5

Chapter 2  Conceptual framework  6
  2.1.1  Consumer attitudes  6
  2.1.2  Electronic word of mouth  7
  2.1.3  Trust  7
  2.1.4  Consumer knowledge  7

Chapter 3  Relationship between eWOM and consumer attitudes  8
  3.1  Word of mouth  8
  3.2  Online review as a form of eWOM communication  8
  3.3  Motives to engage in eWOM  9
  3.4  Conclusion  10

Chapter 4  Moderating factor trust  11
  4.1  The role of trust  11
  4.2  Antecedents of trust  12
  4.2.1  Cognition based antecedent  12
  4.2.2  Affect-based antecedent  13
  4.2.3  Experience antecedent  13
  4.3  Conclusion  14

Chapter 5  Moderating factor Consumer knowledge  15
  5.1  Role of consumer knowledge  15
  5.1.1  Familiarity  16
  5.1.2  Expertise  17

Chapter 6  General discussion  17
  6.1  Conclusion  17
  6.2  Limitations and suggestions for further research  17

References  18
Chapter 1: Introduction

Traditional (offline) word of mouth has been shown to play a major role for consumers’ buying decisions. (Hennig-Thurau, Gwinner, Walsh, Gremler, 2004). One of the most widely accepted notions in consumer behavior is that word of mouth communication (WOM) plays an important role in determining consumers attitude and behaviors. In recent years, a growing number of consumers publish product/service reviews on the internet. This new form of electronic word of mouth (eWOM) has received increased attention from researchers. (Zhang, Craciun and Shin, 2008).

WOM occurs when individuals talk about the characteristics of, or their experiences with a product or service. Usually, the communication directly or indirectly includes a recommendation. This recommendation can be positive or negative. Research has shown that positive WOM is more likely to occur than negative WOM (e.g., Rossiter and Percy, 1997; Chevalier and Mayzlin, 2003). However some researchers argue that the effect of negative WOM on consumer decision-making is stronger than the effect of positive WOM (e.g., Holmes and Lett, 1977; Mizerski, 1982; Herr et al., 1991).

Word of mouth has been recognized as one of the most influential resources of information transmission since the beginning of human society. WOM occurs when individuals talk about the characteristics and share their experiences towards a product or service with family and friends. eWOM is basically the extension of traditional WOM on the Internet. eWOM activity differs from those in the real world in many aspects.

With the help of the Internet, information is no longer only controlled by news media or large businesses. Everyone can share their thoughts with millions of Internet users and influence others’ decisions through electronic word-of-mouth (Duan, Gu and Whinston, 2008) While a steady research stream into the impact of eWOM on online sales has emerged in recent years, there are still many unanswered questions. Research has shown that consumers are motivated to read and write eWOM for decision making and social benefits, and this undoubtedly affects the purchasing decision (Hennig-Thurau and Walsh, 2003).

The objective of this research is to assess the impact of online reviews, and in which way this is moderated by trust and consumer knowledge and how this relationship could affect consumer’s attitude and drive them to change them in their decision-making and eventually their purchase intentions.
1.1 Managerial relevance

Firms operating in the online industry sell their goods and services to customers via their websites. These online stores are important and sometimes highly visible representatives of the ‘new economy’ (Hoffman & Novak, 1996; Alba et al., 1997).

Managers have always recognized word of mouth as an important driver of consumer behavior. It is an effective tool in providing the right type of information to each customer segment. For example, online consumer reviews can be positive, negative. As a new type of word-of-mouth information, online consumer product review is an emerging market phenomenon that is playing an increasingly important role in consumers’ purchase decisions. (Cheung, Lee, Thadani, 2009). Past research on traditional word of mouth has shown that consumers pay more attention to negative information than positive information. In the perspective of the manager, managers should not overlook the power of online opinions and recommendations, particularly the power of spreading negative information.

Understanding how online consumer reviews affect consumers’ purchase decisions is of vital importance to firms that rely on online word of mouth (WOM) to widen information about their products. Different factors such as trust and consumer knowledge might play a role in this relationship.

Managers are very interested in word of mouth communication because they believe that a product’s success is related to the word of mouth it generates. (Godes, Mayzlin, 2004). For a manager eWOM can be very cost-effective and in return this can lead to more consumer purchase intentions.

An enhanced understanding of online consumer behavior on the impact of eWOM valence can benefit marketers in their efforts to market and sell products online. Consumer attitudes such as trust and consumer knowledge are extremely relevant to consumer behavior. Also a better understanding of the antecedents of consumer trust can provide internet managers with insights and tools that they can use to build consumer trust (Kim et al., 2008).

1.2 Academic relevance

To a very large extent, online consumer behavior can be studied using frameworks from ‘offline’ or traditional consumer behavior. A number of general frameworks in consumer behavior are available that capture the decision making processes of consumers (Engel et al., 1995, Schiffman & Kanuk, 2000). Since the Internet emerged as a new channel, electronic word of mouth (eWOM) becomes a key player in the online environment. However, much about this topic is known but some findings are incomplete. So factors such as trust and consumer knowledge need to be further explored.
1.3 Problem statement

People often make online decisions on the basis of online information, furthermore they tend to rely on the opinions of others when making decisions. (Brannigan and de Jager 2003; Koehn 2003; Urban, Sultan, and Qualls 2000).

Traditional word of mouth has been shown to a major role for customers’ buying decision (Richins & Root-Shaffer, 1988). Nowadays it is all happening online. The role of the Internet and the new ways people use it to communicate to each other are important aspects to spread word of mouth. The aim of this paper is to give a clear understanding of motives behind a consumer’s decision to engage in online reviews, one type of electronic word of mouth (eWOM). Therefore 2 different factors; trust and consumer knowledge need to be further explored on how this might influence consumer attitudes.

Problem statement

How does electronic word of mouth valence influence consumer attitude towards a product and how do different factors such as trust, and expertise moderates this relationship.

1.4 Research questions

1. What is the relationship between eWOM and consumer attitudes?
2. How does trust influence the relationship between eWOM and consumer attitudes?
3. How does consumer knowledge influence the relationship between eWOM and consumer attitudes?

1.5 The structure of the thesis

In the next chapter the conceptual framework is developed and explained. The conceptual model discusses the relations between the two variables and its moderators, followed by a definition. Chapter 3 will explain the relationship between electronic word of mouth valence and consumer attitudes. Furthermore chapter 4 and 5 will discuss the process of the moderating factors trust and consumer knowledge and their impact on electronic word of mouth valence and how this in turn might affect consumer attitudes towards a product. The last chapter consists of conclusions and further directions for research.
Chapter 2. Conceptual model

The arrival and expansion of the Internet has extended consumers’ options for gathering product information by including other consumers’ comments, posted on the internet, and has provided consumers opportunities to offer their own consumption-related advice by engaging in electronic word of mouth (Hennig-Thurau et al., 2004).

Since the focus on this research is about how the different factors trust and expertise might moderate the relationship between the independent variable (WOM valence) and dependent variable (consumer attitude) towards a product the following conceptual model has been developed.

2.1 Definition variables:

2.1.1 Consumer attitudes

Consumer attitude is a combination of perceptions, values and beliefs. The consumer must first perceive the product and then focus values and beliefs into the product and make a decision to purchase or not to purchase. Following Azjen en Fishbein (1980) as well as Rozenberg and Hofland (1960) attitude can be described as a particular evaluation of an object, which could influence emotions, knowledge and behavior with regard to the object.

This paper will indicate the relation between eWOM valence and consumer attitudes towards a product. It stresses the impact of positive and negative word of mouth in the online environment towards consumer attitudes by making use of the moderating factors trust and expertise.
2.1.2 *Electronic Word of mouth valence*

Given the connectivity of the internet, consumers can easily interact and exchange shopping experiences with other consumers using online discussions, forums or any other social network technologies. Online consumer review represents a new form of electronic word of mouth (Cheung, Lee, Thadani, 2009).

Valence of electronic word of mouth is defined as any positive or negative statement about a product made by potential, actual or former customers, which is available to a multitude of people and institutions of the internet (Hennig-Thurau, Gwinner, Walsh and Gremler, 2004). It can be exchanged via the Internet through a variety of means such as e-mail, instant messaging, homepages, blogs, forums, online communities, news groups, chat rooms, hate sites, review sites, and social net working sites (Goldsmith, 2006). The primary benefit consumers obtain from availability of other consumers’ comments/recommendations on the Internet is the degree of advantages they experience in going through their purchase decision making. eWOM exists in various forms that differ in accessibility, scope and source. Godes and Mayzlin, (2004) define eWOM that is measurable since comments on products on a product are written and available on websites.

Electronic word of mouth is especially important to online purchasing decisions, because of the amount of perceived risk involved. An enhanced understanding of online consumer behavior on the impact of positive and negative eWOM can benefit marketers in their efforts to market and sell products online.

2.1.3 *Trust* McKnight and Chervany (2001) defined trust as an individual’s belief regarding various attributes of the other party involved in an e-commerce relationship and could measured through the attributes of fairness, goodness, strength, ability, benevolence, honesty and predictability. Trust also mitigates the feelings of uncertainty that arise when the shop is unknown, the shop owners are unknown, the quality of the product is unknown, and the settlement performance is unknown (Tan & Thoen, 2001). Other researchers have tended to define trust as a subjective belief, a subjective probability, the willingness of an individual to be vulnerable, reliance on parties other than oneself, or a person’s expectation. The focus on this research will be the trust the consumer have in an internet vendor. This also include the trust in a website.

2.1.4 *Consumer knowledge*

Consumer knowledge is knowledge that consumers have about different product, companies and services. Knowledge literature also distinguishes between experts and novices, and the familiar and the unfamiliar (Alba and Hutchinson, 1987) and (Page and Uncles, 2004). This distinction leads to two types of knowledge, common and specialized. Common knowledge can be defined as general and/or publicly known information of the domain of interest required to perform general and common domain related tasks successfully. Conversely, specialized knowledge is defined as skilled and/or extraordinary information about facts, terms, attributes, and dynamic information underlying skillful actions about a domain required to perform skilled domain related tasks successfully (Page & Uncles, 2004).
Chapter 3: The relationship between electronic word of mouth and consumer attitudes

In this chapter I will discuss the relationship between electronic word of mouth and consumer attitudes. In section 3.1, traditional word of mouth will be explained. The focus in this chapter lies on online reviews, one type of electronic word of mouth. This will be described in section 3.2. Furthermore, section 3.3 discusses why consumer engage in eWOM.

3.1 Word of mouth

Word of mouth has been recognized as one of the most influential resources of information transmission since the beginning of human society. (Godes and Mayzlin, 2004; Maxham and Netemeyer, 2002). Since the early 1950s, researchers have demonstrated that personal conversations (friends and family) and informal exchange of information among acquaintances not only influence consumer choice and purchase decisions (Arndt, 1967; Whyte, 1954) but also shape consumer expectations (Anderson & Salisbury, 2003; Zeithaml & Bitner, 1996). Prior to traditional word of mouth, consumers share their experiences and opinions through electronic word of mouth activity. Since the importance and rise of eWOM communication, studies in the last few years are actively examining the effect of eWOM on consumer attitudes. The following sections will describe the impact of different factors that might affect the relationship between eWOM and consumer attitudes.

3.2 Online reviews as a form of eWOM communication

The Internet’s global nature has created a medium for electronic word of mouth communication between consumers who have never met (Gruen et al., 2006). With the growth of the internet, electronic word of mouth plays an important role in the decision making process of the consumer. Online reviews, one type of electronic word of mouth, become an important resource for consumers who are trying to evaluate product characteristics based on the positive and negative experiences of former consumers.

A survey conducted by comScore (2007), an internet marketing research company, finds that 24% of Internet users access online reviews before paying for a service delivered offline. Accordingly, many firms are taking advantage of online consumers reviews as a new marketing tool (Dellaroces, 2003). An online consumer review as a route for social influence (Deutsch, Gerard, 1995) plays two roles – as an informant and a recommender. As an informant, online consumer reviews deliver additional user-oriented information. As a recommender, they provide either a positive or negative signal of product popularity (Park, Lee, Han, 2007).
3.3 Motives to engage in eWOM

A study of WOM communication by Dichter (1966), describes four motivational categories why consumers engage in positive traditional WOM communication namely: product involvement, self-involvement, other-involvement and message-involvement. Given the conceptual familiarity of eWOM and traditional WOM communication, there are several consumer motives that have been identified in the literature as being relevant for traditional WOM also can be expected to be relevance for eWOM (Anderson, 1998).

Thus far, the most comprehensive study on WOM motives is by Sundaram et al. (1998). In this study 390 people have been interviewed and they identified eight motives why consumer engage in WOM. Four of the recognized motives explain positive WOM (specifically, altruism, helping the company, product involvement, and self-enhancement) while the other four motives give reasons for negative WOM (i.e., altruism, advice seeking, anxiety reduction, and vengeance).

In the perspective of the online environment several motives can be identified as to show what reasons are behind consumers decision to engage in eWOM.

Hennig-Thurau et al. (2004) have studied the motivations of consumers in making use of recommendations throughout the internet. Why is it important for them to make use of online reviews? Compared to traditional WOM they find several similar motivations, namely:

1. face-to-face setting
2. escape negative feelings
3. concern for other consumers,
4. self-enhancement
5. advice seeking,
6. social benefits, it can be assumed that consumers engaged in eWOM communication to participate in and belong to online communities (Mc.William, 2000; Oliver, 1999)
7. economic incentives,
8. platform assistance and
9. helping the company, as a result of consumer satisfaction with a product and in return it’s the desire of the satisfying consumer to help the company (Sundaram et al., 1998).

Balasubramanian and Mahajan (2001) provided a useful framework for considering the integration of economic and social activity within a online community. The framework includes three types of social interaction utility: Focus-Related Utility, Consumption Utility, Approval Utility. I used the first two utilities because these are more useful for this research.

Focus-Related Utility: can be defined as the utility a consumer receives when adding value to the community through his or her contributions (Balasubramanian and Mahajan, 2001). In online reviews this would be that consumers give their comments about a product or service. Based on the traditional WOM four motives has been identified that fall under the focus-related utility (Hennig-Thurau et al., 2004) concern for others, 2. helping the company, 3. Social benefits, 4. Exerting power.

The comments made by a consumer can be both positive or negative. This might have an impact on an online vendor.
According to Balasubramanian and Mahajan,( 2001) Consumption utility refers to consumers receive value through “direct consumption of the contributions of other community constituent”. On websites like Amazon.com individuals can read product reviews and comments about the experiences of other consumers. These reviews and comments can motivate the individual for consumption. In general, when a consumer is not aware of a product and especially buying online, it might seek for advice in online communities.

3.4 Conclusion

Research eWOM has been shown that there are a variety of motives why consumers rely more on online reviews. Hennig-Thurau et al., (2004) have developed a typology for motives of consumers online articulated based on findings from research on virtual communities and traditional WOM literature. Using an online sample of some 2000 consumers, information on the structure and relevance of the motives of consumers online articulation is generated. The resulting analysis suggests that consumers desire for social interaction and economic incentives, their concern for other consumers and the potential to enhance their own self-worth are the primary factors leading to eWOM behavior.

Section 3.3 has given an overview of motives why consumer engage in eWOM. The framework of Balasubramanian and Mahajan (2001) described utilities for considering the integration of economic and social activity within an online community. There are positive and negative motives for consumers to make use of online reviews. However, in this paper online reviews has been studied to analyze which factors influence consumer attitudes.

Based on the conducted research two factors trust and consumer knowledge has been chosen for several reasons. First of all trust in general is an important factor in many social and economic interactions involving uncertainty and dependency, especially those concerning important decisions and new technology (Fukuyama, 1995; Luhman;1979) Second, in previous research, Wanghenheim and Bayon (2004) pointed out that the interaction of consumer knowledge and WOM remains widely underresearched. Therefore it is important to investigate the effect of consumer knowledge on eWOM. These factors will further be explained in chapter 4 and 5.
Chapter 4: the moderating factors trust and expertise

This chapter will discuss how some moderating factors might affect the relationship between eWOM and consumer attitudes. While there are many motives to believe that word of mouth is regularly important in determining consumers actions, it is less clear which aspects of word of mouth are in particular important. In this research, I will focus on the trust that a consumer has in an online vendor and how it differs from trust in an offline setting. The important role of the moderating factor trust and its antecedents will be discussed and how this moderating factor might influence the relationship between eWOM and consumer attitudes. Furthermore section 4.2 will address the influence of the moderating factor expertise on the relationship between eWoM and consumer attitudes based on results of different empirical studies.

4.1 The role of trust

In this section the role of trust in the online environment plays a major role. Research on trust has been conducted from a vary of disciplinary perspectives, many definitions of trust has been evolved. Prior research on traditional commerce focused primarily on interpersonal trust such as customer’s trust in a sales person. (Kim et. al,2008) considering the difference between the off and online environment, trust has a greater impact in the online world than the offline world. Online trust has been shown to significantly influence web user behaviors (e.g. Jarvenpaa & Tractinsky,1999;Gefen,Rao &Tractinsky, 2003). A number of other studies also pointed out that online trust is a critical factor in stimulating purchase (Quelch & Klein, 1996; Jarvenpaa et al., 2000)

Several differences are inherent between offline and online trust. Quoting Marcella (1999), Shankar et al. (2002) cite that offline and online trust differ in terms of their objects of trust. In trusting offline, the object of trust is typically a person or entity (organization); whereas in an online context, the technology(primarily the Internet) and the organization deploying the technology are the proper objects of trust. Customers in electronic commerce have to trust not only the website, but also the company behind the site, and even why the site is trustworthy (Boyd, 2003). The unpredictable nature of the Internet breeds environmental uncertainties that spawn risks (Pavlou, 2003). These points emphasize the complicated nature of trust in an online exchange environment. The inevitability of a “first-time” in online situations makes trusting strenuous (Boyd, 2003). This suggest that people who lacked experience with e.g. online transactions and with online organizations would have completely different level of trust compared to those with enough experience. Therefore, it can be expected that when the level of trustworthiness is high, this highly affects consumer attitudes.
4.2 Antecedents of trust

In traditional commerce, the trust-building process is affected by the characteristics of customers, salespersons, the company, and interactions between the two parties involved (Burt, Knez, 1996; Doney, Cannon, 1997; Shapiro, Shepperd, Cheraskin, 1992; and Swan, Bowers, Richardson, 1999). This can also be applied in the context of electronic commerce. Studies argued (e.g., Barney, Hansen, 1994) that there are four categories of antecedents that influence consumer trust towards electronic commerce entities. These contain the following:

1. **Cognition (observation)-based**: e.g., privacy protection, security protection, system reliability, information quality, etc.
2. **Affect-based**: are related to indirect interactions with the trustee such as inputs from others (e.g., reputation, presence of third-party seals, referral, recommendation, buyers' feedback, word-of-mouth, etc.)
3. **Experience-based**: are related to the personal experiences of consumers with the vendor and Internet shopping in general (e.g., familiarity, Internet experience, e-commerce experience, etc.)
4. **Personality-oriented**: e.g., disposition to trust, shopping style, etc.

Since the primary focus on this research lies on trust and its influence on the relationship between eWOM and consumer attitudes, this research will concentrate primarily on cognition-based, affect-based, and experience-based antecedents.

It is also important to show that there is a link between the antecedents of trust and other factor(s) that have an impact on trust. Due to the inherent nature of Internet shopping, consumers will always experience some level of risk. As Gambetta (1988) argued, trust is particularly relevant in conditions of ignorance or uncertainty with respect to the unknown or unknowable actions of others. Scholars have provided different views regarding the relationship between trust and risk, i.e. whether trust is an antecedent of risk, the same as risk, or a by-product of risk. It is common to treat trust and risk as different concepts (Blau, 1998; Coleman, 1990; Kee, Knox, 1980; Luhman, 1980; Williamson, 1998). In this research trust and risk will both be used as different factors to explain the impact of eWOM on consumer attitudes.

4.2.1 Cognition based antecedent

*Information Quality (IQ)* refers to a consumer’s general perception of the accuracy and completeness of Website information as it relates to products and transactions. It is well recognized that information on the Internet varies a great deal in quality, ranging from highly accurate and reliable, to inaccurate and unreliable, to intentionally misleading. It is also often very difficult to tell how frequently the information in Websites is updated and whether the facts have been checked or not. (Pack, 1999)

Accordingly, consumers rely on the information given by the online vendor. The quality of information must help them out to make purchase intentions. It is expected that when the quality of the information is high, this positively influence consumers trust.
4.2.2 Affect-based antecedent

The eWOM phenomenon has been changing people’s behavior because of the growth of Internet usage. People often make offline decisions on the basis of online information; furthermore, they tend to rely on the opinions of other consumers when making decisions about matters such as which movie to watch or what stocks to invest in (Dellarocas, 2003). The online market make possible customers to write recommendations that influence potential consumers. As with traditional WOM communication, online reviews are important for driving the actions of consumers. As mentioned in section 3.2 an online review has a dual role. Based on the online reviews, consumers are likely to base their decisions on recommendation of others. When consumers perceive the information given by the recommender as positive this will increase the level of trust.

4.2.3 Experience antecedent

Consumers experiences three kind of risk when purchasing at an online vendor, consumers run the risk that the website is a fraud and they end up paying for a product or service that never will be delivered. (order fulfillment) A second risks relates to inability to see, feel, and try out a product, causing a perceived risk or uncertainty (McKnight & Choudhury, 2006). Third and last trust issues relate to sharing personal information, like one’s address and bank account / credit card information (privacy). Hereby the risks exists that due to safety issues, irregularities, or deliberate action this information is provided to people who should not have access to it (McKnight & Choudhury, 2006). The above mentioned risks might play an important role for online consumers who are considering whether to make an online purchase or not. When consumers actually experiences one of these risks, their trust in an online vendor would be affected. Bad experiences can cause negative stories on the web and damage a firm’s reputation. Bad experience can led to some unsatisfied customers who might share their negative experience on blogs or write reviews about their experiences. The affect-based antecedent (Chen, Chen, Meindl, 1998; McAllister, 1995). In turn this will lead that consumers make judgments about a particular online vendor that could determine whether or not they will purchase a product at the online vendor or they will make use of the site in the future.

The characteristics of the websites and the given information available might influence consumers attitudes towards an online vendor as well. When consumers perceive that a website presents quality information, they are more likely to have a confidence that the online vendor is reliable and therefore they will perceive the online vendor as trustworthy. The effect of positive online reviews will influence consumer attitudes towards a product. Website trust has a strong impact on consumers who might want to purchase a product. For every online vendor a good back office is of importance (website information should be up to date, products and service should be delivered on time, and privacy and security issues should be reliable) without it this might cause more customers to be unsatisfied, causing more negative reviews. That is also likely to harm customer acquisition potential and profits. In sum, we expect that when the level of trust increases, consumers are likely to perceive risk as less and this will positively affect the relation between eWOM and consumer attitudes.
4.3 Conclusion

It can be concluded from this chapter that trust plays a significant role influencing consumers attitudes. Three important antecedents of trust has been discussed namely: cognition (observation)-based, affect-based, experience based and personality-oriented.

According to the cognition based antecedent, the type, amount and quality of information given by an online vendor can affect consumers in making their decisions online. Furthermore, the affect based antecedent reviews that consumers are likely to base their decisions on recommendation of others. The experience antecedents in contrast come to a conclusion that consumers are dealing with many risks when purchasing at an online vendor. These four categories of antecedents influence consumer trust. We also find that trust and risk are different but that they are related to each other.
Chapter 5: The moderating factor consumer knowledge

Today, the importance and popularity of eWOM communication is growing rapidly, studies in the last few years are actively examining factors which influence the effect of eWOM on consumer behavior. As mention in chapter 3 recent studies of Hennig –Thurau, et al., (2004) on eWOM focus on the motives for posting and reading reviews and the consumers’ responses to the eWOM messages.

Chevalier and Mayzlin (2006) examine the effect of consumer reviews on relative sales of books at Amazon.com and Barnesandnoble.com. The authors find that an improvement in a book’s reviews leads to an increase in relative sales at that site. Additionally, evidence from review-length data suggests that customers read review text rather than relying only on summary statistics.

Huang and Chen (2006) discuss how sales volume and customer reviews influence consumer on-line product choices, and examine the relative effectiveness of two recommendation sources (expert reviews vs. consumer reviews). The results reveal that subjects use the choices and evaluations of others as cues for making their own choices. Furthermore, the recommendations of other consumers influence the choices of subjects more effectively than recommendations from experts. However, these current studies on the online consumer review have not considered the characteristics of review readers such as their knowledge. This study investigates the level of consumer knowledge moderating the effect of eWOM on consumer attitudes.

5.1 The role of consumer knowledge

Consumer knowledge has been an important construct in the consumer behavior and marketing literatures for decades (Alba and Hutchinson, 1987 and Alba and Hutchinson, 2000; Brucks 1985; Park et al. 1994). In particular, consumers’ knowledge about different products, brands or product classes has been explored. Discussions forms, chat rooms, review sites, and communities have all developed as people have formed the way that the Internet is used. Is consumer knowledge an important factor in influencing consumer attitudes online? People’s lives are made up of conversations and the Internet facilitates conversations amongst and between a wide circle of individuals. According to Jacoby et al., (1986) consumer knowledge has to components familiarity and expertise.

In order to get a clear answer on the question that is mentioned above the two components of consumer knowledge will be discussed. The importance of consumer knowledge can be located in the fact that knowledge is central to understanding consumer behaviors such as information search and information processing.
5.1.1 Familiarity

Familiarity is defined as the number of product related experiences that have been accumulated by the consumer. Familiarity reflects the direct and indirect knowledge available to the individual (Alba & Hutchinson, 1987). In this respect, some authors consider that familiarity is obtained not only by the use of the product (internal sources), but also by the information obtained through external sources, such as advertising or word-of-mouth (Gursoy, 2001).

It is only recently that familiarity (often referred to as user experience) has received attention in the context of Internet and electronic commerce. In the Internet context, familiarity has been loosely operationalised to mean experience in using the Internet in general (Gefen, 2000; Corbitt et al., 2003; Miyazaki and Fernandez, 2001; Pechtl, 2003; Rodgers et al., 2005; So et al., 2005). The level of general web experience has been associated with higher levels of trust (Corbitt et al., 2003).

Familiarity is an understanding, often based on previous interactions, experiences, and learning of what they do. For example, familiarity with Amazon.com, one of the largest book selling Internet vendors would be the knowledge of how to search for books and information about them, and how to order these books through the website interface. (Luhman, 1979).

Higher levels of brand familiarity, generated through direct or indirect brand-related experiences, are associated with a well developed knowledge structure about the brand and its attributes (Alba and Hutchinson, 1987). Given that consumers are not likely to change their attitudes toward familiar brands (Hoyer and MacInnis, 1997), experience of familiar brand to WOM communications, either positive or negative, is not likely to produce significant changes in consumers’ preexisting brand evaluations (Sundaram and Webster, 1999). Black, et al., (2002) found that lack of familiarity and experience leads to higher perceptions of risk with the Internet when compared with other channels. Thus, from these findings we can conclude that when consumers have a better understanding of eWOM familiarity and when their experiences are higher these are likely to affect consumer attitudes.

Also we can support the idea that consumer familiarity with a product or service is a key component of consumer knowledge (Alba and Hutchinson, 1987; Aurier and Ngobo, 1999).
5.1.2 Expertise

The other component of knowledge is expertise. Rudell (1979) found higher levels of objective expertise were related to greater use of newly acquired information, whereas subjective expertise was positively related to reliance on previous knowledge.

Wangenheim and Bayón (2004) pointed out that the interaction of consumer expertise and WOM remains widely under-researched. Brucks et al., (1984) reported that a number of studies suggested that there is a negative relationship between the amount of experience (used as a substitute for expertise) of an information seeker and the degree to which he or she conducts an external search for information. Consumers with high expertise think they already have enough information to make an accurate purchase decision so they offer little effort to obtaining additional product information or evaluations about a product from others. Brucks also discusses that prior knowledge encourages an information search by enabling the receiver to process information in a fast and easier way than if he or she possess little expertise.

In their study on expertise Mitchell and Dacin (1996) find that consumers who are highly ranked in expertise are also likely to have greater awareness and knowledge regarding product alternatives available in the market. In addition, experts are more likely to store information about their higher level of knowledge and can infer performance from the information. Thus, the level of expertise might influence consumer attitudes.

Chapter 6 General discussion

6.1 Conclusion

The central question in this paper is: How does electronic word of mouth valence influence consumer attitude towards a product and how do different factors such as trust, and expertise moderates this relationship?

In chapter 3 the relationship between eWOM and consumer attitudes has been discussed. Several motives have been identified why consumer engage in eWOM. The resulting analysis suggests that consumers desire for social interaction and economic incentives, their concern for other consumers and the potential to enhance their own self-worth are the primary factors leading to eWOM behavior. The literature review support the assumption that both trust and consumer knowledge influence the relationship between eWOM and consumer attitudes. When consumers want to engage in eWOM communication trust and consumer knowledge are found to have a great impact on consumer attitudes.

6.2 Limitations and suggestions for further research

In this paper the focus was on eWOM valence and how different factors influence consumer attitudes. The discussion in this paper lies on trust and its antecedents and consumer knowledge and its two components familiarity and expertise. One limitation in this paper is that familiarity is a large term, other aspects of familiarity also need to be researched. There also many other variables that might influence the relationship between eWOM and consumer attitudes that was not included in the framework.
For further research it is suggested to look at the component of consumer knowledge, *expertise*. There is not much information about the role of expertise on eWOM.

**Reference**

Arnaud de Bruyn, Gary L. Lillien, 2005, A Multi stage model of word- of mouth influence through viral marketing. *Journal of research in marketing.* pp.151-163


Chrysanthos Dellarocas and Ritu Narayan , 2006 Statistical Measure of a Population’s Propensity


Ho. L. Ying, C.M.Y. Chung, 2007 the effects of single message, single- source mixed word of mouth on product attitude and purchase intentions, vol 19, no.


Ying-Hueih Chen, I-Chieh Hsu, and Chia-Chen Lin, 2008 Website attributes that increase consumer purchase intention: A conjoint analysis, *Journal of Business research.*