CHAPTER 2:   LITERATURE REVIEW

2.0   Introduction

In this chapter, prior literature in the area of the study is presented. Source of the data in this chapter is from the secondary data derived from published journal articles, textbooks, master's thesis and reliable reports. The following literature initially discusses word of mouth in general, compares online and conventional environments of WOM, and continues with WOM from its originators' point of view. Finally, personality characteristics as antecedents of WOM will be discussed. The outcome of this section is fundamental to hypothesizing in the following chapter.

2.1   Word of mouth (WOM)

Anderson (1998) defines word-of-mouth marketing as an action for sharing experiences and spreading information informally among consumers whenever they are satisfied or dissatisfied with specific products. This process enables customers to share information and opinions that direct other buyers towards and away from specific products, brands, and services (Jalilvand et al., 2011). Electronic word-of-mouth (e-WOM) which is a subgroup of WOM is defined as informal communications directed at consumers through internet-based technology related to the usage or characteristics of particular goods and services, or their sellers (Litvin et al., 2008).

A report conducted by TravelMichigan (Kaplanidou and Vogt, 2003) categorizes what people like to 'talk' or 'buzz' about:

• Exciting products (i.e. movies or destinations that offer exciting experiences)

• Innovative products (i.e. web browsers)

• Personal experience products (i.e. hotels, airlines, vacation)

• Complex products (in order to reduce risk, people talk about products they do not understand, i.e. software, medical devices)

• Expensive products (a very expensive vacation package will make potential buyers ask about what it offers and how good it is since it requires a big investment by the buyer)

• Observable products (people engage in discussions about what they see in other people, i.e. clothing, expensive cars)

• Personal activities (i.e. attending a cultural or sporting event)

Word of mouth can be investigated from several perspectives. Litvin et al. (2008) in their conceptual study suggest two types of mediating variables for WOM: influencers on message originator (speaker) and influencers on the listener. However, in this study our focus is on personality factors that influence the originator of WOM.

Bronner and de Hoog (2011) examine motivational factors for vacationers in posting information about their trips on the internet and reveal that personal factors (self-directed) are the most important influencers. However, Helping other vacationers, Social benefits, consumer empowerment and Helping travel companies are other factors that motivate people to post a review on a website. Bronner and de Hoog (2011) also relate the motivational factors to the type of the web site - consumer generated, mix or marketer generated- and highlight that vacationers with higher helping-vacationers motivation contribute more to consumer-generated websites and on the other hand, high self-directed motivation vacationers are more active in marketer-generated sites. Moreover, they argue that self-directed posters tend to lurk more negative reviews in the websites that are not accessible to other vacationers whereby other-directed reviewers (the majority) tend to post more positive reviews and more in the sites accessible to other vacationers.

Ranaweera and Prabhu (2003) highlight that "trust" and "customer satisfaction" are important drivers of spreading positive word of mouth either voluntarily or involuntarily. Casalo´ et al. (2008) found a positive relationship between customer satisfaction and positive WOM in online banking context. Gelmer et al. (2001), suggest that interpersonal bonds between employees and customers are important antecedent of word of mouth. Frenzen and Nakamoto (1993) using a modified version of Marshall Sahlins's social exchange theory, demonstrate that perceived costs and benefits drive a person's decision to engage in WOM.

Engel, Blackwell, & Miniard (1993) suggest several motives for spreading word of mouth including Involvement, Self-enhancement, Concern for others, Message intrigue and Dissonance reduction. Similarly, Sundaram et al.(1998) suggest a set of variables motivating the WOM originator including Altruism, Product involvement, self-enhancement, Helping the company, Anxiety reduction Vengeance, and Advice seeking.

Cheema and Kaikati (2010) argue that consumers engage in WOM because of its social or 'psychological benefits' and confirmed that high- (versus low-) uniqueness consumers were less willing to recommend a product to others. Westbrook (1987) examines influence of product/consumption affective responses on purchase and post-purchase behavior and highlight that positive and negative dimensions of affect influence the amount of word of mouth. The writer also claims that word of mouth may not happen for satisfied consumers where they had not experienced specific affect and feelings.

Personal values as an important factors effecting human behavior (Kau and Liu, 1997), have generated much attention among consumer behavior scholars. Kau and Liu (1997) assess the relationship between personal values and customer complaint behavior. Koo et al. (2008)

investigate the motivational effects of personal values on benefits, attributes, and re-patronage intention in online shopping context.

According to Elaboration Likelihood Model (ELM) (Petty et al., 1981) customers with high involvement are more likely to engage in thoughtful and effortful processing of persuasive arguments whereas low-involvement customers are not affected by the argument contents, but rather by non-content elements. Dichter (1966) investigates the speaker's motivation for WOM and highlights "involvement" as an important factor and divides it to four main categories: Product, Self, Other and Message Involvement. On the other hand, from the listener's perspective, Do-Hyung and Jumin (2008) examine moderating role of personal involvement on the processing WOM by customers and argue that high-involved customers consider informant role of online reviews are more likely to use them to get additional information, whereas low-involvement customers rather consider recommender role and use reviews to check popularity of the product. Results of a study by Lau and Ng (2001) also support the relationship of product and purchase involvement with intention to spread negative word of mouth.

Litvin et al. (2008) have attempted to consolidate a conceptual model of word of mouth based on previous literature (see figure 2.1). According to this model, sources of WOM including Consumption Experience and Mass Media -mediated by consumer-employee relationship, involvement and surprises- influence the originator of WOM. As outcome, depending on listeners' Source Evaluation, Brand Familiarity, Sociometric Integration and Memory, WOM can affect Loyalty, Product Evaluation, Purchase Decision, Consumer Empowerment and the Product Acceptance.
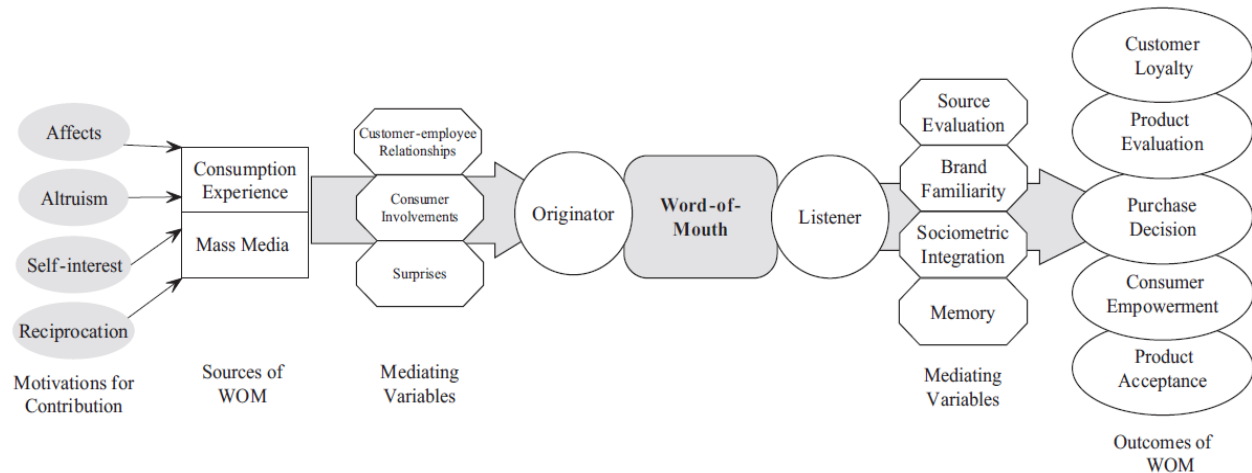
Figure2.1 Conceptual model of word of mouth (Litvin et al., 2008)

2.2   Online Versus Offline Word of Mouth

Nowadays, thanks to the cyberspace' unique features, consumers have access to vast amount of information about products and brands. They are also provided with facilities to make price and quality comparisons and even interact with other consumers (Khammash and Griffiths, 2010). This platform is providing avenue for new generation of word of mouth.

Conventional (offline) word of mouth has a long history among consumers. Arndt (1967) defines word of mouth as oral, 'person-to-person communication' regarding a brand, a product, a service or a provider, between a receiver and a 'non-commercial' communicator as perceived by the receiver. Nevertheless, this definition does not completely match with the online word of mouth. Chatterjee (2001) explains that the non-commercial nature of the e-WOM is not certain. The writer also states that in online word of mouth, most information is communicated between totally strangers.

Moreover, the nature of communication is different. In the online context, the informal interaction among consumers are conducted via e-mail, instant messaging, homepages, Blogs,

review sites, forums, newsgroups, chat rooms, and social networking sites (Goldsmith, 2006). Each of these media possesses different characteristics. Some are synchronous, such as Instant Messaging; while others are asynchronous, such as email and blogs. Some communications link one consumer with another, such as email, while others connect a single consumer with many others (web pages). Still others flow within a new marketing paradigm, the 'many-to-many communications' of Internet chat rooms (Litvin et al., 2008). Figure 2.1 reflects this new typology.
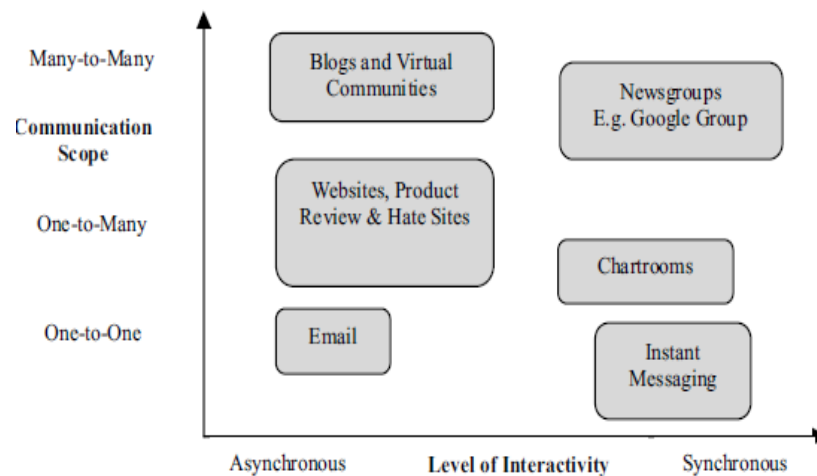

Figure 2.2 Typology of electronic word of mouth (e-WOM) channels (Litvin et al., 2008)

Due to personal contact and face-to-face communication of conventional WOM, the power of opinion leader is high. However since online environment does not provide such contact, e-WOM has little power as opinion leaders (Jalilvand et al., 2011). On the other hand, conventional WOM is very hard for marketers to observe and monitor those messages (Jalilvand et al., 2011). However, electronic form of word of mouth is accessible for all internet users and is less complicated to be monitored by the marketers. Moreover, Chatterjee (2001) argue that in terms of quantity of WOM information, online environment provides much larger quantity than it can be available offline.

Online reviews as a type of e-WOM can play two roles: informant and recommender. Informant reviews convey additional user-oriented information while recommenders provide a positive or negative signal of product popularity (Jalilvand et al., 2011). Informant or recommender, consumers have their own reasons to read such e-WOM information. Khammash and Griffiths (2010) take a case study approach to study the motives of people who read online consumer reviews and have categorized 21 different motives (see Table 2.1). They found out that the main idea of reading consumer generated reviews is to find unique consumer experiences that are written by non-experts like them.

Original motives			Emergent motives			
Decision-involvement motives			Self-involvement motives			
Risk reduction	Reduction of search time	Dissonance reduction	Fun and enjoyment	Curiosity and broadening of horizons	Compulsive habit and boredom	Improving writing style and language skills
Product-involvement motives			Consumer empowerment motives			
Learning how a product is to be consumed	Learning what products are new in the marketplace		Trusted opinions	Non-expert opinions		Unique experiences
Social-involvement motives			New social-involvement motives			
Determining social position	Belonging to a virtual community		Preferred authors	Mediated advisor	Understanding people	Reading responsively
Economic-involvement motive			Site administration motives			
			Examining review accuracy and availability		Offering general help to the site management team	

Table 2.1 21 motives for reading online consumer reviews (Khammash and Griffiths, 2010)

2.3   Travel Industry and word of mouth

Travel services include hotels, package holidays, airlines, car rentals, cruise lines, railways and sightseeing tours. These services are hard to be evaluated prior to the consumption which makes them to be perceived by customers as high-risk purchases. Therefore, interpersonal influences are highly essential in this industry (Litvin et al., 2008). According to Simpson and Siguaw (2008) choice of destination by travelers is highly affected by word of mouth. Moreover, Morgan

et al. (2003) note that negative word of mouth can harm the travel destinations' image and ultimately downturn the tourist industry.

Beside the influence of WOM, from the marketers' point of view, travel services are usually seasonal and highly perishable (Lewis and Chambers, 2000). Thus, in order to survive in this competitive industry, marketers need to understand the interpersonal influences and furthermore learn to manage such influences (Litvin et al., 2008). Litvin et al. (2004) state that restaurant selection by tourists is influenced by WOM from opinion leaders and note that hospitality marketers seeking the tourist trade are shifting their emphasis from traditional marketing channels (advertising and public relations) to non-traditional interpersonal marketing strategies.

Nowadays, internet is a common platform for travelers to search for information. There are various information sources on the Internet, such as destination Web sites, Travel blogs, commercial Web sites (for hotels, restaurants, airlines, etc.), and online communities (Arsal et al., 2010). Tourists engage in online travel communities to get firsthand information from experienced travelers who have already been to the destination. Such information sources are the most influential and most preferred in the pre-trip stage of travel decision making (Crotts 1999). Moreover, these experienced travelers can also be destination residents who provide information in the online travel community. Such communities even provide avenues for further travel-related discussions among potential travelers and experienced travelers (Arsal et al., 2010).

2.4   WOM and the Originator

The originator of the word of mouth can be an opinion leader who is interested in particular product fields, exposes himself to mass media sources, and is trusted by opinion seekers to

provide knowledgeable advice (Jalilvand et al., 2011). Opinion seekers are also affected by their reference group that is defined as "an individual or group of individuals that influence an individual's behavior (i.e., family members, political leaders, local communities)" (Arsal et al., 2010).

In the online context, a comprehensive classification of participants in online communities is made by Tedjamula et al. (2005). The first and most common type are those who browse the information and posts by others but do not contribute. Second level are those who seek for information but couldn't find, therefore they post a specific 'questions' to the community and trigger contribution from others. These two groups are called 'lurkers' or opinion seekers and represent 80-90% of the population. However there are two other groups who are originators of a WOM message. The third group consists of those who not only shows the behavior of the former groups but also dare enough to respond to others' questions. The last type are called 'veterans' who are the active participants and are responsible for most of the contributions. The question raised here is what is the latent group's motive behind their active participation?

Researchers have been trying to develop theories about motives behind contribution of originators to the community. Wang and Fesenmaier (2002) use "gift of information" and refers to 'theory of gift economy' by Kollock (1999) to explain this phenomenon. In this theory the primary assumption is that a gift transaction involves disperse and usually unstated obligation to repay the gift in the future. Kollock (1999) argues that much online interaction is characterized by a form of exchange that is both more generous and riskier than gift-giving. Meaning that when people forward free advice or provide useful information, the recipient is often unknown to them and the giver may never come across the recipient again. Moreover, the 'gift of information' is usually offered to a group of people not just an individual. Therefore, there

cannot be much reciprocity expected in online environments (Wang and Fesenmaier, 2002). However reciprocity is expected to be significant in offline environment of WOM since it is critical for sustaining supportive relationships.

Another motivation theory which can be used to explain the phenomenon of contribution to online communities is the 'self concept theory' which is comprised of three sub-theories: 'Social Identity theory' (Stryker, 1986), 'Self-Presentation theory' (Schlenker, 1985) and 'Self Efficacy theory' (Bandura, 1995). According to this theory the ideal "self" is resulting from adopting the role expectations of reference groups. The individual behaves in ways which satisfy reference group members in order to satisfy their own needs of affiliation and power (Wang and Fesenmaier, 2002). Bandura (1995) emphasizes on the importance of sense of efficacy on people's behavior and their self-image. Wang and Fesenmaier (2002) explains making regular and high quality contributions to an online community can enhance that person's self image as an efficacious person. This theory can also explain user's commitment in active contribution to their communities. In their study, they found self-efficacy (satisfying others' needs, helpfulness and sharing enjoyment) to be the strongest motive for contributing word of mouth to online travel communities.

Tedjamula et al. (2005) attempt to develop a conceptual model of contribution in online environments. The writers split variables into three groups of 'personality characteristics', 'environmental factors' and 'goals and goal commitment'. They believe that 'self-efficacy', 'intrinsic motivation', 'need to achieve' and 'trust' are the personality characteristics that can influence motives for forwarding information in online environments.

Wasko and Faraj (2005) studied on knowledge sharing in electronic networks and found that individual motivation (reputation and enjoy helping) is the most driver of person's stimulus for

contributing some kind of knowledge and information. Gaining professional reputation can be a matter in offline environments or online communities where the user is known for others. However, for anonymous writer, reputation is not applicable.

2.5   Personality Characteristics and WOM

2.5.1   Self-confidence

Self-confidence is considered as a valuable asset for individuals in most societies. Self-confidence enhances individual's motivation for undertaking actions and pursuing goals. Believing oneself to be of high ability or morality, makes it easier to convince others that one does have such qualities (Benabou and Tirole, 2002)

Cox and Bauer (1964) suggest that motivation to speak by the communicator could be affected by their self-confidence level. Similarly, Lau and Ng (2001) examine relationship of three personality constructs including self- confidence, sociability and social responsibility with complaint behavior and reveal that customers with high level of self-confidence and sociability are more likely to engage in negative word of mouth. The authors discuss that the reason is that people with higher self-confidence perceive less risk of embarrassment in complaining. Therefore, they have sufficient assurance to tell others about an unsatisfactory experience with a product- which the act is usually perceived as 'admitting to failure' by consumers-.

Consumer Self Confidence (CSC) is closely related to positive experiences in the marketplace. Analyses of consumer behavior associate self-confidence with peoples' perceptions of their product knowledge, attention to product labeling, skepticism toward market claims, market expertise and individualism (Loibl et al., 2009).

2.5.2 Conservativeness

Oxford English Dictionary defines conservatism as "being characterized by a tendency to preserve or keep intact or unchanged". According to Cornelis et al. (2009), this definition is conceptually extended to tendencies to the realm of political movements, religion, business, and social issues. Cornelis et al. (2009) state that social scientists have identified two core components of conservatism: (1) resistance to change and tendency to defend the status quo, (2) tolerance for inequality.

According to Cornelis et al. (2009) Conservativeness is closely related with age and lifecycle of individuals. Macro societal and micro level of individuals aging influence persons' conservativeness. Macro societal level refer to social and historical events that take place during one's lifetime and probably affect people of all ages similarly. Whereas Lifecycle or aging refers to changes caused by aging or specific stage in life that people are going through. Therefore, People are expected to have more conservative attitudes when aging.

Voss et al. (2004) argue that in high conservative cultures such as UK, people as part of their cultural norms do not express their feelings and emotions. Therefore, they are supposed to be less responsive and more tolerant to poor service quality. Similarly, the authors highlight that in cultures with higher levels of conservativeness, there will be less positive feedback from customers in response to good quality services.

2.5.3 Assertiveness

Galassi et al. (1974) referring to Alberti and Emmons (1970) defines assertiveness as a 'behavior that enables a person to act in his own best interests, or stand up for himself without unnecessary

anxiety, to articulate his rights without denying the rights of others'. Similarly Ibrahim (2010) characterizes assertiveness as "the ability to express one's feelings, opinions, beliefs, and needs directly, openly and honestly, while not violating the personal rights of others". According to Ibrahim (2010), assertive individuals communicate more comfortably and more efficiently. Assertive individuals claim their own rights, make requests of others, can say no to things they do not want, accept praise and can easily verbalize their feelings (Terakye and Ustun, 1998).

There are contradicting studies around relationship of assertiveness and gender. Some studies suggest that girls are more assertive than boys (i.e. Karagozoglu et al., 2008) and others are suggesting that assertiveness is related to some characteristics particular to males (i.e. Sinclaire et al., 2000).

Results from a study by Karagozoglu et al. (2008) confirm the positive relationship between Self-esteem and assertiveness. Crotts and Erdmann (2000) argue that customer satisfaction is related to their cultural assertiveness; and suggest that higher levels of assertiveness may result in lower average customer satisfaction. Lau and Ng (2001) suggest that consumers who express their complaints tend to be more assertive.

2.5.4 Risk Taking Attitude

Risk perception is different among people; while taking a risk, they balance between greed (value) and fear (risk) (Brockhaus, 1982). Risk taking or risk attitude is a stable personality trait, meaning that an individual will take similar risks in variety of situations (Weber, 2001). Risk taking attitude is different among male and female individuals, whereby men tend to take greater risks (Crust and Keegan, 2010). Moreover, aging is negatively related to risk taking.

Consumer's risk taking consists of different dimensions: (1) Social risk, (2) Physical risk, (3) Financial risk (4), Performance risk (5), Psychological risk, and (6) Convenience risk (Lin and Fang, 2006). Crust and Keegan (2010) defines Social risk as "willingness to engage in activities that society does not approve of". Although attitude towards other dimensions of risk might be correlated with attitude towards social risk, in this study, social approach to risk is considered to be appropriate.

Wallach et al. (1968) found out that female members of a group with stronger risk-taking attitudes exert more powerful persuasion over their group-mates. According to the authors, social risk-takers exert superior influence on discussions than conservatives. However, this relationship was not insignificant for men.

2.5.5 Sense of Justice

Keng and Liu (1997) applied the expression of "sense of justice" to dig up consumer's perception of complaining as kind of 'duty' or 'responsibility'. This explanation is close to the meaning of 'social responsibility' that Lau and Ng (2001) apply. According to Lau and Ng (2001) socially responsible people are inclined to help other people without expecting to gain anything from them. Concept of sense of justice is also relevant to 'altruism' which is defined as "the intention to benefit others as an expression of internal values, regardless of social or motivational reinforcement" (Price et al., 1995).

According to Price et al. (1995) there is evidence that customers help each other in the marketplace. They apply notion of 'people of goodwill' (Dichter, 1966) and 'market helpers' and characterize them as those who provide different kinds of market assistance including: (1)

structuring decision problems (2) validating consumers' decision process, (3) evaluating product alternatives and (4) making the product final choice. Price et al. consider 'altruism' as one of the antecedents of such helping behavior.

As mentioned earlier, Dichter (1966) characterizes 'other-involvement' as motivator of WOM, where consumers engage in WOM for the purpose of helping and sharing with others. Similarly, Lau and Ng (2001) state that when dissatisfaction happens a desire to prevent others from experiencing the same fate may motivate individuals to engage in negative word of mouth. In other words, since these socially responsible people are concerned with others' welfare, they are more likely to warn people about unsatisfactory products and services.

In similar study, Hennig-Thurau et al. (2004) states that 'concern for others' is one of the motives for people engaged in spreading word of mouth. Authors explain that WOM in online platforms is initiated to help other consumers in their decision making or save others from negative experiences. Therefore, this type of concern can result in either positive or negative word of mouth.

2.6   Attitude and Behavior Relationship

The Theory of Reasoned Action' (Fishbein and Ajzen, 1975; Ajzen and Fishbein, 1980) has been widely used as a basis model for predicting behavioral intention and behavior. According to this theory, behavioral intentions are a function of salient information or beliefs about the likelihood that performing a particular behavior will lead to a specific outcome. These beliefs are divided into two groups of behavioral and normative. The first is assumed to affect the individual's attitude toward a behavior and the latter is suggested to influence subjective norms. Due to

limitations to this model, the authors proposed an extension of the theory of reasoned action which resulted in Theory of Planned Behavior.

One of the well-supported theories on consumer behavior is 'Theory of Planned Behavior' by Ajzen (1985). According to this theory, Intentions to perform a behavior can be predicted by attitudes towards the behavior, subjective norms and perceived behavioral control. Actual behavior is defined by such intentions together with perceptions of behavioral control (see Figure 2.1).
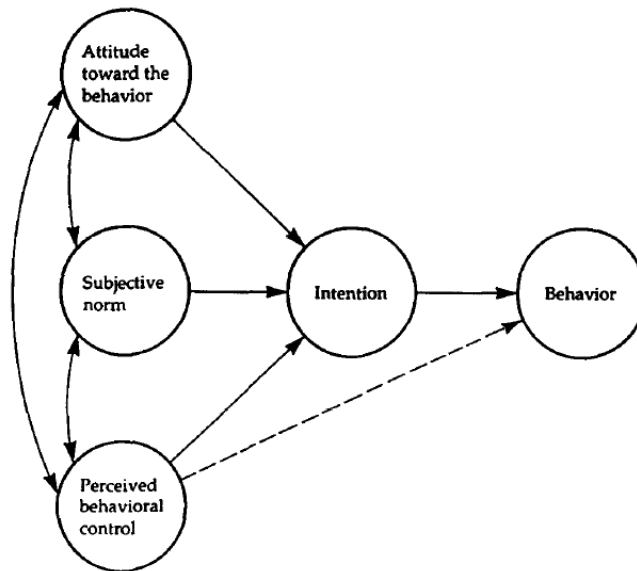

Figure 2.3 Theory of Planned Behavior (Ajzen,1985)

As illustrated in this model, the central factor is the individual's intention to perform an action. Intention reflects people' willingness and level of effort they plan to put in order to perform a behavior (Ajzen, 1991). The stronger the intention, the more the possibility for an individual to perform that behavior. One of the determinants of intention is the 'attitude toward the behavior' and is defined as "the degree to which a person has a favorable or unfavorable evaluation or appraisal of the behavior in question". The second predictor is a social factor termed subjective norm; it refers to "the perceived social pressure to perform or not to perform the behavior".

Another factor in this model is 'Perceived behavioral control' that is defined as perception about resources and opportunities available to an individual. According to the Theory of Planned Behavior, the more positive the attitude and subjective norm with respect to a behavior, and the higher the perceived behavioral control, the stronger the intention to perform that behavior. Although the relative influence of each factor on intention vary across different situations, results of various studies provide evidence that 'attitudes' towards various behaviors play the most significant role in predicting intention (Ajzen, 1991).

On the other hand, contradicting studies have found that intentions do not completely mediate the relationship of attitude and behavior. According to (Bagozzi and Yi, 1989) the role of intentions vary among situations and attitudes are more accurate predictors for behaviors. Moreover, they suggest that 'the degree of intention formation' moderates the attitude-behavior relationship, and only well-formed intentions can mediate this relationship.

2.7   Summary

In this chapter previous literature from secondary data is presented. Various theories and models relevant to word of mouth and consumer behavior are reviewed. Differences of word of mouth behavior in online and conventional environments are discussed. Moreover, five personality factors including self-confidence, conservativeness, assertiveness, risk-taking attitude, and sense of justice, that are relevant in word of mouth behavior are discussed. This literature review assists us in forming hypotheses which is presented in the following chapter.