

FACTORS AFFECTING USERS' PURCHASE INTENTION FROM EWOM REVIEWS IN VIRTUAL COMMUNITY: FEMALEAILY.COM USING INFORMATION ACCEPTANCE MODEL (IACM)

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Abstract. Today we live in an era where everyone could search for the information they need on the internet. All the information based on personal reviews from people experience using products or service and posted online is called eWOM. Since the beauty industry now is growing rapidly especially in Indonesia, Femaledaily.com took this opportunity as they became the biggest virtual community (VC) in Indonesia for people sharing their reviews related beauty products. This research is using Information Acceptance Model (IACM) to examine the factors affecting users' purchase intention from eWOM in virtual community. SmartPLS is used to examine the relationship between latent variables based on the survey collected from 474 respondents. Researcher added a new independent variable which is social capital and the result revealed that eWOM is not only affected by the characteristic of eWOM information and users' attitude toward information but also from the social capital on the community. This research contributes to make a practical recommendation both for Femaledaily and marketer to maximize the eWOM acceptance that could increase the company's profit in the future.

Keywords : eWOM; Information Acceptance Model; Purchase Intention

INTRODUCTION

The beauty industry has rapidly grown from recent years. In Indonesia, the growth had reach double digits (20%) and became one of the main sectors as stated in the Rencana Induk Pembangunan Industri (RIPIN) 2015-2035. Along with the growth in the beauty industry, so does the digital era. Based on Mckinsey in 2016, Indonesia's internet population expected to increase up to 50 million users at the end of 2020, means more people able to share and gather information online. Electronic Word of Mouth (eWOM) is an interpersonal communication through the internet. It could be as the form of online recommendation and reviews. According to the Nielsen Global Survey in 2015, 70% of consumers trust online reviews, to be more specific, the highest source of information for people to gather information about beauty products came from online review (Consumer Insight, 2017). The aggressive growth of information people received every day might lead people tend to skip the information they got. Female Daily as the biggest virtual community (VC) in Indonesia for sharing and gathering information related beauty products have not measured its users' information acceptance toward their platform. It remains unclear how the users of Femaledaily.com accept information from this platform until creating purchase intention. Therefore, it is essential to know what factors affecting information acceptance for both Femaledaily and marketer in the beauty industry. Femaledaily could improve the web site's performance by providing more useful information. Hence, they will attract more users and increase the company's revenue. Marketer in beauty industry could use the result as a benchmark to maximize eWOM promotion toward the brand and will lead to an increase in the company's profit.

LITERATURE REVIEW

eWOM

EWOM is both positive and negative statement made by promising, current, or earlier customers about a product or service, which is made applicable to a majority of people and organizations via the internet, (Hennig., Gwinner, K. P., Walsh, G., & Gremler, D. D, 2004). Evaluation of products and process for finally buying a product are influenced by the existence of eWOM. Process for reading websites reviews, looking through social networks and from blog related with specific products or services before buying decision make eWOM become an important aspect and as a source of information (Duan et al., 2008)

Virtual Community (VC)

People form communities to share their experiences to share particular interests. Different from the conventional community, in a virtual community, members could interact with other member using the online communication system instead of direct interaction. There are many forms of a virtual community, it could be as the platform to share reviews, an online discussion forum and it enables between members to have interaction and communication (Chang & Gregor, 2011). This study is using the virtual community (VC) Femaledaily.com to be examined. VC determined as the prospective environment for touching sales by spreading eWOM. (Muniz & O'Guinn, 2001).

Information Acceptance Model (IACM)

This model was proposed by Ismail Erkan and Chris Evans in their research in 2016. This model was the extended version from Information Adoption Model (IAM) by Sussman and Siegal (2004) combined with parts of the Theory of Reasoned Action (TRA). It was found that not only characteristic of eWOM information that could impact on consumer's purchase intention. The evaluation must include the consumers' behavior toward eWOM information. It was found that information adoption significantly influences purchase intention.

Information Quality and Information Credibility

Information quality reflects how complete, well presented in the format, accurate and up to date the information based on users' perception (Wixom & Todd, 2005). eWOM quality was found directly influences information usefulness (Cheung & Thadani, 2012). Information credibility determined to the degree which individual perceived information to be believable or not (Luo, 2013). Information credibility influence consumer to perceive the usefulness of the website and willingness to follow the website's advice (McKnight & Kacmar, 2007).

H1 : Information quality from reviews is positively influence the information usefulness in Femaledaily.com

H2 : Information credibility from reviews is positively influence the information usefulness in Femaledaily.com

Information Usefulness, Information Adoption and Purchase Intention

Information usefulness is acknowledged as the main predictor of information adoption (Sussman & Siegal, 2003) because people likely to adopt the information when they perceive it is useful to them. Information adoption is a process when people consciously engage in processing information. Purchase intention will enhance when eWOM adoption exists (Fan & Miao, 2012). Based on research conducted from Ismail Erkan and Chris Evans it was found there was a positive influence from information adoption on purchase intention.

H3 : Information usefulness from reviews is positively influence the information adoption in Femaledaily.com

H4 : Information adoption from reviews in Femaledaily.com positively influence the users' purchase intention

Needs of Information and Attitude Towards Information

The motivation for people to engage in eWOM is their needs of information (Sundaram, Kaushik & Webster, 1998). Based on Flynn research (1996), consumers who have a high level of opinion seeking behaviours tend to look for information and suggestion from others when they are making a purchase decision. Attitude toward information defined as the people's response toward the information they got (Park & Han, 2007). According to Ismail Erkan's research (2016), the needs of information significantly affect purchase intention and attitude toward information was found also has a positive effect on information usefulness and purchase intention.

H5 : Needs of information is positively influence the information usefulness in Femaledaily.com

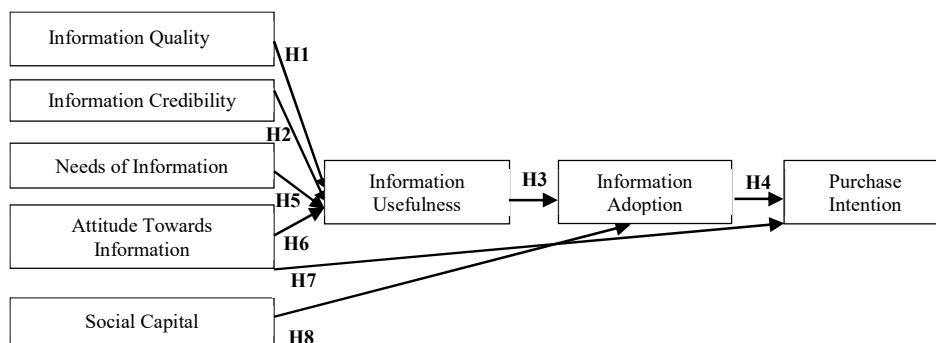
H6 : Attitude toward information is positively influence the information usefulness from reviews in Femaledaily.com

H7 : Attitude towards information is positively influence the users' purchase intention in Femaledaily.com

Social Capital

According to research by Chang and Chuang (2011), social capital interprets in the relationships between individuals and their connection with their communities. Based on the previous study (Wasko & Faraj, 2005) social capital between members in a social group influences the effect of information exchange. Hence, this variable is added to this research to get more complete analysis of the model.

The Research Model (IACM) with Social Capital



H8 : Social capital inside Femaledaily.com is positively influence the users' information adoption in Femaledaily.com

Figure 2. Research Model (IACM) with Social Capital

METHODOLOGY

This research is using quantitative data and the questionnaires were adapted from the previous study. Data were collected using an online survey method and was filled by 474 users of Femaledaily who have seen reviews on Femaledaily.com. For this research, online questionnaires were spread to Indonesian people who are users of Femaledaily.com with no specific requirement for demographic profile respondents. The measurement items based on a seven-point Likert scales, a score of 1 indicating “strongly disagree” and a score of 7 indicating “strongly agree”. The pilot test also conducted in the beginning using 50 respondents for this study to ensure all questionnaires were understandable and prevent any different interpretations from the questions listed on the questionnaires. Feedback was also received to correct a few terms for some items, however, no major change was taken on this study. Researcher used a confidence level of survey 95%, which makes the error to be 5%. Among all variance-based SEM method, PLS or Partial Least Squares was the “most fully developed and general system” (McDonald, 1996). It provides benefit for a researcher who was working with structural equation models.

FINDINGS AND ARGUMENT

Table 1. Demographic of 474 Respondents

Respondents Profile	Groups	Frequency	Percentage
Age	<16 years old	8	2%
	16-21 years old	196	41%
	22-26 years old	178	37%
	27-31 years old	70	15%
	32-35 years old	18	4%
	>35 years old	4	1%
Gender	Female	472	99.6%
	Male	2	0.04%
Occupation	Students	242	51%
	Private employee	117	25%
	Civil servant	8	2%
	Entrepreneur	39	8%
	Other	68	14%
Domicile	Bandung	66	14%
	Jakarta	143	30%
	Surabaya	24	5%
	Yogyakarta	26	5%
	Bali	3	1%
	Other	212	45%
Frequency of Visiting Femaledaily.com	Everyday	184	39%
	2-3 times a week	163	9%
	Once in a week	53	11%
	2-3 times a month	44	35%
	<1 than a month	30	6%
Preference of Buying Beauty Products After Using Femaledaily.com	Yes	439	93%
	No	35	7%
Average Spending in a Month for Beauty Products	< Rp 100.000	50	10%
	Rp 100.000 – Rp 300.000	226	48%
	Rp 300.001 – Rp 600.000	137	29%
	Rp 600.001 – Rp 900.000	44	9%
	>Rp 900.000	17	4%

The result from processing all data in Smart PLS 3, researcher had found :

Table 2. Bootstrapping Result

Hypotheses	Structural Path	Path Coefficient	t-Values (bootstrap)	Result
H1	Information Quality-> Information Usefulness	0,346	6,474	Accepted
H2	Information Credibility-> Information Usefulness	0,092	2,257	Accepted
H3	Information Usefulness-> Information Adoption	0,465	11,182	Accepted
H4	Information Adoption-> Purchase Intention	0,318	5,869	Accepted
H5	Needs of Information-> Information Usefulness	0,055	1,086	Rejected
H6	Attitude toward Information->Information Usefulness	0,308	5,231	Accepted
H7	Attitude toward Information -> Purchase Intention	0,471	9,246	Accepted
H8	Social Capital -> Information Adoption	0,278	6,265	Accepted

This study revealed that besides the characteristic of information and behavior of users toward eWOM information, the result from the structural equation model proved social capital between members has a positive impact on information adoption. All hypotheses for information quality, information credibility, attitude toward information, social capital, information usefulness, information adoption, and purchase intention were supported except the relationship between needs of information and information usefulness. It is interesting to note that the needs of information is not significantly influencing the information usefulness and information adoption in Femaledaily.com. In the previous study (Sundaram et al., 1998) factors such as needs of information was found significantly affect motivation for consumers to engage in writing online reviews. This might be the reason it is not significantly affecting the perception of usefulness from the information. Users judge the quality of the review based on the completeness, clearness, accuracy and whether the reviews are up to dated or not. While for the credibility, users evaluate virtual community like Femaledaily.com are credible because it provides users' reviews based on their experience of using the products, since it was not owned by a beauty brand, they perceive Femaledaily.com consists of many credible reviews. For attitude toward information, this research found that the existence of Femaledaily.com make it easier for the users to make a purchase decision. Users who perceived the information as favourable information to them were more likely to perceive the usefulness of reviews. This study showed an interesting result, from social capital, there was no skeptical behavior when users perceived reviewers were people who have strong social ties with them. Strong social ties in here did not depend on the frequency of communication between members as the previous study had explored before (Wang, 2016). This study revealed that users perceived strength tie toward members who shared similarity with them especially in forms of skin types, age, and skin-concern. Homophily between members was found as the main predictor toward strength tie of the social capital in Femaledaily.com.

CONCLUSIONS

This study was using Information Acceptance Model (IACM) to examine the factors influencing information acceptance from eWOM in forms of reviews in Femaledaily.com. This study contributes to the theory build from IACM, that not only the eWOM characteristic and consumers' response toward information that influence someone to accept the information, the social capital between members also affect someone to adopt the information. The practical recommendation was made for Femaledaily.com and for marketers in the beauty industry. For Femaledaily.com, they should add review features of texture, scents, and overall result to ensure the completeness of information on the platform. They should collaborate with the beauty brand to make Femaledaily.com connected with their sites. While for the marketer, researcher recommends to encourage user-generated content by offering discount or voucher whenever customers posted reviews on their social media. Marketer should collaborate with a virtual community for making sponsored videos or articles, building an online brand community with users profile provided in it and last but not least create a credible website with added reviews features on the product sold. This study provides new insight into the factors affecting IACM that was proposed by Ismail Erkan in 2016. This study revealed that virtual community has a significant influence on creating customers' purchase intention through the reviews from previous customers. This study proved that social capital also affected someone to adopt information from reviews in the virtual community. When users perceive the people inside the platform is trusted, they shared similarities among users and they both using the common terms or jargon when sharing reviews, users tend to adopt the information easily. The result is social capital was found as the factors that could influence users' purchase intention. This result became an added value to the previous study that has not discussed the relationship yet in the IACM model.

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