

Chapter 7

The Relationship between Online Reviews, Brand Trust, and Willingness to Buy

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ABSTRACT

This chapter investigates how online customer reviews affect consumer decision-making (willingness to buy) during their first purchase of services or products using brand trust as a mediating variable. A brief literature review, rationale and significance, and methodology are discussed, and a conceptual framework based on the relationships between the stated variables is adopted in this empirical study to demonstrate linkages and insights. The findings demonstrate that the “reliability dimension” of brand trust had a mediating effect on online customer reviews’ valence to willingness to buy, while the “intentionality dimension” of brand trust had little effect. Furthermore, the findings demonstrate that online customer reviews generated by in-group and out-group reviewers have little effect on purchasing decisions (willingness to buy). These results suggest that marketers should focus more on managing negative online customer reviews that have a damaging effect on brand trust.

INTRODUCTION

For many decades, ‘word of mouth’ (WOM) has been considered more important than advertising in promoting the awareness of a product and influencing consumers to trial new products

(Sheth, 1971). More recently, the effect of WOM has significantly increased through the global and ubiquitous use of the internet, which has resulted in the concept of electronic WOM (eWOM). With the introduction of Web 2.0, eWOM has become a major element of user-generated content (UGC).

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Customers have become empowered to write online reviews that can be read by consumers in conjunction with the marketing information provided by the firm. Therefore, online customer reviews are a type of eWOM, and eWOM is a type of UGC, as well as WOM. However, online customer reviews have become the most common form of eWOM and these online reviews have been shown to have a significant influence on customers' purchase decision making (Chen & Xie, 2008).

Hiscock (2001 p.1) stated that, 'The ultimate goal of marketing is to develop an intense bond between the consumer and the brand, and the main ingredient of this bond is trust'. This concept is usually associated with a relationship of trust between the customer and the brand, which then shapes consumers' buying behaviour and customer loyalty, which can then lead to repeat purchases. Acknowledging the paramount importance of persuading consumers to make a first purchase, for many products and services the buying action may only be a one-off purchase. For example when travellers visit a new location they are making their first purchase of travel to that location yet they may not visit the location again because they seek another novel travel experience. In this case, while it is more relevant to focus on the first buying decision, rather than repeat purchases, customer relationship development is still important because it may result in eWOM that affects the buying decisions of new customers.

To elucidate the managerial conundrums associated with buying decisions, this chapter adopts a framework to determine the relationship between online reviews, brand trust and willingness to buy. The findings and insights generated by this chapter provide novel insights regarding the management of positive and negative online reviews on willingness to buy.

BACKGROUND

Past studies in eWOM explore antecedents that affect the generation of WOM activities and the relationships of WOM characteristics, such as valence (positively vs negatively framed message) (Celso & Carlos, 2008). Other studies examine the outcome variables, including customer equity and brand purchasing probability (Buttle, 1998; East, Hammond, & Lomax, 2008; Vermeulen & Seegers, 2009). The reference to eWOM by new customers is considered a risk-reduction strategy that affects the purchasing intention (Buttle, 1998). With both the advent and ubiquity of the internet, online customer reviews are the new focus of eWOM research. However, there is a dearth of studies focusing on the causal relationships between the mechanisms that explain how online customer reviews affect a customers' buying behaviour—particularly regarding their willingness to buy for the first time. In addition the mediating effect of brand trust between online reviews and willingness to buy remains unclear.

eWOM AND ONLINE CUSTOMER REVIEWS

WOM has been described as person-to-person oral communication between a receiver and a communicator who the receiver perceives as non-commercial, in terms of a brand, organisation, product or service (Arndt, 1967). The advance of the internet age has wrought some changes to this description. For example, the presence of virtual WOM in bulletin boards is not face-to-face, oral or ephemeral. This form of WOM is usually referred to in studies as eWOM or internet WOM (iWOM).

The development of the internet into Web 2.0 has permitted new forms of eWOM, such as

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