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## **Influence of Online Consumer Reviews on Brand Choice**

*(Work in Progress)*

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### **ABSTRACT**

Social interaction encourages consumers to share information in the digital age. Many consumers use online reviews of products and services to support their brand choice. The concept of reference group explains how peers can influence consumer purchase decisions. Peers can exert influence on consumers in the forms of informational, utilitarian and value-expressive influences. This proposed study aims at examining how these three forms of reference group influence would affect consumers in using online consumer reviews when making a brand choice decision. It also explores the role of brand trust on the brand choice. This paper serves the purpose of providing a conceptual framework for developing further research.

*Keywords:* Reference group influence, informational influence, utilitarian influence, value-expressive influence, online consumer reviews, brand trust, brand choice

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### **INTRODUCTION**

The growth of online communications has facilitated the reference group influence on the use of online consumer reviews of products and services in purchase decisions. Consumers use online review platforms to communicate and exchange opinions with other peer consumers who have similar purchase experiences (Cheung & Thadani 2012; Olbrich & Holsing, 2011). Peer consumer reviews are the source of information used by consumers to support their purchasing decisions. The peer consumers of these online social communities offer informational, utilitarian and value-expressive signals for their fellow consumers to follow. Previous research has shown that online consumer reviews affect a consumer's purchase decision (e.g. Huang & Chen, 2006; Park, Lee, & Han, 2007).

Consumers are engaged in sharing and listening to online consumer reviews in the buying decision-making process. These peer generated reviews, which are generally opinion-based by nature, may exert a positive or negative influence on consumers' purchase decisions as these reviews provide information that influences the extent to which consumers trust the brands, and subsequently affects the consumers' brand choice decisions. This paper intends to develop a conceptual framework to examine how the informational, utilitarian and value-expressive influences would affect the influential power of the online consumer reviews, and specifically, how the informational influence would influence consumers' trust in brands. It also intends to evaluate if online consumer reviews would affect consumers' level of trust in brands and their brand choice decisions. Finally, it examines whether brand trust and online consumer reviews are related.

### **CONCEPTUAL FRAMEWORK**

#### **Reference group influence**

Reference group influence affects a consumer's buyer behaviour, including brand choice. Bearden and Etzel (1982) define a reference group as a group of people that influences an individual's behaviour significantly. Reference group influence shapes an individual's purchase decision (Childers & Rao, 1992) and the foundation of an individual's behaviour (Schiffman & Kanuk, 2015). Previous research has examined the reference group influence in brand and product choice (e.g. Hsu, Kang & Lam, 2006; Leguizamon, 2010; Tang & Fam, 2005). However, limited research was conducted to examine the independent effect of the informational, utilitarian, and value-expressive reference group influences in brand choice, in particular, utilitarian and value-expressive reference group influences (Kallgren, Reno, & Cialdini, 2000).

Previous research has divided the types of reference group influences in different categories. Burnkrant and Cousineau (1975) classified the reference group influence as informational and normative influences. Childers and Rao (1992) suggested that the reference group influence should be divided into informative and comparative influences. Park and Lessig's (1977) approach to examine the reference group influence including the informational, utilitarian, and value-expressive influences is commonly adopted in the study of buyer behaviour (e.g. Bearden & Etzel, 1982; Mangleburg, Doney, & Bristol, 2004; Rook, & Fisher, 1995).

#### **Informational Influence**

Informational influence is defined as the acceptance of information from another as credible evidence of reality (Mangleburg, Doney & Bristol, 2004). Consumers use friends, salespersons and publications as the source of information (Price, Feick & Higie, 1989). The source of information is further divided as a personal and an impersonal source (Ansari, Essegaiier & Kohli, 2000; Senecal & Nantel, 2004). Consumers can refer to the information provided directly from others, such as their peer consumers' online reviews, or indirectly by observing other people's behaviour. In the circumstances of online consumer reviews, consumers learn from the

experiences of their peer consumers through their reviews. When consumers accept the information from either the personal or impersonal sources and subsequently use the information to support their brand choice, it indicates that they believe the content as it reflects their value system. Consumers tend to seek information from available sources when they are faced with risk or uncertainty (Batra, Homer & Kahle, 2001; Childers & Rao, 1992), and it is expected that informational influence is related to brand trust. Therefore, the proposed hypotheses are:

*H1: When consumers are more susceptible to informational influence, they will have a higher level of trust in brands which are reviewed positively by other peer consumers.*

*H2: When consumers are more susceptible to informational influence, they are more likely to accept online consumer reviews.*

### **Utilitarian Influence**

Bearden and Etzel (1982) define utilitarian influence as an individual's attempt to comply with others' expectation to avoid punishments or achieve rewards. A consumer will find it useful to meet the expectations of the others when he feels that he is likely to receive punishments or rewards from these significant others (Bearden & Rose, 1990; Mangleburg, Doney, & Bristol, 2004; Massara, Liu & Melara, 2010; Park & Lessig, 1977). For example, consumers might comply with other peer consumers' expectations when making a purchase decision if they feel that their peer consumers are aware of their choice. It can happen when consumers are part of the online communities. They are motivated to achieve rewards such as being praised by other online members for making a "right" brand choice. However, they may listen to the others to avoid sanctions such as being disagreed or disapproved by their peers in their corresponding reviews. Therefore, the proposed hypothesis is:

*H3: When consumers are more susceptible to utilitarian influence, they are more likely to accept online consumer reviews.*

### **Value-expressive Influence**

Bearden and Etzel (1982) define value-expressive influence as an individual's attempt to conform to others' influence to support his self-image by associating himself with the significant others or by trying to be different from others. A consumer will respond to his reference group as he feels a need for psychological associations. Consumers need cues for possessions and use brands to develop their psychological connection with their peers. Previous research has suggested that consumers are motivated to maintain or enhance their self-concept about who they are, what they want to become and what they do want to be associated with (Markus and Nurius, 1986). They are deeply affected by their need to maintain and enhance their self-concept and self-esteem (Escalas and Bettman, 2003). The brands they choose and use is a way to create and express their self-concept (Bearden and Rose, 1990; Belk, 1988; Fournier, 1998). They take into account their peers' brand choice because these are signals of whether the self-concept associated with the brands would be accepted by the group (Muniz & O'Guinn, 2001). Consumers tend to seek information through online consumer reviews as they can be more certain about the brand choice. Therefore, the proposed hypothesis is:

*H4: When consumers are more susceptible to value-expressive influence, they are more likely to accept online consumer reviews.*

### **Online Consumer Reviews**

Online consumer reviews can influence consumers' purchase decisions (Zhu & Zhang, 2010). Many consumers visit online social communities to read online consumer reviews before making a purchase decision. Previous research has indicated that reference group influence affects a consumer's brand decision (Orth 2005; Ratner & Kahn, 2002; Roper & Niece, 2009). Consumers are more aware of a brand when they observe their peer consumers' recommendations (Solomon, Bamossy, Askegaard & Hogg, 2016), which can be obtained from online consumer reviews. These peer consumers are regarded as members of aspirational reference group who offer a positive connection between the consumers and the brand (Escalas & Bettman, 2003), resulting in the influence on others' perception of the brand image. Hanna, Rohm and Crittenden (2011) suggested that peer consumers within an online social network accumulate their influential power over time when the frequency of using the online social network increases. Consumers are empowered through participation online and as such are more conscious about a brand choice by others (e.g. Bush, Martin & Bush, 2004; Muñoz Jr & Schau, 2005; Schouten, McAlexander & Koenig, 2007).

Previous research findings have supported that online consumer reviews have impacts on consumers' purchase decisions. Consumers make purchase decisions based on online recommendations and information they have reviewed (e.g. Dellarocas, Zhang & Awad, 2007; Liu, 2006). Senecal and Nantel's (2004) research findings suggested that consumers who received product reviews have a higher tendency to choose these products recommended by their peer consumers. However, the extent to which online consumer reviews would affect consumers' purchase decisions can be moderated by product and consumer characteristics (Zhu & Zhang, 2010). Online consumer reviews reveal peer consumers' reputations when they post either their positive and negative comments. Hence, it is likely that online consumer reviews will positively relate to brand trust. The extent to which consumers trust the brand will positively relate to their brand choice decisions. Therefore, the proposed hypotheses are:

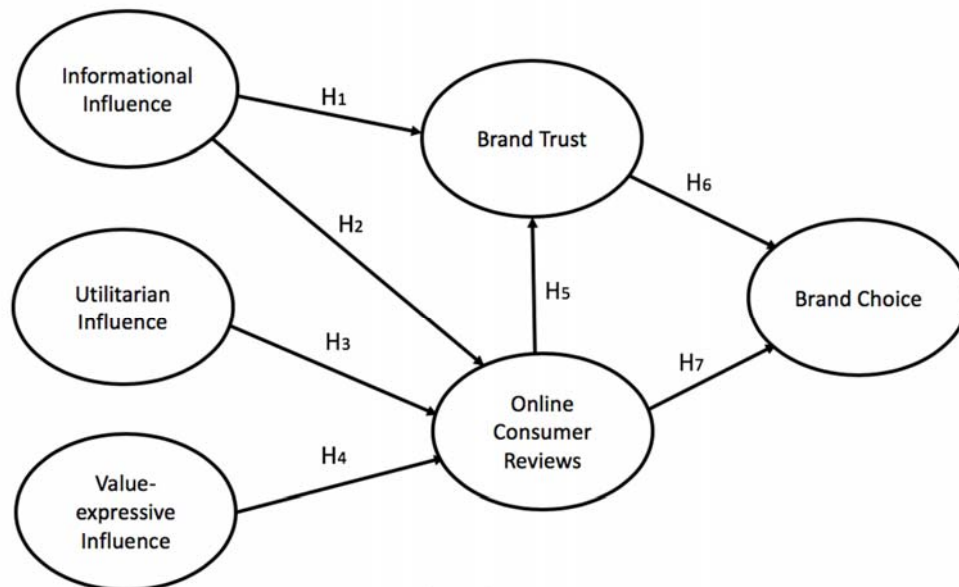
*H5: When consumers are more susceptible to online consumer reviews, they will have a higher level of trust in brands which are reviewed positively by other peer consumers.*

*H6: When consumers are more susceptible to online consumer reviews, they are more likely to choose the brand recommended by their peer consumers.*

### Brand Trust

Brand trust is defined as the extent to which an individual is willing to rely on the ability of a brand to perform its function, despite the uncertainty or risk related to the brand (Becerra & Korgaonkar, 2011). Doney and Cannon (1997) suggested that trust reduces uncertainty when consumers feel unsure and vulnerable. They found that beliefs about reliability, safety, and honesty are factors consumers consider. The extent to which consumers believe in a brand is divided into cognitive trust beliefs and affective perception about the brand. Cognitive trust beliefs involve reliability, consistency, competence, and predictability of performance (e.g. Becerra & Badrinarayanan, 2013; Becerra & Korgaonkar, 2011; Chaudhuri & Holbrook, 2002). The affective perception about the brand drives consumers to view the brand focusing on the expectations of brand integrity, honesty, and benevolence (e.g. Becerra & Badrinarayanan, 2013; Becerra and Korgaonkar, 2011; Delgado-Ballester Munuera-Aleman, & Yague-Guillen 2003). Previous research has identified that brand trust affects brand-related behaviour including attitudes towards the brand, perception of brand value, purchase decisions and brand referrals (e.g. Delgado-Ballester et al., 2003; Elliott & Yannopoulou, 2007). Becerra and Korgaonkar (2001) concluded in their study that a high brand trust level leads to an increase in the intention to purchase the airline tickets. They also found that the interaction of the influence of the brand trust beliefs and product trust beliefs was significant for the intention to purchase teeth whitener (Becerra and Korgaonkar, 2001). Similarly, consumers are more susceptible to accept brands which are referred by others (Reichheld, 2003). Therefore, the proposed hypothesis is:

*H7: When consumers have a higher level of trust in brands, they are more likely to choose the brand recommended by their peer consumers.*



Source: This study

Figure 1 The proposed conceptual framework

### PROPOSED DATA ANALYSIS APPROACH

Structural equation modelling will be used to test the suggested model in Figure 1. The proposed plan of analysis involves a preliminary examination of the data before the multivariate analysis. A set of measures with good measurement properties that will allow the assessment of the suggested model in Figure 1 will be developed. Following this, the analysis includes the estimation of the measurement model, and finally, it involves the estimation of the structural model, including assessing model fit and testing the seven hypotheses by examining the various path coefficients.

### CONCLUSION

The proposed conceptual model focuses on the extent to which informational, utilitarian, and value-expressive reference group influences impact on consumers' response to online consumer reviews posted by their peer consumers. It is expected that informational reference group influence is likely related to brand trust. When the consumers are more susceptible to informational influence, they will have more trust in brands. The more consumers feel positive about their peer consumers' online consumer reviews, the more they will trust those brands reviewed by their peer consumers. Consequently, brand choice is affected by brand

trust and online consumer reviews. The proposed research aims at identifying the relationships among the variables. It is expected that the findings will provide relevant information to support online marketing strategies.

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