

The Impact of Electronic Word-of-Mouth Factors on Consumers' Buying Decision-Making Processes in the Low Cost Carriers: A Conceptual Framework

Weerawit Lerrthaitrakul and Vinai Panjakajornsak, Member, IEDRC

Abstract—The purpose of this study is to develop a conceptual framework on the potential effects of electronic word-of-mouth (eWOM) communication on consumers' buying decision-making process in the low cost airline industry. A thorough review of literature reveals three main streams of factors affecting consumers' buying decision-making process involvement in eWOM in the low cost airline industry. These issues are the information provided by eWOM such as reviews, the creditability of channels used, volume of eWOM; types of eWOM such as multiple transmission channels, one to many channels, one to one channels and also, their potential effects on different decision-making processes. The samples are Thai consumers, which surfed on the internet and social media for information about the low cost carriers. Questionnaires will be distributed on-line to the samples from Thai popular website communities and Thailand's low cost carriers Facebook sites (Air Asia Thailand, Fly Orient Thai, and Nok airlines). Structural equation modeling using AMOS will be used to analyze the hypothesized relationships. The study expects to make key contributions for low cost airline companies in setting their marketing plans and developing online relationships with customers as well as contributions for e-marketing management research.

Index Terms—Electronic word-of-mouth, low cost airlines, consumers' buying decision-making process.

I. INTRODUCTION

It is widely recognized nowadays that air transportation has become a profound source of business facilitating the economic growth of many countries. This is because air aviation allows people from all over the world to comfortably connect with each other. The development of this transportation channel rallies around people not only seeking new and better markets but also gaining access to global suppliers. Businesses across countries can, therefore, be operated and connected with each other. According to IATA [1]. Aviation industries play a significant role in generating new marketing and business across the world. Producers can easily distribute their products into new markets. Boeing, which is an airplane building company, has predicted that more people will choose to travel by airplane during 2012 to 2031. Especially in South East Asia, the growth of new aviation routes will be increased on average by 7.6% every year. This business sector can

generate 4,700,000,000 billion US\$. The increase in this business sector is a consequence of the improvement of rules and regulations, the growing number of related infrastructure building to facilitate aviation business and the lenience of trade agreements [2].

It has been found that in 2002, Low cost airlines which service Asia Pacific did not significantly influence the way the traditional market was operated. However, not so long after that, the low cost airline businesses in Asia Pacific grew rapidly and became the customers' choice. These low cost airlines include Tiger Airways, Virgin Blue, Cebu Pacific, Jetstar, Lion Air, and Air Asia. In Thailand, well-known low cost airlines comprised Nok Air, One-two-go or Orient Thai and Thai Air Asia. Several researchers [3]-[5] conducted a study investigating service quality of low cost airlines in Thailand and found that Nok Air, One-two-go (Orient Thai) and Thai Air Asia reported that the government significantly helped the low cost airline business. The government viewed that people should have more choices to travel.

Pakdil & Aydin [6] emphasized that passengers will use their experiences of using a low cost airline to make a new judgment about whether or not they should use the same or a similar one when they are planning travel. Therefore, the gap between passengers' expectations regarding quality of services and what they had received in the past will become their level of satisfaction which will significantly guide their decisions when purchasing their new tickets. Passengers who have been satisfied with good quality service can be displayed by them re-purchasing their tickets with the same airline companies or sharing their satisfactory experiences with other people (Word-of-mouth).

The development of great, high information technology systems, especially in today's modern world, allows people to access to the internet from everywhere. This great advancement has without doubt, changed the traditional way people communicate with each other. People now tend to communicate more through their internet networks, than any other type of communication. Consumers, therefore, can easily share their experiences or opinions about using goods and services online. By the same token, they can seek for other people's opinions online regarding how other people view or make comments about goods and services. The opinions and comments can be found from different online sources including companies' websites and websites created by consumers, social networks, blogs and different electronic forms [7].

Nowadays, there are many websites which are written by groups of passengers who want to share both good and bad

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Weerawit Lerrthaitrakul and Vinai Panjakajornsak are with the Administration and Management College, King Mongkut's Institute of Technology Ladkrabang, Bangkok, CO 24130 Thailand (e-mail: khunweerawit@gmail.com, vinaidba6@gmail.com)

experiences when traveling with an airline. The websites provide important and useful comments for the airlines to examine their service quality. Tirpadvisor.com, for example, is one of them. It is, therefore, interesting to view how consumers or potential consumers consider using electronic word of mouth and whether the information from this channel impacts on their decision when choosing their low cost airlines? Reviews of literature concerning possible impacts of consumers' eWOM on low cost airlines may consequently help create a framework for guiding low cost airlines into improving not only their service quality but also the way they send marketing messages online to customers. The framework can also become a good marketing strategy that satisfies their customers.

II. LITERATURE REVIEW

A. Word-of-Mouth: WOM

Jalilvand, Esfahani, & Samiei [8] define the phrase "word of mouth" as a process for consumers to share information and opinions about a product or service to others. This definition has been agreed by Hennig-Thurau, Gwinner, Walsh, & Gremler [9] who viewed that word of mouth allows people to share news and opinions about the products, services and brands. Heriyati & Siek [10] referred to the term "word of mouth" as a way consumers directly told other consumers about their experiences after using products and a marketer should pay close attention to the spread of such information. When considering the impact of consumers' word of mouth, Heriyati & Siek [10] interestingly summarized their research findings highlighting that it can positively influence consumer decision making regarding buying products. This especially happens to teenagers and new generation consumers. Moreover, the study showed that gender differences did not significantly influence consumers' decision making regarding purchasing products after receiving information through WOM channel. This is quite true especially when consumers find it difficult to make a decision about choices of services or when they are about to travel. This is because the consumers, themselves, cannot see or know before having actual experiences.

Previous research [11] found that word of mouth communication has profoundly impacted organization's effectiveness. It impacts consumers' decision making processes when they are thinking about buying products or services, and it influences customers' loyalty deciding whether or not they may re-buy products again. The study, however, indicated that negative messages through WOM could generate strong negative outcomes more than benefits that the company might gain from the spreading of positive messages.

The growth of information about products and services from WOM communication has become an issue of interest for both academicians and marketers. This is because it can impact how customers may perceive company's services or products which eventually impacts on company's sales volume.

B. Electronic Word-of-Mouth: (EWOM)

Hennig-Thurau *et al.* [9] defined the term "electronic

word of mouth communication" as a communication channel through which people may send both positive and negative messages created by both product experts and customers using the services or buying the products.

Gupta & Harris [12] claimed that the development of internet technology has led to e-word of mouth. Since the golden period of the modern media era, many consumers have increasingly sent and received messages through the internet. EWOM has, therefore, become one channel people use to share their opinions about products and services they bought. Since the era of Web 2.0, chat board, review websites, web blogs and many social network websites have been used by consumers to present and exchange ideas and information about items for consumption and services. It can be ascertained therefore that the advance of internet technology has widely turned traditional WOM to eWOM.

C. Electronic Word-of-Mouth (EWOM) Channels

Several researchers [13], [14] claimed that there were different patterns in the way people might present and exchange their opinions through eWOM. Consumers might simply write down their opinions, suggestions or comments on products or services. This can be done through a webpage such as on www.xznga.com, online chat board such as www.zapak.com, review websites such as on www.epinions.com, companies' websites such as www.amazon.com, or online group discussions and social network websites such as www.facebook.com.

Cheung & Thadani [14] agreed with this concluding that the different forms of eWOM occurred due to the advance in Web 2.0 technology. This gave consumers power and opportunity to make suggestions to other consumers by sharing opinions through blogs, micro-blogs, chat boards, chat rooms and many social network websites.

EWOM channels can be summarized as follows: One-to-one channel refers to messages that are sent from one person to another. This can be seen when one person sends an e-mail or instant message (IM) to another.

One-to-many channel refers to messages that are sent from one person to other people. This can be done when one person makes a comment about products or services on online chat rooms, websites, or product review websites.

Many-to-many channel refers to messages that are sent from many people to other people. This can be done when many people post their messages on blogs, Virtual communities, online communities, Newsgroups such as in Google group, or Yahoo group [15].

D. Online Opinions

Hart & Blackshaw [16] claimed that social networking has largely become a source of information and recommendations groups of consumers may use before deciding to buy products and services. This new channel allows consumers to share their opinions and recommendations through weblogs, product review websites such as on www.epinions.com, www.tripadvisor.com, and www.virtualtourist.com. It also found that online consumer review websites that people preferred to access became the most popular of channels among other eWOM channels. Park, Lee, & Han [17] highlighted that online consumer review websites which were written and which presented both positive and negative comments about products and

services by groups of consumers was one of the prime eWOM channels. Cheung, Luo, Sia, & Chen [18] conducted a survey with Chinese consumers. Their study indicated that the participants preferred to use an online chat board to share, exchange, and search for products and service information. The participants tend to follow other consumers' suggestions that they found from online web boards and online consumer review websites.

Moreover, Lee & Koo [19] studied the variance of information shared on online consumer review websites. The study revealed that consumers searching for information shared on online consumer review websites tended to believe negative comments about products and services more than positive comments. This agrees with a study conducted by Park *et al.* [17]. It was found in their study that negative comments exchanged through WOM channel were more powerful to consumers' purchasing decision making than the effect of positive comments. Lee & Koo [19] viewed that although people tended to perceive negative information about products and services more, having information from both negative and positive sides allows consumers to draw a clearer picture and the balanced view point makes information sound more believable [20].

E. Electronic Word-of-Mouth Volume and Electronic Word-of-mouth Creditability

Previous research [21] explained the context of eWOM insomuch as consumers could independently share their opinions and ideas about things online, they also shared and exchanged comments and experiences about products, services, and brand names through blogs, product review websites, sales websites and social network websites. Since people could access a number of sources of information, the compared information was generally felt to be reliable.

Jung Lee & Lee [7] agreed with this presenting that it was not easy for eWOM to be trusted at first compared to traditional WOM. This was because in the past people shared their ideas, comments and information through face to face channel. By meeting the real people to discuss about experiences of using products and services, information could be more believable. Receiving information through eWOM, in contrast, did not allow consumers to make an immediate decision but more information was usually needed to guide their purchasing decision. This was because consumers seeking useful information did not know, or see the face of other consumers sharing their experiences about using the products and services.

Cheung & Thadani [14] pointed out that when seeking information the quality of information and sources of information could impact on consumers acceptance of it regarding eWOM communication channels.

When considering the amount of information people share online, Jumin Lee, Park, & Han [22] found that the amount of information consumers received impacted on consumers' decision making process for buying products and services. Moreover, on product review websites, consumers tended to believe negative comments more than the positive ones.

Sher & Lee [23] conducted a study with undergraduate students to examine their attitudes after presenting them with product review websites to read. The study showed that a group of students with less curiosity were easily convinced

by the product review website after reading a number of review websites.

Senecal & Nantel [24] found that the amount of eWOM channels impacted on consumers' buying decision processes. The increasing number of online blogs, web boards, chat rooms, product review websites and social network websites became the major sources of information that many consumers read before making a decision to purchase products and services.

F. Consumer's Buying Decision-Making Process

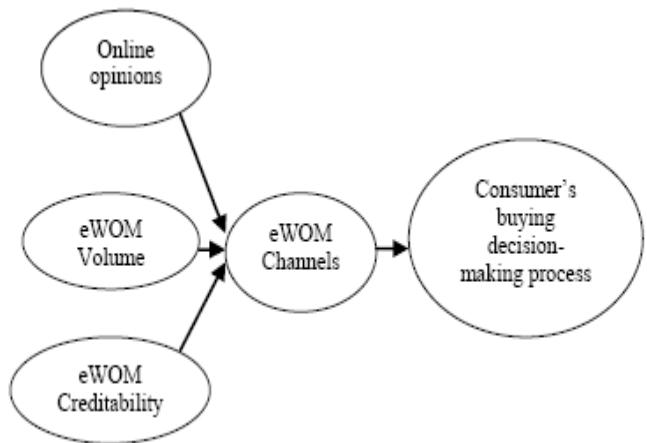


Fig. 1. Research model.

Frambach, Roest, & Krishnan [25] found that consumers who always find information about products and services online will think about buying the product and services in three main stages. They are the pre-purchase stage, purchasing stage and post-purchasing stage. From their study, it was found that while many consumers searched for comments about products and service online during pre-purchasing stage, many consumers also shared opinions—both positive and negative comments about their experience of using the products and services online at the post-purchasing stages. Blackwell, Miniard, & Engel [26] explained on this, stating that during consumer's decision buying process, they are encouraged by their environment or the context nearby them which plays a significant role in influencing or directing their decisions. These environments include their social status, culture, personal motives, family, and other factors. Senecal & Nantel [24] similarly found that before buying certain types of products or services, many customers favored reading suggestions given by experienced customers to specially reading product information in general. Opinions given by experienced customers were found to significantly influence new customers' purchasing decision-making.

III. HYPOTHESIS

Based on the literature review, the hypotheses of its study are:

- H1: Online opinion directly influences eWOM channels.
- H2: eWOM volume directly influences eWOM channels.
- H3: eWOM creditability directly influences eWOM channels.

H4: eWOM channels directly influences consumer's buying decision-making process.

IV. RESEARCH METHODS

A. Research Objectives

The study entitled “the impact of electronic word-of-mouth (eWOM) on consumers’ buying decision-making processes in the low cost carriers” is a survey study. The objective of this study is to explore the effect of electronic word –of-mouth (eWOM) communication variables on consumers’ buying decision-making process in the low cost airline industry.

B. Sample

The populations in this study were consumers who have at least experienced traveling with a low cost airline operating in Thailand. They experienced browsing through websites, review websites and social networking to look for useful reviews and comments to guide their purchasing decision making. The airlines that the population might fly with include Thai Air Asia, Nok Air, or Orient Thai. As this study cannot identify the exact numbers of total population, the sample techniques employed in this study was purposive sampling.

C. Instrument & Analysis

Online questionnaire was used for data collection in this study [17]. A seven-point-Likert scale [4] ranging from strongly disagree (1) to strongly agree (7) questionnaire was developed after reviewing related literatures to ensure the correctness of its content validity. Structural equation modeling was employed as a statistical approach to analyze hypothesized relationships between variables and indicators.

V. CONCLUSION

This study aimed to present the impact of eWOM variables on consumers’ buying decision-making processes in the low cost carriers (LCCs) market. The conceptual research framework found in this study can be subsequently used to develop a Structural Equation Modeling of the Electronic Word-of-Mouth and Airline Service Quality Variables Affecting Consumers’ Buying Decision-Making Process in the Low Cost Carriers (LCCs) Market”. Some practical implications were presented in this study so that the airlines management teams can use them as a guide when developing marketing, communication, and customer service strategies to increase the number of customers who prefer to consult eWOM before purchasing airline tickets.

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Weerawit Lertthaitrakul is a member of International Economics Development Research Center (IEDRC). He obtained his B.B.A. in management from Kasetsart University, Thailand and received his M.Sc. in Logistics Management from Chulalongkorn University, Thailand. He is a Ph.D. candidate in Administration and Management College, King Mongkut's Institute of Technology Ladkrabang, Bangkok, Thailand.
Currently, he is a lecturer of Sripatum University, Chonburi Campus.

His research interests are in logistics and supply chain management, tourism logistics and marketing management.



Vinai Panjakajornsak earned his D.B.A. in marketing from University of South Australia. Currently, he is a lecturer of Administration and Management College, King Mongkut's Institute of Technology Ladkrabang, Bangkok, Thailand and he is a director of Ph.D. Program in Industrial Business Administration. His research interests cover Service Marketing, and Logistics Management.