The Role of eWOM in a Consumer’s Group Knowledge Model

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INTRODUCTION

The term knowledge is used widely; there are a large number of definitions of this term with varying roots and backgrounds. This concept is reflected by a multitude of terms that all denote a particular piece or process in the scope of knowledge [77,27,39,2,67]. Examples are: ability, attribution, capability, competence, conviction, discovery, estimation, evidence, experience, explanation, finding, hunch, idea, intelligence, interpretation, intuition, invention, know-how, observation, opinion, persuasion, proficiency, proof, sense making, skill, tradition, understanding, wisdom. Thus, it is not surprising that so far none of the definitions of knowledge has succeeded in bringing all these conceptions under one umbrella.

However, it is doubtful whether such an all encompassing definition could still be operationalized and would remain meaningful for all the different disciplines that deal with this concept in the sense that it could be used as a basis for subsequent studies [27].

According to Grover and Davenport [28], many cycles of generation, codification and transfer are concurrently occurring in businesses. The knowledge process acts on information to create new information that allows for greater possibilities to fulfil old or possibly new organizational needs. This process is often discontinuous, where new needs and their fulfilment mechanism could be created. Information is converted to knowledge once it is processed in the mind of individuals, and the knowledge becomes information once it is articulated and presented to others.

A significant implication of this view of knowledge is that the advances in web-based technologies, as well as the increasing interest in social networking systems prompt industry to reconsider the way for individuals to arrive at the same understanding of information; they must share the same knowledge framework [50,76]. These technologies support collaborative writing (e.g., wikis), content sharing (e.g., text, video, and images), social networking (e.g., Facebook, Twitter), social bookmarking (e.g., ratings, tagging), and syndication (e.g., RSS
feeds) [52,17,47]. These new technologies increase the potentiality of the web sites, by combining interactive functions.

In this scenario, this research introduces a conceptual model of consumer’s group knowledge. The most important result is the analytical framework to explore the consumer’s group knowledge investigating the influence of group variables and the role of eWOM on decision making process. This paper is organized as follows: in the next section, we discuss the frame structure approach to the topic of consumer’s group knowledge and describe the content and organization of consumer knowledge extrapolated from published literature. Following that, we represent a theoretical model for explaining group consumer decision making, and the group’s dynamics of the consumers so we question about the possible role of e-wom on decision making process. At the end directions for future researches are suggested.

I. Consumer knowledge and consumer’s group knowledge:

Consumer knowledge can be defined as the subset of the total amount of information stored in memory [7] that is relevant to product purchase and consumption. The standard depiction of a consumer knowledge structure found in marketing textbooks shows a network of concepts that are linked to each other without any restrictions placed upon membership to the network. Possible types of associations include the target concept’s characteristics, related products, product uses, attitudes and other summary evaluations, purchase-related associations including store and price information, and second-hand memories from such sources as advertisements and word-of-mouth. While all these types of associations may exist, they cannot be equally important either to the consumer or to the marketer. With few exceptions, there has been little attempt on the part of researchers to determine importance by placing restrictions on the content of consumers’ knowledge [31,40,79,38].

Gaining and utilizing a consistent knowledge by consumers is not a simple or straightforward task. It is a highly involved and multidimensional process, which according to Alba and Hutchinson [3], is seldom complete or errorless. Furthermore, different elements of this process may separately or jointly exert varying, and sometimes, conflicting influences on the normally complicated decision making process for consumers. The impact of consumer knowledge is fundamental and significant on the way consumers make choices. In the context of consumer behavior, the investment in consumer knowledge is expected, according to Bonner [8] and Shim and Dubey [63], to contribute to: 1) Better management of resources, and more rational choices that have direct effects on their wellbeing. 2) More effective interactions in the market place for the best possible purchase deals [33]. 3) Better informed consumer decision-making processes [12] and ultimately: 4) Increased satisfaction and higher standard of living. Shim and Dubey distinguished between consumer knowledge and consumer skills, even though the terms have been empirically correlated, and been used interchangeably or simultaneously. According to this distinction, consumer knowledge is more likely to refer to product related information that is stored in consumer’s memory, but consumer skills are more likely to refer to the consumption related behaviours [34], which are supposed to be learned, and remain subject to adjustments and modifications based on the range of consumer experience. Efficient consumer skills can be demonstrated, not only by displaying utility-maximizing behaviours, but also by following rational consumption and adopting socially desirable tactics. According to Sproles, Geistfeld, and Badenhop, the ability to successfully identify the best choice among a set of alternatives to provide the highest satisfaction would summarize what it takes to be a perfectly efficient consumer.

Nevertheless, the evolution of consumer’s knowledge shows that a “theory of consumer” [72,70] is still not available and scholars’ struggles swing from a very ambitious goal of building a comprehensive theory to a less aspiring one of developing theories. So inevitably, many other aspects of consumer behaviour have been neglected. One of these aspects is exactly the study of consumer’s group behaviour. Only recent [4,9,15] perspectives have focused on the role of group consumers. These perspectives suggest that, while knowledge is “owned” at the individual level, the integration of this knowledge to a collective level is necessary. This integration of knowledge typically takes place in groups. Numerous studies have demonstrated benefits for groups that engage in information exchange and communication within the group [31,29]. In this scenario, consumer knowledge can be applied also to consumer’s groups conceived as two or more people in social interaction who share common goal: purchase decision making. The final purpose of a consumer’s group is to satisfy a need across buying consumer goods and services. When information is held by multiple members, not only more people within the group possess the information, but group members who possess the information may also provide retrieval cues to each other to aid the introduction of the knowledge and decision making [78,4]. Thompson [73] notes that the use of the group as a unit of analysis as an information processor has become accepted in organizational research. The unit of analysis is no longer the individual information processor, but the interacting group and dyad and how interacting individuals and groups create meaning and act upon collectively developed cognition, motivation and emotion.

In this study we use the concept of informal groups [43] which better adapts to consumer’s groups. From the standpoint of consumer knowledge, informal social groups are generally more important to the marketer,
since their less clearly defined structures provide a more conducive environment for the exchange of information and influence about consumption-related topics [74]. One key factor in the formation of informal groups is that membership is voluntary; it is not dictated by the organization, rather encouraged by an expression of common interests. Certainly, sometimes the interests that bind individuals together are far more diverse. Groups may develop out a common interest in participating in sports, or as for consumer’s groups, in going shopping together. Friendship groups, for example, consist of people with natural affinities for one another. They sit together, take breaks together, and even do things together. Friendship groups provide opportunities for satisfying the social needs of individuals that are so important to their well being; therefore those types of informal groups are an important part of social life. In these and related ways, informal groups can provide their members with social satisfactions, security, and a sense of belonging. For example, each of the following illustrates common usage of informal consumer’s group concept: three friends “discussing via chat on a social network (as Facebook) about the purchase of an I-Pad” or a group of tourists use Internet “to upload their comments about their tourist destination” [21].

2. Group dynamics:

In this point of view, we discuss that knowledge of the consumer’s group lead to richer content and can help explain why consumers do what they do. In this scenario, group dynamics became key factors to understand a consumer’s group. The term “group dynamics” refers to the mechanisms of relationship that take place within a group. In general, researchers have found group dynamics to be important for acquiring information [57], for disseminating useful knowledge [60], for solving complex problems [57] and for influencing decision making process [80].

The primary purpose of this paper is to explore group’s dynamics that influence the decision making process of informal groups: 1) trust; 2) cohesiveness; 3) diversity; 4) norms and values; 5) roles.

Researchers from organizational behavior and management and related fields agree that trust has important organizational and group consequences [45, 81, 16, 65]. A foundation for this study is the Mayer et al. [45] framework for trust. This model posits that trust is a form of beliefs about another party’s ability, benevolence, and integrity. Mayer et al. also posit that trust can result in risk-taking (i.e., behaviours that open the trust or up to the possibility of loss which they label risk-taking in relationship). Consistent with the Mayer et al. [45] model, we define trust as the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trust or, irrespective of the ability to monitor or control that other party [45]. Party can refer to a group, allowing the definition to be employed for our purposes. The majority of trust research has focused on an individual as the trust or of interest. While examining individuals is interesting and important, we explore whether or not a group as a whole can exhibit trust. The trust literature provides considerable evidence that trusting relationships lead to greater knowledge exchange and to better decisions. When trust exists, people are more willing to give useful knowledge and are also more willing to listen and to absorb others’ knowledge [43]. By reducing the need to verify information, trust also makes knowledge transfer less costly. For example, Levin [43] found that strong trusting ties usually helped improve knowledge transfer between scientists and engineers. Instead affect-based trust is typically found to be important in the context of social relationships for informal group of consumers.

The nominal definition of cohesiveness is the total field of forces which act on members to remain in the group [39]. Since cohesiveness refers to how members in a group relate to one another, it is intuitively a group phenomenon. A cohesive group is one that ‘sticks together’, one whose members are ‘bonded’ to one another, and to the group as a whole. Cohesiveness would probably be accompanied by feelings of solidarity, harmony, and commitment in its members [48]. According to Goodman, Ravlin, and Schminke, group cohesiveness is the best summary representation of the social-psychological variables present in the study of groups. Despite the seemingly easy to understand concept of group cohesiveness, researchers have defined it in different ways. In fact, they have struggled for decades with its precise definition and operationalization [49, 22, 32]. Among the earlier definitions, two different orientations emerge. While some focus on the forces which attract members to a group, others talk about the incentive to remain within it (Organ and Hammer, 1982). Nevertheless, these two directions share a common thread in so far as both focus on the valences moving the members toward, rather than away from, the group.

Dirks and Ferrin [19] highlight the importance of cohesiveness for the success of knowledge transfer because it increases the effort in reconstructing the transferred information and in applying them in terms of knowledge. Group members’ desire to remain in their group and have confidence in decisions of others members can create a group mind-set. This mind-set leads group members to make purchase decisions that minimize the risk of negative outcomes for both themselves and others, thanks to a sense of responsibility each member feels for the group. This is because negative outcomes of group-relevant purchase decisions (e.g., failure, disgrace and embarrassment) or the possibility to have more unfavourable consequences for some members can erode group cohesiveness. This may force group members to be closer together. For these reasons,
feelings of group cohesiveness may increase cautiousness and cause a stronger tendency to avoid purchase making decisions that could have negative consequences for one-self and other members [1].

Diversity is another group’s dynamic. We can divide in two categories: demographic diversity and background diversity. The demographic diversity refers to the degree to which a unit (e.g., a working group or organization) is heterogeneous with respect to demographic attributes. Attributes classified as demographic generally include immutable characteristic such as age, gender and ethnicity; attributes that describe individuals’ relationship with group, such as group position (leader, follower, etc.). [37,62,36]. Scholars examining diversity in groups have primarily focused on the consequences of demographic diversity for processes such as communication and decision making [36]. The consistently negative effects of demographic diversity on group processes are likely the result of heightened member emphasis on social categories rather than project-relevant information. Therefore, we posit that demographic diversity should not increase the value of intragroup knowledge and of decision making process. Background diversity relates to the different sets of task-relevant skills, knowledge, and abilities group members possess as a function of their educational backgrounds. Education is one of several sources of knowledge that contribute to one’s expertise. Expertise provides group members a framework for considering what information is important to the task their group is to do, which in turn influences what information they attend to and incorporate into decisions [10]. Diversity of group members’ educational backgrounds will determine how a group will use information and make decisions.

Groups have norms and values [61,56], based on an underlying (sub) culture, that explain much of a group’s decision making. These norms and values are often tacit understanding and poorly represented. They are the beliefs, moral rules, and values, which guide members to decide a product between several alternatives. A firm must acknowledge the group norms code that describes acceptable purchase and enforce the knowledge of ethical codes.

Finally, every member of a group plays a certain role within that group [5,23,25]. Roles are coherent sets of behaviours that tend to be adopted by the different members of a group, partly as a matter of personal inclination but also as a response to the expectations of others. These will include relationship roles, such as the group encourager, as well as task roles related to the practical aspect of the group such as decision making process. In our consumer’s group knowledge model we assume that all group’s variables have influence on the decision making process.

3. Consumer’s group decision making process:

Organizational studies on decision making process have focused on individual cognitive processes and the results have shown relatively little concern with how others may influence these decisions or with the possibility that decisions should be studied from a group as well as from an individual perspective [4,9,15]. Research has found also that the characteristics of prior knowledge possessed by group members and how information is distributed within the group affect the decision making process. The literature about groups also indicates that group decision making depends not only on information resources available to the group, but also on the processes or structures which groups use to exploit these resources. Stasser, Vaughan and Stewart further found that as a piece of information was distributed across more individuals within the group, the retrieval of this information became more likely and thus facilitated group decision making.

In fact, in the decision making process, consumers often use other consumers’ product evaluations as a source of information about the product, its quality, etc. [24]. When considering other people’s evaluations, consumers try to explain the reasons that led the other consumers to their judgments. Such a tendency can be explained by the fact that, according to attribution theory, people have a basic need to predict and control the environment, and understanding the causes of behaviours or events enables them to do so Stasser, Vaughan and Stewart [69]. People’s interpretations of causes of behavior have effects on their attitudes and their own behavior [68]. Management theorists and researchers agree that decision making represents one of the most common and most crucial of all group activities [46,78,56]. When decision making is conceived as a cycle of interactions between individual members such that each person is seen to give off and to receive attempts to influence others, the perspective is an interpersonal one. Here, group members act or react in coordinated ways, but no notions of collective concepts are incorporated. Rather, analyses are confined to individual characteristics (e.g., personal beliefs) and individual actions. By contrast, when group decision making is seen as a social process of joint formation of goals and intentions, the perspective is a plural subject one. Here members jointly construct mutual understandings and shared volitional commitments to make a group decision and consciously come to see their actions in this way. Such collective concepts as group or social identity become a central variable in knowledge management. Our research is based on this approach.

In this scenario, we argue that bringing people together may increase the amount of product knowledge and information available for making good purchase decisions. In other words, the group may be replete with resources available to the members. According to Franco, consumer’s group decision making is a continuous flow of reciprocal, individual, and collective interactions among environmental factors, cognitive and affective
processes and behavioural actions. We divided this stream into separate stages at individual and collective level to simplify the analysis and to facilitate the understanding (Fig. 1).

Fig. 1: Consumer’s group decision making process.

When an individual or group decision initiates, following the general and collective acquisition of basic data, each individual typically begins with a preliminary interpretation of the problem (e.g. set of sub-goals organized into a goal hierarchy, relevant product knowledge) however a problem identification is realized only at group level and serves as a decision frame through which the decision maker views the objects to reach [24].

Gradually, cognitive processes allow acquiring information at individual level in order to collect and analyze them as an identity. After individual elaborations of alternatives, the group individuates the most important ones. These several alternatives are evaluated and the one that is considered acceptable is chosen. Consequently, in the final step of the process, the group makes a purchase decision [24].

We can apply the decision making process to a group of consumers because every day consumer’s groups make decisions about making a purchase. The process of decision making of a consumer’s group tends to follow some steps. The first step is identifying the need of a product. This step isn’t always as easy as it sounds. Members of groups of consumers could distort, omit, ignore, and/or discount information around them that provides important cues regarding the existence of product need. This, of course, is problematic. After all, a need cannot be satisfied if it is never recognized. Next step is making a purchase pre-decision. A purchase pre-decision is a decision about how to make a decision. By assessing the type of need in question, leaders of consumer’s group may opt to make a decision themselves, delegate the decision to another, or have a group make the decision. Next stage is to individuate possible products to satisfy a need. Because all these possibilities may not be equally feasible, the successive step calls for evaluating alternative products. In the final step, group make a purchase choice. After several alternatives are evaluated, the one that is considered acceptable is chosen.

4. The role of eWOM in consumer’s group knowledge:

Word-of-Mouth (WOM), informal communication between consumers over particular products or services, is considered one of the most important sources of knowledge at the point of purchase because WOM has a powerful impact on customers’ actions. The last decade has seen significant advances in the way humans interact with technology. Users of computers are no longer constrained to the office desktop, but can have much more flexible access to technology almost anywhere, anytime [14]. With the advancement of Internet technologies, World Wide Web-based WOM (eWOM or electronic word-of-mouth) has become widely available.

Today, customers are able to publish their thoughts, opinions, and feelings about products and services online either by directly emailing the organization concerned or by writing on blogs [61]. Thus, eWOM extends customers’ choices for gathering information about products and services from other customers. In other words, the electronic environment serves as an innovative venue for gathering reliable information. Unlike traditional WOM, eWOM spreads more widely and rapidly due to eWOM’s unique characteristics. In particular, eWOM is directed at multiple individuals (or at groups of individuals), is anonymous and is available at any time [44]. Consequently, the potential impact of eWOM on customers’ decision-making processes can be more powerful than the impact of traditional WOM.

Many consumers search on the Internet before they make purchases [64], and they do not only search for product information provided by the producer or vendor, but also for reviews written by other consumers. In consumer reviews, consumers describe their experience with a product or service. These reviews can vary in length, but the very active members of consumer communities invest about an hour in writing a review.
Consumers can usually give an overall rating of the product (e.g. 1-5 stars), but many consumers regard the concrete experiences described in the text as more informative. A positive review stresses for example not only the quality of the product, but also the design, the ease of use or the understand ability of the instruction manual. It has been demonstrated that positive consumer reviews increase sales whereas negative reviews decrease sales [11,18].

EWOM activity allows consumers to overcome most information asymmetries that characterize traditional consumer markets. Thus, throughout the eWOM activity, consumers can obtain high levels of market transparency. eWOM allows also consumers to not only obtain information related to goods and services from the few people they know, but also from a vast, geographically dispersed group of people, who have experience with relevant products or services.

As the importance of eWOM increases, understanding customers’ eWOM behavior has become more useful to managers, especially marketing professionals. Because of such significance and popularity of eWOM communication, studies in the last few years are actively examining the effect of eWOM on consumer behavior [54]. To investigate the specifics of eWOM behaviours, researchers studying online consumer psychology have focused on how eWOM influences consumer’ decision-making processes. EWOM communication plays a considerable role in influencing and forming consumer decision making process [11]. This type of communication is considered as having a great persuasiveness through higher perceived credibility and trustworthiness. For example, Sun et al. [71] found that, eWOM was positively related to consumer behavior because it played an important role in the flow of knowledge from consumer to consumer. Hau and Kim [30] also reported that eWOM significantly influenced consumers’ decision making process to share knowledge in online community. In a similar fashion, Chu and Kim [13] also found that similarity with others influenced ones’ willingness to provide their message to other consumers.

In our prospective, we ask how group dynamics and eWOM influence consumer’ group decision-making processes and how can be integrated in our model of consumer’s group knowledge. In particular, we ask three important scientific questions regarding the role of eWOM:

1: E-word of mouth communication can be considered a group’s variable.
2: E-word of mouth communication will have influence on consumer’s group decision making process.
3: E-word of mouth communication can be integrated in our model of consumer’s group knowledge.

Figure 2 illustrates our hypothetical model of consumer’s group knowledge.

5. Implications:

This study has the aim to present a model on consumer’s group knowledge involving group’s dynamics and the role of eWOM on decision making process.

Using the group’s theory, and guided by the theoretical approaches from related research in consumer behavior and on-line communication, the most important result of this paper is an analytical framework to explore the consumer’s group knowledge investigating the influence of group variables and the role of eWOM on decision making process.

Our study shows that there are some important potential applications of consumer’s group knowledge model in the study of consumer behavior, with an outline of the major theoretical approaches to these applications. Gaining and utilising consistent knowledge by consumers is not a simple or straightforward task. It is a highly involved and multidimensional process, which is seldom complete or errorless. Furthermore, different elements of this process may separately or jointly exert varying, and sometimes, conflicting influences on the normally complicated decision making process for consumers.

Practitioners can use this conceptual model to evaluate knowledge of a group of consumers and better target future knowledge management interventions towards those groups most likely to benefit. In fact, the outcome of this study is of benefit to both, the consumers and the firms. From a better understanding of the consumer’s group variables, a company will have greater understanding of the true needs and expectations of consumers. The firm learns from its consumers about the knowledge that will assist in product innovation and improvements of processes. Since the firm has a better understanding of the consumer's group variables it will be able to improve service and thus achieve consumers’ satisfaction and retention. All that leads to increased sales and the acquisition of a new group of user.

To understand interactions within a group of consumers as a source of knowledge can help the firm also attain a competitive advantage in product and service innovation. Therefore, firms do not need to wait for the time consuming marketing research efforts to stay tuned to the changing nature of the market and need not remember the frequency of knowledge acquisition. It’s necessary only to change the level of analysis.
6. **Limits and future research directions:**

This type of research, which provides a rich understanding of the consumer’s group, are nonetheless expensive due to high cost of training of employees and salespeople. To understand the group’s variables and their influence on a group decision making process, expensive ethnographic and qualitative research techniques are necessary.

Despite, another obvious drawback is that groups are likely to waste time. The time spent socialising before making a purchase decision may be a drain on the group and be very costly to organizations.

Anyway, given the nascent nature of the study phenomenon, there may be many exciting opportunities that lay ahead for new research. This study contributes to the development of a program of research on consumer’s group knowledge. Because only limited research on consumer’s group knowledge exists in the field of consumer research, this study can act as a catalyst for future scientific enquiries in this important area.

Future research could analyse and develop training system for employees and firms to gather data from the consumers with respect to variables governing the dynamics within a group of consumers. Generally firms have only few opportunities to gather knowledge and sell the company's product or service. This is a concept more clearly understood by firms that sell highly priced products or services. Under these circumstances the firm should be highly trained so that when given this unique opportunity with a group of consumers it will successfully help the group decision making. Providing the right attitude towards the group of consumers and the right techniques to help the consumers, the firm should have appropriate practices and training on group variables to gather knowledge from the consumers.

The issue of how to effectively design and deploy eWOM in this group approach is most certainly an additional future research direction. It has become clear that eWOM has a key role to acquire consumer’s group knowledge. A future research direction is to answer to our scientific inquiries regarding the role of e-WOM and to understand how it can be successfully applied so to interpret the function of the group’s variables.

Future researches might also investigate virtual groups of consumers, group of people who live interdependently across space, time, and boundaries through the use of technology to facilitate communication [20]. Interest virtual groups are available on all search engines of major internet providers. Many studies on consumer behaviour are now conducted over the internet by using these types of groups. They are categorized by industry, by interest, by profession, by demographics and by other characteristics. With the application of Web 2.0 studying these groups’ behaviour becomes useful in researching consumer group knowledge. The members could belong to interest groups, for example under the category of “shopping and products” in http://groups.google.com or http://dir.groups.yahoo.com search engines.

**REFERENCES**


