



# How e-WOM recommendations influence product consideration and quality of choice: A motivation to process information perspective

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## ABSTRACT

A laboratory experiment examines the effects of electronic word-of-mouth (e-WOM) on consumer consideration and choice of an experience product. Specifically, we manipulated the number of consumer recommendations and the optimality of the recommended product in a realistic online shopping environment. The results indicate that e-WOM is likely to result in more time considering the recommended product. For consumers more motivated to process information, e-WOM recommendations lead to more time spent on the choice task overall. Further, consumers with less motivation to process information make suboptimal decisions based on e-WOM recommendations. Consumers with a high motivation to process information are willing to accept recommendations and switch from declared attribute preferences, but choose only optimal products.

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## 1. Introduction

Some researchers consider consumer-to-consumer communication such as word-of-mouth (WOM) to be a strong and credible influence on consumer behavior. Although WOM has traditionally been studied from the perspective of face-to-face communication (Bansal and Voyer, 2000; Brown and Reingen, 1987), it is becoming prevalent in online shopping environments as well (e.g. Dellarocas, 2003). Consumers may be exposed to electronic WOM (e-WOM) through websites, blogs, chat-rooms, or email (Hennig-Thurau et al., 2004). Many of the largest online retailers, including Office Depot, Amazon, Home Depot and Macy's, encourage e-WOM by allowing online reviews on the products they offer.

It is important, however, to understand the salient differences between electronic and traditional WOM. Given that the conditions associated with each are different, pertinent theoretical and practical questions are different as well. In this research, we identify several salient differences between traditional and e-WOM contexts and use these as the underlying framework to develop our hypotheses and experimental methodology.

Generally, traditional WOM has been conceptualized and explored as interpersonal informational exchange between individuals familiar to each other (Brown and Reingen, 1987). An implicit assumption is that the receiver has inherent belief in the value of the WOM provider's information, either due to perceived similarities (Gilly et al.,

1998) or perceived product or service category knowledge (Bansal and Voyer, 2000). In the online context, there is typically no familiarity between senders and receivers of e-WOM. This lack of familiarity between e-WOM receivers and senders may heighten the potential for the posting and use of fraudulent e-WOM as well. Further, given that overall information search and dissemination costs are lower online than offline (Bakos, 1991); it is more likely that consumers in online buying environments are simultaneously exposed to an abundance of both e-WOM and extensive objective product information.

These fundamental differences between traditional and online contexts warrant further investigation into the extent and manner of e-WOM usage. It is from the baseline suggested by these differences that this research investigates unexplored boundary conditions associated with e-WOM usage. We use a laboratory experiment to examine the effects of e-WOM recommendations from strangers on consideration and preference for a laptop computer. The experiment was conducted in a hypothetical yet realistic online shopping environment that provided significant amounts of objective product information and interactive tools to manage that information. Specifically, we manipulated the presence and extent of consumer recommendations on products that represented either optimal or suboptimal choices. Our results indicate that e-WOM recommendations do influence consideration and choice. For consumers lower in motivation to process information, e-WOM seems to serve as a heuristic cue on the basis of which they are willing to make suboptimal choices. On the other hand, consumers higher in motivation to process information tend to use e-WOM as an argument. They choose the

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recommended product configuration, as long as they can obtain an optimal product. Further, consumers lower in motivation to process information redirect their limited search and consideration efforts towards the recommended product, whereas consumers with higher motivation search more overall and around the recommendation.

## 2. Theory and hypotheses development

There is a vast history of research in the area of traditional WOM. Reviewing some salient results from the traditional WOM literature informs hypotheses development in the e-WOM arena, taking into account the key differences between the two contexts. Most WOM is sought and received from individuals known and trusted by the receiver, such as family and friends (Bansal and Voyer, 2000; Brown and Reingen, 1987), or perceived experts in the field (Bone, 1995). However, weak-tie sources are utilized as well, particularly if these sources are believed to be knowledgeable (Brown and Reingen, 1987; Duhan et al., 1997; Gilly et al., 1998). Further, consumers tend to seek traditional WOM information more for products that have experience attributes (King and Balasubramanian, 1994). Such results have also been reported in e-WOM usage behavior, both in self-reported surveys (Bei et al., 2004) and in experimental online research demonstrating that consumers are more willing to accept e-WOM for products that are better evaluated through experience (Senecal and Nantel, 2004).

These results collectively indicate that although e-WOM is typically from individuals who are strangers and for whom there is no indication of distinguishing expertise about the product category at hand, there is evidence to suggest that such e-WOM is being utilized as salient product related information, particularly if experience with the product is a valuable evaluative cue. The ease of e-WOM generation and dissemination raises questions about the extent and boundary conditions associated with the use of such information. In the next few paragraphs, we discuss theory and the gaps therein that lead to the hypotheses tested in this research.

### 2.1. Search and consideration

An important distinction often made in consumer research is the difference in search and consideration behavior based on motivation to analyze information. Two theoretical perspectives that are useful in understanding the potential impact of e-WOM on consumers' search and consideration are the elaboration-likelihood (ELM) and the heuristic-systematic models (HSM). Both center on the amount of thought devoted to an argument, proposing a continuum of elaboration which ranges from diligent consideration of topic relevant information (the central/systematic route of persuasion) to the less cognitively taxing method of associating the focal object with some positive or negative peripheral/heuristic cue (Areni et al., 2000). When the motivation to process information is high, e-WOM is likely to serve as an additional "argument" which is carefully considered with the rest of the available information. On the other hand, when the motivation to think about the topic is low, the same e-WOM communication can be a simple decision making cue impacting beliefs about the recommended product (e.g., the e-WOM used as a heuristic such as, "a recommended product is a better one").

Consumers with low motivation to process information are likely to seek some heuristic cue or other way to minimize their cognitive effort, regardless of e-WOM. Thus, e-WOM information will not necessarily result in less search effort from them. In fact, to the extent that e-WOM is additional information presented to the user, it may even increase search simply because there is more to wade through. Consistent with this perspective, recent work in the e-WOM context suggests that recommendations do not make individuals search less (Senecal et al., 2005). However, given the tendency of low motivation consumers to utilize simpler decision rules, any increase in search and

consideration time is likely to be significantly lower than for high motivation consumers, who are likely to see e-WOM as additional product-relevant arguments to be analyzed diligently with other available product information. In the context of available, objective product information, we expect high motivation consumers to search more in the presence of e-WOM. Consistent with this argument, previous research has found that compared to individuals with low motivation to process information, individuals with high motivation who are exposed to stronger messages (more e-WOM) engage in greater elaboration than those exposed to weaker messages (less e-WOM) (Areni et al., 2000). An important criterion used to validate an attribution is multiple observations (e.g., Hansen and Scott, 1976), implying that multiple convergent e-WOM recommendations are likely to be seen as a stronger argument, particularly by consumers with a higher motivation to process information. Thus, we propose:

**H1.** (a) Time spent searching and considering product choices increases (i) when an e-WOM recommendation is present and (ii) as the number of e-WOM recommendations increases. (b) Time spent searching and considering product choices increases as motivation to process information increases. (c) The positive relationships between (i) e-WOM recommendation presence and (ii) the number of e-WOM recommendations and time spent searching and considering product choices is stronger for consumers with high motivation to process information compared to consumers with a low motivation to process information.

In the context of experience products – where the product typically needs to be seen and tried before purchase to complete the evaluative process – all provided product attribute and experience-related information (e.g., e-WOM) may be considered useful, assuming the motivation to use it. E-WOM, as a proxy for one's own experience with a product, should make a recommended experience product more fully evaluated than other available alternatives, *ceteris paribus*. In such cases, consumers with higher motivation to process information should spend more time elaborating upon the attributes of a product that is more strongly recommended and are more likely to include it in their consideration sets. Past work has shown that consumers with high motivation elaborate more on stronger messages compared to weaker messages (Areni et al., 2000). On the other hand, in the context of full information availability for all available products, e-WOM recommendations on some can be seen as a useful *heuristic* by low motivation consumers when choosing an experience product. Thus, these individuals are likely to include recommended products more in their consideration sets for that reason. However, the cognitive effort spent on the recommended product is likely to be higher for high motivation consumers, given their willingness to do so.

**H2.** (a) Time spent considering e-WOM recommended products increases (i) when an e-WOM recommendation is present and (ii) as the number of e-WOM recommendations increases. (b) Time spent considering e-WOM recommended products increases as motivation to process information increases. (c) The positive relationships between (i) e-WOM recommendation presence and (ii) the number of e-WOM recommendations and time spent considering e-WOM recommended products is stronger for consumers with high motivation to process information compared to consumers with a low motivation to process information.

### 2.2. Recommendations on optimal versus suboptimal product choices

Consumers with low information processing motivation are unlikely to spend the cognitive effort necessary to make sure that their choice is the best one possible for their needs. Instead, they are more likely than are consumers with high information processing motivation to rely on a heuristic – such as "a recommended product is good" – to help them decide. Thus, consumers with low motivation

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