

The Effect of Source Credibility on Consumers' Purchase Intention in Malaysia Online Community

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Abstract

Web-based technologies have created numerous opportunities for word of mouth (WOM) communication within the online community. This phenomenon affects retailers as this easily accessible information could greatly impact the consumers' purchase decision. The purpose of this study is to examine the effect of source credibility on consumers' purchase intention in Malaysia online community. A questionnaire survey would be conducted with a sample of 120 university students who had experience within the online community. The respondents were required to complete the survey regarding source credibility received from the online and tertiary platform. Data would be analysed by using Statistical Package for the Social Science (SPSS) software version 23 to conduct descriptive statistical analysis and regression analysis accordingly. The empirical result reviewed that source credibility has a significant impact on consumer purchase intention. In managerial and theoretical implication, this study contributed the insight to organizations and marketers in deciding the degree of the message source to be integrated into the marketing tactic development.

Keywords: *Word Of Mouth Communication, Source Credibility, Consumer Purchase Intention, Online Community, Malaysia*

Introduction

Marketers and sociologists have recognized the importance of the Word of mouth (WOM) communication and conceptualized as a naturally occurring phenomenon over the few past decades (Katz & Lazarsfeld, 1955; Arndt, 1967; Engel, Blackwell & Kegerreis, 1969). WOM has been characterized as every informal communication coordinated at other consumers about the ownership, usage or characteristics of specific products (Arndt, 1967). Research on WOM has been captured the underlying concept and its effect on consumers' purchase decision (Kozinets, Kristine, Andrea & Sarah, 2010). Since the beginning of human society, its role has been perceived as a standout amongst the most influential resources of information transmission. However, conventional interpersonal WOM communication is only effective within constrained social contact limits and the influence diminishes rapidly over time and distance (Thompson & Sinha, 2008).

The advances in information technology have profoundly transformed the transmission method for information and have solved the traditional constraints of WOM through the emerging social networking sites. WOM no longer takes place in exclusive connection of face-to-face settings, including one source and one recipient. Rather, WOM now increasingly occurs in the more transparent public domain of online community. Besides Stauss (1997) study, many studies have conceptualized the effect of WOM to consumer purchase intention in an online community across several of contexts (Balasubramanian & Mahajan, 2001; Thorsten, Kevin, Gianfranco & Dwayne, 2004; Brown, Broderick & Lee, 2007). Yet, there are many arguments about the underlying WOM contexts in the online community because there are no consistent contexts of WOM applied in the previous research.

In a developing e-commerce economy like Malaysia, WOM has been said to be most persuasive on consumer behavior than other forms of marketing communications such as publicity and advertising (Khatibi, Haque & Karim, 2006; Alam & Yasin, 2010; Harron & Razaque, 2015). According to Internet Live Stats (2016), Malaysia Internet Usage Statistics and Marketing report shows 68.6% of internet penetration among Malaysian consumers. This primarily implies that

Malaysian consumers are willing to spend time in browsing online social networks and interact with other online users. The interactions that related to the product could have unintentionally impact on their purchase decisions (Nielsen, 2015). Yet, this area of research in Malaysia as a developing country still at its early stages (Harron & Razzaque, 2015).

Word Of Mouth (WOM) Theory

Early scholarship established word of mouth (WOM) as a significant social force impacting the early marketing thought and practice. Starting with Katz and Lazarsfeld (1955) and Arndt (1967), the researchers believed that WOM has a solid impact in consumer decision making than other information sources controlled by marketers (Kozinets, Kristine, Andrea & Sarah, 2010).

According to Arndt (1967), WOM was characterized as a communication between persons where he or she receives non-commercial messages in regards to products or services and brand. In other words, consumers share and exchange their information about consumption experience. Because of the perceived source reliability and the adaptability of interpersonal communication, Engel, Blackwell and Kegerreis (1969) and Bolfig (1989) further studied and found that WOM acquires a unique ability to affect consumers in the decision-making process.

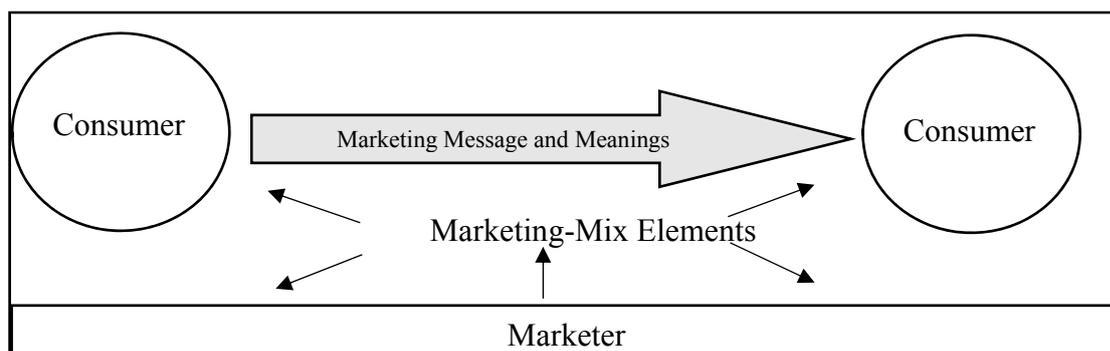
Kozinets, Kristine, Andrea and Sarah (2010) reviewed the past WOM research by grouping the theories into three stages (Figure 1). The earliest and basic understanding of consumer WOM was referred as The Organic Inter-consumer Influence Model (Kozinets, Kristine, Andrea & Sarah, 2010). At the first stage, the researchers such as Arndt (1967) and Engel, Blackwell and Kegerreis (1969) assume that WOM happens naturally among consumers when marketers perform their jobs of creating market innovations and performing compelling product notification through the attractive advertising and promotions.

In the Linear Marketer Influence model, the research conducted tend to focus the essential role of certain influential consumers in the WOM procedure. According to Feick and Price (1987), some consumers were potentially seen as opinion leaders who have a high level of knowledge so marketers could target and influence (Kozinets, Kristine, Andrea & Sarah, 2010). In these early conceptions, the realistic information in marketing was underlined as these group of consumers were expected to transmit marketing messages pretty much dependently without substantially modifying them by ongoing communications with other consumers.

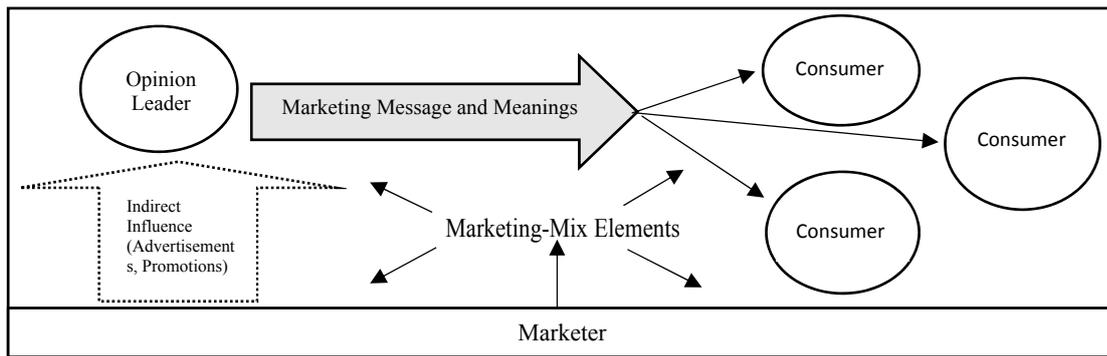
The third stage is known as The Network Coproduction Model. In this stage, Kozinets, Kristine, Andrea and Sarah (2010) stated that the recent studies have recognized the advancement of technology and rather emphasized the WOM concept on relationships from transaction oriented. The transformation can clearly be identified through Thompson and Sinha (2008) research in which they explored the participation and membership in long terms that significantly affect the behavior when the consumers adopt new products and services.

With the internet permitting unique new management levels, effective growth and development of WOM marketing have resulted. Yet, it is questionable how much trust consumers readily have on them with the tremendous amount of WOM generated in the online community.

First Stage: The Organic Interconsumer Influence Model



Second Stage: The Linear Marketer Influence Model



Third Stage: The Network Coproduction Model

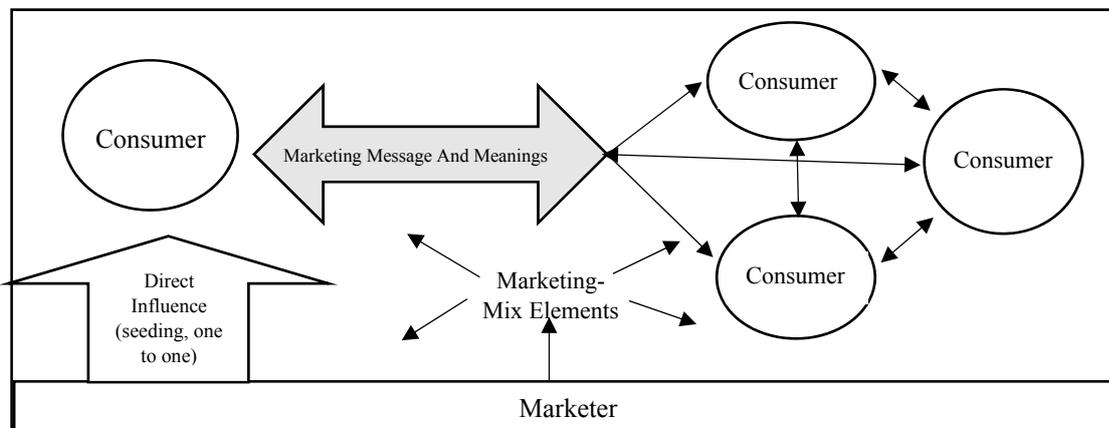


Figure 1: The Evolution of WOM Theory (Kozinets, Kristine, Andrea & Sarah, 2010)

Source Creditability

Source credibility refers to a message recipient’s perception of the believability of a message source, reflecting nothing about the message itself (Brown, Broderick & Lee, 2007). It is defined as the degree to which an information source is seen to be believable, competent and trustworthy by information recipients. Since consumers could access a number of sources of information, the compared information was generally felt to be reliable.

Heriyati and Siek (2011) study shows that the role of credibility in informational influence has been found to most significantly adjust a recipients’ opinion in the bearing pushed by the communicator when the material was attributed to high-credibility source than when it was attributed to a low-credibility source. When looking information for the information quality and sources of information, it could impact on consumers’ acceptance regarding the WOM communication in the online context (Wathen & Burkell, 2002). This especially occur to teenagers and students easily as they have less curiosity so they are more likely to be easily convinced.

Consumer Purchase Intention

According to Morwitz and Schmittlein (1992), purchase intention could be utilized as a measure in the prediction of consumer purchase behaviour. The earliest meaning of purchase intention is a subjective likelihood that consumers perform a certain conduct (Bansal & Voyer, 2000). If the consumers have the interest or willingness to get the products or services, it states that there is a buying expectation in their mind.

Bickart and Schindler (2001) further explained the situation in details. The study outlined that consumers nowadays perceived numerous imitated WOM in online social networks when compared

to the conventional way. So they will probably prefer to acknowledge online WOM as the standard experience (Blackshaw & Hart, 2006). Due to its intangibility, online WOM will alter consumer purchasing behaviours such as hotel recommendation or travel (Chung & Buhalis, 2008).

From Frambach, Roest, and Krishnan study (2007), the study was found that while many consumers searched for comments about products online during the pre-purchasing stage, they also shared opinions in either positive or negative way about their product experience at the post-purchasing stage. This demonstrates that they are encouraged by their online environment which plays a significant role in influencing their decisions during the consumers' purchasing decision process. These environments including their social status, culture or personal motives motivate them to experience vicarious learning so the consumers seem to imitate others' behaviours (Dumrongsiri, 2010).

In summary, purchase intention refers to the anticipated behaviour of a consumer regarding his or her future purchase decision (Kim, Ferrin & Rao, 2008). The demand for a product can be established by a number of online opinions generated from social media (Park, Lee & Han, 2007). Information generated from online WOM is effective in developing other consumers purchase intentions and the high purchase intention of a specific product will be shaped from high-involved consumers (Dumrongsiri, 2010).

Development of Hypotheses

Source credibility and consumer purchase intention

At its simplest, Wathen and Burkell (2002) characterized credibility as believability. The research has indicated that expertise, knowledge and trustworthiness which mark credible sources of WOM could influence the consumer assumptions and his or her assessment during purchase decision making (Wathen & Burkell, 2002). This result has been demonstrated in the study of Senecal and Nantel (2004) where a critical relationship between source credibility and consumers' online choices occurs and it appears that consumers emphasize considerably more on the source credibility of WOM itself than on which type of social networking sites is utilized.

Consequently Brown, Broderick and Lee (2007) suggested WOM should be perceived as more credibility when it possesses a higher expertise and is less inclined to bias in the online community. Similarly, Cheung, Lee and Rabjohn (2008) concurred that WOM credibility has been found that most fundamentally alter consumers' purchase decision (Heriyati & Siek, 2011).

Recently, Fan and Miao (2012) extended Elaboration Likelihood Model to clarify the relationship between creditability of online WOM and consumers purchase intention. The result showed that the perceived WOM creditability is positively affected to the intent to purchase and the effects greatly differ on gender. However, gender differences seem are not relevant towards consumer attitudes in Malaysia culture (Wong & Hanafi, 2007). This study expects the effect to be no different with respect to online social networks. Thus the below is hypothesized,

H1: Source credibility strongly influences the consumers' purchase intention in Malaysia online community (Figure 2).

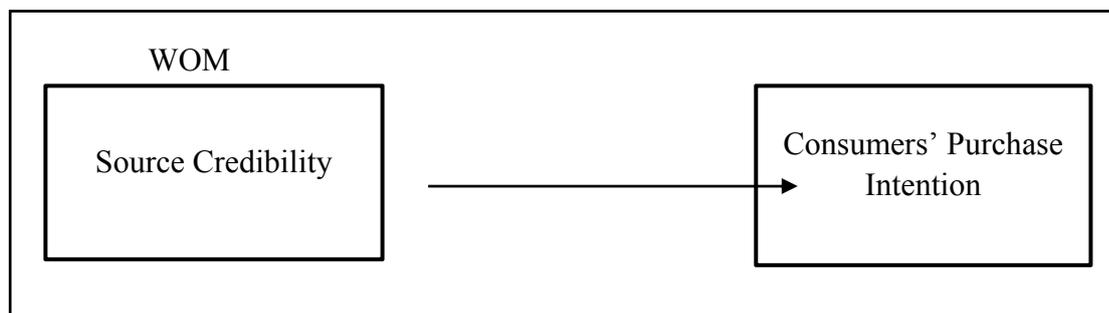


Figure 2: Proposed Conceptual Framework

Research Methodology

This quantitative research was conducted using both primary and secondary data. The target population for this study was the students who have a Facebook or Twitter account in the age between 18 and 30 years old. They must be experienced browsing through social networking sites to look for online comments to guide their purchasing decision making. As this study aims at the general students, so the non-probability sampling technique was applied. The sample was selected using convenience sampling method from university students who have the online experience to guide their buying intention in Malaysia in an easy, affordable and less time-consuming way.

In this study, a questionnaire was distributed to 120 respondents who had online experience on social networks. Using five-point-Likert scale, the 12 items would be presented through online platform and tertiary institution primarily. The questionnaire comprised of two sections. General demographic data constituted the first section and the relationship between WOM and consumer purchasing intention constituted the following section of the questionnaire. A descriptive statistics analysis was used to categorize the demographic profile of the respondents. Then, linear regression analysis was conducted to test the hypothesis.

Results of the Study

Reliability Analysis

With the objective of making sure that all the variables applied in this study are reliable, internal consistency test using Cronbach's Alpha was conducted. Table 1 clearly shows that all the Cronbach Alpha values were more than 0.7. According to Fan and Miao (2012), the researchers recommended value above 0.7 is commonly acceptable, above 0.8 is good and 0.9 and above is excellent. The result generally indicates a satisfactory internal consistency so all the measured variables are considered reliable in this study.

Table 1: Cronbach's Alpha Reliability Analysis

Variables	Number of items	Cronbach's Alpha
Source Credibility	3	0.814
Consumer Purchase Intention	6	0.759

Respondent's Profile

Based on Table 2 shown, the results show the proportions of male and female respondents were equally distributed, where males were 47.5% and females were 52.5%. This determines that the gender distribution was equally distributed with close proximity ratio of 1:0.9 (Saunders, Lewis & Thornhill, 2012). The results also show that respondents' age ranged from less than 18 years old to greater than 33 years old. A majority of them (57.5%) completed their Bachelor's Degree, followed by 11.7% of respondents completed their SPM or secondary level as well as their Master's Degree and 10% of respondents completed their STPM level. Lastly, there is only 9.2% of respondents completed their Foundation or Diploma. This result could be concluded that the majority of the respondents were educated.

Table 2: Respondent's Profile

Gender		
	Frequency	Percentage (%)
Male	57	47.5
Female	63	52.5
Total	120	100.0
Age		
	Frequency	Percentage (%)
18 years old and below	10	8.3
19- 25 years old	71	59.2
26-32 years old	25	20.8
33 years old and above	14	11.7
Total	120	100.0
Highest Level of Education		
	Frequency	Percentage (%)
SPM or Secondary	14	11.7
STPM	12	10.0
Foundation or Diploma	11	9.2
Bachelor's Degree	69	57.5
Master's Degree	14	11.7
Total	120	100.0

Normality Test

According to Saunders, Lewis and Thornhill (2012), normality test compares the shape of the sample distribution to a normally distributed curve with the same mean and standard deviation. Hence, it is often useful to assess whether the data are accurately modelled by a normal distribution. Two numerical measures of shape, that is, skewness and kurtosis usually can be used to test for normality. As a general rule of thumb, the acceptable range of skewness and kurtosis is reported as +3 to -3 (Malhotra, 2010). Therefore, Table 3 demonstrated that the measured variables are normally distributed as the skewness and kurtosis values were within the acceptable range.

Table 3: Skewness and Kurtosis from Normality Test

Variables	Skewness	Kurtosis
Source Credibility	-0.528	-0.802
Consumer Purchase Intention	-0.606	-0.520

Relationship between Source Credibility and Consumer Purchase Intention

The result of the relationship between source credibility and consumer purchase intention was recorded in Table 4. R^2 value, the beta coefficient of source credibility and P value were 0.200, 0.447 and 0.000 respectively. According to Malhotra (2010), R square value represents the total percentage of variance. So there was 20% of the variation in the source credibility affecting the consumer purchase intention.

Standardized coefficient Beta value helps the researchers to determine the strength of the effect of an independent variable to the dependent variable when the data is standardized and the intercept assumes a value of 0 (Malhotra, 2010). The beta coefficient can be formed in either negative or positive value and have a t-value as well as the significance of that t-value associated with each. Saunders, Lewis and Thornhill (2012) states that the higher the absolute value of the beta coefficient, the stronger the effect. Hence, the result demonstrated that with every increase of one standard deviation in source credibility, a consumer purchase intention rises by 0.447 standard deviations. This assumed the other predictors are held constant.

In order to determine the relationship is statistically significant, calculated probability or P value of the observed finding should less than the chosen significance level, that is, 0.05 so the null hypothesis is rejected and the sample provides satisfactory evidence to support the alternative hypothesis (Malhotra, 2010). Table 4 clearly signified that the relationship was statically significant. The analysis indicated that source credibility has a positive and significant correlation towards consumer purchase intention and therefore the hypothesis was supported.

Table 4: Linear Regression for Source Credibility

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	0.447	0.200	0.193	0.68690

a. Predictors: (Constant), Source Credibility

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	2.490	0.217		11.452	0.000
	Source Credibility	0.321	0.059	0.447	5.426	0.000

a. Dependent Variable: Consumer Purchase Intention

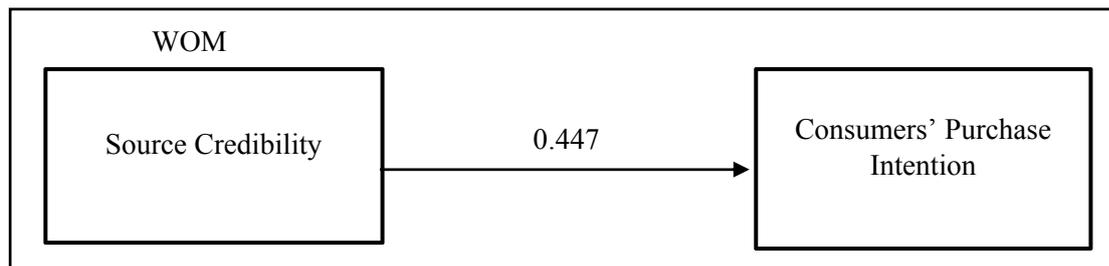


Figure 3: Model of Online WOM context and Consumer Purchase Intention

Discussion

This study found a significant effect for source credibility to influence Malaysian consumer purchasing intention ($R^2 = 0.200$, $\beta = 0.447$, $t = 5.426$ and $P = 0.000$). So the empirical finding of this study is consistent with the study of Brown, Broderick and Lee (2007) where source credibility is said to directly affect the consumers' purchase intention in the context of interactive marketing. The result also corresponds to the result of other researchers that the source credibility was proved to have an association with consumer purchase intentions (Wathen and Burkell, 2002; Senecal and Nantel, 2004; Cheung, Lee and Rabjohn, 2008; Heriyati and Siek, 2011; Fan and Miao, 2012). In view of this, the result fulfils the first research objective.

Implications

By confirming the principal hypotheses of this study, it can be inferred that the underlying contexts of online WOM especially in social networking should be cautiously considered by the companies and marketers. In practice, this finding may provide an indication to retailers and marketers to understand the degree of online WOM context that should be consolidated. It was also identified in this study, which Malaysian consumer purchasing intention has a tendency to be more affected by source credibility of a message in the online community. In this phenomenon, this study provides a step closer to understand the degree of WOM's source credibility to be incorporated in the development of marketing tactic. Companies and marketers are suggested to work with the most trustable content creators and the type of message appeal used so a persuasive message is effectively delivered through appropriate media.

From the academic point of view, this study contributed the specific literature review regarding the online WOM communication and its impact towards Malaysian consumers' purchase intention. It was perceived that online WOM through social networking sites is a recently developed phenomenon, in which research is still in the proposal stage and numerous aspects have not been explored in details. Consequently, this study made a noteworthy contribution to answering the research problem by following the general understanding about the online WOM theory. To a certain

extent, this study proved the role of online WOM contexts by clarifying 20 percent of the variance on Malaysian consumers' purchase intention. It can be clearly assumed that this study added credit to the limited existing theories.

Conclusion and Recommendations

The purpose of this study was to examine the effect of WOM communication on consumer purchase intention in Malaysia online community. The primary focus is to understand the impact of source credibility towards consumer purchase intention in the Malaysia context so the researchers gain a better understanding for retailers and marketers in developing their online communication channels.

The data were analyzed using linear regression analysis correspondingly. All the research objectives were confirmed with the research findings. The result of the analysis shows that the independent variable (source credibility) was positively regressed with the dependent variable (consumer purchase intention). Accordingly, this study implied that the results may be applicable to the organizations, retailers and marketers as well as contribute to the limited existing theory. Finally, this research also revealed its limitation and future suggestions for other researchers.

There were two perspectives to the suggestions for future research, which could add values to this examination. Further study on this topic could also add extensions to this study. Since this study was based on a convenient sample, the future researcher who will look at this topic is prescribed to embrace a non-convenience sample. This ensures that the study will then be able to generalize the findings to the whole sample population. Besides, it is also recommended that another population other than university students should be further analysed as the online WOM using social networking attracts a wider scope of age population.

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