

Impact of Electronic Word-of-Mouth Marketing on Customer Purchase Intentions: A Case Study of the Food and Beverage Industry with Specific Reference to Elephant House- Ceylon Cold Stores PLC, Colombo District

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Purpose

The research problem that this study focuses on is the contraction of the food and beverage (F&B) industry by - 2.5% (CCS Annual Report, 2016/17). Hence, the main purpose of this research is to identify whether eWOM is able to impact customer purchase intentions in order to drive a growth in the industry. In particular, the emergence and widespread use of the internet has given rise to a new form of marketing called electronic word-of-mouth marketing (eWOM) that allows individuals to make any positive or negative utterance about a product or brand which is readily accessible to numerous individuals through the internet. Therefore, the author focuses on the research question “Does eWOM have an impact on customer purchase intentions?” Particularly, customer purchase intentions is regarded as the dependent variable, and the four aspects of homophily (tendency of individuals to bond with similar others), credibility (being trustworthy), timeliness (interval between publishing and viewing of eWOM), and expertness (sender’s expertise) as the independent variables. To clarify, homophily is selected due to the conflicting nature of previous research findings where some lean towards a positive relationship (Saleem and Ellahi, 2017; Alisic, Netterstrom and Tropp, 2015) while others do not (Chu and Kim, 2011). Similarly, credibility (Park et al., 2011; Saleem and Ellahi, 2017) and timeliness (Sa’ait, Kanyan, and Nazrin, 2016; Schepers, 2015) are selected because of its apparent positive correlation with customer purchase intentions. Finally, the author considers expertness due to its positive relationship with the dependent variable as found by Saleem and Ellahi (2017) and Chang, Lee and Huang (2017). Furthermore, the study is specific to Elephant House- Ceylon Cold Stores PLC, which is a leading organisation in Sri Lanka’s food and beverage industry. Accordingly, this research will be useful for researchers, marketers, as well as those engaged in eWOM.

Design/Methodology/Approach

A self-administered questionnaire was used to gather insights from 384 respondents using the convenience sampling method. In particular, the sample considers consumers of Elephant House beverages and ice cream, belonging to the age group 16-35, in the Colombo district, owing to the fact that individuals in selected age range and location would have a sound understanding of the internet and digital technology. In particular, a total of 550 questionnaires were digitally distributed out of which 384 were responded to, hence making a response rate of 69.82%. Consequently, the data thus gathered through a survey was analysed using IBM SPSS statistical software to derive reliability, normality, linearity, correlation, and regression.

Findings

The study found that there is a strong positive relationship between eWOM and customer purchase intentions based on the Pearson correlation value of 0.894 and the acceptance of all five hypotheses. In addition, credibility and expertness of eWOM were found to be the most effective factors influencing customer purchase intentions with strong positive correlations of 0.845 and 0.842 respectively. Hence, organisations must focus on triggering and monitoring electronic word-of-mouth through online platforms, to capitalise on the available opportunities and impact customer purchase intentions.

Correlation and Regression Equation

$$\text{Customer purchase intentions} = 0.164 + (0.126 \times \text{homophily}) + (0.276 \times \text{credibility}) + (0.303 \times \text{timeliness}) + (0.253 \times \text{expertness})$$

Keywords: Electronic Word-of-Mouth Marketing, Ewom, Customer Purchase Intentions, Credibility, Expertness

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