

## *The Effect of User Generated Video Reviews on Consumer Purchase Intention*

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**Abstract**—The objective of this study was to explore the effect of user generated video review on customer purchase intention in Indonesia and Taiwan to see how they use YouTube.com website as platform of electronic word of mouth (eWOM) source. The study examines the adoption of eWOM on user generated video platform and also testing which factor encourages information adoption on user-generated video site platform. The survey questionnaire collected the primary data in Indonesia and Taiwan with a stratified random sampling method. A total of 500 respondents completed and returned useable questionnaires to the researcher. Structural Equation Modeling (SEM) is the main analytical tool in this research. SmartPLS software was used to analyze all the data and compared the results between Indonesian and Taiwanese. This research result showed that eWOM adoption in user generated video context largely depends on source credibility of the people that post or make video reviews on YouTube.com, and source credibility is closely related with source expertise and source trustworthiness. This study results have implications for marketing division of the company, and then suggests some ways to enhance performance for the marketing strategy to promote their product on user generated video website.

**Keywords:** *User-Generated Video Reviews, Argument Quality, Source Credibility, Electronic Word-of-Mouth (eWOM), Purchase Intention*

### I. INTRODUCTION

The growth of internet has provided a competitive platform for online marketing and trading. With the increasing popularity of online shopping, business around the world now try to enhance their competitive advantage by focusing their resources on the virtual business environment. As a new marketing channel, the online business differs from traditional retail formats in many ways. Consumer in online shopping cannot touch, smell, or test the product, as would be possible in traditional retail stores, so their purchase judgments must be based on the product information presented on the online website. And online sellers will give consumers the opportunity to share their review or evaluation online.

The user-oriented information provided in online reviews is a new kind of word of mouth communication. [29] calls internet word-of-mouth a “powerful medium” that “gives power to isolated consumers”, allowing for a “boundless dialogue with a potentially unlimited number of Net users.” [3] studied upon intuition from the rich literature on

persuasion, hypothesize that internet forum content may be more persuasive than other traditional sources of information (such as marketer-generated content) since the reported experiences of peer consumers have the ability to generate empathy among readers and may appears more credible, trustworthy, and relevant.

User-generated video reviews are significantly more trusted than descriptions that come from manufacturers, according to a survey of US Internet users by online video review site EXPO. In the June 2010 edition of Internet Retailer, nearly 64% of respondents had watched a user-generated video review, and more than three-quarters of that group said it helped them make a purchase decision either for or against a product or brand. Consumers’ favorite thing about video reviews was the ability to see the product in action. Respondents of this survey expressed a marked desire to see user-generated video reviews on a variety of sites, with 40% to 50% seeking them on shopping comparison sites, brand sites, e-commerce sites, Facebook and YouTube. About one-half of respondents had ever uploaded user-generated videos, and 35.9% of those had uploaded videos about products or brands. Among those who had not, nearly 90% said they would do so.

User generated media is kind of first person testimonials typically informed by relevant experience with products or brands archived online. The reason of why video is powerful media for marketing? Because video is really moving things from text based to sight sound and motion. It was same thing that happen on traditional TV ads. In online videos, they had those sight, sound, and motion elements also dramatic effects where you could visualize the benefits of the product or service. Video touched the emotion more than text. It is often why when brands get themselves in trouble, often times it is when a video that someone puts online that give information and recommendation about a product. It can give this product viral traction. Consumers will also post video that really reflect their brand love. It was happen with products from Apple like iPad, iPod, or the newest iPhone 4s, this kind of products have many testimonials from consumers that they post online. It is those videos that get a lot of traction (with other consumers). Online video connect with consumers in more impactful ways than regular text can do. It is the user-generated video that really touching consumers in powerful and viral ways. Video provides a more meaningful media for consumers to share and it is actually has a higher degree of persuasiveness and impact [4]. It is the

reason why companies should be experimenting with video as a way to promote their products or services.

Online video is now commonly using as media for consumer to reviewing products or services. An online consumer review is an important factor in product sales [9]. Half the consumers who visit online shopping malls consider consumer reviews important in their buying decisions (Brown, et al., 2007). Current researches mostly focused on the factors that driving consumers to share knowledge or information, but very few studies have connected video sharing platform with online consumer for purchase decisions. The objective of this study is to investigate how online communities focused on video sharing platform effects the consumption decision by discovering which factors encourage information adoption. As a marketing researcher and marketing practitioner, it is important to investigate this phenomenon of information sharing in online communities.

## II. LITERATURE REVIEWS

This part shows the purpose of this research to explain the determinants of eWOM adoption and purchase intention in YouTube(video-sharing website) platform, based on the information adoption model and elaboration likelihood model (ELM).

### A. *Argument Quality*

Argument quality refers to the persuasiveness strength of arguments embeds in informational message [2]. People perception of argument quality is an important element to information usefulness [13]. In a computer-mediated environment, consumer-purchasing decisions of products and services can be determined by the perceived quality of information they receive. When the information meets customer needs and requirements, the customer are willing to critique the value of each product or service based on their purchase decision criteria. Therefore, determining customers' perception of information quality on the web is an important element for assessing their potential buying behavior. Currently research about online information quality is taking place. In the current study, we used the four commonly used dimensions of information quality: relevance, timeliness, accuracy, and comprehensiveness.

H1: Perceived argument quality of a video review will have a positive effect on eWOM adoption.

Relevance of messages is important as most Internet users are conscious of their time. [10] suggested that Internet users rarely read web pages in detail but rather scan the pages to find the information they need. Internet users want to find the information that they need quickly and with the least effort. It is therefore important to have only the most relevant information present in the online community [24]. [17] also suggested that relevance is an important element in decision making. Therefore, the more relevant the messages are, the higher the perceived information usefulness of the message.

H2: Relevance of a video review will have a positive effect on perceived argument quality

Timeliness of messages concerns whether the messages are current, timely, and up-to-date [18]. [11] urged that when the web site is not updated consistently, the web site cannot deliver the expected performance and therefore provide no added value to users. Therefore, the timelier the messages are, the higher the perceived information usefulness of the message.

H3: Timeliness of a video review will have a positive effect on perceived argument quality

Accuracy of messages concerns their reliability. It also represents user's perception that the information is correct [32]. According to media richness theory [14], quality, accuracy, and reliability of the information exchanged are important across a medium. The more accurate the messages are, the higher the perceived information usefulness of the message.

H4: Accuracy of a video review will have a positive effect on perceived argument quality

Comprehensiveness of messages refers to their completeness. [30] suggested that the more detailed the information, the wider the breadth of user categories and user-orientation of that web site, and thus resulting in a greater likelihood of user acquisition and retention. The more comprehensive the messages are, the higher the perceived information usefulness of the message.

H5: Comprehensiveness of a video review will have a positive effect on perceived argument quality.

### B. *Source Credibility*

Source credibility refers as the answer seeker's perception of the credibility of the answer providers, reflecting nothing about the message itself [7]. According to [5], people expect expert sources to have more valid argument than inexperienced sources, leading them to process expert message with a positive bias. According to [26], evaluation of source credibility bases on prior beliefs concerning and prior affective responses to, the source are likely to be powerful in shaping message itself.

H6: Perceived source credibility of a video review will have positive effect on a eWOM adoption.

Previous research suggests that individuals following the peripheral route can be influenced by the source's attractiveness, likeability, and credibility. In the current study, source expertise and source trustworthiness are the two key dimensions of source credibility for in-depth investigation. Source expertise is defined by the terms such as knowledgeable, experienced, competence, and so on [19]. The expertise dimension of credibility captured the perceived knowledge and skill of the source Source trustworthiness is defined by the terms well intentioned, truthful, unbiased, and so on. The trustworthiness dimension of credibility captures the perceived goodness or morality of the source [21].

H7: Source expertise of a video review will have a positive effect on perceived source credibility

In the online environment, people have almost unlimited freedom to publish and express their feelings toward certain products or services without disclosing his/her real identity [11]. It is therefore left up to users to determine the expertise and trustworthiness of the contributors in order to either adopt or reject the information presented. If the consumer thinks that the comments are posted by high-credibility (high degree of expertise and trustworthiness) individuals, he/she will then have a higher perception of the usefulness of the comments [5].

H8: Source trustworthiness of a video review will have a positive effect on perceived source credibility

In the past research of [16] suggested that the source attractiveness have a linked with source credibility. Source attractiveness is more related to the appearance or physical attributes, such as similarity, familiarity, and likeability of the endorsers to the receiver [15]. These are important in the individual's initial judgment of another person. Similarity is a supposed resemblance between the source and the receiver of the information. Familiarity refers to the knowledge of the source through repeated or prolonged exposure, while likeability is referred to the positive or negative feelings that consumers have towards source information [1]. Likeability also refers to the level of a public figure or celebrity's fame in the public eye and how popular the person (source) is. Source attractiveness affects the receiver in the sense of that they are identifying themselves with the celebrity or public figure. But even when the sources are not public figure like movie stars or athletes, consumers often admire the source's physical appearance, talent, or personality. This does also motivate the receiver of message to seek some type of relationship with the source and thus adopts similar attitudes, behavior, beliefs, or preferences. The main purpose with source attractiveness is to make a consumer feel a part of celebrity as well as the company and brand [15]. As a result, source credibility will increase in accordance with the higher extent of source attractiveness.

H9: Source attractiveness of the video review will have a positive effect on perceived source credibility

### C. Purchase Intention

Online review is new information presented from the perspective of consumer who have purchased and used the product or service. It includes their experiences, evaluations, and opinions [25]. The user-oriented information provided in this way is, in effect, a new kind of word-of-mouth communication. Online Reviews that generated by consumer are less personal but more ubiquitous eWOM platforms wherein consumers post reviews about product and services. The underlying benefit consumers derive from availability of other consumers' evaluations in online virtual communities is the scale advantages they experience in going through their purchase decision making. Word of mouth information on the Internet exists in various forms that differ in accessibility, scope and source.

Research in marketing literature points out that eWOM information plays an important role in decision processes or recommendation based on which the decision maker obtains recommendations for the purpose of reducing the uncertainty and amount of information that must be processed to make a decision [27][20][23]. The consequences of WOM communication occur in the behavior of those who receive it, their awareness, beliefs, attitudes and actual decisions. A substantial literature documents the mediating influence of the receiver's predisposition towards the target of WOM communication on receptivity to and interpretation of new information. The stronger an individual's feelings or confidence in choice prior to exposure to eWOM information, the more the feelings will dominate the interpretation and use of eWOM information. Hence criteria used by consumers in product decision or choice drivers play an important part in determining if and how much of eWOM information adoption is obtained and the influence of the eWOM information on product evaluation and purchase intention. Therefore, the following hypothesis is proposed:

H10: eWOM information adoption will have a positive effect on consumer purchase intention

H11: Perceived source credibility of a video review will have positive effect on purchase intention.

H12: Perceived argument quality of a video review will have a positive effect on purchase intention.

## III. RESEARCH METHOD

### A. Descriptive Analysis

This analysis is used to depict respondents' profile, such gender, age, education level, household income, occupation, daily online frequency, and internet (YouTube) familiarity. Result of this analysis will be presented in wording, table, and graphic. To achieve that purpose, this study employs frequency distributions, percentage, mean, and cross tabulation. This study also seeks for central tendency, for example mean and median.

Mean analysis conducted for interval data, which refers to all questions that scaled by using Likert scale, whereas frequency tabulation perform to every question to made the percentage of those data, to configure the difference between each question.

### B. Structural Equation Modeling (SEM)

This study used structural equation modeling (SEM) as its main analytical tool in order to allocate the cause and effect relation of the research mode variables. The Partial Least Squares (PLS) was used to test the research model. PLS is a structural modeling technique widely used among Information System research, and it is a structural modeling technique which is for developing highly complex predictive models [12]. It allows researchers to perform regressions to analyses structural models with multiple item constructs and direct and indirect paths. Loading between items and

constructs, as well as standardized regression coefficients between constructs will also be analyzed.

### C. Variables

#### 1) Independent Variables

This study employed two factors, argument quality and source credibility that assumed can predict eWOM adoption and purchase intention. Four attributes of argument quality were employed to measure eWOM adoption and purchase intention: relevance, timeliness, accuracy, and comprehensiveness of message. Other independent variables are attributes of source credibility (source expertise, source trustworthiness, and source attractiveness).

#### 2) Dependent Variables

This study has two dependent variable, eWOM adoption and purchase intention. Factors that use to measure the eWOM adoption and purchase intention are argument quality and source credibility. These two factors were taken from information adoption model and elaboration likelihood model (ELM). They will investigate how argument quality and source credibility have an effect on eWOM adoption.

### D. Instrumentation

The survey instrument consisted of multi-item scales to measure: (1) argument quality, (2) relevance of the message; (3) timeliness of the message; (4) accuracy of the message, (5) comprehensiveness of the message, (6) source credibility, (7) source expertise, (8) source trustworthiness, (9) presence of advertisement, (10) the extent of eWOM adoption, (11) and purchase intention.

### E. Data Collection

This study explored an online video review designed to attract purchase intentions of internet users in Taiwan to see how they use user-generated videos site (YouTube) as platform of eWOM source. Respondents were internet users, social media users, and YouTube users. Questionnaire will be conducted face-to-face with internet users and sent through email, Facebook's messages, Twitter's direct message to internet user in Taiwan, and asked them to spread to their blog, Facebook, Twitter, and discussion forums.

A structured questionnaire was used to address the previously mentioned research questions. The questionnaire was divided into different parts, each examining the factors affecting information adoption from online communities (YouTube.com). These were mainly the questions of argument quality and source credibility. The degree of eWOM adoption and purchase intention were also asked in the questionnaire, to see if the information affected buying decision and induced them to take any consumption action. Finally the last part of questionnaire was asked about demographic information.

### F. Demographics

This study employed traditional measures of demographics such as gender, age, household income,

education level, occupation, daily online frequency, and internet (YouTube) familiarity level. Respondents were asked to estimate the income of their household from six categories, which 1 is the lowest and 6 is the highest. There were asked to indicate the final degree they earned: less than junior high school, high school graduate, attending college, four-year university degree, master's degree, PhD degree and other education level.

## IV. CONCLUSIONS

The purpose of this research is to examine the extent to which opinion seekers are willing to accept and adopt online consumer reviews and testing which factor encourage information (eWOM) adoption inside a user-generated video sharing platform and to find about the effect of eWOM adoption towards purchase intention. To satisfy the stated purpose, the following are addressed:

The extent that consumer will adopt the information on user-generated video reviews. Find factors that have the most significant effect on eWOM and purchase intention. The effect of eWOM adoption towards consumer purchase intention.

The importance of this study is to examine the information adoption of electronic word of mouth in social media platform, especially on YouTube.com. This research also has a purpose to find out the effect of eWOM information adoption toward consumer purchase intention. Recently many company discovered how to market their product or service on social media. When social media sites is a platform where people can be connected with others. These findings have implications for company or online seller in terms of how to manage online user-generated reviews focused on video reviews.

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