



## The Influence of Online Reviews on Trust in Social Networking Sites

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### ABSTRACT

The use of social networking sites for commercial purposes plays more significant roles on the presence of the electronic commerce phenomenon for Generation Z's consumers. This large generation group is growing up to become powerful online consumers in 2020. Then, this study aims to investigate positive influence of practical benefits, volume of online reviews, usefulness of online reviews, and negative online reviews towards trust in social networking sites (SNS) regarding online purchase on clothes of Generation Z's consumers. The total numbers of usable 321 questionnaires was distributed to university students of two private universities in Bangkok and Pathumthani provinces. The data sets utilized descriptive statistics and multiple regression analysis. The results indicated that only volume of online reviews ( $\beta=.447$ ) and practical benefits ( $\beta=.277$ ) had positive impact towards trust in social networking sites (SNS), explaining 64.4% at significant level of .01. Therefore, online clothing stores should emphasize on volume of online reviews and practical benefits to build trust in social networking sites (SNS) for Generation Z's consumers.

*Keywords: social networking sites, online shopping, online reviews, e-commerce*

### 1. Introduction

In recent years, the rise of social networking sites (SNS) for commercial purposes has rapidly increased. In Thailand, YouTube was the top SNS used of 97.1%, followed by Facebook (96.6%), LINE (95.8%), Instagram (56%), Twitter (27.6%), and Whatsapp (12.1%) from 25,101 respondents of the survey by Electronic Transactions Development Agency (Public Organization) in 2017 [1].

The SNSs consequently have played a major role for e-commerce [2]. Marketers of today's business have shifted marketing strategies from product-oriented to understanding customers' social lives and taking advantages of these social platforms. Browne [3] mentioned that shopping experience has changed and online shopping has increased intensely. In the new digital era, age is also an important element in terms of different patterns of consuming behavior [4]. Consumer-generated media (CGM) platforms primarily lead to word-of-mouth (WOM) communications of the internet, passing on other people's advice, online shopping experience, feelings, opinions about a product, and providing potential buyers with significant information [5]. SNSs has become a vital part of Generation Z's consumers. This is due to changing behavior of consumers towards more technological dependence [6].

According to Marketing Artfully [7], there are fundamentally 6 generations alive today: THE GREATEST GENERATION, born between 1901-1926, age 91+ (in 2017) 1.09% of population - 3,541,436 people. THE SILENT GENERATION, born between 1927 and 1945, age 72-90 (in 2017), 9.21% of population - 29,923,514 people, THE BABY BOOMERS, born between 1946 and 1964, age 53-71 (in 2017), 23.40% of population - 76,027,170 people, GEN X , born between 1965 and 1980, age 37-52 (in 2017), 20.79% of population - 67,222,996 people, GEN Y OR THE MILLENNIALS, born between 1981 and 2000, age 17-36 (in 2017), 27.48% of population - 89,283,189 people. GEN Z, born between 2001 and 2017 , age 1-16 (in 2017), 18.01% of population. This study will focus on Generation Z which accounts for 18.1 % of population or 58,514,928 people. The biggest challenge for marketers and electronic commerce businesses would be Generation Z's consumers. Members of the generation Z tend to focus more on innovation and digital context [8]. Generation Z's consumers are heavy users of technology and they treat it as a tool to facilitate their lifestyles, for instance, shopping online, socializing with friends, posting pictures, video clip, communicating with other people. Even though digital has become the marketing strategy for business today, word of mouth still plays an essential role for marketing. Additionally, network being connected with digital channels, online reviews became today's word of mouth marketing strategy. Online reviews either positive or negative are more eye catching than company's own advertising.

Among many industries, apparel is considered the fastest-growing sector in e-commerce [9]. Many famous brands have used SNSs as their communication tools to connect with target customers. Revenue in the apparel market amounts to 8,154 million USD in 2018, expecting to increase annually approximately 1.2% (2018-2021) [10]. The online apparel industry in Thailand is drawing massive interest from global players and became the fastest-growing markets [11]. Therefore, this study aims to investigate the positive influence of practical benefits, volume of online reviews, usefulness of online reviews, and negative online reviews towards trust in social networking sites (SNS) regarding online purchase on clothes of Generation Z's consumers.

## 2. Literature Review

The presence of the electronic commerce phenomenon for Generation Z's consumers became a challenge for marketers in today's business. The activities regarding social networking sites (SNS) influenced the decision making of consumers especially those in Generation Z. Among many industries, apparel is considered the fastest-growing sector in e-commerce [9]. Many famous brands have used SNSs as their communication tools to connect with target customers.

### 2.1 Practical Benefits

The previous studies [12] showed that due to perceived practical, social and entertainment benefits resulting from SNSs (i.e. Facebook), the consumers tend to involve more in SNSs communities. Practical benefits are consequences of sharing useful information from the customers including feedback and questions while the consumers interact within the context of a brand's SNS profile [13].

### 2.2 Volume of Online Reviews

In online context, the volume of reviews is the number of comments from the consumers about their opinions regarding a specific product or service [14]. It is considered as interactive messages. Some research studies suggested that more volumes of comments, either positive or negative, in online communities could create and increase product awareness and attract potential customers [14] while some researches contended that a high volume of online reviews may encourage a lowered risk of perception [15].

### 2.3 Usefulness of Online Reviews

Some researchers defined usefulness of online reviews as “the degree to which the consumers believed that online reviews would facilitate their purchase decision-making process” [16]. Some studies found that the quality of a review, as restrained by the number of benefit votes, positively impacts consumer decision-making [17]. One of the main reasons for people to search for product or service information online is to use that valuable information, comments and opinions in their buying decision.

### 2.4 Negative Online Reviews

Several researchers noticed that negative online reviews can affect consumers’ attitudes towards products or services which they are interested [18]. Even though the negative online reviews would increase awareness of products or services but they do not guarantee the buying decision.

### 2.5 Trust in Social Networking Sites

Some researchers defined trust in SNSs as a confidence or expectation about the other (trusted) parties, or a willingness to depend on another party [19] while others defined trust in a Web site as the willingness of a consumer to trust a Web site [20]. The trust is considered as an important element of successful relationship marketing [21]. The successful relationship marketing strategies can encourage purchase intentions and develop customer loyalty and firm performance through stronger relational promises [22].

Therefore, the purpose of this study is to investigate the positive influence of practical benefits, volume of online reviews, usefulness of online reviews, and negative online reviews towards trust in social networking sites (SNS) regarding online purchase on clothes of Generation Z’s consumers. This research was hypothesized that practical benefits, volume of online reviews, usefulness of online reviews, and negative online reviews had positive influence towards trust in social networking sites (SNS) regarding online purchase on clothes of Generation Z’s consumers.

### 3. Methodology

The questionnaire was used for this study. The four independent variables which were practical benefits, volume online review, usefulness of online reviews and negative online reviews and one dependent variable which was trusted in social networking site (SNS) were measured on a five-point Likert scale ranging from 1 “strongly disagree” to 5 “strongly agree”. The target population was about 600 undergraduate students enrolled in general education and Business Administration courses in 2015-2016 in two private universities in Bangkok and Pathumthani provinces. A non-probability purposive sample was implemented, since the respondents were chosen based on their ages between 18-21 years old. A research instrument or survey questionnaire assessing the construction of the recent studies was developed from academic published scales of previous research as stated in the literature review. The sample size of this research was calculated from 40 pilot questionnaires using G\*power version 3.1.9.2, created by [23] and approved by several researchers [24] with the Power ( $1 - \beta$ ) of 0.95, Alpha ( $\alpha$ ) of 0.05, Number of Test Predictor of 4, Effect Size of 0.0619 (Calculated by Partial  $R^2$  of 0.0583). Then, the results showed that the minimum number of the total sample size should be 305 [23]. Then, 330 self-administered questionnaires were distributed to all students by two lecturers. The total of 321 usable surveys was returned giving an overall response rate of 97%. Thus, 321 sets of questionnaire were utilized. Cronbach’s alpha coefficient values were 0.909 for usefulness of online reviews, 0.875 for volume of online reviews, 0.777 for negative online reviews, 0.797 for practical benefit, and 0.865 for trust in social networking sites. All Cronbach alpha coefficient values were above 0.65 [25], which were required to verify reliability. As a result, all of the scales were acceptable. Then, the analysis using descriptive statistics consisted of frequencies, percentages, means, standard deviations was implemented. The hypothesis testing was tested using Multiple Regression Analysis to analyze the influence of independent variables (Usefulness of Online Reviews, Volume of Online Reviews, Negative Online Reviews, and Practical Benefits) towards dependent variable (Trust in Social Networking Sites). The results of Multiple Regression Analysis are shown in Table 1 below.

**Table 1 All Results and Multiple Regression Analysis**

Dependent Variable: Trust in Social Networking Sites, Mean = 3.692, S.D. = 0.660

Cronbach's Alpha (C.A.) = .865, R = 0.644, R<sup>2</sup> = 0.415, Constant = 1.186

<u>Independent Variables</u>	<u>Mean</u>	<u>S.D.</u>	<u>C.A.</u>	<u>β</u>	<u>t</u>	<u>Sig.</u>	<u>VIF</u>
Usefulness of Online Reviews	3.723	.816	.909	.077	1.294	.197	1.933
Volume of Online Reviews	3.705	.744	.875	.447**	6.939	.000	2.238
Negative Online Reviews	3.787	.693	.777	-.058	-1.078	.282	1.551
Practical Benefits	3.944	.713	.797	.277**	5.349	.000	1.445

\*\*statistical significant level of .01

#### 4. Research Results

The results showed that most of the respondents were females (55.8%), at the age of 20 years old (48.6%) in the sophomore year of university level (65.7%), with cumulated grade point average of 3-3.99 (47.4%) (4 as the highest), and in School of Mass Communication. Most of them had monthly spending of approximately 0-10,000 baht per month. From Table 1, the multiple regression analysis by entering method was implemented to identify the positive influence of practical benefits, the volume of online reviews, the usefulness of online reviews, and the negative online reviews towards trust in the social networking sites (SNS) regarding the online purchase on clothes of Generation Z's consumers at significant level of .01. The results showed that only the volume of online reviews with the highest standardized beta coefficient of 0.447 and the practical benefits with the highest standardized beta coefficient of 0.277 had positive influences towards trust in the social networking sites (SNS) regarding the online purchase on clothes of Generation Z's consumers. Thus, the hypothesis was partially supported that only the volume of online reviews ( $\beta=.447$ ) and the practical

benefits ( $\beta=.277$ ) had positive influence on trust in social networking sites in terms of the online purchase on clothes of Gen Z's consumers at significant level of .01. While the usefulness of online reviews and negative online reviews had no positive impact towards trust in the social networking sites. There was no multicollinearity problem since no VIF values were not equal to or higher than four [26].

## 5. Conclusion and Recommendation

This study is to investigate the behavioral model of positive influences of practical benefits, the volume of online reviews, the usefulness of online reviews, and the negative online reviews towards trust in the social networking sites (SNS) regarding the online purchase on clothes of Generation Z's consumers. The findings illustrated the positive impacts of volume of online reviews and the practical benefits on trust in the SNSs regarding the online purchase on clothes of Generation Z's consumers. The results of these findings confirmed that more volumes of comments, either positive or negative, in online communities could create and increase the product awareness and attract the potential customers [14]. The online reviews were the valuable network of tremendous information, which could indicate the consumers' attitudes. Additionally, some research studies contended that the high volume of online reviews may encourage the lowered risk of perception [15]. The results of these studies also illustrated that the practical benefits were consequences of sharing useful information from the customers including feedback and questions, while the consumers interacted within the context of a brand's SNS profiles [13]. Also, the previous studies [12] showed that the perceived practical benefits resulting from SNSs (i.e. Facebook), the consumers tended to involve more in the SNSs communities. Regarding practical benefits of SNSs towards trust in SNSs, the research findings agreed with the past studies of some researchers which highlighted the significant impact of the consumers' practical benefits of SNSs on their trust in SNSs [27]. The findings are also consistent with Chawanuan Kananukul that Thai consumers who expected to receive the practical and social benefits from using SNSs were likely to trust the sites. Their study's findings additionally suggested that the SNSs users who trust in SNSs were likely to display trust in the brand, consequently led to their purchase decision [28].

Finally, this research encourages the companies to strengthen the consumer trust in SNSs regarding the online purchase on clothes of Generation Z's consumers by augmenting volume of the online reviews and practical benefits since the consumers as information seekers search for information, comments, and opinions, online reviews to identify, compare, and select their choices of products. In order to increase the volume of online reviews and practical benefits, apparel companies or online clothing, the retailers should provide the consumers with better information about their brand, offering immediate information on products/services through text, photos or video; consequently, consumers should feel more confident and develop their trust towards online clothing retailers' sites [29].

Furthermore, the clothing companies should use SNSs to learn and understand the consumer insight, to communicate and participate with the consumers, and to create a sense of community with the consumers. Moreover, the companies should carefully monitor the information/conversations/comments about the products/brands being presented on their SNSs brand community since the volume and quality of information and reviews available on the SNSs can affect the consumer trust in those SNSs. However, the future research could explore to widen the range of products and compare the impact of online reviews across different business sectors while the sample could also be collected from other generations like Generation Y.

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