

## **Receiving Positive Word of Mouth & Spreading Positive Word of Mouth: The Role of Trust**

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### **Abstract**

This study aims to propose a dyadic viewpoint on positive word of mouth so as to explore what information that the greenhorns considered to select the mobile network for the first time in Taiwan. Given a standpoint on positive word-of-mouth dyad (positive WOM dyad), the role of trust is considered as a mediating variable of the relation between “positive word-of mouth influence” (WOM influence) and “positive word-of-mouth spread” (WOM spread). Two mediation models were established to examine the mediating effect of trust in this relationship and the structure equation modeling (SEM) was employed to test proposed hypotheses. The results show that trust plays a partially mediating role in the relation between WOM influence and WOM spread. The study’s findings not only have some significant contributions to the literature of marketing, but also open some practical issues for mobile carriers in Taiwan market. It suggests that the

mobile carriers in Taiwan should find out their own ingenious business strategies to enhance consumers' trust and foster a long-term relationship with their customers.

*Keyword:* WOM influence, WOM spread, postive WOM dyad, SEM, mediating effect.

## 1. INTRODUCTION

There are many mobile network operators in Taiwan, such as OK (Taiwan Mobile), IF (FarEas Tone), Chung Hua, Vibo, FET, GT, CHT and the others. Foreigners living in Taiwan often have a difficulty in choosing mobile network to use due to language barriers, information lacking, and strict contract requirement from these service providers. The fact that greenhorns often rely upon the recommendation from their friends, colleagues, or classmates to choose which mobile network for their first time using. They then tend to also make suggestion to new-comers based upon the mobile service they have been undergone.

As of now, word-of-mouth recommendation has still gotten a great deal of attention from researchers as well as marketers. However, to the authors' knowledge, there are very few past studies paying attention to the dyad of word-of-mouth. Besides, this is the first study aims at examining the role of trust on dyadic word-of-mouth. Previous studies have demonstrated that people often depend upon word-of-mouth recommendation when making buying decisions (Fang, Lin, Liu, & Lin, 2011). Indeed, word-of-mouth was considered as a form of advertising in which customers are willing to give recommendations freely in regard to products or service in their living environments (Tho, Lai, & Yan, 2017).

In recent years, some researchers have paid much attention to the role of trust so as to develop theoretical literature regarding the affecting mechanism of word-of-mouth recommendation on behavior of customers (Salehnia, Saki, Eshaghi, & Salehnia 2014; Hua & Tho, 2017). In addition, some othres have put forward the dyadic perspective to

discuss the importance of the concept of word-of-mouth recommendation in marketing (Fang et al., 2011, Lin & Fang, 2006). Drawing on these ideas, the current study aims at proposing a dyadic perspective on positive word of mouth so as to explore what information that the incomers or greenhorns considering to select the mobile network for the first time in Taiwan. Further, given a dyadic outlook on positive word-of-mouth, the role of trust is considered as a mediating variable of this relationship.

The paper begins with literature review, based upon previous studies, some key concepts will be clarified so as to make solid foundation for the study's hypotheses. Subsequently, two conceptual models with the corresponding hypotheses will be put forward to test in the study, concurrently, the concept of trust will be employed as a mediator variable in these models. The questionnaire and sampling will be clarified in the next section, and the method to test mediation will be also presented afterward. Later on, the study's findings will be indicated in detail, followed by discussion and conclusion.

## **2. LITERATURE REVIEW**

### **2.1. "WOM influence" and "WOM spread"**

The term word-of-mouth dyad was first mentioned by Lin & Fang (2006) in their article published in "social behavior and personality" journal. Accordingly, dyadic word-of-mouth (WOM) consists of "WOM influence" and "WOM spread". The authors, Lin & Fang (2006), employed the concept "WOM influence" to refer the information that customers received, it can be called "WOM as receiver". On the other hand, the concept "WOM spread" was employed to mention about the information that customers are willing to spread to others, and it can be called "WOM as sender".

Previous researches have indicated that consumers regard word of mouth as a much more reliable channel than traditional media (Cheung & Thadani, 2012; Alcocer, 2017, Hua & Tho, 2017). That is due to the word-of-mouth recommendations from existing consumes to potential customers are often the most trustworthy (Gremler et al., 2001; Hua & Tho, 2017). Indeed, interpersonal impact of WOM is very common and

word-of-mouth is widely considered as one of the crucial factors influencing behavior of customers (Daugherty & Hoffman, 2014; Alcocer, 2017). In fact, people have a tendency to share their experiences and feeling with their colleagues, friends and family members (Jalilvand & Samiei, 2012; Hua & Tho, 2017). In addition, the interaction and communication between people, as a result, will ultimately influence each other. Once customers receiving the useful or positive information with regard to a product or service, they tend to share with their friends or family members. Furthermore, if an information source comes from existing customers, the communication will be much more persuasive and the level of message acceptance from receiver is greater (Coulter & Roggeveen, 2012).

## **2.2. “WOM influence” and Purchase intention**

Previous studies have demonstrated the existence of direct and indirect effects of word-of-mouth recommendation on repurchase intention (Khan et al., 2015; Praharjo, Wilopo, & Kusumawati, 2016; Hua & Tho, 2017). The term of word-of-mouth recommendation, called “WOM influence” in this study, can be understood as a form of word-of-mouth advertising in which existing consumers recommending some information regarding a product or service to potential customers, such as friends, relatives, or colleagues (Hua & Tho, 2017). Accordingly, word-of-mouth recommendation can give potential customers valuable suggestions that help them strengthen their ability and skill for common decision making (Chaniotakis & Lymperopoulos, 2009; Hua & Tho, 2017). Indeed, the recommendations from friends, relatives, or colleagues have a remarkable influence on customers’ preferences to keep staying with provider (Hua & Tho, 2017), because of the fact that personal sources are regarded as more trustworthy (Murray, 1991). In addition, since consumers often rely more upon informal communication rather than on other types of formal advertising campaigns (Bansal & Voyer, 2000), as a result, it has more emphatic influence on customers’ intention of purchasing than other information sources.

### **2.3. “WOM influence” and Trust**

The concept of trust has gained remarkable implication in the field of marketing, especially for promoting the loyalty of customers in regard to products or services (Kantsperger & Kunz, 2010; Hua & Tho, 2017). According to Bansal & Voyer (2000), customers are more likely to trust in word-of-mouth recommendation in making purchase decision as compare to advertising channels. Since the fact of distrusting in almost different kinds of advertisement channels given by service providers, customers therefore try to search for and trust on word-of-mouth suggestions from others (Hua & Tho, 2017). The word-of-mouth suggestions that customers receive from friends, relatives, or colleagues are the most significant information sources due to consumers trust their friends, as a result, they also trust in suggestions from them. Indeed, word-of-mouth recommendation is the most significant channel influencing on persuading potential customers to make purchasing decision rather than other advertisements as “people usually trust what they hear directly from others” (Maisam & Mahsa, 2016; Hua & Tho, 2017).

### **2.4. Trust, repurchase intention, and “WOM spread”**

Previous studies have confirmed that trust has a positive effect on customer loyalty (Sichtmann, 2007; Hua & Tho, 2017). According to Ndubisi (2007), trust is a very dominant factor creating the loyalty of consumers, and there is a significant positive association between trust and loyalty. Indeed, trust has been regarded as an antecedent having an impact on establishing and consolidating the loyalty of customers (Chen & Xie, 2007; Guenzi et al., 2009; Hua & Tho, 2017). In this study, authors emphasize on word-of-mouth created by “WOM influence” based-trust. According to Chang & Tho (2018), there are two key manifestations of mobile phone users’ attitudinal loyalty, namely repurchase intention and positive word-of-mouth. Once customers trust on recommendation (WOM influence) from their friends, colleague or relatives, then they not only have an intention of making buying decision, but also spreading word-of-mouth to others (WOM spread).

### 3. CONCEPTUAL MODELS AND HYPOTHESES

Based upon the literature review as scrutinized above, two following conceptual models with the corresponding hypotheses are proposed, concurrently, the concept of trust is employed as a mediating variable.

**Hypothesis 1:** Trust mediates the relationship between WOM influence and WOM spread

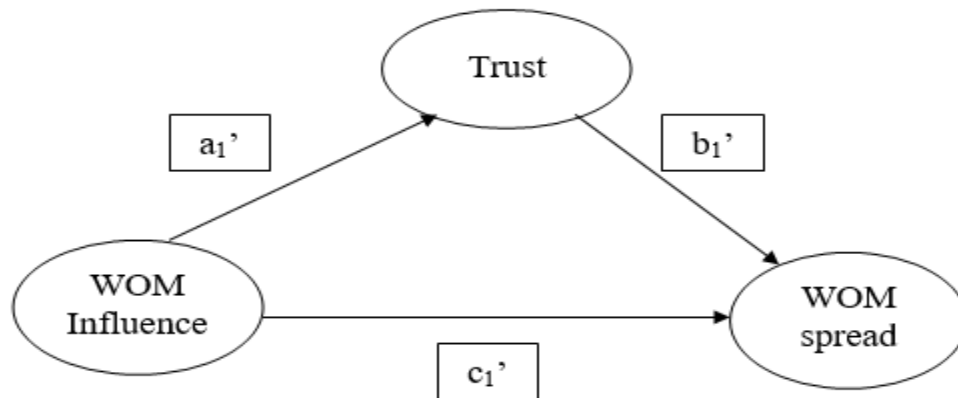


Figure 1. Mediating Model 1

**Hypothesis 2:** Trust mediates the relationship between WOM influence and Purchase decision

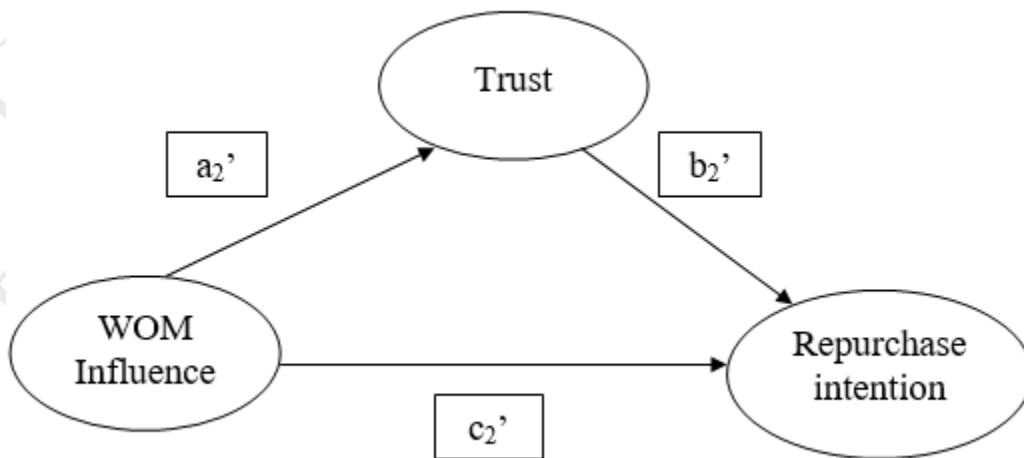


Figure 2. Mediating Model 2

## 4. METHODOLOGY

### 4.1. Questionnaire and Data collection

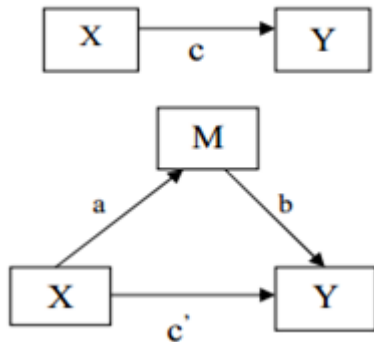
A self-administered questionnaire was designed for survey. Accordingly, the construct of “WOM influence” (Wi) was measured by four novel questions. Also, four new questions were created in this study to measure the construct of trust. In order to measure the concept of repurchase intention, three questions were selected from previous studies, however, they were adjusted to fit them in accordance with this study. Lastly, three self-created questions were used to measure the concept of “WOM spread”. The questionnaire was first pretested with group of international students at National Cheng Kung University (NCKU) and Southern Taiwan University of Science & Technology (SUST) so as to ensure its wording, phrase, sequencing are appropriate and relevant. Also, the respondents’ comments from pilot study resulted in minimal modifications to the instrument in terms of phrasing and simplicity of the questions.

The final questionnaire was administered to get data from offline and online collection. The offline data was collected from international students studying in NCKU, STUST, and National Kaohsiung University as well as from some outlanders working in Taiwan. Online collection was conducted by posting the questionnaire in facebook groups of the international student association of various other universities, such as Chinese Culture University, National Yunlin University, National Chung Cheng University, Chung Yuan Christian University, etc. After one and a half months, a total of 289 samples were surveyed. However, in consequence of incomplete questionnaires submitted by some answerers, only 241 completed samples were used to analysis in this study.

### 4.2. Method to test mediation

The method recommended by Baron & Kenny (1986) was employed so as to test mediation effect in this study. Accordingly, there are two prerequisites need to be satisfied: (1) the independent variable X must correlate to the dependent variable Yi (in

this case, “WOM influence” must correlate with purchase intention and “WOM spread”); (2) the independent variable X must correlate with the mediating variable M (in this study, “WOM influence” must correlate with trust). The figure 2 below details the procedure of Baron & Kenny’s (1986) method to test mediation effect:



- Where:

$c$  = Total effect

$c'$  = Direct effect

$a.b$  = Mediated effect =  $c - c'$

- Condition for mediation:

1. X must correlate with Y
2. X must correlate with M

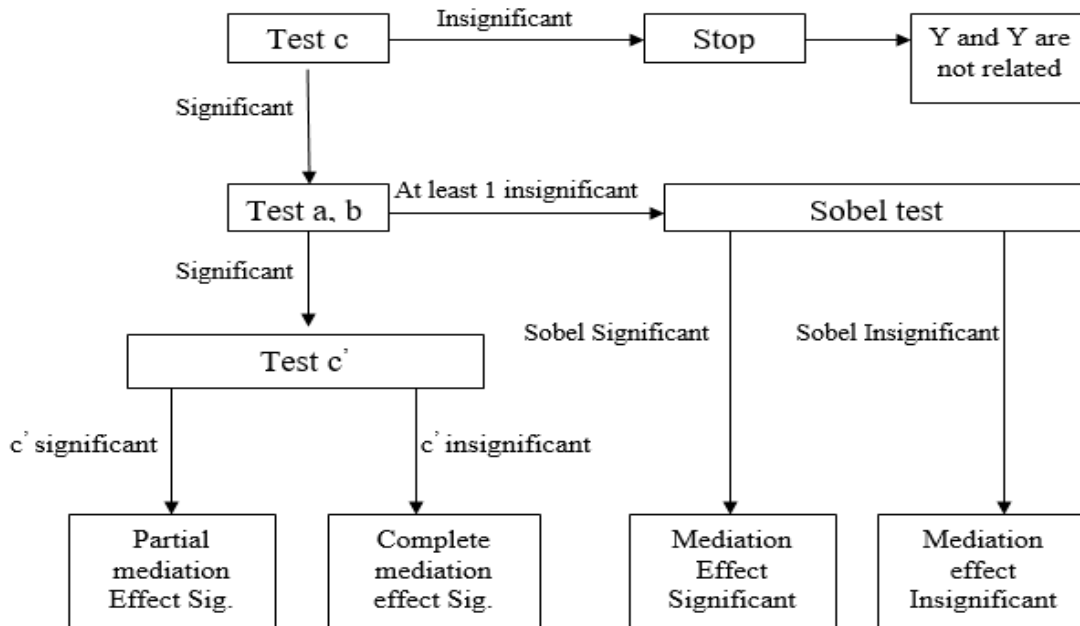


Figure 3. The procedure for mediational testing based on Baron and Kenny's (1986) method

(Source: Hua & Tho, 2017)



## 5. DATA ANALYSIS AND RESULTS

### Measurement Validity

In the first step, reliability and convergent validity of measurement will be tested. Indeed, measurement's reliability will be checked by considering the value of Cronbach's alpha and composite reliability (CR). Cronbach's alpha measures how well a set of observable variables measure a single unidimensional construct, and composite reliability assesses the overall reliability of a collection of heterogeneous but similar items (Roca, Garcia, & Vega, 2009; Hua & Tho, 2017).

Table 1 shows that all measurement constructs' composite reliability (CR) are above 0.7. In detail, item loadings range from 0.67 to 0.86 for "WOM influence", from 0.63 to 0.71 for "trust", from 0.81 to 0.93 for "repurchase intention", and from 0.76 to 0.93 for "WOM spread". In addition, the value of Cronbach's alpha for all items are greater than the threshold value of 0.70.

As table 1 shows, the AVE value of all constructs exceed the threshold value of 0.50 except for trust (AVE = 0.47, close to 0.5), however, the value of AVE above than 0.4 is also acceptable (Huang, Wang, Wu, & Wang, 2013). According to Fornell & Larcker (1981), if AVE is less than 0.5, but composite reliability is higher than 0.6, the convergent validity of the construct is still adequate. Therefore, it can be said that reliability and convergent validity of all above measurement constructs are satisfied.

**Table 1. Reliability**

Scale/items	Loadings	Cronbach's Alpha ( $\alpha$ )
<b>WOM influence (CR = 0.82; AVE = 0.58)</b>		<b>0.84</b>
Wi1: My friends or classmates recommended to me this mobile network	76	0.79
Wi2: It said that the quality of this network is very good	76	0.80
Wi3: It said that service price of this network is competitive	86	0.76
Wi4: It said that this mobile phone network is easy to use	67	0.83
<b>Trust (CR= 0.78; AVE = 0.47)</b>		<b>0.80</b>
TR1: I trust on recommendation given by my friends, classmates or collages	70	0.78
TR2 I recognize that anything that others said about this mobile phone network is truthful	69	0.76
TR3: As recommendation from others, this network service meets my expectation	71	0.77
TR4: The recommendation from others are very important when I chose this mobile network	63	0.75
<b>Repurchase Intention (CR= 0.90; AVE = 0.76)</b>		<b>0.90</b>
RP1: I intend to use this mobile phone network for living-time in Taiwan	88	0.86
RP2: In general, this mobile phone network is my best choice	93	0.82
RP3: I don't want to use different network instead this one	81	0.90
<b>WOM spread (CR=0.89; AVE = 0.74)</b>		<b>0.90</b>
Ws1: I will recommend to friends, classmates, newcomer using this network	76	0.89
Ws2: I often praise this mobile phone network that I am using	92	0.78
Ws3: I think that foreigner who live in Taiwan should use this mobile phone network	89	0.82

### Constructs Validity

In this section, the discriminant validity between constructs will be tested to evaluate the degree to which measures of different constructs are distinct. The average variance extracted method, suggested by Fornell & Larcker (1981), is used to test discriminant validity. Accordingly, if the average variances extracted (AVE) by the correlated latent variables is greater than the square of the correlation (CORR<sup>2</sup>) between the latent variables then discriminant validity is achieved.

**Table 2.** Discriminant Validity Testing

AVE/CORR <sup>2</sup>	CR	1	2	3	4
1. WOM influence	<b>82</b>	<b>0.58</b>			
2. Trust	78	0.14	<b>0.47</b>		
3. Repurchase intention	90	0.20	0.12	<b>0.76</b>	
4. WOM spread	89	0.15	0.34	0.25	<b>0.74</b>

Model fit indices: Chi-square = 96.768; Df = 71; Chi-square/df = 1.363; p-value = 0.023  
 GFI = 0.955; AGFI = 0.933; CFI = 0.988; RMSEA = 0.035

*Note:* The values in diagonal row are AVE

As shown in table 2, all pair of constructs (WOM influence & trust; WOM spread & repurchase intention; WOM influence & WOM spread; trust & repurchase intention; trust & WOM spread; repurchase intention & WOM spread) satisfy with the discriminant validity. Moreover, there are evidences that the model provides good fit (Chi-square = 96.768; Degrees of freedom = 71;  $\chi^2/df$  = 1.363; GFI = 0.955; AGFI = 0.933; CFI = 0.988; RMSEA = 0.035). Thus, it can be asserted that discriminant validity is approved.

### Total Effect

Table 3 shows the results of total effect. Accordingly, the independent variable (“WOM influence” in two models) have a positive significant impact on the dependent construct (repurchase intention in model 1 and “WOM spread” in model 2). Thus, it is possible to move to the next step to test mediational hypotheses.

**Table 3.** Total effect Testing

Direct Path	Standardized Coefficient	t-value	p-value	Result
WOM influence -> Repurchase intention	c1 = 0.44	6.36	***	Significant
WOM influence -> WOM spread	c2 = 0.38	5.60	***	Significant

Note: \*\*\* Significant at 1% level

**Hypotheses Testing and Findings**

Table 4 indicates the results of mediating hypotheses testing. Accordingly, the findings show that “trust” plays a partial mediation in the relation between WOM influence and repurchase intention as well as between WOM influence and WOM spread

Table 4. Hypotheses testing

Model/path	Standardized Coefficient	t-value	p-value	Result
<b>Model 1</b>	Model fit indices: Chi-square = 58.512; Df = 41; Chi-square/Df = 1.427; P-value = 0.037; GFI = 0.964; AGFI = 0.942; CFI = 0.988; RMSEA=0.038			
WOM influence -> Trust	a <sub>1</sub> = 0.37	4.74	***	Supported
Trust -> Repurchase intention	b <sub>1</sub> = 0.51	6.49	***	Supported
WOM influence -> repurchase intention	c <sub>1</sub> = 0.20	3.09	0.002	Supported
<b>Conclusion 1:</b> Trust partially mediates the effect of WOM influence on repurchase intention				
<b>Model 2</b>	Model fit indices: Chi-square = 45.085; Df = 41; Chi-square/Df = 1.10; P-value = 0.035; GFI = 0.973; AGFI = 0.957; CFI = 0.980; RMSEA= 0.048			
WOM influence -> Trust	a <sub>1</sub> = 0.37	4.74	***	Supported
Trust -> WOM spread	b <sub>1</sub> = 0.21	2.95	0.003	Supported
WOM influence -> WOM spread	c <sub>2</sub> = 0.37	5.13	***	Supported
<b>Conclusion 2:</b> Trust partially mediates the effect of WOM influence on WOM spread				

Note: \*\*\* Significant at 1% level

## 6. CONCLUSIONS

In conclusion, the purpose of this study is to examine the role of trust in the dyadic word-of-mouth communication among the outlanders using mobile phone network in Taiwan. To do this, two mediating modeling frameworks was built with corresponding hypotheses. The method suggested by Baron & Kenny (1986) was applied to test mediating role of trust in the models. The findings show that trust plays a partially mediating role in the relation between WOM influence and WOM spread. The study not only has contributions to marketing literature, but also discloses some practical issues for mobile carriers in Taiwan. It suggests that the mobile carriers in Taiwan should find out their own ingenious business strategies to enhance consumers' trust by improving benefits for alien subscribers and fostering a long-lasting relationship with them. The willingness to spread positive word-of-mouth from incomer users then can help mobile network operators keep existing customers and get more benefits in this fiercely competitive market.

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