

# A Review of Research on Internet Word of Mouth and Repurchase Intention

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**Abstract:** As the proportion of influence on online consumers' purchasing decisions gradually increases, IWOM has become one of the core elements of Internet commerce. Companies need to use IWOM as a guide for product production and service design in order to attract consumers' attention and purchase. With the advent of the "Internet +" era, the factors that influence consumers' repurchase behaviour are becoming increasingly complex. By reviewing the research on IWOM and consumer repurchase behaviour, the article clarifies the mechanism of IWOM and identifies the theoretical gaps.

## 1. Introduction

In recent years, with the popularization of Internet technology, Internet shopping has developed rapidly. The 46th Statistical Report on Internet Development in China shows that as of June 2020, the number of online shopping users in China reached 749 million, accounting for 79.7% of the total netizens, and the online retail sales in the first half of 2020 reached 5.15 trillion yuan, a year-on-year increase of 7.3%. Online retailing provides an important support to break through the internal evils of the economy by expanding domestic demand through consumption, promoting development through innovation, and empowering the market.

Recognising the important impact of IWOM on consumers' online shopping, e-commerce companies are committed to building and improving IWOM platforms, such as allowing existing reviewers to give multi-dimensional reviews of products based on their own preferences or tastes, and presenting an overall IWOM overview in the form of a horizontal chart of star ratings, buyers' impressions, and the number of positive-medium and negative reviews, thus helping consumers to understand at a glance the word-of-mouth distribution of products. Previous research on IWOM has mostly been conducted in terms of IWOM communication motives, IWOM distributors and IWOM receivers. This paper compares the relevant research on IWOM and repurchase, and on this basis predicts the future research trends of IWOM.

## 2. The connotation of Internet Word of Mouth and repurchase intention

### 2.1 The concept and characteristics of IWOM

In economic research, information asymmetry is a necessary condition for the existence of a business, and the essence of a business value chain is to use information asymmetry to reduce transaction costs. In the traditional business model, information transmission facilitates the existence of a hierarchical system in the organisation of the enterprise, and communication between the enterprise and the consumer needs to be done through commodities or face-to-face meetings. The Internet has changed the way economic value chains are linked using its dot-chain communication form, weakening the link of information asymmetry. Consumers express or communicate directly on the mesh Internet information platform, turning invisible verbal communication into rapid network information dissemination, saving space costs and time costs, while bringing revolutionary innovations and breakthroughs to the concept of consumption.

The Internet economy has greatly shortened the distance between businesses and consumers, which has had an impact on production costs on the one hand; on the other hand, it has facilitated access to

commodity resources for consumers. Companies are increasingly recognising the importance of exploring and developing Internet business models alongside traditional business operations. On e-commerce platforms, companies need to reposition the value of their goods, their online sales profit model and their marketing tools, and formulate corresponding development strategies. In this process, the link that weakens or eliminates information asymmetry is IWOM [1].

This paper argues that IWOM is the act of communicating information over the Internet, including the evaluation and analysis of consumer factors such as merchants, products and services, with the aim of sharing, helping or motivating consumers to generate purchase decisions. IWOM is characterised by the following aspects.

Breaking the limits of time and space

Internet Word of Mouth (IWOM) spreads through the Internet, thus spreading over a large span of time and enabling long and rapid dissemination in a very short period of time. When a new product is launched into the market, it may take months or even longer to spread from the place of development to the target market in the original business environment; however, the advent of the Internet has enabled simultaneous global distribution of products, breaking through geographical limitations and shortening the time gap.

Fast dissemination

Online word-of-mouth has strong re-propagation, and there are many participants. In the Internet space, online word-of-mouth is published online by the original publisher, and can be spread many times. The participants in the spread are both receivers and communicators, which have dual functions, so its spread speed and breadth are much higher than traditional word-of-mouth.

(3) Tangible

Online word-of-mouth is spread through different tools in the Internet, and its manifestations are mainly words, dynamic images or static pictures, which are tangible. Traditional word-of-mouth is mainly language, which is invisible. This gap also leads to the monitorable and comparable characteristics of online word-of-mouth, which is more conducive to enterprises to operate through objective data.

(4) Multidimensional attribute

Although the speed of online word-of-mouth from generation to spread is fast, there will be more additional factors in this process. For example, according to the degree of truth in positive word-of-mouth, it can be divided into real positive word-of-mouth or false positive word-of-mouth. The number of dimensions of online word-of-mouth is obviously higher than that of traditional media, so we should pay attention to the accuracy of dimensions in the marketing process.

(5) Ambiguity of objectivity

Traditional word-of-mouth is direct person-to-person communication in close proximity with more personal behaviour, but online word-of-mouth leads to increased difficulty in measuring objectivity in word-of-mouth communication due to its virtual and anonymous nature. In particular, in the Internet business era, companies have increased access to benefits in the Internet and may use the features of the Internet to manipulate word of mouth for commercial purposes out of concern for business profits. As a result, there is a high degree of ambiguity in the objectivity of IWOM, which increases the need for consumers to screen it.

## **2.2 Definition of repurchase intention**

The customer's repurchase intention refers to the customer's psychological tendency to decide whether to continue to purchase the product or service of the merchant or brand after the shopping experience, after considering the shopping experience, the current situation and other factors. Repurchase intention is an important indicator of customer loyalty in two ways: either by continuing to buy the product or service or by recommending the product or service to other consumers. The definition of customer repurchase intention is the tendency of a customer's attitude towards a particular brand of product or service, which can also be described as the psychological tendency to choose to continue to buy that brand of product or service in the event of a need to increase consumption of that product or service.

Some scholars believe that customers repurchase intention refers to customers' tendency to buy a product or service again when they need to buy the same product or service next time according to their feelings in this experience after purchasing and using the product or service, which is a reliable psychological prediction index in customers' actual repurchase behavior. Theoretically speaking, most scholars tend to study customer repurchase intention as a subdivision index of customer loyalty. When perfecting and enriching the definition of customer loyalty, it points out four stages of the formation of customer loyalty, namely, from cognitive loyalty, emotional loyalty to attitude loyalty, and finally to behavioral loyalty. According to the above concept definition, the definition of customer's repurchase intention is in the attitude loyalty stage of customer loyalty formation.

### **3. Review of relevant studies**

#### **3.1 Internet Word of Mouth related research**

Researches on the characteristics of online word of mouth. East et al. (2016) argue that negative IWOM will convey more intelligence value than positive IWOM [2]. Therefore, in terms of the content characteristics of IWOM, a study on negative IWOM would better highlight the value of IWOM. Han (2018) found that negative online reviews (negative IWOM) would lead to a decline in brand equity and reduce consumer fairness and brand trust [3]. According to Sun et al. (2020), online review quality positively affects the level of consumer trust through review credibility, and the poorer the quality of online reviews, the lower the level of consumer trust [4]. Guo (2020) found that research on the consumer effects of negative IWOM characteristics focused on brand attitudes, consumer behaviour, and consumer purchase intentions [5]. Liu et al. (2020) found that: under the influence of positive word-of-mouth, the threshold of consumer recommendation satisfaction is larger; under the influence of negative word-of-mouth, the threshold of consumer recommendation satisfaction is smaller, and when the influence of negative word-of-mouth propagation is larger, companies should adopt a recommendation reward strategy [6].

Researches on the influence of online word-of-mouth on consumers' willingness to re-spread. Zhao (2019) found that online word-of-mouth has a positive impact on the intention of re-dissemination, and trust tendency plays a part of intermediary role in the process of re-dissemination of online word-of-mouth influence [7]. Xue et al. (2019) divided online word-of-mouth into attribute evaluation type and subjective recommendation type [8]. The research shows that the perceived reliability, perceived usefulness and re-propagation willingness of attribute evaluation type word-of-mouth information are higher than subjective recommendation type. Perceived credibility and perceived usefulness play a completely mediating role in the process of word-of-mouth information types influencing the re-dissemination intention of online word-of-mouth. Cai Shuqin (2016) studied the influencing factors of negative online word-of-mouth redistribution intention from four perspectives: customer motivation, social capital, consumer sentiment and information value. The results showed that negative online word-of-mouth redistribution intention was positively correlated with altruism, social cognition, and negatively correlated with helping companies, social relations and happy sentiment [9].

Researches on the dispersion of online word of mouth. Herrmann et al (2015) discussed the effect of IWOM dispersion on product price and demand through a mathematical model, and found that IWOM dispersion resulted in high product price but low demand when the product was a search item, and low price and demand when the product was an experience item. They found that IWOM dispersion had a significant negative effect on hotel sales, and the interaction of IWOM dispersion with high average star rating and high number of reviews reinforced this negative effect [10]. Langana et al investigated the relationship between IWOM dispersion and purchase intention for two products: laptop computers and DSLR cameras [11]. They found that product enjoyment attributes positively moderated the relationship between IWOM dispersion and purchase intentions, and that high product brand value positively reinforced this positive effect. Table 1 gives examples of relevant studies.

Table.1. Internet Word of Mouth related research

Topics	Authors	Journals
The characteristics of online word of mouth	East et al. (2016)	Australasian Marketing Journal
	Han & Zhang (2018)	Price:Theory & Practice
	Sun et al. (2020)	Management Review
	Guo & Shi (2020)	Journal of Brand Research
	Liu et al. (2020)	Price:Theory & Practice
The influence of online word-of-mouth on consumers' willingness to re-spread.	Zhao (2019)	Chinese Commerce
	Xue et al. (2019)	Journal of QIQIHAR University
	Cai et al. (2016)	Statistics & Decision
The dispersion of online word of mouth.	Herrmann et al. (2015)	Thirty Sixth International Conference on Information Systems
	Langan et al. (2017)	International Journal of Research in Marketing

### 3.2 Repurchase intentions related research

Oliver (1980) argues that customer satisfaction affects consumer attitudes and continues to influence repurchase intentions [12]. Consumers' decisions to influence repurchase intentions will be influenced by cultural, social, personal, and psychological factors. Meng-Hsiang Hsu et al. (2015) constructed a repurchase model based on the expectation confirmation model and found that satisfaction and trust were the the largest factor, with perceived value, confirmation, and network quality all having an impact on satisfaction, and high or low habit also having an impact on users' willingness to repurchase [13]. Chen et al. (2015) found, based on expectation identity theory, that the users of online takeaway platforms were influenced by satisfaction, perceived value and trust in their willingness to make repeat purchases, and that identity had a The positive effect of identity on website quality and perceived value was more significant [14].

Fang et al. (2016) found that there is also a complicated relationship among the influencing factors of repurchase intention, and the factors of enjoyment, sacrifice and shopping motivation all affect perceived value and repurchase intention [15].

Yang (2012) in the research of luxury customers' perceived value and its influence on repeat purchase intention, concluded that luxury customers' perceived value had a significant influence on repeat purchase intention [16]. Li and Wang (2016) according to ABC's attitude model, studied from the cognitive stage, emotional stage and behavioral stage, and found that perceived value and perceived risk can affect repeat purchase intention by influencing trust and satisfaction [17].

## 4. Conclusions

The maturation of consumer buying behaviour has led to a tendency for online marketing to become more complex. Although IWOM can effectively eliminate information asymmetry in the marketplace, the many different types of IWOM may exacerbate the information asymmetry, thus causing harm to consumers, and is a time bomb in a company's operation, which may lead to devastating results once it is revealed. Therefore, enterprises should fully understand the connotation of IWOM, choose the

appropriate IWOM type for their own product characteristics to carry out marketing activities, produce products and design services in a user-oriented manner, and guide consumers' purchasing behaviour.

Enterprises should pay attention to the accumulation of network marketing data, combine the past successful experience of traditional business with the Internet, and establish a self-developing network marketing concept. By comparing and analyzing the data of own products and the data of the same industry, we can establish the core concept of enterprises in online sales, and then determine their own marketing strategies through marketing data. At the same time, we should adjust the marketing schemes and means in time according to the network hotspots, so as to stand out in the online shopping platform where shops gather and achieve greater economic benefits.

In the process of network marketing, enterprises should pay full attention to the improvement of service quality. Improper handling or complaints of a negative event can be the starting point of the negative event, and then a negative wave of online word-of-mouth will be formed, which will spread rapidly in the commercial network. In order to avoid the accumulation and outbreak of bad emotions, enterprises should take marketing feedback information seriously, use different compensation means and good services to resolve commercial events and reduce the harm caused by negative word-of-mouth to products or enterprises.

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