Impact of Tie Strength, Homophily, Trust, Normative and Informative Influence on Opinion Seeking, Giving and Passing

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Abstract

The purpose of this research endeavor is to evaluate the direct effect of Impact of word of mouth on social networking sites. This study has adopted the PLS-SEM approach to test the hypothesis relating to the relationship among the exogenous constructs such as tie strength, homophily, trust, informative influence and normative influence. These are the reasons because of which the use of PLS-SEM approach is found to be appropriate for the purpose of analysis of the constructs and their indicators. Further, this research work also investigates whether or not certain exogenous constructs are indeed the driver constructs of endogenous constructs. Therefore PLS-SEM approach is found to be appropriate for the purpose of data analysis. This research has found that the direct relationship between the tie strength and opinion, homophily and opinion, trust and opinion and Informative influence and opinion has a moderately significant positive relationship whereas Normative influence and opinion has a highly significant positive relationship. The research was aimed at relating social relationship with opinion. The mapping of various social relationships with opinion is the main objective of this study. The study was carried out for a total sample size of 171 respondents whereas
the estimated minimum sample was 178 respondents.

**Key Words:** Tie strength, homophily, trust, Informative influence and opinion.
1. Introduction

Word of mouth (WOM) in biblical terms can be defined as the direct exchange of information between two people where one individual is providing a piece of information to the other instilling an opinion in the receiver’s mind. Though WOM has been an age old form of marketing strategy its implementation with technology to tap the tech savvy consumers into trying and having a positive intention towards brands is quite effective today. The impact of eWOM has been improving exponentially in the past 15 years according to a study and a noticeable effect has been observed in the sales both in retail as well as online stores due to eWOM. Though researchers have identified the existence of eWOM having a considerably high effect in sales, researchers have not managed to make any ground breaking research in the field. The problem is that though there is an observable change in terms of sales, some studies disagree to the impact of effects on sale on eWOM. WOM in general can be examined through three aspects which are distinct from each other. They are opinion seeking, opinion giving and opinion passing. The indicators and constructs of the study are as follows:

2. Tie Strength

Tie strength refers to ‘the potency of the bond between members of a network’ (Mittal et al. 2008, p. 196). According to Granovetter (1973), social ties are distinctly classified as a strong or a weak bond. For instance bonds shared amongst friends and family are considered to be strong and closely bounded in terms of relationship. “Social relationships on the other hand have a mix of professional and personal acquaintances such as colleagues” (Pigg & Crank 2004).

3. Homophily

“Individuals have the tendency to socialize with others who share similar characteristics and this concept is termed as social homophily” (Mouw 2006). “Interpersonal communication is more likely evident with individuals who are alike and share common ground” (Lazarsfeld & Merton 1954). Similar communicators share a similar perception and the ease of communication in the process increases. Thus, consumers with a higher level of perceived homophily may be more likely to engage in eWOM with each other when making product choices.

Trust

Trust is defined as ‘a willingness to rely on an exchange partner in whom one has confidence’ (Moorman et al. 1993, p. 82). Various forms of studies and research has showcased that trust or reliability has an essential yet necessary role in the exchange of information and knowledge. Consumers believe that social media provides them with more reliable information about various brands
than what is communicated by the marketing of the brand himself. Social networking sites are the main sources for the users to manage the information and maintain social relationships (e.g. friends and family). These help in the easy exchange of information and establishes trust which can be extend to the other contacts in other networks and also to the individuals network.

**Interpersonal Influence**

‘Interpersonal influence is a social factor that plays an important role in influencing consumer decision making’ (e.g. D’Rozario & Choudhury 2000; Park & Lessig 1977). Interpersonal influence is distinctly identified and divided as normative and informational influences. Normative influences, refers to the consumer’s tendency to have expectations which affects attitude (Burnkrant & Cousineau 1975).

Similarly Informational influences, implies the ability of the consumer to be receptive to information from those are more knowledgeable compared to themselves is an important parameter and hence then often accept the information provided due to the expertise of the communicator regarding the product (Bearden et al. 1989; Deutsch & Gerard 1955).

Opinion seeking is showcased by any individual who wishes to clarify or comments about something. Such a consumer asks for more information and facts that are relevant Opinion giving is exhibited by individuals who provides other with facts and generalizes certain viewpoints in order to relate it more to the task at hand. Opinion passing is done by those individuals who have a positive experience based on the opinion provided to them and they tend to pass along the information to others due to their own personal experience

**Objective of the Study**

To investigate the Impact of word of mouth on social networking sites.

**4. Research Methodology**

Data collection for the questionnaire was via Google forms and responses were collected from the online platform and analyzed using PLS-SEM on the software Smart PLS3. Hypotheses were created based on the proposed model of and the tested.

**Data Collection**

The research conducted to analyze and associate the hypotheses with its constraints is a quantitative research. The first section of the research includes demographics.

The second section includes questions related to social relationships and the third section aims at questioning the acceptance of opinion. The whole model attempts to understand the relation between social relationships and in turn leading to formation of opinions.
Sampling Methodology

According to (Barclays et al, 1995) the rule of thumb method is used in sample size determination. The sample size is calculated with the number of endogenous latent variables which connects to exogenous latent variable. So according to the rule of thumb the ideal sample size for a 5 construct oriented model is 5*10=50. But according to the table provided by Cohen(1988) the minimum sample size is 147. But in this research formula used to derive sample size is as follows:

\[ n = \frac{Z_{\alpha}^2 \times pq}{E^2} \]

\[ = \frac{(1.96)^2 \times 0.5 \times 0.5}{0.5 \times 11^2} \]

\[ = 160 \]

10% of non-response \[ = \frac{160}{100/90} \]

\[ = 178 \]

Analysis and Interpretation of the Results

Figure 1.1: Measurement Model
Outer Loading of Indicators

In the reflective model the outer loading of threshold values are 0.70 (Henseler, Ringle & Sarstedt, 2012) which has been established in this model. For the indicator reliability the threshold value is 0.5 (Henseler, 2012) which has been established.

The threshold value for the Composite reliability/internal consistency reliability is above 0.8 (Daskalakis & Mantas, 2008). All exogenous latent variable Composite reliability/ internal consistency is above the threshold value. Average variance extracted is the best test to measure convergent validity (Naylor et al., 2012). The threshold value for the convergent validity is 0.5 (McLure Wasko & Faraj 2005; Wixom &Watson, 2001).

In this reflective model the AVE value is above threshold value indicate convergent validity has been established. Discriminant validity is measured through Fornell-Larcker (1981) criteria. The diagonal value of all constructs are higher in value when it is compared horizontally and vertically with rest of the Constructs.

Structural Model Assessment and Hypothesis Testing

<table>
<thead>
<tr>
<th>Relation</th>
<th>Path coefficient</th>
<th>t value</th>
<th>p value</th>
<th>Bias corrected 95%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homophily on opinion seeking</td>
<td>0.462</td>
<td>7.073</td>
<td>0.000</td>
<td>(0.335, 0.606)</td>
</tr>
<tr>
<td>Homophily on opinion giving</td>
<td>0.490</td>
<td>7.256</td>
<td>0.000</td>
<td>(0.258, 0.535)</td>
</tr>
<tr>
<td>Homophily on opinion passing</td>
<td>0.413</td>
<td>5.988</td>
<td>0.000</td>
<td>(0.318, 0.577)</td>
</tr>
<tr>
<td>Tie strength on opinion seeking</td>
<td>0.417</td>
<td>6.569</td>
<td>0.000</td>
<td>(0.275, 0.531)</td>
</tr>
<tr>
<td>Tie strength on opinion giving</td>
<td>0.418</td>
<td>6.421</td>
<td>0.000</td>
<td>(0.328, 0.564)</td>
</tr>
<tr>
<td>Tie strength on opinion passing</td>
<td>0.463</td>
<td>7.769</td>
<td>0.000</td>
<td>(0.271, 0.528)</td>
</tr>
<tr>
<td>Trust on opinion seeking</td>
<td>0.490</td>
<td>8.452</td>
<td>0.000</td>
<td>(0.266, 0.541)</td>
</tr>
<tr>
<td>Trust on opinion giving</td>
<td>0.418</td>
<td>5.932</td>
<td>0.000</td>
<td>(0.202, 0.484)</td>
</tr>
<tr>
<td>Trust on opinion passing</td>
<td>0.351</td>
<td>4.932</td>
<td>0.000</td>
<td>(0.371, 0.597)</td>
</tr>
<tr>
<td>Normative influence on opinion seeking</td>
<td>0.599</td>
<td>12.272</td>
<td>0.000</td>
<td>(0.452, 0.683)</td>
</tr>
<tr>
<td>Normative influence on opinion giving</td>
<td>0.584</td>
<td>9.906</td>
<td>0.000</td>
<td>(0.275, 0.529)</td>
</tr>
<tr>
<td>Normative influence on opinion passing</td>
<td>0.413</td>
<td>6.395</td>
<td>0.000</td>
<td>(0.490, 0.686)</td>
</tr>
<tr>
<td>Informative influence on opinion seeking</td>
<td>0.263</td>
<td>3.500</td>
<td>0.007</td>
<td>(0.054, 0.353)</td>
</tr>
<tr>
<td>Informative influence on opinion giving</td>
<td>0.216</td>
<td>2.716</td>
<td>0.000</td>
<td>(0.162, 0.418)</td>
</tr>
<tr>
<td>Informative influence on opinion passing</td>
<td>0.301</td>
<td>4.494</td>
<td>0.000</td>
<td>(0.104, 0.398)</td>
</tr>
</tbody>
</table>
IPMA analysis helps total effect and the performance and the construct and the indicator. The importance is measured on the x axis which highlights the total effect whereas performance is measured on y axis which highlights performance of the constructs and the indicators. (Schloderer et al, 2014; Hawk et al 2000).

From the figure and the table it is very clear that informative influence has the highest performance therefore, an increase in one unit of opinion (44.079), from informative influence 64.4936 to 65.4936 would increase the performance of the opinion by 0.020 points from 44.079 to 44.081. The next performance is observed in tie strength, therefore, an increase in one unit of opinion (44.079), from informative influence 57.522 to 58.522 would increase the performance of the opinion by 0.160 points from 44.079 to 44.239. The next highest performance is observed in trust, therefore, an increase in one unit of opinion (44.079), from informative influence 50.5843 to 51.5843 would increase the performance of the opinion by 0.038 points from 44.079 to 44.117. The next highest performance is observed in homophily, therefore, an increase in one unit of opinion (44.079), from informative influence 49.272 to 50.272 would increase the performance of the opinion by 0.253 points from 44.079 to 44.332. Next highest performance is observed in trust, therefore, an increase in one unit of opinion (44.079), from informative influence 50.5843 to 51.5843 would increase the performance of the opinion by 0.038 points from 44.079 to 44.117. Normative influence is the last among the performance, therefore an increase in one unit of opinion (44.079), from informative influence 40.912 to 41.912
would increase the performance of the opinion by 0.448 points from 44.079 to 44.565.

**Managerial Implications**

The present study though having limitations in the extensiveness of the study has yielded good results in terms of understanding how opinions towards a brand are created in the minds of the consumer. Normative influence which denotes the general opinion acceptors are the main influencers of brand image and these are the people that consumers consider in order to develop a positive word of mouth. These can be the people who generally the consumers listen to and whose viewpoints the consumers take into account before making an informed purchase decision. Informative influence though was not found to be among the major part of the influencers of positive word of mouth have high scope in generating a positive brand image. So marketing managers can aim to tap these sources of social relationships that the consumers have a positive impact towards leading to an effective word of mouth generation. It also proves the fact that providing customers with relevant information to make an informed purchase decision will be in the favor of the company and the company can strive to do the same by making available all the necessary and relevant information about the product on the website to boost the sales and improve the pattern of purchase decision among the consumers. Tie strength and homophily too are in between in the performance map so in order to have an effective marketing campaign the exposure to those individuals such as family, friends and online reviews from experts can be assisted with the help of benefits or incentives to ensure a positive yet effective word of mouth.

5. **Conclusion**

The present research paper emphasizes the importance of social relationships and how these have an impact of the acceptance of word of mouth and lead to the formation of opinion in consumers. The results from the research which involved various tests were executed using PLS-SEM analysis and was found that the various hypotheses linked to social responsibilities and opinions were indeed true. Results of the research show that there is a considerable influence of tie strength, homophily, trust and informational influence on opinion building in the consumers but there is a large extent of normative influence observed that leads to an opinion in the minds of the consumer which means that consumers are influenced easily by those individuals or personalities that they generally look up to and approach for opinions prior to making any purchase decisions.

**References**


