



Let Me Tell You a Story!: Effects of Electronic Word-of-Mouth on Brand Value Co-Creation and Brand Trust in Social Media

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Value co-creation refers to the process where the customer and the firm are “intimately involved in jointly creating value that is unique to the individual consumer and sustainable to the firm” (Prahalad & Ramaswamy, 2004, p. 4). The Internet allows consumers to contribute to value-co-creation by posting stories related to products and brands on social networking sites (SNSs). Despite the important role of value co-creation, little is known about what triggers consumers to engage in brand value co-creation activities. Electronic word-of-mouth (eWOM) refers to narratives or stories that consumers share with others via Internet-based social media (Delgadillo & Escalas, 2004). Brand-related stories transported via eWOM can affect consumption experience and decision making (Van Laer, Ruyter, Visconti, & Wetzels, 2014), alluding to the role of eWOM in brand value co-creation. Brand-related eWOM may also influence consumers’ trust in a brand. However, little empirical research has been conducted to demonstrate the role of eWOM in brand value co-creation or brand trust change. Further, whether this brand value co-creation and brand trust change resulting from SNS-based brand eWOM actually lead to consumers’ purchase decision making is largely unknown. This study addresses these literature gaps through empirical research based on See-To and Ho’s (2014) model which theorized the inter-relationship between value co-creation, brand trust, and eWOM. Specifically, this study investigated four hypotheses: consumers’ engagement in value-co-creation is higher when they are exposed to a positive (vs. negative) eWOM on SNS (H1); consumers’ value co-creation engagement enhances their purchase intention (H2); consumers experience a more positive brand trust change when exposed to a positive (vs. negative) eWOM (H3); and consumers’ brand trust change positively influences their purchase intention (H4).

This study employed an online survey with 237 undergraduate students enrolled at a Southeastern University. Respondents were first asked to recall a brand story that they heard or seen via a SNS and describe what the story was about, followed by completing scale items measuring brand trust change (3 items), engagement in value co-creation (22 items), purchase intention (3 items), and demographic characteristics. All variable measures were adapted from existing scales and used 5-point Likert scales except for purchase intention (5-point semantic differential scale). Confirmatory factor analysis (CFA) of engagement in value co-creation data resulted in four factors: information sharing and feedback, advocacy, helping, and personal interaction. All the other scales were confirmed to be unidimensional through CFA. The reliability of all scales was established through Cronbach’s α ’s ($>.80$). Content analysis of open-ended eWOM brand story description data revealed 95 positive and 142 negative brand-related stories, which were coded accordingly (1 = positive, 0 = negative) for each participant in the scale data matrix. Then, structural equation modeling (SEM) was conducted with eWOM as the exogenous variable influencing brand trust change and four value co-creation factors, which in

turn were modeled to influence purchase intention (RMSEA = .11, TLI = .82, CFI = .84). Results revealed significant positive effects of eWOM for all four factors of value co-creation -- personal interaction ($\beta = .26, p < .001$), information sharing and feedback ($\beta = .21, p < .01$), advocacy ($\beta = .31, p < .001$), and helping ($\beta = .20, p < .01$), supporting H1. Further, SEM results revealed that purchase intention was significantly and positively influenced by advocacy ($\beta = .31, p < .001$). However, helping had a significant, negative relationship with purchase intention ($\beta = -.24, p < .01$), while the relationships of purchase intention with information sharing and feedback ($\beta = -.02, p > .05$) and personal interaction ($\beta = .15, p > .05$) were non-significant. A new SEM model (RMSEA = .10, TLI = .92, CFI = .94) after deleting the two negative paths (because the negative coefficients were potentially due to a suppressor effect which reverses the sign of a regression weight when a predictor is highly correlated with other predictors) repeated similar results for advocacy and personal interaction. Therefore, H2 was only partially supported, with advocacy as the only significant positive co-creation predictor for purchase intention. SEM results further revealed that brand trust change was more positive when eWOM was positive as compared to negative ($\beta = .58, p < .001$), supporting H3; and the brand trust change positively influenced purchase intention ($\beta = .29, p < .001$), supporting H4.

Findings of this study exhibit that eWOM impacts consumers' engagement in value co-creation which demonstrates the importance of the relationship between a company and its customer. The finding that consumers' engagement in advocating the brand significantly impacts their purchase intention indicates that activities of recommending a product and encouraging other people to use it on a SNS may enhance the consumers' own involvement with the brand and trigger a desire to buy a product of the brand. Positive (negative) eWOM leads to a more positive (negative) trust change, leading to increased (decreased) purchase intention. These results demonstrate the importance of brand-related eWOM on SNSs as they are powerful enough to change consumers' brand trust in both directions which suggests that monitoring and managing negative eWOM on SNSs is essential for today's brand management. As the first study that introduces the concept of consumers' value co-creation in the context of social media and brand-related eWOM, this study provides important implications on how marketers can use these insights gained from this study to promote positive brand-related storytelling and encourage customers to participate in the value co-creation process.

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