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# THE EFFECT OF SOCIAL WORD-OF-MOUTH ON BRAND SWITCH INTENTION: FROM COGNITIVE LEARNING PERSPECTIVE

## *Research-in-Progress*

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### ***Abstract***

Previous literature has examined the effect of WOM on innovation adoption or sale dynamics of a single product/brand, but few have explored its effect under a competitive market where consumers can switch their brand in response to WOM from social media friends. Drawing on cognitive learning theory, this study focuses on social media users' brand switch decision and explores how external and internal influencing factors (social WOM of rival brand vs. satisfaction of adopted brand) combine to shape switch decision.

***Keywords:*** social WOM, switch intention, social learning, analogical learning

### **1. Introduction**

Word of Mouth on social media (social WOM) has become an important influencing factor in consumers' decision-making. Statistics tell this fact: 75% of randomly selected Facebook users clicked into brand information sharing from their social media friends; 53% of them made decisions according to social WOM (Bullas, 2012). The power of WOM fuels firms' enthusiasm in social media. A recent industrial investigation shows more than 76% of surveyed firms increased budget on social media and 63.8% setup social media marketing teams (Nielsen, 2015).

The business value of social media also attracts academic attention. A significant amount of works has studied the effect of social WOM on individual-level consumer' decision making (Cheung and Thadani, 2012; Hennig-Thurau and Wiertz et al., 2015) or aggregate-level product sales (Duan and Gu et al., 2008; Gu and Park et al., 2012).

Despite of the richness of academic research, some gaps remain. First, brand competition has been largely ignored in this socially-connected market. On social media, information of rival brands can easily reach a brand's consumers through interpersonal WOM and potentially lure these consumers to switch. However, social

media literature currently focuses on consumers' adoption of single innovative products, and there is little work that extends analyses to competitive market where consumers can switch their brand in response to social media friends' WOM. To fill this gap, this study proposes the first research question: *What is the role of social media Word-of-Mouth in consumers' switch decision?*

Second, although brand switch is one of the most common research topics in marketing, most of previous studies attributed brand switch decision to consumers' dissatisfaction or fatigue of the "old" brand (Lai and Debbarma et al., 2012; Xu and Yang et al., 2014). However, with easy access to technology and funds which break down traditional entry barrier, firms find that rival brands with substitutional function and comparable quality are appearing at an unprecedented speed, especially in IT industry (Andersson, 2017). Instead of switching from inferior to good product, consumers are increasingly swayed between competing brands with comparable quality. Against this backdrop, this study proposes the second research question: *What mechanism drives consumers to switch their brand choice when the adopted one has already satisfied their need?*

## **2. Theoretical Foundation**

The theoretical foundation of this study is grounded in cognitive learning theory, because consumers' brand decision is largely determined by how they learn about the target brand. Previous literature has developed two main ways of cognitive learning: social learning and analogical learning. In this study, social learning theory guides our understanding of how social WOM about rival brand influences consumers' switch decision. Drawing on analogical learning theory, we develop the effect of consumers' established satisfaction of adopted brand on their perception of unused rival brand.

### **2.1 Social learning theory and social WOM**

Social learning theory was first proposed by American psychologist Bandura, who contended that others' opinion, attitude and behavior affect individuals' learning of new things. Inspired by Bandura, follow-up research has established two main mechanisms underlying social learning that account for the inter-dependency of individuals' decisions: social information learning and social norm influence. Research on social information learning suggested that individuals are affected by others because they extract valuable information from others' words and behaviors (Libai and Bolton et al., 2010; Chen and Wang et al., 2011). A well-accepted belief is that there are reasons hidden in others' decision. Therefore, individuals can not only learn information from explicit words, but also infer unspoken information by observing others' behaviors. Research on social norm pressure, however, suggests that it is individuals' intention to establish social relationship or satisfy others' expectation that motivates them to follow others' choices (Duan and Gu et al., 2009; Trusov and Bucklin et al., 2009).

Owing to the popularity of social media, social WOM, which conveys others' attitude and behavior, becomes increasingly accessible. A significant amount of research has investigated the effect of social WOM on consumers' commercial decision. For example, Trusov et al. (2009) found that social WOM has substantially longer carryover effects than traditional marketing actions (Trusov and Bucklin et al., 2009).

Goh et al. (2013) found that WOM generated by social media users exhibits a stronger impact than firm-generated content on consumer purchase behavior (Goh and Heng et al., 2013). Although social WOM has become the focus of growing interest among academic researchers, previous literature mostly concentrated on its role in innovation adoption or sale dynamics of a single product/brand. However, our understanding of its effect in brand competition is still in its infancy.

In this study, we explore a booming market where a few rival brands with substitutable function and comparable quality compete against each other. Social media constructs a highly-socialized competitive market where information of rival brands can easily reach a brand's consumers through interpersonal word of mouth. The exposure of users to social media friends' WOM about competing brands can potentially lure them to switch their brand choices. Although there are academic studies that established the connection between social WOM and brand switch (Nitzan and Libai, 2011; Haenlein, 2013), the mechanism underlying this process is still unclear. Through the lens of social learning, we aim to test both the information effect and social norm effect of social WOM.

From the perspective of social information learning, social WOM offers novel information about rival brand for consumers who have not yet experienced it. Compared to commercial advertisement, social WOM is more trustworthy (Goh and Heng et al., 2013). In a booming market where competing brands are all with high quality, social WOM of rival brand often conveys positive descriptions about friends' using experience. Meanwhile, consumers tend to believe that social media friends recommend rival brand because they have recognized its value (Duan and Gu et al., 2009). Therefore, when they encounter a large amount of WOM from their social media friends about the rival brand, social WOM is often considered as a signal of brand attractiveness. Therefore, we hypothesize:

**Hypothesis 1 (H1):** social WOM of rival brand positively influences consumers' perceived attractiveness of competing brands.

Social WOM can also have social norm effect on individuals' brand choice (Trusov and Bucklin et al., 2009; Luarn and Chiu et al., 2014). In social media context, when consumers noticed a large amount of social WOM about rival brand, they may intend to switch brand to follow friends' choice for their pursuit of social support and social identities. Under social norm pressure, consumers do what they think their social media friends are looking for to maintain social relations. Their behavior, however, do not truly reflect their perception of the attractiveness of rival brand. In this case, social WOM about rival brand imposes a direct effect on switch intention without influencing consumers' attractiveness perception of rival brand.

**Hypothesis 2 (H2):** social WOM of rival brand positively influences consumers' brand switch intention.

## **2.2 Analogical learning theory and the effect of established satisfaction**

Analogical learning is an important learning mechanism for people to learn new things based on their established attitude, belief and knowledge. Gregan et al. (1997) suggest that analogical learning process occurs via three distinct stages: access, mapping and transfer (Gregan-Paxton and John, 1997). The most prominent belief

underlying analogical learning is that domains known to be similar in certain respects are likely to be similar in other respects as well (Gregan-Paxton and Moreau, 2003). Therefore, the determinant facilitator of analogical learning is the similarity and correspondence between the base and target domains (Wood and Lynch Jr, 2002).

A lot of prior consumer research has typically relied on the categorization literature in examining analogical learning (Gregan-Paxton and John, 1997; Punj and Moon, 2002). The key finding is that consumers rely on knowledge associated with a familiar brand to a new brand belonging to same category. In a competitive market, rival brands under the same product category share similar core functions. When consumers have no firsthand experience of the rival brand, they are likely to rely on what they have known about the already-adopted brand to infer features of the unused rival brand. The result of the analogical learning is that consumers' positive belief about adopted brand spills over to competing brand. Therefore, we hypothesize:

**Hypothesis 3 (H3):** Perceived satisfaction about adopted brand positively influences perceived attractiveness of rival brand.

Although analogical learning leads to a positive spill-over effect between satisfaction of adopted brand and perceived attractiveness of rival brand, consumers' satisfaction, however, can also have saturation effect that reduces users' brand switch intention. Consumers' satisfaction makes their demand space saturated and thus reduces their motivation to switch to a rival brand with similar function and comparable quality. Previous research suggest that consumers' satisfaction makes them more loyal (Hallowell, 1996; Lam and Shankar et al., 2004). Therefore, we hypothesize:

**Hypothesis 4 (H4):** Perceived satisfaction about adopted brand negatively influences consumers' brand switch intention.

To establish a holistic picture of consumers' brand switch, we also introduce pull-push-mooring (PPM) model to explain other important relationships in switch decision-making process. In PPM, push effect describes the negative factors that compel individuals to leave the origin; pull effect describes the positive factors of the destination that make it attractive; and mooring effect often points to switch costs that keep individuals to stay with the origin (Xu and Yang et al., 2014). While PPM has been widely applied to understand consumer brand switch behavior, it is limited because it implicitly assumes that consumers' already-adopted brand is inferior to the competing brand, and therefore cannot account for a fierce competition when rival brands are all with high quality and good reputation.

To fit our research context, we only apply the "pull-mooring" part of the original PPM model. For the pull part, we focus on perceived attractiveness of rival brand and assume its pull effect to lure social media users to switch. Therefore, we hypothesize:

**Hypothesis 5 (H5):** Perceived attractiveness of rival brand positively influences consumers' brand switch intention.

For the mooring part, we propose the effect of two types of switch cost, setup cost and sunk cost, on switch intention. For IT product, setup cost typically includes time and effort consumers spend on sign-up, profile building, and content moving (Xu and Yang et al., 2014). Sunk cost refers to consumers' investment to the adopted brand,

including the established social connections, content and personalized service. A high level of setup cost and sunk cost reduce consumers' intention to switch.

**Hypothesis 6 (H6):** Setup cost of competing brands negatively influences social media users' brand switch intention.

**Hypothesis 7 (H7):** Sunk cost of adopted brand negatively influences social media users' brand switch intention.

Four variables that might influence switch decision are included in this study as control variables. They are gender, age, advertising of rival brand, and consumers' engagement of adopted brand.

Figure 1 illustrates our research model.

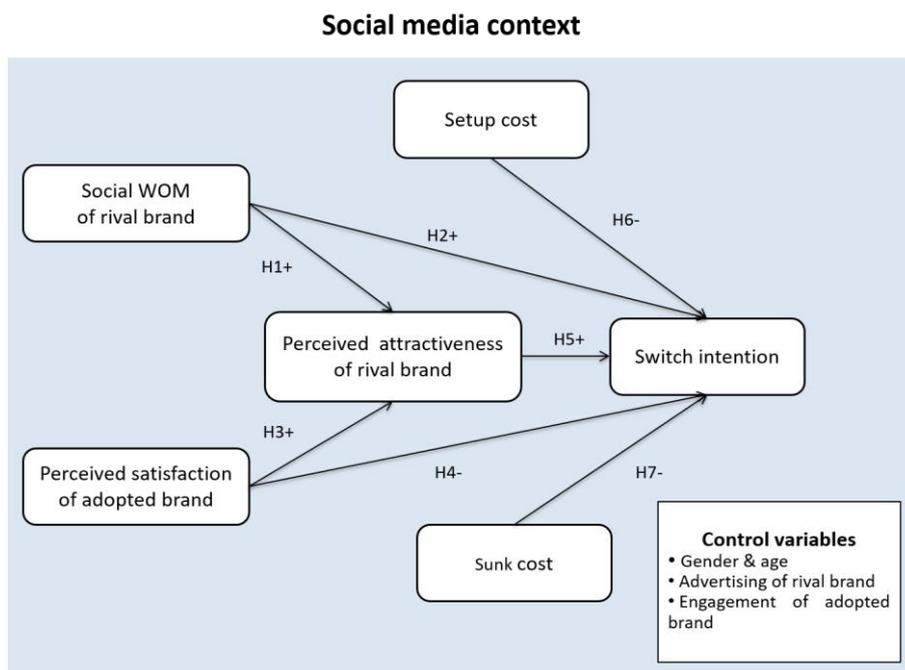


Figure 1. Research model

### 3. Research design

We intend to collect data from an online survey investigation. To direct subjects to think under a specific context, free mobile app is chosen as targeted product. In China's mobile app market, it's very common that several rival brands compete in the same app category. The free-for-use feature of mobile app avoids the interference of economic factors in our research model. Moreover, many mobile apps can be registered through a social media account. Therefore, app users could have active interaction with their social media friends.

We will recruit social media users as our subjects. All subjects will begin by answering whether they used a specific type of apps (we needed to first specify one or

two app categories). Non-users will be filtered out. App users are asked to select app brands they are using. Following questions about rival brands will be automatically specified to app brands they have not used before. The purpose of this design is to get concrete response from subjects by personalizing questions to their individual app usage experience.

## 4. Conclusion

Social media constructs a highly-socialized competitive market where information of rival brands can easily reach a brand's consumers through social WOM. Drawing on cognitive learning theory, this study explores how external and internal influencing factors (social WOM of rival brand vs. satisfaction of adopted brand) combine to shape switch decision. Two research questions are proposed: 1. *What is the role of social media Word-of-Mouth in consumers' switch decision?* 2. *What mechanism drives consumers to switch their brand choice when the adopted one has already satisfied their need?* By answering these two questions, this study aims to extend extant WOM literature by considering the role of social media WOM in brand competition. The purpose of this study is to explore two distinct routes that WOM takes its effect on social media users' brand intention. Moreover, this study aims to explore analogical learning taken by users for the reference of rival brands.

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