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The Effect of Electronic Word of Mouth on Attitude towards Life Insurance: A Study for Hanoi

[1] Thi Huong Mai, [2] Thi Van Anh Nguyen
[1, 2] University of Labor and Social Affairs, Hanoi, Vietnam

Corresponding Author: **Thi Huong Mai**

Abstract
This study aims to evaluate and investigate the aspects of electronic word of mouth, including both positive and negative, on customers' attitudes toward life insurance at present. The research was conducted through a small-scale online convenience sampling survey with 148 customers. Data collected from the study was processed using SPSS analysis software. This study uses statistical tools such as Cronbach's alpha, factor analysis, and correlation analysis. Research results have shown that negative electronic word-of-mouth information has a more substantial negative impact on the attitude to participate in life insurance than the positive impact of positive word-of-mouth.

Keywords: Electronic Word of Mouth, Attitude, Life Insurance, Vietnam

JEL Codes: G00, G20, G22

1. Introduction

Word of mouth (WOM) has long been considered one of the most important consumer psychology and behavioral research concepts for forming consumer attitudes. WOM is defined as the non-commercial and informal sharing of information between people about a brand, product, or service (Anderson, 1998) [4]. WOM involves face-to-face communication (Godes and Mayzlin, 2004) [11] and is considered the most helpful method of communication (Hu *et al*., 2006) [15]

Along with the development of information technology, WOM is not only carried out face-to-face but also online based on social networking platforms and electronic websites. One of the ways to disseminate this information is through electronic word of mouth (eWOM) (Hennig-Thurau *et al*., 2004) [13]. Many marketing strategies using information technology have recently rapidly developed electronic word of mouth, commonly known as eWOM (Sweeney *et al*., 2012) [24].

Accordingly, the role of eWOM is becoming increasingly important for consumers. According to Hennig-Thurau *et al*. (2004) [13], the service industry depends heavily on word of mouth (WOM) because the nature of services cannot be directly consumed in the first place. Service consumers do not experience immediate benefits at the time of purchase (Andreassen and Streukens, 2009) [5]. Therefore, consumers need information from consumers who have experience using the service (Buttle, 1998) [7]. Thus, the more positive the eWOM, the more profitable the company is. Many studies on the effectiveness of consumer purchasing decisions in the service sector have considered eWOM as a tool to predict trust. Almost all studies consider eWOM to be a potent tool.

According to Chang and Lee (2020) [8], customer retention is significant for life insurance companies because long-term customer relationships will lead to more positive and cross-selling cases. However, current research on WOM in the life insurance industry is still limited. Unexpected products and long contract terms characterize life insurance products, so reviews and experiences from old customers are needed for new customers to gain positive attitudes and promote the intention to participate in insurance.

In today's era of rapidly evolving information technology, companies must be able to penetrate the market by maximizing the role of information technology. Therefore, studying the impact of e-WOM in life insurance will contribute to promoting attitudes towards customers in the current context.

2. Literature Review

Life Insurance

Essentially, insurance services are a business commitment (Amron, 2018) [3]. An insurance company promises to compensate the policyholder (insured). A life insurance company is a company that provides risk management services by paying compensation to policyholders. Insurance companies pay policy benefits to customers or insureds who die or have an accident as agreed in the policy (Oscar Akotey and Abor, 2013, Md Husin *et al*., 2016) [20, 19]. The value of benefit payment insurance is the amount obtained from fund management agreed in the contract between the insurance company and the insured (Oscar Akotey and Abor, 2013) [20].

Electronic Word of Mouth (E-WOM)

According to Hennig-Thurau *et al*. (2010) [14] and Shin *et al*. (2014) [22] eWOM is a form of positive or negative information generated by consumers regarding the performance of a product/service or company through internet media (Hennig-Thurau *et al*., 2004) [13].

According to Alboqami *et al*. (2015) [2] consumers often use online media to convey eWOM via email, Instagram, Facebook, WA, Line, blogs, etc. Furthermore, Lin and Lu (2010) [18] affirmed that eWOM has the advantage of quickly and widely transmitting information. In consumption-related forums, members can share enthusiasm and knowledge about a particular consumption experience or related activities (Kozinets, 1999) [17]. Like offline WOM, online WOM can be positive or negative.

Positive information and reviews of a product or company through online media provide a significant, positive eWOM impact on a product/company. Furthermore, positive eWOM can increase consumer confidence in purchasing a product. On the contrary, negative eWOM reduces consumer trust in the product/company. It is very harmful to a company when disappointed consumers communicate negative experiences through social media. Negative information spreads quickly and cannot be stopped due to the nature of eWOM based on online technology. Accordingly, if online WOM truly affects consumer behavior, marketers need to know the impact mechanism of these factors.

Attitude

Attitude is a relatively permanent organization of beliefs, feelings, and behaviors biased toward socially notable objects, groups, events, or symbols (Vaughan and Hogg, 2005) [25]. It is also known as a psychological tendency expressed by evaluating an entity with a degree of favorability or disfavor (Eagly and Chaiken, 1993) [9]. According to Suki and Ramayah (2010) [23], attitude is defined as the degree to which a person favorably or unfavorably evaluates a behavior. Attitudes are used to predict people's intentions and behavior. When people are presented with different choices, they will choose the person with a more evaluative attitude (Arvola *et al*., 1999) [6].

3. Methodology

Based on the general analysis of research and suggestions of Jalilvand and Samiei (2012)[16] and Reza Jalilvand and Samiei (2012) [21] when analyzing the impact of e-WOM on attitudes and purchase behavioral intentions. This study investigates two aspects of e-WOM's positive e-WOM and negative e-WOM affect attitudes toward participating in life insurance.

Most of the scales of observed variables in the model are inherited from available scales in previous overview studies (Reza Jalilvand and Samiei, 2012, Jalilvand and Samiei, 2012, Ajzen, 2006), Ajzen, 2006) [21, 16, 1] are adjusted to suit the research scope of life insurance. The survey was conducted in a small-scale online format with 150 customers in a convenient sampling form. Based on the "Data cleaning" results using SPSS22 data analysis software, only 148 questionnaires obtained were valid and cleaned. After conducting the survey, collect information and process data. The collected data will be analyzed with descriptive statistics, Cronbach Alpha reliability analysis, factor analysis, and correlation analysis to see the relationship between aspects of electronic word of mouth and attitude toward participation in life insurance.

4. Results

From the descriptive analysis, we can see that:

The results showed that 42 males and 106 females participated in the questionnaire. Besides, the number of respondents focusing on the group from 31-40 accounts for the most significant proportion. This is also the age group that, according to demographic characteristics in Vietnam, most of them are married, so the demand for owning life insurance is also higher. Therefore, searching for information about life insurance reviews is also more common than other ages. The group of people with income from 9 - 15 million and from 15 - 20 million is popular. Detailed descriptive statistical results are shown in the following table:

Table 1: Demographic characteristics of Respondents

Variables	Category	Frequency	Percentage (%)
Gender	Female	106	71.6
	Male	42	28.4
Age	20 – 30	20	13.5
	31 – 40	74	50.0
	41 – 50	37	25.0
	above 50	17	11.5
Income	Under 9 million	32	21.6
	9 – 15	61	41.2
	15 – 20	35	23.6
	Above 20	20	13.5

Cronbach's Alpha-Reliability

In order to conduct the reliability test, Cronbach's Alpha is used as the most popular and effective tool in SPSS analysis (Hair *et al*., 2010) [12]. Table 2 demonstrates the result of Cronbach's Alpha test. Hair *et al*. (2010) [12] also note that the Cronbach's Alpha result should be equal to or higher than 0.7 (≥0.7) to be reliable enough for research. The Cronbach's Alpha results in table 2 all meet these standard requirements, which means that every item in the questionnaire has a good level of reliability and can be accepted to use for this research.

Table 2: Cronbach's Alpha Analysis

Variables and coding	Cronbach's Alpha	No. of items
Positive WOM (PWOM)	0.819	3
Negative WOM (NWOM)	0.846	3
Attitude (ATT)	0.794	4

Factor Analysis

George and Mallery (2016) [10] emphasize that one of the most crucial steps when analysing data with SPSS is Exploratory Factor Analysis (EFA), which identifies the correlation among observed variables and examine the validity of the set of items.

KMO and Barlett's Test

In this research, the KMO and Barlett's Test for independent variables is conducted as the result is illustrated in the Table 3. As shown, the KMO value is 0.861 (0.5 < 0.861 < 1) and the sig. value is 0.000 (<0.05), that means these values satisfied the conditions in the study (Hair *et al*., 2010) [12]. In addtion, after implementing the rotation matrix, we got the followings: every determinant with factor load > 0.5, Eigenvalues is 1.215> 1, and the Variance explained = 67.569 %. It demonstrates that the factor analysis of the research data is appropriate.

Table 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.835
Bartlett's Test of Sphericity	Approx. Chi-Square	654.702
	Df	45
	Sig.	0.000
Total variance Explained Total Eigenvalues		70.864 1.147

Correlations

The Pearson analysis results show a strong correlation between word of mouth and customers' attitudes towards participating in life insurance. However, this result also indicates a more substantial negative impact of electronic word of mouth on attitudes than the positive effects of electronic word of mouth. Specifically, negative word of mouth has a strong negative relationship with a statistically significant correlation coefficient of (-.540), while the impact of positive electronic word of mouth is only 0.464 with a statistical significance level of sig.000. The detailed results are shown in the following table:

Table 4: The results of correlations

		ATT	NWOM	PWOM
ATT	Pearson Correlation	1	-.540**	.464**
	Sig. (2-tailed)		.000	.000
	N	148	148	148
NWOM	Pearson Correlation	-.540**	1	-.394**
	Sig. (2-tailed)	.000		.000
	N	148	148	148
PWOM	Pearson Correlation	.464**	-.394**	1
	Sig. (2-tailed)	.000	.000	
	N	148	148	148
**. Correlation is significant at the 0.01 level (2-tailed).				

5. Discussion

The results of analyzing the relationship between electronic word of mouth and the attitude to participate in life insurance show that the negative impact of electronic word of mouth tends to be stronger than the positive impact of communication methods. This result is entirely consistent with the current situation of Vietnam's young life insurance market. The clear evidence is that the media crisis about life insurance caused by negative information from a famous actor in Vietnam has forced many real insurance business customers to be confused and withdraw the retention of potential customers (Thanh Tung, 2023).

Life insurance products are intangible, predetermined contracts with many complex terms and factors. Therefore, understanding the product is not easy, so making the insurance product more uncomplicated and more accessible for customers is necessary. Thus, insurance businesses need to visualize the intangible elements of the product into more easily visualized elements, such as notifications and additional cumulative features of periodic contracts to help customers better recognize the factors of investment and savings as well as accumulation in each product. In addition, regularly promote communication activities related to positive customer experiences, thereby contributing to changing attitudes towards participating in life insurance.

In addition, building a quality and professional communications team is necessary to quickly respond and handle negative information on social networks and platforms. Intentionally incorporate electronic word-of-mouth activities with celebrities and influencers to increase customer trust, promoting positive attitudes. Additionally, insurance businesses need to promote the quality of customer care services both before and after the sale so that customers can objectively assess the company. These results continue to enhance positive word-of-mouth intentions and limit negative word-of-mouth intentions of customers.

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