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FACULTY OF ARTS AND SOCIAL SCIENCE

BACHELOR OF COMMUNICATION (HONS) PUBLIC RELATIONS

UAMP 3023 FINAL YEAR PROJECT 2

**UNDERSTANDING THE EFFECTS OF EWOM ON DIRECT SALES
THROUGH THE INFORMATION ADOPTION MODEL**

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Date of Submission: 27th March 2017

TABLE OF CONTENT

ACKNOWLEDGEMENTS

ABSTRACT

1. CHAPTER 1 - INTRODUCCION

1.1 Background of Study	1-4
1.2 Problem Statement	4-5
1.3 Conceptual Framework	5-8
1.4 Research Objective	9
1.5 Research Hypotheses	10
1.6 Significance of Study	10-11

2. CHAPTER 2 -LITERATURE REVIEW

2.1 Argument Quality	12-13
2.1.1 Relevance	13-14
2.1.2 Timeliness	14
2.1.3 Accuracy	14-15
2.1.4 Comprehensiveness	15
2.2 Source Credibility	15-16
2.2.1 Trustworthiness	17
2.2.2 Expertise	17-18

2.3 Tie Strength	18
2.4 Information Usefulness on Information Adoption	19

3. CHAPTER 3 - METHODOLOGY

3.1 Introduction to Methodology	19
3.2 Research Design	19
3.3 Sampling Design	
3.3.1 Population	19
3.3.2 Sampling Method	20
3.3.3 Sampling Size	21
3.4 Research Instrument	22
3.5 Data Collection Method	23
3.6 Data Analysis	23
3.7 Conclusion to Methodology	23

4. CHAPTER 4 – DISCUSSION AND ANALYSIS

4.1 Demographic Analysis	25
4.2 Construct Analysis	27-29
4.3 Bivariate Correlation	30-32

5. CHAPTER 5 – DISCUSSION AND CONCLUSION

5.1 Discuss and Implications 33-36

5.2 Conclusion 36

5.3 Limitation of Study 37-38

5.4 Recommendations 38-39

6. REFERENCE LIST 40-47

7. APPENDIXES

5.1 Appendix 1 - Justification of Literature Review 48-50

5.2 Appendix 2 – Population of UTAR Students 51

5.3 Appendix 3 – Survey Questionnaire 52-57

LIST OF FIGURES

Figure 1 - The overall Information Adoption Model	7
Figure 2 - The Adapted Information Adoption Model	8
Figure 3 - Conceptual model of Information Adoption Model	10
Figure 4 - Results of G Power Analysis	21

LIST OF TABLES

Table 1 – Construct of Variables	24
Table 2 - Demographic Analysis	26
Table 3 - Construct Analysis	27
Table 4 - Descriptive Statistics of Variables	28
Table 5 - Bivariate Correlations between AQ and IU	30
Table 6: Bivariate Correlations between SC and IU	31
Table 7: Bivariate Correlations between TS and IU	31
Table 8: Bivariate Correlations between IU and IA	32

Abstract

In the direct sales industry, leveraging social networking sites has dramatically boost the industry to new heights. The need to understand the effects and influencing factors of eWOM messages on youth's engagement in direct selling can provide an insight to the direct sales industry as well as to both business and government sector. Based on the Information Adoption Model, the present study proposed a conceptual framework to understand how eWOM communication influences youth in inducing purchase decision and intention to partake in MLM. Findings revealed that argument quality ($M = 4.279$, $SD = .384$), source credibility ($M = 4.241$, $SD = .487$) and tie strength ($M = 4.035$, $SD = .486$) positively impacts information adoption ($M = 4.316$, $SD = .450$) through information usefulness ($M = 4.250$, $SD = .433$) in the direct sales industry. Argument quality is found to have the strongest influence to information adoption among youths ($r = 0.481$, $p < 0.001$). The researchers concluded that the quality of the information (argument) perceived by the consumers will strongly influence whether the information will be perceived as useful and will lead to information adoption. The results signifies that the impact of central cues (argument quality) increases, the impact of peripheral cues (source credibility and tie strength) will inevitably decrease as stated and supported by O'Keefe and Jackson (1995). The researchers also affirmed that information usefulness and information adoption has a strong relationship ($r = 0.529$, $p < 0.05$) which signifies that when the higher the information is proven to be useful, the higher probability the information will be adopted. In the context of this study, it would illustrate that when youth perceived that the direct sales product or service is useful, the higher probability that they will buy and recommend it in their social groups.

Acknowledgements

Firstly, we are grateful to our final year project supervisor, Ms Gan Pei Lee, for her constant support throughout the whole process of this research. Her amiable and guidance has played a profound role in leading us during these two semesters. She offered us valuable advices on our final year project and push us forward instead of settling for mediocrity. Without her patience and assistance, this research would have never been possible. We are honored to be able to work with her on this project.

Secondly, we appreciate each and every member from the group. From this research, we developed a better relationship between us. Even though there were some arguments, we have learnt to tolerate and accept each other's weakness and strength. Most importantly, instead of looking down other's flaws, we chose to back each other up whenever they needed help. Besides that, we have learnt on how to cooperate with each other in a group as different people have different perspectives and work method. It is our pleasure to work with each other and it will definitely be an unforgettable memory.

Chapter 1

Introduction

Direct Sales Industry in Malaysia

In Baker's Macmillan Dictionary of Marketing & Advertising in 1984 (as cited in Peterson & Wotruba, 1996), direct selling is defined as 'a method of selling without a fixed retail outlet and presence of middleperson, distributor and wholesaler. Clemente (as cited in Peterson & Wotruba, 1996) on the other hand, define direct sales as a sales approach that involves personal demonstration, presentation and explanation to the consumers at the salesperson's establishment or consumer's residence in The Marketing Glossary. More recently, Leonardi (2010) has described that the direct selling industry is established upon the premise of individuals leveraging their social networks to create successful sales. Direct sales companies are also referred by many as multi-level marketing (MLM) companies as MLM is the technique introduced by direct sales as part of a compensation plan for salespersons (Abrons, n.d.). It is a method where in addition to receiving commission from products/services sold, the sales representatives also earns commission from recruiting new sales representative into his/her individual salesforce (Taylor, 2011).

The direct selling business has been part of a growing industry in Malaysia since the late 1970s. There are currently 308 active direct sales companies in Malaysia with the top 3 leading company being Amway, Cosway and Herbalife Nutrition (MalayMail, 2016). Datuk Seri Hamzah Zainudin, Minister of the Domestic Trade, Cooperatives and Consumerism Ministry reported that the direct sales industry has contributed RM17 billion to the country's gross domestic product (GDP) in 2015 and the ministry aims to increase the sales value of the industry by RM20 billion by end of 2016 (MalayMail, 2016). Among all the products sold by direct sales company, the top 3 highest percentage of sales product category in Malaysia is on

wellness product (53%), followed by household goods & durables (13%) and cosmetics & personal care (12%) (DSAM, 2015). It is a significant rising trend in Malaysia in which the direct selling industry revenue is growing from RM2 billion back in 2002, to RM4.3 billion in 2008 and RM 8.5 billion in 2011 leading up to its current state (Tan, 2012). Based on the current report by World Federation of Direct Selling Associations (WFDSA) in 2015, Malaysia is currently ranked 9th among the top 10 in the direct selling global market, 4th in the Asia Pacific market and generates up to US\$ 5.3 billion revenue the industry (Tortora, 2015).

Nevertheless, it can be deduced that the rapid growth of the direct sales industry in Malaysia does not only solely rely on increase of product sales but also goes hand in hand with the fact that more Malaysians has joined to be a part of MLM company, becoming a direct seller themselves. WFDSA stated that of those revenues made in Malaysia, 100 % of the sales made was through person to person sales strategy and 95% of revenue gained by direct sellers was through multi-level compensation (Silcox, 2013). According to the CEO of Federation of Malaysian Consumers Association (FOMCA), Datuk Paul Selvaraj stated that MLM companies are currently targeting young adults actively (Lim, 2014). A study conducted by Koe and Soo (2011) on the influence of multi-level marketing (MLM) companies and agent attributes among youth indicated that more youth are willing and do consider to partake in MLM as a career option for potential income supplement due to the rising cost of living expenses in Malaysia. Datuk Seri Hamzah Zainudin stated that there are currently 4.8 million direct sellers in Malaysia, which denotes that approximately one out of every six Malaysians is a direct seller (MalayMail, 2016). He also added that, aside from single and stay-at home mothers and retirees, others are engaging in direct sales due the rising cost of living and for the ability to afford luxuries in life (MalayMail, 2016). Lynda Mills, the Director of the Direct Selling Association has also reported that more young people are engaging in direct sales as it provides them the opportunity for entrepreneurship (West, 2013).

eWOM and Direct Sales

Arndt (1967) (as cited in Buttle, 1998) was one of the first few researchers who studied on word-of-mouth (WOM) communication and defined WOM as a form of non-commercial interpersonal communication between a person to another on a product, brand or service while the Word-of-Mouth Marketing Association (WOMMA) in recent, define WOM as the act of consumer passing information to other consumer (Goyette, Ricard, Bergeron, Marticotte, 2010). The direct selling business is one of the many industry which relies heavily on WOM communication as a mean to build and establish relationship and credibility with their consumers, generate sales as well as attracting them to be a part of the establishment itself. According to Tortora (2015), most consultants or sellers are consumers themselves before becoming part of the direct selling business. This fits according to the direct selling aspect of social selling in which consumers who uses the product would in turn make personal recommendations to their surrounding social network. A research from Akbar and James (2015) on the correlation of WOM, Internet and Direct Selling showed that there is a strong relationship between WOM stage (credibility, trust and personal relevancy) and direct selling on purchase decision making.

Over the years, there has been a rapid growth and development of Internet and technological devices globally which resulted in a rise in social networking sites (SNS) and other interactive platforms, allowing more opportunities to individuals for conversations to occur. When WOM is delivered through an electronic medium, the outcome is known as electronic word-of-mouth communication (eWOM). eWOM communication has been generally defined as ‘any positive or negative statement made by former, actual and potential consumer regarding a product or company which is available to a multitude of people via the Internet’ (Henning-Thurau, Gwinner, Walsh, Gremler, 2004). eWOM becomes more significant than ever in the direct selling industry to establish the credibility and trust of a

product, brand or service as well as to shape the thoughts and behaviour of consumer as they can now easily seek and validate the information received through online reviews, blogs, comments and posts in social networking site as well as through feedbacks and discussion in online forums.

The advent of these social networking sites has not only resulted in direct sellers to turn to social media to maintain their credibility and trust but also provided the opportunity for them to augment their businesses. CEO of Natura Cosméticos, Alessandro Carlucci stated that Internet and social networking sites (SNS) has allowed better information for consultants to personalise their service and marketing approach to different consumers (Tortora, 2014). Statistics released by the Word-of-Mouth Marketing Association (WOMMA) in 2014 showed that 70% of marketers are planning to increase their online word-of-mouth marketing spend and only 29% of them plan to increase their offline WOMM (Mixon, 2015). In an analysis done by Ferrel & Ferrel (2012) on DNS Global 100: The Top Direct Selling Companies in the World, result shows that 76% of direct sellers are now using social media for promotional purposes, 55% are using it to recruit new distributors and 42% used it for reactive purposes (active engagement with social media users).

Problem Statement

Wallace, Walker, Lopez & Jones (2009) research on the influence of WOM and advertising messages on social networking sites on purchasing behaviour among college students showed that youth of aged 15-24 year-old purchasing behaviour are more likely to be affected by eWOM messages as they are the generation that are more tech savvy and spends the most time on the Internet. This also indicates that the eWOM messages about direct sales in social networking sites are more likely to reach people of this age range. In Malaysia, this can be state true based on the Internet Users Survey 2014 conducted by Malaysian

Communications and Multimedia Commission (MCMC) which reported that the highest percentage of internet users are aged between 20 to 24 (24.2%), followed by those aged between 25 to 29 (19.3%) and those aged between 15 to 19 (13.9%). The National Youth Development of Policy in Malaysia define youth as those aged between 15 to 40 years olds (Yunus, 2007). In 2013, United Nations' International Telecommunication Union (ITU) reported that Malaysian youths aged 15 to 24 years old are ranked the fourth most active Internet users globally (Sipalan, 2013). The survey and the report has also matched with the timeline when Wallace et al., (2009) conducted their study on college students. Thus, in this research we deduce that eWOM messages about direct sales in social networking sites are more likely to reach those of aged 15-29 years old in Malaysia as they are the age group that has the highest percentage of Internet usage and are the most active.

With the emerging trend among direct sellers, the growing significance of direct sales to the Malaysian economy and the effects of eWOM on youth, there is a need to understand the pivotal role of eWOM messages about direct selling in inducing purchase decision and intention to partake in MLM among youths in Malaysia.

Conceptual Framework

Understanding Influence of eWOM through the Information Adoption Model

As eWOM communication provides a new medium for exchange of information to a myriad of audience, its effects may vary from individual to individual in which the same content can produce different responses in different receiver (Chaikan & Eagly, 1976)(as cited in Sussman & Siegal, 2003). As eWOM is consider as a relatively new field for study, there has been studies made on impact of eWOM using existing theories, namely the Elaboration Likelihood Model (ELM), Objective-Subjectivity Dichotomy, or Cognitive fit theory with

ELM being the most used (Cheung & Thadani, 2010). However, as of current, the Information Adoption Model (Figure 1) which was introduced by Sussman and Siegal (2003) is the only model comprehensively designed to understand how information in computer-mediated communication (CMC) are adopted. The model was developed based on the Technology Acceptance Model (TAM) by Davis (1989) with the Elaboration Likelihood Model (Petty & Cacioppo, 1986; Chaikan & Eagly, 1976). It shows two ways on how a message influence the attitude and behaviours of people; through the central and peripheral route.

Argument quality which is identified as the central influence refers to the perceive information quality (relevance, timeliness, complete and accuracy) and persuasiveness of the message (information) posted in CMC (Yang, Huang & Yang, 2011) while source credibility which is identified as the peripheral influence refers to the recipient's perception on the credibility of the message source and does not at all involve the message content itself (Cheung, Lee & Rabjohn, 2008). According to Sussman and Siegal (2003), these two main determinants will affect the perceived information usefulness which will in turn affects information adoption. Perceived information usefulness is defined as the recipient's perception towards using the information acquire can have a positive effect on to his/her decision (Davis, 1989)(as cited in Cheung,2014). Thus, it can be inferred that the higher the perceive information usefulness is, the more likely the information will be adopted.

Sussman and Siegal (2003) also introduced two moderating factors which are the recipient's involvement and recipient's expertise to understand its effects on recipient's elaboration likelihood. In Petty, Cacioppo & Goldman (1981) study on argument-based persuasion, it is suggested that personal involvement and relevance are important factors that will increase elaboration likelihood, triggering the central processing of information. The recipient's involvement refers to the personal relevance of the issue to the receiver and

recipient's expertise is operationalised as the receiver's prior knowledge and understanding of the issue (Sussman & Siegal, 2003). However, recent studies (Doh & Hwang, 2009; Yang, Huang & Yang, 2011; Fan, Miao, Fang & Lin, 2013) on eWOM showed that recipient's involvement and expertise has not been significant or has only a minimal effect to influence the perceived information usefulness of the message.

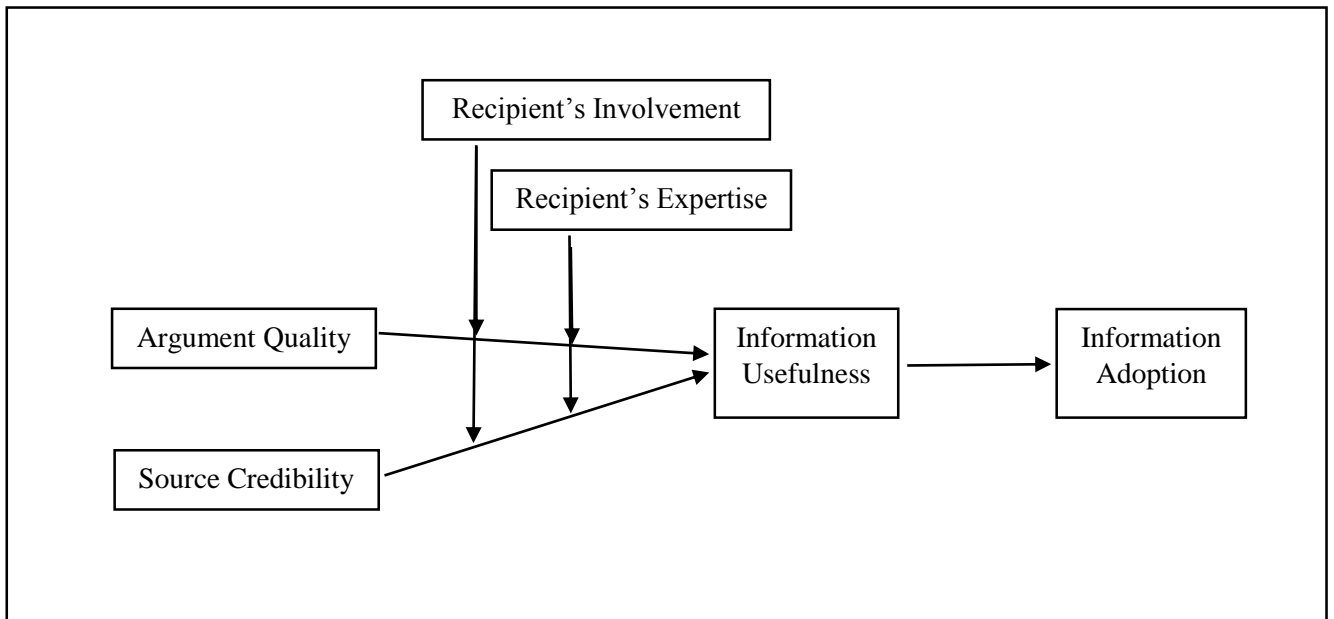


Figure 1: The overall Information Adoption Model moderated by Recipient's Expertise and Involvement by Sussman and Siegal (2003)

Up to current, there has been only a few studies (Cheung, Lee & Rabjohn, 2008; Yang, Huang & Yang, 2011; Cheung, 2014; Zhu, Chang & Luo, 2015) to understand the influence of eWOM to the online community through the Information Adoption Model. Of these four studies, two of them (Yang, Huang & Yang, 2011 & Zhu, Chang & Luo, 2015) have included tie strength as a determinant of information usefulness in the Information Adoption Model in which both findings has shown to have a positive effects. Tie strength refers to the bonds between individuals in a social network (Money, Gilly and Graham, 1998). Brown and Reingen (1987) identified that in WOM communication, information gained from strong ties are more influential compared to information gained from weak ties. Zhu, Chang & Luo (2015) (Figure

2) has also included the relationship type as a determinant in influencing the perceived tie strength. Relationship type denote either the relationship is real or virtual. A relationship is consider real when the person that they are communicating with are physically present and virtual refers to communication without the person being physically present. According to Dholakia, Bagozzi and Pearo (2004), real interpersonal relationships among the recipient and the sender are likely to be more stable and stronger compared to virtual relationships in the online community. However, is to take note that Zhu, Chang and Luo (2015) obtained opposite result in contradiction to their hypotheses in which tie strength with real relationships in online medium has no significance on product usefulness evaluation whereas virtual relationships was shown to exerts a significant effect. Hence, the conceptual model for this study would not include relationship type as a moderating variable.

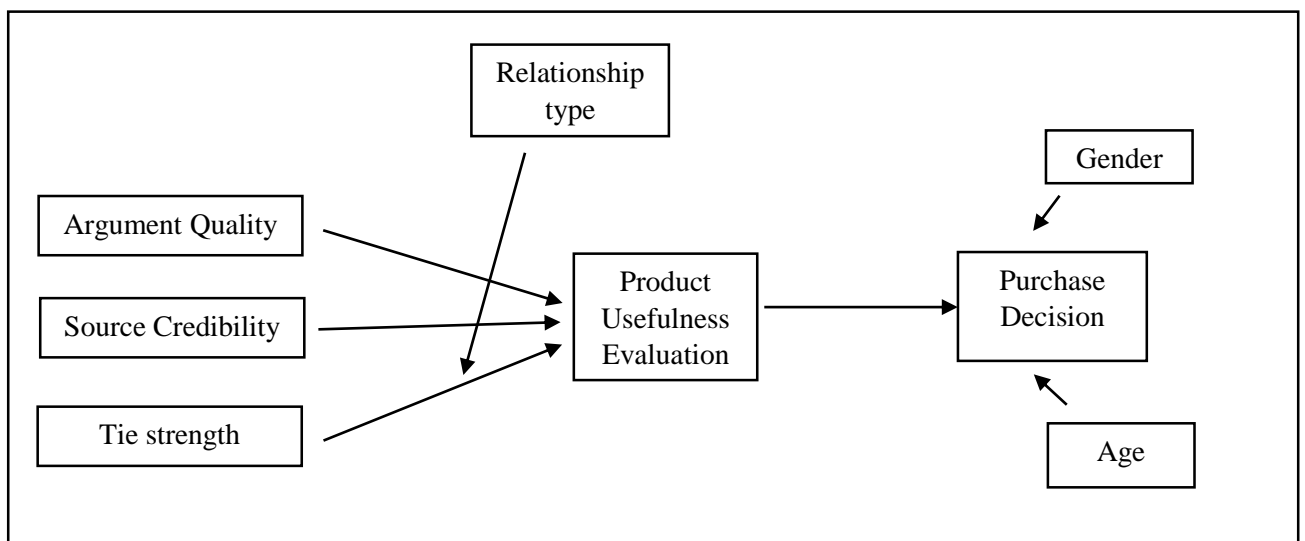


Figure 2: The Adapted Information Adoption Model by Zhu, Chang & Luo (2015)

Research Objective

This study propose that eWOM messages about direct sales in social networking sites plays a role in influencing youth's decision to adopt them (purchase decision and intention to partake in MLM). For the context of this study, the researchers will be adopting the operational definition by Zhu, Chang & Luo (2015) which is based on consumer to consumer communication in online communities.

As such, argument quality refers to information on product functionality and purchase advices from other consumers which acts as the main content cue for youth to adopt information. Source credibility refers to the credibility of other consumers that share the same purchase intention with whom the youth interacts with in the online community. Given that these consumers have varying knowledge on product, they act as an important non-content cue for the youth to judge information usefulness. In tie strength, especially in an online community, youth with purchase intention may need to depend on the strength of ties with other consumers to help them determine information usefulness. This study propose that youth's main intention when communicating via eWOM on direct sales is to help them make purchase decision and to determine whether the information they receive may induce them to partake in MLM through a precise evaluation of informational usefulness.

The research seeks to identify how eWOM messages about direct sales in social networking sites plays a role in influencing youth through the proposed Information Adoption Model, in which argument quality, source credibility, tie strength acts as the determinants that will influence perceived usefulness of the information and that the perceived informational usefulness will in turn influence whether the information will be adopted. Thus, the present study draws on the Information Adoption Model to the following research model (Figure 3).

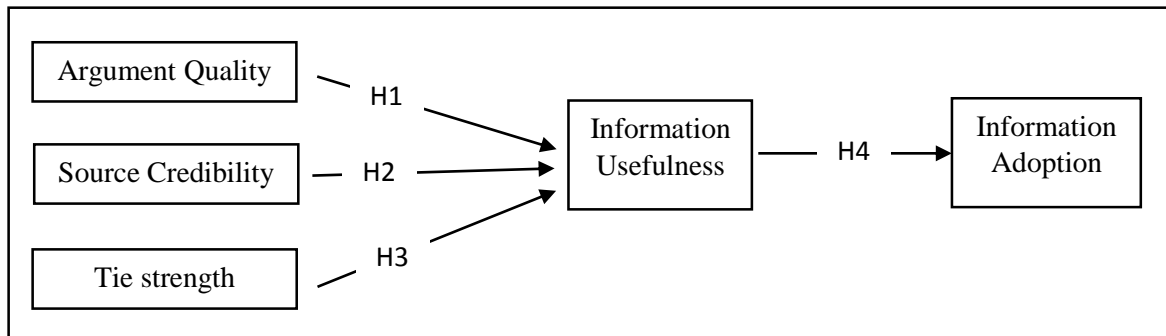


Figure 3: Conceptual model of Information Adoption Model adapted from Sussman & Siegal (2003) and Zhu, Chang & Luo (2015)

Research Hypotheses

H1: Argument quality is positively related to information usefulness.

H2: Source credibility is positively related to information usefulness.

H3: Tie strength is positively related to information usefulness.

H4: Information usefulness is positively related to youth's adoption of the information.

Significance

As there has not been a study on the influence of eWOM messages about direct sales specifically towards youth, the findings of this study can provide an insight to both business and government sector in understanding the effects and the influencing factors of eWOM messages on youth's engagement in direct selling. The result of this study is not restricted to benefit direct sales industry only but may also benefit other industries and field. It can act as a base for future studies, as currently, there are only minimal studies done towards understanding how youth process eWOM messages that will affect their decision.

This study will be beneficial for direct sales company and direct sellers to identify what are the determinants in eWOM messages that will affect their purchase decision as well as interest to partake in MLM. The information obtain can be used by marketers and companies to create and develop more persuasive eWOM message towards youth. Understanding the key factor can help business developer and direct selling associations to create and develop better social media marketing workshops and strategies for direct sellers to engage in when using MLM marketing to attract consumers who wants to be direct seller themselves.

Chapter 2

Literature Review

Argument Quality

In today's computer-centered era, consumer's decisions on purchasing products is measured by the perceived quality of information received (Cheung, Lee & Rabjohn, 2008). It is believed that for a potential consumer to move towards an action of purchasing products from direct sellers or joining in their ranks as a direct seller, the quality of information they received is vital for their own comprehension. In the scenario where the customers perceives that the information fulfills their needs, then willingness is present to evaluate the product based on their standards of purchase decisions (Olshavsky, 1985). Therefore, Cheung, Lee & Rabjohn (2008) believed that to determine the customer's perception of information quality on the web is a vital criteria to assess for purchase decisions.

In Sussman and Siegal's (2003) information adoption model (IAM) which is applied as the choice of model in this research, it states that argument quality acts as the central influence. According to Cheung (2014), the information adoption model also considers information quality (argument quality) as central influences. Central influences according to Yang, Huang and Yang (2011), indicates that people have motivations or abilities, which they would consider every information received with careful attention. In this research context of the web platform where communication takes place, Petty and Cacioppo (1986) states that online messages are the central influences that refers to directly to the contents of the messages.

In the IAM model, argument quality presents as a variable that is adapted from Petty and Cacioppo's (1986) Elaboration Likelihood Model. Argument quality according to Petty and Cacioppo (1986) is split into strong messages and weak messages. Strong messages refers

to people that would look into their preferences when they are involved with matters comprising guided messages whereas weak messages refers to people looking into their dislikes when they are involved with matters comprising guided messages (Petty and Cacioppo, 1986). According to Wood, Kallgren, and Preisher (1985), strong message have characteristics of highly credible proof and statistics, as to mention that weak messages contains characteristics of low credible proof and statistics. At this viewpoint, it is deduced that strong messages affects the receiver's attitude to be tied positively and the other way round for weak messages.

To elaborate the significance of argument quality in this research context, four (4) commonly used dimensions of information quality that is adopted from Cheung, Lee and Rabjohn (2008) will be applied: *relevance, timeliness, accuracy, and comprehensiveness*.

Relevance.

Nah and Davis (2002) states that relevance of the message content on online communities and its users are aware and conscious of their time spent, in order to match those messages that relate to their topics of interest quickly. With as minimal time and effort as possible, users wants to relate to the message contents they are searching for (Madu and Madu, 2002). Dunk (2004) suggests that the relevance of the information is an essential factor for building the foundations to progress in decision making. In other words, the relevance of the message is regarded when consumers search for information to aid their purchase decisions.

According to the research done by Cheung, Lee and Rabjohn (2008), they found that relevance is one of the essential elements that influences information usefulness within the online consumer community. Their research, that studies the significance of comments and opinions of reviews that are posted on an online virtual opinion platform about food and restaurants, found that the relevance of the message positively influences the usefulness of the

information in other users. Therefore, with simple navigation to gain access to the information consumers are searching for, the more relevant the message will be for the consumers.

Timeliness.

According to Cheung, Lee and Rabjohn (2008), timeliness of content refers to the extent in which the messages are current and up-to-date. Timeliness refers to the recentness of the information, whether the information to be reviewed is of latest information or of outdated information.

In Madu and Madu (2002) research on the studying the perceptions of customer's satisfaction on the features of virtual services or operations, they found out that when a website's content isn't consistently updated from time to time, the website fails to deliver the expected performance and this provides no added value to users. Timely content should be reviewed and updated from a period of time to another to give an impression of fresh content and adding value in communicating with consumers.

Accuracy.

Accuracy refers to the user's perception that the information is true (Wixom and Todd, 2005). Accuracy is vital due to the fact that with today's technological advancements in the Web, it provides the ability of information publishing in the hands of anyone, thus this makes the quality of online information to reduce as not all information are pinpoint accurate (Cheung, Lee and Rabjohn, 2008). Many fraud contents are present in web platform which inevitably decreases credibility in other original products and establishments. From disguising as a verified seller to sell counterfeit products to amateur start-ups resellers that are money-driven, they give little to no regard to the quality of the products and may even falsely market their products as beneficial in order to generate profit. Hence, this leads to accuracy being a dimension that is essential to look into in the variable of argument quality.

In Cheung, Lee and Rabjohn (2008) research that studies the significance of comments and opinions of reviews that are posted on an online virtual opinion platform about food and restaurants, it is noted that accuracy is important as any user can register and post comments without credible sources, leading to fraud opinions to be evident. Accuracy as a dimension plays a vital role to consumer's decision making in purchasing goods, which helps to stimulate the argument quality that positively benefits information usefulness.

Comprehensiveness.

Comprehensiveness refers to the completeness of the message (Cheung et al., 2008). According to Sullivan (1999), for messages to be selected for retention and acquisition, it must be grounded on comprehensiveness. In other words, this means that consumers will select messages with complete information provided or given. With more detailed information and wider selection options with expanding explanations, it helps form a positive impression that contributes to the completeness of the content or message.

In Bickart and Schindler (2001) research that instructed consumers to search for information on the web of a certain product either on online discussions or on marketer-generated online information, it reviewed that online discussions like forums are further more comprehensive and relatable to consumers as the reviews, comments, and opinions are written by other consumers who experienced the product's first hand. Consumers perceived that reviews, comments, and opinions are more complete and far greater significant compared to marketer-generated content. The will be deemed more genuine and experience from another consumer's perspective carries weight in opinion.

Source Credibility

Due to the advancement of technology, everything can be communicating through online (eWOM), even advertising and marketing. As there are different kind of messages on

the internet every day, despite on product selling or information, it is important that consumers are able to make judgement on the credibility of the messages.

The source credibility theory as counselled by Hovland, Janis and Kelly (1953) stated if the source itself seems credible, receivers are more likely to be convinced (Umeogu, 2012). Over the years, there are several researches on estimation of Source Credibility, receivers will tend to determine the credibility of the messages based own some criteria. Gunther (1992) noted that Source Credibility means individual have their own attitude towards the source. In other words, receivers will show trust or distrust to the messages if its triggered receiver's level of psychological cognitive level.

Source credibility has been an important material for persuasion theory study over years. Under source credibility theory, there are plenty of determinants to support the idea. Hovland et al. (1953) proposed that source credibility should be branched into three extensions which are trustworthiness, expertness and likability. McGuire (1958) was the first one to discuss attraction. Berlo, Lemert, and Mertz (1969) stated three dimensions which are safety, qualification, and dynamism. Simpson and Ruel (1981) induced source credibility into expertise, dynamism, believability, and sociability. Trustworthiness, expertness, affinity, and attraction were listed as four dimensions of Source Credibility (DeSarbo and Richard, 1985).

Yet, different field of study affect how the source credibility apply. From our study, source credibility presents as a variable that is adapted from Petty and Cacioppo's (1986) Elaboration Likelihood Model. Therefore, trustworthy and expertise are the determinants of source credibility for our Information Adoption Model which are the determinants that affect consumer's perspective towards the credibility of message they received.

Trustworthiness.

According to Yang, Huang and Yang (2011), trustworthiness means the degree of justice and purpose of the message source that the consumers think. Malshe (2010) says, when credibility is being construct, consumers will have been through either cognitive or affective dimensions. All these are the concern that will influence consumer's point of view. Under trustworthiness, to determine the credibility of the information, the source of the message will be relatively important and there are some criteria to reach. To determine how a receiver accepting information is depending on the communicator. To communication effective, the variable is being naming as ethos, prestige, charisma, image, or most frequently source credibility (Berlo, Lemert, & Mertz, 1969). Besides that, according to Donaldson (2013), consumers interpreted “trustworthy” as compendious, factual, genuine, acknowledged, trustable, honourable, qualified, and confirmable. The statement above can also be applied on product selling on nowadays. If the criteria have applied on level of psychological cognitive level, the credibility of the message will be higher.

Expertise.

Besides trustworthiness, expertise also will be one of the determinants that can direct affect the credibility of message. Expertise refers to a capable speaker making correct affirmation (Hovland, Janis & Kelley, 1953). In the dimension of expertness, there must be some characteristics to make consumers think that the communicator is reliable on particular field. And these characteristics are mostly from their expertise or experience. For example, Maddux and Rogers (1980) believed that message-relevant, wisdom, age, or status of the spokesman can be the determinants of expertise. According to Malshe (2010), the credibility will increase when a communicator who is perceived as an expert. In simple words, the communicators are expert in a product or idea he was selling, the possibility of trust given by

consumers will be relatively high. By knowing whether a communicator is with high or low credibility, which can be reviewing by their education, occupation experience and position advocated (O'Keefe, 2008). Expertise can also be examining by intelligence, qualification, authoritativeness, and competence. (McCrosky & Teven, 1999). Generally speaking, consumers will buy the idea if they perceived that the communicator possesses these characteristics.

Tie Strength

The concept of tie strength was first introduced by Mark Granovetter (1973) (as cited in Gilbert & Karahalios, 2009) in his paper on 'The Strength of Weak Ties'. The main implications of his paper was on the characterization of 'strong ties' and 'weak ties' to explain tie strength. He inferred that individual have strong ties with their close friends and weak ties with acquaintances or friends of friends. In many WOM studies, tie strength is added as a regular variable to test whether the relationship between the recipient and the sender plays a role in influencing the effectiveness of WOM. Findings of these researches reflected that tie strength has a significant effect in influencing WOM, be it positive or negative. In the positive aspect, the interaction between tie strength and satisfaction was proven to have a substantial effects on the favourability of WOM and increases the likelihood of purchase recommendation (Wirtz & Chew, 2002). In 2006, tie strength was also proven to be positively related in building commitment between the buyer and the selling organisation (Stanko, Bonner, Calantone, 2007). Chu and Kim (2011) study on the determinants of consumer engagement in eWOM has also confirmed that tie strength has a positive influence on consumer's eWOM behaviour in social networking sites.

Information Usefulness on Information Adoption

According to Davis (1989)(as cited in Cheung, 2014) and Sussman and Siegal (2003), the main determinant for information adoption and purchase decision is information usefulness. Sussman and Siegal (2003) mentioned that although the constructs of elaboration likelihood model (ELM) excluded the function of information usefulness in influencing the process of information adoption, they expected that the perceived information usefulness will play a part in mediating between the constructs of argument quality and source credibility and the intention to adopt. Their study along with other adaptation researches based on the Information Adoption Model (Cheung, Lee & Rabjohn, 2008; Yang, Huang & Yang, 2011; Cheung, 2014; Zhu, Chang & Luo, 2015) has proven that consumer's perceive information usefulness does play a significant role in influencing information adoption and purchase decision.

Chapter 3

Research Methodology

Introduction

This chapter outlines the details of methodology for this research context. The research design, sampling design, research instrument, data collection and data analysis method will be discussed in the following.

Research Design

To test the conceptual model, quantitative method will be used in this research as to provide statistical significance between the independent variables and dependent variables. Quantitative research method helps look into the breath of this issue and is able to provide an accurate result that can be measured by numerical data.

Survey method is chosen as it is more cost efficient, the researchers are able to collect a large amount of data can be collected with ease with a relatively low cost (Wimmer & Dominick, 2011). The data will be then analyse using the Statistical Package for Social Science (SPSS).

Sampling Design

Population.

The target population of the current research are Malaysian youth aged between 15 to 29 years as statistics have shown they are the age group with the highest percentage of Internet usage and are the most active Internet users.

Sampling Method.

A non-probability purposive sampling method will be used to collect data for this research where the target audience will have to meet two qualifying criteria. Firstly, the target audience

has to be between 15 to 29 years old. Secondly, the target audience has to be part of the online community of a direct sales group on social networking sites. This is to make sure the target audience has previous exposure and knowledge about direct sales information. Purposive sampling method deemed to be most appropriate method for this research because a niche sample as the primary data will help enhance the result of the study.

Sampling Size.

To determine the sample size of the research, G*Power 3 was used (Faul, Erdfelder, Lang, & Buchner, 2007). ANNOVA (F tests) was employed using the linear multiple regression: Fixed model deviation from zero. The minimum number of participants required was determined by an a priori power analysis (Faul and Erfelder, 192). Power ($1 - \beta$) was set at 0.80 and $\alpha = 05$, the power to detect a medium-sized effect ($f = 0.15$, Power of .80 is deemed appropriate for social science research (Cohen, 1992). Number of predictors were key in as three namely argument quality, source credibility, and tie strength. Based on the analysis, the modest sample size needed for this research is (N= 77). Figure 4 presents the results of G Power Analysis.

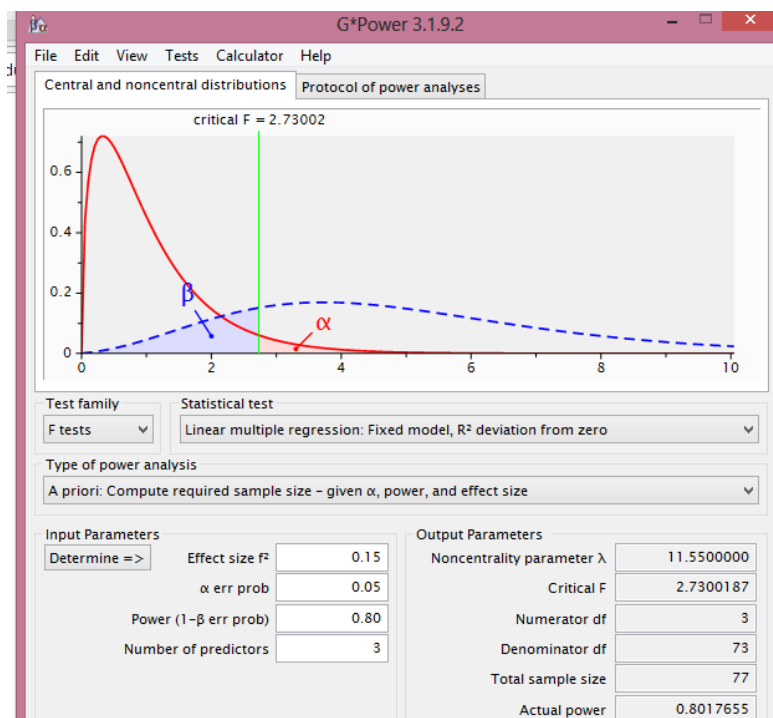


Figure 4 Results of G Power Analysis

Research Instrument

The survey questionnaire will be developed in online form. The survey questionnaire will consist of three parts namely, Section A, Section B and Section C.

Section A consist of demographic questions to obtain the basic details of the respondents and filter questions to make sure they are qualify respondents for the research.

Section B and Section C are questions related to the independent and dependant variables of the research model. The questionnaire in this section are mainly adopted based on Zhu, Chang and Luo (2015) constructs. This is due to the fact that their study on the influence of eWOM on purchase decision are most recent and similar with the context and research model of the current study.

The variables in this research model will be measured using multiple-item scales adopted from previous studies (Table 1). The instrument is slightly modify to ensure that the context remains consistent with this study. The scale items used five-point Likert scale weight the respondent opinion. Relevant statement regarding specific topic will be formed and respondents can either strongly agree, agree, be neutral, disagree, or strongly disagree with the statement (Wimmer & Dominick, 2011). A pilot test on the research was carried out to ensure its reliability and validity, and some amendments was made to improvise the questionnaire.

Data Collection Method

The researchers will first seek approval to conduct the study from the advisor. Once permission is obtained, online survey questionnaire will be distributed out to the targeted audience to collect data. Researchers will utilize their social media account – Facebook to send out the online survey questionnaire. Researchers will first approach a few direct sales groups on Facebook and obtain permission from the admin to approach their members to conduct the survey. The time required to answer the questionnaire will be around 10 to 15 minutes. The data collection will take approximately one week. The data collected will not be used if the survey questionnaire is not complete or it does not fulfil the required age range or the respondent has no engagement with the direct sales group.

Data Analysis

Statistical Package for the Social Sciences (SPSS) will be used to generate the data. Reliability Cronbach's Alpha test, descriptive analysis and bivariate correlations are being carried out to analysis the data collected. Reliability Cronbach's Alpha test helps to measure the internal consistency between the variables, with P value > 7 is considered acceptable. For descriptive analysis, it helps to put the data into a much more simpler and meaningful way to understand bivariate correlations. As for bivariate correlations is used to explore the strength of relationship between the two variables.

Conclusion

Quantitative method and purposive sampling is the most appropriate method to be used in this research context. The data generated from SPSS and later on the analysis of the result of the research can determine the significant relationship of independent variables and dependent variable.

Variable	Item	Adopted From
Argument Quality (AQ)	Overall the information provided during the process of communication is: Informative Valuable Persuasive Helpful	Zhu, Chang & Luo, 2015
Source Credibility (SC)	Overall, consumers that join the communication are: Knowledgeable Credible Expert Trustworthy	
Tie Strength (TS)	Overall, consumers who join the communication: Have a close relationship with me Often communicate with me Have communicated with me for a long time Have had prior significant communication with me	
Information Usefulness (IU)	When the communication ends, I have a clear answer to whether: The direct sales products and services would be useful to me The direct sales products and services would fulfil a need for me The direct sales products and services is necessary to me The direct sales products and services is beneficial to me	
Information Adoption (IA)	When the communication ends, I have a clear answer of: The likelihood of purchasing direct sales products or services The probability that I would consider buying the direct sales products and services My willingness to buy direct sales products and services The likelihood I would recommend direct sales products and services to others	

Table 1: Construct of Variables

Chapter 4

Discussions and Analysis

Demographic Analysis

A total of 87 valid respondents was obtained during the data collection period. Of the 87 respondents, there is balanced of gender in which **44.8%** of respondents were males (39) and **55.2%** of respondents were females (48). The majority of respondents, **57.5%** falls under the age group of 20 – 24 years old (50), followed by **41.4 %** of respondents in the 25 – 29 years old age group and **1.1 %** of respondent under the age group of 15 – 19 years old (1).

The survey questionnaire was distributed to a few direct sales online community, namely Elken, Herbalife, Mary Kay, Amway and Perfect Resources (M). The highest number of participation, **81.6%** of respondents are from Elken (71). This is followed by **10.3%** of respondents from Herbalife (9), **4.6%** of respondents from Mary Kay (4), **2.3%** of respondents from Perfect Resources (M) (2) and the remaining **1.1%** of respondents from Amway (1).

It is to take note that for respondents of a direct sales company, each respondents may be involve in one or many different online community. Thus, through a follow up question, respondents are required to indicate which online community that they are most active in. Under Elken online community, which consist of the majority of respondents, **31%** of respondents responded that they are most active in Generation Y Elken group (27), **24.1%** of respondents are active in Elken Products group (21) and **17.2%** of respondents are active in ELKEN group (15).

Measure	Item	Frequency	Percentage
Gender	Male	39	44.8
	Female	45	55.2
Age	15 - 19 years old	1	1.1
	20 - 24 years old	50	57.5
	25 -29 years old	36	41.4
Are you a part of any direct sales group on social networking sites?	Yes	87	100
	No	0	0
If yes, which direct sales group are you involved in? (You may choose more than one)	Cosway	0	0
	Herbalife Products	9	10.3
	Amway	1	1.1
	Tupperware Brands	0	0
	Mary Kay	4	4.6
	Elken	71	81.6
	Others	2	2.3
Please state the name of the group you are most active in	Elite Team	1	1.1
	Dream Team	3	3.4
	IELKEN	7	8.0
	ELKEN	15	17.2
	KL ELKEN	1	1.1
	Mary Kay	1	1.1
	Generation Y Elken	27	31.0
	Family	1	1.1
	NutriHut Silibin	3	3.4
	TWC	1	1.1
	Dreamaker	2	2.3
	Herbalife Group	2	2.3
	My Nutrilion Blog	1	1.1
	TQG	1	1.1
	Elken Products	21	24.1

Table 2: Demographic Analysis

Construct Analysis

Construct	Item	α -Value
	Overall reliability of all 5 constructs	0.702
Argument Quality	Overall, the information provided during the process of communication is Informative Valuable Persuasive Helpful	0.669
Source Credibility	Overall, consumers who join the communication are Knowledgeable Credible Expert Trustworthy	0.788
Tie Strength	Overall, consumers who join the communication: Have a close relationship with me Often communicate with me Have communicated with me for a long time Have had prior significant communication with me	0.772
Information Usefulness	When the communication ends, I have a clear answer to whether: The direct sales product and services would be useful to me The direct sales product and services would fulfill a need for me The direct sales product and services is necessary to me The direct sales product and services is beneficial to me	0.792
Information Adoption	When the communication ends, I have a clear answer of The likelihood of purchasing direct sales products or services The probability that I would consider buying the direct sales products and services My willingness to buy direct sales products and services The likelihood I would recommend direct sales products and services to others	0.824

Table 3: Construct Analysis

To verify the internal consistency of the items, reliability test using Cronbach's α is utilized. The Cronbach α values for the variables are Argument Quality ($\alpha = 0.669$), Source Credibility ($\alpha = 0.788$), Tie Strength ($\alpha = 0.772$), Information Usefulness ($\alpha = 0.792$), and Information Adoption ($\alpha = 0.824$).

Nunally (1978) suggested that the constructs of source credibility, tie strength, information usefulness, and information adoption has good internal consistency with Cronbach α -values above 0.7 (SC = 0.788, TS = 0.772, IU = 0.792, and IA = 0.824) while argument quality is bordering on 0.7 (AQ = 0.669).

For the current study, the overall Cronbach α -values of the constructs is **0.702** which signifies reliable data (Table 3).

Construct	Item	Mean	Std. Deviation
Argument Quality	Overall, the information provided during the process of communication is	4.279	.384
	Informative	4.276	.499
	Valuable	4.241	.505
	Persuasive	4.103	.611
Source Credibility	Overall, consumers who join the communication are	4.241	.487
	Helpful	4.494	.547
	Knowledgeable	4.494	.645
	Credible	4.161	.607
Tie Strength	Overall, consumers who join the communication:	4.035	.486
	Expert	3.828	.614
	Trustworthy	4.483	.626
	Have a close relationship with me	4.126	.625
Information Usefulness	When the communication ends, I have a clear answer to whether:	4.250	.433
	Often communicate with me	4.023	.664
	The direct sales product and services would fulfil a need for me	4.356	.570
	Have communicated with me for a long time	3.989	.638
Information Adoption	When the communication ends, I have a clear answer of	4.316	.450
	The direct sales product and services is necessary to me	4.126	.606
	The likelihood of purchasing direct sales products or services	4.207	.461
	The direct sales product and services is beneficial to me	4.288	.526
	When the communication ends, I have a clear answer of	4.316	.450
	The probability that I would consider buying the direct sales products and services	4.345	.567
	My willingness to buy direct sales products and services	4.218	.538
	The likelihood I would recommend direct sales products and services to others	4.494	.645

Table 4: Descriptive Statistics of Variables

The results show that the mean of each construct is above the mid-point of 3.000. The mean scores for argument quality (M = 4.279, SD = .384), source credibility (M = 4.241, SD = .487), tie strength (M = 4.035, SD = .486), information usefulness (M = 4.250, SD = .433), and Information Adoption (M = 4.316, SD = .450) are above moderate levels.

The mean scores for argument quality (M = 4.279, SD = .384) in which most respondent answers favourably that the information provided during the process of communication in the online community is helpful (M = 4.494, SD = .547), followed by informative (M = 4.276, SD = .499), valuable (M = 4.241, SD = .505) and persuasive (M = 4.103, SD = .611).

The mean scores for source credibility ($M = 4.241$, $SD = .487$). The respondent answers favourably that the overall consumers who join the communication are knowledgeable ($M = 4.494$, $SD = .645$) followed by, trustworthy ($M = 4.483$, $SD = .626$), credible ($M = 4.161$, $SD = .607$) and expert ($M = 3.828$, $SD = .614$)

The mean scores for tie strength ($M = 4.035$, $SD = .486$). Respondent answers agreeably that the overall consumers who join the communication have a close relationship with them ($M = 4.126$, $SD = .625$) followed by, have had prior significant communication with them ($M = 4.000$, $SD = .591$), often communicate with them ($M = 4.023$, $SD = .664$) and have communicated with them for a long time ($M = 3.989$, $SD = .638$), and

For the subscales in information usefulness, the highest obtained mean scores is for '*The direct sales product and services is necessary to me*' ($M = 4.356$, $SD = .570$), followed by '*The direct sales product and services is beneficial to me*' ($M = 4.288$, $SD = .526$), '*The direct sales product and services would be useful to me*' ($M = 4.230$, $SD = .499$) and '*The direct sales product and services is necessary to me*' ($M = 4.126$, $SD = .606$).

For the subscales in Information Adoption, the highest obtained means scores is for '*The likelihood I would recommend direct sales products and services to others*' ($M = 4.494$, $SD = .645$), followed by '*The probability that I would consider buying the direct sales products and services*' ($M = 4.345$, $SD = .567$), '*My willingness to buy direct sales products and services*' ($M = 4.218$, $SD = .538$) and '*The likelihood of purchasing direct sales products or services*' ($M = 4.207$, $SD = .461$).

Bivariate Correlations

The bivariate correlations test was conducted to measure the relationship between the three independent variables (AQ = Argument Quality), SC = Source Credibility, TS = Tie Strength) with the two dependent variable (IU = Information Usefulness) and (IA = Information Adoption) as according to the conceptual model (Figure 3).

	AQ	IU
Pearson Correlation	1	.481**
AQ Sig. (2-tailed)		.000
N	87	87
Pearson Correlation	.481**	1
IU Sig. (2-tailed)	.000	
N	87	87

Table 5: Bivariate Correlations between AQ and IU

** . Correlation is significant at the 0.01 level (2-tailed).

Based on Table 5, the results shows that there is a moderate to strong relationship between argument quality and information usefulness ($r = 0.481$, $p < 0.001$). P value is significant at (**.000**), Hence Hypotheses H1, argument quality is positively related to informational usefulness is supported.

		SC	IU
SC	Pearson Correlation	1	.238*
	Sig. (2-tailed)		.027
	N	87	87
IU	Pearson Correlation	.238*	1
	Sig. (2-tailed)	.027	
	N	87	87

Table 6: Bivariate Correlations between SC and IU

*. Correlation is significant at the 0.05 level (2-tailed).

Based on Table 6, the results shows that there is a small to moderate relationship between source credibility and information usefulness ($r = 0.238$, $p < 0.05$). P value is significant at (.027). Hence Hypotheses H2, source credibility is positively related to informational usefulness is supported.

		TS	IU
TS	Pearson Correlation	1	.245*
	Sig. (2-tailed)		.022
	N	87	87
IU	Pearson Correlation	.245*	1
	Sig. (2-tailed)	.022	
	N	87	87

Table 7: Bivariate Correlations between TS and IU

*. Correlation is significant at the 0.05 level (2-tailed).

Based on Table 7, the results shows that there is a small to moderate relationship between tie strength and information usefulness ($r = 0.245$, $p < 0.05$). P value is significant at (.022). Hence Hypotheses H3, tie strength is positively related to informational usefulness is supported.

	IU	IA
IU		
Pearson Correlation	1	.529**
Sig. (2-tailed)		.000
N	87	87
IA		
Pearson Correlation	.529**	1
Sig. (2-tailed)	.000	
N	87	87

Table 8: Bivariate Correlations between IU and IA

** . Correlation is significant at the 0.01 level (2-tailed).

Based on Table 8, the results shows that there is a strong relationship between information usefulness and information adoption ($r = 0.529$, $p < 0.05$). P value is significant at (.022). Thus hypothesis H4, which is informational usefulness is positively related to youth's information adoption is supported

Chapter 5

Discussions and Conclusions

Discussion and Implications

Based on the mean scores for argument quality, most respondents answers favourably that the information provided during the process of communication in the online community is highest for subscale '*helpful*' (M = 4.276. SD = .499). This reflects that for youth, the information being helpful is of highest concern for strong argument quality compared to other subscales.

For source credibility, most respondents obtained the highest mean score for consumer who join the communication being '*knowledgeable*' (M = 4.494. SD = .645). The findings suggest that for youth, the consumer who communicates the message being knowledgeable is of highest concern for source credibility compared to other subscales.

For tie strength, the respondents obtained the highest mean score for consumer who join the communication '*having a close relationship with them*' (M = 4.126. SD = .625). This shows that for most of the youth who participated in the survey, already knows well the consumers who communicates the eWOM messages in the online community.

The results shows the mean scores obtained for Information Usefulness is 4.000 with standard deviation of .591. Among the subscales in Informational Usefulness, the respondents obtained the highest mean score for '*The direct sales product and services would fulfil a need for me*' (M = 4.356, SD = .570) followed by '*The direct sales product and services is beneficial to me*' (M = 4.288, SD = .526). The findings suggests that after the respondents have communicated with other consumers regarding direct sales product and services, they will believe that the product or service is useful and will help them fulfil a necessity. For subscale '*The direct sales product and services is necessary to me*', the mean score obtained is lowest

($M = 4.126$, $SD = .606$) compared to the other subscales under informational usefulness. The result is of slight contradictive with the highest mean score subscale '*The direct sales product and services would fulfil a need for me*'. This disparity could be due to nature of modern product marketing tactic where marketers stimulates interest and generates demands for products that the consumer may not need but would buy.

In Information Adoption, a mean score of 4.316 with a standard deviation of .450 is obtained. Of the subscales in Information Adoption, respondents obtained the highest mean score for '*The likelihood I would recommend direct sales products and services to others*' ($M = 4.494$, $SD = .645$). This result is in accordance to the characteristic of direct selling in which consumers would make personal recommendations regarding a product or service to another consumer when they perceived that the information throughout the process of communication with other consumers are useful (Tortora, 2015). In the context of a direct sales community, it is assumed that perceived information usefulness will lead consumers to make personal recommendations to social surroundings for sales opportunities. The latent implication of this finding ensues that consumers will or have the intention to become direct sellers themselves as through the MLM technique, every successful personal recommendation leads to being rewarded or obtaining incentives. This is followed by the subscale '*The probability that I would consider buying the direct sales products and services*' ($M = 4.345$, $SD = .567$). The finding affirms as according to previous literature and studies that information usefulness acts as the main determinant for information adoption (Davis (1989) (as cited in Cheung,2014); Sussman and Siegal, 2003).

Relationship between Argument Quality, Source Credibility and Tie Strength with Information Usefulness and Information Adoption

Based on the results obtained through the bivariate correlation test, argument quality has the strongest relationship ($r = 0.481$, $p < 0.001$) with information usefulness compared to source credibility ($r = 0.238$, $p < 0.05$) and tie strength ($r = 0.245$, $p < 0.05$). As with previous studies conducted on eWOM using the Information Adoption Model (Cheung, Lee & Rabjohn, 2008; Yang, Huang & Yang, 2011; Cheung, 2014; Zhu, Chang & Luo, 2015), the quality of the information (argument) perceived by the consumers will strongly influence whether the information will be perceived as useful and will lead to information adoption.

According to O'Keefe and Jackson (1995), recipients are more likely to be influenced by the information received through the central processing route, depending on the level of issue-relevant argument (elaboration) engaged by the receiver. As the degree of elaboration increases, the impact of peripheral cues which are the source credibility and tie strength will decrease (O'Keefe and Jackson, 1995). This view corresponds to the results obtained which shows that the R-value of argument quality ($r = 0.481$, $p < 0.001$) is more than twice the R-value of source credibility ($r = 0.238$, $p < 0.05$) and nearly double the R-value of tie strength ($r = 0.245$, $p < 0.05$). Hence, for the present study, the findings suggest that when youth perceives that the argument quality to be strong, the effects of source credibility and tie strength shows a lesser influence (weaker relationship) to information usefulness as compared to the former.

The correlation test between information usefulness and information adoption showed that the both variable has a strong relationship ($r = 0.529$, $p < 0.05$). This result is in accordance to Sussman and Siegal (2003), which emphasize on the role of information usefulness as a mediating variable in the information adoption process. The higher the consumer perceives that the information to be useful, then the higher the probability the information will be adopted.

As stated by Cheung, Lee and Rabjohn (2008), within a virtual community, it is easy to express new opinions, ideas and insights about a product and service to other consumers and receiver of the information will choose adopt the information according to their own personal interpretation. Therefore, in the context of this study, when youth perceives that the direct sales product or service to be useful, the probability that they will buy and recommend the direct sales product or service is high.

Conclusion

Ram Ramachandran, Vice President of Tech Mahindra Ltd and head of Asean states the important of the unique position Malaysia holds with its large consumers in MLM and its stand in information technology (Pandey, 2014). As an industry that thrives on WOM, with the current trend now on leveraging social media to target youth, and had generated up to RM17 billion to the country's GDP in 2015 and yet limited studies has been done to study the influence of eWOM towards youth and even lesser concern is place on the direct sales aspect in Malaysia. The present study provides an insight and helps to fill in gaps in literature and contributes to industry sector in aspects of digital marketing through understanding the influence of eWOM messages on direct sales, one of the largest industry in Malaysia, towards youth.

Based on the results and data analysed, all the hypotheses proposed is positively supported and the research objective is achieved. Findings has shown that argument quality placed a stronger influence ($r = 0.481, p < 0.001$) in affecting perceived information usefulness among youth compared to source credibility ($r = 0.238, p < 0.05$) and tie strength ($r = 0.245, p < 0.05$). when communicating about direct sales product and services in a familiar online community. Nonetheless, it is to take note that respondents obtained highly positive mean score for both source credibility ($M = 4.241, SD = .487$) and tie strength ($M = 4.035, SD = .486$).

Information usefulness acts as a crucial mediating variable for information adoption as results showed strong relationship ($r = 0.529$, $p < 0.05$) between the two variables. Thus, in the context of direct sales online community, when youth finds the product or service to be beneficial and help fulfils a need, it is likely the eWOM message would induce purchase decision as well as encouraging intention to partake in MLM among youth as they are likely to make personal recommendations of the direct sales products and services to others.

In brief, direct selling has evolved significantly over the course of time from being defined as merely a ‘one to one personal sales of consumer goods’ marketing approach to a billion-dollar industry with an ever growing number of network marketing and expansions to various products and services across a globalised community. In a technology rich country, understanding the effects of eWOM towards youth has never been more important as every latest trend and product information/ marketing are now communicated digitally. For future studies, the several limitations and recommendations that has been identified by the researchers needs to be addressed. Future research can be expansive towards other age group and be gender specific studies. As for the present study, all the respondents are from Malaysia and mainly of Elken online community, the results may not be similar when the same study is conducted towards other direct sales online community and backgrounds

Limitation of Study

The result of this study should be considered with the following limitations. Firstly, the researchers encountered difficulty in seeking direct sales member on social networking sites as most of the existing online community is a closed group. Majority of direct sellers ignored the messages sent by the researchers on social networking sites. Furthermore, there are some direct sellers from these groups request that the researchers to join as members or purchase their products before they agree to fill up the survey questionnaire.

Secondly, the data were not cleaned when the researchers key it into SPSS for the research analysis. Some of the survey questionnaire were not significant because respondents responded with answers that were neutral. With these insignificant data included, it affected the whole research results. Additionally, the researchers did not filter up the insignificant data and did not utilize gatekeeping for quality purposes as the number of respondents were limited. On top of that, existing online community group may consist of direct sellers and members. Unfortunately, this aspect were not taken into considerations in the survey design as such some of the respondents may be a direct seller already.

Thirdly, this study cannot be generalized to represent the direct sales community as the majority of the respondents were from one direct sales group, which is Elken. A few respondents from other direct sales group were too insignificant in numbers to provide a meaningful result. This proves to be a problem as direct sellers from different direct sales groups are susceptible to distinct influences and will respond differently to the constructs that are tested in the study. Additionally, the sample size of obtained for this study is of the minimum requirement to obtained a reliable data. This is due to the nature of the research design and objective of this study where participants have to fulfil the age range between 15 to 29 years old and is currently active as a member in a direct sales online community.

Recommendations

In accordance to the limitations identified in for this study, the following recommendations is proposed for future studies. The predicament faced in the first limitation can be solved by the first recommendation which is to include incentives or benefits when seeking direct sales member on social networking sites. An instance of incentives or benefits can be provided to respondents that completes the survey questionnaire. The aforementioned recommendation would be more effective in gathering respondents given if

direct sales company willing to allocate a budget to conduct similar studies to understand members of their online community.

The complication faced in the second limitation can be curbed or by adhering to a filtration standard to filter only valid data useful for a quality research. Gatekeeping can also be done to only allow qualifying data for the research. Through this method, it can help the researchers to be on the right track in producing the research with set standards of specific criteria. Additional filter questions needs to be added to the survey to ensure that sample obtained are precise.

Lastly, it is recommended that for future studies, the researchers are to set a targeted amount and keep to the target requirement in searching for respondents for the survey questionnaire from selected direct sales group. For instance, the researchers could set the number of Elken, Amway and Mary Kay direct sellers respondents tentatively to 50 each. By doing so, a generalize outcome can be resulted for a more significant research.

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Appendixes

Appendix 1 Justification of Literature Review (Older journals justification)

Argument Quality

Paragraph 1

In the scenario where the customers perceives that the information fulfills their needs, then willingness is present to evaluate the product based on their standards of purchase decisions (Olshavsky, 1985). Therefore, Cheung & Lee (2008) believed that to determine the customer's perception of information quality on the web is a vital criteria to assess for purchase decisions. [Older elaboration, and then supported by newer elaboration by Cheung & Lee, 2008]

Paragraph 3

In the IAM model, argument quality presents as a variable that is adapted from Petty and Cacioppo's (1986) Elaboration Likelihood Model. Argument quality according to Petty and Cacioppo (1986) is split into strong messages and weak messages. Strong messages is referred to people that would look into their preferences when they are involved with matters comprising guided messages whereas weak messages is referred to people looking into their dislikes when they are involved with matters comprising guided messages (Petty and Cacioppo, 1986).

[Argument Quality as a variable is taken from ELM authors Petty and Cacioppo,1986]

According to Wood, Kallgren, and Preisher (1985), strong message have characteristics of highly credible proof and statistics, as to mention that weak messages contains characteristics of low credible proof and statistics. At this viewpoint, it is deduced that strong messages affects the receiver's attitude to be tied positively and the other way round for weak messages

[Futher elaboration to ELM weak and strong messages definition is explained through Wood, Kallgren and Preisher, 1985]

Argument Quality

Comprehensiveness - Paragraph 1

According to Sullivan (1999), for messages to be selected for retention and acquisition, it must be grounded on comprehensiveness. + A comprehensive or complete content is one that is complete, covers on all required information and has sufficient depth in the message (Wixom and Todd, 2005).

[Older elaboration by Sullican (1999) + New addition to support older elaboration: A comprehensive message is one that is complete, covers all necessary information and has sufficient depth and breadth (Wixom and Todd, 2005).]

Source Credibility

Paragraph 2

Gunther (1992) noted that Source Credibility means individual have their own attitude towards the source. In other words, receivers will show trust or distrust to the messages if its triggered receiver's level of psychological cognitive level.

Paragraph 3

Source credibility has been an important material for persuasion theory study over years. Under source credibility theory, there are plenty of determinants to support the idea. Hovland, Janis & Kelly (1953) proposed that source credibility should be branched into three extensions which are trustworthiness, expertness and likability. McGuire (1958) was the first one to discuss attraction. Berlo, Lemert, and Mertz (1969) stated three dimensions which are safety, qualification, and dynamism. Simpson and Ruel (1980, 1981) induced source credibility into expertise, dynamism, believability, and sociability. Trustworthiness, expertness, affinity, and attraction were listed as four dimensions of Source Credibility (DeSarbo and Richard, 1985).

Source Credibility - Trustworthiness

To communication effective, the variable is being naming as ethos, prestige, charisma, image, or most frequently source credibility (Berlo, Lemert, & Mertz, 1969)

Source Credibility - Expertise

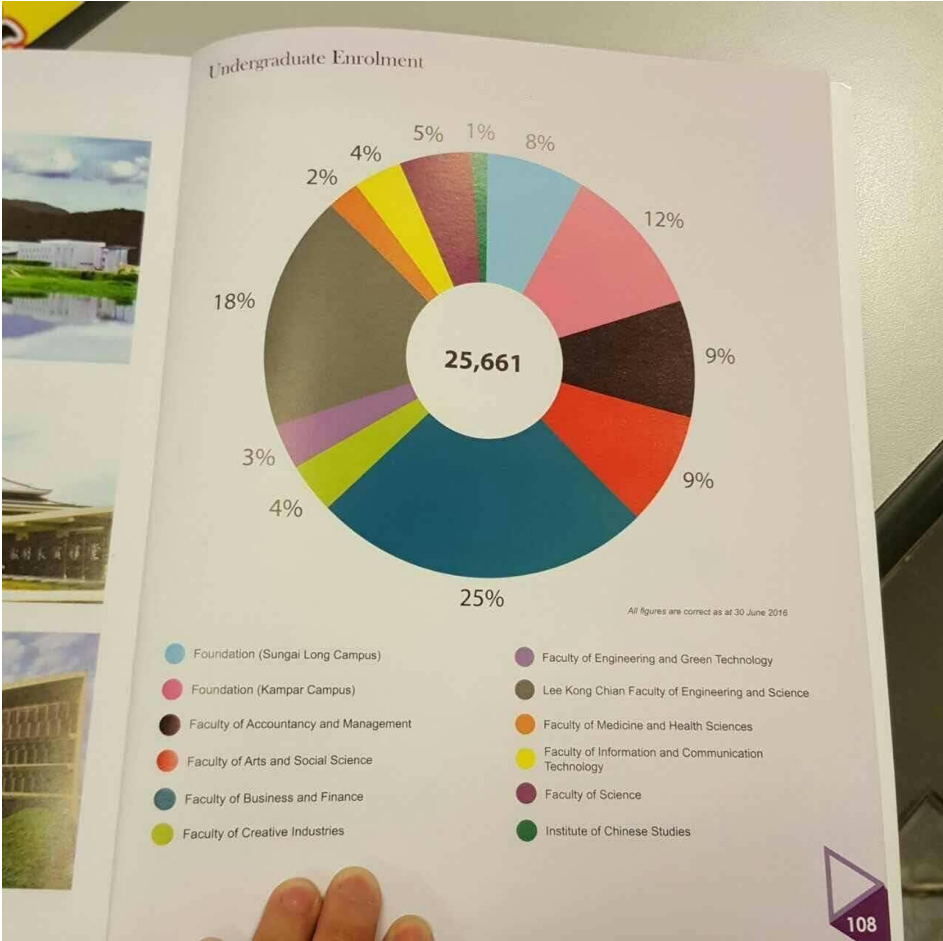
Besides trustworthiness, expertise also will be one of the determinants that can direct affect the credibility of message. Expertise refers to a capable speaker making correct affirmation (Hovland et al., 1953). In the dimension of expertness, there must be some characteristics to make consumers think that the communicator is reliable on particular field. And these characteristics are mostly from their expertise or experience. For example, Maddux and Rogers (1980) believed that message-relevant, wisdom, age, or status of the spokesman can be the determinants of expertise.

Expertise can also be examining by intelligence, qualification, authoritativeness, and competence. (McCrosky, 1999)

[\[Examples by what other authors elaborated on Source Credibility\]](#)

Hovland, Janis & Kelly (1953) - [Original Source Credibility Authors](#)

Appendix 2 Population of UTAR Students





UNIVERSITI TUNKU ABDUL RAHMAN
FACULTY OF ARTS AND SOCIAL SCIENCE
BACHELOR OF COMMUNICATION (HONS) PUBLIC RELATIONS

Survey Questionnaire

We are a group of final year students from Universiti Tunku Abdul Rahman (UTAR), Public Relations undertaking a research study on ‘The Effects of Youth’s Information Adoption of eWOM on Direct Sales’ on the aspects of demographic studies. This survey is to fulfil our Final Year Project purpose. You are invited to participate in our survey only for academic purpose. Please take note this survey is only valid for target audience aged between 15 -29. It will take approximately 15 minutes to complete the questionnaire. Your participation in this study is completely voluntary. There are no foreseeable risks associated with this project. It is very important for us to get your opinions. Your survey responses will be strictly confidential and data from this research will be reported only in the aggregate. Your information will be coded and will remain confidential. If you have questions at any time about the survey or the procedures, you may contact by email queenietan@lutar.my

Thank you for participating!

Consent Form

I have read or have the information above read to me, in the language understandable to me. The above content has been fully explained to me. I have asked all questions that I need to know about the study and this form. All my questions have been answered. I have read, or have had read to me, all pages of this consent form and the risks described. I voluntarily consent and offer to take part in this study. By signing this consent form, I certify that all information I have given, including my medical history, is true and correct to the best of my knowledge. I will not hold UTAR or the research team responsible for any consequences and/or liability whatsoever arising from my participation in this study.

Yes, I agree to participate in this survey questionnaire

No, I disagree to participate in this survey questionnaire

Instructions:

- 1) *There are THREE (3) sections in this questionnaire. Please answer ALL questions in ALL sections.*
- 2) *Completion of this form will take you less than 15 minutes.*
- 3) *The contents of this questionnaire will be kept strictly confidential.*

Section A: Demographic

Please tick (✓) your answer and your answers will be kept strictly confidential.

1. Gender

Male

Female

2. Age

15 – 19 years old

20 – 24 years old

25 – 29 years old

3. Are you a part of any direct sales group on social networking sites?

No

Yes

4. If yes, which directs sales group you are involved in?

(You may tick more than one (1) option)

Cosway

Herbalife Product

Amway

Tupperware

Mary Kay

Elken

Other: _____

5. Please state the name of the group you most active in

Section B: Independent Variables

Respondents are asked to indicate the extent to which they agreed or disagreed with each statement using 5- Point Likert Scale [(1) = Strongly Disagree; (2) = Disagree; (3) = Neutral; (4) = Agree; (5) = Strongly Agree] response framework. Please choose your answer to indicate the extent to which you agree or disagree with the following statement. Your answer will be kept strictly confidential.

No	Statement	1	2	3	4	5
Argument Quality						
Overall the information provided during the process of communication is						
1.	Informative					
2.	Valuable					
3.	Persuasive					
4.	Helpful					
Source Credibility						
Overall consumers who join the communication are						
6.	Knowledgeable					
7.	Credible					
8.	Expert					
9.	Trustworthy					
Tie Strength						
Overall consumers who join the communication						
10.	Have a close relationship with me					
11.	Often communicate with me					
12.	Have communicated with me for a long time					
13.	Have had prior significant communication with me					

Section C: Dependent Variables

Respondents are asked to indicate the extent to which they agreed or disagreed with each statement using 5- Point Likert Scale [(1) = Strongly Disagree; (2) = Disagree; (3) = Neutral; (4) = Agree; (5) = Strongly Agree] response framework. Please choose your answer to indicate the extent to which you agree or disagree with the following statement. Your answer will be kept strictly confidential.

No	Statement	1	2	3	4	5
Information Usefulness						
When the communication ends, I have a clear answer to whether <i>(After reading posts and/or communicating with writer about direct sales through social networking sites, I have a clear answer of whether)</i>						
1.	The direct sales products and services would be useful to me					
2.	The direct sales products and services would fulfil a need for me					
3.	The direct sales products and services is necessary to me					
4.	The directs sales products and services is beneficial to me					
Information Adoption						
When the communication ends, I have a clear answer of						
5.	The likelihood of purchasing direct sales products and services					
6.	The probability that I would consider buying the direct sales products and services					
7.	My willingness to buy direct sales products and services					
8.	The likelihood I would recommend direct sales products and services to others					

THE END

THANK YOU FOR YOUR TIME

Understanding the Effect of eWOM on Direct Sales through the Information Adoption Model

by Tan Kin Yee

FILE	FINAL-DRAFT-CHP-1-5_TURN_IT_IN_REPORT.DOCX (43.12K)		
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In Baker's Macmillan direct selling is defined as 'a method of selling without a fixed retail outlet and presence of middleperson, distributor and wholesaler. Clemente, on the other hand, define direct sales as a sales approach that involves personal demonstration, presentation and explanation to the consumers at the salesperson's establishment or consumer's residence in The Marketing Glossary. More recently, has described that the direct selling industry is established upon the premise of individuals leveraging their social networks to create successful sales. Direct sales companies are also referred by many as multi-level marketing (MLM) companies as MLM is the technique introduced by direct sales as part of a compensation plan for salespersons. It is a method where in addition to receiving commission from products/services sold, the sales representatives also earns commission from recruiting new sales representative into his/her individual salesforce.

The direct selling business has been part of a growing industry in Malaysia since the late 1970s. There are currently 308 active direct sales companies in Malaysia with the top 3 leading company being Amway, Cosway and Herbalife Nutrition. Datuk Seri Hamzah Zainudin, Minister of the Domestic Trade, Cooperatives and Consumerism Ministry reported that the direct sales industry has contributed RM17 billion to the country's gross domestic product (GDP) in 2015 and the ministry aims to increase the sales value of the industry by RM20 billion by end of 2016. Among all the products sold by direct sales company, the top 3 highest percentage of sales product category in Malaysia is on wellness product (53%), followed by household goods & durables (13%) and cosmetics & personal care (12%). It is a significant rising trend in Malaysia in which the direct selling industry revenue is growing ³ from RM2 billion back in 2002, to RM4.3 billion in 2008 and RM 8.5 billion in 2011 leading up to its current state. Based on the current report by (WFDSA) in 2015, Malaysia is currently ranked 9th among the top 10 in the direct selling global market, 4th in the Asia Pacific market and generates up to US\$ 5.3 billion revenue the industry.

Nevertheless, it can be deduced that the rapid growth of the direct sales industry in Malaysia does not only solely rely on increase of product sales but also goes hand in hand with the fact that more Malaysians has joined to be a part of MLM company, becoming a direct seller themselves. WFDSA stated that of those revenues made in Malaysia, 100 % of the sales made was through person to person sales strategy and 95% of revenue gained by direct sellers was through multi-level compensation. According to the CEO of (FOMCA), Datuk Paul Selvaraj stated that MLM companies are currently targeting young adults actively. A study conducted by on the influence of multi-level marketing (MLM) companies and agent attributes among youth indicated that more youth are willing and do consider to partake in MLM as a career option for potential income supplement due to the rising cost of living expenses in Malaysia. Datuk Seri Hamzah Zainudin stated that there are currently 4.8 million direct sellers in Malaysia, which denotes that approximately one out of every six Malaysians is a direct seller. He also added that, aside from single and stay-at home mothers and retirees, others are engaging in direct sales due the rising cost of living and for the ability to afford luxuries in life. Lynda Mills, the Director of the Direct Selling Association has also reported that more young people are engaging in direct sales as it provides them the opportunity for entrepreneurship.

It was one of the first few researchers who studied on (WOM) communication and defined WOM as a form of non-commercial interpersonal communication between a person to another on a product, brand or service while the (WOMMA) in recent, define WOM as the act of consumer passing information to other consumer. The direct selling business is one of the many industry which relies heavily on WOM communication as a mean to build and establish relationship and credibility with their consumers, generate sales as well as attracting them to be a part of the establishment itself. Most consultants or sellers are consumers

themselves before becoming part of the direct selling business. This fits according to the direct selling aspect of social selling in which consumers who uses the product would in turn make personal recommendations to their surrounding social network. A research from Akbar and James (2015) on the correlation of WOM, Internet and Direct Selling showed that there is a strong relationship between WOM stage (credibility, trust and personal relevancy) and direct selling on purchase decision making.

Over the years, there has been a rapid growth and development of Internet and technological devices globally which resulted in a rise in social networking sites (SNS) and other interactive platforms, allowing more opportunities to individuals for conversations to occur. When WOM is delivered through an electronic medium, the outcome is known as ⁴ electronic word-of-mouth communication (eWOM). eWOM communication has been generally defined as ¹² any positive or negative statement made by former, actual and potential ⁴ consumer regarding a product or company which is available to a multitude of people via the Internet' eWOM becomes more significant than ever in the direct selling industry to establish the credibility and trust of a product, brand or service as well as to shape the thoughts and behaviour of consumer as they can now easily seek and validate the information received through online reviews, blogs, comments and posts in social networking site as well as through feedbacks and discussion in online forums.

The advent of these social networking sites has not only resulted in direct sellers to turn to social media to maintain their credibility and trust but also provided the opportunity for them to augment their businesses. CEO of Natura Cosméticos, Alessandro Carlucci stated that Internet and social networking sites (SNS) has allowed better information for consultants to personalise their service and marketing approach to different consumers Statistics released by the (WOMMA) in 2014 showed that 70% of marketers are planning to increase their online word-of-mouth marketing spend and only 29% of them plan to increase their offline

WOMM. In an analysis done by on DNS Global 100: The Top Direct Selling Companies in the World, result shows that 76% of direct sellers are now using social media for promotional purposes, 55% are using it to recruit new distributors and 42% used it for reactive purposes (active engagement with social media users).

Research on the influence of WOM and advertising messages on social networking sites on purchasing behaviour among college students showed that youth of aged 15-24 year-old purchasing behaviour are more likely to be affected by eWOM messages as they are the generation that are more tech savvy and spends the most time on the Internet. This also indicates that the eWOM messages about direct sales in social networking sites are more likely to reach people of this age range. In Malaysia, this can be state true based on the Internet Users Survey 2014 conducted by (MCMC) which reported that the highest percentage of internet users are aged between 20 to 24 (24.2%), followed by those aged between 25 to 29 (19.3%) and those aged between 15 to 19 (13.9%). The ⁷ National Youth Development of Policy in Malaysia define youth as those aged between 15 to 40 years olds. In 2013, (ITU) reported that Malaysian youths aged 15 to 24 years old are ranked the fourth most active Internet users globally. The survey and the report has also matched with the timeline when conducted their study on college students. Thus, in this research we deduce that eWOM messages about direct sales in social networking sites are more likely to reach those of aged 15-29 years old in Malaysia as they are the age group that has the highest percentage of Internet usage and are the most active.

With the emerging trend among direct sellers, the growing significance of direct sales to the Malaysian economy and the effects of eWOM on youth, there is a need to understand the pivotal role of eWOM messages about direct selling in inducing purchase decision and intention to partake in MLM among youths in Malaysia.

As eWOM communication provides a new medium for exchange of information to a myriad of audience, its effects may vary from individual to individual in which the same content can produce different responses in different receiver. As eWOM is considered as a relatively new field for study, there has been studies made on impact of eWOM using existing theories, namely the (ELM), Objective-Subjectivity Dichotomy, or Cognitive fit theory with ELM being the most, used. However, as of current, the Information Adoption Model (Figure 1) which was introduced by them, the only model comprehensively designed to understand how information in computer-mediated communication (CMC) are adopted. The model was developed based on the. It shows two ways on how a message influence the attitude and behaviours of people; through the central and peripheral route.

Argument quality which is identified as the central influence refers to the perceived information quality (relevance, timeliness, complete and accuracy) and persuasiveness of the message (information) posted in CMC while source credibility which is identified as the peripheral influence refers to the ¹ recipient's perception on the credibility of the message source and does not at all involve the message content itself. These two main determinants will affect the perceived information usefulness which will in turn affects information adoption. Perceived information usefulness is defined as the recipient's perception towards using the information acquire can have a positive effect on to his/her decision Thus, it can be inferred that the higher the perceived information usefulness is, the more likely the information will be adopted.

They also introduced two moderating factors which are the recipient's involvement and recipient's expertise to understand its effects on recipient's elaboration likelihood. In study on argument-based persuasion, it is suggested that personal involvement and relevance are important factors that will increase elaboration likelihood, triggering the central

processing of information. The recipient's involvement refers to the personal relevance of the issue to the receiver and recipient's expertise is operationalised as the receiver's prior knowledge and understanding of the issue. However, recent studies on eWOM showed that recipient's involvement and expertise has not been significant or has only a minimal effect to influence the perceived information usefulness of the message.

Up to current, there has been only a few studies to understand the influence of eWOM to the online community through the Information Adoption Model. Of these four studies, two of them have included tie strength as a determinant of information usefulness in the Information Adoption Model in which both findings has shown to have a positive effects. Tie strength refers to the bonds between individuals in a social network. identified that in WOM communication, information gained from strong ties are more influential compared to information gained from weak ties. (Figure 2) has also included the relationship type as a determinant in influencing the perceived tie strength. Relationship type denote either the relationship is real or virtual. A relationship is consider real when the person that they are communicating with are physically present and virtual refers to communication without the person being physically present. Real interpersonal relationships among the recipient and the sender are likely to be more stable and stronger compared to virtual relationships in the online community. However, is to take note that obtained opposite result in contradiction to their hypotheses in which tie strength with real relationships in online medium has no significance on product usefulness evaluation whereas virtual relationships was shown to exerts a significant effect. Hence, the conceptual model for this study would not include relationship type as a moderating variable.

This study propose that eWOM messages about direct sales in social networking sites plays a role in influencing youth's decision to adopt them (purchase decision and intention to

partake in MLM). For the context of this study, the researchers will be adopting the operational definition which is based on consumer to consumer communication in online communities.

As such, argument quality refers to information on product functionality and purchase advices from other consumers which acts as the main content cue for youth to adopt information. Source credibility refers to the credibility of other consumers that share the same purchase intention with whom the youth interacts with in the online community. Given that these consumers have varying knowledge on product, they act as an important non-content cue for the youth to judge information usefulness. In tie strength, especially in an online community, youth with purchase intention may need to depend on the strength of ties with other consumers to help them determine information usefulness. This study propose that youth's main intention when communicating via eWOM on direct sales is to help them make purchase decision and to determine whether the information they receive may induce them to partake in MLM through a precise evaluation of informational usefulness.

The research seeks to identify how eWOM messages about direct sales in social networking sites plays a role in influencing youth through the proposed Information Adoption Model, in which argument quality, source credibility, tie strength acts as the determinants that will influence perceived usefulness of the information and that the perceived informational usefulness will in turn influence whether the information will be adopted. Thus, the present study draws on the Information Adoption Model to the following research model (Figure 3).

As there has not been a study on the influence of eWOM messages about direct sales specifically towards youth, the findings of this study can provide an insight to both business and government sector in understanding the effects and the influencing factors of eWOM messages on youth's engagement in direct selling. The result of this study is not restricted to

benefit direct sales industry only but may also benefit other industries and field. It can act as a base for future studies, as currently, there are only minimal studies done towards understanding how youth process eWOM messages that will affect their decision.

This study will be beneficial for direct sales company and direct sellers to identify what are the determinants in eWOM messages that will affect their purchase decision as well as interest to partake in MLM. The information obtain can be used by marketers and companies to create and develop more persuasive eWOM message towards youth. Understanding the key factor can help business developer and direct selling associations to create and develop better social media marketing workshops and strategies for direct sellers to engage in when using MLM marketing to attract consumers who wants to be direct seller themselves.

In today's computer-centered era, consumer's decisions on purchasing products is measured by the perceived quality of information received. It is believed that for a potential consumer to move towards an action of purchasing products from direct sellers or joining in their ranks as a direct seller, the quality of information they received is vital for their own comprehension. In the scenario where the customers perceives that the information fulfills their needs, then willingness is present to evaluate the product based on their standards of purchase decisions. Therefore, believed that to determine the customer's ¹ perception of information quality on the web is a vital criteria to assess for purchase decisions.

In (IAM) which is applied as the choice of model in this research, it states that argument quality acts as the central influence. The ¹ information adoption model also considers information quality (argument quality) as central influences. Central influences and, indicates that people have motivations or abilities, which they would consider every information received with careful attention. In this research context of the web platform where communication takes place, states that online messages are the central influences that refers to directly to the contents of the messages.

In the IAM model, argument quality presents as a variable that is adapted from Petty and Elaboration Likelihood Model. Argument quality is split into strong messages and weak messages. Strong messages refers to people that would look into their preferences when they are involved with matters comprising guided messages whereas weak messages refers to people looking into their dislikes when they are involved with matters comprising guided messages. Strong message have characteristics of highly credible proof and statistics, as to mention that weak messages contains characteristics of low credible proof and statistics. At this viewpoint, it is deduced that strong messages affects the receiver's attitude to be tied positively and the other way round for weak messages.

To elaborate the significance of argument quality in this research context, four (4) commonly used dimensions of information quality that is adopted will be applied: *relevance, timeliness, accuracy, and comprehensiveness*.

They states that *relevance of* the message content on online communities and its users are aware and conscious of their time spent, in order to match those messages that relate to their topics of interest quickly. With as minimal time and effort as possible, users wants to relate to the message contents they are searching for. He suggests that the relevance of the information is an essential factor for building the foundations to progress in decision making. In other words, the relevance of the message is regarded when consumers search for information to aid their purchase decisions.

According to the research done by, they found that relevance is one of the essential elements that influences information usefulness within the online consumer community. Their research, that studies the significance of comments and opinions of reviews that are posted on an online virtual opinion platform about food and restaurants, found that the relevance of the message positively influences the usefulness of the information in other users. Therefore, with simple navigation to gain access to the information consumers are searching for, the more relevant the message will be for the consumers.

Timeliness of content refers to the extent in which the messages are current and up-to-date. Timeliness refers to the recentness of the information, whether the information to be reviewed is of latest information or of outdated information.

In research on the studying the perceptions of customer's satisfaction on the features of virtual services or operations, they found out that when a website's content isn't consistently updated from time to time, the website fails to deliver the expected performance and this provides no added value to users. Timely content should be reviewed and updated

from a period of time to another to give an impression of fresh content and adding value in communicating with consumers.

Accuracy refers to the user's perception that the information is true. Accuracy is vital due to the fact that with today's technological advancements in the Web, it provides the ability of information publishing ¹ in the hands of anyone, thus this makes the quality of online information to reduce as not all information are pinpoint accurate. Many fraud contents are present in web platform which inevitably decreases credibility in other original products and establishments. From disguising as a verified seller to sell counterfeit products to amateur start-ups resellers that are money-driven, they give little to no regard to the quality of the products and may even falsely market their products as beneficial in order to generate profit. Hence, this leads to accuracy being a dimension that is essential to look into in the variable of argument quality.

In research that studies the significance of comments and opinions of reviews that are posted on ¹ an online virtual opinion platform about food and restaurants, it is noted that accuracy is important as ¹ any user can register and post comments without credible sources, leading to fraud opinions to be evident. Accuracy as a dimension plays a vital role to consumer's decision making in purchasing goods, which helps to stimulate the argument quality that positively benefits information usefulness.

Comprehensiveness refers to the completeness of the message for messages to be selected for retention and acquisition, it must be grounded on comprehensiveness. In other words, this means that consumers will select messages with complete information provided or given. With more detailed information and wider selection options with expanding explanations, it helps form a positive impression that contributes to the completeness of the content or message.

In research that instructed consumers to search for information on the web of a certain product either on online discussions or on marketer-generated online information, it reviewed that online discussions like forums are further more comprehensive and relatable to consumers as the reviews, comments, and opinions are written by other consumers who experienced the product's first hand. Consumers perceived that reviews, comments, and opinions are more complete and far greater significant compared to marketer-generated content. The will be deemed more genuine and experience from another consumer's perspective carries weight in opinion.

Due to the advancement of technology, everything can be communicating through online (eWOM), even advertising and marketing. As there are different kind of messages on the internet every day, despite on product selling or information, it is important that consumers are able to make judgement on the credibility of the messages.

The source credibility theory as counselled by stated if the source itself seems credible, receivers are more likely to be convinced. Over the years, there are several researches on estimation of Source Credibility, receivers will tend to determine the credibility of the messages based own some criteria. He noted that Source Credibility means individual have their own attitude towards the source. In other words, receivers will show trust or distrust to the messages if its triggered receiver's level of psychological cognitive level.

Source credibility has been an important material for persuasion theory study over years. Under source credibility theory, there are plenty of determinants to support the idea. He proposed that source credibility should be branched into three extensions which are trustworthiness, expertness and likability. He was the first one to discuss attraction, stated three dimensions which are safety, qualification, and dynamism induced source credibility

into expertise, dynamism, believability, and sociability. Trustworthiness, expertness, affinity, and attraction were listed as four dimensions of Source Credibility.

Yet, different field of study affect how the source credibility apply. From our study, source credibility presents as a variable that is adapted from Elaboration Likelihood Model. Therefore, trustworthy and expertise are the determinants of source credibility for our Information Adoption Model which are the determinants that affect consumer's perspective towards the credibility of message they received.

According to trustworthiness means the degree of justice and purpose of the message source that the consumers think. She says, when credibility is being construct, consumers will have been through either cognitive or affective dimensions. All these are the concern that will influence consumer's point of view. Under trustworthiness, to determine the credibility of the information, the source of the message will be relatively important and there are some criteria to reach. To determine how a receiver accepting information is depending on the communicator. To communication effective, the variable is being naming as ethos, prestige, charisma, image, or most frequently source credibility. Besides that, consumers interpreted "trustworthy" as compendious, factual, genuine, acknowledged, trustable, honourable, qualified, and confirmable. The statement above can also be applied on product selling on nowadays. If the criteria have applied on level of psychological cognitive level, the credibility of the message will be higher.

Besides trustworthiness, expertise also will be one of the determinants that can direct affect the credibility of message. Expertise refers to a capable speaker making correct affirmation. In the dimension of expertness, there must be some characteristics to make consumers think that the communicator is reliable on particular field. And these characteristics are mostly from their expertise or experience. For example, believed that

message-relevant, wisdom, age, or status of the spokesman can be the determinants of expertise. The credibility will increase when a communicator who is perceived as an expert. In simple words, the communicators are expert in a product or idea he was selling, the possibility of trust given by consumers will be relatively high. By knowing whether a communicator is with high or low credibility, which can be reviewing by their education, occupation experience and position advocated. Expertise can also be examining by intelligence, qualification, authoritativeness, and competence. Generally speaking, consumers will buy the idea if they perceived that the communicator possesses these characteristics.

The concept of tie strength was first introduced by in his paper ⁵ on 'The Strength of Weak Ties'. The main implications ¹⁵ of his paper was on the characterization of 'strong ties' and 'weak ties' to explain tie strength. He inferred that individual have strong ties with their close friends and weak ties with acquaintances or friends of friends. In many WOM studies, tie strength is added as a regular variable to test whether the relationship between the recipient and the sender plays a role in influencing the effectiveness of WOM. Findings of these researches reflected that tie strength has a significant effect in influencing WOM, be it positive or negative. In the positive aspect, the interaction ⁵ between tie strength and satisfaction was proven ² to have a substantial effects on the favourability of WOM and increases the likelihood of purchase recommendation. In 2006, tie strength was also proven to be positively related in building commitment between the buyer and the selling organisation study on the determinants of consumer engagement in eWOM has also confirmed ² that tie strength has a positive influence on consumer's eWOM behaviour in social networking sites.

The main determinant for information adoption and purchase decision is information usefulness. mentioned that although the constructs of elaboration likelihood model (ELM) excluded the function of information usefulness in influencing the process of information adoption, they expected that the perceived information usefulness will play a part in

mediating between the constructs of argument quality and source credibility and the intention to adopt. Their study along with other adaptation researches based on the Information Adoption Model has proven that consumer's perceive information usefulness does play a significant role in influencing information adoption and purchase decision.

This chapter outlines the details of methodology for this research context. The research design, sampling design, research instrument, data collection and data analysis method will be discussed in the following.

To test the conceptual model, quantitative method will be used in this research as to provide statistical significance between the independent variables and dependent variables. Quantitative research method helps look into the breath of this issue and is able to provide an accurate result that can be measured by numerical data.

Survey method is chosen as it is more cost efficient, the researchers are able to collect a large amount of data can be collected with ease with a relatively low cost. The data will be then analyse using the SPSS.

The target population of the current research are Malaysian youth aged between 15 to 29 years as statistics have shown they are the age group with the highest percentage of Internet usage and are the most active Internet users.

A non-probability purposive sampling method will be used to collect data for this research where the target audience will have to meet two qualifying criteria. Firstly, the target audience has to be between 15 to 29 years old. Secondly, the target audience has to be part of the online community of a direct sales group on social networking sites. This is to make sure the target audience has previous exposure and knowledge about direct sales information. Purposive sampling method deemed to be most appropriate method for this research because a niche sample as the primary data will help enhance the result of the study.

To determine the sample size of the research, G*Power 3 was used ANNOVA (F tests) was employed using the ¹⁷ linear multiple regression: Fixed model deviation from zero. ⁶ The minimum number of participants required was determined by an a priori power analysis. ¹⁴ Power (1 - β) was set at 0.80 and $\alpha = 05$, ¹³ the power to detect a medium-sized effect ($f = 0.15$,

Power of .80 is deemed appropriate for social science research. Number of predictors were key in as three namely ² argument quality, source credibility, and tie strength. Based on the analysis, the modest sample size needed for this research is (N= 77). Table (1) presents the results of G Power Analysis.

The survey questionnaire will be developed in online form. The survey questionnaire will ³ consist of three parts namely, Section A, Section B and Section C.

Section A consist of demographic questions to obtain the basic details of the respondents and filter questions to make sure they are qualify respondents for the research.

Section B and Section C are questions related to the independent and dependant variables of the research model. The questionnaire in this section are mainly adopted based on constructs. This is due to the fact that their study on the influence of eWOM on purchase decision are most recent and similar with the context and research model of the current study.

The variables in this research model will be measured ¹⁶ using multiple-item scales adopted from previous studies (Table 1). The instrument is slightly modify to ensure that the context remains consistent with this study. The scale items used five-point Likert scale weight the respondent opinion. Relevant statement regarding specific topic will be formed and respondents can either ¹¹ strongly agree, agree, be neutral, disagree, or strongly disagree with the statement. A pilot test on the research was carried out to ensure its reliability and validity, and some amendments was made to improvise the questionnaire.

The researchers will first seek approval to conduct the study from the advisor. Once permission is obtained, online survey questionnaire will be distributed out to the targeted audience to collect data. Researchers will utilize their social media account – Facebook to send out the online survey questionnaire. Researchers will first approach a few direct sales groups on Facebook and obtain permission from the admin to approach their members to conduct the survey. The time required to answer the questionnaire will be around 10 to 15 minutes. The data collection will take approximately one week. The data collected will not be used if the survey questionnaire is not complete or it does not fulfil the required age range or the respondent has no engagement with the direct sales group.

10

Statistical Package for the Social Sciences (SPSS) will be used to generate the data. Reliability Cronbach's Alpha test, descriptive analysis and bivariate correlations are being carried out to analysis the data collected. Reliability Cronbach's Alpha test helps to measure the internal consistency between the variables, with P value > 7 is considered acceptable. For descriptive analysis, it helps to put the data into a much more simpler and meaningful way to understand bivariate correlations. As for bivariate correlations is used to explore the strength of relationship between the two variables.

Quantitative method and purposive sampling is the most appropriate method to be used in this research context. The data generated from SPSS and later on the analysis of the result of the research can determine the significant relationship of independent variables and dependent variable.

A total of 87 valid respondents was obtained during the data collection period. Of the 87 respondents, there is balanced of gender in which **44.8%** of respondents were males (39) and **55.2%** of respondents were females (48). The majority of respondents, **57.5%** falls under the age group of 20 – 24 years old (50), followed by **41.4 %** of respondents in the 25 – 29 years old age group and **1.1 %** of respondent under the age group of 15 – 19 years old (1).

The survey questionnaire was distributed to a few direct sales online community, namely Elken, Herbalife, Mary Kay, Amway and Perfect Resources (M). The highest number of participation, **81.6%** of respondents are from Elken (71). This is followed by **10.3%** of respondents from Herbalife (9), **4.6%** of respondents from Mary Kay (4), **2.3%** of respondents from Perfect Resources (M) (2) and the remaining **1.1%** of respondents from Amway (1).

It is to take note that for respondents of a direct sales company, each respondents may be involve in one or many different online community. Thus, through a follow up question, respondents are required to indicate which online community that they are most active in. Under Elken online community, which consist of the majority of respondents, **31%** of respondents responded that they are most active in Generation Y Elken group (27), **24.1%** of respondents are active in Elken Products group (21) and **17.2%** of respondents are active in ELKEN group (15).

To verify the internal consistency of the items, reliability test using Cronbach's α is utilized. The Cronbach α values for the variables are Argument Quality ($\alpha = 0.669$), Source Credibility ($\alpha = 0.788$), Tie Strength ($\alpha = 0.772$), Information Usefulness ($\alpha = 0.792$), and Information Adoption ($\alpha = 0.824$).

Nunnally (1978) suggested that the constructs of source credibility, tie strength, information usefulness, and information adoption has good internal consistency with Cronbach α -values above 0.7 while argument quality is bordering on 0.7

For the current study, the overall Cronbach α -values of the constructs is **0.702** which signifies reliable data (Table 2).

The results show that the mean of each construct is above the mid-point of 3.000. The mean scores for **1** argument quality source credibility, tie strength, information usefulness, and Information Adoption are above moderate levels.

The mean scores for argument quality in which most respondent answers favourably that the information provided during the process of communication in the online community is helpful, followed by informative, valuable and persuasive.

The mean scores for source credibility. The respondent answers favourably that the overall consumers who join the communication are knowledgeable followed by, trustworthy credible and expert

The mean scores for tie strength. Respondent answers agreeably that the overall consumers who join the communication have a close relationship with them followed by, have had prior significant communication with them often communicate with them and have communicated with them for a long time, and

For the subscales in information usefulness, the highest obtained mean scores is for *'The direct sales product and services is necessary to me'*, followed by *'The direct sales*

product and services is beneficial to me, *'The direct sales product and services would be useful to me'* and *'The direct sales product and services is necessary to me'*

For the subscales in Information Adoption, the highest obtained means scores is for *'The likelihood I would recommend direct sales products and services to others'*, followed by *'The probability that I would consider buying the direct sales products and services'*, *'My willingness to buy direct sales products and services'* and *'The likelihood of purchasing direct sales products or services'*.

The bivariate correlations test was conducted to measure the relationship between the three independent variables (AQ = Argument Quality), SC = Source Credibility, TS = Tie Strength) with the two dependent variable (IU = Information Usefulness) and (IA = Information Adoption) as according to the conceptual model (Figure 3).

Based on Table 4, the results shows that there is a moderate to strong relationship between argument quality and information usefulness. P value is significant at (.000), Hence Hypotheses H1, argument quality is positively related to informational usefulness is supported.

Based on Table 5, the results shows ⁹ that there is a small to moderate relationship between source credibility and information usefulness. P value is significant at (.027). Hence Hypotheses H2, ² source credibility is positively related to informational usefulness is supported.

Based on Table 6, the results shows that there is a small to moderate ⁵ relationship between tie strength and information usefulness. P value is significant at (.022). Hence Hypotheses H3, ² tie strength is positively related to informational usefulness is supported.

Based on Table 7, the results shows that there is a strong ⁸ relationship between information usefulness and information adoption. P value is significant at (.022). Thus

hypothesis H4, which is informational usefulness is positively related to youth's information adoption is supported.

Based on the mean scores for argument quality, most respondent's answers favourably that the information provided during the process of communication in the online community is highest for subscale '*helpful*'. This reflects that for youth, the information being helpful is of highest concern for strong argument quality compared to other subscales.

For source credibility, most respondents obtained the highest mean score for consumer who join the communication being '*knowledgeable*'. The findings suggest that for youth, the consumer who communicates the message being knowledgeable is of highest concern for source credibility compared to other subscales.

For tie strength, the respondents obtained the highest mean score for consumer who join the communication '*having a close relationship with them*'. This shows that for most of the youth who participated in the survey, already knows well the consumers who communicates the eWOM messages in the online community.

The results shows the mean scores obtained for Information Usefulness is 4.000 with standard deviation of .591. Among the subscales in Informational Usefulness, the respondents obtained the highest mean score for '*The direct sales product and services would fulfil a need for me*' followed by '*The direct sales product and services is beneficial to me*'. The findings suggests that after the respondents have communicated with other consumers regarding direct sales product and services, they will believe that the product or service is useful and will help them fulfil a necessity. For subscale '*The direct sales product and services is necessary to me*', the mean score obtained is lowest compared to the other subscales under informational usefulness. The result is of slight contradictive with the highest mean score subscale '*The direct sales product and services would fulfil a need for me*'. This disparity could be due to

nature of modern product marketing tactic where marketers stimulates interest and generates demands for products that the consumer may not need but would buy.

In Information Adoption, a mean score of 4.316 with a standard deviation of .450 is obtained. Of the subscales in Information Adoption, respondents obtained the highest mean score for *'The likelihood I would recommend direct sales products and services to others'*. This result is in accordance to the characteristic of direct selling in which consumers would make personal recommendations regarding a product or service to another consumer when they perceived that the information throughout the process of communication with other consumers are useful. In the context of a direct sales community, it is assumed that perceived information usefulness will lead consumers to make personal recommendations to social surroundings for sales opportunities. The latent implication of this finding ensues that consumers will or have the intention to become direct sellers themselves as through the MLM technique, every successful personal recommendation leads to being rewarded or obtaining incentives. This is followed by the subscale *'The probability that I would consider buying the direct sales products and services'*). The finding affirms as according to previous literature and studies that information usefulness acts as the main determinant for information adoption.

Based on the results obtain through the bivariate correlation test, argument quality has the strongest relationship with information usefulness compared to source credibility and tie strength. As with previous studies conducted on eWOM using the ² Information Adoption Model the quality of the information (argument) perceived by the consumers will strongly influences whether the information will be perceive as useful and will lead to information adoption.

Receipients are more likely to be influenced by the information received through the central processing route, depending on the level of issue-relevant argument (elaboration)

engaged by the receiver. As the degree of elaboration increases, the impact of peripheral cues which are the source credibility and tie strength will decrease. This view corresponds to the results obtained which shows that the R-value of argument quality is more than twice the R-value of source credibility and nearly double the R-value of tie strength. Hence, for the present study, the findings suggest that when youth perceives that the argument quality to be strong, the effects of source credibility and tie strength shows a lesser influence (weaker relationship) to information usefulness as compared to the former.

The correlation test between information usefulness and information adoption showed that the both variable has a strong relationship. This result is in accordance to, which emphasize on the role of information usefulness as a mediating variable in the information adoption process. The higher the consumer perceives that the information to be useful, then the higher the probability the information will be adopted. Within a virtual community, it is easy to express new opinions, ideas and insights about a product and service to other consumers and receiver of the information will choose adopt the information according to their own personal interpretation. Therefore, in the context of this study, when youth perceives that the direct sales product or service to be useful, the probability that they will buy and recommend the direct sales product or service is high.

Ram Ramachandran, Vice President of Tech Mahindra Ltd and head of Asean states the important of the unique position Malaysia holds with its large consumers in MLM and its stand in information technology. As an industry that thrives on WOM, with the current trend now on leveraging social media to target youth, and had generated up to RM17 billion to the country's GDP in 2015 and yet limited studies has been done to study the influence of eWOM towards youth and even lesser concern is place on the direct sales aspect in Malaysia. The present study provides an insight and helps to fill in gaps in literature and contributes to

industry sector in aspects of digital marketing through understanding the influence of eWOM messages on direct sales, one of the largest industry in Malaysia, towards youth.

Based on the results and data analysed, all the hypotheses proposed is positively supported and the research objective is achieved. Findings has shown that argument quality placed a stronger influence in affecting perceived information usefulness among youth compared to source credibility and tie strength when communicating about direct sales product and services in a familiar online community. Nonetheless, it is to take note that respondents obtained highly positive mean score for both source credibility and tie strength. Information usefulness acts as a crucial mediating variable for information adoption as results showed strong relationship between the two variables. Thus, in the context of direct sales online community, when youth finds the product or service to be beneficial and help fulfils a need, it is likely the eWOM message would induce purchase decision as well as encouraging intention to partake in MLM among youth as they are likely to make personal recommendations of the direct sales products and services to others.

In brief, direct selling has evolved significantly over the course of time from being defined as merely a 'one to one personal sales of consumer goods' marketing approach to a billion-dollar industry with an ever growing number of network marketing and expansions to various products and services across a globalised community. In a technology rich country, understanding the effects of eWOM towards youth has never been more important as every latest trend and product information/ marketing are now communicated digitally. For future studies, the several limitations and recommendations that has been identified by the researchers needs to be addressed. Future research can be expansive towards other age group and be gender specific studies. As for the present study, all the respondents are from Malaysia and mainly of Elken online community, the results may not be similar when the same study is conducted towards other direct sales online community and backgrounds

The result of this study should be considered with the following limitations. Firstly, the researchers encountered difficulty in seeking direct sales member on social networking sites as most of the existing online community is a closed group. Majority of direct sellers ignored the messages sent by the researchers on social networking sites. Furthermore, there are some direct sellers from these groups request that the researchers to join as members or purchase their products before they agree to fill up the survey questionnaire.

Secondly, the data were not cleaned when the researchers key it into SPSS for the research analysis. Some of the survey questionnaire were not significant because respondents responded with answers that were neutral. With these insignificant data included, it affected the whole research results. Additionally, the researchers did not filter up the insignificant data and did not utilize gatekeeping for quality purposes as the number of respondents were limited. On top of that, existing online community group may consist of direct sellers and members. Unfortunately, this aspect were not taken into considerations in the survey design as such some of the respondents may be a direct seller already.

Thirdly, this study cannot be generalized to represent the direct sales community as the majority of the respondents were from one direct sales group, which is Elken. A few respondents from other direct sales group were too insignificant in numbers to provide a meaningful result. This proves to be a problem as direct sellers from different direct sales groups are susceptible to distinct influences and will respond differently to the constructs that are tested in the study. Additionally, the sample size of obtained for this study is of the minimum requirement to obtained a reliable data. This is due to the nature of the research design and objective of this study where participants have to fulfil the age range between 15 to 29 years old and is currently active as a member in a direct sales online community.

In accordance to the limitations identified in for this study, the following recommendations is proposed for future studies. The predicament faced in the first limitation can be solved by the first recommendation which is to include incentives or benefits when seeking direct sales member on social networking sites. An instance of incentives or benefits can be provided to respondents that completes the survey questionnaire. The aforementioned recommendation would be more effective in gathering respondents given if direct sales company willing to allocate a budget to conduct similar studies to understand members of their online community.

The complication faced in the second limitation can be curbed or by adhering to a filtration standard to filter only valid data useful for a quality research. Gatekeeping can also be done to only allow qualifying data for the research. Through this method, it can help the researchers to be on the right track in producing the research with set standards of specific criteria. Additional filter questions needs to be added to the survey to ensure that sample obtained are precise.

Lastly, it is recommended that for future studies, the researchers are to set a targeted amount and keep to the target requirement in searching for respondents for the survey questionnaire from selected direct sales group. For instance, the researchers could set the number of Elken, Amway and Mary Kay direct sellers respondents tentatively to 50 each. By doing so, a generalize outcome can be resulted for a more significant research.

Understanding the Effect of eWOM on Direct Sales through the Information Adoption Model

ORIGINALITY REPORT

%**5**

SIMILARITY INDEX

%**0**

INTERNET SOURCES

%**4**

PUBLICATIONS

%**2**

STUDENT PAPERS

PRIMARY SOURCES

1

Internet Research, Volume 18, Issue 3 (2008-06-22)

Publication

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2

Zhu, Dong Hong, Ya Ping Chang, and Jian Jun Luo. "Understanding the influence of C2C communication on purchase decision in online communities from a perspective of information adoption model", Telematics and Informatics, 2016.

Publication

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3

Submitted to Universiti Teknologi MARA

Student Paper

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4

Submitted to Coventry University

Student Paper

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5

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6	Submitted to Oxford Brookes University Student Paper	<% 1
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10	Submitted to University of Central England in Birmingham Student Paper	<% 1
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15	eprints.ccsu.edu Internet Source	<% 1
16	Lecture Notes in Computer Science, 2009. Publication	<% 1

17

Faul, Franz, Edgar Erdfelder, Axel Buchner, and Albert-Georg Lang. "Statistical power analyses using G*Power 3.1: Tests for correlation and regression analyses", Behavior Research Methods, 2009.

Publication

<% 1

18

Social Media Marketing in Tourism and Hospitality, 2015.

Publication

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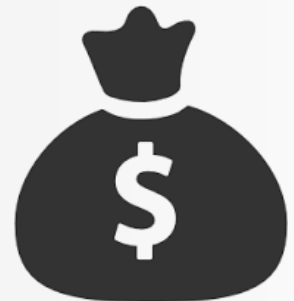
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Understanding the Effects of eWOM on Direct Sales through the Information Adoption Model

by Chan Joon Yang, Low Boon Xian, Low Joh Ann, Loo Wen Lin & Tan Kin Yee

INTRODUCTION

DIRECT SALES & EWOM



Direct sales industry has contributed **RM17 billion** to the country's GDP in 2015 (Malay Mail, 2016)



70% of marketers are planning to increase their online WOMM. (Mixon, 2015)



Youths see it as career options (Lim, 2014)

OBJECTIVES & SIGNIFICANCE

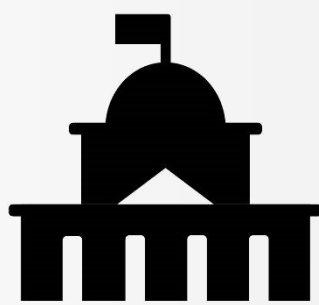
OBJECTIVE



To identify how eWOM messages on direct sales influence youths through the proposed model.

SIGNIFICANCE

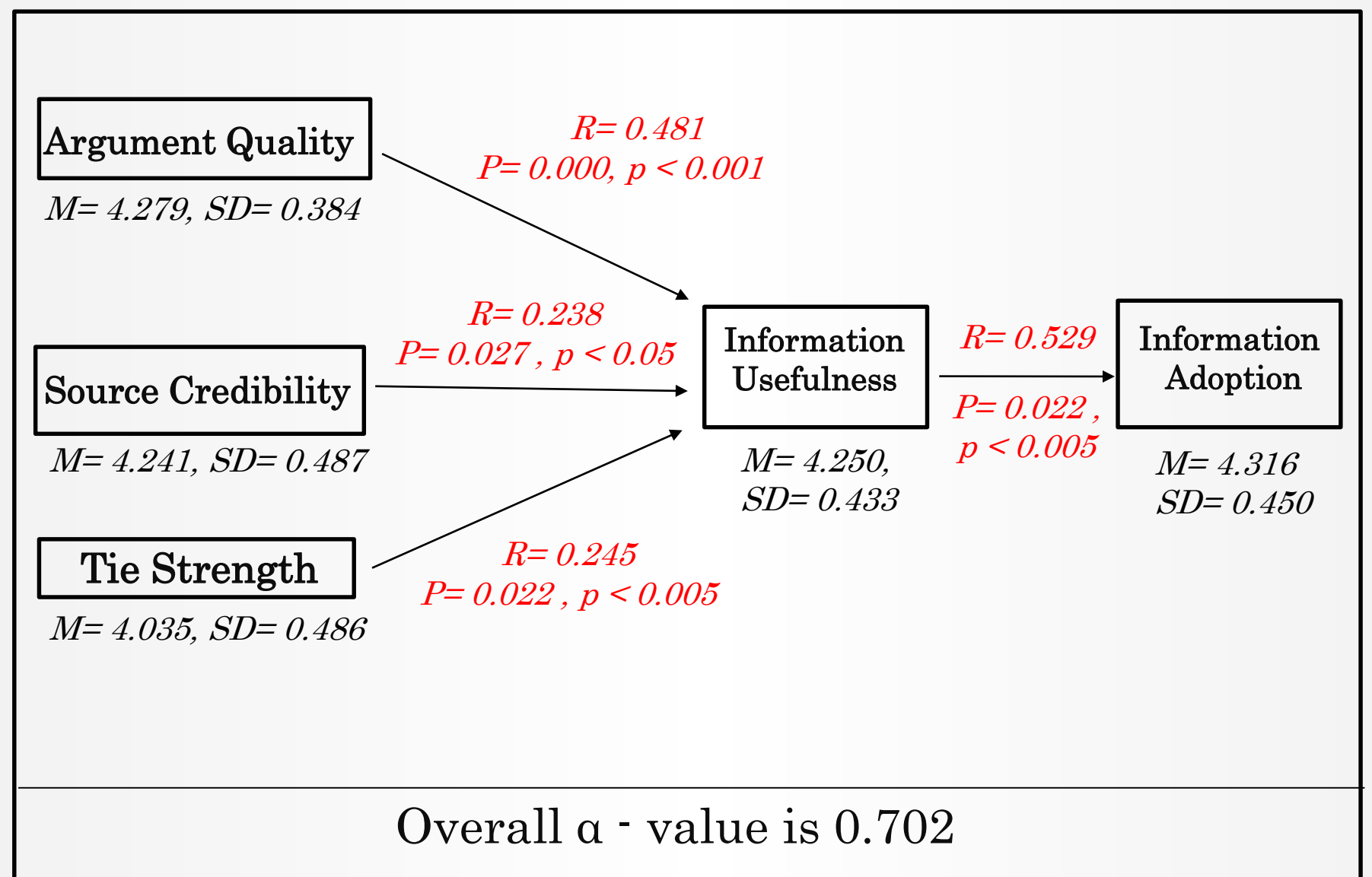
Provide an insight to **both business and government sector** in understanding the effects and the influencing factors of eWOM messages on youth's engagement in direct selling.



To help **fill in gaps in literature** and Contributes to industry sector in aspects of digital marketing.

FINDINGS & CONCLUSION

FINDINGS



Conceptual Model of Information Adoption Model and Result Adapted from Sussman and Siegal (2003) and Zhu, Chang & Lou (2015)

LIMITATION & RECOMMENDATION



Uneven collection of respondents



More balanced respondents

CONCLUSION

- ✓ Hypothesis Supported
- ✓ Objective Achieved

When youth perceived that the direct sales products and services is **beneficial and fulfils a need**, they are likely to make **purchase and partake in MLM** by making recommendations of the products and services to others as well.

METHODOLOGY



Fulfil the age range

Part of the online community of a direct sales group

Research Instrument

Research Design
Quantitative Method



Survey
Questionnaire
'Google
Form'

- Malaysian Youth aged 15 – 29 years old
- Purposive Sampling

Sampling Design

G*POWER 3
ANOVA (F TESTS)

- Sample Size = (N=77)

Data Collection Method
Online Distribution

Data Analysis
SPSS to generate data

Reliability Cronbach's Alpha	Descriptive Analysis	Bivariate Correlations
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(APPENDIX B)
 UNIVERSITI TUNKU ABDUL RAHMAN
 FACULTY OF ARTS AND SOCIAL SCIENCE
 BACHELOR OF COMMUNICATION (HONS) PUBLIC RELATIONS

Record of Meeting with Supervisor

Meeting No: 7 Group No: _____

Research Project Title:
Understanding The Effects of EWOM ON Direct Sales
Through The Information Adoption Model

Members present:
Chan Joon Yang
Low Boon Xian
Low Joh Ann
Loo Wen Lin
Tan Kin Ya

Members absent:

Date of the meeting: 16/2/17

Issues discussed during the meeting:
→ finalizing on the questionnaire
→ finalizing on the purposive sample.

Low Boon Xian
 Group Leader's Name:

[Signature]
 Group Leader's Signature:

Chan Pei Lee
 Supervisor's Name:

[Signature]
 Supervisor's Signature



(APPENDIX B)
UNIVERSITI TUNKU ABDUL RAHMAN
FACULTY OF ARTS AND SOCIAL SCIENCE
BACHELOR OF COMMUNICATION (HONS) PUBLIC RELATIONS

Record of Meeting with Supervisor

Meeting No: 2 Group No: _____

Research Project Title:

Understanding The Effects of EWOM ON Direct Sales Through
The Information Adoption Model

Members present:

Low Boon Xian.
Low Wen Lin
Tan Kah Yee
Chan Joon Yang
Low Joh Ann

Members absent:

Date of the meeting: 22/3/17.

Issues discussed during the meeting:

→ Results generated
→ Discussion
→ Turn-it-in.
→ Pending: R. power.

Low Boon Xian
Group Leader's Name:

[Signature]
Group Leader's Signature:

Gan Pei Lee
Supervisor's Name:

[Signature]
Supervisor's Signature