

# Collaborative Consumption and eWOM - The influence of electronic word of mouth on the valuation of online fashion rental services

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**Abstract:** This dissertation investigates the influence of information quality of electronic word of mouth (eWOM), more specifically online customer reviews on the valuation of fashion rental services, namely on eWOM appeal, the intention to rent clothes on a renting platform, and the willingness to pay. Additionally, the moderating effect of fashion involvement and the mediating influence of perceived trust in eWOM was examined on the aforementioned relationship. Results indicate that high eWOM information quality in online customer reviews leads to greater valuations of fashion rental services. Additionally, higher fashion involvement positively impacts eWOM appeal of online customer reviews and the intention to rent clothes from a fashion rental platform. Furthermore, individuals with higher fashion involvement are more likely to rent clothes with higher eWOM information quality reviews. Results slightly improved by adding the influence of the frequency of consuming online reviews to this analysis. Moreover, findings suggest that perceived eWOM trust indirectly influences the relationship between eWOM information quality and fashion rental service valuations, specifically eWOM appeal and rental intention.

**Keywords:** Collaborative Consumption; Fashion Rental Services; Electronic Word of Mouth; Online Customer Reviews

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## 1. Introduction

### 1.1 Objective and Research Questions

A GWI study (2017) shows that an average of 37.5% of 16- to 64-year-old internet users worldwide consult online reviews when researching products or brands. Due to the high influence on the consumer, the retailer must manage customer reviews actively. This research, therefore, aims to create a comprehensive understanding of the influence of quality of information within customer reviews on consumers valuations of online fashion rental platforms (Massie, 2016; Rahman & Mannan, 2018).

Research Question 1. Does a higher quality of electronic word of mouth information positively influence the valuation of online fashion rental services? In addition to eWOM information quality, fashion involvement might be another factor influencing the perception of fashion rentals: Wolny and Mueller (2013) observe that a higher level of consumer involvement in fashion contributes to a greater willingness to interact digitally. Therefore, consumers more involved in fashion may also have a higher perception of fashion rental services. Hence, the aim is to determine whether a consumer's fashion involvement level moderates the relationship between eWOM informational quality and the valuation of online fashion rental services.

Research Question 2. Does the information quality of online customer reviews affect the valuation of fashion rental services based on consumers' fashion involvement? As previously mentioned, online reviews can increase trust in fashion rental services, mainly because customer reviews are trusted more than information provided by the retailer (Elwalda & Lu, 2016). Furthermore, trust plays a crucial role in influencing purchase intentions and is particularly relevant to this study (Harrigan et al., 2021). In this context, it is of interest whether trust in eWOM also influences the valuation of fashion rental services.

Research Question 3. Can trust in electronic word of mouth affect the relationship between electronic word of mouth information quality and the valuation of online fashion rental services? The research focuses on customer reviews of products from online fashion rental services and platforms within the fashion retail B2C online trade. Customer reviews integrated into online stores are investigated, as these are mainly standardized and widespread. Furthermore, unlike reviews in forums or blogs, customers can directly assess them during the purchasing process without leaving the store (Nair & Radhakrishnan, 2019).

## 1.2 Structure

To answer the research questions, a theoretical foundation on the concept of collaborative consumption and fashion rental services is established. After analyzing the consumer purchase decision process, the subjects eWOM, online reviews, their review systems, and the information quality in eWOM are examined, followed by the underlying constructs of fashion involvement and trust in eWOM. Subsequently, to answer the aforementioned research questions and based on the theory, the methodological framework, including a set of hypotheses, is presented and examined by conducting a quantitative online survey. The results of this survey are then analyzed and evaluated. Finally, conclusions on the research questions are drawn, followed by theoretical and practical implication.

## 2. Hypothesis

H1: There will be a positive impact of eWOM information quality (low versus high information quality) on fashion rental service valuations so that:

H1a: The impact of high eWOM information quality will be greater on fashion rental service valuations (eWOM appeal, rental intention, and willingness to pay) than the impact of low eWOM information quality.

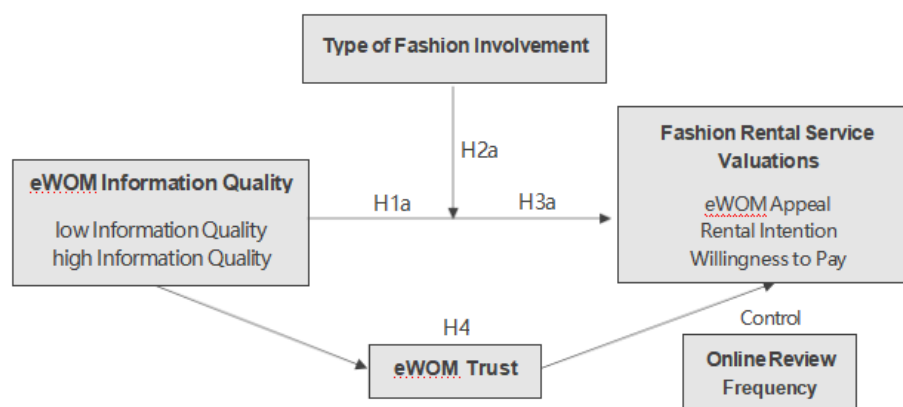
H2: The type of fashion involvement will have a positive impact on fashion rental service valuations so that:

H2a: The higher the type of fashion involvement, the greater the impact on fashion rental service valuations (eWOM appeal, rental intention, and willingness to pay) since a high fashion involvement intensifies the impact of eWOM information quality of the fashion rental service.

H3: There will be a moderating effect of the type of fashion involvement between eWOM information quality (low versus high information quality) and fashion rental service valuations so that:

H3a: The higher (versus the lower) eWOM information quality and the higher (versus the lower) fashion involvement, the greater the impact on fashion rental service valuations (eWOM appeal, rental intention, and willingness to pay).

H4: eWOM trust will mediate the relationship between eWOM information quality and fashion rental service valuations (eWOM appeal, rental intention, and willingness to pay).



## 3. Research Method

The pilot and main studies were experimentally manipulated, each carried out online using a survey format. The surveys were created using the online tool Qualtrics, which offers numerous advantages for the creation and distribution of online surveys thanks to its user-friendly interface (Molnar, 2019) and the ability to transfer data directly to the SPSS analysis platform (Barnhoorn et al., 2015). In addition, online surveys have advantages over other survey instruments: participants can answer openly and honestly, as the anonymous procedure minimizes social desirability, and the process is flexible regarding time and place (Braun et al., 2021). In addition, essential design elements were considered in the survey that are important for correct implementation: the questions were all kept as short as possible and with clear and unambiguous wording (Clarke & Braun, 2013; Smyth, 2016). In addition, the overall length of the survey was minimized to keep the

dropout rate as low as possible (Revilla & Ochoa, 2017). The survey distribution and the participants' quick receipt are also easier and faster in an online format. Using an anonymized link shared via social media (Instagram, WhatsApp), it was possible to generate a greater reach than with non-digital distribution (Lefever & Matthíasdóttir, 2007).

## 4. Sampling

Among the 223 study participants, 82.4% were female, and 17.6% male. The age distribution showed that most (36.5%) participants were between 18 and 24 years old, followed by 28.8% aged 25 to 34. Except for 1.4% who are younger than 18 years, the remaining (33.3%) are older than 34 years. Most participants are employed (45%) or students (49.1%). Regarding education, 36.2% have a high school diploma, 29.9% have a bachelor's and 27.1% have a master's degree. In addition, 83.9% currently live in Germany, 5.1% in Belgium, 2.3% each in Austria and the USA, and 1.4% in Sweden. Finally, most of the participants earn less than €20,000 per year (38.9%) or stated that they did not wish to provide any information on their income (19%). More detailed information on the sampling characterization is provided in Appendix 2e.

### 4.1 Main Results

After the variables and manipulations have been checked and their usability has been confirmed, the hypotheses set out in Chapter 3 are tested in this section. Overall, the influence of eWOM information quality (low versus high) on the valuation of fashion rental services (eWOM appeal, rental intention, WTP) is analyzed. In addition, it is examined whether this

influence is altered by the moderating effect of fashion involvement and the mediating effect of trust in eWOM.

## 5. Conclusion

This study aimed to answer three research questions: First, whether a high eWOM information quality positively influences the intention to use online fashion rental services. Second, whether the type of consumer receiving eWOM, specifically a consumer with high involvement in fashion activities, clarifies the relationship between eWOM information quality and the intention to use online fashion rental services. Lastly, whether trust in eWOM influences the strength of the relationship between eWOM information quality and evaluation of online fashion rental services. An experimental study investigated these research questions and the subordinate hypotheses.

Research Question 1. Does a higher quality of electronic word of mouth information positively influence the valuation of online fashion rental services?

Concerning the first research question, the study's findings show that a high eWOM information quality has a significant positive effect on fashion rental service valuations. More specifically, a high quality of information in online customer reviews of clothing on online fashion rental services has a greater influence than reviews with a low eWOM information quality. It is thus

the case that differences in the areas of accuracy, timeliness, precision, reliability, currency, completeness and relevancy (Alshikhi & Abdullah, 2018), creativity and visuality (Lin et al., 2012; Sundar, 1998), and comprehensibility, specificity and reliability (Lee et al., 2008; Savolainen, 2011) have an impact on the valuations of fashion rental services embedded in the purchase decision process.

Research Question 2. Does the information quality of online customer reviews affect the valuation of fashion rental services based on consumers' fashion involvement?

This question was investigated in two phases: First, it was examined whether and to what extent high fashion involvement positively impacts fashion rental service valuations. Results showed that this assumption was only confirmed for eWOM appeal and rental intention but not for WTP. This could be because the range for the choice of an upper limit for WTP was extensive (€0 to €500), and there were a few outliers (5.2%) within this range. In contrast to the remaining 94.8%, these study participants each gave significantly higher values for their WTP (i.e., between €104 and €358), which may have reduced the model's overall fit or even skewed the estimated coefficients. Furthermore, the moderating effect of a higher fashion involvement between a higher eWOM information quality and fashion rental service valuations was investigated. Here, the results only showed a moderating effect on rental intention but not on eWOM appeal or WTP. Thus, if a consumer is confronted with an online customer review with high eWOM information quality and is highly involved in fashion activities, their intention

to rent the garment in the review is also higher than a person with low involvement. The covariate online review frequency was added to this investigation to analyze whether adding a covariate improves the results. As expected, a slight optimization resulted in a marginally significant effect on eWOM appeal. This means that the moderating influence of fashion involvement did not reach conventional levels of significance (95%). Still, the trends of the standard deviations claim a potential positive association between a higher eWOM information quality, a higher fashion involvement, and eWOM appeal. The results for rental intention remained statistically significant, with a slight improvement due to the addition of the covariate. However, the results for WTP remained statistically insignificant. Overall, the second research question was thus partially confirmed.

Research Question 3. Can trust in electronic word of mouth affect the relationship between electronic word of mouth information quality and the valuation of online fashion rental services?

The third research question examined the mediating effect of trust on the relationship between eWOM information quality and fashion rental service valuations. It was concluded that there is a partial mediating effect of eWOM trust between eWOM information quality and eWOM appeal. However, as there is also a direct significant effect of eWOM information quality and eWOM appeal, eWOM trust only partially mediated this relationship. About the relationship between eWOM information quality and rental intention, there was a fully mediating effect of eWOM trust. Therefore, the effect of eWOM information quality on rental intention is entirely explained by the presence of eWOM trust. However, there was no significant effect of eWOM trust mediating the relationship between eWOM information quality and WTP, possibly for the reasons already mentioned concerning the second research question. The third research question can, therefore, be partially supported.

## 5.1 Theoretical Implications

This study essentially contributes to the collaborative consumption literature from the angle of resource protection. The fashion rental service is part of the circular economy, which addresses an important topic related to second-hand fashion consumption. With this issue, namely sustainable fashion consumption and fashion rental services, as well as the eWOM information quality of customer reviews and the influence of fashion involvement and eWOM trust, this dissertation contributes to existing literature. Overall, findings follow the literature on circular economy and collaborative consumption as fashion rental services are embedded in these topics (Becker-Leifhold & Iran, 2018; McNeill & Venter, 2019; Park & Armstrong, 2019; Pedersen & Netter, 2015), also in the context of clothing rental and associated trust and the intention to use such platforms (Lee et al., 2021). The relationship between eWOM information quality and fashion retailers (Kim & Niehm, 2009; Rahman & Mannan, 2018) or other rental services (Pitt et al., 2021; Redditt et al., 2022) has already been examined in previous studies, but mainly concerning eWOM on blogs or social media platforms (Kulmala et al., 2013; Leong et al., 2022; Smith et al., 2012). The present research, thus, contributes to the prior literature by shedding light on website-integrated review systems on fashion rental platforms in connection with fashion involvement and trust. The link between eWOM information quality and trust has already been studied regarding consumers' intention to repurchase (Bulut & Karabulut, 2018; Wandoko & Panggati, 2022). However, this work focuses on customer acquisition rather than retention, aiming to introduce new customers to fashion rental platforms, making it a crucial topic for a potentially new audience. Although literature exists in the fields mentioned above, a research gap was detected regarding the influence of high fashion involvement and eWOM trust on the relationship between eWOM information quality and fashion rental service valuations, which this study aimed to close.

## 5.2 Managerial Implications

This work can provide brand managers insights in the areas of fashion rental platforms or rental platforms for other products: Sustainability, mass consumption, and climate change are constantly gaining media attention (Rebich-Hespanha & Rice, 2016). As a result, consumers are having their consciences pricked, are rethinking their purchasing behavior, and are increasingly turning to sustainable alternatives (Evans, 2019). In the area of fashion consumption in particular, words such as 'fast fashion', 'overconsumption', and 'greenwashing' are gaining media presence and prompting consumers to reflect on their actions. This forces companies to rethink their often long-standing business models and, if necessary, revolutionize them (Yildirim, 2023). However, one way that has emerged as a result of rethinking and as a more sustainable

form of fashion consumption is fashion rental platforms, which can gain a competitive advantage over the conventional fashion industry through unique selling points such as renting fashion as a sustainability strategy (Mukendi & Henninger, 2020). As the eWOM information quality of customer reviews was identified as a driver of fashion rental service valuations, marketers could, for example, create incentives to encourage the posting of online customer reviews. For instance, this might involve discount codes or raffles for fully completed review templates displayed to consumers after placing an order on the fashion rental platform. Thus, the writing of reviews could be increased, leading to aggregated reviews (Chapter 4.5) and reducing the dissonance of the recipients of online customer reviews. In addition, product ratings with a seal of approval might further strengthen this effect and convince potential customers who need clarification on the retailer's reliability by reducing their perceived purchase risk. Concerning trust in eWOM, discussed in this paper, the following measures could be taken: As there is a risk of deleted negative reviews, fashion rental services might allow customers to write a review only after the purchase has been completed in order to increase trust in the authenticity of the reviews. In addition, reviews for a product could be sorted into positive and negative so that both sides are directly visible to consumers. Furthermore, active review management might answer the negative comments and clarify any questions they contain so that customers feel valued when their feedback is accepted. Moreover, labeling a verified review could also increase the eWOM trust of consumers.

## 6. Limitations

Due to time and resource constraints, limitations have occurred throughout this study: Firstly, factors other than fashion involvement or eWOM trust, such as involvement in online customer reviews, purchase intention, or openness to new topics, could have influenced the evaluation of fashion rental services by consumers not considered in this survey. Furthermore, in addition to eWOM appeal, rental intention, and WTP, other factors such as website appeal, the user interface, or the range of products offered could have been included in fashion rental service valuations. Moreover, it should not be ignored that the participants' psychological response tendencies could have influenced the results. Accordingly, participants could consciously or unconsciously provide falsified information due to social desirability. Trust is also challenging to measure and can only be quantified or verbalized by test subjects to a limited extent. This could have led to distortions within the results. During the study, it was also impossible to fully clarify whether negative online customer reviews can be deleted from Rent the Runway (Chapter 2.3.1). Another fundamental weakness within the study is the lack of generalizability of the results. Due to the relatively homogeneous sample (82.4% female, 65.3% between 18 and 34 years, 83.9% German), these cannot be transferred to other situations or consumers without restrictions. A research question on whether, for example, women or men are more likely to be influenced by customer reviews could provide relevant results for addressing consumers. Whether customer reviews are more significant for existing customers or new visitors to an online store could also be important. Otherwise, whether consumers who write reviews themselves are more relevant to customer reviews than those who do not.

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