

Chapter 1

Fundamentals of Electronic Word of Mouth

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ABSTRACT

The assistance of advancing information technology leads consumers to freely share their experiences and positive or negative opinions on consumer-generated media (CGM) platforms, including various forms of online communications such as customer review sites, blogs, social network sites, and discussion forums. This new electronic form of traditional word of mouth (e-WOM) is becoming increasingly powerful for its creation and worldwide propagation of consumer comments. Such comments are valued as trustworthy by potential customers. This chapter adopts a descriptive approach to present fundamental research on the framework and the theoretical perspective of e-WOM and provides valuable insight to practitioners.

INTRODUCTION

People often share opinions, news, and information with others about various topics. When such informal communication is directed at other consumers about the ownership, usage, or characteristics of particular goods and services or their sellers, this is described as “Word of Mouth” (WOM) (Westbrook, 1987). Wirtz & Chew (2002) indicated that WOM created high credibility among consumers’ communications since the content was created by other consumers. Parasuraman et al.’s (1985) service quality model indicated that customer’s expectation would be influenced by WOM. Litvin et al. (2008) generalized that affects, altruism, self-interest, and reciprocity motivated consumers to share experiences with others after the act of buying.

With the development of information technology, sources of WOM communication have expanded. Instead of only commenting in a physical environment, today’s consumers also can share and exchange their thoughts in a virtual environment. Sun et al. (2006) stated that there was no more limit on review-

DOI: 10.4018/978-1-5225-8575-6.ch001

ers' physical location since the content could be transferred through the Internet. Harrison-Walker (2001) indicated that the development of the Internet and the enormous communication capabilities it created facilitated the development of online comment forums. A new form of WOM, electronic WOM (e-WOM), has emerged with recent advances in information technologies (King et al., 2014; Litvin et al., 2008), and is considered as one of the most important sources of information influencing the point of purchase (Litvin, Goldsmith, & Pan, 2008). WOM influence can be far more influential than advertising or personal selling.

Every possible product can be reviewed in online comment forums (Puri, 2007). Presently, consumers are enthusiastic about sharing their experiences and perceptions after consuming a product or service. Henning-Thurau et al. (2004) found that the desire for social interaction, concern for others, and the potential to enhance self-worth were significant motivations for writing online reviews. Walsh et al. (2004) similarly determined that there were several personal motivations for writing online reviews. First, there was an obligation to share with a sense of community. Second, reviewers could gain pleasure by sharing their experience and feelings. Third, there was an altruistic desire to help other people.

Researchers have found that this non-traditional marketing strategy has more persuasive power than traditional marketing campaigns because the source of WOM (peer consumers) is considered more credible than the source of the latter (advertisers) (Cheung, Lee, & Thadani, 2009; Huang, Lin, & Lin, 2009). Due to this enormous impact on consumers, WOM has been extensively studied in the field of marketing research (Berger, 2014; King et al., 2014). Previous WOM research has focused on finding antecedents, moderators, and consequences of WOM (Bughin, Doogan, & Vetvik, 2010; Buttle, 1998; Derbaix & Vanhamme, 2003; Leskovec, Adamic, & Huberman, 2007; Mangold, Miller, & Brockway, 1999; Trusov, Bucklin & Pauwels, 2009) and WOM communication patterns and message characteristics (Bone, 1992; Dichter, 1966; Richins, 1983; Spangenberg & Giese, 1997; Swan & Oliver, 1989), and also e-WOM communications in discussion forums (Andreassen & Streukens, 2009), UseNet groups (Godes & Mayzlin, 2004), product reviews (Kim & Gupta, 2012; Lee & Youn, 2009; Sen & Lerman, 2007), blogs (Dhar & Chang, 2009; Kozinets, De Valck, Wojnicki, & Wilner, 2010; Thorson & Rodgers, 2006), and social networking sites (SNSs) (Chu & Choi, 2011; Trusov et al., 2009) has been investigated.

Research into e-WOM is fragmented, and few studies have measured the influence strategic communication and marketing tactics have on e-WOM communication. Besides, with technological advances happening at a rapid pace, current research quickly becomes outdated. Previous studies regarding e-WOM communication have centered on the reach and influence of e-WOM messages. This chapter adopts a descriptive approach with the aim to present fundamental research on the framework and the theoretical perspective of e-WOM and provide valuable insight to practitioners. This study then goes a step further by exploring how customer relations and marketing professionals can use e-WOM to inform a strategy that can influence the dialogue between consumers.

Nowadays, many for-profit or non-profit organizations seek to create a positive WOM about a variety of topics with external audiences via various methods, including using existing relational networks (Baker, Donthu, & Kumar, 2016; Berger & Schwartz, 2011; Rosen, 2009). Creating products and services that address the wants and needs of the audience is the first step in creating positive e-WOM. After that, there are several ways to approach consumer engagement. Some tactics have been successful; many have failed. Gaining a better understanding of e-WOM communication effects is advantageous for customer relations professionals as they create integrated marketing plans and communication tactics. The "loss of control" unease comes about because it stands in contrast to the old communications model in which the organization held a high level of control. However, integrated strategic communications

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