Online Word-of-Mouth Reviews

O

Jing Huo
University of Science & Technology of China, P.R.China

Qinglong Gou
University of Science & Technology of China, P.R.China

Qi Dai
University of Science & Technology of China, P.R.China

Zhimin Huang
Adelphi University, USA

INTRODUCTION

During the past two decades, B2C e-commerce has been developed rapidly and more and more consumers are accustomed to online shopping. In practice, some specific Internet platforms such as consumer review sites, online discussion forums, electronic bulletin board systems, blogs, and social network sites have significant impacts on a consumer's purchase decision. On these Internet platforms, information about a product such as its price, characteristics, and quality, spreads more quickly and widely. This online word-of-mouth (WOM) appraisal of the product eventually attracts more consumers to be concerned with this information before their purchase decisions.

To take advantage of online WOM, many firms have launched different marketing or service programs on Internet platforms mentioned above as a new marketing tool (Dellarocas, 2003). For instance, since 2009, Ford has made heavy use of online social media to build awareness and buzz for their new vehicle by conducting the "Ford Fiesta Movement" campaign. The company engaged with the online community by inviting 100 young people to live with the car for six months and to report on their experiences on a variety of social media, including Twitter, Facebook, MySpace and YouTube. Each of these "agents" completed monthly special missions based on a theme which were designed to be fun experiences. The campaign was a great success in terms of overall marketing cost, creating hype and keeping the vehicle in the eyes of the public.

Owing to its huge influence on consumers and firms, online WOM has also received increasing attention from researchers. For instance, Phelps et al. (2004) and Park and Lee (2009) explained the reasons why online WOM is more influential than traditional WOM; Cheung and Lee (2012) investigated the factors that drive consumers to spread WOM in online consumer opinion platforms; Lee and Lee (2009) analyzed the consequences of online WOM; and Lee et al. (2008) and East et al. (2008) divided the online WOM into positive and negative effects, and explored their influence on consumers' judgment and purchase behavior.

While most previous literature focused on a single aspect of online WOM, there are few studies presenting an overview on this research issue. In this chapter, to facilitate researchers entering this area quickly, we review previous studies on online WOM. We divide previous literature into the following three streams and discuss them in detail, including

1. The effectiveness of online WOM,

DOI: 10.4018/978-1-4666-5202-6.ch151

Copyright © 2014, IGI Global. Copying or distributing in print or electronic forms without written permission of IGI Global is prohibited.

2. The valence of online WOM, and
3. The antecedents and consequences of online WOM.

The contents of this chapter are organized as follows.

Firstly, we compare online WOM with traditional WOM, discussing the effects in detail. Secondly, we review papers on the effectiveness of online WOM, the valence of online WOM, and the causes and consequences of online WOM. The effects of online WOM include the awareness effect and the persuasive effect on consumers, and the advertising effect on the market. The valence of online WOM concerns positive WOM, negative WOM and neutral WOM, in which neutral online WOM is objective and thus beyond the scope of this paper. In addition, most researches have demonstrated that negative online WOM has greater effect on consumer intention than positive online WOM. The antecedents of online WOM focus on the motivation for consumers spreading online information while the researches on the consequences are mainly from market-level and individual-level aspects.

BACKGROUND

With the advent of the Internet, there has been a paradigm shift in word-of-mouth communication. Traditional word-of-mouth (WOM) was originally defined as an oral form of interpersonal noncommercial communication among acquaintances (Arndt, 1967). New media technology has changed the form of classic interpersonal communication (sender-message- receiver) by introducing a new form of communicator, a forwarder or transmitter (Cathcart & Gumpert, 1986). Specifically, with the development of Internet technologies, electronic media such as discussion forums, electronic bulletin board systems, blogs, consumer review sites, social networking sites and so on, has changed the form of interpersonal communication and WOM greatly. For instance, according to a survey by Deloitte's Consumer Products group, almost two-thirds of consumers read online reviews on the Internet; and among these consumers, 82 percent say their purchase decisions have been directly influenced by the reviews and 69 percent choose to share the reviews with friends, family or colleagues (Deloitte, 2007).

Online WOM differs from traditional WOM in the following ways.

First, compared to traditional WOM, electronic WOM is more influential when it comes to speed, convenience, one-to-many reach, and reduced pressure (Phelps et al., 2004; Park & Lee, 2009). With traditional WOM, sharing of information is only among a few acquaintances. However, someone can get advice and seek out the opinions of strangers in the context of Internet communication.

Second, online WOM communications are more persistent and accessible than traditional WOM. Different from classic interpersonal communication, the exchanged opinions/ information on electronic platforms such as blogs and consumer review sites will be kept on these sites for a long time, which makes the online WOM have more persistent impacts on consumers' purchase decisions.

Third, online WOM communications are more measurable than traditional WOM. The presentation format, quantity and persistence of online WOM communications have made them more observable (Cheung & Lee, 2012). Online WOM information available online is far more voluminous in quantity compared to information obtained from traditional contacts in the offline world (Chatterjee, 2001).

In addition, compared to face-to-face communicators, since online WOM often occurs between people who have little or no prior relationship with each other (e.g. strangers or fellow consumers) and can be anonymous (Goldsmith & Horowitz, 2006; Sen & Lerman, 2007), online communicators demonstrate fewer inhibitions, display less social anxiety, and exhibit less public self-awareness. This anonymity allows consumers

7 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:
www.igi-global.com/chapter/online-word-of-mouth-reviews/107359

Related Content

Business Intelligence as a Service: A Vendor's Approach
Marco Spruitand Tim de Boer (2016). *Business Intelligence: Concepts, Methodologies, Tools, and Applications (pp. 2030-2048).*
www.irma-international.org/chapter/business-intelligence-as-a-service/142715

Artificial Intelligence Effects on Contracts and Contracting
Fatmah Baothman (2021). *Innovative and Agile Contracting for Digital Transformation and Industry 4.0 (pp. 149-160).*
www.irma-international.org/chapter/artificial-intelligence-effects-on-contracts-and-contracting/272638

Text Mining to Identify Customers Likely to Respond to Cross-Selling Campaigns: Reading Notes from Your Customers
Gregory Ramseyand Sanjay Bapna (2016). *International Journal of Business Analytics (pp. 33-49).*
www.irma-international.org/article/text-mining-to-identify-customers-likely-to-respond-to-cross-selling-campaigns/149154

Dynamic Enterprise Modeling for Knowledge Worker Industries
I. McKeachie (2007). *Adaptive Technologies and Business Integration: Social, Managerial and Organizational Dimensions (pp. 59-81).*
www.irma-international.org/chapter/dynamic-enterprise-modeling-knowledge-worker/4229

Optimizing the Accuracy of Entity-Based Data Integration of Multiple Data Sources Using Genetic Programming Methods
Yinle Zhou, Ali Koosheshand John Talburt (2012). *International Journal of Business Intelligence Research (pp. 72-82).*
www.irma-international.org/article/optimizing-accuracy-entity-based-data/62023