# Electronic Word–of–Mouth Communication

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## INTRODUCTION

In the context of growing digitization of commercial activities, electronic word-of-mouth (eWOM) communication becomes increasingly crucial in shaping consumer attitudes and behaviors. Hennig-Thurau et al. (2004) define eWOM as the spreading of online reviews, arguments, and recommendations concerning personal experiences with specific products or service providers for persuading targeted viewers. According to Nielsen's (2009) global online consumer survey of over 25,000 consumers from fifty countries, about 90 percent of consumers trust recommendations from friends and 70 percent of consumers trust eWOM. In contrast, only about one-third of consumers trust online advertisements. It is apparent that consumers can easily post or view product reviews via firm-sponsored or public Internet forums or communities. Hence, most consumers tend to rely more on eWOM rather than online advertising when making purchase decisions.

Compared with firm-generated advertisement, consumer-generated positive eWOM is better to helps enterprises build reputation and credibility that foster consumer acquisition and brand building (Dellarocas, 2003), and benefit sales in e-markets (Amblee & Bui, 2011). Positive eWOM would likely encourage consumers to purchase, whereas negative eWOM would likely discourage consumers from making buying decisions. From the supplier perspective, firms emphasize on positive eWOM communication and avoid negative eWOM. From the buyer perspective, consumers have more concerns on negative eWOM even though they desire recommendations from others. Many relevant issues, such as the motives of eWOM behaviors, the adoption of eWOM, the intention to spread eWOM, review credibility, and the helpfulness of eWOM, are widely studied and thus briefly addressed in this chapter for academics and practitioners.

## BACKGROUND

The literature has addressed the motives for eWOM (Brown et al., 2005; Hennig-Thurau and Walsh, 2003-4; Shih, Lai, & Cheng, 2013), determinants of eWOM adoption (Cheung, Luo, Sia, & Chen, 2009), and the use of eWOM to predict sales (Amblee & Bui, 2011-12; Chevalier & Mayzlin, 2006; Liu, 2006). Previous studies have addressed what factors can motivate positive eWOM, and what factors cause negative eWOM. The spreading and adoption of eWOM is not only an information exchange (Cheung et al., 2009; Shih, Lai, & Cheng, 2013), but also a social exchange driven by social influence (Aral, 2014). The study of eWOM communication is an evolution process along with the change of e-commerce contexts. Recently, scholars focus on addressing the issue of eWOM helpfulness. In practice, the use of eWOM for viral marketing is a new social marketing strategy and thereby receives increasingly attentions in academics (Schulze, Schöler, & Skiera, 2014).

## ELECTRONIC WORD-OF-MOUTH

## Motivations

The platform of eWOM is a cyberspace that has specific features, such as cost-effective channels for information exchange, anonymity in conversation, and freedom from geographic and time constraints, which foster the prevailing use in e-commerce contexts (Goldsmith & Horowitz, 2006). Consumers often seek online reviews because of the motives: reducing risk, search time, and dissonance, increasing social position, belongingness, and remuneration, as well as learning to consume a product and know new products (Hennig-Thurau & Walsh, 2003-4). In sum, high product quality, high perceived value, satisfaction with, trust in, and loyalty and commitment to a target supplier are likely to motivate consumers to spread positive eWOM (Matos & Rossi, 2008). Table 1 summarizes several key issues of WOM and eWOM in academic journals.

*Table 1. Summary of eWOM and WOM literature*

| Issue | Source | Theory Foundation | Determinant |
|---|---|---|---|
| WOM Communication | Herr, Kardes, and Kim (1991) | Accessibility-Diagnosticity Model | Vividness effect<br>Perseverance effect<br>Negativity effect |
| | Matos and Rossi (2008) | Meta-analytic framework | Satisfaction<br>Loyalty<br>Quality<br>Commitment<br>Trust<br>Perceived Value |
| eWOM Behavior | Hennig-Thurau et al. (2004) | Focus-Related Utility<br>Approval Utility | Desire for social interaction<br>Desire for economic incentives<br>Concern for other consumers<br>Potential enhancement of self-worth |
| eWOM Adoption | Cheung et al. (2009) | ELM<br>HSM | Informational influence:<br>Argument Strength<br>Recommendation Framing<br>Recommendation Sidedness<br>Source Credibility<br>Confirmation with prior beliefs<br>Normative influence:<br>Recommendation Consistency<br>Recommendation Rating |
| eWOM Intention | Cheung and Lee (2012) | Egoism<br>Collectivism<br>Altruism<br>Principlism<br>Self-efficacy | Reputation<br>Reciprocity<br>Sense of belonging<br>Enjoyment of helping<br>Moral obligation<br>Knowledge Self-efficacy |
| | Shih, Lai, and Cheng (2013) | MOA Framework<br>Constraint-based and Dedication-based Relationship | Informational influence:<br>*Motivation*<br>*Opportunity*<br>*Ability*<br>Relational influence:<br>*Dependency*<br>*Trust* |

# Related Content

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www.irma-international.org/article/inter-organizational-commerce-healthcare-services/3491

### Office Depot's E-Commerce Evolution
In Lee (2006). *Cases on Electronic Commerce Technologies and Applications (pp. 142-154).*
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### Trust in E-Commerce: Consideration of Interface Design Factors
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### Straight-Thought Processing Adoption
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### Broadband Solutions for Residential Customers
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www.irma-international.org/chapter/broadband-solutions-residential-customers/9508