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Michael D. Williams

Electronic Word of Mouth (eWOM) in the Marketing Context

A State of the Art
Analysis and Future
Directions

SpringerBriefs in Business

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*To my mother and husband for your love and never-ending support. **Elvira Ismagilova***

*To Kirti and Viral. **Yogesh K. Dwivedi***

*To my Bampa who always enjoyed a bit of WOM (gossip) on the shop floor.
Emma L. Slade*

*To Marie, Emily, and of course, Ian.
Michael D. Williams*

Foreword

This rich and very timely book by Elvira Ismagilova, Yogesh K. Dwivedi, Emma L. Slade, and Michael D. Williams demonstrates how critical eWOM communication is and offers a thought-provoking addition which really presents and opens up the relevance of the eWOM debate. Throughout, the authors have painstakingly brought together leading edge thoughts on this important topic and have directed their efforts towards developing knowledge through debating the key concepts and theoretical frameworks, while asking important and bold questions. Their approach shows a genuine intellectual interest in the subject area. What is more, they have gone to a great trouble to deal with the subject at length by covering the critical issues in an approachable and interesting manner, without overlooking the difficult theoretical and practical problems that impact on both research and practice.

Ismagilova, Dwivedi, Slade, and Williams approach eWOM from a marketing perspective. To move the field forward, each chapter provides a thoughtful review of current knowledge and understanding. This is supported by interesting accounts and relevant examples which show the range of topics critical to the eWOM agenda. This approach means that within each chapter, the authors are strongly positioned to summarize the key points around the topic, present the realities of eWOM communications, provide a thoughtful future research agenda, and give critical direction for practitioners too. Throughout, it should be noted, the authors align these aspects very well.

In their thoughtful introductory chapter, the authors set the tone and the scene incredibly well to show the real power of eWOM. This is followed by Chap. 2 which provides an interesting historical account relating to word of mouth (WOM), its characteristics, power, and influence on consumer behaviour. This informed position allows the authors to show how eWOM developed from traditional WOM communications, thanks to the new communication mechanisms and technology. Ismagilova, Dwivedi, Slade, and Williams also show how eWOM can impact on the purchasing intentions of consumers, showing why the topic of eWOM communications is extremely relevant for all operating in today's World. The authors propose a new definition of eWOM in Chap. 3: *the dynamic and ongoing information exchange process between potential, actual, or former consumer's experiences regarding a*

product, service, brand, company, or media personality, which is available to a multitude of people and institutions via the Internet which emphasizes the important dynamic process that is eWOM. In Chap. 4, the authors show why people engage in eWOM and send eWOM communications. In doing so, they deal with the antecedents of eWOM and the motivations for sending and receiving eWOM communications. This allows the authors in Chap. 5 to show just how persuasive eWOM communications can be. Chapter 6 demonstrates the impact and consequences of eWOM and how this relates to information, changes in attitude, and purchasing intentions and how these critical aspects can influence sales of products and services. This leads well into Chap. 7 which focuses very nicely on why it is important to pay attention to eWOM communications and how it is possible to respond to eWOM while capturing and analysing eWOM communications and their impact. Chapter 8 concludes the book well and draws things together in a concise manner by synthesizing the key elements of the book and its contribution to the eWOM debate.

Anyone interested in the topic of eWOM will really enjoy this book immensely and will feel inspired by its thoughtful appreciation of the subject and the interesting questions it poses. Congratulations to the authors on this timely and critical addition, an essential read for students, academics, marketing practitioners, and those keen to understand the notion and impact of eWOM communications.

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Foreword

I am like a super excited kid who just started using an old public library and have been asked to inaugurate the new library building. A student of digital marketing and social media in business practices, one is overwhelmed by the amount of material available, especially in the content aggregating portals. Most of them claim to be experts or practitioners and offer ten different steps or five point strategy to exploit the electronic media. Unfortunately, they are backed only with anecdotal evidences. On the other side, academic literature in different journals presents us with material, often with contrasting but enriching multidisciplinary perspectives. A young research scholar in this domain is often overwhelmed by the importance of the topic, but not adequately supported by a systematic review of the field. An instructor who is risking to teach a course on digital marketing needs to scramble many material to build a coherent story. The book in your hand is addressing all these issues. Either you are young scholar or a seasoned researcher you are getting a detailed analysis with neatly structured presentation of electronic word of mouth (eWOM). This is a very timely and directly useful book!

Needless to say eWOM is an important and emerging topic in the marketing context. Though electronic means, in other words, new media or social media can be used in businesses in all possible functions. Though there are differences between developed and developing countries in terms on Internet penetration, use of electronic devices, and impact on human behaviour, the potential use in future cannot be ignored. Right from recruiting people through LinkedIn to winning back the customers through continuous engagement in Facebook, identifying inputs for new product development to gathering insights on loopholes in the supply chain management, social media is increasingly playing an important role. The ever growing user-generated content and its different forms add to the complexity of this growth. Beyond private enterprises, governments and not for profits are also exploring social media platforms for either delivering services or monitoring the interactions apart from advocacy and consultations. In all the above instances, the unifying theme is about how do people trust information from others and pass it on. In other words, we call this as eWOM. Once a researcher is familiar with the eWOM and its working, it is easy to apply in various domains or explore the appropriate strategies.

This book is an outcome of collected efforts of four people, a mix of young and bright scholars and proven researchers located in Swansea University which has now the legacy of leading the research in digital marketing or various facets of digital economy. The book delivers what it promises in the title. I am glad that the team has gathered together and put together this book.

To the best of my knowledge, the book provides an in-depth review of the literature which will benefit any researcher who is likely to venture into this domain. There are no omissions and the frameworks emerging out of the review are fresh and provide useful directions.

It is not a convention to offer a summary of a book in a foreword which I would like to overlook as I want people to read this book. The book has six main chapters. The first, introduction chapter, is brief and sets the context for the book with popular examples. The second chapter delineates the evolution of eWOM from the classic literature and leads the readers to the contemporary times. The third chapter delves into eWOM, its definitions, and how they are different from traditional WOM and the emerging themes. Both the chapters offer two tables each—one on definitions and other on emerging themes which can be used directly in the class. The fourth chapter dissects eWOM in terms of antecedents, and motivations to seek and provide. The fifth chapter expands on how eWOM communications are persuasive and factors that influence helpfulness and credibility of eWOM. The sixth chapter discusses the impact of eWOM on information adoption and the consequences, especially attitude and purchase intentions. The sixth chapter offers strategy suggestions on managing eWOM. One can pick up any chapter for the need and read it as well.

Given the outbreak of information and communication technologies and their significant impact on various business functions, there is/will be growing interest among future researchers and practitioners to explore this topic. The book is suitable for master and PhD students in the field of marketing, ICTD, information systems, management, communication, and development informatics. Consultants are also likely to refer this book for upgradation of knowledge.

Looking forward to seeing this in hand!

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Preface

The Internet has changed social communications and social behaviour and led to the development of new forms of communication channels and platforms, providing opportunities to create and share user-generated content. In the context of increasing usage of the Internet and social media, traditional “face-to-face” communications have developed into electronic communications. People can now collect and disseminate information using a variety of Internet platforms such as e-mail, blogs, forums, online communities, and review websites. Individuals are now able to share information not only with their friends and relatives but also with complete strangers as communication networks have an increasing numbers of contributors and audiences. As a new form of communication, electronic word of mouth (eWOM) is *the dynamic and ongoing information exchange process between potential, actual, or former consumers regarding a product, service, brand, or company, which is available to a multitude of people and institutions via the Internet* (adapted from Hennig-Thurau et al. 2004; Kietzmann and Canhoto 2013; Thorson and Rodgers 2006; Xun and Reynolds 2010).

This new phenomenon is influencing marketing strategies used by companies. It is considered that eWOM communications are perceived more credible in comparison with traditional media and information provided by companies and have more impact on consumer decision-making. Previous studies have confirmed the significant impact of eWOM communications on consumer attitude towards products/services, purchase decisions, and level of sales. While eWOM brings extraordinary opportunities for marketers, it also creates new challenges. As a result, to be able to use this new phenomenon successfully, an understanding of different factors that are influencing eWOM communications is necessary.

Even though eWOM communications have developed from traditional word of mouth (WOM), they have some important differences that can influence their effect and should be taken into consideration by companies. Because eWOM communications are spread via the Internet, the perceived credibility of eWOM must be different from traditional WOM, which happens face-to-face. Unlike in traditional WOM communications, eWOM takes place in an online environment where communicators and receivers are spatially separated and social cues, which help when judging

credibility of communications, are often missing. The ways consumers perceive credibility of these communications will influence its persuasiveness, which in turn will affect information adoption and as a result sales. Also, eWOM communications have wider reach, stay in public repositories for a long time, and can be easily accessed by other consumers, which in case of negative eWOM can damage or even ruin the business. That is why it is important for companies to know how to react to and manage it.

eWOM communications are considered an effective marketing tool which should not be ignored. In the modern competitive marketing world, companies cannot just focus on traditional advertising; companies should focus on creating online communities around their products and services in order to get a competitive advantage and be successful. It is important to understand why consumers engage in eWOM communications (what are the motivations to provide and seek eWOM), how consumers evaluate its persuasiveness (which factors influence helpfulness and credibility of eWOM), the impact these communications have (how eWOM communications can influence information adoption, information overload, attitude, purchase intention, and level of sales), and how companies can monitor and manage them (how to monitor eWOM across different online platforms and what are the appropriate ways to answer negative or positive eWOM). Thus, this book covers all these important areas of eWOM communications.

Electronic Word of Mouth (eWOM) in the Marketing Context: A State of the Art Analysis and Future Directions is a book that provides the reader with a comprehensive overview of the current literature on eWOM communications, outlining future directions for both practitioners and researchers. Through covering various aspects of eWOM communications the book ensures its importance for marketing. Continued research of this topic with directions for knowledge and practice is crucial for developing and improving marketing strategies for all companies, for which this book lays a solid foundation.

Wales, UK

Elvira Ismagilova
Yogesh K. Dwivedi
Emma L. Slade
Michael D. Williams

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Chapter 1

Introduction

In March 2008, a musician called Dave Carroll and his band, the Sons of Maxwell, had a trip from Halifax to Nebraska through Chicago's O'Hare airport. According to Carroll's claim, his guitar was severely damaged by United Airlines baggage handlers at O'Hare airport. While he was ready to get off the airplane, he could hear that another passenger screamed: "My God! They're throwing guitars out there!" Later, when he got his luggage, he discovered that his \$3500 Taylor guitar was broken. To get compensated for the guitar, Dave Carroll experienced a customer service nightmare. For 9 months the musician tried to get his claim processed with United Airlines. The company rejected his claim stating that he had waited longer than 24 h to process it. Still the musician has not stopped. He tried to call them and email them; he even said that instead of reimbursing his money United Airlines could just offer him \$1200 in flight vouchers, which cover the cost of the guitar's repair. Still, United Airlines said a firm "No" (Wilson 2011).

In response to the company's actions, the musician wrote a song about the incident with United Airlines titled "United Breaks Guitars" and posted it on YouTube in July 2009. The video went viral and today has nearly 16 million views (YouTube 2009). After the video reached 150,000 views, the airline company contacted Dave and offered payment to remove the video. However, he rejected the offer saying that it was not about the money anymore (Tran 2009; Wilson 2011).

The impact of the song went far beyond YouTube. Newspapers and news broadcast media were doing stories about it with the musician invited as a guest on many TV shows and radio stations to retell the story of "United Breaks Guitars". As a result, the dissatisfied experience with United Airlines was shared with millions of people all over the world. Of course, it affected people's decision in choosing an airline (Tran 2009; Wilson 2011). According to BBC (2009), United Airlines' stock price went down by 10% within 3–4 weeks after the video had been released, which resulted in a decrease in valuation of \$180 million.

The example illustrates that there is no doubt that the Internet and Information and Communication Technology (ICT) have greatly changed how we live and function (Barnes and Jacobsen 2014; Maceli et al. 2015). Face-to-face communications