

Online Word-of-Mouth Reviews



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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,

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

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