

Chapter 15

An Empirical Study on the Importance of Electronic Word of Mouth in the Concierge Industry: The Case of Cyprus

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ABSTRACT

The widespread access of electronic word of mouth (e-WOM) enables contemporary consumers to assess the opinions of others, irrespective of geographical boundaries, about products and services. This research examines the impact of e-WOM on building international brand awareness when the former is used as a core part of a company's overall digital marketing strategy. By applying the survey methodology, the findings provide support for this positive effect; namely, the integration of e-WOM in the overall digital marketing strategy and activities applied by an organization can enhance brand awareness beyond country borders and contribute towards the overall organizational effectiveness and success. Taken together, the study provides further insight into eWOM and cross-border brand awareness relationship and outlines several questions that deserve further study.

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INTRODUCTION

Industry reports indicate that word of mouth (WOM), defined as “*an interactive exchange of information between two or more consumers that is not commercially motivated*” (Baker, Donthu & Kumar, 2016, p.226), influences 76 percent of all consumers’ buying decisions (Jalilvand et al., 2017). The advent of the Internet and the freedom of expression that came with it have led to the emergence of a new form of WOM, the so-called eWOM, defined as “*any positive or negative statements made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet*” (Hennig-Thurau et al., 2004, p.39).

Innovations and technology-based interactions and communication between organizations and consumers have already precipitated as a corner stone of today’s era (Vrontis, Thrassou & Amirkhanpour (2017). Information seeking, the Internet of Things, and other digital technologies, influencing the daily life of both individuals and businesses are all part of and influence the typical everyday online activities of both businesses and individuals (Santoro et al., 2018; Themistocleous, 2018). Moreover, in today’s hypercompetitive and constantly changing business environment, businesses across the globe increasingly seek value for their products via concepts and channels, trying to communicate what really matters to the customer (Christofi et al., 2018; Campanella et al., 2016).

Today’s consumers are engaged in a vast range of networks characterized by complexity and diversity. Technology enables such network communication among the involved parties (including, firms, consumers and other stakeholders), and enhances various types of interactions in these networks, such as transactions, analyses, consumers interfacing with connected devices and gathering information about products and services, and social information sharing (Verhoef et al., 2018).

EWOM established its position in both research and practice as an issue of strategic significance, and managers are challenged to comprehend its effects on various key outcome metrics, such as sales or brand awareness (Wilson, Giebelhausen & Brady, 2017). An example of the significance of eWOM in today’s era, is the fact that 70% of consumers from U.S.A go online to seek out opinions related to tangible and intangible products before the actual purchase (Wilson, Giebelhausen & Brady, 2017).

The exponential growth of eWOM is further enhanced by the ability of consumers to generate and access this content wherever they are and whenever they want. An abundance of applications and connected devices through the Internet of Things provides consumers with location-dependent information to annotate on products and experiences everywhere in the world and at all times (Ransbotham, Lurie & Liu, 2019). Industry studies state that, approximately, 2.4 billion daily brand-related conversations occur, and marketing practitioners constantly invest largely on directly influencing and comprehending such eWOM conversations (Baker, Donthu & Kumar, 2016).

Furthermore, such communication provides a cost-efficient strategy for a brand to communicate with a large Internet audience and disseminate brand and product or service information online (Gao et al., 2018; Berthon et al., 2012). In practice, international brands have increasingly adopted eWOM through social media as a branding or advertising tool (Gao et al., 2018; Johnston et al., 2018). However, research on evaluating a company’s strategy on global branding, via social media users and, subsequently eWOM, is absent (Gao et al., 2018; Berthon et al., 2012;). Adding to this, several researchers call for a better comprehending of the differences across WOM types and their specific effects on consumer decision making and product success (e.g., Marchand, Hennig-Thurau & Wiertz, 2017; Hennig-Thurau, Wiertz & Feldhaus, 2015; Berger, 2014;). Yet research, either theoretical or empirical, on the differential effects of various WOM typologies is scarce (Marchand, Hennig-Thurau & Wiertz, 2017).

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