

# Chapter 11

## Electronic Word-of-Mouth in the Service Industry: An Empirical Analysis on Sharing Economy Services

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### ABSTRACT

*Word-of-mouth is today considered among the most effective marketing communication tools. Indeed, consumers trust more their friends or other consumers than companies, advertisements, and brands. Moreover, due to the digital revolution, the electronic word-of-mouth plays a central role in consumers' purchasing decisions. In particular, electronic word-of-mouth may be central in the context of services, where the perceived risk of the intangible offering triggers consumers' need to find preliminary support from other consumers. This chapter focuses on comments and reviews regarding tourist products and other services shared by customers on different types of online platforms. The empirical analysis sheds light on the role that key motivational drivers, such as customer satisfaction, altruism, and self-esteem, may have in affecting consumers' decision to share comments about traditional versus sharing economy businesses. Findings demonstrate that the observed motivational drivers significantly and differently affect consumers' decision to engage in electronic word-of-mouth.*

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## INTRODUCTION

Word-of-mouth (hereafter, WOM), defined as the array of informal conversations that occur among consumers about products, service and brands (Westbrook, 1987), has significantly grown in fairly recent times in its diffusion and impact from both a theoretical and a practical point of view. Indeed, consumers' purchasing decisions are often significantly affected by what other people suggest (e.g., Babic Rosario et al., 2016; Chen, 2017; De Angelis et al., 2012). Moreover, due to the digital revolution, WOM occurs nowadays mainly in the form of electronic WOM (hereafter eWOM; e.g., Boerman et al., 2017), whereby users share online reviews that often play a crucial role in influencing other consumers' decisions about whether to buy or not a product or a service either online or online. The importance of WOM and eWOM is due to the fact that information shared by peers is typically considered as more credible and trustworthy than that shared by companies; indeed WOM sharers generally do not have any vested interest in the product or service they talk about (e.g., Berger, 2013; Berger and Iyengar, 2014), as they typically do not receive incentives of any sort to talk about it (unlike advertising, in which the communicator typically has an interest in the product or service it provides information about). Interestingly, marketing literature has focused on key aspects of WOM, such as the content of conversations (Burnkrant & Cosineau, 1975; Cheung et al., 2008; De Angelis et al. 2017; Schellekens et al. 2010; Sussman & Siegal, 2003), the effect of WOM on recipients' judgments and behaviors (see De Matos & Rossi, 2008 for a review), the diffusion of positive versus negative WOM (De Angelis et al. 2012) and the motives behind the sharing the WOM and eWOM (e.g., Berger, 2014; Hennig-Thurau et al., 2014).

In this chapter, we focus on the eWOM and investigate it in the context of service business. Indeed, due to the experiential and intangible nature of services, WOM can be considered particularly crucial in the service contexts, as it may reduce the inherent risk associated with service purchasing (e.g., De Angelis et al., 2017). In our analysis, we specifically refer to comments and reviews about tourist products or services shared by customers on different types of online platforms. More specifically, this chapter analyses the differential effectiveness of comments shared about a company operating in the traditional online service business versus comments shared about a company operating in a sharing economy business. The role that key motivational drivers, such as customer satisfaction, altruism and self-esteem, may have in determining consumers' intention to share comments regarding traditional versus sharing economy businesses is investigated. Findings demonstrate that the abovementioned motivational drivers influence consumers' decision to engage in eWOM activities both in the traditional and in sharing economy business. Specifically, results suggest that respondents' level of altruism is more central in the sharing economy business than in the traditional business. Moreover, results underline that customer satisfaction is the main motivational driver in the traditional business.

Overall, this chapter fills a relevant gap in the literature. Indeed, while previous studies have widely shed light on the importance of WOM in service contexts (e.g., Bansal & Voyer 2000; De Angelis et al., 2017; Money et al., 1998) and even in tourism (e.g., Amatulli et al., 2019; Del Chiappa et al., 2018; Litvin et al., 2008), under investigated to date has remained the issue of detecting differences in terms of the role played by eWOM drivers in traditional online services versus sharing economy services. This issue appears quite important to tackle in the light of the fact that digitalization has significantly increased the importance of service in the economy and the society at large. In such a scenario, two are the types of innovation brought about by digital revolution in the tourism and hospitality sector: one is given by the rise of online travel agencies (OTAs) that not only give users the chance to book online but also offer them reviews posted by previous users; the other is given by the rise of sharing economy

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