What We Know and Don't Know About Online Word-of-Mouth: A Review and Synthesis of the Literature

King, Racherla & Bush (2014)
eWOM is defined as “any positive or negative statement, 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”

eWOM has since subsumed traditional word-of-mouth communication and become more common—in some instances, it has become the preferred method of communication.
Purpose of Study

- Literature in the area is rich, the **broad range** of platforms and various types of eWOM,
- The myriad of methods used to study them, has led to a **fragmentation of the extant literature**
- This fragmentation poses a risk to the systematic accumulation of knowledge and the **integration of the literature's findings**.

To conduct a **systematic review** of eWOM studies published in the past decade, examine the **current state** of eWOM research then pose and discuss critical research questions to provide **structure** and **guidance for future research**
Methodology

- Concept-driven systematic review methodology (Webster & Watson's, 2002)
- **Sources**: Academic Search Premier, EBSCO, ABI/INFORM Global, the Social Science Citation Index, and Emerald Insights
- **Keywords**: "eWOM", "online reviews", "product reviews", "online recommendations", "online word-of-mouth", "online buzz", "social networks", "online viral marketing", "online consumer reviews", "online communities", and "virtual communities"

190 studies selected

Criteria for analysis:
1) Published in a peer-reviewed journal
2) Focus is on various forms of eWOM or at least on a subset of variables
3) Has a defined sample and an empirical methodology
4) Addresses eWOM at the individual consumer (micro) or market (macro) level.
Eight major motives for WOM behavior: altruism, product involvement, self-enhancement, helping the company, negative WOM altruism, anxiety reduction, vengeance, and advice seeking (Sundaram, Mitra & Webster, 1998).

WOM has a much greater impact on consumers than other forms of marketing communication (Day 1971).
**eWOM Framework**

**Quadrant 1: Antecedents of eWOM Senders**

- What We Know
  - Enhanced Volume
  - Self-Enhancement, Consumer Psychographics, Product/Retailer Performance, Altruism/Concern for Others, Need for Social Interaction

- Relevant eWOM Characteristics:
  - C1, C3, C6

- What We Need to Know
  - RQ1, RQ2

**Quadrant 2: Consequences to the Senders**

- What We Know
  - Enhanced Product Learning, Impression Management, Social Capital and Reputation

- Relevant eWOM Characteristics:
  - C3, C4, C6

- What We Need to Know
  - RQ3

**Research Questions**

- RQ1- How can firms foster higher-quality reviews and reviews?
- RQ2- What is the potential of visual eWOM?
- RQ3- How does eWOM affect consumer engagement?
- RQ4- Are there latent or counterintuitive aspects of eWOM seeking?
- RQ5- How do consumers process the textual content in eWOM messages?
- RQ6- How does eWOM differ cross-culturally?
- RQ7- What are the disaggregate effects on receivers?
- RQ8- How does trust change the power of eWOM?
- RQ9- How does eWOM change the consumer decision journey?
- RQ10- How does eWOM affect service delivery modes and costs?
- RQ11- How can firms utilize eWOM’s inherent endogeneity?

**Quadrant 3: Antecedents of the Receiver**

- What We Know
  - Search/Evaluation Efforts, Risk Reduction, Social Assurance, Leisure Activity

- Relevant eWOM Characteristics:
  - C1, C2, C3, C4

- What We Need to Know
  - RQ4, RQ5, RQ6

**Quadrant 4: Consequences to the Receiver**

- What We Know
  - Product ROI, Willingness-to-Pay, Trust and Loyalty

- Relevant eWOM Characteristics:
  - C1, C2, C3, C5

- What We Need to Know
  - RQ7, RQ8, RQ9, RQ10, RQ11

**eWOM Characteristics**

- C1. Enhanced Volume
- C2. Dispersion
- C3. Persistence and Observability
- C4. Anonymity and Deception
- C5. Salience of valence
- C6. Community Engagement
1. **Enhanced volume**: Given the multi-directional nature of the Internet, eWOM's volume and reach are unprecedented (Dellarocas 2003). eWOM conversations are asynchronous and are able to reach a **vast number** of people in a **short period of time**. In other words, both communicators and consumers have considerably more options available for spreading and consuming opinions, respectively, than would be possible with traditional WOM, leading to greater awareness (Kiecker and Cowles 2002).

2. **Dispersion**: A related phenomenon affecting the outcome of eWOM is platform dispersion. Godes and Mayzlin (2004 p 546) define platform dispersion as “the extent to which product-related conversations are taking place across a **broad range of communities**”. Dispersion has two specific implications: a) the nature of the platforms could have a significant impact on the **incidence and evolution** of eWOM (for instance, which products are discussed and how often); and b) from a **measurement perspective**, it is difficult to narrow down which platforms to target and measure.
3. **Persistence and observability**: eWOM is persistent and **remains in public repositories** (Dellarocas and Narayan 2007). This information is available ‘on-demand’ to other consumers who are seeking opinions about products and services (Hennig-Thurau et al. 2010). Given the **textual nature** of eWOM opinions, both the content of the message and the source characteristics tend to become more salient in consumers’ evaluations of eWOM's credibility and usefulness. Persistence and observability mean that existing eWOM significantly influences future eWOM (e.g., Dellarocas and Narayan 2007).

4. **Anonymity and deception**: Self-interested behavior on the part of sellers may reduce both the credibility and the informativeness of eWOM; i.e., when vendors obtain high payoffs for manipulating online opinions (Resnick et al. 2000). Given the relative anonymity and potential for deception, an additional variable is introduced into the picture—‘quality’. Recently, firms have developed **reputation mechanisms** that chronicle not only vendor quality but also the reputations of review providers.
5. **Salience of valence**: This term refers to the positive or negative rating assigned by consumers (typically on 1–5 or 1–7 Likert scales) when they review products. With traditional WOM, the main source of valence in the message is based on the interaction between individuals. The information provided by the sender has the possibility to be misinterpreted, whereas in eWOM with an assigned numerical rating, there is less issue with interpreting the valence of a sender's opinion (Chevalier and Mayzlin 2006).

6. **Community engagement**: Consumer engagement is the key to sustainable competitive advantage, profitability, and gaining consumer loyalty (Blazevic et al. 2013). eWOM platforms support collections of people in forming specialized, non-geographically bound consumer communities. Firm–consumer–consumer interactive experiences via online platforms are very useful in enhancing marketers' customer engagement efforts because those platforms allow the marketers to leverage the influence of a meta-layer of supporters who in turn engage with end consumers.
(RQ1) How can firms foster higher quality reviews and reviewers in a relatively anonymous online environment?

(RQ2) What is the potential of visual eWOM?
(RQ3) How does eWOM affect consumer engagement?

How firms should engage with senders, i.e., are there specific mechanisms that can help firms to better engage with the generators of eWOM? Are reputation-based mechanisms powerful enough in driving engagement behaviors?

(RQ4) Are there latent or counterintuitive motivations to eWOM seeking?

- When promotion consumption goals are present, positive reviews are more persuasive than negative ones, and when prevention consumption goals are present, then negative reviews are more persuasive than positive reviews (Zhang, Craciun, and Shin 2010).
- Consumers seek eWOM to balance their informational disadvantage. This leads to increased reflexivity (Askegaard, Gertsen, and Langer 2002) that enables consumers to resist firms' persuasion attempts and consume responsibly.
(RQ5): How do consumers process the textual content in the eWOM messages?

Reviews that confirm the information contained in the product description are more important for feature-based products, whereas reviews that give a more subjective point of view are more important for experiential goods, such as music and movie DVDs.

(RQ6) How does eWOM differ cross-culturally?

• In their investigation of the different Amazon websites, Danescu-Niculescu-Mizil et al. (2009, p 149) find that there are “noticeable differences between reviews” in average helpfulness ratio and review variance for reviewers in the U.K., Japan, Germany and the U.S.
(RQ7) What are the disaggregate effects on receivers?

Chen, Dhanasobhon, & Smith (2008); Forman, Ghose, & Wiesenfeld (2008) find evidence to this effect. However, due the nature of their data, these studies consider only the hard characteristics of eWOM messages, such as valence and volume, and do not carefully delineate their socio-psychological aspects (such as source characteristics and reputation effects, source–consumer demographic similarity, etc.). For instance, in a situation of perceived ambiguity of a review, consumers use egocentric anchors as a basis for their decisions (Naylor, Lamberton, and Norton 2011).

(RQ8) How does trust change the power of eWOM?

It is well known that sellers and book publishers can and have manipulated product reviews to boost sales (Chen, Xu, and Whinston 2011). If consumers are looking for new methods of interaction or signaled cues from users, then there needs to be an understanding of why they find them useful.
(RQ9) How does eWOM change the consumer decision journey?

The traditional understanding is that the decision journey is a linear process (the funnel) and consumers go through each step while systematically narrowing down brand choices. McKinsey study suggests that the decision journey is now a **continuous loop** in which consumers keep adding and deleting brands based on significant information from online c2c sources, such as online reviews and interactions with family and friends via social media.

(RQ10) How does eWOM affect service delivery modes and costs?

Several studies, mainly in the ‘online communities’ genre, have investigated how customers band together in product- or company-focused online communities and help each other by sharing information about **product functionalities and troubleshooting**.
(RQ11) How can firms utilize eWOM's inherent endogeneity? Consumers might contribute their opinions to a discussion regarding a product in an attempt to reduce disagreement and lessen the impact of opinions that differ from their own. Such disagreements cause higher levels of arousal that drive greater participation in online discussions and articulation of opinions (Berger and Milkman 2012). Would it be more effective if a marketer provides targeted statistics regarding previous reviews?