# Electronic word of mouth communication marketing essay



User generated content is being generated in various forms like product videos, product usage discussions, user product reviews, product photo and information sharing etc. Some of the common online platforms which enables creation and dissimilation of such content are YouTube, Facebook, Twitter, Personal Blogs & Web Pages, Wikipedia and many others. This makes consumers active and in charge of their media experience, and thus their level of involvement here ought to be much more when compared to traditional marketing. In many of the cases Brand communication is being initiated, maintained, controlled and even owned by consumers as compared to the marketers earlier.

Other implication of this change is the limited control over communication marketer has in current environment vis-à-vis days of solo traditional marketing. However, this does not imply that marketer has no control over UGC (Type of online Word-of-Mouth Communication) or both of these work in isolation. In a recent study Keller and Fay (2009) find that more than 20 percent of online word of mouth (WOM) communication is influenced by paidmedia advertising and 32 percent of online WOM communications about brands is likely to contain references to advertising. This reflects that advertising does influence online WOM and thus interaction between advertising and online WOM is apparent.

Considerable research is being done to explore what drives consumers to participate in online WOM (for e. g. Cheema and Kaikati, 2010 ; Daugherty, Eastin and Bright, 2008 etc.) However, it's also fascinating to see how consumers would jointly get influenced by multiple sources of information and experiences, which may include online WOM (Online consumer reviews), https://assignbuster.com/electronic-word-of-mouth-communicationmarketing-essay/ traditional advertising, as well as product trails and demonstration. Considerable research has been done to understand individual and jointly effects of traditional information sources on consumer attitude and behavior. However, due to recent evolution of new information sources like online WOM, scant literature is available on how these influence consumers. Even

further limited is research on joint processing of traditional and such new information sources, which definitely exists in market place.

However, the very basic nature of these information sources and the way consumer perceives them in the current marketplace might be different. For example, exposure to advertising generally happens by chance, whereas consumer interaction is deliberate and voluntary in case of online information sources. Also, the level of involvement may differs when consumers are exposed to advertising stimulus as compared while interacting or being exposed to Online WOM or user generated content. This further questions the appropriateness and applicability of traditional communication models and theories (for e. g. Elaboration Likelihood Model, Information Integration Theory, and Integrated Information Response Model etc) which have been used in such context earlier. Thus, these questions provide a fascinating area for my PhD research which are both relevant and expound for my research.

### Write-up on Proposed PhD Research

### **The Broad Picture (Informal)**

The big question that comes to my mind is how consumers integrate and act on information which they get from company (Through Advertisements) and

from other consumers/users (Through Online Consumer Reviews). It is not uncommon for any one of us, to see an advertisement and get motivated to buy a particular product. But in today's time, it is very natural that, before buying the product, we also want to know others' opinion on the product/service which we are going to buy. This is especially true in case of specific goods(Both Products and Services) like – High Involvement Products, Credence Products, Products Requiring Expertise, Products which interest limited user groups, Products high on social affiliation etc.

An important source of information for these types of products and services is online consumer reviews. These reviews are generated by people who have either bought, tried or have strong notions about the product, and like to share it with others. Increase in number of such reviews, ease through which consumers can post and read such information, urge to share one's experience, self opinion and expertise, and social recognition has made online consumer reviews a vital source of information today.

In academic research, a lot has been done to see how consumers process individual advertisements (TV Ad, Print Ad Etc.), multiple advertisements presented through multiple media (TV Ad and Radio As together Etc), and information provided through advertisement and other marketing communication mix (Advertisement and Publicity). On the other hand, significant research has also been done to understand various aspects of E-Wom, including online consumer reviews.

However, it is still not clear, how consumers jointly process Advertisements (Marketer/Seller Induced Communication) and Online Consumer Reviews

(Consumer Induced Communication). How after processing information through these sources, in various conditions and combinations, one's cognition, attitude and behavior changes, with respect to a particular brand. I would like to understand the underlying phenomena when such information is being processes, and its result on consumer psychology.

### Introduction

In the domain of marketing communications research, and advertising specifically, ample research has been done to see varied effects of information processing underlying exposure to combination(s) of different communication stimuli, in different conditions. These studies, having different exposure conditions can be broadly grouped into three main categories- context specific exposure, cross-media exposure and crosstactics exposure studies. These research tests, effects of these exposure differences (Dependent Variable) on various cognitive, affective and behavioral responses (Independent Variables) like – brand awareness and recall, attitude towards the ad and brand, purchase attention etc.

1. 1 Context specific exposure studies are the one where environment in which the communication is being conveyed or confronted by the receiver has been controlled. These constitutes of situational factors related to motivation, involvement, liking, feelings, mood etc. For example, in case of a TV commercial aired during live sports telecast, the context varies when viewers supported team is winning, as compared to when the same team is losing. This also influences factors like level of attention (advertising) message receives, persuasiveness it is able to generate and so on. Another example where context varies can be advertising responses in case of high

https://assignbuster.com/electronic-word-of-mouth-communicationmarketing-essay/ vs. low involvement product, or even respondents having high vs. low product expertise.

1. 2 Cross-media exposure studies, consider the joint effects of more than one media channel. It interests both academicians and advertisers, cognize how consumers evaluate advertisements when they experience them though multiple media as compared to single media. These studies have been done across various advertising media like TV, radio, print, outdoor etc., taking varied number of exposures and sequences. Context specific variables such as high/low involvement etc. have also been incorporated in these studies as moderator variables.

1. 3 Cross-tactics exposure research is the one in which consumers are exposed to more than one element of communication mix. These studies, relatively newer and less in number yet, are based on the perspective that, " for implementation of IMC as a strategic tool, it is necessary that different media are integrated not only for the same tactic but also across different tactics like advertising, publicity, sales promotion etc. (Kitchen, Brignell, and Jones 2004)." These studies include mix of communication elements like, advertising, publicity, personal selling, etc.

Handful of these studies has also incorporated Traditional Word-of-Mouth (WOM) and advertising as two communications cross tactics. For example, Smith and Vogt (1995) have studied the effects of integrating negative-WOM with advertising on message processing and response variables. However, no research has been done to understand joint processing of advertising and electronic word-of-mouth (E-WOM), though E-WOM is evolving as a vital communication element (Chen and Xie, 2008).

### **Electronic-Word of Mouth Communication (E-WOM)**

Significant research has been done incorporating E-WOM in various marketing research sub-domains, and it has been a topic of interest for both academicians and practitioners. In recent years E-WOM has increased both in size and volume, as much more people are spending increased time online. Though E-WOM is generated in various ways over the internet – through social network sites (Facebook, Orkut, Tweeter etc.), personal blogs (Blogger, Word press), marketer simulated online gateways (Corporate Websites, Mirco Websites, Sponsored blogs); a lot more important is E-WOM in the form of consumer reviews.

Importance of Online Consumer Reviews

The advent of Internet and information technology has brought along a new medium which enables consumers to share their evaluations of various products and services online (Avery, Resnich, and Zeckhauser, 1999). Its observed that much more consumers nowadays are posting and reading online reviews for many product categories such as books, electronics, games, videos, music, and beverages. Recent evidence suggests that consumer reviews have become very important for consumer purchase decisions, and it also influences both online and offline product sales. A study by Forrester Research finds that almost half of US online adults read consumer ratings/reviews of products and services at least once in a month.

[1]

It is also not uncommon for customers to go online and read opinions of other consumers, after viewing advertisements or planning to buy a particular brand. Various websites like eopinion, c-net, tolmol, mouthshut, and others, provide consumer platforms through which they can almost seamlessly interact and share their opinions and experiences about the product.

2. 2 Traditional WOM vs. E-WOM and Current Research on E-WOM (Online Consumer Reviews specifically)

The differences in traditional word-of-mouth communication and E-WOM make it lot more important to understand how consumers process this information together wish information provided through advertisements. First, unlike traditional WOM communications, positive and negative online consumer reviews are simultaneously presented together from various sources at the same online place (Chatterjee, 2001). Another characteristic of online consumer reviews is measurability. In the online consumer review context, consumers can easily observe and measure the quantity and quality of positive and negative opinions because online consumer reviews are published in a written form.

Furthermore, the quantity and persistence of eWOM communications has enabled researchers to measure the extent to which online consumer reviews affect sales (Chip, 1996; Chevalier and Mayzlin, 2006) Researchers have also found that, the density of online ratings can serve as a useful indicator of the purchasing population's propensity to engage in postpurchase WOM communications (Dellarocas and Narayan, 2006). Nascent

research in this area has focused on effects of online consumer reviews on product attitude and purchase intention; effects of consumer knowledge on processing of online consumer reviews, and also the truthfulness of online consumer reviews.

Numerous studies have examined how advertising affects the way consumers evaluate persons, products, and issues. Social and consumer psychology, in particular, have adopted many approaches to examine the way people change their attitudes. However, researchers have paid scant attention to understand how consumers process information from online consumer reviews and advertising together. It is evident that consumers consider, and are persuaded with information through both advertising (Seller/Marketer driven) and online consumer reviews (Consumer/Customer Driven). Therefore it is necessary to understand whether if, and how, integration of both these information sources leads to difference in consumers cognitive, affective and behavioral responses.

The differences in joint and individual processing of such information over any one particular medium (Advertising or Online Consumer Reviews), could be because of different characteristics of these information sources.

Some of these are:

Information/source credibility,

Message valance (Positive only in case of advertising; positive, neutral or negative in case of consumer reviews),

### Level of informality, https://assignbuster.com/electronic-word-of-mouth-communicationmarketing-essay/

Product oriented vs. consumer oriented information,

Level of depth and richness of information,

Source approachability,

Information conclusiveness,

Number of information providers (Single in case of advertising, generally multiple in case of online consumer reviews),

Limited exposure time vs. unlimited exposure time,

Level of interactivity,

Ease of processing and understanding etc.

### Some Variables which may be used

Dependent

Independent

Moderator

Attitude Towards the Ad

Message Valance

1. High/Low Involvement

Attitude Towards the Brand

### 2. Exposure Sequence

https://assignbuster.com/electronic-word-of-mouth-communicationmarketing-essay/ Advertisement Recall

3. Exposure Time

Brand Message Recall

4. Quality of Information

Source Credibility

5. Proportion of Negative Vs. Positive Information

Message Believability

6. Personal attitude towards Ads and Online Consumer Reviews etc.

Purchase intention etc.

# THEORETICAL BACKGROUND

The theoretical premise on which various hypotheses from the above variables would be formed is briefly discussed in this section. However, a lot more reading and clarity is required. Majorly these theories come from the discipline of cognitive psychology. Cognitive psychology is a scientific method of exploring internal mental processes (Sun, 2008, p. 78), and enables the process of ascertaining how advertising stimulus leads to cognitive or affective behavioral changes.

### **Cognitive Response Theory**

This theory postulates that persuasive messages are mediated by thoughts which are generated by the receiver when the communication is processed (Ostrom, Petty and Brock, 1981; Mehta and Davis, 1990). It simply means viewers are active processors of information, which bring thoughts based on previous experiences while processing or elaborating the ongoing communication process. These past thoughts and feelings affect the way attitude formation takes place. Thus, to understand cognitive responses generated by people who are exposed to such kind of messages, it is important to integrate their thinking process, or how they integrate information. This is usually done by the technique called ' thought listing' where respondents are asked to pen down there thought process immediately after exposure to stimuli. This process of ' thought listing' plays a major role in understanding how human brain is processing the information. Cognitive responses are also influenced by cognitive styles, which are different for different people. Thus, methodologically cognitive responses are tapped using coding open ended responses. Generally this is done under three categories, polarity or valance (favorable, neutral, unfavorable); target (response to message topic vs. response to message format elements) and origin (restatement of message, reaction to or elaborations of the message, or the issue unrelated to message content), (Cacioppo, Harkins, & Petty, 1981).

### **Information Integration Theory**

The information integration theory is an extension of cognitive response

theory and explains how person's attitude is formed from integrating

different pieces of information. This is based on two operations: valuation and integration. Valuation refers to the meaning, importance and evaluation of information one prescribes to a particular message (communication). Further, Integration is the process of combining these pieces of information. There are two different viewpoints, on the ways in which information can be integrated, the adding model and the averaging model. The adding model presumes that people simply add additional information to the previous information, whereas the averaging model assumes that people integrate each bit of information by averaging it with previous information, thus discounting the total weight of previous information.

### **Attitude Formation Theory**

Multi-attribute model of attitude formation (Fishben and Ajzen, 1975) propose that people perceive brands as bundles of attributes. These bundles are built up over a period of time from information and experiences integrated in bits and pieces. This model is also based on the concept of integration of information. Integrated information makes a cognitive structure in mind, which forms a complex network of integrated beliefs, which all together forms an attitude. Mitchell and Olson (1981) found that that, " theoretically integrated set of measures of the cognitive effects of marketing variables can be used to measure the multiple effects of a particular communication messages on cognitive structure", though cognitive processing is only a mediating factor in attitude formation. Michell and Olson also found that product attribute beliefs had a major mediating effect on brand attitudes, which further mediated the behavioral intentions. Though Fisheben's theory largely explains the development of attitudes in regard to advertising, the model is built on a various communication encounters, which is similar to the way in which IMC functions. This logic suggests that greater the number of consistent (integrated) message encounters, the stronger is the attitude.

### **Integrated Information Response Model and Confirmation Effect**

Integrated Information Response Model is based on the averaging model of Information Integration Theory, developed by Smith and Swinyard (1982). This model posits that message acceptance and belief strength are major factors which influence the message acceptance, thus resulting to difference in attitude formation. The model specifically tested that when advertising is integrated with other sources of low or high credibility the impact of overall communication varies significantly. For example (Smith and Swinyard, 1982) explains, " if the product claims (advertising) are inconsistent with prevailing beliefs or attitudes (formed though trial, past experience etc.), probably only personal sources have the impact to produce the intended effect." Integrated information response model has been used largely to see how consumers integrate information when it comes from sources having different magnitude of vested interest of advertiser, credibility and trust of the information source; for example publicity and advertising, advertising and trials etc.

Confirmation effect theory roots out from the confirmation bias literature. It postulates that even if someone has sought and interpreted and information in a neutral way, they may still remember it selectively to reinforce their expectations (Hastie and Bernadette, 2005, p. 394). This relates to https://assignbuster.com/electronic-word-of-mouth-communicationmarketing-essay/

integrated information response model and proposes that there is a confirmation effect when two sources of information deliver same or similar information or information which is in sync with the preconceived notions. For example, LaBella and Koehler (2004), found confirmation effect, where the combination of non-diagnostic evidence with diagnostic evidence increased the overall evaluation. IMC tries to function in such a way that consumers pre-conceived notions, which are also formed from information communicated at earlier stages, are integrated to information which consumer encounter in future, thus creating a confirmation effect.

### **Elaboration Likely-Hood Method**

Elaboration likely-hood model (ELM) explains how attitude are formed and changed, and was given by Petty and Cacioppo (1981, 1986a, 1986b). Though, ELM has diverse application in different research streams, it proves to be a vanguard in the communication literature. It explains that a message can be processed though two routes of persuasion, the central route and the peripheral route. When information is processed though central route, the subject engages in more thoughtful process, scrutinizing every logic, meritdemerit of communication more specifically. On the contrary, if communication is processed though the peripheral route, subject processes message with less extensive cognitive processing. Whether subject processes the information (message) though central route or peripheral route depends on various factors like quality in the in which it is presented, attractiveness of the source, perceived credibility of source, one's ability to understand the message etc., also referred as one's motivation to scrutinize or pay attention to the message. Based on the findings and studies relating to elaboration likely-hood in advertising, it is comprehended that receivers have higher motivation to pay attention in situation having communication synergy through different sources as compared to message repetition situations (Allen, Kania and Yaeckel 1998; Rossiter and Bellman 1999; Blackwell, Miniard and Engel 2001; Putrevu and Lord 2003). Therefore, subjects are likely to process information thorough central route processing information using more cognitive resources, enabling stronger memory trace and recall (Hyun Um, 1988; Keller, 2001).

### **Encoding Variability Theory**

This theory asserts that, "When a consumer receives the same message from a variety of media, the message will be encoded into his or her memory in a more complex fashion than if only one medium were used, resulting in stronger, clearer, more accessible information network in the brain" (Tavassoli, 1998). This again forms the core principle behind the concept of synergy, which demands that messages are delivered using more than one communication medium. This theory is based on the logic from the brain research that, when more than one form of media is involved, e. g. auditory and/or visual signals, different channels in brain are used by both of these. These channels access different resources, which produces clearer, stronger encoding and larger network of accessible information (Tavassoli, 1998). This makes it critical for communicators to use more than one medium, which involves more forms of signals and increases the likelihood of information storage, recognition and recall.

### **Repetition-Variation Theory**

Repetition of message and its impact of communication response variables like message (recognition, recall, believability, and impact), attitude towards advertisement, brand and source have been extensively studied in the communication and advertising literature. For example, ' wear in and wear out' (Berlyne, 1970; Pechmann and Stewart 1989), effects of repetition and variation (Sawyer 1981, Schumann, Petty and Clemons 1990) etc. Further, many studies on message variation have also been done, for example, Haugtvedt et. al. (1994) studied impact of cosmetic variation vs. substantive variation. They found that cosmetic variation cues can lead to positive effect, persistence in memory, and confidence in the attitude, however substantive variation develops attitudes that are more resistant to change. In conjuncture with encoding variability theory, substantive and cosmetic variations operate though different mechanism and differentially affect the strength of consumer attitudes.

### **Theory of Selective Attention**

Theory of selective attention demonstrates that, among a set of stimuli, individuals give the most attention to those that are both complex and familiar or both simple and novel. However, a stimuli that is both complex and novel or both familiar and simple gets less attention (Kahneman, 1973). Thus, the effect of processing from advertising and word of mouth consumer reviews can differ largely, based on novelty and complexity of information provided through these.

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### Introduction

## **EWOM Definition:**

" eWOM communication refers to any positive or negative statement made by potential, actual, and former customers about a product or a company via the

Internet" (Hennig-Thurau et. al., 2004).

Social Communication Literature

## **Online Consumer Review Definition:**

The online review is defined as any positive or negative statement about a product made by potential, actual, or former customers, which is available to a multitude of people and institutions via the internet © (Park and Kim, 2008)

## **Electronic Word-of-Mouth Communication**

Interpersonal communication has received great attention in social psychology. This

line of studies has consistently demonstrated how personal influence affects individuals

to make choices. The power of interpersonal influence through word-ofmouth communication has been well recognized in the consumer literature (Arndt, 1967; King

and Summers, 1970; Herr, Kardes, and Kim, 1991). The consumer influence through

word-of-mouth communication is further accelerated with the advent of Internet.

eWOM communication can take place in various settings. Consumers can post their opinions, comments and reviews of products on weblogs (e.g. xanga. com), discussion forums (e.g. zapak. com), review websites (e.g. Epinions. com), e-bulletin board systems, newsgroup, social networking sites (e.g. facebook. com).

### **Differences in eWOM and Traditional WOM**

While eWOM communication has some characteristics in common with traditional WOM communication, it is different from traditional WOM in several dimensions. These dimensions attribute to the uniqueness of eWOM communication.

1. As with WOM, sharing of information is between small groups of

individuals in synchronous mode (Avery, Resnick, and Zeckhauser, 1999; Li & Hitt

2008, Dellarocas 2003; Steffes and Burgee, 2009). However, eWOM communications

# involve multi-way exchanges of information in asynchronous mode (Hung and Li,

2007). The use of variou