



Finding disseminators via electronic word of mouth message for effective marketing communications



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ABSTRACT

It has become increasingly important for companies to utilize electronic word of mouth (eWOM) in their marketing campaigns for desired product sales. Identifying key eWOM disseminators among consumers is a challenge for companies. WOM is an interpersonal communication in which a sender spreads a message to receivers. Previously, researchers and practitioners have searched for opinion leaders by examining senders and receivers due to limited records on WOM message. Our study identifies three types of opinion leaders through eWOM using a message-based approach that elicits more accurate and comprehensive information on opinion leadership than sender-based and receiver-based approaches. We demonstrate that eWOM of opinion leaders drives product sales due to their product experience and knowledge background. Our findings suggest that companies can increase product sales via effective use of eWOM of such opinion leaders. Managerial and marketing implications are addressed.

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1. Introduction

When HTC introduced the Windows-based smartphone, it recruited 1000 T-Mobile or AT&T customers to write product reviews and Facebook and Twitter posts, reaching more than 234,000 consumers and significantly increasing the brand awareness [12]. When Dunkin' Donuts launched Latte Lite, it used 3000 consumers to spread the word about the new beverage, reaching 111,272 consumers over twelve weeks and increasing sales by 26% in test markets [13]. Both examples illustrate that electronic or online word of mouth (eWOM) has become an important factor in consumer buying decisions [37]. Consumers trust eWOM more than advertisements, as they regard their peers as more reliable than companies [65]. As such, companies receiving favorable eWOM have a better chance to increase sales [21]. Although eWOM is implemented by consumers, companies can initiate eWOM campaigns for marketing communications [35]. To launch an effective eWOM campaign, companies need to identify a small number of disseminators known as opinion leaders who exert personal influence upon other people [68]. The challenge is: How can companies choose eWOM opinion leaders from ecommerce sites?

Identification of opinion leaders relies on the “two-step flow of communications” theory: as senders, opinion leaders cultivate their knowledge from a variety of sources including mass media in the first

step, and then spread their opinions (messages) to the general public (receivers) via WOM in the second step [47]. Thus, sender, message, and receiver are key components in the WOM process [6,20], and provide three important bases for searching for opinion leaders. Information on WOM content (i.e., message) has generally been unavailable to companies in the past because interpersonal communication such as a chat between friends leaves no record for analysis [20]. As a result, researchers turn to senders and ask whether they really are opinion leaders by a questionnaire survey [50]. However, a survey may capture self-confidence rather than opinion leadership for two reasons [61,68]. Firstly, consumers often have no clear sense of the possible influence of their opinions. Secondly, they tend to overstate influence due to strong confidence in their own opinions.

An alternative identification approach, the network structure approach, examines how many receivers a sender can reach. The network structure approach can identify senders who are highly connected with receivers in a social network [41]. While the network structure approach avoids overestimation issues by using objective measures, it may underestimate opinion leadership. The network structure approach also requires knowledge on consumers' social networks that are often private information [5,43]. Moreover, even when companies acquire information about consumers' social networks, consumers' influence over strangers outside their social networks in an online setting is difficult to determine. Therefore, the network structure approach is not suitable for identifying eWOM opinion leadership. Unlike traditional WOM, eWOM leaves digital records on the Internet, and therefore provides companies with accessible information [20].

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Since message is a key component in the original theory by Katz and Lazarsfeld [47], we wonder: Can companies explore the rich information contained in eWOM message to identify opinion leaders? If so, can companies use such opinion leaders as disseminators to launch effective marketing campaigns via their eWOM?

In this paper, we introduce a new message-based method to measure opinion leadership from eWOM. By using objective measures available from online user reviews, we identify three influential disseminators for products with qualities difficult to access before consumption (experience products). The first type is communicative opinion leaders who write a large number of reviews. The second type is buzz-generating opinion leaders whose online reviews generate contagious talk about a brand, service, product, or idea [11]. The third type is trustworthy opinion leaders whose online reviews are useful to fellow consumers. Practitioners are using eWOM to identify opinion leaders: for example, Amazon publishes the top 10,000 reviewers on its website. Although the exact ranking method is a secret, communicativeness and trustworthiness are reported to be important factors [66]. However, empirical evidence that such opinion leaders have effects on product sales is absent in the literature.

To understand if opinion leaders identified by the message-based approach can be used as disseminators to launch effective marketing campaigns, we examine the effects of opinion leaders' eWOM on product sales. Building upon the literature on eWOM created by the general public, we suggest that companies focus on two aspects of opinion leaders when developing eWOM marketing communication campaigns: product experience and knowledge background. For product experience effects, we study opinion leader eWOM's impact on sales in terms of product popularity/awareness, customer satisfaction (for quality assurance), and horizontal product differentiation. For knowledge effects, we examine whether sales can be affected by the breadth and focus of opinion leaders' product knowledge. Our findings reveal that opinion leaders' eWOM drives product sales due to their product experience and product knowledge, which suggests that companies can increase product sales via effective use of eWOM of opinion leaders.

This paper is organized as follows. In Section 2 we present our literature review and hypothesis. We then discuss data and modeling in Section 3 and present the empirical results and managerial implications in Section 4. Section 5 concludes and addresses the limitations of this study and future research directions.

2. Literature review and hypothesis development

Opinion leader WOM has long been used to promote products or to criticize competitors' offerings [44,47]; its positive impact on new product introduction was first reported by Arndt [3]. In recent years, online social networks and social media platforms have further helped the spread of eWOM. What sets eWOM apart from traditional WOM is the combination of (1) unprecedented scale, (2) the possibilities for eWOM designers to control and monitor eWOM operation, and (3) unique properties of online interaction [26]. One of the most important capabilities of the Internet is interactive communication at a larger scale: "for the first time in human history, individuals can make their personal thoughts, reactions, and opinions easily accessible to the global community of Internet users", and the interactive communication provides an online feedback mechanism to serve multiple functions, including brand building and customer acquisition, product development and quality control, and supply chain quality assurance [26].

Electronic commerce performs better than the traditional market in acquiring customers [77]. One advantage of electronic commerce is the availability of eWOM. Consumers read eWOM for several reasons: (1) to obtain buying-related information, (2) to achieve social orientation through information, (3) to have a sense of belonging to a community, (4) to gain financial reward, and (5) to learn to consume products. However, their main purpose is to save decision time and to make better

decisions [40]. For such reasons, companies are interested in providing eWOM as "free sales assistance" [18]. In order to identify key eWOM disseminators, companies need to understand why review writers post their opinions, and prior research suggests the following reasons: (1) to add value to community by helping others (focus-related utility), (2) to seek advice from other community members after purchasing (consumption utility), (3) to gain approval from other community members (approval utility), (4) to moderate consumer interaction with other consumer and companies (moderator utility), and (5) to balance their emotions through expressing their opinions (homeostase utility) [39].

2.1. Identifying opinion leaders using eWOM message

To be effective in viral marketing campaigns, companies must identify opinion leaders properly and then let them communicate information to their followers [43]. Opinion leaders are consumers who provide information to others that influences their consumption decisions [22] by obtaining key information through research and shaping their own opinions earlier than the general public. Opinion leaders in women's fashion, for example, acquire fashion knowledge from fashion magazines first and then spread it to followers via WOM [70].

Rogers and Cartano [68] summarize three methods of identifying opinion leaders: (1) the self-report method, i.e. using surveys to ask consumers to identify whether and to what extent they are opinion leaders; (2) the key informant method, i.e. using surveys to ask consumers whom they listen to; and (3) the network structure method, i.e. using social networks to compute network centrality and other network structure-related measures. The first two methods are sender-based and the third is receiver-based. The self-report method seems to be most popular due to existing scales such as King and Summers' [50], although the key informant method has also been used in a recent study [59]. In addition, consumer demographics [1] and loyalty [35] are considered in conjunction with surveys to identify opinion leaders. The main findings of the extant literature are that self-reported and peer-nominated opinion leaders influence the choices of their followers. However, self-reported surveys may capture self-confidence rather than opinion leadership [2,42]. Rogers and Cartano [68] noted that sender-based surveys are "dependent upon the accuracy with which respondents [senders] can assess and report their self-images on opinion leadership". Both self-report and peer-nominated methods share survey biases such as inconsistent interpretation of survey questions and recall inaccuracy, which can lead to overestimation or underestimation of the degree of opinion leadership [24]. Recall inaccuracy bias is a particular issue because consumers receive eWOM from a large number of strangers on the Internet.

The network structure method has been widely used by marketers and network analysis researchers [41,43]. Network analysis determines opinion leaders by identifying those who connect with many people (i.e., hubs) and those who connect two clusters of densely connected people (i.e., bridges) in a social network [41]. However, other researchers suggest that impact of WOM is driven by a large number of easily influenced people rather than by opinion leaders [74]. The receiver-based approach is built upon the argument that opinion leaders spread word of mouth via their personal influence networks [67]. Since the advent of the Internet in the 1990s, WOM is no longer restricted to personal influence networks because the Internet allows one to reach strangers at a larger scale [26]. While individuals can arguably expand their social network to include the strangers, Dunbar's number (150) suggests a cognitive limitation in the number of social relationships that people can maintain [30]. Existing evidence suggests that the Internet does not remove the cognitive/biological constraints on human communication [36]. As noted by Weimann and colleagues, the network structure method "works best in a closed, self-contained social setting, such as hospitals, prisons, or army bases" [75]. However, a defining feature of eWOM is its potential to reach large numbers of

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