

Chapter 7

Managing eWOM

The shift of traditional WOM to the Internet environment introduced new opportunities for companies to reach raw data in colossal quantities. eWOM communications (e.g. tweets, online reviews, and blogs) became a source of “Big Data” of real consumer sharing behaviour (Berger 2014; Dirsehan 2015). Users embrace online platforms and eWOM to make their message heard and to influence outcomes (Kietzmann et al. 2011). As eWOM communications are ranked the most important information source during consumers’ purchase decisions, it is crucial for companies to manage them. Thus, the purpose of this chapter is to provide an overview of the techniques available to manage eWOM communications.

This chapter starts by explaining why it is important to pay attention to eWOM communications, and then considers the proposed ways to respond to eWOM. After this, techniques for capturing and analyzing eWOM communications are outlined. Finally, the chapter ends with a discussion of key points, recommendations for future research, and implications for marketing practitioners.

7.1 Paying Attention to eWOM

eWOM communications, which are used by consumers as an opportunity to share their experiences with others, can contain very valuable information for companies. For example, eWOM can be used by companies to improve and develop their products and services (Plume et al. 2016; van Noort et al. 2014; Wei and Ke 2011; Willemsen et al. 2013). Also, by paying attention to eWOM companies can prioritize their resources. For instance, using a volume perspective of eWOM messages, firms could collect information from people who have expressed negative eWOM about their products/services and people who have expressed positive eWOM, and then categorize their complaints to see the type and level of problems. The issues with the highest number complaining proportion are then considered the most urgent to solve (Wei and Ke 2011).

The box below provides a real-life example of paying attention to eWOM communications and its consequences:

High street retailer Gap introduced a new logo in 2010. The original Gap logo, showing the word Gap in capital letters inside a dark blue square, was replaced with a white square encasing a small blue square over the letter “p” in “Gap”. This change generated a public protest, which resulted in more than 2000 comments on Facebook, criticizing the decision to change the well-known logo. Additionally, a twitter account set up in protest of the new logo reached 5000 followers. Taking the comments into account the company decided to scrap the expensive new logo and go back to the old one (Halliday 2010). In a statement posted on the Gap website, president of Gap Brand Marka Hansen stated that the company’s customers always come first: “We’ve been listening to and watching all of the comments this past week. We heard them say over and over again they are passionate about our blue box logo, and they want it back. So we’ve made the decision to do just that—we will bring it back across all channels” (BBC 2010).

It is essential for companies to pay attention to eWOM communications both on their own website and on other communication platforms (Kietzmann and Canhoto 2013). It has been found that most eWOM communications take place outside a company’s website (Fisher 2009). The choice of communication channel is influenced by people’s perceived ease of access to a competent contact person, the company’s expected ability to deal with feedback proficiently, and the degree of experience and comfort with a platform (Gelbrich and Roschk 2010; Johnston 2001; Kietzmann and Canhoto 2013; Stauss 2002). The way companies respond to eWOM communications is critical because the degree of satisfaction with the firm’s response influences intention to repeat the purchases and share positive eWOM (Gelbrich and Roschk 2010; Stauss 2002).

7.2 eWOM Response Strategies

The Internet has enabled consumers to express their complaints and negative experiences to a multitude of people with reduced time and cost. Negative eWOM can lead to a negative perception of the brand or company (van Noort and Willemsen 2011). As a result, it requires immediate detection and intervention (Malthouse 2007). Due to the fact that companies have limited control over eWOM, and because of their fear of the power of negative eWOM, many companies respond to eWOM communications to influence impact. Responding to eWOM is also known as webcare (Willemsen 2013).

Webcare is defined as “the act of engaging in online interactions with (complaining) consumers, by actively searching the web to address consumer feedback (e.g., questions, concerns and complaints)” (van Noort and Willemsen 2011, p 133). The aim of webcare is to the company’s evaluation of complaining customers and all those individuals who have been exposed to the message (van Noort and Willemsen 2011; van Noort et al. 2014; Willemsen 2013). Evidence from previous studies suggests that webcare can stimulate positive responses in consumers after they have been faced with negative eWOM (Lee and Song 2010; Kerkhof et al. 2010; van Noort and Willemsen 2011).

Companies have to devise a webcare strategy. Researchers distinguish between reactive and proactive webcare strategies (Kohler et al. 2011; van Noort and Willemsen 2011; van Noort et al. 2014). In the case of a proactive webcare strategy the company responds unsolicited to eWOM communications. In contrast, when adopting a reactive webcare approach a company provides a response only if it is requested in the eWOM message (van Noort and Willemsen 2011). A study conducted by Kohler et al. (2011) compared these two types of webcare in the service context and concluded that online agents should not just react to questions, rather they should proactively initiate and maintain interactions with customers.

When companies respond to consumers’ online requests to solve issues in a timely manner it can show that the company is concerned about customers and pays attention to problems with their product/service (Hong and Lee 2005; van Laer and de Ruyter 2010; van Noort and Willemsen 2011). A number of studies have shown that webcare is an effective marketing tool which can positively influence potential consumers exposed to negative eWOM communications posted by others (Lee and Cranage 2012; van Noort and Willemsen 2011; van Noort et al. 2013, 2014). For example, a study conducted by van Noort and Willemsen (2011) demonstrated that consumers who encountered negative eWOM communication about a car brand on an online forum evaluated the company more positively when the company responded to this negative eWOM message.

The type of webcare the company should choose can depend on the online platform. Companies should carefully use proactive webcare on consumer-generated platforms (Chiou and Cheng 2003; Deighton and Kornfeld 2009). When intervening in conversations taking place on consumer-generated platforms the company can be considered intrusive which can result in negative evaluation of the company by consumers. However, consumers who post eWOM messages on company-generated platforms accept that the platform is being monitored by the company and that there is a high probability the company will respond to concerns and complaints. As a result, consumers will not consider the company’s replies as intrusive, instead they will consider it a sign that the company cares about its customers and takes their issues and problems seriously. In the case of reactive webcare, it is likely that consumers will consider it as appropriate irrespective of the platform types (van Noort and Willemsen 2011).

A company can deal with negative eWOM in a number of ways: no action, proactive actions and defensive actions (Smith 2002; Lee and Song 2010). When a company

does not offer substantive comments or takes no overt action it can be said to be taking a no action strategy (Smith 2002). By using a no action strategy companies remain silent on the online sites in order to separate themselves from the negative events (Lee 2004). Using a no action strategy can be useful when there is no overt blame, when a company feels less responsible, or when there is a high probability that an inappropriate response could cause severe offense (McLaughlin et al. 1983). However, it is argued that this kind of strategy can let negative information about the company stand unchallenged, which can damage a company's reputation (Lee and Song 2010; Smith 2002). Also, it has been found that almost 60% of people complaining online expect a company's response (TNS NIPO 2011).

The box below provides an example of how a company's failure to deal with negative eWOM on time can damage its reputation:

On 20th April 2010, a gas blowout caused the eruption of the BP lease operated Macondo well in the Gulf of Mexico, resulting in the largest oil spill in US history. This incident damaged the reputation of a successful oil conglomerate and created a high number of negative online responses. Within a few days the company's corporate image was the lowest in its history and the brand was synonymous with shame and disaster. Utilizing social media after realizing that the incident had already affected their reputation, BP's attempts to apologize and mitigate the situation were not successful (Muralidharan et al. 2011; Lindenblatt 2014).

Accommodative strategies include any type of apology, compensation, and corrective action (Lee and Song 2010). Thus, by using this strategy, companies admit their responsibility for the problems and take actions to resolve them. It has been found that people expect accommodative response from a company, when they believe that the company was responsible for the problem (Coombs 1999). By admitting responsibility for the cause of negative events a company can improve consumers' trust and affect their future purchase intentions (Lee 2005). Even partial compensation from a company can be enough to return a consumer's positive attitude (Conlon and Murray 1996). Figure 7.1 provides an example of an accommodative strategy to a negative online review from a UK company:

Defensive strategies encompass any form of denying responsibility for the negative event, putting blame on others, or attacking the accuser. Researchers have suggested that a defensive strategy might work when the source of the problem is hard to find (Coombs 1999). However, a defensive strategy is often likely to worsen the issue and harm a company's reputation. A study conducted by Lee (2005) found that when a company denies its responsibility for a negative event it leads to a negative perception of the company by consumers. Another study found that when consumers observe defensive responses from a company they are more likely to conclude that the company was responsible for the problem (Lee and Song 2010).

A real-life example of a defensive strategy and its consequences is provided in the box below:

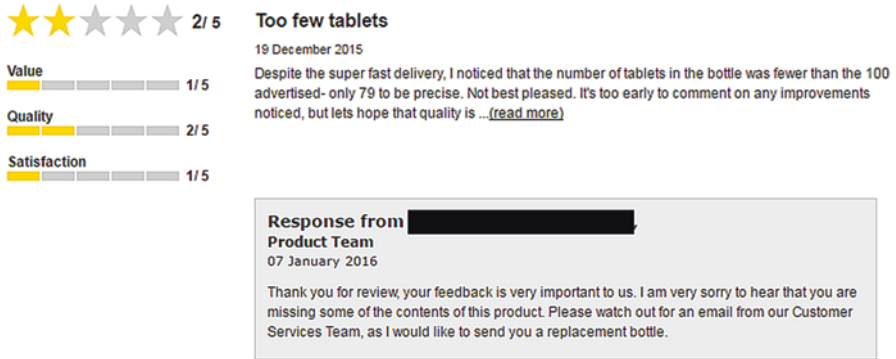


Fig. 7.1 An example of an accommodative response

A pastor who visited Applebee’s restaurant was unhappy with an automatic 18% tip charged for parties of more than eight people. So, on the bill, he crossed out the 18% charge and wrote “I give God 10% why do you get 18” near his signature. A waitress who was working at this restaurant took a photo of it and posted it on Reddit. As a result of her actions, she was fired for violating customer policy, which might have been understandable if Applebee’s had not posted a similar receipt just 2 weeks before.

News of this incident spread very fast and infuriated people across different social media platforms. The restaurant responded with a short defending post on their Facebook page. This post generated 10,000 mostly negative comments, to which the restaurant started responding by providing the same comments over and over again. Also, Applebee’s were accused of deleting negative comments and even blocking some users. The situation continued as the restaurant persisted to defend their actions and argue with Facebook users who posted negative comments. By the next day, when the original post received more than 19,000 comments, the restaurant decided to hide the post which only generated more anger (Thompson 2016). Applebee’s case demonstrates how a defensive and even argumentative strategy only made things worse.

Studies have found that it is important that a company’s replies to eWOM have a conversational human voice (Kelleher and Miller 2006; Yang et al. 2010; van Noort and Willemsen 2011), defined as “an engaging and natural style of organizational communication” (Kelleher 2009, p 177). In a study conducted by Yang et al. (2010) it was found that conversational human voice using a corporate blog to communicate with consumers was a key factor in enhancing positive attitudes towards a firm. Researchers propose various tactics to achieve this, including message

personalization, informal speech, and invitational rhetoric (van Noort et al. 2014; van Noort and Willemsen 2011).

Message personalization is the degree to which a message can be made to address a specific person (Walther 2011). Ways to personalize the message include the use of second-person pronouns (e.g. you, your) or direct address (e.g. Hi John). Also, a human representative should be identified by name and/or photo. By personalizing messages, consumers feel that they are interacting with real people rather than a faceless company (Park and Lee 2013).

Informal speech is defined as a casual and expressive language that is used in everyday conversation and is different from the declarative and neutralized language that is usually used in formal business communications (Kelleher and Miller 2006; van Noort et al. 2014). Written language used in informal communications in a computer-mediated environment usually contains linguistic features which are used to make writing more effective and compensate for what written communications on a computer screen cannot express (e.g. emotion, body language, facial expressions). So contraction, abbreviations (yr instead of your) and non-verbal emoticons (e.g. :-)) can be used. Also adverbs (e.g. really, so) and interjection (e.g. oh, wow) can be used. Using informal speech during interactions with customers will create the illusion of more personable face-to-face communications with the company, which will result in feelings of familiarity, empathy, and equality (Kwon and Sung 2011; van Noort et al. 2014; Park 2008a, b).

Invitational rhetoric is a “style of communication that is oriented to a negotiated exchange of ideas and opinions with stakeholders” (van Noort et al. 2014, p 92). The aim of using invitational rhetoric is to create an open atmosphere where people can engage in strategic constituents in direct communications with company. Firms can do this by inviting consumers to share their experiences and thoughts about products/services without publishing any mandates on their Internet platform which state that the company has the right to edit all comments and remove those that might contain objectionable information (van Noort et al. 2014; Harrison and Barthel 2009). As an alternative, the company should express a concern and willingness to listen to all consumers. For example, companies can put statements on their page such as “let us know what you think; we value your opinion” (Dekay 2012; Yang et al. 2010).

In order to choose an appropriate strategy to deal with eWOM communications it is necessary for companies to monitor eWOM communications across different online platforms, which can be achieved through use of special tools to capture and analyze eWOM.

7.3 Capturing and Analyzing eWOM

Technological advances have presented opportunities for companies to capture and analyze all the good and bad reviews, opinions, and comments that are posted on the Internet (Dirsehan 2015; van Noort et al. 2014). Capturing and analyzing eWOM communications offers precious information for business (Dirsehan 2015) so it is no

surprise that monitoring eWOM became a priority for almost 50% of all companies in 2013 (Altimeter Group 2013). Using this data, companies can get answers to questions such as (Rathore et al. 2016; Ravaglia et al. 2015a, b):

- Which of the company's products or services are more discussed?
- What do people think about particular products, brands, or services?
- What are the popular product/service features?
- How positive or negative are individuals about a company's products, brands, or services?
- What would people prefer a company's products, services, brands to be like?

The vast quantity of eWOM data can create a challenge for companies to capture, analyze and use it to inform their marketing strategies. However, there are technological solutions which can be used in order to improve the efficiency of gathering online data. One of the popular methods is data harvesting. Web harvesting (web scraping) is an automated way of scanning many online pages on the Internet and copying relevant content (Liu 2007; Johnson et al. 2012). Web harvesting is often performed by using an automated robot (spider), which extracts data from fields on a website (Berry and Linoff 2001; Johnson et al. 2012; Liu 2007). Another technique which is used to collect data is Application Programming Interface (APIs). Even though APIs assist in the automatic extraction of content, they have some limitations when assessing some specific data because APIs only facilitate the information decided by the API provider (Olmedilla et al. 2016).

Studies have outlined three types of eWOM data analysis methods: content analysis, sentiment analysis, and network text analysis (Dirsehan 2015; Go et al. 2009; Pang and Lee 2008; Ravaglia et al. 2015a, b; Read 2005; Yang et al. 2007). Content analysis is defined as "a research technique for the objective, systematic, and quantitative description of the manifest content of communication" (Berelson 1952, p 18). Content analysis is usually conducted in the following steps (McMillan 2000; Ravaglia et al. 2015a, b; Riff et al. 2014):

1. Development of the research questions and hypotheses;
2. Selection of a representative sample for the research;
3. Defining categories for coding;
4. Training of coders followed by the coding of the content and assessing reliability;
5. Analysis and interpretation of the coded data.

Even though content analysis is used by many studies for big data analysis (Bruno 2011; Bruns 2012; Herrera and Requejo 2012; Newman 2011; Waters and Jamal 2011), some scholars disagree regarding the appropriateness of using this approach (McMillan 2000; Ravaglia et al. 2015a, b; Weare and Lin 2000). Challenges for using content analysis in the Internet environment include difficulties in obtaining a representative sample because of the limitlessness of the web, defining the unit of analysis, consumers' privacy, and ethical issues with using personal information.

Sentiment analysis (also called opinion mining) analyzes individuals' opinions, sentiments, evaluations, appraisals, attitudes, and emotions towards products,

services, companies, individuals, topics, and events. Some studies have used sentiment analysis to capture and understand opinions from other people (Go et al. 2009; Pang and Lee 2008; Read 2005; Yang et al. 2007). For example, Read (2005) used emoticons such as “:-)” and “:-)” to create a dataset for the sentiment analysis by collecting emoticons from UseNet newsgroups. The dataset was divided by negative and positive samples. As a result, emoticons-trained classifiers could obtain up to 70% accuracy on the test set. Go et al. (2009) used a similar approach as Read (2005) on Twitter, with classifiers obtaining up to 81% accuracy on the test set.

Network text analysis is based on the content and the quality of the data, considering the relationships between words in the dimensions of time, space, and conditions of the communicational exchange simultaneously. Network text analysis provides deeper understanding of arguments in a speech, the strengths and weaknesses of a message, and centrality of arguments in virtual conversations about the same topic. Network text analysis can help to analyze conversations about products, services, and events in an online context (Ravaglia et al. 2015a, b). Ravaglia et al. (2015a, b) used network text analysis in the case of Pink Beer. By using network text analysis of an online blog, they were able to find out what consumers thought about new types of beer. For example, Lambic pink beer did not meet with positive sentiment of individuals involved in product discussions.

7.4 Discussion and Concluding Points

The Internet has enabled consumers’ thoughts and conversations about products, services, brands, and companies to be observed not only by a close network as before but also by a multitude of people all over the world quickly and inexpensively. These eWOM communications can influence consumers’ attitudes towards a product, service, brand, or company and their purchase intentions. Thus, managing eWOM has become an important topic in marketing research, particularly the way companies monitor and deal with these communications (Dirsehan 2015; Lee and Song 2010; Van Noort and Willemsen 2011; Ravaglia et al. 2015a, b).

Previous studies have distinguished the following response strategies: no action, accommodative, and defensive. Researchers have found that a company’s response strategy has a strong influence on consumers’ perceptions and evaluations of the company (Lee and Song 2010). Appropriate response strategies can lead to an individual’s positive attitude towards negative events (Lee and Song 2010; Lee 2005). It has been found that an accommodative strategy can have a stronger influence on consumers’ evaluations of the company in comparison with other response strategies, but a defensive strategy can lay a greater perception of the company being at fault than a no action response strategy (Lee and Song 2010).

In terms of analyzing eWOM communications in the digital marketplace, studies have utilized a number of tools including content analysis, sentiment analysis, and network analysis (Dirsehan 2015; Ravaglia et al. 2015a, b; Read 2005; Go et al. 2009). All three types of analysis can be used to analyze dialogs, conversations, and

commentaries in an online context. Researchers suggest using a combination of the three types of analysis in order to have a deeper understanding of the arguments, sentiment, and structures that characterize consumers' conversations about a product, service, brand, or company (Ravaglia et al. 2015a, b).

It is important for companies to manage eWOM communications. Barnes and Jacobsen (2014) argue that managing eWOM can move a company "from one that can be vulnerable and disengaged to a position of strength, ready to react, mitigate problems and maximize opportunities" (Barnes and Jacobsen 2014, p 157).

Summary of Key Points

- Monitoring eWOM communications can help to develop and improve a company's products and services.
- The aim of webcare is to improve the company's evaluation of complaining customers and all those individuals who have been exposed to their messages.
- Evidence from previous studies suggests that webcare can stimulate positive responses in consumers after they have been faced with negative eWOM.
- Studies distinguish between reactive and proactive webcare strategies; the most appropriate strategy can depend on the online platform.
- Strategies to deal with negative eWOM include: no action, proactive actions, and defensive actions.
- Researchers have considered three overarching methods to analyze eWOM: content analysis, sentiment analysis, and network text analysis.

As a result of eWOM, consumers' complaints and companies' responses can be observed by many people. Consequently, it is important for companies to determine how to respond and when to respond (Lee and Song 2010; van Noort and Willemsen 2011). When answering eWOM communications companies should take into account the context in which complaints are posted. Researchers indicate that proactive webcare communications on consumer-generated platforms are less effective than on marketer-generated platforms (van Noort and Willemsen 2011). As a result, instead of attempting to respond to all eWOM communications, firms should save their efforts and reply only when it is likely to produce positive effects considering the context.

In addition to deciding whether to engage in proactive or reactive communications, companies should focus on conversational human voice in their webcare responses in order to develop effective online communication strategies (van Noort and Willemsen 2011). Researchers propose various tactics which include message personalization, informal speech, and invitational rhetoric (van Noort et al. 2014; van Noort and Willemsen 2011).

Due to the fact that the consumers are using multiple online platforms to share their thoughts and opinions, companies should use sophisticated software to monitor

and analyze all eWOM conversations about products, services, and brands. Examples of such software include Voyant Tools, TAPoRware, Orange Text Mining, Clear Forest Text Analytics, Quosa, RefVis, and STN AnaVist (Yang et al. 2008; Dirsehan 2015). Of course, there are other text-mining programs which are offered by well-known vendors (e.g. SAS and IBM). These solutions vary in terms of cost, license, usability, and import and export formats. Thus, organizations need to ensure they utilize software that is most aligned to their needs (Dirsehan 2015).

Experience plays a role in the platform preferences people have for expressing their opinions about products or services (Kietzmann and Canhoto 2013). Thus, collecting data about consumers' platform preferences will help managers to understand where eWOM conversations are more likely to take place and hence which online channels they should monitor more stringently. For example, Kietzmann and Canhoto (2013) found that Facebook is a platform used more often to highlight positive experiences, while Twitter should be monitored to find signs of negative eWOM communications. Although small- and medium-sized enterprises tend to use Facebook and Twitter as their main social media platforms (Abed et al. 2015), platform choice should relate more to the context of the business. For instance, restaurants are likely to be subject to more eWOM conversations shared on Yelp and TripAdvisor (Kietzmann and Canhoto 2013).

The speed of response to eWOM communications plays an important role on consumer satisfaction. It has been found that customers have different expectations of acceptable response times depending on the type of online platform (Baer 2013, 2016). For social media platforms consumers tend to expect companies to respond within 60 min, although in reality the average response time is 5 h. On reviews websites, consumers are happy if they receive a reply within 24 h (Baer 2016). Thus, while best practice would be to respond as quickly as possible on all channels, companies should focus resources on responding most quickly to comments on social media platforms.

Points for Practitioners

- Companies should adjust their response strategies in accordance to the valence of eWOM communications and platform types where these communications occur.
- When replying to eWOM conversations, companies should use conversational human voice, which can be achieved by message personalization, informal speech, and invitational rhetoric.
- Specialized software should be used to monitor and analyze eWOM across all communication channels.
- Companies should answer eWOM communications quickly but adjust their response priorities according to type of platform.

“Good View, Good Food, Best Place for Family”

○○○○○ Reviewed 4 March 2016

Bale Udang, especially in Ubud Area, is the best place to spend time with family. The view of green paddy field is beautiful, and also the ambience of Bale Udang with saung on the full-of-fishes pool is very unforgettable for me and my family.

The staffs are excellent, very helpful, they bring umbrella when it's raining when we came there. And also the food, is very gooooood! My family can't stop to say that it was the delicious and fresh seafood that that ever eat.

Will come back if we visit Ubud and Bali soon! Recommended for family!



manager_ubud, Manager at Bale Udang Mang Engking, responded to this review, 6 March 2016

Dear Mr/s,

**Thank you for your visiting at Bale Udang Mang Engking Ubud
It will be nice if you would review us on TripAdvisor to help other people know more about our food and service. And we're always eager to hear what you liked and how we can improve.
Don't forget to follow our social media accounts for more information about our activity and promotion. We will be pleased to welcoming you back to Bale Udang Mang Engking Ubud.**

Fig. 7.2 An example of the company’s response to positive eWOM on TripAdvisor

As most studies have focused on the way companies should respond to negative eWOM, the impact of answering positive eWOM communications is an under-researched issue. It is evident that some companies also answer positive eWOM (see example in Fig. 7.2), usually saying thanks to customers and trying to find out what else they can do to improve their services or products even more. Therefore, future research can investigate how replying to positive eWOM influences existing and potential consumers’ attitudes and loyalty towards a company.

When investigating webcare strategies, previous studies exposed consumers to only one negative eWOM message to assess reactions to the webcare response (van Noort and Willemsen 2011; Willemsen 2013). Future research is needed to investigate the effects of webcare strategies in response to clusters of negative eWOM communications (van Noort and Willemsen 2011).

It has been found that eWOM conversations offer a number of useful elements in managing brand image, brand online presence, and product implementation.

As a result, it is suggested that the relationship between online and offline communication and behaviour should be investigated. Thus, future research is needed to investigate the match between insights hidden in online eWOM communications and consumers' offline behaviour (Ravaglia et al. 2015a, b).

Some studies have investigated the use of conversational human voice in webcare strategies. However, future research is needed to identify linguistic tools that contribute to the perceived conversational human voice in companies' responses within the context of consumer-generated platforms, where unsolicited webcare is considered low in conversational human voice.

Given the importance of response time, future research should investigate the platform features that affect what a consumer feels is an acceptable time to wait for a reply. Additionally, future research can investigate whether the type of product or service (e.g. low-price vs. high price) influences the expected response time.

Finally, even though some studies have proposed some course of actions for companies to answer eWOM communications (Willemsen et al. 2013; van Noort et al. 2014; Willemsen 2013; Lee and Song 2010), more detailed guidelines are needed, which will depend on valence of eWOM communications (e.g. positive or negative), platform type, (e.g. consumer generated or marketer-generated), sender characteristics (e.g. motives, loyalty), and product and service attributes (e.g. price of the product).

Recommendations for Future Research

- Investigate how answering positive eWOM influences attitudes and loyalty towards a company.
- Explore the effects of different webcare strategies when responding to clusters of negative eWOM communications.
- Examine the match between insights hidden in online eWOM communications and offline behaviour of consumers.
- Identify possible strategies that could contribute to the perceived conversational human voice in companies' responses to negative and positive eWOM within the context of consumer-generated platforms.
- Study how expectations of speed of response to eWOM communications vary for different types of platforms and products/services.
- Delve deeper into the details of how valence of eWOM communications, platform type, sender characteristics, and product/service traits influence the effectiveness of a webcare strategy.