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Contemporary Trends in Electronic Word-of-Mouth Marketing from the Online Reputation Management Perspective

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Abstract

This paper reviews contemporary trends in electronic word-of-mouth (eWOM) marketing from the perspective of online reputation management (ORM). It highlights the dual nature of eWOM, presenting both opportunities for brand enhancement and risks of reputational damage. The objective of this study is to analyze how businesses can leverage eWOM opportunities and implement effective ORM strategies. Results indicate that businesses that effectively manage eWOM and ORM can achieve significant improvements in brand perception, customer engagement, and overall market performance. The study also concludes that sustainable growth in the modern economic landscape requires businesses to stay updated with technological advancements and continuously adapt their ORM strategies. It provides a roadmap for businesses to enhance their marketing communications and reputation management efforts.

Key Words: eWOM marketing, Online reputation, ORM

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1. INTRODUCTION

Contemporary marketing communications are significantly influenced by discussions and reviews within online platforms. Consequently, businesses are compelled to adopt strategies and approaches that consider the specific characteristics of intensive, multilateral communication across various platforms of Web 2.0. eWOM significantly impacts various stages of the consumer decision-making process and purchase intentions (Verma & Yadav, 2021, p. 112). Furthermore, user-generated content (UGC) is a crucial aspect to consider in planning and managing communications through digital channels. Its potential to reach vast audiences limits businesses' ability to maintain unilateral and biased communication with customers.

eWOM is a constantly evolving phenomenon in marketing communications that presents risks and, simultaneously, offers immense opportunities for businesses. It effectively fosters brand communities and subsequently influences product judgment (Gvili & Levy, 2018, p. 29). Companies must capitalize on the opportunities presented by eWOM and UGC to ensure their competitiveness and sustainability in communications management. These elements are integral components of the Web 2.0 ecosystem, where consumers are highly informed, demanding, and judgmental. Businesses navigate marketing communications in a fluctuating and unpredictable online environment. Therefore, they must contend not only with their direct competitors but also with the dynamic nature of the online environment of Web 2.0 platforms, where the dissemination of information knows no bounds.

ORM strategy can be regarded as the primary approach to leverage the opportunities presented by eWOM and mitigate risks. Negative eWOM has the potential to harm brand reputation and sales (Rahmani et al., 2020, p. 110). Hence, ORM serves as one of the key tools to prevent PR crises and uphold a positive reputation for a business. It enables businesses to monitor online discussions about their company, identify potential sources of complication, and promptly take necessary measures to safeguard the brand.

It is noteworthy that utilizing ORM systems is essential for both short-term marketing objectives and long-term branding purposes. In doing so, a business can formulate a response that mitigates any adverse effects on the audience of the online brand community (Herhausen et al., 2019, p. 2). One of the primary attributes of both eWOM and ORM tools is their rapid evolution regularly. Marketing managers must stay up-to-date with all technological and methodological trends to sustain competitiveness. Thus, the issue is of high importance to research and draw respective conclusions.

The objective of the study is to analyze the issue through the lens of contemporary trends, enabling the utilization of eWOM opportunities and the mitigation of its threats by employing modern ORM tools.

Methodology: Literature review, observation and secondary data analysis are used to examine various aspects of eWOM and ORM. Both qualitative and quantitative data are used to reach the intended results.

Results: Conclusions and practical recommendations are elaborated concerning ORM strategy within the eWOM marketing management process.

2. CHARACTERISTICS OF EMERGING PLATFORMS IN eWOM

A wide array of platforms is available for businesses to leverage the opportunities of eWOM. It is significantly more intricate than traditional WOM exchanges, constituting a multilayered system of players and structures (Pyle et al., 2021, p. 146). In this context, UGC emerges as the primary driving force of eWOM, which, alongside opportunities, can pose significant risks to a company's reputation (Nisar et al., 2020, p. 2). Nevertheless, embracing various innovations of emerging platforms in eWOM is imperative for businesses, not optional. For instance, blogs represent one of the most prevalent platforms for UGC. Moreover, blogs themselves are highly transformative and multifaceted platforms of Web 2.0. Users can engage in blogging through video portals, mobile device platforms, owned websites, or social media. The latter presents substantial challenges for organizations as they develop strategies within this new paradigm (Dwivedi et al., 2021, p. 1). Each of these platforms undergoes continuous evolution, both technically and in terms of audience engagement.

Online reviews in eWOM are one of the central issues to consider. The dependence of consumer decisions on reviews progressively increases over time. Consequently, audience behavior becomes more informed, demanding, and complex. Information adoption in eWOM entails the reception, evaluation, internalization, and utilization of information shared through online platforms, ultimately influencing consumers' beliefs, attitudes, and behaviors (Ilieva & Boteva, 2023, p. 67). Moreover, industry-specific review platforms are gaining traction. Consumers can access targeted and potentially more credible reviews relevant to their specific needs. Businesses within these niches should actively monitor and engage with reviews on these platforms. This transformative nature of the online environment compels businesses to view online reviews as a core element of their eWOM management.

Opportunities presented by eWOM are not exclusive to large brands; small businesses can also capitalize on them in their strategies to enhance competitiveness. In this context, viral marketing techniques can augment a small business' marketing outcomes, emerging as a potent source of social influence (Nguyen & Chaudhuri, 2019, p. 39). Additionally, influencer marketing stands out as one of the most rapidly evolving strategies for cultivating positive eWOM, facilitating viral dissemination of information across digital communication channels. Unlike UGC, Influencers' eWOM carries the weight of their authority and is expected to offer a compelling demonstration to substantiate their affective stance and endorse evaluative arguments (Zhou et al., 2021, p. 11). Capitalizing on social media's ability to address consumer conformity tendencies, influencer marketing emerges as a highly effective tool for managing eWOM.

The merging of social media and e-commerce through platforms like TikTok Shopping and Instagram Live Shopping creates a unique space for eWOM. Live product demonstrations, influencer endorsements, and interactive chats can lead to real-time purchase decisions influenced by eWOM dynamics. Furthermore, businesses are adopting an omnichannel approach to respond to eWOM across various platforms (social media, review sites, etc.) ensuring consistent messaging and timely responses.

Technologies like Artificial Intelligence (AI) and Machine Learning (ML) are also the latest trends to analyze sentiments in online conversations, personalize eWOM experiences, and automate basic customer service interactions related to eWOM inquiries. These technologies can significantly boost the efficiency of eWOM management for a business. Besides, these technologies and approaches can be used for ORM purposes. Businesses can utilize AI-powered social listening tools to track brand mentions and online conversations, allowing them to identify potential reputational issues and opportunities for engagement with eWOM discussions.

Businesses are urged to adopt the latest trends, technologies, methodologies, and platforms of Web 2.0 and eWOM. These developments have facilitated the emergence of brand communities, directly influencing purchase intention, fostering brand loyalty, and generating positive eWOM (Donthu et al., 2021, p. 767). Positive discussions wield considerable influence over the formation of opinions and attitudes, thereby significantly shaping future consumer engagement and behavior.

3. CONSUMER ENGAGEMENT AND BEHAVIOUR

Post-purchase actions, such as reviews and product evaluations, are increasingly prevalent among consumers. Consequently, online reviews, as a prominent form of eWOM, play an integral role in the online environment (Gottschalk & Mafael, 2017, p. 89). Statistical data unequivocally illustrate this trend: 90% of consumers read online reviews before visiting a business; 74% of consumers identify word-of-mouth as a key influencer in their purchasing decision; 92% of consumers trust products that have been recommended by others, even if they don't know them; Word of mouth influences purchasing decisions up to 50% in the general market; Brands rated by users as highest in quality generate 3X more word-of-mouth than low-quality rated brands. (Lindner, 2024). As a result, eWOM and consumer engagement emerge as primary focal points of marketing policies.

The degree of intensity of consumer participation in online reviews and discussions varies significantly among individual consumers. Several factors influence the motivation to write a review, rate a product, or engage in online discussions: company performance, peer influence, intrinsic motivations, or a combination thereof. Companies can leverage eWOM by identifying factors that motivate customer engagement and by analyzing the impact of these comments. However, eWOM also presents a liability due to its inherent lack of control over companies (Leong

et al., 2021, p. 145). Furthermore, the dynamic nature of Web 2.0 characteristics, coupled with evolving consumer behavior patterns facilitated by technological advancements, amplifies the influence of eWOM on brand perception.

It is also imperative to underscore that consumers wield a sense of empowerment over companies' actions and decisions. They leverage Web 2.0 platforms to voice their expectations, impressions, and even emotions, directly influencing brand reputation. Consequently, consumers emerge as pivotal actors in eWOM communication (Liu et al., 2024, p. 5). Web 2.0 has fostered enhanced social relationship dynamics between businesses and consumers. They occupy a central position in the marketing process (Ramadan, 2023, p. 1906). Moreover, they exhibit a keen awareness of the intricacies of a business' marketing communication strategies. Companies must acknowledge the high level of consumer competence and factor it into their decision-making processes.

It is apparent that Web 2.0 presents both opportunities and threats. As already mentioned, businesses lack direct control over the dissemination of information on various online platforms, posing reputational risks. On the other hand, positive eWOM has the potential to significantly boost brand awareness and reputation. Despite this characteristic of Web 2.0, a well-developed eWOM strategy can enable companies to indirectly influence online audience actions. Communication management plays a key role in this process. When communicating with a larger audience, likely consisting mostly of out-group members, individuals have a greater desire for impression management (i.e., self-enhancement), which, in turn, boosts positive eWOM sharing (Kitirattarkarn et al., 2021, p. 9). Mass audiences online often exhibit conformist inclinations, fostering the growth of a positive brand image on a large scale. Consequently, a business can obtain an extremely valuable asset – online audience loyalty with the potential to convert into tangible assets.

Along with opportunities, reputational risks on online platforms can undermine a brand's reputation. A full-scale PR crisis may occur if a business fails to respond to potential complications arising from negative eWOM. Therefore, constant monitoring of online platforms is crucial for the timely detection of possible complications. Brands are also interested in monitoring eWOM because it is visible to other consumers, who may support and engage with negative posts (Gerrath et al., 2023, p. 4). Moreover, negative discussions have the potential to involve more consumers than positive discussions due to their stronger emotional influence. Consumers, as members of mass audiences, are prone to exhibit collective self-defensive traits that manifest in mutual support. This can be expressed through writing critical blog posts, reviews, and comments, giving the lowest possible ratings to a business on various platforms. Hence, it is vitally important for businesses to implement an ORM strategy to avoid or, at least, mitigate reputational damage.

4. ORM AND RESPONSE STRATEGY

One of the core principles of managing contemporary marketing communications through digital channels is that it is not unilateral or bilateral but a multilateral process characterized by high intensity. To increase its efficiency, implementing ORM strategies and tools is crucial. By using methods of social listening, businesses can track sentiments, discussions, and behavior of existing and potential customers. Utilizing the latest technological advancements can bring multiple benefits. For example, AI-powered tools and machine learning algorithms can analyze vast amounts of data related to eWOM and ORM. These technologies help brands gain deeper insights into consumer sentiment, identify emerging trends, and predict potential reputation threats.

A comprehensive monitoring of target audiences is one of the main aspects of an ORM strategy. Identifying audience motivations to engage in eWOM can provide valuable insights. Consumers engage in eWOM communication for multiple reasons, including altruism, self-enhancement, and social benefits. This leads to a huge volume of eWOM content on online platforms (Verma et al., 2023, p. 2). As the volume of generated content increases, implementing ORM systems becomes more necessary to manage reputational risks, thereby achieving the main goal: avoiding negative and generating positive eWOM.

Data analytics can provide valuable insights into consumers' sentiments and opinions (Gregoriades & Pampaka, 2020, p. 2). It is a necessary prerequisite for dealing with negative eWOM. Sentiment analysis is the primary focus in this process as it determines the nature of audience behavior. Moreover, sentiment analysis of customer reviews is an effective method to

analyze mass online product reviews (Sun et al., 2019, p. 68). Data obtained from sentiment analysis allows a brand to increase the efficiency of the marketing communication process and inform future decisions.

Content marketing serves as a key strategy for fostering positive eWOM on social media platforms, ultimately contributing to overall brand health. Brand health, a crucial performance indicator, reflects how effectively a brand resonates with a specific market or audience (Hasani et al., 2023, p. 28). As a facet of brand communication, content marketing focuses on creating valuable information that addresses consumer needs (Asnawati et al., 2022, p. 83). This valuable content can incentivize positive discussions and ultimately benefit brand reputation. In essence, content marketing can motivate customers to engage in positive eWOM behavior, such as writing positive reviews.

Complementing online discussion monitoring, active participation is another essential element of an effective ORM strategy. Maintaining an ongoing dialogue with existing and potential customers can foster positive eWOM. This process necessitates adhering to brand identity standards and utilizing an appropriate tone of voice. Responding to both positive and negative discussions demonstrates a commitment to customer engagement. Such proactive involvement fosters positive brand awareness by showcasing the company's responsible nature. Consequently, a brand can leverage these positive perceptions, expectations, and customer behaviors to achieve marketing objectives.

Multilateral communication strategies can encompass influencer marketing tactics, with influencers demonstrably generating positive brand sentiment among large audiences. Their status as trusted sources of information fosters message diffusion and impact (Jiménez-Castillo & Sánchez-Fernández, 2019, p. 366). Micro-influencers, particularly, represent a compelling strategy due to their high-impact potential. Despite having a relatively small follower base (typically below 100,000), they often boast superior engagement rates and cultivate strong connections with niche audiences. Furthermore, followers tend to perceive micro-influencers as more relatable and trustworthy compared to their mega-influencer counterparts. Finally, incorporating micro-influencers into communication strategies offers a more cost-effective approach.

Finally, ORM serves as a critical tool for mitigating negative eWOM. A core principle for preventing reputational damage lies in early detection and swift intervention. ORM systems empower brands to monitor ongoing online conversations and take appropriate action. This necessitates a continuous monitoring process. Nevertheless, the inherently unpredictable nature of the Web 2.0 environment presents a constant risk of full-blown PR crises. Consequently, a well-defined anti-crisis strategy is essential for managing brand communications within online platforms.

5. CONCLUSION

eWOM and ORM are crucial aspects of managing brand reputation in today's digital marketing landscape. Both small businesses and large brands need to prioritize these areas to effectively communicate with their audiences. While the probability of negative eWOM might be smaller for a business with a limited online presence, even a single bad review can have a significant impact on customer trust, sales and reputation. Small businesses may require a different approach to ORM compared to large brands, but neglecting it altogether is a risk. Large brands, while somewhat more resilient to negative eWOM, still need to be proactive in managing their online reputation. A large-scale PR crisis can cause significant financial and brand damage.

Staying up-to-date with the latest technological and methodological developments in ORM is essential. AI-powered tools and machine learning algorithms can be used to analyze vast amounts of data related to eWOM and ORM. These technologies can provide businesses with deeper insights into customer sentiment, help identify emerging trends, and predict potential reputation threats. Data analytics is a core element of any eWOM and ORM strategy, informing marketing decisions. However, it's not just about the amount of data collected. Businesses need to be able to turn data into actionable insights that can be used to improve brand communication, customer engagement, and overall marketing effectiveness.

Last but not least, risk management and pre-developed crisis communication plans are essential for navigating the unpredictable nature of online communication. Through effective online reputation management, eWOM can be leveraged as a powerful competitive advantage.

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