



Service innovation and electronic word-of-mouth: is it worth listening to?

Service
innovation and
electronic WOM

249

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Abstract

Purpose – The purpose of this paper is to investigate what discussants in internet based discussion forums talk about. Investigates electronic word of mouth (e-WOM) as a potential source of information for service innovation. The aim is to derive four core categories of unique dialogues that provide valuable information to service innovation.

Design/methodology/approach – Apart from Harrison-Walker's effort to develop a scale of measuring WOM, disclosing the inside of electronic word-of-mouth has never been done before. For this reason a qualitative approach using Netnography was adopted. The paper analyzes the content of all postings taking place during 100 days in five defined discussion forums on the internet.

Findings – The results indicate that conversations taking place in electronic discussion forums can be divided into four core categories, i.e. information request, usage experience, business practice issues, and comments pertaining to new product launches.

Research limitations/implications – The study focused on building a typology of conversations taking place in discussion forums on the internet. As such, these findings may not be generalized to the offline environment.

Practical implications – Disclosing details of electronic word-of-mouth through four core categories has a number of implications. Perhaps more importantly, an understanding of WOM communication allows managers to develop new, and to improve current, services that better meet customers' current and future needs.

Originality/value – Disclosing details of electronic word-of-mouth and linking it to service innovation has never done before. As such this is a truly unique study.

Keywords Digital communication systems, Group discussions, Internet, Service operations, Innovation
Paper type Research paper

Introduction

Sparked by IBM's Service, Science, Management, and Engineering-initiative business managers and researchers are waking up to the importance of service innovation. A search using Business Source Complete from January 1980 to January 2008 on scholarly articles with "customer satisfaction" and "service/product innovation" in their title returned 744 and 66/415 hits respectfully. Based on this it is a fair claim that

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the academic community has been more concerned with customer satisfaction than the innovation of new (service) solutions. Knowing that all economies are service economies (Lusch *et al.*, 2006; Vargo and Lusch, 2004), it is a paradox to learn that knowledge pertaining to service innovation is a poorly researched and understood area (Menor *et al.*, 2002; Smith and Fischbacher, 2005). Service innovation consists of two inter linked issues: how to innovate and what to innovate. If we could get a better understanding of what customers really need we would need an efficient method of developing these ideas

The purpose of this paper is to address the “what customers really need” by investigating the content of dialogues in discussion forums on internet. We do this by extending word-of-mouth, i.e. “oral, person-to-person communication between a perceived non-commercial communicator and a receiver concerning a brand, a product, or a service offered for sale” (Arndt, 1967, p. 190) into electronic word of mouth (e-WOM), i.e. “any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the internet” (Hennig-Thurau *et al.*, 2004). There are several reasons for this endeavour. First, access to need-related information is often “sticky”, which means that it is costly to acquire, transfer, and use in a new location (Thomke and von Hippel, 2002; von Hippel, 2001). One customer related information source that may overcome some of the stickiness and cost issue is e-WOM. Second, customers believe web-based e-WOM to be a credible and relevant communication channel (Gruen *et al.*, 2006; Hung and Li, 2007)[1]. Third, as a source of social capital e-WOM encourages others to share their knowledge, thereby being an ever-expanding knowledge base that contains information that enables innovating organizations to achieve a sustainable competitive advantage (Adler and Kwon, 2002; Hung and Li, 2007).

The global research question driving our inquiry can be expressed as: From an innovation perspective is e-WOM worth listening to? There are two research questions guiding our investigation: What do customers talk about in product related discussion forums on the internet? Can e-WOM contain information that can be of value to the firms' innovation process? In this respect we would be able to answer another pertinent research question, namely “Is electronic word of mouth a singular or multifaceted construct?” With the strong increase in consumers engaging in various discussion forums and blogs as evidenced by the increase in number of discussion forums (e.g. Google.com, Yahoo.com), the increase in number of blogs (e.g. www.myspace.com, www.blogging.com), and the development of dedicated blog search agents (e.g. www.technorati.com, www.feedster.com, www.pubsub.com), we feel that there is both a dire need and a unique opportunity to better understand what people talk about when engaging in product- or service-related online conversations - an understanding that may help and guide firms in their quest for the next disruptive or sustainable innovation (Christensen *et al.*, 2004).

The present study contributes to research by disclosing four unique WOM categories with 15 sub-topics that have impact on future word of mouth research and the practice of marketing. In the next section we will review the traditional WOM literature before we build a bridge to electronic WOM. The purpose is to see service innovation and WOM in light of the two contexts.

Innovation and word-of-mouth: what do we know?

The importance of innovation has been reported at length in standard textbooks in macro economics (Schumpeter, 1934), strategy (Porter, 1985), and marketing (Kotler and Keller, 2006). While all streams of literature talk about the importance of innovation (economic growth, sustainable competitive advantage or extending a product's life cycle) only literature pertaining to market orientation (see for example Kohli and Jaworski, 1990; Narver and Slater, 1990) provide any guidance by linking customer data to firm behavior or market offering. There is, however, one weakness in the market orientation literature, i.e. its focus on the amount of data collected rather than quality of the data collected.

Marketers have been very creative in trying to capture the voice of the customer using different techniques, e.g. market research, focus groups, and in-dept discussions. With the emerging consumer involvement on the internet a unique possibility for studying the details of WOM presents itself. There are a number of reasons why consumers engage in WOM. Dichter (1966) identified four main motivational categories for providing positive WOM communication: product-involvement, self-involvement, other-involvement and message-involvement. Furthermore he found that a person is motivated to listen to and act on a recommendation because the WOM provider:

- has particular knowledge of the product category in question;
- shares the listener's interest;
- has an intimate relationship with the listener;
- is genuinely concerned with the listener's wellbeing; or
- provides tangible evidence.

Dichter's provider-motive categories were later extended by Engel *et al.* (1993) with an additional motive for engaging in negative WOM: dissonance reduction. Sundaram *et al.* (1998) elaborated further on this issue and identified four major categories for engaging in positive WOM (altruism, product involvement, self-enhancement and helping the company) and four motives for engaging in negative WOM behavior (altruism, anxiety reduction, vengeance and advice seeking). Traditionally consumers have sought advice and information pertaining to companies or products from personal sources such as family, friends and co-workers.

Over the years the antecedents and consequences of WOM has been documented in numerous studies (see de Matos and Rossi, 2008, for an excellent meta-analytic review). WOM has been linked to such areas as involvement (Dichter, 1966), risk and risk reduction, (see for example Arndt, 1967; Cunningham, 1965, 1976; Murray and Schlacter, 1990; Zeithaml, 1981) diffusion/adoption of new products (see for example Arndt, 1967; Coleman *et al.*, 1957, 1959; Dodson and Muller, 1978; Mahajan *et al.*, 1990; Moldovan *et al.*, 2006), satisfaction/dissatisfaction (see for example Anderson, 1998; Athanassopoulos *et al.*, 2001; Blodgett and Anderson, 2000; Boulding *et al.*, 1993; Holmes and Lett, 1977; Reichheld and Sasser, 1990; Richins, 1983a, b; Westbrook, 1987), future revenue growth (Keiningham *et al.*, 2007; Reichheld and Sasser, 1990; Reichheld, 2003), and customer lifetime value estimation (Wangenheim and Bayón, 2002). Surprisingly no study has, to our knowledge, looked at the construct itself. One reason for this can be found in the researchers' difficulties of gaining access to private

conversations in private rooms. With the advent of the internet this has changed. In the next section we discuss why electronic e-WOM is different from WOM[2].

How is e-WOM different from WOM?

While there is a large body of research on the antecedents and consequences of WOM in a face-to-face setting (as illustrated above), there are aspects of computer-mediated communication that may differentially impact consumer-to-consumer communications. First, consumers may potentially be more open to e-WOM since they are actively searching for the information (i.e. motivated to process the information they retrieve). Second, there are issues pertaining to social influence that may impact the effectiveness of e-WOM (e.g. social networks, community, source anonymity, strength of ties, and size of network). Third, there are source credibility issues. In computer-mediated communication due to lack of face-to-face contact, the decision maker can use information cues to determine the credibility of the source. Finally, it has been hypothesized that issues related to anonymity and lack of the importance of attractiveness influence the formation of internet relations (McKenna and Bargh, 2000). While we base our current understanding of e-WOM to a large extent on the traditional WOM literature, it is important to understand that e-WOM has some unique characteristics. First, electronic dialogues are electronic by nature; there is no face-to-face communication. Rather they entail keyboard-to-keyboard communication, passive reading of a computer screen or active writing of a message. Second, while WOM takes place in private rooms, e-WOM takes place in public rooms. Third, while WOM is perishable, e-WOM is stored for future reference. Finally, seeking out e-WOM is to a larger extent goal-oriented than experientially-oriented (Novak and Hoffman, 2003), i.e. the consumer is actively seeking defined discussion forums thus exposing himself/herself to others' experiences with specific products, services or firms.

From the above literature review it is apparent that studies linking WOM to innovation is missing. Exception made to Urban and Hauser (2004) who describe a sophisticated method based on Monte Carlo simulation to find and explore combinations of customer needs from WEB-based virtual advisers. In the following section we will elaborate on the steps we took to derive at the content of e-WOM.

Identifying e-WOM categories

Two factors influenced our qualitative approach. First, the exploratory nature of this research, the complexity of the research issues, the fact that providing content to e-WOM has never been undertaken before, and the potential diversity of dialogues within e-WOM suggested the utility of an explorative phase. Second, to have a broad and deep perspective of e-WOM, respondents must be ordinary consumers and not influenced by the ongoing research. Recording ongoing internet-based discussions in various forums provided us with this opportunity. The entire study was conducted in cooperation with an internet software company and three international firms (Lego group: toy manufacturer, Danish, Bosch/Siemens: household appliance manufacturers, German, and Kverneland: manufacturer of farming equipment, Norwegian) engaged in business-to-consumer and business-to-business markets. Common to all firms were their interest in the area of innovation by better understanding expressed customer needs. In the next section we turn our attention to the process of identifying the unique categories.

Study context

Our context is internet based discussion forums. According to Kozinets (2002) internet based forums used for data collection must meet five requirements – they:

- (1) need to match the research question;
- (2) must have a high traffic of postings;
- (3) must have a large number of discrete message posters;
- (4) must be able to provide rich data; and
- (5) must have a high degree of between-members interactions.

In cooperation with the participating firms we identified five English and German speaking electronic bulletin boards which were believed to meet these criteria. The boards were organized around particular products, services or lifestyles, namely household appliances (de.etc. haushalt, rec.food.equipment), toys (alt.toys.lego, profi) and farming equipment (uk.business.agriculture). Written postings by discussion members were continuously recorded and collected from March-June. The time period was considered normal as it was outside vacation period in Asia, Europe and North America. The number of persons and postings during the 100-day period is illustrated in Table I.

Whereas there is a nice spread of postings per person in both household appliances and one of the toy groups, the agriculture group is characterized by few but very active discussants. The alt.toys.lego group proved not to meet Kozinets-criteria (2), (3) and (5) above. However, at this stage in the development process we do not consider this to be a major problem.

Data analysis

In analyzing the data we opted for Netnography, (Kozinets, 2002) which is a qualitative research technique that adapts ethnography research methods to study communities that are emerging through computer mediated communications. In its basic form Netnography builds on the principles established in grounded theory development (Glaser, 1992; Glaser and Strauss, 1967) which is defined as: “a grounded theory is one that is inductively derived from the study of the phenomenon it represents” (Strauss and Corbin, 1990). As such a grounded theory is discovered, developed, and provisionally verified through systematic data collection and analyses of data pertaining to that phenomenon. What most differentiate a grounded theory from much other research is that it is explicitly emergent, i.e. it does not test hypotheses. According to Kozinets (2002) Netnography is especially useful in obtaining a particularized understanding that has come to be termed “grounded knowledge” (i.e.

| | Household appliances | | Toys | | Agricultural equipment |
|----------------------------|----------------------|---------------------|----------------|-------|--------------------------|
| | de.etc. haushalt | rec.food. equipment | alt.toys. lego | profi | uk.business. agriculture |
| No. of persons | 882 | 387 | 183 | 605 | 206 |
| No. of postings | 4,031 | 1,584 | 347 | 4,911 | 4,446 |
| No. of postings per person | 4.6 | 4.1 | 1.9 | 8.1 | 21.6 |

Table I.
Details on the forums used in the first round of open coding

knowledge derived from data that is systematically gathered and analyzed). We used the software package HyperRESEARCH to code and to identify (meta) themes present in the data. Discussions with all threads from the discussion forums were copied from internet and imported into Word-format which was converted to a txt-file before imported into HyperRESEARCH. Prior to the process of coding the text in HyperRESEARCH we deleted some messages that were primarily social and several messages that were considered by the group as off-topic (see Kozinets, 2002). While all coding of the various postings was performed individually by the involved researchers the material was debated in planetary sessions. The process also included a similar session with the participating companies. This iterative process is in line with what Denzin (1978) calls investigator triangulation, i.e. using several different researchers to interpret the same body of data. Reaching the four core categories involved a process of coding and constant comparison of comments within and between discussion forums. Emerging from this process are categories (i.e. a theme or variable which makes sense of what the discussants have said). From this group of categories emerge core categories (i.e. four unique dialogues) that are linked to many of the other categories. In the following section we define and briefly describe the four core categories that we developed from the inductive phase (see the Appendix).

Business practice issues (BPI). Dialogues in which the participants comment on the general business conduct of the firm, for example the company's customer service, and the availability and quality of dealers. The figures for postings labeled under this category were: Household appliances (1 per cent), Agricultural equipment (22 per cent), and Toys (26 per cent). Input to innovation from this core category could be related to changes in, for example, customer service (content, service level), return policies, complaint handling, pricing, and distribution.

Usage experience issues (UEI). Comments pertaining to perceived quality of a product or a service and judgments about its value. Comments were based on actual use. The figures for postings labeled under this category were: Household appliances (19 per cent), Agricultural equipment (20 per cent), and Toys (22 per cent). Input to innovation from this core category could be related to identifying product or service failures allowing for a root-cause analyses that can improve processes.

Information requests (IR). Dialogues in which current and prospective customers request specific information pertaining to technical issues related to a product/service, people's experience with a specific product or service, or where to find more information about products/service. The figures for postings labeled under this category were: Household appliances (25 per cent), Agricultural equipment (22 per cent), and Toys (31 per cent). Input to innovation from this core category could be related to how and what to inform prospect customers about. By learning from these information requests a continued updating of the firm's FAQ-web page or instruction manual. The result can be more updated and relevant information as customer usage experience with the product or service develops.

Commenting product launches/developments (PLD). Dialogues in which the participants comment on newly introduced products/services or express expectations and desires for future product launch. The figures for postings labeled under this category were: Household appliances (3 per cent), Agricultural equipment (0 per cent), and Toys (11 per cent). It is interesting to notice that this category has a certain resemblance to Urban and Hauser's (2004) work on listening in on customers

when searching for new product opportunities. This is probably the most rewarding core category with regard to innovation ideas. Input to innovation from this core category is stemming from what customers are missing in the current version of the product or service available. In this core category articulated and latent needs can be analyzed with the view to potential improvements.

While consumers' asking for specific information and consumers responding to this request (i.e. Usage experience issues (UEI) and Information requests (IR)) is in keeping with the notion of word of mouth, we were surprised by the richness of the information provided in both request and reply. We also identify Business practice issues (BPI) and commenting Product launches/developments (PLD) as two other dialogues. The difference between these two dialogues is the unit of analysis, i.e. firm and product/service. All four core categories contained very useful information that will be of great value and use for marketers, innovators, and managers. In total we generated 15 sub-topics that were believed to be associated with the four dialogues.

Table II summarizes the (meta) themes and their 15 subsequent sub-topics resulting from our qualitative study accompanied by illustrative comments[3].

Generalizability?

One weakness with qualitative inductive methods in general is that they tend to become very personalized in the interpretation of findings or observations. For this reason exposing the researchers' findings to outsiders' critical evaluation is imperative. For this reason the participating companies were invited to randomly choose five new discussion forums (i.e. Food Sourdough; Food equipment; Alt Cellular; UK Business Agricultural; Gardenweb) from where we could collect new data and test our framework. Data were collected for a two-week period. To challenge our coding we randomly recruited a graduate student from a group of international exchange students participating in a MSc Marketing program at a North European business school. The student had no previous knowledge about the project. To perform his job the coder (i.e. the student) received an exact copy of the data collected from the five new discussion forums, the names and definitions of the four dialogues we had derived, and a general description of the objective of the study. The coder followed the same inductive method as we did. His mandate was to test to what extent the four dialogues with sub-dialogues that we had derived could be used in coding the new material and how many new dialogues or sub-dialogues had to be generated in order to empty the data material. The results from this independent analysis were compelling with regard to validating our identified categories. In all but two of the forums 100 per cent of the material fitted our typology. For the remainder forums about 20 per cent of the material the coder attributed to two new categories. From these two new categories 18 per cent of the postings could be labeled Objective company information from the discussion forum Food equipment, and 20 per cent of the postings in the discussion forum UK Business Agricultural could be defined as "Unsolicited postings of personal opinions/experiences". The latter category has a great resemblance to our category "Usage experience issues", with the only difference being that e-WOM is unsolicited (i.e. there is no preceding request for information). We take the results from this coding as evidence for the generalizability of our typology of e-WOM.

Finally, as motives for providing word-of-mouth may stimulate different dialogues, we anticipated an overlap between motives for engaging in e-WOM and our identified

| Metathemes/themes | Examples |
|--|--|
| <i>Business practice issues (BPI)</i> | |
| Quality of customer service | “One of the packages has already been damaged in transit and returned to the Enfield distributor. But the good news, and proof of Lego’s great CS [customer service], is that they offered to take back ALL shipping charges, plus resend it via overnight mail” (Lego customer) |
| Quality of dealers | “Target is seriously cracked when it comes to Lego. I never see anything new out until a month after they’re released. Almost worse than Wal-Mart. Almost.” (Lego customer) |
| Availability of dealers | “We have a Vicon V-rake that needs parts but cannot find anyone who handles them and cannot find a phone number or any way to contact Vicon. Did a search on the internet to no avail. Anyone know how to contact Vicon, or someone who deals in Vicon parts?” (US farmer) |
| Business practice of company in general | “Nowadays Bosch are being more truthful about their washers.” (Bosch customer) |
| <i>Usage experience issues (UEI)</i> | |
| Quality of product /service | “Can’t hear our Bosch, if it didn’t beep at the end and have lights that say clean, wouldn’t know it ran.” (Bosch customer) |
| Price/quality ratio of product/service | “Piece-wise it’s decent, but the 6.99 price is steep considering there’s absolutely nothing special about it” (Lego customer) |
| Experience related to specific functions/features of product/service | “I’m not sure about the Vicon. I know it has three blades a “disc” and will cut very fast. But there is a lot of stress in that shaft that drives the inner disc. Not only is it spinning all the discs, it’s also pulling the cutterbar along. I’ve got a neighbor with an eight disc Vicon and he has had some problems in this shaft” (US farmer) |
| Emotional experience (e.g. joy, frustration) regarding product/service usage | “My Bosch 2460 just celebrated a 10-month anniversary on 6/4/03 and I couldn’t be more pleased.” (Bosch customer). |
| Experience with product category (alternative suppliers) | “I had a Bosch. It sounded like an airplane landing in my bedroom. A local store began offering Miele after I had purchased the Bosch. You could barely hear it. Go with the Miele” (Bosch customer) |
| <i>Information requests (IR)</i> | |
| How to use a product/service | “I was wondering if anyone has used the 1-2-3 Magic technique from Dr Thomas?” (Lego customer) |
| Technical questions | “Does a condenser dryer heat up as much as an electric range?” (Bosch customer) |
| Request for additional information | “What is the small grooves beside the axelholes? If you look closely too all three pieces you will see some small grooves in the casing around the outside of the axelhole. Looks like a way to attach each of those units together without using bricks, and that enables the gearboxes to be attached in a angle to the engine or to each other... There is a groove around the axleholes or a larger hole. The inside of this larger hole has small teeth on it. Interesting but I am not sure of its use since an axle will connect to the other pieces. It could be a sleeve for another kind of connection which has matching teeth for the inside. 2. The grooves on the side of the motorcase (on all four sides) what are they? Do the match any existing Lego pieces? Or is it just a way to make the casing lighter? 3. Is it a electronic circuit board I see down in the right corner on this picture www.brickshelf.com/cgi-bin/gallery.cgi?i=414276 ?” (Lego customer) |

Table II.
Results of the qualitative study

(continued)

Table II.

| Metathemes/themes | Examples |
|---|---|
| <i>Commenting product launches/developments (PLD)</i> | |
| New introductions | "The new Designer sets are what we often forget what Lego is all about, its about using your immagination to build different things and not just build the set on the box lid." (Lego customer) |
| Expectations regarding new introductions | "Will the new ones include a condenser dryer?" (Bosch customer) |
| Comments/desires regarding new introductions | "The "new" Bosch 27" compares to what? 24"? If so, any guess as to the percentage increase in capacity?" (Bosch customer) |

dialogues. For this reason we compared our findings with those of Hennig-Thurau *et al.* (2004), Hennig-Thurau and Walsh (2003), Dichter (1966), and Sundaram *et al.* (1998). As our study is focusing on dialogues forming e-WOM, we disregarded social motives from the other studies for engaging in e-WOM behavior. This is illustrated in Tables III and IV.

As anticipated there was an overlap between the theoretically driven motives for providing word-of-mouth and the dialogues we derived based on actual posting. Again, we take this as evidence of the generalizability of our typology of e-WOM core categories.

Figure 1 summarizes the conceptual framework that emerged from our qualitative study.

Discussion

Researchers have for years studied motives, antecedents and consequences of word-of-mouth (see de Matos and Rossi, 2008, for an excellent meta-analytic review). The current study is to our knowledge the first to disclose that e-WOM is a multi-dimensional construct consisting of four unique core categories, i.e. request for information and usage experience issues, business practice issues, and comments pertaining to new products launches/developments. All researchers studying a non-research area need to ask the following question: If it has not been done before, what is reason? In this case we believe that the answer lies in lack of opportunity. With the advent of the internet and discussion forums, blogs, Facebook, etc. researchers can now enter what used to be private closed rooms. With this new possibility we foresee a renaissance for WOM-research. We highlight some research implications in the "Limitations and future research" section.

The current study has several important implications for business managers. Competitive advantage is gained from knowledge about customers' needs (Hogan *et al.*, 2002; Rust and Thompson, 2006). In this study we have documented that e-WOM is worth listening to for innovative firms that want to develop a competitive advantage. A proactive approach to e-WOM by listening in to ongoing discussions in relevant discussion forums should help firms to improve their service innovations in three ways. First, by "listening" to customers' desires, firms can get customer feedback (and even ideas for improvement) faster. Second, by better reflecting customer needs in future a service, the quality of market information is improved, thus leading to superior decisions. Third, by adapting existing services and business practice, actions based on

| | Corresponds with our e-WOM categories | Our categories |
|---|---------------------------------------|--|
| <i>Dichter (1966)</i> | | |
| Product-involvement | BPI, UEI, PLD | |
| Self-involvement | UEI, IR, PLD | |
| Other-involvement | UEI, IR | |
| Message-involvement | BPI | |
| <i>Engel et al. (1993)</i> | | |
| Dissonance reduction | | BPI, UEI, PLD |
| <i>Sundaram et al. (1998)</i> | | |
| Altruism | | BPI, UEI, IR |
| Product involvement | | BPI, UEI, PLD |
| Self-enhancement | | UEI, IR, PLD |
| Helping the company | | BPI, PLD |
| Anxiety reduction | | UEI, IR |
| Vengeance | | BPI, UEI |
| Advice seeking | | UEI, IR |
| <i>Hennig-Thurau et al. (2004)</i> | | |
| Approval utility | | |
| Self-enhancement | | BPI, UEI, IR |
| Economic reward | | No match |
| Moderator-related utility | | |
| Convenience and support through platform operator | | No match. (We did not look at forums that are moderated in the sense that the moderator offers advice) |
| Focus related utility | | |
| Concern for others | | BPI, UEI, IR |
| Helping the company | | BPI, PLD |
| Social benefits | | No match ^a |
| Exerting power | | No match ^a |
| Consumption utility | | |
| Direct consumption of the contributions of other community constituents | | BPI, UEI, IR |
| Homeostase utility | | |
| Basic desire for balance | | BPI, UEI |

Table III.
Motives for providing word-of-mouth

Notes: ^a These two motives are not an integrated part of the content of e-WOM, but can be seen as a result of participating in e-WOM activity. BPI = Business practice issues; UEI = Usage experience issues, PLD = Commenting product launches/developments, IR = Information requests

customer responses become more effective. If e-WOM can report the customers' voice effectively and efficiently, this may help firms manage the adoption process for new products or services more effectively. If this is indeed the case, then the bottom line is an improved innovation rate with better, faster results.

Managers are interested in an enhanced understanding of word-of-mouth communications for a number of reasons. Clearly, an understanding of what customers are saying about the firm and its products should enhance managers' ability to predict future sales. Perhaps more importantly, an understanding of WOM

| | Our categories |
|--|---|
| <i>Dichter (1966):</i> | |
| Commercial authorities | No match ^a |
| Celebrities | No match ^a |
| Connoisseurs | UEI, IR |
| Bearers of tangible evidence | BPI, UEI, IR |
| Intimates | No match |
| People of goodwill | No match |
| | No match (This motive is best seen as a reason for choosing one forum over another, as the forums tend to be topic specific.) |
| Sharers of interests | |
| <i>Hennig-Thurau and Walsh (2003)</i> | |
| Risk reduction | UEI, IR |
| Reduction of search time | UEI, IR |
| Learning how a product is to be consumed | UEI |
| Learning about new products | PLD |
| Determine social position | No match |

Notes: ^a Participants in discussion forums are usually to some degree made anonymous, i.e. they participate under an alias. Occupational status is also to a large degree unknown. UEI = Usage experience issues, IR = Information requests, BPI = Business practice issues PLD = Commenting product launches/developments

Table IV. Motives for receiving word-of-mouth

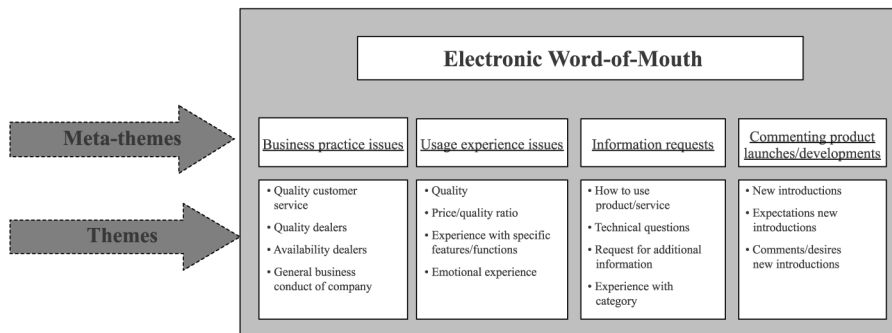


Figure 1. Conceptual framework

communication allows managers to develop new and improve current services that better meet customers' current and future needs. As documented in Table II, existing customers provide rich and detailed information regarding expectations and desires for forthcoming products. Vital information can be derived by listening to what prospective customers in their search phase of the buying process are asking for when they make their requests. Here they reflect what is important to them confronted with risk and choices. Knowledge about this can impact the firm's communication (fact sheets, advertising, FAQ-pages) emphasizing what is important to prospective customers. Anecdotally, during the research project Bosch/Siemens launched a new washer for the North-American market. The new model had a new hybrid solution to loading (i.e. a combination of front and top loader) which created a number of questions

among discussion forum members only used to top loaders. Because the firm was monitoring household appliances discussion forums during the launch period they immediately identified this as a potential threat to further adoption and diffusion and responded instantly by providing more information on their web pages. The results were staggering as this topic soon after was not an issue in the ongoing internet discussions. The intervention made sure that the adoption process continued uninterrupted thus minimizing the true value of a lost customer (Hogan *et al.*, 2003). We define responses from existing users as critical to innovations in the post-launch phase of a product's life cycle. Technical issues and their subsequent emotional responses based on experience in use are revealed. Brand managers proactively working with e-WOM may audit their brands better by monitoring words used to describe their products or services and by observing who they compare their product or service with. The latter is important for brand positioning. In sum this may lead to higher brand equity and customer equity (Rust *et al.*, 2000).

Limitations and directions for further research

In this study we have focused on building a typology of conversations taking place in discussion forums on the internet. As such, these findings may not be generalized to the offline environment. Additionally, the individuals involved in online conversations may not be representative of individuals involved in offline conversations. Therefore, future research is needed comparing offline WOM with online WOM with regard to content and participants.

Second, knowing the content of e-WOM, an avenue for future research could be to identify whether there are differences in the various dialogues between types of services or consumer segments. Does the activity in the dialogues change as the service moves through its life cycle? Third, with knowledge of the content of e-WOM researchers can develop a measurement instrument of e-WOM to focus on various aspects of the constructs in different contexts. From our study researchers can measure which part of the e-WOM construct is active with varying degrees of services. With the inside of e-WOM exposed our study has the potential of stimulating a new avenue in research pertaining to word-of-mouth, e.g. are there situations where different parts of the content is more or less active in explaining e-WOM? Do different customers focus on different aspects of e-WOM? How does involvement and expertise play in? Is there a difference between types of services?

Notes

1. The relevance of e-WOM communication is demonstrated by the fact that 33 per cent of all adult Americans have participated in it in one way or another (Sussan *et al.*, 2006).
2. E-WOM must not be confused with electronic referral marketing. The former is consumer-to-consumer communications. Referral marketing is company-to-consumer communications intended to disseminate information about a product or service, hence leading to its rapid and cost effective market adoption (Krishnamurthy (2001) otherwise also referred to as viral marketing.
3. Direct quotes corrected for typos are in the form and shape they were typed by the poster and copied by us from the discussion forum.
4. In the actual questionnaire separate questions were posed regarding reading and posting.

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Appendix. Questionnaire

Regarding a company's business practice I am primarily making/reading[4] comments pertaining to:

- BPI01 The quality of a company's customer service
- BPI02 The quality of dealers (i.e. firms representing the company)
- BPI03 The availability of dealers
- BPI04 The way a company conducts its business in general

Regarding "Usage experience issues" I am primarily making/reading comments pertaining to:

- UEI01 My/others' perception of a company's product/service quality
- UEI02 My/others' perceived value (i.e. price/quality ratio) of a product or service
- UEI03 My/others' emotional experience (joy/frustration) of using a product or service
- UEI04 My/others' experience related to the functions and features of a product

Regarding the issue of providing information I am primarily making/reading comments pertaining to:

- IR01 How to use a specific product or service
- IR02 Technical issues related to the product
- IR03 Where to find more information
- IR04 Personal experience with a product category (alternative products or suppliers)

Regarding the issue of commenting product launches/developments I am primarily making/reading comments pertaining to:

- PLD01 Newly introduced products/services
- PLD02 Expectations pertaining to announced product/service launches
- PLD03 Comments/desires pertaining to future product/service launches

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