Chapter 14
Research Review of OWOM: Chinese Cases

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ABSTRACT

Internet has been an important communication tool. The population of netizens has become the largest all over the world. Online shopping is regarded as a fashion in china. Online word-of-mouth has significant influences on shopping. Chinese researchers did researches on OWOM (Online Word-of-Mouth), discussed the connotation, communication process and communication effect, and practical application, and put forward some managerial suggestions. This chapter reviews those researches, summarizes and describes the future research direction and hope that it can instruct and contribute Chinese researchers.

INTRODUCTION

Internet has been one of the most important tools among people. According to the recent statistic data from CNNIC, the population of Chinese netizens, surpassing that of USA, has reached to 253 million by the late of June, 2008. 25% of those netizens are fond of online shopping; by the end of 2009, the number has reached to a new peak of 384 million, with an annual growing rate of 28.9%, and annual popularity of 28.9%. With the improvement of internet consumer environment, more and more users are involved in online shopping. The number of netizens with online shopping experience has reached over 100 million. The total value of online shopping has reached 238.3 billion. Ecommerce which has been listed as one of the 10 leading internet application is being accepted by netizens gradually for its low price, rich products and flexibility(Fu,2008).

According to the survey of China Internet Information Center (CNNIC) 2009, 53.9% of online users will search and read related online
comments of each product before purchasing decisions are made; 78.9% of online users will search and read related online comments before buying most of the products; more than 90% of netizens will issue comments on the websites from which those goods were bought. Word-of-mouth has an increasingly important role in online consumption. Online word-of-mouth plays an important role in the consumers’ decision-making process and behavior transmissions. More and more enterprises have realized the business opportunities. Online word-of-mouth marketing practical activities are increasing gradually. Researchers both home and abroad did lots of researches from different aspects and gave many valuable suggestions. This paper summarizes current Chinese OWOM research situation in order to arouse more concerns.

CONNOTATION OF OWOM

Definition of WOM

WOM (word of mouth) is the exchange and communication of information about the attributes, experiences and suppliers of products or services between consumers. WOM is regarded as one of the most important factors influencing consumers buying (especially for the imitators). Compared with other information channels, such as advertising, WOM is believed more credible by consumers; as a result they are more easily to be accepted by the consumers. Availability of internet enables customers to collect the product information and related comments when browsing web pages. And customers can share their own experiences, opinions and related knowledge about certain products, which consists of WOM (Fu, 2008)

Fu (2008) regarded OWOM, which can be transferred to the masses through the internet, as the positive or negative comments about products or companies from potential, final users or previous customers. OWOM can be transferred through online community, newsgroup, BBS and so on. Bi, Hu (2010) thinks that divergences of the name of WOM through the media of computers are existed, for examples: Internet Word-of-Mouth, Online Word-of-Mouth, Word-of-Mouse, Electronic Word-of-Mouth, Virtual Word-of-Mouth and so on. Zhang, Li (2008) claimed that recent concerns on the formation of OWOM could be divided into two groups. The first group regarded the rating the online products or services of consumers as OWOM, which is simple in form, easy to be quantified, and has already been adopted by most researchers; the others tend to regard the words or comments issued by the consumers on the internet as OWOM. The differences between these two methods lies on the form of OWOM, and there connotations are the same, which means the informal communication and exchange of the features, using experiences and ownership of products or services though internet.

In a word, the definition and connotation of OWOM remains no difference with the traditional WOM. The key is the media being used and the communication advantages brought by OWOM (Bi, Hu, 2010). The number of Chinese literature of OWOM is still very small, and the definition still needs unification.

Features and Factors of OWOM

Features of OWOM

Traditional OWOM is communicated through mouth to mouth. The core definition between current domestic research and traditional OWOM remains the same, which means the informal communication of the recognition, attitude and comments of products and services between consumers(Fu, 2008). But there are still differences between them. Compared with traditional communication pattern, OWOM possesses the following features(Zhang, Li, 2008):