

University of Economics, Prague

# **Bachelor thesis**

2020

Filip Laboutka

University of Economics, Prague

Faculty of Business Administration

Study programme: Bachelor of Business Administration



Title of Bachelor's Thesis:

# **Exploration of the Views of E-shop Managers on eWOM in the Czech Republic**

Author of thesis: Filip Laboutka

Thesis supervisor: Efthymia Kottika, Ph.D.

## D e c l a r a t i o n

I declare that I worked without assistance on bachelor's thesis  
*“Exploration of the Views of E-shop Managers on eWOM in the Czech  
Republic”*  
using referenced literature and information.

In Prague on 10<sup>th</sup> May 2020

A handwritten signature in blue ink, consisting of stylized, cursive letters.

Signature

**Title of the Bachelor's thesis:**

Exploration of the Views of E-shop Managers on eWOM in the Czech Republic

**Abstract:**

This study focuses on views of e-shop managers on eWOM in Czech Republic. It aims to explore and investigate managers' knowledge, behaviour, and opinions on online communication regarding their business and products. The research method that is used is explorative qualitative research using semi-structured interviews to collect data. Among findings of the research is that participating e-shop managers have a gist of eWOM, monitor independent platforms, know that responding to negative eWOM is beneficial to their brand, know which eWOM channel is the most important for their business, and respond to negative eWOM with caution. Apart of these findings, there are several observations related to negative reviews and established theory. These observations as well as findings of this research pave the way for more extensive qualitative research of this issue.

**Key words:**

eWOM, reviews, e-shop managers, qualitative research

**Název bakalářské práce:**

Průzkum pohledů manažerů e-shopů ohledně eWOM v České republice

**Abstrakt:**

Tato studie se zabývá pohledy českých e-shop manažerů na eWOM v České republice. Snaží se prozkoumat a vyšetřit vědomosti, chování, a názory na online komunikaci týkající se jejich byznysu a nabízených produktů. Použitá výzkumná metoda se skládá z exploračního kvalitativního výzkumu a polo-strukturovaných rozhovorů ke sběru dat. Mezi nálezy tohoto výzkumu je, že zúčastnění manažeři mají obecné povědomí o eWOM, monitorují nezávislé stránky a fóra, vědí, že odpovídat na negativní recenze přináší benefity pro jejich značku, vědí, která z jejich stránek je pro jejich byznys nejdůležitější, reagují na negativní recenze s opatrností. Mimo tyto nálezy jsou poznamenána pozorování, které se vztahují k negativním recenzím a zavedené teorii. Tyto pozorování spolu s nálezy tohoto průzkumu vytvářejí podklady k dalšímu rozsáhlejšímu kvantitativnímu výzkumu.

**Klíčová slova:**

eWOM, recenze, manažeři e-shopů, kvalitativní výzkum

## Contents

Introduction .....	8
SMEs .....	8
Internet commerce sector background .....	9
Research gaps .....	10
Aims and objectives .....	11
1 Literature review .....	12
1.1 Type of ewom .....	12
1.2 eWOM communication type .....	13
1.3 Credibility of ewom.....	14
1.4 Response to negative eWOM .....	16
1.5 Summary.....	17
2 Methodology .....	19
2.1 Research approach .....	19
2.2 Research method.....	20
3 Analysis and findings .....	23
3.1 Data collection process .....	<b>Chyba! Záložka není definována.</b>
3.2 Core trends.....	23
3.3 Relevant observations.....	33
4 Discussion .....	36
4.1 Results .....	36
4.2 Limitations.....	38
4.3 Managerial implications .....	38
4.4 Suggestions for future research .....	39
Conclusion.....	40
References .....	41

Written bibliography .....	41
Online sources .....	43
Appendix .....	45

## Introduction

The impact of ecommerce on retail market is ever increasing. Just during autumn last year, the predictions were that the total percentage of retail sales attributed to online purchases were 16,4 % for 2019 (Young 2019). According to a projection by Internet Retailer (2019) the global amount of online sales for 2019 would reach a whopping 3,46 trillion of USD. That is a 17,9 % increase from the previous year. Also, a list of top ten online retailers had been compiled based on sales with Amazon.com in the lead.

Soon after the introduction of ecommerce came electronic word of mouth or eWOM in short. The concept is best described as all informal communication accessed online via Internet concerning businesses, brands, services and products or the sellers of thereof (Litvin, Goldsmith, Pan 2008). Customers can not only rate and review their shopping experience in just a few clicks and under five minutes, but also access reviews done by others effortlessly. This can happen not only directly on the retail store homepage, but also indirectly on food blogs, Facebook, etc. See Appendix 1 for more insight.

Nowadays a business can easily get a lot of feedback through various online channels. However, the question is how does the business owner react, if ever? And what can be done based on those reviews to improve the customers' experiences? The current research is focusing on those aspects of ecommerce. A global research could prove difficult due to cultural differences and different business etiquette. Thus, the monitored region is only the country of Czech Republic where ecommerce is specific and fast-growing.

## SMEs

Small and medium enterprises have a huge economic significance in Czech Republic. They have the biggest share of number of businesses – 99,8% (MPO 2017). According to a report from Czech Statistical Office (2018) the combined number of private businesses was 1,94 million as of 2018. The added value to economy was 3,15 trillion of CZK.

Definition of SMEs in the Czech law is adopted from European Union notice about SMEs (Lucemburk: Úřad pro publikace Evropské unie 2015). The SME category is further divided into three subcategories based on enterprise size.

The first subcategory is Medium enterprise. According to the EU notice about SMEs, medium enterprise is defined as an organization with less than 250 employees, revenue less



than 50 million Eur and/or balance sheet total of less than 43 million Eur. For comparison, the American definition of SMEs has the borderline number of employees the amount of less than 500, which is twice as much as the European definition.

Second subcategory of SMEs are small enterprises defined by EU as businesses with less than 50 employees, less than 10 million Eur of yearly revenue and/or balance sheet total bellow 10 million Eur.

In this final category of microbusinesses belong businesses that are the most prevalent type in Czech Republic. Microbusinesses, by definition, have less than 10 employees, have annual revenue bellow 2 million Eur and/or have balance sheet total of the same amount.

### **Internet commerce sector background**

The introduction of ecommerce on the Czech market started after 1995 when first Internet shops were established on an internet network called CESNET. Before that, all networks were used exclusively by academic and scientific centres, mainly due to a bad infrastructure and laws at that time. After 1997 however, the situation was steadily improving due to the separation of academic network, which used the European project network TEN-34, and commerce sector which remained on CESNET (Kunesova, Micik 2015). The further development of ecommerce is heavily relied upon an availability of high-speed connection. In 2007 only 28 % of households in Czech Republic had that type of internet connection. By 2014 the number almost tripled with 76 % of households connected and even overtaking the EU average (Kunesova, Micik 2015). Since then, the share of connected households is still increasing.

Czech ecommerce market is distinguished from other European markets by the popularity of domestic e-shops with .cz as their ULR. The top websites are dominated every year by brands with Czech origin such as Alza.cz, Heureka.cz, Bazos.cz etc. and the only foreign ecommerce site which is ranked high is Chinese Aliexpress.com. This phenomenon can be attributed to a certain familiarity and thrust. One part of an analysis done by J.P. Morgan (2019) indicates that Czech consumers tend to have more confidence in Czech e-shops than that off foreign countries. However, this behaviour applies for more aspects of everyday life, in example for regular shopping where Czechs like to buy products made in Czech Republic (Spackova and Kunc 2017). It can be described as a specific trait which Czechs have in their DNA.

Ecommerce in Europe is strongly growing each year and is not expected to decline anytime soon. An analysis by J.P. Morgan (2019) shows Czech Republic as an ecommerce market with the highest projected growth between 2017 and 2021 – 16 %. The market size is calculated to be around 4,4 billion of Eur. Among the examined countries Czech Republic has the highest usage of mobile devices for ecommerce purchases, the percentage being 56 %. Europeans in general like to use credit cards as their preferred use of ecommerce payment, while Czechs mostly use cash payments, still largely popular in the country.

### **Research gaps**

Many papers about eWOM are readily available for scholars, researchers, or business managers. Well-documented economic impact of eWOM was investigated by experts across various industries. From the effect of online book reviews on sales (Chevalier and Mayzlin 2006) or reviews on Yelp.com (Luca 2011) to impact of online reviews on hotel room sales (Ye, Law, and Gu 2009). However, researchers are encouraged to widen their focus on eWOM in terms of different platforms and product categories (Babić Rosario 2016). Notably, most studies “use a narrow set of metrics such as numerical ratings or volume, ignoring the information content of text in these reviews, which is rich in consumer expressions” (Tirunillai and Tellis 2012, p. 199).

A more detailed analysis of the content of eWOM, which was so far reasonably limited, is suggested by Babić Rosario et al. (2016). The researcher predicts that the study of the content will require initial qualitative research, setting a solid groundwork for later quantitative research methods. Furthermore, Babić Rosario et al. (2016) propose that scholars could aim to use multiple eWOM measures to capture different aspects of eWOM – in example the written content of consumers input. Lastly, business managers should focus on the context of eWOM across their various platforms and formats and prepare their strategies accordingly.

An interesting research had been conducted by Wang and Chaudhry (2018) about managers responses to online hotel reviews on popular travel websites. The study shows that managers responses to negative reviews bear more beneficial long-term results from customers than responding to positive reviews. There is a research gap on the Czech market about these managerial responses to reviews. To the best of our best knowledge, no research has been conducted on managers perception of eWOM. Thus, this work intends to fill this gap by exploring the views of e-shop managers on eWOM.

## **Aims and objectives**

The overall goal of this bachelor thesis is to explore whether and if yes how do e-shop managers in Czech Republic react or respond to eWOM. More specifically, the study investigates if managers differentiate between channels, communication types and other different aspects of eWOM. Furthermore, the study investigates whether and how e-shop managers allocate resources for managing eWOM across different platforms and level of relevancy and credibility. Lastly, the research focuses on manager's responses to negative eWOM, whether they respond to relevant negative eWOM and how cautionary they responses can be.

Secondary purpose of this research is to set a foundation of ideas for other researchers invested in this area of study. Mainly for quantitative research, which could not be conducted in this paper due to several reasons, among which is a significant time constraint and the narrowness of the research area.

## 1 Literature review

As previously mentioned, to our best knowledge no research has been done regarding managers' responses on eWOM. Thus, this study can only focus on studies which are concerning only specific parts of our topic. However, that should not be a reason to consider them as irrelevant. Quite oppositely, strong evidence in these papers should provide solid foundations for research objectives. Nonetheless, a significant number of studies about eWOM were conducted and are more than helpful for this research.

The following chapters are systematically divided from types of eWOM related to the topic, through eWOM types of communication, credibility of eWOM, managers' response to eWOM and managers' reactions to negative eWOM with a final summary and hypothesis.

### 1.1 Type of ewom

Electronic word-of-mouth is characterized as all informal communication that is accessed online and concerning businesses, services, or products thereof (Litvin, Goldsmith, Pan 2008). The two main distinctions from regular WOM are online accessibility and user anonymity. In case of WOM the conveyors of information are in direct contact with each other, their physical presence is required in order to share information. This process is not as instantaneous as sharing of eWOM. However, the trust between the conveyors is much higher, since they know each other or at the least they are in direct contact. This again differs with eWOM where majority of platforms to share information are more of an anonymous nature. But not all of them. Recently, scholars started to use a term of social eWOM (Liang et al. 2011-2012, Yadav et al. 2013), which differs from regular eWOM by the usage of platforms where membership is restricted, and content providers are known to recipients (Pihlaja et al. 2017).

Studies show that 93 percent of consumers trust information, related to a product or service, from person they know. That is considerably higher compared to 70 percent of people who trust anonymous peer reviews. The least percentage of people – 47 percent – trust company made advertising (Nielsen 2012). These numbers strongly suggest that people will in majority of cases prefer WOM over eWOM. Social eWOM is able to bridge the trust difference between the two with the acquaintance of both the conveyer and receiver required by WOM, and the speed of sharing information typical to eWOM (Nielsen 2012).

The distinction between regular eWOM and social eWOM may be beneficial to our research since Czech e-shop managers might be reacting differently in both cases. The objective is to investigate whether they can make the distinction. And if yes, how do they use the knowledge to their advantage. Additionally, if some of the managers know about the difference but they do not have any strategy regarding social eWOM, what could be the reasons that they did not implement one. It might be possible that the distinction that Pihlaja et al. (2017) categorized is not useful or applicable on the Czech market.

## **1.2 eWOM communication type**

We know that there are two relevant types of eWOM, regular eWOM and social eWOM. To further differentiate between reviews and other eWOM content this study reviews a concept of eWOM types of communication. These are independent on both regular and social eWOM. However, they help distinguish the different parties and platforms involved in eWOM content.

There are four eWOM types of communication classified by Kiecker and Cowles (2002) depending on the initiator, sender, and internet environment. From those four types, three are without a corporate interest: spontaneous, quasi-spontaneous and independent (also referred to as third party-sponsored). Thus, the content of eWOM posted by these three types have greater impact on consumers who read these reviews. Spontaneous refers to communication which is carried out by individual consumers using their own capacities. Quasi-spontaneous is classified as eWOM content published by consumers and posted within an online medium established by marketers with a vested interest. Lastly, the third type, independent, refers to eWOM posted on third party websites (special interest groups, professional websites, forums, etc.). The fourth type of eWOM is corporate-sponsored, which is initiated by marketers via numerous channels to promote the product or service (Kiecker and Cowles 2002). For clearer visualization see Table 1.

For the purpose of this study, we can adapt a division of the four types of eWOM communication into two categories used by Tsao and Hsieh (2015) in their study. The division is simple: corporate and independent. In the corporate category is corporate-sponsored eWOM communication, which this study regards as one aspect of daily marketing activities of e-shops, and thus will not be considered relevant for this study's research. The rest of the four communication types, the spontaneous, quasi-spontaneous and independent, are beneficial to this study by narrowing down different types of eWOM and eWOM communication. E-shop

managers may not know the classification or disregard it completely. Also, worth exploring is whether e-shop managers manage independent eWOM.

Table 1	Type of eWOM communication
eWOM communication type	Definitions
Spontaneous	Initiated and carried out by individual consumers using their own means (e.g., via personal email account or homepage)
Quasi-spontaneous	Initiated and carried out by individual consumers in environments created by marketers (e.g., enterprise websites, brand/product official website)
Independent (third party-sponsored)	Initiated and carried out by individual consumers in environments created by special interest group, professional associations, and/or organizations for purposes other than selling products (e.g., online forums, internet community)
Corporate-sponsored	Initiated by marketers, but carried out by individual consumers who are paid and/or otherwise motivated to “spread the word” about a product or company for the purpose of selling its products or promoting the company

This table is adapted from Kiecker and Cowles (2002) by Tsao and Hsieh (2015)

### 1.3 Credibility of ewom

As hinted in two previous sections, eWOM can have varying credibility on different platforms. For many consumers eWOM has become a vital source of product information, which significantly influences their purchasing process, and corporations, which allocate considerable amount of resources for management of eWOM (Utz 2012; Tsao 2014). The distinction between reliable and unreliable eWOM platforms is therefore crucial to be knowledgeable about. Customers should know which platform to use for obtaining the most accurate information about a product or service. Managers should know which platform to monitor for allocating the right amount of resources.

Independent platforms by nature are not established for commercial use, but rather a place where consumers tend to join for common interest and usually some level of expertise and related knowledge (Kiecker and Cowles 2002). Additionally, reviews by consumer with greater expertise in the area, are more believed to be of higher quality by most general consumers

(Bloch et al. 1986). In case of corporation websites, companies can moderate the debate, monitor the content and in some cases delete negative comments. This however creates a problem of perceived credibility where corporations cannot objectively address the issue of their product or service reviewed by those negative comments.

A study conducted by Tsao and Hsieh (2015) focuses on whether different eWOM platforms and product types matter regarding eWOM credibility and quality. In their research, they concluded that positive eWOM has a greater influence on eWOM quality, eWOM credibility and purchase intention when posted on independent platforms than on corporate sponsored websites. However, low-quality eWOM can reduce the eWOM credibility and purchase intention to a greater extent on independent platforms than on corporate sponsored sites. In response to this finding, they suggest that corporations should create incentives encouraging satisfied customers to use eWOM platforms, over which the corporation has some level of control. Other part of their study, concerning whether product type matters, reveals interesting findings. Tsao and Hsieh (2015) focused on two product types, search goods, which can be effortlessly evaluated before purchase (usually objects and things as an automobile, a mobile phone, etc.), and credence goods, which are difficult to evaluate beforehand (in most cases experiences, medical procedures, etc.). Their hypotheses, that consumers are more persuaded by and relying on reviews and recommendations while contemplating a purchase of credence goods, were confirmed. Corporations based on business with credence goods should therefore put more emphasis on management of both positive and negative eWOM, since consumer's purchase intention of credence goods stems from eWOM.

It was established that quality and credibility of eWOM play a crucial role under specific circumstances. On different types of platforms eWOM content has varying importance to consumer's purchase intention. In case of credence goods, the significance of eWOM is higher (but does not necessarily hold the same amount of quality and credibility). E-shop managers with credence goods in their product portfolios may be more aware of the importance of managing positive and negative eWOM to sustain or increase their sales. Managers with more search goods-oriented platforms, on the other hand, should be focusing more on management of low-quality eWOM, which may mislead or discourage other potential customers. The overall objective is to explore if e-shop managers can distinguish between platforms with varying quality and credibility of eWOM and know which eWOM is important to manage.

## **1.4 Response to negative eWOM**

As with a regular WOM, negative eWOM spreads much faster than positive eWOM (Hewett et al. 2016). In some few cases negative eWOM may evolve into an online firestorm reaching a vast number of customers or potential customers and discouraging them from using a corporate product or service. One real world example is the case of Odeon Cinemas, when one dissatisfied customer posted a comment on the company's Facebook page and received more than 94 000 likes and comments. Due to a poor response by Odeon Cinemas to 400-word comment of one customer, the business lost thousands of customers in just a few hours (Dunphy 2012). Such and other comparable occasions need a more thoughtful eWOM management than a normal negative eWOM would need (Chevalier, Dover and Mayzlin 2018).

The first problem a manager has to resolve is the source and reason for negative eWOM. Issues with delivery are among the most common, but other more serious problems may have been overlooked by the management before the spreading of negative eWOM. Product fault or service with shorter longevity than expected can lead to negative eWOM. However, managers should be aware of negative eWOM, which has low quality and credibility. Such eWOM should be ignored and resources should be allocated to dealing with credible eWOM. Reviews by customers with more expertise are probable to be regarded with higher quality and credibility by more general consumers (Bloch et al. 1986). Additionally, management needs to figure how to respond to negative eWOM (Chevalier, Dover and Mayzlin 2018). Findings in a study by Bhandari and Rodgers (2018) supports previous arguments of other researchers that responding to negative eWOM is beneficial. Also, careful response to negative eWOM is important, so that the eWOM does not evolve into an online social firestorm such in the case of Odeon Cinemas. A research by Bitner, Booms and Tetreault (1990) aimed at service recovery proposes several viable approaches to negate negative customer experiences. Emphatic and explanatory responses are among those most effective.

It was established that each type of eWOM communication and eWOM platform have different quality and credibility of eWOM content. Thus, managing negative eWOM is useful on only relevant platforms, such as corporate-sponsored and independent, with experts and enthusiasts in the field. In addition, firms need to deal with the source and reason for negative eWOM, such as faulty product, issues with providing a service and or other lack of complimentary service. Managers have to be aware of negative eWOM that has a potential to evolve into an online firestorm if the response is not appropriate. Monitoring and managing



negative eWOM that has misleading or wrong specifications about firm's service or product is also important to an extent.

## **1.5 Summary**

The review of number of topics concerning eWOM provided insights about researched issue. Unfortunately, research about manager's response to eWOM is, to the best of our knowledge, non-existent. The only similar concept is corporate response. For the purposes of outlining objectives concerning manager's response, this study will regard corporate response and manager's response as one concept.

Academics distinguish two types of eWOM. First is what scholars consider regular eWOM, where consumers and other sharers of information remain anonymous. Additionally, 70 percent of people trust anonymous peer reviews. The second is social eWOM, where membership is restricted, and content providers are known to recipients (Pihlaja et al. 2017). However, compared to regular eWOM, studies show that 93 percent of consumers trust information from a person they know, which is possible on social eWOM platforms. Thus, it can be concluded that it is beneficial for managers to monitor social eWOM over regular eWOM:

**Obj1:** To explore whether managers prefer social eWOM, over regular eWOM.

In addition to type of eWOM, researchers acknowledge the concept of eWOM type of communication. There are four generally accepted eWOM types of communication (Kiecker and Cowles 2002). As mentioned previously, for the purposes of this research, this study will use a division of those four types into two categories as applied by Tsao and Hsieh (2015), and we will disregard the corporate category as it is part of everyday activities of e-shop manager. The independent category (spontaneous, quasi-spontaneous and independent) is important to eWOM as the last type, the independent (third party-sponsored) is where the most credible content with the highest quality will occur (Bloch et al. 1986). Therefore, managers may have the best results by allocating resources for management of independent eWOM communication. That is if managers in Czech Republic are aware of the different types of eWOM communication:

**Obj2a:** To investigate whether managers allocate resources for management of independent eWOM.

**Obj2b:** To investigate whether managers in Czech Republic are aware of different types of eWOM communication.

Credibility of eWOM varies across different platforms. Independent platforms (part of independent eWOM type of communication) are primarily not established for commercial use and consumers tend to join for common interest, expertise and knowledge of related product or service (Kiecker and Cowles 2002). Credibility and quality of eWOM is important both for consumers, who determine their purchase intention based on credibility and quality of eWOM, and managers, who determine which eWOM is relevant again based on credibility and quality. Furthermore, credence goods have higher need for eWOM (but at the same time lower standard for quality) than search goods (Tsao and Hsieh 2015). In conclusion, it can be assumed that managers are able to know, which channels have the most credible and relevant eWOM and manage credence goods eWOM for sales purposes among other:

**Obj3a:** To investigate whether managers in Czech Republic know which eWOM channels are relevant.

**Obj3b:** To investigate whether managers in Czech Republic manage credence goods eWOM.

Lastly, negative eWOM spreads much faster than positive eWOM (Hewett et al. 2016). In some occasions negative eWOM can evolve into online firestorms, damaging the company's reputation and decreasing customer base. An inappropriate response can cause such firestorm, as in the case of Odeon Cinemas (Dunphy 2012). However, managers should be able to find the source and explanation for negative eWOM. Most relevant reasons for negative eWOM are mistakes by the company, every other negative eWOM is not credible enough for manager to focus on. Management should also be able to figure out an appropriate response to negative customer experiences (Chevalier, Dover and Mayzlin 2018). Final objective reflects management of negative eWOM. It can be assumed that managers manage only relevant negative eWOM. Additionally, managers respond carefully to negative eWOM:

**Obj4a:** To explore whether managers manage only relevant negative eWOM.

**Obj4b:** To explore whether managers respond with caution to negative eWOM.

## 2 Methodology

As previously mentioned, to the best of our knowledge, the lack of any study on manager's views on eWOM in Czech Republic excludes the possibility of secondary research. Thus, primary research is necessary. Not every method of primary research is, however, appropriate for set objectives of this thesis. For example, quantitative research, as stated by Creswell (2003, p. 18) "employ strategies of inquiry such as experimental and surveys, and collect data on predetermined instruments that yield statistical data. The findings from quantitative research can be predictive, explanatory, and confirming. It involves the collection of data so that information can be quantified and subjected to statistical treatment in order to support or refute alternate knowledge claims". Therefore, as the objectives are aimed to find information and relevant themes, quantitative research cannot effectively capture such information, and thus leaving only the option of qualitative research. Furthermore, as mentioned in the first sentence of this paragraph, the lack of any similar research limits the options of what research designs to use. Exploratory research design was chosen to provide insight and revelation of manager's views and behaviour regarding eWOM. Data was collected using in-depth interviews. The methodology chapter will help explain which research approach was chosen and why.

### 2.1 Research approach

The topic of this study is yet to be explored by more research. Thus, the exploratory research approach was selected as suitable. This type of research intends to explore the research questions and is not focused on delivering final and conclusive answers to existing problems. It helps better understanding the problem. The researcher may change his or her direction because of new information shifting the focus of his or her study (Saunders, Lewis and Thornhill 2012). The advantages of this research include flexibility and adaptability to change. On the other hand, disadvantages include subject to bias of generated qualitative information and interpretation (Dudovskiy 2019).

Qualitative research is described by Creswell (1994) as an unfolding model occurring in natural settings that enables researchers to create a level of detail from direct involvement in the actual experiences. According to Leedy and Ormrod (2001) there are five recommended qualitative methods: ethnography, case study, content analysis, grounded theory, and phenomenology. The latter was deemed best suited for this study. Phenomenology captures participant's perception of an event, situation or in this case reactions to a specific aspect of an online environment (eWOM). The disadvantage of phenomenology is that the researcher often

has some kind of connection, experience or stake in the situation (Williams 2007). The method of collecting data is through lengthy one-on-one interviews. The aim is to understand and interpret participant's actions and views on a particular event or situation. Phenomenology collects data that, when put together, create common themes in people's perceptions of their experiences (Williams 2007).

## **2.2 Research method**

The initial selected research method was in-depth one-on-one interviews. The aim was to explore manager's views and feelings about eWOM and their reactions and behaviour. The main advantage of this research method is that participants can express their feelings, experiences and behaviour in their own terms and contexts (Malhotra, Birks and Wills 2012). Making the participant feel comfortable, would allow them to share their otherwise guarded true feelings and beliefs. In-depth interviews are primarily conducted with a small number of participants due to their lengthy nature. Although, they provide significantly more in-depth information than other qualitative research methods as a direct result of the previous fact (Bostock and Kelley 1997).

However, due to the unforeseen situation surrounding the restrictions put in effect because of the COVID-19 pandemic, the research method had shifted from in-depth interviews to more structured interviews. There are two main reasons for this shift. First reason is that conducting interviews online or via phone cannot yield the same results as a personal one-on-one interview. Reactions to questions such as facial expressions cannot be captured as effectively, or are entirely impossible to capture, in an online environment. The second reason is that due to the aforementioned restrictions e-shop managers were and are busy more than before trying to adapt their operation accordingly. Thus, they are not willing to spend one to one and half hours long interviews. This led to a decision to give more structure and questions to interviews.

Finalized research method conducted was semi-structured interviews with predefined set of open-ended questions. This approach seeks answers for open-ended questions while allowing pursuit of unforeseen issues. Interviewer has prepared an interview guide, which are same for all participants. Simultaneously, additional questions can be asked to pursue or expand certain issues. General disadvantage of all types of interviews is a risk of interviewer bias. Scholars

argue that interviewer should refrain from disagreeing responses and overreactions to interviewee's answers (Connaway and Powell 2010).

Interviews were conducted over a phone call, or over an online interview using platforms such as Skype and Zoom. An interview guide was followed every time. Though, not every question of that guide was applicable for all participants. In case of two questions relating to eWOM of credence goods, participants answered only if their business offers credence goods, otherwise the participants were not asked those questions (they were instead asked if they offer such goods). To gain insight in the study guide a brief explanation follows in the next section of this chapter. The length of the interviews was from 20 to 30 minute depending on how much the participants felt free to share information.

The interviews were conducted in Czech. After conducting the interviews, they were translated to English, and edited transcription was used to transcribe all relevant information. Edited transcription has the advantage of retaining vital information and essence of the interview while omitting vulgarisms, slang, and irrelevant sentences. Verbatim transcription was deemed unnecessary and impossible because it transcribes everything including fillers, slang, vulgarity and also body language such as expressions and gestures. That is nearly impossible to capture during an online interview.

### **2.3 Interview guide**

An interview guide was constructed to help interviewer with navigation of the objectives and precisely extract the desired information from the participants. The current research's objectives were grouped into areas. It can be deduced that these areas are based on the numbers of each objective as they were labelled in the literature review chapter. Thus, objective **Obj.1** is in Area 1 of the study guide, objectives **Obj.2a** and **Obj.2b** are in Area 2 and so on. In total, there are four areas of the study guide. Each area has a few core questions that practically remained unchanged for all participating e-shop managers. Following are two or more core questions for each area of the interview guide:

Core questions of Area 1:

*Do you use social eWOM channels? If yes could you say which?*

*Do you prefer social eWOM over regular eWOM?*

Core questions of Area 2:

*Do you manage eWOM on any communication type (spontaneous, quasi, independent)?*

*Do you allocate resources to manage independent eWOM?*

Core questions of Area 3:

*What eWOM channels do you use and manage?*

*Do you know which are the most credible and relevant to your business?*

*How crucial is credence goods eWOM to your business?*

Core questions of Area 4:

*Do you manage and allocate resources to address relevant negative eWOM?*

*How do you respond to negative eWOM?*

It is possible that during interviews these core questions were asked in a different way by the interviewer. However, the meaning always remained the same. See Appendix 2 for more insight how one interview was conducted following the interview guide. For more interviews with other participants see Appendix 3 and Appendix 4.

### 3 Analysis and findings

In the chapter about methodology it was established that semi-structured interviews were selected as a method to collect data. This chapter focuses on the collected data. First section is about similar statements grouped to form themes directly relevant to objectives and theoretical part. Participants of the interviews were split into two groups based on the number of employees. Thus, coding is included and explained before the themes. Lastly, this section also includes written analysis of the themes. Furthermore, during the collection of data a few observations were made. Those are not supported by the theory, but are directly relevant to this research, nonetheless.

#### 3.1 Core themes

As stated in the introduction of this chapter, this section is focussed on formulated themes grouped from participant responses. Analysis is part of each theme. To ensure lucidity every theme has one dedicated page.

Responses from the participants were similar regardless of age, type of business, or education. Also, due to the limited number of participants, coding from these mentioned demographics was not possible. The only sensible coding was devised from the number of employees, which half of participants have less than five employees, and the other half has five or more. For further insight into demographics of participants see Appendix 5.

Coding:

E-shops with less than five employees	[1]
E-shops with five or more employees	[5]

### Theme 1: eWOM acknowledgement

<b>Significant statements</b>	<b>Formulated meanings</b>
[Do you know what eWOM means] “Reviews and what consumers write about you on the internet.” [5]	Participant has overall idea what eWOM means, but never heard of the term.
[Do you know what eWOM means] “Yes, those are reviews, comments and other in an online environment.” [5]	This participant fully understands the term and its meaning.
[Do you know what eWOM means] “Sadly, I have no idea. My husband might know.” [1]	This participant never heard the term, but after clarification and explanation, they understood the concept rapidly.
[Do you know what eWOM means] “Some communication on the internet, I think.” [1]	Participant has basic overall understanding, but never heard the term.

Some participants did not have any idea about what eWOM entails. However, overall managers had basic or general idea what it means, but never heard the term. One participant knew the term and definition almost as Litvin, Goldsmith and Pan (2008) described it.



### Theme 2a: Trust

Significant statements	Formulated meanings
[Do you prefer social eWOM or regular eWOM] “I prefer social eWOM where the people are more real and there are more reviews.” [5]	This participant hints that users of social eWOM platforms tend to be more credible.
[Do you prefer social eWOM or regular eWOM] “I prefer social eWOM channels because every fool can post some aggressive or negative review, which may not be truthful. Also, it is easier to harm our brand name anonymously.” [1]	This participant believes that anonymous users can post harmful and irrelevant information more easily than on social eWOM platforms, making them credible and more civil.
[Participant continuing after stating that they prefer social eWOM] “When you have websites with registered users, you are likely to respond more.” [1]	This participant says that communication on social eWOM platforms has more relevancy and credibility.
[After stating that their company is small, and they communicate with mainly unregistered users] “...registered customers increase the chances of sale.” [5]	This participant claims that users of social eWOM platforms have higher chance of purchasing their product.

As stated in literature review social eWOM is happening on platforms where membership is restricted, and content providers are known to recipients (Pihlaja et al. 2017). People find users that are known to them to be more trustworthy. 93 percent of people trust information from person they know (Nielsen 2012).

### Theme 2b: Honesty

Nine out of the ten participants gave statements formulating Trend 2a. However, one participant claims the opposite: They prefer regular eWOM over social eWOM.

[Continuing after stating that they prefer regular eWOM] “People writing anonymously tend to be more honest.” [5]	Participant is claiming that people more willing to write daring and raw statements under the safety of their anonymity.
---	--

### Theme 3: eWOM types of communication

<b>Significant statements</b>	<b>Formulated meanings</b>
[Do you know the different eWOM communication types] “No, that I do not know.” [5]	Participant was not aware of different eWOM types.
[Do you know the different eWOM communication types] “I am afraid this term is new to me.” [1]	This participant hears about the term for the first time.
[Do you know the different eWOM communication types] “No, sorry.” [1]	Participant is clueless about eWOM communication types.
[Do you know the different eWOM communication types] “No, you have to tell me.” [5]	Participant does not know the term.

The classification of eWOM types of communication by Kiecker and Cowles (2002) were unknown to all participants. Even after explanation of the term and the four different types, most participants struggled to comprehend the concept. Participants were however able to distinguish independent eWOM communication from the rest.

#### Theme 4: Independent eWOM

<b>Significant statements</b>	<b>Formulated meanings</b>
[When would you consider management of independent eWOM] “If we were a known brand and people would discuss our company on daily basis, then yes I would start to manage that kind of platform as well.” [1]	This participant says that their business is not known that much to be on independent platforms.
[Why are you not managing independent eWOM] “Independent eWOM is too small to manage currently. I would start to concern myself with it when my brand would be discussed spontaneously.” [5]	Participant is aware of some independent eWOM but feels that they would only waste resources at his moment. More recognition is needed according to them.
[Continuing on What eWOM communication types do you use] “We also tried to silently get into some of those independent forums.” [1]	This participant admits trying to manage independent eWOM on forums.
[What are the reasons you are not managing independent eWOM] “We try to answer all reviews and comments on our websites and such, but we do not want to do more, because the number of forums that mention us is very small.” [5]	This participant is reluctant to manage independent eWOM due to it having only small occurrence.

Independent platforms as established by Kiecker and Cowles (2002) are places not for commercial use, but where consumers tend to join for common interests. Also, reviews by consumers on these platforms are believed to be of higher quality by other users (Bloch et al. 1986). Although some participants showcased some level of involvement in managing independent eWOM, the majority claims that communication about their product or company is non-existent or too small to allocate resources and manage.

### Theme 5: Relevant channels

Significant statements	Formulated meanings
[Which channel is the most credible and relevant to your business] “I think Slevomat.cz the most, but we monitor all of them.” [1]	Participant has one top channel but points out that they manage and monitor all their channels.
[Which channel is the most credible and relevant to your business] “Heuréka.cz, and I am looking at it from the customer point of view. If you have some product or company that is not know that much, you will check the reviews on Heuréka.cz and choose based on that.” [1]	This participant chooses their most relevant channel through customers perspective.
[Which channel is the most credible and relevant to your business] “I would say Heuréka.cz, where the reviews are done by real consumers that bought a product from you. So that would have the highest relevancy for me.” [5]	This participant selects their preferred channel based on content that is generated by their previous customers.
[Which channel is the most credible and relevant to your business] “Facebook, there happens the most interactions with customers.” [5]	Participant determines their most relevant channel based on the number of customer interactions.

Many consumers use eWOM as a vital source of information, which can significantly influence their purchase decision (Utz 2012). It is crucial to know which channel with the most credible and relevant eWOM to manage. Every participant knew their most important channel regarding eWOM. Furthermore, participants base their decision on different aspects important for their business. That is the reason why most of participants have different channels that they find the most important.

### Theme 6: Credence reviews

Significant statements	Formulated meanings
[Following a statement that they do not have credence goods] “Only the shopping experience in our physical store, there the reviews are important, when someone is deciding whether to come to our store or not.” [5]	Participant says that even though they do not offer credence goods, they care about customer <b>experiences</b> in their physical store.
[Do you manage credence goods eWOM] “Yes. As we also offer a service and installation of our products, most of our review are on the service side of things.” [5]	This participant implies that managing credence goods eWOM is crucial to their business. Their business is selling car windshields and accessories online, and they also offer installation of their products.
[On how important are reviews for you] “I think it is very important, because if people find us, for example, on Heuréka and compare us with a similar product with similar price, but on e-shop with more reviews, they prefer to pick the more known store.” [1]	This participant suggests that stores with more reviews are more likely to get orders for similar products. [To add context, products of this participant (wooden toys) are somewhere between search goods and credence goods. More insight in Observation 3]
[Do you manage credence goods eWOM] “We do not offer these. However, reviews are very important to us because lingerie is a sensitive type of product and people can be persuaded really quickly based on one review.” [5]	As the participant is saying, they do not offer credence goods per say. However, this participant insinuates that for some products (in this case sensitive for some people) experiences are better than descriptions. [Also, more insight in Observation 3]

This theme corresponds directly with the study of Tsao and Hsieh (2015) where their hypotheses, that consumers are more persuaded by reviews and recommendations regarding the purchase of credence goods, were confirmed. While not every participant offered credence goods or experience that could be classified as such, observation was made that in some occasions the classification is not accurate.

### Theme 7: Responding to negative reviews

<b>Significant statements</b>	<b>Formulated meanings</b>
[Following a response to a question of how they manage negative reviews] “I leave these answers for other consumers to see, because it can answer most questions consumers may think or something.” [5]	This participant explains that leaving response to relevant negative eWOM can change opinion or give information to other potential customers.
[Do you manage relevant negative eWOM] “Yes, always. It is really beneficial, because you can respond, and others see if it is a business problem or consumer problem.” [1]	This participant says that responding to relevant eWOM can give insight to other customers about the company and how they respond.
[How do you respond to negative eWOM] “In a respectable manner. It shows others that we take it seriously and it helps with our brand perception.” [1]	This participant is saying is that by being respectable their company can gain customer support and appreciation.
[After claiming that their company has zero negative reviews] “But sometimes negative reviews can build your brand and credibility of your company.” [5]	This participant evidently has some experience understanding that negative reviews can be beneficial for the company.

Most participants expressed their understanding of importance of responding to negative eWOM. Some even stated that it can be beneficial for their brand. The reason is that other consumers are exposed to both the negative eWOM and response, which can subsequently change their opinion about the brand. This corresponds to findings in a study by Bhandari and Rodgers (2018). Those findings supported other researchers’ arguments about the same issue. Among benefits are increased brand perception, perceived credibility, and increased brand image.

### Theme 8: Careful response

<b>Significant statements</b>	<b>Formulated meanings</b>
[How do you respond to negative eWOM] “I was very emotionally at the start, but now I try to understand the consumer point of view. My approach is to apologize and find a solution. Basically, do not dig yourself a grave.” [1]	This participant understand that careful response and understanding is needed to ensure customer retention and avoid backlashes.
[How do you respond to negative eWOM] “Well, always in a positive way, and then it depends whether the review is relevant or just a plain effort to harm. ... when the review mentions something that is not true, we also react with an explanation. I think that is the best way to do things.” [1]	This participant is careful as not to react aggressively. Explanation is in their opinion necessary.
[How do you respond to negative eWOM] “Assertively with respect to customer wishes and when that is not possible, our reaction is then aimed for others to see why there is a problem and we try to explain it.” [5]	Participant feels that more assertive approach is better. They also try to understand and explain the problem.
[How do you respond to negative eWOM] “So, the first thing is to find out whether the review is on point, if it highlights some real issue from our side, and based on that you answer or agree on compensation. Or present argument why the consumer is not right or truthful in their review.” [5]	Participant first certifies the information, then presents arguments why it may not be truthful. If the review is right, they offer the customer compensation.

This theme fully corresponds to the research of Bitner, Booms and Tetreault (1990) that proposes several viable approaches for managers to negate negative customer experiences. They found out that emphatic and explanatory responses are among those most effective. A conclusion that most of this research study participants would agree with.

### Theme 9: Negative reviews prevention

This trend has no established theory in the theoretical part. However, it is closely related to Theme 8.

Significant statements	Formulated meanings
[How do you combat negative eWOM] “Learn from our mistakes. Try to prevent it. I personally check every product before we ship it our customers.” [1]	Participants encourages prevention through learning and quality control.
[Continued response on how to combat negative eWOM] “...so, we do not sell every product that suppliers offered, but only those that have adequate quality.” [1]	This participant is careful with their suppliers and products they offer.
[How do you combat negative eWOM] “Often the customer does not know how to operate our product so we included in the manual that they should contact us first before writing a negative review. We try to address those issues as soon as possible and prevent them.” [5]	This participant explains their clever solution for preventing negative reviews. They also address problems immediately.
[How do you combat negative eWOM] “It is too late to deal with a negative review after we got it. We try to prevent it by offering only good items.” [5]	Participant suggests that prevention is necessary by offering quality of products.

Every single participant has implemented their own system of preventing negative eWOM. Of those most common were quality control and learning from mistakes. Managers are aware that preventing negative eWOM is necessary for their business. Even though, they showcased an understanding that responding to negative eWOM can be beneficial for their brand and brand perception (Theme 7). The reason for doing so may be that negative eWOM spreads much faster than positive eWOM (Hewett et al. 2016).



### 3.2 Relevant observations

This section of the analysis and findings chapter focuses on observation that were made during data collection. These observations were not established by the theoretical part but are still relevant to the topic. Giving more insight into managers behaviour regarding eWOM, these observations are beneficial. As per the previous part, every observation has one dedicated page for lucidity, and dedicated analysis.

#### Observation 1: Few negative reviews

Significant statements	Formulated meanings
[How do you combat negative eWOM] “Now I have “to touch wood” because we did not get many negative reviews.” [1]	Participant feels that they are successful at preventing negative reviews of their product and company.
“We do not have any negative reviews, because I personally give quality control to all our products before we send them to our warehouse for sale.” [5]	This participant believes that they are responsible for not receiving any negative reviews.
[Following a question whether negative reviews transpired into a bigger issue] “No, we have just the one negative review I mentioned.” [1]	Participant did not share why they think they received only one negative review. This participant does not operate long.

To the best of our knowledge, no study exists that would give definite answers why e-shops usually have only few reviews. Two reasons may be behind this observation regarding the ten e-shops. One, may be the reason that some of these e-shops are operating for relatively short period (one year or two years). Second reason could be that most managers provided solid arguments about their quality control and negative reviews prevention tactics (see Theme 9).

## Observation 2: Delivery reviews

Significant statements	Formulated meanings
[How do you combat negative reviews] “...expedite orders as fast as possible, because many customers complain that it takes too long, even if the seller is not at fault.” [1]	This participant is concerned that <b>they</b> have to improve their shipping procedures, even if many negative reviews addressed to them should be addressed to the delivery service.
[Part of their answer to what practical steps they do to prevent negative reviews] “We are searching for a new delivery company, which offer direct pick-ups.” [1]	This participant was dissatisfied with their previous delivery company they received negative reviews because of their delivery delays.

This observation also lacks a relevant study of the issue. The reason for this problem of e-shops receiving negative reviews instead of courier companies may be in the human psyche. Customers may not look deeper into the supply chain and realise that delays in deliveries are responsibility of delivery companies. It can also be perceived easier to write review or comment on the website customer placed the order, than to find appropriate channel for complaints against the delivery company.

### Observation 3: Definition of goods

This observation was made after interviewing one of the participants who sells lingerie made from bamboo material. Following statement stands out:

[How crucial is eWOM to your business] “A lot. Because, as I was saying, you can describe the goods as much as possible, but you will never achieve the level of quality of a review from a previous customer.” [1]	Participant is giving example that information about their relatively rare product cannot be easily conveyed. However, review from experienced customer is trusted by many potential customers.
---	---

According to Tsao and Hsieh (2015) search goods can be effortlessly evaluated before purchase. In this category are usually objects and things. Lingerie falls into this category. The issue is when the search good is made from unusual material. In this case from bamboo. The majority of consumers according to the participant are not familiar to this type material. Thus, are more concerned about previous customer experiences as part of their purchasing process. That would make bamboo lingerie fall into the credence goods category, which is difficult to evaluate beforehand. Experiences, medical procedures, etc. all fall into this category. So theoretically, bamboo lingerie is a search good, but effectively it is a credence good. Similar issues can be found with wooden toys and lingerie e-shops (statements in Theme 6).

## 4 Discussion

This chapter goes through all findings in relation to the current research's objectives. Observations are also discussed. Next follows a section of this study's limitations. After follows a section of managerial implications, which contains suggestions for e-shop managers. Lastly, several propositions for further research is in the final section of this chapter.

### 4.1 Results

Gathered data from conducted reviews comprised of similar statements of participants were grouped into themes. Each theme received an analysis linking it with theory. Additionally, three observations were made. Most of the participants had a general idea what eWOM means, one participant even knew the definition (Theme 1). Every objective has related findings.

Findings regarding **Obj.1**, which was to investigate whether e-shops managers prefer social eWOM over regular eWOM, were that most participating managers choose social eWOM. Similarly, as Nielsen (2012) concluded that 93 percent of people trust information regarding product or service from someone they know. Nine out of ten participants – 90 percent, deem social eWOM as trustworthy and thus prefer it over regular eWOM. Their logic is, that registered users are not willing to fabricate lies without the guise of anonymity (Theme 2a). The one participant that stated that their preferred eWOM is the regular one, argues that anonymity gives people freedom to share their most honest opinions (Theme 2b).

Findings in Theme 3 suggest that participants did not have any exposure to eWOM types of communication definition (**Obj.2b**). Further investigation found that after explanation of the term, many participants still struggled to distinguish between the types. However, they were able to distinguish independent type of communication as a separate concept. Further findings are regarding **Obj.2a**, which was to investigate whether managers manage independent platforms. Most participants acknowledged that they know about eWOM on independent platforms concerning their product however determined that the spread of such eWOM is too small to start managing it or allocate resources to it (Theme 4).

Theme 5 shows that every participant knows what their most relevant eWOM channel is. This theme is the result of **Obj3a**, which was to investigate whether managers in Czech Republic know which eWOM channels are relevant. Each participant has different reasons for choosing their relevant platform, so the list of channels is varied. **Obj3b** aimed at exploring

whether managers manage credence goods eWOM. Only one business offers credence goods as proposed by Tsao and Hsieh (2015). Few others offer goods that could be considered as credence goods (Observation 3). From those that offer or somewhat offer credence goods say that eWOM is crucial for their product (Theme 6). Thus, management of credence goods eWOM is important for them.

Regarding **Obj4a**, which was to explore whether managers respond to only relevant eWOM, responses from participants are inconclusive. The problem may be in understanding what relevant negative eWOM is. However, what participants agreed on is that responding to any kind of negative eWOM can be beneficial for your brand (Theme 7). This finding corresponds to research conducted by Bhandari and Rodgers (2018). Theme 8 shows that participating managers respond to negative eWOM assertively, but also with understanding the point of view of the customer, and usually provide explanation. Those findings address objective **Obj4b**, which aimed to explore whether managers respond to negative eWOM with caution. Closely related to both objectives is Theme 9. The trend is that participating managers implemented measures preventing negative eWOM. They understand that while responding to negative eWOM can be beneficial (Theme 7), it is also important to prevent it.

Apart from findings directly corresponding to established objectives, three interesting observations were made. These observations are not anchored in theory but are directly linked to researched material. First observation is that many of the participants have received only a limited amount of negative reviews (Observation 1). This could stem from the fact that all participating managers implemented measures to prevent such reviews (Theme 9). It could also be that many of participating managers' businesses are operating for relatively short amount of time (only one or two years). Secondly, many negative eWOM that the participants received are addressed at delays or problems, which are part of delivery companies' responsibilities (Observation 2). There could be several reasons for this. From ignorance of consumers to convenience of writing the review on the website, from where consumers ordered their goods. Either way, it could be worthwhile investigating. Last observation is regarding theory of search goods and credence goods as formulated by Tsao and Hsieh (2015). Some participants offer products that are search goods by definition, but on the market are behaving as credence goods (Observation 3).

## **4.2 Limitations**

There are two major limitations to this study. First, as the data was acquired by quantitative research, only a miniscule sample of ten e-shop managers was collected. This sample cannot represent the extensive number of e-shop managers in Czech Republic. To make generalisations about this topic, a quantitative research needs to be conducted.

The second limitation is the wide scope of research. E-shops managers were studied as a whole group. Each participant has a different product portfolio, so their views and actions may be specific to their kind of products. Findings might be different if the scope of the research was on fashion e-shops or another different category.

## **4.3 Managerial implications**

The research highlighted several aspects of eWOM that should be practiced by e-shop managers. According to both theory and findings, managers should know which eWOM channel is the most relevant to their business. Also, managers should inspect independent platforms and analyse if it is beneficial to start monitoring it and managing it. That is because the most influential eWOM occurs on independent platforms (Tsao and Hsieh 2015). Furthermore, managers should know what type of product they are selling. Whether it is search goods, credence goods, or something between. Findings strongly suggest that the distinction between the type of goods is not always clear. Management of eWOM should be based on that knowledge.

Regarding negative eWOM, manager should be aware that responding to negative eWOM can be greatly beneficial for their brand and brand perception. The reason is that other consumers are exposed both the negative review and response. Thus, they can change their opinion about the managers' brand. However, managers should exercise caution when responding negative eWOM. Empathy and explanation are among the most effective responses. Even though some negative reviews are beneficial, managers should always aim to decrease their number. The reason is that negative eWOM spreads much faster than positive eWOM (Hewett et al. 2016).

One aspect of negative eWOM is regarding complaints about delivery. This issue needs to be investigated further to explore the exact reasons of this phenomenon. In the meantime,

managers should carefully analyse all available delivery companies to negate such negative eWOM from happening.

#### **4.4 Suggestions for future research**

First two suggestions are regarding limitations of this study. Extensive quantitative research is encouraged to better map this topic throughout Czech Republic. A research further narrowing the scope to specific product category is also suggested.

Observation 2 could be researched in various ways. First, a quantitative research regarding how much negative reviews about delivery e-shops receive. Second, qualitative research aimed at consumers motivation to write negative reviews concerning delivery and posting it on e-shops' eWOM channel. Third, exploration of managers' options to negate this phenomenon.

## Conclusion

Electronic word of mouth plays a significant role in online environment. Big companies allocate considerable amount of resources for management of eWOM (Tsao 2014). Participating e-shop managers in Czech Republic are not far behind, even though the only resource they allocate is usually their time. Using semi-structured interviews for qualitative exploratory research, ten viewpoints of different managers were collected. The main limitation of this study is that qualitative research of ten e-shop managers cannot be taken as representative for Czech Republic. However, it created a formidable groundwork for further, more extensive research.

From the findings it can be concurred that managers that took part in the study were aware of the concept of eWOM. One even knew the correct definition. They also preferred social eWOM over regular eWOM based on their trust of verified users. Most managers had problem understanding the concept of eWOM types of communication. However, many participants monitored independent eWOM, but did not manage it due to low frequency of mentions. Every manager knew which channel was the most relevant and credible regarding their product. Some managers managed credence goods eWOM, even if they did not offer products falling into that category. Findings also revealed that participating managers understand that responding to negative eWOM is beneficial for their brand and brand perception. Lastly, managers exercise caution when responding to negative eWOM, and among the frequently used approaches are empathy and explanation.

Other findings include several observations, that were made during data collection process. First observation was that participants received only a small amount of negative reviews. The second was regarding negative reviews stemming from delays and problems with the delivery of ordered products. Both observations could have several explanations. Thus, it is encouraged to conduct a further research. Last observation was about the definition of search goods and credence goods, which according to findings is not always clearly set.

In conclusion, managers should always be mindful of eWOM both positive and negative. The least they can do is monitor it. Studies already showed that responding to negative eWOM is beneficial for the brand (Bhandari and Rodgers 2018). The concept of eWOM is gaining greater importance to e-shops as more and more consumers use the internet for shopping and browsing products.



## References

### Written bibliography

- Babić Rosario, Ana, Francesca Sotgiu, Kristine de Valck, and Tammo H.A. Bijmolt (2016), “The effect of electronic word-of-mouth on sales: a meta-analytic review of platform, product, and metric factors,” *Journal of marketing research*, 53 (3), 297–318.
- Bhandari, M., and Rodgers S. (2018), What does the brand say? Effects of brand feedback to negative eWOM on brand trust and purchase intentions. *International journal of advertising*, 37(1), 125–141.
- Bitner, Mary J., Bernard H. Booms, and Mary Stanfield Tetreault (1990), “The Service Encounter: Diagnosing Favorable and Unfavorable Incidences,” *Journal of Marketing*, 54 (1), 71–84.
- Bloch, P. H., Sherrell, D. L., and Ridgway, N. M. (1986). Consumer search: An extended framework. *Journal of Consumer Research*, 13(1), 119–126.
- Bostock, R. and Kelley, B. (1997) *The handbook for focus group research*. Edited by Thomas L. Greenbaum. 2nd edn. Thousand Oaks, CA: Sage Publications (CA).
- Connaway, L.S. and Powell, R.P. (2010) “Basic Research Methods for Librarians” ABC-CLIO
- Creswell, J. (2003). *Research design: Qualitative, quantitative and mixed methods approaches* (2nd ed.). Thousand Oaks, CA: SAGE Publications.
- Creswell, J. W. (1994). *Research design: Qualitative and quantitative approaches*. Thousand Oaks, CA: SAGE Publications.
- Hewett, Kelly, William Rand, Roland T. Rust, and Harald J. van Heerde (2016), “Brand Buzz in the Echoverse,” *Journal of Marketing*, 80 (3), 1–24.
- Chevalier, Judith A., and Dina Mayzlin (2006), “The Effect of Word of Mouth on Sales: Online Book Reviews,” *Journal of Marketing Research*, 43 (3), 345–54.

Chevalier, Judith A., Yaniv Dover, and Dina Mayzlin (2018), "Channels of Impact: User Reviews When Quality Is Dynamic and Managers Respond," *Marketing Science*, 37 (5), 688–709.

Kiecker, P., and Cowles, D. (2002). Interpersonal communication and personal influence on the internet: A framework for examining online word-of-mouth. *Journal of Euromarketing*, 11(2), 71–88.

Kunesova, Hana and Michal Micik. Development of B2C e-commerce in Czech Republic after 1990. *Actual Problems of Economics*. 2015, 6-7.

Leedy, P. and Ormrod, J. (2001). *Practical research: Planning and design* (7th ed.). Upper Saddle River, NJ: Merrill Prentice Hall. Thousand Oaks: SAGE Publications.

Liang, Ting-Peng, Yi-Ting Ho, Yu-Wen Li, and Efrain Turban (2011–2012), "What Drives Social Commerce: The Role of Social Support and Relationship Quality," *International Journal of Electronic Commerce*, 16 (2), 69– 90.

Litvin, Stephen W., Ronald E. Goldsmith, and Bing Pan (2008), "Electronic Word-of-Mouth in Hospitality and Tourism Management," *Tourism Management*, 29 (3), 458–68.

Malhotra, N.K., Birks, D.F. and Wills, P.A. (2012) *Marketing research: An applied approach*. 4th edn. Harlow: Financial Times/Prentice Hall.

Pihlaja, Jaakko, Hannu Saarijärvi, Mark T. Spence, and Mika Yrjölä (2017), "From Electronic WOM to Social eWOM: Bridging the Trust Deficit," *Journal of Marketing Theory and Practice*, 25 (4), 340–356.

Saunders, M., Lewis, P. and Thornhill, A. (2012) "Research Methods for Business Students" 6<sup>th</sup> edition, Pearson Education Limited

Tirunillai, Seshadri and Gerard J. Tellis (2012), "Does Chatter Really Matter? Dynamics of User-Generated Content and Stock Performance," *Marketing Science*, 31 (2), 198–215.

Tsao, W. C. (2014). Which type of online review is more persuasive? The influence of consumer reviews and critic ratings on moviegoers. *Electronic Commerce Research*, 14(4), 559–583.

Utz, S., Kerkhof, P., and Van den Bos, J. (2012). Consumers rule: How consumer reviews influence perceived trustworthiness of online stores. *Electronic Commerce Research and Applications*, 11(1), 49–58.

Wang, Yang, and Alexander Chaudhry (2018), “When and How Managers' Responses to Online Reviews Affect Subsequent Reviews,” *Journal of marketing research*, 55 (2), 163.

Williams, Carrie (2007), “Research Methods,” *Journal of Business & Economic Research*, 5 (3), 65-72

Yadav, Manjit S., Kristine de Valck, Thorsten Hennig-Thurau, Donna L. Hoffman, and Martin Spann (2013), “Social Commerce: A Contingency Framework for Assessing Marketing Potential,” *Journal of Interactive Marketing*, 27 (4), 311–23.

Ye, Qiang, Rob Law, and Bin Gu (2009), “The Impact of Online User Reviews on Hotel Room Sales,” *International Journal of Hospitality Management*, 28 (1), 180–82.

### **Online sources**

Český Statistický Úřád (2018), “V tuzemsku působí necelých 900 tisíc podnikatelů,” Retrieved from: <https://www.czso.cz/csu/czso/v-tuzemsku-pusobi-necelych-900-tisic-podnikatelu>

Dudovskiy, John (2019), “Exploratory Research”, *Research Methodology*, Retrieved from: [https://research-methodology.net/research-methodology/research-design/exploratory-research/#\\_ftn1](https://research-methodology.net/research-methodology/research-design/exploratory-research/#_ftn1)

DUNPHY, Fi (2012). “The ODEON Facebook crisis & Edgerank: Why social media crisis management is more vital than ever,” *El 4*, Retrieved from: <http://el4mmm.blogspot.com/2012/09/the-odeon-facebook-crisis-edgerank-why.html?m=0>

E-commerce Payments Trends: European Overview. *J.P. Morgan* [online]. 2019 [cit. 2020-01-18]. Retrieved from: <https://www.jpmorgan.com/merchant-services/insights/reports/european-overview>

Huete-Alcocer, Nuria (2017), “A Literature Review of Word of Mouth and Electronic Word of Mouth: Implications for Consumer Behaviour,” *Front Psychol*, Retrieved from: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5524892/>

Luca, Michael (2011), “Reviews, Reputation, and Revenue: The Case of Yelp.com,” *Harvard Business School Working Paper* 12-016, [http://www.hbs.edu/faculty/Publication%20Files/12-016\\_a7e4a5a2-03f9-490d-b093-8f951238dba2.pdf](http://www.hbs.edu/faculty/Publication%20Files/12-016_a7e4a5a2-03f9-490d-b093-8f951238dba2.pdf).

Lucemburk: Úřad pro publikace Evropské unie (2015), “Uživatelská příručka k definici malých a středních podniků,” *Evropská komise*, Retrieved from: <https://www.europarl.europa.eu/factsheets/cs/sheet/63/male-a-stredni-podniky>

Ministerstvo Průmyslu a Obchodu (2017), “Zpráva o Vývoji Malého a Středního Podnikání a Jeho Podpoře v Roce 2017,” Retrieved from: [https://www.mpo.cz/assets/cz/podnikani/male-a-stredni-podnikani/studie-a-strategicke-dokumenty/2018/10/Zprava\\_MSP\\_2017.pdf](https://www.mpo.cz/assets/cz/podnikani/male-a-stredni-podnikani/studie-a-strategicke-dokumenty/2018/10/Zprava_MSP_2017.pdf)

Nielsen (2012), “State of the Media: The Social Media Report 2012,” March 12, Retrieved from <http://www.nielsen.com/us/en/insights/reports/2012/state-of-the-media-the-social-media-report-2012.html>

Špačková, Iva and Tomáš Kunc (2017), “České, regionální či bio? Průzkum ukázal, na co Češi nejvíc slyší při nakupování,” *Aktuálně.cz*, Retrieved from: <https://zpravy.aktualne.cz/finance/nakupovani/ceske-regionalni-ci-bio-pruzkum-ukazal-na-co-cesi-nejvic-sly/r~5396710ae4d611e786cf0cc47ab5f122/>

The 3 Types of Transcription: Edited, Verbatim and Intelligent, *New Media Services* (2018), Retrieved from: <https://newmediaservices.com.au/2018/06/01/types-of-transcription/>

Young, Jessica (2019), “Global ecommerce sales to reach nearly \$3.46 trillion in 2019,” *Digital Commerce 360*, Retrieved from: <https://www.digitalcommerce360.com/article/global-ecommerce-sales/>

## Appendix

### **List of appendices**

Appendix 1 – WOM & eWOM differences.....	46
Appendix 2 – Transcript (interview guide), Participant 1.....	47
Appendix 3 – Transcript of interview, Participant 2.....	50
Appendix 4 – Transcript of interview, Participant 2.....	53
Appendix 5 – Participant demographics.....	56

Appendix 1 – WOM & eWOM differences

	WOM	eWOM
Credibility	The receiver of the information knows the communicator (positive influence on credibility)	Anonymity between the communicator and the receiver of the information (negative influence on credibility)
Privacy	The conversation is private, interpersonal (via dialogs), and conducted in real time	The shared information is not private and, because it is written down, can sometimes be viewed by anyone and at any time
Diffusion speed	Messages spread slowly. Users must be present when the information is being shared	Messages are conveyed more quickly between users and, via the Internet, can be conveyed at any time
Accessibility	Less accessible	Easily accessible

*Source: Huete-Alcocer 2017*

## Appendix 2 – Transcript (interview guide), Participant 1

To give insight on how one such interviews were conducted with questions regarding objectives of this study and according to the interview guide, here follows an edited interview with manager of lingerie e-shop:

### **1. Introduction and demographics**

*What product do you sell?*

“We specialize in fashion department, mainly lingerie made of bamboo material.”

*Can I ask you how old you are, what education you have, and how many employees does your company have?*

“I am 23 years old, Highschool diploma, and currently we have 2 employees”

### **2. Part of the interview regarding objective Obj.1 (Area 1)**

*Do you know what eWOM is?*

“Never heard the term, but I think it is a communication with the customer.”

*Do you know what social eWOM means?*

“It still concerns electronic communication, so it can be social media and communication through them.”

*Do you use social eWOM channels? If yes could you say which?*

“We use Facebook and Instagram a lot. Then also Heuréka, but it is not our main channel. We try to get people to leave a review there.”

*Do you prefer social eWOM over regular eWOM?*

“Certainly, but I cannot say that we would ignore anonymous channels.”

### **3. Part of the interview regarding objectives Obj.2a and Obj.2b (Area 2)**

*Do you know the different eWOM communication types?*

“First time someone told me about it.”

*Do you manage eWOM on any communication type (spontaneous, quasi, independent)?*

[Explanation of spontaneous, quasi-spontaneous and independent communication types]

“Yes, we manage our profiles on Facebook and Instagram for example. In a way that is my main role in the business.”

*Do you manage eWOM on any independent platforms?*

“Not much. I am trying to think of an occasion we did... ..no we are not managing eWOM on any forums and so on.”

*What are the reasons you are not, and would you consider it?*

“I think the main reason we are not is that on those forums, to the best of my knowledge, there is lack of discussions about our product, which is quite rare.”

#### **4. Part of the interview regarding Obj.3a and Obj.3b (Area 3)**

*What eWOM channels do you use and manage?*

“Facebook, Instagram, Heuréka.cz, Google reviews, those are the main ones. Currently, we do not manage any additional channels.”

*Which of those are the most credible and relevant to your business?*

“I would say Heuréka.cz, and, I forgot to mention that on our website we have a possibility of reviews. For every product, the customer can add a written review. There, I think, is the most relevant info. But generally, we did not have many reviews that were irrelevant to our business.”

*Do you offer credence goods? [Explanation of credence goods]*

“I think our product is really close to a credence goods category. As you said, you never heard about our product, and I think this will apply to majority of people. So, our customers do not really know what they are getting into.”

*Studies show that management of credence goods eWOM is crucial. How crucial is credence goods eWOM to your business?*

“A lot. Because, as I was saying, you can describe the goods as much as possible, but you will never achieve the level of quality of a review from a previous customer. So,



when someone writes their experience with our product, it is the most valuable information for other customers we can get.”

#### **5. Part of the interview regarding Obj.4a and Obj.4b (Area 4)**

*Do you manage and address relevant negative eWOM?*

“Mainly the other way around because the irrelevant negative reviews can damage us the most, so we try to respond to that.”

*How do you respond to negative eWOM?*

“Well, always in a positive way, and then it depends whether the review is relevant or just a plain effort to harm. We react in a positive way to both, mainly to clear our name. If it is our fault, we take responsibility, and if there is a reason, we offer our explanation. We are transparent in this regard. And when the review mentions something that is not true, we also react with an explanation. I think that is the best way to do things.”

*What are the practical steps which helps you combat the negative eWOM?*

“Now I have “to touch wood” because we did not get many negative reviews. To lower them, it is hard to say. We try to prevent it by a voucher or such. But if it happens, we cannot do much. It did not yet that the same person would write two negative reviews.”

*Was there an occasion where some negative eWOM transformed into a bigger problem?*

“No, never happened.”

After these questions, the interview concluded. Not every question asked is in this example, as only questions regarding the objectives are showcased. The rest of the nine interviews were conducted following a similar structure of questions.

### Appendix 3 – Transcript of interview, Participant 2

*Do you know what eWOM is?*

“I know what WOM means, but I do not know what eWOM entails.”

*Do you know what social eWOM means?*

“No idea.”

[After explaining what social eWOM is] *Could you distinguish between regular eWOM and social eWOM?*

“I can.”

*Do you use social eWOM channels?*

“Yes, we monitor reviews closely and we communicate a lot with our consumers on social media sites. So, I think we collect relevant honest reviews, even more when we advertise something.”

*Do you prefer social eWOM over regular eWOM?*

“The regular eWOM because it is more honest than social eWOM. People writing anonymously tend to be more honest.”

*Do you know the different eWOM communication types?*

“No, first time I hear about this. I think I would not be able to differentiate.”

*Do you manage eWOM on any communication type (spontaneous, quasi, independent)?*

“Not much. You can see through Google Analytics how people come to your page and a lot of people come from forums, where they learn how to choose the right tools, and a lot of times someone posts (independently) a link to AHProfi.cz that the site have those tools. I can all see that in Analytics and can read their completely independent reviews. But I would not say that I differentiate.”

*But regarding Quasi-spontaneous, on Facebook and such?*

“Yes, we delete them (reviews). People have a lot to say and you have to act, otherwise it would damage the brand. We try to answer to people. We have to be careful there.”

*Do you allocate resources to manage independent eWOM?*

“No, no one manages that. We do not reply on forums.”

*What are the reasons you are not, and would you consider it?*

“We try to answer all reviews and comments on our websites and such, but we do not want to do more, because the number of forums that mention us is really small.”

*What eWOM channels do you use and manage?*

“Facebook, Instagram, Heuréka.cz, Google My Business.”

*Do you know which are the most credible and relevant to your business?*

“I would say Google My Business. Because when they are really satisfied, they will write you a review there. However, the same applies if they are really pissed. On Facebook they react differently if you advertise them something. For example, if they see your advertisement 10 times a day, it can offend them by the price tag or something.”

Do you manage the eWOM on those channels?

“Yes.” (already answered)

*Management of credence goods eWOM is crucial. Do you manage it?*

“We don’t have any type of credence goods. Only the shopping experience in our physical store, there the reviews are important, when someone is deciding whether to come to our store or not. But otherwise no.”

*So, it is in your best interest to manage those reviews?*

“Absolutely, and we try to collect feedback from those consumers that visit our store. So, we ask how their shopping experience was if it is easy to navigate and most importantly where they found us.”

*Do you manage and allocate resources to address relevant negative eWOM?*

“Yes, it depends on the platform. On Facebook if we advertise something, we delete those negative reviews and comments immediately and sometimes when it is relevant and the poster ask why it costs so much when it is just a box, we try to explain. Sometimes they do not understand the description or such. I leave these answers for other consumers to see, because it can answer most questions consumers may think or something. So, in short, yes, we deal with constructive critique. Sadly, you cannot delete on Heuréka.cz and Google.”

*Do you manage such eWOM on relevant eWOM channels?*

“Yes, depends on how relevant it is.”

*How do you respond to negative eWOM?*

“With arguments and with respect to the consumer. You have to argue assertively and try to see their point of view. I do not have a universal answer to that.”

*What are the practical steps which helps you combat the negative eWOM?*

“To learn from the negative ones. Try to please the customer and when a negative review comes try to learn from it and conduct research. Last year I invested time and money to create a questionnaire about feedback to our business. We sent it to all our email addresses with a 100 crowns voucher for their trouble and based on that we tried to avoid negative reviews. So, ask and learn from your mistakes.”

*Was there an occasion where some negative eWOM transformed into a bigger problem?*

„Well, we were not in Black sheep (Czech tv show). I am not aware about it. In regard to reviews, I do not think that we really angered someone.”

#### Appendix 4 – Transcript of interview, Participant 3

*Do you know what eWOM is?*

“It is like a WOM but on the internet. People recommending products among themselves.”

*Do you know what social eWOM means?*

“Not much.”

[After explaining what social eWOM means] *Could you distinguish between regular eWOM and social eWOM?*

“I think I could.”

*Do you use social eWOM channels?*

“I think we have, but we do not have any reviews on them. We have reviews on Slevomat.”

*Do you prefer social eWOM or regular eWOM?*

“I prefer social eWOM channels because every fool can post some aggressive or negative review, which may not be truthful. Also, it is easier to harm our brand name anonymously.”

*Do you know the different eWOM communication types?*

“I am afraid this term is new to me. But now that I do, I think I could differentiate.”

*Do you manage eWOM on any communication type (spontaneous, quasi, independent)?*

“More or less, through Slevomat.cz. We also tried to silently get into some of those independent forums.”

*Do you allocate resources to manage independent eWOM?*

“Yes, as I said.”

*What eWOM channels do you use and manage?*

“Facebook, Instagram, Slevomat.cz. Those are the most important one. We also use Google ads.”

*Which channel is the most credible and relevant to your business?*

“I think Slevomat.cz the most, but we monitor all of them.”

*Do you manage the eWOM on those channels?*

“Yes.”

*Management of credence goods eWOM is crucial. Do you manage it?*

“We do not have that.”

*Do you manage and allocate resources to address relevant negative eWOM?*

“Yes, we try to manage only relevant reviews. For example, one time someone commented that our product is too big, when all measurements are on the product description. We manage everything that you can respond to.”

*Do you manage such eWOM on relevant eWOM channels?*

“We try to respond to everything.”

*How do you respond to negative eWOM?*

“Usually that we are sorry. Depends on what is the reason for the negative review.”

*And if you could summarize, how do you respond?*

“Try to understand the customer, express our regret, or offer compensation. We also thank them for their remark and for their review. If the review is reasonable.”

*What are the practical steps which helps you combat the negative eWOM?*

“Offer products with the highest possible quality, in order to prevent any negatives. Control more before shipping to customer or give something more for free. And also expedite orders as

fast as possible, because many customers complain that it takes too long, even if the seller is not at fault.”

*Was there an occasion where some negative eWOM transformed into a bigger problem?*

“I do not think so. We always managed to come to an agreement with a dissatisfied customer.”

Appendix 5 – Participants’ demographics

	Age	Gender	Education	Products category	Number of employees
Participant 1	23	Male	Highschool graduate	Fashion	2
Participant 2	23	Male	University student	Tools	21
Participant 3	21	Female	University student	Fashion accessories	2
Participant 4	23	Male	University student	Fashion accessories	2
Participant 5	35	Female	University graduate	Fashion	5
Participant 6	23	Male	University student	Car parts	11
Participant 7	24	Male	University student	Various, online market	3
Participant 8	26	Male	Vocational school graduate	Fishing accessories	7
Participant 9	22	Male	University student	Electronics	5
Participant 10	32	Female	Highschool graduate	Toys	1