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Exploring eWOM Volume and Valence on Reputation: A One Year Study Of 75 Global Brands On Twitter

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EXPLORING EWOM VOLUME AND VALENCE ON REPUTATION: A ONE YEAR STUDY OF 75 GLOBAL BRANDS ON *TWITTER*

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Description: The authors examine whether a relationship exists between the volume and sentiment of eWOM and reputation scores using one year of *Twitter* conversations from 75 global brands.

EXTENDED ABSTRACT

Research Question

Company leaders realize that consumers play a powerful role in creating and distributing content that can enhance or damage a brand's reputation. To date, empirical evidence of a relationship between electronic word-of-mouth (eWOM) and reputation scores is lacking. Rankings and reputation scores serve as a proxy for the collective stakeholder opinion of a company's intangible traits such as product quality (Rindova & Martins 2012), and trustworthiness (Przepiorka & Berger 2017). Before social media, there was a delay in how fast corporations received negative feedback. Due to the speed of electronic communication, the public often forms opinions about individuals, leaders, and companies based upon limited or incomplete facts, misleading, or inaccurate facts. Repetition increases familiarity, meaning the more

consumers are exposed to a message—whether positive or negative—the more they believe it to be true (Skurnik et al. 2005).

The foci of the study are 75 global brands from a wide range of industries. Exploring the connection between electronic word-of-mouth (eWOM) and reputation leads us to the question - *does a relationship exist between eWOM volume and valence and reputation of global brands?*

Method And Data

We examine the research question using a quantitative lexicon-based approach for sentiment analysis which utilizes a dictionary to assign a numerical sentiment score for given words or phrases to be used for statistical analysis (Dhaoui et al. 2017). We scraped consumer-generated eWOM content from Twitter using TAGS. The 75 global brands1 selected were categorized into their respective industries and sectors according to the Bloomberg Index. Reputation is measured using 2018 RepTrak scores as calculated by the Reputation Institute (Jan 2017 through Dec 2017). LIWC 2015 is used to calculate positive and negative sentiment scores.

Summary of Findings

> *[W]hat people say' is more important than 'how much people say.*
> (Gopinath et al. 2014)

Our results support the line of thinking that less, not more, eWOM benefits a brand's reputation. Two key findings contradict current marketing and communications literature that a high volume of positively valenced eWOM favorably influences brand reputation. Spiral of silence theory suggests that a higher percentage of positively valenced eWOM, means it is more likely for consumers to hear positive things about a brand, and thus, the more likely for a consumer to hold positive views towards the brands. Interestingly, we found no relationship between positive

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[1] Brands in dataset: 3M Adidas Amazon Apple Barilla Bed Bath & Beyond BMW Boeing Bridgestone Burger King Campbell's Canon Caterpillar Chipotle Clorox Coca-Cola Colgate-Palmolive Costco Danone Dell eBay FedEx Ferrero General Mills Georgio Armani Goodyear Tire Google Harley-Davidson Hershey Hilton Honda HP Hyatt Intel Johnson & Johnson Kellogg's KFC Kimberly-Clark Kraft Heinz Land O'Lakes Lego Levi Strauss LG L'Oreal LVMH Marriott Mastercard McDonald's Mercedes (Daimler) Michelin Microsoft NetFlix Newell Rubbermaid Nike Nintendo Philips Pirelli Pizza Hut Ralph Lauren Robert Bosch Rolex Rolls Royce Aerospace Samsung Sherwin-Williams Sony Starbucks Subway Tiffany & Co. Tim Hortons Toyota Visa Walt Disney Wells Fargo Whirlpool Xerox

eWOM and reputation (p>.05) and determined that more brand mentions actually result in a decrease in reputation (p=.003). In fact, for every increase of 1,000 tweets (whether positive, negative or neutral) directed towards a global brand, the brand's reputation is expected to decrease by .338 RepTrak points.

Our study also validated a connection between negative eWOM and reputation finding a significant negative relationship between negative eWOM and reputation (*p*=.001). *For every one percent increase in the percentage of negative eWOM, a brand's reputation is expected to decrease by 6.92 RepTrak points.*

Statement of Key Contributions

This study contributes both empirically and theoretically to an active field of brand reputation literature by examining the effect of eWOM's volume and valence on corporate reputations of 75 multinational global brands.

For practitioners, our findings indicate that it is more beneficial for global brands to invest in minimizing negative eWOM rather than increasing the overall volume or generating more positive tweets. *For marketing academics,* this research applies a novel theory – the spiral of silence. Empirical results from this study contribute to the ongoing theoretical debate among spiral of silence scholars and demonstrate that the theory remains valid in a digital environment. Spiral of silence is shown to be a useful theory in marketing for testing negative eWOM and reputation because it links majority public sentiment to individual consumer viewpoints. Considering that most negative eWOM occurs as customers express dissatisfaction with a company or its products and services, it is important that research into emotional stakeholders continue. Any interaction between hostile consumers and frustrated employees could result in hostile and potentially damaging eWOM being written and shared by the consumer, thus contributing to the spiral of silence's bandwagon effect.

References are available upon request.