**Jolanta Tkaczyk**
**Marcin Awdziej**
Kozminski University, Poland

# E-WOM – FINDINGS FROM THE CREATIVE INDUSTRIES IN POLAND

## Introduction

One of the most important implications of the growth of Internet is the development of electronic Word-Of-Mouth, which is informal communications process in the virtual environment. Although in principle similar to traditional face-to-face, oral Word-of-Mouth communications, it has some characteristics that make it specific. It is widely accepted, both in academic literature and business practice, that on-line recommendations and opinions regarding brands and products can have significant impact on their market performance. This, among many others, is responsible for the growth of interest of companies in stimulating and controlling of eWOM. To achieve that, companies may use different forms of engagement in informal on-line communications, and may play different roles in it. The article presents the analysis of the roles played in eWOM process by Polish creative entrepreneurs. The authors discuss also eWOM communications forms used by them and their attitudes towards unethical ways of eWOM stimulation.

The article consists of three parts. In the first, electronic Word-Of-Mouth is analyzed. In the second, the creative industries are discussed. The third presents the results of research of forms and roles of companies in eWOM process in creative industries in Poland.

## 1. The nature of informal on-line communications

In the literature, informal communications is defined in two ways: narrowly and broadly[1]. The narrow perspective emphasizes consumers and participants of

[1] Ch. Cheung, D. Thadani: *The Impact of Electronic Word-of-mouth Communication: A Literature Analysis and Integrative Model*. "Decision Support Systems" December 2012, Vol. 54, Iss. 1, pp. 461-470.

communications process, and products being discussed (e.g. Arndt, Kotler). The broad perspective extends communication process with organization's employees and stakeholders. Carl distinguished between "everyday" and "buzz marketing practices", which is communications stimulated by an organization. According to him, communications process may not necessarily be initiated by a consumer, who can be inspired to engage into a dialogue by an organization[2]. Harrison-Walker and Mazzarol et al. suggest that informal communications is a process that includes discussions about organization and its products, during which recommendations can be generated[3].

The basic elements of informal communications process are: object (message), subjects (participants of informal communications process) and context, in which information exchange occurs (time of message generation and reception, and the way it is transmitted)[4]. A message in informal communications process can be positive, negative or neutral. Participants can play various roles, including source (message sender), recipient, and intermediary. Their participation can be active or passive. A message can be transmitted face-to-face (orally), in script or with various tools (such as telephone or computer). The process can take place real time or be delayed, such as messages posted in discussion forums; it can also be either one-way or two-way communications. All the elements of the informal communications process can affect each other. For example, the nature of relationship between participants can moderate the characteristics of the message, as well as the way it is transmitted. In the same way, the nature of a message can determine the way it is conveyed.

Granitz and Ward were the first to signalize the new emerging phenomenon of on-line informal communications (electronic Word-Of-Mouth, eWOM henceforth), and to indicate the differences between eWOM and traditional Word-Of-Mouth communications[5]. The uniqueness of eWOM, according to them, lays in the fact that the identity of communication's subject is not determined by situ-

[2] J.W. Carl: *What's All the Buzz About? Everyday Communication and the Relational Basis of Word-of-mouth and Buzz Marketing Practices.* "Management Communication Quarterly" May 19 2006, pp. 601-634.

[3] L.J. Harrison-Walker: *The Measurement of Word of Mouth Communications and Investigation of Service Quality and Customer Commitment as Potential Antecedents*. "Journal of Service Research" 2001, Vol. 1, pp. 60-75; T. Mazzarol, J.C. Sweeney, G.N. Soutar: *Conceptualizing Word-of-mouth Activity, Triggers and Conditions: An Exploratory Study.* "European Journal of Marketing" 2007, Vol. 11/12, pp. 1475-1494.

[4] J. Tkaczyk: *Uwarunkowania skuteczności działań wykorzystujących komunikację nieformalną*. "Handel wewnętrzny" czerwiec 2009, pp. 166-172.

[5] N.A. Granitz, J.C. Ward: *Virtual Community: a Sociocognitive Analysis.* "Advances in Consumer Research" 1996, Vol. 23, pp. 178-182.

ational factors, such as appearance, social background, status or profession. Internet, therefore, provides diversified opinions regarding products and services from anonymous people. The fundamental difference between traditional and on-line informal communications lays in the strength of relationships between interaction's participants. These are usually stronger with traditional communication process. Weaker relationships, typical for eWOM, however, provide consumers with some benefits. First, weaker relationships allow acquisition of more diversified information from many different sources, including experts, which are usually inaccessible in the traditional communications context. On the other hand, there are some drawbacks, such as credibility of information source, affecting quality of information available on-line. Consumers may not be aware of motivations of information source, as well as experience difficulties when assessing and verifying credibility and knowledge of on-line experts.

Dellarocas, comparing traditional and on-line informal communications, identified three major characteristics of eWOM:

1. Extensive reach, based on low cost of presence in Internet, and high interactivity.
2. Opportunities to control and monitor informal communications process.
3. New challenges and problems, resulting from possibilities to remain anonymous, and limited or lacking possibilities to interpret information, often available without broader context[6].

The reach is the decisive factor behind the effectiveness of on-line Word-Of-Mouth network. In the virtual environment suppliers attempt to receive positive recommendations from their customers, believing they will positively affect their income in the future. However, to be effective, the number of positive recommendations must reach certain critical level. One can expect that the importance of eWOM in the communications process will grow in line with the dynamic growth of the number of Internet users.

Taking into consideration the above discussed factors, eWOM can be defined as interpersonal communications channel, subject in which are familiar or unfamiliar persons, who express their opinions in the virtual environment. Their opinions are expressed through comments, chats, emails, discussion forums, social media and rating systems.

Schindler and Bickart proposed seven forms of eWOM dissemination, as presented in Table 1.

[6] Ch. Dellarocas: *The Digitization of Word of Mouth: Promise and Challenges of Online Feedback Mechanism*. "Management Science" October 2003, Vol. 49, No. 10, pp. 1407-1424.

Table 1

On-line informal communications forms

| eWOM form | Information flow/ exchange | Interaction | Communications with… | Impact on others' opinions |
|---|---|---|---|---|
| Opinions and reviews | One-way | n/a | n/a | Large |
| Comments | Two-way | delayed | Suppliers | Large |
| Discussion forums and the social media | Two-way | Delayed | Consumers | Large |
| Discussion lists | Two-way | delayed | Consumers | Limited |
| Personalized emails | Two-way | Immediate/ instant | Consumers | Limited |
| Chats | Two-way | Immediate/ instant | Consumers | Limited |
| Messengers | Two-way | Immediate/ instant | Consumers | Limited |

Source: Based on: B. Schindler, B. Bickart: *Published Word of Mouth: Referable, Consumer Generetad Information on the Internet*. In: C. Hauvgedt, K. Machleit, R. Yalch. Ed. *Online Consumer Psychology:Understanding and Influencing Behavior in the VirtualWorld*. Lawrence Erlbaum Associates, Mahwah, NJ 2003.

Depending on the level of its involvement in eWOM process, a company can play four roles: observer, moderator, mediator and user. The most passive role is an observer, in which a company gathers information generated through eWOM, but does not attempt to influence the process itself. A moderator is not only interested in information generated through eWOM, but also supports information exchange, creating discussion forums or virtual communities around a brand or a product. In the role of a mediator, a company assumes control over eWOM process, and inspires it, asking consumers for their opinions or recommendations, posting them on its website. As a user, a company engages into direct interactions with consumers. Such participation may sometimes take unethical forms, when a company, disguised as a consumer, generates negative eWOM about its competition.

Employees, participating in eWOM process, can serve as "amplifiers" of informal messages. Active stimulation of informal communications can take various ethical forms, approved by Word of Mouth Marketing Association (WOMMA), as well as unethical ones, violating WOMMA's ethical code of conduct (or even illegal). WOMMA's approved (and legal) ways to stimulate informal communications include:

1. Sampling.
2. Time limited product usage.

3. Brand's profile in the social media.
4. Open cooperation with bloggers.
5. Generating appropriate advertising messages (portraying people discussing products, exchanging information and experiences).
6. Buzz and viral marketing.
7. Providing customers free info-lines.

Stimulating informal communications is considered unethical or illegal mainly when:

1. Recommendations are paid.
2. A company uses "Internet amplifying" (creating fictional consumer profiles/fake consumer profiles in forums and the social media, mentioning "amplified" brands; creating false recommendations or false complaints against competitors).

## 2. Creative industries

The abovementioned sources of eWOM's effectiveness do not, of course, exhaust the list of all possible factors, which may moderate its impact on a company's performance. In fact, little is still know about them, as well as about the effectiveness of the stimulation techniques discussed earlier. Nevertheless, companies in many industries are more than interested in utilization of eWOM to achieve various marketing objectives. The reach of eWOM is not the only factor that is, we think, responsible for this interest, but also the relatively low cost of on-line presence, as compared to the more traditional communications channels and media. Low cost makes eWOM especially interesting for small, budget – constrained enterprises, which hope to rely on on-line presence to build their brands and grow their business. Informal on-line messages may have truly global reach, being exchanged between consumers of sophisticated, niche products and services, who may not meet otherwise in the real world, and often have limited supply of such offers in their immediate market environments. A good example of such context is provided by creative industries, who serve relatively small numbers of geographically dispersed customers.

The term creative industries was first used in Great Britain to describe industries that generate significant economic and social value from creative and knowledge-based inputs[7]. The creative industries include companies from arts and crafts

[7] I.D. Parkman, S.S. Holloway, H. Sebastiao: *Creative Industries: Aligning Entrepreneurial Orientation and Innovation Capacity*. "Journal of Research in Marketing and Entrepreneurship" 2012, 14(1), pp. 95-114.

markets, design, architecture, fashion, media and advertising services, software development, the performing arts, publishing, music, movies and TV[8]. In the US a more narrow perspective is adopted, focusing on art-centric businesses, and excluding software developers and research for the Arts. Various international organizations use their own definitions of creative industries, sometimes referred as to "copyright industries"[9]. In the literature, considering the type of creative product or service, a distinction between cultural industries, more related to "high art", and more applicable industries (like crafts) is drawn[10]. Some authors postulate also the need to distinguish between sectors related to mass production, and industries focused on customized "crafts" or creation of unique "prototypes", like visual and performing arts[11]. Despite differences, the definitions available in the literature agree that creative industries embrace sectors that supply products or services associated with cultural, artistic or entertainment value[12].

What all creative industries have in common, is the fact that "human creativity is the ultimate resource" and the main input, allowing generation of economic and social value[13]. Another characteristics, already mentioned, include dominance of service component in the offer. In general, recommendations and Word-of-Mouth in its various forms is believed to be more important in service context, where evaluation of alternatives available is more difficult as compared with physical goods, making consumers more receptive to informal communications from other consumers. The majority of enterprises operating in creative industries are small sized, with limited marketing budgets to reach dispersed, and highly selective customer niches. Internet provides these companies with unique opportunities to grow and enter various markets, to find customers or to be found by them.

Regardless the definitions, the significance of creative industries as contributor for GDP, and invigorating force of economies and cities, is widely acknowledged. According to the European Commission, creative industries account for 2% of the EU's GDP (excluding Romania and Bulgaria), and grow 12% annually. In Poland these figures are – respectively – 1% and 6%. The biggest cluster of

---

8 DCMS: *The Creative Industries Mapping Document*. London 1998.

9 UNCTAD: *Creative Economy Report*. New York 2008; WIPO: *Guide on Surveying the Economic Contribution of the Copyright-based Industries*. Geneva 2003.

10 D. Hesmondhalgh, A.C. Pratt: *Cultural Industries and Cultural Policy*. "International Journal of Cultural Policy" 2005, 11(1), pp. 1-13.

11 I.D. Parkman, S.S. Holloway, H. Sebastiao: Op. cit.

12 R. Caves: *Creative Industries: Contracts Between Art and Commerce*. Retrieved from http://books.google.com/books?hl=en&lr=&id=imftuhj8uvcc&oi=fnd&pg=pr7&dq=caves,+r.,+(2000),+creative+industries+:+contracts+between+art+and+commerce.+cambridge,+mass.+london:+harvard+university+press&ots=1duhr7rrh1&sig=ocdnty9s9s0y-mazpc01pz2gxfq.

13 Ibidem.

creative businesses in Poland is located in the metropolitan area of Warsaw, where they account for 5,5% of all enterprises registered[14]. High-growth creative industries not only contribute directly to the GDP, but also might generate spillover effects[15], such as employment opportunities for artists, broadening market for creative products and services, educating consumers, and stimulating innovativeness. We believe that the market for many creative products or services may broaden thanks to the growth of Internet, which provides platform to speed up the diffusion of innovative and new products, fashions and lifestyles through informal exchange of ideas and opinions by users themselves. Many artists are "discovered" this way, and many creative products became popular through viral- dissemination of information on-line. Therefore, many young artists and creative entrepreneurs starting their business rely on Internet and on-line recommendations to support their artistic and business projects' survival and growth.

## 3. eWOM in creative industries in Poland – research results

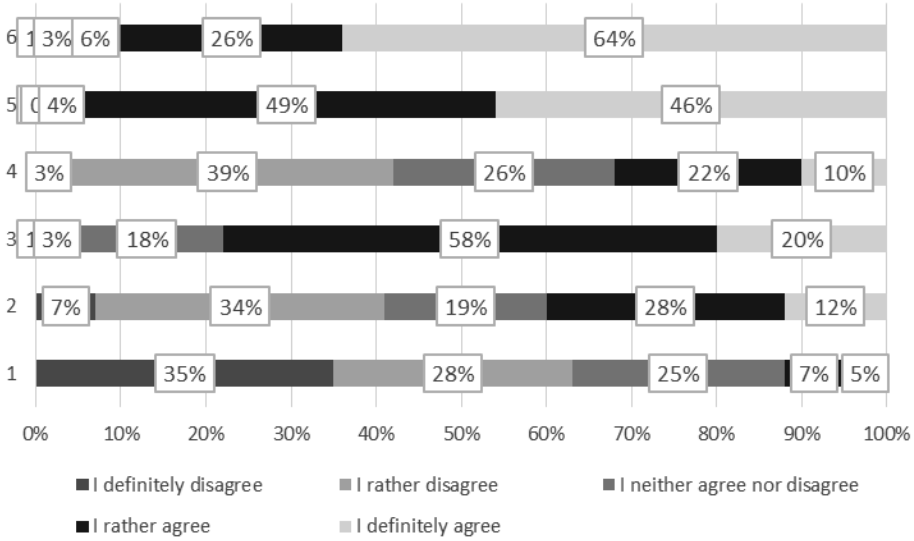
In order to investigate the forms and types of engagement of creative entrepreneurs in informal on-line communications, as well as forms of eWOM utilization, we have conducted research study of the participants of the project: "Entrepreneurship in the Creative Industries" (Human capital operational program, priority 6 "Open labor market", action 6.2. "support and promotion of entrepreneurship and self-employment"). The project, planned for the years 2011-2013, has been implemented by Kozminski University. The objective of the project was stimulation of the development of new, dynamic enterprises in creative industries in the metropolitan area of Warsaw. The project, targeted at business start-ups, consisted of five stages: recruitment, selection, training needs' diagnosis, training and consulting. Based on 2100 applications, received on the recruitment stage, 160 participants were selected for the second stage of the project (training). Unreturnable funding of 40.000 PLN was granted to 81 participants.

At the end of the selection stage of the project, 102 participants were surveyed with self- administered, in-hall survey. The survey was multi-topical, and one of its parts concerned interactions scale, measuring declarative willingness to acquire active recommendations. The scale included 6 items (statements measured with 5 – dimensional Likert scale). The distribution of responses across the scale's items is presented in Figure 1.

[14] *Sektory kreatywne w Warszawie. Potencjał i warunki rozwoju*, 2010, http://www.creativemetropoles.eu/uploads/files/creative_metropoles_raport_warszawski_sektor_kreatywny.pdf.

[15] I.D. Parkman, S.S. Holloway, H. Sebastiao: Op. cit.

The majority of respondents agreed that informal discussions and engaging into informal relationships is important (90% of "Rather agree" and "Definitely agree" responses). 95% of respondents declared that active acquisition of recommendations from satisfied customers was vital when running business. 32% of entrepreneurs-to-be understood, however, active acquisition of recommendations as offering high quality products/ services. Also, for the majority of respondents (78%), customers' recommendations were worth rewarding. The opinions were much more mixed when it comes to active utilization of recommendations. 41% of respondents disagreed with the statement regarding showing – off with positive recommendations. Virtually the same number of respondents (40%) held opposite view.




| Statement/ question no. | Statement |
|---|---|
| 1 | To gain visibility in the Internet one can sometimes pretend being user and post positive recommendations |
| 2 | Showing off with positive recommendations of customers pays off |
| 3 | It pays off to reward customers for their positive recommendations (for example with discounts) |
| 4 | When running business it is enough just to offer good quality products/ services to make customer exchange positive recommendations |
| 5 | When running business it is important to actively seek positive recommendations from satisfied customers |
| 6 | When running business, it is important to engage into informal discussions and informal business contacts, because this is the way to acquire important business information |

Figure 1. Degree of agreement with statements regarding recommendations on-line; n = 102.

More than the half of respondents (63%) disagreed with the statement regarding pretending Internet user to gain visibility in the Internet and generate false recommendations.

In order to gain more in- depth information regarding the plans of respondents to amplify eWOM, 16 In-Depth – Interviews were conducted with the selected participants of the project, following the survey. The majority of respondents pointed the fact that "buzz marketing" was the "base of their business" (*Business like mine cannot exist without satisfied customers and their positive opinions*), however, their approach to recommendations was rather passive. The respondents believed that satisfied customer would voluntarily recommend their products or services to others (*All I can do is preparing the best possible offer*). The opinions regarding the necessity to actively acquire and utilize customer recommendations were rather rare. When asked why they did not plan any active forms of recommendations' acquisition and utilization, the respondents related to ethical doubts (*I do not want to be pushy*). The most frequently declared forms of interacting with customers and eWOM generating were profiles in the social media and email communications. Interestingly, 4 respondents did not plan to develop own website, only Facebook profile.

Based on the results of interviews, we attempted to classify the respondents into one of the four roles, as proposed by Schindler and Bicard (observer, moderator, mediator and user).

As "observers" we classified these companies, which owners answered positively to statement no 4 and no 2, and negatively or/ and neutrally to statements no 5 and 3. The "observers" comprised 5% of the sample.

"Moderators", which comprised 40% of the sample, included respondents, who responded positively to statements 5 and 2, and negatively to statements no 4.

As "mediators" we classified these companies surveyed, which owners responded positively to statements no 5, 3, 2, and responded negatively to statement no 4. This group comprised 43% of the sample.

"Users" comprised 12% of the sample, and included these companies, which owners responded positively to statement no 1. The sample's structure according to the roles played in eWOM process is presented in Figure 2.

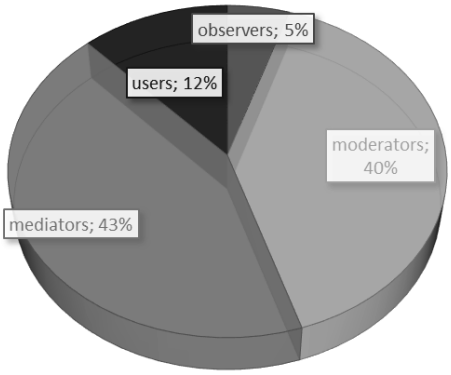



Figure 2. Roles in eWOM process

## Conclusion

The results of the research study, discussed above, suggest that creative entrepreneurs take rather passive stance in eWOM process. The most frequently declared forms of eWOM communications include presence in the social media, mainly Facebook, and email communications, indicating not so creative approach to on-line informal communications. However, it is worth noticing, that the majority of respondents were aware of ethical aspect of eWOM engagement, as they found generating false recommendations questionable. These results suggest that to certain extent respondents repeated common opinions regarding eWOM, not probably fully aware of the nature of the process. It would be worth researching, whether, and to what extent this was due to their relative lack of business experience, lack of experience in on-line communicating to customers, or both these factors combined.

## Bibliography

Alreck P.L., Settle R.B.: *The Importance of Word-of-mouth Communication to Service Buyers*. 1995 AMA Winter Educators Proceedings, AMA 1995.

Arndt J.: *Role of Product-related Conversations in the Diffusion of a New Product*. "Journal of Marketing Research" August 1967.

Belk R.W.: *Occurrence of Word-of-Mouth Buyer Behavior as a Function of Situation and Advertising Stimuli*. AMA 1971.

Carl J.W.: *What's All the Buzz About? Everyday Communication and the Relational Basis of Word-of-mouth and Buzz Marketing Practices.* "Management Communication Quarterly" May 19, 2006.

Caves R.: *Creative Industries: Contracts Between Art and Commerce*. Retrieved from http://books.google.com/books?hl=en&lr=&id=imftuhj8uvcc&oi=fnd&pg=pr7&dq=caves,+r.,+(2000),+creative+industries+:+contracts+between+art+and+commerce.+cambridge,+mass.+london:+harvard+university+press&ots=1duhr7rrh1&sig=ocdnty9s9s0y-mazpc01pz2gxfq.

Cheung Ch., Thadani D.: *The Impact of Electronic Word-of-mouth Communication: A Literature Analysis and Integrative Model*. "Decision Support Systems" December 2012, Vol. 54, Iss. 1.

DCMS: *The Creative Industries Mapping Document*. London 1998.

Dellarocas Ch.: *The Digitization of Word of Mouth: Promise and Challenges of Online Feedback Mechanism*. "Management Science" October 2003, Vol. 49, No. 10.

Ennew Ch., Banerjee A., Li D.: *Managing Word of Mouth Communication: Empirical Evidence.* "International Journal of Bank Marketing" 2000, 18/2.

Godes D., Mayzlin D., Chen Y.: *The Firms Management of Social Interactions*. "Marketing Letters" 2005, No. 16.

Granitz N.A., Ward J.C.: *Virtual Community: a Sociocognitive Analysis.* "Advances in Consumer Research" 1996, Vol. 23.

Harrison-Walker L.J.: *The Measurement of Word of Mouth Communications and Investigation of Service Quality and Customer Commitment as Potential Antecedents*. "Journal of Service Research" 2001, Vol. 1.

Hesmondhalgh D., Pratt A.C.: *Cultural Industries and Cultural Policy*. "International Journal of Cultural Policy" 2005, 11(1).

http://womma.org/wom101/wom101.pdf.

Katz E., Lazarsfeld P.F.: *Personal Influence the Part Played by People in the Flow of Mass Communication.* Free Press, London 1955.

Kotler Ph.: *Marketing Management*. Prentice Hall 1991.

Lazarsfeld P.F., Berelson B.R., Gaudler W.: *The People's Choice*. CUP, NEW York 1948.

Mazzarol T., Sweeney J.C., Soutar G.N.: *Conceptualizing Word-of-mouth Activity, Triggers and Conditions: An Exploratory Study.* "European Journal of Marketing" 2007, Vol. 11/12.

Parkman I.D., Holloway S.S., Sebastiao H.: *Creative Industries: Aligning Entrepreneurial Orientation and Innovation Capacity*. "Journal of Research in Marketing and Entrepreneurship" 2012, 14(1).

Schindler B., Bickart B.: *Published Word of Mouth: Referable, Consumer Generated Information on the Internet*. In: Hauvgedt C., Machleit K., Yalch R.: *Online Consumer Psychology: Understanding and Influencing Behavior in the Virtual World*. Lawrence Erlbaum Associates, Mahwah, NJ 2003.

*Sektory kreatywne w Warszawie. Potencjał i warunki rozwoju*, 2010, http://www.creativemetropoles.eu/uploads/files/creative_metropoles_raport_warszawski_sektor_kreatywny.pdf.

Tkaczyk J.: *Uwarunkowania skuteczności działań wykorzystujących komunikację nieformalną*. "Handel wewnętrzny" czerwiec 2009.

UNCTAD: *Creative Economy Report*. New York 2008.

WIPO: *Guide on Surveying the Economic Contribution of the Copyright-based Industries*. Geneva 2003.

## E-WOM – FINDINGS FROM THE CREATIVE INDUSTRIES IN POLAND

### Summary

The aim of this paper is to identify and analyze the forms of electronic Word-Of-Mouth that creative entrepreneurs engage in. Their roles in informal communications process stimulation are also discussed. Since in the academic literature informal communications process is investigated mainly from consumer's perspective, the authors focused on the role of entrepreneur. The paper presents results of research study of a group of creative start-ups, participating in the project "Entrepreneurship in creative industries".

Keywords: electronic Word-Of-Mouth creative industries, Poland