

The Power of Electronic Word-of-Mouth in Social Media Marketing—the Case of POP MART

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Abstract: This article reviews findings of the power of electronic word-of-mouth in social media marketing and aims to provide guidelines in this area for the pop toy brand POP MART. It mainly reviews literature on eWOM from the perspective of message receivers and senders. From the receiver side, Uses and Gratification Theory is applied to analyze what are receivers of eWOM seeking from media usage. From the sender side, it is found that homophily and credibility are two important attributes of persuasive online reviews. These findings help us to understand why POP MART grew rapidly in social media platforms in recent years and how it can improve in the future.

Keywords: Electronic Word-of-Mouth (eWOM); Social Media Marketing; POP MART

1. Introduction

With the advent of Web 2.0, the traditional marketing mechanism, word-of-mouth, has gone electronic and digital. Compared with the traditional word-of-mouth, electronic word-of-mouth (eWOM) is more efficient, enabling people to interact and communicate regardless of when, where or whether they know each other. It appears in different zones of social media, connecting brands with current and potential customers. Realizing the importance of eWOM for brands, many companies have increased their budgets to induce, collect and display eWOM. Also, many new companies have benefited from it and have grown rapidly, such as the pop toy company POP MART, which will be discussed later.

2. Literature review

2.1 Receiver of eWOM

The motivation behind people seeking online reviews is a subject of concern. Thureau et al.(2004)^[1] argue that people searching for e-reviews are motivated by the expectation of saving time in decision-making and making more informed decisions. By referring to others' experiences, people can reduce the effort of search and evaluation, mitigate the risk of choice failure, or in other words gain social guarantees.

The Uses and Gratification Theory, proposed by Katz et al. (1973)^[2], will help us to understand what uses and gratifications are people seeking from eWOM. It is a customer-centered tool, which analyzes customers' needs in media usage from five aspects.

(1) Cognitive Needs

Media is a source for people to acquire information, knowledge and facts about various topics. People can search via different media to satisfy their cognitive needs. For example, they can browse Twitter to know the latest news and can follow brands' Weibo to keep updated about the latest products and events.

(2) Affective Needs

People use media for their emotional needs. Viewing stories, blogs and videos online tends to bring a rich emotional experience, including pleasure, sympathy, excitement, sadness, etc.

(3) Personal Integrative Needs

This need stems from the need for self-esteem. Through watching advertisements and knowing fashion trends, people can buy products to maintain their social status.

(4) Social Integrative Needs

Nowadays, people need social networking sites to interact and socialize with their families, friends and working partners. In addition, people need to find topics in common to discuss when building new social relations.

(5) Tension-free needs

Watching movies, playing e-games and surfing online can help us to escape from reality, relax our minds and ease stress.

In addition, eWOM consumption can be serendipitous and is not always directed by intentional search. Positive eWOM will elevate people's purchase intention, improve their loyalty and trust to the brand and increase customer engagement(Teng et al., 2014)^[3]. It is argued that the receivers of eWOM, who get benefit from it, will be more willing to post high-quality reviews to help others in return.

2.2 Sender of eWOM

Numerous studies have been conducted on why consumers talk online. Angelis et al. (2012)^[4] indicated that customers who have a need to self-enhancement are more willing to articulate their thoughts, both verbally and in writing. Besides, people who are innovative are more likely to be opinion leaders online. In company's management of online reputation, Hu, Pavlou, and Zhang (2009)^[5] pointed out the under-reporting bias in eWOM. It refers to the phenomenon that customers will volunteer to post e-reviews only when they are extremely satisfied or unsatisfied with the products. This bias will disturb the firm's judgment of customer's attitudes and ask for higher requirements on the firm's eWOM management.

To better apply eWOM, firms need to discover which kind of eWOM is more persuasive and is positively related to purchase intention. After reviewing the papers of Saleem and Ellahi (2017)^[6] and Teng et al. (2014)^[3], we can identify two main affecting factors.

(1) Homophily

It is defined as the extent to which eWOM senders share common characteristics with receivers in terms of age, gender, education and social status. According to the Elaboration Model, people make purchase decisions depending on the characteristics of message providers, and reviews from providers with high levels of homophily will be more persuasive. There is a significant positive relationship between homophily and purchase intention. Teng et al. (2014)^[3] point out that similarity, familiarity and likeability can improve the source attractiveness of eWOM.

(2) Credibility

Unlike traditional WOM, eWOM providers are usually anonymous or have no relationship with readers, therefore readers tend to assess the credibility and quality of messages from providers' prior actions. The credibility of sources generally comes from three aspects: expertness, trustworthiness and source experiences. E-reviews from experts are more convincing. Besides, customers value the expertise depth in specific domains more than the expertise breadth (King, Racherla and Bush, 2014)^[7].

3. Case analysis

POP MART is a pop toy retail company that sells designer toys in the way of blind boxes. It was founded in 2010 with the slogan "To Light up Passion and Bring Joy". With this new industry's rapid growth, POP MART achieved a doubled share value from 38.5 HK\$ per share to 77.1 HK\$ per share in its initial public offering (IPO) in Hong Kong, securing its industry-leading position in China.

POP MART's success is attributed to its outstanding social media marketing. As a pop culture firm, POP MART understands the power of online platforms. Its online marketing covers all major platforms in China, including Weibo, Xiaohongshu, Tik Tok, Zhihu, Bilibili. Through highly updated product information and frequent collaboration with hot IPs, it gathers millions of fans and followers online. It also uses live broadcasts to extend the impact. The success of POP MART lies in that it knows how to improve customer engagement and online communications. It established its own Fans Forum "PAQU", where customers can share their exquisite photos of toys and discuss their purchase experience, photography skills and secondary creations. Besides, POP MART is active in second-hand commerce platforms, such as Xianyu and Zhuanzhuan. Through reselling or exchanging toys among customers, different toys will have different market prices based on their scarcity and popularity, increasing fun and the social attributes of the "blind box".

We can explain the prosperity of POP MART in social media through the Uses and Gratification Theory. Firstly, it meets people's cognitive needs. As a newly-introduced product, many people do not know what are designer toys and blind boxes before. Through reading eWOM, these people can identify what it is and evaluate whether it is suitable for them. Secondly, the content of POP MART online can satisfy people's emotional needs. POP MART's main target consumers are young city girls who have decent incomes. They can easily find fun when watching blind box unboxing videos and are willing to pay for the pleasure. Thirdly, it meets their personal integrative needs. As designer products, POP MART toys usually convey some spirits and meanings through different figurines. Following these designer toys is therefore a way of expressing themselves and showing their values. Forth, it fulfills people's social integrative needs. As mentioned before, the Fans Forum "PAQU" allows people to build networks with friends linked by the same hobbies. Finally, it also meets people's tension-free needs. There are hundreds of unboxing live on different platforms every night. People can become addicted to watching this live stream because the repetitive act of unboxing can help them to relax. To sum up, POP MART's social media marketing went viral in a short time because it correctly satisfied people's uses and gratification needs in media usage.

With its popularity on social media, there are also some negative voices online. It used to be criticized because of defective products, poor after-sales services and plagiarism scandals. It is reported that there were 2491 complaint records by 4 December 2020. It is noticed that when people are extremely unhappy with the products or services, they are more likely to post negative reviews online, according to the under-reporting bias. Some studies perceived that negative reviews will hurt customers' trust significantly and the negative influence is more powerful and determinant.

4. Managerial implications

From the literature findings, we know that the homophily and credibility of the eWOM sender are positively related to its persuasiveness. Therefore, we make the following recommendations.

Firstly, POP MART should offer more homophily details on the e-review pages. For example, eWOM senders should present a profile page that show their avatar, username, age, gender and geographic location. These can provide references for people to assess whether they are similar. Homophily details are more effective to promote purchasing intention in new-introduced markets. When people firstly encounter blind boxes and designer toys, they usually pay more attention to the association between the message senders and themselves. POP MART can also establish some local fan groups or photography and craft hobby groups, which allow people in the same cities and share similar hobbies to communicate with each other. In addition, it should encourage more customers to share their feelings and stories with the toys. This is because storytelling can usually resonate with readers emotionally and remind them of similar feelings.

Secondly, to increase credibility, POP MART is suggested to select appropriate KOLs. Since its main target group is young females, POP MART can cooperate with some fashion&beauty bloggers or anime bloggers, who already have a certain fan base and the majority of their followers are the same as our target group. Their e-reviews or unboxing videos will be more credible and persuasive because their followers like and trust them due to their previous actions.

Finally, POP MART should strengthen quality supervision and improve service quality. It is important for POP MART to reduce the number of negative reviews since negative reviews are usually more influential than positive reviews due to negativity bias. Since eWOM is in the form of text, images or videos, it is easier for brands to monitor and collect feedback from customers, which should guide POP MART to make changes.

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