

# What Chatter Matters in Times of Economic Change? The Impact of Consumer Confidence on eWOM Effectiveness

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## **Abstract**

Electronic word of mouth (eWOM) serves as a valuable source of information for consumers' purchase decision making process. Online product reviews, thereby, constitute an effective tool to learn about product quality and help to reduce purchase risk. Existing literature typically concentrates on the direct impact of eWOM on sales. However, this relationship may change when economic conditions shift and avoidance of purchase failure becomes more important. Hence, the authors investigate the moderating role of consumer confidence on the relationship between key eWOM metrics and sales. The empirical study is based on a unique and longitudinal product level data set, containing weekly sales-rank, price, and eWOM information from Amazon.com and economic data from the University of Michigan - Surveys of Consumers. This study is the first to demonstrate the changing effectiveness of these eWOM characteristics for consumers' decision making process in the light of varying economic conditions.

**Keywords:** *Electronic Word of Mouth; Online Product Reviews; Consumer Confidence*

**Track:** Retailing & Omni-Channel Management