

Impact of Customer Review on Social Media Marketing Strategies

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Abstract

This paper focuses on the study of online customer reviews and their influence on social media marketing strategies. It seeks to analyze and understand the power of such customer reviews which may fall either in favor or against the companies practicing to promote their products and services over such platforms to increase their market reach. It includes the systematic study of available related articles and research works on Social Media Marketing, Customer Reviews, and the Electronic World of Mouth (e-WOM), etc. The analysis derived from referred cases, supported by the key finding of survey reports, signify the explicit and significant impact on reviews over companies and brands. Though most of the highlighted cases referred during the literature review process were possessing negative impact resulting in heavy loss of brand image and monetary losses as well. These monetary and non-monetary losses to the companies were derived from a single negative customer review only. To deal with or escape such failures; the unfair practice of the social media marketing strategies lured marketers to create fake and revenue-based reviews to handle the review of suffered customers or to increase the sales. But generating fake reviews without working on their own weaknesses situations in few cases referred had turned into irreversible disasters, causing the shutdown of the companies.

The facts and data strongly support the importance of having strong customer connection over social media platforms with a transparent and quick standing in real-time. Hence, the power of social media marketing is like untapped potential if channelized in an organized way with a dedicated team. If used properly it pumps the business with opportunities to expand like never before and that too in real-time. So the explicit impact compels marketers to have proper knowledge, how social media platforms work and in paying attention to online customer reviews they receive every moment. The study is

completely based on secondary data and is exploratory in nature. The limitation of considering secondary data leaves the scope of exploring the new aspects when the same carried with the primary data.

Keywords

Social Media Marketing, Customer review, Marketing strategy, Digital marketing, e-WOM, Customer trust, and Star rating.

1. Introduction

From the initial days of media, World of mouth is considered the most effective way of spreading a message. The increasing popularity of social media platforms is today's e-WOM. There is a list of facts to support its popularity across the globe. On one hand, it has dissolved the barriers of two-way communication over the internet and became the driving force to bring customers to the center of the marketing. On another hand, it has created immense pressure on marketers to be on their toes to survive the competition. Because ignoring these reviews for a few minutes can harm companies severely. According to a study carried by Harvard Business Review reported that for an increase of one-star rating at Yelp (one of the top review rating websites of the world) has pushed 5-9 percent of its revenue.

In the last two decades of business history, customer reviews as one of the most important marketing tools have armored small businesses and start-ups to stand and even surpass the well-established competitors of the related industry expending big budgets but with poor social media marketing strategy. Further access to the related literature shows contradictory results about customer reviews. Though it has become a powerful tool to today's marketing strategy bringing the customer in its core. Instead different studies present many proofs that even 100 percent customer satisfaction feedbacks or reviews hamper the revenues putting companies in doubt of doing fraud to create fake positive comments over social media platforms and review websites.

The pace of the internet, accessibility of social media platforms, and its availability over portable digital devices had completely thinned the circulation time period of any kind of information written or shared through audio, video or written modes could have a positive or negative contagious impact in a fraction of time.

This shift of focus from 4Ps (out of seven) to 4Cs of marketing matrix has been proposed by Robert Lauternborn, an advertising professor at the school of Journalism and Mass Communication at the University of

North Carolina. 4Cs include consumer (wants and needs), cost (to satisfy), convenience (of buying), and communication. This shift means, today customers became a stronger driving force for a product or service-related decisions (Vieira & Almeida, 2019).

2. Objectives of the Study

- To explore the colossal impact of customer reviews on purchases.
- To explore the inseparable contradictory factors associated with the customer reviews.

3. Review of Literature

The customer review has turned the ways of marketing 1800. These reviews are the personal feelings and emotions of the customers presented in the form of feedback, star rating, or a message for the companies in visual, audio, or video forms. A few of the most criticized incidents in the history of social media marketing are proof since the initial days of social media platforms came into existence.

The poor handling of baggage's by United Airlines resulted in breaking off the guitar of one of the travelers resulted in the loss of millions to the concerned company. When the story of disaster was uploaded in the form of a video song on YouTube crossed over 3 million views within one week (Deighton & Kornfeld, 2010). The next on disaster raised when a video of an unhygienic way of making pizza, was posted on the social media platform by the employees of Domino's Pizza. Dell Hell case took place on Twitter account when Jeff Jarvis shared a 144 words' blog post that turned into a nightmare for dell (Gracia, 2014).

Even in today's time, personal social media profiles at Facebook and Instagram or at Twitter etc encounter positive or negative feedbacks more often. These feedbacks and ratings generally act in building a strong to the concerned products or services either positive or negative. Abrupt results with high intensity of negative customer reviews based on a single customer's negative review compel marketers to be on their toes 24×7 in the customer review driven world. This means for marketers it becomes necessary to keep their senses open more towards such negative comments and should be replied quickly, honestly maintaining the transparency over the same medium (Scott, 2017).

i) Power Shift in Traditional Marketing

Writers from Marketing 4.0 have redefined the word market-ing as an ever changing market. This the feasibility associated with all kinds of digital devices and the savvy nature of customers' are the reason behind high level of engagement and interaction between brands and customers (Kotler, Kartajaya, & Setiawan, 2018). Though the power shift in traditional marketing had opened an immense opportunity for the companies and brands to work on themselves and keep on upgrading themselves more often bases on reasonable customer reviews rather than wasting time and effort to copy the other competitors. The intensity of customer connection is considered the game, changer effecting many perspectives of traditional marketing. The authors of the book entitled 'Marketing in a Digital Data and Word' have shared how the price factor of the marketing mix now focuses the Cost factor, because it is the cost that derives the price of a product or service, similarly promotion and communication (Vieira & Almeida, 2019). A study conducted in 2014-15 says that the probability of selling to a new customer is 5-20 percent against existing customers having the probability rate of 50-70 percent. Hence supporting the impression of online customer reviews. Today social media platforms are the virtual social world where dealing with the customers in real-time can actually favors the research and development of the products and services with more effectiveness and efficiency. Using these social media platforms as a marketing tool is now more than just increasing likes and shares of the organizational driven contents.

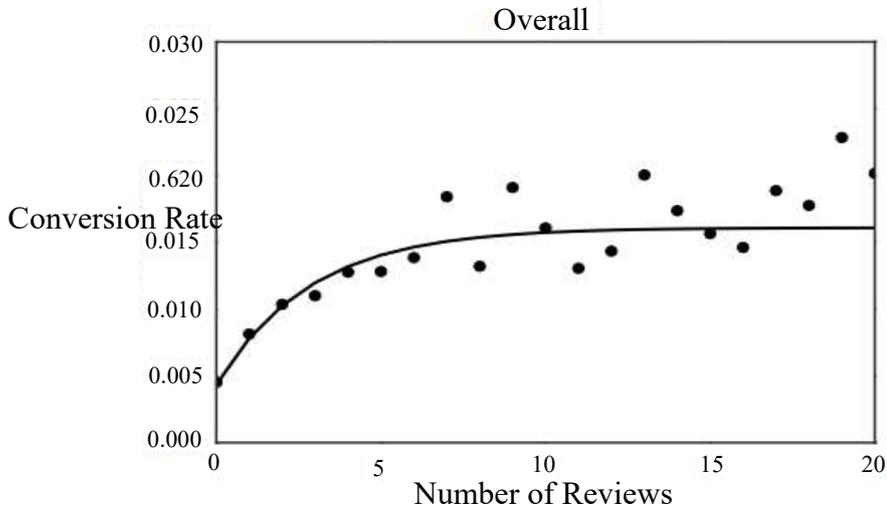
ii) Customer Reviews Impacting Customer Trust

Positive or negative customer reviews are aspects of e-WOM that impact the purchase and the trust between the customer and brand or company. The importance of customer review becomes essential with the accelerated pace of life that has reduced the total time spent on exploring all kinds of information available at different sources. To avoid the chaos of solving the puzzle and then reaching to a certain decision it is much easier and convenient to access the related customer reviews. Days are gone when attractive company advertisements over Television, radio, or in print media and only a few relatives and friends used to play a major role in purchase decisions. The key finding of a survey from BrightLocal shows that

76 percent of the customers trust on reviews equally important as recommendations received by the family or friends. Philip Kotler and his co-authors in their book 'Marketing 4.0' have talked about high-touch engagement where a purchase decision is the result of the trust on communicated recommendations made by their network, family, and friends. These online networks generally provide their recommendations as reviews given or expressed in the form of feedbacks, and ratings for most of the online or offline purchases including pre and post experiences associated with them. Though the sources of such reviews are unknown to them (Connolly, 2020). Instead these reviews impacts are drawn by analyzing the different aspects received from many customers. According to a report published by Spiegel Research Centre, under the topic 'How Online Reviews Influence Sales' found that online reviews have a positive impact on sales of expensive products and services, and riskier items more in comparison to the less expensive ones.

ii) Diminishing Marginal Value and Biasness associated with the Customer Review

A part of the survey clarifies that perfect ratings (5 stars) and more reviews create doubts about fake reviews among customers. Hence the source of customer reviews also matters if received from verified buyers because these are considered authentic and worthwhile. This research also confirmed how the conversion rate of sales is higher with the initial reviews but after a certain level, it stops affecting the conversion rate (Maslowska, Malthouse, & Bernritter, How Online Reviews Influence Sales, 2017). The proposed model of the exponential learning curve shows how customer reviews affect conversion rates. Researchers find that customer reviews can cause an increase in 270 percent of conversion rates. Though this study also confirms a diminishing marginal value if a product or service keeps on accumulating more and more reviews. That may create? confusion and doubt of fake or paid customer reviews. By portraying the adoption of an unfair marketing strategy to grab the customers' attention with an intension of increasing sales. Means the presence of negative comments supports the establishment of the authenticity of the customer reviews hence supporting the brand or company. Similarly having an excellent or absolute star rating becomes suspicious, where being "Too Good to be True" brings the brand under suspicion.

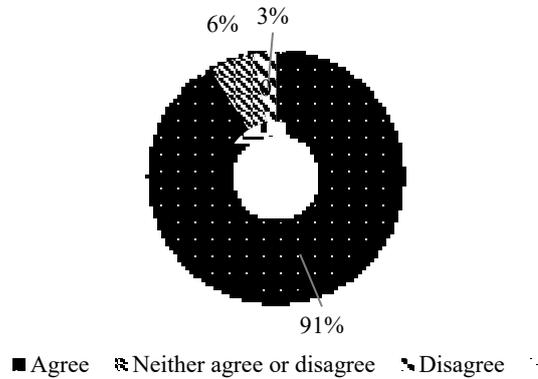


Source: <https://dl.acm.org/doi/10.1145/2959100.2959181>

Figure 1: Effect of Displayed Reviews on the Conversion Rate

The image represents more customer reviews intent to bring more conversions in comparison to the products and services with lower customer reviews (Askalidis & Malthouse, The Value of Online Customer Reviews, 2016). The reason behind the diminishing marginal value of excessive customer reviews might lie in another study that says online customer reviews could be noisy and complex some times for customers as well as for companies too. Because the increased flow of information between B2C cases may provide incomplete information to both caused by inaccuracies, the difference in opinions, or omissions (Tancer, 2014). Despite this limitation customer reviews started playing a crucial role in today's marketing strategies. In surveys and personal interviews with several businesses came up showing their frustration towards online reviews stating reviews are the small sample of reviewers versus all customers and they felt that the reviews generally come from the customers having unsatisfactory behavior leading to a mess and demotivation to the companies. As a result, marketers focus on those imperfections as an attack on their businesses becoming a victim of cognitive dissonance (Ibid). Local Survey Consumer Review Survey report drawn in 2019, by BrightLocal says, 91percent of the customers buy products based on positive reviews.

Positive reviews make more likely to use a business



Source: <https://www.brightlocal.com/research/local-consumer-review-survey/#Q17>

Figure 2: Impact of Positive Reviews on Purchases Decisions

Whereas 82 percent of surveyed customers confirmed that they drop the decisions of purchasing goods and services having more negative reviews. Customers consider online recommendations as personal recommendations. Only three months older reviews are found effective in making the purchase decisions. Primarily positive or negative reviews are the result of extreme self-selection biases because the comparatively extreme feeling of satisfaction or dissatisfaction tends to write reviews in response despite moderate experiences of goods and services. According to the survey report of ReviewTrackers 62.7 percent of respondents trusted online reviews important while 63.29 percent of respondents trusted reviews having 4-star rating and only 2.5 percent trusted reviews having 2-star ratings (Bhole & Hanna, The effectiveness of online reviews in the presence of Self-selection bias, 2017). The above data is validated with the study carried over the review of Amazon.com which shows that reviews generally with extreme ratings either 5 or 1 and 2-3 ratings given are less in numbers. The question of biasness of review is also well supported by the investment of time and effort hence it is just a fraction that considerably represents the whole customer base. The next level of biasness in review writing comes when it is incentive or reward-driven rather than being organic.

4. Research Methodology

The nature of the research is exploratory and is based on secondary data procured from different business analysis reports, conference proceedings and journal articles, websites, and books. The snowballing approach has been used for systematic and effective referencing. The major part of the secondary data has been collected through the internet.

5. Findings

The study of available literature strongly confirms the impact of customer reviews over a company or brand hence supporting its role in developing strong social media marketing strategies.

- Study shows how customer reviews across social media platforms immensely affect the purchase decisions of particular products and services and in building their market image. Most importantly, the survey results proved that 90 percent of customers refer to reviews before deciding on a purchase.
- Available literature also shows how strong monitoring of customer reviews over social media platforms has helped organizations to reach their target customers and establish a stronger relationship with them.
- These customer reviews have? Helped many organizations and brand to improve their products and services continuously.
- Different study reports has grabbed the focus of the marketers towards social media marketing strategies that can work as immunity to their holistic marketing strategies.
- The shift of the P (Price) of traditional marketing mix with the C (Cost) of marketing illustrates how the Cost to retain a customer is much lower than the cost to grab a new customer.
- The most interesting part of the study found was, how customer reviews also demonstrate the diminishing marginal value that creates a contradiction and question mark to the belief that higher customer reviews with absolute star ratings will bring higher sales.
- Study of reports reveals how most of the reviews or ratings are driven by extreme human emotions, because they involve time and effort. So, it merely comes from a few of the highly satisfied or unsatisfied customers that unfortunately causes severe harm to companies and brands getting negative or unfavorable or very poor reviews.
- These human emotions sometimes cause frustration at both ends including the reviewer and the company leading to a disaster that causes irreversible harm to the companies.

- The contradictions associated with human psychology and behavior have an unpredictable impact that is very difficult to measure with accuracy.
- The bombarded marketing reposts justifying the strong impact of customer reviews on social media platforms compelled many marketers to practice fake by creating false reviews.

6. Conclusion

Instead of possessing several contradictions. Reviews from customers adhere to the core while formulating the real-time Social Media Marketing Strategies. Dealing in real-time situations always comes with an increased trust factor between the company or brand and its customers. The trust factor not only strengthens the bond between the two but also makes the customer feel privileged hence increases the loyalty of the customer towards the company.

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