

Is replying to online reviews always good? New research shows downside of overresponding

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A new study to be published in the INFORMS journal *Marketing Science* found that when managers respond to online reviews it's possible that those responses could actually stimulate additional reviewing activity and



an increased number of negative reviews.

The study to be published in the October edition of the INFORMS journal *Marketing Science* is titled "Channels of Impact: User Reviews When Quality is Dynamic and Managers Respond," and is authored by Judith Chevalier of the Yale School of Management and NBER; Yaniv Dover of the Hebrew University of Jerusalem; and Dina Mayzlin of the Marshal School of Business at the University of Southern California.

Their research focused on <u>online reviews</u> of "dynamic-quality" goods and services, such as hotel and travel/hospitality services, as compared to "static-quality" goods and services, where the consumer experience is not as influenced by direct managerial involvement. The purpose of the research was to learn about the role and effectiveness of managers responding to online reviews and the motivations of <u>consumers</u> who engage in online reviewing.

The researchers studied online reviews of hotels and analyzed reviews and data from portals that included TripAdvisor, Expedia and Hotels.com. They focused on the drivers for word-of-mouth that are influenced by the presence of a managerial <u>response</u>, or lack of response, to online reviews.

In the end, the authors found that managerial responses are likely to stimulate reviewing activity.

Study author Yaniv Dover said that one of the key differences between consumers who <u>review</u> dynamic-quality and static-quality goods and services is that there are two audiences for the reviews in the case of dynamic-quality goods and services.

"In the case of static-quality goods and services, such as a review of a product purchase on Amazon, the reviewer's audience is more than likely



other consumers," he said. "But when reviewing dynamic-quality goods and services, the reviewer could be motivated by an intent to impact the manager, and not just other consumers."

"The entry of the firm's manager into the conversation potentially changes the nature of the discourse, which in turn affects the customers' incentives to post reviews," said Dover. "The response functionality transforms a peer-to-peer review system into a hybrid system that includes both peer review and a customer feedback avenue."

In working to understand the consumer profile of those who engage in online reviewing, particularly, in response to managerial posts, the authors said that having the ability to influence the targeted firm could be a major factor.

"Based on our research, we believe that managerial response activity disproportionately stimulates negative review production since the negative feedback may be seen by reviewers as particularly impactful," added Dover.

More information: Judith A. Chevalier et al, Channels of Impact: User Reviews When Quality Is Dynamic and Managers Respond, *Marketing Science* (2018). DOI: 10.1287/mksc.2018.1090

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