

# Chapter 10

## Consumer Reviews on Retail Websites: A Marketing and Social Phenomenon

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### ABSTRACT

*Consumer reviews on retail websites are now established as a common type of user-generated marketing communication online. To provide a comprehensive and well-defined framework for researchers and marketers who are interested in its implementation and evaluation, a synthetic review of existing studies on the consumer reviews are conducted here. More specifically, the prevalence and popularity of consumer reviews of retail websites, the motivations behind the review activities, and the effects are examined in detail. Three important message characteristics of the reviews - volume, valence, and value - are also identified and discussed. After this assessment of the current status is completed, the focus is shifted to a more existential question about the consumer reviews: Whether the reviews posted by consumers are essentially “commons,” an entity created by members of a wide open community and amendable to exploitation by consumers and marketers alike, or “intellectual properties” of the online retailers who collect and manage them. Subsequently, a view that regards the consumer reviews as social capital is presented, followed by a discussion concerning moderation and reputation systems as quality control mechanisms.*

### INTRODUCTION

Consumer reviews on retail websites are now established as a common type of user-generated marketing communication online. Most major online retailers have adopted the review features

on their websites and consumers often name the reviews as the most desired element on retail websites. Some consumers even consult the online reviews before going out to buy products in brick-and mortar stores.

In spite of their high values for consumers and marketers alike, however, consumer reviews on retail websites have not been studied well.

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Although the unique form of user-generated content has received some attention from both industry analysts and academic researchers, the investigations have not provided a comprehensive and yet well-defined framework for researchers and marketers who are interested in its implementation and evaluation. Market reports have often been too narrowly focused on the impact of consumer reviews on purchase decisions, whereas most academic studies have shown interest in consumer reviews on retail websites only as part of online word of mouth (WOM), which includes communications taking place in other online consumer platforms such as discussion forums, chat rooms, electronic mailing lists, Weblogs, instant messages, and personal emails. Consumer reviews on retail websites are also differentiated from consumer reviews on such sites as *epinion.com* and *Angie's list*. These review sites base their existence on independent and unbiased information about products and services and thus no known connection to commercial interests such as online retailers is crucial for their credibility. On the other hand, consumer reviews on retail websites serve a similar function in spite of their obvious relationship to the retailers who will be directly affected by the reviews.

Indeed, it is important to understand the influence of retail website consumer reviews on purchase decisions. Consumer reviews on retail websites are also similar to other consumer-generated online information in terms of the functional characteristics and features. At the same time, consumer reviews on retail websites merit a more focused and systematic inquiry into the communication phenomenon itself. Out in the field, consumer review features have rapidly evolved due to the developments in technology to accommodate well structured databases, user-friendly interfaces, and various recommendation or reputation systems. The availability and affordability of the review function implementa-

tion services, in turn, enabled online retailers to adopt the features easily. Furthermore, the expansion of global information networks has facilitated cross-national connectivity, and the social network aspect of the Internet has imbued social and cultural significance to this new form of consumer-to-consumer communication.

Therefore, it is very timely to assess the current status of research on consumer reviews on retail websites and raise some important issues that have been overlooked by practitioners as well as researchers. To achieve this overarching goal, the first part of this chapter will be devoted to a synthetic review of existing studies on the consumer reviews. More specifically, the prevalence and popularity of consumer reviews on retail websites, the motivations for consumer reviewers, and the marketing effects of the reviews will be examined in detail. Three important message characteristics of the reviews – volume, valence, and value – that affect consumer attitudes and behaviors will be also identified and discussed, followed by a cautionary note on ethical issues related to consumer reviews.

After completing these tasks, in the second part, we will turn the readers' attention to a more fundamental question of whether the consumer reviews are commons shared by all the participants or the properties of the online retailers. Subsequently, we will present a view that regards the consumer reviews as social capital and also discuss moderation and reputation systems as quality control mechanisms. Although this second part may not seem as tactically important to marketers as the first part of this chapter, understanding this debate will strengthen their strategic position in implementing and managing consumer reviews on their websites. It is hoped that the commons vs. property debate will also attract some interest from researchers who study various user-generated content on the Web.

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