



Research note

Misreading of consumer dissatisfaction in online product reviews: Writing style as a cause for bias

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ABSTRACT

This study improves our understanding of managers' misreading of negative online reviews. Our findings are derived from a sample of 1014 written online reviews and 507 experienced marketing managers. By building on the judgment-bias literature and psychometric language-style analysis, we find several key results that can ultimately contribute to more effective information management for marketing decisions. Managers tend to better interpret negative reviews when consumers use more cognitive language markers in the form of insight and discrepancy words and more third-person pronouns (i.e., undefined social referents) in their reviews. The inverse relationship exists for the use of causality words and future tenses (i.e., behavioral intentions), as managers tend to underestimate the gravity of the situation under these conditions. Expressions of positive and negative emotions in reviews do not significantly affect managers' readings of negative reviews. Furthermore, more experienced managers and female managers are better at identifying negative reviews, and longer consumer reviews make it more difficult for managers to correctly identify negative reviews.

1. Introduction

Many companies have benefited from adopting a structured new product development (NPD) framework to ensure strong product launches, which help drive firm performance (e.g., Cooper & Kleinschmidt, 2011). Most NPD frameworks accommodate feedback loops. For example, the popular, linear, "stage-gate" model (Cooper, 2008) starts with a conceptual stage and ends with a post-launch review (PLR) stage. This latter stage is a typical feedback-loop mechanism that helps gauge the effectiveness of previous decisions and determines whether the product strategy is aligned with the company's objectives as well as consumers' expectations.

The impact of online reviews on consumer behavior is well known. Several recent studies examine the dynamic influence of these reviews in various stages of the consumer buying-decision process (Sun, 2012; Sungha, Prasad, & Ratchford, 2012). After the purchase stage, review narratives can be directly linked to consumer appreciation for products or services during the PLR stage. In fact, rich online consumer reviews are essential in the PLR stage (Chen & Xie, 2008) because the data are freely available and accessible, and because the observational setting can help managers avoid survey bias (Steenkamp, De Jong, & Baumgartner, 2010) while increasing validity. For instance, Hewlett-Packard's Fusion project collects consumer opinions and feedback from

consumer review sites, such as CNET and Amazon, in order to gain insights and early market intelligence.

This article considers a particular form of consumer feedback—negative comments that appear on consumer review websites—as valuable input for the PLR stage. Electronic word-of-mouth (WoM) communication constitutes a major portion of modern interpersonal relations and results in countless, Internet-based conversations about products and services (Godes et al., 2005; Tsao, 2013). The expansion of interactive media, such as Facebook and review blogs, as well as online review websites, such as Amazon.com, Epinions.com, and Reviewcentre.com, should enable companies to maintain and/or strengthen their continuous improvement culture (i.e., a *learning organization*) if they adapt and adjust their innovation strategies on the basis of online consumer data. Online conversations about new products thus serve as our study context because they are relevant, valuable sources of consumer feedback (Chen & Xie, 2008).

The marketing and innovation management literature suggests that misinterpretation of consumer-related data can be problematic for companies wishing to ensure effective and efficient marketing decisions. However, from an information management perspective, most studies relate such interpretation biases to information content (e.g., Russo and Schoemaker, 1992), the amount of information, the availability of information (e.g., Roberto 2002; Yates 1996), or managers'

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characteristics or beliefs (e.g., Morley, Evans, & Handley, 2004). Moreover, while the challenge of managing the sheer volume of data has often been investigated in academic literature (e.g., Li & Hitt, 2008), Coussement, Benoit, & Antioco (2015) have also recently shown that human interpretations of consumer satisfaction, as indicated in online reviews, remains important. This is especially true for negative online reviews, which tend to be fairly ambiguous in their content. Therefore, among the layers depicted in the DIKAR model (i.e., data, information, knowledge, action, and result) (Ward & Peppard, 2002) involved in aligning information technology containing data and organizational (new product) strategies, this paper focuses on the interpretation by marketing managers of consumer data shared online post-product launch. Correctly-interpreted data will lead to better overall understanding and ultimately see the right knowledge emerge for more effective actions and results; i.e., more effective decision-making.

As managers tend to be hardwired to misinterpret or ignore warnings (Tinsley, Dillon, & Madsen, 2011), a misreading of consumers' negative reviews can have significant negative consequences for marketing activities. Cases in which companies have misinterpreted customer feedback and experienced negative effects are numerous (Tinsley, Dillon, & Madsen, 2011). Consider, for example, Apple's struggles with the poor signal strength of its iPhone 4 and Toyota's attempts to deal with its vehicles' unintended accelerations, which gave rise to as many as 2000 negative online and offline reviews between 2001 and 2009. In both cases, managers misread or downplayed operational deviations that were relevant and vital for NPD success or for product improvements. Therefore, a better understanding of managers' judgment biases in relation to consumer feedback is important, as such biases affect decision making for next-generation products and, ultimately, firm performance (Cooper & Kleinschmidt, 2011).

Managers are expected to use cognitive empathy, which is defined as the mental process of adopting the customers' perspective in order to understand their needs (Grant, 2011). The extant literature identifies many blinders in this regard, such as overconfidence or a reliance on intuition, which can make it difficult for managers to correctly interpret the data that is right in front of them (Day & Schoemaker, 2004). Notably, the literature also shows that consumers themselves are biased by the presentation format (e.g., written expressions) and by individual characteristics, such as gender or life experiences, in their reading of feedback (Wolf & Muhanna, 2011). As pointed out by Robson, Farshid, Bredican, & Humphrey (2013)(p. 4), one must therefore acknowledge that "both marketers and consumers face difficulty in extracting meaning from [...] online reviews."

Little research has focused on marketing managers' potential interpretation or 'judgment biases' of consumer data during the PLR stage or, more specifically, on judgment biases that might relate to consumers' use of written expressions in their product reviews, which may lead to distorted perceptions (Carter, Kaufmann, & Michel, 2007; Franzosi, 1998; Gorham, 2006). Some researchers go as far as to state that judgment formation in managerial decision making has been underinvestigated in academia for the past 50 years (Wierenga, 2011). In building on the call for research into how words may affect perceptions in a professional-consumer setting (Schindler & Bickart, 2012), we extend the extant research by demonstrating that studies of managers' interpretations of words during the PLR stage are relevant for understanding why managers might misread negative consumer reviews as positive.

We argue that the use of certain forms of written expression in consumer feedback can lead to the emergence of judgment biases among managers (Smith, 2012). The extant research on online reviews offers little guidance in this respect. Notably, even though purely automated content analysis is "limited in its ability to reveal the communicative intent of word usage or symbolic meanings of words" (p. 5), current research on written expressions generally focuses on how consumers react to new product information provided by marketing managers (e.g., Brown & Chernev, 1997) or other consumers

(Wolf & Muhanna, 2011). As such, it fails to investigate how managers react to consumer feedback soon after a product's launch. Similar to recent research on the importance of narratives and textual cues for consumers (e.g., Baek, Ahn, & Choi, 2013; Hamby, Daniloski, & Brinberg, 2015; Schindler & Bickart, 2012; Wolf & Muhanna, 2011), we argue that the language consumers use in their reviews acts as a blinder in managers' interpretations of those reviews.

In addition to contributing to our understanding of the language-judgment bias interface in the context of information management, we clarify how the use of certain word categories (i.e., cognitive, affective, and behavioral intent) in consumer reviews may have different effects on the extent to which those reviews are misinterpreted by marketing managers. Our overall guiding research question can thus be expressed as follows: In negative online reviews, how does consumers' use of language affect managers' (mis)reading of consumer satisfaction and, more importantly, how does it lead them to be over-optimistic in their interpretation of those reviews? Finally, we aim to offer insights into whether manager-related idiosyncrasies (i.e., age and gender) or the length of a review influence review interpretation accuracy. The quantity of information (Antioco, Moenaert, & Lindgreen, 2008) and manager characteristics (Edwards, 1998) have already been identified as potential influences on the understanding and interpretation of (market) information. Our findings should ultimately serve as an aid for managers wishing to identify and prioritize negative consumer reviews, and to gather real-time, accurate, ongoing feedback during the post-launch stage of the NPD process. Therefore, we not only refine existing theory on judgment biases in the decision-making process but also practically help managers attain a less biased view of the extent to which consumers are dissatisfied with a firm's offering. In this regard, our findings contribute to theory by demonstrating that the scope of current research on judgment formation in the information management literature should be expanded to include the language structure of the message itself.

The remainder of this article is organized as follows. First, we review the extant literature on the marketing consequences of negative online reviews, judgment biases related to consumer feedback, and language dimensions in relation to those biases. Second, we develop hypotheses on why and how we can anticipate marketing managers' misinterpretation of negative consumer reviews by establishing the linguistic markers that may lead to biased readings. Finally, we present our theoretical and managerial contributions.

2. Literature review

2.1. Negative online reviews and marketing consequences

As online review websites are important for the creation and dissemination of WoM among consumers and, therefore, a rich resource for NPD feedback loops, many authors have studied the links between online chatter and firm value (e.g., Chen, Liu, & Zhang, 2012; Chevalier & Mayzlin, 2006; Chintagunta et al., 2010; Ghose and Ipeirotsis, 2011; Liu, 2006; Luo, 2007; , 2009; Sonnier, McAlister, & Rutz, 2011; Tirunillai & Tellis, 2012). These researchers note that negative word of mouth (NWoM) is generally the most harmful for companies, as it has unfavorable effects on various company indicators. Fundamentally, if consumers complain about a company's offering, then that offering appears technically unsound or unable to meet consumers' needs. Firms that receive more NWoM also experience negative impacts on consumer loyalty, resulting in fewer repurchases, increased defection rates, and higher customer-acquisitions costs (Gupta & Zeithaml, 2006; Rust, Lemon, & Zeithaml, 2004). Widespread descriptions of negative consumer experiences also can have significant negative influences on corporate image, institutional legitimacy, and stakeholders' trust in an organization (Keller, Parameswaran, & Jacob, 2011; Luo & Bhattacharya, 2006). Although it provides firms with valuable information, NWoM can have destructive effects on firms'

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