



SOCIAL MEDIA AND WEB ANALYTICS

Online Reputation Management

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Chapter 1: Introduction

The goal of chapter 1 is to give background on the research, give information about the company, explain the problem, and finally the organization of this report.

Company

Bol.com is an online Dutch and Belgian web shop offering 47 million unique products purchased by over 13 million Dutch and Belgians. They work with over 45,500 third-party vendors who can sell through the platform (Ahold Delhaize, 2022). Third party vendors are a critical source of income for Bol.com as it accounts for around 60 percent of the company's total revenue. Due to Covid-19, brick-and-mortar stores had to close which led to a growth in online third vendor sellers at its most the past year and is expected to only grow further (Sabbe, 2021).

Problem statement and objective

Third party vendors are an important source of income for Bol.com which makes it important for the company to ensure that the reputation of these sellers is perceived as positive. Bol.com's Seller Experience team experience problems with improving the reputation of new third party sellers as they have less and noisier reviews. Online reputation is seen as an asset, especially in e-commerce markets and it affects several elements such as, revenue, prices and transaction volume and survival likelihood (Fan, Ju, & Xiao, 2013). It is important in developing trust because reviews posted by other consumers are perceived as highly credible. Consumers use reviews in their decision-making process to find new brands and businesses and to see how they do (Deer, 2022).

Many companies face the challenge to minimize the negative effects of reviews while maximizing the benefits of online reviews (Sparks & Bradley, 2017). This is hard for most companies as research shows that negative reviews count harder than positive in terms of number of sales made (Cabral & Hortacsu, 2010; Chen, Dhanasobhon, & Smith, 2008). Next to this, once a brand receives negative feedback, it will only generate more negative feedback (Cabral & Hortacsu, 2010). Therefore, it is crucial for Bol.com to assist its third vendor sellers in creating less noise in their reviews.

The objective of this paper is to strategically advise Bol.com on how they can improve the reputation of its new third party vendors on the website. An analytical framework will be presented to assist Bol.com and its third vendor sellers which steps they could take to improve online reputation.

Approach

In chapter two the theoretical background is explained which will be the foundation of this report. In chapter three, based on the theories, an analytical framework is presented which could be used by companies who are operating in the ecommerce market and are an online retail platform coping with third vendor sellers.

Chapter 2: Theoretical Framework

Reviews & Response

Reviews are viewed as credible by consumers and thus are an essential component within the consumer decision-making process. It is therefore of high importance that Bol.com helps their vendors to improve their reputation by generating more reviews and less noise (Proserpio & Zervas, 2017). Bol.com should better utilize positive consumer reviews to increase consumer awareness about products. Next to this, research found that adverse impact of negative reviews on sales is significantly stronger than the favorable effect of equivalent positive reviews. The number of negative reviews should be reduced and improve customer satisfaction (Li & Shimizu, 2018).

Research shows that responding as a company to reviews play an important role in managing a business's online reputation. Responding is likely to affect how the brand is perceived by consumers and will influence their willingness to buy. Therefore, it is beneficial to create a production of responses to reviews (Sparks & Bradley, 2017). Research suggests that negative reviews have a bigger impact than positive ones and that companies should respond to especially negative reviews (Li & Shimizu, 2018).

Chen et al. (2019) suggests that managerial responses to reviews in general is advised to improve your online reputation. They found an effect on the volume of reviews and a little effect on valence. Thus, managerial responses will lead to a larger number of reviews and will stimulate consumers to post responses. They also found that once you decrease your response rate to consumer reviews, the influence of managerial response will decrease. This could be due to the feeling of valuation that consumers get when businesses respond to them which leads to a higher motivation. Another explanation could be that managerial responses decrease the impact of negative responses to future sales (Chen, Gu, Ye, & Zhu, 2019).

But how to respond to these reviews? Should they only answer on positive reviews to emphasize the positive comments and move away from the negative comments? Or should they answer all the reviews? The length of Bol.com's responses depend on what kind of review it is. Chen et al. (2019) argued that the response should be longer in length when responding to negative comments as this shows that a company cares about its consumers and really wants to solve the problem. It will also generate more reviews in the future. In contrast, they have found that when a company writes long responses to positive comments, it will only distract the consumers and will eventually decrease the number of reviews consumers write (Chen, Gu, Ye, & Zhu, 2019).

Managerial response is a more ethical and honest way to generate more and positive reviews than post fake reviews or pay your consumers to write reviews. It could increase sales and the volume of posted reviews. In applying this strategy, Bol.com should consistently apply this strategy to ensure that responses will remain on the first page of the product page. Next to this, they should consider whether the review is positive or negative in the way they write their responses as this could affect their online reputation as well (Chen, Gu, Ye, & Zhu, 2019).

Chapter 3: Analytical framework

Based on the theories, an analytical framework could be developed which can help Bol.com to assess the success of the proposed strategy. It shows steps that they should continuously take to improve the volume of reviews and the noise in the reviews.



First, the type of review should be established (positive versus negative). Secondly, the business writes its response and base the length on the type of review. Lastly, they should monitor the number of reviews and whether they are positive or negative over time to see the effects of implemented strategy.

Chapter 4: Conclusion

To improve the online reputation of Bol.com's new third party vendors, they should consistently respond to every review posted by consumers from the start. It is important to base the length of the managerial response on whether it is a positive or negative review as this could also affect the online reputation. It will potentially lead to more sales and an improved online reputation with more reviews and less noise as of the start.

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