

WEBCARE AND BRAND EVALUATIONS: OPTIMIZING WEBCARE STRATEGIES FOR SERVICE BRANDS

ABSTRACT

Keeping in mind the growing significance of online reviews, management of responses to the customer reviews – Webcare, has been gaining acceptance in recent times among businesses. Unlike the traditional complaint redressal processes and channels, how a firm responds to online reviews can send a signal to the readers of the reviews contributing to their brand evaluations. Strategically examining, a firm needs to optimize the resources spent in responding to all reviews or a select few depending upon their likely influence of the brand. This thesis aims to provide understanding of how exhaustive-selective webcare strategies influence brand evaluations. Exhaustive strategy is when a brand responds to all reviews while a selective strategy is when a brand selectively responds to either positive or negative reviews. It also explores the role of contextual variables such as review balance, review frame and response time as moderators on such influences.

This is one of the first studies to look at online review management/ webcare from a signaling perspective which provides better explanation of webcare efforts in managing responses to the reviews. This marks a shift from the dominant theoretical approach using a justice theory based approach in this domain. Extant literature has also been assimilated using the signaling theory framework which can identify gaps and trigger several researches in future

Four scenario based experiments were used to manipulate the strategy (exhaustive-selective) and the moderators (review balance, review frame and response time). Each experiment was conducted with single stage designs where the participants had to respond to the questionnaire after being exposed to a stimulus. The stimulus was modeled based on popular travel and review website. The 910 participants of the experiments were identified using online panel managed by UK based Prolific Academic.

Exhaustive strategy is found to be the most effective strategy for influencing brand evaluations in all conditions. In addition, two interesting results found can have practical implications – selective negative strategy is effective as an exhaustive strategy in almost all cases and a selective positive strategy is no better than not having a webcare in almost all cases. Moderation effects of review balance, review frame and response time are also established.

This thesis provides many practical managerial implications. Webcare should be approached from a brand management perspective rather than from a service management perspective. Firms need to plan careful resource deployment in responding to the online consumer reviews in order to build brand equity and reputation. Webcare strategy adopted needs adaptation based on the online review platform where the reviews are responded to. Brand manager must stay away from adopting

a selective positive strategy which has been found to be inferior to the other two strategies in almost all conditions and no better than no webcare condition in certain cases. Being prompt in responding to online reviews is always the best strategy when adopting a selective strategy while the response time does not matter in an exhaustive strategy.

The thesis also provides avenues that can be pursued for future research. The interaction effects of the various strategies adopted together on brand evaluation and loyalty have not been explored and would be of interest to academicians and managers. The study has consciously taken a service industry perspective since it has more experience attributes than products, but it might be interesting to explore whether exhaustive and selective webcare strategies might have an effect on brand evaluation of products as well. Signal strength can be impacted due to countersignals from advocates/critics of the brands such that an advocate can strengthen the signal while a critic can weaken or even reverse the signal.

Keywords: Webcare, online reviews, signaling theory, exhaustive-selective strategy, response to reviews