Sidestepping the Home Buying Process
Ashley S. Otto, PhD, Joshua J. Clarkson, PhD, and Frank R. Kardes, PhD

Partner Phubbing: How Cell Phones Impact Romantic Partnerships
James A. Roberts, PhD and Meredith E. David, PhD

Outperforming Whom? Performance-Prove Goal Orientation
Bart Dietz, PhD, Daan van Knippenberg, PhD, Giles Hirst, PhD, and Simon Lloyd D. Restubog, PhD

Don’t Overcomplicate -- Adapt and Simplify
Sven Mikolon, PhD, Anika Kolberg, PhD, Till Haumann, PhD, and Jan Wieseke, PhD

What are People Saying about You? Using eWOM to Protect and Build Your Business
Ana Babić Rosario, PhD, Francesca Sotgiu, PhD, Kristine de Valck, PhD, and Tammo H.A. Bijmolt, PhD

INSIDER: So, You’re New to Sales
Austin Taylor, MBA Candidate

INSIDER: A Beautiful Constraint – Turning Obstacles into Opportunities
Anand Vamsee Jonnabhotla, MBA/MSIS Candidate
What are People Saying about You? Using eWOM to Protect and Build Your Business
Ana Babić Rosario, PhD, Francesca Sotgiu, PhD, Kristine de Valck, PhD, and Tammo H.A. Bijmolt, PhD

Do you know that what people say about you on the Internet impacts your business? According to the National Association of Realtors, four in ten buyers use the Internet as a first step in the home buying process (NAR 2015). Additionally, 94 percent of millennials and 84 percent of baby boomers use websites in their home searches (NAR 2015). Having a strong online presence is becoming increasingly important. So, how do you accomplish that?

Electronic word of mouth (eWOM), or buzz, is rapidly replacing many face-to-face interactions. Nowadays consumers are able to share their thoughts with others at a much faster rate; they are sharing reviews, ratings, tweets, blogs, “likes,” “pins,” “snaps,” images, and video testimonials. Consumers will use this information to consult with each other in an attempt to minimize functional and financial risks typically involved in a purchase decision.

The question is: how can a business positively affect such consumer-generated content to reduce client risk and subsequently increase sales? A number of factors will determine the effectiveness of eWOM, including the characteristics of the online environment where eWOM is displayed (various characteristics of online platforms), characteristics of the product (some products naturally carry more risk), as well as the ways in which eWOM is measured and collected on the Internet (different metrics reflect different mechanisms of risk reduction). You can track how your client perceives the offering to increase the likelihood of more client feedback (preferably consistent and positive feedback!) and the success of your business in terms of sales.

Our Study

For this study, we surveyed scientific databases and scholarly journals and collected 96 articles that examine the impact of eWOM on objective measures of firm performance, such as revenues and the number of product/service units sold. We compiled a dataset that was accompanied by time-varying information reflecting the nature of 40 online platforms and 26 different product categories at the time of original data collection. For instance, by doing this we acknowledged...
that eWOM may have differently impacted the sales of digital cameras back in 2003 compared to 2012.

In addition, we distinguished between three major types of online platforms: social media, review and opinion platforms, and e-commerce platforms. Examples of these types of platforms relevant to the home-buying market are Facebook, Zillow, and Trulia, respectively. Similarly, we additionally analyzed the characteristics of products by recording their type (tangible good vs. intangible service), hedonic score (how much pleasure is derived from consumption), life cycle stage (newly released vs. mature products), and the level of financial risk (represented by the product price).

Finally, we investigated the effects of four key metrics of eWOM: volume, valence, composite valence-volume, and variance. Volume describes the quantity of eWOM; valence describes the nature of eWOM, i.e. whether it is positive or negative; composite valence-volume helps distinguish measurement in absolute terms (e.g., number of positive eWOM) from measurement in relative terms (e.g., ratio of positive eWOM). Variance describes the degree to which consumers agree on the product’s quality; for example, if a product has a large number of positive and negative reviews, the variance would be high.

**The Importance of Online Platforms**

We find that, on social media platforms, eWOM receivers are more strongly influenced due to relatability of the consumer who posted eWOM. However, when looking at eWOM posted on e-commerce platforms, this sense of relatability seems to be less important and will not matter much for the business in terms of sales. Therefore, within the social media field, marketers should strive to increase the relatability between past customers and potential customers by giving past customers the opportunity to provide information about themselves in the form of a username, avatar, profile page, or geographic location. For e-commerce platforms, it would be beneficial to make eWOM information readily available and less structured by bringing it to the forefront of the e-commerce page for the consumer rather than embedding the information in subpages.

**The Importance of Product Characteristics**

Since services have a higher functional risk (i.e., uncertainty in performance) compared to regular products we can assess prior to purchase, eWOM is especially important to reassure consumers. It may be useful to emphasize one characteristic over the other depending on the consumer’s priorities. A third area to emphasize is where a product falls within its product lifecycle. For newer products, eWOM is more influential have a higher correlation of eWOM to sales than mature products. Therefore, real estate professionals may want to carefully construct
approaches for building eWOM for newer properties, as potential buyers and renters will face more uncertainty due to lack of complete information.

The Importance of eWOM Measurement

In terms of metrics, eWOM volume and composite valence-volume are most important for sales. Both the total number of eWOM and the number of positive eWOM are more influential on sales than an average rating. Finally, variance of reviews jeopardizes sales because consumer disagreement creates uncertainty about the performance of the product or service, rather than helping resolve it for potential buyers and renters.

Implications for Real Estate Professionals

We believe that our research on eWOM suggests three key implications for real estate professionals: (1) provide a platform, (2) encourage more eWOM reviews, and (3) monitor and settle consumer disagreements.

Provide a Platform

eWOM is positively correlated with sales, so it may be wise to provide clients with a platform to provide feedback and review your services. One avenue for a testimonial would be on your official website, so that whenever a person wants to learn about your services, s/he knows where to go. eWOM that is displayed on e-commerce platforms has the highest correlation with sales compared to eWOM on other platforms, so this is a tool you should not neglect for generating and sustaining business. Another avenue is your social media page through a platform such as Facebook.

To utilize your website and social media page most effectively, it is essential that your clients find reviewers both relatable and trustworthy. Simple ways to enhance these characteristics include displaying geographic location, displaying a real name or username, allowing the client to upload avatars, and enabling interaction with the reviewer through email or private message. For example, on your own website, you should encourage reviewers to post their real names and general locations. Clients are most closely associated with friends and family, so provide your clients with a resource that allows them to share feedback or interesting offers on other websites such as Facebook or LinkedIn.

Another opportunity is to use Realtor.com (a platform with elements of e-commerce sites, review and opinion sites, and social media sites) because it is the first online real estate website to base ratings and reviews on guidelines for professional evaluation from the National Association of
Realtors (NAR). Through a membership with NAR, you will have access to a Realtor.com account.

Realtor.com recently announced agreements with three review and opinion platforms—Quality Service Certification, Inc. (QSC), RealSatisfied, and Testimonial Tree—which allows clients to access consolidated information about you and other potential real estate agents. So, after a client posts a review on one of these platforms, it is automatically recorded on your Realtor.com profile, which gives prospective clients a place to read all reviews of your services.

In addition, the QSC program strengthens your credibility because 95 percent of Realtors who have participated in the program are reviewed as “satisfied or very satisfied” in terms of service as compared to the national average of 58 percent satisfaction (Realtor.com 2015). Additionally, Testimonial Tree allows you to publish client testimonials to a Realtor.com profile or to your social media page, which further increases your visibility.

Encourage More eWOM Reviews

Don’t hesitate to ask your clients to submit on-line reviews for you when you complete the home-buying process. Be confident and ask satisfied clients to post a review of your service, which the client can do by filling out a review on a mobile device. You may find novel ways to encourage reviews by including “review me” with hyperlinks in your email signature block, directing clients to specific review sites for immediate action. Another method to increase the number of your reviews is by providing your clients with an incentive to review you. This could be done, for instance, through gift card drawings: When a client reviews your service, enter his/her name in a quarterly drawing for something simple such as free carpet cleaning or lawn care maintenance. It doesn’t have to be expensive, just something to reward the client for the time s/he spend reviewing your service.

Monitor and Settle Consumer Disagreements

You will want to actively manage the eWOM about your service, particularly if you are representing a real estate agency or an apartment complex, rather than a single-time property seller. For example, on your webpage or social media page, be sure to feature trustworthy and
relatable clients that provided the most positive reviews. In effect, you will influence what prospective clients will see when looking for a realtor. In addition, you may consider designing strategies to address any consumer disagreements online, directly on the page where negative feedback appears. For instance, you may want to emphasize positive changes, such as renovations, for properties where consumers have complained about the disadvantages of older builds.

Conclusion

For continued success, it is important to monitor eWOM and encourage clients to provide their feedback, especially the positive kind. Provide an opportunity for people to share experiences and influence how others perceive you. Your official website, review and opinion platforms, as well as your social media page all provide clients with the opportunity to contribute to your business. Finally, understanding where and why consumers disagree on particular aspects of your service will help you control the potential damage to your bottom line.

Recommended Reading


References


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Kristine de Valck has been an Associate Professor of Marketing at HEC Paris since 2004. She has been on the digital forefront since 1999 when she started her PhD about the knowledge and friendship networks in virtual communities of consumption at RSM Erasmus University. Over the past 15 years, her research and teaching focus on how the Internet in general and social media in particular have changed consumer behavior and the marketplace. Some of her latest research interests include measuring the ROI of social media marketing, understanding changing television series consumption patterns due to the rise of digital technologies, as well as managing member conflicts in online communities of consumption. Her work has been published in outlets such as the *Journal of Marketing, Journal of Marketing Research, Journal of Interactive Marketing, Psychology & Marketing, British Journal of Management, and Decision Support Systems*. She has also contributed to various edited books. Kristine has won multiple awards for her research including the prestigious *Citations of Excellence Award 2013* for her dissertation-based article that is among the 50 most-cited publications among 13,000 articles published in the top international academic journals.

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