Incentivized reviews: Promising the moon for a few stars

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ABSTRACT

This paper studies the motivations behind incentivized consumer reviews generated via influencer marketing campaigns. Exchange theory is applied as a theoretical framework to analyze, in a qualitative and a quantitative study, the relationship between incentivized reviews and the satisfaction ratings assigned by consumers to a product. The main contributions of the study find that incentivized campaigns can contribute to a sustained increase in the number of reviews and have the potential to lead to higher purchase potential. Moreover, this study also uncovers that incentivized electronic word-of-mouth, in the form of consumer reviews, leads to increased consumer interest and desire to find out more about the product through search engines. Our findings also show that the scope of exchange theory can be broader, from an exchange between two parties to more complex relationships, between brands, influencers, and consumers, through an emerging, specialized word-of-mouth technique.

1. Introduction

Word-of-mouth marketing is a brand-initiated strategy of intentionally persuading consumer-to-consumer conversations (Kozinets, 2010). Social media enabled word-of-mouth marketing is a powerful mechanism for quickly disseminating positive message about brands. Some examples of WOM marketing tools include viral videos, contests, challenges, teaser advertisements, and influencer marketing. Its purpose is to encourage organic word-of-mouth, without intervening in the posting process and the content of consumer generated conversations.

Influencer marketing, a relatively new word-of-mouth marketing technique, goes even further, by compensating connected social media participants who have the credibility, following, and motivation to drive positive word-of-mouth to a broader and salient segment of the market. Influencer marketing focuses on consumer-to-consumer campaigns in which the identified influencer receives incentives to post positive messages about a brand so that it permeates throughout their valuable network via electronic word-of-mouth (eWOM). In this case, consumer reviews are not organic. Reimer and Benkestein (2016) found that eWOM is positively impacted by consumer incentives; however, this also entails a possible risk for the perception of the company, especially when reviewers receive material rewards.

Influencer marketing is not without challenges. On the brand side, it is difficult to identify, recruit, activate, and retain high-value influencers. Brands want influencers who have an authentic personal brand and are trustworthy. Influencer outreach is costly and time-consuming.

Incentives are a necessary component of an influencer marketing campaign because only a small fraction of social media influencers will write a positive or negative review without even the slightest incentive, which may include both money and product samples. On the influencer side, it is hard to self-identify, join, stay motivated and maintain a long-term commitment to brands, as incentives are regularly needed and real-life consumption is expected to be aligned with influencer communication. High-value influencers will only work with brands they perceive to be authentic and trustworthy. Influencers can find that their online fame also results in an 'always on' lifestyle, which can be physically and emotionally exhausting. Incentives are an effective method to engage with influencers and get them to recommend a product or service (Wirtz and Chew, 2002).

Despite the efforts of businesses to legitimately engage in influencer marketing, the level of integrity and unethical conduct in fake reviews is still a problem. Amazon has recently filed a lawsuit against more than 1000 unidentified individuals who were allegedly selling fake reviews on Fiverr.com for products sold on Amazon (Soper, 2015). Businesses have started campaigns to incentivize buyers with a variety of discounts and promotions for posting positive recommendations. However, some companies still have disguised business-generated reviews as consumer recommendations in the anonymity of the Internet (Mayzlin, 2006, 2014). An entire industry has developed around influencer marketing, including managing both the brand side and the influencer side with sophisticated databases to manage campaigns and track influencer activity. These companies can support brands by finding the best

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influencers and providing small incentives in exchange for posting on social media or product review sites. BzzAgent (www.bzzagent.com) is one of the largest influencer marketing agencies.

This type of campaigns through third-party firms are seeded marketing campaigns (SMCs) (Chae et al., 2016). They consist of potential influencers responding to surveys, being matched with products and then directed to post their comments on different social media sites and online retailing websites. Smiley360 (smiley. socialmedialink.com) offers products and coupons in exchange for posting on personal blogs or social media. Influenster (influenster. com) requires that influencers have a blog, YouTube channel, or Twitter account to receive product samples.

While posting fake consumer reviews is hard to control, this situation has resulted in manufacturers, retailers and third-party companies developing technology platforms for systematically managing customer reviews (Zhou and Duan, 2015). Research on the effectiveness of these marketing campaigns is scarce. There are few studies (Anderson and Simester, 2014; Chae et al., 2016; Zhou and Duan, 2015) that offer an explanation on how consumers respond to these techniques or if they might perceive any of them as disingenuous. Not a lot is known about how product reviews on a manufacturer's website influence those on a retailer's portal or if fake reviewers contribute to sales and positive word-of-mouth, although reviews, in general, have a positive impact on consumers. Most of the research has looked at the characteristics of ideal seeds (Hinz et al., 2011), the relationship between loyalty and consumer seeds (Godes and Mayzlin, 2004), the spillover effect of seeded WOM on marketing campaigns (Chae et al., 2016), and the types of brands that will generate more WOM. However, to our knowledge, there have not been studies looking at the consequences of word-of-mouth seeds on consumers.

Therefore, this research examines the consequences of consumer reviews generated by influencer marketing campaigns as a result of receiving a product for free. We draw on exchange theory as the theoretical framework (Gatignon and Robertson, 1986; Ryu and Feick, 2007). Our study is the first attempt using exchange theory as the main framework for understanding the motivation behind being involved in incentivized reviews. Exchange theory has been used for referral and reward programs (Ryu and Feick, 2007), but not in the case of online incentivized reviews. We analyze influencers' motivations behind involvement in incentivized reviews using both a qualitative and a quantitative study.

Our objective in the qualitative study is to differentiate between verified reviews and incentivized reviews regarding the positive versus negative sentiments that consumers show, as well as regarding the primary characteristics of the product, brand, and purchasing process that are important, including price and quality, in the two types of reviews. These differences are then further explored in a quantitative analysis in which we analyze the relationship between incentivized reviews and the satisfaction ratings assigned by reviewers to the respective product. Also, we focus on the receiving end of the communication model and analyze the reactions of consumers who are the recipients of the message. Considering the word-of-mouth literature, this paper looks at the relationship between incentivized review campaigns and their effect on the quantity and the sentiment of reviews. It also explores the relationship between incentivized review campaigns and consumers' further search for information about the product, as well as their purchase intentions.

Overall, this study characterizes several aspects of incentivized consumer-generated reviews, an area of considerable importance to sellers of products and services online and to consumers who rely on the authenticity of these reviews. We also analyze the differences in the number of reviews and the satisfaction ratings that happen even after the campaign, as well as their impact on purchases. From a theoretical standpoint, this paper fills a gap in the literature by providing an understanding of incentivized reviews motivations. From a managerial perspective, this article can show the effect of seeded marketing

campaigns on consumers' search for information, as well as purchase intent. The study also provides more questions for future research in detecting the differences between fake product reviews, incentivized product reviews, and organic/non-incentivized product reviews.

The paper is organized as follows. First, the literature related to incentivized online reviews is summarized. An exploratory, qualitative study is performed on reviews from Amazon.com, to examine the differences between reviews from consumers who purchased the product and those who received incentives. Then, a conceptual framework is proposed to enable our hypothesized relationships, and a multi-methods study is conducted to test the hypotheses. Finally, the results are presented with managerial implications.

2. Incentivized online reviews

A wide range of information is available to consumers during the buying decision process, including electronic word-of-mouth and consumer-generated content. Because of this array of information, consumers have gained considerable power, by communicating their satisfaction or disappointment with a product or purchase experience in the online environment, usually by clicking from one to five stars in addition to writing about their product experiences. Even though there are many tools through which consumers can communicate, including social media posts, blogs, and forum discussions, the most widely used are online customer reviews (Casaló et al., 2015; Kostyra et al., 2016; Moon and Kamakura, 2016).

There are different platforms where customers can post comments and reviews (positive and negative), including the manufacturer's website, the online retailer's website (Walmart, Amazon, and others), as well as on review aggregators, whose primary purpose is to host reviews, such as Yelp and TripAdvisor (Anderson and Simester, 2014; Chevalier and Mayzlin, 2006; Godes and Mayzlin, 2004; Munzel, 2015). Research has even found that customers show more interest in user-generated product information on the Internet than toward information provided by businesses, while online reviews are the second most trusted source of product information, after family and friends (Salehan and Kim, 2016). Online customer reviews have been defined as "peer-generated product evaluations posted on a company or third–party websites" (Mudambi and Schuff, 2010). Customer reviews generate more sales (Mudambi and Shuff, 2010; Chen et al., 2008; Clemons et al., 2006), affect consumers' trust (Pavlou and Gefen, 2014) and create more word-of-mouth spillover effect (Chae et al., 2016; Kostyra et al., 2016; Moon and Kamakura, 2016).

Some reviews are posted spontaneously by non-seeded consumers, and some others are posted by seeded users, which are usually incentivized by manufacturers, retailers or third-party companies offering free samples or products free of charge in exchange for consumer reviews and electronic word-of-mouth in social media. In return for these seeded WOM reviews, consumers can have access to free trials or sampling of electronic products, such as software programs, either with limited functionality or for a limited period, and free book previews on Amazon and Google (Zhou and Duan, 2015).

Influencers who participate in these programs are usually motivated to be as active as possible to be included in other future incentivized opportunities. For example, each consumer with an account at BzzAgent receives points for reviews posted and messages shared on social media, and the standing and ranking of the account changes according to this activity. The better the ranking of the account, the more incentive options the particular consumer will receive. In summary, incentivized reviews are based on an exchange between the manufacturer, distributor or a third-party company and the influencer. Influencers are motivated to post reviews when they receive a sample, a discount coupon or another material incentive in return for their posts. Therefore, we define incentivized reviews or seeded reviews as online product and service reviews posted on e-tailers or review websites as a result of an incentive received by the reviewer.