Expressions of Gratitude Applied to Business: A Lesson for Managing Online Reviews

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Running Head: APPRECIATION PREDICTS BUSINESS ONLINE REPUTATION

Abstract

Online reviews are critical for business thriving, but their management is not often effective. Using data from one Social Media platform, with more than 600 observations of public online interactions between business owners and customers, we showed that a strategic management of online reviews predicts a positive increment of online reputation. Publicly expressing gratitude (Study 1), and specifically, directing these expressions towards beneficial online reviews (Study 2), are effective strategies supporting a general increase of the business online score. These findings identify public expressions of gratitude as a responsive, attentive gesture that signals care and consideration towards customers. Such gesture promotes the online reputation through satisfaction between business-community relationships.

Keywords: expressions of gratitude, online reputation, business, online reviews

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Reviews

Consumer Psychology and digital market leveraged the importance of online reputation, with indicators predicting that more than 50% of consumers try a product or consume an experience based on its online rating (Social Media Today, 2018). The online reputation was initially perceived as a unidirectional process, however business owners soon realized the importance of an active contribution to their own online reputation (Nguyen & Coudounaris, 2015). They moved away from the willingness to fully satisfy their customers to a more interactive business-consumer relationship. Nonetheless, what is still missing is the understanding of the most efficient way to manage and improve such digitally mediated relationships, which are often susceptible to the inexperience of business owners when facing both positive and negative online reviews. Through social psychological research insights, we aim to explore how business owners can positively invest in the relationship with their customers while at the same time improve their online reputation.

Evidence indeed shows that directly engaging in digital platforms is crucial to build a relationship of trust with customers (Kumar, Qiu & Kumar, 2018), and responding to online reviews are a way of publicly humanizing the business-customer interaction. However, it can be an advantage or a disadvantage for the relationship. Even though most responses to reviews are expressions of gratitude (Zhang & Vásquez, 2014), business owners can get really emotional and angry when managing negative comments (Napolitano, 2018), neglecting the most efficient way of dealing with these online reviews and the consequences of expressions of gratitude and negative reactions to the business online reputation.

Previous evidence showed that after receiving expressions of gratitude, individuals feel more socially valued (Grant & Gino, 2010) and prosocial (McCullough, Kilpatrick, Emmons, & Larson, 2001), influencing psychological states such as generosity and cooperation. Saying thanks shows receptiveness to and acknowledgement of kindness, signaling expressers of gratitude as safe targets for future investments (McCullough, Kimeldorf, & Cohen, 2008). The high levels of trust from gratitude have been interpreted as an acknowledgment for success (Dunn & Schweitzer, 2005; Jackson, Lewandowski, Fleury-Steiner, & Chin, 2001), creating then the optimal circumstances for positive social interaction (McCullough et al., 2008).

All these responsiveness synonyms are crucial for both interpersonal (Simão & Seibt, 2014; 2015) and business interactions. Service quality is partially identified by responsiveness, a way to engage with customers signaling the willingness to help (Ladhari, Pons, Bressolles, & Zins, 2011), and responded with gratitude from the customer perspective. For business owners, expressing messages of gratitude have a positive long-term relational effect (Raggio, Walz, Godbole, & Folse, 2014), however, it is yet unexplored how these expressions of gratitude are perceived by the community when they are expressed publicly. If they are a relational signal, they should demonstrate general responsiveness to the kindness of customers on reviewing the business, which should increase the business online reputation. On the contrary, expressions of negative reactions or no replies, as they do not signal any relational intention, should not be associated to the business online reputation.

Study 1

Study 1 tested whether business owners' responses expressing gratitude, but not reacting negatively, would positively predict an increase of the business online reputation.

Method

We used G*Power software (Faul, Erdfelder, Lang, & Buchner, 2007) to calculate the sample size required to detect a medium effect based on a coefficient of determination of 20% ($r^2 = 0.2$). The *Determine* button calculated automatically the $|\rho|$ from the coefficient of determination r^2 as a medium effect size ($\rho = 0.45$). To achieve 95% power, α level of 5% (two-tailed), the estimated sample size was 59 cases. Therefore, we randomly selected 59 food business partners listed in one of the most popular social media platforms (www.zomato.com), from which we coded and analyzed data (all data have been made publicly available via Open Science Framework and can be accessed at https://osf.io/nur5t/). Our sample was comprised mainly of casual dining restaurants (67%) and fine dining restaurants (17%). The remaining 16% was divided into food court establishments, cafes, pastry-cafes, teahouses, and general bars, lounge bars, or wine bars.

Procedure and measurements

We gathered data from food business partners that are listed in the Zomato platform. Therefore, we selected each food business partner that appeared every 15th case. The procedure went on until we got to the size of 59 completed cases.

Online reputation

It was measured through the online rating of each business partner, ranging from 1 (very poor) to 5 (excellent). Customers generally attribute this rating after using the service and it should translate into how much they enjoyed the experience.

Expressions of gratitude

This variable was measured by counting the number of times business owners responded expressing their gratitude to popular reviews. To be coded as an expression of gratitude, the interaction had to explicitly say "*thanks*" or express any appreciation about the review.

Negative reactions

We counted the number of times business owners responded negatively or defensively to popular reviews. To be coded as a negative reaction, the interaction had to explicitly express a negative reaction to a review or counter-explain defensively the details of any experience customers shared or negatively criticized.

Number of most popular reviews

Each business partner has a different number of its most popular reviews. Those are the reviews that show up first in the feed and were rated by other online users as useful. Consequently, these popular reviews automatically appear online when users want to check a business partner's reviews.

Total number of reviews

This variable measures the total number of people who rated the business partner.

Results

To test our main hypothesis that the number of expressions of gratitude from the business owners was positively associated with the restaurant online reputation, we first conducted a correlation analysis. Because values of both variables assume different scales, the Spearman coefficient was selected. As predicted, there is a positive correlation between the number of expressions of gratitude and the business online reputation, $\rho = .44$, $p < .001$, $r^2 = 0.19$. The relation between the negative reactions and business online reputation was not statistically significant, $\rho = .20$, $p = .126$, $r^2 = 0.04$.

Following we conducted a regression analysis to make a prediction of how much an expression of gratitude would increase the online reputation rating of a business partner after controlling for the negative reactions, the number of popular reviews and the total number of reviews. Results revealed that expressions of gratitude significantly increased the online reputation of a food business partner, $\beta = .45$, $p = .024$, even after controlling for negative reactions, $\beta = -.01$, $p = .958$, number of popular reviews, $\beta = -.10$, $p = .666$, and total number of reviews, $\beta = .27$, $p = .083$.

Study 2

Taking into account that perceptions of gratitude are only triggered by benefits (Simão & Seibt, 2014), we tested if expressions of gratitude would be more effective when targeting positive (beneficial) ratings. Thus, we predicted that only when gratitude was expressed towards beneficial ratings, (vs. negative, non-beneficial ratings), would it increase the online reputation.

Method

As in Study 1, we used G*Power software (Faul et al., 2007) to calculate the minimum sample size required. Based on the inputs from Study 1, to detect again a medium effect size ($f = 0.28$) with 95% power, α level of 5%, and considering 4

predictors, the number of cases should not be less than 72 cases. We collected a few

more observations and ended up with 86 cases from different restaurants. Our sample

was comprised mainly of casual dining restaurants (63%) and diners (15%). The

remaining 22% was divided into food court establishments, cafes and pastry-cafes, fine

dining restaurants, and fast meals, or wine bars.

Procedure and measurements

Similar to Study 1, we randomly selected 86 different food business partners that

are listed in the Zomato platform and coded its data.

Online reputation

Was measured, as in Study 1, by the average rating of each business partner,

ranging from 1 (very poor) to 5 (excellent).

Expressions of gratitude

Beneficial expressions of gratitude are the number of times a business partner

responded to a positively rated review (3-5 stars). ***Non-beneficial expressions of***

gratitude are the number of times a business partner responded to a negatively rated

review (1-2 stars). Responses expressing gratitude were coded as in Study1.

Negative reactions

Beneficial negative reactions takes into account the number of times a business

partner responded to a positively rated review (3-5 stars), whereas ***Non-beneficial***

negative reactions concern the number of times a business partner responded to

negatively rated reviews (1-2 stars). Responses expressing negative reactions were

coded as in Study1.

Results

We tested whether expressions of gratitude would only be positively associated with the online reputation when business owners responded expressing gratitude towards beneficial reviews but not when they responded expressing gratitude towards non-beneficial reviews. Again, we also predicted that negative reactions, whether beneficial or non-beneficial, would not positively contribute to the online business reputation. Therefore, we conducted a multiple regression analysis entering online reputation as the dependent variable, beneficial and non-beneficial expressions of gratitude, and beneficial and non-beneficial negative reactions. Results revealed that beneficial expressions of gratitude were the only significant predictor of online business reputation, $\beta = .29$, $p = .037$. Neither non-beneficial expressions of gratitude ($\beta = -.04$, $p = .764$), nor beneficial negative reactions ($\beta = .17$, $p = .190$), nor non-beneficial negative reactions ($\beta = .06$, $p = .582$) were statistically significant.

Discussion

Expressing other-praising behaviors is closely related to the perception that the expresser has a responsive attitude. Specifically unique to the emotion of gratitude is the link between other-praising and relationship promotion (Algoe, Kurtz, & Hilaire, 2016). Data from more than 600 naturalistic observations from 145 business owners to their customers' reviews suggest that praising their reviews with appreciation significantly increased the consumers' satisfaction, or so-to-say, their online reputation. Particularly, when gratitude expressions are directed towards beneficial reviews. We believe that expressing gratitude towards non-beneficial reviews may not be very effective, as it may send the message that the expression is not genuine, and therefore not appreciated.

Business insights often advise business owners to address negative reviews by providing the context of the visitor's experience and sharing the rest of the story (e.g.,

Tripadvisor Insights[1]). However, our data show that it may not be an effective strategy;

adopting a defensive attitude towards reviews does not promote consumers' satisfaction.

When sharing in the public sphere, only indicators of responsiveness from owners seem

to promote the business reputation.

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[1] https://www.tripadvisor.com/TripAdvisorInsights/w637

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