

The Approach of Consumer Reviews to Product Competitiveness and Management Strategies

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ABSTRACT

Consumer reviews and recommendations have become a significant factor in shaping a company's competitive position in the digital age. Consumers are increasingly relying on online reviews and recommendations before making purchasing decisions so companies must be able to strategically manage such feedback. This research aims to analyze how customer reviews affect business competitiveness and the strategies that can be implemented to optimize the benefits of these reviews. The research method used is a literature study by reviewing various academic sources and case studies from various industries. The results show that positive reviews can increase consumer trust and attract new customers, while negative reviews can adversely affect a company's reputation if not handled properly. Companies that are able to respond to reviews professionally and build good interactions with customers tend to have a stronger image in the market. The use of technologies such as big data and Artificial Intelligence (AI) to analyze customer reviews can help companies understand market trends and improve service quality. The conclusion of this study confirms that customer reviews are not only a form of feedback, but also a strategic tool to build a competitive advantage. Companies need to develop effective strategies to proactively manage reviews to improve competitiveness and consumer loyalty.

INTRODUCTION

Consumer reviews and recommendations play an important role in shaping a company's image in today's digital-age market. Modern consumers tend to seek information from various sources before making a purchase decision, including reading reviews on e-commerce platforms, social media, and specialized sites such as Google Reviews and Trustpilot (Chevalier & Mayzlin, 2006; Couzin & Grappone, 2013). Positive reviews can increase credibility and attract more customers, while negative reviews have the potential to damage business reputation and hinder company growth. Studies conducted by Zhu and Zhang (2010) show that the presence of authentic consumer reviews can be more influential than traditional advertising to shape brand perception. Companies must understand how their strategy of managing consumer reviews and recommendations can affect their competitiveness in a competitive market.

This phenomenon is increasingly relevant in business competition based on digital platforms, where consumer decisions are often influenced by previous customer testimonials. Research by Floyd et al. (2014) revealed that consumers are more trusting of recommendations provided by fellow users compared to claims made by the companies themselves. The impact of reviews also varies by industry; for example, in the hospitality and restaurant industry, customer reviews have a greater impact on visitation rates compared to other sectors (Xie et al., 2014). Companies that do not pay attention to the strategy of managing consumer reviews and recommendations risk losing their market share as global competition and easy access to information increase (Ho-Dac et al., 2013). It is necessary to understand the mechanism of influence of consumer reviews and recommendations to determine the company's competitive position.

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While consumer reviews and recommendations can provide great benefits to companies, not all businesses are able to manage the impact of customer opinions well. One of the main problems that arise is the company's reliance on online reviews that do not always reflect the quality of the product or service objectively. According to research conducted by Filieri et al. (2018), many online reviews are influenced by subjective factors such as customer emotions or unrealistic expectations, which in turn can create bias in the perception of potential customers. Companies also face the challenge of controlling negative reviews that can be widespread in a short time and have an impact on reducing sales and brand reputation (Park et al., 2007).

Another issue that arises is the manipulation of consumer reviews and recommendations by some parties for the benefit of certain businesses. Some companies engage in unethical practices such as creating fake reviews or buying positive testimonials to increase their competitiveness in the market (Luca & Zervas, 2016). Such actions can actually reduce the level of consumer trust in the online review system as a whole. E-commerce and social media platforms often struggle to filter and identify authentic reviews, which means that the information provided to potential customers is not always reliable (Ott et al., 2013).

The gap in the utilization of consumer reviews and recommendations is also a major issue in business competition. Not all businesses have adequate resources and strategies to effectively manage customer opinions. A study conducted by Mudambi and Schuff (2010) showed that small and medium-sized companies often struggle to respond to customer reviews quickly and appropriately, especially if they face a large number of negative reviews. This makes them more vulnerable to negative impacts than larger companies that have stronger digital reputation management systems. As such, this imbalance can magnify the competitiveness gap between companies across different industry scales.

The phenomenon of consumer reviews and recommendations in business competition is becoming increasingly important to observe given its crucial role in shaping purchasing decisions and company competitiveness. Potential customers in today's digital era tend to rely on opinions from previous users as the main reference before making a transaction (Chevalier & Mayzlin, 2006). Therefore, companies that are able to effectively manage customer reviews have a competitive advantage over competitors who ignore them. Not all businesses have the right strategy to respond to reviews,

especially to deal with negative opinions that can quickly spread through various digital platforms (Zhu & Zhang, 2010). This can lead to a decline in brand image and customer loyalty if not handled properly.

The urgency of this research is also supported by the increasing phenomenon of review manipulation that can harm both companies and consumers. A study conducted by Luca and Zervas (2016) found that a number of businesses utilize fake reviews to enhance their reputation or bring down competitors. This poses a huge challenge to maintain the authenticity and credibility of the information available in the market. Unchecked, such practices have the effect of decreasing consumer trust in digital review systems, hindering transparency in business competition (Filieri et al., 2018). Research on how companies can effectively manage customer reviews and recommendations is critical to ensuring a healthy and fair business ecosystem.

This research aims to analyze how consumer reviews and recommendations affect a company's competitive position in the market. As digital media plays an increasing role in business interactions, companies face the challenge of managing their image and reputation through customer feedback. This research also seeks to identify key factors in consumer reviews that can have both positive and negative impacts on a company's competitiveness.

This research aims to explore strategies that companies can implement to manage customer reviews to increase consumer trust and loyalty. The main focus is on how companies can proactively respond to customer feedback, both positive and negative, and optimize customer recommendations as an effective marketing tool. This research is expected to provide insights for businesses to design business strategies that are more adaptive to customer opinions and experiences.

RESEARCH METHOD

This research uses a literature study approach to analyze the role of consumer reviews and recommendations to determine a company's competitive position in the market. The literature study was conducted by reviewing various academic journals, books, and industry reports that discuss the influence of customer reviews on purchasing decisions and company marketing strategies. According to Kotler and Keller (2016), consumer reviews are an important part of experiential marketing that can shape customer perceptions of a brand or product. This research will explore various theories and models related to the influence of customer reviews on company loyalty and reputation.

The data sources in this study were obtained from various relevant literatures, including previous research on company strategies to manage customer reviews on various digital platforms. According to Chevalier and Mayzlin (2006), positive online reviews can increase sales, while negative reviews can have the opposite effect. This literature review will compare the different approaches that companies have implemented to respond to customer feedback and evaluate the effectiveness of the strategies used to build consumer trust.

The analysis in this study was conducted by examining trends and patterns in various published studies. This research can provide insight into how companies can utilize customer reviews as an effective marketing tool and improve competitiveness in the market. Hennig-Thurau et al. (2004) emphasized the importance of managing communication between companies and customers to mitigate the negative impact of bad reviews. This study will also evaluate the best recommendations for managing customer reviews to positively impact business sustainability.

RESULT AND DISCUSSION

Consumer reviews and recommendations are feedback provided by customers regarding their experience with a particular product or service. These reviews include ratings, comments and suggestions that can be found on various platforms, such as e-commerce websites, social media and discussion forums. One of the fundamental aspects of consumer reviews is their influence on purchasing decisions. Many consumers do online research before buying, and they tend to trust reviews from other customers more than company advertisements or promotions. Positive reviews can increase trust and encourage purchases, while negative reviews can deter potential customers.

Consumer reviews create transparency in the market. They provide honest and unbiased information about a product or service, which helps other consumers make better decisions. Companies that receive reviews are also expected to take responsibility for the quality of their products and services, thus encouraging sustainability improvement. Reviews and recommendations are not only beneficial to potential buyers, but also to the companies themselves. Reviews provide valuable insights into the strengths and weaknesses of the product or service, allowing the company to make necessary improvements. Companies can adjust marketing strategies, improve product quality, and enhance customer experience by understanding the feedback provided.

The impact of consumer reviews is also very significant on brand reputation. Brands that have many positive reviews tend to have a better image in the eyes of the public, while brands with many negative reviews can experience a decline in customer trust and loyalty. Review management is important to build and maintain a good reputation. Consumer reviews can now be easily accessed and shared. Platforms such as Google, Yelp and TripAdvisor allow consumers to leave reviews directly, which can reach a wider audience. This adds a new dimension to reputation management and marketing for companies.

Consumer reviews and recommendations are an essential element in the modern business ecosystem. They not only influence purchasing decisions, but also serve as tools for transparency, accountability, and sustainability improvement in products and services. Companies that are able to manage these reviews well will gain a significant competitive advantage in the market.

The Effect of Consumer Reviews and Recommendations on the Company's Competitive Position

Consumer reviews and recommendations have a significant influence on a company's competitive position in business competition. Consumers in today's digital age increasingly rely on online reviews and recommendations from other customers before making purchasing decisions (Chevalier & Mayzlin, 2006). This is in contrast to conventional advertising, where consumers are often more skeptical of the messages delivered by companies. Trust in the opinions of fellow consumers is higher than conventional advertising, so companies with positive reviews are more likely to attract new customers and retain existing ones. Companies must ensure that the customer experience provided generates positive reviews and recommendations to increase their competitiveness in a competitive market.

Consumer reviews also play a role in shaping brand image. According to Purnawirawan et al. (2015), positive reviews can strengthen the perceived quality of a brand, while negative reviews can damage reputation in a short time. Companies that do not manage reviews well can lose competitiveness in the market. Unaddressed negative reviews can lead to a significant drop in sales, especially in industries that rely heavily on customer trust such as hospitality, e-commerce and financial services. It is important for companies to actively monitor reviews and respond to issues quickly, in order to maintain good customer relations and reinforce a positive brand image.

Customer reviews also serve as a highly effective form of free marketing. When satisfied customers recommend a company's products or services, they indirectly help increase brand exposure at no additional cost to the company (Hu et al., 2008). This strategy allows companies to gain a competitive advantage over competitors who may have to spend heavily on conventional marketing campaigns. Companies that have a good review management strategy can benefit from the effects of viral marketing.

Negative reviews can be a serious challenge for companies. According to Lee et al. (2011), customers are more likely to share negative experiences than positive ones, which means that one bad review can have a greater impact than several positive reviews. Companies that do not have a strategy to handle customer complaints may lose potential customers as well as experience a drop in search rankings on e-commerce platforms or search engines. It is important for companies to respond quickly and effectively to negative reviews to maintain a positive image in the eyes of customers.

Increasingly fierce business competition also forces companies to utilize customer reviews as a strategic decision-making tool. According to Wang et al. (2018), sentiment analysis of customer reviews can provide valuable insights for companies to understand the strengths and weaknesses of their products or services. Companies can identify aspects that need improvement as well as adjust their marketing strategies to better suit customer preferences by analyzing review trends.

Recommendations from loyal customers also play an important role in increasing new customer loyalty. According to Liang et al. (2021), customers are more likely to buy from brands recommended by friends or family than those they only see through advertisements. This suggests that companies that successfully create a loyal and satisfied customer base can gain a sustainable competitive advantage. Customer recommendation-based marketing strategies are increasingly being implemented by companies to improve their competitiveness.

Consumer reviews and recommendations play a very important role to determine a company's competitive position in an increasingly dynamic market. In today's digital age, where information can be accessed easily and quickly, consumers have greater power to influence brand perception through the reviews they provide. Companies that are able to manage these reviews well can not only enhance their brand reputation, but also strengthen customer loyalty. A quick and effective response to reviews, whether positive or negative, shows that the

company values customer feedback and is committed to improving their experience. This can create a stronger relationship between the company and the customer, which can further increase customer retention and encourage word-of-mouth recommendations, which is one of the most effective forms of marketing (Kumar & Reinartz, 2016). Effective review management is one of the key strategies to build a positive image and competitiveness of the company in the market.

With the increasing role of digital media in consumer decision-making, review and recommendation management strategies are becoming increasingly important for business survival and growth. Today's consumers tend to conduct online research before making a purchase decision, and reviews from other customers are often a deciding factor in the process (Chevalier & Mayzlin, 2006). Companies need to develop a comprehensive approach to managing reviews, including utilizing analytics technology to understand trends and patterns in customer feedback. Companies can identify areas for improvement and optimize their products or services according to consumer expectations. Building an online community around a brand can encourage positive interactions between customers and companies, creating an ecosystem where recommendations and reviews can develop organically. Companies that manage reviews and recommendations well will not only gain a competitive advantage, but will also ensure long-term sustainability and growth in an ever-changing business environment.

Customer Review Management Strategy to Improve Competitiveness and Consumer Trust

Managing customer reviews has become a crucial aspect for companies to increase competitiveness and consumer trust in the increasingly fierce competition. Customer reviews not only reflect the quality of a product, but also shape a brand's reputation in the market (Chevalier & Mayzlin, 2006). Companies need to have a systematic strategy to manage customer reviews in order to achieve maximum benefits and minimize the negative impact of unfavorable reviews.

One strategy that can be implemented is to respond to customer reviews actively and professionally. According to Lee and Song (2010), companies that respond to customer reviews quickly and kindly can increase positive perceptions of their brand. Polite and solutive responses to customer complaints show that the company cares about the consumer experience so that it can increase customer loyalty and attract potential customers who consider reviews before making a purchase.

Another important strategy is to encourage customers to leave positive reviews voluntarily. According to Wang et al. (2018), companies can provide incentives such as discounts, loyalty points, or gifts for customers who leave reviews after making a purchase. The incentives make customers more encouraged to share their positive experiences, which can improve brand image and attract more new customers.

Companies need to apply analytics technology to analyze customer reviews. Companies can identify patterns and trends in customer reviews by leveraging big data and artificial intelligence (Hu et al., 2008). This analysis allows companies to better understand customer needs and expectations and make strategic decisions based on accurate data.

Companies should also establish a review verification system to increase their credibility. Some e-commerce platforms have implemented this system to ensure that reviews come from customers who have actually purchased and used the product (Filiari, 2015). Companies can prevent the manipulation of reviews and increase consumer trust in the information available.

Companies also need to manage their reputation through transparent communication. Companies should take concrete actions to make improvements and communicate them to customers if there are repeated negative reviews about an aspect of the product or service (Park & Nicolau, 2015). This shows that companies are open to criticism and committed to improving their quality so as to increase customer trust in the long-term.

An effective customer review management strategy has become a key element to create a competitive advantage for companies in today's digital age. With the increasing accessibility of information and social media platforms, consumers have more power to influence brand perception through reviews and testimonials. Companies that actively respond to reviews, both positive and negative, demonstrate a commitment to customer satisfaction and increase consumer trust. A prompt and constructive response to negative reviews can not only repair relationships with dissatisfied customers, but also show potential customers that the company cares about feedback and is committed to improving their service or product. Encouraging positive reviews from satisfied customers can create a favorable snowball effect, where good reviews will attract more new customers and strengthen the brand's reputation in the market (Liu et al., 2019). Proactive management of customer reviews is a strategy that not only improves a company's image, but also contributes to sales growth and customer loyalty.

The application of data analytics in the management of customer reviews allows companies to gain insights into consumer preferences and behavior. Review patterns can be analyzed as a strategy for companies to identify emerging trends, understand the strengths and weaknesses of their products or services, and adjust marketing and product development strategies according to market needs. Establishing a verification system for reviews can increase the credibility of the information presented so that consumers feel safer to make purchasing decisions. Transparent communication on how reviews are managed and used can also strengthen the relationship between companies and customers, creating the mutual trust essential to building a solid brand reputation. In an increasingly competitive environment, companies that are able to manage customer reviews well will not only win consumer trust, but will also strengthen their position in the market, making review management a strategic factor that cannot be ignored in the quest for long-term success.

CONCLUSION

Consumer reviews and recommendations play a very important role in shaping a company's competitive position in the market. Reviews from customers are not only an indicator of satisfaction, but also a major factor in influencing potential customers' decisions. Positive reviews can increase the attractiveness of a product or service, while negative reviews can damage a company's image if not managed properly. Effective review management strategies, such as actively responding, incentivizing customers, implementing data analytics, and building a review verification system, are proven to increase consumer trust and strengthen the company's position in the midst of fierce competition.

The practical implications of this research suggest that companies should start developing a comprehensive review management system to ensure that any customer feedback can be utilized as a means of improvement and an effective marketing strategy. Transparency in handling negative reviews and active engagement in customer interactions can increase company loyalty and credibility. Utilizing technologies such as big data and artificial intelligence to analyze reviews can help companies understand customer behavior patterns and make more accurate data-driven decisions. Customer reviews are not only a challenge, but also an opportunity for companies to grow and develop in an increasingly dynamic business competition.

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