



Using Groupon for health and wellness businesses

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Abstract Social merchants are small business owners and entrepreneurs who adopt social shopping as a new sales channel. They employ social shopping intermediaries, such as Groupon and LivingSocial, to promote their products or services to price-sensitive customers at large discounts. The success of social merchants depends in part on the reputation they gain at merchant review sites (e.g., Yelp, TripAdvisor, Angie's List), via which consumers post online product and merchant reviews. An analysis of social shopping provides insight regarding how social shopping works and what merchants must be aware of if they utilize social shopping intermediaries. This article shares these insights in the context of a set of health and wellness merchants that were studied for five years. Specifically, this article discusses how their Groupon daily deals affect merchant reviews, and how surviving vs. failed social merchants differ in terms of their review scores and number of reviews. Finally, this article provides recommendations about merchant review management to health and wellness merchants.

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1. The rise of social shopping and health and wellness merchants

Rapid advances in web technologies, cloud computing, and mobile communications provide great opportunities for companies to develop new businesses, processes, products, and services. Social

shopping is one type of e-commerce that combines product/service sales with consumer participation in a social network environment where constructive relationships are formed between consumers and local merchants (Lee, Yoo, Choi, & Shon, 2015). Social shopping has the potential to change the marketing strategies of merchants in many business sectors, including health and wellness, education, and restaurants.

Social shopping intermediaries not only provide information reach and richness to customers and

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participating merchants but also make use of social media and various online communities via which consumers can exchange opinions on products and merchants (Ghose & Ipeirotis, 2009). Such exchange of opinions in online communities is known as electronic word-of-mouth, or eWOM. Consumer-generated product/merchant reviews on social networking sites and other online communities can have a positive impact on trust and the purchase intentions of users. To support users' browsing and increase their stickiness, social networking sites have enabled a number of features, such as user profiles, blogs, and tags (Holsing & Olbrich, 2012).

Health and wellness merchants promote individuals' health and well-being. Increasing life expectancy of the growing middle class and their awareness of health and wellness are driving growth of the health and wellness industry. According to Statista (n.d.), the biggest segment in the global wellness industry is beauty and anti-aging, with revenue of over \$1 trillion in 2013; close behind are the nutrition and weight loss, wellness tourism, and fitness segments. Another segment commonly linked with wellness is the spa industry. In 2013, the spa industry in the United States generated revenue of approximately \$15 billion, representing a total of 164 million visits made to 20,000 spas nationwide.

Growing acceptance of social shopping by consumers has had a definite impact on health and wellness merchants. Our analysis shows that between 2011 and 2015, more than 25% of health and wellness merchants became new Groupon merchants. In an increasingly competitive social shopping arena, identifying the success factors of daily deals has become crucial for health and wellness merchants.

Stories abound of the successes and failures of health and wellness Groupon merchants. A popular spa in a New York City suburb offered Groupon daily deals in 2014 with two options: \$125 for a 25- and 50-minute spa service (up to a \$220 value) and \$165 for a 50- and 80-minute spa service (up to a \$420 value). Over the four-day daily deal promotion, 373 coupons were sold. In addition to the daily deal, the spa waived the membership initiation fee, and about 10% of the Groupon customers became repeat customers. Yoga studios are also popular Groupon merchants, and many studios repeatedly offer Groupon deals. A newly established yoga studio in the Chicago area has been offering three Groupon deals over two-year periods to attract new clients. Yelp reviews from Groupon buyers are overwhelmingly positive, with an average review score of 4.8 out of 5 from 20 Groupon customers. The yoga studio only broke even on the Groupon promotion but made up profits via repeat visits and good WOM.

While some health and wellness service merchants have boosted business through Groupon deal promotions, other merchants have struggled with negative reviews and financial losses. For example, the Yelp page of a San Francisco-area skincare studio was flooded with 20+ negative comments following Groupon deals. While the studio's overall Yelp review score was over 3.0, its Groupon customers' review score was below 2.0. The business closed in 2014.

We have studied social shopping since 2010, and this analysis has provided insight regarding how social shopping works and what merchants should be aware of if they use social shopping intermediaries such as Groupon and LivingSocial. This article will share these insights in the context of a set of health and wellness merchants. The remainder of this article is organized as follows. In the next section, various perspectives on social shopping and merchant reviews are discussed. Then, health and wellness Groupon merchants' reviews and survival data are analyzed.¹ Finally, based on the study findings and industry practice, managerial recommendations are made for health and wellness Groupon merchants.

2. Perspectives on social shopping

Social shopping brings buyers and sellers together via e-commerce, whereby shoppers' social networking facilitates shopping activity. Social shopping attempts to use web technologies to mimic the social interactions that take place in physical malls and stores. Social shopping intermediaries can largely be divided into two categories: (1) group shopping sites and (2) social shopping marketplaces.

Group shopping sites gather individual consumers together to purchase products and services from merchants at discounted prices. Group shopping sites represent client merchants for commissions and promote daily deals to consumers.

Social shopping marketplaces bring merchants and consumers together to facilitate transactions, and deals are made between merchants and shoppers. The social shopping marketplace functions like a shopping mall where multiple merchants and shoppers interact with each other via the marketplace platform.

Social shopping intermediaries allow merchants to utilize Internet technologies and localized online advertisements in ways merchants were previously

¹ Data on the health and wellness merchants were collected from Groupon and Yelp at three different times: June 2011, July 2013, and July 2015.

unable (Lee & Lee, 2012). The market potential of social shopping is augmented by social networking sites (e.g., Facebook, Twitter)—which allow merchants to quickly reach a large pool of potential shoppers—and various merchant review sites (e.g., Yelp, TripAdvisor). Groupon is a leader among social shopping intermediaries in the United States. Groupon's value proposition to merchants is based on the assumption that by offering daily deals to its vast audience, merchants can cultivate loyal customers. As of September 30, 2015, 48.6 million customers had purchased a daily deal in the preceding 12 months; revenue was \$3.2 billion in 2014, 57.2% of which was generated in North America. The vast majority of Groupon merchants are small businesses. According to Groupon, more than 950,000 merchants have offered Groupon deals, and 650,000 Groupon merchants are small businesses (www.groupon.com).

Social shopping has both advantages and disadvantages. Social shopping has lowered the technical and financial barriers of e-commerce for small businesses, as a number of social shopping stakeholders have developed infrastructure for social shopping and represent small businesses for fees or commissions. Any merchant that offers a product or service deal priced in excess of the merchant's variable cost would benefit from social shopping. Gyms and hair salons have high fixed costs and low variable costs. These merchants can offer daily deals to spread their fixed costs—as long as the discounted price exceeds their variable cost. Scheduled services, such as yoga classes and massages, would also benefit when appointments need to be filled. On the other hand, the merchants selling these services need to build surge capacity to minimize scheduling problems. The majority of Groupon customers are disloyal, bargain-hunting customers. Therefore, the deals may only lower a merchant's profit margin and promote a low-cost brand image without increasing long-term revenue. Cannibalization by existing customers may further erode revenues as existing customers ask for matching prices for the same services. Merchant review sites are fraught with negative Groupon reviews. Some of the main complaints of Groupon customers include scheduling problems at salons, gyms, and spas; discriminatory services compared to those offered to regular customers; hidden costs; and poor-quality service. Merchants need to be keenly aware of the potential impact of Groupon customers' reviews on their reputation.

Regarding the rapid diffusion of social shopping, five perspectives are most relevant: information asymmetry, price discrimination, shopper orientation, advertising, and network effect (Lee et al., 2015). Information asymmetry is the difference in

information between two parties (Ba & Pavlou, 2002). As consumers usually cannot determine the quality of a product/service prior to consumption, merchants may be motivated to hide from consumers the true quality of their experience goods and services, such as wine, health services, and software. Online intermediaries reduce information asymmetry between merchants and consumers because they have expert knowledge of products (Duan, 2010). Likewise, social shopping intermediaries can reduce the information asymmetry between merchants and consumers. Social shopping intermediaries filter out misrepresented information and maintain information quality about their client social merchants to attract social shoppers.

Price discrimination is widely used to increase revenue. While it is difficult to identify and target price-sensitive customers in a typical business setting, social shopping can reveal naturally deal seeking, price-sensitive customers. The social motives of shopping include the need for social experiences, communication with others having similar interests, peer group attractions, obtaining status and authority, and gaining pleasure from bargaining and negotiation (Tauber, 1972). Similarly, Arnold and Reynolds (2003) suggest that the motives for social shopping are the enjoyment of shopping with friends and family, socializing while shopping, and bonding with others while shopping.

For merchants, social shopping sites can complement other advertising media, such as search engines, newspapers, magazines, radio, and TV. All the real-time interactive characteristics of online advertising go beyond the capabilities of traditional advertising. Social shopping intermediaries inform consumers of a merchant's existence and the availability of products and services. Advertising comes naturally without incurring explicit advertising expenses, and regular consumers are exposed to the advertising through their search for and purchase of daily deals.

A network effect describes the increase in the value of a product or service to a user, not because of the inherent quality of the product or service but because of the increasing number of other users adopting it (Katz & Shapiro, 1985). The network effect can explain why merchants and consumers are interested in using large social shopping intermediaries. Merchants have the incentive of using social shopping sites that have many members, and consumers have the incentive of using a social shopping site where many merchants are providing deals. Social networking sites, such as Facebook and Twitter, become more attractive and valuable to users as the network size increases. Likewise, as the size of the social shopping intermediary increases,

benefits to merchants increase significantly because they have a better chance of lowering the deal prices, and benefits to consumers increase significantly because they have a better chance of enjoying a variety of deals and acquiring accurate information on products/services.

3. Perspectives on merchant review

Consumers' information search behavior has been explained in terms of the costs and benefits associated with a search (Foster & Lin, 2010). Once the consumer has identified a problem, he/she searches for information on products and services that can solve that problem. The kinds of information sought by online consumers typically relate to product/service and merchant reputation in terms of functions, quality, and expert and consumer opinions and ratings. Online feedback mechanisms have become an important component of e-commerce, helping to elicit good behavior and cooperation among loosely connected and geographically dispersed economic agents (Dellarocas, 2003). In the age of social media, it is imperative for businesses to make their best effort to generate positive customer reviews. Social interaction and participation among peers are major activities in a social media community. Social networking sites, such as Facebook and Twitter, serve as forums where members are allowed to share their experiences about products and services with other members. For novice consumers, social networking sites provide a non-intrusive avenue for seeking advice from more experienced peers who have used certain products and brands (Madell & Muncer, 2007).

Since 2000, a variety of special purpose review sites has emerged, including merchant review, product review, and content review sites. Product/service review sites provide consumer opinions on products and services and let potential consumers compare functions and utilities and prices of products offered by different vendors and manufacturers. For example, CNET provides a product review site that focuses on technology-related products with both user reviews and expert reviews. Content review sites provide users' opinions on the content of a product, such as a book, game, or movie. Content review sites help consumers gain more insight into the content via users' reviews before making a purchasing decision. For example, Common Sense Media offers independent age-based and educational ratings and reviews for movies, games, TV shows, books, and music. A number of studies show the effect of content reviews on sales. For example, online book reviews have a significant

impact on the book sales of Amazon.com and barnesandnoble.com (Chevalier & Mayzlin, 2006). Duan, Gu, and Whinston (2008) examined the persuasive effect (the review score) and the awareness effect (the number of reviews) of online user reviews on the daily box office performance of movies. Their results show that the review score has no significant impact on movies' box office revenue, indicating that online user reviews have little persuasive effect on consumers' purchasing decisions. However, box office sales are significantly influenced by the number of reviews, suggesting the importance of the awareness effect.

Merchant review sites serve both merchants and potential consumers. Merchant review sites like Yelp and TripAdvisor provide web-based functions to easily create, edit, and access content. Consumers primarily use merchant review sites to search for specific information about a merchant or to post their own experience with a merchant, whether positive or negative. Consumers' lack of trust is natural in the absence of experience with a merchant. When consumers do not have trust in a merchant, it is expected that they seek information from trustworthy external information sources, such as merchant review sites. Review scores and comments are two types of information contributed by consumers who have experience with the products/services offered by merchants. Yelp is the leader among merchant review sites. Yelp users have written more than 90 million reviews on almost every type of local business.

As more and more merchants offer products/services on social shopping sites, it is likely that merchant review sites will draw more attention from deal-seeking social shoppers, as many social shoppers are first-time buyers. Currently, Groupon links to a number of merchant review sites, such as Yelp, TripAdvisor, and Citysearch, so social shoppers can make informed purchasing decisions. For experience goods that inherently have information asymmetry, consumer reviews are important in reducing the information asymmetry between the merchants and customers. Reviews written by consumers are perceived to be less biased than the information provided by advertisers and can enhance the credibility of what is already available from merchants. The validity of reviews can be further enhanced by providing a function for other consumers to rate the usefulness of reviewers' views. Most people primarily share their negative experiences with a product and rarely take the time to write positive comments (Bulearca & Bulearca, 2010). Therefore, it is crucial for merchants to promptly and thoroughly respond to customer complaints. If merchants fail to monitor consumers' review activities, it may become impossible for them

Table 1. Three types of consumer reviews*

Types of Consumer Review	Description	Example Sites
Product/service reviews	Normally focus on the functionalities and the utility of a product and service (e.g., its usability, efficiency, quality, design, reliability, etc.).	CNET (www.cnet.com/reviews); Epinions (http://www.epinions.com); Bizrate (http://www.bizrate.com)
Content reviews	Share opinions on the content of a product, such as a book, music, or movie.	Music Emissions (http://www.musicemissions.com); Common Sense Media (https://www.common Sense Media.org); Rotten Tomatoes (http://www.rottentomatoes.com)
Merchant reviews	Often used as a mechanism to establish trust between consumers and merchants and to ascertain a sense of product and service quality of the merchant.	Zagat (https://www.zagat.com); Yelp (http://www.yelp.com); TripAdvisor (http://www.tripadvisor.com)

* Source: Adapted from Lee (2012)

to correct their business practices, prevent the spread of negative WOM, or meet the needs of their current and future customers. Table 1 summarizes the three types of consumer reviews discussed above.

4. Examining health and wellness merchants' Groupon deals and consumers' reviews

This section discusses how social shopping and merchant reviews affect consumers' reviews and the survival of health and wellness merchants. We analyzed the review scores and the number of reviews collected over a four-year period after 108 health and wellness merchants in the skincare, massage, spa and salon, gym, and yoga areas launched Groupon daily deals in June 2011. For comparison purposes, data was also collected from the same number of merchants who did not participate in Groupon daily deals in June 2011.

Groupon features daily deals on products and services in hundreds of U.S. cities and thousands of

other cities worldwide. The merchant review data was collected from Yelp. We identified 108 health and wellness social merchants that promoted daily deals on Groupon in June 2011 and 108 merchants of similar sizes and in similar categories that did not use Groupon daily deals. The descriptive statistics of the daily deals offered by the 108 health and wellness Groupon merchants are given in Table 2. It is interesting to note that all mean values are greater than the median values because the data are skewed to the right. The merchant-level average review scores and the number of reviews were collected in July 2011, July 2013, and July 2015. Their descriptive statistics are shown in Table 3 and Table 4 below.

5. Reviews of merchants using Groupon in June 2011

5.1. Groupon customers vs. regular customers

In June 2011, Groupon customers gave a significantly lower review score to the Groupon merchants who

Table 2. Descriptive statistics: Health and wellness social merchant Groupon deals*

Data Type	Median	Average	Range
Groupon Sales Volume	172 coupons	252 coupons	1 coupon—2,000 coupons
Length of Promotion	2 days	2.24 days	1 day—5 days
Discount Percentage	55%	60.15%	50%—94%
Deal Price	\$39	\$50.47	\$9—\$199

* In June 2011

Table 3. Descriptive statistics: Review score

	Average Review Score in June 2011	Average Review Score in July 2013	Average Review Score in July 2015
Merchants Using Groupon in June 2011: Groupon Customers	-	3.4158 (65 [^])	3.4543 (58 [^])
Merchants Using Groupon in June 2011: Regular Customers	-	4.0171 (80 [^])	4.2116 (60 [^])
Merchants Using Groupon in June 2011: Survival	4.3445 (68 [^])	4.0081	4.0907
Merchants Using Groupon in June 2011: Failure	3.8490 (30 [^])	3.7101	N/A
Merchants Using Groupon Later	4.2717 (23 [^])	4.2279	4.2829
Merchants Using Groupon Later: Groupon Customers			3.8713
Merchants Using Groupon Later: Regular Customers			4.4427

[^] The number of merchants

Table 4. Descriptive statistics: The number of reviews

	Average Number of Reviews in June 2011	Average Number of Reviews in July 2013	Average Number of Reviews in July 2015
Merchants Using Groupon in June 2011: Survival	16.9558	29.6029	51.8676
Merchants Using Groupon in June 2011: Failure	16.2333	35.3666	N/A
Merchants Using Groupon Later	24.8695	36.9130	74.2173

launched daily deals, as opposed to the merchants' regular customers (3.4158 vs. 4.0171 in July 2013 and 3.4543 vs. 4.2116 in July 2015). The trends of the review score over the three data points show that while the review scores of the Groupon customers are flat over time, those of the regular customers improve over time. The number of Groupon reviews consists of about 20% of all reviews (10.2 Groupon reviews out of 52 reviews per Groupon merchant). This high review participation of Groupon customers shows the influence they have on the merchant review. It is important to note that the typical Groupon consumer is a single female between the ages of 18 and 34. More than half of the Groupon consumers have college degrees, and two-thirds make between \$50,000 and \$100,000 (Lee, 2012). The analysis indicates that Groupon customers are much more critical than regular customers, their experiences were inferior, or many are transient price-sensitive customers. Therefore, more effort needs to be made to serve Groupon

customers well and treat them fairly in relation to regular customers.

5.2. Surviving vs. failed merchants that used Groupon

A significant difference was observed in the average review score in June 2011 between surviving Groupon merchants and failed Groupon merchants (4.3445 vs. 3.8490, p -value < 0.01). While both surviving and failed Groupon merchants had an increase in the number of reviews in July 2013, a difference in the average review score between them still existed (4.0081 vs. 3.7101 in July 2013). These results indicate that the lower review score is attributable to the failure of the Groupon merchants. Surviving Groupon merchants suffered a significant decline in the review scores between June 2011 and July 2013 (4.3445 vs. 4.0081), but this stabilized later (4.0907 in July 2015). This rapid decline of the overall review scores of the surviving

Groupon merchants from June 2011 to July 2013 is mainly attributable to the low review scores given by Groupon customers.

5.3. Merchants that did not use Groupon in June 2011 but used Groupon later

The merchants who started to use Groupon after June 2011 showed consistently higher review scores than merchants who used Groupon in June 2011. The merchants who used Groupon in June 2011 suffered low review scores after launching Groupon promotions. However, the merchants who started to use Groupon later did not have the same issue. Furthermore, the growth in the number of reviews is much greater than that of the merchants who used Groupon in June 2011 (51.8676 vs. 74.2173 in July 2015). These findings were unexpected. It seems that the late starters enjoyed a second-mover advantage compared to the earlier Groupon merchants in terms of the review scores and the number of reviews. Groupon users filed a massive number of complaints about the exclusion of expired coupons, no refunds, and no partial use of the purchased coupons in 2011. Due to these complaints, Groupon allowed refunds and partial use of the daily deals and removed expiration date limitations. In addition to benefiting from the more consumer-friendly Groupon policy, the merchants who started to use Groupon later seemed to be aware of the detrimental effect of poor service on review scores and sales, and were therefore better prepared for daily deal customers. However, there is still room for service improvement by the merchants that used Groupon later in that the review scores of the Groupon customers are still lower than those of the regular customers (3.8713 vs. 4.4427 in July 2015).

6. Recommendations

The chance for a merchant to survive and prosper depends on owners' and managers' understanding of the main factors that cause their crises and on implementing a timely solution to the crises. Social merchants are predominantly small businesses that have typically played a small role in the economy. They suffer from a lack of technological expertise and limited financial resources. Social shopping presents significant opportunities for these merchants to compete with the franchises or branches of large companies. As more and more consumers use social shopping and merchant review sites, social merchants need to understand the success factors that affect their daily deal promotions and merchant reviews.

Merchant review sites have provided merchants with an inexpensive communication channel to reach targeted customers without spending advertising dollars and to listen to customers' concerns and interests. However, merchant review sites pose potential risks to social merchants, such as negative WOM, negative effects on sales, and competitors' use of merchants' review and promotion data. Our analysis shows that negative comments and low review scores are prevalent at Yelp after Groupon deal promotions. This section presents recommendations for the effective management of merchant reviews for social merchants.

6.1. Create a presence at merchant review sites

Our analysis of Yelp data shows that many merchants are not aware their businesses are listed on Yelp, let alone that customers are posting their opinions about products/services received. When they do not have an explicit presence on merchant review sites, their review scores and the numbers of reviews tend to be lower than their peer merchants. Consumers frequently seek reviews before choosing a merchant and products. No presence of the social merchant on merchant review sites would signal that the owner is not interested in listening to customers' voice.

Our study found that merchant review sites and merchants' web pages linked to social networking sites complement social shopping synergistically (Lee & Lee, 2012). Merchant review sites can be used to announce special discounts while avoiding the commission cost of paying the social shopping intermediary. Merchants need to encourage regular customers and social shoppers to register at the merchant review sites and to participate in the review activities. Merchants should encourage satisfied customers to post their opinions online as a way of counteracting negative reviews. As the number of reviews increases, the credibility of the overall score and the sales increase due to the awareness effect (Duan et al., 2008).

While the merchant's organic listing is free of charge, building relationships may require considerable effort and appropriate strategies (Hennig-Thurau et al., 2010). A paid listing of the merchant may give additional exposure to reach target customers. However, whether it is a paid or organic listing, to maximize the benefits of an online presence on these review sites, merchants need appropriate communication skills, staff training, financial resources, and technical skills. In addition, an appropriate work load assessment needs to be conducted in order not to burden employees in terms of

using and managing job-related social media applications (O'Reilly & Lancendorfer, 2014).

6.2. Create a portfolio of merchant review sites to be prioritized

Given their limited resources and capacities, small businesses have to make well-conceived decisions regarding the adoption of new technologies, such as social media applications (Meske & Stieglitz, 2013). To enhance potential benefits of the merchant reviews, it is critical to identify a unique set of merchant review sites on which to focus, since no single merchant review repository exists. Merchants need to closely watch the trends and assess the potential impact of these merchant review sites to ensure their resources are effectively utilized for the management of review sites. There are many existing merchant review sites, and new merchant review sites are constantly emerging both locally and nationally. It is therefore impossible for any merchant to cover them all. Customers in different markets and with different demographics tend to have different preferences in terms of merchant review sites. Therefore, social merchants need to identify candidate review sites and prioritize them for close management. They need to assess the size of merchant review sites periodically and decide to defocus and refocus on them. The portfolio selection criteria include the number of reviews; the review score; the activities of competitors on the merchant review site; and the size and reputation of the review site.

6.3. A well-planned review management architecture needs to be established

As merchant review sites such as Yelp, Angie's List, and TripAdvisor proliferate, review management architecture becomes increasingly important for social merchants. Review management architecture presents the underlying standards that form the basis for developers and managers to design/re-design contents, for relationship managers to respond to consumers' comments, for development platforms and applications to be used, for content to be created, and for targeting consumers of the content. Social merchants should devote time and effort to generating interesting content and responding to customers' comments, including frequently updating the content posted on the review sites. Rather than developing in-house applications, they may use off-the-shelf tools and online services to manage the review sites if internal technical resources are limited.

6.4. Perform data analytics of merchant reviews

Monitoring the reviews is critical for service improvement and long-term survival. Merchants use merchant review sites to see what their customers are saying online and to assess how well they are serving customers compared to their competitors. With many organizations already struggling to integrate multiple relevant data sources into one consistent, consumer-focused experience, social media monitoring/listening brings with it an additional challenge (Walters, 2013). With so much information available on the Internet, merchants must carefully determine which data is relevant and which is not for data analytics. A number of analytic tools and web crawlers are used to monitor key merchant review sites and to identify relevant reviews based on search keywords provided. Data analytics allow merchants to identify their most influential reviewers and analyze their ratings or review trends.

Many businesses try to integrate merchant reviews into their business operations but ignore the importance of metrics to measure the performance. It is imperative to identify key performance metrics, establish the target values, and generate periodic performance reports. As our study suggests, it is also important to prioritize key performance metrics. In order to establish target performance of various metrics, social merchants need to measure their competitors' performance and study how they manage their reviews and customers. Key performance metrics include the number of friend connections and followers; the number of reviews and review scores; response time to comments; the quality and size of the reviews; soft measures such as the number of "likes," "cool," and "useful" comments; the cost of review management; and the effectiveness of paid listings and discount deals.

6.5. Respond to unsatisfied customers immediately

The more immediate the response to the consumer, the more valuable that information is considered to be (Weiss, Lurie, & MacInnis, 2008). Social merchants need to ensure that consumers' complaints are identified and addressed immediately when they appear on review sites. As consumers trust recommendations and reviews from peers more than those from the merchants or intermediaries, timely responses to any negative peer reviews are critical to mitigate the negative effect and maintain reputation. As discussed previously, as the merchant review sites gain more popularity, negative reviews posted by a large

number of customers may lead to a rapid decline in the market share.

Our analysis of the Yelp data shows that a large number of Groupon customers posted complaints about the forced cross-selling, poor service, expired coupons, and delayed appointments, and many of the merchants responded to those complaints immediately. Therefore, if that is the route the merchant chooses to take, it is recommended that it does everything in its power to keep the influx of social shoppers satisfied. At the same time, responding in a timely and professional manner can mitigate the damage caused by a negative review. For example, Yelp gives owners the opportunity to respond to customer feedback and turn the situation into a positive one by taking the reviews as constructive criticism (Chen, 2014). Many social merchants that receive highly negative reviews offer the dissatisfied customers a discount or free service as well as a heartfelt apology. While it should be expected that most social shoppers will be one-time customers, providing excellent follow-up service to those who are unsatisfied may motivate them to return and post positive comments.

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