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Zoorate: Certifying Online Consumer Reviews to Create Value

Marcin Lukasz Bartosiak

Department of Economics and Management,
University of Pavia
Italy
marcin.bartosiak@unipv.it

Federico Pigni

The Management, Technologies and Strategies
Department, Grenoble School of Management

France

Gabriele Piccoli

E. J. Ourso College of Business,
Louisiana State University

USA

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Marcin Lukasz Bartosiak

Department of Economics and Management,

University of Pavia

Italy

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Federico Pigni

The Management, Technologies and Strategies Department, Grenoble School of Management

France

Gabriele Piccoli

E. J. Ourso College of Business, Louisiana State University

USA

Abstract:

Zoorate was born from the ambition of the cofounders to develop a web portal for aggregating product reviews. From the seeding concept of matching reviewers by affinity, their core product, Feedaty, had evolved into a full-fledged platform for aggregating and certifying consumer feedback. Specifically targeting online sellers and merchants, by 2017 Zoorate had signed up more than 1,000 customers, constantly growing its client base since the product launch. Supported by the strategic partnership and synergies with its shareholder 7Pixel Srl, the firm appeared to have finally set sail for success. However, several challenges lay ahead. The main competitors were becoming stronger internationally, increasingly challenging Feedaty's value proposition. How should they efficiently grow their primary product, Feedaty? How should they deal with strong international competition beginning to gain traction in Italy? Should they continue to consolidate their Italian presence or expand abroad? These were difficult questions, the answer to which would ultimately determine the future of the startup they had built.

Keywords: Teaching Case, Digital Data Streams, Software as a Service, Analysis of Value

1 Introduction

In May 2017, Matteo Hertel, Camillo Martinoni, and Roberto Stefanini—cofounders of Zoorate—finished the integration of Feedaty with TrovaPrezzi, the dominant price-shopping engine in Italy, owned by the largest e-commerce platform in the country—7Pixel Srl. It had been four short years since Zoorate launched Feedaty, a platform for online reviews and online reputation management. Integrating Feedaty with TrovaPrezzi was a critical milestone in the cofounders' strategy to reinforce their position on the online review market in Italy. Having just engaged their 1,000th client[1] and being the only Italian content partners for Google Customer Reviews, the cofounders felt that all the pieces were in place to start aggressively scaling up their company with 12 employees. But a number of questions remained: How should they efficiently grow their primary product, Feedaty? How should they deal with strong international competition beginning to gain traction in Italy? Should they continue to consolidate their Italian presence or expand abroad? These were difficult questions, the answers to which would ultimately determine the future of the startup they had built.

2 Online Reviews Industry Background

Before the advent of the Internet, people shared opinions about their commercial experiences verbally, in face-to-face (or phone) communication. This word-of-mouth exchange about product purchases, hotel stays, and other services occurred directly between people who knew each other personally. Consumers could also find professional reviews in the press. Yet opinions of nonprofessionals could be shared only with family, friends, or colleagues in close social or physical proximity.

With the arrival of the Web 2.0 phenomenon in the late 1990s, consumer reviews made their first appearance on the Internet and changed the way people shared their experiences. The first online consumer reviews website, Epinions (Figure 1), was launched in the United States in 1999 and offered a large catalog of goods and services reviews. All the reviews were public and, to foster growth, Epinions paid authors for writing them. Epinions showed the way for many other global review platforms, today more important and well known: Yelp, TripAdvisor, Zomato, Glassdoor, Amazon, the Apple AppStore, and others.
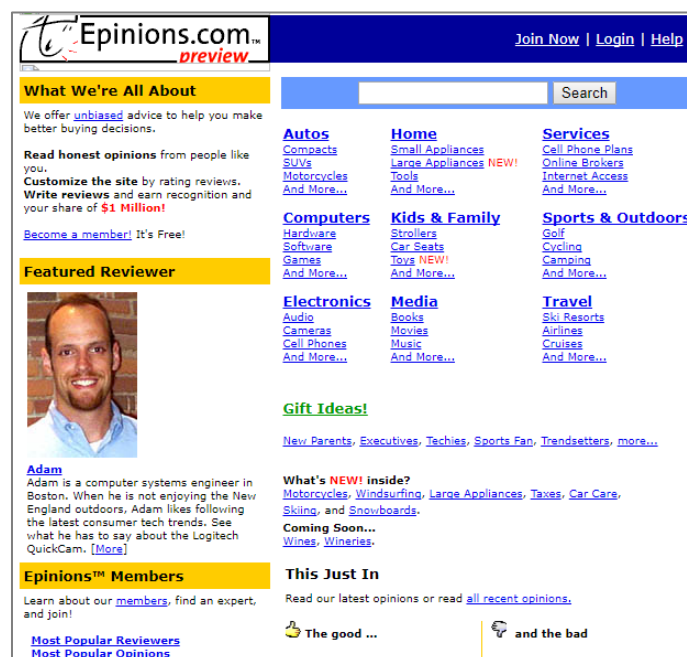
Figure 1. Epinions website in November 1999 (https://web.archive.org)

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[1] Throughout the case text, we use these terms:
- customer/client: Zoorate's direct business customers, firms who use the service such as online vendors and merchants.
- consumer/user: online shoppers who author the reviews about Zoorate's customers.

Less than two decades later, online reviews had become a major factor in the consumer buying process, with 50% of Internet users stating that they posted an online review after purchasing a product (Young, 2016).

Online opinions became the most trusted media for advertising and for recommendations with 84% of individuals considering them as good as personal recommendations (The Nielsen Company, 2015). Thus they influenced product and service sales (Chevalier & Mayzlin, 2006; Cui, Lui, & Guo, 2012; Zhu & Zhang, 2010). For example, in hospitality, a 10% increase in a hotel review rating could result in a room sales increase of 4.4% (Ye, Law, & Gu, 2009). In Italy—Zoorate's home market—90% of individuals surveyed by the company claimed that online reviews had an important role in their online shopping decisions (Zoorate, 2017). While online reviews helped firms improve their sales and reputation, they also had the potential to cripple them. Negative reviews left by unsatisfied consumers clearly impacted sales but gave firms the opportunity to act upon legitimate concerns. However, online review sites were increasingly plagued by fake reviews, purposely commissioned to destroy or promote a product or firm's reputation. Indeed, the market saw a growing number of specialized firms, called "like farms," (Figure 2) who offered to write fictitious reviews to improve one's reputation (Smith, 2013; Tweedie, 2015) or damage a competitor's reputation (Mayzlin, Dover, & Chevalier, 2012). An academic study estimated that more than 20% of online reviews on Yelp (the popular crowdsourced reviews platform) were fake (Luca & Zervas, 2015).
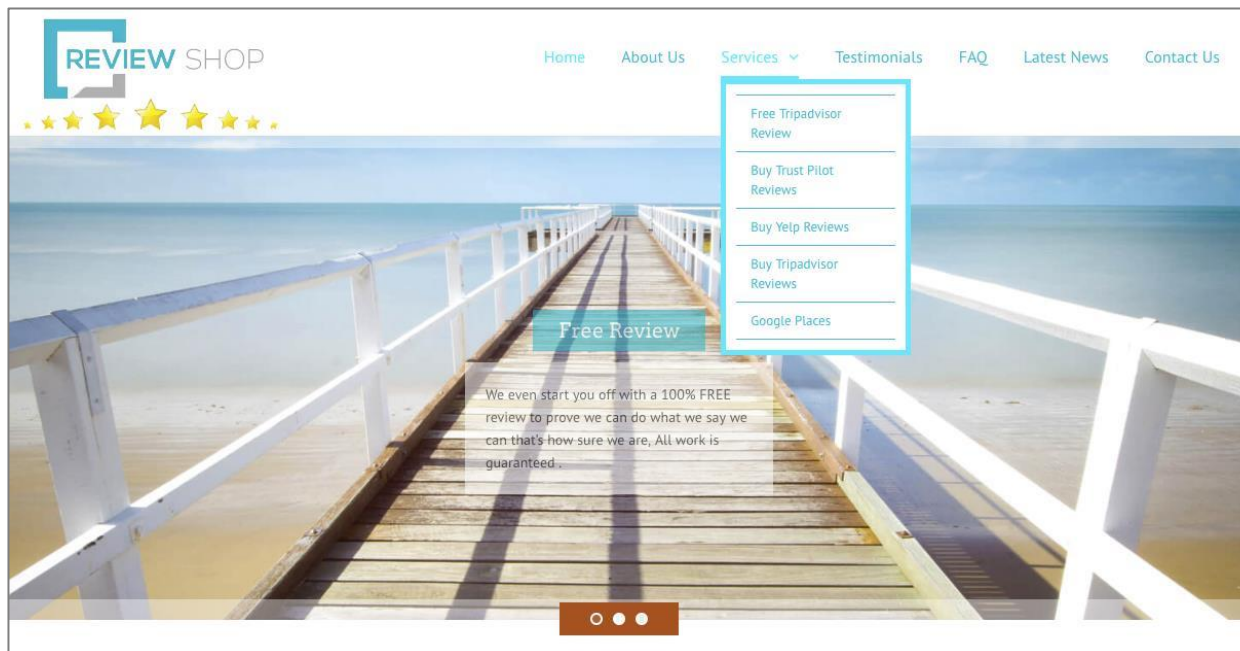

Figure 3. Review Shop. An example of fake reviews provider (http://www.review-shop.com)

Over time, as the value of online reviews grew with the rise of e-commerce sales, fake reviewing became an increasingly recognized problem. In 2016, almost 20% of European Union (EU) firms were selling their products on the web (European Statistical Office, 2016). These sales were worth 598 billion euro (Jovanoski, 2017) and accounted for 16% of the total EU firms' sales (European Statistical Office, 2016).

The fact that the Italian e-commerce market had grown 25% in the last two years and accounted for 3.5% of all retail sales in Italy, reaching 25.6 billion euro (NetComm, 2017), was important for Zoorate's potential success (Figure 4). Of the 650,000 retailers in business (Confesercenti, 2016), only 12% were online or multichannel merchants, well below the EU average, but growing quickly (Mangiaracina, 2016). However, they all represented potential customers for Zoorate. The growing e-commerce market and increased recognition of fake reviews shaped Zoorate's unique business opportunity.
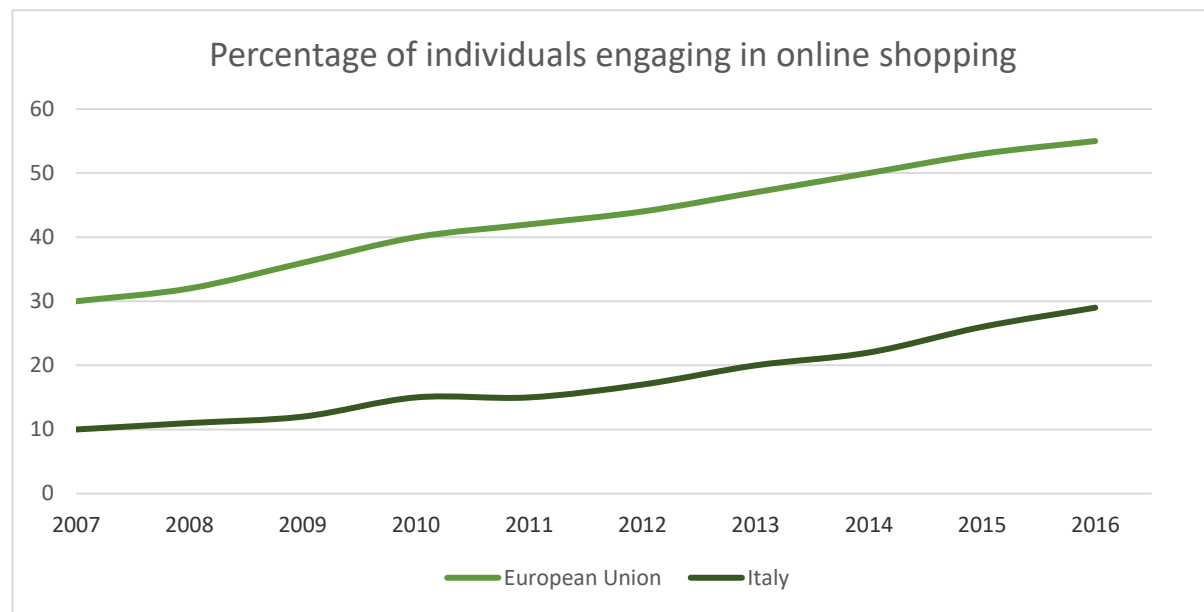
Percentage of individuals engaging in online shopping

Figure 5. Percentage of individuals with access to the Internet engaging in online shopping (European Statistical Office, 2016)

3 The Zoorate Story

It was 2010 when a group of friends, including Matteo Hertel and Camillo Martinoni, decided to develop an online review portal dedicated to vendors and consumers. Recently graduated in management at one of the universities in Milan, the two friends wanted to open their own business. However, they both already had day jobs. Hertel was in charge of the international development of a luxury products company and was developing a side project on photovoltaic links. Martinoni was responsible for sales in an international company producing electric goods and accessories.

Although busy, they believed that online reviews offered ample opportunity to improve consumers' online shopping experiences. With some friends, Hertel and Martinoni envisioned an algorithm that would match shoppers' profiles based on a series of questions asked during the registration process. These profiles, augmented by the reviews users would contribute over time, would be used to present consumers with more relevant products when they shopped. The initial tests involved just a group of friends. It took two years for Zoorate to launch, but in early 2012 their first product was ready. Hertel explained:

> *A website that would collect so much data was very expensive to run. From one side, we needed a lot of users and a lot of content—both very difficult to generate and acquire at the beginning. And on the other, we needed a lot of vendors listed on the website as the business model was based on affiliation.*

Additionally, the product was technically complex and it was difficult to convey its added value to the online vendors, the real customers of Zoorate. Hertel recalled:

> *In 2012, we set ourselves a deadline. By June, we had to find an investor. This would have, at the same time, validated our business model and provided the means for committing full time to Zoorate. Without an investor, we would reasonably fold and abandon the project.*

Sticking to this plan, Hertel and Martinoni started tracking potential investors—business angels, venture capitalists, and the like. In parallel, they continued to present their current product at trade shows, realizing that other vendors were already offering business-to-business (B2B) software-as-a-service (SaaS) solutions for reputation management based on reviews. This gave them the idea to pivot the development and offer a similar solution focused on the Italian market.

3.1   Building Feedaty

Realizing the need for a technical cofounder, Hertel and Martinoni shared their vision with Roberto Stefanini. Stefanini had worked with them when they first outsourced the development of the original application. As he recalled,

> *The idea was very promising. Then, during the development process, we continuously refined and adjusted our ideas, and the final product turned out to be very different from what we had originally envisioned!*

The new product was designed to collect and certify consumers' online reviews so as to foster shoppers' trust in online vendors, the Feedaty customers. With this new solution, Zoorate was directly tackling the vendors' needs both to manage their online reputation and to counter the threat posed by fake reviews. The new application was named Feedaty—a combination of "feedback" and the Italian word *fidati* ("trust me," pronounced "fee-da-tee"). Hertel recounted:

> *We tried to understand how much it would cost us to move the business on the B2B track, and we decided that it was worth the effort. We had already developed a lot of materials and code we could leverage on for this new product. Moreover, the new model was far easier to scale and to explain to merchants. It was just simpler, and it fit merchants' needs better.*

On June 30, 2012—exactly one day before their self-imposed deadline—Zoorate raised 200,000 euro in a first wave of funding from Principia SGR, one of the leading venture capital firms in Italy. The investor obtained a 25% equity participation and a board member. As part of the closing, Zoorate agreed on three milestones that would have triggered up to an additional million in further funding, if they were able to

- demonstrate the technical viability of Feedaty by developing a proof of concept of the application
- show market traction by signing at least three to five clients
- establish channel relationships with at least three resellers

As a result, the three cofounders decided to focus their efforts exclusively toward their startup, accelerating the firm's progress. By December 2012, Zoorate delivered the first working version of Feedaty and began to sign up merchants. Initially, the product was offered for free, as a trial. Hertel explained:

> *Our early customers signed up with us because they wanted the reviews. They saw in our product a solution to their need. They knew that there were several products on the market, mostly foreigners, that did similar things. At that time, merchants could either get the paid service from a German or a Dutch firm or give us a chance. It was a win-win situation. They had the service for free, without any commitment and we started building our reputation, and learned a lot.*

Before the end of the year, Zoorate reached all three milestones, triggering the second wave of investments. All activities suddenly accelerated, but to sustain investments, they needed to convince Principia SGR that Feedaty was effectively impacting merchants' sales. Zoorate ran a first trial for measuring Feedaty performance with the collaboration of two merchants. They performed an A/B test[2] to measure users' conversion rate when presented with identifiable certified reviews compared to normal ones. With a second test, they measured the organic traffic[3] from Google before and after implementing Feedaty. The results showed that Feedaty increased the conversion rate by 15% and the organic traffic from Google by 8%. With proof that Feedaty increased vendor's online performance, the cofounders had the marketing ammunition to strengthen the market positioning of their product.

In 2013 Zoorate created a partnership with NetComm (the leading Italian e-commerce consortium) to help develop an Italian certificate of web reputation. This move gave Zoorate both visibility and the access to precious data on the Italian e-commerce market. The biggest breakthrough came in 2014, when Zoorate became one of 28 world partners of Google (see Exhibit A1), the only Italian partner feeding merchants and products ratings in Google's result page (Figure 6). While these ratings were not yet available in Italy

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[2] Comparison of two versions of the same website to similar users in order to see which one gives better results (e.g., higher conversion rate, lower bounce rate, etc.).
[3] Website visitors (traffic) coming from the results page of a search engine (as opposed to paid traffic).

(google.it), it gave Zoorate an advantage on the domestic market. Beside the reputation gain, the partnership with Google was a strong commercial argument, as Hertel explained:

> *All the US-based research that Google does and publishes shows savings on the cost-per-click for merchants who present certified ratings in the results page. On average, merchants save 15-16% on Google's cost-per-click. In other words, if merchants have their ratings certified, they get higher positioned in Google results, and then get more traffic. So, the quality of their campaign is higher and the cost-per-click decreases.*
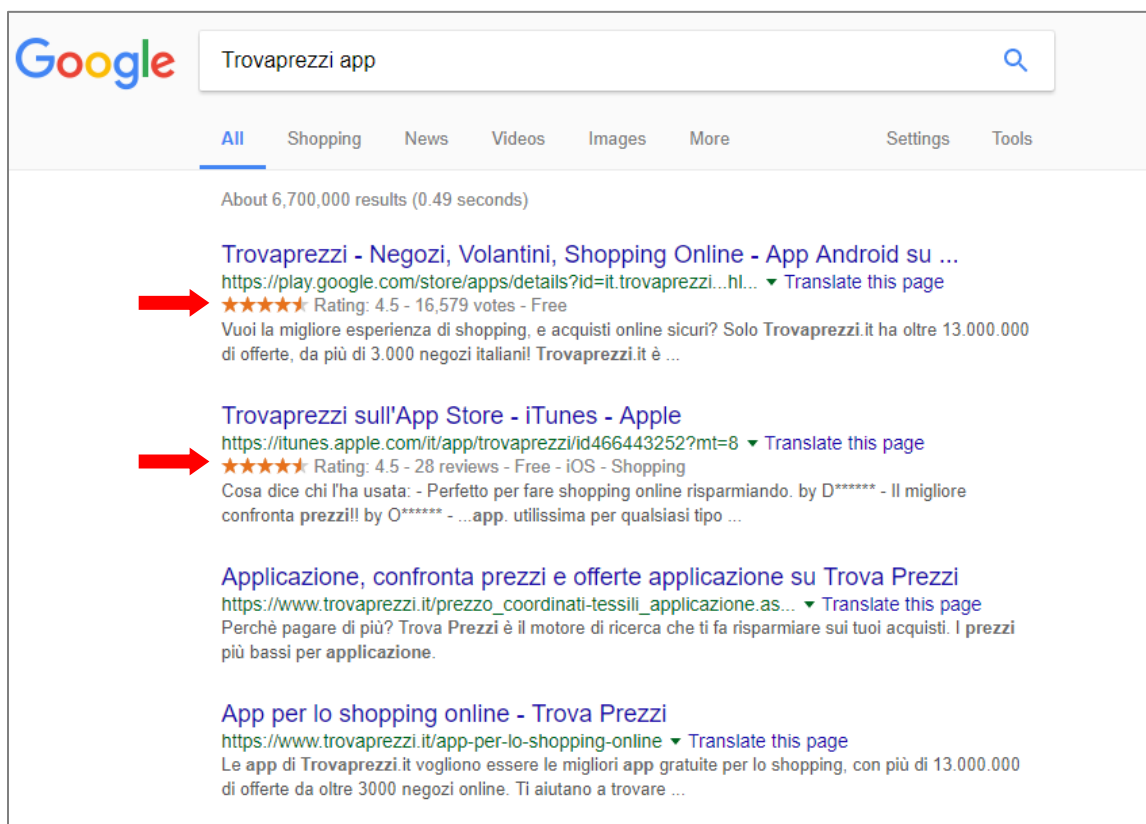

Figure 6. An example of Google SERP with star rating (https://www.google.com)

In 2014, two years from the actual launch, Feedaty had attained a satisfying market position and good visibility. However, although they signed up 150 customers, these numbers were far less than what the cofounders expected (Figure 7). Hertel explained:

> *Timing enabled our growth. On the one hand, other players lacked developed distribution channels, leaving space for smaller players like us. On the other, vendors were starting to understand the value of certified reviews. However, timing was not enough to enable as fast a growth trajectory, as we expected at the beginning. In the business plan, we built our forecasts starting from the number of e-commerce companies in Italy (in the order of 40 thousand), and assumed, simplistically, to sign up 500 to 1,000 per year! However, this was a classic example of an error in overestimating the real market response and complexity of selling a B2B service.*

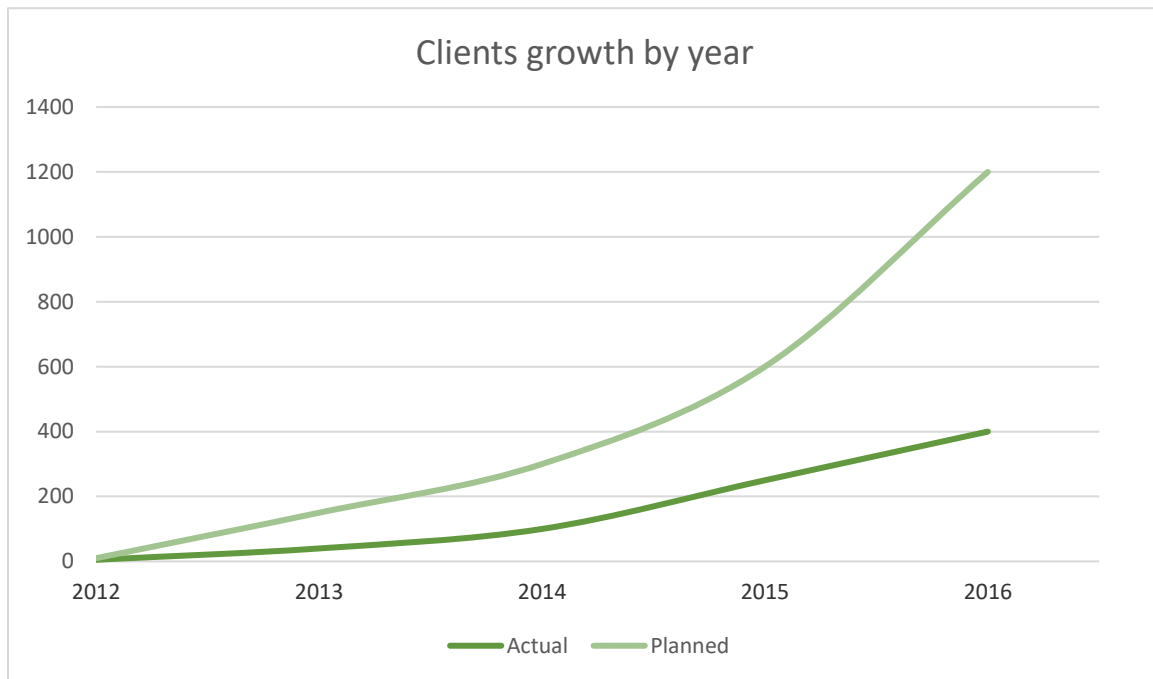The leadership of Zoorate needed to drive sales and attract more clients.

Clients growth by year

Figure 7. Zoorate's clients growth (company documents)

3.2 Partnership with 7Pixel

In 2014, Principia SGR unexpectedly changed its strategy, moving away from the online reviews business. Zoorate management negotiated a buyback from Principia, gaining back full control of their company. However, this left Zoorate with just five employees and limited resources to pursue its growth at a time when international competitors were entering the Italian market. It was at that time that Zoorate approached 7Pixel. Hertel recalled meeting with Nicola Lamberti, 7Pixel's CEO:

> *We arranged a meeting with Nicola. 7Pixel had a product complementary to ours. It was based on reviews and was addressing the same customers. We really liked the idea of an agreement with 7Pixel as we were done working with investment funds. We wanted a partner with whom to share a vision and get some strategic support, and maybe new prospects. Principia offered us the capital to start. We wanted a partner who could understand our business and help us long term.*

With annual revenues of 21.6 million euro (see Table 8), 7Pixel was leading the Italian price-comparison market, making the firm one of the most important national e-commerce actors. Founded in 2002, 7Pixel owned the price comparison website Trovaprezzi, which already offered a review system rating covering more than 3,000 vendors. 7Pixel had a large portfolio of successful e-commerce ventures focusing on vendor and product comparison and based on online reviews: ShoppyDoo launched in 2005; Drezzy, dedicated to fashion and created in 2013; the marketplace Kirivo introduced in 2014; and the recently announced Origini dedicated to wine shopping. In 2008, the firm sought growth on the Spanish market, introducing the localized version of some of its products. By 2016 the firm was hiring 133 highly skilled employees to support its remarkable growth.

The early talks between Hertel and Lamberti on product synergies soon turned into a negotiation for a strategic partnership. 7Pixel had quickly realized the potential of integrating Zoorate's service in their offer in order to complete 7Pixel's portfolio and to strengthen its position in the e-commerce market. The acquisition had the additional benefit of requiring limited resources and reducing the time to market for a product they had already thought about. It was July 2016 when 7Pixel finalized the purchase of 26.4% of Zoorate's equity. Additionally, both parties signed an investment agreement increasing 7Pixel's participation to 40% by September 30, 2016 (Figure 9). More importantly, 7Pixel provided Zoorate with technical and commercial support as well as highly valuable experience in the Italian e-commerce space.
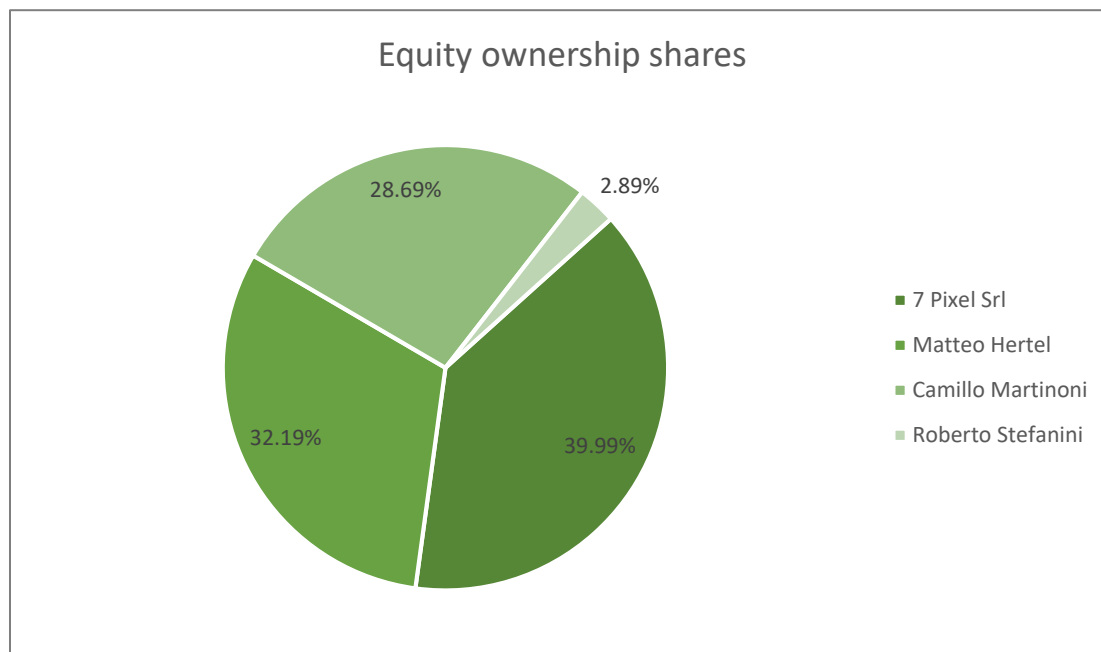
Figure 9. Equity ownership shares (https://orbis.bvdinfo.com)

4   The Product

At its core, Feedaty was a web application built around certified online reviews. On one side, it collected and certified the opinions generated by the consumers. The certification process ensured that only legitimate shoppers could write reviews about the services of the merchant they used and the specific products they purchased. On the other side, Feedaty aggregated and made available reviews to online vendors who purchased Zoorate's services (Figure 10). In June 2017, Zoorate was marketing four versions of Feedaty, offering different levels of service (see Table A2). Customers paid a monthly fee, based on the version chosen, in a SaaS model. Feedaty was designed to be open and easy to integrate with the most common e-commerce platforms and plug-ins (see Exhibit A1). The design principle was that merchants had to benefit from Feedaty, regardless of the software they used for their online store.
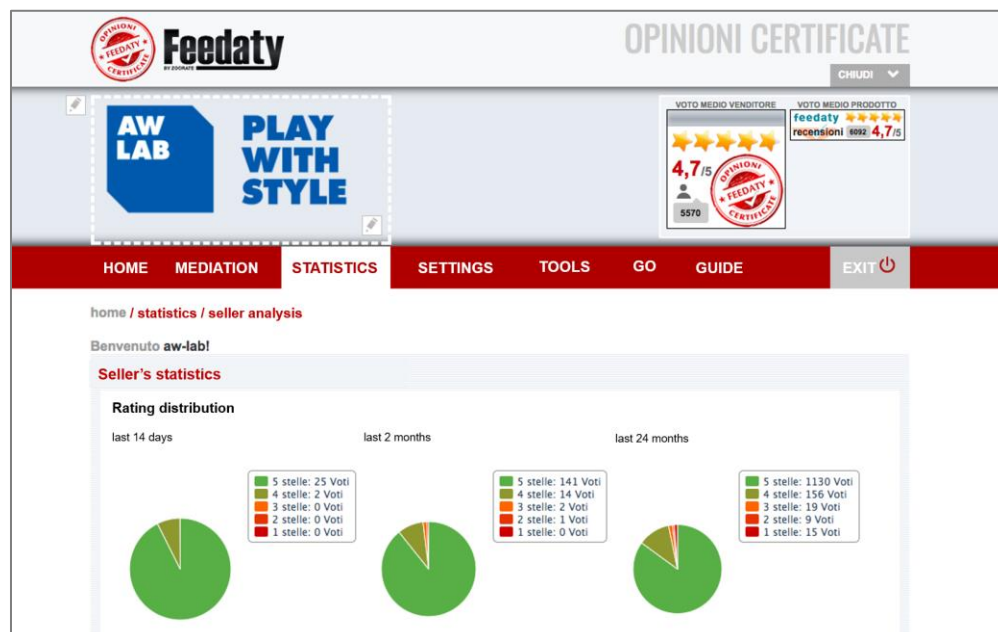

Figure 10. Feedaty client's account (company documents; partially translated by the authors)

The implementation of Feedaty was managed remotely. Once a merchant signed up, Zoorate assigned a personal customer support specialist (PCSS) to the client. The PCSS contacted the customer to send an information package and to schedule a phone or Skype call. During the call, the PCSS illustrated the features of the product and the installation procedure. The customer simply integrated the required code into their websites or through a plug-in. Zoorate's PCSS oversaw the overall functioning and code implementation of the solution. Stefanini explained:

> *We never put our hands on the client's code. It is fundamental. We let them adjust the software as they need to avoiding potential problems. If the client is not capable of doing it, we can only ask to give us the logs, to show us the environment so we can explain it step by step one more time. But we never make any intervention on the clients' software.*

At the end of the setup, the support team started monitoring customer's application use and proactively followed up to get feedback and to provide insight on the results, the first time after 30 days and then every two to three months. A personal technical support specialist was further assigned to each customer to assist in case of software or integration issues.

Central to Zoorate's value proposition was the certification process of the online reviews (Figure 11). Feedaty automatically followed up with an email every time a consumer made a purchase from a partner merchant. In the email, the consumer was invited to use Feedaty's platform to review the purchasing experience (see Figure 129). In the background, the system stored complementary information on the transaction required by the certification process. According to Zoorate's data, around 15% of the users responded to this email, leaving a review on Feedaty.
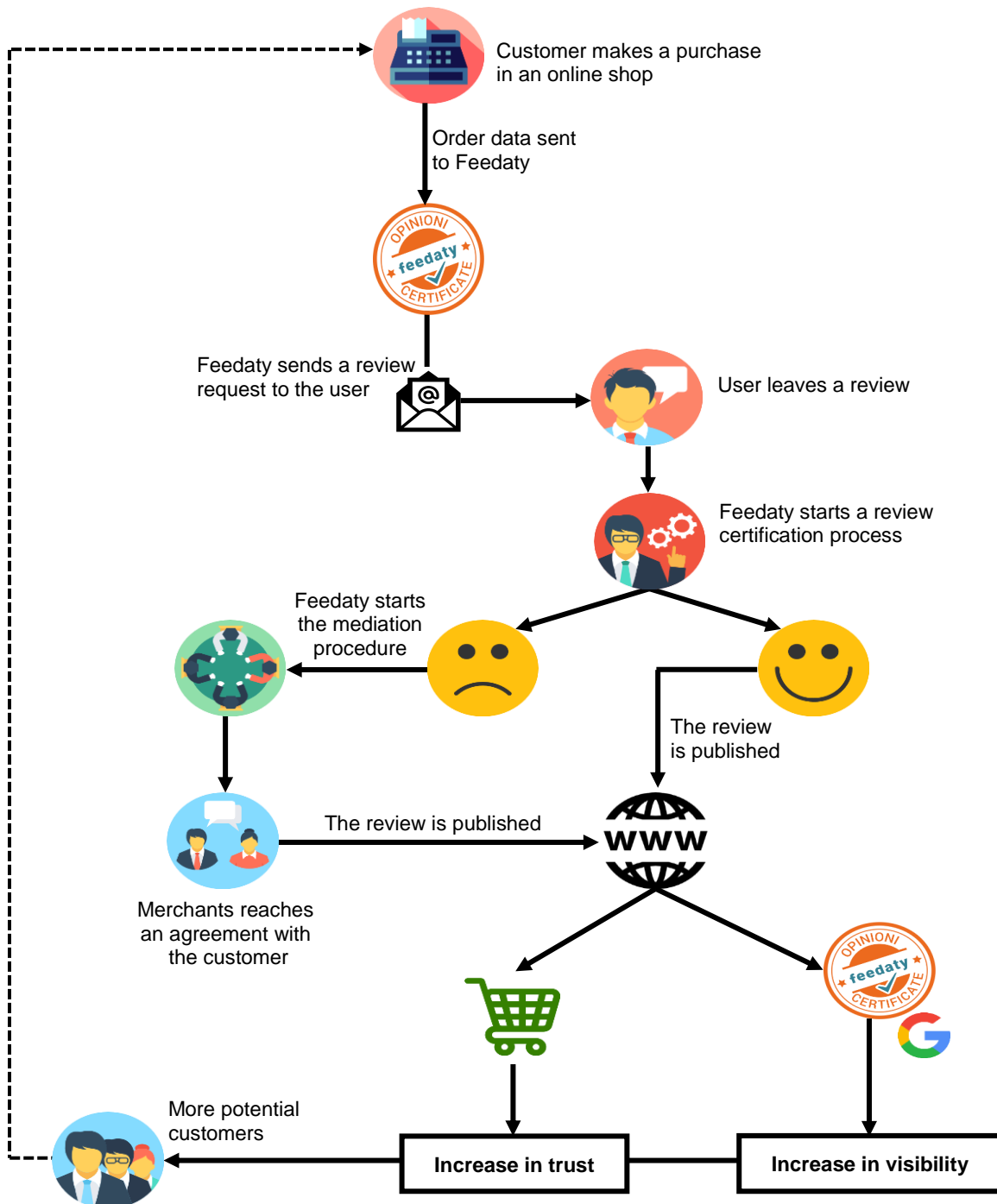
Figure 11. Certification process (company documents; own work[4])
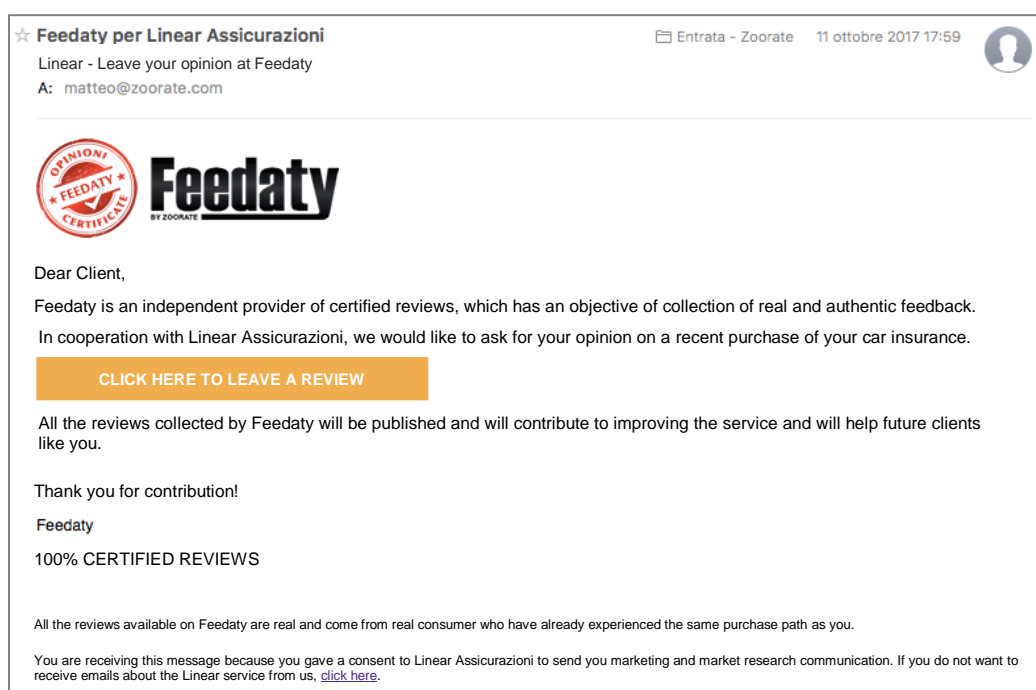

Figure 12. An example of Feedaty message prompting for a review (company documents translated by the authors)

The certification process was semiautomatic. Two dedicated staff members from the Content Management and Marketing unit read each review and decided on further actions. As Martinoni explained,

> It is an automatic process in the sense that 5 stars reviews go online immediately after a quick assessment. It is very rare that there is a mistake. The rest are thoroughly reviewed. We have a team of skilled employees that can read a review in 4 seconds and check if it meets our standards. Ultimately, they decide whether to accept or not the review. And for negative reviews, they then evaluate if a mediation is appropriate.

In general, employees reviewed users' feedback, trying to confirm

- that the review was about a real purchase (verified by an order number)
- that the content of the review was about the purchase (the same product, price, merchant, etc.)
- the absence of swear words and offensive language
- the absence of elements that could damage the client's reputation

The overwhelming majority of reviews (95%) were positive and quickly approved. Negative reviews were considered for "mediation" when merchants' actions could address shoppers' complaints. In these cases, Zoorate personnel reached out to the vendor, suggesting how to best intervene (e.g., apologize to the consumer, replace a broken product, offer a discount). Martinoni explained:

> If we see that a review may damage client's reputation, we try to mediate. Instead of just sending an e-mail to the shopper, we suggest to our client call the shopper and find a common ground. For example, if a consumer leaves a bad rating, but in the review she writes that everything was fine except she was angry because the product was broken, we would suggest to our customer to call and try to solve the problem. This is a fast process. Our merchants contact the shoppers within a few hours of the review. This creates a special relationship and consumers are often happy to amend or cancel such a bad review.

Reviews were made available on both the merchant's online shop (Figure 13) and Feedaty's website (Figure 14) and they appeared in Google's Search Engine Results Page (SERP). Based on these reviews, Feedaty could generate additional statistics for monitoring customers' performance and made them accessible on

the dedicated merchant dashboard (Figure 15). Indeed, Feedaty legally owned all the certified reviews made on the platform, enabling further aggregated analysis.

Feedaty 4.9 / 5 - 259 feedbacks

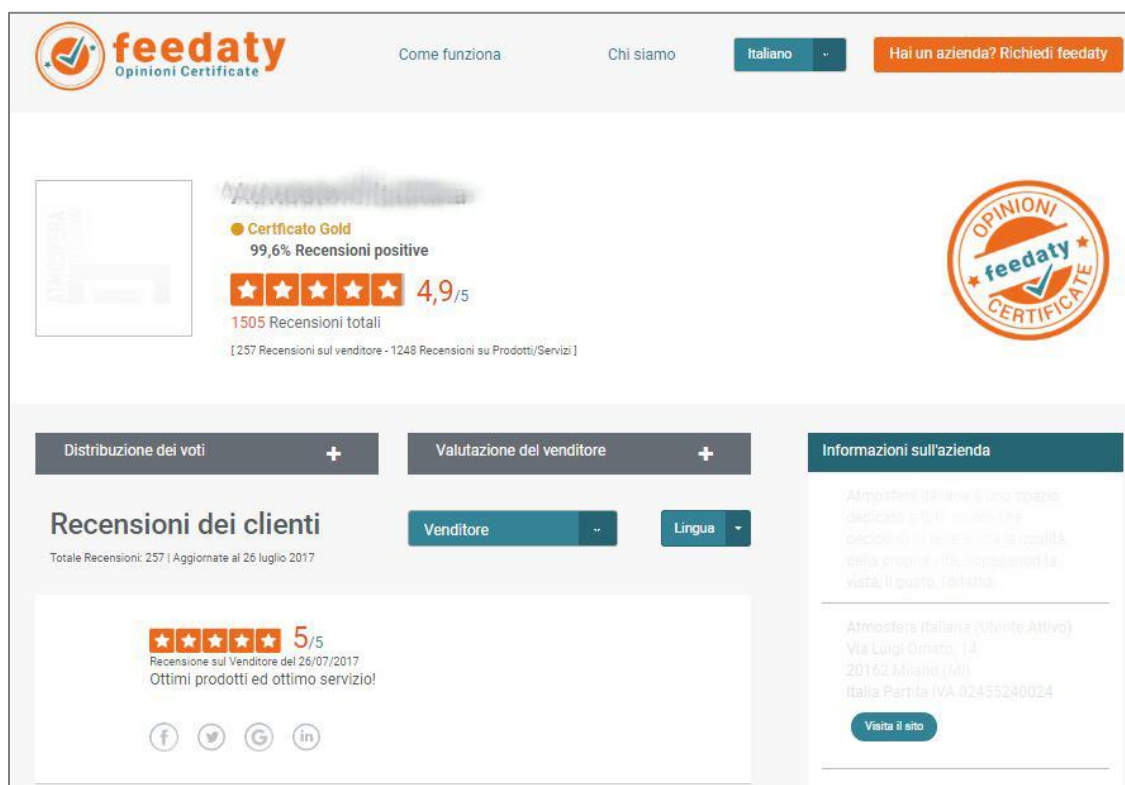**Figure 13. Rating published on a client's e-shop website (company documents)**

Figure 14. Rating and reviews published on the Feedaty website (http://www.feedaty.com)

Figure 15. Feedaty insights dashboard (company documents; partially translated by the authors)

4.1 Core Technology

Feedaty was a client-server web application (see Figure 16). Its architecture evolved from the initial business-to-consumer concept of Zoorate and then extended to support Feedaty. Stefanini explained:

> *What is particular in Feedaty, is that it was born as a different project and later it transformed into what it is now. The good thing, but sometimes also complex to manage, is that we have a mixed technology. The original project was based on .NET, and it became the back-end of Feedaty. We added a different front-end layer, so we could easily scale and distribute the information about the reviews as simple objects on the web pages of our customers.*

The back-end layer of Feedaty was based on Microsoft's solutions—the application was built on the .NET framework with SQL Server as the database. The front end was based on open-source solutions and built around the LAMP framework.[5] The core of the solution was a relational database in the back end and application program interface (API) components in the front end. The API components were key to offer a tailored solution to the clients. They were used for gathering the reviews and for platform administration. The front end was in charge of

- running an email client for sending the review requests to end users
- collecting the reviews from the users and storing them in the database
- publishing the collected and certified reviews

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[5] LAMP is an open-source software bundle used typically for web development. The name is an acronym from Linux, Apache, MySQL, and PHP.

- distributing merchant's reviews and ratings in different forms (widgets, merchant's website, Feedaty platform, etc.)
- providing a back-office environment for merchants to manage Feedaty's settings and gain insight

Stefanini explained that the APIs were also crucial for the management of the product:

With time and with the growth of the development team, we had to rethink the access to the core logic of the application. We wanted new recruits and customers to develop the new components by just making use of the exposed API. The advantage was that they could focus only on the new project and features, without worrying of the inner workings.

The Feedaty infrastructure comprised 40 dedicated servers, clustered into multiple nodes, to guarantee redundancy and continuity. Most of the servers were dedicated machines, and cloud servers were used only for backups and some management operations. Stefanini observed:

To offer good performance to our clients, we seek to have all data ready in cache. In fact, performance is all that a merchant wants for their pages, and we cannot introduce delays. So, we try to supply all the components of Feedaty in less than 0.5 second, and we generally do much better than that.
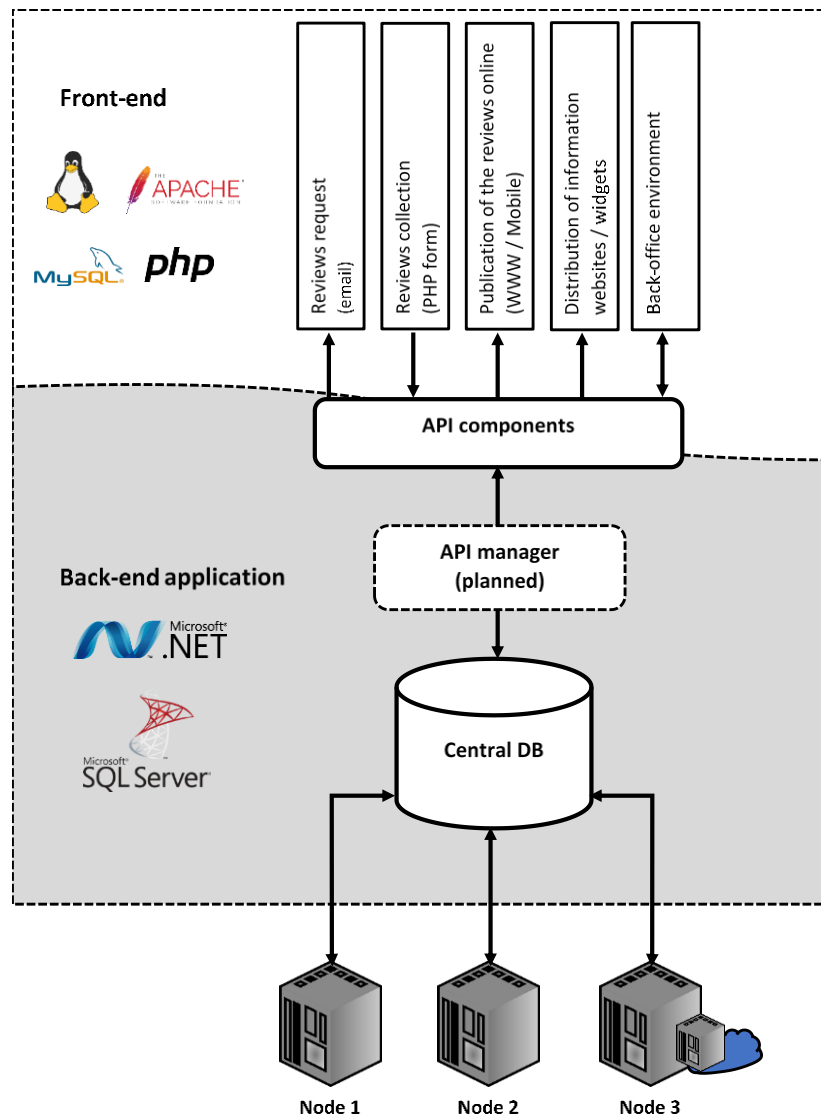

Figure 16. Technological infrastructure of Feedaty (company documents; own work)

5 The Competition

While Feedaty was the leader of online reviews certification in Italy, Zoorate faced a number of competitors: TrustPilot, eKomi, and Net Reviews (see Table 1 for details) were the strongest challengers. All firms offered online reviews certification, used the SaaS model (see Table A4 to compare the features), and were content partners of Google. However, they employed different strategies.

Table 1 Zoorate's competition

Company	Headquarters	Product launch	No. of reviewed companies	Markets	No. of employees	Operating revenue (in euro)
Zoorate (Feedaty)	Italy	2012	1,000	1	12	384,335[b]
TrustPilot	Denmark	2009	* 130,000	25	1,000[a]	32,501,012[b]
eKomi	Germany, USA	2008	14,000	26	250	13,176,347[c]
Net Reviews	France	2012	1,500	14	50[a]	2,587,731[c]

*Declared numbers of all the companies rated on TrustPilot. It is an open platform, so not all have to be clients of TrustPilot.
[a] Size category
[b] 2016
[c] 2015

All of Zoorate's competitors offered their products internationally, whereas Feedaty remained focused on the domestic market. TrustPilot, funded in Denmark in 2009, was the largest competitor in the market (Figure 17). When still a startup, the firm raised 120 million euro from investors, giving them a clear head start. TrustPilot was offering two types of review products: (1) a traditional free online review system for e-shoppers, where they could rate, review, and check information about online vendors; and (2) a certified review platform addressed to vendors themselves. The platform enabled vendors to collect and manage trusted reviews from confirmed buyers, proposing both a free and a paid option. This strategy allowed TrustPilot to quickly grow its body of reviews, attracting millions of reviewers—anybody could leave a review of any shop in the TrustPilot online reviews system. For those merchants receiving negative reviews, TrustPilot offered to fix the deteriorating reputation through its services. TrustPilot had offices in New York, London, Melbourne, Berlin, and Denver. It offered services in 25 countries (including Italy), but its main focus at the time was the American market. It claimed to have collected more than 20 million reviews on more than 130,000 companies (TrustPilot, 2017).
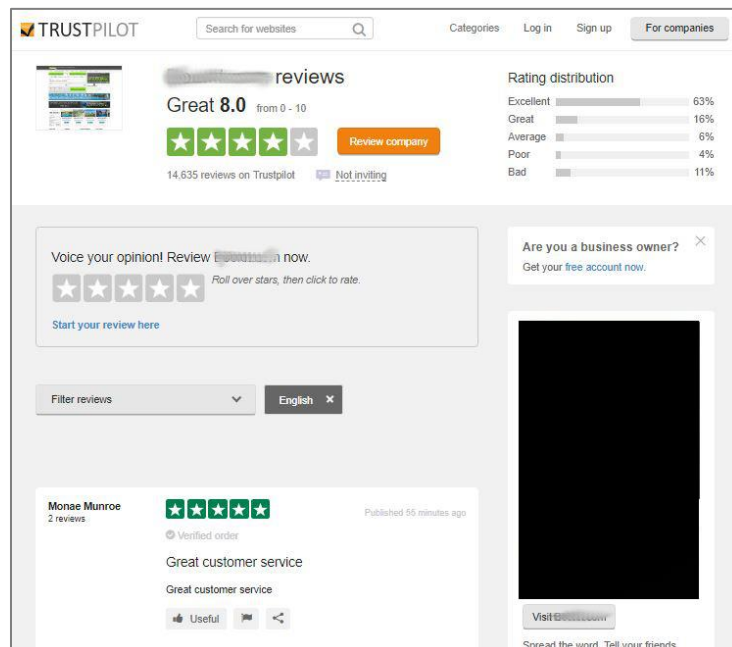

Figure 17. TrustPilot reviews site (https://www.trustpilot.com)

Net Reviews was a French startup founded in 2012, and Martinoni considered it the most dangerous competitor of Feedaty on the Italian market. Besides being a Google partner, Net Reviews was also a partner of Microsoft's search engine Bing. In 2014, it received 2 million euro in funding, which supported its international growth. Net Reviews operated in 14 markets using localized brand names meaning "Verified Reviews" (Figure 18) in every language (in Italy, *Recensioni Verificate*). Using such a generic name in each local market simplified their getting visibility in search engine results pages. Net Reviews offered its service to online vendors, and for physical shops in France they also partnered with Yellow Pages to better support offline and cross-channel clients.
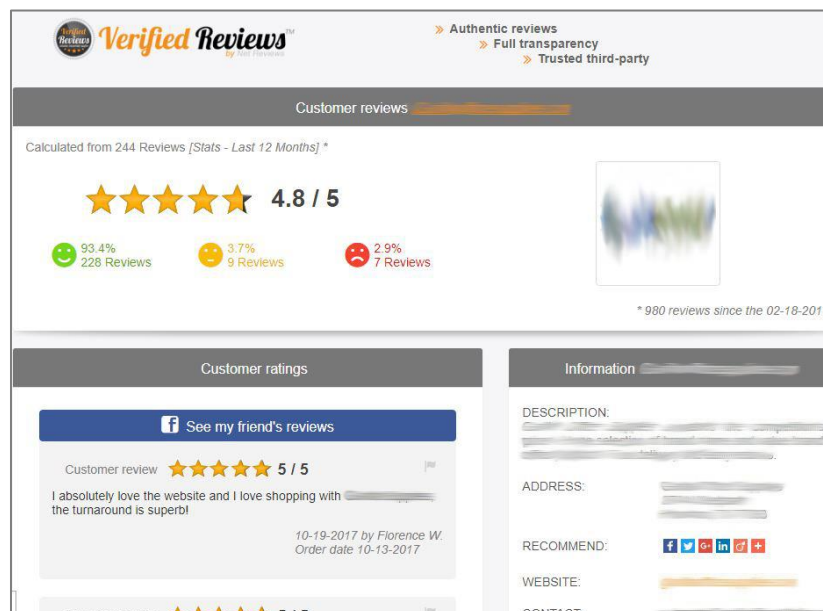
Figure 18. Net Reviews reviews site (https://www.verified-reviews.com)

Finally, eKomi, a German competitor founded in 2008, was the first European firm offering reviews certification services (Figure 19). Compared to competitors, eKomi allowed its reviewers to leave their comments on particular branches of the same firm and to send them via smartphone. In 2015 eKomi received a major investment from Goldman Sachs and was able to acquire one of the important competitors—Reputami—in 2016. In June 2017, it operated in 26 markets (including the Italian market), offering its services to some of the biggest international brands.

Figure 19. EKomi reviews site (https://www.ekomi.co.uk)

Zoorate management was aware of the potential threats posed by international competitors. Despite their strong position on the domestic market, Zoorate leadership tried t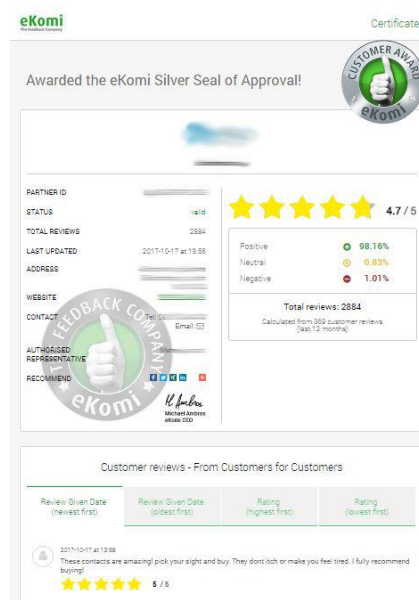o find their unique value offering, a personalized service centered on the individual needs of their clients. As they called it, they followed a "boutique" approach. Martinoni reflected:

> *We are very attentive to what we post online. Instead of making our customers tell us that the review is not real, we scrutinize all the reviews before posting them online. Our competitors heavily rely on automatic checks, our reviews are read by humans. For example, a review with misspelled offensive words would easily pass the automatic check, but no chance we would miss it. Our competitors, being larger and very structured, devote far less attention to their clients. They are already international and they focus less on the post-sale support. We are more like a boutique.*

The management of Zoorate was confident that online marketplaces offering online reviews (like Amazon or eBay) posed a minor concern. As Martinoni stated,

> *We do not consider websites like Amazon as competitors. There is also eBay, but we already integrate all the reviews from eBay in our dashboard. We take eBay reviews and show them on the Feedaty platform with a note 'Source: eBay'. This is another difference between us and our competitors.*

However, Zoorate cofounders recognized the potential threat posed by Google. Paradoxically, being one of the content partners did not insulate Zoorate from this risk. Google already created the Google Customer Reviews program to independently collect postpurchase reviews from AdWords users. These reviews were analyzed by an independent company and displayed in Google SERP exactly as the content from the partners. As Hertel explained,

> *Our clients find us on Google and our reviews integrate with Google search results. But if tomorrow Google decides to not do it anymore, or worse, do it on its own—we are left only with our website. So, this is a risk. That is why it is important for us to diversify the product and to have a base of offers for the vendors that is not only related to this service.*

6   Growing Feedaty

With the infusion of capital and expertise from 7Pixel in the third quarter of 2016, the Zoorate leadership had created the preconditions for substantial growth of Feedaty. The collaboration with Trovaprezzi, for example, began immediately after the agreement, and both teams started cooperating closely. Trovaprezzi provided Zoorate the lead to a host of potential customers interested in certified review, and the two firms started integrating their two services. Trovaprezzi incorporated the reviews certified by Feedaty, providing reviews from two platforms on a single web page. Feedaty provided the additional information to the online vendors for benchmarking their reviews with competitors.

The first step of the integration was finalized in May 2017. These efforts led to further plans for growing and scaling the business. However, many issues remained unsolved and largely determined Zoorate's chances of achieving its full potential.

The company had to strategize on new customer acquisition while still providing increasing value to the existing ones. The firm was growing, but a considerable potential remained untapped.

The management was worried about the annual churn rate,[6] still around 10–12%. The cofounders were also thinking about expanding their portfolio with new and synergic services. As Martinoni expressed,

> *If somebody uses our service, they are not likely to switch to another one. If we have 1,000 clients, and with all of them we have personal contact, we should leverage this relationship and look for what we can do for them.*

Hertel shared the same view:

> *We are still defining which of these features will go under the umbrella-name of Feedaty, and which as separate products. We will expand the Feedaty platform with*

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[6] The percentage rate of clients who stop using the service.

> *new functionality. If I contact those clients that we already have and we propose them a product that is complimentary to what they already use, it is far easier than contacting an unknown vendor and offer a product that maybe he still does not need or does not know. So, for now with the resources we have we try to evolve the platform in parallel to the main product.*

Stefanini explained the need for being innovating when developing these new functionalities:

> *In the past, we thought about services that with time were incorporated by the largest players—Google, Amazon. When they see an interesting solution, they immediately position themselves on the market. So, we have to anticipate to a point that even if they enter our niche, this would only help us to get noticed. Starting something at the same time as them, it's a losing proposition from the start.*

These new services increasingly appeared to the cofounders as the most logical step to increase revenues; however, by no means did they have to hinder platform performance. Stefanini explained:

> *Today the numbers [of clients] are growing, and this starts to impact performance. We have to continue scaling and excel in low-latency. The technology is scaling well, despite the fact that the infrastructure was designed 7 years ago. So, there are modules that we want to rewrite to make them more efficient to support future growth.*

The cofounders were satisfied with the current technological infrastructure. It was well designed and performing, and a migration toward a different solution or even a public cloud appeared premature at least. Yet they admitted that in the long run, alternative solutions might become worth considering. Among them were faster front-end frameworks, artificial intelligence to automate some processes, and most of all, use of nonrelational database technology, allowing more efficient storage for the ever-increasing volume of data.

The cofounders were less confident in the opportunity for internationalization. Their attention was focused on consolidating Feedaty's leadership in Italy, leveraging the existing customer base, and leveraging the relationship with 7Pixel. Martinoni reflected:

> *Italy was chosen for obvious reasons: it was too risky and too costly to go abroad immediately. All our competitors are competing internationally, we know that. We would have to risk far more and put far more energy into that. We thought it was better to focus on one market and do it well. We stayed in Italy and worked hard to differentiate from international competitors. Now with 7Pixel we can start thinking again about that. For example, TrovaPrezzi is already in Spain.*

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Appendix A: Exhibits

Table A1. Company units and size

Department	Employees
Managers	Matteo Hertel, CEO Camillo Martinoni, Head of Sales Roberto Stefanini, CTO
IT	3
Sales	2
Content Management & Marketing (responsible for reviews evaluation)	2
Client support and onboarding	2
Total	**12**

Table A2. Product line

	Feedaty Light	Feedaty Basic	Feedaty Pro	Feedaty Plus
Number of reviews per month	250	500	1000	2000
Seller reviews	X	X	X	X
Product reviews	X	X	X	X
Certificate	X	X	X	X
Widget + badge	X	X	X	X
SEO optimization	X	X	X	X
Statistics and insight	X	X	X	X
Integration with Facebook		X	X	X
Integration with Google Reseller Rating		X	X	X
API integration			X	X
Editorial system of reviews	X	X	X	X
Mediation system	X	X	X	X
Email support	X	X	X	X
Phone call support		X	X	X

Table A3. Zoorate competitors' statistics (in euro)

Company	Operating revenue	Revenue growth	ROA	ROE	Net income
Zoorate	384,335	62%	−10.20%	−17.20%	−81,863
TrustPilot	32,501,012	N.A.	−76.50%	−91.29%	−24,162,828
eKomi	13,176,347	5%	N.A.	N.A.	N.A.
Net Reviews	2,587,731	66%	0.44%	7.53%	220,525

Table A4. Comparison of competitors' features

Features	Feedaty	TrustPilot[a]	eKomi[a]	Net Reviews[a]
Online shopping	X	X	X	X
Offline shopping				X
Seller reviews	X	X	X	X
Product reviews	X		X	X
Desktop platform	X	X	X	X
Mobile platform			X	
SEO optimization	X	X	X	
Statistics and insight	X	X		X
Integration of eBay reviews	X			
Integration with Facebook	X	X		X
Integration with Google Reseller Rating	X	X	X	X
API integration	X	X	X	X
Editorial system of reviews	X		X	
Mediation system	X		X	X
Multilocation services			X	

[a] Based on company website

Table A5. Zoorate's income statement (in euro)

	2016	2015	2014	2013
Revenue	384,335	228,761	98,566	9,664
Wages[1]*	(285,000)	(285,000)	(180,000)	(180,000)
Founders' compensation[1]	(60,000)	(60,000)	(60,000)	(60,000)
Sales	(50,000) (2 p.)	(50,000) (2 p.)	(50,000) (2 p.)	(50,000) (2 p.)
IT	(75,000) (3 p.)	(75,000) (3 p.)	(25000) (1 p.)	(25,000) (1 p.)
Client support	(50,000) (2 p.)	(50,000) (2 p.)	(25000) (1 p.)	(25,000) (1 p.)
Content mgmt	(50,000) (2 p.)	(50,000) (2 p.)		
Employees	9	9	4	4
Other costs	(181,198)	(93,755)	(239,595)	(285,845)
Net P/L	(81,863)	(149,944)	(301,029)	(436,181)

[1] Estimated for the purpose of analysis.
* Based on the average yearly salary in Italy (20,320 euro) and in the region of Lombardy (27,300 euro)
http://ec.europa.eu/eurostat.

Table A6. 7Pixel's income statement (in euro)				
	2016	**2015**	**2014**	**2013**
Revenue	21,638,252	14,453,738	16,848,299	14,630,313
Wages	(5,833,676)	(4,135,897)	(4,336,363)	(3,187,857)
Other costs	(14,678,404)	(11,179,651)	(7,947,654)	(6,512,702)
Net P/L	1,126,172	(861,810)	4,564,282	4,929,754
Employees	133	126	100	76
Source: https://orbis.bvdinfo.com				

Exhibit A1. Plug-ins compatible with Feedaty (June 2017)

- Commerce Ready
- Koomo
- Magento
- NewCart
- osCommerce
- Shopify
- VirtueMart
- Woo Commerce
- ZenCart

Exhibit A2. Google's feedback content partners (June 2017)

- Ausgezeichnet.org
- Bazaarvoice
- Bizrate
- eKomi
- E-Komerco
- ECã ã
- Feedback Company
- Feefo
- FIA-NET
- Hardware.info
- Heureka.cz
- KiyOh
- Klantenvertellen
- kuchikomiking.jp
- osaifu.com
- Poulpeo
- PowerReviews
- ProductReview.com.au
- ResellerRatings
- Reviews.co.uk
- Reevoo
- Shopper Approved
- ShopVote.de
- ShopAuskunft
- StellaService
- TrustedCompany
- Trusted Shops
- TrustPilot
- Verified Reviews
- Yopi.de
- Yotpo
- Zoorate

Exhibit A3. Timeline of Zoorate

2010	
	The idea of starting a new business was born
2012	
First quarter	Zoorate launched its first product
June	First investment from Principia SGR
December	Investment milestones fulfilled—further investment from Prinicipia SGR
2013	
	Partnership with NetComm consortium
2014	
	Partnership with Google
	Buy-back of shares from Principia SGR
2015	
	First talks between Hertel and Lamberti
2016	
July	7Pixel acquires 26.40% of Zoorate shares
September	7Pixel increases its investment and arrives at 40% of shares
2017	
May	Trovaprezzi integrated the certified reviews from Feedaty with its website

About the Authors

Marcin Bartosiak is a postdoctoral research fellow in the department of economics and management at the University of Pavia. He was a visiting scholar at the Sauder School of Business, University of British Columbia, and is a member of the Digital Data Streams Lab. Marcin's research focuses on human–computer interaction and persuasive technology, including computer-mediated influence in the hospitality industry. He is also interested in the use of information systems in the context of international politics and human development.

Federico Pigni is an associate professor and program director at the Grenoble School of Management in France. He holds a PhD in management information systems and supply chain management. His research and teaching activities are in the value-creation opportunities of big data and digital data streams.

Gabriele Piccoli is the Edward G. Schleider chair for information systems in the E. J. Ourso College of Business at Louisiana State University, and is on leave from the University of Pavia. He is the director of the Digital Data Streams Lab at LSU. His research, teaching, and consulting expertise is in strategic information systems and the use of advanced IT to support customer service. His most recent research focus is on digital data streams and their potential for value creation. He is the author of the book, *Information Systems for Managers: Text and Cases*. His research has appeared in both academic and applied outlets such as *MIS Quarterly*, *Journal of AIS*, *European Journal of Information Systems*, *Decision Sciences*, *California Management Review*, *MIS Quarterly Executive*, *Communications of the ACM*, and *Harvard Business Review*. He has published 16 full-length teaching case studies through Communications of AIS as well as Harvard Business School Publishing.