Social Proof and U.K. company profitability: A Case of Vichy

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Abstract

Purpose: The purpose of this study is to examine the relationship between social proof and a company's profitability, with a specific focus on the case of Vichy. Fear of Missing Out (F.O.M.O.) is a psychological phenomenon social proof trigger. The study emphasises the significance of social proofing, a marketing strategy that analyses consumer preferences and behaviours.

Methodology: The research paradigm used in this study is positivism, with a deductive approach. The sample size is made up of fifty employees from the company. To achieve the best research results, both quantitative and qualitative research methods were used. In-depth interviews were conducted with two Vichy managers to understand better the use of social proof to boost company performance.

Findings: The study demonstrates organisational growth and profitability through social proofing in a competitive business environment. As a result, it comprehends current organisational conditions and emphasises business expansion in the digital business economy. Furthermore, the ANOVA test indicates that there is an existence of a direct or indirect relationship between social proof and brand profitability.

Study originality and implications: To attract customers and increase profits, U.K. skincare retailers widely use social proofs such as case studies, customer reviews, awards, and influencer marketing. Companies can easily reach their target audience by using this marketing technique. However, there has been little or no research in this area, particularly in a luxury brand like Vichy. As a result, the findings are highly original, with significant academic and organisational implications. Companies can use the findings to implement effective social-proof marketing strategies to increase profits.

Introduction

As Naeem (2021) opined, social proof refers to evidence of other people's purchasing and finding value in a service or product offered by the business. In other words, social proof means when the present consumers recommend the benefits and effects of the company as per their experiences with the brand. Currently, social proof can be found in several areas of online and offline marketing. Diverse types of social proof are case studies, testimonials, reviews, social media, trust icons and data/numbers (Trudel, 2019). Hence, organisations, by publishing their case studies, displaying the reviews of customers, publishing testimonials in video format and showcasing trust badges on the website, can effectively boost the profit and credibility of the firm. Social proof influences psychology to get the target audience to act by showing them that people are choosing those options. Currently, social proof has become a powerful marketing technique through which organisations attract their target customers easily. These processes gradually increase the firm's profitability and develop a positive brand image.

Therefore, this study focuses on the relationship between the social proof marketing technique and the profitability of the firm Vichy. Vichy sells skin care products with unique ingredients for every skin type and focuses on every skin concern. Previously the brand promoted its products through T.V. advertisements, but recently, the firm has decided to change its approach. Hence, Vichy has agreed to
promote its products through Youtube and focuses on offline shopping experiences to attract its target customers: health and fitness lovers, career moms, and women who have fatigued skin or suffering from stress. Therefore, the organisation can use social proof to attract customers to shop offline by sharing customer reviews on different social media applications or Youtube. The firm has already included case studies and awards on its official websites as social proof to attract target audiences so that they can get the same experience.

In the present time, customers are heavily influenced by the recommendations and actions of others. Hence, social proof is a precious tool for the skincare industry to boost their profit by sharing other customers' experiences. Thus, the top companies that sell a range of skincare products, such as The Body Shop, Archive, Boots and Charlotte Tilbury, are also using customer reviews to promote their products and influence the purchasing decision of the customers. In the U.K., the annual revenue of the Beauty and Personal care market is $15.92 billion in the current year, and the market is also expected to grow by 2.17% within 2027 (Statista.com, 2023). The skincare retailers of the U.K are widely using social proof such as case studies, customer reviews, awards, and influencer marketing to attract customers and boost the firm's profit. People prefer to get reviews regarding skincare products before using them to protect their skin from harmful chemicals (Bicchieri and Dimant, 2022). Additionally, every skincare brand has an official account on social media platforms such as Facebook, Instagram, and Twitter, where customers can freely share their experiences with the brand. Therefore, it is vital to understand how social proof can benefit organisations.

Therefore, this study aims to investigate the influence of social proof on organisational profitability within the context of the skin care sector. The study objectives are threefold:

1. To investigate the impact of Social Proof on organisational profitability in the U.K.
2. To understand the role of digital marketing and social media in promoting Social Proof
3. To explore the concept of Social Proof in the context of digital marketing

Hypothesis
The following Hypotheses are developed based on the literature review, and these are evaluated:

$H_0$: There is no relationship between social proof and the brand profitability.

$H_1$: There is an existence of a direct or indirect relationship between social proof and brand profitability.

Literature review

The Concept of Social Proof

Social proof is a phenomenon where individuals follow and copy others' actions to display corrected or accepted behaviour as per social influence. Syafullah et al. (2021) state that social media platforms allow organisations to engage and connect with their target customers. Recently, organisations promoting their products also provide social proof through social media platforms. The term "social proof" was introduced in 1984 by Robert Cialdini in the book Influence, and this phenomenon is the idea of people copying the actions of others (Canovi and Pucciarelli, 2019). According to Queensberry (2020), social proof is an effective way to increase the firm's profit and sales by showing other customers' experiences regarding a particular product or service.

Social proof also helps convey trust, a significant factor in building a solid customer base. For example, it can be said that when a customer sees a post of any social media influencer or celebrity on Instagram or Facebook regarding their purchasing experience, it gradually increases the trust of people in the brand, motivating them to purchase the product. In the present time, there are different types of social proof as per the product and services of the company, such as photos and videos from customers, customer case studies, rating and feedback of customers, reviews on third-party applications such as Google, posts of social media influencers or celebrity and testimonials from the experts of the industry, (Manzoor et al., 2020). It is to be noted that leading skincare brands in the U.K. use the recommendations of dermatologists as social proof, which builds trust among customers regarding the safety of using products from this company. Along with this, consumers can also read reviews and experiences of other customers on the company's official website and decide to purchase the product. For example, The Body Shop is another famous company that sells skincare products and uses social media platforms such as
Instagram and Facebook to show customer reviews. Many celebrities, such as Pippa Winn, promote this brand on social media.

However, unlike Naeem (2021, p. 288), unfavourable or unfavourable reviews can decrease the firm's credibility and convince customers not to purchase products from a specific brand. Hence, it can be said that negative social proof influences people to avoid the brand, and the company can face a tremendous amount of loss if there are numerous negative reviews about the products and services. Hence, organisations must promote products using social media platforms instead of focusing on social proof. Although as argued by Poels and Dewitte (2019), social proof is equally important as social media promotions as it allows to build a strong relationship with customers by guiding them in the right direction. It is normal to have some negative reviews on websites, and companies need to reply to those reviews and take the initiative to resolve those issues to provide a better customer experience. In other words, negative reviews allow companies to identify areas of improvement of the company and rectify mistakes. Hence, along with positive reviews, negative reviews are also essential to resolve the customers' issues regarding the products. For instance, Boots replies to all the negative comments on its websites and tries to improve its products so that customers can get a better experience.

The three fundamental types of social proof are expert social proof, celebrity social proof, and user social proof. The skin and hair care industry of the U.K. currently uses digital marketing to provide social proof of their brand's products. As per the views of Luguri and Strahilevitz (2021), customers these days listen to the influencers instead of the company's advertisements. In the era of globalisation and unprecedented technological advancement, many people are following social media influencers, and their reviews regarding any company products influence people to buy that product. As an example, it can be said that Estee Lauder has paid social media influencers to promote their products. However, this incident has developed controversies, and people started to argue that this is not a proper way to provide social proof. Some people claim this is unethical. Therefore, the current regulation states that influencers can no longer use personal videos to promote therapeutic products.

Social Proof vs Profitability

As stated by Lancaster (2019), the maximum number of customers visit the company profile after reading positive reviews, which increases the sales and profit of the company. Customers also watch video testimonials to learn about the company and its products. Hence, most skincare and cosmetics companies use this social media-proof technique to increase sales. For example, the leading consumer goods companies Barry M, Skin Brands Pro, and Beever Personal Care have their official accounts on different social media platforms, and customers can read the reviews regarding their products anytime from these platforms. The skincare market in the U.K. is also expected to grow 2.38% from 2023 to 2027. Hence, it can be said that this social proof strategy effectively increases the skincare company's profitability. The below-mentioned graph also shows that the brand L’Oreal, L’Occitane and Nature are facing tremendous growth at present, and customers are likely to purchase their products by reading the positive feedback from other customers and experts.

On the contrary, as Ali et al., (2020) argued, social proof can be easily manipulated by the company, such as organisations paying celebrities and social media influencers to post positive videos and posts about their products. For instance, Estee Lauder is a company which has controversies regarding paying social media influencers for providing positive reviews for the company through the effects of the company that have issues of animal testing. Hence, this type of unethical proof can mislead people, and they can purchase inappropriate products that could negatively impact their skin. Some companies also use fake followers on their social media pages, and fake reviews can misguide customers. On the other hand, as opposed to Lal et al. (2020), there are different third-party applications, such as Google and YouTube, where customers can get the actual reviews of the products. Organisations can manipulate customer reviews on their social media handles and official websites. Still, customers can get honest reviews of the products from third-party applications and online shopping applications such as Amazon.
Psychology of social proof marketing

As opined by Bicchieri and Dimant (2022), informational social influence or social proof has a positive impact which has been generated by people figures in making decisions. Indeed, people or consumers make decisions based on their experience or others' actions when they do not know about an outcome. Therefore, before making a purchase, people always tend to search for relevant and compelling information. However, based on psychological studies, social proofing is used to establish credibility, trust with potential consumers, and showcase the approval of others. T.V. commercials, billboards, and print ads are essential to attract attention and bring ultimate sales in the competitive business economy. In addition, marketers of business organisations use psychological study in making decisions about product innovation and building loyalty to attract customers. Social media platforms engage customers and create brand awareness by creating online social circles.

Engel Kollat Blackwell Model

Martin et al. (2021) state that ideas' natural evolution is founded in Engel Kollat Blackwell’s model, which is defined as the theory of reasoned action. Indeed, based on the theory, there are four stages in purchasing decisions: input, processing information, decision stages and variables in the decision-making process. The first phase is input, where the customers observe the most marketing materials through online advertisements, in-person displays and billboards. Information processing has been conducted, combining experience and expectations, and making the best decisions for the present circumstances. Social proofing in business organisations analyses the consumer's purchasing decisions, consisting of five phases involving evaluating the alternatives, recognising needs, searching for information, purchasing and post-purchase outcomes. Input is the most valuable during the preliminary information stage of the E.K.B. model of consumer behaviours. The consumers have received enough information about the products to help retain them. Therefore, during the external influence phase, the company uses the product information and counts future needs. In addition, the lifestyle industry grasps the sequence which triggers desire in the consumer markets and feels better regarding the competing brands. However, the model helps the business organisation to understand consumer behaviour and psychology and bring innovation to retain them.

Social influence Theory

Hu et al. (2019, p. three hundred) discuss the importance of social influence in everyone's daily life in the psychology of persuasion. Socialisation deals with appropriate customs and beliefs based on society and culture. Indeed, the socialisation process begins with family, and it continues in schools, peers and community as such, the human can shape their opinions and perform acts. Social influence theory describes three levels of social influence: internalisation, identification, and compliance. It has been evidenced that based on the theory, an individual is separate from a group at the lowest level and unified within a group at the highest level. The group and individual are different in compliance regarding the process of social influence, and the psychological factors have been considered to purchase the products and use the services. As Alkhatibet al. (2019) stated, conformity is the type of internalisation where the change changes continue indefinitely. In terms of thinking and behaviours, individuals are entirely part of the group and retain cultural customs in leading new behaviours. As a part of consumer psychology, social proof is significant in executing landing page strategy, and consumers feel confident about their choice and instigate different emotional triggers towards purchasing decisions. For example, the large sports brand Nike understands statistical standpoint and uses social media strategy to enhance consumer experiences and increase organisational sales.

Study methods

The primary data is collected using a questionnaires-based survey strategy and in-depth interviews with the company's management in London, UK. The study population is employees of the Vichy. The sample size was fifty. Both quantitative and qualitative method is used to get the best possible outcomes.
Findings

The findings suggest that social proof is essential for organisational success. Thirty-four percent of the subjects affirmed more robustly, while 48% agreed, and another 2% were found to be neutral. Disagreement among the participants regarding the question stood at 6% and strong disagreement was at 10%. Hence, the majority opinion is in favour of the fact. It is because an organisation with social proof is likely to be trusted more than businesses lacking any social proof. Furthermore, social proof magnifies the presence of a business by showcasing evidence of purchase and usage.

To understand the importance of digital marketing, the respondents were asked whether they agreed that digital marketing contributed to social proof. Seventy-four percent of the respondents agreed that digital marketing strongly correlates with social proof, 22% disagreed, and 4% were neutral. To infer, digital marketing strategies and tools help organisations create their social proof. Digital marketing is done through different online channels and platforms such as blogging, social media communities, advertising on Google search pages, and website marketing. All these tools improve the evidence of the brand as well as its usage among existing customers. Modern organisations also encourage their customers to post reviews on their websites about their experience using the brand items, spreading awareness. As other visitors to the website see positive opinions from existing users, it also motivates them to purchase items from the brand.

Another survey question aimed to understand whether the profitability of an organisation can be boosted by social proof. To this answer, the range of solid agreement and agreement varied from 36% to 42%. Hence, 78% of individuals participating in the survey confirmed the usefulness of social proof in amplifying business profits. On the other hand, neutral answers were found to be at 2% alongside 12% disagreement accompanied by 8% of solid variance. Overall, the results indicate that employees in Vichy believe in the efficacy of social proof in improving the profits of a business. It is because customers have
been found to be more attracted towards a brand with considerable social proof. Consequently, people are expected to buy from a well-known brand that has recognition among customers, which further emphasises the essentiality of social proof. Therefore, with increasing sales, the profitability of a business also proliferates with the growing social proof.

Along with a strong agreement from 44% of respondents, another 32% agreed to it. On the other hand, a total of 20% of the participants dejected the prospect and neutrality were estimated at 4%. Upon evaluating the answers and interpreting the statistics, it has been inferred that social media is crucial for generating social proof in today’s business environment. The realm of businesses has become digitalised in the present day. Social media is vital to the digital world, gaining significance in business marketing. Social proof is imperative because social media platforms have millions of users who actively use social media daily. Hence, it provides these brands like Vichy a more significant opportunity for promotion with the potential for attracting the attention of many people. Besides that, brands pursue different social media marketing tactics like influencer marketing and sponsorship, where their favourite celebrities recommend people products to strengthen the brand’s social proof. Additionally, user-generated content has been recognised as the most effective social media approach to improve social proof, which the audience trusts.

In response, the percentage of consensus was 42 per cent, and strong agreement was estimated at 40%. Cumulatively, 14% of the individuals rejected this prospect and 4% opted to stay neutral regarding their views. Therefore, considering the view shared by the majority, it has been concluded that customer reviews and testimonials act as crucial social proof for a brand like Vichy. Customer reviews are shared online on a brand’s website or other distribution channels on e-commerce sites. Customers also review their experiences related to specific brands or products online on social media channels like YouTube, Facebook, and Instagram. A brand, an item, or a service receiving positive reviews quickly attracts the attention of other visitors on these sites and platforms, and these reviews and testimonials function as motivators leading to the purchase of these items in large numbers. According to Sanak-Kosmowska, (2021), in the concept of social proof in the digital market, customers are considered the main reference point for influencing the purchase decisions of other buyers.
Fig 6 shows the efficacy of user-generated content in enhancing a brand’s social proof. Seventy-two percent of the employees from Vichy affirmed the effectiveness of user-generated content as a tool to magnify social proof. On the other hand, the total percentage of disagreement was 24%. It has indicated that most participants recognised user-generated content as crucial to social proof. As per the view of Auletta et al. (2020), user-generated content provides the most authentic social proof for the product endorsed by a brand. There are distinct types of user-generated content that people share on social media. For instance, individuals share content while using or sharing the items or services that a brand offers, which is viewed by many people on these platforms. It acts as customer-to-customer marketing.

Fig 7 indicates a strong affirmation of the fact, calculated at 34 per cent, accompanied by an agreement of 46%. Ten percent of the employees disagreed with the views, while another 6% of respondents disagreed strongly. The remaining 4% of participants chose to respond neutrally. Therefore, analysing the statistics, it can be claimed that Vichy has received benefits from developing its social media presence which assigns the brand strong social proof leading to higher recognition.

The results of Fig 8 and Fig 9 on the issue of building trust and emotional relations with the brand through social proof and the benefits of social sharing and rating sites as social proofs also indicate positive territory.

Table-1: ANOVA
It has been observed that the P-Value is 0.91 respectively for rows and columns. The confidence level has been marked as 95% and the significance level has been marked as 5%. In this case, the judgement should consider F value as the number of respondents is less than 30. In this case, the F value is less than 0.05, indicating that the null hypothesis should be rejected.

**In-depth interviews**

In-depth interviews highlighted that social proof holds value in the modern business world because customers have become more conscious of their purchasing decisions. Social proof provides confidence to a customer in buying a brand's products as they see the same products are bought and used by other consumers (Naeem, 2021). Hence, social proof is important to a business in terms of gaining consumers' trust and making the brand more attractive. In addition, the second manager depicted social proof as a motivational factor in the buying decision of customers. Consumers nowadays actively follow trends and tend to be inspired by them. Their choices of items also vary based on current trends. Therefore, social proof for a brand is necessary to build enough awareness and trust around the goods or the brand to generate enough sales.

The managers also explained why social media a crucial social proof tool in contemporary business is. Social media platforms, including Facebook, Pinterest, Snapchat, Twitter, and YouTube, have large audiences using them regularly. Hence, sharing content on these platforms helps brands easily generate enough awareness and exposure to the maximum number of customers. Besides that, user-generated content has been identified as a great component in delivering social evidence to consumers regarding the purchasing as well as the usability of the products. All managers agreed on the relevance of digital marketing in the aspect of a brand's social proof. Organisations pursue various digital marketing techniques for building social proof such as P.R. blogging, SEO, website promotion, P.R. reviews, and Google advertising, enabling these brands to reach their potential customers.

**Discussion**

The survey results on how social proof determines the profit level of the businesses presents that a more extensive section has strongly agreed. In contrast, a specific section expressed confusion regarding the given query. From the overall survey analysis, it can be surmised that social proof is necessary because it works effectively. Nifita et al., (2022) opined that modern consumers are more likely to buy a product or service when they see that others have also benefited from it. The main reason behind this is that several competing brands offer the same services at an equal price in the market. In this context, the effectiveness of the social proof becomes the primary factor based on which a buyer decides to purchase a product. According to Queensberry (2020), social proof is an effective strategy for increasing profitability and sales by highlighting positive customer experiences. The survey results confirm this, with a more extensive section strongly agreeing on the significance of social proof in determining the profit level of businesses.

The result presents that the largest section of the surveyed employees has agreed. In contrast, some of the employees were not communicated about social media's effectiveness in business improvement. In this context, it can be surmised that social media is evolving as an effective medium for businesses to connect with customers. According to Sanak-Kosmowska, (2021), social media has become a source of inspiration, entertainment, and news. Social media is growing to become one of the most effective digital marketing channels, with a few companies embracing social media as their primary marketing channel. The results also affirmed that social proof impacts consumers' confidence in the business.

Consequently, it also influences their purchasing decisions. Similarly, managers answering the first question in the interview also highlighted the fact that the confidence of the audience in a brand increase when they find enough social proof. As digital commerce has been booming, consumers have become more inclined to search for a product or a brand online. Moreover, finding a brand on social media or the brand's website significantly benefits the contemporary population of customers. It is because they intend to acquire more information on the brand, its values, and practices. As postulated by Johnson, (2019), customers have become more critical in terms of their purchase decision due to the availability of many brands catering to niche segments.
The literature highlights that positive customer feedback can increase sales rates and build trust in the brand, while negative reviews have the potential to deter customers (Manzoor et al., 2020). The survey results align with this, with most participants affirming the impact of social proof on consumer confidence and purchasing decisions. User-generated content and endorsements from social media influencers are recognised as effective ways to influence consumer behavior (Manzoor et al., 2020). However, the discussion raises concerns about ethical practices in influencer marketing, citing limitations imposed on influencers using personal videos to promote therapeutic products. This contrast highlights the need for transparency and authenticity in influencer partnerships.

Conclusion

In conclusion, the literature review and the survey results emphasise the importance of social proof, customer reviews, influencer marketing, case studies, and stories in brand marketing. They highlight the positive impact of these strategies on consumer behaviour and brand credibility. However, the discussion brings attention to certain contrasting viewpoints and limitations, such as the need for ethical practices in influencer marketing and consideration of the representativeness of case studies. By addressing these factors, businesses can leverage social proof effectively to enhance their brand performance, build trust with their target audience, and drive profitability. It is crucial for businesses to carefully manage customer reviews, establish ethical influencer partnerships, and ensure the appropriate use of case studies and stories as social proof to maximise their marketing efforts.

Study Limitations and Scope for the future research

Even though the literature review and survey results provide insightful information, there are certain limitations to consider. Not all respondents expressed the same level of agreement or comprehension so that the survey results may be subject to response bias. In addition, the literature review may not include all perspectives on the topic, and additional factors may influence the effectiveness of social proof that were not discussed. The sample size was small, the study focused on a single company, and the setting was the United Kingdom. Therefore, a larger sample size could be used in future studies with diverse sectors to gain a deeper understanding. To comprehend the phenomenon and the shifting consumer behaviours, cultural factors can be considered. In addition, a comparative study would shed more light on social proof in various contexts.

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