

Uncertainty reduction theory and its implications for business and marketing

Students, who are interested in communication theory, psychology, marketing analytics, or any other research practice, can bolster their education by reading additional study materials (such as peer-reviewed, scholarly journal articles). In keeping with that idea, I selected an article from *New Media & Society* called “Commercial markets as communication markets: uncertainty reduction through mediated information exchange in online auctions.” The article has a special interest in e-commerce situations and how customers behave in the midst of online purchasing. I see uncertainty reduction theory taking place all around me each day; as a result, I was excited to read this article relating the theory to buying and selling.

The author says, about customer-to-customer transactions (perhaps on Ebay, Craigslist, etc), “individuals conduct business directly with one another, typically with the aid of an intermediary who does not guarantee the transaction or vouch for the interactants.” (p. 403) Obviously, this produces a significant risk to buyers and sellers that are unfamiliar with each other. Often times, there is lack of information on what is being sold, who is selling it, and where/how the transaction will take place. The answers to these questions typically remain uncertain in online conversations. Most buyers are not at ease when spending their money in such unknown territory, and when buyers are nervous, they don’t finalize the purchase. The author indicates that a greater amount of clarification, information, and familiarity will lead to a better buying relationship.

These e-commerce scenarios are the perfect, real-life embodiment of Uncertainty Reduction Theory. In similar scenarios, we see “individuals reduce the uncertainty inherent in new relationships by specifying the interaction rituals that people develop to cope with this recurring situation.” (p. 404) This article even covers some of the tactics that communicators use in order to have more certainty in a social interaction. Each strategy is a means “to reduce the anxiety... [by] seeking information...” (p. 404) The author divides them into three categories: active, passive, and interactive. Passive strategies witness behaviors and draw conclusions based on observations. (p. 404) People can observe others, eavesdrop, or just witness an event by chance in order to formulate opinions and make judgements

based on that information. Activities in this category often include “lurking in chatrooms”, being a social media spectator, or overhearing others’ conversations. On the other hand, active strategies “require individuals to exert some type of effort.” (p. 404) These strategies are slightly more direct. An information seeker might view company websites, read their flyers, or watch YouTube videos published by the subject of uncertainty. Finally, there are interactive strategies. Here, one person must interact with another — maybe through customer service calls, messaging systems, or in-person visits. This style regularly receives a better pay-off because it provides more clear, complete, and contextual information than pure observation. [Note: the author of the article differs with the author of our textbook on the definitions of the strategies]

The focus of this article has profound implications for those individuals, corporations, or organizations who deal in e-commerce. Your target audience is less-inclined to buy or support your product, service, or cause when there is insufficient information about you, your firm, or your product. Therefore, sellers must provide information that satisfies all modes of uncertainty reduction.

In closing, here are some ideas on how to increase certainty:

1. Meet the needs of passive strategies with user imagery and perhaps public demonstrations of your products and services.
2. Satisfy the active strategy by incentivizing current customers to participate in word-of-mouth referrals.
3. Please those taking the interactive route by utilizing chatbots, free customer service phone-lines, and prompt responses to social media messages.

References:

Flanagin, A. J. (2007). Commercial markets as communication markets: Uncertainty reduction through mediated information exchange in online auctions. *New Media & Society*, 9(3), 401-423. doi:10.1177/1461444807076966