



# Evaluation nudge: Effect of evaluation mode of online customer reviews on consumers' preferences



Huimin Tan <sup>a</sup>, Xingyang Lv <sup>a</sup>, Xiaoyan Liu <sup>b</sup>, Dogan Gursoy <sup>c, \*</sup>

<sup>a</sup> School of Business Administration, Southwestern University of Finance and Economics, Chengdu, 611130, China

<sup>b</sup> Research Institute of Economics & Management, Southwestern University of Finance and Economics, Chengdu, 611130, China

<sup>c</sup> School of Hospitality Business Management, College of Business, Washington State University, Pullman, WA, USA

## HIGHLIGHTS

- Evaluation mode can impact consumers' preferences for tourism products.
- Valence of online reviews has critical impacts on the evaluation mode effect.
- Variations in the value of quantitative attribute are ignored when evaluating alternatives receiving negative reviews in separate evaluation.
- Consumers prefer a product alternative that is superior in qualitative attribute in separate evaluation mode.
- Consumers prefer the alternative that is superior in quantitative attribute in joint evaluation mode.

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## ABSTRACT

This study examines an “evaluation nudge” in which consumers' preferences for tourism products are dependent on whether the online information about alternative products is presented jointly (*joint evaluation mode*) or separately (*separate evaluation mode*). Utilizing two studies, relationship between evaluation mode and information processing is examined first. Afterwards, the relationship between preferences and decision-making in the context of evaluating alternatives with positive and negative reviews is examined. Study 1 shows a classical preference reversal effect that consumers prefer a restaurant alternative that is superior in qualitative attribute in separate evaluation mode, while preferring the alternative that is superior in quantitative attribute in joint evaluation mode. Systematic information processing mode is found to mediate the impact of evaluation mode on preference for restaurant alternatives. Study 2 replicates findings of study 1 partially, and reveals the different impacts of evaluation mode on preference for hotel alternatives resulting from negative valence of customers' reviews.

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## 1. Introduction

Decision making and consumption process for tourism products tend to be different from that of many other products in many ways due to their experiential and intangible nature. Since consumers are usually unable to try tourism products before purchasing and most of them tend to be more expensive than many other products, they pose a greater risks to consumers (Cetin & Walls, 2016). As a result, consumers' decision making process for tourism products

tends to be lengthier (Lu, Gursoy, & Lu, 2016). However, recent technological advancements in electronic commerce made consumers decision making process easier by profoundly transforming the way consumers make decisions for tourism products and services (Aday & Phelan, 2015; Choi, Fowler, Goh, & Yuan, 2016). More specifically, online platforms (e.g. Yelp, TripAdvisor) have started providing both more convenient and abundant information regarding various attributes of alternatives including detailed product profiles, customer reviews and ratings compared to the traditional distribution channels.

Among all other features of online platforms, customers' reviews have become a focal information source from which consumers can infer the product/service quality, and thereby reduce perceived purchasing risks (Gretzel & Yoo, 2008; Pan, MacLaurin, &

\* Corresponding author. School of Tourism and Hospitality, University of Johannesburg, Johannesburg, South Africa.

E-mail address: [dgursoy@wsu.edu](mailto:dgursoy@wsu.edu) (D. Gursoy).

Crotts, 2007; Ye, Law, & Gu, 2009). A survey conducted by TripAdvisor (2013) shows that 77% of visitors regularly examine online reviews before booking hotels and 53% of visitors read online reviews before making purchase decisions. It has also showed that online reviews can significantly impact the popularity and sales of experiential products. For instance, Zhang, Ye, Law, and Li (2010) suggest that positive online reviews can largely improve the popularity of restaurant webpages. Furthermore, Ye, Law, Gu, and Chen (2011) report that online hotel bookings will increase by 5% when the number of online reviews increases by 10%. Similarly, Torres, Singh, and Robertson-Ring (2015) find that the number of online hotel reservations is positively related to the ratings and the number of online reviews.

More specifically, online reviews are found to influence different stages of consumer decision-making process and behaviors (e.g. awareness, consideration) (Goldenberg, Libai, & Muller, 2001; Vermeulen & Seegers, 2009), presumably through reducing cognitive loads of evaluators (Ghose & Ipeirotis, 2006). A rich body of literature has investigated various features of online reviews that may impact consumers' evaluation of tourism products, such as review valence (Duverger, 2013; Kim & Tang, 2016; Ye et al., 2009), sources of reviews (Sparks, Perkins, & Buckley, 2013), perceived usefulness of reviews (Racherla & Friske, 2012), and quantity of reviews (Ong, 2012). Nevertheless, little work has been done to explore the impact of review contents on consumers' purchase intention.

In addition to presenting customers' reviews of various products, online platforms have unique advantages in facilitating comparisons of various alternatives, which can then “nudge” customers to systematically favor a certain product under a particular context. Prior research suggests that “nudge” process, or the deliberative design of choice structure built upon psychological theories, can alter individual behaviors in a predictable way (Thaler & Sunstein, 2008). Nudge has been proven to improve individuals' saving and retirement investment behaviors (Thaler & Sunstein, 2008). This study aims to explore how nudge can be applied to facilitate the marketing of tourism products through online platforms, by drawing from and extending prior works with regard to evaluation mode theory.

A novel feature, which has surfaced among some travel booking sites (e.g. Orbitz) but has not yet been widely adopted by tourism companies' websites, allows customers to review multiple products displayed on a single webpage side by side so they can compare them easily. The evaluation process utilized in situations where consumers make explicit trade-offs by comparing multiple options presented simultaneously is likely to differ from situations where they evaluate each option in isolation. The former mode of evaluation refers to “joint evaluation” while the latter refers to “separate evaluation” (Hsee, 1996). A large number of studies have indicated that one's preferences can vary depending on the evaluation mode used (e.g., Herm & Möller, 2014; Hsee & LeClerk, 1999; Hsee & Zhang, 2004; Hsee, 1996, 1998; Hsee, Loewenstein, Blount, & Bazerman, 1999; Krüger, Mata, & Ihmels, 2014; Tversky & Kahneman, 1991; Zikmund-Fisher, Fagerlin, & Ubel, 2004).

Traditionally, the above line of research has focused on understanding the joint-separate reversal in individuals' preference for a product or service with quantifiable features, such as success rates of fertility clinics and distance traveled by patients to clinics (Zikmund-Fisher et al., 2004), and job candidates' GPA and years of programming experience (Hsee, 1996). However, whether online customer reviews containing both qualitative and quantitative information would impact customers' preferences across evaluation modes has not received much attention from tourism scholars. Nevertheless, understanding consumers' information processing of online reviews can perhaps shed some light on whether one's

preferences for tourism products will vary depending on the type of information presented and the evaluation mode used.

Information processing modes, or the way how people receive and process persuasive information (Chaiken, Liberman & Eagly, 1989), are found to be highly relevant to consumers' decision-making in the context of online shopping (Cheung, Sia, & Kuan, 2012; Zhang, Craciun, & Shin, 2010). Individuals adopt either heuristic or systematic mode during information processing (Chaiken, 1980). Under heuristic mode, people tap very few cognitive resources by considering only a limited number of information cues (Albarracín, Johnson, & Zanna, 2005), while systematic mode enables people to analyze and process information thoroughly and comprehensively (Todorov, Chaiken, & Henderson, 2002).

Different types of information presented on online booking sites may activate a distinct information processing mode, and therefore impacts consumers' subsequent decisions (Sun, Cárdenas, & Harrill, 2016). Prior studies provide evidence that information content can significantly influence consumers' attitudes during information processing (Salehi-Esfahani, Ravichandran, Israeli, & Bolden, 2016). For instance, the argument quality (Bhattacharjee & Sanford, 2006; Chu & Kamal, 2008) along with the length and depth of information (Park & Lee, 2009; Sussman & Siegal, 2003) have greater impacts on consumers' attitudes under systematic information processing mode. In contrast, the number of reviews (Lee, Park, & Han, 2008) and the credibility of reviews (Sussman & Siegal, 2003) are more influential to ones' attitudes under heuristic information processing mode. Although quantitative/objective information are found to be more influential in consumers' decision-making process than qualitative/subjective one (Petty, Cacioppo, & Schumann, 1983), existing studies have rarely examined how consumers process these types of information in the context of online reviews evaluation. The role that information processing of online reviews plays in consumers' preferences and choices for tourism products across different evaluation modes is even more unclear.

Utilizing two experimental studies, this study examines how evaluation mode influences consumers' information processing and preferences for alternatives presenting different online review information. This study contributes to the knowledge in the field by exploring the underlying mechanism of separate-joint preference reversal through the lens of information processing theory and examining the impact of online review content on consumers' decision-making. The evaluation nudge effect identified in this study provides critical insights for practitioners in tourism industry to better design online booking sites, and to optimize distribution and branding strategy of their products.

## 2. Conceptual background

### 2.1. Evaluation mode

Evaluation mode is defined as a contextual factor describing how objects or products are judged by evaluators, namely whether evaluators evaluate each item separately or multiple items jointly (Hsee & LeClerk, 1999; Hsee et al., 1999; Zikmund-Fisher et al., 2004). Behavioral decision researchers (Cubitt, Munro, & Starmer, 2004; Thaler, 1985; Tversky, Sattath, & Slovic, 1988; Tversky & Kahneman, 1991) have noted that different evaluation modes yield different evaluation processes. Tversky and Simonson (1993) suggest that by nature, preferences are context-dependent and, therefore, subjected to the manipulation of choice set.

Previous studies have attempted to explain the evaluation mode effect by utilizing three accounts: attribute evaluability (Hsee et al., 1999), reference point (Hsee & LeClerk, 1999), and affect heuristic (Slovic, Finucane, Peters, & MacGregor, 2007). The attribute evaluability account suggests that a difficult-to-evaluate attribute

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