Discussion paper

Projecting service quality: The effects of social media reviews on service perception

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ABSTRACT

Consumers use social media reviews from either organizations (provider-driven reviews) or other consumers (consumer-driven reviews) to make decisions. Although these reviews are prevalent, there is only a basic understanding of when these reviews induce more favorable service perceptions and behavioral intention, and what drives such desirable outcomes. This study investigates factors that impact consumers' reactions to social media reviews and the underlining process.

We find that the effects of the reviews on service evaluations depend on service attributes (experience vs. credence) and apparent social media popularity (i.e., number of likes). Study 1 shows that participants evaluate service providers with credence attributes (a hospital) more favorably when viewing provider-driven reviews. However, study 2 shows that the opposite is true for services with experience attributes (a restaurant). In contrast to conventional wisdom, page popularity induces a less favorable perception of consumer-driven reviews of services with credence attributes. Furthermore, information credibility mediated the review type's indirect effect on service perception.

1. Introduction

Social media has become the most popular communication tool for both service providers and consumers. On the one hand, service providers see social media as a marketing channel to increase service usage among current and potential customers. According to Forbes (Chaykowski, 2015), 50 million businesses now use Facebook. Among these efforts, the most popular social media use is service providers' branded pages where they post marketing campaigns and updates about their offerings. On the other hand, consumers often exchange personal experiences and feedback about service providers in personally generated social media pages or brand fan pages.

For example, searching for Starbucks on Facebook shows both types of social media reviews: an official Starbucks Facebook page displaying its new menu, images, and descriptions of its stores, promotions, and video advertisements as well as personal or fan pages with personal postings from consumers sharing their experiences and impressions about Starbucks. Hence, Facebook users looking for information about Starbucks would find both *provider-* and *consumer-driven social media reviews.*

Despite the prevalence, as well as dissimilar nature, of these types of social media reviews, very little attention has been paid to the effects of

these on consumer decisions. The limited extant research covers their possible complementary roles in consumer decisions (Bronner and de Hoog, 2010) and consumer information processing modes (Chen et al., 2015). However, very little is known about which type of review generates more positive service quality perceptions inducing greater behavioral intent, for example, around hospitality services, and which factors drive this process.

This study's purpose is to investigate factors that impact consumers' reactions to social media reviews and the underlining process. Based on a service classification system (Darby and Karni, 1973; Ford et al., 1988; Mitra et al., 1999) and source credibility model (Eagly et al., 1978; Hovland and Weiss, 1951), we hypothesize that the effectiveness of social media reviews depends on service attributes (i.e., experience vs. credence) and apparent social media popularity (e.g., number of likes). Results from two studies show that consumers are more likely to positively evaluate a service with credence attributes, such as a hospital (rather than experience attributes, such as a restaurant), when reading provider-driven rather than consumer-driven reviews. Moreover, the results reveal that service evaluations can vary depending on trust and credibility perceptions of the information.

This study uniquely contributes to existing literature regarding hospitality services and social media by advancing our understanding of

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the impact of social media reviews and the moderating effect of service attributes and social media popularity on consumer judgment. Moreover, this study provides useful direction to service providers who plan to take advantage of social media to boost their businesses.

2. Literature review

2.1. Service quality perception and service attributes

Existing literature indicates that it is often hard for consumers to evaluate a service because of its intangible characteristics (Darby and Karni, 1973; Ford et al., 1988; Klein, 1998). Services differ from products because services can be evaluated only after purchasing and consuming the service due to its experience attributes (Nelson, 1970). Moreover, some services cannot be evaluated even after purchase and consumption due to their credence attributes (Darby and Karni, 1973).

Good examples of such services are restaurants and hospitals. For example, it is relatively simple for consumers to evaluate a restaurant based on their dining experience reflecting the taste of the food (e.g., delicious or tasteless), the ambiance of the restaurant (e.g., inviting or unappealing interior), and the responsiveness of servers (e.g., attentive or sloppy). Although consumer judgments on these service aspects can be subjective, they often do not have a problem critically evaluating their dining experiences. On the other hand, for healthcare service, most consumers are incapable of judging whether they receive necessary medical treatments and these are well done, as they may not have sufficient knowledge to evaluate such technical/functional aspects. However, these two service attributes coexist. Even at a restaurant, some credence quality aspects exist, such as food bacteria that consumers notice only after they suffer from food poisoning (Reid and Bojanic, 2009).

Hence, consumers may search for service information due to uncertainty regarding potential service quality and difficulty in evaluating it (Klein, 1998; Murray and Schlacter, 1990). This tendency varies depending on perceived risk and service evaluation difficulty (Casaló et al., 2015; Lin et al., 2009; Murray, 1991). In addition, the decision to consume a service is often based on information gathered from the service provider and its consumers in the decision-making process. Taken together, the influence of reviews written by service providers and consumers is not negligible in consumer decisions.

2.2. Provider-driven and consumer-driven social media reviews

In this context, social media becomes a valuable source as it contains detailed information about various service aspects and disseminates information quickly to a wide range of recipients (Mangold and Faulds, 2009; Zhang et al., 2010). Accordingly, consumers tend to use social media to learn about unfamiliar brands (Heller Baird and Parasnis, 2011; Newman, 2011). In such cases, social media information has a strong influence on consumers' service quality perceptions and their intent to consume it.

Generally, consumers evaluate a service in terms of its perceived quality. Previous research has emphasized this as perceived quality has a significant influence on ultimate firm performance as well as on consumer intention to [re]purchase (Boulding et al., 1993; Zeithaml et al., 1996) and consumer satisfaction (Cronin and Taylor, 1992; Taylor and Baker, 1994). Furthermore, high service quality perceptions often lead to a positive influence on trust (Ribbink et al., 2004). Trust has also been shown to have a strong and positive correlation with customer satisfaction (Johnson and Grayson, 2005) and behavioral intention (Bart et al., 2005). These perceptions of service quality would similarly impact the situation where consumers are making a pre-purchase evaluation based on available information. Therefore, consumers would form initial impressions about a service provider based on available information, generating a (positive or negative) perception of service quality, influencing trust and future purchasing decisions.

However, very little is known about which type of social media reviews (provider-driven or consumer-driven) generate more positive service perceptions that influence, for example, the choice of a particular hospitality service provider. Although these types of social media reviews have not yet been fully investigated in a comparative setting, existing literature on information from online platforms presents meaningful implications (Tuckett et al., 1985; Yubo and Jinhong, 2008; Zhang et al., 2010). On the one hand, information generated by service providers is supposed to be credible and less idiosyncratic, that is, more objective and accurate. On the other hand, information generated by consumers is personally based on "more specific and situated knowledge" (Metzger et al., 2010), but often lacks basic details about its origin, authorship, or posting date (Donald et al., 1998).

The majority of the research emphasizes the effectiveness of consumer-generated content in various domains. This research stream indicates that individuals often depend on opinions of other consumers (Huang and Chen, 2006; Lim et al., 2006), affecting consumer behaviors and trust (Utz et al., 2012; Zhang et al., 2010). This may be because consumers tend to rely on the opinions of others when they do not have sufficient knowledge (Brucks, 1985) or when they perceive the decision as highly risky (Bansal and Voyer, 2000). In these cases, consumer-generated information often acts as word-of-mouth (Godes, 2011) and is perceived as an indicator of product quality (Tirunillai and Tellis, 2014). This is particularly applicable in the hospitality industry. For example, Cox et al. (2009) found that when making travel decisions, consumers frequently sought user-generated information (e.g., comments and reviews about travel destinations and lodging). An industry report described that nearly one out of every four respondents stated that they use online reviews before purchasing restaurant, hotel, travel, legal, medical, automotive, and home services (comScore, 2007).

The above findings suggest that social media consisting of positive consumer-driven reviews (e.g., postings on personal or fan pages of Facebook) will always have a stronger positive effect on service quality perceptions than social media consisting of provider-driven reviews (e.g., branded official Facebook pages). However, we suggest that this depends on the service attributes. Specifically, credence attributes require that consumers have accurate and objective information rather than personal anecdotes from unidentified users in order to make fully informed decisions. This is because of the greater perceived risk and lack of appropriate knowledge for services with credence attributes. Accordingly, we expect that in these instances, individuals will perceive provider-driven rather than consumer-driven reviews as more credible, and thereby, show greater trust and favorable reactions toward quality of the service.

However, when consumers evaluate experience attributes, consumer-driven reviews will be perceived as more credible because other consumers are *capable* of evaluating this type of service based on their own previous experiences and knowledge (Mitra et al., 1999). Moreover, Cox et al. (2009) indicated that consumers perceive consumer-driven information as less commercial than information from other sources such as travel agents. Therefore, when evaluating a service with experience attributes, individuals will perceive consumer-driven rather than provider-driven reviews as more credible, and show greater trust and more favorable perceptions of service quality.

Further, we expect an interactive effect between review type and service attributes.

2.3. Popularity of a social media page

Popularity information is prevalent in online and offline retailing settings (e.g., bestsellers or our patrons' favorites). This information is also found in the social media context. For example, the number of "likes" on Facebook, the number of followers on Twitter, or the number of "pins" on Pinterest signals the popularity of the information (Leibowitz, 2013). Extensive research has demonstrated that, in