



How power distance affects online hotel ratings: The positive moderating roles of hotel chain and reviewers' travel experience



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HIGHLIGHTS

- Reviewers from countries with high power distance (PD) make low hotel ratings.
- The negative effect of PD is weaker for hotel chains than for independent hotels.
- The negative effect of PD is weaker as reviewers' travel experience increases.
- 243,000 TripAdvisor reviews for 3081 hotels in 24 U.S. cities are used.
- Robustness check is conducted to validate the findings.

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ABSTRACT

This study investigates the collective influences of cultural, hotel, and reviewer characteristics on online ratings in the hotel sector. Based on over 243,000 TripAdvisor reviews for hotels in 24 US cities, we empirically find a negative relationship between the reviewers' power distance and their online hotel ratings, thereby indicating that cultural factor plays a significant role in the customers' online rating behavior. The negative effect of power distance on online hotel ratings is weaker for chained hotels than for independent hotels. This negative effect is also weaker for reviewers with more travel experience than for those with less travel experience. The robustness check demonstrates that these findings are applicable for ratings on product features that involve staff interactions, such as service, value, rooms, and cleanliness.

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1. Introduction

Online reviews have attracted increasing attention from researchers and managers over the past decade because favorable reviews generated by consumers can facilitate product sales (Chevalier & Mayzlin, 2006; Forman, Ghose, & Wiesenfeld, 2008; Goh, Heng, & Lin, 2013) and even improve firm value (Luo, Raithe, & Wiles, 2013; Tirunillai & Tellis, 2012). Nowadays, reviewing a product or service online is common for consumers. In doing so, reviewers leave a numeric rating to briefly indicate their evaluation of a product or service. In some cases, they supplement

open-ended text comments to disclose details further about their consumption experience.

Given the great value of online reviews, understanding why consumers leave positive or negative reviews presents a fundamental question for firms to gain benefits from online reviews. Given that numeric ratings can reflect the reviewer's polarity, the determinants of online ratings have been intensively investigated. Many studies confirm that online ratings are affected by extrinsic factors, such as social influence (Deng & Liu, 2017; Ma, Khansa, Deng, & Kim, 2013; Sridhar & Srinivasan, 2012) and opinions of friends (Lee, Hosanagar, & Tan, 2015). However, others argue that online ratings are driven by the reviewers' personal characteristics (Gao, Hu, & Bose, 2017; Ma et al., 2013) or represent a strategic behavior that aims to draw attention (Shen, Hu, & Ulmer, 2015). Meanwhile, this work will focus on how the customers' cultural

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value affects their online rating behavior, a topic that has been insufficiently investigated in the literature.

According to Hofstede's cultural theory (Hofstede, Hofstede, & Minkov, 2010), the culture of a nation differs from that of others in five dimensions, namely, power distance, long-term orientation, masculinity, uncertainty avoidance, and individualism. A large body of research has suggested that the customers' cultural values, such as power distance, individualism, and uncertainty avoidance, significantly affect their perception of service quality, service evaluation, and satisfaction (Furrer, Liu, & Sudharshan, 2000; Kim & Aggarwal, 2016; Ladhari, Pons, Bressolles, & Zins, 2011; Mattila, 2000). These studies are based on survey data that merely involve hundreds of observations for few service providers and mostly rely on two-country designs (i.e., comparing the evaluations by customers from two countries or areas). However, the limitations in the data and design employed by these studies restrict the generalizability of their findings (Kim & Aggarwal, 2016).

Online reviews provide rich data that reflect the consumers' characteristics and perceptions of service satisfaction. However, only several online review studies have incorporated the cultural background of customers as a factor that determines ratings. By comparing reviews from China and the US, some studies find cultural differences in the generation and utilization of online reviews (Fang, Zhang, Bao, & Zhu, 2013; Koh, Hu, & Clemons, 2010). Based on their analysis of online review data, Hong, Huang, Burtch, and Li (2016) suggest that on average, the consumers' individualism affects their propensity to conform to the emotionality of prior opinion. King, Racherla, and Bush (2014) highlight the importance of conducting additional cross-cultural comparisons of online review generation and dissemination behavior. Therefore, investigating the influence of cultural factors on the customers' online rating behavior is essential.

Investigating this issue is particularly important in the hotel sector because the hotel industry has a high level of globalization and involves customers with diverse cultural values. Globalization facilitates the mobility of people around the world and increases the number of international customers for hotels. Therefore, the hotel industry, as well as the behavior of its customers, is very likely to be influenced by cultural factors. Moreover, globalization promotes the boom of online hotel reviews and allows one to collect service evaluation data provided by consumers from various cultural backgrounds. Thus, the online hotel review behavior of diverse customers provides an ideal context and rich data for investigating how the customers' cultural values influence their online ratings.

By considering the limitations of prior research and taking advantage of online hotel review data, this research investigates the effects of the customers' power distance on their online hotel ratings and describes how these effects are moderated by the characteristics of hotels and reviewers. Power distance reflects "the extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally" (Hofstede et al., 2010). Conceptually, in a culture of high power distance, inequalities are generally accepted by individuals (Hofstede et al., 2010), and consumers often feel superior to service providers in the social hierarchy (Kim & Aggarwal, 2016). Therefore, they expect high service quality from service providers (Mattila, 1999) and tend to give low service evaluations (Mattila, 2000). However, other cultural factors, such as individualism and uncertainty avoidance, only reflect one's risk attitude and inconformity to group opinion (Ferguson, Megehee, & Woodside, 2017; Hong et al., 2016; Liu, 2015; Liu, Wang, & Huang, 2017a; Liu, Zhang, Keil, & Chen, 2010), both of which are insignificantly related to service satisfaction or rating. Therefore, we focus on power distance than on the other cultural dimensions.

The effects of the customers' power distance on their online hotel ratings may vary because of the heterogeneity among hotels and customers. For example, compared with independent hotels, chained hotels incorporate standard services to satisfy customers with different cultural backgrounds (Cezar & Ögüt, 2014; Schilke, Reimann, & Thomas, 2009). Reviewers with significant travel experiences also have an extensive understanding of various cultures (Banerjee & Chua, 2016). These product and reviewer characteristics may change the inclinations of reviewers with varying power distance levels to provide online ratings. Therefore, this study further explores how hotel chain brands and reviewers' travel experiences moderate the relationship between the customers' power distance and their online hotel ratings.

This study contributes to the online review literature by investigating the effect of cultural factors on online review behavior. The findings empirically show that the reviewers from countries with high power distance provide low online hotel ratings. This research also offers a new perspective to the service management literature by confirming the negative relationship between power distance and service quality or satisfaction in the online review context, by addressing the generalizability issue faced by previous studies, and by extending the results from the literature by utilizing a large sample of countries. This study also contributes new knowledge to the hotel management literature by investigating the moderating role of hotel chain brands on the relationship between power distance and hotel online ratings. We empirically reveal that the negative effect of power distance on hotel online ratings is weaker for chained hotels than for independent hotels. This research also contributes to the consumer behavior literature by examining the moderating role of consumer travel experience on the correlation between power distance and online hotel ratings. Power distance has a weak effect on online ratings for consumers with extensive travel experience. This research also offers methodological contributions by using multi-dimensional ratings to validate the robustness of its findings.

This paper is organized as follows. Section 2 presents the testable hypotheses for the subsequent empirical examinations. Section 3 describes the data and research methodology. Sections 4 presents the empirical results and performs some robustness checks. Section 5 discusses the implications of our findings. Section 6 highlights the research contributions and concludes the paper.

2. Literature review and hypothesis development

Previous studies indicate that the customers' power distance significantly affects their service expectations, perceived service quality, and relationship quality (Dash, Bruning, & Acharya, 2009; Dash, Bruning, & Guin, 2006; Kim & Aggarwal, 2016; Ladhari et al., 2011; Mattila, 2000; Palsa, Fuxiang, Sääksjärvi, & Shuyuan, 2013). Therefore, this study focuses on the effects of consumers' power distance on their online hotel ratings, a topic that has been investigated inadequately in the literature.

Power distance is defined as "the extent to which a society accepts the fact that power in institutions and organizations is distributed unequally" (Hofstede et al., 2010). Individuals in a high power distance society tend to comply with a hierarchy where "everybody has a place and which needs no further justification" (Hofstede et al., 2010). In other words, inequalities are generally accepted by individuals from societies with a high power distance (Hofstede et al., 2010). The power distance level of a country can be determined through the power distance index, which measures "the extent to which power differs within the society, organization and institutions (like the family) are accepted by the less powerful members" (Hofstede, 1997).

In societies with a high power distance, a differential power

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