



## History matters: The impact of reviews and sales of earlier versions of a product on consumer and expert reviews of new editions

Frederik B.I. Situmeang<sup>a,\*</sup>, Mark A.A.M. Leenders<sup>b</sup>, Nachoem M. Wijnberg<sup>a</sup>

<sup>a</sup> Amsterdam Business School, University of Amsterdam, Plantage Muidergracht 12, 1018TV Amsterdam, The Netherlands

<sup>b</sup> Royal Melbourne Institute of Technology, 124 La Trobe Street, 3000 Melbourne, Victoria, Australia

### ARTICLE INFO

**Keywords:**  
Sequels  
Product reviews  
Expert critics  
Consumers  
Variability

### ABSTRACT

Product reviews are assumed to be based on the observable characteristics of the underlying product. However, in the case of new editions in a product series, the determinants may include signals that originate from the reviews and the sales of editions that precede the focal product edition. Our analysis of 577 video games released in a series between 2000 and 2009 indicates that the reviews of earlier versions carry over to the reviews of the sequel by the same type of reviewer. We also find that expert reviews are influenced by the average review of previous editions by consumers and the average sales of previous editions of the product. This suggests that experts tend to adapt to the taste of consumers. Furthermore, it is found that a lack of consensus, between reviewers of a particular type, weakens the impact of average past reviews, whilst it magnifies the impact of the sales of earlier versions.

© 2013 Elsevier Ltd. All rights reserved.

### Introduction

Consumer demand is highly uncertain in the creative industry, which is why producers tend to reuse ideas and concepts that have been known to be successful in the past (Tschang & Szczypula, 2006). As a result, the strategy of releasing new products as sequels has become increasingly popular in this industry (Rosen, 2011). New editions of successful brands such as the Harry Potter, Batman, Superman, and many others are brought to the market in the form of a product series. In the videogame industry, for example, the sequels of series such as Mario Brothers, Pokemon, The Sims, World of Warcraft, and Call of Duty, have generated billions of dollars of revenue (Phillips, 2011).

The experiences that consumers have had with the editions that precede the sequel have been found to be a major contributor to the market success of these sequels (Volckner & Sattler, 2006). To explain this relationship, it has been argued that the ideas and impressions connected to the earlier editions are transferred to the next edition (Erdem, 1998; Keller 2003; Situmeang, Leenders, & Wijnberg, 2013; Sunde & Brodie, 1993) and that the popularity of the past editions build up anticipation and excitement towards the new editions (Dhar, Sun, & Weinberg, 2012; Ho, Dhar, & Weinberg, 2009; Karniouchina, 2011). In this way, the new editions can profit from the success of the earlier editions, but their market performance can also suffer from the comparison with the earlier success. The excitement and anticipation created by the previous

edition generates high expectations that can easily lead to a lower level of satisfaction (Anderson, 1973; Oliver, 2009) and lower sales than that of the original editions (Basuroy & Chatterjee, 2008). Thus, there are explanations why a sequel would do better and reasons why it would do worse. The managerial assumption is that sequels, preserving the same core attributes in the same series, experience similar or better sales than the previous version. This paper, however, does not analyze the factors that determine sales performance but the factors that lead to changes in the reviews of sequel products, among which the past sales performance will figure as a predictor.

Whilst previous studies have discussed the notion of image transfer from a product to a new edition, they appear to overlook how the positive appreciations of past editions in the product series are transferred to the reviews of the new edition. Even though the notion of the product image being transferred from one edition to the next is widely accepted in the literature, signals such as product reviews are usually treated as independent determinants of sales performance. At the same time, it is usually assumed that product reviews (or evaluations) are based on the observable characteristics of the underlying product. However, as we will argue more extensively below, in the case of new editions of products the determinants may be more complex and include peripheral signals that do not originate from the focal product itself, but reflect the performance of earlier editions.

The quality of a product is always the quality as perceived by observers, and sales performance as well as product reviews provide indicators of how this quality is perceived. When the core attributes remain the same between editions, it is reasonable to

\* Corresponding author. Tel.: +31 (0) 20 5258149.

E-mail address: [f.b.situmeang@uva.nl](mailto:f.b.situmeang@uva.nl) (F.B.I. Situmeang).

assume that the underlying quality of the product has not changed and that therefore reviews of the new editions will not differ much from reviews of the past editions, or just decrease a bit because of the same general reasons of unfulfilled expectations and lesser perceived innovativeness that have been proposed with regard to the sales performance of sequels. This study looks more closely at the question whether the reviews of products in a series are stable over the series of editions and, if they are not, what the main predictors of the variation are.

The first aim of the paper is to build on insights from a number of theoretical perspectives and, in particular, from signaling theory (Kirmani & Rao, 2000; Spence, 1973; Connelly, Certo, Ireland, & Reutzel, 2001) to construct and empirically test a model that explores the connections between how well past editions did, in terms of the reviews of both consumers and experts (and their sales performance), on the expert and consumer reviews of the new edition.

The second aim of this paper is to explore the effects of the lack of consensus in the reviews of past editions as a determinant of the reviews of future editions. Most earlier studies on the effects of product reviews focus on the average review, which hides the fact that consumer and expert reviews are often polarized, leading to fluctuations around the mean (Sun, 2012). Consumers and experts can easily observe the differences and distribution of product reviews (Chevalier & Mayzlin, 2006), and the dispersion or variability of product reviews have a significant effect to consumer behavior (Sun, 2012). Following this recent development in the literature, we include variability of product reviews in our research. In particular, we explore the effects of the lack of consensus among reviewers of the same type evaluating the same edition – with regard to both communities of reviewers: the consumers and the experts.

Our study contrasts with earlier studies (e.g., Hennig-Thurau, Houston, & Heitjans, 2009; Keller, 1993) in which consumer reviews and expert critic reviews are considered as items pertaining to the single construct “brand image”. Other studies have also pointed out that consumers and professional experts are members of different communities that interact differently with competitive processes (Wijnberg & Gemser, 2000), and in which different criteria are used to determine product value (Bhansing, Leeenders, & Wijnberg, 2012; Gemser, van Oostrum, & Leenders, 2008; Moon, Bergey, & Iacobucci, 2010; Plucker, Kaufman, Temple, & Qian, 2009). These studies suggest that, even if, in a particular industry, consumer and expert reviews do have similar effects on sales, the determinants of the reviews themselves – the main focus of this paper – can be very different.

The setting of the study is the creative industry, in particular, the video games industry. As we have pointed out before, evolving products through a series of new editions is a very popular strategy in this industry (Tschang & Szczypula, 2006), which makes this industry a suitable setting to our purpose. In addition, the creative industries offer the advantage of the availability of large publicly accessible online databases (e.g., metacritic.com, vgchartz.com, imdb.com, etc.) of reviews and sales. Even though our analysis is based on the creative industry, the results of our analysis can be generalized to other industries where producers bring products on the market in a series and where product reviews are influential factors for consumer buying behavior, such as the automotive industry, cellphones, or laptops among many others.

## Theory and hypotheses

### *Product reviews as signals*

Product reviews, both by experts and other consumers transmit information about the product. When reliable information is scarce, especially if the quality of the product is difficult to evaluate

before consumption, both types of reviews can have a strong impact on consumer behavior (Basuroy, Chatterjee, & Ravid, 2003; Caves, 2000). A recent study suggested that 62% of consumers read (online) reviews and almost half of them (49%) read the reviews of competing products/services before deciding which product or service to buy (Lightspeed Research, 2011). This supports an earlier study that found that 82% of consumers say that their purchase decisions have been directly influenced by product reviews (Deloitte, 2007).

The prominence of online reviews has led many scholars to explore how reviews affect sales, with initial studies focusing on the impact of expert reviews (e.g., Basuroy et al., 2003; Boatwright, Basuroy, & Kamakura, 2007; Eliashberg & Shugan, 1997; Reddy, Swaminathan, & Motley 1998). More recently there have been an increasing number of studies that pay attention to the effects of reviews by consumers (e.g., Liu, 2006; Zhu & Zhang, 2010). Considered from the perspective of signaling theory (Kirmani & Rao, 2000; Spence, 1973; Connelly et al., 2011) both consumer reviews and expert reviews signal the quality of the product being evaluated, which in turn reduces consumers' uncertainties regarding the product.

Despite the interest in analyzing the effects of reviews on sales, there are fewer studies that investigate the determinants of the product reviews themselves. Rather it is assumed that reviews are simply reflections of how well the characteristics of the product fit quality standards and the preferences of the reviewer. It is assumed that the signals that are taken into account to arrive at the review are those that can be directly linked to the product that is evaluated (Spence, 1973; Johnson & Levin, 1985; Kirmani & Rao, 2000). However, products in a series of editions may violate this assumption because each new edition is strongly associated with previous editions in that series. For this reason, signals that pertain not to the product itself but to these previous editions – and their performance – can affect the review of the focal product. The term “peripheral” signals is used to denote signals that do not directly relate to the characteristics of the evaluated product itself. Such peripheral signals include (1) the reviews of earlier versions, and (2) the sales performance of earlier versions.

With regard to the effects of earlier product reviews, the default expectation would be continuity; such that if the previous edition received on average a positive review score from a community of reviewers, the focal edition will also be evaluated positively by that same community. However, the average review tells only part of the story. Another signal that is important is the variability of reviews within each community of reviewers – experts or consumers – as this reflects the degree of consensus among reviewers within their respective community. This can potentially influence the effects of past reviews and past sales. The role of variability as an amplifier of peripheral signals on the reviews of the focal edition will be discussed and tested more extensively in the following sections.

### *The relationship between reviews of past editions and the reviews of new editions*

Products with the same brand name are often closely linked to each other, and information about one member of the series is also valid for another product from the same series (Erdem, 1998). The performance of new editions will be – at least partially – determined by the extent that there is a carry-over of the consumers' image of the past editions to the next editions (Keller, 2003). In line with the previous research, past certifications of a baseball player has been found to influence his long-term reputation, by virtue of what is called the “reputation halo” (Graffin & Ward, 2010). If these arguments are seen from the perspective of signaling theory, past performance track records can signal the predicted future behavior

Download English Version:

<https://daneshyari.com/en/article/1014956>

Download Persian Version:

<https://daneshyari.com/article/1014956>

[Daneshyari.com](https://daneshyari.com)