Avoiding the dark side of positive online consumer reviews: Enhancing reviews' usefulness for high risk-averse travelers

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ABSTRACT

The influence of positive online consumer reviews on a traveler's decision making remains unclear. To better understand the perceived usefulness of online reviews, this study conducts two experiments using positive and negative online consumer reviews. Study results suggest that high risk-averse travelers find negative online reviews more useful than positive reviews. For positive online reviews, high-risk averse travelers feel expert reviewers' postings, travel product pictures, and well-known brand names enhance usefulness of the positive online reviews. These findings offer interesting implications for both marketing theory and practice.

1. Introduction

Online consumer reviews are an increasing phenomenon that influences consumers' choice and purchasing behavior. A recent study finds that 78% of British consumers state that online reviews influence their purchase decisions (RightNow, 2010). While consumers question the value of recommendations made by firms (e.g., Coker & Nagpal, 2013), the increasing popularity of online consumer reviews may be because consumers find fellow consumers' comments (e.g., word of mouth) more credible than information from other sources (Bansal & Voyer, 2000; Senecal & Nantel, 2004).

Online reviews likely exert greater influence the travelers' purchasing decisions due to travel's intangibility and higher perceived financial risks (e.g., Lin, Jones, & Westwood, 2009). Online travel communities such as Tripadvisor or TravBuddy influence millions of travel decisions based on previous travelers' comments. Eighty-four percent of Tripadvisor visitors state that fellow travelers' reviews influence their hotel booking decisions (Travelindustrywire.com, 2007). Dickinger (2011) concludes that online travel reviews (i.e., personal information channels) are more informative than formal communication channels (e.g., city tourist boards). In other words, travelers consider the content of online reviews more useful than other online information sources.

Depending on their valence, online consumer reviews can be classified into positive and negative forms. Positive reviews elicit more positive responses (i.e., attitude or intention to use) than negative ones (Vermeulen & Seegers, 2009). The extant literature suggests that negative consumer reviews influence consumer's decision making more than positive reviews (see Chevalier & Mayzlin, 2006; Papathanassis & Knolle, 2011). Social cognition theory proposes negative information is perceived to be more trustworthy (Pan & Chiou, 2011) and influential than positive information in forming impressions (e.g., Fiske, 1993; Sparks & Browning, 2011). Studies about positive reviews report mixed results. Some studies challenge this notion and argue that positive reviews affect consumers' decision making (e.g., Vermeulen & Seegers, 2009); however, other researchers conclude positive reviews have minimum or no effect (e.g., Duan, Gu, & Whinston, 2008). Although previous literature investigates the persuasive nature of consumer reviews, only a few studies focus on how travelers evaluate online consumer reviews (e.g., Mudambi & Schuff, 2010; Park & Lee, 2009; Sen & Lerman, 2007), especially in the travel industry. Further investigation is necessary to better understand online reviews' impact because compelling evidence supports their perceived usefulness influences travelers' decision making (e.g., Davis, Bagozzi, & Warshaw, 1989; Karahanna, Straub, & Chervany, 1999; Park & Lee, 2009).

This study investigates perceived usefulness of online hotel reviews. Online reviews constitute an important aspect of marketing communication because messages are shared between consumers. Accordingly, the study's objectives are two-fold. First, do travelers weigh positive and negative online reviews the same? Specifically, this study examines whether or not risk-aversion influences on the travelers' perceptions of positive and negative online reviews. Regulatory-focus theory suggests negative reviews are more persuasive when consumers aim to avoid negative end-states (Higgins, 1997; Zhang, Craciun, & Shin, 2010). Second, do certain features of online customer reviews enhance their perceived usefulness? Accordingly, this study considers three characteristics of online reviews: (1) the expertise of the information source

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(expert vs. non-expert reviewers), (2) the graphical content (product picture vs. none), and (3) the product familiarity (known vs. unknown products). Do consumers use these informational cues to reduce uncertainty? Prior research suggests these signals influence consumer evaluations of information to a great extent (e.g., Schlosser, White, & Lloyd, 2006).

Social cognition (e.g., Fiske, 1993; Sparks & Browning, 2011), communication (e.g., Chandler, 1994) and signaling theory (e.g., Schlosser et al., 2006) inform two experiments to investigate risk aversion's role in explaining differences between perceived usefulness of positive and negative online reviews, and how to enhance positive online reviews for high risk-averse travelers. These findings help to understand the influence of online consumer reviews and provide implications for both marketing theory and practice.

2. Experiment 1

This experiment investigates differences between perceived usefulness of positive and negative online reviews. Previous social cognition studies (e.g., Fiske, 1993) find a strong relationship between risk aversion and the inherent characteristics of online travel products. Risk aversion reflects the individual's general tendency to avoid uncertainty (Hofstede, 1980; Matzler, Grabner-Krauter, & Bidmon, 2008). High risk-averse people endeavor to reduce uncertainty by choosing more certain alternatives. Several disciplines investigate risk aversion including psychology, economics, marketing, and finance to explain managerial and consumer decision making. For instance, risk aversion affects the company's market orientation (e.g., Jaworski & Kohli, 1993; Farrell, 2000), consumer investments (e.g., Farsi, 2010), consumption decisions (e.g., Bao, Zhou, & Su, 2003; Tan, 1999), and brand loyalty (e.g., Matzler et al., 2008). Consumer risk aversion varies depending on the product type (goods or services) and consumption contexts (e.g., internet vs. traditional retail formats) (Matzler et al., 2008; Weber, Blais, & Betz, 2002). Compelling evidence confirms that travelers' risk aversion is crucial when evaluating online consumer reviews due to greater uncertainty of both online purchasing and purchasing travel services.

2.1. Hypotheses

Prior studies on online consumer reviews (e.g., Chevalier & Mayzlin, 2006; Sparks & Browning, 2011; Papathanassis & Knolle, 2011) and the social cognition theory (Fiske, 1993) suggest that negative reviews influence consumer behavior more than the positive reviews. Although some studies conclude positive reviews affect consumers' decision making (e.g., Vermeulen & Seegers, 2009), other studies find minimal impact for positive reviews (e.g., Duan et al., 2008). Since perceived usefulness likely affects consumer purchasing decisions (Davis et al., 1989; Karahanna et al., 1999), travelers should find negative online reviews more useful than positive reviews. H1: Travelers perceive a negative online consumer review to be more useful than a positive review.

Travelers' interpersonal attributes may affect perceived usefulness of online consumer reviews (Zhu & Zhang, 2010). Because travel products and online shopping are highly intangible, internet purchases constitute higher uncertainty and risks. Risk aversion is thus a personal characteristic relevant to this study. Previous research shows that people who perceive higher risk seek Word-of-Mouth (WOM) communication more actively than people who perceive lower risk (Arndt, 1967). WOM serves as a credible information source to assess risk and reduce uncertainty about purchase decisions (Murray, 1991). Online reviews likely are more useful for the risk-averse travelers who try to avoid risks. H2: High-risk-averse travelers find online reviews more useful than low-risk-averse travelers.

Finally, social cognition theory suggests that "people tend to place greater emphasis on negative information as it is more alerting" (Sparks & Browning, 2011, p. 1318; also see Fiske, 1993). An interaction effect between valence of online reviews and level of risk aversion likely

exists. To avoid uncertainty, high risk-averse travelers are more likely to search information from online consumer reviews. To reduce the risk of making wrong decisions, a high risk-averse traveler may find negative reviews more useful than positive ones. Loss aversion theory posits high risk-averse people are more sensitive to losses than to gains (Kahneman & Tversky, 1979). H3: High risk-averse travelers perceive a greater difference between usefulness of negative and positive online reviews than low risk-averse travelers.

2.2. Method

To test the research hypotheses, data were collected from a sample of Spanish travelers in October 2012. Customers from one of the largest Spanish online travel agencies (http://www.centraldereservas.com/) participated in the first experiment (n = 92). The sample was balanced in terms of gender (51.1% female, 48.9% male) and age groups (less than 35 years 29.3%, 35–44 years 43.5%, 45 years or more 27.2%). Most participants held a university degree (54.3%) and the sample's demographic profile is similar to internet users in Spain (AIMC, 2012).

The experiment was promoted on the travel agency's website and an online link to the experiment was sent to the registered users. Participants were told they should imagine themselves looking information regarding the hotel under review and were instructed to read the online review presented to them. After accessing the experiment, forty-six participants were assigned randomly to the positive online review condition and 46 participants to the negative online review. In addition to perceived usefulness of the online reviews, participants provided socio-demographic information (age, gender, and education level). The online survey collected respondents' IP addresses to minimize the likelihood of multiple responses from one person.

The positive and negative online reviews were developed based on the most cited customer comments about hotels (price-quality relationship, location, comfort, staff attitude towards guests, and cleaning). To increase the experiment's external validity, online reviews were developed using examples posted on TripAdvisor.com which is the largest online travel network in Europe (O'Connor, 2008). Customer reviews reflecting the two experimental conditions were pre-tested with a sample of 30 volunteers. Using a five-point scale (1 = the most negative; 5 = the most positive) and an independent samples t-test, the results confirm a successful manipulation ($t_{(90)}$ = 21.168, p < 0.01). Accordingly, positive consumer reviews were found to be more positive (M = 4.48; SD = 0.72) than negative reviews (M = 1.50; SD = 0.62).

Perceived usefulness of the online review was measured by a seven-point Likert scale (1 = strongly disagree; 7 = strongly agree; see Appendix A). This scale is based on three items adopted from previous studies (Bhattacherjee, 2001; Casaló, Flavián, & Guinalíu, 2010; Wu & Chen, 2005). Cronbach's alpha suggest the scale's reliability is acceptable (α = 0.81), exceeding Nunnally's (1978) recommendation. Finally, risk aversion was measured by the statement: "I normally make decisions only if I am very certain of the final result" (Jaworski & Kohli, 1993). Travelers were divided in high and low risk-averse groups according to the arithmetic mean of this measure (M = 5.40; SD = 1.13).

2.3. Findings

To test H1 and H2, the dependent variable is perceived usefulness and the independent variables are valence of the online consumer review (positive vs. negative) and travelers' risk aversion (low vs. high). Independent sample t-tests in Table 1 show that travelers find both online review types to be useful. As suggested by H1, perceived usefulness of negative online reviews are perceived more useful (M = 5.63) than positive reviews (M = 5.28). As H1 is a directional hypothesis, the difference is statistically significant at the 90% level of confidence (t = −1.67, p < 0.10). To analyze this relationship in more detail, correlation between perceived usefulness of the review and the review's perceived positivity-negativity is confirmed (r = −0.18, p = 0.09). Again,