Evaluating *right* versus *just* evaluating online consumer reviews

Kyung-Tag Lee [a,1], Dong-Mo Koo [b,*]

[a] School of General Education, Yeungnam University, 280 Daehakro, Gyeongsan, Gyeongbuk 712-749, Republic of Korea
[b] 526 International Management Building, School of Management, Kyungpook National University, 80 Daehak-Ro, Buk-Gu, Daegu 702-701, Republic of Korea

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ABSTRACT

Three competing arguments about the effect of word-of-mouth—positivity effect, negativity effect, and no effect—have been advanced in the literature and found inconsistent results. Previous studies have investigated various boundary conditions in an attempt to explain the inconsistent results concerning the effectiveness of recommendation valence. This study argues that the effectiveness of recommendation valence is not determined by recommendations' content (i.e., positive vs. negative) but by consumers' regulatory mode orientation, which has rarely been studied. An experiment on 168 participants shows that consumers high in assessment orientation evaluate negative reviews as being more useful, whereas consumers high in locomotion orientation tend to evaluate positive reviews as being more useful. Moreover, mediated moderation tests using bootstrapping demonstrate that, for consumers high in assessment orientation, negative reviews have an indirect positive effect on intention, mediated by message usefulness; however, this mediated moderation effect does not occur for consumers high in locomotion orientation. The study's theoretical and practical implications, its limitations, and directions for future research are discussed in the conclusion.

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1. Introduction

People seek information if they know little about a product or service they are considering buying. Advice from other consumers (East, Hammond, & Lomax, 2008; Keaveney, 1995) is called "word-of-mouth" (WOM), and has developed into e-WOM with the advent of the Internet and social networking (Alreck & Settle, 1995). Both of these forms of communication among consumers are considered important sources of product information since they lack commercial bias. Though the vast majority of consumer information comes from offline sources such as face-to-face and telephone conversations (Keller & Berry, 2003), Web-mediated advice is gaining in importance (East et al., 2008). As more people seek product information online and use information search strategies such as scan and focus searching (Vandenbosch & Higgins, 1996) and heuristic and systematic information processing (Boyd & Bahn, 2009), system managers must monitor the information they collect, how they search, and how they use the data in their decisions. Doing this allows managers to target people more effectively, provide more relevant information, and enhance the way their recommendation systems provide information to their customers.

One of the most important sources of consumer communication is positive or negative consumer advice (East et al., 2008; Keaveney, 1995). Three competing arguments have been proposed concerning this recommendation valence: the positivity effect (Clemons, Gao, & Hitt, 2006; East, Hammond, & Lomax, 2007; Gershoff, Mukherjee, & Mukhopadhyay, 2003; Skowronski & Carlston, 1989), negativity effect (Chiou & Cheng, 2003; Fiske, 1980; Skowronski & Carlston, 1989; Yin, Bond, & Zhang, 2014), and no effect (Cheung, Lee, & Rabjohn, 2008; Doh & Hwang, 2009). However, the research results have been mixed. To resolve this inconsistency, recent studies have introduced various boundary conditions, including individual and situational differences (Ahluwalia, 2002; Chiou, Hsu, & Hsieh, 2013; East et al., 2008; Hao, Ye, Li, & Cheng, 2010; Pan & Chiou, 2011; Zhang, Craciun, & Shin, 2010; Zou, Yu, & Hao, 2011). Building on this research tradition, this study proposes that individual regulatory mode orientation (Pierro, Giacomantonio, Pica, Giannini, & Kruglanski et al., 2013) can explain the inconsistencies that have been detected between recommendation valence and its effectiveness. The regulatory mode theory has been applied to research consumer psychology and consumer information processing less often than has the regulatory focus theory, which attends to consumers' end-goals. Detail related to consumers' information processing about

* Corresponding author. Tel.: +82 53 950 7412; fax: +82 53 950 6247.
 E-mail addresses: leekt@knu.ac.kr (K.-T. Lee), unlimited@knu.ac.kr (D.-M. Koo).
[1] Tel.: +82 53 810 7847; fax: +82 53 810 4755.

recommendation valence will be better explained by regulatory mode theory, as it focuses on individuals' information processing. Web-mediated consumer advice is becoming increasingly important; thus, recommendations sought and given online through review comments will be this study's research focus. This study will offer both theoretical and practical implications. Theoretically, the consumer regulatory mode orientation better explains the conditions under which positive and negative online recommendations have a corresponding positive or negative effect on consumer judgments. Managerially, this study will help recommendation system managers with limited resources target a narrower market and adjust their e-WOM strategies more economically and effectively based on the nature of their consumers.

Section 2 briefly reviews the research on recommendation valence and its arguments as well as regulatory mode theory; then, evidence on the associations between review valence and regulatory mode orientation and their impact on message persuasiveness in terms of message usefulness and purchase intention are embodied as hypotheses. Section 3 describes the research methodology, and Section 4 reports on the testing of the hypotheses and empirical results, discussed in the context of previous results. Section 5 discusses this study's implications and limitations and then provides suggestions for future research.

2. Literature review and hypotheses

2.1. e-WOM valence

Word-of-mouth communication, one of the most influential media for delivering product and service information, is any interpersonal communication about products and services among consumers (Alreck & Settle, 1995). Consumers trust peer consumers more than they trust advertisers or marketers (Lee & Youn, 2009; Sen & Lerman, 2007). They will evaluate products and services using information that other people provide because fellow consumers have no selling interest (Bone, 1995; Brunkrant & Cousineau, 1975; Herr, Kardes, & Kim, 1991; Laczniak, DeCarlo, & Ramaswami, 2001). The development of the Internet has transformed traditional face-to-face WOM communication into computer-mediated WOM (e-WOM) communication. e-WOM is any statement made by potential, actual, or former consumers about a product, service, and/or company accessible to a multitude of people and institutions via the Internet (Hennig-Thurau, Gwinner, Walsh, & Gremler, 2004). Even though the dominant kind of product and service advice has been face-to-face advice (representing 70%, with telephone advice representing 19%), Web-based advice (8%) is gaining influence (Keller & Berry, 2003). User-generated e-WOM comes in many forms, such as short verbal depictions of customer experiences, product rankings, pictures, text, and videos. However, the e-WOM studied in this paper is limited to short verbal depictions of customer experiences of products, the most frequently observed form of Internet consumer review.

This study focuses on the effect produced by the valence of an online review. Research shows that WOM is a dominant factor in consumer choice (East et al., 2007) and that recommendation valence is a major source of product and service information (Keaveney, 1995). According to Keaveney (1995), positive WOM is the main source of information for people seeking a new service supplier. The valence of a review is its evaluative direction, which can be positive, neutral, or negative (Fiske, 1980; Lee, Rodgers, & Kim, 2009; Skowronski & Carlston, 1989). A neutral review provides the reader with descriptive information about an object without any evaluative direction (Lee et al., 2009). A positive review evaluates an object positively, while a negative review evaluates it negatively. Although the dominant source of WOM valence has been studied extensively, the results have been inconsistent. This study aims to deepen our understanding of this recommendation valence.

Three arguments prevail in discussions on the effect of review valence. One attests a negativity effect, arguing that negative information is more diagnostic than is positive information since it is novel and scarcer (Chiou & Cheng, 2003; Fiske, 1980; Skowronski & Carlston, 1989). This argument is based on novelty and cue diagnosticity theories (Fiske, 1980; Skowronski & Carlston, 1989), according to which individuals pay more attention and give more weight to negative than to positive information. Herr et al. (1991), Lee et al. (2009), Xue and Zhou (2010), Yang and Mai (2010), and Yin et al. (2014) empirically show that negative WOM has a stronger impact than positive WOM. A second argument asserts a positivity effect (Clemons et al., 2006; East et al., 2007; Gershoff et al., 2003; Skowronski & Carlston, 1989). Gershoff et al. (2003), Clemons et al. (2006), and East et al. (2007, 2008) show that positive reviews have a stronger impact than do negative ones. These authors suggest that a large majority of goods and service users are satisfied and thus that positive WOM is more likely to be common than negative WOM (East et al., 2007, 2008); this view is based on cue diagnosticity theory (Fiske, 1980; Skowronski & Carlston, 1989). As a third line of argument, Cheung et al. (2008) and Doh and Hwang (2009) show that review valence makes no difference to message credibility.

2.2. Moderating effects on e-WOM valence

More recent studies have introduced moderators to explain the literature's inconsistent results. A moderator systematically modifies either the form and/or the strength of the relationship between a predictor and a criterion variable (Sharma, Durand, & Gur-Arie, 1981). The boundary conditions investigated in the research include consumer traits, product category, the emotional expression or avatar accompanying reviews, and types of website platforms.

Zhang et al. (2010) demonstrate that, while consumers with promotion goals evaluate positive reviews as being more persuasive than negative ones, consumers with prevention goals evaluate negative reviews as being more persuasive. Zou et al. (2011) report that the impact difference between negative and positive reviews is greater for consumers with low expertise than for those with high expertise. Pan and Chiou (2011) show that product category, in conjunction with online review valence, has a moderating effect on consumers' product judgments. They show that negative information about experience goods (as opposed to credence goods) is seen as more trustworthy. Hao et al. (2010) show that the effect of positive reviews is greater for search goods than for experience goods, whereas the effects of negative reviews show no significant differences; moreover, the impact difference between negative reviews and positive reviews is greater for experience goods than for search goods. Chiou et al. (2013) found that the effect of negative online information on consumers' brand evaluation is moderated by brand attachment and source credibility. Kim and Gupta (2012) demonstrate that negative emotional expressions in a negative review reduce the review's negative information value and make consumer product evaluations less negative, since consumers attribute the negative emotions to the reviewer's irrational dispositions (i.e., the self-serving bias in attribution theory). Lee, Kim, and Peng (2013) show that positive reviews with angry-looking avatars are rated higher than are reviews with happy-looking avatars in terms of the causal attribution of the review to product performance, which has a positive effect on the strength of consumer intention to purchase the reviewed product. They also observed no difference between negative reviews with angry-looking avatars and negative reviews with happy-looking avatars. However, Senecal and Nantel (2004) found that types of products and websites had no moderating effect on the selection of a recommended product.