



Is peer evaluation of consumer online reviews socially embedded? – An examination combining reviewer’s social network and social identity



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ABSTRACT

In order to encourage users’ engagement as well as crowdsource quality control, a majority of online review websites have started to provide review peer evaluation votes, reviewer credentialing program and social network service. By considering the review text features as well as reviewer’s social identity and social network, this study examined the factors that influence the peer evaluation of hotel online reviews. The empirical results indicate that (1) review sentiment shows negative effect on “funny” and “useful” votes but positive influence on “cool” votes; (2) both the size and composition of a reviewer’s social network influence the peer evaluation votes on the review, while the latter imposes a much stronger effect; (3) reviewer’s expert/elite social identity can mitigate the review negativity bias. Our study suggests that the review voting context matters and peer evaluation votes of online reviews are socially embedded.

1. Introduction

With the proliferation of Internet use, online reviews have become an important information source of consumer experience towards products and of word-of-mouth (WOM). Some online communities providing consumer reviews, such as Yelp and TripAdvisor, have become extremely popular (Liu and Park, 2015). Given the importance of online reviews, how to engage online users to write more valuable reviews is becoming increasingly crucial. Moreover, to realize the full potential of massive online reviews and the crowdsource quality control, it is also important to develop an effective way of gauging review reliability for each review (Chen et al., 2008).

Therefore, to encourage content generation, crowdsource quality control, and users’ engagement with the site, a majority of online review websites have provided users with voting and feedback system similar to a form of peer evaluation (Bakhshi, Kanuparth, and Shamma, 2015; Goes et al., 2014). These feedback systems enable online users to generate social signals, such as a review’s “helpful” votes in Amazon and TripAdvisor, “like” votes in Facebook and Twitter. In addition, the online review website, Yelp, divides the abovementioned one general feedback into three different feedback signals as “funny”, “useful” and “cool”, or different combinations of these three votes. This practice brings more varieties of social feedback signals, which could encourage online users to interact with the review content and other

users in a more interesting and meaningful way and eventually generate more interactions and contributions.

According to the reciprocity, reinforcement, and need to belong theories, fellow members’ feedback could enhance and predict the future long-term participation behavior for a user. Bakhshi et al. (2015) thus suggest that in practice, peer evaluation is commonly used to enhance online user engagement. Moreover, prior studies report that the number of peer evaluation votes a review receives is valuable in signaling the review quality and trustworthiness (Chen et al., 2008; Mudambi and Schuff, 2010). Chen et al. (2008) also find that reviews receiving more peer evaluation votes show a stronger effect than other reviews on consumer purchase decisions and product sales. Additionally, Park and Nicolau’s (2015) and Li et al.’s (2016) studies find that travelers tend to like reviews not only providing useful information for decision-making but also bringing them fun or enjoyment when reading others’ experiences. Therefore, there are multiple criteria and reasons for a review deemed as valuable. However, most previous studies only analyze the antecedents for making helpful/useful reviews, yet the precursors for other peer evaluation criteria/reasons are understudied (Mudambi and Schuff, 2010; Cao et al., 2011; Connors et al., 2011; Ghose and Ipeirotis, 2011; Yin et al., 2014; Ngo-Ye and Sinha, 2014; Krishnamoorthy, 2015). In recent years, reviewer credentialing program has been implemented by more and more online websites (Luca, 2011; Zhang et al., 2016). Reviewers who write a large number

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of reviews and high-quality reviews are labeled as expert or top reviewers, which in turn fulfills their self-enhancement need (Hennig-Thurau et al., 2004). Furthermore, quality reviews are labeled as useful reviews, which could facilitate the crowdsourcing quality control. Consumers perceive reviews written by experts more reliable and trustworthy (Chen and Xie, 2008); thus, expert reviews tend to impose a greater influence on consumers' buying decision and product sales (Luca, 2011). Meanwhile, social network service (SNS) is also implemented by a majority of online communities to encourage users' engagement with the site (Lee et al., 2015). SNS enables users to differentiate reviews written by their friends from those written by strangers in the online community. A number of online review websites, such as Yelp and TripAdvisor, have incorporated the function of adding friends or connecting other reviewers that allows users to identify reviews submitted by their friends. According to Graham (2007), the social network feature makes Yelp one of the fastest growing online review websites worldwide. Other online review websites, such as Netflix, integrate their websites with other social media sites (e.g., Facebook), so friends can see each other's product/service ratings directly (Blanchard, 2011).

As more and more online review websites incorporate the social-networking function, social network is going to show increasingly critical impacts (Salganik et al., 2006; Wang et al., 2015). Previous research indicates that social networks on these online communities have direct or indirect influence on users/reviewers (Muchnik et al., 2013; Goes et al., 2014; Lee et al., 2015). However, to the authors' best knowledge, the role of social networks and social identity on peer evaluation votes are largely under-researched. Extant research mainly focuses on the influence of review features on perceived helpfulness by using text mining approach (e.g., Mudambi and Schuff, 2010; Cao et al., 2011; Yin et al., 2014), and recently emerging research explores the influence of a combination of both review features and disclosed reviewer's self-identity on perceived review helpfulness (Connors et al., 2011; Ghose and Ipeirotis, 2011; Ngo-Ye and Sinha, 2014). However, another critical factor such as reviewer's social network is largely neglected (Goes et al., 2014).

Therefore, by using online hotel review data from Yelp, this study aims to explore how review characteristics such as sentiment contributes to the peer evaluation, and to better understand the effects of reviewer's social identity, social network, and the composition of the social network on peer evaluation of online reviews. It is meaningful to understand how the social-network function and the reviewer credentialing program create a socially embedded context in users' peer evaluation decisions.

This study contributes to the literature in several ways. First, this study is one of the few which empirically tests the multiple criteria and reasons for a review deemed as valuable, which extends the understanding of perceived helpfulness of online review. Second, this study takes an initial attempt to not only analyze the influence of the size of user's friends network, but also the internal characteristics of user's friends network on peer evaluation votes. This contributes to both the online WOM literature and social influence literature by studying the impact of social context on generating peer evaluation votes for reviews. It is usually assumed in WOM literature that users' votes for reviews are based on their own opinions after reading the reviews. This study proposes that the voting context matters and peer evaluation votes of reviews are socially embedded. Third, this study extends the negativity bias literature (i.e., consumers place more value on negative online reviews than on positive ones) by testing a previously neglected but important moderating factor, reviewer's social identity (i.e., Elite status in this study). Specifically, this study proposes that reviewer's social identity, i.e., the Elite status of a reviewer, can help mitigate the negativity bias of online reviews.

In the next section, we review the relevant literature and propose the hypotheses on the review sentiment, reviewer social network, reviewer identity, and their relationships with peer evaluation votes of

hotel online reviews. We then test the model empirically by using Negative Binomial Regression 2 Model and the data collected from Yelp. Four robustness checks are conducted to examine the robustness of the empirical results. We finally make conclusions and discuss theoretical and managerial implications.

2. Literature review and hypotheses development

In order to increase the peer evaluation and interaction between readers and reviewers, some online communities provide multiple peer evaluation social signals, for example, Yelp includes "funny" vote and "cool" vote in addition to the "useful" vote. Importantly, these newly-added votes are not whimsical signals to increase readers' click involvement, but to express other social meanings (Bakhshi et al., 2015; Park and Nicolau, 2015; Bakhshi et al., 2014). Therefore, this study aims to explore the factors not only affecting "helpful"/"useful" evaluation votes, but also predicting "funny" and "cool" votes for online reviews. Multiple peer evaluation votes and corresponding precursors are tested in this current study.

2.1. Review sentiment

Typically, consumers post online reviews to express their attitude, either positive or negative. Most existing studies use the review rating or rating deviation from reviewers' prior average as a proxy for review sentiment (Mudambi and Schuff, 2010; Cao et al., 2011; Liu and Park, 2015; Fang et al., 2016). However, the findings of previous literature are inconsistent, mainly on these three aspects. (1) Based on the prospect theory, in which risk aversion and negativity bias are the two most important components, negative review is more persuasive and trustable as people tend to avoid risk, and put higher weight on negative ratings/messages in their decision-making (Herr et al., 1991; Kahneman and Tversky, 1979). For example, prior research about offline behavior suggests that compared to positive information, consumers tend to place more attention to negative information (Herr et al., 1991). In the online environment, Park and Nicolau (2015) find that negative reviews are perceived more useful than moderate and positive ones. (2) Extant research reports that reviews with higher hotel numeric ratings are more likely to be voted as more helpful than those with either negative or moderate reviews (Liu and Park, 2015; Wei et al., 2013). As explained by Russo et al. (1998), compared to negative online reviews, positive reviews are consistent with and validate customers' pre-decisional interest, so they are perceived more helpful. Moreover, the hedonic consumption concept regarding the information search process suggests that consumers are likely to imagine/think of pleasure and excitement that accompany the consumption/purchase (Vogt and Fesenmaier, 1998; Park and Nicolau, 2015), which supports the stronger influence of positive reviews on inducing perceived enjoyment than negative reviews. (3) However, other studies demonstrate that online consumers usually perceive extreme reviews, either positive (five-star ratings) or negative (one-star ratings), more useful than reviews with moderate star ratings (three-star ratings) (Danescu-Niculescu-Mizil et al., 2009; Fang et al., 2016). Positive and negative reviews reflecting specific reasons and experiences enable readers to reflect better as they resemble the stories in their memories (Nabi, 1999; Park and Nicolau, 2015).

One reason of the inconsistent findings could be that all the studies use "helpfulness/usefulness" as the only criterion for an influential review, but in fact the evaluation attributes could be multiple and dynamic. Therefore, this study fills this research gap to use multiple evaluation criteria beyond "helpfulness/usefulness" and capture other attributes such as "funny" or "cool". We propose the following hypothesis:

Hypothesis 1. (H1): Review sentiment has significant influences on different types of peer evaluation votes of online reviews.

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