



The effect of online reviews on hotel booking intention: The role of reader-reviewer similarity



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ABSTRACT

Due to the experiential nature of travel-related products, online reviews have become an increasingly popular information source in travel planning and have a profound effect on consumers' buying decisions, particularly in hotel booking. On the basis of homophily and similarity-attraction theory, we posit that review valence is positively related to consumers' hotel booking intentions, and expect this relationship to be moderated by surface- (demographic) and deep-level (preference) similarities. The findings from two experiments conducted in Germany and Macau indicate that review valence significantly affects hotel booking intention, and that reader-reviewer demographic similarity moderates this effect. This three-way interaction reveals a substituting moderation effect between demographic similarity and preference similarity. One practical implication is that travel websites should find methods of exposing users to reviews written by those with either similar demographic characteristics or preferences, which facilitate travelers' decision-making processes.

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1. Introduction

Online social media have become extremely popular in the modern digital age. The instantaneous nature of electronic word-of-mouth communication through these media facilitates the sharing and seeking of experiences. Consumers increasingly use online media to search for information, compare alternative products and services, and make decisions for activities such as travel planning and hotel selection (Sparks et al., 2016). When planning trips, travelers must acquire substantial information about destinations and accommodation options (Xiang et al., 2014). Online travel agencies (OTAs) have grown as a result, where users can obtain all the information they require in just a few clicks. In a study by Hernández-Méndez et al. (2015), over half of the respondents claimed that they were affected by travel comments posted by other Internet users.

Before selecting a service, consumers tend to refer to others who have previously experienced it to reduce their purchase uncertainty (Murray, 1991). Reviews are therefore particularly important in

purchases of experiential goods, as a source of advice that can help consumers narrow the information gap and reduce uncertainty in their decisions (Mauri and Minazzi, 2013). In the online environment, positive reviews favorably affect consumer attitudes toward a hotel and lead to higher booking intentions (Ladhari and Michaud, 2015; Vermeulen and Seegers, 2009; Ye et al., 2009). If consumers are exposed to negative reviews for extended periods of time, the service providers suffer poor reputations (Sparks et al., 2016). Social media reviews thus present both a challenge and an opportunity to hotel operators, as whether they are positive or negative, these reviews influence the decisions of potential travelers (Tsao et al., 2015; Vermeulen and Seegers, 2009) and thus affect hotel performance in terms of sales and perceived service quality (Kim et al., 2015; Xie et al., 2014; Ye et al., 2009).

Consumers generally find online reviews on social media (referred to as "online reviews" thereafter) useful when making their decisions, but they may doubt the authenticity and honesty of the reviewers (Shan, 2016). Research has shown that readers of online reviews rely on information about the reviewers, such as their personal data, expertise, and reputation to determine the usefulness of their opinions (Forman et al., 2008; Liu and Park, 2015), suggesting that consumers do not assign equal value to the information provided by different individuals. Yaniv et al. (2011) proposed that consumers are sensitive to the opinions of similar others, as

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similarity between reader and reviewer may increase the latter's credibility and trustworthiness (He and Bond, 2013; Yaniv et al., 2011). Drawing on the homophily and similarity-attraction theories (Rogers and Bhowmik, 1970; Byrne, 1971), this study posits that during the hotel selection process, prospective consumers who read reviews by surrogates tend to consider the reviewers' characteristics (e.g., demographic information and personal preferences) in addition to the message projected by the review itself (Yaniv et al., 2011). This consideration is likely to affect their intention to book a hotel. We specifically examine the effect of online reviews on booking intention and whether the similarity between reviewers (i.e., the persons who provides comments) and readers (i.e., the potential customers who read the comments) moderates this effect.

This study contributes to the literature and practice of online review management. Consumers are sensitive to comments made by similar others (Yaniv et al., 2011), particularly in the social media context (Kwok and Yu, 2013). The judgment of similarity has been divided into two dimensions: surface-level (e.g., demographic similarity) and deep-level (e.g., preference similarity) (Phillips et al., 2006). The joint effect of these dimensions on consumer decisions is less understood. Understanding how consumers are affected by reader-reviewer similarities has significant implications for online review websites. Consumers are faced with a huge number of online reviews during the process of hotel selection (Xiang and Gretzel, 2010), and may become overwhelmed by the mass of information. They must typically visit a number of websites when making online purchase decisions (Hotelmkt.com, 2012). The results of our study can assist hotel marketers and online review websites prioritize reviews of similar others to prospective customers, aiding their booking decisions, and overcoming the problem of information overload.

2. Theory and hypotheses development

2.1. Review valence and booking intention

Exposure to online reviews has been found to be likely to increase awareness of a hotel (Vermeulen and Seegers, 2009) and its consideration by consumers (Bickart and Schindler, 2001). The main components of online consumer reviews are numerical ratings and descriptive comments (Fang et al., 2016). Taking these together can determine the overall valence of a review. Review valence is defined as the positive or negative orientation of information about an object or a situation (Buttle, 1998). Positively-valenced messages are characterized by pleasant descriptions of satisfactory experiences (such as empathy of services), whereas negatively-valenced communication is a form of complaint, in which customers express their grievances and anger (Anderson, 1998; Sparks and Browning, 2010). Positive reviews improve consumers' general attitude toward a hotel before consuming its services (Cheung and Thadani, 2012; Ladhari and Michaud, 2015; Vermeulen and Seegers, 2009), which has a positive influence on their subsequent buying behavior (Ajzen and Fishbein, 2005). Positively-valenced messages increase consumers' trust toward the hotel (Sparks and Browning, 2011) and eventually increase their booking or purchase intention (Mauri and Minazzi, 2013; Plotkina and Munzel, 2016; Sparks and Browning, 2011). Thus, we derive the first hypothesis, which serves as a baseline for further investigation:

H1. Review valence is positively related to hotel booking intention, so that booking intention is higher when the reviews are positive rather than negative.

2.2. Reviewer and reader characteristics

As the online environment has become the primary source of information and buying platform in the travel industry, consumers commonly rely on recommendations provided by people they have never met (Cheung and Thadani, 2012; Cheung and Lee, 2012). The disclosure of the identities of reviewers has been found to affect the perceived usefulness of travel-related reviews (Liu and Park, 2015), trust in the hotel (Kusumasondjaja et al., 2012), perceived credibility of reviews, and hotel booking intention (Xie et al., 2011). In addition to the review scores and the availability of reviewers' information, readers also pay attention to reviewer quality and exposure, which has been found to moderate the effect of positive reviews on product sales (Hu et al., 2008). Readers placed a higher value on a review written by an expert on a particular subject, and this positively affects the perceived usefulness of reviews (Liu and Park, 2015). In a study of the selection of tourist attractions, Fang et al. (2016) noted that readers form heuristic opinions through the past behavior of the reviewers. They find a positive review written by someone who usually posts negative reviews more helpful and valuable.

The characteristics of the readers may also be significant (Senecal and Nantel, 2004). Park et al. (2007) found that low-involvement readers are affected by the number of reviews but pay less attention to their quality, while high-involvement readers care about both quantity and quality. More experienced online review users perceive reviews as more useful, which increases the likelihood of review adoption (Liu and Zhang, 2010). Tsao et al. (2015) found that conformist individuals are more sensitive to positive reviews, and a relatively small number of reviews can be persuasive. Conversely, nonconformist individuals pay more attention to negative reviews and repeated exposure is required to affect their decisions. As both reviewers' and readers' characteristics are important in online purchase decisions, a match of these characteristics can also be assumed to be important. We next hypothesize why the relationship proposed under H1 is moderated by the reader-reviewer similarity, based on the theories of homophily and similarity-attraction.

2.2.1. Demographic similarity

According to the homophily theory, similarity is "the degree to which pairs of individuals who interact are similar with respect to certain attributes, such as beliefs, values, education, social status, etc." (McPherson et al., 2001; Rogers and Bhowmik, 1970). The homophily theory was first developed by researchers of interpersonal networks (e.g., Lazarsfeld and Merton, 1954; McPherson et al., 2001; Rogers and Bhowmik, 1970). Individuals make friends with and socialize with people to whom they consider similar, as similarity facilitates communication and breeds interpersonal connection (Byrne, 1971; Lau et al., 2008). Marketing researchers have applied the homophily theory when analyzing the effect of similarity on consumers' perceptions and decision-making processes. Receivers' reactions have been found to depend on their perceived similarity with the sender, meaning that consumers prefer similar to dissimilar advisors (Forman et al., 2008; Gino et al., 2009; Yaniv et al., 2011). Using similar or homophilous spokespersons in advertisements has been found to be more effective in the attitude formation of potential customers (Forehand et al., 2002). Salespeople homophilous to their customers are more effective in building trust (Swan et al., 1999), and thus increasing purchase intention (Churchill et al., 1975) and maintaining customer relationships (Coruby et al., 1990).

Taking the homophily theory as our basis, we first propose that demographic similarity, conceptualized as the similarity between readers and reviewers in demographic dimensions such as race, age, and sex (Harrison et al., 2002), influence consumers' decision-

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