

Saliency effects of online reviews embedded in the description on sales: Moderating role of reputation



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ABSTRACT

This study explores the effects of online reviews embedded in the product description (OED) on sales. Drawing on the frameworks of previous studies on the saliency effect, the effects of online reviews, and seller reputation on sales, we propose that from the perspective of saliency effect, OED is a helpful tool for making purchase decisions, and reputation plays a moderating role in the relationship between OED and sales. We explore experimentally and empirically the roles of OED and reputation. Results indicate that OED has a positive effect on sales, and a high reputation strengthens the impact of OED on sales. Our findings demonstrate the importance of OED and reputation, as well as their significant practical implications for customers and online sellers.

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1. Introduction

Online reviews have received wide acceptance from most customers along with the growth of e-commerce. Such reviews play an important role in helping potential customers reduce their uncertainty when making purchasing decisions. Therefore, the increasing emphasis on online reviews by customers and sellers has aroused attention in various academic fields. Recently, scholars suggested that online reviews have become a helpful tool for information collection, purchasing decision making, and sales improvement [9,10,13,16,19]. However, the massive number of available online reviews makes them exhausting for customers to read point by point. Information overloading is considered a cause of customer complaints [26]. Therefore, numerous online platforms provide or improve their rating mechanisms to enhance the helpfulness of their online reviews for customers making purchasing decisions.

Aside from implementing fixed rating mechanisms in their C2C e-commerce websites, sellers can also design the layout of their product descriptions. Therefore, online sellers have adopted a new way of presenting their online reviews to increase sales. They often combine

informative and helpful reviews and then annotate these reviews with some explanations or comments. These reviews are displayed in a salient position on their product description pages to create a scenario in which sellers and customers discuss issues that are relevant to the product features. In this study, online reviews embedded in product descriptions (OED) refer to a bundle of annotated online reviews that sellers integrate into their product descriptions occupying a salient position. Fig. 1 presents a screenshot of an OED in a store in Taobao.com. Most helpful reviews are selected and utilized by online sellers in the heart of their product descriptions. Hence, an enhanced understanding of OED will offer clear benefits to online sellers and customers.

Our focus on OED is driven by two major goals. First, OED must be considered relevant in C2C e-commerce settings because of the supplementary branch of online reviews. Second, we must ensure that customers pay attention to OED before the effects of OED on sales performance can be confirmed because not all sellers adopt OED in their e-shops. Although previous studies have shown that customer endorsement can affect the way people trust online transactions [28], these studies did not identify the effect of OED on sales. The relationship between OED and sales performance in an online setting is still not completely explored. Accordingly, this study is directed toward determining experimentally and empirically whether the OED provided by sellers in the related online contexts can affect customer choices.

Meanwhile, in an e-commerce context, reputation can be interpreted as a successful signal of a seller's quality to potential

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Fig. 1. A screenshot of OED in Taobao.com.

customers [5]. Many studies have found that reputation has a significant impact on business performance [33,36]. Thus, the current study also discusses whether seller reputation can influence the relationship between OED and sales.

The key questions of this study are stated as follows:

- Will customers pay more attention to OED than to other factors?
- Does OED affect the sales performance of sellers in C2C e-commerce?
- How will reputation influence the effect of OED on sales?

The above research questions will be comprehensively addressed throughout this study. By analyzing previous research, we hypothesize the predicted answers for the abovementioned questions in the experiment and empirical studies. The rest of this paper is organized as follows. First, we provide the theoretical framework and research hypotheses for this study. Second, we conduct an experiment and an empirical study, as well as present the data analysis results in detail. Finally, we present the theoretical and practical implications of our findings and our conclusions.

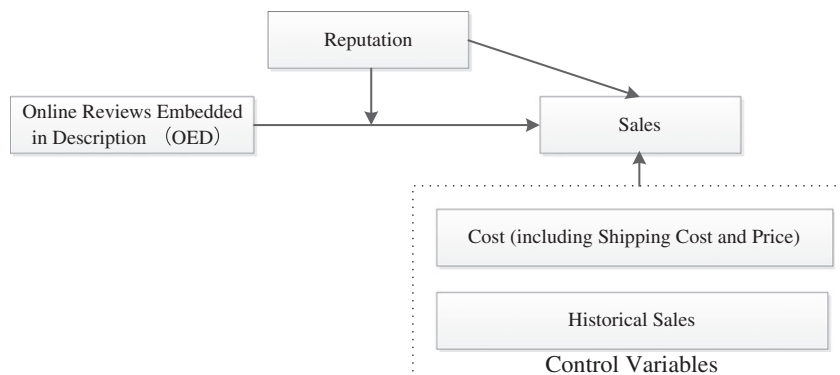


Fig. 2. The theoretical framework.

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