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## When are extreme ratings more helpful? Empirical evidence on the moderating effects of review characteristics and product type

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## ABSTRACT

Online customer reviews (OCRs) have become increasingly important in travelers' decision-making. However, the proliferation of OCRs requires e-commerce organizations to identify the characteristics of the most helpful reviews to reduce information overload. This study focuses on OCRs of hotels and particularly on the factors moderating the relationship between extreme ratings and review helpfulness. The study reviewed 11,358 OCRs of 90 French hotels from TripAdvisor.com. Findings highlight that large hotels are more affected by extreme reviews than small hotels. Extreme reviews are more helpful to consumers when reviews are long and accompanied by the reviewers' photos.

## 1. Introduction

Online consumer reviews (OCRs) are a very popular source of information about products and services; 72% of 25–34 year old American consumers look to social media contacts for recommendations and opinions before purchasing goods and services (Intel, 2015). OCRs can be defined as any comment on a product, service, brand shared online by a former customer (Filieri, 2016).

OCRs have radically changed the way tourists plan their trips (Filieri & McLeay, 2014), making websites like TripAdvisor.com leading players in the travel and tourism industry. Travelers trust anonymous reviewers more than other sources of information (Sparks, Perkins, & Buckley, 2013) and they gather in online communities to share travel experiences and reviews (Filieri, 2016).

However, the proliferation of OCRs and the wealth of available information generate information overload (Park & Lee, 2008), which makes it difficult for consumers to orient themselves and determine which information is most helpful to them. The helpfulness of a customer review indicates its diagnosticity, in other words its capacity to let other consumers better understand the quality and performance of a product or service (Jiang & Benbasat, 2007). Since helpful OCRs can increase sales (Ghose & Ipeirotis, 2011), a number of e-commerce and third-party organizations allow consumers to vote the helpfulness of each review and signal to other consumers which OCRs are most helpful

for assessing product quality and performance.

Scholars in marketing (e.g. Filieri, 2015; Pan & Zhang, 2011), information systems (e.g. Chua & Banerjee, 2016; Huang, Chen, Yen, & Tran, 2015; Korfiatis, García-Bariocanal, & Sánchez-Alonso, 2012; Mudambi & Schuff, 2010; Racherla & Friske, 2012; Yin, Bond, & Zhang, 2014), and tourism (e.g. Fang, Ye, Kucukusta, & Law, 2016; Park & Nicolau, 2015) have started to examine what makes an online review helpful.

However, research has found contrasting results regarding the role of extreme review ratings (or review extremity) in predicting review helpfulness (Hong, Xu, Wang, & Fan, 2017). Mudambi and Schuff (2010) found that reviews with extreme ratings are less helpful than reviews with moderate ratings for experience goods, while reviews with extreme OCR ratings receive more helpful votes than those with mixed or neutral opinions for various software programs (Cao, Duan, & Gan, 2011). In the travel and tourism industry scholars found that restaurant reviews with extreme ratings are voted as helpful by consumers (Park & Nicolau, 2015), however other studies show that travelers perceive some extreme reviews as untrustworthy, and thus unhelpful (Filieri, 2016).

While understanding the factors directly affecting helpfulness is consolidating, the moderating effects are still unexplored (Karimi & Wang, 2017; Kwok & Xie, 2016). For instance, Kwok and Xie (2016) found that the response of a hotel manager moderates the influence of

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reviewer experience on the helpfulness of online reviews, while Karimi and Wang (2017) investigated the moderation of review length, rating valence and equivocality in the relationship between reviewer's profile photo and review helpfulness.

The factors moderating the relationship between extreme reviews and review helpfulness have not been investigated, and they may help in understanding the reason for the contrasting results in the literature. We aim to contribute to this research debate by answering the following research question: *What are the moderating effects in the relationship between extreme ratings and helpfulness?*

Most studies in electronic word of mouth (eWOM) recognize the importance of source and message characteristics in the analysis of factors influencing a consumer's decision to vote a review as helpful (e.g. Huang et al., 2015; Karimi & Wang, 2017; Kwok & Xie, 2016). Mudambi and Schuff (2010) revealed that product type moderates the effect of review extremity on the helpfulness of the review. Furthermore, Chua and Banerjee (2016) found the relationship between information quality and review helpfulness to vary as a function of product type. These findings imply that the type of product being reviewed is also an important factor to consider when researching the moderators of review helpfulness. Following this literature, we conjecture that factors relating to source of communication, message, and product type, can play the role of moderators. In the tested model, two factors refer to the characteristics of the *review message*, namely the length of a review and accompanying visual information (i.e. photos of the hotel posted by the reviewer); one factor refers to the *source of communication*, i.e. the local *versus* foreign (geographical) origin of the reviewer, while hotel size (large *versus* small hotel) concerns the *type of product* being reviewed. To answer our research question, we used 11,358 OCRs of 90 French hotels from [TripAdvisor.com](http://TripAdvisor.com) and performed Tobit regression to test our model.

## 2. Literature review

Research in the travel and tourism industry has shown that OCRs affect hotel sales (e.g. Ye, Law, & Gu, 2011; Raguseo & Vitari, 2016), and influence hotels' revenue growth and profitability (Neirotti, Raguseo, & Paolucci, 2016), hotels' preferences (Viglia, Furlan, & Ladrón-de-Guevara, 2014) and hotel performance (Phillips, Zigan, Silva, & Schegg, 2015). Scholars have also investigated who uses OCRs and why (Ayeh, Au, & Law, 2013), their importance at various stages of the travel planning process (Gretzel, Yoo, & Purifoy, 2007; Papathanassis & Knolle, 2011), factors influencing purchase intention (Filieri & McLeay, 2014; Park, Lee, & Han, 2007; Zhang, Wu, & Mattila, 2016), antecedents of trust towards consumer reviews (Cox, Burgess, Sellitto, & Buultjens, 2009; Filieri, 2016; Yoo & Gretzel, 2009), and user-generated media (Filieri, Alguezaui, & McLeay, 2015), and the effect of hotel managers' responses to negative reviews on trust and concern (Sparks, So, & Bradley, 2016).

The literature on the determinants of review helpfulness for travel and tourism services is growing rapidly. Determinants explored so far include: the review characteristics and valence, in terms of content quality, length, complexity, readability, rating and extreme ratings (Fang et al., 2016; Kwok & Xie, 2016; Liu & Park, 2015; Park & Nicolau, 2015), reviewer background and characteristics, such as the reviewer's expertise, reputation, and identity disclosure (Fang et al., 2016; Liu & Park, 2015; Park & Nicolau, 2015), and the manager's reply to a review message (Kwok & Xie, 2016). For instance, Liu and Park (2015) use 5090 reviews from Yelp of 35 restaurants in London and 10 restaurants in New York. They look at the influence of review content quality factors and of reviewer background on review helpfulness. The authors found that the number of friends, Elite awards, and fans (connoting the reviewer's reputation), star rating, squared star rating and word count all had a positive influence on helpful votes (Liu & Park, 2015). They also found that when added to the equation, perceived enjoyment contributed substantially to explaining the dependent variable, while

review complexity had no effect on review usefulness. Using the same dataset, Park and Nicolau (2015) found that extreme ratings are voted as more helpful and enjoyable than moderate ratings, giving rise to a U-shaped line. The authors reveal that the most negative reviews (star rating of 1) are the most useful, and the most positive reviews (star rating of 5) had a similar impact to the second-to-last most negative review (star rating of 2). The reviewer's 'real' photo (identity disclosure) as well as his/her expertise (number of reviews posted by the reviewer) and word count affected usefulness and enjoyment while reviewers' 'real' name did not. Fang et al. (2016) used OCRs of attractions within a tourism destination (New Orleans) from [TripAdvisor.com](http://TripAdvisor.com), and found that certain reviewer characteristics, those writing more reviews stressing positive sides (i.e. mean rating higher than mode rating), and certain review characteristics, such as review readability and extremity, predicted review helpfulness. Kwok and Xie (2016) used OCRs of Texas hotels and found that review helpfulness is negatively affected by rating and review length, while manager's response and reviewer experience (reviewer status, years of membership, and number of cities visited) were positively related to review helpfulness. They also found that manager response moderates the influence of reviewer experience on hotel reviews' helpfulness.

## 3. Extreme opinions

We use the term extreme ratings to identify a consumer review that contains an extremely positive or extremely negative evaluation of a service based on the rating score. On [TripAdvisor.com](http://TripAdvisor.com) for instance, extreme ratings are expressed on a scale from 1 (terrible) to 5 (excellent) (Park & Nicolau, 2015).

Extremely negative rating displays an extreme opinion about a product or service a customer has purchased or experienced. The role and weight of extreme opinions have been studied in impression formation research. Researchers in impression formation suggest that extreme cues are perceived as less ambiguous (Reeder & Brewer, 1979; Reeder, Henderson, & Sullivan, 1982) and more diagnostic (Skowronski & Carlston, 1989) than cues of moderate strength in categorizing individuals. Accordingly, individuals tend to focus on extreme values as reference points, as extreme values are often more salient than more moderate values (Kahneman, 1992). Skowronski & Carlston (1989) demonstrated that extreme behaviors relating to both ability and morality are perceived as being more diagnostic than moderate behaviors.

A cue that suggests one category is said to be diagnostic since it suggests one categorization over others (Skowronski & Carlston, 1989). Extreme cues are perceived to be more diagnostic when they lead to higher perceived probabilities that a person belongs to one category and to lower perceived probabilities that the person belongs to others.

In the case of online ratings of hotels, a hotel that receives a five star rating is more likely to be perceived as an excellent, high quality hotel, whereas a hotel that receives a one star rating is more likely to be perceived as belonging to the category of low quality hotels. Extreme cues, such as one and five star ratings, increase consumer confidence in assigning a product or a service to one category (e.g. poorly or high performing services) and excluding the product or service from others.

Based on the weighted average model (Anderson, 1981), diagnostic cues such as five star and one star ratings in reviews should be weighted more than other ratings as they are more diagnostic and less ambiguous and thus have a higher impact on impression formation (Birnbau, 1972; Wyer & Hinkle, 1976; Wyer, 1974, p. 1974).

Existing research on eWOM in the travel and tourism sector has demonstrated that users are more likely to vote extreme ratings as helpful (Fang et al., 2016; Liu & Park, 2015; Park & Nicolau, 2015). Following this literature, we hypothesize that:

**H1.** Reviews with extreme ratings will be more likely to be voted as helpful than reviews with moderate ratings.

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