The Effects of Culture on Consumers' Consumption and Generation of Online Reviews

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Abstract

In the globalized industry of online travel agencies, it is well known that providing culturally customized reviews can attract more customers by sharing similarity-oriented experiences. Given the importance of culturally customized reviews, if national cultures lead to systematic differences in the review generating process, it is necessary to examine whether culturally customized information would be useful in customers' decision-making processes and whether customers prefer online travel agencies providing such information. The objective of this research is to investigate whether (1) culturally customized review information based on nationality might have an influence on consumers' intention to recommend an agency, and whether (2) cultural differences have differential impacts on review posting in terms of the valence and dispersion of review ratings and textual contents of reviews. We find that customers from Western societies, such as the U.K. and the U.S., tend to be positively predisposed and that the dispersion of their ratings is significantly less for hotels in Beijing where they stayed compared to that of Chinese customers. Furthermore, using two experimental surveys, we reveal that customers regard the average review rating from review posters with same cultural background as more useful than those from all reviewers in their decision-making process.
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Keywords: Consumer online review; Review rating; Textual contents of review; Cultural difference; U.K. consumers; U.S. consumers; China consumers

Introduction

Since consumers, as 'prosumers', not only passively read and consume the information provided by others but also actively generate their own feedback and contribute to increasing shared knowledge on review websites (Hennig-Thurau et al. 2004; Vasquez 2014), review generation and review consumption are closely linked (Yang et al. 2012; Yun, Park, and Ha 2008). In the business realm, as the online travel market grows worldwide and becomes more crowded, online travel agencies (henceforth, OTAs) are making various efforts to satisfy consumers from different countries by providing customized services, such as multiple review search options, to simultaneously consider the links between review generation and review consumption (Hong

et al. 2016). For example, some OTA online travel websites such as Booking.com and TripAdvisor.com provide the customized option to sort reviews according to national background factors such as currency used, language, and nationality of review posters. Booking.com has established a new default review option that automatically provides the registered customers with reviews from the country under which they register. This option would function as an element that improves the consumer's credibility and satisfaction with the review site and, in turn, contributes to the profit of the site.

However, the understanding of the roles of cultural backgrounds in the connection between review generation and review consumption has never thoroughly been researched in any of the previous studies. Since differences in the cultural backgrounds of consumers are likely to be able to play a critical role in review generation, as well as review consumption, this study attempts to simultaneously examine the effects of the different cultural backgrounds on review generation (posting)

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and explore the impact of national culture-based reviews on review consumption (reading).

Many of the existing studies on online reviews have documented the impacts of valence, which is the affective response (Chevalier and Mayzlin 2006; Li and Hitt 2008), and the influences of variance, which is the average of the squared differences from the mean (Sun 2012; Zimmermann et al. 2017), on consumer decision making because these two elements provide a clear picture of the shape of customer review distribution.

Accordingly, we examine the impacts of cultural background on the valence and the variance of online reviews. In addition, we explore the impacts on textual content of reviews because textual content is likely to reflect both elements (Wu et al. 2015). Accordingly, we are able to understand overall roles of cultural background in the review generation process.

However, prior studies on review consumption usually discover the business values of reviews, such as the influence of reviews on the decision-making process, and examine what factors make customer reviews helpful (Kumar and Benbasat 2006; Mudambi and Schuff 2010). Since the usefulness of reviews hinges on how a consumer evaluates the value of reviews, it is regarded as a measure of how influential the reviews are in customer decision-making (Jiang and Benbasat 2004, 2007; Pavlou and Fygenson 2006; Pavlou, Liang, and Xue 2007). Thus, we investigate how cultural backgrounds affect the perceived usefulness of reviews and consumer purchase intention. This perceived usefulness may speak to the benefits of providing the review search option based on national culture.

By uncovering the roles of cultural background in both review generation and consumption together, we can respond to a crucial research call in the context of online reviews (Kozinets 2016; Winer and Fader 2016). Kozinets (2016) emphasizes that current research on online word-of-mouth (henceforth, OWOM) needs to incorporate different cultural realities into consumer-generated reviews. Winer and Fader (2016) also suggest examining the heterogeneity of the underlying population and context, such as cross-cultural aspects, to fully understand the role of culture in the relationship between generating reviews and consuming reviews. In addition, this study might help managers of review sites and hotel managers develop customized strategies by uncovering the positive effects of customized information based on cultural backgrounds.

We begin with a thorough literature review on OWOM and explore the relationship between OWOM and culture to develop cultural role-related hypotheses. Then, we examine the benefits of providing culturally customized information such as the consumer's intention to recommend. Next, we explore the systematic differences in review generation influenced by cultural backgrounds. Finally, we discuss conclusions, implications, limitations and future research directions.

Literature Review

The Dimensions of OWOM

OWOM helps prospective customers find products and services that fit their needs and preferences (Dellarocas 2003).

Loaded with sufficient information on products and services, they are able to reduce uncertainty and search costs, reaching a better purchase decision (Brynjolfsson and Smith 2000). Prior literature has explored diverse impacts of OWOM on marketing variables such as consumer choice and sales in the review consumption process. For example, Chevalier and Mayzlin (2006) find that higher valence (ratings) is linked to higher sales. Ba and Pavlou (2002) show that negative reviews have a greater influence than positive reviews (negativity bias). Meanwhile, some researchers pay attention to the dispersion (e.g., variance) of review ratings because dispersion is a measure of the heterogeneity of consumer evaluations, and it helps companies understand how much consumers like or dislike their brands and products. According to Sun (2012), a higher variance contributes to a higher demand when the review rating is low. Together with this finding, the influence of the degree of variance on the usefulness of reviews and on purchase decisions has also been widely explored (Clemons, Gao, and Hitt 2006; Sun 2012).

Along with review rating, textual content (written reviews) is a major component of reviews, which provides detailed information about products to consumers and is an important factor in improving the usefulness of reviews (Mudambi and Schuff 2010; Yin, Bond, and Zhang 2014). According to a market survey conducted by Channel Advisor in 2010, 92% of consumers read or use the textual content of reviews before making a purchase decision online. In particular, review authors express their emotions through the textual content of review (Yin, Bond, and Zhang 2014). The emotions embodied by their words not only provide additional information related to the products to prospective consumers who read the reviews (Kim and Gupta 2012) but also contribute to shaping the attitudes of prospective customers toward products reviewed (Cohen et al. 2008) It, in turn, influences consumer purchase behavior (Das, Martinez-Jerez, and Tufano 2005; Jones, Ravid, and Rafaeli 2004). Yin, Bond, and Zhang (2014) examine the impact of textual content on the perceived helpfulness of reviews.

Despite the importance of the textual content of reviews, the roles of reviewer characteristics in the review generation process, such as cultural backgrounds, have not been thoroughly explored yet, particularly with respect to textual content (Hong et al. 2016). In this study, considering the importance of both the quantitative (ratings) and the qualitative (textual) aspects of reviews in the review consumption process, we examine the differences in the review generation process due to cultural backgrounds of review authors. Accordingly, we explore the effects of the generated differences on the review consumption process.

OWOM and Culture

OTAs such as TripAdvisor.com, Expedia.com and Booking.com are not only international websites that people from all over the world access to book hotels or flights but also places where consumers from a diversity of cultural backgrounds can share information and communicate with each other about their