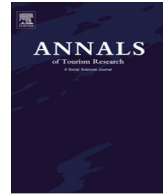




Contents lists available at [ScienceDirect](#)

Annals of Tourism Research

journal homepage: www.elsevier.com/locate/atoures



Asymmetric effects of online consumer reviews



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ARTICLE INFO

Article history:

Received 27 April 2014

Revised 15 October 2014

Accepted 17 October 2014

Coordinating Editor: John Trevor Coshall

Keywords:

Online review

Asymmetrical effects

Heuristics

Count model

ABSTRACT

Consumers tend to seek heuristic information cues to simplify the amount of information involved in tourist decisions. Accordingly, star ratings in online reviews are a critical heuristic element of the perceived evaluation of online consumer information. The objective of this article is to assess the effect of review ratings on usefulness and enjoyment. The empirical application is carried out on a sample of 5,090 reviews of 45 restaurants in London and New York. The results show that people perceive extreme ratings (positive or negative) as more useful and enjoyable than moderate ratings, giving rise to a U-shaped line, with asymmetric effects: the size of the effect of online reviews depends on whether they are positive or negative.

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Introduction

The advent of the Internet brought about a new form of web communication (eWOM), which facilitates offering and sharing information between service providers and consumers as well as between consumers themselves. [Smith \(2013\)](#) stated that 60% of consumers consider ratings and reviews important when researching products. According to the [Mintel report \(2013\)](#), about 38% of UK travellers used consumer review websites for their holiday planning, and 86% of online travellers in the UK said online consumer reviews are a helpful information source in booking hotels. Online reviews, a type of eWOM, gain more popularity and provide influence in tourism due to the characteristics of travel products (i.e., intangibility and perishability), where people have difficulty in assessing the quality

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of products/services before consumption (Woodside & King, 2001). As such, travellers search for information to reduce uncertainty and perceived risks when planning their trips (Bronner & de Hoog, 2011). In this respect, online reviews of travel experiences posted on reliable websites are perceived as unbiased and trustworthy because they reduce the likelihood of later regretting a decision (Duverger, 2013) as well as allow readers to easily imagine what products look like (Yoo & Gretzel, 2008). That is, the recipients have inherent beliefs in the value of information provided by other consumers as consequences of either perceived similarities (Tussyadiah, Park, & Fesenmaier, 2008) or perceived knowledge about products (Bansal & Voyer, 2000).

With recognition of the importance of eWOM, previous scholars in tourism and hospitality have mainly investigated the effect of online consumer reviews on two facets: predicting product sales (Ye, Law, Gu, & Chen, 2011) and the consumer decision making process (Vermeulen & Seegers, 2009). These studies consistently found that the characteristics of online reviews (i.e., star ratings, review richness, and valence of reviews) (Sparks & Browning, 2011) and of review providers (i.e., identity disclosure and level of expertise) (Vermeulen & Seegers, 2009) have positive influences on increasing revenues and assisting purchase decisions. However, research that attempts to identify what makes an online review helpful to consumers is limited (Mudambi & Schuff, 2010). Importantly, along with the increasing number of reviews available online, travellers can easily obtain information via the Internet (decreased search costs), whereas they find it difficult to choose specific information to help with the final decision (increased cognitive costs). Consumers, therefore, tend to seek heuristic information cues (i.e., star ratings in online reviews) to simplify the size of information involved due to their limited ability to arrive at the optimal solution, which is known as bounded rationality (Payne, Bettman, & Johnson, 1992). Thus, this article argues and relies on the importance of understanding the effect of star ratings as a vital heuristic element on the information evaluation process.

More specifically, this study analyses perceived usefulness and enjoyment to measure how consumers evaluate online reviews. Once a consumer reads an online review, he/she would choose to adopt the information to make a decision based upon two different aspects of the information process: usefulness (extrinsic motivation: the instrumental value of the information) and enjoyment (intrinsic motivation: the performance of an activity for no apparent reason other than the performance itself) (see Deci & Ryan, 1985; Moon & Kim, 2001; Sussman & Siegal, 2003). A number of researchers in marketing, information and communication technology have applied these dual motivations (perceived usefulness and enjoyment) to understand roles of search motives for predicting consumer information search behaviours (Bloch, Sherrell, & Ridgway, 1986) and to explain the assessment and adoption of information technology (Thong, Hong, & Tam, 2006).

Therefore, the aim of this research is to estimate the relationship between “consumers’ review ratings” and “perceived usefulness and enjoyment of reviews”. In order to address the research purpose, this study analysed over 5,000 online reviews of a type of travel products (i.e., restaurants) by controlling a number of messenger and message characteristics. The findings of this current research make several theoretical contributions to tourism literature. Previous studies showed mixed empirical results (Liu, 2006), indicating that consumer review ratings have positive (Ogut & Tas, 2012), negative (Berger, Sorensen, & Rasmussen, 2010) and quadratic influences (Duverger, 2013) on information search and consumer decision-making behaviours. In this vein, the present research sheds light on the role of review ratings in online consumers’ responses to information in terms of perceived usefulness and enjoyment. As for practical implications, this article makes suggestions for tourism marketers about how to use and react to online consumer reviews when developing technological marketing strategies.

Online consumer reviews

Current consumers largely consider online consumer reviews as a form of eWOM in a decision making process to purchase products online and offline. Online reviews enable people to obtain detailed information with high trustworthiness and credibility compared to information provided by marketers. Based on the importance of online reviews, a number of researchers in marketing and information systems have concerned the characteristics of reviews and reviewers to estimate

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