

# The Recent versus The Out-Dated: An Experimental Examination of the Time-Variant Effects of Online Consumer Reviews

Liyin Jin, Bingyan Hu, Yanqun He\*

*School of Management, Fudan University, China*

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## Abstract

Conventional wisdom suggests that the most recent online reviews may have a greater impact than out-dated online reviews on consumers' purchase decisions because of their up-to-date nature. However, building on the theory of temporal distance and construal fit, this study proposes a new perspective, suggesting that the influence of online reviews posted at different times is a function of the timeframe for the consumers' intended purchase. Four experiments demonstrate that although recent online reviews are more influential in shifting consumer preferences towards near-future consumption decisions, the relative influence of out-dated online reviews in shifting consumer preferences increases when consumers are making distant-future consumption decisions. This effect occurs because of a construal fit between the construal level of the online reviews posted at different times and that of the timeframe of consumers' purchase decisions. The recent reviews are represented at a relatively lower construal level, with the low-level construal matching the timeframe of the near-future consumption decision. Out-dated reviews, however, are represented at a relatively higher construal level and match the timeframe of the distant-future consumption decision. This construal fit, in turn, enhances consumer engagement and consequently exerts a greater influence on consumer preferences.

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**Keywords:** Online consumer reviews; Temporal distance; Construal level; Construal fit; Consumer engagement

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## Introduction

Online product reviews have become an indispensable tool for consumers and therefore for online retailers who want to attract and retain consumers (Grewal and Levy 2007; Khare, Labrecque, and Asare 2011; Pan and Zhang 2011). The product reviewing system can be used strategically to influence consumers' purchase decisions (Sen and Lerman 2007), to enhance their shopping experience (Srinivasan, Anderson, and Ponnavaolu 2002), and to increase firm profitability (Chen, Wang, and Xie 2011; Godes and Mayzlin 2009). Online retailers cannot afford to turn a blind eye to the benefits of product reviews, and it is therefore of paramount importance to understand the factors that determine how consumers respond to product reviews.

Although the literature has traditionally emphasized the importance of the volume and valence of reviews in shaping consumer judgment (e.g., Chevalier and Mayzlin 2006; Dhar and

Chang 2009; Liu 2006), relatively little research has explored the other factors that make online product reviews helpful in the eyes of consumers (Pan and Zhang 2011). For example, the digitization of online reviews has made it possible to record the time a particular review was created and posted. However, little is known about how consumers' product evaluations may be influenced by the various posting times of numerous online reviews. Imagine a consumer who is booking a hotel room online and is presented with a number of consumer reviews sorted by date. When both the recent and the out-dated reviews are readily available, which reviews would be more influential for the consumer when making his or her purchase decision? We address this issue in the current research.

Although conventional wisdom suggests that people tend to believe that the most recent reviews are more informative because of the up-to-date nature of the review message, we propose a new perspective that distinguishes between consumer purchases for immediate consumption (e.g., booking a hotel room for a trip in *two days*) and those for distant consumption (e.g., booking a hotel room for a trip in *six months*). We suggest that the out-dated reviews may not necessarily underperform compared to the most recent alternatives when consumers are

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\* Corresponding author. Tel.: +86 21 25011200; fax: +86 21 65103463.  
E-mail addresses: jinliyin@fudan.edu.cn (L. Jin),  
penguin20061116@gmail.com (B. Hu), yanqun.he@fudan.edu.cn (Y. He).

making decisions for distant-future consumptions. Although in most situations, people shop online for relatively immediate consumptions, there are many other situations where the consumers' purchases are not intended for immediate consumption. For example, technological developments such as electronic tickets and online payments have made advanced selling possible for numerous industries, including airline, travel, and hospitality service (Shugan and Xie 2000). When people engage in advanced purchases, how do the online reviews that are posted at different points in time influence the consumer's decisions? Furthermore, when the available online reviews provide opposing consumption experiences (e.g., the recent reviews share positive experiences, whereas the out-dated reviews provide negative feedback, or vice versa), how does this competing information influence the consumer's immediate consumption versus distant-future consumption decisions?

This research aims to address these issues by examining how the posting time of the online reviews interacts with the purchase timeframe in influencing consumer purchase decisions. Based on the psychological distance and construal level theory (Trope, Liberman, and Wakslak 2007) and research on construal fit (Higgins 2000; Lee and Aaker 2004; Zhao and Xie 2011), we propose that the influence of online reviews posted at different points in time (i.e., recent vs. out-dated) is a function of the timeframe of the intended purchase. More specifically, when consumers focus on near-future consumption, they tend to operate at a lower level of construal mindset (Trope, Liberman, and Wakslak 2007). Therefore, a construal fit should occur when external stimuli emphasizes more concrete, lower level information when consumers are concerned with near-future consumption (Lee and Aaker 2004). In contrast, consumers tend to operate at a higher level of construal mindset when they focus on distant-future consumptions. Thus, a fit should occur when external stimuli emphasizes more abstract, higher level information if consumers are concerned with distant-future consumption. We posit that recent reviews tend to be construed at lower levels and are, therefore, a fit for near-future consumption decisions for which consumers are operating at a lower construal mindset. Conversely, the out-dated reviews tend to be construed more abstractly and thus are a fit for distant-future consumption decisions where consumers are operating at a higher construal mindset. This construal fit, in turn, enhances consumer engagement with the reviews and consequently exerts more influence over consumer decisions.

Four studies test this basic hypothesis. Study 1 demonstrates that, all else being equal, recent online reviews are represented at a relatively lower construal level, whereas out-dated online reviews are represented at a relatively higher construal level. Study 2 finds that the relative impact of out-dated reviews in influencing consumers' decisions increases when consumers are making distant-future purchases. Study 3 examines how the effectiveness of online review is influenced by the construal fit between the two temporal distances by making both the recent and the out-dated consumer reviews available. Study 4 considers the valence of online reviews and further investigates how positive/negative online reviews posted at different points in time influences consumers' product evaluations for near-future

versus distant-future purchases. In the next section, we review the literature that leads to our research hypotheses and present empirical studies before discussing the implications for online retailers.

## Theoretical Framework

### *Effects of Online Reviews*

Word-of-mouth (WOM) communication is an important facilitator of learning and can significantly impact consumer decisions (e.g., Feick and Price 1987; Leonard-Barton 1985). A long stream of research has documented the effects of WOM on consumers' product evaluations and adoptions (Mahajan, Muller, and Wind 2000; Van den Bulte and Wuyts 2007). With the advent of e-commerce and online shopping, researchers have begun investigating the issues related to the attributes of online consumer reviews and their influence on consumer perceived helpfulness (Pan and Zhang 2011), consumer choice (Zhao and Xie 2011) and product sales (Duan, Gu, and Whinston 2008; Godes and Mayzlin 2004). These researchers have demonstrated that online consumer reviews increase sales in a number of contexts (Chevalier and Mayzlin 2006; Liu 2006; Moe and Trusov 2011). Consequently, online retailers are keen to understand which dimensions of online consumer reviews are the most important factors influencing consumer decisions and how firms can strategically manage these key dimensions to drive business.

Recent studies of online consumer reviews have focused on two major dimensions of these reviews: volume (the total number of reviews) and valence (the review ratings). For instance, Dhar and Chang (2009) found that the future sales of a music album are positively correlated with the volume of blog posts about that album. Chevalier and Mayzlin (2006) further indicate that improvements in the volume and valence of a book's reviews both lead to an increase in sales. However, with a similar data set from Amazon.com, Chen, Wang, and Xie (2011) found that WOM valence is not related to sales. In a similar vein, Liu (2006) and Duan, Gu, and Whinston (2008) suggest that the volume of reviews matters but the valence does not. Given these inconsistent research findings, some researchers suggest that the effect of WOM valence may depend on specific conditions, such as the risk perceived by the consumers and the presentation of WOM (e.g., vividness) (Herr, Kardes, and Kim 1991).

As a digitized type of WOM, online consumer reviews possess a unique time feature that has seldom been addressed in the literature. Compared with traditional offline WOM, the exact posting date of each online review is recorded and readily available to readers. However, little empirical work has explored how the time dimension of online reviews impacts consumer decisions. In particular, by holding the other dimensions (contents, valence, and volume) of the online reviews constant, how would the additional information of posting time change the impact of the online reviews? The present study investigates this question.

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