Examining the Effect of Positive Online Reviews on Consumers’ Decision Making: The Valence Framework

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ABSTRACT
Online reviews play an important role in consumers’ decision making. However, limited studies have been conducted to understand the effects of online reviews on consumers’ behavior. Drawing upon the Elaboration Likelihood Model and the valence framework, a research model was developed to investigate the perceived benefits and potential risks brought by positive online reviews. The moderating effect of review skepticism was also examined. Data were collected through online survey based on consumers’ perceptions of the positive reviews from restaurants and food businesses and analyzed with partial least squares. The results indicated that argument quality and source credibility influence information usefulness, which further influences consumers’ behavioral intentions. The influence of positive online reviews on perceived risk differs between high and low skepticism consumers. This research offers a more in-depth understanding of consumer information processing in an online context and benefits practitioners by allowing them to better understand consumers.

KEYWORDS
Consumer Decision Making, Elaboration Likelihood Model, Online Reviews, Skepticism, Valence Framework

INTRODUCTION
The development of information technology and wide adoption of social media by consumers have accelerated the distribution of online reviews. Such reviews, also known as electronic word-of-mouth (eWOM), mainly reflect consumers’ opinions, evaluations, and feelings about products and services. Online reviews are easily accessible through various channels, including e-commerce websites, online review sites, and discussion forums (Cheung, Lee, & Rabjohn, 2008; Lee & Youn, 2009). It has been shown that online reviews are more effective at influencing consumers than are traditional media, because users are more likely to refer to online reviews posted by unknown consumers (ChannelAdvisor, 2011). For instance, one report showed that 78 percent of online consumers are influenced by online reviews when they make purchase decisions (eMarketer, 2013). Thus, user-generated online reviews are increasingly regarded as a powerful source of information that facilitates consumer decision making (Khatwani & Srivastava, 2017; Li, Li, Yen, & Zhang, 2016).

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Given the importance of online reviews in influencing consumer decision-making behavior, researchers have been attracted to explore how online review characteristics can influence consumer perceptions, attitudes, and behaviors (Erkan & Evans, 2016; Li et al., 2016; Shen, Zhang, & Zhao, 2016). However, two research gaps are evident in the literature. First, most studies focus on the benefits that online reviews can bring, such as perceived information usefulness (Xia & Bechwati, 2008). The potential risks posed by online reviews are largely ignored. It has been shown that many organizations have utilized the anonymity feature of online reviews to advocate for their own products or services by spreading biased opinions (Magnini, 2011; Zhang, Carpenter, & Ko, 2013). Thus, the potential risks brought by online reviews, especially positive reviews, should also be considered in research to provide a comprehensive understanding of the characteristics of online reviews in influencing consumer decision-making behavior.

Second, based on the Elaboration Likelihood Model (ELM), researchers have demonstrated that individuals vary in their ability and motivation when evaluating online reviews and making purchasing decisions. However, when examining the effects of online reviews on consumer behavior, researchers have mainly focused on the moderating effects of involvement (Lee, Park, & Han, 2008), prior knowledge (Park & Kim, 2008), gender (Zhang, Cheung, & Lee, 2014), and product characteristics (Zhu & Zhang, 2010). Studies exploring the moderating role of consumer skepticism are limited (Reimer & Benkenstein, 2016; Sher & Lee, 2009). In a recent survey, 80 percent of consumers reported that they were concerned about the authenticity of online reviews and suspicious of positive reviews (Williams, 2012). Thus, consumers may develop suspicious attitudes toward positive online reviews (Larson & Denton, 2014; Tarafdar, Pullins, & Ragu-Nathan, 2014; Willemsen, Neijens, & Bronner, 2012), which may further influence their decision-making behavior (Darke & Ritchie, 2007). Zhang et al. (2016) argued that some unexpected results in the online review literature (Dou, Walden, Lee, & Lee, 2012; Qiu, Pang, & Lim, 2012) may have resulted from the exclusion of the effects of Internet users’ skepticism. Consequently, individuals’ skepticism levels should be considered when examining the effects of positive online reviews on consumer perceptions and behaviors (Zhang et al., 2016).

To fill these two research gaps, this study attempts to examine the effect of positive online reviews on consumer behavior intention by considering both the benefits and risks brought by online reviews and the moderating role of the individual’s skepticism in the review evaluation process. In summary, this study addresses the following three research questions:

1. How do positive online review characteristics affect consumers’ perceived usefulness and risk?
2. How would perceived usefulness and perceived risk affect consumer behavior intention?
3. How does skepticism moderate the effect of positive online reviews on consumers’ perceived risk?

The remainder of this paper is organized as follows. First, the theoretical background to this research is presented. Research hypotheses are then proposed based on the literature. The research methodology and results of the data analysis are then presented. Next, the findings, theoretical implications, and practical implications are discussed. Finally, the study is concluded by describing its limitations and possible future research opportunities.

THEORETICAL FOUNDATION AND HYPOTHESIS DEVELOPMENT

Elaboration Likelihood Model

Developed by Petty and Cacioppo (1986), the ELM is regarded as one of the most prominent theories in information processing. According to the ELM, information can influence people’s attitudes and behaviors via two routes: the central and peripheral routes. The central route involves individuals investing high cognitive effort in evaluating the content of information. Argument quality, which
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