

PERCEIVED CREDIBILITY OF ONLINE CONSUMER REVIEWS: AN INVESTIGATION ACROSS THREE SERVICE CATEGORIES

Pradeep Racherla, West Texas A&M University, USA
Wes Friske, West Texas A&M University, USA

ABSTRACT

Online consumer reviews, a popular form of eWOM, have attracted increasing amounts of interest from both academics and practitioners (Ba and Pavlou 2002; Dholakia et al. 2004; Dellaracos 2003; Chevalier and Mayzlin 2006; Pavlou and Dimoka 2006). However, extant literature has overlooked two important aspects: 1) Much of the existing research focuses on transmission and impact of online reviews but sheds less light on the underlying processes that drive consumers' reception of online reviews (to understand the basic qualities of reviews themselves, and how these qualities induce consumers' trust.) As online reviews becomes more acceptable and widespread, it is more important to focus on the quality rather than the quantity of the reviews being presented to the consumer (Mudambi and Schuff 2010), and 2) Few studies have explored the recipients' perspective in the context of services (Bansal and Voyer 2000). It is common knowledge that services do not have the 'try before you buy' or 'return in case quality is below expectations' features. Therefore more and more consumers are relying heavily on online reviews to assess services prior to purchase (Senecal and Nantel 2004). It is possible that the factors on the basis of which consumers evaluate online reviews will vary across service categories.

The research model of source credibility in this study is built upon the rich stream of literature related to how people are influenced by information (Janis and Hovland 1959; Petty and Cacioppo 1986). In this, we specifically delineate the effect of three sets of factors: a) the message (review) factors: review content and valence, and b) the source (reviewer) factors: socio-demographic characteristics, reputation and expertise, and c) receiver (consumer) factors (perceived risk across 3 types of services). We test the moderating affect of 3 types of services: search, experiential and credence. The research model was tested on data obtained from Yelp.com, a popular online review and advisory site dedicated predominantly to various types of services across major cities in the United States. The sample includes approximately 3000 reviews divided across 3 services categories.

The results show that messenger factors such as self-disclosure (socio-demographic information), perceived expertise as well as reputation have greater effect on perceived credibility when compared to message factors such as depth of information and rating valence (+ve or -ve). These results lend credence to the fact that consumers form impressions of others even with relatively limited non-verbal and social cues available in the online environment. This result is in contrast to some of the recent studies that investigated online reviews. Interestingly, the results show that negatively valenced reviews are perceived to more credible than either extremely positive or moderate reviews. This strongly supports the notion of negativity bias. This bias is enhanced especially in the presence of a large amount of positive information (which is typically the case in online review sites). Further, the effect of the factors when compared across the 3 service categories showed variation with respect to only reviewer expertise and word count. Reviewer expertise was valued much more in experiential services than search and credence based services. The implications of these results for both services research as well as practice are discussed in detail.

References Available on Request.