

The Effect of Review Characteristics on Website Diagnosticity: A Conceptual Framework

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ABSTRACT

Online review is a form of electronic word-of-mouth communication that has received much attention from authors in the past decade. There are several characteristics of online reviews which have been investigated in the literature. Also the many benefits that these reviews provide to online shoppers have been extensively studied. The present paper proposes a conceptual model to show how these benefits can make a website more diagnostic. Based on the model a few propositions have been discussed. Theoretical and managerial implications along with the limitations of the study are also provided.

Keyword: Online Reviews, Electronic Word-Of-Mouth Communication, Website Diagnosticity, Online Recommendation

INTRODUCTION

Since last several decades a significant volume of research has been done on the roles played by word of mouth communication in stimulating product adoption (Mahajan & Muller, 1979; Mahajan, Muller & Bass, 1990; Rogers, 2003). Word of mouth can be either physical or virtual (Zhang, Craciun & Shin, 2010). In recent years, product/service reviews published electronically (eWOM) have received increased attention from the researchers (Zhang *et al.*, 2010). Online goods and service reviews are a form of electronic word of mouth communication (eWOM), which are being significantly used by the retailers who want to attract consumers (Pan & Zhang, 2011). eWOM can exist on the Internet in independent consumer opinion portals such as epinion.com, in virtual communities such as Amazon and eBay communities and on e-retailer websites such as Amazon.com (Burton & Khammash, 2010). Though several studies have investigated antecedents and outcomes of eWOM, research investigating how the users of eWOM evaluate the usefulness or diagnosticity of eWOM is scarce.

One form of the electronic word of mouth communication is online reviews. Information through product reviews is found to influence consumer's purchase decisions (Kumar & Benbasat, 2006; Duan, Gu & Whinston,

2008; Dellarocas, Gao & Narayan, 2010). In other words online reviews are a way of gathering information on the internet. Online consumer reviews have become an essential resource for consumers looking to determine product quality (Zhu & Zhang, 2010). According to a 2010 survey of Internet users in the U.S., 92% of users read online product reviews; of these, 89% said online product reviews influenced their product choice (Freedman, 2011). The presence of consumer reviews on a website has been shown to develop customer perception of the usefulness and social presence of the website (Jiang & Benbasat, 2007). Several scholars have suggested that consumers are often prone to acquire product review information to enhance the formation of informed purchase decisions (Dellarocas *et al.*, 2010; Duan *et al.*, 2008; Kumar & Benbasat, 2006).

There is increasing evidence that consumers' online product reviews have diagnostic value regarding market place outcomes (Yadav & Pavlou, 2014). Diagnostic value is provided by customer reviews during multiple stages of consumer decision making (Mudambi & Schuff, 2010). With an escalating number of reviews accessible to consumers and increased consumer skepticism concerning online reviews, consumers are confronted with the overwhelming task of discriminating which reviews are credible and helpful (Jimenez & Mendoza, 2013).

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The present study proposes a conceptual model which depicts how characteristics of an online review can play a role in making a website more diagnostic. Also two possible variables that could mediate the relationship are discussed in the paper. In other words our study attempts to answer questions like: Does the website benefit from online reviews or Do you think reading product related information on website will make you like that website?

LITERATURE REVIEW

Electronic word-of-mouth communication has a few characteristics common with traditional word of mouth communication but it differs from traditional word of mouth in the following dimensions. First, eWOM can have exceptional scalability and speed of diffusion unlike traditional word of mouth. Second, eWOM communications are more persistent and accessible than traditional word of mouth. Third, eWOM communications are more measureable than traditional word of mouth. Lastly, traditional word of mouth is generated from a sender who is known to the receiver of the information, which may not be the case in electronic word of mouth (Cheung & Thadani, 2012). Several characteristics of online reviews have been studied by authors. Prior research has investigated various online review characteristics like perceived usefulness (Cheung, Lee & Rabjohn, 2008) and review credibility (Cheung, Luo, Sia & Chen, 2009). Presence of online reviews on a website has shown to increase the consumer's perceived usefulness of the shopping website (Kumar & Benbasat, 2006). Review of prior literature reveals that research investigating the roles played by various review characteristics on perceived website diagnosticity is scarce.

With increasing number of shopping sites and third party websites providing varied online reviews, it becomes important for academicians to investigate important facets of online reviews like the influence of online reviews on consumer's purchase decisions (Kumar & Benbasat, 2006; Duan *et al.*, 2008 & Dellarocas *et al.* 2010), on product sales (Chevalier & Mayzlin, 2006), on persuasiveness (Zhang *et al.*, 2010). Extant studies have been done on online product reviews across search and experience products (Mudambi & Schuff, 2010), services (Vermeulen & Seegers, 2008) etc. A definition of online customer reviews is provided by Mudmabi and Schuff as "peer-generated product evaluations posted on company or third party website" (Mudambi & Schuff, 2010, p.186).

Several aspects of online reviews have been studied which show that online reviews are helpful for consumers, as they consider this information while they take purchase decisions. But whether presence of this information in the form of online reviews affects the diagnosticity or helpfulness of the website is unknown. Using the Elaboration Likelihood Model this paper tries to propose a conceptual mode that tries to explain the determinants of perceived website diagnosticity in the form of various characteristics of online reviews.

THE ELABORATION LIKELIHOOD MODEL

Petty and Cacioppo (1986) provided a justification for discrepancies in information influence outcomes across individuals and different contexts, through their elaboration likelihood model. The model is widely used in the context of electronic word of mouth to explain information processing. The elaboration likelihood model states that information processing through central route happens when recipients put in higher cognitive effort and try to analyze the essential subject matter or arguments in the message. On the other hand when individuals do not engage in much cognitive effort, they use peripheral route to process information by using cues that are not directly indicative of the central issue in the persuasive message (Petty & Cacioppo, 1986).

The characteristics of the review that have been studied in this paper are review ratings and source credibility, as peripheral cues and argument quality and review sidedness, as central cues that influence online consumers. These characteristics are widely studied in the context of online reviews.

Recommendation rating refers to the "the overall rating given by the other readers on an electronic word of mouth recommendation" (Cheung *et al.*, 2009; p.18). Ratings in the form of stars or likes are a common feature on shopping websites that provide reviews. These ratings help consumers in differentiating more helpful reviews from lesser ones. These ratings are often available on websites in the form of stars or likes or helpfulness votes. Going through these ratings is simpler and easier than going through an entire written portion of a review. Source credibility is defined as "an information reader's perception of the expertise and trustworthiness of a source" (Luo, Luo, Schatzberg & Sia, 2013; p.94). This can be indicated in the review through the reviewer's

real name, reviewer's picture or a valid email id etc. Several e-retailers are providing a certified buyer tag along with the review, to ensure some credibility to the reader. Many a times consumers decide to trust a review when they know that the review has been written by a user or an expert of that product. Argument quality refers to "the persuasive strength of arguments embedded in an informational message" (Bhattacharjee & Sanford, 2006; p.811). For determining the argument quality of the review a consumer has to put in much cognitive effort in reading the whole written portion of the review. Recommendation sidedness refers to a message being one sided or two sided (Cheung *et al.*, 2009). A two sided online review provides the consumer with both the pros and cons about a product whereas a one sided review would only describe about the positives or the negatives of a product. In such a situation a consumer tends to prefer a two sided review over a one sided information.

The two mediating variables that are proposed in the model are review credibility and review diagnosticity. Review credibility refers to the extent to which a review is perceived to be true and valid (Tseng & Fogg, 1999). Consumers in order to take the reviews content into consideration have to establish the credibility of the review. Review diagnosticity is defined as the perceived usefulness of the review for evaluating the product (Kempf & Smith, 1998). In other words, the consumer reading the review finds it helpful.

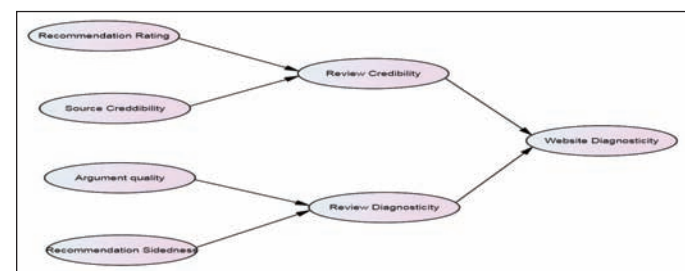
Perceived website diagnosticity is defined as "the consumers perceptions of the ability of a website to convey relevant product information that can assist them in understanding and evaluating the quality and performance of products sold online" (Jiang and Benbasat 2005; p.117).

We propose that consumers while processing information through peripheral route (ratings and source credibility), tend to determine the credibility of the review (Cheung *et al.*, 2010). Hence we propose that the relationship between characteristics of the review and website diagnosticity will be mediated through review credibility. On the other hand when consumers process information through central route (argument quality and recommendation sidedness), they try to evaluate the product quality that they intend to purchase (Cheung *et al.*, 2010). Hence we propose that along with review credibility review diagnosticity will also mediate the relationship. This review credibility

and review diagnosticity should increase the consumers perceived website diagnosticity. In other words having better reviews which help the consumer to understand the product and also which comes from a credible source, would result in the consumer perceiving the website to be helpful (Kumar & Benbasat, 2006).

CONCEPTUAL MODEL

Figure 1: Conceptual Model



Propositions

P1a: Review ratings will positively influence review credibility

P1b: Review ratings will positively influence review diagnosticity

P2a: Source credibility will positively influence review credibility

P2b: Source credibility will positively influence review diagnosticity

P3a: Argument quality will positively influence review credibility.

P3b: Argument quality will positively influence review diagnosticity.

P4a: Recommendation Sidedness will positively influence review credibility.

P4b: Recommendation Sidedness will positively influence review diagnosticity

P5: Review credibility will positively influence website diagnosticity.

P6: Review diagnosticity will positively influence website diagnosticity.

Theoretical Implications

Like several studies in this area of research in online reviews this paper also validates the Elaboration Likelihood Model. The model can provide insights, as to which review characteristics can help their consumers to evaluate product quality as well as enhance perceived website diagnosticity. The model discusses two mediating variables (i.e. review credibility and review diagnosticity) and shows how consumers associate credibility and diagnosticity with the mentioned characteristics. Review credibility and diagnosticity have been studied in the past as dependent variables investigating several characteristics of a review. The model extends that research in tries to understand if this benefits derived by the consumer transfers to the website. The model could be used to asses which characteristics of review ensure credibility of information to the consumers and which characteristics are useful for evaluating products for purchase. Study results are expected to be helpful for e-retailers and website designers to plan the webpage with suitable reviews having appropriate characteristics.

Managerial Implications

Online shopping sites are indulging in fierce competition to attract more and more consumers to visit and their websites. Online shopping sites are trying everyday to provide customers with increased shopping choices which has resulted in a growing need for relevant product information by consumers. The study throws light on how websites can benefit from availing reviews on the site for consumers looking for relevant information through online reviews. As mentioned earlier online reviews have been found to affect consumer purchase decisions, these reviews have become an important tool in the hands of websites to attract more visitors and convert them into shoppers. One of the problems that marketers face today is that they struggle to understand which factors are important to consumer's seeking electronic word-of-mouth. The websites providing online reviews can decide through such models to assure which characteristics to provide along with the reviews.

As the model suggests, if consumers find the website to be diagnostic this would increase the number of visits to the website page. Such studies are more relevant for third

party websites that provide online reviews for a diverse range of products and services and their primary motive is to increase the consumer base which prefers information from their website.

With the introduction of new review characteristics like aggregate ratings, helpfulness/usefulness votes, studies like these can help in guiding website administrators to select which characteristics to present on the website along with the written part of the review.

LIMITATIONS AND FUTURE SCOPE

The primary limitation of the paper is that the model is not empirically tested. Authors can investigate and test such a model empirically using methods like structural equation modeling as valid scales for all the constructs exist in the literature. Only a few of the characteristics of a review were considered in the model. Other variables may be used to mediate the relationship between characteristics of the review and the variable website diagnosticity. Several other characteristics like valence, number and length of a review could be considered for study. The model studies website diagnosticity as the dependent variable, similar variables like website satisfaction can also be studied. Moderating variables like need for cognition or involvement can also be investigated by incorporating them in the model.

CONCLUSION

The paper suggests through the conceptual model, that research in this area should move further in understanding the benefits that online reviews can provide to third party website, e-retailer websites etc. By understanding the benefits of online reviews academicians will not only contribute theoretically by investigating new variables and validating theories, they would also be able to contribute in a practical sense by generating new ideas to make information sources like online reviews an effective and powerful tool in the hands of the marketer.

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