

Chapter 68

The Impact of On-Line Consumer Reviews on Value Perception: The Dual-Process Theory and Uncertainty Reduction

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ABSTRACT

This study combines the dual-process theory (DPT) and the uncertainty reduction theory (URT) to examine how on-line consumer reviews affect consumer uncertainty reduction and value perceptions in order to understand whether consumer attitudes will be influenced by on-line consumer reviews and if relationships are built between consumers and companies as a result. The results indicated that argument quality, recommendation sidedness, source credibility, confirmation of prior beliefs, and recommendation ratings have a positive effect on the uncertainty reduction of consumers towards the businesses under consideration. Since uncertainty reduction has an effect on value perception, this study suggests that companies provide on-line consumer reviews on their websites to increase consumer uncertainty reduction and to improve consumer value perception of their companies.

INTRODUCTION

As an information source, the Internet has hugely expanded the scope of pre-purchase information searches by providing easy access to the advice offered from thousands of individuals. Considering

that people can access such information anytime and anywhere through the use of the Internet, it is reasonable to state that people may navigate on the Internet to search for product information before they conduct transactions. One of the most popular information receiving sources is online

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reviews. Online reviews consist of word of mouth spread through online review platforms that can enhance business benefits, such as revenue and long-term relationships (Kim & Son, 2009; Lu, Ba, Hung, & Feng, 2013). In other words, online users can offer their opinions to other online users by posting their word of mouth in the form of reviews. These online reviews thus become a platform by which to spread word of mouth. As a result, many firms are making use of on-line consumer reviews by regularly posting their product information, by sponsoring promotional chats on on-line forums, such as USENET, and by proactively prompting their consumers to provide reviews of their products online (Mayzlin, 2006). Hence, online reviews not only provide a platform through which customers can express their opinions but also provide a method by which businesses can improve their products/services. Some firms even strategically manipulate online reviews in an attempt to influence consumers' purchasing decisions (Dellarocas, 2006; Lee, Kim, & Peng, 2013). As described above, online consumer reviews play an important role in the marketing activities of companies.

Social networking sites, brand websites, internet forums, product review websites, and personal blogs are all types of online consumer review platforms (Chang & Chuang, 2011). Online consumer reviews on consumer attitudes and product sales have been shown to have significant positive effects on books sales (Chevalier & Mayzlin, 2006; Saeed, Hwang, & Yi, 2003), box office revenue (Liu, 2006), and sales in the video game industry (Zhu & Zhang, 2010). Prior online consumer review studies have also explored the characteristics of online consumer reviews, such as argument quality (Bhattacharjee & Sanford, 2006; Cheung, Lee, & Rabjohn, 2008; Lee, Park, & Han, 2011), recommendation framing (Chevalier & Mayzlin, 2006; Hennig-Thurau & Walsh, 2003; Xue & Zhou, 2010), recommendation sidedness (Crowley & Hoyer 1994; Eisend, 2006; Kao, 2011; Lee et al., 2013), source credibility (Brown, Broderick,

& Lee, 2007; Cheung et al., 2008), confirmation of prior beliefs (Cheung, Luo, Sia, & Chen 2009), consistency (Benedicktus, Brady, Darke, & Voorhees, 2010; Khare, Labrecque, & Asare, 2011; West & Broniarczyk, 1998), and ratings (Chevalier & Mayzlin, 2006; Khare et al., 2011; Mudambi & Schuff, 2010). These characteristics were integrated by Cheung et al. (2009) through the dual-process theory (DPT).

The DPT posits two distinct types of influences (informational and normative) on the persuasiveness of on-line consumer reviews. Informational influence is derived from the review's messages, such as the content, source, and receiver, determined by argument quality, recommendation framing, recommendation sidedness, source credibility, and confirmation of prior beliefs. Normative influence is a result of the norms or expectations of others that are implicit or explicit in the choice preference of a group or community (Cheung et al., 2009). Normative determinants include recommendation consistency and recommendation ratings.

Based on the discussion above, this study adopts the DPT's concepts to explore the effects of characteristics of online consumer reviews on consumer uncertainty reduction. Adjei, Noble, and Noble, (2010) and Chang and Chuang (2011) proved that online customer-to-customer (C2C) communication can increase uncertainty reduction for products, which in turn can lead to an increase in consumer purchase behavior. Accordingly, online consumer reviews can be used as a method of C2C communication, and consumer uncertainty reduction can be viewed as one type of consumer attitude. Online consumer reviews can affect consumer preference toward a product (Lee et al., 2011). Indeed, the reviews of others can determine customer evaluations. For instance, a customer can evaluate information about a specific restaurant in a review. Customers can refer to the reviewer's experience and then, based on this evaluation, may change their opinions. Even though customers may be unfamiliar with a res-

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