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Effects of Online Consumer Ratings on Persuasion

Magdoleen Ierlan

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EXTENDED ABSTRACT

Online product review websites have become very important in the purchase decisions of consumers. According to BIGresearch (an online market research company) 92.5% of adults surveyed said they research products online prior to making in-store purchases. According to Jupiter Research, 77% of people who purchase online, use reviews and ratings when making their online purchases. It has become important for us to understand exactly how these ratings effect judgment decisions and why consumers are turning to them more frequently.

Word-of-mouth communication was once limited to the passing of information using verbal means, however, it now extends into text messages and web dialogue, such as online profile pages, blog posts, message board threads, instant messages and emails. Word of mouth marketing has been proven to influence consumer judgment (Herr, Kardes and Kim, 1991; Engel, Blackwell and Kegerreis, 1969; Arndt, 1967; Brown and Reingen 1987; Richens, 1983). All of these studies evaluate impact on judgment based on verbal or traditional Word of Mouth communications. None look at the impact of online word of mouth communications on purchase decisions.

Since online consumer reviews are being seen as word-of-mouth communications, they have also been shown to impact consumer judgment. For example, based on the data from Amazon.com and BN.com, Chevalier and Mayzlin (2003) found that online book reviews have significant impact on book sales. What is missing in the literature is the underlying reason for the influence of online reviews.

There are two major distinctions between online consumer reviews and traditional WOM. First, the influence of traditional WOM is typically limited to a local social network (Brown and Reingen 1987, Biyalogorsky, Gerstner, and Libai 2001, Shi 2003). In contrast, the impact of online consumer reviews can reach far beyond the local community since any consumer all over the world can access a consumer review via the Internet. Second, traditional WOM is verbal and face to face while online consumer reviews are in print and by unknown people.

According to Herr, Kardes & Kim (1991) information that is vividly present can be accessed in our memory more readily and has a larger impact on our judgment than less vivid printed material. They use the accessibility-diagnostics model to show that more vivid information will be more accessible in our memory. Since word of mouth is more vivid than printed material, it will have a larger impact on judgment when the

information is positive. They also find that attribute information acts as a moderator, that is when the information is negative, it reduces or eliminates the impact on judgment. The question now becomes, will these findings hold for online reviews (which can now be considered online word of mouth)? Online word of mouth is also printed material, therefore, how consumers view online reviews (as word of mouth or only as printed materials) will show how judgment is impacted. We can classify reviews as either vivid, in that the reviews contain specific information regarding the product or we can classify the reviews as vague, in that the reviews only contain indistinct information about the product. For example, a vivid review would have statements like: "I enjoy the camera's ease of use, the functions are all user-friendly and it has great battery life." An example of a vague review would be: "This camera is great. I would recommend it to everyone."

The accessibility-diagnostics model (Feldman and Lynch, 1988) states that information will be used in the judgment process if the information is accessible (easily located in our memory), whether there is other information regarding this judgment that is also accessible and if the information is perceived as relevant. If we use this model to evaluate the impact of online word of mouth on judgment, we can make the following proposals:

- 1) The increased number of reviews on the product will increase accessibility. That is the more salient the reviews, the more we will remember them.
- 2) Vivid reviews will increase accessibility because they will be perceived as more relevant than vague reviews.
- 3) The number of reviews that concur with each other will impact accessibility.

Also, online reviews or consumer-created information is likely to be more credible than seller-created information because credibility of information is often positively related to the trustworthiness of the information source (Wilson and Sherrell 1993).

In the elaboration likelihood model (Petty & Cacioppo, 1986) high or low thought (elaboration) will determine whether you can be persuaded in believing or doing something different than what you originally thought. For example, if you learned something during high elaboration, you will not be persuaded to change your ideas. However, if you learned the same thing in low elaboration, you will be more easily persuaded. High elaboration comes from high thought processes, information that has been repeated over time and the ability to process the information. High elaboration takes place in the central route of persuasion. Low elaboration takes place in the peripheral route of persuasion where perceived credibility of the source, quality of the way the information is presented, or the catchy slogan that contains the message will impact persuasion. The person's need for cognition will determine which route they will take (Petty & Cacioppo, 1986). Also, high elaboration can promote a self-validation role. That is, a condition that promotes high elaboration will also give the person confidence in their own decisions (Petty, Brinol & Tormala, 2002).

From the elaboration likelihood model, I propose the following:

H1: People with high NFC will look at the type of reviews and how many of the reviews agree on the same points. If the reviews are vivid and the reviews are in

agreement with each other, there will be an impact on judgment. Negative reviews will have the same impact on judgment as positive reviews.

H2: People with low NFC will only look at the number of reviews. If there are many reviews, there will be an impact on judgment even when the ratings are vague.

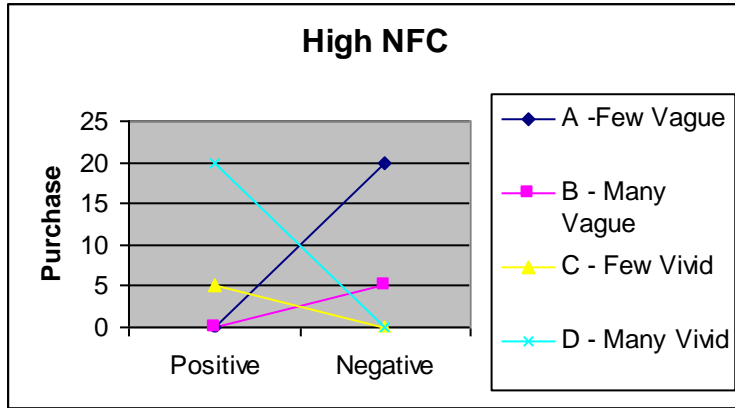
METHOD AND RESULTS

To show how online reviews can persuade judgment, we have designed a 2 (quality of review) X 2 (# of reviews) X 2 (positive/negative reviews) X 2 (NFC) study. NFC will be measured while all other variables will be manipulated. Quality of Review and number of reviews will be within subject while positive or negative reviews and NFC will be between subjects. We will have a control group in which traditional word of mouth communications will be used. This group will get the information from a confederate in a conference room. Half of the remaining subjects will be placed in a computer lab and asked to log into a web site. The first screen they will see after log-in will explain to them that they are interested in buying a digital camera. They will be given a list of four cameras that they are interested in. In this screen, they will also see pictures of the cameras and they will be labeled “A”, “B”, “C”, or “D”. They will then be taken to a web site that has reviews of the four cameras they are interested in. Camera “A” will have a few vague, positive reviews such as “this is a great camera!” Camera “B” will have a few vivid, positive reviews such as “this camera has great zoom and is easy to use.” Camera “C” will have many vague positive reviews and camera “D” will have many vivid positive reviews. After the subjects read through all of the camera reviews, they will be asked 4 times, how likely are you to purchase camera ___? They will answer based on a 7-point scale which ranges from not very likely to very likely. The dependent variable will be their choice of camera. To control for other things effecting choice, all attributes of the cameras were kept equal (i.e., zoom, megapixel size, price, color, size, memory, etc.). In fact, the cameras were all be the same. The only things that differed in the cameras will be the reviews. The other half of the subjects will be given the same website but with negative reviews instead of positive reviews. After they have made their choice, all subjects will be asked to complete the 18 item NFC scale (Cacioppo, Petty, Feinstein, & Jarvis, 1996). At the end of the survey, process measures were taken. For example, the subjects were asked:

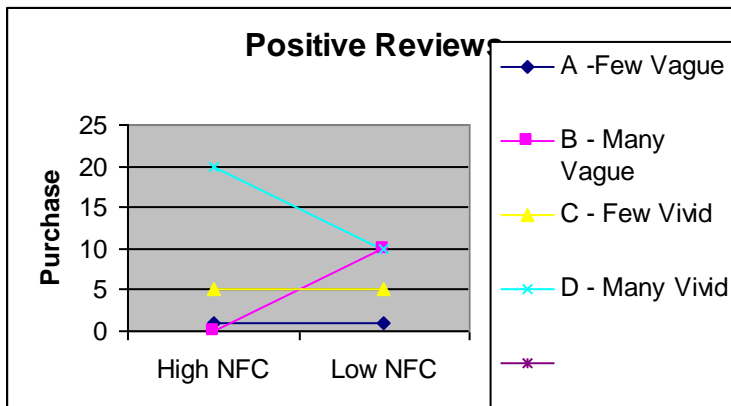
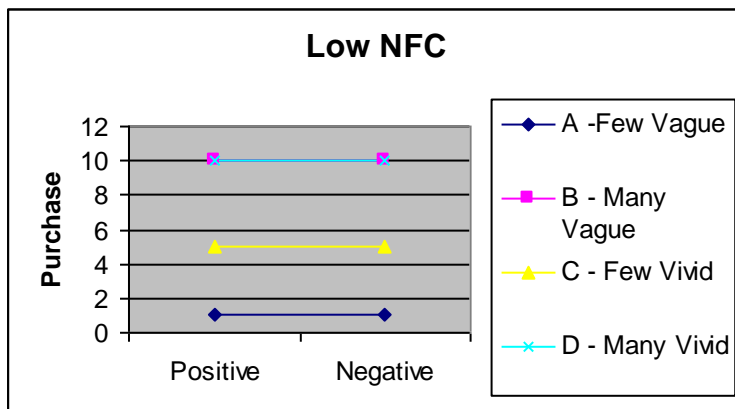
1. In making my decision, the number of reviews was most important to me.
2. In making my decision, the quality of the reviews was most important to me.
3. If the reviews were negative, this deterred me from choosing that camera.
4. If the reviews were positive, this supported my decision to purchase the camera.
5. In making my purchasing decisions, I generally look at reviews prior to purchase.
6. I attribute the number of reviews with the number of people who have actually purchased the product.

A repeated measures ANOVA was used to analyze the data. According to H1, when the subject is High NFC, they will tend to choose camera D most when the reviews are positive and least when the reviews are negative. Camera A will be chosen most when negative reviews and least when positive reviews. Therefore, we have found an

interaction between number of reviews and type of review (vivid or vague). Also, there is an interaction between need for cognition and positive/negative reviews. We have also found a 3-way interaction between # of reviews, type of reviews, and positive/negative reviews. These interactions are shown in the following graphs.



With the low NFC subjects, we will find that the type of review does not affect judgment, however, as per our hypotheses, number of reviews will. We can see there is a significant difference between the many reviews and the few reviews.



DISCUSSION

Online reviews can be considered as a form of word-of-mouth communications and as such, they will impact a person's judgment on decision making. We been able to show that negative reviews can impact a person's judgment as much as positive reviews. In the case of negative reviews, they will persuade the subject not to buy that product. Also, we have been able to show that need for cognition also will play a role on persuading a person in making their decision. For example, we have found that a person with High NFC will be most persuaded by vivid reviews while a person with low NFC will be more persuaded by the number of reviews. We see that quality matters to one (high NFC) while quantity matters to the other (low NFC).

Keywords: *Online consumer ratings, Persuasion, Word-of-mouth communication*

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Margie Ierlan (Ph.D. in Marketing, Binghamton University) has been an integral part of the success of the Marketing program at Le Moyne. Dr. Ierlan was instrumental in changing the marketing curriculum to include updated courses and more relevant content. She lead the way into the creation of the student run marketing firm, Heights Global Marketing. HGM works with for profit and not-for-profit organizations in implementing marketing strategies form marketing research projects, to social media strategies to branding strategies. The firm is made up of students from all majors at Le Moyne. Dr. Ierlan was also a major factor in the new MBA redesign. She was able to create an MBA with concentrations in Leadership, Analytics and Marketing, changing the curriculum and the way courses were being offered to more suite students' needs.