Factors Affecting the Adoption of Electronic Word-of-Mouth in the Tourism Industry

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Abstract
This paper proposes a theoretical framework to explain the factors that influence consumer adoption of electronic word-of-mouth (eWOM) in the decision to purchase travel-related services. Adoption of eWOM is posited to be influenced by the perceived usefulness of eWOM. The perceived usefulness of eWOM, in turn, is expected to be influenced by the nature of eWOM characterized by message basis, positivity, valence, elaborateness, and timeliness; eWOM quantity; source credibility in the form of message forum type, reviewer identity disclosure, expertise, and reputation; and consumers’ prior knowledge of the services being considered. Managerial implications of the framework are also discussed.

Keywords: Electronic Word-of-Mouth (eWOM), Tourism Industry, Online Reviews, eWOM Adoption

Introduction
In a marketing context, word-of-mouth (WOM) refers to interpersonal communication between consumers about goods and services (Arndt, 1967). WOM is considered to be a more unbiased source of product information since the information provider is independent of the company selling the product (Silverman, 2001). Marketing research has found WOM communication to be highly effective in shaping consumer attitudes and behavioral intentions (Wang, 2011). WOM is particularly important in the marketing of services (Bansal and Voyer, 2000), such as those in the tourism industry, because the intangible nature of the offerings (hotel stays, sightseeing activities, etc.) precludes their evaluation prior to actual consumption. To alleviate the risk associated with the purchase of tourism-related products, consumers tend to rely on interpersonal influences via WOM in their decision-making process (Lewis and Chambers, 2000).

In recent years, with the growth of the Internet, traditional WOM consisting of person-to-person conversations has been gradually replaced by electronic word-of-mouth (eWOM), which involves online reviews of goods and services generated by internet users. Consumers can now share their experiences and opinions in online communities and social media (Chevalier and Mayzlin, 2006). For consumers seeking information prior to purchase, numerous online ratings and reviews are available across a wide range of goods and services (Clemons and Gao, 2008). For the same reasons as with traditional WOM, eWOM is a popular means of providing and acquiring personal experience-based information and opinion on travel-related services (Vermeulen and Seegers, 2009; Litvin, Goldsmith and Pan, 2008).

There are many websites offering online reviews of vacation destinations, sightseeing activities, hotels, and restaurants, such as Tripadvisor.com, Virtualtourist.com, Hotels.com, Oyster.com, Travbuddy.com, and others. The scale and scope of eWOM in the tourism industry is epitomized by the website Tripadvisor.com, which boasts more than 250 million reviews and opinions covering more than 5.2 million accommodations, restaurants, and attractions worldwide, and reaching 375 million unique monthly visitors (Tripadvisor.com, 2015). A survey by Gretzel and Yoo (2008) found that more than 70% of travelers use other consumers’ online comments as reliable sources of information when planning trips.
Given the significant impact of eWOM on consumers’ choice of travel-related services, providers of such services would be naturally interested in harnessing eWOM’s capabilities in enhancing their marketing efforts. To successfully do this, marketers must understand the factors that influence consumer acceptance of opinions and recommendations spread via eWOM. Prior research has explored some of these factors, such as source credibility (Wathen and Burkell, 2002), positive versus negative reviews (Chevalier and Mayzlin, 2006; Yang and Mai, 2010), eWOM quantity (Park, Lee, and Ham, 2007), and perceived usefulness (Racherla and Frisk, 2012). Most of the prior studies, however, explored only subsets of all relevant variables.

In this paper, we propose a comprehensive theoretical framework to explain the factors that are likely to influence the adoption of eWOM in the tourism industry. These would be the factors that are likely to lead to consumers’ acceptance of online opinions and recommendations regarding choice of travel destinations, sightseeing activities, hotels, and restaurants. Understanding these factors would help marketers in the tourism industry use the power of eWOM in more effective ways. Several suggestions for managerial action are made following the presentation of the framework.

2. The Framework

Figure 1: The Proposed Framework of Factors Influencing eWOM Adoption in the Tourism Industry

The proposed framework is presented in Figure 1. Adoption of eWOM is expected to be positively affected by the degree of usefulness eWOM is perceived to have in consumer decision-making. The perceived usefulness of eWOM, in turn, will be impacted by four factors: 1) the quality of the messages determined by the message valence, message elaborateness, message timeliness, whether the messages are attribute-based or experience-based, and whether they are positive or negative; 2) the quantity of messages that consumers are exposed to; 3) message source credibility determined by the type of forum the messages appear in as well as by the reviewers’ identity disclosure, expertise and reputation; and 4) the consumer’s prior knowledge of the service being evaluated.
The first three factors pertain to the messages themselves, while the last factor is a characteristic of the consumer who is the target of the messages. We discuss the variables in our framework in more detail next, along with some relevant research propositions.

2.1 Adoption of eWOM
Adoption of eWOM is the degree to which consumers are likely to rely on eWOM for purchasing decisions, and is an effective measure of consumers’ acceptance of others’ opinions communicated via eWOM (Li and Zhan, 2011). In our context, eWOM adoption means that a consumer’s attitude toward a travel-related service has been affected by eWOM and that has been reflected in his or her purchase decision. The positive relationship between an improved attitude and actual purchase follows Azjen’s (1991) well-known Theory of Planned Behavior.

2.2 Perceived Usefulness of eWOM
Consumers are expected to adopt eWOM when they find the information useful in the context of making a purchase decision (Rieh, 2002). In the context of our framework, a consumer perceives eWOM to be useful when the information received leads to the acceptance or rejection of a travel-related product/service, such as a specific destination, sightseeing activity, hotel, or restaurant that is being considered. Hence, we have our first theoretical proposition:

P1: The adoption of eWOM will be positively impacted by the perceived usefulness of eWOM.

A fundamental question then is “what types of reviews do consumers find useful (Racherla and Friske, 2012)?” We will now examine the various factors that likely influence the perceived usefulness of eWOM.

2.3 eWOM Quality
The quality of eWOM refers to online review characteristics that influence the perceived usefulness of the reviews. We focus on five distinct characteristics of online reviews that have been identified in the literature: whether the review is attribute-based or experience-based; whether the review is positive or negative; review valence; review elaborateness; and review timeliness.

2.3.1 Attribute-Based versus Experience-Based Reviews
Chan and Cui (2011) have distinguished between attribute-based product reviews and experience-based product reviews based on whether the product or the customer is highlighted in the review. Attribute-based reviews focus on the features of the product, while experience-based reviews focus on what happens to the consumer as a result of the purchase and consumption. The following hotel review on Tripadvisor.com (2015) illustrates an attribute-based review:

“Great location, easy to find. Room very clean, quite small but completely met our needs. Great price as we were on a budget. other hotels in the area were far more pricey. Lots to do in the area very close to metro which makes sightseeing very easy and hassle free. There is free wi-fi throughout the hotel. The breakfast is good with plenty of items to choose from.”

In contrast, another review of the same hotel on Tripadvisor.com (2015) illustrates an experience-based review, where the review is a consumer story filled with vivid personal details:

“I have just returned from a four night stay at this hotel which is a five minute walk from Republique Metro or one minute from Temple. Its location is superb for enjoying the ambience of Le Marais, my favorite area of Paris. When I arrived at the hotel I found that I had to enter by the fire exit and the reception area was a bit of a building site as they were laying a new floor. However, I am sure that work there will be finished within the next week and I’m sure the hotel will look the better with its new reception area. The receptionist was very friendly and told me that breakfast would be free during my stay. I suspect this was to compensate for any inconvenience caused by the renovation works. I thought this was very generous of them. My room was on the fifth floor - accessed by a small, two-person lift. The room was a double room which I was using for one person. It is probably the smallest hotel room that I have ever stayed in. However, it was very well furnished with an extremely comfortable bed. The small bathroom was again very well equipped with an excellent shower and toiletries were supplied. The accommodation was kept spotlessly clean during my stay. Breakfast was fine. There were cereals, fruit and yogurt as well as croissants, crepes, pastries and muffins. There were also eggs and cheese. The coffee was surprisingly good given that it came from a machine.”
The influence of user reviews has been found to be particularly significant for experience goods (Park and Lee, 2009), since their quality remains unknown before consumption. Previous research has also found that personal information has a high degree of influence on consumers’ service purchase decisions (Murray, 1991). Tourism services fall under the category of experience goods. We can expect experience-based online reviews of travel-related services to strike a greater resonance with potential travelers, because such reviews take them on a virtual tour with a better personal touch compared to attribute-based reviews that tend to provide only a basic description of the service features. Therefore, we have our second proposition:

**P2:** Experience-based eWOM will have a greater impact on perceived usefulness compared to attribute-based eWOM for tourism-related services.

### 2.3.2 Positive versus Negative Reviews

An online review forum may present both positive and negative reviews about a product (Chatterjee, 2001). Negative eWOM messages are found to have a stronger influence on a consumer’s evaluation of experiential services than a positive message (Yang and Mai, 2010). This is likely to be particularly true for online reviews of intangible travel-related services. A major purpose of relying on eWOM to evaluate such services is the reduction of uncertainty and perceived risk (Bronner and de Hoog, 2011). Consumers are expected to be influenced more by negative reviews because they would rather prefer to “err on the side of caution” and avoid services that receive more negative reviews than positive ones. A study in New Zealand found that negative eWOM had a very strong negative impact on a destination’s image (Morgan, Pritchard, and Piggott, 2003). This consideration leads to our next proposition:

**P3:** Consumers will perceive negative eWOM to be more useful than positive eWOM for tourism-related services.

### 2.3.3 Review Valence

Review or rating valence refers to the numerical rating (typically on a 5-point scale) given by the reviewer (Chevalier and Mayzlin, 2006) as summary rating of the product in an online review. Online forums automatically calculate rating valence by dividing summed rating scores by the number of raters (Tsang and Prendergast, 2009). On a 5-point scale, a rating valence greater than 3 would be positive and a rating valence less than 3 would be negative (3 being a neutral rating). Chevalier and Mayzlin (2006) discovered that positive rating valence increased and negative rating valence decreased book sales at Amazon.com, thus both positive and negative valences being perceived as more helpful than neutral valence in consumer decision-making. The same logic can be applied to service offerings in the tourism industry, where neutral ratings could be indicative of providing too little definitive information compared to positive or negative ratings, as well as being rather ambiguous. Hence, we have our next proposition:

**P4:** Consumers will perceive eWOM with positive or negative valence to be more useful than eWOM with neutral valence when evaluating tourism-related services.

### 2.3.4 Review Elaborateness

Review elaborateness refers to the length of an online review. A longer-text review indicates more detailed information content compared to a shorter-length review. Chevalier and Mayzlin (2006) found that consumers relied on the length of textual reviews more than on summary data (as in review valence). Textual comments contain post-consumption information from reviewers that cannot be translated into a rating valence (Yoon, 2008). This is likely to be particularly applicable to consumers’ evaluation of high-risk heterogeneous services such as those in the tourism industry. Longer, more elaborate reviews provide more adequate information to help make an informed decision. This consideration leads to our next proposition:

**P5:** Consumers will perceive eWOM with longer text reviews to be more useful than eWOM with shorter text reviews when evaluating tourism-related services.

### 2.3.5 Review Timeliness

Information that is current and continuously updated is considered to be timely (Manthiou and Schrier, 2012). Consumer-generated review websites are asynchronous (Litvin, Goldsmith, and Pan, 2008), meaning that there is a time lag between when reviews are posted (following a consumption experience), and when they are read by consumers considering a purchase. Services offered by the tourism industry often tend to vary with time.
For example, the quality of service at a hotel or restaurant may change significantly with a change in ownership and/or personnel. Even the attractiveness of a destination may change over time depending on the social, political, or economic situation. For this reason, more recent reviews tend to be perceived as more accurate indicators of service quality, and therefore more useful in decision-making compared to older reviews. Thus, we have our sixth proposition:

P6: Review recency will positively impact the perceived usefulness of eWOM in evaluating tourism-related services.

2.4 eWOM Quantity

The quantity of eWOM indicates the number of online reviews available for a product. When more reviews are offered, consumers perceive the total information set from the reviews to be more informative (Petty and Cacioppo, 1984). The quantity of eWOM is greater than traditional WOM since online reviews accumulate over time and are all saved in internet forums (Chen and Xie, 2005). When consumers are able to read a large number of reviews, it helps reduce the uncertainty and perceived risks associated with intangible, experiential travel-related services. A large number of available reviews also lead to a conformity effect (Burnkrant and Cousineau, 1975)—a group norm following the opinions and recommendations of the reviewers is established, and consumers reading the reviews tend to comply with the norm. Hence, we have our next proposition:

P7: The quantity of available reviews will positively impact the perceived usefulness of eWOM in evaluating tourism-related services.

2.5 Source Credibility

Source credibility is a key factor in helping the consumer to judge the usefulness of online information (Wathen and Burkell, 2002). Source credibility of eWOM is the extent to which a consumer perceives an online review to be believable and trustworthy (Cheung et al., 2009). A consumer will find an online review useful and will follow its recommendation (thus adopting the eWOM) only if he finds the message source to be credible. We will explore four dimensions of source credibility: the type of website/online forum where the reviews appear; and identity disclosure, expertise, and reputation of the reviewer. Our basic proposition here is:

P8: Source credibility is positively related to perceived usefulness of eWOM for tourism-related services.

2.5.1 Type of Forum

The choice of a particular website contributes to the perceived credibility of the messages on the site (Dabholkar, 2006). Spread of eWOM may happen through vendor-owned sites, such as individual hotel-owned websites that feature guest reviews, or independent websites such as TripAdvisor.com which aggregate reviews for numerous hotels on its site. It is likely that reviews on “neutral” websites such as TripAdvisor.com will be perceived as more credible than those on vendor-owned and controlled websites, because consumers may think that hotels may have a vested interest in publishing only the positive reviews on their own websites. Therefore, we propose:

P9: Independent websites hosting reviews will be perceived as more credible and, therefore, more useful compared to vendor-owned websites in evaluating tourism-related services.

2.5.2 Reviewer Identity Disclosure, Expertise, and Reputation

With traditional WOM, information typically comes from known sources (friends, acquaintances, relatives) with whom consumers have social ties. The social ties make people receiving information perceive the information providers to be similar to themselves. WOM from a source that is similar to the receiver is considered as more credible than WOM from a dissimilar source (Gilly et al., 1998). With eWOM, however, information typically comes from unknown individuals with whom the information recipients have no social ties (Xia and Bechwati, 2008). Therefore, with eWOM, source similarity cannot be used to determine source credibility (Park and Lee, 2009). For this reason, alternate source characteristics, such as reviewer identity disclosure, reviewer reputation, and reviewer expertise may be used to measure source credibility (Racherla and Friske, 2012).

When online reviewers opt to disclose their identity by providing a personal profile (including background information such as name, gender, geographic region, occupation, institutional affiliation, etc., along with a photo), it becomes easier to assess the similarity between reviewer and reader (Bronner and de Hoog, 2011). This is likely to enhance the credibility of the review, and the information is likely to be perceived as more useful (Sussman and Siegal, 2003).
A source that has expertise on the product being reviewed is likely to be perceived as a credible source (Racherla and Friske, 2012). With traditional WOM, source expertise is relatively easy to judge because the information is provided by a known person. For eWOM, assessment of reviewer expertise must be done in an indirect manner in the absence of social ties between the reviewer and reader. Consumers may assess the expertise of an online reviewer on the basis of the number and content of reviews written by that person (Weiss, Lurie, and MacInnis, 2008). In the tourism industry, information such as number of places visited and number of hotels stayed in and reviewed as provided in the reviewer profile accompanying the review itself may be indicative of reviewer expertise.

Reviewer reputation is closely related to reviewer expertise (Racherla and Friske, 2012). The greater the perceived expertise of an online reviewer, the greater the reviewer’s online reputation is likely to be. Reviewer reputation can be measured in terms of the feedback a reviewer gets in response to the reviews written and the number of readers who find the reviews helpful, a measure provided in many online forums. Conversely, a reviewer who has a high reputation by way of having a large number of reviews acknowledged as helpful is also likely to be perceived as an expert reviewer. Reviews provided by reviewers with high reputation are likely to be accepted as more credible and hence more useful than reviews provided by reviewers with relatively low reputation (Racherla and Friske, 2012).

Based on the preceding discussion, we have our next proposition:

**P10:** Reviews with reviewer identity disclosed and from reviewers with high expertise and reputation will positively impact the perceived usefulness of eWOM for evaluating tourism-related services.

### 2.6 Prior Knowledge

Besides the characteristics of messages (eWOM quality and quantity) and message source credibility, prior knowledge on the part of the consumer regarding the services being evaluated will also have an impact on the perceived usefulness of eWOM. Consumers with prior knowledge of the services being considered will be able to evaluate services with the help of their own experience and expertise, and will need to depend less on others’ opinions (Park and Kim, 2008; Bansal and Voyer, 2000). This consideration leads to our final proposition:

**P11:** Prior knowledge held by consumers will negatively impact their perceived usefulness of eWOM for evaluating tourism-related services.

### 3. Managerial Implications

Our conceptual framework has important implications for marketers of tourism-related services, such as tourism boards of various destinations, tour providers, hotels, and restaurants. Information credibility and relevance have been found to be greater with eWOM than with seller-provided information online (Bickart and Schindler, 2001). This effect is likely to be more pronounced in the tourism industry, where customers tend to depend on consumer-generated reviews to make purchase decisions for uncertain, high-risk, intangible, and experiential service offerings like vacation destinations, sightseeing activities, hotels, and restaurants. Following the propositions made in our framework, tourism marketers could focus on enhancing those factors that are likely to increase the perceived usefulness of eWOM leading to its adoption and subsequent purchase of services. While marketers may not have much control over the prior knowledge of consumers, there are certainly ways to address eWOM source credibility, quality, and quantity. The following strategies could be pursued:

1. Marketers should emphasize featuring online reviews from websites that are perceived as “neutral” rather than only hosting reviews on their own sites, since the former source is likely to be perceived as more credible than the latter. Some online travel agency websites such as Expedia.com and hotel websites such as Wyndham.com provide traveler-generated ratings and reviews for their hotels from Tripadvisor.com.
2. Marketers should encourage review writers to create online profiles with photos and background information. Such self-disclosure will increase the credibility of the reviews. The reviews should also include reviewer information such as the total number of reviews written and the number of places traveled to, which will improve perceived reviewer expertise. In addition, there should be opportunities for review readers to post comments to reviews and to indicate whether they found the reviews to be helpful. The number of comments and “helpful” ratings will enhance the reputation of the reviewers, thus further enhancing source credibility and perceived usefulness of the reviews.
3. Tourism services marketers may encourage travelers to write more reviews online, possibly with the promise of incentives such as discount coupons for future purchase of their services, or entering reviewers into drawings for prizes. The volume of eWOM about a particular service represents the popularity of the service. The reviews should be chronologically arranged, with the most recent reviews appearing first, to ensure their timeliness.

4. Marketers should encourage reviews that are elaborate and experience-based in nature, rather than just rating valences and a description of various attributes of the services. Consumers are likely to find detailed stories based on personal experiences to be more useful than just rating valences and listing of service attributes, particularly if the reviews include reviewer self-disclosure that makes readers relate better to the reviewers via perceived source similarity.

5. Previous research has shown that positive eWOM results in increased sales of products, while negative eWOM results in decreased sales (Chevalier and Mayzlin, 2006). Our framework suggests that consumers are likely to find negative eWOM to be more useful in making purchase decisions for travel-related services (a likely negative decision), for the sake of caution and risk-reduction. Marketers may try to overcome the negative impact of negative reviews by providing counter-arguments. For example, Tripadvisor.com offers tourism services providers (such as hotel managers) the opportunity to respond to negative reviews by presenting their side of the story, and by promising to improve services in specific ways.

4. Conclusion

Our paper presents a conceptual framework to identify and investigate the factors that enhance perceived usefulness of eWOM and its adoption in the tourism industry. The impact of three categories of factors is explored—eWOM characteristics (eWOM quality and quantity), eWOM source credibility, and the consumer’s own prior knowledge. Several theoretical propositions linking these three categories of factors to perceived eWOM usefulness and its adoption are offered. Future research should focus on the empirical testing of the propositions. Besides testing the impact of the individual factors presented in this paper, interaction effects should also be studied. For example, can greater source credibility of positive reviews mitigate the negative impact of negative reviews? Or, can a small number of elaborate reviews be perceived as more useful than numerous valence ratings or brief reviews? Answers to such questions will open up more opportunities for tourism services providers to manage eWOM to their advantage. As to the need for effective eWOM management, there are few doubts. In the intensely competitive tourism industry, effective use of eWOM should provide important competitive advantages to service providers (Litvin, Goldsmith, and Pan, 2008).

References


