Perceived Influence of Online Consumer Reviews: a Comparison of Korea and Us

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Recently, online consumer reviews are one of the important information sources of the electronic word-of-mouth around the world. In this study, we developed a structural model of perceived influence of online consumer reviews and compared this model between Korea and U.S. The empirical results demonstrated that consumer susceptibility to interpersonal influence (CSII) had a positive impact on the perceived usefulness of online reviews. The results also indicated that the Internet shopping experience had a significant effect on the perceived usefulness and usage frequency of online reviews, respectively. However, the Internet shopping experience did not have a significant effect on the usage frequency of online reviews for U.S. samples. The perceived usefulness of online reviews had a positive effect on the usage frequency of the online reviews. In addition, the perceived usefulness and usage frequency of the online reviews had a significant impact on perceived influence of the online reviews. This study also investigated a comparison of the structural model. The results supported the moderating effects of national culture in several paths. Based on these results, we discuss implications for international online marketing communication.

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EXTENDED ABSTRACT

The Internet is changing the nature and power of WOM (word-of-mouth) communications (Ward and Ostrom 2002). The advent of the Internet has extended consumers’ options for gathering unbiased product information from other consumers and has provided the opportunity for consumers to offer consumption-related advice by engaging in electronic word-of-mouth (e-WOM) (Hennig-Thrau et al. 2004). Online consumer review is one of the important sources of e-WOM communication (Chatterjee 2001). Online consumer review means information on, comments about, and evaluations on a company, product, and service on the Internet by the consumers, themselves. Almost all Internet shopping sites around the world have consumer reviews about goods or sellers. There are a lot of online communities of consumer reviews. Online consumer reviews become important for marketing communication because many consumers consider searching online reviews as the first step of shopping.

The purposes of this research were to examine some research questions on how consumer characteristics affect attitude toward online reviews; what the relationship is between online review attitude and online review usage frequency; which online review attitudes and uses have significant effects on purchase decisions; and are there any cross-cultural differences in these structural relationships. To address these research questions, we developed a structural e-WOM effect model and investigated the structural relationship on a cross-cultural basis.

Hypothesis

The hypothetical model was developed based on a consumer characteristics-attitude-outcome framework. We proposed two variables of consumer characteristics: consumer susceptibility to interpersonal influence (CSII) (psycho-graphical characteristics) and the Internet shopping experience (behavioral characteristics). We assumed that these consumer characteristics affect attitude toward the online reviews (perceived usefulness). We hypothesized that attitude toward online reviews related to two kinds of outcome: usage frequency and purchase influence. We assumed that if a positive attitude toward an online review increased the usage level of the online review, then the purchase decision would be influenced more by the online review.

H1: Consumer susceptibility to interpersonal influence is positively related to the perceived usefulness of online reviews.

H2: The Internet shopping experience is positively related to the perceived usefulness of online reviews.

H3: The Internet shopping experience is positively related to the usage frequency of online reviews.

H4: Perceived usefulness of online reviews is positively related to the usage frequency of online reviews.

H5: Perceived usefulness of online reviews is positively related to the purchase influence of online reviews.

H6: The usage frequency of online reviews is positively related to the purchase influence of online reviews.

H7: There are cultural effects in the proposed model.

METHOD

Data was collected through personal interviews with (under) graduate students and business workers in Seoul (for the Korean sample) and in Nashville, Tennessee (for the U.S. sample). The final sample size was 877 (508 men: 57.9% and 369 women: 42.1%). The Korean sample consisted of 274 men (60.6%) and 178 women (39.4%) and the U.S. sample consisted of 234 men (55.1%) and 191 women (44.9%). In the Korean sample, 15.2% were in their teens, 75.1% were in their twenties, and 9.7% were over thirty years old. In the U.S. sample, 23.2% were in their teens, 64.9% were in their twenties, and 11.9% were over thirty years old.

Consumer susceptibility to interpersonal influence (CSII) was measured using 3 items on a five-point agreement rating (1= strongly disagree, 5= strongly agree; the five-point scale was used for all subsequent items, unless otherwise noted). Perceived usefulness of online review was measured in agreement with the following four statements adapted from Davis et al. (1989). Usage frequency and perceived influence of online reviews of online reviews was measured by agreement with the each three statements.

RESULTS

Although the chi-square values for this model were significant for both the Korean data (184.422 with 59 degrees of freedom [d.f.], p=.00) and the U.S. data (161.473 with 59 d.f., p=.00), this statistic was sensitive to sample size and model complexity; as such, the goodness-of-fit index (GFI), Tucker-Lewis index (TLI), and comparative fit index (CFI) was more appropriate for assessing model fit in this case (e.g., Baggozzi and Yi 1988; Bearden, Sharma, and Teel 1982). The overall fit of both data sets was excellent with sufficiently high values in the goodness-of-fit index (GFI) (.94 for the Korean data and .95 for the U.S. data), the comparative fit index (CFI) (.96 for the Korean data and .98 for the U.S. data) and the Tucker-Lewis index (TLI) (.95 for the Korean data and .97 for the U.S. data) and a low root mean square error of approximation (RMSEA) (.07 for the Korean data and .06 for the U.S. data).

The entire set of items was then subjected to multigroup CFA analysis, which was a more rigorous way to assess unidimensionality and cross-national equivalence of measures. The full metric invariance was not supported, as the chi-square difference between the non-restricted model and the full metric invariance model was significant (χ²(13)=41.195, p<.01). The chi-square difference between the non-restricted model and the partial metric invariance model was insignificant (χ²(10)=14.332, p>.10). Table 3 presents the procedure and results. This partial invariance model was used in subsequent analyses.

National-level analysis of structural model

The structural model was first estimated independently for the Korean and U.S. samples. The unstandardized estimates of the structural parameters resulting from the separate estimation of the model for Korea and U.S. are provided with t-values and fit indices. The majority of path coefficients were statistically significant (p<.05) for both samples. The path from the Internet shopping experience to usage frequency of online reviews was significant in Korea; however, this was insignificant in the U.S.

Multigroup analysis

The national-level analysis assessed whether the hypothesized relationships among the constructs applied in each country...
separately. We performed multigroup analysis to test for similarities and differences in the structural relationships across the two countries. A significant difference would imply that the path coefficient was statistically different across the two groups.

**General Results of Hypothesis Testing**

H₁, H₂, H₄, H₅, and H₆ were fully supported. However, H₃ was supported only in the Korean sample. Thus, H₃ was partially supported. Multigroup tests (H₇) revealed significant differences in the four path coefficients between the two countries.

**DISCUSSION AND CONCLUSION**

This study contributes to the understanding of factors influencing the effect of online consumer reviews. The main contribution is the specification, justification, and empirical validation of a set of interrelationships among consumer characteristics (consumer susceptibility to interpersonal influence, the Internet shopping experience), attitude toward online reviews (perceived usefulness of online reviews) and outcomes of online reviews (usage frequency and purchase influence of online reviews). Most importantly, this study integrates a cultural effect that significantly moderates key relationships in the proposed model, reflecting the growing importance of online marketing communication in a global setting. The integration of cross-cultural differences as moderators of key antecedents of the effects of online reviews is the key contribution of this study to emerging cross-cultural online marketing communication literature. This research is among the first to investigate factors influencing the effect of online consumer reviews in the context of cross-cultural comparison.

**REFERENCES**


