Research Article

Understanding the Impact of Negative and Positive Traveler Reviews: Social Influence and Price Anchoring Effects

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Abstract

This research utilizes theories of social influence and price anchoring to provide insights into the psychological processes underlying travel purchases in the presence of online reviews. Two experiments were conducted in which subjects chose between two resorts for a Las Vegas vacation in a 2 × 3 experimental design that manipulated social influence (unanimous, non-unanimous reviews) and price (10%, 30%, and 50% higher or lower). Social influence was in the form of negative (experiment 1) or positive (experiment 2) traveler reviews. Perceptions of quality and value as well as discount to purchase/willingness to pay were measured. Results indicate that no amount of price reduction was sufficient to offset the impact of unanimously negative reviews, although an extreme price reduction influenced decisions when negative reviews were not unanimous. Price anchoring occurred for positive reviews, such that a higher reference price increased willingness to pay.

Keywords

online reviews, social influence, price anchoring, travel decisions, WTP

Introduction

In today's digital purchasing environment, consumers are barraged with information when making purchase decisions. Various types of information can influence travelers' prepurchase evaluations (i.e., Noone and McGuire 2014; Sparks and Browning 2011) and purchase intentions (i.e., Mauri and Minazzi 2013; Noone and McGuire 2013; Zhang, Wu, and Mattila 2014). Two important information sources are online customer reviews and price. Regarding online reviews, industry practitioners have seen a shift in the way that information is communicated to consumers, which requires a well-developed response strategy to manage profitability (Schoettle 2014). Moreover, research suggests that there is a financial component to online reviews, whereby they can affect resort pricing power, consumer demand, and revenue performance (Anderson 2012). For example, a one-point increase in online ratings can allow a hotel to increase its average daily rate by 11.2%, without negatively affecting occupancy (Anderson 2012). Although prior research has demonstrated that reviews are a powerful influence, it is critical to learn why reviews are so impactful. Online customer reviews simultaneously provide hospitality operators with opportunities to capitalize on positive reviews, as well as the responsibility to minimize threats associated with negative reviews. Thus, an enhanced understanding of the underlying influence of reviews will give operators a competitive advantage.

Different theoretical perspectives have been applied to explain the impact of reviews. These theories include, but are not limited to, cognitive dissonance and social influence (Tanford and Montgomery 2015), expectancy disconfirmation paradigm (Crotts and Magnini 2011; Zehrer, Crotts, and Magnini 2011), information load (Zhang et al. 2014), and source credibility (Ayeh, Au, and Law 2013). However, much of the research on reviews takes an applied focus, which provides insight into the effects of reviews, but not their underlying causes. Prior research applying social influence theory is expanded upon in this research to understand how underlying components of reviews influence consumers. For example, unanimity of reviews is closely examined to elucidate the role it plays in conformity (Asch 1956). The current research examines the anchoring heuristic (Tversky and Kahneman 1974) to assess the role of price in the presence of online reviews. In the pricing domain, anchoring refers to the tendency for people to adjust their price estimates based on an initial reference price.

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In the hospitality context, price has been viewed as a strategic variable and a positioning cue (Shaw 1992). Price perceptions are crucial in establishing a price range for positioning hospitality products. Previous studies suggest that reviews can outweigh moderate price differences when purchasing travel products (Noone and McGuire 2013). By manipulating the extremity of price differences, the present study asks the question: is there a price difference at which the effect of reviews is mitigated? There is a potential downside to using price cuts to counteract negative reviews besides the obvious erosion of profitability. Since customers often use price as a key signal of quality (Zeithaml 1988), extreme price differences could indicate a low-quality product. This creates a paradox whereby operators' efforts to offset negative reviews with price reductions may backfire, as the product is considered even less desirable from the perspective of both quality and review content.

Research has demonstrated that negative reviews are powerful enough to override price (Noone and McGuire 2013). This research investigates the converse of this effect, that is, can positive reviews influence customers to pay a higher price? Anderson's (2012) research using secondary data suggests this is the case, but does not establish a causal relationship. Research has demonstrated the robust impact of negative reviews, particularly recent reviews, on prepurchase evaluations and sales (i.e., Browning, So, and Sparks 2013; Lee, Park, and Han 2008; Ye, Law, and Gu 2009), but this effect may not be symmetrical. The psychology literature suggests that negative information can be more salient than positive information and can prompt a need for more cognitive analysis than neutral or positive information (Taylor 1991). This research aims to examine whether positive reviews, in the context of resort purchases, can command a price premium, and the conditions under which this occurs.

The current research utilizes a two-study experimental approach to isolate the influence of negative and positive reviews. The first study asks: when does price override the influence of negative reviews, potentially enhancing customers' willingness to purchase a negatively reviewed travel product? The second study seeks to answer the question, When does social influence, in the form of online reviews, override the effect of price, potentially enhancing customers' willingness to pay more for a positively rated travel product? From a theoretical perspective, the research provides insight into the social influence processes that affect consumer responses to reviews and whether these differ when reviews are positive versus negative. It also investigates whether price anchoring affects customers' willingness to pay. From a practical perspective, it provides operators tools to price strategically and respond to the opportunities and threats that online customer feedback presents.

Literature Review

Social Influence

Beginning with the classic experiments of the 1950s, social influence research has investigated the phenomenon whereby people are influenced by the opinions, beliefs, and attitudes of others (Asch 1956; Cialdini and Goldstein 2004; Crano 2000). When applied to consumer behavior, early research pointed out that the most prevalent factor of consumer decisions is the influence of others (Burnkrant and Cousineau 1975). Furthermore, even minimal influence from others can have a significant effect on consumers' product evaluations (Cohen and Golden 1972). Since travelers are confronted with a multitude of influences when making travel purchase decisions, social influence theory can provide insight into this complex decision-making process. Prior research found that social influence, in the form of negative customer reviews, caused research participants to go against their preexisting attitudes when choosing a resort vacation (Tanford and Montgomery 2015). That study compared majority and minority influence processes (Asch 1956; Kruglanski and Mackie 1990; Moscovici, Sherrard, and Heinz 1976) and evaluated their effects on purchase-related decisions and post-decision dissonance. Therefore, they did not include a situation in which reviews were unanimously positive or negative. Social influence theories suggest that the type and degree of influence may differ as a function of unanimity (Deutsch and Gerard 1955; Kelman 1958). Thus, the current research extends knowledge regarding social influence and travel purchase decisions by examining how unanimity of reviews affects conformity, providing new insight into the underlying processes.

Unanimity. Unanimity is an important aspect of social influence because it can affect the type and degree of social influence being dispensed (Turner 1991). At times, the impact of social influence is only evident when the influence is unanimous (Crano 2000). In the classic conformity research, Asch (1956) found that a lack of unanimity reduced the percentage of conformity to a group position due to the increased uncertainty. Later studies found that social influence acceptance tends to be greater under higher uniformity (Cohen and Golden 1972) or perceived consensus (Cialdini and Goldstein 2004). This could be attributed to people's need to limit their cognitive effort to simplify the decision process, a term referred to as cognitive misers (Fiske and Taylor 1991). Research suggests that high information load can be cognitively taxing on consumers; thus, alternative cues are used in decision-making (Zhang et al. 2014). It is therefore postulated that consumers may go along with the norm created when online customer reviews are unanimous.

The Importance of Customer Reviews

Customer reviews have become increasingly prevalent in the online purchasing environment. Both academic research and industry data suggest that online customer reviews are an important and powerful determinant of purchase decisions (e.g., Chipkin 2014; Gretzel and Yoo 2008; Mauri and Minazzi 2013; Noone and McGuire 2013, 2014; Tanford and Montgomery 2015). Industry reports emphasize the heavy

usage of review sites such as TripAdvisor®, which attracts more than 280 million visitors to the website each month (Schoettle 2014).

Online customer reviews are a valuable information source that can affect customers' prepurchase evaluations (Browning, So, and Sparks 2013; Sparks and Browning 2011) and decisions (Noone and McGuire 2013). Moreover, customer reviews can set expectations of the experience, thereby affecting postpurchase satisfaction or delight (Crotts and Magnini 2011; Zehrer et al. 2011). The ubiquitous nature of reviews rapidly spreads information and opinions of reviewers in the form of electronic word-of-mouth (eWOM). eWOM can represent positive and negative online reviews simultaneously, thus creating a significant influence on the hospitality industry, where intangible services are hard to evaluate prior to purchase (Cantallops and Salvi 2014). Moreover, research suggests that the perceived quality, accuracy, and timeliness of the information provided in online reviews can affect consumers' likelihood to use this information in their decision-making process (Filieri and McLeay 2014). Based on the literature regarding social influence and reviews, this study postulates that online reviews are a form of social influence that affects evaluations and decisions. Thus, the following hypotheses were derived and tested separately for negative (experiment 1) and positive (experiment 2) reviews.

Hypothesis 1a: Subjects will rate likelihood to choose a negatively reviewed resort lower when reviews are unanimous versus non-unanimous.
Hypothesis 1b: Subjects will rate likelihood to choose a positively reviewed resort higher when reviews are unanimous versus non-unanimous.
Hypothesis 1c: Subjects will evaluate a negatively reviewed resort less favorably when reviews are unanimous versus non-unanimous.
Hypothesis 1d: Subjects will evaluate a positively reviewed resort more favorably when reviews are unanimous versus non-unanimous.

The Impact of Price

Price, Perceived Quality, and Perceived Value. Previous studies have documented the relationship between price and consumers' perceptions of quality and value (Chang and Wildt 1994; Zeithaml 1988). Consumers generally relate a decrease in price with a corresponding gain in value, thereby forming a negative association between price and perceived value (Bojanic 1996; Dodds, Monroe, and Grewal 1991). When assessing the price that customers are willing to pay, both the perceived value of the product or service and the contingent sacrifice to acquire it are considered (Simonson and Drolet 2004). In particular, perceived value is composed of a product's acquisition value and transaction value. Acquisition value is determined by the ratio of perceived benefits and perceived sacrifice of a product. Transaction value is based on the perceived gains or losses compared to reference price (Thaler 1985; Tversky and Kahneman 1974). Additionally, a positive relationship between price and customers' perceived quality of the product or service was found in prior studies (Chang and Wildt 1994; Dodds et al. 1991). In the context of hospitality, both perceived quality and perceived value have shown significant direct effects on customers' purchase intentions (Tanford, Baloglu, and Erdem 2012). Specifically, perceived value serves an essential role in travelers' decision making and tourists' satisfaction and revisit intentions (Chen and Chen 2010). Moreover, value has been found to mediate the effects of quality on ratings and revisit intentions (Kashyap and Bojanic 2000).

The current study involves a comparison between resorts with varying degrees of price. In the context of existing hospitality literature, the effects of price and unanimity of customer reviews lead to a predicted interaction between the two. Research suggests that negative reviews outweigh the effects of price when price differences are moderate (Noone and McGuire 2013, 2014). The current study included extreme price differences to determine which factor will prevail and under what conditions. The effects of price were expected to manifest primarily when reviews were non-unanimous. This is based on the theoretical findings of Asch (1956), which explain that there is increased uncertainty caused by a lack of unanimity. The dual process model suggests that people have two modes of processing information: heuristic and systematic (Taylor, Peplau, and Sears 2006). If there is a consensus of reviews, the choice is easy; therefore, heuristic (i.e., automatic) processing is used. In this situation, people will limit their cognitive effort to seek out new information (Fiske and Taylor 1991). When there is lack of consensus, the decision is cognitively demanding, and people will use a systematic (i.e., mindful) mode "by drawing on more of the evidence in the specific situation" (Taylor, Peplau, and Sears 2006, p. 90). Therefore, price-related evidence will be more relevant when reviews are not unanimous.

Hypothesis 2a: The effect of price on likelihood to choose will be higher when reviews are non-unanimous versus unanimous.
Hypothesis 2b: The effect of price on resort ratings will be higher when reviews are non-unanimous versus unanimous.

In addition, the classic price–quality–value relationships (Zeithaml 1988) were expected to occur.

Hypothesis 3a: Perceptions of quality will decrease as price decreases.
Hypothesis 3b: Perceptions of quality will increase as price increases.
Hypothesis 3c: Perceptions of value will increase as price decreases.

Hypothesis 3d: Perceptions of value will decrease as price increases.

Price is not the only extrinsic cue for customers when making purchase decisions (Monroe 1973); such decisions are jointly affected by non-price information (Chernev 2003). Combined with non-price information, price creates a reduced impact on customers' purchase decisions (Dodds et al. 1991). An important source of nonprice information is user-generated content (e.g., Noone and McGuire 2013, 2014; Pan, MacLaurin, and Crotts 2007). Within the hospitality domain, research has demonstrated that price has a decreased impact on customers' quality evaluations and choice in the presence of user-generated content (Noone and McGuire 2013, 2014). Furthermore, customers tend to balance out the review content with price, which ultimately affects their decisions (Noone and McGuire 2013, 2014). According to the dual processing theory mentioned previously, a lack of unanimity leads to more systematic processing of information, increasing the relevance of information such as price (Taylor, Peplau, and Sears 2006). Thus, the following hypotheses were derived:

Hypothesis 4a: The effect of price on ratings of quality will be higher when reviews are non- unanimous versus unanimous.
Hypothesis 4b: The effect of price on ratings of value will be higher when reviews are non- unanimous versus unanimous.

Reference Price. Research indicates that a consumer's perception of price is one of the most fundamental factors to influence purchase intention and to serve as an informational cue (Oh 2000; Theysohn et al. 2013). Price perception is affected by the evaluation of the perceived value of the product or service and the customer's own reference prices created by the assessment and comparison with the objective price of the product (Winer 1986). Thus, perceived price can be defined as a customer's subjective perception of the objective price of the product or service (Jacoby and Olson 1977). Moreover, perceived price is positively related to objective price, yet negatively associated with reference price (Chang and Wildt 1994).

Reference price can be defined as the appropriate price that customers relate to a certain product or service (Lewis and Shoemaker 1997). It can be composed of the most frequently paid price, the average paid price, or the last paid price for the item (Zeithaml and Bitner 1996). Reference prices for services are more difficult to determine than reference prices for products due to the variability of service and the discrepancy of customers' needs (Lewis and Shoemaker 1997). For instance, a wide variety of features of hotel rooms and services as well as the demands of hotel rooms are pivotal factors that can influence reference price.

Price Anchoring. Psychology literature demonstrates that individuals tend to utilize judgmental heuristics such as representatives and availability to simplify complicated decision making (Tversky and Kahneman 1974). Heuristics are simpler principles that allow individuals to make decisions and assess values in an efficient manner under uncertain and intricate conditions (Tversky and Kahneman 1974). For instance, hospitality research has demonstrated that customers tend to use the complexity of menu descriptions to signal perceived quality of menu items, which influences their likelihood to choose and pricing expectations (McCall and Lynn 2008).

When making purchase decisions, customers are influenced by the anchoring effect when estimating product value (Green et al. 1998). The anchoring phenomenon occurs when "different starting points yield different estimates, which are biased toward the initial values" (Tversky and Kahneman 1974, p. 1128). Hence, later decisions might be biased toward initial values due to anchoring effects. However, decision makers tend to adjust the anchor insufficiently to develop their final estimate in order to minimize cognitive effort (Kruger 1999). Consistent with price perception, both subjective value of the product and reference price are influential factors to judge customers' willingness to pay (WTP) (Thaler 1985).

When consumers decide to make a purchase, the combination of the purchase value from price and product/service features must be assessed, and the judgments of purchase value are considered susceptible to influences, such as anchoring effects (Simonson and Drolet 2004). It was found that the compatibility between the anchor price and the source of uncertainty is a pivotal moderator of willingness to pay (Simonson and Drolet 2004). Conversely, anchoring might not influence WTP judgments if other value indicators and relevant anchors exist simultaneously (Simonson and Drolet 2004). For instance, if a reference price of booking a resort was given in the beginning, the influence of an anchor on WTP judgments will be reduced.

Based on the literature of reference price and anchoring effects, the relative difference between the comparison price and the reference price leads to the following hypotheses.

Hypothesis 5a: As the difference between the comparison price and the reference price increases, subjects will require a higher discount to purchase a negatively rated resort.
Hypothesis 5b: As the difference between the comparison price and the reference price increases, subjects will have a higher willingness to pay for a positively rated resort.

Methodology

Subjects

Two experiments were conducted in which subjects made travel purchase decisions for a 3-day weekend trip to Las Vegas. Both studies utilized respondents recruited through

Table 1. Demographic Profile.

Characteristic	Study 1 (n = 210)	Study 2 (n = 199)
	%	%
Gender		
Male	41.8	38.2
Female	58.2	61.6
Age group		
21–30	10.5	18.3
31–40	24.9	30.5
41–50	21.1	15.7
>50	43.5	35.5
Annual household income		
<$50,000	27.6	36.4
$50,000–$74,999	29.0	32.8
$75,000–$99,999	21.0	29.2
$100,000–$125,000	10.4	5.1
>$125,000	11.9	6.6
Education		
High school	32.9	36.8
Associate's degree	20.5	23.7
Bachelor's degree	31.4	29.8
Master's or above	15.2	9.6

Qualtrics, an online market research company. In order to be eligible, respondents had to be at least 21 years old and have visited Las Vegas at least once in the past 5 years. The first study (negative reviews) used a sample of 210 subjects, with 32–38 subjects in each experimental condition. The second study (positive reviews) had a sample of 199 subjects, with 30–35 subjects in each condition. A demographic profile of the two samples is provided in Table 1.

Design and Procedure

Both studies used a 2 (social influence: unanimous, non-unanimous) × 3 (price: 10% lower/higher, 30% lower/higher, 50% lower/higher) between-subjects experimental design. Within each experiment, subjects were randomly assigned to one of the six experimental conditions using the Qualtrics software capabilities. Subjects were instructed to assume they were making travel decisions for a 3-day weekend trip to Las Vegas. The stimuli consisted of descriptions and photos of two resorts along with pricing information and customer reviews. The base resort had the same price and neutral reviews in all conditions. The target resort, which was the focus of the research, included the manipulations of unanimity of reviews and price. An overview of the design is provided in Table 2.

Social influence was created using actual customer reviews from OTA sites (TripAdvisor® and Expedia.com) for various Las Vegas casino resorts, which were edited for use in this study. Unanimity was manipulated by varying whether four or five reviews for the target resort were in the influence direction. In the negative review experiment, reviews varied between unanimously negative (NNNNN) and non-unanimously negative (NNPNN), whereby a positive review was included. In the positive review experiment, reviews were unanimously positive (PPPPP) or non-unanimously positive (PPNPP), whereby a negative review was included in. In all cases, the base resort consisted of five neutral reviews (OOOOO).

Price was manipulated using three different pricing levels. The base resort price was $210 per night, which was determined to be a typical Las Vegas weekend room rate by checking online OTA pricing. In the negative review condition, the target resort was priced 10% ($189 per night), 30% ($147 per night), or 50% ($105 per night) lower than the base resort. In the positive review experiment, the target resort was 10% ($231 per night), 30% ($273 per night), or 50% ($315 per night) higher than the base resort.

Instrument

The stimuli consisted of two descriptions and photos of actual Las Vegas casino-resorts presented side by side. The target resort was always on the right. The descriptions were modified so the resort's identity was not revealed, and the photos showed a guest room that did not reveal the resort's distinctive features. Pretesting was conducted to ensure that the two resorts were similar in desirability. Figure 1 shows the photos and descriptions for each resort along with pricing for one condition. Subjects rated both resorts on each measure, even though the target resort was the focus of the study as it contained the manipulations. Given that two resorts were presented, asking participants to evaluate only one of them could create demand characteristics. A choice scenario was used because it reflects the typical online travel purchase, in which people choose between options. It was also essential to have a base price established to evaluate the price anchoring effect.

Table 3 outlines the steps completed by the respondents. First, they read the resort descriptions and reviews, which were displayed side-by-side as shown in Step 1. Step 2 contained the primary dependent measures. Subjects rated likelihood to choose each resort on a 7-point scale from 1 (extremely unlikely) to 7 (extremely likely). Each resort was then rated on three different attributes, appealing, good choice, and positive impression, using a disagree–agree Likert-type format. Subjects then chose one of the resorts by selecting the appropriate box. Each resort was rated on perceived price, quality, and value from 1 (low) to 7 (high). A sliding scale from 0 to 100 dollars was used to measure the required discount to purchase (DTP) for the resort in the negative review condition, or willingness to pay (WTP) more for the resort in the positive review condition.

Table 2. Experimental Design.

Experiment 1. Negative Reviews			
		Price Reduction	
Social Influence	10% Lower	30% Lower	50% Lower
Non-unanimous			
Base price	$210	$210	$210
Target price	$189	$147	$106
Base reviews	OOOOO	OOOOO	OOOOO
Target reviews	NNPNN	NNPNN	NNPNN
Unanimous			
Base price	$210	$210	$210
Target price	$189	$147	$106
Base reviews	OOOOO	OOOOO	OOOOO
Target reviews	NNNNN	NNNNN	NNNNN
Experiment 2. Positive Reviews			
		Price Increase	
Social Influence	10% Higher	30% Higher	50% Higher
Non-Unanimous			
Base Price	$210	$210	$210
Target Price	$231	$273	$315
Base Reviews	OOOOO	OOOOO	OOOOO
Target Reviews	PPNPP	PPNPP	PPNPP
Unanimous			
Base price	$210	$210	$210
Target price	$231	$273	$315
Base reviews	OOOOO	OOOOO	OOOOO
Target reviews	PPPPP	PPPPP	PPPPP

Note: O = Neutral, N = Negative, P = Positive.

Step 3 contained manipulation checks. The valence and unanimity of reviews were checked by having subjects rate how favorable or unfavorable the set of reviews was for each resort on a 7-point scale. For the price manipulation, subjects rated how much lower or higher the target resort was priced compared to the base resort. Subjects also rated the realism of the scenarios on a 7-point scale. Step 4 concluded with demographic measures.

Pretesting

All study materials were extensively pretested prior to distribution. To select the two resorts used in the study, two groups of subjects (31 per group) compared a total of 20 resorts based on the resort picture, resort description, and daily rate. Subjects provided their likelihood to choose each resort on a 7-point scale (extremely unlikely–extremely likely) and then selected one resort in each pair. The resorts were narrowed down to a set of 8, which were rated by 33 subjects in a second pretest. Resort A and Resort B were selected for use in the study based on similarly high likelihood to choose each resort.

A total of 10 negative reviews, 10 positive reviews, and 15 neutral reviews were pretested for valence and strength. Approximately 100 subjects (25 per group) evaluated a random mix of reviews on favorability (1 = extremely unfavorable, 7 = extremely favorable). The reviews were narrowed to 5 negative, 5 positive, and 5 neutral reviews, whereby scores of 3 and below were considered unfavorable, 5 and above were considered favorable, and scores around 4 were considered neutral. The reviews were then tested for unanimity by providing 40 subjects (20 per group) two sets of five reviews that varied in unanimity of positive and negative reviews. Subjects rated how many reviews were favorable and unfavorable to determine the set of reviews to be used for the target resort. Table 4 displays the final set of reviews used in the study and their mean ratings from the pretest.

Results

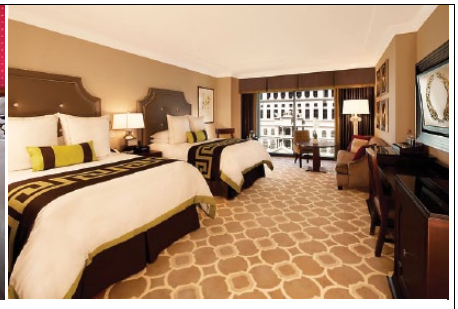
Experiment 1: Negative Reviews

Likelihood and Resort Ratings. A 2 (unanimity) × 3 (price) ANOVA was performed on ratings of likelihood to choose the target resort. A significant main effect for unanimity was found ($F_{1,209} = 6.92$, $p = .009$). The effect of price was not significant. Resort evaluations were analyzed using a 2 (unanimity) × 3 (price) ANOVA on the three ratings of appealing, good choice, and positive impression. The analysis revealed significant main effects for unanimity, but not for price. The mean ratings and significance tests are displayed in Table 5.

Resort Description: First and foremost, this hotel is an entertainment destination. The resort includes a variety of shops, restaurants, shows, nightclubs, pools, a luxurious spa, and a casino floor offering a variety of games. Guests from around the world enjoy the high level of hospitality, ambiance, and design of this Las Vegas resort. This extraordinary resort is all things to all people, whether you want to enjoy a laid-back stay or take advantage of all the entertainment offerings.

Rate per night: $210

Terms and Conditions: All purchases are non-refundable once payment is made



Resort Description: This Strip property continues to redefine itself and reinvent luxury. Ultimate party seekers will find plenty of hot nightlife spots in this resort. Endless entertainment and dining options are available. Guests will enjoy the spacious and lavish rooms, with beautiful renovated bathrooms and top-notch amenities. The resort also boasts over 5 acres of pool area for the ultimate poolside enjoyment.

Rate per night: $189

Terms and Conditions: All purchases are non-refundable once payment is made

Figure 1. Resort descriptions.

Likelihood to choose the resort was higher and evaluations more favorable when negative reviews were not unanimous. This finding supports hypotheses 1a and 1c.

There was a significant interaction between price and unanimity on the "appealing" rating ($F_{2,209} = 3.11$, $p = .047$, $eta^2 = .03$). There was also a marginally significant interaction between price and unanimity on likelihood to choose the target resort ($F_{2,209} = 2.79$, $p = .063$, $eta^2 = .027$). The means for these interactions are shown in Table 6. Simple effects tests revealed that the effect of price was marginally significant when reviews were non-unanimous and was not significant when reviews were unanimous. Post hoc Scheffé tests revealed higher ratings of likelihood to choose at a 50% lower price compared to a 10% lower price. Individual group means did not differ significantly for the appealing rating, although the mean was higher at a 50% lower price. These findings support hypotheses 2a and 2b.

Perceptions of Price, Quality, and Value. A 2 (unanimity) × 3 (price) ANOVA was conducted on perceptions of price, quality, and value. Main effects of price on perceptions of price were significant ($F_{1,209} = 4.31$, $p = .015$, $eta^2 = .041$), with mean ratings of 4.60, 3.88, and 3.82 for 10%, 30%, and 50% lower prices, respectively. This was essentially a manipulation check for price. The main effect of unanimity was significant ($F_{1,209} = 12.61$, $p < .0001$, $eta^2 = .058$) for quality ratings, but this effect was qualified by a significant interaction between price and unanimity ($F_{2,209} = 3.34$, $p = .037$, $eta^2 = .032$). Simple effects tests revealed that the effect of price was significant in the non-unanimous condition ($F_{2,101} = 4.44$, $p = .014$), but not the unanimous condition. As shown in Figure 2, at a 50% lower price, the resort was perceived to be higher quality when reviews were not unanimous. This finding does not support hypothesis 3a, because price reductions were expected to reduce perceived quality. However, it does support hypothesis 4a, in that price only had an impact when reviews were not unanimous.

A main effect of unanimity was found on ratings of value ($F_{1,209} = 11.97$, $p = .001$, $eta^2 = .055$), along with a main effect of price ($F_{1,209} = 3.87$, $p = .022$, $eta^2 = .037$), as well as a significant interaction between price and unanimity ($F_{2,209} = 3.11$, $p = .047$, $eta^2 = .030$). As displayed in Figure 3, the effect of price was again significant only in the non-unanimous condition ($F_{1,101} = 5.84$, $p = .004$), such that perceived value increased at a 50% lower price. This finding supports hypotheses 3c and 4b.

Discount to Purchase. Subjects utilized a sliding scale to provide a discount amount that would be needed in order for them to purchase the target resort. A 2 (unanimity) × 3 (price) ANOVA was conducted on subjects' DTP. A main effect for unanimity was found ($F_{1,209} = 4.71$, $p = .031$), demonstrating

Table 3. Procedure.

Step 1. Read hotel descriptions and customer reviews.

Base Resort Description with photo and price	Target Resort Description with photo and price
Review 1	Review 1
Review 2	Review 2
Review 3	Review 3
Review 4	Review 4
Review 5	Review 5

Note: See Figure 1 for sample resort description and Table 4 for complete text of reviews.

Step 2. Ratings.

A. Likelihood to choose
   - Rate each resort on a 7-point scale from extremely unlikely to extremely likely

B. Resort Evaluations
   - Rate each resort on a 7-point scale from completely disagree to completely agree
     - This resort is appealing to me
     - This resort is a good choice for my Las Vegas vacation
     - I have a positive impression of this resort

C. Choice
   - Choose ONE of the two resorts for your Las Vegas vacation

   Resort A Resort B

D. Price, quality, value
   - Rate each resort on price, quality, and value on a 7-point scale from low to high.

E. Discount to purchase (Experiment 1), willingness to pay (Experiment 2)
   - Rate on a sliding scale from 0 to 100 dollars
     - Regardless of the resort you chose, how much lower would Resort B have to be for you to choose it over Resort A? (Experiment 1)
     - Regardless of the resort you chose, how much more would you be willing to pay for Resort B than Resort A? (Experiment 2)

Step 3. Manipulation checks.

Step 4. Demographics.

that in the unanimous condition, respondents required a greater discount (mean = $70) than in the non-unanimous condition (mean = $62). Although the required DTP increased as the price decreased, this finding was not significant and therefore hypothesis 5a was not supported.

Experiment 2: Positive Reviews

Likelihood and Resort Ratings. A 2 (unanimity) × 3 (price) ANOVA was performed on ratings of likelihood to choose the target resort. A significant main effect for price was found ($F_{1, 209} = 4.91$, $p = .008$) indicating that as price increased, likelihood to choose decreased. The effect of unanimity was not significant. Therefore, hypothesis 1b was not supported. Resort evaluations were analyzed using a 2 (unanimity) × 3 (price) ANOVA on the three ratings (appealing, good choice, and positive impression). The analysis revealed no main effects for price or unanimity for the rating of appealing. However, a significant main effect of unanimity was found for the ratings of good choice and positive impression, whereby ratings increased for good choice and positive impression when reviews were unanimous, supporting hypothesis 1d (see Table 7). In regards to the effect of price, there was not a significant interaction between price and unanimity on likelihood to choose or resort ratings; therefore, hypotheses 2a and 2b were not supported.

Perceptions of Price, Quality, and Value. A main effect for price was not found on either quality or value; thus, hypotheses 3b and 3d were not supported. However, a main effect for unanimity was found on both quality ($F_{1,193} = 3.99$, $p = .047$), and value ($F_{1,193} = 18.47$, $p = .000$), whereby ratings were lower when reviews were non-unanimous. Results are displayed in Table 8. The effect of unanimity on price perceptions was not significant. Additionally, an interaction between price and unanimity was not found; therefore hypotheses 4a and 4b were not supported.

Willingness to Pay. Subjects utilized a sliding scale to indicate how much more they would be willing to pay for the positively rated target resort compared to the base resort. A 2 (unanimity) × 3 (price) ANOVA revealed significant main effects for both unanimity ($F_{1,193} = 5.58$, $p = .012$) and price ($F_{2, 193} = 6.35$, $p = .002$). WTP was higher when positive reviews were unanimous (mean = $50.34) versus non-unanimous (mean = $41.16). Table 9 lists the amount subjects were willing to pay at the different price levels used in the study. As the price increased, so did the willingness to pay for the target resort. Mean WTP was significantly higher at a 50% price increase ($52.96) and marginally higher at a 30% increase ($47.49) compared to a 10% price increase ($36.50). This finding supports hypothesis 5b.

Manipulation Checks. Table 10 lists the results manipulation checks for both studies. Subjects found the reviews of the base resort to be neutral as intended in both negative (mean = 4.42) and positive (mean = 4.18) review experiments. One-way ANOVAs were conducted to test the unanimity of the reviews for target resort in both experiments. As shown in Table 9, in the negative review experiment, reviews were rated as unfavorable, although significantly less so in the non-unanimous than in the unanimous condition. In the positive review experiment, the target resort reviews were rated as favorable, although less so in the non-unanimous than in the unanimous condition. Therefore, the review manipulation was successful in terms of both valence and unanimity. Price

Table 4. Reviews with Pretest Scores.

Positive Reviews	M
"From smooth check-in, the room type/view that we requested, room size (for Vegas having a large room with a separate sitting area is a plus), pool options, restaurant options, everything was amazing."	6.0
"The hotel is very new and modern, unlike many hotels I have visited in Las Vegas. The internet is super-fast throughout the entire complex which is a big plus. The rooms are big and spacious. The bathrooms are beautiful."	6.3
"Exceptional service in overall experience. Beautiful architecture, cozy and classy facilities, and awesome swimming pool. Guest room and amenities is awesome, very comfortable to relax and sleep."	6.4
"Brilliant stay. Very clean rooms and the location were simply perfect! I cannot wait to return, you will not regret it. The view from our room was simply amazing right over the window and the city."	5.6
"The hotel is in a perfect location to get to lots of Attractions by foot. The rooms are a good size and clean the bathroom is big and the Stripview is great. The pool is awesome! The employees are friendly and it is very clean, especially if you consider the constant flow of people for the hotel, the casino, the bar/restaurants and the theater. "Check in and check out was very easy and fast. I really can recommend this hotel. It was for sure a great first time and stay in Las Vegas."	5.7
Negative Reviews	**M**
"Bad impression, horrible experience. Check in to a used dirty room, called many times but nobody came to clean it. Then they didn't inform us clearly what time we have to check out. We went out and come back, they lock us out of our room. Then we have to pay them another 50 dollars for check in again just to get our stuff out! I was so upset. Next time, I wouldn't come here because of this bad impression. Never again."	1.6
"The room was small and very dark. The walls were paper thin and we could hear every conversation from the adjoining room which woke us each morning. The service was generally bad or disorganized. I didn't get the sense for one minute that anyone cared about the guest experience."	2.5
"From the moment you arrive this place feels like the hotel equivalent of a budget airline. We were first stung by the hidden 'resort fee' which was a mandatory $28 and not mentioned when we booked. The room I got was the most disgusting room I have ever seen. Will never stay here again."	2.2
"I stayed here for 8 nights it was not great this place is very dated. The staff is extremely rude, obviously don't need the customers. I will never stay there again and would not recommend it, there are much better places to stay on the strip for your money. When I went to the manager to complain they just looked at you like you are stupid."	
"Upon check-in, the line was long and the staff were not friendly. To be honest, we were just a number to them, and that's exactly how we were treated. I'm not sure we even got a welcome and there was no such thing as a friendly smile, which would have been nice after travelling for 15 hours to get there."	2.1
Neutral Reviews	**M**
"All in all, the hotel was alright, but don't expect to be given any individual attention from the staff. The guest rooms were smaller than I would have expected. Furnishings and décor just OK. Felt liked a gussied-up high-end Holiday Inn."	3.8
"The hotel is big and any type of service takes a fair amount of time. The pools were ok but not anything spectacular. Nice room but a little dark. The room was quiet, nicely decorated and the bathroom was great. A little impersonal because of its size but good overall."	4.3
"The room was great although we didn't have a view, it was clean. We enjoyed our stay but not sure if we'll be coming back. The food was good but a bit pricey. Drink service at the slot machines was good."	3.8
"Lovely resort, but the hotel felt overcrowded. Staff kept quoting high occupancy as an excuse for crowded facilities and poor service, but from a guest perspective facilities are inadequate for the number of guests."	3.8
"We were warned on booking in that this side of the hotel may be noisy due to the night club below, but this hardly bothered us. The room was lovely as you would expect at this resort. But little things like no coffee making equipment in the room let it down. 2 cups of filtered coffee were $14 from room service. There was also no storage in the fridge/ mini bar for your own wine, etc."	3.5

Note: Reviews were rated on a 7-point scale (1 = extremely unfavorable to 7 = extremely favorable). Reviews in italics were used in the non-unanimous conditions.

difference was rated on a 4-point scale where lower scores reflect lower price perceptions in the negative experiment and higher prices in the positive experiment. As shown in Table 9, as well as the price perceptions reported earlier, the price manipulation was successful. The mean for realism was 5.11 in negative and 5.74 in positive scenarios on a 7-point scale, indicating that subjects perceived the scenarios as realistic.

Discussion

This study sought to develop an understanding of the impact of online customer reviews by utilizing social influence and pricing theories. The results indicate that negative and positive reviews have different effects on consumers' perceptions and decisions. An overview of the supported hypotheses is shown in Table 11.

Table 5. Effect of Unanimity on Evaluations (Negative Reviews).

	Social Influence			
	Unanimous	Non-unanimous	$F_{1,209}$	Eta^2
Likelihood to choose	2.66	3.43	6.92**	.033
Appealing	2.72	3.67	10.17*	.047
Good choice for LV vacation	2.70	3.60	8.77*	.041
Positive impression	2.70	3.41	5.45*	.026

*$p \leq .05$, **$p \leq .01$.

Table 6. Price × Unanimity Interactions (Negative Reviews).

		Price Difference (Percent Lower)				
Unanimity		10%	30%	50%	F	Eta^2
Unanimous	Appealing	2.53	3.21	2.43	ns	
	Likelihood	2.55	3.03	2.40	ns	
Non-unanimous	Appealing	3.32	3.31	4.34	2.49†	.030
	Likelihood	2.97_b	3.17_{ab}	4.16_a	2.98†	.027

Note: Mean scores without common subscripts are significantly different according to Scheffé post hoc tests.
†$p < .10$.

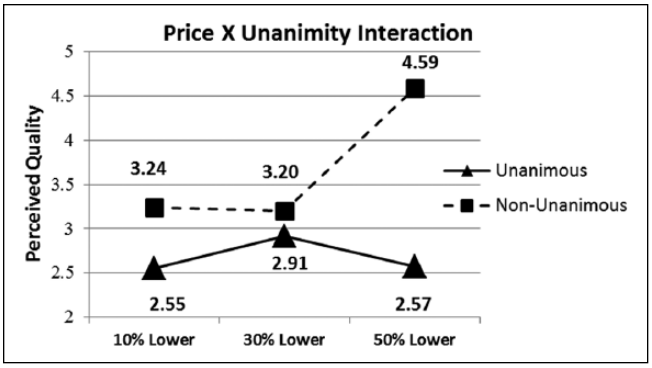


Figure 2. Effect of price and unanimity on ratings of quality (negative reviews).
Note: Dashed line indicates significance, solid line nonsignificance.

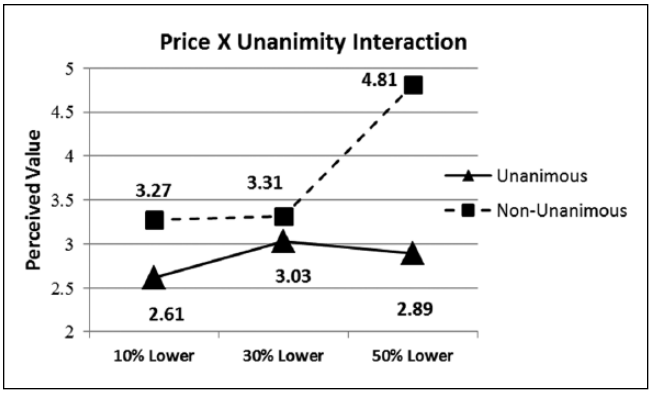


Figure 3. Effect of price and unanimity on ratings of value (negative reviews).
Note: Dashed line indicates significance, solid line nonsignificance.

The differences between the two studies provide meaningful insights into the effects of negative and positive reviews. One notable finding is that price anchoring is more applicable in the positive review situation than in the negative review situation. This could be due to the asymmetrical effects of negative versus positive information such that negative information is more salient, therefore requiring more cognitive analysis to process (Taylor 1991). Conversely, positive information is less scrutinized and therefore the consumers' decision-making process is more susceptible to outside influences.

In terms of likelihood to choose and resort ratings, the predicted effect of unanimity occurred with the negative reviews, but not the positive reviews. This finding suggests that a single negative review will not necessarily affect judgments when it is presented with mostly positive reviews. In previous studies, a lower price was not sufficient to override the impact of reviews; however, in this study, the extremity of a 50% price reduction led to a higher likelihood to choose. This finding suggests that non-unanimously negative reviews can be influenced by a lower price; however, unanimous reviews are not affected. Thus, lowering price in the presence of non-unanimous negative reviews may be effective; however, no amount of price reduction is going to mitigate unanimously negative reviews.

In regards to price, the results demonstrated that the effect of price on ratings of quality was higher when reviews were

Table 7. Effects of Unanimity on Evaluations (Positive Reviews).

	Unanimous	Non-unanimous	F	Eta^2
Appealing	5.95	5.69	ns	
Good choice	5.99	5.53	6.75**	.034
Positive impression	6.08	5.59	9.32**	.046

Note: Ratings were on a 7-point disagree–agree scale.
**p < .01.

Table 8. Effects of Unanimity on Perceptions (Positive Reviews).

	Unanimous	Non-unanimous	F	Eta^2
Quality	5.86	5.56	3.99*	.020
Value	5.59	4.77	18.47***	.087
Price	5.51	5.60	n.s.	.003

Note: Perceptions were on a 7-point low–high scale.
*p < .05; ***p < .001.

Table 9. Willingness to Pay More for Positively Reviewed Resort.

	Price Difference (Percent Higher)				
	10%	30%	50%	F	Eta^2
Mean WTP	$\$36.50_a$	$\$47.79_{ab}$	$\$52.96_b$	6.35**	.062
Price	$231	$273	$315		
Dollar Increase	+$21	+$63	+$105		

Note: WTP means without common subscripts are significantly different at p < .05.
**p < .01.

Table 10. Manipulation Checks.

	Price Difference				
	10%	30%	50%	F	Eta^2
Negative (Lower)	2.68	1.81	1.58	43.50**	.296
Positive (Higher)	2.73	2.17	1.89	22.13**	.184
	Unanimity				
	Non-unanimous	Unanimous		F	Eta^2
Negative	3.27	2.48		7.91**	.037
Positive	5.39	5.85		7.34**	.036

Note: Reviews were rated on a 7-point scale (1 = extremely unfavorable, 7 = extremely favorable). Price was rated on a 4-point scale (much higher/lower, somewhat higher/lower, slightly higher/lower, the same).
**p < .01.

non-unanimous versus unanimous in both the positive and negative experiment. This finding is consistent with previous research that found that price creates a decreased impact on customers' quality assessment in the presence of user-generated content (Noone and McGuire 2014). However, a lower price increased perceived quality when the price was 50% lower when there were non-unanimous negative reviews. This finding is contradictory to the price–quality relationship demonstrated by Zeithaml (1988); however, other researchers have obtained a similar negative relationship between the two factors (Riesz 1978). A possible explanation for this phenomenon is that when consumers perceive the quality of the resort with a significant reduction of the room rate, the negative review information affects the price–quality tradeoff. In particular, breaking the unanimity of negative reviews and lowering the price may have attenuated the overall

Table 11. Hypotheses Support.

Hypothesis	Dependent Variable	Predicted Effect		Negative	Positive
1	Likelihood	U	a	Y	–
			b	–	N
	Resort Ratings	U	c	Y	–
			d	–	N
2	Likelihood	P × U	a	Y	N
	Resort Ratings	P × U	b	Y	N
3	Quality	P	a	Y	–
			b	–	N
	Value	P	c	Y	–
			d	–	N
4	Quality	P × U	a	Y	N
	Value	P × U	b	Y	N
5	Discount to Purchase	P	a	N	–
	Willingness to Pay	P	b	–	Y

Note: U = Unanimity, P = Price.

negative impression of the resort, which carried over to multiple ratings.

In regards to value, the results demonstrate that perceived value increased as price decreased, as expected. Non-unanimous negative reviews also created higher perceptions of value than unanimously negative reviews. The results support Noone and McGuire's (2014) study, which found that price does not serve as a significant role in consumers' perceptions of quality, but does negatively influence customers' perceptions of value.

This study introduced a new concept, DTP (i.e., Discount to Purchase), which is the converse to the widely used WTP. DTP refers to the amount of discount needed in order to purchase a less desirable product. The results indicate that the effect of price on DTP was not significant in the negative condition, although a lower reference price did increase DTP non-significantly. However, in the positive experiment, WTP was significantly higher at a 50% price increase, indicating that customers are willing to pay more, especially when positive reviews are unanimous. When given a higher starting point or reference price, WTP was in line with the anchor, suggesting they were using the anchoring heuristic (Tversky and Kahneman 1974). This phenomenon suggests there is an asymmetry of anchoring effects, since anchoring was more powerful in the positive experiment.

Theoretical Implications

This study extends the application of social influence to travel purchase decisions by examining the role of unanimity in both positive and negative situations. This is the first to investigate how a single negative review affects an otherwise positively reviewed resort. One positive review amid multiple negative reviews can have a favorable impact on consumers' choices. Conversely, one negative review in the midst of multiple positive reviews may not be enough to affect consumers' decisions. In Asch's (1956) conformity research, where the majority of the group was promoting an unpopular decision, a lone dissenter significantly reduced conformity. One could make an analogy that the negative condition mirrors the classic Asch study. In the positive situation where the group is making a popular decision, one opinion that is not consistent is akin to minority influence (Moscovici, Sherrard, and Heinz 1976). This finding is consistent with Tanford and Montgomery (2015), whose findings did not fully support minority influence effects. This study also demonstrated that the price anchoring heuristic is applicable to travel purchase decisions in the presence of positive reviews, thereby affecting consumers' willingness to pay. The lack of significant price anchoring in the negative experiment could be due to asymmetry effects (Taylor 1991), in that negative reviews outweighed price information.

Practical Implications

This study provides new insights for hospitality operators. First, it is important to understand the role of unanimity to gain insight into how consumers process and use the information from online reviews. This provides operators the opportunity to develop strategies for pricing and managing review outcomes. Operators can consider raising prices during times when reviews are unanimously positive. However, the opposite strategy, that is, reducing prices following a recent service failure, is less likely to be effective. The findings suggest that the price reduction would have to be so extreme that it would not be profitable. In that case, what can operators do when reviews are negative? The findings indicate that it is critical to break the unanimity of negative reviews. This can be done in several ways. Management can provide a personalized response to complaints and not a "canned" response that one often sees on review websites. Research indicates that the most effective online response

should include two key factors: empathy and a strong signal that hotels are reading complaints, such as a personalized response to the situation (Min, Lim, and Magnini 2015). Operators should report favorable customer testimonials on the company website to counteract negative reviews, encourage loyal or satisfied guests to share their experiences, and/or implement immediate changes to rectify the problem that caused the negative reviews and report these changes on the review website.

The findings suggest that providing a higher reference price will increase the price customers are willing to pay. Often, when resorts advertise room prices or list general prices on their website or OTA sites, they are depicted as "starting at" the lowest possible price. Operators may believe this will attract more customers because they initially see a low price. However, when they proceed to booking for specific dates, the price is typically higher, resulting in failure to purchase. A better strategy may be to show a range of prices, that is, "from $xxx to $xxx." The high end of the range provides a positive anchor, compared to which the price for specific dates is likely to be lower, thus increasing purchase likelihood.

Limitations and Future Research

Subjects made a hypothetical choice; however, the same is true of much of the research on customer reviews to date. To maximize the realism of this choice, the research used a sample of the traveling population making a decision that was meaningful to them. Las Vegas was chosen as a destination with which most people are familiar, but the results may not generalize to other contexts. However, the powerful effect of reviews has been demonstrated with other populations and settings, including student subjects making Spring Break travel decisions for Cancun (Book et al. 2015; Tanford and Montgomery 2015), and online panels evaluating hotels in a major U.S. City (Noone and McGuire 2013, 2014) as well as in the Australian market (Sparks and Browning 2011). In experimental research, internal validity is more critical than external validity, as the primary goal is to determine causality (Campbell and Stanley 1973). As researchers continue to investigate the effects of reviews, greater generalization may be achieved. Future research could expand on Anderson's methodology (2012), which examined secondary data to determine the relationship between reviews and pricing.

The content of the reviews used in this study varied, as is typical of real reviews and thus content was intentionally not controlled. Although research has determined that overall valence is more important than content (Noone and McGuire 2013), investigating the specific content areas is warranted. For example, secondary analysis of travel blogs revealed that customer service attributes are more important than physical attributes in producing customer delight (Magnini, Crotts, and Zehrer 2011). Furthermore, customer delight results in higher intentions to recommend and revisit a property. Using an experimental approach, future research could systematically vary the review content between physical and service attributes and evaluate their effects on travel decisions.

Applying classic theories to the modern day purchasing environment provides key insights into the underlying psychological process behind consumers' decision making. It is important to reexamine the tenets of these theories in situations that are meaningful to today's consumers. Whereas the original theoretical principles were established in artificial conditions, this study applies them to a typical purchasing situation. As digital connectivity continues to increase, it is critical to examine how the ubiquitous presence of reviews and price changes the way consumers plan and make travel purchase decisions. Although much progress has been made in understanding the relationship of price and reviews, we are just beginning to know their true impact.

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