

Impact of Review Valence and Perceived Uncertainty on Purchase of Time-Constrained and Discounted Search Goods

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Abstract

In the past decade, e-commerce industry has become a common source of electronic word of mouth (eWOM) for various products. Increasing online shoppers have generated enormous amount of data in form of reviews (text) and sales data. Aggregate reviews in form of rating (stars) have become noticeable indicators of product quality and vendor performance to prospective consumers at first sight. Consumers subjected to product discount deadlines search for ways in which they could evaluate product and vendor service using a comprehensible benchmark. Considering the effect of time pressure on consumers, aggregate reviews, known as review valence, become a viable indicator of product quality. This study investigates how purchase decisions for new products are affected by past customer aggregate ratings when a soon-to-expire discount is being offered. We examine the role that a consumer's attitude towards review valence (RV) plays as an antecedent to that consumer's reliance on RV in a purchase decision for time-discounted search goods. Considering review credibility, diagnosticity, and effectiveness as determinants of consumer attitude in a time-constrained search and purchase environment, we follow the approach-avoidance conflict theory to examine the role of review valence and perceived uncertainty in a time-constrained environment. The data was collected through an online survey and analyzed using structural equation modelling. This study provides significant implications for practitioners as they can better understand how review valence can influence a purchase decision. Empirical analysis includes two contributions: 1. It helps to understand how consumer attitude toward review valence, when positively influenced by the determinants, can lead to reliance on review valence, further influencing purchase decision; 2. Time constrained purchase-related perceived uncertainty negatively moderates the relationship between consumer attitude and reliance on review valence.

Keywords: Online Consumer Reviews, Review Valence, Perceived Uncertainty.

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