# Information quality, homophily, and risk propensity: Consumer responses to online hotel reviews

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ABSTRACT

*Searching through online review sites becomes an alternative for consumers to obtain product information. The efficiency and effectiveness in finding quality information on the online review sites contributes to the popularity of online review sites among consumers at the moment. There are some previous studies discussing consumer trust on hotels being reviewed on online review sites, but the roles of information quality, homophily, and consumer risk propensity as antecedents of trust and online purchase intention are still questionable. The purpose of this study is to investigate how information quality, homophily, and consumer risk propensity affect consumer trust on hotels being reviewed on online review sites and on intention to make a reservation. A survey involving 430 young travelers from 16 countries was conducted in popular tourist destination. Results confirm that information quality influences consumers' trust on hotel being reviewed and intention to make reservation. Moreover, consumer online trust is also found to affect intention to make reservation.*

ABSTRAK

*Pencarian melalui situs review online menjadi alternatif bagi konsumen untuk mendapatkan informasi produk. Efisiensi dan efektivitas pencarian informasi yang berkualitas di situs review online berkontribusi pada popularitas situs review online di kalangan konsumen akhir-akhir ini. Ada beberapa penelitian sebelumnya membahas kepercayaan konsumen pada hotel yang direview dalam situs review online, tetapi peran kualitas informasi, homophily, dan kecenderungan risiko konsumen sebagai anteseden kepercayaan dan niat beli online masih dipertanyakan. Penelitian ini bertujuan untuk menginvestigasi bagaimana kualitas informasi, homophily, dan kecenderungan risiko konsumen berpengaruh pada kepercayaan konsumen pada hotel yang direview di situs review online dan niat untuk melakukan reservasi. Survei dilakukan terhadap 430 wisatawan muda dari 16 negara dan dilakukan di tujuan wisata yang terkenal. Hasilnya menunjukkan bahwa kualitas informasi berpengaruh terhadap kepercayaan konsumen pada hotel yang direview dan niat untuk melakukan pemesanan. Selain itu, kepercayaan konsumen online juga berpengaruh pada niat untuk melakukan pemesanan.*

## 1. INTRODUCTION

Online hotel review site, such as TripAdvisor.com, is the way for increasing consumer demand for unbiased travel information (D'Ambra & Wilson 2004). There is no particular expertise or requirement for posting reviews on the online review sites. In many cases, reviewers can only have knowledge and experience about product consumption for making comments whether the product work as expected (Cheung et al. 2009). Traditional word-of-mouth (WOM) activities which requires involving parties to directly meet or talk about the issue have changed into more modern version named electronic word of mouth, where knowledge sharing and word-of-mouth are conducted in an internet-based media platform. The e-WOM activity is now getting more popular and more frequently performed by consumers at the moment (Akehurst 2009) and the knowledge sharing activity now occurs in the form of online reviews, blogposts,

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tweets, or some other form of online postings (O'Reilly & Marx 2011). The consumers nowadays tend to rely on that type of information provided by other experienced consumers before making purchases (Kim et al. 2011).

Although the adoption as information source for making travel-related decisions is significantly growing (Xiang & Gretzel 2009), online review sites are often criticized for their trustworthiness since the information posted on the sites usually do not go through any editorial process for factual verification (Johnson and Kaye 2002). In other words, the credibility of the online information is still questionable (Metzger 2007). For that reason, consumers tend to use peripheral cues to decide whether the information is trustworthy or not; such as the strength of the information quality (information length, facts, presentation, etc.) and personal characteristic similarity (homophily) with the reviewers. In hotel review context, for example, consumers tend to trust the review that explains facts, stories, and distrust online information that contains only emotional statements such as "I'm angry" or "This hotel is bad" (Black & Kelley 2009). When consumers plan to make a hotel reservation with their children, it is more likely that they believe more in hotel reviews provided by other customers who stayed at the hotel with their children also; since they share similar needs (Kusumasondjaja et al. 2011). Moreover, it is also suspected that risk propensity also contributes to the formation of consumer trust to the products or services being reviewed and the intention to purchase. It is noted that understanding the influence of homophily, information quality, and risk propensity on the formation of consumer trust and intention to make a reservation is really important. Besides that, this issue is still less studied. This current lack of empirical examination and literature justifies the significance of further investigation into this issue (Kim et al. 2011; Yi et al. 2013).

This study empirically examines whether information quality, homophily, and risk propensity influence consumer trust toward the hotel being reviewed and intention to make a reservation. It is also examined whether consumer trust affects intention.

## 2. THEORETICAL FRAMEWORK AND HYPOTHESES

### Information Quality

Initial interaction is the most important stage for two strangers starting to communicate. In this stage, verbal communication between the strangers may alleviate uncertainty. For this reason, informational content is considered one of the most important elements in online trust formation in e-commerce related studies (Yi et al. 2013). Extensive information searching may need to be performed to reduce uncertainty. In the context of the hospitality area of study, when consumers are presented with hotel reviews, they put some efforts to evaluate whether or not the reviews serve an accurate representation of the hotel before making any decision (Wong & Law 2005).

Information quality refers to the extent consumers perceive the level of argument strength of the received information (Rains and Turner 2007). It represents the extent to which the information receiver views the information as convincing or well-supported. If the received information is perceived to have valid arguments, the receiver will consider the information as credible; conversely if the received information appeared to have lack of supporting arguments, the receiver will be inclined to consider the information as not credible. Prior studies in various contexts suggest that information with strong claims which are relevant, objective, and verifiable tends to be more persuasive and perceived more trustworthy (e.g. Kempf & Palan 2006; Dillard & Shen 2005; Cheung et al. 2009). For instance, research in healthcare communication points out that strong information containing verifiable facts and relevant evidence has greater likelihood of reducing uncertainty than information lacking in evidence or sound arguments (Dillard & Shen 2005).

Information quality of interpersonal communication conducted by two consumers is found to be influential on brand attitude formation and purchase intention (Kempf & Palan 2006). Racherla et al. (2012) point out in their research on online product reviews that when consumers are exposed to an online review, product reviews with strong argument has greater impact on consumer trust than weak argument. Information quality is evaluated and valid and strong arguments are expected. Referring back to the context of this study, consumers seeking hotel information need to ensure themselves regarding the quality of the information they obtain. Following Racherla et al. (2012), if the information quality is perceived convincing, they may trust the hotel being reviewed. Based on this discussion, it is hypothesized in this study that information quality contributes to formation of consumer trust.

H1 : The better the information quality about a hotel in online review sites, the greater the consumer

trust on the hotel being reviewed.

When consumers evaluate the information validity in a message related to hotel services, they are motivated to engage in systematic information processing (Xu & Chen 2006). When systematic information processing occurs, high-quality arguments lead to favorable consumer responses (Kim & Benbasat 2006); including purchase intention (Cheung et al. 2009; Wang & Doong 2010). The higher the quality consumers perceive the online information about a particular hotel is, the more likely they follow the suggestion and make a reservation (Zhang & Watts 2008). Based on this discussion, it is hypothesized in this study that information quality contributes to formation of intention to make a hotel reservation.

H2 : The better the information quality about a hotel in online review sites, the greater the consumer intention to make a reservation at the hotel being reviewed.

**Homophily**

Anonymity of the information providers in online review sites is the common phenomenon. Most of them only provide their online nicknames and keep their real personal identification information like their real names, profile pictures, or self-description. Rains and Scott (2007) found that unclear personal identity affects the trustworthiness of information they provide. Some prior studies have examined the roles of source identity in online review sites. Johnson et al. (2002) said that knowing the identity of the information providers help the consumers or information user to evaluate whether the information providers have similar characteristics with them. In hotel context, for example, when consumers who plan to make a hotel reservation for their family vacation read the review mentioning that the hotel they want to book is good because it has a nice swimming pool and their children were happy spending time in the pool. The consumers who also plan to bring their children might think that the review is trustworthy and helpful for them because the information provider and receiver share similar characteristics. The situation when the information receivers perceive that the information providers share similar characteristics with them is called homophily (Gilly et al. 1998).

In communication research, similarity is often referred to as homophily which explains the degree of similarity between communicators and information receivers (Gilly et al. 1998). Similarity or homophily is defined as the extent to which individuals in a dyad feel similar not only in demographic characteristics but also perceived similarity in terms of shared values, preferences, and lifestyle (Chu & Kim 2011). It bounds individuals' social world due to its powerful implications for the interactions they experience, the information they obtain, and the attitudes they develop (Brumbaugh 2009).

Similarity between communicating partners is considered as major driver of interpersonal communication and information exchange both in high and low involvement situation. When consumers exchange information, similarity with the source can facilitate the flow of information in consumers' external information search process (Chu & Kim 2011). In Social Identity Theory, Tajfel and Turner (1979) posit that individuals reduce uncertainty they have in communication by choosing to interact with others who share similar values and social identity. Information originating from a socially similar source mostly generates more interests in the receiver since the similarity serves as a cue to the information recipient that the issue may also be interests of the source (Jones et al. 2004). Similarity of individuals leads to a greater level of interpersonal attraction and trust than would be expected among dissimilar individuals (Arindell & Luteijn 2000). For example, young girls find it easy to discuss about fashion with their peers compared to with their mothers, whilst for travelers it should be easier to have a conversation about traveling with fellow travelers than with people who rarely have a holiday trip.

More recent research also suggests that the effect of similarity on information credibility also applies in online environment (Wang et al. 2008). In the same study, it is also suggested that perceived similarity with the sources plays a significant role in determining perceived credibility and level of acceptance of online information. Similarity is also found to influence Internet users' perception of credibility of online health information. The more homophilous an online health information cues is perceived as being, the more likely individuals are to follow the advice suggested in that piece of information (Wang et al. 2008). Furthermore, students seeking information from online forums are reported to engage homophilous sources more than heterophilous ones (Steffes & Burgee 2009). It is also noted in Steffes and Burgee (2009) that information from sources with high level of similarity is more influential on their decision making than information from heterophilous sources.

Consumers with similar social, demographic,

and psychographic characteristics tend to have similar needs and wants in consumption (McCroskey et al. 2006). For this reason, consumers are more likely to feel comfortable when interacting with other consumers who have similar personal characteristics (McCroskey & Richmond 2000). Xia and Bechwati (2008) suggest that information sources who shared similar characteristics with their receivers tend to be perceived as more credible than heterophilous sources and thus have greater influence on behavioral responses. This phenomenon increases consumers' likelihood in using homophilious social contacts as a source of product information (Forman et al. 2008). In the context of online review sites where personal information of information sources is limited, similarity is an element of social mechanism that helps consumers interpreting the underlying motivation driving the sources posting the information (Bartel & Dutton 2001). Drawing upon this discussion, it is hypothesized in this study that when consumers perceive that the information sources in a hotel review have similar characteristics with them, consumers will trust the hotel being reviewed.

H3 : The more similar consumer perceive themselves with the reviewer, the greater consumer trust on the hotel being reviewed.

In online word-of-mouth practices, recommendation is also more effective in generating consumers' purchase intention when it is presented by person who has personally similar characteristics with them (Lu et al. 2010). In a restaurant context, Yoon and Kim (2015) also imply that when consumers perceived that they have congruency with the information sources, it is more likely that the consumers will visit the restaurant and make orders. Following this discussion, it is hypothesized that when consumers perceive that the information sources in the hotel review have similar characteristics with them; consumers will have the intention to make a reservation at that hotel.

H4 : The more similar consumer perceive themselves with the reviewer, the greater consumer intention to make a reservation at the hotel being reviewed.

**Risk Propensity**

Risk is defined as individual's subjective feeling of certainty about the lost that would have to be suffered if the consequences of an action were not favorable (Nicolau & McKnight 2006). Meanwhile, risk propensity refers to an individual's tendency to take or avoid personal risks (Cho & Lee 2006). The higher the individual's risk propensity, the more likely the individual will take the risks, and conversely lower risk propensity means lower likelihood of individual taking risky decision. The construct is viewed as an individual trait that may change over time and be different in various contexts. Nicolau and McKnight (2006) suggest that risk propensity is simultaneously enduring and it may change as a result of individual's experience. Although risk propensity – or the tendency to take risk – is commonly related to specific risky actions, such as behavior involving tension or arousal seeking (Lepp & Gibson 2008) or health risk (Panzano & Roth 2006), the construct may also be adopted for general decision making (Meertens & Lion 2008).

In marketing literature, risk is often associated with trust and uncertainty (Nicolau & McKnight 2006). The tendency to take risks should also be referred to individuals' effort to reduce uncertainty they have to face in their environment. The context of risk investigated in this study is focused on the uncertainty of trusting information provided on the online review sites and the service discussed on the information. When travelers need a recommendation about a hotel in one particular holiday destination, they may seek for information from popular online review sites such as ***TripAdvisor.com*** or ***LonelyPlanet.com***. However, the common anonymity nature of online review sites provides uncertainty, since the task of evaluating credibility of the information is quite challenging. This study suggests that individuals with high level of risk propensity are more likely to trust the hotel being reviewed on the online review sites and make a reservation at the hotel being reviewed, and vice versa. Following hypothesis is thus proposed:

H5 : The greater the consumer tendency to make a risky decision, the greater the consumer trust on the hotel being reviewed.

Previous studies suggest that strong propensity for risk may lead consumers to gamble their resources (Zhao et al. 2010; Barbosa et al. 2007). Since adopting online information is a risky decision because of the unknown credibility of the information (Kusumasondjaja et al. 2012), consumers need to have willingness to take risks when they want to adopt online information or follow advices from online reviews. Based on this discussion, it is hypothesized in this study that consumers' risk propensity affects intention to make a hotel reservation.

H6 : The greater the consumer tendency to make a risky decision, the greater the consumer intention to make a reservation at the hotel being reviewed.

**Table 1**
**Questionnaire Table**

| Variables | Definition | Indicators |
|---|---|---|
| Risk Propensity | Individual's propensity to take risky decision or action (Merteens & Lions 2008) | I prefer to avoid risks<br>For me, safety is first<br>I do not like to take risks<br>I take risks regularly<br>I really dislike not knowing what is going to happen<br>I usually view risks as challenges<br>I consider myself as risk taker |
| Information Quality | Perceived quality of online information (Rains 2007) | The review contains specific facts<br>The review is well supported<br>The review lists concrete examples<br>The review includes detailed information<br>The review does not include specific facts<br>The review contains unclear information |
| Homophily | Evaluation about whether the source of online information shares some extent of similarities with him/herself (Gilly et al. 1998) | Between me and the reviewer, I found similarity in taste<br>Between me and the reviewer, I found similarity in experiences<br>Between me and the reviewer, I found similarity in preferences<br>Between me and the reviewer, I found similarity in likes/dislikes<br>Between me and the reviewer, I found similarity in expectations |
| Online Trust | Positive belief about perceived reliability of the hotel being reviewed (Kusumasondjaja et al. 2012) | This hotel appears to be more trustworthy than other hotels I have visited<br>This hotel represents a company that will deliver on promises made<br>I am confident that this hotel is recommended<br>The promise of this hotel is trustworthy<br>Overall, I trust this hotel |
| Intention to Make Reservation | The likeliness of making reservation at the hotel being reviewed (San Martin & Herrero 2012) | I would consider booking this hotel<br>I am willing to book the hotel for my next trip<br>If I were going to book a hotel, I would consider booking this hotel<br>I will probably book this hotel for my next trip<br>I will make reservation at this hotel when I need a hotel |

**Online Trust and Purchase Intention**

Trust refers to an individual's willingness to rely on other party and take action in situation which can put him/her in a vulnerable position to the other party (Jarvenpaa et al. 2006). Trust is about positive expectation that a consumer has in a travel-related service provider without having prior knowledge about the service after his/her initial awareness following first exposure to online information about the service (Kim et al. 2011). Trust refers to individual's belief that another party will perform an action that will provide positive outcomes and not take any unexpected action that will lead to negative outcomes (Phelan et al. 2011). When consumers put their trust in a service provider, it means that they believe that the provider will do things that satisfy them. As a result, the intention to purchase or use the service is generated. Trust in the service provider alleviates perceived risk associated with using the service (Becerra & Korgaonkar 2011). After reading online reviews about a new restaurant in town, a consumer may decide to visit the new restaurant because the review is perceived as credible.

Travelers who just arrive in a city they have never been may go to a less popular tourist destination recommended by an online fellow traveler in an online travel forum just because they trust the recommendation. They may be sure that the recommendation they read is trustworthy, although they may never know who wrote the recommendation. Credible information encourages both the consumer and travelers to trust the particular object being recommended; which subsequently may de-

**Table 2**
**Results for Validity and Reliability Tests**

| Variables | Items | Cross-Loading Factors | | | | | Composite Reliability |
|---|---|---|---|---|---|---|---|
| | | Info | Homo | Risk | Trust | Int | |
| Information Quality | Info1 | 0.783475 | 0.212705 | 0.541116 | 0.644034 | 0.538849 | 0.8498 |
| | Info2 | 0.719855 | 0.110869 | 0.392245 | 0.434746 | 0.373823 | |
| | Info3 | 0.834098 | 0.245742 | 0.494326 | 0.620509 | 0.546479 | |
| | Info4 | 0.508754 | 0.107537 | 0.215325 | 0.341812 | 0.261230 | |
| | Info5 | 0.628396 | 0.161939 | 0.407508 | 0.465289 | 0.250680 | |
| | Info6 | 0.68271 | 0.221279 | 0.353915 | 0.416638 | 0.359348 | |
| Homophily | Homo1 | 0.081098 | 0.136578 | 0.070709 | 0.024087 | 0.079808 | 0.7794 |
| | Homo2 | 0.036517 | 0.306948 | 0.081491 | 0.098786 | 0.000710 | |
| | Homo3 | 0.157887 | 0.432454 | 0.015559 | 0.035838 | 0.065342 | |
| | Homo4 | 0.157887 | 0.432454 | 0.015559 | 0.035838 | 0.065342 | |
| | Homo5 | 0.220643 | 0.913699 | 0.131580 | 0.190035 | 0.247857 | |
| | Homo6 | 0.220643 | 0.913699 | 0.131580 | 0.190035 | 0.247857 | |
| | Homo7 | 0.206540 | 0.751648 | 0.105813 | 0.187469 | 0.216366 | |
| Risk Propensity | Risk1 | 0.418069 | 0.146908 | 0.695033 | 0.412288 | 0.345375 | 0.6622 |
| | Risk2 | 0.298740 | 0.019080 | 0.329497 | 0.169553 | 0.110313 | |
| | Risk3 | 0.324833 | 0.034672 | 0.616751 | 0.271411 | 0.261337 | |
| | Risk5 | 0.277103 | 0.051968 | 0.330724 | 0.188538 | 0.065990 | |
| | Risk6 | 0.272851 | 0.063051 | 0.319229 | 0.130295 | 0.109257 | |
| | Risk7 | 0.274313 | 0.080902 | 0.645543 | 0.245714 | 0.264113 | |
| Trust | Trust1 | 0.642240 | 0.172902 | 0.376571 | 0.819760 | 0.577016 | 0.8583 |
| | Trust2 | 0.477019 | 0.094912 | 0.374599 | 0.646916 | 0.334774 | |
| | Trust3 | 0.421668 | 0.156556 | 0.370075 | 0.693513 | 0.484295 | |
| | Trust4 | 0.505110 | 0.193086 | 0.349209 | 0.798719 | 0.579641 | |
| | Trust5 | 0.587142 | 0.153968 | 0.37410 | 0.734262 | 0.464844 | |
| Intention | Int1 | 0.500942 | 0.235152 | 0.347401 | 0.547787 | 0.765715 | 0.8298 |
| | Int2 | 0.474307 | 0.144114 | 0.295659 | 0.439740 | 0.662553 | |
| | Int3 | 0.391050 | 0.211809 | 0.310707 | 0.486844 | 0.733979 | |
| | Int4 | 0.324951 | 0.161881 | 0.272252 | 0.431699 | 0.670858 | |
| | Int5 | 0.328417 | 0.165060 | 0.251781 | 0.425088 | 0.677190 | |

velop their intention to purchase. Drawing upon this discussion, it is hypothesized that credible information about travel-related services contributes to the trust in the service providers which consequently lead to intention to purchase the services. The following hypotheses are then proposed:

H7 : The greater the consumer trust on the hotel being reviewed, the greater the intention to make a reservation at the hotel.

## 3. RESEARCH METHOD

One online hotel review was pre-developed for this study. Several reviews from TripAdvisor.com were extracted and modified to align with the needs of this research. There were seven attributes mentioned in the review; (1) hotel's value in general, (2) quality of hotel's lobby, bed, bathroom, and balcony, (3) speed of check-in process, (4) service quality, expertise, knowledge about localities, and English proficiency of the hotel staff, (5) proximity to amenities and tourism spots, (6) quality of meals provided, and (7) hotel's facility. The hotel name, its location, and other basic information about the hotel were manipulated to avoid preference bias. Meanwhile, the sex of the reviewer was not identified to prevent gender bias; therefore name and self-picture of the reviewer were designed to be unisex and neutral. Realism checks for the online review with participants similar in characteristics to those in the main study were conducted prior to the survey suggested that the stimulus was considered as real. Respondents were instructed to read the pre-developed review, and then rate each measurement item on 7-point bipolar scales provided on the questionnaire.

Measurement scales were adapted from established scales; homophily from Gilly et al. (1998), information quality from Rains (2007), risk propensity from Meertens and Lion (2008), consumer trust from Kusumasondjaja et al. (2012), and intention to

**Table 3**
**Results for Path Coefficients and Hypotheses Testing**

| Hypotheses | Original Sample (O) | Sample Mean (M) | Std.Deviation (STDEV) | Std. Error (STERR) | t-statistics (\|O/STERR\|) | Results |
|---|---|---|---|---|---|---|
| Info -> Trust | 0.646 | 0.636 | 0.071 | 0.071 | 9.079 | Supported |
| Info -> Int | 0.153 | 0.152 | 0.118 | 0.118 | 1.297 | Not supported |
| Homo -> Trust | 0.028 | 0.045 | 0.077 | 0.077 | 0.362 | Not supported |
| Homo -> Int | 0.109 | 0.116 | 0.082 | 0.082 | 1.337 | Not supported |
| Risk -> Trust | 0.108 | 0.131 | 0.089 | 0.089 | 1.213 | Not supported |
| Risk -> Int | 0.071 | 0.073 | 0.107 | 0.107 | 0.660 | Not supported |
| Trust -> Int | 0.500 | 0.504 | 0.121 | 0.121 | 4.116 | Supported |

make a reservation from San Martin and Herrero (2012). Table 1 shows the scale items used in this study.

A self-administered spot-intercept survey was conducted for data collection. Convenient sampling was used to approach young travelers aged 18-30 having their holiday trip in Bali and met at several popular tourism spots in Bali during the data collection period. Bali was chosen due to its easy access to international travelers targeted as respondents for this study. The choice of involving real current travelers instead of using student or 'at home' sample is aimed at obtaining high level of population representativeness (Voracek 2001) since using student samples may not be appropriate in this circumstance (Yavas 1994) and may lead to a biased result (Peterson 2001). There were 430 travelers from 16 countries participating in this study as respondents. Among them, 64% were males, 76% had at least bachelor degree, most worked as employee (48%) while the others are self-employed and students, and mostly considered themselves as knowledgeable in traveling.

## 4. DATA ANALYSIS AND DISCUSSION

Before the structural model was estimated, a 5-construct measurement model was developed using PLS. The model fit indices confirmed that the model is appropriate. The internal consistency of each constructs suggested high correlations among the individual measure items. Composite reliability was also calculated with the score higher than 0.6 indicating good reliability. Construct validity was measured by the scores of cross loading factors. All items were deemed valid, except items Risk4 which was deleted in the next stages. Table 2 shows information about reliability scores of the constructs used in this study and validity scores of each indicator used for all constructs.

To test the hypotheses, the path coefficients and their significance values were used. Based on the path coefficient scores shown in Table 3, it was found that information quality positively affects online trust (H1) and online trust positively influences intention to make a hotel reservation (H7). Meanwhile, homophily (H3) and risk propensity (H5) were found to have insignificant effects on online trust. Moreover, information quality (H2), homophily (H4), and risk propensity (H6) were not found to significantly influence customer intention to make a hotel reservation. Figure 1 shows the result of hypothesized structural model.

Statistical results revealed that H1 is supported; meaning that information quality has positive significant effect on online trust. When consumers perceive that hotel information they receive from online review sites is unbiased and credible, they are more likely to trust the hotel being reviewed. In online environment, there is limited information about the personal identity of the information source; therefore information credibility is more related with the message content than with the message source (Kusumasondjaja et al. 2012). Having said that, when customers find online information which is well presented (i.e. the argument contains facts, examples, and detailed information) that makes them process the information cognitively, they are more likely to trust the object of the information (Racherla et al. 2012). However, in this study H2 is rejected; meaning that the quality of the information doesn't influence customers' intention to make a reservation. A good quality online review cannot automatically lead customers to choose the hotels, since good quality information doesn't represent what customer needs in a hotel. One good review may explain explicitly about a hotel which is strategically located in a city center, pricey but worth the money, very efficient, and suitable for business travelers – the review may lead business travelers to make a reservation at the hotel but at the same time may sweep away family vacationers or budget travelers. In addition, nowadays customers can easily find online information about too many hotels. It is most likely that customers can expect that they can easily find a good quality review about several hotels in one click.

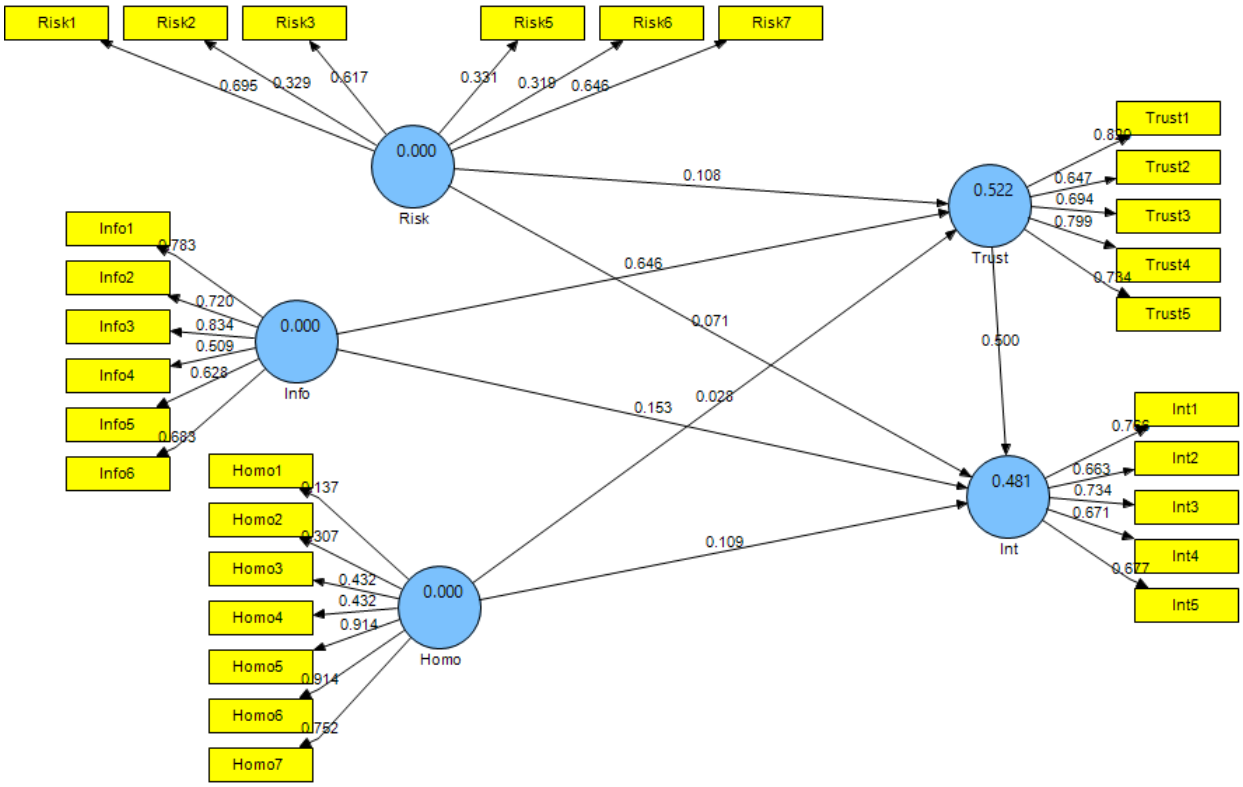


**Figure 1**
**Results for Hypothesized Model**

It is found that homophily doesn't have significant effect on trust and intention; therefore H3 and H4 were not supported. Today customers are aware that information posted on online review sites such as TripAdvisor.com didn't go through a proper editorial control. The fact that many online review sites lack of filtering mechanism and source identification suggests the existing uncertainty embedded in the task of assessing them (Xiang & Gretzel 2009). Fake reviews posted by Internet user with fake identity are spotted in many review sites (Stammer-Smith 2010). Although customers consider that the information they read on online review sites is written by someone who shares similar characteristics with them, it is less likely that they can use that information as a basis to put their trust; or form their intention; because (1) the personal identity of the information source in any online review sites is very limited, and (2) it is less likely that customers can guarantee that available identity information is truthful (Park et al. 2014).

Risk propensity is also found not to have significant influence on both trust and intention; therefore H5 and H6 were not supported. Finding hotel information on online review sites starts to be conducted by many travelers prior to making any decisions. Several years ago online transaction can be performed by some specific segments only (Allred et al. 2006; Swinyard & Smith 2003), however currently it seems many people are familiar with online information search and online purchasing (Ganesh et al. 2010). Therefore, risk propensity becomes irrelevant in this situation.

As shown in Hypothesis 7, when consumers perceive that the information they read in online review sites is trustworthy, they will develop initial trust in the hotel being discussed in the information and intention to make a reservation. This result is consistent with the findings from prior studies suggesting that trust is a major predictor of purchase intention (Lowry et al. 2008; Zahedi & Song 2008). When consumers deem the information from online review they read is credible, they are likely to generate trust (Ganesh et al. 2010) and intention to follow the advice suggested in the information (Buttner & Goritz 2008; Guido et al. 2010). When customers trust that the hotel being reviewed will provide services as they expect better than the other hotel offering same level of services, it is more likely that the customers will make a reservation at the hotel (Ratnasingam 2012). It explains the acceptance of H7 in this study.

## 5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

In the Web 3.0 era, consumer-to-consumer (C2C) online interactions play an important role in affecting consumer decision on the business-to-consumer (B2C) transaction platforms. Information exchange activities commonly occurring in the C2C online interaction can generate unlimited value for all the involved business stakeholders. Results of this study have important managerial implications for two sets of stakeholders; namely the management of the CGM sites and travel, tourism, and hospitality service providers.

Findings of this study indicate that consumer perception of CGM information credibility affects consumer initial trust in travel services being discussed and intention to purchase the services. In this context, there is an urgent need for the management of CGM sites to develop verification mechanism that helps consumers to determine credibility of information posted on the media. This strategy is not only important not only for consumers who have to face overwhelmingly great numbers of online information for any given travel services and must decide which information should be followed or rejected, but is also essential for the management of CGM sites to ensure that only credible information presented to the consumers and eventually to enhance credible image of the sites. For instance, in ***TripAdvisor.com*** now, each hotel review posted on the site is now evaluated by other consumers who read the review by rating the level of helpfulness of the review. Similar sites such as ***IgoUgo.com*** calculate the helpful votes obtained by each review for each hotel and provide tools for consumers to sort the reviews based on this factor as well as the valence of the review (negative or positive reviews). Moreover, in order to generate genuine reviews from the real guests, some international hotel chains, hostel booking services, and other accommodation services also put some efforts into encourage their guests who use their services to make accommodation reservation to leave a comment or review both on their own websites and on online review sites such as ***TripAdvisor.com*** about their experience staying at the property. Findings from this study that confirm the importance of credibility for consumers to develop trust and purchase intention suggests such aforementioned strategies are necessary to increase the usability of the reviews and the review sites as well as to enhance consumers' trust in the travel services.

The social identity of the review is another important aspect of this study that has managerial implications. It is suggested by this study that online information providing self-descriptive information about its source is considered more trustworthy than the one with unidentified source identity. Considering the essential role of the existence of source identity, the management of CGM sites needs to implement mechanisms that encourage information sources or reviewers to provide more socio-demographic information, or to develop online cues that may help consumers to predict the trustworthiness of the sources. For example, consumers who want to post reviews about their experience can be offered for some incentives for posting their personal information that will help others to enhance the trustworthiness of their reviews. Travel review site ***IgoUgo.com*** encourages consumers to post reviews and their photos to earn rewards. Popular site ***TripAdvisor.com*** provides not only the "helpful votes" system that can be used by consumers to sort out the reviews, but also information about the reviewers such as how many reviews they have posted or whether they stayed at the hotel with family or friends or as solo travelers. This information is presented to suggest consumers whether the reviewer has some extent of similar characteristics matched with theirs that can help them to determine whether they should follow or reject the advice from the reviews. This suggestion is relevant with one of the findings of this study claiming that the greater the similarity with the reviewers, the greater likelihood that consumers will follow their advice.

The elements discussed above of online reviews also have significant implications for the management of travel, tourism, and hospitality service providers. Postings on online review sites provide extensively rich information about consumers, since groups of consumers actively seek and exchange information about products and services, pricing, quality, likes and dislikes, and satisfaction in that media. This rich information can be used by managers of travel, tourism, and hospitality service providers to obtain consumer insights easily and free of charge. Mining this information will help the service providers to understand the characteristics of their consumers, relate disparate consumption activities, and generally acquire understanding of why consumers are happy or unhappy.

While the study makes several important contributions to managerial practices and to the existing body of knowledge, a number of limitations of this research must be acknowledged. These limitations need to be kept in mind when generalizing

the results to other contexts. One important limitation with research design is how the experiment stimuli were exposed to participants of this study. Although the reviews used for this study were developed based on extracted 842 reviews posted in ***TripAdvisor.com***, participants did not explore a real travel CGM website; instead they were exposed to a print version of predesigned webpage. This prevents participants from having a genuine website browsing experience which could affect their evaluation regarding the information being investigated in this study. However, implementation of this data collection technique was justified since most research on online B2C context used similar technique of showing participants a printout of webpage and then asking them to express their opinion about the webpage (Chen & Dubinsky 2003). Whether this has any influence on the results is unknown. Despite that the manipulation check confirmed that the webpage seemed to be realistic, future research may consider to developing the experimental design involving participants with a functioning website.

Among different types of CGM website, this study only examined one type of CGM; which was online review sites. This is another limitation of this study. There are a lot of CGM applications with different characteristics and mechanisms now providing travel information; such as weblogs and Facebook. The issue of anonymity, for example, may be different in online review sites, blogs, and Facebook, and the differences among those media may need to be addressed differently as well. Similar further study needs to be conducted for other types of CGM in order to address this limitation.

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