The Impact of Online Customer Reviews on Purchase Intention with Special Reference to Sri Lanka Tour Packages

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Most of the businesses were used to rely heavily on word of mouth to carry out their business activities. But nowadays, online society dominated by the usage of mobile devices and search results, word of mouth has been replaced by online review sites and social media. The social proof contained within reviews and star ratings helps consumers make decisions faster with greater confidence than ever before. Companies can get the use of information provided by consumers on a variety of websites ranging from blogs to rating and review site to understand customer concerns and complaints to take corrective actions. Through the findings it is examined that consumers are influenced by their own and other consumers' customer care experiences in choosing brand/ company to make purchases The population is consisted on huge number of respondents so it is hard to use an information gathering. Because of that researcher could be selected sample by applying convenience sampling techniques. The selected sample size consisted with 150 respondents who have booked Sri Lanka tour packages. A structured questionnaire developed to collect primary data form the sample of the respondents. For the study independent variables are being tested with their impact on purchase intention. Through the study, four independent variables tested. Those are source credibility, timeliness, valance and length of reviews. All alternative hypotheses were accepted and those variables were positively impact on purchase intention. In order to test the hypotheses correlation was calculated and regression analysis has been processed to determine the impact. Online reviews can develop or destroy a business. Therefore, understanding about the impact of these reviews and social media activities are important. The improvement of this side is not only good for consumers but also good for business as well.

Key words: *Purchase intention, Source credibility, Timeliness of reviews, Valence of reviews, Length of review*

Introduction

Background of the research

Sri Lanka is an Asian country and it is known as the pearl of the Indian Ocean. It has a history, which runs back to 26 centuries. Sri Lanka is 140 miles (225 km) across at its widest and 270 miles (435 km) long and divided from India by 32 km. In addition, there are six of the 300 ancient monuments in the world. This makes it a classical advantage for Sri Lanka as a tourism designation.

Due to that improvement of the society, people are no longer limited to face-to-face interviews such as Word of Mouth (WOM) interaction activities; rather, they communicate through blogs, online discussion forums, chat rooms, web-based opinion platforms and news groups.

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This discussion consists of the impact of online customer reviews on the purchase intentions of Sri Lankan Tour Packages. Through this study, we will be examining the way to change customer purchase decisions based on online review source credibility and review characteristics.

Problem statement

Several researchers have inspected the indicators that most of consumers used to either calculate online customer reviews from the perception of source credibility or review characteristics of the online customer reviews. Hardly any research has been examined both perceptions at the same time. To fill this research gap, this research aims at gaining a more comprehensive understanding of impacts from online customer reviews attribution and source features upon travelers' booking intentions special reference to Sri Lankan tour packages.

Research objectives

General Objective

- This study aims to inspect the impact of online customer reviews on purchase intention with special reference to Sri Lanka tour packages .

Specific objectives

- To identify how source credibility of online customer reviews affect to the purchase intention.
- To identify how review characteristics of online customer reviews affect to the purchase intention.
- To recommend possible alternatives to develop the tourism industry with online customer reviews.

Literature Review

"Sri Lanka satisfies the factors needed to be take into account as one of the tourism countries" (Fernando, Bandara, & Smith, 2016).Online product reviews and ratings have influence on customer purchase decision as they form the basis for influencing psychological and social characteristics of consumers (Alrasheed, 2011).The internet has enabled new types of communication platforms that more empower the both suppliers and customers, permitting a basis for the sharing of data and opinions both kind business to client, and from client to client. (Schepers, The impact of online consumer reviews factors , 2015).Purchase intention has been explained as the chance that customer will purchase the product (Fazli , Sam, & Tahir, 2009). (Noraini, 2016)Several studies also showed that negative WOM have additional impact than positive ones because of those negative commentaries attract more attention and can raise consumer's bad experience. As indicated by (Ohanian, 1990) Confirmatory Factor Analysis Model for the Three Dimensions of the Source Credibility Scale, dependable, honest, reliable, sincere, trustworthy were indicators that are combined with source trustworthiness. Source credibility is a term which commonly used to check with a message sender's positive features that influence the receiver's acceptance of the message communicated (Ohanian, 1990).Timeliness of online reviews concern whether the messages are current, up to-date and timely (Schepers, The impact of online consumer reviews factors , 2015). Additionally, once online reviews are not recent, customer might imagine that the data is outdated and therefore unreliable for creating purchasing decisions. (McKinney V, 2002) Online review content evaluation is that the length, the overall number of typed characters. (Mayzlin & Chevalier,

2014). (Mudumbai) Based on these finding the assumption is created that the length of the online review might have impact on review attitude and purchase intention. Review valence is probably the foremost studied variable in the literature on the results of online reviews. Nevertheless, despite the massive literature on review valence, the findings on its effects in shaping consumer's purchase decision are mixed. Review valence refers to the tone with that products are being explained in online reviews, with positively valence reviews describing product strengths and negatively valence reviews describe its weaknesses. (Cheung & Thadani, 2010)

Methodology

The below figure is about the conceptual framework of this study. It used to create conceptual indications of this study and it used to organize the idea of this study. When comes to the conceptual framework of this study, it was created by two independent variables (source credibility, review characteristics) and one dependent variable called purchase intention.
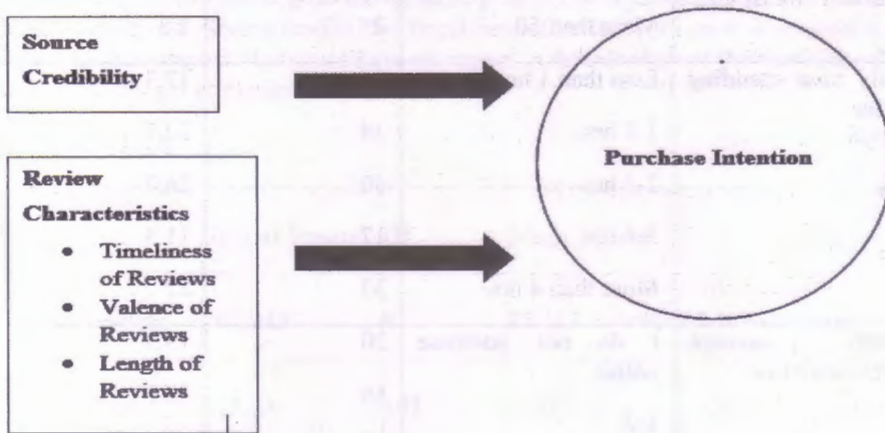

Figure 1: Conceptual framework

Research Instrument

The target of the population of this study is the people who booked Sri Lanka Tour packages from internet who live in Sri Lanka. Sample size of the study is 150. According to this study, researcher has decided to use convenience-sampling method for this research study. Primary data is the most significant part in the research was collected using quantitative method. These data were gathered from 150 respondents by distributing structured questionnaire. Secondary data is gathered by using Emerald articles and journals, books on consumer purchase intention. All the data are entered in to SPSS software for calculate the frequencies of the collected data in order to measure relationship and significance of the variables measured, descriptive analysis has been such as ANOVA.

Results and Findings

Table 1: Demographic Profile analysis.

Variables		Frequency	Percentage (%)
Gender	Male	78	52
	Female	72	48
Age	Lower than 20	15	10
	21-30	89	59.3
	31-40	35	23.3
	41-50	9	6
	More than 50	2	1.3
Daily time spending online	Less than 1 hr.	26	17.3
	1-2 hrs.	34	22.7
	2-3 hrs.	40	26.7
	3-4 hrs.	17	11.3
	More than 4 hrs.	33	22
Yearly amount purchase online	I do not purchase online	20	13.3
	1-2	58	38.7
	3-5	42	28
	6-9	19	12.7
	More than 10	11	7.3
Use online reviews on purchase	Yes	150	100
	No	0	0

Source: Authors Compilation

Gender distribution of the sample of the research, out of 150 respondent majority 52% male and remain 48% female respondent. In age distribution 21-30 represent the larger of the group sample size of 59.5%. Age between 31-40 represent second larger groups in sample which is 23.3% and age more than 50 sample size is 1.3%. Age lower than 20 sample size is 10%. According to findings 26.7 % people spending 2-3 hours online daily. While 22.7% are spending 1-2 hours daily. Less than 1 hour 17.3% and 22% spend more than 4hrs a day. When comes to yearly amount of purchase majority purchase 1-2 a year which is 38.7%. 28 % purchase 3-5 times a year while 12.7% purchase 6-9 time a year. Among sample 13.3% do not purchase online while 7.3% purchase more than 10 times a year. When collecting data for

sample researcher included a question whether is using or do not using online reviews. When entering data into research considered only the "Yes" answers.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.543[a]	.295	.276	2.367

Source: Authors Compilation

R square represents the coefficient of determination that measure the proportion of variation in for dependent variable that explained by independent variable or variables in a regression model. As per the above table R square value is 0.295 (29.5%) this tells that 29.5% of the variation in the adoption of purchase intention of online tour packages has been explained by the selected independent variables such as Source credibility, Timeliness of reviews, Valence of reviews, Length of reviews. Also the remaining 70.5% is explained by factors that are not included in this model. Source credibility, Timeliness of reviews, Valence of reviews, Length of reviews have an impact of reviews have an impact in the adoption of Purchase Intention of Online Tour packages as explain only 29.5%

Table 3: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	340.443	4	85.111	15.179	.000[b]
	Residual	813.035	145	5.607		
	Total	1153.479	149			

Source: Authors Compilation

Above table indicates that the regression model predicts the dependent variable significantly well. In the last column, "sig" value is 0.000; it shows there is a statistically significance relationship between two variables of dependent variable 'Purchase Intention of Tour Packages' and independent Variables 'Source Credibility, Timeliness of Reviews, Valence of Reviews and Length of Reviews.

Table 4: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.192	1.073		4.838	.000
	Source Credibility	.076	.063	.115	1.207	.229

Valence of reviews	.267	.105	.211	2.540	.012
Timeliness of reviews	.267	.104	.224	2.559	.012
Length of reviews	.307	.095	.242	3.251	.001

a. Dependent Variable: Purchase Intention

Source: Authors Compilation

As per the above table, Source Credibility is more than 0.05 (Source Credibility 0.229> 0.05). Due to this reason, this variable removed from the model.

Using significant coefficient values from the above table, researcher developed following regression model to predict the Purchase Intention of Tour Packages.

$$YPI = 5.192 + 0.267\ VR + 0.267\ TR + 0.307\ LR$$

Table 5: Testing hypothesis

Hypothesis	Slope	P-Value	Result
H1 - There is a significant relationship between Source Credibility and Purchase Intention towards online Tour Packages	0.076	0.000	Accepted
H1 - There is a significant relationship between Timeliness of Reviews and Purchase Intention towards online Tour Packages	0.267	0.000	Accepted
H1 - There is a significant relationship between Valence of Reviews and Purchase Intention towards Online Tour Packages	0.267	0.000	Accepted
H1 - There is a significant relationship between Length of Reviews and Purchase Intention towards Online Tour Packages	0.307	0.000	Accepted

Source: Authors Compilation

Conclusion

This study particularly investigated 1) the impact of online customer reviews on purchase intention with special reference to Sri Lanka tour packages, 2) to identify how source credibility of online customer reviews affect to the purchase intention. 3) To identify how review characteristics of online customer reviews affect to the purchase intention and 4) to recommend possible alternatives to develop the tourism industry with online customer reviews.

After collecting all data from questionnaires, Calculated Cronbach's alpha values have proved the reliability of the questionnaire and after that, only the researcher started to do the main study. According to the findings, there is a significant relationship between source credibility and purchase intention. It tells that researcher accepted the alternate hypothesis (H1- there is significant relationship between source credibility and purchase intention towards online tour packages). In addition, having correlation value 0.424 shows that there is positive relationship between source credibility and purchase intention towards online tour packages.

As well as, there is a significant relationship between Timeliness of Reviews and Purchase Intention. It can be concluded that the researcher accepted the alternate hypothesis (H1 – There is a significant relationship between Timeliness of Reviews and. Purchase Intention towards Online Tour Packages). In addition, correlation value 0.408 indicates that there is a positive relationship between Timeliness of Reviews and Purchase Intention towards Online Tour Packages.

As per the findings, there is a significant relationship between Valence of Reviews and Purchase Intention. It can have concluded that the researcher accepted the alternate hypothesis (H1 – There is a significant relationship between Valence of Reviews and Purchase Intention towards Online Tour Packages) In addition, correlation value 0.380 indicates that there is a weak positive relationship between Valence of Reviews and Purchase Intention towards Online Tour Packages.

Finally, the researcher found that there is a significant relationship between Length of Reviews and Purchase Intention. It can be concluded that the researcher accepted the alternate hypothesis (H1 – There is a significant relationship between Length of Reviews and Purchase Intention towards Online Tour Packages). In addition, correlation value 0.310 indicates that there is a weak positive relationship between Length of Reviews and Purchase Intention towards Online Tour Packages.

Though current study focused on Sri Lanka tour packages the future studies can focus on other market segments. For example, online reviews may have a greater influence on products that are more likely purchased online (such as flight tickets, taxi services, hotel reservations). To establish a top quality and trending website which includes the online customer reviews. And by using that online customer reviews develop that website in attractive way to obtain information about travel designation and other facilitating services.

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