



The Relationships Among Perceived Severity of Negative Publicity, E-Service Quality, Perceived Risk, and Advocacy Intention in Social Network Sites

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Abstract. Despite the importance of customers' perception and behavior intention in online travel agency, there has been little theoretically research on perceived severity of negative publicity for tourism purposes. This study is based on the online comparison price website: Trivago, and explores the impact of consumer satisfaction, E-service quality, perceived severity of negative publicity and perceived risk on consumers' advocacy intention to embrace after the impact of Trivago's negative publicity. This research collected a total of 300 valid questionnaires, and verified the research results: E-service quality was positively related to consumer satisfaction and negatively related to perceived risk; perceived severity of negative publicity was positively related to perceived risk; consumer satisfaction mitigates the positively influence of perceived severity of negative publicity on perceived risk; perceived severity of negative publicity was negatively related to advocacy intention. When detailing the effect of perceived risk on advocacy intention, psychological risk, performance risk and financial risk were negatively related to advocacy intention; social risk and time risk were not negatively related to advocacy intention.

Keywords: Perceived severity of negative publicity · Consumer satisfaction · E-service quality · Perceived risk · Advocacy intention

1 Introduction

1.1 Research Background

According to statistic report over 4.33 billion people were active internet users as of July 2019, encompassing 56% of the global population [1]. Internet technology has transformed distribution all across, hotel product being no exception. Internet removes the hurdle of marketplace, making distribution network more accessible [2].

Scholars advocated that the boom in internet technology has led to the tremendous growth in digital marketing and e-commerce and stated that flexibility, accessibility,

speed and comparisons, among others have boosted the growth of internet as the preferred distribution platform for customers [3]. Taking online travel agency as example, information exchange, pre-booking over the internet, with the abundant information now made easily available, which include not just visuals of hotels, guest rooms, public areas, outlets, menus etc., but importantly also independent holidaymaker reviews, should take the risk out of the process.

Traditionally, the logic of quality-value-intention is well recognized as academic model to describe consumers' behavior and even applied into online social network sites, such as FB or social communities [4]. The mediating role, perceived value, might be exchanged as perceived risk, satisfaction, trust, etc. [5–7].

This study assumes that when consumers have a good perception of quality on a social network and are satisfied with the community, will they change their feelings of satisfaction if they hear related negative news? And whether their advocacy intention will be affected by the negative news. Taking the work of Yu, Liu, Lee, and Soutar [8] as example, they noted that brand blame and information severity have differential effects on consumer evaluations of the affected brand. Specifically, brand blame negatively impacted attitudes and purchase intentions, but not brand image. In contrast, information severity negatively impacted brand image, but not attitudes or intentions. Therefore, it is necessary to explore the answer from these inconsistent results.

This study identified Trivago as the current research field. Trivago is a search engine that aggregates online hotel offers from online travel agents, hotel chains and independent hotels. Trivago's main source of revenue is the cost-per-click (CPC) payments it receives, where advertisers are charged a fee each time a user clicks on one of their offers. However, Trivago may have to pay several million dollars in fines after admitting it misled customers with its advertising. The hotel booking website was accused in August 2019 by an Australian authority of breaching the country's consumer laws with allegedly misleading ads said to exaggerate savings and hide the cheapest deals. The claims of misleading customers include Trivago leading customers to believe its search results page had the lowest prices, when cheaper options were located in a "more deals" section that wasn't obvious. Trivago is also said to have compared luxury rooms with standard rooms and guided consumers to hotels that paid them more commission than others or "prioritized advertisers who were willing to pay the highest cost per click fee", said the Australian Competition and Consumer Commission (ACCC) in a statement. Lawyers believe Trivago may have to pay AU\$10 million (NZ\$10.7 million) or more after admitting to some of the accusations by the ACCC.

Accordingly, this article will explore consumers' perceptions of online quality and satisfaction, whether they will affect their perception of risks by severity of negative publicity, and then impact their advocacy intention on online community.

2 Literature Review

2.1 E-Service Quality

According to Parasuraman et al. [9], service quality can be defined as an overall judgment similar to attitude towards the service and generally accepted as an antecedent of overall customer satisfaction.

Trivago is an online booking website example of this study to discuss the service quality, hence I take electronic service quality (E-service quality) as the variable. In general, that E-service quality is defined as the perceived discrepancy between customers' expectations and their evaluation of what they get [10]. This study defined e-service quality as the extent to which a website facilitates efficient and effective shopping, purchasing and delivery of products and services.

2.2 Perceived Severity of Negative Publicity

Van Hoyer and Lievens [11] indicated that public report is not information that companies can manipulate directly. In other words, consumers are more convinced by public reports than information such as advertisements that can be directly manipulated by companies. Therefore, if negative news of the brand is transmitted to consumers by the form of public reports. At that time, based on the long-standing trust of most consumers in public publicity, consumers will likely have a negative perception of the brand [12]. Negative publicity will have a negative impact on the company's image [13]. Pullig et al. [14] concluded that negative publicity reduce customer satisfaction, willingness to buy, evaluation of the company, and brand equity. Thus, negative publicity could make the company a monitoring target for stakeholders.

2.3 Perceived Risk

Perceived risk is that when consumers purchase products and services, because consumers cannot expect results, in the face of such uncertain situations, perceived risk arises [15]. In other words, perceived risk is the uncertainty that consumers face in the decision-making procession. Scholars believe that perceived risk is the consumer's uncertainty perception that the purchase decision may have positive or negative results, and the degree of consumer awareness of the risk will affect their purchase decision. At this time, the risk is not real risk, but the risk felt by consumers themselves [16].

2.4 Consumer Satisfaction

According to the literature, there are many different definitions in the research on customer satisfaction. Customer satisfaction is a kind of emotional response to things, which comes from the surprise of purchase experience [17]. Scholars considered it as the evaluation of customers' experience and reaction after using goods [18]. Thus, satisfaction is the extent to which customers' expectations are realized or exceeded before purchasing. Accordingly, satisfaction is defined as an emotional response to the evaluation of service providers by customers after purchase.

2.5 Advocacy Intention

Although the advocacy intention plays a key role in attracting new tourists, this structural model is still rare in the tourism industry. When consumers enthusiastically make positive suggestions for products, services, or brands, they are the supporters of the object

[19]. Advocacy is an important step in the sustainable development of relationships between organizations and consumers. Therefore, support can be regarded as the top of the pyramid [20]. Advocacy refers to any action that advocates, recommends, argues, supports, defends or defends on behalf of others [21, 22]. According to the definitions of several studies above, the current study proposes a concept—advocacy intention and define it as the intent of tourists to support their destination.

2.6 Hypotheses

Scholars stated that the quality of relationship focuses on the degree of appropriateness of a relationship to meet the needs of customers associated with the relationship [23, 24]. Therefore, relationship quality captures the positive nature of the relationship, which in turn is expected to provide a positive benefit to the customers. Synthesizing the above literatures, it is concluded that the research hypothesis is as follows:

H1: E-Service quality is positively related to consumer satisfaction.

Doolin, Dillon, Thompson and Corner [25] suggested that shopping websites should enhance service quality and reduce perceived risks when investigating the impact of perceived risks on the online purchasing behaviors. This is because of that consumer behavior involves risk in the sense that any action of a consumer will produce consequences that the consumer cannot anticipate with any approximating certainty, and some of those consequences are not likely to be happy. Accordingly, as service quality increases, the risks perceived by consumers will be reduced. The study hypothesize that:

H2: E-Service quality is negatively related to perceived risk (2a psychological risk, 2b social risk, 2c performance risk, 2d financial risk, and 2e time risk).

Pullig et al. [14] in their research on a case of negative brand publicity points out that when negative publicity matches or aligns with the basis of a brand attitude, certainty in that attitude will interact to determine the effect of the negative publicity on brand evaluations. Van Hoyer and Lievens [11] points out that public reporting is not information that companies can manipulate directly. In other words, consumers believe in public reports more than information that can be directly manipulated by companies, such as advertising. Therefore, if a brand's negative message is delivered to consumers in the form of a public report, based on the consumer's trust in public reports, consumers will have a negative perception of the brand. The hypothesis proposed in this study is as follows:

H3: Perceived severity of negative publicity is positively related to perceived risk (2a psychological risk, 2b social risk, 2c performance risk, 2d financial risk, and 2e time risk).

Previous studies agree that the relationship of consumer satisfaction and performance of suppliers, of consumer trust and suppliers, and of consumers' commitment and suppliers are the key variables underlying perceived relationship quality [26]. Perceived risk can be explained as the perceived cost of the consumption for the customer. Consumers' perceived risk when they realize that a purchase goal cannot be satisfied [27].

Based on the previous literature and inference, the hypothesis is presented as follows:

H4: Consumer satisfaction mitigates the positively influence of negative publicity severity on perceived risk.

Mattila [28] claimed that highly emotionally bonded customers might magnify the immediate negative effects of service failures on post-recovery attitudes. Overall, advocacy can lead to increased sales and greater profit margins because advocacy gives extra value for an organization. Zhu and Chang [13] studied the impact of negative publicity on the unethical behavior of company founders on the company’s image, and pointed out that the perceived severity of this type of negative publicity has a negative impact on the positive corporate image. Based on the literature review, therefore the study hypothesize that:

H5: Perceived severity of negative publicity is negatively related to advocacy intention.

In the virtual environment of online booking website, consumers need to overcome their personal perception risks in order to increase consumers’ intentions.

Srinivasan and Ratchford [29] find that experience in purchasing the product influences the behavior of information searching. If the former experience is negative, then the volume of the information to be collected may increase. Risks in the process of customer’s purchase decision-making cannot be avoided in that when the perceived risk is high, then the purchase intention is much easier discouraged [15]. Sheth and Parvatiyar [30] point out that once the customer holds a higher perceived risk toward the future decision, he is inclined to preserve his loyalty to the original seller. The hypothesis is presented as follows:

H6: Perceived risk (6a psychological risk, 6b social risk, 6c performance risk, 6d financial risk, and 6e time risk) is negatively related to advocacy intention.

Based on these hypotheses proposed, this study provide the research model (see Fig. 1).

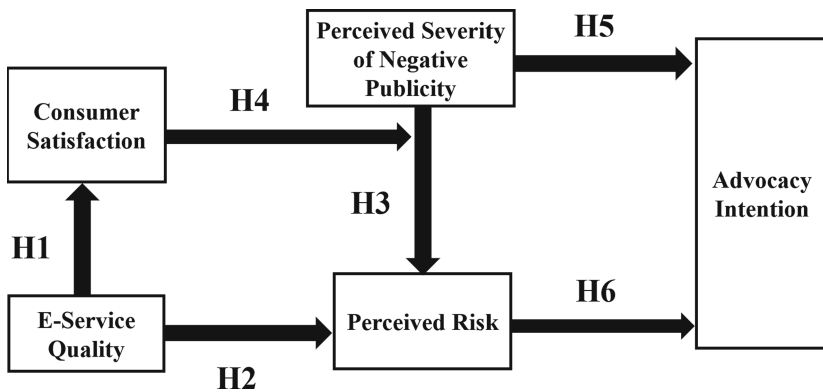


Fig. 1. The conceptual framework

3 Method

3.1 Sample

According to the judgments of valid samples and the general rules for collecting samples, this study received total of 413 questionnaires; the invalid sample has 113 which represents the overall valid response rate is about 72.6%. In the sample characteristics, females account for the largest responder demographic for 50.7%; male occupy for 49.3%; the age range from under 25 occupy the highest rate 32.3%; The second place of age range from 46 to 55 account for 29% for the valid samples; Bachelor's degree takes up the largest proportion for 39.7% invalid samples; master's degree (or higher) occupy the rate of 35.3%; The students is the majority occupations of the samples who answer the questionnaire. It is about 32.3%. The second place is the commerce account which covered for 31.3% of the valid samples. In order to exclude the searching experience in Trivago might cause bias, this study acquired that 72.6% of responders had the experience of searching in Trivago. And discovered the significant higher satisfaction and advocacy intention when consumers had the experience searching in Trivago before.

3.2 Statistic

All the variables used in the study were operationalized using multi-item instruments. Because the measurement scales were established in the West and the surveys were administered in Chinese, back translation was performed to ensure the accuracy of the translation. For statistical testing, SPSS (version 22.0) software is used.

4 Results

4.1 Reliability Analysis and Component Reliability (CR)

The reliability analysis for formal items is divided into two parts. One is perceived severity of negative publicity strong, and the other one is perceived severity of negative publicity weak. The values of the Cronbach's α of most the constructs are higher than 0.740, which representing that they up to the standard of the consistency [31]. The CR value range in this research is between 0.853–0.956. All the constructs are greater than 0.6 which shows the high reliability for the constructs in this study [32].

4.2 Average Variances Extracted (AVE)

In the view of the validity of the construct, if the results of AVE are higher than 0.5, it represents the constructs consist of convergent validity [32]. The value of the AVE of the constructs is between 0.500 and 0.950. The AVE value of all of the constructs is greater than 0.5, which represents the high validity of the formal questionnaire in this study.

4.3 Hypothesis Testing

This study explores the relationship between E-service quality and consumer satisfaction through regression analysis, and $R^2 = 0.289$, which means that the E-service quality of this study has a predictive power of 28.9% on consumer satisfaction. As shown in Fig. 1, E-service quality has a significant impact on consumer satisfaction ($P < 0.01$), and E-service quality is positively correlated with consumer satisfaction ($\beta = .538$). Therefore, H1 is approval.

For the relationship between E-Service quality and perceived risk, the R^2 is 0.222. It can be seen from Fig. 1. That the E-service quality has a significant impact on perceived risk ($P < 0.01$), and the E-service quality is negatively correlated with perceived risk ($\beta = -.471$). This study further explores the impact of E-service quality on the perceived risk of five different dimensions through regression analysis, and $R^2 = 0.236$, as shown in Fig. 1, we can see that E-service quality has a significant impact on all perceived risk impact ($P < 0.01$), and there is a negative correlation between E-Service quality and psychological risk ($\beta = -.437$), social risk ($\beta = -.354$), performance risk ($\beta = -.445$), financial risk ($\beta = -.446$), time risk ($\beta = -.441$). Therefore, H2 (H2a, H2b, H2c, H2d, H2e) are all approval.

Next, the relationship between the perceived severity of negative publicity and perceived risk through regression analysis is tested and R^2 is 0.306, which means that the perceived severity of negative publicity in this study has a predictive power of 30.6% on perceived risk. It can be seen from Fig. 1. That the perceived severity of negative publicity has a significant impact on perceived risk ($P < 0.01$), and the perceived severity of negative publicity is positively correlated with perceived risk ($\beta = .553$). Therefore, H3 is supported.

As shown in Fig. 1, perceived severity of negative publicity has significant impact ($P < 0.01$) on all perceived risk impact and R^2 is 0.328. The perceived severity of negative publicity showed a positive correlation with psychological risk ($\beta = .533$), social risk ($\beta = .394$), performance risk ($\beta = .519$), financial risk ($\beta = .503$) and time risk ($\beta = .495$). Therefore, H3a to H3e are all supported.

For The moderation of Consumer Satisfaction (H4), this study explores the relationship between the perceived severity of negative publicity and perceived risk through hierarchical regression analysis, and consumer satisfaction plays a moderating role, and $R^2 = 0.377$, which means that the perceived severity of negative publicity in this study has a predictive power of 37.7% on perceived risk. It can be seen that the perceived severity of negative publicity has a significant effect on perceived risk ($P < 0.01$), and the perceived severity of negative publicity is positively correlated with perceived risk ($\beta = .534$). After the inclusion of consumer satisfaction, the estimated value of the unstandardized coefficient β of the perceived severity of negative publicity decreases, which means that it is disturbed by consumer satisfaction. Therefore, H4 is approval.

For the relationship between perceived severity of negative publicity and advocacy intention, the antecedent has a predictive power of 15.1% ($R^2 = 0.151$) on advocacy intention. It can be seen from Fig. 1. That the perceived severity of negative publicity has a significant effect on the advocacy intention ($P < 0.01$), and the perceived severity of negative publicity is negatively correlated with the advocacy intention ($\beta = -.389$). Therefore, H5 is confirmed.

Finally, this study explores the relationship between perceived risk and advocacy intention through regression analysis, and R^2 is 0.422, which means that the perceived risk of this study has a predictive power of 42.2% on advocacy intention. It can be seen from Fig. 1. That perceived risk has a significant effect on the advocacy intention ($P < 0.01$), and that perceived risk is negatively correlated with the advocacy intention ($\beta = -0.650$). Therefore, H6 is approval.

This study also explores the impact of five different facets of perceived risk on advocacy intention through regression analysis, and $R^2 = 0.458$. Psychological risk, social risk, performance risk and financial risk have significant impact on advocacy intention ($P < 0.01$), and there was a negative correlation in psychological risk ($\beta = -0.346$), performance risk ($\beta = -0.217$) and financial risk ($\beta = -0.298$) and advocacy intention. Therefore, psychological risk (H6a), performance risk (H6c) and financial risk (H6d) were negatively related to advocacy intention; social risk (H6b) and time risk (H6e) were not negatively related to advocacy intention (Fig. 2).

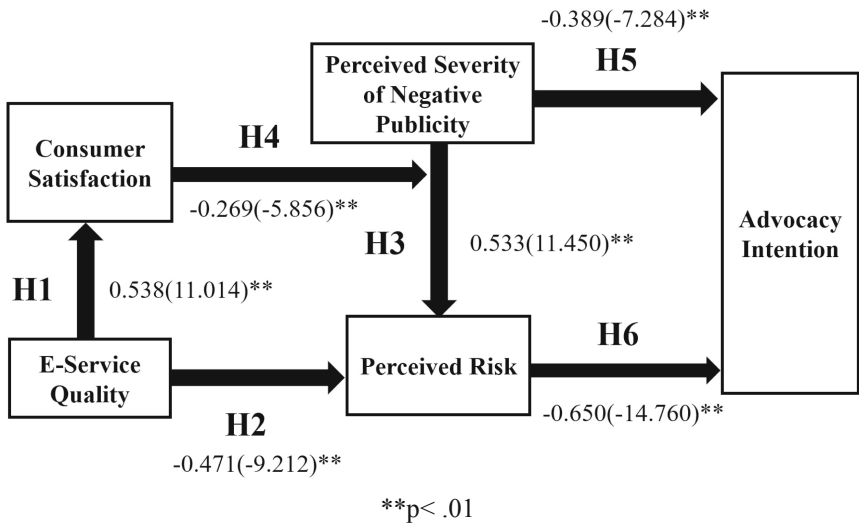


Fig. 2. The conceptual framework

5 Conclusion

5.1 Discussion

The results of this study show that the quality of information perceived by consumers positively affects the quality of services perceived by consumers, and that information quality also positively affects customer satisfaction. Also, when consumers feel good service quality, they will enhance the value perception of the enterprise; therefore, there is a significant correlation between service quality and perceived risk.

The negative publicity used in this study is that Trivago misleads consumers. This study inferred that information collection affects perceived risk, which in turn affects

purchase decisions. In this study, negative publicity is a form of negative information that will have different effects on perceived risk depending on the content of the report. Moreover, when consumers receive negative severity from companies, consumer satisfaction will mitigate the positive impact of the severity of negative severity on perceived risk. Consumers may choose to reduce the messages conveyed by negative severity because they already have a very high degree of satisfaction with the company or brand, so that the company or brand still maintains a good image in their hearts.

Scholars noted that after several consecutive negative publicity, the company may reduce consumer recognition of the company. Consumers may see negative publicity and reduce their advocacy intention to the company or brand [33].

5.2 Academic Contribution

Negative publicity in different fields and different events may form different results. Public opinion in Taiwan is quite open and the news media always make negative publicity everywhere, so that the impact of negative report should be taken seriously. In addition, this research found that the interference effect of consumer satisfaction does exist.

The literature on negative publicity did not clearly indicate that the research should be conducted under the same event. Therefore, this study explores items that are not discussed in the past literature. In past, there has never been any research on the actual negative publicity of the tourism industry, this article makes up for the shortcomings in a timely manner.

5.3 Practical Contribution

This study suggests that when companies face negative publicity, they should pay attention to the perspective of consumers. Whether the perceived severity of negative publicity is strong, and follow-up remedial strategies are properly formulated to appease the consumers' negative feelings caused by the negative publicity and reduce the perceived risk.

In summary, this study believes that due to the different nature of the reported negative news or incidents, it will affect consumers' perception at different levels. Therefore, it is recommended that when companies face negative publicity, they should analyze what consumers are facing based on different incidents. Perceived risk of various aspects, and accordingly formulate strategies to reduce the perceived risk, and then maintain consumers' advocacy intention.

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