



**Consumer Reactions to Deal Popularity  
Information: Cue Congruency, Perceived  
Authenticity, Service Types, and  
Cultural Difference**

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Karen Chia-yin Kao  
January 2017

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## ABSTRACT

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This research was undertaken to examine how online deal popularity influences consumer reactions and the conditions under which the effects take place using scenario-based experiments. Three studies were conducted and reported in this thesis.

Study I tests a model that is underpinned by cue utilisation theory that reactions to online deal popularity may be mediated by service quality expectation and the effect will vary across service types, namely, experience and credence services. The findings support the theorised model in demonstrating that consumers who face high online deal popularity tend to have high service quality expectation, which in turn, increases their willingness to recommend and their intention to purchase a service in a deal. Furthermore, Study I provides evidence that the effect of deal popularity on service quality expectation is significant for credence services and not significant for experience services.

Study II extends Study I by examining cue congruency effect and consumers' perceived information authenticity as the boundary conditions that may modify the effect. Results support the moderating effect of cue congruency and perceived information authenticity. That is, when consumers face the congruent cue combination (i.e., high online deal popularity paired with a high star rating) and when they have high perceived authenticity about the online deal popularity, they have high service quality expectation, which in turn increases their intention to purchase the service deal. In addition, while congruent cues indeed amplify the effect of online deal popularity, high deal popularity can influence service quality expectation even when incongruently paired with another cue (i.e., a low star rating). This suggests the dominant role of online deal popularity under incongruent cue combinations.

Using an observational learning perspective, Study III examines consumers' risk perceptions toward online deal popularity by considering the purchase uncertainty in online shopping for service deals. In addition, Study III compares the effect between two countries, Australia and Taiwan, using Hofstede's cultural value dimension scores and Hall's cultural context as the proxies of cultural differences. Results suggest that perceived performance risk and psychological risk mediate the effect of online deal popularity on purchase intention in both countries. With the significant mediating effect of perceived risks, the direction of the influence for Australian consumers is opposite to that for Taiwanese

consumers. Australian consumers were found to perceive high performance and psychological risk when facing high online deal popularity, which subsequently reduces their intentions to purchase a service in a deal. By contrast, Taiwanese consumers were found to have low performance and psychological risk when facing high online deal popularity which increased their purchase intention.

The three studies that comprise this thesis enhance current understanding of the effects of online deal popularity and the mechanism and boundary conditions through which it operates. Thus it contributes to cue utilisation and observational learning theory in service marketing and the broader consumer behaviour literature. Practical implications have been provided for e-retailers to leverage on online deal popularity as a marketing signal to influence consumers' service quality expectations and risk perceptions by considering service types, national cultures, perceived information authenticity, and cue congruency for service deal promotions.

## STATEMENT OF AUTHORSHIP

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I would like to acknowledge the contribution of my supervisors in each of the studies and papers in this thesis. While I am the principal and lead author for all studies and corresponding articles, I have been assisted in the writing of the journal papers by Associate Professor Sally Rao Hill and Associate Professor Indrit Troshani. The contribution ratio of authors is outlined below.

### **Online Consumers' Responses to Deal Popularity as an Extrinsic Cue**

Karen Chia-yin Kao – 70%  
Sally Rao Hill – 15%  
Indrit Troshani – 15%

### **Online Consumers' Reactions to Service Deal Popularity: The Role of Cue Congruency and Perceived Authenticity**

Karen Chia-yin Kao – 70%  
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### **A Cross-cultural Assessment of Deal Popularity in e-Commerce**

Karen Chia-yin Kao – 70%  
Sally Rao Hill – 15%  
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