Impression Management in the Sharing Economy: Understanding the Effect of Response Strategy to Negative Reviews

Complete Research

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Recognizing the harmful effect of negative reviews on the reputation of the hosts as well as a subjective nature of the travel experience judgements, accommodation sharing platforms, like Airbnb, have introduced the response option, empowering hosts with the voice to deny, present an excuse, or at least apologize for the subject of the criticism. However, the effects of different response strategies on the impression of guests regarding the host and, above all, guests' willingness to rent a specific accommodation in the sharing setting remain unclear. To fill this gap, this study focuses on understanding the impact of different response strategies utilizing experimental methods. Our investigation shows that when the subject of complaint is controllable by a host, only the "confession / apology" strategy can improve the impression of guests regarding the host and enhance guests' willingness to rent, compared to the absence of response. However, when the subject of criticism is beyond the control of the host, both "confession / apology" and "excuse" have positive influence on the impression and also guests' willingness to rent. At the same time, "denial" strategy appears ineffective in both controllable and uncontrollable contexts we tested.

Als Folge der schädlichen Effekte negativer Berichte auf den Ruf eines Gastgebers sowie der Subjektivität der Reiseberichte auf Peer-to-Peer Plattformen, wie Airbnb, wurde für die Gastgeber eine Antwortoption eingeführt und damit die Möglichkeit auf den Kritikpunkt zu reagieren (ablehnend, rechtfertigend oder entschuldigend). Dennoch bleiben die Auswirkungen verschiedener Antwortstrategien des Gastgebers auf die Wahrnehmung potenzieller Gäste und deren Bereitschaft eine bestimmte Unterkunft zu mieten unklar. Um diese Forschungslücke zu füllen betrachtet diese Studie den Einfluss verschiedener Antwortstrategien im Rahmen eines experimentellen

Versuchsaufbaus. Die Untersuchung zeigt, dass wenn die Beschwerde durch den Gastgeber kontrolliert werden kann, nur eine „Eingeständnis / Entschuldigung"-Antwortstrategie den Ruf des Gastgebers und die Bereitschaft bei diesem eine Unterkunft zu mieten verbessern kann, im Gegensatz zum Ausbleiben einer Antwort. Wenn jedoch der Gegenstand der Kritik außerhalb der Kontrolle des Gastgebers liegt, haben die Strategien „Eingeständnis / Entschuldigung" und "Rechfertigung / Ausrede" einen positiven Einfluss auf die Wahrnehmung des Gastgebers und auch auf die Bereitschaft zu mieten. Eine Antwortstrategie der "Ablehnung" ist in kontrollierbaren und unkontrollierbaren Kontexten unwirksam.

1 Introduction

The revolutionizing accomplishments of the "sharing economy" that allows to enjoy the bonuses of possession without the burden of responsibility and significant monetary investments (*Botsman/Rogers* 2010; *Hamari et al.* 2013), have been particularly remarkable in the hospitality industry. Platforms like Airbnb, 9flats or Roomorama are transforming the industry landscape traditionally dominated by hotels. Particularly Airbnb has witnessed the most rampant growth since its launch in 2007, boasting 4 million guests, presence in 190+ countries and 300000 listings in 2013 alone (*Airbnb* 2014). However, while the idea of staying in cheaper (than hotels) private apartments when travelling has indisputable advantages, this concept is not without its challenges. Specifically, while hotels are subject to significant regulation with regard to their facilities, furnishing and additional services, as reflected in their star system, peer-to-peer platforms do not enjoy the same type of information transparency. Thus the guests are kept in ignorance of the quality and safety of the suggested offerings. As a result, host's reputation emerges as a centrepiece of these platforms, and is often seen as "the secret sauce" driving consumer decision-making and the scaling of the online markets (*Stewart* 2014).

Hence, as a part of their reputation system, platforms like Airbnb offer users a plethora of reputation-enhancing cues, including offline ID verifications, links to social media accounts of hosts and guests, verified photos and videos of the apartments and their owners, as well as an online review system (e.g. *Airbnb* 2014). In this environment of cues and hints, particularly *reviews* represent an important component of reputation-building efforts, as they have been consistently shown to be the most influential factor in consumer decisions for online marketplaces characterized by information asymmetry (*Chatterjee* 2001; *McKnight et al.* 2002a, 2002b). However, while all types of reviews may affect consumer choices, particularly negative reviews draw potential guests' attention and are under their constant scrutiny (*Bambauer-Sachse/Mangold* 2011). This phenomenon is known as the negativity bias (*Vaish et al.* 2008).

Recognizing the potentially ruinous effect of negative reviews on the reputation of the other party as well as the subjective nature of the travel experience judgements, platforms, like Airbnb, have readily embraced the "response" option. It empowers the accused party with the voice to challenge, to deny or at least to apologize for the subject of complaint. Indeed, past research from the areas of crisis communication (e.g. *Lee/Song* 2010) and ser-

vice failure / recovery management (e.g. *Munzel et al.* 2012) offers some evidence that not only a review but also a response (if available) works to form public opinion, with some response strategies being more beneficial than others (*Lee/Song* 2010).

Nonetheless, little is known about the effectiveness of response in peer-to-peer sharing settings in general and on apartment sharing platforms in particular, which may partly explain the limited use of this functional tool. Gaining an insight into this area is, however, of considerable importance, since these findings can provide actionable recommendations for hosts and guests in their private reputation management. Against this background, this study utilizes experimental methods to get the understanding of the impact of the review negativity and different response strategies on the impression of the host and willingness to make a deal in peer-to-peer accommodation sharing settings. As such, these findings may enrich a currently scarce body of research on how users interact with reputation-enhancing cues in the new "sharing economy"- a novel direction of the human-centred stream of Social Media research.

2 Related Work

While a variety of mechanisms work to reveal the reputation of the unknown party in online marketplaces characterized by information asymmetry, online reviews remain the most prevalent and influential form for the assessment (*Chatterjee* 2001; *McKnight et al.* 2002a, 2002b). Presented as written evaluations of users' own experiences, reviews facilitate the selection of the best alternative as they guide consumer through the myriad of offers (*Blal/Sturman* 2014). Particularly in the hospitality industry, online reviews are extremely important, with users preferring feedback from other guests over the information posted by travel agencies (*Chen/Xie* 2008; *Gretzel/Yoo* 2008). However, while the impact of positive reviews is well-documented (*Chevalier/Mayzlin* 2006; *Clemons et al.* 2006), there is solid support for the special role of negative reviews in consumer decisions leveraged by the so-called "negativity bias" which is defined as "*the propensity to attend to, learn from, and use negative information far more than positive information*" (*Vaish et.al.* 2008, 383). Indeed, research confirms the unfavourable impact of negative online reviews on product attitude and, thereby, on purchasing intentions (*Lee et al.* 2008; *Vermeulen/ Seegers* 2009), and, as a consequence, on sales (*Liu* 2006; *Vermeulen/Seegers* 2009) and revenue (*Cabral/Hortaçsu* 2010). Particularly for the apartment sharing platforms, like Airbnb or 9flats, the impact of negative reviews might be critical: since most feedback provided on these platforms is mostly positive, negative reviews stand out and, therefore, might be particularly scrutinized by the potential guests (*Bambauer-Sachse/Mangold* 2011; *Park/Lee* 2009). Hence, considering their potential significance, this paper focuses on the impact of the negative reviews in peer-to-peer accommodation sharing settings.

Recognizing the importance of reviews in ultimate consumer choices, online marketplaces increasingly empower the reviewed party with the "response" option, which may be used as a channel to challenge negative, unfair or otherwise undesirable feedback in the review systems. For example, such platforms as Airbnb, Yelp, and TripAdvisor do not only enable response function but also publish guidelines on how to respond to reviews. Also scholarly research provides some empirical evidence that not only reviews but also response and especially its specific type matter (*Munzel et al.* 2012). For example, the presence of an accommodative response to a negative review has been shown to have a greater favourable impact on consumers' evaluation of the company when compared to the defen-

sive response or the absence thereof (*Lee/Song* 2010). However, despite the potential importance of response in the case of online review systems, research is this area still remains limited, with existing studies largely drawing on the evidence from related fields, such as crisis communication (e.g. *Lee/Song* 2010) and service failure / recovery management (e.g. *Munzel et al*. 2012).

In this context, the notion of the attribution of responsibility emerges as particularly relevant, coming across multiple studies on responses to negative eWOM (*Lee/Song* 2010), crisis communication (*Coombs* 1998, 2006) and service recovery/failure (*Bitner* 1990). Specifically, an unpleasant incident (the subject of the negative review) can be "*attributed to external causes that are either uncontrollable ("The flight was delayed because of a blinding snowstorm") or controllable ("The personnel are poorly trained so that boarding takes forever")*", with controllable causes being more detrimental (*Weiner* 2000, 384). Indeed, if individuals believe that the crisis situation was controllable, they will be more dissatisfied than in the case of non-controllable incidents (*Bitner* 1990). By offering an explanation to the incident, a company tries to alter attribution perceptions (*Coombs/Holladay* 1996). This is also relevant to the context of our study: negative online reviews are examples of expressed dissatisfaction and responses to negative reviews can be seen as attempts to provide explanations after a complaint. Discussing the role of attribution theory in consumer behaviour, *Weiner* (2000) identifies three strategies that a company can use for impression management after consumer has expressed product dissatisfaction, namely (1) denial, (2) excuse and (3) confession / apology. By relying on the (1) denial strategy a company is trying to refute the occurrence of any negative event. At the same time, the use of the (2) excuse strategy implies the provision of explanations about uncontrollable causes of the incident. Finally, (3) the confession/apology strategy presumes a pardon by an accused party and an offer of restitution. Considering the theoretical relevance, we concentrate our study on exploring the role of these three strategies for complaints with a high and a low degree of control by the accused party.

3 Methodology

3.1 Hypotheses

In order to find out the landscape of reviews and responses in the peer-to-peer accommodation sharing context, we conducted an exploratory study using private room listings from one popular peer-to-peer platform. Considering two popular touristic destinations, 82 listings in New York and 200 listings in Milan were singled out for further analysis and a total amount of 5708 reviews related to these listings were screened.

3.1.1 Negative Valence of the Review

Negative reviews are known for having a negative impact on consumers' attitudes (e.g. *Lee et al*. 2008). In the service failure context, the problem severity has been linked to the lower customer satisfaction and purchase intentions (*Conlon/Murray* 1996; Smith et al. 1999). Additionally, the judgment of responsibility may also be positively linked to the severity of the event (*Coombs* 2006; *Lee* 2005), thus worsening the image perceptions (*Coombs* 1998), impression and trust towards the organization (*De Blasio/Veal* 2009; *Lee* 2005). Similarly, in the peer-to-peer accommodation sharing settings, it is expected that strongly negative reviews will have a negative impact on the general impression of the host

and the willingness to rent the room. For example, a negative review like: "*I was disappointed that the photos provided did not represent the room that I was given. It was smaller, had bare walls, a small bookshelf, a nightstand, and a small table with a tiny desk chair*" (*Airbnb* 2014) is unlikely to contribute positive impression of the host as it may imply a certain level of misrepresentation and, hence, dishonesty which damages the image (*Goldstein* 2015). All in all, we hypothesize that:

H1. *Review negativity is negatively associated with the impression of the host (H1a) and the willingness to rent the room (H1b).*

3.1.2 Response Strategy: Confession / Apology

Various studies have shown the effectiveness of apologetic responses in terms of attitudes towards the company, as compared to other less accommodative strategies (e.g. *Conlon/Murray* 1996; *Lee/Song* 2010). For example, in the context of online complaints it has been demonstrated that accommodative responses, namely a combination of apology and compensation offer, result in more positive attitudes towards the company as opposed to defensive reaction or lack of response (*Lee/Song* 2010). This may be partly due to the special role of apology as it transmits "*a good person committed a bad act*" message to the consumers thus helping to soften a conflict situation (*Weiner* 2000, 386). Moreover, based on the empirical data, *Munzel et al.* (2012) suggest it is better to apologize even if the company is not responsible for the incident. Taken together, we argue that:

H2. *Compared to the absence of response, apologetic response will have a positive impact on the impression of the host (H2a) and the willingness to rent the room (H2b).*

3.1.3 Response Strategy: Denial

Based on our pre-study we observe that denial is a frequently used response strategy in the context of peer-to-peer accommodation sharing platforms. Hosts deny the existence of the issues either directly by expressing it through "I do not agree", "It is not true" or indirectly by providing counter-arguments and showing the situation was different from how the guest described it. For example, one guest argued: "*to let information not true, is never correct! my home is far from the metro station " ca granda " only 2/3 minutes walking, and not 10 minutes!*" (*Airbnb* 2014). While some studies show a positive impact of this strategy in specific settings (e.g. *Van Laer/de Ruyter* 2010), there is a growing body of research refuting this view. For example, *De Blasio/Veal* (2009) find that denial results in lower scores of the impression of the organization, compared to excuse, no comment, apology and correction strategies. Moreover, Lee/Song (2010) show that exposure to the online critique coupled with a defensive response is more likely to lead observers to the conclusion that the company was responsible for the incident. In a complimentary finding, *Lee* (2005) reveals that by demonstrating responsibility with the help of the accepting response an organization is eventually blamed less for the crisis. Taken together we argue that:

H3: *Compared to the absence of response, denial has a negative impact on the impression of the host (H3a) and the willingness to rent the room (H3b).*

3.1.4 Response Strategy: Excuse

Using the excuse strategy, a company introduces uncontrollable causes of the event in question as an explanation for what has happened (*Weiner* 2000), thereby distancing itself from the responsibility for the incident or denying its own responsibility when shifting the blame to a third party (*Coombs* 2006; *Garrett et al.* 1989). As an excuse is aimed to limit perceptions of responsibility (*Coombs* 2006), and perceptions of responsibility are in turn negatively related to impression and trust to organization (*De Blasio/Veal* 2009; *Lee* 2005), one can assume that a successful excuse would also have a positive impact on impression perceptions in the context of peer-to-peer accommodation sharing platforms. For example, making use of this strategy in response to a complaint, one Airbnb host has argued: " "*It's true, that Sunday the whole building was left without central heating for a few hours due to a breakdown of the heater, so it was quite cold!! Although it wasn't our fault, we felt very sorry...*" (*Airbnb* 2014). In this case a plausible excuse that may work to limit the damage resulting from the negative feedback. Hence, we hypothesize that:

H4. Compared to the absence of response, excuse has a positive impact on the impression of the host (H4a) and the willingness to rent the room (H4b).

3.2 Experiment Design and Flow

To determine the impact of different response strategies on general impression and willingness to rent, laboratory 2 x 4 x 2 experiment was designed, in which review negativity (moderate vs. strongly negative), response strategy (confession/apology, denial, excuse, no response) and the context ("high control" vs. "low control") were manipulated. Considering a well-established role of control in interpreting complaints in such settings (*Coombs* 2007a, 2007b), the hypotheses were tested for two contexts that varied with regard to the controllability of the subject of complaint. Specifically, in the "high control" context a negative review about *cleanliness* of the room was provided. The "low control" context focused on the *location* of the apartment – a concern obviously beyond the influence of the host. Treatment conditions were formulated on the basis of existing reviews and responses of the actual guests and hosts collected in the pre-study, and were pre-tested with 16 subjects. Necessary adjustments to improve contrasts were made based on the elicited feedback.
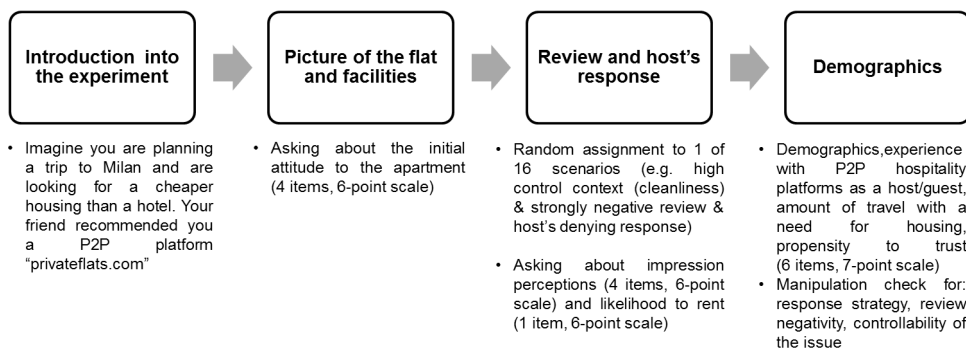

Introduction into the experiment	Picture of the flat and facilities	Review and host's response	Demographics
• Imagine you are planning a trip to Milan and are looking for a cheaper housing than a hotel. Your friend recommended you a P2P platform "privateflats.com"	• Asking about the initial attitude to the apartment (4 items, 6-point scale)	• Random assignment to 1 of 16 scenarios (e.g. high control context (cleanliness) & strongly negative review & host's denying response) • Asking about impression perceptions (4 items, 6-point scale) and likelihood to rent (1 item, 6-point scale)	• Demographics, experience with P2P hospitality platforms as a host/guest, amount of travel with a need for housing, propensity to trust (6 items, 7-point scale) • Manipulation check for: response strategy, review negativity, controllability of the issue

Figure 1: Workflow of the experiment

First, upon accessing the survey participants were asked to imagine that they were planning a weekend trip to Milan and were looking for a room in an apartment as a cheaper alternative to a hotel. A fake platform name "privateflats.com" was used to avoid any reputation bias of the existing market players.

In the second step, respondents were presented with a picture and a description of a room (including its key attributes) similar to the way it is done on Airbnb.com or 9flats.com. Price and other attributes were chosen on the basis of the pre-study for Milan, in which average levels and the most frequent attributes of room description were derived. For example, our analysis has shown that 59% of all private room hosts in Milan in our pre-study sample are women, thus a female was presented as a host. To eliminate the effects of unusual spikes, the median price per night and per person (including service as well as a cleaning fee) among all listings was taken in the respective currency and comprised 56 Euro, since the study was subsequently conducted in Germany. Further, the icons "kitchen", "heating", "air-condition" and "essentials" (e.g. towels, bed linen, soap and toilet paper) were presented on the profile screen, since they were frequently mentioned amenities in our pre-study sample. The photos of the apartment were shot privately.

Presented with the picture of the accommodation, respondents were asked at once to express their initial attitude to the apartment (based on *Barki/Hartwick* 1994) by evaluating the following statements on a 6-point scale (1=strongly disagree, 6=strongly agree): I like the room; I think the room is worth considering; I could imagine staying in this room; Price-value relationship for the room meets my expectations. The attitude to the apartment was subsequently used as a control variable to account for a primary impression of the presented offer.
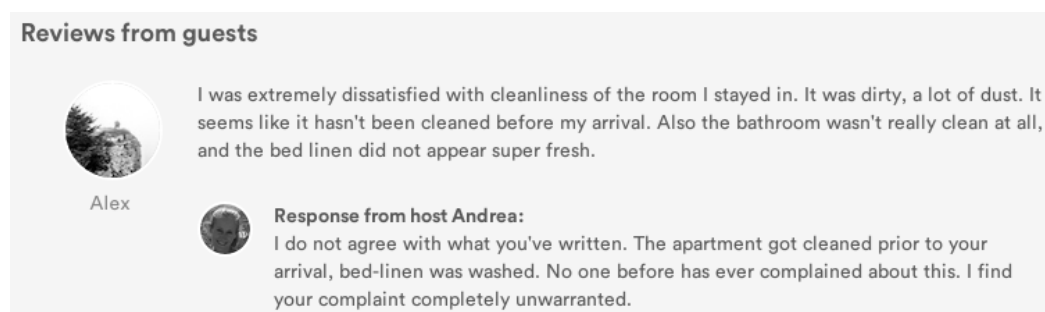

Figure 2: Example of experimental treatment ("high-control" context "cleanness" x strongly negative review x denial as a response strategy)

In the third step, participants were randomly assigned into one of 16 treatment conditions (2 contexts: 2 negativity levels x 4 response strategies), i.e. between-subjects design was employed (see *Table 1* and an example in *Figure 2*).

	Level of control x Negativity level of the review			
	Cleanliness (high control)		Location (low control)	
	strong negativity	moderate negativity	strong negativity	moderate negativity
	I was extremely dissatisfied with cleanliness of the room I stayed in. It was dirty, a lot of dust. It seems like it hasn't been cleaned before my arrival. Also the bathroom wasn't really clean at all, and the bed linen did not appear super fresh.	I was a bit dissatisfied with cleanliness of the room I stayed in. The room was ok but not sparkling clean, some dust here and there, I also found some hairs in the bathroom. It seems like it has been cleaned before my arrival, but it could have been done better. I also was not impressed by the bed linen – it seemed ok, but not "crispy" clean.	I was extremely dissatisfied with the location. The apartment is located really badly. It really bothered me that it is too far from the city center and any touristic attractions. Moreover, the connection to the city center by public transport is really bad – it took me very long to get to where I wanted.	I was a bit dissatisfied with the location of the apartment. The location of the apartment is ok, but not perfect. It is a bit far from the center and some touristic attractions. Also, the connection to the city center by public transport works, but could be better.
	Response Strategies			
Confession/ Apology	I apologize that you have experienced your stay like this. I have paid close attention to your comments and I will do my best to make sure that the apartment is cleaned just before the arrival of the guest so that no one experiences anything like this again.		I apologize that you have experienced your stay like this. I have paid close attention to your comments and I will do my best to provide guests with a better and clear description how to easily reach the city center and all important sights so that no one experiences anything like this again.	
Excuse	Before your arrival I have hired a new cleaning lady, and she was responsible for keeping the apartment clean. I assume she has not cleaned the apartment properly enough. There was nothing I could have done about this situation.		Usually there is no problem with transportation and one can easily reach the city center by regular public transport. However, during your stay there were strikes in the Italian public transport company, which may have caused these problems. There was nothing I could have done about this situation.	
Denial	I do not agree with what you've written. The apartment got cleaned prior to your arrival, bed-linen was washed. No one before has ever complained about this. I find your complaint completely unwarranted.		I do not agree with what you've written. It is a good location and no one before complained about it. In fact, you can easily reach city center and sights by regular public transport. I find your complaint completely unwarranted.	
No response	No response provided		No response provided	

Table 1: Experimental conditions: 2 levels of review negativity x 2 levels of control x 4 response strategies

Here, respondents had to assess their general impression of the host with 4 questions on a 6-point scale (1=strongly disagree, 6=strongly agree): My impression of the host is positive; I like the host; The host's overall image is favorable to me; I am enthusiastic about the host. Then and the willingness to rent the offered room was assessed by answering: "How likely are you to rent the room from this host?" (scale: 1=very unlikely, 6= very likely). Finally, control variables were measured and manipulation checks were done.

3.3 Sampling

Survey participants were recruited through the mailing list of a large German university in Fall 2014. As an incentive, 10 Amazon.de gift cards (€ 5 value) were raffled. A total of 545 respondents accessed our online survey, out of which 371 have completed it. Next, 3 observations with session duration less than 5 minutes were dropped. Finally, several observations did not pass one or several manipulation checks and, therefore, were dropped: 33 participants who were assigned to the "strongly negative" review found it "not at all" negative; and 19 participants failed to identify the strategy of the host's response. Hence, a final net sample includes 320 respondents.

71% of the respondents in our sample are female; 30% of participants have claimed experience as a guest when using peer-to-peer accommodation services, but only 3.8% have tried themselves in the role of a host. Based on median values, an average respondent is 24 years old with a monthly income of 600-800 Euro, and has spent most life time in Germany. The sample consists to 89% of students, 52.5% have completed secondary education and 32.81% already have a bachelor degree.

4 Results

To ensure the reliability of further analysis, we checked the random assignment of participants across two settings, their understanding of strategies, review negativity and controllability degree for each context. First, Mann-Whitney tests revealed that the level of education ($z = -1.178$, Prob >|z| =0.2390), study field ($z = 1.157$, Prob > |z| =0.2474), occupational status ($z = 0.574$, Prob >|z|=0.5658), income ($z = -0.535$, Prob >|z| =0.5926), country of living ($z = -1.353$, Prob > |z|=0.1760), gender ($z = -0.158$, Prob>|z|=0.8744), Airbnb experience as a guest ($z = -1.124$, Prob >|z|=0.2609) and as a host ($z = -0.498$, Prob >|z| =0.6185) did not differ significantly across "high control" (cleanliness) and "low control" (location) contexts. Further, no significant differences in initial attitude to the apartment (Prob >F=0.9290) and trust propensity (Prob >F=0.9290) have been found between participants, as suggested by ANOVA tests, thus confirming the effectiveness of the random assignment of subjects to the "high control" and "low control" treatments.

Second, to ensure the validity of received responses, several manipulation checks were performed (*Zikmund* et al. 2012). To test whether respondents discern different response strategies, they were asked to answer the following questions on a 6-point scale (1=not at all; 6= very much): "In the response to the review, the host tries to …deny that any issues exist" for the denial strategy; "… blame someone/something else for the situation" for the excuse; and "…apologize for the situation" for the confession / apology strategy. For those who were assigned into "no response" strategy, this question bloc was omitted. Non-parametric Kruskal-Wallis tests, relevant to the ordinary nature of dependent variable, indicated statistically significant difference in answers between strategies for the denial ($p = 0.0001$); confession / apology ($p = 0.0001$) and excuse ($p = 0.0001$) conditions. This means, for example, respondents assigned to the "denial" condition had stronger beliefs that the host was trying to "deny that any issues exist" than in other conditions. Taken together, this suggests that participants perceived treatment condition correctly.

Next, to ensure participants perceive the controllability of events correctly, two statements were offered: "The cause of the incident was in the control of the host" and "The cause of the incident could have been prevented by the host", measured on a 6-point scale

(1=Strongly Disagree, 6=Strongly Agree). Results of non-parametric Kruskal-Wallis test indicate that respondents perceived cleanliness issues to be more controllable (p = 0.0001) and preventable (p = 0.0001), corroborating the effectiveness of this manipulation.

Finally, the manipulation of review negativity was tested by asking on a 5-point scale whether the review was "not at all negative", "somewhat negative", "moderately negative", "very negative" or "extremely negative. Results yielded a significant effect of negativity manipulation (p = 0.0001). Taken together, respondents were able to distinguish between moderate and strongly negative review as well as between various strategies, and consider cleanliness issues to be more in host's control than location, suggesting that the relationships of interest could be further examined.

To evaluate the relative contribution of different strategies to the impression of the host and willingness to rent a room, OLS regressions were estimated for two corresponding contexts (see *Table 2*, *Table 3*).

Independent Variables	"High control" (cleanliness), N=165		"Low control" (location), N=144		Hypotheses
Dependent Variable: Impression of the host	Beta (β)	Beta stand. (b)	Beta (β)	Beta stand. (b)	
Negativity of the review (H1a)	**-0.56*****	-0.29	-0.15	-0.08	Partly supported
Confession / Apology (H2a)	**0.72*****	0.31	**0.84*****	0.39	Supported
Denial (H3a)	0.24	0.11	-0.12	-0.06	Rejected
Excuse (H4a)	-0.10	-0.05	**0.56****	0.27	Partly supported
Initial attitude to the apartment	**0.28*****	0.32	**0.28*****	0.29	
Propensity to trust	-0.04	-0.03	**0.18****	0.16	
Airbnb experience as a guest	**-0.41****	-0.19	0.01	0.01	
Airbnb experience as a host	0.36	0.07	0.41	0.09	
Income	0.06*	0.14	0.00	0.00	
Amount of travel with a need for housing	-0.04	-0.06	**-0.15****	-0.20	
Male	0.17	0.08	0.09	0.05	
Age	-0.02	-0.09	0.03	0.13	
Country	0.12	0.03	-0.01	0.00	
	R-squared=0.3240		R-squared=0.3949		
	Adj R-squared= 0.2658		Adj R-squared=0.3344		

Note: significant at *** <0.001; **<0.05; *<0.1 level

Table 2: Regression results with impression of the host as a dependent variable

We find that the review negativity has a detrimental influence on the impression of the host (β= -0.56, p<0.001) and the willingness to rent a room (β= -0.41, p<0.05) only in the "high control" (cleanliness) context. In terms of strategies, confession / apology significantly enhances the impression of the host in both "high control" (β= 0.72, p<0.001) and "low control" treatments (β= 0.84, p<0.001), compared to the situation when no response

is provided. Apologetic response also promotes the willingness to rent a room independent of the context, with β= 0.57, p<0.05 for "high control" and β= 0.76, p<0.001 for "low control" scenarios. However, standardized betas suggest the contribution of confession / apology to the image perception after the "low control" event is slightly higher (b= 0.39) than in the "high control" context (b= 0.31). The same holds for the willingness to rent a room (b= 0.30 for "low control" and b=0.20 for "high control" treatment). Furthermore, excuse has a positive significant influence on the impression of the host (β= 0.56, p<0.05) and willingness to rent a room (β= 0.55, p<0.001) only in the "low control" scenario. For the "high control" context, no significant effect of the excuse strategy was found. Denial has no effect independent of the treatment.

Dependent Variable: Willingness to rent a room / Independent Variables	"High control" (cleanliness), N=165		"Low control" (location), N=144		Hypotheses
	Beta (β)	Beta Stand. (b)	Beta (β)	Beta Stand. (b)	
Negativity of the review (H1b)	**-0.41****	-0.17	-0.12	-0.0014	Partly supported
Confession / Apology (H2b)	**0.57****	0.20	**0.76*****	0.30	Supported
Denial (H3b)	0.28	0.10	-0.08	0.09	Rejected
Excuse (H4b)	-0.31	-0.12	**0.55*****	0.26	Partly supported
Initial attitude to the apartment	**0.59*****	0.54	**0.18*****	0.38	
Propensity to trust	0.00	0.00	**0.17****	0.15	
Airbnb experience as a guest	-0.34*	-0.13	0.15	-0.08	
Airbnb experience as a host	-0.03	0.00	0.45	-0.01	
Income	0.01	0.03	0.01	-0.04	
Amount of travel with a need for housing	-0.08	-0.08	**-0.12****	-0.15	
Male	0.10	0.04	-0.02	0.12	
Age	0.00	0.00	0.01	0.05	
Country	0.17	0.04	0.12	0.01	
	R-squared=0.4181		R-squared=0.3424		
	Adj R-squared= 0.3667		Adj R-squared=0.2762		

Note: significant at *** <0.001; **<0.05; *<0.1 level

Table 3: Regression results with willingness to rent a room as a dependent variable

As an extension of our results, we additionally analysed the average impression of the host and willingness to rent a room under different treatments. As illustrated in *Figure 3*, in case of the strongly negative review after controllable incident, excuse strategy with explanations about uncontrollable causes of the event results in the worst impression of the host (mean =2.18). In this case, the absence of response creates better opinion about the host (mean= 2.57). When the host denies the fact that undesirable event took place, respondents evaluate the host's reputation at 2.84, while apologetic response increases the average impression up to 3.18.

If the incident is beyond the host's control, the average impression of the room keeper is slightly higher for all response strategies, except denial. Interestingly, in case of low control blaming others for the incident seems to be effective and the average impression (mean = 3.44) is much higher than in high control scenario.
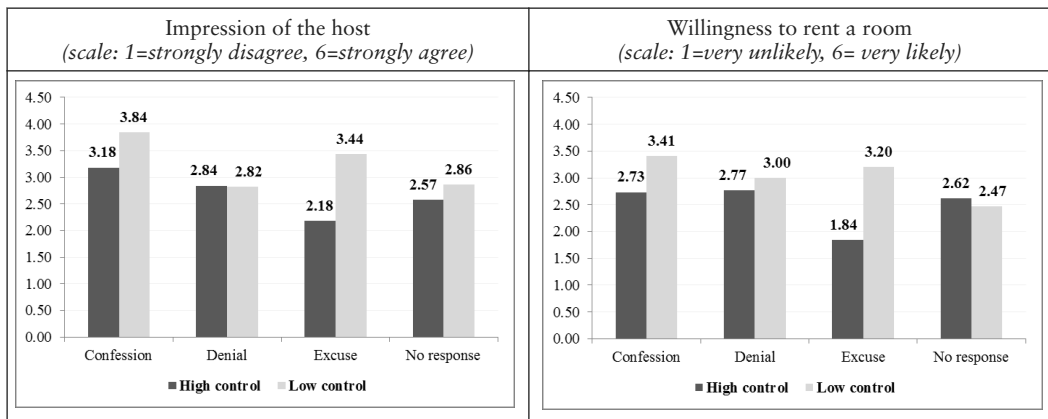

Figure 3: Mean values of "Impression of the host" and "Willingness to rent a room" when facing a strongly negative review and different response strategies

Regarding the willingness to rent a room, for the high control scenario confession (mean=2.73) or denial (2.77) strategy works out similarly. No response (mean=2.62) is the next best option, while after excuse the signing of the rent contract is very unlikely to happen (mean=1.84). However, when it comes to the uncontrollable event, excuse strategy seems to be successful as the average willingness to rent nearly doubles up to 3.20, while confession remains being the best solution (mean=3.41).

5 Discussion and Managerial Implications

This study focused on potential consumers (i.e. observers) of the sharing economy, on shaping their perceptions of the host's image and willingness to strike a bargain, resulted in a number of interesting findings and potentially substantive implications for online communication activities. In case of hospitality platforms like Airbnb or 9flats.com, where host's reputation appears to be a core transaction driver, this observer-oriented approach may be especially relevant, "considering the fact that an increasing number of potential consumers who have easy access to online complaints may be problematic to most companies" (*Lee/Song* 2010, 1079).

Contrary to the past research reporting the significant damaging influence of the review negativity on the product perception and buying intention (*Lee et al.* 2008; *Vermeulen/Seegers* 2009), our study finds only partial support for this, evidencing the review negativity detriments the impression of the host ($\beta = -0.56$, $p<0.001$) and the willingness to rent a room ($\beta = -0.41$, $p<0.05$) only when the matter of complaint is controllable by the host, e.g. cleanliness of a room. When the reason of customer's dissatisfaction is not changeable by the host like location, no statistically significant impact is revealed. Possible reasons for that could be the fact that a customer roughly knows the location before booking and a

host cannot improve it anyway. Therefore the tone of dissatisfaction is connected to the emotionality of the author of review, while in case of "cleanliness" higher review negativity may be attributed to higher severity of the problem.

Regression analysis suggests that for a potential customer who is intending to rent a room and faces review that contains negative information about cleanliness, writing an apologetic response may significantly improve the impression of the host and the willingness to make a deal, compared to no response option. Neither denial nor excuse is in this case better than ignoring the complaint. This implies that finding outside reasons for insufficient tidiness or denying the issue does not pay off as the majority of respondents do not find such behaviour convincing. Moreover, in the high control treatment, the significant influence of the "experience as a guest" is revealed on both the impression of the host (β = -0.41, p<0.05) and the willingness to rent a room (β = -0.34, p<0.1) suggesting that real participants of sharing economy are stricter and pickier customers.

When the subject of critic is hardly controllable by a host, e.g. location in our experiment, the analysis suggests that denial of the issue does not yield, while confession or excuse with attributing responsibility to a third party increases both dependent variables. However, the impact of the confession strategy is still higher compared to the excuse when forming judgement about the host (b=0.84 vs. 0.56) or expressing willingness to rent (b=0.76 vs. 0.55). This positive effect of the excuse which is originally considered to be a defensive strategy (*Coombs* 1998, 2006) could be explained by the fact that when the situation is perceived as non- or low- controllable by host, justifications about third party's fault are more readily accepted. Moreover, the credibility of an excuse can play a role, for instance in our study we had a strike in Italy as an excuse which sounds quite realistic.

Our findings have implications for IS practitioners including sharing economy participants, platforms and other affiliated stakeholders. Faced with a negative review, a service provider may neutralize it or turn to the own advantage. However, before responding one should first check whether the matter of complaint was controllable and avertible. If so, the only effective way to protect the image and purchase probability is to apologize for the incident. In case of an undesirable event beyond the service provider control both confession and excuse with attributing responsibility to a third party will improve the impression and purchase probability, as compared to the absence of response.

6 Limitations and Opportunities for Future Research

The paper revealed the influence of the review negativity and response strategies in the online peer-to-peer complaint context. These findings, however, should be interpreted with caution. First of all, the sample characteristics and size can be enlarged. Second, the study checked for three main response types according to *Weiner* (2000).

Taken together, this paper paves a way for further studies in the field of impression and reputation management. Conducting a larger experiment may imply a more fine-grained classification of response strategies, e.g. proposed by *Coombs* (2006, 2007). Moreover, mixed strategies should be explored when, for instance, a formal apology is present, but the responsibility is not admitted. Based on the recent evidence that discrete emotions like anxiety and anger influences the perceived helpfulness of online reviews (*Yin et.al.* 2014) one may assume style, grammar and emotional tone of the review have significant implications to the brand image. Finally, future studies need to consider the effect of consensus or

discrepancy between different reviews (*Lee/Song* 2010; *Lee/Cranage* 2012) and responses as well as the author's credibility.

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