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Institutional Signals and User Expectation Formation: Evidence from Chinese Homestay Platforms

Ruoxi Hou

College of Social Sciences, University of Birmingham, Birmingham, UK
ruoxihou3@gmail.com

Abstract. In platform environments, users' expectations are not direct predictions of objective experience, but rather they are inference-based on platform-organised information. Regarding the fact that there is no attention to the prediction formation mechanism, this work integrates expectation confirmation theory, consumer value theory, and trust formation research to predict that institution signals influence the predictions. A working model is proposed using platform information, trust judgment, user predictions, and expectation gaps in order to explain the role played by the platform in cognitive formation. The survey, consisting of 317 respondents, uses several methods such as multiple regressions and groups, as well as procedural and statistical measures, in order to reduce common method bias and perform a robustness test. It has been observed that platform governance, information credibility, and first impression play a critical role in users' expectations. However, the platform governance has the most significant impact. However, the user-generated data, such as reviews and emotional expectations are not have a significant independent impact, which implies that the institutional factors can take priority over them. The results of further comparative research suggest that the described effects are more significant in less certain home stay markets in local areas than in more regulated markets in urban environments. The work under review contributes to the studies on the development of expectations through an emphasis on trust mechanisms, as well as offering relevant suggestions regarding platform management and differentiated data presentation.

Keywords: Homestay platforms, User expectations, Expectation gaps, Platform governance, Trust formation

1. Introduction

User expectations in platform-mediated accommodation markets are not direct projections of objective experiences but cognitive judgments based on information presented by the platform. As a result of the development of the sharing economy and digital platform technologies, China's homestay market has experienced explosive growth and presents substantial spatial differences [1, 2]. As opposed to regular hotels, homestays contain elements of high levels of non-standardization and situation dependence. Hence, it is impossible to evaluate the experience before making the reservation, which results in heavy reliance on information from the platform.

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But this information is not raw reality itself but an information structure created through host presentation, platform moderation, and ranking algorithms. In other words, user expectations are trust-driven inferences of visible information in this context, not objective anticipations of future experiences. The theory of expectations demonstrates that people are satisfied when their expectation and objective performance match; however, this theory is focused on the consequences of consumption, lacking sufficient consideration of the process of expectation creation [3].

Yet no existing work analyses 'the creation of expectations through the interaction between information provided by the platform and platform governance'. Considering this gap, three research questions are raised in this paper. First, what contributes more to the creation of user expectations – user experience or the platform information environment? Second, why would this mechanism cause expectation gaps in different areas? To address these questions, this paper integrates the theories of expectation confirmation, consumer value, and trust formation into an analytical framework of 'platform information-trust judgment-user expectations' and extends it to expectation gaps. It should be noted that, due to data limitations, the discussion of expectation gaps in this study is conceptual and interpretative rather than empirically tested; the empirical work, based on 317 questionnaires, focuses on the process of expectation creation, which is a necessary preceding condition of expectation gaps.

2. Literature review and theoretical foundation

2.1. Inspiration and extension of expectation-confirmation theory

The Expectation-Confirmation Theory, over a period, implies a basic theoretical ground for the satisfaction studies in consumer behavior. The Expectation-Confirmation Theory holds that consumers do not judge their satisfaction only based on the service performance, but rather judge it based on their comparative assessment of the experiences against their expectations. Thus, any difference between the two mental standards, which is confirmed, does not produce a sense of satisfaction but engenders dissatisfaction and disappointment [3]. In simple terms, the theory of relative judgment of satisfaction brings the point that it is satisfying only because one feels the absence of negative feelings.

For that reason, extrapolating the received value… to the homestay market fails to be sufficient. In this particular case, the Expectation-Confirmation Theory requires that people have relatively well-formed expectations of the services they seek to acquire, which is questionable in the case of homestay programs. While a hotel is largely a homogenous product as far as space is concerned, homestays differ significantly with regard to each host's spatial conditions and atmospherics. Thus, customers do not have enough objective information about the product beforehand, which prevents expectations from qualifying as a natural independent variable in the hypothesis. In other words, if the relevance of the 'why do expectations form the way they do' hypothesis to the 'does the gap exist between expectations and experience' part of experience is not elaborated upon, the role of the platform may be misconstrued as offline experience not being fulfilled as a cause.

In this regard, the shortcoming of the Expectation-Confirmation Theory is not in the satisfaction outcome explanation logic but in the under-specification of the pre-consumption expectation forming process, especially in digital contexts.

More specifically, in the case of homestay websites, further disappointment and disillusion maybe not only be incomplete service fulfillment but also the fact that the site itself raised the users' expectations. Therefore, regarding the subject matter, this paper is not to discredit the theory nor to

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challenge it, but rather to extend its field of application by underscoring the development process of expectations before raising satisfaction and gap issues.

2.2. The theory of consumer value and the multidimensional sources of expectations

Consumer value theory is an essential theoretical paradigm to explain the phenomenon that users expect a particular type of accommodation. The idea behind the theory is that user choices are not mere cost-value comparisons, but instead they are multi-dimensional, involving functional, emotional, social, cognitive, and situational considerations [4]. This feature is especially pronounced in the analysis of homestay platforms, where users have to choose not between homogeneous goods, but between experiences that are highly dependent on information provision and situational constraints.

In this connection, it is appropriate to assume that the credibility of information corresponds to functional value since expectations of users regarding basic features of the property will be satisfied; first impressions and expectations of emotional nature can be viewed as emotional value because image styling and web page design along with applying what seems to be a set of narrative devices quickly trigger associations and imagination about what the user may expect in the future; while the user reviews have social reference value since they presuppose following somebody's experience. In this way, it is reasonable to conclude that user expectations cannot be linked to one aspect but are a product of a number of value aspects.

2.3. Trust formation: positive expectations under conditions of incomplete information

In cases where there are information asymmetries, it is trust that serves as the foundation for transactions. According to the existing body of knowledge, trust is an optimistic belief that develops under conditions of information uncertainty and reduced experience. It is an evaluation made by individuals based on the risks of losses [5]. In this case, an implication of this would be, about homestay pages, that the users cannot verify the experience at the page they are planning to visit and must depend on limited cues in evaluating the site's credibility.

This indicates a shift in perspective from earlier research, where trust is commonly treated as a dependent variable. In this study, trust is reframed as an antecedent expectation filter, which dictates the ability of platform information to be internalized into user expectations. This demarcation differentiates the 'credibility evaluation' phase from the 'expectation formation' phase, which are often merged in the literature.

2.4. Online word-of-mouth, review credibility, and the platform environment

Research on online word-of-mouth communication has focused on the influence of online reviews on the preferences of tourists and their accommodation choices. It is not only an additional source of information, but consumers' choice might be influenced by the indicators of trust as well, and such variables as visual presentation, reviewer's expertise, and nature of WOM might influence the level of this influence [6]. In the study of shared accommodation services, the number of reviews, review ratings, third-party seals, and identity authentication were identified as important to stimulate orders [7]. Therefore, it is possible to suggest that user reviews can be considered as an independent construct that affects the formation of expectations.

Although in platform-based environments, this assumption could be too simplified. This paper indicates that the integrative control of the reviews may be inherently regulated by platform

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governance, rather than being operated as an autonomous driver. Fundamentally, the influence of online reviews is never canceled. What happens is that it gets partially reabsorbed and reshaped by the institutional setting of the platform, which could explain several inconsistent research findings regarding the importance of the reviews.

The issue is that reviews cannot serve as effective sources of information. Credibility research on reviews in the online environment has indicated that they do not have a direct impact on consumers due to their mere existence, but information in reviews gains credibility during the process of reading and analysis. The recipient of the review has a certain position regarding this phenomenon before and after viewing the post; therefore, the credibility formation process is multilevel. At the same time, there are a multitude of factors influencing the formation of credibility, such as the valence of reviews, information type, author expertise, consumer-reviewer similarity, and altruism [8].

When it comes to homestay providers, users were exposed to information filtered and systematized by the platform according to its ranking, sorting, recommendations, and visibility. In such a way, the theoretical importance of reviews is clear, but it is debatable the large part of its meaning in practical models, as the platform regulation and the information credibility played their role. This article does not prove the already realized opinion regarding the reviews as such, but means a reinterpretation of the models of construction of expectation. Based on the consumer's evaluation of the platform.

2.5. Platform governance and institutional signals

Platform governance is the first theoretical perspective to work with. Not only do platform-based systems ensure that certain information exemptions are'visible', but they also determine which information is more noticeable, which information makes it more likely to be credible, and which information can protect users. The research on the phenomenon of 'price discrimination' in homestay platforms proves the potential of the platform to use its informational advantages and algorithmic techniques to offer different treatments, affecting the user's information environment and price perception. Thus, platform governance is not only a backstage process, but it is also an institutional work that significantly influences user cognition and decision-making [9].

At the same time, third-party labels, verification processes, and identity checks foster confidence and drive up the number of reservations. All this shows that the platform is not a mere transport of information, but rather acts as an information reliability institution. This becomes possible because the reason why the pictures, descriptions, and reviews on the page affect users is not only their salience but also the presence of a somewhat reliable mechanism, which makes them part of the platform.

Platform governance is not only understood as a system of rules but also as a'multi-layered institutional structure that actively shapes user cognition', as this paper posits three governance layers: platform governance (algorithmic filtering, certification, ranking), user governance (reviews and ratings), and self-governance (personal cognitive filtering based on previous experience).

Looking deeper into the matter from the point of view of governance structures, one can note that the aspects mentioned earlier can be incorporated into the governance systems on any level. Thus, the information environment created by the platform, owing to moderation, ranking, certification, and regulations, is a part of the platform governance system, while reviews and user ratings are elements of the user governance system. Finally, the process of information filtering and parsing while getting the information, due to experience and cognitive skills, might be viewed as self-

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governance. The result of the combination of the mentioned aspects is the layer governance system that the users expect to have.

Against this background, this paper asks for the relevance of the platform information environment as an 'institutional signal', as the study classifies those signals as a connecting tissue for platform governance, trust building, and expectation design. In this manner, this paper offers an integrative framework of analysis that unifies previously distinct streams of literature.

3. Research hypotheses and theoretical model

3.1. Research hypotheses

Building on the literature review and the analytical framework of 'platform information–trust judgment–user expectations', this paper proposes the following five hypotheses concerning the antecedents of user expectation formation on Chinese homestay platforms:

H1: The credibility of information has a significant positive effect on user expectations.

H2: Initial impressions have a significant positive influence on user expectations.

H3: Platform governance has a significant positive effect on user expectations.

H4: User reviews have a significant positive influence on user expectations.

H5: Emotional expectations have a significant positive influence on user expectations.

3.2. Theoretical justification of hypotheses

The theoretical reasoning underpinning each hypothesis is summarised below, covering five constructs—information credibility, first impressions, platform governance, user reviews, and emotional expectations—each anchored in a distinct value dimension within consumer value theory and the trust-formation perspective.

Information credibility (H1). Within the homestay platform context, credibility becomes the primary precondition of expectations formation by the user, since users can never verify the actual accommodation prior to the reservation decision and must treat platform photos, descriptions, and tags as the principal authenticity cue. Theoretically, information credibility is directly related to the functional value of consumer value theory, while at the same time being a critical precondition for trust formation: only when users believe that the accommodation will be provided as described does the platform information serve as the basis for a positive judgment about their future experience.

First impressions (H2). When browsing homestay listings, users are typically first exposed to image style, page layout, headline wording, and overall visual presentation, which form a first impression of the property within a short period of time and shape how users subsequently interpret the rest of the page; first impressions are not merely emotional reactions, but a preliminary cognitive framework. From the perspective of consumer value theory, they primarily reflect emotional value: a well-presented visual and narrative experience stimulates positive imagination regarding atmosphere, trip quality, and lifestyle, and highly. Contextualized products, such as homestays, are particularly prone to being transformed into imaginative expectations of future experiences.

Platform governance (H3). Platform governance plays a higher-order structural role in the model: by shaping the information environment through vetting, certification, ranking, rule design, and visibility allocation, the platform directly influences users' overall trust and indirectly affects how users interpret specific information. When governance is perceived as stricter, more transparent, and more protective, users are more likely to believe that the images, descriptions, and labels on the page are highly credible, and consequently raise their expectations; compared to individual information

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variables, platform governance exerts a stronger overarching influence because it shapes the entire context for interpreting information rather than any single piece of content.

User reviews (H4). In studies of online word-of-mouth, user reviews are typically regarded as a key source of information influencing booking decisions, since reviews, ratings, and the sharing of past experiences provide potential consumers with a frame of reference and reduce uncertainty by drawing on others' experiences. On homestay platforms, user reviews possess distinct social and referential characteristics; if users perceive reviews as valuable, ratings as reliable, and experience-sharing as informative, theoretical reasoning suggests that they should raise their expectations accordingly, even though the role of reviews may be reshaped by platform mechanisms.

Emotional expectations (H5). Homestay consumption is not merely a functional choice of accommodation; it also encompasses distinct experiential and emotional expectations such as relaxation, cosiness, healing, romance, or a sense of uniqueness, formed from images, textual narratives, and the atmosphere of the listing. From the perspective of consumer value theory, these reflect the role of emotional value in expectation formation: the more readily users form positive emotional imaginings during browsing, the more likely they are to project these imaginings onto their future accommodation experience and raise their overall level of expectation.

3.3. Explanation of the theoretical model

From the analysis above, this paper proposes the following theoretical model of 'platform information-trust judgement-user expectations' and gives a corresponding interpretation in the framework of platform governance.

Firstly, information credibility, first impression, user review, and emotional expectations play a role in the process of forming cognitive assessments of accommodation listings by users from multiple perspectives, such as functional value, emotional value, and social reference value, and are theoretically converted into user expectations via trust building as an underlying mechanism. It needs to be pointed out that in this paper, trust will be considered as a theoretical mediating mechanism rather than a measurable variable because of the constraints of empirical research.

In addition, the variables in this paper can be arranged hierarchically. Platform governance works at the institutional level, forming the macro-level information environment; information credibility works at the informational level, showing how users evaluate information; and initial impressions, emotional expectations, and user reviews work at the perceptual level, demonstrating users' subjective perceptions.

Thus, user expectations should not be seen as static pre-consumption judgments but as the outcome of the interaction between institutions, information, and cognition. Not only does this model extend the theory of expectation confirmation, but it also serves as a theoretical basis for interpreting the emergence of expectation gaps.

4. Research design

4.1. Research approach and methodological selection

This study employs a combined approach of questionnaire surveys and multiple regression analysis. The use of questionnaires is justified because perceptions of platform governance, the reference value of reviews, information credibility, and user expectations are all subjective cognitive variables before consumption, which are difficult to capture fully through platform behavioural data alone.

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The questionnaire method is more suitable for measuring users' subjective cognitive variables before booking.

Furthermore, given the potential for common method bias in questionnaire data, this study employs a combination of procedural controls and statistical tests. These include ensuring anonymous completion and controlling item order during the questionnaire design phase, and conducting an assessment using Harman's one-way test during the data analysis phase. Such methods have been widely applied in behavioural research [10]. Harman's one-way test shows that the first factor accounts for less than 40% of the total variance, suggesting no severe common method bias. All variance inflation factor (VIF) values are close to 1 and far below 5, confirming the absence of critical multicollinearity.

Although trust is not directly measured, the significant effects of platform governance and information credibility provide indirect empirical support for the proposed trust-mediated mechanism.

4.2. Sample and data processing

Reliability and validity analyses were based on the initial sample (N = 341) to ensure the stability of the scale validation, whilst regression analyses were based on the cleaned, valid sample (N = 317) to ensure the validity and robustness of the model estimates. This approach is consistent with standard practice in empirical research and helps to ensure the robustness of the model estimates.

4.3. Reliability analysis

To test the internal consistency of the scale, this study employed Cronbach's α coefficient for measurement; the results are presented in Table 1.

Table 1. Results of reliability analysis

Indicator	Value
Sample size	341
Number of items included in factor analysis	20
Cronbach's α	0.887

Cronbach's α reached 0.887, indicating good internal consistency of the scale, which provides a reliable basis for subsequent statistical analysis.

4.4. Validity analysis

Before factor analysis, the scale items were screened to exclude those with low loadings or high cross-loadings, ultimately retaining 20 items for analysis. To test the construct validity of the scale, this study employed exploratory factor analysis (EFA), utilising principal component analysis (PCA) to extract factors, followed by Varimax orthogonal rotation.

The results in Table 2 showed a KMO value of 0.895 and a Bartlett's sphericity test statistic of 2594.135 ($df = 190$, $p < 0.001$), indicating a high degree of correlation among the variables and confirming the suitability of the data for factor analysis.

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Table 2. KMO and Bartlett's test result

Indicator	Value
KMO	0.895
Bartlett's Sphericity Test	χ^2=2594.135
df	190
p-value	<0.001

Further analysis revealed that after extracting five factors in accordance with theoretical assumptions, the cumulative explanatory power reached 65.73%, indicating that the scale possesses good structural validity. Specifically, the five factors correspond to platform governance, initial impression, user reviews, information credibility, and emotional expectations, respectively. The loadings of each item on its respective factor were high, and the eigenvalues of each factor were all greater than 1, indicating that the scale possesses good convergent and discriminant validity.

Table 3. Factor structure and dimension classification

Factor	Dimension name	Representative items
Factor 1	Platform Governance	The platform has a review mechanism; the platform restricts false information; property listings are relatively reliable; platform rules are effective
Factor 2	Initial Impression	Demonstrates a certain level of taste or style; suitable for sharing or showcasing; possesses social appeal; selecting this property creates a positive impression
Factor 3	User Reviews	Reviews are informative; reviews reflect the actual situation; ratings are reliable; user content is helpful
Factor 4	Information Credibility	Page information is comprehensive; property descriptions are clear; information is practical; the overall presentation appears reliable
Factor 5	Emotional Expectations	The page is appealing; browsing it generates anticipation; the style is attractive; the experience appears enjoyable

In summary, the scale demonstrates good structural reliability and validity, providing a reliable foundation for subsequent regression analysis.

5. Data analysis and results

5.1. Regression analysis results

After completing the testing of reliability and validity, this study established a multiple regression model, using the valid sample (N=317) and taking user expectations as the dependent variable while using information credibility, emotional expectations, initial impressions, platform governance, and user reviews as independent variables to test the impact of these factors on user expectations.

The regression results show that information credibility, initial impression, and platform governance positively affect the user expectation to varying degrees, of which platform governance makes the greatest contribution to the user expectation. However, the influence of emotional expectations and user reviews cannot achieve statistical significance.

From the point of view of overall statistical significance, the regression model built in this study is statistically significant (F=11.073, p<0.001), suggesting that the above-mentioned explanatory variables can account for some of the differences in user expectations. Additionally, the value of VIF

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for each variable is near to 1, meaning that the above regression model has no significant problems with multicollinearity and has a relatively stable result.

In accordance with the theoretical analysis, the trust-related judgment process plays a key role in building user expectations. On one hand, platform governance, information credibility, and initial impression all play roles as important antecedents of forming trust judgments of users. The positive impact of them on user expectation indirectly supports the theoretical mechanism of institutional signal → trust judgment → user expectation. On the other hand, the stability of their influence rules out the possibility of multicollinearity and common method variance problems.

5.2. Interpretation of model results

According to the regression results, it can be seen that the user expectation formation demonstrates clear platform-specific characteristics. First, from a specific variable perspective, the platform governance, information credibility, and initial impressions show a significant effect on user expectations, among which the most significant variable is the platform governance. It also means that platform governance serves as a higher-order structural factor that impacts users' perception of other factors rather than an independent factor.

It can be seen from the result that users tend to form expectations in terms of the whole institutional environment built by the platform instead of the individual information in the platform context. Through the information filtration and rules designed in the platform, users get relatively credible information, thus it becomes easier for them to form expectations according to the platform information.

Meanwhile, the significance of information credibility indicates that while believing the credibility of the platform institution, users also check the authenticity and integrity of specific information. The importance of initial impression lies in the fact that the general impression formed during browsing has a lasting effect on the subsequent evaluations, thus serving as a guide in expectation formation.

In contrast, neither user reviews nor emotional expectation has a significant effect on expectation formation. It implies that under the highly structured information environment of platforms, user reviews and emotions might not directly shape users' expectations. Instead, users tend to establish a basic trust towards the platform institution, after which they use the review information as a supplementary basis for decision-making.

To sum up, users' expectations formation in a platform context depends on both the platform itself and the way users perceive information. Specifically, platform governance serves as a dominant structure of expectation, while information credibility and initial impression work as specific cognitive ways to shape users' expectations towards future accommodation experience.

Based on expectation confirmation theory, high user expectations could create a large expectation gap if experience falls short of them. When users have much higher expectations owing to platform governance, institutional signals may create a wider expectation gap due to high uncertainty. In contrast, when users live in standard city areas, such signals narrow the expectation gap due to reduced distortion in signal translation.

5.3. Explanation of non-significant variables: why reviews fail and why sentiment is unstable

The most notable outcome of this study, contrary to expectations, is the absence of significant factors, rather than the presence of significant ones. Reviewers have long been established in related studies as being capable of playing a role in influencing decisions through user reviews. As

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indicated in previous studies concerning online word-of-mouth, word-of-mouth has been found to affect travel behavior intentions by way of creating a sense of trust. In addition, studies about shared accommodations have shown that the volume of reviews and their valence contribute positively to booking volume. Nevertheless, the regression results obtained here do not seem to conform to expectations.

Against such findings, there could be three potential answers offered by this study. First, the effect of reviews on users' perceptions lies in their credibility, rather than the mere existence of such reviews. Previous research on reviews had pointed out that the acceptance of reviews depended on several factors, such as website rating, audience tendencies towards trust, online purchase experience, sentiment, and type of reviews [8]. As such, reviews themselves would not necessarily serve as effective cues, but are pieces of information working under certain circumstances.

Furthermore, reviews cannot be isolated from the platform environment itself. Users do not see reviews without being exposed to the ranking, filter, default, and design features of platforms. Therefore, the reviews are expected to have been somewhat incorporated into platform governance and information credibility, resulting in their loss of independent importance in this particular analysis.

Thirdly, the non-significance of comments cannot be interpreted as the uselessness of those comments, but merely as a sign that users in a platform-manipulated information environment tend to depend more on signals from higher-level institutions before forming their own judgment of "whether something is trustworthy". Then, the comments come as secondary information. To put it differently, users don't "read comments first and then set expectations", but they are more likely to do "trust the platform first, and then understand the comments".

On the other hand, the lack of significance in emotional expectations reflects that while emotions can make the pages more attractive to users, this doesn't always mean that the same emotional imagery would automatically generate expectations on the part of the users. When perceiving the page, the users could see its style as "appealing", "calming", or even "poetic", but when forming expectations, they would have to refocus their attention again on institutional and functional aspects.

The summary of hypothesis test results is shown in Table 4.

Table 4. Hypothesis test results

Hypothesis	Content	Result
H1	The credibility of information has a significant positive effect on user expectations	Supported
H2	Initial impressions have a significant positive effect on user expectations	Supported
H3	Platform governance has a significant positive impact on user expectations	Supported
H4	User reviews have a significant positive impact on user expectations	Not supported
H5	Emotional expectations have a significant positive impact on user expectations	Not supported

Note: H4 and H5 are not supported due to the institutional signal absorption effect and contextual constraints, which are consistent with the platform-dominated mechanism of expectation formation.

6. Contextual comparison: Enshi Prefecture and Shanghai

In this context, the contextual comparison presented in this section should be regarded as a means of interpretation based on mechanisms rather than a rigorous test of causality, and hence functions as an elaboration on the empirical results of regressions.

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Based on the regressions conducted in this paper, we can find out what determines user expectation; yet, this will not suffice to completely elucidate 'why the same platform mechanisms create different levels of expectation gap in different regions'. For this reason, this paper employs two representative cases, namely Enshi Prefecture and Shanghai, to add explanations for contextual reasons to the findings of empirical analysis.

6.1. Enshi Prefecture: a combination of high local characteristics and high uncertainty

IPA research into tourists' evaluations of homestay experiences in Enshi Prefecture suggests that, in general, the tourists' level of satisfaction with homestay experience indicators is below what they perceive as its significance. This indicates a significant disparity between perception and expectation. Moreover, the tourists pay the most attention to safety and cost-effectiveness, while the environmental situation, host interactions, and the 'home-like' atmosphere require the most urgent improvements [11].

Such results are important for this paper since they reveal how, in homestay arrangements such as those in Enshi Prefecture, which are extremely localised and strongly dependent on the natural environment, many factors determining the experience's actual quality, including noise, mountain humidity, auxiliary facilities, ways of interaction, and environment, cannot be described sufficiently through the platform page. Therefore, platform-based governance mechanisms are capable of increasing credibility by ensuring that users can believe in the validity of 'the page image,' yet they cannot help users predict 'the real feeling of staying there.'

Thus, in situations like Enshi, higher levels of platform governance and information accuracy do not ensure a reduction in the expectations-reality gap; rather, in cases where the platform can increase credibility regarding 'the visible factors' yet fail to do so regarding the 'invisible ones,' this tends to lead to overexpectation and a significant gap.

6.2. Shanghai: higher standardisation and greater consistency between information and experience

According to research carried out in Shanghai, there is a state of spatial competition between homestays and hotels in metropolitan cities, where homestays are found closer to scenic spots and hotels closer to business hubs, with the main determinants being commercial development, population size, and cultural and tourism resources [12]. This implies that Shanghai's homestays are well integrated into its mature business and infrastructure network.

In contrast to Enshi, the higher degree of urban standardization in Shanghai does not merely reflect better infrastructure, but more importantly, enhances the offline interpretability of platform information. Variables like the convenience of transport, surrounding facilities, location quality, and standardized process of check-ins are usually accurately portrayed on the platform pages. Hence, in the context of Shanghai, where conditions are relatively standard, the impact of platform governance can actually lead to better matching and not just raised expectations. Put differently, the homestays of Shanghai are more likely to meet 'high expectations—high fulfilment'.

Studies of Shanghai's homestay development path further indicate that this alignment effect is reinforced by institutional standardisation at the local level. The progressive issuance of municipal management guidelines, classification frameworks, and supportive policy documents has gradually converted scattered host practices into a relatively uniform service template [13]. Such institutional standardisation narrows the interpretive gap between what platform pages signal and what guests subsequently encounter offline, providing a mechanism-level explanation for why platform

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governance, in the Shanghai context, tends to support expectation–experience alignment rather than amplify expectation gaps.

6.3. Theoretical significance of the contextual comparison

When comparing Enshi with Shanghai, even though institutions convey similar signals on the platform, the impact on different regions does not have to mirror that of institutions. Institutional signals enhance the trustworthiness of the platform's information, but the implied difference will be broader only if the platform can become the intermediary and inform the offline experience in advance.

This implies that the stabilising effect of institutional signals is not necessarily universal but contingent on the specific context, thus contradicting the underlying assumption of the reviewed literature that greater control by platform providers diminishes uncertainty and expectation gaps.

When the contextual salience is very low locally but very high globally, the institutional signals are likely flattering the visible aspects of governance in order to create a perception of legitimacy without resolving the uncertainty over the invisible aspects, thus increasing the expectation gap.

On the contrary, in situations where there are standards, institutional cues could reinforce experiences, leading to a reduced expectation gap.

Therefore, in highly standardized urban contexts such as Shanghai, platform governance does not simply elevate expectations but rather improves the alignment between expectation formation and experience by enhancing the interpretability of institutional signals.

Hence, this paper adds to the existing knowledge by showing that platform governance works as a conditional mechanism and not a panacea, so the effects it has on expectation development and expectation gap should be seen through the lens of specific circumstances of the service setting.

7. Conclusions

7.1. Key findings

The core finding of this paper is that, in the context of Chinese homestay platforms, the formation of user expectations exhibits distinct platform-dominated characteristics: platform governance, information credibility, and initial impressions significantly influence user expectations, with platform governance having the strongest effect, while user reviews and emotional expectations do not. Users do not primarily rely on scattered reviews or personal emotional imaginings, but rather on institutional signals provided by the platform to judge 'whether the information here is credible'. Within a platform context, the formation of user expectations therefore resembles an institutional judgement process rather than a simple aggregation of information.

7.2. Theoretical discussion

This paper makes three main contributions. First, it emphasises that expectations are not a given premise but an object shaped within the platform environment, addressing the shortfall in traditional expectation-confirmation research regarding the formation of prior cognition. Second, it proposes the platform mechanism of 'institutional signals driving expectations', illustrating that platforms are not neutral conduits but shapers of information credibility and visibility. Third, it offers a platform-based explanation for the non-significance of reviews: in a highly institutionalised platform

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environment, the independent effect of user-generated content may be absorbed by institutional signals from the platform.

7.3. Practical implications

From a practical perspective, the key to platform governance lies not merely in increasing transaction conversion rates but in enhancing the accuracy of user expectations. Platforms need to optimise their information disclosure logic so that users gain a more comprehensive understanding of potential experiences; review systems should improve the readability and credibility of information; and differentiated information disclosure mechanisms should be established for different regions to reduce expectation bias.

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