

The Role of Incentivized Reviews: A Dynamic Perspective

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Abstract

Firms sometimes provide incentive to potential reviewers so as to encourage online WOM engagement, especially to improve product reviews performance. In this research, we investigate so-called incentivized reviews and how the emergence of incentivized reviews influences the reviewing system, especially on the subsequent organic reviews. Mixed methods are used including ordered logit regression, propensity scores matching, text analysis and lab experiment. We aim to demonstrate the dynamic effect of incentivized reviews, using review data from Amazon.com across different product categories. Although incentivized reviews can improve products' review performance in terms of volume and valence in the short time, it also brings adverse impact on the review sequence. We find that, after the first incentivized review appears, ratings of subsequent organic reviews decrease, and this decline trend vanishes over time. This negative drop remains robust when we control for other review dynamics. Moreover, we exam two alternative theories in the lab to explain our empirical findings: adjustment theory and motivation theory. We find that customers believe incentivized reviews are positively biased, and thus would adjust their own product evaluations downwards when facing with prior incentivized reviews. However, the motivation to post their own reviews is not affected by prior posted incentivized reviews. Our results suggest that practitioners should exercise caution when conducting incentive campaigns.

Keywords: product reviews, online WOM, review dynamics