New Research: The Joint Effects of Average Product Ratings and Review Volumes on Consumer Decisions

Jared Watson, Marketing Doctoral Candidate

Consumers have access to more product information than ever before. As online retailing grows, understanding how consumers use the variety of information options at their disposal becomes increasingly important. A few of the important pieces of product information consumers come across online are average product ratings and review volume (i.e., the number of reviews). How do consumers decide which of these are more important to their decisions? Consider the following scenario in which you are trying to decide between a blender that has a 3.5 rating and 308 reviews versus one with a 3.2 rating and 364 reviews. Now instead, imagine that these options have 8 and 64 reviews, respectively. Does your preference shift? The researchers predict that when consumers are considering options that have smaller review volumes (the latter comparison), the difference in the number of reviews becomes increasingly important, leading consumers to decrease preference for the higher-rated option, in lieu of the one with more reviews.

Yet, when both options have a large number of reviews (the former comparison), then review volumes are less important to consumers and they decide primarily on the average product ratings, all else equal.

To test this prediction, the researchers had participants indicate their relative preference between different product options where the only significant differences were average product ratings and review volumes. In doing so, they were able to demonstrate the conditions by which consumers will trade off a higher average product rating for an option with more reviews. Utilizing eye-tracking technology, they further demonstrated that this process occurred as an attentional shift in the attributes, such that when review volumes were large, participants readily made their decisions after viewing the information, but when review volumes were small, participants returned their gazes to the average product ratings to re-evaluate the attribute. Their results suggest that review volumes are not merely an independent signal of quality, but rather, a moderating variable of the average product rating’s signal of quality.

The authors argue that managers should pay special attention to this research as it demonstrates fundamental differences in consumer behavior when considering options with small (versus large) review volumes. They supplement their experimental data with empirical work which shows that a majority of online retailers feature small review volumes, so it is likely that they may be unintentionally biasing their consumers. Furthermore, their research demonstrates that consumers are more likely to defer purchase when a small number of reviews is displayed. But by simply withholding that attribute (i.e., not prominently displaying it in the summary information), consumers behave more similarly to those that view large (versus small) review volumes. This is one such way that small retailers can level the playing field with their larger competitors.

The 2017 Decision Science Graduate Field Committee

by Antonio Tyson, Smith Behavioral Lab Manager

The Graduate Field Committee in Decision Science is dedicated to encouraging research community building among academic fields and disciplines. The committee is co-chaired by Michael Dougherty, Professor of Psychology and Director of the Decision, Attention, and Memory Lab, and Rebecca Ratner, Professor of Marketing and Assistant Dean of Academic Affairs in the Smith School.

On April 21, 2017, the committee hosted the Decision Science Symposium at Tawes Hall. Two prominent researchers were invited to discuss their latest work. Anuj Shah, Associate Professor of Behavioral Science at the University of Chicago, studied the psychology that arises from facing resource scarcity. His talk, “The Expertise of the Poor”, explored how poverty reshapes the way people think. Jennifer Trueblood, Assistant Professor of Psychology at Vanderbilt University, studies human judgment, decision-making, reasoning, and memory from a computational modeling approach. Her talk, “Dynamics of Choice”, demonstrated how mathematical models can provide a way to explore the underlying processes involved in choice behavior. Following the talks was a panel discussion featuring the speakers. The event then concluded with a breakout session where Ph.D students from several departments received valuable research and career advice. The committee welcomes all who are interested in decision science research to attend future events.
New Research: Corporate Social Responsibility on Dishonest Consumer Behavior

In Hye Kang, Marketing Doctoral Candidate

The marketplace provides many opportunities for consumers to behave dishonestly toward companies to gain financial rewards. Consumers may return a used product for a refund, lie about the reason for returning a product (e.g., "the laptop came with a defect"), lie to qualify for discounts and promotions (e.g., "My child is 11 years old"), and file for fraudulent insurance claims. These dishonest behaviors are widespread and costly for companies and societies.

In this research, we examine how a company’s corporate social responsibility (CSR) influences consumers’ dishonest behavior toward the company. CSR refers to a company’s activities to further social good. In these CSR activities, companies support various social causes, including philanthropy, diversity, environment, and animal welfare.

When and how does a company’s CSR influence dishonest consumer behavior toward the company? We find that the effect of CSR on dishonest consumer behavior is moderated by the strength of the consumer’s CSR-related identity (i.e., the degree to which the consumer identifies with a particular aspect of a CSR activity such as cause or charity). When consumers strongly identify with the CSR (e.g., the cause of supporting diversity), CSR (vs. no-CSR) decreases dishonest consumer behavior toward the company by increasing anticipatory self-threat (e.g., If I cheat this company that supports the diversity I care about, I would feel like I am a bad person). In contrast, when consumers weakly identify with the CSR, CSR (vs. no-CSR) backfires and increases dishonest behavior by reducing anticipatory self-threat. In this case, consumers feel justified in acting dishonestly toward a company that supports a cause which is either not a part of their identity or runs counter to their identity.

Our findings suggest that companies can reduce dishonest consumer behavior by making consumers aware of the company’s CSR activities. However, marketers should also note the backfiring effect of CSR for consumers who weakly identify with an aspect of CSR.

By the Numbers

During the 2016 calendar year...

| 6,800+ | Participant hours were spent in all lab sessions for Mktg and M&O courses. |
| 103    | Academic research studies were conducted in the behavioral lab. |
| 66     | Academic papers have been published based on research conducted in the lab. |

Since the lab opened in 2003...

Smith Behavioral Lab GA and Undergrad Intern Reflect on Research Experience

Omowumi Alimi, MBA GA

Shortly after beginning in the MBA program, I developed interest in business doctoral study and wanted to understand how academic research is conducted and how theories are used to make business decisions. The graduate assistantship at the Smith behavioral lab provided the opportunity to satisfy my curiosity. The experience I gained as a graduate assistant at the lab has been interesting and insightful for me. My work experience pre-MBA involved consumer insights and research. So the graduate assistantship helped me to understand how academic research differs from consumer research in industry.

I found the weekly behavioral research meetings particularly beneficial. I learned that critical thinking and thorough analysis are the bedrock of their studies. As I assisted to code open-ended responses for some studies, I witnessed effort by researchers to eliminate biases in the research process. I have developed a better appreciation of the understanding of human behavior and how insight could help businesses further their agenda, an objective that is extremely important as competition in the business landscape continues to increase.

In addition to the research, the conversations I’ve had with the doctoral students enriched my experience in the lab. I appreciate the opportunity to assist the Smith Marketing faculty in their quest to develop and contribute to business literature. My time at the Smith Behavioral lab has deepened my interest of consumer behavior and its implications. This experience will be professionally rewarding as I follow through on my interest in doctoral studies in the near future.

Alyssa Domash, Intern

As an undergraduate student pursuing a degree in marketing, experience in the field is pertinent to securing a job after college. I was presented with the opportunity to apply to the Smith Behavioral Lab Internship Program. As a new intern, I knew that my upcoming experience in the lab would be invaluable. Our responsibility was to assist in conducting surveys in both laboratory and off-site settings, which was used to understand consumer behavior and analyze why individuals act as they do. I enjoyed learning about the different methods to test research hypotheses.

We also had the opportunity to attend behavioral group meetings where researchers presented their findings. This was my favorite aspect of the internship because it gave me a first-hand look into the overall research process. We were given the opportunity to not only learn each researcher’s method, but also their thinking throughout the research process, which they explained throughout their presentations. This taught me how to analyze research methods, while opening my mind to different data collection strategies. As a whole, I am appreciative of my time at the Behavioral Lab. The knowledge I gained in consumer behavior will be useful in my career in marketing and everyday life. Market research requires patience, attention to detail, creativity, and numerous other qualities. I am fortunate that I was able to see this first hand during my time at the Smith Behavioral Lab.