The Fateful First Consumer Review

Sungsik Park
University of Southern Carolina

Woochoel Shin
University of Florida

Jinhong Xie
University of Florida

Observation: Inconsistency of Online Reviews

| Product		Average rating			Number of reviews			Price		
		Amazon		Walmart	Amazon		Walmart	Amazon		Walmart
A		4.0	>	2.2	303	>	4	79.00	=	79.00
B		2.5	<	4.0	8	<	81	36.68	<	39.80
C		4.2	>	3.0	328	>	2	80.99	<	89.99

What makes the sentiment different?

Data

- All the vacuum cleaners with at least one review from both Amazon and Best Buy at the time of data collection (January 6, 2015).

- This results in a total of 177 vacuum cleaner models in our data set.

- For each of these products, the authors collect the number of reviews, the order of each review, the date each review was posted, the rating of each review, the review texts, and the price of the product from both platforms.

Initial Evidence: The First Review Matters

First Review		Average rating			Number of reviews			
Amazon	Best Buy	Amazon	Best Buy	Difference	Amazon	Best Buy	Difference	Sample size
(+)	(−)	3.974	2.835	1.138***	66.143	14.952	51.190**	21
(−)	(+)	3.046	4.264	−1.218***	41.147	18.970	22.176*	34
(+)	(+)	4.099	4.386	−0.286***	92.216	35.108	57.108***	111
(−)	(−)	3.151	2.857	0.293	55.182	17.545	37.636**	11
All samples		3.823	4.083	−0.260***	77.011	28.525	48.486***	177
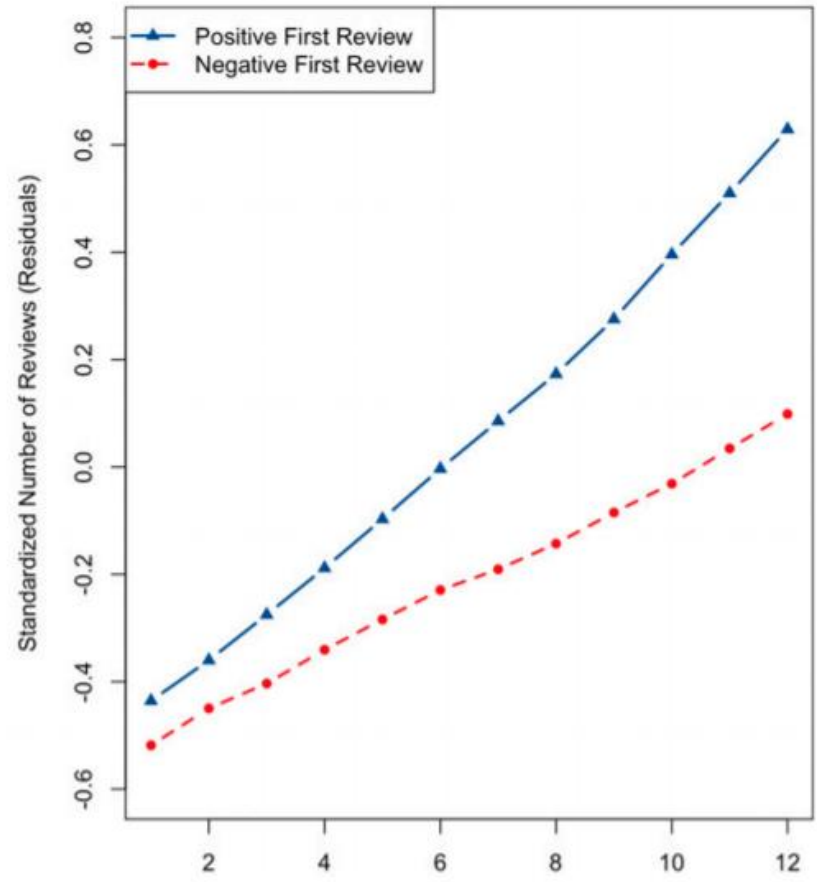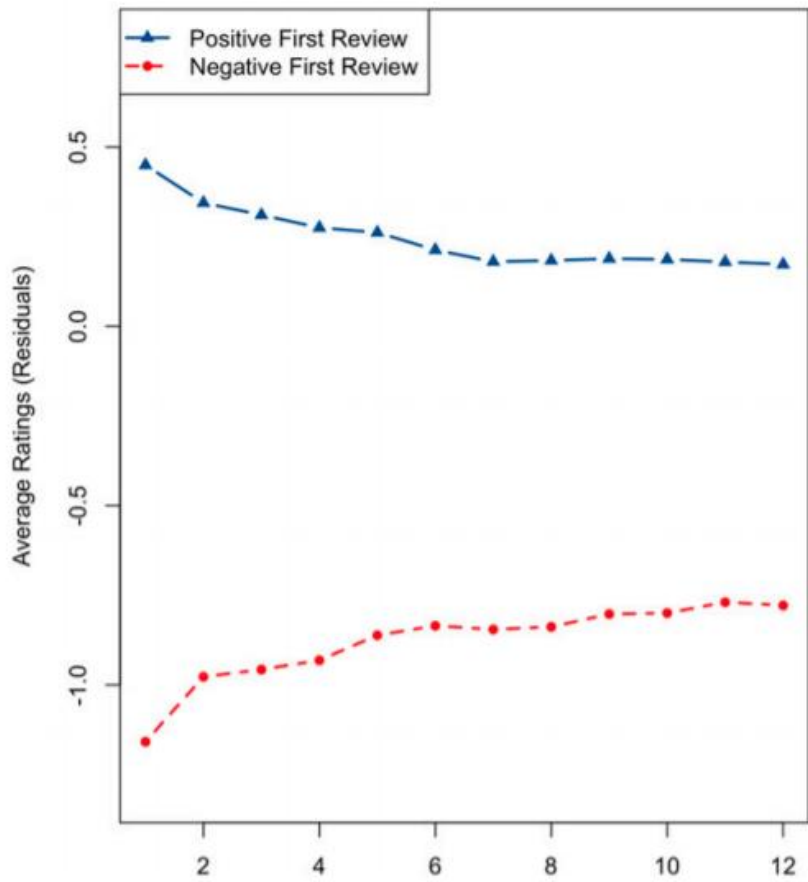
Methodology

The authors build a theoretical model to predict the role of the first review, and then use linear regression to test the predictions. In their linear regression, they investigate how the first review affects the ratings of the products and the number of follow-up reviews.

Main Results

1. A product has a higher average rating after a positive first review than a negative first review.

2. A product has a higher number of reviews after a positive first review than a negative first review.

Implications

1. A review platform may want to set up a policy where it suppresses reviews until the product receives a certain number of reviews so that consumers may see the reviews when the overall reviews reflect the true quality of the product.

2. For consumers, reviews are biased. Don't rely too much on the reviews.

3. For online sellers, you may pay special attention to the first a few reviews. You may even want to purchase your own products to create the first review on the platform.