

One Size Does Not Fit All: the Differential Impact of Online Reviews

Emergent Research Forum Paper Abstract

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Abstract

There has been plenty of research on the impact of online reviews on product sales in the last decade. However, prior studies don't always reach the same conclusions. Literature review indicates that, because of data limitations, prior studies treat the consumers as homogeneous and ignore their individual characteristics. There has only been very limited research that delves into the characteristics of the products being reviewed. Do online reviews have the same impact on consumers who may have different shopping habits or demographic characteristics? Do online reviews also impact the sales of all products/services to the same extent? Using a unique dataset that includes individually identifiable consumer online review browsing data and purchase data, this paper analyzes the effect of online reviews from a more nuanced perspective by examining how individual consumer shopping characteristics and vendor characteristics moderate the effect of online reviews as well as vendors' marketing activities. This research not only enriches the online review literature but also offers practical guidelines to vendors that wish to use online reviews to stimulate sales. Online shopping has the capability of enabling vendors to collect a vast amount of information that can be traced to individual consumers. Analyzing consumer shopping behavior for targeted advertising has become a standard practice for many companies. Our research highlights how companies can take advantage of the powerful combination of consumers' shopping behavior data with online review browsing data to design timely and innovative marketing activities.