

Ratings, Reviews, and Recessions: How Business Cycles Shape Online Opinion

Thomas Scholdra
University of Cologne

Cite as:

Scholdra Thomas (2019), Ratings, Reviews, and Recessions: How Business Cycles Shape Online Opinion. *Proceedings of the European Marketing Academy*, 48th, (9803)

Paper presented at the 48th Annual EMAC Conference, Hamburg, May 24-27, 2019.



Ratings, Reviews, and Recessions: How Business Cycles Shape Online Opinion

Abstract

Existing research demonstrates the extensive impact macroeconomic conditions have on consumer purchase behavior. While gathering and expressing opinion about products through ratings and reviews constitute integral parts of the buying process, insights about the impact of the overall economy on such pre- and post-purchase activities remain sparse. Therefore, this study investigates whether and how economic expansions and contractions affect online opinion and tests theoretical explanations for these effects under varying conditions. Relying on a longitudinal data set of online product reviews from the online retailer Amazon.com allows to capture the effects of multiple business cycles. The results indicate numerical ratings to be negatively affected by economic expansions. Review sentiment is negatively affected by economic expansions and positively by contractions. These findings are in line with the expectation disconfirmation theory. Additionally, the negative effect of economic expansions is particularly severe for popular product i.e., those with a high number of evaluations.

Keywords: *Online Opinion; Online Reviews; Business Cycles*

Track: Digital Marketing & Social Media