

In Reviews We Trust: The Dark Side of Review Incentive Programs

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Abstract

Review incentive programs became an increasingly popular marketing strategy to boost online reviews for products. While promoting more reviews might be advantageous to both manufacturers and retailers, there is little knowledge about the possible adverse effects of such strategies on consumer review behavior. Using a rich data set of reviews from a leading global online retailer spanning over 22 years (1997-2019), we find that after joining a review incentive program, consumers write, on average, 2% more positive review texts. Furthermore, products received for free receive, on average, 0.2% higher star ratings. There is a significant spillover effect on reviews of products acquired outside of the program, which receive, on average, 0.7% higher star ratings after consumers join the review incentive program. We find evidence that other consumers perceive such reviews as less helpful. This effect is even larger for reviews of free products.

Keywords: *Online Reviews; Review Incentive Programs; Deep Learning*

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