

WISDOM OF THE CROWD OR PEOPLE LIKE ME? Consumers' preferences in online reviews



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Introduction

- Both the volume of reviews ("wisdom of the crowd") and similarity between the consumers and the reviewers ("people like me") have been found to be critical for consumers in online reviews
- These two central attributes usually cannot be maximized at the same time and consumers must tradeoff one to gain the other
- This research show how consumers' tradeoff between volume vs. similarity and how this tradeoff affects their choice and satisfaction from their chosen product

When seeking for online advise would you prefer to follow ...?

Wisdom of the crowd

All (73) Business (0) Romance (29) Family (13)

3.8 / 5 Good

OR

People like you?

All (73) Business (0) Romance (29) Family (13)

4.2 / 5 Very Good

Experimental Paradigm

We have selected for you two different products.
The names and descriptions of the products are hidden inside two boxes.



- Do you prefer to receive the product that was rated higher by
- 1) all 100 previous participants OR
 - 2) a subset of previous participants who are most similar to you ?

Method

Study 1

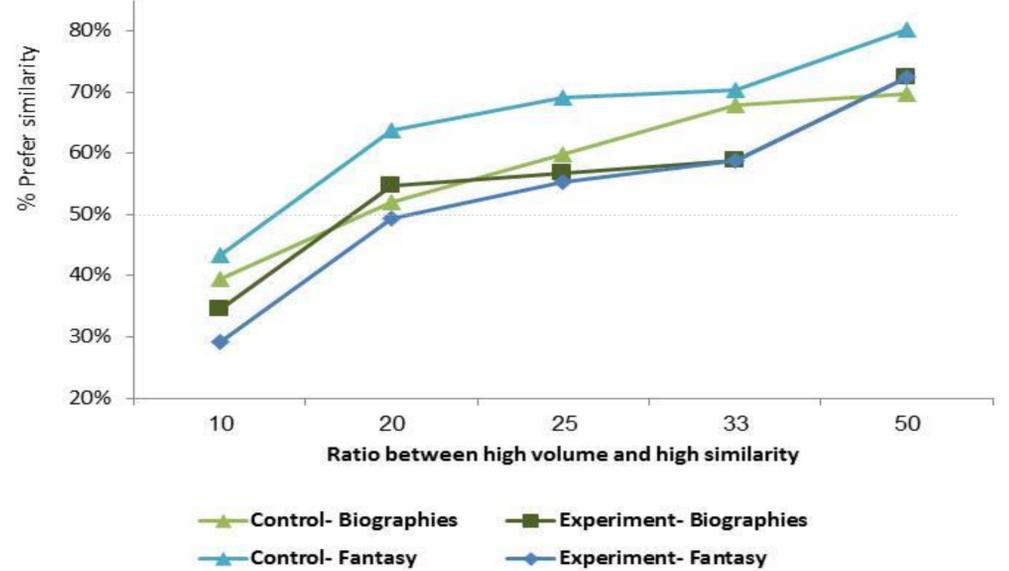
- 300 participants had to choose between two different audiobooks that their names and descriptions were hidden.
- The choice between the audiobooks was presented 10 times for 2 different genres, in a random order.

Study 2

- Similar to Study 1 except that the product was a 3.5 minutes Ted-talk and 779 participants chose the product only once.
- All participants saw the same movie and rated their satisfaction

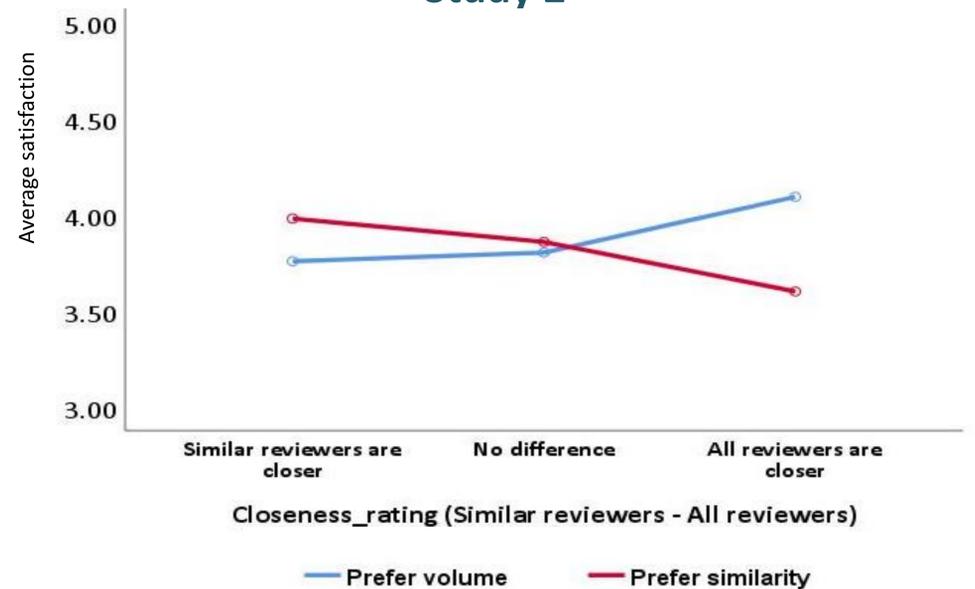
Results

Study 1



- Above ratio of 1 to 5 (20:100) people are more willing to sacrifice volume in order to gain similarity (Wilk's Lambda = 0.635, $F(4,593) = 85.198$, $p < 0.01$).

Study 2



- Following the advise of similar others increased satisfaction from the chosen product of those who perceived these similar others as close to them, but decreased satisfaction of those who perceived them as distant from them ($F(2,773) = 7.187$, $p < 0.05$)

Implications

- Consumers tradeoff volume and similarity: the higher the ratio between volume and similarity the higher the preference to similarity over volume.
- This research adds a new contribution to consumers' need for maximization between volume and similarity - similarity affects satisfaction only when similar others are indeed perceived as close to the consumer.
- Marketers should consider adding more personalized filtering systems in order to increase the effectiveness of online reviews.
- These personalized mechanisms should be relevant and reliable in order to increase consumers' satisfaction from the product.
- Future research will explore additional conditions that may affect this tradeoff and what could influence the perception of "people like me".

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