Estimating Economic Impact of Online Product Reviews

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The rapid growth of the Internet provides opportunities for prior consumers to create and publish consumer reviews for particular products they purchased, creating a wealth of product information for potential consumers. In this presentation, we examine the impact of consumer reviews on relative sales of electronic products on Tmall.com. In the first stage, we utilize a "difference in difference" specification to identify the causal effect. Also, we explore the independent effect of text-based features of reviews on product sales, in addition to reviews volume, through multiple aspects of reviews contents, such as readability level. In the second stage, we design a software agent that implements case-based decision theory. And thus, we construct the case-based software agent which can determine consumers' optimal online purchasing behavior based on CBDT. And we will measure against regressions through repeated play of market transactions using CBSA.

Minjie Huang is a Ph.D. candidate in the Department of Economics at Binghamton University. Her research interests are agent-based modeling and microeconomic theory.

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