

Online Ratings: A Case Study of Information Integration

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Abstract

Building upon previous literature that demonstrates the effect of average rating and number of reviews on consumer behavior, the present study begged the question of how rating distributions influence perception of product quality at the individual consumer level. To address this question, we presented a wide range of rating variances for each average rating from 1.1 to 4.9 in a 5-star system and asked participants to indicate their perceived quality of each product on a scale of 1–10. The behavioral study revealed an interaction between average rating and rating variance: Among all products of the same average rating, when the average rating was low (below 2.5), people judged less-variable products to be of higher quality, whereas when the average rating was high (above 2.5), people judged more-variable products to be of higher quality. A utility-based cognitive model was developed to identify the underlying mechanisms of this reversed preference.