

WHARTON MARKETING CAMP

Friday, February 22, 2019

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David Godes is Dean's Professor of Marketing and the Chair of the Marketing Department at University of Maryland's Smith School of Business. He holds a Ph.D. and S.M. in Management from the Massachusetts Institute of Technology and a B.S. in Economics from the University of Pennsylvania. Dave joined the Smith School faculty in 2009 after teaching for ten years at Harvard Business School. His research focuses primarily on word-of-mouth communication, digital marketing and media strategy. He and co-authors have twice won the INFORMS Society for Marketing Science Long-Term Impact Award and have won and/or been finalists multiple times for the Frank Bass Award and John D.C. Little Award. Dave currently serves as Associate Editor for both Marketing Science and Management Science. Dave's teaching experiences include undergraduate, graduate and executive courses ranging from Introduction to Marketing to Brand Management, Business-to-Business Marketing and Sales Management. He has authored numerous case studies on leading global firms like Federal Express, Avon Products, Terumo (Japan), SKF (Sweden), XM Satellite Radio, BMW, IBM, Hasbro, BzzAgent and Lincoln Financial. His research and opinions have been cited in a wide range of popular press outlets including The New York Times, Forbes, The Economist and The Boston Globe. He has also consulted, and/or delivered executive education courses, to many firms, small and large, located in the U.S., Europe and Asia. Prior to returning to MIT to pursue a Ph.D, Dave started and ran his own market research and consulting firm which served a range of clients throughout the Northeast drawn from banking, mortgage lending, health care management and venture capital. Prior to that, he was a marketing manager in consumer banking. He lives outside of Washington, D.C. with his wife Jodi and daughters Bellamy and Grace. He remains the world's most-committed New England Patriots fan.

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EXTREMITY BIAS IN ONLINE REVIEWS: A FIELD EXPERIMENT

Abstract: In a range of studies across many platforms, submitted online ratings have been shown to be characterized by a distribution with disproportionately-heavy tails. These have been referred to as "u-shaped distributions" or "j-shaped distributions." Our focus in this paper is on understanding the underlying process that yields such a distribution. We develop a simple analytical model to capture the most-common explanation: differences in utility associated with posting extreme vs moderate reviews. We compare the predictions of this model with those of an alternative theory based on customers forgetting about writing a review over time. The forgetting rate, by assumption, is higher for moderate reviews. The two models yield stark theoretical differences in the predicted dynamics of extremity bias. To test our predictions, we conduct a large-scale field experiment with an online travel platform. In this experiment, we vary the time at which the platform sent out a review solicitation email. This manipulation allows us to observe the extremity dynamics over an extended period both before and after the firm's solicitation email. The results support consistently the forgetting-based explanation over the extant utility theory.