Abstract
The past decade witnessed an explosive growth of firm-initiated fake product reviews in online platforms. We develop an analytical model to analyze the effects of such review manipulation under two pricing regimes – wholesale pricing and agency pricing – wherein manufacturers compete along two dimensions – prices and review manipulation. We find that in both regimes an increase in the common cost of manipulation reduces the manipulation level of the high-quality manufacturer, but as the common cost of manipulation increases, the manipulation level of the low-quality manufacturer may also increase, since the common cost of manipulation will affect the manipulation incentives of each. Therefore, a stricter anti-review-manipulation strategy adopted by the platform may incentivize the low-quality manufacturer to conduct a higher level of manipulation. We also find that the total review-manipulation level is higher under the wholesale model than under the agency model because the common retailer under the wholesale model acts as a “buffer”: The price competition between the manufacturers is limited by the common retailer, and therefore, the manufacturers tend to compete more fiercely through review manipulation under the wholesale model. This study should interest practitioners as the results highlight the interaction between review manipulation and pricing regimes.

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His research interests focus on analyzing the impact of Internet technology on software development and marketing, and information systems policy issues, in particular, the national debate on network neutrality. He was ranked 20th (for the period of 2009-2011) and 16th (for the period of 2010-2012) among the world’s top-100 researchers in information systems based on publications in the top three information systems journals. His “Toward a Profile of Student Pirates” article was selected by Journal of Business Ethics as one of the 49 distinguished articles (out of 4747 published papers in thirty years) in JBE’s thirty year anniversary issue. His 2011 Information Systems Research paper “The Debate on Net Neutrality – A Policy Perspective” was a required reading in many doctoral seminars on information systems. Using “The Debate on Net Neutrality – A Policy Perspective” with quotation marks for exact Google search generates 152,000 web sources citing this paper as of March 31, 2012. This paper was also quoted in Google’s official filing to the Federal Communications Commission (WC Docket No. 07-52) on June 15, 2007. His 2012 Decision Sciences paper “Net Neutrality, Broadband Market Coverage, and Innovation at the Edge” was featured in B-School Research Briefs of Bloomberg Businessweek. His 2015 Decision Sciences paper “Estimating Social Influences from Social Networking Sites” was a required reading in many doctoral seminars on information systems. Using “Estimating Social Influences from Social Networking Sites” with quotation marks for exact Google search generates 152,000 web sources citing this paper as of March 31, 2012.