Lingnan University 嶺南大學 香港 Hong Kong

Faculty of Business 嶺南大學商學院

HKIBS HONG KONG INSTITUTE OF BUSINESS STUDIES 香港商學研究所

MIB Department of Marketing and International Business

Academic Seminar

Optimizing Rating Systems for Innovation

I study the impact of platform rating aggregation policies on firms' product innovation incentives. Given the positive impact of aggregated ratings on product sales, firms use aggregated ratings to guide their product innovation investments in improving product quality. Thus, platform rating aggregation policies can play a key role in increasing or decreasing firms' innovation incentives. After collecting a unique firm-level dataset from a mobile game app platform, I combined reduced-form analysis and a structural model to show how rating systems can be optimized for innovation. I show that innovation has a positive impact on all key rating system metrics and that a lower rating significantly increases innovation incentives. Building on empirical evidence, I develop a dynamic structural model to represent firms' forward-looking behavior and estimate innovation costs. I then evaluate the impact of alternative rating aggregation policies on innovation incentives. The counterfactual analysis shows that placing greater weight on recent ratings can increase the innovation rate substantially.

Sherry He is a PhD candidate in Marketing at UCLA Anderson School of Management. Her research interests are in Quantitative Marketing and Empirical Industrial Organization, with a substantive focus on economics of digitization, user-generated content, platform policy and innovation. Her work has been published in Market Science and Harvard Business Review and featured in media outlets such as the Wall Street Journal, New York Times, etc. She obtained her BA in Economics and Statistics with honors from the University of Michigan - Ann Arbor in 2017.

Date: 11 October 2022 (Tuesday)

Time: 09:30-11:00am (HK Time)

Zoom meeting (ID: 929 6124 1083)

Language: English

Join Now

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