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When Paying Off for Reviews Pays Off: The Case of Performance-Contingent Monetary Rewards

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Abstract

Several online review platforms offer monetary incentives to motivate individuals to write reviews and keep them engaged with the platforms. While existing studies have examined the effects of completion-contingent monetary incentives (which uniformly reward users as long as they write reviews on the platform), we know little about the effectiveness of performance-contingent monetary incentives (which reward platform users based on the quality of their reviews). In this paper, we examine the effects of receiving performance-contingent rewards on users' continued contribution in terms of the quantity, quality, and valence of the reviews they generate. We leverage a quasi-experiment research design to analyze a large dataset that we obtain through a collaboration with a large restaurant review platform in Asia. Our evidence shows that after receiving performance-contingent rewards, individuals write more reviews and write reviews that are of better quality. Interestingly, receiving rewards does not significantly affect the valence of subsequent reviews. Our study extends past research by being one of the first to examine how receiving performance-contingent rewards affects subsequent behaviors of reviewers. Our results can also guide platform managers to design efficient and effective incentive policies.

Keywords: Performance-contingent monetary incentives, online reviews, review quality, review quantity, review valence, quasi experiment