

Application Letter

**NBER Tutorial in the Economics of Digitization
Stanford University, March 2016**

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To whom it may concern:

Prof. Petra Moser told me about the NBER Digitization Tutorial that will take place at Stanford University in March 2016 and I'm writing to apply for it.

I am a second year Economics Ph.D. student at New York University Stern School of Business, currently pursuing coursework in Industrial Organization. This term I am taking Industrial Organization / Applied Theory courses, taught by Prof. Cabral, Prof. Jovanovic and Prof. Prat respectively, and an Experimental Economics one taught by Prof. Frechette. In the Spring semester, I will complement this with courses in the Economics of Innovation (Prof. Moser), Behavioural Economics (Prof. Gabaix) and Information Economics (Prof. Veldkamp).

The NBER tutorial is closely related to my project on "The Role of Individual Standards in Online Reviews", which analyses how self-selection of consumers buying products of different qualities might impact online reviews. Suppose, for instance, that consumers with higher standards (and hence higher expectations) tend to buy higher quality products: since these consumers are less easily satisfied, their reviews will, on average, be less favourable than those of less picky consumers, who will pay less attention and buy inferior goods. As a result, the ranking of products' ratings might not represent the true distribution of underlying qualities. Consumers who fail to internalise this phenomenon would potentially make wrong purchasing decisions.

A second project, "A Sequential Method for Detecting Fake Online Reviews", exploits a specific feature of websites for online reviews. Websites like Yelp display an approxi-

mate number of stars, like 2,5 or 3, instead of showing the precise average rating. This fact creates an opportunity to detect strategic sellers' manipulation in a regression discontinuity design: if the mass of products whose reviews are just on the right of a cutoff is bigger than that on the left (assume, for instance, that many products have an average of 2,76, which is enough for Yelp to display 3 stars, but only few have 2,74, who would cause Yelp to display 2,5), it is reasonable to conclude that this is caused by sellers' inflating of their own ratings. Using a sequential method we can extend this analysis to be product-specific: as soon as a product's average review gets close enough to a cutoff, we can check whether there is an abnormal number of extremely positive reviews until such cutoff is reached.

This NBER Tutorial complements my research agenda, and offers an opportunity to learn from scholars that specialise in my research field outside of NYU. It would also allow me to connect with fellow students in my field, and possibly pave the way for future interactions and collaborations. I still talk on a daily basis to my colleagues at schools and events I attended in the recent past, like the Yale Summer School in Behavioural Finance in June 2015. For all these reasons, I would be delighted to be part of this next March.

Sincerely, Tommaso Bondi