

Expert vs. E-Aggregator: Can Critics Continue to be Critical? Evidence from the Movie Industry

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EXTENDED ABSTRACT

Research Question

We examine the role of expert ratings on movies' box office performance. Specifically, we study whether e-aggregators have overshadowed the impact of individual critics on movie's box office performance.

Method and Data

We use propensity score matching (PSM) technique in conjunction with the treatment effect (TE) model for causal inference. We use data from multiple sources such as Rotten Tomatoes, The Numbers, IMDb, Metacritic, National Society of Film Critics, and Roger Ebert's official website. A well-known movie critic Roger Ebert sadly passed away in December 2014; this event is used as a context for our natural experiment to quantify the average treatment effect of expert ratings on movies' box office performance.

Summary of Findings

Overall, the average treatment effect is 0.22, which translates into \$1.24 million gain in value regarding box office

performance when a movie is rated by an expert, in our case Roger Ebert. This result confirms the positive effect of a critic/expert's rating on movies' box office performance.

Key Contributions

The interest in whether critical opinion matters to consumers, perhaps dates back to the production of the goods/services itself. However, in the age of the Internet, e-aggregators have mushroomed profusely providing aggregate opinion/ratings from different sources. Thus, questions that marketers, as well as experts, are equally interested in is whether individual expert/critic ratings matter in the presence of e-aggregators? In this study, using data from a natural experiment in the movie industry, we causally infer that expert ratings are still crucial in the movie's box office performance.

References are available on request.

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