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RESEARCH ON THE CONSTRAINT MECHANISM OF SELLERS' POSITIVE REVIEW REBATES IN CROSS-BORDER E-COMMERCE PLATFORMS

LIU SHUNA¹, SUPERVISOR PROF. DR RAEMAH ABDULLAH HASHIM²

¹Students City University Malaysia

²DBA(UUM); MBA (Ohio U); DTA(UITM)

Head of Doctor of Business Administration

HOP DBA APEL Q

University Malaysia

raemah.hashim@city.edu.my

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ABSTRACT

In recent years, with the vigorous development of cross-border e-commerce, China's cross-border e-commerce is growing, and the development of cross-border trade ushers in new opportunities. However, due to the particularity of Internet, the information between sellers and buyers is asymmetric, and the positive feedback marketing behavior of sellers has seriously affected the healthy development of cross-border e-commerce. The sellers of e-commerce platforms are motivated by their interests to adopt the marketing behavior of positive feedback rebate, and the buyers are also willing to accept the rebate to reduce costs. In addition, due to the insufficient supervision of the platforms and the imperfect legal policies, the positive feedback cashback behavior has become popular. It is necessary to establish a technical supervision mechanism and a reward and punishment mechanism through the platforms, and introduce a mechanism of third-party governance and the collaborative governance between the state and cross-border e-commerce platforms for constraints.

INTRODUCTION

With the continuous advancement of electronic information technology and the deepening of economic globalization, cross-border e-commerce has entered a rapid development stage since 2012. The COVID-19 pandemic in 2020 further accelerated the shift away from traditional physical shopping, prompting more consumers to rely on online platforms. Cross-border e-commerce, driven by digital technology, has thus witnessed unprecedented growth. According to customs statistics, the scale of China's cross-border e-commerce imports and exports reached 1.69 trillion yuan in 2020, reflecting a 31.1% increase. Specifically, exports totaled 1.12 trillion yuan (a 40.1% rise), while imports reached 0.57 trillion yuan (a 16.5% increase) [1]. In 2021, China's cross-border e-commerce imports and exports further grew to 1.98 trillion yuan, up by 15%, with exports rising by 24.5% to 1.44 trillion yuan. As a result, cross-border e-commerce has become increasingly significant on the international stage. However, along with its opportunities, this sector also faces considerable challenges.

Since April 2021, Amazon has undertaken large-scale account suspensions, terminating 600 brands and 3,000 seller accounts due to violations such as "misuse of the review function," "soliciting fake reviews from buyers," and "manipulating reviews through gift cards." Other platforms, including Alibaba and eBay, have also encountered frequent issues related to positive review rebates. These practices not only undermine buyers' rights but also disrupt fair market competition, hindering the healthy development of cross-border e-commerce. Therefore, investigating the causes of sellers' positive review rebate practices and proposing effective constraint mechanisms is crucial for fostering a sustainable and transparent business environment.

II. Identification of Sellers' Positive Review Rebate Behavior in Cross-border E-commerce Platforms

Positive review rebate behavior refers to a marketing strategy in which sellers offer financial incentives to buyers in exchange for positive reviews. This practice is designed to enhance store rankings and reputation on cross-border e-commerce platforms. Despite explicit prohibitions, the profitability and broad impact of positive review rebates have ensured their continued existence.

Fundamentally, positive review rebates constitute a form of credit manipulation, in which sellers exploit real buyer transactions to influence their store's credibility. This practice falls within the scope of unfair competition.

~~While China's E-commerce Law and Anti-Unfair Competition Law do not explicitly address positive review~~
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rebates, such practices have already resulted in significant negative impacts on consumers, sellers, and platforms alike.

Two primary modes of positive review rebates exist:

Proactive Rebates: Sellers include rebate information within product packaging or communicate offers via text messages to entice buyers into leaving positive reviews.

Passive Rebates: After purchasing, dissatisfied buyers may negotiate with sellers, who then provide cash incentives in exchange for a positive review.

The specific rebate structures vary, with sellers imposing different content, length, and image requirements based on the offered incentive amount.

III. Causes of Positive Review Rebate Behavior in Cross-border E-commerce Platforms

(1) Profit-driven incentives for sellers

Since online shopping prevents buyers from directly assessing product quality, consumer decisions heavily rely on reviews. Cross-border e-commerce platforms assign significant weight to buyer reviews in ranking algorithms, directly affecting store traffic and sales. Negative reviews damage store reputation and decrease visibility, whereas positive reviews improve rankings and increase revenue. Studies indicate that a one-star increase in a Yelp review can lead to a revenue rise of 5%-9%. Consequently, despite the risks associated with positive review rebates, many sellers continue to engage in such practices to enhance rankings and maximize profits.

(2) Buyers' willingness to accept rebates to reduce costs

While buyers can access product descriptions and specifications, they often cannot ascertain quality until receiving the item. Given the high costs and complexities of cross-border returns and exchanges, buyers frequently accept rebates as compensation for dissatisfaction. Furthermore, some sellers retaliate against customers who leave negative reviews, increasing the likelihood that buyers will accept rebates to avoid potential harassment.

(3) Inadequate platform regulation

As the scale of cross-border e-commerce expands, the growing number of sellers has made regulatory enforcement increasingly difficult. Some sellers employ covert rebate strategies, such as using private communication channels (SMS or email) rather than including promotional inserts in packaging, making detection challenging.

Platform oversight requires significant human and technological resources. Effective detection involves analyzing sales records, order histories, and buyer information, making enforcement costly. Moreover, current monitoring systems struggle to identify positive review rebates unless a buyer exhibits repetitive behavior, further limiting regulatory efficacy.

(4) Insufficient legal frameworks

The rapid expansion of cross-border e-commerce has outpaced regulatory development, creating legal loopholes that enable unfair competition. While positive review rebates are widely practiced, China's legal framework lacks explicit provisions to govern such behaviors. The absence of comprehensive regulations exacerbates market instability. Additionally, cross-border transactions involve multiple jurisdictions, and any legal gaps in either country can further facilitate positive review rebates.

IV. Constraint Mechanisms for Positive Review Rebates in Cross-border E-commerce Platforms

(1) E-commerce Platform Governance

1. Technological Supervision Mechanism

With the continuous advancement of science and technology, big data and artificial intelligence have been increasingly developed, making it possible to effectively identify fake reviews and constrain sellers' positive review rebate behavior through technological supervision.



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On one hand, cross-border e-commerce platforms should establish an identification system for positive review rebate behavior. This system should include characteristics of various fake reviews, allowing for the rapid identification and filtering of false positive reviews given by buyers. Reducing the weight of such reviews would not only help buyers see authentic reviews from other customers, enhancing buyer satisfaction, but also provide a basis for penalizing sellers engaged in positive review rebate practices.

On the other hand, e-commerce platforms can set up a seller credibility supervision system to monitor seller behavior. If this system detects a seller engaging in positive review rebates, it should promptly notify buyers to maximize buyer protection and minimize losses for other customers.

A mature technological supervision mechanism can serve as an early warning system against dishonest seller behavior. It enables the timely detection of positive review rebate practices on cross-border e-commerce platforms and automates the handling process, speeding up the review of such behaviors. This improves user satisfaction and reduces the platform's regulatory costs, thereby effectively purifying the cross-border e-commerce market environment.

2. To better regulate sellers' positive review rebate practices, a comprehensive reward and punishment mechanism is essential. Cross-border e-commerce platforms should impose stricter penalties on sellers found engaging in positive review rebates, such as imposing substantial fines or even banning their accounts, thereby increasing the cost of such behavior and encouraging sellers to operate with integrity.

Meanwhile, platforms should establish well-designed reward systems for long-term compliant sellers, supporting and encouraging their ethical business practices. Additionally, e-commerce platforms should continuously improve their credit rating methods, reducing the exposure of sellers engaging in improper practices through positive review rebates while increasing the visibility of honest sellers. By implementing these reward and punishment measures, a fair, transparent, and trustworthy cross-border e-commerce market environment can be fostered.

(2) Third-party Governance in E-commerce Platforms

1. Third-party Product Evaluation Mechanism

The cross-border e-commerce market is currently filled with a mix of reputable and unreliable sellers, varying product quality, and a flood of fake reviews, necessitating the introduction of a third-party product evaluation mechanism. Professional third-party institutions can objectively assess product quality, providing buyers with a comprehensive and accurate understanding of products. This offers buyers a more scientific basis for purchasing decisions, reducing their reliance on online reviews and addressing the information asymmetry between buyers and sellers due to the internet's virtual nature.

Specifically, professional evaluators within third-party institutions can purchase products on cross-border e-commerce platforms like regular buyers. Upon receiving the product, they can conduct scientific assessments from a professional perspective regarding quality, materials, and other attributes. Based on these evaluations, they can then provide scientifically backed reviews in the product's comment section. These reviews should be assigned the highest display priority to ensure that buyers can comprehensively understand the product and make informed purchase decisions.

The introduction of a third-party product evaluation mechanism effectively reduces the drawbacks associated with incomplete product information. It also discourages sellers from engaging in positive review rebates, fostering a healthier cross-border e-commerce environment and generating greater positive economic effects.

2. Third-party Review Management Mechanism

Buyers accept positive review rebates primarily for two reasons:

1. They receive cash incentives.
2. They fear retaliation from sellers for posting objective negative reviews, such as harassment or threats.

To prevent such occurrences, a third-party review management mechanism should be established. Under this



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system, sellers would not have direct access to buyer information. Instead, all customer reviews would be managed by an independent third-party institution responsible for centralized review processing.

With this mechanism in place, buyers can truthfully rate products based on their satisfaction levels without fear of harassment from sellers. At the same time, shifting the review responsibility to a third party eliminates the possibility of buyers receiving cash rewards for leaving fake positive reviews.

The third-party review management mechanism enhances the authenticity of reviews. On one hand, it ensures that product reviews more accurately reflect the actual product, reducing the time buyers need to sift through reviews to find reliable information and helping them make better purchasing decisions. On the other hand, genuine buyer feedback allows sellers to gain a clearer understanding of product shortcomings, facilitating product improvements and quality upgrades. This, in turn, helps sellers develop competitive advantages, ultimately enhancing their market position.

By fostering positive interactions between buyers and sellers, this mechanism creates a healthy atmosphere within cross-border e-commerce platforms and contributes to their sustainable development.

(3) Collaborative Governance Between the State and Cross-border E-commerce Platforms

A well-regulated cross-border e-commerce market environment requires not only governance by e-commerce platforms but also oversight by the state. The collaborative governance mechanism calls for cooperation between national authorities and e-commerce platforms, particularly when internal platform mechanisms prove insufficient in enforcing compliance.

On one hand, the state should improve legislation by increasing the number of specific regulatory provisions, setting general clauses, and strengthening legal restrictions on positive review rebate practices. Raising the legal cost of such behavior will help maintain order in the cross-border e-commerce market.

On the other hand, national authorities should enhance supervision of positive review rebates by sellers, imposing mandatory measures against non-compliant business practices and ensuring legal penalties are enforced.

By implementing a collaborative governance mechanism between the state and cross-border e-commerce platforms, the regulatory effectiveness of positive review rebate practices can be significantly improved, ensuring a more orderly and transparent market environment.

CONCLUSION

This study examines the causes and constraints of positive review rebate behavior in cross-border e-commerce. The issue stems from a combination of factors, including platform policies, seller motives, buyer behaviors, and regulatory shortcomings. Effective mitigation requires a collaborative approach involving platform governance, third-party oversight, and legal enforcement. By implementing these measures, a fair and transparent e-commerce environment can be established, promoting the sustainable development of cross-border e-commerce platforms.

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