Social networking functions are increasingly embedded in online reputation systems. Since the value of such systems lies in their unbiasedness, how social factors influence word-of-mouth (WOM) becomes an interesting and important issue. In this paper, we investigate online friends' social influence in online book ratings. Our quasi-experimental design exploits the timing when two users form a social tie online and offers a unique method for identifying the presence of social influence while accounting for rater similarity in online book ratings. On average, rating similarity between friends is about 1.9 times higher with social influence. We further discuss the impacts of user- and book- characteristics on the focal users' susceptibility to social influence from their online friends. We find that social influence is stronger for more popular books and for users who have smaller online social networks. Underscoring an important feature of social media, we also find that more recent friends' ratings have more significant influence.

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