

# Digital Analytics: Opportunities and Challenges of Promoting Products Online

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## **Abstract**

We bring four studies that focus on novel topics in the area of digital marketing together. The first two studies show how social interactions and advertising help create (pre- and post-purchase) product success. The second two studies present challenges related to this, i.e. when information provided to consumers is limited due to putting just one seller in the spot-light and when, due to ad blockers, online advertising reaches fewer consumers.

## **The Positive and Negative Impact of Product Community Social Interactions on Post-Purchase Consumption Over Time**

*Keith Marion Smith (Northeastern University), Yakov Bart (Northeastern University), Koen Pauwels (Northeastern University), Scott A. Thompson (Saint Louis University), John Hulland (University of Georgia)*

The purpose of our research is to understand how the temporal and social scope of group customer engagement affect consumption outcomes and consumption concurrently. For this we analyzed 270,000 observations from 34 different product for a period of 83 days, and find that different social and temporal scopes of group customer engagement have different effects on consumption through their impact on complex contagion.

## **2. How Advertising Accelerates Online Reviews, Product Page views and New Product Success**

*Koen Pauwels (Northeastern University)*

In this study the impact of advertising on the success of new products at a leading eCommerce platform is investigated. I show that advertising accelerates the moment new products enter the top 50 of most viewed products, equals the average conversion rate, and reaches a threshold number of reviews. Next to an accelerating effect of advertising, it also reduces product risks.

## **3. Measuring the Effect of the Amazon Buy Box**

*Jochen Reiner (Goethe University Frankfurt), Oliver J. Rutz (University of Washington), Bernd Skiera (Goethe University Frankfurt)*

A unique feature of Amazon's Marketplace is that one seller is featured on the main product page in the so-called Buy Box, while all other sellers are on a separate page.

Anecdotal evidence suggests that the Buy Box leads to a “winner take all” situation where other sellers are rarely considered by consumers. The aim of this study is to measure the causal Buy Box effect on sales. Methodologically, an extension to the Latent Instrumental Variable (LIV) methods is proposed that allow to control for a binary endogenous regressor such as Buy Box.

#### **4. The Drivers and Consequences of Ad Blocking**

*Evert de Haan (University of Groningen)*

A growing group of internet users is using ad blockers, because of this advertisers have more difficulty reaching consumers and content creators might lose out on ad revenue. Using an experiment it is shown that ad block users spend less time looking at ads, even when forced on them, and have a lower ad recall. Even when you can show them, advertising is less effective for ad block users. Ad blockers thus help filter out users who are less sensitive and increase overall ad effectiveness.