

Digital Analytics: Opportunities and Challenges of Promoting Products Online

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Cite as:

de Haan Evert, Reiner Jochen, Bart Yakov, pauwels koen (2021), Digital Analytics: Opportunities and Challenges of Promoting Products Online. *Proceedings of the European Marketing Academy*, 50th, (102337)

Paper from the 50th Annual EMAC Conference, Madrid, May 25-28, 2021



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Abstract

"We bring four studies on novel topics in 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. 1. When Does Product Engagement Backfire? Engagement Breadth, Depth, and Timeframe Impact on Consumption 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 Sales Effect of the Retail Platform's Recommendation of a Seller Jochen Reiner (Goethe University Frankfurt), Oliver J. Rutz (University of Washington), Bernd Skiera (Goethe University Frankfurt) A key feature of many retail platforms is that consumers search for a product first and then the platform recommends a seller for the product, e.g., the seller in the so-called Buy Box at Amazon Marketplace. Although sellers claim that this recommending of the platform strongly impacts sales, little empirical evidence exists. Using data from a seller on Amazon's market place of 167 SKUs in seven categories, our results show that, on average, recommending a seller quintuples sale. Methodologically, we propose an extension to the LIV methods that allows to control for a binary endogenous regressor such as Buy Box. 4. The Drivers and Consequences of Ad Blocking: A Self-Filtering Mechanism that Increases Ad Effectiveness Evert de Haan (University of Groningen) A growing group of consumers is using ad blockers, i.e. advertisers have more difficulty reaching consumers and content creators might lose out on ad revenue. Using an experiment I show that ad block users spend less time looking at ads, even when forced on them, and have a lower ad recall. Even when forcing ads on 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."

Keywords:

Track: