

DO&IT Seminar Series

Speaker: Yu (Jeffery) Hu, Assistant Professor
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Date: Friday, February 27, 2009

Time: 2-3:30 pm

Location: VMH 1335

Title: Technology Usage and Online Sales: An Empirical Study

Abstract:

Despite the widespread adoption of search and recommendation technologies on the Internet, empirical research that examines the effect of these technologies is scarce. How do online consumers use these technologies? Does consumers' technology usage correlate with sales to consumers, as well as consumers' purchasing patterns? This paper empirically measures consumers' usage of website technologies through the analysis of server log data. We match technology usage data to sales data, controlling for consumers' historical purchasing behavior. Our unique dataset allows us to reveal the relationship between technology usage and online sales. Our analyses show that consumers' IT usage has a significant correlation with sales to consumers, but this effect varies for different technologies and across different products. In particular, the usage of directed searches correlates positively with the sales of promoted products, while being negatively correlated with the sales of non-promoted products. In contrast, the usage of recommendation systems correlates positively with the sales of both promoted and non-promoted products. Surprisingly, the usage of non-directed searches has an insignificant effect on online sales. Our results imply that only the recommendation system is effective in facilitating consumers' acquisition of product information, which greatly influences the sales of non-promoted products.

Bio:

Yu (Jeffrey) Hu is an assistant professor at Purdue University's Krannert School of Management.

His research studies how Internet markets differ from traditional markets and how businesses should adapt their strategies in response to the unique characteristics of Internet markets.

His research has been published in leading journals such as Management Science, Sloan Management Review, Journal of Management Information Systems, and Economic Inquiry. His research on the "Long Tail" phenomenon on the Internet has been discussed extensively and cited by media outlets such as New York Times, InformationWeek, Wired Magazine, TIME Magazine, and INC. Magazine. He has conducted research for a number of companies including Amazon, HP, and several Internet retailing companies. He recently won a Willis Young Faculty Scholar Award at Krannert School of Management.

Dr. Hu received his Ph.D. in Management Science and Information Technology from MIT's Sloan School of Management.