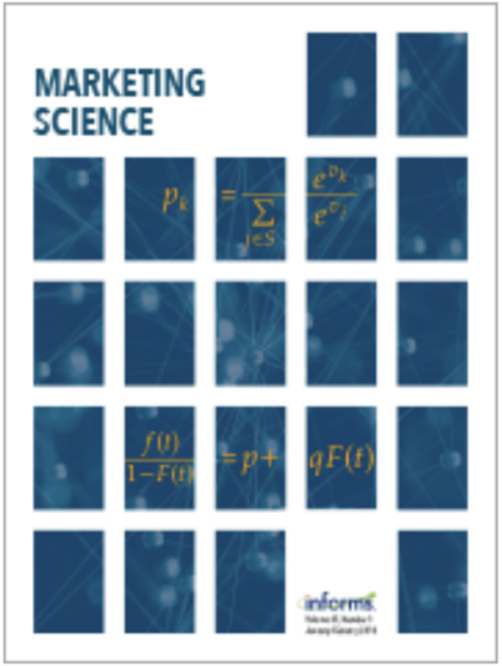
Regression: Applied Example



Marketing Science

Publication details, including instructions for authors and subscription information:
http://pubsonline.informs.org

The Power of Rankings: Quantifying the Effect of Rankings on Online Consumer Search and Purchase Decisions

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To cite this article:
Raluca M. Ursu (2018) The Power of Rankings: Quantifying the Effect of Rankings on Online Consumer Search and Purchase Decisions. Marketing Science 37(4):530-552. https://doi.org/10.1287/mksc.2017.1072

The Power of Rankings: Quantifying the Effect of Rankings on Online Consumer Search and Purchase Decisions

Click through is one of the most important outcomes in online behavior

What predicts whether or not a hotel will be selected from rankings?

Rankings seem to be really important

This study was done in collaboration with Expedia: customers were given hotels in a random order, as opposed to using Expedia’s typical relevance ordering

Result: an experiment to see how much ordering really matters

Key Items

Dependent variable(s): Click (yes/no), Transaction (yes/no)

Independent Variable: Search position

Control Variables: Price, Stars, Rating, etc

Descriptive Statistics: p. 534

Regression Results: p. 536

Questions to Ask:

How big is the effect? What does a one unit change in position do?

How much variation in the independent variable could we expect to see in practice?

How accurate is the model overall?

Could any of these relationships have changed over time?