

Marketing in Israel Conference 2014
Agenda Tuesday, Dec. 30.2014
Ben-Gurion University of the Negev

9:00	Registration & Refreshments
9:30	Oded Lowengart, Dean, Guilford Glazer Faculty of Business and Management, Ben-Gurion University of the Negev Greetings
9:45	Eitan Muller, Stern School of Business, New York University and Arison School of Business, Interdisciplinary Center Herzliya Piracy, Outsourcing and Knockoffs
10:30	Break
10:45	Hila Riemer, Guilford Glazer Faculty of Business and Management, Ben-Gurion University of the Negev Preferences Don't Have to Be Personal: Expanding Attitude Theorizing with a Cross-Cultural Perspective
11:30	Break
11:45	Ernan Haruvy, Naveen Jindal School of Management, University of Texas at Dallas A Study of Bidding Behavior in All-pay Auctions
12:30	Research Students' Poster Session and Lunch Break
14:00	Ayelet Gneezy, University of California San Diego Avoiding Overhead Aversion in Charity
14:45	Break
15:00	Michal Herzenstein, Alfred Lerner College of Business and Economics, University of Delaware When Words Sweat: Written Words Can Predict Loan Default
15:45	Break
16:00	Aner Sela, Warrington College of Business and Administration, University of Florida How Experience Similarity Shapes Product Evaluation
17:30	Get together – INCA details & map here

ABSTRACTS

Eitan Muller

Stern School of Business, New-York University and Arison School of Business, Interdisciplinary Center Herzliya

Piracy, Outsourcing and Knockoffs

The talk will be focused on the following two papers:

Software Piracy: On Piracy and Outsourcing

In collaboration with Masakazu (Kazu) Ishihara (NYU).

The fact that outsourcing of game production should be related to piracy is supported by the fact that while game software is pirated frequently, game consoles cannot be pirated. Thus the producer of the game console, if completely divorced from software production, views piracy in a positive light, as long as this piracy level is not large enough to suppress production of games altogether. In this paper we theoretically examine the impact of software piracy in digital platforms, where a platform provider, such as Sony or Nintendo, makes a decision of how much software to produce in-house and how much to outsource from a third-party software provider. Using a vertical differentiation model, we investigate the impact of software piracy on equilibrium pricing and profits of the platform and software providers.

Design Piracy: The Monetary Impact of Fashion Knockoffs

In collaboration with Gil Appel (BGU) and Barak Libai (IDC)

Legally protecting original fashion designs against knockoffs is an ongoing debate among US legislators, industry groups, and legal academic circles, yet has not utilized marketing knowledge and formal approaches. We distinguish between three forces acting in the presence of knockoffs: Substitution representing the loss of sales due to consumers who would have purchased the original design, yet instead buy the knockoff; acceleration, whereby the presence of a knockoff increases awareness of the design and accelerates its adoption; and uniqueness representing the loss caused by consumers' quest for uniqueness coupled with the ubiquity of the design. Using formal analysis and a unique dataset on the sales of 20 fashion items obtained from eBay's Big Data Lab Initiative, including bags, shoes and apparel, we answer the following questions: When a knockoff follows an original design, would the overall monetary effect on the original be positive (due to acceleration), or negative (due to substitution and uniqueness); what is the relative contribution of each factor, and to what extent would be the effect of a legal protection period that would delay the launch of a knockoff?

Hila Riemer

Guilford Glazer Faculty of Business and Management, Ben-Gurion University of the Negev

Preferences Don't Have to Be Personal: Expanding Attitude Theorizing with a Cross-Cultural Perspective

In collaboration with: Sharon Shavitt, Minkyung Koo, and Hazel Rose Markus.

Attitudes, theorized as behavioral guides, have long been a central focus of research in the social sciences. However, this theorizing reflects primarily Western philosophical views and empirical findings emphasizing the centrality of personal preferences. As a result, the prevalent psychological model of attitudes is a person-centric one. We suggest that incorporating research insights from

non-Western sociocultural contexts can significantly enhance attitude theorizing. To this end, we propose an additional model – a normative-contextual model of attitudes. The currently dominant person-centric model emphasizes the centrality of personal preferences, their stability and internal consistency, and their possible interaction with externally imposed norms. In contrast, the normative-contextual model emphasizes that attitudes are always context-contingent and incorporate the views of others and the norms of the situation. In this model, adjustment to norms does not involve an effortful struggle between the authentic self and exogenous forces. Rather, it is the ongoing and reassuring integration of others' views into one's attitudes. According to the normative-contextual model, likely to be a good fit in contexts that foster interdependence and holistic thinking, attitudes need not be personal or necessarily stable and internally consistent, and are only functional to the extent that they help one to adjust automatically to different contexts. The fundamental shift in focus offered by the normative-contextual model generates novel hypotheses and highlights new measurement criteria for studying attitudes in non-Western sociocultural contexts. We discuss these theoretical and measurement implications as well as practical implications for health and well-being, habits and behavior change, and global marketing.

Ernan Haruvy

Naveen Jindal School of Management, University of Texas at Dallas

A Study of Bidding Behavior in All-pay Auctions

In collaboration with: Peter T. L. Popkowski Leszczyc (University of Alberta)

The all-pay auction, where every bidder pays, is an increasingly popular auction format. In a field study, we investigate bidding strategies and revenue implications in simultaneous identical product auctions in winner-pay and all-pay auction formats and in charity and non-charity settings. Auctions run in an online environment in which sellers cannot fully enforce payment compliance from losing bidders. We find that the all-pay format generate higher revenue than the winner-pay format for charity auctions, despite the fact that winning prices are lower in the all-pay format and only about half of the pledges by losing bidders are paid. In contrast, in the non-charity setting, winner-pay auctions generate higher collected revenue. We find that non-paying bidders tend to bid more aggressively than paying bidders, placing more bids, placing them later and bidding higher amounts. To characterize bidding strategy, we study bid timing, auction choice and jump bidding. We find evidence that bidders in all-pay auctions use rational bidding strategies that are effective in these settings such as early jump bidding and late incremental bidding. In the all-pay auctions, early jump bidding can deter entry by others and late incremental bidding can reduce commitment. In the winner-pay auctions, such strategies are not effective and we observe them to a lesser extent.

Ayelet Gneezy

Rady School of Management, University of California San Diego

Avoiding Overhead Aversion in Charity

In collaboration with: Uri Gneezy (UC San Diego) and Elizabeth A. Keenan (UC San Diego)

Donors tend to avoid charities that dedicate a high percentage of expenses to administrative and fundraising costs, limiting the ability of nonprofits to be effective. We propose a solution to this problem: Use donations from major philanthropists to cover overhead expenses and offer potential donors an overhead-free donation opportunity. A laboratory experiment testing this solution confirms that donations decrease when overhead increases, but only when donors pay for overhead

themselves. In a field experiment with 40,000 potential donors, we compared the overhead-free solution with other common uses of initial donations. Consistent with prior research, informing donors that seed money has already been raised increases donations, as does a \$1:\$1 matching campaign. Our main result, however, clearly shows that informing potential donors that overhead costs are covered by an initial donation significantly increases the donation rate by 80% (or 94%) and total donations by 75% (or 89%) compared with the seed (or matching) approach.

Michal Herzenstein

Alfred Lerner College of Business and Economics, University of Delaware

When Words Sweat: Written Words Can Predict Loan Default

In collaboration with: Oded Netzer (Columbia) and Alain Lemaire (University of Delaware)

Unprecedented levels of US consumer loan default were key contributors to the 2008 financial crisis and have made it more difficult for individuals to secure a bank loan since. As a result an industry of online peer-to-peer lending that provides unsecured consumer loans has evolved. However, even though the leading crowdfunding platforms were able to reduce default rates over the years, they are still high, which signals there may be room to improve lending decisions. Traditional measures for loan default have included quantifiable financial measures such as credit rating and debt to income ratios. This paper presents empirical evidence that borrowers may leave traces of their personality traits and emotional state in their online loan application text and such traces are predictive of whether the borrower will default on his/her loan three years later. Using a large sample of loans and text mining methods relying on the established LIWC framework, we find that words related to personality traits such as extraversion and agreeableness are often used by borrowers who defaulted on their loans. Using a holdout sample of loans, we found that adding the aforementioned text and inferred personality traits to a model based solely on financial indicators significantly increased our ability to predict loan default.

Aner Sela

Warrington College of Business and Administration, University of Florida

How Experience Similarity Shapes Product Evaluation

Product usage experiences have a significant impact on post-purchase evaluation and subsequent behavior. Consumers look to their own experiences, as well as those of others, when deciding what to buy and what to recommend. Contrary to the intuition that varied experiences should enhance evaluation, five studies demonstrate that perceiving usage experiences as more similar – not more different – improves post-purchase product evaluation by making consumers think the product is used more frequently. As a result, perceiving usage experiences as more similar makes consumers more satisfied with their purchase, more likely to buy it again, and more likely to recommend it. In addition to their practical implications, the findings make important theoretical contributions to the variety literature and towards understanding frequency and numerosity judgments.

Posters

Shiran Afriat

Ben-Gurion University of the Negev
Advisor: Dr. Stav Rosenzweig
The Influence of Knowledge Spillover on the Formation of Exaptation-Based Innovation"

Tomer Bakalash

Advisor: Dr. Hila Riemer
Guilford Glazer Faculty of Business and Management
Gender Differences in Ad-Emotion Processing
Ben-Gurion University of the Negev

Hadar Fuchs-Rubal, Shahar Or-Geva.

Advisor: Prof. Amir Heiman.
The Department of Agriculture Economics and Management
The Hebrew University of Jerusalem
TBA

Lee Hasidim

Ben-Gurion University of the Negev
Advisor: Dr. Hila Riemer
Affect- or Others-as-Information? The Influence of Affect on Judgment across Cultures

Oshri Maidanik

Robert H. Smith Faculty of Agriculture, Food and Environment
The Hebrew University of Jerusalem
Advisor: Prof. Eyal Ert
The Potential Effect of a Physical Activity-Based Menu and the Role of Expectations on Dish Choice: A Field Experiment

Gil Peleg

Ben-Gurion University of the Negev
Advisors: Prof. Oded Lowengart, Dr. Daniel Shapiro
Donation of Tears - The Intrinsic Social Value of Self-Sacrifice

Dikla Perez

Tel Aviv University
Advisors: Dr. Yael Steinhart, Dr. Amir Grinstein
Consistent or not? The Role of Product Visibility in Sequential Decisions

Yefim Roth

Technion - rael Institute of Technology
Advisors: Prof. Ido Erev, Prof. Eitan Gerstner
The decision to collect information, and the coexistence of insufficient and over-checking

Meyrav Shoham

Technion – Israel Institute of Technology
Advisors: Dr. Sarit Moldovan and Dr. Yael Steinhart
Positively Useless: Unhelpful Negative Reviews Enhance Positive Impressions

Yossi Slonim

Department of Management
Ben-Gurion University of the Negev
Advisor: Dr. Stav Rosenzweig.
Nanotechnology in Israel-Is it Ongoing Success?

Aviv Steren

Ben-Gurion University of the Negev
Advisors: Dr. Stav Rosenzweig, Dr. Ofir Rubin
Green taxation on cars in Israel - Does Consumer Behavior Causes a Rebound Effect

Sigal Tsherniak-Katzir

Tel-Aviv University
Advisor: Dr. Vardit Landsman
Twitter Spillover Effect: Can traditional advertisements affect consumers who don't see them?

Hagar Tubis

Advisor: Dr. Hila Riemer
Guilford Glazer Faculty of Business and Management
Ben-Gurion University of the Negev
Guilt or Frustration: What Drives You More to Party? Cultural Differences in the Regulation of Negative Emotions

Marketing in Israel 14: Wednesday Program

Date: December 31, 2014

Location: Faculty of Agriculture, Food, and Environment of the
Hebrew University in Rehovot

המארגנים מודים למרכז למחקר בכלכלה חקלאית על התמיכה הכספית

Agenda

9:00 – 9:30	Morning Coffee
9:30 – 9:45	<i>Shmuel Wolf, Dean of Robert H. Smith Faculty of Agriculture, Food, and Environment, The Hebrew University of Jerusalem</i> Greetings
9:45 – 10:30	<i>Chezy Ofir, School of Business Administration, The Hebrew University of Jerusalem</i> TBA
10: 45– 11:30	<i>Eitan Gerstner, Faculty of Industrial Engineering and Management, Technion</i> <i>Oded Koenigsberg, Graduate School of Business, Columbia University</i> Customer Protection Management: Problem Retention or Problem Prevention?
11:30-12: 00	<i>Coffee</i>
12:00-12: 45	<i>Shai Danziger, Recanati Business School, Tel Aviv University</i> Retailer Pricing Strategy and Consumer Choice under Price Uncertainty
13: 00– 13:45	<i>Ido Erev, Faculty of Industrial Engineering and Management, Technion</i> The Description-Experience Gap and Consumer Behavior
14:00 – 15:00	Lunch
15:00 – 15:45	<i>Vardit Landsman, Recanati Business School, Tel Aviv University</i> The International Penetration of Generic Pharmaceuticals
16:00 – 16:45	<i>Edith Shalev, Faculty of Industrial Engineering and Management Technion</i> Inciting Central Consumers to Become Susceptible to Social influence: The Relational Group Setting

ABSTRACTS

Edith Shalev and Hadas Eiges

Faculty of Industrial Engineering and Management, Technion – Israel Institute of Technology
Inciting Central Consumers to Become Susceptible to Social Influence: The Relational Group Setting

Marketers keenly target central consumers – consumers with a substantial number of social ties – hoping to turn them into "influentials". To spread positive WOM about a brand, the central consumer should first be swayed to endorse it. However, impelling the central to become a brand user is viewed as challenging, because the central is consistently portrayed in the literature as resistant to social influence. To tackle this challenge, the current research sets to identify a boundary condition wherein the central becomes prone to accept influence. We posit that centrality is positively associated with susceptibility to social influence in a relational group setting. In the context of social relationships, the central is motivated to maintain his status within the group and is thus highly oriented towards others. As a result, he becomes more susceptible to group influence. Across three studies combining empirical and experimental data, we demonstrate this effect and its underlying mechanisms. We find that in relational groups, the central is more attracted to the group (identification influence) and is more likely to trust the opinions of its members (internalization influence) than the marginal.

Shai Danziger

Recanati Business School, Tel Aviv University
Retailer Pricing Strategy and Consumer Choice under Price Uncertainty

This research examines how consumers choose retailers when they are uncertain about store prices prior to shopping. Simulating everyday choice, participants made successive retailer choices where on each occasion they chose a retailer and only then learned product prices. The results of a series of studies demonstrated that participants were more likely to choose a retailer that offered an everyday low pricing strategy (EDLP) or that offered frequent small discounts over a retailer that offered infrequent large discounts. This choice advantage for the retailer that was cheaper more often manifested even when its average price was judged to be higher. The same results were obtained when choices were made a day apart, when price feedback was only given for the chosen retailer, and when it was given for both retailers. Participant's expectations of future prices but not their judgments of retailer's past average prices, predicted their subsequent retailer choice.

Ido Erev

Faculty of Industrial Engineering and Management, Technion
The Description-Experience Gap and Consumer Behavior

The current paper reviews recent studies of decisions from experience, and some of the marketing related implications of this research. Basic research reveals a large description-experience gap: People tend to overweight rare events when they decide based on a description of the incentive structure (as in Kahneman & Tversky, 1979), but experience reverses this bias. Experience leads people to behave "as if" they believe that "it won't happen to me" (Ert & Erev, 2014). This pattern can be captured with hypothesis that feedback leads people to rely on the (small set of) most similar

past experiences. Among the marketing implications of hypothesis are the observations that it can contribute to the advantage of EDLP pricing strategy (Danziger et al., 2014), the value of two-stage price promotion (Erev & Haruvy, 2011), and the gap between buying and using (Barron & Erev, 2003). In addition, reliance on small samples implies oversensitivity to the probability of regret, and can explain and the co-existence of insufficient information collection in some settings (e.g., signing contracts without reading them), and too much checking in other settings (e.g., checking email while driving).

Vardit Landsman

Recanati Business School, Tel Aviv University

The International Penetration of Generic Pharmaceuticals

The penetration of generic drugs is of high relevance to pharmaceutical firms and public policy. Across 22 OECD countries and 31 molecules, we study the interplay between countries' regulatory policies, generic price, brand price, brand promotion, and generic share of molecule sales, after patent expiration. We examine both the variance across countries and the effect of regulatory shifts within each country. Our empirical model endogenizes firms' price and promotion decisions and yields the following insights. Although both generic substitution and generic prescribing regulations increase generic share, generic substitution regulation leads to lower drug prices and higher brand promotion whereas generic prescribing regulation does not affect prices or promotion. Generic substitution regulation is more beneficial on the country's healthcare budget (median savings of 29%) than generic prescribing regulation (median savings of 21%). Policy makers can use the country-specific insights to benchmark and to learn from countries that effectively implemented regulations (e.g., Australia and Sweden for generic prescribing and generic substitution regulations, respectively). An increase in promotion goodwill of the branded drug not only lowers generic share, it also leads to higher generic and brand prices. Although most brands in our sample lowered promotion after generic entry, brands that increased promotion after generic entry maintained about 20% higher market shares than brands that decreased promotion.

Eitan Gerstner, Faculty of Industrial Engineering and Management, Technion

Oded Koenigsberg, Graduate School of Business, Columbia University

Customer Protection Management: Problem Retention or Problem Prevention?

Companies are advised to find solutions to customer problems and implement them. Our research shows that under some conditions, companies prefer to retain customer problems even when it is costless to prevent them, and even if the companies are offered payments to do so (through grants for example). Problem retention allows companies to profit from selling protection plans that reduce the damages or relieve the symptoms caused by the problems. Problem retention can benefit customers who are not damaged much by the problem because prices would be higher if the problem would be eliminated.