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Research Spotlights

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Differences are Different: Examining the Effects of Communication Media on the Impacts of Racial and Gender Diversity in Decision-Making Teams

(p. 525)

Lionel P. Robert Jr, Alan R. Dennis, Manju K. Ahuja

Can text based communications help racially and gender diverse teams make better decisions? Common wisdom suggests that it should, but prior research does not consistently support this belief. The results from this study show that text based communication can be helpful to racially diverse teams but actually be counterproductive for gender diverse teams. The authors evaluated 46 multiracial teams, half performing a decision-making task face to face and the other half using text based communications. They find that text based communication was associated with greater knowledge sharing and integration in racially diverse teams but less knowledge sharing and integration in gender diverse teams.

The insight for management: If organizations want to fully leverage their team's gender diversity they should consider having them make decisions face to face rather than through text based communications. The opposite should be true to leverage a team's racial diversity. Ultimately, the type of diversity matters when understanding the impact of text based communications.

An Economic Analysis of Peer Disclosure in Online Social Communities

(p. 546)

Zike Cao, Kai-Lung Hui, Hong Xu

A growing privacy concern involves the disclosure of sensitive personal information by peers, such as friends, co-workers, or even strangers. Such peer disclosure is mostly unregulated, but it can pose significant privacy harm on the affected parties. For example, the popular press has reported incidents where people were dismissed from work because their friends posted their indecent behaviors in online social networks. The authors analyze the economic consequences of peer disclosure in online social communities. They conclude that regulation of peer disclosure is necessary, and that there could be nuanced impacts from different means of regulation because users can variously choose to participate or drop out from the community. They show that imposing a quota on information contribution is better than nudging users about the privacy consequences of

their posts. Nevertheless, neither a nudge nor a quota can enhance privacy control and social welfare and increase information contribution at the same time.

Management insight: To curb the privacy harm due to peer disclosure without compromising user contribution, we need more effective means of distinguishing sensitive from nonsensitive information. Unlike the social planner, the community owner is mostly not interested in regulating peer disclosure unless it can specifically target sensitive information.

When Discounts Hurt Sales: The Case of Daily-Deal Markets

(p. 567)

Zike Cao, Kai-Lung Hui, Hong Xu

Many online sellers offer deep discounts to attract consumers to buy their products. This is especially the case in online daily-deal markets where the sellers are often lesser known to consumers. However, it is unclear whether such discount strategy indeed helps the sellers. It defeats the sellers' advertising or promotional purposes if the discounts do not attract or even drive consumers away. The authors empirically estimate the effect of discounts on the sales of online daily deals. They find that deep discounts actually hurt sales. This negative effect of discount is more prominent among credence goods and deals with low sales, and when the deals are offered in cities with higher income and better education, suggesting that consumers are concerned about product quality. They also find that displaying favorable third-party support can backfire when the discount is interpreted as a negative quality signal.

Management insight: Offering deep discounts is not a good way to attract consumers when there is information asymmetry and consumers are concerned about product quality. Displaying third-party support cannot overcome the negative quality signal sent by a deep discount. Sellers should devise more focused strategies to address consumers' quality concern in online markets.

The Impact of Sharing Mechanism Design on Content Sharing in Online Social Networks

(p. 592)

Irina Heimbach, Oliver Hinz

An increasing number of people obtain their news from online social networks (OSNs). Content providers therefore integrate various social buttons (e.g., Facebook's "Like" button) into their websites in order to facilitate users' interactions with the OSNs. While the

social buttons differ with respect to appearance and functionality, little is known how these design differences impact users' content sharing behavior. We study the effects of three design aspects and find that sharing buttons that allow choosing the target audience and thus protect users' *social privacy* (e.g., Facebook's "Share" button) and those that employ two-click designs to prevent the collection of users' data by OSNs (protecting *institutional privacy*) negatively affect content spread on OSNs. These negative effects mainly stem from the disutility and additional cognitive effort generated by one additional click that comes along with these types of sharing buttons. Moreover, we find that neutral button labeling (e.g., words "recommend" or "share") is important for fostering content sharing, as users might experience discomfort when using a positively connoted label (e.g., the word "like") to share bad news. Overall, a wrong decision in terms of the design and implementation choice of sharing buttons can easily decrease the number of shares by up to 86%.

The Impact of User Personality Traits on Word of Mouth: Text-Mining Social Media Platforms (p. 612)

Panagiotis Adamopoulos, Anindya Ghose, Vilma Todri

Word of mouth (WOM) plays an increasingly important role in shaping consumers' preferences. In this paper, we examine whether personality traits of online users accentuate or attenuate the effectiveness of WOM in social media. To answer this question, we leverage deep-learning methods in combination with econometric techniques utilizing a novel quasi-experiment. Our analysis yields two main results. First, exposure to WOM messages from similar users in terms of personality, rather than dissimilar users, increases the likelihood of a post-purchase by 47.58%. Second, there are significant effects of specific pairwise combinations of personality characteristics of senders and recipients of WOM messages on the effectiveness of WOM. For instance, a WOM message from an extrovert user to an introvert peer increases the likelihood of a subsequent purchase by 71.28%. By illustrating how companies can leverage the abundance of unstructured data in social media, this paper provides actionable insights with managerial implications regarding the future potential of social media advertising, micro-targeting, and content monetarization.

Socially Nudged: A Quasi-Experimental Study of Friends' Social Influence in Online Product Ratings (p. 641)

Chong (Alex) Wang, Xiaoquan (Michael) Zhang, Il-Horn Hann

Social media platforms often make use of online social connections to motivate active participation. In this way, we show that online social connections can alter

the context in which social media contents are generated. Using an innovative quasi-experimental design that leverages on the temporal sequence of content generation and relationship creation, this study demonstrates the causal impact of social connections on production of online ratings. The study also shows that the strength of social influence varies with the focal user and the reviewed product. For managers, the empirical identification strategy proposed in the study can be readily implemented in most social media settings for an understanding of the severity of social influence in the production of content. It can also be used to remove the effect of social influence from the data for more accurate marketing insights. The study also shows how managers could intentionally nudge the content creators for marketing purposes by manipulating their social environment.

Catch Me If You Can: Effectiveness and Consequences of Online Copyright Enforcement (p. 656)

Luis Aguilar, Jörg Claussen, Christian Peukert

We evaluate the takedown of kino.to, a major platform for unlicensed video streaming in the German market. We compare how the web behavior of 20,000 users in Germany has changed compared to users in three other European countries. We find that this intervention was not very effective in reducing unlicensed consumption or encouraging licensed consumption, mainly because users quickly switch to alternative unlicensed sites. However, we find that press coverage of the takedown operation allows consumers to learn about the existence and legal status of unlicensed video streaming, causing users to become pirates. Our findings may perhaps translate into other contexts, where aggregate behavior has seemingly not changed as intended, despite law enforcement efforts (e.g., in the so-called war on drugs). In such cases, the design of alternative policies seems to need to be informed by empirical evidence of the underlying mechanisms. Managers, as well as legislative bodies that are confronted with the challenges of digitization and the design of private and public policy, are most likely to be impacted by our research. Publication in a widely read and important journal in the field of information systems may help to reach those audiences in the middle to long term.

Reward-Based Crowdfunding Campaigns: Informational Value and Access to Venture Capital (p. 679)

Paolo Roma, Esther Gal-Or, Rachel R. Chen

This research considers an entrepreneur who designs a reward-based crowdfunding campaign when the campaign provides a signal about the future demand for the product and subsequent venture capital (VC) funding is needed. We show that both the informativeness of the campaign and considerations related to

gaining access to VC funding affect the entrepreneur's choice of campaign goal and pledge level, as well as her decision of whether to run a campaign. In particular, entrepreneurs should launch the campaign either when it is highly informative or when it is uninformative at all. For relatively low levels of informativeness, but not so low that the VC completely ignores the campaign outcome in his funding decision, our study suggests that the entrepreneur might forgo the opportunity of acquiring information via crowdfunding because the benefits are insufficient to offset the risk of campaign failure. We also find that the preference of entrepreneurs in favor of crowdfunding is stronger than that of VCs. As the use of crowdfunding platforms becomes more prevalent for entrepreneurial projects, this research offers a deeper understanding on the informative role of crowdfunding campaigns, and how entrepreneurs should incorporate their need for VC funding in the design of crowdfunding campaigns.

The Role of User Privacy Concerns in Shaping Competition Among Platforms (p. 698)

Esther Gal-Or, Ronen Gal-Or, Nabita Penmetsta

Our analysis provides understanding of the effect of privacy concerns on competition between online advertising platforms. Offering differentiated targeting capabilities allows platforms to alleviate price competition on the advertiser side and achieve higher profits. However, the presence of privacy concerns on the user side limits the extent of differentiation achieved at the equilibrium and leads to intensified price competition. Hence, platforms can gain by focusing on developing horizontally differentiated primary services so that users rely less heavily on privacy features and more heavily on the service features themselves when choosing between the platforms. Platforms can also minimize the impact of user privacy concerns by educating users about the benefits of targeting and providing greater control to users over their personal information. We also find that multi-homing by users can sometimes have a beneficial effect on platform profits as it reduces the intensity of competition on the user side. In terms of policy implications, our results imply that the insistence of some policy makers on eliminating tracking of users' behavior online may be inconsistent with the observed behavior of users. The fact that more users choose the high targeting platform, demonstrates user appreciation to receiving relevant rather than random ads.

The Impact of Online Product Reviews on Product Returns (p. 723)

Nachiketa Sahoo, Chrysanthos Dellarocas, Shuba Srinivasan

Many researchers have studied the effect of product reviews on sales, but, few have studied their effect on product returns. We hypothesize that, by reducing product uncertainty, product reviews could reduce the

probability of product returns. We test our hypotheses using a transaction level dataset from a multichannel, multibrand North American specialty retailer. Harnessing different consumers' purchases and returns of the same products, but with varying sets of product reviews over two years, we show that the availability of more reviews and the presence of more "helpful" reviews, as voted by consumers, lead to fewer product returns—after controlling for customer, product, and other context-related factors. Analyzing the purchase behavior of the consumers, we find that when fewer product reviews are available, consumers buy more substitutes in conjunction with a product, potentially to mitigate their uncertainty. Purchase of substitutes, in turn, leads to more product returns. Finally, leveraging a discontinuity in the displayed average ratings, we find that when products are shown with an average rating that is higher than the true rating, they are returned *more* often. Collectively, these results show that unbiased and helpful product reviews indeed help consumers make better purchase decisions leading to lower product returns.

Impact of Average Rating on Social Media Endorsement: The Moderating Role of Rating Dispersion and Discount Threshold (p. 739)

Xitong Li

The study examines how a restaurant's online review ratings affect consumers to endorse deal vouchers sold by the restaurant via social media before they redeem the vouchers. The empirical analysis shows that the effect of average rating on social media endorsement is greater for restaurants with more dispersed review ratings. Because review ratings of mediocre-quality products or niche products are likely to be more dispersed, the findings suggest that merchants who sell mediocre-quality or niche products benefit more from allocating resources to maintain a favorable valence of online reviews. Those merchants should invest more in maintaining favorable online reviews. The results also show that the effect of average rating on social media endorsements is greater for deals with a higher discount threshold. Because discount threshold is a decision variable that merchants can choose, merchants can use it to manage the effect of average rating. Merchants with a high average rating need choose a relatively large discount threshold so that they can enjoy a greater impact of average rating and gain maximal social media endorsements for the products, whereas merchants with a low or mediocre average rating may need to choose a smaller discount threshold.

Rules, Practices, and Information Technology: A Trifecta of Organizational Regulation (p. 755)

François-Xavier de Vaujany, Vladislav V. Fomin, Stefan Haeffliger, Kalle Lyytinen

A speed bump clearly reminds and applies a rule (a speed limit). But what about digital technologies?

Search-engines, videoconference systems, email technologies, social networks, obviously convey and apply rules, but how? Their (flat) shape and invisible matter is apparently less regulative than a speed bump. This article offers two complementary perspectives (based on Bruno Latour and Maurice Merleau-Ponty) likely

to illuminate the regulatory power of digital technologies. This research explains how technology control us as much as we control it, and beyond its physical, immediate use. Through meaning and time, IT artifacts can regulate our behaviors far beyond their physical presence in our hands.