

WHARTON MARKETING CAMP

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Raluca Ursu

Assistant Professor of Marketing
New York University,
Leonard N. Stern School of Business



Raluca Ursu is an Assistant Professor of Marketing at NYU Stern School of Business. She joined NYU in July 2016, after receiving her Ph.D. in Economics from the University of Chicago. Her research interests focus on the areas of industrial organization, quantitative marketing and consumer search, with an emphasis on online markets. Her research tries to understand how consumers gather information about products and make choices in online markets where they are faced with an overwhelming number of product options. Her current methodology uses a combination of structural estimation methods and applied theory to quantify the key factors that drive consumer choices and to make predictions about their decisions under changing market conditions.

Search Duration

with Pradeep Chintagunta and Qingliang Wang

Abstract: In studying consumer search behavior, researchers typically focus on which products consumers add to their consideration set (the extensive margin of search). In this article, we attempt to additionally study how much consumers search individual products (the intensive margin of search), by analyzing the time they spend searching (search duration). Using data on consumers searching for restaurants on an Asian review website, we document that search duration is considerable: most consumers search few restaurants, but the average time spent searching is 3.47 minutes. We also find that restaurants that are searched longer are more likely to be purchased and the more information is displayed upon search, the longer is the search duration; together suggesting that the time spent is both a benefit and a cost to consumers. We develop a sequential search model in which consumers who are uncertain about the quality of a restaurant on the list page generated by the search, click on that restaurant to learn about the restaurant's quality. The restaurant's page then provides (noisy) signals about the restaurant's quality that consumers use to update their beliefs in a Bayesian fashion. The more time spent on the restaurant's page, the more information consumers can gather. However, at each time point, consumers need to decide whether to continue on that restaurant's page; return to the list page and click a different restaurant; or make a purchase decision. The model provides optimal search rules for the full set of decisions made by consumers during search: which products to search, how much time to search each product and whether to purchase. Two features distinguish this model from other search models: (i) ability to estimate not only consumer expected utility before search, but also estimate preferences for features of the information discovered through search, and (ii) quantify search costs in terms of consumers' opportunity cost of time. Our approach provides a general framework to study consumer engagement with a product through search, and is also able to capture decisions such as revisits to a previously searched product to resolve further uncertainty.