

# WHARTON MARKETING CAMP

Friday, February 22, 2019

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Anja Lambrecht is Professor of Marketing at London Business School. Her research focuses on digital marketing and the digital economy. A particular emphasis of her work is on online targeting and advertising as well as promotion and pricing.

Her work has been published in leading marketing journals, including the Journal of Marketing Research, Marketing Science and Management Science. In 2014, she received the Paul E. Green Award, in 2016 and 2017 she was a finalist for the INFORMS Society of Marketing Science Long Term Impact Award and in 2018 she received the William F. O'Dell Award. She is an Associate Editor at Marketing Science and the Journal of Marketing and a member of the Editorial Board of the Journal of Marketing Research.

Anja Lambrecht teaches the Marketing core course and the elective “Channel and Sales Force Management.”

Before joining London Business School, she was a Visiting Assistant Professor at the UCLA Anderson School of Management and a Visiting Scholar at Stanford Graduate School of Business. Prior to her academic life, Anja Lambrecht worked as consultant at McKinsey & Company in Frankfurt. Anja has a Ph.D. from Goethe University, Frankfurt. She also holds a Diplom-Kauffrau from Goethe University, Frankfurt and a Maîtrise des Sciences de Gestion from Université Paris-Dauphine, Paris.

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## **SPILOVER EFFECTS AND FREEMIUM STRATEGY IN MOBILE APP MARKET**

**Abstract:** “Freemium” whereby a basic service level is provided free of charge but consumers are charged for more advanced features has become a popular business model for firms selling digital goods. However, it is not clear whether the launch of a free version helps or hurts the sale of an existing paid version. The free version may allow consumers to sample the product before making a purchase decision and subsequently increase downloads of the paid version but it may also

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cannibalize downloads of the paid version. We use a comprehensive data set on game apps from Apple's App Store that tracks the launch of both the paid and the free versions of individual apps on a daily level, to identify whether a freemium strategy stimulates or hurts downloads of an existing paid version. We estimate the spillover effects between the free version and the paid version of the same app accounting for the endogeneity of the launch of the free version as well as app-level product heterogeneity. We find that the launch of a free version increases downloads of the paid version of the same app and present multiple robustness checks for these results. We then present suggestive evidence that the results are due to consumers sampling the free version and rule out alternative explanations.