

# MARKETING COLLOQUIA

Fall 2024 - Abstract

---

Olivia R. Natan

*Assistant Professor of Marketing*

UC Berkeley, Haas School of Business

Thursday, November 14, 2024

Where: 741 JMHH

When: 12:00 PM to 1:20 PM

## CONSUMER INFERENCES FROM PRODUCT RANKINGS: THE ROLE OF BELIEFS IN SEARCH BEHAVIOR

In online markets, consumers tend to search and purchase prominently positioned products. We develop an experimental paradigm to distinguish between two mechanisms driving this behavior: position-specific search costs and beliefs about expected returns to search. Using incentivized lab experiments, we find that both mechanisms exist, and short-term randomization of rankings alone does not separate the two mechanisms. Failing to account for beliefs leads to biased estimates of search costs and incorrect consumer welfare predictions under alternative recommendation systems, such as platform self-preferencing. We discuss solutions for estimating unbiased search costs in field settings.