

Economics Seminar, Indian Statistical Institute, New Delhi.

SPEAKER: Bhaskar Dutta, University of Warwick and ISI (Delhi)

TITLE: Word of Mouth Advertising and Strategic Learning in Networks

TIME: 11:30-1:00 P.M.

DAY & DATE: Friday, 12th March 2010

PLACE: Seminar Room 2

Abstract:

We explore some implications of viral marketing within a social network in a model where consumers (i) are aware that firms may “seed” the network, and (ii) also know that both “good” and “bad” quality firms may take recourse to this form of advertising. If consumers are uncertain about the quality of a specific product, consumers cannot take recommendations from their social neighbours at face value the credibility of recommendations is at stake. A crucial ingredient of our analysis is that customers are rational, and update beliefs using Bayes Rule. Within this framework, we show that a priori notions about what network structure is conducive to efficient diffusion may be misleading. In particular, “small” networks and highly connected agents may actually deter the diffusion of the good product.

<http://www.isid.ac.in/~pu/seminar.html>