Natasha Bhatia
Application for NBER Digitization Tutorial 2018
natasha.bhatia@kellogg.northwestern.edu • 214-335-3065

I am writing to apply to the 2018 NBER Digitation Tutorial. I am second year Ph.D. student in Marketing on the Quantitative track at Kellogg School of Management. The first two years of my program focus on building techniques primarily from economics and statistics. As such, in my first year, I took the Northwestern Economics Ph.D. sequence and qualifying exams in both Microeconomics and Econometrics. The former included topics such as choice, demand, general equilibrium, matching, and game theory. The latter included topics such as asymptotic theory, non-parametric analysis, causal inference, and partial identification. I also took the first year sequence in the Marketing department with courses on field experiments, Bayesian methods, and structural demand estimation. In my second year, I am taking, among others, the Economics Ph.D. sequence in Industrial Organization, a course on the estimation of dynamic discrete choice models, and a course on applied and computational statistics in Marketing research. Additionally, I am a data science fellow of Northwestern University, so I engage with the larger Northwestern community on diverse computational methods. My hope is to synthesize the computational and theoretical aspects of my toolkit to understand how new technology has changed consumers' susceptibility to advertising.

As an example, I am interested in the effect of online sponsored content on consumer choice. Sponsored content occurs when a brand pays creators and online personas to feature the brand's products on the creators' blogs, Instagram accounts, and YouTube channels. The content can come in many forms, such as a simple picture of the product or even an in-depth video review. Firms utilize this method of marketing, because they assume that the creator has a relationship with her followers that causes the them to trust her guidance on purchasing decisions. This is beneficial to firms, because followers may be more easily convinced to purchase by sponsored content than by traditional forms of advertising. However, this content may be harmful to consumers. Because creators are paid to talk up the brand, one could assume that they are less critical in their evaluation of the products. If the money skews the creators' opinion of a product, consumers could be duped into buying a low-quality product. As a result, the FTC has created guidelines and pursued legal action on sponsored content, asserting that the sponsorship should be clearly declared to viewers.

Though this is a current policy question for the FTC, there has not been much academic work in understanding the effects of sponsored content on consumer choice. For example, it is

not even clear that sponsored is harmful. Perhaps consumers are not influenced by sponsored content, or perhaps creators filter the requests for content to only those from high quality brands. Additionally, even if the content is harmful, it is unclear why. Are consumers gullible, or is there a selection problem in which only the lowest quality brands sponsor content online? Finally, are there benefits to sponsored content? It requires little capital to fund a sponsored content campaign, so perhaps this makes it easier for small entrants to advertise their products to consumers and, thus, increases the intensity of competition in the category. Of course, the main challenge of answering these broad questions is creating an intelligible dataset about social media phenomenon, so I am actively expanding my computational toolkit to prepare myself to tackle these questions.

While I have given one example of my current interests, my academic career is at its infancy, and I would benefit greatly from conversations with experienced researchers in the field. I hope to learn more from those who are tackling questions about our ever-changing technological landscape. I appreciate the opportunity to apply for this conference, and I look forward to your response.