

Marketing Research Seminar Series | Department of Marketing | WU Vienna

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The Role of Popularity in New Product Growth: Evidence from Free Digital Product Markets

After many years of research into the form of new product growth, our understanding of the dynamics and shape of growth still almost exclusively comes from high selling popular products. Yet most of the products that enter a market may not be very popular. Here we provide first evidence that product popularity is fundamentally related to the pattern of growth, which points to a possible fundamental bias in our understanding of the diffusion of innovations. We examine markets for Free Digital Products (FDPs) using a large-scale dataset that documents the growth of close to 60,000 FDPs, and supported by an additional growth analysis of thousands of mobile apps. We find that FDPs display three distinct patterns of growth: bell-shaped pattern (“Diffuse”); exponential-type decline (“Slide”); and a combination of the two (“Slide and Diffuse”) and that the ubiquity of the shapes is strongly related to popularity so that the very popular products are indeed almost exclusively bell shaped. We further show how FDP-related growth phenomena may help to explain the phenomenon and discuss its implications.