Title: The Effect of Competitive Actions on the Association between Momentum on Social Media and Offline Car Sales after Automobile Recalls

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ABSTRACT:

Due to the unique nature of social media, many firms have turned their attentions to social media to manage their recall campaigns. However, the role of social media played in the context of product recall requires more detailed examination. This paper attempts to investigate (1) the impact of social media, as measured by customers' discussions on vehicle defects and firms' approaches to address quality and handle recalls, on offline car sales, (2) how the change in social media momentum would influence offline car sales, and (3) what are the competitive actions initiated by competitors and how do such actions affect the above two associations. To address our research questions, we obtained all mid-size automobile recall events and supplemented with social media data on customers' discussions on defected vehicles and firms' recall process from around 1,000 different social media platforms from 2010 to 2015. Our findings suggest that social media discussions can reduce the change of sales after recalls. However, where there is a positive momentum accumulated through social media discussions before the recall, the change in momentum can increase the change in sales after recalls. Last, various competitive actions initiated by the recalling firm can moderate the above-mentioned associations differently.

BIODATA:

Tawei (David) Wang is an Assistant Professor in the School of Accountancy and MIS at DePaul University. He received his Ph.D. in Management Information Systems from Krannert Graduate School of Management, Purdue University in 2009. Before joining DePaul University, he served on the faculties of the University of Hawaii at Manoa and National Taiwan University. Dr. Wang has received several teaching and research awards. His research interests are IT management and information security management. His papers have appeared in leading academic journals, including Information Systems Research, Decision Support Systems, European Journal of Information Systems, Information and Management, Information Systems Journal, Journal of Accounting and Public Policy,