

The Hong Kong University of Science and Technology  
Department of Information Systems,  
Business Statistics and Operations Management

Seminar Announcement

***Whose and What Chatter Matters?  
The Effect of Tweets on Movie Sales***

by

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**Date: Wednesday, 15 February 2012**

**Time: 3:00 – 4:30 pm**

**Venue: Room 4219, 4/F (Lift 19)**

~~~~~ All interested are welcome ~~~~~

**Abstract:** Social broadcasting networks such as Twitter in the U.S. and "Weibo" in China are transforming the way online word of mouth (WOM) is disseminated and consumed in the digital age. In the present study, we investigated whether and how Twitter WOM affects movie sales by estimating a dynamic panel data model using publicly available data and well-known machine learning algorithms.

We found that chatter on Twitter does matter; however, the magnitude and direction of the effect depends on whom the WOM is from and what the WOM is about. Measuring Twitter users' influence by how many followers they had, we found that the effect of WOM from more influential users is significantly larger than that from less influential users. In support of some recent findings about the importance of WOM valence on product sales, we also found that positive Twitter WOM increases movie sales, whereas negative WOM decreases them. Interestingly, we found that the strongest effect on movie sales comes from those tweets in which the authors expressed their intention to watch a certain movie. We attribute this finding to the dual effects of such intention tweets on movie sales: the direct effect through the WOM author's own purchase behavior, and the indirect effect through either the awareness effect or the persuasive effect of the WOM on its recipients.

Our findings provide new perspectives to understand the effect of WOM on product sales and have important managerial implications. For example, our study reveals the potential values of monitoring people's intentions and sentiments on Twitter and identifying influential users for companies wishing to harness the power of social broadcasting networks.

**Bio:** Huaxia Rui is a Ph.D candidate at The University of Texas at Austin, and is expected to graduate in the summer of 2012. His research area includes social broadcasting networks such as Twitter and Youtube, optimal contract design in areas such as insurance, securitization, and online display advertising. His research methodology includes econometric methods, computational linguistics, analytical modeling, and computational methods.