

# The Hong Kong University of Science and Technology

Dept of Information Systems, Business Statistics  
and Operations Management

Seminar Announcement

## Word-of-Mouth in Social Media Advertising: “Likes” on Facebook Ads

Mr Shun-Yang Lee

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University of Texas at Austin

**Date** : 28 January 2016 (Thursday)  
**Time** : 10:15 – 11:45 am  
**Venue** : ISOM Conference Room 4047, LSK Business Building



**Abstract:** Social media platforms such as Facebook show ads with popularity or word-of-mouth (WOM) signals such as “likes”. Additionally, these ads can display social endorsement from friends. This paper examines the effectiveness of displaying these different signals on social media ads in generating user attention and actual conversions in the form of app installs through a randomized field experiment on Facebook. We partnered with a mobile app company and conducted an ad campaign on Facebook to randomly target sixteen unique user groups to install the mobile application. We find that the overall “likes” associated with the ad do not help the user’s decision on clicking the ad and the app-installing decision conditional on clicking. Further, ads endorsed by friends have a lower click performance as compared to the ones without such endorsement. However, the negative effect of “likes” on the app install performance conditional on clicking is attenuated for ads with social endorsement. Our results have implications for the design of ads on social media platforms.

**Bio:** Shun-Yang Lee is a Ph.D. candidate in Information Systems at The McCombs School of Business at The University of Texas at Austin. His research interests include sentiment manipulation, social media, and online question answering sites. In addition to a M.S. degree in Information, Risk, and Operations Management from The University of Texas at Austin, he also received a B.A. degree in mathematics and a B.M. degree in piano performance, both from Bard College.