A brief overview of my research 2023

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My research lies in the intersection of strategy, innovation, entrepreneurship, and social networks. Connections to marketing and IS.

I study how socially structured information such as categories, awards, online reviews, and networks shape audiences’ perceptions and evaluations in creative domains such as music, literature, dining, or innovation.

In creative domains quality and relevance are often difficult to discern, making social evaluations particularly critical.

Online reviews to capture audience dynamics and valuations

Natural Language Processing and Machine Learning / AI to understand review texts, innovativeness etc.

Methodological papers to understand/validate online reviews, star rating, text analysis, etc.

Study the biases introduced by rating systems and AI.

Large-scale experiments
It is common for individuals and firms to reposition and move across categorical boundaries.

Research question

How do audiences react to repositioning attempts?

This question is relevant to companies, artists, academics, etc.
Example: Stephen King

Goodreads user review:
“...when I think of King, I think of The Shining, IT, and Pet Sematary. I also link King to horror automatically. So, when I started reading the Green Mile, I was expecting the horror to creep up... and it never did”

Goodreads user review:
“I didn’t really like this book. I was expecting a horror, because it was Stephen King, and I was extremely disappointed. I had no fun with this dry, slow read.”
1. Once a producer is associated through prior work with particular labels (e.g. author of “horror” books), this anchors how audiences label future offerings (“categorical stickiness”)

2. Because of categorical stickiness, repositioning is likely to result in mismatch between label(s) and content

3. This label-content mismatch is results in devaluation
4. The effect will be stronger for repeat readers of the author because they have stronger expectations about the author.

5. Repositioning of famous authors will be met with more resistance than repositioning by less famous authors.

6. The effect will be weaker for authors with a more varied portfolio.

7. The effect will be weaker for readers with a more varied portfolio.
### Setting

Book publishing  
Online reviews on Goodreads.com

### Sample

All books and reviews added from 2006 to 2017  
- 529,770 English language books with at least five genre tags and a description  
- 101,064 authors  
- 140 million reviews/ratings  
- 859,006 Goodreads users

“the world’s largest site for readers”
Another project...
Releaf

Orange County’s Best & Most Reliable Delivery Service *10% Veteran Discount * 5% Student Discount * 15%

View Map, Hours, and Other Details ▾
Research questions

Paper #1
How do medical dispensaries react to the entry of recreational dispensaries? (Category competition)
Hsu, Kocak, Kovacs (2018)

Paper #2
How can dispensaries learn from their customers? How does the audience composition influences adaptation to the changing environment?
Hsu, Kovacs, Kocak (2019)
Why did we choose this setting?

- Large variance in regulation
- Quickly changing market
Data from Weedmaps, July 2014- June 2016

• **1st type:** basic info on dispensary’s characteristics
  • Name, physical address, hours of operation, phone #, website, email current # of “hits”, recreational or medical, storefront or delivery-based

• **2nd type:** dispensary self-descriptions

• **3rd type:** product menus, prices

• **4th type:** reviews of dispensary
  • Rating along 5 dimensions, text of review, timestamp, user ID, dispensary reply (optional)
Research questions

Paper #1

How do medical dispensaries react to the entry of recreational dispensaries? (Category competition)

Paper #2

How can dispensaries learn from their customers? How does the audience composition influence adaptation to the changing environment?
Paper #1

How do medical dispensaries react to the entry of recreational dispensaries? (Category competition)

We are looking at the **self-positioning** of dispensaries vis-à-vis other dispensaries.

Are medical dispensaries trying to be dissimilar from recreational dispensaries, or do they try to be similar to them and take over their markets?
Dispensary self-description excerpts

**Dispensary A:** ... Modern research suggests that cannabis is a valuable aid in the treatment of a wide range of clinical applications. These include pain relief particularly of neuropathic pain (pain from nerve damage), nausea, spasticity, glaucoma, and movement disorders....

**Dispensary B:** ...we offer exceptional service. Our knowledgeable staff is professional will assist you with any questions you may have...With wellbeing of our clients at heart and security in mind, you can feel safe when visiting our dispensary and relax in the comfort whilst we help you chose the best product for your needs.

**Dispensary C:** <Dispensary name> provides small-batch craft cannabis for discerning cannabis patients... Clean cannabis matters! To experience the most pristine expression of the plant's medicine, to enjoy the entourage of cannabinoids, terpenes, and flavonoids and to know it is mindfully-grown and hand-watered with lots of TLC is the birthright of every Cannasseur!
# Coding identity statements

<table>
<thead>
<tr>
<th>Themes</th>
<th>Example Features</th>
</tr>
</thead>
<tbody>
<tr>
<td>community - general</td>
<td>locally-owned, family, community</td>
</tr>
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<td>community - political</td>
<td>activist, patients' rights, NORML</td>
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<td>community - social responsibility</td>
<td>charitable, citizen, earth friendly</td>
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<td>doctor's rec, medical card, registered MMJ patient</td>
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<td>21+, age of 18, resident</td>
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Figure 1. Thematic Content in Medical vs. Recreational Dispensaries’ Self-Descriptions
Hypothesis 1A. *In locations where voter support for recreational cannabis legalization is weak, medical cannabis dispensaries’ identity claims will emphasize their medical orientation as recreational cannabis dispensary density increases.*

Hypothesis 1B. *In locations where voter support for recreational cannabis legalization is strong, medical cannabis dispensaries’ identity claims will de-emphasize their medical orientation as recreational cannabis dispensary density increases.*
Co-Opt or Coexist? A Study of Medical Cannabis Dispensaries’ Identity-Based Responses to Recreational-Use Legalization in Colorado and Washington

Greta Hsu, Özgecan Koçak, Balázs Kovács

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Abstract. When recreational cannabis dispensaries first entered the U.S. market in 2014, how did incumbent medical cannabis dispensaries react? Did they emphasize their distinct identity as medical providers, distancing themselves from recreational dispensaries and those consumers who consume cannabis recreationally? Or did they downplay their medical orientation to compete directly for potential resources? In this study, we propose that how incumbent organizations position their identities in response to increasing competition from an emerging rival form depends on key audiences’ acceptance of the new form. Using data on the evolving cannabis markets in the states of Colorado and Washington during the year following the initial emergence of the recreational category, we find a sharpening of identity among medical dispensaries in communities with low voter support for recreational-use legalization. Medical dispensaries accentuated the medical orientation of their identities as recreational dispensaries increasingly set up operations and as buyers inclined more toward recreational use. In contrast, we find a blurring of medical/recreational identity in communities where voters demonstrated support for recreational-use legalization in the state-level ballot. Overall, the theoretical framework we advance integrates cultural and strategic approaches by explicitly considering conflict in different audiences’ beliefs about the legitimacy of products and its implications for market producers seeking to connect with and appeal to current/potential consumers.
Research questions

Paper #1

How do medical dispensaries react to the entry of recreational dispensaries? (Category competition)

Paper #2

How can dispensaries learn from their customers? How does the audience composition influences adaptation to the changing environment?
H1. Feedback from customers with diverse organizational experiences increases the congruence between an organization’s market-positioning claims and the preferences held by consumers in its market.

H2. The positive effect of feedback from customers with diverse organizational experiences on the congruence between an organization’s market-positioning claims and the preferences held by consumers in its market will be stronger for producers in markets with more quickly changing demand landscapes.

H3a. Organizations whose market-positioning claims are more congruent with the preferences held by consumers in their market will be more likely to survive.

H3b. Organizations whose market-positioning claims are more congruent with the preferences held by consumers in their market will attract and appeal more to new customers.
Review excerpts

**Reviewer A:** I was diagnosed with liver cancer. The staff was more than knowledgeable in not only top cancer fighting products as well as effective pain management.

**Reviewer B:** The staff here are compassionate, and truly care about us, the patients! Anyone in the area looking to find quality meds, compassion, and professionalism should come here.

**Reviewer C:** Untouchable quality! I would have to say that <dispensary name> is by far the best dispensary I have been to. From their flower to the concentrates it's all top quality and grown in house by some of the nicest guys in the business. I explicitly shop at <dispensary name> because it's hard to find a medical shop with finer medicine. Simply put amazing in their craft.
Using the same themes to code reviews

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<td>Self-description</td>
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<tr>
<td>------------</td>
<td>------------------</td>
</tr>
<tr>
<td>A</td>
<td>Our mission is to preserve the art of artisan medicinal cannabis. All of our strains are grown organically, with the highest quality nutrients.</td>
</tr>
<tr>
<td>B</td>
<td>Fast and friendly service! Open late, with a great product selection and helpful budtenders. Come check us out!</td>
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<table>
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<tr>
<th>Customer</th>
<th>Review text</th>
<th>Theme Mentioned</th>
<th>Similarity Scores</th>
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<tbody>
<tr>
<td>1</td>
<td>Good variety of product, but getting there was a hassle and long wait time.</td>
<td>price</td>
<td>Yes</td>
</tr>
<tr>
<td>2</td>
<td>Best budtenders. Super friendly and well informed. Ask for Judy!</td>
<td>medicine, product, service - approach</td>
<td>Yes</td>
</tr>
<tr>
<td>3</td>
<td>Love the selection of strains. Fast service, amazing prices, great staff.</td>
<td>price, product, service - approach, service - security</td>
<td>Yes</td>
</tr>
<tr>
<td>4</td>
<td>Shady place. Tried to push me into buying overpriced crap. Unprofessional--avoid this club!</td>
<td>product</td>
<td>Yes</td>
</tr>
<tr>
<td>5</td>
<td>Staff is nice and knowledgeable. Clean and comfortable atmosphere!</td>
<td>price, product, service - approach</td>
<td>Yes</td>
</tr>
</tbody>
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Average Similarity with Reviewers: 0.04, 0.44
Main result:

Restaurants that span multiple categories get lower ratings
Do people value authenticity?

Main result:

Restaurants that are perceived authentic receive higher ratings.
Main result:

Restaurants that self-claim authenticity are rated as less authentic and receive lower ratings.
Main results:

Innovations that belong to high-contrast technology category exhibit, on average, a higher impact than those classified in fuzzier technology categories.

The positive effect of category spanning on an innovation's impact is negatively moderated by the contrast of the technology category to which the innovation is assigned.
References

Balazs Kovacs and Glenn R. Carroll (2023) “Cosmopolitans and omivores in organizational audiences” Forthcoming in Academy of Management Discoveries
