

What to do on the Web When the Economy Goes South? Web of Misery Holds the Answer

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The economic downturn might have a positive effect on the rise of some Internet sites according to researchers at UC Riverside's Sloan Center for Internet Retailing.

The Sloan Center's eLab eXchange (elabexchange.com) has launched 10 unique prediction markets focused on the growth of economy-related Internet sites. The Web of Misery prediction markets allow consumers to predict the growth of web sites tied to things people might do more of when the economy gets bad.

In the Web of Misery, eLab eXchange members will be forecasting the growth in Web sites pertaining to foreclosures, substance abuse, job search, gambling, coupon clipping and even religion as well as other subjects people may gravitate towards in an ailing economy.

"It departs from the usual dry economic indexes of how well (or not so much) the economy is doing and takes a somewhat tongue-in-cheek look at the state of the economy by looking at the web sites achieving growth because of the poor economy," said UCR Professor Donna Hoffman, co-director of the Sloan Center with Professor Tom Novak.

Consumers can join the eLab eXchange and play for free, forecasting the likely growth in visits of Web sites thought to profit from the weakening economy. The eLab eXchange, powered by NewsFutures, is

considered both a game for consumers and a tool for retailers to use. It launched the first-ever prediction market in September 2007 focused on gauging consumer attitudes about online shopping. The end result is a tool that makes online retailing more useful for buyers and more profitable for retailers, Hoffman said.

“Since September, we’ve launched a number of different prediction markets and our eLab eXchange members have been right on the money more times than not in their predictions in most of these markets,” said Hoffman. “With this kind of track record, we can predict that the Web of Misery might be worth watching.”

Among other forecasting results, eXchange members predicted that Monday, December 10, 2007 would be the most popular holiday online shopping day and according to Nielsen Online, they were right. Members also correctly predicted the growth in World of Warcraft subscribers, the top two most popular consumer electronics retailers over the 2007 online holiday shopping period and four of the top five most successful online promotional tactics over the past holiday season.

“Professors Hoffman and Novak have a good eye for identifying growth opportunities not only on the web but also in their professional careers,” said AGSM Dean David Stewart. “In 2006, they moved the Sloan Center to UCR’s A. Gary Anderson Graduate School of Management knowing that it was slated for significant future growth. These expectations are borne out by the increased fall 2008 enrollments at the business school of 50 percent for graduate students, a 22 percent increase in entering undergraduate business majors, and an over 25 percent increase in faculty. Continued growth is expected at the business school and the university in the months and years ahead in spite of the slowing national economy.”

Source: University of California, Riverside

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