The bold items in the margin describe the subject matter and are keywords for text retrieval. The final reference number under each abstract is also used for this purpose.

**Market research,
telephones, mobiles,
Portugal**

Abstracts

Journal of Direct, Data and Digital Marketing Practice (2010)
11, 247–261. doi:10.1057/dddmp.2009.44

Each abstracted article is awarded 0–5 stars for each of four qualities:

- (1) depth of research
- (2) value in practice
- (3) originality of thinking
- (4) readability for non-specialists.

No abstract is included for any article awarded fewer than seven stars overall.

Using mobile phones for survey research: A comparison with fixed phones

P. Vicente, E. Reis and M. Santos

RESEARCH. *International Journal of Market Research* (UK), Vol. 51, No. 5, p. 613 (21pp)

Notes the rapid increase in penetration of mobile phones (82 per cent in the EU, 50 per cent in the US) and the decline in fixed phones (73 per cent in the EU). Notes that this has led to the use of mobile phone research surveys to supplement, or even replace, fixed phone surveys. Considers the problem of a sampling frame for mobile users given the lack of a geographical significance in mobile numbers; the problem of eligibility since many mobiles are owned by children; the problem of costs — in some countries (including the US, Canada, China) the call recipient pays part of the call cost. Describes a study conducted in Portugal surveying adults and focussing on internet usage and attitudes, using 1,000 interviews on each of fixed and mobile telephones. Finds that 1,000 fixed phone subscribers were reached by dialling 4,144 numbers in the telephone directory; 1,000 mobile numbers required the dialling of 11,617 randomly generated numbers, 59 per cent of them not attributed to a person. Neither sample represented the Portuguese population very well, the mobile sample deviating by 7 per cent on average, and the fixed line by 5 per cent. Finds that data quality was not significantly different between the two groups, and that it is feasible to conduct mobile phone surveys (this one took about 11 minutes to complete for mobile respondents, and 10 minutes for fixed lines), but considerably more difficult to organize. Mobiles over-represent young and employed people, and under-represent those in smaller households or with lower educational levels.

This is an interesting study, whose major findings are likely to be valid outside Portugal. No doubt similar experiments will be required at intervals as the profile of mobile and fixed phone ownership continues to change.

Research: **** Practice: *** Originality: *** Readability: ***
Ref: 11301

Telemarketing, India

Classifying customers on the basis of their attitudes towards telemarketing

A. Mehrotra and R. Agarwal

RESEARCH. *Journal of Targeting, Measurement & Analysis for Marketing* (UK), Vol. 17, No. 3, p. 171 (23pp)

Sets out to classify potential targets of telemarketing as either Acceptors or Rejecters of the medium; suggests that telemarketers should so classify their target markets and concentrate on the former group. Reviews previous studies of direct marketing in the US, Japan, Argentina and China, noting from these a number of relevant factors: perceived intrusiveness; psychological reactance; information orientation and perceived usefulness; customer privacy concerns. Discloses a survey of 400 persons in two Indian cities, who were asked to respond to a list of 32 statements, grouped under five factors (information orientation, positive attitude to telemarketing, privacy concerns, perceived intrusiveness, do-not-call-me attitude). Using the scores for these five factors, a CART decision-tree method was used to sort respondents into two groups of Acceptors and Rejecters.

The intent is admirable — but how on earth is a practitioner expected to acquire customer data that would permit the repetition of this exercise for a large body of customers? In the UK the Rejecters have, in many cases, identified themselves and joined the TPS in large numbers.

Research: ***** Practice: * Originality: *** Readability: ***
Ref: 11302

BT, call centres, India

BT's bright idea about call centres runs into trouble

E. Judge

JOURNALISTIC. *The Times* (UK), 1 September 2009, p. 37

Reports a plan by BT to repatriate at least 2,000 call centre jobs from India, to prevent compulsory job cuts in the UK. Claims that British workers may not be prepared to work the shifts required to cover the hours now worked in India. Quotes the Communication Workers' Union. Notes that this is part of a move to shut down half of BT's customer service operations in India, and that BT claims this is not due to concern over customer service issues. Notes BT's loss of £134 m in year to March 2009, through disasters at BT Global Services (BT's IT arm). Notes a trend towards the return of call centre jobs to UK after customer complaints: refers in this context to Powergen, Abbey and Orange.

It is absurd that so many large companies sent their call centres overseas without anticipating (or testing) customer reaction. They are now learning the hard way. Nor has recent devaluation of the pound helped.

Research: * Practice: ** Originality: ----- Readability: *****
Ref: 11303

**Customer experience,
call centres, empathy,
profitability, NPS**

Customer experience and profitability: An application of the Empathy Rating Index (ERIC) in UK call centres

J. Lywood, M. Stone and Y Ekinici

RESEARCH. *Journal of Database Marketing & Customer Strategy Management* (UK), Vol. 16, No. 3, p. 207 (8pp)

Notes recent interest in customer experience, rather than simply satisfaction, but claims few firms understand what this means. Notes that 80 per cent of companies believe they deliver a superior experience, but only 8 per cent of their customers agree. Notes attempts (eg by Net Promoter Score) to relate customer experience to key business objectives, such as profitability; suggests these rarely stand up to proper scrutiny. Notes lack of research on customer experience as encountered through call centres. Discusses the ERIC programme, which measures twice a year call centres of 200 (UK) companies in 12 industries, by having researchers make 40 unscripted calls over three weeks to each company, and fill in a questionnaire with 29 questions to measure *empathy* and 11 to measure *call process*. Seeks to measure correlation between ERIC scores and return on capital employed across 28 companies for which both sets of data are available. Names the companies (30 of them). Finds customer experience, and particularly empathy, had a significant influence on profitability. Accepts this link is not necessarily causal, but states 'the empathy component ... is seen to be a key driver of profitability'. Emphasizes the need to strike a balance between empathy and cost. Accepts that suggesting a positive relationship between empathy and profitability 'may be naïve'; perhaps ERIC is a measure of good call centre management, which may itself lead to profitability.

We still need a proper summation of the varied components of what we mean by customer experience, but clearly this article deals with one of these — the experience of customers dealing with the dreaded call centre. The messages of this article are quite extremely mixed — indeed contradictory, wavering from inherently improbable assertions to retractions. But worth reading.

Research: *** Practice: ** Originality: ** Readability: ***
Ref: 11304

Editorial

J. Ozimek

DISCURSIVE. *Journal of Database Marketing & Customer Strategy Management* (UK), Vol. 16, No. 3, p. 175 (3pp)

**Customer experience,
Reichheld, NPS**

Refers to several recent articles (mostly critical) on Net Promoter Score (NPS), and raises some queries about the technique and its relationship with company performance. Notes also the weakness of customer satisfaction indices — but opines that both methodologies, by focussing on customer experience, represent a welcome step forward from clunky CRM processes. Points out that providing an improved customer

experience is both intuitively right and minimally costly — compared with most CRM activity. Relates some personal experiences, good and bad, as a customer, with emphasis on the process of rectifying mistakes. Claims that Reichheld's promotion of NPS is as much a philosophy as a marketing method.

An eloquent plea. A concentration on the customer experience can only be good. But the NPS claim that you can digitally measure that experience across your customer base, and use that crude measurement to predict business outcomes, is absurd. When will we learn: there is NO simplistic Holy Grail for predicting or achieving success in business.

Research: * Practice: ** Originality: * Readability: *****
Ref: 11305

Defining success: How to implement a successful Net Promoter program

L. Brooks

OPINION PIECE. *Journal of Database Marketing & Customer Strategy Management* (UK), Vol. 16, No. 3, p. 185 (4pp)

NPS, Reichheld

Announces the author's book (published 2008) on implementing a successful NPS programme, now at number 4 in the top 10 marketing books of 2008. Claims that 'the ultimate question' (Reichheld's book title) is simply 'How likely is it that you would recommend this company to a friend or colleague?' Claims there are 'bad profits' — that is, profits gained at the expense of customer loyalty — as well as good ones. Claims to have examined data from hundreds of companies over 7 years who have implemented NPS (launched by Reichheld in 2006) with varying degrees of success. Emphasizes the need for a defined strategy for customer loyalty; to get trustworthy data, one must target the right customers, ask the right questions and ask them at the right time. Claims that NPS is a reliable measure for correlating customer loyalty with business and financial growth. Accepts that other metrics may in some cases be needed in addition — provided they are accurate, meaningful and actionable.

Reads like a book promotion rather than an article. However, it is arguing a case that is important because it is accepted by many (in my view naïve) companies. It takes a lot of chutzpah, even for a consultant, to claim (s)he has discovered 'the ultimate question', and I don't buy it.

Research: ** Practice: ** Originality: * Readability: ***
Ref: 11306

Structure, people and process challenges of multichannel marketing: Insights from marketers

M.J. Valos

EXPLORATORY. *Journal of Database Marketing & Customer Strategy Management* (UK), Vol. 16, No. 3, p. 97 (10pp)

Multichannel marketing, strategy typologies

Notes difficulties that marketers have in implementing multichannel marketing; seeks to provide a framework theory for dealing with the issues involved. Notes that 65–70 per cent of consumers are multichannel shoppers. Claims that higher-value customers should be matched with higher-value service, and be given a channel preference choice. Describes contingency theory, which proposes that success depends on implementation matching a firm's strategic (eg Prospectors or Defenders) and environmental context. Notes that strategy implementation typology guidelines have had mixed empirical findings. Describes a survey of 31 industry managers asked what were the major one or two challenges they faced in multichannel marketing; this elicited 63 challenges, relating to strategic, implementation and measurement issues. Deals only with the second of these, categorizing the four underlying components as culture and motivation; structure and control; conflict and cohesion; external relationships. Examines each of these four themes in turn. Concludes that multichannel marketing is complex, that a clear theory is difficult to develop and that strategy typologies are unhelpful for all four themes except culture and motivation.

Does succeed in establishing that multichannel marketing is a real subject needing study — not just the random outcome of marketing through a variety of unconnected media. Its language is opaquely academic, and its limited findings are negative. Read it chiefly to discover how little of use academia yet has to say on this issue. As so often, good practice is likely to inform theory, rather than the reverse.

Research: ** Practice: * Originality: ** Readability: **
Ref: 11307

Return on ideas

R. Shaw

OPINION PIECE. *Journal of Database Marketing & Customer Strategy Management* (UK), Vol. 16, No. 3, p. 179 (5pp)

Marketing

Discusses a new report with this same title, about making marketing more efficient, effective and value-adding. Notes the report's genesis in discussions with the DMA, the CIMA and the CIM. Claims that marketing is seen as disposable, nice-to-have and discretionary; lists six of its major problems as a discipline. Indicates its bias towards attracting artistic rather than commercial talent, and its very poor numeracy skills. Shows how marketing budgets swing year-to-year much more wildly than GDP. Alleges various grounds of marketing's unpopularity with colleagues, being characterized as unaccountable, untouchable, expensive and slippery. Recalls Lord Leverhulme. Sums up the view of marketing in a diagram of its 'badass' image with other departments. Describes the creation, in this report, of an 'infinity model' designed to modernize marketing and address its critics. Recommends spending one hour reading this (free) report, followed by one day's capability development workshop, and one week of benchmarking and action planning.

A beautifully written exposé. But the author should distinguish (and perhaps the report does) between display advertising and direct marketing, which, whatever its sins, is neither unaccountable nor innumerate. (Nor should he misquote Leverhulme, whose famous dictum was about advertising, not marketing.)

Research: ** Practice: *** Originality: ** Readability: *****
Ref: 11308

A new approach to target segmentation: Media-usage segmentation in the multi-media environment

Jun Heo and Chang-Hoan Cho

RESEARCH. *Journal of Targeting, Measurement and Analysis for Marketing* (UK), Vol. 17, No. 3, p. 145 (11pp)

**Segmentation,
multi-media, media
usage, advertising**

Claims that, in today's multi-media environment, demographic variables poorly predict consumer behaviour, and are not appropriate bases for segmentation strategies. Suggests instead a segmentation system based on consumers' media usage; profiles each segment by such variables as media-use time, simultaneous media usage (SMU) and general attitudes to advertising; validates these segments by use of a media engagement/dependency scale. Achieves this by use of a panel of 300 US students, who indicated the extent of their media usage (the internet being regarded as eight different media: VOD, news, blogs, etc), their motivations in using each medium, their SMU patterns, and their level of medium involvement. Also measured were each person's opinion leadership and interpersonal interaction. On this basis, respondents were assigned to one of three clusters: oriented information/surveillance users; mediocre passive users; sensual video-audio combined fun-seekers. Shows diagrammatically for each cluster the level of usage of each of 24 media. Claims that knowledge of preferences for certain media attributes can provide a foundation for media mix and advertising creative strategies, that is, a new segmentation method.

A typical academic study: media use may indeed be a better basis of segmentation than geodemographic data — but the problem of how a mere marketer obtains media use data for any given group of prospects is not addressed; nor, in the real world, is it easily solved.

Research: *** Practice: * Originality: *** Readability: ***
Ref: 11309

Comparison websites in UK retail financial services

D. Laffey and A. Gandy

SURVEY. *Journal of Financial Services Marketing* (UK), Vol. 14, No. 2, p. 173 (14pp)

**Comparison websites,
financial services,
uSwitch, Moneynet,
Moneyfacts**

Notes the rise of comparison websites in the UK: these account for 25 per cent of all private motor insurance in the UK. Sets out to examine why such sites are so successful. Notes that they take on the roles traditionally played by intermediaries: facilitation costs (searching

for and obtaining data); aggregation (bringing together demand and supply); matching (balancing the informational needs of producer and consumer); trust (through an ongoing relationship). Notes the predictions in the 1990s of disintermediation were overstated: indeed the internet has brought about new forms of intermediation. Notes the greater complexity of services compared with physical goods. Describes the process of selecting three comparison website companies for study: uSwitch, Moneynet and Moneyfacts. Looks at each in relation to its performance in facilitation, aggregation, matching and trust. Notes some criticisms of such sites, but concludes that for consumers comparison websites lower search costs and reduce information asymmetry, while increasing negotiation power, while for producers they provide a stream of higher-quality customers. Believes they can only grow in importance.

An interesting look at a phenomenon of the web, which has been given great impetus by (and has possibly helped to create) increasing commoditization.

Research: ** Practice: ** Originality: ** Readability: ***
Ref: 11310

Editorial

J. Reynolds

OPINION PIECE. *Journal of Targeting, Measurement and Analysis for Marketing* (UK), Vol. 17, No. 3, p. 143 (2pp)

Email, research, brand communities

Looks at the spread of email research, and deplores both the quantity and the poor quality that the author perceives. Holds that the novelty of low-cost online surveys is wearing off, and that practitioners are becoming sloppy in their use of the technique, as users are becoming increasingly irritated. Holds out more hope for the use of 'research communities' — based on the experience of such brand communities as Harley Davidson *et al.* These can be observational or participatory, research instruments or customer feedback schemes. Offers some examples, from Starbucks *et al.* Suspects that here too 'democracy fatigue' may be waiting in the wings once the novelty wears off.

As we have learned, email can be a curse as well as a blessing: its vanishing cost has not only left us knee-deep in spam, but has encouraged thoroughly unprofessional activities all round.

Research: * Practice: ** Originality: * Readability: ****
Ref: 11311

How to market in a downturn

J.A. Quelch and K.E. Jocz

STRATEGIC. *Harvard Business Review* (US), Vol. 87, No. 4, p. 52 (11pp)

Recession, segmentation, emotion, customer behaviour

Notes the unusual severity of the current recession, and that consumer confidence and trust in business (in the US) are at record lows.

Suggests a segmentation of customers into four groups, based on their predictable emotional reactions to hard times: a slam-on-the-brakes segment — lower-income and nervous consumers; a pained-but-patient segment — the largest segment, containing the great majority of those not hit by unemployment; a comfortably well-off segment — including the top 5 per cent income earners; a live-for-today segment — typically urban and younger. Suggests all consumers classify products under four headings: essentials; treats; postponables; expendables. Recommends that a company should determine which categories of consumer its customers dominantly fall into, and how each of its products is likely to be categorized by each group of customers. Shows a grid of these four customer types and four product types, indicating likely changes of consumer behaviour in each of the 16 resulting pods. Shows another similarly constructed grid indicating possible tactics for dealing with each of these changed behaviours. Indicates some likely product-type winners and losers. Suggests seven ways to economize on advertising, but emphasizes the need to maintain brand values, to re-direct marketing expenditures rather than cutting indiscriminately. Gives examples of good practice from earlier recessions. Notes that, as the recession ends, consumers' attitudes may not return to 'normal' quickly, if at all: a mixture of shock in the downturn and anger at the excesses held to have propelled it may well make for a long-term shift in values and attitudes in favour of reduced materialism, sustainability and CSR, and against cynical marketing ploys.

This article has been hailed by many in the marketing community as seminal. I found it an odd mixture of insight, sound good sense, and some rather wordy, cloudy recommendations with not-very-apposite examples. Read it anyway — especially the last section 'Positioning for Recovery'.

Research: ** Practice: *** Originality: *** Readability: *****
Ref: 11312

When customer love turns into lasting hate: The effects of relationship strength and time on customer revenge and avoidance

Y. Gregoire, T.M. Tripp and R. Legoux

RESEARCH. *Journal of Marketing* (US), Vol. 73, No. 6, p. 18 (15pp)

Notes the existence on the web of preformatted websites that can be used by consumers to register complaints about companies. Wishes to discover how a consumer who has made a public complaint on such a site reacts over time in respect of a continuing desire for revenge on the company, and in respect of avoidance of further dealings with that company. Notes that the great majority of such complainers have suffered a service failure followed by one or more failed recoveries. Describes a study undertaken by questionnaire in four waves with complainers on two websites — ConsumerAffairs.com (a consumer agency) and Ripoffreport.com. Notes that the first issues a newsletter about complaints to 30,000 readers; the second has recorded over

**Relationships, revenge,
avoidance, complaints**

266,500 complaints since September 2007. Reports that 172 respondents completed all four waves of the study. Describes the study in detail. Finds that complainants' desire for revenge declines over time; that this decline is significantly slower among respondents that previously had a relationship with the company; that this desire can be reduced further by a post-complaint recovery attempt; that in the case of complainers with a past relationship this is regardless of size or economic value of the recovery, but where there is no relationship, the value offered is a significant factor; that complainers' desire for avoidance increases with time, and more so among those with a previous relationship with the company; that post-complaint recovery efforts have no effect on subsequent avoidance.

There are one or two findings here that may not be intuitively obvious, but this is really a rather large hammer to crack a pretty small nut. The rise of complaint websites is, however, worth watching.

Research: *** Practice: *** Originality: *** Readability: ***
Ref: 11313

Does advertising spending influence media coverage of the advertiser?

D. Rinallo and S. Basuroy

RESEARCH. *Journal of Marketing* (US), Vol. 73, No. 6, p. 33 (14pp)

Notes that consumers are likely to find editorial coverage of products in the publications they read more credible and neutral than advertising. Notes that there has been little research on whether the level of product coverage is related to levels of advertising, despite occasional accusations, always followed by rebuttals. Sets out to discover whether magazines' level of product coverage and recommendation for the products of individual companies is positively correlated with the level of advertising placed with that publisher by that company. Explores this question in the context of the Italian fashion industry, looking at 291 Italian fashion companies and 123 magazine publishers in Italy, France, Germany, the USA and the UK. Describes at length the method by which this enquiry was pursued. Finds that in this industry product coverage by magazine publishers in these countries is directly correlated to quantity of advertising; that this effect is less marked in the case of publishers that are less dependent on this industry for their advertising revenues; that peer pressure from competing publishers affects coverage decisions; that larger, or more innovative, companies have more success in obtaining coverage; that the effects of advertising on editorial coverage are felt in all the countries surveyed, with some differences between them.

A cynic would say that there is nothing surprising in this. However, this is the first clear demonstration that what we cynics have always suspected, and editors have always vehemently denied, is in fact true — at least in

**Advertising, editorial,
magazines, publishers**

the areas surveyed, and, may I be allowed to suspect, in many other areas as well.

Research: ***** Practice: *** Originality: ***** Readability: ***
Ref: 11314

Value, satisfaction, loyalty and retention in professional services

R. Trasorras, A. Weinstein and R. Abratt

RESEARCH. *Marketing Intelligence & Planning* (UK), Vol. 27, No. 5, p. 615 (18pp)

Satisfaction, loyalty, retention

Sets out to trace the factors that lead to customer retention in the field of professional services. Describes the collection of data by questionnaire from the customers of 149 companies offering professional services (attorneys, finance professionals, medical practitioners, private investigators) in the Tampa Bay area of Florida. Uses correlation and regression analyses where the dependent variable is retention (expressed as an intention to re-use the current service provider) and the independent variables are service, quality, image and price, which are hypothesized to create value, which leads to satisfaction, to loyalty, and hence to retention. Describes the questions used in the questionnaire. Describes eight hypotheses, and the methods by which each was tested. Finds a highly significant relationship between service and retention, and image and retention; the relationship between price and retention is significant, but less so. Value (which is the customer's perception of value) and satisfaction have a highly significant relationship with retention, accounting for 40.7 per cent of the variance. Loyalty accounted for 57 per cent, or for 62 per cent when combined with value. Notes that satisfaction is important, but that evaluating satisfaction depends on the level of satisfaction achieved: satisfied customers can still defect.

This is one of a thousand articles on satisfaction, loyalty and retention. If you want to know what the accepted wisdom in this field was (prior to the arrival of Reichheld's Net Promoter Score), reading this will serve as well as anything. But, if you like NPS — I don't — you can throw this away.

Research: ***** Practice: *** Originality: * Readability: ***
Ref: 11315

Strategy for managing customer relations on the internet: evidence from the football sector

T. Kriemadis, A. Kotsovos and N. Kartakoullis

SURVEY. *Direct Marketing: An International Journal* (UK), Vol. 3, No. 4, p. 229 (15pp)

Customer relations, football, websites

Aims to show how the internet is used as a strategic tool in e-CRM in the football sector. Indicates that website design must be viewed as primarily a business, not a technical, task. Lists eight benefits of e-CRM: always available; quick service; quick order-processing;

immediate and private self-service; immediate feedback; automated software delivery; easy and time-effective shopping; cost-free services. Quotes five major criteria of website design: page-loading speed; business content; navigation efficiency; security; marketing/customer focus. Elaborates on each of these, with a series of recommendations. Lists a series of issues surrounding customer service, and makes recommendations on each. Looks at the websites of two UK football clubs — Manchester United and Liverpool — in the context of the above major criteria. Finds that both these sites in general meet the criteria and recommendations previously listed — while noting that many CRM applications fail, through underestimating complexity, lacking clear business objectives and investing inadequately in the provision of CRM software.

The interest of this article lies not in the encomia given to Manchester United and Liverpool websites (though if they are as good as this suggests, they should be worth a visit), but in the early check lists of do's and don'ts for website design, which I have not seen so well and succinctly expressed elsewhere.

Research: ** Practice: **** Originality: ** Readability: ***
Ref: 11316

An experiential, social network-based approach to direct marketing

A. Palmer and N. Koenig-Lewis

DISCURSIVE. *Direct Marketing: An International Journal* (UK), Vol. 3, No. 3, p. 162 (15pp)

Sets out to review recent developments in social network media from a marketing standpoint. Notes the widespread belief that a company's message may seem more credible when embedded in social media rather than when targeted at an individual. But notes also the danger that a company may seek — or seem to seek — to control the communication environment within the network, creating resentment among members of the community, who regard themselves as owners of the medium. Claims that some online social networks have gone through a fast cycle of growth, maturity and decline through becoming dominated by commercial interests; notes also the decline of such sites as Friendster and Friends Reunited. Proposes a diagrammatic model showing three interlocking circles of Producer, Customer and Community: where the three circles overlap is the space that should be occupied by direct marketing in a social network context. Lists five principal categories of social media: blogs; social networks; content communities; forums/bulletin boards; content aggregators. Notes that social network sites have even eclipsed email in global reach, and that their success has also been at the expense of reading of national and local newspapers and magazines, as well as radio and TV involvement. Gives a variety of figures for these ongoing trends. Notes the rise of company blogs and online forums, or the hosting/sponsoring by companies of communities, providing content such as music,

Social networks, marketing

information or entertainment. Notes that Starbucks has a site on Facebook and YouTube, is present on Twitter, and has its own community website. Emphasizes the need to walk a narrow course between steering the community and relinquishing a measure of control to members. Notes the benefits of acquiring feedback, leading to the co-creation of value.

This article expresses well the advantages and dangers for companies of venturing into social networks, where their presence could be valuable all round — or could be resented and harmful to all. The biggest single lesson is that company activity in this field must be transparent, and must not pretend to an objectivity that is neither truthful nor credible.

Research: ** Practice: ** Originality: * Readability: ***
Ref: 11317

Managing beyond Web 2.0

D.L. Hoffman

CONVERSATION STARTER. mckinseyquarterly.com (US), July 2009

Web 2.0, social networking

Suggests that today's marketers are in danger of being replaced as customers start to use social networking on the web to obtain trustworthy information about products. Recommends the use of the acronym LEAD (Listen, Experiment, Apply, Develop) to create a road map through this new territory of continuous change. Discusses each of these four activities in turn. Thus, discover what the social networks are saying about you: gives an instance of a company that, over a single day one weekend, provoked (by releasing an insensitive video) a furious reaction on the web, which it failed to pick up on quickly enough. As well as listening, engage customers — initially with small, simple experiments (big ones can backfire, big time). Then apply your experiments, using predictive and quantitative analysis tools to track the results. Develop, by ensuring that your website is not just another advertising channel, and is easy to link to. Gives example of GlaxoSmithKline and its weight-loss drug Alli, for which a clear and exemplary website was set up.

This piece is an experiment by McKinsey, which encourages readers to start an online conversation around this short article. At time of writing it has attracted 56 postings from 17 July to 9 October. The article is of mild interest; the reaction is fascinating.

Research: ----- Practice: ** Originality: ** Readability: ***
Ref: 11318

ROI in social media: A look at the arguments.

T. Fisher

SURVEY. *Journal of Database Marketing & Customer Strategy Management* (UK), Vol. 16, No. 3, p. 189 (7pp)

**Social media, metrics,
IAB, blogging, ROI**

Looks at a variety of views on metrics of all kinds — and especially those leading to ROI measurement — in social media. Notes the need for qualitative measurement as well as quantitative. Claims that the case for companies entering the social media arena is becoming easier to make — if only because everyone else is doing it. Quotes statistics on social media traffic, and on company participation among the Inc. 500. Refers to the Internet Advertising Bureau (IAB)'s report 'Social Media Ad Metrics Definitions', which divides social media into three types (social media sites, blogs and widgets and social media apps), and defines metrics for each type. Notes severe criticism of the IAB approach from various quarters, as suggesting that every activity is of equal value. Quotes another blogger who suggests dimensions for a brand's blog, including Reach, Relevance and Credibility. Credibility in turn depends on Independence, Affinity, Transparency and Presentation. Suggests all the foregoing are merely new media versions of traditional media metrics. Emphasizes the need to have a goal before you can measure success. Reckons marketers comprise three groups on these questions: Deniers, who are resistant to attempts at measurement; Definers, who will stick with click-through rates and the IAB's approach; Dedicated, who want to use every measurement tool available.

A useful round-up of where the debate on web analytics is at, without having anything useful to say about ROI, which was supposedly the subject of the article.

Research: *** Practice: ** Originality: ** Readability: ***
Ref: 11319

State capitalism and the crisis

I. Bremmer

FORECAST. mckinseyquarterly.com (US), July 2009

Claims that for the last three decades the world has assumed that economics — and globalization — trumped politics, and that economic balances and the global free market would always drive local markets. Suggests that even before the recent crisis, there were signs in the development of politically authoritarian economic powers that this need not be true — and that the global crisis has finally turned this notion on its head. Sees the dawn, over the last 3 years, of a system of state capitalism, with governments manipulating market outcomes for political purposes, and suggests Western democracies are not immune from this trend. Notes the huge flows of capital now directed across frontiers by governmental bodies. Notes, for example, that multinational oil companies now produce only 10 per cent of the world's oil, and hold 3 per cent of its reserves — the rest is produced and controlled by governments, which own the world's 13 largest oil companies. Notes the emergence of sovereign wealth funds with large holdings in other countries' currencies. Notes how western governments are becoming reluctant state capitalists through the need to regulate (and in some cases own) banks. Instances recent

**State capitalism,
free market,
politics, democracy,
protectionism,
globalization**

developments in China, Brazil and Russia. Predicts a growth in regulation and protectionism, and possibly expropriation of multinationals' assets. But does not believe that state capitalism, which is inherently inefficient in allocating resources, will completely reverse globalization, although the former will grow in the next few years.

A pretty chilling forecast. It would be easy to pick holes in it (some of the 19 appended comments have done just this) but the risks it adduces are real even if one doesn't buy the conclusions to which the author makes them all add up.

Research: ** Practice: ----- Originality: *** Readability: *****
Ref: 11320

Reputation management in times of crisis

Marko Sarstedt

EDITORIAL. *The Journal of Brand Management* (UK), Vol. 16, No. 8, p. 499 (5pp)

Reputation, Nokia, JP Morgan

Emphasizes the importance of corporate reputation on the grounds that it is an early indicator of capital market performance; can increase consumers' willingness to buy; positively influences customers' satisfaction and loyalty; positively influences the number and quality of job applicants. Notes the catastrophic effect on Nokia's reputation in Germany (as measured by Psychonomic's BrandIndex) of unfavourable publicity in late 2007. Notes that only 38 per cent of US (and 35 per cent of German) companies consider the monitoring of reputation to be a Board concern. Notes an abundance of research on reputation, but a lack of rigour in defining the concept and communicating results. Gives a Table of the top ten company reputations as measured by three US reputation indices: these comprise 25 different names, and the same name does not appear twice in the top five. Recommends a particular measurement approach with psychometric properties adapted by several multinational companies. Notes that usually loss of reputation arises from a firm's own fault. (Instances JP Morgan's plan to refurbish two jets and build a \$138m hangar after receiving a \$25 bn government hand-out.) But recognizes that some behaviours can reflect badly on a whole industry. Claims that extra funds are not required — merely better, more sensible, use of existing funds.

Sensible and to the point. Actually, the absolute level of one's reputation (however that might be measured) and its comparison with others', is less important than the trend in one's reputation over time on some consistent criteria, however crude.

Research: * Practice: *** Originality: ** Readability: *****
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**Tesco, open source,
API****Is open source the answer?***Anon.*REPORTAGE. *Revolution* (UK), October 2009, p. 36 (3pp)

Notes that Tesco.com has made a recent decision to open its application programming interface (API) to all comers. This has provoked some controversy among software developers — although Tesco is following a path blazed by a number of illustrious companies, such as Google, Facebook, Twitter, Amazon, eBay, Betfair and Qype. The leading proponent of this philosophy has been Google, with 56 APIs currently available, including Google Maps, Adwords and Docs; Google claims that this makes more people aware of services it provides beyond search; also by getting others to improve its products, it increases the time people spend on the web, and the number of searches they make. Tesco claims to know 70 different ways of shopping online, but not to have the time to write applications for all of these, preferring to leave this, through open sourcing, to others. Notes that open sourcing gives developers access to information stored on the site's database — which can be used to create new services. This creates new revenue streams, extends the reach of the brand, and outsources non-core projects. Notes that there are risks associated with open sourcing: the security of the site, brand reputation and cannibalization of existing business. Adds that there are also costs involved, in monitoring, refreshing technology and supporting developers. Notes that Ocado has declined to follow this route.

Open source applications are nothing new — as users of Linux, escaping from the embrace of Windows, can vouch. Even in retailing, the way has been shown already by Amazon. However to find a major retailer, firmly based on the offline as well as the online world, taking the plunge is worth noting. Is this the route online retailing as a whole will take?

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