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

Abstracts

Journal of Direct, Data and Digital Marketing Practice (2010) **12**, 94–109.
doi:10.1057/dddmp.2010.21

Each abstracted article is awarded 0–5 stars for each of the following 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 less than seven stars overall.

Germany: New restrictions on direct marketing

L. Fisher

REPORTAGE. *Privacy Laws & Business International Newsletter* (UK), April 2009, p. 21 (2p)

**Privacy, Germany,
direct marketing,
consent**

Reports an address given by Michael Siegert to the UK Direct Marketing Association describing the effect of new privacy regulations on direct marketing. Reports that the image of direct marketing in Germany is close to that of the illegal drug trade. Notes that under recent legislation, specific consent is required for email, fax and SMS text message marketing, for both B2C and B2B, with the only exception being the marketing of ‘similar’ products/services to existing customers. B2C telemarketing is illegal without express consent — with no exceptions. Consent, where required, must be in text form. Discusses case law that limits the lifespan of consent, and which, has been found to be 2 years (if not used before) in the case of email but 4 weeks in the case of fax. States that the law is full of conflicts and unclear wording.

We hope to publish an article shortly on the recent developments in privacy legislation across the EU. Meanwhile, this is a warning of toxic developments in Germany.

Research: ----- Practice: *** Originality: * Readability: ***
Ref: 12101

Holding customer data — Why organizations need to start to consider their customers

J. Ozimek

EDITORIAL. *Journal of Database Marketing & Customer Strategy Management* (UK), Vol. 17, No. 1, p. 1 (5pp)

**Customer data,
databases**

Considers some of the problems of data collection and maintenance. Distinguishes between hard data (such as name and address, date of

birth), which are relatively easy to collect and usually reliable, and soft data (such as lifestyle data, regarding hobbies, travel, interests, etc), which are unreliable and date quickly and unpredictably. Distinguishes between what people say they do (when filling in a questionnaire) and what they really do. Notes a need to interpret data according to the circumstance of its collection; claims that the more data you hold, the harder it is to keep up to date and to interpret. Recalls the tendency with early databases to collect every possible piece of data 'just in case'; recommends a more structured approach based on use and purpose. Discusses the need to regard personal data as belonging to the data subject, rather than the data collector, and the consequent obligation to hold data in such a way that it can be recorded, and corrected, to meet the requirements of the data subject.

This piece is an introduction merely to some hard thinking that database owners need to do, in a world where all aspects of customer/supplier relationships are changing.

Research: ----- Practice: *** Originality: ** Readability: *****
Ref: 12102

Smart utilities and CRM: The next phase of customer management in utilities

M. Stone

PREDICTIVE. *Journal of Database Marketing & Customer Strategy Management* (UK), Vol. 17, No. 1, p. 49 (10pp)

CRM, utilities, smart devices

Proclaims the arrival of smart metering and smart networks in relation to utility usage at home, and predicts the kind of revolution that took place in customer management in the telecommunications industry in the 1990s. Claims that the advent of smart devices (already under way in parts of Europe) will change how customers manage their use of utilities. Lists the types of consumer change that can be expected, and the main implications for suppliers of each. Lists a series of phases, extending over several years, through which the smart consumer will travel, followed by the development of the consumer into a supplier to the grid. Notes that utilities are still coming to grips with the implementation of 'classic' CRM, and benefiting from it — but will need to cope with a whole new range of data deriving from smart metering. Notes that smart technologies are already operating in the B2B market, and that this experience will be transferable to B2C — but that smart grids will introduce new levels of complexity. Expects considerable reductions in billing and query costs, but a large initial need for customer training.

This article assumes a familiarity by the reader with the essence of smart technology, how it works, what the different participants must do and what the benefits are. Those unfamiliar with these concepts may find it difficult to follow, since it addresses the next

stage — how suppliers need to adapt their CRM practices in a new smart world.

Research: ----- Practice: ** Originality: *** Readability: ***
Ref: 12103

eCRM and the art of customer retention

F. Velarde

INSTRUCTIVE. *Figaro Digital* (UK), No. 3, p. 60 (2pp)

**Digital strategy,
eCRM, email,
fragmentation**

Claims that digital marketing has become siloed: some 3,500 companies claim to build websites; search engine optimization (either natural or pay per click (PPC)) is two whole industries, while the website is now supplemented by a host of tactical microsites — for DM, PR, Facebook, online ads, etc — each run by a different agency, all competing individually to produce improved performance. Claims that the simple answer to all this fragmentation is to return to the centrality of the customer: to collect from all sources and centralize data on customers and their behaviour; aggregate it, analyse it, segment it and use it to deliver eCRM by email. Claims that this is the kernel of a digital strategy, and ultimately the foundation of a marketing strategy. Finds that this process puts control back in the hands of the marketer, who can now instruct his agencies on what to do, rather than having a series of separate initiatives run by the agencies on their own.

The author's only mistake lies in supposing that the fragmentation he talks of is something new: it was ever thus, with direct mail, TV, poster campaigns, press advertising, all singing from different hymn sheets. What has changed is that (nearly) everyone now knows that, as the author says, customer data are central to absolutely everything, making the central marketing control he advocates at last feasible.

Research: * Practice: *** Originality: * Readability: ***
Ref: 12104

Why don't back-office efficiency drives stick?

M. Ferber, J. Geiger and K. Kunkel

ADMONITORY. *McKinsey Quarterly*, 2010, No. 2, p. 18 (3pp)

**Efficiency,
effectiveness,
cost-cutting, head
counts, CEOs**

Notes that, in difficult times, CEOs frequently call for across-the-board cuts in back-office staffs. Claims that this is a mistake. Reveals that, from a survey of 920 worldwide companies, 44 per cent took this approach to cost-cutting, but that these companies were more likely than others to say such cuts would not be sustainable: barely 40 per cent meet their first-year targets, and 90 per cent are back where they started by year 4. Emphasizes the need to consider effectiveness as well as efficiency. Looks at the case of one company's finance

department, in which a simple headcount suggested that it was approximately 5 per cent more efficient than the industry average. A closer look revealed that only the revenue management function was more efficiently staffed — but 51 per cent less effective, while general accounting was 4 per cent less efficient, but 159 per cent more effective — and so on. Claims that if an average performer in McKinsey's database raised back-office effectiveness and efficiency to top-quartile levels, it would improve net margins by two percentage points.

Across-the-board cuts in headcounts are a common prescription of lazy CEOs. It really should not require a simple illustration of this kind to show up the folly of such a ludicrous approach.

Research: ** Practice: *** Originality: ** Readability: ***
Ref: 12105

When you've got to cut costs — Now

K.P. Coyne, S.T. Coyne and E.J. Coyne Sr.

ADVISORY. *Harvard Business Review* (US), Vol. 88, No. 5, p. 74 (9pp)

Cost-cutting

Considers the problems faced by a manager who is ordered to reduce his departmental costs by 10, 20 or 30 per cent, and suggests possible ways of setting about each level of cost reduction. Claims that most departments can save 10 per cent by incremental ideas, without affecting the rest of the organization. Recommends: after eliminating unnecessary perks, consolidate other incidentals; take overdue personnel actions; reduce 'supervision'; gain control of 'miscellaneous' spending; hold down pay increases; repurpose rejected cost-saving ideas. Suggests that getting to 20 per cent savings involves redesigning ideas and eliminating work in which cost exceeds value: consider how your workload is shaped by other departments and debate deadlines and requirements; eliminate liaisons and coordinators; reduce excessive reporting; re-examine procedures in light of changing needs; consider the costs of handling exceptions to the norm; consider the timing of tasks; move away from belt-and-suspenders mindset. Where 30 per cent savings are required: co-ordinate parallel activities with other departments; shift work to the most efficient location; consider outsourcing; eliminate duplicated analysis; eliminate low-value meetings and forums; restructure or cut cross-departmental activities; consider eliminating programmes; reduce the burden you place on others. Gives examples of all the above recommendations. Discusses cost-cutting in unstructured departments (such as marketing), in overheads, and in management.

Demands for cost-cutting of x per cent across the board come only from stupid management. However, the ideas in this article do provide a valid hierarchical approach to the process of

cost-cutting — which should, of course, be looked at in good times as well as bad.

Research: ** Practice: *** Originality: *** Readability: ****
Ref: 12106

The case for behavioural strategy

D. Lovallo and O. Sibony

THEORETICAL. *McKinsey Quarterly* 2010, No. 2, p. 30 (18pp)

Behaviour, bias, decision-making

Notes that in fields such as finance and marketing, the use of behavioural science to predict customer behaviours is now mainstream, but that corporate strategists rarely attempt to apply the same techniques to the consideration of cognitive biases in their own decision-making processes. Claims that major strategic decisions have three parts: fact gathering and analysis; insights and judgement; a process for decision making. On the basis of research into 1,048 major company decisions, claims that the variance in decision outcomes was affected by the quality of process rather than quality of analysis by a factor of six to one: a good process will always reveal a poor analysis, but a superb analysis will be valueless before a sub-standard process. Discusses a series of biases that need to be countered to secure a good process: action-oriented bias; stability bias, including loss aversion and sunk-cost fallacy; interest bias; social bias, or reluctance to dissent. Lists four steps to adopting a behavioural strategy applicable to major decisions, and discusses each.

An interesting concept — that those (marketers and others) who operate on the supposed psychology of their customers fail to apply the same lessons to understanding their own (more evident) peculiarities.

Research: ** Practice: *** Originality: *** Readability: ***
Ref: 12107

Taking stock of the UK's data retention requirements

E. Nettleton and E. Klotz

ADMONITORY. *Journal of Database Marketing and Customer Strategy Management*, Vol. 17, No. 1, p. 59 (7pp)

Communications, surveillance, Government

Recalls legislation passed in 2009 obliging public communication providers (telephony and Internet) to retain certain data about origin and destination of communications enabled by them. The legislation provides that Government *may* reimburse such companies' costs, subject to advance notification and agreement, and auditing. Notes Government's initiation, also in 2009, of a consultation concerned with increasing the potential use of communication data, both as an anti-terrorism measure and to help catch criminals. Records that 221 responses were received to this consultation, 167 from members of the public and the rest from public organizations. Of these,

90 opposed surveillance in principle; of the rest, narrow majorities accepted the need for some form of data surveillance, with a minority supporting the Government's approach. Notes, in particular, that the Information Commissioner's office was critical of the Government's approach. Notes that increasing burdens on communications companies, if not reimbursed by Government, may result in significant costs being passed on to the detriment of database marketers in particular.

The 2009 consultation, attracting 221 responses, appears to have been a damp squib. This is a developing situation in which marketers would do well to keep a wary eye.

Research: ----- Practice: ** Originality: ** Readability: ***
Ref: 12108

The internet of things

M. Chui, M. Löffler and R. Roberts

FUTURIST. *McKinsey Quarterly*, 2010, No. 2, p. 70 (10pp)

Internet, sensors, actuators, optimization

Notes that the physical world itself is becoming an information network with sensors and actuators being embedded in physical objects — from roadways to pacemakers. Claims that it is becoming possible to collect data from remote sensors anywhere and at anytime; prices are falling as Moore's Law predicts. Distinguishes two categories of application (information and analysis; automation and control) with three types of emerging application in each. Thus, tracking behaviour is instanced by insurance companies installing sensors in customers' cars, giving opportunity to base policy pricing on how and where a car travels. Enhanced situational awareness is obtained by logistics managers re-routing transport according to environmental conditions. Sensor-driven decision analytics is exemplified by continuous monitoring of at-risk patients, or of shoppers in a store. Process optimization is possible in the form of feedback systems to continually adjust temperature, for instance, in an industrial process. Optimized resource consumption can be realized by 'smart' meters in consumer or industrial use. Complex autonomous systems include accident avoidance measures in automobiles. Cautions on the need for consideration of privacy, and legal liability.

Futurist this may be — but the quite near future, it would seem. The place of human intervention is interesting: do you want your life support system to tell a doctor when the likelihood of your recovery slips below a given point, or to switch itself off automatically?

Research: ** Practice: ** Originality: ** Readability: ***
Ref: 12109

Applying netnography to market research: The case of the online forum

J. Xun and J. Reynolds

RESEARCH. *Journal of Targeting, Measurement & Analysis for Marketing*, Vol. 18, No. 1, p. 17 (15pp)

Ethnography, netnography, eWOM

Defines netnography as digital, or virtual, ethnography. Gives an overview of the subject, while noting that its techniques are little used to date by marketers. Suggests a number of positive consequences of the technique, and several weaknesses, including ethical sensitivity. Blames high software development techniques, and 'ivory tower' academic mindsets for slow adoption. Chooses the phenomenon of eWOM as particularly appropriate for netnographic analysis. Gives an illustration of a publicly open online discussion forum dedicated to reviews of digital cameras, quoting a claim that 44.4 per cent of US consumers of electronic products are mostly influenced by WOM in making a purchase. Describes a 4-month research process in which a researcher conducted online interviews with a sub-group of participants and moderators in the forum, who were dealing with the question 'what camera should I buy?', comprising approximately 8,000 posts and 1,500 threads. Relates some of the conversations that took place, with particular reference to: the *ethos* of eWOM (ie the projection of the speaker's personal quality to the listener); the *pathos* of eWOM (ie the conveyance of emotional intensity) and the *logos*, or reasoned discourse, of eWOM. Concludes that WOM, in this case, had an influence on purchase, but at a lower level than the forum moderators believed.

I don't much care for the adoption of 'ethnography' as an up-market term for consumer research, and still less for neologisms such as 'netnography' — but this is still an interesting article, both on the techniques of online market research, and on the effects of WOM in an area in which it should be particularly powerful.

Research: *** Practice: *** Originality: *** Readability: ***
Ref: 12110

An empirical investigation of customer preferences in mobile services

S.N. Tripathi and M.H. Siddiqui

RESEARCH. *Journal of Targeting, Measurement & Analysis for Marketing*, Vol. 18, No. 1, p. 49 (15pp)

Telecomms, mobile, India, conjoint analysis

Notes the high turnover of mobile telecoms subscribers, amounting to 30 per cent per year, emphasizing the need to provide a superior service that will retain more customers. Notes the inherent challenge in marketing an intangible service. Notes that the Indian telecom market grew, during 2003–2007, from 5.1 per cent of the population to 18.2 per cent, at a compound annual growth rate of 38 per cent — making it the

largest telecom market in the world, planned to increase to 500 million by 2040. Seeks to develop a method for determining the features of a mobile telecom service that are most important to customers, and to segments of customers, to enable producers better to design and target their products. Describes a process of conjoint analysis (CJA), which is defined as a multivariate technique that measures customer preferences about the attributes of a service. Describes the CJA methodology used, and the six attributes investigated (connectivity of network; tariff; customer service; value-added services; variety of plans; technology deployed) each with three levels, using replies to 1,540 questionnaires. Finds that, among the total group, the attribute rated most highly was connectivity, followed by service (a majority being dissatisfied with existing service), tariff (close behind), value added, plan variety and technology. Shows how, and to what extent, these preferences change among different sub-groups (by age, income, etc). Suggests that this shows the way to benefit segmentation.

Well written and clear (if you skip the methodological bits that are for statisticians). The example of mobile telecom services is scarcely well chosen: the six attributes could be perfectly ranked by intuition, never mind CJA. However, the principles are valid, and have more useful applications elsewhere.

Research: *** Practice: ** Originality: ** Readability: ***
Ref: 12111

Upwardly mobile: Why your web strategy needs to think mobile

A. Thomas

PREDICTIVE. *Figaro Digital* (UK), No. 4, p. 63 (2pp)

Advertising, mobile

Predicts (despite the regular failure of similar predictions for everything from SMS to WAP) that this is the year for mobile. Notes the worldwide spread of mobile devices. Advocates constructing a mobile strategy; notes with amazement that only 8 per cent of Forbes 1,000 companies have any mobile web presence or strategy. Quotes an IAB report that global e-commerce revenues in 2008 totalled £117.6bn, and that between 2 and 7 per cent of all web traffic comes from mobiles. Quotes the report of web design guru Jakob Nielsen pronouncing web mobile experience as 'miserable'; contends that this is justified only because test subjects were invited to access full websites on their mobiles instead of sites that had been specifically designed for mobile use. Nielsen also found that satisfaction was higher for dedicated mobile websites. Claims that customers use the mobile internet for very different purposes (eg while actually out shopping) from internet browsing at home. Predicts that mobile will swiftly reach the same point as standard internet — and with quadruple the reach, the time to develop a mobile internet strategy, and to start designing a website specifically for mobile, is now.

I have given up on predictions. But certainly if you expect to obtain results from mobile advertising, it makes no sense to rely on a website that is designed for display on a large screen and in circumstances very different from those experienced by a mobile user. Whether mobile advertising will have the impact suggested for it is altogether another question on which various views are possible.

Research: * Practice: ** Originality: * Readability: ***
Ref: 12112

'Credit crunch' and small- and medium-sized enterprises: Aspects affecting survival

Y. Ma and S. Lin

DISCURSIVE. *Journal of Financial Services Marketing* (UK), Vol. 14, No. 4, p. 290 (11pp)

SMEs, credit crunch, lending

Defines SMEs as companies with a turnover of less than 50 million euros, accounting for two-thirds of all employment in western economies. Gives instances of several such UK companies suffering under the credit crunch. Notes the vicious circle that starts when a company concludes that lack of credit obliges it to delay paying invoices. Notes that governments wish to encourage lending, to SMEs in particular, but that they also urge the need for prudence in lending; suggests that governments wishing to encourage SMEs might think about direct lending to them. Claims that the main concern currently is assessing risks of lending: there is limited research on credit risk modelling in the SME sector. Claims that, as a result of the downturn, SMEs in some sectors have become more risky, leading to a higher risk premium. Notes that construction firms have had the highest failure rate, and manufacturers the smallest; retailers have in some cases been supported by their suppliers. Notes that 58 per cent of SMEs have been affected by the downturn, and that 100 small businesses were, in early 2009, closing each day. Points out that up to 50 per cent of SMEs do not borrow from financial institutions; suggests that it may not be the credit crunch itself that directly impacts SMEs, but the effects of the recession, leading to reduced cash flow and turnover.

A poorly focussed article without real conclusions or recommendations — but not without interest in revealing some of the dilemmas for both SMEs and those that might lend to them.

Research: ** Practice: ----- Originality: *** Readability: ***
Ref: 12113

Customer relationship-oriented marketing practices in SMEs

H. Reijonen and T. Laukkanen

RESEARCH. *Marketing Intelligence & Planning* (UK), Vol. 28, No. 2, p. 115 (22pp)

SMEs, customer information, relationship marketing, segmentation, Finland

Claims that there is little research on marketing in SMEs, although marketing is agreed to be conducted differently by them than in large firms. Differentiates between micro-firms (<10 employees); small (<50) and medium (<250). Sets out to determine whether size, industry and customer markets (B2B or B2C) affect the gathering, and acting upon, customer information, which is the basis of relationship-oriented marketing, including information gathering, segmentation, creating value by differentiation and managing customer profitability. Discusses each of these activities in turn. Considers segmentation to be one of the cornerstones of marketing, traditionally based on geographic, demographic, psychographic and behavioural attributes of customers, and utilizing frequency, size and recency of purchases. Describes that the administering of a questionnaire to 106 SMEs in North Karelia (Finland), split between manufacturing, real estate and so on, and other personal services, as well as between a variety of sizes and between B2B, B2C and public organization markets. Summarizes the answers given to show the extent to which respondents managed customer profitability, gathered information, targeted customers and were oriented towards customer retention. Finds that marketers in B2B and public organizations scored higher on all counts than those in B2C, and that micro companies scored lower than others. Suggests that size may explain differences in marketing habits better than involvement in goods or services.

There is a good deal of material in this article, which could be a useful introduction to the marketing concepts for managers of SMEs — even though the actual findings of the study are entirely predictable, and the research derisory by reason of a wholly inadequate sample size.

Research: * Practice: ** Originality: ** Readability: ***
Ref: 12114

How to stop customers from fixating on price

M. Bertini and L. Wathieu

ADVISORY. *Harvard Business Review* (US), Vol. 88, No. 5, p. 84 (8pp)

Commoditization, pricing

Notes the increase in commoditization leading to customer fixation on price. Claims that this is as much a customer-psychological as a physical product problem. Suggests four pricing strategies designed to focus customer attention on value rather than price. Strategy 1: price by benefit — for example, Goodyear pricing its different tyres according to expected tread life, or Orica charging for industrial explosives according to the level of fragmentation produced rather than the quantity of explosive, or car insurers offering policies based on pay-as-you-drive. Strategy 2: wilfully overprice — for example, the premium on Apple computers, or SKF bearings, causing customers to pause and consider what benefits come with the higher price, and whether they need these. Instances Burt's Bees, charging 80–100 per cent premium for a natural product. Strategy 3: partition prices to

highlight overlooked benefits. Recommends itemizing component parts of an overall price — for example, IKEA charging separately for the top and legs of a table. But warns that partitioning only succeeds when it draws attention to benefits that might otherwise have been overlooked. Strategy 4: equalize price points to crystallize personal relevance — for example, Apple charging a standard 99 cents for any track on iTunes, or Swatch charging a standard \$44 for any design of watch. Gives both real-life examples of the above and recounts results of experimental research. Warns against price promotions, which can actually reduce sales.

Some of this is not new: premium pricing for branded goods, cosmetics and luxury items is standard. Other tactics are less well known, and bringing them together in this way as an answer to commoditization gives some valuable insights and casts a new light on conventional wisdom about pricing.

Research: **** Practice: **** Originality: *** Readability: ****
Ref: 12115

Corporate social responsibility — Corporate branding relationship: Finding your strategy in the new landscape

P. Ghemawat

EXPOSITORY. *Harvard Business Review* (US), Vol. 88, No. 3, p. 54 (7pp)

International trade, China and India, offshoring

Notes a 9 per cent drop in the value of international trade since the 2008 crash, and a fall of 15 per cent in foreign investment (in the US) in 2008 and 40 per cent in 2009. Observes a trend towards retrenchment in home markets by many firms; questions whether this is sensible. Looks at China's share of global growth; with India, it will account for 50 per cent of world GDP by 2050 while still having per capita income at one-third of the level in advanced economies. Suggests that the earlier idea of an increasingly homogeneous world may be wrong; firms should reckon to adapt to national differences, invest more selectively and be aware of competition in locally emerging markets. Advocates focussing on underserved segments, recognizing price pressures and cultivating variety. Foresees the continuation of offshoring, but recommends shortening of supply chains, importation of process innovations from emerging economies and moving R&D to where the market growth is. Advocates recreating country managers, relocating key functions and developing a global talent pool, while exploiting communication technologies. Emphasizes the need to build a strong corporate identity and corporate citizenship.

Many of these recommendations were current before 2008; for any multinational company, they are even more relevant, and pressing, today.

Research: ----- Practice: *** Originality: ** Readability: ***
Ref: 12116

Ethics in practice: Using compliance techniques to boost telephone response rates

D.H.B. Bednall, S. Adam and K. Plocinski

RESEARCH. *International Journal of Market Research* (UK), Vol. 52, No. 2, p. 155 (14pp)

Ethics, market research, response rates, compliance

Notes a worrying trend in declining response rates to market research, based on lower contactability and more selective cooperation: typically, only a minority of those eligible actually participate, increasing costs and lead times. Discusses, in an ethical context and in relation to telephone market research, various possible social persuasion techniques for increasing participation. These include: *Authority* (emphasizing sponsorship by a government department or agency, or a university); *Prosocialness* (stressing societal benefits); *Reciprocation/pre-notification* (notifying potential respondents in advance by letter); *Consistency* (asking five short questions, then announcing the respondent qualifies for the next stage of the survey); *Helping* ('We really need your help'); *Social validation* (claiming that others have enjoyed doing the questionnaire); *Reciprocal concession* (following refusal of a long survey by offer of a shorter one); *Scarcity* ('You are one of a small number ...'); *Commitment* (after a 5-minute survey, saying 'I was not aware more questions had been added; do you mind continuing?'). Relates a study done among 53 Australian fieldwork managers, representing approximately 75 per cent of all telephone market research in Australia, to establish the level of likelihood of them authorizing the use of each of these techniques. Tabulates the results. Finds that a number of techniques were rejected as unethical, and others as counterproductive because of sounding too much like telesales, with a third group being acceptable but of limited application.

An interesting study. Declining response (which is probably not a uniquely Australian phenomenon) is a factor of saturation; the heavier the pressure to induce response, the worse the long-term consequences are likely to be.

Research: *** Practice: *** Originality: ** Readability: ***
Ref: 12117

An empirical comparative study

B. Vassileva

RESEARCH. *Management & Marketing* (Bulgaria), 2009, No. 1, p. 13 (16pp)

CSR, Bulgaria

Aims to show how members of firms (using examples from the UK and Bulgaria) perceive the impact of CSR activities on their corporate branding and what they believe their customers and shareholders think about their CSR activities. Recognizes that CSR actions are scrutinized by a wide range of stakeholders and by the media. Notes both the growing business awareness of the need for ethical responsibility, and

the increase in consumer cynicism about corporate promises. Notes five key drivers of CSR: growing stakeholder awareness of corporate behaviour; direct stakeholder pressure; investor pressure; peer pressure; and increased sense of social responsibility. Considers the existence of both a 'push', or reactive approach (deriving from legislation, and standards) and a 'pull' or proactive approach (deriving from self-regulation). Advocates adoption of the latter. Notes the caution issued by the WWF against endorsing any of the top ten luxury brands because of poor governance. Compares the activities and attitudes of a number of UK and Bulgarian companies. Lists the benefits of CSR as perceived, separately, by companies from these countries. Lists eight factors affecting a company's customers and shareholders, and ranks their level of importance, as seen, separately, by these companies in the UK and Bulgaria.

An interesting look both at the general phenomenon of CSR (which is by no means universally accepted in the UK as a proper corporate concern) and the corporate affairs in one of the newest recruits to the EU.

Research: ** Practice: ** Originality: ** Readability: ***
Ref: 12118

Researching behavioural differences among ethnic minority groups: The case for inferring ethnicity on the basis of people's names

R. Webber

RESEARCH. *International Journal of Market Research* (UK), Vol. 52, No. 2, p. 191 (25pp)

**Ethnicity,
segmentation, names,
data protection**

Rehearses the most common means of demographic segmentation — gender, age, marital status, education, social class, house tenure and residential neighbourhood. Describes the difficulties inherent in using ethnicity as a classification system: reluctance of researchers to ask questions that may be regarded as intrusive; reluctance of some respondents to supply such data; small size of sub-samples so obtained; difficulty of comparing sub-sample with base population. Looks at examples of bodies collecting ethnicity data, and their reasons for doing so. Notes problems posed by the Data Protection Act in using such submitted data. Discusses growth of techniques for inferring ethnicity from names, culminating in the establishment of a file of 7 million family names and 1 million personal names in use in 'the West'. Gives some indication of the type of rule-based algorithms used to infer a name's origin, and assign it to one of 200 onomastic categories (using both personal and family name), in which the detailed categories can be grouped into classes of coarser granularity. Explains the difficulties in measuring the accuracy of the process. Compares the process favourably with questionnaire-based classifications. Notes that ethnicity inferred from names is not personal data in terms of the

D.P.Act. Compares the potential of inferred ethnicity with the success of Acorn and Mosaic geodemographic classifications. Cautions against over-personalizing communications based on inferred ethnicity — since the inference is statistical only. Gives examples from the analysis of BNP supporters and Tower Hamlets primary healthcare trust.

As one expects from this author, this is a clear, beautifully constructed exposition of a new marketing technique. The comparison with Mosaic is perhaps overdone; moreover, the power of the technique is likely to decay over time as ethnicity becomes (hopefully) less significant. All the more reason to read, learn and utilize this exciting new opportunity now.

Research: ***** Practice: ***** Originality: ***** Readability: *****
Ref: 12119

Innovation and the value of failure

W. Townsend

OPINION. *International Journal of Management and Marketing Research* (US), Vol. 3, No. 1, p. 75 (10pp)

Innovation, metrics

Notes that innovation is difficult to evaluate: there is no single set of metrics to capture all its effects. Claims that existing metrics assume that value accrues from innovation only when it is successful, which is incorrect. Holds that R&D metrics fail to capture most of the innovation that occurs in either manufacturing or service industries. Distinguishes between innovations new to the market, and others merely new to the firm: suggests that the latter may be one in which the bulk of the benefit lies. Claims that innovativeness does not of itself affect profitability: inventors frequently lose out to later adopters. Notes that, in a survey of 2,000 British innovations, customer-centric firms realized more product innovations, while production-intensive firms increased cost-cutting process-related innovations. Disposes of the idea that innovation should be related to current strategic plans or competencies – c.f. the Wright brothers, or Xerox's failure to market the computer mouse designed by its scientists. Insists that innovation failures have value: because apparent failures now may show success later; because an environment of innovation encourages other innovations, some of which will be successful; because innovation causes change, the effects of which may be more permanent, and useful, than the failed innovation itself — c.f. the Ford Edsel; because organizations learn — and learn from failure as well as success. Argues for a climate of fault-tolerant innovation systems, and more sophisticated measurement tools (since it is these that determine which innovations are selected and implemented).

A passionate appeal for a greater understanding of the innovation process, with which one feels compelled to sympathize — even when the bean-counting side of the argument is not always given due weight

(of course the author's claim is that not all the beans are being counted).

Research: ----- Practice: *** Originality: *** Readability: ***
Ref: 12120

Innovation in a best practice contact centre

R.J. Snow

ADVISORY. *Journal of Contact Centre Management* (UK), Vol. 1, No. 1, p. 1 (11pp)

Innovation, efficiency, effectiveness

Reveals a research report by Ventana Research into customer experience management, involving 250 international senior executives, from 450 companies. Only 10 per cent of these companies reached the highest level of maturity in their contact centres: reasons alleged include lack of investment; reliance on legacy practices and technology; lack of awareness of new technologies. Sets out to discuss five most important principles for the provision of excellent customer service. First: alignment across the organization to ensure that customers get a similar experience no matter who handles their interaction. This means a single source of customer data; processes that straddle business units (eg the contact centre must be made aware of upcoming marketing campaigns); collaborative tools for all departments. Second: alignment across channels, all living off a single data source. Third: smarter agent desktops facilitating the use of multiple screens during a single interaction. Fourth: smarter call routing, to ensure each call is handled by the individual best skilled to deal with this particular type of problem. Fifth: transition from measures of efficiency to measures of effectiveness, or outcome. Notes the dilemma of balancing customer satisfaction (and its attendant benefits) against cost: hence the need for a balanced set of performance metrics

The advice given is entirely sound, and entirely familiar: how depressing that it should still require to be repeated yet again. Of course the worst offenders are those companies that outsource (and in many cases offshore) their call centres in order to cut costs and with very little concern over departmental alignment or customer outcomes. Have you tried ringing your own contact centre with a problem recently? If not, why not?

Research: ** Practice: *** Originality: ** Readability: ***
Ref: 12121

A question of trust

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REPORTAGE. *Director* (UK), April 2010, p. 46 (4pp)

Trust, engagement, employees, HR

Contents that there is a crisis of trust by employees in their employers; only 20 per cent of the public believe bosses tell the truth about their

businesses; there has been a gradual erosion of collective rights in favour of unenforceable individual rights; numbers of employment tribunals are rising; sickness levels are increasing; levels of trust and engagement are falling. Quotes the government MacLeod Review as identifying four principal characteristics of engaged companies: a clear strategic narrative to employees; treating people as individuals; a strong employee voice; alignment of values and behaviour. Quotes a MORI poll finding that the general public believed the issue of executive pay to be the most vital issue of organizational behaviour to need addressing, while the Chartered Institute of Personnel & Development suggests that one-third of employees are engaged, one-third are ambivalent and one-third actively disengaged. Offers a quote on the practice of HR: 'HR is a modern sham — a fig-leaf for ruthless modern management ...'. Calls for a recasting of trade union/management relations: 'Blaming trade unions for their outdated approach is abdicating responsibility; Companies get the shop stewards they deserve.' Concludes that directors who want employee engagement must start by demonstrating their own engagement first.

This article mostly consists of quotations from other parties — some of them worthy of attention, while others have personal political agendas that must render their pronouncements as suspiciously self-serving as those of the directors they condemn. This doesn't alter the fact that the article identifies a real problem that each business manager should take very seriously indeed.

Research: ** Practice: *** Originality: ** Readability: ***
Ref: 12122