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 (2011) **12,** 281–295.
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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 less than seven stars overall.

Organizations, bosses, subordinates, performance

Why good bosses tune in to their people
R.I. Sutton
ADVISORY. *McKinsey Quarterly* (US), 2010, No. 3, p. 86 (10pp)
Claims that the style of the boss in any organization reverberates throughout the organization with a ripple effect. Likens the role of a boss to that of a high-status primate in a troop of baboons or chimpanzees: subordinates know more about their boss than the boss knows about them, and will tend to imitate the style and mannerisms of the boss. Emphasizes the importance of the boss taking control. Claims that the boss rarely accounts for more than 15 per cent of the gap between good and bad operational performance — but typically gets more than 50 per cent of the praise or blame. Offers a number of tips: always express confidence, even when you don't feel it; be decisive and don't dither; give credit to subordinates; accept blame; give subordinates space to make mistakes without fearing authority; shield subordinates from other bosses; show gratitude; be self-aware, and conscious of how subordinates view you. Gives examples throughout of ways in which these suggestions were followed in specific companies.

Not surprising: we are all members of just another species of primate — but we do have an unusual capacity for self-awareness, if we care to exercise it. That surely is the key to all forms of relationship.

Research: * Practice: ** Originality: ** Readability: ***
Ref: 12301

Faster, faster — Brands must act in real time
G. Spanier
JOURNALISTIC. *London Evening Standard* (UK), 25 October 2010, p. 42 (1p)

Gap, Publicis, YouGov, Webtrends, Vouchercloud, real time

Notes the recent Gap disaster over its proposed logo change, illustrating the need for brands to be able to react to hostility expressed on the network in real time. Quotes CEO of media buyer Starcom Mediavest (part of Publicis) as having three tenets: simple, meaningful and real time. Notes that search is now the biggest business in online advertising, worth £2.4bn per annum in the UK; bidding for and use of search terms is a real-time activity. Notes that with digital marketing a company can continue to refine a campaign after launch — and should have a budget hold-back to facilitate this. Points to online research firm YouGov, whose corporate clients demand instant analysis — particularly to make sense of Facebook, Twitter, etc. Refers also to Webtrends that will aggregate all mentions of a brand and apply positive or negative attributes to all words used in such mentions in order to assess the position of the brand in real time. Claims that such concerns, which once lodged with marketing departments, have now reached board level. Looks at the fusing of real-time and location-based technology by Vouchercloud, an iPhone app, offering discounts at shops and restaurants — 90 per cent of callers using the 'near me' option.

IT experts have been advertising real-time facilities for decades. Now at last it has really happened; the consequence is not just that computers can provide answers in real time — but that managers too must respond in real time to what their computers are telling them. Welcome to the 21st century.

Research: * Practice: *** Originality: ** Readability: ***
Ref: 12302

Issues with statistical forecasting: The problems with climate science — And lessons to be drawn for marketing analytics

J.F. Ozimek

ANALYTICAL. *Journal of Database Marketing & Customer Strategy Management* (UK), Vol. 17, No. 2, p. 138 (13pp)

Climate science, global warming, carbon emissions, direct marketing, modelling

Begins with a statement of the 'broad international consensus' on global warming: that it exists, is likely to have significant detrimental effects, and is primarily anthropogenic. Quotes historic data in support of the first of these; shows a table predicting ranges of future global temperature increase for different levels of increased carbon emission; discusses the anthropogenic interrelationships that affect carbon emission (population, GDP, stage of economic cycle, availability of natural resources, political factors); looks at models of carbon emissions possibly 'saved' by carbon pricing at different levels per ton. Concludes that climate science is 'an exercise in uncertainty', owing to wide range of possible carbon stabilization levels (400–1,000 ppm compared with 379 now); wide range of consequent global temperature increase (0.6°–17.1° at various stabilization levels); extreme complexity of anthropogenic interrelationships; wide variation in possible effects of pricing on

emissions; possible effect of unknown unknowns (eg the global recession). Draws a parallel with direct marketing modelling, which, like climate science, is subject to inappropriate theoretical models; insufficient capture of variabilities; complex interactions between modelling factors; catastrophic external change. Expands on each of these characteristics, with live examples. Warns against over-spending in pursuit of unavailable accuracy.

A splendid read. The second half (a critique of current modelling practices in direct marketing, DM) could stand without any reference to climate science — but it would then have lost some of the fascination that the first half provides. The criticism of DM modelling mostly applies to poorly understood or inadequate practice (of which there is plenty); the difference with climate science modelling is that the latter is (as the article shows) all but pointless ab initio. Do read it.

Research: *** Practice: *** Originality: *** Readability: ****
Ref: 12303

Multi-channel management in direct marketing retailing: Traditional call centre versus internet channel

E. Rhee

RESEARCH. *Journal of Database Marketing & Customer Strategy Management* (UK), Vol. 17, No. 2, p. 70 (8pp)

Channel management, channel usage, call centres, internet

Notes that direct marketing retailers have traditionally provided both mail order and call centre channels. Latterly, use of the internet channel has grown, and some retailers have promoted its use. Looks at the consumer's channel usage, and studies the benefits consumers see in using different channels (internet, call centre, mail order, VRS), in order to see whether encouraging consumers to use the internet is beneficial to either party. Bases a study of channel usage on a retailer transaction database covering January 2002 – December 2004; over this period, internet usage went from 16 per cent to 43 per cent, and call centre usage from 53 per cent to 37 per cent. Finds that purchases with low perceived risk and high consumer experience favour the internet; those with high perceived risk and low consumer experience favour the call centre — although the call centre itself has a higher perceived cost in use for the consumer. Concludes that retailers should not strive to encourage internet use despite lower costs for the retailer, but should help customers to use the appropriate channel for different problem-solving situations.

The article constructs a multinomial logit model to predict channel choice, which does seem like statistical overkill in the presence of straightforward data on the database. However, the conclusions reached seem sensible: consumer interests are disserved by systems that attempt to eliminate human contact, and consumers so treated will vote with their feet.

Research: *** Practice: ** Originality: ** Readability: **
Ref: 12304

Corporate blogs as e-CRM tools — Building consumer engagement through content management

V. Ahuja and Y. Medury

RESEARCH. *Journal of Database Marketing & Customer Strategy Management* (UK), Vol. 17, No. 2, p. 91 (15pp)

CRM, e-CRM, blogs, corporate blogs

Notes the emergence of corporate blogs as the tools of choice for marketing, building brand relationships and customer relationship management (CRM). Looks at the ability of organizations to use a corporate blog as an e-CRM tool. Recounts a survey of 100 blog posts across 10 Fortune 500 corporate blogs; this survey indicated 27 broadly different types of post (which are briefly described). Indicates the use of Principal Components Analysis to regroup these 27 types under four headings: Organizational (growth, new projects, CSR, employee experiences, awards, etc), Promotional (products and features, prices, comparisons, campaigns, responses to product grievances), Relational (requests for feedback, comments on controversies or rumours about organization, brand, product, or service, dealer issues), and General (everything else). Looks at blogs of four further companies (GM, Southwest Airlines, Dell, Marriott) over a 20-month period, comprising both 1,207 posts (divided into the four above categories), and comments pertaining thereto. Shows a table for GM giving number of blog posts by month under each category, and in total, and number of comments likewise. Shows, for each company and category, the percentage of posts to total posts and comments to total comments; also the comment rate per post by category (this last ranging from 6 to 70).

Readers with any acquaintance with CRM and/or blogs can skip the first six pages of bland repetitions of conventional wisdom. Thereafter, the categorization of the blog posts and comments relating to these four major companies are extremely interesting, even though no attempt is made to analyse them or draw significant conclusions.

Research: *** Practice: ** Originality: ** Readability: **
Ref: 12305

What's your personal social media strategy?

S. Dutta

ADVISORY. *Harvard Business Review* (US), Vol. 88, No. 11, p. 127 (4pp)

Social media, blogs

Notes the case of the CEO of a global technology company who was amazed to find comments he had made at a lecture in a local university appearing in the blogosphere and causing a storm; he had no social media presence, and hence no ready means of responding, leading to personal and corporate frustration. Gives contrary case of Tom Dickson, CEO of a small little-known company, who made himself famous as a star of YouTube videos. Notes that of the world's top 50 CEOs, only 19 are on Facebook, 6 have a LinkedIn page and 2 are tweeting or blogging (though some have blogs on their corporate

pages). Gives three reasons for today's leaders embracing social media: they provide a low-cost platform for communicating who you are, both inside and outside the company; they allow transparent and direct engagement with peers, employees, customers and the public; they allow you to learn from instant information and unvarnished feedback. Emphasizes the value of blogging for receiving feedback, especially from employees. Discusses next steps: decide whether your goals are personal or professional (for branding, engagement or learning); is your desired audience private or public; what resources do you have (your own or your company's); choose your medium accordingly. Emphasizes the risks: the blurry boundary between private and public, personal and professional (most HR professionals research candidates online). Ends with a checklist of criteria for different circumstances.

For anyone with a high profile (eg in a large company) to ignore the social media from a personal standpoint is surely a mistake. To jump gaily into Facebook or Twitter without carefully considering the purpose, the audience, the potential consequences is an even bigger mistake. There are some useful guidelines — though not perhaps answers (how could there be?) — in this article.

Research: ----- Practice: *** Originality: ** Readability: ****
Ref: 12306

Informational influence of online customer feedback: An empirical study

R.R. Liu and Wei Zhang

RESEARCH. *Journal of Database Marketing & Customer Strategy Management* (UK), Vol. 17, No. 2, p. 120 (12pp)

Customer feedback, OCF, word-of-mouth

Notes a great increase in the number of retailers in the Top 100 offering online customer feedback (OCF): from 2007 to 2009, the number of stores with online channels increased by 9 per cent, while the number allowing OCF more than doubled. Notes that 62 per cent of consumers had looked at least once at OCF before making a purchase decision. Draws a comparison between OCF and word-of-mouth: the latter is informal, takes place between people known to each other and is transient; the former is more formal in content, travels between strangers, and is much longer lasting. Sets out to study how OCF influences customers. Describes a model suggesting that OCF is adopted and used by consumers as a result of its perceived usefulness, and that this perception is influenced in turn by the perceived importance of OCF, the consumer's trust in it, and prior experience of it. Describes a study of 295 US adults designed to test the validity of this model. Finds that the model is indeed validated.

The data about the spread of OCF are interesting; the subsequent inquiry is just plain silly. The important (but unasked here) question about the OCF offered by any retailer is whether it is genuine, unedited and complete. Thus, reader reviews on Amazon probably meet these criteria, since Amazon has little interest in selling any specific

title; OCF from other retailers may be less trustworthy. Now that would be worth researching.

Research: ** Practice: * Originality: ** Readability: ***
Ref: 12307

Gaining an edge through digital marketing
D.C. Edelman
ADVISORY. *McKinsey Quarterly* (US), 2010, No. 3, p. 129 (6pp)

Digital marketing, advertising, digital content

Claims that companies have used the internet as a vast experimental marketing site — frequently failing to achieve desired results — while consumers have adapted their habits to use the new technology as they see fit. Believes that digital technology must now be central to all marketing strategies. Suggests that the most successful companies see themselves as publishers of digital content, rather than as marketers or advertisers. Thus, traditional marketers spend 60 per cent of their budgets on paid placement, 20 per cent each on creating content and on employees and agencies; active digital marketers spend 30 per cent on paid media, and 50 per cent on content, leaving customers to decide what to read, play with, forward. Emphasizes increase of consumer interaction with brands; advocates that TV ads inspire keywords for consumer online search, and that all retail sites show exactly the same products, images, descriptions. Emphasizes the need for real-time intelligence-gathering, and continual monitoring of search positions. Gives real-life examples throughout.

The lesson is that consumers are behaving differently, and thus marketers must meet them on their chosen ground. The idea of a change from advertising to content-provision has tremendous ramifications.

Research: ** Practice: *** Originality: ** Readability: ***
Ref: 12308

Tracing customer orientation and marketing capabilities through retailers' websites: A strategic approach to internet marketing
R.H. Tsiotsou, I.D. Rigopoulou and J.D. Kehagias
RESEARCH. *Journal of Targeting, Measurement and Analysis for Marketing* (UK), Vol. 18, No. 2, p. 79 (16pp)

Retail, websites, customer orientation, market capability, Greece

Finds that there is limited research to date on the role of customer orientation in an internet environment: retailers have regarded the internet as a distribution channel, and a proactive marketing tool.
Sets out to fill this gap by looking at customer orientation and marketing capabilities as revealed in retailer websites. Describes the sampling of 64 Greek retailer websites (but some belonging to international companies) with the highest ad/promotion spend (financial companies, food/beverages and durables), split between high-involvement ($n=38$) and low-involvement ($n=26$) product categories. Describes the use of ten researchers to examine these websites and tabulate the percentage that covered each of a long list of market-related elements. Describes the

procedure used to move from this list to an assessment of marketing capabilities and customer orientation. Concludes that most retailers make only limited leverage of their websites, with a low degree of customer orientation and marketing capability, with marketers of high-involvement products scoring somewhat better, and most websites being used simply as information kiosks.

An academic study, which therefore uses a great deal of statistical overkill to arrive at conclusions that could have been perfectly well reached by simple examination of the data. Although the study is of Greek retailers, it is doubtful if the UK experience would be very different.

Research: *** Practice: ** Originality: ** Readability: **
Ref: 12309

An analytical study of complaining attitudes: With reference to the banking sector

M.H. Siddiqui and S.N. Tripathi

SURVEY. *Journal of Targeting, Measurement and Analysis for Marketing* (UK), Vol. 18, No. 2, p. 119 (19pp)

Banks, service failures, complaints, customer focus, India

Looks at questions of service failure and recovery in the Indian banking system. Notes that there are 297 scheduled banks, 28 in the public sector with 42 foreign banks and 32 private. Notes the trend to shift from product-focused to customer-focused stance in Indian banks. Describes a survey conducted with 1,100 bank customers to establish their attitudes to service failures. Subdivides these customers into four clusters: non-complainers (60 per cent), switchers (7 per cent), prompt complainers (16 per cent) and positive thinkers (16 per cent). Non-complainers tended to be public sector employees with good high education, and middle incomes, most of whom did not know where to complain, while the others are lackadaisical; the biggest reason given for non-complaint was a feeling that nothing would come of it. Switchers were dominantly under 35 years; their main complaints were about delays, followed by rude staff. Prompt complainers had a wide profile, and did not immediately consider switching unless in case of repeated failures. Positive thinkers, older and less well-off, had a higher tolerance of mistakes. Holds that non-complainers are the biggest challenge: banks should provide multiple complaint channels, properly advertised and backed by effective systems for redress.

The lengthy introduction about customer-focus, service recovery, etc repeats what has been received wisdom in the UK for some time; nevertheless, the analysis is interesting. The reason bank switching is so low (in the UK as well as India) relates to the high inconvenience of switching, especially for older customers.

Research: *** Practice: *** Originality: * Readability: ***
Ref: 12310

Financial services, trust, advertising, CSR

The impact of company type and corporate social responsibility messaging on consumer perceptions

A.S. Mattila, L. Hanks and E.E.K. Kim

SURVEY. *Journal of Financial Services Marketing* (UK), Vol. 15, No. 2, p. 126 (10pp)

Quotes a US DMA study showing that 71 per cent of consumers distrust the financial industry, and mortgage companies in particular. Sets out to examine whether financial services ads carrying a message of corporate social responsibility (CSR) might be more believed (and create better vibes towards the company) than such ads in the absence of CSR. Sets up an experiment using ads from JP Morgan Chase and Verizon (a well-known phone company), and using a convenience sample of 100 (mostly female) faculty and administrative staff at a large state university. In terms of prior attitudes, Morgan Chase received less favourable ratings than Verizon, the former's ad being perceived as less honest and more deceptive than the latter's. Adding a CSR message to the ads had a marginal or negative effect in the case of Verizon, but a positive effect for Morgan Chase both with respect to the credibility of the ad and the reputation of the company. Suggests that where a company is trusted, its ad will be accepted with little thought; where it is distrusted, there will be greater evaluation.

A very slight study (as the authors admit); there are just too many variables (the nature of each ad, and of each CSR addition), as well as a very unrepresentative sample. But could be indicative for all that.

Research: ** Practice: ** Originality: ** Readability: ***
Ref: 12311

Banking, relationships, internet, Portugal

The impact of the internet on bank marketing

J.F. Proença, M.M. Silva and T. Fernandes

RESEARCH. *Journal of Financial Services Marketing* (UK), Vol. 15, No. 2, p. 160 (16pp)

Notes that the virtualization of relationships is increasing — particularly in banking — with the increase in the use of technology, but that there is no consensus on whether technology strengthens or weakens relationships. Suggests that the internet facilitates co-creation of value, and offers a unique opportunity to apply one-to-one marketing, in conjunction with the bank's use of a marketing database. Claims that the internet can facilitate the building and maintenance of relationships, but poses a challenge to banks to adapt and re-evaluate their relationship marketing strategies. Discusses the banking scene in Portugal, where 30 per cent of internet users have used online banking (compared with 44 per cent across the EU). Describes a questionnaire completed by 114 Portuguese postgraduate students, designed to show the factors in internet banking use that impacted on banking relationships. Finds that intensity of use, diversity of access locations, and the diversity of internet applications all strengthened relationships between banks and their customers.

The first part asks important questions, but answers with mere assertions, about the value of internet use. It does not ask what constitutes a 'relationship' between a person and a bank (as distinct from one between a person and a bank manager, or a teller), or ask what the loss of face-to-face contact implies. The subsequent research has no value that I can see.

Research: * Practice: ** Originality: * Readability: ***
Ref: 12312

Data protection: More powers for the information commissioner
E. Nettleton and C. Willison
LEGAL. *Database Marketing & Customer Strategy Management* (UK), p. 132 (6pp)

Data protection, DPA, Information Commissioner, ICO

Notes recent major data losses by both public and private sector organizations. Points out that the Information Commissioner's Office (ICO) has now acquired additional powers in an attempt to combat such occurrences. Concentrates on two such powers: the power to issue assessment notices to certain data controllers, requiring a compulsory audit of their data protection procedures, and the power to fine organizations for breaches of the Data Protection Act (DPA). In relation to the first of these powers, notes that it applies only to the public sector — although the ICO has expressed a strong wish to have it extended to the private sector as well. The power to fine, which extends to public and private sectors alike, is limited to £500,000; such penalties will be imposed only where there has been a *serious contravention of the DPA*, of a kind *likely to cause substantial damage or distress*, and where either such a breach is deliberate or the data controller should have known of the risk and took no reasonable steps to prevent it.

This will not be the last strengthening of the ICO's powers; in particular the power to fine, described above, is a flea-bite in relation to the activities of many offenders.

Research: ----- Practice: *** Originality: * Readability: ***
Ref: 12313

Brand governance: The new agenda in brand management
C. Helm and R. Jones
EDITORIAL. *The Journal of Brand Management* (UK), Vol. 17, No. 8, p. 545 (3pp)

Brands, brand governance, brand equity

Notes that brand assets are liable to have longer lives than material assets, R&D, people, or proprietary technologies; that this necessitates a focus on Brand Governance, sharpened by six threats to brand equity: (1) fiercer competition, through global markets and new technology; (2) growing empowerment of experiential, digital, sceptical consumers in a price-transparent economy; (3) a proliferation of line and brand extensions (eg Persil) making the brand experience increasingly difficult to manage; (4) an increase in distribution and communication touchpoints, making it harder to maintain a consistent

brand experience; (5) an increase in strategic partnerships in delivering brands to consumers (eg sub-contacting, franchising, licensing, joint ownership); (6) the risks in using social media, which can spread good — but also bad — news faster than ever before, risking ceding control (or even a degree of possession) of the brand to consumers and others — where does brand ownership lie? Emphasizes that this is of concern to all managers, not just brand marketers.

An elegant introduction to a series of articles on Brand Governance. Would that all articles on brand management were as clear, as short, and as free of jargon and statistical overkill as this one.

Research: ----- Practice: **** Originality: ** Readability: ****
Ref: 12314

Strategies for distinctive brands
J.L. Zaichkowsky
EXPLICATORY. *The Journal of Brand Management* (UK), Vol. 17, No. 8, p. 548 (13pp)

Brand identity, brand equity, brand names, logos, colour, font

Notes that little academic attention has been paid to the relationship of brand identity (which is related to the consumer's perception of the brand and its attributes) to brand equity and brand management. Sets out to review the various components of brand names, logos, etc, which help create differentiation in customers' minds. Notes a variety of brand names, and the thinking behind their choice; studies the choice of EXXON by Standard Oil NJ. Notes the phenomenon of genericide — when a brand name comes to be used as a generic name for a product category. Considers choice of type face, with examples, and does the same for logos. Instances the use of abbreviated names (IBM) or the creation of new names (SWATCH for Swiss Watches) and symbolic names (JAGUAR), creating a continuum of names from abstract to concrete, with a similar take on logos. Discusses use of colour (from 267 distinctive colours) noting that a combination of two colours is superior to use of a single colour. Considers differentiation by shape of packaging. Emphasizes the importance of maintaining all of these features through all aspects of product presentation. Touches on technology for studying brain patterns as a field for research into consumer motivations towards brand identity.

I suppose brand managers may well feel that each of the issues covered is fairly familiar territory — but may also feel that it is extremely useful to have such a clear rendering of a wide range of considerations relating to brand identity.

Research: *** Practice: *** Originality: ** Readability: ****
Ref: 12315

Do growing brands win younger consumers?
K. Anderson and B. Sharp

RESEARCH. *International Journal of Market Research* (UK), Vol. 52, No. 4, p. 433 (9pp)

Brands, age, growth

Considers the question whether young consumers are easier targets for marketers trying to grow their brands. Describes the acquisition of purchase data for 230 brands across 12 product categories between 2001 and 2006 in Australia, and between 2005 and 2007 in the UK, and the method by which each brand was described as either growing or declining, and as having either a higher or lower proportion of customers under 35 than the average for the category. Shows the results of this study for one category — namely coffee. Indicates that four of the six growing brands had an above-average of users under 30, while ten declining brands were skewed towards older users. Also shows that new brands had a higher proportion of younger users. Indicates that these results were broadly mirrored across all 12 categories, with new brands being skewed to younger users in a ratio of 3:1. Shows proportions of brands across all categories skewed towards younger, middle-aged and older customers, as well as proportion not skewed at all. Discusses possible reasons. Concludes most likely (but not proven) that younger buyers, being largely new to a category, constitute a higher proportion of consumers 'available' for a brand to acquire. Declining brands are not acquiring new customers; growing brands and new brands are, and therefore of those that they acquire, a high proportion will be younger. Discusses the marketing implications of these findings.

This is (as the authors admit) really just a preliminary study of an interesting phenomenon, which seems to be well-authenticated, although not of massive proportions. The rationale behind these findings would certainly pay further investigation.

Research: **** Practice: ** Originality: **** Readability: ***
Ref: 12316

Stress-test your strategy

R. Simons

ADVISORY. *Harvard Business Review* (US), Vol. 88, No. 11, p. 92 (7pp)

Marketing strategy

Quotes Peter Drucker's dictum that 'The most serious mistakes are not being made as a result of wrong answers' but by 'asking the wrong questions'. Lists seven questions that all executives should ask in order to secure the success of their business strategies. *(1) Who is your primary customer?* Gives successful example of McDonalds, and initial failure by Home Depot. *(2) How do your core values prioritize shareholders, employees and customers?* Gives different answers from two pharmaceutical companies. *(3) What critical performance variables are you tracking?* Warns against trying to track too much data, with example from Citibank, and a positive example from Amazon. *(4) What strategic boundaries have you set?* Recommends telling people what not to do, rather than what to do —

setting clear boundaries but giving freedom within them. Instances Apple and Wells Fargo. *(5) How are you generating creative tension?* Advocates: assign stretch goals; rank by performance; set accountabilities wider than spans of control; allocate all costs; create cross-unit teams. *(6) How committed are your employees to helping each other?* Looks at: Pride in purpose; group identification; trust; fairness. *(7) What strategic uncertainties keep you awake at night?* Looks at the problem of assumptions about the future that prove false: use business control systems as interactive tools. Commends performance of Goldman Sachs. Finally recommends ongoing face-to-face debate about emerging data, unspoken assumptions, difficult choices and action plans.

This is a classic HBR article asking simple, even obvious questions, but packed with illuminating examples of how a variety of high-profile companies have answered them — some successfully, some less so — and some have failed to ask them in the first place.

Research: ** Practice: **** Originality: ** Readability: *****
Ref: 12317

Marketing, innovation, startups

The death of innovation

J. Kearon

OPINION PIECE. *Market Leader* (UK), 2010, No. 4, p. 20 (5pp)

Looks forward to 20 years of innovation renaissance as the world comes out of recession, abandoning the sort of financial engineering associated with the 2008 crash. Holds that this renaissance will not come through the application of 'marketing science', which is antithetical to the whole process of innovation. Claims that it is impossible to research new category ideas; gives examples of category-originating brands that failed disastrously in market research. Holds that innovation needs contrarians, who are focused not on the consumer but on the product. Real change comes from startups on the fringes: big corporations, and their marketing departments, are about farming crops planted by others, to maximize yield; marketing science has achieved this at the cost of stifling the creation of new category blue ocean innovations. Lists the world's top 50 brands, of which 24 started as category-originators — whose companies have now lost the ability to innovate. Looks at Unilever, which originated many new categories; claims that these began in *ad hoc* manners before Unilever set up formal innovation centres that, in 20 years, have produced no new categories. Advocates the need to learn from failure (which big corporations hate. Quotes Niels Bohr: 'Our challenge…is how to make mistakes faster', Edison and Dyson. Gives three rules: don't look for big ideas, but for small ones that can grow (they may, like Google, take 6 years to reach take-off); fail fast and often but never give up; don't advertise, promote copying of new behaviour.

This has been said so often as to be almost conventional wisdom in itself. The trouble is that a roomful of 'contrarians' spending 6 years of trial and error pursuing hatfuls of wild ideas can still not guarantee a single success; would you invest your savings in a blue-sky startup in the blind faith that, after 6 years of losses, it might produce the successor to Google? But it's a good, thought-provoking read.

Research: ** Practice: ** Originality: * Readability: *****
Ref: 12318

Opportunities and threats for competitors in product-harm crises

G. Siomkos, A. Triantafillidou, A. Vassilikopoulou and I. Tsiamis

RESEARCH. *Marketing Intelligence & Planning* (UK), Vol. 28, No. 6, p. 770 (22pp)

Product failure, product harm, defective products, Greece

Considers the problems that can arise in a business, and in the industry of which it is a part, when a product causes harm to consumers. Looks at the reactions, in such a case, of consumers, both of the product concerned and of its competitors, and at the effects of these reactions, in terms of threats and opportunities for all producers in this product category. Notes that consumers have the following choices: to remain consumers of the defective product; to stop using the affected product; to remain customers of the affected company; to switch to a competitor brand; to remain consumers of the competitor product; to stop using competitor products. Wishes to establish in what circumstances a product-harm crisis opens opportunities for competitors, and also in what circumstances competitors face threats. Examines these questions in relation to the mobile phone market. Describes research conducted with 384 Greek volunteers who use a mobile phone, to assess their likely behaviour in situations where (a) the corporate reputation of the affected company was low, or high, and (b) where the level of harm caused by the affected product was low, medium or high (examples of low, medium and high levels of harm actually caused by mobile phones being quoted). Demonstrates that when the affected company has a high reputation, and the harm level is medium or high, the whole product category is at risk; in all cases where the affected company has a low reputation, only that company will suffer, with opportunities for the competition. Gives figures for the percentage of customers found to respond in one of the ways described above.

The general trend of the findings is of course exactly what common sense would have suggested, while the putting of numbers to these findings is (as in all forms of research involving artificial responses to hypothetical situations) extremely dubious. So by all means read the text and note the lessons — but ignore the numbers.

Research: *** Practice: * Originality: * Readability: **
Ref: 12319

Factors influencing product involvement among young consumers

T. Te'eni-Harari and J. Hornik

RESEARCH. *Journal of Consumer Marketing* (UK), Vol. 27, No. 6, p. 499 (8pp)

Product involvement, children, Israel

Notes that product involvement (ie the importance that a particular product category may have in people's lives) plays a considerable role in the behaviour of adult consumers. Sets out to study product involvement in the development of young people (on which relatively little study has been done), and in particular to discover the extent to which product involvement, at different ages, is influenced by age, subjective product knowledge, social influence of peers and parents, and product category. Describes an experiment conducted with 252 children, spread equally over three age ranges (4–7, 8–11 and 12–15) in Israel, divided between four product categories, in which the dependent variable was product involvement; which was measured by the responses each child gave to a series of ten yes/no questions. Finds that the independent variables accounted for 49 per cent of the variation in product involvement. For the youngest age-group, product involvement was not significantly affected by subjective product knowledge or product category, but was influenced by peers, and more so by parents. For the 8–11 year olds, product involvement was influenced by peers (not parents) and by product category, but not by product knowledge. In the older group, product involvement was influenced by subjective product knowledge and by product category. Overall, and most importantly, product involvement was negatively affected by age.

The findings — and especially the last one above — are interesting, although it's difficult to see what direct use could be made of them, at least in the UK, given rules on marketing to children.

Research: *** Practice: * Originality: *** Readability: **
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What hope-fuelled markets can teach fear-fuelled markets

A. Mack and M. Truss

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Optimism, pessimism, recession, mindsets

Notes an analysis of ten markets by JWT's AnxietyIndex; these divide into two groups — six pessimistic (fear-fuelled) markets (UK, Japan, Australia, Russia, USA and Canada) and four optimistic (hope-fuelled) markets (Spain, Brazil, China and India). Shows level of optimism/pessimism for each group over 16 issues, and overall level of optimism/pessimism for each market (UK being bottom at −43). Characterizes the attitudes in each group: eyes on the past/the future; attenuating risk/taking risks; playing not to lose/playing to win. Suggests that brands in fear-fuelled markets focus on discounting, deals and promotions. Claims that these national mindsets are largely driving brand attitudes and behaviours; in fear-fuelled markets, there is an obsession with restoring market share, share price, brand image and

stature to where they once were. Claims that the depth of the recession is the very best time at which to take risks, when consumers are trying new things and changing behaviours. Notes the backward-looking appeal of a number of brands to nostalgia. Advocates the adoption of a more positive aggressive approach: don't empathize with consumers — inspire them, feed ambition, be aspirational; imagine new futures; encourage hope.

Of course the article ignores the question of whether optimism or pessimism is the more rational attitude in each or any of the countries involved and on each or any of the issues studied. But it is also true that such attitudes are never just objective views of reality — they do have effects in the real world and a tendency to be self-fulfilling. Pessimism does have the advantage that you can derive real pleasure from being proved wrong, as well as right.

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