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 (2012) **14**, 173–179.
doi:10.1057/dddmp.2012.34

Each abstracted article is awarded 0–5 stars for each of the 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.

The impact of social network-based segmentation on customer loyalty in the telecommunication industry

E. Xevelonakis, P. Som

RESEARCH: *Journal of Database Marketing and Customer Strategy Management* (UK), Vol. 19, No. 2, p. 98 (9pp)

Suggests that ‘social network analysis might be the perfect instrument to sharpen predictive modelling for churn management’. Identifies call detail records (CDRs) as a rich data source for analysing the connectivity, influence and value of subscribers for telecommunications providers. Presents a simple equation to calculate the level of connectivity and social network size based on CDRs to allow segmentation by size of network and frequency of contact. One question about this method might be that high frequency of calls to a partner, for example, will increase the apparent importance of a customer, but does not necessarily imply high influence — households might make the purchasing decision about their phone network provider as a single unit, for example, rather than as two individuals. Acknowledges these family relationships within the ‘Connector’ segment, however, but also states that politicians have large networks (true enough), but weak influence, which is questionable. Claims that having contacts who change their network provider makes an individual more likely to churn and references third-party studies that substantiate this view. Demonstrates how social networks and pricing are linked in ways that are often unforeseen by providers. For example, if a subscriber’s main contacts are with a different provider, that individual is likely to be paying more for calls to them. Points out that ‘pricing ... indirectly forces communities to move to a single provider driven by the underlying social network connections’. Proposes that the slightly paradoxical solution is to offer community pricing in order to encourage these networked connections to move to a shared provider. That could end up as a zero-sum game if every provider adopts the same pricing approach. Reports that

Social networks and pricing are linked

a live test of this type of proposition did significantly reduce churn among members of communities led by highly influential subscribers in the short term.

Significantly, it appears that knowing ten people who have churned is the critical tipping point. A really useful deduction from this insight is that spotting valuable subscribers who have recently-defected contacts in their social network are worthy of having retention marketing activity focused on them (once filtered by their value as subscribers, of course).

Research: *** Value: *** Originality: *** Readability: ****

How does customer motivational orientation affect satisfaction?

M. Fung-Yi Cheung and W-M. To

THEORETICAL: *Journal of Financial Services Marketing* (UK), Vol. 17, No. 2, p. 135 (13pp)

Motivation rarely gets considered in customer satisfaction

Tests a motivational orientation model among customers of a bank in Macao, China, to assess its correlation with customer satisfaction. Discusses two types of motivational orientation — task and interaction — widely identified among individuals. Examines whether these orientations affect how responsive individuals are to financial services. Suggests that customer-perceived service quality is linked to customer satisfaction and further looks at how satisfaction impacts word of mouth and brand loyalty. Recognizes that customer satisfaction studies have rarely considered motivational orientation as one of the factors in satisfaction. Hypothesizes that both types of motivation are positively related to perceptions of service quality (and therefore satisfaction). Tests its hypotheses on a research sample of 349 customers recruited via questionnaires handed out in bank branches. States that customer satisfaction is both directly and indirectly linked to task motivation via perceived service quality, but that service is only a mediator for interaction-oriented customers and shows no direct link to satisfaction. Claims that testing proved all four hypotheses outlined in the paper and urges financial services providers to train service staff to recognize these motivation types and respond accordingly.

This paper has an academic rigour in laying out its scope, goals and research programme, which is reassuringly thorough, although it leans on pre-existing models. What it lacks is any clear indication as to how the motivational types could be identified operationally by bank staff who are not able to ask customers to complete a survey. Customer satisfaction would be negatively impacted by delivering the wrong type of motivation-oriented service through mislabelling a customer. Nevertheless, it does prove that meeting these orientations would drive positive word of mouth and loyalty.

Research: **** Value: *** Originality: ** Readability: ****

**Digital behaviour
reflects underlying
human behaviour**

Forty-seven mind-blowing psychological facts you should know about yourself

Dr Susan Weinschenk

INSTRUCTIVE: The W Blog (published on www.businessinsider.com <http://read.bi/cX3hU6>)

Part of an ongoing set of posts by behavioural psychologist Weinschenk ('the brain lady') that focuses on how experimental findings can be put to work by marketers in web design. Opens with a great example of 'change blindness' put to use in a Transport for London campaign to raise awareness among motorists of the need to look out for cyclists. Watching the ad will genuinely persuade you of the reality of this behaviour. If not, the video of a Harvard University experiment gives all the academic proof needed. Goes through a sequence of actual behaviours that marketers need to consider when designing web pages, from the width of copy columns, impact of colours and how many things individuals can remember. Provides proof that multi-tasking is not a genuine human ability (even for digital natives) and also that multi-channel or multi-device activity reflects a neurological imperative to seek stimulation. In other words, the digital world fits our human needs rather than creating new ones, even if many of these behaviours are ultimately unfulfilling. Suggests some important generational differences that really impact on the performance of marketing, not least that the people designing most web sites are not the same group as those using them. In doing so, Weinschenk also challenges some common myths of user experience (like 'seven plus or minus two') and whether older research into psychology is still relevant in the digital age (conclusion — it is). She also points out that the unconscious has a bigger role to play in decision making that marketers would like to accept, not least because it is much harder for them to influence.

Gives very good examples and references (the Swedish one about changing stairs into piano keys is particularly compelling). Implies that the more marketers orient the new world of digital marketing and online design towards the 'old brain' that still dominates our behaviour (for example, by using movement, images of people, humour, etc), the more successful they are likely to be. Also emphasizes that what people say about their behaviours and wants is not always true — beware the demanding consumer!

Research: **** Value: **** Originality: **** Readability: ****

Do status levels in loyalty programmes change customers' willingness to pay?

Christine Mathies and Siegfried P. Gudergan

RESEARCH: *Journal of Revenue Pricing Management*, Vol. 11, pp. 274–288; doi:10.1057/rpm.2012.13

Reviews the results of a study in the travel sector into how the prospect of gaining or losing status in a loyalty programme influences brand preference and willingness to pay (WTP). The authors note

that most studies have focused on proving the beneficial impact on retention from offering rewards for repeat purchase, but have paid little attention to what happens when a reward goal is about to be reached (or missed). Discusses the theory of status seeking and how it impacts on promotional effectiveness, especially when a member is facing demotion through under-purchasing. Describes a research project offering loyalty scheme members 32 choice sets of flights and hotels, generating 465 responses from airline passengers and 446 from hotel customers including both members and non-members of loyalty programmes. The findings validate what scheme operators will have hoped, for example that Hilton HHonors members would pay 13.2 per cent above average room rate. Strikingly, the research discovered that members facing a downgrade in status had a particularly strong brand preference and WTP and were also more willing to pay an annual fee to be in the scheme. Effects are far less significant among members who have a stable and well-established status that is not likely to change. Argues that members facing a status change view rewards in terms of reciprocity, rather than as a bonus, making a potential demotion in status harder to accept. Emphasizes that the prospect of demotion drives stronger brand preference and WTP, while loyalty can be more towards the programme itself than the product or service on offer.

Members facing a downgrade are willing to pay an annual fee

Although conducted on a relatively small sample, this study helps to fill in an important gap in loyalty theory around shifts in status that are inevitable in any tiered scheme. It implies that early warning of a loss or rise in position can trigger spending, opening an important line of communication for marketers and segment managers. Having proof of this hypothesis could be useful for anyone arguing for higher investment into customers near such thresholds.

Research: *** Value: **** Originality: *** Readability: ***

Why professional athletic organizations face elevated levels of resistance to pricing increases versus other entertainment and leisure organizations

Thomas McTaggart

PRACTICAL: *Journal of Revenue Pricing Management*, Vol. 11, pp. 253–257; advance online publication, April 13, 2012; doi:10.1057/rpm.2012.12

Clubs are not viewed as businesses by their fans

Sports fans are only too aware of the wealth of their club's owners, how much star players are earning and the cost of their ticket. This article discusses why sports business faces greater difficulties compared to other sectors when trying to increase prices in order to optimize revenues. Notes that sports fans do not perceive clubs as businesses, but have emotional and irrational attachments to them. As a result of this connection, price increases make fans feel unloved and believe the club is trying to gouge them (although the article mistakenly uses the term 'gauge'). Resistance to higher prices results. States that high

The more visible the owner, the greater the pushback by fans

visibility of individual owners increases this pushback, which is less visible when publicly quoted companies raise their own prices. Notes that the situation is made worse when taxpayer support has helped to fund stadiums (think Manchester City!). Points out that ticket inventory is less capable of variable pricing and that many clubs lack systems to allow this in any case. (US soccer teams have been addressing this recently by offering discounted prices to early bookers, however.)

Raises an interesting problem for the sports sector, which is facing pressure to replace owner funding with sales revenues (ie FIFA Financial Fair Play rules) and discusses why fans resist the move towards more commercial pricing strategies. Lacks any robust references or action points for practitioners to adopt.

Research: * Value: ** Originality: *** Readability: ***

Customer portfolio analysis: Crisp classification versus fuzzy classification — Based on the supermarket industry

Abdulkadir Hiziroglu, Jeeyan Patwa and Vishal Talwar

THEORETICAL: *Journal of Targeting, Measurement and Analysis for Marketing*, Vol. 20, No. 2, p. 67 (17pp); doi:10.1057/jt.2012.5

Proposes the use of fuzzy clusters for customer portfolio analysis in the face of ambiguities in traditional, crisp matrix-form models.

CRM is vital to resource allocation

Applies the theory to a test data set of supermarket customers and compares both approaches. Explains the importance of CRM in allocating limited resources and the central role of customer portfolio analysis. Acknowledges the potential for ambiguity in defining clusters and argues that fuzzy clustering minimizes this, while also allowing for uncertain data. A set of 3,076 supermarket customers over 4 months is clustered by both crisp and fuzzy methods and the usefulness of each for marketers compared. A rigorous mathematical approach is applied to demonstrate that fuzzy logic provides a better insight — it is important to note that fuzzy clusters vary in size, whereas crisp clusters are even in size and that customers may appear to belong to multiple fuzzy clusters. The authors propose a benchmark rule to determine which group to assign customers to within this clustering. Although this re-introduces subjectivity, it does create a control over the analysis, which can be varied according to market conditions. Proof of the benefit of fuzzy logic is provided through testing for substantiality (cluster size combined with cluster value) where an average benchmark is applied (although other benchmarks can make crisp clusters generate better substantiality for some groups). For marketers, more substantial clusters are useful for operationalizing analyses, while varying cluster cut-offs offers the ability to adjust for different conditions, such as product launches. Demonstrates that fuzzy clusters can drive more efficient marketing investment.

Fuzzy clusters are more efficient

Offers a useful test of a hypothesis that already works well in other data-driven environments, such as stock portfolio analysis. CRM has

paid little attention to alternative ways of segmenting customers and could benefit from some new thinking. A live test of the theory is required — the mathematics of this model are thorough, but will they convince anyone to try it out?

Research: **** Value: *** Originality: **** Readability: **

The targeted and non-targeted framework: Differential impact of marketing tactics on customer perceptions

Bang Nguyen, Mo Li and Cheng-Hao (Steve) Chen

RESEARCH: *Journal of Targeting, Measurement and Analysis for Marketing*, Vol. 20, No. 2, p. 96 (13pp); doi:10.1057/jt.2012.7

Do marketing tactics have a genuine impact on customer perceptions?

Examines how perceptions of marketing tactics vary between targeted and non-targeted recipients and what factors they respond strongest to. Offers a framework for managing both groups within a marketing matrix. Identifies five marketing tactics that influence buyer–seller interactions — price, service, communications, customization, reputation — and considers them in the context of equity theory (where untargeted customers are getting ‘the short end of the stick’) and how this affects expectations. A pilot study in the retail sector is presented based on 143 responses split 48/52 per cent between targeted/untargeted customers with equal gender distribution and across ages 18–60. After validating responses for significance, the authors show that three of the five marketing tactics — price, service and communication — generate important differences in perception between the two groups, with the untargeted most strongly affected by price. Suggests that these findings may help marketers to avoid tactics, which could generate anger (for example, if untargeted customers feel cheated by pricing).

Although a small-scale test, this study does identify an important issue in the era of social media — if the customers you do not make targeted propositions to feel let down, they will air their feelings. Understanding these sensitivities could help in the creation of marketing that does reward the targeted without ‘punishing’ the untargeted, although the authors offer no suggestions as to how this might be done.

Research: *** Value: *** Originality: *** Readability: ****

A cluster analysis examination of pet owners’ consumption values and behaviour — Segmenting owners strategically

Annie Chen, Kuang-peng Hung and Norman Peng

RESEARCH: *Journal of Targeting, Measurement and Analysis for Marketing*, Vol. 20, No. 2, p. 117 (16pp); doi:10.1057/jt.2012.10

Pet-related services have huge growth potential

Considers how to segment pet owners through a combination of human–pet relationships, consumption values, search activity and retail preferences. Uses data on 578 Taiwanese pet owners to identify three key segments. Notes that pet-related services have potential for massive growth in a mature market but that little research has been

**Some owners treat
their pets as if they are
human**

done that is of use to marketers. Reviews existing literature on pets, owners and consumption, pointing to the \$7,800 Taiwanese dog and cat owners will spend during their pet's lifetime and identifying dimensions useful in segmentation, such as attachment, interaction and human substitution. Behaviours of interest to marketers were identified for inclusion in the research framework and field research then carried out. Cluster analysis was carried out, which identified three clear groups — anthropomorphic owners who value quality (27.6 per cent of the sample), attached owners who seek a service's epistemic value (36 per cent), and owners who look for interaction and a service's functional (economical) value (36.3 per cent). The authors provide useful insights from the analyses into the psychological drivers, media preferences and buying behaviours that could be targeted by marketers, something all too often missing in similar studies. Some of these might seem unlikely in times of austerity, such as 'to appeal to these owners, providers need to view the consumer's pet as a human customer', but nobody ever said human behaviour is always rational.

Sales of pet foods and veterinary services may be vast, but they are also mature and static. Growth in this sector will come from services, such as training and even massages. This study identifies how to appeal to key groups with the will and wherewithal to indulge their pets in this way, perhaps the first time this market opportunity has been considered. The authors certainly merit a treat!

Research: *** Value: ***** Originality: ***** Readability: ***