Abstracts

Journal of Direct, Data and Digital Marketing Practice (2013) **15**, 180–183.
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Curvilinear effects of corporate social responsibility (CSR) and benevolence on loyalty

Pavlos A. Vlachos, Areti Krepapa, Nikolaos G. Panagopoulos and Argiris Tsamakos

RESEARCH: *Corporate Reputation Review* (2013), Vol. 16, pp. 248–262; 10.1057/crr.2013.15

CSR does enhance loyalty – up to a point.

As the authors note, many loyalty programmes fail to deliver the expected results. In this paper, they consider various determinants of loyalty, including the part played by CSR initiatives, how perceived service quality builds trust and what effect trust has on customer loyalty. Having posited a mathematical connection between perceptions and increased or decreased loyalty, the authors sampled 830 Greek consumers for their reaction to a fictional cause-related marketing programme over the Christmas period. Complex results suggest that not only were there early wins but also diminishing returns from values-based CSR programmes.

The idea of examining how a company's values pay off in terms of customer loyalty is a good one, but that gets lost in a densely academic presentation of the study. Looking for mathematical links may well be valuable, but it is a challenge to see how an organization could operationalize this insight, especially in recognizing when it should back away or when to seek to impress its customers.

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

Pricing in a social world: The influence of non-price information on hotel choice

Breffni M. Noone and Kelly A. McGuire

RESEARCH: *Journal of Revenue Pricing Management* (2013), Vol. 12, pp. 385–401; advance online publication, 5 July 2013; 10.1057/rpm.2013.13

Revenue managers need to look beyond price

While business managers are busy focusing on price optimization, customers are increasingly influenced by non-price factors, especially reviews. The authors recognize that consumers trade-off price against other influences and perform a discrete choice analysis to see what effect forced choices have. Having considered the growing role of user-generated content in the travel sector, the authors conducted an online survey among a representative sample of US consumers with experience of online booking and using reviews to make their choices. The results proved the strength of reviews on consumer decisions, suggesting that revenue managers need to look beyond their hotel's pricing compared with rivals.

Organizations already know anecdotally that consumers look at reviews before booking rooms, but few have really taken into account just how much these influence choice as part of a trade-off. This well-constructed study provides the necessary proof that user-generated content is now an essential component in the marketing toolkit, with implications for revenue management.

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

Learning competitive dynamic airline pricing under different customer models

Andrew Collins and Lyn Thomas

THEORETICAL: *Journal of Revenue Pricing Management* (2013), Vol. 12, pp. 416–430; advance online publication, 3 May 2013; 10.1057/rpm.2013.10

Over-complexity limits game theory

Although game theory offers a way of considering competitive pricing in the airline industry, its complexities mean that practitioners often limit their modelling to their own offerings. The authors propose a new approach that takes into account customer choice and demand, together with market size, recognizing that even simple game theories have previously been difficult to solve by constraining the number of options considered. Having established the parameters of the game, the authors model what happens to two competing airlines when customer choice, customer demand and market size are in play. Mixed results are reported and the dangers of over-complexity in modelling price are once again underlined.

The authors set out to demonstrate that more complex game theories can be used to establish optimal airline pricing, but end up discovering that it is much harder than expected. As a result, they identify that airlines will not be able to ignore critical pressures, such as customer choice and demand, but will need to find smarter ways to deal with it: interesting, without being fully satisfying.

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

Financial literacy and shrouded credit card rewards

Laura Ricaldi, Michael S. Finke and Sandra J. Huston

RESEARCH: *Journal of Financial Services Marketing* (2013), Vol. 18, pp. 177–187; 10.1057/fsm.2013.11

Reward cards offered to sophisticated users

Are naive consumers missing out on the rewards being given to sophisticated credit card users because of hidden product attributes? As half of the consumers do not have a credit card that offers rewards, the authors look at the impact of new rules that allow issuers to pass on fees to card holders based on their perceived sophistication. Using data from the largest financial literacy survey in the United States and detailed information credit card usage, the paper looks at the characteristics of holders of both reward and non-reward cards. This reveals that issuers are

using financial literacy to drive higher revenues from those less able to understand the features of the cards they use.

If you have a credit card that does not give you points, it is because you are not sufficiently financially literate. The authors convincingly show that issuers are exploiting the less informed while rewarding sophisticated consumers. As persuasive as this paper is, it has more value for policymakers and regulators than it does for marketers, who will undoubtedly see this as fair play in a highly competitive marketplace.

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

Is predictive analytics for marketers really that accurate?

Richard Boire

THEORETICAL: *Journal of Marketing Analytics* (2013), Vol. 1, pp. 118–123; 10.1057/jma.2013.8

**Analytics struggles
with the noise in the
signal**

Analytics have become a secret weapon in the battle to gain competitive advantage, fuelling a belief in their power and accuracy. In this paper, the author challenges the view that these tools are actually that predictive by pointing out the extent to which noise interferes with the models that get built. Marketers will view a 5 per cent improvement as a success, he notes, even if this leaves 95 per cent unaccounted for. Worked examples are provided to show that, despite the gap in the mathematics, there are real-world benefits to be obtained through predictive analytics.

Whisking away the curtain to show the real condition of the Wizard of Oz, this is a rare example of an article that challenges the prevailing view of analytics as all-powerful. Ultimately, it argues that a little return is still a big win in most businesses. That said, the article does end abruptly and could have done with a more rounded discussion of where analytics is headed to try to close the gap between real and optimal outcomes.

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

Brand name change: Can trust and loyalty be transferred?

Véronique Pauwels-Delassus and Raluca Mogos Descotes

RESEARCH: *Journal of Brand Management* (2013), Vol. 20, pp. 656–669; advance online publication, 12 July 2013; 10.1057/bm.2013.7

**Value is critical in
brand name changes**

Given the importance of brands in building trust and sustaining price premiums, changing a brand name brings a degree of risk. In a rare example of research into how loyalty is affected in these circumstances, the authors examine a range of factors that might help to retain customer engagement during a name change. Research is carried out among consumers of a biscuit brand that underwent such a switch. This shows that transferring perceived value is critical, although it does not guarantee a transfer of loyalty. As a result, they offer some practical advice to marketing managers considering such a brand name change.

Consumers often feel disrupted — or even alienated — by brand name changes (think of Marathon or Opal Fruits); yet little research has been conducted to understand what is in play during such switches. This is a tidy project that not only identifies the key components of trust and loyalty towards a brand name, but also offers useful suggestions for marketers contemplating a switch.

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