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Customer churn, financial services, survival analysis, segmentation

Abstracts

Journal of Direct, Data and Digital Marketing Practice (2007) **9**, 211–224.
doi:10.1057/palgrave.dddmp.4350089

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- (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.

Identifying cross-selling opportunities, using lifestyle segmentation and survival analysis

J. Ansell, T. Harrison and T. Archibald

THEORETICAL. *Marketing Intelligence & Planning* (UK), Vol. 25, No. 4, p. 394 (16pp)

Notes the increase in competition between financial services companies since the Financial Services Act of 1986, and the resulting increase in customer ‘churn’ within the industry. Claims that one strategy to offset this is an increase in cross-selling and up-selling, but suggests this can have detrimental effects on customer relationships in the absence of proper targeting through data mining. Notes previous studies into customer likelihood of making a further purchase typically do not take into account the time frame of such likelihood. Suggests the use of survival analysis as a means of assessing this time-frame. Describes the concept of survival analysis. Describes the collection of 11,000 customers of a large international insurance company, the segmentation of these into lifestage segments and their division into six groups reflecting lifestage and behavioural characteristics (financially involved adults, moderately financially active adults, sophisticated early starters, financially moderate seniors, sophisticated middle agers, sophisticated late starters). Proceeds to calculate the re-purchasing propensity of each cluster, and the expected time-frame. Claims that the different clusters show significantly different outcomes, and discusses these.

The problems of financial services companies are acute, because of the relatively small number of purchases made by individuals over a lifetime, and because of the lengthy time between purchases. This particularly sophisticated analysis is a way of handling this problem.

Research: **** Practice: ** Originality: *** Readability: ***

Ref: 9201

**Generation X,
Generation Y,
internet banking,
Australia**

Generation X and Y's internet banking usage in Australia

J-G. Heaney

SURVEY. *Journal of Financial Services Marketing* (UK), Vol. 11, No. 3, p. 196 (15pp)

Looks at the present condition of the Australian banking industry, and its gradual provision of internet banking facilities (used by 10 per cent of adults in 1998 and by 23 per cent in 2000). Describes the supposed characteristics of Baby Boomers (born 1946–1964), Generation X (1965–1970) and Generation Y (>1970 but including, in this paper, only those born prior to 1990). Describes a questionnaire research project conducted with 376 students of both the latter age groups from an Australian university — but originating from 80 countries. Finds internet banking to be used by only 41 per cent of Generation X and 55 per cent of Generation Y; that Generation Y users conduct more types of banking activity on the internet, and more frequently, than Generation X; that users of internet banking have a more positive perception of their bank than non-users; that there was no difference in usage between male and female, or Australian and international students. Of the 49 per cent not using internet banking, 29 per cent had tried it but given up. The chief barrier to use was security concerns, followed by a 10 per cent preference for face-to-face; 7 per cent found their bank's website over complicated.

Surprised that internet banking has such low usage, particularly among an age group weaned on the internet? And that so many, having tried it, have given up?

Research: ** Practice: ** Originality: ** Readability: ***

Ref : 9202

Banking, branding

Brand portfolio options for the UK retail banks

G. Harris

REFLECTIVE. *Journal of Financial Services Marketing* (UK), Vol. 11, No. 3, p. 249 (8pp)

Notes the effect of the 'big bang' in causing financial service companies to develop new products and services outside their previous range; suggests that this has created greater emphasis on marketing, and in particular complex issues of branding for these companies. Notes that only two financial services companies currently appear in the Interbrand league table. Considers whether this failure to brand is due to lack of segmentation of the banks' consumer market — either by demographic profile or by behavioural/need criteria. Looks at the issue of offering a portfolio of financial brands; suggests that one difficulty is that financial products and services are so disparate in cost, risk and complexity — for example car insurance and pensions. Considers current strategies: branding new products with the parent brand name, launching under new brand names, acquiring existing brands, outsourcing. Notes four generic options: House of brands, endorsed brands, sub-brands, branded house. Discusses the pros and

cons of different strategies, and speculates on the direction in which financial houses might choose to go.

Banks have names, logos and sometimes slogans (remember the listening bank?) Whether they have ever had, or can have, brands — that is, discrete and recognisable images in consumers' minds — must be open to some doubt.

Research: ** Practice: * Originality: ** Readability: **
Ref: 9203

Integrating ethical brands into our consumption lives

I. Szmigin, M. Carrigan and D. O'Loughlin

EXPLORATORY. *The Journal of Brand Management* (UK), Vol. 14, No. 5, p. 396 (14pp)

**Brands, ethics,
lifestyle**

Notes the remarkable growth in share of consumption by ethical brands over the last ten years, in the UK and globally. Discusses the concept of ethical consumption as 'an expression of the individual's moral judgment in ... purchase behaviour'. Notes the need for ethical brands to differentiate themselves, while still satisfying functional requirements, as well as psychological needs of consumers. Defines the function of the brand as: a short-hand device in selection, a promise of consistent quality, a risk reducer, a symbolic device in image creation. Describes four dimensions of ethical brands: Distinction, by reflecting lifestyle choices and statements of personal identity, Hedonism, by the feelings of pleasure associated with ethical purchase, Love, in doing the right thing for one's family and in an active concern for people and society, Aesthetics in a growing desire to be part of a consumer culture where aestheticism of the everyday is the norm (vide Ruskin and Wm Morris). Provides instances of fair trade advertising for brands of chocolate and coffee. Notes the dilemma for ethical brands of getting involved with mainstream practices — for example in supermarkets — which may themselves be ethically suspect. But warns of the danger of going down the niche route.

An illuminating discussion of the concept of ethical consumption, and the problems of success for the producers of ethical goods — despite some woolly and tiresome psycho-babble in the middle.

Research: ** Practice: ** Originality: ** Readability: ***
Ref: 9204

Consumer demographics and geographics: Determinants of retail success for online auctions

G.S. Black

INVESTIGATIVE. *Journal of Targeting, Measurement and Analysis for Marketing* (UK), Vol. 15, No. 2, p. 93 (10pp)

**e-commerce, eBay,
online auctions,
consumer demographics**

Looks at the growth of electronic commerce, and particularly the phenomenal growth of eBay. Indicates the method of research, using

the US customers of two eBay retailers (selling mostly clothes). For each buyer transaction, collects zip code, gender, US region of residence, rural/urban and transaction value. Analyses these data, presenting results in tabular form, to indicate whether number or value of purchases is influenced by gender, by rural/urban, or by region. Rehearses the States contained in each US region, and the characteristics that render them different from each other. Finds that people from New England, Mid-Atlantic and West regions buy less than others on eBay, while people from the South and West tend to pay more for the same types of product. Rural dwellers account for over half of purchases on eBay, despite constituting 17 per cent of the population (and despite lesser penetration of broadband) but urbanites pay higher prices. Males account for only a third of eBay sales, but also pay more than females. Discusses implications for US sellers using eBay, and possibly for other web retailers.

This study's results have little direct value for UK web retailers, but do provide some very interesting insights, with inferences for possible useful research not confined to a US context.

Research: *** Practice: ** Originality: *** Readability: ***
Ref: 9205

How to evaluate campaign response — The relative contribution of data mining models and marketing execution

T. Breur

STATISTICAL. *Journal of Targeting, Measurement and Analysis for Marketing* (UK), Vol. 15, No. 2, p. 103 (10pp)

**Data mining,
models, statistics,
measurement, test
design**

Notes that marketing budgets are increasingly viewed not as expenses, but as investments, with a consequent demand for measuring ROI. Emphasises the importance of 'closing the loop' — that is creating a continuous learning cycle by using the results of one campaign to refine both targeting and offer for the next campaign. Notes the use of data mining models to optimise targeting, postulates that confusion can arise when it is impossible to distinguish between the contribution to a campaign's results from targeting and from the 'marketing offer'. Emphasises the need to measure the effect of a given offer by examining the response of two exactly equivalent groups, one of which received the offer while the other did not. Meanwhile, the targeting effect should be measured by comparing the response of a target group with that of a random group from the population at large, the difference being the targeting 'lift'. Considers the need for tracking the performance of a data mining model, which will decay over time. Considers the opportunity costs involved in testing. Deals with the question of test sample sizes, and the trade-off between sample size, cost and statistical significance.

This is very elementary stuff for anyone seriously involved in direct marketing; unfortunately its message is also, quite unnecessarily,

buried in statistic-speak, so that beginners, who might be expected to benefit from it, may well end up worse confused.

Research: ** Practice: ** Originality: * Readability: **
Ref: 9206

From tech-led to brand-led — has the internet portal business grown up?

C. Helm

EXPLORATORY. *The Journal of Brand Management* (UK), Vol. 14, No. 5, p. 368 (12pp)

Portals, life-cycles, maturity

Suggests that the internet industry has been largely technology-led — driven by what is technically feasible rather than what the market demands. Focuses on internet portals as a product category and considers them in the light of lifecycle theory: have they yet moved from introduction, through growth, to maturity? Notes that the net is not a single industry, but an interrelated collection of technologies, while portals also originate in a variety of different ways: AOL started as an ISP, Google and Yahoo! as search engines and directories, MSN and Netscape as web browsers. Notes that most leading search portals have now become global brands. Notes that, while a product's lifecycle can easily be charted in retrospect, it is not so easy to determine the point reached on this curve at the present moment. Considers therefore the evidence of growth in internet usage overall in nine international markets between 2003 and 2005; suggests some levelling off of activity, especially in the USA, but indicates there is still growth in portal usage, particularly in Google and Yahoo! Suggests that portals are in a late growth stage leading towards an early maturity, in which market needs will become more important than technology in driving development.

An interesting use of classic lifecycle theory in the context of internet portals. The conclusions reached do still raise the question of so what?

Research: ** Practice: * Originality: *** Readability: ***
Ref: 9207

Are satisfied long-term customers more profitable? Evidence from the telecommunication sector

C. Ranaweera

ANALYTIC. *Journal of Targeting, Measurement and Analysis for Marketing* (UK), Vol. 15, No. 2, p. 113 (8pp)

Customer satisfaction, loyalty, profitability, Reichheld

Cites the traditional view that customer satisfaction leads to loyalty, and that loyal customers are more profitable, through greater usage, lower price sensitivity, referrals, and because retention is cheaper than acquisition. Describes a survey conducted with 3,000 fixed-line telephone contractual customers in S-E England in order to deduce the effect of customer satisfaction and length of service patronage on four

components of loyalty — namely WOM (positive and negative), price sensitivity and level of spend — and how far the effects of satisfaction may be moderated by length of relationship. Finds that satisfaction: has a negative effect on price sensitivity, regardless of length of stay, and on negative WOM, reinforced by length of stay (and a positive effect on positive WOM, but lessened by length of stay); has a negative effect on level of spend, slightly reduced by length of stay. Moreover, length of stay has no effect on price sensitivity. Notes that these conclusions are, in part, contrary to the long-accepted thesis of Reichheld and Sasser; fails to find a single customer in this study who fitted their definition of loyalty. Cautions against major CRM investment based on the premise that this is the key to profitability.

It's long past time that someone challenged the simplistic, exaggerated and over-exposed mantra of Reichheld and Sasser. This study is confined to a very narrow customer sector, but does show up the complex nature of the argument, and points the way to further — and hopefully better — examination of the real issues.

Research: *** Practice: *** Originality: *** Readability: ***
Ref: 9208

Consumer reactance against loyalty programmes

M. Wendlandt and U. Schrader

RESEARCH. *Journal of Consumer Marketing* (UK), Vol. 24, No. 5, p. 293 (11pp)

Loyalty, reactance, bonding

Notes the growth in loyalty schemes designed to reward customers who remain with a specific supplier. Categorises three broad types of bonding inherent in different loyalty schemes: economic bonding (lower costs, net rewards, higher switching penalties, bonus points), Socio-psychological bonding (privileged status, personalised treatment), contractual bonding (minimum subscription periods, purchase requirements). Notes that individuals may display 'reactance' when they perceive their freedom of action being challenged. Describes an experiment conducted in a bookstore in Hanover, where 319 customers were interviewed with a store card relating to a fictitious loyalty programme. There were 20 different versions of this scheme (five variations of bonus points, presence or absence of socio-psychological bonding, presence or absence of an obligation to buy a book every six months). Finds that only contractual bonding prompted reactance, economic incentives increased the perceived value of the card, socio-psychological bonding caused no reactance, but did not add to perceived value. Notes the existence of 'trait reactance' — a tendency of some individuals towards reactance that is not just context-specific. Finds that the effects of reactance are: refusal to participate in loyalty programme, negative WOM, less likelihood of future purchases.

Leave aside, if you can, the horrid neologism in the title (and throughout). The idea that different kinds of loyalty inducers create

different, sometimes negative, consumer reactions, is scarcely surprising, but is interestingly studied here.

Research: *** Practice: *** Originality: ** Readability: **
Ref: 9209

Using a business case to secure the gestation of an analytical CRM project

S. Doyle

CASE STUDY. *Journal of Database Marketing & Customer Strategy Management* (UK), p. 258 (5pp)

CRM, ROI, business case

Contents that few analytical CRM projects ever see the light of day, and that a key cause is lack of understanding by key advocates of the need for a solid business case and for the involvement of senior management. Describes how in an anonymous US telecoms company an analytical CRM project was initiated, and validated as viable through the development of a business case. Indicates the content of the proposed development: creation of a marketing data mart; deployment of analytical CRM to cover data mining, campaign management, reporting; integration with communication channels such as direct mail, email, statementing, telemarketing; process changes. Describes the make-up of the project team, and outlines the heads of the business case as: increase in operating income through automation of campaign processes, better business intelligence, new types of campaign, better targeting through analytical insight; reduced operating costs through better data quality. Elaborates on each of these heads. Describes progressive engagement of senior management.

Some of you might be amazed that anyone could remotely contemplate installing a CRM system (or any other expensive gimmick) without a proper business case demonstrating an acceptable return. For those (few we hope) for whom this is a new idea, read on.

Research: * Practice: ** Originality: * Readability: ***
Ref: 9210

Interactions in virtual customer environments: Implications for product support and customer relationship management

S. Nambisan and R.A. Baron

STUDY. *Journal of Interactive Marketing* (US), Vol. 21, No. 2, p. 42 (21pp)

VCE, CRM

Notes a number of companies that run virtual customer environments (VCEs) (Microsoft, P&G, Ducati, Peugeot, Adidas-Salomon, Volvo, IBM, Macromedia). Indicates for each of these the broad purpose(s) of the VCE: Product Ideation, Product Design & Development, Product Testing, Product Support Services. Lists the desired outcome(s) of each, and the typical interaction facilities provided. Suggests that many companies run VCEs for the sole purpose of obtaining information

and/or enabling customers to assist each other, without consideration of the other implications of the interactions that occur in such forums. Looks at the impact of customers' interaction experience in terms of 'uses and gratifications' (U&G), suggests four types of benefits to customers: cognitive (product-related learning), social integrative (through relationships with participants), personal integrative (gains in reputation or status), hedonic (pleasurable and stimulating experiences). Relates a questionnaire study of 152 participants in VCEs run by Microsoft and IBM and draws conclusions from this regarding the effect of VCEs on individual customers, and their attitudes to the companies concerned. Advocates greater attention towards providing rewarding experiences for customers participating in VCEs.

The results of the study are hardly counter-intuitive, but it is interesting to reflect that a well-conducted VCE can help a company both directly with ideas, and also indirectly by creating a core of enthusiastic customers.

Research: *** Practice: ** Originality: ** Readability: ***
Ref: 9211

Silo busting: How to execute on the promise of customer focus

R. Gulati

DIRECTIVE, with examples. *Harvard Business Review* (US), May 2007, p. 98 (11pp)

**Commoditisation,
silos, customer focus,
organisational change**

Notes the continuing growth of commoditisation, and the acknowledgment by senior management of the need to combat this by moving from a product focus to a customer focus. Claims that the difficulty in achieving this lies in the organisational structure of companies which creates silos — typically product or geographic silos. Instances a number of companies — GE Healthcare, Best Buy, JLL (a real estate company), Cisco, Starbucks — which have been successful in transforming their organisations to emphasise customer need rather than product capability. Uses the experiences of these companies throughout the article's analysis. Recognises four sets of activities that companies such as these have engaged in so as to transcend previous product or geographic silos — or in some cases to replace them with customer silos: Coordination, Cooperation, Capability development, Connection. Discusses each in turn. Coordination is about creating structures that contain boundary-spanning roles or units over the current silos, so as to connect the company's disparate activities to customer need. Cooperation is about creating a culture in which employees will cooperate to prioritise customer needs; this is enhanced by a series of 'soft' emphases on values, egalitarian treatment of employees, etc — but also by the introduction of appropriate incentives and metrics. Capability is about training managers experienced in silo-based skills so as to widen their knowledge across other areas. Connection is about redefining the boundaries of the company itself, by outsourcing and by sharing information with suppliers and others in the value chain.

Countless articles have made the trite point that a move to customer focus demands, in most companies, organisational change. Some even add that this is difficult (a great deal more difficult than buying expensive CRM software). This is the first article I have seen that makes a serious attempt to answer the question of just how such changes can be made. More on this theme, please.

Research: *** Practice: *** Originality: *** Readability: ****
Ref: 9212

The dark side of customer analytics

T.H. Davenport and J.G. Harris

CASE STUDY. *Harvard Business Review* (US), May 2007, p. 37 (9pp)

**Customer analytics,
life insurance**

This is a fictional case study of an American insurance company contemplating the purchase and use of shoppers' purchase data from a grocery multiple for the structuring of better targeted life insurance policy offers. This deal has been proposed by managers from both companies, who have already undertaken a trial run with sample data, and are now reporting the results and their recommendations to their respective Boards. The type of statistical data that can be obtained by the insurance company in the case through correlation with its own database is detailed, and the potential value of such a deal to both parties is explored. The Boards of both companies are represented as being divided over whether or not they should approve a deal of this kind on a mainscale basis. At this point HBR invites three eminent (actual) executives to comment on the choices facing these two Boards. The CEO of the Borders Group condemns the proposal out of hand; a professor of marketing holds that the customers of both companies should have to opt in to data sharing; a V-P of a Las Vegas entertainment company is critical, but inclined to sit on the fence.

Those of us who have spent years fighting the wilder excesses of data protection proposals in Europe should read this as a corrective, indicating what could happen in an unregulated society. It would be difficult to find three eminent marketers who would publicly approve a scam of this kind; it might not be so hard to find others who would privately applaud in the absence of legal sanctions.

Research: ** Practice: * Originality: ** Readability: ****
Ref: 9213

An exploratory study of consumer style: Country differences and international segments

J.A. McCarty, M.I. Horn, M.K. Szenasy and J. Feintuch

STUDY. *Journal of Consumer Behaviour* (UK), Vol. 6, No. 1, p. 48 (10pp)

**International
marketing, global
marketing**

Notes that previous studies of international marketing have led to the adoption of either a standardised global marketing strategy (by those who think the world is becoming more similar), or an adaptive

multinational approach by those that emphasise differences in national cultures. Notes the development of a contingency approach, which admits of standardisation of some aspects, but the necessity for adaptation in others. Sets out to explore components of consumers' approach to the consumption process (or consumer style) in France, Germany, UK and USA. Data were obtained from the 2000 Life Style Study in the USA, and the corresponding Brand Capital Study in the three European countries. These data are tabulated according to the responses given in each country to a series of questions. The answers reveal significant differences overall between countries: for example Germans are less brand loyal and more price sensitive; US and UK shoppers are more likely to seek new and different products; the French are most likely to indicate they think shopping no fun. Indicates there are also four clusters of customers common to all countries, but with different penetration in each: Price-sensitive customers, variety-seeking customers, brand-loyal customers, information-seeking customers. Concludes that neither a global nor a multinational approach is superior overall.

If this is the result in four countries as culturally similar as the UK, USA, Germany and France, what must one expect of a study including, say, Japan, Indonesia, China and Egypt? How global can one get?

Research: *** Practice: ** Originality: ** Readability: ***
Ref: 9214

Sales, marketing, collaboration

Exploring collaboration between sales and marketing

K. Le Meunier-Fitzhugh and N.F. Piercy

SURVEY. *European Journal of Marketing* (UK), Vol. 41, No. 7/8, p. 939 (17pp)

Notes the historical tension and lack of collaboration between sales and marketing. Claims that this is in part a difference in culture, and in part arises from the difference between short-term goals (sales) and long-term financial performance (marketing). Reveals a study conducted by interviews with senior managers at three large UK organisations (a publishing company, an industrial manufacturer, a packaged-goods company) with the objective of investigating the degree of sales and marketing collaboration in each, the factors affecting such collaboration, and the possible effects of collaboration on company performance. Categorises the variables in this study into three main groups: Integrators, that should directly influence long-term collaboration; Facilitators, or quick-fix physical mechanisms to improve relationships; Management Attitudes towards coordination. As Integrators, looks at communication, organisational learning, market intelligence, marketing planning, conflict of interests. As Facilitators, considers cross-functional training, integration mechanisms, rewards. Examines the operation of all these eight factors in each of the three

companies studied. Suggests that management attitudes towards coordination will influence both the Integrators and the Facilitators, as well as directly affecting collaboration. Finds that the least collaborative organisation (packaged goods) had the worst performance relative to its peers, while the most collaborative (the publisher) performed best.

None of the findings tell us anything unexpected, nor are they in any way quantifiable. However, shorn of their tedious academic-speak, they have some interesting things to say about different approaches to the sales/marketing interface.

Research: ** Practice: ** Originality: * Readability: ***
Ref: 9215

Pyramid vision

S. Crainer

JOURNALISTIC. *Business Strategy Review* (UK), Vol. 18, No. 2, p. 15 (4pp)

CSR

Claims that the restricted vision of CSR (corporate social responsibility) is a problematic, and dying, concept. Illustrates this theme by reference to a business started in 1981 by a Middle Eastern businessman called Fadi Ghandour, who set out to create the Fedex of the Arab world. Relates how he persuaded Fedex and UPS to finance his company, Aramex — rather than have the business go to DHL — to ensure their deliveries to the Middle East arrived on time; how he restructured Aramex as a company helping Middle East business to connect with the world; how Aramex has now gone public with \$370m revenue and 7,000 employees. Relates Ghandour's excursion into community-building work in Jordan, which he declines to categorise as CSR, viewing it as essential that entrepreneurs should be involved in such activities on a hands-on basis, using their business expertise — not just giving away money for others to use. Details Aramex's original involvement in sport, creating one of Jordan's largest sports organisations, followed by its adoption of a complete Jordanian community of 100,000 people in order to undertake every aspect of development from mending streets to awarding scholarships — a holistic approach. Indicates that this is done with little or no reliance on foreign capital, but from local knowledge, finance, and assistance in kind.

An inspiring story, based on an interview with an inspiring man. Is this the way CSR should be going, everywhere, with entrepreneurs working in the community, rather than giving to charity?

Research: * Practice: ** Originality: *** Readability: ****
Ref: 9216

Marketing failures

Out of left field

N. Craig Smith

JOURNALISTIC. *Business Strategy Review* (UK), Vol. 18, No. 2, p. 55 (5pp)

Notes a number of high-profile marketing failures (which can be as numerous as nine out of ten new products), describing them under four broad categories: failures of new products, new promotional failures of existing products, disasters to ongoing products pursuing business as usual, ongoing promotional failures. Instances the failure in the UK of Dasani bottled (tap) water, promoted by Coca-Cola (new product), the failure of Cadbury's promotion offering fitness equipment for schools as a premium on sales of chocolate (new promotion), Nike's failure to address the problem of sweatshop labour used by its contractors (production as usual), the elimination of 'happy hours' in pubs through public reaction to binge drinking (changing reaction to an ongoing promotion). Puts all these failures down to marketing misalignment with societal expectations. Claims that marketers, when envisaging a new product, or a new promotion (or even just continuing with an established methodology) need to give explicit attention to societal expectations, and to anticipate the adverse reactions that these may engender. Suggests that these out-of-left-field marketing failures are likely to become more numerous if lessons are not learned.

Yes, well, the downfall of mighty brands as they slip on their own banana skins is always good copy.

Research: * Practice: ** Originality: * Readability: ***

Ref: 9217

Advertising, eye tracking

Like more, look more. Look more, like more: The evidence from eye tracking

L. Maughan, S. Gutnikov and R. Stevens

EXPERIMENTAL. *The Journal of Brand Management* (UK), Vol. 14, No. 4, p. 335 (8pp)

Notes the recent development of eye-tracking technology, and describes how this works in a modern context. Indicates that the best results are achieved with virtual content on a computer screen, rather than tangible objects. Describes a process of research involving 198 participants, each subjected, unbriefed, to a slide-show of street scenes; each scene contained a bus shelter advertisement. Eye tracking was employed to recall the time, number and duration of fixations on specific parts of each advertisement, and these fixations were then correlated with individuals' spontaneous and prompted recall, and emotional response (like/dislike) to the advertisement. Finds a strong correlation between duration of fixations and recall, between number of fixations and liking, and between recall and liking. Questions whether we look more at something because we like it, or we like it because, having looked

more at it, we are familiar with it: the answer to this would influence marketing strategy. Suggests both factors are probably at work.

A technique which seems likely to become standard practice in advertising agencies.

Research: *** Practice: *** Originality: ** Readability: ***
Ref: 9218

Optimising the network

J. Lawson

JOURNALISTIC. *Database Marketing* (UK), May 2007, p. 21 (3pp)

Post Office

Notes the problems faced by the Post Office in slowly changing from a government agency to a retailer competing in the open market. Notes that the Post Office is still the largest retail network in Europe, but, with the recent loss of pensions and benefit payments it now has operating losses of £4m a week. Notes the drive to obtain new business: travel insurance, foreign currency, credit cards, mobile phone top-ups, child trust funds. Notes that, as different product offerings have started at different times under different teams, the Post Office had 'the classic silo problem in spades', which it tried to solve by having a single customer-referenced database built in 2005, holding 14 million customers and enquirers. Notes one purpose of this database is for cross-selling: cross-product holdings have historically been low. Notes Post Office claims to be the fastest-growing car insurance business in the country, having started just 18 months ago. Indicates that the Post Office's biggest current challenge is to educate its whole staff in the opportunities offered by the new database, and to devise rules regarding frequency of customer contact and the usage of different contact media.

Deprived by successive cowardly governments of the chance to be a truly commercial enterprise, the Post Office is staggering into another crisis with one hand tied behind its back. It has made remarkable recoveries from previous crises; let's hope it can do the trick again. But don't bet your mortgage on it.

Research: * Practice: ** Originality: ----- Readability: ****
Ref: 9219

Microsoft stops McDonald serving spam

E. Nettleton and W. Jensen

LEGAL UPDATE. *Journal of Database Marketing & Customer Strategy Management* (UK), Vol. 14, No. 3, p. 254 (4pp)

Microsoft, email, spam

Outlines the problem of spam emails. Indicates various partial remedies — filtration systems, blacklisting, whitelisting, address concealment — and their drawbacks. Claims that most legal assaults on the practice have in the past been for breach of conditions (eg MSN's Hotmail service). Relates a case brought by Microsoft under the Privacy and

Electronic Communications (EC Directive) Regulations 2003 against a Mr McDonald for selling email addresses to spammers. Notes that Microsoft received summary judgment (ie the defendant was held to have no chance of producing an effective defence in a full trial) with damages, and an injunction forbidding further breaches of the Regulations. Notes a previous judgment for an individual complainant against Media Logistics in the small claims court, in default of any defence being entered. Comments that the significance of the Microsoft case lies in the willingness of the Court to take note of losses suffered by companies even though the Regulations are explicitly concerned with spam directed at individuals. Also significant is the successful pursuit of the supplier of addresses for spamming where the spammer himself, as so often, is outside jurisdiction.

That the defendant was called McDonald has handed the authors a spuriously intriguing title for their piece. No matter: this is an important struggle, though one that is unlikely ever to be finally won.

Research: * Practice: *** Originality: * Readability: ***
Ref: 9220