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Targets, metrics, quantity versus quality

The best-laid incentive plans

S. Kerr

CASE STUDY. *Harvard Business Review* (US), January 2003, p. 27 (11pp)

Gives a fictional case study of a new CFO who has introduced a series of new internal metrics to his company, as well as instituting a down-sizing regime, and feels that performance, as indicated by these metrics over the past year, shows marked improvement. Shows how, in a board meeting, evidence is produced of lowered employee morale and dissatisfied customers — both attributable to the CFO's metrics. Gives the reactions of four real-life experts to this story, who mostly zero in on the need to develop metrics in consultation with employees if they are to measure the right things. Quotes the counterproductive instance of call centre staff being judged only on quantitative output. Also quotes the classic salesman's comment on fiddling bonus systems: 'You make the rules; we'll play the game'.

Well illustrates the point that most metrics which are directly used as the basis of material rewards, or punishments, are open to fiddling — and will usually be fiddled. Less helpful on what to do about this.

Research: * Practice: ** Originality: ** Readability: ***
Ref: 5101

Targets, metrics, customer service

State of the nation — Why customer service levels are falling

A. Bond

JOURNALISTIC. *Customer Management* (UK), Vol. 11, No. 1, p. 10 (4pp)

Claims that, despite the lip service, real customer service standards are falling: processes are weak and fragmented; rules fuel dissatisfaction; efficiency metrics aggravate customers; concentration on shareholder value emphasises short-term costs rather than long-term customer satisfaction. Contends that there is a breakdown in communications between board level and customer service, leading to inadequate investment, particularly in training, and mis-directed target setting. Holds that directors need to learn how to listen, and customer service managers how to influence them. Emphasises the shortage of people with the natural skills and personalities required.

A slight piece which makes many of the right noises, but does not carry the punch required to effect the necessary revolution.

Research: * Practice: *** Originality: ** Readability: ***
Ref: 5102

CRM

Why breaking the rules will be the next lesson of CRM
M. Wright
REFLECTIVE. *International Journal of Customer Relationship Management* (UK), Vol. 5, No. 3, p. 285 (4pp)
Compares the formulaic approach of CRM with that of a recent American book (*The Rules*) on how to ensnare a husband. Concludes such approaches are flawed, since both customers and potential husbands are individuals. Holds that traditional methods of segmentation, using 'hard' customer data, are increasingly ineffective in a world of pick-and-mix lifestyles. Adds that the concept of life stages is no longer generally meaningful. Concludes that the answer is not to abandon CRM, but to bring together hard and soft data via person-to-person contacts with customers.

The diagnosis can hardly be faulted, brief though it is. The suggested remedy, without much more attention to method, is not very convincing.

Research: —— Practice: ** Originality: ** Readability: ***
Ref: 5103

CRM

Gearing up for CRM: Antecedents to successful implementation
B. Hansotia
DIDACTIC. *Journal of Database Marketing* (UK), Vol. 10, No. 2, p. 121 (12pp)
Describes CRM as 'a revolutionary new marketing paradigm' deployed with 'mixed results'. Holds that CRM offers better prospects for some types of business than others — specifically for companies with frequent ongoing interactions with customers who welcome and seek out such interactions, and where marketing is a centralised activity that owns the customer relationship. Notes three components of CRM: strategy design; planning and analysis; execution. Describes each in turn: strategy must be led by the CEO and must involve virtually every part of the organisation; planning and analysis involve securing data availability in a database (or, failing that, a data well constructed in SAS to sample the customer universe), customer segmentation and process re-engineering and design (example given); CRM execution involves installation of the appropriate technology. Describes this last, via a diagram, as including a customer database and a recommendation engine both linked directly to screens at the call centre. Describes the recommendation engine as central to a disciplined way of making investment decisions and targeting products and marketing treatments.

A reasonable starting place for anyone contemplating CRM for the first time; breaks no new ground.

Research: ** Practice: *** Originality: * Readability: ***
Ref: 5104

Relationship marketing, CRM

Why customers don't want relationships
J. McKean
THEORETICAL. *Customer Management* (UK), Vol. 10, No. 6, p. 10 (4pp)
Asserts that customers do not want the closeness, intimacy and shared privacy implied by the word 'relationship', but to buy the product that best suits them while being treated as human beings. Claims 'selling the customer better' has no effect beyond the current sale, whereas 'treating the customer better' has a continuing effect. Holds that 20th-century approaches to customers, culminating in CRM, were all product-based, characterised as an attempt to match product attributes with customer attributes; the 21st-century approach is, by contrast, interaction-based and treats customers as people. Looks at the relationship between customer fulfilment, employee fulfilment and share price, quoting a specific example from a large telecoms firm. Notes three primary human needs: acknowledgment, respect and trust; insists that all dealings with customers should focus on these needs. Lists eight factors critical in creating the human touch.

Interesting enough to suggest that the author's book (Customers are People — The Human Touch) *might be worth reading.*

Research: ** Practice: ** Originality: ** Readability: ***
Ref: 5105

CRM, customer retention, churn

Prevention is better than cure: Redoubling the focus on customer retention
M. Evans
ADVISORY. *Journal of Financial Services Marketing* (UK), Vol. 7, No. 2, p. 186 (13pp)
Notes an increased urgency in the need for customer retention. Claims that 53 per cent of the value of UK retail financial services comes from only two of eight segments; while 90 per cent comes from customers over 35. Criticises the massive scale of most CRM projects, and advocates a stepped process generating immediate measurable returns. Claims a need for a much wider range of defined customer contacts — up to 12 or more. Examines three specific types of programme which illustrate such a process: customer satisfaction management, churn management and win-back initiatives. Examines each in turn. For customer satisfaction management (not simply measurement) recommends a pilot study, with a control group, occupying eight steps (segment; refine segments; develop questionnaire; develop system to handle alerts quickly; recruit staff; analyse; develop; evolve). Discusses use of telephone or mail

questionnaires; favours former on representative and cost grounds, giving illustrative figures to support this view. Recommends a similar series of steps for churn management and win-back initiatives. Gives four brief anonymous case studies of successful activities in each of these three areas.

A pious recapitulation of the case for, and importance of, customer retention. The methods advocated are also well tried; surely it is time to ask oneself why they do not work adequately?

Research: ✻✻ Practice: ✻✻ Originality: —— Readability: ✻✻✻
Ref: 5106

Customisation

Exploring consumers' willingness to pay for online customisation and its marketing outcomes
Pingjun Jiang
ANALYTICAL. *Journal of Targeting, Measurement and Analysis for Marketing* (UK), Vol. 11, No. 2, p. 168 (16pp)
Investigates whether consumers are willing to pay more, in an online purchase, for customisation. Relates experiment with 108 volunteers who went through a simulated exercise of choosing a customised laptop computer on the web and were then questioned on various aspects of their experience, including their willingness to pay a premium for the customisation experience. Finds that, contrary to the author's expectations, consumers are not willing to pay more for customisation; this finding was borne out by a parallel investigation into the online designing of a customised cheese by 208 respondents. Also finds that those consumers who were willing to pay more were more likely to be confident in and satisfied with their product choice, and more likely to revisit the supplier in question. Concludes with some suggestions for further research.

Curiously ignores the fairly obvious fact that customisation of a computer complex is conceptually different from customisation of, say, Levis or CDs: the latter involves a visible production cost, where the former is merely a matter of assembly.

Research: ✻✻✻ Practice: ✻ Originality: ✻✻ Readability: ✻
Ref: 5107

Intangible assets, customer lifetime value

Customers as assets
S. Gupta and D. R. Lehmann
ANALYTICAL. *Journal of Interactive Marketing* (US), Vol. 17, No. 1, p. 9 (16pp)
Claims that intangible assets, especially brands and customers, are a critical part of a firm's value. Notes recent discussion of customer lifetime value (CLV) and failure to link this to firm's value. Discusses a theoretical formulation for CLV (defined as all future profits from a customer) and constructs a formula whose variables, over a series of time periods, are

profit margin, discount rate and period of customer retention. Argues that it is acceptable to simplify the formula by assuming constant margin over all time periods and a constant retention rate over infinite time. Shows that CLV is then equal to margin times a 'margin multiple' derived from retention rate and discount rate. Demonstrates that this multiple can vary between 1 (at 60 per cent retention and 16 per cent discount) and 4.5 (at 90 per cent and 10 per cent respectively). Gives effect on formula if margin is expected to grow at a given rate per annum over (infinite) time. Looks at six internet companies (Amazon, Ameritrade, Capital One, Ebay, E*trade and CDNow) to assess their respective CLVs against their customer acquisition costs. Shows that growth of 5 per cent in retention leads to 22–37 per cent growth in CLV. Considers issues of differential customer service, and assessment of marketing programmes. Outlines, as case studies, acquisition of CDNow by Bertelsmann and of TCI and Media One by AT&T.

An enormously powerful methodology for valuing a crucial intangible asset and for assessing customer acquisition costs (and for much else). May not be as easy to apply in specific cases as a first reading might suggest — but do start here. The mathematics could have been more simply explained: do not let that put you off.

Research: ✻✻✻ Practice: ✻✻✻✻ Originality: ✻✻✻ Readability: ✻✻✻
Ref: 5108

Customer lifetime value, direct mail, e-mail, names

The value of a name

A. M. Hughes

ANALYTICAL. *Journal of Database Marketing* (UK), Vol. 10, No. 2, p. 159 (16pp)

Considers what might be the value of a (list of) name(s) and address(es). Holds that some — eg lists of buyers of packaged goods — are worth nothing since they cannot be promoted profitably. Looks, with constructed examples, at lists of house movers and CD buyers, concluding that the first is worth a substantial one-off sum to an estate agent while the latter has a significant three-year value to a music retailer. Leads on to a discussion of lifetime value (LTV) and how to compute it. Gives a constructed example from a chemical company. Maintains that calculating LTV for a whole list is useful, but the same calculation separately by segments is more useful. Looks at the effects on LTV of increasing retention rate again with example. Claims that e-mail addresses are even more valuable than postal names and addresses, because of cost, speed, viral marketing and 'last-minute' facilities. Gives suggested tables of relative values of names for direct mail and e-mail. Discusses the use of e-mail for low-margin items for which direct mail is ineffective, and for last-minute specials. Looks, with example, at the effect of retention messages (birthday cards etc). Discusses follow-up messages, viral marketing, newsletters and list rental.

Looks, with a slightly different approach, at similar areas to those of the

previous abstract. The many examples prove nothing in themselves, but illustrate splendidly the methodology employed and its many invaluable uses.

Research: ✻✻✻ Practice: ✻✻✻✻ Originality: ✻✻ Readability: ✻✻✻
Ref: 5109

Customer data management

Managing the quality and completeness of customer data
B. Foss, I. Henderson, P. Johnson, D. Murray and M. Stone
ANALYTICAL. *Journal of Database Marketing* (UK), Vol. 10, No. 2, p. 139 (20pp)
Notes the historical, and continuing, tendency for customer data to be collected and managed in departmental silos. Considers current trends in use of customer data, including multichannel management, proactive customers and outsourcing via ASP. Emphasises need for commonality of data interpretation. Looks at the determinants of data quality: completeness; appropriateness; accessibility; accuracy; currency; user confidence; legal and regulatory compliance; meta-linking. Considers the contents of an information plan: investment; resources; data assembly and evaluation; data usage and management; technology support; integration; data architecture; analysis planning. Explores problems in customer data planning, including the building of quality measures and data integration. Describes first steps in data management, including options for data migration, and cost considerations.

This inordinately lengthy article bears all the stigmata of having been thrown together by five authors, including repetition and lack of overall structure. The quality of the prose is mind-numbing. Despite this, it has, for those who can keep awake while reading it, some useful things to say. Give it a try.

Research: ✻✻ Practice: ✻✻✻ Originality: ✻ Readability: ✻
Ref: 5110

Personalisation, VDP

Custom communication: Does it pay?
J. Morris-Lee
PRAGMATIC. *Journal of Database Marketing* (UK), Vol. 10, No. 2, p. 133 (6pp)
Recounts the results of three batteries of tests (by the Rochester Institute of Technology (RIT) in 1999, the Institute of Information Management (IIM) in Dortmund in 2001 and Ford in 2002) to establish whether and by how much different levels of personalisation affected response in B2B and B2C mailings. Reports that RIT sent out 144,000 pieces in nine formats (black and white control; same but name-only personalisation; as control but full colour; colour plus name-only personalisation; black and white but with customer's database purchase details; as last but full colour; as control but with discount coupon; black and white with customer's database purchase details plus discount coupon; as last but full

colour). Average response 6 per cent; control 0.46 per cent; name-only personalisation +44 per cent; colour +45 per cent on control; name and colour +135 per cent; adding database data +500 per cent; discount coupon +1,000 per cent. Similar for B2B and B2C. Reports that IIM found some 200 per cent improvement from full personalisation in two tests to 1,400 utility customers, plus improved conversion. Recounts Ford test of variable digital print (VDP) integrated with Ford's website, enabling online customers to order a fully personalised brochure by e-mail or snail-mail (90 per cent choose latter).

A short, succinct and impressive confirmation of 40 years of direct mail practice, for which there is surprisingly little hard evidence in the public domain.

Research: ✻✻✻ Practice: ✻✻✻ Originality: ✻✻ Readability: ✻✻✻✻
Ref: 5111

Marketing, ASA

The great marketing fiasco? Editorial
M. Shaw
JOURNALISTIC. *Journal of Targeting, Measurement and Analysis for Marketing* (UK), Vol. 11, No. 2, p. 104 (6pp)
Utters a great *cri de coeur* for the creation and observation of standards of behaviour in marketing. Looks at wine labelling from AD 1111 to the present day, at the hidden practices of internet search engines, at the BBC's addiction to advertising the BBC, at the plugging of books and records via best-seller charts, coupled with the effects of cross-media ownership, and at the contrasting practices of fare disclosure by airlines and by rail. Commends, but with reservations, the institution of the ASA, and questions whether marketing itself *has* any rules. Concludes that today 'words are substance', and it is vital that what it says is what it means is what you get.

A delightfully written knockabout piece with, you may feel, little practical short-term value, but with serious and thought-worthy intent.

Research: —— Practice: ✻ Originality: ✻✻✻ Readability: ✻✻✻✻✻
Ref: 5112

Marketing, internet, customer equity

A strategic orientation for e-commerce investments: A customer equity approach
D. Sarel and H. Marmorstein
ANALYTICAL. *Journal of Targeting, Measurement and Analysis for Marketing* (UK), Vol. 11, No. 2, p. 110 (14pp)
Notes that the new economy in the last two years has dwindled; that online advertising revenues have declined and e-commerce investment reduced. Claims that, despite this, the net has changed the business landscape. Seeks to consider why past internet marketing has been unsuccessful; what is the new reality and its implications; how should firms adapt. Claims early websites were designed from the firm's, not the

customer's, perspective; that consumer demand for online purchase existed for some, but not all, products/services; that the cost of attracting site visitors was underestimated; that logistic failures were prevalent; that too much reliance was placed on price competition; that channels were not integrated and offerings not differentiated; ad clickthrough rates were abysmal and brand building impossible to evaluate; online customer service was approached as a cost-cutting exercise, leading to consumer backlash. Claims four critical aspects of the new reality: consumer access to accurate, fast, cheap information; global reach of even small firms without any expansion of consumer wealth, leading to a buyers' market; the rise of the new hybrid consumer; the opportunity for cooperative rather than confrontational marketing. Recommends a customer equity approach of identifying a select group of potentially profitable customers and developing long-term relationships with them. Discusses the implications of this for customer acquisition, product development, distribution, communication, retention and service. Ends with a critical note by M. Stone, and a response by the authors.

The analysis of mistakes in the early approach to e-commerce is sound, if hardly new; the description of 'the new reality' is interesting. The recommendations are long-winded, somewhat repetitive and aspirational rather than pragmatic.

Research: * Practice: ** Originality: * Readability: ***
Ref: 5113

E-mail, responsiveness

An evaluation of e-mail marketing and factors affecting response
L. Chittenden and R. Rettie
ANALYTICAL. *Journal of Targeting, Measurement and Analysis for Marketing* (UK), Vol. 11, No. 3, p. 203 (15pp)
Notes that e-mail is the fastest-growing communication medium in history; claims research shows it to be more effective in customer retention than acquisition. Gives favourable comparison of its response rates with direct mail. Analyses 30 campaigns to understand the effect of style and list on e-mail responsiveness (measured by clickthrough). Finds that e-mail length had negative correlation with response and a positive relation with unsubscribes; e-mail messages should not be longer than one scroll of the screen; a regression on e-mail length and number of images accounted for 54 per cent of response variances. Demonstrates that tight selection criteria produced better response. Describes a list profile analysis carried out on nine of these 30 campaigns to review the demographic and lifestyle attributes of responders against the universe mailed. Finds the only major predictors were previous online purchase, age 30–34 and incomes over £35,000.

The finding on message length is interesting, contradicting received direct mail wisdom. The rest will come as no surprise to direct marketers, but is interestingly laid out.

Research: ✻✻✻ Practice: ✻✻ Originality: ✻✻ Readability: ✻✻✻
Ref: 5114

ABC — Anchoring the brand concept
K. Ghose
THEORETICAL. *Journal of Brand Management* (UK), Vol. 10, No. 2, p. 95 (11pp)

Brand audit, internet

Claims that few internet sites have achieved significant visitor conversion rates, with leading companies achieving conversion rates of 12 per cent (and repeat purchase around 60 per cent) compared with 2.5 per cent on average and 0.4 per cent for the poorest. Holds that the number of repeat visitors is the lifeline of successful internet marketing; this in turn is dependent on visitor experience, of which the internal brand proprietors (the employees) are the guardians. Holds that creating a strong brand internally as well as externally is vital, and the motivation of employees to support the brand is critical. Defines four brand stakeholders: the brand team; the customer; the public at large; and the employee. Recommends the process of brand anchor audits (ABC) — an ongoing process which links the performance of the consumer to the customer's experience of interaction with the brand proprietors. Suggests that this ongoing audit is in line with the concept of lifetime learning, which should weave the audit into the daily fabric of the organisation, involving continuous contact with consumers, but above all focusing on the employee and the difference each can make to customer interaction.

A heart-felt plea for the concept of an ongoing brand audit, but without a great deal to say on the practicalities of how to conduct same.

Research: ✻ Practice: ✻✻ Originality: ✻ Readability: ✻✻✻
Ref: 5115

Benchmarking charity fundraising costs: A new UK initiative
S. Lee
EXPLICATORY. *International Journal of Nonprofit and Voluntary Sector Marketing* (UK), Vol. 8, No. 1, p. 5 (7pp)

Non-profit, fundraising, ratios, transparency

Notes the lack in the industry of intelligible and equitable fundraising financial ratios of value to participants and to the public. Gives some reasons for the difficulties. Notes government's demand for a basis of meaningful comparisons, and reports that the Institute of Fundraising has commissioned the Centre for Voluntary Sector Management to create a benchmarking methodology with a view to improving the transparency and public accountability of the sector. States that the initial data sample will contain the top 500 UK charities (out of 10,000). Data from each participant will be submitted via a questionnaire, and the fundraising ratio will be fed back to the participant for comment before appearing on a website. Comparisons with other named organisations will not be directly possible — 'league tables' are deprecated — but an indication of how a given ratio relates to the norm will appear, together with the participant's

explanation. Discusses a second stage which is intended to explain how specific forms of fundraising work, and will begin in the pilot year with a study of direct marketing. Notes the possibility that there may be a number of bodies preparing to provide a similar (but no doubt different) shot at the same target — notably the Charity Commissioners. Provides reasons why neither these nor a completely independent party might be suitable, and ends with a plea for a single authoritative set of data to be provided from within the sector.

A clear explanation of an important initiative in an area which is very much more difficult to quantify fairly and objectively than outside commentators usually realise.

Research: ** Practice: ** Originality: *** Readability: ***
Ref: 5116

Direct mail

Is it possible less is more?
H. G. Lewis
JOURNALISTIC. *Direct Marketing International* (UK), February 2003, p. 22 (2pp)
Questions the accepted wisdom which holds that mailing response is always improved by adding extra pieces. Claims that the internet had reduced attention spans for all activities, from reading direct mail to sex. Points out that even reply envelopes are now often omitted by advertisers looking for response by phone or e-mail. Rehearses standard direct mail enclosures and their purposes — letter, brochure, response device. Claims that anything extra should only be included either to exploit a free give-away or to validate a claim. Illustrates the latter by examples — a question/answer form, a 'reprinted-with-permission' enclosure or a comparison (with named competitors) sheet. Ends with exhortation not to use enclosures that add nothing.

An entertaining look at some direct mail truisms, together with the occasional suggestion of a changing environment.

Research: —— Practice: ** Originality: ** Readability: ****
Ref: 5117

RCA, Essilor, Lafarge

Why bad projects are so hard to kill
I. Royer
ANALYTICAL CASE STUDY. *Harvard Business Review* (US), February 2003, p. 48 (9pp)
Recalls RCA's monumental failure with its SelectaVision video disk player, which took 14 years to lose $580m before being abandoned. Looks in depth at failed projects in two French manufacturing companies: Essilor, producer of spectacle lenses, and Lafarge, producer of building materials. Shows how Essilor started in 1979 with high hopes of producing a revolutionary new lens, pursued this development despite growing evidence of non-viability and only abandoned it in 1990 at a cost

of $50m. Similarly Lafarge began in 1985 to explore a new use for gypsum crystals and built a production plant which had to be sold in 1992, notching up a net loss of $30m. Asks how such disasters can be avoided. Notes the dangers of committed belief leading to blind faith. Advocates: beware of cheerleading squads; establish rigorous checks, control procedures, stage gates; have, and listen to, not just a project champion but an exit champion also.

Interesting and instructive. Or are these catastrophic failures only the unavoidable reverse side of great successes? Can we have one without the other?

Research: ✻✻✻ Practice: ✻✻ Originality: ✻✻ Readability: ✻✻✻✻
Ref: 5118

TV, digital, interactive

The future of TV
N. Sheldon
JOURNALISTIC. *Admap* (UK), March 2003, p. 18 (3pp)
Expects a growing level of interactivity in TV programmes — hitherto revolving largely around TV voting. Notes four key drivers in the future development of TV: consumers, technology, regulation, the market. Notes research into consumers' attitudes to their resources, which suggests the most valued are, in order, time, energy, money, space and information. Observes that the demand for, and the resources available for, the consumption of media have been relatively constant over the past ten years. Proposes a model of an 'emotional map' of the kind people allegedly use to understand their lives. Expects digital devices to become pervasive and personalised, and to offer increasingly sophisticated interactivity. Looks at the implications for marketers, and advocates 'innovative approaches'.

A modest look at the supposedly coming scene. Too full of unexplained acronyms ('TV' is universally understood; 'PVR', 'EPG' and 'TiVO' are not).

Research: ✻ Practice: ✻✻ Originality: ✻ Readability: ✻✻✻
Ref: 5119

New technology

New technologies: Paradigm shift or transitory aberration?
D. Stroud
JOURNALISTIC. *Market Leader* (UK), Winter 2002, p. 28 (7pp)
Notes that the recent list of 'new technology nightmares' is not confined to dot.com companies: instances WAP phones, telecoms (Energis and Marconi), CRM and digital TV, with multimedia messaging (MMS) coming up fast on the rails. Indicates that there is a long list of culprits, but that the business community, including marketing, must share the responsibility. Lists five major types of mistake: overestimating the speed at which the behaviour of people changes (*viz*. the failure of B2B market exchanges and of auctions); the projection of results from small

unrepresentative markets to the universe; the search for a magic bullet; the underestimation of technical problems; and a willingness to make strategic decisions on the back of inadequate technical understanding. Discusses underlying changes in the marketplace; ends with a list of dos and do nots to prevent repetition of disasters.

A reasonable piece of analysis carried out with 20/20 hindsight.

Research: * Practice: ** Originality: —— Readability: ****
Ref: 5120

Wireless digital advertising: Nature and implications
S. J. Barnes
DIDACTIC. *International Journal of Advertising* (UK), Vol. 21, No. 3, p. 399 (22pp)

Mobile telephony, WAP, SMS, iMode, iAppli

Hails the convergence of the internet and mobile telephony, giving a potentially stronger platform for advertisers than the wired internet. Discusses three key aspects of technology infrastructure: mobile transport (2G, GPRS, 3G); mobile services and delivery support (SMS and WAP in the West; iMode and iAppli in Japan); mobile interface and applications (handsets and micro-browsers). Notes that WAP has been heavily hyped to disappointing effect, but SMS and iMode have been sensational. Distinguishes four divisions of wireless advertising: push versus pull, and simple versus rich — push means provision of ad alerts; pull involves customer browsing; rich implies graphics, interaction, colour, pull-down menus, clickthrough and sound as well as text. Indicates simple push advertising via SMS is the biggest current market. Gives reasons for favourable reception of SMS ads; cautions that this may change. Notes wide variety of devices, and drive for standard ad formats. Suggests a research model to examine consumer information processing in relation to wireless advertising. Ends with suggested areas for further research.

A valuable overview of the subject, from which readers should derive a firmly grounded understanding. But be a little wary of the occasionally messianic tone.

Research: ** Practice: *** Originality: ** Readability: ***
Ref: 5121

Advertising agencies' and advertisers' perceptions of internet advertising
Tan Dai Shij and F. Piron
RESEARCH. *International Journal of Advertising* (UK), Vol. 21, No. 3, p. 381 (17pp)

Internet, advertising, Singapore

Notes early high expectations of the internet as an advertising medium, followed by a degree of disillusionment and mixed predictions. Sets out to examine whether ad agencies and advertisers have similar perceptions of the effectiveness of internet advertising (and of other communication tools). Bases research on a questionnaire completed by 24 agencies and

40 advertisers based in Singapore. Finds most advertisers spent less than 5 per cent of their budget on internet advertising. Finds that advertisers rate internet advertising as marginally (but not statistically significantly) less effective than do agencies, and all other media as more effective (significant for print, sales promotion and radio). Shows that, for each of five objectives (building awareness, enhancing consumers' attitudes, increasing purchase intention, communicating category need and facilitating purchase), internet advertising was reckoned the least effective medium by advertisers, and also by agencies except for facilitating purchase, when radio scored worst. Finds that the internet's characteristics fit neither the above-the-line nor the below-the-line pattern.

Some interesting, if rarely surprising, findings.

Research: ✻✻✻ Practice: ✻✻ Originality: ✻✻ Readability: ✻✻✻
Ref: 5122

Mortgages, modelling, CHAID, credit scoring

Predictive modelling applied to the retention of mortgages
L. Paas
THEORETICAL. *Journal of Database Marketing* (UK), Vol. 10, No. 2, p. 107 (7pp)

Notes that the high cost of selling a mortgage, plus the large commission often payable to an intermediary, makes the retention of a mortgage client even more important than normal customer retention. Considers the use of predictive modelling to determine which groups of customers are at risk of a preventable termination of a mortgage contract, and to quantify the level of that risk. Notes the use of predictive models for prospect selection or credit scoring, and the type of client characteristics (eg age and income) then used. By contrast recommends the search for trigger points, and suggests the point at which the mortgagee sells the mortgaged house and the end of the predetermined contract period. Considers also changes in interest rates, and changes in house prices. Produces an example of a CHAID decision tree using three factors (remaining contract period, interest rate of current contract and age) to subdivide mortgagees into four groups with different risk levels as assessed from historic data. Makes suggestions for a suitable retention strategy for high-risk groups — for example lowering interest rate. For this purpose, recommends subdividing a group into, say, four subgroups, each with a different level of reduction, plus a control with no reduction, and measuring the effects against the costs.

A short, to-the-point article which, though theoretical in mode, has immediate practical implications.

Research: ✻✻ Practice: ✻✻✻ Originality: ✻ Readability: ✻✻✻
Ref: 5123

Processes and methodologies for creating a global business-to-business brand

R. S. Rozin and L. Magnusson

CASE STUDY. *Journal of Brand Management* (UK), Vol. 10, No. 3, p. 185 (23pp)

Dow Corning, silicon, commoditisation, Xiameter, segmentation, B2B

Details the decisions and steps taken by Dow Corning, producer of silicon-based industrial materials, in order to create a new global business-to-business brand. Outlines the problems faced by Dow Corning with maturing products in a maturing market: having been the leading innovator in its field, selling research-based products bundled with value-added services, it found itself facing low-priced competitors and customers increasingly viewing the product as a commodity. Dow Corning decided to establish a separate business unit offering a high-quality no-frills version of its products under a new brand. Describes the needs-based segmentation model and criticality grid devised by Dow Corning, and the use of this to set up stated objectives for a new business model and a new brand. Details the processes for the creation of the new brand (ultimately named Xiameter), including a brand strategy platform, naming, legal screening, identity development, web architecture for a web-enabled sales channel and deployment to external and internal stakeholders.

A comprehensive, and at times repetitive, look at how one global company dealt with a very common problem in the product life cycle.

Research: ✻✻ Practice: ✻✻ Originality: ✻ Readability: ✻✻✻
Ref: 5124

How to prioritise customers and adjust offering in key account management

J. Ojasalo

THEORETICAL. *International Journal of Customer Relationship Management* (UK), Vol. 5, No. 3, p. 259 (12pp)

Key account management, B2B

Deals with key account management (KAM) in business-to-business marketing. Emphasises the importance of prioritising customers by defining criteria for assessing customers and assigning a weighting to each criterion, and defining how well each customer satisfies these criteria. Gives as examples the criteria used by two manufacturing companies. Follows with an illustrative case showing criteria used, associated weights and the raw and weighted scores allocated to each criterion in respect of each of three customers. Advocates allocating customers, based on total weighted scores, to one of three groups, subdividing the lowest group into those who have/have not future growth potential and giving differential offerings to the three groups (while 'losing' the no-potential element of the last group). Emphasises the need for a 'sophisticated' way of terminating a relationship.

This subject is a minefield. While discounts for volume purchase are a broadly acceptable part of B2B life, other forms of unequal treatment,

based on subjectively assessed criteria, can be a recipe for disaster. Read, ponder and beware — and be specially wary of applying such principles in B2C.

Research: * Practice: ** Originality: * Readability: ***
Ref: 5125

IMC, interactivity, database

Interactive integrated marketing communications: Combining the power of IMC, the new media and database marketing
J. W. Peltier, J. A. Schirbowsky and D. E. Schultz
THEORETICAL, WITH CASE STUDY. *International Journal of Advertising* (UK), Vol. 22, No. 1, p. 93 (23pp)
Notes the rise of the concept of integrated marketing communications (IMC). Claims that new electronic media must radically alter advertising and marketing communication planning, principally because of their interactive nature. Looks at the fusion of electronic media, IMC and interactivity. Emphasises the crucial importance of the database in interactive IMC, and the need to go beyond transactional/behavioural data to psychographic-oriented information collected at the individual level. Gives a detailed case study of an energy conservation organisation in Wisconsin developing an interactive IMC programme, starting with a mail survey to 2,000 home owners and a profiling exercise via a variety of modelling techniques, leading to a segmentation of responders. Discusses the use of this segmentation to develop interactive integrated communications.

Makes a good, if somewhat elaborate, case for what, at least to direct marketers, should be (but often is not) an obvious and uncontroversial course of action.

Research: *** Practice: *** Originality: ** Readability: ***
Ref: 5126