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 (2008) **10**, 80–94.
doi:10.1057/dddmp.2008.19

Each abstracted article is awarded 0–5 stars for each of four qualities:

- (1) depth of research
- (2) value in practice
- (3) originality of thinking
- (4) readability for non-specialists.

No abstract is included for any article awarded less than seven stars overall.

http://business.timesonline.co.uk/tol/business/related_reports/business_ideas/article3325677.ece

JOURNALISTIC. Podcast for *The Times* Online by Klaus Kleinfeld, president of Alcoa, 8/2/08

Summarised in *The Times* by P. Foster 11/2/08, p. 52 (1p)

Emphasises the way in which changing technology has made the world flat by enabling, for example, cooperative design across distance. Instances the migration of blue-collar jobs from the West to the East; indicates that, with the growth of graduate numbers in, for instance, China and India vastly outstripping the West, this is true also of white-collar jobs. Holds that even the accumulation of intellectual capital is insufficient, as the speed and ubiquity of communication renders any competitive advantage from this quickly obsolete. Asserts that the only real kind of competitive edge companies have any more is in the quality of their workforce — a workforce that can be located anywhere. Instances an aluminium smelter built by Alcoa in Iceland, using skilled labour from Mongolia. But emphasises also the need for teamwork, trust between team members and personal relationships.

The main interest in this surprisingly ill-written podcast lies in the person of the author; otherwise it is fairly standard stuff about aspects of globalisation and its effects.

Research: * Practice: ** Originality: * Readability: ***
Ref: 10101

Innovative management: A conversation with Gary Hamel and Lowell Bryan

J. Barsh

ORGANISATIONAL. *The McKinsey Quarterly* (US), 2008, No. 1, p. 25 (11pp)

Transcribes a conversation between the author and two consultants. Contrasts the 20th-century management model with emphasis on

**Globalisation,
competitive advantage**

**Management,
innovation, hierarchy,
creativity, talent, risk**

hierarchy, labour and capital inputs, with today's need for collaboration in wealth creation through talent. Claims that the former was about replicability, ever-increasing scale and steadily increasing efficiency; now the need is for imagination and nimbleness. Holds that the technological revolution is a fundamental discontinuity, like the industrial revolution, and is creating a thoughtocracy of cyberspace; this requires a new management model. Suggests that talent is now largely a commodity, but that talented people will not put up with overtly hierarchical management: we are on the verge of a post-managerial society, in which decision-making will be more peer-based, and ideas will compete on an equal footing. Dislikes the concept of 'creative apartheid' — creativity exists in everyone, at all levels. Recognises that change involves risk; advocates experimentation in managerial method to minimise this risk.

Pretty typical consultant-speak: lots of exciting stuff about new challenges, the inadequacy of the old ways and the need for new, but precious little nitty-gritty about just what the new might be, leave alone how to get there.

Research: * Practice: ** Originality: ** Readability: ***
Ref: 10102

Leadership and innovation

J. Barsh, M.M. Capozzi and J. Davidson

ORGANISATIONAL. *The McKinsey Quarterly* (US), 2008, No. 1, p. 37 (11pp)

Innovation, leadership, trust

Claims that innovation in business processes, distribution, value chains, business models and management functions has become a core driver of growth, performance and valuation. Notes a large gap between leaders' aspirations and execution; people and corporate culture are the most important factors. Recommends three steps: integrate innovation into the senior management strategic agenda; create conditions for innovation networks; foster an innovation culture based on trust. Discusses each step: (1) Define the kind of innovation required; add innovation to formal agenda at leadership meetings; set targets and metrics. (2) Create networks of idea generators, researchers, experts and producers; for each network the watchwords are connect, set boundaries, track and support. (3) Do not be afraid of failure, but be prepared to learn from it; accept that networks work best between trusting colleagues rather than in a hierarchical environment.

It is difficult to say anything meaningful about something as ill-defined as innovation in a non-specific context, but this article makes a brave attempt at some generalised advice.

Research: ** Practice: *** Originality: * Readability: ***
Ref: 10103

Consumers, cookies, tracking, pricing, targeting

Consumer reactions to online behavioural tracking and targeting

P.L. Alreck and R.B. Settle

INVESTIGATIVE. *Journal of Database Marketing & Customer Strategy Management* (UK), Vol. 15, No. 1, p. 11 (13pp)

Sets out to discover what US consumers know, or believe, about online merchants' use of behavioural tracking and the targeting of offers and pricing. Notes a number of marketing purposes that can be served by such activities: boosting sales by *individual* tailoring; experimentation (eg price testing); boosting customer recruitment by special offers; boosting loyalty by favoured treatment; meeting competitor prices; recovering referral costs; augmenting email promotions; making 'second offers'. Notes both public and institutional concern. Details a self-administered questionnaire survey of 1,135 adult US consumers in 2007, showing their demographics and use of ten most popular price comparison sites. Lists 16 statements about online marketing behaviour, which respondents marked as True, False or Unsure. Lists a further 16 statements about consumer opinion regarding online tracking and pricing practices (shown as Agree or Disagree with each). Lists 16 actions that consumers might take when shopping online, and shows the median and modal scores for each (from Very Often to Never). Discusses the separate (but intertwined) issues of *fairness* and *privacy*. Concludes that consumer awareness is greater than often supposed, but disapproval is common and a backlash may well be in prospect.

There are no great revelations here, but the subject is one we are all going to have to tackle with consumerist lobbies in time; this gives a useful US perspective and clarifies some of the separate issues.

Research: ***** Practice: *** Originality: ** Readability: ***
Ref: 10104

Personalisation, CRM, Cisco, UPS, American Airlines

Personalisation and CRM

T.W. Jackson

ANALYTICAL. *Journal of Database Marketing & Customer Strategy Management* (UK), Vol. 15, No. 1, p. 24 (13pp)

Notes the common view that personalisation is the key to the future of e-commerce, but insists that it must be part of a broader CRM strategy to succeed. Defines personalisation as the use of data acquired by a user's interaction with an electronic interface to increase the value of current and future interactions. Looks at the evolution of personalisation, through 'rules-based matching' (creating profiles based on user preferences and information requests) and 'collaborative filtering' (as practised by Amazon). Identifies six necessary steps: identification; data capture; real-time analysis; matching to create a profile; delivery of information to user; optimisation. Notes new developing strategies: content-based filtering and web usage mining. Notes Cisco's use of internet-enabled customer assistance, which now solves 77 per cent of technical cases without human interaction. Gives three 'case studies': Sampos Bankas

(an east European bank), UPS and American Airlines. Notes personalisation works best for financial services, IT goods, transport, entertainment and travel, constituting 80 per cent of the online retail market. Considers benefits of personalisation, both qualitative (largely unassessable) and quantitative (mostly cost savings), which are more readily assessable in b2b than b2c. Considers appropriate metrics.

An irritating piece that has much of value to say but says it rather badly. Concepts (like collaborative filtering) are poorly explained; 'case studies' are superficial examples only. But it's an important subject, so give it a try.

Research: ** Practice: ** Originality: * Readability: **
Ref: 10105

Can superior CRM capabilities improve performance in banking

T. Coltman

RESEARCH. *Journal of Financial Services Marketing* (UK), Vol. 12, No. 2, p. 102 (13pp)

Notes that a number of banks in different countries appear to compete very successfully on the back of customer relationship programmes based on CRM programmes. Notes also the wide range of critical studies of CRM, and of poor customer service by banks in particular, despite (or because of) their CRM investments. Notes that CRM means different things to different people: tactically it comprises isolated functions giving rise to silos of customer information; strategically it is part of a system of interrelated resources — human, technical and business-related — consistently with the resource-based view (RBV) and the knowledge-based view (KBV) both emphasising firm-specific competitive advantage. Decries the identification of CRM with technology-based solutions. Defines the task of CRM as providing a programme, through a combination of activities, for data coordination that is necessary for customer knowledge creation. Describes a programme of research among 45 managers from 26 Australian financial institutions. Concludes that CRM suffers when poorly understood, improperly applied and incorrectly measured, that superior CRM capability leads to improved performance, and that high-performing banks base their CRM programmes on business structures, human skills and IT, in that order of importance.

Once again one can only be amused, amazed and appalled at how far behind the rest of the business community financial institutions clearly are. For those who are still struggling to understand the concept of CRM, what it is and is not, this piece has some sensible advice to give, wrapped up unfortunately in academic-speak and marred by unnecessarily complex research methodology — best to skip that part altogether.

Research: ** Practice: ** Originality: * Readability: **
Ref: 10106

**Banking, CRM,
Australia, RBV, KBV**

**Banking, relationship
management,
face-to-face**

Relationship disconnect in retail banking

M. Durkin, A. O'Donnell and J. Crowe

ANALYTICAL. *Journal of Financial Services Marketing* (UK), Vol. 12, No. 4, p. 260 (12pp)

Looks at the growth in banking of self-service technology (SST) in the shape of ATMs, debit and credit cards and home banking, which resulted in a reduced number of face-to-face encounters with customers, as well as a reduction in costs and an increase in service reliability. Notes the need to find the right balance of remote and face-to-face interactions to meet the preferences of both banks and customers, and to enable appropriate levels of relationship marketing. Examines the case of one particular (anonymous) large retail bank, studied between 2000 and 2005, which began by assigning the top 20 per cent (classified by net worth) of its customers to relationship managers but offering no such service to the remaining 80 per cent, and actively encouraging low net worth customers to use remote interaction channels. Reveals that, unexpectedly, the take-up of home banking was higher among the high net worth customers, who regarded this technology as complementary to personal contact rather than a substitute. Reveals that in 2006, this bank reversed its previous policy for retail banked customers, and stopped all relationship management activity for them, retaining it only for business clients and treating interactions with retail clients on a transaction basis only. Notes that this initially led to a drop in sales levels, which was subsequently recovered, and attributes this recovery to competence of counter staff in branches, although questions about management of cross-selling remain.

Has the penny dropped at last? Customers do not want 'relationships' with constantly changing 'relationship managers'. They want to conduct the business that they want to conduct by the means most appropriate to the circumstances in which they find themselves, be that the internet, the telephone or the branch.

Research: ** Practice: *** Originality: * Readability: ***
Ref: 10107

Know thy changing consumer

M. Uncles

EDITORIAL. *The Journal of Brand Management* (UK), Vol. 15, No. 4, p. 227 (5pp)

**Consumers, ad-spend,
customer centricity,
relationships, brand
management**

Notes that consumers are changing — acquiring new skills, changing their habits and preferences; suggests we may be entering an era of customer-centric commerce in which consumers have the ability and confidence to 'call the shots'. Notes the need for brand managers to respond to these changes in consumer behaviour; instances the fall in absolute levels of ad-spend on US television and its increase on social networks on the web. Emphasises that the most important attributes are ease of use, speed and interactivity; those that cannot match consumer

expectations in these areas are in for a bleak time. But also notes that consumers do not all change at the same pace: some online consumers are anxious about privacy; others disregard it. Some consumers want engagement with suppliers; others shun it. Recognises that age is a factor — for example in technological savvy — but not reliably so: many older consumers are acting younger: age, gender, wealth, education, access to technology, ability — these create digital communities, but also digital divides. Emphasises the need for brand management to be differentially responsive: beware of an engagement model of niche brands relying on relationships when in fact the consumer landscape is becoming more fragile, fractured and fragmented.

A slight, elegant essay from a distinguished guru: worth reading for the challenges it offers to some too-easily accepted wisdom.

Research: * Practice: *** Originality: ** Readability: ****
Ref: 10108

Are the shoes appropriate to wear? A study in cohort values

P.M. Arsenault and M. Patrick

RESEARCH. *Journal of Targeting, Measurement and Analysis for Marketing* (UK), Vol. 16, No. 2, p. 99 (9pp)

Cohorts, values

Sets out to improve our understanding of the behaviour of cohorts by investigating value differences between cohorts, where a cohort is defined as consisting of all (US) citizens born in the same period of years, whose values are supposed to have been moulded by their common formative experiences, and may therefore be different from those of another cohort. Distinguishes four US cohorts: Veterans, born 1922–1943; Baby Boomers, born 1944–1960; Generation Xers, born 1961–1980; and Nexters, born 1981–2000. Describes a series of 467 interviews conducted within these four cohorts, where each person was required to list nine values (sense of belonging; warm relationships; self-fulfilment; being well respected; fun and enjoyment; security; self-respect; sense of accomplishment; excitement) in order of importance. Respondents were also shown a photograph of a group of young women meeting President Bush, and asked to what extent they found the shoes worn by the women in the front row (sandals, flip-flops) to be inappropriate. Finds significant differences in values between cohorts (especially between Veterans and others) and a judgment of inappropriateness that was more marked among Veterans and among women. Accepts that some of the differences attributed to membership of a cohort may simply be a factor of age.

A slight piece, which may still be a useful introduction for some to the notion of cohorts, which has come to be widely used in marketing circles.

Research: ** Practice: ** Originality: * Readability: ***
Ref: 10109

Modelling, decision trees

**Merits of interactive decision tree building — Part 2:
How to do it**

B. van den Berg and T. Breur

TECHNICAL. *Journal of Targeting, Measurement and Analysis for Marketing* (UK), Vol. 15, No. 4, p. 201 (9pp)

Briefly rehearses the case for interactive, as opposed to automatic, modelling given in Part 1 (see abstract 9407 in the previous issue). Decides to concentrate in this 'how to do it' follow-up on decision tree modelling. Advocates that each splitting point in the tree be handled manually, that the data mining set be split into three subsets for training, test and evaluation, and that the mining set be representative of the population from which it is drawn. Emphasises the importance of experience and judgment, without which interactive modelling may produce worse results than automatic modelling. Holds that each split should be robust — that is that the effect of each variable used should hold over time — and that the effects in the tree should be plausible to domain experts. Gives some examples of plausibility of effects. States that each leaf from a split should contain sufficient respondents, with five being the absolute minimum, ten being reasonable and over 20 ideal — otherwise the chi-squared test does not perform well. Gives examples of splitting and of rearranging a split. Discusses default settings. Recommends against binary splitting; suggests maximum classes from a split should be five. Ends with a summary of the advantages of interactive modelling.

This follow-up to Part 1 is, sadly, written for modellers rather than for the generalist seeking greater understanding of the process. Non-specialists prepared to work at it can still secure some enlightenment.

Research: *** Practice: ** Originality: ** Readability: **
Ref: 10110

Mobile advertising, AdMob, handsets

What is in the data? Leveraging mobile ad network data

M. Becker

ADVISORY. *Journal of Targeting, Measurement and Analysis for Marketing* (UK), Vol. 16, No. 1, p. 3 (4pp)

Gives figures for the breakdown of mobile advertising impressions accessed through the AdMob mobile advertising network, believing these to be consistent with findings elsewhere. This showed 44.2 per cent US, 22.3 per cent Asia and 9.3 per cent Western Europe, with the UK being relatively high within Europe at 3.9 per cent. Lists the top ten handsets by ad impressions received, separately for the US and worldwide; both show Motorola and RIM in the top four slots. These top ten account for almost 20 per cent of impressions worldwide and over one-third of impressions in the US. Indicates that this list shows which handset models advertisers should concentrate on in tailoring and testing their mobile services. Emphasises that knowing the handsets one is targeting is not sufficient, since the same handset may incorporate a wide variety of features. Suggests a variety of sources

from which information of this kind can be derived. Lists a number of key variables to be considered in launching a mass market service: interoperability across networks; on-deck vs off-deck support; industry standards and guidelines; business models; level of consumer adoption; level of handset adoption. Suggests that most mobile services are still not fully mature, although the market is moving fast.

The author gives no absolute numbers — only percentages. In fact mobile advertising is still less than 1 per cent of global advertising; what its future potential is remains to be seen.

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

Ref: 10111

Internal branding: Exploring the employee's perspective

C. King and D. Grace

RESEARCH. *The Journal of Brand Management* (UK), Vol. 15, No. 5, p. 358 (15pp)

**Branding, employees,
IMO**

Contents that the creation of a strong brand and delivery of quality service is dependent on employees' ability to deliver on customer expectations; exceptional service is a strategic weapon. Examines therefore the differential effect — but from the employee's perspective — of internally oriented initiatives on human capital and thence on the brand. Distinguishes between a firm's resources (static and decaying over time) and capabilities (dynamic and capable of improvement). Emphasises the need for employees to be able to use their talents, and recommends the use of an internal market orientation (IMO) to balance the external market orientation. Describes a series of in-depth interviews conducted with ten employees of different firms in the service industry. Indicates a series of 40 questions put to these interviewees in an attempt to gauge their understanding of their organisations' brands, how they acquire organisational knowledge (training, customer/market information, socialisation with colleagues), what factors they believe necessary for them to deliver their brand promise and how their firm's IMO has an impact on their relationship with the brand. Finds that six respondents have a strong brand commitment, three have a commitment to their profession and one has no commitment at all. Notes that the distinction between the first two groups seems to derive from greater/lesser exposure to customer/market information that connects them to the brand.

The literature is full of articles advocating IMO and employee empowerment; the industry is full of examples of the opposite, as any customer subjected to trial by call-centre can testify. This article says quite sensible things in a good cause; if no one is listening it is at least partly because the level of research deployed here is abysmal.

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

Ref: 10112

**Brands, websites,
anti-brand websites,
double jeopardy,
negative double
jeopardy, NDJ**

Negative double jeopardy: The role of anti-brand sites on the internet

S.U. Kucuk

EXPLORATORY. *The Journal of Brand Management* (UK), Vol. 15, No. 3, p. 209 (14pp)

Notes the double jeopardy phenomenon — that strong brands have multiple advantages; proposes a negative double jeopardy (NDJ) syndrome — that valuable brands attract more anti-brand hate websites, and less valuable brands fewer such. Notes the existence of 10,500 such sites against major global brands in 2007 — up five times since 2000. Looks at the phenomenon of using distortions of the brand name (Northworstair, Starsucks) — not a trademark infringement in the US. Notes allegation by Amway that P&G had clandestinely sponsored a hate website against Amway. Notes that the number of hate sites for a particular brand is related both to that brand's ranking in Business Week's top 100 brands and also to the consistency of that ranking. Distinguishes four types of hate websites: experts, typically opposed to consumption culture, using advanced design techniques; symbolic haters, sustained by negative WOM and trading in suspicion and rumour; complainers, dealing with service failures and operational and product-related problems; opportunists, circulating unfavourable media stories. Recommends working with experts; monitoring symbolic hate sites; talking to complainers; combating opportunists.

An interesting insight into a growing phenomenon. If you haven't yet Googled for hate sites against your brand, you should. Whatever you choose to do about it, awareness of what is out there is imperative. (Errors in some of the elementary mathematics are irritating, but not important.)

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

Ref: 10113

**RFID, bar coding,
Walmart, Marks &
Spencer, inventory
management, EPC**

Radio frequency identification (RFID): Invaluable technology or a new blockage in the marketing process?

B. Rundh

EXPLICATORY. *Marketing Intelligence & Planning* (UK), Vol. 26, No. 1, p. 97 (18pp)

Introduces RFID as a technology capable of producing competitive advantage in both value and cost within the supply chain. Notes its first use in World War II for tracking planes and trucks. Describes the components of the technology: an antenna, which activates the RF tag (or transponder) which contains a microchip, and the transceiver, which reads and decodes the tag, communicating with a computer. Indicates that tags can be passive (smaller, cheaper, shorter range, more durable, read-only), active (read/write, larger memory, longer range, more expensive, bulkier, limited life) or two-way (able to communicate in and out, without reference to an antenna). Compares RFID with bar coding: the former can be read at a distance, regardless of direction or

visual contact, with millisecond response; multiple tags can be read simultaneously. Notes Walmart's decision to oblige its 100 biggest suppliers to implement RFID. Notes that tags can be used at all stages in the supply chain — on containers, on pallets, on boxes, in packaging, in individual products. Notes the intention of Marks & Spencer to have tags installed in every item of its clothing. Indicates that this raises consumerist issues. Sees the biggest advantage as lying in the area of inventory management. Gives examples of trials by various companies, but holds that there is first a need for standardised global networks for identification of an electronic product code (EPC), without which costs will remain high. Indicates there is still uncertainty within companies about standardisation, investment costs and consumer reactions.

The author, editor and publisher of this article should be ashamed of the total lack of proofreading, evidenced in typos, errors, gross repetition and lack of textual organisation. But the subject is important enough to warrant a struggle.

Research: * Practice: *** Originality: * Readability: **
Ref: 10114

Marketing and sustainability

P. Jones, C. Clarke-Hill, D. Comfort and D. Hillier

REFLECTIVE. *Marketing Intelligence & Planning*, Vol. 26, No. 2, p. 123 (8pp)

Notes the argument that marketing and sustainability are incompatible; nevertheless finds that there is something of a rapprochement — points to the Sigma sustainability marketing guide, which argues that the two have much to offer each other. Looks at various definitions of these two terms, which can both be interpreted in various ways. Asks two questions: what sustainability can offer to marketing, and what marketing can offer to sustainability. Notes the need for business to adhere to an increasing volume of environmental and social legislation. Claims that the ideal is to embed sustainability within company strategy throughout the supply chain, re-examining the total impacts of marketing strategies. Recognises that such an activity is likely to involve costs, which the consumer may be unwilling to pay. Notes the entry of Marks & Spencer, and Tesco, into the sustainability debate. Notes the view of the Chartered Institute of Marketing (CIM) that marketers do little to project their companies' sustainability stance in the public domain; emphasises the need for involvement of employees in sustainability issues, both inside and outside their firms; gives examples. Notes that 'sustainable shopping' by consumers can be hard work; notes the discontinuity between public awareness of environmental issues, and willingness to alter behaviours to reduce undesirable impacts. Holds that the need is for collective rather than individual action, and that behavioural changes are best achieved by incentives rather than penalties.

**Marketing,
sustainability, Sigma**

Ends with doubts about whether sustainability is ultimately consistent with contemporary capitalist society.

A brave, if slightly schizophrenic attempt to wrestle with one of the central philosophical dilemmas of 21st-century society. Marketers should perhaps concentrate on coping with the demands for greater social responsibility being loaded on them by legislators and public opinion, leaving the philosophy outside the office door.

Research: * Practice: ** Originality: ** Readability: ***
Ref: 10115

The effects of corporate social responsibility and price on consumer responses

L.A. Mohr and D.J. Webb

RESEARCH. *The Journal of Consumer Affairs* (UK), Vol. 39, No. 1, p. 121 (27pp)

**CSR, stakeholders,
shareholders, prices**

Notes a growth in unease among the US public over the behaviour of Big Business and apparent pressure for greater corporate social responsibility (CSR). Claims that 50 per cent of large corporations now have social-issue programmes. Notes the tension between a stakeholder and a shareholder view of company responsibilities, with particular emphasis in the latter case on short-term stock values, whereas CSR, if it is to be regarded as an investment rather than a cost, requires time to mature. Raises two questions: does CSR matter to consumers; if CSR involves higher prices, will consumers buy? Details an experiment in which a group of US consumers were faced with a hypothetical purchase situation involving a company that was variously described as the best (or worst) in the industry on environmental issues, or on philanthropic giving, and asked to rate their likelihood of purchase from this company. Gives results of the experiment, showing that CSR, whether of a philanthropic or environmental nature, had a significant positive effect on company evaluation and purchase intent; that respondents reacted more strongly to negative than to positive reports of CSR; that these effects were stronger in the case of consumers with a high personal level of socially responsible behaviour; that CSR had a higher effect on purchase intent than price. Concludes with a consideration of the experiment's limitations — that it was a hypothetical study and that the information on CSR was available immediately at the decision point.

This article discusses some important contemporary issues, although the actual research is far from definitive (for reasons the authors own up to). You do not have to believe that companies are responsible to stakeholders rather than shareholders to be serious about CSR as a long-term win/win situation for everyone — if done properly.

Research: *** Practice: ** Originality: ** Readability: ***
Ref: 10116

Segments, loyalty programmes**Segment talk: The difference engine: A comparison of loyalty marketing perceptions among specific US consumer segments***R. Ferguson and K. Hlavinka*RESEARCH. *Journal of Consumer Marketing* (UK), Vol. 25, No. 2, p. 115 (13pp)

Sets out to examine differences in loyalty-programme participation among key consumer segments. Notes a recent survey showing 1.3 billion US participants in loyalty programmes, an increase of a third since 2000, amounting to 12 per household, of which only 39.5 per cent are active. Bases investigation on a control group representing the general adult population, and five segments: Affluents; Young Adults; Seniors; Core Women; Emerging Hispanics. Notes that 57 per cent of the control group claim membership of a loyalty programme: this varies from 80 (Seniors) to 41 per cent (Emerging Hispanics). Analyses, by segment, most frequent reasons for not belonging to a loyalty programme: needing to spend too much to qualify; objection to a fee; no value; fear of junk mail, etc. Analyses, by segment, the popularity of different reward schemes: 'hard' benefits such as cash back; free travel points; in-store redemption points; 'soft' benefits such as discounts, upgrades, etc. Notes that 40 per cent of active participants in loyalty programmes report 'extreme involvement' with relationship chain tactics; recommends that individuals should be free to choose the channel by which relationship communications are delivered. Analyses, by segment, by redemption patterns, by frequency and type. Examines participant satisfaction with programmes separately for financial services, retail and travel.

An elegantly written examination of what is surely one of the most hyper-inflated marketing initiatives of all time.

Research: **** Practice: *** Originality: ** Readability: ****
Ref: 10117

Recommendation agents, shopbots**Smart versus knowledgeable online recommendation agents***G.N. Punj and R. Moore*RESEARCH. *Journal of Interactive Marketing* (US), Vol. 21, No. 4, p. 46 (15pp)

Notes the widespread availability in the US of online recommendation agents (or shopbots) to help consumers find the product that best matches their need from the vast mass of choice on the web. Notes that online shoppers have two desires, which are to some extent in conflict with each other: to find the best 'fit' from a variety of options and to economise on time spent on the search. Makes a distinction between 'knowledgeable' shopbots and 'smart' ones: the former search for items that precisely match the shopper's criteria, and in the event they cannot find an exact match, return the message 'no matches found'; the latter use fuzzy logic to find one or more closest matches. In the former case, the consumer must vary the search criteria (usually by making them less tight); in the latter case the shopbot has in effect done this for him.

Details a research survey undertaken to examine the difference between these two approaches from the point of view of the consumer. Finds that there are significant consumer behaviour differences: they conduct less search and consider more alternatives when using a smart shopbot; it also appears that they use the smart feedback primarily to save effort rather than to make a better decision, although this is modified in conditions where time pressure is less. Suggests that there is now a movement towards the creation of more 'flexible' shopbots. Suggests that further research is needed into shopbots that can 'learn' individual consumer preferences and provide personalised recommendations. Suggests these would be appropriate where criteria are not well formed, attributes are non-digital, interactivity is high and trust in the shopbot is an issue.

An interesting excursion into a burgeoning new world. The issue of trust is only just touched on, and is vital: clearly shopbots may be biased towards unloading slow-moving stock, towards sponsored products or in other ways invisible to the consumer.

Research: ***** Practice: ** Originality: *** Readability: ***
Ref: 10118

How to sell services more profitably

W. Reinartz and W. Ulaga

EXPLICATORY. *Harvard Business Review* (US), May 2008, p. 90 (7pp)

Services

Considers the problems faced by manufacturers who decide to extend their product sales by offering services — often on the assumption that these will provide better profit margins. Gives other reasons for this trend: increased outsourcing by client companies; saturation of an installed base of equipment, making growth through product sales increasingly difficult; product commoditisation. Quotes cases from a survey of a wide variety of 20 major industrial companies. Recommends entering such a change slowly and cautiously, beginning with the recognition that much of what one already does may actually be a service, which perhaps is not charged for, but could be. Instances free versus chargeable product delivery, or customers sitting unnecessarily on suppliers' inventory. Suggests appointing a senior executive to develop service capabilities. Emphasises the need for a savvy sales force: notes that product salespeople are often inimical to the idea of selling services, and shows that some companies going down this path have had major retraining exercises, while others have had to replace up to 80 per cent of their existing sales force. Emphasises the need for adequate financial motivation for a services sales force. Finally shows how suppliers can focus on customers' processes: instances the case of a company hiring out power tools that has now migrated to selling holes instead of hiring out drills.

Yet another series of exercises in differentiation against a background of increasing product commoditisation. The examples are all derived from heavy industry, but the lessons have much wider application.

Research: *** Practice: ** Originality: *** Readability: ***
Ref: 10119

The customer centred innovation map

L.A. Bettencourt and A.W. Ulwick

ADVISORY. *Harvard Business Review* (US), May 2008, p. 109 (6pp)

Innovation, customer centricity

Sets out to discover ways in which a company can spot innovation or development opportunities. Notes that some companies focus on product leadership, service excellency or customer relationships. Suggests in all cases beginning by 'job mapping' customer jobs, to reveal not what a customer is doing now (traditional process mapping), but what he is *trying* to do. Claims that all jobs are a series of processes; advocates deconstructing each job into a series of steps. Suggests a series of eight steps as applicable to every job: Define (determine objectives, plan approach, assess and select resources); Locate inputs; Prepare inputs and environment; Confirm readiness; Execute; Monitor results; Modify; Conclude. Suggests an ancillary step — Troubleshooting. Claims that once the job has been fully mapped in relation to these steps, one can begin to look for opportunities to create value, either at the job level — for instance by devising a more efficient sequence — or at the step level.

In some ways this is simply a variant on the theme that customers don't buy products, they buy solutions to problems: by analysing the problem, and the means necessary for its solution, one should be better able to optimise the means of solution. The proposition is (despite obvious exceptions) impeccable, but scarcely needs the straitjacket formula advocated here.

Research: * Practice: ** Originality: * Readability: ***
Ref: 10120

Measure of success

S. Bashford

JOURNALISTIC. *Marketing Direct* (UK), February 2008, p. 25 (2pp)

Email, metrics, ROI

Notes that the rush to email by many companies has not been matched by adoption of methods to measure results; suggests that over 40 per cent of brands and agencies do not track ROI on email campaigns. Notes that the industry has relied instead on factors such as click-through rates, opening rates, deliverability and such — none of which are relevant to the bottom line. Suggests that, as email comes of age, other measures will be required — such as revenue generated, average order value or ROI, but in any case practitioners must move from process metrics, like click-throughs, to profit metrics of some kind intelligible at a business level. Advocates the use of clickstream

tracking (or creative tracking) that enables the marketer to trace the behaviour of a site visitor within a website, separately according to point of origin. Notes the ability of recent software to track email responses in real time, enabling marketers to despatch an immediate email to consumers who have, for example, left a website without buying, or abandoned their shopping cart. Offers various warnings about spam mailings, definitions and traps.

The initial Gadarene rush into email is over: most responsible companies recognise that it isn't cost-free, and that it must be seen, like every other medium, to pay its way. This article recognises this truth.

Research: ----- Practice: *** Originality: ** Readability: ***
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Waste not... want not

N. McElhatton

**Joan Ruddock, DEFRA,
MPS, door-to-door,
DMA**

JOURNALISTIC. *Marketing Direct* (UK), January 2008, p. 20 (4pp)
Reports on an interview with Joan Ruddock, Parliamentary Under Secretary at DEFRA. Notes Ms Ruddock's evident background knowledge of DM (giving a brief c.v.) following on a recent meeting with the DMA, and her determination to reduce/eliminate junk mail, for example, through better targeting. Notes her praise of MPS while believing it should be better publicised, and her approval of DMA/BSI standards. Notes her dislike of untargeted and unaddressed door drops in particular, and her desire to see MPS extended to cover these ('the priority as I see it...something we want to conclude quite soon'). Notes that mandatory opt-in for direct mail is not ruled out, although 'we would not take such a step lightly'. And 'if the industry can make progress, we wouldn't need to take that step'. Notes Ms Ruddock understands the industry's progress on recycling, but is also critical of its failure (narrowly) to meet its first target in 2005, when other sectors exceeded their targets.

Ms Ruddock appears to have stepped back from the disgraceful populist mouthings of D. Milliband, but she is clearly no soft touch. Anyone involved in direct mail (or door drops) needs to read this to get a flavour of where the debate on waste is going.

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