Abstracts

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Strategic price positioning for revenue management: The effects of relative price position and fluctuation on performance

Breffni M. Noone, Linda Canina and Cathy A. Enz
THEORETICAL. *Journal of Revenue & Pricing Management, 2013,* Vol. 12, pp. 207–220; advance online publication, 23 November 2012; 10.1057/rpm.2012.48

Balancing short-term discounting and long-term yield

This paper considers two dimensions of strategic price positioning — relative price position and relative price fluctuation. The authors point out that optimization models typically include competitor prices, alongside demand elasticity and forecast demand, which support tactical price decisions, but do not necessarily align with long-term price positioning. Discounting has been shown in previous studies not to yield the revenue anticipated, while fluctuations in price can have an impact on the perceived utility of a product.
To test the impact of short-term tactics on long-term yield, data on daily rate and revenue per available room in 6,998 US hotels over 11 years was examined. A two-stage multiple regression analysis was applied to identify the effects under consideration. This revealed that, overall, hotel room pricing tends to be below that of the competition, while upscale hotels tend to have the most stable prices. Setting a price position above that of the competition was shown to yield the highest revenues. For midscale, upscale and economy hotels, maintaining a stable price relative to the competition was also shown to be important. This is likely to have consequences for promotional marketing activity in a highly competitive sector, if the strategic view of revenue is to prevail.
A robust analysis for the first time looks at the contrasting demands of tactical and strategic pricing and their impact on revenues. Its findings suggest that conventional thinking about using price promotion to shift inventory could ultimately serve to undermine long-term yield, something all marketers across sectors need to bear in mind.

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

Brand experiences in service organizations: Exploring the individual effects of brand experience dimensions

Herbjørn Nysveen, Per E. Pedersen and Siv Skard
RESEARCH. *Journal of Brand Management, 2013,* Vol. 20, pp. 404–423; advance online publication, 22 June 2012; 10.1057/bm.2012.31

Experience of service brands impacts on loyalty

If it is true that consumers no longer simply buy products and services, rather they buy the surrounding experience, then it is important to understand what brand experience really means. With no consensus around this, the authors set out in this paper to validate five key experiential dimensions. A consideration of various experience constructs follows, covering sense, feel, think, act and relate — the latter being a new dimension proposed by the authors. Hypotheses about the effect of experience on brand satisfaction, loyalty and personality, as well as the effect of that brand personality on satisfaction and loyalty in turn, are explained, as well as the notion that brand satisfaction has a positive effect on brand loyalty.

Brands need to be visually interesting

To prove these effects, a study was constructed using panel data from 1,090 consumers in Norway covering ten well-known telecoms brands. Findings were applied to a conceptual model to identify meaningful patterns. While these challenged a number of the hypotheses outlined, the core proposition — that relational experience is important for service brands — was strongly supported. The authors claim that brands should try to be visually interesting and have appealing brand elements as a result in order to ensure that consumers' senses are stimulated. They recognize the difficulties this presents for many service brands, such as telcos, but recommend social networking and communities as one opportunity.

Consumers are human beings first and foremost, rather than mechanical elements in a machine called 'the market'. Recognizing this and the way it affects their likelihood to engage with a brand is important, but not often done. This study proves the value of thinking about the five senses to help built a relational experience, which can drive satisfaction and loyalty.

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

Marketing to green communities: How to successfully reach the green consumer

Kelly E. Noonan and Linda Jane Coleman

THEORETICAL. *Journal of Marketing Analytics, 2013,* Vol. 1, pp. 18–31; 10.1057/jma.2012.2

Just targeting 'green' consumers is a mistake

This paper considers the question of whether marketing can maintain its core objectives while also incorporating sustainable, 'green' practices. The need for these is driven by the broader economic issue of scarce resources and climate change, but the nature of what constitutes 'green' includes 'making smarter, healthier, cleaner and more efficient decisions', the authors argue, as well as the more obvious ecological concerns. 'Green' consumers are now an identifiable segment in the US, with more altruistic motivations — their purchases will be driven by this leading to a more positive response to companies that share this outlook.

The authors note that this segment demonstrates higher 'perceived consumer effectiveness' and also take on more responsibility for their choices. Among businesses, corporate social responsibility is one way to demonstrate a 'green' agenda, and customer relationship management (CRM) can be used as a vehicle to communicate these goals. They note that this brings with it a risk of the perception of 'green washing' — claiming an ecological benefit where none exists.

Examples of genuine 'green' initiatives are provided from companies such as Walmart and Starbucks.

As this paper points out, the presence of 'green' qualities in a product or service cannot involve a trade-off for price or quality — there is no green premium. Consumers tend to demonstrate scepticism towards 'green' marketing and existing attitudinal measures tend not to be able to cope. As a result, marketers may fare better from embedding green benefits into broadly targeted promotions, rather than trying to target the green consumer segment. Marketers might focus on 'asymmetric benefits' — uplifts for an entire community that also improve individual well-being, for example.

Green issues have tended to take a back seat as a result of the economic downturn. In the US, deep scepticism towards issues such as climate change has also hampered change. But this paper usefully discusses the general argument for green as a positive force and considers how it might be embedded into general marketing. As such, it is a useful initial brief on the subject, without offering any directly applicable insights.

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

A hierarchical IMC data integration and measurement framework and its impact on CRM system quality and customer performance

James Peltier, Debra Zahay and Anjala S. Krishen

RESEARCH. *Journal of Marketing Analytics, 2013,* Vol. 1, pp. 32–48; 10.1057/jma.2013.1

Better data drives better integrated marketing

With the rise of integrated marketing communications (IMC) as a strategy and the use of CRM tools to deliver it, data has become more critical to the underlying processes. This paper argues that there has been insufficient attention given to the necessary data framework and metrics required, and looks at how the quality of CRM databases and customer performance may be linked.

The authors note that 'creating insightful data analytic initiatives necessitates a corporate-wide commitment to collecting customer information at all points of the relationship lifecycle'. A dozen hypotheses are set out claiming direct effects between the increased use of certain types of data and the quality of CRM. The authors then ran a B2B survey across 525 financial services executives about their use of data. Results were modelled and showed that CRM system quality indeed leads to enhanced customer performance.

It is rare for data to be subject to this type of academic research in order to prove its contribution to a marketing strategy. Quite how the survey questions proved the point is a little hidden in this paper. Nonetheless, it is a useful addition to a very slim collection of research into this field.

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

Risk preferences and the marketing of financial services: Segmentation by birth order

David R. Rink, Dianne M. Roden and Steven R. Cox

THEORETICAL. *Journal of Financial Services Marketing, 2013,* Vol. 18, pp. 17–26; 10.1057/fsm.2012.27

Birth order determines attitude to risk

Investment managers need to understand their prospects' appetite for risk. Conventional questionnaires used to understand preferences fail to reflect the true basis of behaviour. This paper considers whether the order in which individuals were born into a family may offer a better indicator of attitudes towards risk.

The authors examine how parental attention informs this, such as first-borns being less likely to take risks because they do not need to share resources. Middle-borns tend to take more risks as they typically get less attention from parents. Later-borns also have higher self-esteem and self-reliance. This makes birth order a viable segmentation variable if collected via surveys. Financial advisers also need to check their own attitudes against birth order to ensure that they are not promoting investments that suit their own risk preferences. The authors then look at how these attitudes might be reflected in the classic four Ps of marketing.

A fascinating discussion of a facet of personality that tends not to be recognized. It could prove to be genuinely valuable as a tool to help define risk appetite, although the authors do not suggest how this variable could be collected — would a direct question on a survey appear appropriate and gain sufficient rate of completion to be usable?

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

