Abstracts

Journal of Direct, Data and Digital Marketing Practice (2013) **15**, 88–92.
doi:10.1057/dddmp.2013.48

Building the perfect analytics analyst: What will it take to succeed in the future?

Cameron J. Davies and Mark Shafer

PRACTICAL: *Journal of Revenue and Pricing Management* (2013), Vol. 12, pp. 378–381. doi:10.1057/rpm.2012.45; published online 31 May 2013

Four skills required for the future of analytics

Written by practitioners at Walt Disney Parks and Resorts USA, this article notes the constant growth in interest around analytics from all sectors (Disney's house event hosted more than 550 delegates this year). The authors identify four core skills that analysts of the future will need. Skill 1 is clear and concise communication, in particular an avoidance of technical terms in favour of those that help the audience for analytical output to understand and accept the insights offered. Skill 2 is being creative with complexity — being able to combine left and right brain abilities. As they say, 'if you ... can crank out a complex Sudoku in less than five minutes, but couldn't tell a haiku from a tanka ... consider picking up a creative hobby'. Skill 3 is compelling credibility, which is not about having a PhD, but about understanding the client and gaining their trust. Skill 4 is committed enthusiasm, not least because much of the work in analytics is dull and repetitive.

From the front line and bearing the weight of hard-won knowledge, this highly readable article should be a reference point for anybody writing a recruitment brief for an insight and analytics position. And for those already doing the job, it is a valuable refresher on how they should be doing it.

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

Identifying revenue opportunities via capacity analysis

Ronald J. Huefner and James A. Largay III

PRACTICAL: *Journal of Revenue and Pricing Management* (2013), Vol. 12, pp. 305–312. doi:10.1057/rpm.2013.4; published online 8 March 2013

The Four Ps of Capacity

With relatively little written about capacity as part of revenue management, the authors take a look at how it might influence thinking in this area. They note that capacity cannot be flexed in the short term, so many models take a view that it is fixed. Four Ps are identified as making up capacity — physical, personnel, processes and purchases (ie, supply chain). The authors propose the CAM-I model to enable analysis of capacity with simple worked examples. Application of this model to revenue management is considered, especially to help understand why any

facility will have unavoidable downtime. By looking at this unproductive capacity, the authors suggest that facilities managers will be able to spot revenue-generating opportunities, illustrated with a worked example of a golf course (plus a cautionary tale of how applying the model helped one of the authors to avoid a bad investment).

Looking at a critical issue from a new angle, this article proffers a highly practical method by which companies can understand their productivity levels, where they are missing a trick and whether targets and forecasts are accurate. It is highly readable and may well have applications beyond just revenue management.

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

Optimizing prices for consumer credit

Robert Phillips

RESEARCH: *Journal of Revenue and Pricing Management* (2013), Vol. 12, pp. 360–377. doi:10.1057/rpm.2013.9; published online 3 May 2013

**Lenders need to
beware their appetite
for risk**

Following the financial crisis, lenders are having to find new ways to manage risk in their portfolios. This means using more sophisticated methods of pricing consumer credit. The authors consider these challenges and describe an analytical approach for optimal pricing. After looking at the surprising degree of price dispersion on offer within the market, partly due to the wide range of lenders, the article then looks at how prices are customized based on credit reference data and how borrowers are segmented.

Risk-based pricing, the most common approach in the United States, typically uses just 5–10 bands, although these will be different for each lender. Although centralized price lists are generated, these are often adjusted locally, which tends to decentralize the lending process. As the authors note, all of these dimensions ensure that profitability of loans is not a linear function of price, as is the case in most industries, but a more complex function of the interest rate charged. Through worked examples, the authors show how this rate influences the Present Value of Net Interest Income. But they also consider how the resale of loans in the secondary market (one of the root causes of the economic crash) affects rate and pricing by encouraging lenders to relax their rules, thereby increasing risk.

Through detailed working of a number of propositions, the authors show how price can be optimized according to the lender's appetite for risk (throughout the assumption is of acquisition pricing being in force). The authors state that if this approach is adopted, a lender will acquire more low-risk customers than those with a higher likelihood to default, and that, even if every lender were to adopt optimization, the overall effect would be good for the industry.

It is a remarkable fact that while UK lenders can vary rates by age, this is illegal in the United States. As a result, lending is more diverse among British institutions, which may explain the concentration of bad debt into a

number of institutions that chased market share at all costs. While optimization is a useful tool for each lender, it will not prevent a new entrant from choosing to accept more risk — which means a new crash remains possible, however clever the analytics become.

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

Building brands with interactivity: The role of prior brand usage in the relation between perceived website interactivity and brand responses

Hilde A.M. Voorveld, Guda van Noort and Meryl Duijn

RESEARCH: *Journal of Brand Management* (2013), Vol. 20,

pp. 608–622. doi:10.1057/bm.2013.3; published online 29 March 2013

Consumers new to the brand influenced by interactivity

Interactivity of websites has been widely considered for its impact on building relationships with consumers — novelty can be a significant factor. The authors undertook a study to explore whether this impact was the same for new customers as for those already familiar with the brand. Several hypotheses are proposed for how interactivity might affect brand perceptions and research structured to address the question of whether prior usage moderates this effect.

A survey of 133 consumers was undertaken using the website for Nespresso. Analysis of findings showed that brand relationship quality was affected by interactivity, which also significantly influenced brand usage. Brand image was also positively affected. These effects were highest among consumers with little or no prior experience of the brand, showing the value of websites in the acquisition stage.

Websites are a cornerstone of digital marketing, especially for FMCG brands. Proof that interactivity has a positive influence is therefore valuable, even if this study was limited to one brand's site and did not explore different types of interactivity. Worth a look if you need to argue investment into a micro-site.

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

Projecting banks' identities through corporate websites: A comparative analysis of Spain and the United Kingdom

Rafael Bravo, Leslie de Chernatony, Jorge Matute and Jose M. Pina

RESEARCH: *Journal of Brand Management* (2013), Vol. 20,

pp. 533–557. doi:10.1057/bm.2012.59; published online 7 December 2012

Brand identity differs on Spanish websites

Communicating the brand is not the same as establishing the brand's values. Websites are one of the main tools for communicating, yet little has been done to understand how cultural differences play a part. The authors examined 60 sites in Spain and the United Kingdom for their cross-cultural differences, such as Spanish sites using more visual identity than British, having more communication elements, but focusing less on the brand's Spanish identity, strategy or structure. Content was analysed and categorized by six dimensions of corporate identity, and then scored. In the

United Kingdom, social and strategic aspects of the brand were found to predominate, with Spanish banks focused more on communications. *Although approached with due rigour, the findings in this survey are relatively weak, with only three out of six hypotheses partially supported. These findings are also not very clearly explained, even though the rest of this paper provides valuable detail on the academic literature around cultural dimensions in brand identity. The impression is that the research did not provide the findings expected, leaving the authors to work harder to find something worth mentioning.*

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

A review of consumer decision-making models and development of a new model for financial services

Trenton Milner and Daniela Rosenstreich

THEORETICAL: *Journal of Financial Services Marketing* (2013), Vol. 18, pp. 106–120. doi:10.1057/fsm.2013.7

Ten components in financial decisions

Consumer decision-making models may be widespread, but few have been developed specifically for financial services, something the authors set out to change. The goal is to help marketers and policymakers be more effective in their consumer communications. A review of the main models developed in the last 50 years is undertaken before a new model, based on 10 components, is outlined. Each of these elements is examined and its place in the model described, from inputs via processes to outcomes. The authors argue that their new model is better suited to this sector than existing, generic versions.

Marketers need to understand how consumers reach decisions in order to work out where they can influence them. Offering a new, industry-specific model is valuable — now it just needs somebody to test it.

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

Developing a fine-grained look at how digital consumers behave

Ewan Duncan, Eric Hazan and Kevin Roche

JOURNALISTIC: *McKinsey & Company*, July 2013, available at http://www.mckinsey.com/insights/telecommunications/developing_a_fine-grained_look_at_how_digital_consumers_behave?cid=other-empl-nsl-mip-mck-oth-1308

As technology changes consumer behaviour, so that behaviour changes business. The authors note that ‘small groups of users, often overlooked in cursory analyses, actually drive the economics’ — thereby making the argument for big data and analytics. An example from mobile phone users and another from digital publishing provide evidence in the case. The article also considers the momentum of change in other technology areas, such as content and social media.

If you regularly apply the Pareto Principle to segmenting a market (or have adopted Garth Hallberg's Differential Marketing approach), there is no new thinking here, only the greater visibility and pace of insight which big data enables. But if you need to provide somebody with a primer on the subject, this is a good place to start.

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