INFORMS // Marketing Science // Conference 2010 // June 17-19 // Cologne // Germany //



University of Cologne //
Faculty of Management,
Economics and Social Sciences //
Marketing Area //

© Stadt Köln

2011 Marketing Science Conference







The Marketing Faculty

at Rice University

Cordially Invite You To Attend

The 33rd Annual INFORMS Marketing Science Conference

June 9-11, 2011

at Hotel InterContinental, in Houston, Texas

RICE

JONES GRADUATE SCHOOL OF BUSINESS

business.rice.edu

2010 INFORMS Marketing Science Conference // Conference Sponsors //

We wish to extend our sincere thanks to our generous sponsors:

University of Cologne
Faculty of Economics, Management and Social Sciences
Verein der Freunde und Förderer der Universität zu Köln e.V.

DFG

GfK

KAMPMANN · BERG & PARTNER
UNTERNEHMENSBERATUNG

Pernod Ricard Deutschland

Vivaldi|Partners

From the 2010 Conference Organizing Committee: A Warm Welcome to the 32nd Annual INFORMS Marketing Science Conference

Dear colleagues,

A sincere welcome to you! We are thrilled to have you attend the 2010 INFORMS Marketing Science Conference; the Marketing Area of the University of Cologne is especially happy to host this exciting conference in the heart of Germany. Once you have settled in from what we hope was a pleasant trip here, we believe you will be excited as well by the remarkable offerings that this conference will offer.

In particular, we are delighted to provide a platform for the more than 700 scheduled presentations. Our design of this year's conference setting has been created expressly to nourish and foster inspiring presentations and discussions and thus result, we hope, in many successful publications. We are also proud to introduce a poster session as a new feature of this year's conference.

The setting of this conference, right next to the historic region of the city of Cologne and adjacent to the Rhine River, gives you a unique opportunity to enjoy the atmosphere and mingle with the friendly locals. Please take advantage of our personal favorite picks for restaurants, local breweries, and tourist attractions, as described on the web site and in the proceedings. Of course, we also encourage you to venture out by yourself and follow the many historic pathways, from the amazing panorama along the Rhine River to the gorgeous vistas visible from the world-famous Cathedral of Cologne.

It is further our pleasure to invite you to join us for our evening program: After a welcome reception on Thursday, June 17, we have arranged an exclusive organ concert with the internationally acclaimed organist Prof. Dr. Winfried Bönig in the Cathedral of Cologne. The concert will take place at 9:30 pm. In the twilight, you will experience the intimate atmosphere of a 700-year-old Gothic cathedral together with the beauty of this organ concert—it will be an experience hard to find anywhere else. On Friday, June 18, we also are pleased to invite you to the conference dinner and cruise on the Rhine River, which will afford you an entirely new perspective on the scenic views of the city and surroundings.

This conference has been made possible by the help of many people. We sincerely thank our sponsors for their generous support: University of Cologne, Faculty of Management, Economics and Social Sciences, Verein der Freunde und Förderer der Universität zu Köln, DFG, GfK, Kampmann, Berg & Partner, Pernod Ricard Deutschland, and Vivaldi Partners. We also gratefully acknowledge the tremendous support of the INFORMS staff, with particular thanks to Katia Allexi and Patrizia Goltz for their tireless efforts and organizational "heavy lifting." Such a great conference simply is not possible without the dedication of many talented people. We thank them all for their tireless efforts to ensure that this year's conference will be a resounding success.

But really, we have only prepared the stage! You are the leading actors in the play, you conference participants and presenters who have contributed your creativity, research, and hard work to produce the insights that will result from this meeting. You make the 2010 conference inspiring and rewarding. The stage therefore is yours for the next few days, and we sincerely hope you will take full advantage of both the spotlight of the conference and the backstage provided by the city of Cologne. If we can assist you in any way, please let us know!

Sincerely,

The Marketing Science Conference Organizing Committee:
Werner Reinartz (chair), Karen Gedenk, and Franziska Völckner (co-chairs)

INFORMS Society of Marketing Science Board and Advisory Council //

The Institute for Operations Research and the Management Sciences (INFORMS) is an international, not-for-profit scientific society with 10,000 members, including Nobel laureates, dedicated to applying scientific methods to help improve decision-making, management, and operations. The Marketing Science Conference falls under the auspices of the INFORMS Society for Marketing Science (ISMS) sub-branch whose major purpose is to foster the development, dissemination, and implementation of knowledge, basic and applied research, and science and technologies that improve the understanding and practice of marketing.

INFORMS Society for Marketing Science Board

President
Scott A. Neslin
Dartmouth College

Treasurer
Gerard (Gerry) J. Tellis
University of Southern California

Secretary
Brian T. Ratchford, University of Texas

Newsletter Editor
B.P.S. Murthi, University of Texas

Vice President of Meetings
Fred Feinberg, University of Michigan

Vice President of Electronic Communications
Peter T. L. Popkowski Leszczyc, University of Alberta

Vice President of Practice
V. Kumar, Georgia State University

Vice President of Education
Sridhar Moorthy, University of Toronto

Vice President of Membership
Min Ding, Pennsylvania State University

Vice President of External Relations
Gary L. Lilien, Pennsylvania State University

President Elect
Kannan Srinivasan, Carnegie Mellon University

Advisory Council

Donald R. Lehmann, Columbia University

Jean-Pierre Dubé, University of Chicago

Baohong Sun, Carnegie Mellon University

INFORMS Marketing Science Conference //

1979 Stanford University
David B. Montgomery, Dick Wittink

1980 University of Texas, Austin
Robert Leone

1981 New York University
John Keon

1982 University of Pennsyilvania
Vijay Mahajan, Yoram Wind

1983 University of Southern California
Fred Zufreyden

1984 University of Chicago
Steven Shugan

1985 Vanderbilt University
Russell Winer, Allan Shocker

1986 University of Texas, Dallas
Ram Rao

1987 HEC, France
Dominique Hanssens, Gilles Laurent

1988 University of Washington
Allan Shocker, Robert Jacobson

1989 Duke University
John McCann, Richard Staelin

1990 University of Illinois
S. Sudharshan

1991 University of Delaware/Dupont
Meryl Gardner, John Frey

1992 London Business School
Mark Uncles, Gerald Goodhardt

1993 Washington University
Chakravarthi Narasimhan

1994 University of Arizona
Dipankar Chakravarti, Ambar Rao

1995 University of New South Wales
John Roberts, Pamela Morrison

1996 University of Florida
Steven Shugan, Barton Weitz

1997 University of California, Berkley
Tulin Erdem, Miguel Villas-Boas, Russell Winer

1998 INSEAD, France
Erin Anderson, Hubert Gatignon

1999 Syracuse University
Amiya Basu, T. Mazumdar, S. P. Raj

2000 University of California, Los Angeles
Randolph Bucklin, Donald Morrison

2001 University of Mainz
Oliver Heil

2002 University of Alberta
Peter T. L. Popkowski Leszczyc

2003 University of Maryland
Brian Ratchford, Roland Rust, Venky Shankar

2004 Erasmus University, Rotterdam
Stefan Stremersch

2005 Emory University
Sundar Bharadwaj, Douglas Bowman, Sandy Jap

2006 University of Pittsburgh
Rabi Chatterjee, Jeff Inman, R. Venkatesh

2007 Singapore Management University
Sundar Bharadwaj, Jin K. Han, David B. Montgomery, Chin Tiong Tan

2008 University of British Columbia
Charles B. Weinberg, Darren Dahl, Daniel Putler

2009 University of Michigan
Eugene Anderson, Fred Feinberg

2010 University of Cologne
Werner Reinartz, Karen Gedenk, Franziska Völckner

2011 Rice University
Richard R. Batsell, Sharad Borle, Amit Pazgal

Important Information for session chairs, presenters, and participants//

Guidelines for session chairs:

1. Please arrive at the room where you are chairing a session *at least 10 minutes before its official start time* (during the break prior to the session).
2. Plan to be present for the entire session.
3. Choose a seat in the front of the room where a presenter can easily observe you.
4. Introduce the session title at the beginning of the session and announce the allotted time per presenter (3 presentations per session: 30 min; 4 presentations per session: 22 min; 5 presentations per session: 18 min). The allotted time already includes Q&A.
5. If presenters do not show up till the start of the session, you are free to allocate their time to the other presenters.
6. Introduce each speaker at the beginning of his or her talk.
7. Use the provided cards to let speakers know when there are 5 minutes and 2 minutes left in their allotted time.

Guidelines for presenters:

1. Please arrive at the room where you will be presenting *at least 10 minutes before its official start time* (during the break prior to the session).
2. Bring your presentation on a USB key in appropriate format (generally Power Point).
3. Insert your USB key into one of the slots of the laptop and copy your presentation to the desktop. Open your file to ensure it works, then close it. A student helper will be there to assist you.
4. All conference rooms are equipped with a laptop with a USB-port and a beamer.
5. If you are not going to be present for the entire session, please let the session chair know.
6. Depending on the number of presentations in your session, you will have either 30 minutes (3 presentations), 22 minutes (4 presentations), or 18 minutes (5 presentations) to present. The allotted time already includes Q&A.
7. If you do not show up till the start of the session, the chair is free to allocate your time to the other presenters.
8. You will be prompted when there are 5 and 2 minutes left of your allotted time.

Guidelines for participants:

1. If you want to attend presentations of two different sessions that run at the same time, we kindly ask you to leave the sessions only at the beginning or end of a talk.
2. Please leave and enter the rooms quietly.

2010 Marketing Science Conference //
Social Events //

Thursday, June 17

5 pm: Welcome Reception at the MARITIM Convention Center

Where: MARITIM Convention Center

You are all cordially invited to join us for a welcome reception at the MARITIM Convention Center to kick off the Marketing Science Conference 2010 in Cologne. Snacks and beverages will be served.

9:30 pm: Organ Concert exclusively for the Marketing Science Conference participants in the famous Cathedral of Cologne

Where: Cathedral of Cologne

The Marketing Area of the University of Cologne and INFORMS are proud to present an exclusive organ concert with the internationally acclaimed organist Prof. Dr. Winfried Bönig. In addition to being the official organist of the Cathedral of Cologne, Prof. Bönig is Professor of Organ and Organ Improvisation at the Cologne University of Music and performs frequent concerts as organist, harpsichordist, and conductor in the USA, Canada, South-America, Japan, Hong Kong, Israel, and Europe.

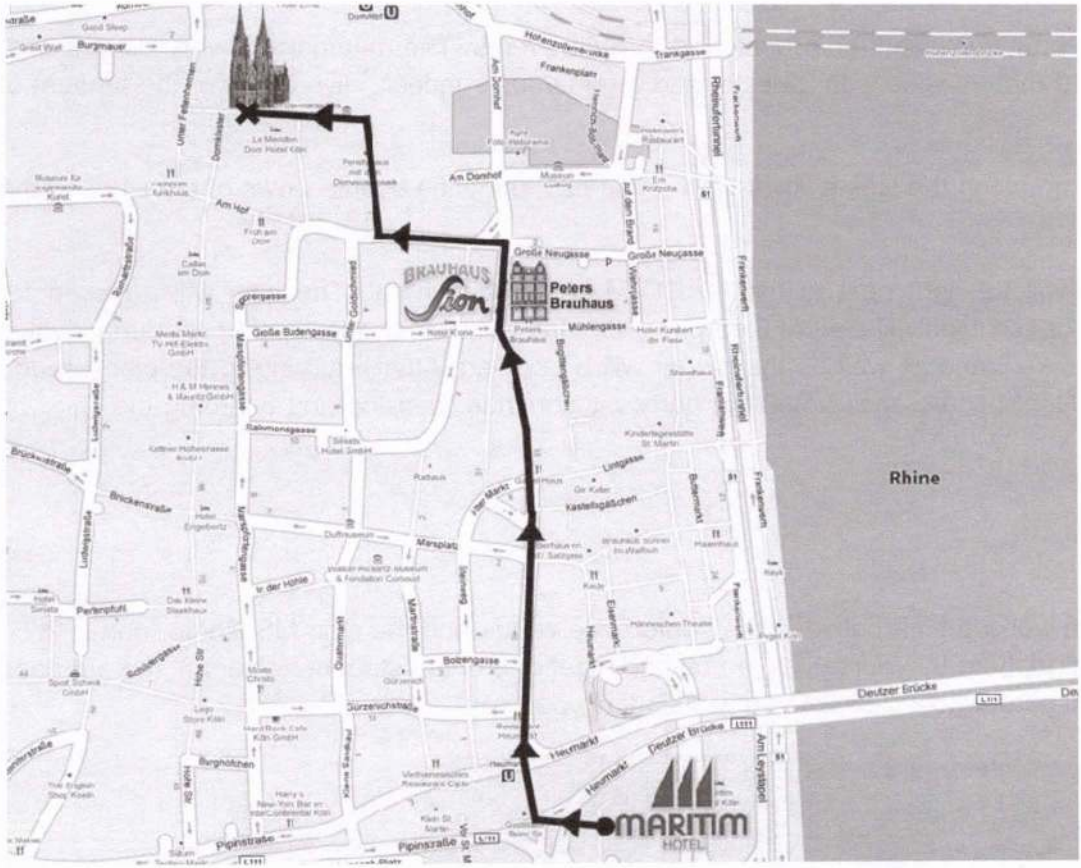
The concert will take place on Thursday, June 17, 2010 at 9:30 pm. The twilight creates an inimitable atmosphere in the more than 700 years old gothic cathedral which together with the beauty of an organ concert will be an experience hard to find anywhere else!

Please make sure that you are at the cathedral at 9:30 pm sharp! Once the doors are closed for the concert, unfortunately we will not be able to open them for any late arrival.

How to get there:

Please plan approx. 10 min walking time between the conference venue and the cathedral. You can use the map below to go there by yourselves or you can meet one of the student helpers at the main entrance (cityside) of the MARITIM hotel who will assist you with finding your way.

If you do not wish to walk, please take a taxi in front of the Maritim.



Friday, June 18

6 pm: Conference Dinner 'n' Cruise

Where: MS RheinEnergie

The conference dinner of the 2010 Marketing Science Conference will be combined with a Rhine River cruise aboard the MS RheinEnergie on Friday, June 18, 2010.

The MS RheinEnergie is a unique event ship designed to host events. The catamaran's very dimensions, 90 meters in length and 19 meters wide with 2 decks and a generous sundeck, give a hint of the amount of space available.

We will take a wonderful trip along the Rhine River where you can enjoy the scenic views of the city and the surroundings.

Embarking to the cruise will be right next to the MARITIM conference hotel. The ship will be open for boarding at 6:00 pm. The cruise itself will start at 6:45 pm sharp and will last for approx. 2 hours during which the award ceremony will take place as well as the dinner will be served. After returning to the pier (around 9:00 pm), next to the MARITIM conference hotel, the party will continue. Leaving and boarding the ship will be possible at any time.

How to get there:

Please plan approx. 5 min walking time between the conference venue and the ship MS RheinEnergie. You can use the map below to go there by yourselves or you can meet one of the student helpers at the entrance (riverside) of the MARITIM hotel who will assist you with finding your way.



About Cologne//

With 1 million inhabitants Cologne is Germany's 4th largest city (after Berlin, Hamburg, and Munich). The Rhine River which splits Cologne in two is with 865 km Germany's longest river. Located on the Rhine River, Cologne was predestined to become an important place for trade. In consequence, a strong class of citizens emerged, and the influence of many cultures has been integrated throughout centuries. Today Cologne is a city of more than 1 million inhabitants - an open minded and tolerant city, and although multicultural, it is strong in its local identity. Vivid cultural activity and dynamic development in the media industry, historic heritage, scientific initiative, and people who enjoy life are the striking features of this city today.

Historic City

Over 2000 years old, practically everywhere in the soils of Cologne, Roman heritage hides, and pieces of Roman buildings or city walls are a common sight. The most spectacular discovery was made in 1941 with the world famous Dionysos mosaic, which was then covered by the new Roman-Germanic Museum, simply built over the site to contain it.

Church City

An invaluable cultural heritage is represented by the 12 big Romanesque churches, which are counted among the most important in Western Europe and hide important treasures of ecclesiastical art. The majestic gothic cathedral, which was built on the site of the ancient Roman temple, is the main attraction for visitors coming to town. Located on the shores of the Rhine River, its impressive silhouette rises more than 150 meters above ground and can be seen from a long distance by travelers coming to Cologne. It is an integral part of the city's identity and the pride of its people. Declared as a UNESCO world heritage historic site, it is the most visited tourist site in all of Germany. Amongst it tombs and epitaphs, it contains the shrine of the Three Wise Men.

Trade Fair City and Media City

In line with the long tradition in trade, it seems only natural that Cologne has become a significant Trade Fair Center. The present Trade Fair Company was founded in 1922 – 38 world leading trade fairs are organized each year.

Cologne is home to some 45,000 people employed in the communication and media industry, and more than 6,000 companies in the business of information technology. In addition, the City contains some 250 TV and video production companies, as well as TV and radio stations plus an estimated 220 newspaper and book publishers.

Arts and Culture City

Since the construction of the Philharmonic Concert Hall in 1986, Cologne has risen to become an international music city. With some 400 performances annually, world famous orchestras, conductors and ensembles, but also Jazz, Pop and Folkloristic musicians are able to share their art with music lovers of the entire region. In addition, the Opera House, the traditional concert house "Gürzenich", the Musical Dome, and several well known live-music stages form the music life in Cologne. The municipal and private theatres, eight municipal and 30 private museums, more than one hundred art galleries, and the internationally most recognized art fair, ArtCologne, lend further proof of the high priority which art has among Cologne citizens.

Sightseeing in Cologne

Cologne, often described as the most northern Italian city, invites you, dear visitor, to discover its countless attractions and warmhearted atmosphere. We have picked out a few of the main sights and activities, every visitor of Cologne should have encountered, but we would also like to encourage you to get inspired by the city's atmosphere and create your personal Cologne experience!

Attraction	Location, Opening Hours
River Cruise Discover the beautiful Rhine Valley by boat and enjoy the view of the City Skyline	Old Town Cruises are operating daily
City Tour Experience Cologne at your own pace on a relaxed Hop-on Hop-off tour	Burgmauer/Kardinal-Höffner Platz Tours are operated daily
Cathedral of Cologne Discover Cologne's number one attraction and UNESCO World Culture Heritage	Open daily 6am-9pm
Cathedral of Cologne Tower Climb Enjoy the amazing view of the City and the surrounding landscape	Open daily 9am-6pm
Cathedral of Cologne Treasure Chamber See which treasures are hidden in the medieval vaults underneath the cathedral	Open daily 10am-6pm
St. Gereon's Basilica Discover St. Gereon which dates back to the 4th century AD and is one of the twelve great basilicas in Cologne that were built in the Romanesque style	Mon-Sat 10am-6pm Sun 12.30pm-6pm
Roman-Germanic Museum Cologne's biggest collection of Roman and Germanic exhibits including the Dionysos Mosaic	Roncalliplatz Tue-Sun 10am-5pm
Chocolate Museum Learn everything about the history and the production of chocolate, but don't forget to stop at the Chocolate Fountain	Rheinauhafen Tue-Fr 10am-6pm, Sat-Sun 11am-7pm
Museum Ludwig Cologne's first address for Modern Art	Heinrich-Böll-Platz Tue-Sun 10am-6pm
Cologne Zoo and Botanical Garden Enjoy an exciting day out at one of the oldest zoos in Germany and at the Botanical Garden opposite the zoo	Riehler Str. 173 Open daily 9am-6pm
Rhine River Cableway Cross the river in a different mode and enjoy the view	Riehler Str. 180 Daily 10am-8pm
Rhine River Park Spend a sunny afternoon in one of Cologne's most popular recreational areas	Rheinparkweg (between Hohenzollern Bridge and Zoo Bridge on the right bank of the Rhine River) Open daily
Cologne Beach Club End your day with a Cocktail on the beach and a view of the Cathedral	Rheinparkweg Open daily 12am-1am

Restaurants//

As in every major international city, there is a wide range of local and ethnical restaurants to be found in Cologne. We recommend a few to you here. All of them are re-known for their atmosphere, excellent service, and offer very good food, and pass the "non-tourist-trap" test.

Restaurant	Type, Category, Street, Phone
International Restaurants	
La Vision (Hotel im Wasserturm) "La Vision" at the Hotel im Wasserturm – pure enjoyment high above the roofs of the city decorated with a Michelin star.	Type: International/Haute Cuisine Category: $$$$ Street: Kaygasse 2 Phone: +49 (0)221-200 80
VINTAGE VINTAGE has long become a classic but is also one of the most innovative culinary establishments far and wide!	Type: International/Haute Cuisine Category: $$$$ Street: Hahnenstr. 37 Phone: +49 (0)221-920 710
Poisson If you like premium sea food, this is the place to be.	Type: International/Haute Cuisine Category: $$$$ Street: Wolfsstr. 6-17 Phone: +49-(0)221-27 73 68 83
German Restaurants	
Bei Oma Kleinmann For 50 Years by now "Oma Kleinmann" is popular for its giant Schnitzel. It is one of the last real Colognian bars in this area and always crowded.	Type: German Category: $ Street: Zülpicher Str. 9 Phone: +49-(0)221-23 23 46
Heckmanns "Indulgence, not possessions, makes us happy." is the motto of this stylish yet low-key restaurant in Köln-Sülz.	Type: German/French/Mediterranean Category: $$ Street: Sülzburgstr. 104-106 Phone: +49-(0)221-94 08 08 33
Brewery/ Brewhouses	
Malzmühle The "Brauhaus zur Malzmühle" has been one of the most popular brewhouses and a traditional meeting point for friends of the "Kölsch" way of life for more than 150 years.	Type: German Brewery/Kölsch Category: $$ Street: Heumarkt 6 Phone: +49-(0)221-21 01 17

Restaurant	Type, Category, Street, Phone
Früh For more than 100 years the Früh Brewery and Restaurant has been situated at the famous "Heinzelmännchenbrunnen" and offers a large choice of traditional German and regional dishes.	Type: German Brewery/Kölsch Category: $$ Street: Am Hof 12 Phone: +49-(0)221-261 32 11
Sion As a typical Cologne brewery with a rich tradition, Sion offers its guests not only the popular "Kölsch vom Fass" (draft beer) but also a variety of good and solid regional dishes as well as modern specialties.	Type: German Brewery/Kölsch Category: $$ Street: Unter Taschenmacher 5-7 Phone: +49-(0)221-257 85 40
Päffgen With a history of more than 125 years, Päffgen is one of the most traditional Cologne breweries and offers apart from its own home-brewed Kölsch a choice of classic German and regional cold and warm dishes in a warm and typical Cologne atmosphere.	Type: German Brewery/Kölsch Category: $$ Street: Friesenstr. 64 Phone: +49-(0)221-13 54 61
Gaffel am Dom The "Gaffel am Dom" is a place, where the metropolitan flair of the European hub of Cologne meets local rural tranquillity: spacious, bright areas with long bars, benches and tables on one side and cosy corners and snug rooms to get away from it all on the other.	Type: German Brewery/Kölsch Category: $$ Street: Bahnhofsvorplatz 1 Phone: +49-(0)221-913 92 60
French Restaurants	
La Société The refined French Cuisine at La Sociétè enthuses its guests for almost 20 years.	Type: French/Haute Cuisine Category: $$$ Street: Kyffhäuserstr. 53 Phone: +49-(0)221-23 24 64
Asian Restaurants	
Warung Bayu Go on a journey to the beautiful island of Bali. Bali is called the "Island of Gods" – but it is also the island of culinary delicacies.	Type: Indonesian Category: $ Street: Brabanter Str. 5 Phone: +49-(0)221-589 43 66
Mongos At Mongo's the guests can be their own chef. A large choice of Asian and European vegetables, fish, beef, and seafood can be combined individually choosing from the buffet in order to create a unique experience of the so called Mongolian Barbecue.	Type: Asian Category: $ Street: Ottoplatz 1 Phone: +49-(0)221-989 38 10
SeriThai This classic Thai restaurant offers reasonably priced and well prepared dishes in rather large servings.	Type: Thai Category: $ Street: Schaafenstr. 63 Phone: +49-(0)221-23 19 69

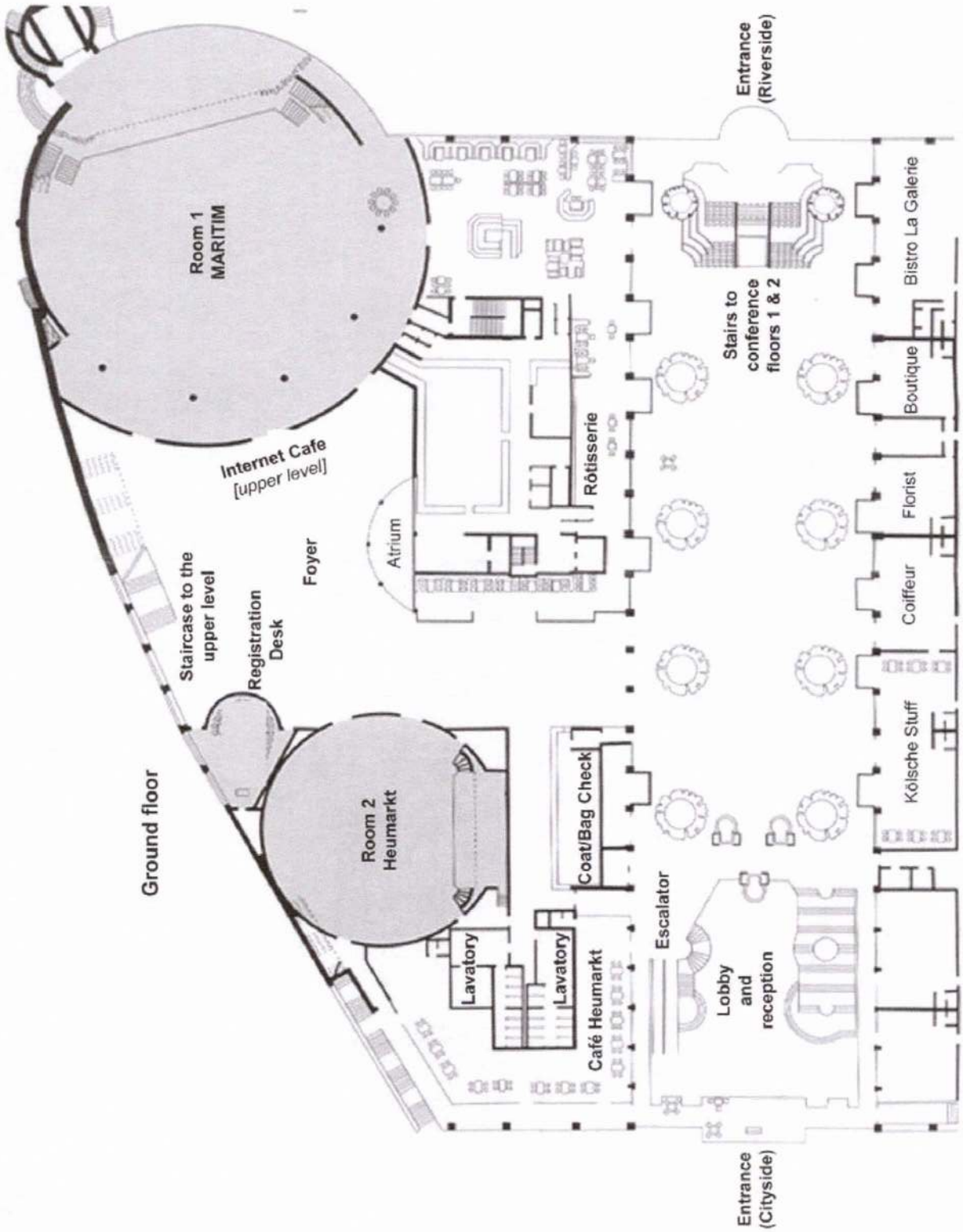
Restaurant	Type, Category, Street, Phone
Indian Restaurants	
Royal Punjab Royal Punjab offers very reasonably priced, authentically prepared and traditional Indian dishes in a functional atmosphere.	Type: Indian Category: $ Street: Venloer Str. 4 Phone: +49-(0)221-990 85 31
Ganesha For over 20 years, Ganesha has been offering a warm and friendly atmosphere to taste the delicacies of the Indian cuisine.	Type: Indian Category: $ Street: Händelstr. 26 Phone: +49-(0)221-21 31 65
Italian Restaurants	
Etrusca Etrusca is one of the best (if not the best) Italian restaurants in Cologne. Stars like Madonna and LL Cool J already dined here.	Type: Italian Category: $$ Street: Zülpicher Str. 27 Phone: +49-(0)221-240 39 00
Il Carpaccio Il Carpaccio is one of Cologne's best places for refined Italian cuisine and renowned for its special mediterranean atmosphere.	Type: Italian Category: $$ Street: Lindenstr. 5 Phone: +49-(0)221-272 07 59
Vapiano Vapiano is becoming a gastronomy trendsetter with new ideas and concepts. The quick self service applied in combination with the chip card payment system is coupled with the individual preparation of light Italian dishes made to order in front of their guests.	Type: Italian Category: $ Street: Constantinstr. 83-85 Phone: +49-(0)221-800 88 33
XXII Aposteln The restaurant is the ideal place to enjoy a unique Italian atmosphere and dine underneath preciously decorated ceilings and chandeliers.	Type: Italian Category: $$ Street: Heumarkt 68-72 Phone: +49-(0)221-25 08 30 20
Japanese Restaurants	
Sweet Sushi The Japanese restaurant is not only known for its excellent sushi, it also offers a great diversity of famous Japanese delicacies. The food is low priced and absolutely recommendable.	Type: Japanese/Sushi Category: $ Street: Auf dem Berlich Phone: +49-(0)221-29 02 69 85
Daitokai Whether you like Sushi or Tempura or enjoy watching the Teppan-chef artistically prepare the most tempting dishes in front of your eyes - the so-called "Teppan-Yaki", you will enjoy an unforgettable evening at this restaurant.	Type: Japanese/Sushi Category: $$$$ Street: Kattenburg 2 Phone: +49-(0)221-12 00 48

Restaurant	Type, Category, Street, Phone
Kyoto Situated in the vibrant area of the Belgisches Viertel, this minimalistic yet elegant Japanese sushi bar offers delicious, traditional sushi dishes and menus at fair and affordable prices.	Type: Japanese/Sushi Category: $$ Street: Brüsseler Str. 12 Phone: +49-(0)221-240 46 64
Momotaro As a true insider tip this small Japanese restaurant is well-known for offering excellent sushi dishes which are freshly prepared by the Japanese sushi-chef as well as a large variety of traditional Japanese delicacies.	Type: Japanese/Sushi Category: $$ Street: Benesisstr. 56 Phone: +49-(0)221-257 14 32
Kintaro A true family-run restaurant owned by a Japanese chef and his Cologne-born wife, Kintaro was the first Sushi-restaurant in Cologne and since its opening in 1988 has been awarded for its high quality standards multiple times	Type: Japanese/Sushi Category: $$ Street: Friesenstr. 16 Phone: +49-(0)221-13 52 55
Spanish/ Latin-American Restaurants	
La Bodega For over ten years La Bodega has been serving tapas. The Iberian hotspot is the best in the city and the arguments are obvious: In the alleyway bar area, in the winding main room or sitting outside on the small terrace you will always find a big international mix of people and a great variety of original tasty Spanish tapas.	Type: Spanish/Tapas Category: $$ Street: Friesenstr. 51 Phone: +49-(0)221-257 36 10
Los Flamencos Many Spanish people congregate in Los Flamencos. Not only are they attracted to the warm décor and authentic cuisine but to the outstanding dishes and specialties from Andalusia and the Basques regions.	Type: Spanish/Tapas Category: $$ Street: Brabanter Str. 1 Phone: +49-(0)221-51 41 14
El Gaucho You immediately feel at home when you enter El Gaucho. A hearty welcome in a warm, country-style setting, a juicy steak, fresh salad, a good wine and friendly service - all this will make your stay in one of Cologne's most renowned restaurants not only pleasant, but an unforgettable occasion.	Type: Argentinian/Steak Category: $$$ Street: Barbarossaplatz 4a Phone: +49-(0)221-24 67 97
Turkish Restaurants	
Bosporus For more than 25 years by now the cook Ali Balaban represents a great ambassador for the Turkish hospitality and cuisine in premium quality.	Type: Türkish Category: $$ Street: Weidengasse 36 Phone: +49-(0)221-12 52 65

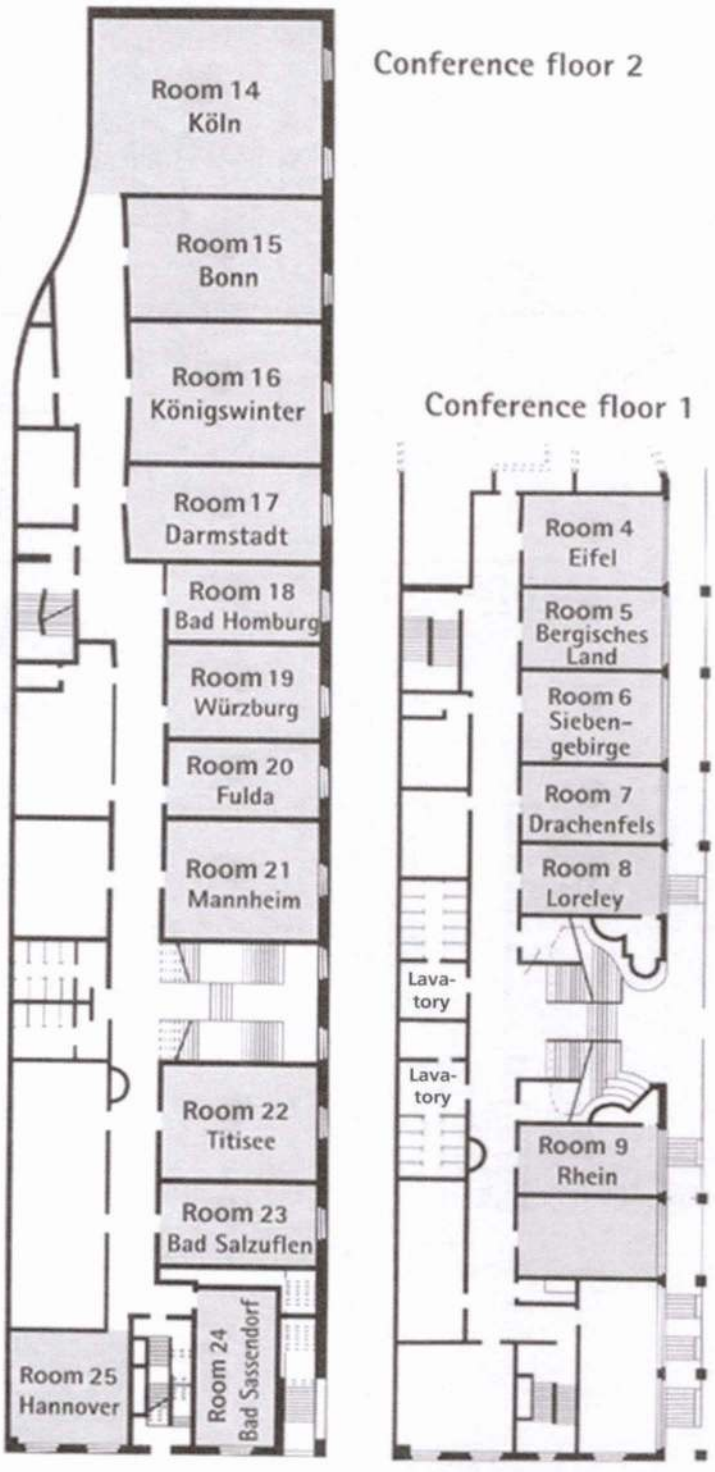
Categories:

$ = 15€ and below
$$ = 15€ to 25€
$$$ = 25€ to 40€
$$$$ = more than 40€

MARITIM Convention Center Map //



MARITIM Convention Center Map // Conference floor 1 and 2





Summary Schedule //

Wednesday, June 16, 2010		
8-10am	Doctoral Consortium Registration	Maritim Foyer
8am-1:30pm	Conference Registration	Maritim Foyer
10am-12pm	Doctoral Consortium Plenary Session	Room 2
12-1:30pm	Doctoral Lunch	Restaurant Rôtisserie
1:30-3pm	Doctoral Consortium Breakouts	Room 2, Room 17, Room 21
3-3:30pm	Doctoral Consortium PM Break	Maritim Foyer
3:30-5pm	Doctoral Consortium Breakouts	Room 2, Room 17, Room 21
6:30-8pm	Doctoral Reception & Dinner	Peter's Brauhaus
Thursday, June 17, 2010		
7:30am-5pm	Conference Registration	Maritim Foyer
8:30-10am	Session 1	Room 2, Room 4, Room 6, Room 14 – Room 25
10-10:30am	AM Break	Maritim Foyer & Room 1
10:30am-12pm	Session 2	Room 2, Room 4, Room 6, Room 14 – Room 25
12-1:30pm	Lunch	Maritim Foyer & Room 1
12-3pm	Poster Session	Room 1
1:30-3pm	Session 3	Room 2, Room 4, Room 6, Room 14 – Room 25
3-3:30pm	PM Break	Maritim Foyer & Room 1
3:30-5pm	Session 4	Room 2, Room 4, Room 6, Room 14 – Room 25
5-7pm	Opening Reception	Maritim Foyer and Room 1
9:30-10:30pm	Organ Concert	Cathedral of Cologne
Friday, June 18, 2010		
7:30am-5pm	Conference Registration	Maritim Foyer
8:30-10am	Session 5	Room 2, Room 4, Room 6, Room 14 – Room 25
10-10:30am	AM Break	Maritim Foyer & Room 1
10:30am-12pm	Session 6	Room 2, Room 4, Room 6, Room 14 – Room 25
12-1:30pm	Lunch	Maritim Foyer & Room 1
1:30-3pm	Session 7	Room 2, Room 4, Room 6, Room 14 – Room 25
3-3:30pm	PM Break	Maritim Foyer & Room 1
3:30-5pm	Session 8	Room 2, Room 4, Room 6, Room 14 – Room 25
6:00-6:45pm	Boarding on Ship MS RheinEnergie	Pier 1 (next to Bridge of Deutz/Deutzer Brücke)
6:45-9:00pm	Cruise on the Rhine River	Ship MS RheinEnergie
7:30-10:00	Dinner served	Ship MS RheinEnergie
Saturday, June 19, 2010		
7:30am-5pm	Conference Registration	Maritim Foyer
8:30-10am	Session 9	Room 2, Room 4, Room 6, Room 14 – Room 25
10-10:30am	AM Break	Maritim Foyer & Room 1
10:30am-12pm	Session 10	Room 2, Room 4, Room 6, Room 14 – Room 25
12-1:30pm	Lunch	Maritim Foyer & Room 1
1:30-3pm	Session 11	Room 2, Room 4, Room 6, Room 14 – Room 25
3-3:30pm	PM Break	Maritim Foyer & Room 1
3:30-5pm	Session 12	Room 2, Room 4, Room 6, Room 14 – Room 25
5pm	Conference concludes	

Summary Schedule //

SPECIAL and INVITATIONAL Meetings		
Wed 3:15-6pm	ISMS Board Meeting	Room 22
Fri 3:30-5pm	Marketing Science Area Editors Meeting	Room 5
Sat 12-1:30pm	ISMS Fellows Meeting	Sion Brauhaus

Public Hours //

OPEN HOURS	June 16, 2010 Wednesday	June 17, 2010 Thursday	June 18, 2010 Friday	June 19, 2010 Saturday
INFORMS Registration Desk	8am-1:30pm	7:30am-5pm	7:30am-5pm	7:30am-5pm
Exhibitors		12-5pm	7:30am-3:30pm	7:30am-3:30pm

2010 INFORMS Marketing Science Conference

Thursday, June 17th, 2010 8.30-10.00 (TA)

TA01 – Room 02

Scientometrics

Chair: Johannes Hattula

The Citation Rewards to Challenging Commonly Held Beliefs: An Empirical Test of Interesting Propositional Forms
Stefan Stremersch, Sofie Vanneste, Isabel Verniers

Do We Really Understand What the Practice Needs? - How Marketing Scholars and Practitioners Differ in Evaluating Research
Johannes Hattula, Sven Reinecke

TA02 – Room 04

Customer Relationship Management

Chair: Pratima Sheorey

Strategic CRM Initiatives for Competitive Advantage with Special Reference to Banking Industry in India
Neeraj Pandey

Relationship Orientation, Marketing Capabilities, and Performance: The Role of Customer Relationship Management
Prithwiraj Nath, Avinandan Mukherjee

An Experiential Marketing Perspective in Customer Satisfaction Management
Ilaria Dalla Pozza, Julie Leroy

Consumer Engagement Management using the Experiential Marketing Approach: The AIEDAR Process in Developing Countries (the Indian Perspective)
Pratima Sheorey, Supriya Bambawale

TA03 – Room 06

Advertising: Strategy I

Chair: Tilo F. Halaszovich

The Impacts of Broad-based vs. Commodity Specific Generic Advertising
Jura Liaukonyte, Harry Kaiser, Timothy Richards, Brad Rickard

Should We use Advertising Awards to Measure Creativity?: Comparing the Value of Self and Award Assessments
Scott Koslow, Mark Kilgour, Sheila Sasser

Measuring the Influence of TV-advertising Spending on the New FMCG Value Share in a Multi-country Comparison
Tilo F. Halaszovich, Christoph Burmann

TA04 – Room 14

User Generated Content: Word-of-Mouth *(Special Session)*

Chair: Donald R. Lehmann

Using Agent-Based Models and Functional Data Analysis to Understand Auction Behavior
William Rand, Wolfgang Jank, Wei Guo

What Do People Talk About and Why? How Product and Buzzmarketing Campaign Characteristics Drive Word-of-Mouth
Jonah Berger, Eric Schwartz

Comparing the Roles of Connectivity and Activity in Driving Information Diffusion in Online Social Networks
Andrew Stephen, Yaniv Dover, Jacob Goldenberg

Analyzing Online User-generated Content to Derive Dimensions of Perceived Quality
Seshadri Tirunillai, Gerard J. Tellis

TA05 – Room 15

Strategy

Chair: Bruno Rego

The Neglected Role of Firm Ownership Structure in Market Orientation: Evidence from Emerging Markets
Yimin Cheng, Jing Song, Rui Wang

Creating a Proactive Market Orientation: On its Organizational Antecedents, Contingency Factors and Consequences
Dennis Herhausen, Marcus Schoegel

Balancing Value Creation and Capture: The Case of Business Solution Selling and Pricing
Christoph Ihl, Sebastian Bonnemeier

Trade Off Between Value Creation and Value Appropriation: Financial Implications in Brazil
Bruno Rego, Fernando Luce

TA06 – Room 16

Internet: General I

Chair: Peggy Tseng

Success of Web Products: The Relationship Between Adoption Routes and Usage
Clarence Lee, Elie Ofek, Tom Steenburgh

"Is it Really Complicated?" Role of Motives in Understanding the Effects of Complexity on Website Evaluations
Reetika Gupta, Stephen Gould

Validating Brand Tracking Data Against Organic Brand Search Trends
Jorge Silva-Risso, Donna Hoffman, Thomas P. Novak

Online Search and Offline Sales: The Role of Category- vs Product-level Consumer Interest
Peggy Tseng, Gauri Kulkarni

TA07 – Room 17

Channels

Chair: Xiaoling Li

A Decision Model for Analyzing Retailer Procurement Channel of Agricultural Produces
I-Ying Chen, Ming-Chih Tsai, Yi-Lung Wang

Resource-based Coalitions in Marketing Channels: A Cooperative Game Theoretic Analysis
Mark Ratchford, Dipankar Chakravarti, Atanu Sinha

The Important Role of Cognitive Legitimacy and Habitual Institutionalization in Marketing Channels
Xiaoling Li, Minxue Huang, Rui Wang

TA08 – Room 18

Retailing

Chair: Benaissa Chidmi

Retail Restructuring and the Cost Disease
Ward Hanson

Understanding Service Convenience in the Shopping Center
Leslie Yip, Andrew Chan, Alison Lloyd

Effect of Variety Offering and Price Competition on Demand and Supermarket Performance
Benaissa Chidmi, Madiha Zaffou

2010 INFORMS Marketing Science Conference

Thursday, June 17th, 2010 8.30-10.00 (TA)

TA09 – Room 19

New Products

Chair: Pinar Cankurtaran

How Technical Newness Predicts Sales across the Product Lifecycle
Jaap Wieringa, Soren Salomo, Katrin Talke

Chance Criterion – Predicting the Success of New Packaged Goods
Hanna Römer, Oliver Heil

The Pattern of Technological Evolution: The Role of Context-dependent Preferences
Yuxin Chen, Ozge Turut

A Meta-analytic Review of Development Speed and New Product Success
Pinar Cankurtaran, Abbie Griffin, Fred Langerak

TA10 – Room 20

Private Labels I

Chair: Jong-Ho Lee

Switch Marketing and the Retail Pricing of Brands and Private Label Products
Ratula Chakraborty, Paul Dobson, Jonathan Seaton

Economic Contractions & Private-label Success: What Managers Do Versus What They Should Do
Lien Lamey, Marnik Dekimpe, Barbara Deleersnyder, Jan-Benedict Steenkamp

Private Label vs. National Brand Price Sensitivity
Nathan Fong, Duncan Simester

A Study on the Purchase Intention of Premium Private Label Products
Jong-Ho Lee, Tony C. Garrett, Sungkyu Lee

TA11 – Room 21

Econometric Models

Chair: Marko Sarstedt

The Sense and Non-sense of Hold-out Sample Validation in the Presence of Endogeneity
Peter Ebbes, Dominik Papies, Harald van Heerde

Why Wrong Response Functions Predict Better and Underestimate Optimal Expenditures
Steven Shugan

Disentangling the Effects of Multicollinearity on Segment Retention in Mixture Regression Models
Marko Sarstedt, Jan-Michael Becker, Christian Ringle, Franziska Völckner

TA12 – Room 22

Discrete Games *(Special Session)*

Chair: Sanjog Misra

Entry Decisions in the Pharmaceutical Industry
Anita Rao

A Dynamic Quality Ladder Model with Entry and Exit: Exploring the Equilibrium Correspondence using the Homotopy Method
Ron Borkovsky, Ulrich Doraszelski, Yaroslav Kryukov

Bayesian Estimation of Discrete Games of Complete Information
Sridhar Narayanan, Wes Hartmann

Markov Chain Monte Carlo for Incomplete Information Discrete Games
Sanjog Misra

TA13 – Room 23

Pricing I

Chair: Candy P. S. Fong

The Effect of Buyer's Bargaining Ability on Negotiated Prices and Retailer Margins: A Study of the U.S. Automobile Market
Charles Weinberg, Srabana Dasgupta, Xiaohua Zeng

The Effectiveness of Information Sharing in Asymmetric Buyer-seller Negotiations
Abhik Roy

Consumer Retail Bargaining: An Empirical Study
Candy P. S. Fong

TA14 – Room 24

Decision Making I

Chair: Siegfried Gudergan

The Effect of Activating Time versus Money on Consumer Decision Making
Leilei Gao, Lei Su

Observing the Effects of Heritage on Consumer Choice
Sergio Moccia, Oliver Heil

An Integrated Model of Concrete and Abstract-level Component Activation in Consumers' Mental Representations of Complex Decision Problems
Theo A. Arentze, Benedict G.C. Dellaert

Testing Value Priming: Implicit Value Association Test and Best-worst Value Measurement
Siegfried Gudergan, Ian Lings, Anouche Newman, Thorsten Teichert

TA15 – Room 25

Consumer Behavior

Chair: Alexander Fischer

Correction for Mood Bias in Product Judgments
Chung-Chiang Hsiao, Yi-Wen Chien

A Cross-cultural Study of Online Dating Site User's Goal-directed Emotions and Relationships with Service Providers
Jiyao Xun, Sally McKechnie, Prithwiraj Nath

Assessing the Salience and Differential Impacts of Reflexive Learning
Yiyan Li

Does Self-performing Matter? The Impact of Motor Actions on Brand Knowledge
Alexander Fischer, Tobias Langner

2010 INFORMS Marketing Science Conference

Thursday, June 17th, 2010 10.30-12.00 (TB)

TB01 – Room 02

2009-10 ISMS-MSI Practice Prize Competition *(Special Session)*

Chair: Russell Winer

Practice Prize Competition

Dynamic Marketing Budget Allocation across Countries, Products, and Marketing Activities
Marc Fischer, Sönke Albers, Nils Wagner

Jetstar: A Dynamic Model of Consumer Choice to Guide Brand Development
John Roberts, Peter Danaher, Ken Roberts, Alan Simpson

Marketing's Profit Impact: Quantifying Online and Offline Funnel Progression
Thorsten Wiesel, Joep Arts, Koen Pauwels

Uncovering Implicit Customer Needs for Determining Explicit Product Positioning: Growing Prudential Annuities' Variable Annuity Sales
V. Kumar (VK), Denish Shah

TB02 – Room 04

CRM: Managing Customers

Chair: Debanjan Mitra

Value of Customer Attitude Metrics in Measuring and Managing Customer Lifetime Value
Rajkumar Venkatesan, Nalini Ravishanker, Werner Reinartz

Optimizing Service Productivity
Roland T. Rust, Ming-Hui Huang

Consumer Expectations and Culture: The Effect of Belief in Karma in India
Praveen Kopalle, John U. Farley, Donald R. Lehmann

Satisfaction and Dissatisfaction Proneness: Examining the Effect of Attribute-level Disconfirmation on Changes in Attribute Importance Weights
Debanjan Mitra, Gao Wang, Jinhong Xie, Yin Xu

TB03 – Room 06

Advertising: Strategy II

Chair: Hideaki Kitanaka

The Optimal Product Line Design in the Presence of Targeted and In-Store Advertising
Shan-Yu Chou, Chyi-Mei Chen

Strategic Roles of Advertising in Distribution Channels
Chi-Cheng Wu

A Model of Demarketing
Jeanine Miklos-Thal, Juanjuan Zhang

A Study on Products' Information Spread to Consumers and Three Communication Modes
Hideaki Kitanaka, Shigeru Kido, Jinya Nakamura, Akira Suzuki

TB04 – Room 14

Impact of User Generated Content I *(Special Session)*

Chair: Paulo Albuquerque

Community Leaders or Entertainment Workers? Incentivizing Content Generation in Social Media
Peter Zubcsek, Kaifu Zhang

From Social to Super Brands: The Influence of Personality and Involvement with Active and Passive Consumer Behavior in User Generated Content Websites
Margherita Pagani, Ronald Goldsmith, Charles F. Hofacker

Evaluating Promotional Activities in an Online Two-sided Market of User-generated Content
Paulo Albuquerque

Listen to Your Customers! Using Consumer-Generated Content to Elicit Brand Image
Franziska Völckner, Marc Egger, Kai Fischbach, Sonja Gensler, Detlef Schoder

The "Twitter Effect": Investigating the Impact of Real-time Electronic Word-of-Mouth on the Success of Short Life Cycle Products
Thorsten Hennig-Thurau, Caroline Wiertz

TB05 – Room 15

Strategy: Government Influence

Chair: Xiaoyun Chen

Price Liberalization in a Retail Setting: Short-run Effects and Long Run Effects
Jose M Mugica, Roger R Betancourt, Raquel Chocarro, Monica Cortiñas, Margarita Elorz

The Impact of Tax Policy Stimulus on Automobile Choice-evidence from Chinese Automobile Industry
Xi Chen, Pradeep K. Chintagunta

How Does Guanxi Affect Firm Capabilities? Typology and Boundary Condition
Xiaoyun Chen, Jie Wu

TB06 – Room 16

Internet: General II

Chair: Oliver Emrich

Competing for Consumers Online: Setting Optimal Advertising Strategies
Taylan Yalcin, Elie Ofek

Interest-based Internet Advertising and Privacy Concern – How to Increase the Acceptance of a Rising Marketing Phenomenon
Nicole Brockmeier, Florian von Wangenheim

Affiliate Marketing: Setting Optimal Commissions
Christian Schulze

The Virtual Opening of the Value Chain: A Conceptual Model of Customer-firm Interaction on the Internet
Oliver Emrich, Thomas Rudolph

TB07 – Room 17

Channels: Design I

Chair: Weon S. Yoo

Gains and Losses of Exclusivity in Grocery Retailing
Els Gijsbrechts, Marnik Dekimpe, Katrijn Gielens

Wireless Carriers' Exclusive Handset Arrangements: An Empirical Look at the iPhone
Ting Zhu, Pradeep K. Chintagunta, Hongju Liu

Exclusive Tie-ups for Handsets in the Wireless Industry
Upender Subramanian, Jagmohan Raju, Z. John Zhang

A Meta Analysis of Multi-brand, Multi-Outlet Channel Systems
Weon S. Yoo, Rex Du, Eunkyu Lee, Richard Staelin

TB08 – Room 18

Retailing: Shopper Behavior

Chair: Dinesh Gauri

Understanding Consumers Conduct at the PoS to Explain Purchase Termination
Shyda Valizade-Funder, Oliver Heil

Modeling Consumer Attention to In-store Prices
Sudipt Roy, Tat Chan, Amar Cheema

Investigating Consumer Response Across Retail Store Formats
Ashish Kumar, Ram Bezawada, Karthik Sridhar, Minakshi Trivedi

An Empirical Investigation of the Impact of Gasoline Prices on Grocery Shopping Behavior
Dinesh Gauri, Kusum Ailawadi, Dhruv Grewal, Yu Ma

2010 INFORMS Marketing Science Conference

Thursday, June 17th, 2010 10.30-12.00 (TB)

TB09 – Room 19

New Products: Adoption

Chair: Guillermo Armelini

Social Influence in the Adoption Process of Innovative Products: A Dynamic Modelling Approach
Hans Risselada, Tammo Bijmolt, Peter Verhoef

Early Adopters: Opinion Leaders or Opinion Keepers?
Sarit Moldovan

Understanding the Role of Opinion Leaders and Less-connected Individuals in the Adoption of a New Technology
Guillermo Armelini, Erica Salvaj

TB10 – Room 20

Private Labels II

Chair: Sherif Nasser

Sleeping with the Enemy: Does Private-label Production by NB Manufacturers Create Discounter Goodwill?
Anne ter Braak, Marnik Dekimpe, Barbara Deleersnyder, Inge Geyskens

Responding to Generics: Fight Back or Throw in the Towel?
Sherif Nasser, Chakravarthi Narasimhan, Danko Turcic

TB11 – Room 21

Bayesian Estimation

Chair: Carlos Hernandez

Do We Halo or Form? A Bayesian Mixture Model for Customer Satisfaction Data
Joachim Bueschken, Greg Allenby, Thomas Otter

Semi-parametric Bayesian Analysis of the Instrumental Variable Problem in Random Coefficient Logit Models using Aggregate Data
Yang Li, Asim Ansari

Bayesian Random Coefficient Logit Models for Large Datasets
Carlos Hernandez, Dennis Fok

TB12 – Room 22

Information and Consumer Choice
(Special Session)

Chair: Bart Bronnenberg

Dynamic Discrete Choice with Heterogeneous Beliefs
Paul Ellickson, Sanjog Misra, Harikesh Nair

Social Ties and User Generated Content: Evidence from an Online Social Network
Scott K Shriver, Reto Hofstetter, Harikesh Nair

Consumer Learning Models with Unstable Product Quality: An Application to Consumers' Decisions to Continue Engaging with Entertainment Products
Mitch Lovett, William Boulding, Richard Staelin

Do Pharmacists Buy Bayer? Sophisticated Shoppers and the Brand Premium
Bart Bronnenberg, Jean-Pierre Dubé, Matthew Gentzkow, Jesse Shapiro

TB13 – Room 23

Pricing II

Chair: Maarten Gijsenberg

Design and Pricing of Probabilistic Quality
Zelin Zhang, Kissan Joseph

Uncertain Consumption and Quantity Surcharges in Consumer Non-Durables: an Analytical Model
Krishanu Rakshit, Arnab Mukherji, Srinivas Prakhya,

Price and Advertising Effectiveness over the Business Cycle
Maarten Gijsenberg, Marnik Dekimpe, Jan-Benedict Steenkamp, Harald van Heerde

TB14 – Room 24

Decision Making II

Chair: Xianchi Dai

Empirical Investigations into Loss Aversion in Consumer Choice of Financial Products
Faye Kim, Jaehwan Kim

Regrets in Switching: The Conflicting Role of Perceived Control
Maggie Y. Y. Chu, Lisa C. Wan

Mere Influence Effect: When Motivation to Influence Drives Decision
Xianchi Dai, Leilei Gao, Baba Shiv

TB15 – Room 25

CB: Perception I

Chair: Joseph Lajos

Female Consumer Behavior in Malaysia— Religion Perspectives
Hui-I Yao, Chih-Chien Cheng

What is Authenticity? A Synthesis of the Dimensions of Authenticity Describing Marketing Offerings
Songqi Lin, Michelle So, Felix Tang

The Aesthetic Experience : Characteristics and Consequences for Consumer Attitudes and Behaviour
Joelle Lagier, Pascale Ezan

The Effect of Package Color on Consumers' Judgments of Product Volume
Joseph Lajos, Amitava Chattopadhyay

2010 INFORMS Marketing Science Conference

Poster Session (Room 1)

Thursday, June 17th, 2010 12.00-3.00

Expensive by the Dozen? Consumer Response to Quantity Surcharge *Vinay Kanetkar*
Compare and Compete: Search for the Best Advertising Decision Amongst Comparative and Noncomparative Strategies *Patrali Chakrabarty*
Keeping Distributors Engaged in Supplier Training: When Do Rewards Undermine Motivation For Learning? *Jan Peiser*
Check it Out: A Study of Factors Affecting Consumer Adoption of Self-Serving Technologies *Cindy Chung*
Consumer Attitudes for Intrinsic Versus Extrinsic Cues for Quality Products: The Case The Case of Extra Virgin Olive Oil *Elena Chrysikopoulou*
Reason and Emotion: Finding Customer Values in the Mystique of the Bridal Gown *Shu-Chin Huang*
Engineering a Special Experience to Revamp Consumer Brand Relationships: A Longitudinal Examination *Matthias Juliger*
The Effect of Technology Usage on Customer Loyalty Creation Process in Medium Sized Hotel Enterprises *Olgun Kitapci*
Exploring Differences and Similarities Between Innovators in Entrepreneurial and Mature Companies *Juergen Seitz*
Service and Innovation Processes on the Internet in a Customer-firm Relationship Framework *Oliver Emich*
Virtual Worlds, Avatars, and Plato's Cave: The Future of the Internet and Ourselves *Paul Messinger*
To Give and Get Back: Do Cause Portfolio Characteristics Influence the Return on Corporate Social Responsibility? *A. Meike Eilert*
Managing the Periphery: An Emerging Imperative for the Marketing Organization *Omar Rodriguez Vila*
Can Raising Store Brand Use Hurt Store Loyalty? *Satheeshkumar Seenivasan*
Rebates, Nonlinear Budget Sets and Consumer Demand *Jiali Ding*
Heritage Storytelling: Visitors' Emotional Experience and Sense of Identification with Heritage Stories *Chen-Yin Chen*
Social Causes in Social Networking Sites: Determining the Supporters *Daniela Losub*

2010 INFORMS Marketing Science Conference

Thursday, June 17th, 2010 1.30-3.00 (TC)

TC01 – Room 02

Meet the Editors I *(Special Session)*

The following editors are represented: Marketing Science – Eric T. Bradlow; Journal of Marketing Research – Tulin Erdem; Journal of Interactive Marketing – Venky Chankar and Charles Hofacker; International Journal of Research in Marketing – M. G. Dekimpe; Marketing Letters – Randy Bucklin.

TC02 – Room 04

CRM: Customer Equity I

Chair: Udo Wagner

RFM Measures and Customer Lifetime Value: Investigating the Behavioral Relationship in a Non-Contractual Setting
Makoto Abe

Comparing Data Collection Methods for Customer Equity
Cleo Silveira, Fernando Luce

A Review of Customer Equity Models in the Context of Discounted Cash Flow Valuation Theory
Morten Holm, V. Kumar (VK), Carsten Rohde

A Monte Carlo Study on Sampling Properties of the Pareto/NBD Model
Udo Wagner, Daniel Hoppe

TC03 – Room 06

Advertising: Consumer Response I

Chair: Matthias Stöckl

Getting the Most from Your TV Ads
Julie Edell Britton, Kevin Lane Keller

How Does Awareness Evolve When Advertising Stops? The Role of Memory
Ashwin Aravindakshan, Prasad A. Naik

"An Eye for an Eye": An Account of Sequelized and Comparative Advertising Strategies
Patrali Chakrabarty, Bibek Banerjee

Marketing Dynamics in the Premium Car Segment
Matthias Stöckl, Jesus Crespo-Cuaresma

TC04 – Room 14

Impact of User Generated Content II *(Special Session)*

Chair: Anindya Ghose

The Dynamics of the Buzz: How Do Online Reviews Change Over Time?
Noi Sian Koh, Nan HU, Youngsoo KIM, Srinivas Reddy

How and Why Online Ratings Evolve Over Time? : A Dynamic Model
Srikant Vadali

The Mediating Role and Time-variant Impact of Online User Reviews: A Bayesian Hierarchical Approach on Online Software Downloads
Wenjing Duan, Wenqi Zhou

Extracting Economic Value from Online User-Generated Content: Combining Text mining with Demand Estimation in the Hotel Industry
Beibei Li, Anindya Ghose, Panagiotis Ipeirotis

TC05 – Room 15

Strategy: Alliances

Chair: Tieshan Li

Interdependencies in a Partnership Portfolio: Competing and Complementary Effects
Anna Cui

Customer Identification in Marketing Alliance Networks: Does it Matter whom they Identify with?
Kenneth Wathne, Kersi Antia

Merging in Spatial Competition
Tieshan Li

TC06 – Room 16

Internet: User Generated Content

Chair: Hsin-Chen Lin

E-cology: Dynamic Dependence and Evolution of Online Customer Reviews
Xing Pan, Fang fang, Bin Gu

The Impact of User Generated Content on Consumer Choice and Contribution in an Online Community
Jui Ramaprasad, Rishika Ramkumar

Information Processing in the Online Environment: The Role of Consumer-generated Reviews
Dheeraj Pandey, Bibek Banerjee

The Diffusion of Online Word of Mouth
Hsin-Chen Lin, Manohar U. Kalwani

TC07 – Room 017

Channels: Design II

Chair: Manish Kacker

Pre-ordering in Distribution Channels
Ying Xiao, Yunchuan Liu

Distributor Acquisition of Supplier Training Knowledge: Supplier Sales Growth and Partnership Termination
Jacqueline van Beuningen, David Cox, Ko de Ruyter, Christine Moorman, Martin Wetzels

A Theoretical Model of Specific Investments in Exchange Relationships
Manish Kacker, Ruhai Wu

TC08 – Room 18

Retailing: Store Choice

Chair: Qin Zhang

When and Where to Buy – Does Shopping List Matter?
Seungwon Jeon

A 'Basket-splitting' Store Choice Model
Sriram Venkataraman, Yanwen Wang

Examining the Effects of Product Categories on Consumers' Patronage for Retail Formats
Qin Zhang, Manish Gangwar, Brian Ratchford

2010 INFORMS Marketing Science Conference

Thursday, June 17th, 2010 1.30-3.00 (TC)

TC09 – Room 19

New Products: Diffusion I

Chair: Sebastiano A. Delre

A Stochastic New Product Growth Model—Theory and Results
Kalyan Raman, Dipak Jain

Improving the Bass Model of New Product Diffusion While Retaining its Parsimony and Ease of Use
Abel Jeuland

Dynamic Optimal Marketing Mix Strategies for New Products with Influential and Imitator Consumer Segments
Vijay Ganesh Hariharan, Changhyun Kwon, Debabrata Talukdar

Micro Consumer Decisions and Macro Diffusion Patterns: Using Indirect Inference to Validate Agent-based Models
Sebastiano A. Delre

TC10 – Room 20

Brands I

Chair: Wei Li

Can a Firm Add a New Premium Product and End-up with Less Overall Market Share?
Ling-Jing Kao, Fabio Caldieraro

Understanding the Market Performance Outcomes of Component Supplier Brand Strength
Stefan Worm, Raj Srivastava

Store Loyalty and the Strategic Positioning of Store Brands
Wei Li, Dennis Fok, Philip Hans Franses

TC11 – Room 21

Structural Economic Models

Chair: Federico Rossi

Developing and Testing Models of Strategic Behavior
Thomas Otter, Greg Allenby, Tim Gilbride

Structural Models of Demand to Study Consistent Pricing During Sales Promotions
Sergio Meza

Modeling Product Entry and Pricing Decision in Differentiated Products Markets
Federico Rossi

TC12 – Room 22

Modeling Firm Decisions *(Special Session)*

Chair: Harikesh Nair

What Can Television Networks Learn From Search Engines? How to Select, Order, and Price Advertisements to Maximize Advertiser Welfare
Kenneth C. Wilbur, David Kempe

Testing for Asymmetric Information in Pricing Contracts: The Role of Firm's Policy Functions
Harikesh Nair, Anita Rao

Estimating Structural Models of Competing Platforms in Two-sided Markets
Minjae Song

Advertising Pass-through: Who Reaps the Benefits of Advertising?
Michaela Draganska, Ping Li

TC13 – Room 23

Continuous-Time Marketing *(Special Session)*

Chair: Olivier Rubel

Manufacturer's Promotional Support in a Dynamic Retail Duopoly
Anand Krishnamoorthy, Xiuli He, Ashutosh Prasad, Suresh P. Sethi

Dynamic Pricing for Subscription Services
Gila E. Fruchter, Simon Pierre Sigué, Z. John Zhang

Optimal Advertising when Envisioning a Product-harm Crisis
Olivier Rubel, Prasad A. Naik, Shuba Srinivasan

Dual Role of Price and Myopia in a Marketing Channel
Sihem Taboubi, Guiomar Martín-Herrán, Georges Zaccour

TC14 – Room 24

CSR

Chair: Pamela Morrison

Talk About Good Deeds: Assessing the Impact of CSR Communication Using the CSR Personality Scale
Meike Strasser, Stephanie Bothe, Manfred Bruhn, Karsten Hadwich, Daniela B. Schäfer

Consumer Reactions to CSR Brands: The Role of Face Concern
Lisa C. Wan, Patrick Poon

The Dimensions of Public Perceptions of Corporate Social Responsibility: Segments and Their Trends Over Time
Pamela Morrison, Charlie Nelson, John Roberts

TC15 – Room 25

CB: Perception II

Chair: Francesco Massara

Personal Epistemology in Marketing
Eyal Yaniv

Done That: Modality-consistent Procedural Fluency Effects on Product Evaluations
Hao Shen, Akshay Rao

A Markov Cascade Analysis of Information Strategies: An Application to Comparison Websites
Wei Shi, Rik Pieters, Michel Wedel

Context-specific Information Processing: Investigating Circumstances that Improve the Retention of Message Content.
Francesco Massara, Thomas P. Novak

2010 INFORMS Marketing Science Conference

Thursday, June 17th, 2010 3.30-5.00 (TD)

TD01 – Room 02

Meet the Editors II *(Special Session)*

The following editors are represented: Journal of Marketing – Ajay Kohli; Management Science – Pradeep Chintagunta; Quantitative Marketing and Economic – Greg Allenby; Journal of Service Research – Roland Rust; Journal of Product Innovation Management – C. Anthony Dibenedetto

TD02 – Room 04

CRM: Customer Equity II

Chair: Moritz Mink

Handling Seasonality in Customer Lifetime Value (CLV) Calculations
Kerem Tomak, Michael Kruger

The Role of Attitudes in Customer Value: Does the Contractual Nature of the Relationship Matter?
F. Javier Sese, V. Kumar (VK), J. Andrew Petersen, Yolanda Polo

Can Three Behavioral Dimensions Sufficiently Describe Customer Relationships?
Moritz Mink, Dominik Georgi

TD03 – Room 06

Advertising: Consumer Response II

Chair: German Zenetti

Short Term Effects of Advertising through Template Matching
Ralf van der Lans, Rik Pieters, Michel Wedel

Cross Product and Online-Offline Advertising Synergies
Martin Schleicher, Asim Ansari, Sunil Gupta

The Effect of Media Advertising on Brand Consideration and Choice
Nobuhiko Terui, Greg Allenby, Masataka Ban

The Impact of Quantity and Perceived Quality of Different Advertising Media on Demand
German Zenetti, Daniel Klapper

TD04 – Room 14

Impact of Social Media *(Special Session)*

Chair: Russell Winer

A Blog-eat-blog World: A Multivariate Poison Process Model of Competitive Performance Implications of User Generated Content
Gaurav Sabnis, Rajdeep Grewal

The Interdependence of Word-of-mouth Generation and Consumption
Russell Winer, Henry Assael, Mantian Hu, Sha Yang

Modeling Consumer Learning from Online Product Reviews
Sha Yang, Vishal Narayan, Ying Zhao, Yi Zhu

Modeling Member Behaviors in User-generated Content Sites: A Semiparametric Bayesian Approach
Pulak Ghosh, Chang Hee Park, Young-Hoon Park

TD05 – Room 15

Strategy: Make or Buy

Chair: Christine Ebling

Optimizing Make-or-Buy Decisions in Marketing: A Formal Model merging Transaction Cost Economics and Resource-based Theory
Nicolas Zacharias, Niko Schmitt, Ruth Stock

The Market Valuation of Outsourcing New Product Development
Néomie Raassens, Inge Geyskens, Stefan Wuyts

Dual Governance and Innovation
Christine Ebling, Anna Krzeminska

TD06 – Room 16

Mobile Marketing & Social Influence

Chair: Mengze Shi

Adaptive Personalization of Mobile News
Tuck Siong Chung, Roland T. Rust, Michel Wedel

Measuring the Value of Customer in Mobile Social Networking Services
Hikaru Yamamoto, Naohiro Matsumura

The Effect of Social Influence and Word of Mouth Behavior on Cell Phone Choice
Peter S. van Eck, Wander Jager, Peter Leeflang

A Dyad Model of Calling Behaviour with Tie Strength Dynamics
Mengze Shi, Jeongwen Chiang, Botao Yang

TD07 – Room 17

Channels: Design III

Chair: Tao Chen

Extended Warranties in a Distribution Channel
Lu Hsiao, Chi-Cheng Wu

How Does a Retailer's Service Plan Affect a Manufacturer's Warranty?
Xubin Zhang, Bo Jiang

Service Dynamics for Durable Goods
Tao Chen, Jian Ni, Kannan Srinivasan

TD08 – Room 18

Retailing: Location

Chair: Wun-Hwa Chen

Customer Waiting Time and Purchasing Behavior: An Empirical Study of Supermarket Queues
Andres Musalem, Yina Lu, Marcelo Olivares

Organizing Products with Complements versus Substitutes: Effects on Effort, Assortment Perceptions, and Store Preference
Kristin Diehl, Cait Poynor, Erica van Herpen

The Influences of Location Features and Consumers' Life Styles of Department Stores on Consumers' Behavior in Taiwan
Wun-Hwa Chen, Ai-Hsuan Chiang, Shihyu Chou, Jen-Ying Shih, Shiou-Fen Tzeng, I-Huei Wu

2010 INFORMS Marketing Science Conference

Thursday, June 17th, 2010 3.30-5.00 (TD)

TD09 – Room 19

New Products: Diffusion II

Chair: Keren Haddad-Leibovich

Spatial Diffusion of Innovation: The Spatial Panel Model Approach
Yutaka Hamaoka

From Birth through Maturity: An Investigation of a Market Evolution and its Dynamics
Piyush Kumar, Mayukh Dass, Srinivas Reddy

The Takeoff of Environmental Technologies: An Evolutionary Analysis of Relevant Drivers
Giulia Calabretta, Jordi Montaña

Estimating the Growth of Innovation Decliners Based on Penetration Data
Keren Haddad-Leibovich, Jacob Goldenberg, Daniel Shapira

TD10 – Room 20

Brands II

Chair: Tobias Langner

Conceptualizing Online Brand Experience
Fang Liu, Leslie Yip

Leadership Brands for Market Driving Strategy
Veronika Tarnovskaya

The Behavioral Consequences of "Loving" Versus "Liking" a Brand and a Typology of the Origins of "Brand Love"
Tobias Langner, Alexander Fischer, Dennis Kürten, John R. Rossiter

TD11 – Room 21

Dynamic Structural Models

Chair: Wonjoon Kim

A Dynamic Model of Firm Learning and Industry Shakeout
Qiaowei Shen, Hongju Liu

Information Asymmetry in Internet Markets for Consumer Goods
Yulia Nevskaya

The Role of Firms' Strategic Innovation Decision in Shaping Patient Welfare in Pharmaceutical Industry: Innovate or Imitate?
Wonjoon Kim, Paris Cleanthous

TD12 – Room 22

Forecasting I

Chair: Winfried Steiner

SKU Sales Prediction using Data Mining with Domain Knowledge
Ozden Gur Ali

Structural Breaks and the Value of Promotional Information in Forecasting Retailer Sales
Tao Huang, Robert Fildes, Didier Soopramanien

Functional Flexibility or Heterogeneity? An Empirical Study on the Predictive Performance of Price Response Functions
Winfried Steiner, Stefan Lang, Peter Wechselberger

TD13 – Room 23

Pricing: Willingness-to-Pay

Chair: Florian Dost

The Informational Role of Product Trade-ins for Retailer Pricing
Anthony Dukes, Ohjin Kwon, S Siddarth

Traditional Willingness-to-pay in the Light of Willingness-to-pay-as-a-range
Robert Wilken, Florian Dost

Conditions Under Which "Pay What You Want" is a Profitable Pricing Strategy
Rami Zwick, Vincent Mak, Akshay Rao

Separating WTP Elicitation from Choice-based Conjoint Analysis
Florian Dost, Robert Wilken

TD14 – Room 24

Sustainability I

Chair: Nina Hampl

Institutional Theory and the Role of Marketing in the Adoption of Voluntary Sustainability Reporting
Ralitza Nikolaeva

Corporate Social Responsibility: The Differential Impact of Product and Environmental Actions on Firm Performance
A. Meike Eilert, Satish Jayachandran, Kartik Kalaignanam

Marketing Gag or Value Creating Strategy: How does Sustainability Impact Store Choice in Retail?
Nina Hampl, Moritz Loock,

TD15 – Room 25

Entertainment Marketing I

Chair: Michael Clarke

Determinants of Illegal Music Downloading Behaviour in the UK
Ibrahim Sirkeci, Lóa Magnúsdóttir

All You Can Eat, À La Carte, or a Free Lunch? Analyzing Consumer Preferences in the Music Download Market
Dominik Papies, Felix Eggers, Nils Wlömert,

Optimal Design of Content Samples for Digital Products and Services
P. K. Kannan, Sanjay Jain

Pricing of New Apps on New Media: Lifecycle Management
Michael Clarke, Bryan Hurren, Vinay Kanetkar

2010 INFORMS Marketing Science Conference

Friday, June 18th, 2010 8.30-10.00 (FA)

FA01 – Room 02

B2B

Chair: Murali Mantrala

Business Marketing to Small and Medium Size Firms: Assessing Value-Add Opportunities
Ralph Kauffman, Jeffery Adams, Gary Stading

Optimal Assortment Planning in B2B Wholesale Auto Auction Markets
O. Cem Ozturk, Sandy Jap, Sriram Venkataraman

Assessing the Drivers of Short and Long-term Outcomes at Business Trade Shows
Srinath Gopalakrishna, Shrihari Sridhar, Clay Voorhees

A Three-dimensional Approach to B-to-B Market Segmentation: Incorporating Customers' Customers
Murali Mantrala, Elina Tang

FA02 – Room 04

CRM: Customer Equity III

Chair: Leo Paas

The Impact of Touch Points on Customer Life Time Value
Yuanping Ying, Howard Dover

The Impact of Customer-based Brand Equity on Customer Equity
Florian Stahl, Mark Heitmann, Donald R. Lehmann

Building Customer Equity through Marketing Investment
Kyoung Cheon Cha, Sangman Han, Donald R. Lehmann, Hyun Shin

Latent Markov Modeling for Evaluating the Marketing Effects on Customer Life Time Value
Leo Paas, Anita Prinzie, Dirk Van den Poe

FA03 – Room 06

Advertising: Consumer Response III

Chair: Agusti Casas-Romeo

The Impact of Prior Brand Attitude and Product Category Inolvement on Consumers' Moment-to-Moment Affect Traces
Jennifer Burton

Comparing Effects of Message Strategies, Brand Reputation and Brand Tribalism on Consumers' Relationships with Soft Drink Brands
Tiffany T. Wang

The Impact of Advertising on Brand Trial in Experience Good Markets
Raimund Bau

Effective Anti-alcohol Communication Campaigns for Teenagers
Agusti Casas-Romeo, Ruben Huertas-Garcia

FA04 – Room 14

Social Media in the Marketplace
(Special Session)

Chair: Yubo Chen

Markets as Conversations: Making the Invisible Hand Visible
Robert F. Lusch, Hope Jensen Schau, Daniel Zeng

A Stakeholder Perspective of Finance Web Forums
David Zimbra, Hsinchun Chen, Robert F. Lusch

Consumer Decisions and Firm Strategies During Format Wars
Yong Liu, Hsinchun Chen, Yubo Chen, Robert F. Lusch, Shuo Zeng

The Elites vs. the Crowds: How Third-party Experts Influence Consumer Opinions in the Marketplace
Yubo Chen, Hsinchun Chen, Yong Liu, Robert F. Lusch, David Zimbra

FA05 – Room 15

Strategy: Segmentation of Firms

Chair: Can Uslay

Perceptual Maps: the Good, the Bad and the Ugly
Michel van de Velden, John Gower, Patrick Groenen, Karen Vines

A Combined Disaggregate Model for Segmenting Air Freight Market
Ching-Wei Lien, Ming-Chih Tsai, Chih-Wen Yang

A Clusterwise Methodology for the Identification of Heterogenous Prototypical Category Exemplars
Simon Blanchard, Daniel Aloise

On the Empirical Generalizations of the "Rule of Three"
Can Uslay, Z. Ayca Altintig, Robert D. Winsor

FA06 – Room 16

Internet: Social Influence

Chair: Makoto Mizuno

Marketing through the Backdoor: How Effective is E-marketing to Teenage Users of Social Networking Sites?
Marwan Khammash, Peter Westmorleand

Quantifying the Effects of Social Media Activity on Brand Sales and Market Share
Doug Bowman, Manish Tripathi

Dynamic Interactions Between WOM and Preference Formation: A Case of Diffusion of a Really New Product
Makoto Mizuno, Takayasu Baba, Toshikatsu Mori, Kota Sera, Yuto Takakai

FA07 – Room 17

Channels: Channel Coordination

Chair: Maggie Chuoyan Dong

Limited Edition Products and Channel Strategy
Axel Stock

Quantal Response Equilibrium in a Fair Channel - An Experimental Investigation
Paola Mallucci, Tony Cui

Gaining Customers Making Gifts to Rivals: Understanding How Signals of Value Potential Affect Supplier's Performance
Fabrizio Zerbini, Stefania Borghini

Observer Effect of Punishment in Channel Networks: The Role of Punishment Severity and Punishment Justice
Maggie Chuoyan Dong

FA08 – Room 18

Retailing: Competition

Chair: Fang Wu

Vertical Differentiation with Multi-unit Demand
Robert Zeithammer, Raphael Thomadsen

Supermarket Price and Promotion Competition in a Duopoly Framework
Benaissa Chidmi, Maria A. Gonzalez-Alvarez

Supermarket Entry and its Effect on Small Stores in Montevideo, 1998 to 2007
Daniel Ferres

A New Model of Asymmetric Competitive Structure using Store-level Data
Fang Wu, Terry Elrod, Paul Messinger

2010 INFORMS Marketing Science Conference

Friday, June 18th, 2010 8.30-10.00 (FA)

FA09 – Room 19

New Products: Development & Design I

Chair: Chelsea Wise

Convergent High-technology Products: The Role of Brand Quality and Feature Value in the Addition versus Deletion of Features
Tripat Gill, Jing Lei, Sridhar Samu

A Study on the Purchase Decisions of Convergence Products - A Focus on the Consumer Perception of Functionalities
Sungkyu Lee, Tony C. Garrett, Jong-Ho Lee

Responding to Feature Innovations: Strategies for Established versus New Follower Brands
Maren Becker, Tripat Gill, Jing Lei

Really New or New Looking? The Impact of Enhanced Features, Novel Specifications, and Brand Credibility on Product Choice
Chelsea Wise, Thorsten Teichert

FA10 – Room 20

Brands III

Chair: Adina Barbulescu

Are You Impressed? Portfolio Advertising as a Means of Strengthening the Corporate Brand and Its Product Brands
Franz-Rudolf Esch, Christian Brunner

How Brand Portfolios Strategy Affects Firm Value and Risk
Shuba Srinivasan, Susan Fournier, Liwu Hsu

What's a Good Map? A Validation and Enhancement of the Brand Concept Map Approach
Oliver Schnittka, Henrik Sattler, Sebastian Zenker

Changes in Brand Attitude in Response to Competitor Claims: The Role of Brand Knowledge Structure
Adina Barbulescu, Ajay Kohli

FA11 – Room 21

The Estimation of Demand and Supply in Markets with Search Frictions

Chair: Stephan Seiler

Consumer Search and Prices in the Automobile Market
Matthijs Wildenbeest, José Luis Moraga-González, Zsolt Sándor

Testing Models of Consumer Search using Data on Web Browsing and Purchasing Behavior
Babur De los Santos, Ali Hortaçsu, Matthijs Wildenbeest

The Impact of Search Costs on Consumer Behavior: A Dynamic Approach
Stephan Seiler

FA12 – Room 22

Forecasting II

Chair: Christian Pescher

Forecasting Car Market Demand in China under Dynamic Consumer Preferences
Lixian Qian, Didier Soopramanien, Ruud Teunter

Call Center Capacity Management with Direct Response Advertising Effects
Meltem Kiygi Calli, Philip Hans Franses, Marcel Weverbergh

Social Interaction in Market Forecasts
Christian Pescher, Martin Spann

FA13 – Room 23

Pricing: Tariffs

Chair: Ron Goettler

Customer Decisions in the Mobile Telephone Market
Yuri Peers, Dennis Fok

Shaping Value of Access Services through Pricing Structure: Two-Part Tariff vs. Pay-per-Use
Raghuram Iyengar, Peter Danaher, Skander Esseghaier, Kamel Jedidi

Subscription Plans and Consumers' Intertemporal Choice
Daniel Stadel, Andreas Herrmann, Raghuram Iyengar, Florian Stahl

The Effect of Usage Uncertainty on Mobile Phone Package Size
Eitan Muller, Raghuram Iyengar, Oded Koenigsberg

Tariff Choice with Consumer Learning and Switching Costs
Ron Goettler, Karen Clay

FA14 – Room 24

Sustainability II

Chair: Erjen van Nierop

Retailer Compliance with Energy Labelling Programs
Corinne Faure, Joachim Schleich, Barbara Schlomann

Public Preferences for Energy Technologies
Frank van Rijnsoever

Do Consumers Value Sustainable Fishing Practices? Empirical Evidence from a Traffic Light Advisory in a Retail Grocery Chain
Sofia Villas-Boas, Eric Hallstein

The Influence of Product Clustering on Sales of Organic and Light Food Products
Erjen van Nierop, Erica van Herpen

FA15 – Room 25

CB: Perception III

Chair: Steven Huff

Causes and Consequences of Customer Confusion
Sebastian Buys, Sabine Kuester

The Z-effect: Why Good is Good but Better is Better
Steven Huff, Teck Ho

2010 INFORMS Marketing Science Conference

Friday, June 18th, 2010 10.30-12.00 (FB)

FB01 – Room 02

High-Tech Marketing

Chair: Christine Balague

Role of Technology Substitution in High-tech Product Marketing: An Exploratory Study on Indian Firms
Shashi Shekhar Mishra, Saji K. B. Nair

"Clouding" Venture Captial Decisions
Manish Tripathi, Vijay Viswanathan

Peer Effects and Learning by Doing in the Diffusion of Solar Photovoltaic Panels
Bryan Bollinger, Kenneth Gillingham

Modeling Youngsters' Attitude Toward using Future Electronic Identification Systems
Christine Balague

FB02 – Room 04

CRM: Customer Portfolios I

Chair: Jose M. Vidal-Sanz

A Portfolio Dynamics Perspective on Hedging Customers' Risks
Alexander Eiting, Heiner Evanschitzky, David M. Woisetschläger

Balancing Risk and Return in a Customer Portfolio
Crina Tarasi, Ruth Bolton, Michael Hutt, Beth Walker

Customer Portfolio Optimization: Advertising Investment under Uncertainty
Michael Haydock

Valuing Customer Portfolios under Endogenous Marketing Investments
Jose M. Vidal-Sanz, Mercedes Esteban-Bravo, Gokhan Yildirim

FB03 – Room 06

Advertising: Cognitive vs. Affective Cues

Chair: Carmen Horn

Click Behavior on Neutral vs. Action-oriented Worded Sponsored Results: A Test and Analysis of Potential Moderators
Claire Gauzente, Laurent Flores

Language Adaptation (Dubbing) and Advertising Effectiveness
Venkatesh Parthasarathy, Arindam Banerjee

Modeling Cognitive and Affective Advertisement Content with a View to Optimize Purchase Intention of Customers
Manpreet Singh Gill, Atanu Adhikari

My Vote for My Mailman: Designing Communication Campaigns with Reciprocity
Carmen Horn, Anne Fries, Karen Gedenk

FB04 – Room 14

Online Content and Advertising *(Special Session)*

Chair: Fareena Sultan

The Dynamics of Emotional Engagement to Internet Video Advertisements
Thales Teixeira, Rik Pieters, Michel Wedel

Factors Influencing Consumer Acceptance of Mobile Marketing Practices: A Study Across Three Global Markets
Fareena Sultan, Tao (Tony) Gao, Margherita Pagani, Andrew Rohn

Hidden Secrets of Hidden Markov Models: An Analysis of Online Video Consumption
Eric Bradlow, Oliver Entine, Peter Fader, Yuzhou Liu, Eric Schwartz, Yao Zhang,

Impact of Social Network Structure on Content Propagation: A Study using YouTube Data
Hema Yoganarasimhan

FB05 – Room 15

Strategy: Segmentation of Customers

Chair: Li-Chuan Tseng

Modeling Customer Segments that Change Over Time
Jeff Larson, Scott Smith

China Taste Differentiation: The Application of Mixture Model to Product Development in China Gummy Market
Do Hak Kim, Zhe Jin, Kimyung Kang, Youngsik Kwak, Ling Liu, Xiaojuan Wang, Kewei Wu

Segmenting Leisure Bike Market under a Dyadic Competition Structure – Application of Latent Class Model
Li-Chuan Tseng, Ching-Wei Lien, Ming-Chih Tsai

FB06 – Room 16

Online Advertising *(Special Session)*

Chair: Catherine Tucker

Competitive Advertising Strategy for Retailing on the Internet
Amit Mehra, Ram Bala, Jagmohan Raju

Online Display Advertising:Targeting and Intrusiveness
Catherine Tucker, Avi Goldfarb

Improving Click-through with Web Advertisements Designed for Cognitive Style
Erin MacDonald, Robert Bordley, Jong-Moon Kim, Glen L. Urban

The Success Factors of Widgets in Viral Marketing
Lisa Scholer, Christian Schulze, Bernd Skiera

FB07 – Room 17

Channels: Bargaining

Chair: Ben Shaw-Ching Liu

Sharing Contracts in Manufacturer-retailer-channels with Double Moral Hazard
Marcus Kunter

The Influence of Bargaining Power on Success in Negotiations
Katrin Bloch, Ralf Wagner

Negotiation Models: Forecast Outcomes
Ben Shaw-Ching Liu, P.V. (Sundar) Balakrishnan

FB08 – Room 18

Promotions

Chair: Mary Sullivan

The Impact of Retail Sales Promotions on Sales
Purna Chandra Padhan

Effects of Brand Loyalty on Price Promotional Strategies: Empirical Evidence
Janine Empen, Jens-Peter Loy

Brand Loyalty Induced Price Promotions: An Empirical Investigation
Polykarpos Pavlidis, Dan Horsky

Do Accounting Rules Drive Marketing Decisions? Why Some Companies Have Reported Promotional Sales at List Price
Mary Sullivan

2010 INFORMS Marketing Science Conference

Friday, June 18th, 2010 10.30-12.00 (FB)

FB09 – Room 19

New Products: Development & Design II

Chair: Thomas Staeblein

The Effect of Remanufacturing on the Perceived Value of New Products
Koert Van Ittersum, Vishal Agrawal, Atalay Atasu

How Innovation and Customer Participation Work Together on New Product Evaluations? Focusing on Customer's Perspectives
Hyeyeon Yuk, Seoil Chaiy

Perceived Value of Customization – An Empirical Investigation in the Customer Solution Context
Gertrud Schmitz

Measuring Product Variety: How Much Customization is Really Demanded?
Thomas Staeblein, Matthias Holweg

FB10 – Room 20

Brands: Trust & Loyalty

Chair: Jürgen Schwarz

How to Manage Harmed Brands? A Systematic Analysis of the Impact of Product-harm Crisis
Kathleen Cleeren, Marnik Dekimpe, Harald van Heerde

Brand Loyalty and Equilibrium Promotion Strategies
William Allender, Timothy Richards

Measuring and Managing Brand Relationship Quality: A Cross-Industry Study in the Consumer Market
Jürgen Schwarz, Manfred Bruhn, Falko Eichen, Daniela B. Schäfer, Meike Strasser

FB11 – Room 21

Dynamic Models

Chair: Sue Ryung Chang

Modeling Immediate and Dynamic Competitive Effects Within and Across Product Categories
Richard Paap, Csilla Horváth

Investigating Consumers' Hybrid Behaviors with Inertia and Variety-seeking Tendencies Using Hidden Markov Approach
Kyuseop Kwak, Thanh Tran, Kanghyun Yoon

Global Market Share Dynamics
Sue Ryung Chang, Peter Golder, Joel Steckel

FB12 – Room 22

Survey Research

Chair: Stefano Puntoni

State Dependence Effects in Surveys: A Cross-national Investigation
Martijn De Jong, Donald R. Lehmann, Oded Netzer

The Anchor Contraction Effect in International Marketing Research
Stefano Puntoni, Bart de Langhe, Daniel Fernandes, Stijn van Osselaer

FB13 – Room 23

Competition I

Chair: J. Miguel Villas-Boas

Competitive Overselling in the Presence of Stochastic Demands
Wei Shi Lim, Wee Meng Yeo

Competitive Vices
J. Miguel Villas-Boas, Fernando Branco

FB14 – Room 24

Environmental and Social Marketing
(Special Session)

Chair: Amir Grinstein

Co-Chair: Peter Verhoef

Dimensions and Drivers of Sustainable Purchasing Behavior in the Food Market
Jenny van Doorn, Peter Verhoef

Wasteful Pricing
Paul Dobson, Eitan Gerstner

Going Beyond Carrots and Sticks: The Effectiveness of Demarketing
Amir Grinstein, Ann Kronrod

Marketing Social Responsibility
Sumitro Banerjee, Luc Wathieu

FB15 – Room 25

CB: Perception IV

Chair: Lin Huang

The Effect of Evaluative Conditioning on Brand Choice: A Predecisional Distortion of Information Explanation
Melanie Dempsey

Category Relevance and Positioning Relevance for Explaining Source Effects on Product Judgments
Yi-Wen Chien, Chung-Chiang Hsiao

Product Series Judgment: Nonconscious Consumption of Parallel Extrinsic Cues
Lin Huang

2010 INFORMS Marketing Science Conference

Friday, June 18th, 2010 1.30-3.00 (FC)

FC01 – Room 02

Two-Sided Markets

Chair: Tianfu Wang

Asymmetric Network Effects in Two-sided Markets: Measuring the Value of the Customer Base
Kraemer Tim, Oliver Hinz, Bernd Skiera

Catalog Sharing across Entertainment Systems with Indirect Network Effects
Vardit Landsman, Stefan Stremersch

Media Competition and Advertisement Avoidance Technology: A Two-sided Market Approach
Tianfu Wang, Yunchuan Liu

FC02 – Room 04

CRM: Customer Portfolios II

Chair: Pim Soonsawad

Customer's Activity and Profitability Modeling Within a Network
Nicolas Glady, Martine George

An Investigation into the Reliability of Customer Prioritization
Chun-Yao Huang

Customer Portfolio Analysis using Fuzzy Clustering
Omer Faruk Seymen, Abdulkadir Hiziroglu, Vishal Talwar

The Impact of Customer Concentration on Firm Performance
Pim Soonsawad, Jen Lichung

FC03 – Room 06

CRM: Customer Loyalty I

Chair: B P S Murthi

The Role of Choice Time in the Loyalty Formation Process: The Interplay of Consideration Set Size and Deliberation
Prashant Baliga

Do Innovative Products Increase Customer Loyalty? Evidence from Marketing, R&D, and Customers
Ruth Stock, Nicolas Zacharias

Do Proactive Offers of Product Trials Increase Customer Loyalty? A Field Experiment with Principal Stratification
Walter Herzog, Maik Hammerschmidt

The Value of Affinity Programs in the Credit Card Market
B P S Murthi, Erin Steffes, Andrei Strijnev

FC04 – Room 14

Search Engines I *(Special Session)*

Chair: Randolph Bucklin

On The Sales Performance of Top Positions in Search Engine Marketing: The Effect of Brand and Price Terms
Kirthi Kalyanam, Peter Boatwright, Sharad Borle

The Role of Search Engine Optimization in Search Rankings
Ron Berman, Zsolt Katona

A "Position Paradox" in Sponsored Search Auction
Kannan Srinivasan, Jerath Kinshuk, Liye Ma, Young-Hoon Park

Exploring the Long Tail in Paid Search Advertising
Randolph Bucklin, Oliver Rutz, Michael Trusov

FC05 – Room 15

Finance & Marketing I

Chair: Maria Ana Vitorino

The Neglected Joint Role of Intangibles as Drivers of the Cost of Capital
Alexander Himme, Marc Fischer

The Value Relevance of Customer Equity: Evidence from the Telecommunication Industry
Shijin Yoo, Yong Bum Choi, Janghyuk Lee, Yong Keun Yoo

Advertising, Risk and Return
Maria Ana Vitorino, Frederico Belo, Xiaoji Lin

FC06 – Room 16

Online Retailing *(Special Session)*

Chair: Peter Danaher

Web Site Engagement: The Influence of Online Choice Behaviour
Antonio Hyder, Joaquin Aldas, Enrique Bigne

New Product Introduction under Dominant Retailer: Brick-and-mortar, Online Exclusive, or Brick-and-Click?
Lan Luo, Jiong Sun

Online Shopping Behavior for Groceries: The Impact of Product-Specific Purchase Barriers and Online Buying Experience
Huiying He, Els Breugelmans, Katia Campo

Modeling Online Retail Sales: From Amazon to Apple
Peter Danaher, Anastasios Panagiotelis, Mike Smith

FC07 – Room 17

Channels: Multichannel Management

Chair: Gonca Soysal

Managing Multiple Routes to Market: The Role of Channel Variety and Intensity of Channel Usage
Werner Reinartz, Monika Käuferle

Determining the Impact of Multichannel Use on Customer Profitability
Martin Boehm

An Empirical Analysis of Consumer Behavior in the Existence of Virtically Differentiated Channel Offerings
Gonca Soysal, Lakshman Krishnamurthi

FC08 – Room 18

Promotions: Price Promotions

Chair: Marina Girju

Advances in Repeat Customers' Adoption Behavior in Responses to Mobile Direct Mail Coupon Promotions and the Customer Heterogeneity
Fumiyo Kondo,Shen Zhong Jian

Multi-unit Price Promotions and Their Impact on Sales
Salome Nies, Tammo Bijmolt, Peter Leeflang, Martin Natter

Optimal Quantity Discounts Over Time
Sebastian Oetzel, Daniel Klapper

Who Decides to Bundle? A Manufacturer versus Retailer Strategy with Channel Consequences
Marina Girju, Ashutosh Prasad

2010 INFORMS Marketing Science Conference

Friday, June 18th, 2010 1.30-3.00 (FC)

FC09 – Room 19

New Products: Development & Design III

Chair: Sandra Dijk

Social Networks, Status, and the Adoption of New Research Tools
Yansong Hu, Christophe Van den Bulte

Forecasting Market Responses to Firms' New Product Activities: A Virtual Stock Market Approach
Natasha Zhang Foutz, Lan Luo, Gerard J. Tellis

Adaptive Concept Screening (ACS): A Better Alternative to Traditional Concept Screening Methods
Laurent Flores

Product Development with Value Design
Akihiro Inoue, Sayaka Ishimaru, Tetsu Kobayashi, Takao Nagai, Nobuaki Nagamine, Akihiro Nishimoto, Satoru Shiratori, Haruo Umemoto

Totem Building as a Creativity Technique for Service Innovations
Sandra Dijk, Dubravko Radic

FC10 – Room 20

Brands: Brand Extensions

Chair: Ram Bezawada

The Effects of Parent Brand Experience, Variety Seeking, and Consumer Innovativeness on Line Extension Trial and Repeat
Ian Clark Sinapuelas, Deanna Wang

The Importance of Brand Relationship Quality in Brand Extensions
Esra Sonmezler Arikan

Spillover Effects and Relative Extension Success Across Different Types of Brand Development Strategies
Ram Bezawada, Vijay Ganesh Hariharan, Debabrata Talukdar

FC11 – Room 21

Choice Models

Chair: Sanghak Lee

Testing Interactions in Linear Processes: The Benefits of New Binomial Tests Over Logistic Regression
Oleg Urminsky

Analyzing Market Baskets by an Autologistic Model with Hidden Variables
Harald Hruschka

A Cross-category Model for Asymmetric Complementarity
Sanghak Lee, Greg Allenby, Jaehwan Kim

FC12 – Room 22

Measurement & Survey Research

Chair: Douglas MacLachlan

Using Expert and Naive Raters for Choosing a Single Item
Petra Wilczynski, Marko Sarstedt

Free-binary Rating Scales Best for Measuring Perceptions
John R. Rossiter, Sara Dolnicar, Bettina Grün

Visualizing the Influence of Interactions with Continuous Independent Variables
Douglas MacLachlan, Jifeng Mu, Gang Peng

FC13 – Room 23

Competition II

Chair: Amit Pazgal

Differentiate or Imitate?: The Role of Context-dependent Preferences
Ozge Turut, Chakravarthi Narasimhan

Rivalry in Price and Location by Differentiated Product Manufacturers
Timothy Richards, William Allender, Geoffrey Pofahl

Seeking an Aggressive Competitor: How Product Line Expansion Can Increase All Firms' Profits
Raphael Thomadsen

Profit Increasing Entry
Amit Pazgal, Raphael Thomadsen

FC14 – Room 24

Cause-Related Marketing

Chair: Theo Benos

Optimum Donation Promises in Charity Auctions
Peter Popkowski Leszczyc, Leo Wong

Donation Size and Donation Framing in Cause-Related Marketing
Sarah Müller, Anne Fries, Karen Gedenk

How Much Should Companies Invest in Cause-related Marketing? A Study of the Relationship between Donation Amount and Willingness to Pay
Isabel Stefan, Wayne D. Hoyer, Nicole Koschate

The Heart and Soul of Corporate Strategies: What Drives Consumer Attitudes Towards Cause-Related Marketing?
Theo Benos, Nikos Kalogeras, Polina Papastathopoulou

FC15 – Room 25

CB: Preferences

Chair: Nico Neumann

The Value of PIE: Group-Sourced Individual Preference Measurement
Hye-jin Kim, Eric Bradlow, Min Ding, Young-Hoon Park

I Like Thee! Let Me Count the Ways… Oh, I Like Thee Even More!: On the Role of Attitude Strength in Consumer Judgment
Maria Aladjem, Ulf Bockenholt

The Role of Regulatory Fit on the Attraction Effect
Subimal Chatterjee, Ashwin Malshe, Rajat Roy

Extremeness Aversion: A Critical Review and Research Agenda
Nico Neumann, Ashish Sinha

2010 INFORMS Marketing Science Conference

Friday, June 18th, 2010 3.30-5.00 (FD)

FD01 – Room 02

Social Influence: Communities & Online Communication

Chair: Yi-Ling Chen

Quantifying the "Social Dollars" of Online Brand Communities
Puneet Manchanda, Grant Packard, Adithya Pattabhiramaiah

Stimulating Valuable Community Engagement: The Impact of Social Identification Trajectories on Community Members' Engagement
Stephan Ludwig, Elisabeth Brueggen, Ko de Ruyter, Gerard Pfann, Martin Wetzels

The Effects of Electronic Word of Mouth (eWOM) on Attitude Adjustment and Change: The Moderating Role of Need for Cognition (NFC)
Yi-Ling Chen, Nai-Hwa Lien

FD02 – Room 04

Multichannel Customer Management *(Special Session)*

Chair: Peter Verhoef

Are Cross-channel Effects Complementary or Competitive? An Empirical Analysis
Venky Shankar, Tarun Kushwaha

The Impact of Customer Multichannel Choices on Revenues and Retention
Sara Valentini, Elisa Montaguti, Scott A. Neslin

Influence of Online Channel Use on Customer-based Metrics and Consequences for Customer Channel Migration Strategies
Sonja Gensler, Martin Boehm, Peter Leeflang, Bernd Skiera

The Effect of Channel Elimination on Customer Behavior: Transition from Catalog Retailers to E-tailers
Umut Konus, Scott A. Neslin, Peter Verhoef

FD03 – Room 06

CRM: Customer Loyalty II

Chair: Thorsten Teichert

On the Relationship Between Risk Aversion and Cross-category Brand Loyalty
Lutz Hildebrandt, Nadja Silberhorn

Modeling Long-term Loyalty to Perfumes Over the Consumer's Lifetime
Gilles Laurent, Raphaëlle Lambert-Pandraud

Consumer Loyalty and Bank Switching Intention After Financial Crisis
Thorsten Teichert, Daniel Wagenführer

FD04 – Room 14

Search Engines II *(Special Session)*

Chair: Donna Hoffman

A Two-stage Individual-level Model of Paid Search Response Calibrated on Aggregated Data
Oliver Rutz, Michael Trusov

Are Brand Attitudes Contagious? Consumer Response to Organic Search Trends
Donna Hoffman, Thomas P. Novak

Online Purchase and Search Engine Usage: Findings from Internet Panel Data
Jean Choe

Modeling Navigational Behavior in Sponsored Search Advertising
Young-Hoon Park, Chang Hee Park

FD05 – Room 15

Finance & Marketing II

Chair: Rui Wang

Managing Market-based Assets: Lessons from Affective Effects in the Cross-section of Stock Returns
Robert Merrin

Betting on Which Horse? Differences in the Information Content of Marketing and Finance Induced Insider Trading Activities
Armin Arnold, Jochen Becker, Florian von Wangenheim

Marketing Spending and Earnings Accrual Quality in Accounting
Rui Wang, Feng Tian, Ping Xiao

FD06 – Room 16

Online Pricing *(Special Session)*

Chair: Martin Spann

Do Price Charts Provided by Online Shopbots Influence Price Expectations and Purchase Timing Decisions?
Wenzel Drechsler, Martin Natter

Price Discrimination in E-Commerce? An Examination of Dynamic Pricing in Name-Your-Own-Price Markets
Martin Spann, Il-Horn Hann, Oliver Hinz

The Effect of Shipping Fee Structure on Consumer Evaluations of Online Offers
Nevena T. Koukova, Joydeep Srivastava, Martina Steul-Fischer

Complexity vs. Network Effects: How Different Tariff Models Affect Referral Activity for a Mobile Service
Christian Barrot, Jan U. Becker

FD07 – Room 17

Channels: Dual Distribution

Chair: Ruhai Wu

Components of Firm Valuation and Risk with Application to Dual Distribution in Franchised Channels
Liwu Hsu, Patrick Kaufmann, Shuba Srinivasan

Channel Control, Competition and Outcomes in Dual Distribution Systems
Alberto Sa Vinhas, Jan Heide

Managing Multi-channel Competition in Online Retailing Systems
Ruhai Wu, Manish Kacker, Ling Xue

FD08 – Room 18

Promotions: Non-Price Promotions

Chair: Daniel Halbheer

In-Store Display Characteristics in Consumer Packaged Goods Industry
Aman Nanda

Comparison on the Different Schemes of Probabilistic Prize Promotion
Rong Chen, Feng He

Sampling Information Goods: How Much Should Be Free?
Daniel Halbheer, Oded Koenigsberg, Donald R. Lehmann, Florian Stahl

2010 INFORMS Marketing Science Conference

Friday, June 18th, 2010 3.30-5.00 (FD)

FD09 – Room 19

Decision-Making Perspectives on Product Innovation Management
(Special Session)

Chair: Jelena Spanjol
Co-Chair: Regina McNally

Too Much or Not Enough? Trade-offs Between Team Diversity and Innovation Decision-making Effectiveness
Jelena Spanjol, Regina McNally

New Product Portfolio Management Decisions: Time Varying Impact on Firm Performance
Regina McNally, Serdar Durmusoglu

An Empirical Investigation into Portfolio Decision-making Effectiveness
Linda Kester, Abbie Griffin, Erik Jan Hultink

Panel Discussion
Abbie Griffin, Regina McNally, Jelena Spanjol

FD10 – Room 20

Brands: Brand Equity

Chair: Sudhir Voleti

Measurement of Retailer Brand Equity Using Fuzzy Analytic Hierarchy Process
Debasis Pradhan, Bijaya Krushna Mangaraj

Brand Vitality: A Dynamic Measure of Brand Potential
Joseph Johnson, Debanjan Mitra

Social Brand Value – An Extended Perspective on How Brands Create Value
Markus Pfeiffer, Johann Fueller, Roland Schroll, Markus Zinnbauer

A Spatial Analysis of the Geographic Dispersion of Brand Equity
Sudhir Voleti, Paul Nelson

FD11 – Room 21

Choice Models: Non-Compensatory Choice

Chair: Ricardo Montoya

The Success of Choice-based Conjoint Designs When Respondents Make Lexicographic Choices
Keith Chrzan, Joseph White, John Zepp

A Probabilistic Lexicographic Model
Ricardo Montoya, Kamel Jedidi, Rajeev Kohli

FD12 – Room 22

Structural Equation Modeling

Chair: Nino Hardt

On the Impact of Missing Values on Model Selection in FIMIX-PLS
Felix Kessel, Christian Ringle, Marko Sarstedt

Formatively-measured Constructs Taking Endogenous Positions in Structural Equation Models: Issues and Recommendations
Dirk Temme, Adamantios Diamantopoulos

Finding the Right Path - Bayesian Mixture Modeling of Structural Equation Models
Nino Hardt, Joachim Bueschken

FD13 – Room 23

Pricing: Competition I

Chair: Erik Bushey

A Theory of Price Dealing with Asymmetric Information
I-Huei Wu, Chyi-Mei Chen, Shan-Yu Chou

Does Price Alignment Lead to Higher or Lower Prices? Evidence from UK Supermarkets
Jonathan Seaton, Ratula Chakraborty, Paul Dobson, Michael Waterson

Price-matching in Food Retailing Markets
Volker Trauzettel

The Effects of Information Diffusion on the Allocation of Firms' Marketing Resources
Erik Bushey, Udatta Palekar, Hong Yuan

FD14 – Room 24

Not-for-Profit Marketing

Chair: V. Mukunda Das

Consumer Psychology in Donation of Religious Non-profit Organization—Taiwan Tzu Chi Foundation
Chih-Chien Cheng, Hui-I Yao

An Exploratory Investigation of Organizational Antecedents to Development Marketing: The Case of JEEViKA from Bihar in India
V. Mukunda Das, Saji K. B. Nair

FD15 – Room 25

CB: Social Influence

Chair: Elie Ofek

Bounded Defensive: A New Look at Consumer Coping Behaviors with Undue Influence
Lynn Kahle, Guang-Xin Xie

Debunking the Social Indifference of Materialism – Strategies to Enhance Charity Giving from Materialistic Individuals
Robert Kreuzbauer, Chi-yue Chiu

To Think or Not to Think: The Effect of Cognitive Deliberation Level on Social Norm Influence
Vladimir Melnyk, Arnout Fischer, Erica van Herpen, Hans C. M. van Trijp

Observation and Communication in a Model of Social Learning: The Emergence of Pivotal Information Seekers
Elie Ofek

2010 INFORMS Marketing Science Conference

Saturday, June 19th, 2010 8.30-10.00 (SA)

SA01 – Room 02

Social Influence: General

Chair: Henning Kreis

A Social Network Analysis of Customer-level Revenue Distribution
Michael Haenlein

Social Effects on Customer Retention
Irit Nitzan, Barak Libai

Word-of-mouth of Lost Customers
Doreén Pick, Henning Kreis

Market Share Effects of Satisfaction and WOM
Henning Kreis, Till Dannewald

SA02 – Room 04

CRM: Customer Acquisition & Retention

Chair: Stephan Wachtel

Referral Programs and Customer Value
Philipp Schmitt, Bernd Skiera, Christophe Van den Bulte

Targeting, Matching, and Dynamic Pricing: Value of Learning, and Acting Upon Customer Information
Baohong Sun, Henry Cao

How to Control for Successive Sample Selection and When Does it Matter for Management Decisions
Stephan Wachtel, Thomas Otter

SA03 – Room 06

CRM: Customer Loyalty III

Chair: George Knox

Modeling Call Centers Agent Client Interaction Performance
Fabien Eloire, Christine Balague, Helene Ducourant

The Effects of the Job Satisfaction and Organizational Commitment of Road Warriors Working in Medicine Sector on Customer Loyalty and Satisfaction
Hasan Aksoy, Atil Bilge

Loyalty in a Multilevel Setting - Bank or Relationship Manager as the Driving Force in Creating Loyal Corporate Customers
Alexander Kapeller

Customer Complaints, Defection and Lifetime Value
George Knox, Rutger van Oest

SA04 – Room 14

Social Networks *(Special Session)*

Chair: Christophe Van den Bulte

Endogenous Homophily in Social Networks
Zsolt Katona

Tricked by Truncation: Another Source of Spurious Social Contagion in New Product Adoption
Christophe Van den Bulte

Does Mere Connection Lead to Social Interaction in Online Social Networks: An Empirical Investigation in Flickr.Com
Xiaohua Zeng, Xinlei Chen, Yuxin Chen

Strategic Networking for Online Success
Mark Heitmann, Asim Ansari, Lucas Bremer, Florian Stahl

SA05 – Room 15

Strategy: Firm Performance

Chair: Rabikar Chatterjee

Does Marketing-mix Create Shareholder Value: Lessons from an Over-the-Counter (OTC) Product Category
Ashish Sinha, Mukesh Bhargava, Raj Srivastava

The Influence of Marketing Capabilities from Knowledge Creation Perspective and the Moderating Effect of Strategic Orientation on Firm's Performance
Inkon Koh, Hoon Kim

The Impact of Market Driving Strategies on Firm Performance
Goran Vlasic, Ajay Kohli, Ajay Kohli

The Impact of Marketing Innovation on Firm Performance: A Cross-functional Perspective
Rabikar Chatterjee, Mukesh Bhargava, Christoph Grimpe, Wolfgang Sofka

SA06 – Room 16

Entertainment Marketing: Movies I

Chair: Andrei Strijnev

Movie Choice under Joint Decision
Youngju Kim, Jaehwan Kim

Movie Attendance, Critics and the Business Cycle
Tirtha Dhar, Charles Weinberg

Pre-launch Advertising for Movies: What Budgeting Rule do Studios Use?
Andrei Strijnev, Sridhar Moorthy, Seethu Seetharaman

SA07 – Room 17

Channels: Advertising & Sales

Chair: Simone Fucks

Persuasive Advertising in Distribution Channels
Sreya Kolay

Centralized and Decentralized Channels: Implications to Advertising
Hongyan Shi, Yunchuan Liu

Decoding the "Black Box" of Intercultural Negotiations
Simone Fucks, Frank Jacob, Nathalie Prime, Robert Wilken

SA08 – Room 18

Sales Force

Chair: Michel van der Borgh

Antecedents and Consequences of Key Account Manager Competence
Verena Luetke

Prevention is Better than Cure: A Key Account Manager Perspective
Goutam Challagalla, Ajay Kohli, Brian Murtha

To Follow-up or Not-to-Follow-up: Performance Impact of Salesperson's Pursuit of Marketing Leads
Sharmila Chatterjee

Ambidexterity at the Front-line: Impact of Sales Management Orientation on New and Existing Product Selling Effectiveness
Michel van der Borgh, Ad de Jong, Ed Nijssen, Jan Wieseke

2010 INFORMS Marketing Science Conference

Saturday, June 19th, 2010 8.30-10.00 (SA)

SA09 – Room 19
Value Creation through Technology and Product Management *(Special Session)*

Chair: Raji Srinivasan

The Halo Effect: Exploring the Performance Impact of Being at the Technological Frontier
Madhu Viswanathan, Rajesh Chandy, Prokriti Mukherji, Om Narasimhan

A Global Analysis of Innovation Productivity of IT Clusters
Nukhet Harmancioglu, Gerard J. Tellis

Product-line Length and Market Performance
Raji Srinivasan

SA10 – Room 20

Brands: Global Branding I

Chair: Cem Bahadir

Evaluating Standardized Corporate Branding Across Countries
Markus Meierer, Margot Loewenberg, Bernhard Swoboda

The Double-edge Sword of Foreign Branding
Valentyna Melnyk, Kristina Klein, Franziska Völckner

The Influence of Brand Origin on Brand Personality and Symbolic Brand Values in Developing Countries
Christian Becker

Marketing Mix and Brand Performance: A Cross-country Dynamic Panel Data Analysis
Cem Bahadir, Sundar Bharadwaj, Rajendra Srivastava

SA11 – Room 21

Choice Models: Applications

Chair: Pavitra Jindahra

A Regime-switching Model of Cyclical Category Buying
Sachin Gupta, Sungho Park

Empirical Model of Addiction using Scanner Panel Data
Hossein Eslami , Junhong Chu

The Influence of Variable Message Sign Design on Route Diversion: An Application of Mixed Logit Model
Pavitra Jindahra, Kasem Choocharukul

SA12 – Room 22

ASA Special Session on Statistics and Marketing: Computationally-Intensive Methods *(Special Session)*

Chair: Michael Braun

Variational Inference for Large Scale Models of Discrete Choice
Michael Braun, Jon McAuliffe

Posterior Predictive Model Checking: An Application to Multivariate Normal Heterogeneity
Peter Lenk, Tim Gilbride

Monitoring Brand Perceptions using Jump Diffusion: A Bayesian State-space Modeling Approach
Mantian Hu, Sam Hui

SA13 – Room 23

Pricing: Competition II

Chair: Hongju Liu

Differentiation in Price Competition Policy
Liang Guo, Juanjuan Zhang

Depth and Breadth of Sales by Multi-product Retailers
Jens-Peter Loy

Pricing Strategies Under Increased Customer Switching
Jonathan Bohlmann, Cenk Kocas

Price Dispersion and Loss Leader Pricing: Evidence from the Online Book Industry
Hongju Liu, Bin Gu, Xinxin Li

SA14 – Room 24

Food Marketing and Health *(Special Session)*

Chair: Amir Heiman

For a Few Cents More: Why Supersize Unhealthy Food?
Eitan Gerstner, Paul Dobson

The Effect of Calorie Information on the Choice Process of (Fast) Food Products
Amir Heiman, Oded Lowengart

The Effect of Information about Health Hazards on Perceptual Discrimination of Attributes and Choice: Theory and Empirical Evidences
Oded Lowengart, Amir Heiman

Distracted Determinants of Portion Size
David Just, Collin R. Payne, Brian Wansink

SA15 – Room 25

Decision Making: Time Perspectives

Chair: Min Zhao

Scope Insensitivity across Time Perspectives: Affect as a Decision Making System of the Present
Hannah Chang, Michel Tuan Pham

Information Unpacking, Temporal Distance, and Preference
Xin Ge , Gerald Haubl

Memory Distortions in Consumer Decisions
Qiuping Li, Dipankar Chakravarti, Atanu Sinha

Matching Temporal Perspective and Visualization Aids to Enhance New Product Evaluation
Min Zhao, Darren Dahl, Steve Hoeffler

2010 INFORMS Marketing Science Conference

Saturday, June 19th, 2010 10.30-12.00 (SB)

SB01 – Room 02

Social Influence: Word-of-Mouth

Chair: Srinivas Reddy

The Heterogeneous Effect of WOM on Product Sales: Why WOM Valence Does Not Matter
Joonhyuk Yang, Wonjoon Kim, Amblee Naveen

Persuasion and Risk Reduction Effect of Word-of-mouth: The Case of Motion Pictures
Backhun Lee, Minhi Hahn

The Effects of Consumers' Text Product Review on New Product Success in the Movie Industry
Sangkil Moon, Yoon-Seo Park

Risk in Celebrity Endorsement: Buzz in Social Media and its Impact on Brand and Firm Performance
Srinivas Reddy, Eddie Chau, Raj Srivastava, Gregory Thomas

SB02 – Room 04

CRM: Customer Satisfaction I

Chair: Goetz Greve

Becoming Simply Better: Improvements for Banking Services to Create Customer Recommendations
Yorick Naeff, Yanto Chandra

Understanding Homebuyer Satisfaction: Before and After the Crash
Rakesh Niraj, Melissa Martin, Ken Merchant

Exploring Determinants of Customer Satisfaction in a Quick Casual Restaurant Setting
Goetz Greve, Ken Nagayama

SB03 – Room 06

CRM: Customer Loyalty IV

Chair: Dries F. Benoit

Managing the Dark Side of Trust: Rethinking the Impact of Trust in Relationship Marketing Research
Alexander Rossmann

Online Consumer Loyalty: Theoretical Framework of Relational Determinants Towards Travel Websites
Christine Amir

Investigating the Added Value of Kinship Network Data in an Attrition Context
Dries F. Benoit, Dirk Van den Poel

SB04 – Room 14

Search Engines III *(Special Session)*

Chair: Bernd Skiera

Is That Investment Really Worth It? Branded Keywords in Paid Search: An Experimental Study
Nadia Nabout, Bernd Skiera

Spillover and Interaction Effects in Search Advertising
Sebastian Ackermann, Florian von Wangenheim

Weekend Effect in Internet Search Advertising? Evidence from the Travel Sector
Hemant Bhargava

Does Search Predict Stock Price?
Kissan Joseph, M. Babajide Wintoki, Zelin Zhang

SB05 – Room 15

Financial Consequences of Marketing *(Special Session)*

Chair: Natalie Mizik

Analysts Ignore Advertising and Their Earnings Forecasts Suffer: An Opportunity
MinChung Kim, Leigh McAlister

Impact of Customer Satisfaction on Earnings and Earnings Volatility: A Comparison of the Effects Across Service and Manufacturing Industries
Kapil R. Tuli, Kartik Kalaignanam, Tarun Kushwaha

The Role of Branding Strategy in Post-M&A Performance
Isaac Dinner, Jonathan Knowles, Natalie Mizik

Test-driving the Partnership: Accounting for Merger Prospects When Valuing Marketing Alliances
Christine Moorman, Matthew Manary

SB06 – Room 16

Entertainment Marketing: Movies II

Chair: Liyuan Wei

Time of Service Effect: The Case of Multiplex Movie Theaters
Jason Ho, Jehoshua Eliashberg, Charles Weinberg, Berend Wierenga

The Roles of Producers and Distributors in Creating Product Level Profitability: The Case of Motion Pictures
Ekaterina Karniouchina, Stephen Carson, Bill Moore, Can Uslay

Who Starred in Which Movie and Why
Liyuan Wei, Yupin Yang

SB07 – Room 17

Pricing Issues—Distribution Channel Models I *(Special Session)*

Chair: S Chan Choi

Price Adjustment Costs and Distribution Channels
Sourav Ray, Mark Bergen

Retail Price Maintenance without Free-riding: The Effects of Retailer Heterogeneity
Mark Parry, Charles Ingene

Effects of Channel Intermediaries on Quality-price Competition
S Chan Choi

SB08 – Room 18

Organizational Issues

Chair: Tingting He

Marketing and Operations Management: Two Disciplines One Objective
Nevan Wright, Reinhard Huenerberg

Achieving Ambidexterity: The Role of Branch Context
Ting Yu, Ko de Ruyter, Paul Patterson

Trust and Cultural Values in Organizations: A Comparative Study
Tingting He, Paul Jackson

2010 INFORMS Marketing Science Conference

Saturday, June 19th, 2010 10.30-12.00 (SB)

SB09 – Room 19

Innovation I

Chair: Stefan Wuyts

Licensing Radical Product Innovations to Speed Up the Diffusion Takeoff
Mercedes Esteban-Bravo, Vardan Avagyan, Jose M. Vidal-Sanz

Consumer Innovativeness and Structure of Innovation Diffusion
Masataka Yamada, Toshihiko Nagaoka

Driving Success with Open Innovation: The Role of Interfirm Relationships and Firm Performance
Sanjay Sisodiya

Corporate Board Interlocks and Organizational Innovation
Stefan Wuyts, Raji Srinivasan

SB10 – Room 20

Brands: Global Branding II

Chair: Sabrina Hegner

Global Versus Local Brand Failures: Which Dissatisfy Consumers More?
Xue Gao, Patrick S. Poon

Can Global and Local Brands Benefit from Organic Labeling? An Experimental Study
Daniela B. Schäfer, Hans H. Bauer, Daniel Heinrich

The Relevance of Trust for the Success of Brands – A Cultural Approach
Sabrina Hegner

SB11 – Room 21

Multi-Category Choice Models
(Special Session)

Chair: Seethu Seetharaman

An SKU-Level Model of Multiple Item Choice
Gary J. Russell

Empirical Analysis of Firms' Pricing Strategies with Complementary Product Lines
Yu Ma

Cake Mix in Aisle 3, Candy Bars in Aisle 12: Investigating the Impact of Store Layout on Consumers' Purchase Incidence Decisions
Seethu Seetharaman

A Multicategory Model of Consumers' Purchase Incidence, Quantity and Brand Choice Decisions: Methodological Issues and Implications for Promotional Decisions
Nitin Mehta

Cross-category Implications for Scaling Response Sensitivities
Sri Devi Duvvuri, Minakshi Trivedi

SB12 – Room 22

ASA Special Session on Statistics and Marketing Applications I
(Special Session)

Chair: Sam Hui

Hybrid Method of Eliciting Vehicle Consideration Sets using Non-compensatory and Compensatory Rules
Ely Dahan

Optimal Pricing using Online Auction Experiments: A Polya Tree Approach
Sam Hui, Edward I. George

Why are People using Twitter?
Olivier Toubia, Andrew Stephen

SB13 – Room 23

Pricing: Competition III

Chair: Manish Gangwar

Product Positioning and Pricing: Influence of Market level and Inter-firm Differences in Costs
Sajeesh Sajeesh, Jagmohan Raju

The Effects of Brand Equity on Price Strategies: An Agent Based Model
Skander Esseghaier, Sebastiano A. Delre

German Gutenberg Dynamic Pricing Model's Application to China Digital Market: Samsung Opentide China's Pricing Decision-Making Support System
Youngsik Kwak, Wanwoo Cho, Jongwook Lim, Sookyung Paik

Quantifying the Loss in Profits Due to Consumer Stockpiling
Manish Gangwar, Nanda Kumar, Ram Rao

SB14 – Room 24

Marketing and Health I
(Special Session)

Chair: Philipp Stern

Co-Chair: Jaap Wieringa

Dynamic Long Range Forecasting For New Pharma Products
Ceren Kolsarici, Demetrios Vakratsas

Managing Across Substitute Categories: How to Allocate Marketing Resources under Changing Competitive Intensity?
Jens Keller

Local Marketing of Over-the-counter Drugs
Katrin Reber, Peter Leeflang

Patient Empowerment – Can it Improve Adherence? -A Global Investigation
Nuno Camacho, Martijn De Jong, Stefan Stremersch

Why Do Some New Drugs Succeed While Their Bio-equivalent Counterparts Fail – Is This Due to Marketing?
Philipp Stern, Jaap Wieringa

SB15 – Room 25

Decision Making: Self Control

Chair: Suresh Rananathan

A Cigarette, a Six Pack or Porn: Are Vices Substitutes or Complements?
Rachel Shacham, Tulin Erdem, Peter Golder

The Differential Effects of Less Tempting Food Cues on Food Intake Control
Nina Belei, Kelly Geyskens, Caroline Goukens, Jos Lemmink

Self-control and the Differential Weighting of Risk Components
Shi Jia, Tatiana Andreyeva, Uzma Khan, Ab Litt

Sticky Desires or Tricky Self-control: Dynamic Processes in Attention Bias Towards Temptation
Suresh Rananathan, Jun Lu

2010 INFORMS Marketing Science Conference

Saturday, June 19th, 2010 1.30-3.00 (SC)

SC01 – Room 02

Social Influence: Network Effects

Chair: Stav Rosenzweig

Positioning and Pricing of Conspicuous Goods: A Competitive Analysis
Jagmohan Raju, Sajeesh Sajeesh

The Impact of Team Knowledge Heterogeneity and Social Relations on Innovation
Vera Blazevic, Amir Grinstein, Corine Noordhoff

Leveraging Social Capital in Academic Research in Marketing
Stav Rosenzweig, Amir Grinstein, Elie Ofek

SC02 – Room 04

CRM: Customer Satisfaction II

Chair: Amir Gandomi

Consumer Heterogeneity and Satisfaction Uncertainty
Cheng Qian, Murali Chandrashekaran

Making the Difference: Do Customer Clubs Tighten B-to-B Relationships?
Christine Falkenreck, Ralf Wagner

An Analytical Investigation of the Effect of Customer Satisfaction on Loyalty Programs' Profitability
Amir Gandomi, Saeed Zolfaghari

SC03 – Room 06

CRM: Cross-Selling

Chair: Tanja Frischmann

A Game Theoretical Approach to Explain Cross–selling Behavior of Business Units
Andre Decrouppe

Credible Cross Selling of Financial Services Products: Application to Insurance
Fredrik Thuring, Vladimir Kaishev, Jens Perch Nielsen

How to Profit From an Existing Customer Base to drive Company Growth and Profitability
Silvia Vianello, Fabio Ancarani, Francesco Quartuccio

Effect of Cross-buying on Customer Profitability
Tanja Frischmann, Sonja Gensler, Peter Leeflang, Bernd Skiera

SC04 – Room 14

Search Engines IV *(Special Session)*

Chair: Thomas P. Novak

Information Propagation in the Web 2.0
Mark Elsner, Oliver Heil, Atanu Sinha

Viral Marketing: Consumers Who are Willing to Pass on Any Word-of-Mouth Message
Dave Bussiere

Roles and Goals: Consumer Motivations to Use the Social Web
Thomas P. Novak, Donna Hoffman

Double Jeopardy! Modeling the Dual Role of Online Search and its Interaction with Social and Commercial Media
Amit Joshi, Michael Trusov

SC05 – Room 15

Identifying Marketing Actions that Drive Financial Performance *(Special Session)*

Chair: Arvid Hoffmann

Co-Chair: Christine Moorman

Does the Market Misprice Customer Satisfaction? New Tests of the "Errors-in-Expectations" Hypothesis
Jeroen Derwall, Daniel Hann, Nikos Kalogeras

Now or Never: Using the Financial Crisis to Get Serious about Customer Equity in Financial Reporting
Manuel Bermes, Lutz Horn, Bernd Skiera

The Role of Marketing in Managing Investor Relations
Arvid Hoffmann, Joost M. E Pennings, Simone Wies

Interactive Discussion on the Marketing-finance Interface
Dominique Hanssens

SC06 – Room 16

Experiments on Pricing and Other Exchange Mechanisms
(Special Session)

Chair: Chuan Hey

Tiers in One-sided Matching Markets - Theory and Experimental Investigation
Yu Wang, Eman Haruvy

Competitive Implications of Haggling - A Theoretical and Experimental Investigation
Tony Cui, Paola Mallucci, Z. John Zhang

Informative Advertising, Product Variety and Price Competition: An Experimental Analysis
Chuan Hey, Wilfred Amaldoss

SC07 – Room 17

Relationship, Cooperation and Dominance—Distribution Channel Models *(Special Session)*

Chair: Sridhar Moorthy

Channel Coordination in Heterogeneous Markets
Salma Karray

Moral Hazard and Externalities in Franchise Systems
Sridhar Moorthy

Strategic Inventories and Channel Structure
Sudheer Gupta

SC08 – Room 18

Health Marketing

Chair: Gordian Bwemelo

Antecedents of Preventive Health Behavior: An Empirical Model Comparison In The Context of Dietary Supplement Consumption
Kai N. Bergner, Hans H. Bauer, Catharina Hoschke

Consumer Acceptance of Commercialization in Health Care Allocation
Tim M. Benning, Benedict G.C. Dellaert

Analysis of Consumers Awareness and Response Towards Counterfeit Medicines in Tanzania
Gordian Bwemelo

2010 INFORMS Marketing Science Conference

Saturday, June 19th, 2010 1.30-3.00 (SC)

SC09 – Room 19

Innovation II

Chair: Namwoon Kim

A Demand Driven Model of Product Innovation
Joy Joseph

Exploring the Drivers of Marketing Innovations by Firms
Saurabh Mishra, Alexander Krasnikov, Demetrios Vakratsas

Product Concept Demonstrations in Trade Shows and Firm Value: A Case of Auto Shows
Taewan Kim, Tridib Mazumdar

Broaden Your Horizons? Analyzing Firms' New Product-Market Entry Motivations
Namwoon Kim, Seoil Chaiy, Sungwook Min

SC10 – Room 20

International Marketing I

Chair: Lancy Mac

Going Global: Why Some Firms from Emerging Markets are more Successful at Internationalization than Others
Sourindra Banerjee

Variable Selection in International New Product Growth Models
Sarah Gelper, Stefan Stremersch

Learning Orientation, Learning Mechanism and Market Learning Among Rapidly Internationalizing Firms in China
Lancy Mac, Felicitas Evangelista

SC11 – Room 21

Conjoint Analysis I

Chair: Christian Schlereth

Blocked Subset Design for Building 3q Optimal Factorial Designs
Ruben Huertas-Garcia

Heterogeneous Designs for Hierarchical Choice Models
Qing Liu, Neeraj Arora

Estimation of Individual Level Multi-attribute Utility from Ordered Paired Preference Comparisons
Paul Nelson, Dan Horsky, Sangwoo Shin

Reduced Dual Response
Christian Schlereth, Bernd Skiera

SC12 – Room 22

ASA Special Session on Statistics and Marketing: Applications II *(Special Session)*

Chair: David Schweidel

Modeling Scale Attraction Effects: An Application to Charitable Donations
Kee Yeun Lee, Fred Feinberg

Seeing through Shoppers' Eyes and Following in their Footsteps: Grocery Shoppers' Planning, In-store Shopping Path, and Dynamic Decision Making
Jacob Suher, Yanliu Huang, Sam Hui, Jeffrey Inman

Generalizing a "Buy 'Til You Die" Framework to Multiple Transactional Activities
David Schweidel, Zainab Jamal, Young-Hoon Park

Dynamic Targeted Pricing in B2B Settings
Oded Netzer, Jonathan Zhang

SC13 – Room 23

Pricing: Perception

Chair: Barbara Broermann

Asymmetric Price Response Effect and Latitude of Reference Price Effect on Consumer Brand Choice
Wei Wang

The Decomposition of Reference Price and its Impact on Customer Post-Purchase Behavior
Jianmin Jia, Felix Tang

Direct Utility Approach to Reference Price and its Effects
Chul Kim, Duk Bin Jun

Strategies for Introducing Prices for Formerly Free Value-Added Services
Barbara Broermann, Sabine Kuester

SC14 – Room 24

Marketing and Health II
(Special Session)

Chair: Aurélie Lemmens

Co-Chair: Stefan Stremersch

When Does Publicity Matter in Determining Consumer Demand? The Case of Anti-Cholesterol Drugs
Hyunwoo Lim, Andrew Ching, Robert Clark, Ignatius Horstmann

Physician Choices Within and Across Drug Classes
Tulikaa Bhatia, Pradeep Chintagunta, Lakshman Krishnamurthi

Prescription Decision Making
Min Ding, Ujwal Kayande

International Spillovers in Pharmaceutical Pricing: The Role of Geography, Trade, and Regulation
Isabel Verniers, Aurélie Lemmens, Stefan Stremersch

SC15 – Room 25

Decision Making: Uncertainty

Chair: Robert Meyer

Preferences and Beliefs in Strategic Interactions
A. Yesim Orhun

Consumer Risk Behavior During Product-harm Crises: A Natural Experiment
Nikos Kalogeras, Joost, M.E. Pennings, Koert Van Ittersum

Consumer Choice of Attribute in a Limited Information Product Selection Task
Harmen Oppewal, Andrea Vocino

Heads in the Sand: Biases in Information Search in Advance of Low Probability, High-Consequence Events
Robert Meyer

2010 INFORMS Marketing Science Conference

Saturday, June 19th, 2010 3.30-5.00 (SD)

SD01 – Room 02

Referral Marketing *(Special Session)*

Chair: Mahima Hada

The Life Time Value of Referral Clients
Nazrul I. Shaikh, Kartik Hosanagar, Christophe Van den Bulte

Understanding the Drivers of Customer Referral Value
J. Andrew Petersen, V. Kumar (VK), Robert P. Leone

Referrals by Design: Effect of Product's Functionality, Aesthetics and Image on Consumer's Referral Intentions
Mahima Hada, Ujwal Kayande, Arvind Rangaswamy

SD02 – Room 04

CRM: Customer Satisfaction III

Chair: Maik Eisenbeiss

The Effect of Customer Satisfaction on Service Purchases and Revenues: A Systematic Examination of Moderating Effects
Nicolas Bourbonus, Dominik Georgi

Does Attitudinal Loyalty Mediate the Relationship between Satisfaction and Behavioral Intentions? An Empirical Examination
Anand Kumar Jaiswal

The Asymmetric Impact of Customer Satisfaction on Willingness to Pay: A Semi-parametric Analysis
Maik Eisenbeiss, Klaus Backhaus, Markus Cornelissen, Wayne D. Hoyer

SD03 – Room 06

Direct Marketing

Chair: Arnaud De Bruyn

A Decision-support Tool for Recommending Promising Categories for Targeted Promotions
Els Breugelmans, Yasemin Boztug, Thomas Reutterer

Empirical Analysis of the Value of Targeting Information in Coupons: Goals and category effects
Ignacio Osuna, Jorge Gonzalez, Julian Villanueva

Targeting the High Value Customers in Direct Marketing: A Quantile Regression Approach
Simon Lo, Geng Cui, Xi Zhang

Nullifying Endogeneity in Direct Mail Optimization: A Simple Delphi Solution to a Complex Marketing Problem
Arnaud De Bruyn

SD04 – Room 14

User Generated Content *(Special Session)*

Chair: Jing Gao

Peeking into Online Bargain Hunting Forums: How Active Participants Influence the Silent Majority
Jing Gao, Jie Zhang

Social Network Learning: How User Generated Contents on Review Websites Influence Consumer Decisions
Hai Che, Tat Chan, Chunhua Wu

User Generated Content in News Media
Tuba Pinar Yildirim, Esther Gal-Or, Tansev Geylani

The Design of Internet Communities
Kaifu Zhang, Miklos Sarvary

SD05 – Room 15

Auctions

Chair: Alex Kim

The Advertising Agency Selection Contest: A Competitive Auction with an Incumbent, Participation Costs, and Differential Qualities
Sharon Horsky, Dan Horsky, Robert Zeithammer

Entertainment Shopping Auctions: Smart-shopping Opportunity or Lottery?
Jochen Reiner, Martin Natter, Bernd Skiera

Mechanism Choice in Procurement Auctions: An Experiment
Timo Heinrich, Jeannette Brosig

On the Optimal Number of Advertising Slots in a Generalized Second Price Auction
Alex Kim, Subramanian Balachander, Karthik Kannan

SD06 – Room 16

Entertainment Marketing II

Chair: Hyoung-Goo Kang

Destination Marketing using Electronic Games?
Suzanne C. Beckmann, Kerri-Ann Kuhn

Time-dependent TV Channel Choice Model at Household-level
Lily Su

Blame it on the Rain: The Economic Impact of Precipitation in a Leisure Industry
Hyoung-Goo Kang, Hailey Joo, Jon Moon

SD07 – Room 17

Experimental Economics *(Special Session)*

Chair: Carl Mela

Who Thinks about the Competition? Managerial Ability and Strategic Entry in US Local Telephone Markets
Avi Goldfarb, Mo Xiao

A Semiparametric Cognitive Hierarchy Model for the p -Beauty Contest
Carl Mela, P. Richard Hahn, Kristian Lum

Between-game Rule Learning in Dissimilar Symmetric Normal-form Games
Ernan Haruvy, Dale Stahl

Competing for the Low-end Market: A Theoretical and Experimental Investigation
Wilfred Amaldoss, Woochoel Shin

SD08 – Room 18

Pharmaceuticals

Chair: Eelco Kappe

Extreme Information and Learning
Ping Li, Sridhar Narayanan

Drug Prescription Behavior and Decision Support Systems
Tolga Akcura, Zafer Ozdemir

Combination Drugs to Extend the Product Life Cycle
Eelco Kappe, Stefan Stremersch

2010 INFORMS Marketing Science Conference

Saturday, June 19th, 2010 3.30-5.00 (SD)

SD09 – Room 19

Product Management

Chair: Wooseong Kang

Optimal Product Line Selection: A Fuzzy Goal Programming Approach
Bijaya Krushna Mangaraj, Debasis Pradhan

Consumer Self-knowledge and Self-selection
Juanjuan Zhang, Liang Guo

Strategic Line Pricing: Measuring the Effects of Attribute Variety and Product Line Length
Geoffrey Pofahl

Technological Drivers of Product Portfolio Strategy
Wooseong Kang, Barry Bayus, Mitzi Montoya

SD10 – Room 20

International Marketing II

Chair: Helene de Burgh-Woodman

Product Knowledge and Motivation as Moderators of the CoO Effect: An Omission Detection Perspective
Xiaoning Guo, Geng Cui, Yu Su

Chinese Consumers' Ethnocentric Values and Consumption Behaviour
Frauke Mattison Thompson, Robert Hoffmann

Hedonic Consumption & Changing Demographic of Indian Consumer: Emerging Trend & Strategic Implication
Anurag Kansal

A Global Theory for a Global Market: Bringing a Humanities-based Theory to Marketing and the Contemporary Global Marketplace
Helene de Burgh-Woodman

SD11 – Room 21

Conjoint Analysis II

Chair: Vithala Rao

Conjoint-design: Concluding Impact on Price-elasticity and Validity

Judith Schloffer, Thomas Foscht, Leonhard Kehl

Ranking Models in Conjoint Analysis
Karyin Lam, Philip Hans Franses, Alex Koning

Using Information Seeking Behavior in Preference Measurement for Complex Products
Sören W. Scholz, Reinhold Decker, Martin Meissner

Measuring the Effect of Peer Influence on Attribute Preferences
Vithala Rao, Vishal Narayan, Carolyne Saunders

SD12 – Room 22

ASA Special Session on Statistics and Marketing: New Methods for Exploring, Understanding, and Managing Consideration Sets
(Special Session)

Chair: Guilherme (Gui) Liberali

Optimal Time-to-morph and Cognitive Costs of Morphing
Guilherme (Gui) Liberali, John R. Hauser, Glen L. Urban

Recommending Products to Adaptive Decision Makers
Daria Dryabura

Do Competitive Test Drives and Product Brochures Improve Sales?
John R. Hauser, Guilherme (Gui) Liberali, Glen L. Urban

Developing Consideration Rules for Durable Goods Markets
Glen L. Urban, Daria Dryabura, John R. Hauser, Jong Moon Kim, Erin MacDonald

SD13 – Room 23

No Session

SD14 – Room 24

Services

Chair: Kimmy Wa Chan

Quantifying the Economic Value of Service Menu Extension
Jinsuh Lee, Sangwoo Shin

How Fairness Makes Me Feel: The Effects of Distributive, Procedural, and Interactional Justice on Repatronage
Cathy Yi Chen, Peter De Mayer

How Job Stress Affects Employees' Service Performance: Roles of Social-support and Perspective-taking
Kimmy Wa Chan, Echo Wen Wan

SD15 – Room 25

Managerial Decision Making

Chair: Martha Tipton

Impulse Buying Revisited - In the View of Behaviorism: An Investigation into impulse Buying using the Behavior Perspective Model
Wei-chen, Jenny Ma

Innovation and Innovation Potential Convey Vital Information
Martha Tipton, Sundar Bharadwaj

How to Navigate the Contributed Sessions

There are four primary resources to help you understand and navigate the Technical Sessions:

- This contributed session listing, which provides the most detailed information. The listing is presented chronologically by day/time, showing each session and the papers/abstracts/authors within each session.
- The Author, Session Chair and Session indices provide cross-reference assistance (pages 101-108).
- The map and floor plans included in the Front Matter show you where technical session tracks are located.
- The "Master Track Schedule" is on the back cover. This is an overview of the tracks (general topic areas) and when/where they are scheduled.

Quickest Way to Find Your Own Session

Use the Author Index (pages 102-106) — the session code for your presentation(s) will be shown. Then refer to the full session listing for the room location of your session(s).

The Session Codes

SB01

Track number. Coordinates with the room locations shown in the Master Track Schedule. Room locations are also indicated in the listing for each session.

Time Block. Matches the time blocks shown in the Master Track Schedule.

The day of the week

Time Blocks

THURSDAY

Session A	8:30-10:00am
Session B	10:30am-12:00pm
Poster Session	12:00-3:00pm
Session C	1:30-3:00pm
Session D	3:30-5:00pm

FRIDAY

Session A	8:30-10:00am
Session B	10:30am-12:00pm
Session C	1:30-3:00pm
Session D	3:30-5:00pm

SATURDAY

Session A	8:30-10:00am
Session B	10:30am-12:00pm
Session C	1:30-3:00pm
Session D	3:30-5:00pm

Room Locations

All session rooms are located in the Maritim Hotel.

Thursday, 8:30am - 10:00am

■ TA01

Room 02

Scientometrics

Contributed Session

Chair: Johannes Hattula, Research Assistant, University of St. Gallen, Institute of Marketing, Dufourstr. 40a, St. Gallen, CH-9000, Switzerland, johannes.hattula@unisg.ch

1 - The Citation Rewards to Challenging Commonly Held Beliefs: An Empirical Test of Interesting Propositional Forms

Stefan Stremersch, Chaired Professor of Marketing, Erasmus University Rotterdam, P.O. Box 1738, Burgemeester Oudlaan 50, Rotterdam, 3000 DR, Netherlands, stremersch@ese.eur.nl, Sofie Vanneste, Isabel Verniers

Interesting propositions challenge commonly held beliefs among its audience and stir up controversy. Publishing interesting papers that deliver unexpected insights that challenge the worldview of the reader is an ultimate goal for journals and authors, as they anticipate citation rewards from such papers. Embedded in the framework of Davis (1971), this paper empirically tests whether journal articles that state interesting propositions are cited more than papers that do not. It also reveals whether and which interesting propositions are most often used in marketing, over time and journals. Our findings provide specific guidance to scholars, journals and other scientific bodies as they seek to maximize their impact on the field.

2 - Do We Really Understand What the Practice Needs? – How Marketing Scholars and Practitioners Differ in Evaluating Research

Johannes Hattula, Research Assistant, University of St. Gallen, Institute of Marketing, Dufourstr. 40a, St. Gallen, CH-9000, Switzerland, johannes.hattula@unisg.ch, Sven Reinecke

Literature has highlighted the need for more useful research and the necessity that scholars and practitioners take each others' perspective to jointly bridge the gap between both communities. Following the idea of structuration theory, we argue that scholars operate in a separate community and assess relevance differently compared to practitioners despite efforts of perspective taking. We investigate 200 pairs of reviews for papers submitted to a marketing journal. Each pair consists of an evaluation of both a scholar and a practitioner. By categorizing practitioners into two groups, we take into account that they may have academical background. Comparing scholars' and practitioners' ratings, our results show that there is no joint interpretation of relevance between scholars and practitioners without academical background indicated by no significant correlation. Contrary, academical practitioners share a similar understanding ($r=.230$, $p<.05$). This indicates that scholars and practitioners might differ in their underlying frames of reference in evaluating research. To detail the finding, we use six criteria, including scientific and practical aspects, to assess the quality of research and run separate principal component factor analyses. For scholars, one factor was extracted (60% explained variance). Contrary, we found a two factorial structure, similar for both practitioners' samples (each with 63% explained variance). One factor joints practical attributes, while scientific criteria load on a second factor. Compared to practitioners, scholars do not clearly distinguish between practical and scientific aspects in evaluating research. We discuss implications for the relevance debate and highten the need of joint interpretive forums to enhance a similar understanding.

■ TA02

Room 04

Customer Relationship Management

Contributed Session

Chair: Pratima Sheorey, Associate Professor, SCMHRD (Symbiosis International University), Plot 15 Rajiv Gandhi Infotech Park, MIDC Hinjewadi, Pune MH 411057, India, pratima_sheorey@scmhrd.edu

1 - Strategic CRM Initiatives for Competitive Advantage with Special Reference to Banking Industry in India

Neeraj Pandey, Assistant Professor, National Institute of Industrial Engineering(NITIE), Assistant Professor, Room No. 214, NITIE, Vihar Lake Road, Mumbai, 400087, India, neerajpandey100@gmail.com

In today's hyper-competitive and demand-driven markets, CRM (Customer Relationship Management) has become the buzzword in the corporate world. In the services sector, banks and other service providers have realized that it is very difficult for them to rely on the traditional marketing techniques to attract and retain customers, as the consumer segments are becoming more and more heterogeneous. Therefore, organizations are undergoing a paradigm shift from an inward production-led philosophy to an outward customer-focused approach. The CRM leads that outward focus in the banking industry. The present study looks into the drivers and benefit of CRM in the Indian banking sector and strategic CRM initiatives in select banks of India to attain competitive advantage. Factor analysis of the primary survey data gave pleasant employee-customer interface, efficiency and technology-savvy banking as key factors for better CRM experience

in Indian banking sector. The findings also reveal that all select Indian banks acknowledge the fact that numerous benefits had accrued to them as a result of entering into long-term relationships with their customers and they are therefore striving to incorporate the CRM framework successfully pervasively into all their branches including the remote rural bank branches in India. However, it was found that greater efforts are needed on the part of the public sector banks as the data indicates that the successful implementation of CRM has not matched the enthusiasm for promoting it and as a result of its poor implementation public sector banks have lost business to their private sector bank competitors.

2 - Relationship Orientation, Marketing Capabilities, and Performance: The Role of Customer Relationship Management

Prithwiraj Nath, Lecturer in Marketing, Nottingham University Business School, Jubilee Campus, Wollaton Road, Nottingham, NG8 1BB, United Kingdom, nathp@hotmail.com, Avinandan Mukherjee

Marketing literature advocates the adoption of relationship marketing paradigm to foster stronger customer relationship and improve firm performance. Relationship marketing paradigm often suggests customer relationship management (CRM) as a key technological solution to achieve this objective. However, research on identification of critical factors for successful CRM implementation and its effect on firm performance (financial and non-financial) are limited. Using organizational learning theory as the backdrop of our study, we examine the role of relationship orientation and relational information process as key antecedents to enhance a firm's information management capabilities. Optimal integration of customer information leads to superior economic and non-economic (marketing) performance. We evaluate the moderating effect of organization's CRM compatibility on this drivers-performance linkage.

3 - An Experiential Marketing Perspective in Customer Satisfaction Management

Ilaria Dalla Pozza, Marketing Professor, Rouen Business School, Bd. André Siegfried, BP 215, Mont Saint Aignan, 76825, France, idp@rouenbs.fr, Julie Leroy

During the past two decades, customer satisfaction (CS) management has emerged as a strategic imperative for many organizations and has become a popular topic for managers, consultants and academics. CS measures the extent to which a product or service has reached expectations or how a product performed compared to an ideal. Traditionally, studies have investigated CS with specific products and services focusing on utilitarian attributes and features, but ignoring customer experiential components. According to the above premises, scope of this research is to identify whether and to what extent customer experiences can be drivers of an overall concept of CS. Building on Schmitt (1999), we define five kinds of experiences (sense, feel, think, act and relate); customer experiences are triggered by various elements of the marketing mix of an offer in the three stages of the purchasing process (pre-purchase, purchase, post-purchase). In our conceptual framework, we define the 'experiential unit' as the ensemble of the pre-purchase, purchase and post purchase stages. An exploratory research clearly shows that customer experiences play a role in the overall level of CS across the three stages of the experiential unit. In addition, a quantitative analysis shows which experiences and which stages of the experiential unit impact the most the overall level of CS. This research brings several contributions to the conceptualization of CS, that has been so far mainly product-oriented, by suggesting an approach that focuses more on customer experiences in the three stages of the experiential unit as drivers of CS.

4 - Consumer Engagement Management using the Experiential Marketing Approach: The AIEDAR Process in Developing Countries (the Indian Perspective)

Pratima Sheorey, Associate Professor, SCMHRD (Symbiosis International University), Plot 15 Rajiv Gandhi Infotech Park, MIDC Hinjewadi, Pune, MH, 411057, India, pratima_sheorey@scmhrd.edu, Supriya Bambawale

The chief goal of marketing is to develop deep, enduring relationships with all people or organisations that could directly or indirectly affect the success of the firm's activities. Thus relationship marketing based on memorable experiences becomes a key tool for attaining this goal. An individual experiences "engagement" through the five senses. A sensory interaction with the product is the best mode to induce the consumer to feel "this is the product that best suits my needs" and eventually increase consumption, heighten satisfaction and build enduring consumer loyalty. Experiential marketing has far-reaching applications – it creates a community of loyal consumers who turn brand evangelists and further influence others in their consumption choice. It is, without a doubt, a valuable marketing tool and its delivery of the brand experience is accelerated if fully supported by traditional field-marketing techniques. Actualisation is when these targets subsequently enter a store, seek the product, purchase it and recommend the product forward. Cognizance of experiential factors impacting consumer buying behaviour will enable brands to leverage their strengths and mitigate their weaknesses. The primary purpose is to study the impact of going beyond traditional marketing and creating a sensory-engaged experience for consumers in the Indian context to accelerate the AIEDAR process: -, create Awareness -, evoke Interest -, facilitate Experience -, stoke Desire -, action Purchase and -, prompt Referrals. The challenge in implementation surfaces primarily because -, India is a heterogeneously calibrated geography -, the differing nuances of its cultural diversity -, wide economic spectrum -, challenging marketing mix, and -, proliferation of choices

■ TA03

Room 06

Advertising: Strategy I

Contributed Session

Chair: Tilo F. Halaszovich, Universität Bremen, Hochschulring 4, Bremen, Germany, tilo.halaszovich@uni-bremen.de

1 - The Impacts of Broad-based vs. Commodity Specific Generic Advertising

Jura Liaukonyte, Assistant Professor, Cornell University, 347 Warren Hall, Ithaca, NY, 14853, United States of America, Jurate@cornell.edu, Harry Kaiser, Brad Rickard, Timothy Richards

There are a number of generic advertising programs for fruits and vegetables in the U.S. Unless advertising is successful in increasing the total amount of produce each consumer purchases, individual programs simply compete for "stomach share" in a destructive game of ad competition. Recent research has shown that such "umbrella branding" among consumer packaged goods can improve advertising efficiency and a similar type of "halo effect" has been detected in unbranded fresh produce. Crespi and Marette (2002) show analytically that generic advertising can reduce the extent of product differentiation and thus reduce the incentives for product-specific advertising to firms that invest in quality improvements or brand-specific advertising. These results begin to address the extent to which product-specific advertising competes with generic messages, and we examine these issues more carefully with a focus on fruit and vegetables. While generic advertising may provide a way of internalizing destructive advertising externalities, the message may be lost without the ability to communicate specific advantages of individual products. The results of the proposed research will provide some insight into the issue of whether broad-based and commodity specific advertising are complements or substitutes. More specifically, it will aid in our understanding of whether these two types of ads reinforce each other and expand total demand or whether they crowd out each other and fail to achieve the intended goal – to increase the overall consumption of vegetables and fruits. Finally, it will provide guidance to producers and policy makers about the economic effects of two types of promotional strategies and the optimal management of such programs.

2 - Should We use Advertising Awards to Measure Creativity?: Comparing the Value of Self and Award Assessments

Scott Koslow, Associate Professor, University of Waikato, Private Bag 3105, Hamilton, 3240, New Zealand, skoslow@mngt.waikato.ac.nz, Mark Kilgour, Sheila Sasser

Researchers often look for objective ways to identify creative advertisements and two strategies are primarily used. The first draws on assessments from research respondents. The second uses advertising creativity awards as proxy measures of creativity. To assess the value of using awards as a creativity measure, this research compares self-assessments with award assessments. Over 200 senior creative, account and planning directors and managers are asked to assess their own past work in terms of originality and strategy, and also whether they consider the campaigns to be worthy of winning creativity awards. This sample is relevant because respondents comprise the typical profile of those who sit on awards juries. Findings show that the types of campaigns that senior professionals deem capable of being recognized with creativity awards are usually highly original ones. Surprisingly, strategy often has very little to do with award assessments. However, those campaigns thought worthy of effectiveness awards are both original and strategic, or closer to our general definition of creativity. These results explain some of the patterns in the research findings regarding creativity. Research using creativity awards tends to emphasize that such advertisements work primarily on attention and memory, but may be no more persuasive than ordinary ads. However, in order to genuinely understand creativity, one also needs to better understand the appropriateness component.

3 - Measuring the Influence of TV-advertising Spending on the New FMCG Value Share in a Multi-country Comparison

Tilo F. Halaszovich, Universität Bremen, Hochschulring 4, Bremen, Germany, tilo.halaszovich@uni-bremen.de, Christoph Burmann

Commercializing new products successfully is the backbone of success in today's FMCG markets. Despite their importance, new FMCG products still fail at an alarming rate. This disproportion can partly be attributed to a lack of knowledge concerning the influence of the marketing mix instruments on the outcomes of new FMCG launches. This situation is getting even more difficult if firms not only introduce products to a single country but have to adapt their marketing mix to different countries. Especially in a multi-country setting, advertising is the most flexible instrument to facilitate the launch success as it is the only instrument directly controllable by a manufacturer. Therefore, the authors develop a dynamic panel data model which allows measuring the impact of TV-advertising spending on the new FMCG value share while also controlling for the remaining marketing mix instruments. The model is fitted to three samples of new FMCG launches in laundry and home-care markets in Germany, France, and Italy. The results of the model reveal that the influence of TV-advertising on the new product value share differs significantly between the considered countries. While TV-advertising is subject to a significant carry-over effect in France, no such effect was found in Germany or Italy. Moreover, TV-advertising in Italy is only effective on a weekly base. Finally, the estimation results were used to simulate the effect of different budget allocations based on the country-specific relation between advertising and the new product value share.

■ TA04

Room 14

User Generated Content: Word-of-Mouth

Cluster: Internet and Interactive Marketing
Invited Session

Chair: Donald R. Lehmann, George E. Warren Professor of Business, Columbia University, Graduate School of Business, New York, NY, United States of America, drl2@columbia.edu

1 - What Do People Talk About and Why? How Product and Buzzmarketing Campaign Characteristics Drive Word-of-Mouth

Jonah Berger, University of Pennsylvania, Wharton School, Philadelphia, PA, United States of America, jberger@wharton.upenn.edu, Eric Schwartz

People often share opinions and information with others and word-of-mouth has an important impact on product success. But why do consumers talk about certain products more than others? In addition, companies conduct word-of-mouth marketing campaigns where they often give away free products, coupons, or gifts in the hopes that it will encourage consumers to talk about the brand. But do such giveaways really encourage buzz? This paper examines how product and campaign characteristics drive word-of-mouth. First, the authors analyze a unique dataset of actual, everyday conversations from over 300 buzz marketing campaigns. The data are analyzed with a hierarchical model of word-of-mouth, which simultaneously reflects underlying differences across people and across products, enabling the key behavioral hypotheses to be tested above and beyond a flexible, heterogeneous model. Second, they conduct a large field experiment with random assignment across various US cities to uncover the underlying process driving the key findings in the first analysis. Results indicate which product and campaign characteristics are associated with talking and shed light on the psychological drivers of buzz.

2 - Comparing the Roles of Connectivity and Activity in Driving Information Diffusion in Online Social Networks

Andrew Stephen, Assistant Professor, INSEAD, Boulevard de Constance, Fontainebleau, 77305, France, Andrew.Stephen@insead.edu, Yaniv Dover, Jacob Goldenberg

The authors examine how observable characteristics of people who introduce information into online social networks ("seeds") affect how far the information diffuses. The authors focus on an increasingly common kind of diffusion process whereby people exposed to information (e.g., a URL linking to an funny YouTube video) explicitly decide whether or not to pass-on or "retransmit" the information. In these cases, common in online social networks such as Facebook and Twitter where users share content, diffusion outcomes depend not only on how many people are exposed to information but also how likely they are to retransmit the information. The authors compare two seed characteristics: connectivity (how well connected a person is in the network), and activity (how frequently they transmit messages over the network). Across three studies (an experiment, a simulation, and an empirical analysis of link-sharing in Twitter) the authors find that (i) how often people transmit and retransmit information (activity) has a greater impact on widespread diffusion than how well connected they are (connectivity), (ii) information introduced into a network by highly active "pumps" is more likely to diffuse widely than if introduced by a highly connected "hub," and (iii) this effect can be explained by a micro-level psychological process whereby people who receive information prefer to retransmit information they perceive to be fresh and novel, and that they perceive there to be a positive association between a person's level of transmission activity and the freshness and novelty of the information they provide.

3 - Complexity in Marketing: Future Theoretical and Methodological Directions, New Questions Worth Answering, and an Application to Research on Disadoption

Donald R. Lehmann, George E. Warren Professor of Business, Columbia University, Graduate School of Business, New York, NY, United States of America, drl2@columbia.edu

Marketplaces are becoming increasingly complex, with multiple agents acting in various ways and new phenomena emerging almost constantly that cannot be fully understood within existing frameworks or models, or using conventional research methods. A multi-method approach to research on complex systems in marketing—such as networks, social interactions, and buzz—is discussed and advocated as an appropriate way to tackle the challenging research questions surrounding currently interesting marketing phenomena. New research areas of value are discussed, with a particular focus on how multi-method, complex systems approaches can be used to study the disadoption of innovations and products, which is an important but currently under-researched issue in marketing.

■ TA05

Room 15

Strategy

Contributed Session

Chair: Bruno Rego, Project Manager, MarketData, Nilo Street, 23 Ap 83, Sao Paulo, SP, 01533010, Brazil, brego@marketdata.com.br

1 - The Neglected Role of Firm Ownership Structure in Market Orientation: Evidence from Emerging Markets

Jing Song, PhD Candidate, Peking University, Guanghua School of Management, Beijing, 100871, China, song.jing2000@gmail.com, Rui Wang, Yimin Cheng

It has been suggested that senior management play a crucial role in the establishment of a firm's market orientation. However, top executives of corporations are hired by stockholders and thus hold responsibilities for these firm owners. We find that the absence of discussions on the possible role of shareholders or firm owner in the market orientation literature, and we attempt to address the gap. Therefore, based on agency theory, we propose a firm's ownership structure as a neglected but important variable in building firms' market orientation. We focus on three aspects of ownership structure: identity of large shareholders, ownership concentration, and managerial ownership. Specifically we propose that (1) state-owned firms are less market-orientated than non-state-owned firms because of their nonprofit maximizing objective, (2) increased ownership concentration decreases market orientation because of decreased diversification opportunities on behalf of the investors, and (3) more equity ownership by the manager may increase market orientation because it means better alignment of the interests between the manager and other equity owners. We adopt a hierarchical linear model and use data of over 400 public firms in China to test our hypotheses. We also provide managerial implications and discuss future research directions.

2 - Creating a Proactive Market Orientation: On its Organizational Antecedents, Contingency Factors and Consequences

Dennis Herhausen, University of St. Gallen, Winkelriedstr. 1, St. Gallen, Switzerland, dennis.herhausen@unisg.ch, Marcus Schoegel

Marketing scholars as well as leading managers agree on the importance of creating customer value for business success. But customer orientation may harm firms when they solely focus on expressed needs and miss to serve new customers or new markets. By responding to latent and emerging customer needs, firms can create new opportunities for value and maintain business success. Such a comprehensive market orientation (MO) is longer term in focus and proactive in nature. Even though the interest in exploring various aspects of proactive MO has increased during the last years, existing research has not focused on at least three different important aspects: First, it remains unclear which norms, artifacts and behaviors determine a proactive market-oriented culture. Second, current research neglects how organizations can find a proper alignment among responsibility for proactive MO, degree of specialization, external cooperations, and prevailing organizational values. Third, it lacks a comprehensive understanding of internal and external consequences. We used qualitative as well as quantitative research methods to investigate these research gaps. A multiple-case design has been applied to finalize a conceptual model on proactive MO, its organizational antecedents, contingency factors and consequences. Then, a dyadic survey of strategic business units in three industries (automotive, consumer electronics, financial services) and their customers tested the hypothesized model empirically. The identified proactive market-oriented culture differ clearly from responsive MO and confirm that both dimensions require different organizational cultures. Furthermore, we determine the contingency factors under which a firm should devote resources to increase its proactive MO.

3 - Balancing Value Creation and Capture: The Case of Business Solution Selling and Pricing

Christoph Ihl, RWTH Aachen University, Kackertstrasse 15, Aachen, 52072, Germany, ihl@tim.rwth-aachen.de, Sebastian Bonnemeier

Strategy research suggests that firms need to invest resources in both value creating and value capturing activities in order to develop capabilities and routines along both these fundamental lines (Mizik and Jacobsen, 2003; Lepak et al., 2007). We place this general problem in the context of solution selling. By pursuing the marketing strategy of selling complex customer solutions instead of ready made products, firms create greater value for customers. But they also face the challenge of capturing a larger share of an expanded pie by setting and enforcing prices of customer solution in an effective manner. We conceptualize the two corresponding value creation and capturing capabilities on the level of processes, defined as sets of observable, organizational activities (Nickerson et al., 2007). While qualitative evidence has been brought forward for both the solution selling process (Tuli et al., 2007) and the pricing process (Dutta et al., 2003), we operationalize and validate formative indices to quantitatively measure these processes (cf. Reinartz et al., 2004), using as sample of 183 firms across four business-to-business industries. In an econometric simultaneous equations framework, we can show different antecedents of these two processes. Hence, the processes need different organizational contexts to emerge and be established. Furthermore, we highlight their complementary effect on firms' market and financial performance. Accordingly, a solution selling strategy is more profitable for firms that are able to capture a share of the customer value by pricing complex solutions effectively. Finally, by introducing moderating effects, we show that managing the trade-off between value creation and capture is even more important in complex customer solution businesses.

4 - Trade Off Between Value Creation and Value Appropriation: Financial Implications in Brazil

Bruno Rego, Project Manager, MarketData, Nilo Street, 23 Ap 83, Sao Paulo, SP, 01533010, Brazil, brego@marketdata.com.br, Fernando Luce

Firms allocate resources between two processes: value creation (innovating, producing, and delivering products to the market) and value appropriation (extracting profits from the marketplace). Although both processes are required for achieving sustained competitive advantage, there is a trade-off among the relative emphasis a firm places on one relative to the other. Few researches have explored the financial impact of this trade-off (Mizik & Jacobson, 2003). A strategic emphasis metric based on the R&D spending (a proxy for value creation) and on marketing spending (a proxy for value appropriation) was tested and validated using data from a sample of companies listed in BOVESPA Brazilian Stock Market (72 companies from 1996 to 2007). The financial impact of this trade-off was analyzed using five performance metrics (Stock Return, Asset Turnover, Net Margin, Tobin's Q and Sales Growth). When the firm gives more emphasis to value

appropriation than to value creation, the Asset Turnover and the Sales Growth are higher. Two firm's characteristics moderate the relation of strategic emphasis and financial performance: the past strategy and the previous profitability. The past strategy affects the strategic emphasis by the diminishing marginal returns. Firms that change their strategic emphasis (value creation or value appropriation), tend to present superior return (higher Net Margin, Asset Turnover, Sales Growth and Tobin's Q). Also the previous profitability influences the current firm's strategy. If the firm was profitable, in the past, the value appropriation is maintained to guarantee higher Net Margin and Tobin's Q. On the other hand, the firms with negative profitability turn the emphasis to value creation to promote new opportunities of gains.

■ TA06

Room 16

Internet: General I

Contributed Session

Chair: Peggy Tseng, Assistant Professor of Marketing, University of Delaware, Department of Business Administration, Newark, DE, 19716, United States of America, ptseng@lerner.udel.edu

1 - Success of Web Products: The Relationship Between Adoption Routes and Usage

Clarence Lee, Doctoral Student, Harvard Business School, Wyss Hall, Boston, MA, 02163, United States of America, clee@hbs.edu, Tom Steenburgh, Elie Ofek

In this work, we examine how a consumer's route to adoption would affect his or her usage of web products. Web products are unique in nature. Unlike providers of durable goods, most web companies do not profit from a web product at the point of adoption. Rather, the success of web products is judged by consumers' continuing usage. Traditional diffusion literature examines durable goods at the point of adoption, but it does not discuss how a consumer behaves after he or she has adopted the product. On the other hand, the service literature mainly focuses on customer churn, but it does not discuss how a consumer's discovery of the service correlates with his or her usage pattern. Hence, these two literatures do not adequately address the linkage between adoption and usage. Our goal is to fill this gap. Using data from a web startup, we model the relationship between routes to adoption and customer usage. We believe this link provides a powerful way to look at the success and profitability of web products and has important business implications for web entrepreneurs.

2 - "Is it Really Complicated?" Role of Motives in Understanding the Effects of Complexity on Website Evaluations

Reetika Gupta, Assistant Professor of Marketing, Lehigh University, 621 Taylor Street, Bethlehem, PA, 18015, United States of America, reg205@lehigh.edu, Stephen Gould

As marketers spend significantly to enhance the aesthetics and sophistication of consumer websites, they are increasing their degrees of complexity. We examine two specific types of complexity: Outcome Complexity is defined as the abstractness of icons and symbols that the consumer uses to navigate the website and Structural Complexity is defined as the number of distinct cues at the website that the consumer has to process. In two experimental studies, we investigate how consumers respond to the complexities when primed to one or the other of the two consumer motives (searching, browsing) at the website. In Experiment 1, we compare outcome complexity effects on site evaluations across consumers with searching and browsing motives. In Experiment 2, we introduce the second type of complexity, structural complexity to examine the interplay between outcome and structural complexity in influencing consumer reactions. More specifically, we attempt to examine which type of complexity assumes prominence across the two motives. This research has theoretical and practical implications. From a theoretical perspective, this research attempts to resolve extant findings of complexity. By introducing the research on motivation, we provide insights into how and why two competing processes manifest leading to the varying consumer reactions to complexity. From a practical standpoint, the results of this research suggest that if marketers can measure the consumer motives at the website, it is possible to tailor the complexity in the environment so that it best suits the consumer motives, and results in favorable consumer reactions of the brand and website.

3 - Validating Brand Tracking Data Against Organic Brand Search Trends

Jorge Silva-Risso, Associate Professor, University of California, Riverside, 900 University Ave., 201 Anderson Hall, Riverside, CA, 92521, United States of America, jorge.silva-risso@ucr.edu, Donna Hoffman, Thomas P. Novak

Traditional brand tracking data have been used by marketing managers for decades to understand consumer response to brands. New online tool like Google Insights for Search now allow marketers to analyze trends in consumers' brand searches conducted online, but little is known about how organic search trends relate to consumer brand attitudes and behaviors (e.g., consumption) at the aggregate level. In this research, using archival brand tracking data from a major advertising and media company for several popular consumer brands, we validate that aggregate user search history from an online search tool correlates with traditional brand tracking metrics. By establishing that at the aggregate level, organic search trends relate to consumer brand attitudes and behaviors, online search tools can be viewed as market research tools for capturing and studying broad trends, and a powerful adjunct to traditional brand tracking studies. Such relationships indicate that search trends data have real world importance in terms of corresponding to brand attitudes, awareness, and other metrics available from traditional advertising research. We also investigate which specific brand tracking metrics are most related to online search trends and construct composite brand tracking measures which can be used to create multidimensional indices capturing brand value which can then be related to search trend results. We find that brand characteristics (e.g., product category, lifecycle, market penetration) affect the structure of the correlations between online search consumer brand attitudes and behaviors.

4 - Online Search and Offline Sales: The Role of Category– vs Product-level Consumer Interest

Peggy Tseng, Assistant Professor of Marketing, University of Delaware, Department of Business Administration, Newark, DE, 19716, United States of America, ptseng@lerner.udel.edu, Gauri Kulkarni

Prior research has shown that consumer online search can serve as an indicator of consumer interest. More specifically, online search volume for terms submitted to search engines can indicate consumer interest in specific products and can therefore be used to predict sales of that product. Consumers may be interested in a general product category or in a specific product within a category. For example, a consumer may search for a product category (e.g. "broadway shows") to obtain information about several products within the category before making a purchase decision. A consumer may also search for a specific product (e.g. "phantom of the opera") to obtain more information about that product. In this paper, we aim to investigate the relationship between category- vs. product-level search terms and consumer purchase decisions. We do this in the context of Broadway shows. Specifically, we collect online search term data for Broadway shows and classify these search terms as category- or product- level. Using search term volume as a measure of consumer interest, we examine the role of category- and product-level consumer interest in ticket sales of Broadway shows.

■ TA07

Room 17

Channels

Contributed Session

Chair: Xiaoling Li, PhD Student, Wuhan University, Marketing Department, Wuhan University, Wuhan, China, windy20@126.com

1 - A Decision Model for Analyzing Retailer Procurement Channel of Agricultural Produces

I-Ying Chen, Department of Marketing, National ChungHsing University, 250, Kuo-Kuang Road, Taichung, Taiwan - ROC, j75450@yahoo.com.tw, Ming-Chih Tsai, Yi-Lung Wang

This study provides an analytical model, demonstrated by empirical investigation, to seek retailer procurement channel of agricultural produces. Multiple objective programming is used to balance the two objectives set, including minimum of operational cost and maximum of customer values that are associated with two decision variables of number of produces procured and the procurement channel categorized into three levels. Transaction cost theory is applied to comprehensively measure the total cost of a produce in its not only procurement, but also sale process. Analytical network process is used to calibrate the relative importance of customer choice characteristics, including produce variety, freshness, safety and availability that are varied with procurement channels of a produce. Empirical study uses the real data of 25 agricultural produces provided by a well-known Taiwanese retail chain positioned in providing safety foods for numerical analysis. Analysis of variance is used to examine the generalization between non-inferior solutions. The result is also empirically verified to ensure the practice of the model developed.

2 - Resource-based Coalitions in Marketing Channels: A Cooperative Game Theoretic Analysis

Mark Ratchford, Assistant Professor of Marketing, Vanderbilt University, Owen Graduate School of Management, 401 21st Avenue South, Nashville, TN, 37208, United States of America, Mark.Ratchford@owen.vanderbilt.edu, Atanu Sinha, Dipankar Chakravarti

Firms often enter strategic coalitions with other firms in which each partner commits resources to achieve a common set of marketplace objectives. Such alliances allow firms to compete more effectively relative to relying on purely internal resources. These alliances may be vertical (among firms operating at different levels of the value chain) or horizontal (among firms competing at the same level of the value chain). Vertical and horizontal alliances also coexist in many industries, with competition among alliance blocks or constellations of vertically- and horizontally-related firms that pool resources in anticipation of mutual benefits. The marketing literature has not addressed many of the issues surrounding the formation and operation of such alliances in contemporary competitive marketplaces. The present research develops and empirically tests a normative (Shapley value based) account of how such resource-based coalitions should form endogenously within marketing channels. We use custom experimental software to examine the coalition formation behavior of focal subjects in specific experimental conditions where potential coalition partners are "bots" programmed to respond based on appropriate normative rules. In a series of studies, we examine how the normative prescriptions for coalition formation and division of joint gains are influenced by specific situational and behavioral variables. Study 1 considers how the focal subjects' predispositions regarding partnerships with horizontally- and/or vertically-related partners may affect formation of normatively appropriate coalitions. Study 2 examines how a status quo bias (reluctance to exit one's own current alignment or to break those involving others) may inhibit formation of normatively appropriate coalitions.

3 - The Important Role of Cognitive Legitimacy and Habitual Institutionalization in Marketing Channels

Xiaoling Li, PhD Student, Wuhan University, Marketing Department, Wuhan University, Wuhan, China, windy20@126.com, Rui Wang, Minxue Huang

Recent research in marketing channel has realized the implications of the institutionalization for channel behaviors and governance. However there is a need for more investigations on the institutionalization in marketing channels, given the dearth of empirical studies in this domain. Our study is among the first attempts to empirically investigate market channel issues from the perspective of institutionalization. Although it has been suggested that the three mechanisms (i.e, regulative, normative, and cognitive) can buttress institutionalization, we find that no research has explored the differentiated roles of the three mechanisms. The cognitive legitimacy represents culturally supported habits and exert subtle influences on channel behaviors. And the main purpose of this study is to examine the cognitive legitimacy and its importance role in marketing channels. We believe that establishing the cognitive legitimacy, so called habitual institutionalization, is critical because it can influence internal sociopolitical processes as well as the other institutionalization mechanisms. With survey data from liquor dealers in China, we show that the cognitive legitimacy can influence cooperation, opportunism, and conflict in marketing channels. And our findings show that the cognitive legitimacy can influence the other two institutional mechanisms (regulative and normative). We also conduct a field study with secondary data from an online electronic market to explore how to establish cognitive legitimacy through habitual institutionalization. The result suggests that the two processes of habitualizing, imprinting and bypassing, can help firms establish the cognitive legitimacy. We also provide managerial implications and discuss future research directions.

■ TA08

Room 18

Retailing

Contributed Session

Chair: Benaissa Chidmi, Assistant Professor, Texas Tech University, M.S. 42132, Lubbock TX 79409, United States of America, benaissa.chidmi@ttu.edu

1 - Retail Restructuring and the Cost Disease

Ward Hanson, Stanford University, Stanford Institute for Economic, Policy Research, Mailstop 6015, Stanford, CA, 94305, United States of America, hansonw@stanford.edu

Recent estimates by Blinder and others suggest the possible outsourcing to low wage countries of as high as 25% of service jobs in the United States. These estimates arose before the onset of the recent global recession, which historically has served as a catalyst for industry restructuring. As most of marketing employment and practice involves services, these estimates imply considerable marketing turmoil and dynamic change. This paper considers this process through the lens of the Baumol "cost disease" model. Along lines generally foreseen by Baumol and his co-authors in their models of unbalanced growth, personal services have become dramatically more expensive over the longer term. This is termed the cost disease. The essential cause is differential productivity; with high productivity growth in manufacturing and IT-related areas, and low productivity growth in services requiring personal contact. Leading examples are health care, education, and traditional high contact retailing. If a service's output is difficult to avoid, it consumes an ever-rising fraction of the economy. If substitutable, the service tends to disappear. The retail sector illustrates both of these consequences. Using data on the split between traditional and Internet retailing, the long term consequences of the cost disease are apparent with the basic equilibrium cost disease model calibrated to IT-driven productivity differences. The cost disease framework helps clarify many of the major retail strategic choices that have occurred throughout the OECD countries. These include the restructuring of retailing tasks, the rising use of customer self-service, and the outsourcing of capabilities.

2 - Understanding Service Convenience in the Shopping Center

Leslie Yip, Associate Professor, The Hong Kong Polytechnic University, Department of Management and Marketing,, Hong Kong, Hong Kong - PRC, mslyip@polyu.edu.hk, Andrew Chan, Alison Lloyd

Empirical studies on shopper experience in the shopping center are much less than studies focused on retail stores. The number of shopping centers is growing rapidly in Asian economies including developing countries such as China and India.'Malling' for utility and fun has become the lifestyle in many large Asian cities such as Hong Kong, Tokyo, Shanghai, Mumbai, Singapore, and Soul. The enclosed mall or shopping center is the symbol of convenience innovation enhancing shopping efficiency and experience. Previous studies identified a shopping center's tenant mix, esthetics, physical layout, and atmospherics influence consumer satisfaction and patronage intention. These are the controlled components of mall management. It is not clear how a shopper perceives the holistic value derived from patronage at the shopping center. For example, how does the service aspect of convenience contribute to mall patronage? To answer this question, we interviewed six hundred shoppers who had patronized shopping centers and collected individual data on mall attributes, service convenience, customer satisfaction and behavioral intention. Our findings showed that service convenience mediates between customer satisfaction, and four antecedent factors – shopping center's tenant mix, layout, design, and ambience. Customer satisfaction also leads to shoppers' desire to stay, re-patronage intention, and positive word-of-mouth. Hypothesized relationships among variables are significant. This research contributes to existing retail literature by demonstrating the role play by service convenience in the mall. It also provides practical implications to shopping center management on how to enhance service convenience through service design.

3 - Effect of Variety Offering and Price Competition on Demand and Supermarket Performance

Benaissa Chidmi, Assistant Professor, Texas Tech University, M.S. 42132, Lubbock, TX, 79409, United States of America, benaissa.chidmi@ttu.edu, Madiha Zaffou

Recently, the US yogurt market has been sharply increasing, responding to the strong demand for this product. In fact, the US market has grown from $300 million in 1980 to $3.5 billion in 2005. Yogurt manufacturer are looking to efficiently match the preferences of heterogeneous consumers, they have started to launch on the market different yogurt products, so that,yogurt is available in many forms and flavors, fulfilling great food trends, that can satisfy the needs of a large groups of consumers. Further, most of the demand for yogurt products happens at the supermarket level,the relevant point of consumer's decision. However, supermarket chains do not offer the totality of yogurt manufacturer's brands due to limited shelf space. Hence, supermarket chains must decide on the number of brands to offer as well as the retail prices to charge. The availability of scanner data shows that supermarket chains offer different number of yogurt brands and charge different retail prices for the same manufacturer brand. This raises the question of how supermarket chains pricing behavior and variety offering affect demand and supermarket performance. Therefore, the objective of this paper is to investigate the effect of pricing and variety offering on consumer's demand and supermarket chains performance in the case of Yogurt in Houston metropolitan area. The methodology proceeds as follows: First, we estimate a brand-supermarket demand for yogurt, using a random coefficient multinomial logit model. The variety offering is modeled as an intercept shifter as well as a shifter of the price parameter in the indirect utility function. Second, the first order conditions are estimated to find the optimal retail prices and the optimal number of brands offered.

■ TA09

Room 19

New Products

Contributed Session

Chair: Pinar Cankurtaran, RSM Erasmus University, Department Marketing Management, Room T10-09, Burgemeester Oudlaan 50, Rotterdam, 3062 PA, Netherlands, pcankurtaran@rsm.nl

1 - How Technical Newness Predicts Sales across the Product Lifecycle

Jaap Wieringa, Associate Professor, University of Groningen, Faculty of Economics and Business, Dept of Marketing PO Box 800, Groningen, 9700, Netherlands, j.e.wieringa@rug.nl, Soren Salomo, Katrin Talke

This study aims at investigating how technical newness affects the sales performance of new products across their lifecycle. In a longitudinal study, we track 183 cars over their lifecycle. This approach allows to refining the construct of technical newness (1) by considering a dynamic perspective, i.e. acknowledging the decrease of newness over time and (2) by considering a component perspective, i.e. assessing newness along dominant technical components. Our findings from multiple least squares regression analyses reveal that the impact of technical newness on sales performance is positive and significant. We find that the predictive power is maximized when using a depreciated measure of technical newness, assessed from an overall perspective.

2 - Chance Criterion – Predicting the Success of New Packaged Goods

Hanna Römer, Doctoral Student, University of Mainz, Jakob Welder Weg 9, Mainz, 55099, Germany, roemer@marketing-science.de, Oliver Heil

Why consumers adopt new products remains one of the most important research questions in marketing. Most methods of forecasting the new product development process rely on traditional intention-to-buy measurements and suffer from a considerable lack of precision. To improve the precision of new product success, this research introduces a simple individual criterion for product adoption. We will show that the new approach outperforms the predictions based on intention-to-buy measurements. A typical consumer decision situation entails that a consumer must choose between switching to a new product or sticks with the currently used product, i.e. keep the status quo. We built on research using the so-called status-quo bias to propose the following research proposition: If a consumer sees no need for changing his currently used product but gets confronted with a new alternative, he only leaves the status quo, iff the new product alternative performs at least as good as his currently used product on each subjectively relevant attribute and performs better on at least one attribute. This leads to the following data collection: After using the new product, the potential consumer has to express on which attributes the new product performs better or worse than his currently used product. Only the potential consumers who fulfill the research proposition have a chance to switch to the new product. Thus, we call this approach the chance criterion. To proof the described criterion, we run the following experiment: 300 students are testing a new candy bar which we sell in a cafeteria for three month. Afterwards we interrogate the students and ask for the actual purchases. Then we compare the performance of the traditional intention-to-buy measurement and the new chance criterion.

3 - The Pattern of Technological Evolution: The Role of Context-dependent Preferences

Yuxin Chen, Kellogg School of Management, Northwestern University, Evanston, IL, United States of America, yuxin-chen@kellogg.northwestern.edu, Ozge Turut

Radical or discontinuous innovations, withstanding their revolutionary features, are usually criticized by providing lower performance on some of the key performance dimensions of their existing substitutes. So far, the common wisdom has been that these innovations go through S-shape evolution and it takes time for them to catch up on the old performance dimensions. However, recent empirical research shows that while some innovations go through some period of stagnant performance on old performance dimensions and later shows a big jump, others go through more or less a steady improvement process. By using a game-theoretical model, this paper aims to provide an explanation (other than technological incapability) to how it can be a profit maximizing act for early followers of a radical innovation to improve the course of innovation path on the discontinuous direction rather than try to catch up on the old performance dimensions when they are able to do either. We call the former strategy as revolutionary, while the latter one as conservative. We model consumers' preferences as context-dependent and show that under certain conditions if firms initially pursue the revolutionary strategy, this helps radical innovation diffuse faster. This happens because the entry of a second product in the new product category under the revolutionary strategy causes polarization effect and hence, encourages even the conservative consumers, who are very loss aversive in old performance dimension, to adopt the innovation early on. As a result of this, the price competition between the innovative firms reduces and firms enjoy higher profits.

4 - A Meta-analytic Review of Development Speed and New Product Success

Pinar Cankurtaran, RSM Erasmus University, Department Marketing Management, Room T10-09, Burgemeester Oudlaan 50, Rotterdam, 3062 PA, Netherlands, pcankurtaran@rsm.nl, Abbie Griffin, Fred Langerak

Despite the widespread contention that development speed is a prerequisite for successful new product development, there exists insufficient, often conflicting empirical evidence regarding how speed relates to the different dimensions of new product success. Given that new product success is a multifaceted construct, it is of paramount importance for scholars and practitioners to understand the precise way in which development speed bears on the operational, marketplace and financial outcomes of new product development. The purpose of this article is to address this gap in literature and advance scholarly knowledge of the relationship between development speed and new product success. To this end, we use established meta-analytic techniques which allow the systematic integration of empirical findings from existing research. Our analyses are generally supportive of a positive relationship between faster product development and overall new product success, as well as more specific measures of marketplace and financial performance. With the exception of technical quality, operational outcome measures (i.e., development costs, product advantage and proficient market entry timing) also display a positive association with speed. Heterogeneity analyses reveal that only the speed-proficient market entry timing relationship is cross-situationally consistent. Subsequent moderator analyses identify a number of methodological and contextual features of the meta-analyzed studies responsible for the heterogeneity in the original findings. Selection of organizations (random vs. non-random) and operationalization of development speed (absolute vs. relative and single vs. multi-item) emerge as significant moderators of the speed-success link.

■ TA10

Room 20

Private Labels I

Contributed Session

Chair: Jong-Ho Lee, Assistant Professor of Marketing, Korea University Business School, Anam-Dong Seongbuk-Gu, Seoul, 136-701, Korea, Republic of, jongholee@korea.ac.kr

1 - Switch Marketing and the Retail Pricing of Brands and Private Label Products

Ratula Chakraborty, Loughborough University Business School, Loughborough University, Loughborough, LE11 3TU, United Kingdom, r.chakraborty@lboro.ac.uk, Paul Dobson, Jonathan Seaton

Retailers act as both a customer and competitor for brand manufacturers when selling private label in direct competition with brands. The central question addressed in this paper is how retailers might exploit this double-agent position through their control of in-store marketing levers to favor private label over manufacturer brands. The paper considers various forms of "switch marketing", where elements of the retail marketing mix could be manipulated to encourage shoppers to switch from buying brands to private label. These practices can be often quite blatant in nature, such as comparative advertising, delisting brand trials, copycat packaging, and biased shelf allocation. However, the key interest in this paper is whether retailers might be able to use a more subtle approach through strategic pricing to favor private label over brands. To consider this prospect, the paper examines the prices of matched pairs of brands and private label equivalents set by the top four supermarket chains in the UK grocery retail sector over a five-year period. Different forms of strategic pricing are considered and evidence is presented on the brand/private-label price gap and the extent and nature of price correlation, price matching, price volatility, and price leadership. The results reveal surprising differences, beyond those expected with straightforward competition, in the price treatment of brands and private label equivalents in respect of the nature and timing of price movements and relative prices. The paper discusses the likely explanations and implications of the findings for retailers, manufacturers and consumers.

2 - Economic Contractions & Private-label Success: What Managers Do Versus What They Should Do

Lien Lamey, Assitant Professor, Lessius, Korte Nieuwstraat 33, Antwerp, Belgium, lien.lamey@lessius.eu, Barbara Deleersnyder, Marnik Dekimpe, Jan-Benedict Steenkamp

This study investigates whether and to what extent both national-brand (NB) manufacturers and retailers adjust their managerial behavior in correspondence with the business cycle, and if these strategic adjustments are (partly) responsible for the intensified popularity of private labels (PLs) in contractions. To address this, we put together a dataset that combines PL success and a broad set of marketing-mix variables covering new-product activity, advertising activity, and promotional activity over multiple decades for 115 CPG categories in the United States. We focus on the generic battle between NBs versus PLs, rather than on specific NBs or particular PLs. First of all, the results confirm that category PL share behaves countercyclically, and that part of the boost in PL share is permanent. Second, most NB managers are shown to adjust their behavior in response to economic downturns by cutting advertising budgets and scaling back innovation activity, while retailers defer the price-promotion activity in their stores. Finally, this practice is found to be partly responsible for the increased popularity of PLs, both temporary (through its increase during the contraction that dissipates again in the subsequent expansion), and permanent (through increases that are maintained even when the contraction is long over). Its temporary and sustained impact on the success of PLs highlights that NB managers need to revisit their current marketing strategies in a weak economy. Our advice to NBs is to avoid going with the business cycle, economizing on advertising and new products in bad times while expanding such activities in good times, and to (temporary) push retailers to put their brands on promotion when faced with adverse economic conditions.

3 - Private Label vs. National Brand Price Sensitivity

Nathan Fong, Massachusetts Institute of Technology Sloan, E40-174, 1 Amherst St., Cambridge, MA, 02142, United States of America, nmfong@mit.edu, Duncan Simester

We investigate whether demand for private label items is more or less price sensitive than demand for national brand items. First, we use historical data from a chain of convenience stores to estimate price sensitivity. We address the endogeneity of prices with an instrumental variables approach. The findings reveal that private label demand is less price sensitive than national brand demand. We validate these findings using a large-scale field experiment conducted with the same chain of stores. Prices were exogenously manipulated for almost 200 items across 12 stores. The results confirm that private label demand is less price sensitive, and provide estimates similar in magnitude to those from the historical data. This supports the use of instrumental variables as a solution to endogeneity in prices. Finally, we investigate explanations for the difference in prices sensitivities using survey data. We find evidence that the difference in price sensitivity is in part due to differences in price knowledge and reliance on the private label as a price cue.

4 - A Study on the Purchase Intention of Premium Private Label Products

Jong-Ho Lee, Assistant Professor of Marketing, Korea University Business School, Anam-Dong Seongbuk-Gu, Seoul, 136-701, Korea, Republic of, jongholee@korea.ac.kr, Sungkyu Lee, Tony C. Garrett

'Premium private label' (premium PLB) products, comparable in quality and price to national brand (NB) products, are increasingly being introduced by stores. Consumers now have a more diverse brand choice which includes regular PLBs, premium PLBs and NBs. This paper focuses on how these three brand categories act as reference points to one another. Specifically, how does regular PLBs and NBs relative similarity to premium PLBs affect consumer perceptions of premium PLBs? Premium PLBs perceived similar to regular PLBs are likely to cannibalize one another whereas, if perceived more similar to NBs products, will be serious competitors of NBs. This research investigates the predictors influencing consumer attitudes and purchase intentions toward premium PLB products. Five factors are expected to influence these: attitude toward regular PLBs; congruity between store and premium PLBs; similarity between regular PLBs and premium PLBs; and quality comparison points of premium PLBs products, to either regular PLBs or NBs. These and the attitude toward premium PLB products, except attitude toward regular PLBs, should have a direct influence on premium PLB consumer purchase intentions. Consumers' perception toward premium PLB products is expected to be differentiated by product category, therefore milk and toaster products are tested. Data were collected from consumers buying PLB products at wholesale marts. Results show that premium PLBs to be successful should be differentiated from regular PLBs and NBs especially on quality perceptions with some indication that product category matters. High store congruence will improve premium PLB attitude.

■ TA11

Room 21

Econometric Models

Contributed Session

Chair: Marko Sarstedt, Assistant Professor, Ludwig-Maximilians-University Munich, Institute for Market-based Management, Kaulbachstr. 45, Munich, 80539, Germany, sarstedt@bwl.lmu.de

1 - The Sense and Non-sense of Hold-out Sample Validation in the Presence of Endogeneity

Peter Ebbes, Penn State University, 434BB Smeal College, University Park, PA, 16802, United States of America, pebbes@psu.edu, Dominik Papies, Harald van Heerde

One of the standard requirements for empirical marketing models is that they should address the potential endogenous nature of the regressors. Endogeneity arises if regressors such as price and advertising are set based on demand shocks observable to the manager, but these shocks are unobserved by the researcher and omitted from the model. The resulting correlation between the error term and the regressors, if not properly addressed, biases the estimates of the model parameters. Correcting for endogeneity, e.g., via instrumental variable (IV) estimation, is required to obtain unbiased estimates. Another standard requirement for empirical marketing models is that they predict well in a hold-out sample. While hold-out sample validation has become a standard method to validate and compare models in the marketing literature, we believe that its usefulness in the presence of endogeneity is not well understood. Our main thesis is that in the presence of endogeneity it does not make sense to use hold-out sample validation to validate and compare models, and it may even produce misleading insights. The reason is that if the hold-out sample is similar to the estimation sample and hence the endogenous nature of the regressors is preserved, hold-out sample validation favors models that do not correct for endogeneity (e.g., OLS) over models that do correct for endogeneity (e.g., IV estimation). We support this argument by both a simulation study and an empirical application for a sales response model for DVD titles, where price and advertising are endogenous. We conclude by suggesting how the marketing science community could re-evaluate the usefulness of hold-out sample validation in case of endogeneity.

2 - Why Wrong Response Functions Predict Better and Underestimate Optimal Expenditures

Steven Shugan, Professor, University of Florida, 2030 NW 24th Avenue, Gainesville, FL, 32605, United States of America, sms@ufl.edu

Many decisions depend on selecting the correct response function for marketing effort. Empirical research sometimes uses predictive accuracy to select one response function over another. This paper proves that there can be many (infinite) wrong response functions that predict better than the true response function. The reason is not faulty estimation, simplicity, parsimony, fewer variables or the measure of predictive accuracy. Moreover, whether prediction is vastly better or barely better, wrong response functions often dramatically underestimate optimal marketing expenditures (UOME) because (1) optimal expenditures depend on marginal sales (i.e.,profits) rather than absolute sales predictions and (2) predictive accuracy often improves by dampening noisy observations but dampening also tends to underestimate derivatives (i.e., changes in sales) in the neighborhood of the optimum. This paper exploits little known properties of correct response functions to provide specific tests to identify the true response function. For example, the covariance of the in-sample and out-sample prediction errors should be zero for the true response function. It would be impossible to prove or discover these findings in the context of either a specific application or a specific empirical analysis because the true response function would be unobserved and, possibly, falsely inferred.

3 - Disentangling the Effects of Multicollinearity on Segment Retention in Mixture Regression Models

Marko Sarstedt, Assistant Professor, Ludwig-Maximilians-University Munich, Institute for Market-based Management, Kaulbachstr. 45, Munich, 80539, Germany, sarstedt@bwl.lmu.de, Christian Ringle, Franziska Völckner, Jan-Michael Becker

Mixture regression models (for example in the context of conjoint and partial least squares path modeling) have become an increasingly visible element in both marketing theory and practice. A key issue associated with the application of these methods is the question of how many segments to retain from the data. This decision is of crucial importance since any misspecification results in an under or oversegmentation, thus leading to suboptimal management decisions regarding, for example, customer targeting, product positioning or determining the optimal marketing mix. To decide on the number of segments, researchers usually rely on a combination of information and classification criteria. While prior simulation studies evaluated the efficacy of these criteria in selecting the correct number of segments, none of them considered the effect of multicollinearity, although the latter is a common challenge in empirical research settings. This study extends prior research by evaluating the performance of various model selection criteria against the background of six influencing factors, including collinear predictor variables. The results reveal that ICOMP is the best criterion to use across a broad range of factor level combinations. Multicollinearity has a strong effect on information criteria's performance, increasing their tendency to underestimate the correct number of segments compared to situations when no multicollinearity is present. In contrast, classification criteria's performance is rather robust in situations with increased levels of multicollinearity. Implications for applied research as well as future research directions are provided.

■ TA12

Room 22

Discrete Games

Cluster: Special Sessions

Invited Session

Chair: Sanjog Misra, Associate Professor, University of Rochester, Simon School of Business, 3-110S Carol Simon Hall, Rochester, NY, 14627, United States of America, misra@simon.rochester.edu

1 - Entry Decisions in the Pharmaceutical Industry

Anita Rao, Stanford GSB, 518 Memorial Way, Stanford, CA, 94305, United States of America, anitarao@stanford.edu

Entry into the pharmaceutical industry differs from many others in that it involves a time intensive process with interesting dynamics and firm interactions occurring prelaunch. We study this industry to answer questions from the perspectives of firms' development activities and social welfare. From a firm development perspective, pharmaceutical firms want to invest their R&D budget on compounds that are likely to be successful as the research process is time-intensive, expensive and often fraught with failures. Business development managers would like to know which markets are profitable to enter and the right time to stem investment in a product. Moreover with current advances in genomics and other technologies that can help expedite the research process it is important for firms to know whether investing in resources for such technologies is worthwhile. From a social welfare perspective, we assess whether the markets firms are investing in are predominantly blockbuster drugs and lucrative lifestyle drugs as opposed to life-saving drugs and drugs with smaller patient populations. Also given the current drug safety issues it would be interesting to evaluate the effect of a more stringent FDA on firm's entry decisions. To answer these questions we build a structural model that incorporates dynamics, strategic decision making of firms and market heterogeneity using a unique dataset that comprises of firm entry into clinical trials and subsequent launch and exit decisions for several markets.

2 - A Dynamic Quality Ladder Model with Entry and Exit: Exploring the Equilibrium Correspondence using the Homotopy Method

Ron Borkovsky, University of Toronto, Rotman School, Toronto, ON, Canada, ron.borkovsky@rotman.utoronto.ca, Ulrich Doraszelski, Yaroslav Kryukov

This paper explores the equilibrium correspondence of a dynamic quality ladder model with entry and exit using the homotopy method. The homotopy method facilitates exploring the equilibrium correspondence in a systematic fashion; it is ideally suited for investigating the economic phenomena that arise as one moves through the parameter space and is especially useful in games that have multiple equilibria. We discuss the theory of the homotopy method and its application to dynamic stochastic games. We then present the following results: First, we find that the more costly and/or less beneficial it is to achieve or maintain a given quality level, the more a leader invests in striving to induce the follower to give up; the more quickly the follower does so; and the more asymmetric is the industry structure that arises. Second, we show that the possibility of entry and exit alone gives rise to predatory and limit investment. Third, we illustrate and discuss the multiple equilibria that arise in the quality ladder model, highlighting the presence of entry and exit as a source of multiplicity.

3 - Bayesian Estimation of Discrete Games of Complete Information

Sridhar Narayanan, Stanford University, Stanford GSB, 518 Memorial Way, Stanford, CA, United States of America, sridhar.narayanan@stanford.edu, Wes Hartmann

Discrete games of complete information have been applied to study a variety of problems, from firm entry and market structure to joint consumption of goods and services by socially connected individuals. There are two significant issues with the empirical methods currently used to estimate such discrete games. These games do not have unique equilibria and often require equilibrium selection assumptions for estimation. Second, the methods are typically not easily applied to complex games, involving a large number of players or a large choice set for the players in the game or both. In this paper, we address both of these issues using a Bayesian approach. In order to address the issue of multiple equilibria, we specify a prior belief of the researcher over the set of equilibria. We then develop a Metropolis Hastings estimator to draw from the posterior distributions of the model parameters, that incorporate the researcher's belief about the equilibria. Thus, both the parameter estimates as well as counterfactual simulations are informed by the researcher's uncertainty about the equilibria. We also develop a hybrid Gibbs Sampler to estimate the parameters of a discrete game. Using a unique rejection step, this estimator allows the parameter estimates to be estimated even without evaluating the equilibrium conditions. This allows us to estimate complex discrete games, involving a large number of players and/or a large choice set, which would be difficult using conventional estimators that require the equilibrium conditions to be analytically evaluated. We demonstrate these methods for a retail entry application, using a dataset of market locations for competing retailers.

4 - Markov Chain Monte Carlo for Incomplete Information Discrete Games

Sanjog Misra, Associate Professor, University of Rochester, Simon School of Business, 3-110S Carol Simon Hall, Rochester, NY, 14627, United States of America, misra@simon.rochester.edu

This paper outlines a Bayesian methodology for estimating parameters in discrete games of incomplete information. The MCMC routine proposed features two changes to the traditional Metropolis-Hastings approach to facilitate the estimation of games. First we propose a novel approach to sample exact equilibrium probabilities. This constitutes a probabilistic equilibrium selection rule that allows for the evaluation of the parameter posterior. Second, we propose a differential evolution based MCMC sampler which is capable of handling the unwieldy posterior that only has support on the equilibrium manifold. We also present an application to demonstrate the feasibility of our proposed methodology.

■ TA13

Room 23

Pricing I

Contributed Session

Chair: Rami Zwick, University of California, Riverside, AGSM, Riverside, CA, United States of America, ramiz@ucr.edu

1 - The Effect of Buyer's Bargaining Ability on Negotiated Prices and Retailer Margins: A Study of the U.S. Automobile Market

Charles Weinberg, Professor, University of British Columbia, 2053 Main Mall, Vancouver, BC, V6T1Z2, Canada, charles.weinberg@sauder.ubc.ca, Xiaohua Zeng, Srabana Dasgupta

For products like automobiles, where the price of the product is determined through negotiation, the interaction between the buyer and the seller is critical in determining firms' margins and profits and thus raises important questions about prices, sales and profits. While many factors, such as age, gender and race, which affect the outcome of the bargaining process, have been identified, we focus on a little understood construct, namely the buyer's bargaining ability, and analyze its impact on the bargaining outcome. To do this, we assemble a dataset from the U.S. automobile market, consisting of the actual transaction price paid by the buyer, net of the trade-in outcome, as well as information on buyer characteristics and the transaction, which is then combined with survey that measures the buyer's bargaining ability. We find that higher bargaining ability leads to lower prices for the buyer, even when there is a trade-in, as well as lower margins for the retailer. We also examine the impact of the degree to which buyers enjoy bargaining, which we believe to be a separate construct from bargaining ability, and find that enjoyment does not affect the bargaining outcome directly. Instead, we find that buyers who enjoy bargaining, search for more price information, thus allowing them to identify a better initial price.

2 - The Effectiveness of Information Sharing in Asymmetric Buyer-seller Negotiations

Abhik Roy, Professor, Quinnipiac University, School of Business, 275 Mt. Carmel Avenue, Hamden, CT, 06518, United States of America, Abhik.Roy@quinnipiac.edu

Experiments are conducted simulating two-period, buyer-seller negotiations over the issue of a contract price. An alternative offer from a rival supplier, representing a threat price available to the buyer, creates asymmetry in the bargaining situation. Information on the value of potential outcomes to each party can be shared by either the buyer or the seller. Hypotheses are developed, which reflect the possible effects on negotiated price outcomes of sharing of private information and of the threat. There should be a main effect of threat leading to lower negotiated prices. There should also be a main effect of information sharing favoring the initiator of the information exchange. Most importantly, there ought to be an in interaction effect with the impact of information sharing by a seller dependent on whether she faces a threat price. Results show that, as in previous studies there is a main price lowering effect of threat. There is also evidence of a main effect of information sharing, and that the impact of sharing differs significantly, depending on whether there is a threat price or not. The information sharing effect also depends on whether the seller or the buyer initiates the exchange process. In the absence of a threat sellers are found to do no better through exchanging private information, compared to keeping information private. When a threat price exists, sellers can mitigate some of the effects of the threat through information sharing. The best a seller can achieve is a settlement above the minimum price point in the bargaining set, corresponding to an equal gain of utility from each party's respective minimum utility point.

3 - Consumer Retail Bargaining: An Empirical Study

Candy P. S. Fong, Assistant Professor, University of Macau, Av. Padre Tomas Pereira, Taipa, Macau SAR, China, punsanf@umac.mo

Negotiation has been a heavily researched topic, mainly with experiments and mathematical models. Little research has been devoted to collect data from actual bargaining instances in retail setting. This research attempts to fill the gap with an empirical study based on data from both observation of actual bargaining incidents and a follow-up survey. The study examines the factors affecting consumer goal setting and the determinants of bargaining outcomes. Data from 134 bargaining cases were successfully collected from consumers shopping in the retail outlets in two cities of China, selling a variety of products such as apparels and accessories. Most negotiations are characterized by an unequal distribution of power between negotiating parties (Dwyer & Walker, 1981; Dwyer, 1984). The collection of data from both observation and follow-up survey permits the researcher to study variables that may render consumer bargaining power but have not been examined empirically. Bargaining power is postulated to derive from several sources such as product and price knowledge, desirability of product, state of emergency and presence of companion. The power variables are shown to influence the bargaining goal set by the consumer, as reflected by the percentage of discount requested in the first counteroffer. This variable, together with the strategies and attitudes of the two parties, in turn determines the discount that consumers obtain eventually. Satisfaction with transaction outcome has significant impact on the likelihood of future patronage, and satisfaction is mainly affected by the extent the consumer's goal is achieved, rather than by the absolute discount obtained.

4 - Conditions Under Which "Pay What You Want" is a Profitable Pricing Strategy

Rami Zwick, University of California, Riverside, AGSM, Riverside, CA, United States of America, ramiz@ucr.edu, Vincent Mak, Akshay Rao

According to the prevailing wisdom in the literature "Pay what you want" (PWYW) is a pricing strategy whose success depends on consumers' altruism or their innate sense of fair play. In this article, we consider whether PWYW can be a profitable strategy when the consumer's only motive is self-interest. Our model incorporates an infinitely repeated pricing game involving a firm and a fixed consumer population, and our results indicate that PWYW could be as profitable as a fixed price regime, if the firm's strategy is to threaten to switch to a fixed price regime in the future should PWYW not yield enough profits. If consumers are forward looking and there exist a sufficient number of consumers who find the firm's fixed price regime to be more costly than other desirable alternatives, such a threat could lead to a sustainable PWYW regime. Additionally, we present evidence from a laboratory study that provides support for the proposed PWYW regime.

■ TA14

Room 24

Decision Making I

Contributed Session

Chair: Siegfried Gudergan, Professor, University of Technology Sydney, PO-Box 123, Sydney, NS, 2007, Australia, siggi.gudergan@uts.edu.au

1 - The Effect of Activating Time versus Money on Consumer Decision Making

Leilei Gao, Assistant Professor, The Chinese University of Hong Kong, Flat 8A University Residence No. 11, The Chinese University of Hong Kong, Shatin, N., Hong Kong - PRC, lgao@cuhk.edu.hk, Lei Su

Despite the well-known adage that "time is money", recent research suggests that time and money are fundamentally distinct resources and that people evaluate and allocate time and money in different manners. Building on previous research, we show that priming time vs. money activates different decision-making strategies and subsequently results in different product choices. On the one hand, time exists independent of human beings. People can measure time but cannot compare time because the value of time depends on how we use it and the opportunity cost of time is difficult to judge. Thus, the evaluation of time is more discretionary, and people tend to focus on the intrinsic value of spending time. On the other hand, money is created by human for the purpose of exchange and value gauging. Consumers are trained to compare values and utilities in monetary transactions and emphasize the relative value of spending money. Therefore, we propose that when time is activated, consumers are more likely to adopt alternative-based evaluations with greater emphasis put on intrinsic preferences and holistic evaluations of options. Conversely, priming money activates greater use of attribute-based evaluations whereby consumers focus more on the relational value and attribute-level comparisons. In four studies involving binary choices in various categories, we show that activating time (vs. money) leads to greater likelihood of choosing options that exceed on relatively more (less) important attributes, alignable (vs. non-alignable) attributes, and enriched (vs. comparable) attributes. Mediation analyses and process tracing procedure provided further evidence that the time vs. money preference reversal was due to the different decisions strategies employed.

2 - Observing the Effects of Heritage on Consumer Choice

Sergio Moccia, Doctoral Student, University of Mainz, Jakob Welder-Weg 9, Mainz, 55099, Germany, moccia@marketing-science.de, Oliver Heil

As markets are increasingly characterized by homogenous product offerings, firms need to seek new ways to differentiate. A promising approach focuses on emphasizing a company's own history, i.e. its "heritage". Although heritage brands and heritage branding are common terms, there is little work in marketing investigating the effects of heritage on consumer choice. Commonly it is believed that heritage brands evoke positive associations like authenticity, trustworthiness and familiarity. However, at the same time, heritage brands risk to appear old-fashioned, boring and worn-out. These negative associations could obviously lead to consumer choices that are undesirable. This may hold especially true in case consumers face cutting-edge technologies or innovative products. It has often been argued that the degree to which a consumer can be classified as an innovator plays an important role in the process of the adoption of new products. An important question, therefore, entails how consumer innovativeness affects the choice for heritage branded products. That is, do innovators basically tend to decide against "heritage"? We investigate the relations sketched above using experiments that allow to observe a respondent's choice of products based on his degree of innovativeness and based on the degree to which the product signals heritage. That is, consumers are classified as non-innovators and innovators and the products are either non-heritage or heritage brands. Several product categories are investigated.

3 - An Integrated Model of Concrete and Abstract-level Component Activation in Consumers' Mental Representations of Complex Decision Problems

Theo A. Arentze, Eindhoven University of Technology, PO Box 513, Eindhoven, 5600 MB, Netherlands, T.A.Arentze@bwk.tue.nl, Benedict G.C. Dellaert

Consumers may mentally represent complex decision problems in terms of both concrete, low-level construals and in terms of abstract, high-level construals. Depending on which specific components are activated in the consumer's mind the impact of marketing communications on the consumer may differ. This paper proposes a formal approach to describe and model the selection of different components in consumers mental representations of complex decision problems. The approach allows for tests between differences in activation of mental representation components in different conditions. It also allows for discovery of prototypical mental representations across consumers and consumption situations. These types of analyses can be particularly relevant to guide the selection of (tailored) marketing communications that target consumers in different situations. The approach is illustrated using data collected of 180 individuals' mental representations of complex shopping decision problems.

4 - Testing Value Priming: Implicit Value Association Test and Best-worst Value Measurement

Siegfried Gudergan, Professor, University of Technology Sydney, P.O. Box 123, Sydney, NS, 2007, Australia, siggi.gudergan@uts.edu.au, Thorsten Teichert, Anouche Newman, Ian Lings

Affecting customer behaviour through purposefully designed marketing activities is a key task for marketers. Associated marketing research uses priming in consumer research studies or information conditions in discrete choice modelling to examine the extent to which marketing activities have differential effects. In this work we introduce two novel methods to test whether a priming task has been effective and compare those two methods. The first one is an application of the 'implicit association test' and the second one of 'best-worst measurement'. These two methods were selected so that we can examine two different consequences of priming: whereas the 'implicit association test' captures unconscious processes, 'Best-worst measurement' is based on conscious evaluations. We illustrate this comparative assessment of the effectiveness of priming using an example in which we prime the two values of 'achievement' and 'benevolence.' On the one hand, we use a best-worst measurement adaptation of the Schwartz value measurement scale to test whether the priming has worked; and on the other hand a specifically designed implicit association task to measure the respondent's values concerning 'achievement' and 'benevolence.' This study illustrates a simple approach to examine the effects of priming.

■ TA15

Room 25

Consumer Behavior

Contributed Session

Chair: Alexander Fischer, Bergische Universität Wuppertal, Gauflstr. 20, Wuppertal, 42097, Germany, afischer@wiwi.uni-wuppertal.de

1 - Correction for Mood Bias in Product Judgments

Chung-Chiang Hsiao, Assistant Professor, National Taiwan Normal University, 162, He-Ping East Rd., Sec. 1, Taipei, 10610, Taiwan - ROC, cchsiao@ntnu.edu.tw, Yi-Wen Chien

The present research investigates the conditions under which consumers are more likely to engage in a correction process to remove the mood bias from their product judgments. We posit that when consumers are aware of the mood bias and are high in motivation to make accurate judgments, they tend to activate a correction process to remove the mood bias from their product judgments in a direction opposite to their perceived biasing direction. The identification of mood bias could be stimulated either by receiving the bias-relevant knowledge (in a magazine article) prior to exposure of the target ad (Study 1), or by reading a bias-reminding tagline incorporated in the target ad (Study 2). The current research indicated that highly-involved participants who had been prompted by the mood bias tended to engage in judgmental corrections by which the favorability toward the target product was significantly higher when bad mood rather than good mood was elicited. However, the revision of target evaluations was not found when participants were low in involvement. These results contrasted previous findings of mood assimilation effects and demonstrated a heretofore uninvestigated mood effect. That is, in addition to positive main effects, mood could also produce contrastive or negative main effects. The current research provides important implications to marketers by suggesting that companies which place ads within good/bad mood-laden media (e.g., magazines or TV programs) can actually suffer/benefit from invoking of good/bad mood, when attempts are made to remove the mood bias from product judgments.

2 - A Cross-cultural Study of Online Dating Site User's Goal-directed Emotions and Relationships with Service Providers

Jiyao Xun, PhD Candidate, Nottingham University Business School, Jubilee Campus, Wollaton Road, Nottingham, NG8 1BB, United Kingdom, lixjx8@nottingham.ac.uk, Sally McKechnie, Prithwiraj Nath

The role of emotions in marketing exchanges and relationship formation cannot be over- empathized (Bagozzi et al, 1999). First, recent relationship marketing (RM) suggests the non-exhaustive status of relationship quality (RQ) (e.g. gratitude by Palmatier, et al., 2009). Also note that there is an inherent nexus of RQ with positive emotions (Buck, 2004) which imply the potential to explore in depth of RQ. Second, research in e-consumer behavior generally lacks a focus on user's emotions but inclined to devote more attention on online behavioral data (Moe and Sha, 2009). Three gaps are identified: (1) the under-investigation of the individual motivational effects of emotion on behavioral intentions with a service provider. (2) Lack of a systematic framework to capture emotions but scattered discrete emotions such as gratitude (Palmatier et al., 2009) or pleasure (Wang, et al., 2007). (3) Missing the opportunity to envisage and link between online emotions to online RM. We propose to use a goal-directed emotion model (Brown, Cron, and Solcum, 1997) which has not been studied previously in an online context. Dating sites are chosen for the nature of relationship bonding, and its goal-directed operational characters. Scenarios design and structural equation modeling will be used to test the model including moderating effects by consumers' national cultures (i.e. individualist vs. collectivists by UK and China) and individual reactance traits (particularly explains negative emotions) on dating services.

3 - Assessing the Salience and Differential Impacts of Reflexive Learning

Yiyan Li, Assistant Professor, City University of Hong Kong, Department of Marketing, City University of Hong Kong, Hong Kong - PRC, liyiyan@cityu.edu.hk

Drawing on cognitive and social learning theories, many studies examine how consumers learn and behave in Internet. Integrating the literature on reflexivity (e.g., Giddens 1991) and an alternative perspective of learning (e.g., Thompson 2005; Pavia and Mason 2004; McPherson 2005), this study develops a multi-dimensional measure for a distinctive form of learning—reflexive learning. Through conducting three surveys in various contexts, this study provides corroborating evidences for the salience of reflexive learning and its transformative impacts on consumers' high-order values and behaviors that beyond the effects of cognitive and social learning. Results of study 1—a survey with 277 respondents from a virtual community of consumption demonstrate that reflexive learning exerts significantly stronger impacts on high-order consumption values (e.g., materialistic value, consumer confidence in persuasion knowledge, and consumption strategies) than cognitive learning and social learning. Results of study 2 and 3—surveys with 817 and 815 respondents from two separate online panels of a marketing research firm prove that reflexive learning in Internet greatly explains the changes of consumers' core values (study 2: country stereotype, ethnocentrism, etc.; study 3: life satisfaction, collective-oriented values, and life values) and actual consumption behaviors in different contexts (study 2: a social and political event—Japan aids earthquake relief in China; study 3: a recent major tragic event–Sichuan earthquake in China). Moreover, study 2 and 3 prove that individual psychological traits like need for cognition significantly moderate the impacts of reflexive learning in both contexts.

4 - Does Self-performing Matter? The Impact of Motor Actions on Brand Knowledge

Alexander Fischer, Bergische Universität Wuppertal, Gauflstr. 20, Wuppertal, 42097, Germany, afischer@wiwi.uni-wuppertal.de, Tobias Langner

Due to decreasing communication effectiveness building brand awareness and brand image is becoming more and more difficult. Hence, new ways for building brand knowledge are necessary. Self-performed brand related motor actions might be an alternative approach. Such motor actions include the planning, execution and feedback of bodily movements related to brand usage. Action research has been intensively studied in cognitive psychology and in neurosciences. However, motor actions have been neglected in marketing research. In order to understand how brand related motor actions influence the building of brand knowledge, we conducted two experiments. Based on multicode memory theory, these studies address this question in terms of comparing self-performed tasks (SPT) with a standard learning task (SLT). In the SLT-condition the participants were asked to memorize the brand name and the brand related motor action presented in an ad. In the SPT-condition participants were additionally asked to perform the brand related motor action (e.g., shaking the shampoo). Experiment 1 analyzed how self-performed motor actions influence recall and recognition of fictitious brand names and of the performed actions. The results show that self performing contrary to the SLT-condition has a positive impact on the recall and recognition of brand related motor actions. However, recall and recognition of fictitious brand names did not benefit from self-performing. In experiment 2 we analyzed whether recall and recognition of suggestive brand names related to the motor action benefits from self-performing. As the results show there were no significant differences between the two conditions. As in study 1, the recall and recognition of brand related motor actions were superior in the SPT-condition.

Thursday, 10:30am - 12:00pm

■ TB01

Room 02

2009-10 ISMS-MSI Practice Prize Competition

Cluster: Special Sessions
Invited Session

Chair: Russell Winer, Professor, New York University, Stern School of Business, 40 W.4th Street, New York, NY, 10012, United States of America, rwiner@stern.nyu.edu

Practice Prize Competition

The purpose of the session is to showcase the four finalist papers from the 2009-10 ISMS-MSI Practice Prize Competition. The finals of the competition were held at a conference held at the Sloan School of Management, M.I.T., from January 14-16, 2010.

1 - Dynamic Marketing Budget Allocation across Countries, Products, and Marketing Activities

Marc Fischer, Professor of Marketing and Services, University of Passau, Innstrafle 27, WiWi Room 212, Passau, 94032, Germany, marc.fischer@uni-passau.de, Sönke Albers, Nils Wagner

Previous research on marketing budget decisions has shown that profit improvement from better allocation across products or regions is much higher than from improving the overall budget. However, despite its high managerial relevance contributions by marketing scholars are rare. In this paper, we introduce an innovative and feasible solution to the dynamic marketing allocation budget problem for multi-product, multi-country firms. Specifically, our decision support model allows determining near-optimal marketing budgets at the country-product-marketing-activity level in an Excel-supported environment each year. The model accounts for marketing dynamics and a product's growth potential as well as for trade-offs with respect to marketing effectiveness and profit contribution. The model has been successfully implemented at Bayer, one the world's largest firms in the pharmaceutical and chemical business.

2 - Jetstar: A Dynamic Model of Consumer Choice to Guide Brand Development

John Roberts, Scientia Professor, Australian National University and London Business School, Australia, john.roberts@anu.edu.au, Ken Roberts, Peter Danaher, Alan Simpson

The paper describes the use of a marketing science model by Jetstar, a subsidiary of Australia's leading airline, QANTAS, to effectively and profitably compete in the low cost carrier marketplace. We trace the evolution of the Jetstar strategy, from a baseline calibration of its initial position, through to its efforts to understand and grow price competitiveness and service parity, followed by a highly focused, cost-effective service delivery strategy. From a methodological perspective, in addition to developing a model that incorporates dynamics, we also allow for unobserved heterogeneity of both perceptions and importance weights of process attributes. This allows us to study not only how service design and pricing initiatives shift the perceived performance of Jetstar relative to its competitors, but also how the airline is able to shift market preferences in a way that emphasizes the areas in which it has competitive advantage. The contribution of the research is substantial. The Jetstar market share went from 14.0% to 18.1% during the first five quarterly waves of the research. Significant price perception and service level disadvantages were ameliorated. Profit for Jetstar went from $A 87 mm in 2006/07, before the study was commissioned, to $A 115 mm in 2007/08 and $A 137 mm in 2008/09 during a period of major industry losses. We describe some of the operational challenges Jetstar had to overcome to realize these results and some of the non-quantitative benefits achieved in addressing them. Finally, we briefly outline applications of the approach in other situations.

3 - Marketing's Profit Impact: Quantifying Online and Offline Funnel Progression

Thorsten Wiesel, Assistant Professor of Marketing, Department of Marketing, Faculty of Economics, University of Groningen, the Netherlands, wiesel@wiesel.info, Koen Pauwels, Joep Arts

Inofec, an SME in the business-to-business sector, desired a more analytic approach to allocate marketing resources across communication activities and channels. We developed a conceptual framework and econometric model to empirically investigate (1) the marketing communication effects on offline and online purchase funnel metrics and (2) the magnitude and timing of the profit impact of firm-initiated and customer-initiated contacts. We find evidence of many cross-channel effects, in particular offline marketing effects on online funnel metrics and online funnel metrics on offline purchases. Moreover, marketing communication activities directly affected both early and later purchase funnel stages (website visits, online and offline information and quote requests). Finally, we find that online customer-initiated contacts have substantially higher profit impact than offline firm-initiated contacts. Shifting marketing budgets towards these activities in a field experiment, yielded net profit increases fourteen times larger than those for the status-quo allocation.

4 - Uncovering Implicit Customer Needs for Determining Explicit Product Positioning: Growing Prudential Annuities' Variable Annuity Sales

V. Kumar (VK), Richard and Susan Lenny Distinguished Chair Professor in Marketing, J. Mack Robinson College of Business, 35 Broad St., Ste. 400, Atlanta, GA, United States of America, vk@gsu.edu, Denish Shah

A variable annuity (VA) is a popular product for investing retirement savings. However, there are thousands of similar sounding variable annuity products being offered by hundreds of financial service companies. In such a scenario, could Prudential achieve a meaningful product differentiation to grow its VA sales? The business challenge motivated this research study and led to the development and implementation of the 'Emotion Quotient' (EQ) Tool. The EQ Tool enabled Prudential to redefine its marketing and selling approach along a proactive (as opposed to responsive) market orientation paradigm. This was accomplished by applying the EQ Tool to uncover and quantify the prevalence of certain emotions (such as fear and regret) in the prospective customer. Prevalence of emotions revealed the behavioral risk of the prospective customer and hence an implicit need for a product to mitigate the risk. Consequently, the financial planner applied the unique customer insights derived from the diagnostics of the EQ Tool to pitch the appropriate VA product to each customer. Such an approach enabled Prudential to gain a multi-million dollar lift in VA sales while contributing to consumer welfare by promoting awareness of behavioral risk to investors. This research study illustrates how industry can collaborate with academia to successfully apply marketing science to address real world business challenges.

■ TB02

Room 04

CRM: Managing Customers

Contributed Session

Chair: Debanjan Mitra, University of Florida, Warrington College of Business Administr, Gainsville FL, United States of America, deb.mitra@warrington.ufl.edu

1 - Value of Customer Attitude Metrics in Measuring and Managing Customer Lifetime Value

Rajkumar Venkatesan, University of Virginia, Charlottesville, VA, United States of America, Venkatesanr@darden.virginia.edu, Werner Reinartz, Nalini Ravishanker

Easy availability of information on a customer's transactions with the firm and the pressure to establish financial returns from marketing investments has led to a dominance of models that directly connect marketing investments to sales at the customer level. Customer's attitudes, on the other hand, have always been assumed to influence customer's reactions to a firm's marketing communications, but rarely included in models that determine customer value. We empirically assess (a) the role of customer's attitudes in determining their lifetime value to the firm, and (b) how knowledge of customer attitudes can influence a firm's customer management strategy. Specifically, we evaluate whether the effect of customer attitudes on customer retention and spending and whether customer attitudes are more important for managing some customers than others. We use monthly sales call, sales, and survey based attitude information that were all collected from the same customers of a multinational pharmaceutical firm over three years. We develop (1) a dynamic model framework that combines the sales call and sales data that are available at regular time intervals with customer attitudes that are not available at regular intervals, and (2) a mechanism for imputation for missing attitudes when forecasting the lifetime value of customers. Results suggest that customer attitude towards a firm enhance the efficacy of sales calls and have a direct effect on customer retention and sales. Competitive effects moderate this result; customer attitudes towards dominant competitors have a stronger negative effect on focal firm's sales than attitudes towards the firm.

2 - Optimizing Service Productivity

Roland T. Rust, Distinguished University Professor, University of Maryland, Robert H. Smith School of Business, 3451 Van Munching Hall, College Park, MD, 20742, United States of America, rrust@rhsmith.umd.edu, Ming-Hui Huang

As service becomes a larger part of every developed economy, service productivity increasingly becomes the focus of attention. Companies use information technology to utilize automation more extensively, reduce the use of labor and increase service productivity. We build a rigorous theory of service productivity, and use it to derive testable empirical propositions. The propositions are tested using data from over 700 service companies in each of two different time periods. The empirical analysis largely supports the theory. Many important managerial implications emerge from the research, including 1) for a given level of technology, firms should seek an optimal level of productivity rather than trying to maximize productivity, 2) as technology advances and automation costs decrease over time, the optimal level of productivity increases, 3) as price increases, the optimal level of productivity decreases, 4) as the future is given more weight, the optimal productivity level decreases, 5) as customer retention is more sensitive to the level of service, the optimal level of productivity decreases. We show that if the firm has too myopic a viewpoint and/or seeks too high a level of productivity, this boosts current sales at the cost of reducing the service level and future sales. Specifically, large service companies tend to be too productive, relative to the optimal level, and should place less emphasis on cost reduction through automation and more emphasis on providing good service. We also show that in a recession, relative use of labor should be greater and automation should be used relatively less.

3 - Consumer Expectations and Culture: The Effect of Belief in Karma in India

Praveen Kopalle, Associate Professor, Dartmouth College, 100 Tuck Hall, Tuck School of Business, Hanvoers, NH, 03755, United States of America, praveen.kopalle@dartmouth.edu, Donald R. Lehmann, John U. Farley

While consumer expectations are frequently studied, relatively little attention has been paid to the impact on expectations of variation in cultural variables unique to a country. Here we focus on one country, India, and a major cultural influence there—the extent of belief in karma. Prior research in the U.S suggests that customers who are disconfirmation sensitive strategically manage their expectations by lowering them. Here we examine whether belief in karma, and consequently having a long term orientation, counteracts the tendency to such strategic management of customer expectations. The result shows that the extent of belief in karma in India, operating largely through its impact on long run orientation, does moderate (decrease) the effect of disconfirmation sensitivity on expectations.

4 - Satisfaction and Dissatisfaction Proneness: Examining the Effect of Attribute-level Disconfirmation on Changes in Attribute Importance Weights

Debanjan Mitra, University of Florida, Warrington College of Business Administr, Gainsville, FL, United States of America, deb.mitra@warrington.ufl.edu, Yin Xu, Jinhong Xie, Gao Wang

Researchers in marketing have long recognized the lability in attribute importance weights on account of various competitive and situational contexts. Here we examine the role of disconfirmation on importance weights of attributes. We argue how specific effects of attribute-level disconfirmation on attribute importance leads to varying susceptibility of individuals towards positive and negative disconfirmation, thereby, resulting in their satisfaction and dissatisfaction proneness. We use longitudinal data on the performance perceptions and importance weights of various attributes from buyers of cars both prior to purchase and after purchase. Using this data, we are able to compute disconfirmation, i.e., the difference between expected and observed performance, and changes in attribute importance weights based on an individual's evaluation on each car attribute. We find significant evidence that individuals in our data, on the aggregate, are satisfaction-prone, i.e., they tend to increase the importance weight of attributes with positive disconfirmation and decrease the importance weight of attributes with negative disconfirmation. However, using a latent class approach, we are also able to identify a segment of individuals who do the opposite. We collect additional data from the same individuals on satisfaction towards brands in categories unrelated to cars. Based on our identification of satisfaction prone and dissatisfaction prone car-buyers, we are able to explain a substantial part of the variance in their satisfaction towards shampoos and cell-phones! We present several other interesting empirical findings on the personality antecedents of satisfaction and dissatisfaction proneness. We discuss the implications of our findings for marketing researchers and practitioners.

■ TB03

Room 06

Advertising: Strategy II

Contributed Session

Chair: Hideaki Kitanaka, Takushoku University, 3-4-14 Kohinata, Bunkyo-ku, Tokyo, Japan, kitanaka@ner.takushoku-u.ac.jp

1 - The Optimal Product Line Design in the Presence of Targeted and In-Store Advertising

Shan-Yu Chou, National Taiwan University, No. 50, Lane 144, Sec. 4, Kee-Lung Rd., Taipei, 106, Taiwan - ROC, chousy@ntu.edu.tw, Chyi-Mei Chen

This paper analyzes a manufacturer's optimal product line design and advertising strategies in a non-integrated channel. I consider a model where the monopolistic manufacturer can choose to introduce more than one product item at once. I first consider a vertically integrated channel where the firm can choose, for each product, mass advertising to reach different segments with the same rate or targeted media advertising to reach some specific segment with a higher rate. Then I consider a non-integrated channel where a downstream retailer, facing the manufacturer's product items and the corresponding wholesale prices, can choose which product item(s) to carry and which segment to target and whether to conduct mass or targeted advertising at point of sales. In particular, I attempt to answer the following questions: (i) When the manufacturer can choose targeted advertising to influence the extent of the product line cannibalization problem, how would it influence the optimal product line design in an integrated channel? Under what conditions, the manufacture may adopt mass advertising in an integrated channel? (ii) Must the presence of an independent retailer strengthen the manufacturer's incentive to choose targeted advertising and focus on some specific segment? Under what conditions, the manufacture may adopt mass advertising in a non-integrated channel? (iii) If the retailer is able to use in-store advertising to influence consumers' consideration sets for the manufacturer's products on the point of sales, how would it change the manufacturer's optimal product strategies? Our results show that the presence of targeted ad may make the manufacturer focus on the high-end item and choose targeted advertising.

2 - Strategic Roles of Advertising in Distribution Channels

Chi-Cheng Wu, National Sun Yat-sen University, 70, Lien-Hai Rd., Kaohsiung, Taiwan - ROC, chicheng@mail.nsysu.edu.tw

Advertising strategies are typically classified into two categories. "Informative advertising" makes consumers aware of the advertised product and enhances product substitution; "persuasive advertising" shifts the consumers' preferences towards the advertised product and at the same time makes the rival product a less desirable substitute from the consumers' viewpoints. These two opposite effects suggest that marketing managers should strategically use different forms of advertising to adjust the appropriate competition intensity. This paper argues that the use of advertising strategy crucially depends on the channel structure. Specifically, we show that when manufacturers delegate the sales responsibility to dedicated retailers, informative advertising may yield a higher profit for the manufacturers due to its pro-competitive nature. On the contrary, persuasive advertising should be used more extensively when either the manufacturers sell directly to the end consumers or sell through a common retailer. We therefore provide a theoretical foundation for why both advertising strategies can emerge as optimal responses from the manufacturers' viewpoints; furthermore, we offer useful guidelines for when these advertising strategies should be used in various scenarios.

3 - A Model of Demarketing

Jeanine Miklos-Thal, University of Rochester, Simon School, University of Rochester, Carol Simon Hall, 3-141, Rochester, NY, 14627, United States of America, jeanine.miklos-thal@simon.rochester.edu, Juanjuan Zhang

This paper studies the benefit of "demarketing", whereby a seller purposely suppresses marketing efforts to discourage demand even if such efforts are costless. Our explanation of demarketing centers on buyer inferences of product quality. By modestly marketing a product, the seller reduces sales ex ante but improves its quality image ex post, as buyers attribute lackluster sales to insufficient marketing rather than low quality. The findings shed new light on classic marketing problems such as advertising scheduling, targeting, and test market selection.

4 - A Study on Products' Information Spread to Consumers and Three Communication Modes

Hideaki Kitanaka, Takushoku University, 3-4-14 Kohinata, Bunkyo-ku, Tokyo, Japan, kitanaka@ner.takushoku-u.ac.jp, Shigeru Kido, Akira Suzuki, Jinya Nakamura

Today's companies are under strong pressures of cost/performance accountability and they are required to utilize their business resources strategically to achieve maximum outcomes. Advertising is one of the most challenged activities to be questioned for its effectiveness in this respect. For effective advertising planning, it is crucial to understand the practice of products' information spread in the marketplace today. In addition to the traditional mass media communications, Products' Information spread among consumers via Social Network Services (SNS) communications has become a prominent phenomenon in today's communication environments. Most studies, however, approached these communications from media difference view points. In this study, we have focused on the communication modes when products' information are conveyed to consumers and categorized them into three groups: unidirectional communication mode, multi-directional communication mode and proliferate communication mode. The purpose of this study is to propose a guideline in planning an optimal advertising resource allocation. Using an agent-based approach incorporated with empirical data — TV audience rating survey data and Web survey data provided by Video Research Inc., we developed a simulation model which accommodates the above mentioned three different communication modes into the algorism. By analyzing the model's simulation results, the study tried to estimate degrees of information spread by each communication modes and examined how networks used in each communication modes were build and grow before the conclusion was extended.

■ TB04

Room 14

Impact of User Generated Content I

Cluster: Special Sessions

Invited Session

Chair: Paulo Albuquerque, Assistant Professor, University of Rochester, Simon Graduate Business School, Carol Simon Hall 3-110 R, Rochester, NY, 14627, United States of America, paulo.albuquerque@Simon.Rochester.edu

1 - Community Leaders or Entertainment Workers? Incentivizing Content Generation in Social Media

Peter Zubcsek, INSEAD, Boulevard de Constance, Fontainebleau Cedex, 77305, France, peter.zubcsek@insead.edu, Kaifu Zhang

The success of any User Generated Content (UGC) website critically depends on the participation and effort of its content contributors. In this paper, we study the contributor motivation problem from a firm's perspective. Drawing on the behavioral economics literature, we develop a unified framework of contributor behavior which captures diverse contributor motivations, including intrinsic fun, the need for self-expression, and monetary motivation. We focus on two decisions available to the firm which address different aspects of contributor motivations. First, we consider the website's content promotion decision which addresses contributors' need for self-expression by dictating the amount of viewer attention each content item receives. In equilibrium, the firm pursues either the "best take all" strategy where it directs all viewer attention to the highest quality content, or the "balanced allocation" strategy where all contributors, high-skill or low-skill, get

a share of viewer attention. Second, we consider the firm's monetary incentive decision. We find that under certain circumstances, paying the contributors may actually lower their efforts. In equilibrium, the optimal payment level changes discontinuously with the relative cost. The firm may either rely on socially motivated "community leaders" or on money-driven "entertainment workers" to generate the best content. To the end of designing the compensation scheme, we compare two simple payment regimes. We conclude that even when money is more important to low-skill contributors, the firm typically prefers to share advertising revenues only with the creators of the highest quality content and not with every participant who uploads content to the site.

2 - From Social to Super Brands: The Influence of Personality and Involvement with Active and Passive Consumer Behavior in User Generated Content Websites

Margherita Pagani, Assistant Professor, Bocconi University, Via Roentgen, 1, Milan, 20136, Italy, margherita.pagani@unibocconi.it, Ronald Goldsmith, Charles F. Hofacker

Managers are more and more interested in social networking sites because they provide opportunities for strengthening relationships with customers as well as providing content and service. Using social networking sites effectively, however, depends on understanding the personalities and social interactions of their participants. Our paper addresses this topic by presenting the results of a three-study inquiry into the influence of involvement with the content or topic of the site and two personality traits (extroversion, expressiveness) on active and passive use of social networks. In this paper we view two types of user generated content websites, (1) topic-specific user generated content websites and (2) generic user generated content websites, and we explore the influence of involvement and the personality traits on both active and passive consumer interactions with these websites. We found in study 1 (n = 628) that involvement is positively related to active and passive interaction with a topic-specific user generated content website. Study 2 (n = 1,308) showed the positive effect of the personality traits (extroversion and expressiveness) on active use and their negative effect on passive use with reference to not-topic-specific user generated content websites. Finally, study 3 (n = 347) considers three brands that champion social media successfully and analyses the mediating effect of involvement between the two personality traits and active and passive use of a topic-specific site. The results show that involvement with the brand mediates the influence of personality variables on both active and passive consumer behavior with the site. The results can guide management of a social networking site by suggesting consumer characteristics that should be considered in the site's development and its operations.

3 - Evaluating Promotional Activities in an Online Two-sided Market of User-generated Content

Paulo Albuquerque, Assistant Professor, University of Rochester, Simon Graduate Business School, Carol Simon Hall 3-110 R, Rochester, NY, 14627, United States of America, paulo.albuquerque@Simon.Rochester.edu

We develop a modeling approach to explain demand variation for an online platform of user-generated content, and use it to measure the impact of marketing activities on decisions to visit the platform, and on decisions to create and buy content. The model explains individual-level decisions as a function of consumer characteristics, marketing activities, and behavior of other online users, allowing for the possibility of network effects and interdependence of decisions. Empirically, we apply our model to the Hewlett-Packard's print-on-demand service of user-created magazines, named MagCloud. We use widely available aggregate-level data from Google Analytics and summary statistics from company reports, thus making our approach generally applicable. Our results show that content price and content creator marketing actions have strong effects on the number of purchases, while advertising by the firm mainly influences visits and creation of content. We provide recommendations to the level of marketing investments and quantify the benefits of "free" promotional activities from content creators. According to our findings, 8% of MagCloud's profits are directly related to these actions. This type of "free" marketing is likely to have a substantial presence in most online services of user-generated content and must be taken into account when allocating marketing resources

4 - Listen to Your Customers! Using Consumer-Generated Content to Elicit Brand Image

Franziska Völckner, Full Professor, University of Cologne, Albertus-Magnus-Platz 1, Cologne, 50923, Germany, voelckner@wiso.uni-koeln.de, Marc Egger, Kai Fischbach, Detlef Schoder, Sonja Gensler

Brand image is a key component of customer-based brand equity and refers to the network of brand associations a consumer holds in memory. We introduce a new approach to assess brand image that uses consumer-generated content to elicit brand associations and applies methods of social network analysis to quantify and visualize the brand association network. We use online product reviews to elicit brand associations which has several advantages compared to other data sources: online product reviews are readily available data, product reviews indicate what consumers actually feel and say about a brand, consumers post these reviews voluntarily and write them in a familiar environment and not in an experimental setting. Moreover, historical archives of reviews are available and offer the opportunity to investigate whether certain events have an effect on a brand's image. A large-scale empirical study illustrates the proposed approach and demonstrates that it is able to elicit a brand's image and detect changes in a brand's image over time.

5 - The "Twitter Effect": Investigating the Impact of Real-time Electronic Word-of-Mouth on the Success of Short Life Cycle Products

Thorsten Hennig-Thurau, Marketing Center Muenster, University of Muenster, Germany, tht@wiwi.uni-muenster.de, Caroline Wiertz

Media products are characterized by short life cycles and exponentially decreasing revenue functions, thus depending on the success and revenues achieved just after their release. Particularly in the motion picture industry, the revenues of the box office weekend are crucial for the ultimate success or failure of a movie in both theatres as well as subsequent secondary sales channels (Lehmann and Weinberg, 2000). On average, movies that received a wide released in North America between 1998 and 2006 collected more than 29 percent of their total theatrical revenues at their opening weekend. Since the invention of wide releases as a consequence of the success of Steven Spielberg's movie JAWS IN 1975, an important truism of film studios has been that word-of-mouth (WOM) of the artistic quality of a movie is not available to a significant degree during a movie's opening weekend. Consequently, movies that lack quality can recoup a substantial part of their budget over the opening weekend due to the lack of informed information cascades. Although electronic WOM has massively grown in importance over the last years as evidenced by consumer reviews on heavily frequented sites such as as IMDb and Yahoo, it has not been a threat to the opening-weekend success of movies, as such information is usually available only after the first weekend of a film's release. However, the latest technological developments now make electronic WOM possible in real-time, for example through social networking tools such as Twitter. There are speculations in the industry that such real-time WOM is threatening the "first-weekend truism" of the movie industry, as the time frame within which WOM diffuses has now been reduced to hours instead of days. Most notably, what has been called the "Twitter effect" has been made responsible for the failure of recent blockbusters BRUNO and G.I. JOE, but also for the opening weekend success of TRANSFORMERS: REVENGE OF THE FALLEN in spite of negative reactions by expert critics (e.g., Corliss, 2009; Singh, 2009; Sragow, 2009). This development has the potential to revolutionize the media industry, since it makes large investments into risk-intense motion pictures even riskier and more dependent on consumer perceptions. The aim of our study is twofold. We first aim to shed light on what drives the percentage change in box office revenues during movies' opening weekends, and second use that insight to investigate the existence and impact of the "Twitter effect." We use a sample of 1,142 movies released in the pre-Twitter era to address the first question for that period. We address the second question with a sample of about 50 recently released movies for which we have recorded the change drivers identified in the pre-Twitter model (which we use as controls here), but also the entire volume of Twitter conversations during the movies' opening weekends (Friday til Sunday). To the best of our knowledge, this is the first research that uses percentage change in box office revenues on Friday to Saturday and Saturday to Sunday on the opening weekend as the dependant variable and studies Twitter's effect on movie adoption.

■ TB05

Room 15

Strategy: Government Influence

Contributed Session

Chair: Xiaoyun Chen, Assistant Professor, Faculty of Business Administration, University of Macau, Taipa, Macau, Macau, xychen@umac.mo

1 - Price Liberalization in a Retail Setting: Short-run Effects and Long Run Effects

Jose M Mugica, Professor, Universidad Publica de Navarra, Departamento de Gestión de Empresas, Cam, Pamplona, Na, 31006, Spain, jmmugica@aragon.es, Roger R Betancourt, Raquel Chocarro, Monica Cortiñas, Margarita Elorz

This paper adapts a framework developed for the analysis of customer satisfaction in retailing to the case of gas stations and implements this framework with unique survey data. A 1998 survey when the prices of gasoline products were fixed by the government and 2007 when the price of gasoline products were set by market participants. Our analysis provides evidence on two broad questions. 1) Which of the main determinants of customer satisfaction are affected by a price liberalization in the short-run and in the long-run? 2) Which of the main determinants of future patronage intentions are affected by a price liberalization in the short-run and in the long-run? We identify service characteristics, customer characteristics and establishment characteristics that matter for these two outcomes before and after the price liberalization in both the short-run and the long-run as well as some that matter in one setting but not the other one. These results provide unusual empirical evidence on the inter-temporal stability of two important relationships stressed in the marketing literature. It also reveals unexpected consequences of price liberalization in retail markets when accompanied by entry of new establishments into the market.

2 - The Impact of Tax Policy Stimulus on Automobile Choice-evidence from Chinese Automobile Industry

Xi Chen, Tsinghua University, Room 1903,Building #4,WankeXingyuan, Chaoyang District, Beijing, 100107, China, x-c04@mails.tsinghua.edu.cn, Pradeep K. Chintagunta

China's passenger vehicle market ended 2009 with sales of 10.33 million units – a 59% year-on-year increase, surpassing the United States as the world's largest auto market for the first time. This stunning rate of growth makes China's automobile industry an interesting and an important research arena. In this paper, we quantify the impact of a series of tax policy stimuli initiated by the Chinese government on

automobile sales in China. These tax stimuli aimed either to prevent high displacement car consumption or to encourage low displacement car purchases. Using detailed national brand-level automobile sales data from January 2004 to October 2009, we evaluate the actual impact of the policy stimulus. In particular, we try to decompose the effect of the stimulus into a category increase effect where total sales of all cars go up, and a switching effect that, those consumers who might have purchased a higher displacement car now switch to buy a lower displacement one. Our study not only provides managerial implications for automobile firm managers, but more importantly, by providing an evaluation of the impact of the tax stimuli, it is of value to policy makers as well.

3 - How Does Guanxi Affect Firm Capabilities? Typology and Boundary Condition

Xiaoyun Chen, Assistant Professor, Faculty of Business Administration, University of Macau, Taipa, Macau, xychen@umac.mo, Jie Wu

In this study, we differentiated two types of guanxi, namely guanxi with business partners vs. guanxi with government officials, and tested how these two types of guanxi affect corporate capabilities, which lead to better business performance. We also examined the contingent value of the two types of guanxi. Results from a survey of 409 firms in China indicated that two types of guanxi differ in the extent to which they contribute to corporate adaptive and resource bridging capabilities. Specifically, guanxi with government officials is positively associated with resource bridging capability but not adaptive capability; while guanxi with business partners contributes to both capabilities. We also found that technological turbulence weakens the impact of guanxi with government officials on capability building but strengthens the effect of guanxi with business partners. In addition, two types of guanxi reinforce each other's impact on two capabilities.

■ TB06

Room 16

Internet: General II

Contributed Session

Chair: Oliver Emrich, University of St. Gallen, Institute of Retail Management, Dufourstrasse 40a, St. Gallen, 9000, Switzerland, oliver.emrich@unisg.ch

1 - Competing for Consumers Online: Setting Optimal Advertising Strategies

Taylan Yalcin, Doctoral Candidate, HBS, Soldier's Field Road, Boston, MA, 02163, United States of America, tyalcin@hbs.edu, Elie Ofek

The online advertising industry reached over $20 billion in the U.S. and it is the most rapid growing form of advertising. Different from traditional media, a consumer who is exposed to an online ad can click on it and visit the brand's website directly. On the other hand, upon seeing the ad, the consumer might decide to do some online research through a product review site or a search engine in order to learn about alternative brands. In this context, we model two vertically differentiated firms that utilize online ads to promote their products. The consumers' choice of visiting a brand's website or a review website depends on the number of the ads she sees as well as advertising effectiveness of the firms. We characterize the conditions in which only one or both firms advertise in equilibrium. Surprisingly, it could be the case that only the low quality firm chooses to advertise. However when differentiation among products is low and the high quality firm is the sole advertiser, the low quality firm may benefit from an increase in its rival's advertising effectiveness. The analysis provides valuable insights for online advertising and subsequent pricing decisions, taking into account accessibility of information about alternatives in an online setting.

2 - Interest-based Internet Advertising and Privacy Concern – How to Increase the Acceptance of a Rising Marketing Phenomenon

Nicole Brockmeier, TU Munich, Arcisstr. 21, Munich, Germany, nicole_brockmeier@mytum.de, Florian von Wangenheim

Interest-based advertising (IBA), also referred to as (behaviorally) targeted advertising, is a major trend in digital marketing. It allows ordinary websites, such as news portals, to target display advertisements to specific consumers via profiling. Typically, cookies generate those profiles by tracking consumers' surfing behavior across websites within an advertising network. IBA is increasingly popular within the industry as it promises to increase advertising relevance, efficiency and thus advertising revenues of websites. However, research in marketing, IS and public policy has shown that personalized marketing can elicit privacy concern leading to reactance. To dissolve the clash between relevance and consumers' desire for privacy, it is important to increase the acceptance of IBA. Studies on factors influencing the acceptance of personalized marketing, usually operationalized as consumers' provision of personal information, were conducted in e-commerce settings. They have found that in addition to reliable privacy policies, consumers require benefits in exchange for providing information such as higher convenience (e.g. better store usability) or financial rewards. The applicability of these findings to IBA is limited because it is doubtable whether relevant advertising suffices as benefit. In our research, we test the effect of three levers on the acceptance of IBA: (1) reciprocity, i.e. appealing to consumers to voluntarily compensate a website for providing free content, (2) highlighting the benefits of relevant advertising, (3) giving consumers control over their stored information. We conducted a survey with an experimental design. To validate and complement those results, we have scheduled a field experiment (in 2/2010) with a large online publisher.

3 - Affiliate Marketing: Setting Optimal Commissions

Christian Schulze, Goethe University Frankfurt, Grueneburgplatz 1, Frankfurt, 60323, Germany, email@christian-schulze.de

Affiliate marketing, i.e. paying a commission to website owners for successfully referring customers, has established itself as the third pillar of online marketing over the last decade. The strict performance orientation in affiliate marketing makes it a highly attractive customer acquisition tool for many firms: different from other online marketing instruments, firms usually pay for successful transactions only, not for views or clicks. The key to successful affiliate marketing thus lies in setting optimal commissions. Surprisingly little research has been devoted to affiliate marketing in general, dealing with the selection of affiliates and compensation schemes. Even the general sales force literature without a focus on affiliate marketing has not yet solved the problem of selecting optimal commissions. As a consequence, affiliate commissions totaling about $5 to $6 billion worldwide every year are chosen based on simple heuristics. In this research, the author addresses the problem of setting commissions in affiliate marketing to optimize profit from this channel. To this aim, the author first analyzes affiliates' expected reaction towards changes in commissions based on theory empirical evidence. These findings then serve as the basis of a decision support system (DSS) to help merchants determine the cost-per-order commission which maximizes profit from affiliate marketing. Lastly, the author validates the DSS in a real-world experiment over more than 8 months, using the affiliate program of a large European food manufacturer. Analysis of effects from changes in commissions on affiliates' individual performance provides additional insight into the mechanism underlying the DSS' successful application.

4 - The Virtual Opening of the Value Chain: A Conceptual Model of Customer-firm Interaction on the Internet

Oliver Emrich, University of St. Gallen, Institute of Retail Management, Dufourstrasse 40a, St. Gallen, 9000, Switzerland, oliver.emrich@unisg.ch, Thomas Rudolph

This project analyses service and innovation processes on the Internet, capable of generating implicit knowledge in a value network of collaborating actors. Although the impacts of the Internet on data exchange in the form of explicit knowledge are clearly visible, explorations of the Internet's influence as an integral "knowledge technology" remains in its infancy. Whereas current co-creation applications on the Internet center mainly on mutual production issues, the service aspects of customer relationships become increasingly important (Rust and Lemon 2001). A myopic concentration on single Internet features tends to overwhelm a process view of activities, which is necessary to create sustainable value (Porter 1996). As Normann and Ram"rez (1993) note, "the secret" of a company's value inheres in the "fit of knowledge and relationships." That is, relational aspects play a major role in the innovation and exploitation success of a company (Dyer and Singh 1998). This project attempts to foster a deeper understanding of the role of the Internet in different types of service and innovation processes within a framework of customer–firm interactions. A cross-case study reveals that operant resources on the Internet build around the buying process of the customer while also drawing a circle through the value chain. The architecture of the value chain changes from a single-directed stream to a loop of knowledge exchange that includes almost every vertical stage. Firms cannot assign customer input to a certain functionality but rather must decipher it through interdisciplinary approaches that involve the cooperation of multiple areas.

■ TB07

Room 17

Channels: Design I

Contributed Session

Chair: Weon S. Yoo, Assistant Professor, Korea Univeristy, School of Business, Anam-Dong, Sungbuk-Gu, Seoul, Korea, Republic of, weonyoo@hotmail.com

1 - Gains and Losses of Exclusivity in Grocery Retailing

Els Gijsbrechts, Professor, Tilburg University, Warandelaan 2, Tilburg, 5000LE, Netherlands, e.gijsbrechts@uvt.nl, Marnik Dekimpe, Katrijn Gielens

Conventional wisdom dictates that convenience goods should be distributed as intensively as possible. Still, exclusivity arrangements involving brands owned and marketed by the manufacturer are rapidly gaining way in grocery retailing. Channel members vary in their perception of the phenomenon. Retailers prefer exclusivity, as it can drive up their sales and create differentiation in highly competitive markets. Still, it is hard for them to quantify how much they gain from an exclusivity right. Manufacturers, in contrast, forego sales opportunities when reducing the distribution intensity of their products, and run the risk of alienating their other retailers. While an exclusivity agreement may facilitate access to the limited shelf space of a leading retailer, it is important for the national-brand manufacturer to know how much sales he loses. Quantifying the gains and losses of the different channel members is also relevant from a channel coordination perspective, as it may lead to a re-negotiation of wholesale prices and retailer margins. In this paper, we propose a unified framework to quantify the gains and losses of such arrangements for the manufacturer, the retailer granted exclusivity, and retailers excluded from the arrangement. In so doing, we account for the fact that both the manufacturer and the retailers may be active in multiple, inter-related, categories. We illustrate this framework in the context of Unilever's decision to launch its new Blue Band Bread exclusively through one retailer (Albert Heijn) in the Dutch market. We derive the sales and profit implications for the various parties involved. We decompose them into their underlying sources, and show how much room there was for margin re-negotiations following the exclusivity agreement.

2 - Wireless Carriers' Exclusive Handset Arrangements: An Empirical Look at the iPhone

Ting Zhu, University of Chicago, 5807 S Woodlawn Ave, Chicago, IL, 60637, United States of America, tzhu@chicagogsb.edu, Pradeep K. Chintagunta, Hongju Liu

Since the Apple iPhone's first launch in 2007 with an exclusive arrangement with AT&T, it has garnered overwhelmingly positive responses from consumers and from the media. With its success, exclusive contracts between handset makers and wireless carriers have come under increasing scrutiny by regulators and lawmakers. Such practices have been criticized by regulators; by the media; and by "locked-out" consumers. A consumer has to subscribe to a particular service provider if he or she overwhelmingly prefers one handset as compared to other phones. In this paper, we empirically examine the impact of handset exclusivity arrangements on consumer welfare. We study consumers' purchase decisions in mobile services including choices of handsets and service providers. We combine panel data from the Consumer Technographics surveys from 2007 to 2008 with supplemented data on prices and features of the most popular handsets from Consumer Reports. From our preliminary estimation results, we find evidence of strong state dependence in choices of service providers and heterogeneity in price sensitivity. We conduct counterfactual experiment assuming that there are no changes in the prices of handsets and service offered by service providers. The results indicate that consumer welfare increases but the degree of increase varies significantly across consumers if iPhone is available from all service providers.

3 - Exclusive Tie-ups for Handsets in the Wireless Industry

Upender Subramanian, University of Texas-Dallas, 800 W Campbell Rd, Plano, TX, United States of America, upender@utdallas.edu, Jagmohan Raju, Z. John Zhang

We examine when and why a cellular service provider and a handset vendor may have a tie-up for a handset to be exclusive to the service provider. While an exclusive tie-up is generally regarded as a means for a service provider to differentiate itself through handsets, we find that it also serves a more strategic purpose —- it raises the rival service provider's handset costs by reducing the competition faced by a rival handset vendor —- and this may in fact be the net source of competitive advantage that a service provider gains from an exclusive tie-up. Interestingly, we find that an exclusive tie-up may not be beneficial unless service providers are sufficiently differentiated to begin with. Further, a service provider's benefit from an exclusive tie-up may increase with the degree of service differentiation. Therefore, rather than remedy a lack of service differentiation, an exclusive tie-up may actually be a means to leverage existing service differentiation. Our findings may help explain two interesting market observations: (i) why exclusive tie-ups are more common in the U.S. than in Europe or Asia and (ii) why U.S. service providers are blamed for handsets in the U.S. being less advanced than those in Europe or Asia. Our model also yields two testable predictions: (i) the total price for service and handset will be higher in markets with exclusive tie-ups, and (ii) the service provider subsidy on an exclusive handset will be lower than on a non-exclusive one.

4 - A Meta Analysis of Multi-brand, Multi-Outlet Channel Systems

Weon S. Yoo, Assistant Professor, Korea Univeristy, School of Business, Anam-Dong, Sungbuk-Gu, Seoul, Korea, Republic of, weonyoo@hotmail.com, Eunkyu Lee, Richard Staelin, Rex Du

Designing the optimal distribution channel structure involves some inherent tradeoffs in a multi-brand, multi-channel market environment. For instance, manufacturers and retailers consider distribution intensity, channel exclusivity, vertical integration, and whether to use a mixed channel structure. This study investigates how a channel member's choice in these key strategic areas is linked to profitability of each channel member at various degrees of differentiation between competing brands and competing retail outlets. To address this issue, we first develop a spatial model that explicitly captures heterogeneous customer preference in terms of product position, physical store location, and Internet store usage. Using this spatial model along with a stochastic consumer choice model, we derive demand functions for varying degrees of product and outlet differentiation and under ten different channel structures. We use the game theoretic approach to find equilibrium solutions for each player under various channel structures. The model analysis is first conducted in a series of "case studies", each investigating a specific channel structure problem by comparing the equilibrium solutions between two or three alternative channel structures. Next, we perform a meta-analysis over the entire set of outputs from all ten channel structures to develop a general conceptual framework that allows us to identify the key underlying forces that drive optimal channel structure decisions in the multi-brand, multi-outlet market. This framework helps provide intuitive explanation for our individual results. It also allows us to assess the effectiveness of new structures by using our empirical estimates to predict profits for both retailers and manufacturers.

■ TB08

Room 18

Retailing: Shopper Behavior

Contributed Session

Chair: Dinesh Gauri, Syracuse University, 721 University Ave, Syracuse, NY, United States of America, dkgauri@syr.edu

1 - Understanding Consumers Conduct at the PoS to Explain Purchase Termination

Shyda Valizade-Funder, University of Mainz, Jakob Welder Weg 9, Mainz, 55099, Germany, valizade@marketing-science.de, Oliver Heil

Purchasing decisions are often made when a shopper is right at the Point of Sale (PoS). Thus, it is important to record consumer's conduct at the PoS. The data gathered should reflect precisely what consumers did at the PoS, e.g. which products they considered, returned or put into their shopping basket. However, at this point in time, reporting of consumer's behavior within real-life retail settings is limited. The lack of reporting exists at least in part since existing technology fails to precisely observe shopping behavior and mainly provides information that is based on past data. This paper outlines a new approach allowing in-store observation of shopping behavior in a real-life marketing setting. We use a newly developed video-based technology that enables us to track most activities that shoppers carry out during their shopping process and digitize the resulting information — allowing it to be subjected to further analyses. We observe consumers at various areas and products within the store. That way, we assess consumers' conduct at the PoS continuously, consistently and in real time. As a result, the new technology delivers fundamentally new data on customers' shopping behavior shortly before and at the time of purchase or non-purchase. This leads us, us to expect rather new insights into shopping behavior and the store environment. Our paper describes the new technology, offers several propositions and presents initial, preliminary empirical evidence. Managerial implications include optimization of store layout, shelf design, display design and identification of competitors/substitutes.

2 - Modeling Consumer Attention to In-store Prices

Sudipt Roy, Assistant Professor of Marketing, Indian School of Business, Gachibowli, Hyderabad, AP, 500032, India, Sudipt_Roy@ISB.edu, Tat Chan, Amar Cheema

Consumers have to identify, compare and evaluate in-store prices. As information processing is "costly" in terms of time and cognitive resources, the amount of effort consumers invest in processing price is determined by the costs and benefits of the investment. The effort the consumers put-in, impacts their capability of making rational in-store decisions and hence consumers' purchases. We set up an online store to study consumers' in-store shopping behavior. We use participants' browsing time as a proxy for effort and study how this effort changes dynamically over the shopping process. Consumers' effort and purchase decisions are empirically modeled in an integrated approach. We find that consumers switch between a hidden "attentive" and another hidden "inattentive" state while shopping, with the former state requiring more browsing time. The inattentive state is more likely to be associated with less price-conscious consumers, and with those who plan to purchase a relatively larger basket of products. Furthermore, consumers in the inattentive state are likely remain in the inattentive state when the prices are lower than the prior expectations. While there is an inertia associated with being inattentive (i.e. consumers who are inattentive for a category are likely to remain inattentive for the next category), consumers who are attentive for a category are more likely to switch to an inattentive state for the next category. Interestingly, with price reduction consumers are likely to switch to the attentive state. This has the counter-intuitive managerial implication that price promotions can put consumers in a more attentive (and price-conscious) state, thus hurting the very brands that are on promotion.

3 - Investigating Consumer Response Across Retail Store Formats

Ashish Kumar, PhD Student, SUNY Buffalo, 234, Jacobs Management Center, Buffalo, NY, 14260, United States of America, ak73@buffalo.edu, Minakshi Trivedi, Ram Bezawada, Karthik Sridhar

While much research has been conducted studying format strategies by looking at the underlying variation in pricing strategy (EDLP versus Hi-Lo, for example), we focus our attention here specifically on physical format issues (such as supermarket, convenience store, specialty store, etc.). Consumers often shop across different store formats even for products in the same category. Understandably, given that consumer sensitivities may be inherent traits, most prior research has focused on addressing these as uniform across store formats particularly when considering the same product category. In some cases, however, particularly when the product category involved is a 'prestige' product or has social implications, consumer purchase may well be characterized by differential responses to marketing mix variables (such as price and promotion) and even differential preferences. In this study we investigate the asymmetric behavior of consumer purchasing in the same categories across different store formats while accounting for the influences that the diverse response parameters and preferences have on one another. Using a multivariate probit model of consumer choice, we account for differential sensitivities and preferences for categories within as well as across formats. The model accounts for heterogeneity in consumer sensitivities as well as seasonality effects. We use a unique scanner panel household level data set for the chocolate-candy category with purchase across two different store formats. We expect our results to help managers understand how various formats may compete with using different strategies.

4 - An Empirical Investigation of the Impact of Gasoline Prices on Grocery Shopping Behavior

Dinesh Gauri, Syracuse University, 721 University Ave, Syracuse, NY, United States of America, dkgauri@syr.edu, Dhruv Grewal, Yu Ma, Kusum Ailawadi

In recent years, gasoline prices in the U.S. have fluctuated widely. Since it is difficult for consumers to alter their gas consumption in the short term, this variation in gas price significantly affects the portion of disposable income that is available for other categories of household expenses. In this paper, we empirically examine the effect of gas prices on grocery shopping behavior using IRI panel data from 2006–2008. The data track panelists' shopping trips and purchases in all major product categories across retail formats including grocery stores, drugstores, mass merchandisers, and warehouse clubs. We not only study the impact on consumers' total purchase volume and dollar spending, but we also examine which of several potential avenues they use to save money on grocery shopping – shifting their shopping from one retail format to another; shifting from national brands to private labels, from regular priced products to promotional purchases and from higher priced national brands to lower priced ones; and consuming less of certain product categories to make up for increased expenditure on others. We find a significantly negative effect of gas prices on shopping frequency and total spending, despite the positive substitution effect from reduced eating away from home. We also document a substantial shift in spending away from grocery, drug, and even traditional mass stores towards supermarkets and warehouse clubs. Importantly, we find a much greater shift from regular priced national brands towards promoted national brands than towards private label, and, among national brand purchasers, we find a shift in share from bottom tier to top tier brands.

■ TB09

Room 19

New Products: Adoption

Contributed Session

Chair: Guillermo Armelini, Dr, ESE Business School, Av. Plaza 1905, San Carlos de Apoquindo, Santiago, Chile, garmelini.ese@uandes.cl

1 - Anticipated Regret, Social Media and New Product Adoption

Ping Xiao, Assistant Professor, National University of Singapore, NUS Business School, Singapore, Singapore, bizxp@nus.edu.sg, Yuxin Chen

Consumer may anticipate regret in making decision in an uncertain circumstance. One of such a circumstance is to adopt a new product with uncertain quality. To avoid regret from new product purchase, consumers may make themselves more informed by costly search. Or they may obtain information from early adopters thanks to the prevalence of social media such as social network sites, discussion groups, blogs etc, where consumers share their product purchase experience. In this paper we examine how firm may speed up the new product adoption through strategically incorporating the behavioral mechanism of regret given the availability of social media. We find that, interestingly, knowing that product information will be readily available at no cost in future period through the social media actually motivates more consumers to conduct costly search in the early period because of anticipated regret. Therefore, in the presence of social media and anticipated regret, new product with uncertain quality may be adopted more quickly than in the absence of them. The implications on firm's profit and consumer surplus are also discussed.

2 - Social Influence in the Adoption Process of Innovative Products: A Dynamic Modelling Approach

Hans Risselada, PhD student, University of Groningen, PO Box 800, Groningen, 9700AV, Netherlands, H.Risselada@rug.nl, Peter Verhoef, Tammo Bijmolt

Successfully launching innovative products is of utmost importance to firms. Although large amounts of money are spent on the development and launch of new products most of them fail. To improve the success rate many firms try to capitalize on their customers' social networks, but empirical insights on the effects of social networks on adoption are scarce. In this paper we analyze the effect of social networks on customer adoption behavior, where we assume that this effect may depend on tie strength. We use a unique set of call data records to construct ego-networks for a sample of 18,270 customers of a Dutch telecommunications firm. We propose a dynamic hazard approach to model adoption timing, which allows us to estimate time-varying parameters. The results show that social influence has a significant positive effect on the adoption probability and that the size of the effect depends on tie strength. Furthermore, we show that network effects are not constant over time. This study illustrates the value of using social network data to model adoption. The proposed method enables marketers to improve their targeted marketing campaigns with respect to timing and seeding.

3 - Early Adopters: Opinion Leaders or Opinion Keepers?

Sarit Moldovan, Technion - Israel Institute of Technology, Faculty of Industrial Engineering, Technion City, Haifa, 32000, Israel, moldovan@ie.technion.ac.il

Early adopters are believed to be essential to new product success as they are the ones who ignite the diffusion process. Numerous studies have therefore explored early adopters' demographic, psychographic, and behavioristic characteristics, in order to facilitate approaching and targeting them. These studies showed that early adopters are risk-takers, highly involved in the product, heavy users of the product, more creative, and more confident than later-adopters – characteristics that are to be expected considering their early adoption behavior. However, the literature is divided on whether early adopters are opinion leaders. If early adopters are opinion leaders they will promote the product they adopt and accelerate the diffusion process. It is therefore interesting to understand the relationship between early adoption and opinion leadership and the similarities and differences between these two traits. This research uses a meta-analysis to explore the characteristics of early adopters and opinion leaders and the relationship between them. Result suggest that while early adoption and opinion leadership are two highly correlated traits, the correlation between them is moderated by the type of scale used to measure them and by the product that was used as a stimulus in the study. Early adopters seem to be communicative and influential opinion leaders. However, in cases where early adopters have actually adopted the target innovation (as opposed to a fictitious scenario), early adopters are not as influential although they are still communicative. This is especially true for high-risk products. If early adopters do not influence others, the diffusion process might be delayed, which may explain the chasm phenomenon.

4 - Understanding the Role of Opinion Leaders and Less-connected Individuals in the Adoption of a New Technology

Guillermo Armelini, Dr, ESE Business School, Av. Plaza 1905, San Carlos de Apoquindo, Santiago, Chile, garmelini.ese@uandes.cl, Erica Salvaj

In the last few years research has raised conflicting opinions about how important influentials are in accelerating the acceptance of new products. We examine the role of opinion leaders and less connected individuals in the diffusion and adoption of a new technology. Specifically we check to what extent social contagion is driven by opinion leaders or whether its takes place among less connected individuals, and how fast both kinds of actors adopt a new innovation. We test our hypotheses through a discrete-time hazard model, using a novel data set that combines the 10-year dynamics of social relationships among a set of customers with their consumption patterns and their time of adoption of an Internet service. We report contradictory results about the role of opinion leaders as drivers of social contagion. On the one hand, experts were found as a critical driver of social influence, but this was not the case of highly connected people (i.e. Hubs). However, our results indicate that both kinds of opinion leaders tend to adopt earlier. On the other hand, we found that social contagion was mainly driven by less-connected individuals and that their probability to adopt relies on the density of their ego network. We check the robustness of our findings conducting several tests.

■ TB10

Room 20

Private Labels II

Contributed Session

Chair: Sherif Nasser, Assistant Professor, Washington University in St Louis, 1 Brookings Drive, Campus Box 1133, St Louis, MO, 63108, United States of America, nasser@wustl.edu

1 - Sleeping with the Enemy: Does Private-label Production by NB Manufacturers Create Discounter Goodwill?

Anne ter Braak, Tilburg University, Warandelaan 2, PO Box 90153, Tilburg, 5000 LE, Netherlands, a.m.terbraak@uvt.nl, Barbara Deleersnyder, Marnik Dekimpe, Inge Geyskens

Faced with soaring private-label (PL) shares and volumes, PL production has become increasingly attractive to CPG manufacturers. Thus far, this issue has not been studied empirically, presumably because of the secrecy surrounding the PL production activity. Using a combination of extensive field research with multiple secondary data sources, we formally examine both drivers and consequences of PL production by national-brand (NB) manufacturers. We examine this in a hard-discount setting. PL dominated hard discounters as Aldi or Lidl have recently begun to accept a few leading NBs in their assortments. These spots are in high demand by NB manufacturers. We examine whether prior PL production by a NB manufacturer for a discounter creates goodwill on the part of the discounter. Controlling for potential self-selection, we conduct a cross-category analysis of PL production for the leading German discounter Aldi, and find convincing evidence that NB manufacturers involved in such practice have a higher likelihood of obtaining shelf access. Hence, PL production is indeed seen as a pledge by the NB manufacturer to which the discounter responds in kind. However, not all NB manufacturers are equally inclined to participate in the PL production process. There are several drivers that can explain these differences. Specifically, we investigate the potential impact of excess capacity on the part of the manufacturer, how easy it is to produce high-quality products in the category, the extent of advertising support given to the own NBs, the price differential that the NB manufacturer charges relative to the PLs in the category, and the extent to which the NB manufacturer brings innovative new products to the market.

2 - The Impact of "One-stop Shopping" on Competitive Store Brand Strategy

Jerath Kinshuk, Assistant Professor of Marketing, Tepper School of Business, Carnegie Mellon University, 5000 Forbes Avenue, Pittsburgh, PA, 15206, United States of America, kinshuk@cmu.edu, Z. John Zhang, Tansev Geylani

In this paper, we investigate how retailer competition and asymmetry affect store brand strategy when some of the consumers are one-stop shoppers. We find that when the intensity of competition between retailers is low, store brands can be used to shield consumers loyal to the national brand from price sensitive one-stop shoppers. When the intensity of competition is high, the above price discrimination motive is absent, and store brands may be introduced to extract rents from one-stop shoppers only if the margin from them is large enough. The above results imply that national brand prices may rise after the introduction of store brands and, therefore, national brand manufacturers may benefit from retailers' use of store brands. This benefit is even higher if national brand manufacturers supply store brands, and they might have the incentive to supply them cheaper than other fringe manufacturers. Furthermore, even though retailers introduce store brands due to the existence of one-stop shoppers, the profitability of introducing them can have an inverted-U relationship with the fraction of one-stop shoppers in the market. Moreover, in the case of asymmetric retailers, we find the surprising result that a retailer with a larger fraction of one-stop shoppers is less likely to introduce store brands. Our results explain many observations reported in other empirical studies and industry publications.

3 - Responding to Generics: Fight Back or Throw in the Towel?

Sherif Nasser, Assistant Professor, Washington University in St Louis, 1 Brookings Drive, Campus Box 1133, St Louis, MO, 63108, United States of America, nasser@wustl.edu, Danko Turcic, Chakravarthi Narasimhan

This paper investigates how manufacturers of branded products should respond to the entry of store brands. We model a two-period game between a national brand manufacturer and a retailer, selling to consumers who are heterogeneous in their valuations for product quality. In the first period, the retailer has access to products only through the manufacturer; in the second, the retailer has the option of buying a generic product from an independent manufacturer and selling it under the store brand. In each period, the manufacturer, acting as a Stackelberg leader, chooses number of products, quality and branding level(s), and wholesale price(s). The retailer then chooses order quantities and retail price(s). In response to the store brand entry, the manufacturer can choose any combination of the following actions: (1) adjust the wholesale price of existing product(s); (2) adjust the quality of existing product(s); and (3) change product line composition. The paper presents equilibrium conditions under which the manufacturer cuts both product quality and wholesale price, but does not change product line composition; and conditions under which the manufacturer raises the quality of the top-tier product and introduces a mid-tier fighter brand to buffer the top-tier product from the store brand. We also derive conditions under which the manufacturer invests in branding the mid-tier brand and conditions under which he introduces it in the form of a premium store brand.

■ TB11

Room 21

Bayesian Estimation

Contributed Session

Chair: Carlos Hernandez, Erasmus Research Institute of Management, Woudestein 50, 3000DR, Rotterdam, Netherlands, mireles@ese.eur.nl

1 - Do We Halo or Form? A Bayesian Mixture Model for Customer Satisfaction Data

Joachim Bueschken, Catholic University of Eichstaett-Ingolstadt, Auf der Schanz 49, Ingolstadt, Germany, joachim.bueschken@kuei.de, Thomas Otter, Greg Allenby

Identifying the drivers of overall customer satisfaction assumes that the component scores can be uniquely recalled and reported from memory. If the component scores are a reflection of an overall measure, such as with haloed responses, instead of containing independent information on its formation, then they should not be used in a driver analysis. There is likely a mixture of formed and haloed responses in all surveys of satisfaction, which potentially distorts inferences about the relationship between the component scores and the overall measure of satisfaction. In this paper we develop a Bayesian mixture model that effectively separates out the haloed responses and apply it to two customer satisfaction datasets. The proposed model results in improved fit to the data, stronger driver effects, and more reasonable inferences.

2 - Semi-parametric Bayesian Analysis of the Instrumental Variable Problem in Random Coefficient Logit Models using Aggregate Data

Yang Li, Columbia University, 3022 Broadway, 311 Uris Hall, c/o Ph.D. Office, New York, NY, 10027, United States of America, yli14@gsb.columbia.edu, Asim Ansari

We propose a Bayesian semi-parametric approach for modeling endogeneity in aggregate data random coefficient logit models using instrumental variables. Our approach is based on the widely used framework by Berry, Levinsohn and Pakes (1995) for aggregate share data on differentiated product markets. Our method has three components that together yield considerable flexibility in modeling demand shocks, heterogeneity, and endogenous product attributes. Dirichlet process (DP) priors are used to semi-parametrically characterize the error distributions in each of these components. The semi-parametric specification allows demand shocks to mimic a finite mixture of distributions with a variable number of component distributions and also allows the correlation between the structural and instrumental errors to deviate from normality. Our model can thus be considered as a robust alternative to popular approaches to this problem in the econometric literature. We describe a Markov chain Monte Carlo (MCMC) algorithm for the Bayesian estimation of model parameters and investigate the implications of the semi-parametric formulation on inferences about quantities of interest.

3 - Bayesian Random Coefficient Logit Models for Large Datasets

Carlos Hernandez, Erasmus Research Institute of Management, Woudestein 50, 3000DR, Rotterdam, Netherlands, mireles@ese.eur.nl, Dennis Fok

We present an approach for analyzing large datasets containing aggregate sales data for many products, several markets and for relatively long time series of data. We consider the Bayesian approach proposed by Jian et al [Jian, Renna, Machanda, Puneet and Peter Rossi, 2009. Journal of Econometrics 149 (2) 136-148] and we extend their method in four directions. First, we reduce the dimensionality of the covariance matrix of the random effects by using a factor model. The dimension reduction can be substantial depending on the number of common factors (J) and the number of products (K) to analyze. Second, we specify the covariance matrix in terms of correlations and standard deviations, like Barnard et al. [Barnard, John, McCulloch, Robert and Xiao-Li Meng, 2000. Statistica Sinica 10 1281-1311] and we present a Metropolis sampling scheme based on this parametrization. Third, we model long term trends in preferences using time varying common factors that we estimate with a simulation smoother for state space time series. Finally, we consider an attractive combination of priors applied to each market and globally to all markets to speed up computation time. We study both simulated data and a real dataset containing more than 20 markets each consisting of 30 to 60 products and our method proves promising and with immediate practical applicability.

■ TB12

Room 22

Information and Consumer Choice

Cluster: Special Sessions
Invited Session

Chair: Bart Bronnenberg, Tilburg University, Warandelaan 2, K-1003 AB, Tilburg, 5037, Netherlands, bart.bronnenberg@uvt.nl

1 - Dynamic Discrete Choice with Heterogeneous Beliefs

Paul Ellickson, University of Rochester, Simon School, Rochester, NY, 14627, United States of America, paul.ellickson@simon.rochester.edu, Sanjog Misra, Harikesh Nair

Consumers make choices based on the information available to them and the beliefs they hold about the future. In this paper we posit that there exists substantial heterogeneity in consumer beliefs and examine the impact such heterogeneity has on dynamic discrete choices. In particular, we construct a parsimonious econometric framework and outline a set of conditions with which we can estimate and identify (i) the heterogeneity in consumers' beliefs about future prices (ii) the impact that such heterogeneity has on consumer choices and (iii) the heterogeneity in the degree to which consumers discount the future. The methods developed are then implemented on standard scanner panel data. Our results show that ignoring heterogeneity in beliefs about future price changes or in the discount functions can bias parameter estimates that characterize the consumer's perperiod utility. This, in turn, can lead to erroneous conclusions both on the part of the manager as well as the researcher.

2 - Social Ties and User Generated Content: Evidence from an Online Social Network

Scott K Shriver, Stanford University, 518 Memorial Way, Stanford, CA, 94305, United States of America, scott.shriver@gsb.stanford.edu, Reto Hofstetter, Harikesh Nair

We use variation in wind speeds at surfing locations in Switzerland as exogenous shifters of users' propensity to post content about their surfing activity onto an online social network. We exploit this variation to test whether users' social ties on the network have a causal effect on their content generation, and whether content generation in turn has a similar causal effect on the users' ability to form social ties. Economically significant causal effects of this kind can produce positive feedback that generate multiplier effects to interventions that subsidize tie formation. We argue these interventions can therefore be the basis of a strategy by the firm to indirectly facilitate content generation on the site. The exogenous variation provided by wind speeds enable us to measure this feedback empirically and to assess the return on investment from such policies. We use a detailed dataset from an online social network that comprises the complete details of social tie formation and content generation on the site. The richness of he data enable us to control for several spurious confounds that have typically plagued empirical analysis of social interactions. Our results show evidence for significant positive feedback in user generated content. We discuss the implications of the estimates for the management of the content and the growth of the network.

3 - Consumer Learning Models with Unstable Product Quality: An Application to Consumers' Decisions to Continue Engaging with Entertainment Products

Mitch Lovett, University of Rochester, Simon School, Rochester, NY, United States of America, mitch.lovett@simon.rochester.edu, William Boulding, Richard Staelin

How do consumers decide whether to continue watching a TV show week after week or play a video game day after day? We study consumer learning and decisions when engaging in an entertainment product repeatedly and seek to

understand both how consumers use new information to learn about the product as well as what trade-offs are most important in the decision to continue engaging. We develop a model for how consumers learn about products when those products could be changing from one experience to the next. For entertainment products, the plot and characters may change from experience to experience, potentially altering how much the consumer likes the show in a persistent way. We model both this changing nature of the product and the way consumers change their beliefs about the product. These beliefs, in turn, are central to our explanation of how consumers decide whether to continue engaging in the product. To test and calibrate this theory, we both conduct laboratory experiments and collect field data in which consumers have multiple experiences with products. We collect measures of choices, experienced liking or quality, and subjective expectations for the next experience. We present an approach to estimate how each individual learns about the product as the product itself is changing and incorporate this estimation into a dynamic consumer choice model. Through this research, we extend understanding of how to model consumer learning as well as how consumers behave in repeated interactions with entertainment products.

4 - Do Pharmacists Buy Bayer? Sophisticated Shoppers and the Brand Premium

Bart Bronnenberg, Tilburg University, Warandelaan 2, K-1003 AB, Tilburg, 5037, Netherlands, bart.bronnenberg@uvt.nl, Jean-Pierre Dubé, Matthew Gentzkow, Jesse Shapiro

Many economists have hypothesized that brand premia in physically homogeneous product categories such as aspirin or bleach result from consumer misinformation. We test the effect of consumer sophistication, proxied by education and occupational specialty, on the propensity to purchase generic headache remedies. Controlling for active ingredient and purchase location, higher income leads to fewer generic purchases, but more education increases the propensity to buy generics. Households whose primary shopper is a health-care professional (nurse, pharmacist, physician, etc.) are more likely to buy generics. However, even the most sophisticated households devote a significant fraction of purchases to branded medication. We generalize our approach to a wide range of product categories by estimating the effect of education on private label purchases and drawing tentative implications for consumer information and welfare.

■ TB13

Room 23

Pricing II

Contributed Session

Chair: Maarten Gijsenberg, Assistant Professor of Marketing, Louvain School of Management - Mons Campus, Chaussée de Binche 151, Mons, 7000, Belgium, maarten.gijsenberg@fucam.ac.be,

1 - Design and Pricing of Probabilistic Quality

Maarten Gijsenberg, Assistant Professor of marketing, Louvain School of Management – Mons Campus, Chaussée de Binche 151, Mons 7000, Belgium, maarten.gijsenberg@fucam.ac.be

Increasingly, services marketers are employing a new basis for market segmentation: probabilistic quality. In this segmentation scheme, one segment is offered a certain, high-quality product whereas a second segment is offered a product with probabilistic quality wherein quality may be either high or low. Given this emerging practice, we develop a model that demonstrates the profit opportunity associated with probabilistic quality. We seek to answer the following managerially relevant questions: (i) How is segmentation via probabilistic quality implemented? In particular, how are quality levels and prices determined? Moreover, should firms offer only probabilistic quality or should they offer both the certain product as well as the probabilistic product? (ii) When a firm has a choice of market segments to offer the probabilistic product, which segment is more attractive? (iii) How is the implementation of probabilistic quality impacted when the choice of capacity is made endogenous?

2 - Uncertain Consumption and Quantity Surcharges in Consumer Non-Durables: An Analytical Model

Krishanu Rakshit, Assistant Professor, Indian Institute of Management Calcutta, W109, New Teaching block, IIMC, Diamond Harbour Road, Kolkata, WB, 700104, India, krishanu@iimcal.ac.in, Srinivas Prakhya, Arnab Mukherji

Most consumer non-durables marketers use pack sizes as a potent tool to differentiate between groups of consumers with varying consumption levels. However, it remains a challenging task for the marketing manager to segregate consumers effectively- price discrimination has been a technique that has been adopted by many to separate consumer segments. Although quantity discounts seem to be predominant strategy in such cases, we tend to encounter many cases of quantity surcharges across pack sizes. In this study, we adopt a stylized model of constrained (single-incidence) consumption with costs associated with wastage and non-consumption (similar to Gerstner & Hess, 1987). The model reveals that for such consumption characteristics, the seller's optimal strategy would be to 'bunch' customers when they differ in terms of their consumption parameters only. However, as the uncertainty in consumption increases for one group compared to the other (in terms of range of consumption) the seller offers different packs to different groups- and the seller's optimal strategy is to offer quantity discounts for larger packs, consistent with extant research (including Armstrong, 1996). It is interesting to note that in case of differences both in choice parameters and uncertainties, the model predicts the possibility of quantity surcharges as an optimal strategy for the seller. However, this remains an optimal strategy for sellers for case where larger packs are less than integer multiples of the smaller packs. For larger differences, the seller's optimal strategy could be to ignore the 'small' customer altogether and cater only to the 'large' segment.

3 - Price and Advertising Effectiveness over the Business Cycle

Maarten Gijsenberg, Assistant Professor of Marketing, Louvain School of Management - Mons Campus, Chaussée de Binche 151, Mons, 7000, Belgium, maarten.gijsenberg@fucam.ac.be, Jan-Benedict Steenkamp, Harald van Heerde, Marnik Dekimpe

Firms are under ever increasing pressure to justify their marketing expenditures. This evolution is reinforced in times of economic contraction, as every dollar matters even more. Firms facing difficult times tighten their belts, and marketing budgets are among the first to be reconsidered (McKinsey, 2009). Whereas the evolution in the extent (level) of marketing support over time is well documented (e.g. Deleersnyder et al., 2004, 2009), less is known on whether, and to what extent, their effectiveness varies across the business cycle. We therefore investigate how this effectiveness evolves for two important marketing mix instruments, i.e., price and advertising. While we have good indications that price sensitivity will become stronger during economic sour times (e.g. Estelami et al., 2001; Bijmolt et al., 2005), little is known on the extent of this increase. For advertising, the picture is even less clear. Advertising effectiveness can increase during economic downturns as firms face less competitive clutter (Danaher et al., 2008; Deleersnyder et al., 2009), but may also decrease as consumers are argued to focus more on the functional aspects of products during downturns (e.g. Ang et al., 2000). The net effect, however, is as yet unresolved. To address this issue, we estimate time-varying advertising and price elasticities for 163 brands in 37 CPG categories in the UK, and this for a period of 15 years of monthly data. The length of the time series allows us to cover multiple business cycles. We explore the heterogeneity among the analyzed brands and categories, and provide an in-depth discussion of the managerial implications of our findings. Finally, we show how economic crises not only represent a threat to firms, but also can create opportunities for growth.

■ TB14

Room 24

Decision Making II

Contributed Session

Chair: Xianchi Dai, Assistant Professor, The Chinese University of Hong Kong, RM413, KKL Building, CUHK, Shatin, NT, Hong Kong - PRC, xianchi@baf.msmail.cuhk.edu.hk

1 - Empirical Investigations into Loss Aversion in Consumer Choice of Financial Products

Faye Kim, Korea University, Korea University Business School, Seoul, Korea, Republic of, faye@korea.ac.kr, Jaehwan Kim

We aim at studying loss aversion in financial asset allocation, focusing on the aspect of marketing to average consumers. While past studies in marketing mostly point toward the existence of loss aversion, recent developments factoring in individual heterogeneity have produced confounding results (Bell & Lattin, 2000). Research in finance typically factors out idiosyncrasies of average customers seeking to choose a financial product from numerous options on limited resources. As loss aversion has been repeatedly accused of being a significant cause of financial losses, studying characteristics of customers exhibiting or not exhibiting loss aversion will provide constructive information for financial companies seeking to build mutually beneficial relationships with customers. Through a conjoint study on non-professional individual investors, we explore the existence of loss aversion during simultaneous evaluation of financial products for the allocation of expenditure, while accounting for individual heterogeneity. We develop a translated linear expenditure system model with a log-linear utility specification employed by Bhat (2005). The proposed model is estimated in a Bayesian framework using MCMC, offering individual-level analysis of heterogeneity. Preliminary results reveal respondents exhibiting loss aversion on an aggregate level, but less or no loss aversion when accounting for individual heterogeneity. Interestingly, individual-level results suggest not loss-averse but gain-seeking tendencies in allocating expenditures among the investment alternatives. We explore the underlying story for this empirical finding, which will eventually help to identify consumer characteristics to target when financial companies market new mutual funds to potential investors.

2 - Regrets in Switching: The Conflicting Role of Perceived Control

Maggie Y. Y. Chu, Instructor, Department of Marketing, City University of Hong Kong, Tat Chee Avenue, Kowloon, HK, Hong Kong, Hong Kong - PRC, mkmaggie@cityu.edu.hk, Lisa C. Wan

Every day, consumers come across numerous decisions and frequently fall into the dilemma of repeat purchase versus switching. Much research suggested that when people change status quo (e.g. brands switching) and the outcomes are unfavorable, they tend to regret more (Samuelson & Zeckhauser, 1988). However, later evidence reveals that switching does not necessarily lead to more regrets; it depends on factors like decision justifiability (Inman & Zeelenberg, 2002). This paper looks into the impact of perceived control and suggests that perceived control may lead to two contrasting predictions on regret. Specifically, drawing on the personal causation (deCharm, 1968) and attribution theories (Mizerski, 1974), perceived control on one hand may ameliorate regret over the unfavorable outcome after switching but on the other hand aggravate it. Extant studies purports that the perception of control is essential to human being (e.g. Sherrod et. al. 1977). Mills and Krantz's (1979) found that enhancing perceived control by providing individuals with choice can mitigate negative situations. People incline to evaluate an outcome more favorably when it is a result of their own choice (i.e. personal causation). Likewise, regret led by any negative outcome due to switching may also be mitigated when there is choice. Contrastingly, having the choice to make a decision may intensify the feeling of responsibility (Wortman, 1975). As a consequence, individuals are more likely to attribute the unfavorable outcome to their self errors and in turn regret more. Results from our experiment provided initial support to the former hypothesis.

3 - Mere Influence Effect: When Motivation to Influence Drives Decision

Xianchi Dai, Assistant Professor, The Chinese University of Hong Kong, RM413, KKL Building, CUHK, Shatin, NT, Hong Kong - PRC, xianchi@baf.msmail.cuhk.edu.hk, Leilei Gao, Baba Shiv

We propose that people are motivated to be influential and this motivation can systematically affect decision making independent of hedonic considerations. In four studies, in the contexts of actual presidential elections, donation decisions of real consequence, and program evaluations, we find strong support for the mere influence effect. One specific context in which we demonstrate this mere influence effect is voting decisions. We propose that when public opinion is closely split between two candidates, additional votes appear more likely to have an impact on the final result. Thus, a voter would perceive his action as potentially more influential if his vote could potentially reverse the trend and help the slightly weaker candidate win the contest. On the other hand, when public opinion suggests a landslide victory for one of the candidates, individual voters can do little but enjoy the achievement of choosing the "right" side. Hence, voting for the leading candidate is an influence maximizing action. Based on the above reasoning we predict that in a close competition, those who care more about influence are more likely than those who care less to vote for the weaker candidate, whereas in an election in which one candidate is predicted to win easily, the reverse would be true. Across 4 studies we found strong support for the proposed theorizing. Studies 1 and 2 showed that a strong motivation to influence leads to greater choice of the less favored candidate in a close competition. Study 3 demonstrated the moderating role of the perceived reversibility in voting preference in the context of charitable donations. Study 4 tested our theory with real presidential election data. This research has broad social and marketing implications.

■ TB15

Room 25

CB: Perception I

Contributed Session

Chair: Joseph Lajos, Assistant Professor of Marketing, HEC Paris School of Management, Groupe HEC, 1, rue de la Liberation, Jouy en Josas Cedex, 78351, France, lajos@hec.fr

1 - Female Consumer Behavior in Malaysia – Religion Perspectives

Hui-I Yao, The University of Nottingham Malaysia Campus, Jalan Broga, 43500 Semenyih, Selangor Da, Semenyih, Malaysia, antoniayao@hotmail.com, Chih-Chien Cheng

This study analyzed female consumer behavior and psychology in Malaysia based on a religion perspective. Recent researches have proposed that female consumers are more interested in high taste and quality, fashioned, and conceptual products. In light of the increase of incomes, the female consumer behavior and psychology is getting more complicated, far more beyond merely according to their simple expectations. Moreover, religion belief is one of the important culture factors that may affect consumer behavior and psychology. Therefore, female consumer behavior may be not only affected by the economic factors, but also affected by social, culture, and religion factors. The aim of this study is to investigate the Malaysian female consumer behavior and psychology on a religion base, including the change of female purchase intention, attractive types of shops, favorable impression of salespersons, and satisfying service. The outcome of this research is to provide a conceptual model to analyze the Malaysian female consumer behavior and psychology from the religion perspectives.

2 - What is Authenticity? A Synthesis of the Dimensions of Authenticity Describing Marketing Offerings

Songqi Lin, The University of Hong Kong, Pokfulam Road, The University of Hong Kong, Hong Kong, China, kisson@hkusuc.hku.hk, Michelle So, Felix Tang

This paper synthesizes and proposes a four dimensions framework to conceptualize the concept of authenticity. The word "authentic" has a broad definition and can be derived and applied to market offerings. It is very common to see offerings claiming themselves to be of authentic taste, authentic experience, authentic people, and in short, authentic. The existing literature mainly discusses and explains how people understand and interpret the term "authentic". A problem of the existing literature is that different scholars have discussed authenticity in various ways and the term has been used in different ways to imply different meanings. Thus, this lack of a cohesive framework represents a key obstacle in this stream of research. This study contributes to the literature to examine and to provide a synthesis of 14 different conceptualizations of authenticity, namely, indexical, iconic (Grayson and Radan Martinec 2004), natural, original, exceptional, referencial, influential (Gilmore and Pine II 2007), existential, absolute, symbolic (Leigh, Peters and Shelton 2006), synthetic (Cloud, John, Time 2008), pure, approximate, and moral (Beverland, Lindgreen, and Vink 2008). The article provides a comprehensive discussion of the difference and similarity of varies conceptualizations. Examples from the originality literature and new examples are given to unite similar conceptualizations and to separate dissimilar conceptualizations. The article proposes a simplified four dimensions framework to describe marketing offerings. Implications for both academicians and practitioners are also discussed.

3 - The Aesthetic Experience : Characteristics and Consequences for Consumer Attitudes and Behaviour

Joelle Lagier, Rouen Business School, Bld Andre Siegfried BP 215, Mont Saint Aignan, 76825, France, jlg@rouenbs.fr, Pascale Ezan

This paper aims to consider the aesthetic experience and examine its specific features. Within this general framework, we will, in particular, seek to identify how this experience is perceived and apprehended by children. It is a fact that goods are no longer bought simply to serve a function but also because they incorporate an aesthetic message which vouches for their value. If the consumer has learnt to notice the aesthetic dimension of goods which s/he requests as an integral part of the product, we nevertheless know very little about the way children as consumers develop their relationship to beauty. This is all the more curious since their influence is real and they introduce a large number of products into the home with their frequent requests. This aptitude to consume extends even further. Recent studies show that children no longer simply encourage their parents to use certain products they buy them themselves. However, although several studies have confirmed that children judge goods on the basis of affection, we do not know the role of the aesthetic in their perception of a product (Derbaix, 1982 ; Brèe, 1993). The purpose of this study is thus to understand how children develop their relationship with beauty. The results of an exploratory study show that for children between 7 and 12 years, the mechanisms implemented are fuelled by individual resources, connected to their sensitivity and personality traits. These results invite us to design a scale to measure children's aesthetic sensitivity in order to propose new recommendations in this domain.

4 - The Effect of Package Color on Consumers' Judgments of Product Volume

Joseph Lajos, Assistant Professor of Marketing, HEC Paris School of Management, Groupe HEC, 1, rue de la Liberation, Jouy en Josas Cedex, 78351, France, lajos@hec.fr, Amitava Chattopadhyay

Research in marketing has examined the effects of visual biases on consumers' judgments of product volumes. In the present research, we combine research indicating that packages that attract more attention are perceived to have a greater volume with research suggesting that high wavelength colors (e.g., red) attract more attention than low wavelength colors (e.g., purple) to hypothesize that consumers judge products to have greater volumes when their packages have a high wavelength color than when they have a low wavelength color. We report results from three studies that support our hypothesis.

Thursday, 12:00pm - 3:00pm

Room 01

Poster Session

Invited Session

Panel Members:, Don Lehmann, Columbia University, Scott Neslin, Dartmouth College, Rick Staelin, Duke University, Baohong Sun, Carnegie Mellon University, Chuck Weinberg, University of British Columbia, Russ Winer, New York University

1 - Expensive by the Dozen? Consumer Response to Quantity Surcharge

Vinay Kanetkar, Associate Professor, University of Guelph, Guelph, ON, Canada, vkanetka@uoguelph.ca, Bryan Hurren

A product is sold on a quantity premium when the consumer pays a higher unit price for a larger size. This paper improves our understanding of the impact of quantity premium on consumer buying behaviour. Literature on quantity surcharge highlights a general belief amongst consumers that it is cheaper to buy products in larger quantities, despite the frequency and prevalence of quantity premium observed in retail stores. There is limited empirical evidence to explain consumer behaviour in the presence of quantity surcharge. This is the first paper that attempts to test consequence of quantity premium on consumer choice behaviour. Grocery shoppers (150) were intercepted in stores and asked to make a series of choices about laundry detergents. In each choice, unit price, package size and package price were systematically varied. Analysis of collected responses suggests that consumers realize the incidence of quantity premium. Furthermore, statistical analysis indicates that consumers pay attention to unit prices, package prices and brand to make trade offs.

2 - Compare and Compete: Search for the Best Advertising Decision Amongst Comparative and Noncomparative

Patrali Chakrabarty, Doctoral Student, Indian Institute of Management Ahmedabad, D2/37, IIM Ahmedabad, Vastrapur, Ahmedabad, Gu, 380015, India, patralic@iimahd.ernet.in, Bibek Banerjee, Devanath Tirupati

With competition intensifying across sectors, Comparative Advertising (CA) has been gaining prominence. CA wars amongst Pepsi and Coke, ASDA, Tesco, and Sainsbury's, Audi, Mercedes Benz, and BMW, and O2 and Hutchison, establish CA as a combat strategy relevant to most sectors. An inevitable question that arises here is: What are the impacts of CA, vis à vis non CA, on involved brands' payoffs? Literature establishes CA as a strategically risky yet superior strategy than the traditional noncomparative format. While empirical research pertaining to the effectiveness of CA and non CA are numerous in marketing literature, a theoretical basis for analysis remains to be explored. In this paper, we formulate a response function to model comparative and noncomparative advertising strategies. Following this is a game theoretic analysis of the equilibrium advertising strategy given a nested advertising decision task on format (comparative versus noncomparative) and corresponding optimal advertising expenditure. We provide a comprehensive analysis of profit maximizing strategies of both attacker and attacked brands, an aspect missing in existing literature. We assume a one period game amongst two brands, whose objectives are to maximize individual profits. We further consider consumer heterogeneity in attitude towards CA in a constant market. The model is simple, yet amenable to additional consumer heterogeneity in brand loyalty, as well as asymmetry in terms of brands' market shares. It is robust as it conforms to inferences in empirical literature on CA. We conclude this research with evidence that CA is the Pareto optimal Nash equilibrium strategy in a competitive market context.

3 - Keeping Distributors Engaged in Supplier Training: When Do Rewards Undermine Motivation for Learning?

Jan Pelser, PhD Candidate, Maastricht University, Tongersestraat 53, Maastricht, 6211 LM, Netherlands, j.pelser@maastrichtuniversity.nl, David Cox, Ko de Ruyter, Jacqueline van Beuningen, Martin Wetzels

Training distributors has become a necessity for suppliers to achieve or retain a strong market position (Bettencourt et al., 2002). However, suppliers are frequently faced with the problem of disengaging distributors. Over time distributor employees drop out of supplier provided training, stop co creating products, or refuse to promote supplier products. This implies that although the partnership is not terminated, the supplier does not receive optimal returns. In this study we focus on training drop out. One reason for distributors to stop learning is a lack of intrinsic motivation. A strategy to prevent this is the introduction of a reward program. However, self determination theory postulates that intrinsic motivation decreases by the introduction of rewards, which are proposed to undermine intrinsic motivation through a perceived loss of personal autonomy (Ryan and Deci, 2000). Further, self perception theory suggests that individuals interpret their own behavior and infer their motivations to engage in this behavior (Hansen, 1980). Therefore, in the presence of extrinsic motivators, intrinsic motivations are discounted. We propose that this negative effect of loyalty programs on intrinsic learning motivations can be mitigated by a set of relationship conditions and individual characteristics. In addition, we test whether extrinsic rewards become less effective over time and whether intrinsic motivation continues to drive engagement. We test our predictions using longitudinal data of three years from distributors from 31 countries that are voluntarily taking supplier provided sales training. Credits are provided after completing training modules. We intend to identify boundary conditions under which programs can produce intended returns.

4 - Check it Out: A Study of Factors Affecting Consumer Adoption of Self Serving Technologies

Cindy Chung, Goethe Universitaet Frankfurt, Frankfurt, Germany, chung@marketing.uni frankfurt.de, Olaf Rieck, Zong Rong Toh

Marketers increasingly offer consumers the option of using self serving technologies (SST) during their service experience. For example, consumers can check in and check out at self serving booths in hotels or at airports. They can also pay at self serving check out stations in supermarkets and furniture stores. Despite increasing availability, many consumers seem to be reluctant in taking advantage of this alternative. This paper seeks to add to the existing literature on SST by examining unexplored factors affecting the adoption of SST. Specifically, the authors predict that consumers with an independent self view are more likely than those with an interdependent self view to adopt SST. The self view effect is expected to be moderated by the self regulatory focus of the consumer. Finally, the self view/self regulatory focus interaction effect is expected to be stronger when the complexity of the SST is high instead of low. A three factor between subjects experiment was conducted with 104 subjects from a major Singapore university to test the predictions. Data collected show that the interaction of self view and self regulatory focus occurs with SST that is high in complexity. Specifically, the authors found that when the SST was high in complexity, interdependent consumers with a prevention goal were more likely to use the SST than others. The paper concludes by discussing potential strategies that marketers may adopt to encourage consumers to self serve.

5 - Consumer Attitudes for Intrinsic Versus Extrinsic Cues for Quality Products: The Case of Extra Virgin Olive Oil

Elena Chrysikopoulou, Maastricht University, P.O. Box 616, Maastricht, Netherlands, e.chrysikoloulou@student.maastrichtuniversity.nl, George Baltas, George Baourakis, Nikos Kalogeras, Alexandros Lappas

Consumer behavior research suggests that, for most utilitarian products, intrinsic (i.e., color, aroma, taste) cues are more important than extrinsic cues (e.g., price, brand name, packaging). However, evidence suggests that this hypothesis might not be valid for quality and/or image products. Extra virgin olive oil, which is a quality and image product, to a great extent, is used for examining consumer preferences towards two these sets of cues. A stratified sample of 1045 tourists in Crete, Greece, is used to assess the factors influencing tourist attitudes towards these quality cues. An ordered probit model with sample selectivity reveals that both intrinsic and extrinsic quality cues are valued by tourists and are perceived to be highly important. Furthermore, tourists possess different socioeconomic and demographic characteristics. Their country of residence, education, gender, occupation, and income all exert an independent effect on attitude formation. The use of quality cues such as taste, aroma, color, low fat, price and packaging may be potentially useful in targeting market segments and creating highly specialized or niche markets for quality and image products.

6 - Reason and Emotion: Finding Customer Values in the Mystique of the Bridal Gown

Shu-Chin Huang, Assistant Professor, Chaoyang University of Technology, 168 Jifong E. Rd., Wufong Township Taich, Taichung County, 41349, Taiwan - ROC, schuang2@cyut.eud.tw, Chen-Yin Chen, Wei-ling Huang

Taiwan's Bridal photography industry is a renowned business that has won global recognition as the pioneer and leader; not only that, it also heads in the industrial service model in Asian countries. In Chinese society, bridal photography expense is a unique and indispensable experience that requires high levels of involvements which also contains experiencing traditional culture. This research integrates the Transaction Utility Theory and experience based perspective, base on the consuming experiences of 90 bride sample, and using means end chain to construct the different choices made by these brides. The research concluded three levels of findings mainly in how choices are made through understanding the inner battle consumers faced in terms of budget concern and dream realization. Not only that, it also constructs the hierarchical value maps of reason and emotion which could further develops into marketing strategy.

7 - Engineering a Special Experience to Revamp Consumer Brand Relationships: A Longitudinal Examination

Mattias Jüliger, PhD Candidate, Maastricht University, Maastricht, Netherlands, m.jueliger@maastrichtuniversity.nl, Ko de Ruyter, Maik Hammerschmidt, Martin Wetzels, Tomas Falk

Recent literature acknowledges the importance of creating pleasant customer experiences (Verhoef et al., 2009). Similarly, companies have progressively embraced the concept of experience management as a new way to foster differentiation and brand loyalty (Pine and Gilmore, 1999; Pullmann and Gross, 2003). An experience occurs whenever a customer reacts internally and personally to any direct or indirect contact with the company (Meyer and Schwager, 2007). As experiences are inherently emotional and unique, it is argued that these emotional connections shape consumer brand relationships and ultimately determine brand performance (Whelan and Wohlfeil, 2006). This paper scrutinizes the impact of a special, brand engineered service experience, specifically a test drive, on customer outcomes. The study is conducted as a longitudinal field experiment in the automotive industry. 17,000 existing customers of a German premium brand were approached, resulting in a sample size of 8,000 customers. The test drive is either a regular drive for two days, or an extended retreat with a car of the customers' choice. First, we analyze the effects of experience intensity and duration on customer profitability and loyalty to recommend the optimal experience. Next we examine the dynamics of customer engagement. Specifically, we introduce customer engagement as a new construct to capture the emotional depth of the experience and investigate how this evaluation changes over time after the service experience. Eventually, there is a clarification whether customer engagement is a superior predictor of customer loyalty compared to conventional constructs, such as customer satisfaction.

8 - The Effect of Technology Usage on Customer Loyalty Creation Process in Medium Sized Hotel Enterprises

Olgun Kitapci, Assistant Professor, Cumhuriyet University, Sivas, 58140, Turkey, okitapci@hotmail.com, Ibrahim Taylan Dortyol

Enterprises attach importance to modern technology usage in order to improve the service performance and to gain customer loyalty. Today's housing sector is an important sector example as it has ability to change itself in accordance with customer needs and demands. The continuous technological improvements and the adaptation of these improvements to housing sector create many opportunities and threats to occur. In this sense, the aim of the study is to point out the adaptation process of technology perceptions of the three stars hotel managers in Istanbul. Additionally, the effect of technology on sales and marketing management and whether if hotel customers have a growing demand structure against various technologies based services are also in the scope of research. In order to gather the data, we will try to reach all 89 hotel enterprises which generate total field under survey (www.tuik.gov.tr). In research process, questionnaire as one of the primary data collection method will be used. The questionnaire will be conducted on general manager or authorized manager. In the analysis of data some statistical methods like as chi square, frequency and percentage will be performed.

9 - Exploring Differences and Similarities Between Innovators in Entrepreneurial and Mature Companies

Juergen Seitz, University of Surrey, juergenseitz@web.de

In the Poster Presentation the author will present an early stage on his research project "Exploring differences and similarities between Innovators in entrepreneurial and mature companies." This research project is a follow up project to his dissertation project on Fuzzy Front End activities of Innovators in Internet Startups. For his dissertation the author conducted 21 qualitative interviews with Internet Innovators from Europe and the US. The interviews were transcribed and analyzed in a cross case study approach using open coding supported by a qualitative software package. For this follow up project the author analyses the transcribed interviews once again in order to identify patterns in background, behavior, attitudes of these Innovators. He compares identified patterns with research results from research on Innovators in mature companies. Griffin et. al. (2006, 2007, 2009) published several journal articles, conference papers and working papers on Innovators in mature organizations which are the basis for the exploration of differences and similarities. The author will present his first results and interpretations and wants to get feedback from academics with similar research focus as well as skilled senior researchers. Griffin, A., Price, R. L. & Vojak, B. A. 2009. More than Just Customer Needs: How Serial Innovators Develop A Deep Understanding of Business Customers' Problems PDMA Conference 2009. Anaheim, CA. Griffin, A., Hoffmann, L. N., Price, R. L. & Vojak, B. A. 2007. HOW SERIAL INNOVATORS NAVIGATE THE FUZZY FRONT END OF NEW PRODUCT DEVELOPMENT. Griffin, P. A., Price, R. L., Maloney, M. M., Vojak, B. A. & SIM, E. W. 2006. How Exceptional Electronic Industrial Innovators Innovate. Journal of Product Innovation Management.

10 - Service and Innovation Processes on the Internet in a Customer firm Relationship Framework

Oliver Emrich, University of St. Gallen, Institute of Retail Management, Dufourstrasse 40a, St. Gallen, 9000, Switzerland, oliver.emrich@unisg.ch, Thomas Rudolph

This project analyses service and innovation processes on the Internet, capable of generating implicit knowledge in a value network of collaborating actors. Although the impacts of the Internet on data exchange in the form of explicit knowledge are clearly visible, explorations of the Internet's influence as an integral "knowledge technology" remains in its infancy. Whereas current co creation applications on the Internet center mainly on mutual production issues, the service aspects of customer relationships become increasingly important (Rust and Lemon 2001). A

myopic concentration on single Internet features tends to overwhelm a process view of activities, which is necessary to create sustainable value (Porter 1996). As Normann and Ram"rez (1993) note, "the secret" of a company's value inheres in the "fit of knowledge and relationships." That is, relational aspects play a major role in the innovation and exploitation success of a company (Dyer and Singh 1998). This project attempts to foster a deeper understanding of the role of the Internet in different types of service and innovation processes within a framework of customer–firm interactions. A cross case study reveals that operant resources on the Internet build around the buying process of the customer while also drawing a circle through the value chain. The architecture of the value chain changes from a single directed stream to a loop of knowledge exchange that includes almost every vertical stage. Firms cannot assign customer input to a certain functionality but rather must decipher it through interdisciplinary approaches that involve the cooperation of multiple areas.

11 - Virtual Worlds, Avatars, and Plato's Cave: The Future of the Internet and Ourselves

Paul Messinger, Department of Marketing, University of Alberta, School of Business, 3-20E Business Building, Edmonton, AB, T6R 2A4, Canada, paul.messinger@ualberta.ca

The goal is to show that study of virtual worlds provides a window into the future of the Internet and a mirror into the psychology of ourselves. Section 1 projects applications of virtual worlds in the future for business, education, advertising, new media, and entertainment, starting from the historical development of virtual worlds. Section 2 describes the influence of avatar mediated interaction on human social behavior and psychological perceptions. Section 3 describes relevant business models and pricing mechanisms for virtual worlds and other social media. Supporting the objectives of the first two sections, the third section also summarizes past and likely future research about virtual worlds in several disciplines. The future of the Internet and virtual worlds has critical implications for our economy and our society. We accordingly describe how virtual worlds and new synchronous and asynchronous 3D and 2D social media are changing business, education, and government. We also describe needed technological developments that will assist in having virtual worlds attain their potential. Avatar mediated interactions are part of a frontier in social computing with critical implications for human behavior and how we interact with one another. It accordingly behooves us also to understand the sociological and psychological implications of avatar mediated interactions.

12 - To Give and Get Back: Do Cause Portfolio Characteristics Influence the Return on Corporate Social Responsibility?

A. Meike Eilert, University of South Carolina, 1705 College St, Columbia, SC, 29208, United States of America, meike.eilert@grad.moore.sc.edu, Stefanie Rosen

In response to today's marketplace, firms have become more socially conscious and engage in a variety of activities related to corporate social responsibility. It has been shown that being socially responsible has a positive impact on the creation of market based assets, such as customer relationships, brand perceptions, and satisfaction. In this paper we focus on the impact of the firm's charitable activities on firm performance. Specifically, we are interested in how characteristics of firm's cause portfolio, which we conceptualize as all cause related relationships that a firm forms as a consequence of engaging in socially responsible practices, influences overall firm value. Using a secondary data set (n=195), we find support for a curvilinear relationship between giving intensity, which we define as the number of recipients over the number of segments (e.g., health, education, environment) to which the firm donates, and financial performance. Thus, cause portfolios have the greatest impact on firm value when firms support a moderate number of causes in each strategic area. A supplemental experimental study (n=108) confirms our preliminary findings. The results from the two studies imply that managers not only have to control the overall amount of giving, but also the structure of their cause portfolio.

13 - Managing the Periphery: An Emerging Imperative for the Marketing Organization

Omar Rodriguez Vila, PhD Student, Emory University, Atlanta, GA, 30332, United States of America, orodrig@bus.emory.edu, Sundar Bharadwaj

A focus on external customers is a fundamental element of the marketing concept and an important driver of firm performance. However, in this paper I argue that increasingly, companies are facing the need to be not only customer centric, but to also manage a portfolio of both commercial (i.e., consumer, customer and shopper) and non commercial (NGOs, consumer advocacy groups, regulators, etc.,) constituents. Specifically, I propose that the ability to understand and configure marketing strategies that are able to address the needs of multiple constituents at the same time is an emerging imperative for the marketing function. I call this the capability to Manage the Periphery (MTP). In the poster presentation I will introduce the construct of MTP based on extensive interviews of managers across six countries. I will also present initial empirical evidence for the fact that when MTP is present, firms are able to not only drive customer value, but create concurrent value by growing simultaneously along multiple performance goals. Finally, I will discuss the market conditions that moderate the effect of MTP capability on firm performance.

14 - Can Raising Store Brand Use Hurt Store Loyalty?

Satheeshkumar Seenivasan, PhD Student, SUNY Buffalo, Buffalo, NY, United States of America, ss383@buffalo.edu, K Sudhir, Debabrata Talukdar

The conventional wisdom is that retailers will benefit from increased store loyalty by increasing consumers' use of store brands. Recent research challenges this belief by offering two alternative perspectives: (i) higher levels of store brand share in a consumer's basket may indicate lower store loyalty, and (ii) store brand buyers are more likely to defect to Wal Mart when it enters the market. These findings suggest that continuing to increase store brand usage of consumers may be counter productive to retailers and end up hurting them in terms of lower store loyalty. In this paper, we demonstrate that such a conclusion is misplaced and rehabilitate the conventional wisdom that store brands are useful aids in creating store differentiation. Using extensive datasets from two different sources, we first demonstrate that store loyalty increases monotonically with a customer's store brand usage. Second, we show that high store brand use is an even stronger indicator of store loyalty when competing against a value mass merchandiser like Wal Mart. We also provide conceptual insights for our results and why our conclusions are different from those observed in earlier papers.

15 - Rebates, Nonlinear Budget Sets and Consumer Demand

Jiali Ding, Cheung Kong Graduate School of Business, jlding@ckgsb.edu.cn, Li Gan, Hao Zhao

An example of one often used but little studied promotion form in marketing is "every $100 purchase would get $5 rebate to be used next time." This paper studies how such promotion form would affect consumer demand. We suggest that this promotion form creates a piecewise linear but non convex budget set, similar to the budget set created by a system of progressive tax rates and transfers in studying labor supply in economics (Hausman 1985; Fullerton and Gan 2004). In this model, consumers make choices of current and future purchase, facing a nonlinear budget set. Their indifference curves may be tangent with one of the segments in the piecewise linear budget set. More importantly, consumers' indifference curves may actually fall onto one of the kink points (where two linear budget segments meet). Obtainting the likelihood requires using both direct and indirect uitlity functions that are recovered based on Roy's identity. The dataset, from a large shopping mall in China, includes information on purchases and rebates at individual level in a two year period. The paper proposes and estimates a structural model that is fully based on consumer utility maximation. The estimated model can be used to design the optimal form of rebate promotion for firms.

16 - Heritage Storytelling: Visitors' Emotional Experience and Sense of Identification with Heritage Stories

Chen-Yin Chen, Nanhua University, No.55, Sec. 1, Nanhua Rd., Zhongkeng, Da, Chiayi County, 62248, Taiwan - ROC, q2395@ms22.hinet.net, Shu-Chin Huang

Historical stories are more convincing than other types of stories, for their leading characters are usually trustworthy whom the readers can easily rely on. When employed in the promotion of cultural heritage, they prove to be more than an efficient medium of communication, but also a marketing tool that fosters the visitors' sense of identification with the place and constructs their respective experience during their visit. This study therefore explores visitors' emotional experiences and their senses of identification with heritage stories. This two stage study uses both quantitative and qualitative research. With a Delphi method applied, the first stage has ten literature and history professionals classify the currently promoted heritage stories in Taiwan. One story in each category is singled out as the base for the survey in the second stage. Adopting think aloud protocol, the second stage has 50 participants verbalize their thoughts, feelings and opinions when reading each story. The results revealed that different emotional experiences, positive emotions in particular, were aroused by different stories and narrative viewpoints. As regard to the sense of identification, participants' affective identity about the heritage experienced significant and positive changes after story reading, while their cognitive identity basically remained the same. Finally, basing on the results, the study offers implications of story marketing for management practices and future researches.

17 - Social Causes in Social Networking Sites: Determining the Supporters

Daniela Iosub, PhD Student, Alexandru Ioan Cuza University, dana.iosub@gmail.com, Octavian Dospinescu

With the advent of applications spurring mass social activism (such as Causes on Facebook), social networking sites (SNSs) are of particular interest to NGOs and social marketing practitioners. Our research seeks to identify the SNS users more likely to engage in a pro cause behavior, i.e. joining / recruiting for / donating for a social cause, as the results may lead to a more efficient targeting strategy for online social campaigns, with increased virality at reduced costs. We hereby extract a large set of Facebook data, and drawing on theories of prosocial behavior and not for profit marketing, we use information from the several thousands user profiles (including Causes application activity) to determine influencing profile variables and to predict whether an individual will engage in a pro cause behavior. Moreover, we identify the profile of Top Adopters, Top Recruiters and Top Donators, independent of the nature of the social cause. Privacy considerations are addressed, as user's agreement is required before accessing profile data.

Thursday, 1:30pm - 3:00pm

■ TC01

Room 02

Meet the Editors I

Cluster: Special Sessions
Invited Session

1 - Meet the Editors I

Editors of leading journals for marketing academics will present their editorial policies and perspectives. The following editors are represented: Marketing Science: Eric T. Bradlow; Journal of Marketing Research – Tulin Erdem; Journal of Interactive Marketing – Venky Chankar and Charles Hofacker; International Journal of Research in Marketing – M. G. Dekimpe; Marketing Letters – Randy Bucklin.

■ TC02

Room 04

CRM: Customer Equity I

Contributed Session

Chair: Udo Wagner, Professor, University of Vienna, Br¸nnerstr. 72, Vienna, A-1210, Austria, udo.wagner@univie.ac.at

1 - RFM Measures and Customer Lifetime Value: Investigating the Behavioral Relationship in a Non-Contractual Setting

Makoto Abe, Professor, University of Tokyo, Graduate School of Economics, Hongo, Bunkyo-ku, Tokyo, 113-0033, Japan, abe@e.u-tokyo.ac.jp

Wide use of RFM analysis in CRM suggests that these measures contain rather rich information about customers' purchase behavior. The existing literature provides conflicting findings on relation among RFM and CLV, however, and several authors advocate the need of further studies for empirical generalization. This research clarifies the issue through identification of the underlying customer trait that is characterized by interrelated behavior of frequency, dropout and spending, from statistical RFM measures. The model also connects customer characteristics to the three behavior processes, which, in turn, are linked to CLV to provide useful insight into customer acquisition. Using FSP data from a department store and a CD chain, several substantive issues are uncovered. First, correlation between frequency and spending can exit, and its direction is found to be data dependent. For negative relationship, their relative magnitudes must be known to assess the net impact on CLV. Second, useful insight into acquisition is gained by decomposing the effect of change in covariates on CLV into three components: frequency, dropout and spending. The three components can exert influences in opposite directions, thereby canceling each other to produce less effect as the total on CLV. Third, not accounting for uncertainty in parameter estimate can cause large bias in metrics, such as elasticity and CLV. Fourth, incorporating all three RFM measures in a scoring model, even with a naÔve equal weighting scheme, seems to produce rather accurate ordering of CLV. The finding supports the popularity of RFM analysis and regression-type scoring models among practioners for segmenting and identifying good customers.

2 - Comparing Data Collection Methods for Customer Equity

Cleo Silveira, PPGA/UFRGS, Rua Sao Francisco, 906/1204, Porto Alegre, RS, 90620070, Brazil, cleo.ssilveira@gmail.com, Fernando Luce

Marketing managers are under pressure to measure marketing effectiveness. Researchers have responded positively with great work in the area, in general, and research the return on marketing actions, in particular. A variety of methods have been developed to model customer equity (CE), customer lifetime value (CLV), and market value. However, the widespread adoption of sophisticated tools by managers is strongly dependent on the simplicity and robustness of such tools (Little, 2004). It can be hard to produce models that are both simple and robust; often times researchers have to compromise simplicity in favor of robustness or completeness. It this paper, we empirically investigate the equivalence of two CLV-based methods to compute proxies for the market value of the firm. Both models allow firms to compute the expected market value at any given time using customer and financial information. The models differ substantially in terms of complexity and the type of information used, but we show their result is equivalent, so firms can use the simple CLV model to predict market value without losing accuracy. We run both models using Gupta, Lehmann and Stuart (GLS, 2004) CLV approach in the Brazilian Cell Phone Industry (six companies during fifteen quarters). We explore the financial aspects of customer equity analyzing CE under static and dynamic perspectives. We found that the CLV under the – simpler - static approach, when added to Net Equity, is a good proxy to market value and reasonably equivalent to GLS' CLV under the dynamic approach. While the latter requires some technical training and substantive customer information that might not be readily available, the former is much simpler and can easily be computed.

3 - A Review of Customer Equity Models in the Context of Discounted Cash Flow Valuation Theory

Morten Holm, Industrial PhD Student, Copenhagen Business School, Solbjerg Plads 3, C4, Department for Accounting & Auditing, Frederiksberg, DK-2000, Denmark, mh.acc@cbs.dk, V. Kumar (VK), Carsten Rohde

Customer Lifetime Value and Customer Equity have evolved as generally accepted frameworks for measuring the long term value of customer assets. However, it has not been shown to what extent these marketing models are congruent with the conventional discounted cash flow (DCF) valuation technique. Understanding this relationship is important to determine whether decisions based on Customer Equity / Customer Lifetime Value models will be value creating per se and ultimately increase shareholder value of the company. Based on the development of a theoretical framework for linking marketing actions, customer value and firm value this paper reveals inconsistencies between Customer Equity / Customer Lifetime Value models and the DCF valuation technique regarding net cash flow estimation, consideration of customer risk and the alignment of forecasting horizons with firms' value growth duration. Implications for future research in the marketing-finance interface, the marketing-accounting interface and the traditional marketing domain as well as implications for marketing practitioners are discussed.

4 - A Monte Carlo Study on Sampling Properties of the Pareto/NBD Model

Udo Wagner, Professor, University of Vienna, Brünnerstr. 72, Vienna, A-1210, Austria, udo.wagner@univie.ac.at, Daniel Hoppe

A gap remains between the development of marketing models by academics and their application by practitioners. Scholars identified thorough validation and broad understanding of a model's potential and limitations as central requirements for its widespread use. This article therefore provides a specific analysis of the Pareto/Negative binomial distribution model, the standard approach to describing and predicting consumers' long-term behavior in noncontractual settings. A literature review indicates that the empirical applications of this model remain scarce; therefore, this study offers results pertaining to its sampling properties from a Monte Carlo simulation study with an emphasis on small sample sizes. In so doing, the authors revise existing application recommendations by considering the characteristics of the particular customer data under analysis, including releasing some of the restrictions on sample size requirements and the number of observation periods.

■ TC03

Room 06

Advertising: Consumer Response I

Contributed Session

Chair: Matthias Stöckl, University of Salzburg, Kapitelgasse 5-7, Salzburg, 5020, Austria, matthias.stoeckl@sbg.ac.at

1 - Getting the Most from Your TV Ads

Julie Edell Britton, Professor, Duke University, Fuqua School of Business, Box 90120, Durham, NC, 27708, United States of America, jae6@duke.edu, Kevin Lane Keller

Marketers are increasingly integrating their communication programs by coordinating their media advertising. This research adopts an information processing perspective to examine the effects on consumer processing, memory, and evaluations of coordinating a television campaign with either a print or radio campaign. A coordinated TV- print ad campaign is defined to occur when a key visual from a TV ad and/or some of its audio are included as elements of a print ad. A coordinated TV- radio campaign occurs when the audio from the TV ad is aired as a radio ad. Two laboratory experiments contrast the effects of a reinforcement strategy – where the coordinated print or radio ad was seen after the television ad – with a teaser strategy – where the coordinated print or radio ad was seen before the television ad. The teaser strategy, both for radio and print, was found to be a more effective approach as it led to greater ad processing, improved brand claim memory performance, and more favorable brand and ad evaluations. One important theoretical implication of the study is that different reinforcement strategies can produce different results. That is, when consumers had a dynamic reinforcement such as a radio replay, they did very little processing. Instead, they mentally replayed the video from the TV ad which absorbed their processing resources, such that little else was left for critical thinking. In contrast, when the TV ad is reinforced with a print ad, a static cue, more processing occurs, resulting in better recall.

2 - How Does Awareness Evolve When Advertising Stops? The Role of Memory

Ashwin Aravindakshan, University of California-Davis, 3312 Gallagher Hall, 1 Shields Avenue, Davis, CA, 95616, United States of America, aaravind@ucdavis.edu, Prasad A. Naik

Extant models posit that awareness declines immediately and gradually after the cessation of advertising, whereas anecdotal evidence from managers suggests awareness stays constant for a while and then decays rapidly. This pattern arises because consumers remember advertisements for a finite time before they forget. Hence, we extend advertising models by incorporating finite memory for ads. We conceptualize the role of memory as "delayed forgetting of ads" and capture it using delay-differential equations, which exhibit richer dynamics and expand the class of dynamic models used in marketing. Analytically, we derive the 90% duration of advertising effects under various scenarios. Empirically, we analyze awareness evolution in the absence of advertising for the Peugeot car brand. We not only find strong support for the proposed model, but also estimate the memorability of Peugeot ads to be about 3 weeks. Moreover, if we ignore

consumer memory as in the extant models, we would overstate the forgetting rate by 39%. Finally, we discuss managerial implications and identify new avenues for further research.

3 - "An Eye for an Eye": An Account of Sequelized and Comparative Advertising Strategies

Patrali Chakrabarty, Doctoral Student, Indian Institute of Management Ahmedabad, D2/37, IIM Ahmedabad, Vastrapur, Ahmedabad, Gu, 380015, India, patralic@iimahd.ernet.in, Bibek Banerjee

Various formats of competitive advertisements interplay in today's markets. While some compare brands, some others are sequelized on earlier advertisements in an attempt to spoof a competitor's claim. Previous research demonstrates comparative advertising (CA) as superior to the noncomparative strategy. However, two significant limitations are: 1) absence of theory on performance of CA against retaliation from a competitor - a dimension, critical for a comprehensive evaluation of competitive strategies; 2) despite frequent instances of sequelized advertisements, literature is limited to the assessment of non-sequel formats only. In this research we incorporate the dimension of retaliation and demonstrate that the positive effects of CA are significantly diluted. We extend this finding with an evaluation of the aforesaid contemporary advertising strategies. We employ experiments to analyze the differentiating impacts of sequelized and comparative advertisements on consumers. Exposing the control group to nonsequelized noncomparative advertisements, we study the difference in a brand's weight in consumer's 'evoked set', due to exposure to different formats, for evaluation. Based on inferences in existing literature that effectiveness of CA is moderated by the communication focus assumed in the message, we provide normative insights on implementing the different strategies by incorporating the aspect of focus: attribute based versus story based advertisement messages. We conclude this research with evidence that communication focus and reaction from competitors are crucial dimensions that moderate the effectiveness of an advertising decision. Further, alternative advertisement formats may be as productive as CA, given the right combination with communication focus.

4 - Marketing Dynamics in the Premium Car Segment

Matthias Stöckl, University of Salzburg, Kapitelgasse 5-7, Salzburg, 5020, Austria, matthias.stoeckl@sbg.ac.at, Jesus Crespo-Cuaresma

This paper analyzes the relationship between marketing expenditures and sales in the premium car market. We expand the existing literature in four ways: (i) We employ a unique panel dataset which comprises detailed information of sales (i.e. registrations) and advertising expenditures. Specifically, our dataset contains model-specific monthly sales and marketing data of 30 car models of the four dominant premium car producers in Germany (i.e. AUDI, BMW, Mercedes, Porsche) and covers a ten year period (Jan.1998 - Dec.2007). (ii) We employ state-of-the-art econometric methods (i.e. GMM, dynamic panel data estimators) to quantify the sales-marketing relationship. These estimation procedures facilitate the identification of short (i.e. lift) and long-term (i.e. base) effects of marketing activities. Additionally, we circumvent any inconsistencies in the estimation results potentially arising from endogeneity (simultaneity bias between sales and advertising) and auto-correlation issues. (iii) To estimate the effect of marketing more precisely, we enrich the dataset with information on restyling activities which are launched during the product life-cycle of a car. We therefore extend the basic advertising-sales model by explicitly controlling for these activities. (iv) We further enrich the standard advertising-sales model to control for the time-dependent properties of the product life-cycle. In line with previous research, we find that marketing actions exert a positive but short-lived impact on sales whereas product improvements are long-lived in their effect on sales. Furthermore, rival advertising and restyling actions lessen own sales.

■ TC04

Room 14

Impact of User Generated Content II

Cluster: Special Sessions
Invited Session

Chair: Anindya Ghose, New York University, Stern School of Business, New York, NY, United States of America, aghose@stern.nyu.edu

1 - The Dynamics of the Buzz: How Do Online Reviews Change Over Time?

Noi Sian Koh, PhD Student, Singapore Management University, 80 Stamford Road, Singapore, 178902, Singapore, noisian.koh.2006@smu.edu.sg, Nan HU, Srinivas Reddy, Youngsoo KIM

The ability of users to create and publish content has spurred an increase in the number of online review sites which become rich mines for knowledge discovery of consumers' attitudes. For a popular product, the number of reviews can be in thousands. In the presence of strong network effects, it is therefore of interest for marketers to leverage on this vast amount of information so as to gain a better understanding on the dynamics of reviews. As most of the existing research focused mainly on the quantitative aspects of online reviews, such as ratings, we fill in the gap by providing a deeper understanding on the intrinsic characteristics of reviews. Our approach explores multiple aspects of review content, such as the writing style, readability and sentiments. To assess the dynamics of online review sentiments, we present a technique that can be used to quantify a customer's sentiments with respect to a multi-point scale. Then we address the question of how these sentiments evolve over time. Do they follow a different pattern for products differing in popularity? How do product sales affect the evolution of sentiments in online reviews? We find that in general, ratings and sentiments decline over time. Our econometric analysis suggests that ratings and sentiments however evolve at different rates. We also find that the more popular products show a significantly slower decline in sentiments. And finally, we find that there is a significant influence of past product sales on sentiments.

2 - How and Why Online Ratings Evolve Over Time?: A Dynamic Model

Srikant Vadali, University of Massachusetts, Lowell, MA, United States of America, srikant_vadali@uml.edu

Leveraging the increasing volume of online ratings into actionable marketing strategies requires an understanding of how and why online ratings evolve over time. Such an understanding can help marketing managers influence future online ratings by using effective intervention strategies (e.g., changing product design, changing prices etc) at appropriate points in time. We model the consumer decision process for ratings as a sequence of four-stages: 1. Buy or Not-buy the product (potentially after seeing an online review), 2. Learn about the product quality, 3. Decide whether to post a review, and 4. Translate quality perceptions from step 2 into an actual rating. We assume that simultaneously the underlying quality of the product evolves over time (potentially in response to the online reviews) and model the evolution process as a first-order, stationary autoregressive stochastic process. We include appropriate product-specific covariates within our modeling framework. We empirically estimate our model using a comprehensive five-year database that contains most of the ratings and reviews posted online for the majority of restaurants in the U.S. The reviews are also converted into assessments of food, service, and ambiance via an automated text mining system.

3 - The Mediating Role and Time-variant Impact of Online User Reviews: A Bayesian Hierarchical Approach on Online Software Downloads

Wenjing Duan, Assistant Professor, The George Washington University, Funger Suite 515, 2201 G Street, NW, Washington D.C., 20052, United States of America, wduan@gwu.edu, Wenqi Zhou

Online user reviews, one of the most popular WOM forms on electronic markets, have been promoting academic research on various issues of their impact. However, little is known about whether the impact varies over time, and the relationship between online user reviews and other third party opinions. To shed some lights on these two questions, we examine the impact of online user review on online software downloads employing a Bayesian hierarchical mediation model. Our empirical results indicate that the impact of extreme user reviews on software downloads varies over time. Our analysis also suggests that such variation is moderated by product variety. The increase in product variety strengthens the impact of positive user reviews, while weakening the impact of negative user reviews. The impact of neutral user reviews, nevertheless, neither changes over time nor is moderated by product variety. Furthermore, we find significant mediating impact of the valence of online user reviews. Valence of online user reviews not only mediates the impact of volume of online user reviews, but also channels the influence of expert reviews. Our findings suggest that volume of user reviews has both direct and indirect positive impacts on software downloads, whereas expert reviews can only affect downloads through influencing the valence of user reviews. The results also demonstrate that although higher expert ratings lead to more software downloads, products are hurt more by negative expert reviews compared to product not reviewed by third party.

4 - Extracting Economic Value from Online User-Generated Content: Combining Text Mining with Demand Estimation in the Hotel Industry

Beibei Li, New York University, Stern Business School, New York, NY, United States of America, bli@stern.nyu.edu, Panagiotis Ipeirotis, Anindya Ghose

User-generated product reviews, images and tags are increasingly serving as a valuable source of information for customers making product choices online. Based on a unique dataset of hotel reservations made available to us from Travelocity.com, we estimated the demand for hotels using a two-step random coefficient structural model. We use text mining techniques that enabled us to incorporate textual information from user reviews in demand estimation models by inferring the sentiments embedded in them and supplemented them with image classification techniques. The dataset contains complete information on transactions conducted over a 3 month period for hotels in the US. We use data on user-generated content (UGC) from three sources: (i) user-generated hotel reviews from Travelocity.com and Tripadvisor.com, (ii) social-geo tags generated by users identifying the different location-based attributes of hotels from Geonames.org, and (iii) user-contributed opinions on the most important hotel characteristics from Amazon Mechanical Turk. Moreover, since some location-based characteristics are not directly imputable from UGC, we use image classification techniques to infer such features from the satellite images of the area provided by Microsoft. These different data sources are then merged to create one comprehensive dataset that enabled us to estimate the weight that consumers placed on different hotel location and service characteristics. We then propose to design a new ranking system for hotel search on travel search engines based on the empirical estimates of consumer surplus from hotel transactions. In sum, the paper shows how one can extract economic value from different kinds of UGC online by combining structural models of consumer behavior with text mining, image classification and on-demand annotations, and design a real-world application based on this inter-disciplinary approach.

■ TC05

Room 15

Strategy: Alliances

Contributed Session

Chair: Tieshan Li, Assistant Professor, Concordia University, 1455 De Maisonneuve Blvd. West, Montreal, QC, H3G 1M8, Canada, tieshli@jmsb.concordia.ca

1 - Interdependencies in a Partnership Portfolio: Competing and Complementary Effects

Anna Cui, Assistant Professor of Marketing, Rensselaer Polytechnic Institute, 110 8th Street, Troy, NY, 12110, United States of America, cuis@rpi.edu

As interfirm collaboration plays an increasingly important role in today's competition, many firms are engaged in multiple partnerships, forming a portfolio of partnerships. Interdependencies among individual partnerships are central for the understanding of partnership portfolios, yet the majority of existing research has focused on individual partnerships. This study advances our understanding of the interdependencies among individual partnerships by examining whether and how the propensity of termination of one partnership is influenced by competing and complementary effects from other partnerships. We contend that competition among partnerships stems from the fact that the value of resources in a partnership is dependent upon resources in other partnerships as a partnership portfolio aims to access diverse rather than redundant resources. On the other hand, complementary effects are generated by the sharing of partnership management capabilities across partnerships with similar characteristics. An event history analysis is employed with 127 joint ventures over the period 1990 to 2001 to test the hypotheses. In supportive of the competing effects, the survival of a partnership is found to be supported by resource dissimilarity and relative resource complementarity between the focal partnership and other partnerships, including both newly formed partnerships and other existing partnerships in a portfolio. Consistent with the complementary effects, partnerships that benefit from synergies generated from sharing management capabilities with similar partnerships, such as exploration partnerships or partnerships with broad scope, are found less likely to terminate.

2 - Customer Identification in Marketing Alliance Networks: Does it Matter whom they Identify with?

Kenneth Wathne, Professor, Norwegian School of Management, Nydalsveien 37, Oslo, 0442, Norway, kenneth.wathne@bi.no, Kersi Antia

In response to increasing customer demands for both a local presence as well as global reach, service providers are increasingly forming and participating in marketing alliance networks – groups of companies joined together in a larger, overarching relationship for a common purpose. Such alliances involve the creation and promotion of an overarching brand presence co-existing with the individual member firms' corporate presence, and raise a number of significant issues that have yet to be addressed by prior alliance-related research: Do customers identify with the focal service providing firm and/or with the alliance it is participating in? Are there spillovers between the focal firm and the alliance, such that customer perceptions of one entity impact the other? What are the immediate and long-term consequences of customers identifying with the focal firm and/or alliance? Our research builds on the emerging interdisciplinary literature on organizational identification to provide answers to the preceding questions. In contrast to prior research which has focused on identification with a single organizational entity, we examine the drivers and outcomes of customer identification with the focal firm as well as the alliance that it is a part of. Based on a multi-year longitudinal survey of 14,000 retail banking customers across 78 Norwegian retail banks participating in a marketing alliance network, we find evidence of strong complementarities in the drivers of, and outcomes attributable to, customer identification with the focal firm and the alliance. The results from our study provide a quantifiable estimate of the gains accruing to firms from their participation in marketing alliances.

3 - Merging in Spatial Competition

Tieshan Li, Assistant Professor, Concordia University, 1455 De Maisonneuve Blvd. West, Montreal, QC, H3G 1M8, Canada, tieshli@jmsb.concordia.ca

Merging is an important business action in the market and it has attracted attention from researchers. Given the existing research on merging focusing more on the supply side, this work investigates the merging effect from the demand side. In the spatial competition with the circle market set-up, we study the effects of merging with direct competitor and merging with indirect competitor. In the case of merging with indirect competitor, the firm does not have motivation to do so unless the merging action can bring efficiency gain on the merging firms. However, in the case of merging with direct competitors, the firm always has motivation to do so no matter the existence of efficiency gain. With efficiency gain from the merging action, the merging firms are always better off while the profits of the other firms depend on the degree of efficiency gain of the merging firms and are not monotonic. Without efficiency gain, all the firms in the market are better off. However, the merging firms are not the ones which benefit most from the merging action.

■ TC06

Room 16

Internet: User Generated Content

Contributed Session

Chair: Hsin-Chen Lin, Purdue University, Krannert School of Management, 403 W. State Street, West Lafayette, IN, 47906, United States of America, lin42@purdue.edu

1 - E-cology: Dynamic Dependence and Evolution of Online Customer Reviews

Xing Pan, Assistant Professor in Marketing, University of California Riverside, Anderson Graduate School of Management, Riverside, CA, 92521, United States of America, xing.pan@ucr.edu, Fang Fang, Bin Gu

Peer consumers' opinions are regarded as the most trustworthy information in consumers' decision making process. However, there is a lack of systematic research to understand the nature, generation and evolution of online customer reviews. This study addresses to a series of questions. (1) What is the nature of online customer review? (2) Are customer opinions independent or dynamically dependent? (3) How do earlier reviews affect attitudes in later reviews? (4) How do earlier reviews affect the generation speed of later reviews? (5) Why the same products may have different review distributions on different websites? We propose that customer reviews are revealed customer satisfactions in nature and are formed through the expectancy-disconfirmation process. Drawing difference between online customer reviews and traditional word-of-mouth, we build online customer reviews into a customer satisfaction model which illustrates the dynamic dependence of online reviews. We identify dual directional effects of earlier reviews on the attitudes of later reviews. The dual effects arise because earlier reviews generate both social influence and expectation influence. The former creates a positive dependence while the later creates a negative dependence. Our model also accounts the speed of review generation as an outcome of the dynamic dependence of reviews. The presence of dynamic dependence explains that same products may have distinct review patterns on different websites due to variations in early reviews. Our approach models the online communities of customer reviews as self-evolving ecological systems and illustrates their evolutionary paths. It offers important contribution to project future customer reviews, product performance and market outcomes from early reviews.

2 - The Impact of User Generated Content on Consumer Choice and Contribution in an Online Community

Jui Ramaprasad, Assistant Professor of Information Systems, Desautels Faculty of Management, McGill University, 1001 Sherbrooke St. West, Bronfman 489, Montreal, QC, H3A 1G5, Canada, jui.ramaprasad@mcgill.ca, Rishika Ramkumar

Consumers are increasingly receiving information through online social media and are also engaging in content creation for use by others in online communities. However, there is little research that examines the role of user-generated content (UGC) in influencing user choice and contribution to online content at the individual level. The main objective of this study is to fill this gap in the literature by empirically investigating the effect of UGC on both user choice and content creation behavior. We use unique user level data from a popular online music blog aggregator and build empirical models to study these effects. Our results indicate that UGC has a positive effect on user choice and that this effect is greater for inexperienced users than for experienced users, providing evidence that users infer product quality information from UGC. With respect to user content creation, we find a positive influence of UGC. Particularly, opinions of a user's local network have a greater influence than those of the overall network. Finally, we find that active users and users with longer relationship with the firm are more likely to contribute to online content. We discuss the implications of our results for both theory and practice in the paper.

3 - Information Processing in the Online Environment: The Role of Consumer-generated Reviews

Dheeraj Pandey, Doctoral Student, IIM, Dorm-8, Room-10, IIM, Ahmedabad, 380015, India, dheerajp@iimahd.ernet.in, Bibek Banerjee

In case of review websites, presenting information is important, as presentation of information influences the quantity and quality of reviews that will be processed and also the consumers experience in information search. In this research, we consider the role of three elements of a review website: Display Format, User controlled Information Filter and Review Structure on the attitude and revisit intentions towards the website. Thus three experiments conducted in the study simulate the real life situation where a website manager faces the choice of presenting reviews either in matrix format or list format, giving or not giving information control to the consumer, offering reviews in granular form or in an aggregate form. All these possibilities of presentation styles are expected to result in different levels of Perceived Cognitive Effort and Hedonic Experience to the consumer. We propose that Perceived Cognitive Effort and Hedonic Experience of consumers are important psychometric constructs which mediate the influence of presentation format on consumers' information processing and thereby intentions to revisit the website. Ours is expected to be the first study in the domain of online information search that will attempt to integrate manager controlled website design parameters to the important behavioral variable of revisit propensity, through their effects on the intervening psychometric variables. The results of study are expected to highlight precise directions for website managers.

4 - The Diffusion of Online Word of Mouth

Hsin-Chen Lin, Purdue University, Krannert School of Management, 403 W. State Street, West Lafayette, IN, 47906, United States of America, lin42@purdue.edu, Manohar U. Kalwani

Online word of mouth has been served as an important source of product information, especially for new products. For new products with the quality uncertainty, purchases by others can raise the awareness of product existence and signal the true quality. Once one person starts talking about the products, word of mouth gets to spread out like diseases and rumors. This paper studies the patterns of online word of mouth spread. By catching the daily online word of mouth of new products on amazon.com, we show how online word of mouth diffuses. We also present how the phenomenon of the review system can enhance or reduce the speed of spread with the constructed model.

■ TC07

Room 17

Channels: Design II

Contributed Session

Chair: Manish Kacker, Associate Professor of Marketing, McMaster University, DeGroote School of Business, 1280 Main St. W., Hamilton, ON, L8S-4M4, Canada, mkacker@mcmaster.ca

1 - Pre-ordering in Distribution Channels

Ying Xiao, University of Illinois at Urbana-Champaign, 1206 S. 6th St. Champaign, IL 61820, Champaign, IL, 61820, United States of America, yxiao2@illinois.edu, Yunchuan Liu

Pre-ordering/Advanced selling has become a common practice for the selling of highly desirable products with limited supply. Suppliers with capacity constraint often face the issue with efficient pricing and rationing among retailers due to demand uncertainties. While most advanced-selling literatures only study pre-ordering from suppliers' perspective, we look at pre-ordering as a strategic action taken by the retailers. On one hand, retailers can offer pre-ordering to nail down sales in advance and gain more allocation from the supplier. On the other hand, the supplier can extract extra demand information from the action as well as the amount of pre-ordering.

2 - Distributor Acquisition of Supplier Training Knowledge: Supplier Sales Growth and Partnership Termination

Jacqueline van Beuningen, Postdoctoral Researcher, Maastricht University, Tongersestraat 53, Maastricht, Netherlands, j.vanbeuningen@maastrichtuniversity.nl, Christine Moorman, Martin Wetzels, David Cox, Ko de Ruyter

Suppliers frequently train their distributors to sell. Sales literature has generally focused on the beneficial effects of sales knowledge as it can increase salesperson capabilities. However, giving general sales knowledge to outside agents creates substantial risks. In two empirical studies the authors address two of these risks and present solutions: the risk that non-exclusive distributors use the new knowledge to sell for other suppliers and the risk that distributors terminate the partnership and switch to a more attractive partner. In the first study we determine that, relative to exclusive distributors, non-exclusive distributors, who sell a portfolio of brands, are less likely to apply general knowledge to sell for the supplier. We identify conditions under which increasing non-exclusive distributor general knowledge pays off. We test our predictions using longitudinal data from 112 distributors in 25 countries that have undergone supplier-provided sales training. We find that supplier decisions about what to teach (i.e., training design criteria), who to teach (i.e., distributor selection criteria), and when to teach (i.e., relational and market conditions) can improve the use of general knowledge by non-exclusive distributors to improve supplier sales. In the second study we show that providing general knowledge increases the likelihood of distributor partnership termination, whereas specific knowledge decreases this probability. We test our predictions with 300 distributors from 31 countries of whom actual turnover was recorded 19 months after training. To develop strategies to deal with this issue we distinguish factors that decrease or increase this problem.

3 - A Theoretical Model of Specific Investments in Exchange Relationships

Manish Kacker, Associate Professor of Marketing, McMaster University, DeGroote School of Business, 1280 Main St. W., Hamilton, ON, L8S-4M4, Canada, mkacker@mcmaster.ca, Ruhai Wu

Firms are often asked to make specific investments in ongoing exchange relationships. Such investments promise to enhance the productivity and performance of the relationship and thereby contribute to growing exchange and firm value. However they have negligible salvage value outside the focal exchange relationship. Therefore, they may also increase the firm's vulnerability to opportunistic behavior by the partner. Much of the research on specific investments consists of empirical work that treats them as exogenous variables and focuses on their consequences and the choice of governance structure that best safeguards them. We seek to complement and contribute to research on specific investments by treating them as endogenous variables and developing a game-theoretical model that identifies conditions when it is optimal for a firm to make specific investments in an exchange relationship.

■ TC08

Room 18

Retailing: Store Choice

Contributed Session

Chair: Qin Zhang, Assistant Professor of Marketing, University of Iowa, S348 PBB, 21 East Market Street, Iowa City, IA, 52245, United States of America, qin-zhang@uiowa.edu

1 - When and Where to Buy – Does Shopping List Matter?

Seungwon Jeon, Assistant Professor, St. John Fisher College, 3690 East Ave., Rochester, NY, 14618, United States of America, sjeon@sjfc.edu

Consumers make store choice based on many factors, including the location, level of service, prices, assortment and quality of products. In this study we ask, how might consumers use a list of products in considering different stores? Recent literature on store choice assumes that consumers decide on which categories of products to purchase and form a shopping list, and then compare stores based on the total basket utility. In other words, consumers use utility from only the subset of the basket planned, but across all stores in store choice. We further assume that certain product categories are strongly related with store's characteristics, and view that consumers use the subset of categories included in the list and match them with the subset of stores, forming a consideration set of stores. In the first stage, consumers form a store consideration set based on the shopping list. Then, they choose a store within the set. We claim that store choice is dependent on the correlation between product category attractiveness and store attractiveness, and that different product characteristics have different effects throughout the two stage process. For example, assortments of the shopping list products for a store increase the probability of being in the consideration set while prices increase the conditional choice probability for a particular store. Assuming that a significant portion of consumers pre-specify the shopping list following their overall consumption schedule, we model how product related factors affect store choice in different stages. Thus, we will be able to tell which characteristics of what categories actually "trigger" stores to be considered. We used Bayesian estimation to compute shopping list membership probability and consideration set formation.

2 - A 'Basket-splitting' Store Choice Model

Sriram Venkataraman, Assistant Professor, Emory University, 1300 Clifton Road, Atlanta, GA, 30329, United States of America, svenka2@bus.emory.edu, Yanwen Wang

Industry reports suggest that between half and two-thirds of all consumers consistently shop at multiple stores within a week. These studies posit that consumers split their shopping basket across a portfolio of stores to meet their weekly grocery needs. Yet much of the existing academic literature on store choice either ignores such multi-store visits or assumes each store-visit to be conditionally independent. In contrast, this study proposes a utility theory consistent multi-store "basket-splitting" store-choice model. Our model captures both discrete multi-category incidence decisions within and across stores as well as consumers purchase quantity decisions. Our model also nests other forms of store-choice behaviors (e.g., store loyalty, store switching and cherry-picking) put forth in the existing store-choice literature. We calibrate our model using the recently released IRI database. Our results shed light on key drivers of basket-splitting i.e. price and assortment. Category varying preferences of heterogeneous consumers leads them to seek different categories at different stores that best meet their category-specific needs. This across-category splitting pattern underscores the importance of designing category-customized marketing mix. Our counterfactuals showcase the impact of a price and/or assortment changes on share of consumer wallet, share of store traffic, and total store revenues. Our modeling framework and insights generated will have appeal to retailers and help guide their category management decisions.

3 - Examining the Effects of Product Categories on Consumers' Patronage for Retail Formats

Qin Zhang, Assistant Professor of Marketing, University of Iowa, S348 PBB, 21 East Market Street, Iowa City, IA, 52245, United States of America, qin-zhang@uiowa.edu, Manish Gangwar, Brian Ratchford

We propose a model to examine the effects of different types of frequently purchase products on consumers' choices of retail formats, i.e. traditional grocery stores, supercenters, warehouse club stores, etc. Previous research that explicitly models consumers' retail format patronage behavior focuses on the impact of store level characteristics (e.g. overall price and assortment indices constructed based on several categories representing the attractiveness of a shopping basket). In this study, we study the impact of category level characteristics on retail format choices instead. For retailers, the knowledge that which product categories have the most significant impact on consumers' store format decisions will help them better allocate resources (e.g., promotion expenditure) across categories to improve overall consumer store patronage. The proposed model also allows the analysis of relationships (i.e., complementary or substitution) among different retail formats. We estimate this model using recent panel data on consumer basket purchases across multiple retail formats in a large southwestern city in the U.S.

■ TC09

Room 19

New Products: Diffusion I

Contributed Session

Chair: Sebastiano A. Delre, Bocconi University, Via Roentgen 1, Milan, 20136, Italy, sebastiano.delre@unibocconi.it

1 - A Stochastic New Product Growth Model – Theory and Results

Kalyan Raman, Professor, Northwestern University, IMC Department, Medill School, Evanston, IL, United States of America, k-raman@northwestern.edu, Dipak Jain

The Bass diffusion model has enjoyed widespread success across an impressively long list of product categories—it has been extensively cited, applied, refined and extended. Yet one of its key conceptual and theoretical limitations—its deterministic structure—has never been satisfactorily addressed. Stochastic extensions have indeed been proposed but a review of published research shows that each of the previous attempts to extend the Bass model to accommodate uncertainty has either theoretical or practical shortcomings. Consequently, the problem of finding a conceptually sensible and mathematically rigorous stochastic generalization of the Bass model remains unsolved. Our research addresses this gap. Our stochastic generalization of the Bass model makes three research contributions—(A) because uncertainty is a pervasive feature of new product growth, modeling its influence is theoretically important; (B) the practitioner is interested not in forecasts alone—which the Bass model produces with commendable accuracy—but also in the uncertainty accompanying those forecasts: thus, for example, the practitioner would certainly be interested in knowing such things as the likelihood of falling short of some critical sales level in the future, given today's sales, but the deterministic Bass model cannot address these probabilistic issues, and finally, (C) our methodology is useful not only for diffusion phenomena but also for other areas of marketing in which continuous-time modeling plays an important role. Using a stochastic exponential martingale technique, we explicitly solve the Bass stochastic differential equation and show that our method can be extended to solve an even larger class of stochastic differential equations.

2 - Improving the Bass Model of New Product Diffusion While Retaining its Parsimony and Ease of Use

Abel Jeuland, Charles H Kellstadt Professor of Marketing, University of Chicago, 5807 S Woodlawn Ave, Harper Center #453, Chicago, IL, 60637, United States of America, abel.jeuland@chicagobooth.edu

Bass' New Product Growth Model (BNPGM) and extensions have been widely used for quantifying sales of new products and services, a success largely due to parsimony, ease of use and modest demands in terms of data. BNPGM is a good example of positive science, i.e. useful models. Milton Friedman, in his "Essays in Positive Economics" (1953) advocated methodologies ("engines of analysis") able to predict at least as much as alternate methods but requiring less information. BNPGM has been a particularly useful "engine of analysis" for marketers. We improve on this good engine. Our initial extension took the unexpected return to the parsimony of three parameters from our originally planned four: (adopter heterogeneity h in addition to m, p and q—potential, innovation and imitation). Empirical testing on different new products repeated this collapsing of our original four parameters to 3, albeit a different set of 3 than in BNPGM. In retrospect it is not surprising that the limited data available to calibrate a model of the PLC cannot identify both m and h. After all, by definition, m combines early and later sales and thus accounts for some heterogeneity as well. Our 4-piston "engine of analysis", after some road testing (data analysis), forced a redesign with three pistons (as in BNPGM): the p and q pistons but a replacement of the m-piston with a new one that combines m and h. Increased performance over BNPGM is in terms of some correction of the pessimism of BNPGM (that predicts too short a PLC with too narrow a mature phase and too early a decline phase). The new model with price also outperforms BNPGM with price.

3 - Dynamic Optimal Marketing Mix Strategies for New Products with Influential and Imitator Consumer Segments

Vijay Ganesh Hariharan, State University of New York at Buffalo, 232 Jacobs Management Center, Buffalo, NY, 14226, United States of America, vh5@buffalo.edu, Changhyun Kwon, Debabrata Talukdar

We derive dynamic optimal pricing and advertising strategies for new products introduced in a market with inter-related demand between two distinct consumer segments – "influentials" and "imitators". The market evolution of demand is modeled through the Generalized Bass Model, an empirically well established new product diffusion dynamics function. We allow for segment-specific marketing mix with asymmetric demand interactions between the two segments and for learning in cost function. Our results provide several important and interesting normative implications for firms' dynamic marketing mix strategies under various market contexts of diffusion dynamics. For the most commonly observed unimodal bell-shaped diffusion curve, we find that the optimal pricing strategy has a monotonically decreasing pattern, and the overall advertising strategy has an increase-decrease-increase pattern. Due to the asymmetric cross-segment demand interaction (influentials affect the imitators but not vice versa), it is optimal for a firm to increase the advertisement spending for a shorter duration for both the segments when the imitators are more price-sensitive. In addition, it is optimal for a firm to increase the advertisement spending for a longer duration for the influentials segment if there is either a higher proportion of influentials or a higher cross-segment interaction between the segments. We also obtain pricing and advertising strategies when the diffusion follows other commonly observed patterns. Our results show that in all diffusion patterns, it is optimal to switch the firm's optimal targeting strategy from the influentials to the imitators when it no more useful to target the influentials.

4 - Micro Consumer Decisions and Macro Diffusion Patterns: Using Indirect Inference to Validate Agent-based Models

Sebastiano A. Delre, Bocconi University, Via Roentgen 1, Milan, 20136, Italy, sebastiano.delre@unibocconi.it

The focus of this work is on the input validation of agent-based models. It is showed how indirect inference can be used to empirically test simulation results obtained through agent-based models. Indirect inference is an econometric method that is used to estimates the parameters of a model whose likelihood function is analytically intractable or too difficult to evaluate (such as most of the agent-based models are). Indirect inference finds the input parameters of the agent-based model that minimize the distance between the output of the agent-based model and the real data. First, it is shown how the estimation procedure based on indirect inference works and how the robustness of the estimates of the input parameters can be checked and tested. Then, this method is applied to three agent based models that simulate innovation diffusion curves (Delre et al. 2007; Toubia et al. 2009, Watts and Dodds 2007). The estimation procedure is used to test the three agent-based models against various typical diffusion patterns derived by diffusion models whose aggregate closed-form solutions are well defined (the Mixed-Influence-Model (MIM) (Bass 1969) and the Asymmetric Influence Model (AIM) (Van den Bulte and Joshi, 2007)). Finally we speculate about the flexibility of the three agent-based models and about correspondences and correlations between the estimates of the input parameters of the agent-based models and the parameters of MIM and MAI.

■ TC10

Room 20

Brands I

Contributed Session

Chair: Wei Li, ERIM, Erasmus University Rotterdam, ERIM H7-15, PO Box 1738, Rotterdam, 3000DR, Netherlands, wli@ese.eur.nl

1 - Can a Firm Add a New Premium Product and End Up with Less Overall Market Share?

Ling-Jing Kao, Assistant Professor, Santa Clara University, 500 El Camino Real, Santa Clara, CA, 95053, United States of America, lkao@scu.edu, Fabio Caldieraro

A "fighting brand" is a brand introduced to counter a specific competitor offering that is threatening to eat market share from a company's main brand. The literature finds that introducing such a brand into a brand portfolio can lead to cannibalization and reduce overall profits, mainly if it causes consumers to migrate to cheaper products. However, all the existing theoretical and empirical research postulates that the company's overall demand (and market share) always increases after the introduction of the new fighting brand. In this research we present an information-based theory of umbrella branding that incorporates spillover effects across brand reputations and product attributes. We find that when a firm launches a fighting brand whose product features overlap with those of the competitor, the resulting spillover effect can lead to not only an overall loss of profit, but also an overall loss of demand (and market share). We test the theoretical model using data from a study consisting of consumer choices in pre- and post- brand introduction scenarios. This demand model allows us to evaluate the impact of new product launch on consumer preferences for both brand and product attributes. The empirical data supports the pattern of results for optimal prices and demand (market share). The data also supports the spillover effects mechanism postulated by our model.

2 - Understanding the Market Performance Outcomes of Component Supplier Brand Strength

Stefan Worm, Assistant Professor, HEC Paris, Marketing Department, 1 Rue de la Liberation, Joy-en-Josas, 78351, France, worm@hec.edu, Raj Srivastava

In the quest for better differentiation of their products, many firms in business-to-business (B2B) markets have started to systematically invest in their brands. This study responds to the need for a better understanding of whether and how brand strategies contribute to component supplier performance in B2B markets. While researchers have placed considerable emphasis on the effectiveness of close buyer-supplier relationships as a means of differentiation, we know only little about the effectiveness of branding strategies in the B2B domain. This paper develops a theoretical framework to examine in which conditions the strength of component suppliers' brands as perceived by indirect and end customers affects suppliers' market performance among their direct customers, original equipment manufacturers (OEMs). More succinctly, it develops and tests propositions regarding moderating effects of competitive environment and market-based assets of supplier and OEM. This impact is examined based data from multiple-informants -marketing and purchasing managers- from 240 OEM firms. Findings support the expectation that strong supplier brands can enhance the OEM's marketplace performance and potentially make the supplier's components more valuable to OEMs. However, we find that the strength of relationships between component supplier brand strength and component suppliers' market performance largely depends on the situational context. The study's findings indicate that component suppliers should evaluate the potential return on their brand investments based on an analysis of their particular competitive situation. In addition, component suppliers can maximize the effectiveness of their brand investments through segment-specific strategies and complementary actions.

3 - Store Loyalty and the Strategic Positioning of Store Brands

Wei Li, ERIM, Erasmus University Rotterdam, ERIM H7-15, P.O. Box 1738, Rotterdam, 3000DR, Netherlands, wli@ese.eur.nl, Dennis Fok, Philip Hans Franses

Retailers carry store brands to influence the consumers' perception of the retailer and to increase profitability. Many empirical studies support the notion that store brands can indeed increase retailer margins. However, concerning the perception, it is still an open question whether store brands can really build up store loyalty, or that perhaps the causality is the other way around, that is, retailers with more loyal customers decide to introduce more store brands. In this paper we focus on this potential two-way causality. To this end, we use a market share attraction model to examine the price sensitivities of retailers' market shares with respect to the pricing and positioning of store brands across different product categories and across different retailers. The latter allows us to also investigate the determinants of the positioning of the store brands, thereby tackling the endogeneity issue. In the end we are able to indicate the appropriate positioning of a store brand in a particular situation. For example, a retailer could use low-price low-quality store brands to capture the price-sensitive segment in the market. In this case, the attracted consumers may mainly be attracted by the low prices and they are perhaps not loyal to any retailer. This low-price store brand strategy mainly emphasizes the price competition between retailers. On the other hand, a quality or premium store brand strategy can build up store loyalty because consumers may link the store image to their quality store brands. A quality store brand strategy may avoid a direct price competition between retailers, and may result in an increase in the own store loyalty.

■ TC11

Room 21

Structural Economic Models

Contributed Session

Chair: Federico Rossi, University of North Carolina - Chapel Hill, Campus Box 3490, McColl Building, Chapel Hill, NC, 27599, United States of America, federico_rossi@unc.edu

1 - Developing and Testing Models of Strategic Behavior

Thomas Otter, Goethe University Frankfurt, Grueneburgplatz 1; RuW Building, Frankfurt am Main, Germany, otter@marketing.uni-frankfurt.de, Greg Allenby, Tim Gilbride

Marketing expenditures in the form of pricing, product development, promotion and channel development are made to maximize return on investment. A challenge in evaluating the effectiveness of these expenditures is dealing with the potential simultaneity of an output measure, such as sales, and input measures across multiple channels, such as promotional spending and pricing, that are jointly determined by consumer preferences and sensitivities. While marketing control variables are explanatory of sales, they are not determined independent of the marketplace. This paper discusses a general approach to dealing with the strategic relationship among multiple input variables and a single output variable, and the optimal allocation of the inputs. A challenge in developing a model of strategic behavior is that the process by which marketing expenditures are made is often not directly observable. We propose tests for comparing various structural and descriptive model formulations. We illustrate our approach using data from a services company operating in multiple geographic regions.

2 - Structural Models of Demand to Study Consistent Pricing During Sales Promotions

Sergio Meza, Assistant Professor, University of Toronto, 105 St. George St, Toronto, Canada, sergio.meza@rotman.utoronto.ca

Marketing researchers have traditionally modeled sales promotions by introducing a sales promotion dummy variable (sometimes accompanied by its interaction with prices) in the indirect utility specification. This approach has been useful in reproducing consumers' response to sales promotions but fails when the focus is on modeling pricing by retailers or manufacturers. This specification usually prescribes increases in prices, which is exactly the opposite of what we empirically observe (sales promotions paradox). We model sales promotions as deviations of the promoted price with respect to the regular price ("value of the deal"). During sales promotions, this specification not only captures increases in demand but also makes it optimal for firms to always decrease prices. To account for other effects observed during sales promotions (i.e., increase in sales across the category) without affecting our demand specification, we incorporate structure to the potential market. We test the model in the oatmeal category and find that it outperforms others when predicting demand and margins. Additionally, we find that promotions attract 50% more consumers to the category as a whole. Sales promotions increase profits of not only the promoted but also all brands in the category.

3 - Modeling Product Entry and Pricing Decision in Differentiated Products Markets

Federico Rossi, University of North Carolina - Chapel Hill, Campus Box 3490, McColl Building, Chapel Hill, NC, 27599, United States of America, federico_rossi@unc.edu

Product entry is a common form of investment in most markets. The empirical supply analyses proposed so far in the literature, however, restrict their attention to pricing decisions only and ignore product entry (e.g. BLP 1995) In this paper we propose a dynamic structural model to empirically investigate both product entry and pricing decisions of firms in differentiated products markets. We estimate our model using data from the ready-to-eat cereal market and we illustrate its benefits in two analyses. In the first analysis we provide an assessment of the effect of demand uncertainty and entry deterrence on new product entry. In the second analysis, we quantify the implications of the exogenous product portfolio assumption of the standard pricing models on the validity of their counterfactual analyses.

■ TC12

Room 22

Modeling Firm Decisions

Cluster: Special Sessions

Invited Session

Chair: Harikesh Nair, Associate Professor of Marketing, Stanford University, Graduate School of Business, 518 Memorial Way, Stanford, CA, 94305-5015, United States of America, harikesh.nair@stanford.edu

1 - What Can Television Networks Learn From Search Engines? How to Select, Order, and Price Advertisements to Maximize Advertiser Welfare

Kenneth C. Wilbur, Duke University, Fuqua School, Durham, NC, United States of America, kenneth.wilbur@duke.edu, David Kempe

Television advertising revenues are falling after years of growth due, in part, to digital video recorder proliferation. We consider the television network's problem of how optimally to select, price, and order advertisements in order to maximize audience value. We propose that television networks should shift from managing and selling time to managing and selling viewer attention in order to eliminate negative externalities among advertisers within a break. We show that there is no optimal advertisement ordering heuristic when the viewing audience contains multiple segments. We propose the Audience Value Maximization Algorithm (AVMA), a computationally feasible secondbest solution that considers many possible advertisement orderings within a dynamic programming framework. We use market data to estimate the algorithm's primitives and evaluate how AVMA performs relative to standard practices. We discuss how to extend the algorithm to accommodate advance selling, audience bundling, and branded entertainment.

2 - Testing for Asymmetric Information in Pricing Contracts: The Role of Firm's Policy Functions

Harikesh Nair, Associate Professor of Marketing, Stanford University, Graduate School of Business, 518 Memorial Way, Stanford, CA, 94305-5015, United States of America, harikesh.nair@stanford.edu, Anita Rao

Using a large database of auto-insurance contracts, we test whether asymmetric information considerations are quantitatively and economically important for the pricing of consumer driving risk. While asymmetric information is plausible, the ability of the firm to set prices based on observed driving history and demographics suggests a possibility that it may not be qualitatively important. In the latter case, the consumer pricing problem for the firm is simpler, one of third-degree price discrimination. To implement the test, we leverage access to comprehensive policy-functions that determine the exact rules by which the focal firm sets premiums to consumers. The availability of the pricing rules imply our test has more power than commonly used approaches in the literature to detect asymmetric information. Our preliminary results suggest little or no asymmetry in information between policy-holders and the insuring firm. Our approach is relevant for several other financial products that involve pricing of consumer risk, including lines-of-credit, leins, loans and credit-card price setting.

3 - Estimating Structural Models of Competing Platforms in Two-sided Markets

Minjae Song, University of Rochester, Simon School, Rochester, NY, United States of America, minjae.song@simon.rochester.edu

In this paper I estimate theory-based structural models of two-sided markets with competing platforms. Given platforms' attributes and (two) prices, agents of each side decide which platforms to join. Platforms set prices to maximize the sum of profits that they earn from the two sides. There are two demand equations to be estimated, and both should be used in estimating platforms' operating costs because of cross-group externalities. The price elasticity does not have a closed form when each set of agents cares about the presence of the other set of agents. I consider a two-sided single-homing model as well as a competitive bottleneck model. In the single-homing model agents of both groups use only one platform (single-home). In the competitive bottleneck model one set of agents single-homes while the other uses as many platforms as it likes (multihome). I compare the two models using Monte Carlo simulations.

4 - Advertising Pass-through: Who Reaps the Benefits of Advertising?

Michaela Draganska, Stanford University, Graduate School of Business, Stanford, CA, 94305, United States of America, draganska_michaela@gsb.stanford.edu, Ping Li

Manufacturers and retailers pursue different objectives and exert control over different components of the marketing mix. The diverging interests of manufacturers and retailers famously give rise to the double marginalization problem, but have consequences far beyond price setting. In this paper we show in a simple theoretical model that the retailer reacts strategically to manufacturer advertising by increasing the retail price of the advertised brand in order to harvest the "pull" effect of advertising. We empirically support the predictions of our theoretical model with data from 145 brands in 16 product categories ranging from food to non-food items over a period of 123 weeks. Our empirical model focuses directly on the equilibrium relationship between retail prices on the one hand and wholesale prices and advertising expenditures on the other hand. The data support the prediction of the theoretical model that the retailer reacts strategically by in-store price setting to manufacturer advertising. Moreover, for the majority of brands the impact of advertising expenditures on retail prices is positive.

■ TC13

Room 23

Continuous-Time Marketing

Cluster: Special Sessions
Invited Session

Chair: Olivier Rubel, Assistant Professor, University of California, Davis, CA, 95616, United States of America, orubel@ucdavis.edu

1 - Manufacturer's Promotional Support in a Dynamic Retail Duopoly
Anand Krishnamoorthy, University of Central Florida, 4000 Cenral Florida Blvd., Orlando, FL, 32816, United States of America, akrishnamoorthy@bus.ucf.edu, Ashutosh Prasad, Xiuli He, Suresh P. Sethi

We examine a distribution channel consisting of a manufacturer selling through one or both of two competing retailers. The retailers compete for market share using advertising. The manufacturer decides on its support for the retailers' advertising activities by announcing cooperative advertising subsidies called "participation rates." We formulate the problem as a Stackelberg differential game and reduce it to merely solving a set of algebraic equations. A nearly explicit feedback Stackelberg equilibrium is obtained. We find that the manufacturer should offer the cooperative advertising policy to only one retailer and even then, only when a "participation threshold" depending on the model parameters is exceeded. We identify the levers that determine the optimal participation rate. Furthermore, we obtain important insights into how sensitive the optimal solution is with respect to the parameters. We show that retail-level competition induces the manufacturer to offer a higher level of support to the supported retailer and over a wider range of parameters when compared to the results obtained in a one-manufacturer, one-retailer setting.

2 - Dynamic Pricing for Subscription Services
Gila E. Fruchter, Bar-Ilan University, Graduate School of Business Admin., Ramat-Gan, 52900, Israel, fruchtg@mail.biu.ac.il, Simon Pierre Sigué, Z. John Zhang

In this paper we examine the optimal pricing policy for a subscription-based service provider in a market where it needs to grow the customer base and manage the terminations of customer relationships over time. We assume that both attraction and attrition of customers are influenced by the current number of subscribers and price, and that the service provider's goal is to maximize the sum of discounted profits over a planning horizon. Formulating an optimal control problem for a general model under the above assumptions, we find a unique optimal pricing policy in a closed form that depends on the number of subscribers (feedback solution). The optimal feedback policy consists of a one-time activation fee, a recurring subscription fee and a cancellation fee. Furthermore, we show, through a parametric model, that under certain conditions, a penetration strategy is optimal for the activation fee, low at the beginning, increasing with the number of subscribers, while the optimal cancellation fee follows a skimming strategy, high at the beginning and decreasing with the number of subscribers. The intuition behind the results is that the monopolist should apply a lower introductory activation fee and a higher cancellation fee to increase rapidly the size of its customer base by attracting and retaining as much as possible new customers at the early stages. As the customer base grows, both the activation and cancellation fees should gradually increase and decrease, respectively, to allow the monopolist to only attract and retain customers who are fully profitable from the outset. In the meantime, the subscription fee starts high and monotonically decreases with the number of subscribers, until the stationary level is reached. These results indicate that the monopolist should attract and maintain customers at early stages through low activation and high cancellation fees; however it should temporarily exclude customers who cannot afford a higher range of monthly fees.

3 - Optimal Advertising when Envisioning a Product-harm Crisis
Olivier Rubel, Assistant Professor, University of California, Davis, CA, 95616, United States of America, orubel@ucdavis.edu, Prasad A. Naik, Shuba Srinivasan

How should forward-looking managers plan advertising if they envision a product-harm crisis in the future? To address this question, we propose a dynamic model of brand advertising in which, at each instant, a non-zero probability exists for the occurrence of a crisis event, which hurts the brand's sales when the crisis occurs and attenuates the marketing effectiveness after the crisis. Because managers don't know when the crisis will occur, its random time of occurrence induces a stochastic control problem, which we solve analytically. More importantly, we gain an insight that the possibility of crisis alters managers' rate of time preference: crisis likelihood enhances impatience. We then derive optimal advertising strategies and discover the main and interaction effects of the crisis likelihood and the damage impact. For example, we prove that the optimal precrisis advertising decreases as the crisis likelihood increases. In addition, using market data from the Ford Explorer's rollover recall, we not only furnish evidence to support the proposed model and establish the timing of structural break, but also detect a compensatory effect in parametric shift: ad effectiveness increases, but carryover effect decreases. Finally, we find reasonable correspondence between the observed and optimal ad spending decisions.

4 - Dual Role of Price and Myopia in a Marketing Channel
Sihem Taboubi, GERAD, HEC Montréal,, 3000, Chemin de la Côte-Sainte-Catherine, Montréal, QC, H3T 2A7, Canada, sihem.taboubi@hec.ca, Georges Zaccour, Guiomar Martìn-Herrán

This paper investigates the impact of retailer myopia on the pricing strategies and payoffs of channel members. We consider a dynamic two-player channel where the retail price affects both the demand and the quality of the brand. The manufacturer controls the wholesale price and the investment in quality and the retailer chooses the retail price. A myopic retailer is an agent that disregards the impact of its pricing strategy on the evolution of the perceived brand quality. One of the model's distinctive features is that it accounts for the two meanings of price, i.e., its classical objective measure of the cost of acquiring a particular quantity of the product, and its subjective roles as an assessment of the quality of the product and an evaluation of gains or losses (deal vs sacrifice) resulting from buying a product perceived as cheap or expensive. This dual computation is done with respect to a reference price that the consumer has in mind.

■ TC14

Room 24

CSR

Contributed Session

Chair: Pamela Morrison, Professor of Marketing, Australian National University, Australia, pamm@unsw.edu.au

1 - Talk About Good Deeds: Assessing the Impact of CSR Communication Using the CSR Personality Scale
Meike Strasser, University of Basel, Peter Merian-Weg 6, Basel, Switzerland, meike.strasser@unibas.ch, Daniela B. Schäfer, Karsten Hadwich, Manfred Bruhn, Stephanie Bothe

The communication of a company's corporate social responsibility (CSR) involvement with its impact on consumer perceptions of the CSR involvement, consumer attitudes, and behavior is a topic of "hot debate" both in research and practice today. Nevertheless, we identified three major gaps in previous research. First, the perception of a company's CSR involvement has not yet been measured comprehensively. Second, the effectiveness of CSR communication in matching corporate self-image with consumer-perceived image has not been empirically examined. Third, the impact of CSR communication on the buying decision process is still strongly debated, and, with this, the importance of CSR communication for marketers. The current paper aims to fill these research gaps. Therefore, we apply the CSR personality (CSRP) scale for the first time to measure the perceived company's CSR involvement. Our findings indicate that consumers who are informed about a company's CSR involvement through CSR communication evaluate a company's CSRP more positively than uninformed consumers. The results also show that CSR communication constitutes the key for marketers to achieve congruence between corporate self-image and consumer-perceived image with respect to the CSRP. Moreover, both CSR communication and congruence have a positive effect on outcome variables, such as consumer satisfaction and purchase intention. Hence, the findings emphasize the relevance of CSR communication for marketers. These results not only offer insights into the importance of communicating CSR involvement but also serve to promote the use of the CSRP-scale as a comprehensive instrument for measuring the perception of a company's CSR involvement.

2 - Consumer Reactions to CSR Brands: The Role of Face Concern
Lisa C. Wan, Assistant Professor, Lingnan University, BU 204, Lingnan University, Hong Kong, Hong Kong - PRC, lisawanwan@ln.edu.hk, Patrick Poon

With the increasing concerns about corporate ethics and social performance, issues of corporate social responsibility (CSR) have become a critical topic and started to receive research attention (e.g., Brown and Dacin 1997; Sen and Bhattacharya 2001). According to Brown and Dacin (1997), CSR is defined as "the organization's status and activities with respect to its perceived societal obligations". Although prior research has found that consumer attitudes toward socially responsible companies are largely positive, little attention has been paid to examine how a consumer's personal value would influence his/her evaluations of and reactions to CSR brands. This paper argues that a value construct—face concern—would shed new lights on the existing CSR literature. The concept of "face" is a positive image of self that is affirmed through interaction with others. Face concern can be defined as the extent to which an individual shows regard for and interest in the protection and enhancement of face (Chan, Wan, and Sin 2009). Prior CSR research has pointed out that identifying oneself with companies associated with CSR activities can maintain one's positive self-image (Sen and Bhattacharya 2001). In this regard, purchasing CSR brands may contribute to face enhancement. Given this face enhancement function, we argue that when compared to consumers with a low face concern, those with a high face concern may: (1) give a better evaluation on CSR brands, (2) have a higher purchase intention on CSR brands, and (3) are more willing to recommend CSR brands. Results from an experiment support these arguments.

3 - The Dimensions of Public Perceptions of Corporate Social Responsibility: Segments and Their Trends Over Time
Pamela Morrison, Professor of Marketing, Australian National University, Australia, pamm@unsw.edu.au, John Roberts, Charlie Nelson

Corporate Social Responsibility has become an important social and business issue as the role of stakeholders beyond the firm, its customers and consumers gains visibility. In this paper we analyse a longitudinal survey of community perceptions of firms' CSR performance over a four year period. We show that CSR perceptions

may be understood in terms of individuals' beliefs about ethical consumption, their level of scepticism about firms' CSR efforts, and their view of the role of market mechanisms. We examine the nature of heterogeneity on these three factors, including how different segments cluster on them. We then move from a respondent view to a firm view, analyzing the distribution of beliefs about individual organizations. We close with a study of how perceptions have changed, using three waves of survey data.

■ TC15

Room 25

CB: Perception II

Contributed Session

Chair: Francesco Massara, Assistant Professor of Marketing, IULM University, Via Carlo Bo' 1, Milan, 20143, Italy, francesco.massara@iulm.it

1 - Personal Epistemology in Marketing

Eyal Yaniv, Bar Ilan University, Ramat Ilan, Ramat Gan, Israel, yanive@mail.biu.ac.il

Personal Epistemology is the study of individual beliefs about the nature of knowledge and knowing. These may include beliefs about the structure, the certainty, the justification, and the acquisition of knowledge. Personal Epistemology as a research domain encompasses studies conducted in psychology and education under various names: epistemological or epistemic beliefs, epistemological thinking, and more. While discussing Personal Epistemology, the educational and psychological literatures focus, mainly, in developmental aspects. Researchers are interested in the development of individuals' epistemology and beliefs, especially during adolescence and early adulthood. However, there are strong evidences that individual differences exist among adults. I suggest that individual beliefs about the nature of knowledge and knowing should be considered by scholars of marketing and management. The purpose of the current study is to introduce Personal Epistemology to the marketing discourse. Studying the relationship between personal epistemology and other constructs might advance our understanding of consumer behavior, advertizing and marketing management. Synthesizing ideas developed in personal epistemology research into existing marketing theories can refresh those theories, or even initiate the development of new ones. Various areas in marketing research can benefit from interacting with Personal Epistemology. To mention some of them: decision making, advertizing, brand perception, innovation, creativity, marketing strategy and more.

2 - Done That: Modality-consistent Procedural Fluency Effects on Product Evaluations

Hao Shen, Assistant Professor, Chinese University of Hong Kong, Room 406, Leung Kau-Kui Building, Hong Kong, Hong Kong - PRC, shenhao@baf.msmail.cuhk.edu.hk, Akshay Rao

In this paper, we consider the impact of a recently performed action or procedure on subsequent product evaluations during which the same action or procedure is performed. We suggest that practicing a procedure might increase the ease with which people apply it in a later situation. If consumers happen to re-use that procedure while processing information about a product, the experience of "fluency" associated with the re-use of the procedure could be misattributed to the product, thus enhancing product evaluations. Study 1 demonstrated that exposing participants to visual stimuli that employ objects moving slowly during an initial task evaluated a product more favorably if it appeared slowly (rather than quickly) on computer screen in a subsequent task. Study 2 showed that initially exposing participants to slow-paced speech enhanced their subsequent evaluation of a product if they examined it while listening to slow-paced music, relative to when they listened to fast-paced music. However, this effect disappeared if the procedural prime employed a different modality (a visual prime using fast paced objects). Study 3 examined a different motor procedure and showed that participants who were induced to read maps from top to bottom subsequently evaluated a product more favorably if the product stimulus descended (rather than ascended) on computer screen. These studies provide converging evidence that priming a motor procedure in one situation can facilitate the application of that procedure in a later unrelated situation and, consequently, can influence the evaluation of a product that consumers examine using such a procedure.

3 - A Markov Cascade Analysis of Information Strategies: An Application to Comparison Websites

Wei Shi, PhD Student, R.H School of Business, University of Maryland, VMH 3330J, University of Maryland, College Park, MD, 20742, United States of America, wshi@rhsmith.umd.edu, Michel Wedel, Rik Pieters

This study investigates consumers decision processes on comparison websites. We use eye tracking to document the consumers' decision making on the comparison matrices, in an experiment where we expose them to either a vertical or a horizontal presentation format. We postulate a framework for information acquisition and processing that consists of an eye-movement activity level, an acquisition procedure level, and a processing strategy level. We identify acquisition by attribute and by product as two acquisition procedures; processing by attribute and by product as two processing strategies. We propose and test a new Markov Cascade Model, a hierarchical Hidden Markov Model with two hidden layers, to capture the usage of and switching among these different procedures and strategies during decision making. Model tests provide evidence of the proposed three-level vertical structure and the model estimates quantify switching between acquisition and between processing by attribute and by product. We find that adoption of both the acquisition procedure and the processing strategy are influenced by the information presentation format, and as a result, product choice varied between those conditions as well. Respondents switch strategies four to nine times per ten seconds while making decisions on comparison websites. More frequent strategy switching leads respondents to consider the decision process more difficult. The results support several recommendations for the rapidly growing comparison website industry. The new insights into the fundamental decision process also point towards several promising future research avenues.

4 - Context-specific Information Processing: Investigating Circumstances that Improve the Retention of Message Content

Francesco Massara, Assistant Professor of Marketing, IULM University, Via Carlo Bo' 1, Milan, 20143, Italy, francesco.massara@iulm.it, Thomas P. Novak

We investigate the relationship between imagery and discursive processing of information content in contexts where one or the other type of processing is prevalent. We compare the retention of the content in episodic memory obtained in an experiment (a recognition task) where participants studied pictures or words either in an imagery-enhancing (a 3D virtual world) or in a discursive-enhancing context (a traditional web browser). The results show a contrast effect when the exposure time is sufficiently high, that is, measured recognition accuracy increases when content and context mismatch. We do not find that the effect persists at very low exposure time. This result fits our theoretical framework which informs that assimilation/contrast and congruence/incongruence theories make different predictions about episodic memory retention. The former relates to a more shallow form of encoding (lower elaboration) predicting an improvement in mismatching conditions because of a contrast effect between the processing style used within the context and the processing style adopted during the task. The second relates to a deeper encoding (higher elaboration) predicting an improvement in matching conditions, because of congruence between the context and the task. With exposure time sufficiently above a certain threshold and under shallow encoding we find higher accuracy with mismatching content and context, thus providing opening support to the former hypothesis and to the theoretical framework. We discuss the implications for advertising and media selection.

Thursday, 3:30pm - 5:00pm

■ TD01

Room 02

Meet the Editors II

Cluster: Special Sessions

Invited Session

1 - Meet the Editors II

Editors of leading journals for marketing academics will present their editorial policies and perspectives. The following editors are represented: Journal of Marketing – Ajay Kohli; Management Science – Pradeep Chintagunta; Quantitative Marketing and Economic – Greg Allenby; Journal of Service Research – Roland Rust; Journal of Product Innovation Management – C. Anthony Dibenedetto.

■ TD02

Room 04

CRM: Customer Equity II

Contributed Session

Chair: Hua-Ning Chen, National Taiwan University, Rm. 608, Bldg B, No.75, Sec.3, Keelung Rd, Taipei, Taiwan - ROC, huaningchen324@gmail.com

1 - Handling Seasonality in Customer Lifetime Value (CLV) Calculations

Kerem Tomak, VP, IRI, 150 N. Clinton Rd, Chicago, IL, 60661, United States of America, kerem.tomak@infores.com, Michael Kruger

Quantification of a customer's contribution to a company's current and future revenue stream attracted considerable attention from both the practitioner and academic communities (see Gupta et al. 2006 for a recent review). Suggested metrics not only help score a customer as a high or low spender, they also help improve segmentation and promotion targeting efforts. A number of authors suggested Customer Lifetime Value (CLV) metrics. One such stream of research (Fader et al. 2001, 2005, Abe 2009) builds upon the Pareto/NBD framework of Schmittlein et al. (1987), due to its appeal to business intuition and robustness and attempts to make it suitable for practitioners' use, with links to RFM models. In many consumer markets, shopping patterns of customers change based on different levels of seasonality. Magnitude of seasonality varies by the type of the product consumed. Impact of these cross-product purchase patterns on the recency and frequency of customer visits to online and offline retail stores in turn may change the way CLV metrics are calculated. We use several data sets to implement versions of Pareto/NBD, BG/NBD CLV models suggested in the previous literature and show (i) the impact of seasonality on the associated model's robustness and (ii) suggest ways to incorporate seasonality consistent with the underlying models.

2 - The Role of Attitudes in Customer Value: Does the Contractual Nature of the Relationship Matter?

F. Javier Sese, University of Zaragoza, Maria de Luna s/n, Zaragoza, Spain, javisese@unizar.es, Yolanda Polo, V. Kumar (VK), J. Andrew Petersen

How are customer attitudes related to customer value? This question has been the focus of extensive marketing research. Despite the large number of studies investigating this topic, we lack a comprehensive model that identifies the multiple and complex linkages between attitudes and customer value, as well as their contribution to business performance. As marketing strives for greater accountability, this knowledge becomes of paramount importance to identify the most critical drivers of customer value and justify spending valuable resources on marketing initiatives. Thus, the primary objective of this research is to understand how customer attitudes are related to customer value. To do so, we develop a conceptual framework that makes explicit the different ways through which attitudes contribute to build customer value. In this framework, we acknowledge that the role of attitudes in customer value may vary for customers with high (contractual) and low (non-contractual) relational orientations. We empirically test the framework using data from a contractual (banking) and a non-contractual (high-tech) setting. Using a random intercept SUR model, the results show that attitudes are a key driver of customer value in a contractual setting, as they encourage customers to engage in purchase behaviors, improve the effectiveness of marketing activities, and make marketing resources more efficient. For the non-contractual setting, the results reveal that attitudes are not a significant driver in enhancing the marketing effectiveness and efficiency due to interactions occurring only at irregular time intervals. To gain insight into the financial implications of attitudes, we perform a simulation exercise to demonstrate how changes in attitudes affect each customer's CLV.

3 - Can Three Behavioral Dimensions Sufficiently Describe Customer Relationships?

Moritz Mink, Research Associate and PhD Student, Frankfurt School of Finance & Management, Sonnemannstrasse 9-11, Frankfurt, 60314, Germany, m.mink@frankfurt-school.de, Dominik Georgi

There are several constructs characterizing customer relationships, including relationship strength, intensity, frequency, quality, length, depth, breadth, and closeness. However named, all these terms are employed to describe that aspect of a relationship that implies the likelihood of its continuing (Barnes 1997). In recent literature one can find reasoning to distinguish between qualitative/attitudinal and quantitative/behavioral measures, the latter being easily observable in the form of real customer behavior. Especially the length, depth, and breadth of a relationship nicely complement one another towards a triad of behavioral dimensions (Bolton et al. 2004). To reduce complexity, we therefore propose to focus on those as the three key dimensions characterizing a customer relationship. In doing so, we interpret the length as the time duration since relationship initialization, the depth as frequencies of usage and interaction and up-selling status, and the breadth as cross-selling rate and, going beyond the usual, as balance of product ownership and breadth of channel usage. We hypothesize that these three relationship dimensions influence future customer behavior, more specifically new product purchases within an existing relationship. Finally, we test our hypotheses using a retail bank's data comprising about 1 million customers. The data set is assembled from different source systems, enabling us to not exclusively focus on the purely transaction based aspects of customer behavior, but also control for attitudinal effects by including the results from a customer satisfaction query. Our preliminary results reveal significant influence of all three dimensions and therewith strongly support the triad to be a handy quality criterion for a customer relationship.

4 - Incorporating Price Promotion into Customer Base Analysis

Hua-Ning Chen, National Taiwan University, Rm. 608, Bldg B, No.75, Sec.3, Keelung Rd, Taipei, Taiwan - ROC, huaningchen324@gmail.com

Customer relationship management (CRM) has been a prevalent aspect of marketing research for the past decades. There are many researchers have become concerned about issues like customer churn, attrition, retention, and CLV. There is a common agreement that marketing activities should be evaluated by measuring their impact on CLV (Rust et al. 2001 Blattberg et al. 2001, Jain and Singh 2002). In this study, we develop a probabilistic model to explore the relationship among marketing actions, customer loyalty and CLV. Empirically focusing on the price promotion impacts on customer loyalty and CLV, the research attempts to capture customer heterogeneity, as customers may have different propensities for responding price promotion, loyalty and subsequent impact on CLV. Our analyses show that the relationship of the loyalty–response to price promotion does vary across consumers as well as over time and that price sensitivity reduces with increasing loyalty. This relationship closely tied to CLV and critical managerial decisions such as resource allocation. Moreover, we also provide the implications of our study and how managers can use this knowledge to design efficient marketing programs for customers at a different loyalty level, so as to maximize CLV. We used data from scanner-data of a large retailer to illustrate the proposed framework empirically. The data span a period of five years. It not only contains sufficient shopping records at individual level to explore the relationship among marketing actions, loyalty and CLV, but provides long purchase histories to conduct forecasting test.

■ TD03

Room 06

Advertising: Consumer Response II

Contributed Session

Chair: German Zenetti, Goethe-Universität Frankfurt am Main, Gr¸neburgplatz 1, Frankfurt am Main, Germany, zenetti@wiwi.uni-frankfurt.de

1 - Short Term Effects of Advertising through Template Matching

Ralf van der Lans, Associate Professor, Rotterdam School of Management, Erasmus University, Burgemeester Oudlaan 50, Rotterdam, 3062 PA, Netherlands, rlans@rsm.nl, Michel Wedel, Rik Pieters

In this project we are interested in the short term effects of advertising on search efficiency. In the advertising literature, long-term effects of advertising have long been emphasized. However, there may be short-term benefits of advertising as well, caused by a strengthening of the brand-template in consumer memory after exposure to the ad. Stronger brand templates may benefit visual search for brands on shelves in the short run. The strength of this effect has not been documented. We are interested in establishing such short term gains, and investigate the specific aspects of the presentation of the brand in the ad that may affect findability. To investigate this, we construct a model that describes the eye-movement pattern of individuals while they are searching for a brand on the shelf. As a novel component of that model, we develop a template matching model, which captures the process by which individuals match the brand template, affected by prior advertising exposure, to the image on the product display.

2 - Cross Product and Online-Offline Advertising Synergies

Martin Schleicher, PhD Student, Columbia University, 3022 Broadway, Uris Hall 311, New York, NY, 10027, United States of America, mgs2116@columbia.edu, Asim Ansari, Sunil Gupta

Managers are often interested in understanding how different streams of advertising spend interact in a synergistic fashion to influence sales of products. Such interactions can occur when a) firms use multiple media for reaching customers, or b) when different products share a common brand name, but are advertised separately. The objective of this study is to model such interactive effects while accounting for both the short and long-term impact of advertising on sales. In particular, we investigate the nature of the interactions between online and offline advertising using data from a CPG firm that markets different products that are part of an umbrella branding structure. We develop a dynamic state-space model that accounts for various advertising primitives such as differential carryover effects and different types of wearout in investigating the nature of these interactions. We use hierarchical Bayesian MCMC methods for estimating our model parameters. The results of our econometric specification can be useful in guiding managers about allocating advertising spend across different media outlets as well as across product categories.

3 - The Effect of Media Advertising on Brand Consideration and Choice

Nobuhiko Terui, Professor, Tohoku University, Graduate School of Economics, Kawauchi, Aoba-ku, Sendai, 908-8576, Japan, terui@econ.tohoku.ac.jp, Greg Allenby, Masataka Ban

The nature of the effect of media advertising on brand choice is investigated in two product categories in analyses that combine household scanner panel data with media exposure information. Alternative model specifications are tested in which advertising is assumed to directly affect brand utility, model error variance, and brand consideration. We find strong support for advertising effects on choice through an indirect route of consideration set formation, and not directly affecting brand utility. Implications for media buying and advertising effects are explored.

4 - The Impact of Quantity and Perceived Quality of Different Advertising Media on Demand

German Zenetti, Goethe-Universität Frankfurt am Main, Grüneburgplatz 1, Frankfurt am Main, Germany, zenetti@wiwi.uni-frankfurt.de, Daniel Klapper

In this paper we introduce a new approach of how different adverting media channels influence demand of consumer goods purchase by combing different data sources. The effect of media on demand is modeled via goodwill, that a consumer gets individually from the advertising of a certain brand. In this dynamic model three data sets are used, i.e. sales data, advertising budget data and tracking data. Tracking data contain information about the perceived advertising quality and help to improve the identification of the goodwill production function as well as to estimate the effect of advertising via goodwill on sales. Demand is estimated by a random coefficient logit model for aggregate data (BLP model). The combination of mirco and macro data leads to more precise estimates of demand and in particular enables us to study the effect of advertising quality on demand.

■ TD04

Room 14

Impact of Social Media

Cluster: Internet and Interactive Marketing
Invited Session

Chair: Russell Winer, Professor, New York University, Stern School of Business, 40 W.4th Street, New York, NY, 10012, United States of America, rwiner@stern.nyu.edu

1 - A Blog-eat-blog World: A Multivariate Poison Process Model of Competitive Performance Implications of User Generated Content

Gaurav Sabnis, Doctoral Candidate in Marketing, Pennsylvania State University, 408A, Business Building, University Park, PA, 16802, gjs203@psu.edu, Rajdeep Grewal

Academics and practitioners alike recognize that user generated content (UGC), such as blog posts and youtube videos, about a product help to not only predict, but also boost the product's performance (e.g., sales). We build on the extant research on the UGC-performance relationship by studying it in the context of competition, and examine how a product's performance is influenced not only by its own UGC, but also by its competitors' UGC. We develop a multivariate Poisson-normal mixture model to capture the endogenous relationships between the performance measures (daily Neilsen ratings) and the UGC measures (daily volume of related blog posts and YouTube videos) over a period of 30 weeks for cable news shows on Fox News, CNN, and MSNBC that compete with each other on weeknights at the 7:00, 8:00, and 9:00 p.m. time slots. We assess the nature of competition between shows based on (1) daily changes in the share of viewership, and (2) the frequency with which the hosts criticize each other.We find that although the volumes of blog posts and youtube videos related to a show have a positive effect on the show's daily ratings, the strength of the positive effect increases as competitive intensity among the shows increases. We also find that blog posts and youtube videos related to a show's competitors have a positive effect on the show's ratings, when the competing shows tend to criticize each other. Our findings show that researchers and managers need to account for competitive effects when formulating and assessing strategies for encouraging user generated content for improving organizational performance.

2 - The Interdependence of Word-of-mouth Generation and Consumption

Russell Winer, Professor, New York University, Stern School of Business, 40 W.4th Street, New York, NY, 10012, United States of America, rwiner@stern.nyu.edu, Henry Assael, Sha Yang, Mantian Hu

With the fast growth of Internet usage and online social networks/communities, consumer evaluations and opinions of a product or service have become widely available. As a result, word-of-mouth (WOM) plays an even more important role today in shaping consumers' attitudes and buying behaviors. Prior work in marketing has mainly focused on the aggregate impact of WOM on product sales as well as the generation of WOM. Very little attention has been paid to the consumption or usage of WOM. In this paper, utilizing a unique dataset which collects information from the automobile category on whether a consumer uses WOM for making purchase decisions and generates WOM to others, we build a simultaneous discrete choice model and empirically answer questions which have been previously unexplored. We are particularly interested in studying the drivers of WOM generation/consumption and the interdependent effects of WOM generation (consumption) on WOM consumption (generation). Our empirical analysis leads to two main findings. First, we find that consumer product experience, media exposure and demographic characteristics have a differential impact on WOM generation vs. WOM consumption. Second, we find that WOM generation and consumption have a direct impact on each other after controlling for other observed and unobserved correlation. In addition, there exists asymmetry in such interdependence effects, that is, WOM generation has a significant and positive effect on WOM consumption, whereas WOM consumption has a significant and negative effect on WOM generation. Overall, these findings lead to important managerial implications on targeting for effective use of WOM as a marketing tool.

3 - Modeling Consumer Learning from Online Product Reviews

Sha Yang, Associate Professor, New York University, Stern School of Business, 40 W.4th Street, New York, NY, 10012, United States of America, shayang@stern.nyu.edu, Ying Zhao, Yi Zhu, Vishal Narayan

We propose a structural model to study the effect of online product reviews on individual consumer purchases of experiential products. Such purchases are characterized by limited repeat purchase behavior of the same product item (such as a book title), but significant past usage experience with other products of the same type (such as books of the same genre). To cope with the uncertainty in quality of the product item, consumers may learn from their experience with the same type of product, and others' experiences with the product item. Given the large number of reviewers, we model how consumers learn to different extents from different reviewers, and how reviewer credibility evolves over time. We apply the model to a panel dataset of book purchases collected from 221 consumers of a large product review website. We find that consumers learn more from online reviews of book titles than from their own experience with other books of the same genre. Decreases in product evaluations have a greater effect on choice probabilities than comparable increases, with significant cross-genre differences. The credibility of reviewers evolves non-linearly over time, with changes in the similarity between the consumer's and reviewer's purchases. We discuss managerial implications for product marketers and managers of websites which host reviews.

4 - Modeling Member Behaviors in User-generated Content Sites: A Semiparametric Bayesian Approach

Pulak Ghosh, pulakghosh@gmail.com, Young-Hoon Park, Chang Hee Park

In this research, we develop a joint model to understand and describe the inherent behaviors and interactions of the members over time through the medium of user-generated content (UGC) in online community. To this end, we propose a bivariate zero-inflated Poisson model to simultaneously model the daily counts of the two UGC-related activities (i.e., generating and accessing UGC) that explicitly capture the critical features of member behaviors in online community. In particular, we consider interdependences of the repeatedly measured behavioral events within members, model the dependence of the current event counts on the past event counts, and explore the probable nonlinear effects of the time at the individual level. Furthermore, we incorporate interactions among members by constructing a set of individual-specific time-varying measures in an integrated modeling framework. In our empirical analysis, we use a comprehensive database from an online community provided by one of the largest Internet portal sites in Korea, and demonstrate that our general model captures the key behavioral aspects of the member behaviors in the UGC site. Some of our primary findings are as follows: (1) UGC-generating and accessing activities are significantly correlated with each other within individual members; (2) The community managers play an important role in building and sustaining the community via content generation; (3) A member in the community is more likely to participate in the content-generation process as other members more actively respond to her content, and a member tends to access more UGC as others generate more UGC; (4) The elapsed time since a member's last visit has the nonlinear effects in the activeness and event rate of UGC-generating and consuming behaviors. As part of our substantive contribution, we highlight the model's ability to make accurate statements about the important metrics of the online community (e.g., the daily number of active members to the community).

■ TD05

Room 15

Strategy: Make or Buy

Contributed Session

Chair: Christine Ebling, University of Technology, 15 Broadway, Ultimo, 2007, Australia, christine.ebling@uts.edu.au

1 - Optimizing Make-or-Buy Decisions in Marketing: A Formal Model Merging Transaction Cost Economics and Resource-based Theory

Nicolas Zacharias, Technische Universität Darmstadt, Hochschulstr. 1, Darmstadt, Germany, nicolas.zacharias@stock-homburg.de, Ruth Stock, Niko Schmitt

This research provides new insights into make-or-buy decisions of marketing managers by considering new pathways into the theory of the firm. While transaction cost scholars focused mainly on the role of different governance structures for organizing economics activities (e.g., Coase 1937, Williamson 1975), resource-based scholars have emphasized competitive advantage (e.g., Barney 1991, Peteraf 1993). This study builds on a research stream in recent literature that combines these approaches. Thus, we integrate both theories in a formal model which allows us to investigate make-or-buy decisions with a new conceptual breath. For a particular transaction with given parameters about transaction specificity and the resource position of the firm, we prove that an optimal point of integration exists, i.e., an optimal governance structure on the continuum ranging from hierarchy (make) to market (buy). At this optimum the net transaction benefit relative to a market transaction is positive. Further, we prove under what conditions transaction cost economics or resource-based implications dominate a particular marketing decision. Our results show that on the one side, a strong resource position may lead to a decision leaning towards a hierarchical solution even in situations of low transaction specificity. On the other side, a weak resource position may lead to a market transaction, despite high transaction specificity. This research has interesting implications: First, firms exist if the net transaction benefit of a particular make-or-buy decision is positive relative to a market transaction. Second, firms pursue two objectives in transaction decisions: they minimize transaction cost and maximize their benefits.

2 - The Market Valuation of Outsourcing New Product Development

Néomie Raassens, Tilburg University, P.O. Box 90153, Tilburg, 5000 LE, Netherlands, neomie.raassens@uvt.nl, Inge Geyskens, Stefan Wuyts

As companies have grown comfortable with outsourcing, they have started to outsource strategic business functions that until recently had not been outsourced, such as new product development (NPD). Prior research has argued that outsourcing such strategic activities results in reduced firm performance. An important question, therefore, is how firms should "design" their NPD outsourcing arrangements to curb negative effects and increase the probability of improved firm performance. Numerous studies have suggested that firms can use both formal and informal governance mechanisms to mitigate transaction-cost concerns and sustain their competitive advantage. Given the context of NPD outsourcing, we focus on equity participation (formal) and prior tie selection (informal). We theorize and test that the effectiveness of equity participation and prior tie selection in an NPD outsourcing arrangement depends on the uncertainties the outsourcing firm has to cope with. We argue that equity participation is best suited to hedge against technological uncertainty, while prior tie selection is most effective to hedge against behavioral uncertainty arising from cultural distance. We empirically test our hypotheses using event study methodology. Our findings suggest that equity participation and prior tie selection serve different functions in hedging against uncertainty.

3 - Dual Governance and Innovation

Christine Ebling, University of Technology, 15 Broadway, Ultimo, 2007, Australia, christine.ebling@uts.edu.au, Anna Krzeminska

Innovation is an important driver of firm success (Teece, 1998). Increasing speed in changing market demands has led to the shortening of product life cycles and increasing costs of innovation (Slater, 1996; Teece, 1998). A huge body of literature has generated insightful knowledge on the relationship between variables covering technological, market and organizational aspects, and the success of innovations (e.g., Hurley and Hult, 1998; Schilling, 1998; Kirca, Jayachandran, and Bearden, 2005; Wolter and Veloso, 2008). We argue that a firm's innovation strategy can place it in the midst of a trade-off between the necessity of internal innovation activities enabling knowledge generation and transfer (Cohen and Levinthal, 1990; Grant, 1996) and the need for external knowledge input and higher efficiency of external innovation activities (Powell, Koput, and Smith-Doerr, 1996). Recent research has begun to explore the possibility that firms combine generic governance modes (i.e., combine internal, external and hybrid governance modes/innovation activities) to improve the success and market orientation of their innovations (e.g., Azoulay and Henderson, 2001; Veugelers and Cassiman, 1999). In this project, we investigate the impact of different types of dual governance, i.e., make-and-buy, make-and-ally, and buy-and-ally, on companies' innovation success and market orientation. More specifically, we focus on the relationship of dual governance choice and companies' engagement in radical versus incremental innovations and their market orientation as indicators of innovation success.

■ TD06

Room 16

Mobile Marketing & Social Influence

Contributed Session

Chair: Mengze Shi, University of Toronto, 105 St George Street, Toronto, ON, Canada, mshi@rotman.utoronto.ca

1 - Adaptive Personalization of Mobile News

Tuck Siong Chung, Assistant Professor, Nanyang Business School, Nanyang Technological University, Div of Mkt and Int Biz, S3-B1C-88, Nanyang Avenue, Singapore, SG, 639798, Singapore, atschung@ntu.edu.sg, Roland T. Rust, Michel Wedel

The advent of the Internet and the tremendous growth of mobile media offer increasing opportunities for individuals to capitalize on current information. However, the sheer amount of information available poses a great challenge for individuals to keep abreast of what is relevant and current. A personalized newspaper has a strong appeal to news readers as they are able to save time sieving through irrelevant news stories and at the same time receive more stories they are interested in. Existing news recommendation systems require a substantial amount of user involvements, in terms of manually customizing, categorizing or evaluating news items. In addition, a large majority of these systems operate in desktop computers. This poses a great disadvantage because there is an increasing demand for mobile devices providing ubiquitous information access, in other words to provide current news information even when individuals are away from the desktop computers. We propose an adaptive personalization system (APS) that alleviates the limitations of existing news recommendation systems. Our system personalizes news items in real time by filtering RSS news feeds, based on past usage behaviors, and delivers news on a mobile portable device. We set out to transform how news are consumed through a mobile device, by delivering more personalized and therefore richer and more targeted real-time pod-casting of business news. Our APS uses an unsupervised user-specific text-classification system, through a Naive Bayes classifier. In addition, it incorporates mobile social networks to personalize news-items.

2 - Measuring the Value of a Customer in Mobile Social Networking Services

Hikaru Yamamoto, Associate Professor, Seikei University, 3-3-1 Kichijoji-kitamachi, Musashino-shi, Tokyo, Japan, yamamoto@econ.seikei.ac.jp, Naohiro Matsumura

In this research, we propose a new method to measure the monetary value of a customer and his or her network using a unique data set from a leading mobile social networking service (SNS) in Japan. Mobile SNS are an emerging trend in which individuals of similar interests communicate with one another using mobile phones. The customers of these services spread word-of-mouth and invite new customers using electronic referral program. These invitations have been one of the driving forces for service providers to acquire new customers. In this research, we focus on these special customers, i.e., customers who contribute to the company's revenue by acquiring new customers, and examine the monetary value of word-of-mouth by incorporating the social factor to customer purchase analysis. The quantitative value of a customer in networks is often examined by the well-studied notion of degree centrality. The qualitative value of a customer is usually examined at the level of a single customer, not the network. The contribution of this research is that our approach captures both quantitative and qualitative aspects of the customer and his or her network. The results of empirical analysis show that our approach is useful in finding valuable customers for marketing activities and outperforms conventional metrics such as degree centrality.

3 - The Effect of Social Influence and Word of Mouth Behavior on Cell Phone Choice

Peter S. van Eck, PhD Candidate, University of Groningen, P.O. Box 800, Groningen, 9700AV, Netherlands, p.s.van.eck@rug.nl, Wander Jager, Peter Leeflang

Understanding customers is one of the foundational activities of marketers and entails recognition of the decision-making process that both individuals and groups of customers undergo. Segmentation strategies help to obtain a better insight in the decision-making processes of groups of consumers. However, these strategies often neglect the different social influences that are transmitted through word of mouth (WoM), such as ingoing and outgoing normative and informative influences. This study contributes to this field of research by combining choice-based segments with social influence within networks. In order to do this, a concomitant variable latent class model is estimated. This method allows us to identify latent classes, based on choice data in a conjoint study, and simultaneously estimate the relation between consumers' segment membership and several concomitant variables (i.e. WoM behavior and social influence). The model will give more insight in how segments differ with respect to these variables and how this affects the strategy that is needed to target the different segments. 500 respondents completed an online survey about cell phones. The survey includes questions about WoM behavior (number of relations, topic of conversations, importance for decision), social influence (incoming and outgoing) and 15 (conjoint) choice sets (4 alternatives, including a 'none' option; cell phones differ on 9 attributes). Our results show that some segments are more likely to use word of mouth as their primary source of information, while other segments primarily use review sites. Furthermore segments appear to differ with respect to their sensitivity to social influence. When developing strategies to target specific segments, these differences should be taken into account.

4 - A Dyad Model of Calling Behaviour with Tie Strength Dynamics

Mengze Shi, University of Toronto, 105 St George Street, Toronto, ON, Canada, mshi@rotman.utoronto.ca, Botao Yang, Jeongwen Chiang

This paper investigates the dynamic relation between the social ties and wireless phone service consumption. We construct a large pair-level panel dataset with information on the number of each pair's common contacts, calling activities, prices, and each caller's characteristics over a one-year time period. We estimate a dynamic model that encapsulates the evolving relationship between each pair of consumers. We find the amount of communication between a pair of consumers increases with the strength of their tie, which is greater when these two consumers share a larger number of common contacts. Our results support the reciprocity rule in telephone calls, i.e., when individual A initiates more (or less) phone calls to individual B in one month, their social tie will be strengthened (or weakened) and individual B will make more (or less) calls to individual A in the subsequent months. We demonstrate the implications of our results in evaluating the return of temporary price promotions and designing price plans. Our results underscore the importance of incorporating social network characteristics in the study of telecommunications markets.

■ TD07

Room 17

Channels: Design III

Contributed Session

Chair: Tao Chen, Assistant Professor of Marketing, University of Maryland, R. H. Smith School of Business, College Park, MD, 20740, United States of America, taochen@rhsmith.umd.edu

1 - Extended Warranties in a Distribution Channel

Lu Hsiao, National Chung Hsing University, 6F-4, #12, Lane 82, Gongguan Rd., Taichung, 403, Taiwan - ROC, hsiaolu@dragon.nchu.edu.tw, Chi-Cheng Wu

Retailers commonly offer extended warranties on top of the manufacturer's base warranties, and these extended warranties constitute a large portion of the retailers' revenues. In this paper, we argue that delegating the extended warranty to the retailers may be beneficial for the distribution channel. Moreover, while delegating the extended warranty to the retailer, the manufacturer intends to offer a longer base warranty. Additionally, in some situations, the consumers are offered a menu with the retailer's extended warranty, whereas a single warranty is made available if the warranties are designed and offered by the manufacturer. Surprisingly, with the retailer's extended warranty, the channel profit might be lower when the retailer's repair cost is relatively low, because the manufacturer may largely distort the base warranty to attract consumers. We further find that, a menu of warranties is more likely to be offered when the retailer relies on the manufacturer to repair rather than resorting to her own personnel or a third party. Finally, we observe that when the retailer relies on the manufacturer to repair, the manufacturer intends to inflate the cost in order to extract more revenue from the extended warranty, but this is detrimental to the distribution channel.

2 - How Does a Retailer's Service Plan Affect a Manufacturer's Warranty?

Xubin Zhang, HK Polytechnic University, HK, HK, China, msxubing@polyu.edu.hk, Bo Jiang

Service plans are a type of optional warranty beyond the manufacturer's base warranty that retailers offer to consumers. In this paper, we examine the impact of a retailer's service plan on a manufacturer's base warranty policy. Analysis shows that when consumers can assess product quality (i.e., the probability of product failure), the manufacturer offers a warranty if it is cost efficient in providing it while the retailer always benefits from offering a service plan. In the presence of a service plan, the manufacturer offers the warranty only if it is more cost efficient than the retailer. When consumers cannot assess product quality, a high quality manufacturer can signal by offering a greater warranty. While under certain conditions the presence of a service plan can enhance the manufacturer's incentives to signal, it can also negate the signal if the manufacturer is very cost efficient (relative to the retailer). Therefore, in general, a service plan can impede the manufacturer warranty, but the conditions can be contrary, depending on the information consumers have about product quality and the relative cost efficiency between the channel members. These findings have implications for manufacturers' warranty policy and its relationship with product quality. (Service Plans; Warranty; Signaling; Distribution Channels; Game Theory).

3 - Service Dynamics for Durable Goods

Tao Chen, Assistant Professor of Marketing, University of Maryland, R. H. Smith School of Business, College Park, MD, 20740, United States of America, taochen@rhsmith.umd.edu, Kannan Srinivasan, Jian Ni

Service for durable goods has been a big profit driver for manufacturers and retailers. This paper explores different roles the service plays for manufacturers and retailers. Using a two-period model, we demonstrate the commitment role of service for a monopolist manufacturer. We show that the manufacturer has incentive to monopolize the service market and eliminate the time inconsistency. When a retailer acts as the local monopolist in the service market, she has the incentive to presell the service and cross-subsidize between the product market and the service market. Our research helps understand the timing of service offering and profit mechanism for manufacturers and retailers.

■ TD08

Room 18

Retailing: Location

Contributed Session

Chair: Wun-Hwa Chen, Graduate Institute of Management, National Taiwan Normal University, No. 31, Shi-da Road,, Taipei, Taiwan - ROC, andychen@ntu.edu.tw

1 - Customer Waiting Time and Purchasing Behavior: An Empirical Study of Supermarket Queues

Andres Musalem, Duke University, 1 Towerview Drive, Durham, NC, United States of America, amusalem@duke.edu, Marcelo Olivares, Yina Lu

The design of services requires making decisions about service features, employee selection and training, staffing levels and standards of service quality. The traditional approach has been to design and manage services to attain a quantifiable service standard— for example, call centers are designed to guarantee that a fraction of their customers (say 95%) are served within a given waiting time (e.g., 30 seconds). These design decisions usually involve trade-offs between the costs of sustaining a certain service standard versus the value that customers attach to this level of service. In contrast with extant literature that focuses on subjective measures of service quality, in this paper we measure the effect of objective measures of service quality— in particular, waiting time of customers in a queue— on actual customer purchasing behavior. Accordingly we develop a methodology which can be used to attach a financial tag on the implications of having customers waiting for service. Our paper uses a novel data set which was collected through digital cameras and image recognition software. Conducting a pilot study in the fresh deli section of a large supermarket, we collected data on queue lengths and number of staff members providing service every 30 minutes during a 6 month period. In addition, we obtained point-of-sales (POS) data from all relevant transactions during this time period. The time-stamp of the POS transaction is used to link the snapshot data from the queue with the customer purchase data. A key feature of the supermarket we study is that a large fraction of their purchases are from loyalty card holders. This is used to construct a panel data set of customer purchases, which enables us to control for customer heterogeneity in purchasing behavior.

2 - Organizing Products with Complements versus Substitutes: Effects on Effort, Assortment Perceptions, and Store Preference

Kristin Diehl, University of Southern California, 3660 Trousdale Parkway, ACC 306 E, Los Angeles, CA, 90089, United States of America, kdiehl@marshall.usc.edu, Erica van Herpen, Cait Poynor

Retailers often display products from different categories together, thinking these complement-based organizations are more reflective of how consumers think and provide "a simplified shopping experience" (www.roomstogo.com). Yet little is known about how such displays affect consumers' decision processes. Prior research has focused on the organization of products in a single category (e.g. Simonson, Nowlis, and Lemon 1993) or on cross-category sales effects (e.g. DrËze, Hoch, and Purk 1994). We focus on situations where consumers are interested in purchasing a single product from a given product category and compare substitute-based organizations (i.e., grouping products by product category) with complement-based organizations (i.e., grouping products alongside complements). In 3 studies we examine how different groupings affect consumer search behavior, perceptions of the assortment and the decision process, and ultimately store choice. We show that, contrary to retailers' beliefs, shopping from complement-based sets takes longer and is more effortful than shopping from substitute-based sets. This increase in effort is experienced even though consumers search less broadly and less deeply for the target product. Past research suggests that because consumers find such purchasing effort aversive, retailers should avoid these demanding organizations. Yet, we find that complement-based organizations also create more positive assortment perceptions. Further, consumers extract meaningful information about the target product from surrounding complementary products. Interestingly, we see that even after experiencing heightened effort, consumers ultimately do not avoid, but rather, prefer complement-based to substitute-based organizations, particularly for hedonic products.

3 - The Influences of Location Features and Consumers' Life Styles of Department Stores on Consumers' Behavior in Taiwan

Wun-Hwa Chen, Graduate Institute of Management, National Taiwan Normal University, No. 31, Shi-da Road,, Taipei, Taiwan - ROC, andychen@ntu.edu.tw, Jen-Ying Shih, Ai-Hsuan Chiang, Shiou-Fen Tzeng, Shihyu Chou, I-Huei Wu

The departmental store industry has been faced with an Internet age worldwide in recent years. The basic survival principle for a department store is to satisfy consumer needs. However, consumers' consumption patterns are different due to the differences in location characteristics of department stores. A department store should study the consumption patterns of its consumers. The marketers of a chained department store also need to know how their consumer patterns differ from store to store. Although the location characteristics might influence the consumption patterns and in turn the business model of each individual store, research literature is scarce. In this study, following AIO model, we classify the consumer patterns of 5 stores of a chained department store located in different cities in Taiwan individually. A questionnaire is designed to ask individual consumers about their activities, interests and opinions, and their consumer behaviors. The location differences of 5 different cities are investigated in details. The formation of different consumption patterns of consumers in different stores is linked with location features and consumers' lifestyles. We conduct a large-scale survey that involves a sample with 1,524 consumers from five cities in Taiwan. The findings are helpful for those who are interested in launching businesses in Taiwan.

■ TD09

Room 19

New Products: Diffusion II

Contributed Session

Chair: Keren Haddad-Leibovich, Hebrew University, School of Business Administration, Jerusalem, Israel, kerenya@mscc.huji.ac.il

1 - Spatial Diffusion of Innovation: The Spatial Panel Model Approach

Yutaka Hamaoka, Professor, Keio University, 2-15-45 Minato-ku, Mita, 103-8345, Japan, hamaoka@fbc.keio.ac.jp

The spatial panel model is applied to a new dataset: monthly data of the number of ETC (Electronic Toll Collecting) devices newly installed in 47 Japanese prefectures since their introduction in March 2001. The model incorporates information on variables like the price of the device, selling campaigns, etc., as well as details regarding highways, namely, number of tolls accepting ETC devices, the length of the highway, and highway fees and discounts. Regarding the spatial panel model, this work estimates a spatial lag model, where the number of new installations depends on other prefectures, and a spatial error model, where the error term depends on others. Panel models that neglect spatial dependency are also estimated. The fit of spatial lag model was found to be the best among the two estimated models. The spatial dependency parameter was found to be positive and significant, thus confirming positive spatial externality. Further, in addition to the variables on ETC devices (namely, the price of the device and promotions), among the highway variables (namely, the number of tolls accepting ETC payments), the highway fee discount is also found to be positive and significant. The implications of these findings are discussed based on analysis marketing.

2 - From Birth through Maturity: An Investigation of a Market Evolution and its Dynamics

Piyush Kumar, Associate Professor of Marketing, University of Georgia, 130 Brooks Hall, Athens, GA, 30601, United States of America, pkumar@terry.uga.edu, Srinivas Reddy, Mayukh Dass

In this paper, we investigate how a market evolves from the time of its inception through its growth, maturity phase and decline phases. Using data collected for fifteen years from 46 traditional, live (Christies and Sotheby's) and online art auctions, we investigate the dynamics of the aggregate market, individual artists, as well as bidder behavior. The focus is on Modern Indian Art which came into being in the auction market only since 1995. Since then, the market grew from selling $2 million of art items annually to over $140 million in 2006. During this period over 14,000 art items were auctioned for a total value of $442.4 million, with over 3000 bidders participating in the online auctions. In this research, we investigate how some of the auction success parameters change over the market cycle, such as sales, total lots (art items) sold, percent of lots put up for auction that got sold, average price of lots sold and percent of lots sold above the auction house estimates etc. We also investigate the pattern of evolution of individual artists. Finally, we look at the price dynamics and the bidder dynamics in online auctions over the life cycle of the market. We discuss the managerial implications of our findings and provide guidance for how buyers, sellers, and auction houses can participate more efficiently over market life-cycles.

3 - The Takeoff of Environmental Technologies: An Evolutionary Analysis of Relevant Drivers

Giulia Calabretta, BI Norwegian School of Management, Nydalsveien 37, Oslo, 0484, Norway, giulia.calabretta@bi.no, Jordi Montaña

This paper addresses the problematic diffusion of green technologies as an evolutionary process driven by the repeated interaction of firm capabilities, managerial willingness, institutional rules and competitive dynamics. Through the quantitative analysis of longitudinal data in industries characterized by a high environmental impact (automotive, appliances, lighting), the paper investigates how and when these evolutionary factors affect the takeoff of environmental technologies. In order to examine the temporal pattern of interaction among evolutionary forces, survival analysis techniques and GLS regression have been used. The results suggest that technological performance, top management commitment, media pressure, and imitative behaviors contribute in accelerating the takeoff. Additionally, supporting regulation is important for accelerating the takeoff of environmental technologies, although its effectiveness depends on the type of regulatory tools. However, the significance of firm factors, institutional factors and market factors changes depending on the stage of the diffusion process (introduction, growth, and maturity).

4 - Estimating the Growth of Innovation Decliners Based on Penetration Data

Keren Haddad-Leibovich, Hebrew University, School of Business Administration, Jerusalem, Israel, kerenya@mscc.huji.ac.il, Daniel Shapira, Jacob Goldenberg

In many cases firms have accurate penetration data of their products which allows for generating the full adoption curve and model it. However, even when the data is completely accurate it tells us nothing about how many people had considered the new product and decided to decline its adoption. We term these individuals as decliners. Decliners are invisible: there is no information, usually, about the number of the decliners at each period. Nonetheless decliners leave traces on the penetration pattern. Those traces are originated by decliners both indirectly through the diminution of the pool of potential adopters and directly by applying negative word-of-mouth communication on their environment. The ability to estimate new products' declining rate is as valuable as the numbers of adopters as it provides a realistic representation of the actual draining of the innovation market potential. In this research we propose a method for estimating the time dependent growth of the decliners based on adoption data and a short time period sampling (near takeoff) of decliners among potential adopters. Using 4 different cases with full data on both adopters and decliners we demonstrate how the proposed model can be employed to uncover the total amount of the new product decliners given the adoption data and also enables prediction of future declining rates.

■ TD10

Room 20

Brands II

Contributed Session

Chair: Tobias Langner, Professor, Bergische Universität Wuppertal, Gauflstr. 20, Wuppertal, 42097, Germany, langner@wiwi.uni-wuppertal.de

1 - Conceptualizing Online Brand Experience

Fang Liu, The Hong Kong Polytechnic University, RM2083,1 Hung Lai Road, Hung Hom,Kowloon, Hong Kong, Hong Kong - PRC, ella.liu@polyu.edu.hk, Leslie Yip

To conduct retail business in the online environment can be more competitive than the brick-and-mortar marketplace as virtual competitors are only one mouse click away. Practical experience has shown that in order to survive in the turbulent virtual marketspace, an e-tailer need to provide its visitors a user friendly, quick response, content rich, and high quality service web site. Textbook wisdom generally assumes that successful online brand experience such as Amazon.com serves to increase conversion rate, transaction volume, trust and loyalty of the online brand in the long term. However, what is online brand experience? Is it a unit-dimensional or multi-dimensional construct? And how can it be evaluated or measured? To answer these questions, we have conducted extensive review on existing literature. We define online brand experience as sensory, affective, cognitive, social and behavioral responses evoked by a particular e-tailer' brand-related stimuli on its web site. According to our preliminary analysis, we postulate that online brand experience is holistic by nature which will consist of five components: sensory, cognitive, affective, social and behavioral dimensions. Next, we attempt to identify antecedents and outcomes of online brand experience. Positive online brand experience leads to customer satisfaction and develop brand trust and loyalty in the long term. Hitherto, published literature has acknowledged the importance of online brand experience yet no attempt has been made to conceptualize or measure the construct. Many scholars have been developing similar work in the experiential marketing area. We would like to share our ongoing work with scholars having similar interest in online research.

2 - Leadership Brands for Market Driving Strategy

Veronika Tarnovskaya, Lund University, P.O.Box 70801 22001, Lund, Sweden, veronika.tarnovskaya@fek.lu.se

Purpose The study explores the nature of brand vision and core values of ten market driving companies with strong corporate brands and the ways they are used in the marketing strategy. The companies are considered market driving if they pursue a change in the existing behaviours of market actors and market conditions. The focus of the study is on 1) similarities and differences among brand visions and core values and 2) companies' approaches for using vision and values in external marketing communications. Methodology We use a case-survey approach based on secondary sources such as corporate web-sites and web-commercials. We choose the cases of market driving firms with leadership brands according to Interbrand (2008-2009): IKEA; Skype, Google, Sony, Nike, CNN, Swatch, The Body Shop, Virgin and Starbucks. The discourse analysis of the texts is combined with the analysis of visual rhetoric of pictures and videos. Findings Among preliminary findings are: 1) All companies have clearly stated visions and/or missions that challenge their respective industry standards 2) The mission statements are comprised of action words which imply a certain change in people's lives 3) Core values are humanistic 4) Companies actively use vision and core values to create an emotional connection with customers 5) Companies increasingly create interactive communications with customers, encouraging their participation in the brand experience. Originality/value The study is the first to show that market driving companies actively use their corporate brand identities to add value to organization's products and services and, thereby, influence customer behaviors.

3 - The Behavioral Consequences of "Loving" Versus "Liking" a Brand and a Typology of the Origins of "Brand Love"

Tobias Langner, Professor, Bergische Universität Wuppertal, Gauflstr. 20, Wuppertal, 42097, Germany, langner@wiwi.uni-wuppertal.de, John R. Rossiter, Alexander Fischer, Dennis Kürten

"Brand love" is thought to be the strongest type of relationship that can develop between consumers and their brands. This small-scale though intensive study addresses two issues: how "brand love" differs from "brand liking" and how "brand love" originates. Consumers firstly stated their reasons for "loving" their most-loved brand and the reasons for "liking" their most-liked brand. The reasons were coded as either cognitive or affective. It was found that neither the nature nor the incidence of open-ended reasons given differed for "brand love" and "brand liking." The consumers then rated their most-loved brand and their most-liked brand on Sternberg's (1986) three "love triangle" dimensions of "decision commitment," "passion," and "intimacy." Significantly stronger (more positively extreme) ratings were observed for the most-loved brand, with the most intense rating occurring for "intimacy." Consumers lastly rated their brand attitude toward the most-loved brand and the most-liked brand and also reported the strength of relevant behaviors regarding both brands. It was found that consumers held a significantly more favorable brand attitude toward the most-loved brand than toward the most-liked brand and they also reported significantly greater purchase loyalty, willingness to pay a premium price, and frequency of recommending the brand. The open-ended reasons consumers stated for "loving" the brand led to a fivefold typology of the apparent origins of brand love. The five main origins of brand love can be described as "first love," "love at first sight," "grown love," "arranged love," and "inherited love." This typology is useful for marketers because it suggests how they might assist consumers to "love" their brands.

■ TD11

Room 21

Dynamic Structural Models

Contributed Session

Chair: Wonjoon Kim, GSITM, KAIST, Guseong-Dong, Yueong-Gu, Daejeon, Korea, Republic of, wonjoon.kim@kaist.edu

1 - A Dynamic Model of Firm Learning and Industry Shakeout

Qiaowei Shen, Assistant Professor of Marketing, The Wharton School, University of Pennsylvania, Suite 700 Jon M. Huntsman Hall, 3730 Walnut Street, Philadelphia, PA, 19104, United States of America, qshen@wharton.upenn.edu, Hongju Liu

New industries commonly experience a "shake-out" period when the number of firms drops significantly after a period of heavy entry. In some industries the number of firms declines by more than 50% in relatively few years. This paper proposes a model of shakeout as the result of a learning and selection process. Firms learn their true capability of competing in the market over time. Those firms who discover their true 'type' as 'high' would stay in the industry, while those who discover their true 'type' to be low are discouraged and would exit the industry. We model this learning and selection process with industry evolution in a dynamic game setting. Firms upon entry are uncertain about their true type and use the realized demand for their products in each period as signals to update their beliefs about type in a Bayesian fashion. The learning process of individual firms and their strategic interactions determine the evolution process and shape the industry structure. The model is applied to a data set of China's evolving microwave industry. Empirical results are discussed.

2 - Information Asymmetry in Internet Markets for Consumer Goods

Yulia Nevskaya, PhD Candidate, University of Rochester, Simon School of Business, 4-345 Carol G. Simon Hall, Box 270100, Rochester, NY, 14627, United States of America, yuliya.nevskaya@simon.rochester.edu

Firms usually know the distribution of tastes and price sensitivities across the consumer population (or do their best to learn it). At the same time, individual consumers are unaware of this distribution. This constitutes an information asymmetry. This paper shows that when an individual makes a purchase decision using consumer product reviews as her major source of information about the product quality, lack of information about consumer heterogeneity distribution does not allow her to correctly infer the true product quality from the reviews. The inferred product quality is systematically biased, and the bias depends on the consumer's characteristics. In the market with information asymmetry, a firm as a

strategic forward-looking agent can maximize its profits by setting the price to attract consumers who would give the product a high rating. Using a structural dynamic model and simulations, this paper shows that the firm still earns higher profits if consumers are informed about the consumer heterogeneity distribution, and therefore no information asymmetry exists in the market. It follows that it is in the interest of a firm to eliminate information asymmetry. The findings are in line with empirical evidence that firms selling products/services over the Internet (such as hotel booking web-sites) try to reduce information asymmetry, for example, by disclosing average product ratings by consumer types to their prospective customers.

3 - The Role of Firms' Strategic Innovation Decision in Shaping Patient Welfare in Pharmaceutical Industry: Innovate or Imitate?

Wonjoon Kim, GSITM, KAIST, Guseong-Dong, Yueong-Gu, Daejeon, Korea, Republic of, wonjoon.kim@kaist.edu, Paris Cleanthous

Convergence of technology, horizontal innovation, became one of the major driving forces of product innovation. On the other hand, improving existing product quality, vertical innovation, is still important for a firm to secure its existing market position or to enter a new market. Therefore, it is getting important for firms to solve this dilemma situation, whether to innovate horizontally or vertically, as the rate of technology convergence become faster. Therefore, this study analyzes firms' strategic innovation decision under this dilemma situation when there are uncertainty in both consumer choice and firms' technology innovation. We measure the effect of those uncertainties on pharmaceutical firms' strategic decision and reveal how these uncertainties shapes the firms' strategic decision. Consequently, we suggest innovation and marketing strategies which actively shaping those uncertainty. Such recognition provides us new perspective on optimal innovation strategy and broadens its scope of implementation.

■ TD12

Room 22

Forecasting I

Contributed Session

Chair: Winfried Steiner, Professor of Marketing, Clausthal University of Technology, Julius-Albert-Str. 2, 38678 Clausthal-Zellerfeld, Germany, winfried.steiner@tu-clausthal.de

1 - SKU Sales Prediction using Data Mining with Domain Knowledge

Ozden Gur Ali, Koc University, Rumeli Feneri Yolu, Sariyer, Istanbul, Turkey, oali@ku.edu.tr

Retailers rely on accurate sales forecasts of individual SKUs for decisions regarding operational efficiency, e.g. order quantity . Retailers also make pricing and promotion decisions, considering the impact on sales and profits, which in turn affect the sales. Studies have shown that managers expect the underlying prediction mechanisms of decision support systems to be transparent, make sense and be consistent in handling similar situations. Marketing literature has documented many effects of promotions on the demand of the promoted item and its substitutes in the same time period, as well as future time periods. Other drivers of sales include seasonality and availability of items in the store. These effects are moderated by the SKU, store, and category characteristics, some of which are static such as product brand, some of which vary in time such as market share. We devise an interpretable method that predicts SKU sales as a function of the pricing, promotion and product availability decisions by the retailers consistently across similar situations. The main characteristics of the method are as follows: 1) linear regression model with driver - moderator interaction terms for interpretability, 2) features (drivers and moderators) leveraging domain knowledge from marketing literature, 3) concurrent model estimation and feature selection using L1 norm regularization of model terms and an e insensitive error function, 4) pooling training data from different stores and subcategories for generalization capability. We evaluate our method with two multi-store large scale grocery databases from Turkey and the USA in terms of accuracy and interpretability against benchmark methods.

2 - Structural Breaks and the Value of Promotional Information in Forecasting Retailer Sales

Tao Huang, Lancaster University Management School, Bailrigg, Lancaster. UK, Lancaster, LA1 4YX, United Kingdom, t.huang@lancaster.ac.uk, Robert Fildes, Didier Soopramanien

Sales forecasting at the UPC level is important for the retailers in inventory planning. In practice, many retailers produce the forecasts using simple models with subjective adjustment for promotional events. The econometric models, which could be an effective way of incorporating promotional information, are not widely applied. This paper examines the performance of the econometric models in forecasting the product sales at the UPC level, asking whether this lack of application arises from poor performance compared to simple benchmarks. Standard models assume constant structure which may subsequently expose the models to structural breaks and then forecast failure. To tackle the problem, we modify the econometric models with three approaches: impulse saturation, intercept correction and estimation window combining. Categories are considered as a basis for generalising the empirical results. 29 categories were segmented using conceptual mapping technique and experiments were conducted for those which are distinguishable and representative. The results show that the econometric models outperform the benchmark (simple) models for most of the categories and their forecasting performance can be further improved by the three approaches we apply, especially for the non-promoted forecast period. This is probably because that the econometric models take concerns of the competitive promotional information. However, for one distinct category- the "Front-end-candies", the benchmark models proved superior. For the promoted period, the original econometric models generally yield the best performance. One implication of our research is to use the econometric models and the modified econometric models to forecast the promoted period and the non-promoted period separately.

3 - Functional Flexibility or Heterogeneity? An Empirical Study on the Predictive Performance of Price Response Functions

Winfried Steiner, Professor of Marketing, Clausthal University of Technology, Julius-Albert-Str. 2, 38678 Clausthal-Zellerfeld, Germany, winfried.steiner@tu-clausthal.de, Stefan Lang, Peter Wechselberger

Kalyanam and Shively (1998), van Heerde, Leeflang and Wittink (2001) or Hruschka (2006) have demonstrated the usefulness of nonparametric models to estimate pricing effects for frequently purchased goods. Brezger and Steiner (2008) have shown that nonparametric estimation of own- and cross-price effects can improve the predictive validity of a sales response model substantially, even when price response curves were constrained to show a monotonic shape, as suggested by economic theory. On the other hand, Blattberg and George (1991) and Montgomery (1997) have introduced hierarchical Bayesian parametric models to accommodate heterogeneity of price effects across stores. In those models, store-specific price effects as well depend on data from all stores but are allowed to differ across stores. In this contribution, we analyze whether accounting for functional flexibility or store-level heterogeneity has the greater benefit to improve the predictive performance of a price response function. For this purpose, we compare a homogeneous nonparametric versus a heterogeneous parametric price response model in terms of the Average Mean Squared Sales Forecasting Error (AMSE) in validation samples. Estimation of both models is fully Bayesian and uses recent MCMC techniques. To model own- and cross-price effects nonparametrically, we use a Bayesian version of P-splines originally proposed by Eilers and Marx (1996). For empirical illustration, we use weekly store-level scanner data of a major supermarket chain providing information on unit sales and retail prices for brands of orange juice in 81 stores of the chain.

■ TD13

Room 23

Pricing: Willingness-to-Pay

Contributed Session

Chair: Florian Dost, Research Assistant, ESCP Europe, Heubnerweg 6, Berlin, 14059, Germany, florian.dost@escpeurope.de

1 - The Informational Role of Product Trade-ins for Retailer Pricing

Anthony Dukes, University of Southern California, ACC 306E, Marshall School of Business, Los Angeles, CA, 90089, United States of America, dukes@marshall.usc.edu, S Siddarth, Ohjin Kwon

We investigate how a retailer in a durable goods market utilizes consumers' trade-in information in its pricing behavior and how much benefit they derive from such information. We theorize that a retailer can exploit a buyer's decision to bring a trade-in and the type of the trade-in to set a price closer to the buyer's willingness to pay for a new product. We test the implications of our theory using transaction data for new car purchases in which we observe the buyers' trade-in decisions. Our empirical results show that consumers who traded-in the used vehicles paid higher price for a new car than those who did not trade-in. Also, the more similar the trade-in was in make or model of the new vehicle, the higher price the consumer paid for the new car. Finally, we estimate that the value of trade-in information is worth up 0.17% of the dealer's revenue.

2 - Traditional Willingness-to-pay in the Light of Willingness-to-pay-as-a-range

Robert Wilken, Assistant Professor, ESCP Europe, Heubnerweg 6, Berlin, 14059, Germany, robert.wilken@escpeurope.de, Florian Dost

Valid measurement of consumers' willingness to pay (WTP) is essential for optimal pricing decisions. Traditional methods and concepts define WTP as a single point that divides buying from not buying. However, in light of preference and choice uncertainty, measured WTP follows some distribution and should thus be conceptualized as a range of prices and respective choice probability. Unfortunately, existing methods to measure WTP-range lack theoretical coherence. Furthermore the mental processes of consumers are unknown when confronted with such a WTP-range based method in contrast to a traditional single-point method. Understanding the latter aspect is crucial to rule out the possibility of severe method bias. Using two quantitative studies, one with a student and one with a professional's sample, we first show that traditional, single-point-based methods estimate the expected WTP while WTP-range based methods additionally capture variance in WTP. Then, we develop an own, theoretically sound method called "BDM-Range" that also captures variance in WTP and is based on an incentive-aligned lottery mechanism. This approach is promising: Besides theoretical superiority, we find that it reaches the same predictive performance and comparable estimates as existing methods. Additionally, the latter result implies that method bias is unlikely. To complete our findings, we conduct a third study. Using qualitative in-depth interviews we gain insight into whether WTP-range based methods truly capture uncertainty motivated variance. First results support the notion that WTP-range method respondents give insight into their choice probability distribution whereas traditional single-point methods force respondents to state an average of choices over price.

3 - Separating WTP Elicitation from Choice-based Conjoint Analysis

Florian Dost, Research Assistant, ESCP Europe, Heubnerweg 6, Berlin, 14059, Germany, florian.dost@escpeurope.de, Robert Wilken

Choice-based Conjoint Analysis (CBC) is frequently used to measure consumers' willingness to pay (WTP). Literature highlights that compared to other methods, CBC is closer to real purchase decisions as consumers trade off between product features and the price. However, CBC results suffer from biased estimates. Although incentive-alignment and the WTP-range concept have been introduced to reduce the bias in CBC, a major problem of the price attribute is still neglected: Independently varied price levels lead to stimuli that are perceived as unrealistic or dominant. Still, price is a set-off for utility that the other product attributes generate, and it can act as a cue for product quality. To conclude, price is crucial for purchase decisions, although it is likely to depend on other attribute levels. In order to enhance the realism of the study design, we argue that price should be a "controlled" variable in a CBC. Unfortunately, this renders WTP estimation in CBC impossible. We therefore propose a two-step procedure: After retrieving the price level-dependent partworth utilities from a CBC task, we apply a BDM-like lottery on a single stimulus to elicit WTP-range estimates for all attribute levels. Besides facilitating more realistic stimuli, this procedure is incentive-aligned and theoretically superior to point-based WTP estimates. To test the procedure empirically, we use CBC data on a complex product (a co-working space contract), and actual customers. We show that our procedure is applicable in a real context and provides realistic WTP estimates for all attribute levels. In a second study we will experimentally compare our proposed method to common CBC, testing for holdout choice and WTP reliability, as well as perceived realism and difficulty.

■ TD14

Room 24

Sustainability I

Contributed Session

Chair: Nina Hampl, Research Associate, University of St. Gallen, Institute for Economy and the Environment, Tigerbergstrasse 2, St. Gallen, 9000, Switzerland, nina.hampl@unisg.ch

1 - Institutional Theory and the Role of Marketing in the Adoption of Voluntary Sustainability Reporting

Ralitza Nikolaeva, Assistant Professor, ISCTE-IUL, Av. das Forças Armadas, Lisbon, 1649-026, Portugal, ralitza.nikolaeva@iscte.pt

While inherently a marketing function, corporate social responsibility (CSR) reporting has stayed out of the realm of the marketing academic literature. The goal of the current study is to raise marketing scholars' awareness of the growing importance of the issue by investigating the spread of a reporting practice among global companies. CSR reporting is a significant dilemma for firms, because they are uncertain about its value yet the process may involve significant costs. What makes them embark on the initiative? This study explores the voluntary adoption by companies of the world's most widespread framework of CSR reporting – the Global Reporting Initiative (GRI). The GRI case is impressive, because it achieved its status in mere ten years. The inquiry focuses on the role of reputation management and institutional pressures as antecedents of the spread of GRI principles among companies. The hypotheses are tested by estimating a discrete time duration model with data on 600 top global companies. The complexity arising in modeling non-linear relationships deserves special attention. Problems that are being discussed include collinearity and extreme observations arising from non-linear transformations. The findings indicate that media image management together with competitive, media, and societal pressures are important determinants of GRI adoption. Thus, the contribution of the study is twofold: it investigates a problem in the marketing domain that has been overlooked by the literature and it introduces some simple methods to deal with modeling non-linearities in the context of discrete duration models.

2 - Corporate Social Responsibility: The Differential Impact of Product and Environmental Actions on Firm Performance

A. Meike Eilert, University of South Carolina, 1705 College St, Columbia, SC, 29208, United States of America, meike.eilert@grad.moore.sc.edu, Satish Jayachandran, Kartik Kalaignanam

Corporate social responsibility (CSR) is the expectation that firms should help social causes and act conscientiously to prevent, limit, or balance the negative externalities from their business operations. Prior research suggests that CSR has a small positive effect on firm performance, though a vast majority of studies show no effect for this relationship. The authors suggest, based on instrumental stakeholder theory, that because CSR activities pertain to several domains – product, environment, employee, community, human rights and corporate governance – a disaggregated examination of its influence on firm performance is required to clarify the nature of the relationship. Therefore, they examine the impact of CSR actions on firm performance in two domains that are relevant to marketing managers – the product and the environment. The impact of product social performance and environmental social performance on firm performance is estimated using a dataset of S&P 500 and Domini 400 Social Index firms. Product social performance has a stronger impact on firm value than environmental social performance. Environmental social performance, however, reduces the systematic risk of the firm. The findings also indicate that while proactive environmental actions do not enhance firm value, poor environmental social performance reduces firm value and raises the systematic risk of the firm. The results demonstrate 1) the complex nature of the CSR-firm performance relationship and 2) that a disaggregated assessment of the relationship provides valuable insights that might not be evident otherwise.

3 - Marketing Gag or Value Creating Strategy: How does Sustainability Impact Store Choice in Retail?

Nina Hampl, Research Associate, University of St. Gallen, Institute for Economy and the Environment, Tigerbergstrasse 2, St. Gallen, 9000, Switzerland, nina.hampl@unisg.ch, Moritz Loock

Sustainability is getting more ground in the food retail industry. But empirical studies on sus-tainability strategies in retailing are rare, and even more when it comes to highlight the cus-tomers' perspective and their willingness to pay. This paper investigates the impact of sus-tainability initiatives on store choice and on consumers' willingness to pay by conducting a web-based conjoint experiment with customers from Austria, Germany and Switzerland. We report from 1,224 choice-decisions conducted between June and October 2009. We find that price is not of highest importance when it comes to store choice. If different sustainability aspects are fulfilled customers are prepared to pay a price premium. In particular we show that (1) if a meat-assortment of standard and organic products is complemented by products from the region, customers are ready to pay a price premium of 0.99, which constitutes a premium of 51 percent on the lowest price in our study; (2) if retailers decrease the distance to their customers from 2-5 km to below 2 km, customers are prepared to pay a premium of 0.88 (45 percent on the lowest price); (3) we find that if retailers switch their power mix from conventional power to mainly renewable power, customers are ready to pay a price pre-mium of 0.91, which equals a premium of 47 percent on the lowest price. Finally, we show that bad employee treatment can lead to a real discount of 1.67 (83 percent of the lowest price). We state important implications for retail management practice and further research.

■ TD15

Room 25

Entertainment Marketing I

Contributed Session

Chair: Michael Clarke, University of Waterloo, Research in Motion Limited, Waterloo, ON, Canada, mclarke@rim.com

1 - Determinants of Illegal Music Downloading Behaviour in the UK

Ibrahim Sirkeci, Reader in Demography, Department of Marketing Strategy and Law, Regent's College London, Inner Circle, Regent's Park, London, NW1 4NS, United Kingdom, sirkecii@regents.ac.uk, Loa Magnósdóttir

This study aims to identify the determinants of illegal music downloading behaviour. The consumer choice between legal and illegal channels was analysed using the multi-attribute model for decision making. Seven attributes to affect choice were measured and analysed using logistic regression. Data was collected from a non-probability sample recruited via on-line forums. We found that illegal downloaders expect a similar utility from both channels, while those who prefer legal downloading tend to have more positive attitude towards their chosen channel. Three of the attributes have significant effect on the choice of illegal channels: Satisfaction with quality of music files, ability to copy files without restrictions, and perceived low importance of compliance with copyright in decision making. Overall, music downloaders rate the quality to be higher for legal channels, so this factor seems to be subject to a trade-off when illegal downloading is chosen. In line with the previous studies on illegal downloading behaviour, we found a negative relationship between the respect for copyright and the choice of illegal channels. Determinants of illegal music downloading behaviour in the UK: A multi-attribute model.

2 - All You Can Eat, A La Carte, or a Free Lunch? Analyzing Consumer Preferences in the Music Download Market

Dominik Papies, Assistant Professor, Universität Hamburg, Von-Melle-Park 5, Hamburg, 20146, Germany, dominik.papies@uni-hamburg.de, Felix Eggers, Nils Wlömert

The music industry has been in a constant struggle to successfully meet consumer demand for music downloads from the internet. The cautious market entry strategy has resulted in large numbers of internet users downloading content from illegitimate sources, severely hurting the industry's value chain. In cooperation with the content owners distributors have successively entered the market with different business models in order to attract consumers in the online environment. The most successful business model—pursued by e.g., iTunes or Amazon—relies on consumers purchasing individual tracks or albums. Less successful, although associated with strong hopes by industry executives, is a model that offers access to a music library for a monthly flat fee (e.g., Napster). Recently, attempts have been made to attract consumers by relying on advertising as a revenue source (e.g., Spotify). The present research analyzes consumer preferences regarding these competing business models, relying on a latent-class choice-based conjoint approach. Our findings suggest that the à la carte download services are likely to remain the dominant supplier for music downloads and that the subscription services are perceived as unattractive by most consumers. The advertising-based models however have the potential to attract consumers who would otherwise refrain from commercial downloading.

3 - Optimal Design of Content Samples for Digital Products and Services

P. K. Kannan, Professor of Marketing, University of Maryland, Smith School of Business, College Park, MD, 20742, United States of America, pkannan@rhsmith.umd.edu, Sanjay Jain

The marketing of creative content such as books, video and music through the provision of free samples of content is emerging as a very common practice with the rapid penetration of broadband technology. For example, retailers such as Amazon provide free preview of the contents of some titles (typically one or two chapters) for customers to evaluate. Other publishers such as the National Academy Press provide the entire content of many of its titles for free online browsing. Similarly, the major television networks in the US now routinely provide either previews or even full videos of the previously aired shows. The motivation of free sampling is to clearly increase revenues, but there is not much research in understanding how free samples impact marketing decisions and revenue. In this paper, we focus on three objectives in this context. The first objective is to develop a framework to understand the mechanisms through which free samples impact revenue generation in the case of creative content, specifically books, video and music. The second objective is develop analytical models that will enable content marketers to determine the conditions under which it is optimal to provide free samples, and how the provision of free samples and the quality of the samples impact the marketing mix, specifically pricing decisions. While extant research has examined the sample problem, the impact of the quality of sample (which can vary significantly in the case of digital content) has not been examined. The third objective is to test empirically the normative implications of the analytical models by collecting actual data from content marketers in different contexts – books and videos.

4 - Pricing of New Apps on New Media: Lifecycle Management

Michael Clarke, University of Waterloo, Research in Motion Limited, Waterloo, ON, Canada, mclarke@rim.com, Vinay Kanetkar, Bryan Hurren

The popularity of social networks such as Twitter and Facebook provide both opportunities and challenges to traditional marketing decision models. As application developers face a newly created market, they also are testing new business models. One approach that is proposed (and employed) is referred to as "freemium" (free application for a trial version, or scaled down introductory products). The developer gets revenue from advertising, referrals, and up-selling others to the premium version of application. Others are selling their applications for a fixed fee. This continually evolving market has allowed for price experimentation by developers. In this paper, we propose and test the impact of social network referrals on sales. Our proposed model, accounts transition from freemium-to-premium content given customers exposure to a social media/referrals. We also allow for feedback of a pricing change on social media activity. Such a model provides insights into new service introduction as well as pricing decisions over the life-cycle of new services.

Friday, 8:30am - 10:00am

■ FA01

Room 02

B2B

Contributed Session

Chair: Murali Mantrala, Sam M. Walton Distinguished Professor of Marketing, University of Missouri, 438 Cornell Hall, Trulaske College of Business, Columbia MO 65211-1200, United States of America, mantralam@missouri.edu

1 - Business Marketing to Small and Medium Size Firms: Assessing Value-Add Opportunities

Ralph Kauffman, Associate Professor Emeritus, University of Houston-Downtown, College of Business, 320 North Main Street, Houston, TX, 77002, United States of America, kauffmanr@uhd.edu, Gary Stading, Jeffery Adams

Firms that primarily market to businesses sometimes overlook small and medium size customers in order to direct most of their marketing efforts toward large firms. However, many small and medium size firms find high profitability in serving highly specialized or niche markets. Marketing to such firms can also be highly profitable for marketers if they can make significant contributions to the customer's ability to meet the needs of its specialized market. Preliminary research indicates that the degree of complexity of the purchasing situation and the level of sophistication of the purchasing function of smaller firms may be related to their ability and openness to develop mutually beneficial supplier relationships that could provide them with added value. Added value in any form is important to these firms because they usually lack the volume required for significant quantity price discounts. A model that uses factor analysis and structured equation modeling is proposed to identify significant factors that impact purchasing complexity and sophistication in small and medium size firms. The model also identifies how these factors impact supplier relationships and relative performance of these firms. Identification and analysis of these factors can help marketers identify potential areas where they could add value and contribute to the success of such customers and thereby acquire new or increased sales to them. The primary contribution of this research is the development of an additional tool for B to B marketers to identify situations where their products or services, or a different customer relationship, could add value for small and medium size customers.

2 - Optimal Assortment Planning in B2B Wholesale Auto Auction Markets

O. Cem Ozturk, PhD Student, Emory University, 1300 Clifton Road Suite W462, Atlanta, GA, 30322, United States of America, oozturk@bus.emory.edu, Sriram Venkataraman, Sandy Jap

The main lever for sellers in B2B wholesale auto auction markets is their daily assortment of vehicles and sequencing of these vehicles in the auction lanes. These decisions involve which types of cars to offer, in which lanes, and in what order. Sellers expend lots of effort trying to get these decisions right as these can have substantial implications on the fortunes of all the parties involved. There are several aspects that make the assortment planning task difficult. First, since the composition of cars flowing into these auctions change continuously, there may be sensitivities to temporal characteristics. For example, buyers may be more price sensitive as the auction progresses and their budgets diminish. Second, several cars are auctioned simultaneously across different physical lanes. Since the sequence of the car rollouts is released in advance of the auction date, potential bidders might shop strategically across lanes, creating the potential for spatial competition. Third, the products are multigenerational, which may affect the extent of spatial competition. This paper proposes an analytical model for assortment planning that takes into account these aspects. Our model combines a prediction model of transaction prices for different combinations of vehicle assortments with a mixed-integer nonlinear mathematical programming model to optimize the assortment composition for individual sellers. Empirical illustrations of the application of our model suggest that sellers can improve their performance substantially by using the optimal sequences resulting from our model. Our modeling framework is generalizable to other settings where exogenous factors, temporal effects, and spatial effects are expected to influence assortment planning outcomes.

3 - Assessing the Drivers of Short and Long-term Outcomes at Business Trade Shows

Srinath Gopalakrishna, Professor of Marketing, University of Missouri, 434 Conell Hall, Trulaske College of Business, Columbia, MO, 65211, United States of America, srinath@missouri.edu, Shrihari Sridhar, Clay Voorhees

Despite acknowledging the general value of business trade shows, managers struggle to demonstrate the effectiveness of trade show participation to internal stakeholders. In this research, the authors conduct a comprehensive examination of trade show effectiveness by assessing (1) the key drivers of short-term and long-term trade show performance, (2) the relative effects of at-show and post-show marketing efforts on total sales, and (3) the long-term economic return from attending a trade show. The authors first develop and estimate an aggregate model to establish the baseline effects of promotion, service and display-related marketing efforts on short-term (e.g. sales leads) and long-term (e.g. total sales) outcomes. Thereafter, they develop a model at the individual buyer level in order to estimate

the probability that buyers will advance through the purchasing process. They report the results based on data related to a Fortune 500 IT firm's aggregate exhibit marketing activities and performance in over 400 trade shows from 2005-2009 as well as attendee-level data from other shows. The research illustrates how the model can produce tangible metrics to help managers demonstrate the accountability of trade show investments. The research also extends the literature on trade-shows by considering the role of marketing along the entire purchase cycle.

4 - A Three-dimensional Approach to B-to-B Market Segmentation: Incorporating Customers' Customers

Murali Mantrala, Sam M. Walton Distinguished Professor of Marketing, University of Missouri, 438 Cornell Hall, Trulaske College of Business, Columbia, MO, 65211-1200, United States of America, mantralam@missouri.edu, Elina Tang

In this research, the authors propose a new model and method for B-to-B market segmentation along with its application in a field setting. This research makes three contributions to the theory and practice of B-to-B market segmentation: (1) conceptualization and explicit consideration of buying firm's customer characteristics in segmenting business markets; (2) development of a general model and method for segmenting business markets in settings that involve multiple (three or more) interrelated segmentation bases, with a mix of categorical and continuous data; (3) field implementation and evaluation of the effectiveness of a new segmentation solution in the domain of B-to-B sales force management.

■ FA02

Room 04

CRM: Customer Equity III

Contributed Session

Chair: Leo Paas, VU University, Boelelaan 1105, Amsterdam, Netherlands, lpaas@feweb.vu.nl

1 - The Impact of Touch Points on Customer Life Time Value

Yuanping Ying, University of Texas at Dallas, P.O. Box 830688, SM32, Richardson, TX, 75083, United States of America, yingyp@utdallas.edu, Howard Dover

Touch points refer to the firm's communications with customers. Such communications can be initiated by either customers or the firm. A touch history provides the log of customer's communications with the firm and can shed important light on customer satisfaction, customer relationship with the firm, and therefore customer lifetime value (CLV). Prior research on customer relationship management and customer lifetime value has never considered the effect of touch points. We fill the research gap by proposing a hurdle model to account for the impact of both the number of touches and the nature of the touches. We apply our model in a continuous payment relationship setup and find that both factors have significant impact on customer tenure.

2 - The Impact of Customer-based Brand Equity on Customer Equity

Florian Stahl, Professor, University of Zurich, Plattenstrasse 14, Zurich, 8032, Switzerland, stahl@isu.uzh.ch, Donald R. Lehmann, Mark Heitmann

The topic of marketing accountability is of great interest to marketing researchers and professionals. In this study, we model the impact of customer-based brand equity on customer equity, i.e. customer acquisition, customer retention and firms product market profits. Using actual purchase data of 39 automobile brands sold in the US between 1999 and 2008 we derive customer acquisition and customer retention from first-order Markov brand-switching matrices. Brand equity is defined by customer mind-set measures for all 39 brands using annual survey data provided by Young & Rubicam, which contains responses from over 6,000 panel members. We consider competition by applying a market share attraction model and differentiating different degrees of loyalty. Our results indicate that customer-based brand equity is a predictor of both customer acquisition and customer retention. Furthermore, we can show that brand specific effects on acquisitions and retention can be explained by customer mind set metrics.

3 - Building Customer Equity through Marketing Investment

Kyoung Cheon Cha, Assistant Professor, Seoul School of Integrated Sciences & Technologies (aSSIST), 67-7 Daehyun-Dong, Seodaemun-Gu, Seoul, Korea, Republic of, kcchaf@gmail.com, Sangman Han, Donald R. Lehmann, Hyun Shin

In the modern economy, how to create and sustain long-term relationships with customers is the key to success, especially in the service sector. Customer Equity (or CE) framework views customers as a strategic asset, which generates cash flows over time. Then marketing spending for building and maintaining CE should be regarded as 'investment' rather than 'expense' (Gupta and Lehmann, 2005). In this paper, we investigate the interdependent relationships among CE-related marketing investment (e.g., customer acquisition/retention spending, advertising), customer metrics (e.g., # of customers, margin per customer), and conventional financial metrics (e.g., firm value) from a long-term perspective. By analyzing 10 years' quarterly data from Korean wireless service market, we also examine whether the size of such effects depends on the market position (e.g., leader vs. follower). The empirical findings, coupled with our survey results from 180 managers, provide rich insights on how to increase CE through diverse marketing investment options, considering its market position.

4 - Latent Markov Modeling for Evaluating the Marketing Effects on Customer Life Time Value

Leo Paas, VU University, Boelelaan 1105, Amsterdam, Netherlands, lpaas@feweb.vu.nl, Anita Prinzie, Dirk Van den Poel

Over the last five decades the orders in which consumers acquire durable and financial products has been a topic of research in marketing research and various other disciplines. This is not surprising as consumer acquisition patterns have various applications, e.g., assessing consumer priorities for products, detecting cross sell opportunities, assessing the potential of a newly introduced product and consumer segmentation. Despite a long tradition in acquisition pattern analysis research a pressing question remains unanswered, are the orders in which consumers acquire durable- or financial products consumer driven (cross-buying) or resulting from marketing activities (cross-selling). Furthermore, the link between consumer financial product portfolios and their Life Time Value (LTV) has not been empirically established. For this purpose the latent Markov model is used to model the developments of consumer financial product portfolios and to assess the relationship between financial product portfolio development, a direct marketing activity and customer lifetime value.

■ FA03

Room 06

Advertising: Consumer Response III

Contributed Session

Chair: Agusti Casas-Romeo, Universidad de Barcelona, Av. Diagonal 696, Barcelona, 08034, Spain, agusti.casas@gmail.com

1 - The Impact of Prior Brand Attitude and Product Category Inolvement on Consumers' Moment-to-Moment Affect Traces

Jennifer Burton, Assistant Professor of Marketing, Bradley University, Foster College of Business Admin, 1501 W. Bradley Avenue, Peoria, IL, 61625, United States of America, Jburton@bradley.edu

Marketers and advertisers have long searched for new and more powerful ways to measure the effectiveness of advertising. One data source that has proven useful is consumers' moment-to-moment affective ad responses. The current study is the first examination of how consumer characteristics such as prior brand attitude and product category involvement impact consumers' moment-to-moment affect traces. Using data from 3,958 respondents and 30 ads, we show that consumers with negative prior brand attitudes and low levels of category involvement provide lower moment-to-moment ad evaluations than consumers with positive prior brand evaluations and high category involvement. We also show that the tendency for consumers to provide moment-to-moment evaluations consistent with prior attitudes and involvement increases throughout the ad and influences consumers' overall affective assessments of the ad, as well as attitude toward the brand and ultimate purchase intentions. This research also examines how advertisers can reduce consumers' tendencies to provide biased evaluations based on prior brand attitude and category involvement. Our findings indicate that consumers' bias to provide evaluations consistent with past attitudes and involvement disappears when ads are successful at creating high levels of positive affect at the conclusion of the ad. However, this bias remains present for consumers that experienced negative affect during the ad conclusion. Understanding the influence of prior brand attitude and product category involvement on consumers' moment-to-moment affect traces can help advertisers understand how their ad works from a dynamic perspective and how these variables tend to augment or detract from consumers' moment-to-moment ratings.

2 - Comparing Effects of Message Strategies, Brand Reputation and Brand Tribalism on Consumers' Relationships with Soft Drink Brands

Tiffany T. Wang, Associate Professor, Info Com Dept,Kainan University, No.1 Kainan Road, Luzhu Shiang,, Taoyuan, 33857, Taiwan - ROC, ttwang7@mail.knu.edu.tw

Although both practitioners and academics have been examining the effects of exposure to advertising on brand knowledge and purchase decision-making, few studies explore the impact of advertising message strategies on the relationships consumers develop with brands. On the other hand, with increasing attention to the trend of joining brand tribes or communities, rather limited are attempts to investigate the influences of brand reputation and tribalism on consumers' relationships with brands. The research aims to assess the relative predictive power of perceived brand reputation, brand tribalism, and attitudes toward message strategies on the formation of consumer-brand relationships. The study employs a research design of intact-equivalent-group quasi experiment. 122 undergraduates, almost all between 18 and 21 (inclusive) years old, were exposed to video clips of stimulus advertising (ads with an emphasis on celebrity spokespersons and joyous music & ads centered on story-telling with incongruity humor appeal) in three sessions in northern Taiwan. Using ANOVA and stepwise regression analysis, the study found that celebrity and music message strategy leads to higher liking, but lower comprehensibility of Coke ad and lower perceived Hey-Song brand reputation than "story-telling with humor" strategy. In addition, contrary to previous research finding, brand reputation exerts greater influence on consumer-brand two-way communication and emotional exchange for Coke and Hey-Song alike than brand tribalism when liking toward ad is entered in the revised model. The paper adopts a framework of conscious vs. unconscious message strategies to shed light on the implications of underlying mechanisms such as processing fluency for brand managers and advertisers.

3 - The Impact of Advertising on Brand Trial in Experience Good Markets

Raimund Bau, RWTH Aachen, Moritz-Sommer-Strafle, Düsseldorf, 40225, Germany, raimund.bau@rwth-aachen.de

In fast moving experience good markets loyalty often determines brand choice and consumers are less willing to try previously untried brands. This maybe due to the higher perceived risk associated with the purchase of an untried brand as not all properties are observable prior to consumption in these markets. Hence, many practitioners believe that advertising can overcome brand loyalty and facilitate brand trial. Consequently, leading commercial pre-testing tools measure the "shift effect" of advertising, which is the transfer of non-buyers into the pool of buyers caused by advertising. Using 3 years of advertising tracking panel data and 7 years household panel data on two categories of durable fast moving consumer goods I test hypotheses on if and why advertising shifts the demand curve of consumers by impacting the dis-utility associated with brand trial. In a first step a probit model is employed to test the effect of advertising on consumers' quality perception of the brand. In a second step, I estimate a random parameter logit model in order to assess the impact of advertising on the purchase probability of consumers. I find evidence that advertising is effective in lowering the disulitity of the risk associated with a trial purchase by increasing quality perceptions.

4 - Effective Anti-alcohol Communication Campaigns for Teenagers

Agusti Casas-Romeo, Universidad de Barcelona, Av. Diagonal 696, Barcelona, 08034, Spain, agusti.casas@gmail.com, Ruben Huertas-Garcia

Despite numerous campaigns to reduce alcohol consumption in adolescents, young people continue to drink in excess. In Spain, as in many other countries, government departments have designed campaigns to prevent alcohol abuse, but have failed to achieve their goal. Therefore, a crucial issue for the public and for advertising agencies is how to create effective communication campaigns for teenagers. Many studies have used an experimental design to evaluate the characteristics of effective communication and to attempt to identify relationships between specific controllable variables (factors such as the source and the message) and outcome variables (such as attention, comprehension, and attitudes, which affect willingness to purchase). The novelty of this study lies in two characteristics: the message content used based on "regulatory focus," as proposed by Higgins (1997), and the used of a novel fractional factorial design that has three levels and is distributed in blocks. This is based on subset designs and uses the D-optimal criterion. We used the regulatory approach to assess the impact of message type and three characteristics of the source (ethnic characteristics, age and gender). We presented 36 announcements with combined images and text, which were the standard poster size used in institutional advertising. The scenarios had slogans (for the regulatory approach), combined with the source characteristics. The goal was to assess whether there were differences in responses to variations in the message and source between two groups: boys and girls. The results show that the model explains about 30% of the variability and the positive promotional approach had high value for boys and girls, but for girls the interactions with source variables reinforce the effect.

■ FA04

Room 14

Social Media in the Marketplace

Cluster: Special Sessions
Invited Session

Chair: Yubo Chen, Assistant Professor of Marketing, University of Arizona, 1130 E. Helen St., Tucson, AZ, 85721, United States of America, yubochen@eller.arizona.edu

1 - Markets as Conversations: Making the Invisible Hand Visible

Robert F. Lusch, James and Pamela Muzzy Chair in Entrepreneurship, The University of Arizona, Eller College of Management, Tucson, AZ, 85721, United States of America, rlusch@eller.arizona.edu, Daniel Zeng, Hope Jensen Schau

The neoclassical model of economics analytically demonstrates that as supply and demand change prices instantaneously reach a new equilibrium. Guiding this adjustment process is the "invisible" hand of the market. The invisible hand of the market acts as a coordinating mechanism as resources are allocated. However, Chandler (1977) noted that in organizations the visible hand of the manager interferes with the market mechanism through administrative control and managerial authority. In reality this is also true of the household as an economic organization. In these organizations there have always been conversation and dialogue which played a role similar to prices in coordinating the use and allocation of resources (Donaldson 1990). Today, with the ascendance of telecommunications, social media, and social networking, we are able to lift the veil on aspects of this "invisible hand" making market actors' coordination efforts manifest in certain contexts. Social bookmarking offers a transcription of a piece of the larger conversation which can be read and interpreted, as stenographers capture conversations. Some information is absent (gestures, etc.), but the transcript demonstrates the broad intent of the conversation. A depiction of the conversational topography forms as the conversation develops. The larger, or more prevalent the tags are, the higher the peaks on the topography and the more layered the meanings. A critical economic event, like a gas crisis, inspires an immediate (short term) increase in market conversation, like increased tagging. A critical event can also inspire a lasting (long term) increase in market conversations, like tagging. For example, a critical event can permanently elevate the baseline map of market conversation of a given topic.

2 - A Stakeholder Perspective of Finance Web Forums

David Zimbra, The University of Arizona, Eller College of Management, 1130 E. Helen Street, Tucson, AZ, 85721, United States of America, zimbra@email.arizona.edu, Hsinchun Chen, Robert F. Lusch

This paper presents a stakeholder perspective of finance web forums. Previous research establishing the relationship between finance web forums and a firm's stock have considered participants in the forum to represent a shareholder perspective, rather than being comprised of a diverse collection of stakeholders relevant to the firm. The stakeholder theory of the corporation describes the various relationships a firm holds with constituency groups; satisfying stakeholder groups enables the long-term success of the firm. In this research, computational methods for the identification of stakeholder groups and topics of discussion in a finance web forum are developed, to partition the forum and assess the communications of various constituencies independently. To evaluate the opinions expressed in the forum discussions about the firm, a sentiment analysis method is also devised. Empirical analysis on nearly ten years of activity in a finance web forum dedicated to a major firm have revealed significant contemporaneous and predictive relationships between discussions by various stakeholder groups and firm stock return, volatility, and trading volume. These identified relationships remain significant after incorporating explanatory variables examined in the finance literature into the model, and accounting for the effect of professional news about the firm on forum discussions.

3 - Consumer Decisions and Firm Strategies During Format Wars

Yong Liu, Assistant Professor of Marketing, The University of Arizona, Eller College of Management, Tucson, AZ, 85721, United States of America, yoliu@eller.arizona.edu, Yubo Chen, Shuo Zeng, Robert F. Lusch, Hsinchun Chen

Format wars, such as those between JVC's VHS and Sony's Betamax on videotape and between Toshiba's HD-DVD and Sony's Blu-Ray on high definition optical disc, often occur when revolutionary new products are introduced. Format wars create high uncertainty for both consumers and the firms involved. Consumers have to decide which format is likely to be the winner, and there is the risk of purchasing the wrong format. The firms, including the main manufacturer that invented the formats and the partnering firms such as suppliers and retailers, need to move strategically and decide when to support a particular format. In this paper, we examine the intervening decisions by consumers and firms in the context of the recent HD-DVD versus Blu-Ray optical disc format war, which spanned about eight years from late 2000 to early 2008. A number of social media websites provide valuable information about consumer opinions and how they evolve throughout the war. We gather these data and, using lexical packages of computational linguistics, construct sentiment measures for different time periods defined by key events during the format war. The research questions we address include the following: how consumer opinions are influenced during format wars, how sensitive are they to decisions by manufacturers, software producers, and retailers, how consumer opinions may drive firm decisions, and whether it is possible that consumers may actually benefit from format wars? While shedding lights on consumer welfare issues, these analyses provide useful implications for marketing strategies during format wars.

4 - The Elites vs. the Crowds: How Third-party Experts Influence Consumer Opinions in the Marketplace

Yubo Chen, Assistant Professor of Marketing, University of Arizona, 1130 E. Helen St., Tucson, AZ, 85721, United States of America, yubochen@eller.arizona.edu, Yong Liu, David Zimbra, Robert F. Lusch, Hsinchun Chen

With the advance of information technology, product reviews from third-party experts and regular consumers become widely available in the marketplace. Both types of review information have been shown to play an important role in influencing consumers' purchase decisions. However, so far it is not clear how they interact with each other, and particularly how third-party experts influence regular consumers' opinions and their product reviews. In this paper, we study this important issue based on the data from the digital camera industry. From a major social media website, we collect third-party and consumer review data on more than 2000 digital cameras launched in the market so far. Our analysis not only examines the quantitative ratings of both types of reviews, but also investigates the textual review information such as sentiments and themes. This study provides important insights on the dynamics of social influences in the marketplace, and sheds new lights on how consumers form their opinions and provide their reviews in the social media.

■ FA05

Room 15

Strategy: Segmentation of Firms

Contributed Session

Chair: Can Uslay, Assistant Professor of Marketing, Chapman University, One University Drive, Orange, CA, 92866, United States of America, uslay@chapman.edu

1 - Perceptual Maps: the Good, the Bad and the Ugly

Michel van de Velden, Erasmus University Rotterdam, Econometric Institute, Rotterdam, Netherlands, vandevelden@ese.eur.nl, John Gower, Karen Vines, Patrick Groenen

Perceptual maps are often used in marketing to study visually relations between two or more attributes. However, in many perceptual maps published in the recent literature it remains unclear what is being shown and how the relations between

the points in the map can be interpreted or even what a point represents. The term perceptual map refers to plots obtained by a series of different techniques, such as principal component analysis, (multiple) correspondence analysis, and multidimensional scaling, each needing specific requirements for producing the map and interpreting it. Some of the major flaws of published perceptual maps are omission of reference to the techniques that produced the map, non-unit shape parameters for the map, and unclear labelling of the points. The aim of this paper is to provide clear guidelines for producing these maps so that they are indeed useful and simple aids for the reader. To facilitate this, we suggest a small set of simple icons that indicate the rules for correctly interpreting the map. We present several examples, point out flaws and show how to produce better maps.

2 - A Combined Disaggregate Model for Segmenting Air Freight Market

Ching-Wei Lien, Department of Marketing, National Chung Hsing University, 250, Kuo Kuang Rd., Taichung 402, Taiwan, Taichung, Taiwan - ROC, williamfight@yahoo.com.tw, Ming-Chih Tsai, Chih-Wen Yang

This study aims to provide a two–stage operational model, demonstrated by empirical investigation, to improve the effectiveness of segmentation approach. Nested logit model is used to cluster strategic air carrier group, followed by latent class logit model to class industrial customers using 167 data collected from Taiwanese high-tech manufacturers. The model design may balance the existing asymmetric practice between supplier and customer in segmentation and provide strategic group with choice probabilities by segment to justify service positioning. Empirical study concludes the air carriers are still clustered into two strategic groups as express and forwarder although mobility barrier is lowered between carriers. Pricing is a leading strategy recognized by customers for forwarders, whereas service punctuality and freight security are still winning strategies for express. However, these two types of carriers are evidently enlarging and mobilizing their strategies to safeguard their existing segments and to attract new customers. This results in an increasing number of segments for competitive users. Some macro variables, including time in transit, shipment frequency, and product status, have lost their validation and stability in the current dynamic market, whereas shipment destination and size may still serve as effective market classifications.

3 - A Clusterwise Methodology for the Identification of Heterogenous Prototypical Category Exemplars

Simon Blanchard, Doctoral Candidate in Marketing, Pennsylvania State University, 447B Business Building, University Park, PA, 16802, United States of America, sxb975@psu.edu, Daniel Aloise

Previous research has documented that consumers categorize brands to simplify their decision processes, and that marketers need to consider those categories in their product positioning. It has also been shown that when little input is given on what categories to use, decision makers use a wide array of categories. Further, consumers vary in how prototypical they judge category members. As a brand's prototypicality within an activated category may lead to faster brand recall and may lead to the brand's increased use for categorization judgments or category inferences, it becomes essential that marketers not only identify the unobserved categories but also the central category members which may have a large impact on categorization judgments and behaviors. We thus propose a new clusterwise methodology that directly identifies the most prototypical category exemplars (which we refer to as medians) from unobserved categorizations. The methodology identifies groups of consumers that differ in the unobserved categories they use, and who also differ in which brands they consider most prototypical. We illustrate the procedure using a sample of undergraduate students in a free-sorting experiment of US retailers. We use the methodology to identify groups of participants who categorize the retailers using similar most prototypical brands, and provide preliminary evidence that the categories' medians are recalled faster than non-medians.

4 - On the Empirical Generalizations of the "Rule of Three"

Can Uslay, Assistant Professor of Marketing, Chapman University, One University Drive, Orange, CA, 92866, United States of America, uslay@chapman.edu, Z. Ayca Altintig, Robert D. Winsor

According to the "Rule of Three" theory (Sheth and Sisodia 2002), industries with exactly three generalists and numerous specialists compose a natural structure that outperforms others. The authors extend the empirical work by Uslay, Altintig, and Winsor (2010) which supported this premise, and undertake two important inquiries by examining the extent to which the "Rule of Three" boost to industry performance is moderated by different industry and firm strategic groups. In the course of inquiry, they also examine the influence of these moderating effects on other market structures. The findings from a sample of over 160 US industries support the notion that the positive performance benefits of the "Rule of Three" may qualify as a lawlike generalization for those markets which are both competitive and mature, and apply to both generalists and specialists. However, further inquiry regarding the specific impacts of regulatory involvement, and/or the appropriate means of assessing this involvement, appears to be warranted.

■ FA06

Room 16

Internet: Social Influence

Contributed Session

Chair: Makoto Mizuno, Associate Professor, Meiji Univesrity, 1-1 Kand-Surugadai, Chiyoda-ku, Tokyo, 101-8301, Japan, makoto@kisc.meiji.ac.jp

1 - Marketing through the Backdoor: How Effective is E-marketing to Teenage Users of Social Networking Sites?

Marwan Khammash, Lecturer in Marketing, Bangor Business School, Bangor University, Bangor, LL57 2DG, United Kingdom, m.khammash@bangor.ac.uk, Peter Westmorleand

The aim of this paper is to determine the effectiveness of e-marketing activities on teenage users of social networking sites. Following on from work previously carried out by Hadija (2008), Tauder (2005), Boyd & Ellison (2008) and Alhabeeb (1999), the objective was to assess the accessibility of social networking sites to teenagers, the frequency of their visits, their on-line buying behaviour, and whether that has changed due to advertising through the social networking sites. The research undertaken was quantitative and qualitative in nature. Teenagers from three different high schools in different geographical areas in North Wales were involved in the study. 92 teenagers aged between 16 and 18 were asked to complete a questionnaire and, with the results of the questionnaires, further in depth interviews were conducted with 6 teenagers (a male and a female from each of the three schools). Once the questionnaires had been completed, they were thoroughly reviewed to identify any specific trends, such as the amount of times teenagers spent on the social networking sites, their purchasing patterns and on-line buying behaviour. Then the one-to-one interviews took place to further understand the major findings discovered from the questionnaire stage. Finally, it was attempted to investigate the effectiveness of marketing activities on social networking sites in the eyes of the participants.

2 - Quantifying the Effects of Social Media Activity on Brand Sales and Market Share

Doug Bowman, Professor of Marketing, Emory University, Goizueta Business School, Atlanta, GA, 30322, United States of America, Doug_bowman@bus.emory.edu, Manish Tripathi

The authors extend traditional marketing mix models that link brand sales (or share) with variables describing price, product, and brand-generated communications, to also include variables that describe social media activity. Data from multiple sources are combined to study a frequently purchased non-food category. Data describing social media activity include both volume (first-generation) metrics and content (second-generation) metrics. A random-coefficients logit structural modeling framework adapted to accommodate situations with many explanatory variables, which is typical of many marketing problems, is applied to the data. This approach gives more realistic elasticity estimates compared to traditional aggregate demand models. Results indicate that responsiveness to brand-generated communications is approximately double that of consumer-generated communications. And, a strong asymmetric effect for sentiment in consumer-generated communications. Results show that adding variables that describe social media activity lead to more accurate market response models.

3 - Dynamic Interactions Between WOM and Preference Formation: A Case of Diffusion of a Really New Product

Makoto Mizuno, Associate Professor, Meiji Univesrity, 1-1 Kand-Surugadai, Chiyoda-ku, Tokyo, 101-8301, Japan, makoto@kisc.meiji.ac.jp, Kota Sera, Yuto Takakai, Toshikatsu Mori, Takayasu Baba

Recently, the importance of social network among consumers has been well recognized in new product diffusion researches (e.g., Goldenberg, Han, Lehmann and Hong 2009). Furthermore, since the formation of social network and the behaviors of individual consumers are not static at least in the introduction stage of new product, some studies have focused on dynamic interactions between social network and individual behaviors as a so-called co-evolution process (Matsuo and Yamamoto 2009). This study is also an attempt to model such a dynamically interacting process based on the empirical observation of how the word-of-mouth about a really new product, iPhone 3G, spread among the employees of an organization and changed their interest or preference toward it. We gathered these data from the same subjects twice: first, just after the product launch and second, one month later. To deal with the complexity that is intractable for conventional analytical modeling, we apply agent-based modeling to formulate the process where consumers tend to have an interest in purchasing the product if others connected to them have the interest and also they tend to be connected to someone who shares the interest. Using the empirically calibrated model, we simulate the behaviors of each consumer's attitude and the word-of-mouth network under several scenarios and discuss their managerial implications.

■ FA07

Room 17

Channels: Channel Coordination

Contributed Session

Chair: Maggie Chuoyan Dong, City University of Hong Kong, Tat Chee Avenue, Kowloon Tang, Hong Kong, Hong Kong - PRC, mcdong@cityu.edu.hk

1 - Limited Edition Products and Channel Strategy

Axel Stock, University of Central Florida, 4000 Central Florida Blvd, Orlando, FL, United States of America, astock@bus.ucf.edu

Limited edition products have become common in the marketplace. The academic literature in marketing has mainly focused on two rationales for firms to offer limited edition variants of their products, reference group effects (Amaldoss and Jain, 2009) and consumers' desire for uniqueness (Balachander and Stock, 2009). However, limited edition products are also offered for products that are not consumed publicly, for example computers, and for which these explanation may not be as appropriate. In the current study we focus on the possibility that a limited edition product is introduced as a means of channel coordination. We analyze, utilizing a game theoretic model, a manufacturer's decision to introduce a limited edition product through a retailer to market of consumers whose desire for uniqueness is low. We identify market conditions under which the manufacturer can use the introduction of the limited edition product to mitigate the double marginalization problem. The impact of competition on our results is explored.

2 - Quantal Response Equilibrium in a Fair Channel – An Experimental Investigation

Paola Mallucci, Doctoral Student, University of Minnesota, The Carlson School of Management, Department of Marketing & Logistics Mana, Minneapolis, MN, United States of America, mallu004@umn.edu, Tony Cui

Cui, Raju, and Zhang (2007) analytically show that concerns of fairness in a dyadic channel could effectively alleviate double-marginalization. In this paper, we setup a Quantal Response Equilibrium model to analyze subjects behaviors in such a setting. We are interested in 1). How channel members make pricing decisions; 2). Do subjects show any concerns of fairness; and 3). What are subjects' weights associated with fairness relative to pecuniary payoff.

3 - Gaining Customers Making Gifts to Rivals: Understanding How Signals of Value Potential Affect Supplier's Performance

Fabrizio Zerbini, Universita Bocconi & SDABocconi, Via Roentgen, 1, Milano, 20136, Italy, fabrizio.zerbini@unibocconi.it, Stefania Borghini

In this study we are interested in framing the uses of signals in business markets, and in assessing how suppliers' signalling strategies influence buyers' perceptions of the supplier value potential, and their purchasing intentions. Signalling theory in information economics (Spence, 1973) provides the theoretical ground for our analysis. More specifically, we draw upon prior research on the effects of signalling unobservable product quality for experience products (Kirmani and Rao, 2000), and extend it to business market contexts, and to the supplier's value potential (Moeller, 2006). We argue that the cost the supplier incurs in disclosing its potential value could match the information asymmetry condition that makes the prospective buyer resistant to enter into the relationship, and acts as a self-enforcing mechanisms for the supplier's willingness to deliver value in the future. We develop and test hypotheses on two key functions of the supplier's value potential – i.e. effectiveness and networking (Moeller and Toerroenen, 2003). The dataset for this study is originated by the combination of secondary data collection with a survey in two different manufacturing industries – beverage machineries and glass equipments. Our results contribute to extend signalling theory to business marketing, by (1) providing theoretical motives for the growing evidence on disclosure practices as signalling means (DeKinder and Kohli, 2008) (2) identifying signalling strategies with respect to supplier's value (Lindgreen and Wynstra, 2005), and (3) determining the impact of signals on the intention to buy.

4 - Observer Effect of Punishment in Channel Networks: The Role of Punishment Severity and Punishment Justice

Maggie Chuoyan Dong, City University of Hong Kong, Tat Chee Avenue, Kowloon Tang, Hong Kong, Hong Kong - PRC, mcdong@cityu.edu.hk

Research on punishment in channel relationships has focused on the effect of punishment on the disciplined agents. This study complements the literature by examining the effects of a principal's punishment on observers—this principal's other agents who take an interest in a particular punishment event. Using the insights from deterrence theory, I postulate that the severity of punishment will directly deter the opportunistic behaviors in observers. Meanwhile, justice theory suggests that the observers react to the punishment with their justice evaluations. I expect the distributive and procedural justice of punishment will increase the observers' trust toward the principal and in turn deter their opportunistic behaviors. Furthermore, I investigate the moderating role of network density in such a network level of analysis. In a dense channel network, the direct effect of punishment severity and the indirect effect of punishment justice will be diminished. We test these hypotheses using a survey of 193 distributors from different regions in China. The results support the hypotheses pertaining to the direct effect of punishment severity and the indirect effect of distributive justice of punishment. The results also suggest that network density negatively moderates the role of distributive justice of punishment upon observer's trust. These findings provide academic and managerial implications.

■ FA08

Room 18

Retailing: Competition

Contributed Session

Chair: Fang Wu, University of Alberta, School of Business, Edmonton, Canada, fangw@ualberta.ca

1 - Vertical Differentiation with Multi-unit Demand

Robert Zeithammer, Professor, UCLA - Anderson School of Management, 110 Westwood Plaza - B408, Los Angeles, CA, 90095, United States of America, rzeitham@ucla.edu, Raphael Thomadsen

Standard analysis of vertically differentiated duopoly finds the classic principle of differentiation: increasing the difference in qualities increases the profits of both firms. In the limit where both qualities are the same, neither firm makes any money because the competition becomes Bertrand. This paper extends the analysis by considering demand for more than one unit of the good. A natural assumption about the enjoyment of multiple identical units of a good is the assumption of diminishing marginal utility. This assumption in turn implies that consumers interested in buying two units of vertically differentiated goods may sometimes (when the prices are right) want to "seek variety" and buy one lower-quality unit and one higher-quality unit. Such variety-seeking can reduce price competition. For example, two vertically undifferentiated firms make positive profits by each charging the difference between the value of the first and second unit. Since the prices are the same, all customers variety-seek. The firms do not undercut each other because two units from the same firm are worth less than the variety bundle, and so the customers do not respond at all to very small price-cuts. The reduction in price competition arises from an implicit restriction on pricing. If the two identical firms could offer a volume discount, they would compete away all profits. In this paper, we analyze how this simple intuition plays out when the firms are vertically differentiated. For example, they can be two restaurants of different qualities located in a tourist destination popular with weekend travelers, who naturally shop for two meals – one for each night.

2 - Supermarket Price and Promotion Competition in a Duopoly Framework

Benaissa Chidmi, Assistant Professor, Texas Tech University, M.S. 42132, Lubbock, TX, 79409, United States of America, benaissa.chidmi@ttu.edu, Maria A. Gonzalez-Alvarez

The increase in the concentration ratio in the supermarket industry has made supermarket chains an important player in the food distribution. Rather than being neutral pass-through between the manufacturers and the consumers, supermarket chains provide many relevant services to consumers, such as one-stop shopping convenience, in-store banking, and pharmacy. Besides, supermarket chains can also intervene in setting the final retail prices through promotional activities. While the literature on the impact of advertising on sales and the degree of competition between firms is abundant, there is a lack of understanding and analysis of the impact of supermarket chains promotions on the sales and the intensity of competition. In addition, most of the studies on retailers' promotion mainly emphasize the estimation of the effectiveness of the supermarket promotional activities on demand (See for example, Tenn, 2007; and Ailawadi et al., 2007), leaving out the fact that promotional activities are used as a strategic variable in order to improve supermarket chain position in the market. This paper follows the same procedure as in Dubé, Hitsch and Manchanda (2005) to estimate a dynamic model of supermarket pricing and promotional conducts in a duopoly framework. The model is applied to the supermarket industry in the Seattle-Tacoma metropolitan area data on fluid milk. First, a random coefficients model multinomial logit demand is estimated as function of the prices, product characteristics and the promotional activities. Then, using the demand estimates, the optimal level of prices and promotional activities are determined using the Markov perfect equilibrium.

3 - Supermarket Entry and its Effect on Small Stores in Montevideo, 1998 to 2007

Daniel Ferres, Universidad De Monteviceo, Prudencio De Pena 2440, Montevideo, Uruguay, dferres@gmail.com

This paper analyzes the effect of supermarket entry on small grocery retailers exit in Montevideo. Using several data sets for Montevideo we study the effects of entry of large retailers on the exit decision of small convenience stores. We focus on the 1998-2007 period, a time interval characterized by concentration (and some entry) in the supermarket industry in Montevideo. We estimated a panel logit model using the conditional maximum likelihood estimator as suggested by Chamberlain (1980). The dependent variable was a dummy variable indicating whether the small retailing firm was open for business or not. Results indicate that the probability of survival of small retailers decreases as the supermarket commercial areas increases. In the same line, the survival probability is negatively related to the number of supermarkets installed.

4 - A New Model of Asymmetric Competitive Structure using Store-level Data

Fang Wu, University of Alberta, School of Business, Edmonton, Canada, fangw@ualberta.ca, Terry Elrod, Paul Messinger

We propose a data-adaptive method of sharing information across parts of a demand model that provides parsimony, efficiency, conceptual consistency, and feasibility of estimation (even when prices are highly collinear). Estimation of price elasticities and derivation of spatial representations of market structure are carried out jointly. Linking ideas from the literatures of psychometric asymmetric similarity and modeling of cross-price elasticities, we develop spatial maps of market structure that describe the average cross-price elasticity of brand pairs and latent asymmetric dominance relationships between brand pairs. The maps can

also describe structure relating to own price elasticities and brand-specific intercepts. We apply our approach to two datasets of weekly grocery sales and prices: one for the beer category sold in a supermarket chain in Chicago and anther for the soft drink category sold in a supermarket chain in St. Louis.

■ FA09

Room 19

New Products: Development & Design I

Contributed Session

Chair: Chelsea Wise, University of Technology, Sydney, PO Box 123, Broadway, NSW, 2007, Australia, chelsea.wise@uts.edu.au

1 - Convergent High-technology Products: The Role of Brand Quality and Feature Value in the Addition versus Deletion of Features

Tripat Gill, Assistant Professor, University of Ontario Institute of Technology (UOIT), Faculty of Business & IT, 2000 Simcoe Street North, Oshawa, ON, L1H7K4, Canada, tripat.gill@uoit.ca, Jing Lei, Sridhar Samu

Convergent high-technology products combine features from multiple product categories (e.g., Smart Phones). Product managers in this industry often face two strategic options: (1) adding features to make the product more capable, or (2) deleting features to make the product more economical. We investigate the role of brand quality and feature value on consumer preferences for addition versus deletion. It was reasoned that for low value features consumers prefer economic gains over utility gains and are more willing to delete (than add) such features. Conversely, for high value features consumers prefer utility gains to economic gains and are more willing to add (than delete) these features. For medium value features brand quality is expected to play a significant role in addition versus deletion. Consumers would favor high quality brands that add (than delete) such features for utility gains, and favor lower quality brands that delete (than add) these features for economic gains. The above were tested in an experimental study with cell phones as the base product. Participants (n=815) were presented with a (high or lower quality) brand of a feature-loaded cell phone that could be replaced with an alternate model with a (low, medium or high value) feature added or deleted. It was found that the low (high) value feature was preferred to be deleted (added), irrespective of brand quality. Medium value feature was preferred to be added for a high quality brand and deleted for a lower quality brand. Implications are drawn for product managers in the high-technology sector.

2 - A Study on the Purchase Decisions of Convergence Products – A Focus on the Consumer Perception of Functionalities

Sungkyu Lee, PhD student, Korea University Business School, Anam-Dong Seongbuk-Gu, Seoul 136-701, Korea, Republic of, andre525@gmail.com, Jong-Ho Lee, Tony C. Garrett

Recently, increasing numbers of companies have produced convergence products. Understanding why these products fail gives rise to determining how consumers perceive the convergence product and its functionalities. This paper presents two studies to fully understand consumer perception of convergence products' functionalities. Study one focused on understanding how consumer perceptions of each function and different combinations of functions in convergent products affect consumer satisfaction and purchase intentions. Before considering combined types of functionalities, we classified the functions of a smart-phone into one of the three principle Kano quality categories; the must-have, one-dimensional, and attractive quality categories. The Kano model (Kano et al., 1984) explains how each function satisfies consumers, depending on their own characteristics. Using the quasi-experimental design method, we composed different combination function types. Study two focused on understanding how consumer satisfaction and purchase intentions are affected by the perceived diversity of product functionalities. Perceived diversity of products' functionalities is expected to positively affect consumer satisfaction and purchase intentions. How functional and emotional needs mediate between perceived diversities of functionalities and satisfaction of product are also identified. In addition, we identify if consumer innovativeness moderates the satisfaction of emotional needs, functional needs and overall to the convergence product itself given the perceived diversity of functionalities We expect that the findings of this study will arouse interest about the important factors that should not be overlooked when developing new convergence products.

3 - Responding to Feature Innovations: Strategies for Established versus New Follower Brands

Maren Becker, Graduate Student, Maastricht University, An der Ronne 182, Cologne, Germany, M-.becker@student.maastrichtuniversity.nl, Tripat Gill, Jing Lei

When a new feature is introduced by a pioneer brand in the category (e.g., touch screen by iPhone in the category of Smart Phones), two different response strategies may be employed by both the follower brands within the category (referred to as established followers; e.g., Nokia) and those intending to enter the category from other categories (referred to as new followers; e.g., Canon). One strategy is to simply copy the feature (referred to as "copy"), the other is to copy the feature but differentiate it with an additional feature (referred to as "copy-plus"). The differentiating feature can be either alignable (i.e. comparable along the same dimension) or non-alignable (i.e. unique on a different dimension) with the copied feature. This study aims to examine consumers' reactions (evaluation and purchase intention) to these two strategies employed by different follower types. The results of an experimental study show that consumers generally have a more positive reaction towards the followers using the copy-plus strategy than those using the copy strategy, but the magnitude of this difference is stronger for new followers than for established ones. Furthermore, the results suggest that, within the copy-plus strategy, new followers are better evaluated than established followers when the additional feature is non-alignable, whereas such a difference is not significant when the additional feature is alignable. Finally, the results show that the interaction between the response strategies (copy vs. copy-plus) and the type of brands (new vs. established followers) is fully mediated by the perceived competence of the follower brands. Discussions and implications are drawn from these findings.

4 - Really New or New Looking? The Impact of Enhanced Features, Novel Specifications, and Brand Credibility on Product Choice

Chelsea Wise, University of Technology, Sydney, P.O. Box 123, Broadway, NSW, 2007, Australia, chelsea.wise@uts.edu.au, Thorsten Teichert

Products can achieve market differentiation with enhanced product features never-seen-before (e.g., compact digital camera with 50x zoom). However, it is not always easy for firms to realize really new innovative specifications. Consequently, firms may promote average product specifications (e.g., 7x zoom) in novel formats (e.g., 37-260mm zoom) for product differentiation. While consumers desire information that is easy to compare, research demonstrates that novel (less-familiar) specification formats can improve product evaluations. This suggests that not only does the absolute value of specifications matter in promoting choice; the way in which specifications are described also matters. This paper investigates the interaction between 'really new' (innovative- versus average- levels of) and 'new looking' (novel- versus familiar- descriptions of) product specifications. For consumers to appreciate a truly enhanced feature, we hypothesize that innovative-specifications are best described using familiar-descriptions. In contrast, average-level specifications may benefit from novel descriptions masking their averageness. Thus, we hypothesize a negative interaction effect between the newness of specification levels and new-looking descriptions of specifications on choice. Further, the role of brand credibility is examined to identify whether strong brands better alleviate uncertainty created by really-new or new-looking specifications. A discrete choice experiment examines the hypothesized interaction effects. This research contributes to the interface between marketing and innovation suggesting a joint consideration of short-term labeling and marketing considerations and the relatively more long-term pursuit of enhanced features and innovation.

■ FA10

Room 20

Brands III

Contributed Session

Chair: Adina Barbulescu, Assistant Professor, University of Tennessee, 301 Stokely Management Center, 916 Volunteer Blvd., Knoxville, TN, 37996, United States of America, adina.barbulescu@utk.edu

1 - Are You Impressed? Portfolio Advertising as a Means of Strengthening the Corporate Brand and its Product Brands

Franz-Rudolf Esch, Professor, University of Giessen, Chair of Marketing, Licher Str. 66, Giessen, 35390, Germany, Franz-Rudolf@wirtschaft.uni-giessen.de, Christian Brunner

In recent years, the importance of the corporate brand has significantly grown and companies increasingly wonder how to strengthen their corporate brand. Portfolio advertising could offer one possibility, in which a corporate brand is shown with its product brands to the consumer. The aim of such advertising is to use positive image spill-over effects from the brand portfolio to the corporate brand. Thus, through a technique of impression management, the corporate brand is able to stick out for the consumer and therefore its perceived competence rises. In a first experiment the fit between product brands was being examined. Only if the fit is high, positive image spill-over effects from the brand portfolio to the corporate brand occur. In a second experiment, also the number of product brands as well as the processing depth of the consumers, are experimentally taken into consideration. Moreover, it was being investigated to what extent portfolio advertisement leads to a strengthening among the product brands themselves. Furthermore, the perspective of a new (unknown) product brand was being determined in a third experiment. Altogether, the three experiments show the benefits of portfolio advertising for the corporate brand and its product brands. Finally practical implications for brand managers are given.

2 - How Brand Portfolios Strategy Affects Firm Value and Risk

Shuba Srinivasan, Boston University, School of Management, Boston, MA, United States of America, ssrini@bu.edu, Susan Fournier, Liwu Hsu

There is a growing interest in connecting marketing initiatives and marketing performance to firm value. We focus on the effects of two types of branding strategies: corporate branding and house-of-brands on shareholder value and risk. Previous empirical research in marketing has shown that different branding strategies are related to the intangible firm value (Rao, Agarwal, and Dahlhoff 2004). Specifically, corporate branding strategy is associated with a higher value of Tobin's q, whereas the house-of-brands is associated with a lower value of Tobin's q. However, corporate branding seems likely to induce higher risk than house-of brands. If the company launches a new product under an established brand and it fails, then the company could risk damage to the established brand. There is limited research in linking firm value and risk to branding strategies. To address this gap, we examine the impact of a company's branding strategy on the systematic risk and idiosyncratic risk of its stock. We develop a two-stage methodology to assess the effects of corporate branding and house-of-brands strategy on three components of shareholder value, namely levels of returns, systematic risk and idiosyncratic risk. We start with the Carhart four-factor

financial model to estimate all three components of firm value. We then examine the relationship between a firm's branding strategy and these components. Our results suggest that corporate branding strategy versus house-of-brands strategy have different impact on firm value, systematic risk, and idiosyncratic risk. We conclude by offering useful implications for managerial practice at branding strategies and risk management.

3 - What's a Good Map? A Validation and Enhancement of the Brand Concept Map Approach

Oliver Schnittka, PhD Student, University of Hamburg, Von-Melle-Park 5, Hamburg, D-20146, Germany, schnittka@econ.uni-hamburg.de, Sebastian Zenker, Henrik Sattler

The Brand Concept Map (BCM) approach by Roedder John et al. (2006) assumes that brand image is stored in form of associative networks in consumers' memory. The methodology provides valuable information regarding core brand associations and how these associations are linked together within a network structure (e.g., number of brand associations, strength of association linkage). However, the validity of the approach and its assumed superiority to other established association network techniques (e.g., analytical network analysis) remains unclear. Furthermore, the favourability of a brand¥s image cannot be quantitatively determinate so far. This leads to a non-comparability across consumers with different BCMs and reduces the applicability of the methodology, e.g., in the context of between-subject-experiments. Our research makes two contributions: First, we validate the BCM approach and compare it with the analytical network analysis by implementing three different empirical studies with a total number of N = 297 respondents. Second, we enhance the original BCM approach by generating quantitative measures representing the favourability of consumers¥ overall brand image. We empirically validate the enhanced approach with established quantitative brand image methodologies (semantic differentials) and choice behaviour data (choice-based-conjoint analysis; N = 130). Our findings give insights for the quantitative measurement of brand images using the BCM approach and thus, enhance the applicability of the methodology.

4 - Changes in Brand Attitude in Response to Competitor Claims: The Role of Brand Knowledge Structure

Adina Barbulescu, Assistant Professor, University of Tennessee, 301 Stokely Management Center, 916 Volunteer Blvd., Knoxville, TN, 37996, United States of America, adina.barbulescu@utk.edu, Ajay Kohli

Consumers' knowledge of brands is comprised of brand associations (or nodes) and potential causal linkages among these nodes. For example, many consumers associate the Volvo brand name with "safety," "surround airbags," and "steel cage." In addition, many consumers also believe Volvo is "safe" because it has "surround airbags" and a "steel cage." In this essay we argue that in the absence of such causal linkages, consumers are more likely to negatively change their attitude towards the brand following a competitor challenge on one of the brand's nodes (e.g., "safety"). Furthermore, we argue that the degree to which causal linkages prevent brand attitude reduction depends on their (1) directionality (i.e., whether the challenged node is a cause or effect of other nodes), and (2) multiplicity (i.e. the number of causal linkages between the challenged node and other nodes). We find that a competitive challenge of a high multiplicity "effect" node leads to greater reduction in brand attitude due to the change in relative importance of brand nodes due depending on their position in the cognitive structure.

■ FA11

Room 21

The Estimation of Demand and Supply in Markets with Search Frictions

Contributed Session

Chair: Stephan Seiler, London School of Economics, Houghton Street, London, WC2A 2AE, United Kingdom, s.seiler@lse.ac.uk

1 - Consumer Search and Prices in the Automobile Market

Matthijs Wildenbeest, Assistant Professor, Indiana University, 1309 E 10th St, Bloomington, IN, 47405, United States of America, mwildenb@indiana.edu, José Luis Moraga-González, Zsolt Sándor

In many markets consumers only have imprecise information about the alternatives available. Before deciding which alternative to purchase, if any, consumers search to find their preferred products. This paper develops a discrete-choice model with optimal consumer search. Consumer choice sets are endogenous and therefore imperfect substitutability across brands does not only arise from variation in product characteristics but also from variation in the costs of searching alternative brands. We apply the model to the automobile industry using macro-level data on prices, market shares, as well as data on dealership locations and consumer demographics. Our estimate of search cost is highly significant and indicates that consumers conduct a limited amount of search. The paper shows that accounting for search cost and its effect on generating heterogeneity in choice sets is important in explaining variability in purchase patterns.

2 - Testing Models of Consumer Search using Data on Web Browsing and Purchasing Behavior

Babur De los Santos, Indiana University, Kelley School of Business, 107 S. Indiana Avenue, Bloomington, IN, United States of America, babur@indiana.edu, Ali Hortaçsu, Matthijs Wildenbeest

Using a large data set on web browsing and purchasing behavior we test to what extent consumers are searching in accordance to various classical search models. We find that the benchmark model of sequential search with a known distributions of prices can be rejected based on both the recall patterns we observe in the data and the absence of dependence of search decisions on observed prices. Moreover, we show that even if consumers are initially unaware of the price distribution and have to learn the price distribution, observed search behavior for given consumers over time is more consistent with fixed sample size search than sequential search with learning. Our findings suggest fixed sample size search provides a more accurate description of observed consumer search behavior. We then utilize the fixed sample size search model to estimate the price elasticities and profit margins of online book retailers.

3 - The Impact of Search Costs on Consumer Behavior: A Dynamic Approach

Stephan Seiler, London School of Economics, Houghton Street, London, WC2A 2AE, United Kingdom, s.seiler@lse.ac.uk

Prices for grocery items differ across stores and time because of promotion periods. Consumers therefore have an incentive to search for the lowest price. When a product is purchased infrequently though, the hassle of checking the price on every shopping trip might outweigh the benefit of spending less. I propose a structural model for storable goods, that takes inventory holdings and search into account. The model is estimated using data on laundry detergent purchases. I find that search costs play a large role in explaining purchase behavior, with a large proportion of consumers not being aware of the price of detergent in a given time period. Trip characteristics such as the amount of money spent on other items and the number of products purchased in the same product category cause the search cost to vary across shopping trips. I also compute between-store price elasticities and find that temporary promotions have little impact on competing stores. There is no post-promotion dip in sales. Permanent price reductions lead to a significant shift in market share towards the store that lowered its price. The adjustment of market shares is almost immediate.

■ FA12

Room 22

Forecasting II

Contributed Session

Chair: Christian Pescher, Ludwig-Maximilians-University, Geschwister-Scholl-Platz 1, Munich, Germany, pescher@bwl.lmu.de

1 - Forecasting Car Market Demand in China under Dynamic Consumer Preferences

Lixian Qian, PhD Student, Lancaster University, Department of Management Science, Lancaster University Management School, Lancaster, LA1 4YX, United Kingdom, l.qian@lancaster.ac.uk, Didier Soopramanien, Ruud Teunter

China has now overtaken the US to become the biggest car market in the world and empirical evidence suggests that the Chinese car market has not yet reached maturity. The short history of household car ownership and the ever changing nature of consumer preferences pose significant challengers to those who want to forecast car market demand in China. The complexity of this market is illustrated not only by the continual demand growth pattern but also by the market share dynamics. Furthermore, the impact of the recent economic crisis and the government policy response on the car industry has to be accounted for. Our research is concerned with the analysis of aggregate sales data and multi-level segment analyses of the Chinese car market. We explore the challenges of demand forecasting in this market and explore the manner in which dynamic consumer preferences can be used in such a market. Moreover, we attempt to account for demand shocks to demonstrate the challenges and value of accounting for consumer preferences in forecasting car market demand.

2 - Call Center Capacity Management with Direct Response Advertising Effects

Meltem Kiygi Calli, PhD Candidate, University of Antwerp, Applied Economics Faculty, Department of Marketing, Prinsstraat 13, Antwerp, 2000, Belgium, meltem.kiygicalli@ua.ac.be, Marcel Weverbergh, Philip Hans Franses

The random variation in incoming calls of a call centre is very important when assessing call centre performance (Betts et al., 2000). In this study, we investigate how to manage the forecasting and capacity management of a call centre when the company broadcasts the direct response commercials. In the first part of the study, we investigate the impact of direct response commercials on incoming calls at the national call centre as moderated by different media (radio and TV channels), time of broadcasting, duration of spots in seconds and advertising appeal using an autoregressive-distributed lag model. We have a large and detailed dataset concerning a car repair service which covers the period from October,1 2004 to June,15 2007. Potential customers can call the service through a 0800 number and agree upon a visit at the repair location. Using the estimation results of the model we construct a simulation tool based on a weekly media plan. It computes the baseline forecasts (without advertising) and the forecasts for a media plan relying on average GRP's by channel, theme, length and time slot (hour). In the second part, we link the forecasts to the capacity planning. The call center performance is modeled from traditional queuing theory, taking into account the service level requirements (maximum waiting time). This requires a 'disaggregation' from the forecasting time intervals (hours) to real time. The call centre operating data covers the period from June,28 2008 to December 19, 2009. The average volume of incoming calls is approximately 500,000 per year. The average service time is 5 minutes and the target service level amounts to 80% response within 12 seconds waiting time.

3 - Social Interaction in Market Forecasts

Christian Pescher, Ludwig-Maximilians-University, Geschwister-Scholl-Platz 1, Munich, Germany,

pescher@bwl.lmu.de, Martin Spann

Consumers interact with each other and within their social networks. The marketing literature has studied different aspects of social interaction, such as opinion leadership or word of mouth. However, social interaction has not yet been considered in market success forecasts of products. An important question that has to be answered is what types of indicators can capture the effects of social interaction on consumer preference and choice in marketing models and forecasts. In order to fill this research gap, we study a representative sample of 364 consumers in the mobile phone market of a large European country. The authors identify individual indicators for social interaction. They use these indicators to assign weights to consumers' individual purchase probabilities in order to capture social interaction in market forecasts. The approach presented in this paper enables the capturing of the effects of social interaction in market forecasts and thus can increase the accuracy of market forecasts. Results show that social network measures outperform psychographic constructs when it comes to accounting for the effects of social interaction.

■ FA13

Room 23

Pricing: Tariffs

Contributed Session

Chair: Ron Goettler, University of Chicago, 5807 S Woodlawn Ave, Chicago, IL, 60637, United States of America, ronald.goettler@chicagobooth.edu

1 - Customer Decisions in the Mobile Telephone Market

Yuri Peers, Erasmus University Rotterdam, Erasmus School of Economics, P.O. Box 1738, Room H09-16, Rotterdam, 3000 DR, Netherlands, ypeers@ese.eur.nl, Dennis Fok

Customers often experience a choice overload, which means they feel that they have to consider too many aspects of a product. The market of mobile telephony gives a textbook example of such choice overload; customers have to choose a provider, a subscription, if this subscription is with or without an additional telephone, which mobile phone, with high or low fixed monthly costs, with or without extra payment for a price reduction for text messages, etcetera. For each decision there are many options available. Furthermore, it can be very difficult to evaluate the characteristics of all these options. In the end the optimal decision depends on the actual calling behavior the consumer will have in the future. The question we want to answer is: does the customer actually know what he wants and consequently can the provider optimally fulfill these needs? To answer this question we model all relevant decisions. First, we want to know when a customer decides to change his subscription and what this new subscription entails. Further, we want to know how a customer behaves in between subscriptions, that is, the (monthly) usage of the mobile phone service. We believe that these decisions are very much related to each other. By modeling the different decisions a customer faces we find if and which customers act economically optimal, and if not which "non-economic" attributes influence this behavior. For our study we use a unique dataset of a large cellular service provider in the Netherlands, containing individual-level customer information on demographics, usage, subscriptions and the mobile phone they use, for a period of 26 months.

2 - Shaping Value of Access Services through Pricing Structure: Two-Part Tariff vs. Pay-per-Use

Raghuram Iyengar, Assistant Professor, University of Pennsylvania, Wharton School, Philadelphia, PA, United States of America, riyengar@wharton.upenn.edu, Peter Danaher, Skander Esseghaier, Kamel Jedidi

Emerging research in marketing and psychology suggests that pricing structure can influence consumers' perception of value. We investigate this issue in the context of two pricing structures, pay-per-use and two-part tariff, commonly used for access services. We develop a utility-based model of consumer retention and usage of a new service. A notable feature of the model is its ability to capture the pricing structure effect and measure its impact on consumer retention, usage, and pricing policy. Using data from a pricing field experiment for a new telecommunication service, we find that consumers derive lower marginal utility from consumption under a two-part tariff compared with pay-per-use pricing, resulting in both lower retention of customers and lower usage of the service. Our demand analysis shows that a two-part tariff structure leads to an average decline of 9.6% in the annual retention rate, as well as an average decrease of 38.1% in yearly usage relative to pay-per-use pricing, after controlling for income effects. Surprisingly, in spite of the higher customer churn and lower usage, we find that a two-part tariff is still the profit-maximizing pricing structure. In particular, our results show that firms would over-charge customers for the access fee and under-charge them for the per-minute price if they ignore the pricing structure effect. Translated in terms of profitability, the failure to account for pricing structure leads to a reduction of 11% in firm profit.

3 - Subscription Plans and Consumers' Intertemporal Choice

Daniel Stadel, University of St. Gallen, Rosenbergstr. 51, St. Gallen, 9000, Switzerland, daniel.stadel@unisg.ch, Florian Stahl, Raghuram Iyengar, Andreas Herrmann

Subscription tariffs are a common pricing mechanism for firms offering regularly used products and services. A frequently used tariff for membership is characterized by the length of time (e.g., months) a customer has access to the service (membership duration) and a corresponding flat fee (membership fee) for unlimited use of the service. For many services (e.g., Pay TV) customers face a tradeoff (maintaining flexibility versus discount benefit) in their choice among plans. They can subscribe to either longer periods and pay less per time unit, or shorter periods at higher prices per time unit. We investigate the design of profit maximizing membership plans for service providers while accounting for consumers' intertemporal preferences. We also determine consumers' discount behavior for future benefits from a service over the entire membership duration, i.e., over a time duration rather than at discrete time points. An analytical model of how consumers choose among different membership plans is proposed. In this model, consistent with past research on intertemporal discounting, we assume that consumers discount future benefits from a service over the entire duration of their membership according to a hyperbolic function. We corroborate this assumption using evidence from several experiments. The empirical analysis confirms the presence of hyperbolic discounting and reveals the aspect of flexibility. We extend our basic model to incorporate flexibility preferences. Finally, we compare the optimal menu of plans derived from our model with those based on the results of a choice-based conjoint analysis. The results reveal that the tariff menu based on our model is more reasonable and predicts higher profits and market share as compared to those from a conjoint analysis.

4 - The Effect of Usage Uncertainty on Mobile Phone Package Size

Eitan Muller, Professor, Tel Aviv University, Recanati Graduate School of Business, Tel Aviv, 69978, Israel, muller@post.tau.ac.il, Raghuram Iyengar, Oded Koenigsberg

Wireless services typically charge their subscribers based on a three-part tariff package that consists of a fixed monthly fee, an amount of free minutes per month (bucket size), and an overage price that is charged for all minutes in excess of the stated number of free minutes. For a subscriber, with a constant known consumption rate, the choice of a package is straightforward. However, as in many other markets, mobile phone subscribers confront uncertainty regarding their usage. In this paper, we study the role of such usage uncertainty with respect to minutes on both a service provider's package design and a subscriber's choice of package. Specifically, we study how usage uncertainty affects a firm's decisions about package size when it offers calling plans. In addition, from a subscriber's perspective, we study the effect of uncertainty on whether a subscriber stays with a plan or upgrades to another.Our main results, (analytical and empirical) are that the effect of variation in usage on the subscriber's optimal choice of free minute allotment and service package is conditional on whether the subscriber expects to use less than the entire bucket of minutes purchased. When this happens, the service provider's optimal bucket size decreases as a function of the subscriber's air-time variance. In addition, surprisingly, a subscriber's usage variance, after controlling for mean usage, is actually a negative predictor of the subscriber choosing to upgrade.

5 - Tariff Choice with Consumer Learning and Switching Costs

Ron Goettler, University of Chicago, 5807 S. Woodlawn Ave, Chicago, IL, 60637, United States of America, ronald.goettler@chicagobooth.edu, Karen Clay

Consumers are often uncertain about their future demands when choosing from a menu of tariffs. We analyze tariff and usage choices of 5333 customers of an online grocer who offered a menu of three two-part tariffs. Similar to data in other studies, observed choices suggest consumers choosing fixed-rate plans had biased beliefs. We propose and estimate a Bayesian learning model of tariff and usage choice in which biases arise despite consumers' unbiased priors and unbiased signals about their idiosyncratic utility (i.e., match-value) for a new product. The biases result from consumers overweighting their private signals and are therefore higher for higher signals. As such, consumers on fixed-rate tariffs have the most biased beliefs. Our model can therefore explain why consumers on fixed-rate plans often fail to use the product enough to justify the fixed fee. Dynamic trade-offs arise in our model from two sources: an incentive to learn via consumption, and costs to switching tariffs. We demonstrate the effects of uncertainty and switching costs on initial and subsequent tariff choices and assess the pricing implications.

■ FA14

Room 24

Sustainability II

Contributed Session

Chair: Erjen van Nierop, University of Groningen, P.O. Box 800, Department of Marketing, FEB, Groningen, Netherlands, j.e.m.van.nierop@rug.nl

1 - Retailer Compliance with Energy Labelling Programs

Corinne Faure, Visiting Professor, ESSEC, Av. Bernard Hirsch, Cergy, 95000, France, faure@essec.fr, Joachim Schleich, Barbara Schlomann

While most research on product labels has so far focused on food labels and consumers, we focus in this project on energy labels and retailers. Indeed, the acceptance of energy labels through the retailers, and their level of compliance with the handling directives of these labels, is a necessary condition for the successful implementation of the European energy labelling program. Specifically, the objective of this research is to identify antecedents to retailers' compliance with the European Energy Labelling Directive. We first develop a theoretical framework of regulatory compliance before testing this framework empirically on a sample of ca. 100,000 household appliances from close to 1,500 retail stores in 29 European countries. Two sets of data were collected in each store: a compliance audit and a survey. For the compliance audit, researchers noted for each household appliance available in the stores whether the energy label information was available, complete, and placed as required; they also gathered information about brand and energy class. To test the framework, a standardized survey of store managers included the following perceptual measures: external and internal monitoring, manufacturer compliance, effort to comply, consumer acceptance of labels, and presence of alternative methods. We analyze the data with hierarchical linear models.

2 - Public Preferences for Energy Technologies
Frank van Rijnsoever, Assistant Professor, Copernicus Institute, Utrecht University, Heidelberglaan 2, Utrecht, 3584 CS, Netherlands, f.vanrijnsoever@geo.uu.nl

Governments are stimulating the transition process towards a more sustainable energy system. Various technological alternatives to generate electricity are available to society. An increasingly important factor in the success chances of these alternatives is the public opinion. Using a factor analysis based on a representative sample of 451 Dutch respondents this paper identifies five types of attributes that consumers consider to be important in their choice among energy alternatives. The following alternatives are considered: solar energy, off-shore wind energy, on-shore wind, coal energy (with and without CCS), gas energy (with and without CCS), nuclear energy, and biomass. The factors identified are: fear of catastrophes, economic security, individual effort, spatial impact and price. Based on these attributes and on actual technological characteristics a ranking of preferred energy alternatives is constructed using a multi-criteria analysis. This ranking is compared to a direct ranking by the respondents. In both rankings off-shore wind energy is found to be the most preferred technology. The place of solar energy on the other hand varies greatly between the rankings. Using an ordinal logit model we attempt to explain the rankings and the differences between them, using prior knowledge, environmentalism and behavioural measures with regard to energy consumption as predictors. We find that these measures do predict the ranking of technologies, but that this influence is relatively small. The strongest influence comes from environmentalism. Further interaction effects are found with different technologies. Theoretical and managerial implications of our findings are discussed and avenues for further research are provided.

3 - Do Consumers Value Sustainable Fishing Practices? Empirical Evidence from a Traffic Light Advisory in a Retail Grocery Chain
Sofia Villas-Boas, University of California-Berkeley, 207 Giannini Hall, Berkeley, CA, 94720, United States of America, sberto@berkeley.edu, Eric Hallstein

This paper takes advantage of a partially phased in introduction of labeling in a supermarket chain to empirically examine whether consumers respond to and value product claims about fishing using traffic light colors, where red means bad and green means good. Using a unique product-level panel scanner data set capturing sales information for 2 treatment stores and 8 nearby control stores, we apply a difference-in-differences identification strategy to estimate the impact of color-coded labels on consumers' purchases, by comparing the change in sales in treatment stores to the change in sales in comparable control stores. We find that the advisory leads to no significant difference in total seafood sales relative to control stores. Green sales significantly increase an average of 29% per week; yellow sales significantly decrease an average of 27% per week; red sales show no significant difference in sales. Green products on a mercury safe list had the greatest increase in sales whereas yellow products not on the mercury safe list had the largest drop in sales. We then estimate a model of consumer preferences for products by projecting the products into their attribute space, where attributes are the price, the store, and labels. Based on consumers' choices we estimate a demand model, and we find no overall average consumer willingness to pay for a color label. We find that depending on the content of the label, consumers differ in their willingness to pay.

4 - The Influence of Product Clustering on Sales of Organic and Light Food Products
Erjen van Nierop, University of Groningen, P.O. Box 800, Department of Marketing, FEB, Groningen, Netherlands, j.e.m.van.nierop@rug.nl, Erica van Herpen

The size of many product assortments has exploded over the past decades. Especially when consumers are overwhelmed with the amount of choice, they are likely to use the structure that is offered by the assortment provider in their preference formation (Simonson 1999). Effects of assortment arrangement on consumers' evaluation of the assortment (Hoch, Bradlow, and Wansink 1999) and on sales and profit levels (DrÊze, Hoch, and Purk 1994) can be substantial. We conduct a field experiment to investigate these effects for organic and light sandwiches in a company restaurant. Arranging the assortment based on, e.g., organic versus non-organic products is likely to increase the salience of this attribute for consumers (Areni, Duhan, & Kiecker, 1999). In the experiment, the clustering and price of both organic and light products are varied during several weeks in which individual-level choices of customers are observed. We investigate whether this choice behavior is influenced by clustering and price discounts, and whether these effects are moderated by the attitude towards sustainable products.

■ FA15

Room 25

CB: Perception III

Contributed Session

Chair: Steven Huff, Assistant Professor, Brigham Young University, 613 TNRB, Provo, UT, 84602, United States of America, huff@byu.edu

1 - Causes and Consequences of Customer Confusion
Sebastian Buys, University of Mannheim, Department of Marketing III, Mannheim, 68131, Germany, buys@bwl.uni-mannheim.de, Sabine Kuester

Companies often try to face competitive challenges by offering product lines which carry a large number of alternatives. Researchers have questioned this strategy as large product lines can cause customer information overload which is considered to be a main trigger of customer confusion. This is a state of emotion which makes it difficult for customers to comprehend and choose products. Customer confusion can lead to adverse customer behavior which can negatively affect companies' success. Yet, empirical research on customer confusion and its consequences is still scarce. Therefore, it was the aim of our study to address causes of customer confusion and its consequences. In order to do so, we conducted an online experiment with 678 customers in the product category of digital cameras. Our data provide empirical evidence that product line size has a positive impact on customer confusion. Additionally, customer confusion is a mediator of product line size on customers' satisfaction with the selection process regarding an alternative, their purchase intention, as well as their intention for positive word-of-mouth with regard to the respective product line. A consumption vocabulary containing attribute-based product line information was identified as an effective instrument to reduce customer confusion. Moreover, customers' maximizing proneness, product category involvement, and product category knowledge were identified as customer traits directly impacting customer confusion. Our study offers implications for product line management in general and, more specifically, for determining product line sizes. Furthermore, we pinpoint the importance of a consumption vocabulary that can help to reduce customer confusion.

2 - The Z-effect: Why Good is Good but Better is Better
Steven Huff, Assistant Professor, Brigham Young University, 613 TNRB, Provo, UT, 84602, United States of America, huff@byu.edu, Teck Ho

Many studies on menu-dependent preferences—e.g., those studying asymmetric dominance and the compromise effect—invariably investigate decisions with regard to small menus (i.e., two to three alternatives) and focus on discrete measures of preference—i.e., choice. There is a need for more research investigating menu dependence with continuous measures of preference—e.g., willingness to pay (WTP)—and in menus with more than two or three alternatives. We report the results of an experimental study that explicitly varies product dispersion in larger menus (i.e., five alternatives) and measures continuous preferences (using WTP). The experiment employs three conditions that vary z-scores of product quality in the menu without varying other established drivers of preference (i.e., a product's objective quality and its rank in the menu). We show that WTP is influenced by "standardized quality" (i.e., the z-score of a product's quality); this influence is termed the z-effect. In lay terms, the z-effect says that in addition to caring about objective quality (good is good), people also care about relative quality (better is better) and they care by how much; this implies that the z-effect is continuous in nature (in contrast to the influence of product rank, which is discrete in nature). We find that WTP increases about 5-10 percent (relative to the mean category price) for a single standard-deviation increase in a product's standardized quality.

Friday, 10:30am - 12:00pm

■ FB01

Room 02

High-Tech Marketing

Contributed Session

Chair: Christine Balague, Associate Professor, Telecom School of Management, 9 rue Charles Fourier, Evry Cedex 91011, France, christine.balague@it-sudparis.eu

1 - Role of Technology Substitution in High-tech Product Marketing: An Exploratory Study on Indian Firms
Shashi Shekhar Mishra, Doctoral Student, Indian Institute of Management Lucknow, Prabandh Nagar, Off Sitapur Road, Lucknow, UP, 226013, India, fpm8009@iiml.ac.in, Saji K. B. Nair

In order to gain competitive advantage, it becomes imperative for the high-technology product marketing (HTPM) firms to continuously develop and launch new technology-intensive products in designated markets. The most critical element in New high-technology Product Development (NPD) practice, which is not yet comprehensively researched out, is the notion of technology substitution (TS) in HTPM. In the present study, we define TS as the new know-how that is made fully available in place of a required or existing know-how prior to the prototype development stage. Having identified the critical research gap on TS in the HTPM literature, it has been decided to conduct an exploratory research for identifying the role of TS in HTPM with specific reference to the Indian high-tech business context. The broad objective of the study is therefore to identify all possible antecedents and consequences to TS in HTPM. The research design has been fixed as a three-stage exploratory one, which included: (i) a focussed literature review that helped us to derive 27 research propositions, (ii) an expert survey that helped us to fine-tune the research propositions, and (iii) a case study method with three carefully chosen cases (new high-technology product development projects) that enabled us to arrive at the theoretical framework comprising of 24 research hypotheses. We propose to validate the theoretical framework through a descriptive design in the next phase of our research. The study has significantly contributed to HTPM theory and practice by identifying six antecedents, eight moderators, and a consequence of TS in HTPM.

2 - "Clouding" Venture Capital Decisions
Manish Tripathi, Assistant Professor of Marketing, Emory University, Goizueta Business School, Atlanta, GA, 30322, United States of America, Manish_Tripathi@bus.emory.edu, Vijay Viswanathan

In the past few years, the concept of "clouds" has gained increasing prominence. Amazon, Microsoft and Google are some of the vendors that offer "clouds" for computing, networking and storage activities. In this study, we examine how

nascent firms' decisions to avail themselves of such services impact their funding patterns; specifically, the amount of funding and the number of rounds of funding. Using a resource-based view of the firm, we identify firm boundaries across industries, and attempt to quantify the economic value of the cloud services. The study identifies conditions under which firms use cloud services to substitute for venture funding. The study also documents the cross-industry effects of the introduction of cloud computing services. We use a novel dataset of approximately 1,000 firms across industries to perform our analysis.

3 - Peer Effects and Learning by Doing in the Diffusion of Solar Photovoltaic Panels

Bryan Bollinger, PhD Candidate, Stanford University, Stanford Graduate School of Business, 518 Memorial Way, Stanford, CA, 94131, United States of America, bollinger@stanford.edu, Kenneth Gillingham

The solar photovoltaic (PV) industry in the United States has been the recipient of substantial production subsidies at the federal and state level, often motivated by both environmental externalities and dynamic spillovers from learning-by-doing (LBD) in the diffusion of the technology. However, empirical evidence on the precise nature and magnitude of these LBD spillovers is nonexistent, despite billions of dollars of subsidies. Using a rich dataset on solar PV installations in California, we first find strong evidence consistent with peer effects, whereby the number of solar adoptions in a zip code influences consumers' choice to adopt. We then examine LBD spillovers in a model of solar PV supply, while allowing for economies of scale, market power, and dynamic pricing. We find small but statistically significant contractor LBD at the regional level.

4 - Modeling Youngsters' Attitude Toward using Future Electronic Identification Systems

Christine Balague, Associate Professor, Telecom School of Management, 9 rue Charles Fourier, Evry Cedex, 91011, France, christine.balague@it-sudparis.eu

This research proposes a model of attitude toward using new electronic identification (eID) systems. Identification systems in the context of emerging technologies constitute nowadays a key area of research, either focusing on eID systems conception or on the consequences of these systems implementation on individuals and more globally on the society, including states policies and laws. Even if the technoglogies actually exist, lots of individuals remain reluctant to use eID systems for self identification while surfing the Internet, either for commercial and/or administrative purposes.Our paper aims to make a contribution in better understanding the variables impacting attitude toward using eID and the actual reluctance of youngsters to use these systems. Our paper investigates different theories to measure people's adoption of eID services, such as TAM (Technology Acceptance Model), DOI (Diffusion of Innovation), individuals' perceptions of risks and negative consequences, trustworthiness of organization, eID technology and Internet. Using structural equation models, this research provides new insights and proposes numerous future research directions to improve knowledge on eID systems that will become probably largely used in the next coming years.

■ FB02

Room 04

CRM: Customer Portfolios I

Contributed Session

Chair: Jose M. Vidal-Sanz, Associate Professor, Department of Business Administration Universidad Carlos III de Madrid, C/ Madrid 126, Getafe, 28903, Spain, jvidal@emp.uc3m.es

1 - A Portfolio Dynamics Perspective on Hedging Customers' Risks

Alexander Eiting, Research Assistant, Department of Services Management - TU Dortmund University, Otto-Hahn-Str. 6, 44221 Dortmund, Germany, alexander.eiting@tu-dortmund.de, David M. Woisetschläger, Heiner Evanschitzky

While there is evidence, that customer prioritization can lead to higher firm profits (e.g., Homburg, Droll, and Totzek 2008), it can also increase the volatility of portfolio performance, which is not a desirable outcome (Srivastava, Shervani, and Fahey 1998). From financial hedging theory (e.g., Brenner and Galai 1989), we derive and formalize the idea of customer hedging and its potential stabilizing role in a customer portfolio. Based on simulated data, our study provides important insights that should encourage especially marketing managers to think differently about their actions. Our results show that customer prioritization leads to higher volatility of portfolio revenues. Since volatility incurs additional financial costs (e.g., Opler et al. 1999), even revenue-effective customer prioritization strategies may turn out to be harmful to the bottom line. In particular, our results reveal that it is critical how much weight marketing managers put on recently realized revenues compared to past accumulated revenues and thus how fast they switch between different allocation strategies. The more myopic marketing managers allocate CRM budgets toward customers, the earlier the portfolio destabilizes, and thus increases revenue volatility. Our findings reveal that customer hedging per se does not prevent from destabilization of the portfolio. Myopic customer hedging implies that in the presence of customers to hedge out revenue volatility, the portfolio equilibrium destabilizes even earlier, and thus increases revenue volatility. Putting less weight on recent realized profits, customer hedging, however, may stabilize the customer portfolio and turns out to be more effective against revenue volatility than without hedging.

2 - Balancing Risk and Return in a Customer Portfolio

Crina Tarasi, Assistant Professor, Central Michigan University, Department of Marketing, Mount Pleasant, MI, 48859, United States of America, crina.tarasi@cmich.edu, Ruth Bolton, Michael Hutt, Beth Walker

The study explores how financial principles of diversification and the tenets of modern portfolio theory can be applied effectively to a firm's customer portfolio. To this end, the authors demonstrate how the tools of analysis used by professional investors can be adapted and applied to enrich the market segmentation and customer portfolio management decisions of a firm. First, the authors identify clusters of customers based on the risk characteristics in order to isolate the sources of risks for which firms do not reap higher returns for assuming it and suffer losses when market conditions change. Second, they seek to identify the efficient portfolio frontier and construct efficient customer portfolios. Third, they build on these components to develop an actionable approach that exploits the synergies of a diverse customer base characterized by heterogeneous risk-return profiles. Using forward- and back-testing on the efficient portfolio, the current portfolio and a profit maximization portfolio, the authors show that companies can efficiently reduce the risk associated with their customer portfolio without compromising revenue levels. In the long run, an efficient portfolio outperforms the current portfolio and a profit-maximizing portfolio. In addition, this study provides ways to measure each customer's risk/return profile in order to identify the true worth of a customer. This research is the result of a collaboration with a large business-to-business service company.

3 - Customer Portfolio Optimization: Advertising Investment under Uncertainty

Michael Haydock, Vice President & Partner, IBM Corporation, 6460 Fox Path, Chanhassen, MN, 55317, United States of America, haydockm@att.net

Efforts in the marketing sciences can be distinguished between the analysis of individual customers and the examination of portfolios of customers. Despite enormous gains within the marketing discipline in understanding and predicting customer buying behavior, the optimal allocation of advertising investments across customer groups is a challenging area not well understood by marketing practitioners. While strategic asset allocation is considered in financial economics theory to be the single most important set of investment decisions, marketing science has given scarce theoretical guidance in this important area. This session details a case study of a large US based electronics and appliance retailer. Solution components highlight multi-attribute numerical optimization, the use of utility theory to prioritize goals which appear in the objective function, the application of a binomial lattice based on stochastic Brownian motion, the development of a peer index to limit the stochastic boundaries of the lattice, and the utilization of a data mining scheme to create investable asset categories. Positive outcomes from this study include a 7% reduction in saturative advertising investment and the numerical strategies used to cut nearly 40% of advertising capital as a result of the global recession. The results of the proposed research will be of interest to marketing researchers, operations research practitioners, and functional marketing executives.

4 - Valuing Customer Portfolios under Endogenous Marketing Investments

Jose M. Vidal-Sanz, Associate Professor, Department of Business Administration Universidad Carlos III de Madrid, C/ Madrid 126, Getafe, 28903, Spain, jvidal@emp.uc3m.es, Mercedes Esteban-Bravo, Gokhan Yildirim

The purpose of this paper is to understand the influence of Customer Relationship Management (CRM) strategies on the dynamics of customer-life value (CLV). The standard CRM procedure allocates marketing budget across individual customers with different values through expected CLV segmentation, after ranking customers by its value (Reinartz and Kumar 2003, Rust, Lemon and Zeithaml 2004, Venkatesan and Kumar 2004). Assessing new marketing interventions using CLVs computed from historical data is potentially misleading. The planned CRM marketing interventions will change the purchasing behaviour of the different customers, changing their CLVs, turning upside-down the customer rankings and making our history-based decisions sub-optimal. To avoid invalidated CRM budgeting policies, this paper considers the dynamic allocation of marketing expenditures in a general CRM plan that simultaneously considers direct marketing interventions personalized to each customer and mass marketing interventions aimed to the customer base, and both may have crossed effects over the purchasing behaviour.

■ FB03

Room 06

Advertising: Cognitive vs. Affective Cues

Contributed Session

Chair: Carmen Horn, PhD Student, University of Cologne - Seminar for Marketing and Marketing Research, Albertus-Magnus-Platz 1, Cologne, 50923, Germany, horn@wiso.uni-koeln.de

1 - Click Behavior on Neutral vs. Action-oriented Worded Sponsored Results: A Test and Analysis of Potential Moderators

Claire Gauzente, Professor, Sciences Po Rennes, 104 Bd de la Duchesse Anne, Rennes, 35000, France, claire.gauzente@sciencespo-rennes.fr, Laurent Flores

Sponsored results represent the majority of advertising expenditure on the Internet. However, academic knowledge is still at its early stages and it is important to assess consumers' reactions to such investments. Sponsored results have mainly been investigated in relation to the IS and Marketing fields. Most of the seminal investigations stem from studies of search engines in the IS domain. In the marketing field, studies adopt the point of view of either the search engine company or the advertiser in identifying efficient pricing or bidding strategies and

efficient advertising strategies. However, to date no attention has been dedicated to the issue of wording. The objective of this research is then to investigate the weight of words in sponsored advertising. Based on previous research exploring the role of wording in persuasion, we examine the impact of neutral versus action-oriented wording and explore the role of three potential moderators: attitude toward sponsored ads, product involvement and behavioral control in terms of information search. An online experimental study is conducted. Behavioral data are collected over a sample of 704 surfers. Empirical results tend to show the superiority of neutral writing whereas at this stage the moderating role of the three tested variable is still ascertained. Particular attention should be given to behavioral control. Surfers with low or medium levels of behavioral control behave significantly differently depending on the wording, while surfers with a high level of behavioral control exhibit a stable behavior of avoidance whatever the ads' writing. Managerial as well as conceptual implications of this study are discussed.

2 - Language Adaptation (Dubbing) and Advertising Effectiveness

Venkatesh Parthasarathy, Indian Institute of Management, Ahmedabad, D-910 IIM Campus, Vastrapur, Ahmedabad, India, pvenkat@iimahd.ernet.in, Arindam Banerjee

Advertising in a multi-cultural context throws up interesting research opportunities to understand and re-evaluate some of the advertising knowledge built predominantly on single-culture contexts. Indian Television Advertising is a case in point. In a country with a large diversity of cultural, linguistic, and social groups of people living in well demarcated States, advertising at a pan-India basis has given birth to some interesting advertising strategies. Language Adaptation or simply Dubbing is one strategy predominantly used by advertisers in India. Systematic research to understand the effectiveness of this advertising strategy (of Dubbing) is missing in literature. The basic premise of this research work is that language of the adapted advertisement belonging to a cultural milieu of a particular State (for which the advertisement is adapted) may interact with the executional elements (like Celebrity Endorser) in the advertisement which belong to a different cultural milieu (in which the original advertisement was made). The interaction between the language and the executional element is viewed from the perspective of Incongruity Hypothesis, and we define a special case called the "Cultural-Cue Incongruity". We hypothesize that under conditions of perceived cultural-cue Incongruity, the executional element (Celebrity Endorser) and the overall advertisement will be unfavorably evaluated. Apart from the above mentioned interaction, we also investigate if the very act of audio-visually translating the ad-message from one language to another has any effect on the audience comprehension of the message.

3 - Modeling Cognitive and Affective Advertisement Content with a View to Optimize Purchase Intention of Customers

Manpreet Singh Gill, IBS Hyderabad, Survey Number 156/157, Dontanpally Village, Shankerpally Mandal, RR Distri, 501203, India, manpreetgill1981@yahoo.co.in, Atanu Adhikari

Persuasion research in marketing deals mainly with the advertising that spread awareness, build favorable attitude and induce purchase intention of a brand. The ability of an advertisement to achieve these objectives depends on effective synchronization of amount of emotional and cognitive content, with viewer's characteristic concentration of his affect-intensity and need for cognition. An individual who is high on affect intensity produces more emotional responses when viewing emotional Ad. Correspondingly, a person with high need for cognition produces higher cognitive response when exposed to an Ad that boasts of good argument quality. Such cognitive and affective responses generated by an advertisement would collectively influence consumers' purchase intention. In this research, we develop a quantitative model in order to obtain an optimum combination of emotional and cognitive content in an advertisement to maximize purchase intention of viewer having certain affect intensity and need for cognition. Our conceptual framework proposes that there are two important components in the content of an advertisement: emotional and informational. Similarly, we propose that each individual has certain amount of affect intensity and need for cognition in his behavioral characteristic. We consider heterogeneity in the population in terms of affect intensity and need for cognition. We then develop models of both, emotional and cognitive response of individual viewer towards an Ad. We then develop a model that depict attitude towards a brand and finally, purchase intentions towards that brand. We then derive expression for optimum emotional and information content that should be considered by a creative team in order to get maximum purchase intention for a brand.

4 - My Vote for My Mailman: Designing Communication Campaigns with Reciprocity

Carmen Horn, PhD Student, University of Cologne - Seminar for Marketing and Marketing Research, Albertus-Magnus-Platz 1, Cologne, 50923, Germany, horn@wiso.uni-koeln.de, Anne Fries, Karen Gedenk

We investigate the influence of an appeal to reciprocity as a design element of communication campaigns. We conduct an experiment which is based on a real-life campaign run by Deutsche Post, the German postal service. In this campaign German citizens could participate in a sweepstake by voting for their mailman, thus giving him something in return for his good service. In our experiment, we replicate this campaign and also study a second sweepstake with reciprocity for a private company with competition. We analyze the effect of including an appeal to reciprocity on the probability of consumer participation in the sweepstake (short-term effect) and on brand image (long-term effect). Also, we investigate the effect of two potential moderators – fit between the company and the campaign, and satisfaction with the employee – on the effect of an appeal to reciprocity. Our study makes two contributions. First, we add to the literature on communication by investigating for the first time the effect of a moral appeal to reciprocity. Our results are not only relevant for sweepstakes, but also for other communication tools. For example, an appeal to reciprocity could be included in Direct Marketing campaigns. Second, we contribute to the literature on reciprocity by adding to the scarce evidence on reciprocity in a business-to-consumer context, and by analyzing two potential moderators of the role of reciprocity that have not been studied before.

■ FB04

Room 14

Online Content and Advertising

Cluster: Internet and Interactive Marketing
Invited Session

Chair: Fareena Sultan, Northeastern University, 360 Huntington Ave., Boston, MA, United States of America, f.sultan@neu.edu

1 - The Dynamics of Emotional Engagement to Internet Video Advertisements

Thales Teixeira, Assitant Professor, Harvard Business School, Soldiers Field Rd., Morgan 165, Boston, MA, 02163, United States of America, tteixeira@hbs.edu, Michel Wedel, Rik Pieters

Moment-to-moment processes measures are used to show how advertisers can engage viewers in watching video ads on the internet. We study two processes: attention and emotions, measured unobtrusively, simultaneously and with high frequency (4 times per second) by means of eye- and face-tracking technologies. Engagement is operationalized by the commercial's ability to attract (focus visual attention) and retain (reduce zapping/skipping) viewership. We find that the emotion of Surprise is more effective for attention attraction while Joy is a more effective attention retaining mechanism. Furthermore, our dynamic model permits advertisers to understand when in the course of a commercial should each of these emotions be evoked in order to maximize their effectiveness. These empirical findings are incorporated into a simple measurement tool termed "Emotional Profile Performance Metric" that permits advertisers to compare ads on the basis of the evolution of the emotional patterns that they evoke over time.

2 - Factors Influencing Consumer Acceptance of Mobile Marketing Practices: A Study Across Three Global Markets

Fareena Sultan, Northeastern University, 360 Huntington Ave., Boston, MA, United States of America, f.sultan@neu.edu, Andrew Rohn, Margherita Pagani, Tao (Tony) Gao

Industry interest in using the mobile platform for marketing and communication purposes continues to grow across global markets. The purpose of this research is to examine factors affecting consumers' acceptance of mobile marketing practices across three global markets - the U.S., China, and Europe. Drawing upon technology acceptance and uses and gratifications theories, we develop a conceptual model on the influences of antecedent factors (including privacy concern, risk avoidance, perceived ease of use and usefulness, personal attachment, and innovativeness) on consumer attitude toward businesses' mobile marketing practices. We further hypothesize impacts of consumer attitude on two types of consumer mobile marketing acceptance (permission-based and non-permission based) and behavioral intention related to mobile marketing practices. Focusing on youth consumers, we collected data from about 450 college students in each market (U.S., China, and Europe). Confirmatory factor analyses are used to assess the reliability and validity of the measures and ensure equivalence of measures across the markets. Then, subgroup structural equations modeling analyses were conducted to test the conceptual model in all three markets and assess the similarities and differences of the market-specific results. We draw implications from these findings related to both theory and practice.

3 - Hidden Secrets of Hidden Markov Models: An Analysis of Online Video Consumption

Eric Bradlow, The K.P. Chao Professor; Professor of Marketing, Statistics, and Education; Co-Director, Wharton Interactive Media Initiative, University of Pennsylvania, 700 Jon M. Huntsman Hall, 3730 Walnut Street, Philadelphia, PA, 19104, United States of America, ebradlow@wharton.upenn.edu, Peter Fader, Yao Zhang, Oliver Entine, Eric Schwartz, Yuzhou Liu

As Hidden Markov Models become a standard part of the marketing researcher's toolkit, we tend to take the basic HMM paradigm for granted and fail to consider some interesting special cases that are embedded within it. In this paper, we carefully examine a nested set of HMM variants, which deviate from the usual (fully general) HMM along two dimensions: one is whether or not customers can "move backwards" to earlier states or whether they can only "move ahead" as transitions take place; secondly, we allow for the final state to serve as a terminal "death state" in which the customer permanently drops the product/service of interest. The resulting 2x2 structure comprises a variety of practical models (some of which are much easier to estimate than the general HMM) which usually aren't considered as part of the HMM "family." For instance, one such model is the "beta-geometric/beta-binomial" (Fader et al 2009), a discrete-time variant of the popular Pareto/NBD framework (Schmittlein et al 1987). Our empirical analysis uses a unique longitudinal data set of 20,000 registered users of the Hulu video service – our goal is to capture and forecast daily incidence for each individual (i.e., did she watch any videos that day or not?). We show that some of the nested variants offer excellent empirical performance – frequently outforecasting the general HMM – while also provided useful diagnostics about behavioral dynamics over time and across customers. While we refrain from making any general statements about an overall "winning" model, we gain a lot more insight into the HMM modeling process by utilizing the nested structure that we have proposed.

4 - Impact of Social Network Structure on Content Propagation: A Study using YouTube Data

Hema Yoganarasimhan, University of California-Davis, Davis, CA, 95616, United States of America, hyoganarasimhan@ucdavis.edu

Online video sharing has taken off in the last few years with the advent of websites such as YouTube and Dailymotion. While managers want to exploit this new medium as a marketing tool, there is little information on the drivers of video popularity. We present a dynamic model of video growth using a unique dataset that contains information on a panel of videos and the social network of videos' authors. We quantify three aspects of network structure: 1) Connectivity: the ease with which a node can reach others, 2) Clustering: the degree of transitivity; highly clustered networks represent cohesive, close-knit communities, 3) Betweenness centrality: captures the power or social capital of a node; high Betweenness is associated with high network dominance, but low path diversity in the local network and vice-versa. We find that network structure plays an important role in video growth. Connectivity has a positive impact, while the impact of clustering is negative. Interestingly, Betweenness has a negative impact implying that it is path diversity, not network dominance that drives popularity in YouTube. We also find that network structure plays different roles in early and later stages of video growth.

■ FB05

Room 15

Strategy: Segmentation of Customers

Contributed Session

Chair: Li-Chuan Tseng, Department of Marketing, National Chung Hsing University, 250, Kuo Kuang Rd., Taichung 402, Taiwan, Taichung, Taiwan - ROC, a2688878@yahoo.com.tw

1 - Modeling Customer Segments that Change Over Time

Jeff Larson, Assistant Professor of Marketing, Brigham Young University, 660 TNRB, Provo, UT, 84604, United States of America, jeff_larson@byu.edu, Scott Smith

The sheer variety of clustering methods and applications attest to its usefulness. A multitude of clustering methods has been developed to provide insight into data characterized by any number of variants. Despite the prolific options available, very few clustering methods exist to account for changes in clusters over time. Those that do exist are not useful for the examination of shifting consumer segments. We examine data on people's attitudes toward internet purchasing with traditional Gaussian mixture cluster models. These models assume that data come from members of discrete segments, and that the data from members of a segment are distributed multivariate normal. We undertake novel extensions of these traditional cluster models in that apply them to data collected in four time periods over nine years—in 2001, 2004, 2007 and 2010. We examine and compare a number of variants to the underlying normal distributions to account for these temporal changes. We examine variants of both the means and variance of the distributions. We allow for cluster means to drift linearly, nonlinearly (but monotonically), or without restriction. We examine several potential changes in the structure of the variance-covariance matrix over time; 1) changes to cluster volumes; 2) changes to cluster shape; 3) changes to cluster volume and shape; 4) unrestricted variance changes. The best-fitting models provide substantive findings regarding improvements that impact and enhance research into the nature of the new product adoption, the underlying attitudes that determine adoption habits, and the nature of attitude shifts over time.

2 - China Taste Differentiation: The Application of Mixture Model to Product Development in China Gummy Market

Do Hak Kim, Senior Researcher, Samsung Opentide China, 22F The Exchange Beijing, No Yi 118, Jianguolu Chaoyang District, Beijing, China, aduksini@korea.com, Kimyung Kang, Youngsik Kwak, Kewei Wu, Zhe Jin, Ling Liu, Xiaojuan Wang

Mixture model is to unmix the sample, to identify the segments, and to estimate the parameters of the density function underlying the observed data within each segment. Although the applications of the mixture model for segmentation are well documented in academic field, the report of application of mixture model to a given brand in practice has been relatively rare. The researcher aims to try to full this gap by applying a mixture model to China gummy market's survey data in China. Orion China Co., the multinational confection manufacturer, has conducted the customer satisfaction and life style survey twice a year since 1998 in Beijing and Shanghai in China. We added FGI data and demographic information for each customer into these survey data. The mixture model was applied to the integrated dataset and was identified four segments. Furthermore, we developed gummy products for each segment and implemented it in 2009. In this process, to develop the product for each segment and to identity the determinants of gummy taste, we used the second-order factor analysis. We observed that the segments respond uniquely to marketing effort and show higher customer satisfaction index in 2010. Although we can not conclude the direct relation between implementation of mixture model and customer satisfaction index, the implementation of the result of mixture model supports that Orion can allocate marketing expenditures and efforts comprehensively and save reasonable marketing cost.

3 - Segmenting Leisure Bike Market under a Dyadic Competition Structure – Application of Latent Class Model

Li-Chuan Tseng, Department of Marketing, National Chung Hsing University, 250, Kuo Kuang Rd., Taichung 402, Taiwan, Taichung, Taiwan - ROC, a2688878@yahoo.com.tw, Ching-Wei Lien, Ming-Chih Tsai

This research aims to segment leisure bike market under a dyadic competition structure by two well-known bike manufacturers in Taiwan, i.e. Giant and Merida. Latent class logit model is developed to analyze the reciprocal effect between the manufacturers and customer segments. 12 generic variables that indicate the need attributes of consumer choice are treated as micro segmentation variables, whereas 4 alternative specific variables that categorically express the demographic and social status of consumers are defined as macro segmentation variables. They are identified based mainly on literatures and confirmed by a focus groups meeting. 162 valid data are collected through face-to-face interviews. They are tested and calibrated using computer software of NLOGIT 4.0. In using factor analysis, three principle factors are concluded for leisure bike choice, including bike quality, cost, and brand image. Active service/product mobility between two bike manufactures is found. It leads to a large number of segments identified for competitive users. So the statistical test merely concluded two clustered segments accounted for mainly by number of bike owned and participation of bike society. Finally, choice probabilities associated with these two segments are measured and analyzed. The empirical evidence provides bike manufactures with basic information on segment formation, facilitate their selection of promising segments, and position their product/service strategy under an increasingly fierce competition.

■ FB06

Room 16

Online Advertising

Cluster: Special Sessions

Invited Session

Chair: Catherine Tucker, Massachusetts Institute of Technology, 77 Massachusetts Avenue, Cambridge, MA, United States of America, cetucker@mit.edu

1 - Competitive Advertising Strategy for Retailing on the Internet

Amit Mehra, Assistant Professor, Indian School of Business, Gachibowli, Hyderabad, 500032, India, Amit_Mehra@isb.edu, Ram Bala, Jagmohan Raju

Retailing on the internet is the only sales channel for a large number of small retailers. Most of these retailers find it difficult to attract shoppers to their websites based on brand strength. So advertising on the internet is a very important way for them to get customer traffic. The two most popular modes of advertising are banner advertising and search advertising. Banner advertising refers to the placement of ads on other websites (such as www.nytimes.com) that get relevant traffic. On the other hand, search advertising involves the display of text based advertisements in response to the customer search process which involves entering preference related keywords on search engine websites such as www.google.com. While the marginal cost of search advertising may be higher, it has the advantage of better targeting. However, such targeting may also intensify price competition. We construct a game-theoretic model that determines the allocation decision for a retailer across banner and search advertising in a competitive setting. In particular, we examine the differential impact of competition from peers (other small retailers) versus established big brand retailers (such as Amazon.com). Further, we study how a big-brand retailer may switch its business model from being a pure play retailer to a portal in such a competitive internet advertising context.

2 - Online Display Advertising:Targeting and Intrusiveness

Catherine Tucker, Massachusetts Institute of Technology, 77 Massachusetts Avenue, Cambridge, MA, United States of America, cetucker@mit.edu, Avi Goldfarb

We use data from a large-scale field experiment to explore what influences the effectiveness of online advertising. We find that matching an ad to website content and increasing an ad's visibility both independently increase purchase intent. However, in combination these two strategies are ineffective. Advertisements that match both website content and are highly visible do worse at increasing purchase intent than ads that do only one or the other. This failure appears to be driven by perceived intrusiveness. The negative effect of combining contextual targeting with high visibility is strongest for people who appear to care about privacy and in categories where privacy matters most. Our results suggest a possible explanation for the growing bifurcation in internet advertising between highly targeted plain text ads and more visually striking but less targeted ads.

3 - Improving Click-through with Web Advertisements Designed for Cognitive Style

Erin MacDonald, Assistant Professor of Mechanical Engineering and Art & Design, Iowa State University, 2020 H.M. Black Engineering Build, Ames, IA, 50011, United States of America, erinmacd@iastate.edu, Glen L. Urban, Jong-Moon Kim, Robert Bordley

Website visitors click on less than one percent of banner advertisements. This research "morphs" banner advertisements to match cognitive style, improving click-through by 35%. In previous research, an adaptive morphing algorithm increased sales 20% by matching website content to cognitive style . The work demonstrated the potential of the adaptive morphing algorithm, but left some question as to how much of the benefit was due to the sophisticated algorithm, and how much was due to the underlying principal of matching cognitive style. Here, we investigate the cognitive-style matching benefit alone. The authors

created over seventy test Chevrolet banner advertisements to span design and cognitive dimensions. Respondents rated the test advertisements as well as control advertisements (actual Chevrolet banner advertisements). Respondents were then classified into cognitive style groups. They next visited an automobile research website populated with either test or control advertisements. The respondents' advertisement ratings suggest that the control advertisements were, on average, superior to the test ads. However, the percentage of click-throughs on the test advertisements was 35% higher than the controls ($p<.05$). This click-through lift was due to the test advertisements' fit to cognitive style, not the overall superiority of the advertisements. Also, brand consideration increased by 24% over control, as well as brand opinion (18.9%) and purchase probability (6.8%). The results suggest cognitive style morphing could greatly improve website banner advertisements.

4 - The Success Factors of Widgets in Viral Marketing

Lisa Scholer, Goethe-Universität, Frankfurt, Germany, lschoeler@wiwi.uni-frankfurt.de, Christian Schulze, Bernd Skiera

Social networks like facebook are showing tremendous growth, both in reach and usage intensity. Part of their popularity is fueled by so-called widgets, little third-party programs which offer additional functionality to the user of a social network. From a marketing perspective, widgets are highly interesting: through voluntary user-engagement, widgets easily overcome users' skepticism towards more traditional advertising tools like banners; also, their technological features allow for true interaction between the advertiser and the user. Most importantly, however, marketers can program widgets to utilize the social environment of networks like facebook by incorporating different mechanisms that support their viral spread between social network friends. In our research, we analyze how different viral mechanisms – generic mechanisms provided by the network as well as additional mechanisms specifically built into the widget - affect the diffusion and ultimately the success of widgets along different dimensions. For this research, we rely on daily data regarding reach and usage intensity for more than 40,000 facebook widgets over a one-year time frame.

■ FB07

Room 17

Channels: Bargaining

Contributed Session

Chair: Ben Shaw-Ching Liu, Professor of Marketing, Quinnipiac University, 275 Mt. Carmel Avenue, Hamden, CT, 06518, United States of America, bsliu@quinnipiac.edu

1 - Sharing Contracts in Manufacturer-retailer-channels with Double Moral Hazard

Marcus Kunter, RWTH Aachen University, Templergraben 64, Aachen, 52064, Germany, mk@lum.rwth-aachen.de

Channel coordination still remains an unsolved problem in many real-world situations. Theory recommends to apply quantity discount schedules and two-part tariffs in order to eliminate double marginalization. Such payment schemes are rarely used in practice because they contain fixed payments, which fail to create incentives. Moreover, channel members do not want to bear the risk of a zero margin. We show in a simple game- and bargaining-theoretic model that members of a two-level distribution channel may achieve channel coordination by bargaining over a set of royalty payments: Wholesale price, (revenue sharing) and cooperative promotion participation payments by both parties. We highlight the following main results: Our royalty payment scheme is perfectly incentive creating, does not require a zero manufacturer or retailer margin and holds independent of the distribution of bargaining power in the channel. However, channel members may fail to negotiate a channel coordinating contract, since their individual profits are higher if they disclaim to share the opponent's cost of promotion activity.

2 - The Influence of Bargaining Power on Success in Negotiations

Katrin Bloch, Universität Kassel, Mönchebergstrafle 17, Kassel, 34123, Germany, katrin.bloch@web.de, Ralf Wagner

One of the most controversially discussed topics in retailing is the shift of power in the supply channel towards the retailers (see Dukes, Gal-Or and Srinivasan 2006 for a recent review). These studies focus on the reasons of the power-shift rather than highlighting the consequences for the manufacturers-retailer-relationship. Contrastingly, we investigate how the negotiation result is determined by the allocation of bargaining power. In our experiment with 72 negotiators, which is a modified version of Gupta's (1989) negotiation task, we consider the issue authority as a proxy of bargaining power. Differences in issue authority allocations turn out to have a significant impact on negotiation success. In scenarios with substantial differences of bargaining power the participants failed to achieve a mutually satisfactory result. The utility achieved in scenarios with balanced bargaining power is significantly higher. We learn that an increase of issue authority for one of both parties implies that negotiation efficiency is likely to decrease. Our participants were unable to cope with the structure of an already simplified negotiation task. Instead of improving mutual utilities systematically they rely on their power, although this behavior is irrational. Considering the recent shifts in bargaining power we argue that practitioners could benefit more than ever from applying formal negotiation procedures to enhance their business. References: Dukes, A.J.; Gal-Or, E.; and Srinivasan, K. (2006) "Channel bargaining with retailer asymmetry," Journal of Marketing Research: Vol. 43, Article 1, p. 84–97. Gupta, S. (1989) "Modeling integrative multiple issue bargaining," Management Science: Vol. 35, Article 7, p. 788-806.

3 - Negotiation Models: Forecast Outcomes

Ben Shaw-Ching Liu, Professor of Marketing, Quinnipiac University, 275 Mt. Carmel Avenue, Hamden, CT, 06518, United States of America, bsliu@quinnipiac.edu, P.V. (Sundar) Balakrishnan

The most fundamental of marketing mechanisms for setting the terms of exchange is negotiation. Nash's theory for predicting negotiation outcomes has received most attention in the marketing literature. Experimental results of normative model have generally not shown much accuracy as a predictive model of the outcomes of buyer-seller bargaining. One alternate economic model of the bargaining process is the Cross model (1977). In our talk, we suggest that this rigorous model merits far greater attention as it is able to provide the basis for useful work both in theory development and in experimentation. An advantage of the Cross model for marketing scholars is that can generate a solution that is more general than the Nash solution. In addition, a useful advantage of this model is that it explicitly considers the asymmetries of the bargainers with respect to aspects such as their concession rates and discount rates. In our talk, we present a rich conceptual framework for studying the Cross model to explicitly account for important contextual and social-psychological dimensions. In this talk, we also show how one can conduct a rigorous test of the comparative ability of the Cross model vis-a-vis select alternative models to predict bargaining outcomes. Some empirical results from our experiment simulating industrial buyer-seller bargaining will be presented. The results will assess the ability of the enriched Cross model to predict actual outcomes relative to those predicted by Asymmetric Nash solution, as well as a naive process model suggested for such comparisons by Balakrishnan and Eliashberg (1995).

■ FB08

Room 18

Promotions

Contributed Session

Chair: Mary Sullivan, Assistant Professor, The George Washington University, 2201 G Street NW, Suite 601, Washington, DC, 20052, United States of America, msullivan505@gmail.com

1 - The Impact of Retail Sales Promotions on Sales

Purna Chandra Padhan, Assistant Professor, XLRI School of Business and Human Resources, C H Area(E), Jamshedpur, Jh, 831035, India, pcpadhan@xlri.ac.in

This paper discusses the impact of retail sales promotion on the store sales and vice versa. Using the VAR Model and Granger causality tests, we have analysed the nature and degree of causal relatioship between the two and estimated their elasticity. Appying daily data for five stores, we found bidirectional relatioship between the two variables. This study will have impotant implictaions for retailers and marketing mangers in their decision- making.

2 - Effects of Brand Loyalty on Price Promotional Strategies: Empirical Evidence

Janine Empen, PhD Student, University of Kiel, Olshausenstrafle 40, Agricultural Economics, Kiel, 24118, Germany, J.Empen@web.de, Jens-Peter Loy

Promotional sales are the most important marketing activities of food retailers, particularly in highly competitive markets such as in Germany. Brand loyalty is a major characteristic to building brand assets. Many theoretical models have studied the relationship between promotional sales and brand loyalty (e.g. Raju et al. 1990, Agrawal 1996, Jing and Wen 2008). Following Agrawal (1996) retailers promote stronger brands more frequently but give smaller discounts compared with weaker brands. Raju et al. (1990) derive the opposite result. While theoretical papers give some empirical evidence supporting their respective model results, no comprehensive empirical study has been undertaken to investigate the relationship between promotional sales and brand loyalty. To do so data on retail pricing strategies (retail scanner) and consumer behavior (consumer scan) is needed. In this study we use weekly retail scanner and consumer scan data for the German ready-to-eat breakfast cereal market in 2000 and 2001. We identify the price promotional strategies of the stronger and weaker brand in this market and analyze the role of different concepts for defining promotional sales and brand loyalty. All applied measures of brand loyalty such as the repurchase probability and sequence based measures identify Kellogg's as the stronger and Nestlé as the weaker brand. Results on the pricing strategy give support to the theoretical model of Agrawal (1996) but depending on definition and empirical measurement of promotional sales the results become ambiguous. Requiring the price cuts to be featured or displayed as in Agrawal (1996) confirms his model, whereas following the theoretical models by considering all price cuts as promotional sales favors other models as e.g. Jing and Wen (2008).

3 - Brand Loyalty Induced Price Promotions: An Empirical Investigation

Polykarpos Pavlidis, PhD Candidate, University of Rochester, Simon School of Business, Box 270100, Rochester, NY, 14627, United States of America, pavlidisp2@simon.rochester.edu, Dan Horsky

Various explanations have been forwarded in the academic literature for the use of price promotions by profit maximizing manufacturers of frequently purchased consumer goods. In this work we focus on the "try it you will like it" idea developed and theoretically analyzed in a Markov model framework in Freimer & Horsky (Mkt. Sc. 2008). A price promotion by a brand is assumed to also attract buyers that otherwise would have bought another brand or not bought in the category at all. Some of these buyers may like the brand upon trying it and develop a loyalty in the sense that when the brand resumes its regular high price, they will buy it again. The theoretical analysis shows that if brand loyalty/state dependence is strong enough it will make competitive price promotions optimal (lead to profits which are higher than those attained with a single price). We

investigate empirically the above notion using brands in twenty one product categories which are part of the household panel data of "The IRI Marketing Data Set" (Mkt. Sc. 2008). Using a mixed logit model we find state dependence in all brands in all categories. Moreover all brands use price promotions. We therefore examine the connection between the magnitude of loyalty and the frequency of offering price promotions. We develop a measure of the marginal effect of brand loyalty (AMEL) in logit based models. Using demand estimates to compute brand level AMELs, we empirically assess their impact on the frequency of price promotions. Our estimation results show that brands with higher AMELs are offered on price promotion for more weeks on average. The finding is robust to a number of model/sample perturbations and supports the role of purchase event feedback as a driver of price promotions.

4 - Do Accounting Rules Drive Marketing Decisions? Why Some Companies Have Reported Promotional Sales at List Price

Mary Sullivan, Assistant Professor, The George Washington University, 2201 G Street NW, Suite 601, Washington, DC, 20052, United States of America, msullivan505@gmail.com

In 2000 new rules were imposed for how companies must account for consumer and trade promotions, largely price discounts. Prior to the rule change, firms were allowed to book revenue at list price and account for discounts as expenses, which inflates reported revenue. Now companies are required to report revenue at the actual price. The purpose of this study is to determine why, prior to the rule change, some companies reported revenue at the list price. I test two possible explanations. First, heavy use of discounting may indicate weak demand for a company's products. A company may choose to report its revenue at list price to mislead investors about heavy discounting. This could encourage myopic behavior if it allows managers to bolster share price in the short term without taking long-term actions to strengthen demand. The extent of discounting cannot be inferred from the level of expenses because reported expenses include administrative and other marketing costs unrelated to discounting. I test this explanation by assessing whether sales revenue provides information to investors differentially for companies that reported revenues at list price, controlling for other factors, such as earnings. The second explanation is that managers inflated reported sales revenue to increase compensation. This motivation could cause managers to over-promote their products if units of a product sold at a discount are valued at the list price for the purpose of determining bonuses. I test this explanation by assessing whether revenue affects management compensation differentially for companies that report revenue at list price and determining whether the compensation structure changes for these companies after the new accounting rule was imposed.

■ FB09

Room 19

New Products: Development & Design II

Contributed Session

Chair: Thomas Staeblein, University of Applied Sciences Ulm, Prittwitzstrasse 10, Ulm, 89705, Germany, thomas.staeblein@gmail.com

1 - The Effect of Remanufacturing on the Perceived Value of New Products

Koert Van Ittersum, Assistant Professor of Marketing, Georgia Institute of Technology, 800 West Peachtree Street NW, Atlanta, GA, 30332, United States of America, koert.vanittersum@mgt.gatech.edu, Vishal Agrawal, Atalay Atasu

In this paper, we experimentally investigate the effect of remanufactured products on the perceived value of new products. We find that the perceived value of an OEM's new product depends on who sells the remanufactured product: in our experiment, the perceived value decreases when the OEM sells the remanufactured product, but it increases when the remanufactured product is sold by a third-party remanufacturer. We incorporate this effect to analytically investigate an OEM's strategy in the presence of competition from third-party remanufacturers. Existing literature has argued that an OEM should pursue remanufacturing or collection of used products to preempt third-party remanufacturers, because the presence of third-party competition is detrimental for the OEM. By incorporating the effect of remanufacturing on the perceived value of new products, our research shows that an OEM may not benefit from preempting third-party remanufacturers. Instead, an OEM may find it more profitable to allow third-party competitors to remanufacture its products.

2 - How Innovation and Customer Participation Work Together on New Product Evaluations? Focusing on Customer's Perspectives

Hyeyeon Yuk, Doctoral Candidate, Korea University Business School, 5 Anam-dong, Seongbuk-gu, Seoul, Korea, Republic of, hyeyeon6@naver.com, Seoil Chaiy

Prior researches provide sufficient evidence that both types of breakthrough innovation:technology-based innovation and market-based innovation have a positive impact on firm performance. Meanwhile, customer participation as an information provider or a co-developer has proven to influence customer's attitudes, hence, better firm rents. Despite the substantial importance of those variables by both practitioners and academicians, the integrated effect has been rarely addressed. Accordingly, first, the authors have examined the impact of two types of breakthrough innovation and customer participation on brand attitude separately to confirm the previous results. Furthermore, an interaction effect has been also tested for further understanding. The results show that market-based innovation has a stronger positive impact on brand attitude, which is performance variable in customer's perspective, than technology-based innovation. Also, brand attitude is more positively perceived when customer participation as an information provider (CPI) presents than as a co-developer (CPC). Moreover, when market-based innovation combined with customer participation as an information provider is given, a stronger positive impact on brand attitude is shown than with as a co-developer. However, when technology-based innovation is exhibited with any type of customer participation, the effects on brand attitude are not significantly different. The theoretical and empirical implications are also discussed, as well as limitations and further research directions.

3 - Perceived Value of Customization – An Empirical Investigation in the Customer Solution Context

Gertrud Schmitz, Professor, University of Duisburg-Essen, Chair of Servicemanagement and Retailing, Lotharstr. 65, Duisburg, 47057, Germany, gertrud.schmitz@uni-due.de

Companies in several industries consider customer solutions as an opportunity to distinguish themselves from competitors. Customer solutions are usually seen as an integrated combination of independent goods and services designed to solve a particular customer problem. Customization is one characteristic of a customer solution achieved during a process in which customer and provider work together. Due to spectacular failures in customization and contradictory findings concerning the benefits derived from customization practitioners as well as researchers have emphasized the importance of understanding the mechanisms creating customization value. This study focuses on the perceived value of customization in the customer solution context. The authors develop a high-order formative conceptualisation of perceived customization value and identify individual drivers. A literature review and an intensive quality research provide the basis for the conceptualisation and the hypotheses, which are empirically tested using Smart PLS 3.0 including data from 685 consumers. Results reveal that perceived psychological benefits of the customization process itself such as process enjoyment and "I designed it myself" feelings are important customization benefit components. Perceived social and functional risks are important perceived customization cost components. Customer's need for uniqueness, perceived knowledge uncertainty and convenience orientation have significant effects on different customization value components. These findings have many implications for solution providers as they show that psychological effects caused by the customization process itself are highly important and have to be addressed systematically in order to create value by customization.

4 - Measuring Product Variety: How Much Customization is Really Demanded?

Thomas Staeblein, University of Applied Sciences Ulm, Prittwitzstrasse 10, Ulm, 89705, Germany, thomas.staeblein@gmail.com, Matthias Holweg

Product customization is assumed to yield competitive advantage by offering products or services tailored to specific market segments. Measuring the degree of customization that is actually requested by different segments is a challenging task. This paper compares theoretical and actual product variety offered by a vehicle manufacturer. From this comparison it is shown that the actual level of variety demanded by end customers is substantially lower than the theoretical offering. Considering this mismatch we discuss existing variety measures and propose a novel set of measures. In particular we show how an analysis of the variety distribution as a Lorenz curve and the application of inequality metrics complement and enhance our understanding of product variety and its impact on manufacturing and distribution systems. Additionally, we show results how our measures are relevant for comparing the observed product diversity over different segments and channels; and can be further applied to evaluate the effect of mass customization strategies such as option bundling and postponement.

■ FB10

Room 20

Brands: Trust & Loyalty

Contributed Session

Chair: Jürgen Schwarz, University of Basel, Peter Merian – Weg 6, Basel, Switzerland, Juergen.schwarz@unibas.ch

1 - How to Manage Harmed Brands? A Systematic Analysis of the Impact of Product-harm Crisis

Kathleen Cleeren, Assistant Professor, Maastricht University, PO Box 616, Maastricht, 6200 MD, Netherlands, k.cleeren@maastrichtuniversity.nl, Harald van Heerde, Marnik Dekimpe

Product-harm crises are prevalent in today's marketplace. Recent notable examples of product-harm crises include contaminated coca-cola in several European countries, and salmonella poisoning in Cadbury chocolate. Because of the increasing complexity of products, more stringent product-safety legislation, and more demanding customers, product-harm crises tend to occur ever more frequently both in the US and in Europe. Extending the extant literature that exclusively focused on one particular crisis, we analyze a large set of product-harm crises. By systematically analyzing the impact of product-harm crises on purchase behavior for large household panels, we create generalizable knowledge on consumer reactions to these events. Apart from the impact on the affected brand's share, a crisis can also have an effect on the entire category if consumers perceive the problem underlying the crisis to be industry wide. Therefore, we compare both brand shares and category purchases before and after the crisis. In addition, we examine the moderating impact of different consumer characteristics (e.g., loyalty and usage before the crisis), category characteristics (e.g., perceived difficulty of making the product) and crisis characteristics (e.g., negative publicity and blame attribution). We also test for the effectiveness of advertising in the aftermath of a crisis. Therefore, this research will allow us to make recommendations for companies on how to manage harmed brands.

2 - Brand Loyalty and Equilibrium Promotion Strategies

William Allender, Arizona State University, 7171 E. Sonoran Arroyo Mall, Peralta 3rd Floor, Mesa, AZ, 85212, United States of America, William.Allender@asu.edu, Timothy Richards

Though brand loyalty has been studied extensively in the marketing literature, the relationship between brand loyalty and equilibrium pricing strategies is not well understood. Designing sales pricing strategies involves two key decisions: the percentage reduction in price from the existing price point, and the number or frequency of promotions within a category or for a specific product. These decisions, in turn, are critically dependent upon how many consumers can be convinced to switch to a brand by temporarily reducing its price, and how many are instead brand loyal. Theoretical models of how the size and strength of brand loyalty influence optimal promotion strategies have been developed, but there are no rigorous tests of their hypotheses. We test how brand loyalty impacts promotion strategies for a frequently purchased consumer packaged good category. Our results largely confirm that retailers often promote several brands simultaneously and that depth and breadth are complementary.

3 - Measuring and Managing Brand Relationship Quality: A Cross-Industry Study in the Consumer Market

Jürgen Schwarz, University of Basel, Peter Merian-Weg 6, Basel, Switzerland, juergen.schwarz@unibas.ch, Falko Eichen, Daniela B. Schäfer, Meike Strasser, Manfred Bruhn

Brand relationship quality (BRQ) is regarded as the key for measuring and managing consumer-brand relationships (Veloutsou 2007) and is a consumer-based indicator of a person-brand relationship's strength (Fournier 1998). However, no consensus exists on a BRQ measurement scale (Breivik and Thorbj¨rnsen 2008). Surprisingly, another discussion exists: Fournier (1998) postulates that brands need not cultivate a one-to-one relationship to qualify as an active relationship partner. This is criticized by several researchers (e.g., Iacobucci and Hibbard 1999; Bengtsson 2003) without drawing on empirical results. Altman and Taylor's (1973) social penetration theory emphasizes the centrality of interactions in relationship building. This article employs these two discussions in filling the research gaps. First, we conceptualize and operationalize the construct of BRQ. Based on a comprehensive literature review and 21 in-depth interviews, BRQ can be characterized by the dimensions emotional brand closeness, brand trust, and brand satisfaction. Second, we examine the impact of consumer-consumer interactions (CCI), employee-consumer interactions (ECI), and system-consumer interactions (SCI) on BRQ. Breivik and Thorbj¨rnsen (2008) asked for cross-industry studies on BRQ. Hence, we conducted a survey (n=2,009) across eight consumer markets using 82 brand representatives. Our study indicates that BRQ can be captured as a second-order formative construct with the factors emotional brand closeness and brand trust. Findings suggest that BRQ is not reflected by brand satisfaction. Results also show that CCI and SCI are important for BRQ in the consumer market, whereas ECI are not. Moreover, we make a comparative analysis of consumer markets regarding measurement and antecedents of BRQ.

■ FB11

Room 21

Dynamic Models

Contributed Session

Chair: Sue Ryung Chang, New York University, 40 W 4th Street, New York, NY, United States of America, schang@stern.nyu.edu

1 - Modeling Immediate and Dynamic Competitive Effects Within and Across Product Categories

Richard Paap, Professor, Erasmus University Rotterdam, Ecometric Institute, P.O. Box 1738, Rotterdam, Netherlands, paap@ese.eur.nl, Csilla Horváth

The authors develop a general nonetheless parsimonious multivariate dynamic time series model that can be used to capture a broad range of price effects from scanner data. First of all, the model measures immediate as well as dynamic sales effects. Second, it can encapsulate within- and between-category reactions. Third, the model can simultaneously capture dynamic competitive reactions as well as dynamic consumer responses. Finally, the model is flexible and can handle many brands and many categories even when the dimension of the multivariate system becomes very large. The multivariate dynamic model can be used to compute the dynamic effects of price promotions across brands and categories in a direct and unified manner. The model is calibrated on weekly store sales data in three orange juice categories. The results show evidence of own- and cross-brand post-promotion dip within a category and asymmetric cross-category effects. The findings suggest that brand managers do not take possible cannibalization into account, within and across categories, when planning their price promotions.

2 - Investigating Consumers' Hybrid Behaviors with Inertia and Variety-seeking Tendencies Using Hidden Markov Approach

Kyuseop Kwak, University of Technology Sydney, School of Marketing, City Campus, Sydney, Australia, kyuseop.kwak@uts.edu.au, Kanghyun Yoon, Thanh Tran

Past research has investigated the time-varying impacts of inertia and variety-seeking tendencies on consumers' brand choice decisions in the packaged goods market. The common approach, which assumes that two unobservable states—inertia and variety-seeking—exist among consumers and employs a covariate in the utility function to capture the state-dependent utility, is limited in capturing: (1) the differences in the responses to marketing mix variables of consumers showing inertia versus variety-seeking tendency, and (2) the transition patterns between the two states. We address these issues by proposing a state-dependent brand-choice and purchase-timing model based on the hidden Markov modeling framework. Our model provides important insights into consumers' state-transition patterns and state-dependent sensitivities to various marketing mix variables. Empirical findings are presented and managerial implications are discussed.

3 - Global Market Share Dynamics

Sue Ryung Chang, New York University, 40 W 4th Street, New York, NY, United States of America, schang@stern.nyu.edu, Peter Golder, Joel Steckel

Market share is a critical measure of performance throughout the world. Companies around the world wage intense battles over market share. They make huge investments in R&D, advertising, and distribution channels with the hope of gaining a few share points, or, in some cases, even tenths of points. There is a common belief in the marketing literature that long-run market shares tend to be stationary. While previous research on stationarity has generated many important insights, several meaningful questions remain: Do existing results on stationarity generalize to countries and categories around the world? Are there similar generalizations about market share volatility (i.e., annual changes in market share)? Is there systematic variance in stationarity and volatility due to country, category, and brand characteristics? In our study, we investigate two types of market share change: non-stationarity and volatility. We expand research on market share non-stationarity and initiate focused research on market share volatility. Based on market share data for 30,552 brands in 34 categories across 52 countries, we find wide variation in non-stationarity and volatility across both countries and categories. We propose and test several potential explanations for this variance.

■ FB12

Room 22

Survey Research

Contributed Session

Chair: Stefano Puntoni, Rotterdam School of Management, Erasmus University, Burgemeester Oudlaan 50, Rotterdam, 3000 DR, Netherlands, spuntoni@rsm.nl

1 - State Dependence Effects in Surveys: A Cross-national Investigation

Martijn De Jong, Associate Professor, Erasmus University Rotterdam, Burgemeester Oudlaan 50, Rotterdam, Netherlands, mjong@rsm.nl, Oded Netzer, Donald R. Lehmann

Researchers have long been concerned about the quality of survey-based marketing data. This article examines an understudied systematic effect in surveys: the extent to which observed responses to survey items are subject to state dependence from one item to another. The proposed statistical model simultaneously accounts for state dependence, question content and scale usage heterogeneity. In addition, the paper explores whether state dependence becomes stronger as the survey progresses. Based on a cross-national marketing research dataset, the authors find differences across individuals and countries in the degree of state dependence, as well as in scale usage. The article demonstrates the impact of state-dependence and concludes with recommendations for survey researchers.

2 - The Anchor Contraction Effect in International Marketing Research

Stefano Puntoni, Rotterdam School of Management, Erasmus University, Burgemeester Oudlaan 50, Rotterdam, 3000 DR, Netherlands, spuntoni@rsm.nl, Bart de Langhe, Daniel Fernandes, Stijn van Osselaer

In an increasingly globalized marketplace, it is common for marketing researchers to collect data from respondents who are not native speakers of the language in which the questions are formulated. Examples include online customer ratings and internal marketing initiatives in multinationals. This raises the issue of whether providing responses on rating scales in one's native versus second language exerts a systematic influence on the responses obtained. This article documents the Anchor Contraction Effect (ACE), the systematic tendency to report more intense emotions when answering questions using rating scales in a non-native language than in the native language. Nine studies (a) establish ACE, test the underlying process, and rule out alternative explanations, (b) explore the generalizability of ACE across a range of situations, measures, and response scale formats, and (c) explore managerially relevant and easily implementable corrective techniques.

■ FB13

Room 23

Competition I

Cluster: Competition

Invited Session

Chair: J. Miguel Villas-Boas, Haas School of Business, University of California, Berkeley, Berkeley, CA, United States of America, villas@haas.berkeley.edu

1 - Competitive Overselling in the Presence of Stochastic Demands

Wei Shi Lim, Associate Professor, National University of Singapore, 15 Kent Ridge Drive, Singapore, 119245, Singapore, weishi@nus.edu.sg, Wee Meng Yeo

We study the practice of overselling in a competitive environment where late arriving consumers value the good higher than the early arriving ones. Our model extend related previous works by considering a model where both early and late arrivals are stochastic. We show that contrary to earlier results, overselling is not

necessarily a dominant strategy for the firms. We further provide conditions under which both firms,or one firm, or none oversell at the equilibrium.

2 - Competitive Vices

J. Miguel Villas-Boas, Haas School of Business, University of California, Berkeley, Berkeley, CA, United States of America, villas@haas.berkeley.edu, Fernando Branco

In markets firms have to compete following a set of rules determined by laws, regulations, and social practices or pressures. This paper investigates the effect of the degree of competition on the extent to which firms may invest in behaving according to the rules of the market. The paper models investments in following the rules of the market as increasing the marginal costs of production, but leading to a smaller probability of the firm not being caught as not following the market rules. The paper shows that greater competition leads to smaller investments in following the market rules. If the market rules have some social benefit this leads then to an existence of a social optimum degree of competition which is less than perfect competition, and more competition leading to greater optimal monitoring efforts. The paper also argues that under some conditions the early market winners are more likely to have behaved outside the market rules, and that once an industry is established, the larger firms are more likely to follow the rules of the market. If monitoring can be made contingent on market success the paper also argues that more monitoring efforts should be exerted on the market winners.

■ FB14

Room 24

Environmental and Social Marketing

Cluster: Special Sessions
Invited Session

Chair: Amir Grinstein, Ben Gurion University of the Negev, Department of Management, Beer-Sheva, Israel, gramir@bgu.ac.il

Co-Chair: Peter Verhoef, Professor, University of Groningen, Office WSN 329, PO Box 800 9700 AV, Groningen, Netherlands, p.c.verhoef@rug.nl

1 - Dimensions and Drivers of Sustainable Purchasing Behavior in the Food Market

Jenny van Doorn, Assistant Professor, University of Groningen, Nettelbosje 2, Groningen, 9747 AE, Netherlands, j.van.doorn@rug.nl, Peter Verhoef

Using actual purchase data of food products with different sustainable labels and claims of around 5,000 Dutch consumers, we study sustainable purchase behavior. We conceptualize sustainable behavior as a latent trait containing two dimensions: Health-related or ego-sustainable behavior, such as the purchase of products with health or nutrient claims, and social sustainable behavior, as indicated by the purchase of organic or fair trade products. We confirm these two dimensions with confirmatory and exploratory factor analysis. Using Latent Class Analysis, we find four segments that differ in their behavior on these two sustainable dimensions. Finally, we investigate the extent to which the consideration of future consequences, social value orientation, and socio-demographics differ between these segments. Our results indicate that social sustainable segments have a high biospheric orientation and to a larger extent consider the future consequences of their current behavior. Finally, we find some effects of gender, education and household size.

2 - Wasteful Pricing

Paul Dobson, Professor of Competition Economics, Loughborough University, Leicestershire, LE11 3TU, United Kingdom, P.W.Dobson@lboro.ac.uk, Eitan Gerstner

Economic models of consumption and firms' pricing implicitly assume that products bought are entirely consumed. In practice, consumers trash a substantial amount of products they buy. Food waste has attracted much attention recently, and retailers have been blamed for exacerbating the waste problem by enticing customers to buy additional units through multiple-unit (MU) pricing such as "buy one get one free" offers (BOGOFs). Our research shows that under MU pricing consumers may end up throwing away part of the products they buy under MU pricing, but this pricing strategy can also lead to lower prices, and enhance welfare compared to simple unit (SU) pricing.

3 - Going Beyond Carrots and Sticks: The Effectiveness of Demarketing

Amir Grinstein, Ben Gurion University, Israel, udinisan@mof.gov.il, Ann Kronrod

Policy makers often use economic incentives ("carrots" or "sticks") and regulations ("sticks") to reach public policy and social goals. A third policy tool – "sermons," or information and education, is viewed more skeptically, mainly because unlike the traditional policy tools, measuring its effectiveness is often difficult and it has a direct cost. Still, there is growing interest in demarketing – using the sermons tool to discourage the public from consuming products or following behaviors that have a negative effect on society. Unfortunately, very few empirical studies on demarketing exist and combined with anecdotal evidence they provide mixed findings regarding the effectiveness of this marketing approach. This study addresses these issues by conducting a large-scale controlled field experiment in an environmental context – preservation of water. The experiment involved the launch of a demarketing campaign among 3,000 households and observation of actual water consumption. This is the first study we are aware of to study demarketing's effectiveness in a controlled field experiment. This approach enables us to clearly and accurately measure the effect of a demarketing campaign, demonstrating the effectiveness of this tool. Based on a cost-benefit analysis we also demonstrate the economic advantages of the specific demarketing campaign and show that it provides more value than utilizing (1) the widely used price increase or (2) an alternative desalination effort. Finally, we study the boundaries of demarketing in terms of influence over time. The study offers important implications for policy makers, suggesting that the use of demarketing should complement traditional policy tools.

4 - Marketing Social Responsibility

Sumitro Banerjee, Assistant Professor, ESMT European School of Management and Technology, Schlossplatz 1, Berlin, 10178, Germany, sumitro.banerjee@esmt.org, Luc Wathieu

This paper analyzes the optimal strategy of a profit-maximizing firm in response to social responsibility concerns of consumers. We show that firms will address responsibility demands if consumers are sufficiently motivated and society provides minimal monitoring of false claims. We further show that there is an interaction between the firm's basic positioning and the type of responsibility initiative it undertakes. A firm selling a low quality product commits to social responsibility in the form of good citizenship by investing in compliance with social norms valued by all consumers. In contrast, a firm selling a high quality product tends to contribute to social causes endorsed by its target customers. Under asymmetric information, when consumers cannot observe product quality, we find that a firm can signal its commitment to social responsibility by charging a higher price and by making exaggerated claims that would be too damaging if they were not largely true. Finally, in a vertically differentiated duopoly, we find that only one firm will take on social responsibility initiatives. Overall, these findings suggest that profit-driven competitive marketing strategies can fulfill social responsibility just as much as any other driver of consumer utility.

■ FB15

Room 25

CB: Perception IV

Contributed Session

Chair: Lin Huang, University of Michigan, 2014 Medford Rd Apt 237, Ann Arbor, MI, 48104, United States of America, linhuang@umich.edu

1 - The Effect of Evaluative Conditioning on Brand Choice: A Predecisional Distortion of Information Explanation

Melanie Dempsey, Assistant Professor, Ryerson University, Ted Rogers School of Management, 350 Victoria Street, Toronto, ON, M5B2K3, Canada, mdempsey@ryerson.ca

Drawing from studies that show that people do not have to fully process information for it to have an effect on attitudes and behaviors and the predecisional distortion literature, this research investigates the influence of evaluative conditioning on the distortion of product attribute information. This research is unique in that participants had access to implicit attitudes and conflicting but relevant product information. The implicit attitudes were created by conditioning two hypothetical brands with either positive or negative stimuli in which participants were unaware of the contingencies. Consistent with recent findings in the predecisional distortion literature, results of a laboratory experiment confirm that participants distorted product attribute to favor the brand that was positively conditioned. While previous research has identified strong prior preferences such as favorite politician (Granberg & Brent, 1983) and initial product information (e.g. Carlson et al. 2006) as factors driving predecisional distortion, this study extends the past research on predecisional distortion by providing empirical evidence that the pairing of brands with affective stimuli that result in evaluatively conditioned implicit attitudes can work similarly. An important implication of this work is that evaluative conditioning can not only induce the choice of a brand when all else is equal, but that it also has the power to influence the choice of an inferior brand. Furthermore, the finding that evaluative conditioning not only influences consumer liking for a brand, but also how consumers construe a product category has important implications particularly since consumers are not able to easily detect this influence.

2 - Category Relevance and Positioning Relevance for Explaining Source Effects on Product Judgments

Yi-Wen Chien, Assistant Professor, National Taiwan University, No 1, Sec. 4, Roosevelt Rd., Taipei, Taiwan - ROC, ychien@ntu.edu.tw, Chung-Chiang Hsiao

The current research examines how the effect of source from which the product is advocated may be moderated by two dimensions of source relevance. The source is generally regarded as a peripheral cue affecting product judgments for low-involvement consumers. However, we propose that such a peripheral cue can sometimes affect product judgments of high-involvement people by serving as a central argument (i.e., product-relevant information), if it has category and/or positioning relevance with the product. Our results indicated that, when the level of either category or positioning relevance was high, the source was more likely to be perceived as a central argument. Specifically, when the levels of both category and positioning relevance were high, the greatest source effect was found. In addition, when positioning relevance was high, and yet category relevance was low, the positive source main effect was still significant. More interestingly, the aforementioned source effect was even greater than when category relevance was high but positioning relevance was low. Finally, when the levels of both category and positioning relevance were low, the source did not produce any effects. Our study is, to our knowledge, the first to propose two dimensions of source relevance for affecting how high-involvement people perceive the source as a central argument or simply a peripheral cue. To marketing practitioners, the implications of current findings suggest that different dimensions of source relevance and consumers' involvement levels should also be considered in order to design effective promotion vehicles or sources. Keywords: source effect, category relevance, positioning relevance, involvement.

3 - Product Series Judgment: Nonconscious Consumption of Parallel Extrinsic Cues

Lin Huang, University of Michigan, 2014 Medford Rd Apt 237, Ann Arbor, MI, 48104, United States of America, linhuang@umich.edu

This research examines the psychological avenues in processing extrinsic numerical cues and its verbal counterpart in the context of product series evaluation, which is affected by the mere choice of product labels on a newer generation with the membership being indexed either numerically (e.g., [Brand Name] 2) or verbally (e.g., [Brand Name] Plus). Specifically, it is predicted that numerical labels are being judged more favorably when the innovations involve objective improvement over the older generation, such as in physical attributes. In contrast, equivalent descriptive (verbal) labels are being judged more favorably when the innovations require subjective interpretations through (anticipated) experiences, such as in cosmetic facelifts. Also, it is predicted that consumers are unaware of using label information for judgment. Five experiments with stimuli from both physical and information goods tested and confirmed these hypotheses. A theoretical model is proposed to account for this "label effect" which posits that numerical labels activate an expectancy mode to unconsciously search outward for information compatible with the expected product specification, while equivalent descriptive labels activate a self-fit mode to unconsciously search inward for incidental goals congruent with the anticipated product experience. The present research extends previous research on nonconscious conceptual consumption and number processing, and also offers insights on comparative judgment. (Keywords: nonconscious processing; conceptual consumption; branding; number processing; consumer inference; expectancies; regulatory fit.)

Friday, 1:30pm - 3:00pm

■ FC01

Room 02

Two-Sided Markets

Contributed Session

Chair: Tianfu Wang, University of Illinois at Urbana-Champaign, 103 Gregory Hall, 810 S.Wright Street, Urbana, IL, 61801, United States of America, wang156@illinois.edu

1 - Asymmetric Network Effects in Two-sided Markets: Measuring the Value of the Customer Base

Kraemer Tim, Chair of Electronic Commerce, Grüneburgweg 1, Frankfurt am Main, 60323, Germany, tim.kraemer@wiwi.uni-frankfurt.de, Bernd Skiera, Oliver Hinz

In two-sided markets such as online auctions, an intermediary brings together two distinct customer populations. For instance, an online auction house connects sellers with buyers. These customer populations interact via a platform provided by the intermediary, and typically network effects are observable in these markets, e.g. if the number of buyers is high, more sellers are attracted to the platform, and vice versa. Intermediaries operating in two-sided markets have to assign investments to customer populations. Thus, it is important to specify distinct maximum acquisition costs by calculating the Customer Lifetime Value (CLV) of sellers respectively buyers. In order to quantify the impact of investments, it is necessary to know the overall value of the customer base, i.e. the Customer Equity (CE). Thereby, CLV and CE metrics can substitute existing rules of thumbs, such as to split investments 50:50 across customer populations. Our modeling approach takes a CE model as starting point and integrates a model for growth processes in two-sided markets. The growth model accounts for asymmetric network effects both within a customer population (same-side network effects) and between customer populations (cross-side network effects). Moreover, we can distinguish network effects on the retention of existing customers and on the acquisition of new customers. We apply our model to a professional B-to-C platform and analyze 78,180 transactions in 211 weeks. Our results reveal significant asymmetric network effects that influence the platform's CE. Furthermore, we present the changes in CE when the platform is able to attract one more seller or buyer. As a result, CE and CLV provide appropriate metrics regarding investments and maximum acquisition costs in two-sided markets.

2 - Catalog Sharing across Entertainment Systems with Indirect Network Effects

Vardit Landsman, Tel Aviv University, P.O. Box 39040, Tel Aviv, Israel, landsman@post.tau.ac.il, Stefan Stremersch

Entertainment systems often consist of a primary good (such as a video game console) and a catalog of entertainment titles (such as a game catalog). Previous research on indirect network effects has focused predominantly on the influence of catalog size on hardware sales. We introduce catalog sharing as the extent to which catalogs overlap in terms of title availability and title penetration. In the video game console market, catalog sharing has increased substantially the last decade. Naively, this evolution seems at odds with the literature on product differentiation. Based on 154 consecutive months of competition in the video game console market, we study the effects of catalog sharing on both category-level sales and brand-level sales. We find that while catalog sharing may hurt individual brands, it increases category sales. We also find that the catalog sharing effect is larger than that of catalog size. Such findings can explain why console manufacturers consider catalog sharing an important decision, but also why they have allowed catalog sharing to increase. From a theoretical perspective, they also prompt marketing scholars to look beyond catalog size, especially when catalogs are small.

3 - Media Competition and Advertisement Avoidance Technology: A Two-sided Market Approach

Tianfu Wang, University of Illinois at Urbana-Champaign, 103 Gregory Hall, 810 S.Wright Street, Urbana, IL, 61801, United States of America, wang156@illinois.edu, Yunchuan Liu

In this paper, we construct a game-theoretic model to investigate media firms' decisions on the content quality in a market where the advertisement avoidance technology, e.g., Digital Video Recorder (DVR), is available. With the availability of the advertisement avoidance technology, audiences can bypass advertisements on electronic media. Adopting the two-sided market approach, we show the strategic interactions among all three agents in media market: media, advertisers, and audiences. First, we demonstrate that media firms should provide lower quality content in order to maintain profitability with an increasing penetration level of advertisement avoidance technology. Second, we show that the advertisers should spend less on advertisement given the proliferation of advertisement avoidance technology. Third, we show a counter-intuitive result that the aggregate audience welfare will increase and then decrease with the proliferation of advertisement avoidance technology. This happens because the audiences derive utility from the program content while they suffer disutility from the advertisements. When the penetration level of advertisement avoidance technology is low, the positive effect of avoiding disutility is dominant, thus the audiences benefit from bypassing advertisements. However, when the penetration level of the advertisement avoidance technology is high, the negative effect of utility decrease is dominant, thus the audiences suffer from the low quality program. This study also shows how the media compete in a vertically differentiated market and provides insights for the media to formulate strategy in response to the proliferation of advertisement avoidance technology.

■ FC02

Room 04

CRM: Customer Portfolios II

Contributed Session

Chair: Pim Soonsawad, National Taiwan University, No.1, Sec. 4, Roosevelt Rd., Taipei City, Taipei 106, Taiwan - ROC, pimka17@gmail.com

1 - Customer's Activity and Profitability Modeling Within a Network

Nicolas Glady, ESSEC Business School, Avenue Bernard Hirsch, BP 50105, Cergy Pontoise, 95021, France, Glady@essec.fr, Martine George

In contrast with traditional businesses where revenues are generated by the transactions made between the companies and their customers, a network-based business generates revenues via the transactions made from customers to customers. Traditionally, the number of transactions is modeled as a function of the "source" customer's characteristics. In contrast, we propose an original approach for modeling the number of transactions within a customer network taking into account the characteristics of both the "source" customer and the "target" customer. In the context of an international messaging company, we compare traditional models with our original approach. We show that the number of transactions between two individuals strongly depends on the target's characteristics. In addition, we show that our model can achieve better results for prediction. Finally, we demonstrate that our approach improves the marketing resource allocation decisions since the financial value of the customers is not accurately measured if one does not take into account both the "source" and the "target" part of the customer profitability.

2 - An Investigation into the Reliability of Customer Prioritization

Chun-Yao Huang, National Taiwan University, 1, Sec. 4, Roosevelt Rd., Taipei, Taiwan - ROC, cyhuang@management.ntu.edu.tw

Customer prioritization is an important dimension of current customer relationship management (CRM) practices. Many managers believe that by identifying customers who will be more valuable than others in the future and hence giving them special treatment, scarce marketing resources could be more efficiently allocated. At the core of customer prioritization is the assumption that an individual customer's future transactions can be accurately predicted and therefore ranked. This study challenges such an assumption. The main thesis here is that the reliability of predicting which customers are more valuable than whom - the core of current customer prioritization practices - is widely distributed and generally lower than most marketers would believe. A large-scale simulation based on Pareto/NBD is reported to demonstrate that even if we know the exact data generation process in a probabilistic world, the identification of the future top-X% customers still can be far from reliable. Furthermore, the study also reports an analysis on easily-attainable variables that can help managers assess the upper limit of the reliability of customer prioritization. Therefore, this study urges a refinement of the well-accepted CRM rhetoric concerning customer prioritization.

3 - Customer Portfolio Analysis using Fuzzy Clustering

Omer Faruk Seymen, PhD Student, Sakarya University, Sakarya University Distance Learning Cen, Esentepe Campus, Serdivan-Sakarya, 54187, Turkey, ofseymen@sakarya.edu.tr, Abdulkadir Hiziroglu, Vishal Talwar

Managing customer portfolios has been a critical issue for many organisations. A number of portfolio matrices have been proposed by researchers to enable better categorisation of customers and to make more informed resource decisions based on this. However, many of the existing models are found wanting whilst handling uncertain, ambiguous and incomplete data which is a particular characteristic of customer management. One approach to reduce this ambiguity is the fuzzy set theory where the descriptors are modelled using fuzzy terms. The aim of this work

is to propose an approach that incorporates fuzzy clustering with customer portfolio matrices. This has been done in order to assist managers in better understanding their overall customer portfolio and reducing the effect of descriptive indicators. Our approach is tested on a supermarket data set of 3076 customers and its results were compared with a conventional customer portfolio matrix. A qualitative assessment of the categorisation generated by both our fuzzy approach and the conventional matrix showed a significant improvement in its ability to reduce ambiguity. The results show that the fuzzy approach can be considered useful for practitioners who would like a more accurate representation of their customer portfolio. Although a particular portfolio matrix has been chosen for this research, the approach proposed here can be modified for use with other portfolio matrices.

4 - The Impact of Customer Concentration on Firm Performance

Pim Soonsawad, National Taiwan University, No.1, Sec. 4, Roosevelt Rd., Taipei City, Taipei, 106, Taiwan - ROC, pimka17@gmail.com, Jen Lichung

Customer concentration is playing an increasingly important role for firms' marketing strategies. Much attention in customer concentration literature is placed on the 80/20 rule that a small group of profitable customers can generate 80% of revenue for firms. However, a key question is what degree of customer concentration can generate the highest profit for a firm. In this paper, the goal is to answer this question by investigating the relationship of concentration and firm's financial performance and the factors that could impact on this relationship. A panel data set was assembled using data from two databases, i.e., comScore web behavior database and COMPUSTAT financial database. The data based on longitudinal analyses of large-scale secondary data of fifty-two samples of publicly traded US online companies by adopting the Hierarchical Bayesian model approach in analysis. The results indicate that the customer concentration rate has a positive or negative impact on firm performance which depends on each firm. The degree of impact of customer concentration on firm performance would be moderated by five variables: length of visit time, page views, product types, channel strategy, and firm size. The findings provide guidelines to E-commerce marketing managers; indicating a strong focus on degree of customer concentration should be incorporated into the development of a marketing strategy by attracting and retaining target profitable customers. The firm can allocate suitable marketing costs involved in the most profitable online customer group which assist firms in setting customized strategy over competitors.

■ FC03

Room 06

CRM: Customer Loyalty I

Contributed Session

Chair: B P S Murthi, Professor, The University of Texas at Dallas, SM 32 School of Management, 800 Campbell Road, Richardson, TX, 75080, United States of America, murthi@utdallas.edu

1 - The Role of Choice Time in the Loyalty Formation Process: The Interplay of Consideration Set Size and Deliberation

Prashant Baliga, Doctoral Student, Indian Institute of Management, Bangalore, Bannerghatta Road, Bangalore, 560076, India, prashant.baliga08@iimb.ernet.in

The paper looks to understand the role of choice time in the loyalty formation process. The amount of time spent in making a choice decision is here referred to as choice time. Choice time is indicative of consideration set formation and the total choice time during a choice occasion varies as the sum product of number of brands in consideration set and time spent per brand in the consideration set. Larger choice times can be associated with larger consideration sets or more deliberative processing per brand or both. Smaller response times can be associated with smaller consideration sets or lesser deliberative processing per brand or both. Loyalty is associated with smaller consideration sets with captive consumers having a consideration set of just one. Smaller consideration sets with lesser deliberation time per brand is characteristic of routinized buying behavior. Smaller consideration sets with larger deliberation times are characteristic of attitudinally loyal customers. Larger consideration sets with lesser deliberation per brand is characteristic of switchers. Larger consideration sets with larger deliberation times are associated with maximal cognitive processing and utility maximizing behavior. The paper makes use of recorded purchase history to evaluate brand loyalty of consumers and then tries to infer reasons for degree of loyalty through response time data and consideration set data that is elicited through surveys. The paper develops a model to estimate the amount of deliberation time per brand and combines it with consideration set data to link choice time with the loyalty formation process.

2 - Do Innovative Products Increase Customer Loyalty? Evidence from Marketing, R&D, and Customers

Ruth Stock, Professor of Marketing and Human Resource Management, Technische Universität Darmstadt, Hochschulstr. 1, Darmstadt, Germany, rsh@stock-homburg.de, Nicolas Zacharias

This research provides deeper insights into the link between product program innovativeness and customer loyalty in a business-to-business context. Extant empirical results regarding customer reactions to new products are equivocal and it is not consistently clear if there is a positive or negative relationship. A reason for these mixed results may be that innovativeness is defined and conceptualized differently, i.e., captures the "good and bad" side of innovativeness by the same term. This study compares the newness and the value dimensions of product program innovativeness and their effects on customer loyalty. Drawing on information economics, we reason that companies provide signals about their ability to develop innovative products by both, new product newness and new product value. These dimensions are proposed to reflect "different sides of a coin": Based on theoretical reasoning and extant literature, this study proposes a negative effect for new product newness, while a positive effect is suggested with respect to new product value. Empirical results are comprised of a multi-industry triadic dataset comprising more than 180 cases of responses from marketing and R&D managers as well as customers. Our analyses confirm our hypotheses regarding the main effects. In addition, several variables are tested as moderators, e.g., complexity of a company's offer, customer integration, and specificity of the relationship, which yield interesting results. For example, both main effects are weakened as a result of increasing product program complexity.

3 - Do Proactive Offers of Product Trials Increase Customer Loyalty? A Field Experiment with Principal Stratification

Walter Herzog, WHU, Burgplatz 2, Vallendar, 56179, Germany, walter.herzog@whu.edu, Maik Hammerschmidt

Product trials can either be provided in response to customer requests or they can be provided proactively, i.e., the firm takes the initiative to contact customers and offer the product trial. Recent research suggests that a proactive strategy (PS) might be superior to a reactive strategy (RS) in producing loyalty. At first glance, this effect could be fully attributed to the fact that some customers ("compliers") are encouraged to test the product, which in turn enhances their loyalty. However, we propose that this argument neglects two rather subtle effects: First, a PS results in a significant proportion of customers rejecting the offer ("never-takers"). We argue that never-takers, who do not test the product independent of the company's strategy, are likely to perceive the offer as an intrusive tactic which diminishes their loyalty. Second, there are customers testing the product independent of the company's strategy ("always-takers"). We assume that always-takers, due to their intrinsic interest in the product, are likely to perceive a firm proactively offering the product trial as empathic, which should increase their loyalty. Our hypotheses are tested by means of a field experiment with more than 2000 customers of a car manufacturer. The experiment consisted in offering a test drive to a randomized set of customers (PS) and withholding the offer from the remaining customers (RS). We used the principal stratification approach (based on Rubin's Causal Model) to estimate the indirect effect of PS on repurchase behavior via attitudinal loyalty for the three latent classes. All hypotheses were accepted which indeed implies to target always-takers (who test-drive anyway) and that (unintentionally) contacting never-takers is not only costly but jeopardizes loyalty.

4 - The Value of Affinity Programs in the Credit Card Market

B P S Murthi, Professor, The University of Texas at Dallas, SM 32 School of Management, 800 Campbell Road, Richardson, TX, 75080, United States of America, murthi@utdallas.edu, Erin Steffes, Andrei Strijnev

Most credit card companies have affinity card programs that seek to donate money to organizations that partner with the bank issuing the credit card. Such partnerships ostensibly help the bank to increase revenues or profits or loyalty of customers. Currently, there is no research on the quantitative assessment of the value of such programs. We use a data set of credit card customers from a bank to see the effect of affinity program on four important dimensions - profit, transactions, lifetime, and the risk of default. We develop an econometric model that accounts for the endogeneity of choosing the affinity card and estimate it using Bayesian estimation techniques. There are several interesting insights for managers and researchers in CRM.

■ FC04

Room 14

Search Engines I

Cluster: Internet and Interactive Marketing

Invited Session

Chair: Randolph Bucklin, University of California-Los Angeles, Anderson School of Business, Los Angeles, CA, United States of America, randy.bucklin@anderson.ucla.edu

1 - On The Sales Performance of Top Positions in Search Engine Marketing: The Effect of Brand and Price Terms

Kirthi Kalyanam, Santa Clara University, Santa Clara, CA, 95053, United States of America, kkalyanam.scu@gmail.com, Sharad Borle, Peter Boatwright

This paper analyzes the interaction effects between the presence of brand or price terms and the position of an ad on a search engine page. We use a mixture model in a Hierarchical Bayesian framework to model the effect on both conversion rate (CR) and average order value (AOV). The flexible functional form employed shows that the effect of position on conversion rate is inverted U shape. The function peaks at position 3, indicating a penalty for positions 1 and 2. The interaction effects for position with brand and price terms are significant and positive in the CR model. The top position penalty is most severe for broad search terms such as 'sunglasses' and dissipates for both brand and price oriented terms. For price oriented terms CR is almost flat with respect to position. AOV increases with position for broad search terms. For branded search terms it increases at a lesser rate—a negative interaction. As a result the top positions have a double penalty—both in terms of conversion rate and AOV for broad and brand terms. In the AOV model the interaction between price and position is significant and negative. For price terms AOV is flat with respect to position. We discuss how these findings are related to existing research and the implications for practitioners.

2 - The Role of Search Engine Optimization in Search Rankings

Ron Berman, University of California-Berkeley, Berkeley, CA, United States of America, ron_berman@haas.berkeley.edu, Zsolt Katona

Web sites invest significant resources in trying to influence their visibility in online search results. We study the economic incentives of Web sites to invest in this process known as search engine optimization. We focus on methods that improve sites' ranking among the search results without affecting their quality. We find that the process is equivalent to an all-pay auction with noise and headstarts. Our results show that in equilibrium, under certain conditions, some positive level of search engine optimization improves the search engine's ranking and thus the satisfaction of its visitors. In particular, if the quality of sites coincides with their valuation for visitors then search engine optimization serves as a mechanism that improves the ranking by correcting measurement errors. While this benefits consumers and search engines, sites participating in search engine optimization could be worse off unless their valuation for traffic is very high. We also investigate how search engine optimization affects sites' investment in content and find that it can lead to underinvestment as a result of wasteful spending on search engine optimization.

3 - A "Position Paradox" in Sponsored Search Auction

Kannan Srinivasan, Rohet Tolani Distinguished Professor in International Business; H.J. Heinz II Professor of Management, Marketing and Information Systems, Carnegie Mellon University, Tepper School of Business, Pittsburgh, PA, 15217, United States of America, kannans@andrew.cmu.edu, Jerath Kinshuk, Liye Ma, Young-Hoon Park

In this paper, we study the bidding strategies of vertically differentiated firms that bid for sponsored search advertisement positions. We study two popular auction mechanisms: pay-per-impression and pay-per-click. Among several results, a main counter-intuitive result we focus on, which is in contrast with results in the extant literature on position auctions, is the "position paradox." The paradox is that a superior firm may bid lower than an inferior firm and obtain a position below it, but still obtain more clicks than the inferior firm. Under pay-per-impression, this paradox arises because the inferior firm wants to be at the top to capture more customers, while the superior firm wants to be at the bottom because it has to pay lesser and there is a significant demand overflow from the inferior firm. Surprisingly, the position paradox strengthens: (i) if the mechanism is pay-per-click, since the inferior firm is more aggressive as it only pays for consumers who do not know the firms' reputations, (ii) if the quality premium for the superior firm increases, and (iii) if more consumers know the firms' reputations. We find strong support for our basic results in a unique dataset obtained from a major search engine firm in Korea.

4 - Exploring the Long Tail in Paid Search Advertising

Randolph Bucklin, University of California-Los Angeles, Anderson School of Business, Los Angeles, CA, United States of America, randy.bucklin@anderson.ucla.edu, Oliver Rutz, Michael Trusov

We explore the phenomenon of the "long tail" in an advertiser's list of keywords in paid search campaigns. While a small proportion of keywords will account for most user activity (i.e., searches, clickthroughs, purchase transactions), those in the tail may be quite attractive. We empirically examine how keywords in the long tail perform for advertisers relative to the more popular ones. Results across multiple paid search data sets indicate that, in contrast to popularly held belief, keywords in the long tail do not perform as well as the more popular ones.

■ FC05

Room 15

Finance & Marketing I

Contributed Session

Chair: Maria Ana Vitorino, Wharton School, University of Pennsylvania, Suite 700, Jon M. Huntsman Hall, 3730 Walnut Street, Philadelphia, 19104, United States of America, vitorino@wharton.upenn.edu

1 - The Neglected Joint Role of Intangibles as Drivers of the Cost of Capital

Alexander Himme, University of Passau, Innstrafle 27, Passau, Germany, alexander.himme@uni-passau.de, Marc Fischer

Cost of capital influence the investment decisions of investors and managers. The systematic risk (stock-market beta) and credit ratings (credit spreads) constitute important measures of the cost of equity and debt, respectively. Accounting and finance research has already investigated the impact of several accounting, firm, and industry-level variables on these components of the cost of capital. However, while discussed partially in theory, empirical research has neglected the potential joint impact of intangible assets on the cost of capital so far. In this study, we empirically examine the extent to which brand equity, customer satisfaction, and corporate reputation provide incremental information to the widely-used accounting and firm measures in predicting cost of capital. We use data covering 344 firms over the period 1991-2006. These data come from several databases (American Customer Satisfaction Index, COMPUSTAT, CRSP, Financial World, Business Week, and Fortune). We find that customer satisfaction and corporate reputation are associated with systematic risk as well as with credit spreads and explain variance above and beyond that explained by existing finance models. Brand equity only has an impact on credit spreads. The results suggest that managers should make brand management, customer management, and reputation-building activities part of the firm's risk management strategy.

2 - The Value Relevance of Customer Equity: Evidence from the Telecommunication Industry

Shijin Yoo, Korea University Business School, Anam-Dong, Seongbuk-Gu, Seoul, Korea, Republic of, shijinyoo@korea.ac.kr, Yong Bum Choi, Janghyuk Lee, Yong Keun Yoo

Many researchers have increasingly showed interests in estimating Customer Equity (CE) as an effective metric to prove marketing's accountability and long term profitability as well as an important component of firm's value of equity. Although previous studies have shown that CE estimate is highly associated with firm's market value of equity (MVE) to prove the reasonableness of CE estimate, they have not investigated further (1) the extent of usefulness of CE estimate in explaining MVE; and (2) the determinants of the discrepancy between CE estimate and MVE. Using data of 17 companies in the telecommunication industry in 7 countries for five years, we show follows. First, CE estimate provides incremental value relevant information to explain MVE beyond the financial statements, considered as the main source of the aggregated value relevant information. Second, while CE estimate captures a part of temporal divergence between MVE and the intrinsic value of firm's equity, it ignores some important value relevant information in its estimation. Third, CE estimate react to some value relevant factors by a differing extent compared with MVE. These results suggest that CE estimate provides incrementally useful information to investors beyond financial statements while its estimation is based on financial statements themselves but that there is still a large room for the improvement of its quality. Our study will help us to understand the usefulness of CE estimate in equity valuation and also how to improve the quality of CE estimate itself by integrating our knowledge in marketing, accounting and finance.

3 - Advertising, Risk and Return

Maria Ana Vitorino, Wharton School, University of Pennsylvania, Suite 700, Jon M. Huntsman Hall, 3730 Walnut Street, Philadelphia, 19104, United States of America, vitorino@wharton.upenn.edu, Frederico Belo, Xiaoji Lin

The purpose of this research is to investigate the impact of advertising on the firm's market value and level of risk. Previous research has documented a positive link between advertising expenditures and future stock returns, i.e. firms with higher advertising to sales ratio seem to have, on average, higher future average returns. Typically, this result has been interpreted in a causal way, with advertising leading to higher returns. According to finance theory, however, higher average returns reflect in equilibrium a compensation for a higher level of risk. Thus, in our research, we document and examine the impact of advertising on the level of risk of the firm and thus on its market value. We study how demand side characteristics (e.g. customer loyalty) of highly advertised products affect the firm's cash flows and hence their level of risk. In addition, we study the supply side effects of advertising on firm's cash flows through their impact on firms' cost.

■ FC06

Room 16

Online Retailing

Cluster: Special Sessions

Invited Session

Chair: Peter Danaher, Coles Myer Professor of Marketing and Retailing, Melbourne Business School, University of Melbourne, Melbourne, Australia, p.danaher@mbs.edu

1 - Web Site Engagement: The Influence of Online Choice Behaviour

Antonio Hyder, Universitat de Valencia. Departamento de Comercializacion e Investigacion de Mercados. Avda. de los Naranjos, s/n. 46022 Valencia, Spain, ahyder@hydermarketing.com, Joaquin Aldas, Enrique Bigne

We introduce a two-part Web site engagement model. The first part proposes a Web site engagement measure and the second part takes into account the influence of online choice behaviour on Web site engagement.Whilst Web sites may be designed and launched online with relative ease, once a site manages to catch the attention of a consumer, it is not anymore sufficient if it is just usable (Hausman and Siekpe, 2009) or fit for purpose (Hong et al., 2005). Successful Web sites should be engaging (Bakker and Sadaba, 2008; O'Brien, 2008). However most companies develop their sites based on models developed by engineers and ignore the needs of their target users (Pace, 2004; Stibel, 2005).Computer-related engagement has been previously studied in contexts such as educational multimedia systems (Jacques et al., 1995) and multimedia presentations (Webster and Ho, 1997). Grounded on flow theory, we elaborate upon a previous scale of engagement with technology (O'Brien, 2008). As Internet shopping allows consumers to remotely undertake comparisons of products and services (Ruiz and Sanz, 2009), aspect that is central to consumer decision making (Dhar and Nowlis, 2004), we extend our model taking into account the influence of online comparative choice behaviour, studying the effects of within-Web page (Lohse and Johnson, 1996) and within-Web site navigation (Bucklin and Sismeiro, 2003; Senecal et al., 2005) on Web site engagement. Finally, the model tests the influence of Web site engagement on managerially valued consequences.

2 - New Product Introduction under Dominant Retailer: Brick-and-mortar, Online Exclusive, or Brick-and-Click?

Lan Luo, Assistant Professor of Marketing, University of Southern California, 3660 Trousdale Parkwy, ACC306, Los Angeles, CA, 90089, United States of America, lluo@marshall.usc.edu, Jiong Sun

In today's marketplace, many product markets are characterized by the existence of a powerful retailer (e.g., Wal-Mart, Home Depot, and Toys R Us) as the gatekeepers of new product introductions. While consumers may prefer more

varieties, the scarcity of shelf-space has made it challenging for manufacturers to get their new products on the shelf of these dominant retailers. Recently many dominant retailers came to recognize that one avenue to expand its shelf-space is to establish online stores. As a result, virtually all the dominant retailers are offering a great number of "online exclusive" products in their online stores. Within this context, we investigate the following questions. First, how would the introduction of the online channel impact the dominant retailer's decision on whether and where to carry a new product? Second, given the dominant retailer's acceptance criteria (i.e., reservation profits) in both channels, how should the manufacturer position and price its new product to target the brick-and-mortar store, the online store, or both? Finally, with the addition of this online option, how are the surpluses of the manufacturer, the retailer, and the whole channel affected? We developed a game theoretic model to answer these questions. This model yields insights on how the addition of the online store affects a) the dominant retailer's decision on new product acceptance; and b) the manufacturer's decision on new product design.

3 - Online Shopping Behavior for Groceries: The Impact of Product-Specific Purchase Barriers and Online Buying Experience

Huiying He, Katholieke Universiteit Leuven, Research Centre of Marketing, Faculty of Business and Economics, Naamsestraat 69-bus 3500, Leuven, 3000, Belgium, huiying.he@econ.kuleuven.be, Katia Campo, Els Breugelmans

Nowadays, an increasing number of grocery retailers has added the online channel as an additional distribution channel (Ansari et al. 2008). While many online grocery stores appear to be successful in general, this does not hold to the same extent for all the products online grocery stores sell (Geuens et al. 2003). For example, online expenditure shares seem to be much lower for products such as vegetables compared to other top selling products such as soft drinks (Cattani et al. 2007). The major research objectives of this paper are to identify the barriers that may refrain online shoppers from buying certain product categories online and to determine how they affect category allocation patterns to the online and B&M store. In addition, we aim to examine whether the impact of these online purchase barriers changes over time and if so, what drives these dynamic effects. We obtained online and offline purchase data of 936 households for 26 product categories during a 12-month period (53 weeks) and use a Tobit II model to distinguish between the decision to make a purchase or not in the online store and the decision how much of the category to buy in the online store. Overall, our findings provide evidence in support of (i) the expected barrier effect of information disadvantage (lack of sensory information) and cost/benefit disadvantages (small online assortment and higher online price), and (ii) the differential/dynamic effect of experience. Our research derives important managerial implications, which may guide online category management decisions and in-store promotional efforts aimed at stimulating online purchases of high-barrier products. These insights are especially relevant for multichannel retailers operating online as well as B&M grocery stores.

4 - Modeling Online Retail Sales: From Amazon to Apple

Peter Danaher, Coles Myer Professor of Marketing and Retailing, Melbourne Business School, University of Melbourne, Melbourne, Australia, p.danaher@mbs.edu, Mike Smith, Anastasios Panagiotelis

Several studies have shown there is a link between website visit duration and downstream sales. An equally important consideration to visit duration is the number of pages viewed. What has not yet been studied is the simultaneous linkage between all three variables, namely, sales, visit duration and pages viewed. This is due to the difficulty of finding an appropriate multivariate stochastic model which allows sales to come from a generalized extreme value distribution, duration to be from a log-normal distribution and page views from a negative binomial distribution. We use a new method for combining these disparate distributions, called a copula model, to develop such a multivariate model. Copula models also capture dependency between the constituent random variables, which is important in our case, as visit duration and pages viewed are highly correlated. We fit the model to ten well-known online retail websites, such as Amazon, Barnes and Noble, Victoria's Secret and Apple, allowing for heterogeneity using the latent class method. Our data come from the 2007 comScore database available at WRDS. The results show that sales increase for longer visit duration and more pages viewed, albeit with diminishing returns. Duration is the more important of these two factors in driving sales. We also find there are generally two segments of buyers: those with pre-planned purchases who have short visit duration, and those who browse for a long time, downloading many pages prior to purchase. We profile these two segments using demographic variables.

■ FC07

Room 17

Channels: Multichannel Management

Contributed Session

Chair: Gonca Soysal, Assistant Professor, University of Texas at Dallas, 800 W Campbell Rd, Richardson TX 75080, United States of America, gonca.soysal@utdallas.eduu

1 - Managing Multiple Routes to Market: The Role of Channel Variety and Intensity of Channel Usage

Werner Reinartz, University of Cologne, INSEAD, Germany, werner.reinartz@uni-koeln.de, Monika Käuferle

Using multiple channels at the same time is becoming the norm rather than the exception. In that context, the identification of a channel configuration that represents a firm's most efficient route(s) to the market is a constant challenge, as each additional distribution channel implies both revenue potential as well as investment and maintenance cost. The challenge is to exploit the market potential efficiently by means of different types of market channels while at the same time trying to avoid as much as possible overly intensive distribution, intra-brand competition, and channel cannibalization. Two key questions arise for an organization when formulating its distribution strategy: (1) how broad should the number of different routes to market be (i.e. variety of channels), and (2) given that an organization uses a channel, how intensively should that specific channel be used (i.e. intensity or depth of channel usage). Any organization has three feasible options: (1) to utilize a broad variety of routes but with little intensity in any of them, (2) to offer a narrow variety of routes but use any single one of them very intensively (e.g. vis à vis competition), or (3) to offer a broad variety of routes with varying levels of depth in each. The objectives of this study are (1) to explore the determinants of the two decision variables, (2) to examine whether firms trade-off channel variety against usage intensity to achieve a particular level of market coverage, and (3) to figure out how the various distribution strategies are linked to firm performance. We empirically test these research questions in the context of the industrial wholesaling industry in Germany. This study is a worthwhile extension to the existing literature on multichannel approaches as it deals simultaneously with the role of channel variety and intensity of usage, taking the respective interdependencies into account. In addition, it widens the previous interpretation of distribution intensity beyond the focus on physical locations by taking further channel types such as the online channel into account.

2 - Determining the Impact of Multichannel Use on Customer Profitability

Martin Boehm, Marketing Professor, IE Business School, Serrano 105, Madrid, 28006, Spain, martin.boehm@ie.edu

As multichannel distribution becomes increasingly prevalent, firms face new challenges in managing multiple channels. Two key questions which still remain are: (1) Does the use of multiple channels really cause the profitability difference between single- and multichannel customers? (2) Do all multichannel combinations have the same impact on customer profitability? Accordingly, the aim of this paper is to empirically quantify the impact of the use of different multichannel combinations on customer profitability when accounting for potentially present self-selection. Furthermore, the paper derives managerial implications on how to use customer channel migration to improve overall customer profitability. We use transaction data from a large European retail bank which covers a random sample of 40,000 customers. The analysis reveals that the impact on customer profitability depends not only on the number of channels used to interact with the bank, but as well on the specific combinations of channels being used. Furthermore, the findings indicate that accounting for self-selection is essential as not accounting for selection bias might lead to an under- or overestimation of the true treatment effect.

3 - An Empiracal Analysis of Consumer Behavior in the Existence of Virtically Differentiated Channel Offerings

Gonca Soysal, Assistant Professor, University of Texas at Dallas, 800 W Campbell Rd, Richardson, TX, 75080, United States of America, gonca.soysal@utdallas.edu, Lakshman Krishnamurthi

In the recent years it has been common practice for retailers to use factory outlet stores as a means to achieve market expansion. Many retailers design and produce products solely for the outlet stores and offer lower quality products at lower prices through this channel. Through this vertically differentiated channel offering, the retailers aim to attract value conscious customers who would otherwise not shop with the company while continuing to serve higher valuation customers through the traditional retail store channel. The alternative channel is offered under the same brand name (as a brand extension) to exploit the equity of the well known brand. However, there are two main concerns for retailers implementing this strategy. The first one is cannibalization of retail store sales. The second one is the impact of the experience with the lower end channel on the behavior of multi-channel consumers. Brand extension research suggests that multichannel consumers' experience with the outlet channel (vertical brand extension) might be detrimental for the retail channel. Using customer level transaction data from an apparel retailer we investigate the behavior of multi-channel consumers through the factory outlet channel and the retail store channel. We find that on average adoption of the factory outlet channel increases consumers' spending with the retailer by increasing purchase frequency. When we look across pre-outlet annual spending distribution, we find some evidence of cannibalization on the high-end of the distribution, but as we move down, the overall impact of adoption on spending is positive. The outlet channel is successful in capturing incremental business from customers who would otherwise not buy much from the regular store channel.

■ FC08

Room 18

Promotions: Price Promotions

Contributed Session

Chair: Marina Girju, PhD Student, University of Texas at Dallas, 800 West Campbell Road, Richardson, TX, 75023, United States of America, marina_girju@yahoo.com

1 - Advances in Repeat Customers' Adoption Behavior in Responses to Mobile Direct Mail Coupon Promotions and the Customer Heterogeneity

Fumiyo Kondo, Assistant Professor, University of Tsukuba, 1-1-1 Tennoudai, tsukkuba-shi, 305-8573, Japan, kondo@sk.tsukuba.ac.jp, Shen Zhong Jian

Service Businesses record the number of visitors as a measure number of visits per month provide little insight about individual-level visiting behavior as well as in a changing environment induced by mobile promotions. This paper develops an individual-level model for shop visiting behavior based on hierarchical Bayesian

approach. This research examined differences in response to mobile coupons by customers based on the SVI (Shop Visit Interval) on beauty salon data, by three experiments conducted in 2004, 2005, and 2006. We found that the two aspects of "customer profile and environment" such as gender or seasonal fluctuation by period, and "shop-related history" such as shop visit frequency. The last one has the largest factor to affect the SVI. With regard to "mobile promotion", we found that mobile coupons significantly shortened the SVI for repeat customers both in pooled model and individual model that includes individual parameter for each customer. In addition, we captured gradual increase in the absolute magnitude of responding mobile mail coupons within the three years. These results indicate that the behavior of an individual will slowly change within a period of three years. These results appear to be compatible with the framework of use diffusion of innovation, which explains the different rates of adoption of the innovation by different customers. Further, we developed a method to determine the most influential variable for each individual customer, by the ratio of posterior mean and the MC error of each parameter. If a ratio is the largest among that of the variables, we consider the variable as the most influential variable for the individual. Identification of the largest individual factor is very critical for mobile promotion on a one-to-one basis.

2 - Multi-unit Price Promotions and Their Impact on Sales

Salome Nies, Goethe University Frankfurt, Grueneburgplatz 1, Frankfurt, 60323, Germany, salome.nies@wiwi.uni-frankfurt.de, Peter Leeflang, Tammo Bijmolt, Martin Natter

Multi-unit price promotions (MUPs), which offer a discount if a minimum quantity of a particular stock keeping unit is met, appear attractive to marketers because their quantity requirement suggests a strong impact on sales. However, consumers tend to underestimate the economic value of MUPs, and the quantity requirement included might alienate light users of the promoted product. Given these different views, it remains unclear whether marketers actually benefit from the use of MUPs and which multi-unit frame is most effective. To answer these questions, we apply a hierarchical linear model to daily scanner data from more than 200 stores in five product categories to disentangle the effects of price frame, discount level, and other promotion characteristics. This study extends previous research in several ways. First, it compares two MUPs against one single-unit promotion, as well as against each other. Second, it judges promotions in terms of sales and revenue effects. That is, it tests whether effects observed in previous survey-based studies hold true under real purchase conditions. Third, this study accounts for dynamics (wear-out, lead, and lag effects) to yield an accurate evaluation of the promotions. The results reveal that MUPs consistently lead to greater sales and revenue increases than do single-unit promotions. Of the two multi-unit frames, "X for YÄ" promotions are more effective than "X + 1 free" alternatives if they use the same total purchase quantity requirement and thus prime a higher anchor value ("X"). The results emphasize that anchors and quantity requirements are major determinants of promotional effectiveness. Further, they reveal considerable wear-out effects (decline in effectiveness over time), particularly for feature promotions.

3 - Optimal Quantity Discounts Over Time

Sebastian Oetzel, PhD Student, Goethe-University Frankfurt, Grueneburgplatz 1, 60323 Frankfurt, Frankfurt, Germany, sebastian.oetzel@web.de, Daniel Klapper

Offering quantity discounts is a marketing strategy widely used by retailers and manufacturers. They occur, for example, with packaged goods when the unit price declines with larger quantities. A typical motivation for using quantity discounts is that retailers with market power can extract consumer surplus by offering existing products in different sizes and engage in second degree-price discrimination. While economic literature on price discrimination deals with the case where two package sizes are offered contemporaneously, retailers often use quantity discounts as a promotional instrument. That means, retailers offer a small package size of a product permanently and introduce a larger one temporarily including a quantity discount. The objective of the paper is to determine the optimal depth of a quantity discount in a market that consists of a retailer who wants to use quantity discounts as a sales promotional instrument for two brands in a specific product category for a given planning period. We construct a dynamic model and analytically derive the optimal depth of the quantity discount for a situation where the retailer first promotes brand 1, then brand 2, and the timing of the quantity discount promotion is fixed at the beginning of the planning period. The dynamic model allows us to analytically study the dynamic effects of sales promotions: interbrand switching, brand switching, stockpiling and (temporarily) increased consumption. The solution of the resulting mathematical programming problem can also be seen as a retailer decision support tool.

4 - Who Decides to Bundle? A Manufacturer versus Retailer Strategy with Channel Consequences

Marina Girju, PhD Student, University of Texas at Dallas, 800 West Campbell Road, Richardson, TX, 75023, United States of America, marina_girju@yahoo.com, Ashutosh Prasad

Extensive research on optimal bundling strategies in equilibrium studied bundling as a manufacturer or retailer-driven strategy that impacts only the manufacturer, or the retailer, respectively. But, in practice, these firms are not abstracted from channel interactions. Either or both can implicitly create promotional bundles, e.g. the manufacturer gives trade money or special promotional allowances to the retailer to encourage or subsidize subsequent price bundles in the store. Similarly, the retailer passes the manufacturer's suggested promotion or offers its own. In this paper, we analyze the bundling decisions of a manufacturer and a retailer in a vertically integrated and decentralized channel using a Stackleberg game model. We show that both manufacturer and retailer's bundling strategies are influenced by the structure of the channel and products' marginal costs. Furthermore, we prove how bundling can be a partial solution to the double marginalization problem. To conclude, we analyze several multi-buy promotional bundles from various markets and discuss managerial implications for the manufacturer and retailer in the case when they cooperate in their bundling decisions and when they use different bundling strategies.

■ FC09

Room 19

New Products: Development & Design III

Contributed Session

Chair: Sandra Dijk, Research Fellow, Universität Leipzig, Chair of Management Science and Service Management, Grimmaische Strafle 12, Leipzig, 04275, Germany, dijk@wifa.uni-leipzig.de

1 - Social Networks, Status, and the Adoption of New Research Tools

Yansong Hu, Assistant Professor, Warwick Business School, University of Warwick, Coventry, CV4 7AL, United Kingdom, yansong.hu@wbs.ac.uk, Christophe Van den Bulte

We analyze how social and physical proximity to colleagues influence life scientists' adoption of a new commercial research tool. We draw on theories of social contagion and social status dynamics to conjecture how social networks of collaboration as well mere collocation within the same research organization can affect scientists' decision to adopt new research tools, and how these contagion effects may vary over time. Given the very large population of potential adoption making data collection on the entire population at risk overly expensive, we use a case-cohort design. First, we use the US National Library of Medicine and ISI Web of Science to identify all the adopters of Site Directed Mutagenesis (SDM) kits between 1988 and 1997 and identify their networks of scientific collaboration, education, and employment. Next, we create a comparison group by collecting research histories for 5,150 randomly selected individuals in the population of potential adopters. Finally, we use properly adjusted proportional hazards modelling to investigate the conjectured effects as drivers of adoption, and provide a sharper understanding of the relations between channels and processes of social contagion, social status and sensitivity to contagion, and time of adoption.

2 - Forecasting Market Responses to Firms' New Product Activities: A Virtual Stock Market Approach

Natasha Zhang Foutz, Assistant Professor of Commerce, University of Virginia, 340 RRH, Charlottesville, VA, 22904, United States of America, nfoutz@virginia.edu, Lan Luo, Gerard J. Tellis

Forecasting market responses to firms' new product activities, particularly at early planning stages, poses a long-standing challenge. The widely used conjoint and surveys need to be repeatedly administered to capture market dynamics and largely solicit self-preferences without incorporating consumers' interdependent preferences crucial in product adoption. We propose that virtual stock markets (VSMs) provide a novel and promising solution to these challenges. As prices of a product's virtual stock (e.g. $20.5 per share for PS3) are dynamically determined by traders' interdependent demand predictions (i.e. 20.5% market share) and further influenced by firms' new product activities, managers can use these price fluctuations to assess dynamic market responses to such activities. We conduct ten weekly game console (Xbox360, Wii, and PS3) VSMs and apply event analysis to examine how VSM prices respond to new product activities and related events. Benchmarking against the actual weekly market shares of these consoles, we find that VSM prices provide accurate demand predictions and outperform surveys. More importantly, the speed, direction, and magnitude of the price variations suggest that VSMs indeed provide a dynamic, effective, and economical tool for early forecasting of aggregate-level market responses to new product activities and related events.

3 - Adaptive Concept Screening (ACS): A Better Alternative to Traditional Concept Screening Methods

Laurent Florès, Associate Professor, Université Paris Panthéon-Assas & Crmmetrix, 13, Avenue Bosquet, Paris, 75007, France, lflores@crmmetrix.com

The paper presents a more reliable, faster, and cheaper alternative to traditional concept screening methods. Indeed, although concept tests make up a large investment in the NPD cycle, marketers are still largely relying on traditional monadic or sequential monadic tests. These methods have been criticized for long (Tauber, 1974, 1975), but little research has investigated potential alternatives to offset some of their limitations. Recently, Klink & Athaide (2006) highlighted key sources of errors of those methods (a)stimuli design (b)respondent selection (c)response measurement. In this research, our specific objective is to adress the response measurement source of error. We develop an alternative measure of concept preference using a "misclassification minimization with random perturbation" algorithm (Toubia & Florès, 2007) offering an "adaptive" concept screening option to traditional concept testing methods. A large field experiment comparing results from each method (50 concepts tested among 1,400 consumers) demonstrates that the new method performs better and is specifically strong in the early phase of concept screening where lots of concepts need to be evaluated with a clear cut on go/no go. Whereas traditional purchase intent measures fail to provide such clear and reliable cut, the "Adaptive Concept Screening" test offers more reliable and faster decisions. Speed adds a final important managerial benefit: cost efficiencies. Future research directions highlight options to cover all recommendations offered by Klink & Athaide (2006).

4 - Product Development with Value Design

Akihiro Inoue, Professor, Keio Business School, 4-1-1 Hiyoshi,, Kohoku-ku, Yokohama, 223-8526, Japan, ainoue@kbs.keio.ac.jp, Tetsu Kobayashi, Haruo Umemoto, Sayaka Ishimaru, Takao Nagai, Satoru Shiratori, Nobuaki Nagamine, Akihiro Nishimoto

The following phenomena are common to many industries: the homogeneity among products gets higher, the degree of competition among them happens to be severer, the profitability of products turns out to be smaller even though the better quality and the higher R&D are developed. We propose a method of product development, inherently taking into account the value-design. Our method is based upon the means-end chain (Gutman 1982) so as to associate the product

development with the brand-value structure where the relationship is specified based upon the hierarchical Bayesian model that is evaluated in financial terms. This approach allows marketing managers 1) to develop products that incorporate value structures that are likely to produce healthy financial results, 2) to avoid the less-profitable dangerous competition, and 3) to provide the measures and insights of marketing ROI and the scheme to evaluate the product design in a longer strategic-perspective. We applied the proposed method to several product categories, such as the Japanese deodorant and Japanese soup markets, with the participation of product managers in the project. We have drawn several interesting implications that implicitly connect the product-specifications with more profitable values and that product mangers had not known until the study. We will show some of the results in the presentation.

5 - Totem Building as a Creativity Technique for Service Innovations

Sandra Dijk, Research Fellow, Universität Leipzig, Chair of Management Science and Service Management, Grimmaische Strafle 12, Leipzig, 04275, Germany, dijk@wifa.uni-leipzig.de, Dubravko Radic

The continuous development and improvement of services is a crucial task not only for service providers but also for manufacturing companies heading for competitive advantage. The innovation process for services is challenged by several unique aspects of services, especially intangibility and inseparability. Intangibility leads to difficulties in communicating new features to customers. Inseparability of production and consumption requires an explicit consideration of the customer's perspective. In this paper we propose a creativity technique called Totem Building which is able to address both challenges. Totem Building was originally developed to support design management processes using visual metaphors instead of words. Using experiments and real case studies, we can show how Totem Building can be used to build new service prototypes. Our findings demonstrate that Totem Building yields a deeper discussion and exchange among service customers and service providers.

■ FC10

Room 20

Brands: Brand Extensions

Contributed Session

Chair: Ram Bezawada, State University of New York, Buffalo, 215 Jacobs Center, North Campus, Buffalo, NY, United States of America, bezawada@buffalo.edu

1 - The Effects of Parent Brand Experience, Variety Seeking, and Consumer Innovativeness on Line Extension Trial and Repeat

Ian Clark Sinapuelas, Assistant Professor, San Francisco State University, 1600 Holloway Ave, San Francisco, CA, 94132, United States of America, sinapuel@sfsu.edu, Deanna Wang

Line extensions are popular because of their low risks and reduced introduction costs. Line extensions target segments already served by the parent brand, appeal to variety seekers within and outside of the brand's penetrated market, and are used to introduce novel attributes derived from new technological discoveries. However, previous research has only investigated the influence of parent brand experience on line extension trial and repeat purchase. There is a need to expand the line extension trial and repeat model to include the effects of variety seeking and consumer innovativeness. To this end, we employ a two-stage model and conduct empirical analysis on 133 new line extensions from 12 consumer packaged goods categories. The results suggest that variety seeking has a stronger effect than parent brand experience and consumer innovativeness in increasing line extension trial and repeat purchase. In support of previous research, we find the effects of parent brand experience to be robust to the inclusion of other explanatory variables. Additionally, we show that parent brand experience effects on trial are lower for novel line extensions while the effects of variety seeking on trial decreases as the equity of the parent brand increases.

2 - The Importance of Brand Relationship Quality in Brand Extensions

Esra Sonmezler Arikan, Bogazici University, Bogazici University Department of, Management Bebek, Istanbul, 34342, Turkey, esra.arikan@boun.edu.tr

Prior research suggests that marketers should launch brand extensions characterized by high levels of perceived fit and avoid extensions marked by low levels of fit. Yet, in real life, it is not difficult to find examples of brands that have been extended successfully into relatively distant domains. Drawing on the brand relationship quality (BRQ) concept, this study introduces BRQ as a new potential driver of brand extension success that may help explain this discrepancy. It is believed that BRQ might play an important role along with other success factors like perceived fit, parent brand quality, characteristics of the brand portfolio (number of products affiliated with the brand and quality variance of these products)and corporate image. The study not only considers the direct relationships between the success factors and extension success, but also the relationships between perceived fit and the other success factors where perceived fit acts as a mediator. It is argued that at high and moderate fit extensions, these other success factors will have an impact on the extent to which the extension is categorized as a member of the parent brand category, but this effect will not be pronounced at low fit extensions where they are quickly categorized as not belonging to the parent brand category. The analysis supports most of the proposed direct and indirect effects on brand extension success, especially the significant role BRQ plays in the context of moderate extensions, suggesting that by strengthening their consumers' BRQ, firms can expand the boundary of extension products.

3 - Spillover Effects and Relative Extension Success Across Different Types of Brand Development Strategies

Ram Bezawada, State University of New York, Buffalo, 215 Jacobs Center, North Campus, Buffalo, NY, United States of America, bezawada@buffalo.edu, Vijay Ganesh Hariharan, Debabrata Talukdar

In this paper, we empirically evaluate three different types of brand development strategies – line extensions, brand extensions, and cobranded extensions through spillover effects on existing parent brands and relative success of the extensions. Two sources of endogeneity are present while measuring these effects at the aggregate level using market data – the endogeneity between parent brand sales and the decision to introduce the extension, and the endogeneity between parent brand sales and extension sales. Extant literature in the area of extension introductions neither evaluates different brand development strategies at once nor accounts for any of the aforementioned endogeneities while analyzing spillover effects or extension success. Moreover, it lacks a large-scale investigation of these effects across multiple product categories or multiple geographical markets. We develop an econometric model to evaluate the different types of brand development strategies and simultaneously account for the two sources of endogeneity. We use a comprehensive dataset that covers 20 extensions introduced across 47 US markets during a 104 week time period. The broad scope of our data allows us to draw several new, empirically generalizable insights. We find that line extension is the best strategy to increase extension success whereas brand extension is the best strategy to increase spillover effects on existing parent brands. We also find that spillover effects and extension success are systematically affected by a number of category characteristics such as category concentration, penetration and purchase cycle. Our findings have several strategic implications for both manufacturers and retailers.

■ FC11

Room 21

Choice Models

Contributed Session

Chair: Sanghak Lee, The Ohio State University, 2159 Hedgerow Rd. Apt. #A, Columbus, OH, 43220, United States of America, lee.3121@osu.edu

1 - Testing Interactions in Linear Processes: The Benefits of New Binomial Tests Over Logistic Regression

Oleg Urminsky, Assistant Professor, University of Chicago Booth School of Business, 5807 S. Woodlawn Ave, Chicago, IL, 60637, United States of America, ourminsk@chicagobooth.edu

Researchers often use a model-based approach to test for statistical significance in between-subjects experiments where choice is the dependent variable. In recent years, logit-based models (i.e. logistic regression) have replaced ANOVA as the standard approach. In this research we contrast the additive assumptions implied by the ANOVA test with the multiplicative model assumed by using logistic regression to test an interaction in a 2x2 between subjects design. Then, using both an extensive series of Monte Carlo simulations as well as comparisons with exact tests, we demonstrate how different the findings from the two approaches can be, and under what conditions these differences are most prevalent. When the theory presumes an additive process, an interaction means that the size of the difference in choice proportions caused by one manipulation depends on the other manipulation. We will show that logistic regression performs poorly as a test of the null hypothesis in this case. First, it has low power when there really is an interaction. Second, it has excessively high probability of failing to reject the null hypothesis, even when it is true and there is no interaction. It is even possible to get a significant interaction for a logistic regression when no difference of differences is observed. In contrast, we show four tests that perform much better, in terms of both power and bias. In particular, we propose two new tests that are both easy to implement and theoretically justified for choice data: a binomial likelihood ratio test for larger samples and a binomial exact test for small samples. We believe that these results will be of direct practical interest to researchers conducting a broad range of choice-based experiments.

2 - Analyzing Market Baskets by an Autologistic Model with Hidden Variables

Harald Hruschka, University of Regensburg, Universitätsstrasse 31, Regensburg, Germany, harald.hruschka@wiwi.uni-regensburg.de

We introduce a model which is related to the well-known autologistic model which Russel/Petersen (2000) proposed for the analysis of cross category dependence in market baskets. Typically, applications of this autologistic model are limited to about 2-10 categories. Because our model includes hidden variables, consideration of a higher number of categories becomes possible. The hidden variables of our model form overlapping groups of categories. Maximum likelihood estimation of the model is based on stochastic approximation coupled with Gibbs sampling of market baskets which uses current coefficient estimates. Cross category effects are measured by marginal cross effects which are estimated using the model's coefficients. A parametric bootstrap serves to asses significance of these effects. In the empirical study market baskets consisting of 60 categories of the assortment of a German supermarket are analyzed.

3 - A Cross-category Model for Asymmetric Complementarity

Sanghak Lee, The Ohio State University, 2159 Hedgerow Rd. Apt. #A, Columbus, OH, 43220, United States of America, lee.3121@osu.edu, Greg Allenby, Jaehwan Kim

Asymmetric complements refer to goods where one is more dependent on the other, yet consumers receive enhanced benefit from consuming both. Examples include garden hoses and sprinklers, chips and salsa, and routine versus personalized services where the former has a broader base for utility generation and the later is more dependent on the other's presence. Measuring the presence of asymmetries is difficult because it requires longitudinal variation of utility of where the degree of inter-dependency changes. We introduce a utility structure with multiplicative demand shocks capable of identifying the origin of demand variation, and investigate the presence of asymmetric complementarity using scanner panel data of cereal and milk purchases. Implications are explored through two counterfactual analyses involving cross price elasticities and spillover effects.

■ FC12

Room 22

Measurement & Survey Research

Contributed Session

Chair: Douglas MacLachlan, Professor of Marketing, Foster School of Business, University of Washington, Box 353200, Seattle, WA, 98195-3200, United States of America, macl@uw.edu

1 - Using Expert and Naive Raters for Choosing a Single Item

Petra Wilczynski, LMU München, Institute of Market-based Management, Kaulbachstrafle 45, Munich, 80539, Germany, p.wilczynski@web.de, Marko Sarstedt

In the early days of marketing, researchers did not pay close attention to psychometric principles, but used single items to measure psychological constructs. Only with the introduction of Churchill's (1979) seminal article on how to develop 'better' measures of marketing constructs this situation changed. Ever since then, multi-item measures have become the norm in marketing research. However, a topic which has been heatedly debated across various disciplines concerns the question whether single items – despite obvious conceptual and psychometric drawbacks – might be appropriate to measure certain types of constructs. Specifically, numerous studies compared the performance of single and multi items raising the question whether we really need multi-item measures for all types of constructs and research purposes, sometimes with contradictory results (Bergkvist & Rossiter 2007, 2009; Sarstedt & Wilczynski 2009). One fundamental issue that has been part of these discussions considers the question how to choose the 'best' single item among a set of candidate items. While several authors base their decision on statistical criteria (i.e., factor loadings), Rossiter (2002) proposes that expert raters should pick a 'suitable' item. While this notion has been subject to considerable criticism, prior research has not yet tested this approach empirically. Extending and replicating Bergkvist & Rossiter's (2007, 2009) works, this study aims at shedding light on whether expert rater or even naive rater judgements are suitable for choosing a single item when measuring doubly-concrete constructs. Based on the results of an international study, we propose a guideline for the application and selection of single items.

2 - Free-binary Rating Scales Best for Measuring Perceptions

John R. Rossiter, Professor, University of Wollongong, Faculty of Commerce, Northfields Avenue, Wollongong, 2522, Australia, john_rossiter@uow.edu.au, Sara Dolnicar, Bettina Grün

There is an unsettled controversy about the best way to measure the construct of what marketing scientists call perceptions and other social scientists call beliefs (unipolar performance beliefs) or attitudes (bipolar evaluative beliefs). Long ago in JMR, Lehmann and Hulbert (1972) "dissed" 2-point (binary) measures in favor of the ubiquitous 7-point scale measures that now pervade the marketing journals (see Bearden and Netemeyer's 1999 Handbook of Marketing Scales, for example). We present findings from a particular type of binary measure, which we call Free-Binary because it has no attribute levels nominated in either the question part or the answer part (e.g., "Tide detergent cleans? ? Yes ? No"; or "President Obama is likable? ? Agree ? Disagree"). Across four diverse data sets, perception ratings from the 2-point Free-Binary measure, when compared with ratings from Unipolar 7-point, Likert bipolar 7-point, and Semantic Differential bipolar 7-point measures, proved (1) to be the most stable in terms of test-retest reliability; (2) to produce the most stable regression coefficients when the perceptions were used as multivariate predictors of preferences (the 2-point measures avoided the multicollinearity that plagued the 7-point measures); and (3) to yield equal or better R2 results than the 7-point measures. We conclude with a proposed explanation for the superior performance of the new 2-point (binary) measure.

3 - Visualizing the Influence of Interactions with Continuous Independent Variables

Douglas MacLachlan, Professor of Marketing, Foster School of Business, University of Washington, Box 353200, Seattle, WA, 98195-3200, United States of America, macl@uw.edu, Jifeng Mu, Gang Peng

Because of the emphasis on understanding the role of moderators in marketing and other management research, much attention has been paid in recent literature to the problems associated with assessment of statistical interactions. For example, multicollinearity was addressed by Echambadi and Hess (Marketing Science, 2007), who show, contrary to previous advice from various authors, that variable mean-centering does not alleviate the multicollinearity problem, although it may make the VIF and other collinearity diagnostics look better. Estimation questions with interactions become even more problematic for nonlinear models. Powers (J. of Corp. Finance, 2005), for example, shows that one cannot learn much from the significance of interaction terms in logistic regression. A crucial issue is that, in a regression with a cross-product interaction term, the marginal influence of an independent variable on the dependent variable depends on the level of the other independent variable. If the independent variables used in linear models are binary, it is easy to assess and graph the presence and influence of interactions. However, if the independent variables are continuous, the influence of interactions is a function, not a single point value. Sometimes one sees linear plots in such situations where the continuous variables are split into two levels (high and low), but the actual impact of the conditioning variable is typically nonlinear. In this paper we demonstrate ways of displaying interactions that show how the impact and significance of the interaction varies over the range of the conditioning variable. We use examples from both linear and nonlinear regressions to illustrate our approach.

■ FC13

Room 23

Competition II

Cluster: Competition

Invited Session

Chair: Amit Pazgal, Rice University, 6100 Main Street (MS-531), Houston, TX, 77005, United States of America, pazgal@rice.edu

1 - Differentiate or Imitate?: The Role of Context-dependent Preferences

Ozge Turut, Assistant Professor of Marketing, Sabanci University, Faculty of Management, Orhanli, Tuzla, Istanbul, 34956, Turkey, ozget@sabanciuniv.edu, Chakravarthi Narasimhan

In this paper we investigate how context-dependent preferences affect firms' incentive to imitate their rivals. We model two horizontally-differentiated firms (Firm A and Firm B) such that some consumers likes Firm A's product, while the others like Firm B's product. We will call these consumers A-type and B-type respectively. Firm A plans to improve its product by adding a new feature. This new feature will increase the utility consumers derives from Firm A's product and will also be liked by a proportion of B-type consumers. Firm B is aware of Firm A's plan and can respond by either imitating Firm A (i.e., adding the same new feature to its onw basic product) or by adding a different feature which will be at least equally liked as Firm A's new feature, to its basic product. We will call the latter strategy as differentiation. Firm B does not incur any cost to pursue either strategy. When we ignore context-dependent preferences, Firm B is indifferent between imitation and differentiation. However, for the same parameter values, when we allow context-dependent preferences, we show that if the proportion of B-type consumers who like Firm A's new feature is not too small Firm B strongly prefers to imitate. This happens because under differentiation when consumers who also like their non-favorite brand's new feature engage in pairwise comparison, they feel the loss of the other firm's new feature. This loss leads to lower equilibirum prices or even prevents these consumers from buying either of the improved products.

2 - Rivalry in Price and Location by Differentiated Product Manufacturers

Timothy Richards, Morrison Chair, Arizona State University, 7171 E. Sonoran Arroyo Mall, Peralta 3rd Floor, Mesa, AZ, 85212, United States of America, trichards@asu.edu, Geoffrey Pofahl, William Allender

Pricing and designing products involves simultaneous, strategic decisions. More highly differentiated products command higher margins, while me-too products sell greater volume, but at a lower margin. Discrete game methods can explain firms' strategic choice of location (Mazzeo, 2002; Thomadsen, 2005, 2007; Seim, 2006; Zhu and Singh, 2006; Orhun, 2006), retail pricing format (Ellickson and Misra, 2007) or the choice of a specific product assortment (Draganska, Mazzeo and Seim, 2006), but at the cost of complexity. In this paper, we provide a new empirical framework for analyzing price and location decisions that exploits the spatial nature of the joint decision process. We contribute to the quantitative marketing literature by demonstrating a new way to analyze optimal product location choice in a multi-dimensional attribute space, when both prices and location are determined in a strategic, oligopolistic market structure. We design and estimate a structural econometric model in which consumer utility depends on the distance each product lies from others, while firms compete by choosing prices and locations in Bertrand-Nash fashion. We apply this model to combined perceptual attribute / household panel scanner data for U.S. ice cream sales. We find that minimum differentiation / low price is an optimal strategy for minor brands as they tend to cluster around national brands in attributes and price. For second-tier national brands, however, maximum differentiation / high price is optimal. Our results have broader implications as we show that the optimal degree of differentiation depends on how consumers value whether a product is differentiated and not necessarily how.

3 - Seeking an Aggressive Competitor: How Product Line Expansion Can Increase All Firms' Profits

Raphael Thomadsen, UCLA, 110 Westwood Plaza, Los Angeles, CA, 90095, United States of America, raphael.thomadsen@anderson.ucla.edu

Conventional wisdom suggests that a firm's profits will decrease when a competitor expands its product line because the firm's sales will decrease in the presence of the new product. This paper shows that this intuition is incomplete because a competitor's product-line expansion can soften price competition. Thus, one firm's product-line expansion can cause all firms to be more profitable. We first provide

an analytical model that demonstrates the possibility of profit-increasing competitor entry. We then present conditions under which a competitor's product-line expansion increases profits under two common empirical models: the mixed-logit and geographic spatial models. The results suggest that profit-increasing competitor entry is not only a theoretical possibility, but also a realistic empirical prediction. Geographic competition is especially conducive to this result.

4 - Profit Increasing Entry

Amit Pazgal, Rice University, 6100 Main Street (MS-531), Houston, TX, 77005, United States of America, pazgal@rice.edu, Raphael Thomadsen

This paper demonstrates that in differentiated industries, profits of all incumbent firms can increase with the entry of new competitors even without complementarities or externalities between the products. While profits are never above those of a monopolist, the entry of an additional competitor can increase profits when there are at least two firms initially in the market. The mechanism behind this effect is rooted in the recent literature on price-increasing entry, which shows that entry can cause firms to switch from a low-price appeal to a broad set of customers to a high-price extraction of surplus from consumers who value that product's specific niche. We show that if the entry has enough of an impact on competitors' incentives to price higher, this price effect can dominate the loss of sales to the entrant, leading to higher profits. Further, aggregate consumer surplus can decline with entry. We demonstrate these effects through both a Salop circle model and a Hotelling line model.

■ FC14

Room 24

Cause-Related Marketing

Contributed Session

Chair: Theo Benos, Maastricht University, Tongersestraat 53, Maastricht, Netherlands, t.benos@maastrichtuniversity.nl

1 - Optimum Donation Promises in Charity Auctions

Peter Popkowski Leszczyc, Associate Professor of Marketing, University of Alberta, 4-20F School of Business, Edmonton, AB, T6G2R6, Canada, ppopkows@ualberta.ca, Leo Wong

The objective of this paper is to determine the relationship between donation promise and charity auction revenue. A donation promise is the amount that will be donated by the seller as part of a cause-related marketing (CRM) transaction, expressed in either percentage or dollar value terms. In auctions where revenue is dynamically determined, the donation promise may have a significant effect on ending prices. We study how bidders respond to different donation promises and how that affects charity auction outcomes where we examine the relationship between donation promises and product values, with bid prices. Results of two controlled field experiments and a laboratory study indicate that: 1) Increases in donation promises lead to increases in selling prices; 2) Diminishing returns to giving are found for both (a) higher donation promises and (b) higher product value; 3) Relative donation promises influence bidders' perceptions and selling prices by serving as a comparison frame and contrast to a target donation promise of an identical item auctioned off simultaneously; and 4) Overpayment of selling prices occurs at mid-level donation promises under some conditions and can lead to sellers profiting from their charitable associations.

2 - Donation Size and Donation Framing in Cause-Related Marketing

Sarah Müller, University of Cologne, Albertus-Magnus-Platz, Cologne, 50923, Germany, s.mueller@wiso.uni-koeln.de, Anne Fries, Karen Gedenk

In Cause-Related Marketing (CRM) companies promise a donation to a cause every time the consumer makes a purchase. CRM is a tactical tool to increase sales as well as a strategic activity to improve brand image. The optimal design of a CRM campaign is an important issue. Current CRM campaigns differ in donation framing. Donation frames can be monetary (e.g., 1 Euro in a CRM campaign by AirBerlin) or non-monetary (e.g., 10 liters drinking water in a CRM campaign by Volvic). Little is known about framing in CRM. Furthermore, CRM campaigns show high variance in the size of the promised donation. Previous research has already studied the effect of donation size on CRM success. However, results are equivocal. Our study makes three main contributions. First, we conduct a systematic analysis of the influence of donation size on CRM success that helps to explain some of the contradictory findings of previous research. Second, we generate insights into the effectiveness of non-monetary versus monetary donation framing in CRM. Third, we investigate whether the effects of donation size vary for different donation frames. We analyze the impact of donation size and framing on a CRM campaign's effect on brand choice and brand image. In a survey-based experiment, non-monetary versus monetary donation framing is studied and donation size is examined systematically in small intervals. We find a positive effect of rising donations on brand choice if competitive brands are not on promotion. However, when a competitive brand offers a discount of equal size as the donation, the effect of donation size on brand choice is negative. Moreover, non-monetary frames appear to be more effective than monetary ones. A large donation may even hurt brand image when donation framing is monetary.

3 - How Much Should Companies Invest in Cause-related Marketing? A Study of the Relationship between Donation Amount and Willingness to Pay

Isabel Stefan, University of Erlangen-Nuremberg, Nürnberg, Isabel.Stefan@wiso.uni-erlangen.de, Wayne D. Hoyer, Nicole Koschate

Companies are increasingly employing Cause-Related Marketing (CM) to improve company image and enhance customer goodwill. Being a transaction-based approach to implement corporate social responsibility, CM ties the company's donation to the customers' buying behavior. For example, in 2009, FUZE Beverage donated 10 cents to the non-profit-organization Susan G. Komen for the Cure for every specially marked bottle sold. Since the company donation amount and the resulting willingness to pay (WTP) of the customer both directly influence the profitability of a CM-campaign, it would be valuable to know the functional structure of their relationship. Therefore, the study addresses this issue. Further, moderating effects of customer predispositions (such as warm glow motive and attitude toward helping others) and CM-campaign-related variables (such as customer's cause involvement, customer's cause affinity, and company-cause-fit) are examined. Derived from impure altruism, prospect theory and balance theory, the authors consider seven hypotheses which are tested based on experimental data. The results of a random coefficient regression model show a strong, positive impact of the donation amount on WTP. Furthermore, there is empirical evidence for a concave relationship. In addition, customer predispositions and CM-campaign-related variables moderate the relationship. For example, the findings indicate that the higher the customer's attitude toward helping others, the more valuable it is to him or her that others are helped with a high donation amount resulting in its stronger impact on the customer's WTP. The study concludes with a number of academic and managerial implications.

4 - The Heart and Soul of Corporate Strategies: What Drives Consumer Attitudes Towards Cause-Related Marketing?

Theo Benos, Maastricht University, Tongersestraat 53, Maastricht, Netherlands, t.benos@maastrichtuniversity.nl, Polina Papastathopoulou, Nikos Kalogeras

Companies are increasingly engaging in social initiatives in order to promote their corporate social responsibility. Cause-related Marketing (CrM) is among the most popular strategies that companies use to support social causes. Yet, the question arises what drives consumers' attitude toward CrM. We study the impact of corporate motivation behind CrM on consumers' attitude towards CrM, as well as the effect of company-cause fit and consumer-cause fit on consumers' attitude toward CrM. With data from 261 decision-makers, we demonstrate that as consumers' perception of the social motives increases, consumers' attitude towards corporate initiatives that aim at raising funds for non-profit organizations and/or "good causes" through the sales of specific products, increases too. Moreover, we show that the more importance consumers place on the fit between the company and the cause, the more positive their attitude towards the corporate social initiatives. On balance, the results confirm and extend previous analytical and empirical work on the presence and likely positive influence of consumer attitudes and perceptions on CrM-related strategies. Consumers are in favor of proactive and social-oriented initiatives provided by large-sized companies. Marketers are challenged to select social programs carefully and ensure that their communications enhance the connection between the social domain and the firm strategies.

■ FC15

Room 25

CB: Preferences

Contributed Session

Chair: Nico Neumann, University of New South Wales, UNSW, Sydney NSW 2052, Sydney, 2052, Australia, n.neumann@student.unsw.edu.au

1 - The Value of PIE: Group-Sourced Individual Preference Measurement

Hye-jin Kim, Pennsylvania State University, 447B Business Building, University Park, PA, 16802, United States of America, hxk262@psu.edu, Min Ding, Eric Bradlow, Young-Hoon Park

We introduce a view that people evaluate product attributes under three perspectives: (1) P attributes, the product's physical profile described objectively for which the attribute levels are the same for everyone (for example, the frame color of sunglasses); (2) PI attributes, which are some combinations of physical attributes and the focal customer's personal attributes, its levels being individual-specific and evaluated internally by the self (for example, the comfort of a pair of sunglasses); and (3) PIE attributes, which are some combinations of physical attributes, the focal customer's personal attributes, and a target group's value system, their levels being individual-specific and evaluated internally and externally, i.e., by the self and the opinion of others (for example, how a pair of sunglasses flatter a person's face shape). Recently, Luo, Kannon, and Ratchford (2008) provided insights on how the objective attributes and subjective characteristics jointly contribute to product evaluations, which is similar to the PI perspective. However, theirs and other extant preference measurement research, including conjoint analysis (which adopts the P perspective) remain silent on the explicit influence of others in consumer preferences. To provide an empirically feasible method to collect information on PIE perspective, we propose and test an incentive-aligned mechanism, group-sourced mechanism, which mimics a real life consultation of a customer with her friends in purchase decision making. In sum, this paper makes two contributions to preference measurement literature: we conceptually move toward PIE attributes instead of P and PI perspective, and design a useful tool to solve this challenge.

2 - I Like Thee! Let Me Count the Ways! Oh, I Like Thee Even More!: On the Role of Attitude Strength in Consumer Judgment

Maria Aladjem, Assistant Professor, VU University Amsterdam, De Boelelaan 1105, Amsterdam, 1081 HV, Netherlands, maria.aladjem@gmail.com, Ulf Bockenholt

This work examines the moderating role of attitude strength on the informational use of subjective experiences in the evaluation of products and services. Consider the ease-of-retrieval phenomenon – here a typical finding on metacognitive effects in judgments is that consumers who are asked to think of many reasons in favor of a product (which is difficult) tend to like it less compared to those who are asked to think of only a few reasons (which is easy) showing that the experienced metacognitive difficulty during the reason-generation process affects the evaluation of a product negatively (Schwarz, 2001). In contrast, we show that topics associated with strong attitudes reveal a polarization and not an ease-of-retrieval effect after the generation of multiple reasons. We provide further evidence that this finding is caused by an integral affective response towards the target of the judgment task. In so doing, we add to the existing literature by showing that affective experiences can inform evaluative judgments in the presence of the other two informational sources, largely considered in prior research - thought content and metacognitive difficulty. Studies 1 and 2 establish evaluative judgment differences between respondents with moderate and strong prior attitudes in both pro- and counter-attitudinal reason-generation tasks. Study 3 seeks to disentangle the separate influences of self-generated reasons and task-induced affect. Study 4 demonstrates the moderating role of reason-contingent remuneration on the diagnosticity of these affective experiences. The domains under study cover the evaluation of well-known brands like BMW and Mac, as well as assessments of the main contenders in the 2008 US presidential elections.

3 - The Role of Regulatory Fit on the Attraction Effect

Subimal Chatterjee, Professor of Marketing, Binghamton University, School of Management, Academic A-224,, Binghamton, NY, 13902-6000, United States of America, schatter@binghamton.edu, Ashwin Malshe, Rajat Roy

We extend current research on the interplay between regulatory focus and the attraction effect by applying the concept of regulatory fit to propose and show that both promotion and prevention-focused consumers are susceptible to the attraction effect. In a marketplace where two brands, one superior on a promotion attribute and the other superior on a prevention attribute, compete with one another, adding an entrant brand can selectively enhance the appeal of either the promotion or the prevention brand. Consequently, we find that both promotion and prevention-oriented consumers demonstrate the attraction effect as long as the entrant brand targets (and makes more attractive) the brand that is more relevant to their regulatory concerns.

4 - Extremeness Aversion: A Critical Review and Research Agenda

Nico Neumann, University of New South Wales, UNSW, Sydney NSW 2052, Sydney, 2052, Australia, n.neumann@student.unsw.edu.au, Ashish Sinha

Extremeness aversion embraces the phenomena of the polarization and compromise effects, which are also known as context effects. The compromise effect has been referred to as one of the most robust behavioral phenomena in marketing and has gained the attention of researchers due to its many practical implications, such as for product introduction, assortment planning, and positioning strategies. However, recent articles have raised a number of theoretical and practical concerns with regard to both general consumer behavior research and studies about constructed preferences. Of particular interest, managerial implications and the magnitude of effects in reality have been discussed. In line with these comments, we survey the existing extremeness aversion literature that has primarily focused on the impact of different moderators on the strength of compromise effects. We examine a set of critical issues that is related to the extremeness aversion definitions, underlying testing conditions and methodologies that have been employed since the first compromise effect publication of Simonson (1989). Based on the review, we propose a categorization of extremeness aversion types/ definitions and attempt to integrate the relevant variables that might influence context effects in a conceptual framework. We divide this framework into three groups related to the individual decision maker (e.g. goals), related to the product (e.g. attribute characteristics), and to other external factors (e.g. decision task characteristics). We conclude with a research agenda to make extremeness aversion research theoretically more sound and practically more realistic and effective.

Friday, 3:30pm - 5:00pm

■ FD01

Room 02

Social Influence: Communities & Online Communication

Contributed Session

Chair: Yi-Ling Chen, National Taiwan University, Graduate Institute of Business Administration,, No.1, Sec. 4, Roosevelt Rd., Taipei 106,, Taipei, Taiwan - ROC, d91741004@ntu.edu.tw

1 - Quantifying the "Social Dollars" of Online Brand Communities

Puneet Manchanda, University of Michigan, 701 Tappan St, Ann Arbor, MI, United States of America, pmanchan@bus.umich.edu, Grant Packard, Adithya Pattabhiramaiah

Recent trends indicate that many firms (e.g., Jeep, Lego, Nike, Java) have jumped on the Web 2.0 bandwagon by developing firm-specific social networks. This is motivated by a belief that consumers who become part of the firm-specific online network/community are likely to be more "engaged." The end objective of the firm is to leverage this engagement to capture the "social dollar." The social dollar represents the incremental revenue arising from these socially engaged consumers and arises from two sources. These are (a) the incremental revenue from the engaged consumer (as a result of her joining the network) and (b) the incremental revenue from other consumers influenced by the engaged consumer. However, there is scant evidence that the social dollar exists. This is partly due to the challenging task of constructing the right measurement mechanism that links the social dollar causally to community participation. We leverage a unique natural experiment to investigate the existence and size of the social dollar. Specifically, we look at the customer base of a large entertainment products company before and after the launch of an online brand community. Using a difference-in-difference estimator, we compute the size of the social dollar. We find that 25% of all dollars spent by the engaged customer can be attributed to social effects. We then investigate the source of these social dollars and their persistence. We also provide a richer description of what it means to be an engaged consumer. We then provide some estimates of the return on investment of developing and maintaining such social communities.

2 - Stimulating Valuable Community Engagement: The Impact of Social Identification Trajectories on Community Members' Engagement

Stephan Ludwig, PhD Candidate, Maastricht University, Tongersestraat 53, Maastricht, 6211LM, Netherlands, s.ludwig@maastrichtuniversity.nl, Gerard Pfann, Ko de Ruyter, Elisabeth Brueggen, Martin Wetzels

Customer communities have been proposed as the new marketing channel to build, enhance and sustain long term relationships with customers, as well as co-create and generate in-depth insights on customers' needs and preferences (Thompson and Sinha 2008). The epitome of success of such customer collectives seems to be the ability to motivate a "critical mass" of highly engaged contributors to initiate and continuously co-create meaningful community content. In order to achieve this, we need to consider selective incentives to community engagement. These are benefits, strictly reserved for actively engaged community members and will motivate them to join and contribute over an extended period of time, rather than wear off quickly (Heckathorn 1993). Although such benefits are relatively complex and vary across individuals, they predominantly pertain to the community's fulfillment of important psychological functions, such as fostering self-worth and satisfying belongingness needs, which lead to social identification (Blader and Tyler 2009). Despite the importance of social identification and its dynamic, multidirectional, relationship with community engagement (Mason et al. 2007), studies investigating the temporal development of social-identification and community-engagement have only considered linear proxies of the temporal development at an aggregate level. In this research, we consider community members social identification and community engagement trajectories. We empirically examine how the potential processes of establishing; re-evaluating and repositioning one's social identification with a community unfolds over time and enriches or depletes member's community engagement in activities contributing to the facilitator's business objectives.

3 - The Effects of Electronic Word of Mouth (eWOM) on Attitude Adjustment and Change: The Moderating Role of Need for Cognition (NFC)

Yi-Ling Chen, National Taiwan University, Graduate Institute of Business Administration,, No.1, Sec. 4, Roosevelt Rd., Taipei 106,, Taipei, Taiwan - ROC, d91741004@ntu.edu.tw, Nai-Hwa Lien

Because consumers could get eWOM anytime and anywhere, it is important for marketers to know what processes for them to form their attitude. The study explores individuals' attitude adjustment and change when they receive new eWOM opposed to former one in different period of time. The results show that the individual difference in NFC moderates the effect of attitude adjustment and change. For high-NFC individuals, initial attitude influence subsequent attitude, whereas for low-NFC individuals, initial attitude dose not influence subsequent attitude. Therefore, when receiving different valuence eWOM in two period of time, the attitude difference between initial and subsequent attitudes for low-NFC individual is larger than that for high-NFC one. Besides, these study findings for managerial implication is for marketers to know that new eWOM may not influence all consumers' attitudes. The effect of the latest eWOM on consumer's attitude adjustment depends on the consumer's NFC level. The new eWOM may totally influence low-NFC individuals' attitudes, but not fully influence high-NFC individuals' attitudes for the product. Besides, the message amount does really work on attitude adjustment and change effects. Our results reveal that the large amount of information makes more extreme initial attitude and larger attitude change. Therefore, the firms may promote their consumers to spread good using experience on the electronic boards. Then the product attitude in large amount of eWOM condition will be better than that in small amount of eWOM condition.

■ FD02

Room 04

Multichannel Customer Management

Cluster: Special Sessions
Invited Session

Chair: Peter Verhoef, Professor, University of Groningen, Office WSN 329, P.O. Box 800 9700 AV, Groningen, Netherlands, p.c.verhoef@rug.nl

1 - Are Cross-channel Effects Complementary or Competitive? An Empirical Analysis

Venky Shankar, United States of America, venky@venkyshankar.com, Tarun Kushwaha

The rapid growth in multichannel shopping is prompting managers and researchers to better understand cross-channel effects, that is, the effects of marketing efforts in one channel on purchases made through the other channels. A study by Jupiter Research predicts that by 2011, nearly half of all business transactions will be influenced by the Internet channel. To effectively allocate resources across channels, managers need a better understanding of the effects of different channels on consumer decision making. In particular, they need insights on which channels are complementary and which are competitive. In this paper, we examine channel (own and cross) effects in the different stages of consumer decision making. To model own and cross channel effects, we develop a simultaneous system of consumer response models. We estimate these models using time series and cross-sectional data from the auto insurance industry, which comprises the exclusive agent channel, the independent agent channel, the Web and the call center channel. Our results offer interesting insights. They show that cross-channel effects are significant. The exclusive agent channel and the Web are often synergistic. The exclusive agent and call center channels are complementary. However, the independent agent and exclusive agent channels are competitive. The findings offer important implications for marketers in planning their advertising and channel efforts.

2 - The Impact of Customer Multichannel Choices on Revenues and Retention

Sara Valentini, University of Bologna, Via Capo di Lucca, 34, Bologna, 40126, Italy, s.valentini@unibo.it, Elisa Montaguti, Scott A. Neslin

There is broad agreement among researchers and practitioners of a positive relationship between multichannel shopping behavior and sales volume. However, this issue needs to be analyzed more thoroughly in two ways: (1) Is this relationship due to improved retention or higher revenues? (2) Which multichannel choice combinations have particularly strong impact, i.e. which hit the "sweet spot" of improving both retention and revenues? We develop a joint model of channel choice, quantity decisions and contract renewal (i.e., retention) to answer these questions. We follow a two-stage approach. Fist we represent channel choice and renewal through a multivariate probit model. Second, we model revenues (dollar spent) through a random effects Tobit model where all possible multichannel combinations (measured by channel-combination purchase probabilities derived from the probit model) are included as covariates. Data were obtained from a major European retailer operating across three channels – Internet, store, and catalog. We study a cohort of new customers whose transactions were longitudinally tracked for four-and-a-half years. We find evidence of a tradeoff between revenues and retention for some multichannel combinations. In particular our results show that certain multichannel choices increase revenues but decrease retention. On the other hand, there are some multichannel combinations that enhance both revenues and retention. In general, our results suggest that a vaguely defined strategy of encouraging customers to be multichannel could actually hurt retention, revenues, and hence overall sales volume.

3 - Influence of Online Channel Use on Customer-based Metrics and Consequences for Customer Channel Migration Strategies

Sonja Gensler, Assistant Professor, University of Groningen, Department of Marketing, Groningen, 9700 AV, Netherlands, S.Gensler@rug.nl, Peter Leeflang, Bernd Skiera, Martin Boehm

The authors develop a framework for understanding why online channel use affects customer-based metrics. In their empirical study, they determine the effects of online use on customer profitability, customer revenue, costs of serving a customer, product usage, cross-buying, and interaction frequency. The authors show that product and customer characteristics moderate the effects of online use on customer-based metrics. They furthermore show that online channel use affects customer profitability of some customers positively whereas other customers' profitability is negatively affected. A differentiated migration strategy is therefore recommended. Finally, they control for self-selection effects by using the hybrid matching method and they show that not taking self-selection effects into account alters the managerial implications.

4 - The Effect of Channel Elimination on Customer Behavior: Transition from Catalog Retailers to E-tailers

Umut Konus, University of Groningen, P. O. Box 72, Groningen, 9700 AB, Netherlands, u.konus@rug.nl, Peter Verhoef, Scott A. Neslin

Channel elimination is a common practice, yet modern research largely ignores it. This study, which centers on a catalog retailer's elimination of its print catalog, attempts to determine the impact of a channel elimination on customer behavior in terms of purchase incidence and average order size. Transactional panel data cover five years of measures from a large Dutch e-tailer and pertain to both an experimental consumer group that no longer receives catalogs and a control group that continues to receive catalogs over the entire five-year period. Eliminating the catalog channel has a negative impact on purchase incidence for both telephone and online channels; moreover, past customer behavior, channel usage, marketing communications, and time trends influence customers' responses to the channel elimination. The authors therefore offer implications for further research and practice.

■ FD03

Room 06

CRM: Customer Loyalty II

Contributed Session

Chair: Thorsten Teichert, University of Hamburg, Von-Melle-Park 5, Hamburg, 20146, Germany, teichert@econ.uni-hamburg.de

1 - On the Relationship Between Risk Aversion and Cross-category Brand Loyalty

Lutz Hildebrandt, Humboldt-Universität zu Berlin, Spandauer Str. 1, Berlin, 10247, Germany, hildebr@wiwi.hu-berlin.de, Nadja Silberhorn

The need to understand and leverage consumer-brand bonds has become critical in a marketplace characterized by increasing unpredictability, diminishing product differentiation, and heightened competitive pressure. This is especially true for fast moving consumer goods (FMCG) manufacturers and retailers. Knowing why a customer stays loyal to a brand in multiple product categories is necessary for deriving suitable marketing strategies in the context of a brand extension, yet research on the motives, characteristics, life styles and attitudes of cross-category brand loyal customers has been investigated only in a limited number of studies. We will fill a gap in the literature on cross-category brand choice behavior by analyzing revealed preference data with respect to brand loyalty in several categories in which a brand competes. Provided with purchase and corresponding survey data we investigate the product portfolio of a leading nonfood FMCG brand. We segment consumers on the basis of their revealed brand preferences and, focusing on consumers' risk aversion, identify cross-category brand loyal customers' personality traits as determinants of their brand loyal purchase behavior.

2 - Modeling Long-term Loyalty to Perfumes Over the Consumer's Lifetime

Gilles Laurent, Professor, HEC Paris, 1, avenue de la Libération, Jouy-en-Josas, 78350, France, laurent@hec.fr, Raphaëlle Lambert-Pandraud

How long does a (female) consumer keep the same preferred perfume? We model this as a renewal process. At any time, the respondent has a preferred perfume, which remains the same until the next renewal occasion, that is, until she switches to another perfume. For each consumer n, we describe the stochastic duration of the relationship with an exponential distribution with parameter ?n. The probability of the respondent changing her preferred perfume within the next year is equal to 1 – exp(–?n). A simple homogeneous model (same ?n for all consumers) does not fit the data well. Among several models we test, the best fit comes from a heterogeneous model with two latent classes (probability of belonging to the first class is the same for all respondents, but in each class, ?n is a linear function of the consumer's age with different coefficients). In both classes, the probability that a consumer will change her preferred perfume within the next year decreases significantly with age. The two classes model heterogeneity across consumers of the same age: At any age, compared with members of the first class, consumers of the second class have a much higher probability of changing their preferred perfume. Using this model, we can estimate how often, over a consumer's lifetime (from age 20 to 80 years), she is likely to change her preferred perfume. The results differ markedly between the two latent classes, reaching values of 8 times in 60 years for the first class but 65 times in 60 years in the second class. Of course, these changes are not equally spaced over a consumer's lifetime, because they occur more frequently when the women are younger and less often when they are older.

3 - Consumer Loyalty and Bank Switching Intention After Financial Crisis

Thorsten Teichert, University of Hamburg, Von-Melle-Park 5, Hamburg, 20146, Germany, teichert@econ.uni-hamburg.de, Daniel Wagenführer

The financial crisis 2008 undoubtedly constituted a disruptive event in the worldwide financial markets, which impacted the relationships of consumers with their banks in various ways. This holds true given the importance of trust and continuity in generally risk-averse household savings. Therefore, the effects of the financial crisis on customers¥ relationships are analyzed to gain insights into patterns of consumer behavior in disruptive settings. A conceptual framework was developed, supported by in-depth interviews, to understand consumers' concernments with and reactions to the financial crisis. In a second step, a structural equation model was developed and tested in a survey on 167 customers. The quantitative analyses identify key determinants influencing customers' loyalty, their intention to switch their bank or even to search for providers outside of the banking system. The results reveal novel insights into customers¥ reaction paths in case of disruptive events. Loyalty and switching behavior are influenced by the subjectively experienced concernment with the financial crisis. Consumers¥ reactions are contingent on their financial experience, information search behavior and established communication patterns with their banking partner. Furthermore, consumers¥ overall orientation towards banking services and performance outcomes serve as mediator variables in our structural model. The first factor shows to enhance, the second to reduce consumers¥ loyalty. We conclude that a disruptive event can cause consumers¥ switching both within as well as outside of established markets and that it opens up market potential for new entrants.

■ FD04

Room 14

Search Engines II

Cluster: Special Sessions
Invited Session

Chair: Donna Hoffman, Chancellor's Chair Professor, University of California, Riverside, 900 University Ave., Riverside, CA, 92521, United States of America, donna.hoffman@ucr.edu

1 - A Two-stage Individual-level Model of Paid Search Response Calibrated on Aggregated Data

Oliver Rutz, Yale University, New Haven, CT, United States of America, oliver.rutz@yale.edu, Michael Trusov

Several modeling approaches to paid search data available to business practitioners from major search engines (e.g., Google and Yahoo!) have been suggested in the marketing literature. All of these studies have taken a keyword-centric approach making the keyword the central unit of analysis and implicitly assuming homogenous consumers. While many of these models have shown to fit data reasonably well, they are not based on economic primitives to explicitly account for consumer preferences. Therefore, economic interpretation and policy experiments on these models are problematic. In this paper we attempt to address these limitations. The proposed two-stage individual model of click-through and conversion is using behavioral primitives in accord with utility maximization and is identified on aggregated data. We demonstrate that the existing keyword-centric models produce severely biased results. We also explore textual properties and design attributes of ads.

2 - Are Brand Attitudes Contagious? Consumer Response to Organic Search Trends

Donna Hoffman, Chancellor's Chair Professor, University of California, Riverside, 900 University Ave., Riverside, CA, 92521, United States of America, donna.hoffman@ucr.edu, Thomas P. Novak

Marketers and advertisers are highly enthusiastic about the opportunities that the new online tools like Google Insights for Search provide to monitor "rising searches" and analyze consumer search trends. We argue that such tools not only monitor trends, but can influence them. We theorize that organic search results provide a natural measure of the attention being directed toward a brand in a social sphere, quite distinct from measures derived from brand tracking studies, and propose that consumers are influenced by observing search trend results, and infer brand attitudes of social groups from which these results were drawn. These inferred social attitudes then influence the consumer's own attitudes through a social contagion effect. In a series of three experiments we investigate under what conditions – and by what processes - consumer brand attitudes, attitudes toward the ad, and related market response measures can be influenced by observation of brand search trends. The results show how marketers and advertisers can organize organic search results to enhance consumer engagement with the brand and the search process. Our research also opens the door to important investigations of the impact on attitudes of search trends derived from social networks or other socially segmented online audience groups such as social shopping sites and will also extend our knowledge of the social contagion process to online search more generally, arguably the most important online consumer behavior.

3 - Online Purchase and Search Engine Usage: Findings from Internet Panel Data

Jean Choe, University of California, Anderson School of Management, Los Angeles, CA, United States of America, jean.choe.2012@anderson.ucla.edu

I will present a descriptive study of how people search using online search engines before they make an online purchase. The analysis is based on online Megapanel data sets collected by NetRatings Inc. from Jun 2007 to December 2007. The data sets are unique in that they encompass every online activity of the panelists including detailed search behavior in all search engines (e.g., Google, Yahoo!, etc.), complete visit history of websites, and online purchases over all product categories. Among all the product categories, I specifically focus on the digital camera category. The data enables me to investigate online search and purchase behavior at the user centric level instead of confining the study to a single website. The unique nature of the data led to some interesting early findings. It is found that only one third of the online purchasers (237 out of 773) conducted any relevant search using search engine prior to purchase. There seems to be a great degree of heterogeneity in search engine usage possibly due to different levels of expertise. Also, half of the searches were abandoned and lead to no click in the next URL. Among the search incidences that were clicked afterwards, about 20% resulted in sponsored link click and the rest resulted in organic link click. While examining search engine usage behavior on various aspects, I plan to also conduct cluster analysis to more systematically understand the heterogeneous search engine usage of the purchasers.

4 - Modeling Navigational Behavior in Sponsored Search Advertising

Young-Hoon Park, Associate Professor of Marketing, Cornell University, 330 Sage Hall, Ithaca, NY, 14853-6201, United States of America, yp34@cornell.edu, Chang Hee Park

We model consumer navigational behavior in sponsored search advertising. The proposed model consists of three stylized consumer decisions (entry, click, and stop decisions) which model the overall process a consumer undergoes during her search from entering a keyword to navigate advertised links in the sponsored search list. Our model assumes that a consumer processes the sponsored search list sequentially from the top down and makes a decision of whether to stop the search based on her search cost and satisfaction at the visited websites. As consumer decisions are partially observed, we apply Bayesian estimation with data augmentation. We use data of consumer clicks on sponsored links provided by a leading Internet search engine site in Korea. The results show that the proposed model closely captures the key behavioral aspects of consumer navigation in sponsored search advertising. In particular, we find that there are significant quality variations across advertisers' websites and, as a result, consumer clicks heavily depend on the ordered composition of the advertisers in the sponsored search list. Through policy simulations, we further demonstrate how our model can help advertisers assess position premiums contingent on competitors' positions in sponsored search advertising.

■ FD05

Room 15

Finance & Marketing II

Contributed Session

Chair: Rui Wang, Assistant Professor of Marketing, Guanghua School of Management at Peking University, RM 369,Guanghua School of Management, Peking University, Beijing, China, 10087, Beijing, 100871, China, smealwang@gmail.com

1 - Managing Market-based Assets: Lessons from Affective Effects in the Cross-section of Stock Returns

Robert Merrin, PhD Candidate, Maastricht University, Tongersestraat 53, Finance Department, Maastricht, 6211LM, Netherlands, r.merrin@maastrichtuniversity.nl

Current "bottom-up" studies of investor sentiment explain investor overreactions with behavioral biases such as overconfidence, representativeness, or biased self-attribution. These studies have yet to be reconciled with "top-down" approaches to investor sentiment that use aggregate exchange data, such as trading volume or option volatility, to measure investor sentiment. We argue that top-down and bottom-up findings should be reconcilable because affect is a determinant of investor decisions, the outcome of which is reflected in the deviation of actual prices from fundamental values. To address this issue, we test an alternative "bottom-up" approach, based on survey measures of affect from 600 investors at the largest online Dutch brokerage firm. We replace "top-down" measures of investor sentiment with investors' affective valence in a conditional characteristics model. Our model specifications using affect to explain cross sectional effects in stock returns find the same results as specifications that use top-down measures of investor sentiment. Results suggest that "happy" stock markets distribute capital resources differently than "sad" stock markets; we discuss how managers can benefit from this finding to maximize the leveraging of their market-based assets. For example, aggregate investor affective valence may moderate the effect of changes in firms' customer satisfaction on their stock returns. We explain the cross sectional effect of affect on stock returns across firms categorized by customer satisfaction rating. We expect that when investor affect is high (low), firms with high customer satisfaction ratings earn higher (lower) subsequent returns than firms with low customer satisfaction.

2 - Betting on Which Horse? Differences in the Information Content of Marketing and Finance Induced Insider Trading Activities

Armin Arnold, Technische Universitaet Muenchen - TUM School of Management, Arcisstr. 21, Muenchen, 80333, Germany, armin.arnold@wi.tum.de, Jochen Becker, Florian von Wangenheim

In recent years a lot of effort has been undertaken to analyze the link between marketing and finance. A priority has been to analyze the impact of different marketing metrics on financial performance, like customer satisfaction or brand equity. At the same time, there is an ongoing discussion whether marketing is loosing its influence within the firm and whether there is a shift of core marketing competencies to other disciplines. One reason for this phenomenon could result from the intangible nature of assets created by marketing. While marketing efforts are treated as immediate cost by accounting the value contribution materializes over the upcoming periods. Therefore, the value contribution of marketing is not visible without (a) sophisticated estimation models or (b) specific marketing knowledge or experience. While the once unique research stream of marketing metrics has gradually matured research on the financial impact of marketing information has been neglected. We therefore investigate the stock market reaction to marketing information revealed by insider trading activities of marketing executives. Relying on the reputation literature and signaling research we hypothesize that financial markets will positively respond to these activities with an significant time lag compared to transactions by more finance or accounting oriented insider trading activities. We employ an event study approach to estimate abnormal stock returns, and analyze the short term and long term market reactions to insider purchases and insider sales. We use observations from 2005 through 2009, and test for significant differences between market reactions on marketing insiders' and finance insiders' trading activities.

3 - Marketing Spending and Earnings Accrual Quality in Accounting

Rui Wang, Assistant Professor of Marketing, Guanghua School of Management at Peking University, RM 369,Guanghua School of Management, Peking University, Beijing, China, 10087, Beijing, 100871, China, smealwang@gmail.com, Feng Tian, Ping Xiao

The role of marketing as a function interfacing with internal and external constituents of the organization is well established in the literature. Yet there is a dearth of research on the interface of marketing with accounting. This study attempts to examine this interface by combining marketing spending and the quality of financial accounting reporting, an important output of accounting. Marketing actions can create value and signal a firm's financial well-being. Such value creation and signaling effects can affect financial reporting quality through improving economic fundamental factors and helping managers making high quality estimation for earnings under accrual-based accounting. Following the

accounting literature, we use earnings accrual quality, the extent to which current accruals map into cash flow realizations, to measure financial reporting quality. And we attempt to explore whether marketing spending actions would be beneficial for a firm's earnings accrual quality. Using two different data sets from COMPUSTAT and TNS databases, we find that earnings accrual quality is positively associated with the level of marketing spending but negatively associated with the volatility of marketing spending. The findings support out theorization and suggest important managerial implications of the link between marketing spending and earnings accrual quality. The study also examines whether industry dynamism can moderate this link, and the result shows that competitive intensity is an important moderator.

■ FD06

Room 16

Online Pricing

Cluster: Internet and Interactive Marketing
Invited Session

Chair: Martin Spann, Ludwig-Maximilians-University, Geschwister-Scholl-Platz 1, Munich, Germany, spann@bwl.lmu.de

1 - Do Price Charts Provided by Online Shopbots Influence Price Expectations and Purchase Timing Decisions?

Wenzel Drechsler, Goethe University Frankfurt / Department of Marketing, Grueneburgplatz 1, Frankfurt, 60323, Germany, wenzel.drechsler@wiwi.uni-frankfurt.de, Martin Natter

Online price comparison sites (shopbots) like PriceGrabber.com are the most important tools for consumers to easily compare prices and find relevant offers of their desired products. Besides providing distributions of actual prices in price comparison tables, shopbots like NexTag.com have recently introduced price charts (line charts) displaying a product's full price history. Most frequently, such charts show the minimum prices for a product across different retailers over time. Hence, consumers who use shopbot sites that provide information about a product's price history can gain easy access to information about a product's life cycle stage. Consequently, price charts should support consumers in forming expectations about future prices. Nevertheless, currently it is quite unclear how price charts influence consumers' price expectations and their purchase decisions. The results of this study show that the provision of past prices induces strong reference price effects depending on certain price chart characteristics. In particular, the trend, variance and range of the past prices in the chart strongly affect price expectations and purchase timing decisions.

2 - Price Discrimination in E-Commerce? An Examination of Dynamic Pricing in Name-Your-Own-Price Markets

Martin Spann, Ludwig-Maximilians-University, Geschwister-Scholl-Platz 1, Munich, Germany, spann@bwl.lmu.de, Oliver Hinz, Il-Horn Hann

The enhanced abilities of online retailers to learn about their customers' shopping behavior have increased fears of dynamic pricing, a practice in which a seller sets prices based on the estimated buyer's willingness-to-pay. ever, among online retailers, a deviation from a one-price-for-all policy is the exception. When price discrimination isobserved, it is often in the context of customer outrage about unfair pricing. One setting where pricing varies is the Name-Your-Own-Price (NYOP) mechanism. In contrast to a typical retail setting, in NYOP markets, it is the buyer who places an initial offer. This offer is accepted if it is above some threshold price set by the seller. If the initial offer is rejected, the buyer can update her offer in subsequent rounds. By design, the final purchase price is opaque to the public; the price paid depends on the individual buyer's willingness-to-pay and offer strategy. Further, most forms of NYOP employ a fixed threshold price policy. In this paper we compare a fixed threshold price setting with an adaptive threshold price setting. A seller who considers an adaptive threshold price has to weigh potentially greater profits against customer objections about the perceived fairness of such a policy. We first derive the optimal strategy for the seller. We analyze the effectiveness of an adaptive threshold price vis à vis a fixed threshold price on seller profit and customer satisfaction. Further, we evaluate the moderating effect of revealing the threshold price policy (adaptive vs. fixed) to buyers. We test our model in a series of laboratory experiments and in a large field experiment at a prominent NYOP seller involving real purchases. Our results show that revealing the usage of an adaptive mechanism yields higher profits and more transactions than not revealing this information. In the field experiment we find that applying a revealed adaptive threshold price can increase profits by over 20% without lowering customer satisfaction.

3 - The Effect of Shipping Fee Structure on Consumer Evaluations of Online Offers

Nevena T. Koukova, Assistant Professor, Lehigh University, College of Business and Economics, 621 Taylor Street, Bethleem, PA, 18034, United States of America, nkoukova@lehigh.edu, Joydeep Srivastava, Martina Steul-Fischer

This research experimentally examines how two common shipping fee structures – flat rate shipping and threshold based free shipping – affect consumer evaluations of online offers and perceptions of the extent to which online retailers make money on shipping fees. Results from five experiments suggest that when the order value is below the free shipping threshold, online offer evaluations are less favorable and perceptions that retailers are making a profit on shipping fees are higher when the shipping fee structure is threshold based free shipping compared to flat rate shipping fee. However, the reverse is true when the order value is above the threshold. We argue that relative to flat rate shipping, the possibility of free shipping in a threshold based free shipping structure is the natural reference point against which the shipping fee is evaluated. In addition, the effect of shipping fee structure and order value is mediated by the perceived fairness of the shipping fees. Consistent with our conceptualization, the results also demonstrate that providing an alternative referent or justification for shipping structure attenuates the effects.

4 - Complexity vs. Network Effects: How Different Tariff Models Affect Referral Activity for a Mobile Service

Christian Barrot, Christian-Albrechts-Universität zu Kiel, Kiel, 24118, Germany, barrot@bwl.uni-kiel.de, Jan. U. Becker

As referral reward programs have become a standard tool for marketing managers especially in the services industry, researchers and managers have spent considerable thought on designing such programs and their specific incentive structure. However, other marketing instruments fostering referrals have found little attention so far. In our study, we outline the effect of tariff models widely applied by mobile service providers on referrals. We compare a simple "one-price-per-minute" and a "network pricing" tariff using customer, referral, and usage data from a German mobile service operator. We analyze different effects of both approaches on referral activity, referral quality and referral revenues.

■ FD07

Room 17

Channels: Dual Distribution

Contributed Session

Chair: Ruhai Wu, Assistant Professor of Marketing, McMaster University, 1280 Main St. W., Hamilton, ON, L8S-4M4, Canada, wuruhai@mcmaster.ca

1 - Components of Firm Valuation and Risk with Application to Dual Distribution in Franchised Channels

Liwu Hsu, PhD Candidate, Boston University, 595 Commonwealth Avenue, Boston, MA, 02215, United States of America, liwuhsu@bu.edu, Patrick Kaufmann, Shuba Srinivasan

The marketing discipline is interested in linking marketing activities to firm value. One of the most central marketing questions in the franchising area is the economic impact of ownership mix decisions. Previous empirical research has addressed this question by using an economic/financial framework (Rubin 1978; Koutsoyiannis 1982). However, to the best of our knowledge, few papers have focused on how characteristics of franchised systems affect firm value. Recently, Srinivasan (2006) finds that dual distribution would increase Tobin's q for some firms but decreases Tobin's q for others contingently. In this paper, we explore the effects of franchising characteristics from the perspective of both shareholder value and risk. Research to date has not considered risk when estimating dual distribution strategy effects. We address this gap by assessing the effects of dual distribution strategy on three components of shareholder value: levels of returns, systematic risk, and idiosyncratic risk. In the first stage, we estimate the Carhart four-factor model to assess the three components of firm value. In the second stage, we use Vector Auto-Regression (VAR) methodology to evaluate the impact of dual distribution strategy on firm value and risk for continuous and dynamic process. Based on the accounting value and market-based asset viewpoints, we expect that higher proportion of company owned units to the total number of units is associated with higher level of returns and higher level of systematic and idiosyncratic risk as well. We conclude with a discussion that frames marketing channel strategy decisions in risk management terms.

2 - Channel Control, Competition and Outcomes in Dual Distribution Systems

Alberto Sa Vinhas, Washington State University, 14204 NE Salmon Creek Avenue, Vancouver, WA, 98664, United States of America, asavinhas@vancouver.wsu.edu, Jan Heide

We study the simultaneous usage by business-to-business manufacturers of vertically integrated (direct) and third-party (indirect) channels of distribution to serve one geographical market with the same product line (dual distribution or concurrent channels). Our research aims to provide insights into how manufacturers can effectively manage dual distribution in business-to-business markets. Dual distribution allows manufacturers to better serve the varying needs of their customers over time as well as the needs of different customer segments in the most efficient and effective way. However, managing dual distribution channels is difficult and eventually creates intra-brand competition among the supplier's channels in the market. We look at a manufacturer's attempts to increase its level of control over the independent distributor in a dual distribution system, either via channel design (e.g. by increasing the level of competition between its sales operation and the distributor) or through ex-post monitoring. We elaborate on how these actions influence channel system outcomes (e.g. customer satisfaction), both directly and indirectly through its impact on distributor actions. We focus on two main distributor actions: (1) a distributor's level of opportunism and (2) its willingness to adapt to changes in the environment. We find support for our hypotheses in a sample of more than 150 observations corresponding to distributors belonging to seven distributor associations across industries. Our research paints a complex picture of the management of dual distribution systems, by showing how a manufacturer's actions impact distributor reactions and channel system outcomes.

3 - Managing Multi-channel Competition in Online Retailing Systems

Ruhai Wu, Assistant Professor of Marketing, McMaster University, 1280 Main St. W., Hamilton, ON, L8S-4M4, Canada, wuruhai@mcmaster.ca, Ling Xue, Manish Kacker

The Internet brings suppliers substantial opportunities of selling directly to consumers. However, this direct selling results in fierce competition between independent third-party retailers and the suppliers' direct retail channels. In this paper, we build a game-theoretical model to examine the channel competition between a supplier's direct retail channel and its independent retailer channel. We compare price and non-price mechanisms that the supplier can use to control channel competition. Our model illustrates the drawbacks of a widely-adopted price-based control mechanism and shows how our non-price control mechanism can alleviate potential channel conflicts and achieve a superior outcome for the supplier.

■ FD08

Room 18

Promotions: Non-Price Promotions

Contributed Session

Chair: Daniel Halbheer, Assitant Professor, University of Zurich, Plattenstrasse 14, Zurich, 8032, Switzerland, daniel.halbheer@isu.uzh.ch

1 - In-Store Display Characteristics in Consumer Packaged Goods Industry

Aman Nanda, Information Resources Inc., 40 Arthur Pl, Stamford, CT, 06906, United States of America, aman.nanda@infores.com

Manufacturers are extremely concerned about the effectiveness of in-store activities in grocery stores across the United States. Displays are an important lever of in-store merchandising. Traditional research has focused on understanding the volumetric impact of the presence of a store circular or the presence of a display within the store. This information was fairly directional and provided an "average" answer to the spender on the effectiveness of such programs. Absence of more granular data did not allow for more detailed analysis. This paper will attempt to further analyze in-store grocery displays by breaking them down into more detailed elements such as size and location. Examples of broken down size elements are displays in the lobby, endcap, or perimeter of the store. The hypothesis is that lobby displays are more effective than any other displays. We will find out if this is indeed true – and if there is an efficiency vs. effectiveness payoff. The size element is fairly obvious and we will again test the hypothesis that bigger is better in terms of driving volume. The paper will try and understand the nature of relationship between volume and the detailed display information. The paper will try various transformations such as log-linear, linear and dummy-based approaches to come up with the best fit and most descriptive explanation. This paper will be made possible thanks to the store level data collected by Information Resources Inc. and its In-Store Solutions Group.

2 - Comparison on the Different Schemes of Probabilistic Prize Promotion

Rong Chen, Associate Professor, Tsinghua University, School of Economics and Management, Tsinghua University, Beijing, 100084, China, chenr@sem.tsinghua.edu.cn, Feng He

Probabilistic prize promotions are popularly used in practice. It is a complicated issue even considering the design of the levels of prizes and the corresponding chances of winning. Previous studies have just set to explore under extreme levels, i.e., very high or very low probabilities and in a single form, e.g., the compare between getting a small gift for sure and winning a large amount at a small probability. More studies need to be conducted to guide the optimal design with a complicated structure. By referring to the Rank-Dependent Expected Utility (RDEU) theory and previous analytical framework set by Quiggin (1990), the paper draws some propositions on the optimal design of small prizes and large prizes respectively under multiple levels of probabilities, as well as the preferred probability under a single form. Furthermore, it tests the propositions by scenario experiments with high-value and low-value products respectively. Basically, the results give support to the modeling work and advocate for the design of a large bundle of small prizes plus some big prizes to the design of many small prizes solely. It also introduces the design with some middle prizes added and it is even preferred, which could be explained by compromise effect. The research enriches the literature on descriptive decision making theories and has great managerial implications for probabilistic prize promotions. The work is supported by NSFC (No.70872057 and 70632003).

3 - Sampling Information Goods: How Much Should Be Free?

Daniel Halbheer, Assitant Professor, University of Zurich, Plattenstrasse 14, Zurich, 8032, Switzerland, daniel.halbheer@isu.uzh.ch, Florian Stahl, Donald R. Lehmann, Oded Koenigsberg

One of the major impacts of the Internet has been the vast increase in the amount of information that became available "for free". The provision of free information, or more specifically how much information to give away for free as a viable business model, has puzzled many observers as well as managers. To study this problem, we address two related questions: First, what portion of the information good should be offered as a free sample? Second, how much should a firm charge for the full version? To address these questions, we develop an analytical model, in which a firm offers both a full version and a free sample, on which it earns advertising revenues. Taking into account customers' initial valuation (willingness-to-pay) and their experienced quality with the free version, we characterize the optimal sample portion that should be offered for free and the price of the paid version. For both cases where either free sampling aims to persuade all consumers to buy or only those with high willingness-to-pay, we find that is optimal for the firm to offer a larger free sample when customers underestimate product quality. Our model assumptions and results are generally consistent with an empirical analysis of actual firm data on the market for news. Next, we compare the models' implications with managerial decisions and show that managers have a tendency to underestimate the impact of free samples when consumers will use them extensively in updating their expectations about product quality.

■ FD09

Room 19

Decision-Making Perspectives on Product Innovation Management

Cluster: Special Sessions

Invited Session

Chair: Jelena Spanjol, University of Illinois at Chicago, 601 S. Morgan St., 2214 University Hall MC-243, Chicago, IL, 60607, United States of America, spanjol@uic.edu

Co-Chair: Regina McNally, Assistant Professor, Michigan State University, 520 N. Business Complex, East Lansing, MI, 48824, United States of America, mcnally@bus.msu.edu

1 - Too Much or Not Enough? Trade-offs Between Team Diversity and Innovation Decision-making Effectiveness

Jelena Spanjol, University of Illinois at Chicago, 601 S. Morgan St., 2214 University Hall MC-243, Chicago, IL, 60607, United States of America, spanjol@uic.edu, Regina McNally

To achieve successful innovation, corporations rely on teams, often cross-disciplinary ones. Such teams are expected to blend and integrate diverse perspectives on a particular customer or technical issue and collaborate to achieve a common goal. We examine the tension that exists between team diversity and innovation decision-making effectiveness across two longitudinal studies. In the first study, we isolate the effects (simple and interactive) of diversity within a team across individual personality characteristics, such as goal orientation and regulatory focus, on decision-making. We demonstrate the stability of such diversity within teams by repeated measures of individual characteristics and discuss how diversity effects change over the course of repeated decision-making cycles. Our second study examines the additional effects of planning for obstacles under various team diversity conditions, including differing functional backgrounds.

2 - New Product Portfolio Management Decisions: Time Varying Impact on Firm Performance

Regina McNally, Assistant Professor, Michigan State University, 520 N. Business Complex, East Lansing, MI, 48824, United States of America, mcnally@bus.msu.edu, Serdar Durmusoglu

New product portfolio management (NPPM), the pre-development NPD decisions associated with managing new product pipelines, involves tradeoffs across maximizing expected economic returns, maintaining product mix diversity, and structuring projects to support firm strategy. Such tradeoffs occur over time and encompass multiple decision-making episodes. As a result, we use organizational information processing theory, which views organizations as sensemaking and learning systems, to examine the conditions under which NPPM information is noticed and how it is interpreted. Past organizational information processing research suggests environmental perceptions may be influenced by individuals' psychological characteristics, but empirical findings are inconsistent and no strong conclusions have been drawn about the influence of these factors. We hypothesize that NPPM factors mediate the relationship between individuals' psychological characteristics and firm performance. The hypotheses are tested in a longitudinal field study of 105 mid-level managers engaged in a marketing simulation. Results suggest 1) NPPM constructs significantly predict firm performance beyond the explanatory power of psychological characteristics, 2) NPPM constructs vary in their impact on firm performance (return maximization improves firm performance while strategic fit harms firm performance), and 3) the predictive power of NPPM constructs varies over time (the deleterious effect of an early focus on strategic fit does not reveal itself immediately and its negative impact diminishes over time, while the beneficial impact of a later focus on return maximization manifests immediately and grows in strength over time).

3 - An Empirical Investigation into Portfolio Decision-making Effectiveness

Linda Kester, Delft University of Technology, Netherlands, l.kester@tudelft.nl, Abbie Griffin, Erik Jan Hultink

Portfolio management is the set of decisions about selecting, continuing and terminating projects in the product development pipeline. Understanding portfolio management is crucial because it is about deciding which projects to invest in, how much, over time to achieve the highest success possible. Despite calls in the literature to attend to developing more effective portfolio decision-making processes, little is yet known about what effective portfolio processes are, and how these processes can help in making successful NPD portfolio decisions. The present study empirically extends the findings of a multiple case study that resulted in the development of a general model of portfolio decision-making. Using a survey study we collect data from a large population of Strategic Business Units (SBUs) to test a series of hypotheses about the associations between portfolio decision-making processes, dimensions of portfolio decision-making effectiveness, characteristics of superior portfolios, and business unit performance. In order to prevent common method bias, we use two informants per SBU. The first informant has a senior position in the SBU and is directly responsible for making portfolio decisions. The second informant is involved in portfolio decision-making by proposing decisions but does not have the decision-making authority. This study contributes to the

innovation management and strategic decision-making literatures by providing measures for portfolio decision-making effectiveness, and empirical support for how the interplay between socio-political and rational decision-making processes contributes to effective portfolio decision-making.

4 - Panel Discussion

Abbie Griffin, Regina McNally, Jelena Spanjol

Participants in this session will conduct a panel discussion, with each panelist providing brief comments regarding alternative approaches to studying decision-making in new product development and innovation. The aim of a concluding panel is to stimulate lively discussion with the audience and provide an interactive forum for exchanging ideas and insights. Panelists and perspectives on decision-making issues in innovation are as follows: Abbie Griffin will briefly outline the role of serial innovators, Regina McNally will discuss the lens of organizational information processing, and Jelena Spanjol will outline the perspective of individual and team motivations in innovation decision-making. Panelists and audience members will discuss complementarities and differences between these alternative perspectives on innovation decision-making.

■ FD10

Room 20

Brands: Brand Equity

Contributed Session

Chair: Sudhir Voleti, Assistant Professor, Indian School of Business, 2118, AC2, L1, Gachibowli, Hyderabad, AP, 500032, India, Sudhir_Voleti@isb.edu

1 - Measurement of Retailer Brand Equity Using Fuzzy Analytic Hierarchy Process

Debasis Pradhan, Assistant Professor, Xavier Labour Relations Institute, Circuit House Area, Jamshedpur, 831035, India, debasis@xlri.ac.in, Bijaya Krushna Mangaraj

It has been suggested that retailer brands possess equity termed as retailer brand equity or retailer equity. It is an "added value" endowed to the retailer brand as a result of past marketing activities of the retailer. Branding of retailers can be instrumental in influencing customer perception and driving the store choice and loyalty. Measuring retailer brand equity can help the retailers and the brand mangers to be more strategic in their decision-making. This study undertaken in India has followed a customer-based brand equity measurement approach wherein dimensions like retailer awareness, retailer association, retailer perceived quality, and retailer loyalty have been considered. A fuzzy analytic hierarchy process (AHP) has been used to measure the retailer brand equity. The implications of the present study for the retailers have been discussed in detail for various marketing decisions.

2 - Brand Vitality: A Dynamic Measure of Brand Potential

Joseph Johnson, Associate Professor, University of Miami, 508 Kosar Epstein Building, Coral Gables, FL, 33146, United States of America, jjohnson@miami.edu, Debanjan Mitra

The authors present and validate a metric of brand potential called brand vitality which measures a brand's intrinsic promise. Based on the theory of counting processes this forward-looking probabilistic measure provides a leading indicator of a brand's performance. Their model incorporates the natural dynamics of the market place by allowing for covariates effects to vary non-linearly over time and for heterogeneity across customers. The empirical analysis shows that past price promotions negatively affect brand vitality. Displays have a positive effect while advertising has no significant effect on brand vitality. A key finding is that brand vitality is associated with the future cash flow of a firm. Managers both at the manufacturer and retailer level can use brand vitality as a gauge to fine tune brand building programs. It extends the armory managers have to evaluate brand performance. In fact, it can become part of the managers' dashboard of key operational metrics.

3 - Social Brand Value – An Extended Perspective on How Brands Create Value

Markus Pfeiffer, Vivaldi Partners, Burgstr. 8, Munich, Germany, mpfeiffer@vivaldipartners.com, Johann Fueller, Roland Schroll, Markus Zinnbauer

Brands represent significant company assets. Various approaches have been developed to measure their brand equity. While a brand's value has always been dependent on acceptance and interaction within communities, so far, its social nature has been rather neglected. To fill this gap, we introduce the concept of social brand value (SBV). Drawing on Bourdieu's social capital theory, SBV can be understood as the entirety of actual and potential resources which arise from the presence in social networks and communities. Social capital increases one's sense of community, grants access to information and knowledge, helps to form one's identity, and provides status and recognition. Especially due to today's digital world it has never been easier to engage in the open brand dialogue. Thus, the social perspective is important in order to fully capture the value brands provide nowadays. Based on social capital, we structured SBV into 5 components: brand evangelism, sense of community, informational value, identity value, and conversational value. In our empirical study (n=1,301 online-representative for Germany, October 2009) we measured the SBV of 19 brands, commercial ones such as Apple and Nokia as well as user-generated brands such as Wikipedia. The study reveals that SBV significantly impacts users' willingness to pay a premium for their brand as well as their loyalty and hence suggests integrating this facet in existing brand measurement models. Beyond academic insights, a thorough understanding of how SBV is generated, provides practical insights for successful brand management in the social context of consumers and their daily lives.

4 - A Spatial Analysis of the Geographic Dispersion of Brand Equity

Sudhir Voleti, Assistant Professor, Indian School of Business, 2118, AC2, L1, Gachibowli, Hyderabad, AP, 500032, India, Sudhir_Voleti@isb.edu, Paul Nelson

This study examines whether demographic characteristics of a market in conjunction with geospatial location information aid in understanding the distribution of brand equity across a set of markets. In particular, we ask whether the equities of major beer brands in geographically close metropolitan markets influence one another, and whether such influence depends on the characteristics of the individual brands and the individual markets concerned. In methodological terms, we develop a distribution-free model based on the generalized method of moments to estimate and conduct inference on the posited spatial association among brand equities. We (i) posit directionality in spatial influence between locations leading to the specification of an asymmetric spatial weights matrix (in contrast to symmetric adjacency matrices traditionally assumed), (ii) refrain making any distributional assumptions in the model (in contrast to the multivariate normal structure traditional assumed), and (iii) separately estimate parameters for each brand in the data (thereby allowing unrestricted brand specific coefficient vectors). We implement the model on aggregate sales data on the top 18 beer brands in 49 US metropolitan market areas. We find that incorporation of spatial information improves parameter estimates, aids inference and yields additional managerially relevant insights. We also find evidence for (a) substantial heterogeneity and distinct regional patterns to brand equity distribution across markets, and (b) for differential impact of market characteristics such as demographics and ethnic composition.

■ FD11

Room 21

Choice Models: Non-Compensatory Choice

Contributed Session

Chair: Ricardo Montoya, University of Chile, Republica 701, Santiago, Chile, rmontoya@dii.uchile.cl

1 - The Success of Choice-based Conjoint Designs When Respondents Make Lexicographic Choices

Keith Chrzan, VP Marketing Sciences, Maritz Research, 996N 250E, Chesterton, IN, 46304, United States of America, keith.chrzan@maritz.com, Joseph White, John Zepp

Extremely efficient designs for choice experiments (Bunch, Louviere and Anderson 1996, Street and Burgess 2007) feature a "minimal overlap" property. In a generic experiment in which all attributes have the same number of levels, and when there are as many alternatives in each choice set as there are levels in each attribute, no level overlap occurs. Unfortunately, up to two thirds of respondents make their choices via non-compensatory lexicographic processes (Campbell et al 2006, Killi et al 2007, Kohli and Jedidi 2007, Yee et al 2007). Faced with zero-overlap choice sets, such respondents supply literally no information about any attributes other than the most important one: the single most important attribute entirely determines choice. In real markets, multiple products may well be at parity with respect to the most important attributes, so simulations based on utilities derived from zero-overlap designs and lexicographic choices may provide no basis for predicting how respondents will choose. In this presentation we a) Describe lexicographic choosing and minimal overlap b) Use artificial data sets to determine the conditions under which minimal overlap designs succumb to the problem described above and empirical data sets to discern whether these effects are important in commercial applications c) Compare existing design strategies to see how well they fare in the face of lexicographic choosing on the part of respondents.

2 - A Probabilistic Lexicographic Model

Ricardo Montoya, University of Chile, Republica 701, Santiago, Chile, rmontoya@dii.uchile.cl, Kamel Jedidi, Rajeev Kohli

A lexicographic rule orders alternatives over attributes by first evaluating on the most important attribute and then, if there are ties, on the second most important attribute, and so forth. Previous research has specified mathematical representations and inference procedures of lexicographic rules. However, these methods assume that consumers make deterministic decisions when using a lexicographic rule. We extend the previous literature by exploring the possibility of probabilistic decisions by consumers using a lexicographic rule. We present a model where consumers are allowed to probabilistically choose an alternative in a choice set when using the lexicographic preference rule. The model permits assessing the degree of use of the lexicographic rule, and obtains a probabilistic ordering of the attributes at the individual level. We overcome the usual lack of sufficient information from choice data by pooling the data across consumers using a hierarchical Bayesian methodology. We validate our model by first simulating data and analyzing model identification and parameter recovery and then implementing the model in a conjoint-based dataset. We compare fit and prediction ability for different lexicographic models and a linear compensatory model. Results show that consumers in our study use lexicographic rules to evaluate the different alternatives.

■ FD12

Room 22

Structural Equation Modeling

Contributed Session

Chair: Nino Hardt, Catholic University of Eichstaett-Ingolstadt, Auf der Schanz 49, Ingolstadt, 85049, Germany, nino.hardt@kuei.de

1 - On the Impact of Missing Values on Model Selection in FIMIX-PLS

Felix Kessel, Ludwig-Maximilians-University Munich, Kaulbachstr. 45 / I, Munich, 80539, Germany, kessel@bwl.lmu.de, Christian Ringle, Marko Sarstedt

Empirical data in business research is usually subject to missing values. The causes and the characteristics of missing values as well as the means of dealing with them have been widely discussed in research literature. However, when applying multivariate analysis techniques such as partial least squares (PLS) path modeling-based structural equations modeling, the impact of missing data treatment on the results is not well documented. This crucial issue also holds for the application of procedures designed to identify and treat unobserved heterogeneity such as the finite mixture PLS (FIMIX-PLS) approach which has recently gained increasing popularity among researchers and practitioners and has become a quasi-standard for testing PLS path models for unobserved heterogeneity. This is rather surprising, considering that prior literature has provided ample evidence for missing values' biasing effect in the application of conventional clustering procedures. Answering the critical gap in research, this study aims at analyzing the impact of missing values on FIMIX-PLS's capability to identify the correct number of segments. In the course of computational experiments, several datasets with various fractions and types of missing data are created and analyzed. We find that mean imputation should not be used to treat univariatly missing values (i.e., one certain variable is affected by missing values) when applying FIMIX-PLS. In this kind of situation, FIMIX-PLS creates an extraneous segment of cases that exhibited missing values. No such pattern was found when the data was imputed using the EM-algorithm. This study provides important conclusions and recommendations for the growing number of researchers working with the FIMIX-PLS approach.

2 - Formatively-measured Constructs Taking Endogenous Positions in Structural Equation Models: Issues and Recommendations

Dirk Temme, Associate Professor, University of Wuppertal, Schumpeter School of Bus. and Econ., Gauflstr. 20, Wuppertal, 42119, Germany, temme@wiwi.uni-wuppertal.de, Adamantios Diamantopoulos

Although formatively-measured constructs are increasingly used in disciplines like marketing or management research, they are typically placed in exogenous positions in structural equation models. In this paper, the authors demonstrate that, while constructs operationalized by means of formative indicators can, in principle, also occupy endogenous positions, a different approach to model specification needs to be followed than with reflectively-measured constructs. Specifically, the impact of antecedent (predictor) variables needs to be modeled through links on the formative indicators themselves rather than directly on the formatively-measured construct if a conceptually-sound and statistically correct model is to be obtained. Analyzing the impact of antecedent variables also further helps to scrutinize the validity of the formative measurement model. The proposed modeling guidelines are subsequently illustrated using data from published studies. Implications for researchers are considered and "good practice" recommendations offered.

3 - Finding the Right Path - Bayesian Mixture Modeling of Structural Equation Models

Nino Hardt, Catholic University of Eichstaett-Ingolstadt, Auf der Schanz 49, Ingolstadt, 85049, Germany, nino.hardt@kuei.de, Joachim Bueschken

Cross-sectional data gives rise to the possibility of heterogeneity in causal effects among latent variables in structural equation models. That is, an assumed causal effect between two latent variables for some units might be reversed or not existent for others. It is common practice in the application of structural equation models in marketing to assume homogeneity of the proposed causal effects. We present an alternative Bayesian approach, which estimates a mixture of structural models and allocates units to the mixture components. This approach is applied to a real-life data set. We show that the proposed model results in improved fit to the data and that the information obtained concerning the allocation of units provides additional and useful information for theory development.

■ FD13

Room 23

Pricing: Competition I

Contributed Session

Chair: Erik Bushey, PhD Student, University of Illinois - Urbana, 1206 South Sixth Street, 350 Wohlers Hall, Champaign, IL, 61820, United States of America, bushey1@illinois.edu

1 - A Theory of Price Dealing with Asymmetric Information

I-Huei Wu, National Taiwan Normal University, Undergraduate Program of Business Admini, 5F, NO. 637, Bei-An Road, Taipei, Taiwan - ROC, ihwu@ntnu.edu.tw, Shan-Yu Chou, Chyi-Mei Chen

This paper intends to analyze the effects of information asymmetry on duopolists' price dealing strategies, firms' profits, and the welfare of consumers. We consider a model where two risk neutral firms (i.e. expected profits maximizers) are faced with three segments of consumers: the switchers who regard the two products as perfect substitutes and loyal customers to each firm. Assume that the informed firm realizes the exact populations of the switchers and loyal customers to each firm but the uninformed firm does not. We show that the equilibrium price dealing behavior is dramatically affected by the presence of information asymmetry and derive the following main results: (i) Information asymmetry may lead to a Pareto-improving equilibrium for the two firms and make the switchers and the two kinds of loyal customers worse off. (ii) In the full information context, the firm with a smaller loyal base gains the competitive advantage to attract the switchers. However, the presence of information asymmetry can eliminate this competitive advantage of the informed company which has fewer loyal customers, and therefore decreases its profits. In other words, information asymmetry moderates the impacts of brand loyal base on competitive price promotional strategies. (iii) Owing to information asymmetry, the firm with smaller loyal base may set a higher regular price and promotes less frequently than the firm with more loyal customers (i.e. the larger firm). (iv) The information superiority can offset the larger firm's inferiority of grabbing the switchers. In that case, information asymmetry reduces firms' dealing frequency, and thus makes the switchers worse off. (v) Information asymmetry may benefit the uninformed firm and may hurt the informed firm's profits.

2 - Does Price Alignment Lead to Higher or Lower Prices? Evidence from UK Supermarkets

Jonathan Seaton, Loughborough University Business School, Loughborough University, Loughborough, LE11 3TU, United Kingdom, j.s.seaton@lboro.ac.uk, Michael Waterson, Ratula Chakraborty, Paul Dobson

Widely different prices for the same goods from different vendors in a market are a sign of imperfect competition. Yet, if price differences narrow and identical prices become more prevalent is this a sign of increasing competition or a softening of competition with a shift towards price coordination? This question is increasingly relevant in modern retail markets, where high market concentration combined with improved information flows makes price monitoring easier for both firms and consumers and can encourage rivals to align their prices more closely. But does this necessarily lead to lower prices? The present paper examines the impact of price alignment on price levels in UK supermarkets. Ostensibly, this sector is highly competitive, with retailers placing a heavy emphasis on price promotions, frequent announcements of prices cut on thousands of items, and advertising focused on price comparisons against rivals. Yet, at the same time, the sector is highly concentrated, with just four major players, and regularly under the gaze of competition authorities with concerns about the market power of the leading retailers distorting competition and allegations of collusion. Using a balanced panel of weekly-updated prices from the top four UK supermarket chains of 600 grocery items over a five-year period, the paper presents evidence showing a strong trend towards price alignment in the wake of a major merger and patterns of leader/follower pricing behavior together with a tendency for exact price matching to lead to increased prices.

3 - Price-matching in Food Retailing Markets

Volker Trauzettel, Professor, Hochschule Pforzheim, Tiefenbronner Str. 65, Pforzheim, 75175, Germany, volker.trauzettel@hs-pforzheim.de

Price-matching is broadly used in industrial and retail markets. Especially in consumer markets, price-matching and its variants of price-matching guarantees or price-beating guarantees appear to be competitive tools. They have been analyzed under various aspects like welfare implications, collusion, price image aspects. Retailers may use price-matching strategies to affect consumers' store loyalty. We consider the case of food retailing, where we find price-matching penetrating the whole sector in many European markets. Upon the characteristics of the food markets we derive explications for the presence of price matching. It is related to the variety of assortment und service. Price-matching plays a vital role for service-oriented, differentiating retailers opposing mass retailers as price effects on demand are minimized.

4 - The Effects of Information Diffusion on the Allocation of Firms' Marketing Resources

Erik Bushey, PhD Student, University of Illinois - Urbana, 1206 South Sixth Street, 350 Wohlers Hall, Champaign, IL, 61820, United States of America, bushey1@illinois.edu, Udatta Palekar, Hong Yuan

The aim of this paper is to bridge the gap that exists in the marketing literature between hysteresis, and one particular type of hysteresis, asymmetric price adjustment (APA). The existing body of work on APA is sufficient to show how consumer reference price formation impacts their search behavior and leads to the observed phenomena of APA. It stops short of being able to fully replicate the observed pricing strategies exhibited by firms during periods of APA. Research on hysteresis in marketing has isolated several variables that appear necessary for APA, the most common being unexpected changes to the cost of inputs. We incorporate these changes into our model of consumer reference price formation by allowing consumers to obtain pricing information from other consumers through a diffusion process. In doing this, we can extend the consumer search models used in APA research to replicate the price paths observed in practice. We utilize an analytical model of price competition in a duopoly. Consumers' reference prices are a function of past observed prices and information they receive through the diffusion process. Using a Bass Model of diffusion, we are able to examine how changes in the diffusion parameters affect both consumer search behavior and firm pricing strategies. We then extend the model by examining ways in which the firms can affect the diffusion parameters through various pricing strategies. The value of this research is that firms earn larger profits during periods of APA and a better understanding of the determinants of consumer search during these periods allow firms the opportunity to reallocate their marketing resources in order to further increase their profits.

■ FD14

Room 24

Not-for-Profit Marketing

Contributed Session

Chair: V. Mukunda Das, Professor and Director, Chandragupt Institute of Management Patna, Phaneeshwarnath Renu Hindi Bhawan, Chajjubagh, Patna BH 800001, India, vmknd.das@gmail.com

1 - Consumer Psychology in Donation of Religious Non-profit Organization – Taiwan Tzu Chi Foundation

Chih-Chien Cheng, Fu Jen Catholic University, 510 Jhongjheng Rd Sinjhuang, Taipei, Taiwan - ROC, ric0115@hotmail.com, Hui-I Yao

Donation predominates in the incomes of non-profit organizations. Tzu Chi Foundation is one of the most representative religious non-profit organizations in Taiwan. Buddhist aspect of karma, Buddhist aspect of virtue, and Buddhist aspect of altruistic salvation are the critical factors that may influence donation incomes from disciples. This study 1) distinguished the characteristics and differences between religious non-profit organization and non-profit organization; 2) reviewed the perspectives of donation incomes in Buddhist doctrine, to conceptualize the framework of consumer psychology in donation incomes; and 3) investigated the relationships between consumer psychology and donation income of non-profit organization.

2 - An Exploratory Investigation of Organizational Antecedents to Development Marketing: The Case of JEEViKA from Bihar in India

V. Mukunda Das, Professor and Director, Chandragupt Institute of Management Patna, Phaneeshwarnath Renu Hindi Bhawan, Chajjubagh, Patna, BH, 800001, India, vmknd.das@gmail.com, Saji K. B. Nair

Development being a fundamental process, in which something passes by degrees to a more advanced or mature stage, can very well be considered as a product for regions that are less or under developed. The 'development' form of the product, like other product forms, has the capacity to satisfy the needs of the customers who are also most often the consumers in the less or under developed areas or regions of a country. These needs will start emanating first from the very basic infrastructure requirements that are absolutely essential for a region and its inhabitants. Further, the need hierarchy of these consumers is also very dynamic in nature. With these in perspective, we define 'development marketing' as a social and managerial process by which consumers in the less or under developed regions of a market get what they need and want by creating, offering, and exchanging products of value with others. The present study is exploratory in nature that investigates for the organisational antecedents to the development marketing process. The limited extant literature on social marketing supported by a carefully chosen case study, JEEViKA, enabled the researchers to identify the potential organisational antecedents to the development marketing process. JEEViKA (Bihar Rural Livelihoods Project) is promoted by the Government of Bihar in India to address mainly the rural poverty in the North Indian state of Bihar, which ever since its implementation has demonstrated accelerated development. The study once completed is expected to contribute significantly to the non-profit marketing theory and practice.

■ FD15

Room 25

CB: Social Influence

Contributed Session

Chair: Elie Ofek, Professor of Business Administration, Harvard Business School, Soldiers Field, Boston, MA, 02163, United States of America, eofek@hbs.edu

1 - Bounded Defensive: A New Look at Consumer Coping Behaviors with Undue Influence

Lynn Kahle, Professor, University of Oregon, Lundquist College of Business, 1208 University of Oregon, Eugene, OR, 97403, United States of America, lkahle@lcbmail.uoregon.edu, Guang-Xin Xie

How consumers respond to undue marketing influence is a relatively young area of study in the literature. Legally, any act of persuasion that overcomes the free will and judgment of another, including exhortations, importunings, insinuations, flattery, trickery, and deception, may amount to undue influence (West's Encyclopedia of American Law 2008). From a behavioral research standpoint, consumer reactions can be much more sophisticated than simple resistance. Kirmani and Campbell (2004) propose a "seeker-sentry" typology that resembles the "avoid-approach" dichotomy, capturing the general pattern of consumer coping behaviors with interpersonal persuasion attempts. The present research aims to specify additional circumstances under the broad avoid-approach framework. We propose that consumers can be bounded defensive. Beyond sentry and seeker, a consumer can be a "calculated risk-taker" or a "relaxed defender", depending upon regulatory goals (Higgins 1996), purchase involvement (Mittal 1995), and persuasion knowledge (Friestad and Wright 1994). In Study 1, we developed a coping behavior scale following the Churchill (1979) procedure. The SEM (Structural Equation Modeling) results suggested a multi-dimension model. In Studies 2 and 3, we examined the predicative validity of the new model, focusing on a particular situation in which marketers used flattery to influence consumer purchases. The bounded defensive patterns were evident. This research contributes to the literature in two ways: 1). it reveals important moderators that strengthen or weaken the effect of consumer defensive suspicion; and 2). it suggests that consumers do not simply resist undue influence. Instead, they can invoke their goals and abilities to regulate specific coping behaviors.

2 - Debunking the Social Indifference of Materialism – Strategies to Enhance Charity Giving from Materialistic Individuals

Robert Kreuzbauer, Assistant Professor, Nanyang Business School, S3-B2C-104, Nanyang Avenue, Singapore, 639798, Singapore, rkreuzbauer@ntu.edu.sg, Chi-yue Chiu

American culture deplores materialism. Evidence from two decades of behavioral research has portrayed materialists as people who are preoccupied with pursuits of extrinsic goals (physical appearance, public image and financial success). They construct their self-concept and evaluate their self-worth based on their material possessions. Thus far, materialism research, which has focused on materialists' preoccupation with luxury products and conspicuous consumption, seems to have reinforced the popular view that materialism is antithetical to social concerns. It is assumed that, materialists, who focus primarily on their own appearance or financial wealth, are not interested in improving the well-being of their fellow members in the society. We report results from three experiments that challenge this view. In these experiments, participants of varying levels of materialism imagined themselves working in a certain profession. The profession was an acceptable profession or an ideal profession for the participants. Next, some participants received the opportunity to signal their self-identity or contributions to society as a member of their profession through consumption of brands and products. We hypothesize that after signaling self-identity or social contributions through material consumption, materialists would value the signaling opportunities more. The results supported the conclusion that materialists also have strong social concerns, but materialists prefer to express their social concerns through the acquisition and consumption of material goods. We will also discuss how our findings can lead to more effective marketing strategies for charitable contributions targeted towards materialistic individuals.

3 - To Think or Not to Think: The Effect of Cognitive Deliberation Level on Social Norm Influence

Vladimir Melnyk, PhD Researcher, Wageningen University, Hollandseweg 1, Wageningen, 6706 KN, Netherlands, vladimir.melnyk@wur.nl, Erica van Herpen, Arnout Fischer, Hans C.M. van Trijp

Marketers have realized the potential of social norms to influence consumers' attitudes and preferences. They use norms actively and frequently in so-called social norm campaigns. Consumers can process information containing social norms at different cognitive deliberation levels. As the depth of deliberation is often seen as key to attitude change, it is likely that this will also affect the influence of social norms. Depending on norm formulation different thoughts can be elicited by consumers. Social norms can be formulated in two distinct ways: (1) through giving information about the behavior of other people, that is, descriptive norm (what most people do), and (2) through highlighting social rules, that is, injunctive norm (what ought to be done). This study investigates the effect of cognitive deliberation for both descriptive and injunctive norms. The experimental study examines the consequences for attitudes and behavioral intentions that these two norm formulations activate under different levels of deliberation. Results show that (a) cognitive load limits the influence of both norm formulations, (b) cognitive deliberation increases the effect of descriptive and decreases the effect of injunctive norms. This effect is not due to the number of thoughts, but is fully mediated by the difference in valence of the thoughts that each norm formulation (descriptive or injunctive) triggers. Our study suggests that descriptive norm formulation would be used in situations where consumers are stimulated to deliberate upon this norm message. In contrast, messages using injunctive norms should be simple and straightforward to avoid cognitive deliberation upon this message.

4 - Observation and Communication in a Model of Social Learning: The Emergence of Pivotal Information Seekers

Elie Ofek, Professor of Business Administration, Harvard Business School, Soldiers Field, Boston, MA, 02163, United States of America, eofek@hbs.edu

We examine the adoption pattern of a new behavior when social learning may entail both observation and communication. Individuals receive a noisy private signal about the value of a new behaviour/product. In our basic model, they observe the actions of all previous individuals but have no direct access to the signals received. Under such circumstances, informational cascades can emerge, wherein late individuals ignore their signals and follow the decision of previous decision-makers. We also study the case when individuals can communicate to find out the actual signal previous decision-makers received. In this scenario, the ability to learn signals and not just actions can hinder or even reverse the formation of certain herds: any cascade reverses with non-zero probability. Moreover, the set of individuals that proactively seek information exhibits an interesting pattern—some individuals in the sequence will be "pivotal" and communicate while others will not. We apply our analysis to a firm selling an uncertain technology. Upon the emergence of a "nonadoption cascade", we study the incentives of the firm to invest in either increasing the accuracy of signals consumers receive vs. facilitating communication between consumers. We show that a firm can be worse off facilitating consumer information seeking and may prefer traditional promotion techniques. The results shed light on the tradeoff many firms face today between investing in traditional advertising techniques (aimed at increasing the accuracy of the signals each individual gets) vis-a-vis facilitating communications among individuals (by creating dedicated web communities, organizing activities that bring consumers together, etc.).

Saturday, 8:30am - 10:00am

■ SA01

Room 02

Social Influence: General

Contributed Session

Chair: Henning Kreis, Assistant Professor, Freie Universitaet Berlin, Otto-von-Simson-Str. 19, Berlin, 14195, Germany, henning.kreis@fu-berlin.de

1 - A Social Network Analysis of Customer-level Revenue Distribution

Michael Haenlein, Associate Professor, ESCP Europe, Department of Marketing, 79, Avenue de la Republique, Paris, 75011, France, haenlein@escpeurope.eu

Social network analysis has been a topic of regular interest in the marketing discipline. Previous studies have largely focused on similarities in product/ brand choice decisions within the same social network, often in the context of product innovation adoption. Not much is known, however, about the importance of social network effects once customers have been acquired. Using the customer base of a telecommunications company, this study analyzes network autocorrelation in the distribution of customer-level revenue within a social network. The results indicate a significant and substantial degree of positive network autocorrelation in customer-level revenue. High (low) revenue customers therefore tend to be primarily related to other high (low) revenue clients. Furthermore, it is shown that approximating communicative proximity by spatial proximity leads to a substantial underestimation of these effects.

2 - Social Effects on Customer Retention

Irit Nitzan, PhD Student, Tel Aviv University, The Faculty of Management, Tel Aviv, 69978, Israel, iritnitz@post.tau.ac.il, Barak Libai

Customer defection is of much concern to firms and has been the focus of numerous studies, yet in contrast to customer acquisition (new product adoption) its social aspects are largely unexplored. In this study we aim to assess the role of a customer's social network in his or her defection decision. To do so we use a database of more than one million personal customers of a cellular company. Using data on the communication among customers, we were able to create a large-scale social system composed of the individual social networks of those customers, and avoid the non-trivial problems associated with sampling from large-scale networks. We estimate a hazard model that combines social network information with data on customer retention to assess the extent to which customers' defection from a cellular provider might be affected by their exposure to defections of their social neighbors. Our findings indicate that a customer's social network affects the defection decision significantly; exposure to a defecting neighbor is associated with an increase of up to 150% in one's hazard of defection, and 80% when controlling for a host of social, personal and purchase related variable. Furthermore, we show how strength of ties and the degree of similarity (homophily) to defecting neighbors have a significant effect on this phenomenon, and observe that the social defection effect decays exponentially with the passage of time following a neighbor's defection event. We also demonstrate how customer loyalty moderates the social effect on retention. These results carry important implications for our understanding of the drivers of customer defection, and they should be taken into account by firms that aim to predict and affect the retention of their customers.

3 - Word-of-mouth of Lost Customers

Doreén Pick, Assistant Professor, Marketing Department, Freie Universität Berlin, Otto-von-Simson-Str. 19, Berlin, 14195, Germany, doreen.pick@fu-berlin.de, Henning Kreis

In research, word-of-mouth has been identified as one of the main determinants of customer behavior and firms success. When concentrating on positive word-of-mouth, the main body of literature has focused on current customers and their intention or behavior to recommend. To the best of our knowledge, there are no studies on the word-of-mouth intention of lost customers. Nevertheless, due to different reasons (e.g. the cause for the defection; the willingness to return to a former supplier) there might be a chance that also lost customers recommend a former firm. Hence, our study focuses on the investigation of the existence and the drivers of positive word-of-mouth intentions of defected customers in a services setting. We find evidence of former customers intending to voice positive WOM. More than 37.2 per cent of defected customers are willing to recommend the former supplier (ratings of 7 and 6, scale 7-1, 7: strongly agree, 1: strongly disagree). This is an interesting finding for marketing research and marketing practice due to the opportunity to broaden existent referral programs. The important drivers of WOM intentions in our case are shown to be prior satisfaction with the former relationship, commitment and locus of defection (who has been responsible for the defection), whereby age of the defectors was not found to have a significant effect on the WOM intention. Our empirical study (n = 1,095) will contribute to relationship marketing research by investigating the antecedents of positive WOM intentions of lost customers in general and by focusing on various customer segments in detail.

4 - Market Share Effects of Satisfaction and WOM

Henning Kreis, Assistant Professor, Freie Universitaet Berlin, Otto-von-Simson-Str. 19, Berlin, 14195, Germany, henning.kreis@fu-berlin.de, Till Dannewald

In this paper we present an empirical approach to analyze the linkages of satisfaction, recommendation and firm performance (market share) on the basis of longitudinal data on new car buyers. By concentrating on durable goods, including time effects and relating WOM to real purchase behavior, we add to the literature through gaining new insights regarding the proposed relationships as well as their functional forms. Valuable managerial implications are gained from differentiating between premium and volume automobiles. We use monthly data of an evaluation period of more than seven years and investigate the underlying mechanism between customer satisfaction, recommendation and market share by using Generalized Method of Moments (GMM) for testing competing models against each other and parameter estimation. Based this first step we use the best fitting model to quantify the relationship for the whole sample as well as different customer segments. Our results suggest that the relation between market share and recommendation is best described by a non-linear model while the relationship of satisfaction and recommendation is sufficiently described by a linear model. The relationships differ with respect to the type of brands in focus. In case of premium brands, market share is driven by recommendation of the brand whereas volume brands show a by far stronger effect of the recommendation of a distinct car model. Satisfaction is a strong driver of recommendation, however in all models it is not recommendation of a general brand, but of a specific car model that is affected by the various aspects of customer satisfaction. Additional longitudinal brand specific analyses (VAR-Models) are currently under progress.

■ SA02

Room 04

CRM: Customer Acquisition & Retention

Contributed Session

Chair: Stephan Wachtel, Goethe University Frankfurt, Grueneburgplatz 1; RuW Building, Frankfurt am Main, Germany, swachtel@marketing.uni-frankfurt.de

1 - Optimizing Referral Reward Programs

Jochen Wirtz, Associate Professor, National University of Singapore, NUS Business School, 15 Kent Ridge Drive, Singaproe, 119245, Singapore, bizwirtz@nus.edu.sg, Ping Xiao, Christopher Tang

This study explores the effectiveness of referral reward programs (RRPs) and compares them with traditional direct marketing using a nested Stackelberg game. In the outer game, the firm determines the reward structure anticipating inductor and inductee perceptions and responses. In the inner game, the inductor decides referring effort given expected inductee's behavior, and the inductee decides whether to purchase conditional on the reward and inductor's referring effort. Our findings show that first, RRP is likely to generate higher profit than direct marketing when either the inductor's referring is sufficiently effective (i.e., his/her satisfaction is above a certain threshold level), and/or when the firm's current market share reaches a certain level. Second, if a RRP is optimal, its design (i.e., reward the inductor, the inductee or both) depends on the profit margin of the product and the effectiveness of the inductor (i.e., his/her satisfaction with the product). The findings show that the higher the profit margin, the more likely it is that rewarding both is optimal). Furthermore, for highly satisfied inductors, it is optimal to reward the inductor only, whereas if the inductor is not very satisfied, firms need to more rely on rewarding the inductee only. When the inductor feels neutral about the product (i.e., is neither satisfied nor dissatisfied), rewarding both is optimal. Third, we extended the base model by incorporating impression management, whereby incentives given to the inductor reduces his/her intrinsic benefits from making a recommendation and at the same time increase the hurdle rate of the inductee. The results show that incorporating impression management leads to a shift towards rewarding both or the inductee only.

2 - Referral Programs and Customer Value

Philipp Schmitt, Goethe University Frankfurt, Grüneburgplatz 1, Frankfurt, 60629, Germany, pschmitt@wiwi.uni-frankfurt.de, Bernd Skiera, Christophe Van den Bulte

Referral programs have become a popular way to acquire customers. Yet, there is no evidence to date as to whether customers acquired through such programs, referred customers for short, are more valuable than non-referred customers. We investigate to what extent the former are more profitable and more loyal than the latter, and discuss two possible explanations advanced in economics and sociology, better matching and social enrichment. Using a panel dataset of roughly 10,000 customers of a leading German bank, we find that (i) referred customers have a significantly higher contribution margin though this difference erodes over time, and that (ii) the retention of referred customers is significantly higher and this difference persists over time. Hence, referred customers are more valuable both in the short and long run. The average value of a referred customer during the whole observation period of 33 months is at least 58 Euros higher than the one of a non-referred customer with comparable demographics. For the bank, this represents a return on the reward given to the referrer of nearly 130%.

3 - Targeting, Matching, and Dynamic Pricing: Value of Learning, and Acting Upon Customer Information

Baohong Sun, Professor of Marketing, Carnegie Mellon University, 5000 Forbes Avenue, Pittsburgh, PA, 15213, United States of America, bsun@andrew.cmu.edu, Henry Cao

The rapid growth in demand and supply of sophisticated data mining and analytical decision tools calls for research to understand the value of learning, as well as how learning interacts with firms' day-to-day marketing strategies. In this paper, we consider a market in which the firm can reduce its service cost when it matches the right product with the right customer. Facing uncertainty about customer types, the firm can gradually learn using observed service costs realized from recent interactions as noisy signals. On the basis of the most updated information, the firm makes matching and selection decisions to maximize its long-term profit. By solving the closed form solution to the fully dynamic optimization problem with infinite horizon, we analytically investigate the dynamic and endogenous nature of learning processes, the interaction between learning and

decision making, and the evolution of profit over time. We also examine how optimal decision paths, market size in steady states and the evolution of profit are affected by parameters such as discount rate and the precision of information. Extending the model to a setting in which the precision of signals is proportional to the units of goods, we study how firms can endogenize the speed of learning. Our results shed light on the value of learning and acting on information, the time point to discontinue service to a customer, the duration and amount of short-term financial losses before learning pays off, and how the firm can modify its decisions to speed up the learning process.

4 - How to Control for Successive Sample Selection and When Does it Matter for Management Decisions

Stephan Wachtel, Goethe University Frankfurt, Grueneburgplatz 1; RuW Building, Frankfurt am Main, Germany, swachtel@marketing.uni-frankfurt.de, Thomas Otter

We investigate models for data generated by successive selection or filtering, and implied decisions. Such data are ubiquitous in marketing. For example, a data base may contain prospective customers that were targeted through direct mail, prospective customers that have responded favorably to the direct mail, asking for additional information, customers that already purchased, and customers that already purchased repeatedly. Another example are surveys that map respondents onto one stage of a set of ordered stages such as brand awareness, brand consideration, brand purchase, and repeat purchase. We develop a model that handles correlated unobservables across multiple stages of successive sample selection and compare this model to independent analysis of individual stages and a reduced form approach. The comparison extends from the problem of customer scoring, i.e. who are the customers on different stages and how likely are they to progress to the next stage?, to customer targeting, i.e. how to select customers likely to reach later stages of the process?, to customer influencing, i.e. what actions are likely to move customers to the next stage of the process? We show that small differences in statistical fit between our proposed model, independent analyses on different stages, and a reduced form approach translate into radically different answers to targeting and influencing customers. We also show that customer scoring is relatively robust across different models. We illustrate our approach using simulated data and a large scale survey investigating brand awareness, consideration, purchase and repeat purchase for fashion brands.

■ SA03

Room 06

CRM: Customer Loyalty III

Contributed Session

Chair: George Knox, Assistant Professor of Marketing, Tilburg University, Warandelaan 2, K1019, Tilburg, 5000LE, Netherlands, G.Knox@uvt.nl

1 - Modeling Call Centers Agent Client Interaction Performance

Fabien Eloire, Post PhD, IAE-University of Sciences and Technology Lille 1, 104 Avenue du Peuple Belge, Lille, 59021, France, eloire.fabien@wanadoo.fr, Christine Balague, helene Ducourant

This research proposes to model the performance of the interaction agent/client during conversations in call centers. The call centers represent strategic CRM tools for a majority of companies spending big budgets in their management without really making data mining to measure their agents' efficiency face to their clients. Contrary to previous researches based on questionnaires and declarative data, we use a rich dataset of conversations between agents and clients and measure interaction performance based only on the conversation content. These talks have been recorded and manually fully transcribed (we also worked on automatic transcribed data by speech recognition and compared the results). We decided to focus on the reality of the dyadic interactions "talks" without any interpretation or rationalization from none of those who take part of it. We first split the conversations in different phases (open, identification, treatment, proposal, and closure). We then coded the conversations in several quantitative variables (such as length, number of topics, number of talk rebound-linked to a commercial proposal done by the agent-, commercial proposal acceptance..) and qualitative variables based on sentiment analysis (using text mining) and emotions measure. Based on literature on recovery satisfaction, we defined three types of performance: procedural, commercial and interactional performance and finally measure a global performance of the conversation. Using structural equation models, this research provides new insights on the measure of the performance of the interaction agent/client in call centers, improving knowledge in the area of call centers data mining.

2 - The Effects of the Job Satisfaction and Organizational Commitment of Road Warriors Working in Medicine Sector on Customer Loyalty and Satisfaction

Hasan Aksoy, Researcher, Selcuk University, Cihanbeyli M.Y.O, Cihanbeyli, Konya, Turkey, hasanaksoy78@hotmail.com, Atil Bilge

Companies work on increasing customer satisfaction and creating loyal clients. The latest studies have showed the positive effects of employees' satisfaction and organizational commitment on customer satisfaction. Because it is the employees who deal with customers closely rather than how well is the company's technology usage, decision made, and design of the branches. Technological developments, increasing competition and differentiation of product and production result in changes of products marketing and distribution which causes a new workgroup, Road Warriors. Work travelers who often travel for business demand portable computer technology and special technological infrastructure at hotels. As these new employees work mostly out of company, it is harder to provide work satisfaction and organizational commitment. The aim of this study is to determine how employee behavior, job satisfaction and organizational commitment affect the quality of service (1), to determine the variables increasing and providing the organizational devotion and job satisfaction of Road Warriors (2), to examine the effects of these variables on customer satisfaction and loyalty (3). The study will be on 70 people defined as Road Warriors in 10 medicine firm in Konya. The data obtained from the study will be analyzed by SPSS. Key words: Customer Satisfaction, Customer Commitment, Job Satisfaction, Organizational Devotion, Road Warriors.

3 - Loyalty in a Multilevel Setting - Bank or Relationship Manager as the Driving Force in Creating Loyal Corporate Customers

Alexander Kapeller, NORD/LB, Tonstr. 12, Hannover, Germany, mail@alexander-kapeller.de

The main goal of corporate banking is building strong relationships with companies to turn them into loyal customers. Thereby, a major role is attributed to the relationship manager (RM), which is said to be "the heart of interaction". So far, research literature has only focused on loyalty to the bank or to the RM alone to explain loyal behavior. An integration is still lacking. By evaluating these relationships, banks can design the preferred service setting to lift customers' loyalty. Referring to the theory of living systems it is analyzed, if corporate customers differentiate between attributing loyalty to their bank and RM, and how both impact corporate customers' actual purchase behavior considering different products. Data from 317 large and medium sized companies are analyzed by applying structural equation modeling. Moderated mediation was utilized to control for a mediating effect of the bank which is considered to be moderated by customer size. To check for power issues a Monte Carlo study was conducted. Results provide strong support that both corporate customers' loyalty intentions towards their bank and RM have an impact on purchase behavior. Considering standard credit and money investments loyalty intentions towards the bank mainly impacts their purchase behavior. However, with regards to hedging products, which require counseling efforts, loyalty intentions towards their relationship manager's play a decisive role. Concluding, executives have to consider the varying impact of customers' loyalty intentions when creating customer services to invest in the most efficient relationship instruments correspondingly.

4 - Customer Complaints, Defection and Lifetime Value

George Knox, Assistant Professor of Marketing, Tilburg University, Warandelaan 2, K1019, Tilburg, 5000LE, Netherlands, G.Knox@uvt.nl, Rutger van Oest

Complaint management is a well-studied and important aspect of defensive marketing. Previous studies take the customer's perspective, and measure complaint severity and recovery effectiveness using customer perceptions. In contrast, we take the firm's perspective, and make complaint management more accountable by identifying the impact of specific customer complaints, firm recoveries, and customer history on defection using actual behavior. We develop predictions and test them on a novel database that tracks both purchasing and complaining for 20,000 customers over 2.5 years. Our model combines a variety of components including complaint and purchase timing, purchase amount and defection, to obtain a rich representation of customer behavior. We find that complaints about out of stock items are especially severe, while merchandise certificates can lead to a sustained recovery. Previous complaints (purchases) intensify (dampen) the negative impact of complaints, but the effect of past complaints fades over time more quickly than that of past purchases. We discuss how these results can aid managers by preventing a complaining customer from defecting and allocating resources to pre-empt the failure.

■ SA04

Room 14

Social Networks

Cluster: Internet and Interactive Marketing

Invited Session

Chair: Christophe Van den Bulte, Associate Professor, Wharton School, 3730 Walnut Street, Philadelphia, PA, 19104, United States of America, vdbulte@wharton.upenn.edu

1 - Endogenous Homophily in Social Networks

Zsolt Katona, University of California-Berkeley, Berkeley, CA, United States of America, zskatona@haas.berkeley.edu

It is well known that in most social networks neighbors tend to be similar to each other. Previous research attributed this phenomenon to homophily, that is, that individuals like to connect to others that are similar to them. This paper proposes a network formation model in which individuals can change their location to become more similar before linking to each other to benefit more from the connection. An equilibrium is the outcome describing both the locations and the network resulting in an endogenously formed network with endogenous locations. The results show that the equilibrium network exhibits more homophily than a benchmark with fixed node locations and the number of links increases as link formation costs go down. As costs of changing one's location decrease the network becomes more clustered, less connected and denser. The results explain how certain individuals become opinion leaders throughout this process. The paper also provides a framework that generalizes homophily to examine vertical spaces in addition to horizontal ones. In a horizontal space the distance between two nodes determines how much they benefit from the link, whereas in a vertical space linking to a node with a higher vertical attribute provides more benefits.

2 - Tricked by Truncation: Another Source of Spurious Social Contagion in New Product Adoption

Christophe Van den Bulte, Associate Professor, Wharton School, 3730 Walnut Street, Philadelphia, PA, 19104, United States of America, vdbulte@wharton.upenn.edu

As marketing researchers have gained a renewed interest in social contagion, they also have become aware that contextual effects, endogenous tie formation, and simultaneity are three sources of bias that can generate spurious evidence of social contagion. We show both analytically and through a Monte Carlo simulation that right-truncated data, i.e., data from which all right-censored observations are omitted, can similarly trick researchers into believing to have found evidence of social contagion when there is none. We discuss several solutions to the problem, and document the effectiveness of two simple corrections.

3 - Does Mere Connection Lead to Social Interaction in Online Social Networks: An Empirical Investigation in Flickr.com

Xiaohua Zeng, Department of Marketing, City University of Hong Kong, Hong Kong, China, xiaohua.zeng@cityu.edu.hk, Yuxin Chen, Xinlei Chen

Online social networks such as Twitter and Facebook contain millions of friend links. These online links have increasingly been of interest to marketers as they are viewed as important channels to disseminate product information and extend market influence. The underlying assumption is that people linked online can influence each other's behavior. While this sounds intuitively appealing, there has been little effort to empirically document the influence. Our research puts this assumption into question and attempts to assess to what extent the observed online connections lead to social interaction. The context of our analysis is a picture sharing website, Flickr.com, where the registered users upload pictures and others can add a picture into their own favorite list, similar to a new product adoption behavior. We are interested in whether one's adoption behavior is influenced by his friends in the website. We perform a rigorous analysis by controlling for correlated unobservable variables and recursive effect between friends. The panel nature of the data allows us to overcome some of the limitations that have plagued previous research such as friend common preference. Our results support the notion that online connections indeed have an impact on one's adoption behavior.

4 - Strategic Networking for Online Success

Mark Heitmann, Professor, Christian-Albrechts-University at Kiel, Westring 425, Kiel, 24118, Germany, heitmann@bwl.uni-kiel.de, Lucas Bremer, Florian Stahl, Asim Ansari

The growth of online social networks and the decreasing effectiveness of traditional marketing have lead to a large interest in social networks. For an appropriate application of new marketing approaches marketers have to understand the impact of interactions and relationships among network members on their individual outcome and network popularity in order to use online social networks effectively in marketing. In this study we analyze networking behavior of music artists for promoting their music. Our sample consists of a set of 480 music artists who actively operate online social networks for personal success on two independent online social network platforms at the same time. Personal network information on both platforms is tracked monthly over a period of six months. Applying a count data approach we relate well-established egocentric network measures to online success. Our results indicate that online success is determined by the social network structure and networking activities of the music artists rather than by their outside popularity. Most importantly, the drivers of online success are not limited to the size of the of the artist's personal network. The findings of our study provide several insights into the use of personal online social networks for marketing products and services.

■ SA05

Room 15

Strategy: Firm Performance

Contributed Session

Chair: Rabikar Chatterjee, Professor of Business Administration and Katz Faculty Fellow in Marketing, University of Pittsburgh, Katz Graduate School of Business, 340 Mervis Hall, Pittsburgh, PA, 15260, United States of America, rabikar@pitt.edu

1 - Does Marketing-mix Create Shareholder Value: Lessons from an Over-the-Counter (OTC) Product Category

Ashish Sinha, Professor, University of New South Wales, UNSW, Sydney NSW 2052, Sydney, 2052, Australia, a.sinha@unsw.edu.au, Raj Srivastava, Mukesh Bhargava

Mainstream research on marketing resource allocations based on marketing mix models and sales (as opposed to profit) response analysis overwhelmingly support the case of price-promotion relative to advertising. Short-term advertising effects are often drowned by price-promotions. While the defenders of advertising investments contend that it has long-term, multi-period effects, and that examining its impact primarily in terms short-term (say monthly or weekly) sales response is destined to understate the impact of advertising, the reality is that there has been a steady shift of marketing budgets towards price promotions. Recognizing that direct sales are only one of the outcomes of investment in advertising and promotions, we examine some of the "downstream" effects of these communications (negotiating power over retailers, price/share premiums etc.), and subsequently, financial performance using the framework proposed by Srivastava, Fahey and Shervani (1998). We show that when one considers direct and indirect, as well as longer-term effects of marketing mix variables on cash flow, resource allocation implications can be quite different with advertising resulting in both higher levels of NPV (net present value) and lower variability compared to price-promotions. Further, these returns tend to be higher for new products and vary as a function of accounts (distributors) and geography, providing valuable information for future resource allocation and marketing planning.

2 - The Influence of Marketing Capabilities from Knowledge Creation Perspective and the Moderating Effect of Strategic Orientation on Firm's Performance

Inkon Koh, Kangnam University, 111 Gugal-dong Giheung-gu, Yongin, Korea, Republic of, top1@kangnam.ac.kr, Hoon Kim

Many studies have shown that the influence of marketing capabilities on performances is greater than other capabilities in firm's value creating activities. As the fundamental factor that forms this marketing capabilities is knowledge, knowledge creation/ acquisition/dissemination and implementation activities should be made well. This study investigated the influence of marketing capabilities on firm's performances from knowledge creation perspective, by analyzing companies listed on Korean Securities Exchange Market. We conceptualized marketing capabilities into three dimensions: marketing knowledge retention capabilities, marketing knowledge sharing capabilities and marketing infrastructure building capabilities. We then investigated the influences of these marketing capabilities on overall firm performance(i.e. stock price) and effectiveness, adaptability, efficiency. The results showed that marketing capabilities had positive effect on firm's performances, and the effects were especially stronger in effectiveness and adaptability. Meanwhile,- as every company is placed in different environment and employs different strategy, the same marketing capabilities may have different effects on performances. This study showed that marketing capabilities had different effects on firm's performances according to strategic orientation. That result means that doing well in a certain strategy requires the suitable marketing capabilities. Moreover, marketing knowledge sharing capabilities had positive relation with efficiency, as did marketing knowledge retention capabilities with effectiveness and adaptability. Therefore, when fostering marketing capabilities, each firm should consider the fitness between its strategy and them.

3 - The Impact of Market Driving Strategies on Firm Performance

Goran Vlasic, Bocconi University & University of Zagreb, Desinicka 5, Zagreb, 10000, Croatia, gvlasic@gmail.com, Gabriele Troilo, Ajay Kohli

In our contribution we complement existing research which generally takes consumer preferences as exogenous (Carpenter et.al. 1997). We take an analytical approach, grounding on consumer behavior and marketing strategy literature and extending existing research (Jaworski, Kohli, Sahay, 2000; Carpenter & Nakamoto, 1994), to show how companies can drive markets rather than be market driven. Following generic decision-making model (Kotler & Armstrong, 2009), complemented with research on categorization (Viswanathan & Childers, 1999), we define three levels of market driving: need, category and attribute driving. These activities result in greater consumer utility from the focal product which implies greater purchase likelihood, and thus greater sales growth (DeKinder & Kohli, 2008). Controlling for growth strategy and market focus, competitive intensity, product innovativeness, and market driven strategies, our results indicate that market driving has a significant positive impact on sales growth. However, once analytical perspective is taken, results show that needs driving has no significant impact. This is result of the fact that it is the most abstract strategy and thus the most long-term oriented one. Results also show that it is the most risky strategy. Category driving and attribute driving have a strong positive impact on sales growth. We have shown that market driving should be actively pursued as a strategy that enables creation of a greater market pie rather than just increasing the market share. However, market driving is not a simple strategy but rather a highly complex endeavor.

4 - The Impact of Marketing Innovation on Firm Performance: A Cross-functional Perspective

Rabikar Chatterjee, Professor of Business Administration and Katz Faculty Fellow in Marketing, University of Pittsburgh, Katz Graduate School of Business, 340 Mervis Hall, Pittsburgh, PA, 15260, United States of America, rabikar@pitt.edu, Christoph Grimpe, Wolfgang Sofka, Mukesh Bhargava

Research in marketing and strategy has examined how marketing and other capabilities of the firm influence its performance. Such research has typically employed the resource based view of the firm as the underlying theoretical paradigm. More recently, researchers have refined this perspective by examining the relative focus of firms on exploitation of strategies and capabilities currently in place versus exploration of new strategies and capabilities. The challenge is to develop an ambidextrous approach that effectively balances exploitation and exploration strategies. The recent literature thus focuses on how to achieve a successful balance between exploitation and exploration. Specifically, what are the firm characteristics, resources, and/or capabilities that provide the synergies to allow for an effective ambidextrous strategy? We discuss the role of marketing innovation as a contributor to firm performance. Our objective is to understand how marketing innovation interacts with other key resources and capabilities in contributing to an ambidextrous strategy that leads to strong long term financial performance. We distinguish between marketing innovation and general marketing capabilities, and propose a conceptual model of the roles played by innovative (generally, exploratory) and existing (generally, exploitative) capabilities in marketing, operations, and R&D. We present results from an empirical study that tests the implications of the conceptual model, based on a novel data set covering more than 700 German firms. The managerial and theoretical implications of our results are discussed, along with possible extensions to our current research.

■ SA06

Room 16

Entertainment Marketing: Movies I

Contributed Session

Chair: Andrei Strijnev, University of Texas at Dallas, 800 West Cambell Rd, Richardson, TX, 75080, United States of America, strijnev@utdallas.edu

1 - Movie Choice under Joint Decision

Youngju Kim, Doctoral Student, Korea University, Korea University Business School, Seoul, 136-701, Korea, Republic of, aa0124@korea.ac.kr, Jaehwan Kim

In contrast to the extant studies that concentrate on aggregate patterns of motion picture performance or assume each individual is movie choice agent, the current research examines moviegoer's decision via choice and based on more realistic assumption that movie choice is a group decision. By building the Bayesian random effect model, the authors consider whether the researchers should revise extant understanding on the effect of the explanatory variables on movie performance, especially word of mouth (WOM) variables: majority of researchers have revealed that only volume, not valence, matters on movie performance. Romance, drama, and action are selected as genre variables, and valence and volume are selected as online WOM variables. A choice-based conjoint was used for both individual and group data. The posterior distributions for parameters were estimated via MCMC in the hierarchical Bayesian framework. The results show that both genre and online WOM are important variables in consumers' movie choice, with the heterogeneity being substantial. There are also differences between individual movie choices and group movie choices. Most notably, online WOM was more important when making group movie decisions than when making individual movie decisions. Yet, a group member's relative influence on the group choice varies among group. Some possible explanations are also explored for these empirical findings.

2 - Movie Attendance, Critics and the Business Cycle

Tirtha Dhar, Assistant Professor, University of British Columbia, 2053 Main Mall, Vancouver, BC, V6T1Z2, Canada, tirtha.dhar@sauder.ubc.ca, Charles Weinberg

A number of movie industry observers have noted that during the current economic downturn, movie theaters appear to be doing unusually well, especially compared to other forms of entertainment. Is it true in general that the movie industry is a countercyclical, or is this just a one time occurrence? In this paper we test the argument of countercyclical behavior by using detailed attendance data from 1980 to 2009. It is also claimed that certain types of movies are popular during downturns in the economy. We therefore examine how the effects of critics rating, and other movie characteristics vary with the business cycle. Specifically if critics' ratings reflect true movie quality and movie goers are looking for 'escapist movies' then the effect of critics' rating during economic downturn will be negative or insignificant. Overall we find robust evidence of the countercyclical nature of the movie business. In the process of estimating interaction effects, we uncover some methodological challenges in testing for interaction effects in nonlinear models. We first show that coefficient of an interaction term by itself cannot be interpreted as a measure of the interaction effect in a non-linear model. In fact in such a model, use of interaction term needs to be justified as commonly used non-linear models in marketing inherently capture interaction effects between variables without the extra interaction terms. Overall, we find significant negative interaction effects between critics' ratings and consumer sentiments implying that consumers, during period of economic downturns, are less likely to watch movies that critics rate highly. In particular, G rated movies and also adventure and Sci-Fi movies tend to benefit more than other types of movies from economic downturns.

3 - Pre-launch Advertising for Movies: What Budgeting Rule do Studios Use?

Andrei Strijnev, University of Texas at Dallas, 800 West Cambell Rd, Richardson, TX, 75080, United States of America, strijnev@utdallas.edu, Sridhar Moorthy, Seethu Seetharaman

Pre-launch advertising is a key marketing instrument in the US movie industry. Major studios spend enormous amounts of pre-launch advertising dollars to stimulate demand for their movies. In this paper, we compare three commonly used budgeting rules: (a) Affordable Method, (b)Percentage of Sales Method, and (3) Objective and Task method in terms of their ability to explain the observed data on pre-launch advertising expenditures of movies. For this purpose, we propose and estimate a movie diffusion model that accounts for the effects of movie characteristics, prelaunch advertising expenditure, as well as competition from other movies using box office revenues data. Simultaneously we estimate a statistical model of advertising budgeting that explains the pre-launch advertising expenditure of a movie on the basis of the budgeting rule using prelaunch advertising expenditures data. We identify which budgeting rule most closely fits the observed expenditures in the data.

■ SA07

Room 17

Channels: Advertising & Sales

Contributed Session

Chair: Simone Fucks, ESCP Europe, Heubnerweg 6, Berlin, 14059, Germany, simone_fucks@web.de

1 - Persuasive Advertising in Distribution Channels

Sreya Kolay, Assistant Professor, University of California, Irvine, Paul Merage School of Business, University of California, Irvine, Irvine, CA, 92697, United States of America, skolay@uci.edu

A significant fraction of advertising is persuasive in nature, whereby a company influences consumer valuations of a product through its advertisements. This paper develops a game-theoretic model to examine the impact of persuasive advertising on a manufacturer's product line decisions, consumer welfare and firm profits. We distinguish between a direct sales scenario where the manufacturer sells directly to consumers and a decentralized channel scenario where the manufacturer sells its product line to consumers through a retailer. We show how customer heterogeneity, the channel structure, and the identity of the advertising channel member interact in determining various outcomes for the equilibrium product line quality levels chosen by the manufacturer. This in turn has interesting implications for the impact of the persuasive advertising on consumer welfare and profit levels of the channel members.

2 - Centralized and Decentralized Channels: Implications to Advertising

Hongyan Shi, University of Illinois at Urbana-Champaign, 350 WH, 1206 S. Sixth St., Champagin, IL, 61820, United States of America, shi3@uiuc.edu, Yunchuan Liu

Consumers can search to find out price and product match information by themselves. Firms can also choose to advertise either or both of these two types of information before consumers start to search. This paper studies a firm's advertising content decisions in different distribution channels, a centralized channel or a decentralized channel. We show that a firm might be more likely to advertise in a decentralized channel than in a centralized channel. We also show that in a decentralized channel a retailer's pre-commitment to the upstream manufacturer on the type of advertising may benefit the retailer and hurt the manufacturer. Furthermore, when a retailer pre-commits on its advertising content, it prefers more price-only advertising in a decentralized channel than in a centralized channel; while if it does not pre-commit on its advertising content, it prefers less price-only advertising in a decentralized channel than in centralized channel. Finally, we show that no matter a retailer pre-commits on its advertising content or not, it practices more product and price advertising in a decentralized channel than in a centralized channel.

3 - Decoding the "Black Box" of Intercultural Negotiations

Simone Fucks, ESCP Europe, Heubnerweg 6, Berlin, 14059, Germany, simone_fucks@web.de, Robert Wilken, Frank Jacob, Nathalie Prime

In industrial marketing, sales negotiations represent the dominant transaction mechanism. As companies operate more and more internationally, the management of cultural issues in negotiations has significantly gained in importance. These issues appear on two levels: On an inter-organizational level, companies are confronted with negotiation counterparts from various cultural backgrounds, who may employ different strategies or communication styles. From an intra-organizational perspective, a company with a strong variety in employee's nationalities has to decide how to compose its selling teams in terms of cultural mixture. This study investigates the effect of different cultural dimensions (Individualism, High/low context) on the decision-making style within the seller team, the interaction with the customer, and lastly different outcome measures (individual benefit, contract efficiency, and satisfaction with the outcome). To test the described links empirically, we simulated integrative multi-item negotiations between a seller team and a customer from another culture with a total of 189 participants (48 dyads), mostly German and French. Negotiations took place online. Seller teams were either culturally pure or mixed. Those teams who score high on Individualism and belong to a low context culture reach the best results in terms of individual benefit and contract efficiency. This effect is partly mediated by behavioral categories (attacking and integrating strategies, measured by a content analysis of the negotiation protocols). Hence, we show not only that culture affects negotiated outcomes, but also explain how these effects develop. We thus shed light on the "black box" of intercultural negotiations.

■ SA08

Room 18

Sales Force

Contributed Session

Chair: Michel van der Borgh, Eindhoven University of Technology, P.O. Box 513, Pav. L.08, Eindhoven, NB, 5600 MB, Netherlands, w.v.d.borgh@tue.nl

1 - Antecedents and Consequences of Key Account Manager Competence

Verena Luetke, University of Erlangen-Nuernberg, Nietzschestr. 21, Nuernberg, 90409, Germany, v.luetke@me.com

Despite the widespread interest in key account management in general and the recognition that the position called "key account manager" contributes greatly to the successful implementation of a relational approach to a company's most important customers, only a few exceptions have focused on the empirical analysis of the individual-level determinants of key account manager performance. This paper contributes to a greater understanding of what affects key account managers' outcomes by presenting a model to measure key account manager competence and by investigating its determinants and consequences. Applying PLS to the profiles of 270 key account managers working in five branches, we find that the four determinants we suggest have a different influence on key account manager competence. Moreover, the empirical results suggest a direct effect of key account manager competence on the degree to which he or she has promoted cooperation and built a productive and enduring relationship with the customer as well as an indirect effect on the key account manager's contribution to the exploitation of the strategic customer's economic potential. Using SmartPLS, we furthermore identify two types of key account managers that are equally successful, but are characterized by differing profiles. Based on these findings, theoretical and managerial implications are discussed.

2 - Prevention is Better than Cure: A Key Account Manager Perspective

Goutam Challagalla, Associate Professor, Georgia Institute of Technology, 800 W. Peachtree St. NW, Atlanta, GA, 30339, United States of America, gnc@gatech.edu, Brian Murtha, Ajay Kohli

Firms increasingly use key account teams to better serve their large customers A key account team is typically comprised of individuals from multiple functions, each of whom support the key account manager in developing business with a large customer. This research shows that, counter to what may be expected, key account managers often do not share customer information with team members. In addition, key account managers often inhibit team members from interacting with customers. The reason account managers are wary is because they fear that team members may behave in their own self-interest and not that of the customer. Thus, account managers adopt the philosophy of 'prevention is better than cure' by engaging in selectivity. This research demonstrates the adverse effects of these behaviors of key account managers on key account team performance. We identify underlying reasons for these seemingly odd behaviors of key account managers, and identify conditions that ameliorate this propensity of key account managers.

3 - To Follow-up or Not-to-Follow-up: Performance Impact of Salesperson's Pursuit of Marketing Leads

Sharmila Chatterjee, Massachusetts Institute of Technology Sloan, 1 Amherst St., E40-166A, Cambridge, MA, 02420, United States of America, schatterjee@mit.edu

Marketing departments undertake lead generation to assist salespeople with customer acquisition. However, the follow-up rate of these marketing-generated leads is low in many organizations. The lack of enthusiasm on the part of many salespeople in following up on marketing-generated leads is a major dilemma because of two critical implications: a) Short term implications in terms of enormous wastage of resources; and b) Serious long term implications from prospect discontent when salespeople fail to contact them. This phenomenon, whereby many salespeople do not follow up on marketing leads despite management belief that follow up of leads would benefit salespeople, demonstrates the need to examine the implications of lead follow-up for different facets of salesperson performance. The study examines three outcome-based performance measures - prospect conversion rate, new business performance, and sales volume. A cross-industry study of industry leaders finds a positive relationship between lead follow-up and a salesperson's prospect conversion rate as well as new business performance. The relationship with overall sales volume reveals a delicate balance between customer acquisition and retention activities.

4 - Ambidexterity at the Front-line: Impact of Sales Management Orientation on New and Existing Product Selling Effectiveness

Michel van der Borgh, Eindhoven University of Technology, P.O. Box 513, Pav. L.08, Eindhoven, NB, 5600 MB, Netherlands, w.v.d.borgh@tue.nl, Ad de Jong, Jan Wieseke, Ed Nijssen

Recent research demonstrates that the sales force is an essential determinant of new product success in the market (Wieseke, Homburg, and Lee 2008). However, salespeople are often not very enthusiast about selling new products since they rather focus on attaining short term targets and quotas whereas the selling of new products requires a long term view. He and Wong (2004) show that ambidextrous companies, which simultaneously pursuit explorative activities aimed at developing new competencies, as well as exploitative activities aimed at refining existing competencies achieve highest performance rates. It is, however, unclear whether an ambidextrous management approach also works out regarding company's sales activities, as emphasizing the selling of completely new products often conflicts with a focus on refining, upgrading, and optimizing the existing product portfolio (Atuahene-Gima 1997). This study examines the impact of sales managers' innovation orientation (i.e., explorative versus exploitative) on salespeople's proactive selling behavior aimed at new as well as existing products. Data collected at a European ICT-service-operator among 153 salespeople nested within 31 business units were analyzed with HLM. The findings show (1) that sales manager's explorative orientation increases salespeople's' proactive selling behavior regarding novel products, while sales manager's exploitative orientation increases salespeople's proactive selling behavior regarding current products, and (2) ambidextrous sales managers increase salespeople's proactivity with respect to the selling of novel products as well as current products, (3) that organizational identification weakens the positive effect of an ambidextrous orientation on all salespeople proactive selling behaviors.

■ SA09

Room 19

Value Creation through Technology and Product Management

Cluster: Special Sessions

Invited Session

Chair: Raji Srinivasan, University of Texas at Austin, Red McCombs School of Business, CBA 7.248, Austin, TX, 78712, United States of America, raji.srinivasan@mccombs.utexas.edu

1 - The Halo Effect: Exploring the Performance Impact of Being at the Technological Frontier

Madhu Viswanathan, University of Minnesota, Minneapolis, MN, United States of America, viswa022@umn.edu, Prokriti Mukherji, Om Narasimhan, Rajesh Chandy

We seek to answer two questions in this research, both in the context of firms in technologicallycomplex environments. First, what is the benefit to a firm from offering products that are at the extreme frontier of technology in their industry? Second, to what extent does in-house production (relative to outsourcing) influence the ability of a firm to operate on the technological frontier within an industry? To answer these questions, we have assembled a panel dataset in the flat panel television industry that includes unique details about the products offered by all major manufacturers in the industry across major markets in the world. Specifically, the data covers details of technology, size, brand, region and time, for both Plasma and LCD TVs worldwide. We employ a structural approach to studying the research question by estimating both demand and supply. On the demand side, we find that being on the technology frontier leads to positive spillover effects on the entire family of products offered by the firm. On the supply side, outsourcing leads to significant cost advantages but also decreases the likelihood of being on the frontier. Finally, applying our structural econometric model to the data, we are able to do counterfactual analyses to test the performance impact of potential changes in vertical structure for each firm.

2 - A Global Analysis of Innovation Productivity of IT Clusters

Nukhet Harmancioglu, Koc University, Istanbul, Turkey, nharmancioglu@ku.edu.tr, Gerard J. Tellis

Silicon Valley has been a highly productive cluster in terms of fostering innovations, patents, startups, IPOs, market capitalization, and global corporations. Governments world-wide have tried to emulate its success by fostering imitations of Silicon Valley (Silicon Wadi, Silicon Glen, Silicon Fen, etc). This study seeks to determine to what extent 11 global IT clusters have succeeded, and if they have, to what extent they have grown independently of Silicon Valley, stimulated it, been stimulated by it, or grown at the expense of it. The method used is a vector auto-regressive model on 8 metrics of innovation productivity. Preliminary results suggest that while 1) Silicon Valley still maintains its leadership on most metrics and 2) European clusters are quite small, 3) some Asian clusters have grown at the expense of Silicon Valley. 4) The latter stimulates only one cluster substantially.

3 - Product-line Length and Market Performance

Raji Srinivasan, University of Texas at Austin, Red McCombs School of Business, CBA 7.248, Austin, TX, 78712, United States of America, raji.srinivasan@mccombs.utexas.edu

Product line extensions are considered to be a key way to achieve competitive differentiation and customer targeting. However, there are costs to product line extensions including increased marketing costs, consumer and channel confusion and cannibalization from existing brands. In addition, in a given industry, firms adopt different product line strategies, with some firms focusing on a few product lines (e.g., Honda in the automotive industry) while others adopt a wide product line (e.g., Toyota). In this research, I address the question of whether and how product line length affects the performance of the individual products. I develop hypotheses of the effects of a firm's and product line characteristics on the performance of individual products given other products of the firm. I empirically test the hypotheses using data on over 300 product lines and their sales of US automotive brands between 1995 and 2007. The findings indicate a contingent and diminishing returns of product line length on the product's market performance. The findings have implications for product management theory and marketing practice, which we discuss.

■ SA10

Room 20

Brands: Global Branding I

Contributed Session

Chair: Cem Bahadir, University of South Carolina, Moore School of Business, 1705 College Street, Columbia, SC, 29208, United States of America, cem.bahadir@moore.sc.edu

1 - Evaluating Standardized Corporate Branding Across Countries

Markus Meierer, University of Zurich, Plattenstrasse 14, Zurich, Switzerland, markus.meierer@isu.uzh.ch, Bernhard Swoboda, Margot Loewenberg

Recently, internationally standardized corporate brands gain in importance, even in industries historically dominated by product brands. Companies aim to gain a higher level of awareness in the public domain and to directly influence consumers' product response (CPR) across countries. Corporate brand managers must consider firstly that consumers' product response is based on their evaluation of specific corporate associations, e.g. a firm's customer orientation, and of the corporate image as an overall picture of the organization. Secondly, they must consider that the company is doing business in various country markets and thus has to evaluate cross-nationally if their corporate branding strategy works. However, practice and research oriented literature only helps little to answer their questions. Contributing to that field, we propose a schema theory based framework and derive hypotheses addressing consumers' perception of the corporate brand as well as corporate branding's varying impact on CPR across countries. Prior to collecting data, a Monte Carlo study was conducted to decide on sample size and to determine power of the hypothesized model. We analyze the final consumer sample from Germany, France, Romania, Russia, and the USA (n=6000) by applying multi-group structural equation modeling using WLSMV estimation controlling for several contextual factors. Results provide strong support that specific corporate associations impact corporate image cross-nationally in a similar manner. However, their direct impact on CPR varies between countries, as does the impact of corporate image on CPR. We conclude that standardization of the companies' external portrayal works, but marketers must consider its varying relevance to CPR.

2 - The Double-edge Sword of Foreign Branding

Valentyna Melnyk, Senior Lecturer (Assistant Professor), Waikato Management School, The University of Waikato, private Bag 3105, Hamilton, 3240, New Zealand, vmelnyk@waikato.ac.nz, Kristina Klein, Franziska Völckner

Choosing a proper brand name is crucial for the success of new products. Foreign branding (spelling a brand name in a foreign language) is one way to create desirable product associations and has become a widely used strategy (e.g. HäagenDazs, an American ice cream brand which suggests a Scandinavian origin). However, this strategy has been increasingly applied by developing or newly industrialized countries (e.g. Laneige or Luichel are Korean cosmetic lines using the reference to the French language). Consequently, consumers are increasingly faced with products that feature a brand name suggesting a specific country of origin (CoO) while its actual CoO is a different, in this case a developing, country. In four empirical studies (using on-line panels to reach actual consumers), we demonstrate that foreign branding increases purchase likelihood if it is compatible with the product category (e.g., a French brand name for hedonic products and a German brand name for utilitarian products). Yet, incongruence between the actual CoO and the CoO implied by the foreign branding decreases purchase likelihood asymmetrically. It especially backfires for products in hedonic categories. We also address the psychological processes underlying the above consumers' responses to brand names. Namely, we show that justification mediates the effect of the incongruence between actual and suggested CoO on purchase likelihood. Our findings suggest that companies can decrease the effect of the incongruence on their sales by simply helping consumers justify their product's purchase decision (e.g., via an advertising claim).

3 - The Influence of Brand Origin on Brand Personality and Symbolic Brand Values in Developing Countries

Christian Becker, Research Assistant, University of Bremen, Hochschulring 4, Bremen, 28359, Germany, chbecker@uni-bremen.de

Research concerning Country of Origin (CoO) and Brand Origin (BO) effects have a long tradition in international marketing science. Since the first publications in the early 1960s more than 1.000 articles have been published in various journals (cp. Papadopoulus and Heslop 2003). The traditional CoO-research is focussing on the impact of the ÑMade in"-label on the evaluation of product quality. This classical, mainly cognitive interpretation of CoO-information dominated the discipline for a long time and is even today of major importance (cp. Roth and Diamantopoulos 2009). This is astonishing due to the importance of the symbolic values of a brand and the Brand Personality (Thakor and Kohli 1996). While little empirical work has been done to analyse the influence of BO on the symbolic values, there is no empirical evidence for the influence of BO on Brand Personality. Furthermore, just a few studies integrate moderators like culture (G¸rhan-Canli and Maheswaran 2000) or the stage of development of a country (Batra et al. 2000). It is the author's aim to enhance the understanding of BO effects by using a modern identity brand management approach, following Meffert and Burmann (1996). To explain the BO effects, the paper is integrating the findings of the symbolic interactionist view by Mead (1934) and Goffman (1959) and the social identity theory, following Tajfel and Turner (1986). Actually, the author is doing qualitative interviews with experts and consumers in India. A large quantitative non-student sample will be collected in India and Germany. The key findings of both studies will be presented at the conference.

4 - Marketing Mix and Brand Performance: A Cross-country Dynamic Panel Data Analysis

Cem Bahadir, University of South Carolina, Moore School of Business, 1705 College Street, Columbia, SC, 29208, United States of America, cem.bahadir@moore.sc.edu, Sundar Bharadwaj, Rajendra Srivastava

Authors examine the impact of country-market characteristics on marketing mix elements (advertising awareness, product line extensions, display, and price) and brand sales relationship by pooling samples from both emerging (e.g., China, India) and developed countries (e.g., U.S., U.K.). Two country-market characteristics are introduced: retailer concentration and country wealth. The authors develop and test hypotheses on the interaction between these country-market characteristics and marketing mix elements. The preliminary results indicate that marketing mix elements have the expected main effects on brand sales across emerging and developed countries. However, retailer concentration and country wealth moderate these relationships. For example, positive effect of product line extensions on brand sales is attenuated when the retailer concentration is high. The authors use a generalized method of moments (GMM) estimator which enables them to incorporate the inertia effects, specify endogenous marketing mix variables, and account for time-invariant country-market characteristics.

■ SA11

Room 21

Choice Models: Applications

Contributed Session

Chair: Pavitra Jindahra, Sasin GIBA, Chulalongkorn University, Sasa Patasala Building, Phyathai Rd., Pathumwan, Bangkok, 10330, Thailand, pavitra.jindahra@sasin.edu

1 - A Regime-switching Model of Cyclical Category Buying

Sachin Gupta, Henrietta Johnson Louis Professor of Management and Professor of Marketing, Cornell University, Sage Hall, Cornell University, Ithaca, NY, 14853, United States of America, sg248@cornell.edu, Sungho Park

In many categories consumers display cyclical buying. Such behavior is characterized by repeated purchasing in the category for several periods, followed by several periods of not buying in the category. We propose a Markov regime-switching random coefficient logit model to represent these behaviors as stochastic switching between high and low purchase tendencies in consumers' category purchasing decisions. In an empirical application of the model to purchases of yogurt-buying households we find that as many as 36% display cyclicality between high and low yogurt purchasing tendencies. Predictions from the proposed model track observed purchases of households over time closely, and the model also fits better than three benchmark models. We show that cyclicality in buying has a key implication for a firms price promotion strategies: a price reduction that is offered to a household during its high purchasing tendency period will result in greater increases in sales than one that is offered during its low purchasing period. This opens up the opportunity for customized timing of price reductions as a new dimension for enhancing the effectiveness of promotions.

2 - Empirical Model of Addiction using Scanner Panel Data

Hossein Eslami, NUS Business School, Mochtar Riady Building, Level 8, 15 Kent Ridge Drive, Singapore, 119245, Singapore, hossein_ed@nus.edu.sg, Junhong Chu

Addictive products have a big market worldwide. Interestingly, comparison of the purchase behavior of addictive and non-addictive goods from marketing perspective is rather an unexplored area in the literature. This paper aims at empirically studying the purchase behavior of cigarette smokers and to come up with a model. Considering the effect of price as direct cost and the effect of addiction on health as indirect cost are among the features of the model. The proposed model has the dynamic nature in the form of state dependency in which the health condition is treated as latent state. IRI scanner panel data set (individual level) is used for estimating the parameters. Some policy implications are given based on the estimation.

3 - The Influence of Variable Message Sign Design on Route Diversion: An Application of Mixed Logit Model

Pavitra Jindahra, Sasin GIBA, Chulalongkorn University, Sasa Patasala Building, Phyathai Rd., Pathumwan, Bangkok, 10330, Thailand, pavitra.jindahra@sasin.edu, Kasem Choocharukul

In the application of variable message signs (VMS) or changeable message signs (CMS) as a component under the Advanced Traveler Information System (ATIS), several traffic and roadway information can be conveyed to motorists. Such content may consist of the cause of traffic delay, the direction of travel, duration of traffic delay, recommended diversion route, or any combination of the contents. Although previous studies have looked into several aspects of the VMS, to what extent the message content is attributed to the change in motorist's driving behavior is relatively unknown. In this study, we investigate motorist's preferences on variable message sign information. Data is collected from road users traveling on a major arterial in Bangkok, Thailand. Taking the stated route diversion as the dependent variable, we analyze the effects of messages shown to motorists utilizing the mixed logit and logit models. Findings reveal that different message content leads to different level of route changing propensity. Route diversion is likely when VMS displays suggested route and qualitative information. Implications for optimal VMS design are discussed. For policy implication, we further investigate the developed models by estimating changes in the probability of stated route choice

due to changes in message content. Three VMS message policy experiments are conducted from the model: enforcing quantitative delay content, enforcing quanlitative delay content, and enforcing suggested route content. The results show that qualitative delay information and suggested route reduce ambiguity of the message quality.

■ SA12

Room 22

ASA Special Session on Statistics and Marketing: Computationally-Intensive Methods

Cluster: Special Sessions
Invited Session

Chair: Michael Braun, Assistant Professor, Massachusetts Institute of Technology, 1 Amherst Street E40-169, Cambridge, MA, 02142, United States of America, braunm@mit.edu

1 - Variational Inference for Large Scale Models of Discrete Choice

Michael Braun, Assistant Professor, Massachusetts Institute of Technology, 1 Amherst Street E40-169, Cambridge, MA, 02142, United States of America, braunm@mit.edu, Jon McAuliffe

Discrete choice models are commonly used by applied statisticians in numerous fields, such as marketing, economics, finance, and operations research. When agents in discrete choice models are assumed to have differing preferences, exact inference is often intractable. Markov chain Monte Carlo techniques make approximate inference possible, but the computational cost is prohibitive on the large data sets now becoming routinely available. Variational methods provide a deterministic alternative for approximation of the posterior distribution. We derive variational procedures for empirical Bayes and fully Bayesian inference in the mixed multinomial logit model of discrete choice. The algorithms require only that we solve a sequence of unconstrained optimization problems, which are shown to be convex. One version of the procedures relies on a new approximation to the variational objective function, based on the multivariate delta method. Extensive simulations, along with an analysis of real-world data, demonstrate that variational methods achieve accuracy competitive with Markov chain Monte Carlo, at a small fraction of the computational cost. Thus, variational methods permit inference on datasets that otherwise could not be analyzed without possibly adverse simplifications of the underlying discrete choice model.

2 - Posterior Predictive Model Checking: An Application to Multivariate Normal Heterogeneity

Peter Lenk, University of Michigan, Ann Arbor, MI, United States of America, plenk@umich.edu, Tim Gilbride

Analysts fitting a hierarchical Bayesian model must specify the distribution of heterogeneity. There are a number of distributions to choose from including the multivariate normal, mixture of normals, Dirichlet processes priors, etc. Although significant progress has been made, estimating the models and measures for model selection remain ongoing areas of research for more flexible distributions of heterogeneity. As a result, the multivariate normal remains the default choice for many researchers and software packages. This article proposes model checking statistics that signal the adequacy of the multivariate normal assumption for the distribution of heterogeneity; these methods do not require the analyst to fit alternative models. Posterior predictive model checking is used to determine if there is a discrepancy between the individual level parameters and those implied by the assumed distribution of heterogeneity. In simulated and real data sets we show that these statistics are useful for identifying when the multivariate normal distribution is adequate, when there is a departure in the tails of the distribution, or when a multimodal distribution of heterogeneity may be more appropriate.

3 - Monitoring Brand Perceptions using Jump Diffusion: A Bayesian State-space Modeling Approach

Mantian Hu, Doctoral Student, New York University, Stern School of Business, 40 W.4th Street, New York, NY, 10012, United States of America, mhu@stern.nyu.edu, Sam Hui

Firms are often interested in tracking and monitoring consumers' perception about a certain brand over time. To address firms' needs, BrandIndex® is an online service, developed by YouGov, that tracks consumers' perceptions of more than 1000 brands, by randomly sampling and surveying consumers on a daily basis. Given that only a small number of consumers can be sampled on each day, the resulting index is very noisy at the daily level. Smoothing estimates (e.g., using moving averages or exponential smoothing) can average out the noise and creates more stable estimates, but doing so at the expense of missing the effect of significant, sudden change (e.g., drop in brand perception due to accidents or product recalls). To address this issue, we develop a state-space modeling approach, based on a jump diffusion stochastic differential equation (Merton 1976), to analyze BrandIndex® data. Through simulation studies, we show that our proposed method outperforms other benchmark methods such as naive estimate, moving average, and Bayesian DLM without jumps. Finally, we apply our methodology to analyze actual data from BrandIndex® to identify significant events in driving brand perceptions and their impacts.

4 - Bayesian Analysis of Prices in Scanner Data: Normal vs. Nonparametrics

Jason Duan, University of Texas at Austin, Austin, TX, United States of America, jun.duan@mccombs.utexas.edu, Leigh McAlister, Shameek Sinha

Marketers have long been debating on trade promotion pass-through rates and the significance of cross-brand pass-through. Various models and data sets have been studied to estimate pass-through rates and find evidence for or against the existence of cross brand pass-through. This paper proposes a Bayesian nonparametric model with Dirichlet process mixture priors for estimating and testing own and cross-brand pass-through rates. We argue that the current regression models with normal distribution assumption for the errors terms will incorrectly estimate the confidence or Bayesian posterior intervals of the pass-through rates and therefore wrongly interpret their significance. Model comparison between own-brand and cross-brand pass-through models based on normal likelihood is also unreliable. The non-normality is evident in the data as retail prices exhibit relative stability over large portions of the data series whereas wholesale prices, complex promotion schedules and accounting structures display substantial noise. We apply the Bayesian nonparametric model comparison method developed by Basu and Chib (2003) to compare our model with various existing models.

■ SA13

Room 23

Pricing: Competition II

Contributed Session

Chair: Hongju Liu, University of Connecticut, 2100 Hillside Rd, U-1041, Storrs, CT, 06269, United States of America, hliu@business.uconn.edu

1 - Differentiation in Price Competition Policy

Liang Guo, Assistant Professor, Department of Marketing, Hong Kong University of Science and Technology, Clear Water Bay, Kowloon, Hong Kong, China, mkguo@ust.hk, Juanjuan Zhang

An important decision for firms that operate in multiple markets is whether to customize their prices to each local market or to forsake price discrimination in favor of uniform pricing. Nevertheless, there is no single pricing policy that is universally adopted by all firms. We observe that, within an industry, some firms may choose localized pricing while others choose uniform pricing. The objective of this research is to examine equilibrium pricing policy choice for multi-market firms under competition. We show that firms would in equilibrium adopt asymmetric pricing policies, which would soften competition in all markets and for all firms. As a result, a "win-win" situation would arise if the firms endogenously choose asymmetric pricing policies. This implies that pricing policy can constitute a strategic instrument for differentiation.

2 - Depth and Breadth of Sales by Multi-product Retailers

Jens-Peter Loy, Professor PhD, University of Kiel, Olshausenstrasse 40, Agricultural Economics, Kiel, SH, 24118, Germany, jploy@ae.uni-kiel.de

Sales are dominating the marketing mix of many food retailers. Up to fifty percent of stores' price variation can be attributed to sales (Berck et al., 2008). Several models explain sales in an equilibrium price setting (Varian, 1980; Pesendorfer, 2002). Most models focus on a single product and neglect the inherent multiproduct nature of food retailing with several thousand items. In the n product case questions arise such as which products are put on sale (breadth) and what levels of discount (depth) are granted. The answer can be simple if consumers buy fixed food baskets, perform one stop shopping, and if stores have zero price adjustment costs. Under these circumstances breadth and depth of sales are substitutes. Introducing costs of price adjustments and allowing consumers to deviate from one stop shopping, optimal breadth and depth of sales might interact differently. Based on Richards (2006) we develop a model for multiproduct retailers under perfect competition and derive the optimal number of sales and the optimal discount level. We show contrary to common belief that sales depth and breadth can be complementary. In order to attract shopper, retailers increase the number of sales and the level of discounts. The model result is driven by the interaction of price adjustments costs which increase with the number of sales and incentives for consumers to cherry picking which decrease with the number of sales. Though Richards' theoretical model failed to prove such a complementary relationship between breadth and depth of sales (Loy & Weiss, 2009), his empirical results clearly indicate such a pricing behavior. Therefore, the model extensions presented in this paper might add the missing link to explain the empirical results obtained by Richards.

3 - Pricing Strategies under Increased Customer Switching

Jonathan Bohlmann, Associate Professor of Marketing, North Carolina State University, Campus Box 7229, Department of Business Management, Raleigh, NC, 27695, United States of America, jon_bohlmann@ncsu.edu, Cenk Kocas

The recent economic downturn has had a dramatic effect on the pricing strategies of many firms, especially retailers. An important phenomenon in this environment involves customers becoming more price sensitive as they dedicate more effort to identifying bargains. Such changes in shopping behavior may take several forms as loyalty decreases and price-comparison shopping increases. Customers who were previously loyal to a particular firm may convert to a price-comparison switcher. Switching customers may also become more aggressive in their price-comparison activities, either by increasing their search to cover a larger number of firms, or concentrating their searches on firms known to have lower prices. We examine the implications of such changing shopping habits on the pricing strategies of firms. We present a model of multiple asymmetric firms who formulate pricing strategies given some degree of loyalty and segments of switching customers. Our analysis allows us to capture the effects of various price comparison behaviors on the optimum prices and profits of firms. We can thereby identify the pricing strategies firms should implement to best weather an increase in customer switching behaviors. We present some empirical examples in the context of retailing.

4 - Price Dispersion and Loss Leader Pricing: Evidence from the Online Book Industry

Hongju Liu, University of Connecticut, 2100 Hillside Rd, U-1041, Storrs, CT, 06269, United States of America, hliu@business.uconn.edu, Bin Gu, Xinxin Li

In this paper we develop a theoretical model to analyze the pricing strategy of competing retailers with asymmetric cross-selling profitability. We show that retailers with better opportunities for cross-selling are more likely to adopt loss-leader pricing on products with high demand. Accordingly, as demand jumps certain retailers may cut prices while others do not. As a result the average price drops and price dispersion rises. The prediction of our model is consistent with empirical evidence from the online book industry. By examining book prices from 22 online retailers, we observe lower average price but higher price dispersion during high demand periods, namely when books hit Publishers Weekly bestseller lists. Using different proxies for cross-selling profitability, we further find that retailers carrying a wide range of product categories or receiving a high number of page views per user are more likely to reduce prices after a book hits the bestseller list.

■ SA14

Room 24

Food Marketing and Health

Cluster: Special Sessions
Invited Session

Chair: Amir Heiman, Head- Marketing Program, Hebrew University, Dept of Agriculture Economics, PO Box 12 76-100, Rehovot, Israel, heiman@agri.huji.ac.il

1 - For a Few Cents More: Why Supersize Unhealthy Food?

Eitan Gerstner, Professor of Management, Technion - Israel Institute of Technology, Faculty of Industrial Engineering & Mana, Technion City, Haifa, 3200, Israel, eitan.gerstner@gmail.com, Paul Dobson

Healthcare experts believe that increases in portion sizes served by food vendors contribute to the obesity epidemic. This paper shows that food vendors can profit handsomely by using supersizing strategies under which regular portion sizes are priced sufficiently high to discourage price conscious consumers from selecting them, but the prices for enlarging food portions are set so low that these customers are tempted to order the larger portion sizes and overeat. Setting aside the impact of obesity on healthcare costs, we show that using supersizing to steer customers towards consuming excessive amounts of food can destroy value from a social perspective, so this social value destruction trap adds another justification for pressuring food vendors to reduce supersizing for unhealthy food. As a public policy response, we consider how "moderating policies" may counter these effects through measures designed specifically to encourage eating in moderation by applying supersizing bans, taxes, and warnings.

2 - The Effect of Calorie Information on the Choice Process of (Fast) Food Products

Amir Heiman, Head- Marketing Program, Hebrew University, Dept of Agriculture Economics, PO Box 12 76-100, Rehovot, Israel, heiman@agri.huji.ac.il, Oded Lowengart

Overweight in general, and obesity in particular, has been related to increased mortality and illness risks. While public health and nutrient scientists tend to believe that the only effective way to fight the obesity epidemics is through regulation that include calorie posting, consumer behavior scholars suggest that consumers do not utilize nutritional information. Not only information about calories seems to fail in changing long run behaviors, the educational efforts aimed at changing diet habits seem to have had only moderate success, and the number of obese individuals in the US, UK and many other EU countries is on the rise despite the intensive efforts. The failure of educational efforts to make a change in eating habits may be attributed to information gap but it is also possible that individual have enough knowledge and they simply do not want to change their current choice. The current study focuses on exploring the effect of information about calorie content on consumers' choice processes regarding fast food products. We depart from previous studies and explore the effect of calorie information on the tradeoff between product attribute, and price and explore the effect of these changes on choice of fast food products. Our results indicate that provision of information about calorie content changes the choice process and consumers consider the tradeoff between taste and health rather the tradeoff between taste and price. We show that gender counts and females have a different utility function and different response pattern to information.

3 - The Effect of Information about Health Hazards on Perceptual Discrimination of Attributes and Choice: Theory and Empirical Evidences

Oded Lowengart, Ben Gurion University, Beer Sheva, Beer Sheva, Israel, odedl@bgu.ac.il, Amir Heiman

Information about health hazards of a certain food product might affect the demand for that product as well as the demand for substitute products. This can be reflected in perceptual discrimination of the quality of the different products in the category as well as other cross attribute effects. This study examines the effect of information about health hazards on the perceptions of the entire food category, an effect that did not receive academic attention before. We develop a behavioral model that allows for capturing concentration (dispersion) of products in the attribute space. Using experimental data we show that such information changes the composition of product clusters through changes in the differentiation between these products in the attribute space. Furthermore, such information affecst the size of consumers' choice set, its composition and its interrelation with product clusters.

4 - Distracted Determinants of Portion Size

David Just, Associate Professor, Cornell University, Applied Economics and Managemen, 254 Warren Hall, Ithaca, NY, 14853, United States of America, drj3@cornell.edu, Brian Wansink, Collin R. Payne

Using results from food psychology and behavioral economics we model the interaction between food retailers and consumers. Distractions may play an important role in the food marketplace – both in driving portion size decisions of marketers and consumers. If the recent increase in portion sizes has resulted from an increasingly distracted market, it may be unlikely that fat taxes or health information may influence consumer behavior substantially. In this case, policy-makers may need to look more deeply for the root causes of increasing obesity levels. More effective policies should target working conditions, commute times, or other factors that may unconsciously affect consumer choices but with much larger impacts.

■ SA15

Room 25

Decision Making: Time Perspectives

Contributed Session

Chair: Min Zhao, Assistant Professor, University of Toronto, 105 St. George St., Toronto, ON, M5S 3E6, Canada, min.zhao@rotman.utoronto.ca

1 - Scope Insensitivity across Time Perspectives: Affect as a Decision Making System of the Present

Hannah Chang, Assistant Professor of Marketing, Singapore Management University, 50 Stamford Road #05-01, Singapore, Singapore, hannahchang@smu.edu.sg, Michel Tuan Pham

The present research suggests that, everything else equal, the affective system is more likely to be engaged in judgments and decisions that are set in the present than in similar judgments and decisions that are set in distant times. We examine an implication of this general hypothesis through a well-known characteristic of the affective system in valuation—-the scope-insensitivity bias—-in the context of charitable donation, willingness-to-pay for video games, and willingness-to-pay for music CDs. Specifically, it was hypothesized that consumers are more likely to exhibit the scope insensitivity bias for valuation decisions set in the present than for valuation decisions set in the future or in the past. Consistent with this proposition, results from four experiments show that the scope-insensitivity bias associated with affective valuation holds when people are thinking about the present but not when they are thinking about the future or about the past. Experiments 1 and 2 examine consumer valuation in the context of donation to save pandas from a construction that would destroy their natural habitat. Results show that the scope insensitivity bias occurs only when participants are told that a construction is scheduled in the near future (i.e., two months later) but not when they are told it is scheduled in the distant future (i.e., two years later). In addition, this bias occurs in the present only when affective information is available in the decision environment. While these first two experiments focused on future time perspectives, Experiments 3 and 4 demonstrate that participants are more likely to exhibit scope insensitivity in their valuation for video games and music CDs when prompted to think about the recent past than about the distant past.

2 - Information Unpacking, Temporal Distance, and Preference

Xin Ge, University of Northern British Columbia, 3333 University Way, Prince George, Canada, gex@unbc.ca, Gerald Haubl

This research examines the interplay between the temporal distance of future events and the degree of specificity ("packed" vs. "unpacked") of information indicating their attractiveness in terms of particular feature dimensions on people's evaluations of these events. We introduce the hypothesis that unpacking a particular feature dimension of an event – i.e., characterizing it in more fine-grained terms – increases the importance of that feature in determining preference for the event when the latter is to occur in the near future, but that the same unpacking reduces feature importance in preference for an event in the more distant future. Evidence from two experiments provides clear support for this prediction. While more fine-grained (unpacked) feature information has greater weight than more aggregate (packed) feature information in preference for near future events, the opposite tends to be true for distant future events. This research makes important contributions to both support theory and temporal construal theory by (1) introducing temporal distance as a key moderator into the framework of support theory, and (2) extending the framework of temporal construal theory to the influence of the degree of specificity (packed vs. unpacked) with which information about the features of an event is presented on time-dependent preference.

3 - Memory Distortions in Consumer Decisions

Qiuping Li, University of Nebraska-Kearney, College of Business and Technology, Kearney, NE, United States of America, LiQ@unk.edu, Dipankar Chakravarti, Atanu Sinha

Memory imperfections may influence consumption decisions. Extant modeling work on memory processes in consumer choice (e.g., Mullainathan 2002; Mehta et al., 2004) takes a fairly limited view in that it models only forgetting phenomena. Drawing on prior experimental work on memory limitations, we develop a model

incorporating memory distortion phenomena as a function of affective disposition and new marketplace information at the time of judgment. We also postulate how these effects may vary with the time interval separating the event experience and the retrieval episode. We test the model in an experiment simulating consumer decisions to invest in the stock market. We manipulate past event valence (positive/negative), affective mind state (positive/negative), new event valence (extreme positive/negative) and elapsed time (short/medium/long) in a 2x2x2x3 between subjects design. We find that the new event valence distorts recall and that the affective mind state at the time of judgment influences recall differently over time. The degree of distortion increases when the time interval is longer versus shorter. Depending on the valence of the respective factors, the effects may counterbalance each other. The data also show that stock price predictions are significantly positively correlated with recall bias.

4 - Matching Temporal Perspective and Visualization Aids to Enhance New Product Evaluation

Min Zhao, Assistant Professor, University of Toronto, 105 St. George St., Toronto, ON, M5S 3E6, Canada, min.zhao@rotman.utoronto.ca, Darren Dahl, Steve Hoeffler

In this research, we examine the impact of visualization aids on new product evaluation under both retrospective and anticipatory visualization. Drawing on research on retrospection and anticipation, we hypothesize and show that visualization aids increase new product evaluation when the concreteness of the aid matches people's natural temporal mindset. Specifically, we demonstrate that when visualization encourages retrospection ("how could I have used this product in the past" – which naturally evokes concrete thoughts), providing concrete visualization aids leads to higher product evaluation. However, when the visualization is anticipation-oriented ("how could I use this product in the future" – which naturally evokes abstract thinking), providing more abstract visualization aids leads to higher product evaluation. In addition, we show a reversal of this pattern when people's natural temporal perspective is shifted, which demonstrates the importance of the match between the specificity of the visualization aids and temporal perspective taken during product evaluation.

Saturday, 10:30am - 12:00pm

■ SB01

Room 02

Social Influence: Word-of-Mouth

Contributed Session

Chair: Srinivas Reddy, Professor of Marketing, Singapore Management University, 50 Stamford Road #05-01, Singapore, 178899, Singapore, sreddy@smu.edu.sg

1 - The Heterogeneous Effect of WOM on Product Sales: Why WOM Valence Does Not Matter

Joonhyuk Yang, PhD Student, KAIST, Guseong-Dong, Yueong-Gu, Daejeon, Korea, Republic of, joonhyukyang@gmail.com, Wonjoon Kim, Amblee Naveen

Previous literature on WOM has consistent findings on the positive and significant effect of WOM volume on product sales, but literature on WOM valence has been mixed. In this study, we explain the reason for the mixed effect of WOM valence on product sales by considering heterogeneous characteristics of products, especially in a movie market, by segmenting products into mainstream and non-mainstream movies. We find the significant effect of WOM valence on box office revenue only in the case of non-mainstream movies, which have relatively smaller marketing budgets than mainstream movies. Our findings suggest that as marketing communication channels becomes more diverse with larger marketing budgets, the effect of online WOM valence on product sales can be diluted. In addition, we find that the effect of WOM volume on box office revenue is greater for mainstream movies, suggesting that consumers build higher credibility on products with larger sales or WOM volume, especially for experience goods with uncertain quality. Our findings explain the weak relationship between WOM valence and product sales, which has been controversial in WOM literature and broadens our understanding of WOM effect on product sales.

2 - Persuasion and Risk Reduction Effect of Word-of-mouth: The Case of Motion Pictures

Backhun Lee, KAIST(Korea Advanced Institute of Science and Technology) Business School, Supex S327,KAIST Business School, 87 Hoegiro, Dongdaemoon-gu, Seoul 130-72, Seoul, 130-722, Korea, Republic of, normalsf@business.kaist.ac.kr, Minhi Hahn

We examine the role of word-of-mouth in box-office sales using a Bayesian learning framework. The word-of-mouth activities inform consumers about the actual quality of the movie and make them to adjust their beliefs for the movie quality. As consumers receive a more positive word-of-mouth signal, they adjust their evaluation of the movie quality to a higher level. Additionally, as consumers receive a larger volume of word-of-mouth signals, they become more confident about their beliefs for the quality. The previous literatures cover the former "persuasive" effect of word-of-mouth, but there is a lack of researches regarding the latter "risk reduction" effect of word-of-mouth. Our study fills this gap in the literature of word-of-mouth using a Bayesian learning model and daily box-office sales data and online review data. Moreover, our research reconciles some inconsistencies among previous empirical studies regarding the effect of online reviews on the box-office sales. According to previous studies, the effect of the volume of word-of-mouth dominates that of the valence of word-of-mouth in the movie industry. Both Liu (2006) and Duan et al. (2005) find that the volume, but not the valence, of online movie ratings has a significant effect on the box office sales. This result is somewhat counterintuitive because it is inconsistent with theoretical predictions that the valence of word-of-mouth may influence consumer's attitude toward the product, and eventually product sales. We claim that these counterintuitive results originate from the uncovered role of the volume of word-of-mouth for consumer behavior, which is defined as "risk-reduction" effect.

3 - The Effects of Consumers' Text Product Review on New Product Success in the Movie Industry

Sangkil Moon, North Carolina State Univesity, College of Management, Raleigh, NC, 27513, United States of America, smoon2@ncsu.edu, Yoon-Seo Park

With the advent of the Internet age, consumers have become more active and vocal influencers in online word-of-mouth communications. In particular, in entertainment industries where each new product is unique and, accordingly, requires consumers' close scrutiny, consumers' reviews can greatly influence the success of those products. In this research area, marketing scholars have actively investigated various aspects of such online word-of-mouth effects, primarily analyzing numeric aspects of reviews such as the number of reviews and valence ratings and ignoring a wealth of text reviews because of the unstructured and qualitative nature of the text reviews. Importantly, whereas numeric ratings can only tell us how much consumers like products, text reviews can explain why products are successes or failures. One of the major challenges of making use of text reviews would be learning how to analyze the unstructured qualitative information that has a wealth of consumers' deep thoughts on products. Toward that end, a few recent studies have applied text mining techniques to quantify and analyze vast amounts of text reviews. We extend this line of efforts to look into how consumers' online text reviews can influence the success of new products in the movie industry. In doing so, we apply sentiment analysis to determine the positive/negative sentiments and the strengths of the classified sentiments of movie viewers' text reviews. Empirically, we collect data from multiple online movie forums and illuminates the effects of both quantitative and qualitative information on movies' box-office performance and viewers' post-consumption satisfaction by combining sentiment analysis and econometric modeling.

4 - Risk in Celebrity Endorsement: Buzz in Social Media and its Impact on Brand and Firm Performance

Srinivas Reddy, Professor of Marketing, Singapore Management University, 50 Stamford Road #05-01, Singapore, 178899, Singapore, sreddy@smu.edu.sg, Gregory Thomas, Raj Srivastava, Eddie Chau

Celebrity endorsements are an expensive way to build a brand. Nike's multi-year contract with Woods is reportedly worth $30 million annually. In the recent past several celebrity endorsers mired in legal or personal scandals have highlighted the risks associated with such endorsements for companies. Most recent one deals with Tiger Woods, the highest paid athlete for the last eight years. His annual endorsement income from companies like, Accenture, Nike, PepsiCo (Gatorade), Proctor & Gamble (Gillette) and Electronic Arts exceeds $100 million (Forbes, June 16, 2009). The car crash at his home on November 27, 2009 and the subsequent leaks about his personal indiscretions has led many of his endorsers to reassess their relationship with Woods. Many have severed their relationship. The negative buzz generated not only in the press but the social media may have contributed to the swift decisions made by several companies. In this research, we analyze the user sentiments expressed in the social media about the brands endorsed by Woods since the scandal. We gathered daily postings related to Tiger Woods and the endorsed brands in over a hundred social media channels for several weeks prior to the Woods incident and for eight weeks following the incident. The resulting data (over 10,000 user generated comments) was analyzed using text mining methods validated by human judges, and classified the resulting sentiments into positive, negative or neutral. Furthermore, influencers were profiled to determine likely conversation starters or followers that contributed towards the spread amongst their social network. Our goal is not only to explore how user sentiments evolve during a scandal but also to link these to brand and firm performance.

■ SB02

Room 04

CRM: Customer Satisfaction I

Contributed Session

Chair: Goetz Greve, Professor, HSBA Hamburg School of Business Administration, Alter Wall 38, Hamburg, 20457, Germany, goetz.greve@hsba.de

1 - Becoming Simply Better: Improvements for Banking Services to Create Customer Recommendations

Yorick Naeff, Graduate Student, Amsterdam Business School, University of Amsterdam, Heemraadschapslaan 98c,, Amstelveen, 1181VC, Netherlands, yorick.naeff@gmail.com, Yanto Chandra

Service has never been more important in today's economy. This paper elaborates on this increasing attention and aims to bridge a gap by studying the Customer Recommendation construct for improvement possibilities in different banking service deliveries. Prior research in services marketing suggests that customer recommendation is an important determinant of customer satisfaction and loyalty however the consequences of customer recommendation still needs further theoretical development. In this study, we examined the likelihood for and the consequence of customer recommendation in the delivery of different types of services within the context of a retail bank. A Service-Recommendation Model based on the existing academic literature is developed and tested using a relationship and a transactional survey with a total sample of 17,736 respondents

of a Dutch consumer bank operating in Belgium. Linear regression analyses combined with Analysis of Variance are used to identify areas for service improvement and to assess the significance of different constructs in the model including customer recommendation. The statistical analysis reveals that improving service delivery within a retail bank can significantly increase customer recommendation. In particular, results show that the experience of the service is an important driver for customer recommendation. A strong link between customer satisfaction and customer recommendation has also been identified, which highlights the importance of customer recommendation in the banking sector. The findings offer opportunities for theoretical advancement in the literature in services marketing within the retail banking context and the importance of focusing on the most important source of revenue: the customer.

2 - Understanding Homebuyer Satisfaction: Before and After the Crash

Rakesh Niraj, Assistant Professor of Marketing, Case Western Reserve University, 10900 Euclid Avenue, PBL 222, Cleveland, OH, 44106-7235, United States of America, rkn10@case.edu, Melissa Martin, Ken Merchant

While buying a home is similar to buying other high value durable goods in several ways, it is also inherently different than say, buying a car, since the price of a home is typically much higher than that of a car, it is often the largest asset of the buyer, and buyers generally have an expectation that their purchase will behave like an investment (increase in value rather than depreciate). Thus, in addition to the traditional dimensions of satisfaction (e.g. design, quality, service) another dimension that might determine satisfaction with a home purchase is its current and future expected economic value. In this paper, we examine a unique database of satisfaction surveys of purchasers of new homes. These purchases are spread across the US between 2004-2008 encompassing both a housing bubble and crash. Home buyers respond to up to three surveys: one immediately at move in, one brief survey after six months of occupancy, and the last one after a year of purchase. Analyzing the responses to different surveys in different markets at different points in the build up and crash phase of prices, we investigate the following questions: does consumer satisfaction with their home purchases decline with economic conditions, do the dimensions of satisfaction change with economic conditions, and does the relative importance of different underlying dimensions change with economic conditions? Our results indicate that the overall satisfaction level of new homebuyers declined only slightly as housing prices collapsed, most of this decline could be attributed to the value dimension of the purchase, and the relevant dimensions of consumer satisfaction have changed across the period.

3 - Exploring Determinants of Customer Satisfaction in a Quick Casual Restaurant Setting

Goetz Greve, Professor, HSBA Hamburg School of Business Administration, Alter Wall 38, Hamburg, 20457, Germany, goetz.greve@hsba.de, Ken Nagayama

Service quality has been an issue of importance to managers and academic researchers in a variety of service industries. Quick casual has become the fastest growing segment of the restaurant industry. Nevertheless, quick casual restaurants have to find answers regarding the pressure from casual dining restaurants on the one hand and quick service restaurants on the other hand. The contributions of this study are as follows. First, a conceptual model for the measurement of quality in a quick casual restaurant setting is introduced. Second, a set of measures to capture the characteristics of quality in that unique setting is developed. Third, the impact of quality dimensions on customer satisfaction is investigated as well as testing the moderating effects on customer satisfaction. The model has been empirically tested by collecting data with the help of a quick casual restaurant chain. The main effects were estimated using partial least squares. To test the hypotheses, ordinary least squares was applied, using the paramter values derived from partial least squares. The study provides novel insights in two aspects: First, ambience quality and food quality are of importance for quick casual dining. Second, service quality must not be underestimated as the interaction effect between service quality and food quality shows, that a high service level can decrease the dominant link between food quality and satisfaction in a quick casual restaurant setting. The results can give managers guidance how to optimize the quality structure.

■ SB03

Room 06

CRM: Customer Loyalty IV

Contributed Session

Chair: Dries F. Benoit, Ghent University, Tweekerkenstraat 2, Ghent, 9000, Belgium, dries.benoit@ugent.be

1 - Managing the Dark Side of Trust: Rethinking the Impact of Trust in Relationship Marketing Research

Alexander Rossmann, University of St. Gallen, Dufourstrasse 40a, St. Gallen, 9000, Switzerland, alexander.rossmann@unisg.ch

Relationship Marketing (RM) research posits trust as an important antecedent for the performance of interfirm relationships. Trust researchers mostly investigate the benefits of trust. But when customer trust rests alone on elements inextricably linked to an individual representative (e.g. a specific salesperson) interpersonal trust carries a latent financial risk for the supplier organization. American Express estimates that 30% of its customers would follow their trusted advisor to a new firm. Moreover, a progressive extension of trusted relationships leads to excessive trust and tends to result in cognitive lock-in, blind faith, complacency, and unnecessary obligations. Therefore, it is necessary to rethink the current notion of trust as a linear and unconditional precursor of performance. In fact, the impact of trust on interfirm relationships follows a quadratic function. To a certain extent, an expansion of trust has positive effects on relational benefits. But beyond an optimal level, additional investment trust causes a decline in relationship performance. Our research aims to develop a conceptual framework for the positive and negative effects of trust on multiple levels. This framework will be tested as a quadratic function on dyadic relationships between customers and suppliers for IT services. The results table significant insights into the dynamic effect of trust on relational benefits. Moreover, the managerial implications of this research provide novel marketing options for managing any negative effects of trusted relationships.

2 - Online Consumer Loyalty: Theoretical Framework of Relational Determinants Towards Travel Websites

Christine Amir, PhD Candidate, Université Paris Sud, Faculté Jean Monnet, ADIS D(101), 54 Bld Desgranges, Sceaux, 92331, France, christine.amir@u-psud.fr

In an increasingly competitive marketplace, building loyalty is a priority for online businesses. While an established record of research regarding consumer loyalty exists for more than five decades, little is known about the rationale of how and why a consumer develops a sense of loyalty in the online context and more particularly in the B to C online travel settings. An in-depth examination of theoretical and recent empirical research studies in the marketing literature reveals that online consumer loyalty is not driven by satisfaction solely. Thus, the purpose of the present paper is to provide an integrated approach in order to stimulate further comprehension of main determinants of online consumer loyalty based on the causal relationships among trust, consumer satisfaction, perceived value and loyalty. Furthermore, the paper raises questions regarding switching barriers and its moderating effect on the link between perceived value and loyalty in an online setting, which is characterized by relatively little economic switching costs. The paper thus suggests that cognitive switching costs may be used as a tool to create perceived value and ultimatley consumer loyalty. Drawing on this study, one can suppose that familiarity (pyschological switching barrier) and trust (relational switching barrier) could be good strategies for travel web site to discourage online shopper from changing to another.Finally, based on the proposed theoretical research model we formulate research hypotheses regarding the missing elements in the current theories.

3 - Investigating the Added Value of Kinship Network Data in an Attrition Context

Dries F. Benoit, Ghent University, Tweekerkenstraat 2, Ghent, 9000, Belgium, dries.benoit@ugent.be, Dirk Van den Poel

Retaining customers is a key factor to business success in today's markets, which results in sustained Customer Relationship Management (CRM) efforts. In a CRM context, quantitative models of consumer purchase behavior often do not recognize that preferences and choices are interdependent. Economic models of choice typically assume that consumers' latent utility is a function of their brand and attribute preferences, not of the preferences or choices of others. This study investigates whether variables based on kinship networks improve the predictive power of customer retention models. In addition, the direction and magnitude of the effects of these kinship-network variables are investigated. Results show that adding network-based variables significantly improves the churn model. Furthermore, the parameter estimates show increased probability of defection when a network member churns. Results also indicate that churn decreases when customers have many people in their kinship network within the company. Finally, it is shown that influential customers can be identified using network measures. These more influential customers exert an even stronger effect on the attrition probability of their network members compared to more peripheral customers. In this research, it is shown that kinship network information is both theoretically and practically relevant for retention management. Moreover, the findings indicate that the unfavorable effects of customer churn might even be underestimated when ignoring the kinship networks within the customer base.

■ SB04

Room 14

Search Engines III

Cluster: Internet and Interactive Marketing

Invited Session

Chair: Bernd Skiera, Chair of Electronic Commerce, Grüneburgweg 1, Frankfurt am Main, 60323, Germany, skiera@wiwi.uni-frankfurt.de

1 - Is That Investment Really Worth It? Branded Keywords in Paid Search: An Experimental Study

Nadia Nabout, Goethe University, Grüneburgplat 7 1, Frankfurt, 60629, Germany, abounabout@wiwi.uni-frankfurt.de, Bernd Skiera

The question of whether advertisers should invest in branded keywords or not has been subject of considerable debate in the paid search world. Whereas some search marketers argue that bidding on one's own brand name is a "waste of money" because brand owners should rank in top slots in the organic search results anyway, other search marketers suggest that being displayed in the paid as well as organic search results enhances overall click-through rates in a synergistic manner. In order to answer this question, we conduct a field experiment in which we compare the success (measured by page impressions, clicks, conversions and the resulting acquisition cost and profits) from organic search alone (i.e., without investing in paid search) as well as from the combination of organic and paid search. Our findings allow for evaluating if an investment in branded keywords in paid search is really worth it.

2 - Spillover and Interaction Effects in Search Advertising

Sebastian Ackermann, Chair of Service and Technology Marketing, Technische Universität München, Tum Business School, Arcisstr 21, Munchen, 80331, Germany, sebastian.ackermann@wi.tum.de, Florian von Wangenheim

Companies spend an increasing amount of effort and budget to improve the visibility of their information and link in search engine result pages. Their strategy for signaling major relevance for a given keyword and enhancing its effectiveness is to optimize the interdependencies between organic and paid search results. Therefore companies pursue the goal to achieve top listed paid and organic search positions. Due to the growing importance of search advertising, the question arises from both a managerial and a research perspective, whether spillover effects respectively interaction effects exist between simultaneously conducted organic and paid search advertising activities. Although search engines are becoming viable research subjects in marketing science, little is known about these fundamental modes of action of search advertising. By deploying a mixed method research design of think aloud protocol and observational methods (approx. n=25) as well as two different experiments (each n=235), this study sheds light on spillover and interaction effects between paid and organic search results and their impact on consumer behavior. In the qualitative part of this study the focus is set on a discovery of the individual and situational circumstances that affect spillover and interaction effects. Our first results suggest factors and pattern influencing these reciprocal effects. The experimental part of this study tries to produce evidence for the spillover and interaction effect of organic and paid search advertising on click-through and purchase intention.

3 - Weekend Effect in Internet Search Advertising? Evidence from the Travel Sector

Hemant Bhargava, Professor, University of California, Davis, Gallagher Hall, Graduate School of Management, Davis, CA, 95616, United States of America, hemantb@ucdavis.edu

Search is the predominant user activity on the Internet, which has become an essential component of marketing activity. In the U.S., the top five search engines received 14 billion search requests in June 2009. Search engines financially support their operations through advertising, making search advertising a powerful economic force on the Internet. This paper examines whether there exists a weekend effect in search advertising, and whether it is substantial enough to justify having alternate allocation rules for different days of the week. We find, based on one-year's ad spending and performance data from a major lodging chain, a substantial weekend effect: search advertising delivers inferior results on weekends than on weekdays. The direction of difference is somewhat counterintuitive because the firm's absolute spending levels are lower on weekends: if advertising provides diminishing marginal returns, then the payoff ratios should be better on days where spending is lower (weekends). We examine the source of variations, and discover that the majority of the variation occurs because the cost of search advertising (cost per click) is higher on weekends; there is little variation in conversion rates (number of clicks per reservation). Our results are relevant because (1) all major search advertising systems allow for "dayparting" rules which enable time-of-day or day-of-week control of advertising campaigns, and (2) few firms employ these controls, possibly because of (3) lack of compelling reasons to differentiate between weekends and weekdays. Our findings establish this compelling reason and therefore have the potential to impact how firms allocate their search advertising spending.

4 - Does Search Predict Stock Price?

Kissan Joseph, Associate Professor, The University of Kansas, School of Business, Summerfield Hall, 1300 Sunnyside Avenue, Lawrence, KS, 66045, United States of America, kjoseph@ku.edu, Zelin Zhang, M. Babajide Wintoki

Today's digital environment provides previously unavailable measures of investors' attention such as the intensity of search on Google. We employ this emerging data to examine the validity of employing search intensity as a proxy for investor sentiment. Using ticker search for S&P 500 firms between 2005 and 2008, we find that search intensity does indeed foreshadow market outcomes. Specifically, a portfolio that is long on firms with high search intensity and short on firms with low search intensity generates abnormal returns of approximately 7% annually. We also find that search intensity is associated with higher trading volume. Finally, we find that the sensitivity of returns to search intensity is lowest for easy-to-arbitrage, low volatility stocks and highest for difficult-to-arbitrage, high volatility stocks. Overall, these findings demonstrate the validity of employing search intensity as a proxy for investor sentiment and should be of much interest to analysts attempting to predict short-term returns. These findings also highlight the promise of real-time attention measures arising from social networks such as Facebook and Twitter.

■ SB05

Room 15

Financial Consequences of Marketing

Cluster: Special Sessions
Invited Session

Chair: Natalie Mizik, Associate Professor, Columbia University, Uris Hall, 3022 Broadway, Room 513, New York, NY, 10027-6902, United States of America, nm2079@columbia.edu

1 - Analysts Ignore Advertising and Their Earnings Forecasts Suffer: An Opportunity

MinChung Kim, Hong Kong Polytechnic University, Hung Hom, Kowloon, Hong Kong - PRC, msmckim@polyu.edu.hk, Leigh McAlister

We review finance and accounting textbooks and find virtually no mention of a link between advertising and firm value. In addition, a survey of analysts and a summary of analysts' pronouncements give no reason to suspect that analysts understand the link between advertising and firm value. In this paper we first demonstrate a statistically significant link between advertising and firm value using a functional form widely employed for establishing the value-relevance of accounting variables. Then, we find that there is not a significant link between advertising and analysts' forecasts of firm value. Finally, we show that the accuracy of analysts' forecasts would improve if those analysts would consider the demonstrated link. These findings offer marketers an opportunity to make the link between advertising and firm value salient to financial colleagues by showing those colleagues that an understanding of the link between advertising and firm value could improve analysts' forecasts.

2 - Impact of Customer Satisfaction on Earnings and Earnings Volatility: A Comparison of the Effects Across Service and Manufacturing Industries

Kapil R. Tuli, SMU, 50 Stamford Road, Singapore, Singapore, kapilrtuli@smu.edu.sg, Kartik Kalaignanam, Tarun Kushwaha

The current study examines the impact of customer satisfaction on earnings and earnings volatility of a firm. The authors find that customer satisfaction has statistically and economically significant effects on both earnings and earnings volatility. For a median firm with $12.25 Billion in Assets, a one point increase in the American Customer Satisfaction Index (ACSI) score yields an increase of $24.5 million in earnings and a 7% decrease in earnings volatility. However, there are significant differences in these effects across the manufacturing and service sectors. While customer satisfaction has significant impact on earnings of firms in both sectors, its impact on earnings volatility is only observed for firms in the manufacturing sector. This raises questions about the potential earnings volatility implications of customer satisfaction in the service sector.

3 - The Role of Branding Strategy in Post-M&A Performance

Isaac Dinner, Columbia University, Columbia Business School, 3022 Broadway, 311 Uris Hall, New York, NY, 10027, United States of America, imd2102@columbia.edu, Jonathan Knowles, Natalie Mizik

We investigate the role of corporate branding for firms undergoing mergers and acquisitions (M&A). Specifically, we examine the differences in the post-merger financial performance of firms conditional on their chosen branding strategy. Corporate branding serves as a means for communicating positioning, vision, and values of the new merged company. As such, it can serve to signal the extent of organizational change and can help secure the ongoing loyalty of customers, commitment of employees and investors (three constituencies whose behavior largely determines the success or failure of the merger). We put forward a classification of the corporate branding strategies available to managers engaging in a merger. Each of the proposed classification categories is associated with a particular message regarding the strategic rationale for the merger. We use this classification to categorize over a thousand mergers between US-based enterprises and use calendar time portfolio analysis to establish differences in performance following M&A.

4 - Test-driving the Partnership: Accounting for Merger Prospects When Valuing Marketing Alliances

Christine Moorman, Duke University, 1 Towerview Drive, Durham, NC, United States of America, moorman@duke.edu, Matthew Manary

Mergers are expensive and fraught with risk. In fact, most fail. Hence, we consider it likely that many firms will use alliances to test-drive merger prospects. If so, the valuation of alliances should reflect the likelihood of merger. Research has not, however, considered whether or not this occurs nor the conditions under which firm valuation at the time of an alliance accounts for merger prospects. This paper considers these questions. First, we offer a conceptual framework that examines the conditions under which alliances do and do not terminate in mergers. Second, we test this framework on secondary data on alliances from two distinct industries. Third, given what we learn, we test (i) for how well financial markets account for "merger prospects" when valuing alliance announcements and (ii) whether the factors identified in our framework influence valuation accuracy.

■ SB06

Room 16

Entertainment Marketing: Movies II

Contributed Session

Chair: Liyuan Wei, City University of Hong Kong, Kowloon, Hong Kong, Hong Kong - PRC, liyuan.wei@cityu.edu.hk

1 - Time of Service Effect: The Case of Multiplex Movie Theaters

Jason Ho, Simon Fraser University, 8888 University Drive, Burnaby, BC, V5A1S6, Canada, jason_ho_3@sfu.ca, Berend Wierenga, Charles Weinberg, Jehoshua Eliashberg

Many service providers, such as movie theaters and airlines, serve a cohort of customers according to pre-announced time schedules, rather than serving individual customers as they arrive or order. For these service providers, choosing the optimal service time schedule is critical to profit maximization. Despite such importance, only few marketing models focus on the time of services effect. Eliashberg et al. (2009) is a notable exception. Using multiplex movie theaters as a setting, we develop a market response model, characterizing how moviegoers would respond to the pre-announced movie showing schedule of a multiplex movie theater. Specifically, following Berry's (1994) nested logit demand model, we use a three-level nesting structure to capture two potential effects when a movie showing is added to a movie theater's time schedule, namely 1) overall

demand expansion effect (the additional showing attracts new moviegoers, who would not go to the theater otherwise), and 2) cannibalization effect (the additional showing allows "decided" moviegoers to switch from the other movie showings). Estimated with data from a Dutch movie theater chain, our model is intended to shed light on how moviegoers respond to different movie schedules.

2 - The Roles of Producers and Distributors in Creating Product Level Profitability: The Case of Motion Pictures

Ekaterina Karniouchina, Assistant Professor of Marketing, Chapman University, One University Drive, Orange, CA, United States of America, karniouc@chapman.edu, Bill Moore, Can Uslay, Stephen Carson

Traditional profit decomposition studies within strategy domain have concentrated on determining the relative strengths of business unit, firm, and industry level drivers of profitability. However, in today's economy with its variety of vertical integration arrangements, it becomes imperative to examine the relative importance of the roles that both producers and distributors play in jointly determining the profitability of a product or service offering. We explore the relative importance of these actors in a project-based environment. We focus on the case of the motion picture industry and examine the profitability of 1348 movies by 69 producers and 55 distributors between 1920 and 2006. A cross-classified HLM model is developed where each movie is simultaneously classified by two higher level units—a production company and a distributor. This study draws on the resource-based view of the firm to link motion picture profitability to the organizational capital of the production company, the organizational capital of the distributor, as well as the cultural capital attached to the movie franchise. The results indicate that 9% of the profitability variation is explained by the production studio and 3% is explained by the distributor. Both production studio and distributor effects are significant even after controlling for relevant project-specific variables. Our results indicate that within vertically integrated companies, expertise resides either with production or with distribution side but not both. An additional Hierarchical Bayesian regression model is estimated to explain the drivers of profitability for most successful and least successful studios.

3 - Who Starred in Which Movie and Why

Liyuan Wei, City University of Hong Kong, Kowloon, Hong Kong, Hong Kong - PRC, liyuan.wei@cityu.edu.hk, Yupin Yang

In the spirit of the literature on two-sided matching (e.g., marriages), this research views movies as results of such matching where the two sides are the various creative talents (such as screenwriters, actors, and directors) and the investors (such as movie studios or independent investors). Based on their simultaneous choices screenwriters are matched to actors through the casting process in the pre-production stage. We seek to quantify the matching value derived from the movies made, as measured by both the movies' financial performance (i.e., gross box office figures) and artistic quality (i.e., the critical reception and major awards won or nominated for). By investigating this process, we are able to identify how much value each side of players add to the partners of their choice and which characteristics of the screenplays and acting talents can best explain the observed matches.

■ SB07

Room 17

Pricing Issues—Distribution Channel Models I

Cluster: Special Sessions
Invited Session

Chair: S Chan Choi, Rutgers Business School, Newark, NJ 07102, USA, Ajou School of Business (visiting), Suwon, 443-749, Korea, Republic of, chanchoi@rci.rutgers.edu

1 - Price Adjustment Costs and Distribution Channels

Sourav Ray, Associate Professor of Marketing, McMaster University, DeGroote School of Business, 1280 Main St. W., Hamilton, ON, L8S-4M4, Canada, sray@mcmaster.ca, Mark Bergen

Changing prices is costly for firms. Such costs are derived from myriad activities associated with such decisions – including the physical costs of changing prices and the managerial time and effort involved in the process. In this paper we explore some general implications of these price adjustment costs in a channel of distribution. We also look for empirical evidence linking the location of these costs to pricing outcomes.

2 - Cross-brand Pass-through of Promotional Allowances: An Equilibrium Analysis

Eunkyu Lee, Syracuse University, Whitman School of Management, 721 University Avenue, Syracuse, NY, 13244, United States of America, elee06@syr.edu, Sang Yong Kim

Anecdotal evidence suggests some retailers might engage in cross-brand pass-through of promotional allowances. In this practice, a retailer receives a lump sum allowance from the manufacturer and spends a part of it not only for promoting the manufacturer's own brand but also for promoting competing brands. On surface, such a practice appears to be the retailer's betrayal of the manufacturer's expectation, which should diminish the effectiveness of the manufacturer's promotional effort. Nevertheless, manufacturers don't always seem to be motivated to "crack down" this practice. We develop a game-theoretic channel model to investigate the following research questions: a) Are retailers better off by engaging in cross-brand pass-through of promotional allowances? b) What are the factors affecting the retailer's decision on the own- and cross-brand pass-through rates? c) How does this practice affect the profitability of the manufacturers? d) Is cross-brand pass-through beneficial or detrimental to channel coordination? We explore these questions by comparing the equilibrium solutions across various scenarios of own- and cross-brand pass-through possibilities. Our analysis shows that the manufacturer's foresight of the retailer's response (i.e., the presence or absence of Stackelberg leadership) is a major moderator of the effect of cross-brand pass-through and that there exist conditions under which not only the retailer but also the manufacturers are better with the retailer's cross-brand pass-through practice. In addition, we find that cross-brand pass-through of promotional allowances can enhance channel coordination, evidenced by improved total channel profits.

3 - Retail Price Maintenance without Free-riding: The Effects of Retailer Heterogeneity

Mark Parry, University of Missouri, Kansas City, Bloch School of Business, Kansas City, MO, 64110, United States of America, parryma@umkc.edu, Charles Ingene

Resale price maintenance (RPM) is a method by which a manufacturer can influence (or even control) prices charged by its retailers. In this paper we derive the optimal RPM strategy for a manufacturer that sells to retailers who may be homogeneous or heterogeneous (i.e., have the same or different demands and costs) and who may or may not be in competition. Our model incorporates service, but it explicitly excludes free-riding, thereby removing the primary argument that has been made to justify manufacturer-imposed price floors. We derive five major conclusions about RPM. First, for most combinations of retail service effectiveness and retailer service heterogeneity, the manufacturer prefers an optimally-specified RPM strategy to a No-RPM strategy. Second, the optimal RPM strategy may involve binding the price charged by both of its retailers (a "fully binding" policy) or the price charged by only one of its retailers (a "partially-binding" policy). Third, the optimal RPM strategy may be a price floor or a price ceiling. Fourth, when the RPM floor and ceiling strategies yield about the same profit, the manufacturer is better off not using RPM. Fifth, consumers are generally better off under a manufacturer-optimal RPM strategy than they are without RPM. The reason is that higher prices due to a floor are more than counterbalanced by higher service, whereas lower prices due to a ceiling more than compensate for a lack of service.

4 - Effects of Channel Intermediaries on Quality-price Competition

S Chan Choi, Rutgers Business School, Newark, NJ 07102, USA, Ajou School of Business (visiting), Suwon, 443-749, Korea, Republic of, chanchoi@rci.rutgers.edu

Product differentiation is an effective tool to reduce price competition, and quality is one of the most popular dimensions for differentiation. Distributing goods through channel intermediaries is also known to reduce price competition particularly when products are highly substitutable. This paper examines the effects of adding channel intermediaries on quality-price competition. We show that quality differentiation combined with a channel intermediary amplifies the effects of reduced price competition. However, when the quality levels are free to change, competing products end up less differentiated and the prices are lower when channel intermediaries are used. With intermediaries, the high-quality product's quality decreases whereas the low-quality rival's quality improves. The price buffer created by the channel intermediaries reduces the need for a higher quality differentiation, especially for the low-quality manufacturer. In addition, the high-quality manufacturer's profit is lower with intermediaries. But the low-quality manufacturer always benefits from the exclusive dealer channel. Since the high-quality firm's dominant strategy is to vertically integrate, however, vertical integration is the Nash equilibrium outcome.

■ SB08

Room 18

Organizational Issues

Contributed Session

Chair: Tingting He, University of Wisconsin-Milwaukee, 3202 N Maryland Ave, Milwaukee, WI, 53211, United States of America, he2@uwm.edu

1 - Marketing and Operations Management: Two Disciplines One Objective

Nevan Wright, Professor, Auckland University of Technology, Private Bag 92006, Auckland, 1141, New Zealand, nevan.wright@aut.ac.nz, Reinhard Huenerberg

Traditionally Marketing and Operations Management have been delivered as separate disciplines for management and business degrees. In practice the same applies. In a company based on functions the Marketing department is separated from the Operations department and moreover several sub-departments in both areas will exist. Marketing as a discipline evolved from a sales perspective and considered means and ways to make the selling function more effective. In this context Marketing was categorized into "the 4 P's" of Product (definition and specification), Price, Place (including channels of distribution) and Promotion (advertising and other means of communicating 'messages'), McCarthy (1960). Fifty years on the 4 Ps are still shown as the basis for marketing planning, Kotler and Keller (2006). The expectation is that Operations will have the capability to realise the marketing plan. Thus Operations task is to organise in advance sufficient resource (capacity) to meet expected demand and to deliver to specification on time (and at a cost that leaves a profit margin). If Operations do not have sufficient time (or understanding) to obtain necessary skills, machinery, equipment, and reliable supply lines the Marketing plan will not be realised. From empirical research this paper finds that as the two disciplines have evolved separately it is difficult for representatives of the two fields to understand each other and to speak the same language. This paper concludes that a whole systems approach is required for Marketing and Operations and that Business Schools need to consider how to bring the two disciplines closer together.

2 - Achieving Ambidexterity: The Role of Branch Context

Ting Yu, University of Technology, Sydney, PO 123, Broadway, NSW, 2007, Australia, ting.yu@uts.edu.au, Paul Patterson, Ko de Ruyter

Ambidexterity refers to an organization's capacity to achieve two seemingly conflicting tasks simultaneously? In this study, the ability to achieve sales and service at the same time. Ghoshal and Bartlett (1994) argued that organizational context influences the actions of individuals within a firm (e.g., working hard versus not working hard). Contextual variables thus may serve as key determinants of a firm's ability to pursue dual sets of goals (Gibson & Birkinshaw, 2004). However, empirical evidence for the impact of contextual variables on branch level ambidexterity is inconclusive and inconsistent. We examine a range of organizational contextual variables to empirically model the antecedents of ambidexterity at the individual and branch levels in a retail banking setting (individual N=2,618; branch level N=267) using Hierarchical Linear Modeling. Then we test whether branch ambidexterity has an impact on branch financial performance. Our study advances the ambidexterity literature by considering the multilevel effect of a range of branch context variables on branch ambidexterity. The contextual variables include empowerment, team support, fairness of rewards, and transformational leadership. We simultaneously study both group- and individual-level processes to provide in-depth insight of the relationships between these multilevel constructs and branch ambidexterity. We found that 1) individual perception of empowerment, team support, fairness of rewards, and leadership are positively related to branch ambidexterity; 2) the group-level effects of empowerment, team support, and fairness of rewards on branch ambidexterity are significant, but leadership is not; and 3) branch ambidexterity is positively related to branch financial performance.

3 - Trust and Cultural Values in Organizations: A Comparative Study

Tingting He, University of Wisconsin-Milwaukee, 3202 N Maryland Ave, Milwaukee, WI, 53211, United States of America, he2@uwm.edu, Paul Jackson

This paper investigates the relationship between trust and cultural values. Moreover, the paper differentiates two kinds of trust and compares two organizations. The two kinds of trust are dispositional trust and interpersonal trust; and the two organizations are a joint venture and a state-owned enterprise in China. It is found that at the individual level, dispositional trust and interpersonal trust are different from each other. Dispositional trust is stable across organizations, and interpersonal trust changes due to different situations. It is also found that cultural values correlate significantly with both dispositional trust and interpersonal trust. The research also includes demographic characteristics of the respondents, and has found that the demographic characteristics correlate with cultural values and trust.

■ SB09

Room 19

Innovation I

Contributed Session

Chair: Stefan Wuyts, Associate Professor, Tilburg University, Warandelaan 2, P.O. Box 90153, Tilburg, 5000 LE, Netherlands, s.h.k.wuyts@uvt.nl

1 - Licensing Radical Product Innovations to Speed Up the Diffusion Takeoff

Mercedes Esteban-Bravo, Associate Professor, Department of Business Administration Universidad Carlos III de Madrid, C/ Madrid 126, Getafe, 28903, Spain, mesteban@emp.uc3m.es, Jose M. Vidal-Sanz, Varadan Avagyan

This paper considers the use of licenses as a strategy to speed up the sales diffusion process of new products. Instead of commercializing the innovation by itself, an inventor can license the product technology to another firm. A license is a contract by which an IPR holder firm (licensor) transfers the right to exploit its innovation to another firm (licensee) under certain conditions and for a certain period of time. A number of studies have focused on studying optimal licensing contracts, providing conditions under which both parts find the license agreement convenient. The current paper considers a sales diffusion process and look at the benefits of licensing as a strategy to improve licensor's profits by speeding up the sales diffusion through advertising and word-of-mouth effects of licensees. An analytical dynamic model is presented, featuring the Licensor-Licensee behavior as an open-loop Nash equilibrium in a differential game. The strength of IPR laws can vary from some markets to others. Several studies have empirically considered the relationship between patent protection and licensing. However, there is little understanding of the positive effects of licensing to speed up the sales diffusion under different levels of IPR protection. This paper describes when licensing is profitable strategy for IPR holder in these two instances of markets: (i) a market with strong IPR, and (ii) a market with weak IPR and pirate rivals (where piracy is defined as the commercialization of unlicensed product imitations). We characterize optimal licensing, pricing and advertising strategies, and we analyze the sensitivity to the main parameters on the optimal profits using numerical methods.

2 - Consumer Innovativeness and Structure of Innovation Diffusion

Masataka Yamada, Professor, Kyoto Sangyo University, Motoyama, Kamigamo, Kita-ku, Kyoto, 603-8555, Japan, myamada@cc.kyoto-su.ac.jp, Toshihiko Nagaoka

With regard to adopter categorization of innovation diffusion theory in consumer behavior, there are two major approaches under the implicit assumption of normal distribution of adoption times: (1) Rogers scheme where adopters are classified by their time of adoption, along with diffusion time axis, into, say five categories: innovator, early adopter, early majority, late majority, and laggard (Rogers 1962). (2) Bass model and its extensions where adopters are categorized by their traits/behaviors such as innovators/influentials and imitators (Bass 1969; Van den Bulte and Joshi 2004). Recently, however, various diffusion patterns other than normal distribution, especially rapid diffusion patterns of music CDs, movies, software, etc. have been found (Yamada et al 2001; Moe and Fader 2002). As a result, we lost a reasonable basis for adopter categorizations of innovation. Therefore, it is time to reconsider not only the consumer innovativeness but also the theory of innovation diffusion itself focusing on the construct of consumer innovativeness. This study reviews first consumer innovativeness and proposes a new way of viewing the diffusion of innovation using Carnap's theoretical construct and disposition concept. Then adoption of innovation regarded as disposition concept is considered as a resulting innovative behavior of the theoretical construct of consumer innovativeness through intervening variables and a strong move of mind which is newly introduced as a starting mechanism of diffusion process. Finally consumer's adoption timing and its probability are forecasted by a survival function with self reported domain-specific innovativeness scores, pre-adoption strong move of mind scores, etc. on iPod adoption data.

3 - Driving Success with Open Innovation: The Role of Interfirm Relationships and Firm Performance

Sanjay Sisodiya, University of Idaho, 875 Campus Dr, College of Business and Economics, Moscow, ID, 83844, United States of America, sisodiya@uidaho.edu

Innovation continues to be of importance in business research (Hauser, Tellis, and Griffin 2006), with open innovation a topic of increasing interest. Open innovation is a paradigm for innovation where firms actively embrace the use of external inputs for innovation and external paths to markets (Chesbrough 2003, 2006). In practice, firms can complement their own innovation activities and leverage underutilized resources. Though open innovation is gaining interest, there is little empirical research investigating the factors that lead to success with open innovation. While some anecdotal evidence exists linking open innovation to firm success (e.g., Huston and Sakkab 2006), more research must be done to investigate whether firms can actually be successful with open innovation. In the context of new product development, critical to firm success with open innovation is the importance for innovating firms to connect with their environment. Using firm level capabilities and evaluating the extent to which innovating firms are connected with their environment, a series of interactions are explored to determine what factors may enhance success with open innovation. More specifically, this research explores the moderation of the open innovation and the firm performance link by both firm capabilities and supplier relationships depicted as social network characteristics. Evaluating firm performance (both short-term and long-term), these relationships are tested using primary and secondary data gathered from 236 high tech firms. Results support the notion that open innovation can enhance success, interfirm relationships can improve success with open innovation, and firm capabilities can be used to leverage interfirm relationships.

4 - Corporate Board Interlocks and Organizational Innovation

Stefan Wuyts, Associate Professor, Tilburg University, Warandelaan 2, P.O. Box 90153, Tilburg, 5000 LE, Netherlands, s.h.k.wuyts@uvt.nl, Raji Srinivasan

Board interlocks occur when a firm's directors sit on the boards of other firms. An impressive record of research studies have identified different roles of board interlocks; in particular, recent literature has established that board interlocks are a key mechanism for information transfer across firms. Despite the attention to this wide-spread phenomenon across disciplines, board interlocks have received very little attention in marketing. As a result, even though board interlocks have been found to affect firm behaviors in many domains, we know little about its impact on marketing-relevant outcome variables. We aim to bridge this gap and draw on insights from the board interlock and network literatures to examine the effect of a firm's connectivity through board interlocks on organizational innovation, measured as a firm's new product introductions. Using a contingency approach, we hypothesize that a firm's allocation of resources to R&D and advertising activities as well as the presence of marketing in the board room moderate the relationship between board interlock centrality and new product introductions. An analysis of a panel dataset of publicly listed US consumer food and beverage firms between 1997 and 2006 shows that the effect of board interlock centrality on new product introductions is contingent upon the firm's R&D and advertising intensity. Further, the influence of board interlocks on new product introductions is moderated by the presence of marketing executive directors on the board and the marketing background of the Chief Executive Officer. We discuss implications for marketing theory and practice.

■ SB10

Room 20

Brands: Global Branding II

Contributed Session

Chair: Sabrina Hegner, University of Bremen, Hochschulring 4, Bremen, 28359, Germany, hegner@uni-bremen.de

1 - Global Versus Local Brand Failures: Which Dissatisfy Consumers More?

Xue Gao, Lingnan University, Hong Kong, BU221, Ho Sin Hang Building, Hong Kong, Hong Kong - PRC, xuegao@ln.edu.hk, Patrick S. Poon

The advantages of building global brands are well recognized in literature. In fact, brand failures always happen and have big impacts on consumers. This study aims to investigate the effects of perceived brand globalness (PBG) on consumer affective and behavioral responses to brand failures. Global brands are perceived superior to local brands due to factors like higher quality perceptions and prestige feelings. Based on attribution theory, consumers are expected to have less negative responses to the failure of a brand which has a higher (vs. lower) PBG. The study show that the more often consumers believe the brand failures will happen the more likely they attribute the failures to the fault of the brand per se. In this research, the two experiments were conducted on Chinese consumers with 2 (high PBG vs. low PBG brand) x 2 (failure present vs. absent) within subjects design. Study 1 examines the effects of PBG on existing global and local brands. To avoid the disturbance of the brand equity difference between existing brands, study 2 aims to test consumer responses to artificial brands which are manipulated with high or low PBG. Furthermore, study 2 probes into the consumer attribution process during brand failures. The results indicate that the more a brand is perceived global, the less negative responses consumers have toward the failures. Moreover, this study verifies the moderating role of consumer ethnocentrism in the effects of PBG. These findings both enrich the literature and benefit the practitioners by broadening their views of building global brands.

2 - Can Global and Local Brands Benefit from Organic Labeling? An Experimental Study

Daniela B. Schäfer, University of Basel, Peter Merian-Weg 6, Basel, 4002, Switzerland, daniela.schaefer@unibas.ch, Daniel Heinrich, Hans H. Bauer

The organic food market is one of the most promising in Australia, Europe and the USA, enjoying one of the fastest growth rates in the food industry. Simultaneously, an increasing number of brands can be observed within the retail market. Despite the rising interest in using organic labeling to distinguish brands, research efforts have not yet focused on this brand differentiation approach. Therefore, this article concentrates on organic labels as a brand differentiation strategy for global and local brands. In doing so, first, we conducted a literature review as well as in-depth interviews to identify the motives driving organic food choice. These are found to be the desire for healthiness, hedonism, environmental friendliness, and food safety. Second, we test in an experimental study how the use of an organic label affects the perception of both global and local brands concerning these four key motivational drivers of organic food choice. Third, we examine the effect of organic labels on marketing-related outcome variables, such as brand attitude and willingness to pay a premium. Findings show that use of an organic label increases global and local brand perception concerning the main drivers of organic food choice. Thus, companies can add value to their brands with organic labeling. Surprisingly, the perception of organic labeled global and local brands is identical. Obviously, it only matters to consumers whether the name-brand product is organic or not. Findings also show a positive effect of organic labeling on outcome variables. This result underlines the relevance of organic labeling for marketers. In sum, the studies confirm that organic labels prove to be an effective instrument for distinguishing global as well as local brands from that of their competitors.

3 - The Relevance of Trust for the Success of Brands – A Cultural Approach

Sabrina Hegner, University of Bremen, Hochschulring 4, Bremen, 28359, Germany, hegner@uni-bremen.de

As brand managers act in the 21st century, two key trends have emerged in the branding literature and practice – the need for developing successful relationships, and the ever increasing globalization of these relationships. It has become a common way to apply concepts that are usually used for personal relationships on the interaction between a brand and its customers. With the emphasizing of building brand relationships and customer relationship management, trust, as a key component of relationship quality, has received great attention. Brand trust is considered as a key aspect of brand relationships, brand personality and brand equity. The implementation of the brand trust construct within an international context has not been examined up to now. This study shows the development of a brand trust scale within an international context. In order to identify specific drivers of an intercultural trust management, indicators of trust in brands are categorized. For legitimizing the concept effects on performance measurement indices are analyzed.

■ SB11

Room 21

Multi-Category Choice Models

Cluster: Special Sessions

Invited Session

Chair: Seethu Seetharaman, Rice University, 6100 Main, Houston, TX, 77005-1827, United States of America, seethu@rice.edu

1 - An SKU-Level Model of Multiple Item Choice

Gary J. Russell, University of Iowa, Tippie College of Business, Iowa City, IA, United States of America, gary-j-russell@uiowa.edu

Choice decisions in market basket selection are interrelated because demand patterns are complex. This research develops a SKU-level multiple-item choice model, based upon the assumption that the utility of purchase of one item in a market basket depends upon the set of items already selected. The resulting model, which takes the form of a multivariate logistic (MVL) choice process, is very flexible. Because the model can accommodate both substitution and complementarity within the same structure, it allows the researcher to represent complex choice patterns within and across product category boundaries. Moreover, because the model exhibits an IIA property with respect to market baskets, the researcher can easily develop new models that accommodate logical restrictions on choice. We illustrate the model by analyzing consumer purchase histories from the yogurt product category. Substantively, we show that households treat brand names as strong substitutes, and flavors (within a brand) as weak substitutes and complements. We also show how the model can be used to infer the impact of SKU deletions on family-branded products. Results are broadly consistent with quality-tier competition.

2 - Empirical Analysis of Firms' Pricing Strategies with Complementary Product Lines

Yu Ma, University of Alberta, School of Law and Economics, Edmonton, AB, Canada, yu.ma@ualberta.ca

In recent years there has emerged a literature on the econometric modeling of a household's purchase incidence and brand choice decisions in complementary product categories. These multi-category models explicitly accommodate cross-category dependencies in household-level demand. In this study, we study the implications of such cross-category dependencies on firms' pricing decisions. We estimate a recently proposed multi-category demand model (Ma, Seetharaman and Narasimhan 2009) using scanner panel data on cake mix and frosting categories. Using the estimated demand model as an input, we investigate whether the observed retail prices in the two categories are consistent with joint-category profit maximization behavior on the part of the retailer. We also investigate whether manufacturers' pricing behavior is consistent with maximizing the sum of profits from their brands (bearing the same umbrella name) in both complementary categories. Lastly, we investigate the nature of vertical channel interactions between the manufacturers and the retailer. Our findings are as follows: (1) The retailer engages in pricing based on constant percentage mark-up in the cake mix category, and pricing based on category profit maximization in the frosting category, (2) The three manufacturers engage in Nash-Bertrand (i.e., competitive) pricing with respect to each other; Duncan Hines maximizes the sum of its umbrella brands' profits in the two categories (i.e., joint category pricing), while Betty Crocker and Pillsbury engage in separate category profit maximization in the two categories (i.e., independent category pricing), (3) The manufacturers and the retailer interact according to a Vertical Nash (i.e., simultaneous move) pricing game in the channel. We perform a number of counterfactual simulations to illustrate the managerial implications of our model estimates.

3 - Cake Mix in Aisle 3, Candy Bars in Aisle 12: Investigating the Impact of Store Layout on Consumers' Purchase Incidence Decisions

Seethu Seetharaman, Rice University, 6100 Main, Houston, TX, 77005-1827, United States of America, seethu@rice.edu

Grocery stores typically contain hundreds, if not thousands, of product categories. Physically arranging these product categories among a limited number of store aisles and shelves is a challenging task. A good store layout can provide at least two key benefits to the store: (1) it can increase store attractiveness by simplifying the consumer's shopping experience at the store; (2) it can encourage purchase co-incidence, e.g., a consumer who goes to a particular aisle to buy rolls of toilet tissue may also buy paper towels if they are on an adjacent shelf. This research examines the second benefit using scanner panel data from a retailer. We propose a multi-category demand model that considers physical locations of product categories to be important determinants of consumers' purchase incidence decisions in these categories at the store. Using our methodology, a retailer can examine such issues as: (1) to what extent does store layout influence shopping basket decisions? (2) how should the store layout be re-designed to achieve optimal profit? Our proposed methodology entails first calibrating the parameters of our proposed demand model using purchasing data from multiple product categories in the store, and then performing what-if analyses regarding store layout decisions of the retailer. Our application, that uses purchase data from eight product categories at a retail store, suggests the retailer can significantly increase store profitability by re-organizing the eight categories across four aisles in the store.

4 - A Multicategory Model of Consumers' Purchase Incidence, Quantity and Brand Choice Decisions: Methodological Issues and Implications for Promotional Decisions

Nitin Mehta, University of Toronto, Rotman School of Management, Toronto, ON, Canada, nmehta@rotman.utoronto.ca

We explore the role of cross-category effects of promotions on two issues of relevance to retailers, viz., how they should coordinate should timings of promotions of brands across categories, and allocate promotional expenditures across brands and categories. To do so, we propose a multi-category model of consumer demand in which we contribute to the literature by modeling all three purchase decisions (incidence, quantity and brand-choice) in each category, modeling cross-category effects of promotions in both components of the primary demand (incidence and quantity decisions), and using a flexible functional form of the consumer's utility to accurately measure these cross-category effects. We estimate our model on consumers' purchases in cake-mix and frosting. We show that the retailer is better off contemporaneously promoting the two categories as opposed to promoting them in different periods; and amongst different pairs of brands across the two categories (i.e., one brand from each category), the retailer is better off contemporaneously promoting umbrella brands as opposed to non-umbrella brands. Moreover, using restrictive functional forms of utilities or ignoring cross-category effects in either incidence or quantity decisions results in incorrect assessments on the coordination of timings of promotions and relative allocation of promotional expenditures across brands and categories.

5 - Cross-category Implications for Scaling Response Sensitivities

Sri Devi Duvvuri, Assistant Professor of Marketing, State University of New York at Buffalo, 215F Jacobs, Buffalo, NY, 14260, United States of America, sduvvuri@buffalo.edu, Minakshi Trivedi

The goal of this research is to compare consumer response parameters across categories (e.g., peanut butter and jelly) and across different regions (e.g., urban and rural). Typically, while specifying random coefficient choice models, the variation in the mean responses is taken into account while the variation in the variances is ignored. The implications for different variances across segments are, of course, fairly strong. Thus, adjusting the model specification for the scaling parameter becomes important. In recent years, there has been an interest in exploring the implications of this assumption (Train 2003, Louviere et. al. 2005) with Swait and Louviere (1993) pointing out that a comparison of estimated parameters across segments and/or data sets might confound the results. In this research, we explore these issues using a multivariate probit model to estimate response sensitivities. We use scanner panel data across several categories from different regions. We use hierarchical Bayesian analysis (MCMC procedures) to estimate the model parameters.

■ SB12

Room 22

ASA Special Session on Statistics and Marketing Applications I

Cluster: Special Sessions

Invited Session

Chair: Sam Hui, New York University, 110 River Street, #1902, Jersey City, NJ, 07302-4380, United States of America, khui@stern.nyu.edu

1 - Hybrid Method of Eliciting Vehicle Consideration Sets using Non-compensatory and Compensatory Rules

Ely Dahan, University of California-Los Angeles, United States of America, ely.dahan@anderson.ucla.edu

A leading automotive website seeks to help site visitors identify more varied consideration sets. The research investigates a novel method of narrowing choices, in real time, from a universe of 1,300+ vehicles to 5-10 leading options customized for each person. The method merges population data, choice-based conjoint analysis, and user design. The underlying utility functions, identified using the conjoint adaptive ranking database system, can include both compensatory and non-compensatory part-worths for both rational and emotional aspects of vehicles.

2 - Optimal Pricing using Online Auction Experiments: A Polya Tree Approach

Sam Hui, New York University, 110 River Street, #1902, Jersey City, NJ, 07302-4380, United States of America, khui@stern.nyu.edu, Edward I. George

We show how a retailer can identify the optimal price of a new product using observed transaction prices from online second-price auction experiments. For this purpose we introduce a Bayesian nonparametric approach based on Polya trees which, given the limited nature of the data, requires a specially tailored implementation. Avoiding the need for a priori parametric assumptions, the Polya tree approach allows for flexible inference of the valuation distribution and thus leads to more robust estimation of optimal price than competing parametric approaches. In collaboration with an online jewelry retailer, we illustrate how our methodology can be used to estimate the profit maximizing price of a new jewelry product

3 - Why are People using Twitter?

Olivier Toubia, Columbia Business School, United States of America, ot2107@columbia.edu, Andrew Stephen

In this research we study the motivations of consumers to get involved and contribute content in social networks such as Twitter. In particular, we test the hypothesis that users derive most of their utility from broadcasting information to their followers, and consider two alternative motivations: acquiring followers for status-enhancing purposes and being exposed to content created by other users. The motivation behind user involvement in these social networks has important implications, as various hypotheses imply different reactions to an increase in the number of followers, which is relevant as the network grows and becomes denser. In other words, whether social networks such as Twitter are sustainable depends greatly on what motivates their users. We address our research questions using two complementary methodologies. First, we collect individual-level, daily data from over 1,000 Twitter users over approximately 45 days. We model the daily decision to post new comments and to follow new users as a Dynamic Discrete Choice, as a user's actions today influence his or her number of followers in the future. Using a recent methodology proposed by Imai, Jain and Ching (2009), we estimate a utility function that reflects utility from broadcasting content to other users, from following many other users, and from having many followers. Second, we run an experiment in which we exogenously manipulate the number of followers of a set of target users by creating links to these users from a set of artificial users. Our results suggest that the hypothesis that users are primarily motivated by broadcasting information to other users is not correct.

■ SB13

Room 23

Pricing: Competition III

Contributed Session

Chair: Manish Gangwar, Assistant Professor, Indian School of Business, Gachibowli, Hyderabad, AP, 500032, India, manish_gangwar@isb.edu

1 - Product Positioning and Pricing: Influence of Market level and Inter-firm Differences in Costs

Sajeesh Sajeesh, Assistant Professor of Marketing, Baruch College, City University of New York, One Bernard Baruch Way, New York City, NY, 10010, United States of America, s.sajeesh@baruch.cuny.edu, Jagmohan Raju

The objective of this paper is to study the impact of differentiation and firm positioning on firm's pricing decisions in a horizontally differentiated competitive market. We build a parsimonious game-theoretic model and analyze simultaneous entry of firms. The effect of differentiation is modeled as an additional cost incurred by both firms based on the degree of differentiation between the firms. The cost of positioning is modeled as a market level cost affecting both firms whereby firms incur a cost if they want to position themselves away from the center of distribution of consumers. We find that if the cost of positioning is sufficiently high, then a firm with lower cost of differentiation charges a higher price in equilibrium, even when no differences in exogenous costs exist. We also find that under some circumstances the cost disadvantaged firm can enjoy higher price-cost margins compared to the cost leader thereby suggesting that higher costs are a blessing in disguise.

2 - The Effects of Brand Equity on Price Strategies: An Agent Based Model

Skander Esseghaier, Associate Professor, Koc University, Rumeli Feneri Yolu, Sariyer, Istanbul, 34450, Turkey, skander@ku.edu.tr, Sebastiano A. Delre

Consumers are highly sensible to different price structures and price promotions. Many studies have showed how customers differently respond when prices are split into separate parts, e.g. a regular price and a shipping and handling surcharge. This phenomenon has recently received much more attention because online sales have continuously and substantially increased in the last years and because online sales imply a price partitioning: product price and shipping price. Retailers have to choose between a free shipping offer strategy and a price partitioning strategy. In the former case they have to decide a single price that includes the shipping cost and in the latter case they have to choose upon two prices, a price for the item and a price for the shipping. Although such possibilities yield increased opportunities to online retailers who can decide whether to apply promotional tactics on both regular prices and on shipping and handling prices, the price partitioning decision, however, becomes more complicated in the presence of strategic interactions between online retailers with differing levels of brand equity and market power. This paper develops an agent based model to investigate how firms decide which of these two strategies to adopt and how their brand equities (market power) affect their decisions. Our simulation-based approach allows us to replicate the analytically derived results of G,m,s et al. (2009). We depart from it by bringing new insights about market partitioning (how many firms adopt which strategy) and the effects of brand equities.

3 - German Gutenberg Dynamic Pricing Model's Application to China Digital Market: Samsung Opentide China's Pricing Decision-Making Support System

Youngsik Kwak, Professor, Jinju National University, 150, chilam-dong, Jinju, Korea, Republic of, yskwak@jinju.ac.kr, Sookyung Paik, Jongwook Lim, Wanwoo Cho

Chinese digital market is at war in pricing! The dramatic flow between the sales volume and price change for each week in LCD TV and mobile phone market in China shows pricing war among the multinational brands in this oligopoly market. The target brand's sales volume for each week is affected by the price level of TV style, the buyers' price expectation, competitive price effect, event effect, and the duration time for waiting event at every week in China. The purpose of this research is to develop a comprehensive pricing decision-making support system that marketers in digital industry in China can use to set price level and to forecast quantity at dynamic and competitive situation. Using Gutenberg's dynamic pricing model for oligopoly market, researchers developed the OpenTide China's Pricing Decision-making Support System(OTC's PDSS). The OTC's PDSS consists of the price level effect, the buyers' price expectation, price change effect, carry-over effect, competitive price effect, event effect, and the duration time for waiting event. Although the applications of the Gutenberg price response model are well documented and applied in academic field and in Europe, the report of application of Gutenberg model to a given brand in practice in Asia has been relatively rare. The researcher aims to try to full this gap by applying a Gutenberg model to digital market in China. At conference, we will present the OTC's PDSS user interface and model's predictability for sales volume.

4 - Quantifying the Loss in Profits Due to Consumer Stockpiling

Manish Gangwar, Assistant Professor, Indian School of Business, Gachibowli, Hyderabad, AP, 500032, India, manish_gangwar@isb.edu, Ram Rao, Nanda Kumar

Managers as well as researchers are interested in knowing how to optimally use promotions to maximize long term profits particularly since consumer stockpiling is pervasive in frequently purchased categories. This study looks at the optimal pricing strategy for the firms facing some strategic consumers who are willing to stockpile when prices are sufficiently low. We develop a dynamic game theoretic model which allows for inter-temporal shifts in demand due to consumer stockpiling in a duopoly setting. One important feature of this study is that we endogenously determine consumers' stockpiling threshold (prices below which consumers stockpile), which allow us to generate new and interesting insights on optimal pricing policies under different market conditions. The model explains the multi-modal empirical distributions observed in the frequently purchased categories which cannot be explained by extant theories. More interestingly, this study quantifies the effect of consumer stockpiling on firms' profits. In particular, we characterize the loss in profits due to consumer stockpiling compared to a similar scenario when no consumer is willing to stockpile, when firms use their respective optimal pricing strategies. Interestingly, our model suggests that consumer stockpiling does not reduce firm's profitability (at least in percentage terms) in a very significant way, when firms adopt their equilibrium strategies recognizing that some consumers may engage in stockpiling behavior.

■ SB14

Room 24

Marketing and Health I

Cluster: Special Sessions
Invited Session

Chair: Philipp Stern, Professor, Bangor Business School, Hen Goleg, College Road, Bangor, LL57 2GD, United Kingdom, p.stern@bangor.ac.uk

Co-Chair: Jaap Wieringa, Associate Professor, University of Groningen, Faculty of Economics and Business, Dept of Marketing PO Box 800, Groningen, 9700, Netherlands, j.e.wieringa@rug.nl

1 - Dynamic Long Range Forecasting for New Pharma Products

Ceren Kolsarici, Assistant Professor of Marketing, Queen's University, Queen's School of Business, Kingston, ON, K7L 3N6, Canada, ckolsarici@business.queensu.ca, Demetrios Vakratsas

Forecasting is an important concern especially for managers of new products (e.g. Armstrong 2003). Although a large body of the marketing science literature has focused on curve-fitting and short-term prediction of new product sales (e.g. Bass 1969; Lenk and Rao 1990), very few studies have addressed the issue of longer range forecasting of new product sales. This is partly due to the fact that diffusion models do not always produce accurate forecasts (e.g. Mahajan, Muller and Bass 1990). Yet managers need longer range forecasts in order to more efficiently allocate their marketing budget and prepare contingency plans. This is particularly true in the pharmaceutical industry where new product success is vital for growth and firms allocate an increasingly large share of their budget in marketing activities. However, developing reliable forecasts for dynamic product markets is no easy task. In order to produce a long-range forecast, one typically needs to estimate a growth (diffusion) model over an available range of data and use it to project sales beyond that range. In dynamic product markets though, the model parameters that regulate the sales growth of new products are very likely to vary over time (e.g. Wildt and Winer 1978; Putsis 1998). Hence, in order to provide a reasonable sales forecast for dynamic product markets, one first needs to forecast the parameter paths, as parameter values estimated with past sales data may not be reliable for forecasting purposes. In this paper we propose an appropriate forecasting methodology and detail an application to a new prescription pharmaceutical. The methodology relies on Augmented Kalman Filters (AKF) and overcomes two major challenges: a) the limited forecasting ability of diffusion models and b) the main focus of Kalman Filter methodologies on short-term predictions.

2 - Managing Across Substitute Categories: How to Allocate Marketing Resources under Changing Competitive Intensity?

Jens Keller, University of St. Gallen, Dufourstrasse 40a, Gallen, CH-9000, Switzerland, jens.keller@unisg.ch

Both changing competitive intensity and the pharmaceutical industry have become important research topics in economics and marketing. While the economics literature has started to consider the fortunes of generic drug manufacturers, the marketing literature has remained focused on how brand name drug manufacturers should respond to entry and competition from other brand name drugs and from generics. No paper has looked at the marketing actions and their effectiveness for both brand name and generic drug manufacturers. Moreover, research has considered competition and marketing spending within one chemical compound or for a therapeutic class as a whole, instead of distinguishing within-compound from across-compound competition, i.e. among drugs targeting the same therapeutic class with objectively different compounds. This is particularly important for marketing spending allocation because many large brand name and generic drug manufacturers produce several compounds for the same therapeutic class, and thus face a choice of entry strategies and marketing allocation across compounds. Our study uses a Dynamic Linear Model to investigate price response and marketing effectiveness of brand name and generic drug manufacturers. We analyze within-compound and across-compound behavior by incorporating 6 major compound-submarkets of the total antidepressant market.

3 - Local Marketing of Over-the-counter Drugs

Katrin Reber, University of Groningen, P.O. Box 800, Groningen, 9700AV, Netherlands, K.Reber@rug.nl, Peter Leeflang

In recent years, Over-the-Counter (OTC) drugs have become an increasingly important component of the health care system. This is partly due to the greater availability of OTC products distributed via pharmacy and non-pharmacy outlets. Although there has been considerable research on drug issues and the different players in the pharmaceutical supply chain, marketing associated with OTC medicines in a retail pharmacy setting is still scarce. This is surprising since the increasingly liberalized drug market notably challenges the retail pharmacist. In this paper we therefore investigate how crucial product-, store-, customer-, and competitor characteristics can and do affect OTC sales and in turn the performance of a retail pharmacy outlet. We have store-level data and data pertaining to three OTC product categories from a large Dutch retail pharmacy chain. Moreover, individual-level data from a broad customer survey allows us to assess customers' valuation of a specific pharmacy outlet. We apply a mixed model approach to estimate the impact of local performance drivers. Our findings show that the product assortment and the presence of impulse buying products are important factors in determining differences in performance across stores. These results indicate that the sales strategies which are already successfully applied in the consumer good market, i.e. improving the assortment and improving the in-store environment to trigger impulse purchases, can also open up new potentials for profit for traditional retail pharmacies across substitute categories: how to allocate marketing resources under changing competitive intensity?

4 - Patient Empowerment – Can it Improve Adherence? – A Global Investigation

Nuno Camacho, Erasmus University Rotterdam, Rotterdam, Netherlands, camacho@ese.eur.nl, Martijn De Jong, Stefan Stremersch

At least 25% of patients seeking medical advice do not follow the recommendation of their physicians. In chronic conditions and less developed nations the problem is even worse. The consequences are poor treatment performance, loss of repeat business for pharmaceutical firms, potential health problems for patients and significant costs for health systems. A recent movement in medicine defends that empowering patients to actively participate on the choice of their medical treatments can help tackling this problem. Yet, the desirability of patient empowerment is not undisputed. The scant existing empirical evidence, which is not culturally sensitive and situated mostly in the U.S., is not enough to solve the conundrum. We define patient empowerment as (1) the transfer, during a medical encounter, of information that is not crucial for diagnostic purposes and/or (2) patient power in the actual choice of a treatment option. We surveyed more than 11,500 adults from 17 countries in a quest to establish richer and cross-culturally generalizable insights about the link between patient empowerment and non-adherence. Using a finite-mixture structural equation model we show that patient empowerment does influence non-adherence, but that this relationship is not universal. In countries that normally fall in the protestant Europe or English speaking classification, patient empowerment is consistently associated with lower non-adherence for at least 40% but no more than 53% of the patients. In other countries the benefits of patient empowerment are even much less clear. We discuss implications of our findings for marketers and policy-makers.

5 - Why Do Some New Drugs Succeed While Their Bio-equivalent Counterparts Fail – Is This Due to Marketing?

Philipp Stern, Professor, Bangor Business School, Hen Goleg, College Road, Bangor, LL57 2GD, United Kingdom, p.stern@bangor.ac.uk, Jaap Wieringa

For any manufacturer it is important to discover the factors that increase the probability of adoption of newly developed products, which can increase the profitability and shorten the earn-back period of R&D investments. For innovative pharmaceutical companies, this issue is even more important, because patent expirations mean the competitive advantage of a new pharmaceutical product is only temporary. It is also important to stimulate new product adoption, as health outcomes may improve as a result of the new drug that provides unique and

superior benefits. In this paper we study the situation where a number of bio-equivalent drugs enter the same market, all treating the same health issue, and containing the same active ingredient. Given that these products can be considered as homogenous, it is important to study the extent to which marketing efforts can affect the probability of success. We examine a large number of new product introductions in 23 therapeutic areas. We follow the prescription behavior of physicians in the UK and also study the number and the nature of the detailing calls that they receive. This allows us to provide answers to the following questions: (1) does the number of prescriptions written depend upon the number and type of contacts with the doctor? (2) does the number of prescriptions written depends upon the number of doctors who prescribe or on the frequency with which they prescribe (3) is there a diminishing return on the number of calls made within a time period, and (4) are there are doctor demographic explanations for the difference in sales between the bio-equivalent drugs

■ SB15

Room 25

Decision Making: Self Control

Contributed Session

Chair: Suresh Rananathan, Associate Professor of Marketing, University of Chicago Booth School of Business, 5807 S Woodlawn Ave, Chicago, IL, 60615, United States of America, suresh.ramanathan@chicagobooth.edu

1 - A Cigarette, a Six Pack or Porn: Are Vices Substitutes or Complements?

Rachel Shacham, Carlson School of Management, University of Minnesota, rshacham@stern.nyu.edu, Tulin Erdem, Peter Golder

Using statistical copulae, we develop an empirical model that allows us to study the substitutability of different vices. In particular, we seek to determine the rate of complementarity and substitutability between different types of vices, and between quantity consumed and strength of the same vice, while accounting for selection bias. One challenge is to account for the selection bias caused by the fact that each vice is only consumed by some individuals in some periods. Thus, the use of statistical copulae. In particular, we contribute to the literature by extending the bivariate Archimedean copula to a more general case. Our data, collected by several ISPs, include the complete Internet browsing behavior of 3,000 individuals over the course of a year.

2 - The Differential Effects of Less Tempting Food Cues on Food Intake Control

Nina Belei, PhD candidate, Maastricht University; School of Business and Economics, Tongersestraat 53, Maastricht, 6200 MD, Netherlands, nina@belei.de, Kelly Geyskens, Caroline Goukens, Jos Lemmink

Literature provides conflicting findings regarding the effects of food temptations on consumers' abilities to control their food intake. While it is generally believed that tempting food cues trigger self-control failure, recent research suggests that temptations may have the potential to enhance self-control if the temptations exceed a critical level of threat. Yet, health organizations keep encouraging the dissemination of less threatening hedonic food alternatives (e.g. food with low-fat references or recently health references) despite the finding that decreasing the level of threat associated with palatable food can backfire. For example, prior research has shown that low-fat references on hedonic food result in overconsumption of that food, which could lead to the premature conclusion that generally making hedonic food less intimidating results in self-control failure. Our research addresses the question whether and under which conditions food temptations for which the perceived level of threat is reduced are effective in promoting food intake control? In a series of five experiments we compare the effects of hedonic food with low-fat references to hedonic food with health references. The results reveal that only the latter lead to a significant decrease in actual food consumption. This effect appears to be driven by an increased activation of one's health goals triggered by the health reference on the food. Contrarily, we find no such health goal activation for low-fat food, which seems to be attributable to a halo effect associated with low-fat nutrition labels. Our study contributes to existing literature in that we provide evidence that also a less threatening food temptation can increase self-control if the food is directly linked to a long-term health goal.

3 - Self-control and the Differential Weighting of Risk Components

Shi Jia, PhD Candidate, Stanford Graduate School of Business, 518 Memorial Way, Stanford, CA, 94305, United States of America, jayson.jia@stanford.edu, Ab Litt, Uzma Khan, Tatiana Andreyeva

This research investigates the role of self-control in subjective judgments of risk. Specifically, we examine how level of self-control influences the relative weighting of different risk components namely, probability and consequences of an outcome. Three studies show that risk components are differentially weighted by individuals varying in self-control. Study 1, shows that low self-control eaters care more about the probabilities, whereas high self-control eaters were more concerned by the consequences of developing overeating-related health problems. Study 2 demonstrates that the pattern of differential weighting for probability and consequences holds in other risk domains characterized by high personal agency (e.g., smoking, drinking) but not in risk domains characterized by low personal agency (e.g., genetic disposition for cancer and plane crash). Study 3 illustrates an analogous pattern of results by manipulating participants' subjective sense of self-control. Previous studies of perceived risk and self-control have focused on overall conceptions of risk, rather than its constituent components. Our approach contributes to this literature by yielding deeper insight into what may shift the relative focus on distinct parts of risk. Our research suggests that consumers may prefer reactionary versus preventative options depending on their weighting of the risk components. Marketers can thus target each segment with different products and communication appeals. For example, low self-control consumers should prefer products like gym membership, which reduces the chances not the consequences of health problems. In contrast, high self-control consumers should prefer extra insurance, which reduces the consequences but not the likelihood of health problems.

4 - Sticky Desires or Tricky Self-control: Dynamic Processes in Attention Bias Towards Temptation

Suresh Rananathan, Associate Professor of Marketing, University of Chicago, Booth School of Business, 5807 S Woodlawn Ave, Chicago, IL, 60615, United States of America, suresh.ramanathan@chicagobooth.edu, Jun Lu

Why do people over-indulge? What prompts a person not just to act on impulse but to do so repeatedly in a manner counter to one's self-interest? In this paper, we provide support for an incentive-salience argument, showing that impulsive behavior and overindulgence are driven by two different forms of attentional bias towards temptations, despite having healthier options that are rated as equally liked and are equally vivid and attractive. Using a visual dot probe task, we examine whether attentional biases for temptations emerge as initial orienting towards a temptation or an inability to disengage from it. Further, we study whether these biases affect indulgence decisions. Results show that while impulsive people exhibit both forms of bias towards temptations, indulgence decisions are driven by higher levels of disengagement bias. In a second study, we manipulated attention towards desserts or fruits and then used a dynamic task requiring participants to continuously move a mouse on a two-dimensional grid for one minute while looking at a tray filled with desserts, indicating the strength of their desires and avoidance motivations respectively. Data were sampled every 100 ms. The data were subjected to an analytical technique called Recurrence Analysis, which is used to determine whether the trajectory of a non-linear dynamic process visits the same regions over time, indicating a stable goal state or "attractors." Results indicated that relative to prudent individuals, impulsive people whose attention was drawn to desserts exhibited a) greater recurrence of approach reactions over time with no differences in avoidance and c) greater time spent in the same region of phase space, indicative of stickiness in approach reactions.

Saturday, 1:30pm - 3:00pm

■ SC01

Room 02

Social Influence: Network Effects

Contributed Session

Chair: Stav Rosenzweig, Assistant Professor of Marketing, Ben-Gurion Univerisity, Department of Management, Guilford Glazer School of Business & Man, Beer-Sheva, 84105, Israel, stavro@som.bgu.ac.il

1 - Positioning and Pricing of Conspicuous Goods: A Competitive Analysis

Jagmohan Raju, Wharton School, University of Pennsylvania, 3730 Walnut Street, Philadelphia, PA, United States of America, rajuj@wharton.upenn.edu, Sajeesh Sajeesh

We study the effect of consumers' desire for uniqueness as well as conformity on firms' positioning and pricing decisions. We incorporate the effect of network externality for each consumer to be dependent on their location vis-à-vis the location of the firm. Specifically, we assume that the effect of network externality is higher (either positive or negative) on those consumers who are located 'closer' to the firms. With positive network externality, we show that product differentiation increases where as in negative externality market the product differentiation is lower. We also show that under some conditions, price competition can be higher even in markets with negative externalities. Finally, in negative externality markets, firms are better off if they reduce heterogeneity among consumers in network externality effects.

2 - The Impact of Team Knowledge Heterogeneity and Social Relations on Innovation

Vera Blazevic, Dr., RWTH Aachen University, Kackerstr. 15-17, Aachen, 52072, Germany, blazevic@tim.rwth-aachen.de, Amir Grinstein, Corine Noordhoff

Globalization and advancement in technology have significantly contributed to the recent proliferation of heterogeneous teams, those involving members with diverse backgrounds, in many organizations and in the academic world. Nevertheless, our understanding of the impact of team heterogeneity on the team's innovativeness and performance is still very much limited. Especially, two important drivers of team effectiveness - team knowledge heterogeneity and the social relations of the team - have so far been given only limited research attention; and specifically, they have not been studied jointly. Our study aims to fill this gap and deepen our understanding of the nature and impact of knowledge heterogeneity on team innovativeness and performance, while examining the moderating effect of the use of social networks by the team. Social networks are important for creating and enhancing team knowledge and its consequences by compensating for lack of knowledge heterogeneity. We have collected objective data on academic research teams, who published in the leading marketing journals - JM, JMR, MKS, JCR, and IJRM, between 2000 and 2005. The study of academic research teams has great value. This context: (a) is inherently important for academic research work given its emphasis on the development and dissemination of knowledge, (b) enables collecting objective data on team characteristics, their social networks and

on innovation and performance outcomes, and (c) is analogous to NPD teams on many dimensions, making it possible to draw insights for academics but also for organizations and especially for product development managers.

3 - Leveraging Social Capital in Academic Research in Marketing

Stav Rosenzweig, Assistant Professor of Marketing, Ben-Gurion Univerisity, Department of Management, Guilford Glazer School of Business & Man, Beer-Sheva, 84105, Israel, stavro@som.bgu.ac.il, Elie Ofek, Amir Grinstein

This study sheds light on the effects of social networks and social capital on academic research articles. Based on research dealing with social networks and the sociology of science, we suggest that the impact of an academic research article is positively affected by the size of the utilized social network. We further suggest that academic researchers who have challenge-overcoming propensities, that is, they are used to facing persistent challenging conditions given their background or face situational ad-hoc challenges, leverage their social capital in a different manner than their peers. The difference is in the size of the utilized network, i.e., the number of individuals prompted for input, and in the composition of the network, i.e., who the prompted individuals are. We sample over 1300 research articles published between 1965 and 1998 in five central journals in marketing: Journal of Marketing Research, Journal of Marketing, Journal of Consumer Research, Marketing Science, and International Journal of Research in Marketing. We demonstrate that authors from non-core countries or women authors use more individuals from their social networks than their peers (authors from core countries or men authors, respectively); that fewer co-authors use more individuals from their social networks than research teams with a large number of co-authors; and that the utilized network of authors from non-core countries and women authors contains more individuals from their respective subgroup, but this unique composition of networks does not always boost the impact of articles.

■ SC02

Room 04

CRM: Customer Satisfaction II

Contributed Session

Chair: Amir Gandomi, Ryerson University, 350 Victoria Street, Toronto, ON, M5B 2K3, Canada, agandomi@ryerson.ca

1 - Consumer Heterogeneity and Satisfaction Uncertainty

Cheng Qian, MPhil Candidate, Australian School of Business,University of New South Wales, 25 Rainbow Street, Kingsford, NSW, Sydney, 2032, Australia, cqiancqian@gmail.com, Murali Chandrashekaran

Prior empirical research has decomposed customer satisfaction into two related but independent dimensions—satisfaction magnitude and satisfaction uncertainty—and demonstrated the important moderating role of satisfaction uncertainty on the fuzzy satisfaction-loyalty link. There is, however, a paucity of research on the generative psychological mechanism underpinning the formation of satisfaction uncertainty in consumer contexts. This study attempts to provide a first step toward establishing a psychological basis for satisfaction uncertainty by exploring the interplay of personality, cognition and affect in shaping satisfaction uncertainty. The proposed model maintains that motivational traits (e.g., regulatory focus) and cognitive styles (e.g., need for closure, need to evaluate) shape satisfaction uncertainty through their influence on affective and cognitive processes. Positive and negative disconfirmations of prior expectations are expected to result in different underlying processes, and therefore affect satisfaction uncertainty asymmetrically. The empirical work unveils a rich network of relationships that illuminates how satisfaction uncertainty is formed and how it influences the link between satisfaction and subsequent consumer behaviour. It also enriches existing joint analyses of structure (i.e., contents and dimensions) and process (antecedents and consequences) of customer satisfaction.

2 - Making the Difference: Do Customer Clubs Tighten B-to-B Relationships?

Christine Falkenreck, Head of Marketing Research, University of Kassel, Mönchebergstrafle 17, Kassel, 34109, Germany, christine.falkenreck@t-online.de, Ralf Wagner

This paper aims to enhance the understanding of factors impacting customer service satisfaction in B-to-B contexts. Among others customer service has been found to be highly relevant for the choice of suppliers. In line with previous studies we postulate customer service satisfaction to enhance corporate reputation and customer loyalty. This study extends the framework of the American Customer Satisfaction Index (ACSI) by adding three constructs: "reputation", "expectations in employees" and "perceived quality of employees". Thus, a total of eight constructs related to customer service satisfaction, reputation and loyalty are considered. Confirmatory factor analysis enables testing a set of hypotheses related to these constructs. The empirical basis of this study embraces 90 German members of a B-to-B club program and 140 non-members. Customer survey data are gathered in the field of renewable energies. The links between customer service satisfaction and customer loyalty as well as between customer service satisfaction and corporate reputation are substantially stronger in the club-member sub-sample. Moreover, reputation turns out to enhance loyalty substantially in the service environment at hand. Club membership does not only improve loyalty, but impacts a company's overall reputation directly. Our results suggest that the extending the ACSI framework in B-2B Studies should not be restricted to the construct of reputation, as suggest in recent studies. Adding the constructs of "expectations in employees" and "perceived quality of employees" enables us to provide practitioners with clear advises how to improve their business in B-to-B markets.

3 - An Analytical Investigation of the Effect of Customer Satisfaction on Loyalty Programs' Profitability

Amir Gandomi, Ryerson University, 350 Victoria Street, Toronto, ON, M5B 2K3, Canada, agandomi@ryerson.ca, Saeed Zolfaghari

Firms are increasingly adopting loyalty programs as their primary strategy to enhance customers' loyalty. Since loyalty buying behavior creates a competitive advantage for the firm, loyalty programs are thought to increase the firms' long-term profitability. The effectiveness of loyalty programs in fulfilling their goals (i.e., enhancing repeat purchase behavior and increasing profitability) has been the focus of some recent analytical and empirical studies. Analytical studies on the effectiveness of loyalty programs have mainly adopted a two-period model, through which customers earn a loyalty reward if they repeat their purchase in the second period. Using this model, researchers have analyzed the impact of loyalty programs on the market competitiveness and the firm's profitability. One of the underlying assumptions of these studies, however, is that a customer's valuation (reservation price) for the offered good or service remains constant over time. In other words, the customers' satisfaction with their past purchase is not considered as a factor in their decision to buy in the second period. In contrast to this assumption, empirical studies have found that customers with different satisfaction levels perceive loyalty programs in different ways. In this study, we expand previous models to capture the effect of customer satisfaction on a loyalty program's profitability. More specifically, we assume that customers' valuation in the second period is a function of their level of satisfaction with their purchase in the first period. Our model provides a basis that enables a firm to balance the trade-off between improving the service level and expanding the loyalty program.

■ SC03

Room 06

CRM: Cross-Selling

Contributed Session

Chair: Tanja Frischmann, Goethe University Frankfurt, Gr¸neburgplatz 1, Frankfurt, 60323, Germany, frischma@wiwi.uni-frankfurt.de

1 - A Game Theoretical Approach to Explain Cross–selling Behavior of Business Units

Andre Decrouppe, Vienna University of Economics and Business, Nattergasse 6 / Top 24, Vienna, Austria, andre.decrouppe@gmx.de

Andre Decrouppe, Thomas Reutterer, Ulrich Berger, Vienna University of Economics and Business: The present market situation is illustrated by weak demand and this makes the acquisition of new customers difficult. In such circumstances cross–selling - the practice of selling additional products to an existing customer - can help to improve the revenues. Both - the company and the Key Account - could benefit from cross–selling. For many multi product companies with product oriented organizational structures the attempt to realize the benefits of cross–selling generates incentive-problems. These problems accrue if one business unit should be motivated to sell the products of another business unit. In most instances the management underestimates the self–interest of business units and the effect of profit-sharing. Furthermore, managers often tend to underrate the fear of the business unit to disappoint their key accounts by selling unfamiliar products to them and to risk their mutual trust relationship by doing so. Finally, there is an apprehension that one business unit could sell the products of the other business units without added value to the customer and just to increase their short term benefit. The company could manage all these issues by offering efficient incentives, e.g., in the form of profit-sharing. Nevertheless, adequate incentive structures are often missing in current business practice. We will analyze the different incentive-problems by applying principal agent theory and a repeated trust game. Keywords: cross-selling, incentives, business unit, key account, management, repeated trust game, principal agent theory.

2 - Credible Cross Selling of Financial Services Products: Application to Insurance

Fredrik Thuring, Nordic Market Pricing Manager, Codan Insurance A/S, Norregatan 12, Malmö, 212 27, Sweden, frt@codan.dk, Vladimir Kaishev, Jens Perch Nielsen

A new method, for efficient cross-selling of financial services products such as mortgage loans and non life insurance contracts is presented. It is based on solving the problem of optimally selecting the size and the composition of a subgroup of customers, from an existing large portfolio of holders of one financial (insurance) contract, which should be approached with the purpose of cross-selling to them a second insurance contract, so as to maximize the overall expected profitability of the cross-selling campaign. For the purpose, we express the (expected) profit associated with each policyholder in terms of a set of parameters, among which, the probability and the cost of cross-selling to a customer, the premium paid by him/her and a credibility (risk) factor, reflecting the likelihood of him/her claiming or defaulting. We further provide estimation procedures for all the parameters involved, based on real claims (or defaults) related data. In particular, a B¸hlmann-Straub credibility estimator for the risk factor is derived, applying multivariate credibility theory. This motivates us to call our methodology, credible cross-selling. It is thoroughly tested, based on a large real data set from a European insurance company, and a simulated data set and is shown to achieve considerable profit gains, compared to traditional cross-selling methods, which use only the estimated sales probabilities.

3 - How to Profit From an Existing Customer Base to drive Company Growth and Profitability

Silvia Vianello, Professor, SDA Bocconi School of Management, via Bocconi 8, Milan, IT, 201036, Italy, silvia.vianello@sdabocconi.it, Fabio Ancarani, Francesco Quartuccio

Many different possible marketing and pricing strategies are currently accessible for companies to improve their profitability. Among them: higher sales volumes, constant prices, enhanced market share, stable costs, or they can profit from an existing customer base through activities such as cross-selling, up-selling, and bundling. We conducted a study, from April to July 2009, to understand the influence of the last option, profit from an existing customer base, called "value extraction", on company profitability. A questionnaire was sent to top executives of companies from many different sectors, in 8 European Countries, for a total sample size of 1.225 observations. Results show there is a significant difference on profitability if we compare companies using value extraction as their top strategy, compared to other firms using different strategies as their top priority. The best improvement in company's profitability through value extraction are obtainable from the market leader compared to the followers. But if companies use value extraction as one of their top strategy but they combine it with other strategies, as those mentioned before, there is no a significant difference on profitability. That is, value extraction is able to have a significant impact on company profitability only if it is used as top priority, instead if it is used as a combined strategy it is not able to moderate the relationship between the according strategy and profitability. However, turnover moderate the positive relationship between value extraction and profitability. Same for the number of employees. The threshold to get positive results is a turnover of 2 million euro and 10 employees, since for small companies costs to invest in value extraction overcome the expected results.

4 - Effect of Cross-buying on Customer Profitability

Tanja Frischmann, Goethe University Frankfurt, Grüneburgplatz 1, Frankfurt, 60323, Germany, frischma@wiwi.uni-frankfurt.de, Peter Leeflang, Sonja Gensler, Bernd Skiera

As cost of customer acquisition increase, firms attempt to maximize returns from existing customers, which is considered to be more cost-effective than acquiring new customers. Especially in retail banking, increasing customers' cross-buying ratio is widely seen as an effective mean to enhance customer relationships, especially cus-tomer profitability and retention. However, in contractual relationships that involve continuous consumption (e.g., services industry), this conclusion might not necessarily have to be true. Since customers buy products over time, the usage of additional products might result in less usage of products already owned from the same firm. To estimate the effect of cross-buying on customer profitability it is therefore crucial to evaluate the impact of the cross-buying decision on the usage level of current products. The objective of this paper is to investigate cross-category effects of cross-buying and their impact on customer profitability. We develop a general framework of the flow of funds across product categories and use a Type-3 Tobit model to estimate the cross-category effects. The results of our empirical study, using data from a large European retail bank, indicate that cross-buying not necessarily leads to an increase in a customer's profitability, as we find evidence for cannibalization effects. We derive implications whom to target for specific marketing activities that stimulate cross-buying.

■ SC04

Room 14

Search Engines IV

Cluster: Internet and Interactive Marketing

Invited Session

Chair: Thomas P. Novak, Albert O. Steffey Professor of Marketing, University of California, Riverside, A. Gary Anderson Graduate School of Mana, Riverside, CA, 92521, United States of America, tom.novak@ucr.edu

1 - Information Propagation in the Web 2.0

Mark Elsner, University of Mainz, Jakob Welder-Weg 9, Mainz, 55099, Germany, elsner@marketing-science.de, Oliver Heil, Atanu Sinha

The Web 2.0 accounts for radically new patterns of communication and information dissemination. Established structures of editorial control are increasingly substituted by User-generated Content (UGC) and related propagation mechanisms. This has proven to possess the power to impact public opinion. We analyze the structures and processes accompanying and determining the popularity of UGC. Specifically, we distinguish between "local" and "global" propagation in the analysis which uses large real world datasets from a popular social news site. We find different drivers at work in the two stages. What positively impacts a local cascade turns out to have a negative impact on the final outcome of the global scale. This research raises important issues about the extent of the usefulness and quality of UGC and related selection processes.

2 - Viral Marketing: Consumers Who are Willing to Pass on Any Word-of-Mouth Message

Dave Bussiere, University of Windsor, 401 Sunset, Windsor, ON, N9B 3P4, Canada, bussiere@uwindsor.ca

Consumers participate in word-of-mouth to exchange information about products and services. These conversations allow consumers to pass on advice (post-purchase and post-usage) to other consumers to influence future purchase decisions. Research has shown that these word-of-mouth conversations are important because they are viewed by the message receiver as credible – and therefore lead to a change in behavioral intentions. Viral marketing is the on-line attempt by a business to spark the word-of-mouth dynamic through a marketing stimulus. By definition, it depends on the willingness of consumers to pass on messages. Based on exploratory, on-line qualitative research, 6 representative electronic word-of-mouth messages were created – in a 2 (positive/negative) x 3 (neutral tone/angry/humorous) design. Using a survey design, we test the viral intentions of 492 American adults to pass along viral messages. Controlling for demographics, consumer leadership characteristics (innovativeness and market mavenness), consumer traits (attitude towards helping, price consciousness and sociability) were examined. The results indicate that only innovativeness and price consciousness drive viral intentions. The results hold for positive and negative viral messages and for all message tones (neutral, angry, and humorous). Gender and educational issues are also analyzed. We discuss the implications of the research and highlight potential research.

3 - Roles and Goals: Consumer Motivations to Use the Social Web

Thomas P. Novak, Albert O. Steffey Professor of Marketing, University of California, Riverside, A. Gary Anderson Graduate School of Mana, Riverside, CA, 92521, United States of America, tom.novak@ucr.edu, Donna Hoffman

As the Internet continues to evolve into the primary vehicle for communication, information and commerce, online marketers are discovering that consumers are increasingly bypassing marketers in favor of interacting with each other through Web 2.0 based social media applications such as social networks, blogs and virtual worlds. Recently, researchers have begun to examine why people use social media applications. However, most of these studies have tended to focus on describing goals specific to a single context without developing a strong conceptual framework with which to understand consumer behavior in social media. We propose that consumers adopt four broad types of roles when using social media which we call the four C's: create, control, consume, connect. The different roles that consumers adopt when using social media depend on the goals consumers have for using social media. For example, a consumer might have a goal of using social media to "pass the time." To accomplish this goal, one consumer might adopt the role of connecting with friends, but another might adopt the role of creating new content. Goals, in turn, are related to consumers' motivations like autonomy, competence, relatedness and self-esteem. In a large scale survey, we elicited consumers' goals for using social media, and asked them to specify the roles and underlying motivations related to those goals. We used within-subject correlations calculated over elicited goals to relate social media roles to motivations and fit structural models to test a series of hypotheses regarding the drivers of social media use.

4 - Double Jeopardy! Modeling the Dual Role of Online Search and its Interaction with Social and Commercial Media

Amit Joshi, Assistant Professor of Marketing, CBA, UCF, 4000 Central Florida Blvd., Box 161400, Orlando, FL, 32816-1400, United States of America, ajoshi@bus.ucf.edu, Michael Trusov

Past research on 'buzz' has largely been restricted to word-of-mouth communications, while ignoring the multi-faceted nature of buzz as well as the interactions between social and commercial media that impact buzz. Our research addresses this gap by focusing on the interplay between various drivers of buzz, such as social and commercial media and online search. Furthermore, we propose that search plays a dual role, acting as both an indicator and driver of buzz. We demonstrate that the three components of buzz (social media, commercial media and search) are interdependent and the magnitude and longevity of buzz could be different depending on product attributes and on where the buzz originates (i.e., social media or commercial media). We apply our methodology to the motion picture industry by analyzing how the various components of buzz interact for big-name stars and then study how the dynamics of the star-buzz impact interest in their movies. We show that social media is better than commercial media at raising the peak interest and find that some actors are better at generating social media led buzz, while others are better at generating commercial media led buzz. Our research provides studio managers with actor specific metrics on what type of media to use for movie promotion, and when to use that media.

■ SC05

Room 15

Identifying Marketing Actions that Drive Financial Performance

Cluster: Special Sessions

Invited Session

Chair: Arvid Hoffmann, Assistant Professor of Finance, University of Maastricht, PO Box 616, 6200 MD, Maastricht, Netherlands, a.hoffmann@maastrichtuniversity.nl

Co-Chair: Christine Moorman, Duke University, 1 Towerview Drive, Durham, NC, United States of America, moorman@duke.edu

1 - Does the Market Misprice Customer Satisfaction? New Tests of the "Errors-in-Expectations" Hypothesis

Jeroen Derwall, Maastricht University, School of Business and Economics, Maastricht, 6200 MD, Netherlands, j.derwall@maastrichtuniversity.nl, Daniel Hann, Nikos Kalogeras

Studies on the returns of stock portfolios with strong customer satisfaction provide mixed support for the hypothesis that the financial market is slow to recognize the positive relation between firms' cash flows and customer satisfaction ("the errors-in-expectations" hypothesis). None of these studies directly tests whether the market is surprised by the superior performance of firms with strong customer satisfaction, and if so, whether these surprises cause firms with strong customer satisfaction to produce abnormal stock returns. This study focuses on the key mechanisms through which customer satisfaction manifests in abnormal stock

returns when the "errors-in-expectations" hypothesis holds. First, consistent with previous studies, firms with higher levels of customer satisfaction show higher return on assets (ROA), thereby confirming the relation between customer satisfaction and a firm's current and future cash flow. Second, we test whether investors misunderstand the relation between customer satisfaction and future earnings using data on analysts' earnings forecasts. For various forecast horizons, we find no evidence that analysts make systematic errors in predicting the future earnings of firms with strong customer satisfaction. Third, we find no association between stock price reactions to firms' earnings announcements and customer satisfaction. We thus reject the hypothesis that customer satisfaction causes abnormal stock returns because of errors in investors' expectations.

2 - Now or Never: Using the Financial Crisis to Get Serious about Customer Equity in Financial Reporting

Manuel Bermes, Goethe University Frankfurt, E-Finance Lab, Grueneburgplatz 1, Frankfurt, 60323, Germany, bermes@wiwi.uni-frankfurt.de, Bernd Skiera, Lutz Horn

Unknown securitization risks hinder the economy; but the move toward short-term profit realization, at the expense of long-term value creation, also is inherent to securitization and creates additional, largely ignored threats. Ambiguous requirements for financial statements generate incentives to use securitization excessively to boost short-term profits; marketing metrics like customer equity, in the form of customer equity reporting (CER) and the newly developed customer equity sustainability ratio (CESR), could create more transparency in financial statements. The results from this empirical study reveal that most banks do not provide sufficient information in their financial statements about securitization to enable stakeholders to analyze its consequences for long-term value creation. An application of CER and CESR demonstrates that their use would make moves toward short-term profit realization more transparent. A counterfactual analysis also illustrates that stronger long-term value creation would provide greater financial sustainability. Therefore, forward-looking marketing metrics should play more prominent roles in financial statements.

3 - The Role of Marketing in Managing Investor Relations

Arvid Hoffmann, Assistant Professor of Finance, University of Maastricht, PO Box 616, 6200 MD, Maastricht, Netherlands, a.hoffmann@maastrichtuniversity.nl, Joost M. E Pennings, Simone Wies

Recent marketing research examined the links between a firm, its customers, and other partners. However, marketing neglected shareholders as a relational group. This is alarming since they provide a key resource currently in scarce supply – investment capital – and thereby constitute an important external stakeholder. Investor relations (IR) initiatives are potential value drivers by lowering cost of capital, increasing security liquidity, and enhancing analyst following. IR is a strategic management responsibility integrating finance, communication, and marketing. Existing literature, however, ignores the role of marketing. This is unfortunate, as marketers possess skills relevant to manage interactions with investors and other financial market participants. To successfully analyze and manage investor relations, existing IR literature needs to be completed with marketing insights. We show how the relationship between a company and its shareholders may be analyzed and managed from a relationship marketing and stakeholder perspective. We complement existing marketing-finance literature by investigating the link between a company's relationship perspective towards its investors and IR quality as materialized in the financial marketplace. A field study amongst IR professionals working in companies publicly traded on the Euronext 100 stock index shows how marketing can contribute to IR management and increase shareholder value by lowering cost of equity capital, increasing analyst following and stock liquidity, and reducing the number of shareholder activism incidents.

4 - Interactive Discussion on the Marketing-finance Interface

Dominique Hanssens, Professor, University of California-Los Angeles, Anderson School of Management, 110 Westwood Plaza, Los Angeles, CA, 90095, United States of America, dominique.hanssens@anderson.ucla.edu

The final presentation of this special session on the Marketing-Finance Interface will be in the form of an interactive discussion moderated by Dominique Hanssens, Bud Knapp Professor of Marketing at UCLA Anderson School of Management.

■ SC07

Room 17

Relationship, Cooperation and Dominance—Distribution Channel Models

Cluster: Special Sessions
Invited Session

Chair: Sridhar Moorthy, University of Toronto, 105 St. George Street, Toronto, Canada, moorthy@rotman.utoronto.ca

1 - Channel Coordination in Heterogeneous Markets

Salma Karray, University of Ontario Institute of Technology (UOIT), Oshawa, ON, Canada, Salma.Karray@uoit.ca

Channel design is one of the most important decisions facing channel managers. An important marketing and operations management literature studied this issue and has found that channel coordination improves the channel's performance when a manufacturer is dealing with a strategic retailer. This paper investigates the effects of coordination on the performance and strategies of a bilateral monopoly in a market characterized by consumer heterogeneity. Contrary to the accepted result that distribution channels should strive to achieve results from vertical integration, especially in case of a bilateral monopoly, we show that coordination does not benefit the channel when consumers' valuation of quality is the most important source of heterogeneity in the market and that most consumers do have strong quality preferences. We find also that the standard notion that coordination increases total channel's profits in presence of a strategic retailer is true only in markets characterized by some homogeneity in consumer valuations for both the product's quality and features. It does also hold in case the market is heterogeneous on both of these dimensions with substantial preferences for product taste over quality.

2 - Moral Hazard and Externalities in Franchise Systems

Sridhar Moorthy, University of Toronto, 105 St. George Street, Toronto, Canada, moorthy@rotman.utoronto.ca

We examine a dynamic model of a franchise system in which an individual franchisee's performance with respect to customer satisfaction affects not only the franchisee but other franchisees, and, ultimately, the franchisor. The focus is on how these externalities affect optimal franchise contracts.

3 - Strategic Inventories and Channel Structure

Sudheer Gupta, Associate Professor, Simon Fraser Universtiy, Faculty of Business, 8888 University Drive, Burnaby, BC, V5A 1S6, Canada, sudheerg@sfu.ca

We explore competing manufacturers' incentives to sell through exclusive, independent retailers in a dynamic setting where retailers can carry inventories forward. We show that in equilibrium, retailers will always carry inventories as a credible source of competition for the manufacturers, even in the absence of traditional reasons for inventories. This strategic behavior by retailers drives prices down over time hurting manufacturer and channel profits. The presence of strategic inventories in dynamic intra-channel relations counters the benefits of strategic decentralization as a buffer against competition. We establish equilibrium outcomes for two competing manufacturers selling differentiated products over two periods, and show how degree of product differentiation and ease of carrying inventories forward (ie, holding costs incurred per unit) affect prices, profits and equilibrium channel structure. Several extensions of this basic model are explored that help us better understand dynamics of intra-channel relations and contracts.

■ SC08

Room 18

Health Marketing

Contributed Session

Chair: Gordian Bwemelo, Assistant Lecturer, College of Business Education, P.O.Box 1968, Dar Es Salaam +255, Tanzania, gbemwelo@yahoo.com

1 - Antecedents of Preventive Health Behavior: An Empirical Model Comparison in the Context of Dietary Supplement Consumption

Kai N. Bergner, University of Mannheim, L5,1, Mannheim, 68131, Germany, kai.bergner@bwl.uni-mannheim.de, Hans H. Bauer, Catharina Hoschke

As health costs increase and health consciousness becomes ever more prevalent in society, the importance of health issues is magnified. In spite of this fact, many people do not lead a healthy lifestyle. Habits such as an unbalanced and fatty diet, too little physical activity, and overconsumption of alcohol and tobacco are widespread. Motivating people to engage in health behavior is a considerable marketing challenge. The health market is a source of vast opportunities for companies, and dietary supplements are an example of a fast growing, dynamic market segment. One third of the German population consumes dietary supplements, which can be seen as a form of preventive health behavior. However, consumers face a number of challenges, including the risk of inadequate self-treatment. This leads to the question of which factors determine their usage from the point of view of health behavior models. An empirical comparison of the Health Belief Model (HBM), the Theory of Planned Behavior (TPB) and the Health Action Process Approach (HAPA) is conducted to answer this question and additionally to draw conclusions on the predictive and explanatory value of the three competing models. The analysis using structural equation modeling, with a sample size of 335 obtained via an online survey, identifies the attitude towards supplement usage, perceived self-efficacy and perceived susceptibility as the main determinants of dietary supplement usage. The TPB performs best whilst the HBM and the HAPA also yield meaningful results. An extended TPB-model offers an improved explained variance of intention and attitude. Our results shed light on a challenging issue that is important for consumers, the food and pharmaceutical industry, and health policy makers.

2 - Consumer Acceptance of Commercialization in Health Care Allocation

Tim M. Benning, PhD Candidate, Erasmus University Rotterdam, Burgemeester Oudlaan 50, Rotterdam, Netherlands, benning@ese.eur.nl, Benedict G.C. Dellaert

Increased competition in the health sector has led hospitals and other institutions to explore new allocation mechanisms that move away from traditional expert based allocation to more commercially based allocation mechanisms. Little is known however about consumer perceptions and evaluations of new commercial allocation mechanisms and how these perceptions and evaluations differ between treatments. To fill this gap the authors investigated how consumers evaluate new hospital care allocation mechanisms and found that (1) offering individuals the opportunity to pay more for a higher chance of treatment affects their perceptions of both the total and distributional health outcomes of a hospital's care, and that (2) the effects of these two key collective outcome perceptions on consumers' attitude towards allocation mechanisms are moderated by the type of medical

condition (life saving vs. life improving). Knowing how consumers evaluate allocation mechanisms is important for hospitals because less acceptable allocation mechanisms scare away patients and decrease community support towards the hospital. Therefore the results of this article are helpful for hospitals that consider implementing new allocation policies.

3 - Analysis of Consumers Awareness and Response Towards Counterfeit Medicines in Tanzania

Gordian Bwemelo, Assistant Lecturer, College of Business Education, P.O.Box 1968, Dar Es Salaam, +255, Tanzania, gbemwelo@yahoo.com

The problem of fake and counterfeit drugs is real and constitutes a major threat to the health and safety of the Tanzania population. Moreover, future investment in pharmaceutical products is placed at risk from the unfair competition generated by counterfeit drugs. A study was designed to examine consumers' awareness of the problem. The study further examined how consumers respond to the problem of counterfeit drugs in Tanzania. A cross section of consumers in Dar es Salaam city was surveyed. The data were collected through written questionnaires, documentary reviews and interviews. The response rate was 99%. Results show that 94 percent of the respondents agreed that there is a fake and counterfeit drug problem in Tanzania, and (84.8%) considered this a major problem. However, the results of the study indicate that the public is occasionally informed / alerted of the existence of counterfeit drugs. The findings also indicate that the consumers try to assure themselves of the quality of the drugs they purchase by use of several visual security techniques. However, no rigorous effort is taken to confirm as well as report suspected counterfeit drugs to regulatory agency. Most of consumers do not know if the authority exists and those who know it do not know how to report. The results of the study evidence the existence of four main problems. These include lack of adequate attention and public health warnings relative to the scale of counterfeit drugs problem, incomplete and / or irrelevant information about drugs provided by drug retailers, inability of consumers to locate and manipulate information on labels equally well and lack of rigorous effort in confirming and reporting suspected counterfeit drugs. In view of these problems, the problem of counterfeit drugs still needs devoted attention and seriousness in terms of regulatory processes, awareness raising campaign, public involvement and government support

■ SC09

Room 19

Innovation II

Contributed Session

Chair: Namwoon Kim, Hong Kong Polytechnic University, Department Management and Marketing, Hung Hom, Kowloon, Hong Kong, Hong Kong - PRC, msnam@polyu.edu.hk

1 - A Demand Driven Model of Product Innovation

Joy Joseph, Vice President, Information Resources Inc., 383 Main Ave, 6th Floor, Norwalk, CT, 06851, United States of America, joy.joseph@infores.com

As consumer markets progress along the maturity curve, the need for developing truly innovative products has never been greater. At the same time there is an economic need to maintain a streamlined portfolio that displays product features answering to most important consumer needs. We propose an empirical demand-based approach to help identify product features and attributes that are gaining in importance and also enhance margin premium for the brand. The approach centers on a log-linear response model that measures the impact of product attributes/features as a random effect of time. The response model also controls for marketing factors including pricing and promotional support. Since the impact of the attribute presence is time-varying, it captures the trend in the attribute importance. The model also measures price elasticity as a random effect of product attributes, which enables the identification of attributes that consumers are less price sensitive to, thereby enhancing margin premium to the parent brand. The model thus enables manufacturers and service providers to continuously evaluate their and their competitors' portfolio to identify attributes that are growing in importance to the consumers and maintain a continuous pipeline of innovations that have a higher probability of success. Analyzing price sensitivity to attributes enables them to enhance margin premiums. The model itself is fairly straightforward and can be systemized into a dashboard metric for marketers and corporate decision-makers to consistently evaluate on a regular basis.

2 - Exploring the Drivers of Marketing Innovations by Firms

Saurabh Mishra, Assistant Professor, McGill University, 1001 Sherbrooke O., Montreal, QC, H3A1G5, Canada, saurabh.mishra@mcgill.ca, Alexander Krasnikov, Demetrios Vakratsas

Innovations represent an important force through which firms develop sustainable competitive advantage. However, extant research has been largely limited in its focus on technological or R&D-based advances, overlooking that innovations may comprise more than new products and processes. Specifically, marketing innovations often play an equally important role in firm performance, and the innovativeness of marketing departments has been shown to increase their influence and status within the firm (Verhoef and Leeflang 2009). Yet, marketing programs are often criticized for their lack of innovativeness and creativity (e.g., Andrews and Smith 1996). Thus, the central focus in this research is to explore factors influencing marketing innovations by firms. The research builds on existing literature on innovations to propose a framework which identifies firm-level factors, including firm size and age, and environment-level factors, including demand growth and stability facing the firms, as potential drivers of marketing innovations. To evaluate the conceptual framework, the research utilizes a trademark-based measure of marketing innovations and a database of other key measures constructed from various secondary sources of information. A time-varying hazard-rate modeling focused on the first adoption of marketing innovations by firms reveals that (a) age and size of firms positively affect their probability of adoption, whereas (b) demand growth and stability facing the firms have a negative effect. Together these findings provide important theoretical contributions and offer some interesting managerial implications.

3 - Product Concept Demonstrations in Trade Shows and Firm Value: A Case of Auto Shows

Taewan Kim, PhD Candidate, Syracuse University, 721 Univeristy Avenue, Syracuse, NY, 13244, United States of America, tkim21@syr.edu, Tridib Mazumdar

Firms routinely demonstrate new product concepts in trade shows long before their eventual launch, presumably to signal the market about their innovative activities. Focusing on the automotive industry, we investigate the effects of automotive concept demonstrations in auto shows on the abnormal stock returns of three U.S. and three major Japanese automakers. Utilizing an event-study methodology, we find that the number and diversity of concepts demonstrated, the degree of their innovativeness, and their readiness to launch positively impact the firm's cumulative abnormal stock returns. The firm's past history of converting the concepts into commercial vehicles in a timely manner increases the credibility of the firm using concepts to signal its innovativeness, which adds to firm value. However, as the total number of concepts demonstrated in an auto show increases, it adds to the noise, diminishing the firm's ability to signal innovativeness.

4 - Broaden Your Horizons? Analyzing Firms' New Product-Market Entry Motivations

Namwoon Kim, Hong Kong Polytechnic University, Department Management and Marketing, Hung Hom, Kowloon, Hong Kong, Hong Kong - PRC, msnam@polyu.edu.hk, Seoil Chaiy, Sungwook Min

Why do firms enter new product-markets? Conventional wisdom would suggest that a firm enters a new product-market to obtain a profit from it. However, the emerging literature and practitioners alike indicate that the entry motivations of established firms are much more complicated than usually assumed. With a critical review of the literature about new market entry, we suggest two dimensions in entry motivations. The first dimension is based on whether a market entrant emphasizes profits more than other benefits from the new product-market; this is referred to as the profit-focus dimension. The other dimension, the network-influence dimension, indicates the extent to which other firms' entries influence the focal firm's market entry decision. Based on these two dimensions in entry motivations, we offer a typology of firms' new market entry behaviors. We empirically validate these entry motivations and typologies for new product-market entry with a broad cross-industry survey. Furthermore, we shed light on the drivers of the two dimensions in entry motivations. We find that non-profit-based benefits are more emphasized when the firm is large and old, and also when technological uncertainty in the new product-market is high. Network-influenced motivations are prevalent when technological uncertainty and competitive intensity in the new market are high and become greatest at the growth stage of a product life-cycle.

■ SC10

Room 20

International Marketing I

Contributed Session

Co-Chair: Lancy Mac, University of Macau, Avenida Padre Tomas Pereira, Taip, Macau, lancymac@umac.mo

1 - Going Global: Why Some Firms from Emerging Markets are more Successful at Internationalization than Others

Sourindra Banerjee, Cambridge University, Darwin College, Silver Street, Cambridge, CB3 9EU, United Kingdom, sourindrab@gmail.com

Over the last decade the rapid internationalization of firms from emerging markets has generated a lot of interest among management scholars. In this paper we look at the rapid international expansion of firms from emerging markets from a knowledge based view of the firm. The question we address in this paper is: Why are some firms from emerging markets internationalising more than others? In this paper we argue that although the international expansion of firms from emerging markets seems to have happened at an unprecedented speed it has actually happened in only those firms which had a CEO with knowledge of foreign markets. In this paper we also develop a firm specific variable called preparedness which is broadly defined as a state of readiness for internationalisation attained by the adoption of global business practices. We argue in this paper that firms which have a greater level of preparedness internationalize more. The empirical context of the paper is a 23 year data of 255 firms from the BSE 500 index of Bombay Stock Exchange.

2 - Variable Selection in International New Product Growth Models

Sarah Gelper, Erasmus School of Economics, Burgemeester Oudlaan 50, Rotterdam, Netherlands, sarah.gelper@econ.kuleuven.be, Stefan Stremersch

International new product growth studies predominantly seek to explain variation in new product growth patterns across countries using country characteristics, such as economics, culture or demographics. The number of such country characteristics that one could consider including is very large, while the data is often quite sparse, in terms of periodicity, number of countries and products. "Standard" statistical

estimation techniques have difficulties to fit such large models on such poor data because they suffer from harmful multicollinearity. This paper introduces the Bayesian Lasso variable selection procedure to include the right country characteristics in an international new product growth model. With this procedure, we identify the main country characteristics to explain market potential, the coefficient of innovation, and the coefficient of imitation (all parameters of the Bass diffusion model) and time-to-takeoff.

3 - Learning Orientation, Learning Mechanism and Market Learning Among Rapidly Internationalizing Firms in China

Lancy Mac, University of Macau, Avenida Padre Tomas Pereira, Taip, Macau, lancymac@umac.mo, Felicitas Evangelista

It is well-documented in literature that some firms are able to internationalize at an early age due to its ability to learn quickly (Lord and Ranft 2000; Johanson and Vahlne 1977). Internationalization offers abundant opportunities in particular to small and medium sized organizations which otherwise face too stiff competition locally. This study seeks to illustrate how organizational learning can be internalized and thus generate positive impact on performance as illustrated by the chain of effect among learning orientation, learning mechanism, market learning and export performance. The starting point of this is that firms should first cultivate a learning culture. This organizational value will encourage learning about new foreign markets through the establishment of learning routines which is labelled learning mechanism. Learning mechanism is the process and system by which knowledge is being articulated, codified, transferred and consolidated (Zollo and Winter 2002; Corso et al 2003). Our argument is that having a dedication to learn is not sufficient to stimulate knowledge creation which we called market learning. It is only through the actual manifestation of learning in the firm's routine that facilitates its consolidation and thus lead to market learning and eventually international performance. A survey was undertaken with exporters in China who are rapidly internationalizing firms – those that internationalize soon after their inception – and results significantly support our hypotheses. It was also found that learning mechanism is a complete mediator between learning orientation and market learning, implying the indispensible role of a learning system in solidifying a firm's learning value.

■ SC11

Room 21

Conjoint Analysis I

Contributed Session

Chair: Christian Schlereth, Goethe University Frankfurt, Grueneburgplatz 1, Frankfurt, 60629, Germany, schlereth@wiwi.uni-frankfurt.de

1 - Blocked Subset Design for Building 3q Optimal Factorial Designs

Ruben Huertas-Garcia, Universitat de Barcelona, Avda. Diagonal, 690, Tower 2, 3ʃ floor, Barcelona, 08034, Spain, rhuertas@ub.edu

Six steps have been proposed for developing a conjoint analysis: 1) Selection of a model of preference; 2) Data collection method; 3) Stimulus set construction for the full-profile method; 4) Stimulus presentation; 5) Measurement scale for the dependent variable; 6) Estimation method (Blomkvist, Ekdahl & Gustafsson, 2007; Green & Srinivasan, 1978). This paper is focused on the third step. We propose a new methodology, in the field of marketing, based on blocked subset design for building 3q optimal factorial designs. This methodology has been developed in the field of biology by Gilmour and Trinca. In conjoint analysis when the experiments about costumer behaviour are being performed variations in their answer is typically higher than in many other applications as, for example, for product and process improvements. Similar problems have been found in the pharmaceutical, biotechnology and agrochemical experiments. The common feature of these industries is that they all work with biological materials and so have to accept the natural variation that exists in living organisms. In this paper we propose a methodology based on subset designs in blocks focused on experiments and processes with high variation. The process involves determining the run size, constructs the experiments based on three levels, 3q , using the efficiency criterion D-optimal, and arranging designs in an orthogonal block structure. We explore their properties and, finally, we provide and illustrative example. The method outlined in this paper allows a complete solution of choosing designs for three levels factor experiments of process with high variation. The analysis of data is standard. We hope that more marketing researchers will employ this method and find it useful in practice.

2 - Heterogeneous Designs for Hierarchical Choice Models

Qing Liu, University of Wisconsin-Madison, 975 University Ave, Madison, WI, 53706, United States of America, qliu3@wisc.edu, Neeraj Arora

We investigate heterogeneous designs for conjoint choice experiments where different designs (individual designs) are administered to different groups of respondents. The combination of all these individual designs (combined design) is used for the estimation of hyperparameters in hierarchical choice models. Previous research on heterogeneous designs, such as that of Sandor and Wedel (2005), assumes the same objective function for the construction of both the individual designs and the combined design. We propose to construct the heterogeneous designs so that the individual designs are efficient for the estimation of individual-level parameters while the combined design is efficient for the estimation of hyperparameters. When covariates information such as demographic groups is available on individual respondents, the individual designs can be further customized according to the covariates. We derive the objective functions and develop a computational algorithm to construct such designs. Simulation results show that these designs achieve significant gains in efficiency when compared with benchmark designs.

3 - Estimation of Individual Level Multi-attribute Utility from Ordered Paired Preference Comparisons

Paul Nelson, Clinical Professor of Marketing, Simon Graduate School of Business, Univ of Rochester, Rochester, NY, 14627, United States of America, paul.nelson@simon.rochester.edu, Sangwoo Shin, Dan Horsky

Ordinal preference measures have a number of advantages relative to cardinal measures in the estimation of individual-level multi-attribute utility functions. This paper: (a) outlines a theoretical foundation for estimating a cardinal scaled utility function from ordinal preference data, in particular, pairs of pairs or ordered categorical preference comparisons; (b) forwards two linear programming procedures designed to estimate individual level attribute weights from such data; (c) evaluates the statistical properties of these estimates through simulation; (d) develops statistical significance tests for the proposed estimates ; and (e) evaluates the ability of these estimators to predict preferences on the hold out samples of two real world datasets. Our simulation results show that our ordinal preference-based weight estimates more closely approximate the true weights and are more robust to data quality concerns than either logit or regression. Our real world results also show superior predictive performance. Furthermore, in most cases, these findings are true even when the latter methodologies are augmented using Hierarchical Bayes techniques. Clearly, the higher potential for both measurement error and scale usage heterogeneity that resides in cardinal scaled preference data is an issue. Correspondingly, ordinal preference data in conjunction with our proposed linear programming estimation methodology provides individual level attribute weight estimates that are worthy of academic and managerial attention and use.

4 - Reduced Dual Response

Christian Schlereth, Goethe University Frankfurt, Grueneburgplatz 1, Frankfurt, 60629, Germany, schlereth@wiwi.uni-frankfurt.de, Bernd Skiera

Dual Response is a promising augmentation of Choice-based Conjoint, which separates in each choice set the selection decision from the purchase decision. Yet, many purchase decisions might be redundant, if respondents stated (not stated) in previous choice sets that they would purchase a worse (better) product than the most preferred one in the current choice set. We propose Reduced Dual Response, which limits the number of purchase decisions. Therefore, we use the information from the selection decisions to pre-rank the products and then identify the product for which the respondent will be indifferent between buying and not buying. Additionally, we adjust for scale differences between the selection and the purchase decisions. A simulation study and a large-scale empirical study with 880 respondents demonstrate the superiority of Reduced Dual Response over Choice-Based Conjoint and Dual Response.

■ SC12

Room 22

ASA Special Session on Statistics and Marketing: Applications II

Cluster: Special Sessions

Invited Session

Chair: David Schweidel, University of Wisconsin-Madison, 975 University Ave, 4191B Grainger Hall, Madison, WI, 53706, United States of America, dschweidel@bus.wisc.edu

1 - Modeling Scale Attraction Effects: An Application to Charitable Donations

Kee Yeun Lee, University of Michigan, Ann Arbor, MI, United States of America, keeyeun@umich.edu, Fred Feinberg

Scales are ubiquitous in marketing and survey research. Analysts typically presume that respondents will choose the scale point closest to their "true" desires, but this assumption has only rarely been examined empirically. Scale-induced behavior is particularly critical in charitable donations. Charities have a mandate to maximize donations, but avoid asking for too much more than a prospective or prior donor is prepared to give, for fear of losing them, perhaps forever. To this end, we propose a model for scale attraction effects, calibrating it on data from a longitudinal quasi-experiment run for 3.5 years by a French charity. Prior donation groups and mode of request (mail, door-to-door, etc.) are known, but each respondent's "latent donation" is not. We posit a Tobit-II type model that accounts for the effects of donation request scales on both amount donated and on whether a donation is made at all, as well as a "locus of acceptance" around each donor's reference donation level, itself a latent value. This allows us to test different scale attraction mechanisms, along with a variety of different reference point formulations. Via data augmentation, the model reverts to a heterogeneous SUR formulation, requiring M-H steps only for the non-linear scale attraction effects. The resulting hierarchical Bayes estimates can be used in a dynamic optimization framework to help charities with "laddering": planned increases in donation requests typically used to maximize donations on a group-wise or household-level basis over time.

2 - Seeing through Shoppers' Eyes and Following in their Footsteps: Grocery Shoppers' Planning, In-store Shopping Path, and Dynamic Decision Making

Jacob Suher, TNS Sorensen, Sam Hui, Jeffrey Inman, Yanliu Huang

In-store decision making has drawn increased attention from manufacturers and retailers in recent years due to the fact that shoppers make most of their decisions in the store. However, despite the significance of studying in-store decision making, there are few marketing studies in this field and most of them concentrate on the static aspects of shopper marketing such as the effect of contextual factors on unplanned purchases. The purpose of the current research is to improve our

understanding of consumers' dynamic in-store decision making. In a field study, 300 grocery shoppers wore eye-cams and RFID tags to record their real-time activities and shopping paths during their entire shopping trip. We also collected their shopping intentions, gathered relevant demographic and psychographic information, and asked them to elaborate on their unplanned purchases. A series of hypotheses on dynamic decision making in the store are proposed, including how planned and unplanned purchases interplay with each other, and how shopping path characteristics such as the distance a shopper has traveled by a specific decision and a shopper's remaining in-store slack moderate this planned and unplanned interaction. We also plan to see whether we can replicate the effect of external characteristics such as store and product category as well as shopper characteristics on unplanned purchases as shown in previous literature.

3 - Generalizing a "Buy 'Til You Die" Framework to Multiple Transactional Activities

David Schweidel, University of Wisconsin-Madison, 975 University Ave, 4191B Grainger Hall, Madison, WI, 53706, United States of America, dschweidel@bus.wisc.edu, Young-Hoon Park, Zainab Jamal

"Buy 'til you die" models such as the Pareto/NBD and BG/NBD have provided the foundation for customer base analyses in transactional contexts. Though such models allow for customers' latent transitions from "active" to "inactive," they only consider a single transactional activity. In a number of contexts, customers may be able to engage in multiple transactional activities with a single company. This includes buying and renting DVDs, purchasing and sharing digital content, and the purchasing of products from different brands of the same parent company. In this research, we generalize a single-activity "buy 'til you die" model to account for two activities in which customers may engage with a single company. We consider two distinct ways in which customers may transition from "active" to "inactive" in each activity: a single "death" process for all activities and individual processes for each activity that may be correlated. Using simulations, we explore the conditions under which simultaneously examining the histories for both activities improves forecasts compared to studying the activities in isolation of each other. We then apply the proposed bivariate "buy 'til you die" model to data on customer transactions from a digital content provider to demonstrate how one activity's transactions provide information about the likelihood that a customer is still "alive" on the other activity and their expected value.

4 - Dynamic Targeted Pricing in B2B Settings

Oded Netzer, Columbia University, New York, NY, 10027, United States of America, Jonathan Zhang

This research models the impact of firm pricing decisions on different facets of the customer purchasing process in business-to-business (B2B) contexts, and develops an integrated framework for inter-temporal targeted pricing to optimize long-term profitability. Pricing in B2B contexts often offers the seller considerable flexibility in implementing first degree and customer-level inter-temporal price discrimination. While this flexibility affords significant opportunities for the firm, it also requires great care in ensuring long-term profitability. Furthermore, the business customer typically makes several interrelated decisions (e.g., when and how much to buy, whether to ask for a quote and whether to accept the seller's bid), which need to be modeled jointly. The proposed model utilizes hierarchical Bayesian copulas to capture these inter-related decisions in an integrated fashion. In addition, we use a non-homogenous multivariate hidden Markov model to account for heterogeneity in customers' behaviors, asymmetric reference price effects, and purchase dynamics, while taking into account the short- and long-term implications of the pricing policy. We calibrated the model using longitudinal transaction data from a metals retailer. The results reveal several substantive insights about the short- and long-term impact of the firm's pricing decisions on each of the inter-related components of the customer's purchasing behavior, and the impact of reference price in B2B settings. These results imply that B2B sellers need to carefully consider both the short- and the long-term consequences of their pricing policy when setting prices for each order. Additionally, the proposed model exhibits superior predictive performance relative to several benchmark models.

■ SC13

Room 23

Pricing: Perception

Contributed Session

Chair: Barbara Broermann, Department of Marketing III; University of Mannheim, L9, 1-2, Mannheim, 68131, Germany, broermann@bwl.uni-mannheim.de

1 - Asymmetric Price Response Effect and Latitude of Reference Price Effect on Consumer Brand Choice

Wei Wang, Lingnan University, Hong Kong, BU221, 2/F, Ho Sin Hang Building, Lingnan University, Tuen Mun, Hong Kong - PRC, wweivera@gmail.com

When on a purchase occasion, consumers are not only influenced by current promotion and a focal price. Instead, they have one or more reference price or quality. Reference price is a price that consumers are assumed to form in their minds as a result of experience. Prices above the reference prices are defined perceived losses and below reference prices are defined as perceived gains. So we try to find that the there are differences resoponses on consumers response of gains and losses. What's more, such asymmeteric price response effect has relation on frequency promotion. However previous researches treat reference price as a point, in this study we tend to compare range reference to point reference. We use multinomial logit modelto capture choice probability and built 5 models to caputure utility function: 1) Model 1 with no reference price effect;2) Model 2 with reference price effect: Uijt=aj+fl1jtPjt+ fl2jt Fjt +fl3jt Djt + fl4jt (RPjt-Pjt)+eijt where RPt=aRPt-1+(1-a)Pt-1;3) Model 3 with asymmetric price response effect: Uijt=aj+fl1jtPjt+ fl2jt Fjt +fl3jt Djt +fl5jt Ljt+ fl6jt Gjt +eijt Where Ljt = a(Pjt-RPjt) and Gjt= (1-a)(RPjt-Pjt) ;4) Model 4 with promotion frequency effect on asymmetric price response: We add one term, FPjt, to measure the frequency of promotions in occasion t. ;5) Model 5 with latitude of price acceptance: U jt=aj'+fl1jt'Pjt+ fl2jt'Fjt +fl3jt'Djt + fl5jt' Ljt+ fl6jt'Gjt +fl7jt'FPjt + fl8jt'ML jt+ fl9jt'MGj t +eijt Where we re-define price loss and gain to four terms, Ml, Mg, G, and L. For Ml and Mg ,.This study is based on scanner panel data togther with Consumer Report and American Customer Satisfaction Index and tends to find the reference effects towards consumer's brand choice.

2 - The Decomposition of Reference Price and its Impact on Customer Post-Purchase Behavior

Jianmin Jia, Professor, Department of Marketing, Chinese University of Hong Kong, Hong Kong, China, jjia@cuhk.edu.hk, Felix Tang

This article investigates how consumers interpret and evaluate mixed reference price information. It examines the multidimensionality property of reference price based on the transaction-space framework (e.g., Bolton et al. 2004) by using a decomposition approach. The article suggests that the higher explanatory power of transaction space framework, compared to traditional conceptualizations of reference price, rests on its ability to decompose a multidimensional reference price into its components such as regret, fairness, and disappointment. The decomposition allows a clear interpretation of how different components of a reference price may influence consumer's affective, cognitive, and behavioral response. In our experimental studies, we demonstrate a mixed across-consumer and across-firm reference price discrepancy can be separated and modeled as two independent components of fairness and regret when a new piece of reference price information is introduced. After the decomposition, we examine the separate impact of fairness and regret on customer post-purchase behavior, compared with the confounding case of no decomposition. We show that an appropriate decomposition of reference price can increase customer satisfaction and confidence, and fairness should be better modeled as egoistic than altruistic in explaining post-purchase behavior. Implications for both practitioners and researchers are discussed.

3 - Direct Utility Approach to Reference Price and its Effects

Chul Kim, KAIST, 87 Hoegiro, KAIST, s287, Seoul, Korea, Republic of, gunbam@gmail.com, Duk Bin Jun

When a consumer purchases a product, a consumer consider both real price and reference price of the product. If a real price is above the reference price, a consumer might feel loss, while it a real price is below the reference price, a consumer might feel gain. There are lots of researches which dealt with reference price and its effect. Most of them have included the loss and gain term into utility function under the multinomial choice setting. Although this approach could capture the existence of reference price and the its effect, they couldn't explain where and why these effects concerned with reference price come from. Also, the brand choice model has been developed so that not only brand choice but also purchase incidence, purchase quantity, and multiple choices could be dealt simultaneously. However, most of researches which examined reference price effects just considered only brand choice. In fact, reference price could affect purchase incidence, purchase quantity, and multiple choices. However, under the MNL assumption that a consumer could choose only one brand and should purchase the chosen brand as much as possible up to its income, he/she couldn't decide how much to buy. This paper aims to examine the origin of loss and gain, the answer of the questions that where and why the gain and loss comes from, and incorporate purchase quantity, purchase incidence, and variety seeking into model. However, it is very challenging to explain these effects with conventional multinomial choice model. Because it is indirect utility approach, what we incorporate into model is to add loss and gain caused by sticker shock to indirect utility function. Therefore, in this research, we used economic choice model and direct utility approach.

4 - Strategies for Introducing Prices for Formerly Free Value-Added Services

Barbara Broermann, Department of Marketing III; University of Mannheim, L9, 1-2, Mannheim, 68131, Germany, broermann@bwl.uni-mannheim.de, Sabine Kuester

Value-added services (VAS) are supplementary service elements that add value to the core product. Despite the value they create for customers, additional services are frequently given away for free especially in Business-to-Consumer settings. Once given away for free, companies then often refrain from implementing prices for these VAS, because the resulting price increases may generate negative customer reactions such as perceived price unfairness. However, researchers maintain that VAS should be priced according to their special value that they create for customers. We intend to address this dilemma by identifying instruments which help to increase the acceptance of prices for formerly free VAS. Our online experiment was conducted with 471 customers in the context of a technical support for personal computers. Not only communication based on cost motives but also communication based on value motives positively influenced the customers' perceived price fairness subsequent to a price introduction for a formerly free VAS. Additionally, we found that this positive effect is moderated when the VAS is non-alignable. Furthermore, we detected that perceived fairness in turn impacts the perceived value of the VAS as well as the purchase intention of the VAS. In addition, we observed that the communication strategy is more effective for highly involved customers. Our study provides important implications for management trying to introduce prices for their VAS.

■ SC14

Room 24

Marketing and Health II

Cluster: Special Sessions
Invited Session

Chair: Aurélie Lemmens, Erasmus University, Rotterdam, Netherlands, lemmens@ese.eur.nl

Co-Chair: Stefan Stremersch, Chaired Professor of Marketing, Erasmus University Rotterdam, P.O. Box 1738, Burgemeester Oudlaan 50, Rotterdam, 3000 DR, Netherlands, stremersch@ese.eur.nl

1 - When Does Publicity Matter in Determining Consumer Demand? The Case of Anti-Cholesterol Drugs

Hyunwoo Lim, University of Toronto, Hyunwoo.lim06@rotman.utoronto.ca, Robert Clark, Ignatius Horstmann, Andrew Ching

In this research, we measure the role of publicity on the demand for prescription drugs. Most of the previous works focus on studying the effects of direct-to-consumer advertising and detailing on demand. Although the marketing and economics literature suggests that publicity can also heavily influence consumers' choices, there has been very little research which quantifies how media coverage of clinical results, adverse-effects, sales performance, etc., might affect physicians' decisions on which drug to prescribe. The main obstacle of measuring the impact of media coverage is that this type of data is hard to interpret. To overcome this obstacle, we develop a new method to determine whether an article provides positive or negative news, and its level of importance. The key idea of our method is to map the information of an article to a multi-dimensional attribute space. This new method allows us to significantly reduce the measurement errors introduced by the traditional coding method. We apply this method to news articles about statins (a class of anti-cholesterol drugs) available in Canada from 1993-2004. To identify the impact of publicity on the demand for statins, we estimate a demand model by combining our media coverage data with the data on sales, prices, detailing, direct-to-consumer advertising, and clinical outcomes. We find evidence that the influence of media coverage on demand may depend on which type of information it delivers.

2 - Physician Choices Within and Across Drug Classes

Tulikaa Bhatia, Rutgers University, Princeton, NJ, 08540, United States of America, tulikaa@rci.rutgers.edu, Pradeep Chintagunta, Lakshman Krishnamurthi

A key assumption in the existing literature in marketing which deals with physician decision making is that conditional on the product class being chosen, the physician makes a choice of drug in the product class. There is also an assumption in the existing literature that these drug classes are substitutes while in certain therapeutic categories, combination drugs and polytherapy is the norm. We look at a therapeutic category treating a chronic disease and find that physicians switch drug classes more than they switch drugs within a particular drug class. That implies a very different kind of decision making by the physicians where they are deciding between classes and within classes as well as deciding whether to choose combination therapy or polytherapy. We specify and estimate a multi-level heterogeneity model with two layers of heterogeneity. First, physicians are assumed to vary in their mean preferences for the drugs in the various drug classes and in their sensitivities to detailing. Patients' match values for the drugs are represented by locations on some unknown underlying attribute space. We are able to separately identify these two sources of heterogeneity as we have data for a sample of physicians and for each of their patients. We then extend the model to allow for physician learning of overall drug quality as well as patient match value.

3 - Prescription Decision Making

Min Ding, Smeal Research Fellow in Marketing and Associate Professor of Marketing, Pennsylvania State University, 408 Business Building, University Park, PA, 16802, United States of America, minding@psu.edu, Ujwal Kayande

Abstract not provided.

4 - International Spillovers in Pharmaceutical Pricing: The Role of Geography, Trade, and Regulation

Isabel Verniers, Assistant Professor, Erasmus University Rotterdam, Burgemeester Oudlaan 50, Postbus 1738, Rotterdam, 3000 DR, Netherlands, verniers@ese.eur.nl, Aurélie Lemmens, Stefan Stremersch

Pricing is often controversial in industries of societal importance, such as utilities (e.g. energy prices), telecommunication (e.g. fixed line service fees) and medicine (e.g. drug prices). The affordability to all citizens of such products may be a concern, which is often a cause for government intervention through regulation in price setting in such markets. Prices may show wide variation across international markets, generating a sense of inequity in high-price markets. Prior studies inventoried variation in regulation and price patterns but did not examine the relationship between prices across countries. This paper identifies the extent to which the price of a drug in one country has a relationship with the price of the same drug in other countries. We study the existence of such price spillovers across 39 countries for 16 drugs across 173 months. Our study shows that price spillovers exist across international pharmaceutical markets. Geographically close countries and countries that share a strong trade relationship have more similar prices than geographically distant countries or countries that share a weak trade relationship. Interestingly, the presence of cross-country reference pricing regulation may not always enhance international price spillovers, as companies may adjust their launch sequence within the reference set to circumvent Pricing is often controversial in industries of societal importance, such as utilities (e.g. energy prices), telecommunication (e.g. fixed line service fees) and medicine (e.g. drug prices). The affordability to all citizens of such products may be a concern, which is often a cause for government intervention through regulation in price setting in such markets. Prices may show wide variation across international markets, generating a sense of inequity in high-price markets. Prior studies inventoried variation in regulation and price patterns but did not examine the relationship between prices across countries. This paper identifies the extent to which the price of a drug in one country has a relationship with the price of the same drug in other countries. We study the existence of such price spillovers across 39 countries for 16 drugs across 173 months. Our study shows that price spillovers exist across international pharmaceutical markets. Geographically close countries and countries that share a strong trade relationship have more similar prices than geographically distant countries or countries that share a weak trade relationship. Interestingly, the presence of cross-country reference pricing regulation may not always enhance international price spillovers, as companies may adjust their launch sequence within the reference set to circumvent.

■ SC15

Room 25

Decision Making: Uncertainty

Contributed Session

Chair: Robert Meyer, Professor, University of Pennsylvania, The Wharton School, Philadelphia, PA, 19104, United States of America, meyerr@wharton.upenn.edu

1 - Preferences and Beliefs in Strategic Interactions

A. Yesim Orhun, University of Chicago, 5807 S. Woodlawn Avenue, Chicago, IL, 60637, United States of America, yesim.orhun@chicagobooth.edu

Strategic interactions among agents are governed by agents' preferences over outcomes and their beliefs about the likelihood of other players' choices that shape the outcome. Beliefs across agents are assumed to be mutually consistent. This assumption plays a critical role in our ability to infer preferences from observed strategic decisions. The first objective of this paper is to document the systematic how subjective beliefs deviate from rational expectations about other decision makers, even when individuals face incentives for accuracy. To this end, I first show systematic and predictable differences in both elicited and implicit beliefs that are related to differences in preferences across individuals. I also demonstrate the need to account for individual-level systematic differences in measuring population-level accuracy deviations such as conservatism. The relationship between beliefs and preferences is shown to be beyond what either false consensus or a simple correlation between beliefs and preferences can account for, and is consistent with a more fundamental account of projection of preferences. The second objective of this paper is to study the impact of systematic deviations in beliefs on choices in strategic settings and the resulting biases in the estimation of preferences from choice data. The particular application of the paper is the domain of social preferences and beliefs about others' altruism. Strategic decisions in a modified lost-wallet game where trust in the other person's altruism plays an important role are heavily influenced by one's own altruistic preferences. The bias resulting from assuming rational expectations is demonstrated to be substantial.

2 - Consumer Risk Behavior During Product-harm Crises: A Natural Experiment

Nikos Kalogeras, Post-Doctoral Researcher/Senior Lecturer, University of Maastricht, Tongersestraat 53, Maastricht, Netherlands, N.Kalogeras@maastrichtuniversity.nl, Joost, M.E. Pennings, Koert Van Ittersum

Recent research argued that by decoupling consumer risk behavior into the separate components of risk attitude and risk perception, a more robust conceptualization and prediction of consumers' risk responses is possible. Furthermore, it is argued that the influence of risk attitudes and perceptions on consumer behavior can be used to formulate effective marketing strategies in case of a product-harm crisis. The question arises whether or not the impact of these risk variables changes over time (i.e., due to changes in the contingent conditions of the decision environment), and what factors drive these changes. The BSE (mad cow disease) crises in the US and Germany provided us with a natural experiment to examine the relationship between risk attitudes, perceptions and behavior across the pre-, initial-, and post-phases of the BSE crisis. The unique features of our decision context allowed us to conduct large scale field studies and develop a longitudinal between-subjects research design. A total of 228 American and 298 Germans were interviewed in 2001; 595 Americans and 301 German consumers were interviewed in 2004. First, the results show that consumer risk behavior in a product-harm crisis is inconsistent across segments of the population. Second, our findings show that risk attitudes and perceptions drive the participation and quantity-reduction decisions of Americans and Germans over time. The impact of consumer risk attitudes and perceptions is higher in the incipient- than in the pre- and post-phases of a product-harm crisis. Third, changes in the relative importance of risk attitudes and perceptions are driven by changes in consumers' knowledge and trust in the food-safety information provided by governmental institutions over time.

3 - Consumer Choice of Attribute in a Limited Information Product Selection Task

Harmen Oppewal, Professor, Monash University, Department of Marketing, P.O. Box 197, Caulfield East, 3145, Australia, Harmen.Oppewal@buseco.monash.edu.au, Andrea Vocino

Consumers often have to make purchase decisions without having full information about the alternatives available to them. In such cases consumers have to infer the quality of products on offer from the limited available information and decide

whether to acquire additional information. This study examines this process and specifically investigates in what sequence consumers access attribute information if they are confronted with a decision task that has only incomplete information. We hypothesize that consumers will choose the attribute that provides the greatest utility to them in learning about the products on offer. To specify which attributes have the highest utility we rely on works by Dawar and Parker (1994), Olson (1977) and Purohit and Srivastava (2001) and predict that getting to know the brand name will be of greater value than obtaining price information, while both information items are of greater value than knowing the name of the retailer providing the item. We also expect that the value of a cue is affected by the consumer's perception of the variability in product quality as inferred from the presented range of brand names, store names and prices. We use a discrete choice experiment to these hypotheses in an online product selection task. The results show that for our selected product category brand and price are similar in value while store name information is less valuable. We also find evidence that an attribute is more likely to be chosen if it is perceived as having a greater variability in the market.

4 - Heads in the Sand: Biases in Information Search in Advance of Low Probability, High-Consequence Events

Robert Meyer, Professor, University of Pennsylvania, The Wharton School, Philadelphia, PA, 19104, United States of America, meyerr@wharton.upenn.edu

This explores biases that arise when individuals gather information that is potentially informative about an uncertain catastrophic event. Participants are given a monetary endowment that is invested in a device that is potentially infected with a virus that will destroy earnings the moment an attempt is made to withdraw funds. To protect against this, participants may purchase a costly device that would remove latent viruses. To help decide whether such a purchase is worthwhile, at each point in time in the simulation participants can purchase "research reports" from each of three vendors who provide a noisy binary signal of whether the system is infected or not with different. The data are used to test the hypothesis that information-gathering will display two biases: 1) An asymmetric feedback effect in negative report from one vendor increases the likelihood of a switch to a new vendor; and a goal-proximity effect where information gathering among those who have yet to buy protection decreases as the terminal payoff period becomes proximate. The joint effect is a predicted excessive optimism that produces a tendency to under-invest in insurance against the virus as time progresses in the task. Data provide partial support for the predicted optimism effects. As predicted, sequential choices of research vendors display the "switch if bad" bias that was theorized and overall tendency to gather too little information relative to normative benchmarks. On the other hand, this selective information gathering did not impede purchases of the anti-virus device. Decisions acted as if they were based on what WAS observed in small—if often unreliable—samples, a bias that caused some to buy the device when unneeded and others to forgo it when needed.

Saturday, 3:30pm - 5:00pm

■ SD01

Room 02

Referral Marketing

Cluster: Special Sessions
Invited Session

Chair: Mahima Hada, Pennsylvania State University, Smeal College of Business, 406A Business Building, University Park PA 16802, United States of America, muh167@psu.edu

1 - The Life Time Value of Referral Clients

Nazrul I. Shaikh, University of Pennsylvania, Wharton School, 3730 Walnut Street, 500 Jon M. Huntsman, Philadelphia, PA, 19104, United States of America, nazrul@wharton.upenn.edu, Kartik Hosanagar, Christophe Van den Bulte

Gaining new customers through referrals from existing customers is a prevalent practice in business markets today, especially for firms providing services. These "Referral Clients" (customers acquired via a referral) are, theoretically, easier to acquire as they gain a referral from one of their peers. However, are these referral clients more profitable for the service provider as compared to other clients; and do they evaluate the supplier firm differently as compared to other clients? We answer these questions by studying the customer lifetime value (CLV) of referral clients, and their evaluation of the service provider as compared to customers acquired through other channels. We test our theory with data from a service provider in a business market and find heterogeneity between referral clients. The referral clients who are referred to by peers with the same background have a higher tendency to stay longer, that translates to a higher CLV. Further, we find that 1) referral clients are less sensitive to key performance measures (KPIs) used by the rest of the clients to gauge the service provider, and 2) referral clients have a different way of weighing the past and the present performance of the service provider as compared to clients acquired through other lead sources. Our findings also have implications for prospect theory as applied to firms – we show that the reference point effect as encapsulated by prospect theory is not applicable to multiple independent criterions when considered simultaneously.

2 - Understanding the Drivers of Customer Referral Value

J. Andrew Petersen, University of North Carolina, Kenan-Flagler Business School, McColl Building, Chapel Hill, NC, United States of America, andrew_petersen@unc.edu, V. Kumar (VK), Robert P. Leone

Many firms are now using referral marketing campaigns to harness the power of word of mouth and increase referrals in order to acquire new customers. In this paper, we develop and test a new four-step approach to compute each individual customer's referral value to the firm, or CRV. Next, we determine the behavioral drivers of CRV and then identify the most effective methods of targeting the most promising customers based on each customer's CLV and CRV scores. We illustrate and test this approach through four separate field experiments with firms from two different industries – financial services and retailing. We generate several key implications about ways managers can effectively run referral marketing campaigns to maximize future profits. First, we find that referral marketing campaigns are more effective in increasing CRV on those customers who currently have lower CRV than customers who already have a higher CRV. Second, we are able to empirically determine the behavioral drivers of CRV. This allows us to profile customers within the low CRV segment who are most likely to respond positively to a referral marketing campaigns. In addition, we show with a field experiment that when firms select customers for a referral marketing campaign who have low CRV using the behavioral drivers of CRV, those firms can dramatically increase the return on investment from their referral marketing campaign. Finally, we found that customers who made referrals during the field experiment actually increased their own purchases – so the firm in effect "hit the jackpot twice".

3 - Referrals by Design: Effect of Product's Functionality, Aesthetics and Image on Consumer's Referral Intentions

Mahima Hada, Pennsylvania State University, Smeal College of Business, 406A Business Building, University Park, PA, 16802, United States of America, muh167@psu.edu, Ujwal Kayande, Arvind Rangaswamy

Referrals influence potential consumers to purchase a product, and thus, impact a firm's sales. There is substantial evidence in the marketing literature that customer satisfaction leads to referrals for the firm, and that product design and marketing influence satisfaction. However, it is not clear whether product design and marketing have direct effects on referrals beyond their indirect effects via customer satisfaction, and if yes, what are the relative magnitudes of the effects? Using data from over 43,000 car owners collected by JD Power and Associates, we investigate how a product's design, as reflected in its perceived functionality and aesthetics, and marketing, as reflected in its perceived image, influence consumers' referral intentions. Specifically, we test how consumers' evaluations of cars on functionality, aesthetics and image relative to their expectations affect consumers' overall satisfaction and referral intentions. We find that exceeding expectations on functionality and image significantly affects consumers' referral intentions, whereas exceeding expectations on aesthetics does not. We also find that exceeding expectations on the product's image affects consumers' referral intentions significantly more than it affects consumer's overall satisfaction. Our results support our position that to study and manage referrals, researchers and firms 1) should consider all the three dimensions (functionality, aesthetics and image) of a product, and 2) should consider direct effect of product's functionality, aesthetics and image, on referrals, and not only through overall satisfaction.

■ SD02

Room 04

CRM: Customer Satisfaction III

Contributed Session

Chair: Maik Eisenbeiss, Assistant Professor of Marketing and Retailing, University of Cologne, Albertus-Magnus-Platz 1, Cologne, 50923, Germany, eisenbeiss@wiso.uni-koeln.de

1 - The Effect of Customer Satisfaction on Service Purchases and Revenues: A Systematic Examination of Moderating Effects

Nicolas Bourbonus, Research Associate, Frankfurt School of Finance & Management, Sonnemannstrafle 9-11, Frankfurt am Main, 60314, Germany, n.bourbonus@frankfurt-school.de, Dominik Georgi

Customer satisfaction has been a main topic in marketing literature and management during the last two decades. Recently there are critical statements about the aim of high customer satisfaction. All efforts to enhance customer satisfaction imply an enhancing customer satisfaction leads to economic advantages. A few studies show that customers who claim to be satisfied switch their suppliers. So customer satisfaction doesn't always seem to lead to service purchases and revenues. The relationship is more complex. Newer research confirms this fact, that there is not a simple linear positive relationship between customer satisfaction and service purchases/revenues. The relationship is influenced by moderating variables. These moderating variables such as customer characteristics increase (decrease) the relationship. Potential moderating variables of customer characteristics are demographic variables (e.g. age, sex) behavior related variables (e.g. relationship length) and socioeconomic variables (e.g. periodical income). The influence of moderating variables of customer characteristics has been rarely systematically analyzed. Based on this research gap the focus is to identify a systematical overview about moderating effects of customer characteristics and to develop a model to analyze these moderating variables between customer satisfaction and service purchases/revenues. The considerations suggest further research regarding empirical examination. From the

point of management view, knowledge on how customer satisfaction is moderated by customer characteristics can be helpful for companies to get a deeper insight in the influence of customer satisfaction.

2 - Does Attitudinal Loyalty Mediate the Relationship between Satisfaction and Behavioral Intentions? An Empirical Examination

Anand Kumar Jaiswal, Assistant Professor of Marketing, Indian Institute of Management, Ahmedabad, Wing 7, Vastrapur, Ahmedabad, Gu, 380015, India, akjaiswal@iimahd.ernet.in

This paper examines the mediating role of attitudinal loyalty in the relationship between satisfaction and customer behavioral intentions such as willingness to pay more and internal and external complaining responses. It also examines the nonlinear effects in the relationship between satisfaction, attitudinal loyalty and behavioral intentions. Though such complex nonlinear nature of satisfaction loyalty link is suggested by several researchers, few attempts have been made to empirically examine nonlinearity (Mittal, Ross and Baldasare, 1998; Anderson and Mittal, 2000). We adopted the structural equation modeling approach to test the hypotheses. We utilize data from collected from 202 online shoppers in India. We used Marsh et al. (2004) unconstrained method to test latent quadratic effects in the conceptualized relationships. Our results support the fully mediating role of attitudinal loyalty in the relationship between satisfaction and behavioral intentions. We also find partial support for nonlinear effects in the relationship. Results support nonlinearity, and in particular diminishing sensitivity, in the link from attitudinal loyalty to willingness to pay more. We add to existing literature by detangling the complex relationships between satisfaction, attitudinal loyalty and behavioral intentions such as willingness to pay more and external and internal complaining responses. In particular, ours is the first study to simultaneously examine the nonlinear effects of attitudinal loyalty on multiple behavioral intentions constructs. Our study also establishes the superiority of fully mediated model, in which satisfaction affects behavioral intentions through attitudinal loyalty, over a partially mediated model.

3 - The Asymmetric Impact of Customer Satisfaction on Willingness to Pay: A Semi-parametric Analysis

Maik Eisenbeiss, Assistant Professor of Marketing and Retailing, University of Cologne, Albertus-Magnus-Platz 1, Cologne, 50923, Germany, eisenbeiss@wiso.uni-koeln.de, Markus Cornelissen, Klaus Backhaus, Wayne D. Hoyer

Investigating the relationship between customer satisfaction (CS) and willingness to pay (WTP) is of high relevance for managers to financially justify investments or disinvestments in CS. Based on a conceptual framework drawing on behaviorally realistic assumptions such as loss aversion and saturation effects the authors provide evidence that the relationship between CS and WTP is of much greater complexity than is suggested in previous research. In particular, the results of two empirical studies reveal that there are two types of functional asymmetries: (1) WTP is more decremented by dissatisfaction than it is incremented by the same magnitude of satisfaction. (2) After a certain (fairly high) CS level, diminishing returns to CS set in. Overall, the CS/WTP-link follows an asymmetric nonlinear function with two inflection points: concave for low CS levels, convex for moderately high CS levels, and concave for very high CS levels again. Models that do not account for these types of asymmetries not only underestimate the gravity of dissatisfaction, but also overestimate the benefits of high satisfaction levels. In addition, the authors analyze whether the asymmetric nature of the link is further altered by key moderating variables; namely customer involvement, competitive intensity and supplier reputation. It can be shown that each of these moderators significantly change the whole nature of the asymmetric function.
Methodologically, the authors leverage the capabilities of Generalized Additive Mixed Models, a nonparametric modeling technique enabling a flexible analysis of the CS/WTP-link at the individual customer level.

■ SD03

Room 06

Direct Marketing

Contributed Session

Chair: Arnaud De Bruyn, Associate Professor, ESSEC Business School, Av. Bernard Hirsch, Cergy, 95000, France, debruyn@essec.fr

1 - A Decision-support Tool for Recommending Promising Categories for Targeted Promotions

Els Breugelmans, Maastricht University, Marketing & Supply Chain Management, Tongersestraat 53, 6211 LM Maastricht, Maastricht, Netherlands, e.breugelmans@maastrichtuniversity.nl, Yasemin Boztug, Thomas Reutterer

Targeting customer segments with tailored promotional activities is widely recognized as a potential successful strategy to gain more of existing customers' discretionary spending. Most previous research focuses on the selection of promising customers for targeting and typically ignores the decision of which specific product category to select for inclusion in such targeted promotions. We present an innovative two-stage decision-support tool that assists managers in selecting promising categories from large assortments for inclusion in targeted promotions. To empirically test the performance of the derived segment-level category promotions, we implemented and validated our decision-support tool in cooperation with a major home-delivery grocery retailer using a large-scale controlled field experiment. Results point to a very successful campaign: our redemption rates are among the highest reported in both academic and managerial literature. What is more, targeted promotions clearly outperform non-targeted ones in terms of coupon redemption. Yet, not all targeted promotions change purchase behavior successfully. We show that customers who use a coupon where the most influential "draw" category was promoted engage in true cross-category purchases, resulting in an average extra boost in overall shopping basket size of about 10 percentage points (in amount and number of SKUs) vis à vis a control group. We therefore show that our procedure is an important decision-support tool that can help managers with making smart decisions regarding which category to promote for which customer.

2 - Empirical Analysis of the Value of Targeting Information in Coupons: Goals and Category Effects

Ignacio Osuna, PhD Student, IESE Business School, Avenida Pearson 21, Barcelona, 08034, Spain, iosuna@iese.edu, Jorge Gonzalez, Julian Villanueva

In hyper-competitive markets, some firms are using customer knowledge as a positioning strategy when price and quality positions are already taken. Previous research has shown that customer information significantly improves the profitability of direct marketing efforts when customizing a coupon's face value. In this study, we analyze the effectiveness of targeted coupons when used in a customer life cycle framework. We use a unique frequent-shopper database that contains records of more than 2,200 promotions, targeted to around 1 million customers and containing 68 supermarket product categories in 2009. Depending on the stage of the relationship with the customer, the retailer defines four different goals: cross-selling, up-selling, loyalty and customer recovery. We analyze how category structure, promotion characteristics and brand power influence the level of redemption and the increase of product sales and to what extent these promotions achieve the different retailer's goals. We find a significant difference in redemption and revenue increase effects for promotions with different retailer's goals. On average, coupon redemption rates for loyalty and up-selling are respectively 3.3 and 2.8 times higher than those of cross-selling. However, when we analyzed incremental revenues rather than redemption rates, we find the opposite effect; cross-selling is around 3 times more effective than loyalty and up-selling. We also find that a coupon's face value is a more important factor influencing redemption when the goal is cross-selling than when the goal is loyalty. Finally, we show that these differences are moderated by category characteristics such as private label brand share or category price dispersion.

3 - Targeting the High Value Customers in Direct Marketing: A Quantile Regression Approach

Simon Lo, Lingnan University, HK Institute of Business Studies, Tuen Mun, Hong Kong - PRC, simonlo@ln.edu.hk, Xi Zhang, Geng Cui

Improving the return on marketing under resource constraint is a great challenge in direct marketing, where profit typically concentrates among a small percentage of high value customers, exhibiting a skewed long-tail distribution. Analytical techniques based on ordinary least squares (OLS) methods predict the ranking of customers by comparing only the conditional expectations of individual profit distributions. Instead of resorting to the first moment, quantile regression (QR) can improve predictive accuracy by comparing the entire conditional profit distributions estimated for every individual. Wherever the individual conditional distributions are skewed and are heterogeneous, the extra information extracted from the QR offers additional predictive ability. Despite the potential benefits, estimating the whole ranking by comparing jointly the entire profit distributions from all individuals is computationally demanding. We propose a ranking procedure that focuses on a specific percentile of high value customers predicted by the OLS methods and improve the predictive ability by a QR-based selection mechanism. This is achieved by sorting out those individuals with a higher probability of spending more than the rest of the population, which is computed by simulating the conditional distributions estimated by QR. We apply this method to a large direct marketing dataset using the RFM model including the recency, frequency and monetary value of customers and compare its predictive performance to that of an OLS regression. The results suggest that the QR-based selection mechanism consistently improves the predictive power by a significant margin across the quantiles in the hit rates to identify the high value customers.

4 - Nullifying Endogeneity in Direct Mail Optimization: A Simple Delphi Solution to a Complex Marketing Problem

Arnaud De Bruyn, Associate Professor, ESSEC Business School, Av. Bernard Hirsch, Cergy, 95000, France, debruyn@essec.fr

In this paper, we show that in long-term solicitation planning, the relationship between the number of solicitations sent to donors, and their donation behavior, suffer from grave endogeneity problems (causality goes both ways), which prevent the calibration of classic econometric models. We suggest an approach where the impact of the number of solicitations on donor potential realization is managerially estimated using a Delphi approach. Once this relationship is estimated, it can be re-incorporated into a scoring model, and de facto nullify endogeneity issues --which in turn allows donors' full potential to be estimated econometrically--. This approach can be seen as an extension of the early work of Lodish et al. (1988), and is in line with Laurent's (2000) call for increased managerial insight into modeling efforts (most noticeably to fully capture endogeneity issues and feedback loops). We present preliminary results of a large-scale experiment conducted with a charity to test and validate the model.

■ SD04

Room 14

User Generated Content

Cluster: Internet and Interactive Marketing
Invited Session

Chair: Jing Gao, University of Maryland, Robert H. Smith School of Business, 3330N Van Munching Hall, College Park, MD, 20742, United States of America, jgao@rhsmith.umd.edu

1 - Analyzing Online User-generated Content to Derive Dimensions of Perceived Quality

Seshadri Tirunillai, University of Southern California, 1124 W. 29 Street, Los Angeles, CA, 90007, United States of America, tirunill@usc.edu, Gerard J. Tellis

The perceived quality of a product or service is one of the most important drivers of consumer satisfaction, competition, and the long term success of a brand. Identifying the right dimensions of perceived quality is central to devising marketing strategies (e.g. positioning, creating advertising content, or designing new products). User Generated Content (UGC) constitute an excellent source of data for measuring perceived quality because they are rich, disaggregate and publicly available. The authors suggest a method to derive the dimension of quality from online UGC to answer the following question: 1. Do the dimensions of quality and metrics of UGC vary by brands, by product markets, and over time? 2. How do the dimensions of quality and affect stock market performance? 3. How does the level and content of advertising influence the salience of the dimensions of quality? To do so, the authors first extract the relevant attributes of the products and associated valence from textual content in UGC using techniques from statistical natural language processing. The authors then extract the underlying dimensions of quality using recent advances in statistical learning techniques. To demonstrate this, the authors aggregate data from multiple websites rich in product reviews across 15 firms over a period of 60 months. The method suggested here could help managers get real time measures of perceived quality of their products. Assessing how advertising affects UGC and how it in turns affect stock prices can greatly assist brand strategy. Further, deriving the key dimensions of quality and brands' positions on these dimensions can help design advertising content, re-design current products, or design new products.

2 - Peeking into Online Bargain Hunting Forums: How Active Participants Influence the Silent Majority

Jing Gao, University of Maryland, Robert H. Smith School of Business, 3330N Van Munching Hall, College Park, MD, 20742, United States of America, jgao@rhsmith.umd.edu, Jie Zhang

Bargain hunting websites are becoming increasingly popular among Internet users as a venue to look for good deals, posting comments, exchange tips and other information. They are also attracting the attention of retailers in search for creative ways to disseminate promotion information and to influence consumer attitudes. Despite their widespread popularity, only a small proportion of users actively participate in these discussion forums by posting comments, while most users look for information in the forums without contributing to the discussions. To assess the influence of such social discussion platforms, one must look at the impact of active participants on the silent majority, because the latter represents a much greater contributor to the customer base and sales of a company or product. In this study, we investigate whether and how discussions posted by active participants affect attitudes of the silent majority. We collect data from a major bargain hunting website, which contain attitude information of a sample of silent viewers. We conduct detailed content analysis of postings in the forums, and develop a Bayesian Poisson-Binominal model to examine how silent viewers' involvement and attitudes toward a promotion are influenced by the discussions, while controlling for other factors. Our results show that the content of discussions posted by active participants indeed affects the silent majority's attitudes toward a promotion; and that the specific categories of content play different roles in influencing their attitudes. Our findings demonstrate that marketers can benefit from studying activities in online bargaining hunting forums, and suggest ways for them to improve the design and information dissemination of promotions via participation in these forums.

3 - Social Network Learning: How User Generated Contents on Review Websites Influence Consumer Decisions

Hai Che, Marshall School of Business, University of Southern California, Los Angeles, CA, 90089, United States of America, haiche@marshall.usc.edu, Tat Chan, Chunhua Wu

In this Web2.0 age, consumers are ultimately connected on the Internet through online social networks. As a result, user generated contents (UGC) have been exponentially increasing and are rapidly transforming the way that advertisers interact with consumers. Our objective in this research is to investigate how consumers process UGC information, specifically user reviews, and how much of their consumption/purchase decisions are influenced by UGC. An additional objective of this research is to investigate how the magnitude and speed of consumers' information processing of UGC are determined by the type and structure of social networks that consumers reside in. By modeling how consumers process information from UGC, our study provides a solid micro foundation to accurately evaluate the impact of UGC. We collect data from a large restaurant review website. Besides reviewing restaurants, users on this website are allowed to build their own social network by adding friends or establishing discussion groups, thus we know explicitly the social network attributes for each individual user and we are able to track the influence of these attributes on the learning process. Preliminary analysis reveals that consumer decisions are not only influenced by the mean of ratings, but also by the variance of the ratings. Results also show that consumers do process reviews from different users differently. For example, reviews from those in the central of the social network are trusted more by users.

4 - User Generated Content in News Media

Tuba Pinar Yildirim, Katz Graduate School of Business, University of Pittsburgh, Pittsburgh, PA, 15260, United States of America, tyildirim@katz.pitt.edu, Esther Gal-Or, Tansev Geylani

Consumers today not only have access to information available online, but they can also contribute to it by creating their own content. Web 2.0 technologies enable user generated content (UGC) such as blogs, wikis, podcasts, videos and social networks to enhance the experience of products and services, particularly in the news media. Newspapers like Wall Street Journal and New York Times, are increasingly integrating UGC platforms to their traditional journalist edited content (JEC) through Facebook and Twitter communication with readers, linking blogs to news stories, and providing discussion forums for readers to speak their own mind. In this paper, we investigate the motivation behind media's growing assimilation of UGC. We show that when readers have heterogeneous political beliefs, addition of UGC platforms can be to the benefit of newspapers by allowing market segmentation. In equilibrium, while readers with more moderate beliefs choose to read only JEC, those with more extreme beliefs read UGC in addition to JEC. These results hold as long as the cost of providing UGC is sufficiently small. Further, we show that the addition of UGC platforms reduces the extent of bias inherent in the news reports.

■ SD05

Room 15

Auctions

Contributed Session

Chair: Alex Kim, Doctoral Student, Krannert School of Management, Purdue University, 403 W. State Street, West Lafayette, IN, 47907, United States of America, kimaj@purdue.edu

1 - The Advertising Agency Selection Contest: A Competitive Auction with an Incumbent, Participation Costs, and Differential Qualities

Sharon Horsky, Professor, Graduate School of Business Administration, Bar-Ilan University, Ramat Gan, 52900, Israel, horskys@mail.biu.ac.il, Robert Zeithammer, Dan Horsky

In this work, we elaborate on how a firm ought to conduct a contest among full-service advertising agencies to select the best combination of creative quality, and overall media cost. This contest is different from the traditional auction, in which the bidder that offers to perform the required tasks for the least money wins the contract. Instead, each participating agency can have a different creative quality and face a different cost of media buying, with the auction combining both dimensions into a single score. In contrast to the traditional auction where bidders incur only one cost, if and only if they win the auction, in the advertising agencies' case the bidders also face a cost of entering the auction. An upfront contest participation cost, mostly related to the creative side, which is borne by all participants except the incumbent agency currently servicing the account; and a subsequent cost of servicing the account, mainly related to media buying, which is only borne by the winning agency. Moreover, the bidding agencies are heterogeneous in their creative and media skills. We show that it is optimal for the firm to reimburse each of the contest's losing agencies by a certain fraction of their auction preparation expenses. Such a partial reimbursement policy attracts new bidders into participation, and the firm's gains due to the more competitive environment are larger than the reimbursement cost. In addition to providing a rationale for reimbursements, we also present evidence that reimbursement is practiced in this industry.

2 - Entertainment Shopping Auctions: Smart-shopping Opportunity or Lottery?

Jochen Reiner, Frankfurt University, Grüneburgplatz 1, Frankfurt, 60323, Germany, jreiner@wiwi.uni-frankfurt.de, Martin Natter, Bernd Skiera

Entertainment-shopping auctions (ESAs) offered by retailers such as Swoopo.com are online auctions that involve bidding costs, but usually lead to prices that are far below recommended retail prices. Popular press and consumer protection agencies claim that ESA are more lotteries than auctions, which implies that winning is just a matter of luck. Others claim that "smart bidding" increases the odds of winnings and realizing savings for the customer. To analyze if "smart bidding" allows for increasing the probability of winning, we develop a bidding strategy that calculates optimal auction entry and exit prices. To calibrate our model we use data from 1960 auctions across 16 products offered by Swoopo.com, the leading ESA. Two factors, namely the probability that a certain price wins and the contingent bidding costs determine the entry and exit prices. To calculate the probability to win we approximate the auction ending prices by flexible Gamma distributions. For deriving the bidding costs, the model considers the varying number of expected participants at various stages during the auction. Our study contributes to the existing literature on online auctions and, more specifically, to the evolving research on the Entertainment Shopping Auction format. The results show that our bidding strategy yields a positive (expected) consumer surplus for all 16 products, contradicting the lottery hypothesis. They further reveal that, on average, 1 Cent auctions offer a higher expected consumer surplus for the participants optimizing entry and exit points. Thus, we conclude that ESA are not lotteries.

3 - Mechanism Choice in Procurement Auctions: An Experiment

Timo Heinrich, University of Duisburg-Essen, Universitätsstraße 12, Essen, 45130, Germany, timo.heinrich@ibes.uni-due.de, Jeannette Brosig

Every year companies and government agencies buy billions worth of services using procurement auctions. Recently several web pages have emerged, allowing also consumers to shop for services using procurement auctions. Markets for

services are often characterized by the presence of moral hazard. The increasing popularity of procurement auctions begs two questions. First, how can problems of moral hazard be overcome? Second, which market mechanism will become prevalent? We experimentally study the behavior in two common types of procurement auctions with moral hazard: price-based and buyer-determined procurement auctions. While principals are bound to buy from the lowest bidder in price-based auctions, they can choose between bidders in buyer-determined auctions. Only in the latter principals can consider the reputation of bidders. In addition we study the mechanism choice behavior of market participants. Our detailed analysis of submitted bids, chosen quality, profits as well as mechanism choice behavior shows that in line with the empirical observation both auction types can coexist.

4 - On the Optimal Number of Advertising Slots in a Generalized Second Price Auction

Alex Kim, Doctoral Student, Krannert School of Management, Purdue University, 403 W. State Street, West Lafayette, IN, 47907, United States of America, kimaj@purdue.edu, Subramanian Balachander, Karthik Kannan

Online search advertising has grown to become a significant advertising medium in the online world. In online search advertising, a web publisher such as a search engine uses a generalized second price auction to invite bids for advertisements placed alongside search results. In general, there may be as many as a dozen advertisements that are displayed adjacent to search results. In this paper, we study an interesting question related to the design of the generalized second price auction: how should a web publisher strategically decide on the number of advertisements to display? To answer this question, we first analyze the implication of varying the number of advertising slots in a base model of the generalized second price auction in which the click-through rates are assumed to be independent of the number of slots. When deciding the number of slots, we find that a web publisher's profit is based on two counteracting factors: the incremental clicks from an extra slot and the influence of the extra slot on advertisers' payments per click. Our analysis, under a general specification of advertisers' valuations, characterizes the conditions for optimality of the number of slots and the implications of different distributions for advertiser valuations. We also extend the base model by allowing the click-through rates to change with the number of slots, and define conditions for optimality of the number of slots. Our overall results show that web publishers need to optimize the number of advertising slots offered for auction in order to maximize profit.

■ SD06

Room 16

Entertainment Marketing II

Contributed Session

Chair: Hyoung-Goo Kang, Full-time Lecturer, Ewha Womans University, 1104 International Education Bldg., 11-1 Daehyun-dong, Seodaemun-gu, Seoul 120-750, Korea, Republic of, hyoung.kang@ewha.ac.kr

1 - Destination Marketing using Electronic Games?

Suzanne C. Beckmann, Professor, Copenhagen Business School, Department of Marketing, Solbjerg Plads 3, Frederiksberg, 2000, Denmark, scb.marktg@cbs.dk, Kerri-Ann Kuhn

Increasingly, tourism organisations leverage the visibility provided by films (Hudson and Ritchie, 2006) and television programs (Connell, 2005) to promote destinations and successfully influence consumer travel decisions (Grihault, 2003). Since there are many other types of entertainment media, we investigate how destination marketing organisations (DMOs) could make use of electronic games to generate tourist visitation to a given area. To date, consideration has not been given in the literature to games as a medium for destination marketing. Yet, the number of games set in specific locations continues to increase (e.g. Prototype New York, Midnight Club Los Angeles, Hellgate: London). Some feature GPS street-accurate recreations of real-life cities (e.g. True Crime: New York City), with technological advancements making them so authentic that the game is almost like a virtual city tour. With active control, particularly in free roam games, users have the opportunity to truly experience a location and access buildings, landmarks and transport. Game settings are an important consideration for designers and gamers: realistic sound effects, graphics and settings are key features that determine player enjoyment and game success (Wood et al., 2004). In many game forums, the discussion centres around exactly these aspects. Hence, our research focuses on assessing the marketing potential that games may offer DMOs by describing selected cases and analysing their features based on Keller's IMC Tetrahedron (Keller, 2001). This will be followed by interviews with gamers using a modified version of Roedder et al.'s brand mapping technique (Roedder et al., 2006; Zenker et al., 2010).

2 - Time-dependent TV Channel Choice Model at Household-level

Lily Su, Marketing Dept, the Chinese University of Hong Kong, Rm G, Floor 14th, Tower 2, Fanling Town Center, HK, Hong Kong - PRC, lilysue_823@hotmail.com

Though TV viewing is a household activity in most circumstances, most of the TV channel choice models are built at individual-level except for recent paper by Yang et al (2006). They modeled the interdependence of channel preference between husband and wife; however, more complex multi-lateral interactions are expected beyond husband-wife interaction in real life. In current research, a new channel choice model is built by using a group-decision making approach to study TV channel choice at the household-level and is applicable to different household structures. The proposed framework is adapted from the group decision making structure of Aribarg et al. (2002) and consists of three components, individual preference model, household decision model and individual response model. In addition, since the individual channel response made by each individual in the third model will influence the channel preference in the first model, the proposed framework is also be extended to dynamic by allowing past viewing records to impact on current channel choice. We also hypothesize that the change pattern varies among different types of programs. By estimating the model parameters through maximize likelihood method, the decision mode and preference interdependence pattern among household members can be derived. Results show that the proposed model has good prediction rate, and the estimated parameters indicate many managerial implications. Current research contribute to the line of research of TV channel choice model by considering household influence and viewing history, and explaining the underlying mechanism of the TV viewing process. It also contributes to the group decision making research by using an outcome-based approach to infer unobserved preferences.

3 - Blame it on the Rain: The Economic Impact of Precipitation in a Leisure Industry

Hyoung-Goo Kang, Full-time Lecturer, Ewha Womans University, 1104 International Education Bldg., 11-1 Daehyun-dong, Seodaemun-gu, Seoul, 120-750, Korea, Republic of, hyoung.kang@ewha.ac.kr, Hailey Joo, Jon Moon

In this paper, we study how rain influences the behavior of visitors to an amusement park by modeling consumer behavior in a two-stage decision making process that potential visitors make a decision to visit in advance based on day-specific characteristics and weather forecasts in the first stage, and they decide which pass to purchase based on the actual weather conditions on site in the second. Weather affects economic activities, and therefore demand and bottom line substantially. But academic researches on the effect of weather on businesses, other than agricultural business, are quite rare. We collect a first-hand dataset from a theme park located in South Korea, and analyze the effect of rain on theme park visitors. Our empirical analysis suggests that consumers are less likely to visit the park when it rains, but the degree is different between a day with an advance forecast of rain and a day without such forecast. A rainy day with an advance forecast of rain suffers significantly more severe decrease in visitors than a rainy day without such a forecast. This fall in the number of visitors, however, increases the likelihood of the visitors' purchasing a more expensive unlimited daily pass, because the rain provides the benefit of lower crowdedness. In order to maintain the number of visitors at the level of a non-rainy day, the park should lower its pass prices by 65.05%.

■ SD07

Room 17

Experimental Economics

Cluster: Special Sessions

Invited Session

Chair: Carl Mela, Professor, Duke University, Fuqua School of Business, Box 90120, Durham, NC, 27708-0120, United States of America, mela@duke.edu

1 - Who Thinks about the Competition? Managerial Ability and Strategic Entry in US Local Telephone Markets

Avi Goldfarb, University of Toronto, 105 St. George St., Toronto, ON, M5S 3E6, Canada, agoldfarb@rotman.utoronto.ca, Mo Xiao

We examine US local telephone markets shortly after the Telecommunications Act of 1996. The data suggest that older, better educated managers tend to enter markets with fewer competitors. This motivates a structural econometric model based on behavioral game theory that allows heterogeneity in managers' ability to correctly conjecture competitor behavior. We find that manager characteristics are key determinants in managerial ability. Furthermore, our estimate of ability predicts out-of-sample success. We estimate the model both before and after a shakeout and find that the estimated level of ability rises substantially following the shakeout. We also compare both results to Seim's (2006) equilibrium model. Our model fits the data much better before the shakeout, but not after. We interpret our results as suggestive of an evolution toward the long-run equilibrium outcome assumed in much of the simultaneous entry literature.

2 - A Semiparametric Cognitive Hierarchy Model for the p-Beauty Contest

Carl Mela, Professor, Duke University, Fuqua School of Business, Box 90120, Durham, NC, 27708-0120, United States of America, mela@duke.edu, Kristian Lum, P. Richard Hahn

Owing to limited strategic foresight, individuals often deviate from Nash outcomes in equilibrium play. When limits in strategic ability vary across the population owing to cognitive differences in ability, different strata, or hierarchies of play occur. Those with greatest foresight exhibit plays most closely approaching Nash and are most likely to have higher payoffs. Camerer Ho and Chong (2004), henceforth CHC, formalize this notion via an intuitively appealing and elegant cognitive hierarchy (CH) model of strategic reasoning wherein heterogeneity in strategic foresight is represented by a Poisson distribution. CHC establish the theoretical properties this model and detail how minimal deviations from strictly optimal play can conceivably give rise to observed deviations from Nash play. To stringently test the plausibility of cognitive hierarchy models for the p-beauty contest, we generalize CHC by developing a flexible semiparametric CH model which nests many common CH variants and indicate the conditions necessary for its identification. Using Bayesian methods, we then estimate and test both the generalized model and the CHC model with data collected from an experiment specifically designed to help us identify CH-style reasoning. Contrasting the observed and predicted distributions of equilibrium play, we find little empirical evidence that CH predictions are consistent with observed plays. We further find that random betadistributed plays across the population generate equally plausible characterizations of game play.

3 - Between-game Rule Learning in Dissimilar Symmetric Normal-form Games

Ernan Haruvy, Associate Professor, University of Texas at Dallas, 800 W. Campbell Rd, Richardson, TX, 75025, United States of America, eharuvy@utdallas.edu, Dale Stahl

Rule learning posits that decision makers, rather than choosing over actions, choose over strategies with different levels of sophistication. Strategies are reinforced over time based on their historically observed payoffs in a given game. Past works on rule learning have shown that in a repeated situation, decision makers can learn to form sophisticated beliefs about others. Here we are interested in learning that occurs between situations where the set of actions is not directly comparable from one situation to the next. We study a sequence of ten thriceplayed dissimilar games. Using experimental data, we find that rule learning captures the ability of decision makers to learn to reason across games. However, this learning is very different from within-game rule learning as previously documented. The main adjustment in sophistication occurs by switching from non-belief-based strategies to belief-based strategies. The sophistication of the beliefs themselves increases only slightly over time.

4 - Competing for the Low-end Market: A Theoretical and Experimental Investigation

Wilfred Amaldoss, Duke University, Durham, NC, 27708, United States of America, wilfred.amaldoss@duke.edu, Woochoel Shin

Recent business research points to the fortune awaiting to be tapped in low-end markets. In this paper, we investigate how the size of the low-end market influences a firm's profits and the pioneering firm's quality choice. As low-valuation consumers increase in a market, on average consumers' willingness to pay reduces. This may lead us to expect firms' profits to decrease as the size of the low-end market increases. Our analysis shows that, if the size of the low-end market is below a threshold, an increase in the size of the low-end market may actually dampen price competition and improve profits, as now firms strategically choose their quality levels such that their products are more differentiated. Conventional wisdom also suggests that the pioneering firm will offer a high-quality product and earn more profits. In contrast to this notion of quality advantage, our analysis identifies circumstances in which a pioneer can offer a lowquality product and yet earn more profits. An experimental test lends support for some of our model's predictions. We further discuss the strategic implications of markets where all consumers cannot afford to purchase the products offered by competing firms.

■ SD08

Room 18

Pharmaceuticals

Contributed Session

Chair: Eelco Kappe, Erasmus University Rotterdam, Burgemeester Oudlaan 50, Rotterdam, Netherlands, kappe@ese.eur.nl

1 - Extreme Information and Learning

Ping Li, Stanford, 518 Memorial Way, Stanford, CA, United States of America, pingl@stanford.edu, Sridhar Narayanan

Bayesian learning models have been applied to a variety of contexts, from consumers' brand choice decisions to physicians' prescription decisions to firms' product market entry and exit decisions. One of the fundamental assumptions of such models is that all information is weighted equally. However, behavioral literature has documented 'extremity' effects, that cause agents to place systematically different weight on extreme information than on other information in the learning process due to cognitive constraints. Additionally, in situations where information is conveyed by one agent to another, extreme information may be more likely to be transmitted than relatively neutral information. In this paper, we develop a model that extends the standard Bayesian learning model to allow for such extremity effects. The typical challenge in doing this is that the nature of the information is often unobserved, making it impossible to identify these extremity effects. We exploit a unique panel data set of patients' prescriptions, which also has patients' self-reported satisfaction reports to directly test for such extremity effects. Our empirical results show that extremity effects exist in this context of prescription decisions and are statistically significant. We further demonstrate that these effects have important consequences on patients' health outcomes.

2 - Drug Prescription Behavior and Decision Support Systems

Tolga Akcura, Associate Professor, Ozyegin University, Altunizade, Istanbul, 34662, Turkey, tolga.akcura@ozyegin.edu.tr, Zafer Ozdemir

Adverse drug events (ADEs) plague the outcomes of health care services. In this research, we propose a clinical learning model that incorporates the use of a decision support system (DSS) in drug prescription to improve physicians' decisions on the initial drug selection and ongoing dosage and application. The model allows for both the analytical investigation of the effects of different DSS features on clinical learning and estimation of the physician learning behavior given a panel dataset. The analytical results suggest that using a DSS would positively influence the importance of patient-level information for the physician. On the other hand, absent improvements in successful drug selection, the use of the DSS may negatively impact the clinical learning. The empirical results provide further evidence on the factors that drive physicians' response to information sources and the extent to which they rely on clinical experience in prescribing drugs.

3 - Combination Drugs to Extend the Product Life Cycle

Eelco Kappe, Erasmus University Rotterdam, Burgemeester Oudlaan 50, Rotterdam, Netherlands, kappe@ese.eur.nl, Stefan Stremersch

With their product pipelines running dry and the generic competition after patent expiry, pharmaceutical companies are searching for new ways to make profit. A popular alternative they pursue is the development of combination drugs. We investigate the characteristics of successful combination drugs. We look at how combination products influence the marketing allocation and efficiency of the single components and how the combination drug cannibalizes the single components of the same company. Utilizing a unique database containing hundreds of combination drugs we look at their impact on the market by estimating the demand and supply system, correcting for the endogenous price and marketing.

■ SD09

Room 19

Product Management

Contributed Session

Chair: Wooseong Kang, Assistant Professor, North Carolina State University, Department of Business Management, CB#7229, Raleigh, NC, 27695, United States of America, wkang@ncsu.edu

1 - Optimal Product Line Selection: A Fuzzy Goal Programming Approach

Bijaya Krushna Mangaraj, Professor, Xavier Labour Relations Institute, Circuit House Area, Jamshedpur, 831035, India, mangaraj@xlri.ac.in, Debasis Pradhan

Development of an optimal product line is crucial for the marketing managers when multiple numbers of criteria are considered. New products are to be commonly introduced in several configurations so as to satisfy organizational resource constraints, decision criteria as well as consumer appeal in different market segments. This involves selection of a particular product line having specific characteristics of the product. A liquid milk line might consist of types of milk in different packages as well as various categories of culturally acceptable milk. Conjoint analysis has been utilized to identify the key variables for the development of the new products. An interactive fuzzy goal programming approach has been adopted for selecting an optimal product line. A milk cooperative from India has been considered to demonstrate such a product line in a multi-criteria decision environment.

2 - Consumer Self-knowledge and Self-selection

Juanjuan Zhang, Assistant Professor of Marketing, MIT Sloan School of Management, 1 Amherst St, E40-171, Cambridge, MA, 02142, United States of America, jjzhang@mit.edu, Liang Guo

The notion of consumer self-selection assumes that consumers know their own preferences. However, this self-knowledge is often incomplete. We investigate optimal product line design when consumers must go through an effortful self-discovery process before they can identify their exact preferences. We find that the firm can either cultivate self-knowledge and cater to consumer heterogeneity, or suppress self-knowledge and blanket-target the whole market. The optimal strategy depends on how much surplus the firm can create by matching supply with heterogeneous demand, and how much surplus it can capture during this process. We show that the failure to account for endogenous consumer self-knowledge can misinform product line decisions and market research.

3 - Strategic Line Pricing: Measuring the Effects of Attribute Variety and Product Line Length

Geoffrey Pofahl, Assistant Professor, Arizona State University, 7171 Sonorol Arroyo Mall, Mesa, AZ, 85212, United States of America, gpofahl@asu.edu

We contribute to the literature on strategic pricing by developing an empirical choice model that sheds light on the relationship between product line choice and numerous measures representing attribute variety within each line. Our research is framed by previous studies that use simple count measures as proxies for variety (e.g. Kadiyali et al. 1998; Dranganska & Jain) and a more recent paper that explicitly solves for optimal prices and actual products to be offered (Draganska at al. 2009). Our research recognizes that line-length may not be the best representation of actual variety in a product offering given than many line-extensions are close variants of existing products. Thus, in addition to line-length as an indicator of variety, we consider other definitions based on observable product attributes. Our approach is motivated by previous work indicating that some product attributes have a greater impact on variety perceptions than others (Gourville & Soman, 2005) and thus should be more directly targeted by product designers. Using data for the carbonated soft drink category we find that the simultaneous effects of price and variety on line choice is much richer than previously indicated and that consideration of more fine-tuned variety measures could be more useful to managerial decision makers involved in price/variety optimization. While our results do not indicate the exact products that should be offered, they may have greater potential to assist manufacturers in the development of new line-extensions and provide a much more detailed look at the pricing implications of different variety changes.

4 - Technological Drivers of Product Portfolio Strategy

Wooseong Kang, Assistant Professor, North Carolina State University, Department of Business Management, CB#7229, Raleigh, NC, 27695, United States of America, wkang@ncsu.edu, Mitzi Montoya, Barry Bayus

Managing innovation is one of the most important issues facing business today, especially in this constantly shifting environment. A critical challenge is separating distractions from real opportunities/threats as they set direction through innovation strategy and select optimal portfolio projects. To do so, it is critical to understand the drivers of product portfolio. Specifically, what drives product portfolio innovation strategy? How can we facilitate successful implementation of these strategies? To address these questions, we empirically analyze the effects of technological drivers on the firm's product portfolio strategy. To understand the linkage, we specifically focus on introduction (i.e., how fast a firm introduces new products) and pioneering (i.e., how early a firm enters into a new market) intensities of product portfolio strategy. In order to characterize a firm's technology capability, we examine the effects of a firm's patent portfolio. In addition, by decomposing the patent portfolio, we further investigate the effects of technology concentration and specialization on the product portfolio strategy. Thus, the purpose of this paper is to investigate the key technological drivers in product portfolio management as it relates to innovation and marketing strategy, enabling us to design a better portfolio strategy. This study investigates these questions in the context of the biomedical device industry using 15-years of product portfolio and technology (i.e., patents) portfolio data. By understanding these strategic drivers of product portfolio, we can develop better guidelines for optimizing portfolio and innovation strategies.

■ SD10

Room 20

International Marketing II

Contributed Session

Chair: Helene de Burgh-Woodman, Lecturer, The University of Newcastle, School of Design, Communication & IT, Callaghan Campus, Callaghan NSW, NS, 2308, Australia, Helene.Deburgh-Woodman@newcastle.edu.au

1 - Product Knowledge and Motivation as Moderators of the CoO Effect: An Omission Detection Perspective

Xiaoning Guo, Doctor Student, University of Cincinnati, Department of Marketing, College of Business, Cincinnati, OH, 45221, United States of America, graceguo08@hotmail.com, Yu Su, Geng Cui

This research uses discrete-choice modeling to explore the role of two factors – product knowledge and motivation – on the Country-of-Origin effect (CoO). Using dual process models of persuasion (the Elaboration Likelihood Model and the Heuristic-Systematic Model) along with Omission detection theory, we test several hypotheses. First, individuals with high product knowledge are more likely to defer a choice in the high (vs. low) motivation condition. However, we expect no such difference for moderate and low knowledge individuals. In the high motivation condition, we expect high-knowledge individuals to defer their choice more often than do moderate or low-knowledge individuals. Furthermore, individuals with low-knowledge are more likely to choose the product with favorable (vs. unfavorable) CoO information. In the low motivation condition (vs. moderate and high), a consumer is also more likely to make a choice; e.g., avoid the No Buy option. Finally, regardless of the level of motivation, consumers who exhibit high product knowledge will generate more attribute-related thoughts, while consumers with moderate or low product knowledge will generate more CoO-related thoughts. The valence of CoO-related thoughts will be more favorable when CoO information is favorable (vs. unfavorable). Findings will be reported at a later date. Theoretical, methodological and managerial contributions as well as study limitations and future research will be discussed as per findings.

2 - Chinese Consumers' Ethnocentric Values and Consumption Behaviour

Frauke Mattison Thompson, Nottingham University Business School China, 199 Taikang Dong Lu, Ningbo, 315199, China, frauke.thompson@nottingham.edu.cn, Robert Hoffmann

Cultural values and consumer ethnocentrism can be a barrier for foreign organisations as they internationalise (e.g. Sharma et al., 1995; de Mooij, 2000). As companies venture overseas, gaining acceptance by their host country's consumers has become imperative. Highly ethnocentric consumers may use the process of consumption as a platform for the expression of their collective national allegiances or dissociations (e.g. Rieff, 2006), which can lead to lower profits and diminishing brand reputation of a foreign firm (e.g. Crié and Micheaux, 2006). Extant marketing literature widely acknowledges both the importance of Chinese cultural values (e.g. Li and Su, 2007) and resurgent nationalism (e.g. Wang and Wang, 2007) for consumption behaviour there, suggesting a shift away from foreign product consumption towards predominantly domestic products. However, the majority of this evidence is anecdotal. Further, it is based mainly on attitudinal studies, which may only imperfectly reflect actual purchasing behaviour of foreign and domestic products by the Chinese consumer. This paper is intended to address these issues. In particular, our paper reports the findings of an experiment in which 470 Chinese consumers made incentivised choices between foreign and domestic products in a field setting. We find that these choices are not explained by standard ethnocentrism scales but rather depend on the product type. In assessing actual behaviour of Chinese consumers, our paper provides valuable implications for foreign organisations on how to effectively manage the Chinese' public's perceptions of the company and its brand within the Chinese market. In particular, we provide insight into how different types of products are affected different by Chinese consumer ethnocentrism.

3 - Hedonic Consumption & Changing Demographic of Indian Consumer: Emerging Trend & Strategic Implication

Anurag Kansal, Doctoral Student, Indian Institute of Management, E 120 Student Hostel, Rau Pitampur Road Rau, Indore, MP, 453331, India, f07anuragk@iimidr.ac.in

As India shifts towards a nucleus world from that of joint family system, and people become more and more cocooned in their own small environment, the importance of pleasure spending or Hedonism is gaining relevance. While previous research has focused on Hedonism being symbolized by experiential purchases rather than material ones, in this study the main focus has been on the Primary Intention of the consumer, and less on the physical aspects of the goods. The study tries to track & identify the causes of the growth of Open Hedonism, as a younger India emerges, considering the fact that more than two-thirds of Indian population is less than 35 years old, making it one of the most sought after markets, especially for marketers of Hedonic Products. The study follows an exploratory research methodology, and was conducted through Focus Group Discussions and Primary Consumer Survey. More than 250 respondents from the two most thriving Indian metropolitan cities of Bangalore and Delhi, belonging to various age groups, and belonging to the, filled in the questionnaire. The results also pointed at a marked change in the preferences and mindset of the Indian consumer, and the effect of the changing demographics in India. There were significant differences across consumer groups and a clear demarcation was visible between the pre and post liberalization generation in India. Finally the strategic implications for the marketers were analyzed and the possibilities of Future Research were discussed. This Study should help Marketers get a better understanding about the dynamically changing trends, and help in policy making by understanding the causal relationships between consumption & happiness.

4 - A Global Theory for a Global Market: Bringing a Humanities-based Theory to Marketing and the Contemporary Global Marketplace

Helene de Burgh-Woodman, Lecturer, The University of Newcastle, School of Design, Communication & IT, Callaghan Campus, Callaghan NSW, NS, 2308, Australia, Helene.Deburgh-Woodman@newcastle.edu.au

Current marketing theory and practice are situated in a Western logic that circularly re-affirms and re-articulates its own epistemology. This viewpoint continues to frame marketing in an era of globalisation with its accompanying cross-cultural marketplace (Alon & Higgins, 2005: Burton, 2008). Consequently, it is difficult to engage a global marketplace with one set of epistemological referents from which to operate as a marketer. Developing response to, or even nuanced understanding of, different cultural contexts, and their respective marketplace sensibilities, has been repeatedly cited as a challenge for marketers (Alon & Herbert, 2009: Taylor & Lee, 2007). However, thus far, the remedies for this challenge have remained limited in scope. In response, this paper suggests an integration of Postcolonialism into marketing could better equip marketers to interpret and deal in a global marketplace. Postcolonial emphases upon cultural difference, relative values and meanings and individualised cultural narratives (Spivak, 1988: Bhabha, 1990) renders it an effective theoretical tool for navigating alternate cultural contexts and the discourses that underpin them (Brace-Govan & de Burgh-Woodman, 2008). The paper presents qualitative data from France, showing how responses to marketing messages by French immigrants differ from Western (French) consumers' responses. The data concludes firstly that non-Western consumers generate individuated discourses around consumption that are anchored in their own social context. Secondly, using a postcolonial analysis to interpret these discourses, the paper illustrates how this theory renders a nuanced level of data analysis. The paper suggests how this insight might be utilised managerially to better engage non-Western markets.

■ SD11

Room 21

Conjoint Analysis II

Contributed Session

Chair: Vithala Rao, Deane W. Malott Professor of Management, Cornell University, Sage Hall, Ithaca NY, United States of America, vrr2@cornell.edu

1 - Conjoint-design: Concluding Impact on Price-elasticity and Validity

Judith Schloffer, Karl-Franzens-Universität Graz, Universitätsstrafle 15, Graz, Austria, judith.schloffer@uni-graz.at, Leonhard Kehl, Thomas Foscht

Conjoint experiments and analysis continue to be a popular marketing research tool with business practioners to test and measure how the market will react to different actions. They attempt to put the respondent in different situations that marketers ultimately want to know about (e.g. what product will a consumer choose to buy given a certain set of product concepts Frequently used in price research conjoint analysis forms the basis for price determination, which is essential for success on the market and the company's profitability. Having a sense of the forecast accuracy of conjoint analysis results is crucial to the decision makers as it informs them on how much confidence they should place in the data and information available to them at the time of decision making. Therefore model builders are concerned with predictive validity when building, specifying and refining models. Despite the growing popularity of using conjoint analysis to calculate price elasticity little attention is devoted to studying the performance of the models in predicting actual behavior in the marketplace. Therefore, this research analyzes various conjoint designs and their ability to recommend prices by comparing the results to actual market data. Apart from the often used

Hierarchical Bayes method several methodic approaches are examined to discover differences and to enable better deployment of such models. The aim of the paper is to show both from an academic point of view and from the view of practioners how to construct the experiments so that they better represent real market conditions and therefore provide marketing managers with a better basis for decision making.

2 - Ranking Models in Conjoint Analysis

Karyin Lam, Erasmus University, Room H07-12, PO-box 1738, Rotterdam, 3000 DR, Netherlands, kylam@ese.eur.nl, Philip Hans Franses, Alex Koning

Although conjoint analysis originated more than forty years ago, it continues to attract active interest as a research field to measure and predict consumer preferences, see Bradlow (2005). According to Hauser and Rao (2004), full-profile conjoint remains a popular method in practice. Earlier approaches for analysing full-profile conjoint circumvent the use of probability models for rankings because these models are very complex. Ordinary regression analysis has been used to derive respondent preferences. Metric measurements such as ratings may be less reliable due to respondents' limited ability to accurately report degrees of preferences (Ben-Akiva et al (1992)). In addition, if a respondent gives most of the profiles the lowest/highest rating, there is limited variation in the dependent variable and estimations are not very stable. In this paper, we consider the estimation of probabilistic ranking models in the context of conjoint experiments. We reduce the complexity of probabilistic ranking models by using approximate rather than exact ranking probabilities. Moreover, our approach is also appropriate in partial-profile designs, such as Best-Worst scaling. Respondents find it difficult to compare too many choice options. In partial-profile designs respondents are allowed to evaluate only a subset of the generated profiles. This reduces task complexity considerably in conjoint experiments and will lead to more reliable results. We will demonstrate our approach with an illustration.

3 - Using Information Seeking Behavior in Preference Measurement for Complex Products

Sören W. Scholz, Bielefeld University, Universitätsstrafle 25, Bielefeld, Germany, sscholz@wiwi.uni-bielefeld.de, Reinhold Decker, Martin Meissner

Identifying those attributes which are really important in purchase decision processes is a major challenge when measuring preferences for complex products. If many attributes have to be taken into account, then most approaches, e.g. ACA, HILCA, and hybrid conjoint analysis, rely on simple one-on-one evaluations to quantify attribute importances which are used to align the subsequent preference measurement task. Unfortunately, such self-explicated reports are limited in their ability to separate important attributes from less important ones. In contrast to self-reports, process-tracing approaches such as Mouselab are useful tools to identify whether an attribute is considered in a choice task or not. Intuitively, information on those attributes which are of high importance should be considered first in the information-seeking process when asking respondents to assess a product. Building on the latter approach, this paper suggests a new two-step methodology for measuring preferences for complex products: First, a Mouselab approach is used to identify and select those attributes which are important to the respondent. Then the pairwise comparison-based preference measurement (PCPM) approach is applied to measure the preferences for these attributes and the corresponding levels. For this purpose, the PCPM approach is extended by an adaptive algorithm in order to reduce the number of pairwise comparisons needed to estimate robust part-worth utilities. In doing so, the interview length can be reduced substantially. The methodology is tested in an empirical study on cell phones. First promising results are presented and discussed.

4 - Measuring the Effect of Peer Influence on Attribute Preferences

Vithala Rao, Deane W. Malott Professor of Management, Cornell University, Sage Hall, Ithaca, NY, United States of America, vrr2@cornell.edu, Vishal Narayan, Carolyne Saunders

Despite compelling evidence of peer influence on consumer choice in the literature, preference measurement methods typically assume that consumer choices are unaffected by the behavior of peers. We propose a two-stage approach to measure the effect of peer influence on consumer choice. We estimate attribute specific effects of peer influence, and individual specific changes in willingness to pay due to peer influence. The focal consumer's preferences in the presence of peer influence, depend on her own preferences and the preferences of those peers who influence her decisions. Our approach accounts for different sets of influencers across consumers, and different levels of influence across influencers for the same consumer. We find that under peer influence, consumers are willing to pay lesser and are more likely to choose more preferred brands. Differences in the effect of peer influence across consumers are partially explained by their purchase intentions. Given the significant time and cost associated with the collection of sociometric data on peer influence, we estimate the accuracy of prediction of stated consumer choices when peer influence data are unavailable. Data on online social network membership of the focal consumer, and data on frequency of peer interactions, are better proxies than the more commonly employed data on demographic similarity.

■ SD12

Room 22

ASA Special Session on Statistics and Marketing: New Methods for Exploring, Understanding, and Managing Consideration Sets

Cluster: Special Sessions
Invited Session

Chair: Guilherme (Gui) Liberali, MIT and Erasmus University, E40-179, One Amherst Street, Cambridge, MA, 02142, United States of America, liberali@mit.edu

1 - Optimal Time-to-morph and Cognitive Costs of Morphing

Guilherme (Gui) Liberali, MIT and Erasmus University, E40-179, One Amherst Street, Cambridge, MA, 02142, United States of America, liberali@mit.edu, John R. Hauser, Glen L. Urban

Research has shown that on-line sales increase substantially when websites morph to a visitor's cognitive style. However, current algorithms select the best morph for a visitor after a fixed number of clicks. We can do better by deciding the optimal time to morph and by modeling the cognitive costs of switching. Morphing early means the visitor will be exposed to the best morph for longer periods of time. Morphing later means having more information on a visitor's cognitive style. For example, an experimental Suruga Bank morphs based on cognitive and cultural styles revealed as Japanese consumers search for information on the website. More clicks mean more certainty about cognitive and cultural styles and, hence, a better targeted website. But if Suruga waits too long, the visitor gets little time with the optimal morph and might even leave before experiencing the morph. On the other hand, if the website morphs almost immediately, uncertainty is still high and the visitor is unlikely to get the best morph. But what if the website morphs after every click? In that case it is likely the visitor will be confused or view the website as chaotic. We develop a within-visitor dynamic program that explicitly takes into account the discounted value of learning (from current visitor's expected clicks), the myopic value of increased sales (from providing the best morph early), and the cognitive costs of switching (each switch lowers the purchase probability). Our solution combines this within-visitor dynamic program with the standard (Gittins') across-visitors dynamic program that trades off exploration (learning how morphing affects purchase probabilities for all styles) with exploitation (maximizing sales from the current visitor). We demonstrate feasibility and estimate sales improvements by benchmarking against extant morphing algorithms and illustrate our approach with an application to the experimental website developed to Suruga Bank to sell "card loans." (This application is also the first to apply cultural morphing.)

2 - Recommending Products to Adaptive Decision Makers

Daria Dryabura, Massachusetts Institute of Technology, Sloan School of Management, E40-170, One Amherst Street, Cambridge, MA, 02142, United States of America, dariasil@mit.edu

Behavioral research suggests that in many purchasing situations, decision processes are adaptive and learned. Consumers do not begin with well articulated preferences, but rather learn those preferences as they search. We propose a model of this learning process, and an algorithm for a recommendation engine that helps the consumer to efficiently learn these preferences, while simultaneously looking for the product that will best satisfy the more-well-articulated preferences. We assume there are some underlying "true" preferences, which neither the consumer nor the system can observe, but both make inference about. We begin by asking the consumer to reveal a set of preferences as he or she sees them. The consumer can do this through three types of channels: (1) rating attributes as necessary, desirable, undesirable, or unacceptable, (2) configuring a desired product, or (3) rating some existing products. Let q0 be the preferences revealed by the consumer in this initial stage. Then we cycle through the following: Using filtering algorithms, we infer the true preferences conditioned on qt. We then expose the consumer to information, which may be either a product or a review of certain attributes. After this stimulus, the consumer may update his stated preferences, qt+1 The information or product recommendation the user is exposed to is selected to optimize an objective function that reflects the process of learning the true preferences and selecting the eventual purchase.

3 - Do Competitive Test Drives and Product Brochures Improve Sales?

John R. Hauser, MIT Sloan School of Management, E40-179, One Amherst Street, Cambridge, MA, 02142, United States of America, hauser@mit.edu, Glen L. Urban, Guilherme (Gui) Liberali

Top management of a major US automaker believed that their vehicles were superior to many competitors, but they also had evidence that most consumers would not even consider their vehicles. To increase consideration they provided test drives and competitive product brochures to potential consumers. Consumers could test drive 92 vehicles at a California test track and/or obtain E-Brochures on over 100 vehicles from manufacturers such as Chrysler, Ford, General Motors, Honda, Mercedes, Toyota and other manufacturers. We report on a quasi-experiment that evaluated their strategy. Inductions included a control cell, a force-exposure cell, and an opt-in cell and data were collected monthly for six months supplemented with manufacturer records on actual vehicle purchase. We use hidden continuous-time Markov processes to model consideration and purchase while accounting for potential misclassifications of consumers' behavioral states. Methodologically, we demonstrate that it is important to account for potential misclassification of behavioral states. Competitive test drives and competitive product brochures influence consumer consideration. Competitive product brochures further enhance trust – a key driver of consideration and purchase.

4 - Developing Consideration Rules for Durable Goods Markets

Glen L. Urban, Kirin Professor of Marketing, MIT Sloan School of Management, E40-159, One Amherst Street, Cambridge, MA, 02142, United States of America, glurban@mit.edu, Erin MacDonald, John R. Hauser, Daria Dryabura, Jong Moon Kim

Conjoint has long been used to model choice in durables goods markets like autos and electronics. Recent work suggests a two stage model of consideration and then choice from the consideration set may be a more meaningful way to describe markets. A non-compensatory model based on "active learning" algorithms has been proposed by Dzyabura and Hauser (2009) . In this session we analyze 2336 individual vectors estimated with their algorithm that characterize the probability that automobile attributes (brand, body type, mpg, etc) will be considered in an auto purchase. We develop market descriptors for segments of the market that display degrees of selectivity in non-compensatory behavior and rules they use for consideration. First, we cluster consumers into segments by their tightness of screening in consideration and then estimate the consideration rules exhibited by subsets of these segments. Next, we investigate whether information (ads, web blogs, etc.) can change the consideration rules. Finally, we close with managerial implications of consideration rules in developing product and marketing strategies.

■ SD13

Room 23

Experiments on Pricing and Other Exchange Mechanisms

Cluster: Special Sessions
Invited Session

Chair: Aradhna Krishna, Professor, University of Michigan, Ross School of Business Rm R6354, 701 Tappan Street, Ann Arbor, MI, 48109-1234, United States of America, aradhna@umich.edu

1 - Tiers in One-sided Matching Markets – Theory and Experimental Investigation

Yu Wang, Assistant Professor of Marketing, The University of Texas at Dallas, School of Management, Richardson, TX, United States of America, yuwang@utdallas.edu, Ernan Haruvy

In fractional ownership arrangements, such as time sharing in vacation homes or airplane ownership, owners of fractional properties can generally exchange their fractional properties for others' through a secondary matching market. Unfortunately, owners may attempt to take advantage of such arrangements by exchanging a low quality property for a higher quality one. This can create a severe adverse selection problem where owners of high quality properties stay out of the match. Alternatively, the primary sales market can collapse as all owners choose to purchase lower quality properties. We propose that firms introduce a tiered structure into matching to restrict upgrading, thus simultaneously separating different types of consumers in the primary sales market, and allowing for the owners of high quality assets to participate in the subsequent matching market. Theoretical analysis on the proposed dual-function of tiered structures is based on the two most commonly used matching mechanisms identified from the marketplace (Deposit First and Request First). We test the theory using incentive-aligned simulated markets in a laboratory setting. In repeated markets, we explore how human subjects learn from their own past experience and respond strategically to others' behavior, how they adapt to a change of market environment, how cognitive constraints and risk attitude influence their choice of strategies, and overall, how well the theory performs in predicting agents' behavior and market outcomes.

2 - Competitive Implications of Haggling – A Theoretical and Experimental Investigation

Tony Cui, Assistant Professor, University of Minnesota, The Carlson School of Management, Department of Marketing & Logistics Mana, Minneapolis, MN, United States of America, tcui@umn.edu, Paola Mallucci, Z. John Zhang

Firms in many markets, such as auto and furniture markets, commonly post their prices, but also allow consumers to haggle on prices. Using a Bertrand duopoly Nash bargaining model, we investigate how haggling can mitigate price competition between firms when both firms are competing for both hagglers and nonhagglers. Our theoretical analysis shows that this dual pricing mechanism may allow competing firms to collude tacitly if the number of hagglers in the market is sufficiently large. Based on three lab experiments, we find that the other firm's list price has a significant impact on a consumer's bargaining with a firm - a key assumption in the theoretical model. The experimental data also show that: 1). the list prices set by competing firms are significantly higher than their marginal costs; 2). the subjects have a bargaining power of 0.273 when bargaining with firms; and 3). the weight of the other firm's list price on subjects' outside option is given by 0.338, which is significant different from the traditional assumption of zero in literature.

3 - Informative Advertising, Product Variety and Price Competition: An Experimental Analysis

Chuan Hey, Assistant Professor of Marketing, University of Colorado, Leeds School of Business, Boulder, CO, 80309, United States of America, chuan.he@colorado.edu, Wilfred Amaldoss

In many product categories, consumers' tastes are diverse and firms use advertising to inform consumers about their products. Prior empirical literature on the effect of advertising on price reports very divergent findings. Furthermore, there is no empirical work on how diversity in consumers' taste affects market price. With the aid of a game-theoretic model, we investigate in the laboratory how informative advertising and diversity in consumers' taste affect market price. Study 1 shows that informative advertising can lead to higher prices if consumer valuations are low. Study 2, on the other hand, points to the possibility that informative advertising can lead to lower prices if consumer valuations are high. Turning attention to the effect of diversity in consumers' taste, we find in Study 3 that if consumer valuations are low, price decreases with diversity in taste. On the contrary, in Study 4 price rises when diversity in consumers' taste increases. Our experimental investigation is a useful complement to prior empirical literature on advertising, as it provides evidence on the causal relationship between the focal variables and clarifies the conditions under which we may observe divergent results.

4 - Greening the Product Portfolio: Corporate Virtue or Backdoor Profit?

Aradhna Krishna, Professor, University of Michigan, Ross School of Business Rm R6354, 701 Tappan Street, Ann Arbor, MI, 48109-1234, United States of America, aradhna@umich.edu, Uday Rajan

The importance of selling green products has been increasing as greenhouse gases grow in the environment and consumers are more aware of the detrimental effect of larger carbon footprints. We consider a duopoly model in which firms compete in two products, and can choose which products should be green. Through a laboratory experiment, we first demonstrate that there is both a direct utility benefit to some consumers from buying a green product and a spillover benefit onto other products sold by the firm. A green product in a product portfolio can therefore improve sales of other products in the firm's portfolio. We construct a game in which each firm chooses which products, if any, to be green. We show that even if a firm loses money on the green product itself, it may want to introduce it to capture the spillover benefit. If a single firm in the market has one green product, it can raise prices on both products and earn a higher profit. If each firm has an advantage in one product, here is an equilibrium in which each firm "greens" only its disadvantaged product. With a strong spillover effect, there is a second equilibrium in which each firm greens only its advantaged product. In each case, firms raise their prices on both products, and earn higher profits than when neither firm has green products. Overall, our work implies that, by carrying green products, companies can not only improve their image in but also increase profits.

■ SD14

Room 24

Services

Contributed Session

Chair: Kimmy Wa Chan, Assistant Professor, The Hong Kong Polytechnic University, Department of Management and Marketing, Li Ka Shing Tower, Hung Hom, Kowloon, Hong Kong, Hong Kong - PRC, mskimmy@polyu.edu.hk

1 - Quantifying the Economic Value of Service Menu Extension

Jinsuh Lee, Purdue University, 403 W. State St, W. Lafayette, IN, 47907, United States of America, jinsuh@purdue.edu, Sangwoo Shin

Service providers usually present a menu of service plans from which consumers are allowed to choose the most preferred one. Service plans on the menu are often characterized by a combination of service duration (or usage amount) and price to pay. In this context, service providers occasionally increase the size of service menu (i.e., the number of service plans available) via introduction of new plans. While the strategic motive for such service menu extension is easy to rationalize, its revenue implication is challenging to derive for various reasons. As a consequence, very few empirical attempts have been made to quantify the economic value of service menu extension. The primary objective of this paper is to do exactly that. Using a customer-level panel dataset sampled from the database of an online game service provider, we attempt to measure the impact of service menu extension on consumer's subscription behavior. The unique feature of our data is that a couple of service menu extensions took place during the sample period, enabling us to accomplish our task. We further decompose the total impact of service menu extension into three sub-dimensions: the size of customer base, the duration of subscription, and the amount of spending. Conducting counterfactual experiments, we find that the service firm in question benefits mostly from the latter two sources.

2 - How Fairness Makes Me Feel: The Effects of Distributive, Procedural, and Interactional Justice on Repatronage

Cathy Yi Chen, Assistant Professor, Singapore Management University, 50 Stamford Road, Singapore, 178899, Singapore, cathychen@smu.edu.sg, Peter De Mayer

Although previous literature has demonstrated that distributive, procedural and interactional justice influence consumer evaluations of a service provider, repatronage intention and word-of-mouth, the specific impacts of the three types of justice differ across researches. While some studies show the largest impact of interactional justice, others find a dominant influence of distributive justice. Moreover, the impact of procedural justice seems to be ambiguous as a result of different manipulations and measurements. Drawing from the emotion and the attribution literature, this research examines how three types of justices influence the emotions consumers experience during the service, which in turn, affect whether consumers attribute the specific positive or negative service to the service provider as well as the repatronage intention. A comprehensive list of items related to distributive, procedural and interactional justice was generated from previous literature and focus groups.198 participants were recruited for the main study. Participants first described their most memorable service experiences, then responded to the list of items measuring the three types of justices, assessed their emotional reactions during the services and indicated their repatronage intentions in the end. Data analysis revealed that procedural justice had a great impact on service attribution and repatronage intention for both positive and negative service

experiences, while outcome and interactional justice had significant effects only for negative experiences. These effects were moderated by the extremity of emotions experienced during the service encounter, which was assessed based on participants' verbal protocol. Implications on the service marketing literature were discussed.

3 - How Job Stress Affects Employees' Service Performance: Roles of Social-support and Perspective-taking

Kimmy Wa Chan, Assistant Professor, The Hong Kong Polytechnic University, Department of Management and Marketing, Li Ka Shing Tower, Hung Hom, Kowloon, Hong Kong, Hong Kong - PRC, mskimmy@polyu.edu.hk, Echo Wen Wan

Considerable evidence indicates that recovering effectively from service failures contributes to customer evaluations of firms. However, there is ample evidence that many companies fails to handle complaints effectively. Little is also known about how service employees facing job stress handle customer complaints. Specifically, the psychological mechanism embedded in explaining the process remains essentially unexplored. In this research, we investigate the viability of bridging the gap between organizational research focused on employee job stress and service recovery research focused on customer complaints to improve our understanding of the service employees' effectiveness in handling customer complaints when facing job stress. We employ the regulatory depletion theory as the theoretical mechanism to (1) propose and test a regulatory depletion effect that employees confronting with job stress will drain their self regulatory resources (i.e., depletion) to cope with the job stress, which in turn leads to impairment in subsequent task (e.g., handling customer complaints), and (2) identify a set of job resources that can help replenish employees' self-regulatory results and suspend the regulatory depletion effect. Using dyadic data collected from one laboratory experiment and one field study within two industries, our results offer significant findings and implications on (a) the impairing effect of job stress on employees' performance in handling customer complaints, (b) the psychological mechanism of self-regulation that service employees undergo in the face of job stress, and (c) the impacts of job resources that the firms or employees can actually foster to reduce, or even remove, the dysfunctional effect of job stress.

■ SD15

Room 25

Managerial Decision Making

Contributed Session

Chair: Martha Tipton, Assistant Professor, Singapore Management University, 50 Stamford Road, 05-01, Singapore, 178899, Singapore, mtipton@smu.edu.sg

1 - Impulse Buying Revisited - In the View of Behaviorism: An Investigation into Impulse Buying using the Behavior Perspective Model

Wei-chen, Jenny Ma, Durham Business School, Durham University, Mill Hill Lane, Durham, DH1 3LB, United Kingdom, wei-chen.ma@dur.ac.uk

This paper first addressed the issues of recent impulse buying literature, including: 1) The definition of impulse buying is still inconsistent in marketing literature, although earlier scholars have already stated that impulse buying should be seen differently from unplanned buying 2) The previous impulse buying literature lacked of an integrated model that can fully explain the antecedents of impulse buying to its consequences. This paper has therefore proposed to study impulse buying behavior with Behavioral Perspective Model, which can be applied to investigate pre-purchase, purchase, and post-purchase behavior (Foxall, 1994). The contribution of this study includes suggesting an integrated model for impulse buying to explain impulse buying behavior more thoroughly and arguing that consumer researchers should clearly differentiate impulse buying from other unplanned buying in order to obtain deeper insight of consumer behavior. Moreover, behaviorism could explain why impulse buying is a continuum process and provide a different point of view for recent impulse buying research. Further study based on BPM Model and behaviorism is thus recommended in this paper, such as taking biological factors into account of impulse buying research. Author: Jenny Ma, PhD candidate, Durham Business School wei-chen.ma@dur.ac.uk Supervisor: Dr. Mike Nicholson, Durham Business School mike.nicholson@durham.ac.uk Dr. Sarah Xiao, Durham Business School hong.xiao@durham.ac.uk.

2 - Innovation and Innovation Potential Convey Vital Information

Martha Tipton, Assistant Professor, Singapore Management University, 50 Stamford Road, 05-01, Singapore, 178899, Singapore, mtipton@smu.edu.sg, Sundar Bharadwaj

Previous research has found that the current levels of innovation and innovation potential convey vital information about the viability of firms. Organization efficiency, financial measures, and subjective assessments of firm performance fluctuate with the firm's ability to innovate. Given the criticality of innovation to various measures of performance, it seems logical that managers would use levels of own and competitors' innovation to inform marketing strategies. Yet, the link between innovation and marketing decisions is relatively uncharted. Drawing mainly from the principals of prospect theory, we propose that current and potential innovation levels impact the level of risk managers are willing to assume in their marketing decisions. We include various measures of innovation (namely innovation potential of firms and their competitors, and current levels of innovation) and their interaction to assess how innovation affects the likelihood of managers to adopt high-risk strategies. We also will consider the moderating roles of market dependence and the relative success of a firm to bring ideas to fruition. The empirical context of this study is the pharmaceutical industry. We employ a hierarchical linear modeling approach to evaluate the relationship between these firm and category level variables and the use of deceptive marketing. By furthering the understanding of the types of information used by managers in their decisions to use high risk marketing strategies, this study has critical implications for managers, public policy and marketing research.

Session Chair Index

A

Albuquerque, Paulo TB04
Armelini, Guillermo TB09

B

Bahadir, Cem SA10
Balague, Christine FB01
Barbulescu, Adina FA10
Benoit, Dries F. SB03
Benos, Theo FC14
Bezawada, Ram FC10
Braun, Michael SA12
Broermann, Barbara SC13
Bronnenberg, Bart TB12
Bucklin, Randolph FC04
Bushey, Erik FD13
Bwemelo, Gordian SC08

C

Cankurtaran, Pinar TA09
Casas-Romeo, Agusti FA03
Chan, Kimmy Wa SD14
Chang, Sue Ryung FB11
Chatterjee, Rabikar SA05
Chen, Hua-Ning TD02
Chen, Tao TD07
Chen, Wun-Hwa TD08
Chen, Xiaoyun TB05
Chen, Yi-Ling FD01
Chen, Yubo FA04
Chidmi, Benaissa TA08
Choi, S Chan SB07
Clarke, Michael TD15

D

Dai, Xianchi TB14
Danaher, Peter FC06
De Bruyn, Arnaud SD03
de Burgh-Woodman, Helene SD10
Delre, Sebastiano A. TC09
Dijk, Sandra FC09
Dong, Maggie Chuoyan FA07
Dost, Florian TD13

E

Ebling, Christine TD05
Eisenbeiss, Maik SD02
Emrich, Oliver TB06

F

Fischer, Alexander TA15
Frischmann, Tanja SC03
Fucks, Simone SA07

G

Gandomi, Amir SC02
Gangwar, Manish SB13
Gao, Jing SD04
Gauri, Dinesh TB08
Ghose, Anindya TC04
Girju, Marina FC08
Goettler, Ron FA13
Greve, Goetz SB02
Grinstein, Amir FB14
Gudergan, Siegfried TA14

H

Hada, Mahima SD01
Haddad-Leibovich, Keren TD09
Halaszovich, Tilo F. TA03
Halbheer, Daniel FD08
Hampl, Nina TD14
Hardt, Nino FD12
Hattula, Johannes TA01
Hegner, Sabrina SB10
Heiman, Amir SA14
Hernandez, Carlos TB11
He, Tingting SB08
Hoffman, Donna FD04
Hoffmann, Arvid SC05
Horn, Carmen FB03
Huang, Lin FB15
Huff, Steven FA15
Hui, Sam SB12

J

Jindahra, Pavitra SA11

K

Kacker, Manish TC07
Kang, Hyoung-Goo SD06
Kang, Wooseong SD09
Kappe, Eelco SD08
Kim, Alex SD05
Kim, Namwoon SC09
Kim, Wonjoon TD11
Kitanaka, Hideaki TB03
Knox, George SA03
Kreis, Henning SA01
Krishna, Aradhna SD13

L

Lajos, Joseph TB15
Langner, Tobias TD10
Lee, Jong-Ho TA10
Lee, Sanghak FC11
Lehmann, Donald R. TA04
Lemmens, Aurèlie SC14
Liberali, Guilherme (Gui) SD12
Lin, Hsin-Chen TC06
Li, Wei TC10
Li, Tieshan TC05
Li, Xiaoling TA07
Liu, Ben Shaw-Ching FB07
Liu, Hongju SA13

M

Mac, Lancy SC10
MacLachlan, Douglas FC12
Mantrala, Murali FA01
Massara, Francesco TC15
McNally, Regina FD09
Mela, Carl SD07
Meyer, Robert SC15
Misra, Sanjog TA12
Mitra, Debanjan TB02
Mizik, Natalie SB05
Mizuno, Makoto FA06
Montoya, Ricardo FD11
Moorman, Christine SC05
Moorthy, Sridhar SC07
Morrison, Pamela TC14
Mukunda Das, V. FD14
Murthi, B P S FC03

N

Nair, Harikesh TC12
Nasser, Sherif TB10
Neumann, Nico FC15
Novak, Thomas P. SC04

O

Ofek, Elie FD15

P

Paas, Leo FA02
Pazgal, Amit FC13
Pescher, Christian FA12
Puntoni, Stefano FB12

R

Rananathan, Suresh SB15
Rao, Vithala SD11
Reddy, Srinivas SB01
Rego, Bruno TA05
Rosenzweig, Stav SC01
Rossi, Federico TC11
Rubel, Olivier TC13

S

Sarstedt, Marko TA11
Schlereth, Christian SC11
Schwarz, J¸rgen FB10
Schweidel, David SC12
Seetharaman, Seethu SB11
Seiler, Stephan FA11
Sheorey, Pratima TA02
Shi, Mengze TD06
Skiera, Bernd SB04
Soonsawad, Pim FC02
Soysal, Gonca FC07
Spanjol, Jelena FD09
Spann, Martin FD06
Srinivasan, Raji SA09
Staeblein, Thomas FB09
Steiner, Winfried TD12
Stern, Philipp SB14
Stöckl, Matthias TC03
Stremersch, Stefan SC14
Strijnev, Andrei SA06
Sullivan, Mary FB08
Sultan, Fareena FB04

T

Teichert, Thorsten FD03
Tipton, Martha SD15
Tseng, Li-Chuan FB05
Tseng, Peggy TA06
Tucker, Catherine FB06

U

Uslay, Can FA05

V

Van den Bulte, Christophe SA04
van der Borgh, Michel SA08
van Nierop, Erjen FA14
Verhoef, Peter FD02, FB14
Vidal-Sanz, Jose M. FB02
Villas-Boas, J. Miguel FB13
Vitorino, Maria Ana FC05
Voleti, Sudhir FD10

W

Wachtel, Stephan SA02
Wagner, Udo TC02
Wang, Rui FD05
Wang, Tianfu FC01
Wei, Liyuan SB06
Wieringa, Jaap SB14
Winer, Russell TB01, TD04
Wise, Chelsea FA09
Wu, Fang FA08
Wu, Ruhai FD07
Wuyts, Stefan SB09

Y

Yoo, Weon S. TB07

Z

Zenetti, German TD03
Zhang, Qin TC08
Zhao, Min SA15
Zwick, Rami TA13

Author Index

A

Abe, Makoto TC02
Ackermann, Sebastian SB04
Adams, Jeffery FA01
Adhikari, Atanu FB03
Agrawal, Vishal FB09
Ailawadi, Kusum TB08
Akcura, Tolga SD08
Aksoy, Hasan SA03
Aladjem, Maria FC15
Albers, Sönke TB01
Albuquerque, Paulo TB04
Aldas, Joaquin FC06
Allenby, Greg TB11, TC11, TD03, FC11
Allender, William FB10, FC13
Aloise, Daniel FA05
Altintig, Z. Ayca FA05
Amaldoss, Wilfred SD07, SD13
Amir, Christine SB03
Ancarani, Fabio SC03
Andreyeva, Tatiana SB15
Ansari, Asim TB11, TD03, SA04
Antia, Kersi TC05
Aravindakshan, Ashwin TC03
Arentze, Theo A. TA14
Armelini, Guillermo TB09
Arnold, Armin FD05
Arora, Neeraj SC11
Arts, Joep TB01
Assael, Henry TD04
Atasu, Atalay FB09
Avagyan, Vardan SB09

B

Baba, Takayasu FA06
Backhaus, Klaus SD02
Bahadir, Cem SA10
Balachander, Subramanian SD05
Balague, Christine FB01, SA03
Balakrishnan, P.V. (Sundar) FB07
Bala, Ram FB06
Baliga, Prashant FC03
Baltas, George Poster
Bambawale, Supriya TA02
Ban, Masataka TD03
Banerjee, Arindam FB03
Banerjee, Bibek TC03, TC06, Poster
Banerjee, Sourindra SC10
Banerjee, Sumitro FB14
Baourakis, George Poster
Barbulescu, Adina FA10
Barrot, Christian FD06
Bau, Raimund FA03
Bauer, Hans H. SB10, SC08
Bayus, Barry SD09
Becker, Christian SA10
Becker, Jan. U. FD06
Becker, Jan-Michael TA11
Becker, Jochen FD05
Becker, Maren FA09
Beckmann, Suzanne C. SD06
Belei, Nina SB15
Belo, Frederico FC05
Benning, Tim M. SC08
Benoit, Dries F. SB03
Benos, Theo FC14
Bergen, Mark SB07
Berger, Jonah TA04
Bergner, Kai N. SC08
Berman, Ron FC04
Bermes, Manuel SC05
Betancourt, Roger R TB05
Bezawada, Ram TB08, FC10
Bharadwaj, Sundar SA10, SD15, Poster
Bhargava, Hemant SB04
Bhargava, Mukesh SA05
Bhatia, Tulikaa SC14
Bigne, Enrique FC06
Bijmolt, Tammo TB09, FC08
Bilge, Atil SA03
Blanchard, Simon FA05
Blazevic, Vera SC01
Bloch, Katrin FB07
Boatwright, Peter FC04
Bockenholt, Ulf FC15
Boehm, Martin FC07, FD02
Bohlmann, Jonathan SA13
Bollinger, Bryan FB01
Bolton, Ruth FB02
Bonnemeier, Sebastian TA05
Bordley, Robert FB06
Borghini, Stefania FA07
Borkovsky, Ron TA12
Borle, Sharad FC04
Bothe, Stephanie TC14
Boulding, William TB12
Bourbonus, Nicolas SD02
Bowman, Doug FA06
Boztug, Yasemin SD03
Bradlow, Eric FB04, FC15
Branco, Fernando FB13
Braun, Michael SA12
Bremer, Lucas SA04
Breugelmans, Els FC06, SD03
Britton, Julie Edell TC03
Brockmeier, Nicole TB06
Broermann, Barbara SC13
Bronnenberg, Bart TB12
Brosig, Jeannette SD05
Brueggen, Elisabeth FD01
Bruhn, Manfred TC14, FB10
Brunner, Christian FA10
Bucklin, Randolph FC04
Bueschken, Joachim TB11, FD12
Burmann, Christoph TA03
Burton, Jennifer FA03
Bushey, Erik FD13
Bussiere, Dave SC04
Buys, Sebastian FA15
Bwemelo, Gordian SC08

C

Calabretta, Giulia TD09
Caldieraro, Fabio TC10
Camacho, Nuno SB14
Campo, Katia FC06
Cankurtaran, Pinar TA09
Cao, Henry SA02
Carson, Stephen SB06
Casas-Romeo, Agusti FA03
Cha, Kyoung Cheon FA02
Chaiy, Seoil FB09, SC09
Chakrabarty, Patrali TC03, Poster
Chakraborty, Ratula TA10, FD13
Chakravarti, Dipankar TA07, SA15
Challagalla, Goutam SA08
Chan, Andrew TA08
Chan, Kimmy Wa SD14
Chan, Tat TB08, SD04
Chandrashekaran, Murali SC02
Chandra, Yanto SB02
Chandy, Rajesh SA09
Chang, Hannah SA15
Chang, Sue Ryung FB11
Chatterjee, Rabikar SA05
Chatterjee, Sharmila SA08
Chatterjee, Subimal FC15
Chattopadhyay, Amitava TB15
Chau, Eddie SB01
Cheema, Amar TB08
Che, Hai SD04
Chen, Cathy Yi SD14
Chen, Chen-Yin Poster
Chen, Chyi-Mei TB03, FD13
Cheng, Chih-Chien TB15, FD14
Cheng, Yimin TA05
Chen, Hsinchun FA04
Chen, Hua-Ning TD02
Chen, I-Ying TA07
Chen, Liwen TB10
Chen, Rong FD08
Chen, Tao TD07
Chen, Wun-Hwa TD08
Chen, Xi TB05
Chen, Xiaoyun TB05
Chen, Xinlei SA04
Chen, Yi-Ling FD01
Chen, Yubo FA04
Chen, Yuxin TA09, TB09, SA04
Chiang, Ai-Hsuan TD08
Chiang, Jeongwen TD06
Chidmi, Benaissa TA08, FA08
Chien, Yi-Wen TA15, FB15
Ching, Andrew SC14
Chintagunta, Pradeep K. TB05, TB07, SC14
Chiu, Chi-yue FD15
Cho, Wanwoo SB13
Chocarro, Raquel TB05
Choe, Jean FD04
Choi, S Chan SB07
Choi, Yong Bum FC05
Choocharukul, Kasem SA11
Chou, Shan-Yu TB03, FD13
Chou, Shihyu TD08
Chrysikopoulou, Elena Poster
Chrzan, Keith FD11
Chu, Junhong SA11
Chu, Maggie Y. Y. TB14
Chung, Cindy Poster
Chung, Tuck Siong TD06
Clarke, Michael TD15
Clark, Robert SC14
Clay, Karen FA13
Cleanthous, Paris TD11
Cleeren, Kathleen FB10
Cornelissen, Markus SD02
Cortiñas, Monica TB05
Cox, David Poster, TC07
Crespo-Cuaresma, Jesus TC03
Cui, Anna TC05
Cui, Geng SD03, SD10
Cui, Tony SD13, FA07

D

Dahan, Ely SB12
Dahl, Darren SA15
Dai, Xianchi TB14
Dalla Pozza, Ilaria TA02
Danaher, Peter TB01, FA13, FC06
Dannewald, Till SA01
Dasgupta, Srabana TA13
Dass, Mayukh TD09
De Bruyn, Arnaud SD03
de Burgh-Woodman, Helene SD10
de Jong, Ad SA08
De Jong, Martijn SB14, FB12
de Langhe, Bart FB12
De los Santos, Babur FA11
De Mayer, Peter SD14
de Ruyter, Ko TC07, FD01, SB08, Poster
Decker, Reinhold SD11
Decrouppe, Andre SC03
Dekimpe, Marnik TA10, TB07, TB10, TB13, FB10
Deleersnyder, Barbara TA10, TB10
Dellaert, Benedict G.C. TA14, SC08
Delre, Sebastiano A. TC09, SB13
Dempsey, Melanie FB15
Derwall, Jeroen SC05
Devi Duvvuri, Sri SB11
Dhar, Tirtha SA06
Diamantopoulos, Adamantios FD12
Diehl, Kristin TD08
Dijk, Sandra FC09
Ding, Jiali Poster
Ding, Min SC14, FC15
Dinner, Isaac SB05
Dobson, Paul TA10, FB14, FD13, SA14
Dolnicar, Sara FC12
Dong, Maggie Chuoyan FA07
Doraszelski, Ulrich TA12
Dortyol, Ibrahim Taylan Poster
Dospinescu, Octavian Poster
Dost, Florian TD13
Dover, Howard FA02
Dover, Yaniv TA04
Draganska, Michaela TC12
Drechsler, Wenzel FD06
Dryabura, Daria SD12
Du, Rex TB07
Duan, Jason SA12
Duan, Wenjing TC04
Dubé, Jean-Pierre TB12
Ducourant, helene SA03
Dukes, Anthony TB13, TD13
Durmusoglu, Serdar FD09
Dutta, Shantanu TB13

E

Ebbes, Peter TA11
Ebling, Christine TD05
Egger, Marc TB04
Eggers, Felix TD15
Eichen, Falko FB10
Eilert, A. Meike TD14, Poster
Eisenbeiss, Maik SD02
Eiting, Alexander FB02
Eliashberg, Jehoshua SB06
Ellickson, Paul TB12
Eloire, Fabien SA03
Elorz, Margarita TB05
Elrod, Terry FA08
Elsner, Mark SC04
Empen, Janine FB08
Emrich, Oliver TB06, Poster
Entine, Oliver FB04
Erdem, Tulin SB15
Esch, Franz-Rudolf FA10
Eslami, Hossein SA11
Esseghaier, Skander FA13, SB13
Esteban-Bravo, Mercedes FB02, SB09
Evangelista, Felicitas SC10
Evanschitzky, Heiner FB02
Ezan, Pascale TB15

F

Fader, Peter FB04
Falkenreck, Christine SC02
Falk, Tomas Poster
Fang, Fang TC06
Farley, John U. TB02
Faure, Corinne FA14
Feinberg, Fred SC12
Fernandes, Daniel FB12
Ferres, Daniel FA08
Fildes, Robert TD12
Fischbach, Kai TB04
Fischer, Alexander TA15, TD10
Fischer, Arnout FD15
Fischer, Marc TB01, FC05
Flores, Laurent FB03, FC09
Fok, Dennis TB11, TC10, FA13
Fong, Candy P. S. TA13
Fong, Nathan TA10
Foscht, Thomas SD11
Fournier, Susan FA10
Foutz, Natasha Zhang FC09
Franses, Philip Hans TC10, FA12, SD11
Fries, Anne FB03, FC14
Frischmann, Tanja SC03
Fruchter, Gila E. TC13
Fucks, Simone SA07
Fueller, Johann FD10

G

Gal-Or, Esther SD04
Gandomi, Amir SC02
Gangwar, Manish TC08, SB13
Gan, Li Poster
Gao, Jing SD04
Gao, Leilei TA14, TB14
Gao, Tao (Tony) FB04
Gao, Xue SB10
Garrett, Tony C. TA10, FA09
Gauri, Dinesh TB08
Gauzente, Claire FB03
Ge, Xin SA15
Gedenk, Karen FB03, FC14
Gelper, Sarah SC10
Gensler, Sonja TB04, FD02, SC03
Gentzkow, Matthew TB12
George, Edward I. SB12
George, Martine FC02
Georgi, Dominik TD02, SD02
Gerstner, Eitan FB14, SA14
Geylani, Tansev TB10, SD04
Geyskens, Inge TB10, TD05
Geyskens, Kelly SB15
Ghose, Anindya TC04
Ghosh, Pulak TD04
Gielens, Katrijn TB07
Gijsbrechts, Els TB07
Gijsenberg, Maarten TB13
Gilbert, Stephen TB10
Gilbride, Tim TC11, SA12
Gillingham, Kenneth FB01
Gill, Manpreet Singh FB03
Gill, Tripat FA09
Girju, Marina FC08
Glady, Nicolas FC02
Goettler, Ron FA13
Goldenberg, Jacob TA04, TD09
Golder, Peter FB11, SB15
Goldfarb, Avi FB06, SD07
Goldsmith, Ronald TB04
Gonzalez-Alvarez, Maria A. FA08
Gonzalez, Jorge SD03
Gopalakrishna, Srinath FA01
Goukens, Caroline SB15
Gould, Stephen TA06
Gower, John FA05
Greve, Goetz SB02
Grewal, Dhruv TB08
Grewal, Rajdeep TD04
Griffin, Abbie TA09, FD09
Grimpe, Christoph SA05
Grinstein, Amir FB14, SC01
Groenen, Patrick FA05
Grün, Bettina FC12
Gu, Bin TC06, SA13
Gudergan, Siegfried TA14
Guo, Liang SA13, SD09
Guo, Xiaoning SD10
Gupta, Reetika TA06
Gupta, Sachin SA11
Gupta, Sudheer SC07
Gupta, Sunil TD03
Gur Ali, Ozden TD12

H

Hada, Mahima SD01
Haddad-Leibovich, Keren TD09
Hadwich, Karsten TC14
Haenlein, Michael SA01
Hahn, Minhi SB01
Hahn, P. Richard SD07
Halaszovich, Tilo F. TA03
Halbheer, Daniel FD08
Hallstein, Eric FA14
Hamaoka, Yutaka TD09
Hammerschmidt, Maik FC03, Poster
Hampl, Nina TD14
Han, Sangman FA02
Hann, Daniel SC05
Hann, Il-Horn FD06
Hanson, Ward TA08
Hanssens, Dominique SC05
Hardt, Nino FD12
Hariharan, Vijay Ganesh TC09, FC10
Harmancioglu, Nukhet SA09
Hartmann, Wes TA12
Haruvy, Ernan SD07, SD13
Hattula, Johannes TA01
Haubl, Gerald SA15
Hauser, John R. SD12
Haydock, Michael FB02
He, Feng FD08
He, Huiying FC06
He, Tingting SB08
He, Xiuli TC13
Hegner, Sabrina SB10
Heide, Jan FD07
Heil, Oliver TA09, TA14, TB08, SC04
Heiman, Amir SA14
Heinrich, Daniel SB10
Heinrich, Timo SD05
Heitmann, Mark FA02, SA04
Hennig-Thurau, Thorsten TB04
Herhausen, Dennis TA05
Hernandez, Carlos TB11
Herrmann, Andreas FA13
Herzog, Walter FC03
Hey, Chuan SD13
Hildebrandt, Lutz FD03
Himme, Alexander FC05
Hinz, Oliver FC01, FD06
Hiziroglu, Abdulkadir FC02
Ho, Jason SB06
Ho, Teck FA15
Hoeffler, Steve SA15
Hofacker, Charles F. TB04
Hoffman, Donna TA06, FD04, SC04
Hoffmann, Arvid SC05
Hoffmann, Robert SD10
Hofstetter, Reto TB12
Holm, Morten TC02
Holweg, Matthias FB09
Hoppe, Daniel TC02
Horn, Carmen FB03
Horn, Lutz SC05
Horsky, Dan FB08, SC11, SD05
Horsky, Sharon SD05
Horstmann, Ignatius SC14
Hortaçsu, Ali FA11
Horváth, Csilla FB11
Hosanagar, Kartik SD01
Hoschke, Catharina SC08
Hoyer, Wayne D. FC14, SD02
Hruschka, Harald FC11
Hsiao, Chung-Chiang TA15, FB15
Hsiao, Lu TD07
Hsu, Liwu FA10, FD07
Hu, Mantian SA12, TD04
Hu, Nan TC04
Hu, Yansong FC09
Huang, Chun-Yao FC02
Huang, Lin FB15
Huang, Ming-Hui TB02
Huang, Minxue TA07
Huang, Shu-Chin Poster
Huang, Tao TD12
Huang, Wei-ling Poster
Huang, Yanliu SC12
Huenerberg, Reinhard SB08
Huertas-Garcia, Ruben FA03, SC11
Huff, Steven FA15
Hui, Sam SA12, SB12, SC12
Hurren, Bryan TD15, Poster
Hutt, Michael FB02
Hyder, Antonio FC06

I

Ihl, Christoph TA05
Ingene, Charles SB07
Inman, Jeffrey SC12
Inoue, Akihiro FC09
Iosub, Daniela Poster
Ipeirotis, Panagiotis TC04
Ishimaru, Sayaka FC09
Iyengar, Raghuram FA13

J

Jackson, Paul SB08
Jacob, Frank SA07
Jager, Wander TD06
Jain, Dipak TC09
Jain, Sanjay TD15
Jaiswal, Anand Kumar SD02
Jamal, Zainab SC12
Jan Hultink, Erik FD09
Jap, Sandy FA01
Jayachandran, Satish TD14
Jedidi, Kamel FA13, FD11
Jensen Schau, Hope FA04
Jeon, Seungwon TC08
Jeuland, Abel TC09
Jia, Jianmin SC13
Jia, Shi SB15
Jiang, Bo TD07
Jin, Zhe FB05
Jindahra, Pavitra SA11
Johnson, Joseph FD10
Joo, Hailey SD06
Joseph, Joy SC09
Joseph, Kissan TB13, SB04
Joshi, Amit SC04
Jüliger, Mattias Poster
Jun, Duk Bin SC13
Just, David SA14

K

Kacker, Manish TC07, FD07
Kahle, Lynn FD15
Kaiser, Harry TA03
Kaishev, Vladimir SC03
Kalaignanam, Kartik TD14, SB05
Kalogeras, Nikos FC14, SC05, SC15, Poster
Kalwani, Manohar U. TC06
Kalyanam, Kirthi FC04
Kanetkar, Vinay TD15, Poster
Kang, Hyoung-Goo SD06
Kang, Kimyung FB05
Kang, Wooseong SD09
Kannan, Karthik SD05
Kannan, P. K. TD15
Kansal, Anurag SD10
Kao, Ling-Jing TC10
Kapeller, Alexander SA03
Kappe, Eelco SD08
Karniouchina, Ekaterina SB06
Karray, Salma SC07
Katona, Zsolt FC04, SA04
Käuferle, Monika FC07
Kauffman, Ralph FA01
Kaufmann, Patrick FD07
Kayande, Ujwal SC14, SD01
Kehl, Leonhard SD11
Keller, Jens SB14
Keller, Kevin Lane TC03
Kempe, David TC12
Kessel, Felix FD12
Kester, Linda FD09

Khammash, Marwan FA06
Khan, Uzma SB15
Kido, Shigeru TB03
Kilgour, Mark TA03
Kim, Alex SD05
Kim, Chul SC13
Kim, Do Hak FB05
Kim, Faye TB14
Kim, Hoon SA05
Kim, Hye-jin FC15
Kim, Jaehwan TB14, FC11, SA06
Kim, Jong Moon SD12
Kim, Jong-Moon FB06
Kim, MinChung SB05
Kim, Namwoon SC09
Kim, Sang Yong SB07
Kim, Taewan SC09
Kim, Wonjoon TD11, SB01
Kim, Youngju SA06
Kim, Youngsoo TC04
Kinshuk, Jerath TB10, FC04
Kitanaka, Hideaki TB03
Kitapci, Olgun Poster
Kiygi Calli, Meltem FA12
Klapper, Daniel TD03, FC08
Klein, Kristina SA10
Knowles, Jonathan SB05
Knox, George SA03
Kobayashi, Tetsu FC09
Kocas, Cenk SA13
Koenigsberg, Oded FA13, FD08
Koh, Inkon SA05
Koh, Noi Sian TC04
Kohli, Ajay FA10, SA05, SA08
Kohli, Rajeev FD11
Kolay, Sreya SA07
Kolsarici, Ceren SB14
Kondo, Fumiyo FC08
Koning, Alex SD11
Konus, Umut FD02
Kopalle, Praveen TB02
Koschate, Nicole FC14
Koslow, Scott TA03
Koukova, Nevena T. FD06
Krasnikov, Alexander SC09
Kreis, Henning SA01
Kreuzbauer, Robert FD15
Krishna, Aradhna SD13
Krishnamoorthy, Anand TC13
Krishnamurthi, Lakshman FC07, SC14
Kronrod, Ann FB14
Kruger, Michael TD02
Kryukov, Yaroslav TA12
Krzeminska, Anna TD05
Kuester, Sabine FA15, SC13
Kuhn, Kerri-Ann SD06
Kulkarni, Gauri TA06
Kumar (VK), V. TB01, TC02, SD01
Kumar, Ashish TB08
Kumar, Nanda SB13
Kumar, Piyush TD09
Kunter, Marcus FB07
Kürten, Dennis TD10
Kushwaha, Tarun FD02, SB05
Kwak, Kyuseop FB11
Kwak, Youngsik FB05, SB13
Kwon, Changhyun TC09
Kwon, Ohjin TD13

L

Lagier, Joelle TB15
Lajos, Joseph TB15
Lambert-Pandraud, Raphaëlle FD03
Lamey, Lien TA10
Lam, Karyin SD11
Landsman, Vardit FC01
Langerak, Fred TA09
Langner, Tobias TA15, TD10
Lang, Stefan TD12
Lappas, Alexandros Poster
Larson, Jeff FB05
Laurent, Gilles FD03
Lee, Backhun SB01
Lee, Clarence TA06
Lee, Eunkyu TB07, SB07
Lee, Janghyuk FC05
Lee, Jinsuh SD14
Lee, Jong-Ho TA10, FA09
Lee, Kee Yeun SC12
Lee, Sanghak FC11
Lee, Sungkyu TA10, FA09
Leeflang, Peter TD06, FC08, FD02, SB14, SC03
Lehmann, Donald R. TA04, TB02, FA02, FB12, FD08
Lei, Jing FA09
Lemmens, Aurélie SC14
Lemmink, Jos SB15
Lenk, Peter SA12
Leone, Robert P. SD01
Leroy, Julie TA02
Li, Beibei TC04
Li, Ping TC12
Li, Ping SD08
Li, Qiuping SA15
Li, Tieshan TC05
Li, Wei TC10
Li, Xiaoling TA07
Li, Xinxin SA13
Li, Yang TB11
Li, Yiyan TA15
Liaukonyte, Jura TA03
Libai, Barak SA01
Liberali, Guilherme (Gui) SD12
Lichung, Jen FC02
Lien, Ching-Wei FA05, FB05
Lien, Nai-Hwa FD01
Lim, Hyunwoo SC14
Lim, Jongwook SB13
Lim, Wei Shi FB13
Lin, Hsin-Chen TC06
Lin, Songqi TB15
Lin, Xiaoji FC05
Lings, Ian TA14
Litt, Ab SB15
Liu, Ben Shaw-Ching FB07
Liu, Fang TD10
Liu, Hongju TB07, TD11, SA13
Liu, Ling FB05
Liu, Qing SC11
Liu, Yong FA04, FA04
Liu, Yunchuan TC07, FC01
Liu, Yunchuan SA07
Liu, Yuzhou FB04
Lloyd, Alison TA08
Lo, Simon SD03
Loewenberg, Margot SA10
Loock, Moritz TD14
Lovett, Mitch TB12
Lowengart, Oded SA14
Loy, Jens-Peter FB08, SA13
Lu, Jun SB15
Lu, Yina TD08
Luce, Fernando TA05, TC02
Ludwig, Stephan FD01
Luetke, Verena SA08
Lum, Kristian SD07
Luo, Lan FC06, FC09
Lusch, Robert F. FA04

M

Ma, Liye FC04
Ma, Wei-chen, Jenny SD15
Ma, Yu SB11, TB08
MacDonald, Erin FB06, SD12
MacLachlan, Douglas FC12
Mac, Lancy SC10
Magnúsdóttir, Lóa TD15
Mak, Vincent TA13
Mallucci, Paola FA07, SD13
Malshe, Ashwin FC15
Manary, Matthew SB05
Manchanda, Puneet FD01
Mangaraj, Bijaya Krushna FD10, SD09
Mantrala, Murali FA01
Martín-Herrán, Guiomar TC13
Martin, Melissa SB02
Massara, Francesco TC15
Matsumura, Naohiro TD06
Mattison Thompson, Frauke SD10
Mazumdar, Tridib SC09
McAlister, Leigh SA12, SB05
McAuliffe, Jon SA12
McKechnie, Sally TA15
McNally, Regina FD09
Mehra, Amit FB06
Mehta, Nitin SB11
Meierer, Markus SA10
Meissner, Martin SD11
Mela, Carl SD07
Melnyk, Valentyna SA10
Melnyk, Vladimir FD15
Merchant, Ken SB02
Merrin, Robert FD05
Messinger, Paul FA08, Poster
Meyer, Robert SC15
Meza, Sergio TC11
Miklos-Thal, Jeanine TB03
Mink, Moritz TD02
Min, Sungwook SC09
Mishra, Saurabh SC09
Mishra, Shashi Shekhar FB01
Misra, Sanjog TA12, TB12
Mitra, Debanjan TB02, FD10
Mizik, Natalie SB05
Mizuno, Makoto FA06
Moccia, Sergio TA14
Moldovan, Sarit TB09
Montaguti, Elisa FD02
Montaña, Jordi TD09
Montoya, Mitzi SD09
Montoya, Ricardo FD11
Moon, Jon SD06
Moon, Sangkil SB01
Moore, Bill SB06
Moorman, Christine TC07, SB05
Moorthy, Sridhar SA06, SC07
Moraga-González, José Luis FA11
Mori, Toshikatsu FA06
Morrison, Pamela TC14
Mu, Jifeng FC12
Mugica, Jose M TB05
Mukherjee, Avinandan TA02
Mukherji, Arnab TB13
Mukherji, Prokriti SA09
Mukunda Das, V. FD14
Muller, Eitan FA13
Müller, Sarah FC14
Murtha, Brian SA08
Murthi, B P S FC03
Musalem, Andres TD08

N

Nabout, Nadia SB04
Naeff, Yorick SB02
Nagai, Takao FC09
Nagamine, Nobuaki FC09
Nagaoka, Toshihiko SB09
Nagayama, Ken SB02
Naik, Prasad A. TC03, TC13
Nair, Harikesh TB12, TC12
Nair, Saji K. B. FB01, FD14
Nakamura, Jinya TB03
Nanda, Aman FD08
Narasimhan, Chakravarthi TB10, FC13
Narasimhan, Om SA09
Narayanan, Sridhar TA12, SD08
Narayan, Vishal SD11, TD04
Nasser, Sherif TB10
Nath, Prithwiraj TA02, TA15
Natter, Martin FC08, FD06, SD05
Naveen, Amblee SB01
Nelson, Charlie TC14
Nelson, Paul FD10, SC11
Neslin, Scott A. FD02
Netzer, Oded FB12, SC12
Neumann, Nico FC15
Nevskaya, Yulia TD11
Newman, Anouche TA14
Ni, Jian TD07
Nies, Salome FC08
Nijssen, Ed SA08
Nikolaeva, Ralitza TD14
Niraj, Rakesh SB02
Nishimoto, Akihiro FC09
Nitzan, Irit SA01
Noordhoff, Corine SC01
Novak, Thomas P. TA06, TC15, FD04, SC04

O

Oetzel, Sebastian FC08
Ofek, Elie TA06, TB06, FD15, SC01
Olivares, Marcelo TD08
Oppewal, Harmen SC15
Orhun, A. Yesim SC15
Osuna, Ignacio SD03
Otter, Thomas TB11, TC11, SA02
Ozdemir, Zafer SD08
Ozturk, O. Cem FA01

P

Paap, Richard FB11
Paas, Leo FA02
Packard, Grant FD01
Padhan, Purna Chandra FB08
Pagani, Margherita TB04, FB04
Paik, Sookyung SB13
Palekar, Udatta FD13
Pan, Xing TC06
Panagiotelis, Anastasios FC06
Pandey, Dheeraj TC06
Pandey, Neeraj TA02
Papastathopoulou, Polina FC14
Papies, Dominik TA11, TD15
Park, Chang Hee TD04, FD04

Park, Sungho SA11
Park, Yoon-Seo SB01
Park, Young-Hoon TD04, FC04, FC15, FD04, SC12
Parry, Mark SB07
Parthasarathy, Venkatesh FB03
Pattabhiramaiah, Adithya FD01
Patterson, Paul SB08
Pauwels, Koen TB01
Pavlidis, Polykarpos FB08
Payne, Collin R. SA14
Pazgal, Amit FC13
Peers, Yuri FA13
Pelser, Jan Poster
Peng, Gang FC12
Pennings, Joost M. E SC05, SC15
Perch Nielsen, Jens SC03
Pescher, Christian FA12
Petersen, J. Andrew TD02, SD01
Pfann, Gerard FD01
Pfeiffer, Markus FD10
Pham, Michel Tuan SA15
Pick, Doreén SA01
Pieters, Rik TC15, TD03, FB04
Pofahl, Geoffrey FC13, SD09
Polo, Yolanda TD02
Poon, Patrick S. TC14, SB10
Popkowski Leszczyc, Peter FC14
Poynor, Cait TD08
Pradhan, Debasis FD10, SD09
Prakhya, Srinivas TB13
Prasad, Ashutosh TC13, FC08
Prime, Nathalie SA07
Prinzie, Anita FA02
Puntoni, Stefano FB12

Q

Qian, Cheng SC02
Qian, Lixian FA12
Quartuccio, Francesco SC03

R

Raassens, Néomie TD05
Radic, Dubravko FC09
Rajan, Uday SD13
Raju, Jagmohan TB07, FB06, SB13, SC01
Rakshit, Krishanu TB13
Raman, Kalyan TC09
Ramaprasad, Jui TC06
Ramkumar, Rishika TC06
Rananathan, Suresh SB15
Rangaswamy, Arvind SD01
Rao, Akshay TA13, TC15
Rao, Anita TA12, TC12
Rao, Ram SB13
Rao, Vithala SD11
Ratchford, Brian TC08
Ratchford, Mark TA07
Ravishanker, Nalini TB02
Ray, Sourav SB07
Reber, Katrin SB14
Reddy, Srinivas SB01, TC04, TD09
Rego, Bruno TA05
Reinartz, Werner TB02, FC07
Reinecke, Sven TA01
Reiner, Jochen SD05
Reutterer, Thomas SD03
Richards, Timothy TA03, FB10, FC13
Rickard, Brad TA03
Rieck, Olaf Poster
Ringle, Christian TA11, FD12
Risselada, Hans TB09
Roberts, John TB01, TC14
Roberts, Ken TB01
Rodriguez Vila, Omar Poster
Rohde, Carsten TC02
Rohn, Andrew FB04
Römer, Hanna TA09
Rosen, Stefanie Poster
Rosenzweig, Stav SC01
Rossi, Federico TC11
Rossiter, John R. TD10, FC12
Rossmann, Alexander SB03
Roy, Abhik TA13
Roy, Rajat FC15
Roy, Sudipt TB08
Rubel, Olivier TC13
Rudolph, Thomas TB06, Poster
Russell, Gary J. SB11
Rust, Roland T. TB02, TD06
Rutz, Oliver FC04, FD04

S

Sa Vinhas, Alberto FD07
Sabnis, Gaurav TD04
Sajeesh, Sajeesh SB13, SC01
Salomo, Soren TA09
Salvaj, Erica TB09
Samu, Sridhar FA09
Sándor, Zsolt FA11
Sarstedt, Marko TA11, FC12, FD12
Sasser, Sheila TA03
Sattler, Henrik FA10
Saunders, Carolyne SD11
Schäfer, Daniela B. TC14, FB10, SB10
Schleicher, Martin TD03
Schleich, Joachim FA14
Schlereth, Christian SC11
Schloffer, Judith SD11
Schlomann, Barbara FA14
Schmitt, Niko TD05
Schmitt, Philipp SA02
Schmitz, Gertrud FB09
Schnittka, Oliver FA10
Schoder, Detlef TB04
Schoegel, Marcus TA05
Scholer, Lisa FB06
Scholz, Sören W. SD11
Schroll, Roland FD10
Schulze, Christian TB06, FB06
Schwartz, Eric TA04, FB04
Schwarz, Jürgen FB10
Schweidel, David SC12
Seaton, Jonathan TA10, FD13
Seenivasan, Satheeshkumar Poster
Seetharaman, Seethu SA06
Seiler, Stephan FA11
Seitz, Juergen Poster
Sera, Kota FA06
Sese, F. Javier TD02
Sethi, Suresh P. TC13
Seymen, Omer Faruk FC02
Shacham, Rachel SB15
Shah, Denish TB01
Shaikh, Nazrul I. SD01
Shankar, Venky FD02
Shapira, Daniel TD09
Shapiro, Jesse TB12
Shen, Hao TC15
Shen, Qiaowei TD11
Sheorey, Pratima TA02
Shi, Wei TC15
Shi, Hongyan SA07
Shi, Mengze TD06
Shih, Jen-Ying TD08
Shin, Hyun FA02
Shin, Sangwoo SC11, SD14
Shin, Woochoel SD07
Shiratori, Satoru FC09
Shiv, Baba TB14
Shriver, Scott K TB12
Shugan, Steven TA11
Siddarth, S TD13
Sigué, Simon Pierre TC13
Silberhorn, Nadja FD03
Silva-Risso, Jorge TA06
Silveira, Cleo TC02
Simester, Duncan TA10
Simpson, Alan TB01
Sinapuelas, Ian Clark FC10
Sinha, Ashish FC15, SA05
Sinha, Atanu TA07, SA15, SC04
Sinha, Shameek SA12
Sirkeci, Ibrahim TD15
Sisodiya, Sanjay SB09
Skiera, Bernd FB06, FC01, FD02, SA02, SB04, SC03, SC05, SC11, SD05
Smith, Mike FC06
Smith, Scott FB05
So, Michelle TB15
Sofka, Wolfgang SA05
Song, Jing TA05
Song, Minjae TC12
Sonmezler Arikan, Esra FC10
Soonsawad, Pim FC02
Soopramanien, Didier TD12, FA12
Soysal, Gonca FC07
Spanjol, Jelena FD09
Spann, Martin FA12, FD06
Sridhar, Karthik TB08
Sridhar, Shrihari FA01
Srinivasan, Kannan TD07, FC04
Srinivasan, Raji SA09, SB09
Srinivasan, Shuba TC13, FA10, FD07
Srivastava, Joydeep FD06
Srivastava, Raj TC10, SA05, SB01
Srivastava, Rajendra SA10
Stadel, Daniel FA13
Stading, Gary FA01
Staeblein, Thomas FB09
Staelin, Richard TB07, TB12
Stahl, Dale SD07
Stahl, Florian FA02, FA13, FD08, SA04
Steckel, Joel FB11
Steenburgh, Tom TA06
Steenkamp, Jan-Benedict TA10, TB13
Stefan, Isabel FC14
Steffes, Erin FC03
Steiner, Winfried TD12
Stephen, Andrew TA04, SB12
Stern, Philipp SB14
Steul-Fischer, Martina FD06
Stock, Axel FA07
Stock, Ruth FC03, TD05
Stöckl, Matthias TC03
Strasser, Meike TC14, FB10
Stremersch, Stefan TA01, FC01, SB14, SC10, SC14, SD08
Strijnev, Andrei FC03, SA06
Su, Lei TA14
Su, Lily SD06
Su, Yu SD10
Subramanian, Upender TB07
Sudhir, K Poster
Suher, Jacob SC12
Sullivan, Mary FB08
Sultan, Fareena FB04
Sun, Baohong SA02
Sun, Jiong FC06
Suzuki, Akira TB03
Swoboda, Bernhard SA10

T

Taboubi, Sihem TC13
Takakai, Yuto FA06
Talke, Katrin TA09
Talukdar, Debabrata TC09, FC10, Poster
Talwar, Vishal FC02
Tang, Christopher SA02
Tang, Elina FA01
Tang, Felix SC13, TB15
Tarasi, Crina FB02
Tarnovskaya, Veronika TD10, SB10
Teichert, Thorsten TA14, FA09, FD03
Teixeira, Thales FB04
Tellis, Gerard J. FC09, SA09, SD04
Temme, Dirk FD12
ter Braak, Anne TB10
Terui, Nobuhiko TD03
Teunter, Ruud FA12
Thomadsen, Raphael FA08, FC13
Thomas, Gregory SB01
Thuring, Fredrik SC03
Tian, Feng FD05
Tim, Kraemer FC01
Tipton, Martha SD15
Tirunillai, Seshadri SD04
Tirupati, Devanath Poster
Toh, Zong Rong Poster
Tomak, Kerem TD02
Toubia, Olivier SB12
Tran, Thanh FB11
Trauzettel, Volker FD13
Tripathi, Manish FA06, FB01
Trivedi, Minakshi TB08, SB11
Troilo, Gabriele SA05
Trusov, Michael FC04, FD04, SC04
Tsai, Ming-Chih TA07, FA05, FB05
Tseng, Li-Chuan FB05
Tseng, Peggy TA06
Tucker, Catherine FB06
Tuli, Kapil R. SB05
Turcic, Danko TB10
Turut, Ozge TA09, FC13
Tzeng, Shiou-Fen TD08

U

Umemoto, Haruo FC09
Urban, Glen L. FB06, SD12
Urminsky, Oleg FC11
Uslay, Can FA05, SB06

V

Vadali, Srikant TC04
Vakratsas, Demetrios SB14, SC09
Valentini, Sara FD02
Valizade-Funder, Shyda TB08
van Beuningen, Jacqueline TC07, Poster
van de Velden, Michel FA05
Van den Bulte, Christophe FC09, SA02, SA04, SD01
Van den Poel, Dirk FA02, SB03
van der Borgh, Michel SA08
van der Lans, Ralf TD03
van Doorn, Jenny FB14
van Eck, Peter S. TD06
van Heerde, Harald TA11, TB13, FB10
van Herpen, Erica TD08, FA14, FD15
Van Ittersum, Koert FB09, SC15
van Nierop, Erjen FA14
van Oest, Rutger SA03
van Osselaer, Stijn FB12
van Rijnsoever, Frank FA14
van Trijp, Hans C. M. FD15
Vanneste, Sofie TA01
Venkataraman, Sriram TC08, FA01
Venkatesan, Rajkumar TB02
Verhoef, Peter TB09, FB14, FD02
Verniers, Isabel TA01, SC14
Vianello, Silvia SC03
Vidal-Sanz, Jose M. FB02, SB09
Villanueva, Julian SD03
Villas-Boas, J. Miguel FB13
Villas-Boas, Sofia FA14
Vines, Karen FA05
Viswanathan, Madhu SA09
Viswanathan, Vijay FB01
Vitorino, Maria Ana FC05
Vlasic, Goran SA05
Vocino, Andrea SC15
Völckner, Franziska TA11, TB04, SA10
Voleti, Sudhir FD10
von Wangenheim, Florian TB06, FD05, SB04
Voorhees, Clay FA01

W

Wachtel, Stephan SA02
Wagenführer, Daniel FD03
Wagner, Nils TB01
Wagner, Ralf FB07, SC02
Wagner, Udo TC02
Walker, Beth FB02
Wan, Echo Wen SD14
Wan, Lisa C. TB14, TC14
Wang, Deanna FC10
Wang, Gao TB02
Wang, Rui TA05, TA07, FD05
Wang, Tianfu FC01
Wang, Tiffany T. FA03
Wang, Wei SC13
Wang, Xiaojuan FB05
Wang, Yanwen TC08
Wang, Yi-Lung TA07
Wang, Yu SD13
Wansink, Brian SA14
Waterson, Michael FD13
Wathieu, Luc FB14
Wathne, Kenneth TC05
Wechselberger, Peter TD12
Wedel, Michel TC15, TD03, TD06, FB04
Wei, Liyuan SB06
Weinberg, Charles SA06, SB06, TA13
Westmorleand, Peter FA06
Wetzels, Martin FD01, TC07, Poster
Weverbergh, Marcel FA12
White, Joseph FD11
Wierenga, Berend SB06
Wieringa, Jaap SB14, TA09
Wiertz, Caroline TB04
Wieseke, Jan SA08
Wiesel, Thorsten TB01
Wies, Simone SC05
Wilbur, Kenneth C. TC12
Wilczynski, Petra FC12
Wildenbeest, Matthijs FA11
Wilken, Robert TD13, FC10, SA07
Winer, Russell TD04
Winsor, Robert D. FA05
Wintoki, M. Babajide SB04
Wirtz, Jochen SA02
Wise, Chelsea FA09
Wlömert, Nils TD15
Woisetschläger, David M. FB02
Wong, Leo FC14
Worm, Stefan TC10
Wright, Nevan SB08
Wu, Chi-Cheng TB03, TD07
Wu, Chunhua SD04
Wu, Fang FA08
Wu, I-Huei TD08, FD13
Wu, Jie TB05
Wu, Kewei FB05
Wu, Ruhai TC07, FD07
Wuyts, Stefan TD05, SB09

X

Xiao, Mo SD07
Xiao, Ping TB09, FD05, SA02
Xiao, Ying TC07
Xie, Guang-Xin FD15
Xie, Jinhong TB02
Xu, Yin TB02
Xue, Ling FD07
Xun, Jiyao TA15

Y

Yalcin, Taylan TB06
Yamada, Masataka SB09
Yamamoto, Hikaru TD06
Yang, Botao TD06
Yang, Chih-Wen FA05
Yang, Joonhyuk SB01
Yang, Sha TD04
Yang, Yupin SB06
Yaniv, Eyal TC15
Yao, Hui-I TB15, FD14
Yeo, Wee Meng FB13
Yildirim, Gokhan FB02
Yildirim, Tuba Pinar SD04
Ying, Yuanping FA02
Yip, Leslie TD10, TA08
Yoganarasimhan, Hema FB04
Yoon, Kanghyun FB11
Yoo, Shijin FC05
Yoo, Weon S. TB07
Yoo, Yong Keun FC05
Yu, Ting SB08
Yuan, Hong FD13
Yuk, Hyeyeon FB09

Z

Zaccour, Georges TC13
Zacharias, Nicolas TD05, FC03
Zaffou, Madiha TA08
Zeithammer, Robert FA08, SD05
Zenetti, German TD03
Zeng, Daniel FA04
Zeng, Shuo FA04
Zeng, Xiaohua TA13, SA04
Zenker, Sebastian FA10
Zepp, John FD11
Zerbini, Fabrizio FA07
Zhang, Jie SD04
Zhang, Jonathan SC12
Zhang, Juanjuan TB03
Zhang, Juanjuan SA13, SD09
Zhang, Kaifu TB04
Zhang, Qin TC08
Zhang, Xi SD03
Zhang, Xubin TD07
Zhang, Yao FB04
Zhang, Z. John TB07, TB10, TC13, SD13
Zhang, Zelin TB13, SB04
Zhao, Hao Poster
Zhao, Min SA15
Zhao, Ying TD04
Zhong Jian, Shen FC08
Zhou, Wenqi TC04
Zhu, Ting TB07
Zhu, Yi TD04
Zimbra, David FA04
Zinnbauer, Markus FD10
Zolfaghari, Saeed SC02
Zubcsek, Peter TB04
Zwick, Rami TA13

Session Index

Thursday, 8:30am - 10:00am

TA01 Scientometrics
TA02 Customer Relationship Management
TA03 Advertising: Strategy I
TA04 User Generated Content: Word-of-Mouth
TA05 Strategy
TA06 Internet: General I
TA07 Channels
TA08 Retailing
TA09 New Products
TA10 Private Labels I
TA11 Econometric Models
TA12 Discrete Games
TA13 Pricing I
TA14 Decision Making I
TA15 Consumer Behavior

Thursday, 10:30am - 12:00pm

TB01 2009-10 ISMS-MSI Practice Prize Competition
TB02 CRM: Managing Customers
TB03 Advertising: Strategy II
TB04 Impact of User Generated Content I
TB05 Strategy: Government Influence
TB06 Internet: General II
TB07 Channels: Design I
TB08 Retailing:Shopper Behavior
TB09 New Products: Adoption
TB10 Private Labels II
TB11 Bayesian Estimation
TB12 Information and Consumer Choice
TB13 Pricing II
TB14 Decision Making II
TB15 CB: Perception I

Thursday, 12:00pm - 3:00pm

Poster Session

Thursday, 1:30pm - 3:00pm

TC01 Meet the Editors I
TC02 CRM: Customer Equity I
TC03 Advertising: Consumer Response I
TC04 Impact of User Generated Content II
TC05 Strategy: Alliances
TC06 Internet: User Generated Content
TC07 Channels: Design II
TC08 Retailing: Store Choice
TC09 New Products: Diffusion I
TC10 Brands I
TC11 Structural Economic Models
TC12 Modeling Firm Decisions
TC13 Continuous-Time Marketing
TC14 CSR
TC15 CB: Perception II

Thursday, 3:30pm - 5:00pm

TD01 Meet the Editors II
TD02 CRM: Customer Equity II
TD03 Advertising: Consumer Response II
TD04 Impact of Social Media
TD05 Strategy: Make or Buy
TD06 Mobile Marketing & Social Influence
TD07 Channels: Design III
TD08 Retailing: Location
TD09 New Products: Diffusion II
TD10 Brands II
TD11 Dynamic Structural Models
TD12 Forecasting I
TD13 Pricing: Willingness-to-Pay
TD14 Sustainability I
TD15 Entertainment Marketing I

Friday, 8:30am - 10:00am

FA01 B2B
FA02 CRM: Customer Equity III
FA03 Advertising: Consumer Response III
FA04 Social Media in the Marketplace
FA05 Strategy: Segmentation of Firms
FA06 Internet: Social Influence
FA07 Channels: Channel Coordination
FA08 Retailing: Competition
FA09 New Products: Development & Design I
FA10 Brands III
FA11 The Estimation of Demand and Supply in Markets with Search Frictions
FA12 Forecasting II
FA13 Pricing: Tariffs
FA14 Sustainability II
FA15 CB: Perception III

Friday, 10:30am - 12:00pm

FB01 High-Tech Marketing
FB02 CRM: Customer Portfolios I
FB03 Advertising: Cognitive vs. Affective Cues
FB04 Online Content and Advertising
FB05 Strategy: Segmentation of Customers
FB06 Online Advertising
FB07 Channels: Bargaining
FB08 Promotions
FB09 New Products: Development & Design II
FB10 Brands: Trust & Loyalty
FB11 Dynamic Models
FB12 Survey Research
FB13 Competition I
FB14 Environmental and Social Marketing
FB15 CB: Perception IV

Friday, 1:30pm - 3:00pm

FC01 Two-Sided Market
FC02 CRM: Customer Portfolios II
FC03 CRM: Customer Loyalty I
FC04 Search Engines I
FC05 Finance & Marketing I
FC06 Online Retailing
FC07 Channels: Multichannel Management
FC08 Promotions: Price Promotions
FC09 New Products: Development & Design III
FC10 Brands: Brand Extensions
FC11 Choice Models
FC12 Measurement & Survey Research
FC13 Competition II
FC14 Cause-Related Marketing
FC15 CB: Preferences

Friday, 3:30pm - 5:00pm

FD01 Social Influence: Communities & Online Communication
FD02 Multichannel Customer Management
FD03 CRM: Customer Loyalty II
FD04 Search Engines II
FD05 Finance & Marketing II
FD06 Online Pricing
FD07 Channels: Dual Distribution
FD08 Promotions: Non-Price Promotions
FD09 Decision-Making Perspectives on Product Innovation Management
FD10 Brands: Brand Equity
FD11 Choice Models: Non-Compensatory Choice
FD12 Structural Equation Modeling
FD13 Pricing: Competition I
Fd14 Not-for-Profit Marketing
FD15 CB: Social Influence

Saturday, 8:30am - 10:00am

SA01 Social Influence: General
SA02 CRM: Customer Acquisition & Retention
SA03 CRM: Customer Loyalty III
SA04 Social Networks
SA05 Strategy: Firm Performance
SA06 Entertainment Marketing: Movies I
SA07 Channels: Advertising & Sales
SA08 Sales Force
SA09 Value Creation through Technology and Product Management
SA10 Brands: Global Branding I
SA11 Choice Models: Applications
SA12 ASA Special Session on Statistics and Marketing: Computationally-Intensive Methods
SA13 Pricing: Competition II
SA14 Food Marketing and Health
SA15 Decision Making: Time Perspectives

Saturday, 10:30am - 12:00pm

SB01 Social Influence: Word-of-Mouth
SB02 CRM: Customer Satisfaction I
SB03 CRM: Customer Loyalty IV
SB04 Search Engines III
SB05 Financial Consequences of Marketing
SB06 Entertainment Marketing: Movies II
SB07 Pricing Issues-Distribution Channel Models I
SB08 Organizational Issues
SB09 Innovation I
SB10 Brands: Global Branding II
SB11 Multi-Category Choice Models
SB12 ASA Special Session on Statistics and Marketing Applications I
SB13 Pricing: Competition III
SB14 Marketing and Health I
SB15 Decision Making: Self Control

Saturday, 1:30pm - 3:00pm

SC01 Social Influence: Network Effects
SC02 CRM: Customer Satisfaction II
SC03 CRM: Cross-Selling
SC04 Search Engines IV
SC05 Identifying Marketing Actions that Drive Financial Performance
SC07 Relationship, Cooperation and Dominance Distribution Channel Models
SC08 Health Marketing
SC09 Innovation II
SC10 International Marketing I
SC11 Conjoint Analysis I
SC12 ASA Special Session on Statistics and Marketing: Applications II
SC13 Pricing: Perception
SC14 Marketing and Health II
SC15 Decision Making: Uncertainty

Saturday, 3:30pm - 5:00pm

SD01 Referral Marketing
SD02 CRM: Customer Satisfaction III
SD03 Direct Marketing
SD04 User Generated Content
SD05 Auctions
SD06 Entertainment Marketing II
SD07 Experimental Economics
SD08 Pharmaceuticals
SD09 Product Management
SD10 International Marketing II
SD11 Conjoint Analysis II
SD12 ASA Special Session on Statistics and Marketing: New Methods for Exploring
SD13 Experiments on Pricing and Other Exchange Mechanisms
SD14 Services
SD15 Managerial Decision Making

Köln
Cologne

Schienennetz
Rail services
Le réseau

2010



2010 INFORMS Marketing Science Conference

	Room	Room 2	Room 4	Room 6	Room 14	Room 15	Room 16	Room 17	Room 18	Room 19	Room 20	Room 21	Room 22	Room 23	Room 24	Room 25
	Track	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15
THURSDAY	7.30AM		Registration													
	8.30AM	Scientometrics	Customer Relationship Management	Advertising: Strategy I	User Generated Content: WOM	Strategy	Internet: General I	Channels	Retailing	New Products	Private Labels I	Econometric Models	Discrete Games	Pricing I	Decision Making I	Consumer Behavior
	10AM		Morning Break													
	10.30AM	2009-10 ISMS-MSI Practice Prize Competition	CRM: Managing Customers	Advertising: Strategy II	Impact of User Generated Content I	Strategy: Government Influence	Internet: General II	Channels: Design I	Retailing: Shopper Behavior	New Products: Adoption	Private Labels II	Bayesian Estimation	Information & Consumer Choice	Pricing II	Decision Making II	CB: Perception I
	Noon		Lunch / Poster Session in Room 1, 12-3PM													
	1.30PM	Meet the Editors I	CRM: Customer Equity I	Advertising: Consumer Response I	Impact of User Generated Content II	Strategy: Alliances	Internet: User Generated Content	Channels: Design II	Retailing: Store Choice	New Products: Diffusion I	Brands I	Structural Economic Models	Modeling Firm Decisions	Continuous-Time Marketing	CSR	CB: Perception II
	3PM		Afternoon Break													
	3.30PM	Meet the Editors II	CRM: Customer Equity II	Advertising: Consumer Response II	Impact of Social Media	Strategy: Make or Buy	Mobile Marketing & Social Influence	Channels: Design III	Retailing: Location	New Products: Diffusion II	Brands II	Dynamic Structural Models	Forecasting I	Pricing: Willingness-to-Pay	Sustainability I	Entertainment Marketing I
	5PM		Welcome Reception													
	9.30PM		Organ Concert / Doors of the Cologne Cathedral will close at 9.30 PM sharp.													
FRIDAY	7.30AM		Registration													
	8.30AM	B2B	CRM: Customer Equity III	Advertising: Consumer Response III	Social Media in the Marketplace	Strategy: Segmentation of Firms	Internet: Social Influence	Channels: Channel Coordination	Retailing: Competition	New Products: Development & Design I	Brands III	Markets with Search Frictions	Forecasting II	Pricing: Tariffs	Sustainability II	CB: Perception III
	10AM		Morning Break													
	10.30AM	High-Tech Marketing	CRM: Customer Portfolios I	Advertising: Cognitive vs. Affective Cues	Online Content and Advertising	Strategy: Segmentation of Customers	Online Advertising	Channels: Bargaining	Promotions	New Products: Development & Design II	Brands: Trust & Loyalty	Dynamic Models	Survey Research	Competition I	Environmental and Social Marketing	CB: Perception IV
	Noon		Lunch													
	1.30PM	Two-Sided Markets	CRM: Customer Portfolios II	CRM: Customer Loyalty I	Search Engines I	Finance & Marketing I	Online Retailing	Channels: Multichannel Management	Promotions: Price Promotions	New Products: Development & Design III	Brands: Brand Extensions	Choice Models	Measurement & Survey Research	Competition II	Cause-Related Marketing	CB: Preferences
	3PM		Afternoon Break													
	3.30 PM	Communities & Online Communication	Multichannel Customer Management	CRM : Customer Loyalty II	Search Engines II	Finance & Marketing II	Online Pricing	Channels: Dual Distribution	Promotions: Non-Price Promotions	Decision-Making & Innovation	Brands: Brand Equity	Non-Compensatory Choice	Structural Equation Modeling	Pricing: Competition I	Not-for-Profit Marketing	CB: Social Influence
	6PM		Dinner 'n' Cruise / The MS RheinEnergie will cast off at 6.45PM sharp. / Return to landing stage at approx. 9 PM													
SATURDAY	7.30AM		Registration													
	8.30 AM	Social Influence: General	CRM: Customer Acquisition & Retention	CRM: Customer Loyalty III	Social Networks	Strategy: Firm Performance	Entertainment Marketing: Movies I	Channels: Advertising & Sales	Sales Force	Value Creation	Brands: Global Branding I	Choice Models: Applications	Statistics & Marketing: Methods	Pricing: Competition II	Food Marketing and Health	Decision Making: Time Perspectives
	10AM		Morning Break													
	10.30AM	Social Influence: WOM	CRM: Customer Satisfaction I	CRM: Customer Loyalty IV	Search Engines III	Financial Consequences of Marketing	Entertainment Marketing: Movies II	Pricing Issues: Distribution Channel Models I	Organizational Issues	Innovation I	Brands: Global Branding II	Multi-Category Choice Models	Statistics & Marketing: Applications I	Pricing Competition III	Marketing and Health I	Decision Making: Self Control
	Noon		Lunch													
	1.30PM	Social Influence: Network Effects	CRM: Customer Satisfaction II	CRM: Cross Selling	Search Engines IV	Marketing Actions & Financial Performance	Experiments: Pricing & other Exchange Mechanisms	Relationship, Cooperation & Dominance	Health Marketing	Innovation II	International Marketing I	Conjoint Analysis I	Statistics & Marketing: Applications II	Pricing: Perception	Marketing and Health II	Decision Making: Uncertainty
	3PM		Afternoon Break													
	3.30PM	Referral Marketing	CRM: Customer Satisfaction III	Direct Marketing	User Generated Content	Auctions	Entertainment Marketing II	Experimental Economics	Pharmaceuti-cals	Product Management	International Marketing II	Conjoint Analysis II	Statistics & Marketing: Consideration Sets		Services	Managerial Decision Making
	5PM		Conference Concludes													