

# Marketing Matters

A Newsletter of the Institute for Research in Marketing

Spring 2007 • Vol. 1, Issue 2

CARLSON  
SCHOOL OF MANAGEMENT  
UNIVERSITY OF MINNESOTA

## High Ceilings can Lead to Big-picture Thinking

**Contractors, real estate agents, and leasing agents will all tell you the benefits of having high or vaulted ceilings in your space. The higher the ceiling, the better—right? Thanks to recent Carlson School research, the psychological underpinnings of this general assumption are now official.**



“When a person is in a space with a 10 foot ceiling, they will tend to think more freely, more abstractly,” says Joan Meyers-Levy, professor of mar-

keting. “They might process more abstract connections between objects in the room, whereas a person in a room with an 8 foot ceiling will be more likely to focus on specifics.”

The research is described in “The Influence of Ceiling Height: The Effect of Priming on the Type of Processing People Use,” by Meyers-Levy and Rui (Juliet) Zhu, assistant professor of marketing at the Sauder School of Business, University of British Columbia and a 2003 Carlson School doctoral alum. The article will appear in the August 2007 issue of the *Journal of Consumer Research*.

A salient high-ceiling environment can stimulate the concepts of freedom-versus-confinement. This causes people to engage in either more free-form, abstract thinking or more detail-specific thought. Thus, depending on what the task at hand requires, the effect of the ceiling could be positive or negative.

This work has important implications for retailers whose customers’ thought-processes influence what

products they buy; how they process point-of-purchase information; and even sales persuasion strategies. For example, a consumer walking into a department store with high ceilings might notice a sale sign and start picking things out that would fit into

her living room design with a free association of thought. Lower the ceiling height, and the consumer may be more able to focus on the details, thinking, “This is on sale, but only by five percent,” or, “This is green, like the living room, but it isn’t the right shade.”

Meyers-Levy says, “Depending on the activity or the desired outcome, ceiling height can make a big difference in how people process the information with which they are presented.”

## Letter from the Director

The past few months have been busy ones for the Institute for Research in Marketing at the Carlson School. We hosted two major public events. At the first, Fred Senn regaled a sold-out crowd with anecdotes and principles from his book (co-authored with Pat Fallon), *Juicing the Orange*. At the second, the mayors of Minneapolis and Saint Paul, R. T. Rybak and Chris Coleman, unveiled their vision for the re-branding and repositioning of the Twin Cities.

The Institute continues to host events that feature cutting-edge thinking and application of the science and art of marketing. On June 6-8, we will host “Creating and Cultivating Brand Connections” in collaboration with the Marketing Science Institute (a think tank based in Cambridge, Mass.). This conference is by invitation only, but a full report will be prepared and made available on our website.



Minneapolis Mayor R.T. Rybak with Professors Mark Bergen and Robert Ruekert

## The Advisory Board

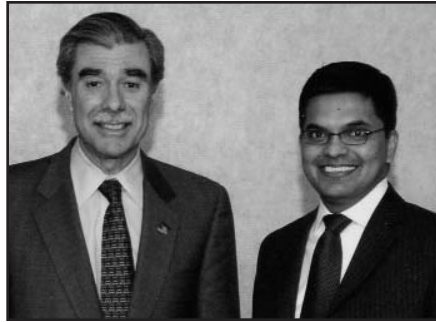
I am delighted to welcome four new members to the advisory board. The board has grown with the addition of Derek Malmquist

*continued next page*

(Ecolab), Sherman L. Black (Seagate Technology), Susan E. Parker (Supervalu), and Professor Rajesh Chandy. Since our start only a year and a half ago, the advisory board has grown to 12 corporate members and 2 faculty representatives.

With Susan Parker's arrival as Supervalu's first-ever CMO, I take this opportunity to thank Mike Jackson, COO of Supervalu, as he passes the torch. Mike was a founding member of our board and, I am sure, will continue to be generous with his most scarce resource—time. Additionally, I am pleased that Jan Elsesser will continue to represent GfK Custom Research, despite having retired from the presidency of the firm on December 31, 2006.

As the advisory board continues to grow in size and its monetary support to the Institute increases, we are able to contemplate a series of new activities that should be of value to our practitioner partners, the discipline of marketing, and our students. Currently, the board is considering initiatives including the sponsorship of specific projects for student teams, such as the teams that operate the



United States Commerce Secretary Carlos Gutierrez with Rajesh Chandy at the Measuring Innovation in the 21st Century committee meeting.

Carlson Brand Enterprise; the funding of research projects for faculty who are planning theoretically rigorous *and* practically valuable research; and the support of a case-writing initiative. I would be remiss if I did not thank the advisory board for their abiding support to make these endeavors possible.

## Department Highlights

The work of the marketing department faculty continues to make headlines in both academic journals and media outlets across the world. Their innovative research places the Department of Marketing and Logis-

tics Management at the forefront of research institutions when it comes to publications, citations, and practice. Two of our colleagues achieved significant recognition recently.

Professor Rajesh Chandy, an expert in the area of innovation, has been selected by United States Commerce Secretary Carlos M. Gutierrez to serve on the Measuring Innovation in the 21st Century Economic Advisory Committee, where he is working to better understand how U.S. innovation contributes to American economic prosperity and high living standards.

*continued next page*



SHEILA RYAN PHOTOGRAPHY

Marketing department faculty Joe Redden, Tony Cui, George John, Kathleen D. Vohs, and Selin Malkoc celebrate Vohs's honor.

## Web Advertising May be More Effective Than You Think



Most web surfers aren't consciously aware of the banner ads that appear at the top of many commercial websites, and even fewer would "click through" to visit the advertised website. That might seem like bad news for advertisers, but according to new research by a Carlson School professor, consumers are more susceptible to those ads than click-through rates reveal.

"Most online advertisers judge the effectiveness of ads through click-through rates, but they might be overemphasizing the importance of that method," says Rohini Ahluwalia, associate professor of marketing.

In the June 2007 *Journal of Consumer Research* paper "An Examination of Different Explanations for the Mere Exposure Effect," Ahluwalia describes the processes underlying people's reactions to internet banner ads.

With co-authors Xiang Fang and Surendra Singh, Ahluwalia shows that, when a stimulus is accessible to an individual's perception, it might be more effective than usually supposed due to the "mere exposure effect."

"The mere exposure effect is the finding that repeated exposure to a stimulus, without giving people any information about it, leads to enhanced liking," Ahluwalia says. "That stimulus could be a variety of things: a face, a symbol, a logo, a tune, a rhythm, or a color." Ahluwalia and her co-authors find that familiarity makes people more "fluent" at processing a stimulus, and that fluency leads people to think they like the stimulus.

The researchers also found that consumers have a relatively high level of tolerance for repeated exposure to banner ads. In fact, even after study participants were exposed to an ad 20 times, banner ads did not show any "wear-out effects."

Assistant professor Kathleen D. Vohs has been named a recipient of the 2007-2009 McKnight Land-Grant Fellowship at the University of Minnesota. This grant is designed to nurture the research careers of the University's best and brightest junior faculty members. It has been 20 years since a faculty member from the Carlson School has received this singularly prestigious recognition.

Doctoral student William Hedgcock received a \$25,000 grant from the National Science Foundation to conduct his dissertation research titled "Essays on the Neural Basis of Consumer Choice." In order to better understand the underlying process of decision-making, Hedgcock is examining brain imagining as consumers make choices. Receiving funding from the National Science Foundation is noteworthy, particularly for young scholars.

In other faculty news, Carlos Torelli joins the marketing department as an assistant professor this fall. Carlos just completed his doctorate at the University of Illinois and brings a breadth of experience from the corporate and academic worlds that is an excellent addition to our current faculty.

Finally, I want to invite you to visit our website, where faculty research, department highlights, and other information are available. Please visit us at [carlsonschool.umn.edu/marketinginstitute](http://carlsonschool.umn.edu/marketinginstitute) for updates about the Institute for Research in Marketing.

Best wishes,

*Akshay R. Rao*  
*Director, Institute for Research in Marketing*  
*General Mills Professor of Marketing*

## New Advisory Board Members

**Rajesh Chandy**, Carlson School Professor of Marketing, started his tenure as the second academic representative to the advisory board. Chandy's publications have appeared in top journals, and his research focuses on radical innovations in various sectors of the economy including pharmaceuticals, banking, and technology. He is also a member of the United States Commerce Secretary's Measuring Innovation in the 21st Century Economic Advisory Committee.

**Derek Malmquist**, vice president of corporate marketing at Ecolab, has held past marketing positions with internet website directory Looksmart and with the Clorox Co., where he was in brand management for Clorox Bleach. Malmquist has a BA and an MBA from Harvard University.

**Susan E. Parker** joined Supervalu as their first-ever CMO. She directs the brand positioning and marketing strategy for the company's portfolio of grocery and pharmacy retail banners and will lead the company's relationships with marketing partners and the development and delivery of the customer experience. Parker has more than 25 years of consumer marketing experience, including 16 years with Southwest Airlines where she served as senior director of marketing. Parker holds a BA in marketing from Texas Tech University in Lubbock, Texas.

**Sherman L. Black** has been senior vice president and general manager of Seagate Technology's Enterprise Compute business unit since 2005. He joined Seagate in 1988, and his 20 years of experience in the data storage industry spans engineering, marketing, product line management, and sales. Black holds a BA in electrical engineering from the University of Arkansas and an MBA from the University of Oklahoma. He is also a 2007 inductee into the University of Arkansas' Academy of Electrical Engineering.

## Advisory Board

**Bob Anderson**  
*Director, Consumer Insights*  
General Mills

**Sherman L. Black**  
*Senior Vice President and General Manager,*  
*Executive Compute*  
Seagate Technology

**Jan Elsesser**  
*Retired President and Managing Director*  
GfK Custom Research Inc.

**Diane Harper**  
*Vice President, Customer/Channel-Insights*  
*and Strategy*  
Kraft Foods

**James S. Henney**  
*Senior Vice President Enterprise Marketing,*  
*Customer Insights*  
Wells Fargo

**Jim Hield**  
*Vice President of Marketing Services*  
Cargill

**Jody Hilgers**  
*Vice President of Corporate*  
*Communications and Brand Management*  
Allianz Life Insurance Company of North America

**Susan E. Parker**  
*Chief Marketing Officer*  
Supervalu

**Derek Malmquist**  
*Vice President, Corporate Marketing*  
Ecolab

**Shelly Regan**  
*President*  
Yamamoto Moss Mackenzie

**Jim Schroer**  
*President and Chief Executive Officer*  
Carlson Marketing

**Will Setliff**  
*Vice President, Innovation and Interactive*  
*Marketing*  
Target

### Academic Representatives to the Advisory Board:

**Robert Ruekert**  
*Professor, Associate Dean for*  
*Undergraduate Programs*

**Rajesh Chandy**  
*Carlson School Professor of Marketing*

### Institute for Research in Marketing Staff

**Akshay R. Rao**  
*General Mills Professor of Marketing*  
*Director*

**Rebecca D. Monro**  
*Associate Director*



## Marketing Moments

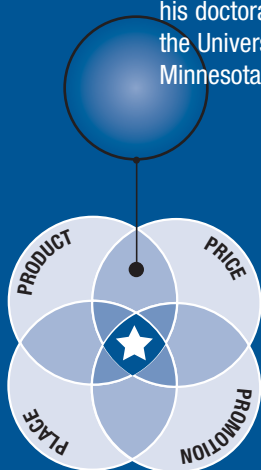
Interbrand's latest survey and ranking of the world's top brands by value indicate that Coca-Cola, considered the world's number one brand, was worth about \$525 million less than the previous year. Other brands that lost significant value were Microsoft, Intel, Dell, Ford, Gap, Heinz, and Kodak. Only two of the top five brands were worth more: IBM and General Electric.



In the United Kingdom, Spam has enjoyed double-digit sales increases in the last two years, according to a report in *Food and Drink Europe*, a website devoted to food marketing. Part of the reason for the popularity boost was the repackaging of Spam as an ingredient in trendier foods.



The originator of 4Ps, Jerome McCarthy, received his doctorate from the University of Minnesota.



## International Success

### A first-hand account of an MBA candidate's experiences in India

*In January 2007, Rebecca Monro, associate director of the Institute for Research in Marketing and a current Carlson MBA candidate, traveled to India on an MBA program Global Enrichment Elective. With her classmates, Monro met with President of India Dr. A.P.J. Abdul Kalam. The group also met government and business leaders including Commerce Secretary G. K. Pillai, Secretary of Biotechnology M.K. Bhan, and Dell India's vice president and managing director Vivek Mansingh. Below, Monro describes their insights into marketing practices in her own words.*

While India is a culture vastly different from our own, each of these influential leaders emphasized the similarities between us as one of the key reasons India is so successful. America has built itself on the success of each generation's innovations, and India is building on those as well. Innovative thinking has moved India out of the periphery of the global economy and into a brand that resonates across the world.



A.P.J. Kalam, President of India (center), Rebecca Monro, associate director of the Institute (second row, second from right) and Carlson School MBA students in India.

Indian leaders said, consistently and across the board, that American strengths are being implemented in India. Secretary Bhan draws on the language and design of American websites to employ advertising campaigns in India, and President Kalam uses American models of education to interest young children in becoming leaders.

An executive enthusiastically showed our group an animated slide show of positions, responsibilities, and processes that global businesses are outsourcing to India. At the end of the show, the only area that he did not see being outsourced to India within the next 10 years was marketing. From a professional standpoint, I appreciate the optimism. But beyond the potential job security, this revelation challenges everyone in the field of marketing with the task of identifying what makes the discipline unique in this manner. What distinguishes marketing from every other skill set and field that can be implemented by someone else, somewhere else? In a global economy, it is the recognition, replication, and expansion of those assets that make us distinctive in our field.

The discipline of marketing, including the areas of consumer behavior, pricing, channels of distribution, decision making, and branding, to name a few, is viewed by many as the driver of organizational change. So it is reasonable to think that these skills need to stay at the base of the organizational structure.

As business relationships become more interconnected with India, entities like the Institute for Research in Marketing will aid the endurance of marketing as an internal strength to many businesses. The synergy of cutting-edge theory, born in academia, and the first-rate minds that put that theory into practice is precisely what will help marketing remain the sole surviving area of expertise that leaders in India felt would stay in the businesses' country of origin.

## Innovation Council

United States Secretary of Commerce Carlos M. Gutierrez has named 15 business and academic leaders—including 6 *Fortune* 500 executives and Carlson School Professor Rajesh Chandy—to serve on a new panel. The Measuring Innovation in the 21st Century Economy Advisory Committee will help develop ways to measure innovation so that the public and policy makers can better understand its impact on economic growth and productivity.

“We have the opportunity to go beyond traditional methods of measures of innovation, such as R&D expenditures and patents, to look at it in a way that is fully representative of what happens in the entire economy,” said Chandy.

The panel selection follows an extensive three-month public outreach to business and academic associations, institutions, and think tanks to find qualified CEOs and academic experts representing the diversity of the American economy.

The secretary received an overwhelming response from every major sector of the U.S. economy. In a report on *Forbes.com*, Professor Chandy was

cited as having contributed original and creative academic insight to the panel’s first meeting in February.

## Repositioning Minneapolis and St. Paul

Minnesota is the birthplace of Betty Crocker, home to 19 *Fortune* 500 companies, and the location of 2 of the most prominent cities in the Midwest. On March 19, the Institute for Research in Marketing brought together Minneapolis Mayor R.T. Rybak and Saint Paul Mayor Chris Coleman for a forum at which they unveiled a new marketing plan that will align the perceptions of the Twin Cities and the reality of all the cities have to offer.

This effort will be a public-private partnership that will emphasize “Minneapolis Saint Paul” as a destination for tourists as well as an attractive place for companies to relocate for a high-skilled labor force. Such a labor force will be essential for the region to remain competitive in the 21st century global marketplace.

The plan is the outcome of three years of top-tier marketing research; thousands of personal conversations; and the insightful input of business leaders and citizens, four of the area’s preeminent public relations and creative firms, and two politically powerful mayors.

St. Paul Mayor Chris Coleman, Minneapolis Mayor R.T. Rybak, Institute director Akshay R. Rao (standing), Monica Little of Little & Co., and Kathy Tunheim of Tunheim Partners.



## New Marketing Faculty

The marketing department’s newest faculty member, Assistant Professor Carlos Torelli, comes to the Carlson School from the



Carlos Torelli

University of Illinois at Urbana-Champaign. There, he explored the connections between consumers’ culture and their mental associations of

the concept of power in his doctoral dissertation. Torelli specializes in applications of cross-cultural psychology to marketing principles and has published in the *Journal of Consumer Psychology*. He has papers under review at the *Journal of Consumer Research* and the *Journal of Marketing Research*.

## Recent Publications

From January 2006 to the present, the faculty of the Department of Marketing and Logistics Management at the Carlson School have had 21 papers accepted by leading journals in the field:

- Journal of Consumer Research* (7)
- Journal of Marketing* (2)
- Journal of Marketing Research* (4)
- Management Science* (2)
- Marketing Science* (3)
- Organizational Behavior and Human Decision Sciences* (1)
- Science* (1)
- Personality and Social Psychology Review* (1)

**Institute for Research in Marketing**

Carlson School of Management  
University of Minnesota

321 Nineteenth Avenue South, Suite 3-150  
Minneapolis, Minnesota 55455-0438

[carlsonschool.umn.edu/marketinginstitute](http://carlsonschool.umn.edu/marketinginstitute)

NONPROFIT ORG.  
U.S. POSTAGE  
**PAID**  
MPLS, MN  
PERMIT NO. 155

## Inside this issue:

Find upcoming events, new research, new board members, and department highlights.

The University of Minnesota is an equal opportunity educator and employer.

©2007 Regents of the University of Minnesota.  
All rights reserved.



## Mark your calendar

### Creating and Cultivating Brand Connections

In association with the Marketing Science Institute (MSI) of Cambridge, Mass., the Institute will host its annual signature event. This year's conference is "Creating and Cultivating Brand Connections," to be held **June 6-8**. The conference will feature faculty from the Carlson School, Dartmouth College, the University of Southern California, and Stanford University as well as practitioners from Carlson Marketing, Frito-Lay, Target, and TD Ameritrade. The conference will present cutting-edge research on topics that link theory to practice. Attendance at this year's conference is by invitation only—limited to Institute for Research in Marketing advisory board member companies, MSI member companies, and academics. A full report of the conference proceedings will be available later in the summer. More information is available at [carlsonschool.umn.edu/marketinginstitute](http://carlsonschool.umn.edu/marketinginstitute).

### Mindless Eating

On **October 24, 2007**, the Institute for Research in Marketing's third speaker series event will feature Brian Wansink, Dyson Professor of Marketing and of Nutritional Science at Cornell University and director of the Cornell Food and Brand Lab. Wansink will present on the research underpinning his recent book *Mindless Eating: Why We Eat More than We Think*.

Wansink's consumer-relevant research, prominently featured in the *New York Times* and *Time* magazine, focuses on the psychology behind what people eat and how they eat it. His work helps companies develop "win-win" strategies to help people eat more nutritiously and control their portions and, in turn, leverage those strategies in the marketplace.

