

Marketing Matters

A Newsletter of the Institute for Research in Marketing

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Letter from the Director

It turns out that I picked a good year for my sabbatical; I understand the Minnesota winter was severe—and it's finally over! But, in my absence, my colleagues at the Institute and in the Department have continued to do amazing things.

I'd like to welcome three new Advisory Board members: Christopher Luxon, Brand Development Vice President at Unilever, the first advisory board member representing a firm headquartered outside the US; Marschall I. Smith, Senior Vice President, Legal Affairs and General Counsel, 3M Company (the first attorney to join our board); and Scott Wallace, Senior Vice President of Marketing, G&K Services. In addition, we would like to welcome Ed Dobbles of Supervalu, Pat Hughes of GfK Custom Research, and Julie Moore of Ecolab, who replace Susan Parker, Jan Elsesser, and Derek Malmquist respectively. Our advisory board members serve as our brand ambassadors, and I continue to marvel at what a noteworthy group of corporate executives we have attracted.

This newsletter highlights faculty and PhD student accomplishments, recent faculty hires Vlas Griskevicius and Joseph P. Redden, the Institute's recent Carlson on Metrics conference, and a new feature, "Ask the Expert." In our inaugural piece, Professor Jane Ebert gives advice on consumer decision making and the timing of product launches.

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Measuring the meaning of iconic brands

U of M researcher develops brand iconicity scale

What does it mean when we call brands like Coca-Cola, Nike, Kodak, and Cheerios "American icons"? Does iconicity translate to



Carlos Torelli

cross-cultural brand equity? How can companies make the most of their famous brands when moving into new markets? Assistant Professor Carlos Torelli wants to

answer these questions through research that defines and measures brand iconicity and its effects on consumers world-wide.

Torelli's research with colleagues Chi-Yue Chiu of the University of Illinois at Urbana-Champaign, Hean Tat Key of the Guanghua School of Management at Peking University, and Carlson School PhD student Nelson Amaral reinforces the idea that iconic brands carry a heavy symbolic load for consumers, who frequently rely on brands to communicate their aspirations to other people. Brands that resonate more closely with diverse elements of cultural knowledge and are easy reminders of culturally relevant values and beliefs are more iconic.

To examine these landmark brands, the researchers developed a Brand Iconicity Scale (BIS). Torelli explains that devising an iconicity metric allows researchers "to compare apples to apples," by singling out brands with similar scores for comparison. Using the BIS may even reveal techniques to boost and leverage this important facet of brand equity in global markets and multicultural environments.

In initial studies, Torelli finds that already likeable brands can increase their iconicity scores by strengthening their associations with important cultural values and raising the visibility of those correlations for test subjects. "Consumers use iconic brands to manage their social identity," Torelli says, "and, in turn, they use social information to judge the iconicity of brands. We're offering a framework for understanding the impact of cultural meanings and identity goals on consumers' brand perceptions so that companies are better able to manage brands both at home and abroad." As Torelli expands his work in this area, he hopes to use the BIS to help companies evaluate their high-profile brands and find creative, successful ways to export them into new cultural marketplaces.



American Marketing Association forms knowledge coalition

A respected leader in the discipline is building bridges to tackle marketing's top topics.

As knowledge creators, academics are often the first to find effective strategies and cutting-edge essentials for the problems marketing professionals face. But in a crowded marketplace, communicating these new findings is often a time-consuming process. A leader in marketing research and education, the American Marketing Association has created their Knowledge Coalition to support researchers and practitioners in their hunt for just-in-time topics, innovative information, and effective delivery.

Co-chaired by the Carlson School's Michael Houston, Ecolab-Pierson M. Grieve Chair in International Programs and associate dean of international programs, and Jeff Hunter, Consumer Insights Director at General Mills and a Carlson School alum, the Coalition is sponsoring a knowledge development initiative through which marketing thought leaders will select timely topics in marketing, audit the current literature, and identify knowledge gaps and areas for future research.

The first topic the AMA has chosen for exploration is marketing mix resource allocation. The marketing mix has been widely studied in the past, but is changing quickly with the introduction of new media, giving the AMA an opportunity to create fresh ideas on a familiar topic. The first deliverable of the initiative, a trade paperback on marketing mix resource allocation and planning, co-edited by Southern Methodist University professor Roger Kerin, a Carlson School PhD alum, was published in April 2008.

"Researchers and marketing professionals are often working on pioneering responses to the same marketplace issues at the same time." Houston explains. "Bringing their experiences together, the AMA can create and organize a useful body of marketing knowledge as a visible demonstration

of our leadership in the field." The assets generated from each initiative topic will be tailored to what will best further the current understanding of work in that field, whether the end result is a trade paperback full of helpful strategies or a conference where thought leaders can share problems, ideas, and solutions to their most pressing puzzles.

Sustainability is one of the important issues the AMA will address. Marketing managers and CMOs are starting to ask how they can study and leverage this pressing issue at their companies. Houston says, "Framing and organizing sustainability and the dimensions of marketing's role within it—whether it's driving concerns within companies or brand equity—is the biggest challenge for the AMA." The sky's the limit—and in this case, even an inspiration—for the AMA's approach to sustainability.

Through the creation of branded research on current marketing topics, the AMA and its Carlson School contemporaries are continuing their mission to improve, promote, and support marketing, both as a discipline and a practice.

Director, continued

Additionally, I'd like to bring your attention to the Save the Date notice for our upcoming Forum on *Innovation Drivers and Impediments*. We have an illustrious panel for this exciting July event. I hope you enjoy reading about all that is going on in the marketing discipline at the Carlson School. To learn more about the Institute for Research in Marketing, including information on our speakers' series, conferences, and faculty research, please visit carlsonschool.umn.edu/marketinginstitute.

Best wishes,

Aksbay R. Rao
Co-Director, Institute for Research
in Marketing
General Mills Chair in Marketing

Ask the Expert

Keep Your Promises!

Assistant Professor Jane E. J. Ebert Shares Research Findings

A social psychologist by training, Ebert has made a career out of studying consumer decisions that involve the future. Her most recent paper, "The Fragility of Time: Time-Insensitivity and Valuation of the Near and Far Future," with Drazen Prelec of MIT's Sloan School of Management, was published in the September 2007 issue of Management Science. We caught up with Ebert to ask:

Q > In your experience, what's a practical way that companies can make decisions in the marketplace that take into account buyers' preferences about the future?

A > Marketers know that consumers typically dislike waiting for products instead of getting them immediately. Waiting a month for a release vs. getting it today doesn't go over well. But, research shows that consumers rarely care about a similar wait time in the future—such as waiting two months vs. three months for a new product to come out. This observation has many implications for marketers. For example, when introducing a new product, managers should avoid making promises they can't keep. From the consumer's point of view, promising a product in three months, then delaying the release past that date, is far worse than an initial announcement communicating a conservative product release date. It's better to under promise and over deliver on the timing of a product launch.

Carlson on Metrics

As budgets tighten at companies around the globe, executives are looking to their marketing teams for accountability, hoping to learn the true value of marketing actions. Chief Marketing Officers, in fact, frequently cite proving the value of marketing to others within their firms as their greatest challenge. The absence of commonly agreed-upon metrics to measure the success of marketing actions is a pressing problem confronting practitioners.

Carlson on Metrics, the Institute for Research in Marketing's third annual conference, brought together practitioners and academics from around the country to discuss the latest thinking in academia and industry on marketing metrics in five broad, thematic areas. Conference presenter Cesar Brea of Monitor Group reported that he was impressed with the "balanced mix of perspectives—top marketing research and analytics executives from some of the world's leading brands combined with leading academics in the field and leavened with some trusted advisors with deep roots in the business and the research and data sets to show for them."

This two-day, 14-session conference featured marketing experts from the University of Minnesota's Carlson School, Harvard Business School, UCLA's Anderson School, and the University of California at Davis, as well as industry leaders from Monitor Group, American Airlines, Wells Fargo, GfK Custom Research North America, General Mills, 3M, Cisco Systems, Kraft Foods, CVS Caremark, United-Health Group, Carlson Marketing, and Millward Brown—several of which are



Robert Britton (American Airlines), Lisa L. Love (3M), and Jane E.J. Ebert (Carlson School) discuss Metrics in a New World.

Institute Advisory Board member companies.

Considering the illustrious roster, session chair and board member Patricia D. Hughes, GfK, commented on both the high quality and the candor of the speakers, noting that "they seem far less guarded on the content at the university than at industry events." This free-flow of ideas and information made Carlson on Metrics a valuable gathering.

Creating effective metrics

The Anderson School's Dominique M. Hanssens kicked off the conference with a discussion of the long term impacts of marketing spending, arguing that "the long run" has no fixed endpoint and smart marketers ensure that single marketing actions pay for themselves. Firms can get permanent lift from a temporary action, Hanssens pointed out, making those promotions potentially effective in both the short and long-term. Linda Vytlačil of Carlson Marketing expanded on Hanssens' theme, looking at brand health metrics, customer perceptions and behavior, and the drivers of consumer loyalty, engagement, and relationship strength. Vytlačil focused, specifically, on Carlson Marketing's RSx relationship strength metric and their proprietary research series, Carlson Relationship Builder. The program explores the role of marketing efforts in building customer relationships and those relationships' roles in driving business results. James S. Henney of Wells Fargo presented on evaluating the business impact of brand perceptions focusing on the impact and outcome. Rounding out the session, Gordon Wyner of Millward Brown spoke on the measurement of marketing effectiveness beyond just ROI.

Leveraging data

Once they have good data, how can practitioners make the most of their metrics? This afternoon session linked



Professor Mark E. Bergen addresses the conference attendees.

rich customer data to best practices on everything from pricing strategies to marketing communication development. Adrian Sosa of CVS Caremark, in particular, knows how to manage a wealth of customer information; with approximately 1 in 6 American consumers enrolled, CVS/pharmacy's ExtraCare is the largest retail loyalty program in the U.S. Citing ExtraCare as "the biggest differentiator for CVS," Sosa discussed the company's process to leverage this enormous database for swift and rigorous tests of marketing offers. Harvard's Sunil Gupta took the consumer focus to the web, presenting his more recently developed model for determining the customer lifetime value of "free customers" in user-to-user markets such as Monster and eBay. David Krajicek of GfK Custom Research North America introduced the subject of practical metrics in linking consumer data to business metrics. The University of Minnesota's Mark Bergen closed Thursday's sessions with a presentation on his decades of research on pricing, an often-overlooked strategic asset.

Optimizing outcomes

In presentations highlighting advertising budgeting and allocation and multi-channel marketing optimization, Prasad Naik of the University of California, Davis, and Brea considered metrics as corporate planning tools. Their Friday morning presentations emphasized the relevance of wide-ranging data for marketing professionals from top executives—marketing's advocates within firms—to the campaign organizers who select and measure the results of individual advertising efforts. While Brea commented



Cesar Brea, Monitor Group Adrian Sosa, CVS Caremark

that “our technological reach seems to exceed our organizational grasp,” Naik gave concrete examples of managing a portfolio of branding efforts at the venerable Ford Motor Company. The Carlson School’s marketing department chair George John, a world-renowned expert on channel partners, closed the session with a presentation on guidelines for channel metrics.

Moving Forward

With a panel discussion on the Metrics of Growth, the Carlson School’s Rajesh K. Chandy, General Mills’ Jeff Hunter, Kraft Foods’ Gregory Michaels, and UnitedHealth Group’s Tom Sullivan tackled the role of metrics in helping or hindering growth and innovation, sharing lessons-learned and new guidelines for creating metrics to pace and direct firms’ initiatives. Then, following his presentation on the use of marketing metrics to orchestrate a turnaround plan for American Airlines, advisor to the chairman Robert Britton joined the conference’s final session, a panel discussion on Metrics in a New World, alongside 3M’s Lisa L. Love and the Carlson School’s Jane E.J. Ebert. Ebert, also the session chair, presided over this exploration of the future of metrics, and Love and Britton addressed the challenges and opportunities involved in designing novel marketing metrics to keep up with the ever-changing, fast-growing world of global marketing.

Delivering what Brea called the “right content at the right time,” Carlson on Metrics proved a fantastic confluence of research and practice and a sociable, productive way to cap another year of innovative work on marketing at the Carlson School.

For more information on Carlson on Metrics please visit carlsonschool.umn.edu/marketinginstitute/metrics

Board member spotlight

In academic circles, the notion of marketing as “just sales and advertising” was shed long ago. And any MBA graduate (especially from the Carlson School) understands that pricing, consumer behavior, economics, and even innovation only scratch the surface



of what marketing as a discipline can encompass. But when we heard that a lawyer from 3M was interested in joining the Institute for Research in Marketing’s advisory board, there was some head-scratching. However, Marschall Smith, senior vice president of legal affairs and general counsel for 3M, embodies marketing as a practice and the Institute’s mission.

It is fitting that top managers at 3M, a global innovation leader, see a logical connection between the general counsel’s office and an academic institute that focuses on marketing. Smith says, “Marketing faculty provide a wonderful combination of the theoretical and the practical—they connect the two. Lawyers seek to connect all aspects of the company, as well as any issues that affect profitability. We take the day-to-day business of the company and combine it into a fluid business process. Marketing needs to be a part of that.”

Smith sees himself as a gatherer and interpreter of information and believes that this is where the ties between academic research and a champion brand like 3M are strongest. “Researchers create new knowledge. 3M creates innovative new products. The difference is that, at a university, there is time to step back and ask questions, apply equations, theorize, and come up with the answer—the psychology behind a problem. Being involved with the Carlson School and the Institute allows me a moment to hear the outcome and then bring it back to the company. That is a luxury I can put to work every day.”

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Letta Wren Christianson, Program Coordinator

New Advisory Board Members

Ed Dobbles, vice president of marketing research and analytics at Supervalu, is a graduate of the University of Wisconsin-Madison and 2004 Effie Award winner.

Patricia Hughes joined GfK Custom Research North America in 1995 and now serves as the managing director of their consumer sector.

Christopher Luxon, Unilever's brand development vice president for deodorants, North America, has been named one of the "Top 40 Marketers Under 40" by *Advertising Age*.

Julie Moore, '87 MBA, is vice president of global marketing and communications for Ecolab. Moore is an alum of both St. Cloud State University and the University of Minnesota.

Marschall I. Smith, senior vice president of legal affairs and general counsel at 3M Company, holds a J.D. from the University of Virginia and an MBA from the University of Chicago. Smith has been with 3M since 2007.

Scott Wallace is senior vice president of marketing for G&K Services, a North American market leader in branded identity apparel and facility services, and holds a marketing MBA from Cornell University.

Center Stage

> The Marketing Department welcomes Assistant Professors **Vladas Griskevicius** and **Joseph P. Redden**. Griskevicius earned his PhD in social psychology at Arizona State University and specializes in consumer behavior, including conspicuous consumption and social influence. A prolific author, Griskevicius received the 2007 Best Competitive Paper Award from the Society for Consumer Psychology. Redden, who received his PhD at the University of Pennsylvania's Wharton School, is primarily interested in satiation and repeated experiences, multiple categories, and complex pricing formats in decision making. Redden's dissertation, which has received considerable press, won the AMA's 2007 John A. Howard Doctoral Dissertation Award and was published in the *Journal of Consumer Research* (Feb. 2008).

> Associate Professor and McKnight Land-Grant Professor **Kathleen D. Vohs** won the 2008 SAGE Young Scholars Award for early career achievements in social or personality psychology research. James D. Watkins Chair in Marketing **Rajesh K. Chandy** and Associate Professor **Om Narasimhan** won the American Marketing Association's TechSig Best Paper Award for their August 2006 article, "From Invention to Innovation: Conversion Ability in Product Development," co-authored with Brigitte Hopstaken and Jaideep C. Prabhu and published in the *Journal of Marketing Research*.

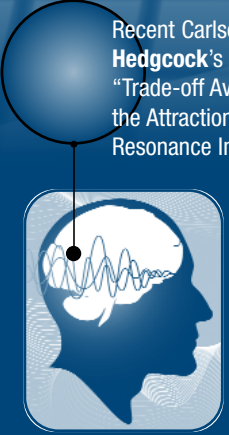
> Curtis L. Carlson Chair in Marketing **Deborah Roedder John**'s recent research with Carlson School PhD alum **Lan Nguyen Chaplin** on materialism and self-esteem in kids garnered international media recognition, including articles by Reuters and *Yahoo! News* and even a piece on the Today Show. Roedder John is well known for her years of groundbreaking work on marketing and children.

> Marketing Department PhD student **Noelle M. Nelson**, along with Associate Professor **Kathleen D. Vohs** and other co-authors, had her article, "Making Choices Impairs Subsequent Self-Control: A Limited-Resource Account of Decision Making, Self-Regulation, and Active Initiative," published in the May 2008 issue of the *Journal of Personality and Social Psychology*.

> Assistant Professor **Carlos Torelli** and his colleagues received a grant from the Robert Wood Johnson Foundation to fund their research project, "Cultural Variability in Patient Responding to Survey Measures," through December 2008.

> Carolyn I. Anderson Professor in Business Education Excellence **Mark E. Bergen** and Associate Professor **Om Narasimhan** received excellence in teaching awards from the Carlson School's MBA Class of 2008. They were named Best Core Faculty and Best Elective Professor, respectively.

Marketing Moments



Recent Carlson School PhD alum **William Hedgcock**'s dissertation-based paper "Trade-off Aversion as an Explanation for the Attraction Effect: A functional Magnetic Resonance Imaging Study," co-authored with his advisor, General Mills Chair in Marketing **Akshay R. Rao**, has been accepted for publication in the *Journal of Marketing Research*. Hedgcock's research utilizes brain activation data from fMRI

and MEG, as well as response time and self-reported preferences to study choice and consumer behavior. Because it employs cutting-edge neuro-scientific techniques, the paper will be accompanied by several commentaries from leading experts in this technology.

A recently accepted paper by General Mills-Gerot Chair in Marketing **George John**, Lindahl Professor for Excellence in Business Education **Arthur V. Hill**, and Carlson School PhD alumni **Xinlei Chen** and **Julie M. Hays** examines service

guarantees in the *Journal of Marketing Research*. The researchers developed a method to evaluate the outcomes of the Radisson's service guarantee program in a way that takes into account both the measured characteristics (location, customer mix, etc.) of each hotel as well as its unmeasured characteristics (e.g., history) to create a reward system for managers that is fair across locations.



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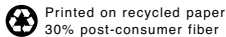
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Inside this issue:

Find 2008 event information,
new board members, and
research highlights.

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Mark your calendar



U.S. Secretary of Commerce headlines July 28 CEO Forum on Innovation

The Institute for Research in Marketing is delighted to announce that **Carlos M. Gutierrez**, U.S. Secretary of Commerce, and **Rajesh K. Chandy**, James D. Watkins Chair and Co-Director of the Institute for Research in Marketing, will moderate a panel of distinguished leaders as they address *Innovation: Drivers and Impediments*. Panelists include 3M Chairman of the Board, President, and Chief Executive Officer **George Buckley**; Medtronic President and Chief Executive Officer **William Hawkins**; Carlson Chairman of the Board **Marilyn Carlson Nelson**; and Minnesota Governor **Tim Pawlenty**. The panel will discuss innovation in today's enterprises and economies, sharing their lessons and insights on driving innovation and presenting their thoughts on how government policies can help or hinder innovation. This exciting event will be held at the Carlson School of Management on July 28, 2008. Visit carlsonschool.umn.edu/marketinginstitute/ceo for updates and to reserve a seat.