

Marketing Monthly

February, 2009: Volume 4, Issue 2

CRS Thought Leadership Conference a Resounding Success

Networked World Prompts Shifts in Retail

By Chrystal Houston

Staff Writer – Mays Business School

In an era where every major purchase begins with the consumer checking prices and availability on the Internet, traditional retailers are examining the impact of the networked retail environment to create a new framework for the way they will do business in the future.

Do consumers expect consistent pricing across a retailer's multiple channels (catalogs, in-store, online), though the cost of doing business in each of those channels is different? Do customers want Tweets or other social media contact from retailers? Can a website give a similar customer experience as a visit to a store? Is there anything that can't be sold online? These were the kinds of questions discussed at the first Thought Leadership Conference hosted by the **Center for Retailing Studies** at Texas A&M University's Mays Business School, January 29-30, 2009. The invitation-only conference gathered 40 retailers and academicians from across the country (**see the attached Excel file for a full list of attendees and their institutional affiliations**) to discuss topics related to the theme "Emerging perspectives on marketing in a multichannel and multimedia retailing environment."

"I thought it was wonderfully thought provoking," said participant Mary Ann Wyckoff, senior vice president of strategic marketing at Macy's. "As retailers, we're usually so busy executing that we don't have time to think and ideate like this. I loved it and will definitely use this information." Randy Reeves, a divisional vice president at Macy's, agreed with his colleague, Wyckoff. "By far the greatest take away is the ability to take ourselves out of the day-to-day of budgets and planning and be able to think on a theoretical level," he said. "We can start to push the industry on a store by store level to think about these concepts. We can be advocates for change with this information."

Keynote speaker John Irvin kicked off the event, discussing changes in multichannel retail throughout his career. Irvin, whose retailing resume includes top management positions with companies such as Foley's and Spiegel, moved to JCPenney in 2001 to head up their catalog and Internet sales as president of JCP Direct. Though the JCP "big book" had been around for decades and their website had been live since 1994, when Irvin joined the company, neither of those channels was profitable. Irvin streamlined both arms of the business, transforming them into multi-billion dollar operations. "You can't ask the customer to adapt to your model," Irvin counseled the audience. "They have too many choices. You must adapt to the customer."

Using Irvin's comments as a springboard, the conference attendees were split into seven groups for the remainder of the conference and tasked with examining a specific issue related to the theme, such as consumer behavior, interactive technologies, and mobile marketing. Participants spent several hours exploring questions on what is currently known about the topic, what challenges and opportunities for

retailers exist, and what research could be pursued. Each group presented their findings on the second day of the conference in a dynamic workshop format, gathering suggestions and critiques from other attendees. After receiving feedback, groups will submit a manuscript based on their conclusions to be reviewed and potentially published in a special issue of *Journal of Interactive Marketing* (JIM) in spring 2010.

The Thought Leadership Conference was sponsored by the Center for Retailing Studies, *JIM*, the Marketing Sciences Institute, Mays Business School, and the Department of Marketing. Mays Professors of Marketing **Venkatesh Shankar and Manjit Yadav** co-chaired the event and will edit the corresponding issue of *JIM*.

Shankar to Receive *Journal of Retailing* Award

Coleman Chair and Professor of Marketing Venky Shankar, along with his coauthors (**Yan Dong and Martin Dresner**, both of the University of Maryland) will receive the 2009 Davidson Honorable Mention Award for the Best article in the *Journal of Retailing*. Their article, "Efficient Replenishment in the Distribution Channel," appeared in the *Journal of Retailing* in 2008 (issue #3). Venky, Yan, and Martin will be recognized with an honorarium and plaque at the upcoming 2009 AMA Winter Educators' Conference in St. Petersburg, Florida. Congratulations Venky!

The abstract of their paper states: Efficient replenishment (ER), a business process that involves the reduction of order cost to facilitate deliveries of goods from the manufacturer to the retailer, is becoming increasingly important in distribution channel management. While a well-executed ER program is expected to lower total channel costs and increase channel profit, very little is known about how this incremental channel profit is distributed between the manufacturer and the retailer and how it varies across the two common channel relationship structures, retailer price leadership and manufacturer price leadership. In this paper, we develop the conditions under which the manufacturer and the retailer gain more or less from the adoption of ER based on a game theoretic channel model of bilateral monopoly under the two channel relationship structures. We develop analytic results on the impact of ER on purchase quantity, price and the distribution of profits in three cases, namely, (1) when only the retailer adopts ER, (2) when both the manufacturer and the retailer adopt ER, and (3) when the manufacturer and the retailer are vertically integrated in the distribution channel, which adopts ER. The results, which can be generalized for all demand functions, show that the manufacturer benefits from the retailer's adoption of ER only when the manufacturer's holding cost relative to the retailer's is sufficiently large, relative to its order cost relative to the retailer's. By adopting ER, the retailer gains more than what the manufacturer gains even if the manufacturer is the price leader. Both the parties are likely to gain more if they both adopt ER than if only the retailer adopts ER. The incremental channel profit due to the retailer's ER adoption is highest in a vertically integrated distribution channel and is greater in a retailer-led channel relationship than in a manufacturer-led relationship.

Manuscript News

- ▶ **Assistant Professor Karen Winterich's** forthcoming article in the *Journal of Consumer Research* on charitable behavior was profiled in the January issue of *Mays Business Online*. The link below will take you to the summary.

[Karen Winterich Research Highlighted](#)

- ▶ **Congratulations to Professor Jeff Conant** on having his 2003 *Marketing Letters* article, "Marketing Strategy Development Styles, Implementation Capability, and Firm Performance: Investigating the Curvilinear Impact of Multiple Strategy-Making Styles," selected for full reproduction in a forthcoming Sage Publications' anthology titled "*Marketing Strategy*." Jeff's article was co-authored by **Chris White (Texas Christian University and a TAMU Doctoral Graduate)** and Raj Echambadi (University of Central Florida). The anthology is scheduled for publication in April 2009 (ISBN: 978-1-84860-17-8).

The abstract of their article states: There is growing interest in the process by which marketing strategy is developed. This article reports on a study in which we investigate the performance implications of using multiple organizational approaches to the development of marketing strategy. Specifically, we test a model in which implementation capability mediates the relationship between number of marketing strategy development (MSD) styles used and firm performance. Based on data collected from manufacturers, the results indicate that: 1) the relationship between the number of MSD styles used and implementation capability is curvilinear (an inverse U-shaped relationship), 2) implementation capability positively impacts firm performance, and 3) implementation capability mediates the relationship between number of MSD styles used and firm performance.

- ▶ **Congratulations to Coleman Chair and Professor Venky Shankar, Zale Chair and Distinguished Professor Len Berry and Doctoral Student Thomas Dotzel** on having their manuscript titled, "Creating and Managing Hybrid Innovations," accepted for publication in *Harvard Business Review*.

The abstract of their paper states: Hybrid innovations – combinations of both goods and services – can help companies expand their customer bases and increase their revenues. Numerous such innovations exist in the marketplace today. In the consumer sector, TiVo combines a good (digital video recorder) and a service (subscription service to record favorite programs and manage them). In the B2B space, Xerox offers goods (copier, printer and supplies) and services (maintenance contract, configuration and customer support) together. For these and many other companies, hybrid innovation can be an elixir to growth or a reverser of market-share or profit decline.

Over the past year, we have conducted research on hybrid innovation, combining a thorough search of the available literature with interviews with over a dozen executives in firms offering hybrid innovations. Formally, we define hybrid innovation as the commercial exploitation of a new (to the firm) idea through an offering that combines one or more goods and one or more services, creating more customer value than if the good and service were used separately. In a hybrid innovation, the customer value comes primarily from a new way of combining the benefits of the good(s) and service(s). The commercial exploitation or value to the firm comes

from the innovation's scalability, which is created by uniquely combining the good(s) and service(s) in such way that at large volumes, the total unit cost per offering is low.

We also developed the different models of hybrid innovation described in this article by asking questions such as: What customer need does it address? What factors contribute to its performance? Then we developed a list of success influencers for each type of innovation. In this article, we present a framework for diagnosing hybrid innovation opportunities, identify key success influencers and offer guidelines to lead effective hybrid innovation initiatives.

- ▶ **Congratulations to Professor Richard T. Hise** on having his paper, "Standardization/Adaptation Strategies of South Korean Food Product Companies," accepted for publication in the *International Journal of Business Strategy* (IJBS). The manuscript is co-authored by **Youngtae Choi (University of North Florida and a TAMU Doctoral Graduate)**, Jongkuk Shin (Pusan National University), and Minsook Park (Pusan National University).

The abstract of their paper states: Whether to standardize or adapt marketing operations in international markets is the major decision companies need to make. Despite significant research on this topic, there are significant knowledge gaps that still persist: (1) do companies operating internationally favor a standardized or adaptive strategy, (2) is the level of standardization or adaptation consistent across the various elements of firms' marketing mixes and (3) what are the internal and external factors that drive companies' standardization/adaption decisions? The study is based on a mail survey from 82 Korean food companies engaged in international marketing. The survey asks about the deployment of the firms' marketing standardization/adaptation strategies and the factors supposedly related to the decision for the firms marketing products internationally. Possible explanations for findings and recommendations for future research are suggested.

- ▶ The 2006 *Sloan Management Review* article, "Creating New Markets Through Service Innovations," by **Distinguished Professor and Zale Chair Len Berry, Coleman Chair and Professor Venky Shankar, Clinical Associate Professor Janet Parish, Doctoral Candidate Thomas Dotzel**, and Susan Cadwallader, is now part of the *Sloan Management Review* Best Seller List. Additional information can be found at the following link.

[Sloan Management Review Best Seller List](#)

- ▶ The website for the *Journal of Retailing* contains a list of the top 10 most cited articles. Three of them are authored by members of our faculty. **Congratulations to Zale Chair and Distinguished Professor Len Berry (2 articles), JC Penney Chair and Professor David Szymanski, and Professor Richard T. Hise.**

#3: Parasuraman, A., Valarie Zeithaml, and Leonard L. Berry (1994), "Alternative Scales for Measuring Service Quality: A Comparative Assessment Based on Psychometric and Diagnostic Criteria," Volume 70, Issue 3, pp 201-230.

#6: Szymanski, David M. and Richard T. Hise (2000), "E-Satisfaction: An Initial Examination," Volume 76, Issue 2, pp 309-322.

#7: Bendapudi, N. and Leonard L. Berry (1997), "Customers' Motivations for Maintaining Relationships with Service Providers," Volume 73, Issue 1, pp 15-37.

- ▶ **Congratulations to Professor and JC Penney Chair David Szymanski, Clinical Associate Professor Lisa Troy, and Sundar Bharadwaj (Emory University and TAMU Doctoral Graduate)** on having findings from their 1995 *Journal of Marketing* article titled, "Order of Entry and Business Performance: An Empirical Synthesis and Reexamination," included in the Marketing Science Institute's forthcoming book, *Empirical Generalizations about Marketing Impact*, edited by Mike Hanssens. Included in the book is the following from their research:

Evidence base: Meta-analysis of 23 studies providing 64 prior analyses elasticities

Managerial Implication: Entering markets as a pioneer pays off in terms of market share advantage, especially for strategic business units. Pioneering advantages are augmented by service quality, vertical integration, R&D expenditures, shared facilities and customers, market growth, and frequently purchased products.

Research Grant News

- ▶ **Congratulations to Assistant Professor Karen Winterich** on receiving a Mays Business School Faculty Research Mini-Grant in the amount of \$1400.00 for her project titled, "The Social Consequences of Regret: Regret Regulation through Social Distancing."

The abstract of her proposal states: This research examines emotions consumers experience from poor performance or a poor choice compared to that of a close or distant other (i.e., a close friend vs. a stranger). Integrating social comparison theory and the theory of regret regulation, we predict that psychological closeness influences emotional experience with greater regret experienced when closeness is high (vs. low). In addition to the emotions experienced, we examine the extent to which consumers engage in social distancing behaviors.

Book and Book Chapter News

- ▶ **Congratulations to Coleman Chair and Professor Venky Shankar and Doctoral Student Jeff Meyer** on having their article, "The Internet and International Marketing," published as a chapter in the book titled, *Handbook of International Marketing*, Masaki Kotabe and Chritiaan Helsen, eds., Sage (2009), pp 451-467.

The abstract of their chapter states: In this article, we provide an organizing framework to study the impact of the Internet and Internet strategy on international marketing decisions and their outcomes. We develop an organizing framework in which the Internet moderates and mediates the effects of international marketing decisions on firm performance. Specifically, we discuss the roles of the Internet in international product development and branding, international communication, international pricing, and international distribution. We also outline some emerging trends and future issues related to the Internet and international marketing.

Department of Marketing News

Morrison Goes Above and Beyond the Call of Duty

Marketing Department Business Administrator Theresa Morrison recently went the extra mile to assist a Texas A&M University student. **Dr. Steve McDaniel** described what unfolded in a recent e-mail to department head, Jeff Conant:

I wanted to copy you on what happened while I was out of town last week. Young Ah Kim is an international student who has been accepted into our MS-Marketing student for next Fall, but has been taking prerequisite classes while here this past year with her husband, who is a PhD student in another department. Her husband's department was supposed to do the paperwork necessary for Young Ah to be able to pay in-state tuition, since she's the spouse of a GA in that department. But they have not done what is their responsibility to do. After Young Ah let Theresa know about the problem, even though Theresa cannot grant her the in-state waiver, Theresa went above and beyond her job, took the initiative to look into this (calling multiple offices around campus), and got the situation worked out.

Thank you, Theresa, for your dedication to excellence.

- ▶ **Congratulations to Clarissa Means** who celebrated her eleventh anniversary as a member of our professional staff on January 26th, and to **Theresa Morrison** who celebrates her third anniversary as a member of our professional staff on February 1st. We appreciate all that both of you do for our department, students and Texas A&M University.
- ▶ **Happy Birthday** wishes this month to:
 - CRS Director and Executive Professor Cheryl Bridges** (February 2nd)
 - Associate Professor Jim Leigh** (February 6th)
 - Professor and Coleman Chair Venky Shankar** (February 19th)
 - Professor and JC Penney Chair David Szymanski** (February 26th)
- ▶ The Featured Faculty member for the month of February in the Marketing Department Display Case (located outside our main offices in Wehner 220) will be **Visiting Associate Professor Lisa Troy**. Stop and read about Lisa's past accomplishments, current interests, and future plans when you are able. The display also highlights some of Lisa's favorite quotes, as well as her *Tips for Success*.
- ▶ *Healthcare Financial Management* interviewed Len Berry for an article that appears in the January 2009 issue (pp. 42-45). The Q&A article is titled "The Mayo Culture of Leadership." A *PDF* of the article is attached to the e-mail containing this issue of the *Marketing Monthly*.
- ▶ **Congratulations to Doctoral Alumnus Peggy Cunningham**, on being appointed Director of the School of Business, Associate Dean, and the R.A. Jodrey Chair in the Faculty of

Management at Dalhousie University (Halifax, Nova Scotia) . For more details, please click on the link below.

[Peggy Cunningham Announcement](#)

- ▶ **REMINDER:** The Department of Marketing has instituted a *Doctoral Student Mini-Grant Research Program*. A copy of the call for proposals follows:

A limited number of mini grants are available for doctoral students in marketing to help pay out-of-pocket expenses related to their research. Each grant offers support in the range of \$500-\$1000 and can be used to offset expenses related to research. The funds should be used to cover expenses related to one or more of the following activities: purchase of data, purchase of relevant software, expenses for conducting experiments/surveys, additional required research assistant support, travel related to research. Please note that funding requests for conference travel are limited to leading marketing research conferences in which the student is making a presentation (e.g., Marketing Science Conference, Association of Consumer Research, and American Marketing Association Winter and Summer Educator Conferences).

When relevant, applicants are also encouraged to seek other sources of funding (e.g., Mays Business School Doctoral Research Grant, Center for International Business Studies' international travel grant). An application for a mini grant can be submitted to the Marketing Department Ph.D. Coordinators (Venky Shankar and Alina Sorescu) anytime during the year. The application should include the following elements:

- A short (less than one page) research proposal outlining the research objectives, methodology, anticipated contributions and targeted journal for the research
- An estimated breakdown of anticipated expenses
- Signature of a relevant faculty member (e.g., advisor, co-author, dissertation chair) verifying elements of the proposed research.

Detailed receipts are required for all reimbursements.

- ▶ Four executives from Austin, Minnesota-based **Hormel** visited our department on January 7th to learn about our students and curriculum. Hormel is interested in establishing a relationship with Texas A&M University and has selected us as one of eleven schools at which they will recruit. They are particularly interested in our sales and retailing certificate students. Thanks to **Janet Parish, Steve McDaniel, Charles Futrell, Kerry Litzenberg, Cheryl Bridges, Paul Busch and Jeff Conant** for meeting with the Hormel team.

February News from our Center for Retailing Studies

► **Sponsor Forum & Zale Lecture details announced**

Please save the dates of March 31 and April 1 for the annual CRS Sponsor Forum and the 12th annual M.B. Zale Visionary Merchant Lecture Series. Last year, more than twenty of the Center's sponsor companies gathered on campus for this exciting event. The half-day session features presentations by leading retailers, roundtable discussions and meaningful networking opportunities. The slate of presenters is still being finalized and will be announced shortly. Faculty are invited to participate in the sessions, which will be held from 1:30-5:30 PM in Rudder 701 following a luncheon in the University Club.

Please RSVP to Tyan Jacox (tyan@tamu.edu) if you would like to attend the Sponsor Forum.

On Wednesday, April 1 the Center hosts the annual M.B. Zale Visionary Merchant Lecture Series. CEO of OfficeMax Sam Duncan will deliver the keynote address during this signature academic presentation. Duncan is known for his talent as a merchandiser and the expansion of OfficeMax's printing and contract services. Special thanks to Janet Parish for hosting this executive speaker in his class.

If your schedule allows, please join CRS for a luncheon at 12:45 PM honoring Mr. Duncan and Don Zale.

► **Retailing Career Fair participants**

On Wednesday, February 3, the Center will host 31 companies for the semi-annual Retailing Career Fair. We encourage you to share this list with your students and invite them to participate.

Abercrombie & Fitch	Enterprise Rent-A-Car	Sears Holdings Corporation
American Eagle Outfitters	Firestone Complete Autocare	Sherwin-Williams PSG
AT&T	GameStop	Stage Stores, Inc.
Academy Sports & Outdoors	H-E-B	Target Corporation
Buckle	Kroger	The Integer Group
Coldwater Creek	Liberty Mutual Group	Tommy Hilfiger
Crate & Barrel	Lowe's Companies, Inc.	Verizon Wireless
David Gardner's Jewelers	Macy's	Walgreens
Dell	Nebraska Book Company	Wal-Mart
Dick's Sporting Goods	Payless ShoeSource	Zale Corporation
Dillard's		

The fair will be held from 9:00 AM – 3:00 PM on Wednesday. Attire is business. The prior evening from 5:30-7:00 PM, the Center will host company presentations. Students can learn which companies are hiring interns or graduates at this event.

► **Bridges participates in National Retail Federation conference in NYC**

Networking among the nation's leading retailers, including many CRS sponsors, was a highlight of a frigid trip to New York City to attend NRF's annual Big Show. Bridges reconnected with JCPenney's Mike Ullman, and listened in on keynote presentations. The primary message among the retailing leaders was to survive economic crisis businesses need to return to basics

and “don’t panic, effectively communicate with your employees and vendors, and be flexible to alter priorities as times change.”

Bridges also met with the International Council of Shopping Centers, which will host our students during the spring break market tour at their world class learning center in Mid-town Manhattan. ICSC Foundation funds numerous scholarships and educational programs for college students pursuing retailing careers.

► **Celebrating H-E-B’s newest store**

Bridges tasted the delights of new gourmet dishes and private label products at the opening gala for H-E-B’s newest store in Missouri City, Texas. The event welcomed over 2,000 guests. CRS was invited to the event by Tom Jarvis, Vice President of H-E-B and CRS advisory board member. He introduced her to several H-E-B executive officers including Joe Casiano, who will work with Lisa Troy’s spring classes to design a special Texas A&M shopping bag for the San Antonio-based retailer.

H-E-B is the top partner of the Center for Retailing Studies. We encourage our colleagues to visit this new store, and the recently opened one in Houston at Bunkerhill. Like Bridges, you may bump into one of our many former students who have begun their careers with H-E-B.

► **Spring Executive Professor Calendar**

January 29	Julia and David Gardner, Owner’s, David Gardner's Jewelers
January 30	John Irvin, former president, JCPenney Direct
February 3-4	Bob Beck, DMM, Wal-Mart
Feb. 18-19	Wayne Lebanowski, Senior Vice President, Operations, Macy's
February 19	Jim McIngvale, Owner and CEO, Gallery Furniture
March 24	Keith Tidmore, GMM, Dillard's
March 31	Jeff Allison, Executive Vice President and GMM, JCPenney
April 1	Sam Duncan, CEO, OfficeMax
April 1	Kelly O'Neill, Senior Vice President – Human Resources, Redcats USA
April 1	Milton Pappas, EVP Marketing, Redcats USA
TBD	Carolyn McGeehan, Executive Director – Sales Ops, AT&T
	March 5 and April 7
	Lyn Lewars , Strategy and Operations - Deloitte Consulting LLP
	March 10 or April 14

We want to include your activities and news in the next issue of the *Marketing Monthly*. Simply submit them to Jeff Conant at j-conant@tamu.edu

