

Workshop
“MARKETING DYNAMICS AND COMMUNICATION”
Department of Business Administration
Carlos III University of Madrid
Monday 27 June 2016, Getafe campus, Aula 14.0.11

PROGRAM

11:15-11:30	<i>Workshop reception</i>
11:30-12:00 (30 minutes)	Dr. Mercedes Esteban-Bravo, Carlos III University of Madrid <i>Managing the Long-Tail of Luxury-Product Sales</i>
12:00-12:30 (30 minutes)	Dr. Jose M. Vidal-Sanz, University Carlos III, Madrid, Spain <i>Modelling preferences when consideration sets are endogenous</i>
12:30-13:00 (30 minutes)	Coffee break
13:00-13:45 (45 minutes)	Prof. Harald van Heerde, Massey University, New Zealand <i>Consumer-Based and Sales-Based Brand Equity: How Well Do They Align?</i>
13:45-14:30 (45 minutes)	Prof. Valentyna Melnyk, Massey University, New Zealand <i>Advertising and Homeostasis: How Temperature Drives Consumers' Responses to Emotional Advertising</i>
14:30-15:30 (1 hour)	Lunch
15:30-16:00 (30 minutes)	Dr. Eline de Vries, Carlos III University of Madrid <i>Seduced at the Movies: Interactive Cinema Advertising Enhances Advertising Effectiveness by Lowering Construal Level</i>
16:00-16:30 (30 minutes)	Manuel Ceballos, Carlos III University of Madrid <i>Impact of Firm Created Content on Brand Engagement in the Spanish Twittersphere</i>
16:30-17:00 (30 minutes)	Dr. Lola Duque, Carlos III University of Madrid <i>Is it good for small firms to engage in Cause-Related Marketing campaigns and why?</i>

PRESENTATIONS

11:30 Dr. Mercedes Esteban-Bravo, Carlos III University of Madrid

Managing the Long-Tail of Luxury-Product Sales

Selling luxury products involve considerable risks, as shops typically sell few items of a relatively costly product. The distribution of sales is typically asymmetric, and the typical sales response models based on the conditional mean, and sometimes also on the conditional variance, have limited use in guiding optimal marketing decisions. In this research we present a new approach based on a tailored sales risk metric, and present a new algorithm to address this problem.

12:00 Dr. Jose M. Vidal-Sanz, , Carlos III University of Madrid

Modelling preferences when consideration sets are endogenous

Consumers often apply heuristic rules when deciding which multi-attribute products to consider. Consideration sets are usually formed to simplify difficult choices which require significant information search and cognitive effort (for example evaluating a wide assortment of complex products). This results in a two-stage decision process. First, consumers screen out products whose attributes do not satisfy certain criteria. They then select the best alternative according to their preferences among the considered options. Traditional conjoint analysis has focused on the second step. More recent methods incorporating the two decision stages consider them to be independent. Because the first step cognitive process is influenced by the overall affective impression of the product, the screening step is not independent of the evaluative step. We develop a rating-based model that treats the consideration sets as endogenous. We discuss the theoretical and practical implications of this effect. Simulations show that ignoring the endogeneity of consideration sets induces biases in the preference modelling. We use an online study of lunch menu preferences using Amazon MTurks to illustrate the procedure.

13:00 Prof. Harald van Heerde, Massey University, New Zealand

Consumer-Based and Sales-Based Brand Equity: How Well Do They Align?

Brand equity is a central construct in marketing. The two broad approaches to measure it are consumer-based and sales-based. Consumer-based brand equity (CBBE) measures what consumers think and feel about the brand, and this is manifested in sales-based brand equity (SBBE), which is generally measured by the brand intercept in a choice or market share model. Despite the widespread use of both CBBE and SBBE, the link between them has not been empirically established, nor has the link between CBBE and marketing elasticities. This paper studies these links based on ten years of IRI scanner and Brand Asset Valuator (BAV) data for 270 consumer packaged good brands across 25 categories. The study uncovers fairly high correlations between SBBE and three dimensions of CBBE -- Esteem, Relevance and Knowledge, but much weaker correspondence with the fourth dimension, Energized Differentiation. The paper also reveals important new insights factors that moderate the CBBE-SBBE relationship and about "outliers" - brands that buck the trend between CBBE and SBBE. Moreover, it documents a differential association of the CBBE dimensions with response to regular price, price promotion, feature and display, distribution, and advertising. The paper concludes with managerial implications.

13:45 Prof. Valentyna Melnyk, Massey University, New Zealand

Advertising and Homeostasis:

How Temperature Drives Consumers' Responses to Emotional Advertising

In colloquial speech, people frequently link emotions to temperature (e.g., "warm love" or "cold fear"). Likewise, in the business world the use of emotionally warm and cold appeals reflects an ongoing trend in advertising. However, the conditions in which emotionally warm versus cold appeals are more effective remain unclear. Drawing on homeostasis theory, the authors investigate whether and why feeling physically warm versus cold influences the effectiveness of emotional advertising appeals. Using

both laboratory experiments and field data, they show that emotions play a hitherto undiscovered homeostatic role. Namely, when consumers are below their homeostatic optimum (i.e., physically cold) emotionally cold stimuli are likely to decrease their response by bringing them further away from the optimum. In contrast, when consumers are above their homeostatic optimum (i.e., physically hot), emotionally warm stimuli are likely to bring them further away from the optimum and decrease their response. Finally once consumers are in their homeostatic optimum, they have similar responses to emotionally warm and cold stimuli. These results have implications for a wide range of marketing activities (in particular advertising) across seasons and international markets.

15:30 **Dr. Eline de Vries**, *Carlos III University of Madrid*

Seduced at the Movies:

Interactive Cinema Advertising Enhances Advertising Effectiveness by Lowering Construal Level

The authors are the first to examine the effects of interactivity on cinema advertising effectiveness. Addressing this gap is especially important as traditional cinema advertising lacks in effectiveness and existing research on interactivity shows conflicting results about its potential. The study focuses on two-way communication as the understudied dimension of interactivity and shows that all is not lost for cinema advertising. Introducing interactivity into cinema advertising by including trivia questions lowers the audience' level of mental construal. In other words, being confronted with questions to answer narrows down one's attention towards specific details and concrete features of the ad. These low-level, concrete construals in turn, improve several measures of advertising effectiveness under conditions of high general product desirability.

16: 00 **Manuel Ceballos**, *Carlos III University of Madrid*

Impact of Firm Created Content on Brand Engagement in the Spanish Twittersphere

Firm and customer actions on social media can be measured in terms of volume and/or considering its qualitative traits. Surprisingly, relatively little has been explored about the content. In this paper, we analyze the impact of both volume and content of the firm created content (FCC) on brand engagement in the Spanish twittersphere. We propose a new measure of FCC richness in terms of variety of topics included in the firm effort. To address this issue, we use a unique dataset with data from Twitter. We used panel data analysis to examine more than fifty thousand tweets in Spanish regarding six brands (Audi, Nissan, Peugeot, Renault, Seat, and Volkswagen) over a five-month study period (from 1st April, 2014 to 31st August, 2014). We found empirical evidence of the impact of FCC on brand engagement. Results also show that topic diversity of the FCC enhance the number of retweets. Furthermore, we present evidence that FCC devoted to traditional corporate communications has not impact on brand engagement. Our research has important implications for automobile CMOs in terms of better understanding and improving corporates' strategy in the social media communication channels.

16:30 **Dr. Lola Duque**, *Carlos III University of Madrid*

Is it good for small firms to engage in Cause-Related Marketing campaigns and why?

Over the last three decades, the use of donations bundled to product sales has become a popular practice among companies, which is known as Cause-Related Marketing (C-RM). This research studies the influence of firm size and consumers' perception of the impact on the final cause) on consumers' attitudes and purchase intention towards a C-RM campaign. The findings of a lab experiment show that firm size makes a difference: small firms are rewarded by consumers with more credibility, more positive brand attitudes and a higher purchase intention in comparison to large firms. Interestingly, we do not find differences in the consumers' level of perceived impact for small and large companies when both make an explicit donation, despite the fact that small firms, due to their size and scope of operations, will objectively collect less funds to donate, and thus will have a smaller impact on the cause. Right now we are exploring the consumers' mechanism under these findings.

PRESENTERS

11:30 Dr. Mercedes Esteban-Bravo, Carlos III University of Madrid

Mercedes is Associate Professor at the Department of Business Administration and Program Director of Master's in Marketing at Universidad Carlos III de Madrid. Her area of expertise is marketing modeling and business analytics. Her work encompasses a wide range of problem-solving techniques for modeling and decision-making, such as mathematical programming, optimal control, dynamic programming, and applied econometrics. She has recently addressed problems related to CRM planning, optimal budget allocation accounting for risk, diffusion of new products, sales acceleration strategies and optimal design of conjoint experiments. A different line of work has been concerned with the development of teaching tools based on marketing business games and simulation.

12:00 Dr. Jose M. Vidal-Sanz, Carlos III University of Madrid

Dr. Jose M. Vidal-Sanz is Associated Professor of Marketing, specialized in modelling, business analytics, and econometric theory. His recent research in marketing has considered problems such as: optimal marketing mix planning and CRM, risk valuation in marketing decisions, innovation, optimal experimental design and Conjoint Analysis, etc. His methodological work includes contributions to Mathematical Statistics and Econometric Theory, and some topics related to Management Science and Numerical Methods. He has also worked in the development of the marketing business game

13:00 Prof. Harald van Heerde, Massey University, New Zealand

Harald van Heerde is Research Professor of Marketing and MSA Charitable Trust Chair in Marketing at Massey University, Auckland, New Zealand. He has an MSc in Econometrics (cum laude) and a Ph.D. (cum laude) from the University of Groningen, the Netherlands. He is specialized in the econometric measurement of marketing effectiveness across a wide domain of substantive areas (whole marketing mix) and situations (e.g., business cycles, product-harm crises, price wars).

He has published in the Journal of Marketing Research (JMR), the Journal of Marketing, Marketing Science, the International Journal of Research in Marketing (IJRM) and other major marketing journals. He is the recipient of the Long-Term Impact Award (Marketing Science), the William O'Dell Long-term Award (JMR), the Paul Green Award (JMR) and twice the IJRM best paper award, and his papers were best paper award finalist on 16 more occasions. Van Heerde serves as an Associate Editor at Marketing Science and as an editorial board member at the Journal of Marketing, the Journal of Marketing Research and IJRM. Van Heerde has attracted over NZ\$ 2.1 million in research grants from the Netherlands Organization for Scientific Research, the New Zealand Royal Society Marsden Fund, the Australian Research Council, and the Marketing Science Institute. Van Heerde is Extramural Fellow at Tilburg University (the Netherlands) and Academic Trustee at AiMark.

13:45 Prof. Valentyna Melnyk, Massey University, New Zealand

Valentyna Melnyk is Professor in Marketing and Consumer Research at the School of Communication, Journalism and Marketing at Massey University, New Zealand. She received her PhD from Tilburg University (the Netherlands) and previously served as an Assistant Professor at the Vrije University of Amsterdam. Her current research interests include Consumer Behaviour, Cross-Cultural Marketing, Emotions, Branding, and Advertising. Her work has been published in several leading journals including Journal of Marketing, International Journal of Marketing Research, European Journal of Marketing, Marketing Letters and Journal of Business Research. She was nominated for the Donald R. Lehmann Award; and was the winner of the Outstanding Paper Emerald Literati Award for Excellence (in the Outstanding Paper category) in 2016.

15:30 Dr. Eline de Vries, Carlos III University of Madrid

Eline de Vries is Assistant Professor of Marketing in the Department of Business Administration of University Carlos III in Madrid. She received her PhD in Business and Economics, specialized in consumer behavior and consumer neuroscience, from the University of Groningen, The Netherlands. She also holds a MSc. in Research Based Marketing and a MSc. in Social Psychology (Cum Laude). As part of her study Business Administration, Eline studied at the University of Barcelona.

Eline was awarded with the Professor Leeflang Thesis Award in 2007, for the best Marketing related Master Thesis. In addition, she has recently been awarded with the TTA World Talent Award, for being the highest potential of the Faculty of Economics and Business of the University of Groningen.

Eline has presented her research at leading international conferences and her work on the impact of friendship on consumer self-control has appeared in several Dutch newspapers, radio programs and blogs. Her research interests include consumer self-control (impulsive and excessive buying or consumption) and consumer neuroscience (fMRI).

16:30 Dr. Lola Duque, *Carlos III University of Madrid*

Lola is Visiting Professor within the Department of Business Administration at Carlos III University. She holds a BA in Business Administration (Universidad Nacional de Colombia), a MSc in Business and Economics (Pompeu Fabra University), and a PhD in Management from Universidad de Barcelona. She has been a visiting researcher at the Norwegian School of Management BI, San Diego State University and the Vienna University of Economics and Business Administration.

Her main area of research is services marketing for nonprofit and public-sector organizations. She is also interested in the areas of social marketing, consumer behavior and market research techniques. Among her current research topics are: consumer satisfaction with public services, market orientation in nonprofit organizations, and the relationship between student learning outcomes and satisfaction with higher education experiences. Currently, she is teaching Marketing Management courses.