2010 Marketing Practitioners Conference

Lesson for Marketers: 'Blink' and You'll Miss It

Conference Speakers Emphasize Fact–Based Rather Than Intuitive Strategies

Use data, not instinct. This was the message of the "'Don't 'Blink!' Use Fact–Based Marketing" Marketing Practitioner's Conference held November 12, 2011 in the Naveen Jindal School of Management at The University of Texas at Dallas. Speakers and participants included nationally recognized experts and industry leaders from many top performing companies.

Kevin Clancy on the Disadvantage of using "Gut–based Marketing"

Dr. Kevin Clancy, Chairman of Copernicus Marketing Consulting and author of *Your Gut Is Still Not Smarter than Your Head*, emphasized that "correct marketing strategy is so strong it can change a brand's trajectory, career path, entire company and sometimes industry as a whole." Clancy stated such transformational marketing is fact–based, rather than instinct or "gut–based." Clancy said that emotional, transcendental marketing strategies have zero effect on return on investment, whereas the most powerful messaging of the last 60 years has been tangible and product–based. He cited the examples of Coca–Cola with a message of "authentic, real, original;" Burger King, "have it your way;" and Apple, "easy to use." He also expressed his view that marketing currently leans heavily on transcendental, instinctual messaging that are not creating the desired results. Clancy also went on to describe many examples of weak and poor segmentation and how the goal of every market segmentation project should be to yield distinct, proprietary and highly profitable market segments—segments that your competitors do not even know exist — described in rich detail in order to dramatically improve marketing efforts, boosting market share and profits. Clancy suggested that simulated test marketing is "the most validated tool in all of market research". Responses to a sales pitch or ad campaign may be measured and entered into a mathematical model to predict results.
http://www.youtube.com/watch?v=PnWvWxi2fmU

Faker Zouaoui on How Travelocity Transitioned to a "Travel Retailer" through Marketing Analytics

Dr. Faker Zouaoui, vice president of product marketing for Sabre Travel Network, shared a case study on how Travelocity transitioned to serve the retail traveler market. Faker discussed the challenges faced by Travelocity in the airline industry while establishing a new framework and working with an enterprise network model to understand the dynamics of the industry. Travelocity wanted to use data to transform its business. Key considerations in the model were actual purchases, consumer shopping patterns, elapsed time, carrier connection time and price. Faker described how Travelocity used a search algorithm to generate possible combinations for each traveler from the billions of possibilities.

Because the travel industry is so highly competitive, Travelocity's suppliers and customers have many other ways to connect. Travelocity competes with on–line travel agencies such as Expedia and Orbitz, distressed inventory outlets like Priceline and Hotwire and supplier sites such as Northwest.com and Hilton.com. Since it is easy for consumers to comparison shop online, any changes in content, display or price can have a dramatic impact on Travelocity's market share and revenues. Faker described how Travelocity worked to create tools, processes and analytics to support supplier–retailer partnerships and optimize retail operations in the new online channel.
http://www.youtube.com/watch?v=6YS57c_0vqg

Dr. B.P.S. Murthi on Understanding Customer Profitability and its Drivers in the Credit Card Industry

Dr. B.P.S. Murthi, the marketing area coordinator and research faculty member at The University of Texas at Dallas, presented his research on credit card markets. An important aspect of customer relationship marketing (CRM) is the need to acquire and retain profitable customers. Murthi described how managers need to understand the relative effectiveness of different modes of acquisition and loyalty programs.

Murthi explained how a model to incorporate the endogeneity of modes of acquisition and retention and highlight the reduction in bias was created. The model found that Internet and direct mail generate more profitable customers than telemarketing and direct selling. Another element examined was the role of two popular customer retention strategies, namely, reward cards and affinity cards, in driving customer profitability. Surprisingly, Murthi described how customers with reward cards or affinity cards are less profitable than customers without access to these retention strategies.
http://www.youtube.com/watch?v=p8efkZU9gos

Dr. Brian T. Ratchford on Incorporating Subjective Characteristics in Product Design and Evaluations
Dr. Brian Ratchford, a Charles and Nancy Davidson Professor of Marketing at UT Dallas, shared his research on methods product developers may use to increase the likelihood of new product success. Consumers often use both objective and subjective criteria to evaluate a product. For example, power tool users may evaluate a power tool on the basis of not only its objective attributes, such as price and switch type, but also its subjective characteristics, such as ease of use and feel of the tool.

Ratchford explained how to incorporate subjective characteristics in new product design. The model has the form of a hierarchical Bayesian structural equation model, in which the subjective characteristics are treated as latent constructs. Ratchford said the results suggest that by collecting additional information about consumers' perceptions of subjective characteristics, the proposed model can provide the product designer with a better understanding and a more accurate prediction of consumers' product preferences than the traditional conjoint models.
http://www.youtube.com/watch?v=6QVXGRDuimI

Paul Gillin on a Crash Course Leveraging Social Media in a B–B and B–C Environment
Paul Gillin, well–known author and past editor of *Computer World* and *TechTarget* first discussed the decline in print media over the past several years and the rise of social media. In his crash course, Gillin illustrated how influence works in the blogosphere and described all the free online tools available to monitor conversations. He also presented a matrix of social media tools and when they should be used based on an organization's objectives. Gillin discussed the importance of positioning and voice with an analysis of the top business blogs and why they're successful, sharing some tricks of the trade for generating buzz and recognition.
http://www.youtube.com/watch?v=CqQYwqOOxgE

Michelle Adams–Let Today Predict Tomorrow's Need
Michelle Adams, VP of PepsiCo Customer Strategy and Shopper Insights, discussed how Frito–Lay leveraged a study conducted by UT Dallas PhD candidate, Marina Girju, into a forecasting tool called DemoImpact.
The U.S. population is changing dramatically with people aging, migrating and becoming more racially diverse and overweight, etc. Adams discussed how Girju's work created a consumption forecasting model and decision support system for all snacks available in the U.S. market (900+), which captures the effects of 48 demographic variables (age, gender, marital status, obesity, education and income) and accounts for the effects of significant holidays and seasons.

The resulting product, DemoImpact is built on six years of historical snack consumption and uses the U.S. Census demographic predictions to forecast consumption frequency and volume.
http://www.youtube.com/watch?v=f2i4zv5G8gI

Jeff Jarrett on Creating Business Value Through Social Media + Web 2.0
Jeff Jarrett, global director of digital marketing for Kimberly Clark, discussed how the company successfully used social media to promote its products. Operating under the assumption that consumers trust other consumers more than the service provider or vendor, Kimberly Clark developed four ways of using social media as a marketing strategy. These include paid media substitution, marketing research, customer support and community CRM 2.0.

Jarrett illustrated how his company used “community development” and “CRM 2.0” to derive ROI for social media. He gave suggestions on how to create strategic business value through today’s communication channel for tomorrow’s consumer relationships thus providing a competitive advantage.
http://www.youtube.com/watch?v=qN8yHkd9FUE

Steve McElderry on Adoption and Evolution of Social Media for Cisco
Steve McElderry, product line manager–customer collaboration for Cisco Systems, highlighted Cisco’s use of social media for marketing purposes. McElderry gave an example of how Cisco was able to save $1 million through a data central product for building a community using Facebook to launch an event. He also described how Cisco uses social media to create net buzz and Uber user campaigns for its new products.

One of the innovations Cisco created is a social media listening platform connected to other customer touch points such as email and call centers. The product is called Cisco Social Miner and it captures, analyzes and prioritizes data, creates a communication workflow to assign tasks and engage customers.
http://www.youtube.com/watch?v=OX7woh988HY

Ashley Pettit on Southwest’s Social Media Marketing and Communication
Conference speaker Ashley Pettit, Analyst for Southwest Airlines, explained the value of social networking and how Southwest Airlines aims to retain customers by keeping them engaged and informed via a variety of social media outlets. Southwest uses both Facebook and Twitter to announce corporate news, fare sales and simply to interact with clients. Pettit gave a case study in which Southwest celebrated an anniversary with a special birthday sale promoted strictly through social media (without any paid advertising) which generated 8,000 bookings and resulted in more than $1.6 million in sales.
http://www.youtube.com/watch?v=MV0bS_7mQyc