Intern. J. of Research in Marketing 27 (2010) 161–163

Contents lists available at ScienceDirect

Intern. J. of Research in Marketing

journal homepage: www.elsevier.com/locate/ijresmar

Editorial

Marketing competition in the 21st century

The new challenges that the 21st century brings to the field of marketing competition inspired the *International Journal of Research in Marketing* (*IJRM*) to sponsor a special section on the topic. This special section was preceded by a conference at the University of Mainz, co-sponsored by *IJRM*, MSI, SMU (Singapore) and the University of Mainz.

Five marked evolutions around the turn of the century present new challenges in marketing competition, which may lead to particularly fruitful streams of research.

1. The Internet and mobile communications

The widespread availability of the Internet has affected many aspects of marketing, including competition. User-generated content and how competitors use or misuse this new facet of marketing interplay has enormous potential for research. UGC has been related to word-of-mouth and can provide competitive advantage. The Internet may also change our view of market structures. Structures that are now characterized using the concept of long-tail competition may fundamentally affect the way companies interact in markets that are affected by the Net. For example, long-tail competitive structure may allow for satisfying the heterogeneous preferences of a global set of consumers and have variable costs close to zero. As a result, cost considerations, currently a key construct in prescriptions about competitive strategy, may decrease in importance.

The emergence of blogs leads to another new form of competition. Blogs (with "posts" and "comments") are powerful new media which can affect product and competitor reputation. To illustrate, lack of attention to blogs, posts, and comments along with a wait-and-see attitude almost killed the Kryptonite lock company when the management ignored customers' posts about a flaw in their locks. It is important to investigate how blogs should be managed or at least dealt with to a firm's advantage. Finally, as brands become embedded in social networks (e.g. Facebook), the competition between brands (e.g. *Pepsi* and *Coke*) is increasingly a battlefield on which consumers stand side-by-side with firms and on which firms merely co-own their brand and co-direct their brand's competitive strategy with their customers. In effect, firms "compete" with their customers to define what a brand stands for.

Similarly, the wide-spreading phenomenon of ROPO—Research Online Purchase Offline—implies that consumers conduct their product research online but purchase in traditional channels, i.e. off-line. This suggests that traditional media face major competition or even a fight for survival due to the Internet. Print and TV need to identify unique advantages compared to Internet-based dissemination of product information and advertising or face a major decline in revenues and profits. Similarly, sales reps in off-line channels may no longer need much training on the product but may need more competence in pricing negotiations once informed and ready-to-buy consumers enter their outlets or showrooms.

2. A flat world

The world is increasingly flat, with some bumps here and there. On the one hand, competitive interplay has become more global. Thus, cross-market competitive interactions need to be synchronized around the world. Foreign competition presents a severe danger for local brands that do not excel on a single dimension. Thanks to a flat world, the U.S. car brands are now perfectly squeezed between the cachet, style and heritage of European car brands at the high end, and the cost and reliability advantage of Asian brands, for now mostly Japanese and Korean, in the future likely Chinese. At the same time, country-of-origin effects may increase in differentiating potential. Such effects can be both positive (French cheese and Belgian beer) and negative (faulty accelerator pedals or moving floor mats, the poisoning of pet food, the fatal contamination of toothpaste, and lead in children's toys). A key question is how global and local elements in competition ultimately combine to impact consumer preferences. Finally, there is the question of what are the key differences when competing across cultures? For example, competitive success is often attributed to "competence" in the United States and attributed to "aggression" in European countries.

3. Regulation and competition from government entities

Regulation is a variable that is often neglected in marketing (Stremersch & Lemmens, 2009). However, its role in marketing competition may be central in the upcoming decade. What will legislatures do to protect their consumers and their economic bases in reaction to manufacturer defects (of which there have been many recently) and predatory competitive practices, such as price-setting agreements (many cartels have been under investigation in the European Union, from beer to steel) and anti-competitive behavior (think of historic legal battles of governments against *Microsoft*, *Intel* and the like)?

More broadly, competition as a fundamental principle and driver of our economy is increasingly called into question. The free economy, in which unbridled competition thrives, has produced sensational salaries and bonuses as well as environmentally undesirable products. As a result, market competition is under siege, and the public sector has gained an astonishing increase in market share at the expense of the private sector. Recent gains for the public sector often amount to 10% or more in "share points" even in countries historically in favor of market competition such as the U.S. or Germany. The public sector now, at least in part, runs banks, insurance companies, car companies,

0167-8116/$ – see front matter
doi:10.1016/j.ijresmar.2010.03.003

mortgage companies and so on. Marketers and marketing researchers have yet to develop strategies and research to convince the public that market and marketing competition is worth protecting. They also need to convince the public that intellectual property is worth protecting. This is of even greater importance as legislation governing counterfeiting seems to be falling behind. Patents for tangible and, even more so, less tangible products are difficult to obtain on a global scale. The enforcement of such patents seems almost impossible. How can managers cope with competition from knock-offs, counterfeits, etc.? Still, some firms succeed. For example, *Porsche* is the first car manufacturer who succeeded to protect a complete car, including its design, through worldwide patents, thus gaining control up to the consumers' door step.

4. New dimensions of competition

As markets and products mature, marketers need to look for new ways to compete. Thus, new competitive drivers are likely to emerge including design (think *Apple*) and even humor. Interestingly, competing for and winning on the humor dimensions have proven successful. To illustrate, the German electronics retail giant *Media Markt* focuses on being humorous and funny. The company is neither the cheapest nor the one with the best stores or locations. However, its positioning of being the "funniest" has contributed to its market leadership position as consumers arrive in hordes. In short, "soft issues" such as humor or design may amount to an important source of competitive advantage in the future—a stark contrast to traditional sources of competitive advantage such as low cost and quality.

In addition, maturation of markets and products often comes in the shape of commoditization. How should managers respond to increasing commoditization and thus increasing competitive vulnerability? To make matters worse, in many industries, there has been a shift in power from suppliers toward customers. Managers may wonder whether they have focused too much on consumers and not enough on competitive strategy when making marketing decisions? Will this continue, or will upstream suppliers reverse this process? For example, will China integrate forward and seize more control over the entire supply chain worldwide rather than simply being a low cost supplier?

5. Environmental and "green" issues

"Save the globe" through more conscious and careful consumption has been argued to be the megatrend for the coming decades. Consumers want to be part of this megatrend, which suggests that cars may have to be electric or, at least hybrid, shampoos should no longer pollute the water, and food should be organically grown. If this trend continues, there is tremendous potential for new dimensions of marketing competition to emerge. Obviously, these emerging preferences provide new opportunities for competitors as incumbents need to update—if not re-engineer—their products and new competitors emerge, e.g. the *Tesla* electric car company.

However, having to update products and facing new competitors may just mark the beginning. The village of Todmorden in the British region of Yorkshire may offer an early peek as to what type of competition today's food companies may face as part of the green megatrend. Todmorden, along with a growing number of villages in Europe, has embarked on, what villagers call a "revolution" and "battle" to become largely self-sufficient in their production of vegetables, meat, bread, marmalade and many other types of food. In addition to producing food within the city's limits, in general, food should not be shipped for more than 30 miles and be processed as little as possible, if at all. To produce food, any available surface—ranging from spaces between cars in parking lots, sidewalks to public parks to private front yards—is being converted to productive land. Citizens spend free time to put seeds on as many surfaces as possible to convert Todmorden into "Eadible Todmorden." Schools are shutting down snack machines and banning French fries in favor of local produce. Todmorden boasts that almost none of their students are overweight and its schools have won the award for serving the best school-food in England. Today, stores in Todmorden are 20% self-sufficient, counting the village's own output, and 80% once a 30-mile radius is taken into account. Obviously, the challenges for companies producing, processing, transporting or importing food are daunting if such behavior becomes widespread.

In addition to these emerging issues, there is a need to re-visit old topics that have not yet been fully dealt with. These include questions such as:

- Do managers over-act to competitive entries?
- What persistent and long-term effects do competitive initiatives really have on a competitive interaction as a whole?
- How are war-type competitive interactions (price wars, ad wars) ignited? Can they be avoided or terminated?
- What are the patterns of competitive interactions? How do such patterns evolve? To what degree can they be managed? Is the prisoner's dilemma the inevitable equilibrium?
- Are managers aware of competitors' perceptions and interpretations of their own marketing actions? Do managers suffer from misperceptions that lead to sub-optimal and aggressive competitive interplay?
- Are there archetypes of competitive conduct? If so, how do they affect competitor revenue, profit and the evolution of industries?
- How can competitors legally and effectively monitor their rivals' activities? What early warning signals are emitted by certain actions and public disclosures? How accurately can managers process those pieces of information and does such processing lead to competitive misunderstanding and improper competitive reactions?
- How foresighted are competitors? What is the impact of competitors who differ in their time orientation?
- Where does co-opetition exist and where is it beneficial to competitors and customers?

Against this background, 3 papers ultimately made it into the special section. The first paper by Van Laer and de Ruyter (2010) studies marketing competition relevant to today's Internet environment. They argue that the content and the format with which a company responds to integrity-violating blogs contribute to an effective restoration of integrity. Heiman and Ofir (2010) study firms' competitive responses. They show that competition may increase the demonstration intensity and that the leading manufacturer's response to changes in competition is stronger than the responses of the followers. Reimann, Schilke and Thomas (2010) focus on the increasing commoditization that we find in many industries. They derive the appropriate strategic response to commoditization, which is to get more intimate with the customer. These three papers provide a nice illustration of the variation in topics that future research in marketing competition can cover.

This initiative was intellectually stimulating for us, and we hope for everyone else involved. We are enormously grateful to the many reviewers who gave their quality time across multiple revisions to the review process of this special section. We were extremely selective in the manuscripts we accepted (following the typical acceptance rate of between 10 and 15% of *IJRM*). We also wish to thank Marnik Dekimpe, editor-in-chief as of October 2009 to whom the special section migrated with the transition of the editorship, for repeated help and advice. Special thanks go to the doctoral students Shyda Valizade, Hanna Römer, Mark Elsner, Tobias Mann, Sergio Moccia and staff Dorethea Rector of the Johannes Gutenberg University for all their efforts in making the conference preceding this special section such a successful launching pad for the special section. Further, Cecilia Nalagon deserves thanks for being able to keep us informed and "in line" while accomplishing all of this with great charm.

We hope you consider working on these and related issues and find the papers in the special section helpful.

Oliver Heil
Johannes Gutenberg University-Mainz, Germany
Corresponding author.
E-mail address: oliverheil@aol.com.

Don Lehmann
Columbia University, USA

Stefan Stremersch
Erasmus University Rotterdam, Netherlands/IESE Business School, Spain