

# Introduction to the IJRM Special Issue on Marketing and Innovation

## 1. Background of special issue

This special issue of the *International Journal of Research in Marketing* results from the inaugural edition of bi-annual joint symposia of the American Marketing Association (AMA) and the European Marketing Academy (EMAC). The Erasmus School of Economics (Erasmus Center for Marketing and Innovation, ECMI) organized this inaugural symposium on May 27th and 28th, 2014, in the context of its Centennial celebrations. The future organizers are the Wharton School (for the 2016 edition) and INSEAD (for the 2018 edition). These symposia are meant to address a topic of high relevance to the marketing community, thus changing over future meetings.

For the Erasmus inaugural meeting we chose Innovation and Marketing as a topic for the symposium. Keynote speakers on the practitioner side included among others, Paul Polman (CEO of Unilever), Jean Francois Van Boxmeer (CEO of Heineken), Jacques Van den Broek (CEO of Randstad), and Frans Muller (CEO of Delhaize). Academically, keynotes were given by Jan Peter Balkenende (Erasmus University and former prime minister of the Netherlands), Eric Bradlow (Wharton), Glen Urban (MIT), Nirmalya Kumar (LBS and Tata), and Jagdish Sheth (Emory).

The symposium attracted many other leading scholars and practitioners beyond the keynote speakers. It took a broad approach to the topic of Marketing and Innovation, stretching over topics such as innovation generation, innovation diffusion, innovative pricing and advertising approaches, big data, and new media, among others. Connected to the symposium, we decided to propose to IJRM to allow us to organize a special issue of the journal on the same topics. We were fortunate and thankful to find the journal very welcoming to our initiative.

To stimulate further high-quality submissions to the journal and the conference, we devoted \$5000 of our conference budget to a prize awarding the best papers in this issue. We are happy to hereby congratulate the co-winners of the best-paper award: Fabian Schulz, Christian Schlereth, Nina Mažar, and Bernd Skiera (2015), and Praveen Kopalle and Donald Lehmann (2015). Each author team received \$2500 and a certificate at the European Marketing Academy conference, in May 2015 in Leuven, Belgium, to acknowledge their excellent contribution to the special issue and the symposium.

Neither the symposium nor the issue had the intention to provide exhaustive coverage over such a wide domain, but merely provide a sample of some of the best work in this domain. We feel that we have achieved bringing such a high-quality selection both to the conference as well as to this special issue. For the special issue, we received a total of 59 high-quality submissions. The eight accepted papers come from various research traditions and make a clear contribution to the literature.

Their contribution and uniqueness stem from being able to triangulate interesting findings or derive insights from unique combinations of primary datasets and several secondary datasets (Schulz et al., and Song et al.), online reviews and panel data (Kim et al.), or suggesting new ways classical marketing decisions could be improved in new-product contexts such as pricing (Schulz et al., and Kuester et al.), advertising (Kopalle et al., and Hariharan et al.), product quality (Kopalle et al., Kim et al., and Hariharan et al.) and customer knowledge (Zhang et al., and Ozkaya, et al.).

Several papers use consumer-level data from behavioral experiments, panels, online product review websites, surveys, and disaggregated data from secondary sources (Kuester et al.; Kim and Kim; Schulz et al.). Other papers are based on firm-level data using surveys, disaggregated data from merging various secondary sources (Song et al.; Zhang et al.; Ozkaya, et al.). The two papers based on analytical models solved them with numerical simulation (Kopalle and Lehmann and Hariharan et al.). Thus, beyond covering a diverse set of subjects, we also feel the special issue has embraced diversity in research methodologies. In the next paragraphs we give a bird's-eye view of this unique set of papers.

## 2. Summary of the special issue

Schulz, et al. examine consumer attitudinal and behavioral reactions to a pricing innovation that increases the decoupling between recurrent consumption and payments in time based on advance (monthly) payments and yearly adjustments. They used both survey data and billing data of more than 20,000 customers. They find that receiving a refund reduces consumer price awareness and churn, and increases recommendation

likelihood. They provide interesting empirical evidence, insights, and boundary conditions of the silver lining principle.

Kopalle and Lehmann examine the impact of competition, brand equity, and the cost of overstating quality on optimal quality and quality claims of new products. Quite interestingly, they find that strictly-enforced honest advertising of new products (such as due to high legal costs) can lead to lower product quality and higher profits. They also show how results are affected by long-term orientation of the firm, quality sensitivity, and price sensitivity.

Hariharan, et al. examine how firms introducing new products can optimize advertising spending by doing consumer segment-specific targeting given different patterns of new product diffusion dynamics. They consider four major diffusion patterns—viz., bell-shaped, bimodal chasm, early dip followed by bell-shaped, and exponential decline. They find that the optimal share of advertisement targeted to the early market segment at launch needs to be much higher than the share of early market segment in the population, and show how results change as a function of advertising sensitivity and proportion of early consumers.

Kuester, et al. show how product newness increases the perception of price fairness of high-priced new products. In a series of behavioral-laboratory studies they explore price fairness perceptions in the specific setting of new product launch prices. They test different levels of transaction similarity, captured by the degree of product newness and future expected price change. They find that when a product is new to consumers, transaction similarity determines how consumers compare and evaluate its price, which can be used to mitigate the negative perception of price fairness of launch prices.

Kim and Kim develop a tool that can be used by firms to identify attribute-specific competitive landscapes and to detect changes in consumer reference quality point resulting from new product introductions. Their method produces a competitive vulnerability map that can help product portfolio managers to assess risks that might go undetected otherwise. They illustrate their reference-dependent choice model for attribute-level product quality by applying it to the U.S. mobile phone market using both panel data and secondary data.

Zhang, et al. study ambidexterity in new product development projects, and the role of consumer need tacitness. They examine the effect of market exploration and market exploitation on new product innovativeness, product development speed, and financial performance. Ambidexterity is particularly difficult to achieve so it is critical for firms to understand when to favor exploration or exploitation, and what outcomes are reasonable to expect from each approach. They surveyed 225 executives involved in new product development projects and found that market exploitation improves new product speed, market exploration improves product innovativeness, and the latter effect is stronger when consumer need tacitness is high.

Ozkaya, et al. examine whether customer and competitor knowledge competencies affect the relationship between strategic orientation and market-based innovation and firm performance. They surveyed 674 executives involved in new product development projects in two countries and found that a firm's ability to

generate and use knowledge about its customers and competitors increases firm performance through the development of market-based innovations.

Song, et al. show market orientation outcomes are affected by ownership structure and dominant shareholder. They test their model with a merged dataset of 242 publicly-traded firms on stock markets in an emerging market. In a quite interesting approach, they used content analysis of annual reports to derive measures of market orientation such as customer orientation, competitor orientation and interfunctional orientation.

### 3. Thanks

There are many people we would like to thank for their help along the way. First, we would like to thank *IJRM* and its co-editors for giving us the opportunity to edit this special issue. We are also grateful to the many authors that submitted their best work. A special thanks goes to Cecilia Nalagon, *IJRM*'s managing editor, for handling so well the paper flow in a tight timeline. Whoever has worked with Cecilia knows what an essential and high-quality member she is of the *IJRM* team. We also thank our colleagues who helped us as reviewers and AEs, listed here below, for so kindly having provided timely and solid reviews. We also thank ECMI for organizing the symposium. For pulling the conference together, we are thankful to the AMA and EMAC, the Dean and Centennial Office of the Erasmus School of Economics and more specifically to Gert Jan Prevo, Elio Keko, and Marc Hendrickx for their excellent organization skills. We thank the sponsors of the symposium, Erasmus Trustfund, Erasmus Research Institute for Management, the Erasmus School of Economics, KLM AirFrance, ECMI and the Goldschmeding Foundation. Finally, a very special thank you goes to Jan-Peter Balkenende, Frits Goldschmeding and Harry Commandeur for their continuous support and special contributions. We hope you will enjoy reading this issue as much as we did in putting it together!

### 4. Special issue reviewers and AEs

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