



Marketing Science

Publication details, including instructions for authors and subscription information:
<http://pubsonline.informs.org>

2009-2010 ISMS-MSI Practice Prize Competition—Special Section Introduction

Russell S. Winer,

To cite this article:

Russell S. Winer, (2011) 2009-2010 ISMS-MSI Practice Prize Competition—Special Section Introduction. Marketing Science 30(4):565-567. <https://doi.org/10.1287/mksc.1100.0628>

Full terms and conditions of use: <https://pubsonline.informs.org/Publications/Librarians-Portal/PubsOnLine-Terms-and-Conditions>

This article may be used only for the purposes of research, teaching, and/or private study. Commercial use or systematic downloading (by robots or other automatic processes) is prohibited without explicit Publisher approval, unless otherwise noted. For more information, contact permissions@informs.org.

The Publisher does not warrant or guarantee the article's accuracy, completeness, merchantability, fitness for a particular purpose, or non-infringement. Descriptions of, or references to, products or publications, or inclusion of an advertisement in this article, neither constitutes nor implies a guarantee, endorsement, or support of claims made of that product, publication, or service.

Copyright © 2011, INFORMS

Please scroll down for article—it is on subsequent pages



With 12,500 members from nearly 90 countries, INFORMS is the largest international association of operations research (O.R.) and analytics professionals and students. INFORMS provides unique networking and learning opportunities for individual professionals, and organizations of all types and sizes, to better understand and use O.R. and analytics tools and methods to transform strategic visions and achieve better outcomes.

For more information on INFORMS, its publications, membership, or meetings visit <http://www.informs.org>

2009–2010 ISMS-MSI Practice Prize Competition Special Section Introduction

Russell S. Winer

Stern School of Business, New York University, New York, New York 10012, rwiner@stern.nyu.edu

I introduce the work of the finalists in the 2009–2010 ISMS-MSI Practice Prize Competition, representing once again the best combinations of rigor and relevance produced by marketing scientists. The winning paper is by a team from several German universities and represents a collaboration with Bayer AG on an important problem—allocating the marketing budget dynamically across countries, products, and the marketing mix. The other three finalists described projects involving a branding project for an Australian airline, Jetstar, based on a dynamic choice model; a new tool for differentiating Prudential's variable annuities from the competition; and a marketing communications model for a small, family-run European office furniture supplier, Inofec.

Key words: dynamic budget allocation; choice modeling; product positioning; marketing communications

History: Received: November 23, 2010; accepted: November 23, 2010.

Background

For the sixth time since 2003, ISMS (The INFORMS Society for Marketing Science) has run its Practice Prize Competition to celebrate the best marketing science work that had demonstrable organizational impact. In 2009, the Marketing Science Institute (MSI) joined the competition as a cosponsor of the (now) biennial event. Both ISMS and MSI view the Practice Prize Competition as a critically important component of the activities of both organizations, as the goal is to highlight not only the best marketing science applications but, more importantly, to show how these applications have had a significant impact on the sponsoring organization.

In particular, the most current version of the competition protocol states the following:

The Practice Prize is awarded for outstanding implementation of marketing science concepts and methods. The methods used must be innovative, sound, and appropriate to the problem and organization, and the work should have had significant, verifiable, and preferably quantitative impact on the performance of the client organization.

Historically, two types of entries have been recognized: (1) a history of successful applications across time and/or organizations and (2) a single, impactful application.

Thus, what is noteworthy is that no methodological rigor is sacrificed for the applications. In fact, Practice Prize judging committees do not cut the proposals any slack in terms of how state of the art the methods utilized in the applications must be.

The following criteria have been established for the selection of the finalists and the winner, and their ultimate publication in *Marketing Science*:

- Implementation—Who uses it, for what, and how;
- Impact—On the organization and the value;
- Methodological quality—Appropriateness and leading edge;
- Technical originality—Uniqueness and flair;
- Difficulty—Problem(s), politics, technical;
- Transportability—The potential to be used in other applications or similar organizations;
- Charm—Newsworthiness and/or potential impact on society at large.

The winning paper and the three shorter notes that follow represent the four finalists in the 2009 Practice Prize Competition, sponsored in part by European Marketing Academy as well as by ISMS and MSI, and graciously hosted by the Sloan School of Management, Massachusetts Institute of Technology (MIT).

The Competition

The 2009 Practice Prize committee was composed of Russ Winer, Prize Committee Chair (representing MSI as the former Executive Director), Gary Lilien (representing the office of VP Practice for ISMS), Ruth Bolton (representing MSI as the current Executive Director), and Eric Bradlow (as *Marketing Science* editor). Rafael Alcaraz (Hershey Foods), Venky Shankar (Texas A&M), and Bob Woodard (Campbell Soup) served as at-large appointments. The committee received 16 proposals, all of which represented

excellent examples of rigorous applications of marketing science to an organizational problem.

Of the 16 proposals, four were recognized as finalists. These four finalists presented their work at the Practice Prize Conference held January 15–16, 2010, at the Sloan School of Management. From those presentations and the responses to questions and answers about the work, the Fischer et al. paper in this issue represents the winning project. It went through the traditional refereeing process at *Marketing Science* as well as the competition screening process. The notes from Danaher et al., Kumar and Shah, and Wiesel et al. were also reviewed by several referees each. In line with the Practice Prize's emphasis on practice, particular emphasis was placed on the organizational impact as well as the readability of the paper to encourage dissemination.

The Four Finalists

The winning entry was by Marc Fischer, Sönke Albers, Nils Wagner, and Monika Frie, "Dynamic Marketing Budget Allocation Across Countries, Products, and Marketing Activities." In this paper, the authors develop an innovative approach to allocating marketing resources for multiproduct, multicountry firms. Their model accounts for marketing dynamics and a product's growth potential as well as for trade-offs between marketing effectiveness and profit contributions. A nice aspect of their work is that it can be easily implemented in an Excel-type environment. The model was successfully implemented by one of the world's largest pharmaceutical companies, Bayer AG, and showed a profit improvement potential of more than 50%, worth nearly €500 billion in incremental discounted cash flow. The committee unanimously felt that this submission represented the best combination of modeling and impact; it is an outstanding exemplar of the goals of the Practice Prize Competition.

The other finalists were as follows:

"Applying a Dynamic Model of Consumer Choice to Guide Brand Development at Jetstar Airways" by Peter Danaher, John Roberts, Ken Roberts, and Alan Simpson: In this paper, the authors focused on a problem faced by Jetstar, a subsidiary of the Australian national airline Qantas, in competing in the low-priced segment of the domestic air business against a rival, Virgin Blue. Both Jetstar and Virgin Blue target the Australian leisure market with a no-frills marketing strategy. The authors develop an approach combining qualitative research methods and a multilevel dynamic choice model with unobserved heterogeneity. Their approach developed recommendations that the company use price promotions to improve the

perception of price as well as advertising communications about service levels to change beliefs about quality. As a result of this project, Jetstar's market share rose 29% (4.1 share points) in the first 12 months.

"Uncovering Implicit Consumer Needs for Determining Explicit Product Positioning: Growing Prudential Annuities' Variable Annuity Sales," by V. Kumar and Denish Shah: In their project, the authors attack the problem of differentiating Prudential's annuities from the many similar-looking products in the marketplace. The authors developed a new tool called the "emotional quotient" (EQ) tool that enabled Prudential to redefine its marketing and sales approach. By using the tool to uncover and quantify the prevalence of some emotions in the prospective consumer, Prudential could then match the relevant annuity product to mitigate the behavioral risk corresponding to the emotions uncovered. The approach was estimated to product a \$450 million increase in sales for Prudential's variable annuity products.

"Marketing's Profit Impact: Quantifying Online and Off-line Funnel Progression," by Thorsten Wiesel, Koen Pauwels, and Joep Arts: A small European furniture supplier, Inofec BV, was looking to improve its communications programs across different media and channels (online and off-line). The focus of the analysis is on the purchase "funnel"—how customers move from awareness and ultimately to purchase. There were two stages of the modeling. First, they investigated the role of each channel at the different stage of the funnel. Second, they considered dynamic effects as well as feedback effects of different communications activities (catalogs, faxes, flyers, search engine marketing, and e-mail) both within and across channels using time-series analysis. Based on the model's results, they recommended that the company decrease its spending on flyers and increase spending on Google AdWords. A field experiment supported their recommendations.

Comment

These four finalists not only show the ability of marketing science models to significantly impact managerial decision making, they also demonstrate the wide range of situations in which such models can be applied. The industries ranged from manufacturing (pharmaceuticals) to services (airlines, life insurance), and a business-to-business supplier (furniture). These four papers are outstanding examples of how rigorous marketing science can indeed make important contributions not only to the organizations' bottom lines but to the way they will make marketing decisions going forward. (Bayer, for example, created an entirely new department largely based on this work.)

In addition, on one of the teams (Jetstar), there was substantial participation from practitioners, highlighting the potential benefits that can be obtained from such interactions. I strongly encourage readers to consider submitting their application work to the 2011 ISMS-MSI Practice Prize Competition.

To conclude, I thank the Practice Prize committee members and sponsors whose hard work and support always make the competition very successful. Besides the committee members, I would like to thank John Roberts, whose hard work on the 2007–2008 competition provided an excellent template for the 2009–2010 competition. In addition, note that for potential classroom or other use, the video recordings of these excellent presentations at MIT, as well as all the earlier Practice Prize Competition presentations, are available at two Web locations: <http://techtv.mit.edu/collections/isms> and [http://](http://www.msi.org/conferences/conferences.cfm?conf=101&page=354)

www.msi.org/conferences/conferences.cfm?conf=101&page=354.

I would also like to add a special acknowledgment. Those of us who have been involved with the competition know how instrumental Gary Lilien has been in making the competition the success it is. Gary has really been the “keeper of the flame” and has put in many hours badgering (good-naturedly, of course) the competition chairs to keep on schedule and organizing the finalist presentations at the conferences. As some of you know, Gary runs extensive rehearsals for the presentations the day before the formal presentations, resulting in a long day for him and late nights for the finalists. Because of Gary’s extensive contributions, the ISMS Board and the officers of MSI voted in 2010 to name the prize in his honor. Henceforth, it will be known as the Gary L. Lilien ISMS-MSI Practice Prize. Congratulations, Gary!