2011–2012 Gary L. Lilien ISMS-MSI Practice Prize Competition—Special Section Introduction

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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 2011–2012 Gary L. Lilien 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 who developed an innovative approach to measuring the impact of a social media campaign for an Indian premium ice cream retailer, Hokey Pokey. The other two finalists are from a team that developed a category management tool for a leading wine brand, Beringer, and a team that developed a system called PROSAD, which determines optimal bids to maximize an advertiser's profit per search engine advertising keyword.

Key words: social media; category management; search engine advertising
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Background

For the seventh time since 2003, ISMS (the INFORMS Society for Marketing Science) has run its Practice Prize Competition to recognize the best marketing science work that has had demonstrable organizational impact. In 2011, the Marketing Science Institute (MSI) continued as a cosponsor of the (now) biennial event that has been renamed the Gary L. Lilien ISMS-MSI Practice Prize Competition. Both ISMS and MSI view the Lilien Practice Prize Competition as a critically important component of the activities of both organizations, as the goal of the competition is to highlight not only the best applications of marketing science but, more importantly, to show how these applications have had a significant impact on the sponsoring organization.

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 drive the selection of the finalists and the winner and the ultimate publication of the associated notes and papers in *Marketing Science*:

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

The winning paper and the two shorter notes that follow represent the three finalists in the 2011–2012 Lilien Practice Prize Competition, sponsored in part by the European Marketing Academy, Penn State's Institute for the Study of Business Markets, Georgia State's Center for Excellence in Brand and Customer Management, as well as ISMS and MSI. The competition and associated practice conference were graciously hosted by the Robert H. Smith School of Business of the University of Maryland.

The Competition

By the rules of the prize, the 2011–2012 Lilien Practice Prize committee was composed of Russ Winer (Prize Committee Chair, representing MSI as the former Executive Director), Scott Neslin (representing ISMS as President), and Preyas Desai (as *Marketing Science*

editor).[1] Kelly Hewett (Bank of America), Manfred Krafft (University of Münster), Tim Bohling (IBM), and P. K. Kannan (University of Maryland) served as at-large appointments.

Of the submitted proposals, three were recognized as finalists. These three finalists presented their work at the Practice Prize conference held December 9–10, 2011, at the Smith School campus in Washington, DC. From those presentations and the responses to questions about the work, the Committee selected the Kumar et. al. submission, whose paper appears in this issue, as the winning project. Following the competition screening process, the paper went through the traditional *Marketing Science* refereeing process. The notes describing the other two projects also went through the *Marketing Science* refereeing process, involving several referees each. In line with the Practice Prize's emphasis on practice, the reviewing panel paid particular emphasis on the organizational impact as well as the readability of the paper to encourage the dissemination of the results.

The Three Finalists

The 2011–2012 winning entry was by V. Kumar, Vikram Bhaskaran, Rohan Mirchandani, and Milap Shah, entitled "Creating a Measurable Social Media Marketing Strategy: Increasing the Value and ROI of Intangibles and Tangibles for Hokey Pokey." Hokey Pokey, an Indian retailer of super premium ice cream, recognized that it needed to better connect with its customers using social media. The authors created a methodology to measure social media return on investment and customer word of mouth (WOM) by creating several new metrics. The first, customer influence effect (CIE) measures the influence of a user in a social network. The second, customer influence value (CIV), links word of mouth to the actual sales generated. A new social media campaign optimizing CIE and CIV showed significant increases in sales, brand awareness, the number of positive WOM occasions, and several other metrics. The committee agreed that this submission represented the best combination of modeling and impact in the 2011–2012 competition; it is an outstanding exemplar of the goals of the Practice Prize competition.

The other finalists were as follows:

"PROSAD: A Bidding Decision Support System for Profit Optimizing Search Engine Advertising,"

written by Bernd Skiera and Nadia Abou Nabout. The problem the authors addressed was optimal bidding in search engine advertising. Working with an online marketing company, SoQuero, the goal was to develop an automated system for the bidding process. The authors found that their keyword bidding system increased the return on advertising investment by 21 percentage points.

"Category Optimizer: A Dynamic-Assortment, New-Product-Introduction, Mix-Optimization, and Demand-Planning System," by Ashish Sinha, Anna Sahgal, and Sharat K. Mathur. These authors developed a category management tool to help the Beringer California Collection wine defend against a powerful new entrant in the U.S. market, Yellow Tail. Category Optimizer permits retailers and manufacturers to make decisions about product assortment, price optimization, and demand planning. The implementation of category optimizer resulted in a 70% increase in profits and a 3% increase in revenues for the Beringer application.

Comments

These three 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 application areas in this year's competition included social media, online advertising, and more traditional category management. These three 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. For example, the project by Sinha et.al. was instrumental in convincing the company that product innovation was the best way to compete with new entrants. In addition, there was substantial participation on one of the teams (HokeyPokey) from practitioners, highlighting the potential benefits that can be obtained from such interactions.

In addition, I strongly encourage *Marketing Science* readers to take a look at the companion piece in this issue, "Effective Marketing Science Applications: Insights from ISMS-MSI Practice Prize Finalist Papers and Projects," by Gary L. Lilien, John H. Roberts, and Venkatesh Shankar. It is difficult to assess the impact that the Practice Prize competitions have had on both academic research and practice from the current issue alone. However, the authors have done a great job reviewing what we have learned from the 25 projects that have been finalists since the competition started in 2003. Reading this paper will give you a much better idea of the aggregate impact the Practice Prize competitions have had and the breadth and depth of

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[1] The ISMS VP-Practice also has a position on the committee. However, because of a conflict of interest from his Practice Prize submission, V. Kumar, the ISMS VP-Practice did not participate in the deliberations.

the potential that rigorous marketing science has to influence practice.

I also make a plea for more of you to consider entering the competition in 2013. There are no losers in these competitions, and beyond the benefits they get from the recognition of their work, finalists provide a professional benefit to all of us by providing examples of the relevance of our work that we can show to our students and to practitioners. This competition is vitally important to the theory and practice of marketing science, and it would be a huge loss if the competition disappeared from lack of interest.

To conclude, I thank the Lilien Practice Prize Committee members and sponsors, whose hard work and support make the competition successful. In addition, the video recordings along with the associated PowerPoint decks of these and all of the earlier Practice Prize Competition presentations are available for potential classroom or other use; visit http://techtv .mit.edu/collections/isms.