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# Statement from the Editor Regarding “Counting Your Customers’ One by One: A Hierarchical Bayes Extension to the Pareto/NBD Model”

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In the original version of the paper “Counting Your Customers’ One by One: A Hierarchical Bayes Extension to the Pareto/NBD Model” by Makoto Abe (*Marketing Science*, Articles in Advance, June 23, 2008, DOI: 10.1287/mksc.1090.0502), an error in Step [2b] of the data augmentation scheme exists and was detected by Siddharth S. Singh, Sharad Borle, and Dipak C. Jain.

In particular, when drawing  $y_i$ , one needs to condition on  $z_i$ ,  $\mu_i$ , as well as  $\lambda_i$ . In the scheme implemented by Abe (2008), this conditioning of the  $y_i$  draw on  $\lambda_i$  is missing. Although the author does write in his Step [2b] “generate  $\{y_i|z_i, \lambda_i, \mu_i\}$ ,” i.e.,  $y_i$  is to be drawn conditional on  $z_i$ ,  $\lambda_i$ , and  $\mu_i$ , however, as is clear from the explanation provided by the author (§3.4 of this article), his drawing of  $y_i$  was not done conditional on  $\lambda_i$ . This will lead to an incorrect data augmentation procedure, which in turn will result in incorrect parameter estimates. Consequently, the original paper by Abe has been replaced by a new version (*Marketing Science* 28(3) 541–553) and addresses other important issues not addressed in the original Abe paper.