DEPARTMENT OF MARKETING

2013-2014 Research Highlights (07/2013 to 06/2014)

Dear Colleagues,

I am pleased to present the research accomplishments of the tenure-track faculty members in the Department of Marketing for the academic year 2013-2014. As you will read in the following pages, my colleagues and I continue to address important contemporary marketing problems, sharing our insights through the highest quality research outlets. During this academic year, the work of the faculty has been published (or accepted) in outlets, inclusive of, but not limited to, the Journal of Marketing, the Journal of Services Research, the Journal of Product and Brand Management, the Journal of International Marketing and the Journal of Business Logistics. Central to our work as a faculty is employing broad, inter-disciplinary theoretical perspectives and leading-edge research methods.

This past academic year has also been a time of continued development of the department. Of specific note, we hired Dr. Marina Puzakova (Ph.D., Drexel University), currently an assistant professor at Oregon State University. Dr. Puzakova will join the department in the Fall Semester of 2014. Dr. Puzakova’s research interests are in branding, brand anthropomorphization, and negative brand performance. She has published in journals such as the Journal of Marketing, Journal of Advertising, and the International Journal of Advertising. I want to extend a warm welcome to Dr. Puzakova.

While the faculty of the Department of Marketing continues to make great strides in knowledge development, it is their ability to bring cutting-edge research insights into their classrooms that makes a Lehigh University education world-class. Consistent with the mission of Lehigh University, the Department of Marketing faculty is committed to scholarly inquiry and research that adds value to instruction on our campus, and contributes to the distinction of Lehigh University.

Kind regards,

David A. Griffith
Chairperson, Department of Marketing
Professor of Marketing

Table of Contents

1. Published or accepted articles
2. Book chapters, reports, and magazine articles
3. Conference Presentations
4. Conference/Session Organization
5. Abstracts of published/accepted papers
6. Abstracts of conference presentations
7. Tenure-track marketing faculty and their research interests

marketing@lehigh.edu
1. PUBLISHED OR ACCEPTED ARTICLES (PLEASE SEE ABSTRACTS LATER IN THE REPORT)


David A. Griffith (Co-authors: Luis Filipe Lages and Jose Mata) (2013), “Change in International Market Strategy as a Reaction to Performance Decline,” Journal of Business Research, 66(12), 2600-2611.

Nevena T. Koukova (Co-authors: Jason Kuruzovich, Shu Han and T. Ravichandran) (Forthcoming) (2013), "Does a Portfolio of Hierarchically Related Technology Products Improve Customer Outcomes?" Journal of Service Research.


2. BOOK CHAPTERS, REPORTS, AND MAGAZINE ARTICLES


3. CONFERENCE PRESENTATIONS (PLEASE SEE ABSTRACTS LATER IN THE REPORT)


4. CONFERENCE/SESSION ORGANIZATION

David A. Griffith, Co-Chair, American Marketing Association Summer Educators’ Conference, August 2013, Boston, MA.

David A. Griffith, Conference Committee, American Marketing Association Global Marketing SIG Annual Conference, April 2014, Cancun, Mexico.

K. Sivakumar, Co-Chair, Second Biennial Sheth Merging Scholars Faculty Consortium, Academy of Marketing Science, Melbourne, July 2013.

5. ABSTRACTS OF PUBLISHED/ACCEPTED PAPERS


Industrial component suppliers (CSs) work to enhance profitability by building brand differentiation with original equipment manufacturers (OEMs) and indirect industrial buyers (IIBs) through their marketing investments to each member. However, as a CS increases its marketing investments to its IIB, the OEM’s profit position is threatened, motivating the OEM to respond with aligning or opposing behavior. The results from a three-study, multimethod design, indicate that a component supplier’s strategy of allocating its marketing investments between its OEM and IIB increases its brand differentiation that allows it to capture increased profits, subject to conditions of uncertainty. However, the results also demonstrate that OEM do not sit idly by as its CS invests in building brand differentiation with the IIB, but rather that the OEM reacts with both aligning and opposing behavior in order to benefit from the component supplier’s investments as well as offset the component supplier’s gains.


Psychic distance is a key element in the field of international marketing. Unfortunately, a lack of consistency has been found with respect to its effects. To help increase understanding of the influence of psychic distance, the aspects of business and cultural psychic distance are investigated separately. A model is developed where an export manager’s business and cultural psychic distance influences the structuring of the export relationship (i.e., whether or not it has complementarity of capabilities), as well as whether it enhances (or dampens) the leveraging of these complementary capabilities to enhance an export manager’s satisfaction with export performance. The results, based upon a survey of 151 U.S. export managers, indicate that when export managers perceive greater business psychic distance they select export partners with less complementary capabilities. Although greater complementarity of capabilities results in greater satisfaction with export performance, this relationship is moderated by psychic distance. Specifically, greater cultural psychic distance enhances the positive influence of partner complementarity of capabilities on satisfaction with export performance, whereas greater business psychic distance dampens the positive influence of partner complementarity of capabilities on satisfaction with export performance.

We investigate the performance consequences, determinants, interaction effects due to coordination and control mechanisms, of horizontal and vertical MNC subsidiary knowledge outflows. The hypotheses developed from a conceptual model based upon the knowledge based view of the firm are empirically tested with a dataset comprised of survey and archival data from over 200 MNC’s subsidiaries. Results indicate that explicitness and communication positively influence vertical and horizontal subsidiary knowledge outflows and that national cultural distance, centralization, formalization, and specialized resources moderate these influences. We also find that knowledge outflows to headquarters and to peer subsidiaries enhance an MNC’s financial performance (i.e., return on assets). The results provide substantive evidence as to how vertical and horizontal knowledge operate within MNCs.


Drawing from exchange theory, this study examines how the intertwined relationships between power, justice, and relative dependence influence relationship performance in buyer-seller relationships. A two-wave structural equation model with latent variable interactions was estimated on a dataset of 283 buyer-seller relationships. Exercised coercive and reward power follow different processes, direct and indirect, to influence relationship performance. The use of coercion was found to be substantively more detrimental to the buyer-seller relationship than the use of rewards were beneficial. Relative dependence tempers the negative influence of coercion. Managers of buyer-seller relationships need to be judicious in their use of coercion and rewards. In their efforts to manage relationship performance, whenever possible, managers should seek to avoid punishing their partner more so than they should seek to reward them. Although originally proposed under a single theoretical perspective, power and justice have developed as separate streams within the extant literature. Examining these constructs together can increase the current understanding of how to manage buyer-seller relationships.


Leveraging the strengths of a firm’s supply chain partners for new product development (NPD) has become essential to satisfy rapidly changing customer demands and to remain competitive. Firms are therefore aiming to further their NPD competence, which we define as the ability of the supply chain to improve and generate new products and services, based on the processes and relationships established with suppliers and customers. This study examines how intangible capital and knowledge further the development of NPD competence within the context of a supply chain. A theoretical model is tested via structural equation modeling utilizing survey data collected from 195 small- and medium-sized enterprises (SMEs) in the manufacturing industry reporting on their primary supply chain. Our findings indicate that more easily transferable capital manifests itself in explicit knowledge and less easily transferable capital manifests itself in tacit knowledge. We further identify complementarities of the two types of intangible capital as influencing knowledge type development. More importantly, we find that the two types of knowledge differ in their ability to influence NPD competence in the supply chain,
and that this difference is moderated by relationship length. Supply chain management implications for academics and practitioners are presented.


We theorize, building on the knowledge-based view and the theoretical distinction between explicit and tacit knowledge, that knowledge management capability across the supply chain manifests itself in explicit and tacit knowledge, which in turn effectuates supply chain performance. The model is tested with survey data from 195 small- and medium-sized enterprises reporting on their primary supply chain. The results indicate that the supply chain’s knowledge management capability manifests itself in both explicit and tacit knowledge, with the latter being influenced more strongly. Moreover, it was found that while both explicit and tacit knowledge influence supply chain performance, the latter exerts a significantly greater impact than the former. Overall, this research contributes to academic theory development in logistics and supply chain management by the dichotomization of knowledge types and the demonstration of their differential magnitude of effects, and to managerial practice by providing important guidance for logistics managers structuring their knowledge management efforts across supply chains.


This study explores the marketing ‘processes’ of governing multiple export relationships under the theoretical framework of governance value analysis. Specifically, this work examines the internal exchange attributes of transaction specific investments and psychic distance on the adaptation/standardization of relational behavior and detailed contracting and how process adaptation/standardization influences new product outcomes and jointly created value in the focal export relationship. A survey was conducted of 151 U.S. manufacturers regarding their relationship with their primary foreign buyers. Data was analyzed with partial least squares estimation. The results indicate that high levels of transaction specific investments lead to the adaptation of relational behaviors whereas high levels of psychic distance lead to less adaptation of detailed contracting. The adaptation on relational behaviors and detailed contracting reflect differential direct effects on export performance. Furthermore, the results indicate that there is a significant positive interaction effect between the adaptation of relational behavior and detailed contracting on jointly created value in the focal export relationship.


Although design and technological innovations are conceptually distinct and require significantly different resource investments by the firm, little is known about how differing strategies employed in relation to these new products influence changes in market share across national cultures. In this study, the authors provide insights into how technological and design product innovations and product portfolio breadth strategies influence changes in market share within 26 technological and 12 design innovations across 17 firms operating in eight European countries. The results indicate that the positive effect of design innovation on changes in market share strengthens as individualism and indulgence
increases whereas the positive relationship between technological innovations and market share is weakened as uncertainty avoidance and indulgence increase. In addition, the positive relationship between design product portfolio breadth strategies and changes in market share is strengthened as individualism and indulgence increase but weakened as uncertainty avoidance increases, whereas the positive relationship between technological product portfolio breadth and changes in market share is strengthened as individualism increases. The authors discuss the theoretical and managerial implications of the findings.


Brands have become increasingly important as a foundation for competitive strategy. Unfortunately, although brand managers are responsible for brand strategy development and execution, little is known about what makes a brand manager effective. A model is developed to understand what intangible capital embodied by brand managers influences brand management capabilities and resultant brand performance. Measures of brand manager intangible capital and brand management capabilities are developed through an iterative scale development process. Hypothesis testing, derived from a survey of brand managers, indicates that brand manager human, relational and informational capital influences brand management capabilities and resultant brand performance, and brand manager intangible capital has an indirect effect on brand performance via brand management capabilities. By delineating and operationalizing the intangible capital and capabilities of brand managers, this study provides a theoretical and empirical foundation for future research on brand managers, tools for assessing current brand manager capital and capabilities, and guidance in relation to intangible capital and capabilities needed by brand managers.


This article examines how parties to interorganizational relationships respond differently to active and passive opportunism and how these opportunism forms erode satisfaction with performance in interorganizational relationships. The multi-method approach of two experiments and one longitudinal field study demonstrate that firms tolerate more passive opportunism than active opportunism (experiment one) and that transaction costs play a mediating role between opportunism form and satisfaction with performance of the relationship (experiment two). Finally, the field study demonstrates that passive opportunism has a more corrosive impact on satisfaction with performance than active opportunism over time. Together, the findings underscore the importance of distinguishing between passive and active opportunism and the need to develop a greater understanding of its management and consequences.

David A. Griffith (Co-authors: Luis Filipe Lages and Jose Mata) (2013), “Change in International Market Strategy as a Reaction to Performance Decline,” Journal of Business Research, 66(12), 2600-2611.

While a great deal of research has explored how international marketing strategy influences performance, researchers have paid scant attention to understanding changes to international marketing strategy resulting from firm reaction to past performance. In this study, organizational
learning theory addresses when and how international marketing strategy will change. Employing data from over 500 exporters, the results, which are consistent with theoretical predictions, indicate that (1) firms are generally not prone to inertia and do in fact change their international marketing strategy when facing declines in performance, and (2) that the direction of change depends on the level of competition in the specific foreign market, with firms adapting their international marketing strategy in low competitive markets and standardizing their international marketing strategy in highly competitive markets. The paper includes implications for academics and practitioners.

Nevena T. Koukova (Co-authors: Jason Kuruzovich, Shu Han and T. Ravichandran) (Forthcoming) (2013), "Does a Portfolio of Hierarchically Related Technology Products Improve Customer Outcomes?" Journal of Service Research.

This research examines how the type of information technology (IT) provided among hardware, software, and services—and the degree to which the IT provided is bundled into a solution—influences the levels of satisfaction and loyalty of IT buyers. We refer to the hardware, software, and services offerings jointly as the IT products-services stack, as technology stacks are useful visualizations of how layers of technology products are hierarchically related. We utilize over 36,000 ratings of 68 IT vendors provided by the vendors’ customers to test our research model. The findings indicate that vendors offering products in the lower levels of the IT products-services stack experience higher satisfaction and loyalty ratings (hardware > software > services). Moreover, satisfaction and loyalty ratings are highest when hardware, software, and services are provided together—that is, as an IT solution. An important implication of these findings is that IT solutions benefit both vendors and buyers.


Service delivery often involves a series of events or stages between a service provider and its customer. At each stage, performance can meet, exceed, or fall below the customer’s expectations. This article contributes to the literature by examining how the patterns of distribution (frequency, timing, proximity, and sequence) of service failures and delights affect customer’s perceptions of service quality. The authors propose a conceptual model based on mental accounting principles derived from prospect theory and develop a series of research propositions to explicate the links between distribution patterns of service failures/delights and service quality perceptions. The study integrates prospect theory with service encounter research and provides a comprehensive theory-driven platform for exploring the impact of various service failure and delight distribution patterns. It offers important managerial implications for service design and resource allocation regarding when, how often, how close, and in what order delights and failures should take place to maximize gains from delights and minimize losses from failures.


How high-tier brands benefit more from price promotions than low-tier brands has been the focus of a significant research stream in the marketing literature. Given the widely acknowledged role of national culture in firm behavior as well as consumer behavior, the omission of research on the role of national
culture in examining the nature of inter-tier price competition is a significant gap in the literature. To address this gap, this research examines the role of national culture dimensions on the nature of inter-tier competition. It starts with a conceptual framework based on prospect theory to explain inter-tier competition. It then describes how the national culture dimensions influence the implications of prospect theory and as a result, the nature of inter-tier competition. The paper uses Hofstede’s framework to operationalize national culture and derives a number of research propositions that explicate the role of national culture on inter-tier competition.

6. ABSTRACTS OF CONFERENCE PRESENTATIONS


In this era of increasing competition, service organizations are facing greater pressure of improving productivity. Downgrading performance of service empathy and responsiveness is widely used as a strategy to contain labor cost and improve efficiency. However, it is unknown the sustainability of this strategy and its long-term impact on a firm’s profitability. This study investigates the long-term effect of empathy and responsiveness on profitability through two mediating mechanisms: customer satisfaction (Study 1) and organizational capability (Study 2). In Study 1, using longitudinal archival customer satisfaction and financial data from a large healthcare organization, we empirically test the links among empathy/responsiveness, customer satisfaction, and profitability. We found that although downgrading empathy and responsiveness save short-term operating cost, the decreased performance will not only erode short-term satisfaction, but also negatively affect long-term satisfaction and profitability. In Study 2, with multiple sources of data including primary employee and patient survey data, and archival patient satisfaction and financial data from another health organization, we further explore the capability perspective. The preliminary findings indicate that downgrading empathy and responsiveness decreases employee learning capability and market-driven capability, which in turn hurts long-term profitability. Overall, the findings jointly indicate that downgrading empathy and responsiveness impair a firm’s long-term profitability through eroding customer satisfaction and organizational capabilities.


In this era of increasing competition, service organizations are facing greater pressure of improving productivity. In response to this pressure, many service firms choose to downgrade the performance of service empathy and responsiveness to contain cost. However, it is unknown the sustainability of this strategy and its long-term impact on a firm’s profitability. Current literature provides competing explanations regarding the effects of service empathy and responsiveness on customer satisfaction and profitability. Using 24 quarters of archival customer satisfaction and financial data from 25 SBUs in a large healthcare organization, this study empirically examined the long-term impact of service empathy and responsiveness on customer satisfaction and profitability. Our findings indicate that although under-investing does bring in short-term cost benefits, it hurts short-term and long-term customer satisfaction and ultimately long-term profitability.

The marketing literature is replete with work assessing firm market value of marketing actions via the analysis of short-term stock returns. However, researchers are increasingly questioning the validity of this assessment approach, most notably related to strategic decisions which have long-term effects. In this work, we build a theoretical model wherein asset-related factors and uncertainty are modeled as antecedents to abnormal returns. The results from an assessment of 125 offshore innovation outsourcing alliance announcements indicate that abnormal stock returns in the long-term are consistent with theoretical predictions, while short-term results are not. To further validate our contention, we also assessed a tactical decision (i.e., contract manufacturing). The results demonstrate that short-term results are consistent with expected prediction for the tactical decision. The findings illustrate that stock returns related to strategic marketing decisions, such as offshore innovation outsourcing alliances, should be assessed using long-term stock returns.

Taewan Kim (June 2014), “Strategic Product Line Design with Product Concept Demonstration” INFORMS Marketing Science Conference, Emory University.

Trade shows have become a popular venue for firms to demonstrate new products or new product concepts to their industry cohorts and to the public in general. In particular, trade shows provide an opportunity for a firm to communicate differentiating features of its new products on the horizontal and vertical dimensions. However, little research has been done regarding how the product concept demonstration activities interact with the firm's product line design strategy in competitive markets. In this study, the author develops a game-theoretic model of duopoly in which each firm produces two products with two product attributes that capture both vertical and horizontal differentiation (e.g., quality and design). The equilibrium results indicate that product concept demonstrations in trade shows may have the effect of preempting competition, as well as expanding the market size for both high and low quality products under certain market conditions.


Marketing scholars emphasize the role of advertising and R&D in building brand equity to achieve superior financial performance. Yet, prior research fails to consider that advertising and R&D may vary in their effectiveness depending on a firm’s organizational structure. This paper offers a conceptual framework derived from configuration and contingency theories to examine how customer-centric structures leverage the effects of advertising and R&D on financial performance through brand equity. Using secondary sources of longitudinal data on publicly-traded firms over the 2005–2011 period, the authors show customer-centric structures impact the efficiency and effectiveness of advertising and R&D in parallel fashion.

Much prior research has focused on the effectiveness of price promotions on brand choice and the differential effectiveness of price promotions for high-tier and low-tier brands. This research builds on existing research by examining the intersection of these two research domains and contributes new knowledge by developing an analytical framework to incorporate the role of sequence and proximity of price reductions on customer response. Specifically, the research explores how proximity and sequence of price promotions can function as important boundary conditions for the promotional effectiveness of brands in different tiers.


Much existing research has demonstrated the superiority of high-tier brands over low-tier brands in benefitting from price competition between the two tiers. This research expands our knowledge by examining the role of factors moderating this asymmetry in inter-tier competition. Using the conceptualization of price-quality tradeoffs from existing research, we derive several research propositions that explicate how these moderating factors define the boundary conditions of inter-brand competition. Theoretical contributions, managerial implications, and future research directions emanating from our research are highlighted.
7. TENURE-TRACK MARKETING FACULTY 2013-2014

Marina Puzakova will join the Department of Marketing as an Assistant Professor of Marketing effective August 2014.
Brand Positioning Strategies, Brand Inference, Anthropomorphization, Negative Brand Performance, International and Cross-Cultural Branding

Ravi Chitturi, Alison & Norman H. Axelrod Endowed Summer Research Fellow and Associate Professor of Marketing
Technology, Innovation & Sustainability, Design and Consumer Emotions, Brand Value & Marketing Strategy

Beibei Dong, Assistant Professor of Marketing
Customer Co-production/Co-creation and Service Innovation, Service Failure and Recovery, Global Marketing Strategy and Entry Mode

David A. Griffith, Department Chair and Professor of Marketing
Global Marketing Strategy, Inter-organizational Governance, Marketing Analytics, Innovation

Taewan Kim, Assistant Professor of Marketing
Innovation, New Product Development, Marketing Finance Interface, Pricing, Product Differentiation, and Game Theory

Nevena Koukova, James T. Kane Faculty Fellow and Associate Professor of Marketing
Pricing, Bundling, Digital Products, Consumer Decision Making

Ju-Yeon Lee, Assistant Professor of Marketing
Customer-centric Structure, Organizational Design Elements, Marketing Strategy, Quantitative Empirical Modeling

James Maskulka, Associate Professor of Marketing
Marketing Communications, Branding, Media Research

K. Sivakumar (“Siva”), Arthur Tauck Chair and Professor of Marketing
Global Marketing, Innovation Management, Pricing