Dear Colleague,

I am pleased to present the research accomplishments of faculty members in the Department of Marketing at Lehigh University for the academic year 2008-2009.

The Marketing Department has just completed four years and I am proud of the accomplishments of our faculty. In addition to offering an up-to-date, rigorous, and relevant curriculum for our students, I believe that the collective accomplishments and visibility have significantly enhanced our external reputation in the academia.

My colleagues are committed to addressing exciting research questions that expand the frontiers of knowledge in managerially relevant domains. They incorporate knowledge areas from several other disciplines and the impact of their research also crosses disciplinary boundaries. We seek out areas of common interest and potential collaboration with colleagues from other departments at Lehigh and beyond.

We look forward to hearing from you.

With best regards,

K. Sivakumar
Arthur Tauck Chair, Professor of Marketing, and Chairperson
Department of Marketing

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Ravi Chitturi (October 2008), “Emotions by Design: A Marketing Perspective,” Hong Kong Polytechnic University, School of Design.


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K. Sivakumar (September 2008), Organizer, Chair, and Moderator of the special plenary session on “Role of Academics Affairs in the PDMA: Leveraging the History & Strength of Academic Affairs to Enhance the Impact of PDMA,” Product Development and Management Association Research Forum.

K. Sivakumar (May 2009), Organizer, Chair, and Moderator of the special session on “Marketing Education for the Future: Opportunities, Challenges, and Strategies,” at the Academy of Marketing Science Annual Conference.

**PROFESSIONAL LEADERSHIP**

K. Sivakumar, Vice President (Academic Affairs), Product Development & Management Association, 2008-2009. This is an international, interdisciplinary organization with some 3500 members.

**ABSTRACTS OF PUBLISHED/ACCEPTED PAPERS**


The authors study the takeoff of 16 new products across 31 countries (430 categories) to analyze how and why takeoff varies across products and countries. They test the effect of 12 hypothesized drivers of takeoff using a parametric hazard model. The authors find that the average time to takeoff varies substantially between developed and developing countries, between work and fun products, across cultural clusters, and over calendar time. Products take off fastest in Japan and Norway, followed by other Nordic countries, the United States, and some countries of Midwestern Europe. Takeoff is driven by culture and wealth plus product class, product vintage, and prior takeoff. Most importantly, time to takeoff is shortening over time and takeoff is converging across countries. The authors discuss the implications of these findings.

We calibrate a segmented diffusion model by incorporating the knowledge of physicians’ prescription behavior using a sample of four product histories from the pharmaceutical industry. The results show that when compared to standard diffusion with retention model the segmented diffusion model based on the knowledge of physicians’ prescription behavior has a better fit than models that are not based on physicians’ prescription behavior. Our comparison also reveals a significantly different influence of marketing activity on potential innovator and imitator physicians across models.


This research i) examines how specific consumer motives (i.e., goal directed: searching for information, experiential: browsing for recreation) influence the trusting belief-loyalty relationship at a web site in a distinct manner and ii) investigates how the online flow experience in each of the motive states strengthens or weakens the trusting belief-loyalty relationship. The results suggest that the relative influence of specific trusting beliefs on loyalty varies based on the consumers’ motives for visiting the web site. For consumers with an experiential motive, benevolence and integrity related beliefs were the key drivers of loyalty, while ability related beliefs were not. On the other hand, for consumers with a goal directed motive, the ability and integrity related beliefs were the key drivers of loyalty, while benevolence related beliefs were not that influential. Further, this research illustrates that when consumers with an experiential motive have a satisfying experience at a web site (i.e., high level of flow) the impact of the trusting beliefs on loyalty weakens. However, for consumers with a goal directed motive, the trusting beliefs continue to exert the same impact on loyalty across both high and low levels of flow.


The decision to engage in music piracy may be preceded by consumer consideration of a wide range of issues. In this paper, we investigate the determinants of such piracy as embedded in a large matrix of acquisition-mode decision factors relevant to exchange theory, including economic, legal, ethical and consumer behavior aspects. This matrix depicts a number of interrelated factors and makes assessing the decision-making process regarding music piracy more contextual than previously considered. An empirical study of 204 American business students was conducted to test this matrix and the impact of the various factors was assessed. Implications for the issue of music piracy and future research regarding this decision-making matrix and exchange theory are provided. The significant factors predict whether or not exchange takes place between music consumers and the music industry.


For product categories such as cars, computers, vacation packages, and new homes, consumers usually choose not only the product itself, but also various options for the product. Sellers decide how to present these options to consumers, and they often sell options both individually and in bundles (mixed bundling). In this research,
we examine how mixed bundling affects consumers' inferences about the options and choices among the options. We demonstrate that as long as the seller’s motives for bundling options are not perceived to be negative by consumers, options offered both individually and in bundles are perceived to be more important and are more likely to be chosen than options offered only individually.


This study is in the domain of marketing strategies of multinational firms. Specifically, it focuses on target market selection of multinational firms. Using the CAGE (cultural, administrative, geographic, and economic) distance framework proposed by Ghemawat (2001), the authors offer empirical support for the role of different distance factors on firms’ foreign market acquisition behavior. In addition, they examine the moderating role of market potential of a target country on the relationship between distance factors and target market selection. The context of our study is multinational firms from developing countries.


The globalization of markets and business operations is a trend that will continue strongly in the coming decades. One inescapable aspect of globalization has been the trend toward global outsourcing, especially that of knowledge-based services. Due to firms’ compulsion to reduce costs in the developed world, the issue is not if a particular firm will outsource or offshore work but when it will outsource it and how effectively it will leverage outsourcing to achieve superior competitive performance. An important implication of the outsourcing of knowledge-based services is the management of intellectual property (IP). Managers and researchers alike are interested in understanding the effects of global outsourcing of knowledge-based services on the management of IP. This research tries to extend current academic research on global outsourcing in at least two ways. First, it offers a framework to understand the management of the buyer–seller relationship in the global outsourcing of knowledge-based services and its relationship to the management of IP and innovation generation. Second, the framework takes a broader perspective of outsourcing and innovation generation, including globalization; knowledge-based services; and the accessing, exploitation, and defense of IP. Managerial implications of this research and future research directions are also discussed.

K. Sivakumar, Ravi Chitturi, and Nevena Koukova (Co-authors: Cheryl Nakata and Praveen Aggarwal) (forthcoming), “Role of Non-Price Variables in Inter-Tier Competition,” *Journal of Marketing Theory & Practice*.

This study examines the role of non-price variables in inter-tier competition (low-tier versus high-tier brands). Specifically, we examine the asymmetric impact of non-price variables, such as features, displays, and prior product experience, on brand choice between tiers. Prior research has established that high-tier brands benefit disproportionately from price promotions. From an analysis of scanner panel data for two product categories, we show that low-tier brands benefit disproportionately more than high-tier brands from enhancements in non-price variables.

The purpose of this article is to examine the phenomenon of innovation generation in a firm’s upstream and downstream business relationships. The study considers the role of knowledge redundancy and relational embeddedness on the generation of radical and incremental innovations. The study further considers the moderating role of complexity and globalization on the link between the independent variables and innovation generation. By deriving several theoretically sound and managerially useful propositions, this research advances knowledge in the business-to-business and innovation generation domains and offers insights for managerial practice.

ABSTRACTS OF CONFERENCE PRESENTATIONS


Survey research on consumer innovativeness is fraught with three serious biases: socially desirable responding, yea-saying, and nay-saying. We propose simple measures to assess the pattern, causes, and effects of these biases. From a survey of 5569 respondents across 15 countries, we find evidence of substantial biases. These biases seem to differ significantly by country. Collectivism, uncertainty avoidance, and level of education seem to influence the extent of biases. These biases lead to erroneous conclusions about innovativeness as assessed by average penetration of new products from market data. The standardization correction does not correct these biases. Three negatively-valenced items provide the least biased measures of innovativeness.

Deepa Chandrasekaran (Co-author: Gerard J. Tellis) (February 2009), “Getting a Grip on the Saddle: Cycles, Chasms or Cascades?” AMA Winter Marketing Educators Conference, Tampa, Florida

A saddle is a sudden, sustained, and deep drop in sales after a period of rapid growth, followed by a return to the former peak. This paper tests for the generalizability of the saddle and for four rival explanations or theories that have been proposed in the literature: chasms in adopter segments, negative information cascades, economic cycles, and technological cycles. Empirical analysis of historical sales data drawn from 13 categories across each of 18 countries (202 category-country combinations) shows that the saddle occurs in 134 category-country combinations, on average 9 years from takeoff. Results from a hazard model fit to the data finds support for the explanations of economic cycles, negative information cascades and technological cycles for work products, and for chasms in adopter segments and technological cycles for fun products. The authors discuss managerial and research implications.


In this study we examine the following questions: One, whether differences in penetration of products across global markets have been increasing, decreasing or remained constant over time and Two, how forces of globalization influence patterns of growth across international markets. Our research yields the following new insights on global penetration of new products. One, though there are distinct leader and laggard countries in the penetration of new products, laggards are ‘catching up’ over time, at least for some
categories. Two, for developed countries, there is convergence over time of work products relative to entertainment products. Three, developing countries engage in leapfrogging with respect to entertainment products while they continue to lag in the penetration of work products. Four, among communication products, there is sharp convergence within and between both developed and developing countries. Five, while differences in the extent of economic, political and social globalization contribute to these differences in market penetration, for both developed and developing countries, a growing convergence in specific dimensions of globalization are driving a convergence in market penetration.


What is the relationship between design benefits and emotional content of the consumption experience? This article adopts a two dimensional—hedonic and utilitarian customer benefits framework prevalent in marketing literature to explore the relationship between design, consumption experience, and customer loyalty. The primary insights this research provides are as follows: (1) a negative experience with the choice of a product with superior utilitarian and inferior hedonic benefits over a product with superior hedonic and inferior utilitarian benefits evokes feelings of sadness, disappointment, and anger (e.g., an unattractive cell phone with poor sound volume and clarity), and (2) a negative experience with the choice of a product with superior hedonic and inferior utilitarian benefits over a product with superior utilitarian and inferior hedonic benefits evokes feelings of guilt and anxiety (e.g., a highly attractive cell phone with poor functionality). The research shows that negative emotions impact customer loyalty. The article discusses the theoretical contribution and the strategic insights it offers for product designers and marketers.


Customers’ preference for hedonic benefits (e.g., aesthetics) and utilitarian benefits (e.g., functionality) offered by a product varies depending on the context—buying versus selling and choice versus willingness-to-pay. However, a customer’s preference formation involves brand and price information in addition to the benefits offered by the product. It is unclear how the consideration of brand and price information influences customers’ relative preference for hedonic and utilitarian product benefits. Does this information alter preference in favor of a product that offers greater utilitarian or greater hedonic benefits, and why? Results from this research show that, 1) consumers assign relatively greater weight to hedonic benefits and lesser weight to utilitarian benefits in forming product preference when the product is associated with a stronger brand versus a weaker brand or no brand information; and, 2) consumers assign relatively lesser weight to utilitarian benefits and greater weight to hedonic benefits in forming product preference when they consider price information versus no price information. The article concludes with a discussion of the theoretical and managerial implications of the findings for product designers and marketers.


As marketers spend significantly to enhance the aesthetics and sophistication of consumer experiences, they are increasing the complexity of interactive consumption environments (e.g. web sites). However, little is known about how consumers react to such complexity, in terms of their evaluations. In this research, we examine
two specific types of complexity: *Structural Complexity* is defined as the number of distinct cues at the web site that the consumer has to process, and *Outcome Complexity* is defined as the abstractness of icons and symbols that the consumer uses to navigate the web site. We focus on consumer motivations, to analyze if complexity will lead to negative or positive outcomes at a web site.


The retailing of information media either in a pure digital form or bundled with the conventional form has become increasingly common in product categories such as books, newspapers, music, etc. A general problem with these media is that much of the content that they offer is common to both conventional and digital formats. This makes the media inherently substitutes, and limits the attractiveness to consumers of acquiring both formats. However, the electronic and print formats often have advantages over one another in specific usage situations. For example, a print book may be most suitable for casual reading, while an electronic version might be most suitable for locating specific passages. In this paper we investigate whether increased awareness of advantages that different forms may have over one another in different usage situations can increase demand for buying both items simultaneously. We do this through an experimental manipulation where participants are provided either with communications that emphasize using the different forms in different situations, or using the different forms in the same situations. Employing book and newspaper subscription categories, we find that the “different usage situation” manipulation does significantly increase intent to purchase both print and electronic forms as long as the second item is discounted. In addition, we provide evidence that communicating different usage situations and pricing the forms differentially are likely to be effective strategies in selling information product form bundles.

**Nevena T. Koukova** (Co-author: Shweta Oza) (June 2009), “Fantasies and Expectations as Advertising Tools,” INFORMS Marketing Science Conference, Ann Arbor, MI.

Many times thoughts about future events, experiences or behaviors determine our present actions. For example, being optimistic about one’s likelihood to lose extra weight may increase motivation and successful performance. An intriguing question to ask is whether thinking about the future leads to the same actions in the present, even when it is done using different thought forms. In this research, we take a goal-theoretic perspective to understand consumer choice and its underlying processes. In three studies we investigate the effect of form of thinking about the future (i.e., expectations and fantasies) on brand evaluations and behavioral intentions in the context of advertising messages. We demonstrate that valence moderates the effect of form of thinking about the future on brand evaluations and behavioral intentions. We also examine the underlying process and show that the effect is driven by the differential motivation to act induced by the different thought forms. Finally, we propose a boundary condition for the effect of form of thinking about the future on evaluations and behavioral intentions, and show that activation of implemental mindset moderates this effect.


Are firms from emerging economies willing to take more risks when entering international markets than U.S. firms? A comparison of cross-border acquisitions by firms from the United States and 16 emerging countries shows that (1) firms from both the United States and emerging countries target countries that are culturally closer.
to their home countries, (2) there is a strong interaction effect between market potential and cultural distance for emerging country firms as the market potential increases (i.e., at high market potential, firms from emerging economies are willing to overlook cultural distance), and (3) there is no interaction effect between market potential and cultural distance for U.S. firms.

MARKETING FACULTY (as of July 1, 2009)

Deepa Chandrasekaran, Assistant Professor of Marketing
New products, Global Marketing Strategy, Consumer Innovativeness, Innovation, Response Biases, and New Product Development

Ravi Chitturi, Associate Professor of Marketing
Technology & Innovation, Design & Consumer Emotions, Brand Value & Marketing Strategy

Beibei Dong, Assistant Professor of Marketing (joining the department effective July 1, 2009)
Customer Co-production/Co-creation and Service Innovation, Service Failure and Recovery, Global Marketing Strategy and Entry Mode.

Reetika Gupta, Assistant Professor of Marketing
Complexity in Interactive Consumption Environments, Consumer Learning of New Products, Corporate Social Responsibility

Nevena Koukova, Assistant Professor of Marketing
Pricing, Bundling, Digital Products, Consumer Decision Making

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