Dear Colleague,

I am pleased to present the research accomplishments of faculty members in the Department of Marketing for the academic year 2010-2011. As you will read in the following pages, 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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BOOK CHAPTERS, REPORTS, AND MAGAZINE ARTICLES


AWARDS AND HONORS


CONFERENCE PRESENTATIONS (PLEASE SEE ABSTRACTS LATER IN THE REPORT)

Nevena T. Koukova (Co-authors: Joydeep Srivastava and Martina Steul) (October 2010), “The Effect of Shipping Fee Structure on Consumer Evaluations of Online Offers,” Association for Consumer Research Conference, Jacksonville, FL.


Nevena T. Koukova (Co-authors: Joydeep Srivastava and Martina Steul) (July 2010), “The Effect of Flat Shipping Fee and Free Shipping Threshold on Consumer Evaluations,” European Association for Consumer Research Conference, Royal Holloway, University of London.


INVITED PRESENTATIONS


CONFERENCE/SESSION ORGANIZATION

Beibe Dong (August 2010), Organizer and Chair, “Internationalization and Foreign Market Entry,” Global Marketing Track, American Marketing Association’s Summer Educator’s Conference, Boston, MA.

K. Sivakumar (May 2011), Organizer, Chair, and Moderator of the special session on “Future of the Marketing Academia: Opportunities, Challenges, and Strategies,” Academy of Marketing Science Annual Conference.

K. Sivakumar (December 2010), Organizer, Chair, and Moderator of the special session on “Exploring the Marketing-Innovation Link in the Global Context,” Academy of Indian Marketing International Conference on “Emerging Markets in the New World Order: The Paradigm Shift.”

ABSTRACTS OF PUBLISHED/ACCEPTED PAPERS


The saddle is a sudden, sustained, and deep drop in sales of a new product, after a period of rapid growth following takeoff, followed by a gradual recovery to the former peak. This paper tests for the generalizability of the saddle across products and countries and for three rival explanations: chasms in adopter segments, business cycles, and technological cycles. The authors model both boundary points of the saddle: start of the sales drop and recovery to the initial peak, using split-population models. Empirical analysis of historical sales data from 10 products across 19 countries shows that the saddle is fairly pervasive. The onset of the saddle occurs in 148 product-country combinations. On average, the saddle occurs 9 years post-takeoff, at a mean penetration of 30%, lasting for 8 years with a 29% drop in sales at its depth. Results support explanations of chasms and technological cycles for information/entertainment products and business cycles and technological cycles for kitchen/laundry products. The authors discuss findings, contributions, and implications.


Survey research is fraught with serious response biases. This study examines the extent and impact of three important response biases in cross-national research: socially desirable responding, yea-saying, and nay-saying. From a survey of 5,569 respondents across 15 countries, the study finds evidence of substantial differences in response biases across countries. Socially desirable responding is highest in Singapore and Italy, yea-saying is highest in Brazil and India, and nay-saying is highest in the Netherlands and Japan. These response biases lead to erroneous conclusions about innovativeness based on surveys as compared to that based on the market penetration of new products. In particular, the biases lead to the over-reporting or under-reporting of innovative traits and the over-reporting of the adoption of new products. Overall, negatively valenced items that show the least susceptibility to these response biases can help predict
both actual penetration at the aggregate level as well as individual probabilities of adoption and should be included in cross-national surveys.


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.


Within business-to-business relationship marketing, boundary spanning representatives play a crucial role in establishing and maintaining positive relations between their organizations. Spirituality, a workplace individual-level variable, is proposed to significantly influence buyer representatives’ relationship formation with their seller counterparts, which subsequently affects the relationship development between organizations. Here we identify aspects of spirituality within buyer representatives and present a conceptual framework that delineates the impact of spirituality upon individual perceptions of relational constructs such as trust and commitment. Structural equation modeling analyses support the inclusion of spirituality as a relevant construct in relationship marketing research. In addition, because cultural differences are known to exist regarding the role of spirituality, the impact of spirituality upon perception within relationship marketing is addressed with data collected from both American and Chinese buying representatives. The results indicate that spirituality is significantly related to perceptions about communication, commitment, and shared values for both sets of participants.


Technological advances enable companies to offer information products such as books, music and movies in electronic formats, in addition to the traditional physical formats. Although one format may appear more useful and be preferred, consumers may be enticed to consider the unique attributes of all formats if they deliver equally well on salient attributes. The authors investigate the impact of usage situations, relative attribute quality levels of the formats, and their interactions on the perception of the formats as perfect or imperfect substitutes or complements, and the purchase likelihood of the bundle of formats. The studies demonstrates that when formats have equivalent quality on a salient attribute consumers perceive the formats as more complementary, and are more likely to buy the bundle. This happens because consumers consider more usage situations for the formats and see the bundle as providing greater flexibility for future usages.

We empirically examine how operations managers deal with time pressure, and its impact on supply chain relationships and knowledge sharing behaviors. Results indicate that employing time pressure coping mechanisms decreases knowledge sharing behaviors between buyers and suppliers. Further, relationship magnitude moderates the effect of time pressure copying mechanisms on collaborative knowledge sharing behaviors.


We examine the relationship between national cultural distance and equity participation using an analysis of a sample of more than 100,000 cross-border acquisitions from 1976 to 2008. We find that cultural distance has a curvilinear (U shaped) relationship to equity participation: Acquiring firms make large equity acquisitions at both low and high cultural distances and low equity acquisitions at moderate cultural distances. In addition, we find that industry relatedness of acquisitions positively moderates the relationship between cultural distance and equity participation: Acquiring firms take a higher equity stake for a given cultural distance if the acquisitions are in a related industry. Our findings offer important insights into firms' market entry behavior and provide guidelines for managers about entry strategies.


Consumer innovativeness is a critical factor that determines the success of new product introductions. An important but underexplored antecedent of consumer innovativeness is time orientation. In this article, we propose a conceptual model of the relationships among time orientation, consumer innovativeness, and consumer innovative behavior. We further examine the moderating role of several important product characteristics on these relationships. These characteristics include (1) newness of the product, (2) product complexity, (3) network externalities, and (4) the utilitarian versus expressive nature of the product. We develop a series of research propositions to explicate the relationships in our conceptual model. We delineate the substantive and managerial implications by linking the variables through a comprehensive framework and provide future research directions.


The past few decades have witnessed a significant increase in the number of cross-border strategic alliances among firms. We focus on the role of alliance expertise (alliance experience and diversity of partners) and alliance governance (horizontal vs. vertical alliances and joint venture vs. other alliances) in global innovation generation. We also examine the effect of these variables on the financial performance of the focal firm. The conceptual model is tested using an empirical analysis of cross-border alliances formed by U.S. pharmaceutical companies from 1985 to 2008. We find that while prior alliance experience has a positive association with global innovation generation, diversity of partners has a negative relationship. In addition, whether the alliance is horizontal or vertical has no bearing on the innovation generation, but joint ventures are associated with more global innovation generation than other types of alliances. Finally, as global innovation
generation increases, financial performance increases up to a point but thereafter exhibits a negative relationship.


Do firms from emerging economies differ from U.S. firms in their foreign market acquisition strategies? A comparison of cross-border acquisitions by firms from the United States and 18 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) a strong interaction effect occurs 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), (3) no interaction effect occurs between market potential and cultural distance for U.S. firms, and (4) different cultural dimensions affect the market entry strategies of U.S. firms and firms from emerging countries.


This article focuses on an important issue in brand choice: Is loss aversion for quality greater than loss aversion for price, or vice versa? Using existing research findings as a starting point, the study shows that it is important to use a common metric before reaching conclusions about the role of relative loss aversion for price and quality on a dependent variable of interest. Based on this procedure, the article reexamines the conclusion on the relative loss aversion for price and quality from existing research. In addition, using numerical simulations, the article illustrates some boundary conditions of the relative magnitudes of loss aversion for price and quality. Managerial and research implications of the findings are delineated.


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 advantage. 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.

The challenge of accessing, exploiting, and defending IP in global outsourcing relationships is first examined in this article. IP can be managed by balancing the trust and control/verification in the outsourcing relationship. Given that defending IP is a major concern for outsourcing firms, the moderating roles of multi-tier suppliers, supplier country legal regimes and global supplier communities of practice on defending IP is examined in detail through moderating effect propositions. Finally, the article examines the effect of accessing, defending, and exploiting IP in global outsourcing relationships on the generation of incremental and radical innovation for the outsourcing firm. This research tries to extend current academic research on global outsourcing in three 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, tiered suppliers, supplier country legal regimes, and global supplier communities of practice on defending IP. Third the research examines the effect of accessing, exploitation, and defense of IP...
on generation of incremental and radical innovation for the outsourcing firm. Managerial implications of this research and future research directions are also discussed.

ABSTRACTS OF CONFERENCE PRESENTATIONS

Nevena T. Koukova (Co-authors: Joydeep Srivastava and Martina Steul) (October 2010), “The Effect of Shipping Fee Structure on Consumer Evaluations of Online Offers,” Association for Consumer Research Conference, Jacksonville, FL.

Does shipping structure affect consumer evaluations of online offers? While threshold-based free shipping increases evaluations of offers above the threshold for free shipping, flat rate shipping improves evaluations of offers below the threshold. Perceived fairness mediates the observed effects. Providing an alternative referent or shipping structure justification attenuate consumer evaluations.


This research experimentally examines how two common shipping fee structures – flat rate shipping and threshold based free shipping – affect consumer evaluations of online offers and perceptions of the extent to which online retailers make money on shipping fees. Results from five experiments suggest that when the order value is below the free shipping threshold, online offer evaluations are less favorable and perceptions that retailers are making a profit on shipping fees are higher when the shipping fee structure is threshold based free shipping compared to flat rate shipping fee. However, the reverse is true when the order value is above the threshold. We argue that relative to flat rate shipping, the possibility of free shipping in a threshold based free shipping structure is the natural reference point against which the shipping fee is evaluated. In addition, the effect of shipping fee structure and order value is mediated by the perceived fairness of the shipping fees. Consistent with our conceptualization, the results also demonstrate that providing an alternative referent or justification for shipping structure attenuates the effects.

Nevena T. Koukova (Co-authors: Joydeep Srivastava and Martina Steul) (July 2010), “The Effect of Flat Shipping Fee and Free Shipping Threshold on Consumer Evaluations,” European Association for Consumer Research Conference, Royal Holloway, University of London.

This research examines how consumers respond to different shipping fee structures. Although the focus is on flat rate and threshold based free shipping, we compare these to free shipping and progressive rate shipping. We demonstrate that offer evaluations are less (more) favorable with threshold based free shipping when order value is below (above) the free shipping threshold compared to flat rate shipping. Further, although perceptions of shipping fees as a profit generator are higher (lower) under threshold based free shipping relative to flat rate shipping for order values below (above) the free shipping threshold, providing a positive motive for the shipping fee by linking it to the actual cost of delivery encourages consumers to view the shipping fee as a cost of doing business rather than as a profit generator, and improves offer evaluations.


Competition between brands in different tiers (e.g., national brands vs. store-label brands, high-priced vs. low-priced brands) has been an interesting and important area of scholarly inquiry and managerial attention for
several years. However, an examination of the nature of inter-tier competition in the context of changes in consumer reservation price structure has not been investigated. One issue worthy of consideration is: what changes can we expect to see in the nature of competition between different tiers when the consumer reservation price structure changes? This article attempts to answer this question. We offer a framework for studying the nature of inter-tier competition in the context of changes in consumer reservation price structure.


In recent years, a significant amount of research has focused on strategic alliances, their characteristics, and their effectiveness. However, research findings have been primarily descriptive in that the conclusions were derived by analyzing prior performance; therefore, no clear insights have been offered to managers on how to maximize the financial performance of alliances. For example, if a firm is evaluating a series of options and wants to choose the option that maximizes the anticipated performance, no normative/prescriptive frameworks are available for use. To fill this important gap in the literature, we develop a mathematical modeling approach to determine the optimal level of repeated partnering (R) and prior alliance experience (x) to maximize the financial performance for the focal firm. We develop a mathematical model to optimize financial performance of alliances, derive comparative statics to study the sensitivity of the optimal solution to various model parameters, and illustrate the application of the model using data collected from pharmaceutical companies.

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