Contents

Foreword, by Dominique M. Hanssens.................................................. xi
Preface ........................................................................................................... xiii
Editors’ Bios ............................................................................................... xv
Contributors ................................................................................................ xvii

Chapter 1 Introduction ........................................................................ 1
Stefan Wuyts, Marnik G. Dekimpe, Els Gijsbrechts, and Rik Pieters
References ................................................................................................. 4

SECTION I Connectivity and the New Reality of Markets

Chapter 2 Opportunities and Challenges in Studying Customer Networks ........................................ 7
Christophe Van den Bulte
Social Contagion ..................................................................................... 8
Brand Communities .................................................................................. 14
Valuing Networks and Communities ...................................................... 16
Horizontal and Vertical Networks ........................................................... 17
Getting Data: Opportunities and Caveats .............................................. 21
Conclusion ............................................................................................... 28
References ............................................................................................... 30

Chapter 3 Understanding the Relational Ecosystem in a Connected World ........................................ 37
Conor M. Henderson and Robert W. Palmatier
Customer’s Relational Ecosystem ............................................................ 43
Relational Entities ..................................................................................... 46
Relational Channels .................................................................................. 61
Research Directions ................................................................. 69
References ..................................................................................... 72

Chapter 4 Connectivity, Control, and Constraint in Business Markets ............................................................................. 77

Stefan Wuyts
Connectivity and Control ............................................................... 78
Connectivity and Constraint ......................................................... 90
Connectivity, Control, and Constraint: Directions for Future Research ................................................................. 95
Notes ................................................................................................. 98
References .................................................................................... 99

SECTION II Leveraging Vertical Connectivity With Channel Partners and Brands

Chapter 5 The Connected Patient ...................................................... 107

Nuno Camacho, Vardit Landsman, and Stefan Stremersch
From a White-Coat Model to Shared Decision Making ................................................................. 109
Antecedents of the Evolution to Shared Decision Making .............................................................................. 112
Clinical and Relational Consequences ........................................................................................................ 122
Considering Patient Types in Patient-Centered Marketing ............................................................................. 125
Strategic Implications of Patient Connectedness .......................................................................................... 132
Notes ................................................................................................. 134
References .................................................................................... 135

Chapter 6 Is Mr. Spock a Good Candidate for Being a Connected Customer? The Role of Emotion in Decision Making ................................................................. 141

Baba Shiv
The Connected Customer and the Customer Value Proposition ................................................................. 142

http://www.psypress.com/the-connected-customer-9781848728370
The CVP: A Historical Perspective ..........................142
The Third-Wave View of the CVP: The Power of Brand Emotion ........................................144
The Story of Phineas Gage ....................................145
More Evidence From Neurological Patients ...........147
Decision Quality, Emotions, and the Brain ..........148
Back to the CVP and the Connected Customer .... 154
A View Into the Future ...........................................155
Some Final Words ..................................................158
Notes ......................................................................159
References ............................................................160

Chapter 7  God and Mammon: The Influence of Religiosity on Brand Connections ..................163
Aric Rindfleisch, Nancy Wong, and James E. Burroughs
Competing Views on the Role of Religiosity on Brand Connections ......................................165
Fundamentalism: Religiosity as a Desire for Conservation ....................................................167
Spirituality: Religiosity as a Desire for Transcendence ...............................................168
Study 1: United States ............................................170
Study 2: Singapore ................................................179
General Discussion .................................................187
Conclusion ..........................................................194
References ..........................................................194
Appendix ..............................................................199

Chapter 8  Brand Platforms as Strategic Investments: Leveraging Customer Connections to Manage Profitability, Growth, and Risk ....................................................203
Rajendra K. Srivastava and Thorsten Wiese
The Nature of Strategic Marketing Investments .....205
The Concept of Product Platforms ......................207
Customer and Brand Platforms .........................208
Customer and Brand Platforms and Business Performance ................................................210
References ..........................................................212

http://www.psypress.com/the-connected-customer-9781848728370
SECTION III  Leveraging Horizontal Connectivity Among Customers

Chapter 9  The Shadow of Other People: Socialization and Social Comparison in Marketing.......................... 217
Ronald Burt
Socialization Mechanism, Connectivity Criterion...........218
Equivalence Criterion, Social Comparison Mechanism...223
Equivalence and Connectivity Often Make the Same Predictions......................................................... 225
Contradictory Predictions ............................................. 226
How the Mechanisms Combine ..................................... 240
Closing ............................................................................... 247
Acknowledgments .............................................................. 248
Notes......................................................................................... 249
References................................................................................. 252

Chapter 10 Viral Marketing: What Is It, and What Are the Components of Viral Success? ........................ 257
Ralf van der Lans and Gerrit van Bruggen
What Is Viral Marketing? ..................................................... 258
How Does Information in Viral Marketing Spread? ......... 262
Drivers of Viral Marketing Campaign Success ............... 264
Tracking Viral Campaign Success ........................................ 270
Conclusions .............................................................................. 278
Note ........................................................................................... 281
References................................................................................. 281

Chapter 11 Social Connectivity, Opinion Leadership, and Diffusion......................................................... 283
Jacob Goldenberg, Sangman Han, and Donald R. Lehmann
Product Diffusion: A Social Process................................. 284
Different Kinds of Influentials .............................................. 285
The Social Hub: The Key to Network Processes ............... 287
Social Hubs Activate the Network by Seeking and Conveying Attractive Information ....................... 288
Contents • ix

Social Hubs Are Attractive Information Sources ...........291
Bridging the Chasm ................................................................. 294
Activating the Social Network ...........................................295
Social Hubs Are Not Early Adopters, but They Adopt
Early .......................................................................................... 296
Tracking the Influence of Social Hubs ......................... 297
Discussion ................................................................................ 300
Notes ......................................................................................... 302
References ................................................................................ 302

Chapter 12 The Effect of Negative Word-of-Mouth in Social
Networks .................................................................................. 307

Andre Bonfrer
What We Have Learned About Word-of-Mouth ........... 311
Discussion ................................................................................ 326
Conclusion ................................................................................ 332
Notes .......................................................................................... 333
References ................................................................................. 334

Author Index ........................................................................... 337

Subject Index ............................................................................. 347
Foreword

Today’s marketers face an environment in which the rapid changes in communications technology and globalization of markets are creating communities of customers and prospects rather than a multitude of isolated customers. This state of affairs was revealed by the biennial Research Priorities survey conducted by the Marketing Science Institute (MSI) when I served as its executive director between 2005 and 2007. I am very pleased that the Tilburg University marketing faculty chose this “connected customer” theme for its Lustrum Conference in 2008 and the subsequent publication of a collection of essays presented at the conference.

MSI explored the connected customer theme in three directions, which are also reflected in the content of the chapters in this book. First, business customers and consumers alike are increasingly connected to their suppliers and competitors, not only by traditional one-to-many mass marketing but also by one-to-one and many-to-many marketing techniques. This evolution—and the increasing power of consumers who control the time and place of their media consumption—raises new questions about the management of customer and prospect touch points. Of particular importance is the integration of interactive media in the communications mix of our companies. New search capabilities are changing the decision-making processes of individual and business customers. As one example, marketers must consider the impact of their positioning on search engines such as Google as part of their marketing mix. Indeed a new discipline called search engine optimization has emerged from this need. In business-to-business and business-to-consumer markets, buyers and sellers are meeting in unparalleled ways at auctions. Part 1 of this volume describes several important aspects of this changed landscape.

Second, business customers and consumers are digitally connected to each other, resulting in countless special-interest groups that cross national borders. Opinion leadership and word-of-mouth are not new concepts, but the speed and the power of their effects on individual behavior are dramatically increased. In this social network context, “weak ties” become significant as marketers seek to identify individuals with broad influence through many network connections. This highlights a seemingly
counterintuitive phenomenon: Loyal customers, whose network is composed of like-minded counterparts, may be less effective than occasional customers in expanding markets via word-of-mouth. In addition, a new distinction is made between marketing-induced and organic word-of-mouth. Marketers may create buzz by investing in social networks that augment their marketing efforts. Organic, or spontaneous, word-of-mouth is less amenable to management control, so marketers need to understand how it is generated and how it impacts their business performance. Parts 2 and 3 of this volume focus on the critical dimensions of this phenomenon.

Finally, the MSI survey revealed that business customers and consumers are increasingly connected to third-party information providers, through a variety of product review and price comparison services. The resulting transparency in our markets challenges prevailing beliefs about the importance of brand image and the role of personal selling. It also expands the definition of best value, as consumers now have access to aggregated information, for example, about the customer satisfaction levels with different retailers. The relationship between a retailer’s customer satisfaction score and its ability to charge a price premium is but one important research question that may be addressed.

In this connected environment, customers are better informed and harder to please, but they also leave a more visible evidence trail in the form of vastly improved databases. This explosion in potential customer information challenges traditional analytical and reporting techniques that turn such information into insights and market intelligence. The scope, pace, and sources of this new information also create opportunities for better and more timely marketing decision support to drive profitable growth. As such, the connected customer era may change the paradigm for effective marketing strategy. The essays in this volume represent leading-edge scholarly thinking in this new arena, and I commend the editors on their pioneering effort.

Dominique M. Hanssens

Bud Knapp Professor of Marketing, UCLA Anderson School of Management
Preface

The nature of consumer and business markets is changing: Decision makers no longer act independently of one another but are increasingly connected with other consumers, with other channel members, and with brands. Novel database marketing techniques enable firms to develop closer contacts with customers; customers develop increasingly close connections with brands; customers communicate through electronic and other media with other customers and with firms; firms in turn seek central positions in business networks. The intricate networks that business customers and consumers are part of both shape marketing and are shaped by it. The theme of the connected customer has triggered the interest of marketing scholars and marketing practitioners alike. From beneath the development of new theories and experimentation in practice, a new marketing logic is slowly emerging.

That observation stimulated us to organize a conference on “The Connected Customer” to celebrate the 80th birthday of Tilburg University. At this conference, the breakthrough ideas that were presented and the vivid discussions with the audience highlighted the need for a book that may guide and inspire marketers and marketing scholars in dealing with the new reality of connected consumers and business markets. The presenters at the conference embraced the idea to collect the emerging insights into an edited volume, and several other authors joined in as well. The result is a collection of chapters that deal with the rich facets of connectivity. The book may serve as a source of inspiration for academics in marketing and related fields who wish to contribute to the development of this exciting stream of research. It is a great source of research ideas and fresh theory building. The book is also intended for marketing practitioners who are eager to take up the challenge and adapt their marketing strategies to the changing nature of consumer and business markets.

We are grateful to Tilburg University, and in particular to the executive board and to Professor van der Duyn Schouten (then Rector Magnificus of Tilburg University), for fully supporting the conference. We also thank ABN AMRO and the Dutch province of North Brabant for generously sponsoring the event. The phrase “the connected customer” was also used
to designate one of the most important challenges for future marketing research and practice by the Marketing Science Institute—the world’s leading research institute in the field—and we are grateful to Professor Dominique Hanssens, executive director of MSI at that time, for writing the foreword to this book. We also want to thank Anne Duffy, Erin Flaherty, and Christopher Myron (at Routledge, Taylor & Francis) for their continuous support in the process.

Finally, this project would not have been realized without the involvement of the many contributing authors. We requested the authors to contribute their breakthrough ideas and cutting-edge research. The authors went a step further. Rather than importing ideas on connectivity into the marketing domain, they pushed the boundaries of thought on connectivity itself. Through the following chapters, they show that the marketing field is at the forefront of this interdisciplinary research domain.

We invite you to take a look, share our enthusiasm, find inspiration, and take the ideas developed in this book a step further tomorrow.

Stefan Wuyts
Marnik G. Dekimpe
Els Gijsbrechts
Rik Pieters
1

Introduction

Stefan Wuyts, Marnik G. Dekimpe, Els Gijsbrechts, and Rik Pieters

These are exciting times for marketing practitioners and marketing academics alike: Much of the discipline’s received wisdom is undergoing reconsideration as the nature of marketing is changing fundamentally. A key concept in this discussion is the general notion of “connectivity.” Consumers are increasingly interconnected through various sorts of social networks, a trend that is facilitated by recent advances in electronic media and telecommunication. Initiatives on the Internet, for example, have created ample opportunity for consumers to connect with other consumers through social networking sites (MySpace, Facebook, Cyworld), information sharing sites (YouTube), (anti-)brand communities (MyStarbucksIdea.com versus iHateStarbucks.com), and so on. Also among business customers, a trend is apparent toward higher connectivity resulting from externally oriented strategies such as e-business, supply chain integration, and alliance networks. This requires a fresh perspective on analyzing both consumer and business markets, as decision makers no longer function independently of one another. Also, novel perspectives are needed on how customers connect with brands and with products, because customers are becoming more participative in some decision environments (e.g., health care) and more emotionally connected in others (e.g., brand evaluations). One of the clearest examples of how such increased connectivity changes marketing practice is the recent revival of word-of-mouth. The increased connectivity of customers with brands engenders brand communications, and the increased connectivity among customers amplifies the impact of such communications, which has important consequences for the spread of products, ideas, and information. “Buzz marketing” is now a central concept in the marketer’s tool kit, and “social contagion” is firmly on top of many marketing scholars’ research agenda.
We have now well passed the stage of acknowledging that these are important developments. Having witnessed an explosion of research initiatives in academia and quite some experimentation in marketing practice, we need to both take inventory and look ahead. Exactly how does connectivity change the reality of consumer and business markets? What are the most recent insights regarding vertical connections between customers and channel partners or between customers and brands, and how can (should) marketers leverage such connectivity? What are the boundaries of current marketing thought regarding horizontal connectivity among customers, and how can the marketer exploit such connectivity? These questions are addressed in the chapters of this book, which gathers breakthrough ideas as well as empirical evidence presented by thought leaders in the field.

The marketing community has been alerted to the likely changes brought about by connectivity in the seminal book *Networks in Marketing*, edited in 1996 by Dawn Iacobucci. In the subsequent decade, connectivity increasingly influenced marketing theory and practice. In 2007, Christophe Van den Bulte and Stefan Wuyts published a monograph that served as a primer on social networks for marketers, providing a tool kit for practitioners and an overview of the foundations of network theory. The objective of the present book is to take the next step in understanding the connected customer. The contributors to this book are internationally renowned scholars who share their thoughts and vision on the impact of the phenomenon of connectivity on marketing thought and marketing practice.

The book is organized along the following three main themes. Section I deals with connectivity and the new reality of markets. In Chapter 2, Christophe Van den Bulte kicks off with a critical reflection on how customer networks affect customer behavior and marketing practice. He devotes attention to both horizontal networks (as in social contagion and brand communities) and vertical networks (as in channel settings), as well as to the challenge of gathering network data. In Chapter 3, Conor Henderson and Robert Palmatier discuss the increased complexity of customers’ relational environments and introduce the notion of “relational ecosystems,” consisting of different objects (brands, boundary spanners, social in-groups, marketplace network) and the channels that bind them. They argue that studying ecosystems allows capturing the complexity, dynamics, and multiple subnetworks that define a customer’s environment and, hence, is indispensible to fully understand customer decision

http://www.psypress.com/the-connected-customer-9781848728370
making. In Chapter 4, Stefan Wuyts focuses on connectivity, control, and constraint in business markets. He discusses the effectiveness of alternative network control mechanisms but also shows that social networks can constrain economic optimality in business markets.

Section II deals with leveraging vertical connectivity between customers and channel partners or brands. In Chapter 5, Nuno Camacho, Vardit Landsman, and Stefan Stremersch observe a fundamental shift in the role of the patient in medical decision making. They propose a customer-centered marketing approach to leverage the increased participation of the patient. In Chapter 6, Baba Shiv questions conventional wisdom that analytical decision making is superior to emotional decision making. On the basis of a detailed overview and critique of the concept of “customer value propositions,” he argues that to truly connect a customer, a firm must acknowledge the power of brand emotion. In Chapter 7, Aric Rindfleisch, Nancy Wong, and James Burroughs examine the influence of religiosity on connections that customers form with brands. Their empirical studies, conducted in the United States and Singapore, demonstrate that fundamentalism and spirituality strongly bear on brand loyalty and self-brand connections across multiple product categories, which opens up new opportunities for target marketing. Chapter 8 concludes Section II. Rajendra Srivastava and Thorsten Wiesel underscore the strategic importance of customer connections in managing profitability, growth, and risk. They advocate that marketers should think in terms of brand platforms, much similar to product platforms, to develop sustainable long-term connections with customers.

Section III collects new insights on how to leverage horizontal connectivity among customers. In Chapter 9, Ronald Burt discusses socialization and social comparison, the main network mechanisms that lie beneath the popular metaphors about contagion. Rather than arguing for one or the other, he examines how both mechanisms combine in a predictable way as they generate contagion in different network settings. In Chapter 10, Ralf van der Lans and Gerrit van Bruggen distinguish the key components that determine the spread of viral marketing campaigns (number of seeded customers, seeding acceptance, forward rate, viral acceptance, and response time). They illustrate the practical relevance of these drivers on the basis of two real-life viral marketing campaigns. In Chapter 11, Jacob Goldenberg, Sangman Han, and Donald Lehmann discuss the critical role of “social hubs” in social systems (i.e., individuals with an exceptionally
large number of social ties). They point to the importance of identifying such social hubs for accelerating the diffusion of products. Finally, in Chapter 12, Andre Bonfrer discusses the origins and impact of negative word-of-mouth. He elaborates on how marketers can manage and control this dark side of the word-of-mouth phenomenon.

We are truly excited about the chapters that are collected in this book, and we are grateful to the contributors for enthusiastically sharing their ideas and vision about the connected customer. The chapters not only explore and extend the boundaries of marketing thought but also translate these new insights into recommendations for marketing practice. We are highly indebted to all contributors for the time and energy they have put in their respective contributions. We are convinced that marketing academics and practitioners will find inspiration in the book for more effectively addressing the phenomenon of increased connectivity in consumer and business markets.

REFERENCES
