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

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

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 Consequently, the original paper by Abe has been replaced by a new version (*Marketing Science* 28(3) 541–553) and addresses other important issues not addressed in the original Abe paper.