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2013–2014 Gary L. Lilien ISMS-MSI Practice Prize Competition

Special Section Introduction

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Introduce the special section highlighting the background of the competition and the work of the finalists in the 2013–2014 Gary L. Lilien ISMS-MSI Practice Prize Competition, showcasing the best applications of rigor and relevance by marketing scientists in working with practical problems. The winning paper is by a team who developed an innovative pricing tool to enable an electric utility operating in Germany to acquire customers on online price comparison sites while optimizing various metrics of interest. The other two finalists comprise a team that developed an integrated marketing model to address multiple business objectives of the Georgia Aquarium and a team that developed a marketing science model of evaluation and purchase intentions incorporating customer emotions to test advertisement effectiveness for Kmart Australia.

Keywords: pricing; media optimization; choice; emotions; advertising

Background

The INFORMS Society for Marketing Science (ISMS) recently ran its Practice Prize Competition for the eighth time since 2003. The biennial competition event that recognizes the best marketing science that has had demonstrable organizational impact was renamed the Gary L. Lilien ISMS-MSI Practice Prize competition in 2011 and has been sponsored by various organizations, conferences, and universities over the years including MSI (Marketing Science Institute) and ISMS. The most recent event was held at the 2014 INFORMS Business Analytics and Operations Research Conference in Boston on April 1, 2014. ISMS views the Lilien Practice Prize Competition as an important component of its activities and is overseen by its Vice President for Practice, with the goal of highlighting not only the best applications of marketing science but also to show how these applications have had a significant impact on the sponsoring organization.

The competition's protocol is as follows—"the Practice Prize is awarded for outstanding implementation of marketing science concepts and methods. The methods used must be innovative, sound, and appropriate to the problem and organization, and the work should have had significant, verifiable, and preferably quantitative impact on the performance of the client organization. Historically, two types of entries have been recognized: (1) a history of successful applications across time and/or organizations and (2) a single, impactful application." The following criteria underlie the selection of the finalists and the winner and the ultimate publication of the associated paper and notes in *Marketing Science*:

1. *Methodological quality*—Appropriateness and lead-edge;

2. *Technical originality*—Uniqueness and flair;
3. *Implementation*—Who uses it, for what, and how;
4. *Impact*—On the organization and the value;
5. *Difficulty*—Problem(s), politics, technical;
6. *Transportability*—The potential to be used in other applications or similar organizations; and,
7. *Charm*—Newsworthiness and/or potential impact on society at large.

The Practice Prize judging committees apply all of these criteria to ensure rigor and relevance in the applications selected as finalists.

The winning paper and the two shorter notes that follow represent the three finalists in the 2013–2014 Lilien Practice Prize Competition, sponsored in part by MSI, Penn State's Institute for the Study of Business Markets, and ISMS.

The Competition and the Finalists

As per the Practice Prize protocol, the 2013–2014 Lilien Practice Prize committee was composed of P. K. Kannan (Prize Committee Chair and a previous winner), Kannan Srinivasan (representing ISMS as President), and Preyas Desai (as *Marketing Science* editor). Doug Bowman (Emory University), Manfred Krafft (University of Munster), and Andy Chang (UPS) served as at-large appointments. The submitted proposals went through a rigorous review by the judging committee, and three were recognized as finalists. The three finalists presented their work at the Practice Prize Competition special session hosted at the 2014 INFORMS Business Analytics and Operations Research Conference in Boston. From those presentations and the responses to questions about the work, the Committee

selected the Natter et al. submission as the winning project and they were invited to submit a full paper for a traditional *Marketing Science* review process. The shorter notes describing the other two projects also went through the *Marketing Science* refereeing process. The review team for this paper and the notes were regular associate editors and editorial board members of *Marketing Science* not involved in the preliminary judging process. The review team ensured that the standards of rigor were applied to each submission while paying particular emphasis to the organizational impact as well as the readability of the paper to encourage the dissemination of the results.

The 2013–2014 winning project was by Martin Natter, Ana-Marija Ozimec, and Ju-Young Kim, and was entitled “ECO: Entega’s Profitable New Customer Acquisition on Online Price Comparison Sites.” The team addresses the challenge in the German electricity market, where market liberalization has led to more than 1,150 competitors. They describe a pricing approach that integrates different available data sources such as price comparison site data, regional transactions, or cost data to optimize sales and profit targets. The tool, ECO (Electricity Contract Optimization) sets regionally varying one-time bonuses to attract new customers on price comparison sites and its application has resulted in a more than 30% decrease in selling costs. Entega now uses ECO on a monthly basis to analyze different scenarios or to set prices and one-time bonuses on price comparison sites. The judging committee agreed that the submission represented the best combination of marketing science modeling and organizational impact in the 2013–2014 competition.

The two other finalists were as follows:

“Implementing Integrated Marketing Science Modeling at a Non-Profit Organization: Balancing Multiple Business Objectives at Georgia Aquarium,” by V. Kumar, Amalesh Sharma, Naveen Donthu, and Carey Rountree. The authors describe their marketing science approach to increase aquarium revenue without raising ticket prices, to increase attendance without compromising on customer satisfaction, and to make more effective media investments without increasing spending. Applying

the model recommendations, the Georgia Aquarium realized significant increases in attendance and revenue, thereby enhancing their bottom line and growth.

“Incorporating Emotions into Evaluations and Choice Models: Application to Kmart Australia” by Ken Roberts, John Roberts, Peter Danaher, and Rohan Raghavan. The authors describe an innovative approach to measure customer emotions and determine their role in store choice. Their approach allowed Kmart to design and then assess television commercial content prior to campaign launch, allowing the firm to grow earnings and capture an increased market share, despite strong competitive response. The approach also allows marketing science to participate in the design of marketing stimuli, rather than just testing pre-existing ones.

Comments

The 2013–2014 composition of finalists highlight the diverse nature of marketing science applications spanning decision support for pricing, measuring customer emotions and their role in store choice to increasing attendance and revenue; they include for-profit and non-profit; they are also geographically diverse in applications spanning continents. They highlight the impact of marketing science practice and encourage more impactful applications in our emerging era of big data. Past Practice Prize winning projects and finalists have been disseminated widely and form good examples of the relevance of our work that we can share with practitioners and students. There is a need to encourage more such works.

In conclusion, I thank the Lilien Practice Prize Committee members, the sponsors, the Editor-in-Chief of *Marketing Science*, Preyas Desai, and the review team for their hard work and support to make this competition successful. Thanks are also due to Xian Gu, a doctoral student from the University of Maryland, College Park for her administrative help. Finally, the video recordings along with the PowerPoint slides of the presentations and all of the earlier competition presentations are available for viewing and download at <http://techtv.mit.edu/collections/isms>.