

Book Reviews

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Essential Readings in Marketing

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Essential Readings in Marketing is a collection of titles and abstracts of award-winning papers grouped according to the Marketing Science Institute (MSI) research priorities. Each MSI priority is a chapter, and each chapter has an essay-length introduction that categorizes and connects the abstracts appearing in that chapter. The book organizes more than 200 abstracts and should be of value to practitioners who want a general overview of what is known about a given topic and to researchers and doctoral students who are beginning research in an area and want to explore relevant ideas and literature. I compliment the authors for providing a convenient reference resource for marketers that organizes marketing knowledge by its application to practical problems rather than by subject area.

For marketing doctoral students, the selection of a good doctoral dissertation topic can be a challenging and time-consuming task. They should consider following the book in structuring their search according to the MSI research priorities. The 2004–2006 priorities are as follows: new products, growth, and innovation; branding and brand equity; metrics that link marketing and financial performance; managing relationships; the role of marketing; research tools; the marketing mix; consumer insights; and strategy (see <http://www.msi.org>). I should mention that MSI is an organization of marketing firms and academics that releases priority topics biannually by polling its member companies' executives about subject areas in which they would like more research to be conducted. Thus, it connects academics with industry and funds research reports and conferences. The authors have held MSI appointments, and the book notes whenever an MSI-sponsored report became an award-winning paper.

After a practitioner or researcher decides on a broad area of inquiry, he or she needs to find out what is already known about the topic. The book is most useful in this regard because it lists many important papers in each MSI priority area. It is not easy to find the most important research papers from among the very large and ever-growing number of published papers that constitute the marketing literature. Extensive online databases are available, such as Google Scholar, SSRN, JSTOR, ABI/Inform, Web of Science, SSCI, EconLit, Scopus, and so forth, not to mention university libraries and other sources directly available from publishers. Although these databases allow researchers to obtain large quantities of seemingly relevant articles, they often make isolating the most relevant works a difficult and subjective task.

The interested researcher might use reading lists of papers covered in doctoral programs, but different programs cover different papers based on the instructor's preference. Meanwhile, the AMA's "DocSig Suggested Readings" list (<http://docsig.eci.gsu.edu/reading.htm>) focuses on works that will help students prepare for graduate-level comprehensive exams. Objective methods, such as citation counts, may also be criticized beyond a few highly cited papers. Award-winning papers are also subjective, but they usually poll a larger group of judges. An instructor setting a syllabus for a graduate-level course or a researcher delving into a new topic area would normally consider the list of award-winning papers in that area. This book makes the task easy. For example, in Chapter 1, "New Product, Growth, and Innovation," the abstracts are organized into the following categories: (1) methods of enhancing new product development, with abstracts such as those of Griffin and Hauser (1993) and Nowlis and Simonson (1996); (2) preproduction testing and evaluation, with abstracts such as that of Silk and Urban (1978); (3) methods of forecasting adoption, with abstracts such as that of Norton and Bass (1987), (4) market entry and defense, with abstracts such as that of Ofek and Sarvary (2003), and (5) structural drivers of innovation, with abstracts such as that of Chandy and Tellis (2000). Directions for further research in each chapter follow directly from the MSI priorities. At the end, there is a list of authors whose abstracts appear in the book.

Although it can be argued that including only award-winning papers excludes many important works, the line must be drawn somewhere, and as I read the book, I was struck by the large number of papers that were familiar and unarguably seminal. However, this is not surprising because the awards are some of the most prestigious among marketing academics. They are the Harold H. Maynard Award, the MSI/H. Paul Root Award, and the Sheth Foundation/Journal of Marketing Award for the best papers published in the *Journal of Marketing*; the Robert Ferber Award for best dissertation and the Best Article Award, given by the *Journal of Consumer Research*; the Frank M. Bass Dissertation Paper Award for the best paper based on a doctoral dissertation; the John D.C. Little Award, given by INFORMS; and the William F. O'Dell Award and the Paul E. Green Award for best papers in the *Journal of Marketing Research*. The Louis W. Stern Award winners are also mentioned.

Here are a few suggestions for subsequent editions. First, a Web link of awards could be established, so that such information can be self-updated. My own investigation reveals that the John D.C. Little Award and the Frank M. Bass Dissertation Paper Award can be found at <http://www.informs.org> under "Subdivision Prizes and Awards." The *Journal of Consumer Research* award winners can be found at <http://jcr.wisc.edu/awardwinners.htm>. The MSI's Alden G. Clayton Award and MSI/H. Paul Root Award winners are listed at <http://www.msi.org/msi/awards.cfm> and <http://www.marketingpower.com/content1100.php#root>, respectively. The AMA's MarketingPower.com site links to *Journal of Marketing Research* and *Journal of Marketing* awards at <http://www.marketingpower.com/content2763.php> and <http://www.marketingpower.com/content1100.php>, respectively. (Unlike the book, these links do not provide abstracts.) Second, perhaps it would be possible to include two other commonly used references—books and review papers—in each chapter. Third, the introductory essays could be expanded in scope and size. Finally, there may be a way to cross-index the abstracts with additional criteria other than MSI priorities. This would make the book more useful, for example, to a person who was searching for "pricing" as a topic, and it would extend the shelf life well beyond the next revision of MSI priorities.

In conclusion, this book is essential for researchers and, especially, doctoral students who are searching for dissertation ideas and would like to use the 2004–2006 MSI research priorities to work in a relevant topic area. For such researchers, this book is essential. Furthermore, these priorities are broad enough and fundamental enough that the book would be a useful addition to the library of marketing practitioners and academics in general.

—Ashutosh Prasad, University of Texas at Dallas

Retailing in the 21st Century: Current and Future Trends
edited by Manfred Krafft and Murali Mantrala (Berlin: Springer, 2006, 413 pp., U.S. \$94)

Retailing is often perceived as an old-fashioned, unglamorous business. Many people believe that retailing consists primarily of squeezing suppliers, stocking shelves, and working long hours for little compensation to sell products to customers at "everyday low prices." In the past, many retailers managed from a relatively short-term orientation, focusing their efforts on managing the next price promotion. However, technology, globalization, and increasingly sophisticated customers are dramatically changing the world of retailing. Today's retailing environment is increasingly complex and offers unlimited opportunities for creative management.

Retailing in the 21st Century describes the revolutionizing world of retail management. Krafft and Mantrala bring together an impressive list of 46 authors, including industry experts and leading academic scholars from all over the world. These experts share their knowledge and insights in this book's 23 chapters. The reader might ask, Does the book cover enough of retailing's domain to make it universally appealing? or Can the reader interested in retailing (advanced undergraduates, graduate students, academics, and practitioners in retailing) find compelling insight within the book? The answer to both questions is yes. Although the book's organization is a little cumbersome—consisting of three sections: (1) Introduction, (2) Global Environment and Market Trends, and (3) Retail Management—the case studies, statistics, and general descriptions of retail strategy provide an interesting and valuable overview of the future of retail management.

Introduction: Today's Success Factors

Section 1 consists of two chapters and presents an overview of current trends in retailing and key drivers of retail success in national and international markets. The first chapter, by Grewal, Krishnan, and Levy, describes the forces that are changing the retail landscape. The authors then present an interesting conceptual framework that identifies key drivers for success in today's retail environment. The authors note that most retailers compete in the "Big Middle" segment, in which the largest potential customer base resides. Big Middle retailers have succeeded in leveraging their innovative or low-price position to transform their niche appeal to the mass market. The conceptual framework of three additional retail strategies in addition to the Big Middle segment helps identify a retailer's market position.

The second chapter in this section uses a case study of Metro Cash & Carry, a company within METRO Group, to define drivers of retail success. METRO Group has become the third-largest retailer in the world. Mierdorf, Mantrala, and Krafft's story of the growth and transformation of METRO Group from its humble beginnings to a global re-tailer reviews strategic moves and draws lessons and implications for retailers that are pursuing growth in global markets.

Global Environment and Market Trends

Section 2 examines specific retailing trends, scanning the world in the quest for best practices. The focus is often on how technology is transforming retailing and helping companies better track and modify consumer behavior. The role of evolving distribution channels in driving regional and global competition is also discussed.

Dawson describes the rapid restructuring of European retailing. Four characteristics of this restructuring are (1) fast growth of larger firms, (2) a more strategic approach to managerial decision making, (3) more complex organizational structures, and (4) more retailer-coordinated value chains. Dawson convincingly reviews why these changes are occurring and the subsequent implications.

Weitz and Whitfield identify three important consumer trends in the U.S. retail industry: (1) the size and importance of two age cohorts—Baby Boomers and Generation Y, (2) the growing ethnic diversity, and (3) an increase in customer sophistication. They explore specific trends in the various retail sectors, including food, general merchandise, and nonstore retailing. They predict that U.S. retailers will shift their attention to exploiting customer loyalty with increased personalization of their offerings through advanced technology deployment.

Next, Larke describes the rapid development of retailing in East Asia. Some markets—notably, Malaysia, Thailand, Singapore, and Hong Kong—are already host to numerous international firms, but the largest markets of China and Japan are just now beginning to receive attention from overseas retailers. The authors employ numerous facts and figures to present an excellent overview of retailing in East Asia. However, a discussion of the Indian market is missing.

Kalyanam, Lal, and Wolfram review the innovative technologies deployed in METRO's pilot "Future Store" in Rheinberg, Germany. Personal selling assistance, digital advertising displays, electronic price tags, and radio frequency identification (RFID) technologies are discussed. Case scenarios highlight how these technologies affect customer interaction and satisfaction.

Burke identifies three waves of change that have transformed marketing research in retail settings over the past 25 years. The first wave was the diffusion of Universal Product Code barcode scanning. This was followed by the second wave, namely, the deployment of customer relationship management through the introduction of loyalty cards. Burke calls the third wave "customer experience management." The genesis of customer experience management is described along with the tools for tracking shopper behavior and measuring store performance. An insightful discussion of the challenges in conducting computer-based observational research concludes the chapter.

Ravi, Raman, and Mantrala focus on applications of intelligent technologies in retail marketing. More information can be collected, crunched, and disseminated than most companies can manage. This information overload requires smarter use of "intelligent" data analyses technologies. These intelligent analyses tools are adaptive (i.e., they react to and learn from changes in inputs from their environment). Intelligent technologies include fuzzy logic systems, neural networks analyses, and soft computing. The authors carefully detail and explain the relative advantages of these tools.

Liftin and Wolfram describe automated self-checkout systems that enable shoppers to scan, bag, and pay for their purchases by themselves. Automated self-checkout systems deliver lower costs and greater flexibility to retailers and yield shorter queues, a faster checkout process, more privacy, and greater customer control of purchasing. This chapter is based on empirical research and provides helpful recommendations for making such systems more customer friendly.

Uncles claims that a buyer-centric revolution in retailing is taking place. Four forces are driving the revolution: (1) the rise of technology-savvy customers, (2) the spreading fad and fashion consciousness of retail customers, (3) the growing importance of experimental shopping, and (4) increasing consumer assertiveness. These forces promise to affect the consumer choice decision process and to present new challenges for retail analysts.

Sonneck and Ott describe a complex retail environment shaped by (1) the rise of new competing channels and (2) consumers who demonstrate multichannel shopping and needs structure. The authors present a framework to analyze this new world so that retailers can better react to and leverage multichannel shopping behavior.

Fox and Sethuraman follow up on the topic of multichannel retailing by discussing key trends and evolving issues in two types of prevailing competition: within-format and between-format retailing.

The trend in the United States is toward increasing between-format competition as all retailers extend their product offerings. The authors argue convincingly for improving retailers' store-format portfolio.

Trends in Retail Management

Section 3 describes trends and evolving issues in the management of a retail firm's human resources, marketing mix (i.e., pricing, promotion, and distribution), and supply chains. The authors predict that the future is always difficult, but they provide some key insights that will help managers prepare for an even more volatile and unpredictable retail environment.

This section begins with the critical role of human resource management in the formulation and execution of business strategies of international retailers. Merkel, Jackson, and Pick provide a comprehensive overview of important human resource management challenges in an international setting. The authors outline the key steps that leading retailers are taking to ensure that their organizations' business strategies adapt effectively to the cultural differences of diverse countries.

Do larger assortments better meet consumer needs? Broniarczyck and Hoyer review recent research that questions this conventional wisdom. Their findings show that through selective reduction and proper organization, retailers can shrink the number of products offered without lowering consumer perceptions of assortment. Thus, having an optimal assortment rather than simply a large assortment is critical for retailers. New technologies, including RFID tags, will help retailers optimize assortment management.

Verhoef and Sloot review findings from various empirical studies of consumer reactions to out-of-stocks (OOS), the antecedents of these reactions, and management approaches to reducing OOS. The authors discuss the adoption of RFID tags and automated store ordering systems and their likely impact on OOS. Because OOS profoundly influence consumer attitudes and shopping behavior, better management of the entire delivery system, including the last 100 meters from retail dock to check out is absolutely critical.

Today's retailers face a renewed emphasis on pricing practices, and two chapters explore these issues. Bolton, Shankar, and Montoya's analysis of successful pricing strategies suggests a movement toward customized pricing, which they examine in depth using a six-step pricing architecture. Next, Simon, Von der Gathen, and Daus suggest a five-step scheme for implementing improved pricing processes, beginning with the formulation of strategic guidelines and ending with a discussion of how to establish a control-and-monitoring system.

Evanschitzky, Blut, and Ahlert offer a detailed comparative analysis of retailing in various G8 countries. Although the authors conclude that each country has its own retail structure, they note that there is potential in some countries for the introduction of new retail formats. The challenge is to find the balance between culture and creativity.

In a chapter on electronic retailing, Weitz discusses the classes of merchandise and services that are sold through the electronic channel today and will be sold in the future. He talks about which companies are best positioned to sell merchandise successfully, the growth of multichannel retailers, and common problems in selling through electronic channels. Weitz concludes with inspiring projections of the world-wide growth of electronic retail sales.

Huchzermeier and Iyer focus on supply chain management issues associated with frequently promoted products. The emphasis is on developing accurate forecasts of the demand impact of such promotions and its role in affecting orders and inventories. This chapter includes a state-of-the-art review of the relevant literature and provides insights into how manufacturer-retailer collaboration can improve performance in this environment.

Gedenk, Neslin, and Ailawadi examine the effectiveness of retailer promotions. The authors review promotion instruments, such as temporary price reductions or coupons and the effects of these promotions on profits and sales. In addition to traditional instruments, they examine sales promotions that arise from new technologies, such as loyalty cards and electronic advertising displays.

Reinartz discusses the strategic management of loyalty programs. His critical overview discusses different types and design characteristics of loyalty programs. The potential roles of loyalty programs in increasing customer satisfaction and retail performance are detailed.

Raman and Naik (1) review the genesis and definition of integrated marketing communications, (2) present the standard multimedia model of communications, and (3) elucidate the emerging results from the integrated marketing communications model. They reveal how retailers should act differently as they seek to determine the communications budget amount and optimally allocate it to create synergies. The chapter concludes with an interesting outlook on new research avenues.

What makes this book unique? In other words, why should you read it?

1. The book identifies and discusses key technology trends in retailing and their impact on service design and retail performance, thus showing how technology is revolutionizing retailing. Any retailer that underestimates or incorrectly diagnoses the application of technology risks obsolescence.
2. The book combines knowledge from academia with practical examples. This combination opens the door to intellectually stimulating and "easy-to-read" evaluation of retailing's future.
3. The book brings the world of retailing together. Globalization promises to transform retailing over the next 20 years to a similar extent as it transformed manufacturing in the past 20 years. Managers will need to understand the role of culture, infrastructure, and regulation as they formulate their response to the globalization of the retail market.
4. The book offers a holistic perspective that examines trends along the entire value chain. This perspective reinforces a process-driven view of retailing that never loses sight of the end consumer's needs.

I recommend this book to both students and executives interested in retail management. It is best suited to reading by senior managers at larger organizations, but it could be used as a text for a seminar that touches on one or several important trends in retailing. Although the book's numerous articles are somewhat redundant, it provides key insights into future trends in retailing and will help the target audience think through critical issues that affect retail strategy development and execution. A selective reading would benefit anyone who hopes to succeed in tomorrow's retail environment. Communication from the editors indicates that some of the shortcomings in the current edition (e.g., lack of discussion of the Indian market, markdowns) will be addressed in a second edition that is scheduled for spring 2007.

—Thomas Rudolph, University of St. Gallen.