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Bridging the gap

Leeflang, Pieter

Published in:
European Journal of Marketing

DOI:
[10.1108/EJM-03-2017-0172](https://doi.org/10.1108/EJM-03-2017-0172)

IMPORTANT NOTE: You are advised to consult the publisher's version (publisher's PDF) if you wish to cite from it. Please check the document version below.

Document Version
Publisher's PDF, also known as Version of record

Publication date:
2017

[Link to publication in University of Groningen/UMCG research database](#)

Citation for published version (APA):

Leeflang, P. (2017). Bridging the gap: reflections on theorizing with managers. *European Journal of Marketing*, 51(7-8), 1153-1160. <https://doi.org/10.1108/EJM-03-2017-0172>

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European Journal of Marketing

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Peter S.H. Leeftang,

Article information:

To cite this document:

Peter S.H. Leeftang, (2017) "Bridging the gap: reflections on theorizing with managers", European Journal of Marketing, Vol. 51 Issue: 7/8, pp.1153-1160, <https://doi.org/10.1108/EJM-03-2017-0172>

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Bridging the gap: reflections on theorizing with managers

Bridging the
gap

Peter S.H. Leeftang

*Department of Marketing, Faculty of Economics and Business,
University of Groningen, Groningen, The Netherlands*

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Received 1 March 2017
Accepted 2 March 2017

Abstract

Purpose – The purpose of this paper is to reflect on Nenonen *et al.*'s paper on theorizing with managers. This paper discusses differences between marketing science and marketing practice and gives suggestions to reduce the theory–praxis gap. It gives examples of quantitative studies that have been performed with practitioners and use the choices proposed by Nenonen *et al.* to draw conclusions.

Design/methodology/approach – This paper is based on personal experience of the author, which is supported by a substantial number of empirical studies.

Findings – Cooperation with marketing managers/decision-makers is most successful when the initiator is the practitioner. Public policy and litigation are the most promising areas for cooperation. It is difficult to publish the outcomes of these “joint” studies in top journals.

Originality/value – This study extends and continues the results of the study by Nenonen *et al.*

Keywords Theory, Theory-practice gap, Collaborative theorizing, Quantitative analyses

Paper type Conceptual paper

1. Introduction

Over the past six decades, marketing concepts, tools and knowledge have gone through tremendous developments. The trend toward formalization has affected orientation and decision-making and has clarified the relationship between marketing efforts and (financial) performance measures (Leeftang, 2011). The evolution of marketing thought has received strong support from concurrent revolutions in data collection, research techniques and IT.

Notwithstanding these developments, there is a substantial gap in “Marketing Science”, i.e. the generated scientific knowledge of marketing and its use in marketing practice (Reibstein *et al.*, 2009; Jaworski, 2011; Roberts *et al.*, 2014).

In their seminal article, Nenonen *et al.* (2017) suggest involving practitioners in research processes as a possible way to bridge the gap between theory and practice. They suggest abduction as the mode of inference when theorizing with managers. Abduction offers better opportunities to intertwine conceptual development and empirical observation than deduction or induction.

Abduction can be defined as a kind of argumentation “in which the major is evident, but the minor is so obscure to require further proof” (Webster, 1983, p. 3).

Nenonen *et al.* specify choices that researchers have to make when designing research processes involving managers as active and empowered participants to generate and socialize relevant (marketing) knowledge. They also conclude that concepts and frameworks resulting from a collaborative theorizing process are more accessible and understandable to participating managers than theories to be read from various library services. Furthermore, context-specific knowledge representations were often mentioned as a benefit of collaborative theorizing, and effective socialization of knowledge is connected to the speed and ease of turning managerial insights into managerial action.

In this reflection, I will first explain why gaps between practitioners and academics exist. Then I will discuss my own experiences in theorizing with managers and use the “main choices”, which are shown in Nenonen *et al.*’s framework. Finally, I will specify conclusions.

2. The gap between marketing science and marketing practice

The increasing availability of big data offers opportunities for researchers to develop and apply methods and models that advance our marketing knowledge and produce generalizable phenomena[1]. Methods, techniques, models, concepts, tools and knowledge that are developed in marketing are known under the collective noun – marketing science, where we use this term in its broadest sense including the many disciplines relevant to marketing. [Eisend \(2015\)](#) demonstrated that a considerable body of marketing knowledge has been developed using a meta-meta analytic study, i.e. a meta-analysis of meta-analyses. He also concludes that the marketing field has reached a stage of maturity. Knowledge has increased over time, but at a decreasing rate.

What are the characteristics of marketing science? ([Leeflang, 2004](#); [Hanssens *et al.*, 2005](#))

- It generally deals with specific problems;
- the outcomes of most studies are more descriptive than prescriptive;
- neither relevance to real-world problems nor the likelihood of implementation is a critical consideration in many studies; and
- most techniques have a high degree of sophistication.

Features that characterize decision-making in marketing practice are ([Leeflang, 2004](#); [Hanssens *et al.*, 2005](#)):

- much marketing decisions are of a repetitive nature;
- marketing practice is more interested in solutions (prescriptions) than in descriptions;
- many marketing problems cannot be supported by appropriate data;
- practitioners favor simple, complete and robust models;
- practitioners favor model outcomes that fit the outcomes of their own (mental) models; and
- marketing problems usually have to be solved given time constraints, which are more restrictive than in marketing science.

I suggest to bridge the gap between academics and practitioners from both sides of the bridge.

2.1 Academics

- develop and implement more “standardized” models, methods and solutions;
- continue to develop generalizations and diffuse laws in marketing to practitioners;
- develop tools, methods and models for senior officers to recognize the value of these elements, and in a broader sense, “marketing” in the boardroom ([Verhoef and Leeflang, 2009](#));
- develop opportunities theorizing with managers, and develop skills to understand practical marketing problems ([Nenonen *et al.*, 2017](#)); and
- spend some time (at least four to six months) in a company to understand what marketing practitioners do (most researchers and PhDs have no idea what marketers are doing).

One element needs some clarification. Given that marketing science generally deals with specific problems and specific solutions (see before), there is a need to use more standardized models, methods and solutions. As an example, I refer to “a standardized model” – a set of one or more relations, where the mathematical form and the relevant variables are fixed (Hanssens *et al.*, 2005).

2.2 Practitioners

Successful implementation of marketing knowledge depends on the following determinants (Leeflang *et al.*, 2000, chapter 19):

- (1) Develop opportunities theorizing with academics. The success of these efforts depends on factors such as:
 - involvement of the practitioner; and
 - “personal stake”, i.e. if “theory”, research outcomes, etc. can be shown to improve the quality of a manager’s decision and if improved decision-making leads to better performance, then the research outcomes are more likely to be implemented.
- (2) Practitioners’ understanding: the gap between academics and practitioners can be bridged by mutual understanding. This implies on the part of the practitioner that he/she:
 - understands “marketing theory” at least at a level that he/she is able to communicate with the academic researchers; and
 - is able to evaluate the quality of the research outcomes.

This implies that the practitioners should in one or the other way keep up with the marketing literature.

3. Theorizing with practitioners: some quantitative examples

In the last paragraph of their paper, Nenonen *et al.* (2017) state that future research is needed about the conditions under which collaborative theorizing is likely to be successful. I summarize some of my experiences working with practitioners in the past 40 years. I do not consider studies in which companies like AC Nielsen, GfK, Unilever, Heineken, etc. supplied data. I have to make a selection and discuss projects which are rather diverse – (Table I). Given that Nenonen *et al.*’s examples are more of a qualitative nature, I concentrate on more quantitative marketing studies.

Table I summarizes four projects and highlights the decisions that have been made. To this end I used most choices that have been formulated by Nenonen *et al.* (2017).

I briefly discuss these four projects which are all performed in cooperation with researchers of the marketing department of the University of Groningen in The Netherlands.

3.1 Entry of private broadcasting on advertising incomes of existing media

The Dutch Government asked us to study:

- the impact of an increase in the time available for commercials in the public broadcasting system in The Netherlands on the demand for advertising space in newspapers and magazines; and
- the effect of the introduction of private broadcasting (planned for October 1989), supported in part by commercials, on the advertising volume in newspapers, magazines and public broadcasting in 1989 and 1990.

Table I.
How to theorize with
managers: some
empirical examples

Decision areas	Project			
	1	2	3	4
	Entry of private broadcasting channels	Modeling effects of sales promotions	Effects of catastrophic events on sales	Pharmaceuticals
Participant	Government (Minister of Culture)	AC Nielsen	Unilever	Nefarma (Organization of Pharma Companies)
Research question	Defined by government	Defined by AC Nielsen	Defined by Unilever	Defined by Nefarma
Methods	Qualitative and quantitative methods	Econometric models	Time-series analysis	Econometric models
Scope of inquiry	Data outside collaboration	Data from company	(Limited) data from company	Data outside Nefarma
Power balance academics/managers	Academics in control	Equal partners	Equal partners	Academics in control
Monetary investment from participating organizations	Both parties	AC Nielsen, later both parties	Unilever	Nefarma
Resulting knowledge	Predictive	Predictive	Normative	Normative
Academic contribution	Alsem <i>et al.</i> (1990); Alsem and Leeftang (1994)	Wittink <i>et al.</i> (2011)	Leeftang <i>et al.</i> (2000, pp. 471-473)	Leeftang and Wieringa (2010); Wieringa and Leeftang (2013)
Managers' use of resulting knowledge	Instrumental	Instrumental	Instrumental	Instrumental

Alsem *et al.* (1990) constructed an econometric model to answer the first question. This model, however, cannot be used to predict the effects of new entrants on the market. For this, the researchers used an intention survey – for example, Alsem and Leeftang (1994). We accounted for several scenarios and have been able to specify high-quality predictions.

3.2 Modeling the effects of sales promotions on sales: SCAN*PRO models

The late Dick Wittink had been asked by AC Nielsen to develop “standardized” implementable models that could be used to predict the effects of changes in regular and promotional prices, featuring and display on (weekly) brand sales in the mid 1980s. As a result, the so-called SCAN*PRO model was developed. AC Nielsen sold this model in the past three decades to at least 3,000 different firms all over the globe. Together with Dick Wittink, we developed several modifications which have been published in a number of top journals such as the *Journal of Econometrics*, *Journal of Marketing Research* and *Marketing Science* (Foekens *et al.*, 1999; Van Heerde *et al.*, 2000, 2001, 2004). It is interesting to note that the basic model developed by Wittink and his colleagues in 1988 has only been published recently (Wittink *et al.*, 2011). I am not sure whether the knowledge that has been developed in the modified SCAN*PRO models has been diffused among AC Nielsen’s customers.

3.3 Effects of (two) catastrophic events on brand sales

Together with Michel Wedel, my former colleague at the University of Groningen, I was asked to assist Unilever in a lawsuit. AkzoNobel (Germany) was alleged to have supplied harmful ingredients to a Unilever subsidiary for the production of the brand Iglo (frozen food, ice creams). Two people were poisoned after consuming Iglo’s frozen food. Due to an incomplete recall procedure, two more people became sick from Iglo’s products in a subsequent period. Hence, the manufacturer of Iglo incurred two successive catastrophic events, both of which could affect the brand’s sales, category sales (frozen food), sales of other Iglo products (cross-category effects) and Iglo’s brand equity. For the estimation of impact, no data on marketing variables were available, and so at that time, series models were applied to category sales, brand sales and market shares with two intervention dummy variables. The separation of the two events provided the basis for the allocation of the total damage between the supplier and the manufacturer.

3.4 Modeling the effects of pharmaceutical marketing

Many models that have been developed to investigate whether pharmaceuticals’ promotional marketing effects are based on pooled data, and hence, they use a restricted model. Data are pooled over different brands, which are in different stages of their product life cycle and pertain to different product categories. For example, Rizzo’s (1999) model estimates the effects of promotional efforts on demand and the price elasticity of demand for antihypertensive drugs. In turn, Rizzo’s model has been slightly modified in a study by researchers from the Central Planning Bureau (CPB) in The Netherlands (a governmental organization) (Windmeijer *et al.*, 2005). Their study considers the following research questions:

RQ1 What is the price elasticity of demand for prescription drugs?

RQ2 What is the effect of promotion on sales, and how much of the effect is due to “market stealing” versus “market making”?

RQ3 Does marketing change the price elasticity of demand?

The answers to these questions constitute important input for political debate about policy interventions on pharmaceutical markets in The Netherlands. However, the answers are

based on demand equations that are pooled across 140 brands and 11 product categories. Furthermore, in these models, the marketing expenditures are aggregated over all marketing instruments, and the dynamics are not modeled appropriately. Finally, the demand equations contain prices, but neither prescribers nor consumers are likely to respond to pharmaceutical prices, at least in the observational period.

We have been asked by the Dutch Organization of Pharmaceutical Companies (Nefarma) to address these shortcomings of this study through re-specification and re-estimation of the models, based on the same data that were used by the CPB-researchers. CPB did not want to share the data they used for their study, and Nefarma allowed us to buy these data again and redo the analysis. To this end, we developed models to determine the effects of promotional marketing effects on sales which:

- are, at least, in principle, unique for each brand in each category, and hence; and
- are not based on pooled data.

We demonstrate that the parameters show large variations in parameter values and that less-restricted models have better statistical and predictive validity. We also demonstrate that conclusions of the CPB studies are based on incorrect model assumptions. Specifically, in contrast to earlier findings, we do not find evidence for persuasive effects of marketing expenditures. Based on the outcomes of a more appropriate model, we conclude that the pooled analysis suggest stronger effects of marketing expenditures than can be substantiated by brand-level analyses.

3.5 Challenges and solutions for marketing in a digital era

Finally, I like to say a few words about an intense relation with practitioners from McKinsey & Company. I was approached in 2011 to define trends and major challenge in today's marketing. We performed expert interviews with leading marketing scientists at the European Marketing Academy (EMAC) in Ljubljana in 2011, McKinsey clients and McKinsey experts to define tensions in marketing. The results of this qualitative phase clearly suggested that today's marketing challenges are digital. We then formulated the most important "digital" marketing tensions and performed an online survey among readers of the *McKinsey Quarterly*, i.e. using the *McKinsey Quarterly's* panel. Only those readers were approached that had self-identified themselves as sales and marketing executives of their respective companies across the globe. Given that we used the *McKinsey Quarterly's* panel, the used sampling method is a convenience sample with its inherent limitations. In total, 3,743 executives were approached in our survey conducted in October 2011. We excluded respondents that did reply "don't know" to at least half of the questions in the questionnaire. This resulted in 777 usable responses (response rate 20.8 per cent).

We published our results in the *European Management Journal* (Leeftang *et al.*, 2014). Some top-ranked marketing journals rejected earlier versions of the paper given that we used a convenience sample. The questionnaire was already sent to the panel members before, we, as academics, could intervene [...]. As a result of the high-speed McKinsey train, we obtained data before the end of the year (2011). In this case, the power balance between academics and practitioners has been too much on the McKinsey side.

4. Conclusions

From the examples, we can draw the following conclusions:

- Most theorizing with practitioners resulted in scientific publications, although usually not in the "A-ranked (top)" journals.

- In all these projects, the initiator was the practitioner. Studies in litigation are usually not publishable.
- Almost all top journals in marketing are not receptive to studies, which result from theorizing with managers, unless new concepts and/or new models/techniques are used. The practice prize papers of the Gary L. Lilien ISMS-MSI Practice Prize Competition in *Marketing Science* are exceptions, but also these papers are usually more “academic” than “practical”.
- Public policy and litigation are the most promising areas to “theorize with managers” (decision-makers). I not only experienced that in the studies 1, 3 and 4, but also in other studies.
- Abduction (instead of deduction or induction) is usually the most frequently used approach to “theorize” with practitioners.
- All results from these five (and other) studies are context-specific and instrumental.
- Personally, I think that cooperation and building bridges are better forms to characterize the interplay between academics and practitioners than “theorizing”. Usually both ends of the bridge touch each other, but are (still) too weak to support “new theories in marketing”.

Note

1. Parts of this section are based on [Hanssens et al. \(2005\)](#); [Leeflang et al. \(2015, Section 10.2.2\)](#).

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Corresponding author

Peter S.H. Leeflang can be contacted at: p.s.h.leeflang@rug.nl

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1. BrodieRoderick J., Roderick J. Brodie, NenonenSuvi, Suvi Nenonen, PetersLinda D., Linda D. Peters, StorbackaKaj, Kaj Storbacka. 2017. Theorizing with managers to bridge the theory-praxis gap. *European Journal of Marketing* 51:7/8, 1173-1177. [[Abstract](#)] [[Full Text](#)] [[PDF](#)]