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# **Market Response Models: Econometric and Time Series Analysis**

# **International Series in Quantitative Marketing**

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# **Market Response Models: Econometric and Time Series Analysis**

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To the memory of Dr. and Mrs. Germain  
Hanssens. D.M.H.

To Margaret and Robert Grieve, and Marion and  
Leonard Parsons, in honor of their 50th wedding  
anniversaries. L.J.P.

To Irene K. Schultz and the memory of Robert  
L. Schultz. R.L.S.

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## Preface

This book reports over a decade's worth of research on the development of empirical response models that have important uses for generating marketing knowledge and improving marketing decisions. Some of its contributions to marketing are the following:

1. It integrates state-of-the art technical material with discussions of its relevance to management.
2. It provides continuity to a research stream over 20 years old.
3. It illustrates how marketing generalizations are the basis of marketing theory and marketing knowledge.
4. It shows how the research can be applied to marketing planning and forecasting.
5. It presents original research in marketing.

The book addresses both marketing researchers and marketing managers. This can be done because empirical decision models are helpful in practice and are also based on theories of response. Econometric and time series analysis (ETS) is one of the few areas in marketing where there is little, if any, conflict between the academic sphere and the world of professional practice.

*Market Response Models* is a sequel to *Marketing Models and Econometric Research*, published in 1976. It is rare for a research-oriented book in marketing to be updated or to have a sequel. Unlike many other methodologies, ETS research in marketing has stood the test of time. It remains the main method for discovering relations among marketing variables.

What constitutes marketing knowledge? In our view, marketing generalizations provide the empirical basis for marketing theory and hence define marketing knowledge. Rather than dwelling on terminology or philosophical

considerations, this book presents ideas about knowledge generation that are understandable and that work. It also presents research findings in the form of marketing generalizations, so it contributes to marketing knowledge.

*Market Response Models* offers an approach to planning and forecasting that is implementable in any marketing organization. Unlike books that are compendiums of techniques, this book shows how its subject matter can be used to improve marketing planning and forecasting through a logical, analytical framework. The fact that the kind of models reported are used regularly in business lends credibility to the analysis.

Finally, since the book is a research contribution to the marketing and management science literature, it contains original material. It bridges gaps in current research and offers suggestions for future research. To a large extent, the integration of ETS research as presented in this book is also original.

The book begins with an overview of response models and their use for research and management. This is followed by a discussion of the methodology of econometric and time series analysis. Next, empirical results on response models are presented, together with ways in which they can be applied. The book concludes by exploring how such models can be implemented to achieve scientific and management goals.

Although there is a good deal of technical material in this book, it was written to appeal to managers as much as researchers. If a manager feels uncomfortable with some of the mathematics, a researcher can be called in to execute the model building. If a researcher doesn't understand the management problem, a manager can explain the need for the research. A book written to serve only one of these two essential audiences would fail in its mission; only by integrating the material—and the people involved—can the book achieve its purpose.

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