

# KnowledgePills

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EXECUTIVE EDUCATION

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# Should you change your company logo?

## How customers alter their perception of a business based on its logo shape



**Your company logo is often the first thing potential customers see. People tend to make up their mind in a split second as to whether your company is trustworthy or not, so making a good first impression is crucial.**

ESADE Assistant Professor María Galli and her research colleagues at the Hong Kong Polytechnic University and INSEAD have investigated how company logos can influence customer perceptions in the *Journal of Consumer Research*.

The research article “Does Your Company Have the Right Logo? How and Why Circular and Angular Logo Shapes Influence Brand Attribute Judgments” reveals a novel finding for marketing experts: The shape of a logo can affect the judgments people make about the attributes of a company or a product.

### What circular or angular logos say about your product

The researchers conducted five experiments in which participants were asked to evaluate products after seeing advertisements. For instance, people were shown an ad for a sofa featuring either a circular logo or an angular logo, and were then asked to report how they perceived it in terms of certain attributes.

“We found that the circular logo led to perceptions of higher comfortableness, while the angular logo led to perceptions of higher durability,” says Prof. Galli.



**María Galli**

Prof. Galli is an experimental researcher in the area of consumer behavior.

A large part of her work is concerned with elucidating the psychological processes that underlie the formation of memory links, or associations, among stimuli one encounters in a consumer environment (e.g. associations between brands and positive or negative feelings elicited by events they may appear together with), and the implications of these learned associations for consumer judgments and behavior.

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 María Galli teaches:

Marketing I,  
 Marketing Communications  
 Strategy and Experimental  
 research design in:

- › BBA
- › MSc Programs in Management
- › MRes in Management Sciences



But how did the differently-shaped logos lead to these perceptions of comfortableness and durability?

According to Prof. Galli, seeing a **circular shape** activates the concept of ‘softness’ in our brain, and this alters our perception of the product’s **comfortableness**. Similarly, seeing an angular shape activates the concept of ‘hardness’ in our brain, altering our impression of the product’s **durability**.

#### **And about your firm’s behavior...**

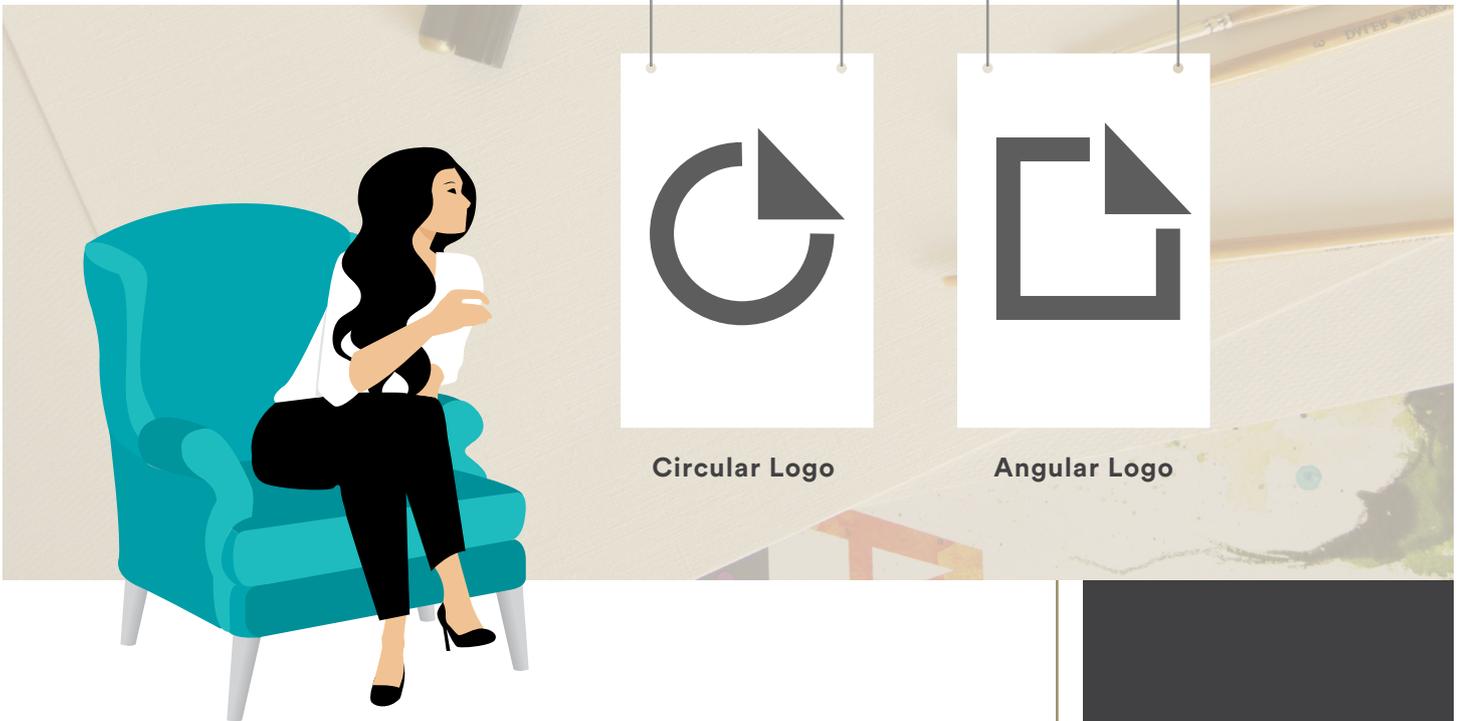
Interestingly, the influence of logo shape even transcended the physical notions of softness and hardness. In one experiment, participants were shown the scenario of a passenger with overweight luggage trying to board a flight operated by an airline with either a circular or angular logo. When asked if the passenger would be allowed on board without a penalty, participants judged it more likely when the airline had a **circular logo**.

They also thought the airline with the circular logo **cared more about its customers** and would **more likely respond to their needs**.

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We found that the circular logo led to perceptions of higher comfortableness, while the angular logo led to perceptions of higher durability.

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### How can businesses benefit from these findings?

Knowing how customers react to circular vs. angular logo shapes gives businesses additional tools to shape perceptions of physical (e.g. comfortableness) and nonphysical (e.g. customer sensitivity) attributes, **helping them achieve a better impact** based on their needs.

“For instance, if you are selling sports shoes and want your customers to perceive them as more durable, an angular logo would be more effective, as the notion of ‘hard’ that would be activated in your brain would unconsciously reinforce this sentiment,” says Prof. Galli.

The authors warn that if consumers were aware of the unconscious associations triggered by the logo shapes, they could correct for the associated bias in their product perceptions.

“However, most of the time our brains are too busy processing the countless stimuli we encounter every day, so the logo shape’s influence on our perception is likely to remain outside our awareness.”

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# The dark side of the sharing economy

## Why collaborative consumption platforms fuel a new form of neoliberalism on steroids



Collaborative consumption platforms, which allow users to share their possessions with others, have been described as fostering inherently pro-social acts and feelings of solidarity.

But is the sharing economy as beneficial as we think?

ESADE Associate Professor David Murillo and his research colleagues Heloise Buckland and Esther Val have exposed an intriguing fact: the sharing economy is best perceived as a new form of neoliberalism on steroids.

Yes, collaborative consumption platforms have a dark side. The researchers challenge the main claims in favor of the sharing economy with research-backed data that show a growing number of controversies emerging in the literature.

Sharing economy pioneers argue that the movement is democratic, flat in structure and hierarchy, that it revolves around empowering ordinary people, that it enables trust, and that it is considerably more participatory and sustainable than other sectors of the economy.

“Many sharing economy supporters are blind to the dark side of these innovations,” warns Prof. Murillo. “We have unravelled core controversies that call into question the beneficial social impact of these collaborative consumption platforms and the technosolutionist thinking that has become so widespread in the digital economy.”



**David Murillo**

Prof. David Murillo has worked in the financial, public and non-profit sectors, where he has gained experience in commercial banking, as a local development agent and as an NGO manager in the field of community mental health, respectively.

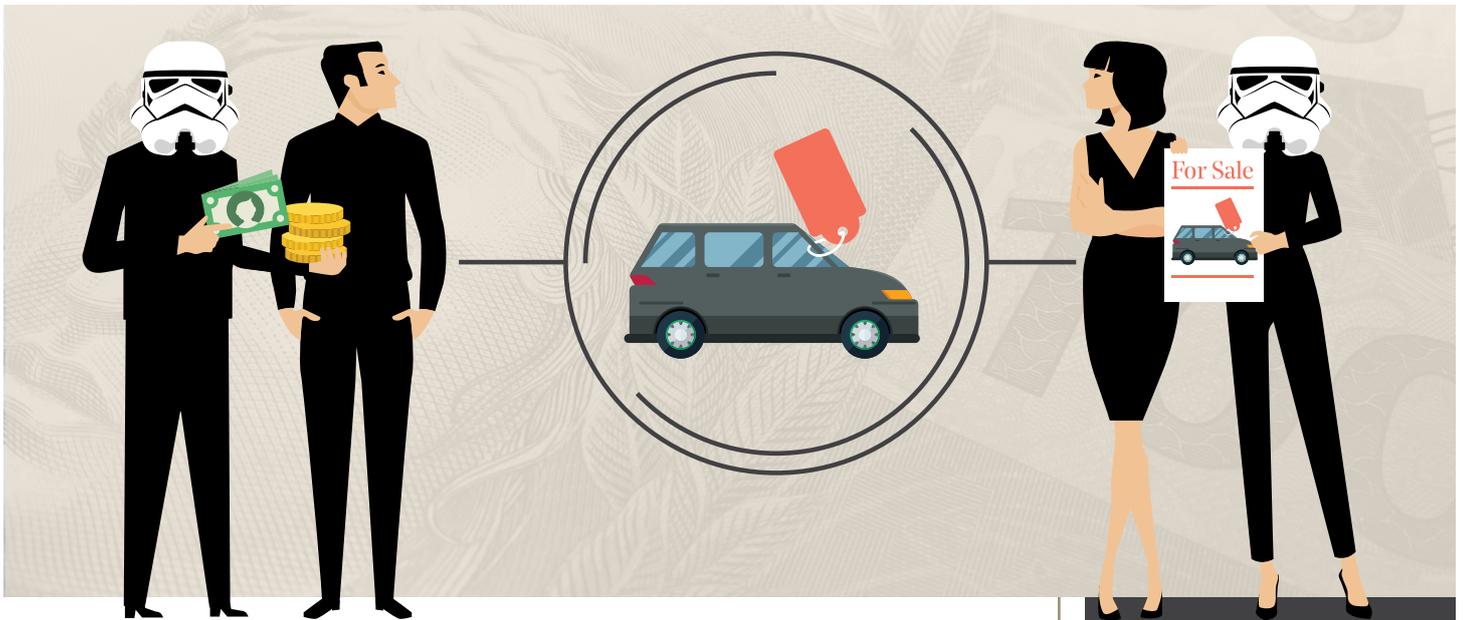
His academic work focuses on the areas of business ethics, geopolitics and globalization studies.

Prof. Murillo has served as an advisor on CSR-related issues to the Catalan Government, the Spanish Ministry of Industry, the UNDP, the ILO, the IDB and other institutions.

David Murillo teaches courses on:

Geopolitics, Business Ethics and Social Trends in:

- › MSc Programs in Management
- › MBA
- › EMBA
- › Executive Education Programs



## The 5 core controversies of the sharing economy

### 01. Market controversies

Who makes the money? The reduction in transaction costs in the sharing economy is facilitated by organizations that often go on to become extremely large and highly valued international businesses. The researchers found that over half of the activity in each sharing category is controlled by just one company. “These businesses have the same strong incentives to eliminate competitors and establish monopolistic markets as in any other segment of the digital world,” says Prof. Murillo.

Moreover, users of these services don’t have fair access to the wealth that is created. “For instance, 75% of Airbnb’s overall revenue comes from full-home rentals, which is not sharing – that’s common renting,” explains Prof. Murillo.

### 02. Government controversies

Fair competition and respect for the law are difficult to achieve without public intervention. In the sharing economy realm, however, many believe that self-regulation is beneficial.

“Many of the big players in the sharing economy have the means to take advantage of loopholes in national regulations, and the business model seems to revolve around escaping law abidance. A lack of public surveillance over how businesses operate creates a clear opportunity for tax avoidance,” warns Prof. Murillo.

Sharing economy

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These businesses have the same strong incentives to eliminate competitors and establish monopolistic markets as in any other segment of the digital world.

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### 03. Worker controversies

One result of the sharing economy is a shift away from contract employment with traditional companies and towards more short-term and freelance work.

“The flip side is that the rights, benefits and fair-pay levels of this emerging sector of freelancers seem to be under threat. For instance, Uber drivers can be held accountable for accidents on the job, TaskRabbit workers do not receive a pension, and workers looking for health insurance or job stability are unlikely to find it in the sharing economy,” says Prof. Murillo.

### 04. Consumer controversies

Many of the top sharing companies have hugely popular reputations, thanks to a sophisticated system of mechanisms and algorithms. Empirical research on Airbnb reveals that the more trustworthy a host is perceived to be in her photo, the higher the price of the listing and the greater the likelihood of being chosen. “We might simply be relying on the pretence of trust, on a false perception of trustworthiness,” warns Prof. Murillo.

### 05. Environmental controversies

Contrary to the claims of sharing economy supporters, a comprehensive review of 56 scientific research papers reveals that the ecological footprint of business-consumer ecommerce is significantly greater than that of conventional shopping. The authors conclude that the environmental impact of the sharing economy remains yet another grey area in need of further exploration.

Core controversies  
of the sharing  
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# How to get promoted from Chief Marketing Officer to CEO

## 7 key strategies to become your company's highest-ranking executive

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**Seventy-three percent of CEOs believe that Chief Marketing Officers lack credibility in their organizations and over 53% of Fortune 1000 companies do not have a marketing executive on their board of directors. In this challenging scenario, how can marketing executives increase their credibility and get promoted to CEO?**

ESADE Associate Professors Gerard Costa and Mar Vila reveal key strategies that can help Chief Marketing Officers (CMOs) pave the way to becoming their company's CEO. Their research in *Harvard Deusto Business Review* challenges the traditional view of senior management that CEOs with other backgrounds may be better suited to the task.

When the researchers asked CEOs about the reasons behind the lack of marketing executives in CEO positions, the answers were quite homogeneous.

“Business priorities are often linked to management areas associated with departments such as operations or finance,” says Prof. Costa.

Most of the CEOs interviewed perceived the marketing department as a tactical unit focused on day-to-day promotions, advertisement campaigns, technical product presentations and the never-ending management of the company's website.



**Gerard Costa**

Gerard Costa is Associate Professor in the Department of Marketing.

His academic interest is primarily focused on structural and cultural aspects of various marketing-related areas and on the impact of market orientation on business results.

He has studied the management of marketing channels, interrelations with the marketing and sales functions, and business management in the health and pharmaceutical industries.

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Gerard Costa teaches:

Marketing Management, Channel Marketing and Social Marketing in:

- › BBA
- › Law
- › MSc Programs in Management
- › ICT
- › Executive Education Programs



The authors challenged this traditional view in their findings. “A company that lacks a marketing plan strongly connected to its core business strategy will be more vulnerable to competitors and less prepared to satisfy market needs,” says Prof. Vila.

## 7 key strategies to become CEO

Chief Marketing Officers aspiring to climb the corporate ladder may have better chances of success if they adopt these 7 key strategies.

### 01. What would the CEO do?

By asking yourself this question, you will familiarize yourself with the complexities of being a CEO. The answer will not always favor your department’s goals, but it will allow you to start reinforcing your viewpoint using vocabulary that is more comprehensible for the CEO. You will evolve from a marketing vocabulary – based on terms such as brand-building, demand creation and customer loyalty – to a language that mainly refers to return on investment.

### 02. Rethink your marketing

Your marketing strategy should evolve from what new products and services you can offer to what else you can do for your customers. This shift in perspective involves assigning a more strategic role to functions such as brand management, marketing channels and data collection. It will also allow you to rethink your department’s marketing structure and evolve from the role of product managers from the 1960s to customer managers.



## Mar Vila

Mar Vila is Associate Professor and Head of the Department of Economics, Finance and Accounting.

Her research and teaching activity is focused on financial accounting and management control as well as the tourism industry.

Specifically, her lines of research refer to performance measurements for tourism businesses and destinations as well as sustainable tourism.

Mar Vila teaches:

Financial Accounting and Managerial Accounting in:

- › BBA/BBE
- › MSc in Finance

### 03. Become a financial guardian

The CMO must adopt a clear position as guardian of financial resources and profitability, moving from managing cost centers to overseeing short- and long-term operating accounts. You need to defend your projects from a global perspective of ROI combined with the use of MROI (marketing return of investment).

### 04. Focus on sales

Sixty-three percent of CMOs agree that acquiring new customers is a top priority. As a CMO, you must align your strategy for new customers and products with the company's overall growth goals. Introducing key performance indicators that link your marketing efforts to market demand and sales results will allow you to reinforce your strategic role within the company.

### 05. Change your vocabulary

As a marketing executive, you need to develop empathy skills for approaching the executive board, which is mostly composed of non-marketing experts who lack your technical background. Avoid marketing jargon in your discussions and frequently mention metrics and indicators that are linked to sales.

### 06. Overcome stereotypes

Some headhunters call marketing experts "dangerous resumes" because of the high turnover in this type of position. This assumption may lead CEOs to believe that CMOs don't want their results to be audited in the long run. One way for CMOs to overcome these stereotypes is by furthering their education in business and strategic management.

### 07. Promote joint projects

Taking on new joint projects with other departments such as sales, operations and IT is another strategic action that will allow you to increase your internal knowledge of the business. This will put you in a unique position, as your department will be the only one with a holistic vision of the customer experience.

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# Why leaders need to know about the evolution of strategy

## A source of useful business ideas for the 21<sup>st</sup>-century leader

Why should leaders know about the science of business strategy? How can they benefit from business models that have been developed in the past? Why should they invest time in discovering key authors in the evolution of strategy?

These and other questions are frequent among business leaders.

“A leader’s commitment is strongly related to the company’s future and management ideas are often associated with the latest business approaches,” says ESADE Professor Marcel Planellas. “Leaders are constantly searching for the ‘latest thing’ and they tend to deny history, but models and theories that have been effective in the past can also be very useful tools for today’s leaders.”

Prof. Planellas’s research in *Harvard Deusto Business Review* and in the ESADE Working Paper *The Evolution of Strategy* shows that discovering other leaders and academics who have solved similar issues in the past can open new perspectives in management. Knowing about the evolution of strategy can be a source of new ideas for the 21<sup>st</sup>-century leader.

### Art and science of management

Being a leader has to do with experience, the development of functions and action-based learning, but it is also connected to knowing specific theories and learning management techniques. That’s why experts sometimes refer to it as the **art and science of management**.



### Marcel Planellas

ESADE Professor Marcel Planellas is a member of the Strategic Management Society, the Academy of Management and the Iberoamerican Academy of Management.

He has taken part in congresses and published articles in national and international journals.

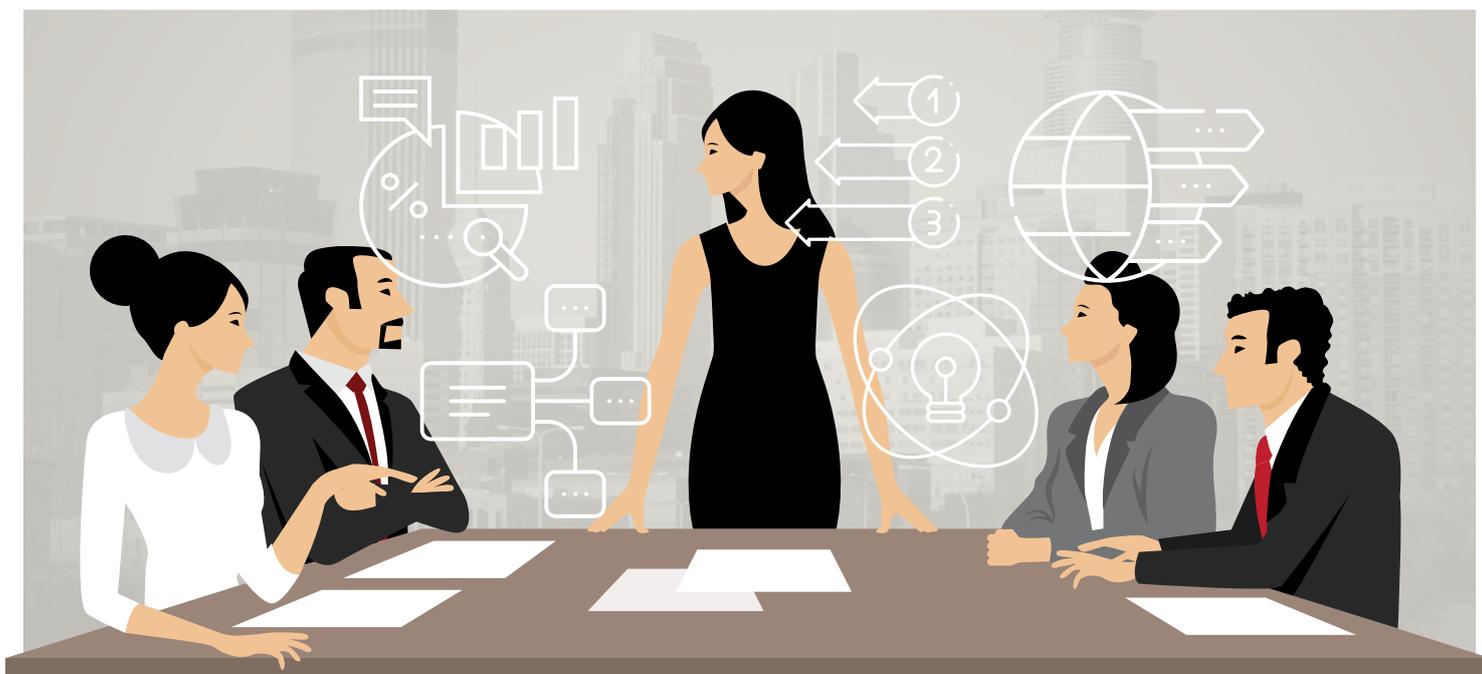
He has served as President of the ESADE Faculty and Secretary General of ESADE. As a consultant, he has led strategic reflection processes in private companies as well as public organizations.

He now serves as an independent director on the boards of several Spanish companies.

Marcel Planellas teaches:

Strategy II, General Management, Business & International Strategy, Change and Innovation Management in:

- › BBA
- › CMBA
- › EMBA
- › Executive Masters
- › Executive Education Programs
- › ICT Programs



“Over the past 50 years, we have witnessed an impressive collective effort to develop the science of business administration and management,” says Prof. Planellas. “Organizations and academic partners have designed **models and tools** to help leaders face their management challenges better.”

Economists, engineers, sociologists, philosophers, psychologists and anthropologists have conducted research on the complex and fascinating phenomenon of organization development. According to Prof. Planellas, the paradox is that all this knowledge and science is surprisingly not very well known or valued by business leaders.

“Perhaps one reason for this lack of knowledge is the **misperception that strategy ideas become** obsolete or expire when new ones emerge,” says Prof. Planellas. “When leaders acquire a historical perspective, they see how new ideas have been built upon previous ones.”

Sometimes new management ideas are just a continuation of existing ones. In other cases, new theories emerge as an opposing view to encourage debate. As in other social sciences, **business management** ideas evolve over time in an ongoing historical process.

“The 21<sup>st</sup>-century leader should know about these management theories and how to use this knowledge in their business strategy. Looking back and discovering authors and models can be a very useful source of knowledge for present and future leaders.”

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One reason for this lack of knowledge is the **misperception that strategy ideas become** obsolete or expire when new ones emerge.

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### Strategic tools

The research findings are a call to action. “On a leader’s bookshelf, classical management books can and should coexist with the latest bestsellers in management. A leader’s task is to be able to select from these strategic tools the most appropriate ones and know how to apply them in the organization’s particular context. These models are **strategic management tools** for executive leaders as well as businesspeople,” says Prof. Planellas.

The author warns that not all models are useful for all contexts and that an **organization’s particular circumstance** is key.

Executive leaders have to select the most appropriate models to build their strategy. They shouldn’t attempt to cover everything. Instead, they should be selective and determine where, when and how specific models can be put to good use.

“The big challenge is to adapt these models to each organization and develop business applications that meet specific needs. Executive leaders and businesspeople of the 21<sup>st</sup> century need to understand the evolution of strategy in order to become the architects of future decisions,” concludes Prof. Planellas.

### Strategic management tools

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# 7 key recommendations on implementing an Industry 4.0 strategy

## Business challenges of the 4<sup>th</sup> Industrial Revolution

Over the last few decades, industrial growth has declined throughout the Western world, in part due to a severe decapitalization process and the relocation of production to low-cost countries. In this challenging scenario, there is growing awareness of the need to reindustrialize the West.

“The complexity of the environment and the opportunities offered by globalization demand the development of new attributes on which to build the industrial future,” says ESADE Associate Professor Carles Roig.

What attributes should this new industry have?

According to findings published in *Harvard Deusto Business Review*, businesses that want to thrive in this environment should develop a series of new attributes that target:

01. Speed and flexibility of response
02. New formulas for collaboration and relations
03. Greater and better use of databases and sources of information
04. Implementation and good use of new manufacturing technologies



**Carles Roig**

ESADE Associate

Professor Carles Roig's work has taken him to Scandinavia, France and Latin America, where he has held a wide array of executive positions in key firms.

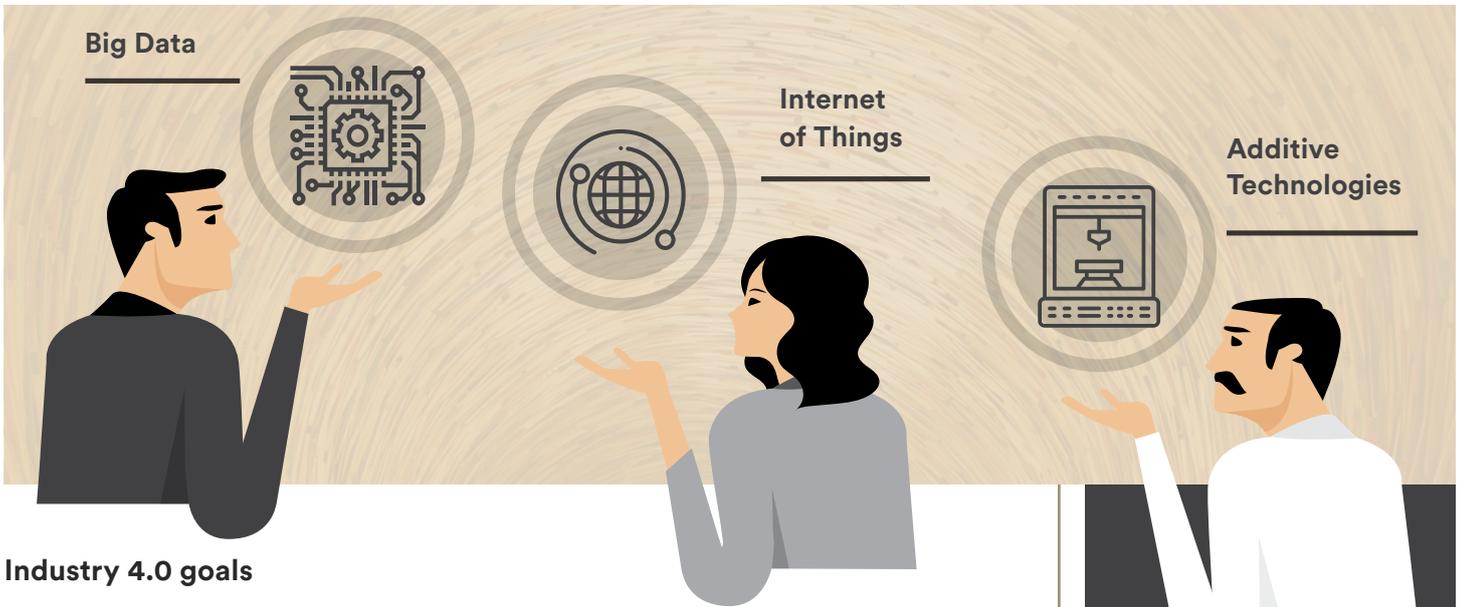
Prof. Roig is currently the Director of the Executive Master in Operations and Innovation (EMOI), having previously served as the Director of the ESADE Part-Time MBA (2002-2007), Director of the International PMD (2010) and the MAGNUM and BIP Programs.

He combines his teaching activity as a Lecturer in the ESADE Department of Operations, Innovation and Data Sciences with his professional endeavors as a business consultant and adviser.

Carles Roig teaches:

Supply Chain Management, Strategy and Operations Management in:

- › Executive Education Programs
- › MBA
- › BBA



## Industry 4.0 goals

The term Industry 4.0, coined in 2011, is frequently associated with the development and adoption of new technologies that are advancing at dizzying speed. Big data, the Internet of Things and Additive Technologies are the three key elements underpinning the concept of Industry 4.0.

“The main goals of this new digital industry lie in three core aspects: improving operational efficiency, optimizing design and governance of the value chain, and developing new business models,” explains Prof. Roig.

## New forms of intelligence and competencies

Industry 4.0 involves developing new forms of intelligence that stimulate the generation of competencies aimed at tackling new supply and demand challenges.

“From a demand viewpoint, this means improving the capacity to interact with customers, that is, including them and giving them a participatory role in production processes in order to personalize the range of products and services offered, and also to develop business models based on customers’ needs,” says Prof. Roig.

From a supply point of view, the increased complexity of the supply chain must be compensated by developing business ecosystems equipped with the best instruments for connectivity and information transmission, but in particular by new criteria for recruitment, management and collaboration between their members. “A swift and personalized response is prioritized over low unit costs, while the capacity to generate dynamic relationships is prioritized over the establishment of static relationships based on long-term contracts.”



### Big Data

The exponential increase in data generation and the development of sophisticated and powerful software are extending new forms of knowledge at the service of business decision-making.



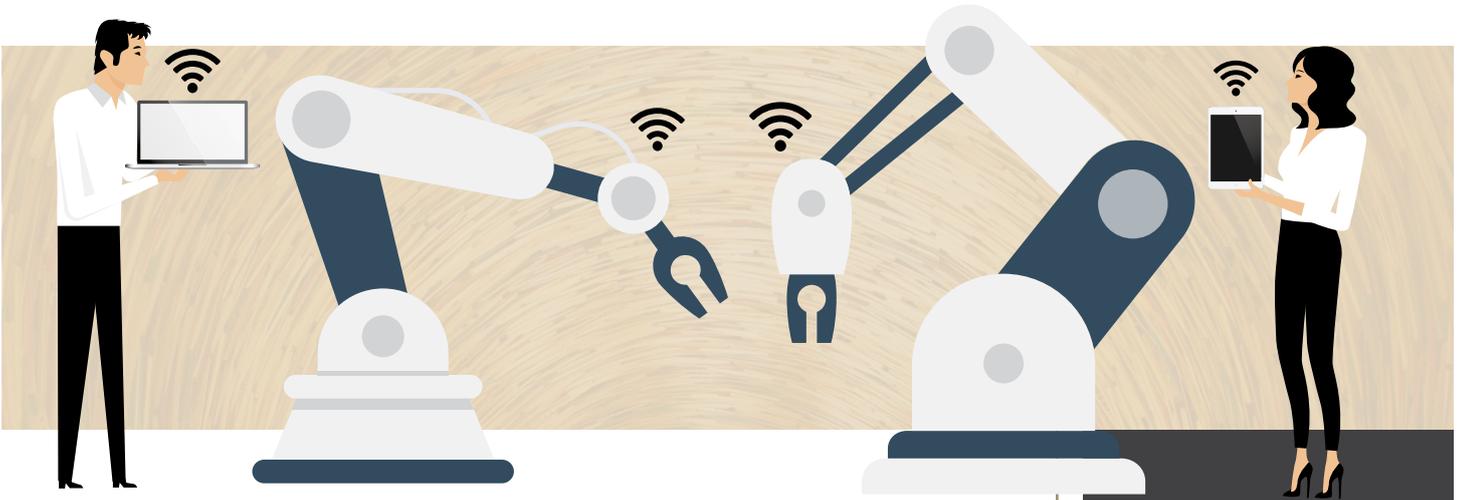
### Internet of Things

New ways of connecting information and improving traceability and real-time data transmission are stimulating interaction between humans and technological devices.



### Additive Technologies

The development of new technologies based on robotics and 3D production are opening the door to the large-scale personalization of products and lower labor costs at any location.



## Key recommendations on implementing an Industry 4.0 strategy

The research findings outline **7 key recommendations** that businesses can follow to implement an Industry 4.0 strategy and improve their chances of thriving in this new digital scenario.

- 1. Plan the scope of your business and align your goals** with the company's general strategy. Clearly define what your goals are and prioritize your actions based on:
  - > improving your operations effectiveness
  - > optimizing your value chain
  - > evaluating the possibility of creating new business models
- 2. Facilitate a work environment** that promotes an **open mentality** oriented towards learning, change and experimentation.
- 3. Define the competencies** that need to be developed, both internally and with external providers.
- 4. Recruit and manage talent**, prioritizing multidisciplinary teams and the capacity to turn data analysis into a strong asset.
- 5. Select a team of providers** with tested technologies to start growing the optimal network of partners.
- 6. Adopt an ecosystem perspective** and develop network management abilities.
- 7. Start with pilot projects**, validate results and systematize the learning mechanisms.

## Industry 4.0

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