

INSIDE: PHIL KOTLER: A LIFETIME IN MARKETING

QUARTERLY

MarketingNews

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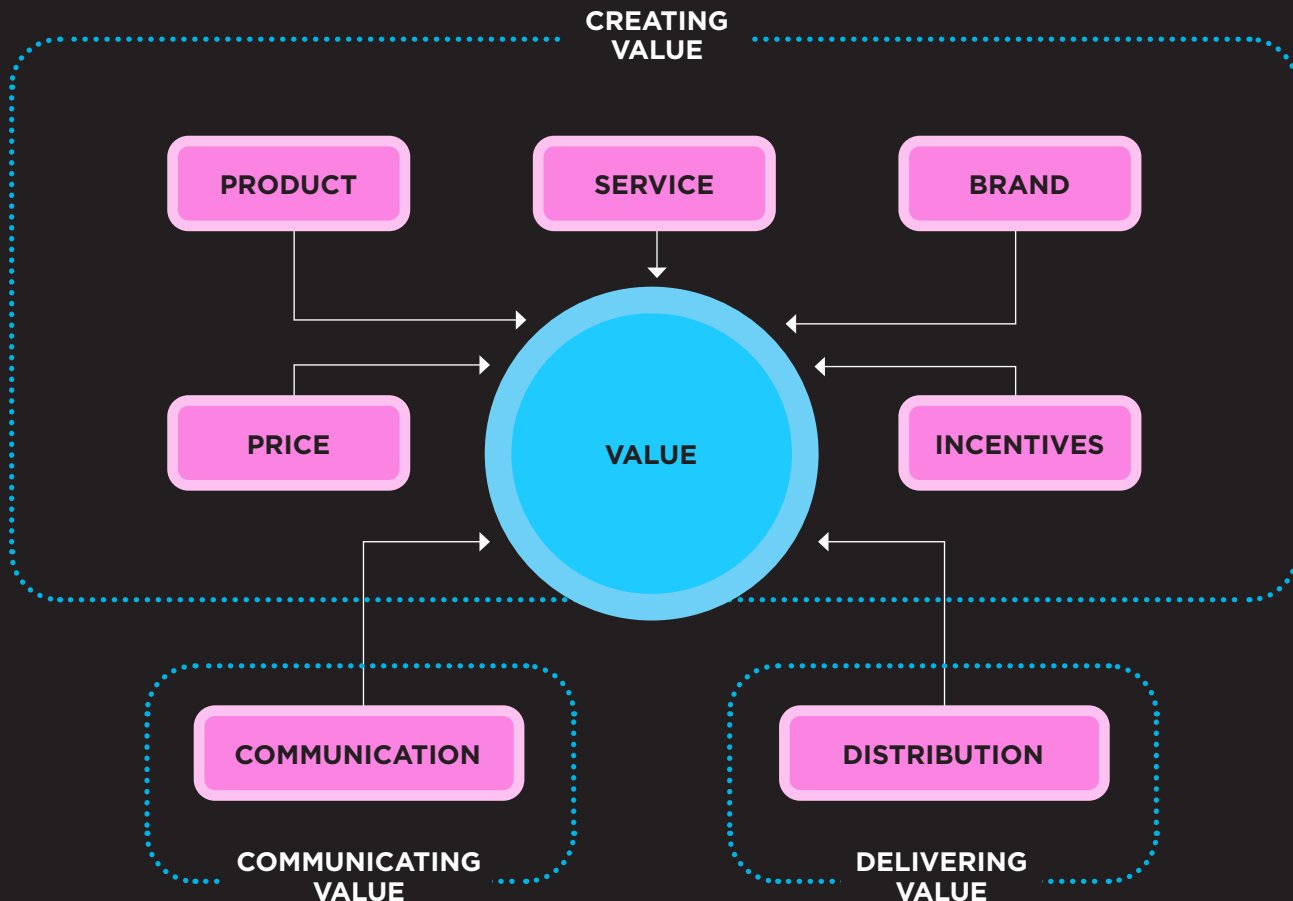
A Lifetime in Marketing: Lessons Learned and the Way Ahead

BY PHILIP KOTLER

You can learn marketing in a week, but it takes a lifetime to master. After fifty years of teaching marketing, I am still trying to master it. Do not be fooled by my title “Father of Modern Marketing.” If I stop following the latest developments and ideas, my marketing knowledge will quickly lose value.

I have seen many changes in the theory and practice of marketing, ever since I received my Master’s Degree in Economics at the University of Chicago in 1953. In 1960, three years after receiving my PhD in Economics from MIT, I joined the marketing department in the Kellogg School of Management at Northwestern University and was in the company of distinguished faculty such as Sidney Levy, Stewart Henderson Britt, Richard Clewett, Ralph Westfall, and others.

Figure 1



For my classes, I drew on material from many textbooks, which well-described marketing institutions and practices and included prescriptive advice. However, the textbooks lacked a good theory of consumer behavior, cited too few findings from academic journals, and inadequately described how companies actually made their marketing decisions.

In 1963 I started to write my own textbook titled “Marketing Management: Analysis, Planning and Control.” When my publisher Prentice-Hall launched it in 1967, I felt that it would either be a strong winner or another losing textbook. It turned out to be successful beyond my expectations. Marketing professors told me that they adopted “Marketing Management” because it raised respect for the marketing discipline, centered marketing on creating value for the customer, contained better theory on how customers make decisions, used academic findings on marketing, explained how professional marketers made their decisions, and contained great stories of successful marketing companies.

The 16 editions of “Marketing Management” reveal a history of how marketing refined itself over these last 56 years.

How Did the Marketing Mix (of Tools) Develop?

Professor Neil Borden at Harvard had listed 12 tools of marketing that influence the level of demand. Then Professor Jerry McCarthy, who published “Basic Marketing” in 1960, proposed the 4P marketing mix—namely product, price, place, and promotion. I adopted these and helped popularize the 4Ps of Marketing.

Today, I prefer to use a 7-components marketing mix, as shown in Figure 1, above.

Creating value is the central concept of marketing. The marketing mix model includes service as separate from product. It also adds brand as supplying extra value to the customer because they can trust the brand. Furthermore, this mix recognizes incentives as an addition to price. The created value must be effectively communicated (for which the old term was “promotion”). The product and service must also be effectively distributed and delivered (for which the old term was “place”). The new model includes the old 4Ps and adds three other tools to create value.

What Was Marketing Like in the Past?

In the early 1900s, marketing appeared in some textbooks, written mainly by economists. These textbooks described wholesaling and retailing, sales force, pricing, advertising, and promotion.

In the 1960s, marketing was a fairly simple discipline. A company would:

- Decide the product's features and set the price,
- Seek a strong position in the distribution channels,
- Hire an agency to create advertisements and campaigns, and
- Run a strong sales force to pursue sales.

Students at business schools would choose either finance, marketing, operations, strategy, or information. Mathematically inclined students chose finance or operations. Less mathematically inclined students chose marketing. Marketing was easy to understand and supplied human interest stories.

Over time, marketing grew more sophisticated and scientific. Two important books advanced marketers' understanding of customer behavior and reminded practicing marketers of the numerous factors shaping customer attitudes and behavior:

- James F. Engel, David T. Kollat, and Roger D. Blackwell, "Consumer Behavior," 1968.
- John A. Howard and Jagdish N. Sheth, "The Theory of Buyer Behavior," 1969.

Three other books appeared to strengthen the quantitative side of marketing:

- Frank Bass et al., "Mathematical Models and Methods in Marketing," 1961.
- Philip Kotler, "Marketing Decision Making – A Model Building Approach," 1971.
- Gary L. Lilien, Philip Kotler, and K. Sridhar Moorthy, "Marketing Models," 1992.

Ironically, where many students chose marketing because it did not require mathematical thinking, new age marketing (NAM) needs students who can comfortably apply quantitative analysis.

The Broadening Concept Enters Marketing

In January 1969, Professor Sidney Levy and I proposed a broadened concept of marketing.[i] We said marketing activities occur everywhere in life and should not be limited to commercial marketing. Marketing planning is carried on by nonprofit organizations such as churches, colleges, museums, performing arts organizations, city governments, social agencies, and social action groups. Political parties conduct marketing campaigns. Environmental

organizations such as Greenpeace, the Nature Conservancy, and the Sierra Club aim to influence more "green" behavior from citizens. Religious organizations use marketing to attract new members to their congregation. These organizations need to use marketing tools to attain their objectives. Several books were subsequently published that applied marketing thinking to broadened areas.

The Digital Age of Marketing

Marketing went through a revolution when radio and TV appeared. Next came the computer, a marketing and financial tool during the *digital revolution*. The "internet" emerged and enabled *social media* (Facebook, Google, Instagram, etc.), which meant millions of strangers around the world could communicate with one another, and eventually buy and sell to each other. Instead of visiting stores to buy products, consumers could simply order a product and get it delivered to their home. The age of *e-commerce* was upon us.

Companies moved from collecting information on market segments to collecting information on individual customers. *Machine learning* (ML) emerged for converting consumer data into useful marketing insights for planning, customizing, personalizing, and sequencing company marketing actions and responses.

For measuring their success rate on social media, companies needed to develop new metrics: click rates, click times, and conversion rates. The marketer's computer screen was packed with key metrics and current information flows to enable predictive analytics and propose new marketing actions to improve company sales and margins. Companies also applied artificial intelligence (AI) to improve marketing operations. They prepared *algorithms* that promised to improve managers' marketing decisions.

The last two years have brought in ChatGPT, another AI advance. The marketer can write a prompting question and the computer will offer a full answer in text or even produce a preliminary image in a matter of minutes. ChatGPT (also called generative AI) enables copy writers, graphic artists, and other marketers to produce initial work in a much shorter time. Companies can either produce more messages in the same time period or achieve their marketing goals with a smaller staff.

The Digital Revolution Produces a Radically Different Breed of Customers and Marketers

The digital revolution has created more knowledgeable and sophisticated customers, and most of them carry their mobile phones everywhere they go. They can look up any company and see product details and prices and even read

the comments of consumers who have bought that product. Before purchase, customers can look up prices that different competitors would charge for the same product. If a competitor's price is lower, the consumer asks the salesperson to match the lower price. If the salesperson says no, the customer leaves. The customer might even broadcast to friends and acquaintances that a specific competitor has the lowest price in that product category.

Companies have also become more knowledgeable and sophisticated. They have much more information about market demand, competitors' features and prices, multiple marketing channels, and forces affecting their business. Marketers instantly know about competitors who change their ads or prices, and they can quickly buy ads from Facebook or Google to announce lower prices or newer features. Companies can respond faster if they apply *marketing automation* to carry out the clerical work of marketing.

E-Commerce Continues its Rapid Growth

Today's consumers can purchase from stores around the world. They can view a store's catalog online and place orders to be delivered to their home with the right to return the goods if not satisfied.

In-store sales are still much larger than *online sales*, but

online sales are growing faster. During COVID, consumers avoided physical stores. Post-COVID, these stores have to find new strategies to attract shoppers.

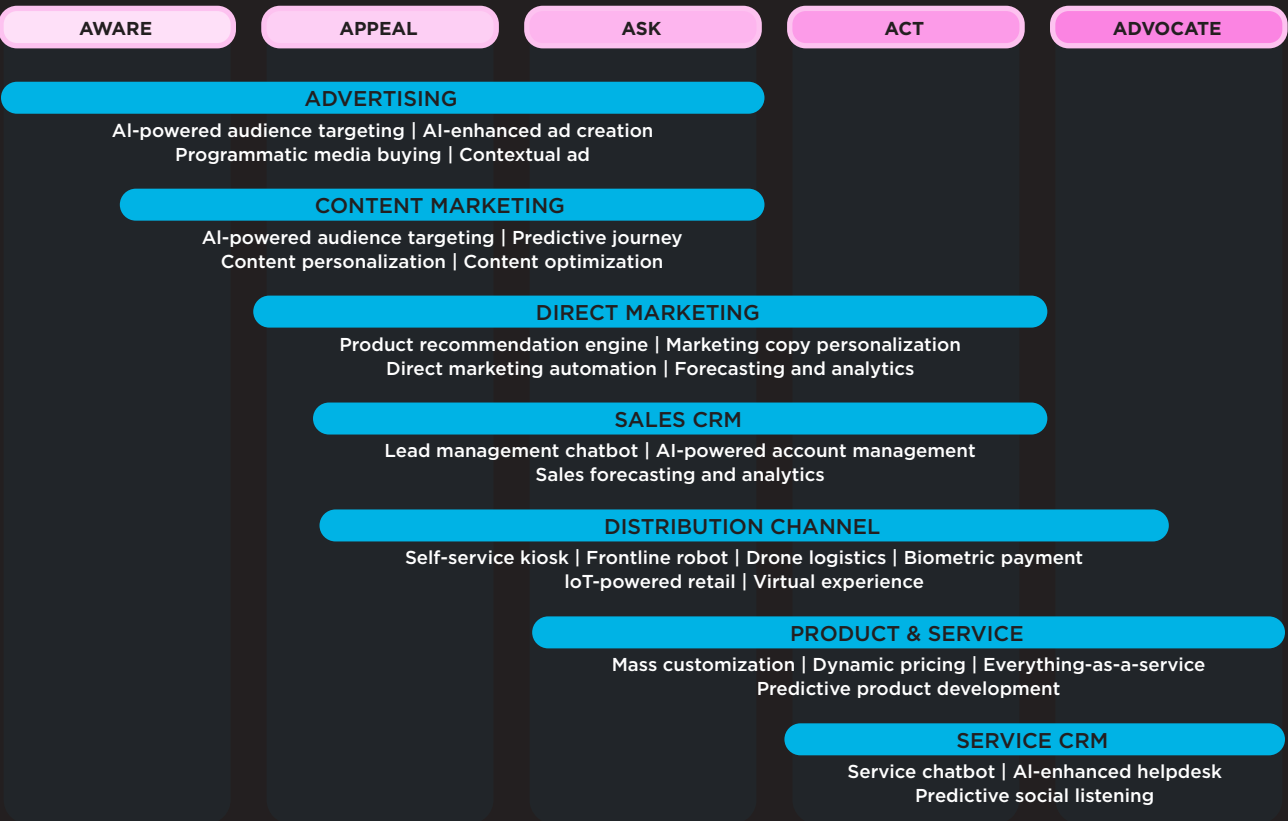
Entrepreneurs are starting digital businesses to sell products directly to consumers, completely bypassing the need to sell through retail stores. Amazon grew by creating the Kindle system that enabled them to immediately deliver any book ordered by a consumer. Direct-to-consumer marketing by startups is a threat to retail stores.

Features of the New Marketing

An important step is the mapping of *customer journeys*. How did your current customers end up choosing your company and brand? Obviously, your product or service came to the attention of some prospects who saw ads. Prospects often talk to friends about their interest in purchasing a product, say a car. The prospect may visit some dealerships to see the cars and take a test drive. The company should ask new customers to describe their journey that brought them to the company and brand. Here (Figure 2) is a useful pictorial of the major influences occurring during a customer's journey.[iii]

Figure 2

MARKETING TOOLS FOR A CUSTOMER JOURNEY



The consumer passes through five stages, or the five A's (Aware, Appeal, Ask, Act, and Advocate). The prospect needs to become aware of the company and its product, find it appealing, and then ask questions. These three A's are highly influenced by the company's advertising, content marketing, and direct marketing. If the company's answers to the prospect's questions are satisfactory, the prospect makes the first purchase. If the first purchase is satisfying, the prospect is likely to buy again. This likelihood is supported by the company's direct marketing, its salesforce, and its customer relations management (CRM). If continuously satisfied, the consumer becomes a habitual customer and boasts to others, thereby becoming an advocate. Advocacy is supported by the company continuing to produce good products and good service performance. Most successful companies have a significant number of customers who are outspoken advocates. Advocates carry on unpaid marketing work on the company's behalf. The diagram below (Figure 3) presents a more elaborate picture of the touchpoints along the customer's journey.

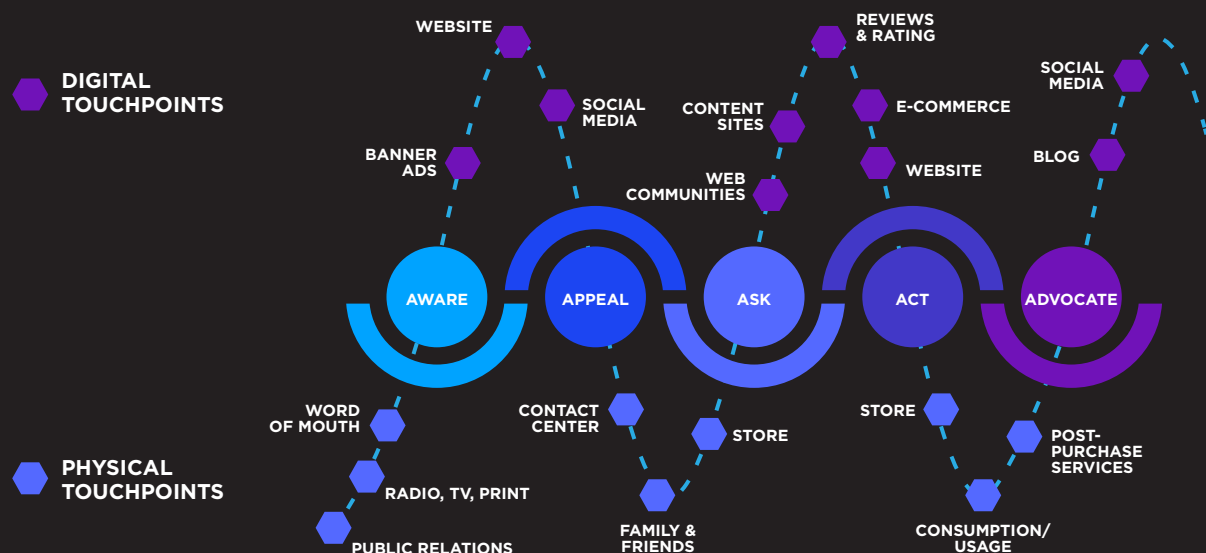
The five A's are shown again. The customer's journey includes potential physical, digital, and virtual touchpoints. If the company fails to be present or effective at an important touchpoint, it will lose the customer.

Three other forces affect the customer's journey:

1. The company's *language effectiveness* in describing its offer. The company needs to choose words that fit the prospect's talking style. Companies need to create artificial personas with age, income, education, and other features describing the intended customer for the message.
2. Effective *content marketing*. The company not only sends ads to touchpoints but also sends interesting stories about the company and/or sports, music, or other interesting developments to target customers. Such content shows that the company cares about the particular customer.
3. The role of *influencers*. Most people follow those whom they admire or trust. Singer Taylor Swift has millions of followers who are influenced by what Swift says, wears, and does. Some companies are now paying commissions to certain high influencers who bring attention to the company's products.

Figure 3

PHYSICAL AND DIGITAL TOUCHPOINTS ALONG THE 5A CUSTOMER PATH



The Next Tech is Martech

More companies are now using new marketing tools (Martech) such as voice and *facial recognition*. Most people can pose a question to Siri or Alexa on their smartphone and get an answer. Companies are also adding in facial recognition features. Faces reveal gender, race, age, education, and mood.

Another Martech is *chatbots*. A chatbot is software that anticipates common questions. A sign in the store might read: “You can ask Alexa any question you want about the new product. She will answer you.” This chatbot saves the expense of a live marketer answering questions.

Companies should test new product ideas virtually. If they design a new automobile, they can invite the prospect to experience the product virtually through special glasses. The prospect will proceed to open the car door, start the engine, and drive off. If enough prospects love the virtual experience of this new car, the company would gain confidence to actually produce this car.

Another new Martech is the *virtual assistant*. While the marketer is asleep, their virtual assistant is monitoring developments and initiating responses. The virtual assistant can also be a robot carrying out activities for the marketer.

Also consider sensors and the *internet of things* (IoT). Product designers should make things easy to use. A new car should have the ability to back itself into a tight space.

Or the owner of an autonomus vehicle may want to be driven to work, dropped off, and rely on the vehicle to park itself. Other Martech developments are described in Raja Rajamannar’s book “Quantum Marketing.” Rajamannar is the Chief Marketing Officer (CMO) of Mastercard, one of the leading credit card companies. In this book, he describes his experiences in using marketing and Martech in worldwide settings to win new users for Mastercard.

Marketers Face a New Crisis: An Overheated Planet and “Degrowth”

Businesses and marketers aim to pursue endless business growth. Today, however, more people are questioning the wisdom of this. Economic growth produces increased pollution in the air and sea, and more carbon. More carbon produces more heat, and increased heat is causing oceans to rise and climate disturbances such as floods, fires, hurricanes, and desertification. Those living near the equator will find the heat unbearable and rush to enter cooler countries. Migration wars may grow in intensity and cause many fatalities.

Humans must practice more sustainability. There must be less waste piling up in mountains of junk. Companies and individuals must recover, recycle, and reuse their materials. Environmentalists plead for reducing the

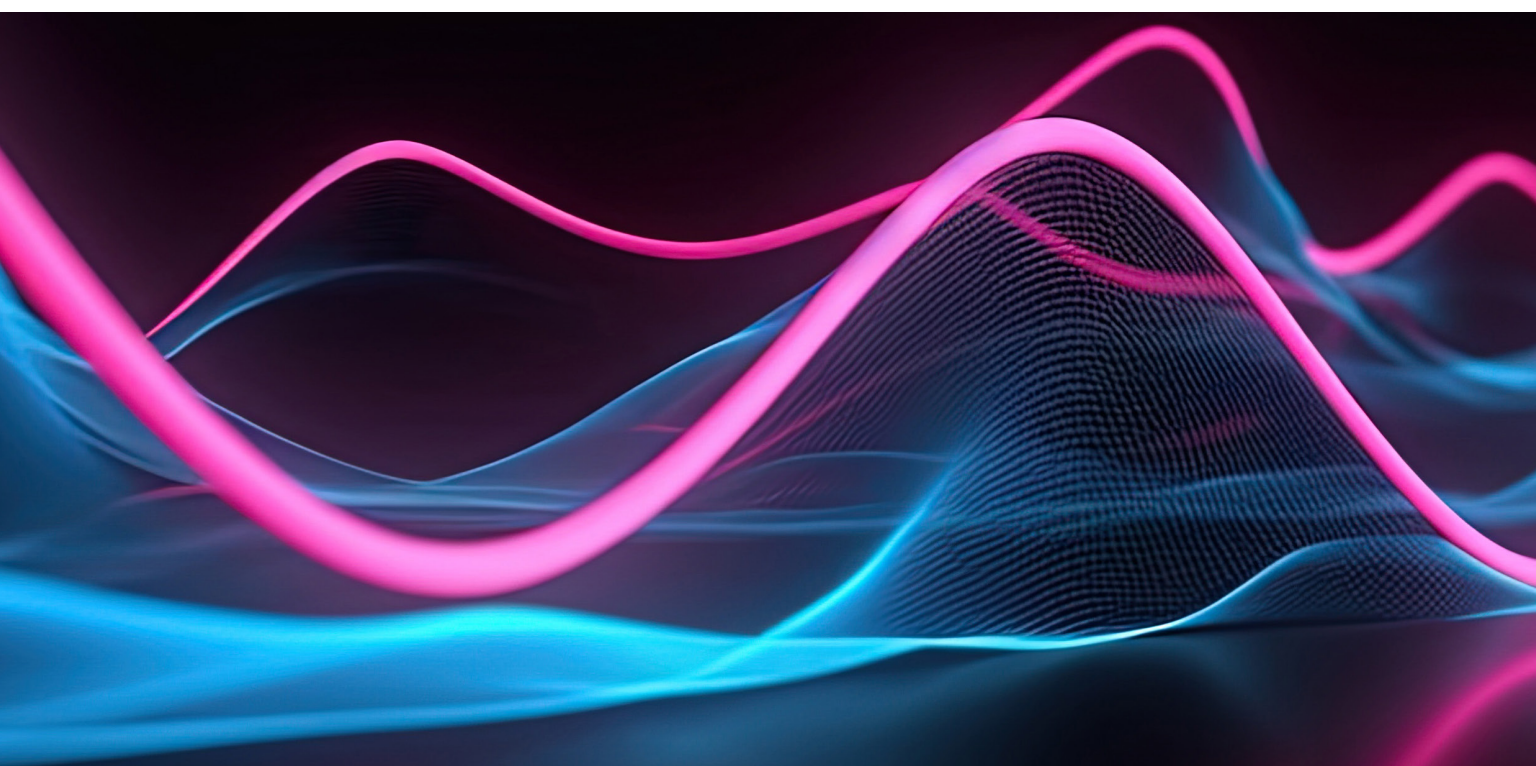


Figure 4

Marketing 1.0 MOVING TOWARD	Marketing 2.0 PURPOSE	Marketing 3.0 MARKETING
MIND	HEART	SPIRIT
PRODUCT- CENTERED	CUSTOMER- ORIENTED	VALUES- DRIVEN
ECONOMIC- VALUE	PEOPLE- VALUE	ENVIRONMENT- VALUE
PROFITS	SOCIAL PROGRESS	HUMAN HAPPINESS

- **Where is your company now?**
- **Where do you want it to be?**
- **Why?**
- **What would steps would you take?**

dependence on coal, oil, and gas for energy and increasing the use of solar panels and wind turbines. Replacing our fuel-driven cars with electric cars would greatly reduce pollution. The aim is to prevent the world's heat level from rising more than 1% to 2% a year. Otherwise ice from the North and South Poles will melt and produce huge floods in major coastal cities.

How does the world move from endless growth to slower growth or even to “degrowth”? Governments could urge companies and customers to focus on eating healthier foods, buying smaller cars, buying less clothing, and buying fewer new gadgets while the old ones work. Demographers warn that an earth with 8 billion people cannot possibly deliver a middle class life to most of the earth's people. Several books have made the case for degrowth and reducing the world's population, including “A Planet of 3 Billion” that the demographer Christopher Kevin Tucker published in 2019. Recently, Outerknown announced that it is making a new line of men's clothing entirely from plastic trash. When the clothes wear out, they can be fully upcycled into a brand-new shirt or jacket. Companies need to read Tim Jackson's two books—“Prosperity without Growth” and “Post Growth—Life After Capitalism”—and use circularity to guide the use of resources. They need to recover, recycle, and reuse their materials and components, and the drive for profits must be tempered by sustainability. At the most basic level, they can take the following steps:

- Use water more carefully.
- Minimize the use of packaging and plastic.
- Use more efficient lighting, heating, and air conditioning.
- Minimize and share your driving. Use public transportation more often.

What are The Major Tenets of Modern Marketing?

Today's marketers are guided by several ideas:

- The company aims to satisfy or delight their target customers.
- The company selects markets in which they can be strong in the 4As (Awareness, Accessibility, Acceptability, Affordability).
- The company will build value using the seven components of the marketing mix.
- The company's decisions take into account the 4Cs (Company, Customers, Collaborators, Competitors).
- The company will use Segmentation, Targeting, and Positioning (STP) to chose its target customers.
- The company will move its target prospects through the five A stages (Aware, Appeal, Ask, Act, Advocate).
- The company's marketing planning process consists of moving through MR → STP → TM → VP → MP → I → C, namely Marketing Research, Segmentation/Targeting/Positioning, Target Market, Value Proposition, Marketing Plan, Implementation, and Control.
- If the company fails to attain its sales and profit goals, it should work the planning process backwards to understand which of these elements were at fault.

How Much Heart and Spirit Need to be Built into the Planning and Execution Process?

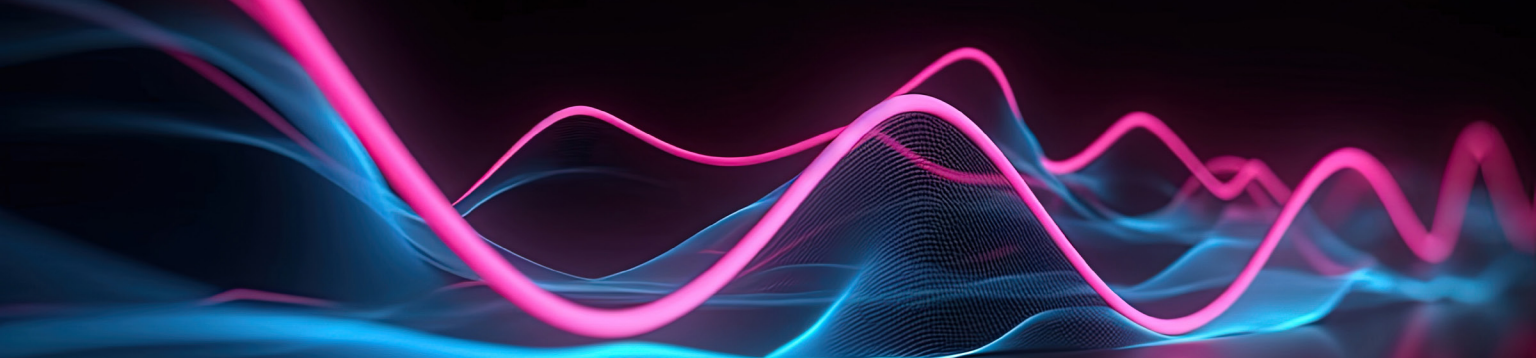
The diagram above (Figure 4) distinguishes three different marketing aspirational levels:

Marketing 1.0 describes a rational planning process where marketers use their mind to produce a product-centered plan that creates economic value and produces satisfactory profits.

Marketing 2.0 describes the planners developing their marketing purpose from their heart and emotions. They focus on the customers' well-being, people values, and social progress.

Marketing 3.0 describes the planners' purpose coming from their spirit to be values-driven, respectful of the environment, and aiming to produce human happiness.

Marketers need to consider the company's current stage and whether it should move to a higher stage of market planning and aspiration.



New Concepts in Marketing

Many new concepts continue to come into marketing. Let us start with *societal marketing*. This term seeks to cover all the “good” and “bad” impacts of marketing on society. To its credit, marketing has helped advance the quantity and quality of goods and services in society. It encourages the development of innovations and solutions to improve material life. Earlier societies consisted of a small upper class of royal members and a huge class of peasants and serfs. Marketing’s major achievement is creating a middle class of citizens having good incomes and owning private property.

But marketing also has its “bads” from a societal point of view. Marketing glamorizes an acquisitive and accumulative orientation where “more” is better than “less.” People are rated by their wealth, the quality of their homes, and the extent of their property. Admiration of millionaires and billionaires can drive people to work deviously.

Marketing constantly reminds people of what they do not have and should have. Marketing does not think well of people who want to live a simple and quiet life. Marketers want people to buy more clothes, drink more liquor, travel to more distant locations, and spend everything they earn. Marketers overstate the benefits that any product or service will deliver without mentioning any disbenefits. A new concept is social marketing (= social cause marketing). Gerald Zaltman and I proposed that marketing tools could be used to reduce social problems such as smoking, alcoholism, drug abuse, dangerous driving, overeating, and so on.[iv] Social marketers use the social sciences to analyze the factors contributing to harmful behavior to self and others and experiment with ways to reduce this behavior. Today there are several thousand social marketers working to reduce harmful behaviors.[v]

Another concept is *atmospheres*. Much purchasing takes place in stores or service centers. A store carries an atmosphere that will be pleasant or disturbing. A funeral home needs a quiet atmosphere, quiet colors, and a sedate mood. A department store needs bright colors, good background music, and lots of action. A psychiatrist office should have quiet colors and few distractions so that the patient can concentrate on the questions.[vi]

A growing concept is *demarketing*. “Demarketing” aims to reduce or eliminate demand. When California experienced a major water shortage in the 1970s, its

We may reach a point in human history where demarketing will almost be as active as marketing.

government made every effort to get people to use less water. People were urged to take fewer showers and to convert their grass lawns into stone lawns. As certain commodities or resources become scarce, effort is applied to demarket the use of these scarce materials. We may reach a point in human history where demarketing will almost be as active as marketing.

A recent concept—*regenerative marketing*—describes efforts to breathe new life into a community or organization. Consider the Sicilian capital of Palermo. Palermo has a fabled history and contains many ancient Greek and Roman ruins. Palermo’s government lacks the capital to preserve these ruins that help attract tourists. Many neighborhoods in Palermo need to recapture their former glory. Regenerative marketing provides tools and concepts for bringing new purpose and energy to a neighborhood, community, or organization.[viii]

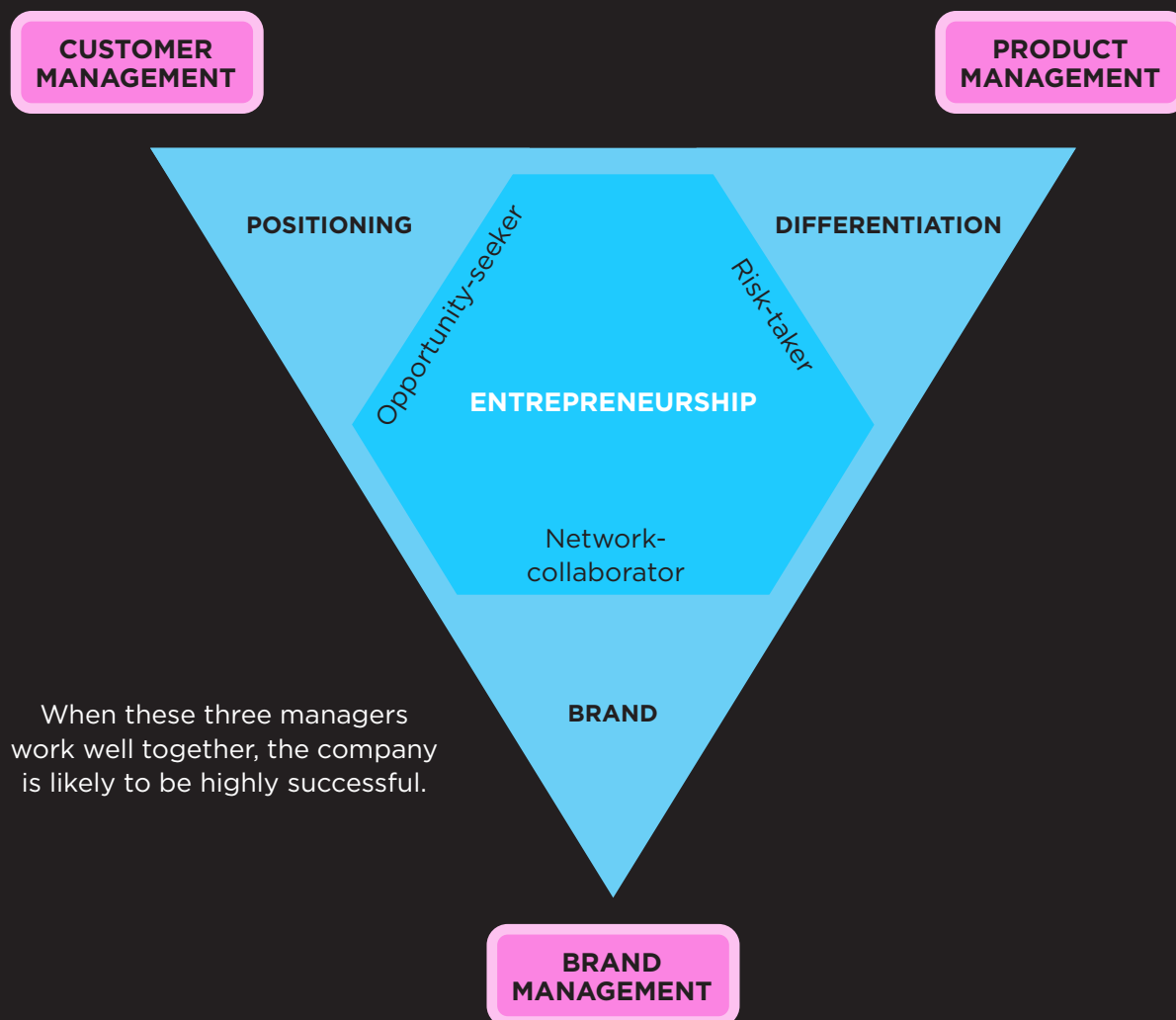
Another recent concept is *entrepreneurial marketing*. [ix] Most companies recruit efficient professional marketers whose job is to achieve the company’s sales and profit goals. They have little time for thinking expansively about new sources of growth. Entrepreneurial marketers spot new opportunities for the company. Companies with some entrepreneurial marketers will outperform companies with only professional marketers.

How Are Companies Managing Marketing?

Marketing plays varying roles in different companies. In Procter & Gamble, marketing is the key function. P&G’s Chief Executive Officer (CEO) fully understands marketing and supplies marketing with a generous budget. P&G’s CMO is a key member of the senior executive group.

Other companies are frequently led by a CEO who is trained in finance, operations, or law. That CEO might think of marketing as largely the sales force, some advertising, and some clever pricing. One CEO told me that if he could raise the product’s price by 5%, his profits would be excellent. Such CEOs usually have a poor understanding of marketing.

Figure 5



CEOs wonder how much to spend on marketing. They hope that the CMO could supply a reliable report on marketing's ROMI (return on marketing investment). The CEO is less interested in customer awareness levels, click rates, and other key metrics that marketers use.

Today's CMOs must lead in growth, data analytics, customization, personalization, and optimization of digital campaigns. CMOs need to spend 50% of their time managing marketing personnel and 50% interacting with other company officers (CEO, CFO, CIO, etc.). A most critical relationship is that between the CMO and the Chief Financial Officer (CFO). If the CFO isn't satisfied with the marketing results, they tell the CEO, who in turn ends up less satisfied with the CMO. Or the CFO might strongly favor spending more to build the sales force and less on advertising, while the CMO wants more to be spent on advertising. It is crucial that the CMO and the CFO act as partners to develop a good measure of marketing's contribution to sales and profits

It is crucial that the CMO and the CFO act as partners to develop a good measure of marketing's contribution to sales and profits.

Some companies are replacing CMOs with other titles, such as Chief Revenue Officer, Chief Growth Officer, or Chief Customer Officer. However, CMO remains the most popular designation for those leading company marketing. CMOs frequently exchange views with each other, hold CMO meetings, and publish marketing articles.

A company needs to achieve a good working relationship between customer management, product management, and brand management. This is shown in Figure 5, above.



What Actions Can Marketers Take to Help Companies Succeed

- Apply AI and use algorithms and ChatGPT for marketing decision making.
- Automate routine marketing processes.
- Use metrics that help management measure marketing's impact on sales volume and margin performance.
- Develop chatbots and voice assistants (Siri, Alexa) and facial recognition.
- Use immersive marketing and virtual reality.
- Use more biometric and neuroscientific tools to understand customers and evaluate messages and messengers.
- Employ entrepreneurial marketers along with professional marketers.
- Use customer journey mapping, touchpoint marketing, personas, content, influencers, and machine learning to identify and convert the best prospects.

Predictions of Future Company Success

- Buyers will increasingly be able to select the best brands while relying less on advertising or salespeople. Marketing success will depend mostly on smart pricing, strong branding, owning dominant channel positions, and innovating continuously.
- Continuous creativity, innovation, and improvement will contribute greatly to company success.
- Successful companies will earn their profits by carefully recovering, recycling, and reusing their materials and components in their pursuit of sustainability in the long run. **MN**

Colloquially known as “the Father of Modern Marketing,” Phil Kotler is an American marketing author, consultant, and professor emeritus; the S. C. Johnson & Son Distinguished Professor of International Marketing at the Kellogg School of Management at Northwestern University.

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Skills for a Career on the Move

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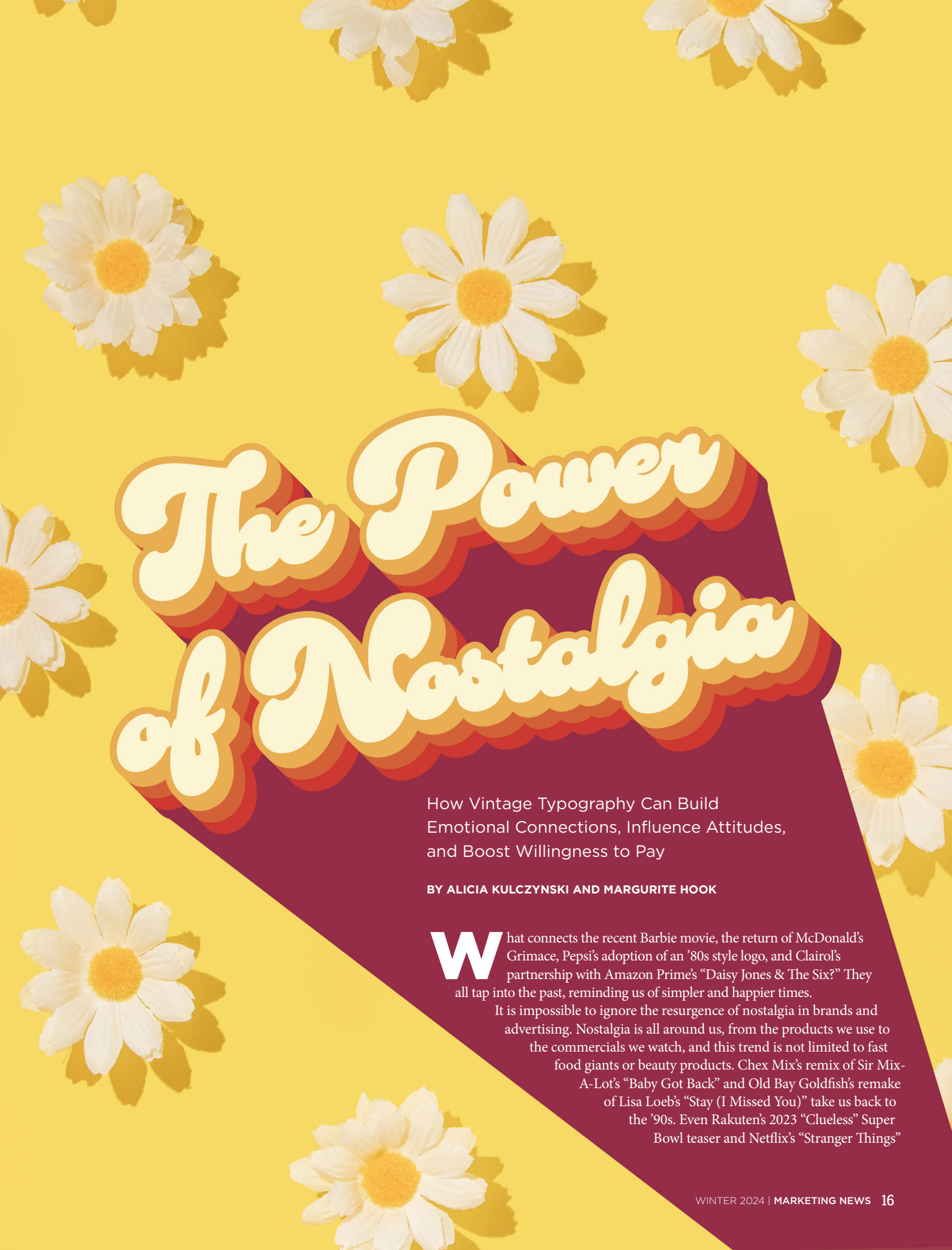
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The Power of Nostalgia

How Vintage Typography Can Build Emotional Connections, Influence Attitudes, and Boost Willingness to Pay

BY ALICIA KULCZYNSKI AND MARGURITE HOOK

What connects the recent Barbie movie, the return of McDonald's Grimace, Pepsi's adoption of an '80s style logo, and Clairol's partnership with Amazon Prime's "Daisy Jones & The Six?" They all tap into the past, reminding us of simpler and happier times.

It is impossible to ignore the resurgence of nostalgia in brands and advertising. Nostalgia is all around us, from the products we use to the commercials we watch, and this trend is not limited to fast food giants or beauty products. Chex Mix's remix of Sir Mix-A-Lot's "Baby Got Back" and Old Bay Goldfish's remake of Lisa Loeb's "Stay (I Missed You)" take us back to the '90s. Even Rakuten's 2023 "Clueless" Super Bowl teaser and Netflix's "Stranger Things"

series are loaded with references to the past. Nostalgia is an emotion that consumers are embracing and that brands are ingeniously using to connect with their audience.

In a recent *Journal of Marketing* study, we explore the power of nostalgia and how brands can use references to the past to establish emotional bonds with today's consumers. Our study does not revolve around products or music but focuses on vintage typography and the role it plays in establishing an emotional connection with consumers through nostalgia and, in turn, enhancing consumers' perceptions of product safety. Although it may appear a minor aspect in marketing and advertising, typography extends beyond aesthetics. It plays a pivotal role in shaping how people think, feel, behave, evaluate brands, and make choices.

An Emotional Connection to the Past

We have discovered that vintage typography can trigger what we term “vintage anemoia,” a unique form of vicarious nostalgia. This describes a consumer's emotional connection to the past and appreciation for the aesthetics, fashion, styles, design, and cultural elements associated with vintage cues.

This connection is irrespective of a specific historical period or individual lived experiences. In other words, vintage typography can evoke a nostalgic response from consumers, regardless of their ability to draw from childhood memories or specific historical events. Vintage typography, through its reference to the past, evokes the feelings of the “good old days”—quality, beauty, and happiness associated with the past, whatever that past may be for the individual consumer.

People are yearning for a connection to a time when life was less complicated. In an era marked by uncertainty, from economic and political instability to public health challenges like the COVID-19 pandemic, people seek the simplicity and stability of the past. Nostalgia provides a sense of comfort, making people feel safe and secure. Our research findings show that when consumers experience vintage anemoia after seeing vintage typography in an advertisement, brand logo, or packaging, they perceive the brand's products to be safer.

We explore the effects of vintage typography and vintage anemoia on consumer product safety perceptions in seven studies. Our research reveals that consumers have a more positive attitude toward brands that incorporate vintage typography. They are more likely to purchase the brand's products and are willing to pay more for them due to the perception that the products are safer.

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The Power of Implicit Cues

However, the effectiveness of vintage typography is context dependent. It does not work when the establishment year of a brand is shown because vintage anemoia relies on implicit cues to establish links to one's past. Vintage typography is also ineffective for inducing vintage anemoia when promoting futuristic products because this diverts consumer attention away from the past, weakening the nostalgic effect.

In summary, our research offers the following valuable lessons for marketers:

- Vintage typography has the potential to evoke nostalgia and enhance perceptions of safety.
- Brands looking to emphasize safety or address safety concerns associated with their products can benefit from vintage typography, which not only promotes nostalgia but also positively influences perceptions of product safety.
- Vintage typography is more than just aesthetics; it is a strategic tool for creating strong emotional connections with consumers and shaping consumer perceptions.
- Brands should thoughtfully consider their positioning, consumer associations, and product attributes before adopting vintage typography.

By aligning vintage aesthetics with their goals and avoiding potential pitfalls, marketers can harness the emotional power of nostalgia to create stronger emotional connections with consumers and enhance safety perceptions. **MN**

Alicia Kulczynski is Associate Professor of Marketing, University of Newcastle, Australia. Margurite Hook is Lecturer of Marketing, University of Newcastle, Australia.



READ THE FULL ARTICLE

Alicia Kulczynski and Margurite Hook, “Typography Talks: Influencing Vintage Anemoia and Product Safety Perceptions with Vintage Typography,” *Journal of Marketing*.



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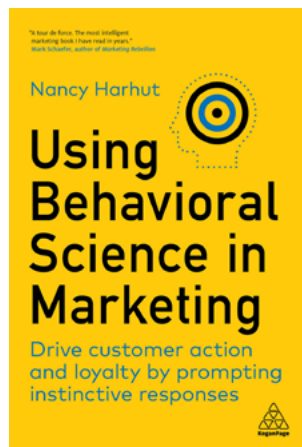
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Plogging, Podding, and Bobbing

How Coining a New Term Can Encourage
Specific Behaviors

BY MARTIN P. FRITZE, FRANZISKA VÖLCKNER AND
VALENTYNA MELNYK

The term “plogging” is a combination of the Swedish verbs *plocka upp* (pick up) and *jogga* (jog) and it refers to the activity of picking up trash while jogging to reduce litter. According to Wikipedia, plogging started as an organized activity in Sweden around 2016 and spread to other countries following increased concern about plastic pollution. An estimated two million people plog daily in over 100 countries, and some plogging events have attracted over three million participants.

Linguistic relativity theory shows that language is not just an expression of thought—it also channels how people think and act. Marketing literature suggests consumers adjust their behaviors in response to words that evoke certain images, such as brand and company labels. In a new

Journal of Marketing study, we find that naming or tagging an activity with a special word can make people want to do that activity, which we call “behavioral labeling.”

Our study shows that we can use behavioral labels to encourage people do all sorts of different things, even if the connection between the label and the action seems random. This happens because when we give something a name, it can create pictures in our minds of what we are talking about. In other words, behavioral labels help to connect different behavioral sequences, making them easier to imagine. Consequently, these mental images make it more likely that people will actually do the action that is named. In five different studies measuring actual behaviors, we see that behavioral labels can encourage positive new behaviors and discourage negative existing ones. Creating mental pictures in people’s minds might be why this works, but more research is needed to fully understand the connection.

Behavioral Labeling as a Marketing Advantage

Understanding the behavioral labeling phenomenon and its related effects offers marketers an alternative and complementary perspective on branding in general and a fresh way of designing advertising campaigns for products and services that revolve around a specific behavior or novel types of required actions. For example, Ariel, a P&G brand, introduced its “All-in-1 PODS” laundry detergent where a single “pod” can be dropped into the washing machine before clothes are added. To market the product, Ariel introduced the verb “to pod” (or “podding”), representing a behavioral label, to encourage the behavior of using Ariel pods.

Using a behavioral label can create a commercial advantage for one brand compared to a competitor that does not use a behavioral label. For example, we analyze Google Trends data for two comparable grocery delivery services, “Flink” and “Gorillas,” that entered the German market at around the same time. Both had nearly identical offerings and advertised delivering groceries at retail prices within 10 minutes of ordering. However, after a certain time, Flink started to communicate a behavioral label translated as “Flinking” (or expressed as “Flink it!”) while Gorillas did not introduce any behavioral label. Results showed that Flink had more Google search inquiries than Gorillas after the behavioral label was launched.

A Chance to Change Public Behavior

Public policymakers can use behavioral labels to promote certain behaviors to enhance sustainability, prosocial goals, or consumer well-being and safety. For example, “Bob” is a word the Belgium Road Safety Institute used to describe a designated non-drinking driver. Anecdotal evidence

Flink started to communicate a behavioral label translated as “Flinking” (or expressed as “Flink it!”), while Gorillas did not introduce any behavioral label. Results showed that Flink had more Google search inquiries than Gorillas after the behavioral label was launched.

suggests the campaign was effective in changing consumers’ attitudes and reducing drunk driving. The European Commission funded the campaign in other European Union countries, and the word “Bob” has been added to the Dutch and Flemish dictionaries. The verb “bobben” (or “to bob,” in English) describes the act of appointing someone or volunteering as a designated sober driver.

We find that behavioral labels like “up-smiling” (cheering others up by using encouraging smiley faces in online chats) can induce more supportive and constructive behavior in online classrooms, consumer discussion groups, or forums. Relatedly, behavioral labels like “trollspotting” (spotting online “trolls” and ignoring their reviews) may help consumers become more resistant to information coming from internet trolls. At a more general level, such labels may have a potential to break a “negativity spiral” on social media and contribute to making the online world a better place.

While we introduce “behavioral labeling” and provide initial evidence for its effectiveness, we have only just begun to scratch the surface of this interesting new area. We hope that our findings spark additional research and new marketing practices in this intriguing domain. **MN**

Martin P. Fritze is Professor of Marketing, Zeppelin University, Germany, Franziska Völckner is Professor of Marketing, University of Cologne, Germany, and Valentyna Melnyk is Professor of Marketing, University of New South Wales, Australia.



READ THE FULL ARTICLE

Martin P. Fritze, Franziska Völckner, and Valentyna Melnyk, “Behavioral Labeling: Prompting Consumer Behavior Through Activity Tags,” *Journal of Marketing*.



Ad Nauseam

Highly Effective Ads Can Backfire for Consumers Who Opt-In to Ad Tracking

BY MIKE NGUYEN AND YANG GAO

Digital advertising is in a near-constant state of flux in today's data-driven landscape. With the rise of privacy regulations such as the EU's GDPR (European Union's General Data Protection Regulation) and California's CCPA (California Consumer Privacy Act), firms face more restrictions on consumer data collection, and consumers are gaining more control over who obtains their data.

The trend toward empowering consumers to manage their privacy has numerous ramifications for digital marketers. A recent *Journal of Marketing Research* study delves deep into consumer opt-in choices in the context of digital advertising, revealing some fascinating insights. For many in the industry, especially advertisers and ad networks, the pivot toward greater data privacy has necessitated strategic adaptation to remain profitable and effective.

Relevance Is Key, but Wearout Is Real

Perhaps counterintuitively, and despite growing privacy concerns, many consumers continue to opt-in to ad tracking. This is because they prefer personalized, relevant ads over repetitive ads or ads in which they have no interest. Indeed, not highlighting the mutual benefits of tracking can cause consumers to opt out, leading to reduced effectiveness of ad campaigns.

The research shows that although ad tracking can improve ad relevance, it's not just about showing consumers ads they might like. It's also about reducing repetitive ads that carry little information value; essentially, firms must combat ad wearout even among opted-in customers.

The study finds that, to make an opt-in decision, a consumer weighs the cost of ad wearout from repeat ads against the benefit of obtaining relevant product information, and a consumer opts-in to tracking if either the effectiveness of ads is intermediate or if their sensitivity to ad wearout is low. This leads to the counterintuitive discovery in the study that even if ads are highly effective in driving sales, if they're shown too frequently to consumers who have opted in, wearout-sensitive individuals might decide to opt out. This can lead to a drop in available consumer data, impacting ad targetability, reducing ad prices, and potentially hurting ad networks.

The authors of the study gave us further insights in an interview.

Q What was the primary motivation behind investigating consumer opt-in choices in the context of digital advertising? Why should managers in the advertising industry pay close attention to this topic?

A The primary motivation was the shift in data ownership and control brought about by strict privacy regulations (e.g., the EU's GDPR and California's CCPA). Before these regulations, firms could freely collect and utilize consumer data for marketing purposes; but now, consumers have more control over their data. This shift poses a substantial risk to major stakeholders in the advertising industry because having less data affects the targetability of advertising. For instance, Facebook suffered an estimated \$12 billion loss due to Apple users disabling app tracking. It is crucial for managers to understand when consumers are willing to share their data and how they should adapt their advertising strategies to this new business landscape.

Q What is ad wearout, and how do privacy regulations affect it?

A Ad wearout refers to the phenomenon in which repeated ad exposure irritates consumers. Research has shown that wearout can be so severe that excessive repeat exposure decreases total visits to the advertising brand's website. Building on the ad wearout literature, we show that privacy regulations can not only help protect consumers' privacy but also help improve their ad experiences by reducing wasteful ad repetition.

Even if ads are highly effective in driving sales, if they're shown too frequently to consumers who have opted in, wearout-sensitive individuals might decide to opt out. To avoid this, companies can utilize ad tracking data to infer a consumer's stage in the purchase funnel and reduce ad intensity accordingly.

Q Research invariably presents unique challenges. Could you share any hurdles you faced during this study, and any significant learnings that arose from the process?

A We aimed to create a theoretical framework that could shed light on the economic forces arising from privacy regulations in the advertising industry. One major hurdle was integrating a nuanced consumer utility model that accounts for privacy choices and advertising preferences into the already complex online advertising ecosystem, which involves intricate strategic interactions among various stakeholders. Fortunately, we received valuable feedback from the [peer review] team that helped us address this modeling challenge.

Q With increasing awareness around privacy concerns, why do you believe consumers continue to opt-in to tracking their online activities?

A Despite growing privacy concerns, consumers continue to opt-in to tracking because it can potentially enhance the overall advertising experience. Adopting the classic purchase funnel perspective, we identified distinct components of this improvement in advertising experience. By allowing tracking, consumers benefit not only from seeing more relevant ads tailored to their preferences but also from seeing fewer repeat ads that carry little information value. For example, when consumers opt-in, firms can more accurately infer consumers' stage in the purchase funnel and reduce ad intensity accordingly.

Q How can the insights from your research be incorporated into the marketing classroom, particularly for students aspiring to join the digital advertising industry?

A Our research underscores a fundamental shift in the advertising industry where privacy regulations endow consumers with more control over their data. It is no longer about merely designing appealing ad copies and targeting them effectively. Marketing students aspiring to

join the digital advertising industry should understand that when formulating advertising strategies, firms must jointly consider consumers' privacy choices regarding when and to what extent they share their personal data, and what implications that has for targeting ads.

Q Were there any results from your study that genuinely surprised you or went against the conventional wisdom in the field? And how do you see this research influencing or extending to other areas in digital marketing?

A One surprising finding of our research is that increased overall ad effectiveness can negatively impact ad networks that sell ads. This counterintuitive insight revolves around consumers exercising their privacy rights. If ads are highly effective in driving sales, firms will show more ads to opt-in consumers than to opt-out consumers. The reason is that the targetability afforded by tracking further boosts ad effectiveness. In this case, however, wearout-sensitive consumers who dislike seeing ads, even if the ads are effective for firms, may opt out of tracking. The resultant shrinkage in consumer data compromises targetability, which, in turn, exerts downward pressure on ad prices, ultimately hurting ad networks. This research could extend into various areas of digital marketing by highlighting the interplay between consumer privacy, ad effectiveness, and advertising network dynamics. **MN**

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READ THE FULL ARTICLE

W. Jason Choi, Kinshuk Jerath, and Miklos Sarvary (2023), "Consumer Privacy Choices and (Un)Targeted Advertising Along the Purchase Journey," *Journal of Marketing Research*.

AMAZING, INCREDIBLE, SUPERB

How Influencers' High-Arousal Language Can Boost—Or Hurt—Engagement

A new *Journal of Marketing* study explores if and how subtle shifts in language arousal might shape consumer engagement and the way it affects perceptions of influencers' trustworthiness.

BY GIOVANNI LUCA CASCIO RIZZO, FRANCISCO VILLARROEL ORDENES, RUMEN POZHARLIEV, MATTEO DE ANGELIS AND MICHELE COSTABILE

Companies increasingly turn to popular social media personalities to promote their brands, products, and services. The influencer marketing economy was valued at \$21.1 billion in 2023, and more than 90% of brands enlist influencers with a small audience (micro) or with massive reach (macro) to connect with consumers and achieve a variety of marketing goals, from creating awareness to increasing sales.

Influencers have the potential to diffuse marketing messages and drive actions, but it is unclear why some of their posts get a lot of engagement while others do not. One possibility is that consumers are increasingly aware that influencers get paid to promote products, raising questions about their motives. Additionally, anecdotal evidence suggests that when influencers use high-arousal language (e.g., “it’s totally amazing!”), it leads to questions about their trustworthiness, which in turn leads consumers to engage less with the content.



Micro vs. Macro Influencers

Consumers typically see micro influencers as regular people, so if they say something like “this shake is AMAZING!” consumers believe they really are excited about that shake and just want to share this discovery with their friends and followers. This belief in their sincerity increases consumers’ trust in micro influencers.

However, macro influencers do not seem like regular people. Consumers know these influencers receive substantial sums to say positive things about products, so they judge their posts as an attempt to persuade, just like any other form of advertising. Believing that someone has manipulative intentions tends to decrease trust. Yet the negative effect of high-arousal posts by macro influencers could be mitigated if their posts offer more informative (vs. commercial) content or if the messages are more balanced.

For micro influencers, a 10% increase in arousal is associated with a 5.4% increase in engagement, on average... If macro influencers increase arousal in their posts by 10%, it reduces consumer engagement by 8.4%, on average.

We collaborated with an influencer marketing agency to acquire a sample of 20,923 Instagram-sponsored posts across industries from 1,376 U.S. influencers. We measure engagement as the sum of likes and comments that a post receives. To measure language arousal, we combine a words-based lexicon (including terms like “hectic,” “amazing,” and “sensational”) with paralanguage (i.e., exclamation marks, capitalization, and emojis). We use 100,000 followers as the cutoff to classify micro versus macro influencers. To measure how informative the post goal is, we validate a dictionary with words like “explore,” “read,” and “watch.” Finally, we account for more than 100 controls, including details about the influencer, the text and images shared, and so forth. Combining the field data and controlled experiments result in some compelling results.

For micro influencers, we find that a 10% increase in arousal is associated with a 5.4% increase in engagement, on average. Recommending a product by saying, “It’s superb” (vs. “great”), for example, would attract 49 additional likes or comments. However, our findings raise concerns for macro influencers. If macro influencers increase arousal in their posts by 10%, it reduces consumer engagement by 8.4%, on average.

However, macro influencers are not completely forbidden from expressing excitement. Since signaling an informative goal is associated with a 1.8% increase in engagement, they can share informative, rather than commercial, posts. Also, admitting some concerns or noting some negative aspects of the promoted product can help macro influencers seem more genuine, which also increases engagement. Finally, macro influencers can use high-arousal language if they also include words that signal trustworthiness (e.g., “learn,” “help”). Thus, brands and macro influencers should collaborate to make sure their posts include phrases like “that’s what I learned about this incredible product” rather than “that’s how to use this incredible product.”

From Instagram to TikTok

Our findings are not limited to Instagram. We offer evidence that language arousal also plays a role in TikTok, with relevant influences on its young target market. We gauge influencers’ vocal cues and the level of pitch in their voices as proxies for arousal. A higher pitched voice can signal greater arousal and, in line with our Instagram study, we determine that a higher pitch (i.e., higher arousal) voice exerts a negative effect for macro influencers.

Our research underscores the importance of aligning social media posts and language arousal strategies depending on the type of influencer. For micro influencers, using high-arousal language authentically can enhance engagement, but macro influencers should focus more on informative content to maintain their trustworthiness. Exploring the impact of language arousal on emerging platforms like TikTok is especially crucial when it comes to targeting young, savvy consumer audiences effectively. Our research could be extended to politicians, scientists, and other high-profile individuals and the statements they issue. **MN**

Giovanni Luca Cascio Rizzo is a doctoral student in marketing, Francisco Villarroel Ordenes and Rumen Pozharliev are Assistant Professors of Marketing, and Matteo De Angelis and Michele Costabile are Professors of Marketing, LUISS Guido Carli University, Italy.



READ THE FULL ARTICLE

Giovanni Luca Cascio Rizzo, Francisco Villarroel Ordenes, Rumen Pozharliev, Matteo De Angelis, and Michele Costabile, “How High-Arousal Language Shapes Micro Versus Macro Influencers’ Impact,” *Journal of Marketing*.

