QUARTERLY

MarketingNews

AMERICAN MARKETING ASSOCIATION AMA.ORG SUMMER 2022

POWER COUPLE

Brand and demand collaborate and find new ways to drive revenue

AMERICAN MARKETING ASSOCIATION

Confidence Prepared

Become a Professional Certified Marketer®

When marketing challenges cause confusion, are you the clear voice providing direction?

In marketing, the only constant is the desire to connect. Audiences, channels and technology are in continuous flux.

Becoming a Professional Certified Marketer® will prove to yourself and employers you have the knowledge to navigate modern marketing challenges.

With specialty tracks, the PCM® program offers skill-specific certifications so you're ready for what's next.

PCM® Tracks for You:

- *Digital Marketing*
- *Content Marketing*
- *Sales Management*
- *Marketing Management*

Confidence starts at
ama.org/pcm

Professional Certified Marketer®

Inside This Issue

SUMMER 2022

VOL. 56 | NO. 3

MarketingNews

AMERICAN MARKETING ASSOCIATION

Kevin Bradford
Chairperson of the AMA Board 2022-2023

Jeremy Van Ek
Interim AMA Chief Executive Officer
jvanek@ama.org

EDITORIAL STAFF

Phone (800) AMA-1150
Fax (312) 542-9001
E-mail editor@ama.org

Molly Soat, Vice President, Professional Development
msoat@ama.org

Julian Zeng, Omni-Channel Content Manager
jzeng@ama.org

William Murphy, Designer
wmemurphydesign.com

ADVERTISING STAFF

Fax (312) 922-3763 • E-mail ads@ama.org

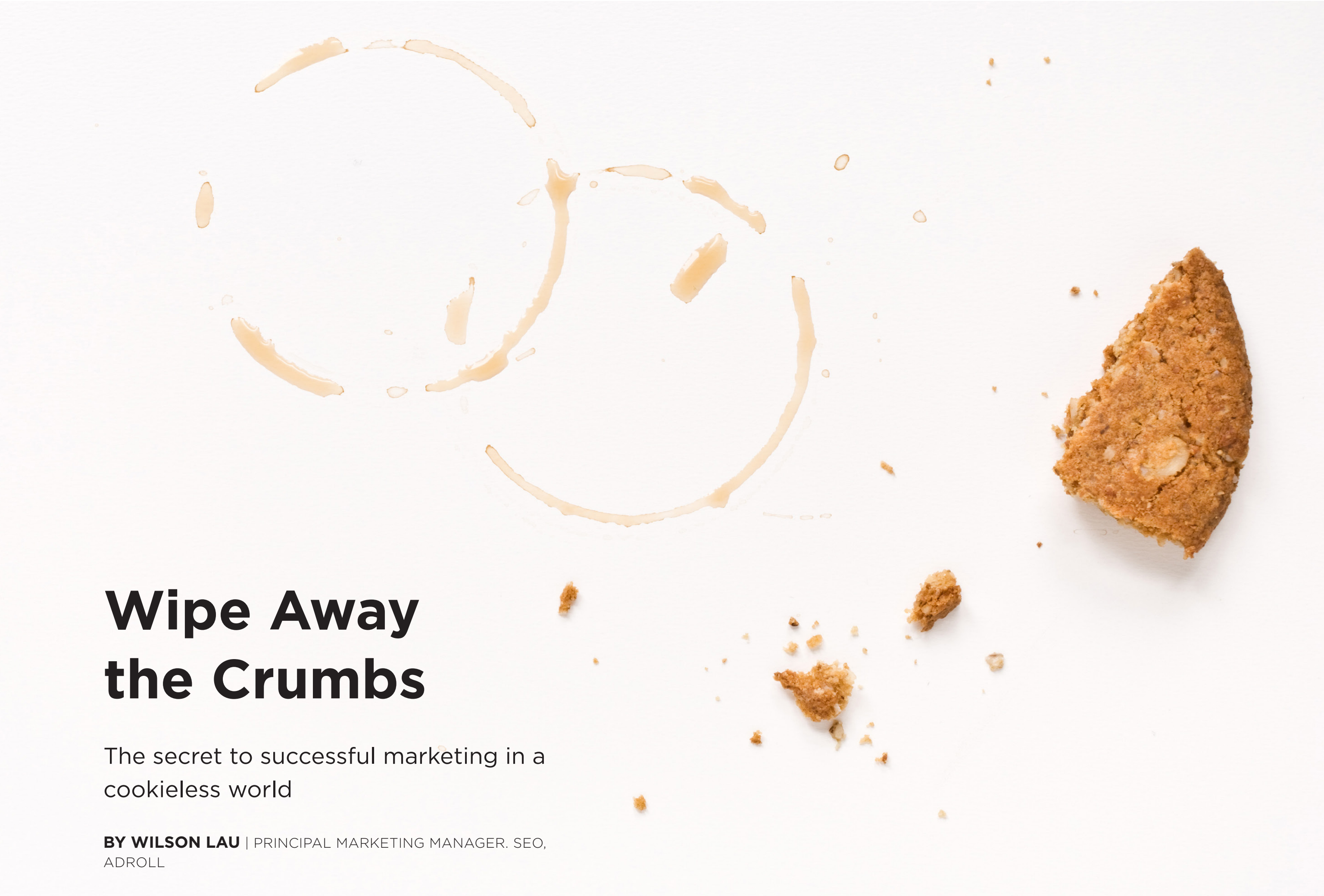
Nicola Tate, Associate Director, Media Channels
ntate@associationmediagroup.com
(804) 469-0324

Rianne McMahon,
Recruitment Advertising Specialist
Rianne.McMahon@CommunityBrands.com
(727) 497-6565 x3467

Marketing News (ISSN 0025-3790) is published quarterly by the American Marketing Association, 130 E. Randolph St., 22nd Floor, Chicago, IL 60601.

Circulation: (800) AMA-1150, (312) 542-9000
Tel: (800) AMA-1150, (312) 542-9000


Impact
Tomorrow
AMA VIRTUAL TRAINING



Wipe Away the Crumbs

The secret to successful marketing in a cookieless world

BY WILSON LAU | PRINCIPAL MARKETING MANAGER. SEO, ADROLL

It's no secret that digital marketing has changed considerably in the last three years. In the wake of the pandemic, companies had to shift their strategies to accommodate a "new normal." This new normal meant new media outlets, new avenues for reaching customers, and sometimes even new products to meet different customer demands. Data-driven marketing has changed significantly in the last two years as consumers have vocalized their expectations for brands. Marketers have learned that consumers want personalized experiences, but they also want to feel that companies respect their privacy.

Traditionally, marketers relied on things like cookies to collect information on their customers and better market their products. They've been critical components of many marketing strategies for decades, but they're on the way out.

Cookies are, in essence, a third-party strategy that collects pieces of data about consumers which are not directly shared by the consumers themselves. These cookies follow you from site to site, effectively sharing information as well as tracking your choices and preferences. In recent years, customers expressed dissatisfaction with this method of data collection. Some consumers are concerned about privacy, which led to differing strategic theories and practices around data collection.

If you haven't already noticed, many websites are implementing user privacy measures by asking people to opt-in for cookies when they access a website. As society becomes more focused on the importance of user privacy, digital marketing strategy must continue to evolve to keep pace with consumer expectations. After all, if your customers don't trust you, they are less likely to do business with you.

But what does this mean for modern marketing? Effective, future-focused marketers will not depend on third-party cookies moving forward.

The end of third-party cookies is slated for 2023. It doesn't spell the end of digital marketing, but it will change the strategies, tactics, and tools. Here's how to respond and what's coming next, according to new research from digital marketing and growth marketing platform AdRoll.

Reaching Your Customers Without Cookies

What will the future of marketing look like without third-party cookies? Brands must consider how privacy comes into play as they evaluate data collection methods for their business. We already know that consumers want personalized experiences, so data about consumers will still be critical in a cookieless world. The question is how to reach your customers without third-party data from cookies.

Companies must take a more transparent approach if they want to interact with their customers. One way they can do this is through first-party cookies. The difference here from third-party cookies is that first-party cookies give consumers more choice. They won't be tracked without their knowledge, and they have a better understanding of who is collecting their data.

Another way that companies can reach their customers without cookies is through email campaigns. Email campaigns are another avenue through which companies can share product information and company updates, and engage with the consumer. It's a direct way to disperse your advertising and marketing efforts. Companies can also leverage targeted ads and retargeting campaigns to engage with customers without third-party cookies. These options help marketers make sure that their ads are reaching the correct audiences.

It's possible to reach your customers without third-party data. The best thing brands can do for their business is to create a comprehensive approach and disperse their marketing on multiple channels.

Connecting with Your Customers on Multiple Channels

Brands need what is called an omnichannel marketing strategy that leverages multiple touchpoints to convert prospects into customers. Omnichannel strategies include methods that help you create a seamless customer experience across multiple channels and platforms through which you sell. It serves both the customer and the marketer by creating a consistent experience across platforms. Customers get the personalized and streamlined experience that they are looking for, and marketers get a better understanding of their customers' needs.

Customers who interact with your brand across multiple channels also tend to spend more money. One study by Harvard Business Review shows that customers who used more than four channels spent 9% more on average than those who used just one channel. This behavior persisted for every purchase that the customer made.

Finding the right strategy is imperative, as customer engagement and loyalty are harder and harder to ensure. One study estimates that retail eCommerce sales worldwide will continue to grow this year and into the future, exceeding $7 trillion by 2025. The great acceleration of eCommerce, which was brought forth by the pandemic, means you cannot afford to neglect any part of your customer journey.

The answer to these challenges is to stop siloing different channels and treat the customer journey as a cohesive, interconnected whole. While different channels will claim that they have the keys to success and that your target market only exists on their platforms, this simply isn't the case.

Every single one of us wakes up in the morning and checks for text messages and email, and then (more often than not) we scroll through social media. Then, we spend our day encountering ads of various kinds—whether that's a sponsored Facebook post, a highway billboard, or a commercial for our favorite TV show. There's simply no escaping this constant barrage of advertisements. This is a challenge for any marketer trying to reach their ideal audience.

There's a reason many brands aren't thinking about their efforts comprehensively—it's difficult. It often seems like the system is stacked against you. Existing systems are built around individual channels—channels with separate algorithms, metrics, measurement systems, advertising campaign methods, and analytic strategies. They're all measuring things in their own unique language. The modern marketer's biggest challenge lies in making these separate channels speak to each other, so all of the separate, siloed data paints a bigger, more cohesive picture.

Each of these channels claims that they hold the secret to customer loyalty and satisfaction. We know by now that that promise is simply too good to be true. The burden falls upon the marketer to approach things with the customer in mind instead of thinking of the channel first.

Growing Your Omnichannel Marketing Strategy

There are four key steps to establishing and growing an omnichannel marketing strategy. First, you must leverage customer data. This must always be the center of your strategy. Companies must prioritize optimized, speedy, and agile tech and data activation to execute across multiple channels. Leveraging as much data as possible, and connecting it across channels, helps create a custom experience that transfers fully from in-person to online.

Secondly, you must organize your team around audiences, not individual channels. Organizing around channels leads to a disconnected customer experience and negates your omnichannel strategy and goals. Over the last three years, our massive shift to an online-focused approach has required a huge amount of collaboration across teams and, for many, sparked new roles and new ways of working. It's only natural to streamline workflows across channels and make teams aware of how their roles affect one another. Once you've organized your team around audiences, you'll understand why this method works. As a result, each subgroup of your team will be able to focus on the holistic message they are sending to their designated audience across platforms. Every audience member will encounter a more streamlined experience, cohesive brand voice, and unified company message. This can only benefit your company long-term.

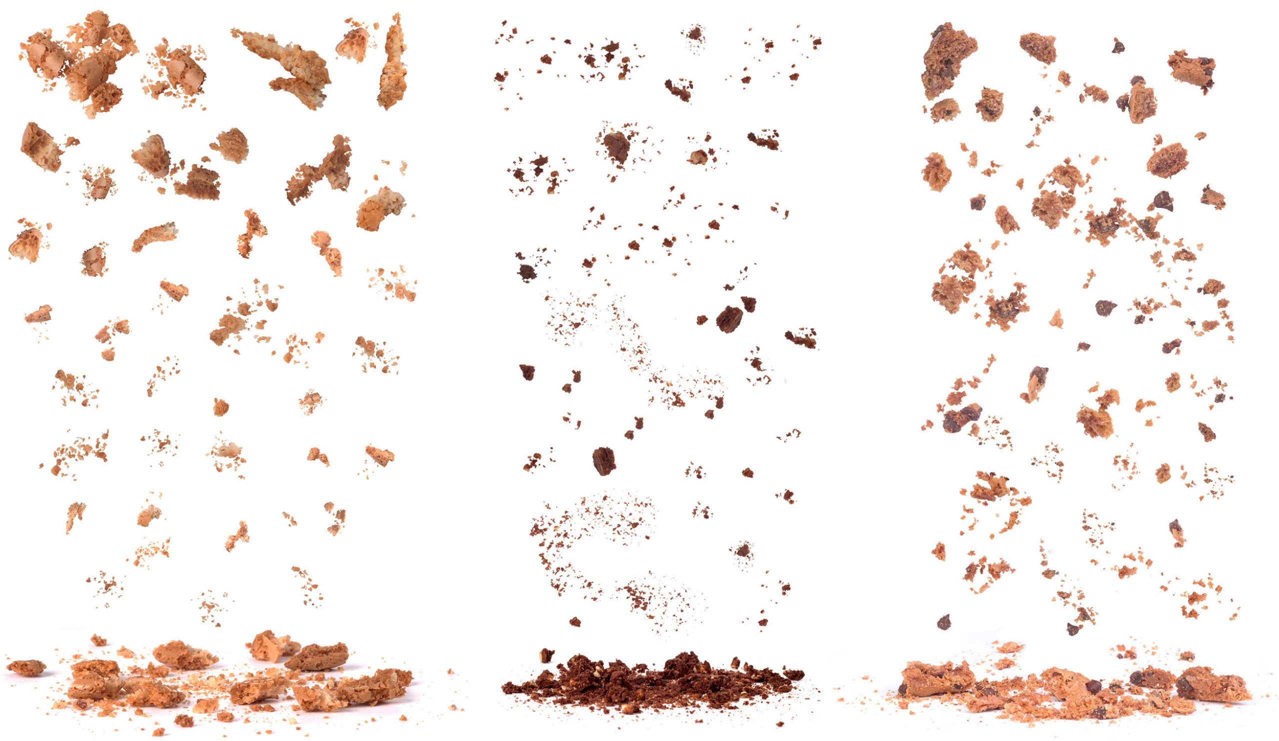
Thirdly, you must ensure that your overall message is consistent across platforms. Coordinating campaigns across channels seems like a challenge, but understanding your buyer persona and buyer segments will help. Shifting your focus from channels to customer experiences, understanding your buyer persona, and segmenting your buyers will help you deliver the right message to the right user through the right channels.

If you've followed these steps, you're well on your way to a successful campaign. The final and sometimes most important step is to choose the correct metrics.

Input and output metrics help you understand what data points you can draw from the flow of traffic. Start with the output metrics you'd like to optimize. This could be something as simple as the number of new customers. Then, consider the input metrics that would influence the number of new customers you're getting.

Think of these metrics like a production line. There are stages in production that lead to your desired outcome, just like there are stages in marketing that lead to your preferred metric. This production-line metaphor helps illuminate how you can operationalize your efforts internally, giving you language around each step to lead your company where you'd like it to go. Having this common language and common goal while utilizing an omnichannel strategy only makes your marketing efforts more powerful.

It's no secret that as society evolves, businesses must evolve along with it—or get left behind. The pandemic made our world more digitally accelerated and interconnected than ever before. There's no going back to the siloed, separate methods we utilized in years past. The future of marketing, one without cookies, will be more integrated than ever before. **MN**



From Gaga to Goldfish

Brand collaboration is the new innovation for marketers

BY JAIME KLEIN DALEY | VP OF STRATEGY, CBX

This is a tale of two Goldfish.

The first story starts with a marketing challenge. Back in the 1960s, Goldfish crackers were introduced in America as a snack brand for all ages. But over time, Pepperidge Farm's cheesy cracker snack became inextricably linked with toddlers. Social listening revealed a consumer request for "riskier" flavors, which would appeal to teens and adults. A need to expand beyond the crowded and restrictive "kid snack" category, plus a consumer push for newness, led Pepperidge Farm to develop a limited edition Frank's Red Hot flavor Goldfish.

The second story begins with a consumer truth. As marketers know, millennials are feeling nostalgic and as they're getting older, looking to connect back to their "simpler" childhoods. So Goldfish decided to up the ante as it relates to spiciness, and develop a line of jalapeño flavored snacks. How? By partnering with JNCO jeans, embroidering the pack design into the fabric, and creating a PR frenzy.

Which Goldfish initiative is "better"? I'd argue that they're both successful, but they operate on different terms. The marketers behind Goldfish took two different approaches to collaborations—one brand partnering with another, driven by a strategy to broaden its audience, appeal or ability to grab attention with consumers.

What Pepperidge Farm did makes sense when you think of brands as living, breathing things, with a DNA and an essential nature. Brands, like people, fall into habits, and as such often develop reputations over time. The brand "codes" get predictable and their behaviors are step-and-repeat.

Conversely, brand marketing teams are charged with innovating. But innovation is risky. So to gain relevance, brands look across their proverbial lanes to find partners who'll help them stretch beyond their brand comfort zones. The effect is something like dating the cool kid in school: added exposure, borrowed interest and renewed appeal.

Or, as cultural anthropologist and "Business of Aspiration" author Ana Andjelic writes, "Collaborations are basically a constant brand re-contextualization: They take (a brand) from one context and put it into another one. In that

The marketers behind Goldfish took two different approaches to collaborations—one brand partnering with another, driven by a strategy to broaden its audience, appeal or ability to grab attention with consumers.

sense, there isn't a 'bad' collaboration: Collaborations are calculated cultural and business tests … the strategy of brand awareness, market expansion and its fountain of youth."

For brands in need of that fountain of youth, collaborations are easy ways to gain some notoriety, or at least a second glance from consumers. And for those consumers, purchasing a brand engaged in collaboration is about taking a safe risk—giving you the same thing you're used to, but with a bit of a twist.

So that's why the Frank's Red Hot collab makes so much sense for Pepperidge Farm. The partnership borrows equity and credibility from both parties. For food brands, flavor is an easy way to approach collaborations. Just look at the collaborations between Old El Paso and Takis tortilla chips, Betty Crocker and Hershey's on baking mixes, and Outshine frozen mango bars and Tajin seasonings.

On the other hand, the JNCO jeans and Goldfish collaboration feels less genuine, but that doesn't mean it's not a successful marketing tactic. This collaboration relies on borrowed interest and nostalgia felt by millennials for their teenage years, as evident in the return of Y2K fashion and lunchbox treats. (Dunkaroos, anyone?) The somewhat incongruent partnership between Goldfish crackers and JNCO jeans then operates at a degree of separation from the product itself. But we love it—for a fleeting moment, consumers (and, as you read this, marketers!) have a reason to talk about Goldfish, and maybe even bring the decades-old cracker brand to the front of our minds when shopping. If done for the right reasons—cultural cachet, for one—that incongruity is what drives the collaboration. Or as Andjelic states, "Good collaborations are art, great collaborations are kitsch."

Of course, the ultimate goal for many classic CPG brands is to achieve some combination of the first and second strategies.

Where we see this type of success most clearly is among the "classics"—brands with very clearly defined visual codes or iconic positioning such as Cheetos snacks, AriZona tea and Dunkin' Donuts. The products themselves serve as vessels for creativity and inspiration. They are so familiar to consumers that any "twist" on their expression becomes noteworthy. In fact, ColourPop has built its cosmetics business through collaboration. The company develops color palettes based on partnership with iconic brand characters, having found recent color inspiration from Peeps, Hello Kitty and Sailor Moon.

I'm calling this the "blank canvas" model, in which a brand actively makes room for, and develops strategies based on, these remixes with other brands. And the partnerships it develops are based on a deep understanding of its consumers, its role in culture and where it has an authentic reason to show up.

ColourPop develops color palettes based on partnership with iconic brand characters.

Oreo's partnership with Lady Gaga brings incremental growth as it reinforces Oreo's core business.

So when Oreo develops pink icing in partnership with Lady Gaga, the delight and sense of newness is bringing incremental growth as it reinforces Oreo's core business. According to the New York Times, "in the time that sales were up 12 percent for novelty flavors, sales of the classic were up almost 22 percent, according to Nielsen." Justin Parnell, senior director of the Oreo brand, is quoted as saying, "When we do it well, it drives our classic Oreo cookie as well as the sales of the limited edition."

Collaborations are particularly thrilling in the world of fashion. Gucci's recent collaboration with Adidas—bringing the trefoil and three stripes to its sleek tailoring and lush fabrics—is both a commitment to the Gucci DNA and original brand promise, as well as a sign of openness and willingness to re-contextualize.

For this reason, any great collaboration is both a strategic exercise and an executional challenge.

So, you've decided you'd like to dip your brand toes into collaboration. You should first ask yourself what a potential collaboration could look like. What brand equities do you borrow? What codes do you combine? Which brand partner "leads" the conversation?

We advise our agency's clients to establish a consistent brand identity. Once "unpacked," the brand's equities often reveal new opportunities for expression, rooted in the fundamentals such as purpose, positioning and values. If your brand has been refreshed in the last few years, chances are that it currently contains a number of these building blocks, which can be re-articulated in fresh ways. It's from the matching up of these building blocks that brilliant collaborations are born.

The next step is to take a look at your brand assets, with an eye to those that are fixed (consistent, unchanging) versus those that are flexible (open to being changed, added to or rethought)—and deciding which ones to stretch across the collaboration.

If you've developed that brand to thrive in the digital world, chances are that the identity itself has been designed to flex and adapt to its environment—whether that be as simple as containing a holding shape (a la the original MTV icon or the LA 2028 logo), or as complex as changing to suit different environments (whether via screen or package). The goal is to start with the ultimate iconic expression of both your brand and your collaborator.

The consumer (and retailer) demand for newness will continue, and the need for innovation will remain central to a marketer's remit. The good news about collaborations is that they provide an opportunity for your brands to take measured risks and innovate creatively while reinforcing your brands' core equities. Success requires smart decision-making from both a strategic and executional perspective. But when cross-brand collabs are done right, brands have everything to gain and little to lose. **MN**

Brand and Demand Marketing: The New Power Couple

Once rivals, these two disciplines are collaborating and finding new ways to drive revenue

BY THOMAS ANDERSON, SARAH MIER, DAVID NOVAK AND MAT ZUCKER

A new wave of détente is developing across corporate marketing departments. And those who are collaborating well are finding it a critical component to unlocking value and revenue growth.

Brand marketing and demand generation teams—faced with growing complexity of spending decisions—are working together more often and marketing executives are eager to have a more holistic conversation about them. The traditional tensions between them, which can undercut growth and harm performance, are easing as both look for new ways to engage customers and increase sales.

Change has always been a constant in marketing, but today's industry feels different. Senior marketing leaders say the scope and speed of changes they confront each day make decisions more difficult. Given the pace of change, marketers are looking for ways to improve and optimize their campaign and media spending.

Even though companies have oceans of data, insights and powerful personalization tools, customers are harder to attract and engage. The paths they follow to purchase are no longer linear as they move through an increasingly omnichannel world. And just as the external marketing rules are being rewritten—often in real time—internal guidance is shifting. There are more stakeholders with new demands.

Marketers must make hard tradeoffs with finite resources and face pressure to do more with less, even as tried-and-true best practices fall by the wayside. With an urgent need to be more customer-centric, the classic "marketing funnel" concept, for instance, becomes more limited in its relevance.

Against this backdrop, brand marketing, which typically describes efforts to drive awareness and build equity, and demand marketing, which aims at getting audiences to take immediate action or conversion, are working together more closely, finding new and more efficient ways to reach customers.

The most successful marketing organizations actively try to bridge these divides. Indeed, as our research shows, in the most successful companies, these relationships are blossoming into a brand-demand love story. And these organizations offer practical lessons for all marketers.

Definitions are blurring as marketing technology and automation evolves to shift possibilities and expectations. "What is brand and what is demand?" asked Karla Davis, vice president of marketing, Ulta Beauty, a company actively integrating its marketing capabilities. "The answer seemed a little gray, but as we created opportunities to better operate cross-functionally within marketing, we've unlocked greater impact and influence internally and externally."

What the Most Successful Marketers Have in Common

We at Prophet, an international brand management company, went directly to marketers to understand how they think about the relationship between brand and demand. We first explored the topic through interviews with over 10 senior marketing leaders. We then took our learnings and hypotheses from those conversations, fielded a survey with more than 500 global marketing and advertising professionals to further understand how they are thinking about the topic—and what separates those that are using brand and demand to successfully fuel business results.

The most successful marketing organizations are focused on three key characteristics.

Focus on fewer–and more meaningful–business objectives

Today's marketers might gauge their success in dozens of ways. And you might expect that those in performance marketing would gravitate toward one set and brand leaders another. Not so. The most successful organizations say that customer lifetime value, improving brand loyalty and enhancing brand trust are the objectives that matter most.

Conversely, those working at organizations they consider less successful are more likely to prioritize creating a seamless customer experience, enhancing digital marketing support and coordination with channel partners as objectives.

Senior marketing executives believe in the value of connecting marketing's investment to key business performance indicators. Reporting progress in terms of value versus oblique marketing metrics is a best practice. They've found corporate boards don't want to hear about clicks.

"Your job as a marketer is explaining what the impact to the business will be if we shut down brand or demand

No matter how cherished your brand's logo, package or product might be, product categories are evolving around you, and your brand has to evolve with it.

marketing," says Portia Mount, vice president of marketing at Trane Technologies. "Marketers can get spiritually exhausted explaining value to the business. We look at pipeline and shadow metrics to connect back to our business agenda."

There may be a tendency to connect brand and demand marketing to specific channels. But there is also an opportunity to think more holistically, using the channel ecosystem to achieve key marketing objectives. Marketers also note an increase in cross-channel coordination aligned to customer segments and business objectives instead of teams focusing on channel-centered optimization.

Experiment. All the time.

It is clear that marketers can no longer follow last year's playbook. Many companies believe they've instilled a test-and-learn mentality because they occasionally use pilot efforts. But the most successful marketers say that because their agile test-and-learn approaches help optimize results, they've taken a more disciplined approach to experimentation.

They describe the need to integrate their planning process to include both brand and demand functions as an essential way to make more thoughtful bets. "I like to think of my marketing investment like a financial portfolio," says Marissa Jarratt, 7-Eleven's chief marketing officer. "I make sure we are invested in bonds that will deliver returns in a predictable manner year-over-year. And then I think about how we can take on new risks. We should think of our spend as a portfolio of risk deployment."

Some call this disciplined experimentation a "learning agenda." An executive at one company with brand and demand goals, for example, routinely categorizes experimentation levers by spend allocation, channel mix, targeting and tracking, brand and creative and incentive and urgency.

To maximize learning, the most successful marketers combine both leading and lagging indicators. That allows them to predict both financial outcomes and consumer behaviors. This ensures they can make faster course corrections when a bet fizzles out.

Redefine customer centricity

Amid so much customer data, it's easy for organizations to think they are customer-centric. But true customer centricity requires a constant commitment to deeper understanding. It's what can help brands build relentless relevance, which our ongoing research shows is an essential ingredient for companies.

The most effective marketers make customer centricity a constant goal. Senior leaders stress the value of deeply knowing customers. Growing trends to increase that knowledge include building centralized teams to synthesize market insights, developing integrated go-to-market plans, creating or managing assets, and developing strategies for digital channels.

At the same time, they're working to link enterprise or corporate teams, where brands are often managed, to the business and product teams that are accountable for demand.

"The transition our organization needs to make is from a siloed linear approach to more agile, 'brains in room' format," says Tyrrell Schmidt, chief marketing officer of TD Bank, U.S. "We want to build a structure that puts the customer at the center."

One of Jarratt's favorite examples includes an ad campaign that grew out of social immersion. It identified a trend of customers posting photos of their cars in 7-Eleven parking lots, an insight that was infused into marketing campaigns and brand experience.

"Customers are telling us something that they believe about themselves and their relationship with 7-Eleven," she says. "And those are the insights we need to drive the business forward."

It's Time to Rebuild the Marketing Function

Companies need the power of both brand and demand marketing to transform and become digitally converged enterprises. In the most successful organizations, the two disciplines are already closely linked. Focusing on taking the relationships to the next level can help companies achieve uncommon growth.

Even in organizations actively trying to bridge the divide between brand and demand marketing, that's hard. Competitive tension still exists, with each striving to prove their efforts produce more substantial, measurable results. Typical marketing organizations exacerbate the problem by creating two teams that often plan and invest in silos.

"There are the performance people and then the brand people," says Jennifer Warren, Indeed.com's vice president of global brand marketing. "And that gets in the way of doing what we need to do."

The most successful marketers say that because their agile test-and-learn approaches help optimize results, they've taken a more disciplined approach to experimentation.

The biggest challenge continues to be creating balanced budgets and allocating investments equitably. Many marketing leaders confess to being "obsessed" with finding the right investment mix. There's plenty of conventional wisdom: One common industry standard is the 60/40 rule, an investment recommendation proposed by Binet & Field's 2013 study. The thesis calls for allocating 60% of the marketing budget to brand efforts and 40% to demand.

Such rules of thumb offer quick, evidence-based solutions. They also help defend brand investments. And many marketers feel compelled to do that, as they've watched e-commerce and digital gain the upper hand in budget battles over the last 15 years.

However, such rules aren't good enough anymore. They may not fully account for the many variables of consumer behavior, broader market trends or the specific business contexts companies face. Modeling investment and measurement decisions using product lifecycle stages, such as product launches and mature offerings, can better track progress toward specific goals.

Sudden market shifts and disruptions mean it's critical to develop more agile planning and budgeting processes. "It's not about finding the perfect proportions to balance brand and demand," says Ashley LaPorte, director at communications firm Rally, "but finding a flexible framework that understands how everything connects."

To meld brand and demand in this new and future-focused way, there are four action steps marketers can take now. These can smooth the connections between brand and demand marketing, maximizing the value of each.

1. **Design:** Build a marketing organization with the skills and capabilities for both brand and demand, with teams working together to support a shared purpose. Create and empower a marketing operations function to orchestrate and manage resources across shifting priorities, continually improve marketing processes, and measure performance against business objectives.
2. **Plan:** Beginning with annual plans, integrate all marketing approaches. Marketing can guide this process for commercial and product lines. Consider using the customer journey as a canvas rather than the conventional channel approach. Build to support business objectives, not only marketing goals and prioritize initiatives and activities together.
3. **Experiment:** The use of test-and-learn efforts need constant reinforcement. Write a specific learning agenda and provide an investment budget that can be opportunistic during the calendar year as well as tackle emerging channels and technologies.
4. **Measure:** Track performance and progress with an integrated brand and demand view. Report to the C-suite as a unified marketing team with shared goals.

Ulta Beauty, the leading U.S. beauty retailer, is an example of how significant the impact is when creating a more collaborative marketing function. The company sought to recalibrate its marketing model and shift from product and category-focused operations to a more integrated approach, keeping customers at the center. The company aimed to balance brand-building with demand efforts for the many brands it sells to beauty lovers.

Ulta Beauty's marketing operations team tracks, reports, prioritizes and redeploys resources to create more agility and importantly, to maintain focus on customer and business needs.

"We pushed to think differently about our structure and what would serve us best in the short- and long-term," says Karla Davis, vice president of marketing at Ulta. "This effort led to greater synergy, efficiency and ultimately effectiveness across our growing marketing organization. And it did so in ways that benefit our teams, brand partners and ultimately our guests."

Moving Toward Marketing Integration

Brand and demand marketing have much in common. Both are under intense pressure to make every dollar count. Both are asked to deliver more with less, even as customer journeys have grown more complex and less linear. And while new digital tools and tracking technologies have sharpened their efforts, an overabundance of data has slowed marketers down at a time when speed and agility are at a premium.

There's no need to pick sides, choosing brand over demand or vice versa. Instead, innovative companies are clarifying how both tactics deliver on shared outcomes. They also have unique operating models and capabilities to maximize experimentation and keep their customers at the heart of their efforts. And they're doing all this in service of achieving business objectives shared by the whole organization.

They know brand and demand-generating activation can no longer be viewed as competing functions. Instead, they are interdependent, reinforcing capabilities that comprise the core of the overall customer experience.

This change bears repeating: Brand and demand are writing a new love story. They've long been drawn to each other's strengths. They can compensate for the other's shortcomings. And it's about how the ultimate power couple can help companies achieve uncommon growth. **MN**

There's no need to pick sides, choosing brand over demand or vice versa. Instead, innovative companies are clarifying how both tactics deliver on shared outcomes.

AMA AMERICAN MARKETING ASSOCIATION | Foundation

The American Marketing Association Foundation (AMAF) champions individual marketers making an impact in our profession and community. We recognize marketing visionaries who have elevated the field, and we support the next generation of marketers who will transform the profession. Congratulations to our most recent award winners!

2021-2022 AMA Collegiate Scholarships

The AMA Foundation awards collegiate scholarships to student marketers who are making an impact on their campus and in the community.

Thanks to our donors' generous contributions, we were able to provide 13 scholarships in the categories of social impact and diversity leadership.

AMA Social Impact Scholarship

WINNERS:

First Place:
Autumn Swanson
University of Illinois Chicago

Second Place:
Hannah Rasmussen
Montana State University

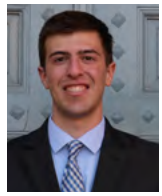
Third Place:
Jenna Bao
University of Pennsylvania

Honorable Mentions:

Chloe Meyer
Indiana University

Rimsha Waseem
University of Illinois Chicago

Samuel Kritzmire
Florida State University



Benjamin Eisler
The University of Texas at Austin

AMA Diversity Leadership Scholarship

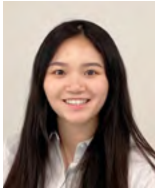
WINNERS:

First Place:
Elijah Freeman
Texas State University

Second Place:
Meera Baid
Indiana University

Third Place:
Zaria Robinson-Winston
Aurora University

Honorable Mentions:



Melody Lin
Indiana University

Isabella McGillycuddy
Florida State University

Edward Wu
University of Pennsylvania

Watch a video of some of the influential and transformative marketers whose work has been honored by the AMA Foundation.

Call for Nominations

Know any outstanding marketers? Honor them for their achievements by recommending them for an AMA award. Nominations are currently open for:

- Erin Anderson Award for an Emerging Female Marketing Scholar and Mentor
  ama.marketing/Anderson
- William L. Wilkie Marketing for a Better World Award
  ama.marketing/Wilkie
- AMA-Irwin-McGraw-Hill Distinguished Marketing Educator Award
  ama.marketing/Educator

Journal of Interactive Marketing Award

Best Paper Published in 2020

Lena Hoeck and **Martin Spann**

"An Experimental Analysis of the Effectiveness of Multi-Screen Advertising"

Journal of International Marketing Awards

2021 S. Tamer Cavusgil Award

David A. Griffith, Tereza Dean and **Jessica J. Hoppner**

"Choices and Consequences: Recommendations for an Improved Understanding of Cultural Distance in International Marketing Research"

2022 Hans B. Thorelli Award

Fabian Bartsch, Petra Riefler and **Adamantios Diamantopoulos**

"A Taxonomy and Review of Positive Consumer Dispositions toward Foreign Countries and Globalization"

Journal of Marketing Awards

2021 AMA/Marketing Science Institute/H. Paul Root Award

Stephen J. Anderson, Pradeep Chintagunta, Frank Germann and **Naufel Vilcassim**

"Do Marketers Matter for Entrepreneurs? Evidence from a Field Experiment in Uganda"

2021 Shelby D. Hunt/Harold H. Maynard Award

Joseph C. Nunes, Andrea Ordanini and **Gaia Giambastiani**

"The Concept of Authenticity: What It Means to Consumers"

2022 Sheth Foundation/Journal of Marketing Award

Kelly D. Martin, Abhishek Borah and **Robert W. Palmatier**

"Data Privacy: Effects on Customer and Firm Performance"

Journal of Marketing Research Awards

2021 Paul E. Green Award

Srinivas Tunuguntla and **Paul R. Hoban**

"A Near-Optimal Bidding Strategy for Real-Time Display Advertising Auctions"

2022 Weitz-Winer-O'Dell Award

Garrett A. Johnson, Randall A. Lewis and **Elmar I. Nubbemeyer**

"Ghost Ads: Improving the Economics of Measuring Online Ad Effectiveness"

Journal of Public Policy & Marketing Award

2022 Thomas C. Kinnear Award

Melissa G. Bublitz, Jonathan Hansen, Laura A. Peracchio and **Sherrie Tussler**

"Hunger and Food Well-Being: Advancing Research and Practice"

FIND MORE 'IMPACT AT JMR' INSIGHTS AT
AMA.ORG/IMPACT-AT-JMR

'I' Before 'They'

How marketing managers can avoid personal biases

BY MELISSA BAUCUM AND KIWOONG YOO

How often do "I" statements justify marketing decisions? As it turns out, fairly often. It is well established that marketers tend to project their own preferences onto target consumers' preferences regarding new products or features. This phenomenon is referred to as the "false consensus effect," which is one of the most prevalent biases studied in psychology. Most marketing executives are aware of this effect and admit that they frequently fall prey to it. Multiple remedies have been suggested to combat such bias in decision making. Managers typically try to eliminate the false consensus effect by deliberately ignoring (or "suppressing") their own preferences when making marketing decisions based on consumer preferences. Some try to bolster their access to "objective" information for decision making by acquiring related market research. However, how effective is suppressing marketing managers' personal preferences in reducing the false consensus effect?

In a recent *Journal of Marketing Research* article, Walter Herzog, Johannes D. Hattula, and Darren W. Dahl explore this question and uncover some surprising dynamics regarding the false consensus effect among marketing managers. Through a series of interviews and studies with marketers, the authors find that the most common approaches to addressing the false consensus effect may surprisingly backfire. This is because the effectiveness of reducing bias by suppressing one's own preferences depends on the clarity and certainty of the individual's personal preferences.

More specifically, managers first make predictions about target consumers' preferences without referring to their personal preferences. At the same time, they self-regulate by asking themselves, "Do my personal preferences affect my predictions about consumer preferences?" If managers have clear personal preferences and are certain about them, they can accurately notice and remove any personal preferences in their predicted preferences. However, in "low certainty" situations, where managers are unsure of their own preferences, this becomes an impossible question to answer. Thus, managers with vague and weakly held preferences deceive themselves; they believe they have addressed false consensus bias by asking the question while simultaneously having not changed much about their thinking. So, suppressing personal preferences in this situation might actually be counterproductive and make managers even more vulnerable to the false consensus effect.

The bottom line? Marketers with firmly held preferences are the ones who could benefit most from some self-monitoring. However, marketers with loosely held preferences will likely not be safeguarded from the false consensus bias by the same approach; instead, they should remain curious about the consumer without worrying too much about suppressing their own (weakly held) opinions.

We caught up with the authors of this research to hear more about what motivated them to investigate this question and the implications of their findings.

What was your inspiration for studying the role of the "false consensus effect" from a managerial perspective?

In marketing research, cognitive biases such as the false consensus effect are typically studied in a consumer behavior context. It is frequently overlooked that marketing managers are also susceptible to biases. For example, our pilot studies suggest that most marketers are affected by the false consensus effect, and moreover, they consider it important to avoid this bias when predicting consumer preferences. Thus, we decided to learn more about the false consensus effect and its role in a marketing management context. In general, we believe that behavioral science in marketing should not be limited to understanding psychological phenomena in a consumer behavior domain but also explore important behavioral tendencies of marketing managers.

What would you recommend to marketing managers based on the findings from this article?

Overall, our findings suggest that marketers can easily suppress strong personal preferences, whereas attempts to suppress weak personal preferences backfire. Hence, we recommend that marketers focus on what they can do (i.e., reduce the false consensus effect for strong preferences) rather than on what they cannot do (i.e., reduce the false consensus effect for weak preferences). Marketers following this recommendation are, on average, less susceptible to the false consensus effect, and their predictions of consumer preferences tend to be more accurate.

Many marketing managers have access to market research, which can serve as the "voice of the consumer" in the boardroom. Given the findings of your results, how should high-certainty and low-certainty managers treat market research information differently?

Our Studies 3 and 4 suggest that the false consensus effect causes marketing managers to use market research results in an unsystematic way. Specifically, they are more likely to rely on market research results on consumer preferences if they align with their personal preferences. In contrast, they tend to ignore consumer data that is not consistent with their personal preferences. In other words, marketers use consumer data in an "egocentric" way, which in turn has two implications: First, market research is not necessarily an effective remedy for the false consensus effect (independent of marketers' certainty level), and second, marketers should keep in mind that the false consensus effect can systematically bias their interpretation and use of market research data.

As firms undergo digital transformation, artificial intelligence (AI) becomes more accessible and prominent for many business operations. Do you believe that incorporating technology can further help marketers avoid the false consensus effect? If so, how do you think AI can affect how marketers reduce or prevent the false consensus effect?

Indeed, this is a very important and interesting topic for further research. On the one hand, one could argue that AI-based decision support systems may help marketers overcome biases such as the false consensus effect. On the other hand, one could argue that marketers may ignore AI-based consumer predictions if they are not in line with their personal preferences (similar to the results in our Studies 3 and 4). In other words, the false consensus effect may systematically affect marketers' acceptance of AI-based predictions. More research is needed to understand the complex interplay between AI-based decision support systems and marketers' cognitive biases (such as the false consensus effect).

Your study tests these effects with managers predicting consumer preferences. Do you think these results would hold in a B2B context, as well?

All studies in our article are based on a B2C context and, thus, we cannot extrapolate our findings to a B2B setting. However, it is conceivable that the false consensus effect is an important bias in B2B contexts as well. In B2B settings, it is essential to create and maintain close interpersonal relationships with members of consumer organizations. Earlier research has shown that social inference biases such as the false consensus effect can negatively affect such interpersonal processes. It would certainly be interesting to find out whether this is also true in B2B settings.

At the beginning of our research project, we interviewed a few marketers on the role of the false consensus effect in marketing practice. Among the interviewees was a marketer working for an IT firm that develops software products for business consumers. At one point in the interview, she mentioned: "The false consensus effect has a huge impact on many marketing managers in my firm. The most frequently used sentence I hear in discussions on what the target consumer wants starts with the phrase: I would want…." Overall, we believe it is important to learn more about the role of the false consensus effect in a B2B context.

Much of the studies were focused on developed markets where many managers may be more individualistic. Do you think your findings would be different in emerging markets like China and India, where many consumers are more collectivistic?

On the one hand, it is conceivable that decision-makers from collectivistic cultures are more susceptible to the false consensus effect because of their higher level of interdependent self-construal. On the other hand, one could argue that decision-makers from individualistic cultures are more focused on the "self," which may increase egocentric tendencies such as the false consensus effect. Very few studies have explored the effect of culture on the false consensus effect, and it would certainly be interesting to learn more about this relationship. MN

Gift or Donation?

Increase the effectiveness of charitable solicitation through framing charitable giving as gifts

BY PHYLLIS XUE WANG, YIJIE WANG AND YUWEI JIANG

Individual giving is the biggest part of giving in the U.S., making up 69% of total contributions in 2019. However, charitable organizations worldwide are challenged by the task of effectively encouraging individuals to contribute to charitable campaigns. A recent *Journal of Marketing* article has shown that framing charitable giving as gifts rather than donations significantly increases solicitation effectiveness.

Charitable giving is traditionally termed as "donations," whereas an increasing number of charity organizations have recently started to semantically frame charitable giving as "gifts." Our research team analyzed the wording of charitable appeals that appeared on the solicitation pages of the 100 largest U.S. charities. We found that donation framing as "donation" and "donations" and gift framing as "gift" and "gifts" are indeed the two most common semantic framings used by charities.

Yet charity organizations' decision to use donation framing or gift framing appears quite random, as if the two are interchangeable. For instance, Feeding America and Food for the Poor require donors to indicate their gift amount, whereas Feed the Children and Good 360 ask donors to indicate their donation amount. Apparently, charity organizations have not fully grasped the impact of framing charitable giving as gifts or donations on the effectiveness of their solicitation campaigns.

To fill this knowledge gap, our research team investigated whether the new gift framing results in more charitable contributions than the traditional donation framing. In addition, we are interested in what the underlying mechanism is if the effect indeed exists and under which circumstances gift framing is more effective than donation framing.

Through six studies, we find that framing charitable giving as gifts rather than donations not only increases donors' intention to contribute, but also enhances their real contributions. This happens because framing charitable giving as gifts rather than donations makes donors feel psychologically closer to beneficiaries.

For example, in our third study we collaborated with a company to organize a charitable campaign about contributing books to poor village students and we measured employees' actual charitable contributions. Specifically, one half of employees received a solicitation email adopting gift-related words, while the other employees received a solicitation email using donation-related words. We found that the employees assigned to a gift-framed email not only were more willing to contribute, but also actually contributed more books than those assigned to a donation-framed email.

The findings of this research provide substantive practical implications to policy makers, marketers, and charity organizations by identifying a quite simple and highly actionable strategy to promote charitable giving. Charity marketers often use donation framing and gift framing interchangeably in their advertisements in an apparent underestimation of their differences. We suggest that gift framing is a more effective strategy for soliciting contributions.

Although more and more charities have started to use gift framing in their daily practice, the best way to employ this strategy remains largely opaque to them. In our first study, we found that jointly using both donation and gift framings weakened the effectiveness of gift framing in promoting charitable giving. Therefore, we suggest that when charities use gift framing in their appeals, they should avoid the use of donation-related words.

In addition, charitable marketers should be aware that the effectiveness of framing charitable giving as gifts rather than donations varies across beneficiaries and donors. Based on findings of our fifth and sixth studies, marketers can benefit from framing charitable giving as gifts when soliciting contributions for general or distant beneficiaries, or from donors with a low need for status. However, this strategy may be less effective when soliciting contributions for beneficiaries who are physically or psychologically close to donors, or from donors who see social distance as desirable. MN

Playing the Broken Phone Game

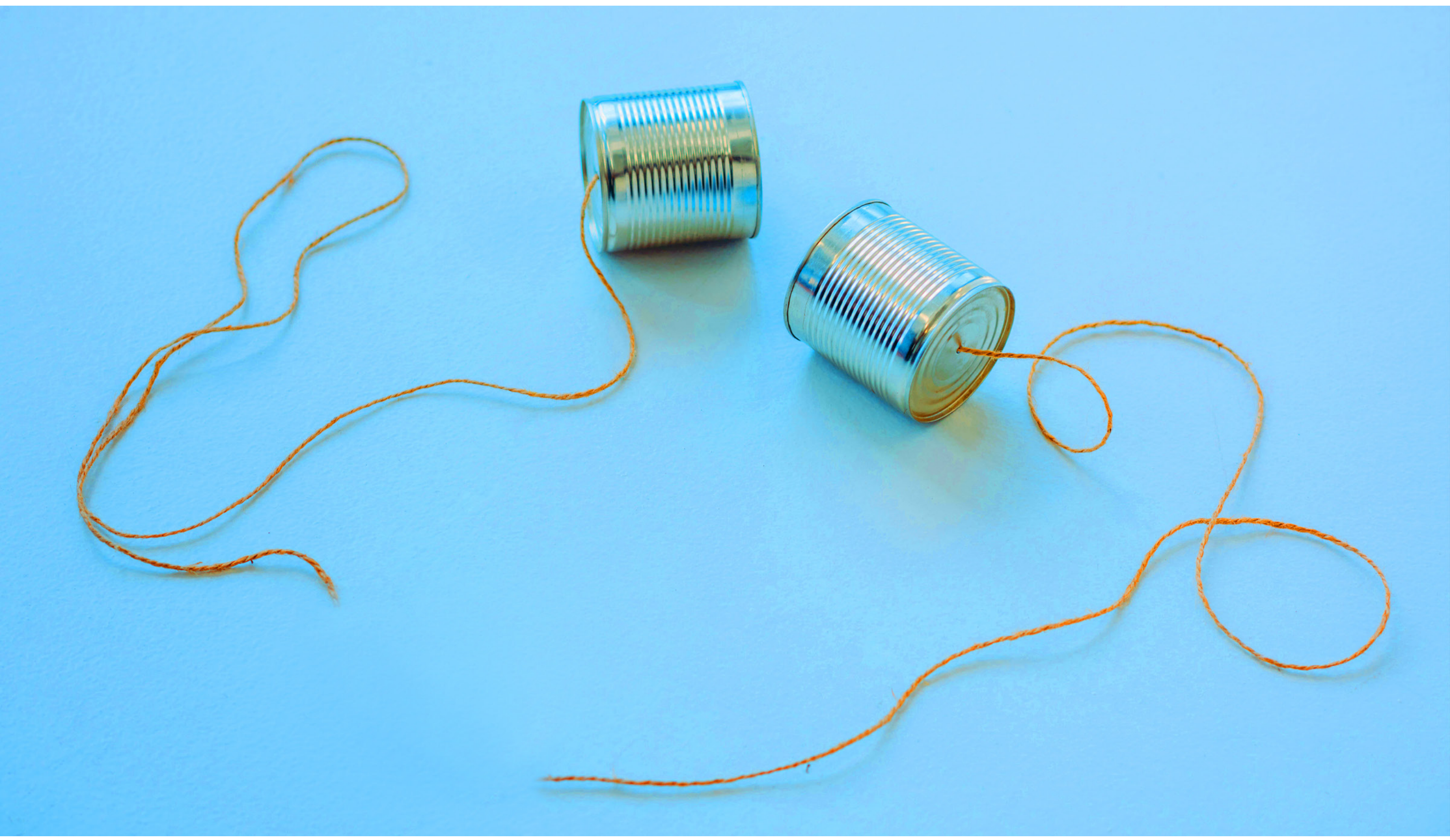
How successive news retelling distorts information and emphasizes negativity

BY NAREK GRIGORIAN AND CHERYL-LYN NGOH

The importance of word-of-mouth communication in marketing is well-established. Consumers tend to favor information disseminated by friends and acquaintances instead of accessing original sources. Our knowledge of products and services as well as news information (e.g., a new product release) is often based on retellings of original sources summarized by others. This brings up the question: "Can we rely on information that is consecutively retold?" Regardless of our benevolent intentions to help others through summarizing information, we end up telling less than the complete story. The process of information diffusion as it is retold across consumers comes with a price, that is, information distortion.

In a recent *Journal of Marketing Research* article, Shiri Melumad, Robert Meyer, and Yoon Duk Kim explore how content and tone of original information is modified over the course of sequential retelling. As news stories are sequentially retold across consumers, factual details decline while information becomes more opinionated and appears increasingly inclined toward negativity. This stylistic evolution is conceptualized as a shift toward "disagreeable personalization." This phenomenon resembles the popular broken telephone game where the further the information gets from the starting player, the original source, the more it twists and evolves across following players.

Melumad et al. test their theory by conducting a series of experiments and text analysis techniques to study how



contents of original stories evolve over different waves of retelling. They argue that audience characteristics play a crucial role. Disagreeable personalization unfolds when retellers feel they are more knowledgeable than their audience and, thus, are motivated to provide guidance and add their personal opinions in their content summaries. In providing guidance, retellers need to act persuasively and demonstrate that their opinions are worth reading. To achieve this, retellers resort to negativity. Negativity bias draws attention to retellers' arguments as negative information tends to be more prominent and noticeable. Noteworthy, this is far from malevolent motives as retellers are unaware of the potential downside.

Can we tame disagreeable personalization and stop information distortion? Melumad et al. show that by providing consumers readable access to original sources of information may diminish the tendency for disagreeable personalization but not prevent it. Interestingly, disagreeable personalization arises even when the original story includes no negative content.

Melumad et al. extend our understanding of how a story evolves as a strategic process that is dependent on audience characteristics relative to what summarizers can retain from it. This research carries meaningful managerial implications that add new perspective to issues like polarization in the public sphere and helps managers curb information distortion.

We corresponded with the authors to dig deeper into the phenomenon of disagreeable personalization. Read on to discover research implications for practitioners and academics.

What would your advice be to a firm that is going through a crisis (i.e., a product harm crisis) to curb informational distortion and prevent the potential spread of negative word of mouth among consumers? How could your work potentially inform crisis management? Do you think that the sequential retelling of news may result in deepening a crisis into a major event that would normally not be expected to happen?

Our findings underscore the urgent need for firms to not just to get out in front of messaging to consumers in times of crisis, but also to stay in control of messaging over time. What we find is that when news spreads by word of mouth from one consumer to the next, it invariably becomes more negative through retelling. This implies that, even if a firm issues a press release indicating that a crisis has been resolved (e.g., via a successful recall), the positive aspects will tend to vanish over successive retellings, and what will remain are the more negative elements from the message as well as injections of skepticism. Hence, repeated "reseeding" of the message is essential, along with constant monitoring of social media to assess the extent to which the retellings are indeed drifting negative.

Our findings underscore the urgent need for firms to not just to get out in front of messaging to consumers in times of crisis, but also to stay in control of messaging over time.

How could your research explain the current situation with the pandemic, in which one can observe polarization in society and the divide between social groups who "fight" over measures of public health and the lack of trust in science? Could this toxicity in the public sphere be attributed to the tendency toward negativity observed in your study?

We think that our work indeed can help explain this. For example, imagine that two groups of consumers are both exposed to the same message about vaccines in a Centers for Disease Control report—one group being anti-vaccine, the other pro-vaccine. As the message is repeatedly discussed and retold across their respective networks, it becomes distorted, but in very different ways: for the pro-vaccine group, the retellings may take the form of dire warnings about a disease threat, while for the anti-vaccine group, the retellings may take form of dismissals of the threat. Note that in both groups, the tone of the retellings would become increasingly negative over time but would result in opposite, polarized beliefs. We believe that similar processes have unfolded during the pandemic.

The consumers that you studied have benevolent intentions. However, unintended consequences arise that could harm consumer welfare. Do you think that reminding retellers about the risk on their own reputation or status in (irresponsibly) relaying news could help curb disagreeable personalization?

Will the "desire to guide" mechanism still hold in the face of the potential to harm one's reputation?

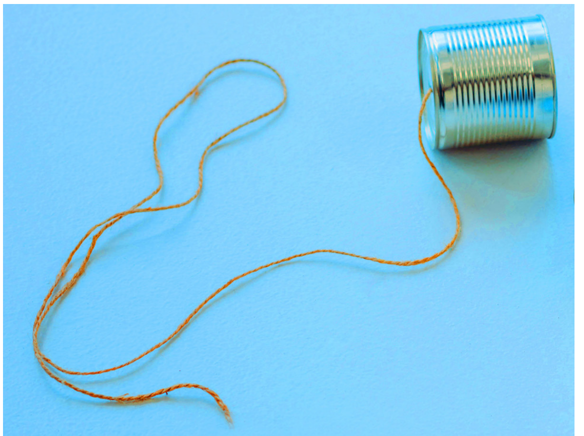
One of the paradoxes of our findings is that when consumers emphasize their opinions and negativity in their retellings, it is often because they are trying to being helpful. They believe that this convinces their audience to attend to the important details and guidance they are trying to convey. Given that disagreeable personalization bias often arises from a benevolent place, if it indeed causes reputational harm, then not only are retellers likely unaware of it but, if anything, they probably think they are improving their reputation.

In Study 2, you found that participants who reported greater intention to persuade were associated with greater intentions to highlight negative aspects of the story. The study also revealed that those participants claimed they intended to highlight positive aspects of the story. Do you think this finding is something worth investigating further? For example, why do their intentions differ from their actions? Is there a potential moderator to change the magnitude of effects?

One of our key hypotheses is that when consumers retell a story, they try to emphasize the aspects that they think will most grab their audience's attention; often, those stories are retold in a negative tone. There are of course contexts where the more positive (vs. negative) elements of a story would be more attention-grabbing. In some of our experiments, we explored the conditions under which people might emphasize positive versus negative information. We found that a key determinant was whether the positive or negative details in a story were viewed as the more surprising or unexpected. When the positive details about a product were more unexpected than the negative details, retellers tended to selectively emphasize positivity in their summaries—creating an agreeable personalization bias. One area of future research we would like to pursue is to identify interventions to help mitigate biases in either direction (negative or positive).

What advice would you provide businesses in the news industry who have "experts" who retell stories through podcasts? To what extent do you think that retelling stories via podcasts could damage the brand's reputation or be potentially beneficial to the brand?

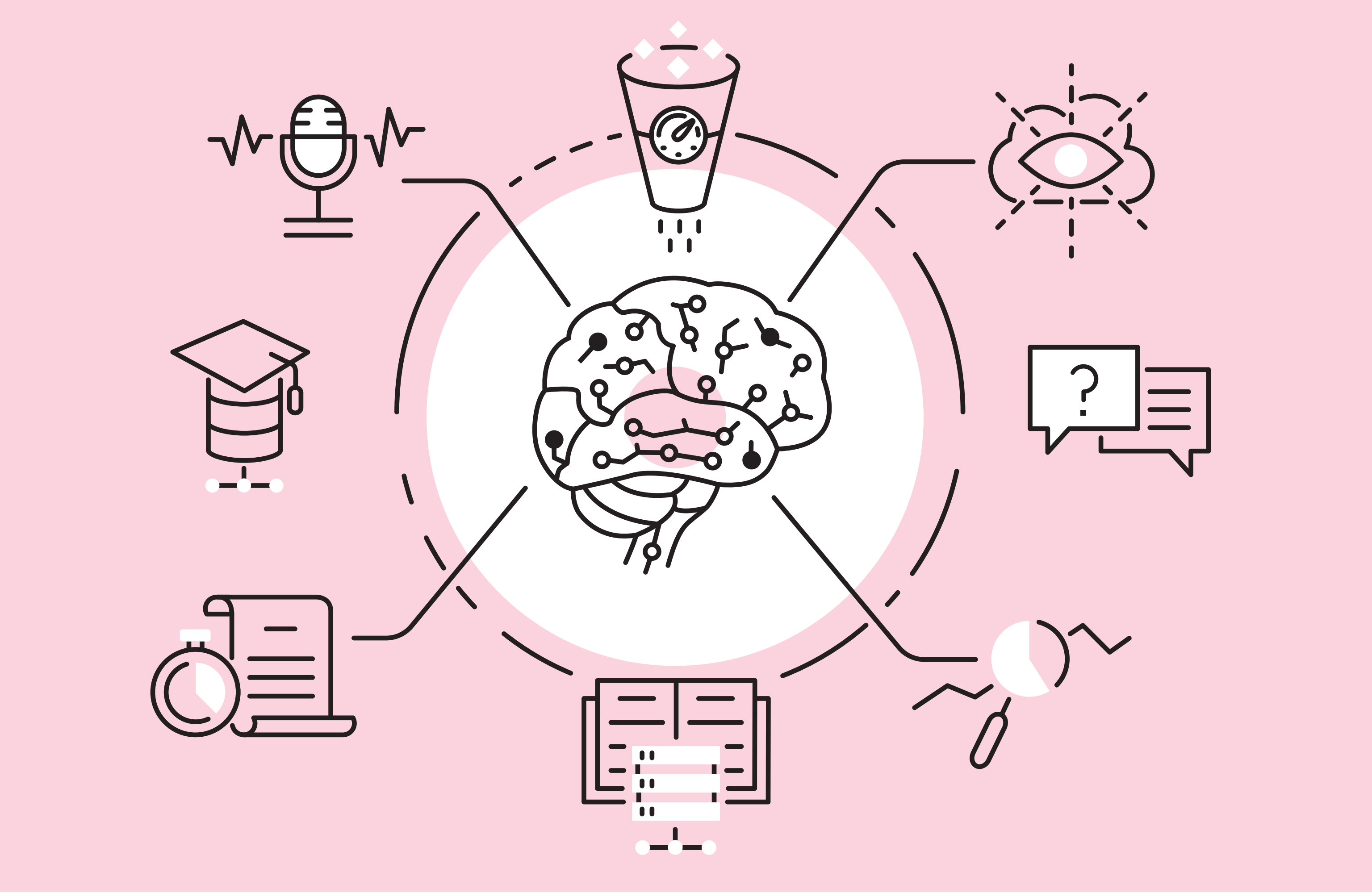
One of our major findings is that the "disagreeable personalization" bias is most acute when retellers believe that their audience is much less knowledgeable than they are. For instance, the more retellers believe they know more relative to their audience, the more compelled they are to emphasize negativity to get their audience to pay attention and inject their opinions to help their audience interpret the information. Thus, our advice would be to encourage experts to try tempering this tendency by imagining their audience as somewhat more knowledgeable on the topic than they might be. Indeed, one can imagine that in an effort get an audience's attention, a podcaster might discuss a brand in more subjective or sensationalist terms, and thereby cause reputational harm to the brand.



When the positive details about a product were more unexpected than the negative details, retellers tended to selectively emphasize positivity in their summaries—creating an agreeable personalization bias.

Did you face any challenges when you constructed the measures of content with the automated text analysis tool and human judgment in Study 1 (e.g., when content was neutral)?

The central challenge is that both are noisy measures—Natural Language Processing tools cannot perfectly capture sentiment (or other traits of text), and human judges, for their part, are subjective and, thus, can vary widely in how they interpret text. Therefore, we gathered both types of measures in the hope that they would provide convergent validity for the results—which, fortunately, they did. MN



Augmenting your Cold Start

Make future predictions about first-time customers using a probabilistic machine- learning approach

BY COLLEEN McCLURE AND THANH (HANS) NGUYEN

Understanding a customer's behavior is crucial for a firm in allocating its resources in customer segmentation and promotion targeting. Therefore, marketing scholars have spent extensive time in developing models to predict the prospective relationship between a firm and its customers. However, these models share one major disadvantage: they require multiple observations for the same customer. In other words, existing customer relationship management (CRM) models only work for repeated customers and miss out on first-time users. Firms, therefore, are constrained in designing an optimal plan to manage their relationships with these newly acquired customers.

Authors Nicolas Padilla and Eva Ascarza present a novel approach to tackling this so-called cold start problem, in which the firm only has data about the first purchase of their customers and would like to leverage those limited data to forecast future behaviors of these customers. To compensate for the lack of depth of individual-level data (i.e., repeated purchases information), this model utilizes the breadth of data available by augmenting multiple data points observed on that single transaction, including (1) transaction-specific characteristics (e.g., price, channels, discount, holiday season), (2) product-specific characteristics (e.g., product category, package size), and (3) shopping basket information. Their probabilistic machine learning framework combines a flexible demand specification with a state-of-the-art machine learning model and a Bayesian framework to link those observed behaviors with the future customer purchase behaviors through an assumption that there exists some common latent traits between these behaviors and purchases.

This paper has provided significant contributions to marketing literature and practice. First, the probabilistic machine learning framework presented in this article provides a pathway to overcoming the cold start problem in CRM literature. Second, this approach enables managers to use their data to make insightful marketing decisions in a convenient and automatic way. Last, it suggests a method by which a firm can fully leverage first-party data to achieve high performance without worrying about the increasingly prevalent privacy regulations that limit a firm's ability to use customers' data collected by third parties.

What was the motivation behind this research, and why are you passionate about using a probabilistic machine learning framework in the study of customer relationship management?

The success of a good CRM relies on managing customers differently. For this purpose, the literature has focused on methods to identify these differences in how customers transact and how they respond to marketing actions. However, most of these methods rely on observing customers multiple times. This aspect limits the usability of these methods for firms that want to manage customers right after they are acquired. This problem is not exclusive to CRM problems. Indeed, it has been a focus of interest in computer science for recommendation systems and is defined as the "cold start problem."

So, the motivation for this paper was the realization that such a problem was very relevant to CRM as well, for the reasons mentioned before. The excitement about the probabilistic machine learning method came from both combining the marketing problem with the nature of the data to which the firms have access. Indeed, the cold start problem of CRM has unique aspects that set it apart from the literature in recommendation systems. First, there is an extensive literature in marketing on individual-level probabilistic models to compute customers' value. Thus, a model that aims to tackle the cold start problem should ideally be easy to integrate into existing modeling approaches. Second, during the first transaction, which for most firms (especially for retailers) is the moment of acquisition, firms are able to collect multiple data points on that single interaction. These two aspects distinguish the cold start problem of CRM from that of recommender systems, giving the chance for probabilistic machine learning methods to shine. The "probabilistic" component allows the model to be integrated easily with existing methods (e.g., models for contractual and non-contractual settings); while the "machine learning" component allows the model to effectively extract the relevant information from the first transaction that allows the modeler or researcher to better infer how these new customers will behave in the future.

How do you propose to bring the cold start framework together with the repeat purchase framework to understand the evolution of the relationship with a customer? In your opinion, is it possible to bring them together or should they remain separate?

Our modeling framework easily combines these two approaches. Certainly, our cold start approach provides a way to make inferences on new customers using just their acquisition data. However, as repeat purchases from these customers become available, these inferences will start incorporating the incoming data, and the model allows the computation of the posterior distribution on how these inferences evolve as data on these purchases arrive.

Also, if the purpose of such a model is to understand the evolution of the customer parameters as their relationship with the firm evolves, and the extent to which acquisition parameters can explain that evolution, then we would recommend expanding the current demand specification to a dynamic model (e.g., a hidden Markov model) and allow the transition probabilities to be related to the customer characteristics observed at the moment of purchase.

Your research focused on customers who have been acquired. Could the probabilistic machine learning approach be used by firms as a strategy for customer acquisition using publicly available data?

The probabilistic machine learning approach could be used for many, many other applications. Specifically, it can be used to relate parameters that one estimates from any customer-level model to rich sources of customer data, being publicly available or proprietary. For example, a company could combine data on their customers with publicly available data to determine which characteristics (of the publicly available data) better describe the customers with high customer lifetime value (CLV). Such information could be used to inform acquisition strategies.

However, it is very important to note that customers self-select themselves to be acquired, which is a consequence of the firm's product offering, the marketing mix variables and more generally the conditions of the market at the time. Therefore, optimizing the acquisition strategy involves changing the conditions under which these customers were acquired in a way that is not necessarily observed in the available data. It would not be enough to relate publicly available data with CLV to try to acquire those users—the firm needs to investigate which actions are most effective at acquiring those customers.

To do so, firms could manipulate exogenously some of the variables in specific contexts and introduce exogenous variation to allow other probabilistic machine learning approaches to infer the relationship among marketing actions and resulting acquisition outcomes. For example, firms could test multiple email communications/promotions to prospect customers and properly set control groups. Then probabilistic machine learning could properly be used to extract how certain communications/promotions may be more useful at acquiring certain customers vs. others.

Your article mentions that the intuitive idea to overcome the cold start is to model the purchasing decision as a function of observed acquisition behavior, but that model has been shown to have critical weaknesses. How did you decide to model the purchasing decision and acquisition behavior separately in your framework?

There are multiple reasons. The first relates to the number of acquisition variables and the correlation among them. Depending on the context there are potentially multiple acquisition behaviors that may be observed. Naturally, many of these variables may contain important information to infer the future behavior of these customers, but this information may be conveyed by multiple variables as these variables may be strongly correlated among them (i.e., price paid, total amount, and discounts). These correlations may affect the purchase model if not accounted for; in an extreme case, they could cause multicollinearity when including these variables directly.

The second reason is that modeling these acquisition behaviors as outcomes provides a natural way to account for how some of these behaviors may be driven by the firm's marketing actions or the conditions of the market. Modeling these behaviors as outcomes allows the ability to extract the variation that is customer-specific and remove the systematic variation induced by these factors.

Third, missing observations are prevalent in these types of data sets. For example, different markets may record different types of information, or some variables may be observed through the online channel but not when purchases are made in the brick-and-mortar store. Modeling acquisition behavior as an outcome provides a natural way to handle missing observations.

What are the key takeaways of this research study for different stakeholders (e.g., academics, marketing, organizations, government agencies)?

We believe this research has multiple takeaways. First, we show that firms can further leverage their existing databases by augmenting their cold start data using available techniques (e.g., by characterizing the nature of the products customers by using prod2vec techniques). Second, we show that these data are relevant for making inferences of recently acquired customers, and their informativeness may be subtle and nonlinear which requires models that can properly extract this information. That has implications for practitioners and academics. Firms may leave value on the table by not fully using the information extracted from all behaviors observed at acquisition when managing new customers. Scholars could potentially further investigate a wider range of acquisition characteristics and their relevance to infer customers' future behavior. For example, whether customers are visiting the store alone or with family when being acquired may be relevant to project future consumption patterns. Finally, this research speaks to how firms can fully leverage first-party data: data that is increasingly more relevant nowadays following the privacy regulations that limit firms' ability to use customers' data collected from third-party sources.

Do you envision the role of machine learning models in marketing literature to grow in the future? What are the benefits of using this type of approach?

Yes, we strongly believe that they will continue to grow. First, there is an increasing need for automation in decision making, particularly in marketing settings in which managers must make granular decisions over thousands of customers. Second, the field has moved toward customization and personalized communications. This research is an example of that: how firms can better make decisions on how to manage their recently acquired customers by leveraging the fact that they behave and respond differently. Third, firms are increasingly storing more and better data. This leads to better models that can extract subtle signals from these high-dimensional data sets. The main benefit of these approaches relates to their ability to make better predictions without pre specifying functional forms that constrain the potential nonlinear relationships that may be present in the data. MN

An Introduction to Brand Transcendence

Leverage co-followership patterns on social media to identify brand alliance opportunities

BY PANKHURI MALHOTRA AND SIDDHARTHA BHATTACHARYYA

The use of co-branding and brand extension strategies to access new markets (and potentially attract a larger brand audience) has grown significantly in the past few decades. The recent co-branding deal between Starbucks and Spotify—two seemingly unrelated brands—shows that mashing up two bona fide brands, especially those in diverse industries, can be a lucrative marketing strategy. By providing premium coffee-shop music, Starbucks incentivized Spotify users to join its loyalty program. In return, Spotify grew its user base by leveraging Starbucks' offer of a free coffee for joining the music streaming service.

Although managers have been leveraging the synergistic benefits of co-branding for decades, surprisingly few studies have sought to identify potential co-branding alliances between brands belonging to different categories. In a new *Journal of Marketing* article, our research team introduces a new automated scalable approach for identifying potential co-branding and brand extension opportunities using brand networks derived from publicly available Twitter followership data. We present a new construct, brand transcendence, that measures the extent to which a brand's followers overlap with those of other brands in a new category. For example, the transcendence of a non-sports brand along any given category—for example, say sports—is based on the extent to which its followers overlap with those of other brands in the sports category.

Our research team reveals cross-category branding insights in the form of brand–brand and brand–category connections, which can serve as important measures for assessing co-branding and extensions opportunities.

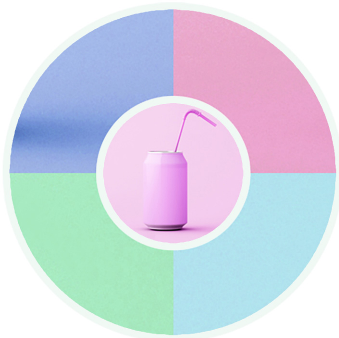
For instance, brand–category connections capture the transcendence of brands into new categories and show that certain categories are more viable for extensions than others. Brand–brand connections, on the other hand, provide a more granular view of transcendence by revealing the individual brands that are suitable for co-branding. For instance, the transcendence vector of Mercedes shows that the strongest brand-category connections of Mercedes are to luxury, technology, and sports– making them suitable categories for extensions. Then, at the brand-brand level, we find brands such as Louis Vuitton, Nike, Tissot, and Chanel to have strong connections to Mercedes, making them potential candidates for co-branding. We also capture the asymmetric relationships between brand pairs to identify brands that may potentially benefit more from a co-branding alliance.

Because user–brand relationships on social media can change, we document the fluctuations of brand connections over time and investigate the impact of such fluctuations on co-branding alliances. Understanding whether critical connections with certain brands or prospective categories have waned can help managers promptly identify the problem and take appropriate action. Similarly, identifying new connections that have formed over time can illustrate how past marketing actions can impact a brand's transcendence in users' minds.

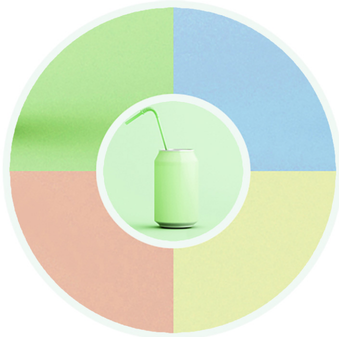
The cross-category connections revealed through the network can be used to assess the effectiveness of previous marketing campaigns and discover new alliance opportunities. For example, Bud Light's connection to Pepsi reflects the co-interest patterns between the two brands and, thus, affirms the effectiveness of their previous joint marketing campaign. Similarly, Sierra Nevada's strong connections with travel and technology brands (e.g., Southwest Airlines, Discovery, SpaceX, and Microsoft) highlight the strong co-interest with these brands and present new co-branding opportunities that may yet be known to its owners. We provide examples of both scenarios using information from external industry sources.

Another practical application of our method is competitor analysis, which can help managers identify the differentiating connections of brands with respect to their competitors and gauge the type of users their competitors attract. For instance, in our study, we investigate the transcendence of beer brands, Bud Light and Sierra Nevada, into different categories and gauge the type of audience these brands attract. Whereas Bud Light has high transcendence into food and dining, Sierra Nevada has high transcendence into travel, airlines, and technology. Regarding centrality, Bud Light outperforms Sierra Nevada, with stronger connections within the beer category. Thus, whereas Bud Light is positioned strongly amongst beer and food enthusiasts, Sierra Nevada resonates more with technology and travel enthusiasts.

Overall, the core contribution of our study is a new digital approach to analyzing audiences' interests across a broad brand ecosystem. The cross-category insights generated by this approach can help researchers and practitioners avoid marketing myopia by identifying nontraditional branding opportunities that are difficult to infer from traditional survey-based approaches. From a managerial perspective, our brand network can efficiently and cost-effectively generate cross-category insights, given that most of the data collection and network analyses are automated. Furthermore, as our approach uses information that is publicly available on social media, it can be easily scaled to a large number of brands, with the resulting network structures reflecting the preferences of a diverse set of users. MN



Although managers have been leveraging the synergistic benefits of co-branding for decades, surprisingly few studies have sought to identify potential co-branding alliances between brands belonging to different categories.



Best Keep Them Apart

Research shows that good food and good experiences don't mix well

BY IPEK OZER AND SVETLANA TOKAREVA

We often have some savory food in sight while engaging in a pleasant activity, like watching a game in a stadium or shopping in a mall. But have you ever considered that the presence of such food could adversely impact the joy from the concurrent experience? In a recent *Journal of Marketing Research* article, Emily N. Garbinsky and Anne-Katrin Klesse investigate how food's presence influences the enjoyment of an activity, whether it be listening to music or engaging in leisure activities. The robust empirical evidence suggests that the presence of delicious food causes a mental simulation of tasting it, decreasing one's engagement with the ongoing experience, thereby lowering the enjoyment of that experience.

Past research shows that exposure to delicious food has a positive impact on consumers' enjoyment of the food when it is ultimately consumed. Building on the theory of mental imagery, the researchers predicted that the presence of food might decrease the enjoyment of customer experiences. Using a series of field and lab experiments, the authors demonstrate that the presence of delicious food results in lower enjoyment of the pleasurable target experience. In addition, they found that presenting food reduces the enjoyment of pleasant experiences and makes unpleasant experiences less unpleasant. Their research identifies the pitfall that comes with the proliferation of food as a means to enhance an experience and warns of the downsides of mixing food with pleasant experiences.

The study has rich potential to spawn better managerial practices as well as individual takeaways. Companies should take into account that mixing food with experiences is not always a good idea. Unless it is a negative or cognitively demanding experience, limiting the visibility and accessibility of food could be a better course of action. A good example, the authors suggest, is the IKEA store design, where the eating experience is isolated from the shopping experience. Individuals can arrange the timing and the extent to which they are exposed to food or shopping, according to their favorability perceptions of the activity.

We had a chance to contact the authors to learn more about their study and gain additional insights.

What finding was the most surprising for you? We are also interested in learning about how you came up with the research question.

We came up with the research question during a lunch at a well-known consumer behavior conference. We were sitting at a lunch table together with other attendees of the conference and were eating our appetizer (a salad). To our surprise, the dessert (a delicious cheesecake) was already sitting in front of everybody's plate. We saw that some attendees tried to get the cake out of their sight whereas others already took some of it. That made us wonder how the presence of delicious food may influence ongoing experiences. Although we first investigated the effect on other food-related experiences (e.g., eating a salad), we quickly moved to extend our effect to other non-food-related activities. While we strongly believed that the presence of food can decrease the enjoyment of also unrelated experiences, it was slightly surprising to us that this effect even occurred at an actual concert, where attendees had voluntarily decided to go and were thus very involved in it).

Do you anticipate a similar effect in the context of executing a work- or study-related task? How might the enjoyability of this cognitive task influence this process?

That depends. We think the effect of the presence (vs. absence) of food occurs if consumers are not too cognitively involved in the ongoing task but may disappear in situations where consumers spend all their cognitive resources on the ongoing task and, thus, do not have the capacity to mentally simulate the upcoming food experience. In fact, we have conducted a study (which did not end up in the manuscript), in which we showed participants "Where's Waldo?" pictures. One group was instructed to only look at the picture whereas the other group was instructed to find Waldo in the pictures; the presence (vs. absence) of food did not affect the latter group, potentially because they were too cognitively involved with finding Waldo.

How can one start changing (savoring) habits according to the findings of your research? What would you recommend to others in arranging the physical presence of food in their daily life?

Our research suggests that food and experiences don't mix well. Thus, if you want to enjoy what you are currently doing (e.g., reading this blog by the AMA), then you should be fully engaged in this experience. The presence of food makes this more difficult. Thus, we suggest removing food from your sight until the moment of consumption. With the holidays in mind, we'd also like to suggest consumers leave the food in the kitchen until it is dinner time and first enjoy the conversations with the guests without being distracted by the delicious food that is waiting on the buffet or dining table.

Do you think everybody experiences this effect to the same degree? Or would you expect some people (e.g., foodies or daydreamers) to engage in more mental imagery of food?

We did not explicitly test for individual difference variables that could attenuate versus strengthen this effect. Yet, we can think of a few examples that could be tested in future research. First, we expect this effect to be strengthened for consumers who are high on mental imagery, and thus can easily and promptly imagine (and visualize) the upcoming food consumption. On the contrary, we expect this effect to be weakened for consumers who like healthy rather than hedonic food; if consumers are not tempted by the chocolate cake (or cookies), they are unlikely to mentally simulate its consumption.

You conducted 10 studies including lab and field studies. What challenges did you face during the experiments?

Our studies required the presence of real food. Thus, we could only run these studies in the field or in the laboratory since they are not feasible online. This was very challenging, particularly during the onset of the COVID-19 pandemic, because the laboratories of many schools were closed and people were reluctant to participate in studies conducted on campus. In addition, an ongoing challenge with laboratory/field experiments is getting enough participants within a decent time frame because data collection is much more labor-intensive and slower than when using online panels.

What would you do differently if you could rerun the studies?

To be honest, we don't want to rerun the studies as we carefully drafted them and think that they are pretty good as they are. However, if we could run additional studies, we would try to conduct a study in which we have more savory food that people typically consume for dinner (e.g., pizza or even different dishes on a buffet) and explore whether the presence of food could even influence how much consumers enjoy their conversation and interaction with other consumers (e.g., on a party or family get-together) **MN**.

Take Care of Your People

Bridging the gaps between your critical audiences by putting your life jacket on first

BY REBECCA BROOKS | FOUNDER AND CEO, ALTER AGENTS

When my agency was founded more than 10 years ago, we implemented formal policies related to flexibility, accountability and open communication to empower employees to do their best work. I'm glad we had this foundation in place, as these policies have made adapting to the pandemic's challenges much easier. In light of today's unique problems, company leadership must now find ways to serve a broad constituency—encompassing employees, customers and shareholders—that includes individuals experiencing these challenges in vastly different ways.

Many leaders are now finding themselves straddling a number of needs as individuals face varying levels of stability when it comes to healthcare, finances, childcare and other concerns. When we spoke with Peter Atwater, an economist and adjunct professor at William & Mary, he discussed the difficulty that some businesses are facing in navigating a path that placates multiple audiences which may have conflicting interests. Leaders need to strike a deft balance and understand where messaging can bridge conflicts among interest groups, he said.

Safety mandates and work-from-home policies have placed leaders in a more precarious situation, as some individuals are now operating from partial or whole bubbles - penetrated only by Zoom calls. Others, though continuing to work on-site, now work with physical divisions from colleagues and managers and even some ideological divisions when it comes to how the pandemic should be handled. This further separates leadership from their communities and employees, fueling detachment from the daily needs of their people.

Social pressures have placed the onus on brands and businesses to take a stand for things that matter, including a commitment to the community, to diversity and inclusion, and to fair treatment of employees.

At a basic level, communications must be frequent, transparent, and understandable. Messages should absolutely be consistent across all audiences, but you should balance your delivery and level of detail.

Address your employees' practical needs

Even before the pandemic, experts touted the importance of employee engagement and investment. Now social pressures have placed the onus on brands and businesses to take a stand for things that matter, including a commitment to the community, to diversity and inclusion, and to fair treatment of employees.

There are practical things you can do first to care for employees. Dr. Nadia Brown, an associate professor of Political Science and African American Studies at Purdue University, said, "You're building healthy communities and healthy families by giving people a living wage or giving them access to paid sick time or leave."

We've seen the benefits first hand when you focus — really focus — on employees' tangible needs. We offer unlimited time off and flexibility so our people can stop punching a clock and start collaborating and engaging. We have found that this approach gives employees more accountability and ownership of their work, which makes them more efficient, not to mention happier.

But what about your other audiences?

For people experiencing a period of low confidence, Atwater told us that messaging and operations need to be nakedly authentic. Confidence and scrutiny are inversely correlated: consumers who feel vulnerable or anxious will more closely scrutinize and judge a brand for mistakes. Businesses need to take definitive, confident action to reassure audiences that are feeling vulnerable and uncertain.

At a basic level, communications must be frequent, transparent, and understandable. Messages should absolutely be consistent across all audiences, but you should balance your delivery and level of detail. For example, if you have implemented a diversity and inclusion strategy, you'll want to illustrate to shareholders why this is important to the bottom line. Tell employees about any new policies that affect them and improve their workplaces. And tell customers specifically what you are doing, why it is important, and how it reflects your brand values. Of course, there's overlap here, but the bottom line is: communication is your friend.

Don't make empty promises. Show initiative by taking the proactive, tangible actions necessary to back up your messaging. To further the example above, you could take formal steps like: creating and publishing an equality and diversity charter; building in new required training for employees; and creating community service and giving programs to support the charter. No matter the initiative, companies need to "put their money where their mouth is" or consumers will see through the facade.

How do I find out what my audiences want me to say and do?

It's clear that audiences are experiencing a wide variety of obstacles and perceptions right now, with individuals facing their own set of challenges, concerns, and fears. Your audience isn't the same as your neighbor's. In order to understand where your people stand, your insights strategy needs to reflect this changing ecosystem.

That calls for a multifaceted approach, gathering data and insights that focus on the individual, in order to serve the whole.

- Make sure you're talking to the people in the (sometimes virtual) building! Have open and honest exchanges with employees so you understand their challenges, both professionally and at home.
- Conduct market research that actually reaches all of your audiences. Survey respondent groups that are tied to national demographics often don't give researchers large enough base sizes to capture economically disadvantaged, minority, or non-English speaking communities. If they're not included in your research, you won't know how to talk to them.
- Cut any narcissism from your brand strategy. Research isn't about you, it's about understanding your customer and how they perceive you. Don't ask them questions that they can't relate to or try to push messaging in your research. You want to gain their perspective, not the other way around.
- Bring customers into the boardroom. Use a mix of research methodologies not only to address issues with proper representation, but also to really bring in the consumer's voice. Leverage video, imagery, and verbatim responses to build a "conversation" between your team and the ultimate decision makers: your customers.

The bottom line is that any business is going to have a diverse audience, some of whom still feel very vulnerable. People's situations are very different and will continue to be so in the future as we emerge from this crisis. Companies need to stay on top of the manifold needs of audience members, including (and prioritizing) employees, and employ nimble strategies to imbue confidence and stability. MN