QUARTERLY
Marketing News
AMERICAN MARKETING ASSOCIATION AMA.ORG WINTER 2021

THE END OF THE WORLD AS WE KNOW IT

A look ahead to the post-pandemic landscape and opportunities for success amid instability

AMERICAN MARKETING ASSOCIATION

It's Been a Year

Just like that, we've reentered the month of March.

It's sobering to take a moment to recall life this time last year and to consider just how much has changed. We've endured interrupted daily routines, constant work-life juggling acts, civil and political unrest (much of it necessary, one instance not), and unfathomable loss of life.

It's been said countless times, but surely no one could have predicted the extent to which our world would be flipped on its axis. Yet disruptions this immense in scale might have been in the cards all along.

"The experience of the pandemic has made it clear that the events of this century are the prelude to a coming era of disruptions, or a period during which discontinuities will be a feature of the marketplace, not the exception," writes Kantar's J. Walker Smith, in a look-ahead piece at how organizations can find opportunities for success amid rampant volatility (page 11).

As is our wont as Americans, we find ways to push ahead in our lives, professionally and personally. In delivering you this new, all-digital edition of Marketing News Quarterly magazine, so are we at the AMA. It's our hope that you find it to be a continued valuable resource.

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Inside This Issue

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The Year of Careers and Callings

It fascinates me that as marketers, we love to ascribe identities or labels to our customers. We care about how they feel. We have consumer confidence surveys. We use archetypes and sticky nicknames to conjure imagery associated with a customer prototype or segment as shorthand inspiration for our storytelling.

Marketers are trained to worship at the altar of the consumer, but they rarely self-identify in the way marketers label them. This insight isn't to suggest that marketers have it all wrong. Conversely, we often let our jobs and the companies for whom we perform them define us. Each of us is a worker, in some form or fashion, and each of us is a consumer.

I contend that modern leaders should be advised that their employees may warrant more special handling than even the consumer. Perhaps sentiments toward a brand among its employees, as opposed to those held by its customers, are the ones leaders should watch.

Surely, employee confidence in their company's prospects, bosses and leadership is fundamental to any firm's performance. Today's employee expects their employer to be a wellspring for their personal growth and empowerment; their physical, mental and emotional health; and yes, a source of inspiration. But you can't stand in front of your team in an all-hands physical gathering like you once could. Still, working from home by necessity has accelerated and fueled these expectations such that the role of "the office" will never be the same.

Two major inversions have occurred. First, the inversion from when consumers went to the marketplace, to now, when the marketplace comes to them. The second inversion shoe has dropped—"going" to work has inverted to work "coming" home.

Home is the nexus of these two inversions. Today's typical employee now commands their world from their home as much or more so than ever before in history. We might look to post-Civil War patterns for a third inversion when the 30-year migration and urbanization flipped the script from ranches and farms as dominion in 1890 to more city dwellers by 1920. In fact, in 1790, only 2% of the U.S. population was urban residents! Yesterday's crops are today's careers, but they were and are home-centric.

What does it all mean? An urbanized, home-centered lifestyle and careers have become a source of inspiration with meaning. Education has flipped from one-room schoolhouses with teachers to one-room homeschools (and online learning) with learners, supported by the same individuals pursuing their own careers or callings.

For employers and leaders, we must be able to empathize with this convergence of "stress" in the home, particularly that of parents. Modern-minded employers can rethink work schedules, perhaps discard them entirely. There is no such thing as a prototypical workday for our employees. Was there ever?

Today's employee-centric firms must reject old value systems where bosses are proud to see their staff at the office at midnight and give side-eyes to the clock on the wall when an employee gets off the elevator. Don't get me wrong, if an employee is so driven and so inclined to work until the wee hours, they deserve my admiration, but I would still coach them to go home and ponder why they're left alone when the rest of us have departed.

What matters are goals. Your employee is just as gratified to achieve goals as you are in seeing them achieved. Albert Einstein asserted, "If you want to have a happy life, tie it to a goal, not to people or things." As long as an employee completes their work on time; achieves their goals; comports themselves by the company's values; and meets their obligations to colleagues, stakeholders and customers, old school clock-punching leaders would do well to smile and say "thank you." There are plenty of great resources on goal-setting and SMART goals, but the best piece of advice I've come across is the importance of ensuring a goal, when achieved, pleases the employee as much as it pleases the firm. Find a way to express the firm's goals such that they capture the imagination and self-interest of the person responsible for achieving them.

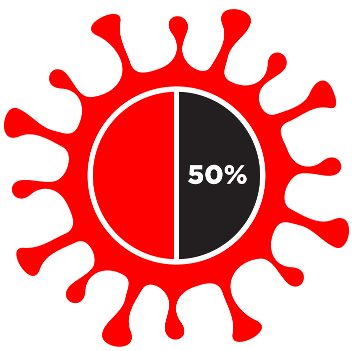
A goal-oriented culture is a performance organization. This might mean creating and offering the option of different office hours for employees in different life stages with children of different ages. Morning time is more precious for parents of older children. Perhaps parents of younger children place a premium on afternoon hours. It is irrefutable that the newfound absence of commute time and corresponding essentials like grooming has returned scores of hours weekly to each employee; more than enough time, that if given flexibility, can provide a win-win for employers and employees.

When I speak on how the classic 4 Ps have been altered by a post-digital network-based world, I make the assertion that time is now more important to consumers than money. So too is time the most precious gift you can give to your employees. Give them the gift of controlling their own time in a contract based on mutual trust and respect, whether pursuing their career or calling.

RUSS KLEIN
CEO

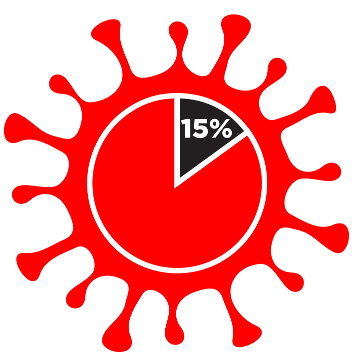
Content Marketing and Advertising Trends Amid the Pandemic

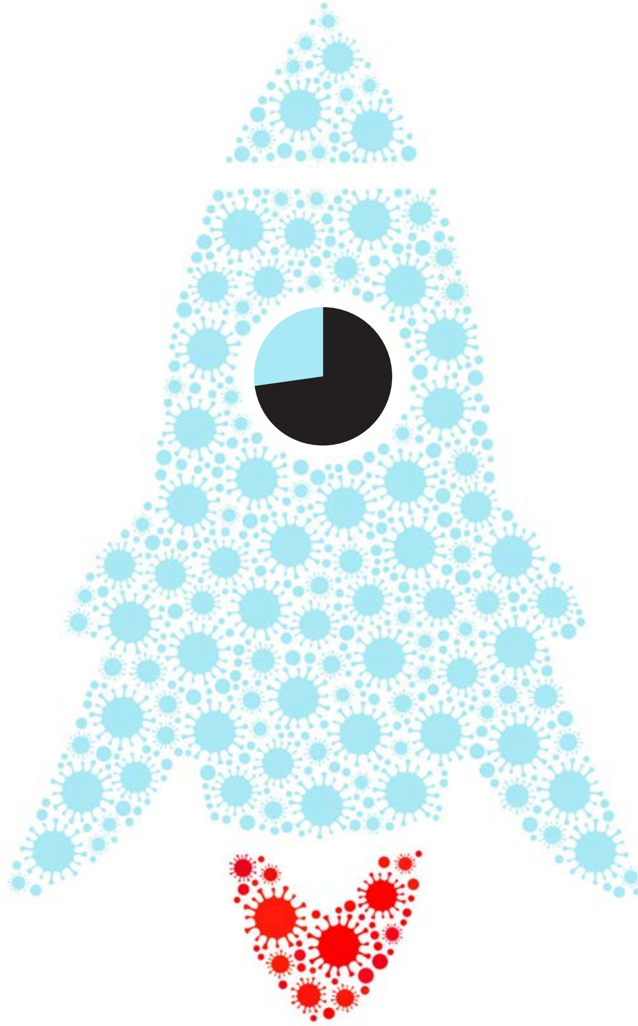
Most firms have made considerable adjustments to their digital advertising output, but many users still aren't seeing relevant ads



At the time of the survey (July 2020), **50% of respondents** thought the pandemic would have a moderate long-term impact on their organization's content marketing success.

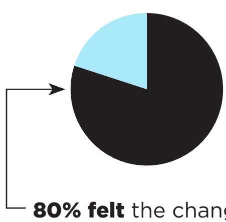
Only 15% felt it would be a major impact.



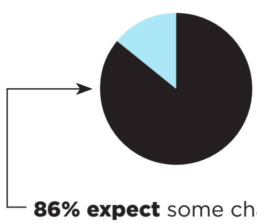


73% of advertisers have held back campaign launches, **but 52% expect** to resume or ramp up advertising spend in the summer.

Of the 79% who have a content marketing strategy, **70% made** major or moderate adjustments to their strategy because of the pandemic.



80% felt the changes were effective.



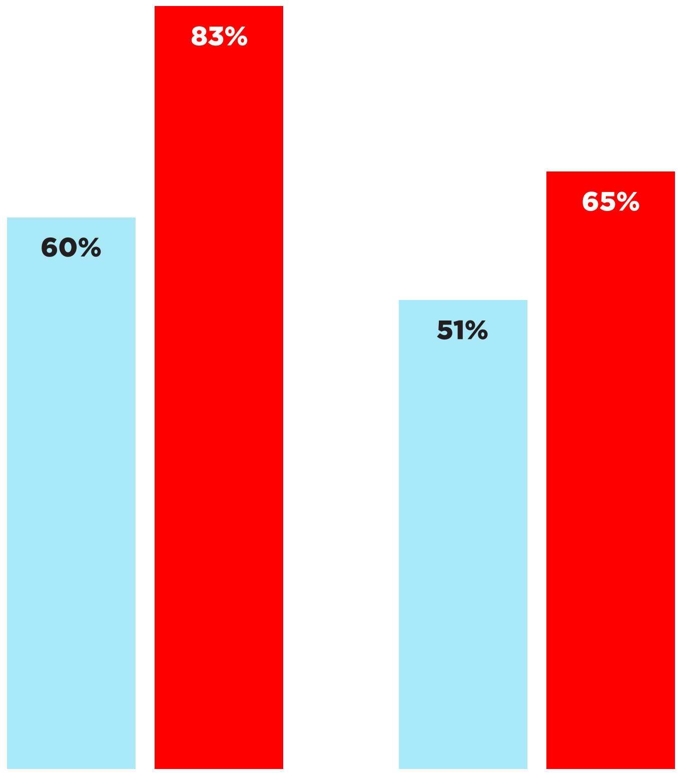
86% expect some changes to stay in effect for the foreseeable future.

82% want to see relevant ads, but **only 54% claim** that the ads they see are relevant to their interests.

50% of people find that ads they've recently seen are relevant to their interests, but **only 45% agree** that these ads are relevant to their needs.

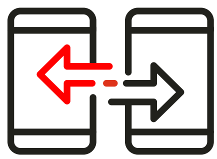
82% report feeling positive feelings when seeing a relevant ad (**30% of whom** feel extremely positive).

56% of people feel negatively when seeing irrelevant ads.



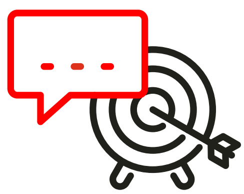
Use of social media advertising/ promoted posts increased to **83% from 60%** in the past 12 months (surveyed July 2020).

Use of search engine marketing (SEM)/pay-per-click increased to **65% from 51%**.



Mobile ad engagement has **increased 15%** during the pandemic.

Interactions with sponsored posts **reached 57 million** in July 2020, a fivefold increase compared to March 2020.



B2B marketers who reported high levels of content marketing success said the top two contributing factors were the value their content provides (**83%**) and website changes (**60%**).

Those who reported low levels of success said it was due to content creation challenges (**63%**) and strategy issues (**51%**).

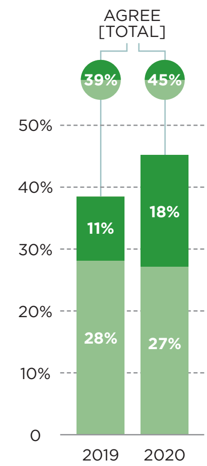
ADVERTISER PERCEPTIONS, MARKETINGPROFS, DISQO, MOBILE MARKETER, SHAREABLEE

Barriers Preventing Many Organizations From Sustained E-Commerce Growth

EXHIBIT 1

E-COMMERCE IS A TOP PRIORITY FOR THE ORGANIZATION'S LEADERSHIP

● STRONGLY AGREE
● SOMEWHAT AGREE



The coronavirus has made e-commerce a bigger priority, but most organizations are still struggling to turn it into a substantial revenue driver

BY ARIFA SHEIKH, JORIS ZWEGERS AND PREM SHUNMUGAVELU | KANTAR

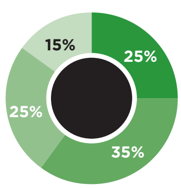
The AMA and Kantar surveyed marketers in mid-2020 to understand how they and their organizations view the role of e-commerce. While the pandemic has accelerated the importance of e-commerce for some companies, its strategic role is still unclear in others, with structural enablers acting as barriers to sustained growth.

Many headlines over the past several months have touted the "new normal" and the accelerated growth of e-commerce as a priority revenue source. However, the actual story is a bit more nuanced:

- The number of organizations indicating that e-commerce is a top priority for their leadership only increased slightly from the same time in 2019 (see exhibit 1).
- If we look closer at the organizations that do indicate it as a top priority, we see that the coronavirus pandemic has accelerated e-commerce's importance (see exhibit 2).
- In line with this, we only see a modest increase in organizations actively engaging in e-commerce in general (from 51% to 57%) and for most, the contribution to revenue remains modest or small at best (see exhibit 3).
- The pandemic has proved to be a catalyst for most of the surveyed organizations active with e-commerce, with 73% of respondents citing slight to significant increases in the channel's contribution to revenue growth specifically because of the virus (see exhibit 4).
- The pandemic undoubtedly accelerated a shift to a larger share of e-commerce sales, but many organizations have yet to start this journey. Additionally, while the impact of the coronavirus on e-commerce revenue has been significant for some, overall it has been modest for most organizations. The data suggests that there are significant

EXHIBIT 2

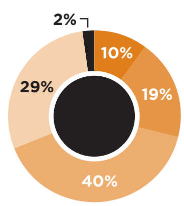
HAS THE IMPORTANCE OF E-COMMERCE FOR THE ORGANIZATION'S TOP LEADERSHIP INCREASED DUE TO THE CORONAVIRUS PANDEMIC?



● INCREASED SIGNIFICANTLY
● INCREASED A GOOD DEAL
● INCREASED SLIGHTLY
● NO INCREASE

EXHIBIT 3

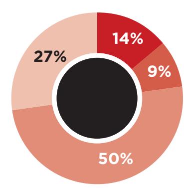
HOW WOULD YOU RATE THE CONTRIBUTION OF YOUR ORGANIZATION'S E-COMMERCE EFFORTS TO GROWING OVERALL REVENUE ?



● VERY LARGE
● LARGE
● MODEST
● SMALL
● NONE

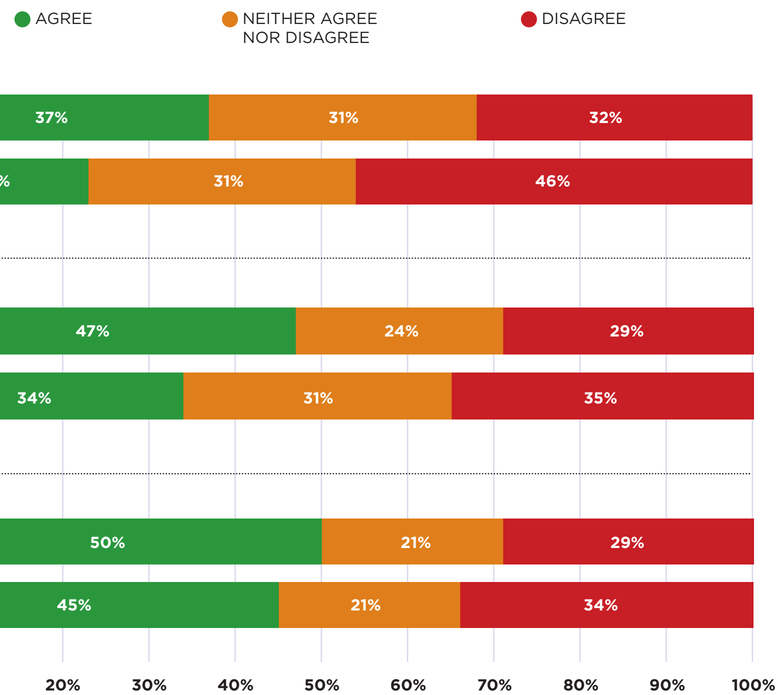
EXHIBIT 4

HAS THE CONTRIBUTION OF YOUR ORGANIZATION'S E-COMMERCE EFFORTS TO GROWING OVERALL REVENUE INCREASED DUE TO THE CORONAVIRUS PANDEMIC?



● INCREASED SIGNIFICANTLY
● INCREASED A GOOD DEAL
● INCREASED SLIGHTLY
● NO INCREASE

EXHIBIT 5



barriers holding back success and pushing e-commerce to be a real revenue driver. Aside from the obvious issue that some organizations might struggle to free up the necessary budget to drive e-commerce growth, the results from this study identified several internal factors that will hinder success:

- Not having the right operating model in place.
- Lack of clarity on responsibility.
- Insufficient integration with media planning.
- Not leveraging e-commerce to generate consumer and shopper insights.

Incorrect Operating Model in Place

If the surveyed organizations' leadership has made e-commerce a priority; created clear, measurable goals; and developed a channel strategy, then structure should naturally follow strategy. This is important as it enables organizational alignment to deliver sustainable performance. However, only 37% of all respondents agree that their organization has the correct operating model (people/structure/processes/ tools) to be competitive within e-commerce. This may be a clear increase from 2019 (see exhibit 5-1), but it nevertheless means there are huge gains to be had by better setting up the proper model for e-commerce.

Lack of Clarity on Responsibility

Sustainable performance can only be gained if there is clear accountability for delivering on the strategy. Without this, there is risk that operationalizing the strategy fails quickly and stymies fruitful collaboration between departments, such as sales and marketing. Organizations have done a relatively decent job of assigning clear responsibilities regarding e-commerce. But despite an increase since 2019, only 47% percent of all respondents agree that it is completely clear who in their organization is responsible for all the different e-commerce efforts (see exhibit 5-2).

Insufficient Integration with Media Planning

In order to leverage e-commerce as both a brand-building and sales touchpoint, e-commerce activities and media planning should be well-aligned. This ensures that all efforts work together to increase revenue and grow the brand. Unfortunately, this is far from a given in many organizations; only half of all respondents indicate that their brand's e-commerce content is part of their general media planning process (see exhibit 5-3).

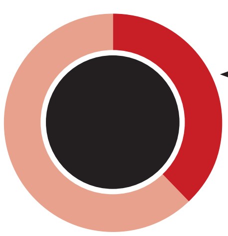
Not Leveraging E-Commerce to Generate Consumer or Shopper Insights

While the focus for most organizations is to drive sales, e-commerce is still being underleveraged as a tool for generating consumer and shopper insights and for brand-building activities. Only 16% of respondents rated their organization as "very good" or "world class" at generating insights out of the data collected by their e-commerce websites or platforms, or even from reviews of their products on retailer sites. Leveraging this data (in conjunction with other sources of insight) could help inform better messaging, superior user experience, product prioritization, and drive new pathways for innovation as well as other use cases.

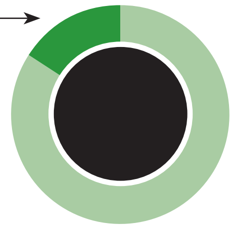
What Next?

From an organizational design perspective, two key questions must be answered. The first: Where should e-commerce sit within the organization? This should be in sync with the role of e-commerce within the organization's omnichannel strategy. Secondly, once the structure is set, how do we efficiently organize our processes, people and tools, and critically, ensure functions such as marketing and sales take a far more integrated approach?

Organizational change is no small initiative and we by no means intend to underestimate the effort that it entails. However, this disruption highlights the need for structure to follow strategy in order to effectively act against the organization's priorities and find new growth opportunities. Those that are able to do this, consequently building in learning loops to create a virtuous cycle of organizational learning, will emerge as the winners, building resilient brands in the face of ongoing and future disruptions. **MN**



Only 36% of all respondents agree that their organization has the correct operating model (people/structure/processes/tools) to be competitive within e-commerce.



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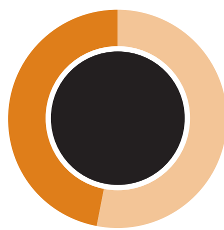


Despite an increase since 2019, only 47% percent of all respondents agree that it is completely clear who in their organization is responsible for all the different e-commerce efforts.

Models of Mass Disruption

A look ahead to the post-pandemic landscape and opportunities for success amid instability

By J. Walker Smith
CHIEF KNOWLEDGE OFFICER,
BRAND & MARKETING, KANTAR

The handoff from the last century to the next fell into place in 2020. This pivot to the future has been building since the mid-1990s, but it took the twists and turns of the coronavirus pandemic to give it the final push and lock it into place.

What the pandemic has made clear is that disruptions are the new normal. Since the turn of the century, a number of critical events have rocked society and the marketplace. Mostly, these have been difficult moments, including 9/11, the financial crisis and the pandemic. But the transformative introduction of the iPhone is probably the most disruptive thing to happen in this century.

The last quarter of the 20th century was far less volatile than the first two decades of our current one. Certainly, there were many destabilizing events and surprises, but on the whole, the frequency and magnitude of such events were temperate in comparison to the earlier part of that century, so much so that economists now refer to the period from the mid-1980s to 2007 as The Great Moderation.

The 21st century has seen a return of game-changing disruptions. The experience of the pandemic has made it clear that the events of this century are the prelude to a coming era of disruptions, or a period during which discontinuities will be a feature of the marketplace, not the exception.

The biggest disruptive force on the radar is climate change, both from dealing with its accelerating effects and from remediation efforts to staunch its advance. The Commodity Futures Trading Commission (CFTC) released an alarming report in September 2020 in which it concluded that climate risks represent "discontinuities" for economic growth, crop yields and labor productivity, all of which will deteriorate in non-linear ways once key environmental thresholds are exceeded. Even green energy breakthroughs constitute discontinuities of this sort. So whether things turn out for the better or for the worse, climate is an inevitable disruption. As the CFTC noted, "Traditional risk-modeling techniques … will become increasingly unhelpful guides to the future."

Other adverse disruptions include widespread job automation, declining fertility rates worldwide, a rapidly aging global population, continuing political unrest and perhaps more pandemics. On the flip side, radical advances are expected in biomedical research, particularly after the groundbreaking improvements in data- and information-sharing that enabled scientists to develop multiple coronavirus vaccines in record time. Artificial intelligence will upend many if not all areas of knowledge work. Space exploration has been revitalized by private sector investment. The economic and technological impacts are anticipated to be no less than those of the original race to the moon.

Even before the end of this year, brands and businesses will face marketplace discontinuity. The first half of 2021 will be much the same as 2020. Many people thought the new year meant a clean slate, but everyone sees now that 2020 is in effect an 18-month year. Nothing is changing until the coronavirus is under control. Unfortunately, more transmissible variants of the virus and bungled starts to vaccine implementation mean that the pandemic will persist longer than hoped. But at some point, the rate of vaccination will finally outpace the rate of contagion, at which point an entirely new marketplace will appear almost all at once, creating a sharp discontinuity.

The first part of 2021 will be completely unlike the second part, to the point that brands and businesses must have two plans in place for 2021. This sort of standby flexibility will be essential for a future of disruptions. This means doing business with the expectation that abrupt change rather than relative stability will be the new normal.

Not everything will be different in the post-pandemic marketplace, nor will there be a wholesale return to the pre-pandemic marketplace. Rather, significant change will be found where business models are disrupted. The pandemic has meant more business model disruption than the financial crisis, during which trouble came from overextended balance sheets, not from lockdowns and limits that created irremediable impediments for certain ways of doing business.

Five pandemic-related business model disruptions will offer opportunities for forward-looking companies:

1

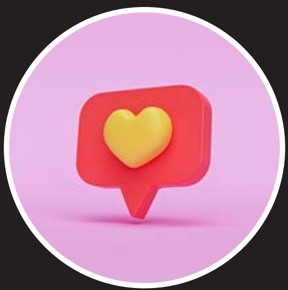
Fewer, bigger brands

Culling of competition will increase concentration within categories. Big companies with solid balance sheets and affordable access to capital investment will pick off the growing number of ailing mid-cap and small-cap companies handicapped by limited cash reserves and by a growing number of retail outlets unwilling to stock smaller brands. The push to assortment simplification will favor the biggest brands, resonating with consumers who are looking for stability and comfort in the form of familiarity, convenience and routine.

The opportunity for brands requires refocusing on brand scale rather than breadth of portfolio, particularly by investing behind brands with appeals that cut across consumer groups. Businesses will need to concentrate resources behind a smaller number of bigger brands.

The associated imperative is to overhaul high fixed-cost business models. Cash will continue to be king, putting capital-light companies in a much better position to manage assets in innovative ways.

2



Loyalty

The continued flux within the marketplace has put loyalty into play. Everything about lifestyles has been upended, increasing the need for new solutions. Retail moves to simplify shelf assortments have untethered consumers from smaller brands and line extensions. The surge in e-commerce occasioned by pandemic lockdowns has weakened loyalty as consumers discover new brands online. Brands that have grown their customer base during the pandemic now face the happy yet unexpected challenge of retaining the loyalty of these new buyers.

Brands should look to make retention of existing customers the top priority, while also aggressively targeting consumers lost by competitors. This prioritization of loyalty reverses the trend of recent years in which penetration was the top priority for building growth.

3

Home

At-home solutions and services will grow and permanently displace out-of-home offerings. The acceleration of digital and virtual is recentering life on distance, delivery and decentralization. Work-from-home will leapfrog as companies see that productivity is unaffected or improved, thus emboldening them to lock in cost savings from less commercial real estate. Virtual solutions will improve as technology companies innovate and partner in new ways. People will look to retain much of their newfound time and control. Innovative offerings will make work-at-home, distance learning and home entertainment better and easier.

Remapping home-based needs, occasions and media is a critical venture for brands—many have already tackled the issue of new rituals. More importantly, many if not most of the needs gaps at home will be new and thus available as open areas of growth for first-movers.

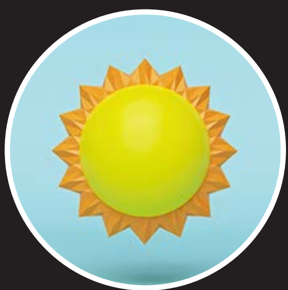
4

Hygiene

Antimicrobial protection will be a cardinal operating requirement in every category. Health has become hygiene. Masks, distancing and handwashing are here to stay. Every category has been impacted by protocols put in place to protect against infection. Letdowns that alarm consumers about exposure will hurt brands. Consumers have learned that every category, not just traditional healthcare, can help or hurt health—so, every category can now plausibly treat health as a benefit. Central to that will be signaling hygiene.

The opportunity for brands is to incorporate hygiene into the basic brand value proposition. This means innovating around hygiene solutions as well as pushing past old category boundaries to ensure health and well-being.

5



Sustainability

Businesses will have to build back in sustainable ways. Climate issues have unstoppable momentum. The confluence of worsening natural events; a shift at the top of U.S. politics; and growing protests, particularly among younger people, ensures that sustainability will take precedence. Consumers want more corporate involvement in the public sphere, starting with sustainability. The competition for talent will keep companies focused on purpose priorities like sustainability. Investors are also demanding better pricing of risks while looking for sustainable innovations in which to invest.

Brands must seek competitive advantage from sustainable practices, particularly in areas such as logistics, production, materials and energy. Winning companies will do more than sympathetic communications campaigns. Instead, they will formulate a long-term transformation plan to put the entire business on sustainable footing.

The stability within which brands and businesses were able to operate for many decades has accustomed business leaders to an extrapolation mindset. That way of thinking will no longer suffice. Both the robustness of business models, or the ability to absorb shocks, and the resiliency of business models, or the ability to recover from shocks, have been exposed by the pandemic as weak and unpredictable. With more disruptions ahead, companies will need to shift from extrapolation-based systems that presume high-levels of continuity to scenario-based systems that are designed for stability in the face of uncertainty. In this pivot to the future, brands become leaders by creating opportunities for success out of threats from disruption. MN

Foundation

The American Marketing Association Foundation (AMAF) champions individual marketers who are 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.

Outstanding Marketing Awards

2020 John A. Howard/AMA Doctoral Dissertation Award

Recognizes excellent marketing doctoral dissertations.

RECIPIENT:

Yixing Chen
"Linking Marketing to Social and Economic Outcomes: The Case of Cancer Prevention and K-12 Education"

Dissertation Chairs: Shrihari Sridhar and Vikas Mittal, Mays Business School, Texas A&M University

2021 Erin Anderson Award for an Emerging Female Marketing Scholar and Mentor

Recognizes emerging female marketing scholars and mentors while honoring and celebrating the life of Erin Anderson, a widely respected mentor and scholar whose research made significant contributions to the marketing discipline.

RECIPIENT:

Hema Yoganarasimhan
Professor of Marketing,
Foster School of Business,
University of Washington

2021 William L. Wilkie "Marketing for a Better World" Award

Honors marketing thinkers who have significantly contributed to our understanding and appreciation for marketing's potential to improve our world, and from whose work notable advances have ensued — in the mold of Bill Wilkie of the University of Notre Dame.

RECIPIENT:

Madhu Viswanathan
Professor, Department of Marketing,
College of Business Administration,
Loyola Marymount University, Los Angeles

2021 AMA-Irwin-McGraw-Hill Distinguished Marketing Educator Award

Honors living marketing educators for distinguished service and outstanding contributions in marketing education.

RECIPIENT:

Jan-Benedict Steenkamp
Knox Massey Distinguished Professor of Marketing,
University of North Carolina at Chapel Hill

2020 AMA Foundation 4 Under 40 Emerging Leaders Award

Honors individuals who have already made significant contributions to the field of marketing and its sub-fields and have demonstrated leadership and continuing service.

RECIPIENTS:

Shay Berman
Founder & President,
Digital Resource

Nick Graham
Vice President,
Insights and
Analytics,
PepsiCo Beverages
North America

Tifair Hamed
VP of Marketing
& Strategic
Partnerships,
AGB Innovative
Security Solutions

Megan Lau
Director of Research,
Microsoft

Call for Nominations

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

- **Robert J. Lavidge Global Marketing Research Award**
  ama.marketing/lavidge21
- **Leonard L. Berry Marketing Book Award**
  ama.marketing/book21
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Three Ways Nonprofit Organizations Grow Revenues

Despite rising demand for nonprofit services in the U.S., a majority of the sector's leaders say financial sustainability is a top challenge

BY YIXING CHEN

The nonprofit sector contributed more than $1 trillion to the U.S. economy in 2016, 5.6% of the country's gross domestic product, according to a recent National Center for Charitable Statistics brief. In 2019, U.S. charities raised an estimated $449.6 billion. The funds support nonprofit hospitals, nonprofit professional theaters, public schools and food banks, among other organizations.

Yet with rising demand for nonprofit services, 62% of the sector's leaders say financial sustainability is a key challenge. Thus, nonprofits must find ways to grow their revenues. Three revenue sources nonprofits might consider are offering free and paid services by client segment, investing in premium services and aligning product innovation to market needs.

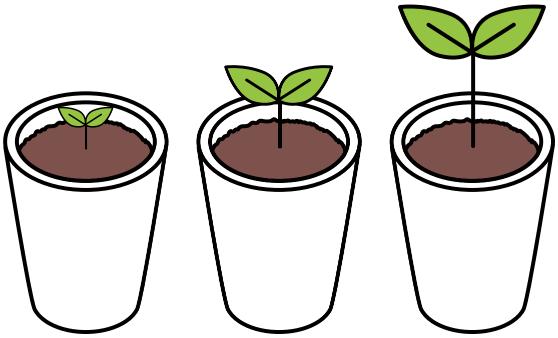
Offering One Segment Free Services and Another Paid Services

Nonprofit hospitals in low- and middle-income countries serve poor patients with limited healthcare access. To fill the access gap, the hospitals have historically spent money on outreach efforts targeting poor patients. The organizations sustain their outreach efforts while serving poorer patients for free by charging well-off patients market rates.

Many therefore assume serving poor patients for free is a pure cost that must be subsidized by paying patients. The authors of the Journal of Marketing Research study "Spillover Effects of Mission Activities on Revenues in Nonprofit Health Care" challenged the assumption. The researchers analyzed data on outreach "camps" and patient visits at Aravind Eye Hospital from 2006 to 2014. The India-based eyecare network operates vision screening camps for patients around the country, preventing and treating eye problems for those with no other access to healthcare.

The researchers examined Aravind's outreach camp marketing activities, targeted only at poor patients, to determine whether they also drew paying patients to their eye care centers. Their results indicate that when nonprofits market free services for poor patients (e.g., outreach camps), they can bring in more paying patients and earn more revenue. Specifically, Aravind's outreach camps increased revenue by $2,273 on average, or three times each camp's total cost.

Nonprofits' social mission outreach efforts may therefore offer a standalone revenue stream. By implication, nonprofits should consider devoting more funds to the efforts, which also communicate their tangible value to the community.



Investing More in Premium, Differentiated Services

Nonprofit and for-profit U.S. hospitals generate revenue by offering both basic (e.g., diagnostics, nursing) and premium, specialty services (e.g., transplants). Jihwan Moon and Steven M. Shugan found that nonprofit hospitals actually earn more than for-profit hospitals. Why? The nonprofits focus more on premium specialty services than the for-profits.

In their article “Nonprofit Versus For-Profit Health Care Competition,” Moon and Shugan examined the for-profit healthcare industry and $1 trillion nonprofit sector by collating data from public sources. Through analytical and empirical analyses, they determined which marketing strategies led to the nonprofit hospitals’ superior performance, as measured by output and profits.

The study showed that nonprofit and for-profit hospitals chose different competitive marketing strategies to maximize their objectives. The nonprofit hospitals they examined invested more in premium services to increase both their output (i.e., number of treatments) and profits. In contrast, they found for-profit hospitals could increase profitability by charging higher prices for basic services. They determined the difference was even more pronounced in situations where competition was intense.

Moon and Shugan’s findings provide a useful framework to guide nonprofits in selecting marketing strategies. By differentiating themselves from competitors, particularly by providing premium services, they can improve their financial sustainability.

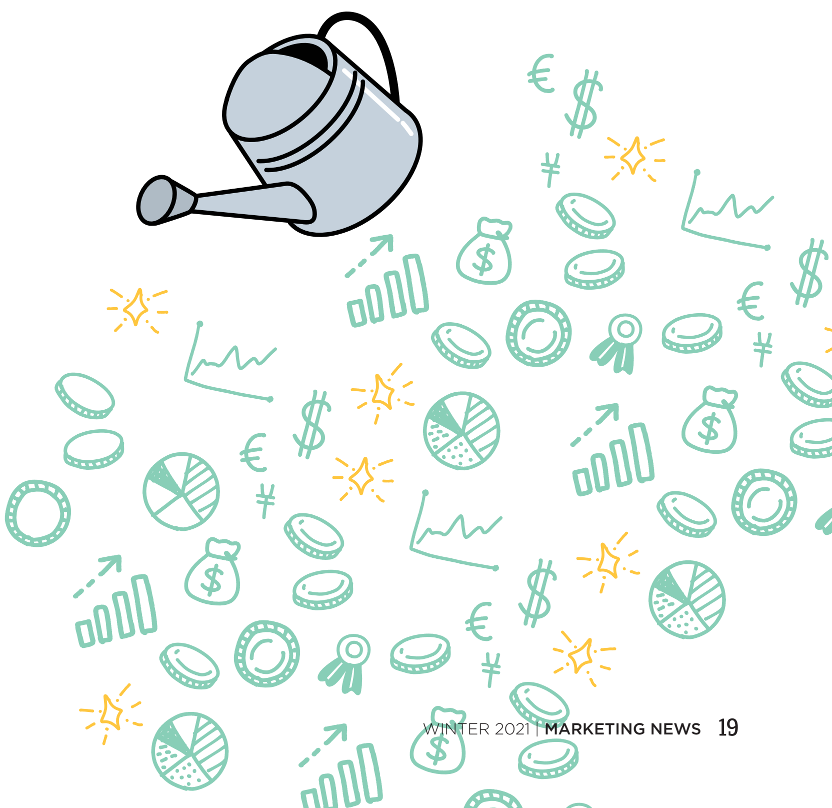
Aligning Innovative Products with Market Receptiveness to Innovation

Authors of the study “Aligning Innovation with Market Characteristics in the Nonprofit Professional Theater Industry” examined how nonprofit professional theaters could use product mix to grow revenue. Studying 124 theaters across the United States, the researchers examined how innovation, product exploration experience, promotion and market sophistication impacted objective measures of financial performance.

Nonprofit professional theaters usually offer a variety of plays, such as new productions, modified productions and classics. The theaters earn revenue from single and season ticket sales. Thus, they must understand the optimal production mix for each customer segment. For example, single ticket holders might be more willing to experiment on new-to-the-world plays. Should nonprofit theaters therefore offer a higher proportion of new productions to single ticket holders than season ticket holders?

The authors found that the answer depends on how receptive each market is to innovation. They found that innovation had a positive impact on revenue from single ticket holders only in markets valuing their community arts program.

Based on the research, nonprofits must be mindful of two issues when trying to grow revenues through innovative new products and services. First, radical innovation might provide value only to some customer segments. And second, innovation’s effectiveness depends on market characteristics. MN



Caring for the Commons

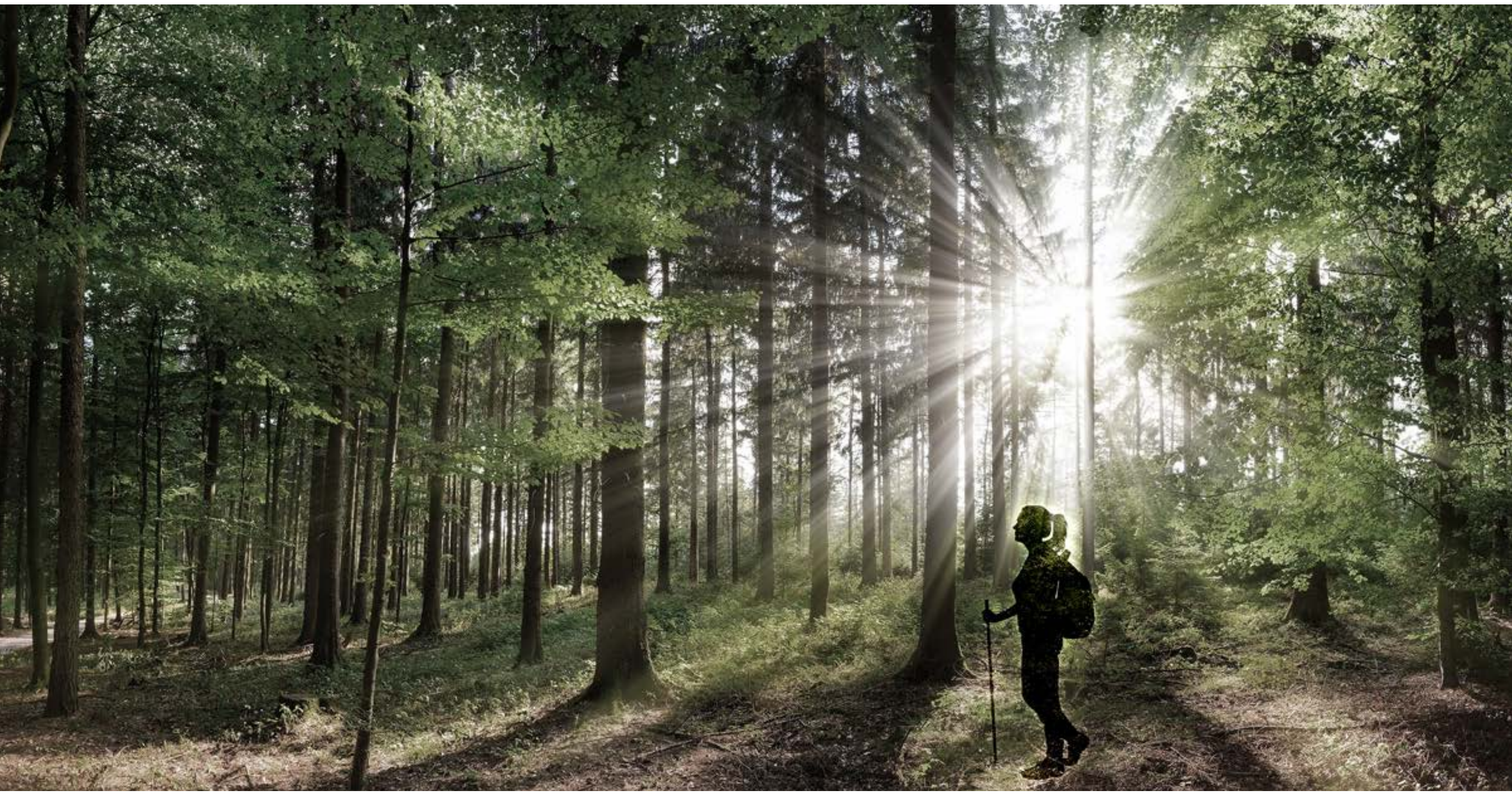
How to use psychological ownership to help visitors care for parks, waterways and other public goods

BY JOANN PECK, COLLEEN P. KIRK, ANDREA W. LUANGRATH AND SUZANNE B. SHU

Maintaining the natural environment is a pressing issue. The intentional care of public goods, such as publicly owned parks, waterways, drinking water and air quality, has become increasingly difficult as budgets are cut and other priorities prevail. On top of these pressures, it is widely acknowledged that property that is publicly, versus individually, owned tends to be more neglected by its users—a phenomenon known in economics as the tragedy of the commons.

The most extreme solution to a tragedy of the commons problem is to convert common property into private property so that a single owner has responsibility for its care. A new study in the Journal of Marketing explores whether it is possible to instead make people feel as if the property is theirs—a feeling known as psychological ownership—without any change to legal ownership. Our research team hypothesized that people who feel as if they own a public resource might be more likely to engage in stewardship behaviors. Leveraging psychological ownership, our team developed a series of actionable interventions that managers of public goods can implement to elicit feelings of ownership in users. We tested these with four experiments.

We conducted the first study at a public lake with kayakers. We anchored floating trash in the water where kayakers would see it. We approached visitors as they rented kayaks; half of the kayakers were asked to create a nickname for the lake before entering the water. Using binoculars, we then observed whether the kayakers tried to pick up the planted trash. We found that kayakers who gave the lake a nickname felt more ownership of the lake. Most importantly, they were more than five times as likely to try to pick up the planted trash (41% versus 7% of the other kayakers) and were more likely to report that they did so.



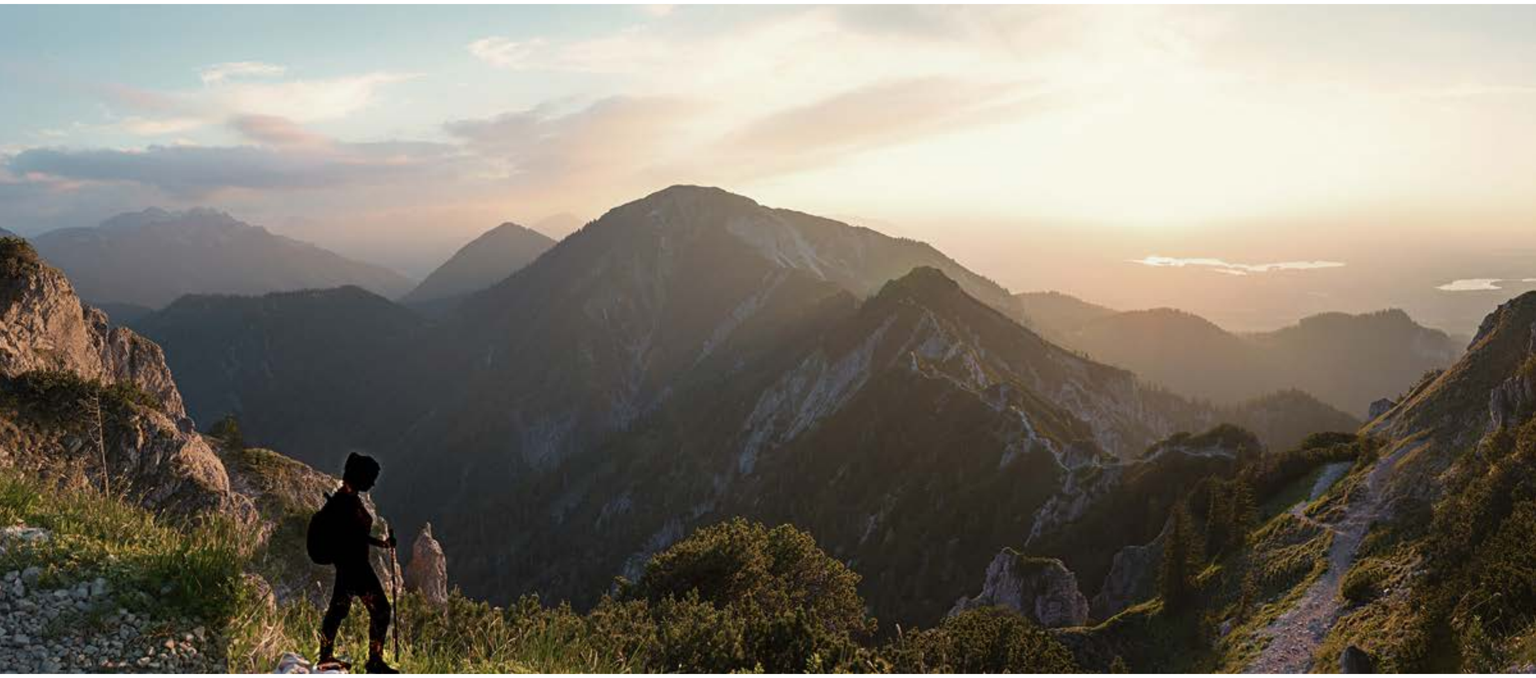
We invited participants to imagine taking a walk in a park for our second study. We showed them signs at the park entrance that said either "Welcome to the Park" or "Welcome to YOUR Park." We found that participants who saw the "YOUR Park" sign felt more ownership and responsibility for the park, were more likely to pick up trash, and would donate 34% more to the park ($32.35 versus $24.08).

Our third study tested another way to elicit psychological ownership to see if it could increase actual donations. We conducted a study with cross-country ski renters at a state park. As they rented equipment, skiers received a map. For half of them, we asked them to plan their route on the map in advance. We predicted that this investment of their time might increase their psychological ownership of the park and thus increase their donations through the addition of $1 to their rental fee. As expected, skiers who planned their routes and therefore felt more ownership donated to the park 2.5 times more often than those who did not plan their routes. They also reported being more likely to volunteer for the park, donate in the future and promote the park on social media.

We wondered whether managers of public goods may be unintentionally discouraging stewardship behaviors in our fourth study. Many parks tout their attendance numbers, but our intuition was that an attendance sign with a large number of people on it might diffuse users' feelings of responsibility. We asked research participants to imagine they were visiting a park and saw either a "the park" or "YOUR park" welcome sign. Half of them then imagined seeing an attendance sign that read, "This week, you are visitor #22,452." (Many U.S. parks have over a million annual visitors, so we designed an attendance sign that included an appropriately large number.) Participants were given money for participating, but also had the option to use some of that money for an anonymous donation to the park.

As in our prior studies, we found that individuals who felt more ownership of the park donated more to it. They were also more likely to say that they would volunteer to help the park, including picking up trash and repairing storm damage. However, these effects were reduced when participants imagined the attendance sign, which possibly suggested the feeling that other people would take responsibility for the park.

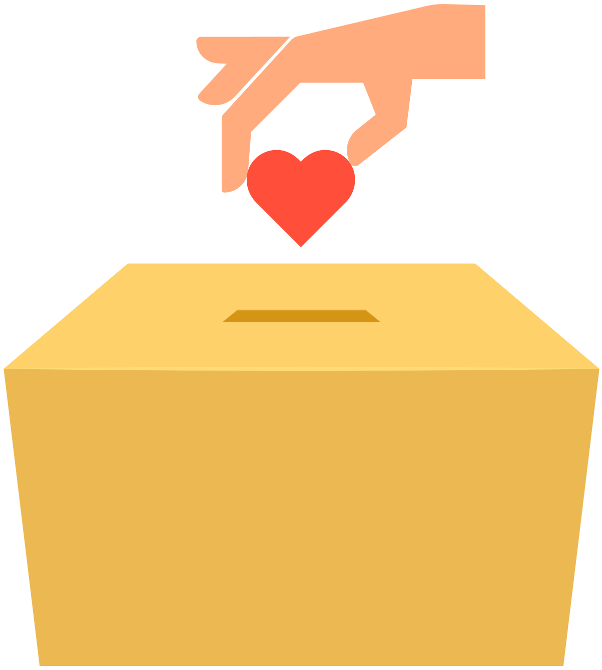
This research has implications for consumers, organizations caring for public resources, policy makers and for-profit companies by demonstrating that simple interventions based on increasing psychological ownership can enhance stewardship of public goods. The actionable interventions we designed and tested to increase psychological ownership are inexpensive, novel and flexible solutions that successfully motivate individual stewardship behaviors. By fostering visitors' individual feelings of ownership of a public resource, visitors will feel more responsible for it, take better care of it, and donate more time and money for its benefit. MN



When Giving Is All We Have

How price promotions affect consumers' donation behavior

BY KUANGJIE ZHANG, FENGYAN CAI AND ZHENGYU SHI



Giving Tuesday, a global generosity movement, takes place each year on the Tuesday after Thanksgiving (immediately after Black Friday and Cyber Monday sales). Charitable donations generally see a big boost on Giving Tuesday: This year, American consumers donated a total of $2.47 billion to various charitable causes, including $808 million in donations made online.

Giving Tuesday was founded in 2012 by the 92nd Street Y and United Nations Foundation as a response to growing concerns about the consumerism and materialism associated with Black Friday and Cyber Monday sales post-Thanksgiving. Given the large sales volume achieved in these promotion events, the media has portrayed Black Friday as America's greediest holiday. As a result, several retailers and organizations have called for boycotts of Black Friday and Cyber Monday sales, arguing that Black Friday not only ruins the spirit of Thanksgiving, but also decreases social welfare by making consumers stingier and more selfish.

An important question thus arises: Can price promotions lead to potential positive social consequences and contribute to a better world?

In a new study in the Journal of Marketing, our research team shows that price promotions can have a positive effect on consumers' donation behavior because the monetary savings from price promotions increase consumers' perceived resources. Further, we show that the positive effect of price promotions on consumers' donation behavior is stronger when consumers focus on the amount of money saved, when the purchase falls within their budget and when the monetary savings can be realized immediately.

We also show that charitable organizations can benefit the most when they solicit donations immediately after price promotions. Our findings not only help explain the success of Giving Tuesday, but also provide insights to other organizations about the best timing for their charitable campaigns.

Specifically, our findings help charitable organizations make three important decisions:

- Who to target (consumers who have participated in price promotions).
- When to solicit donations (immediately after consumers make purchases).
- How to increase effectiveness (charitable organizations should pair their donation appeals with promotions for necessities, versus indulgences that offer immediate discounts rather than future rebates).

Further, the donation appeals should direct consumers' focus toward the money they saved (versus spent) in the promotion. Charitable organizations can take advantage of these insights to better optimize their donation appeals.

Our research also suggests that firms can use price promotions as great opportunities to collaborate with charitable organizations.

For example, the outdoor brand Patagonia has committed since 2016 to donate 100% of its profits from Black Friday to charities. Unfortunately, in traditional cause-related marketing practices, consumers might doubt a firm's prosocial motivation because the benefits for the charity are contingent on consumers' purchases from the firm. Our findings suggest that by soliciting donations after consumers complete their purchases, firms can cultivate a purer image of corporate social responsibility.

This strategy was exemplified recently by Ralph Lauren, which partnered with the World Health Organization to fight against the COVID-19 pandemic by soliciting donations from customers immediately after they submitted their orders on the store's official online shop. This collaborative strategy between firms and nonprofit organizations can create a win-win situation that benefits stakeholders and contributes to a better world. MN

My Dollar Is My Identity

How moral priming of women and men affects charitable donations

BY DIVYA RAMACHANDRAN AND LOUIS J. ZMICH

Americans have consistently demonstrated generosity with regard to charitable donations. In fact, the United States ranks in the top five nations for giving to charities, collecting close to $300 billion in 2018. But this constitutes only around 2% of the country's disposable income, a rather small percentage that has been a consistent limit to U.S. donations for more than 40 years.

"Why does this 2% giving cap exist?" "What factors are at play here?" These questions are significant when we consider that not-for-profit organizations are some of the most important agencies in solving social problems such as poverty, inequality and pollution at a global level. Our society is rife with not-for-profits that are determined to make a difference in the world but are heavily reliant on their donors.

Although not-for-profits take advantage of donation days and various other charitable drives that occur throughout the year, and see higher donations in times of natural disasters, they still struggle with the 2% giving cap. The impact of the COVID-19 pandemic on global society underscores the importance of understanding the drivers of giving behavior and donations and breaking through this giving ceiling.

When someone gives to a good cause, their identity almost becomes tied to that mission. For instance, people donating to a clean water campaign might label themselves environmental activists, while people donating to an inequality campaign may consider themselves humanitarians. But in these two examples, does it matter whether a man or a woman donated to these campaigns? Does gender influence the dollar amounts donated?

"Marketplace Donations: The Role of Moral Identity Discrepancy and Gender," published last year in the Journal of Marketing Research, addresses these critical questions with regard to charitable donations by positioning their research between the pillars of moral identity, gender and the role of giving behavior in reducing moral identity discrepancy (the gap between actual and ideal moral identity). The study's authors found that women (but not men) are primed with moral traits to give approximately 20% more to charitable causes, suggesting gender differences in supporting a not-for-profit mission. Specifically, giving campaigns that shrink this gap between actual and ideal moral identity (in women) can receive more generous donations than campaigns that simply ask for donations.

We reached out to the authors to understand their motivations behind this unique study and to explore their findings in greater detail. We were curious to understand how the authors pinpointed the moral identity between men and women as being the focal point behind the study. The authors, fundamentally, were inspired by classic evolutionary theories of social agency that suggest different motivational drivers for men versus women to interact with the world around them.

For instance, women in traditional "roles" have been socialized over time and rewarded as caretakers and nurturers in the family. Research has found that these roles create a tendency to be more "collective." On the other hand, men tend to be rewarded for their social capital linked to power and wealth creation, and studies show that this relates to a tendency to be more "individualistic." This led the authors to wonder whether these differences might potentially lead women and men to respond differently to external triggers and the possible impact on their giving behaviors. The authors were also interested in whether women and men would be differentially sensitive to a moral prime that would invoke thoughts related to kindness, compassion or caring. Furthermore, they wondered if this difference would lead to different experiences among women versus men with regard to their moral image or desired ideal moral image (moral discrepancy). Finally, the authors wanted to examine the impact of this moral discrepancy in terms of marketplace donation behavior and philanthropic giving.

We delved further into gender differences between the giving tendencies of men and women. In the experiments conducted by the authors, donors were thanked for their donation with words of affirmation, such as "kind" and "caring." We wondered whether men were subconsciously averse to this language when describing their actions, such that they might instinctively "swat the hand" that pats them on the head for doing a good job, whereas women view those words of affirmation as encouraging words that reaffirm their groundedness in society. The authors clarified that this "swatting away" is not out of stigma, and it may just be that men are not "tuned" to that kind of feedback in the same way women are. Thus, women do not respond in the same way. While the authors do not claim that men do not give, or will not give under other circumstances, they simply explored the differences that may be invoked as a function of exposure to certain cues that may trigger thoughts about kindness, caring and compassion. The authors wanted to see if the difference between how one sees one's moral image compared to one's ideal moral image may change as a function of giving, and how that giving may reinforce their identity differently as a function of gender.

When the authors began to uncover the reasons why men and women differ in their giving tendencies, we thought it was wise to discuss related questions for subsequent authors who are looking to research in this area.

First, we wanted to know if there might be other underlying mechanisms (apart from encouragement and upliftment) of giving behavior, such as social image or social impressions. The authors stressed that additional mechanisms could have to do with personal pride, or what researchers might refer to as an emotion of morality that one may experience. The authors were particularly interested in the concept of "warm glow" (feeling good about yourself because you know that you did something good) and emphasized how giving may solidify one's status in society. For instance, people may perceive strong philanthropic givers as "established" and there may be external praise heaped upon the giver. While these are just a few possible reasons that can be explored in future research, they may also reveal robust differences in how the genders experience differential giving as a function of external and internal cues.

Second, from a methodological perspective, we wondered how the authors approached the moral identity discrepancy scale development measures. Specifically, we were interested to understand the detailed process required to develop the moral identity discrepancy scale, as well as possible challenges that researchers might encounter in this regard. The authors emphasized that while they were proud of their article in taking baby steps toward a preliminary moral discrepancy measure, more psychometric work needs to be done to develop the scale and ascertain its statistical properties. Although, there is always concern with "social desirability" when asking a person to introspect on how they see themselves as a moral being, the authors believed that the idea of measuring any identity discrepancy (where there may be internal and external factors that shrink and expand such a gap) is indeed a logical next step in research on identity more generally, and more specifically, in research in the moral domain. Ultimately, the authors felt that the development of a scale would become an empirical question. The authors believed that a scale having robust properties would predict things in a logical and systematic fashion.

In the context of donation behavior and philanthropic giving, it was difficult not to touch on the COVID-19 situation, and how that affects businesses around the world, especially not-for-profits who rely on donations to function. The article indicated that a shift in marketing to potential donors was undoubtedly necessary—we wanted the authors' views on whether this 2% donation cap can be solved mainly through a shift in marketing tone, for instance, centered around benefiting society at large, benefiting the community in which we operate.

Furthermore, it seemed to us that similar donations go through ups and downs, shifting depending on the world's events, and time of year. But we wondered whether a mentality shift, where people in our society began to look at charity giving as another monthly budget item that benefited the community they reside in, might create a more significant positive effect for both men and women.

The authors felt that these were interesting potential implications of their research, with the global COVID-19 pandemic possibly leading to very interesting shifts in market donations and giving patterns. The authors felt that this could work both ways: People viewing the global threat as a trigger might choose to give more and more often outside their close circle of moral regard. People could also view this situation in the opposite way, whereby this threat to the common good could trigger a need to protect those that are closest to them and that are most vulnerable in their inner circle. The authors believe that there are probably lots of different moderators at play, including many of the ones studied in their article. According to the authors, marketing tone will play a key role in influencing giving behavior, but so will the way in which the benefactor of the donation is framed to the potential donor. MN

Why Your Brand Needs to Care About Shopper Insights in 2021

BY KEN ROSHKOFF | PRESIDENT, AMC GLOBAL

Each week since the onset of the pandemic, my organization has conducted studies into the intricacies of shopper behavior. Our data shows that one thing is clear: The world of shopping has undergone tremendous change during the past year with immediate, notable shifts since March. Due to the restrictions, closures and health concerns stemming from the virus, people have been forced to turn to online shopping for all essentials.

The continued shift to e-commerce was especially prevalent during 2020's holiday shopping season, when 71% of our ongoing study respondents said they planned to do all of their shopping online only. And online shopping preferences for essential items are projected to continue into 2021—25% of our study participants predict they will continue to order their groceries online this year.

Procuring practical basics isn't the only thing driving purchasing behavior. Social isolation is also playing a role in how people are shopping online, and there has been a rise in "retail therapy" (after initial panic-purchasing). As people seek comfort from the online shopping environment, they have different priorities for the online shopping they are doing.

So how do you make sure you are reaching your target audiences the right way in this new shopping world, instigated by the pandemic? First you need to understand the new shopper experience and fully optimize it.

The methods to get the shopper insights you need are myriad, from qualitative and quantitative solutions, including shopper segmentation research; virtual qualitative research like online diaries; proper messaging and communication studies; and packaging design research.

Shopper Segmentation Research

Our research shows that the online shopping trend is here to stay, which means your brand's online shopping audience has changed, too. Those consumers who used to access your products in brick and mortar stores are now looking to access online, and your overall audience is more varied with different priorities than before the pandemic. You must understand what your new shopper segments are and make sure you have the messaging in place to reach them in their preferred shopping arena.

Qualitative Diaries and Bulletin Boards

Many market researchers and consumer insights professionals are accustomed to doing in-person research to understand more about how to develop products and hone messaging. But this past year has offered the opportunity to pivot to creative research solutions, conducted online, on mobile and via other virtual methodologies. Diaries and bulletin board research allow you to get feedback directly from your new online shoppers throughout their whole customer journey, so you can improve it for them and enhance your success in an online environment.

Messaging and Communication Research

The fundamental way we communicate with each other has also been affected by COVID-19, with nearly all our interactions at some point or another becoming digitalized. Online is where you can reach your customers most effectively, so what should you be saying? Using research approaches that help you determine which messages or claims will maximize reach to your target audience in their online environment is essential.

Package Design Research

It's worth considering modification of your product packaging for the online channel, providing a more simplified version of what might be seen in the store, with clear, bright graphics to capture attention. In order to do this successfully, while keeping true to your current brand, package design research with your consumers can give you the insights you need for this shift.

Now is not the time to be left behind. Data and insights have been solid touchpoints in an otherwise turbulent environment, giving both individuals and companies clarity on a wide variety of issues. Because shopper behavior has undergone such a drastic change, and continues to transform, successful brands will employ the right research methods to understand their audiences now and in the future. MN

The Myths and Realities of Creative Briefs

Stop downloading creative brief templates—there's a better, more universal approach

BY JENNIFER MURTELL | VP OF STRATEGY, SNAPDRAGON

Any project or initiative that requires focus, inspiration and intelligence can be optimized for prolific and on-strategy creative outcomes. No matter the format—whether for marketing, design or digital campaign—the following evergreen principles can be applied, built from leading indicators, informed intelligence and explosive inspiration.

Understand and Agree Upon the Objectives

First and foremost, ensure your objectives are the right ones. This must include the immediate business objectives as well as longer-term business strategies. Understanding the business strategy beyond the immediate initiative maintains a holistic approach to problem-solving; makes your creative teams and agency partners smarter; and teaches every stakeholder to be accountable for, and engaged in, the future state of the brand.

Assess the Future State

Ensure that the business objectives are symmetrical to what they're asking the creative work to do. Relying on a single creative idea, design or campaign to do the heavy lifting for a brand is a way to set everyone up for failure. A packaging refresh or reinvention can't carry the entire brand story or explain the minute details of the proposition, nor can it do the multifaceted job of a communications strategy. Similarly, a print campaign or social media strategy can't fix outdated assets or a brand positioning that is no longer relevant in its category.

To ensure that everyone's expectations and objectives align, you need a realistic, focused, right-sized brief. The inspiration and creative challenge can be provocative, iconic and paradigm-shifting. In fact, a great brief should unequivocally be all these things—but it can't compensate for a poorly defined business strategy. Remember: No singular project, design or touchpoint can do the job of all aspects working holistically.

Inform the Work with the 4 Cs: Consumer, Category, Competition, Culture

Leave your brief room to articulate deep consumer insight, category whitespace and competitive positioning in the landscape, while dropping anchors that tie the brand meaningfully to culture. Are new ingredient innovations impacting the category? Are competitive brands reframing "the challenge" in new ways? Are challenger brands tapping into trends your team needs to know about? All of this may seem heavy-handed, but you don't have to write a novel to inject this kind of intelligence into your brief. It can be captured in a few bullet points, or even more meaningfully brought to life with visual examples.

Inspire Your Creative Teams: Brand Analogs, Semiotics, Global Trends

Visual language is the fuel of great design thinking, no matter what kind of problem you're solving. Creative minds need stimulation to uncover the best trajectories and possibilities, so give it to them. Need to dimensionalize the guardrails of exploration? Best-in-class redesigns from an out-of-category brand might be the fodder for a brilliant paradigm-shift. Want to see into the visual future of the category? Mine for semiotics and design language from niche brands in other regions. Pull a few ingredient, structural, stylistic or sociocultural trends that mean something to the consumer's experience. Get your strategists and designers involved to inject visual intelligence.

Tap Into Your Brain Trust

Do you have designers or strategists who pursue trends work, who embrace innovation and inform themselves in their downtime? Are there trends-informed initiatives going on in other parts of your organization? There is often valuable intelligence floating around that is being underleveraged, whether it's a category audit, a semiotics deep-dive or a design trend exploration. Finding more collaborative approaches to information-gathering and sharing can provide more holistic access to the brain trust of your organization. Set up your server with easily accessible insight, so when budgets are tight or timing is key, there are low-hanging opportunities to fill gaps, add value and make educated hypotheses.

There is often valuable intelligence floating around that is being underleveraged, whether it's a category audit, a semiotics deep-dive or a design trend exploration.

The Powerful Consensus-Building Tool of Your Dreams

There is no singular method for creating a great brief. The art is in the content, and the only "right way" is to ensure your brief is informed, dimensional, focused, realistic and outrageously inspirational. Creating briefs like this takes work, and it also takes a village with strategists and creative directors creating the brief collaboratively, informed by project and relationship managers.

Ultimately, whether you're a marketing manager or an agency creative, your briefs need to address these dimensions to guarantee epic, creative outcomes. If you're on the brand side, be prepared with the verbal content and insight you need to provide focus and good strategy. If there are intelligence gaps, be straightforward about it and make efforts to fill them—your agency team will thank you. If you're on the agency side, bring this client brief to life for your team and for your client. Make your brief juicy, beautiful and clever. This kind of early consensus, advocacy and excitement makes partnership an enjoyable experience, and builds lasting good-faith relationships. MN

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