"FATHER OF BRANDING" BRINGS NEW VIEWS TO MARKETING TODAY

Inside This Issue

A New Branding Framework: The 5Bs

The "Father of Modern Branding" Brings New Views to Marketing Today

BY DAVID AAKER

The fundamentals of modern branding and brand-building can be captured in the intertwined 5Bs, a new branding framework. The first of the 5Bs is brand equity, which is owned brand assets that support existing and new organizational strategies and generate ongoing value. Brand equity represents the central idea that brands are strategic assets that drive an organization's health and growth by enabling its strategy. A big idea in the history of branding, it changed the role of marketing from a tactical communication function to being relevant to organizational strategy and having a seat in the C-suite.

Brand equity lives in three of the remaining four Bs: Brand Relevance, Brand Image, and Brand Loyalty. The brands in the Brand Portfolio, the final B, support and enhance relevance, image, and loyalty.

The 5Bs branding framework, like the 4Ps before it, acts as a mnemonic, but with components and roles that are more clearly defined and include:

- Providing structure and guidance to those who aspire to build or enhance brands.

- Serving to demonstrate that the scope of branding is not just about fostering awareness and communicating an image. It consists of five components, each of which has depth and nuances.

- Ensuring that the 5Bs are used in a coordinated, even integrated manner.

- Reminding that a brand exists to support an organizational strategy. Because strategies emerge and evolve in dynamic times and a difficult communication environment, brands and brand building must be strategically and tactically agile.

Brand Relevance

For a brand to be considered, especially in dynamic markets, it needs more than brand visibility. It needs to achieve relevance, meaning it needs to be both visible and credible for the context at hand, which could be seaweed snacks, a gold stock index fund, compact plug-in hybrids, or five-passenger private jets.

Building relevance starts with visibility, which is not easy. Breaking through the media information overload and audience skepticism often requires exceptional creative ideas, top-notch execution, and finding or creating programs with energy and attaching them to the brand. Visibility, by itself, signals market acceptance, builds familiarity which leads to liking, and aids communication by providing a cognitive anchor to which other associations can be attached.

The second relevance task is to ensure that the brand is perceived as credible, that the offering can deliver on the brand promise, and that there is no reason not to buy or use the product or service. Credibility gives a brand consideration and trust.

Being relevant can be a route to not only being in the game but also winning the game. Relevance competition is the key to most disruptive innovation strategies, in which

new offerings with superior customer "must-haves" are created. Any other brand option, even one that is visible and liked, can lack a "must-have" and thus will not be relevant and will not be considered. The strategy, then, is to win the brand relevance battle rather than the "my brand is better than your brand" brand preference fight.

Brand Image

The brand image consists of brand associations such as product attributes (Crest, Volvo), product design (Calvin Klein, Apple), social programs (Dove, Patagonia), quality (Lexus, Emirates Airlines), user imagery (Mercedes, Nike), product breadth (Amazon, Marriott), being global (Visa, Ford), innovation (3M, Virgin), systems solutions (IBM, Salesforce), brand personality (Aflac Insurance, Singapore Airlines), and symbols (Tiffany blue box, McDonald's Golden Arches).

The brand image is managed and driven by a brand vision that sets forth the aspirational image in the form of brand pillars that drive much of the brand-building activity. They need to resonate with customers and employees, create brand loyalists who "get it," communicate what the brand represents, foster liking, negate reasons not to buy or use the product or service, and, most importantly, provide differentiation.

Brand Loyalty

Brand loyalty's inclusion in brand equity was a major driver of the elevation of marketing from a tactical to a strategic role. At the heart of any brand's long-term value, it creates a predictable flow of sales or usage of the offering, with reduced marketing budgets because retaining existing customers is far less costly than attracting new customers.

The highest level of loyalty comes when the brand creates engagement, a motivation to actively promote the brand, and, ultimately, self-expressive and/or social benefits. At this level, loyalty programs with "feel special" status, moments that delight customers, brand-building events with energy, and social programs might be found. This loyalty level often consists of a brand community, a group of people or organizations with shared involvement or passion in some activity, goal, or interest area connected to a brand. At the other end of the loyalty spectrum are satisfied customers who are habitual brand users, comfortable with the brand and satisfied with the user experience. The challenge is to avoid a reason to change.

Brand Portfolio

Branding rarely works with the focus on a single master brand. Rather, there is or should be a brand team that supports and enhances relevance, image, and loyalty. The team could include a subbrand, an endorser brand, a co-brand, or a silver bullet brand.

The term "silver bullet" is a metaphor for a potent weapon that can make a critical difference in a struggle to achieve a worthwhile goal or a solution to a challenging problem. Because it is a powerful resource that is underappreciated or undercommunicated, it could be labeled as secret sauce or secret weapon.

Silver bullet brands help their parent or master brand communicate benefits and capabilities. Included are branded features, branded services, branded technology, branded processes, branded events, branded founders, and so forth. All can affect a brand's relevance, image, and loyalty. They can take on one or more of three roles: branded differentiator (Schwab Intelligent Portfolio), branded energizer (Dove's Real Beauty campaign), or branded source of credibility (Apple's Genius Bar).

Brand Equity

Brand equity is at the heart of the 5Bs and needs direction, resource access, and a person or team actively managing the brand strategically. The management task includes:

- Understanding the brand's role in current and future organizational strategies. Is the brand equity strong enough and positioned well enough to support a strategy?

- Coordinating the total brand-building efforts of the other pillars in the 5Bs so they work together and silo pressures do not get in the way.

- Defending the proposition that a brand is an asset with long-term value as an enabler of strategies and that effort directed at short-term results should support or at least avoid damaging the brand. The power of short-term financials is overwhelming, especially when an organization is stressed. Further, creating differentiating brand assets is not easy, nor is communicating them in the face of information overload and skeptical audiences.

When you need to create, evolve, reposition, energize, or clarify your brand and its portfolio, start with the 5Bs and aim high. **MN**

David Aaker is the vice chairman of Prophet and professor emeritus at the Berkeley Haas School of Business. Called the "Father of Modern Branding" by Phil Kotler, he has published over 120 articles and 18 books, was named one of the top five most important marketing/business gurus in 2007, and has won awards for the best article in the California Management Review *and the* Journal of Marketing *(twice). This article is excerpted from his book* Aaker on Branding, *2nd ed. (Morgan James Publishing, 2025).*
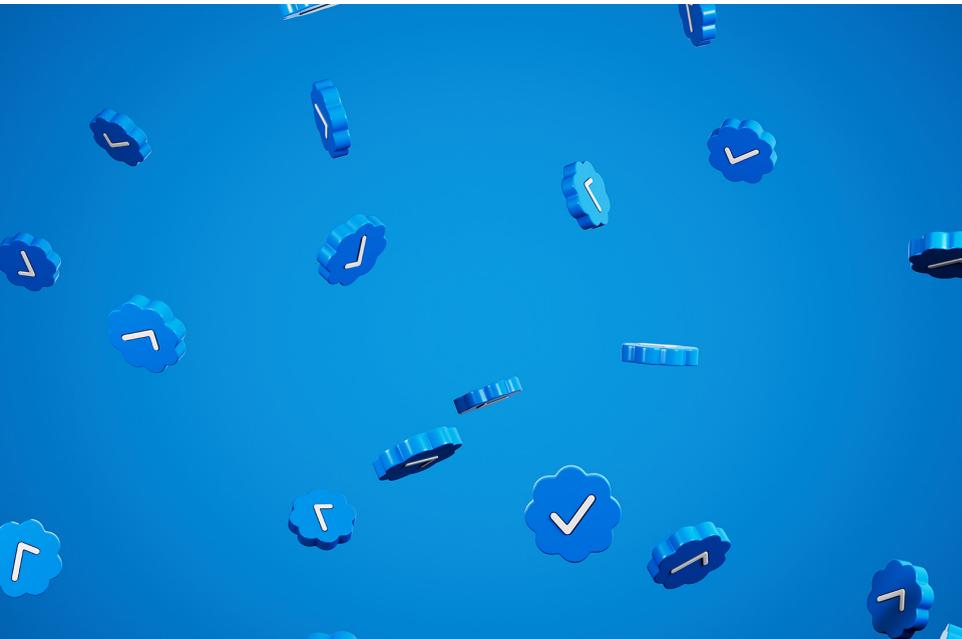
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The Power of Verified Reviews in Shaping Buying Decisions and Building Brand Trust

BY KEN ROSHKOFF

Product reviews are a vital touchpoint in shaping consumer purchasing decisions, but also in shaping business and product development decisions as well as brand perceptions. For businesses, reviews are an invaluable source of feedback, offering insights that can improve products, enhance customer service, bolster their brand, and ultimately drive more sales. For consumers, reviews can provide an authentic look at products from real users, empowering them to make informed decisions before hitting "buy."

Our recent study at AMC Global highlights just how important product reviews—especially verified purchaser reviews—are in building consumer confidence, particularly for high-ticket items like electronics and small appliances. This growing trend reinforces the broader shift toward transparency and authenticity in today's shopping experience, with consumers increasingly turning to trusted sources. So, where are they looking for these reviews?

Seeking the Right Reviews

Insights from our study reveal that 68% of consumers turn to Amazon for product reviews, followed by popular platforms like social media (50%), YouTube (48%), and brand websites (47%). These platforms have become trusted sources of information, with consumers increasingly relying on user-generated content to inform their purchasing decisions. The study also finds that two-thirds (66%) of consumers feel confident in their purchase with just 100 reviews available, emphasizing that it's not the quantity but the quality of reviews that truly matters to shoppers.

However, a recent article from *Customer Experience Dive* highlights a growing issue: While reviews are essential for informed decision-making, an overwhelming number of them—especially when there is an excess of paid or incentivized reviews—can actually create confusion. This can make it difficult for shoppers to distinguish between what's truly valuable and what's not. As a result, it's crucial for brands to provide concise, relevant, and verified reviews that effectively guide consumers without overwhelming them.

Reviews Are a Key Factor for Purchase Decisions

Product reviews are most definitely a key factor in decision-making. According to Reputation, a reputation performance management consultancy, product reviews have become one of the most powerful drivers of consumer decision-making, surpassing traditional influences like company marketing, influencer opinions, and even recommendations from friends and family. This growing reliance on reviews places them firmly at the top of the decision-making pyramid. Whether online or in-store, reviews are often the first thing consumers check—with positive feedback fostering trust and negative comments serving as a red flag.

In brick-and-mortar stores, shoppers are increasingly turning to their smartphones to read reviews, often scanning QR codes or visiting retailer and third-party websites to inform their purchases. This highlights how seamlessly reviews have become integrated into the entire shopping journey, no matter what consumers are shopping for at the moment.

Top Areas Where Reviews Are Consulted

A recent analysis from *Harvard Business Review* reveals that consumer reviews have the greatest influence on high-involvement products, such as electronics and appliances, where authenticity and reliability from verified purchasers are highly valued. For these products, reviews play a critical role in decision-making. And reviews have a slightly lesser impact on low-involvement or lower-ticket items, where consumers are more likely to prioritize factors like brand reputation or price.

In fact, AMC Global's study found that 54% of consumers consider reviews essential when purchasing electronics, while 51% rely heavily on reviews for small appliances. These categories, being high-value purchases, naturally carry more weight in the research process, highlighting the importance of trusted feedback. Reviews still influence sectors such as beauty and personal care (41% and 36%, respectively) or packaged goods (25%), but their role is somewhat less decisive compared to high-ticket items. But how those reviews are delivered matters regardless of the product category.

Verified Purchaser Reviews

There is growing concern among consumers about the authenticity of online reviews. As information becomes more accessible, distinguishing between genuine and fake reviews has become increasingly challenging, and consumers are skeptical. With this growing difficulty, it is not surprising that our consumer

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study found a strong preference for verified purchaser reviews. These reviews—submitted by real, verified buyers—carry far more weight than incentivized or promotional reviews, and are easier to determine whether they contain authentic feedback. Consumers trust them more, and these reviews are integral in building both brand trust and confidence in the product's effectiveness.

Verified purchaser reviews are increasingly seen as the gold standard, offering consumers the assurance that they are receiving unbiased, real-world insights into a product's performance and quality.

- Brands that can provide verified purchaser reviews are not just building a repository of feedback—they are laying the groundwork for trust and transparency. Studies show that trust is the most important factor in a consumer's decision to make a purchase, with two-thirds of consumers saying they would avoid a brand that they perceive as untrustworthy.

- Verified purchaser reviews give shoppers the confidence they need, particularly when products come with a significant financial commitment.

Reviews Integral to Brand and Product Success

Product reviews have evolved from a simple feature to a central component of the consumer shopping experience. As product reviews continue to strongly inform purchasing behavior, brands must ensure their review systems are transparent and authentic. The shift toward verified purchaser feedback is not just a preference—it's a necessity for brands that want to succeed in a market driven by informed and discerning consumers. **MN**

As President & CEO of AMC Global, Ken Roshkoff leads a team dedicated to delivering high-quality custom market research and consumer insight solutions to clients across a range of industries in the U.S. and globally.
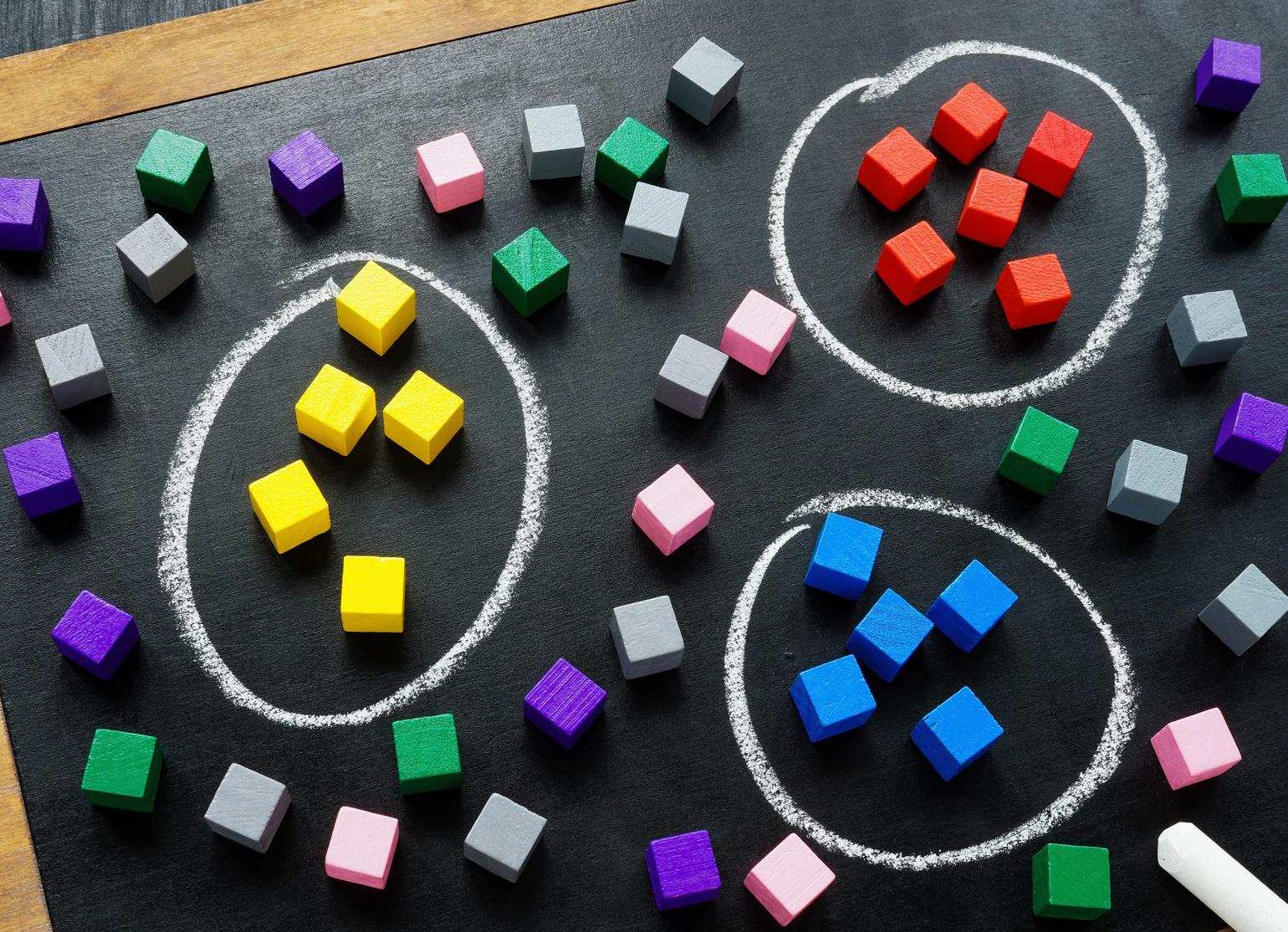
Segmentation's Resurgence: Why Modern Marketers Are Doubling Down on Getting It Right

BY LEIGH ADMIRAND

After years of operating quietly in the background, segmentation is stepping back into the spotlight—and not a moment too soon. In fact, it made Deloitte's list of the top marketing trends of 2025, encouraging marketers to "make every interaction meaningful by using data to segment priority customers."

In a marketplace reshaped by constant disruption, from global pandemics and inflation to the accelerating march of AI and changing consumer expectations, understanding who your customers truly are has never been more urgent.

Additionally, in today's volatile political and economic climate, customer expectations, needs, and concerns are changing daily. And while segmentation has always been a foundational tool for marketers and insights professionals, it's now undergoing a much-needed reinvention to better reflect the speed, complexity, and humanity of today's consumers.

Here's what's driving the renewed focus, and how organizations can modernize their segmentation strategies to stay ahead.

Why Segmentation Matters Now More Than Ever

It's tempting to view segmentation as a "set it and forget it" initiative. But in today's environment, static segments based on outdated behaviors or assumptions can do more harm than good.

Consumers are not only shifting their values and habits, they're doing so quickly and in ways that don't always align with traditional demographic buckets. Work-life routines have transformed. Technology has introduced new touchpoints and expectations. And financial pressures and volatility are rewriting how people define value.

Segmentation helps brands navigate this chaos by anchoring strategies in clarity. It provides the lens to see meaningful differences within your audience, align messaging to motivations, and understand their ups and downs to prioritize efforts based on impact. And it's powerful: Studies show that 80% of businesses that use segmentation report increased sales. But for segmentation to be useful, it needs to evolve beyond legacy approaches.

The Shortcomings of Traditional Methods

Many legacy segmentation studies rely on static data, long-form surveys, and time-intensive processes that can take months to complete. By the time insights are delivered, the market may have already shifted. Even more critically, the outputs often lack emotional depth or contextual nuance, making them hard to activate across teams.

What's needed is an approach that balances analytical rigor with real-world relevance. That means getting closer to how people actually live, shop, and decide—capturing their stories, not just their statistics.

What Modern Segmentation Looks Like

1. **Conversational and mobile-first engagement.** Segmentation studies are only as strong as the data they're built on. And in today's world, traditional survey methods, such as long, static, email-based questionnaires, often fall short. A modern approach leans into how people naturally communicate: on their phones, in short, intuitive interactions. Mobile chat-based methods not only increase response rates and completion, but they also create a more immersive, candid research experience. The result? Segmentation inputs that are richer, more emotional, and far more reflective of real human behavior.

2. **Agile, modular study designs.** Segmentation doesn't have to be a multi-month initiative with a fixed start and end. Modern mobile-based methodologies break long surveys into modular, recontactable touchpoints—using text message-based notifications to seamlessly pick up where you left off. This flexible structure allows researchers to gather foundational data in phases, refine hypotheses midstream, and re-engage specific audience segments as needed. It also makes it easier to iterate, ensuring that segment definitions stay relevant in a fast-changing market.

3. **Blending quant with qual— seamlessly.** Traditional segmentation takes a linear quant-qual approach to capture audience needs, motivations, behaviors, attitudes, and more. But today's most impactful segmentations go beyond "math" and incorporate the nuance of qualitative insight. By integrating methods like open-ended responses, video diaries, and projective exercises into the foundational research, not just after segments are defined, researchers can elevate the segmentation beyond simple categorization. These richer inputs shape smarter segments and bring them to life in more compelling ways.

4. **AI-assisted analysis with a human lens.** The rise of unstructured data in segmentation (videos, images, open text) has created new opportunities for AI to support the analytical process. Tools like AI summarization and sentiment detection can surface patterns quickly, helping researchers get to insight faster. But while AI can accelerate the work, it can't replace human judgment. The most effective segmentation strategies use AI as a copilot: assisting in theme discovery, enriching cluster definitions, and speeding up the synthesis of large qualitative datasets.

5. **Built-in activation pathways.** A segmentation is only successful if people across the business can understand and use it. That means thinking about activation from the very beginning. Modern segmentation deliverables go beyond charts and cluster maps—they include dynamic, visual outputs like short-form video profiles, mobile-optimized digital personas, and shareable playbooks that help teams apply insights in real-world decisions. And by building communities around high-value segments, brands can continue learning and adapting long after the initial study is done.

The Path Forward

Segmentation today isn't just about sorting people into neat little boxes. It's about truly understanding what makes them tick—and being able to adapt when things shift. And things are shifting fast, all the time.

As new tech, fluctuating government/economic policies, changing values, and evolving expectations reshape how people connect with brands, segmentation has to keep up. With more flexible tools, more human-centered data, and smarter ways to keep the conversation going, segmentation can be faster, deeper, and much more useful.

At its best, segmentation doesn't just help you see your audience; it helps you connect with them. And in a world where connection is everything, that's more important than ever. **MN**

Leigh Admirand is executive vice president and founding partner at Reach3 Insights, pioneers of mobile-first conversational research methods and technology.
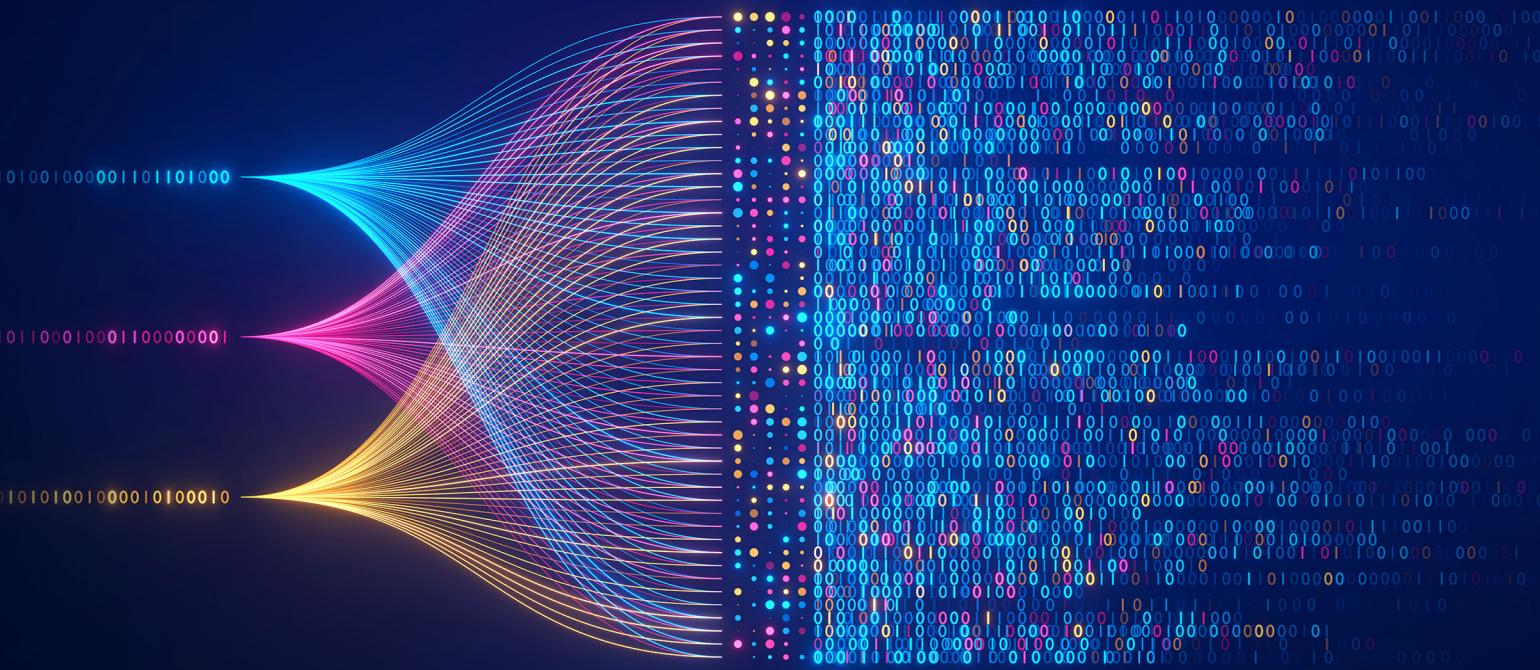
Announcing the *Journal of Public Policy & Marketing* Special Issue:

Generative AI: Promises and Perils

Given the growing use and implications of generative AI (GenAI), this special issue seeks to offer new, pertinent insights related to how individuals and firms can and should address it, as well as which types of policies and regulations are necessary to ensure its promise is not overcome by its perils. This special issue brings together nine articles that collectively examine the multifaceted potential effects of GenAI on marketing practices and its associated public policy implications.

ARTICLES IN THE SPECIAL ISSUE INCLUDE:

- "Generative AI in Marketing: Promises, Perils, and Public Policy Implications"

- "Generative AI in Marketing and Principles for Ethical Design and Deployment"

- "The Human Superiority Effect in Advice Taking: A Multimethod Exploration and Implications for Policy Makers and Governmental Organizations"

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- "Experiential Narratives in Marketing: A Comparison of Generative AI and Human Content"

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- "When AI Wears Many Hats: The Role of Generative Artificial Intelligence in Marketing Education" **MN**

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"When the Road Is Rocky: Investigating the Role of Vulnerability in Consumer Journeys" | *Journal of the Academy of Marketing Science*

Lynn Sudbury-Riley, Philippa Hunter-Jones, Ahmed Al-Abdin, and Michael Haenlein

WINNERS:

"Social Profit Orientation: Lessons from Organizations Committed to Building a Better World" | *Journal of Marketing*

Leonard Berry, Tracey Danaher, Timothy Keiningham, Lerzan Aksoy, and Tor W. Andreassen

"Consumers Value Effort over Ease When Caring for Close Others" | *Journal of Consumer Research*

Ximena Garcia-Rada, Mary Steffel, Elanor F. Williams, and Michael I. Norton

"Does Cash Really Mean Trash? An Empirical Investigation into the Effect of Retailer Price Promotions on Household Food Waste" | *Journal of Consumer Research*

Arjen van Lin, Aylin Aydinli, Marco Bertini, Erica van Herpen, and Julia von Schuckmann

"Consumers on the Job: Contextualization Crafting in Expert Services" | *Journal of Service Research*

Courtney Nations Azzari, Laurel Anderson, Martin Mende, Josephine Go Jefferies, Hilary Downey, Amy L. Ostrom, and Jelena Spanjol

FINALISTS:

"Understanding and Neutralizing the Expense Prediction Bias: The Role of Accessibility, Typicality, and Skewness" | *Journal of Marketing Research*

Chuck Howard, David Hardisty, Abigail Sussman, and Marcel Lukas

"Improving Blood Donor Retention and Donor Relationships with Past Donation Use Appeals" | *Journal of Service Research*

Edlira Shehu, Besarta Veseli, Michel Clement, and Karen Page Winterich

2024 Journal of Interactive Marketing Best Paper Award

This award honors the *Journal of Interactive Marketing* article from the most recent calendar year that has made the most significant contribution to the advancement of the practice of marketing.

WINNER:

"Amplifying Off-Site Purchases with On-Site Retail Media Advertising" (*Journal of Interactive Marketing,* November 2024)

German Zenetti and Koen Pauwels

HONORABLE MENTION:

"The Power of AI-Generated Voices: How Digital Vocal Tract Length Shapes Product Congruency and Ad Performance" (*Journal of Interactive Marketing,* May 2024)

Fotis Efthymiou, Christian Hildebrand, Emanuel de Bellis, and William H. Hampton

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2024 S. Tamer Cavusgil Award

This award honors the *Journal of International Marketing* article from the most recent calendar year that has made the most significant contribution to the advancement of the practice of international marketing management.

WINNER:

🔗 "Within and Between Two Worlds: Conceiving, Measuring, and Applying Mixed-Ethnic Identity in Three Countries" (*Journal of International Marketing*, June 2024)

Mark Cleveland

2025 Hans B. Thorelli Award

This award honors a *Journal of International Marketing* article published at least five years ago that has made the most significant and long-term contribution to international marketing theory or practice.

WINNER:

🔗 "Will the Real-World Citizen Please Stand Up! The Many Faces of Cosmopolitan Consumer Behavior" (*Journal of International Marketing,* December 2002)

Hugh M. Cannon and Attila Yaprak

Journal of Marketing Awards

2024 AMA/Marketing Science Institute/H. Paul Root Award

This award is given to the *Journal of Marketing* article that has made the most significant contribution to the advancement of the practice of marketing in the latest full calendar year.

WINNER:

🔗 "Revenue Generation Through Influencer Marketing" (*Journal of Marketing,* July 2024)

Maximilian Beichert, Andreas Bayerl, Jacob Goldenberg, and Andreas Lanz

2024 Shelby D. Hunt/Harold H. Maynard Award

This award recognizes the *Journal of Marketing* article published in the latest full calendar year that has made the most significant contribution to marketing theory.

WINNER:

🔗 "Conceptual Contributions in Marketing Scholarship: Patterns, Mechanisms, and Rebalancing Options" (*Journal of Marketing,* May 2024)

Bastian Kindermann, Daniel Wentzel, David Antons, and Torsten-Oliver Salge

2025 Sheth Foundation/Journal of Marketing Award

This award honors a *Journal of Marketing* article that has made long-term contributions to the field of marketing. An article is eligible for consideration to receive the award in the fifth year after its publication.

WINNER:

🔗 "Uniting the Tribes: Using Text for Marketing Insight" (*Journal of Marketing,* January 2020)

Jonah Berger, Ashlee Humphreys, Stephan Ludwig, Wendy W. Moe, Oded Netzer, and David A. Schweidel

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Journal of Marketing Research Awards

2024 Paul E. Green/Vithala R. Rao Award

This award recognizes the best *Journal of Marketing Research* article published in the last full calendar year that shows or demonstrates the most potential to contribute significantly to the practice of marketing research.

WINNER:

🔗 "Using Price Promotions to Drive Children's Healthy Choices in a Developing Economy" (*Journal of Marketing Research,* December 2024)

Szu-chi Huang, Michal Maimaran, and Daniella Kupor

2025 Weitz-Winer-O'Dell Award

The Weitz-Winer-O'Dell Award honors *Journal of Marketing Research* articles published five years earlier that have made the most significant, long-term contribution to marketing theory, methodology, and/or practice.

WINNER:

🔗 "Is a Picture Worth a Thousand Words? An Empirical Study of Image Content and Social Media Engagement" (*Journal of Marketing Research,* February 2020)

Yiyi Li and Ying Xie

2025 Thomas C. Kinnear/Journal of Public Policy & Marketing Award

This award honors *Journal of Public Policy & Marketing* articles that make the most significant contribution to the understanding of marketing and public policy issues within a three-year time period.

WINNER:

🔗 "Disinformation and Echo Chambers: How Disinformation Circulates on Social Media Through Identity-Driven Controversies" (*Journal of Public Policy & Marketing,* January 2023)

Carlos Diaz Ruiz and Tomas Nilsson

2024 Louis W. Stern Award

This award recognizes outstanding articles in widely recognized and highly respected refereed journals that have made a significant contribution to the literature on marketing and channels of distribution.

WINNER:

🔗 "Uncle Sam Rising: Performance Implications of Business-to-Government Relationships" (*Journal of Marketing,* January 2019)

Brett Josephson, Ju-Yeon Lee, Babu Mariadoss, and Jean Johnson

2025 Diversity Leadership Institute

The AMA Diversity Leadership Institute (DLI) is a transformative program designed to empower undergraduate marketing students from historically underrepresented identities who are passionate about advancing diversity, equity, inclusion, and accessibility. Throughout an immersive four-day retreat, participants collaborate with their peers, faculty mentors, and industry leaders to address real-world DEIA challenges, reflect on the intersection of identity and leadership, and develop skills that will shape their future contributions to marketing.

From June 25-28, the AMA partnered with the University of Illinois Urbana-Champaign Gies College of Business to host the 2025 DLI. Representatives from the AMA academic and professional communities—Jamal Harris, Tracy Khan, Erick Mas, and Catherine Van—served as facilitators and led 19 undergraduate marketing students through the program.

🔗 **Read more about this year's incredible team of facilitators, view past cohorts, and discover more about DLI.**

Interested in learning more about how you, your organization, or your institution can be a part of future Diversity Leadership Institutes? Email Aria Childers at achilders@ama.org

Standing Out in the Scroll

Why Content Differentiation Beats Imitation on X

BY MIKHAIL LYSYAKOV, P.K. KANNAN, SIVA VISWANATHAN, AND KUNPENG ZHANG

F irms have long used social media platforms like Facebook, Instagram, and X (formerly Twitter) for disseminating information, providing customer service, targeting influencers to promote products, and building online communities with highly engaged audiences to promote products and services. As consumers seek more personalized and community-driven content, brands are creating unique, interactive experiences on platforms like X, and leveraging platform-specific features is becoming key to capturing and retaining audience attention.

In a new *Journal of Marketing* study, we investigate whether firms traditionally recognized as close competitors exhibit the same rivalry online through similar content strategies or whether they adopt more unique approaches on X. In a competitive digital landscape, marketers realize the importance of differentiating their social media strategies from competitors. Platforms like X offer distinct features such as real-time interaction, community building, and content co-creation that significantly enhance a firm's ability to stand out. We explore whether and how firms might differentiate themselves from close competitors using X.

Our study examines 199 large consumer-facing retail brands on X over a five-year period, using a novel metric to assess content similarity between these firms and their closest traditional competitors. Results show firms that diverge from their competitors' strategies benefit from higher engagement and attract new followers more quickly.

Three Tiers of Tweets

A key discovery from our study is a hierarchical structure in content creation strategies. To better understand how firms differentiate their content strategies, we classify tweets into ten distinct categories, grouped into three tiers:

1. All firms we studied produced content to some degree in the five categories that represent the bottom tier, which focus on **one-way information dissemination**. Examples include promotional messages or product updates.

2. A majority of firms (61%) also adopted content strategies that focused on **community engagement**.

3. An even lower number of firms, around 35%, added content strategies that focused on **user interaction and co-creation**.

Firms that focus on community building and co-creation not only differentiate their content strategies from their close competitors but also perform better in terms of engagement and follower growth. In contrast, firms that are more similar to their competitors primarily create content in the base tier, where the content strategy is focused on vertical differentiation from the closest competitors.

The firms that perform best on social media are those that build strong relationships with their followers. These companies excel by using strategies that go beyond simple promotions to create interactive experiences. For example, some firms organize events or launch campaigns that encourage users to share their own content, participate in conversations, or provide feedback on new products. This level of engagement helps differentiate these firms from their competitors and results in stronger brand loyalty.

Our research also highlights the importance of adaptability in social media strategy. As social media platforms like X evolve to offer new tools and features, firms that are quick to adapt and leverage these features are more likely to succeed.

Lessons for Marketers

For marketers and business leaders, the implications of our study are clear. Firms should use novel solutions to monitor competitors' strategies and focus on differentiating their content strategies if they want to succeed on social media platforms. This means moving beyond basic promotions and embracing strategies that engage users, foster community, and encourage interaction and co-creation. Retailers that can leverage these effectively will see the greatest returns in terms of engagement and follower growth.

Our findings provide vital lessons for chief marketing officers:

- Firms can rank competitors by dissimilarity of content to determine which of their top traditional competitors have a potential social media competitive advantage. This mapping of competitors can help firms better understand their own position in the social media competitive space and strategically develop their own social media content toward further differentiation.

- Firms can use our hierarchical structure to better design their social media differentiation strategies. Our hierarchy connects specific content strategies with engagement on X. It is important for managers to know the capabilities of social media and how they can leverage those capabilities to increase social media engagement.

- To maximize engagement, firms could use emerging novel AI-based solutions that allow monitoring of competitors' actions and content in real time.

- Managers should use memorable hashtags to create valuable communities of social media followers around their products, events, interactive marketing campaigns, and contests involving followers in value co-creation and co-innovation.

- Platform providers can design mechanisms to facilitate co-creation interactions between firms and followers. For instance, a social media platform might offer a functionality to create "virtual design labs" where firms would initiate discussions around new products and invite ideas and user-generated content from followers. Such value-added features can be priced differently and would serve as additional revenue streams for platforms. **MN**

READ THE FULL ARTICLE
Mikhail Lysyakov, P.K. Kannan, Siva Viswanathan, and Kunpeng Zhang, "Retailer Differentiation in Social Media: An Investigation of Firm-Generated Content on Twitter," *Journal of Marketing*.

More Vivid = More Effective?

How Saturated Colors Impact
Consumer Behavior—and Waste

**BY LAUREN I. LABRECQUE, STEFANIE SOHN,
BARBARA SEEGEBARTH, AND CHRISTY ASHLEY**

For marketers, bold colors can be a strategic tool for grabbing attention on crowded shelves. But vibrant colors can have unintended consequences, causing consumers to waste more, save less, or even risk their health. A new *Journal of Marketing* study uncovers a surprising link between what consumers see and the decisions they make, showing how something as simple as color choice can have far-reaching consequences for the environment, consumer health, and sustainability efforts. The study finds that products with highly saturated colors—vivid reds, deep blues, and vibrant greens—are consistently perceived as more potent and effective. This visual cue shapes consumer behavior in significant ways, often influencing how much of a product is used—or wasted.

Across several experiments and studies, the researchers find that consumers overestimate the effectiveness of products based on color saturation—the richness, strength, or purity of a color—leading them to believe products with such colors are more potent. Consumers then use this perception of potency to infer how effective a product will be. This means that a more vivid and intense color can make a product seem more effective, even if the color has nothing to do with how well the product actually works. People make these inferences based on the color of both the product itself and its packaging. In addition, color saturation influences perceptions of product efficacy in advertising.

For example, in one study, the researchers showed participants images of laundry detergent bottles. Some bottles had packaging with highly saturated colors, while others had less saturated colors. People were more likely to buy the detergent with the more saturated packaging because they believed it to be more effective. Researchers found similar results when showing people work gloves with varying levels of color saturation, suggesting that the link between color saturation and perceived efficacy extends beyond consumable products to durable goods.

Product Color Affects the Amount Consumers Use

Color also affects how much of a product people use. When the researchers placed hand sanitizer dispensers with varying color saturation in university lecture halls, people used significantly less of a highly saturated sanitizer than a less saturated option. In another study, students used less of a highly saturated cleaner to clean their desks. Although this might seem beneficial for promoting sustainable practices, it could be problematic for products where underuse is harmful.

At the same time, the relationship between color saturation and perceived efficacy is not always straightforward.

Low Saturation
H:356
S:42
B:65

H:342
S:34
B:71

vital.
Laundry Detergent

High Saturation
H:356
S:93
B:65

H:342
S:69
B:71

vital.
Laundry Detergent

Low Saturation
H:227
S:21
B:92

High Saturation
H:227
S:68
B:92

It can be influenced by other factors, such as a consumer's purchase goal. For instance, if a consumer is looking for a gentle facial cleanser, they might actually perceive a less saturated product to be more effective. This is because they associate lower saturation with gentleness, which is their desired benefit in this case. Conversely, a consumer searching for a strong facial cleanser would likely find the highly saturated product to be more appealing.

The Potential for Misuse or Underuse

The perception of increased potency can lead to unintended consequences. For example, consumers might underdose a brightly colored disinfectant, assuming a smaller amount will suffice. Similarly, medicines with bold packaging may be viewed as overly strong, causing hesitation or improper use.

So while bold colors can enhance product appeal, the fact that consumers make split-second judgments based on color can cause them to be misled when it comes to how the product should be used, which is particularly concerning for items like medications or sanitizers.

Implications for Marketers, Designers, and Policymakers

The findings highlight a trade-off for marketers. Bold packaging colors can effectively communicate efficacy and capture consumer attention, but they must be used responsibly to avoid unintended consequences. Designing packaging isn't just about aesthetics—it's about functionality and trust. Marketers need to ensure that visual elements align with the intended use of the product, especially in categories where accuracy and safety are critical.

The study emphasizes the importance of carefully considering color saturation when designing products, packaging, and advertising:

- If you want to promote **product efficacy**, consider using highly saturated colors.

- If you want to encourage **sustainable consumption**, use highly saturated colors for products that tend to be overused.

- However, **avoid highly saturated colors for products where underuse could be harmful**. In these cases, marketers might consider providing additional information about the product's potency to offset potential biases. For example, a label could read, "same powerful formula without added dyes."

Design choices like color saturation can play a key role in promoting resource conservation. Governments and organizations are urging people to conserve resources, reduce waste, and adopt healthier habits. This research suggests marketers, regulators, and consumers can rethink product packaging to promote more sustainable and responsible behavior.

The findings may also be used to help address public health campaigns, ensuring consumers use sufficient amounts of medicines or disinfectants where needed. The underuse of important products like disinfectants or medications because of misleading color perceptions could exacerbate issues during health crises or flu seasons, making this a public health issue. Color psychology can be leveraged to encourage people to use just the right amounts of products to cut down on environmental waste without sacrificing efficacy.

In sum, marketers should align visual design with consumer expectations and product functionality. In a world where packaging often serves as a primary touchpoint for consumers, getting the balance right is crucial. **MN**

READ THE FULL ARTICLE
Lauren I. Labrecque, Stefanie Sohn, Barbara Seegebarth, and Christy Ashley, "Color Me Effective: The Impact of Color Saturation on Perceptions of Potency and Product Efficacy," *Journal of Marketing*.

How GDPR Changed the Game for Display Advertising

BY MARC-ANTOINE FORTIN

The General Data Protection Regulation (GDPR) introduced by the European Union in 2018 marked a pivotal moment in privacy regulation, especially for online advertising practices. A 2024 *Journal of Marketing Research* study by Pengyuan Wang, Li Jiang, and Jian Yang investigates the early effects of GDPR compliance on display advertising, focusing on a large United States–based publisher with global traffic using a pay-per-click (PPC) model. By analyzing a proprietary dataset containing over 3.7 billion ad impressions across 6,000 ad creatives and multiple industries, the study provides insights into GDPR's implications for ad performance, revenue, and the potential of contextual targeting as a mitigating strategy.

GDPR requires explicit user consent for personal data usage, fundamentally altering the landscape of behavioral targeting. Pre-implementation forecasts anticipated significant revenue declines, with some predicting annual ad revenue losses of up to 17%.

GDPR Reduced Ad Performance

Wang et al. applied a difference-in-differences (DID) methodology to assess GDPR's impact, comparing data from EU users (treatment group) with non-EU users (control group) during five-week periods before and after April 18, 2018, when GDPR compliance was adopted. Key metrics analyzed as dependent variables included click-through rates (CTR), conversion rates, bid prices, and revenue per click.

The results revealed moderate but significant declines in ad performance and revenue following GDPR compliance. Revenue per click dropped by 5.7%, primarily due to reduced bid prices and fewer active advertisers. The

CTR and conversion rates decreased by 2.1% and 5.4%, respectively, signaling diminished user engagement and conversion efficiency. These findings highlight the challenges posed by restricted access to personal data in ad targeting.

Content and Industry Factors

The study identifies content-based targeting as a mitigating factor. Ads contextually aligned with web page themes, such as sports ads on sports-related pages, were less impacted by the GDPR. Contextual targeting offset approximately 44% of the conversion rate decline and 42% of the revenue-per-click loss caused by the absence of personal data. This underscores the strategic value of content-based targeting as a privacy-compliant alternative, offering a degree of resilience for publishers navigating GDPR's constraints.

The study also highlights varying impacts across industries. Sectors such as travel and financial services experienced greater performance decline compared with retail and consumer packaged goods. This disparity reflects differences in reliance on granular audience segmentation, with industries requiring precise targeting (such as travel and finance) being more adversely affected by GDPR's restrictions.

Despite these declines, the advertiser return on investment under the PPC model remained stable. This stability suggests that publishers rather than advertisers endured most of GDPR's economic effects. Reduced bid prices primarily impacted publisher revenues, while advertisers continued to pay proportional costs per click.

Through robust analysis and a large real-life dataset, Wang et al. contribute valuable insights at the crossroads of privacy regulations, targeting strategies, and economic outcomes in display advertising. Their findings quantify GDPR's initial impact and highlight the resilience and adaptability of advertising practices in response to stringent privacy norms. As policymakers and industry professionals navigate the implications of GDPR and similar regulations, this study offers a roadmap for managing challenges and leveraging opportunities in the evolving digital advertising landscape.

For more insights, check out this interview with lead author Pengyuan Wang:

Q Your paper highlights how a limitation in access to personal data only caused a limited negative impact on ad performance, bid prices, and ad revenue. Do you think personal data in online advertising contexts is overrated by the industry?

A I don't think that personal data is overrated by the industry. The entire internet ecosystem and the free content model we all benefit from are, to some extent, built based on online advertising. The efficiency and revenue growth of online advertising have been significantly enhanced by the use of personal data. Personal data acted as a catalyst, not only for online advertising but also for the development of the IT industry.

We have been using personal data for years, and now we are moving toward a more privacy-conscious era to ensure that our personal data is used responsibly and aligns with each user's preference. This is good and necessary, but it does not eliminate the critical role of personal data in online advertising.

Q The results of the effect of personal data found in the literature vary significantly in magnitude. Do you find this surprising and why do you think that is?

A It is not surprising to me. Companies use personal data in different ways. The impact of personal data is highly context-dependent and is affected by factors such as the industry, nature of the advertising campaigns, and the sophistication of the algorithms used to analyze and apply the data.

Q Your work distinguishes itself from the previous research by using a natural experiment instead of self-reported purchase intentions. Why in your opinion is there such a discrepancy between the self-reported data and actual measures?

A Both self-reported data and actual measures provide valuable information, and I don't think one is inherently superior to the other. As for the discrepancy between studies based on self-reported data and actual measures, again, all studies have different contexts, which can significantly affect the outcomes. In addition, there is a fundamental distinction between what people say and do. Privacy, by itself, is important. However, when people need to choose between free content and privacy, there is a trade-off to make. Thus, personally I think self-reported data might tend to overestimate the importance of privacy protection.

Q The study spans five weeks before and after GDPR compliance. Are there indications of how GDPR's impact might evolve over a longer period? Do you anticipate that publishers will adopt new strategies as they adapt to the GDPR constraints?

A During the study period, I did not observe any clear indications of GDPR's impact evolving over time. I do expect publishers to adopt new strategies gradually, but it takes time for publishers to develop and experiment with these new strategies.

Q The study notes a decrease in both bid prices and number of active advertisers. Could you discuss the potential implications of this trend for market competitiveness and pricing strategies in online advertising?

A During the study period, the observed decreases in bid prices and number of active advertisers suggest reduced market competitiveness. This finding suggests that advertisers may be less willing to invest in online advertising when tighter regulations on personal data are implemented. However, I do not think it will always be like this. Online advertising remains a powerful tool, and the industry is evolving too to develop ad strategies that rely less on personal data or to use people's personal data in ways that still protect privacy. For example, there are papers on how to use data anonymization techniques (such as k-anonymization) for online advertising, which allows for user targeting while protecting individual privacy. Many other approaches such as differential privacy and federated learning are also under development for online advertising. I am confident that online advertising will continue to thrive as the industry adapts to these challenges.

Q Do you think CPC pricing models are more impacted by limited access to personal data compared to CPM? Could it be inferred that CPA also suffers from a lack of behavioral-based data? In other words, does this impact conversion-based campaigns compared to branding and awareness campaigns? Could that explain why Google has many times delayed the plan for cookie deprecation, given their core business on search ads?

A The company in this study employed CPC pricing models, so I don't have data on the impact of GDPR on the CPM model. My conjecture is that stricter regulations would protect user privacy at the cost of ad efficiency. This will also affect CPM models, as it may reduce the likelihood of reaching high-intent buyers with the same number of impressions.

For the CPA model, again, I don't have data from businesses operating under this model, but I can offer some conjectures. If we define the "A" (action) here as something very close to a purchase, I conjecture that the CPA metric itself might be stable, because CPA represents the value of an action, which should be stable. However,

it might be more difficult to perform the action. So CPA might be stable, but the total number of users completing these actions could decrease, ultimately leading to lower revenue. Therefore, I think that companies with CPA models would also see some impact.

As for Google's decision to delay its plans for cookie deprecation, I cannot comment on their internal business decisions since I don't have access to this information. That being said, cookies have historically played a significant role in collecting user information and enhancing Google's advertising efficiency. The delay might reflect the challenges of transitioning away from such a tool while maintaining ad effectiveness.

Q We often discuss the different approaches taken by Europe and the United States in regulating technology and its impact on innovation and the economy. Do you think GDPR-like regulations stifle or foster innovation?

A I believe regulations such as GDPR need to be implemented at the right time. In the early stages of the internet and online advertising industries, when companies were still developing ways to leverage personal data to enhance ad efficiency, when they needed to quickly generate revenue and accumulate capital for re-investment, stricter regulations could have hampered growth. For example, if the GDPR was implemented in 2008, it might have stifled innovation and slowed the development of the broader internet economy.

However, by 2018, when GDPR became effective, online advertising reached a certain level of maturity. The industry had accumulated sufficient capital and expertise, allowing companies to bear temporary impacts on revenue and invest in new technologies. This timing provided an opportunity for innovation in privacy-preserving ad strategies such as data anonymization or federated learning.

Therefore, restrictive regulations can hinder innovation if introduced prematurely. When they are applied at the right stage of industry maturity, they could drive the development of creative solutions and ethical practices. **MN**

READ THE FULL ARTICLE
Pengyuan Wang, Li Jiang, and Jian Yang, "The Early Impact of GDPR Compliance on Display Advertising: The Case of an Ad Publisher," *Journal of Marketing Research.*
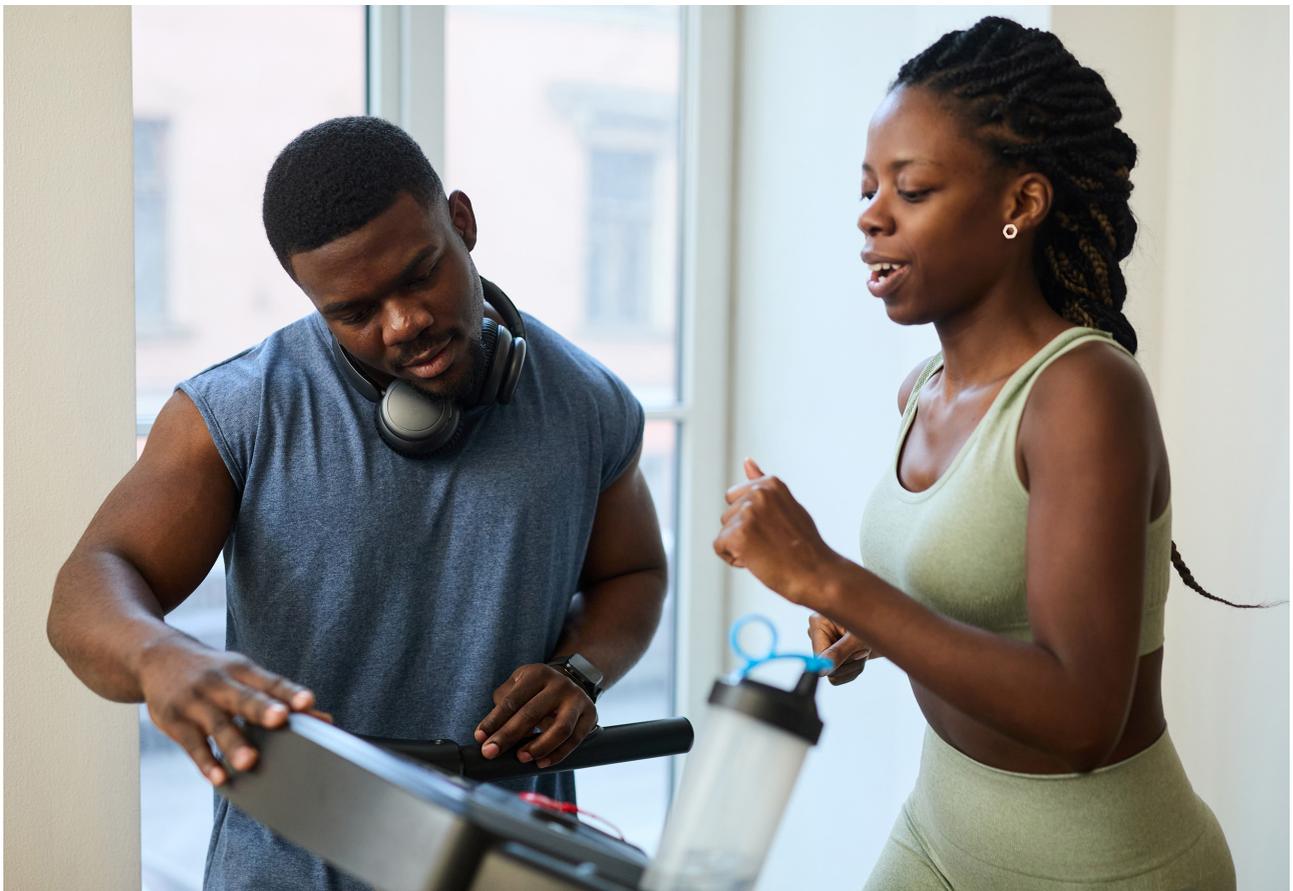
Cardio with Mr. Treadmill

How Anthropomorphism Increases Motivation

BY LILI WANG AND MAFERIMA TOURÉ-TILLERY

A recent *New York Times* article reported a troubling statistic: Three-quarters of U.S. adults are now overweight or obese, highlighting a crisis linked to declining physical activity. Similarly, the World Health Organization reports that over 80% of adolescents and 27% of adults globally fail to meet recommended activity levels. As modern lifestyles grow increasingly sedentary, finding ways to motivate people to stay active is critical.

A new *Journal of Marketing* study reveals a surprising solution: Anthropomorphizing workout equipment—assigning human-like qualities to objects—can significantly boost exercise motivation. By fostering a sense of companionship, anthropomorphism turns solitary workouts into collaborative experiences. Our research team explores this phenomenon through eight experiments in which participants engaged with either anthropomorphized or standard fitness tools.

Key Findings: How Anthropomorphism Boosts Motivation

- **Increased exercise plans:** Participants who anthropomorphize their workout tools plan more ambitious routines and exercise with greater intensity.

- **Companionship effect:** Imagining fitness tools as teammates makes workouts feel less daunting and more enjoyable.

- **Enhanced engagement beyond fitness:** The motivational benefits extend to educational tools, making learning more engaging.

How It Works: Anthropomorphism in Practice

In one experiment, participants were introduced to a jump rope described as "Hello! I am your workout partner," while a control group received the standard description, "This is your workout tool." Another experiment encouraged participants to imagine their treadmill as a person and describe its personality, creating a "workout buddy" effect.

When participants anthropomorphized their equipment, they reported feeling less alone during their exercise sessions. The imagined relationship between the individual and the equipment transformed a solitary task into an engaging interaction, much like working out with a friend. In the treadmill study, for instance, participants who imagined the treadmill's personality not only exercised longer but also pushed themselves harder. These feelings of support and partnership reduced the mental barriers to starting or continuing exercise.

Interestingly, participants also described their anthropomorphized tools as being "cheerleaders" or "encouraging friends" rather than just objects. This framing boosted confidence and increased expectations of success, further reinforcing motivation. By cultivating a sense of collaboration, anthropomorphism redefines the exercise experience, making it less about effort and more about teamwork.

Practical Insights for Marketers

Marketers and product designers can leverage these findings to enhance user engagement. Here's how:

- **Human-like features:** Fitness tools and apps can integrate friendly interfaces, supportive messages, or avatars to foster a sense of partnership.

- **Collaborative messaging:** Marketing campaigns should emphasize teamwork, using phrases like "Let's tackle this together!" to build user trust and motivation.

- **Targeting diverse audiences:** Understanding the demographic most likely to benefit from anthropomorphic tools—such as beginners or individuals lacking external support—can refine marketing strategies.

Limitations of Anthropomorphism

While anthropomorphism can be effective, its impact is situational and has boundaries:

- **Presence of real companions:** The motivational boost is less significant when a human workout partner is present.

- **Inherently fun tools:** Equipment already perceived as enjoyable (e.g., dance-based workouts) receives less added benefit from anthropomorphic features.

- **Controlling framing:** Tools framed as strict "coaches" or "supervisors" can reduce autonomy and diminish enjoyment.

Implications for Public Health

Anthropomorphism's potential extends beyond fitness, offering applications in education and other self-improvement contexts. By humanizing tools, public health campaigns can create engaging experiences that drive behavioral change.

For instance, educational apps can incorporate friendly, human-like study aids to make learning less intimidating and more enjoyable. Similarly, fitness campaigns targeting inactive populations can emphasize collaboration with anthropomorphic tools to bridge the gap between intention and action.

Broader Applications and Lessons for Practitioners

Consumers should seek out workout tools or apps with well-designed anthropomorphic features to sustain motivation and build long-term commitment. For businesses, investing in anthropomorphic design is a strategic move that enhances consumer well-being and fosters brand loyalty and repeat use.

As physical inactivity and sedentary lifestyles rise globally, stakeholders in public health, marketing, and product design should integrate anthropomorphic elements into their offerings. By doing so, they can help reframe traditionally burdensome tasks as collaborative, enjoyable experiences. Whether tackling fitness or education, the right "partner" can make all the difference. **MN**

READ THE FULL ARTICLE
Lili Wang and Maferima Touré-Tillery, "Cardio with Mr. Treadmill: How Anthropomorphizing the Means of Goal Pursuit Increases Motivation," *Journal of Marketing.*

Research Insights

Quick Takes from AMA Journals Research

BY T.J. ANDERSON

Want Better Reviews? Tell Customers to Write Like They're Talking to a Friend

Online reviews present a persistent challenge for marketers, as firms have very limited control over the quality and effectiveness of these reviews. According to a *Journal of Marketing* study, simply instructing consumers to imagine writing a review for someone close to them—such as a friend or family member—significantly improves the narrative style and persuasive power of reviews. Subtly prompting customers with instructions during review solicitations, such as "tell us about your experience as you would tell a close friend," is a small intervention that significantly enhances review quality, increases consumer engagement, and leads to better outcomes for businesses through heightened persuasiveness and stronger customer attraction.

This occurs because people naturally communicate in more engaging, effortless storytelling methods when envisioning a close audience, leading to reviews that are more relatable and compelling to prospective buyers.

For example, if restaurant customers were prompted simply to "write a review," their descriptions might focus merely on factual aspects like food quality and service speed. In contrast, if encouraged to "imagine writing to a close friend," these same reviewers would be more likely to craft vivid, narrative-driven accounts, recounting memorable interactions or emotional responses that resonate more strongly with future diners.

The strategy does have its limits though. Narrative prompts prove more effective for experiential purchases such as restaurant visits or travel experiences than for material goods like clothing or electronics. Such prompts are also less effective when reviews are written on smartphones rather than PCs.

WHAT YOU NEED TO KNOW

- Prompt consumers to imagine a close friend or family member when writing reviews to naturally enhance storytelling quality and persuasiveness.
- Avoid direct instructions to "tell a story," as these can reduce consumer willingness to write reviews; subtle prompts about close audiences are more effective.
- Use narrative-style customer testimonials in promotions to effectively attract new customers and improve customer acquisition rates.

READ THE FULL ARTICLE

Anne Hamby, Brent McFerran, and Christie Fuller, "The Power of Proximity: Exploring Narrative Language in Consumer Reviews," *Journal of Marketing*. doi:10.1177/00222429251336706.

When Consumers Prefer Human Advice over AI—and What Policymakers Should Know

As policymakers and governmental organizations increasingly rely on generative AI to offer advice across domains, a key question arises: How do people perceive AI-generated versus human-generated

recommendations? While some studies suggest a strong preference for human advice, others find that AI advice is equally acceptable to consumers. This meta-analysis clarifies the issue by distinguishing two perspectives: (1) the *bystander* perspective, in which individuals evaluate advice without acting on it, and (2) the *decision-maker* perspective, in which individuals must decide whether to follow the advice.

Results show a strong "human superiority effect" in decision-making contexts, meaning that people generally prefer human advice when it requires action. This preference fades in bystander settings, where AI advice is viewed as equally valid. Psychological distance also plays a key role: In distant or low-stakes contexts, people are more receptive to AI advice. For example, individuals are more likely to adopt health plans when recommended by humans due to perceived empathy and trust; however, they rate AI-generated plans just as highly when not required to act.

Based on these findings, organizations should use human advisors in high-stakes, emotionally sensitive areas (like healthcare) and AI for low-stakes or scalable tasks. This strategic balance boosts efficiency, trust, and satisfaction while informing ethical AI policy.

WHAT YOU NEED TO KNOW

• Firms should utilize AI for decisions involving greater psychological distance, such as future planning or routine tasks, while reserving human advisors for emotionally charged or self-relevant scenarios to enhance consumer trust and acceptance.

• Developing AI with humanlike qualities such as empathetic language and natural voices can foster trust and engagement, particularly in emotionally intensive contexts like healthcare or personal counseling.

• Organizations should combine

the computational efficiency of AI with the empathy and adaptability of human advisors in complex or sensitive decision-making contexts to balance practicality and consumer preferences.

READ THE FULL ARTICLE

Manhui Jin, Zhiyong Yang, Traci L. Freling, and Narayanan Janakiraman, "The Human Superiority Effect in Advice Taking: A Multimethod Exploration and Implications for Policy Makers and Governmental Organizations," *Journal of Public Policy & Marketing*. doi:10.1177/07439156251320314.
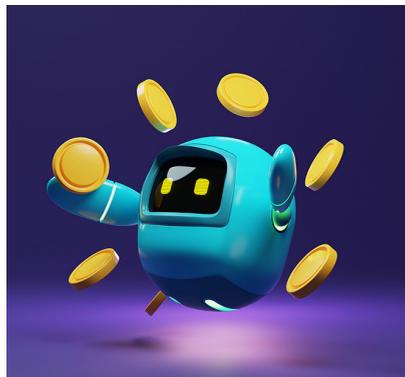
Integrating Ethics in All Aspects of AI-Based Financial Advice

AI-based financial advice is transforming how consumers approach complex money decisions. Traditionally the domain of human advisors, emerging AI technology in finance promises greater accessibility and efficiency— but it also comes with ethical risks regarding autonomy, harm prevention, fairness, accountability, and trust. Currently, AI financial tools can offer tailored recommendations using a person's sociodemographic data, preferences, and goals. While effective, these tools risk perpetuating biases, such as

offering less personalized advice to marginalized groups or overfitting to past market trends. In addition, the complexity of AI-based financial advice may lead organizations to expand their capabilities hastily, potentially overlooking ethical considerations—not to mention the challenges in making machine learning algorithms explainable and transparent.

To ensure AI-driven financial advice truly supports consumer well-being, this *Journal of Public Policy & Marketing* study introduces the AI4 Ethical Financial Services (AI4ES) framework, which guides financial organizations in embedding ethics throughout the entire AI lifecycle, from conception and design to development and deployment.

The study also calls for policymakers to urgently create specific rules for AI-based financial advice. Only by addressing the ethical challenges of this technology can it truly reach its full potential.

WHAT YOU NEED TO KNOW

• Existing laws and regulations are not always sufficient to address issues that could (un)intentionally impact well-being.

• Five core ethical considerations in AI-based financial advice include human autonomy, prevention of harm, fairness, accountability, and trust.

• The AI4 Ethical Financial Services (AI4ES) framework developed in the study supports ethical reflection across every AI lifecycle stage, from conception to deployment. Organizations can adopt the AI4ES framework to incorporate ethics effectively into their financial services.

READ THE FULL ARTICLE

Lisa Brüggen, Robert Gianni, Floris de Haan, Jens Hogreve, Darian Meacham, Thomas Post, and Minou van der Werf, "AI-Based Financial Advice: An Ethical Discourse on

AI-Based Financial Advice and Ethical Reflection Framework," *Journal of Public Policy & Marketing*. doi:10.1177/07439156241302279.

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How Firms Can Steer Social Media Conversations to Boost Sentiment

Consumers interact with brands on social media for a variety of reasons—offering advice, sharing compliments, venting frustrations, or filing complaints. This study investigates how firms can use their responses to shape and enhance user sentiment in these conversations. Based on the social media activity of four large U.S. banks over 10 years, the findings reveal the power of topic matching and linguistic style matching as tools for improving sentiment, particularly when addressing negative user posts.

When faced with negative sentiment, firms should stay on topic, display empathy, and move the conversation to private channels through direct messaging. These techniques are crucial for moving negative sentiment in a positive direction.

However, firms often overlook the opportunity to build on neutral or positive sentiment, which makes up the majority of social media posts. For these scenarios, firms should use authentic and personal responses to deepen user engagement. Authenticity, characterized by the use of genuine, transparent, and personal language, is especially effective in amplifying positive sentiment. For example, signing posts with a first name (rather than initials or nothing) adds a personal touch that lifts user sentiment further.

By aligning responses with user sentiment and incorporating empathy, authenticity, and personalization, firms can build stronger, more positive relationships with their audience.

WHAT YOU NEED TO KNOW

- Mirror the user: Matching users' topics and linguistic style significantly improves sentiment in social media conversations.
- Handle negativity strategically: Use empathetic, on-topic responses and move conversations to direct messaging for private resolution.
- Amplify positivity: Respond to positive posts with authentic, personal, and positive content to deepen user goodwill.

READ THE FULL ARTICLE

Mohammad "Mike" Saljoughian, Kelly Hewett, Harald J. van Heerde, and William Rand, "How Firms Can Steer Social Media Conversations," *Journal of Marketing Research*. doi:10.1177/00222437251329816.

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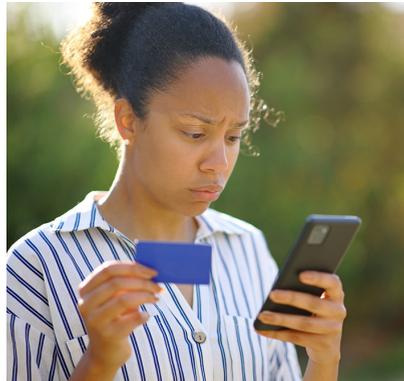
When Conditional Promotions Backfire

Discounts ideally provide win–win situations for both consumers and businesses. But not all discounts are equally effective: This *Journal of Marketing Research* study shows that certain conditional promotions, which require consumers to meet a specific condition before qualifying for a discount, can hurt more than they help.

Imagine that a retailer offers a $700 discount on a $1,000 smartphone, but only if the customer activates a new two-year service plan costing $1,200 ($50/month). Although the $700 discount can initially seem attractive, the study finds that the high cost of the precondition ($1,200) can deter customers from taking the deal.

Overall the research shows that conditional promotions with high precondition costs and high discounts are the most likely to decrease total sales of the promoted product. In contrast, promotions with low precondition costs and high discounts tend to increase sales. In addition, the mere existence of a steep discount can make the full-price version seem less appealing, reducing sales even when no promotion is applied.

Firms should understand that the structure of a promotion matters just as much as the size of the discount. Businesses should carefully consider both the costs and psychological impact of conditional offers— otherwise they may backfire.

WHAT YOU NEED TO KNOW

- Conditional promotions are price promotions that require consumers to meet a precondition to qualify for a discount.
- Conditional promotions with a low precondition cost and high discount are the most likely to **increase** total sales of the promoted product.
- Conditional promotions with a high precondition cost and high discount are the most likely to **decrease** total sales of the promoted product.

READ THE FULL ARTICLE

Andong Cheng and Ashley Stadler Blank, "The Conditional-Promotion Paradox: When and Why Conditional Promotions Decrease Total Sales of the Promoted Product," *Journal of Marketing Research*. doi:10.1177/00222437241309324.

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