

Ponte do Marketing

Bringing academic research and marketing management closer

Year 3, No. 26 | January 2019

ENGLISH
VERSION

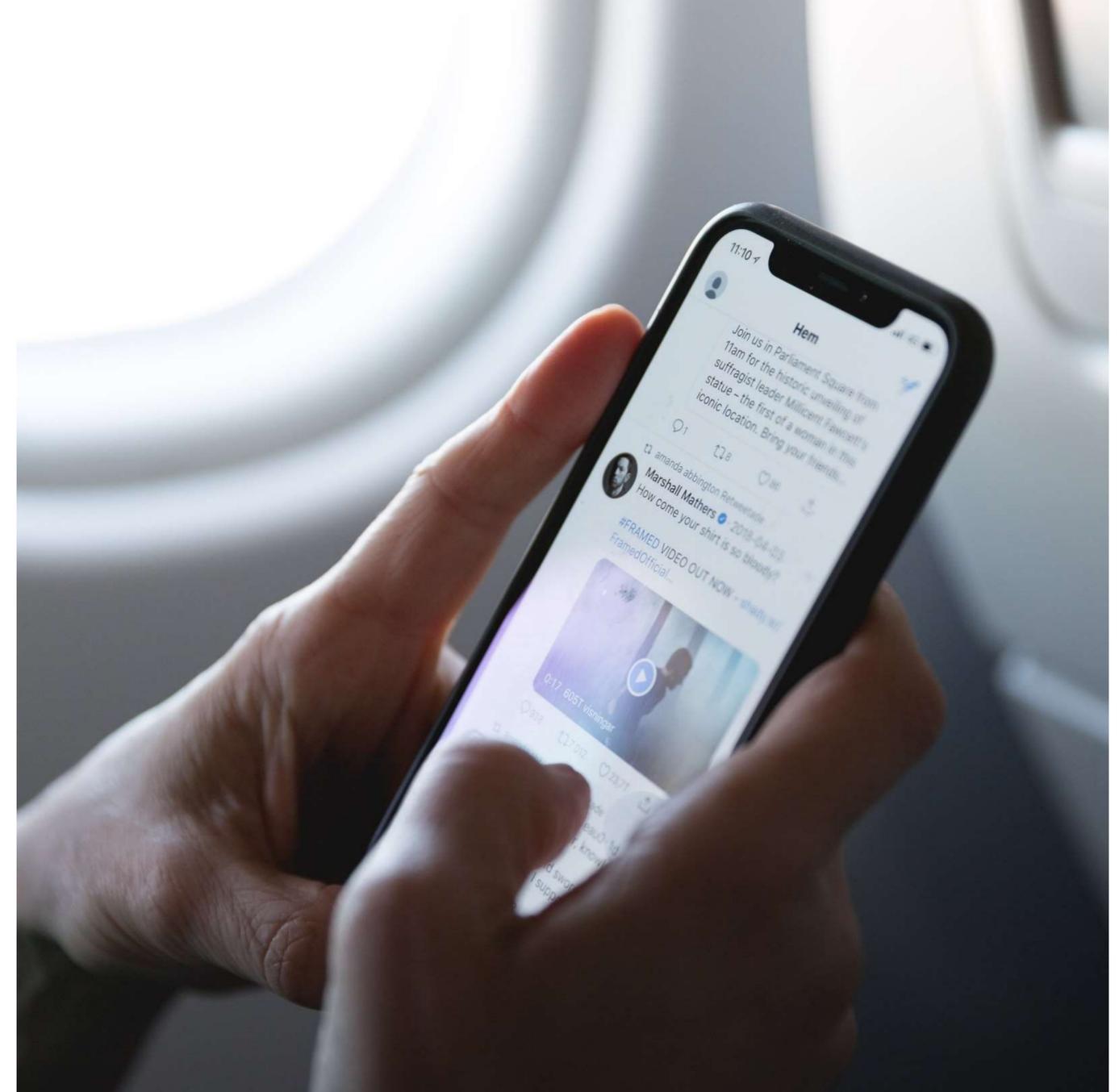
 **Quote**
TRANSLATIONS

2 3
9 10
16 17
23 24 25
30 31

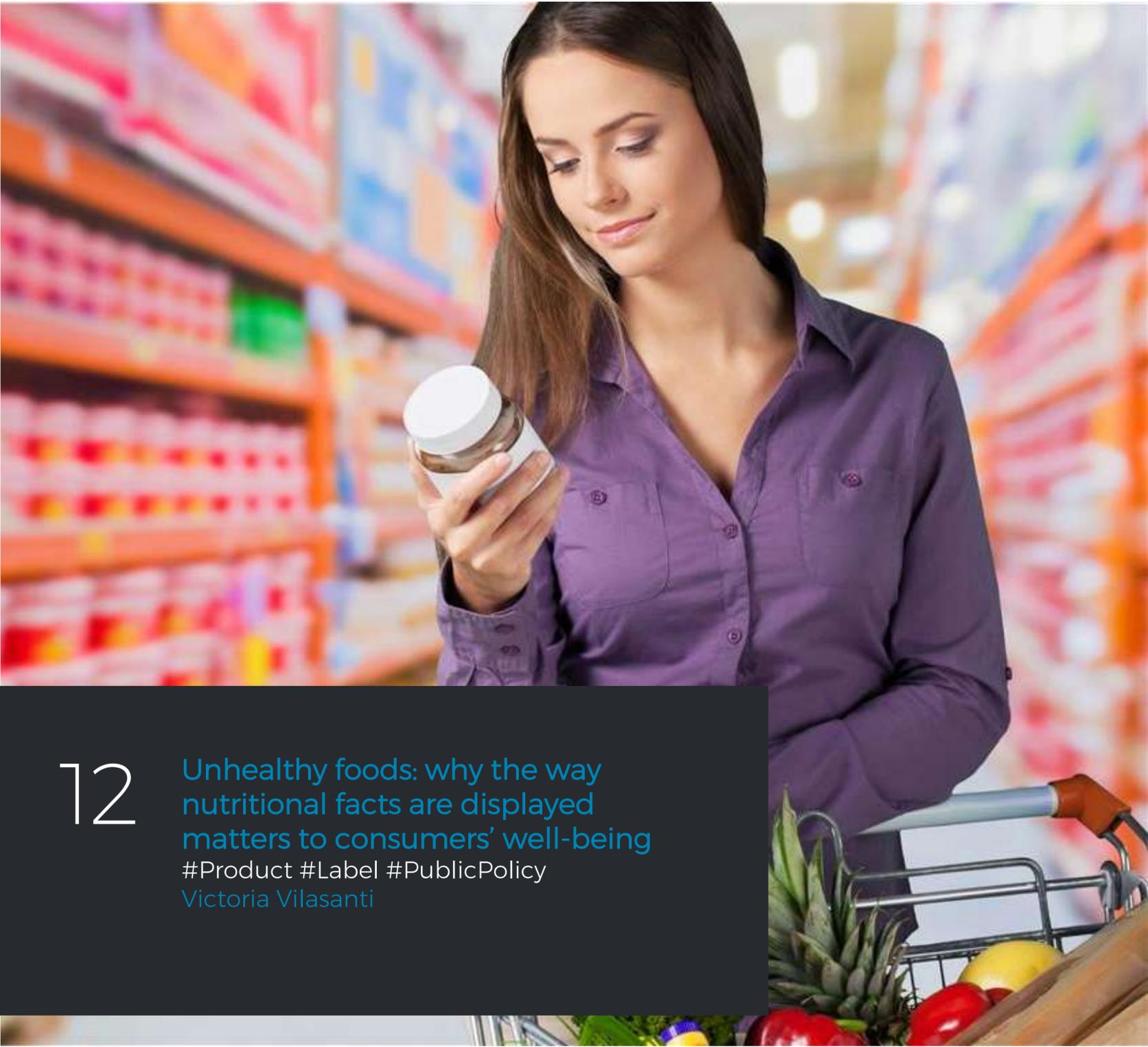
08:15

Articles

- 3 **What if your customer does not want a smart product?**
#Product #Innovation #ConsumerBehavior
Lucas Finoti
- 4 **Why you should train only half of your sales team**
#Sales #Training #Retail
Flávio Osten
- 5 **BIG SALE! 20% off all products! Use our loyalty card and get an extra 10% off! How retail stores should promote discount stacking**
#Pricing #Promotion #Sales
Victoria Vilasanti
- 7 **Authenticity in TV advertising:
Is this the best way to promote your brand?**
#Promotion #Advertising #Sales
Antonio Pisicchio



- 9 **Managing word of mouth prior to product launch**
#WOM #Promotion #ProductDevelopment
Bruna C. Costa



12

Unhealthy foods: why the way nutritional facts are displayed matters to consumers' well-being

#Product #Label #PublicPolicy

Victoria Vilasanti

Articles

10

The best strategy to present your prices to consumers

#MarketingStrategy #Pricing #ConsumerBehavior

Loise Cristina Schwarzbach

11

Bring your clients to your Board of Directors

#B2B #Strategy

Paulo Morilha

13

Increase campaign results with free offers

#Promotion #ConsumerBehavior

Helison Bertoli

14

Improve sales promotion during popular events

#Pricing #Promotion #MarketingStrategy

Isadora Tonet



What if your customer does not want a smart product?

The increasing use of artificial intelligence has brought a load of technological innovations to the market, which has made life easier for consumers. For instance, robotic vacuum cleaners and revolutionary self-driving cars. Despite the euphoria around the products with artificial intelligence, a group of Dutch researchers has a warning for marketing managers: not all consumers want their products to be automated. Before investing in automation, it is necessary to understand consumers' motivations to use a specific product. For the researchers in question, automation is more desirable when the product is used for logical or convenience reasons (for instance, a robotic vacuum cleaner might help one lower their house cleaning costs). However, for products that help consumers express their identity, automation is not recommended (for instance, when one buys a Jeep car to adventure themselves off-road). In that sense, understanding why consumers use certain products makes the automation investment safer.





Why you should train only half of your sales team

Sales managers often face a dilemma about training their sales team: on one hand, they understand that a trained team sells more. On the other hand, getting a salesperson out of their prime task for training might have a negative effect on immediate sales results. To solve this puzzle, it has been found that sales managers do not need to train the entire team so that all members are well prepared. In cases where two or more sales teams have similar results, salespeople tend to become very competitive. Thus, if the manager only trains half the team, the rest will copy the behavior of the trained one. The copy behavior is stronger if the company trains employees who differ in length of service. That happens because salespeople tend to imitate their colleagues with similar length of service. However, if the teams' competitiveness is low, there will be no copying behavior and everyone should be trained.





Big Sale! 20% off all products!

Use our loyalty card and get an extra 10% off!

How retail stores should promote discount stacking

To make a sales promotion even more attractive, it is quite common for retailers to offer more than one discount on the same product (also known as 'discount stacking'). For example, you must have been to a department store where you got 20% off on a T-shirt and then got an additional 20% off upon arriving at the cashier, right? Now, if you were the manager of said store and wanted to use the strategy, how would you 'stack' the discounts? Which discount would you offer first, the bigger discount (20%) or the smaller one (10%)? Recent research has found that the order in which discounts are offered influences consumer ratings and behavior. Bigger discounts must be placed first when both discount rates are displayed simultaneously. That is, when the store manager places both discount values visibly together (side by side on the same tag, flyer or magazine page), the largest number should come first (e.g. 20% off on all T-shirts; extra 10% off for cash payments). ▶





- ▶ **BIG SALE! 20% off all products! Use our loyalty card and get an extra 10% off!** How retail stores should promote discount stacking

This happens because the consumer takes the first number as an 'anchor' and makes their mental calculations based on that value. On the other hand, when store managers choose to present the discounts sequentially (not evidently together), they should display the smaller discount first. For instance, if the store places discounts on product labels and offers discounts for participation in loyalty programs, the label discounts should be lower (10% off) and the loyalty program discount should be higher (20% off). ■





Authenticity in TV advertising: Is this the best way to promote your brand?

'Authenticity' has become one of the most popular terms when it comes to marketing and advertising. Yet, do you know what authenticity means? Is an authentic piece of advertisement able to influence sales performance positively? These are some of the questions that a group of German researchers sought to answer.

First, through a series of interviews and ad reviews, they tried to understand the definition of authenticity in advertising. They concluded that there are four key characteristics for authentic advertising:

- (1) preserving the essence of the brand;
- (2) honoring the history of the brand;
- (3) presenting a realistic plot; and
- (4) transmitting credibility. ▶





- ▶ **Authenticity in TV advertising:**
Is this the best way to promote your brand?

Contrary to popular opinion, researchers found that an authentic TV ad does not necessarily yield positive results, as they may vary depending on the product type or company size. Thus, the following recommendations have been made:



For utilitarian products¹: focus on transmitting credibility and preserving the brand essence.



For hedonic products²: use extravagant and fantasy elements (e.g. animated characters, special effects) to attract consumers attention.



For large companies: preserve the company's essence. However, presenting its history may seem unrealistic to some consumers, making it difficult to connect.



For small companies: use its history as attractive because consumers perceive more credibility in the narrative and identify more easily (as opposed to larger companies). ■

¹ Utilitarian products - those that meet a specific technical need (e.g. plumbing, cleaning materials).

² Hedonic products - products consumers seek to satisfy their desires (e.g. chocolate, luxury cars).



Managing word of mouth prior to product launch

Word of mouth can be complex and has been recurrently studied, especially in the digital environment (as discussed in previous editions of *Ponte do Marketing*). One of the current issues regarding word of mouth (WOM) management is the volume of information that it sets in motion on social media. It is common for companies to monitor their social media activity by accounting for the the number of likes and/or comments they get. However, a recent study has identified that the volume of interactions among users spikes over time, which could impact sales performance. When products or services are launched, the pre-launch interactions influence sale success during the actual launch. These word of mouth spikes might be: **I)** intentionally generated by companies through promotional actions; or **II)** spontaneously generated (organic traffic). According to the study, the first big spike (intentional) brings about more positive interactions, although they occur less frequently. In addition, another important result is that the authors have proven that the bigger the volume of spikes before launch, the greater are the sales during the product or service release. The study warns companies to start concerning themselves with word of mouth not only after consumption but also during previous actions, by carefully managing their publicity, as these actions prior to launch generate even more positive interactions than spontaneous ones. Furthermore, the high concentration of interaction increases product awareness, which increases the probability of selling the product/service.





¹ Utilitarian products - those that meet a specific technical need (e.g. plumbing, cleaning materials)

The best strategy to present your prices to consumers

Marketing managers are constantly making price decisions. For instance, they might have to choose between showing the consumer all the details about how the final price came to be by displaying shipping prices separately, or they could display only the final price without providing all the details to the consumer. For this matter, a recent study provided managers with useful information that could make this type of decision easier. Generally speaking, it has been found that consumers prefer detailed pricing when compared to the unified price. However, a decision should be made considering that pricing details are most relevant for:

-  **Expensive products:** especially if the details justify a higher price.
-  **Products that offer extra benefits:** in this case, detailed pricing reflects the extra benefits when compared to other (simpler) products.
-  **Utilitarian products¹:** in this category, product consumption is a more rational decision, causing consumers to analyze more carefully the components of the product.
-  **Products that commonly offer detailed pricing:** for instance, restaurants where tips are separate from the bill.



Abraham, A. T., & Hamilton, R. W. (2018). When Does Partitioned Pricing Lead to More Favorable Consumer Preferences? Meta-Analytic Evidence. *Journal of Marketing Research*, 55(5) 686-703.



Bring your clients to your Board of Directors

One of the biggest challenges for companies that sell to other companies (B2B) is obtaining information about customers. Instead, what if clients provided the information themselves? That is what a recent study published in JM proposes. Researchers analyzed the impact the collaborative presence of a client's representative had in creating strategies at the supplier company's Board of Directors. By using said method, supplier companies could have access to previously unreachable data and information. Additionally, it allows the supplier to act proactively, anticipating competitors. It brings advantages for suppliers, allowing them to increase their market share, and for clients, who are more likely to get their needs (and expectations) met.





Unhealthy foods:

why the way nutritional facts are displayed matters to consumers' well-being

Providing nutritional facts on food packaging is a norm enforced by regulatory agencies, such as FDA, in the United States. But have you ever wondered if those facts really improve consumers' well-being?

Imagine that you are about to have a snack and decide to disregard your diet rules: instead of eating fruit, you decide to buy a chocolate bar.

When you check the nutritional facts, you realize that the calories per serving are lower than you expected. Now that you have this information, are you going to eat more or less chocolate than you would, had you not seen the number of calories per serving? A group of researchers found that consumers tend to eat more when they see the number of calories per serving for unhealthy snacks. That usually happens because the number of calories (per serving) is smaller than they had expected. On the other hand, the effect does not apply to healthy products. A possible solution to mitigate the intake of unhealthy foods would be increasing the standard value of what is considered a 'serving'. Thus, the actual number expressed on the package (quantity of calories per portion) would be higher, giving the consumer the impression that they are eating more calories. With consumers' well-being at heart, such information is especially useful for regulatory agencies and the food industry as a whole.

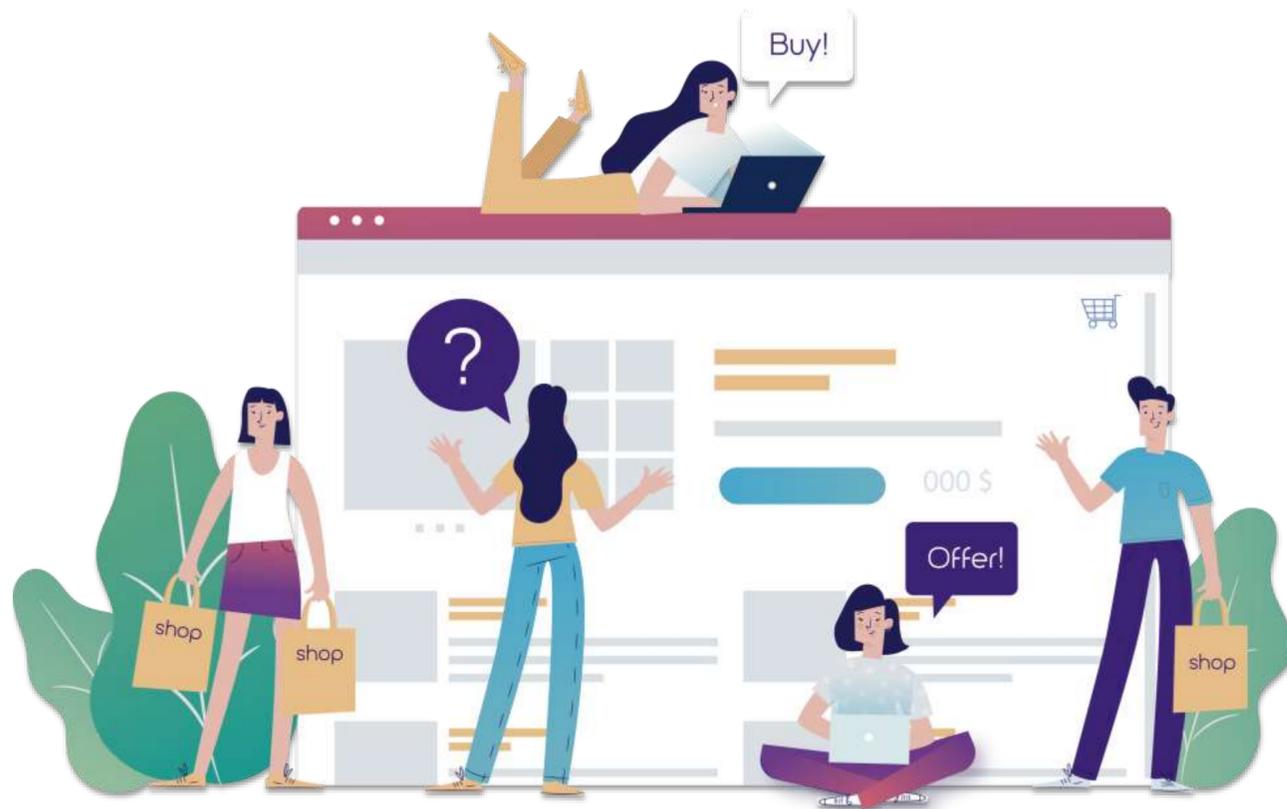


Nutrition Facts	
Serving Size 172 g	
Amount Per Serving	
Calories 200	Calories from Fat 8
% Daily Value*	
Total Fat 1g	1%
Saturated Fat 0g	1%
Trans Fat	
Cholesterol 0mg	0%
Sodium 7mg	0%
Total Carbohydrate 36g	12%
Dietary Fiber 11g	45%
Sugars 6g	
Protein 13g	
Vitamin A 1%	Vitamin C 1%
Calcium 4%	Iron 24%
*Percent Daily Values are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs.	
NutritionData.com	





Increase campaign results with free offers



Many companies offer services without charging money from their users. Facebook, for example, allows people to use their website without any fees; Gmail offers electronic mail service with no charge. Contrary to popular belief, such services do not come without cost. Indeed, many companies do not charge money for their services, but they end up requesting non-monetary payments (information, attention, time or task completion) as a form of compensation, which is characterized as a 'pseudo-free offer'. In that scenario, how do consumers react to pseudo-free offers?

A recent research has shown that consumers deal with pseudo-free offers as if they were actually free. That happens because consumers spontaneously regard pseudo-free offers as a fair trade. Even in situations where the (non-monetary) cost of the pseudo-free offer exceeds their benefit, participants are still willing to accept it. However, when consumers believe that the pseudo-free offer is, in fact, exploiting them, they become distrustful of the offer and come to perceive it as unfair. Consequently, chances of accepting the offer decrease compared to an actually free option. The research demonstrates that marketers who plan to make free product/service promotions could do the same promotion with pseudo-free offers and achieve the same result but garnering valuable information from their consumers.





Improve sales promotion during popular events

Popular events, such as the World Cup and the Olympics, are seen as opportunities to increase sales through promotions as marketing managers can take advantage of the extra visibility. But have you ever wondered if it really is a good deal to lower your prices during such events? A recent study looked at data from 242 brands in 30 categories of consumer goods in relation to sales originating from price-cut promotions. The results showed that, indeed, promotional prices during popular events have a better return on sales (9.3% higher) compared to other times of the year. However, data also shows that companies divulge fewer promotions during events as they count on organic extra visibility, which decreases the sales potential of the promotion. Therefore, marketing managers should ensure that price-cut promotions are advertised all year round, despite special events.



Flávio Osten
Helison Bertoli
Lucas Finoti
Victoria Vilasanti

Antonio Pisicchio
Bruna Costa
Isadora Tonet
Loise Schwarzbach
Paulo Morilha

DESKTOP PUBLISHING

Ana Claudia Jesbick



'Ponte do Marketing' is a project developed by a group of Brazilian researchers that aims to transform relevant and current academic marketing research into accessible content that can be quickly used by teachers, managers, researchers and students.

Our team seeks to deliver the latest findings in marketing research every month. Currently, we monitor publications from six Marketing journals of great impact: Journal of Marketing, Journal of Consumer Research, Journal of the Academy of Marketing Science, Journal of Marketing Research, Journal of Interactive Marketing and Marketing Science.



contato@pontedomarketing.com.br



Av. Lothario Meissner, 632 - 2° andar
Sala 226 | Jardim Botânico - Curitiba

***If you would like to stop receiving this newsletter, please reply to this email with the word STOP.**

Ponte do Marketing

 /PontedoMarketing  pontedomarketing.com.br

