

Building Marketing Implications from Behavioral Research

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Nothing is more practical than a good theory—Kurt Lewin (1951)

- ▶ The best theories are simple ways to account for complex effects
 - Einstein's relativity theory
 - Prospect theory
 - Spreading activation
- ▶ Marketing is about the application of theories to market and consumer problems
- ▶ The best marketing papers relate both to theory and to practice

Ways to make behavioral research more applied

Students → Non students

Ratings → Choices

Simple stimuli → Complex stimuli

Hypothetical brands → Real brands

Laboratory behavior → Market behavior

Short term → Long term

Trivial choices → Consequential choices

Two examples of successful application of theory

- ▶ Test of regulatory focus theory applied to successful ads
- ▶ Test of signaling theory applied to product preannouncements
- ▶ Both are prepublication copies available on the JMR website

Example of demonstrating theory

- ▶ Theory: Effective messages should match the regulatory focus on the respondents
- ▶ Practice: Zhao and Pechmann (JMR 2007) tested 1000 high school students on the effectiveness of anti-smoking campaigns
- ▶ They measured and manipulated promotional vs. prevention orientation
- ▶ Study: The Impact of Regulatory Focus on Adolescents' Response to Antismoking Advertising Campaigns
Guangzhi Zhao and Cornelia Pechmann

Four antismoking messages

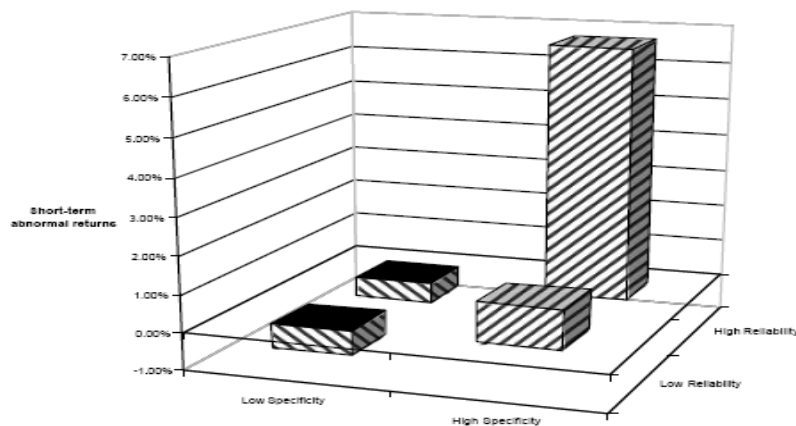
		Message frame	
		Positive frame: favorable outcome	Negative frame: unfavorable outcome
Message's regulatory focus	Promotion: social approval	Cell 1: Attain social approval, e.g., a teenager stops smoking and attains approving looks.	Cell 2: Forgo social approval, e.g., a teenager starts smoking and forgoes approving looks.
	Prevention: social disapproval	Cell 3: Avoid social disapproval, e.g., teenager stops smoking and avoids disapproving looks.	Cell 4: Incur social disapproval, e.g., a teenager starts smoking and incurs disapproving looks.

Signaling and product preannouncements

- ▶ Theory: preannouncements are signals that deter competitor entry, prepare customers but also can generate competitive reaction, and if not carried out can hurt
- ▶ Practice: show preannouncements generate abnormal long and short run stock returns only when
 - Firms announce specific information about the product
 - Firms have a credible history
- ▶ Study: New Product Preannouncements and Shareholder Value: Don't Make Promises You Can't Keep Alina Sorescu, Venkatesh Shankar, Tarun Kushwaha

Abnormal returns from announcements

Figure 1
SHORT-TERM MARKET MODEL ABNORMAL RETURNS



Deciding the mix of theory and practice

- ▶ When is theory enough?
 - Big surprising result
 - Practice does not apply
- ▶ When is application sufficient?
 - Big surprising result
 - Theory does not apply

Positioning broader applications

- ▶ Theorists are upset with non-traditional measures or manipulations
- ▶ Pragmatists are upset by non-executable measures or manipulations
- ▶ Begin in one realm and demonstrate your effect works in the other
- ▶ Always test broader applications—if they work you have demonstrated robustness, if not a theoretically relevant boundary condition