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149 The Economic Value of Celebrity Endorsements

ANITA ELBERSE and JEROEN VERLEUN

- Enlisting the help of an athlete endorser generally pays off: it increases both brand-level sales and firm-level stock returns.
- Because sales increase in an absolute sense and relative to the firm's competitors, an endorsement strategy fits a marketing campaign aimed at increasing market share.
- Paying a premium for the most sought-after endorsers seems worthwhile; partnerships between top-ranked consumer-goods brands and top-ranked athletes yield the largest payoffs.
- An athlete endorser's performance affects the rewards gained: sales and stock returns jump noticeably with each major achievement by the athlete.
- Relevant to structuring contracts with endorsers, sales effects exhibit decreasing returns over time whereas stock-return effects are relatively constant.

167 The High Stakes of Sweepstakes: Too Much of a Good Thing Can Demotivate Digital Consumers

CAROLINE WILCOX and ARCH G. WOODSIDE

- In preference-matching contexts—specifically, where people enter hoping to find some particular product or service they already know themselves to prefer—more choices should increase the likelihood that they will be successful in their search.
- Increasing the number of choices, however, actually increases the cognitive workload of consumers, and they may decide, consciously or unconsciously, simply to apply heuristics—such as clicking the delete button on complex e-mails.
- Among respondents, the share opening a hyperlink was greater for the control versus two-deal treatment group.
- The sweepstakes offer, however, mitigated the negative impact on consumer behavioral responses of offering many versus some direct-sales offers. The extremely positive impact of the sweepstakes on behavioral responses included opening Franceguide.com, the number of pages viewed, and the time spent in the guide.
- Consequently, the authors found that “it depends on what is offered in conjunction with the direct-sales offers” may be the more accurate perspective than the “less-is-more” proposition.

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180 How Validation Can Trump Digital Waste and Generate Value across the Digital Advertising Ecosystem

LINDA BOLAND ABRAHAM, ANNE HUNTER, and ANDREA VOLLMAN

- The digital advertising market was originally established by counting the number of ad impressions that were delivered to computers, not the number that reached consumers using those machines.
- There is a significant difference between the two, and comScore has developed a “validation” technology that measures this difference.
- Variables that determine whether or not an ad impression is “validated” include the visibility of the ad to the consumer, geographic targeting accuracy, the reliability of the parties involved in the delivery of the ad (ad must not be delivered fraudulently), and the “brand safety” of the content in which the ad is delivered (must not be offensive, or in conflict with brand values). Only ads that meet these four qualifications are deemed to be “validated.”
- Validation has a significant impact on the reach and frequency of digital ad campaigns. Models that rely on delivered as opposed to validated impressions are likely to overstate both reach and frequency by a substantial margin.
- Current economic models don’t differentiate between delivered and validated ads. This new measurement enables that discrimination, and creates a significant optimization opportunity for both buyers and sellers of digital advertising.

198 The Ehrenberg Legacy: Lessons in Buying Behavior, Television, Brand Perception, Advertising, and Pricing

JOHN SCRIVEN and GERALD GOODHARDT

- A result can be regarded as predictable (and therefore useful) when it has recurred consistently under a known range of different conditions. Models based on a single set of data have limited use beyond the circumstances described.
- All brands have many light and a few heavier buyers. Most effective marketing works on the many light buyers.
- There are no known examples of competitive niches where brands have small customer bases who are much more loyal than big brands. Brands with limited customer bases will remain small unless they can widen the base.
- Users of one brand tend to hold similar perceptions of it as users of another do of that other brand. Hence developing a differentiating feature is not a necessary requirement for a brand. Differentiated brands have similar split-loyal buying patterns, i.e. differentiation gives no added protection from competition.

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- Consumers mostly hold weak rather than strong perceptions of brands.
- Brand user profiles tend to be similar, on demographic, psychographic and media variables. Targeting a specific brand segment on these variables is wasteful of effort.
- Advertising works to reinforce existing perceptions and salience. It is not a strongly persuasive force to change attitude or drive strong loyalty.
- Price promotion effects can be very large at the time, but have no lasting effect.
- Response to price depends on context. Brands do not have specific elasticities.

203 It's a Dirichlet World: Modeling Individuals' Loyalties Reveals How Brands Compete, Grow, and Decline

BYRON SHARP, MALCOLM WRIGHT, JOHN DAWES, CARL DRIESENER, LARS MEYER-WAARDEN, LARA STOCCHI, and PHILIP STERN

- The Dirichlet is increasingly used in industry to evaluate brand performance and set objectives; practitioners need to be aware of its implications.
- Managers need to understand its ubiquity and use it to evaluate their brand plans and performance.
- The paper shows that apparent consumer choice volatility masks much more significant market stability that is central to the Dirichlet; this is reflected in very small changes in brand loyalty over time.
- Consumers live in a "Dirichlet World" and so should marketing managers.

214 The Power of Before and After: How the Dirichlet Can Analyze The Sales Impact of a Promotional Activity

JAMES McCABE, PHILIP STERN, and SCOTT G. DACKO

- The Dirichlet is a well-established theoretical model that describes and predicts patterns of purchasing behavior in stationary markets.
- This paper uses data from a highly nonstationary market to demonstrate that the Dirichlet norms also provide a baseline to interpret change in purchasing behavior—in particular, the changes in market structure that result from a sustained marketing campaign.
- Organizational markets characterized by a concentration of large buyers exhibit deviations from Dirichlet predictions of brand loyalty.
- Direct targeting of individually significant buyers can deliver growth by securing an increased share of the purchases made by heavy buyers, followed by a more typical growth strategy of attracting more buyers.

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225 The 38-Percent Solution: Empirical Generalizations for Repeat Viewing of Television Programs

PETER J. DANAHER and TRACEY S. DAGGER

- After a time-slot change, television program repeat-viewing levels rapidly return to the same level as before the change.
- While programs lose some loyal viewers they also gain about the same number of new loyal viewers in their new time slot.
- Repeat-time viewing (time-slot loyalty) is 53%, which is constant across programming changes.
- The channel share for a program is the same before and after it is rescheduled, except for light entertainment shows, such as comedies, which have slightly lower channel share after moving.

234 New Brand Extensions: Patterns of Success and Failure

JAYWANT SINGH, JOHN SCRIVEN, MARIA CLEMENTE, WENDY LOMAX, and MALCOLM WRIGHT

- Repeat purchase and penetration data of new brand extensions in the first few quarters can reveal their long-term potential for success.
- Successful new brand extensions quickly gain penetration and repeat purchase levels close to comparable established extensions, whereas the failing extensions show declining repeat purchase from the third quarter after launch.
- Focus on distribution and repeat purchase is crucial to success of new extension.
- Advertising reinforcing the parent brand's salience can encourage trial and inclusion of new extensions into buyers' brand repertoire.

243 Brand Image and Brand Usage: Is a Forty-Year-Old Empirical Generalization Still Useful?

JENNI ROMANIUK, SVETLANA BOGOMOLOVA, and FRANCESCA DALL'OLMO RILEY

- The 1970 finding that consumers are strongly and systematically influenced by their relative past brand usage when they make brand-image associations (Bird, Channon, and Ehrenberg, 1970) still holds today despite the different marketing ecosystem.
- Unless the relationship between brand image and brand usage is factored into customer based brand equity (CBBE) modeling, a higher response level for a brand on image attributes can easily be misinterpreted as a higher level of differentiation or marketing efficiency.
- CBBE for larger share brands—with more users—should be higher than CBBE for smaller share brands, with fewer users.
- Baseline CBBE levels, therefore, should be adjusted for brand size, prior to testing the relationship between CBBE and market share over time.

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252 In 25 Years, Across 50 Categories, User Profiles for Directly Competing Brands Seldom Differ: Affirming Andrew Ehrenberg's Principles

MARK UNCLES, RACHEL KENNEDY, MAGDA NENYCZ-THIEL, JAYWANT SINGH, and SIMON KWOK

- Market research shows that user profiles of directly competing brands seldom differ.
- The evidence is consistent for different time periods, sources, countries and product categories, for brands, private labels, and variants.
- Consumers see these directly competing offerings as substitutable, despite attempts by marketers to differentiate brands and provide customized features for distinct groups of consumers.
- Nevertheless, the evidence also shows that highly salient brands can compete and thrive even when within-category user profiles are quite similar.

262 What's Not to "Like?" Can a Facebook Fan Base Give a Brand the Advertising Reach it Needs?

KAREN NELSON-FIELD, ERICA RIEBE, and BYRON SHARP

- The buying concentration of a brand's Facebook fan base is extremely different from that of a typical population of shoppers.
- The Facebook fan base generates a non NBD-distributed population in that it is very skewed to heavy buyers.
- Skewing heavy has big implications to marketers who want to use their Facebook fan base for brand growth strategies.
- Advertising media that skew towards light buyers are particularly valuable – and worth paying extra for.

270 Brand Growth at Mars, Inc.: How the Global Marketer Embraced Ehrenberg's Science with Creativity

RACHEL KENNEDY and BRUCE McCOLL

- The empirical generalizations discovered by Ehrenberg are still relevant today across categories and in all sorts of markets.
- Applying marketing science, combined with creativity, has helped promote brand growth at Mars, Inc.
- Understanding marketing laws leads to a new worldview for marketers resulting in different decisions and allocations of resources, such as where, when and how often to advertise.
- It is one thing to be aware of scientific laws of marketing; but to use them in a business takes translation, practice, and managerial commitment combined with engagement.