

Brand Marketing Effectiveness, Brand Positioning Gaps and Brand Outcomes: An Empirical Investigation

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A central question in branding research concerns the marketing function's effectiveness in impacting brand outcomes. Recent work by Petersen et al. (2017) suggests that there is a renewed interest in studying customer mindset metrics but there is a lack of understanding of how and to what extent do these metrics translate into profitability. One of the challenges faced by marketing is to correlate brand awareness, brand loyalty and sales revenue to evaluate the effectiveness of its actions (Hanssens & Pauwels, 2016). This paper measures the marketing effectiveness from unstructured data to better understand its implications for firms and brands. We achieve this by defining the "positioning gap" as a measure of marketing effectiveness. The "positioning gap" is defined as the difference in intended and actual positioning of firms. To arrive at this measure, we include all types of discussion captured in unstructured format – consumer opinions as captured in consumer reviews and blogs, intra firm discussions and, public communications by firms and regulatory institutions. We build a unique longitudinal dataset for top 200 brands (as on branddirectory.com) for the top 50 websites which are sources of discussions for every year between 2014 and 2018. Using the textual data from these 50,000 websites, and a combination of econometric methods and natural language processing algorithms we examine the influences on and of "positioning gap". We use an extension to a popular latent topic modeling algorithm to extract insights about "intended positioning" from public communication by brands and "actual positioning" from consumer opinions, and newspaper and magazine articles. We use the insights generated to (i) arrive at a measure of the distance between the two positionings – "positioning gap", and (ii) classify the positioning mismatch to uncover insights into reducing the gap. Motivating the usage of measures of linguistic differences we also use the gap along with standard co-variates (including sentiment scores, length of the message, and brand demographics) and controls to explain how much it contributes to brand's performance. Contrary to popular beliefs, we find that diverse set of tokens and themes help reduce the gap thereby improving marketing effectiveness and hence brand's performance.

Keywords: *Marketing Effectiveness, Latent Topic Modeling, Branding, Positioning*

References

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