MARKETING SCIENCE INSTITUTE

RESEARCH PRIORITIES 2022-2024

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INTRODUCTION: MSI RESEARCH PRIORITIES PROCESS

The Marketing Science Institute serves as the world's most important bridge between industry and marketing academia and as a "force multiplier" for firms in taking next steps on their most important marketing problems. We are a platform for generating and disseminating research that drives best practices in marketing, with a mission to benefit both business and society. For 60 years, we have advanced marketing thought and practice through unmatched academic content. Much of what marketers now know is founded on insights from research by academics in the MSI network, instigated by the insights of our corporate members. This includes: brand equity, customer equity, customer journey, the marketing-finance interface, market orientation, online retailing, qualitative and quantitative market research methodologies, "really new" products, long-term effects of marketing mix variables, pioneering advantage, effects of market share on profitability, and service quality.

This exceptional influence on marketing practice has been rooted in our research priorities process. Business leaders at our member companies identify issues that are pressing for their businesses but incompletely understood. We publish research priorities and promote the study of those issues to the world's leading marketing academics with collaboration and funding from our corporate members.

Academics can zoom out to see tough business problems in larger perspective and devise conceptual frameworks for understanding the market dynamics of those issues. Academics also have the very latest and most rigorous methodological tool kits for getting the facts right. Compared to industry consultants offering solutions, academics have a large advantage in transparency, and due to the peer review process, their published work has the imprimatur that their methods and conclusions have withstood careful scrutiny.

MACRO TRENDS AFFECTING MSI'S 2022-2024 RESEARCH PRIORITIES

Our priorities relate to four major macro trends that have disrupted businesses in ways we are just beginning to understand.

1. The rise of analytics, AI, and digital marketing has been followed by a rise in concerns about privacy. These elevated concerns have led to changes in regulation and platform policies that disrupt the ability of firms to connect touchpoints to create value for customers and the ability to target customers most likely to purchase.

2. COVID has induced changes in how customers want to do business with marketers and how and where they want to work and live. These changes in turn are interacting with firms' created markets for new technologies and products and services.

3. Supply chains have been disrupted and inflation fueled by geopolitical conflicts and COVID.

4. Businesses increasingly are defining their mission as “stakeholder value” rather than just “shareholder value,” leading to increased business interest in ESG (Environmental, Social, and Governance) issues. How are firms creating value not just for their own customers but for other stakeholders, and what is the role of marketing in value creation for those other stakeholders?

These four trends together highlight the need for MSI member companies to think deeply about what is going on in the realm of regulation, consumer activism and ideology, and public policy to avoid being caught flat-footed by external demands.

In the pages that follow, we outline MSI’s seven major research priority topics for 2022-2024. Subtopics offer further description and point to important research questions.

We look forward to supporting research on these topics, and we welcome academic working papers, whether or not we have reviewed/supported the research. In addition, we plan to foster collaborations between our member companies and scholars working on these topics. Please think of MSI as a partner and collaborator in your research efforts to move the needle forward on these key issues.

John Lynch
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1. DATA CHALLENGES FROM BUSINESS DISRUPTION AND MISSING INFORMATION

In the past decade marketing has turned firmly to a world of “big data” with an ever-increasing role for analytics. With the COVID pandemic and changes in the regulatory environment, however, firms find themselves unable to observe some key variables, creating problems in service delivery, channel optimization, and in advertising targeting and attribution modeling. These disruptive changes come from three broad categories: privacy, changes in firm strategy, and consequent doubts about ability to rely on models from data prior to those “regime shifts.”

1.1 ***Effects of privacy regulation on customer value creation.*** Member firms are working hard to adapt to changes in privacy regulation via GDPR and changed privacy policies by Apple and Google. Many research questions arise about how best to cope and the costs and benefits of the new regulations and platform policies. Data about customers allows firms to create offers and services with more value to those customers. With lessened ability to observe and connect touchpoints at the individual customer level, how is firm ability to generate customer value diminished? What business models or research methods best adapt to changed privacy policies? For example, should firms vertically integrate rather than outsourcing parts of the customer experience to have a more complete picture and serve customers better?

1.2 ***Effects on ability of platforms and advertisers to generate value from advertising.*** Firms can no longer rely on third party cookies to target those most likely to respond. This lowers the accuracy of targeting efforts and therefore the willingness of advertisers to pay for digital advertising. What actions by marketers can maximize the value of advertising in this new environment? How can firms improve targeting in a cookie-less world by better use of search data, data fusion, and improvements in aggregate marketing mix models? What regulatory or platform policy changes might preserve the forms of privacy that consumers want while maximizing the information value of advertising for consumers?

1.3 ***Analytics challenges after changes in firm strategies.*** As noted in Priority #3 below, firms changed business strategies during COVID because of changes in how their customers wanted to interact with them. For example, firms invested in sales force automation and online channels or partnered with aggregators to manage home delivery of products. They may have shifted advertising dollars from traditional media to “influencers.” How can firms leverage their past investments in customer data and analytics models after these “regime changes?” Are there methods for optimally blending data pre and post regime change when navigating in the new business models?

2. MEASUREMENT AND ANALYTICS

MSI is perennially interested in work to better measure returns to marketing. Member firms and insights teams are questioning conventional wisdom about best ways to measure the effects of firm actions on customers.

2.1. ***Measuring ROI on investment in analytics with greater ability to support causal claims.*** Firms use an array of methods to measure effects of marketing actions. For example, to assess advertising sales lift from digital advertising, tools range from simple descriptive methods like click attribution to correlational marketing mix models using aggregate time series data to quasi-experiments to true randomized experiments. Derived measures of sales lift from advertising are then used as inputs to future resource allocation decisions. Current practice assumes there is some ordering of methods in their ability to forecast the causal effects of future marketing spending on future sales and that randomized experiments are the "gold standard." Current practice also assumes that results from randomized experiments reflect "ground truth" – not just what happened in the past but what will happen in the future when results are used for resource allocation. What do we know about the reproducibility of results from randomized experiments at time 1 to some similar situation at time 2? Do (more costly) methods supporting more confident causal conclusions at time 1 lead to demonstrably greater profitability of future actions at time 2?

2.2. ***Analytics for short-term versus long-term effects.*** Experimental methods that have stronger internal validity than correlational methods measure only short-term effects. There is a rich literature in marketing about the long-term versus short-term effects on profitability of marketing actions such as advertising, price promotion, innovation, etc. Some marketing actions that build profitability in the long run can have small effects in the short run, and some marketing actions that do not build long-run profitability can have large and measurable short-run effects. How should firms balance strength of causal inference about short-term effects against desire to measure long-term effects and allocate resources to marketing actions that build long-run profitability? Are experimental methods driving firms to over-allocate resources to actions that are good in the short run but not in the long run?

2.3. ***Brand measurement.*** Current survey-based brand tracking measures move slowly over time and are insensitive to short term marketing actions. What brand tracking methods exist for tying marketing actions to changes in real time key perceptions about brands and to changes in granular sales or other business outcomes? Current brand measurement focusses on individual customers as the units of analysis. How can brand measurement capture the socially constructed nature of brands and the social networks affecting brand perceptions?

2.4. ***Attention, engagement, and customer experience***. Member firms are interested in improved measurement of psychological mediators of the effects of marketing actions on business KPIs. Does use of attention metrics lead to improved ad creative compared to more traditional ad pretesting or cheaper AI alternatives? Do attention metrics lead to better matching of media to audience segments? Can attention metrics improve package design and increase consideration of consumer packaged goods at point of purchase? Will sales results improve when e-commerce page layouts are refined by attention metrics? Member firms also use the term "engagement" in several different ways: sometimes for momentary attention or longer-term involvement in a brand or a category, or for mental availability or ability to generate emotional responses. How can firms increase engagement with "good for you" categories where involvement is low such as saving for retirement or taking prescription drugs? What is the best way to measure customer experiences? What general principles exist for improving customer experience, particularly by use of technology? How can use of technology improve or detract from customer experience, balancing desires for authentic human connection with desires for frictionless and immediate service response?

3. Long-Term Changes in how Customers and Firms Interact

Social distancing and supply chain problems have disrupted conventional interactions with customers, business partners, and coworkers, creating the need and opportunity for virtual and other new forms of mediation. Recent data suggest that remote work and hybrid work has stabilized – by one US estimate, 30% of aggregate days are now worked from home, and it does not appear that the old 100% in-person employment models are coming back at many firms. Remote work trends have major implications for employment practices, business models, virtualization of customer experience, and consumer lifestyle and income allocation.

3.1. ***Effects of changing patterns of living and working on customer demand.*** What lifestyle changes might ensue when people work from home or have hybrid work arrangements? How will remote work and technology-mediated consumption affect optimal channel structures? Will consumer and B2B customer experience with omni-channel shopping affect the balance of physical and virtual channels and sales force deployment? Will Direct-To-Consumer, subscription services and delivery services revert to pre-pandemic usage? Will "tele-medicine" become a model for virtualization of communications and customer experience in other service sectors? How will technology (chatbots, voice-activated interfaces, IoT, AR, VR, etc.) augment or replace conventional service delivery and other customer experience? What are consumers' experiences with these technology substitutes for human interactions with firms? What new markets will work-from-home create? How will remote work and the greater time flexibility of remote work change household "make versus buy" decisions about childcare and outsourcing of domestic household tasks? Choices of income versus leisure or family activities? Entertainment and recreation consumption? How will decreased demand for commercial office space and increased demand for home office space affect patterns of regional migration and economies?

3.2. ***Effects on intra-firm processes.*** How will remote work affect intra-firm collaboration in the marketing function? How will remote work affect the quality of firm innovation processes and collecting customer inputs to fuel innovation? How can we design culture that promotes adaptability and team interaction in both physical and virtual environments? How will marketing be affected by HR trends affecting employees and employers? Will employees demand access to work from home and decline to move to larger urban areas for work? Where will remote work lower costs – e.g., via sales force automation and virtualization of customer service?

4. Inflation and Supply Chain Disruption

In July 2022 the OECD reported a global year-on-year inflation rate of 9.6%. Demand recovered from COVID-19 disruptions faster than supply. The war in Ukraine and increasing tensions with China have created shortages of key factors for production of finished goods and services. Worldwide support for populist political ideologies has reduced support for free trade. Firms are having to reconfigure supply chains to rely on higher cost but more reliable supply chain partners in nearer geographies with less geopolitical risk. High worldwide inflation is the result.

4.1. ***Effects on reconfigured supply chains.*** How will digitization of payment methods, inventory, financial systems, and supply chain fulfillment evolve to meet the needs for flexibility and innovation? Supply chain experts call for "super agile" methods to prepare for and respond quickly to random events and for supply chain architecture that is readily adaptable to new trade restrictions or new ESG considerations. How should firms change channel strategies to improve supply chain resilience and to adapt to abrupt shifts in the marketplace and to match certain market characteristics? How should firms evaluate alternative supply chain strategies to minimize geopolitical risk: reshoring, near-shoring, and friend-shoring? How will these alternatives affect component costs and pricing for finished goods and services? Will supply chain disruptions reduce the power of brands and raise the weight of product availability in consumer preference?

4.2. *Coping with inflation.* How is inflation likely to affect consumer budget reallocation across categories and the appeal of different brands? What strategies exist for firms to prosper in inflationary times?

5. Corporate Mission Shifts from Shareholder Value to Stakeholder Value

Many firms have adapted their corporate missions from maximizing shareholder returns to maximizing "stakeholder" value for customers, suppliers, employees, shareholders, and local communities. This creates new challenges when stakeholder priorities conflict. MSI welcomes research on how firms can best navigate these conflicts and deliver value for shareholders but also for society more broadly. Our priorities specifically focus on how marketing can affect public health; diversity, equity, and inclusion; environmental sustainability; and be responsive to regulatory and ethical considerations.

5.1. ***Health care pricing for access by lower income consumers****.* MSI health care and life sciences companies create innovations that dramatically improve health and quality of life. Globally, however, people with highest incidence of certain health problems have lowest ability to pay. Firms have responded with a patchwork of tools including direct donation and licensing of generics in less wealthy countries. What are pricing models for improved access to healthcare that maximize public health values while delivering business results? What kinds of novel initiatives will affect the types of government regulation encountered?

5.2. ***Telemedicine.*** How can advances in telemedicine – videoconferencing physician appointments, store-and-forward imaging, streaming media, and wearable technologies – be used to reduce health disparities by income, between urban and rural consumers, and between wealthier and less wealthy countries?

5.3. ***Responsible production and consumption and the role of new food technologies***. New food technologies such as genetically engineered plants, plant-based meats, and bio-engineered proteins offer potential benefits to reduce both world hunger and carbon consumption. However, they encounter resistance based on lay ideologies about "naturalness" and risk perceptions that conflict with scientific consensus. How can firms innovate in this space in ways that address consumer lay beliefs that traditional methods are more "natural" and therefore desirable?

5.4. ***ESG influence on marketing budget allocation.*** How will calls for social justice, sustainability, and other forms of corporate social responsibility affect marketing decisions and budgets? How can we measure the effects of such re-allocation on both business KPIs and on social KPIs?

5.5. ***Brand purpose, political ideology, and consumption behavior.*** The pandemic coincided with a time of increasing political polarization that bled into marketing activities. How will calls for social justice, sustainability and other forms of corporate social responsibility affect marketing decisions and budgets? When firms define “brand purpose” in relation to sociopolitical issues, how can brands avoid alienating consumers who may stop buying brands that they perceive do not align with their values and political views?

5.6. ***Firm externally focused activism versus internally focused action.*** Initial research on the effect of corporate sociopolitical activism on stock prices shows negative average effects of activism. Effects are positive, however, when corporate stands align with their customers, employees, and state legislatures. What is the role of employee groups in promoting corporate sociopolitical activism that potentially decreases shareholder value? Is backlash by those who disagree with a corporate stand on a social issue less when the action is internally focused (e.g., paying for employee abortion access in states with restrictive abortion policies) than when externally focused (e.g., lobbying on a particular legislative bill)?

5.7. ***Diversity and inclusion.*** Member firms can support diversity and inclusion by a variety of means: inclusive advertising; inclusive new products and services; or changing channel structures to serve a broader and more inclusive set of customers. What do we know about the relative power of these strategies to deliver business results? What are evidence-based methods for developing profitable new products that create value for under-represented consumer segments? Some firms have attempted to make advertising more inclusive by re-directing advertising dollars from brand advertising to messages of corporate support for diversity and inclusion. Others use traditional ads that feature under-represented minorities as cast members or in narratives touching on human universals or widely popular elements of culture. What evidence exists of the greater effectiveness of these approaches to broaden brands and increase firm profitability or to provide measurable and important societal benefits?

5.8. Achieving growth and profitability in ways that are consistent with United Nations SDGs. All United Nations member states approved the 2030 Agenda for Sustainable Development, identifying 17 Sustainable Development Goals (SDGs) “*They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.”* MSI is interested in work showing how firms can profitably advance these five SDGs: Increasing Health and Well Being; Responsible Production and Consumption; Reducing Poverty and Improving Financial Decision Making; Reducing Inequalities; and Climate Action.

6. REGULATORY AND PUBLIC POLICY ISSUES AFFECTING MEMBER COMPANIES

We noted in Priority #1 how member firms have been affected by regulatory changes in privacy policies and policies by Apple and Google. Arguably, many companies have been playing catch up after these changes rather than anticipating what was to come. MSI welcomes new research on unintended consequences of regulatory policies.

6.1. ***Effects of privacy policies on competition.*** Privacy regulations and cookie deprecation are leading firms to prioritize first party data. What are the unintended consequences of such regulations for competition? Do these regulations implicitly advantage large firms with the most first party data?

6.2. ***What aspects of privacy matter to consumers?*** GDPR identified three fundamental privacy rights: (i) right to explicit consent (data opt-in), (ii) right to be forgotten (data erasure), and (iii) right to data portability (switch data to competitor). Will consumers be any happier with targeting based on non-cookie, first party data? Will firms inundate consumers with new forms of first party communications? If targeting gets worse, will this increase demand for ad-blockers? Who is working on the right to portability? Can value be created for consumers by facilitating personal data ownership and easy, occasion-based selective sharing? How much of lay consumer concern about privacy is about “creepy” retargeting versus fears of uninformed exchange, e.g., where a consumer asked to disclose personal information for superior service might fear a security breach or the firm reselling data that could be used to discriminate against them on pricing or offers? Is there more sensitivity around algorithmic discrimination related to protected class status than similar discrimination based on loyalty or some behavioral basis?

6.3. ***Ethical forms of exchange to induce consumers to opt in to share data.*** How can firms induce consumers to consider data sharing in ways that a) are not deceptively relying on consumer inattention and b) allow consumers to fairly judge the value they will get from sharing? Are there forms of bundled consent or cybersecurity assurance initiatives that would produce increased value for both consumers and firms?

6.4. ***Regulatory barriers to innovation to improve health and well-being.*** State licensing laws deter offering of tele-health care across state lines, with temporary COVID waivers expiring. How will these revived regulatory constraints diminish health care or efforts to reduce inequalities in access? How do HIPPA constraints on sharing medical records reduce the ability of health care providers to have a complete picture of a patient’s medical history? Can patients “own” their medical records with protocols for sharing all of them with select providers, with GDPR-like provisions about (i) right to explicit consent (data opt-in), (ii) right to be forgotten (data erasure), and (iii) right to portability (switch data to competitor)? When do regulations inhibit improvements in consumer well-being via innovations in food, health technology, or financial technology?

7. The Influence of Marketing in the Firm

Member firms report decreasing influence of marketing in the C-Suite and increasing tendency for data science to supplant marketing. MSI supports research that allows CMOs to measure and communicate to CFOs the contribution all forms of marketing make to the firm's success.

7.1. *Organizational structure and the influence of marketing*. Is the influence of marketing in the C-suite less when marketing is a staff function focused mostly on marketing communication versus a line function with responsibility for pricing, innovation, channel and go to market strategy, and all aspects of promotion? How is the influence of marketing tied to the depth of organizational proficiency in the use of analytics? Is the rise of computer science applications, rapid A/B testing, etc. leading to a focus on very short-term tactical decisions that diminish the strategic importance of marketing to the firm?

7.2. *Customer value versus brand value*. Brand management and customer management models are two ways to show the value of intangible marketing assets on the balance sheet. Brand management creates willingness to pay more for a firm's product or services because the product or service comes from the brand rather than some generic source. Customer management seeks to increase the value of the firm's customer base by identifying the customers that the firm can serve most profitably and tailoring offerings to those customers. The CMO and CFO can also roll up the value of individual customers to a measure of overall firm value. Does marketing have more influence in the C-suite with finance and accounting when following a customer management model? What Customer Value metrics allow firms to properly evaluate different kinds of marketing programs (e.g., loyalty programs, customer experience, referral programs, premium services, etc.)? How can CV be used to improve customer acquisition processes to acquire the right (high CV) customers, and to develop and retain existing customers? What do we know about methods to develop and increase the CV of existing customers? Other than pure subscription models, are there others for rolling up individual customer value metrics to a customer-based corporate valuation model? How should marketers summarize and communicate customer value to external audiences?