**Marketing Analytics**

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**Assignment 1**

**1. Please look up a scholarly article (or an interesting blog article) on the concept of “psychological climate”. Please provide the link or the reference. i. Write a brief summary about how you would define psychological climate**

Psychological climate refers to the social, financial or political situation which is currently being faced across the country or the world. People strongly relate to various matters which resonate with them. Be it movements like #BlackLivesMatter, #MeToo, political climate or the current COVID-19 pandemic, people often tend to have strong opinions regarding these matters, and during such times, strong views of opposition could lead to unrest across the country. This affects the overall psychological climate, thereby having an impact on brand image and customer base. When brands try to assert their standpoint about a certain social or political issue, it instigates emotions among people. In the recent past, consumers have become more conscious about the brands which they associate with. As per a study by Morning Consultancy, people want to associate only with those brands which take positive actions to deal with the current social or political climate. An [article](https://hbr.org/2020/09/marketing-in-the-age-of-resistance) from Harvard Review gives deep insights about the need for brands to take actions instead of just being superficial about issues which deeply resonate with people across the country or the world.

**2. Please find a news article that shows how psychological climate has had an impact on**

**consumer behavior, brands, or marketing.**

**i. Write why the concept might be important to be aware of when managing a brand.**

Over the last few years, people’s attitudes towards social issues and current affairs have changed dramatically. With the advent of social media platforms like Twitter, it has become easier for everyone to voice their opinion about issues from all around the world. The sentiments and thoughts of people matter now more than ever. Brands have started to take leverage of such platforms in order to understand what people truly think about their brand. Even though price and quality matters to a great extent, people relate to brands whose values are aligned with their own. When brands voice their opinions about social or political issues through their marketing campaigns, people tend to strongly agree or disagree with the brand’s verdict. It has become extremely crucial for brands to avoid making blunders in their marketing campaign which sends out the wrong message to their existing and potential customers. If the wrong message is propagated through their marketing campaigns, the brand will end up losing a chunk of their customers. If customers feel that the brand undermines social issues or propagates values which are degrading and unfair, the brand ends up not only losing valuable customers but also ends up getting a tarnished reputation.

In 2019, when #MeToo movement was making waves all over the world, Gillette launched their marketing campaign which centered around the #MeToo trend (<https://www.npr.org/2019/01/17/685976624/backlash-erupts-after-gillette-launches-a-new-metoo-inspired-ad-campaign>). Even though a lot of people appreciated the values which Gillette tried to promote through their campaign, a huge section of people felt that the brand was trying to propagate the idea that all men are perceived as a problem and that they were trying to suppress masculinity. This created a huge impact on Gillette’s brand image, and they ended up losing a huge amount of their loyal customers. Another marketing campaign which stirred a lot of backlash was Dove’s ad on Facebook (<https://www.nbcnews.com/business/business-news/dove-apologizes-racially-insensitive-facebook-advertisement-n808806>). This controversial ad sparked a lot of debate among netizens from all across the world. Through the ad, Dove propagated the idea that fair toned skin is superior to dark skin colors.

Brands have to tread carefully while creating marketing campaigns, especially if it centers around psychological climate such as current news, politics or socially stigmatizing issues. It takes a long time to build a good brand reputation, but if the wrong message is propagated through marketing campaigns, brands lose their customers and social standing within a matter of seconds, and this could lead to a significant and unrecoverable downfall for the brand.

**3. If you were collecting your own survey data, write a few example survey questions that you believe would measure a type of “psychological climate”.**

Survey questions to measure Social climate (racial climate):

Which one of these do you identify yourself as?

* Asian
* Hispanic
* African
* Biracial
* White/Caucasian
* Other

(On a scale of 1-7

1: Strongly disagree, 2: Disagree 3: Somewhat disagree 4: Neither agree or disagree 5: Somewhat agree 6: Agree 7: Strongly agree)

1. Most citizens believe that racism is a major issue in the US
2. Citizens believe that actions are not being taken by the government to alleviate racial injustice
3. Do you believe that movements like #BlackLivesMatter has educated people about the importance of accepting people irrespective of their race/ethnicity?
4. White people get preferential treatment over other races (Asian, Hispanic, Black etc.)
5. Do you believe that the police brutality incidents such as George Floyd’s have raised awareness about the current racial climate of the country?
6. Have you experienced some form of discrimination based on your race/ethnicity?
7. Most citizens believe that the COVID-19 pandemic has aggravated racial discrimination in the country
8. Most citizens are comfortable to express their views about racial disparities to family or via social media

**4. Using the dataset available, identify what items you would use as measures of “Reactance Climate”. Please provide reasoning for the items you selected.**

Some of the items which would enable one to measure “Reactance Climate” are:

Q13\_1: I become angry when I cannot choose which brands to buy

Q13\_2: I become frustrated when I am unable to make free and independent purchase decisions

Q13\_5: I don’t like when others try to influence my purchase decisions

Q14\_3: I dislike when a brand tells me what I should believe

Q14\_4: I dislike when a brand tells me what I should value

Q14\_5: I like when a brand allows me to live life the way I want to

Q14\_6: I like when brands give me choices

Q14\_7: I don’t like when ads try to influence my purchase decisions

Q14\_8: I don’t like when sales people try to get you to purchase something

Q14\_9: I don’t like it when I have to watch an ad before seeing content online

Q14\_10: I like when I have the choice to skip ads or watch them

Q25\_2: I become frustrated when I hear that [Q17R] supports taking away my personal freedoms

Q25\_4: I become upset when [Q17R] supports taking away other people’s rights

All the above questions are trying to measure the sense of freedom which a customer experiences towards a particular brand. When consumers feel that their freedom to make decisions is threatened, then this eventually leads to “reactance” from them. As per the research paper on “Reducing reactance induced backlash responses to recommendations” (Zemack-Rugar and Lehmann 2007), reactance is defined as an unpleasant state of motivation that occurs due to loss or threat of one’s freedom. When brands try to push too hard to influence a customer’s purchase decision, it is likely that this could create a negative effect.

**5. Assume that New Balance retained your firm to handle the fallout of their CEO’s comment which was perceived to support Trump. Use the data to:**

**i. Determine the estimated number of customers they’ll lose if they do nothing**

**ii. Determine the effect that the psychological climate has on the number of lost customers**

**iii. Be sure to submit all your R code**

Answers are mentioned in the R code