



Everyone loves a secret: Why consumers value marketing secrets



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Abstract Everyone keeps secrets, and organizations are no exception. The current literature on secrecy in organizations is centered on the managerial perspective of secrets as competitive resources. In contrast, this conceptual article takes a consumer-centric approach and presents a detailed explanation of why and how marketing secrets create value for consumers. First, a discussion of agency highlights three consumer roles in the marketing of secrets: Insiders, who know the secret; Aspirants, who know of the secret; and Outsiders, who do not know of the secret. Second, based on two mechanisms of awareness and primacy, a value chain of secrecy is proposed that presents four types of value that consumers can extract from secrets: acquisition value, acknowledgment value, leverage value, and dissemination value. Lastly, secrecy is revisited as a strategic marketing tool for creating value for consumers. © 2015 Kelley School of Business, Indiana University. Published by Elsevier Inc. All rights reserved.

1. The strategic value of secrets

Apple is renowned for staging large launch events for its new products. Consumers know months in advance that something is coming, but never actually find out what ‘it’ is until the day of the big reveal. This formula has worked for Apple for years, with each generational release of a new phone, tablet, or computer outselling its previous version. *Why does the formula work?* Because consumers love anticipation, particularly when it entails the anticipation of a wonderful new technological innovation from a trusted brand. *How does the formula work?* Apple is obsessed with secrecy. Apple does its

best to ensure that there are no data leaks anywhere in its global supply chain and goes to extreme lengths to protect its information: new products are chained to desks, walls and doors are built to shutter and separate working groups, and employees are fingerprinted upon entering and physically searched on leaving manufacturing premises (Dickey, 2013). Consumers value marketing secrets, but it is the strategic recognition and leveraging of such secrets that creates value for the firm.

To date, secrecy and secrets have been explored in the management literature primarily to the extent that they can be and are considered competitive resources (James, Leiblein, & Lu, 2013; Teece, 1998). From secret formulas to trade secret practices, firms keep and protect their own secrets from rivals in order to create competitive barriers

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(Hannah, 2006, 2007; Liebeskind, 1997). The overwhelming focus on competition is, no doubt, a reflection of how important trade secrets are to firms in the creation and protection of competitive advantages. This has also been leveraged, as at firms like Apple and Google, into integral components of organizational culture (Hannah, 2006).

The focus of this article, however, is the extent to which firms keep secrets from consumers to create marketing value. The majority of extant research on marketing secrets has taken a firm-centric orientation. Whether and how secrets create value from the perspective of the consumer remains to be explored in significant detail. It seems appropriate and necessary, then, to unpack the concept of secrets from a consumer-centric orientation. Beyond the premise that secrets create direct value for organizations by allowing firms to protect proprietary information (Hannah, 2006, 2007), are there ways in which marketing secrets create rents for organizations by creating and leveraging direct value for consumers? Here, secrecy is explored from the customer's perspective—what marketing secrets are, how and why they are used, and ultimately, how these secrets can create value for the consumer—in order to enrich and extend our understanding of secrets as a strategic marketing tool.

1.1. Defining secrecy and secrets

Secrecy is the deliberate concealment of information from others (Bok, 1989; Kelly, 2002). Secrecy is an inherently social phenomenon, as it necessarily involves a minimum of two parties. Secrecy is also an intentional phenomenon, as the concealment, protection, or withholding of information is a deliberate act. So, secrecy is an active, intentional, and conscious endeavor whereby, at the most individual level, at least one person conceals or withholds something from at least one other person. The act of secrecy applies similarly to groups of people, such as organizations and consumers.

If secrecy is the activity, then the secret itself is the content or object of that activity. A secret is the information that is purposefully withheld from one or more people by one or more people (Scheppele, 1988). A *secret* is information of intentionally limited availability.

Adding a marketing lens to these definitions, if one considers the secret to be a brand-related piece of information, it is then possible to view secrecy as a strategic brand activity. The brand secret can be related to either product or process. For example, as mentioned earlier, Apple keeps product secrets about which new models will be released and what the innovations and features of their new product

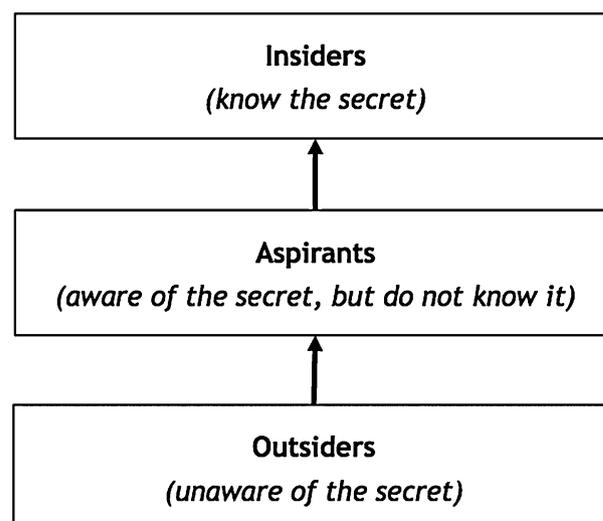
will be (Dickey, 2013). The brand secret can also be information about a process. For example, Kraft Foods protects the knowledge of the secret process by which caramel is inserted between layers of chocolate to make its infamous candy bar, Caramilk. This secret is held tightly by the company and is leveraged in a Caramilk Secret advertising campaign (“The Caramilk Secret,” 2011). In order to fully understand consumer secrecy, consideration of the various agents involved is necessary. In this context, and these examples, secrecy represents the deliberate withholding or concealment of marketing information from consumers. Agency is thus critical to secrecy in marketing, and is discussed in greater detail in the following section.

2. Agency in secrecy

When considering the role of agency in secrecy, it is critical to take into account not only those individuals or groups of individuals who *do* know the secret, but also those who *do not*. By definition, without someone to protect information from, the information ceases to become a secret. It is possible to identify three distinct roles in any circumstance of secrecy based on whether an agent or group knows, does not know, or knows of the secret (see Figure 1).

The *Insider* is the individual who possesses the secret information. The Insider knows the information and is also aware that the information is a secret. In other words, the Insider is aware that the information is sensitive, important, and worth protecting. The Insider can either be the individual(s) who created the secret or the individual(s) who became privy to the secret; the value here lies

Figure 1. Agency in secrecy



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