Psychological Science and Marketing practice

Psychology   Marketing

Left brain / right brain

Does not exist

Attention is not Gaze

'Gaze' (as measured by Eye-trackers) is not 'Attention'
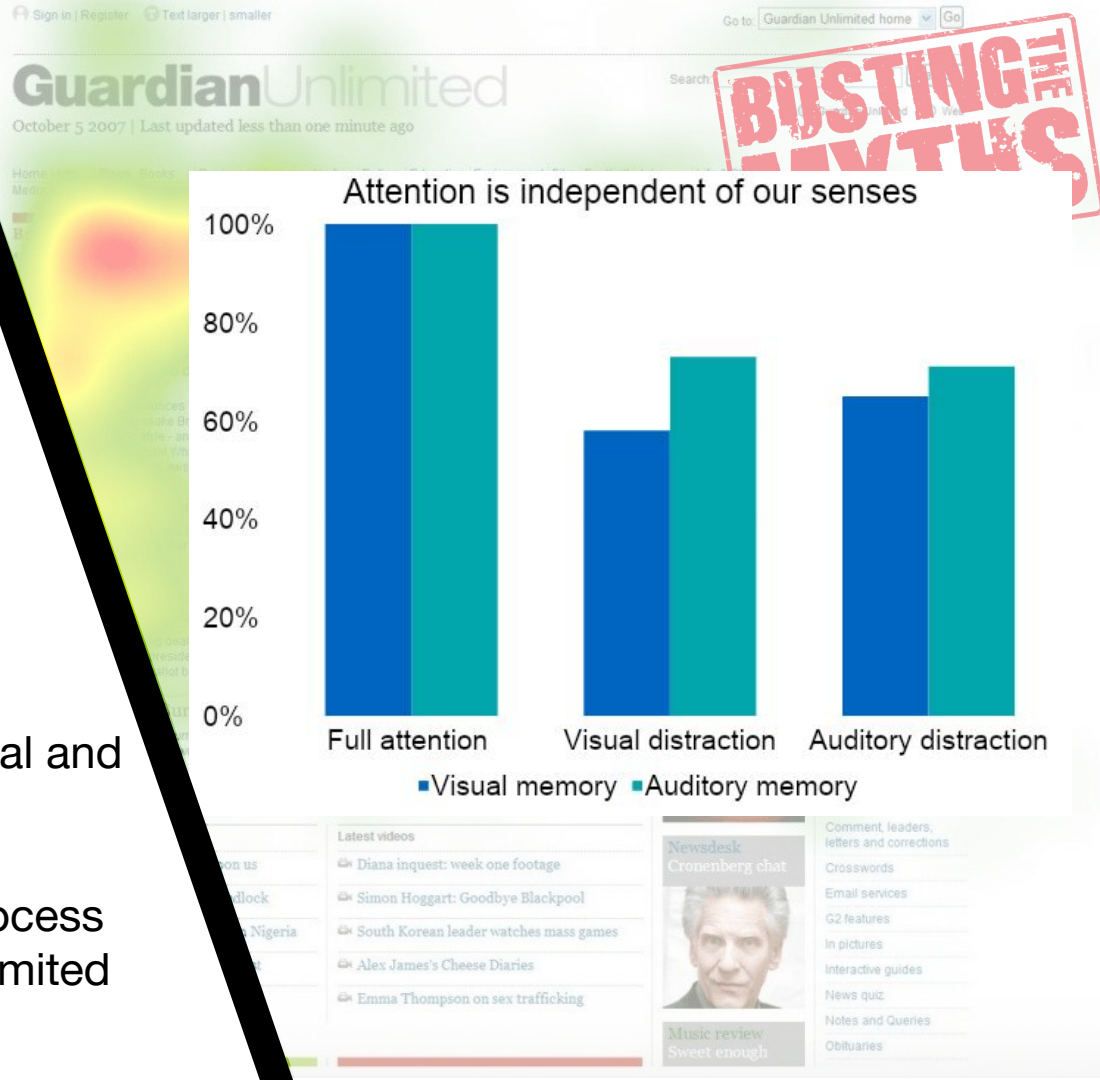
Major UK Study

People watched TV ads while being distracted
  i)   With 'Visual only' tasks
  ii) With 'Auditory only' tasks

BOTH distractions reduced **BOTH** visual and auditory memory

All our senses rely on an attentional process independent of our senses that has a limited capacity. **(Attentional Load Theory)**

Attention is independent of our senses

Memory – There is no 'subconscious'

The 'subconscious' does not exist

Its best to think of two kinds of memory

i)   Explicit – Conscious mental reconstruction of past events **Recollection**

ii)   Implicit – Automatic, less / non-conscious   (influences choice without awareness)   **Familiarity**

Automatic vs **Effortful** is a more helpful and important distinction when understanding behaviour

Decisions are not 'Cognitive' vs 'Emotional'. Think effortful vs 'automatic intuitive'

Decisions can be effortfully 'thought out' (reasoned)

System 2
Effortful consideration

But decisions are not 'emotional driven by subconscious processes' they are **'intuitive'**

Understanding 'automatic intuitive' decisions is advantageous as they are <u>predictable</u> and follow 'rules' embedded in our psychological make up
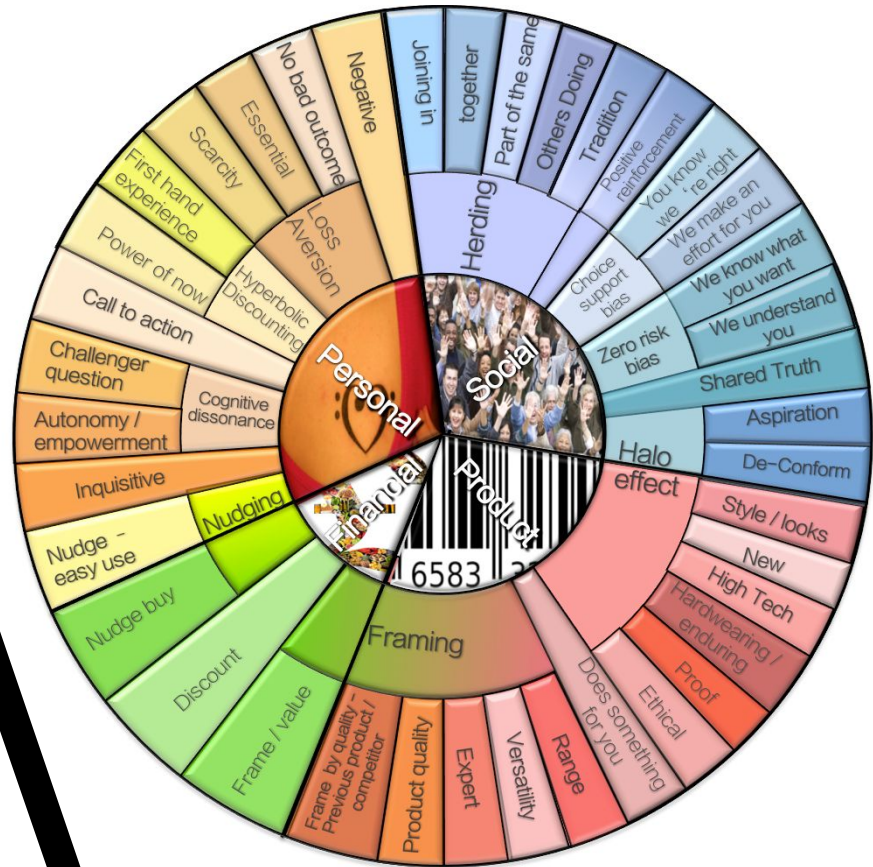
System 1
Automatic intuitive response
(Heuristics)
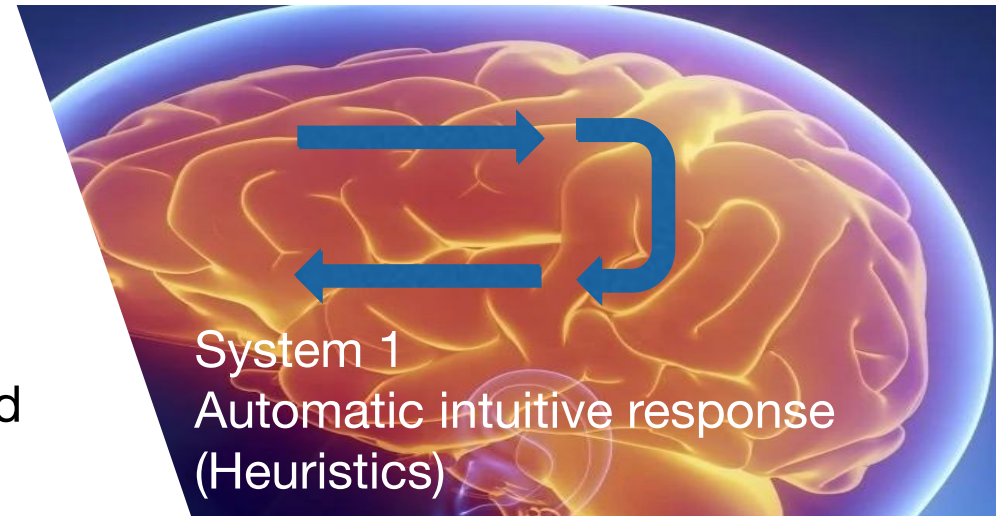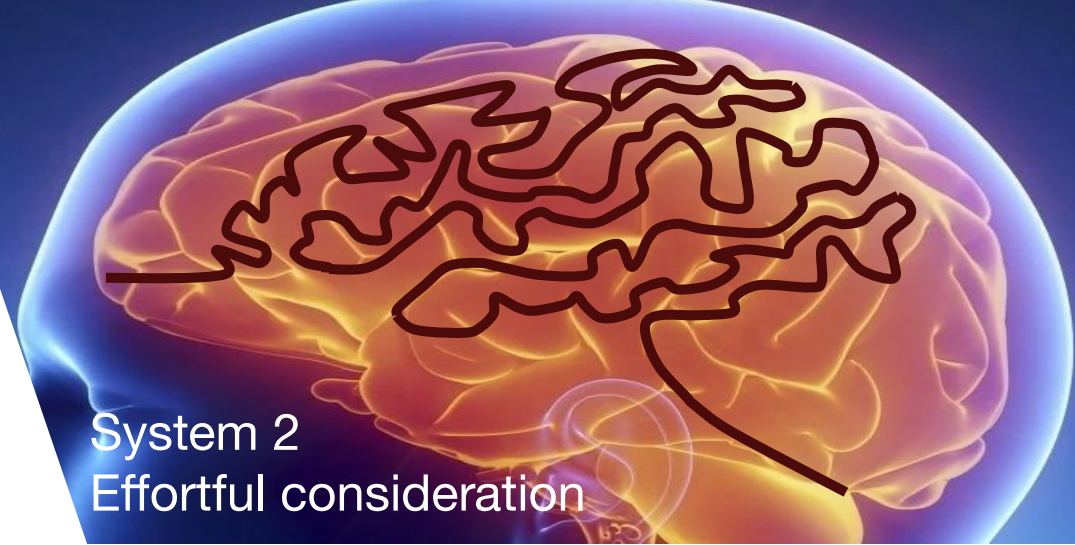
Cracking our behavioural code

System 1 (automatic intuitive) behaviour is underlined predictable

All brand communications lever System 1 behaviours using 'Heuristic triggers'

Ads that produce the best ROI are 2.5 times more likely to use certain 'Heuristic triggers'

(Analysis of 3000+ adverts)

Cracking our behavioural code

The earliest ever advert (Thebes 3000 BC)

Framing (by quality)

'beautiful fabrics were woven for everyone's personal taste'

Zero Risk Bias

Loyalty

1) The psychology of loyalty

2) What heuristic 'codes' does loyalty use?

   A language analysis of Loyalty

The language of loyalty

There is no right or wrong answer, but most loyalty schemes focus on 'offers'

"With the OneASICS loyalty programme you can earn rewards like free shipping, member only discounts and more"

There is lots about 'rewards' and 'discounts' but what else is there?

Analysis of the web pages of 50+ loyalty schemes

The psychology of loyalty

Status
(Herding)

Relationships
(Herding)

Habit
(Nudging and the cognitive miser)

The language of loyalty

Unsurprisingly the emphasis was on social heuristics

Many schemes portray themselves as 'social groups' that the consumer can join

NB: Loyalty is not a place to be 'sociable in' but loyalty schemes portray a social identity that is appealing for the consumer to join
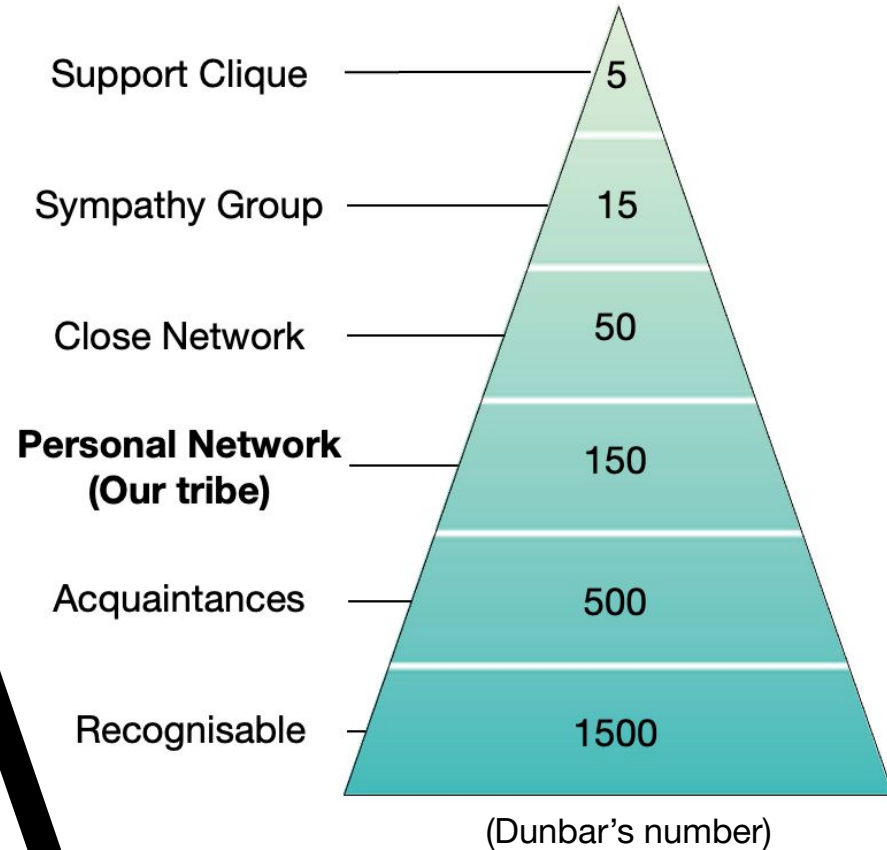
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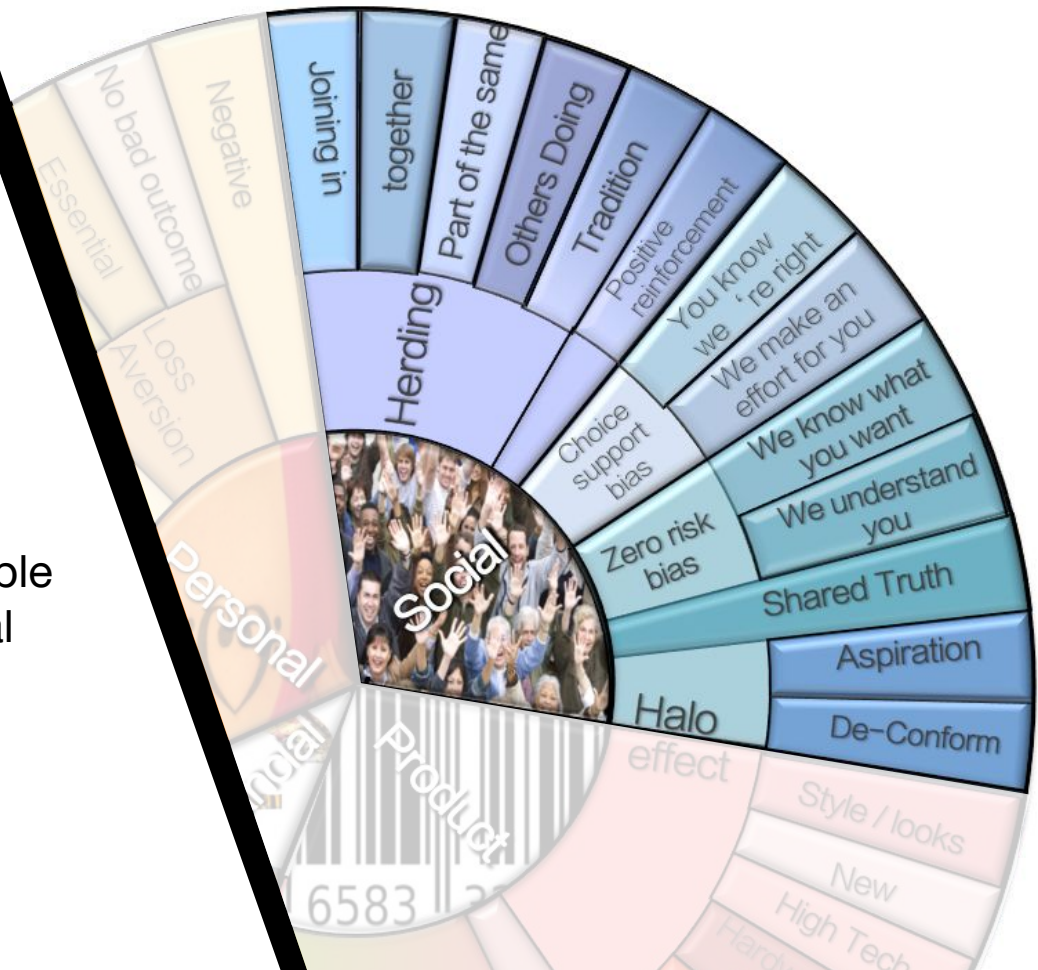
Status
(Herding)

Loyalty schemes create 'Status' using group psychology

Our brains are designed to be part of a social group of around 150 people ('In-group') - **Herding**

We over value membership of our 'in-group' (and devalue membership of other groups)

Because of this we constantly like to renew and refresh our perception of our 'In-group' as being special - **Social identity theory**

Support Clique	5
Sympathy Group	15
Close Network	50
Personal Network (Our tribe)	150
Acquaintances	500
Recognisable	1500

(Dunbar's number)

'Status' created by loyalty

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(Video ethnographic study (64 households 134 respondents) 90%+ of the conversation around programmes aligned with social bonding)

'Status' created by loyalty

Loyalty schemes can be an 'In group' the consumers want to join - **Herding**

Note the brand is a group member too

The brand's role is to 'renew' & 'refresh' how special membership of the 'In group' is. - **Social identity theory**

The brand 'talks up' the value of group membership, which infers 'Status'

"You're part of this 'tribe', it's the best tribe to be in so you're (we're) special"

You're special

The 'Ikea Family'

"Welcome to the club that brings your ideas to life"

Ikea loyalty scheme is presented as a 'family' to join in with

There is an 'in group' to join and you'll benefit **'Herding' heuristic (Joining in)** – (re-enforcing 'Status' within a tribe)

(Other heuristics) 'bring ideas to life' levers the **'Autonomy heuristic'**. We prefer to have a sense of agency over our decisions

Loyalty and The Endowment effect

People were given a gift

How much they would pay for this?
(Say € 5 **"Willingness to pay"**)

Will you **trade** for something of 'equal value' or **sell?**

How much did they want to sell the Mug?
"Willingness to accept"
1) € 1
2) € 2.5
3) € 5
4) € 7.5
5) € 10   Ownership doubles the value
6) € 12.5

Relationships
(Herding)

(Herding)

Relationships built by loyalty schemes

Loyalty programs enhance these relationships by:

1) Emphasising the communal relationship / benefits of group membership

2) Benefits are seen as pro-social 'benevolent' acts from the brand in our 'In-group'

Note reciprocity is in our nature. We are programmed to reciprocate benevolence from our 'special group' with loyalty

Relationships built by loyalty schemes

3) Rewards are best when they are 'investments' in a personal relationships

4) Free gifts are 'thankyous' that don't necessarily build relationships

5) Best if relationships are 'personal' i.e. perceived as being with an individual (LLM and AI)

6) Consumers, finding out about 'the rules' of the rewards lower their value

The language of loyalty

"Belonging, means enjoying exclusive offers"

'Belonging'

Herding – Emphasising 'Belonging' to our 'in group' satisfies our need to be in a relationship

'Exclusive'

Scarcity – a form of **loss aversion**. What you are getting is also a scarce resource.

Note scarcity will also lever status

Loyalty b

We are c
and effor

Repeatin
change is

"The Status Quo bias"

Creating a habit

The first step is the hardest

Any initial behaviour needs to be 'intended'.

Joining and engaging in the loyalty programme must be appealing

Initial communications could focus on benefits, 'what's in it for them?'

Then rewards and communications act to build and maintain the 'habit'

The language of loyalty

"Say hello to easy ordering, endless choices and—yes, free coffee"

"easy ordering"

Nudging – Membership makes life easier.

Assists in forming habits by making repeat purchase effortless

(Other heuristics) *"endless choice"*
Framing by range - Levers our desire for choice

The language of loyalty

"Earn points every day… "Earn points on the things you buy anyway, such as clothes, experiences, and hotel stays" **(US)**

Nudging – Again make point earning seem easy

Join and points 'just happen', without any effort on the consumers part

Buy 10 cups of tea or coffee and get a **FREE** reusable cup

1 2 6 4 5 10 3 9 8 7

Inferring success?

Brands can signal their health (Veblenain signaling)

Generosity can be seen as a sign of brand health

Coupons can devalue a brands perception

We emotionally value things we have paid more for

Summary

Loyalty

- Consumers are programmed to have relationships, and instinctively, respond positively to certain messages (e.g. Herding, FOMO, Less effort etc)

- Loyalty schemes can be a 'special social group' that can act like one of the consumer's 'tribes'

  - Communication about how good membership is, can infer status. Preferential treatment is just one benefit of being part of the best 'tribe'

- Consumers respond to benevolence from personal brand relationships, (but can see through 'freebees' and obvious rules)

- Making the brand a 'habit' is the goal. Getting people to join is the hard bit, making life easy can build and maintain the 'brand habit'

Thank you

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