

Leveraging the Non-Conscious to Drive Transformational Growth

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EXECUTIVE SUMMARY

The “why of buy” is a trillion dollar question. According to academic research, approximately 85 percent of consumer buying behavior is driven by the non-conscious. This document will introduce you to a combination of sophisticated neuromarketing techniques and quantitative tracking that gives marketers a means of measuring non-conscious responses to a set of 10 Key Brand Relationship Drivers™ (BRDs). The non-conscious is defined as mental processing below the level of conscious awareness and decision-making. Built on the foundation of Martin Lindstrom’s groundbreaking NYTimes and international bestseller “Buyology: Truth and Lies About Why We Buy,” this document will explore:

- Why Marketing is broken
- The importance of building brand interactions into your marketing strategy
- Measuring and identifying non-conscious drivers of brand choice
- Leveraging non-conscious drivers of brand choice in your communication and brand strategy
- A provocative application of the MindLink™ tool: Apple vs. Google – a Battle on the Non-Conscious Front

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NOTES & RESOURCES

Research and representative charts/graphs contained herein were developed by Buyology Inc. and ORC International. **MindLink™** is a rigorous measurement and analytics platform for understanding brand relationships.

Introduction

The relationship that a brand has with its current and prospective customers provides the context that determines the relative impact of everything the brand does. We know these brand relationships are greatly influenced by multi-platform media, social sharing, advocacy, and broad-based communities. As a consequence, the relationship between a brand and its customers has never been more dynamic and yet at the same time, fragile.

Until now, most marketing, advertising and branding strategies have been built on qualitative and quantitative market research. However, as over 85% of our consumer buying behavior is non-conscious, marketers can't adequately explain our preferences or likely buying decisions. Applying advances in the neurological and social sciences in understanding human brain physiology, processes and decision making now provides marketers quantitative ways of measuring and understanding brand allegiance, preference, biases and the drivers of buying decisions.

All human decision making involves both conscious and non-conscious processing. Across the globe, regardless of the language, culture, geography and politics, both the conscious and non-conscious are fundamental to the way we think and choose. Interestingly, despite our geographic and cultural differences, at a non-conscious level, our deeper human drives and motivations are more alike than different. Measuring the non-conscious more fully and accurately identifies what is really motivating and influencing behavior. New techniques for assessing the non-conscious, such as the application of latent response measurement to survey methodologies and traditional research (discussed further on page 6) are advancing accurate measurement of the non-conscious and debunking many of traditional ideas and practices around buyer behavior.

This document offers a glimpse into a proven science and technology to reveal superior predictors of behavior and brand engagement.

The Marketing & Business Landscape

In this interconnected world we now operate in, delivering meaningful differentiation to better connect to the customer is essential to success. It is not about counting clicks or measuring discrete communication vehicles, it is about measuring the impact of the cumulative effect of traditional marketing, tweeting, communities and social interaction on the relationship consumers have with brands. Understanding how your brand can stand out from the crowd and connect more deeply amidst a cacophony of marketing activities is the key ingredient to producing transformational growth in the future.

It is an old adage that you can't manage what you don't measure. Yet, traditional measures and surveys are limited in their ability to quantify the deeper human motivations that drive brand engagement, and ultimately a brand's relationship with its consumers. As neurological, behavioral and social science has progressed, new tools are available to quantify these deeper motivations around why people engage with brands.

Add to this the significant pressures bearing down on business:

- Of the more than \$1 trillion spent on marketing across the globe, as much as \$500 billion is wasted (SAS 2008 Estimate, John Wanamaker)

- CEO's are frustrated that their marketers are not delivering transformational growth (McKinsey & Company)
- An estimated 8 out of 10 consumer products fail, despite massive investments in marketing and research (Martin Lindstrom)
- The average tenure for CMOs at the top 100 branded companies is just 22.9 months – less than half that for CEOs who are in their positions for an average of 53.8 months (Spencer Stuart)

What is Business Learning from Science?

Neurological, behavioral and social science is rapidly advancing in the area of understanding the human brain and associated decision processes and new tools are emerging that enable deeper insight into human behavior and choice. In simple terms, there are two mental processes involved in every decision we make:

- Conscious decision-making involves a deliberate, rational process when weighing the costs and benefits of alternative choices.
- Non-conscious decision-making is a complex melding of impulses, reflex actions, habits, memories, emotions and instincts that occur quickly and automatically, with little awareness of feeling or effort. These non-conscious elements also compose our relationships – the ongoing context in which decisions are made and marketing stimulus is received and processed.

The decisions we make involve both conscious and non-conscious processing and both are fundamental to the way we think and choose. As our global community continues to expand through a myriad of communications channels, we find that at a non-conscious level our deeper human drives and motivations are more alike than different.

The non-conscious system is more dominant than the conscious, particularly because some of the functions are involved in survival, such as reflexes. The published literature estimates the non-conscious to be involved in at least 85 percent of our decisions, whereas the conscious, cognitive processes account for 15 percent of our decisions. For those who would like to explore the topic further, Malcolm Gladwell's New York Times bestseller *Blink* offers a simple, non-technical guide to the power of non-conscious thinking.

So why is this important to marketers and researchers? Up until now, the only tools available to understand consumer behavior have been aimed at the conscious, rational side of our decision processes. We ask consumers in focus groups or via surveys to tell us what they think; yet they are not able to access their own non-conscious drivers to truly provide deep insight. Instead they provide a rational alibi for:

- What they **think** they think
- What they **think** they feel
- What they **think** they believe
- What they **think** they'll do

Greater customer intelligence will come from gaining provocative, proprietary and actionable insight from both the conscious and the non-conscious as it relates to the relationship and the distinctive connection between a brand and its devout and future users.

Ten Universal Brand Drivers (BRDs)

Doing something meaningfully distinctive is a huge opportunity for business leaders today as they try to respond to market pressures. Measuring the deep drivers of customers' relationship with a brand produces a view of the business not seen before that will significantly enhance the future fortune of the organization. As is often the case, the advantage goes to the few who recognize that access to information *before competitors* can create a dramatic market advantage.

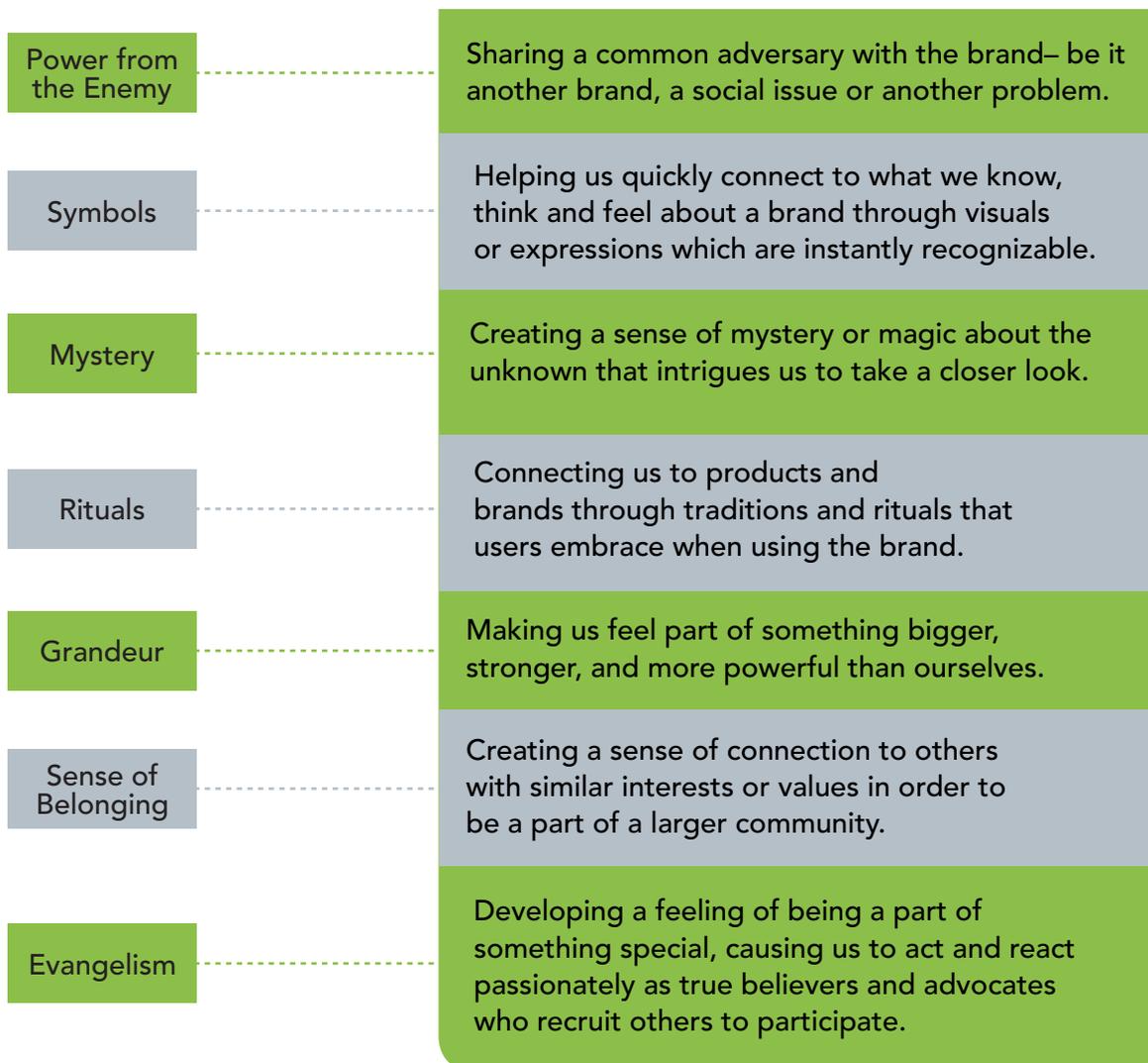
Business people everywhere are engaging in a dramatic "rethink" of how they lead, work and get results. In an age of fierce competition and stubborn recession, the status quo just won't cut it. Today, smart companies are integrating an enhanced ability to understand and measure the non-conscious to help build stronger connections with their customers into their marketing strategies. Building on the foundation of Martin Lindstrom's groundbreaking work "Buyology: Truth and Lies About Why We Buy," marketers now have ten pivotal drivers of brand relationship to:

- Help brands qualitatively and quantitatively assess their performance on each of the ten BRDs for building stronger customer connections
- Identify an "order of battle" of how to address these BRDs to enhance their brand's relationship with their most important constituents
- Develop tangible actions to strengthen the top-priority drivers and deliver immediate and longer-term brand differentiation
- Track ongoing progress while continuing to identify opportunities for improvement.

The ten BRDs are a result of six years and eight million dollars of investment in research around the world (America, Europe, Asia) to define the deep drivers of the relationship between consumers and brands. A brief description of each BRD is provided in the following chart.

Brand Relationship Drivers™ (BRDs)





Understanding, Measuring and Identifying Non-Conscious Drivers of Brand Choice

Prior to the introduction of new technologies by Buyology, Inc., there was no vehicle to measure non-conscious drivers of brand choice economically, in large-scale and across the globe. The vast majority of measurement in the neuroscience space has been conducted using fMRI or EEG measurement techniques. While all excellent technologies, these techniques are burdensome for the respondent, time consuming and costly. The methodology implemented with the MindLink™ system, represents two significant advancements in the science of measuring non-conscious response:

- The development of Brand Relationship Drivers (BRDs) framework described earlier
- The development of a unique software engine that enables us to apply the principles of latency response measurement to the issue of non-conscious behavior assessment

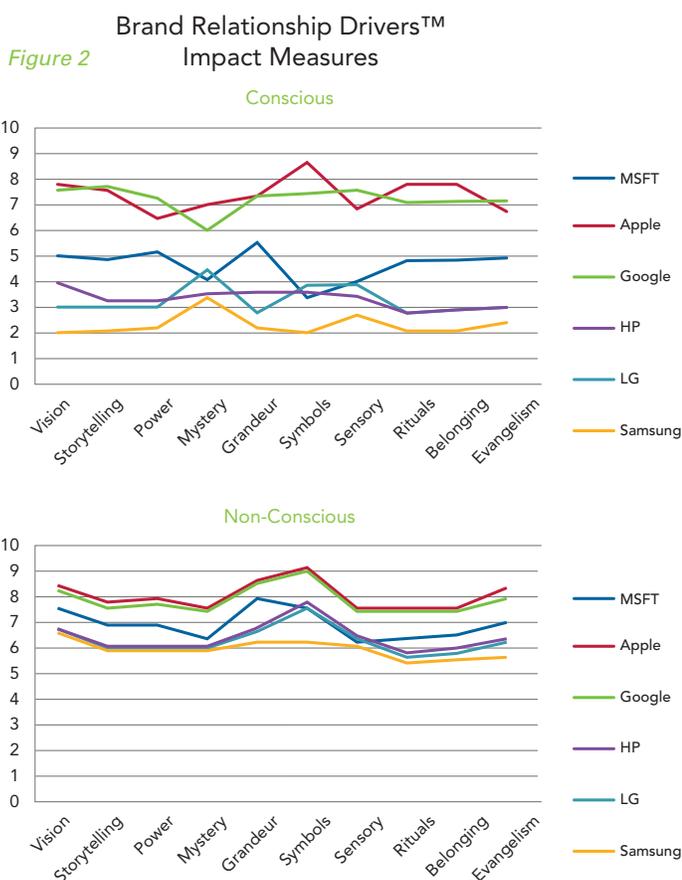
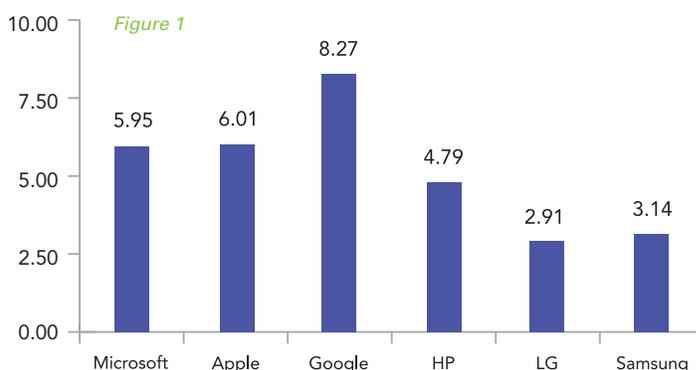
This approach to the assessment of non-conscious decision-making is best illustrated through a case study involving the assessment of BRDs in the consumer electronics space. While the case study does not represent the comprehensive level of information now available to senior executives charged with the

responsibility of managing the brand and brand interactions of their company, it does provide a glimpse into what is possible.

Learning from the Competitive Environment: Google vs. Apple - Battling on the Non-Conscious Front

A study was recently conducted comparing conscious and non-conscious results across the ten BRDs included in the MindLink™ framework. Six brands were evaluated in the U.S. by adults aware of consumer electronics brands. Some of the key findings from this early endeavor are fascinating and will be further explored in an upcoming global replication of this effort that will include the United Kingdom, China and Japan.

Finding 1, Figure 1: The chart to the right shows the results for non-conscious favorability measured using latency response. Of interest is the strength of favorability toward Google's brand compared with Apple and Microsoft. Typically, we would not expect the degree of discrimination in these results among three leading brands. Additionally, LG and Samsung trail other brands by a considerable margin in terms of non-conscious favorability.



Finding 2, Figure 2: The two adjacent charts display the 10 BRDs measured consciously and non-consciously across the six brands tested. A number of important findings result from this comparison. First is the lack of discrimination using a traditional conscious rating scale approach. A similar lack of discrimination is often seen in brand tracking studies.

Consciously, Apple beats all five other brands on each of the 10 BRDs with Google close behind on each.

MindLink's non-conscious measurement results in substantial discrimination, and while Apple and Google continue to perform the best across all 10 BRDs, there is more crossover among these top two brands. HP shows little variability across the 10 BRDs. Clearly, HP will need to assess its market position and determine which of the 10 will have the greatest impact on building stronger brand relationships with its constituents. Currently, it is leveraging

none. Finally, LG and Samsung score low across all 10 BRDs. For these two brands, considerable work is required before they will be able to leverage their brand to achieve stronger relationships with their customers.

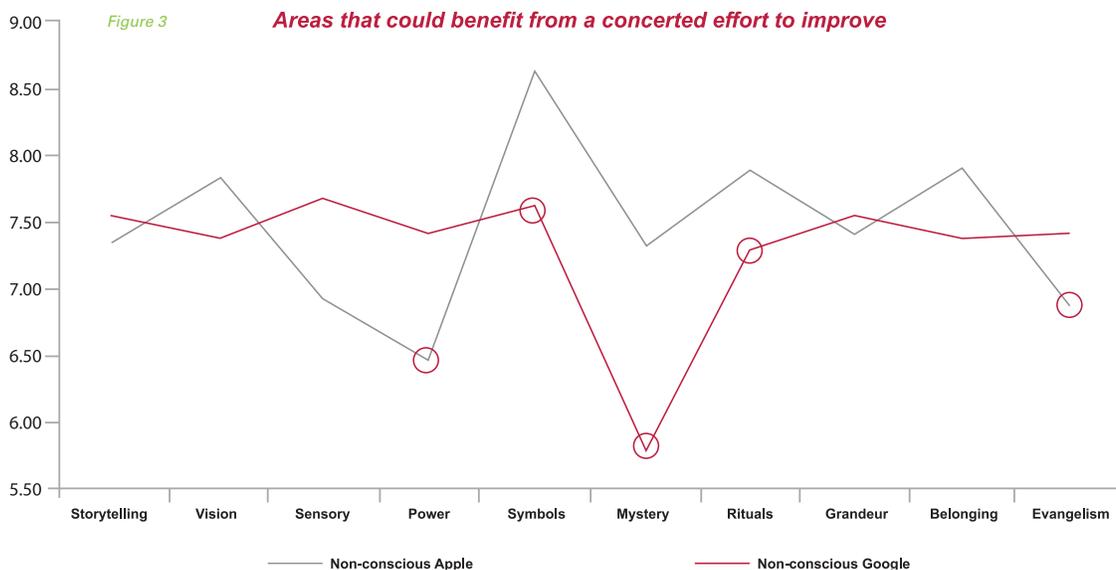


Figure 3: Based on the findings of the non-conscious research, there are some clear instructive points for Google. There are three BRDs where Google significantly lags Apple. As Google seeks to expand its participation in the digital world, it may wish to explore its use of Symbols, Mystery, and Rituals in building its customer relationships. Apple’s rich, consistent and broadly utilized iconography has clearly played an important role in its global brand recognition, while Google’s use of symbols is limited to its famous logo. Developing specific actions across Symbols, Mystery and Rituals will help Google enhance the power and utility of its brand across its nearly ubiquitous core search user base. Conversely, Apple significantly trails Google on two relationship drivers, Power and Evangelism. “Power” is best defined as helping a consumer to meet a challenge and be successful. In this case, Google’s ability to help us successfully navigate our lives via useful access across the web is an important ingredient of its relationship with its users.

Taking Action: Prescriptive actions are based on an understanding of these BRDs in a competitive context within individual markets. Communication themes and corporate behaviors need to be shaped to leverage these non-conscious drivers and there are clear methodologies to do so. Buyology, Inc. leverages the insightful analytics provided by ORC International to help clients optimize their impact in the market based on leveraging the information from non-conscious measurement tools. Achieving even a modest understanding of non-conscious decision-making can super-charge building strong relationships with customers or prospects and positively impact the bottom line.

Conclusion

Listening to the consumer has always been important in the development of effective marketing strategies, but now the impact is beyond just their conscious voice. The “old paradigm” of brand management relies heavily on the conscious measurement of brand characteristics and the verbal communication of brand messages, often with distinct twists for specific market segments of interest. Today, however, we understand that the power of the non-conscious cannot be ignored and those companies successful at harnessing it will experience superior results in engaging their customers and attracting prospects, thereby growing their brands. We assert that mastering non-conscious relationship drivers will lead to transformational growth.

Understanding the relationship drivers that connect consumers with your brand and sub-brands is the revolutionary new metric in branding today and the new science of brand management going forward. MindLink™ is the intelligence tool to measure the relationship and its drivers to enable you to change the game for your enterprise through the management of non-conscious relationship triggers.

About ORC International

ORC International is a leading global research firm with offices across the U.S., Europe and Asia Pacific region offering the unique ability to integrate primary and secondary research, competitive intelligence and expert insight to address the strategic challenges of its clients worldwide. To learn more about ORC International, visit www.ORCInternational.com or email us at answers@orcinternational.com.

About Buyology, Inc.

Buyology Inc, the world's leading strategic neuromarketing company, is in the business of quantifying, improving, and actively managing sustainable relationships between brands and their customers. Buyology utilizes its global neuroscience database to develop rigorous tools that bridge science and business to provide a provocative and proprietary understanding of consumer decision-making and brand relationships. Buyology helps significantly enhance marketing's transformational business impact. To learn more about Buyology, visit www.BuyologyInc.com.

To learn more about our MindLink™ offering, email mindlink@orcinternational.com.