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example



H1 2005 (£ millions)	<u>Diageo</u>	<u>Allied Domecq</u>
Total drink sales	£ 3,609	£ 1,236
Advertising & Promotion spend	£ 559	£ 217
Trading Profit	£ 863	£ 298
Advertising & promotion percentage	15.5%	17.6%
Sales value of marketing (sales/£1 of marketing)	£6.45	£5.70
Profit value of marketing (profit/£1 of marketing)	£1.54	£1.37

Diageo's marketing effectiveness over Allied Domecq

- +13% (sales)
- +12% (profit)

Marketing spend saving if Allied Domecq were as efficient as Diageo (per 6mth)


On Sales	£ 25 million
On Profit	£ 24 million

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so why is some marketing better?

- How does marketing work?
- What is marketing trying to do?



task

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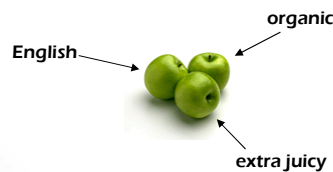
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marketing is about affecting choice

- Example: apples



- Now with labels



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things we know about choice

- Stimulus is essential
 - ✦ Customer's can't tell you (or themselves) in abstract
 - ✦ In fact customers seek out stimulation to help them make their choices
- Choices can be consistent without the customer recognising what is driving choice
- Choices are multi-dimensional
 - ✦ Functional components are only part of choice
- Rational justification may mask real drivers

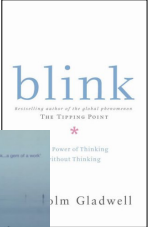
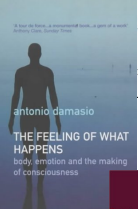
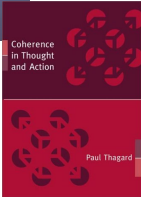


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the neurology of choice-making

- **Cognitive neuroscience is changing how we understand decision making (1995 on)**
 - ✦ *Damasio, Thagard, Gladwell, Broks*
- **Our brain takes decisions before we work out why a decision is taken**
 - ✦ *"Your conscious awareness of choosing to perform an action lags behind the neural processes that determine the choice by roughly half a second" (Broks)*
- **Conscious attention is not required to achieve decisions**
 - ✦ *Low attention advertising, recognition based ad testing (Heath)*






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the psychology of choice-making

- **Choices require emotions**
 - ✦ *The absence of the emotional parts of the brain impairs the capacity for choice irrespective of rational ability*
- **Emotions are closely coupled with sensory input**
 - ✦ *Far more closely than rational thought*
- **The brain is geared to matching and reacting to patterns**
 - ✦ *Core understanding of neural networks*
- **We react to patterns before thought gets in the way**



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a choice making model - basic

● First pass model (no learning effects)

The pattern pre-exists – that is we are sensitised to patterns through learning.

In the absence of a pattern we don't know how to respond and will try different approaches at random, or use anchoring techniques

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graph TD
    Stimulus[Stimulus] --> PatternMatch[Pattern match]
    PatternMatch --> Respond[Respond]
    Respond --> OutcomeExperience[Outcome experience]
    OutcomeExperience --> PostRationalise[Post-rationalise]
            
```

Move from stimulus-to-respond is not conscious unless we make it that way (eg catching a ball)

Conscious thought acts after the response – we feel first then we articulate.

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how does stimulus work?

- **Stimulus input comes from 5 senses PLUS all our other senses**
 - ✦ *There are more than 5 senses involved*
- **Sense areas include:**
 - ✦ *Spatial position, Position/movement, Time, Internal mood, Occasion (anticipation), Environment (heat, pressure, damp), Society/Other people, Colour/Rhythm/Sound*
- **If you think about something you will recall the memory more strongly in terms of these secondary senses**
 - ✦ *Eg The best meal you ever had*

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patterns?

- **Patterns are the mental ideas that we carry with us and use to react to the world**
- **In the absence of known patterns we would pick things at random**
 - ✦ *We may choose an item as a comparator to learn new patterns (anchoring)*
 - ✦ *We can be steered towards certain patterns (priming)*
- **Patterns are learnt continuously (consciously and unconsciously)**
- **Patterns do not exist in isolation, a single pattern gives rise to a pattern cascade**
- **Experts have bigger or more sophisticated pattern sets than beginners**



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respond?

- **The response is an action or decision or feeling or choice that we make in relation to the stimulus**
- **It can be simple or sophisticated**
 - ✦ *Simple as blinking*
 - ✦ *Sophisticated as talking*
- **The chain from stimulus to response is typically fast**
 - ✦ *Reaction level time (eg a tennis shot)*
- **If thought is involved responses are typically very very slow relatively (eg beginner learning)**

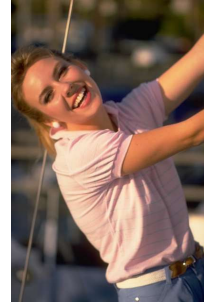


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outcome experience?

- **The outcome experience is a measure of how we feel after the response**
 - ✦ *Did the response achieve what we wanted to feel?*
- **Our assessment of the outcome experience 'tunes' and directs future patterns that we will use (feedback based learning)**
- **External cues can also be used to direct the quality of the patterns that we use**
 - ✦ *Eg coaching*
- **Pleasure and pain are simplistic examples of experience**



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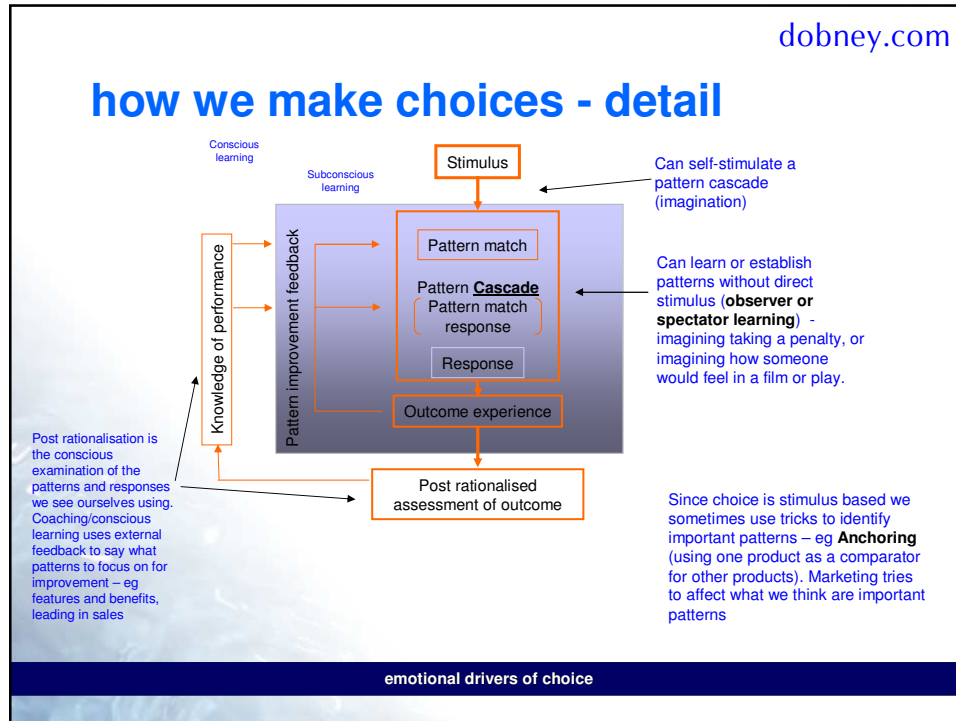
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post-rationalisation

- **Post-rationalisation is our internal thoughts looking at what parts of the patterns we see seemed to be important**
- **What we think is important is not necessarily really what is important**
 - ✦ *In sports beginners focus on the contact point with the ball. Experts on their body position relative to the flight of the ball*
- **Thoughts themselves can act as stimulus to 'test' how different patterns play out – imagination based learning and internal debate**



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- ## interpreting marketing
- **It's all in the presentation and how we tap into people's patterns**
 - ✦ Standout and creating a point of stimulation leads to responses
 - **Good marketing resonates, is relevant and is credible**
 - ✦ It has to cohere with existing patterns
 - **Customers seek stimulation when looking to purchase**
 - ✦ But they may also avoid stimulation otherwise (too tempting)
 - ✦ Presenting a range may be more powerful than single product leaflets
 - **But new products and communications may need time to be learnt**
 - ✦ It is not by chance that many famous brands are more than 100 years old
 - ✦ Much marketing stops after one or two campaigns
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so what are we buying?

- **We buy moods**
 - ✦ *Or in the negative, the absence of negative moods (avoiding hassle)*
- **In emotionally positive products we get emotional rewards**
 - ✦ *Eg Dyson, Chanel*
 - ✦ *We pay a premium for rewards*
- **In emotionally neutral products we avoid negative moods**
 - ✦ *Avoid hassle*
- **In emotionally negative products we avoid involvement if at all possible**



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more about moods

- **Shoppers are good at moods**
- **They anticipate and predict what moods they will have and shop for those moods**
 - ✦ *Friday night party*
 - ✦ *Sunday slow breakfast*
 - ✦ *Monday morning blues*
- **Also buy into mood narratives**
 - ✦ *Stories that convey different moods and transitions between moods*
 - *Eg Cinderella, Romance*
- **Women are more open about mood purchasing**
- **So why do we know so little about mood states?**



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observations

- **We must observe responses to stimulus to work out how the stimulus drives choices**
 - ✦ *self-reported measures may not be true or effective*
 - what do attitude batteries actually measure?
 - ✦ *ranking and choice making is more powerful than rating*
 - ✦ *we are like to change behaviour before changing attitudes*
- **Cannot observe stimulus response chains directly, only through post-rationalisation (which may only capture the rational patterns)**
 - ✦ *can use tools such as metaphor, projective techniques, image prompts, semiotics to probe the pattern-response chains*



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more observations

- **Be aware of just how much stimulus we can cope with, but how little we can articulate**
 - ✦ *observation identifies stimulus and response but may not tell you what the patterns are*
- **Respondents may not be hiding information, they simply may not know how their decisions are really formed**
 - ✦ *Caution about projection and over-projection*
 - ✦ *Stimulus creates responses*
- **Unconsidered post-rationalised answers may be very unstable for an individual if views are not deeply formed**
 - ✦ *Respondent's rating change in time (Ehrenberg)*



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a philosophy for research

- **Most customer decision-making is hidden**
 - ✦ *we respond to things then post-rationalise*
 - ✦ *we learn and act through patterns*
- **To understand decisions you need to look at chain of stimulus to response**
 - ✦ *much direct questioning just establishes post-rationalisation not real motives*
- **Work with stimulus to uncover decision drivers**
 - ✦ *Experiment, experiment, experiment*
- **Rational answers often mask real drivers**



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