PATH TO PURCHASE
INSTITUTE
PRESENTS:

Engaging Shoppers Through Decision Science

Marketers are turning to behavioral economics to gain a deeper understanding of how consumers shop and to exert more influence over their purchase decisions.

Written by the Institute in collaboration with the marketing arm

EXECUTIVE SUMMARY

- Long-held notions that shoppers make decisions either rationally or emotionally are being displaced by a more intuitive and interactive system of decision-making analysis.
- Applying the principles of "behavioral economics" to marketing research may provide more accurate and nuanced understanding of consumer behavior.
- Such methods can unearth the implicit associations between a brand and a consumer's deep-seated goals and values, which can then be correlated with purchase intention.
- Certain core concepts such as framing, anchoring and decision-interface may be applied in ways that can "prime" a shopping environment to trigger or "nudge" consumers toward a desired behavior.
- Behavioral and perception science-based findings can offer guidance on how to manage signals and codes along consumer and shopper journeys.
- Using these techniques, marketers can architect pre-shop programs that meet shopper needs and emotionally captivate them as they plan trips and build lists.

One of the built-in assumptions of classical economic theory is that people tend to make decisions on the basis of rational behavior. Marketing, meanwhile, has traditionally separated consumer behavior into one of two camps: rational or emotional. That is, until several years ago, when behavioral economists began to articulate a more intuitive and interactive system of decision making that suddenly called into question traditional marketing's comparatively static worldview.

Today, marketers are increasingly turning to the cognitive studies of *behavioral economics* and *decision science* as they seek a deeper understanding of how consumers make purchase decisions. While many marketers have long accepted these ideas in theory, they have only recently begun to formulate strategies that leverage such insights and techniques. Over the past year, a growing number of brands have activated shopper programs around behavioral economics, seizing upon what they view as an opportunity to exert greater influence over how consumers shop and what they buy.

"When there is choice overload, cognitive disassociation takes over and people automatically revert to a default brand or their 'normal' buy."

***Will Leach**, founder & president, TriggerPoint*

Even the most vocal advocates for adoption, however, urge marketers to proceed with caution. "It is still an evolving discipline," says Jordis Rosenquest, executive vice president of planning insights and performance science at **The Marketing Arm**, Dallas. "It will probably exist side by side with traditional marketing as our industry continues to adapt the behavioral economics framework to our specific needs."

In the meantime, marketers' keen interest in the work of pioneering behavioral thinkers like Dan Ariely and Daniel Kahneman is increasingly on display at industry conferences and events. Ariely, whose series of eye-opening books on irrational behavior includes the watershed 2008 "Predictably Irrational," gave the keynote address last year at The Market Research Event in Orlando, Florida, speaking to a broad swath of marketing executives from major CPG and retail companies. Kahneman, a Nobel Prize-winning psychologist who provided another key benchmark when he introduced a dual system of behavior in his 2011 book "Thinking, Fast and Slow," will deliver the keynote speech to a similar audience in July at the 2016 OmniShopper conference in Chicago.

Marketers are no longer simply listening to the views of the world's leading behavioral economists. More and more, they are acting on them.

"We are transforming our approach to marketing research and marketing through applying the principles of behavioral economics, and the behavioral sciences more broadly, to everything we do," says Scott D. Moore, vice president of global marketing research and analytics, **Kimberly-Clark**. "As a result, our marketing research approach gives us a more accurate and more deeply nuanced understanding of consumer behavior and its drivers. From this we can develop more innovative products and more effective marketing programs that change behavior."

PepsiCo, meanwhile, is making a major push to integrate behavioral science capabilities into its strategic planning process. Pamela Forbus, senior vice president of global insights and analytics, recently shared the company's plans to "elevate" its insights function by leveraging behavioral sciences during a presentation to The Marketing Science Institute in January. Her team now includes a dedicated behavioral science expert, thanks to the promotion of former consumer insights director Neela Saldanha to behavioral science lead within the PepsiCo Design & Innovation Center.

When brands shifted to smaller bottles of concentrated (e.g., "2x") laundry detergent, they created mental hurdles for shoppers that were overcome through the use of "anchors" such as a higher load count on packaging and messaging that turned away from price or bottle size and toward attributes like "easier to carry."

KEY TERMS, CONCEPTS AND APPLICATIONS

As marketers continue their test-and-learn approach to the behavioral sciences, it is worth pausing to define a few key terms in these many interdependent disciplines. Behavioral economics studies the effects of psychological, social, cognitive and emotional factors on the economic decisions of individuals. Unlike traditional economics, it encompasses a range of alternatives to rational thought, such as heuristics (i.e., the idea that people often make decisions based on mental shortcuts or approximate rules of thumb). An example of a heuristic is "social proof," which speaks to the influence of others on our behavior through the sharing of information or the desire to conform to social norms.

All of these ideas may be easily correlated with marketing.

Decision science is an even broader term, one that has implications for everything from culture to business to public policy. Consider the following definition from the department of health policy and management at the Harvard School of Public Health:

We make decisions every day, usually without much thought about how we make them. An intuitive, personal approach works fairly well when we're deciding whether we're going to have eggs or cereal for breakfast, but we may very well overlook important considerations and possibilities when it comes to more complex decisions [of public policy]. … For these kinds of questions – high-impact questions that involve uncertainty, risk, several possible perspectives, and multiple competing objectives – we may try using rules of thumb or panels of experts, but even these approaches can easily bypass optimal choices. Merely keeping all the variables in mind is beyond human capacity; analyzing them effectively is even more unmanageable.

Decision science steps into the breach by providing structure and guidance for systematic thinking. … Based on logical principles, and informed by what we know about the limitations of human judgment and decision making in complex situations, it allows logical and consistent analysis of the tough, complex decisions often faced by public health providers.

This constant balancing act between our intuitive and systematic modes of decision making extends far beyond government policy. As human beings, we are complex and multifaceted in the choices we make in nearly every aspect of our lives. That includes, of course, what we buy. Herein lies the challenge for marketers: The previously widely accepted notion that consumers make purchase decisions based on *either* an emotional connection to a brand *or* a series of logical, rational steps is a false choice that does not jibe with the rest of our human experience.

"As marketers, we've always used the language of 'emotional' and 'rational' when discussing which benefits our brands offered and how they made people look and feel," says Phil Barden, UK managing director of the global consultancy **Decode Marketing** and author of "Decoded: The Science Behind Why We Buy." "And we've always seen these two things as antagonistic: You can either do brand advertising, which is emotional, or product advertising, which is rational. However, science has shown that no decision is entirely emotional or rational. So the emotional versus rational model is a false dichotomy."

Kahneman's work has begun to unravel this long-held assumption. His model designates "System 1" as a much faster, intuitive mode of thinking and "System 2" as its more deliberate and rational counterpart. Both systems interact simultaneously and in concert with each other as individuals go through the intricate mental process of making decisions. The problem, says Barden, is that marketers and agencies are often tempted to pigeon-hole Kahneman's System 1 as emotional and System 2 as rational, as if the model were simply a clever new way to codify their existing approach.

"System 2 is involved in every decision, even if, as Kahneman says, it's a 'lazy controller.' It plays a critical role, which is to rationalize our own decisions and behavior," says Barden. "Even more important, marketers often miss the crucial fact that System 1 also deals with perception and attention, both of which are prerequisites for their ads, promotions or package designs to enter the brain in the first place."

To help crystallize these processes, Barden uses a metaphor in which he describes System 1 as the "autopilot" and System 2 as the "pilot." He explains: "The autopilot deals with automatic, reflexive processes that are both cognitive and affective, and the pilot deals with controlled, reflective processes that are also cognitive and affective. Take walking, for example. It's an automatic cognitive process and therefore an autopilot function of System 1, but you'd never classify walking as emotional."

Online/offline decision-interfaces such as Domino's Pizza "Easy Order Button," Amazon's One-Click buy button and Amazon's Dash wand fulfill unmet needs and are surprisingly easy to use. While experts warn against over-emulating any one approach, they do suggest that other marketers can follow suit either by increasing the reward or reducing the pain involved in using a decision-interface.

IMPLICIT & EXPLICIT THOUGHT PROCESSES

Proponents of these theories argue that a marketer's ability to engage consumers in both their autopilot and pilot systems is a crucial first step to achieving more consistent results. After all: Why do the overwhelming majority of new products fail? Why do so many campaigns fall short of expectations? Behavioral economists would say it's because while about 95% of all the choices we make are unconscious ones, most marketing is geared toward the conscious mind. Marketers seek to elicit a conscious response based on a presumption of rational thought. They want consumers to "Think Differently."

> **"We're using behavioral economics insights to more effectively architect pre-shop programs to meet shopper needs and emotionally captivate shoppers."**
>
> ***Sonia Dalvi***, *senior brand manager, Chobani*

Marketers who employ the even broader behavioral science approach seek to balance rational considerations with one of the core tenets of motivational psychology. That is, underlying all human behavior is a series of deep-seated goals and motivations. The highest order of these may be, for example, to find love and happiness. In marketing, those same concepts may be translated into such basic questions as: What do we want from a store, brand or product (our goal)? And why do we want it (our motivation)?

While marketing often addresses the rational wants and needs of consumers, it rarely speaks to these more basic human goals and motivations. Nor does it typically distinguish between what behavioral economists often refer to as the "implicit" thought processes of System 1 (e.g., our perceptions, instincts and "gut" feelings) and the "explicit" processes of System 2 (our more thoughtful, reasoned choices).

"Goals can be explicit and functional, but we've learned that brands are also instrumental in helping us achieve implicit, neuro-psychological goals," says Barden. For example, he notes, a mom might tell a household marketer: 'I want a detergent that cleans my clothes and leaves them smelling fresh." But once the marketer digs deeper into her implicit goals and motivations, that same mom might say: "I want detergent that liberates me from the psychological pressure of not wanting my kids to play outside and get dirty, because that increases my workload. At the same time, I'm struggling with knowing that I'm curbing their development if I don't let them go play."

Such conflicting goals and motivations factor even more prominently in decision making when consumers are faced with an overwhelming number of choices – namely, in a typical store environment. This has clear implications for shopper marketing programs.

For example, let's say a new flavored vodka brand launches a shopper program around the insight that its target female customer prefers to serve flavored drinks at parties. A supporting ad campaign associates the brand with bar settings and other hip social situations; similar messaging is reinforced in stores through promotions, merchandising and displays. The marketer's (and retailer's) intent is to firmly establish in the shopper's mind that this particular vodka is the fun and exciting brand of choice.

Once the shopper reaches the vodka aisles, however, she is bombarded by a vast array of competing products, images and messages. As soon as this happens, the association that the new vodka brand worked so hard to establish immediately gets tossed aside amid all the conflicting signals, says Will Leach, founder and president of **TriggerPoint**. "When there is choice overload, cognitive disassociation takes over and people automatically revert to a default brand or their 'normal' buy," he says. "Behavioral design takes all of this into account. It's less about brand building and more about tapping into the non-conscious goals and motivations that drive shopper choice."

THE MECHANISMS OF THE AUTOPILOT

Research will play an important role as marketers continue to hone their behavioral science strategies. Traditional focus groups, surveys and even behavioral tools such as ethnography studies and shopper labs are all designed primarily to uncover the explicit workings of the pilot system. Nearly all of these methods rely to some degree on a consumers' ability to articulate the thought processes or steps that led to their purchase decisions – a precarious assumption, behavioral economists argue, that often leads marketers down the wrong path.

"Marketers are well aware of the limitations and biases of stated or explicit measures of things like awareness, brand recall and purchase intent," says Sara Hightower, director of planning and insights at The Marketing Arm. "Behavioral economics takes the other side of the coin. It helps us to understand the implicit drivers of shopper behavior."

Thus, marketers are increasingly turning to implicit research methods to delve further into the mechanisms of the autopilot. These methods seek to isolate the tendency for the pilot to rationalize the more natural impulses of the autopilot, particularly in situations like focus groups where consumers are asked to explain their impressions or behavior. Implicit research tools often measure responses based on reaction time to reduce the compensating effect of System 2 on System 1. Barden explains:

"The term 'implicit' can be used generically to cover the automatic processes of System 1. Tools such as biometric measures, EEG and fMRI could all be said to be implicit," he says. "However, we use the term in the specific sense of implicit association, which originated in social psychology. Academics in that field knew that there was a difference between what people said about their attitudes and beliefs and their actual behavior, so they developed a method, based on reaction time, that could disable System 2's 'policeman' so that peoples' responses were a much truer measure."

Through such methods, marketers may gain a deeper understanding of the implicit associations between a brand and the consumer's more deep-seated goals and values. "We can also measure the impact of stimuli on those associations," notes Barden. "For example, how does an ad or a pack design shift associations? Or how does a sponsorship fit with the brand's equity? We can correlate these associations with purchase intention to find out what's driving purchase, which is where this approach is really powerful."

"Science has shown that no decision is entirely emotional or rational. So the emotional versus rational model is a false dichotomy."

***Phil Barden**, UK managing director, Decode Marketing*

CORE CONCEPTS & TOOL KITS

When working within this new framework, experts advise marketers to keep certain core concepts in their tool kit. These include *framing*, *anchoring* and *decision-interface*. Each of these ideas may be applied in ways that – in the language of behavioral science – "prime" a shopping environment to trigger or "nudge" consumers toward a desired behavior. Let's take them one at a time:

- ***Framing.*** Framing speaks to the importance of context in any given situation; it is literally what surrounds or frames a brand or product. Framing may have implications for everything from the impact of packaging on brand perception to the perceived value of a product featured in an endcap display to a brand's positioning in advertising copy. By triggering our automatic instincts and our senses of perception, framing taps into the implicit thought processes of the autopilot system.

  In advertising, for example, research has shown that consumers respond more favorably to a message that is framed by the danger of losing something than one that is oppositely framed as a means of gaining something they don't already have. Behavioral economists often talk about this as a perceived cost/benefit value equation in neuropsychological terms: Net value = reward (benefit) – pain (cost).

  The Edison company confirmed that theory by testing a campaign to get customers to sign up for an energy conservation program using two different framing approaches: 1) "If you use energy conservation methods, you will save $350 per year;" and 2) "If you do not use energy conservation methods, you will lose $350 per year." While the offer was exactly the same in both cases, the motivation to sign up for the program was much higher in the second version (which performed much better) because of how it was framed.

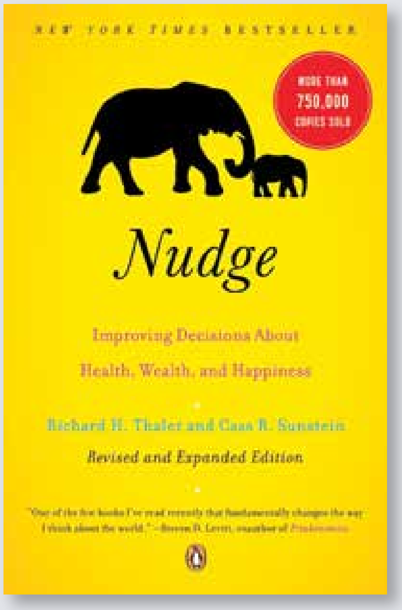
- ***Anchoring.*** Anchoring establishes a reference point that communicates a certain level of perceived value. For example, apparel retailers often display previously discounted prices on sale items as an anchor to communicate to shoppers that they are getting the most for their money. Many bargain hunters would say the tactic often works. Why? Because, as with framing, anchoring mechanisms can trigger a powerful implicit response that determines which product a consumer chooses to buy.

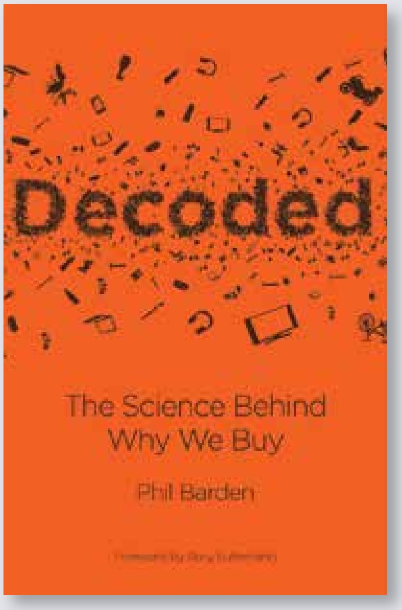
  As another example, the number "9" is widely used as an anchor in business – with good reason. Just ask

Culture of Irrationality

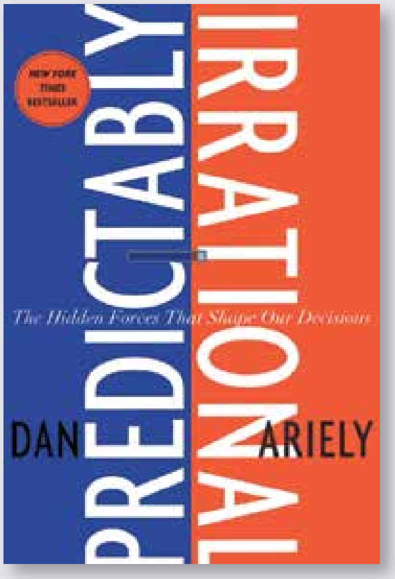
Marketers are relatively new to the field of behavioral economics, but they're in good company. In 2014, the U.S. government formally introduced a behavioral insights team charged with making federal programs simpler and more effective. And after all, if the science can do that, it is certainly reasonable to think it could improve marketing.

Behavioral science has the power to leverage the intuitive and irrational—yet often predictable—ways in which human beings make decisions. In the decoy effect, for example, people will gravitate toward one of two options when also presented with a third option that is "asymmetrically dominated." Dan Ariely illustrated this concept in his book Predictably Irrational by suggesting that if people were given three choices of honeymoons—Paris (with free breakfast), Rome (with free breakfast) and Rome (no breakfast included), most would likely choose Rome with the free breakfast. In this case, Rome with no breakfast is the decoy that leads to a much clearer choice.

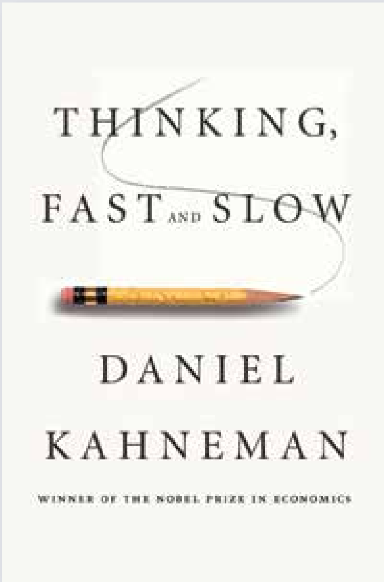




Awareness of these principles is spreading throughout our culture. The Obama Administration labeled its new team the "Nudge Unit," a homage to the concept of a nudge first introduced in a book about improving decisions related to health and wellness by Richard Thaler and Cass Sunstein back in 2008.



In that writing, a nudge was defined as "any factor that significantly alters the behavior of humans." The authors cited an example of a cafeteria in a large public school system that was redesigned using behavioral insights to get students to choose healthier foods. The program was successful simply by rearranging the location and placement of food items—without a single change to the menu—in way that triggered automatic responses and nudged students to make smarter choices. "School children, like adults, can be greatly influenced by small changes in the context," the authors wrote."



Our federal government is slowly learning this lesson. Administrators now acknowledge that a complex application form for student aid can cause some students to delay or forgo completing the application, or put off going to college altogether. On the contrary, streamlining the process (such as by pre-populating a form with families' existing tax return data) can significantly boost enrollment rates. Plus, federal agencies have been able to increase the revenue they receive from government vendors by simply putting the signature box at the top of a form that the companies used to report the rebates they owed Uncle Sam, thereby nudging the respondents to be more honest in the process.

Marketers: Can your "nudge unit" be far behind? ■

the retail customer who, after declining to purchase a $10 product, later acquiesces for the exact same item priced elsewhere at $9.95. On the surface, these kinds of behaviors may not seem particularly "rational," but they make perfect sense within the context of a dual system of decision making. "There is a great deal we can leverage from decision science on how to use perception to increase the 'value' of a discount or make a price seem lower than it is," says Barden.

Across the consumer products landscape, there are many opportunities for marketers to apply these first two techniques. Take laundry detergent. The recent shift to smaller bottles of more concentrated (e.g., "2x") cleaners was initially a mental hurdle for many consumers. Yet brands have largely overcome this obstacle by establishing perceived value through the use of anchors, such as a higher load count on packaging, and by reframing marketing messages away from price or bottle size toward attributes like more powerful, easier to carry or fewer washes.

"Decision science will exist side by side with traditional marketing as our industry adapts the framework to specific needs."

Jordis Rosenquest*, EVP of planning insights and performance Science, The Marketing Arm*

This idea of reframing a product or product category is particularly important when CPG marketers seek to position a familiar product in a new way. In the growing breakfast snack bar category, for example, consumer behavior has already begun to shift to allow for expanded breakfast options, opening the door for marketers to nudge shoppers toward additional usage occasions for their products. The Marketing Arm recently tapped into these trends as it planned the launch of a new breakfast snack bar for one of its packaged goods clients.

"We saw that consumer behavior had 'snackified' breakfast beyond a single point in time, with a broad range of solutions from fruit, to oatmeal to vitamin drinks, in which some items were grabbed at home, some on the way to work or some at work," says Stephen Parker-Eaton, vice president of planning at The Marketing Arm. "Weekday breakfast has become a progressive event. And because of this, the shopper was not sure where or even how to shop for snacks that were breakfast specific."

To provide context for the shopper, TMA reframed the occasion as a "second breakfast," creating messaging on shelf to pair the bars with other breakfast items like coffee and instant oatmeal. "Standard marketing in the category tends to focus on contrasting one brand's nutritional attributes to another's," notes Parker-Eaton. "We offered behavioral cues for new usage occasions to help grow the entire category."

- ***Decision-Interface.*** A decision-interface may refer to any object with which consumers interact that adds a trigger or removes a barrier to prompt a desired behavior. In a restaurant, a menu can be a critical decision-interface; in a grocery store, an aisle display may play a similar role. Smartphones are becoming an increasingly important decision-interface, as more individuals use their digital devices for shopping-related purposes and to carry out mobile payments. Thus far, mobile marketers have had mixed results in leveraging smartphones as a decision-interface. (For the good, think about your favorite mobile website; for the bad, think QR codes.)

Amazon.com, meanwhile, has built an entire portfolio of online/offline decision-interfaces – most notably its One-Click buy button and the Dash wand for at-home use – that appeal tremendously to customers because they fulfill an unmet need and are surprisingly easy to use. "People love buttons," observes Rosenquest. "Customers have shown us over and over: Give them a button and they'll push it."

Other marketers can follow Amazon's lead either by increasing the reward or reducing the pain involved in using a decision-interface, says Decode Marketing partner Johannes Schneider. "We advise clients to not look at individual decision-interfaces in isolation," he says. "It's about building an entire decision architecture in which every piece works together to create the behavior you want your customers to have."

PUTTING IT ALL TOGETHER

So what do marketers do with all of these new concepts? How do they translate the main tenets of behavioral economics into a cohesive strategy that merges with their existing approach? According to many experts, it will require shopper marketers, for one, to seriously reexamine some of their bedrock principles.

Putting Ideas into Action: The Protein Bar

In early 2015, The Protein Bar had a problem. Though it had grown from its initial niche roots as a post-workout, quick-serve chain into a more inclusive, health-focused dining establishment, many of its loyal customers kept ordering a limited number of familiar menu items – a pattern of behavior that seemed more driven by a habit than by real, considered choices.

Thus, The Protein Bar turned to its agency partner, Dallas-based TriggerPoint, for ideas on how to use behavioral design principles to get customers out of their food rut.

Upon conducting a series "behavioral audits," TriggerPoint determined that many of the conditions inside the restaurant – everything from the floor layout to the signage and even the choice of background music and TV stations – were creating an environment that hindered experimentation on an intuitive level. Moreover, the menu lacked behavioral shortcuts or design cues that would trigger more adventurous choices. In Chicago, for example, haphazard nomenclature ranged from generic sounding food items such as a "Buffalo" salad to "Signature" drinks named after local attractions. A Comiskey Cocoa or Wrigley Peeled, anyone?

"Without an intuitive choice architecture or behavioral designed shortcuts, there is a higher likelihood of choosing habitual menu items because they are simpler, safer choices," says TriggerPoint founder and president Will Leach. "We needed to move customers from a prevention motivational state that seeks to minimize risk to a promotional motivational state that rewards risk taking and discovery."

An ensuing menu intervention led to a complete menu design overhaul that leveraged proven behavioral concepts such as scarcity (using tags like "limited time only") and the copy effect (using words like "most preferred" or "our favorite meal"). Burying prices in small type reduced the chance for cost to be a "key choice criteria," explains Leach. Meanwhile, a simpler naming system and visual anchors such as an appetizing close-up shot of steel-cut oats were provided to reduce complexity and focus customer attention, he says.

A series of "behavioral audits" showed that the environment inside The Protein Bar, and especially the menu, lacked design cues that would trigger more adventurous dining choices. A menu redesign leveraged behavioral concepts such as scarcity ("limited time only") and buried prices in small type to reduce the chance that cost would be a driving criteria. A simpler naming system and visual anchors reduced complexity and focused customer attention.

A cranberry red menu background color and wood trim were also employed to increase engagement and communicate stronger attributes of a natural food setting. "Dark red colors have been shown to increase appetite and excitement," notes Leach. "When combined, each of these subtle design cues can have a powerful effect in driving the desired customer behavior." ■

"The whole idea behind shopper marketing is to produce a set of tactics and activations that bring a brand to life at retail. That's a fundamentally flawed base upon which to drive sales because it assumes that brand equity is the only driver of shopper choice," says Leach. "There are many other factors in the autopilot that are more predictive of behavior, particularly as you get closer to the moment of truth."

"Behavioral and perception science based findings gave us clear guidance how to manage our signals/codes along the consumer and shopper journey."

***Marc Heimeier**, international marketing director, Henkel Laundry & Home Care*

So what would a shopper program look like if it were viewed through a behavioral science lens? Consider another hypothetical example:

Let's say that a well-known candy company learns through extensive data analysis of past purchases and brand surveys that many of its best female customers are looking for entertainment solutions that "bring their families closer together." This becomes a key insight for a co-marketing shopper program that pairs the company's leading brands with various other products in the entertainment category. All of the tactics and messaging are framed around the same idea of bringing families together.

Behavioral economists would identify at least two flaws in this approach. First, given the tremendous number of snacking and entertainment choices in stores, shoppers will only respond favorably to the manufacturer's messaging to the extent that they already associate its brands with family entertainment. "If that association isn't in her mind when she arrives in the store, there's nothing you can do in the store to get it there," says Kathleen Colditz, SVP Planning/Shopper, The Marketing Arm. "A shopper program has to build off the real associations that people have with your brand."

Second, other goals and motivations are likely driving the mom's behavior beyond her explicitly stated desire to bring her family together, adds Barden. "I'd want to dig deeper to find out which neuro-psychological goals were driving that desire," he says. "You might discover that some moms want to be recognized as great homemakers because this gives them a feeling of superiority over other moms, while others might want to be rewarded for a sense of caring for others."

Once the marketer determines an appropriate mix of tools and messages for the program, it has to then provide additional triggers that will prompt a specific decision, says Rosenquest. "Those could be coupons or other offers in the pre-shop phase, when there's a window of opportunity before she gets into the store," she notes.

Sonia Dalvi, senior brand manager for **Chobani** yogurts, says that's exactly what her shopper marketing team is doing. "We're using behavioral economics insights to more effectively architect pre-shop programs to meet shopper needs and emotionally captivate shoppers as they are planning their shopper trips and building their grocery shopping lists," she says. "Over the long term, this approach will drive greater growth for both retailers and brands."

Marc Heimeier, international marketing director for **Henkel's** Laundry and Home Care business unit, takes that argument one step further. "Behavioral and perception science based findings gave us clear guidance how to manage our signals/codes along the consumer and shopper journey," he says. "This has led us internally to more consistent discussions and finally executions. It creates a bigger impact on point-of-sale and better recall and brand assignment in above-the-line executions."

Many proponents argue that behavioral science and shopper marketing have a natural affinity for each other. The future of both disciplines, they say, is inexorably intertwined. "The application of behavioral science should ultimately reside within the insights group, because these are the people that study human behavior every day," argues Leach. "I believe that the future of shopper insights rests with behavioral design."

Hightower adds that clients are increasingly receptive to the language of behavioral economics. "We usually bring the language to them, but when we do, we see a light bulb go off," she says. "There's an assumption that it's easier to foster autopilot decisions in a low-involvement [CPG] category. However, we've found other industries with higher involvement in which there is a place for behavioral science. We recently had a prospective client meeting with a durable goods company – a much more expense framing – and we all agreed the strategy made perfect sense."

For marketers who are intrigued by the subject but still not quite convinced of the efficacy of behavioral economics, Barden suggests an approach that would enable marketers to learn through self-teaching while potentially moving their organizations a step closer to the desired changes.

"Look at what others are doing: social proof is a powerful heuristic," he says. "If I know that company X has adopted a new approach and I respect company X – or maybe they're my competitor – then I'm more likely to investigate that new approach because the risk of change is reduced."

Barden concludes: "I see an increasing number of companies investigating these new approaches. I believe that the adoption rate will increase as people realize the validity argument and find that they're achieving better analytical, and predictive, power." ■

About the Author: Michael Applebaum is a freelance writer and editor who specializes in developing features that address all aspects of marketing. He trained in the New York City publishing industry and held senior-level editorships at *Brandweek*, *Photo District News* and *Spy* magazine. He has covered marketing since 2000 and now produces various independent research, copywriting and editing projects for businesses and agencies. His marketing journalism work has been regularly featured in *Adweek* and *Shopper Marketing* magazine. He is based in Chicago.

GLOSSARY OF TERMS

Anchoring: Any reference point used to communicate a level of value to the consumer. The number "9" is often used as an anchor for the price for goods or services.

Autopilot: A metaphor often used to describe the automatic thought processes of System 1 in Kahneman's model.

Choice Architecture: The context in which things are organized in a particular way to influence our decisions.

Context: A situation in which implicit messages may be perceived and behavioral outcomes are driven by basic goals and motivations.

Decision-Interface: An object that provides a trigger or removes a barrier to produce a desired behavior. Product packaging, aisle displays, restaurant menus and smartphones may all be used in different contexts to influence behavior using a decision-interface.

Decoy Effect: The phenomenon whereby consumers will tend to have a specific change in preference between two options when also presented with a third option that is asymmetrically dominated.

Explicit: Used to describe behaviors, desires or thought processes in the conscious pilot system or System 2.

Framing: Anything that may surround a product or brand (e.g., packaging, displays) that influences behavior by tapping the autopilot mechanisms of System 1.

Goals and Motivations: The underlying psychological drivers of behavior that complement rational decision-making processes.

Heuristic: A mental shortcut or approximate rule of thumb that substitutes for rational thought when making a decision.

Implicit: Used to describe behaviors, desires or thought processes in the non-conscious autopilot system or System 1.

Motivational Approach: A tenet of motivational psychology that defines our goals and motivations as being in a risk state of either promotion (seeking benefits and rewards) or prevention (seeking security and eliminating risk).

Pilot: A metaphor often used to describe the more deliberate and rational thought processes in System 2.

Priming: Providing cues that puts the shopper in a specific motivational state and sets the stage for a desired behavior. Sensory cues like colors and scents can "prime the need" for a greater willingness to experiment or buy.

Value Equation: A way to define the perceived value of a marketing message, price or promotional offer in terms of reward (benefit) or pain (cost); the neuro-logic breakdown of a purchase decision may be defined as net value equals reward minus pain.

About The Marketing Arm

Founded in 1993, The Marketing Arm is a brand engagement agency with deep expertise across 12 disciplines: Content, digital, entertainment, experiential, health, influencer, multicultural, promotions, shopper, social, sports and celebrity talent.

With a focus on sophisticated planning across all promotional channels, The Marketing Arm develops comprehensive integrated marketing programs for more than 100 blue-chip brands.

Recognized for its creative client work, The Marketing Arm has won more than 100 major industry awards and honors over the last three years, including multiple Cannes Lions, ONE Show Pencils, Effies, Clios, Addys and Reggies.

The Marketing Arm has a distinctive culture that affects its 750-person staff. As part of the DAS Group of Companies, a division of Omnicom Group Inc., The Marketing Arm executes global campaigns through our offices in Dallas, Chicago, Los Angeles, Miami, New York, Hong Kong, London, Manchester and Sao Paulo.

The Path to Purchase Institute is a global association serving the needs of brands, retailers, agencies and the entire ecosystem of solution providers along the path to purchase. The Institute focuses on the forward-looking challenges and issues confronting our members and the shopper marketing industry at large. We facilitate industry interaction and foster best practices and a deeper understanding of all marketing efforts and touchpoints that influence and culminate in purchase decisions in-store, online or anywhere along the path to purchase.