

System1

Unlocking Profitable Growth



Kearon Ewing Wood

System1 Group

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Welcome to System1

Unlocking Profitable Growth

Just as “nothing in biology makes sense except in the light of evolution”, nothing in marketing makes sense except in the light of evolutionary psychology.

In fact just two simple insights from this field can transform business (and government) decision-making for the better. First of all, that it may not have been valuable in evolutionary terms for us accurately to understand the true reasons for our attitudes or actions, nor to describe those reasons honestly to other people. Second, that we are calibrated to avoid disaster more assiduously than to pursue perfection – the main reason, I think, why people pay a premium for recognisable brands.

By placing marketing – at last – on solid psychological foundations, this book will not only make you better at your job, it will also make you better at explaining it to everyone else.



Rory Sutherland



“

System1 takes the apocryphal lament, ‘half my marketing is wasted, I just don’t know which half’, and shows companies how every penny of their marketing best contributes to profitable growth. Though written for marketers, CEOs and CFOs will thoroughly enjoy the demystification of marketing and knowing exactly how it best contributes to the company’s bottom line.

Stefan Barden

FTSE 250 and Private Equity CEO who has led award-winning marketing teams



“

A must-read book for anyone interested in learning about how iconic brands are built. A simple, compelling and inspiring case for the power of emotion as the key to advertising that can transcend a category and unlock disproportionate growth.

Guy Escolme

Global Brand Director, Johnnie Walker, Diageo



“

To unlock anything you need a key. This book is the key to doors you didn’t even know you needed to open. A treasure trove of wisdom, insight and nuggets of mind-blowing truth about how people think. What’s the key to understanding the people we’re marketing to? You’re reading it right now.

Sherilyn Shackell

Founder CEO of The Marketing Academy



“

A game changer. Competitive strategy and marketing practice will never be the same again. It demonstrates that a rigorously scientific approach to human behaviour and corporate performance trumps the banalities espoused by most business texts and the commonplace misconceptions that too easily pass for marketing wisdom. The best read in a long, long time. The book on business I dearly wish I’d written.

Jules Goddard

Author, Copywriter, Lecturer LBS

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And a special treat at the end



Chapter One

Decision-Making



If you don't understand the mechanics of the thing you're trying to change, how can you hope to achieve the change you want? Read this excellent synthesis of what contemporary behavioural science tells us and you'll give yourself a whole better chance. Great stuff!

Mark Earls

Author and Ambassador of The School of Life



A thoroughly enjoyable read. A fantastic explanation of decision-making – engaging and thought-provoking. This chapter both tickles your System 1 and satisfies your System 2.

Alain Samson

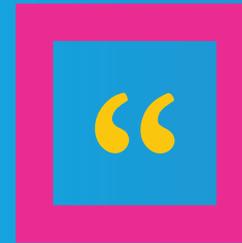
Founder of Behaviouraleconomics.com



A desire to understand how people work has long been a publicized tenet of market research; understanding how people work in order to make societies/governments/companies more efficient is perhaps the less publicized and possibly more important aspect of the profession. This seminal book shows you how.

Finn Raben

ESOMAR Director General



It is great when the best description of the role System 1 and 2 play in decision making, also happens to be the most entertaining – and the shortest! Don't be deceived, this chapter is far more than just an elegant, accessible summary of Behavioural Science. It achieves the near impossible – telling you all you need to apply the thinking, but leaving you wanting to learn more.

Peter Totman

Head of Qualitative Research, Jigsaw Research

“

We think
much less
than we think
we think.

From the Ice Age to the iPhone

Our story starts 20,000 years ago, at the iciest point of the Ice Age.

Human beings have it tough. Plagued by parasites, harassed by predators, constantly foraging for food, with nothing to help them beyond basic tools and clothing. Life expectancy is low, disease is rife, and as for the weather? Let's just say they're crying out for some global warming.

However, they have one seriously big thing going for them. Ice Age humans have a brain that's *doubled* in size over the previous two million years – an evolutionary spurt that's left them with a fantastic advantage. As well as the standard “lizard brain” which governs primal drives and involuntary physical reactions they have a mechanism for making judgements and choices. In short, they can think.

This book is about how people think.

Our typical Ice Age human has to survive in a brutal environment, making life or death decisions every day. Most of these decisions are taken very quickly. Some are habitual – securing the skins over a shelter against the winds. Some are learned – recognising instantly whether tracks in the snow are from a deer or a wolf. Some are

governed by emotional response – judging whether a stranger with furs to trade is trustworthy. All these decisions involve complex choices that have been simplified into quick judgments that feel right.

Sometimes our Ice Age inhabitant faces judgments that can't be resolved so quickly. For example, they find tracks in the snow which have partly thawed. Their pattern recognition skills can't immediately decipher if the tracks belong to prey or predator. Or a hunting party has got lost, and needs to calculate the way back to the tribe by complex observations of the stars and moon. These aren't snap decisions – they're more difficult and require a more considered kind of thinking. But this kind of decision is also quite rare.

So why start a book about 21st century marketing by harking back to the Ice Age? Because as far as brains go, that was as good as it got. Our brains have actually *shrunk* over the last 20,000 years – Ice Age humanity's brain volume was around 10% greater than ours.

We're not becoming less intelligent – there's no definite correlation between brain volume and intelligence. But the great evolutionary surge seems to have halted for now. Despite all our gadgets and devices, we're inherently no different from Ice Age humans.

We still have the same crucial ability to think. And we still think in the same way – the vast majority of our decisions are quick and instinctive, and driven by emotion and experience. And a few are more difficult and considered, usually when we have to process complex or ambiguous information.

Nowadays we have names for the two ways human beings make decisions. The quick, instinctive way is called *System 1* and the difficult, considered way *System 2*.

This book is about how marketing looks when we realise that practically all human choices are made through System 1. They are, as psychologist Gerd Gigerenzer puts it, *fast and frugal*.

In this book we explore how a lot of the conventional wisdom about consumers rests on a false premise – it assumes people use System 2 to deliberate over the choices they make. In most cases, they don't. It's a System 1 world. And that changes everything.

First, we'll explain how and why System 1 works so well. Then we'll look at four aspects of marketing from a System 1 perspective: *innovation, advertising, brand building and shopper marketing*. For each, we'll focus on one principle that will help your business unlock its potential for profitable growth.

So get ready to explore the reality of human decision-making. Get ready for System 1.

Yellow Blue
Red Black
Red Purple
Blue Green
Red Black

Fight your System 1 brain

Quickly say the colour the word is written in, as you read each word.

The Power of System 1

Say out loud the numbers that make up your birthdate.

Now, say them backwards.

The first task employed System 1. You've used that sequence of numbers so many times – you can rattle it off without thinking.

But for the second task, you needed to pause, think, and engage your System 2 brain to reverse that familiar sequence. It wasn't so easy. In fact, we'd bet that most of you won't even have done it. You probably got one or two numbers in and stopped. You need to go back and do it properly to get the full System 2 effect.

If you did stop, no need to feel bad – skipping a difficult task is exactly how our minds are meant to work. Using System 2 isn't just more difficult, it's more annoying. If we can avoid it, we usually do. To paraphrase Daniel Kahneman, the psychologist who popularised the System 1 and System 2 model, *Thinking is to humans as swimming is to cats. They can do it if they have to, but only in dire emergencies.*

Kahneman is one of our most important modern thinkers, the only psychologist to have been awarded the Nobel Prize for Economics. He got it for his work with the late Amos Tversky on Prospect Theory,



Science is not only a disciple of reason but, also, one of romance and passion.

Stephen Hawking

the branch of economics which explores understanding of risk. Kahneman and Tversky's great insight was that faced with risks – when buying insurance, for instance – people don't make decisions based on precise probabilities, even when they know them. Instead they use a heuristic – a mental shortcut – which over-estimates the chance of unlikely but major losses, and use that as the basis for their choices.

This helps explain why so many more people are scared of getting into planes than getting into taxis, even though air travel is statistically far safer than road travel. The unlikely but catastrophic event looms more heavily in their mind, outweighing a more rational calculation of risk.

With their Nobel-winning work, Kahneman and Tversky highlighted two different ways of thinking. One was calculating, considered, and weighed up outcomes based on evidence. The other was fast, intuitive and based on simple heuristics to make decisions more quickly.

Over the next thirty years, Kahneman studied these two modes of thought. His life's work is summarised in his best-selling book, *Thinking, Fast And Slow*, in which he sets out how the two systems work.

It's a very dense book but one that should be on every decision-maker's shelf. And there are three principal conclusions to be drawn from it.

The first is how System 1 and System 2 work together. System 1 simplifies decisions and allows judgements to be made more

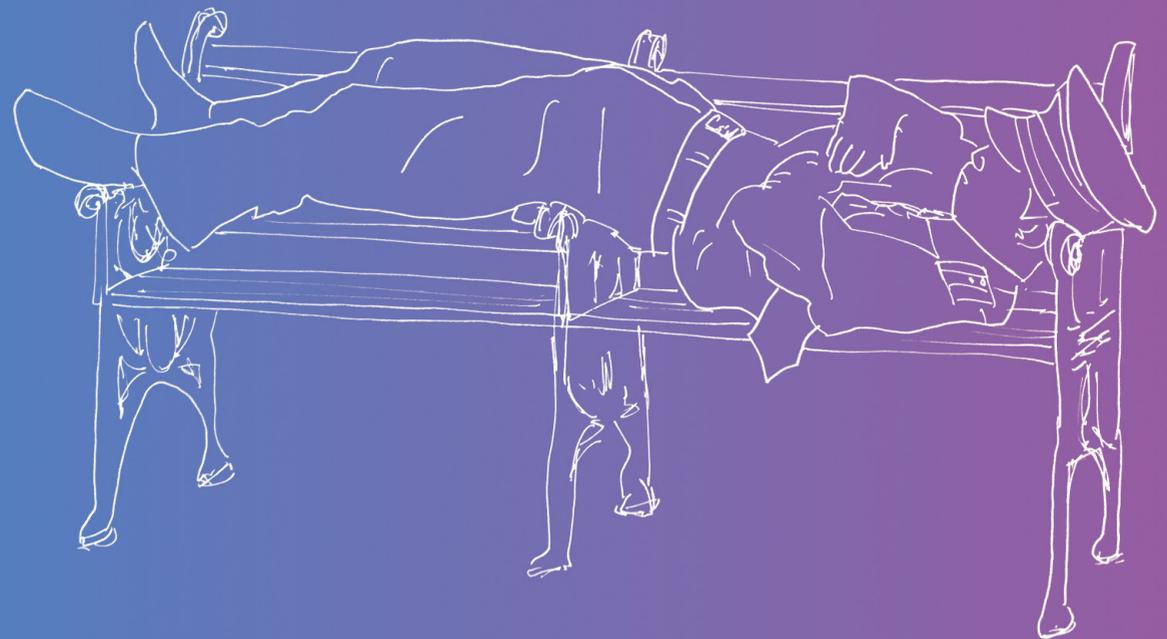
quickly and easily. System 2 evaluates options more deliberately. But in most cases, this evaluation is little more than a rubber stamp: System 1 is so effective in simplifying decisions that no great consideration is needed. Kahneman calls System 2 the “lazy policeman” – it monitors System 1 decisions and has the authority to intervene, but seldom does because it is effortful to do so.

The second conclusion is that System 1 underpins every decision we ever make – you can’t switch it off. All choices involve System 1 simplifying decisions, before the “lazy policeman” either waves them through or stops them and examines them more carefully.

Which leads to the third and most significant conclusion. In our everyday lives, System 1 is far more influential and powerful. It governs the majority of our decisions. System 2 is only there for the rare occasions when System 1 cannot make a quick decision.

So how did humans come to have this dual-system brain in the first place?

The Lazy Policeman



— ORLANDO WOOD —

The Roots of System 1

If human beings have a fast, instinctive mode of decision-making and a more cautious, calculated mode, isn't the more cautious one more useful? In a word, no.

If you've come across System 1 and System 2 before, you've probably seen the System 1 choices described as "irrational". Behavioural science books like Dan Ariely's excellent *Predictably Irrational* stress how real human behaviour seldom follows the rational path that economists assumed underpinned our decisions.

So it's been too easy to say that instinctive decisions are 'wrong' and considered choices are 'right'. As Gerd Gigerenzer points out in *Gut Feelings*, the idea that intuition is inferior to logical reasoning has been part of our culture from Aristotle onwards. Ironically, the sense that gut instincts must be wrong is, in itself, a gut instinct.

If quick, instinctive decisions really are inferior, why do we rely primarily on them? Why relegate our considered reasoning to the "lazy policeman" role? Simply because, in most situations, System 1 works extremely well. Humans use it for very sound reasons: it helps us conserve energy and react to situations quickly and efficiently. As Gigerenzer puts it, System 1 makes decisions "fast and frugal".

Let's think about "frugal", though in this context "efficient" might be a better word. Remember the date-of-birth task earlier this chapter? Saying the date backwards – the one requiring System 2 thought – required far more effort. System 2 decisions can be draining, so we depend on System 1 whenever possible. The more difficult the choice, the more energy we need to expend, and the more we can suffer from what's known as cognitive depletion, where we revert even more readily to System 1.

The psychologist Sendhil Mullainathan studied decision-making among those in poverty. He found that a shortage of money leads to a state of constant cognitive depletion. Every day, you have to work out how much you have, what you can afford, how to allocate resources within your family, and so on. Because your System 2 is under such pressure, you rely on System 1 even more. Trouble is, this can make you more susceptible to impulsive decision-making, and tempted by products, packaging and offers that provide instant gratification. But System 1 is vital because it saves time and energy, two things that poverty can seriously reduce.

If we go back to Ice Age humans, they often had to make life-or-death decisions very quickly. The ability to do this by instinctively processing past experience was vital. If they relied on the slow, considered, System 2 in every situation, they would not have survived. So fast and frugal decision-making isn't a mere substitute for 'real' thinking. It is the real thinking – an evolutionary marvel that's kept our species alive.

Gigerenzer explains how our instinctive reasoning employs a collection of mental shortcuts to make our judgements faster, easier and better. So what are these vital components of System 1?

Experience

One of the writers of this book once took a sailing trip with a round-the-world yachtsman. Being on the open sea in a small boat can be quite nerve-racking: every noise and creak of the boat sounded very ominous to a novice. But the experienced yachtsman barely noticed them. Until suddenly he heard something not quite right – a sound that might have gone unnoticed by anyone else – which made him act quickly and decisively to steady the ship.

System 1 learns from experience. The experience that lets the yachtsman tune out unimportant sounds but respond quickly to the important ones is the same sort of experience that means firefighters ‘know’ when a building might collapse, or chess masters recognise the weakness of a position immediately. They’ve been in similar situations often enough to be instinctively familiar with signs that people without their expertise wouldn’t even notice.

This kind of instinctive application of learning has been extensively studied – in *Outliers*, Malcolm Gladwell helped popularise the notion that 10,000 hours of practice is part of what separates the amateur from the master in any given activity. Expert chess players get that way not just through natural talent, but through having played so often that they can make decisions about positions instinctively, using System 1. As the old saying goes, “practice makes perfect”.

It isn’t just chess grandmasters that train their System 1 like this. Everyone has a set of instinctive responses honed through experience of everyday life.





10,000 Hours.

8 hours a day,
5 days a week,
52 weeks a year.
For 4 years and 42 weeks.

Better get started...

Imagine you had to move at short notice to a foreign country. You have money and a place to stay, but no local knowledge. Initially, settling in would be difficult. When exploring, you might find a good place to shop or eat and stick with it until you found more. Or you might look for familiar global brands before trying the local ones. You might consult guidebooks or maybe talk to colleagues or neighbours who know the place better. They didn't acquire their expertise by methodical research but simply by living there.

After a year, a friend visits. Now you're the expert, and your friend is impressed by how confidently you operate in this new environment. When they mention that, you're slightly surprised. The things they find strange are now second nature to you.

10,000 hours feels like a long time. And if you're practising chess, or learning to sail, it really is. But in terms of days, it's only just over a year. If you've grown up in a culture, you've had decades to become familiar with practically everything about it. All that information – far more than 10,000 hours of practice – is fully absorbed into your System 1, so you call upon it in an instant.

The ability to do this is the key component of System 1 decision-making. It's not just a matter of memory, but also selection – System 1 uses past experience to select a good option quickly, and tune out unwanted ones. This is known as the *Availability Heuristic*, and is vital for our ability to make choices rapidly instead of getting bogged down in marginally different options.

Of course, everyone's different. We may all use the same methods – the Availability Heuristic being one of them – but *how* we use them can vary greatly. This is particularly true when we're sorting good experiences from bad, which brings us to...



Emotion

The neuroscientist Antonio Damasio tells a story about a man who suffered brain damage that left him unable to feel emotion. This was tragic on many levels, though one aspect of it was quite surprising. He became far slower at making decisions – often finding himself unable to choose between two equally good options, such as which day of the week to come back to hospital for his next appointment. Without the ability to associate choice with emotion, the man found it practically impossible to make a decision.

Emotion is essential to making judgements. Being able to call something readily to mind is fine, but if you can't summon up a feeling about it, you're unlikely to be able to make a decision in favour of it.

Emotion is inseparable from decision-making, but not all emotional response is equal. Human beings have a huge range of emotions as well as a myriad of ways to describe them. The problem with using emotion in marketing isn't recognising that emotion matters, it's working out which emotional responses are most important in decision-making.

The psychologist Paul Ekman has made it his life's work to study how emotion works across cultures, and ascertain which responses

all humans have in common. He identified seven core emotions – happiness, surprise, sadness, anger, fear, disgust and contempt – which are universal, recognised and expressed in the same way on the face in every human society. Imagine how difficult our daily lives would be if we didn't have this universal framework for interpreting feelings in others' faces.

Only one of those emotions – happiness – is truly positive. “Surprise” could be negative or positive, but the other five emotions are always negative.

From an evolutionary perspective this makes a lot of sense. Emotions don't just help us make decisions, they're also a means of communicating through our facial expressions. Early humans had to deal with many different threats, and deal with them in very different ways. The fear response – run and hide – shows on the face in a very different way from the anger response – approach and attack. A range of negative emotions is vital. In contrast, you only really need one positive emotion to signal “this is good”. Ekman identified many different types of happiness, but they all fall under the same emotional umbrella.

This is crucial for understanding how emotion simplifies decision-making. If something makes us feel happy, our System 1 decides it's probably a good option. It's why happiness – the one positive emotion – is also the most important one. It's what psychologists call the *Affect Heuristic* – positive emotional response leading to a positive evaluation of a choice.



Fight

or

Flight





The answer to a simple question – how do I feel about it? – is an excellent proxy for the answer to a far more complex question – **what do I think about it?**

Daniel Kahneman

This positive response doesn't always have to be strong, nor consciously linked to a specific reason. As Damasio describes it, experiences are “imprinted on the flesh”: laid down by emotion in memory as good or bad and encoded in the brain ready to be recalled when relevant. When you're faced with a choice, System 1 retrieves these mental associations even if you can't recall the specific circumstances that created them. The lift that comes with emotion helps us to decide one way or the other.

As Daniel Kahneman puts it, “The answer to a simple question – how do I feel about it? – is an excellent proxy for the answer to a far more complex question – what do I think about it?” Emotion guides and simplifies our decisions.

But in order to access any positive mental associations about a decision, we need to be able to recognise quickly what we're choosing. This is where the third component of System 1 comes into play.



Binoculars

Pattern Recognition

Experience helps us make decisions quickly and instinctively. Emotion guides and simplifies them. But how can experience and emotion guide us in new situations? The answer is pattern recognition. Imagine you're a football fan, settling down to watch the World Cup final. You definitely like one team more than the other, and are rooting for them to win. Now imagine that they're playing in identical strips. Without the instant visual cue of different coloured kits to tell you who's on which side, understanding the game and knowing when to cheer requires far more concentration.

This is the third key component of System 1 – recognising and processing information instinctively. We are pattern recognition machines and System 1 is constantly scanning the environment for regularities. The more quickly and easily you can do this, the better: in a choice of two options, the one that is quicker to process has a definite advantage. The ability to process information quickly is known as fluency, and psychologists call this mental shortcut the *Processing Fluency Heuristic*.

It's important to understand what we mean by information here. We're not just talking about written or verbal material. A colour is information – as in a football jersey. So is a logo, or a snippet of music or a particular smell. The more fluently we process this

information, the faster we can bring in the relevant emotion and experience to make a decision. One example of fluent processing is shared cultural cues. For instance, the opening notes of the Wedding March are all that's needed to make most people think "weddings" – though who knows whether their emotional response will be good or bad?

The Processing Fluency Heuristic works even when there's nothing really to process. When we see faces in everyday objects, for instance, or shapes in clouds, we are instinctively processing information that isn't actually there. And as well as being able to make instinctive associations between images, sounds, colours and our own experiences, the human mind is also great at spotting patterns and linking different pieces of information together.

When several pieces of information point in the same direction, our System 1 minds expect new information to fit into that pattern too. If you invite someone out for a romantic dinner, for instance, they'll take in the soft lighting, the candles on the table, and perhaps your lovely new outfit. All these are easy to process as cues and reinforce each other. At this point, if you put on a thrash metal CD by Slayer, your date will most likely be somewhat taken aback. Incongruence – information that fails to fit the expected pattern – is the enemy of fluency. It makes situations harder to process, causes discomfort and forces people to use System 2.

We see incongruence in action in political discourse, when partisans of one side or other simply reject information which doesn't instinctively fit their existing position. But plenty of studies show that a lack of congruence can have significant effects on more everyday decisions. In one study, psychologists altered the music

playing in a shop that sold drinks. When the shop played German music, sales of German wine outstripped French wine. When it played French music, sales of French wine outstripped German wine. Each country's music increased processing fluency for the wine of that country, making the decision to purchase it easier.

Experience, emotion and pattern recognition are the three most important ways our System 1 minds help us navigate, filter and interpret the world around us. And they're levers that marketers can easily move. Building familiarity, creating positive emotion and making things easy to process are achievable and measurable marketing goals and the rest of this book will explore how to do that. But before we do, it's worth standing back and looking at how System 1 controls our everyday lives.



Priming: The effect on French and German wine sales when music associated with each country was played in the store



A. North, D. Hargreaves and J. McKendrick (1997)

Which jam display sold almost 10 times more than the other?



Small Decisions, Big Decisions

We've focused on three ways that System 1 affects decision making. It uses the *Availability Heuristic* to trust options that come quickly to mind. It uses the *Affect Heuristic* to draw on positive associations and guide decisions. And it uses the *Processing Fluency Heuristic* to interpret a situation quickly and recognise good choices.

What all these things have in common is ease. They make complex choices simpler by eliminating unknown or undesirable options and recognising and favouring familiar ones. This is why using System 1 feels good. It makes decisions so much easier.

As Gigerenzer stresses, the decisions we make using System 1 are generally "good enough". To borrow terms from economics, humans are "satisficers" not "maximisers" – we look for a satisfactory option because we cannot always seek or know the best possible choice. This is only "irrational" in terms of textbook economics. The number of decisions we make every day, and the need for them to be fast and frugal, means that System 1 is the sound and sensible method for decision-making.

But what about the really big decisions? Buying a house, for instance: is System 1 still the way people do it? Yes, absolutely. The process of buying a house or something similarly expensive

and significant is a long and complex one, offering plenty of opportunities to weigh up or reverse a decision. However the core question is much simpler: “I want a new house. Do I like this one enough to attempt to buy it?” That question will almost always be answered by System 1.

If you ask people about why they decided to move to their current home, their explanation will probably include some mention of how they immediately liked a particular feature, how the place “felt right” or that they “just knew”. The Affect Heuristic plays a huge role in these big decisions. Given a broad range of options, we rely on emotion to guide and simplify our choice.

But what about all the complex trade-offs involved in choosing between houses? This is a decision that offers more chances to wake the “lazy policeman” of System 2 than buying a bar of chocolate does. And in many countries these chances are legally part of the process. You can’t just buy a house on a whim; you need to get independent opinions from insurers and surveyors. But the initial impulse is still led by System 1 – and if you need more convincing, just look at the people who make their money selling houses.

Estate agents know perfectly well that System 1 guides and simplifies their customers’ decisions. It’s why they use euphemistic language like “bijou” when they mean “small”. It’s why they’re clever with camera angles to make a bedsit look like a mansion. And it’s why, when they drive you to the house so you can see it for yourself, they make sure you see the best room first. If System 1 wasn’t in charge, agents would use different tactics, like a logical list of reasons and benefits. But they know that getting that initial positive emotional impression is the key to making a sale.

Of course, we all know about these tricks. One survey of UK consumers revealed that only 22% trust estate agents. Yet the tricks continue to work.

Our System 1 mode of thinking can’t be switched off. It doesn’t stop working just because we have an important decision to make. It keeps working to guide and simplify the big choices as well as the small ones. But if System 2 doesn’t control the big decisions, what exactly does it do?

✓ Reasons to Marry

1. Children (if it please God)
2. Constant companionship (& friend in old age) who will feel interested in one
3. Object to be beloved & played with
4. Home, & someone to take care of house
5. Charms of music & female chit-chat
6. These things are good for one's health – but a terrible loss of time
7. Better than a dog, anyhow

✗ Reasons NOT to Marry

1. Freedom to go where one liked
2. Choice of society, & little of it
3. Conversation with clever men at clubs
4. Not forced to visit relatives & bend to every trifle
5. To have the expense & anxiety of children
6. Perhaps quarreling
7. Loss of time
8. Cannot read in the evenings
9. Fatness & idleness
10. Anxiety & responsibility
11. Less money for books etc
12. If many children forced to gain one's bread (but then it is very bad to one's health to work too much)
13. Perhaps my wife won't like London; then the sentence is banishment & degradation into indolent, idle fool

Even great minds succumb to System 1 - Charles Darwin married Emma Wedgwood on January 29, 1839

Put these in order of risk for people in the USA, 1 to 4 ...



Shark



Swimming Pool



Deer



Handgun

Answers: 1. Deer, 2. Swimming Pool, 3. Handgun, 4. Shark

The Role of System 2

Take this simple problem. ***A bat and ball together cost \$1.10. The bat costs \$1 more than the ball. How much does the ball cost?***

As with almost every decision, your System 1 has an answer that comes quickly and feels right. But unless you know the puzzle already, it's probably the wrong one. The actual answer is 5 cents, with the bat costing a dollar more at \$1.05, making \$1.10 overall. But getting to that requires calculation, and instead our System 1 reaches for the answer that feels most immediately plausible – “10 cents”. It's the easy answer, and the wrong answer.

For most of us, System 1 isn't much good for abstract calculations. Our brains can't even count very well – most of us can't instinctively tell how many people are in a room if there are any more than five. We can drill some calculations into our automatic memory – multiplication tables, for instance. But unless you're a top mathematician, that's as far as System 1 maths goes. For problems that need calculation, we have to pause and use System 2.

Most of the ways in which System 2 helps us come from its remarkable ability to understand the abstract. For instance, System 2 is far better at assessing risk. System 1's response to risk is to rank different risks in terms of negative emotional response to their

consequences, and it's very poor at assessing the actual likelihood of each outcome. System 2, on the other hand, will consider these more abstract probabilities and come to a better decision.

The fact that System 2 can sometimes make better decisions doesn't mean we always give it the chance. There are factors which make us much more likely to use System 1 thinking even when it would be better not to. Remember Mullainathan's work on people with low incomes? Cognitive load – having a lot of demands on your mental processing – increases the likelihood of relying on quicker, easier System 1 choices. Shortage of time, tiredness, hunger and sexual arousal can also make System 1 even more dominant.

There's a famous study of Israeli judges – people trusted to make highly considered System 2 decisions – which showed that the biggest factor in determining leniency was how recently the judges had taken a break. Prisoners coming up just before lunch were seldom offered parole. Those seen after lunch had far higher chances of release. When the judges were tired and hungry, they were ruled by the easy System 1 default – stick with the status quo and keep the prisoner locked up.

This leads us to another useful rule about using System 2: if possible, get someone else to do it! In our modern world, we increasingly tend to outsource calculation to computers, and risk assessment to insurers or accountants (who themselves use complex algorithms).

And as Kahneman recommends in *Thinking, Fast And Slow*, a good way to guard against bad default decisions is simply to get a second opinion from someone who may have a lighter cognitive load, less time pressure, or no emotional involvement.



System 2 lets us do things no other species can, and using it can even give us great pleasure. Many people enjoy puzzles and brain teasers – a chance to flex their System 2 at leisure. But its powers are limited. Rousing the “lazy policeman” is not easy, and the pressures of everyday life make it even harder. In most cases System 2's role is simply to post-rationalise and justify System 1 decisions, a job it does extremely well. As behavioural science guru Rory Sutherland puts it, “System 1 is the Oval Office. System 2 is the Press Office.”

The fast system may drive while the slow system skives, but both can play an important role. The question is, on which one should marketers focus more attention? By now the answer must be crystal clear. Whether you're involved in innovation, marketing, communications, or brand building, you have to appeal primarily to System 1. Your customers' System 1 decisions vastly outnumber the few that rely on System 2. We live in a System 1 world. And we always have.

In the rest of this book, we'll explore the practical implications of System 1 and the shortcuts people use. The first issue we'll explore is innovation. In a world where familiarity and recognition influences our choices so powerfully, how do you successfully introduce something new so that it's accepted?

“

System1 digs into the most fundamental issue behind commercial success - can you change someone else's behaviour? Combining experience, expertise and a clear passion for the topic the authors dissect the behaviour change dilemma and provide marketers, researchers and innovators with clear understanding and simple tools to unlock growth.

Matt Kingdon

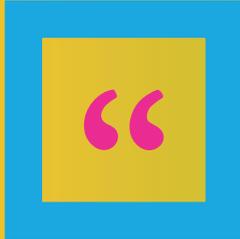
Founder & Chairman ?What If? Innovation agency

“

What I love about Fluent Innovation, is it puts people's wired habits and feelings at the very centre and demands more work and more empathy from marketers. 80% Familiar, 20% New is about making the unfamiliar FEEL familiar and using creativity to bridge people to the new.

Maria Mujica

Leading Marketing Transformation Mondelez - Accelerating Digital - Culture Hacking - Designing new ways of creative collaboration

“

Today, we live in the world of innovation saturation. Developing the 'fluency' is the only way to make any 'innovation' acceptable to the mass. The simple recipe of 80% familiar, 20% for successful innovation seems ever more relevant. This book will be my end-year gift to all my team.

Won Park

Senior Vice President of Marketing, Samsung Electronics America

“

Ever wondered how to present your new idea to the public so that it's accepted? Read this book! A hugely enjoyable foray into the psychology of acceptance and how we really decide between the options before us.

Sahar Hashemi

Entrepreneur (Coffee Republic & Skinny Candy), Best Selling Author (Anyone Can Do it & Switched On)

“

Fluent Innovation

80% Familiar
20% New

Fluent Innovation

In late '90s Moscow, in the midst of economic collapse, most services were in a terrible state and taxis were no exception. Muscovites created a novel solution. They stuck their arms out as if hailing a taxi, and simply waited for any car to stop. Once one did, they checked its destination and either agreed a price with the driver or went back to square one. It was a combination of hailing a cab and hitch-hiking, a desperate solution to a dire situation, but it worked.

Do people need to be desperate to adopt unorthodox new behaviour, like climbing into a stranger's car? Not really. Turn the clock forward and the “Moscow Method” – in a far more structured form – is the idea at the core of Uber, one of the most successful new brands of the 21st century. Uber has grown so fast that with hindsight its rise seems inevitable. But at its heart is a combination of very familiar and very new behaviour. A Tweet from Carol Nichols put it succinctly: “1998 – don't get into strangers' cars, don't meet people from the internet. 2016 – literally summon strangers from the internet to get into their cars”.

So how did Uber get people to behave like that? Making innovation feel more familiar than it actually is turns out to be the best way to speed adoption. This is what we mean by *Fluent Innovation*.

Highlighting and dramatising the innovation is the marketing convention, but it triggers people's fear of the unknown, precisely the opposite of what speeds adoption and success.

Remember from Chapter One that our System 1 minds are always looking to save energy and make decisions more easily and more quickly. That means System 1 has a strong inbuilt bias in favour of the familiar. Assuming the outcome was good enough, there are few easier and quicker choices than “do what you did last time!”

Fear of the unknown presents an enormous barrier to the adoption of new behaviour and new choices. Even if we overcome it enough to try something new, the experience is unlikely to shift our System 1 defaults. Full adoption – where a choice becomes habitual – is the goal innovation has to aim for, but it's a challenging one.

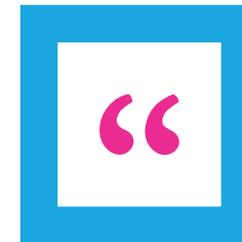
How do innovators get past this bias? Much of the time, they hope the novelty of their innovation will break through the barrier to adoption. If their new product or service is innovative and exciting enough, surely people will want it? This kind of approach puts the emphasis on what's new in an innovation, which is a natural choice for the proud inventor, but fails to get into the heads of the people who will actually be buying it. Novelty is essential, but for an innovation to succeed in a System 1 world, marketers also have to think about what it is about the idea that's familiar.

In the first chapter, we talked about how human beings are pattern recognisers – processing fluency is one of the key elements of our System 1 toolkit. If people can spot the pattern in your innovation – the things which make it feel familiar – it will seem like an easier and better choice. So, the right approach to innovation is one that

takes this into account, that aims not just for excitement but for acceptance. At System1 we call this Fluent Innovation – don't batter down the door to acceptance, use the System 1 key to unlock it.

Uber made getting into strangers' cars normal by making it fluent, in two ways. First, it called itself a “ride hailing” app, adopting the language of taxi services (while avoiding the regulatory issues that came from actually being one). Second, it gave people a sense of control and reassurance with its user-experience and reputation systems. It took elements people were already familiar with from GPS systems (the map with moving traffic) and e-commerce sites (user ratings) and incorporated them to make Uber seem far less risky and more fluent. The result? Massive global success.

Fluent Innovation isn't just the preserve of high-tech services. It lies behind some of the great success stories of consumer design, as our next story shows.



If the people believe there's an imaginary river out there, you don't tell them there's no river there. You build an imaginary bridge over the imaginary river.

Nikita Khrushchev

The Birth of Home Coffee

Like most Italians in the early 20th century, Alfonso Bialetti knew that the only way to get a good espresso was to get it from a café. Coffee makers were large and cumbersome machines, difficult to operate and far too big for the home. But Bialetti would change that. With his business partner, Luigi Di Ponti, he invented an ingenious method for making café quality coffee in the home for the first time. Now he needed to get people to believe in it.

The invention was a stroke of genius. The engineer had observed the way that early 1920s tub washing machines worked and an idea struck him. By heating water, the washing machine created pressure, forcing the hot soapy water up a central pipe and dispersing it over the clothes. Could the same principle of hot water rising under pressure be made to work for coffee?

After many prototypes, Di Ponti and Bialetti got their new stove-top coffee maker to work. Water held in the reservoir at the bottom of the device rose up, under the pressure created by the heat of a stove, through the ground coffee beans held in the central compartment into the upper chamber. Bingo! High quality home coffee.

But how did Bialetti go about getting people to accept this novel contraption? He needed to borrow a familiar idea from somewhere else.

He found it in a popular coffee service, one middle-class families up and down Italy would have owned or been familiar with. The Art Deco silver coffee service was recognisable by its distinctive octagonal design and black angular handle. So Bialetti adopted the same eight-sided shape for his new espresso maker, fashioned from aluminium and Bakelite. His invention came on to the market in 1933 and it was a huge success. It is estimated that 9 out of 10 Italian households have one, and it can be bought to this day all around the world. It brought home espresso to the masses for the first time, and the *Bialetti Moka Express*— as the coffee maker is called — is deservedly known as a design classic.

What was the crucial factor in its success? Bialetti's imaginative leap that took him from a washing machine to a coffee maker, you might say. That was the kernel of the idea, of course, but in itself it wasn't sufficient. The Moka also needed Fluency — a design that in an instant conveyed it was something used for making and pouring coffee. Its familiar eight-sided appearance ensured that anyone seeing the Moka knew in an instant what it was and what it did, helping prospective buyers over the bridge of uncertainty to acceptance.

This is how Fluent Innovation works. Something familiar and recognisable unlocks the System 1 door and lets innovation through. To make a new product or service a success you need to talk less about the new than you think, and usher it in under the guise of the familiar. You neglect the latter at your peril.

Fluent  Innovation



- ORLANDO WOOD -

History is littered with failed innovations where novelty was not accompanied by familiarity, and some of them have become cautionary tales. In 1985, for instance, Sir Clive Sinclair was the most feted inventor in Britain. His ZX80 personal computer kick-started a very British home computer revolution and his ZX Spectrum follow-up sealed the deal. It made Sinclair a fortune and nourished a generation of programmers who have gone on to make some of the world's most famous games, like *Grand Theft Auto*. His next move was eagerly awaited.

It turned out to be the Sinclair C5 – a part electric, part pedal-powered vehicle, an invention designed to take advantage of a recently introduced tax break. There was much about the C5 that was brilliant in engineering terms but did it have Fluency? Not in the slightest. The C5 had the low-slung seat of a sports car but a top speed of 20 miles an hour. It had pedals like a bicycle but handlebars positioned under your thighs. It had the curves of a high-speed train and the features of a child's toy. It felt too small for the road and too big for the pavement. It was a mish-mash of clashing reference points with a total lack of congruence, making it very difficult to process and therefore difficult to like. The C5 became a laughing-stock and a notorious flop, with only a small core of fans convinced of its merits. Only a few examples remain, and are to be found languishing in museums as curiosity pieces. With no Fluency to lead consumers towards acceptance, the vehicle just seemed pointless.

These stories show the need for Fluency in innovation, but is it a general rule? To answer that, we need to turn to data science, and recent findings that, for the first time, let us crack the code of successful innovation.



The Science of Fluent Innovation

Innovation, more than any other aspect of marketing, is driven by anecdotes and success stories. This is a perfectly natural System 1 response – as human beings we’re always looking for fast, effective solutions, and imitating what’s been proven to work for someone else has a good chance of working for you too. So the few successful prior innovations loom large in your memory.

But with advances in technology letting us crunch data on an enormous scale, we can now take a broad view of innovation success rather than cherry-picking stories. Two recent studies in very different fields help us map the DNA of innovation.

The first comes from the rarefied world of scientific publishing. Tens of thousands of scientific papers are published every year. Each claims to add something new to the world’s body of knowledge. But only some become successful – which in this case means influential and widely cited. What makes a scientific paper a hit? A team from Switzerland and Chicago decided to find out.

They used data science to analyse the citations in 17 million scientific papers. This task – impossible until very recently – let them build a database of the most heavily cited works before analysing what these successful papers had in common.

What they found was fascinating. The most successful papers combine two qualities. They have a kernel of novelty – some genuinely new advance that makes them important. But this on its own is not enough. To succeed they must surround it with a body of “extremely familiar” work. In order for the new information to be accepted, the writers must also reinforce strongly familiar information.

In short, scientific papers obey the rules of Fluent Innovation – they combine originality with the reassuringly familiar. But what’s interesting is that the *vast majority* of a successful paper will be the familiar elements that surround the “injection of novelty”. Without that core of novelty, the paper is simply a pallid re-tread of earlier work. But include too much new information and readers are more likely to ignore it because it’s too difficult to reconcile with what they already believe is true. Darwin’s *Origin Of Species* is a perfect example – it devotes its first sections to re-iterating conventional knowledge on the cross-breeding of dogs and of birds before going into uncharted territory. Even in the most intellectual areas, our gut liking for the familiar is strong.

To find out what this means in the real world of consumer purchases, let’s look at the second study, on new car sales. It’s a study that Sir Clive Sinclair would have found invaluable, had it only appeared 30 years earlier. This project also took advantage of modern levels of computer processing power, to analyse high-resolution images of new cars down to the tiniest pixel.

The researchers were measuring two things. The first was how *typical* each car design was: they created an ‘average’ car shape from all the new models and measured how close each individual

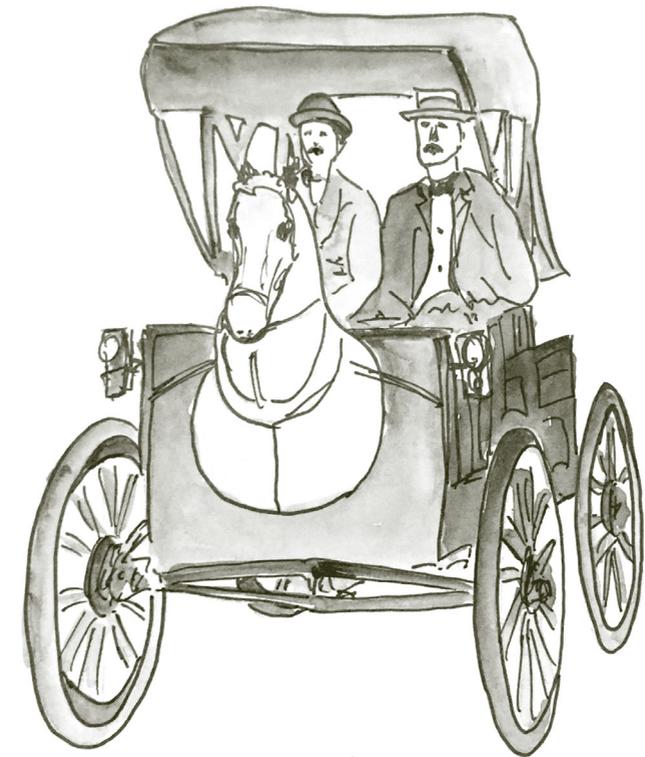
car design came. The second was *complexity* – expressed as the density of visual information in each image and measured objectively by image compression software. The more detailed the image, the more complex the car design.

The research team hypothesised that the best-selling cars would either be typical and simple – functional cars for the mass market – or atypical and complex – cars with unusual shapes and elaborate designs to attract premium buyers.

Instead they found a surprising result. The most popular cars scored well on both factors. They were both highly typical *and* highly complex: in other words, quick for System 1 to process but with enough interesting detail to attract attention. The authors refer to this as ‘surprising fluency’. By incorporating this into a predictive algorithm, they discovered they could improve the accuracy of sales predictions by 19%.

So yet again, big data reveals the link between Fluent Innovation and real-world acceptance. The lesson is clear. If you want something to succeed you have to make it familiar and therefore easy for System 1 to process quickly, and offer just an element of novelty. Innovation is best served by a lot of the former and a little of the latter. Our acceptance of slightly unusual but basically familiar hybrid car designs, such as the Toyota Prius, demonstrates this. For maximum acceptance, Fluent Innovation should feel 80% familiar and 20% new.

Over-emphasise the new and ignore the familiar at your peril. Perhaps Uriah Smith’s Horsey Horseless Automobile (1899) wasn’t such a bad idea after all.



-ORLANDO WOOD-

Testing For Fluent Innovation



Explaining how successful innovations work is important, but for a marketer the real value is in prediction. You need to spot which new ideas will perform well, and understand how to improve those failures with a spark of potential.

At System1 Research, we've developed a test for Fluent Innovation. We ask a broad, nationally representative 'crowd' of people to look at new concepts and imagine they owned shares in each of them. Their task is to tell us, for each one in quick succession, whether they would *buy or sell shares in the idea*, and we measure how quickly they do this. This combination reveals their System 1 instinct about whether the concept will succeed or fail.

This differs from traditional concept testing methods in one important respect. In traditional research, people

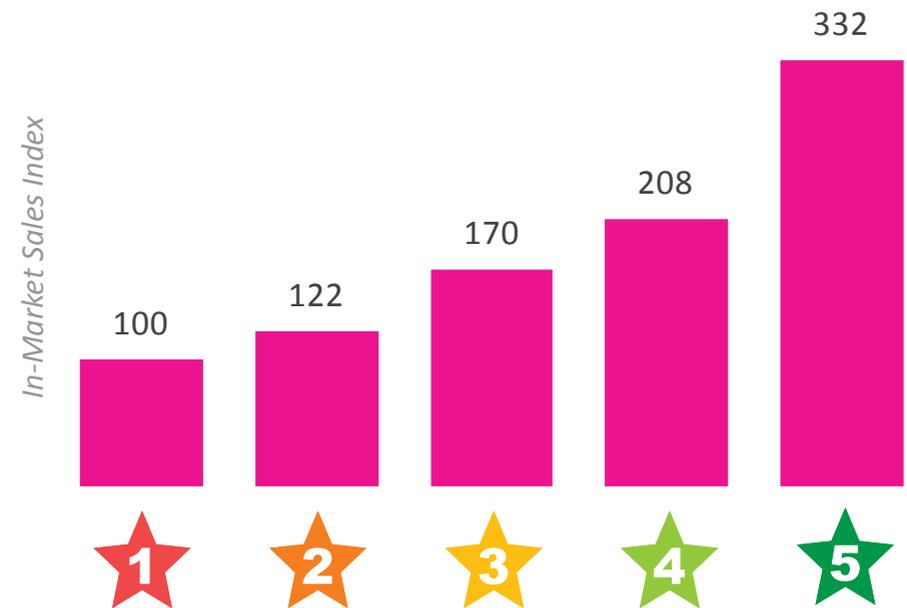
are asked how likely they'd be to buy the idea themselves. However, this encourages what psychologists refer to as *analytical* appraisal (System 2). If we want people to assess an idea in System 1 terms, we have to nudge them into a *holistic* appraisal. This involves creating distance between the assessor and the idea, and getting people to think in the broadest social – rather than individual – terms. It's a bit like getting people to focus on the overall effect of a Seurat pointillist painting, rather than asking them to focus on the thousands of individual dabs of paint that make up the picture. In fact, this very Seurat exercise is something psychologists use to put people into either a holistic or analytical frame of mind.

In our System1 Research concept test, we don't ask whether people will buy the idea themselves, but introduce the idea of buying and selling shares to create that distancing effect. This works very well as a Fluent Innovation detector, because by asking how well the wider public will receive the idea, it avoids analytical thinking and encourages holistic thinking instead. Counter-intuitively, it turns out we're better at predicting other people's behaviour than we are at predicting our own.

This System 1 approach has proved an excellent predictor of in-market performance. In a meta-analysis of over 230 concepts across multiple categories, we found a very strong relationship between a concept's Star rating and its actual in-market sales performance.

Predictive Markets predicts in-market sales performance

Predictive Markets Star Rating vs In-Market Sales Index



Based on 234 concepts in high and low purchase frequency categories in US, UK, Germany, Italy and China



What Fluent Innovation Feels Like

Our test for Fluent Innovation grades new ideas on a 1-Star to 5-Star scale, where 1-Star indicates the product is a risk, and 5-Stars predicts a runaway success.

An important measure in our testing is emotional response. We ask respondents to tell us what they think other people would *feel* about the ideas they believe would be most and least successful in market.

An analysis of this emotional response is revealing; levels of Surprise don't markedly increase the higher up the star scale you go. If the excitingly new was driving innovation success, you'd expect better ideas to create much more surprise. But on average, 15% of people indicate surprise for 1-Star ideas, compared with 18% for 5-Star ideas.

The biggest difference in the emotional profile of 1-Star and 5-Star ideas is actually the number and % of people feeling *Happiness*. In fact, if we examine the scores for Happiness and Surprise as a proportion of total levels of positive emotion generated, another 80:20 rule emerges – 80% Happiness and 20% Surprise is the sweet spot for successful innovation when it comes to evoking positive feeling. For Fluent Innovation, aim for the surprisingly obvious. Delight, don't disrupt.

Fluent Innovation in Action

In 2015, System1 Research tested a range of drinks launches in the UK, to work out which had the most commercial potential.

To predict the success of an innovation, you have to boil it down to a concept that you can research. Traditionally, the concept exists to explain the idea as clearly and appealingly as possible, to give it a fighting chance of winning people over. The danger is that explaining things tends to stress one bit of the Fluent Innovation equation – the new – and encourages analytical thought; it neglects the more important ‘reassuringly familiar’ part of the formula. To achieve reassuring familiarity, you need to think about how to present the idea visually and describe it in simple and familiar terms to make it easier and quicker to process.

We’ll look at three of the ideas – one very poor, one not quite as bad, and one a success – to show how this works in practice.

1. Bakon Vodka

The first innovation, *Bakon Vodka*, a bacon flavoured vodka, tested extremely badly. It got our lowest rating, 1-Star on a 5-Star scale. (Our average star rating across forty thousand tests sits on the border of 1- and 2-Stars.)

Bakon Vodka is obviously not lacking in surprising novelty. And nor does it require much explanation – the name says it all. So its shortcomings are entirely around Fluency. Bacon and vodka may both be popular, but the combination is highly incongruent: vodka is about purity and associated with evening drinking, bacon is about the joy of strong flavours and fats and associated with breakfast. That’s fine for a few novelty purchases, but in the long term it’s a tiny niche.



What you’d need to make *Bakon Vodka* a success is a way of framing it to make it easier to process – to make the combination of bacon and vodka feel obvious as well as exciting. This isn’t impossible to achieve. For example, there’s no particular reason pumpkin spice and coffee should go well together. But by introducing its Pumpkin Spice Latte in October, when pumpkins are all around because of Halloween, Starbucks was able to create an iconic seasonal product. By tying the product to a specific occasion, Starbucks made Pumpkin Spice Latte fluent.

But *Bakon Vodka* has no particular occasion, and not much precedent. The best route to Fluency

might be to exploit any existing associations between bacon and tomato, and between tomato and vodka in a Bloody Mary. A ‘Bloody Mary’ vodka, with a flavour twist of bacon, might be very easy for people to process as the ‘perfect hangover vodka’ in markets where bacon is already seen as a hangover cure the morning after a big night out. This framing could help, but *Bakon Vodka* is unlikely ever to be anything other than a niche novelty product.

2. Alcoholic Iced Tea

The second drink also tested badly in the UK, again because it suffers from incongruence. However, this time its incongruence could be modified to make the idea more Fluent. The product was alcoholic iced tea. This is a product very close to being Fluent. Iced tea is a small but growing sub-category in the UK. And there is proven demand for alcoholic versions of soft drinks – like lemonade or ginger beer. So why not alcoholic iced tea? There should be a way to make it a success. But in our test, it bombed. Why?

We realised that there was a problem with the way the concept was written. It began by talking about the British love for a ‘hot cuppa’ (hot cup of tea). But the actual product is not hot and it is alcoholic: a drink for a totally different time and place. Referring to hot tea up front made people think not of iced tea, but of *cold* tea and alcohol, and they didn’t like it one bit. “Cold tea isn’t nice – so why would we want an alcoholic cold tea?”, as one respondent put it. Introducing the notion of hot tea created incongruence, and made the product harder to process, not easier.

To check this, we re-tested the drink with that harmful context removed. On its own merits, the alcoholic iced tea scored considerably better and became commercially viable.

3. Stella Cidre Raspberry

The final idea is *Stella Cidre Raspberry*, a raspberry-flavoured fruit cider from Stella Artois. The original launch of *Stella Cidre* in the UK carried risks. The dominant associations of the Stella brand with lager could have been a leap too far for people. But the launch actually turned out to be very successful and a great example of Fluent Innovation. It was launched not as ‘Cider’ (the five letter English word) but as the French word ‘Cidre’. Same letters, slightly different positions – 80% familiar, 20% new. Entirely Fluent for anyone familiar with Stella, but also slightly surprising, given it’s cider.

Fruit ciders are very popular in the UK. But how would *Stella Cidre Raspberry* fare in our test? The very popularity of fruit ciders might make *Stella Cidre Raspberry* look like a copy-cat product. It might lack the surprising novelty of a Fluent Innovation.

It actually tested very well, and here’s why.

The visual presentation of a new product idea is crucial for holistic processing. System 1 is fast and instinctive, so “a picture is worth a thousand words” isn’t just a cliché – it’s a basic principle of processing Fluency.

So while you could painstakingly explain in testing that *Stella Cidre Raspberry* is refreshing, sophisticated and authentic, you’d be mistakenly trying to appeal to a consumer’s analytical thinking. What you actually need to do is present the idea in such a way that it’s optimised for holistic thinking and System 1.

We tested two versions of the concept. One used a straightforward product shot, a description of the product and began with what is known as an ‘insight’ in research and marketing circles. Including an insight on a concept is standard practice, and is intended to create a connection between a need the respondent might have and the product in question. The other version of the concept had an additional picture of plump, juicy raspberries in a basket behind a selection of red apples. This version had no insight.

The version with the insight was designed for analytical ‘me’ thinking (‘sometimes I like fruity and refreshing drinks’), whereas the concept with the additional visual but no insight was designed for holistic thinking. The additional visual provides a link between the established ingredient in cider – apples (deliberately chosen for their red colour here) – and the unusual ingredient in this one – the red raspberries.

Adding the picture and removing the insight helped the *Stella Cidre* concept. People were much quicker to buy shares in the “visual” version and it performed better overall, achieving a 4-Star rating compared with a 3-Star rating for the concept designed for analytical ‘me’ thinking. In the real world, *Stella Cidre Raspberry* has been one of the great success stories of the UK drinks industry in recent years, so the holistic version of the concept more accurately predicted that success.

These examples show that there are numerous paths to Fluent Innovation. Associating your idea with something that’s already familiar creates Fluency. Removing incongruous elements helps too. And making rapid and positive visual associations can help even more. Fluent Innovation finds a creative way to make the novel feel familiar.



Familiarity
Breeds
~~Contempt~~
Contentment



Designed for Analytical Thinking

Stella Artois Cidre Raspberry



When having fun and socialising with friends, sometimes I like fruity and refreshing drinks, but it is important they still feel authentic and sophisticated.

The new **Stella Artois Cidre Raspberry** has been carefully crafted according to a unique Belgian recipe, which combines hand-picked apples with crushed raspberries to deliver a refreshing, sophisticated cider bursting with fruit flavour.

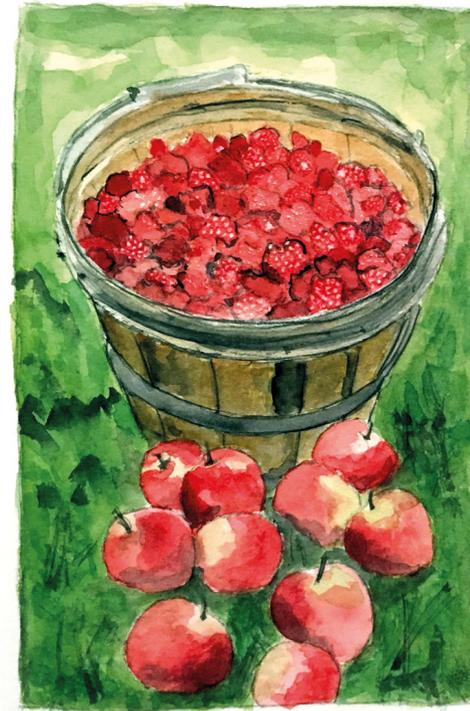
16.6 seconds to buy shares in the idea & chosen less often

Visuals illustrative of actual images tested



Designed for Holistic Thinking

Stella Artois Cidre Raspberry



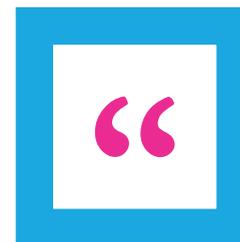
The new **Stella Artois Cidre Raspberry** has been carefully crafted according to a unique Belgian recipe, which combines hand-picked apples with crushed raspberries to deliver a refreshing, sophisticated cider bursting with fruit flavour.



12.3 seconds to buy shares in the idea & chosen more often

Visuals illustrative of actual images tested

Not only is it important to present your idea to the public in a way that promotes System 1 processing, but also to conduct any testing in a way that promotes System 1, holistic thinking. When testing ideas ahead of their launch, make sure your research approach and the stimulus you test encourage people to see the whole painting (System 1, holistic thinking) rather than the individual brush strokes (System 2, analytical thinking).



My brush-strokes start in nothing and they end in nothing, and in-between you find the image.

Karel Appel



For innovation clarity

You need familiarity

To create NPD seduction

Make sure it needs no introduction

Not what disrupts the buyer flow

But assets people like and know

Surprise alone won't seal the deal

Add Fluency for mass appeal

From Disruption to Acceptance

When people talk about innovation, they often talk in terms of *disruption* – a word whose meaning can shift from example to example, but generally refers to dramatic, category-changing innovations that seem to come out of nowhere and achieve enormous success. This can overlap with the business definition of disruption – using technology to gain price advantage via supply chain efficiencies – but doesn't always. The iPhone is cited as an example of disruption, for example, but was certainly not cheaper than its competitors.

Silicon Valley phenomena like the iPhone and Facebook are modern icons of innovation, the big prizes investors want to find and marketers long to emulate. They shape our perceptions of what innovation can be. The excitement around them tends to mean people assume 'real' innovation occurs in this exciting, unprecedented way, and disregard the role of Fluency.

In truth, even the iPhone and Facebook had precedents which helped to build acceptance for the concept of a touchscreen phone or a social network. Apple had experimented with handheld and touchscreen computers in the past, like '90s failure the Newton, and early prototypes of the iPhone have been compared in appearance to products from Sony. The iPhone also had visual continuity with

the extremely successful iPod, adopting its clean rectangular shape and size, and its distinctive white headphones.

As for Facebook, its name and early layout owed much to the yearbooks on US college campuses where it was first launched. It also followed on the heels of multiple other social networks, from pioneering failures like Six Degrees, to locally successful variants like Friends Reunited, to genuine success stories like MySpace. The basic social network concept was well established: the staggering success of Facebook is as much the result of branding as innovation.

Even the most revered innovations of our time involved a degree of familiarity and Fluency. By focusing on business disruption, we forget a crucial fact: ordinary consumers don't welcome or seek disruption in their lives.

They enjoy excitement and some novelty, but a healthy dose of Fluency is needed for their System 1 to accept anything new. If we can process something easily, we will like it more, and we will pay more for it.

Innovation Not Invention

The way you present your idea to the public is one thing, but how do you arrive at a new product idea in the first place? The original plans for the Bialetta Moka Express were inspired by the operation of a 1920s washing machine. It was the observation and appropriation of an idea in a completely different field that enabled Bialetti to create his stove-top coffee maker – the leap of genius needed for great innovation.

Another example is the Maclaren folding pushchair (1966), an icon of British design. Owen Maclaren had designed the retractable undercarriages on British World War II fighter planes the Spitfire and the Hurricane. Seeing his daughter struggle to manoeuvre her large pram, he decided to create something better. He used his engineering experience to create what is known as the 'umbrella mechanism': a chair with wheels that fold in and down to collapse into a smaller space. The only material he could find for the seat that was strong enough to support a child was a butcher's shop awning, with its characteristic stripes. It was this tough material and distinctive striped design that made it through to production. And what do those stripes immediately cue? Another folding chair: the seaside deckchair. Anyone familiar with a deckchair who sees the Maclaren pushchair will immediately and intuitively grasp that this is a chair that folds in on itself.

Fluent  Innovation



- ORLANDO WOOD -



This is perfect Fluent Innovation – a piece of engineering brilliance taken from an entirely different field (the mechanism), allied to something reassuringly familiar (the deckchair), which carried immediate associations of comfort, leisure and practicality. The design was an instant hit and sold around the world.

So one key to finding true novelty is to look as widely as you can for inspiration. Both Bialetti and Maclaren found the solution to an entirely different problem, then wrapped it up in familiarity to enhance processing Fluency and ensure acceptance.

This is not unusual. Most innovations copy something from somewhere and, as humans, we learn from imitation. In his books about our social nature, marketer Mark Earls often points out how successful copying others can be. Though if you copy too closely, he says, you end up with me-too products that lack sufficient novelty to succeed. The most fruitful imitations are often across categories, not within them, which is why it pays to look further afield. Radical innovation – genuinely new ideas with no precedent, which create new behaviour and forge new categories – is much, much rarer, and far less likely to be accepted unless a creative link with the familiar can be found. Whether your innovation is incremental or radical, the formula for success is the same – the perception that it is 80% familiar, 20% new. Whatever your innovation, maintain a holistic frame of mind, think and communicate visually and ask yourself *how* your idea might be realised, rather than listing the reasons why it should exist in the first place.

Catching Them All

From ride-sharing apps, to the perfect cup of home-brewed coffee, to baby transportation, the hallmarks of Fluent Innovation are everywhere you look. They also played a part in one of the great pop culture phenomena of 2016 – but the story shows how Fluent Innovation is only the start for a brand.

In the mid-2010s, software developer Niantic Labs had a problem. They were specialists in Augmented Reality (AR) software – using location data from mobiles to create a layer of virtual experience on top of the real world. Niantic were innovators in this field. With funding from Google, they built a critically acclaimed game called Ingress, which turned cities into a virtual gameboard as members of rival teams fought to capture and ‘own’ real-life locations.

Ingress had a small but loyal army of players, and its technology was novel and beautiful – creating a genuinely new mobile gaming experience. But it had never made the breakthrough to mass acceptance. How could AR gaming become a mass pursuit?

For their next game, announced in 2015, Niantic found a new partner: The Pokémon Company, which owned the monster-collecting brand that had been a ‘90s craze and a top-selling

videogame franchise ever since. The game was Pokémon Go, and when it came out in 2016 it became the most successful mobile game of all time.

Why was it such a hit? As you'll have realised by now, Fluent Innovation was the key. Niantic had the novel technology – AR gaming, which they'd pioneered with Ingress. But it demanded unfamiliar new behaviour – constantly referring to a map and switching between a real and virtual world. Pokémon Go took the bones of Ingress and added some very familiar flesh. Pikachu and his chums are some of the most recognisable videogame icons in the world, particularly among the kids who grew up playing Pokémon. These kids are now in their 20s and 30s, smartphones at the ready to track down their childhood friends.

Once again, it's the classic Fluent Innovation formula. A little of the delightfully new, a lot of the instantly familiar. In the summer of 2016, Pokémon became a worldwide sensation all over again.

The combination of new technology and a highly fluent global brand took the games industry – and Niantic – by surprise. Pokémon Go far exceeded their expectations and its initially unfamiliar behaviour – roaming over real landscapes in search of virtual creatures – soon became commonplace. By the end of the year, Pokémon Go players had collectively walked from Earth to Pluto and back.

But there were rumblings of discontent. Consistent server issues annoyed newcomers wanting to get in on the action, and many regular players soon realised that the initial excitement turned to monotonous repetition. By winter, the number of players was down to a fraction of its summer levels. Fluent Innovation had unlocked

the potential in the Pokémon Go idea, and laid the groundwork for initial massive success. But in a System 1 world, a brand has to do more to avoid being a short-lived fad.

Fluency itself – the way our System 1 brains respond positively to things that are quick to process – goes far beyond innovation. As we'll see in the rest of this book, Fluency has a decisive impact on profitable growth. It can also supercharge communications, by making advertising feel immediately familiar and appealing. To do this it works hand-in-hand with one of the other key elements of System 1 that we met in the first chapter: emotion. Fluency drives acceptance, but acceptance was just the start – for sustained profitable growth, you need to make people *feel good*.



Chapter Three

Advertising

“

At Specsavers we have long understood the link between advertising that speaks to the heart and profitable brand growth. System1 Agency’s approach and guarantee speaks directly to those marketing leaders who want a more emotional System 1 approach to their Advertising, but need the hard evidence to prove it will deliver. Very powerful new thinking.

Richard Holmes

Group Brand Director, Specsavers

“

An inspiring psychological perspective on how great advertising builds brands and how you can sustain that success over the long term. A must-read for marketers and agencies alike.

Janet Hull, OBE

IPA Director of Marketing Strategy

“

Science has proven what we have intuitively believed to be true – that emotion sells. In and of itself that is reassuring for marketers, but what is exciting is that we now have methodologies that measure and dimensionalize emotion. Ultimately this will improve the effectiveness of our communication and drive business performance.

David Timm

Chief Brand Officer at Pizza Hut International

“

They’ve very clearly distilled the emotional principles of what drives effective advertising down into a short, entertaining read.

Dan Salzman

Global Head of Media, Analytics & Insight, HP

“

The More
People Feel,
The More
People Buy

All in a Day's Work

Imagine cramming one million years of human communication into just one day.

For the first 21 hours, you'd see humanity playing charades – grimacing, grunting and gesturing, using non-linguistic expression and movement to communicate.

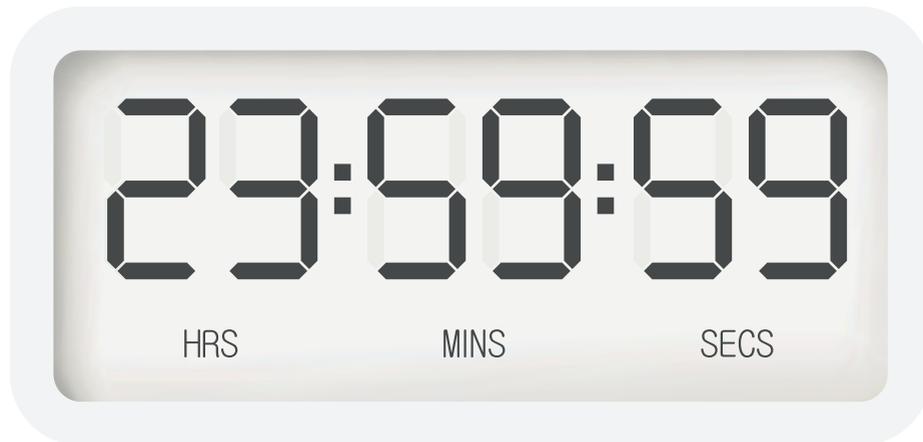
At 9.35pm, you'd notice these grunts had turned into words. And after language, comes all the rest of culture.

Just before 10pm, someone in Germany turns a hollow bone into a flute and begins to play it. A few minutes later, someone in Indonesia paints a picture of a pig on the walls of a cave. By 10.50pm, the caves of Europe are starting to fill with simple animal paintings.

At 11pm, in Southern Iraq, a collection of pictograms coheres into the first written language. Over a frantic half hour, writing spreads and develops. At 23.59 the addition of the humble “W” completes the English alphabet we used to write this book.

With fifteen seconds to go, images of real life can be captured on film. Three seconds later comes the birth of recorded sound. At ten seconds to midnight, people cram into cinemas to see rockets launch and trains rush toward the big screen.

Eight seconds to go – humanity turns on the TV. Five seconds – two Cambridge researchers program a version of Tic Tac Toe and create the world’s first videogame. Two seconds – the World Wide Web is created.



And just one more thing – at one second to midnight, Steve Jobs launches the smartphone.

The variety and complexity of our communication is central to what makes us human. The first thing we do, as new born babies, is yell. We are born to communicate.

And as our sprint through that million year history shows, we keep finding new ways to do it. The breakneck speed of the

communications revolution and all that new technology can fool us into thinking that the fundamental nature of communication has changed. But, no. We’re still using the same old System 1 brains we did when all we could do was grunt and grimace.

In this chapter, we’re interested in communications of a particular type – those designed to influence. We’re going to talk about advertising. But to understand what makes advertising work best, you have to start with those brains, those grunts and especially those grimaces.

Communication between humans began on our faces – trying to warn, frighten, comfort or delight other people. It began there because our face – that amazingly complex arrangement of muscles – is a brilliantly effective and sophisticated communicator of our emotions. It’s our faces that are still at the core of successful interpersonal communication to this day. Before we explore our range of facial expressions, though, we need to ask *why* emotion was the first thing we humans communicated. What’s so important about emotion?

“

Emotion is the
key. Seduction
beats persuasion
every time.

Feel More, Buy More

Think of a memorable ad. Do it fast – System 1 style – the first one that comes to mind. If it’s an ad you worked on, throw it out and pick something else. Keep the ad you picked in mind for later.

In Chapter One we talked about emotion as one of the most important rules of thumb available to System 1 as it makes decisions. If a choice feels better, to our System 1 minds, it is better. Emotional impressions remain in the brain as *somatic markers* – “written on the flesh” as Antonio Damasio puts it – ready to be accessed when there’s a relevant decision to be made. Emotion guides and simplifies decision-making, giving us an imperceptible nudge in one direction or the other, helping us to decide between options – including those that might, on the face of it, look equally good. But how do you come to feel good about a brand or product – especially if you’ve not experienced it?

You may not have experienced that brand, but you’ve experienced *something* that created a positive impression. And that something is often advertising. It could be word of mouth or a recommendation, but unless you’re in marketing or associated industries, people talk about brands relatively little. Much as a stalagmite is formed by the constant dripping of mineral-rich water over many years, long-lasting emotional impressions are formed in us by advertising through repetition. They may take a little time to form, but these

emotional associations imprinted in the flesh help us to make quick and easy decisions between the options in front of us when the moment comes.

Why do emotional impressions linger more than salient facts or claims? Because our dominant System 1 reaches for plausible judgements that come quickly to mind, instinctively using an emotion to simplify the decision for us. (Remember the man who lost his emotional capacity, and simply *couldn't decide*?) Our System 1 follows a simple rule – *if you feel good about it, it's a good choice* – and only then does our lazy System 2 retrieve reasons to substantiate the decision, if it needs to. But by then, the choice has been made.

Emotion makes possible all the other things you want your advertising to achieve. Whether it's getting people to share your video, making your brand famous or emphasising its unique assets, an emotional route will be more profitable. And anything that lessens its emotional impact prevents those positive impressions from being formed.

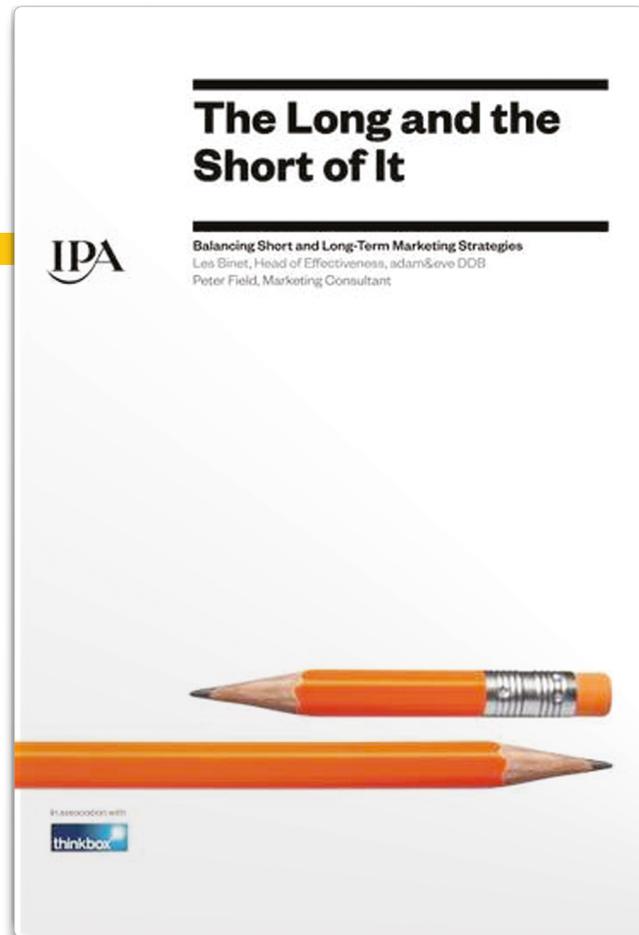
So, creating those positive emotions is advertising's greatest benefit and should be its primary goal. The System 1 rule of thumb is short and sweet. *If you feel more, you buy more*. And if you feel more, you're likely to pay more too.

Now call to mind the memorable ad you picked a few moments ago. The chances are, it was emotional. For most people, the ad that comes to mind is one that made them laugh, or moved them to tears, or just left them awestruck by its creativity. Emotion is the key. Seduction beats persuasion every time.



Those who tell
the best stories
rule the world.

The Emotional Revolution



Advertising creatives have known about the selling power of emotional advertising for decades, but traditionally they faced stiff opposition from their clients, who felt the company's marketing dollars should be spent communicating their product's message. There was always suspicion on the client side that emotional, fame-building adverts did more for the agencies that made them than the brands they advertised. But in the 21st century, there's been a real increase of interest among marketers in harnessing the power of emotional communication. That's because in the last ten years, they've come to understand that emotional advertising really *is* the most effective and efficient route to brand growth.

The key work has been done by Les Binet and Peter Field, for the UK-based Institute of Practitioners In Advertising (IPA), exploring the IPA's database of detailed effectiveness case studies. Binet and Field wanted to establish what makes advertising work. Not just in terms of indirect or 'soft' measures, like 'awareness' or 'brand image', but in terms of profitable business effects.

A cynic might suggest that advertising case studies tend to cast around rather widely for proof of positive impact, including anything which might make the work look good. So Binet and Field were rigorous. They were looking for "very large business effects" –

market share gain, profit growth, or a reduction in price sensitivity. Their aim was an empirical study of what *really* works in advertising.

Binet and Field have published their findings in two ground-breaking books. The first, *Marketing In The Era Of Accountability*, published in 2008, set out their initial findings. They followed it up in 2012 with *The Long And The Short Of It*, which went back to look at what kind of advertising drove long-term brand growth. A third book, focusing on the impact of digital advertising, is about to be published.

With their focus on hard business effects over soft attributes like brand image, you might imagine emotional advertising would not perform well. On the contrary, it fared brilliantly.

Binet and Field analysed case studies by sorting commercials into those which took a purely rational route – emphasising message, price or product benefits; those which relied on purely emotional appeal; and those which combined the two, what you might describe as advertising that wraps the iron fist of messaging in a velvet glove of emotion. Which approach was most likely to lead to very large business effects?

Rational, message-led advertising performed very poorly, leading to major profit gains for only 16% of campaigns. A combined strategy improved the chances of achieving very large profit gains (26%). In other words, including any kind of emotional device dramatically improves an ad's effectiveness. But the study went even further. Its most interesting finding was that *purely emotional ads outperformed the combined rational-plus-emotional ads (31% vs 26%)* that are favoured by most of the world's biggest advertisers.

The 'iron fist of messaging wrapped in a velvet glove of emotion' approach was revealed as over-cautious. Messaging actually weakens the positive impact of emotional advertising. If you want a profitable ad, the best strategy is to go all out for emotional impact.

Creativity and emotion aren't luxuries that help to get a message across – they are, quite simply, what make advertising work.

In 2012 Binet and Field returned to their work to see whether looking at the long-term effects of advertising campaigns changed the picture. They found that purely emotional advertising enjoyed an even bigger advantage among campaigns lasting three or more years. And in the long term, the profitability of the combined 'iron fist in a velvet glove' ads sharply declined, ending up at the same far lower levels of profitability achieved by purely rational campaigns.

So that's why emotion matters to communication. But now we need to pause and ask ourselves a very important question. What do we mean when we say 'emotional'? And which emotions matter most? The answers are written all over our faces.

Ekman's Universal Emotions

Feeling is at the heart of System 1. The *Affect Heuristic* – if you feel good about something, it's a good choice – is one of the fundamental rules of thumb that guides our decisions.

However, to understand emotion in a way that's useful, you need an established, independent model for which emotions matter and how they work. It's not good enough to cherry-pick emotions and make your own model up. With a universal and consistent model, you can measure and compare emotional response to almost anything: ads, innovations, packs, brands, politicians, policies and much more.

The framework we use at System1 Research is based on the work of Paul Ekman, creator of the best-known model of basic human emotions. Ekman's seminal work on emotion rests on one central discovery. Every human being, across any culture, shares a set of emotions, and these shared emotions register universally in their own unique ways as facial expressions. These basic emotions, introduced in Chapter 1, are Surprise, Sadness, Fear, Disgust, Anger, Contempt and, of course, Happiness.

Different things will evoke these seven core emotions among different people, and culture plays a big part in determining that. But the emotions themselves, and the expressions that convey them, are universal.



In the thirty years since Ekman published his work, his findings have been replicated across many different cultures. At System1 Research, we've used them for a decade as the basis of FaceTrace, our award-winning emotional measurement tool, which we've used over 5 million times and has given us a thorough understanding of exactly how each emotion works in communication.

The primary emotion for helping System 1 decide is **HAPPINESS**. Ekman identifies many different types of happiness, including awe, amusement, pride and even *schadenfreude* (where we take pleasure in others' misfortune). But they all register on the face in the same basic way. And for advertisers, happiness is *the* most helpful emotion, the one which can leave positive emotional impressions that will guide later decisions.

The most effective medium for creating happiness is still film, and it's crucial to end your film on a high because of the way that our brains remember things. According to Daniel Kahneman's *peak-end rule*, we remember an experience as an average of its peak and its end. An ad where positive emotion hits a plateau early, rather than reaching a climax later, is pulling its punches.

This is why storytelling is such a powerful tool for film-based advertising, because it leads audiences to an emotional climax. It also means that people's emotions shift over the course of an ad. At System1, we measure this as an ad's *Emotional Dynamism*. The more emotionally dynamic an ad is, and the greater the overall intensity and level of Happiness, the more likely it is to be shared and in the strongest cases, go viral. A good example would be the original DollarShaveClub.com film – a passionate, direct-to-camera rant which lived up to its title: *Our Razors Are F***ing Great*.

This video achieved 25 million views, with no help from the online ad placement companies that now charge large sums of money to encourage sharing. Five years on, Dollar Shave Club has been bought by Unilever for \$1bn – now that's profitable growth for you.

SURPRISE is a key emotion in memorable storytelling. It's a distinct but fleeting emotion – it prepares us to feel something else and tends to resolve very quickly into another one of Ekman's universals, which helps keep things dynamic. (Clearly, pleasant surprises are generally more valuable in advertising than unpleasant ones.)

But what role do the five negative emotions play? The term 'sadvertising' describes a deliberate style of sentimental advertising. But the term is misleading: effective sadvertising actually ends up happy. There is little doubt that **SADNESS** can be evoked to great effect in commercial advertising, but it does need to be resolved. Sadness as a facial expression signals the need for help, comfort and resolution; if you can create *and resolve* sadness in an ad, it can be remarkably effective. An example of this are the very successful – and widely shared – ads by Thai Life Insurance. Thai Life specialise in tear-jerking, feel-good films, like *Local Hero*, about a lonely man whose seemingly unrewarded altruism to those around him ultimately bears fruit.

Evoking the other negative emotions for commercial ends is riskier for advertisers and usually less useful. **ANGER** occurs when people feel frustrated and powerless, for example if prevented from doing something. When seen on someone's face, it communicates an intention to confront, attack or overcome. It's a galvanising powder keg of an emotion, more often evoked in political speeches and fund-raising than in advertising. Bob Geldof successfully harnessed

anger in his famous on-air expletive during the 1985 Live Aid concert for Ethiopian famine relief, after which donations dramatically increased from £1.2m (after 7 hours) to an estimated £50m (by the end). But in advertising it's very hard to resolve anger. A commercial ad that makes a viewer angry is more likely to generate complaints than sales.

If anger is how the *fight reflex* shows on our face, then **FEAR** is the emotional expression of our *flight reflex*. When controlled, fear can be pleasurable, as in a horror film – we enjoy expecting and overcoming it. Very occasionally, we see adverts that successfully create and resolve fear, often by putting a character in peril. An excellent example is P&G's ad for the Rio Olympics in their "Thank You Mom" campaign, *Strong*, featuring athletes overcoming their fears to achieve greatness. Evoke fear with care, however, and be sure to resolve it, because fear makes people cautious, and caution makes people more likely to pause and use System 2.

DISGUST is another avoidance reflex – at its root, disgust is a horror of contamination and sickness. Unsurprisingly, it's a tough emotion to use effectively in advertising. At System1 Research, we once tested an online ad for a skin cream which showed 90 seconds of adolescents squeezing their spots to camera. It gained the highest Disgust levels of anything we've ever tested – and was a complete flop in terms of views and shares.

Then there's **CONTEMPT**, which is corrosive, long-lasting and hard to overcome. Professor John Gottman of the University of Washington created a 'Love Lab' in which he observed married couples whose relationship was in trouble. Anger, sadness and even disgust could be resolved. But if they showed contempt for one another, divorce

was almost certain – something he predicted with 94% accuracy. In the world of brands, it's the most commonly seen negative emotion and very unhelpful. In advertising, it's associated with poor business effects – the very opposite of the positive somatic marker that happiness creates. It can be useful in political advertising, however. The UK Conservative Party's 1979 "Labour Isn't Working" poster, which Margaret Thatcher credited with helping her get elected, harnessed contempt and amusement at the expense of the Labour Party to deadly effect.

Those are the seven universal emotions. There's one other non-emotion you need to think about too: **NEUTRALITY**. It's quite possible to feel nothing whatsoever about a brand, ad or product. In fact, it's the highest score for two-thirds of the marketing we test. In commercial terms, the lack of emotion is perhaps the worst emotion of all. Almost all of the negative emotions can be overcome. But if people feel nothing, they will do nothing. Besides absolute levels of spend, an ad's emotional impact is the single most reliable guide to how effective it will be.

At System1, we measure the emotional response to ads using a pictorial scale grounded in the work of Paul Ekman. We ask people to indicate how they feel about an ad we've shown them; they select one of the seven basic emotions, or they select Neutrality. If they choose one of the seven universal emotions, we ask a follow up question to measure how intensely they feel it, using three faces at different levels of intensity.

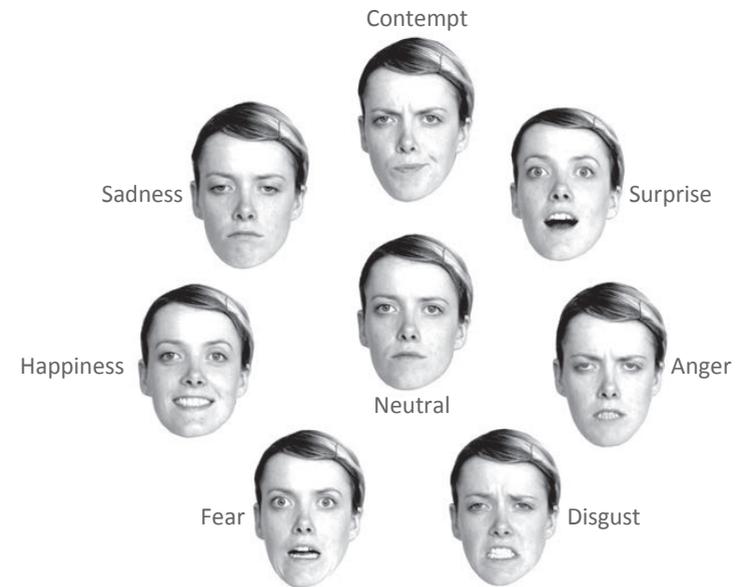
We report the results as a vertical bar, moving from Surprise and Happiness at the bottom, through Neutrality in the middle, and then the negative emotions at the top. We also use the results of our

emotional intensity question to provide an overall intensity score. Through historical testing of many thousands of adverts, we have established positive and negative weights for each emotion that enable us to translate this raw emotional profile into an Emotion-into-Action™ score and a star rating (1-Star = weak, through to 5-Star = strongly positive emotional response).

The star rating predicts how effective your ad will be. Once you factor in the effects of advertising spend relative to competitors – what ad analysts call “Excess Share Of Voice” – it’s clear that highly emotional 5-Star ads achieve much greater growth and profit than you would achieve with emotionally average (2-Star) ads. A 5-Star ad gives you far more bang for your buck.

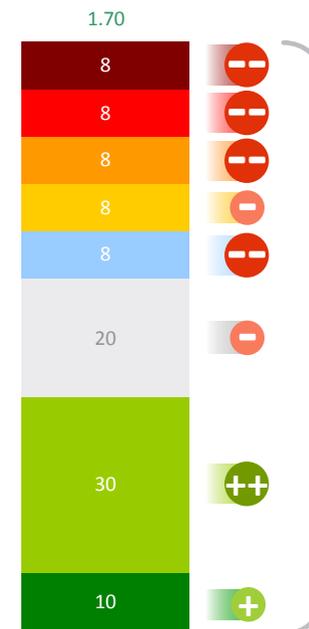
Of all the ads we’ve tested from all around the world, only 4% achieve 5-Stars. They are rare. So let’s look at three very strong commercials to see what they do right and how they evoke emotion.

Measuring Emotion



Having chosen an emotion, people are asked, how much they feel that emotion +1, +2 or +3.

- Contempt
- Disgust
- Anger
- Fear
- Sadness
- Neutral
- Happiness
- Surprise



Emotion-into-Action™ score



John Lewis: Long-Term Emotion

Every two years the Institute of Practitioners in Advertising (IPA), widely regarded as the most rigorous advertising awards body in the world, awards a prize for the most profitable advert or campaign. In 2016, it went to John Lewis' long-running Christmas campaign. John Lewis is a high-end British department store, and its campaign has become a fixture in British popular culture. The soundtracks have reached No.1 in the UK Top 40 and the release of each new ad gains extensive press coverage and a torrent of excited Tweets.

Each of the ads, made by adam&eveDDB, tells a “highly emotional story of thoughtful gifting” and four of them (the 2012-2015 ads) featured in the brand's prize-winning IPA submission. System1 Research has measured each Christmas ad on behalf of John Lewis and given them a share growth star rating based on their emotional impact. The John Lewis ads scored well and one of them – 2014's *Monty The Penguin* – performed very well indeed, achieving the top 5-Star rating. It's both a typical John Lewis ad and an exceptional example of emotional advertising.

It tells the story of a boy and his pet penguin, Monty. We see several vignettes of the pair playing happily and affectionately together everywhere they go. But something's missing. Love is all around and Monty becomes aware that he doesn't have a partner. The boy

realises this too and, on Christmas morning, takes Monty downstairs to open a very special Christmas present – it’s another penguin, a partner for Monty. We cut to the boy’s mum who sees the touching gift the boy has bought for his pal. We then cut back to the boy, who’s playing with what we now see is actually his stuffed toy penguin and new toy penguin companion.

What made Monty a 5-Star ad? It delivers a fantastic payoff of happiness, but its real genius lies in how it gets there. It’s unusual in the high level of sadness it evokes in the middle of the ad, when Monty feels lonely – and in its ability to resolve so successfully the sadness that it creates. It’s a brilliant example of what we discussed in our list of Ekman’s emotions – sadness demands resolution, and when you resolve it as completely as *Monty The Penguin*, it creates enormous happiness.

Monty, and the other John Lewis ads, have delivered exceptional returns for the brand – around £8 for every £1 spent, according to the IPA paper. But return on investment (ROI) is only one way of looking at advertising success. A commercial can deliver a short-term sales spike but achieve no lasting growth in brand share and therefore support no sustained profitable growth. The aim of advertising must be to sustain profitable growth.

Looking at John Lewis’ longer-term market share growth reveals the campaign to be a stellar success in these more important terms. In 2010, when adam&eveDDB began their work, the brand had enjoyed a 22.5% share of the UK department store market. By 2016, this had increased to 29.5% – a dramatic gain in a competitive market. This impressive growth also applied to like-for-like sales, showing that growth was happening regardless of any store

The emotional narrative

Monty the Penguin



Cumulative emotions felt, second by second, from 150 respondents, together with their reasons.

expansion. And 2015 saw a particular surge – the year after *Monty The Penguin* aired, when its emotional impact was being felt.

Our emotional measurement allows us to model the growth of the brand very accurately over the four years of the campaign; emotional response predicts share growth.



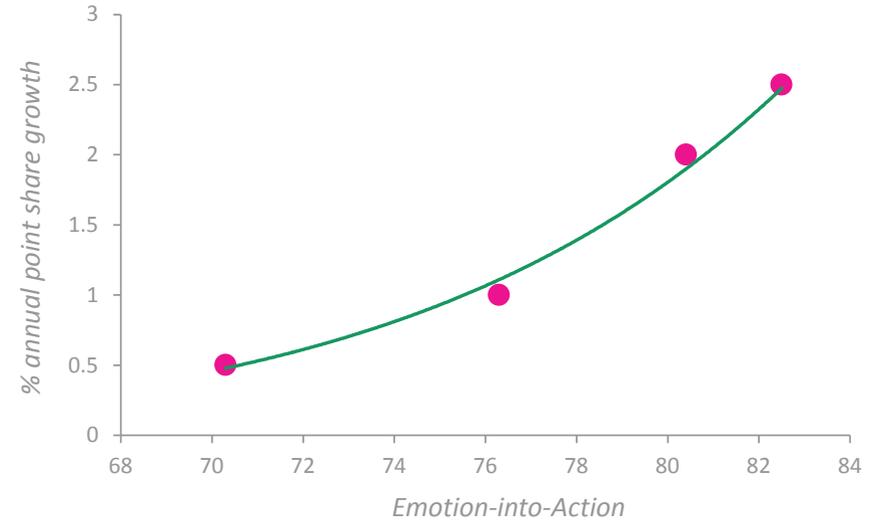
The essential difference between emotion and reason is that **emotion leads to action** while reason leads to conclusions

Donald Calne

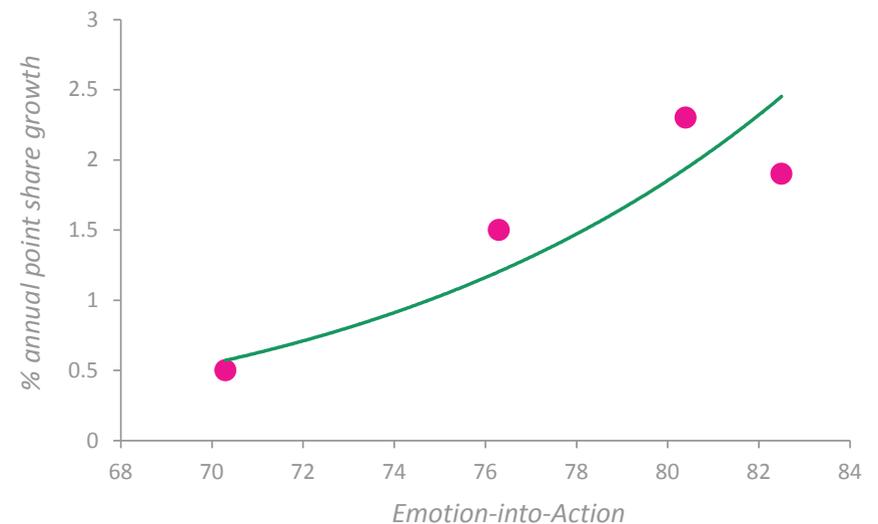
Our share growth predictions for each John Lewis Christmas ad in the campaign

Modelled vs actual growth (correlation: 0.85)

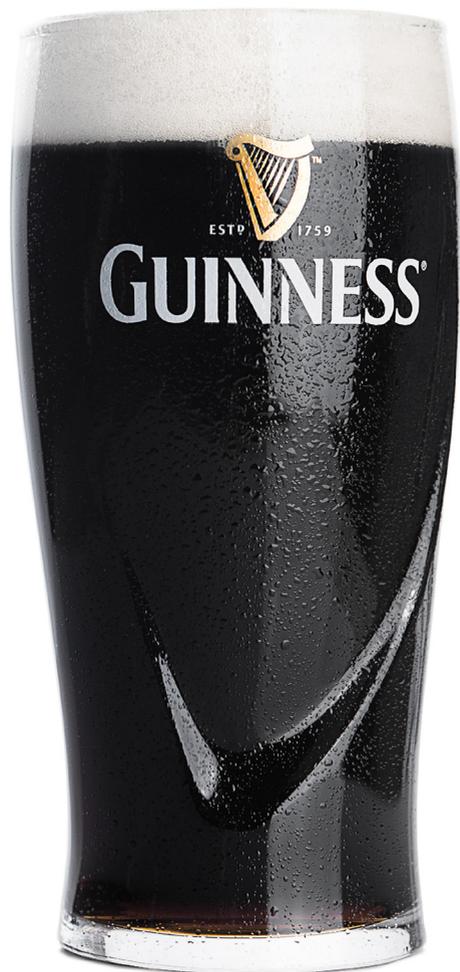
Modelled Prediction



Actual



Model assumes 10 ESOV points. Actual share of voice not available but 'roughly equivalent for each ad in campaign', Les Binet, adam&eveDDB.



Guinness: Big Idea, Big Execution

There are few brands more iconic than Guinness. But even Guinness has to operate in a challenging market. In recent years, the rising popularity of craft beers in the US and the closure of traditional bars and pubs in the UK and its native Ireland have hit the brand hard.

So in 2012 Guinness started out with BBDO on a new global campaign, “Made of More”, seeking to restore the brand’s growth. It was based on a strategic idea that “Guinness is a bold beer for those who like to make bold choices in life.” Like the John Lewis ads, the “Made Of More” campaign won a 2016 IPA Gold Effectiveness Award. The effectiveness paper, written from the perspective of the UK and Ireland, reveals the profitability of the ads in the campaign. It shows how the later ads were the most profitable for Guinness, notably *Basketball* (2013).

Basketball is a story of endeavour and friendship. It opens with a group of men playing wheelchair basketball, straining to the utmost to win – one man almost falls from his chair, such is the intensity of the match. The game ends, they shake hands. Then comes the twist. All but one of the men get out of their chairs, and head for the bar alongside their wheelchair-bound friend.

It's a great example of emotional 5-Star advertising, showing both the character of a wheelchair athlete and the strength of true friendship. Our model predicted that, with the same level of continued investment, the brand would grow again as a result of *Basketball* after several difficult years. And it did.

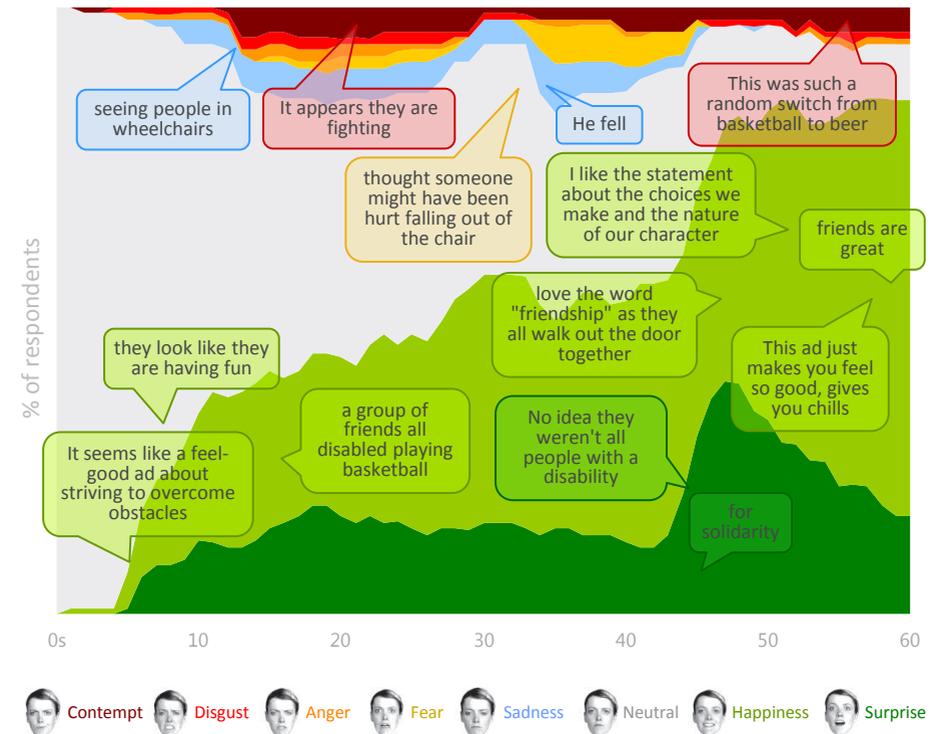
Commercially, the ad was a huge success. Together with other strong ads from the Made of More campaign, it helped Guinness return to growth in 2015. In Ireland, Guinness gained 1.5 points of value share, and in the UK its share returned to levels not seen for three years.

We are privileged to say that we played a role in the development of this now classic commercial. BBDO New York approached System1 Research to help with the development of a new Fame-generating ad for Guinness. They shared multiple scripts with us and asked us to test six "Made of More" routes in animatic form (a roughly drawn version of the ad with the intended voiceover and music). *Basketball* was strongest, emerging as a low 4-Star ad, and was taken through to production.

Our testing revealed something that was hindering emotional response, however; the animatic used voiceover from beginning to end. This can suppress emotional response in ads that rely on visuals and music for storytelling. We suggested removing the voiceover completely and testing the ad again. The version with no voiceover produced a much better emotional result and in the final ad, there was only the briefest voiceover right at the end. We tested this finished film for our own research and development purposes and it achieved 5-Stars. Testing the final film also revealed that BBDO had successfully engineered their surprising twist (something they

The emotional narrative

Guinness Basketball



Cumulative emotions felt, second by second, from 150 respondents, together with their reasons.

wanted to become a hallmark of the campaign).

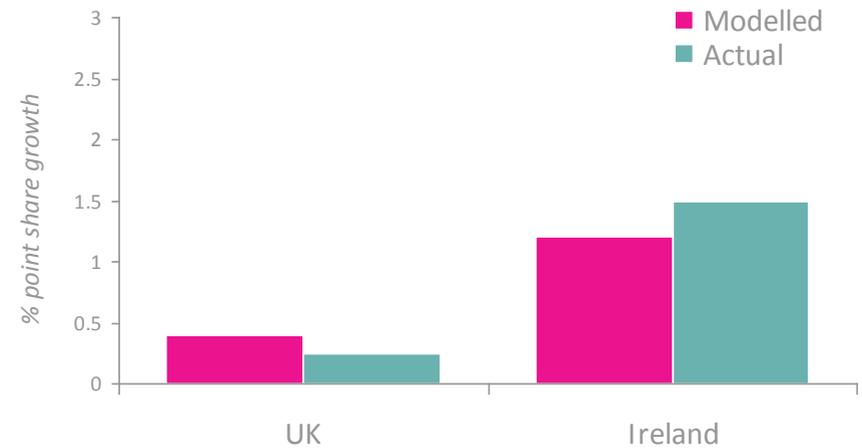
The result? Highly profitable advertising for Guinness. Details matter. The lesson here is that the final execution is as important as the big idea when you're trying to maximise the emotional impact of an ad. Small, simple executional adjustments can make all the difference.

Voiceover is one aspect that can dampen emotional response, and clumsy branding is another. Commercials need to ensure that the brand is processed quickly and easily, but the typical static closing shot of the brand, usually accompanied by a voiceover stating the brand name and summarising the brand benefit, risks ending the spot on an emotional low. The most profitable 5-Star ads usually resist the temptation to push the brand name over and over, finding more subtle devices to ensure the brand is processed fluently and that the emotions generated by the advert are associated with and assigned to the brand.

Music is another area where small shifts can make a big difference. We once tested a confectionery commercial with different soundtracks, all familiar pop hits. The surprise was that a '70s soft rock classic by Bread made the ad far more emotionally appealing than a more contemporary boyband hit by Boyzone. So much so that, in our model, it would have made the difference between marginal and exceptional profit growth. The two pieces of music also altered the way that people interpreted the ad, which featured vignettes of fathers and sons together. The Boyzone track inadvertently focused the viewer on the relationship between father and absent mother: the viewers thought they were seeing fathers with sons on rare 'access days', which made them feel sad. For the Bread version, this interpretation was completely absent. System 1

Our share growth predictions: Guinness Basketball Made of More

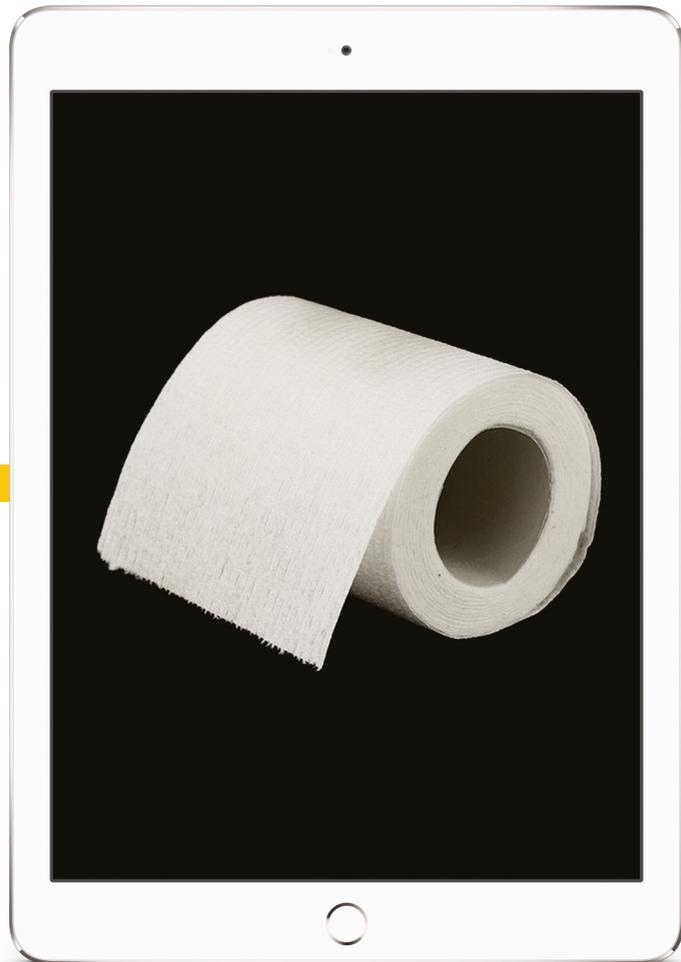
Modelled vs actual growth



Share growth and share of voice data taken from IPA Paper *An Effectiveness Story Made of More*, Gallery & Sor, AMV BBDO

is an associative, pattern-recognition machine, and the Bread track ultimately felt more congruent: it worked with, not against, the emotional grain of the ad, and so was easier and more enjoyable to process.

Execution makes all the difference. But what about communication in categories that aren't as involving as beer? Is emotional advertising still the best option for 'boring' product categories?



Le Trefle: No Boring Products, Only Boring Marketing

You might not be able to halt the march of progress, but maybe you can laugh at it. In the advertisement *Emma*, a 2014 ad for French toilet roll brand Le Trefle by Leo Burnett, Emma is a French housewife whose husband is very enthusiastic about his new electronic tablet. Very, very enthusiastic. No matter what Emma does – make a shopping list, help their kids with homework, or even read a book in bed - her husband's there, pointing out, with a shake of the head and a slightly contemptuous "Emma!", that his tablet can do it better, and without all that old-fashioned paper.

In the final scene, the husband is sitting on the lavatory, and discovers the toilet roll holder is empty. "Emma!" he calls, "Emma...?" As he looks hopefully beyond the toilet door, imagining Emma rushing to his aide with a new roll of paper, there's a pause... and with perfect comic timing, his tablet appears under the door, with a picture of a fresh toilet roll sitting proudly and uselessly on its screen. Not every kind of paper is replaceable.

Emma is a brilliant, award-winning 5-Star commercial. It's very funny and highly emotional – in fact, when System1 Research tested over 500 of the world's most acclaimed ads for its 2014 FeelMore50 global rankings, *Emma* came out as the most emotional of them all. The advert was hugely profitable. The 25 million views it garnered

led to a run on the product, and once it was back in stock, sales in France more than doubled. The advert's international popularity also enabled Le Trefle to gain distribution in six new markets outside France.

And all this for toilet paper, one of the least glamorous product categories in the world. It shows that the old adage is true: there are no boring categories, only boring marketing.

Emma is not the first emotional toilet roll ad. The UK's Andrex brand has spent decades showing adorable puppies playing with its "soft, strong and very long" product, and in the US, Charmin has its cartoon bears. Why has this functional product lent itself to emotional approaches? Toilet roll is not something that anyone wants or needs to see being used, so the pseudo-scientific 'demonstration ad' consumers often endure for shampoo, detergent and kitchen cleaner brands can't apply. This has liberated the category to pursue emotional approaches, and ads like *Emma* reap the benefit.

But the technique used in *Emma* – find a funny story and tell it in 30 seconds – is open to all those other functional categories too, if marketers just embraced it. If these brands really are low-thought, low-involvement purchases, then System 1 is even more firmly in charge of decisions, so appealing to it is even more crucial. And the best way to do that is through emotion.

We see a similar effect in business-to-business categories, where services are being sold. HSBC, for instance, has an established and strong positioning as a bank that really understands globalised business. In 2012 it wanted to capitalise on this with an ad aimed

at the narrower international business and wealth community. In collaboration with its agency, JWT, and System1 Research, it took an emotional route.

The resulting ad, *Lemonade*, was a huge success. It featured a little English-speaking girl who sets up a lemonade stand in her front yard with her father's help. When a passing tourist wants to buy some but only has Chinese Yuan, the girl thinks on her feet, addresses the woman in her own language and changes her prices quickly to Yuan, much to the woman's surprise and delight. Facial expressions, knowing glances, reaction shots between father and girl: these seemingly small executional details ensure a strong, positive emotional response. The idea proved highly transferable, too – HSBC issued a version of *Lemonade* for Brazilian audiences with the Real, not the Yuan, as the 'reserve currency' of choice.

When we tested *Lemonade*, its high 4-Star emotional rating hugely outperformed the average for financial services ads. And HSBC saw positive and unexpected business effects in-market. It's strange how the System 1 associative mind works: this wasn't a currency exchange ad, but it led to an enormous increase in currency exchange sales income for the bank. HSBC had intended the commercial for its international business customers, but the surge in currency exchange sales shows that highly emotional advertising tends to defy and exceed the expectations of often narrowly defined objectives and targeting.

What about charity advertising? This should be a naturally high-interest category and lend itself to highly emotional advertising. Surprisingly, though, the average Star rating for all the charity adverts we've tested is noticeably *below* that of all commercial adverts. What goes wrong?

When charities use emotion, they naturally communicate the plight of those they're trying to help. This is understandable and not in itself bad. The problem is, charity advertising usually fails to obey the peak-end rule. It does not resolve these negative emotions into a peak of happiness or hope that would increase System 1 appeal and encourage donations, and so it leaves viewers feeling sad, angry or neutral. It's not impossible to successfully use negative emotions. Just remember how Bob Geldof used anger to turn the sadness about the Ethiopian famine into one of the most successful fundraising events ever. But it's worth charities remembering that sadness – the most common feeling their advertising evokes – is a low-action-orientated emotion and at the very least needs a happy end to provoke action. The problem with the strategy of *'make people feel bad and they will give'* is that people hate being made to feel bad. People are more inclined to help if they can see and feel something of the ultimate reward.

Beyond this is a more strategic problem. Charity advertising is often transactional in nature, conceived for immediate fundraising purposes rather than long-term brand building, and has a tendency to try and persuade using rational messages. As we've seen from Binet and Field's work, that achieves marginal returns.

Fortunately, the solution to both these problems is the same one: make people feel more, and feel better. If you have a dynamic ad that sets up and resolves negative emotion, it will get people to put their hands in their pockets in the short term and achieve long-term returns. Happiness is a much underused emotion in charity advertising, yet it's one that can build charity brands too.

Three Strategic Lessons of Emotional Advertising

As the John Lewis Christmas campaign demonstrates, the power of emotional advertising lies in more than just each individual commercial. It's sustained commitment to an emotional campaign that will lead to profitable growth.

Media strategy is a complex topic, but we have three basic tenets for brands wanting to drive growth through emotional creative work.

Take A Long-Term Approach

Binet and Field's work shows that emotional advertising pays its greatest dividends as part of a long-term brand-building strategy. Emotional campaigns lasting three or more years have a much greater chance of generating very large profit gains than the equivalent rational or 'iron fist in a velvet glove' campaigns. They are also more profitable than short-term campaigns. This applies at the level of individual ads too: some of Binet and Field's work suggests that the public grow tired of ads far more slowly than companies assume. In 2014, as an experiment, we tested a Coca-Cola ad – starring their distinctive Christmas trucks – which had been aired on and off for years. Despite its age, the ad easily achieved a 5-Star rating. From a System 1 perspective, a long-term strategy is best because it gives viewers the chance to become familiar with the campaign and the unique assets it deploys.

One question we are often asked is, how can you ensure you repeat the success of an emotional ad in the future? We'll talk about distinctive assets more in Chapter Four, but they are an important starting point for creative work. A brand can employ a vivid *Fluent Device* like the characters of "Papa" and "Nicole" from the '90s UK Renault Clio ads, or the conceit of US State Farm's *Like A Good Neighbour* commercials. Not only does this help a brand build processing Fluency, the device is a vehicle for emotional drama. People like things that are familiar, and the repetition creates familiarity and liking. For a long-running campaign, our innate ability to spot and recognise patterns puts each new ad at an immediate advantage. It's not so much that familiarity breeds contempt, but familiarity breeds contentment. These Fluent Devices have gone somewhat out of fashion, but as the Coke Christmas trucks prove, they are an important feature of successful long-running emotional campaigns.

Aim For A Wide Audience

It's increasingly possible to target advertising very narrowly, the ultimate aim being serving online ads to exactly the right audience at exactly the right time. But just because it's possible, doesn't make it a good idea. It's actually the perceived 'wastage' from broadly targeted ads that grows brands in the long term. In his book *How Brands Grow*, Professor Byron Sharp convincingly demonstrates that a brand wanting to grow needs to aim for more buyers, not more loyalty from existing buyers. Most of a brand's growth will come from sales to light buyers and new customers, not from increasing the number of heavy buyers. Targeting tends to preach to the converted. As Sharp's colleague Jenni Romaniuk puts it, rather than asking who you want to target, ask "who don't I want to buy me?" For most products, the answer is simple: nobody.

Fluent Device

- 1. A character or characters (humans or creatures) conceived and used as the primary vehicle for the drama in more than one ad across a campaign.*
- 2. A creative conceit, expressed as a slogan, used more than once in a campaign as the primary vehicle for the drama.*

Part of the power of emotional advertising is its ability to command broad appeal. Whilst the specific triggers of happiness can vary between cultures and perhaps even target groups, an ad that draws on human experience to perform well among one group has an excellent chance of performing well among others. Remember the HSBC *Lemonade* ad, intended for business customers, but which ended up giving a lift to the consumer side of the business too. Narrow targeting is a straitjacket on growth.

This also means brands should not be scared of tying their commercials to big national events – like festivities or major sports events. It's no coincidence that year after year some of the most emotional campaigns in the US are released for the Super Bowl, and the top British emotional ads come out at Christmas. Ideally, companies would air emotional ads all year round, but big audiences at these events can mean big profitability if you get it right. The potential for this exists in every market. In 2016, Coca-Cola and McCann WorldGroup made a terrific 4-Star ad for Chinese New Year, telling the story of a family of snowmen reuniting, which touched on the theme of family unity so important to Chinese consumers at New Year.

Invest In Emotional Creative

If a company overspends on advertising relative to its market share, it will generally see some growth, even with an average, 2-Star advert. Advertising spend, as well as the emotional impact of an ad, matters.

Spend counts for more the better your ad is. What 3-, 4- and particularly 5-Star emotional advertising does is increase a commercial's profitability. The more emotional an ad, the more sustainable, profitable growth it will produce.

In their latest work, Binet and Field note a worrying trend in advertising, which is that instead of creativity benefitting from spend, it's often being used as a substitute for it. In the last few years, the IPA's database shows that company spend on highly emotional, creative advertising has been below what it should be for brands' market shares. In other words, creativity is seen as an excuse to underspend, not invest.

It may be that budgets are becoming more difficult to justify or that there is a lack of confidence in putting spend behind highly creative work. This is dangerously short-term thinking. It's like buying a racehorse with superb breeding, then imagining its pedigree means you don't need to feed and train it properly. If you have an emotional ad, you need to back it. Emotional winners will more than reward the investment. If you have a highly emotional ad with 5-Star potential, invest in it for growth, and don't be tempted to let the creative itself compensate for a lack of spend. You need both quality and quantity to grow your brand. Think of each point of Excess Share Of Voice working that little bit harder to grow your market share when you have a 5-Star ad.

In this chapter we've discussed how vital emotional ads are for profitable growth. But while emotional ads play a big part in brand-building, they're far from the whole story. In the next chapter, we'll explore how to build a brand in a world where System 1 calls the shots.

Name the brand...



.....



.....

Should have gone to

There are some things money can't buy. For everything else, there's

..... refreshes the parts other beers cannot reach

..... Where's the beef?

..... gives you wings



Chapter Four

Brand Building



“

This provocative little book makes the complicated simple and clarifies the obscure. Even if it's not the whole story (what is?) the mantra of Fame, Feeling and Fluency would improve most advertisers' campaigns enormously. It's worked for plenty of others, including Donald Trump.

Paul Feldwick

Writer, Planner and Consultant



“

A must-have guide to understand and leverage the power of emotion in Marketing. Years of hands-on real world experience, crafted and distilled into a simple to read, but incredibly powerful book. Max your Marketing!

Giles Jepson

Kraft Heinz European Chief Marketing Officer



“

Anyone who toils away on a complex business with a huge range of products, a wide variety of customers, or a portfolio of brands will love reading that effective marketing can be boiled down to some simple, core principles. Phew!

Zaid Al-Qassab

Chief Brand & Marketing Officer, BT Group



“

System1 makes a fresh, frank and fast argument for the impact of Fame, Feeling and Fluency on modern marketing.

Paul Kemp-Robertson

Founder & CEO Contagious

“

Fame, Feeling and Fluency

Our Most Common Decision

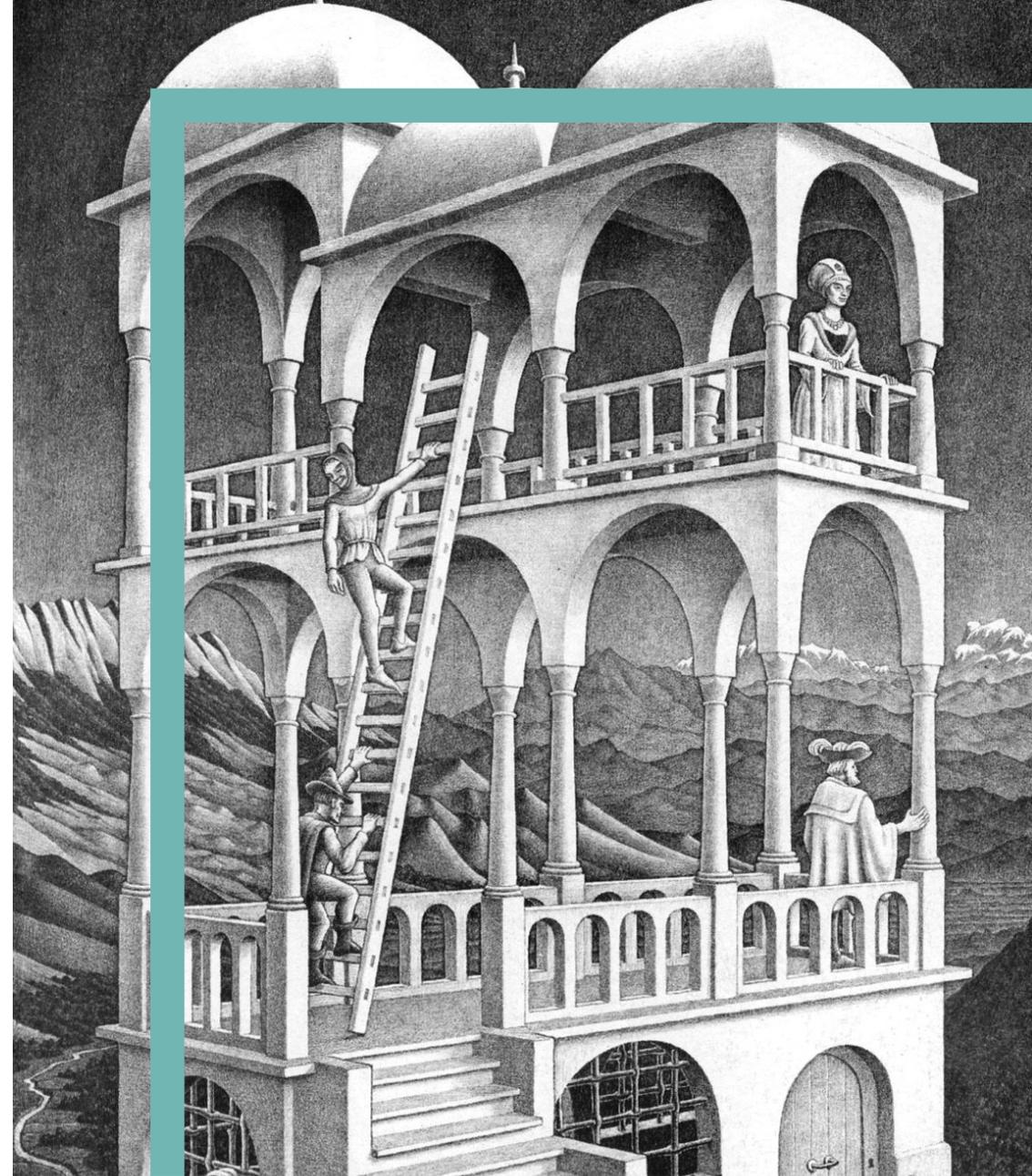
We may have the same way of thinking as our Ice Age ancestors, but there's one type of decision we make every day that Ice Age humans never did. Possibly our single most frequent decision: "What shall I buy?"

Ice Age humanity didn't go shopping. The choices our ancestors had over what to wear, what to eat, where to go and how to maintain their caves were very real ones, but their options were limited. We, on the other hand, face almost limitless consumer choices.

How does a mind geared primarily for sex, status and survival deal with so many options? In the same way as it's always done. Our decisions are guided by instinct and rules of thumb – by System 1. 20,000 years ago, the way our brains recognised patterns and learned from experience was vital for understanding what could be safely eaten, or where prey might be found. Exactly the same skills are used today for the rather less vital decisions of which deodorant to buy or where to eat lunch.

In fact, in a modern consumer society we need System 1 more than ever. The sheer number of purchase decisions we have to make would create massive cognitive overload if we carefully considered each one, and waste vast amounts of our energy and time.

This has big implications for how we think about brands. Brands themselves originated as markers of trust, designed to make decisions quicker and easier, not to initiate a complex comparison process. But even though every brand owner has read the studies showing how quickly decisions are made in a store, and even though most of their own lives as consumers are governed by habit, there's still a temptation for marketers to create complex constructs of brand image, personality, and points of differentiation, and to believe that consumers crave meaning, interaction, and relationships with their brand. They like to see their brands as special, complex and different. In fact, our System 1 brain is drawn to simplicity and the most successful brands play to that.



Did Escher foresee overly complex marketing constructs? – *Belvedere* 1958



Fame, Feeling and Fluency



System 1 makes decisions about brands in the same way it makes decisions about anything. It comes to a fast, instinctive judgement by applying simple rules of thumb to the situation. System 1 doesn't 'do' doubt. Doubt only occurs when System 1 can't immediately arrive at a quick, instinctive decision. That's when it defers to System 2 and its deliberative reasoning. But that costs time and energy. So to ensure their brand is chosen quickly by System 1, companies must play by System 1 rules.

There are three all-important rules of thumb System 1 uses to choose brands. You know two of them already. One is *Fluency*, the speed and ease of processing information. In Chapter Two, we explored how important this is to the success of innovation; innovation succeeds when it makes the new seem familiar. Fluency is crucial for brands too. If a brand is easily recognised and processed, to our System 1 minds, it *must* be a good choice. That hands a huge advantage to brands with distinctive logos, slogans, colour schemes, jingles, or other unique assets.

Another is *Feeling*. We saw in Chapter Three how positive emotion is the driving force behind profitable advertising, particularly over the long term. The same thing applies to profitable brand growth in general. Advertising helps us feel good about a brand – and if a

brand feels good, to our System 1 minds, it's a good choice. Brand usage and experience, sponsorship and, of course, 5-Star advertising can all create these positive associations.

For brands, though, a third rule of thumb is vital: *Fame*. Fame is referred to by psychologists as the *Availability Heuristic*: the more readily a brand comes to mind in a decision context, the better the choice our System 1 assumes it to be.

What does Fame mean in practice? The best modern books on how brands work in the real world are *How Brands Grow* by Professor Byron Sharp of the Ehrenberg-Bass Institute, and its follow-up, *How Brands Grow 2*, by Sharp and his colleague, Jenni Romaniuk. The marketing laws these books describe are the real-world effects of psychological mechanisms.

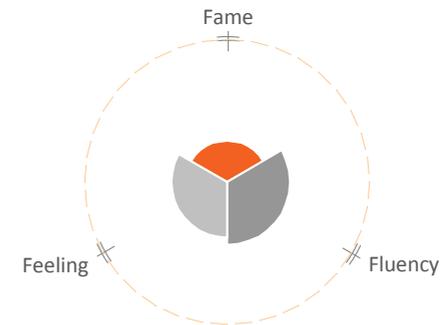
Fame is what gets a brand onto a person's mental shortlist. Anyone buying in a category fairly regularly has three or four brands on that category's shortlist. Remember, these shortlists may change in particular contexts – the beer you choose in a bar isn't necessarily the same as the one you choose in a supermarket. Getting onto people's mental shortlists is an essential step for any brand. So too is ensuring the brand is available when people are making their choice. Fame consistently and strongly correlates with *actual market share*. The most purchased brands in a market are the most famous. So marketing must always aim for Fame.

Fame | The Difference Between Small and Big Brands

Fame, Feeling and Fluency Percentiles

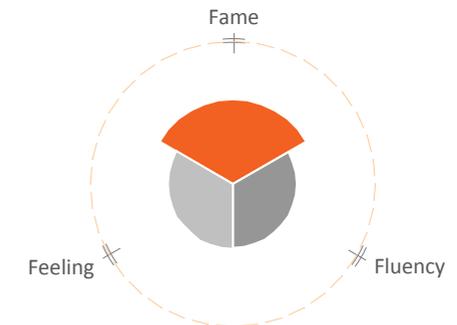
Small

Market Share <7%



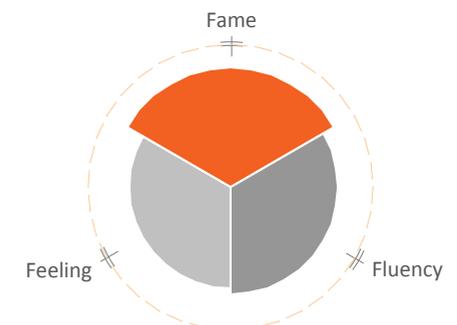
Medium

Market Share >7% <15%



Big

Market Share >15%



■ Fame
■ Feeling
■ Fluency

A graphic consisting of a teal square with a white border, containing a white double quote symbol.

If a brand comes
readily to mind

Then profit won't
be far behind

All round the world,
the rule's the same

Your main objective —
AIM FOR FAME

Fame, Feeling and Fluency Drive Profitable Growth

System1 Research measures the Fame, Feeling and Fluency of a brand because the strength of these 3 Fs in the public's mind is what explains a brand's size and determines its likelihood of growing or declining. Improving your brand's performance on Fame, Feeling and Fluency will make it a faster, easier and more attractive choice. The 3 Fs reinforce one another, which is why our overall measure of brand strength – a 1-Star to 5-Star rating – is a combination of Fame, Feeling and Fluency.

If Fame is the desired outcome of all marketing activity and explains a brand's market share, it is Feeling and Fluency that help achieve it. Feeling and the brand's distinctive assets that promote Fluency are what make a brand memorable and famous. Feeling and Fluency are indicators in their own right of a brand's potential to grow more and to charge more.

How people feel about your brand is a strong predictor of its future growth, but it isn't as simple as saying that the brands people like are more likely to grow. It's rare to find a big brand that isn't fairly well-liked within its market. Why would people buy something they disliked? What makes Feeling predictive isn't the absolute emotional response to a brand, but the level of feeling relative to its size.

When people like a brand more than its market share suggests, we say it has *surplus Feeling*, and it is likely to grow. A brand with *deficit Feeling* – people aren’t as happy with it as you’d expect for a brand of its size – is at risk of decline.

We see this when we look at our brand database: there’s a pattern associated with growing and declining brands. Growing brands have much greater Feeling scores for their size than those that are losing market share. Declining brands tend to have poor levels of Feeling for their size.

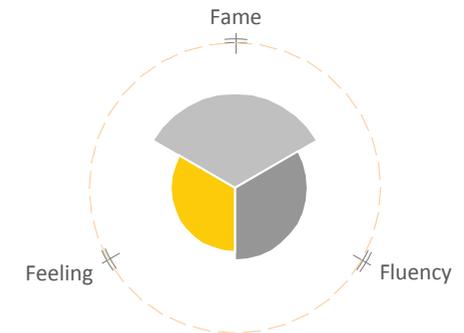
What about Fluency? It’s long been known that branded goods are able to charge a premium over their own-label equivalents. This premium is the source of brand value and profitability. Our work shows the stronger a brand’s Fluency (distinctiveness) the higher the premium it can sustain. This is because people ascribe greater value to items they’re familiar with and can process quickly. Recognition speeds decision.

Fluency is an emerging field of psychology that has exciting implications for marketers. In a recent experiment, psychologists showed that people use Fluency – the ease of processing information – to determine an item’s value. They gave participants familiar forms of currency and rarer, less familiar forms of currency of the same value, and asked them how many everyday items each currency could purchase. The familiar forms of currency had greater perceived purchasing power than their less familiar counterparts. Participants judged that a \$1 bill could buy 48 paper clips, but a slightly unfamiliar, doctored \$1 bill or a rare \$1 coin could only buy 20 paper clips.

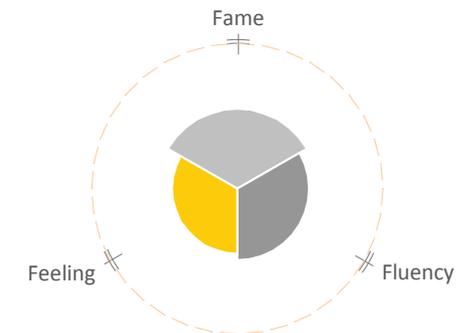
Feeling | How Brands Grow and How Brands Decline

Fame, Feeling and Fluency Percentiles

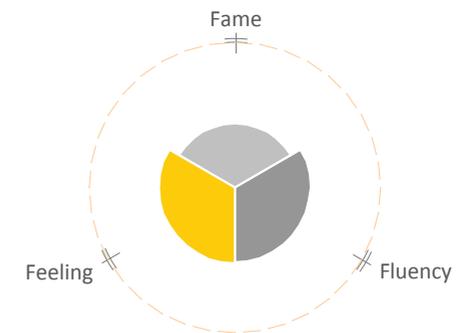
Declining
Market Share Rate
<-2%



Stable
Market Share Rate
+2% to -2%



Growing
Market Share Rate
>+2%



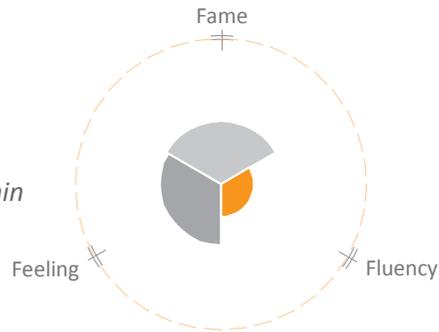
■ Fame
■ Feeling
■ Fluency

Fluency | Commanding a premium

Fame, Feeling and Fluency Percentiles

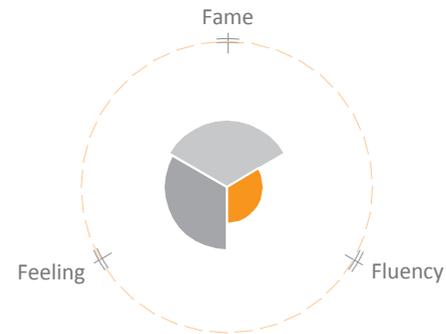
£

Bottom third on price within category brands tested



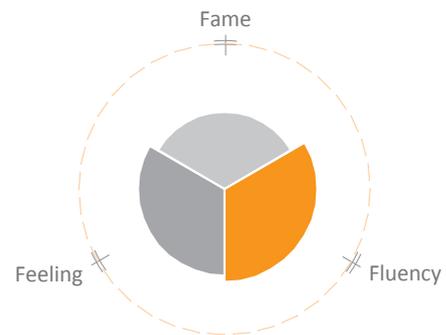
££

Middle third



£££

Top third



■ Fame
■ Feeling
■ Fluency

In another experiment, four different designs of mineral water bottle were shown to participants. Two used a font that suited their bottle shape (therefore easier to process), two had a conflicting font and bottle shape (more difficult to process). Researchers asked how much people would pay for the bottles. Participants expected the more Fluent designs to cost about 30% more.

Creating Fluency and Feeling, allied with spend, is the quickest route to Fame and profitable growth.

Fame, Feeling and Fluency explain market share

A brand's Star rating is derived from its combined Fame, Feeling and Fluency scores.



“

Focus on
new buyers
because
loyalty comes
'for free'

Building Fame: Penetration Vs Loyalty

Each of our three shortcuts to decision making – Fame, Feeling and Fluency – has important consequences for a brand. Fame reflects current market share. Feeling predicts future growth. Fluency creates brand value.

So how do you gain Fame, Feeling and Fluency?

There aren't many quick routes. Even in a fast-moving world, branding is about long-term growth. It takes time for an option to become an instinctive, System 1 choice. But there are ways to improve on all 3 Fs and achieve profitable growth.

Fame is perhaps the most straightforward of the three to influence, but requires investment and distribution. The more frequently people see or use a brand, the more its Fame will grow. A large, sustained investment in almost any advertising, marketing or sponsorship will help raise Fame. Increasing availability by improving distribution also helps Fame. The two things tend to reinforce each other, and without Fame it's almost impossible for a brand to maintain broad availability.

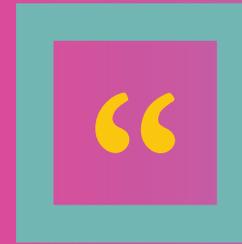
Remember from Chapter Three that the emotional quality of your advertising matters a great deal. The more Feeling and Fluency you

create, the greater the efficiency of your marketing, and the more Fame and profitable growth you achieve.

Opportunities for growing Fame are far greater among people who don't currently buy your brand. Growth is driven by increasing sales to non-buyers and light users, and your brand needs to become more mentally and physically available to these people. This is why Byron Sharp, like Andrew Ehrenberg before him, recommends brands focus on winning new customers, rather than trying to increase existing customers' loyalty. Contrary to popular belief, targeting a wide audience and including non-users is not a waste of money. It's a key driver of growth.

What about loyalty? It was Ehrenberg who popularised the 'double jeopardy' rule, which says that increasing market share also increases loyalty. Loyalty isn't an alternative to increasing penetration, it's a consequence of it. You can see this not just in consumer categories, but also in digital ones: *How Brands Grow 2* presents Chinese social media data which shows that the most-visited social networks are also the ones where people spend most time. The idea of the niche brand with a few, fanatically loyal customers, is almost always an illusion. If you increase your penetration by attracting new customers, you get additional loyalty for free.

To build Fame, target wide, touch deeply and be distinctive.



Your buyers
mostly buy
other brands
and occasionally
buy yours



The only brand that...

Building Feeling and Fluency

Feeling (relative to brand size) predicts medium-term growth potential, so improving Feeling should be a priority for every company. Just think of John Lewis in Chapter Three: their long-term campaign of emotional Christmas advertising has steadily increased their market share year on year.

How do you build Feeling? After all, most people make quick, instinctive decisions about brands. They don't consciously think or care very much about them. People who regularly buy a category will regularly buy several of the biggest brands in that category, rather than be loyal to just one brand. So it's very doubtful people want close 'relationships' with brands or greater 'engagement' with them. The purpose of Feeling is simply to get your brand onto consumers' mental shortlists and let positive associations nudge them in your direction in the moment of purchase. The good news is even a small difference in positive Feeling can make a big difference to a brand's growth and profitability.

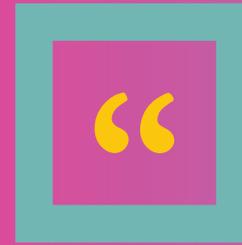
While word of mouth and recommendations certainly build positive response to a brand, it's almost impossible to invest in that kind of advocacy and get predictable results from it. The best way to build Feeling is still through emotional advertising.

Building Fluency is a matter of making the brand more distinctive. In *How Brands Grow*, Sharp explains that ‘distinction’ and ‘difference’ are not the same thing. Rather than seek “meaningful difference”, he says that brands should create “distinctive assets” which consumers immediately recognise. Remember, recognition speeds decision.

Perceived difference is actually mainly a function of a brand’s Fame, Feeling and Fluency. Sharp’s work reveals that people rate the brands they use as better on almost every attribute. The idea that a brand succeeds through a unique functional advantage (“The only brand that...”) is massively over-stated. Of course, if pressed, consumers will claim to have a good reason for choosing a brand, but this is rarely to be trusted. Remember from Chapter One that System 2 is a “lazy policeman” – it reaches for any available evidence to justify System 1 decisions.

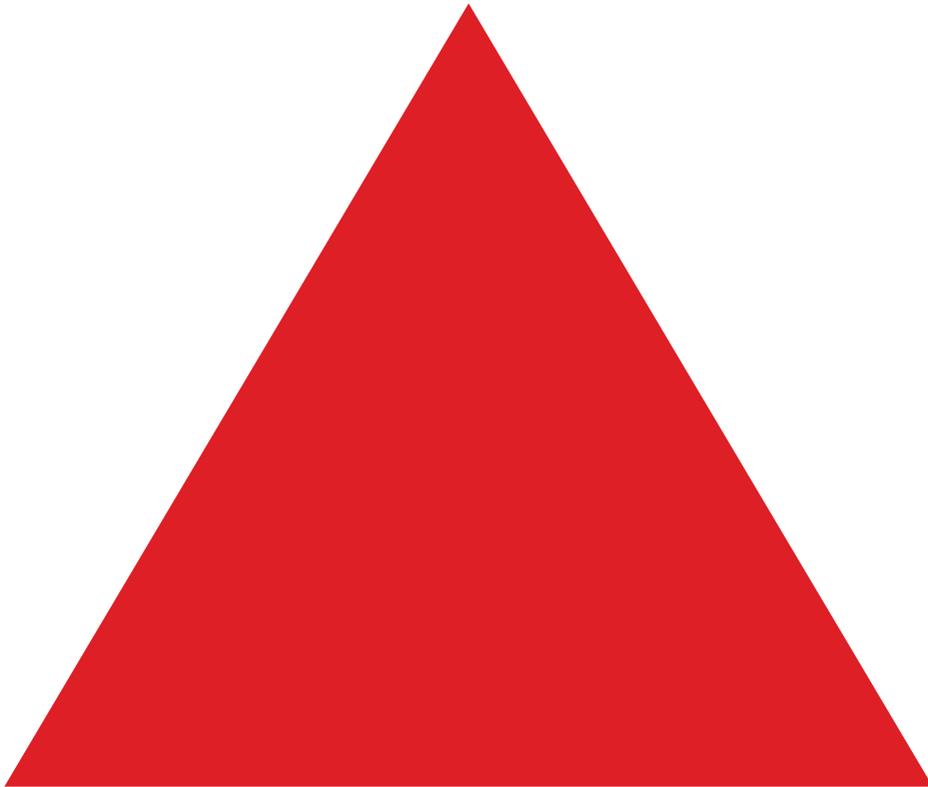
Given that the pursuit of differentiation has been a holy grail for many marketers, the idea that it’s not, after all, a major driver of profitable growth seems a radical proposal. But it’s supported by everything we know about System 1 decision-making. Differentiation suggests an analytical comparison by customers and the involvement of System 2. Distinction suggests simple recognition and rapid processing, which is the domain of System 1. And it’s System 1 that guides decisions.

To build Fluency, distinctive assets are essential. But what exactly are they and how do you get them?



Recognition speeds decision

Creating and Building Distinctive Assets



On New Year's Eve 1875, most of London was in celebratory mood, raising glasses of beer to cheer in the New Year. But one man was not partying. He was standing outside a certain London office, patiently waiting for midnight. Beer was on his mind, too. But he wasn't thinking about drinking it.

The office was where trademarks would be issued, and 1st January 1876 was the day the UK Trade Mark Registration Act would come into effect. The man worked for the Bass brewery and his task was to ensure their red triangle would become the first ever UK Trade Mark. He succeeded. Bass still uses the red triangle today and in 2013 they even renamed their beer "Trademark Number 1" in its honour.

What does a red triangle have to do with beer? Absolutely nothing. The association is arbitrary – it's a classic example of distinctiveness beating differentiation. Everyone in Victorian England would have recognised Bass from the triangle alone. The trademark is even immortalised in a famous Manet painting of a barmaid – on the counter-top, bottom-right and bottom-left, is that familiar red logo.

The Bass red triangle is still a great distinctive asset because it helps people recognise the brand. If you want to make a brand easier to



Edouard Manet's *A Bar at the Folies-Bergère*, 1882

choose, make sure its assets are distinctive and easily recognised. For this reason, many distinctive assets involve sensory triggers, the bulk of which are visual – shapes, logos, colours, gestures, familiar characters, and so on. Far more of the human brain is devoted to visual processing than any other sensory input, so visual cues are ideal for System 1 reactions. That's how a red triangle became such a Fluent brand asset.

What about other senses? Sound can work too – like those jingles you can't get out of your head. While our sense of smell is less acute than that of other animals, the links we make between smell and memory are nevertheless very strong. Our touch and taste receptors can also be used to create distinctiveness. Sounds, textures, scents, tastes and visuals can all be successfully used as instinctive, System 1 brand associations to increase Fluency and profitability.

Our System1 brains rapidly recognise non-sensory input too. Our facility with language, with association and pattern recognition, means that slogans, concepts and Fluent Devices (like Snickers' long-running "You're not YOU when you're hungry" campaign) can become distinctive assets too. But these more conceptual assets work best in conjunction with other visual ones. If you see the words "just do it" in a sentence, you might think of Nike, but the slogan has far greater force when accompanied by that distinctive swoosh.

There's an enormous range of available distinctive assets to drive a brand's Fluency. To get some idea of how enormous, let's look at some brands we feel do it best.

Great Distinctive Assets

Apple iPod White EarPods

An aspect of the product itself can work as a distinctive asset. Sometimes these are decorative – like the figurine on the front of a Rolls-Royce. But other times they are something more integral. The original advertising around the iPod advertised its uniquely large song capacity – a solid, System 2 rational benefit. But it really took off when Apple introduced the classic “Silhouette” campaign, emphasising the distinctive White EarPods. For a device that’s largely hidden inside people’s jackets, the White EarPods made it instantly identifiable as an iPod. They became such a recognisable asset for the brand that the police had to issue warnings as thieves were targeting anyone wearing those white headphones. One distinctive part of the product had come to stand for the whole.

Coke Red

As you’d expect from one of the world’s most famous brands, Coca-Cola is built on distinctive assets: its font, its unique bottle shape, and its Christmas trucks. But unifying them all is its colour scheme – red for Coke, silver for Diet Coke, and latterly green for Coke Life and black for Coke Zero. Watch any Coke ad and see how carefully the brand uses those colours. In a purchase environment, the rich, bright red instantly draws the eye and helps the brand maintain high Fluency. It’s a lesson for brands: if you ‘own’ a colour within your category, it makes your product much easier to choose.

Shell Logo

A logo is generally one of a brand's most important distinctive assets. Shell is a perfect example; it needs no accompanying text or brand name – the logo does the work instantly, and has barely altered since 1971. This is a big advantage for a global brand which needs to operate across multiple languages. But that instantly recognisable logo was also the result of seventy years of refinement. The original logo was a realistic drawing of a shell, which gradually became more stylised, colourful and simpler to process at speed; in other words, more Fluent. Most global brands with long pedigrees have simplified their assets similarly.

BA Union Jack Tailfin

The value of a distinctive asset can only be realised if you own and use it. British Airways learned this when it replaced its distinctive Union Jack tailfins in 1997 with a series of designs based on patterns from around the world. In terms of 'brand personality' you could see the logic – the new designs would emphasise BA's global reach. But in terms of brand Fluency and Feeling it was a disaster. First the then Prime Minister, Margaret Thatcher, publically criticised the move. Even worse, Richard Branson, head of Virgin Atlantic, saw a discarded distinctive asset and cheekily branded his planes' tailfins with the Union Jack. BA suffered, Virgin grew, and by the time they re-introduced the Union Jack BA had learned a lesson – if you have a good distinctive asset, don't mess with it.

Intel Chime

Audio assets can also play a big role in building Fluency. Microprocessor brand Intel, whose chips power millions of computing devices, has used the distinctive 'Intel sound' or 'chime'



Illustration of Shell logo over time

for over 20 years – a three-second chime that rings out any time you turn on a Windows PC. In a sector where the product is largely invisible, this is invaluable branding. It's estimated the Intel chime is played somewhere in the world every five seconds. Other brands use audio assets too – McDonalds' 'I'm Lovin' It' jingle has become one of the most recognisable in the world.

Singapore Airlines Scent

We're all exposed to vast numbers of clashing scents and lack the olfactory sophistication to separate them out. However, if you can make a distinctive scent and own an environment where you can deploy it, it can be an enormously powerful trigger. So for some brands, scent makes sense. For airlines, not only are there plenty of unpleasant smells to be masked, but you have a high degree of control over your customer's environment for several hours. So everything from lounges to cabins to soap dispensers can be infused with a signature smell. Singapore Airlines' scent, "Stefan Floridian Waters", is a mix of rose, lavender and citrus. Which probably doesn't rouse your System 1 as a description – but if you've flown Singapore, they're betting a sniff of it would.

Angela Merkel's Hand Gesture

Politicians are brands too, and the most successful cultivate distinctive assets. German Chancellor Angela Merkel's is a gesture – the *Merkel-raute*, where she presses her hands together in a kind of heart shape. It's a discreet gesture, but very distinctive, and you'll see it in countless photos of her. For German voters, this instantly recognisable gesture helps keep Merkel at the front of their minds.

Budweiser Whassup?

We now come to a particular class of distinctive asset, previously discussed in Chapter Three – the Fluent Device. Think of it as advertising distinctiveness – the familiar characters and scenarios that recur multiple times across a campaign and help build Fluency and Feeling. We talked in Chapter Three about how crucial a long-term strategy was for emotional advertising, and Fluent Devices are the best way to build them. One great example is Budweiser's *Whassup?*, a phrase which became a distinctive asset and pop culture phenomenon. *Whassup?* ticked all the boxes of a great Fluent Device. It was instantly recognisable, could be easily imitated and was extendable into multiple formats, with everyone from aliens to animals exchanging the greeting across a dozen spots. *Whassup?* won multiple awards and helped Budweiser outperform the beer market and reach almost 50% market share in 2001.

Hamlet Happiness

Whassup? is a relatively rare example of a 21st century campaign build around a creative Fluent Device. With the constant demand for new content, using strong, distinctive characters has fallen out of fashion. This is a shame because it's still one of the best ways of building brand Fluency. The heyday of the Fluent Device was probably UK advertising in the 1970s and 1980s, with campaigns like Hamlet Cigars. In the days before tobacco advertising clampdowns, Hamlet ads always featured an unfortunate man for whom something goes wrong. He then lights up a Hamlet, Bach's *Air on a G String* starts playing, and the words "Happiness is a cigar called Hamlet" appear. As well as being a brilliant example of turning negative feelings into positive ones, it was a superb Fluent Device. Other great examples from the era include the Milk Tray Man, a

chocolate-bearing hunk; the Smash Martians, robots with a craving for instant potato; and the Gold Blend Couple, which used a 12-part romance to sell instant coffee. All were excellent distinctive assets, which brought those brands quickly and happily to mind.

The Oxo Family

One of the best ways to find new distinctive assets is to look at old ones. Today's older generations grew up with different commercials, which means many brands have a store of potential assets that could be resurrected at any time. And they're increasingly drawn to the idea of doing just that. At System1 Research, we worked with Premier Foods and JWT to bring back the Oxo family. They were a staple of 1980s TV advertising in the UK, a bickering but instantly recognisable family led by the late Lynda Bellingham as Mum. In our work to identify distinctive assets for the stock cube brand, the Oxo family was still the primary association with the brand for people 17 years after they were last on the screen. In October 2016, the brand launched a new Oxo family on TV, with plenty of positive coverage in the press, and encouraging early effects on sales. Great distinctive assets linger in the memory far longer than the ads which featured them, and can continue to work for a brand decades into the future. Fluent Devices have enduring power.

Profitable brand building is what happens when Fame, Feeling and Fluency work together, as our next case study shows.



The 3 Fs in Action: Santander

Santander had long been a major bank in its native Spain and elsewhere in Europe. But it had no presence in the UK until it bought the Abbey National building society in 2004. By 2010, having acquired other small building societies, the company announced the decision to rebrand Abbey as Santander and roll out its new banking identity across Britain.

Britain's banking sector was fiercely competitive, and dominated by the "Big Four" – NatWest, Barclays, HSBC and Lloyds. Breaking into that group would be difficult, particularly as banking customers seldom switch. As a brand, Abbey National was a small but popular name, whereas Santander was completely unknown.

But Santander's decision turned out to be a branding triumph. Within five years of the name change, the UK had become the bank's biggest market. And figures showed that 25% of Britons who did switch banks were switching to Santander – allowing it to make steady inroads into the existing market and draw level on market share with Barclays. During 2014 and 2015, Santander gained 370,000 new customers. Between them, the "Big Four" lost over half a million. It was now the "Big Five".

Santander's strategy offers a masterclass in how to establish all 3 Fs, but especially Fluency.

Which bank?

In terms of Fame, Santander had some catching up to do. And who better to help them than Lewis Hamilton? The Formula 1 champion opened the first rebranded Santander branch. Its acquisition of multiple building society brands gave it a strong high street presence, ensuring immediate availability and visibility when it launched.

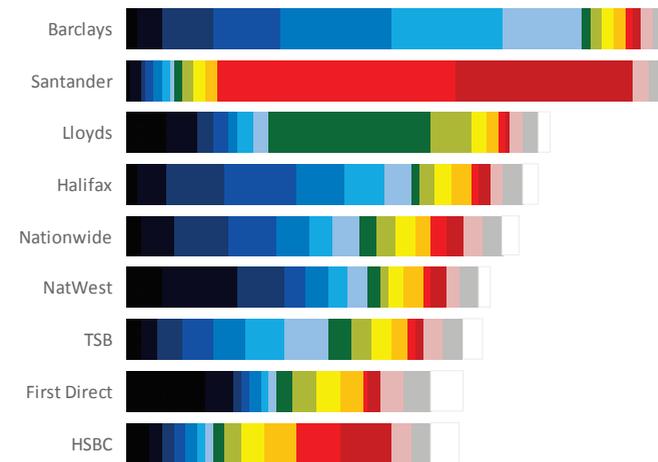
In terms of Feeling, the launch was well timed. The financial crisis of 2008 had destroyed much of the trust the British public had in their banks. Our studies of UK brands throughout the 2010s showed sharp declines in positive feeling for the big banks. Santander was still a bank, and by no means immune from this. But it was also a new face, and not tarnished by the scandals and bailouts which had hit rivals like Barclays and NatWest. It bucked the trend, gaining positive feeling when other bank brands were losing theirs, and developed surplus feeling at a time when major competitors' Feeling accounts were in the red. As we described earlier in the chapter, this situation gives brands the potential to grow.

Santander realised that potential using Fluency. When we studied the brand in 2015, we found that it had two distinctive assets. One was its consistent red colour. Santander logos, communications, and its online and physical presence are saturated with red, and its association with red was very strong. This made the brand distinctive – easy to recognise and process.

Even more important, though, was Santander's second distinctive asset: its signature product, the 1-2-3 current account, launched in 2012. It had a distinctive name – easy to recognise and remember. Its genius lay in the fact that it didn't just tap branding Fluency. It also drew on Fluent Innovation.

Santander owns red in the public's mind

% associating each colour with the brand under time-pressure



In a marketplace full of extremely complex financial products, the 1-2-3 account was just very easy to understand. The 1 and 2 referred to the percentage levels of 'cashback' Santander offered, a term already familiar to the British public, but used here to mean a proportion of the money a customer spent on household bills that would be credited by the bank to the customer. The 3 was the 3% interest rate offered on balances. To take full advantage of the account you needed to have a sizeable sum in your account and a Santander mortgage – but that was all System 2 detail. From a System 1 perspective, the 1-2-3 account was a rare ray of clarity in a mire of difficult choices. Consumers went for it in their droves and it quickly became one of the UK's most popular financial products. Santander and the 1-2-3 account show what's possible when innovation and brand-building work hand in hand – a distinctive asset that builds Feeling and Fame.



The 3 Fs in Action: Tesco

At the start of the 2010s, Tesco was one of Britain's few 5-Star brands. The market leader among supermarkets, its growth had accelerated in the '90s to put it well ahead of Sainsbury's and Asda, and it was reckoned that £1 in every £7 in the UK was spent with the brand. Tesco's original pledge – "Pile it high, sell it cheap" – spoke to its roots as a cheap grocer for working families. By the end of the 20th century, Tesco had expanded into finance, mobile phones, insurance, luxury and value food ranges, and on top of that was working to build its business in the US. It enjoyed sky-high Fame in the UK, strong positive Feeling, and had a raft of distinctive assets to build Fluency, like its blue-and-white striped logo.

But behind the success story, cracks were appearing. In 2011, our tracker at System1 Research found a sharp drop in positive Feeling. In our 3 Fs model, this would be enough to put it into deficit Feeling – where the positive emotion towards the brand falls short of what its size requires. And deficit Feeling means a predicted drop in share – our 3 Fs model predicted that Tesco would drop to 4-Stars.

This wasn't just a blip. Over the next few years, Feeling continued to slide. By 2014, Tesco evoked barely half the level of Happiness it had just four years earlier – a drop from 59% to 32%. What was happening? Our measurements of Feeling also picked up triggers for

emotion – consumer testaments that explained the slide. Service was poor; the brand was seen to be arrogant and overstretching itself; and rival brands, like German discount chains Aldi and Lidl, were now winning the price wars. These two brands enjoyed surplus Feeling – and both were growing fast.

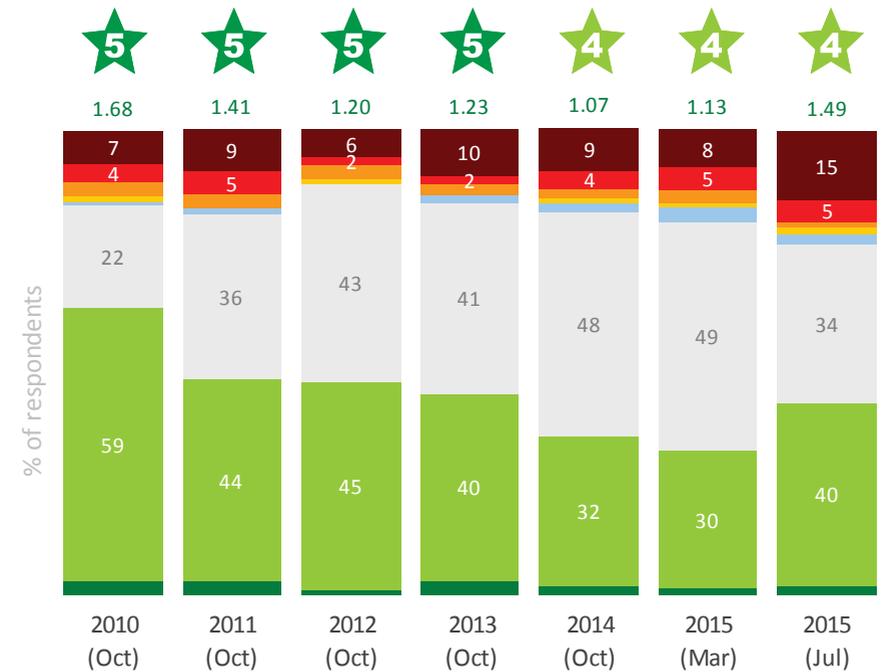
Our predictions of decline were borne out by what happened next. In 2012, the year after we first saw Tesco’s Feeling slide, the company lost a point of market share and issued its first profit warning for twenty years. As the slide continued Tesco was hit by scandal, with horsemeat found in many of its products. The brand slipped into 4-Star territory, just as we predicted. It was still the king of UK supermarkets, but its crown was more than a little dented.

Reports suggested the mood in the boardroom was kill or cure. New CEO Dave Lewis, brought in in 2014 to rescue the brand, issued an apology to customers and began a dramatic programme of store closure and renewal, bringing Tesco’s business back to focusing on great value for families. But would it be enough to help the brand’s Feeling score recover?

In 2015, our System1 Research tracking had good news for Tesco. Despite some anxiety over closing stores, consumers were noticing the difference and Happiness increased to 40%, now in equilibrium again with its size. The market share slide also stabilised. In 2016, the brand announced it had returned to growth for the first time in five years.

Tesco’s slide and bounce back is an example of how vital Feeling is to any brand. Overseas expansion and a loss of focus damaged Tesco in the eyes of consumers, and their mood shifted to neutrality. If you

Tesco | Losing and regaining the Feeling



feel nothing, you do nothing, and this slide in Feeling had made the retailer vulnerable to rivals. A sincere apology, a public and tangible change of direction and a focus on customer service on the ground helped regain Feeling, and the brand’s fortunes have been turned round. Throughout, the 3 Fs of Fame, Feeling and Fluency, tracked by System1 Research, predicted every step of the story.

The 3 Fs in Action: President Trump

The election of Donald Trump in 2016 stunned the world and overturned decades' worth of expectations about how politics works. Here was a man with no experience, who ran a campaign fraught with incidents and gaffes that would have disqualified any previous candidate. The fact he could win an election was incomprehensible to many.

Through the prism of Fame, Feeling and Fluency, the 2016 election was much easier to understand. At System1 Research we ran a Fame, Feeling and Fluency study of the election in January 2016, before a single primary vote had been cast. It revealed Donald Trump was not just a likely nominee, but well ahead of any Republican rival. And he also had the edge on the Democrat frontrunner, Hillary Clinton.

Why does a framework designed to measure brands also work to explain politics? Partly because politicians use the same communications platforms – from TV to Facebook – as brands do. But more importantly, because what the 3 Fs measure is the propensity to choose a brand – and we use our same System 1 brains to vote as we do to buy. Fame, Feeling and Fluency determine political choice just as much as consumer choice.

So what did the 3 Fs tell us about Donald Trump and why he won?

Fame – how mentally available a candidate was – told us that he and Hillary Clinton would be the Republican and Democratic nominees. They were way ahead of all other candidates on Fame, thanks to Clinton’s huge public visibility since the 1990s and Trump’s TV career as host of *The Apprentice* and his business reputation. Under time pressure, a photo of Donald Trump’s hair alone proved more recognisable than full headshots of Ted Cruz, Bernie Sanders, and every other candidate except Hillary Clinton. There was little to choose between Trump and Clinton on Fame – both were exceptionally well-known. The election would be decided on Feeling and Fluency.

Feeling was Trump’s great weakness. Since taking office, he’s suffered the lowest Presidential approval ratings of the modern era. But this is only a continuation of people’s reaction to him during the campaign. While Trump generated more positive Feeling than his Republican rivals, he was still broadly disliked, and scored less well on Feeling than Hillary Clinton.

There are three reasons why Trump’s weakness on Feeling did not sink him in the campaign. Firstly Clinton, although higher on Feeling than Trump, was also strongly disliked. Secondly, while Clinton’s Feeling divided along expected partisan lines (Democrats liked her, Republicans loathed her), Trump’s Feeling transcended traditional party lines. There were a chunk of Republicans who disliked him, but also a section of Democrats who were merely neutral. Thirdly, and most importantly, Trump had a huge Fluency advantage. Fluency is about being distinctive – easy to recognise, easy to understand, easy to mentally process.

It’s Clinton Vs Trump – the rest is a sideshow

January 2016 Prediction



Donald Trump



Hillary Clinton



Bernie Sanders



Ted Cruz



Marco Rubio



Jeb Bush



Ben Carson



Chris Christie



Carly Fiorina





- ORLANDO WOOD -

This is what Donald Trump did. From TV, people already knew – or imagined they knew – what kind of man Trump was: a wealthy, no-nonsense businessman who took big decisions fast. He was already a one-man distinctive asset. To turn that into a political brand, he created a set of other distinctive assets. He used his Trump jet to arrive at rallies and was photographed with an American bald eagle for the cover of *Time* magazine. He had a simple, memorable slogan – “Make America Great Again” – which he turned into a physical asset with his supporters’ red caps, making it even more Fluent. In our System1 Research his dominance of the conceptual space around the election was such that every other candidate’s slogan (except Sanders’ ‘#feelthebern’) was more strongly associated with Trump than with their actual owner.

He also extended this mastery of the distinctive asset into policy areas. Trump’s border wall with Mexico was the defining policy of the early campaign – far more strongly associated with him than any other idea was with any other candidate. The wall was a great example of Fluency at work: a concrete manifestation of a policy area – immigration – which Republican voters care deeply about but which politicians had struggled to define.

In November, Trump's command of Fluency proved enough to overcome his disadvantage on Feeling, and the White House was his. So what could his opponents learn from the campaign?

1 **Develop a Fame advantage; ensure your candidate is a big household name (within politics or outside it) or be working hard years in advance to build mental availability for the next election.**

2 **Develop and maintain a Feeling advantage. Just as commercial brands succeed by reaching beyond their core users, politicians need to make people instinctively feel good across party lines.**

3 **Develop a Fluency advantage – ensure your slogans and policies are distinctive and easy to process; create tangible or symbolic representations of them (like the hats and the Mexican wall), which you can use again and again. Hillary Clinton's Fluency relied mainly on her existing associations with the Presidency through her time in the White House, but it simply wasn't enough to compete with Donald Trump's vastly superior Fluency.**

It's often been pointed out that Donald Trump's main business expertise is branding – licensing the Trump name across multiple categories. In his use of Fame and Fluency to help him win the Presidency, he showed that the 3 Fs – the fundamental System 1 levers of branding – have applications to decision-making far beyond the consumer realm.

Which famous politicians?



Fame, Feeling and Fluency: Guiding Principles

So far we've explored how Fame, Feeling and Fluency – the mental shortcuts that drive our System 1 decisions – are at the heart of successful marketing and profitable growth.

Fluency – making the new feel familiar – is at the centre of Innovation.

Feeling and Fluency – making emotional ads, and building in brand assets and Fluent Devices – are the engine of great communication.

And Fame, Feeling and Fluency – making your brand familiar, emotional and easy to process – are the keys to profitable growth for your brand and your business.



Chapter Five

Shopper Marketing



It's been exciting working with System1 Research to pioneer a hyper-realistic VR approach to testing shopper marketing ideas. And gratifying that the results are highly predictive of in-market shopping behaviour.

Ari Popper

Founder and CEO, SciFutures



As expected John Kearon has proven his ability to challenge conventional wisdom and break consolidated paradigms in marketing. His passionate, yet fluid and easy to understand evidence for how individuals make choices represent the new essentials for anyone who attempts to win the battle of marketing. System1 is not only a book worth reading, it is a book whose learning is worth integrating in any marketing action.

Marco Aureggi & Giorgio Caporusso

CMI & BI Global Director & Managing Director Pubbliregia, in house advertising agency, Ferrero Group



Despite strong evidence people tend to discount the power of System 1 thinking. This book brings to life the need for change very powerfully. It is a must-read book for all marketing practitioners. Very enjoyable read too.

Stan Sthanunathan

EVP Consumer & Market Insights at Unilever



Humans proudly think they are rational shoppers. This punchy, provocative exposé shows how wrong we all are. A must read for anyone who makes a living out of understanding consumer behaviour.

Agnes Nairn

Professor and Chair of Marketing, University of Bristol



Moving power not stopping power

Moving Power not Stopping Power

So far we've seen how humans use System 1 thinking to make faster, better choices. And we've explored how Fame, Feeling and Fluency – the three core heuristics which System 1 applies to make those choices – drive everything from successful innovation to brand growth. System 1 also plays a role at the moment of purchase itself, helping fill baskets and make tills ring.

The purchase environment – whether it's a physical store or online – is where investments made in Fame, Feeling and Fluency pay off. Your brand's familiarity makes it come readily to mind, while its distinctive assets and positive associations make choosing it quick and easy.

Much of the work to achieve this is carried out long before anyone visits either store or site. Les Binet and Peter Field in *The Long And The Short Of It* conclude that a good guide for allocating media budget is 60% spend on brand-building and 40% on sales activation. The brand-building 60% is vital for creating the instant System 1 associations that pay off at the point of purchase.

But putting System 1 at the centre of shopper marketing goes beyond cashing in your 3 Fs investments. It means entirely reframing how we think about brands in-store. Traditionally, the key goal for marketing to shoppers was *stopping power* – making a customer

pause, think and select your brand. But do shoppers actually want to pause and think? And does it help your brand if they do?

Shopper psychologist John Cox once created an in-store experiment placing products in parts of the store where they weren't usually sold. He put beers next to breakfast cereals and chocolate next to pet food. If anything would disrupt the shopper, making them stop and think, surely it would be this. But no, shoppers continued with their normal shop, just picking up their cereal and pet food, as if the items he'd introduced were not there at all. Asked afterwards whether they noticed anything unusual about the shelves, shoppers said no – even those who had picked up products right next to the incongruous items Cox had placed there.

This is because System 1 is a pattern recognition machine. It constantly scans the environment for *regularities*, known and familiar items that enable us to make decisions quickly. So it's better for companies to design for pattern recognition, and make their brands quick and easy to choose. In other words, *moving power*, rather than *stopping power*, should be the goal. Ideally, choosing a brand should not interrupt the flow of the shopping experience, but feel as automatic and easy as possible.

Moving power is important because shoppers are entering an environment that puts them under high cognitive load, where they make multiple decisions in response to vast numbers of products and stimuli. They know the store wants them to spend money and are likely to be cautious about this. Stopping power increases the level of caution and reduces how much people buy. Moving power reduces this caution, puts shoppers at their ease and makes them feel good. Remember, the more people feel, the more people buy.



Moving Power in Action: The MasterCard Experiments

An example from our own work shows moving power in action. It involved real, in-store experiments over several weeks, working with MasterCard and a lingerie retailer. The aim was to increase spend in the lingerie stores as well as the number of customers paying with MasterCard.

We focused on three elements, each targeting one of the 3 Fs. For Fame, we positioned small MasterCard logos around the store, to nudge customers towards using MasterCard by making it come more readily to mind.

For Feeling, we handed out chocolates to people as they came in to the store, to improve their mood.

And for Fluency, we introduced the scent of perfume into the store while shoppers were browsing to encourage higher spend.

Each of these was designed to make the purchase decision feel easier and better. Our analysis compared sales at unchanged stores with the sales at stores running these interventions. The findings were fascinating. The Fluency experiment with the scented stores worked very well. Existing studies showed that simple scents appropriate to the likely gender of the shopper increase sales. So



20%



6%



5%

we used a perfume for women which the store also sells, and the presence of scent increased sales by 20%. It created a pleasant, relaxed atmosphere more conducive to expensive purchases.

The Feeling experiment was also successful – shoppers who reported taking a chocolate felt better about their visit and spent 6% more than those who didn't.

But the Fame experiment was perhaps the most interesting. When a single MasterCard logo was placed by the till, the proportion of people paying with MasterCard rose by 4%. But when we put MasterCard logos in multiple places around the store, including by the till, usage of MasterCard actually fell.

This shows the line between stopping power and moving power in-store. *Overuse* of logos caused the intervention to backfire; what's known in psychology as *psychological reactance*. This happens when a marketing activation raises suspicion. If there are so many prompts that your System 1 no longer considers the environment normal, your more cautious System 2 may override it. Instead of shoppers being gently reminded of the brand, and feeling it's the simple and obvious choice, they notice a blatant marketing effort and consciously resist.

The MasterCard experiments demonstrate that creating a shopper experience which encourages System 1 decisions is a delicate balancing act. It also underlines something even more important: companies need to test everything and assume nothing. If we hadn't run controlled experiments, we'd never have discovered the backlash against using too many logos.

Stores are a highly complex environment in which a variety of stimuli and activations are interacting. What succeeds in creating moving power theoretically might not work in the field. And there's very little chance customers can pin down what works if you ask them – as the MasterCard experiments show, successful activations are subtle. By the time people notice one, psychological reactance may have set in.

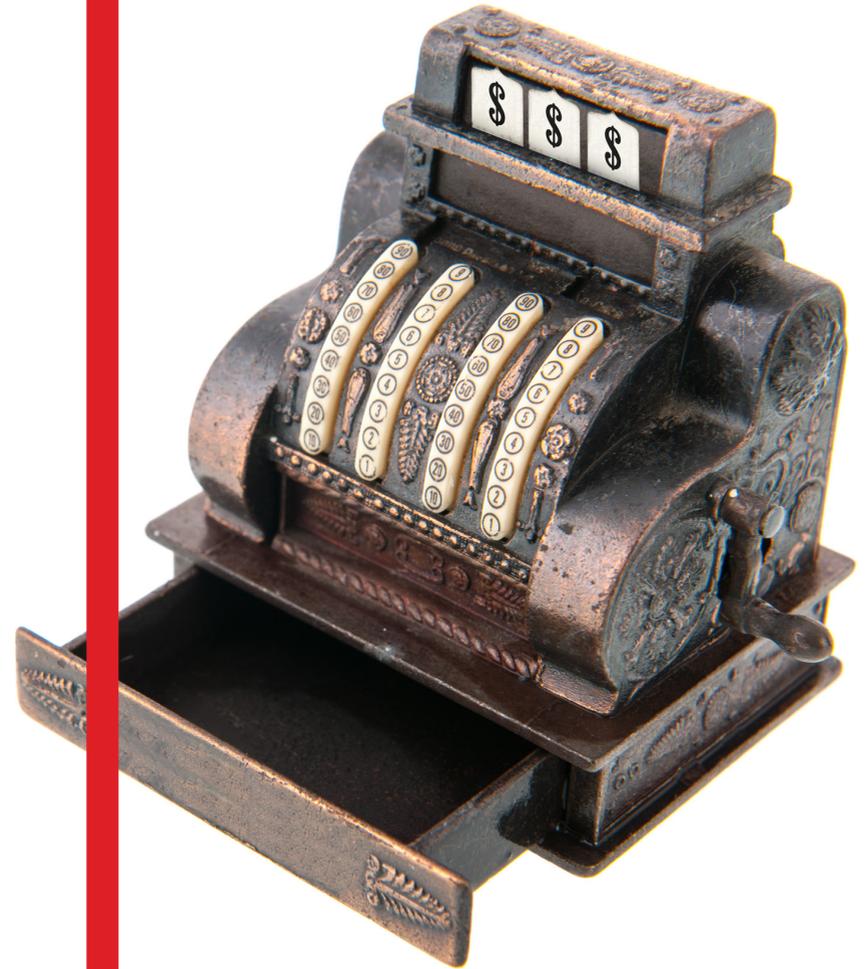
So rather than expending too much time and money investigating *why* something works – and possibly never knowing for sure – it's far more productive and profitable to run more experiments. Test a diverse range of sales activities and see which ones work best. But as we'll see, testing shopper activations presents serious challenges.

The Rise of Shopper Marketing

Manufacturers now spend up to two-thirds of marketing dollars on in-store, promotional activity. The 2008 financial crisis created pressure to emphasise short-term sales over long-term brand-building. As a result, marketers have become much more interested in the actual moment of purchase. Faced with the additional challenge of online shopping, retailers want to understand what activates sales and to improve the shopper experience. New technology and better data have made it much easier to analyse individual purchasing habits, the paths shoppers take through stores and the time they spend making their choices.

So there's never been a better moment to understand the psychology of shopping and the role that System 1 plays in it. The trouble is, it's historically been extremely difficult to test and predict the profitability of sales activities in the way that companies pre-test innovations and advertising.

The main challenge is the nature of in-store decision-making. People naturally shop on auto-pilot, letting the System 1 heuristics of Fame, Feeling and Fluency guide them to a choice. But asking questions about it puts their brain into System 2 rationalisation mode which doesn't reflect real world outcomes. Remember the priming experiment we talked about back in Chapter One, where French or





German music playing in a shop boosted sales of that country's wine. The researchers stopped customers who were leaving the shop and asked them why they'd chosen the wine they did. None of them mentioned the music, even though it was clear from the results of the experiment that this was a critical factor. Instead they post-rationalised an answer – one that was credible, but far away from the real influence on their purchase.

Knowing you need to test rather than ask is one thing. Finding cost-effective ways of doing it is quite another. Accurate predictions require testing across different store types. An activation that delights customers in a superstore might simply get in their way in a convenience store. But using even one large store as an experiment is a major financial risk for a retailer, so shopper experiments tend to be very conservative – rearranging a few items rather than trying bold and diverse new strategies. Even online, where the wide adoption of A/B testing means retailers can optimise at low cost, we've found companies reluctant to innovate much beyond tried and tested sales activities.

Later in this chapter we'll talk about how to solve these problems. There's significant potential to improve people's shopping experience and at the same time increase profitability by testing a much wider range of sales activations. But before that, you need to know what activations to test. Thinking about shopper behaviour in terms of System 1 and moving power establishes a solid framework for these experiments.

Moving Power and Packaging

| | | | | | | | |
|--|---|--|---|---|--|--|---|
| Ambrosia Apple Crumble Frozen Custard | Ambrosia Chocolate Brownie Frozen Custard | Oreo Ice Cream | Green + Blacks Chocolate Ice Cream | Green + Blacks Vanilla Ice Cream | Tesco Cookie Dough Ice Cream | Tesco Salted Caramel Ice Cream | Tesco Vanilla Ice Cream |
| YooMoo Vanilla Frozen Yoghurt | YooMoo Strawberry Frozen Yoghurt | Joe Delucci's Coconut Ice Cream | Haagen- Dazs Pralines + Cream Ice Cream | Haagen- Dazs Vanilla Ice Cream | Haagen- Dazs Strawberry Cheesecake Ice Cream | Haagen- Dazs Cookies + Cream Ice Cream | Haagen- Dazs Salted Caramel Ice Cream |
| Snog Strawberry + Raspberry Frozen Yoghurt | Snog Passion Fruit Frozen Yoghurt | Joe Delucci's Caramel Ice Cream | Ben + Jerry's Cookie Dough Ice Cream | Ben + Jerry's Chocolate Fudge Brownie Ice Cream | Ben + Jerry's Phish Food Ice Cream | Ben + Jerry's Caramel Chew Chew Ice Cream | Ben + Jerry's Core Karamel Sutra Ice Cream |
| Tesco Mango Frozen Yoghurt | Tesco Mixed Berry Frozen Yoghurt | Tesco Lemon Frozen Yoghurt | Cadbury's Flake Ice Cream | Cadbury's Creme Egg Ice Cream | Cadbury's Dairy Milk Jelly Popping Candy Ice Cream | Cadbury's Dairy Milk Fairground Candyfloss Ice Cream | Cadbury's Dairy Milk Raspberry Chocolate Brownie Ice Cream |

Testing for moving power in your shopper marketing begins with your packaging. Packaging is where Fluency – using and building a brand's distinctive assets – really comes into its own. In an experiment that demonstrates the power of packaging, we mocked up a shelf of branded products for two sets of shoppers. One set saw pictures of the products in their branded packaging with prices. The other set just saw the names and prices of the products with no packaging.

We asked both sets of shoppers to choose which product they would buy and put them under time pressure to ensure a fast, System 1 decision. The 'packaging' group not only made choices faster than the 'names-only' group, but they were more likely to feel better about brands on display and choose more expensive options. Packaging creates Fluency because it enables fast pattern recognition. And we see, again, how Fluency also lowers resistance to price.

System 1 has an instinctive preference for the familiar and simple over the strange and complex. Nowhere is this more apparent than in the effects of packaging on sales. Rebrands are sometimes necessary, but if a pack design changes too much, it puts a brand's existing distinctive assets at risk.

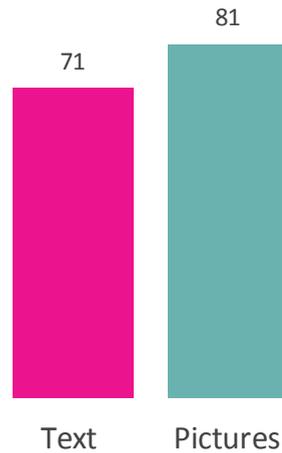
Packaging creates 'moving power'

Speeds the decision



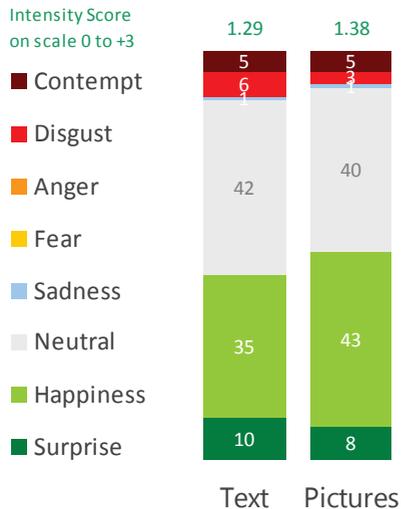
Average time taken to choose any product (seconds)

Reduces hesitation

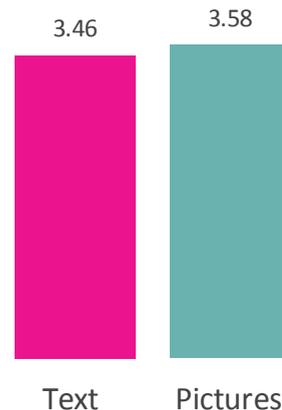


% choosing anything within 3 seconds

Brand evokes stronger emotional response



Reduces price sensitivity



£ Average price paid

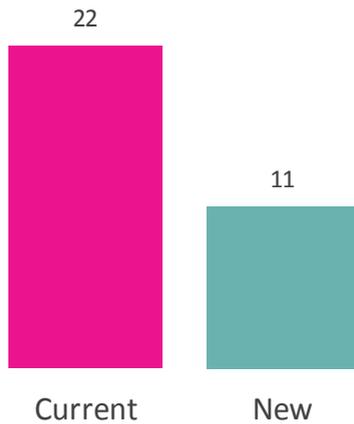
In 2009, the USA's market-leading juice brand, Tropicana, decided it was time for a change. They replaced their distinctive 'straw embedded in an orange' visual with a new juice pack design. Unit sales promptly collapsed by 20%. News reports of consumers hoarding the last of the original packs added to the sense of disaster, and Tropicana were stunned into re-instating their old branding as quickly as possible.

But did Tropicana act too soon and panic needlessly? Would the new pack have been accepted eventually? After all, it was arguably more modern and stylish. To find out, we tested new and old packaging in an online shelf test. Our System1 Pack Test tasks respondents with selecting a product from the shelf under time pressure, to ensure rapid, System 1, decision-making.

The results reflected real consumer sales response – the new pack was chosen much less often than the old one. As well as making choice more difficult for System 1, the less familiar pack also meant a lower, almost neutral, emotional response. As we know, if you feel nothing, you do nothing. New Tropicana led to apathy (dangerous in the long term) as well as reducing recognition (dangerous in the short-term). It showed the re-instatement of their popular visual identity was the right move.

Tropicana Pack Relaunch: Reduction in Fluency and Feeling

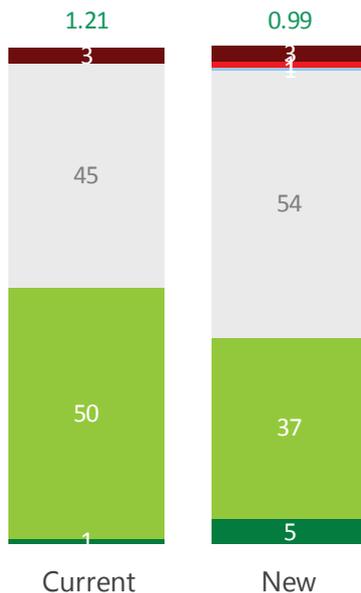
Fluency: % Time-Pressured Choice from Shelf



Feeling: % Emotional Response

Intensity Score on scale 0 to +3

- Contempt
- Disgust
- Anger
- Fear
- Sadness
- Neutral
- Happiness
- Surprise



Creating and Testing System 1 Packaging

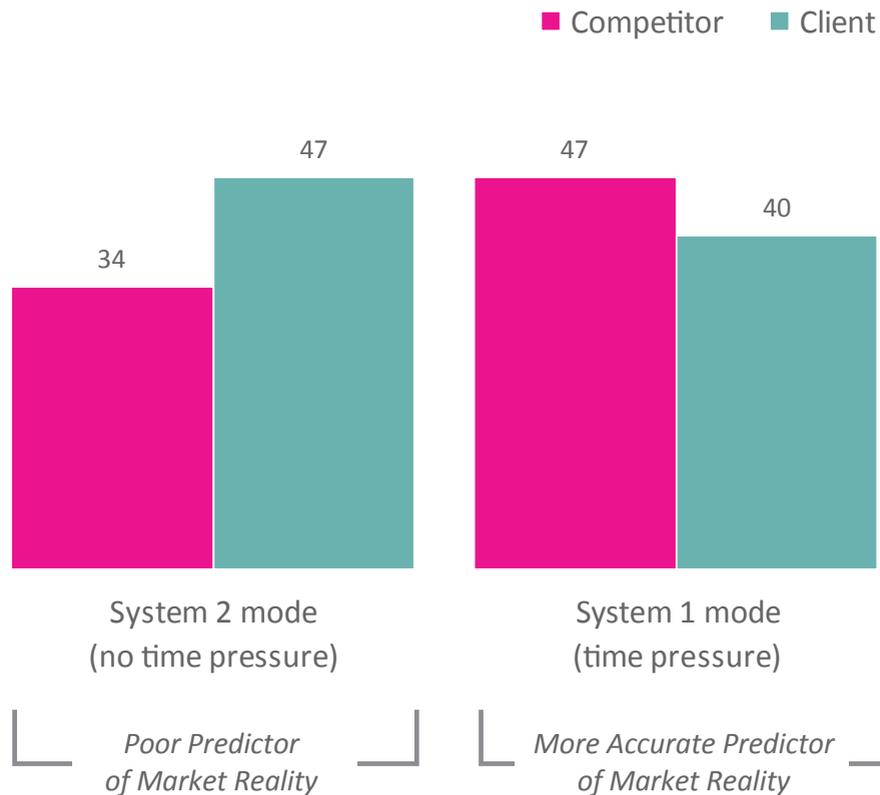
The Tropicana example demonstrates how messing with a leading brand's distinctive assets can be a disaster. But how do you go about building positive response and create moving power? How do you optimise packaging for System 1?

We discovered the answer through an experiment for a client concerned about their packaging's performance in-store. They owned a famous brand leader in a high-frequency purchase category, where most competing brands were very similar in range and price. But they were losing market share to a key competitor. Every time our client tested their pack design using conventional research techniques, they were told they had the strongest design in the category. Yet the share loss continued.

The client strongly suspected that traditional pack testing might be giving them a false positive. In conventional tests, respondents get as much time as they want to assess each design and weigh up its performance on a raft of metrics including stand-out, purchase intention, differentiation and messages conveyed. On these more considered measures, the client's pack design performed very well. The problem, they hypothesised, was that their packaging was actually causing shoppers to pause and engage their System 2 brain. Meanwhile the packaging of their successful competitor seemed

System 1 test for packaging

% Choosing from shelf



to be enabling fast, System 1 decision-making. In other words, they had stopping power, their competitor had moving power, and moving power was winning.

Looking at the two brands seemed to bear this hypothesis out. The rival's pack boasted a big, emotionally appealing image and just enough information to let a shopper pick it up quickly without interrupting their shopping flow. It was also well-designed, with no incongruent cues like clashing colours or fonts.

Our client's packaging, on the other hand, was designed for stopping power. It listed the brand's features and benefits on the front in detail to increase consideration and persuade people it was a better choice. Since the role of packaging is to help people make quick decisions, we predicted this message-heavy pack was reducing the speed and ease of picking it off the shelf.

To test our prediction, we needed to put participants in a more System 1 frame of mind. So we imposed a time limit on their decisions. Doing this reduced the role of System 2 (comparing information and price), and enhanced the role of System 1 (choosing according to Fame, Feeling and Fluency). It encouraged the shopper to choose quickly, as they would in a real store. As well as the test with a time constraint, we ran one without as a control.

With no time pressure, our client's brand outperformed the competitor, just as it had in previous traditional pack testing. But with time pressure, the situation was reversed and the rival brand overtook it, clearly indicating that the competitor's pack was the better design. The time-pressured test mirrored real market shares; the one with no time pressure didn't. We were able to advise our

client which cues enabled quicker, System 1 decision-making. They soon launched a new pack successfully across Europe, helping to reverse the brand's decline and improve its profitability.

This experiment led to our System1 Pack Test, which uses time pressure to get closer to real world System 1 decisions. It taught us that to achieve moving power through packaging, brands need to design for people's fast pattern-recognition brain:

1. Minimise front-of-pack messaging

2. Maximise emotional appeal (Feeling)

3. Maximise distinctiveness and design coherence (Fluency)



Give the people a nudge
And their choices will budge

Smell, sound and vision
Can shift a decision

How prices are laid out
Affects what gets paid out

So frame offers right
For retail delight

System 1 Paths to Moving Power

Designing for System 1 can also boost the profitability of promotions, point-of-sale materials, shelf layouts, adjacencies and in-store displays. Too often, such in-store marketing activities try and persuade people to buy through making them stop and consider the brand. As with packaging, this System 2 approach can have the unintended consequence of making the choice feel harder, actually reducing sales. To increase rate of sale, shopper marketing must help people make quicker, easier, more confident decisions.

The following aren't all the techniques marketers can use – but they're ones we've proved through real-world experimentation can create a System 1-friendly shopping environment and increase sales and profitability.

Prime Pick-Up

Priming involves nudging people into a desired action by stimulating memories or associations. In the MasterCard experiment, the subtle placement of logos in-store was a good example of priming and increased use of MasterCard by 4%. But the excessive placement of those logos actually managed to reduce MasterCard use: this technique must be used with care and tested to ensure it doesn't backfire.

Drive Distinctiveness

A brand's Distinctive Assets – as discussed in Chapter Four – can work as a prime. They can also increase Fluency at the moment of decision. For instance, a brand with a distinctive font can use it on displays or packaging to become more noticeable without sacrificing moving power (because customers process the font so quickly).

A great example of this was Coke's personalised bottle campaign ("Share a Coke with..."). Because its logo and packaging were such strong distinctive assets, dropping the Coca-Cola name didn't harm Fluency at all. In fact it emphasised the brand's distinctive assets, was 'surprisingly fluent', and sales increased.

Fluency Wins

It's vital that point of purchase communications have Fluency. Shoppers need to process displays, promotional items, vending machines and other communications quickly and easily. The rules of System 1 packaging apply here too – keep verbal information to a minimum and maximise visual simplicity. Online, consider simplified versions of your pack design, or images which show the product as well as the packaging.

Mirroring Motivates

Human beings are social creatures and from infancy we learn by imitation. When we see someone doing something, our brain mentally completes their action: a process known as mirroring. Brands can leverage this imitative nature. For instance, in-store communications can take advantage of this by showing a half-completed action – like a drink being raised to a mouth. In one experiment, we set out to reduce alcoholic 'binge drinking' in bars by encouraging customers to drink more free water, and used



-ORLANDO WOOD-

mirroring to achieve this. We designed posters of a man drinking from a glass of water and positioned them behind the bar. Placing water bottles on the bar, together with this mirroring prime, raised water consumption by 300% (something message-led advertising, in a separate experiment for the same client, had failed to do).

In another experiment, we tested 4 different visual shelf strips for a female beauty brand. Results for one strip pointed to double-digit percentage sales growth. It wasn't the most visually appealing or sophisticated design, being just a simple image of a woman's hand reaching out to grab a pack. But this use of mirroring encouraged customers to complete the 'pick up' in their heads. This simple System 1 activation increased sales and profitability with no financial incentive, and hence far lower costs.

Direction Drives Sales

Persuasion isn't the right approach for increasing in-store profitability. Don't try to engage the System 2 brain. Instead, guide the eye to make your preferred option the natural and obvious choice. For instance, in one experiment we doubled credit card usage at vending machines by simply highlighting the card payment area with a bright yellow border sticker. Direction is one of the simplest but most effective ways to increase Fluency and moving power.

Socialise Sales

Shopper promotions can be designed for System 1 decision-making. You can harness two seemingly opposing principles to give products moving power: creating a sense of abundance at the fixture on the one hand, and limiting the availability of an offer on the other.

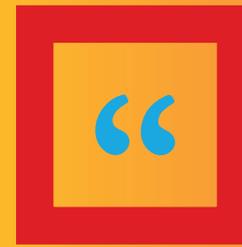


Creating a sense of abundance boosts moving power by what's known as 'anchoring' and 'consumption momentum'. If we see a lot of one product in-store or on a pack, we're likely to pick up more of it. You can achieve similar effects by implying that a product is particularly popular. In online retailing, Amazon pioneered the practice of listing the top sellers in any category and displaying what other shoppers bought. These approaches immediately signal to our System 1 that certain choices are popular (i.e. good and safe) and make selecting them easier and quicker.

Meanwhile, you can make the 'scarcity effect' work by imposing a limit on how many items an individual can buy in a promotion (e.g. "MAX 4 PER CUSTOMER"). Scarcity makes that option feel more desirable. In an online split test for one client, sales using this promotion increased by 18% compared to the no-scarcity control. The limit itself also serves as an anchor, so "MAX 8 PER CUSTOMER" resulted in double the sales increase of "MAX 4 PER CUSTOMER". But raise the limit too high and this effect disappears. When we tried "MAX 12 PER CUSTOMER", sales hardly increased over the no-scarcity cell. It shows once again the need to test everything and assume nothing.

Category Congruence

The way categories are defined can help create Fluency and moving power. Treasury Wines, an Australian wine store, abandoned the common practice of displaying wines by country – which matters to wine buffs but not to the average shopper. Instead, they racked the wines by brand, creating a more Fluent layout. Sales rose across the category.



The goal is not
to increase
consideration,
but to reduce it

Earlier we talked about John Cox' experiments showing that customers simply ignore incongruous product pairings. But congruent product pairings are a different matter. Positioning one type of product next to something you might buy alongside it can increase sales for both. Knorr, for example, found that creating a display of their sauces next to fresh meat and fish was much more effective than their usual placement amongst all their competitors. Customers buying meat found buying a sauce an easy, fluent decision to make. In another example, placing beer next to ready-made curries benefitted sales of both categories.

Emotional Enhancement

Happy shoppers spend more and are more likely to return to your store. In an in-store experiment, we determined how people felt as they entered a store and collected their till receipts afterwards. We found that people who were happy on entering bought more full-price items than their unhappy counterparts. In another experiment tracking shopping behaviour online over the course of a month, we measured people's happiness across multiple visits to retail sites. We found a strong relationship between how happy they were on their first visit and how often they went back to that store – happy customers became frequent visitors. Activations – like the free chocolates in the lingerie store – can boost shopper happiness and sales at the same time.

Don't Stop their Shop

Our final test of moving power is our most literal. Does the display make products physically easy to pick up? The most visually striking display is no good if actually getting hold of an item is difficult. A useful, quick test you can employ is to ask yourself whether you can

pick up an item from the display with one hand, in passing, without stopping. If not, rethink it.

These are just some of the ideas you can implement to improve moving power and sales in-store or online. Whether they will depend, of course, on the execution of your merchandising material, its suitability for your brand and the retail, competitive and calendar context it's sold in.



Virtual Testing, Real Profitability

We've talked about the kinds of sales activations you might test. The next question is: how do you test them?

As we've said, testing out of context is not very predictive of real sales. Factors that might really move the sales needle are often subtle or subconscious – people simply won't be able to tell you about them. If you're testing packaging in isolation then you can do what we've done with the System1 Pack Test: put the new pack in a shop shelf context and put people under time pressure, which gets you close to their real System 1 response. But the most accurate way to predict the impact of most proposed shopper activations is to adopt a test-and-learn approach. Ask people to go shopping and measure the difference in sales of each intervention.

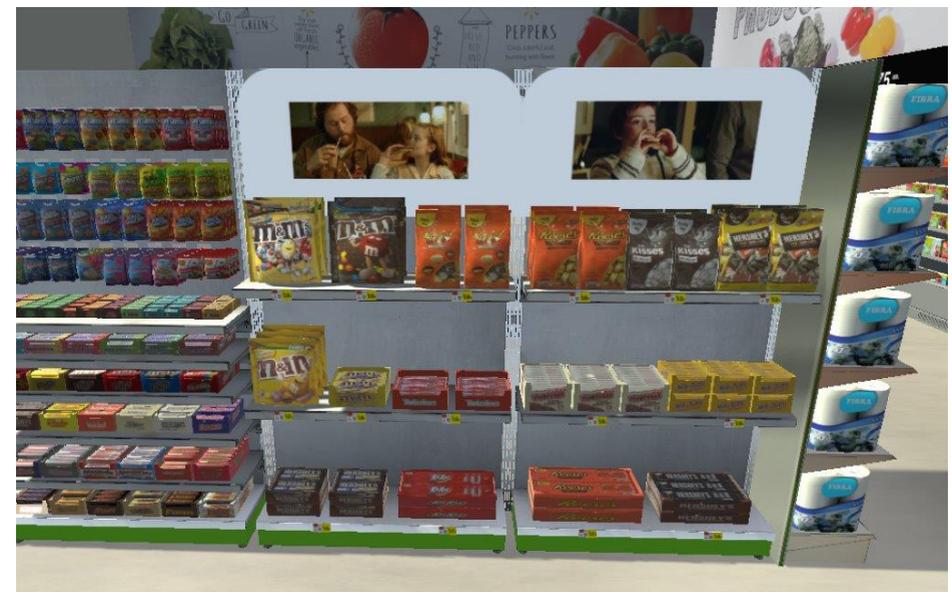
In a physical retail environment, this becomes almost impossibly difficult, expensive and impractical. Different packs, promotions, point of sale material and displays have to be changed by hand, one at a time, and measured against a store with no such marketing activity but similar base sales, over the same period. The result is that companies do very little pre-testing and rely on sales data to judge effectiveness. Not only does this increase the costs of failure, it makes it difficult to isolate each marketing activity and judge its real impact.

This has meant a test-and-learn approach is rare in physical retail, and caution rules. But now technology has finally made it possible to bring the same testing rigour to shopper as to all other marketing disciplines. So how can you cost-effectively predict the profitability of individual shopper marketing initiatives? By embracing the virtual.

Our latest work in shopper marketing has been in partnership with SciFutures, who specialise in building virtual reality (VR) environments. Many companies have experimented with virtual reality to test new products and shelf layouts but the store environments VR could create were unrealistic and cost too much. This has changed: the latest VR experiences are incredibly life-like, making it possible to recreate physical stores and ask people to shop the aisle as if they're doing it for real. Participants place selections into their shopping trolley and hear the ringing of tills in the background.

This virtual store environment is ideal for testing shopper marketing initiatives. You can control the environment, change things easily and measure the impact of every marketing initiative, at a fraction of the cost and complication of a real world test. No questions need to be asked, just choices measured and effect on sales and profitability calculated.

Results have been very promising. We've seen a strong fit between value spend in VR and real-world sales, and the experiments have delivered surprising insight into the drivers of moving power. For instance, we created a virtual display of Hershey's and other chocolate brands, which we varied for different groups. One group saw large boards behind the display with the Hershey's brand name and logo. Another saw large boards with images from Hershey's



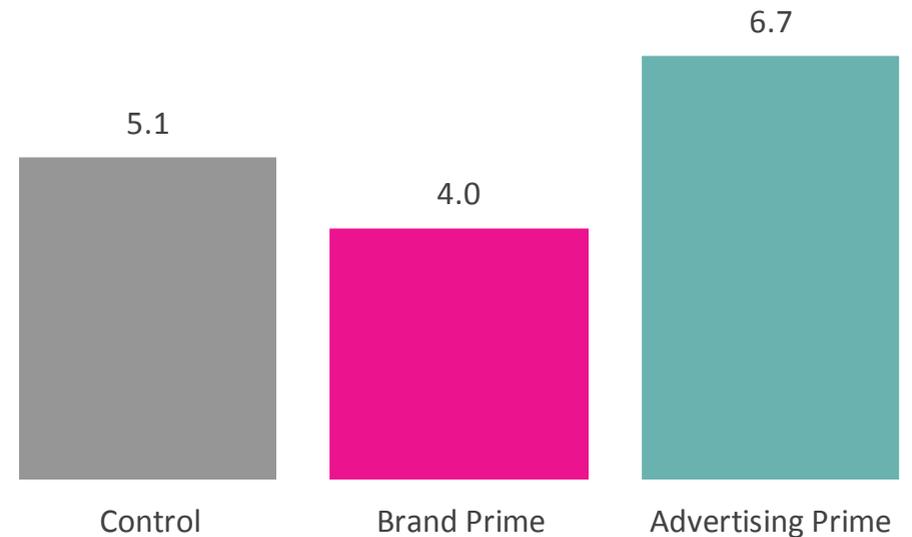
emotionally rich 4-Star advertising, but with no brand name or logo. A third saw no extra communications at all.

Surprisingly, we found the Hershey's name and logo boards actually had a negative impact on people choosing Hershey's. Just as in the MasterCard logo experiments, overuse of branding triggered psychological reactance and increased caution. But the boards with shots from Hershey's emotional advertising led to increased selection of Hershey's. We checked whether the images – which showed children enjoying the chocolate – had pushed sales higher across non-Hershey's brands. But no – even though the pictures we used contained no explicit branding, only Hershey's sales increased.

The lesson is that if you reference emotional advertising in-store, its positive associations create moving power and influence choice. It's also a reminder that heavy-handed, excessive branding in store can be a real turn-off. At the moment of decision, subtlety pays.

We're only at the beginning, but VR testing of System 1 shopper activations has tremendous potential to improve the shopper experience and both retailer and brand profitability. The next challenge is to reduce the cost of testing enough to allow continuous testing of a diversity of ideas, across different brands, categories, and store formats. Continuous testing is vital to replenish successful interventions and keep the shopper experience fresh – avoiding the 'Red Queen Effect', whereby an idea that works brilliantly diminishes in effectiveness when competitors start using the same tactic. Think free pens in charity fundraising mailers – an idea that achieved record donations for early adopters but soon led to diminishing returns and even irritated potential donors as a waste of money, when used in almost every fundraising mailer.

Advertising prime increases value sales Average Spend on Hershey's (\$)



Putting System 1 at the heart of shopper marketing means working continuously to create moving power, not stopping power. It's an approach that works with the flow of shopper behaviour, rather than trying to interrupt it. Combined with a test-and-learn mentality, this will make shopper marketing more efficient, as companies achieve more sales from less spend. In turn, this should help them rebalance their marketing spend towards long-term brand-building initiatives that will build Fame, Feeling and Fluency and maximise profitable growth.

The Future

Fame, Feeling and Fluency are how System 1 makes good choices quickly. Whatever the task, start by asking: what does the fact humans are System 1 decision-makers mean for this? And how do we best build Fame, Feeling and Fluency?

Understanding System 1 and how we really make decisions will hopefully reduce the enormous amounts spent on ineffective marketing. The \$650 billion spent each year on advertising alone is equal to the GDP of Saudi Arabia, the 19th largest economy in the world. But from our data only a third of it reaches the 3-Star standard to achieve profitable growth. The potential for improvement is truly massive. Achieving it will take time, effort, discipline and no small amount of creativity, but at least we know the key steps to get there:

- 1. A System 1 understanding of how we really decide.**
- 2. A System 1 framework – the 3 Fs – to guide marketing creativity to profitable ends.**
- 3. A System 1 test-and-learn approach to remove waste and ensure profitable growth.**

By reading this book, we hope you've discovered the potential of System 1 to deliver sustainable, profitable growth. We've done our very best throughout to distil the vast subject of behavioural science into simple, practical applications. You'll have to let us know in person whether we've succeeded.

Thanks for reading

We hope you've enjoyed our book. If it's inspired you to apply the ideas, please do share your experiences with us, at www.system1group.com/book and we wish you the very best creating your own profitable growth.

John, Tom and Orlando

System1

Unlocking Profitable Growth

Biographies

John Kearon is Chief Executive Officer of the System1 Group. He founded and led BrainJuicer for 16 years, turning it into a global business before leading its transformation into the System1 Group. Provocative and playful, he has regularly challenged the marketing world to bring marketing into the 21st century by embracing emotion and behavioural science, and he is in constant demand as a speaker and business leader.

Orlando Wood is Chief Innovation Officer of the System1 Group. His role is to rewrite marketing best practice by drawing on the behavioural sciences. His work has moved forward thinking in the market research, marketing and advertising industries, winning him awards from the AMA, ARF, MRS, ISBA, Jay Chiat and ESOMAR. One of his passions is watercolour painting, and many of the illustrations in this book are by him.

Tom Ewing is a Senior Director in the System1 Group, working in an innovation and consultancy role as well as leading the experimental System1 Politics team. He is also the Group's most prolific writer, handling white papers, articles, blog posts, and more. A popular conference speaker, he's won awards from ESOMAR, the MRS and the AMA, and has also written about pop music for *The Guardian*, *the Village Voice*, *Pitchfork* and others.



Orlando Wood Chief Innovation Officer



John Kearon Chief Executive Officer



Tom Ewing Senior Director

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Thanks are also due to all the people who've encouraged us and expressed an interest in this book since we announced it, and to the readers of the many early versions who gave very useful feedback.

And of course, this book's foundation is 17 years of dedication, insight and brilliance from the many people we've worked with at what is now the System1 Group. This includes staff, from old hands to enthusiastic newcomers, but also the clients who tried something new and worked with us. We've learned a huge amount from you all and we feel this book is a testament to that. Particular thanks are due to the clients whose specific case studies we've used: we've been proud to be a part of those stories and we hope you're proud to see them here.

References and Further Reading

Images

Chapter covers:

1. Brett Ryder
2. Brett Ryder
3. Brett Ryder
4. Brett Ryder
5. Brett Ryder

Hand drawn illustrations by Orlando Wood

Image 1

Rory Sutherland, 25 October 2011, Betsy Weber, Wikimedia

Image 2

A painting of the Giant Deer from Lascaux, HTO, 22/5/2009. Wikimedia

Image 3

Yacht, 3/2/2016, Pixabay

Image 4

my second face in place..., 1/1/2009, Marco annunziat. Flickr

Image 5

Charles Darwin. Albumen prin, September 1868, Wikimedia.

Image 6

The Replica Oval Office in the George Bush Presidential Library and Museum, 17/9/2010, George Bush Presidential Library and Museum. Wikimedia

Image 7

Driving a Sinclair C5, Adam (aladds), 24/7/2010. Wikipedia

Image 8

Georges Seurat - A Sunday on La Grande Jatte, 1884-1886, Art Institute of Chicago

Image 9

Photo of a Bacon Bloody Mary with a bottle of Bacon Vodka (a commercial bacon-flavored vodka), 27/3/2012, Kaitlin Lunny. Wikimedia

Image 10

Zeefdruk. E.A., Karel Appel, 1986, Wikimedia

Image 11

The Long and the Short of it, Binet & Field, supplied by the IPA.

Image 12

King Penguin Couple, 26/10/2014,
David Stanley. Flickr

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A Classic Pint of Guinness Draught,
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Toilet Roll, 7/9/2015, Pixabay

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Brown Meer Cat, 10/4/2011, Pixabay

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A juvenile leopard gecko,
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Belvedere - MC Escher,
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Brand Memory Game, Hendrik-Jan
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Edouard Monet - Un Bar aux Folies-
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Image 20

Oxo Family, Premier Foods archives

Image 21

Trump Laconia Rally, 16/7/2015,
Michael Vadon, Wikimedia

Image 22

Brett Ryder Illustration

Image 23

Copper antique cash register isolated
over white background, Shutterstock

Image 24

Accordion Man, Aug. 13, 2016, Pixabay

Image 25

VR headset, Shutterstock

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