

PICK YOUR BRAIN

Normal children don't spend hours watching videotapes exclusively of television commercials. Most children wouldn't know anything about trademarks—or trademark infringement, for that matter—and very few would have the wherewithal to start an ad agency before they hit their teen years. Let's just say that Martin Lindstrom was a unique child. "Or a screwed-up child. One of the two," Lindstrom says.

Now 38, having written five books and helped launch seven advertising, branding and digital companies, Lindstrom has set out to conquer one of the few frontiers left in marketing research: the consumer's subconscious mind. The Copenhagen, Denmark, native published his latest book last year called *Buyology: Truth and Lies About Why We Buy* in which he outlines the findings from a global neuromarketing study. He spent four years on this project, traveling the world to seek out experts in brain science. He employed two forms of brain scan technology—fMRI and SST—to get a more complete view of the brain. And then he wrote a very simple book about a very complex topic.

"I'm not an expert in the brain and I'll never be an expert in the brain. ... That's really important for me to stress," Lindstrom says. "But what I do know about is people's behavior, and that there are a lot of black holes in what we observe people are doing, why they are doing it and what's going on in the brain, and those are some of the links I would like to draw."

Lindstrom has become a bit of a media darling, appearing on NPR, BBC, and NBC's *Today* show, and in articles in *The New York Times*, *The Washington Post* and *Women's Wear Daily*, to name a few. And he already has signed on with publisher Doubleday to write another book.

He now spends about 300 days each year traveling the world, giving speeches, conducting studies and consulting with companies such as Disney, GlaxoSmith-Kline, McDonald's, Microsoft and Procter & Gamble. When *Marketing News* caught up with him, he had just left Chicago for London and was departing for Tokyo the next day—having spent not much more than a day at each stop. He took a few hours out of his very hectic schedule to chat about neuromarketing and how he thinks it will make marketers smarter and marketing budgets more efficient, which will lead to fewer, better—and better-targeted—marketing messages.

Q: To start, let's define neuromarketing in simple terms.

A: Neuromarketing, in my mind, is to use the latest brain science to better understand the consumer's behavior. ... The general principle is discovering the uses of technology in order to understand what is going on in our subconscious mind.

Q: With so much of marketing research being about deciphering what goes into the rational and irrational choices we make, what's the relationship between neuromarketing and behavioral economics?

A: I think they're very interlinked. When Christopher Columbus was discovering America in 1492, he drew a map and the map was sort of inaccurate. But he did discover that the planet was round ... and he got on his way.

And that is, in principle, the way I see neuromarketing. It does shed some light on the subconscious mind, which I estimate to [direct] about 85% of our daily activities. ... No matter if it is 90, 80 or 70% or even 50% for that matter, it is a heck of a lot compared to the fact that today [advertisers] are communicating to no more than 15 to 20% of our minds.

Now we have some tools, some highly advanced tools, that are enabling us not only to observe people, but also to understand why people are doing what they're doing and to put some numbers behind it. ... I think at the end of the day, maybe 10 years from now, we will have highly advanced experts who are basically just asking what your problem is and then directing you in the right direction for the tools you want to use.

Q: Beyond, sort of, broad-stroke findings—like 'product placements don't work,' as you say in your book—what's the practical application for marketers?

A: The first step marketers should take is to realize that, most likely, most of the research studies they're doing right now are insufficient because the subconscious mind is what's driving [consumer behavior]. And then, if I were them, I'd first look into the media spend.

We did a fascinating study the other day where a beer commercial was placed in three different TV programs—a soap opera, a documentary and a movie. When it was placed in a soap opera, it gained an effect that was double in comparison to when it was in a documentary. We learned that context matters much more than we thought in the past. ... I think a little [investment in neuromarketing research] to optimize your media spend is a very good start. ...

I think the second thing they should go into is the R&D of new products. Thirdly, they should look at the whole theory I have that the logo is not really that important anymore. You need to hone indirect signals instead. Then I would probably look into messaging.

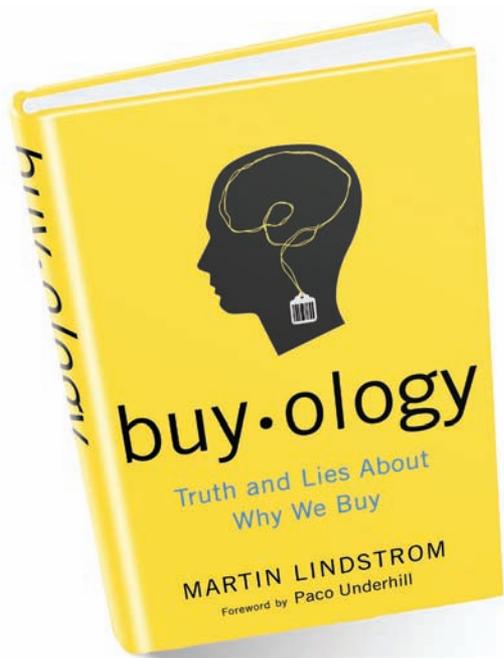
Q: Even though neuromarketing research could prevent costly mistakes, do you think companies would be willing to make such a large investment in their upfront research?



MAIN

BY ELISABETH A. SULLIVAN//STAFF WRITER

*Martin Lindstrom
explores the last frontier
of marketing research:
the consumer's
subconscious mind*



Marketers as Mind Readers

Martin Lindstrom's book, *Buyology: Truth and Lies About Why We Buy*, raises some interesting—and controversial—points about how and why some marketing messages succeed. Here are a few of the highlights:

- **Product placements don't work**, unless the products in question play an integral role in the storyline of a movie or television show. "It has to be a lot slyer and more sophisticated than simply plunking a series of random products on a screen and expecting us to respond," Lindstrom writes in *Buyology*. For example, in the movie *E.T.*, "Elliott didn't just pop those Reese's Pieces into his mouth during a thoughtless bike ride with his buddies; they were an essential part of the storyline because they were used to lure E.T. from the woods."
- **Logos are far less powerful** than more subtle—or subliminal—messages. "The logo is regarded as king, the be-all and end-all of advertising," Lindstrom writes. But in a study conducted with smokers regarding smoking advertising, Lindstrom found that logo-free images associated with the feeling and "coolness" of smoking were much more powerful than explicit smoking ads. One explanation is that "since the subliminal images didn't show any visible logos, the smokers weren't consciously aware that they were viewing an advertising message, and as a result, they let their guard down," he writes.
- **Strong brands can inspire** memories and emotion as powerfully as religious symbols do. "When people viewed images associated with the strong brands—the iPod, the Harley-Davidson, the Ferrari and others—their brains registered the exact same patterns of activity as they did when they viewed the religious images," Lindstrom writes of one study. "Bottom line, there was no discernable difference between the way the subjects' brains reacted to powerful brands and the way they reacted to religious icons and figures."



"I work with 17 of the largest brands in the world today, and out of those 17, 12 of them are using neuromarketing."

A: I think so. I work with 17 of the largest brands in the world today, and out of those 17, 12 of them are using neuromarketing. ... Of course, when it comes to two blokes down the road, [the technology] is very far from their reach, right?

But one of the things I'm trying to do now is to say, 'What intelligent insights can we capture from the bigger studies conducted among the bigger brands and then systemize them into some predictive data for smaller companies?' ... It may be that your smaller company has certain challenges that we now have mapped out as a classic situation, and just by understanding those, we can give you some advice based on what we learned [through] neuromarketing without even starting on the scanner. ... And I think the technology is becoming incredibly cheap. It may be that within two years from now, you can conduct some pretty nice studies for \$20,000 or \$30,000.

Q: Some of the criticism that has been stirred up by your book centers around whether or not it's possible to connect how consumers react to an ad with their subsequent purchase intent. In other words, can we really draw connections between how someone perceives an ad and what purchase decisions she makes an hour, a day or a week later?

A: It is, and we've actually done an experiment for this. I've opened a company in New York called Buyology Inc. headed up by the former head of global strategy at McKinsey, Gary Singer. At Buyology Inc., we have developed a range of different experiments, and one of the experiments has been to link the purchase intent into [the brain's response to an ad].

For a major cosmetic product category, [the company] developed ... a 45-second commercial. We then had a copy test attached to it, and the test was that after [subjects viewed the ad], we said to people: 'Listen, hey, thank you so much for your help. We actually want to give you a gift, so you're going to a store where we've put up a lot of product and you can choose whatever you want.' It happened to be that all of the products were in the cosmetic industry and, of course, the brand we were testing was among those products. And there was an incredibly strong correlation between the commercial and people's choice of product. In fact, [compared with the control group, the consumers who viewed the ad] were, I think, 46% [more likely to buy the product].

Q: But let's say there's a delay. You see the ad, and then an hour later you get in your car and drive to the mall, and you're *then* faced with the purchase decision.

A: Would this have worked? Well, who knows? The only comment I would say is that if people are likely to take the product, let's say, half an hour after they've done this test, then I would say there is a good chance that some actually may also do that after two days. How big of a percentage is it? Well, I don't know. But, certainly, if you see an indication there, I don't think it would totally disappear and people would go into minus mode after two days. ... I can come up with a lot of arguments as to why this wouldn't hold now, but as I said, Christopher Columbus did not draw the best world, but he realized the world was round.

Q: What do you think of the criticism that neuromarketing research is manipulative because you're learning too much about how consumers approach their buying decisions? You're probing into the last frontier of personal space.

A: Neuromarketing is [about] what is going on [in the brain], but you don't find out *why* it's going on. Do you learn too much? No, you don't. That's one of the reasons why I wanted to write *Buyology*. That's one of the reasons why I wanted to do this experiment to find out how far you can—and, most importantly, how far you should—go.

Can you find the buy button in consumers' brains? Because that was the claim that was put out in 2004 [when neuromarketing first rose to the fore] and one of the reasons why there's so much ethical debate around this topic. And I learned very quickly, no, you can't do that. Not at all. ...

Of course, there will be downsides for the consumer, but that's also the reason why I decided not to be that sneaky to write a book just for the marketing community, but to write a book so even my mom can read it. My intention was to write a book so, hopefully, the whole world could engage in a debate and say: 'Are we

going too far? And if we're going too far, should we have regulations around this? Now, here's the bad news on this one. The ethical debate has not appeared so far. ... There's been quite a lot of writing about it [but] I think about 6 to 6.5% has been critical. ... I'm deeply surprised about why there's not more ethical debate around this—and slightly disappointed about that, too.

I really want governments to take a stand on this, I want marketers to take a stand on it and I want researchers to take a stand on it, and define how far we could and should go. Should the tobacco industry be allowed to do this? Should certain other product categories be allowed to do it? Should we be able to scan kids that are under the age of 18? Should we be able to scan people who have a religious purpose? How far do we go here?

Q: But did you overtly begin that debate in your book? I read the book, and I got the impression that it was more about explaining the amazing power of neuromarketing and all that marketers could accomplish by employing it.

A: Yeah, well, I [set up the debate] in the first chapter, in the introduction. Honestly, if you find a *Fortune*, a *Newsweek*, a *Business Week*, a *Wall Street Journal*, a *New York Times*, those types of publications raising the ethical issue as a reflection on this, then I'd love to see it because I haven't seen it. ... I welcome that [debate] a lot. And I would be the first to stand up for a hearing and give my view on how far I think people should go because, two reasons: First of all, I'm a consumer, too, and I hate to be manipulated, believe me. And the second reason is if I don't take a stand on this, I'll be caught at the end of the day.

Q: How far do you think marketers should go with this?

A: If you go into areas like politics, where suddenly politicians are going to use [neuromarketing to sway opinions], I think that would be too much. If you start communicating to kids and creating peer pressure—that whole psychology about, 'I'm feeling left out if I'm not using this brand'—that's where we're going too far. It has to be reevaluated from time to time, and I think you need to have an ethical panel overseeing that.



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Q: We're just at the tip of the iceberg with neuromarketing. Do you think that its adoption will be slowed because of the recession?

A: That's a good question. You know, I don't know. I'm a little bit biased here because *Buyology* has created so much attention that I can't feel that slowdown at all. I feel exactly the opposite.

Right now, because of the recession, one of the most important tools to turn your situation around is to understand consumer behavior—which several economists have said is one of the key tricks. And to understand consumers better—in particular, in a recession where you are highly irrational—is to understand the subconscious mind.

So that's the argument, and that's the reason why the largest soft drink manufacturers and largest online sites and whatever are coming to us right now. It may be that the smaller companies would be more hesitant because, in general, they would not have a lot of funds to do research and so, for now, they are really sort of skipping it. But certainly, the P&Gs of the world are seeing this totally opposite. Certainly, the largest CPG companies—almost all of them—have increased their budgets in neuromarketing over the last half year.

Q: What's next for you? Do you plan to continue on with neuromarketing, or do you have another move planned?

A: First of all, I've signed [on to write] my next book, so that will come out in 2011. ... I have to be very honest with you right now: The problem is that I actually signed the contract without knowing what the book is going to be about. ...

And, actually, I was asked by a scientist the other day, 'This neuromarketing thing, is it just a fad?' I will promise you that everything I'll do for the rest of my life will use neuroscience because this is incredibly big. ... This is not just another tool. This is, I would claim, revolutionary in the research world.

Q: So, you think neuromarketing will change marketing and marketing research as we know it. But if certain emotional triggers are shown to prompt certain consumer behaviors, will marketing and advertising become more formulaic, if everyone is turning to neuromarketing data as support?

A: I hope not, but I think there will be a trend of that, as there is with everyone else. I think it will become a 'flavor of the month' [situation] because that's how we are as human beings.

But if you, for example, learn that storytelling is the No. 1 tool to engage people and create a memory in our brain, which is exactly the case ... that will probably mean that there will be a lot of stories out there in the future. Is that formula? Yeah, probably it is. Is that bad that suddenly there are more stories around things, rather than just, 'It's 25% off!' offers? Well, you decide. I'd rather have the stories, to be honest. ...

I remember there were some people saying that every brand that had the 'k' sound like Kodak and Coke was a success so you needed to make sure there was a 'k' sound in your brand. And I'm sure you will hear that type of thing coming out from some stupid person who suddenly creates the 16 rules of thumb you have to follow. But that's too bad.

Q: People will become very rich issuing those lists.

A: Yeah, you can imagine it. '16 Quick Tips to Create a Killer Marketing Budget Based on Neuromarketing.' That's the title of my next book, right? Doubleday will love it.

Want to hear more from Martin Lindstrom? Visit www.MarketingPower.com/radio22509 to listen to his recent appearance on Marketing News Radio. **m**

