When behavioural science turns the classical marketing model on its head....
An introduction to Praxeology
(or how people really make decisions!)
Let’s Begin at the Beginning
After some years of evolution...
...and finally...
DECISION

FRAMING

COPYING

FEELING
Different ways of remembering the same thing

- Framing
- Copying
- Feeling
Make your brand the instinctive, visible, easy option

Double the number of card transactions
Work with the grain of human behaviour
Which one’s worth more?
Consumers don’t do maths!

Sales 75% higher than “35% Off” condition

How we decide? | Mental Shortcuts
We translate Behavioural & Marketing Sciences into research tools that predict 5 Star marketing
WE THINK MUCH LESS THAN WE THINK WE THINK
(Fast feelings drive decisions,
Slow thinking rationalises the reasons)*

*With acknowledgement to Daniel Kahneman: *Thinking, Fast and Slow*
THOSE WHO TELL THE BEST STORIES RULE THE WORLD
(The human mind is a story processor not a logic processor)*

*With acknowledgement to Jonathan Haidt: The Righteous Mind and Dan & Chip Heath: Switch
YOUR BUYERS MOSTLY BUY OTHER BRANDS & OCCASIONALLY BUY YOURS
(Growth comes from gaining a repertoire spot among more people)*

*With acknowledgement to Byron Sharp/Ehrenberg-Bass Institute & Jenni Romaniuk: How Brands Grow, Parts 1 & 2
FOCUS ON NEW BUYERS
BECAUSE LOYALTY COMES FOR FREE
(You don’t increase your brand’s market share by targeting existing users)*

*With acknowledgement to Byron Sharp/Ehrenberg-Bass Institute & Jenni Romaniuk: How Brands Grow, Parts 1 & 2
FAME, FEELING & FLUENCY
DRIVE FAMOUS 5-STAR MARKETING
(Fortune follows fame / Feel more: Buy more / Recognition speeds decision)*

*With acknowledgement to Tom Ewing, Orlando Wood & John Kearon: Fame, Feeling & Fluency Drive Famous 5-Star Marketing
Brand Growth
What drives it and how we measure it?
Most decisions are quick, intuitive, emotional (S-1)
We don’t weigh up options (S-2)
We choose on auto-pilot between a few options (3-7 choices seems to be optimal in most situations)

Profitable growth needs a long term, creative focus on achieving 3 things…
The behavioural and marketing sciences tell us

FAME

If a brand comes readily to mind, it must be a good choice

Reflects *current* brand share
Which is the bigger city?

London
San Diego
Tokyo
Bangkok

Lima
San Antonio
Istanbul
Bangalore
If I feel good about a brand, it must be a good choice

Predicts *future* brand share
How do you feel?
The behavioural and marketing sciences tell us

FAME  FEELING  FLUENCY

If I recognise a brand quickly, it must be a good choice

Gives you the *toolkit* to build brand share
Guess the brand...
Examples of Distinctive Assets

I’m Lovin’ It

Expensive

ANNO 1366

© System1 Group PLC
You can even cheat.....
Fame | The Candidates People Know

DAT | Picture Matching – % correct attribution

Hillary Clinton 83

Donald Trump 82

Donald Trump’s Hair 78

Bernie Sanders 62

Ted Cruz 55

Marco Rubio 52
Measuring Fame, Feeling & Fluency

**FAME**

% of a broad category sample mentioning the brand in choice context under time pressure

**FEELING**

Extent to which a brand’s assets are felt to be distinctive, under time pressure

**FLUENCY**

BrainJuicer © 2006
Fame, Feeling and Fluency Explain Market Share | Global

Average correlation across the full set of 14 categories globally (151 brands) is +0.85

Correlation = +0.85
1. Experience
2. Emotion
3. Pattern recognition
Telling Stories
How Brands can benefit?
Based around Universal Stories | Christopher Booker – The 7 Basic Plots

**Comedy**

Plenty of setbacks and mistakes – but happy ending for the hero despite it all!

**Journey & Return**

Hero travels to faraway or magical places and brings home their secrets

**Rebirth**

By facing up to their mistakes, the hero is put on a path to redemption

**Rags to Riches**

The hero begins with nothing, but achieves huge success

**Quest**

The hero undertakes a difficult journey to achieve a huge goal.

**Overcoming the Monster**

The hero must defeat a great obstacle or enemy to set the world to rights.

**Tragedy**

The hero falls from grace, thanks mostly to their own flaws.

---

Toy Story

Back to the Future

A Christmas Carol

Cinderella

The Lord of the Rings

Star Wars

Titanic
Storyteller | Brands have their own stories too

**Comedy**

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BBC | THE BODY SHOP | ŠKODA | Starbucks | Apple | ALDI | Kodak
WRITE
Create possible stories people might be telling

TEST
Ask which are believable, which resonate most, and how they make people feel

TELL
Identify and explore the current story around the brand and the “opportunity story” it has permission to tell
Tesco Case Study
Tesco might have a bumpy ride ahead but it’ll all work out in the end.

Tesco will get back on track by learning from how its competitors do things.

Tesco made mistakes but it’s turning things around to succeed again.

Tesco will keep on growing, expanding, and making money.

Tesco is going to succeed by achieving its aim of really saving families money.

Tesco is going to see off the challenge of rival supermarkets and come out on top.

Tesco have made too many mistakes and they’re in a long-term decline.
How do we know that? | Storyteller screening tool

**Comedy**
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% saying it is a credible story

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Comedy</th>
<th>Journey &amp; Return</th>
<th>Rebirth</th>
<th>Rags to Riches</th>
<th>Quest</th>
<th>Overcoming the Monster</th>
<th>Tragedy</th>
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<td>79</td>
<td>76</td>
<td>72</td>
<td>68</td>
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% credible vs least credible

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Comedy</th>
<th>Journey &amp; Return</th>
<th>Rebirth</th>
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<td>-37</td>
<td>-20</td>
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</table>

Feeling about the story coming true

<table>
<thead>
<tr>
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<th>Journey &amp; Return</th>
<th>Rebirth</th>
<th>Rags to Riches</th>
<th>Quest</th>
<th>Overcoming the Monster</th>
<th>Tragedy</th>
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<td>0.82</td>
<td>1.02</td>
<td>0.99</td>
<td>1.35</td>
<td>0.83</td>
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<td>90</td>
<td>7</td>
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<td>9</td>
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</table>
THE CURRENT STORY: “Tesco might have a bumpy ride ahead but it’ll all work out in the end”

Tesco are stuck in the old ways of selling in a world where higher prices are now unacceptable. The outcome? Poor results and misleading forecasts. Common sense says it will take time to sort out the problems. And luckily, Tesco have lots of time, mainly thanks to their huge assets and large and loyal customer base. Whatever they do, in the end Tesco are just too big to go.

THE OPPORTUNITY: “Tesco made mistakes but it’s turning things around to succeed again.”

Tesco became too greedy from its long term success and lost focus on what made it successful. But it’s fighting against failure to claim the market again. Tesco is improving with big changes in stores that mean it’s regaining public confidence and becoming competitive again. There are still dangers if they go too far with lack of choice – but never bet against them.
What makes this new competitor so appealing?

What do people think is happening in my category?

Has bad publicity hurt our brand?

Do people understand our brand’s purpose?

Where do people feel our brand is going?

What story will make consumers feel good about us?

Should we change our tone of voice?

What should our key media message be?
IPA Evidence | Emotional campaigns drive very large profit gains

% Reporting very large profit gains
Campaigns lasting 3+ years

- Rational Ad Strategy: 23%
- Combined: 23%
- Emotional Ad Strategy: 43%

“...the more emotions drive profit...”

‘The Long and Short of It’, Binet & Field, IPA, 2013
Why? | Emotional priming is cumulative = greater efficiencies in the long-term

How effects from multiple exposures build:

The Long & Short of It, Les Binet & Peter Field
Happiness is key for driving hard business effects

Emotional response to advertising

<table>
<thead>
<tr>
<th>Ad</th>
<th>Contempt</th>
<th>Disgust</th>
<th>Anger</th>
<th>Fear</th>
<th>Sadness</th>
<th>Neutral</th>
<th>Happiness</th>
<th>Surprise</th>
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</thead>
<tbody>
<tr>
<td>UK / US TV norm</td>
<td>1.33</td>
<td>41</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>P&amp;G Thank You Mom</td>
<td>2.08</td>
<td>18</td>
<td></td>
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<td>Cadbury Gorilla</td>
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<td>Guinness Basketball</td>
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<td>Bud Clydesdales</td>
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<td>Monty the Penguin</td>
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<td></td>
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</tbody>
</table>

Intensity Score on scale 0 to +3
- Contempt
- Disgust
- Anger
- Fear
- Sadness
- Neutral
- Happiness
- Surprise
John Lewis Christmas Campaign: Retail Case Study

The Journey (2012)

£8 profit generated per £1 spent across campaign

Monty the Penguin (2014)

Bear and the Hare (2013)

Man on the Moon (2015)
System1 Ad Testing | John Lewis Predicted Share Growth for 10% ESOV#

Predicted share gain [assuming a 10% extra share of voice]

NO GROWTH without huge ESOV 28%

Modest growth with high ESOV 33%

Good growth with high ESOV 26%

Strong growth with high ESOV 9%

EXCEPTIONAL GROWTH with high ESOV 4%

Emotion-into-Action™ Score

NO GROWTH without huge ESOV

Modest growth with high ESOV

Good growth with high ESOV

Strong growth with high ESOV

EXCEPTIONAL GROWTH with high ESOV

Spend drives share gain

Spend insufficient to hold share

Spend maintains share*

# Extra Share of Voice - the extent to which SOV exceeds share of market
How emotional advertising helped John Lewis grow

John Lewis market share

<table>
<thead>
<tr>
<th>Year</th>
<th>Share Growth</th>
<th>Spend</th>
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<tbody>
<tr>
<td>FY 2008</td>
<td>24.0%</td>
<td>£3.9m</td>
</tr>
<tr>
<td>FY 2009</td>
<td>25.0%</td>
<td>£4.4m</td>
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<tr>
<td>FY 2010</td>
<td>26.0%</td>
<td>£5.0m</td>
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<tr>
<td>FY 2011</td>
<td>27.0%</td>
<td>£4.4m</td>
</tr>
<tr>
<td>FY 2012</td>
<td>28.0%</td>
<td>£4.3m</td>
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<tr>
<td>FY 2013</td>
<td>29.0%</td>
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<tr>
<td>FY 2014</td>
<td>30.0%</td>
<td></td>
</tr>
</tbody>
</table>

Sources: John Lewis, Mintel
Share growth predictions for each ad vs. actual

Correlation: 0.85

Our Modelled Prediction

Actual

% annual point share growth

% annual point share growth

Emotion-into-Action

Emotion-into-Action

Model assumes 10 ESOV points. Actual share of voice not available but ‘roughly equivalent for each ad in campaign’, Les Binet.
How you get there matters too!

- Extremely Effective
- Very Effective
- Weak
It seems like a feel-good ad about striving to overcome obstacles. seeing people in wheelchairs. It appears they are fighting.

thought someone might have been hurt falling out of the chair.

he fell.

This was such a random switch from basketball to beer.

friends are great.

This ad just makes you feel so good, gives you chills.

No idea they weren’t all people with a disability.

for solidarity.

I like the statement about the choices we make and the nature of our character.

love the word “friendship” as they all walk out the door together.

a group of friends all disabled playing basketball.

they look like they are having fun.

It seems like a feel-good ad about striving to overcome obstacles.

This ad just makes you feel so good, gives you chills.
Basketball is a highly dynamic ad leading to strong online activation potential.

Emotional Dynamism: Sum of all changes in emotion across every second of the video (excluding neutrality gains).

Sharing Potential: Based on Emotional Dynamism, emotional intensity and happiness vs norm.

Click-Through Potential: Based on Emotional Dynamism.
What is it about the ad you saw that makes you feel [selected emotion]?

Wheelchair basketball is cool but to play and then walk away is not right
Inspiring and touching. That he had friends going to those lengths to include him
It sent a strong message about brotherhood and team playing.
It was heart-warming, it showed real and true friendship, it makes you feel good
Solidarity of the friends, and the celebration after the game with a beer!
It was nice that the guys were such good friends. Also, I like beer.
Men with challenges are no different than able bodied men
That most of the individuals in wheelchairs didn't have a disability.
How they are good friends

Made of More
‘Basketball’

Guinness

75%

% Correctly identifying the brand unaided following viewing

Which brand do you think this advert was for?
Guinness Made of More ‘Basketball’ was a 5-Star Blockbuster

- Straight to Video: 28%
- Pedestrian: 33%
- Solid Performer: 26%
- Must See: 9%
- Blockbuster: 4%

- Aired x 3 Continents, so powerfully universal
- Regular consumption of Guinness grew +60% in September and a further +12% in October (equivalent to St Patrick’s Day)
- Immediate and positive impact on Brand Health providing momentum for pricing, activation and innovation
Winner FeelMore50™

The best ad of 2014 [most emotional and most efficient] is a story of new technology and one woman’s frustration. It’s also for a toilet paper brand – one of the most everyday, uninvolving categories you can imagine – but “Emma” is proof emotional ads work well in any category.

When we tested “Emma”, it did tremendously well – as you might expect, it’s a very entertaining ad. It got our highest, 5-Star rating. But it’s notable for something else, too. When people say an ad has made them feel happiness, we ask them what type of happiness they’ve felt, from a list identified by psychologist Paul Ekman, whose seven basic emotions are at the centre of our testing method.

One of the types of happiness is amusement. And “Emma” scores higher on amusement than any other ad we’ve ever tested. Amusement is associated with long term and shorter term business effects.

http://feelmore50.com

If you want to watch it please go to: https://www.youtube.com/watch?v=eleZg0-Tc9M
So what have we learned? Apart from that everyone thinks their job is harder and that they deserve more!
Classical marketing model is limited to short-term effects, at best.
Some basic things really matter in your industry

It’s still a penetration and frequency market – whatever the price level

Cost of travel

Accessibility (time, travel hassle, visa/permits)

Safety/security
And the most basic and predictive are these

Fame – time-pressured salience

Feeling – emotional response

Fluency – distinctive assets, under time pressure

What is your story and how are you using it to make things better?

This is still true in destination marketing whether you are Quebec City or Quezon City!

Everyone wants a short cut – but most things take hard work and time 😊!
Don’t make people think, engage their shortcuts
System1 Group

Thank You

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