



The Science of choice in the wine category: Decoding Neuromarketing for wine

May 23rd, 2012

Wine Intelligence at London International Wine Fair

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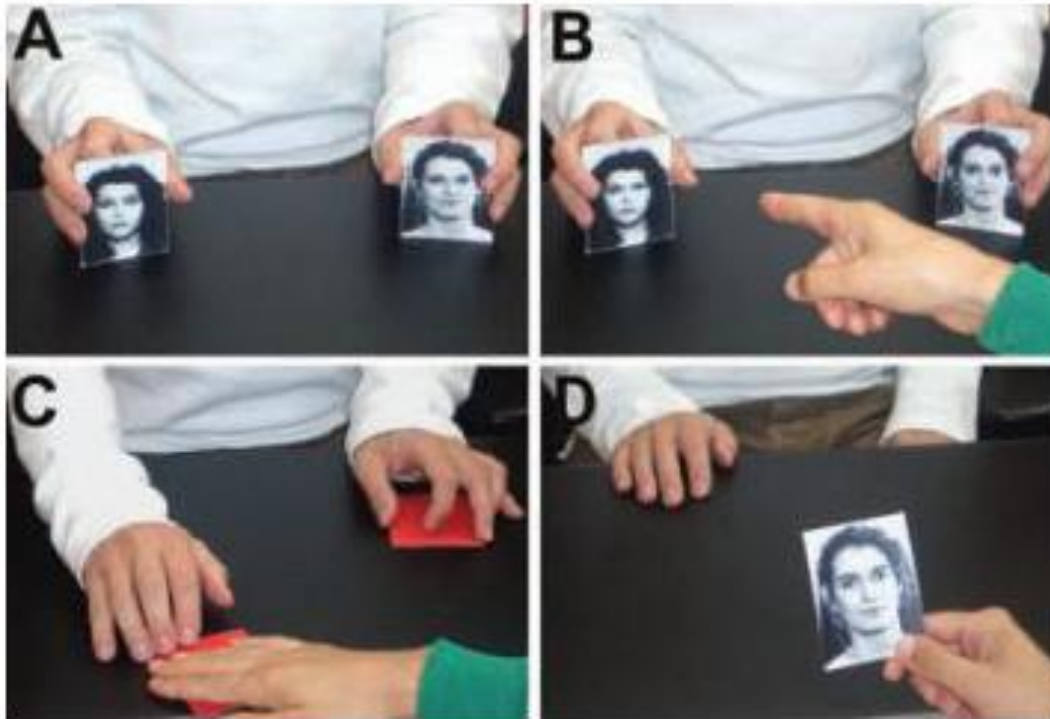
#LIWF

@wineintell



How well can we report on what influences us?

When we make a choice, we want to defend that choice and justify reasons for even though it might not have been our 'real' choice...



[Watch the famous experiment here](#)

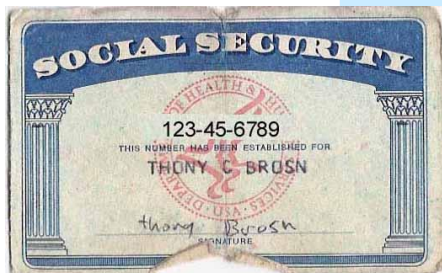
What really influences us?

“Priming”: Presenting an individual with subtle cues can affect that person’s subsequent behaviour

Experiment 1: Respondents were primed by asking to recall their social security number before asking to state the price for a random object: a wireless keyboard

Results: High social security number = high keyboard price

Social Security Number Digits	Keyboard Price (mean)
00-19	\$ 16.09
20 - 39	\$ 26.92
40 - 59	\$ 29.27
60 - 79	\$ 34.55
80 - 99	\$55.64



Experiment 2: Subjects listened to either French or German music when buying wine



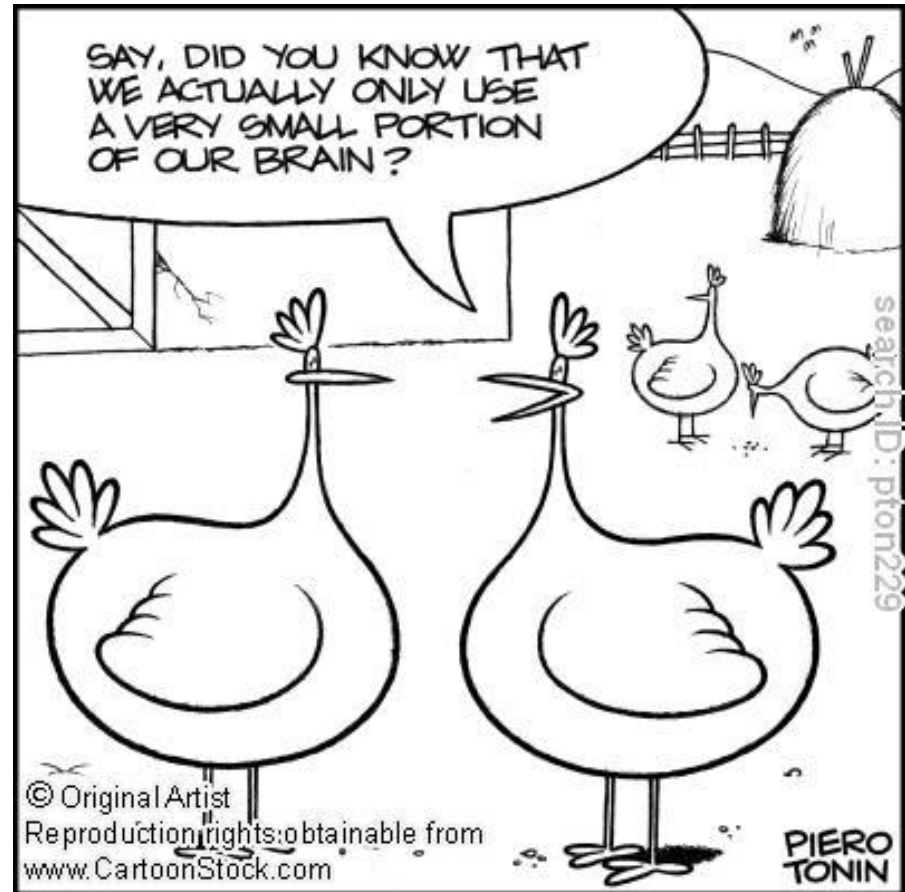
Results:

- French music days, French outsold German wines 3 to 1
- German music days, German outsold French 3 to 1
- 86% specifically said music did not affect purchase decision

SOURCE: North, Hargreaves and McKendrick (1997): In-store Music Affects Product Choice, *Nature*, 390, 132.

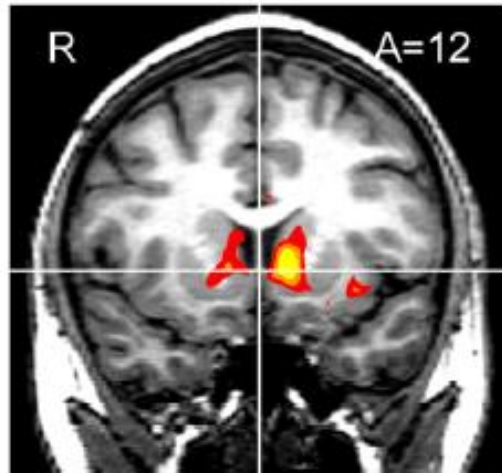
We think it's 95%....

Neuroscience studies indicate around 95 per cent of all thoughts, emotions, and learning occur before we are ever conscious of them



We seek reward... and pleasure

When people choose products elements associated with **rewards** fire up in the brain



Our brains experience more **pleasure** when drinking a £45 bottle of wine compared to £5 even when in reality it's the same wine

£5



£45



I like it but I don't know why....

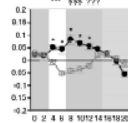
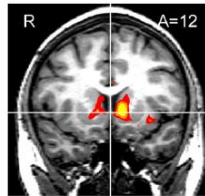


"Choice decisions of consumers are not only determined by evaluations of rational information (product attributes) but are also driven by forces that are generally outside of rational control"

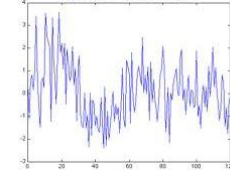
Melanie Dempsey (Ryerson University) and Andrew A. Mitchell (University of Toronto).

Neuroscience methods

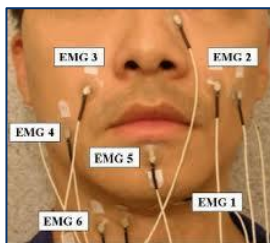
- fMRI - Functional Magnetic Resonance Imaging



- EEG: Electroencephalography



- Facial EMG (electromyography)



- EMG - Skin conductance response



- Eye-tracking



What is Neuromarketing?



“Use of theory and tools from the cognitive neurosciences to inform marketing activities and theory”

Brand building

1 Double jeopardy of familiar brands



Studies have shown that our brains respond more positively to familiar brands

Strong brands =
positive emotion,
reward
and self-identification

Weak brands =
negative emotions and
Memory

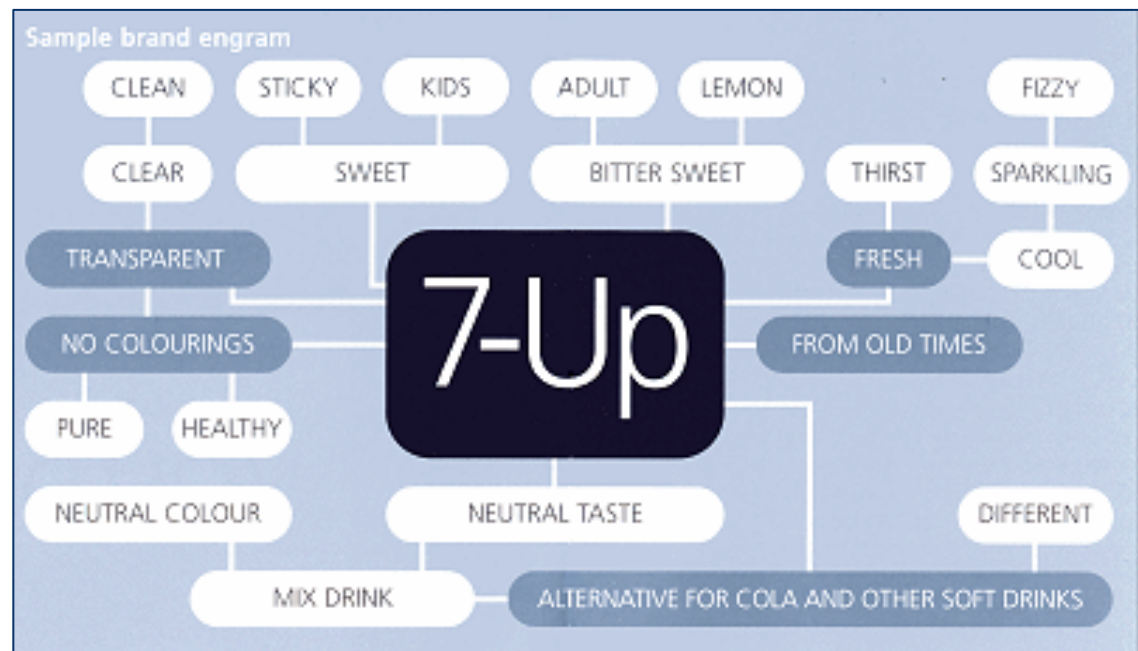


One of the first studies to show this was conducted using fMRI to record responses to strong (well-known) and weak (lesser-known) brands of car manufacturers and insurance companies

2 Think of your brand as an Engram

Consumer have many evolving and layered connections with a brands.

This is based on findings from neuroscience that the brain is constantly developing associations as connections die or are made stronger through repetition.



3 “Emotional anchoring”

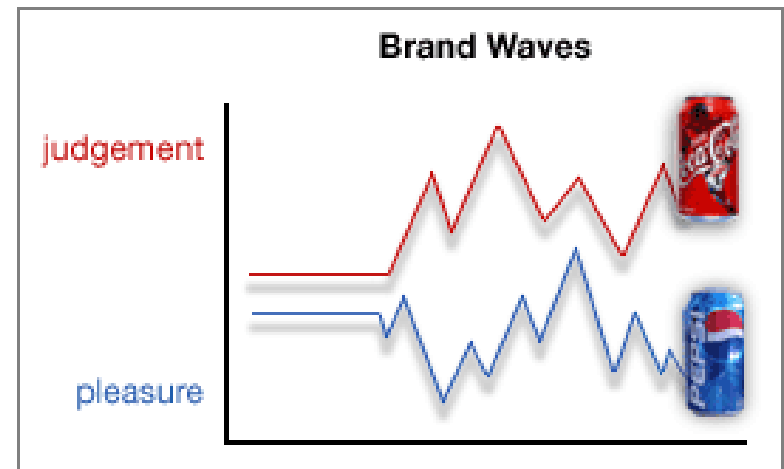


Brands are able to evoke strong responses in consumers - even if we, as consumers, can't rationally explain why.

Pepsi vs. Coke example:

The famous Pepsi vs Coke blind taste test showed that the taste of Pepsi was much more strongly preferred.

However, when respondents learnt they were tasting Coke, fMRI scanners showed that people enjoyed drinking Coke more than Pepsi, and areas of the brain associated with judgement were working.



NEURO-TAKEAWAY

4 “Hardwire”

Say it again,
and again and again....



Neuroscience shows it can take almost 2 years to “hardwire” connections - a brand connection that consumers will not easily forget

NEURO-TAKEAWAY

5 Media Processing

Understanding how the brain processes information gives guidance on types of messages which are more effective, and in which media

Low involvement processing:
not active or conscious learning +
builds long-term associations
e.g. TV

High involvement processing: activated
at will - 'active/explicit' learning
For rational, logical or time-sensitive
information e.g. print media

Pricing

Buying something can cause the pain centre in our brain to light up

Buying something = Pain



- However, the negative activation produced by cost is not absolute (higher cost = higher pain) but relative - the context of transaction and perceived value are very important
- We can minimize the pain of paying by learning from neuroscience insights...15

Avoid multiple pain points and money related cues when selling wine



NEURO-TAKEAWAY

1 Seeing price increasing with consumption (such as in a sushi restaurant or on a taxi meter) causes the most pain to consumers - hence sell in bundles to avoid multiple pain



NEURO-TAKEAWAY

2 Consumers spend more when presented a menu with simple numeral prices - a simple currency symbol in front of a price can make a difference

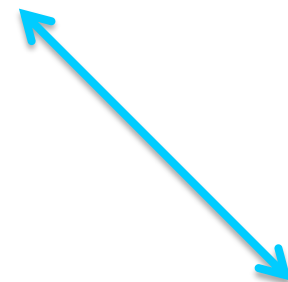
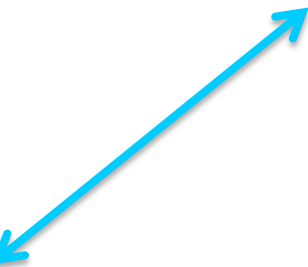


SOURCE: Sybil S. Yang, Sheryl E. Kimes, and Mauro M. Sessarego (2009): \$ or Dollars: Effects of Menu-price Formats on Restaurant Checks, Cornell Hospitality Reports Vol. 9 No. 8

3 The perception of price depends on how it's presented

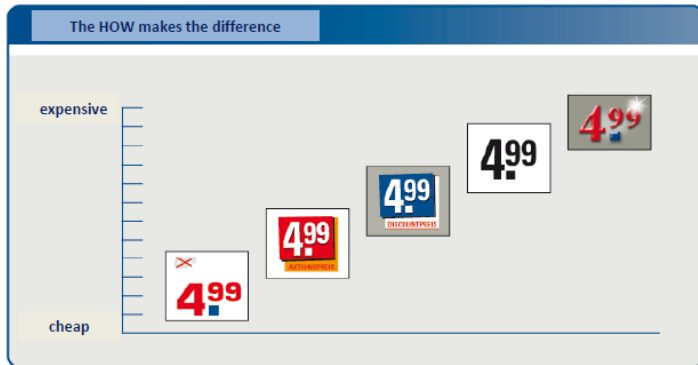
Dimensional Module

The magnitude of the number should be congruent with the size of its depiction



Visual Module

Glossiness codes 'premium' & makes an objectively identical price seem higher. Discount symbols reduce price perception



Aural Module

Certain vowels and consonants are associated with the perception of 'small' e.g. 'i' and others 'big' e.g. 'a' or 'o'



£7.66
"sixty-six" ✓



£7.22
"twenty-two"

The range of products available and the order in which they are shown is important



NEURO-TAKEAWAY

4 Anchor-Effect: The order in which we show prices influences price perception. It's advantageous to show more expensive product first.

AD INFRASTRUCTURE	CAMPAIGN OVER	BONA FIDE	AD HOC	CREATOR
\$199.95 per Month	\$69.95 per Month	\$29.95 per Month	\$14.95 per Month	FREE!
Sign Up!	Sign Up!	Sign Up!	Sign Up!	Sign Up!
99 Users Unlimited Forms Unlimited Reports Maximum Fields*	99 Users Unlimited Forms Unlimited Reports Maximum Fields*	5 Users Unlimited Forms Unlimited Reports Maximum Fields*	1 User 10 Forms 10 Reports Maximum Fields*	1 User 3 Forms 3 Reports 10 Fields
200,000 Credits / Month 1TB Storage 90 Days Archival Payment Integration	15,000 Credits / Month 50GB Storage 90 Days Archival Payment Integration	3,000 Credits / Month 1GB Storage 90 Days Archival Payment Integration	500 Credits / Month 250MB Storage	100 Credits / Month

Max \$149/month TOP-OF-THE-LINE	Premium \$99/month FOR BIG GROUPS	Plus \$49/month MOST POPULAR PLAN	Basic \$24/month FOR SMALL GROUPS
Unlimited projects 75 GB storage Unlimited users Time tracking Enhanced security	100 projects 30 GB storage Unlimited users Time tracking Enhanced security	35 projects 15 GB storage Unlimited users Time tracking Enhanced security	15 projects 5 GB storage Unlimited users No time tracking Enhanced security
Sign Up	Sign Up	Sign Up	Sign Up

Note: Max offer is \$149/month, 1 project, unlimited users, but no file sharing.

NEURO-TAKEAWAY

5 Choosing between two equally attractive options causes irritation



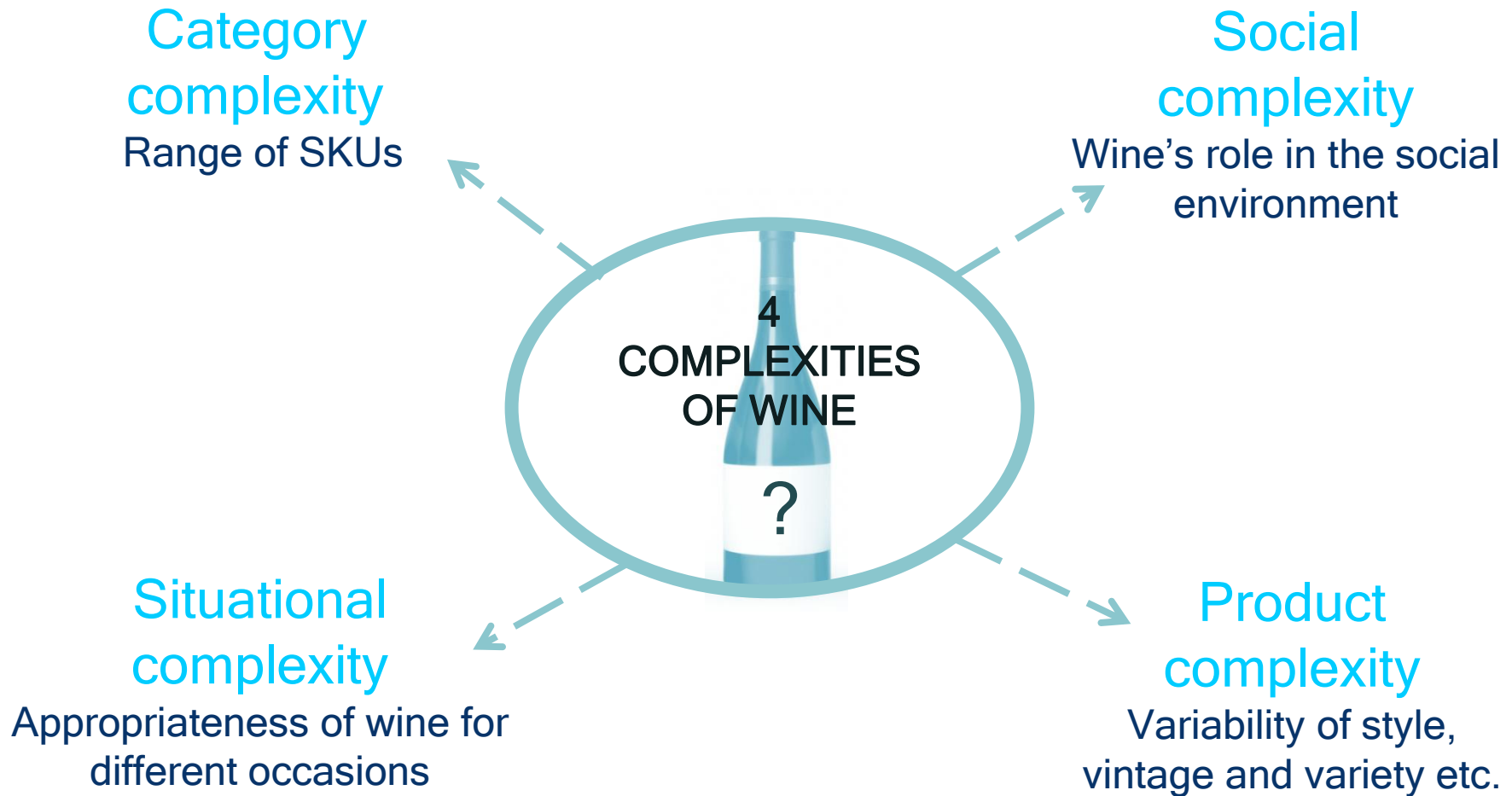
Decoy pricing 1: Try a 'not-so-good' decoy to push the higher product

Decoy pricing 2: Introducing a high-end product can boost sales of the next best product

SOURCE: Christopher Chabris and Daniel Simons (2010): The Invisible Gorilla: And Other Ways Our Intuitions Deceive Us

Neuromarketing and implications for wine

Understanding subconscious behaviours is useful to support our complex category



For wine, a deeper understanding of neuromarketing can...



- Improve brand affinity
- Enhance advertising effectiveness and value
- Guide more effective NPD
- Support and improve pricing decisions
- Guide product range development

Pros and cons of neuroscience for wine...



PROS

Potential to...

...Go beyond rational consumer responses

...Increase the effectiveness of advertising and marketing campaigns

...Learn to drive the decision-making process of the brain to assist in NPD

CONS

- Expensive technology
- Difficult (and expensive!) to find respondents
- Ethical questions → Invasive technology?
- Still learning about the brain and what the responses really mean...

Neurmarketing: hope or hype?

NEURMARKETING ...



Unlock the secrets
behind the rational...

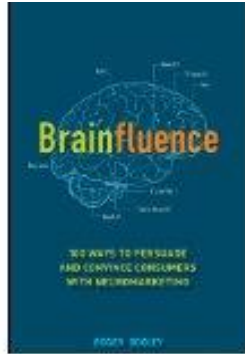
Vs



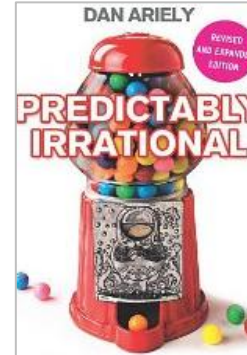
...But remember:

- What do the findings mean? Consider in context of what we know about consumer behaviour
- Good traditional market research does provide a clear link between research and reality

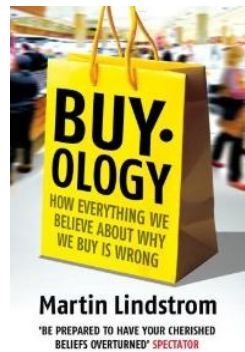
Recommended further reading



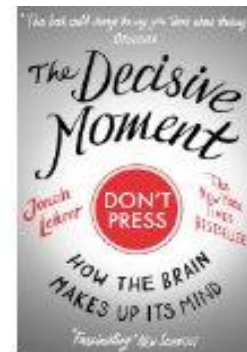
Roger Dooley, 2012
Brainfluence: 100
Ways to Persuade and
Convince Consumers
with Neuromarketing



Dan Ariely, 2009
Predictably Irrational:
The Hidden Forces
that Shape Our
Decisions



Martin Lindstrom, 2009
Buyology: How
Everything We Believe
About What We Buy is
Wrong



Jonah Lehrer, 2010
The Decisive
Moment: How the
Brain Makes up its
Mind



Lulie Halstead
Chief Executive
lulie@wineintelligence.com



Natasha Rastegar
Project Manager
natasha@wineintelligence.com



Marina Ferfolja
Senior Project Executive
marina@wineintelligence.com



Wine Intelligence
109 Maltings Place
169 Tower Bridge Road
London
SE1 3LJ
UK

Telephone: +44 (0)20 7378 1277
Email: info@wineintelligence.com
Web: www.wineintelligence.com

Twitter: [@wineintell](https://twitter.com/wineintell)
Facebook: <http://www.facebook.com/wineintelligence>