Uncover the
BLACK BOX
to drive
your BUSINESS SUCCESS
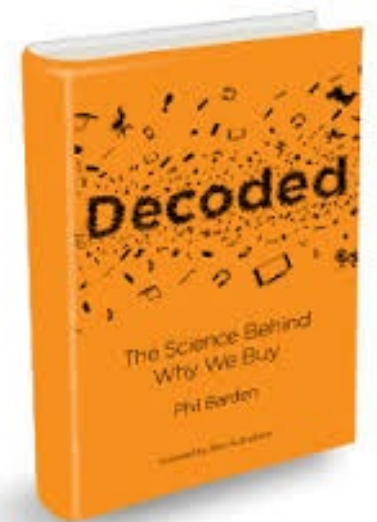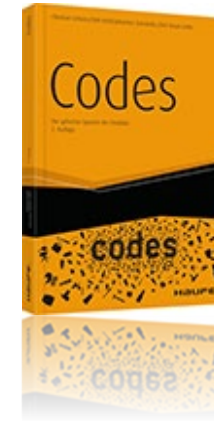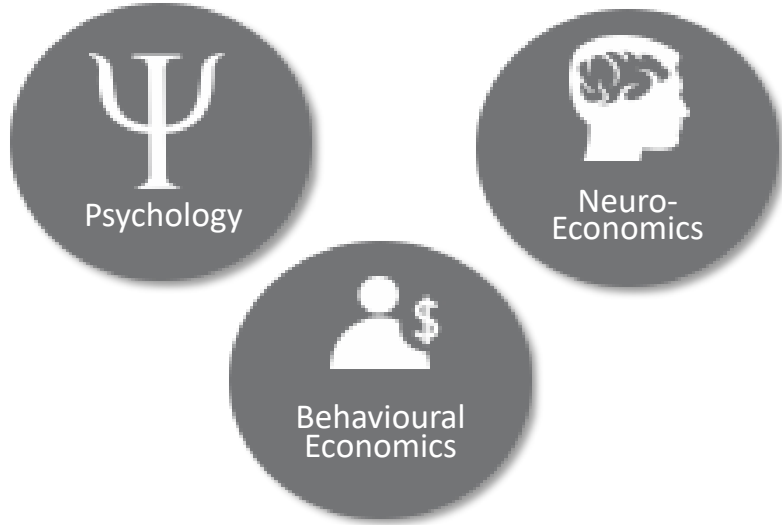
Inspire You
To Accelerate
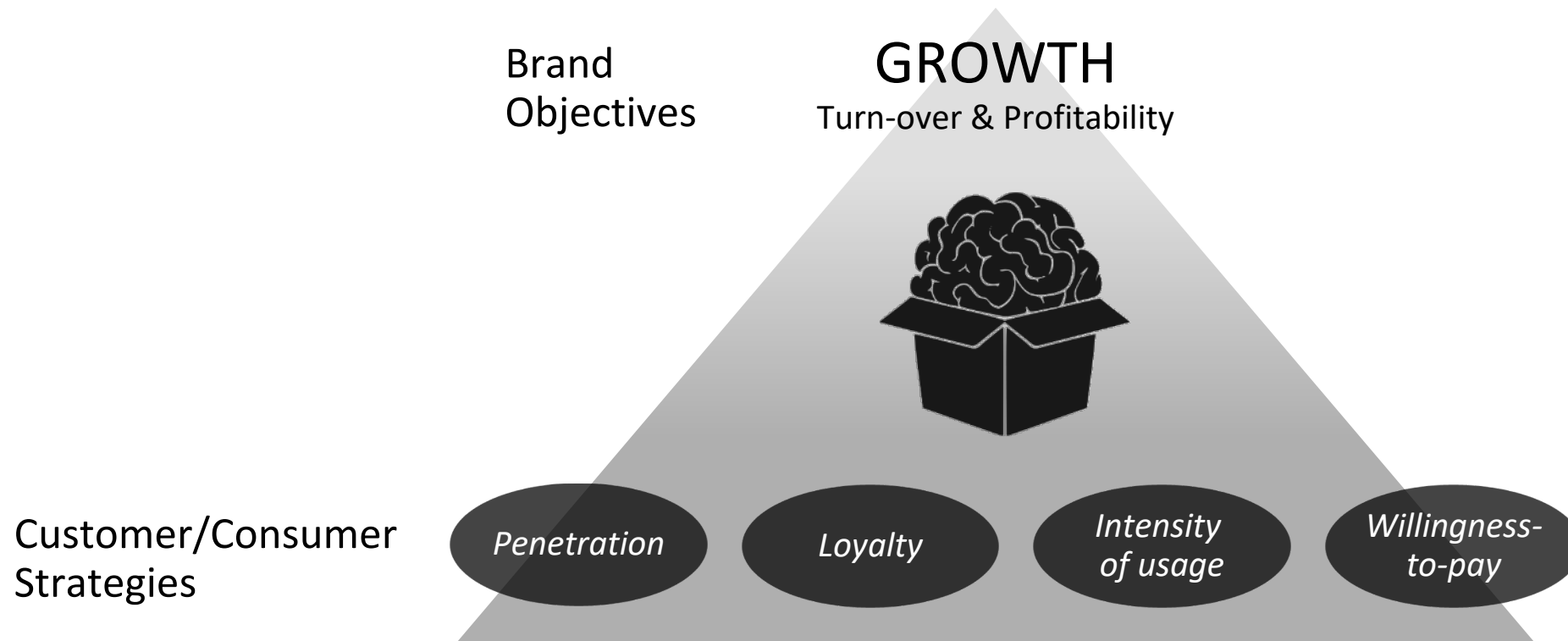# Growth

Program for Today

Science Background

WHAT

Strategy/Positioning

HOW

Execution/Implementation

No matter what strategy – Marketing needs to influence people's decisions.

Brand
Objectives

GROWTH
Turn-over & Profitability

Customer/Consumer
Strategies

Penetration

Loyalty

Intensity
of usage

Willingness-
to-pay

Traditionally, humans have been regarded as rational decision makers.

HOMO OECONOMICUS

"can think like Albert Einstein,

store as much memory as IBM's Big Blue,

and exercise the will power of Mahatma Gandhi"
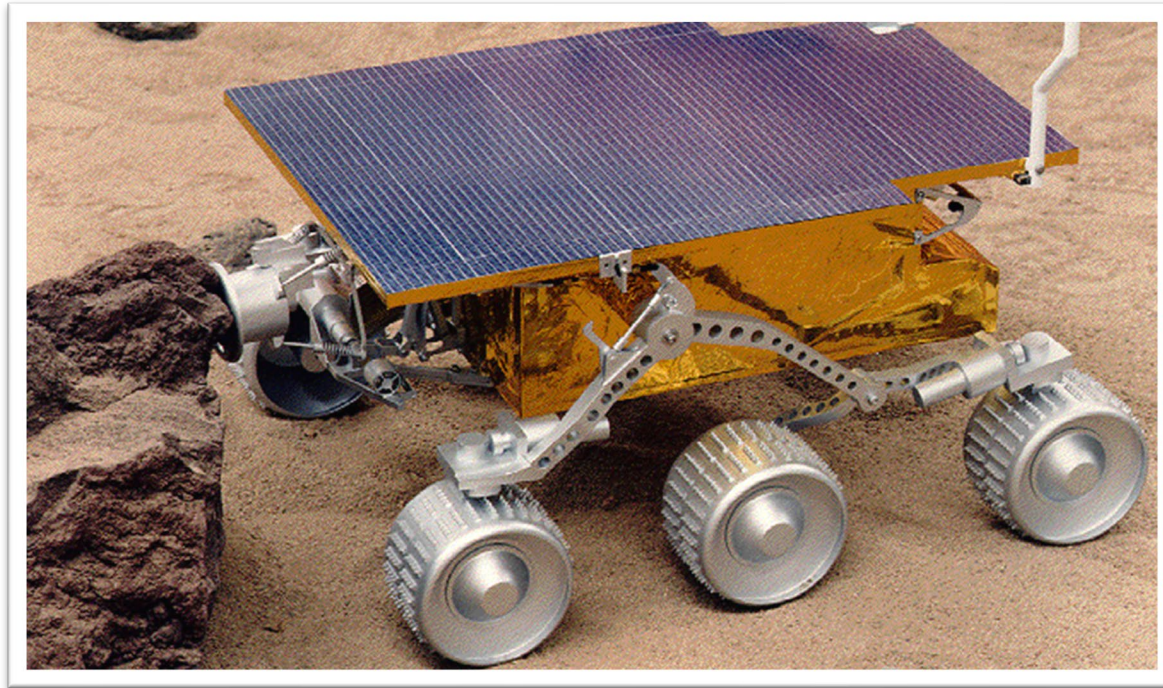
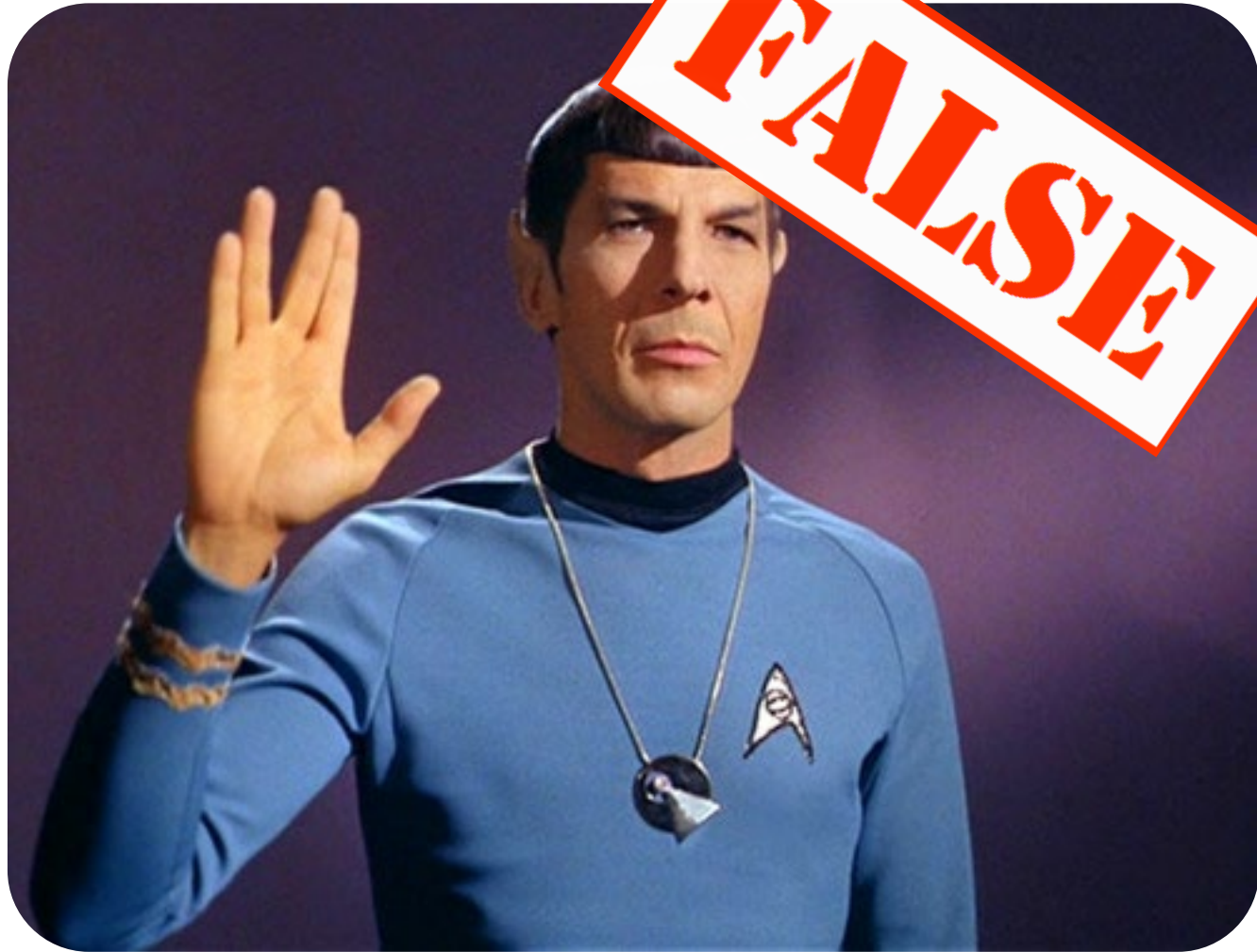Prof. Richard Thaler

… but is that true?

Power of Brands

Mental Availability & Priming

"On July 4th, 1997, NASA landed the Pathfinder spacecraft on the surface of Mars. This "Mission to Mars" captured media attention worldwide. During this period, and over the course of the following months, the chocolate bar maker Mars Inc. also noticed a rather unusual increase in sales"

FALSE

"Real people have trouble with long divisions if they don't have a calculator, sometimes forget their spouse's birthday, and have a hangover on New Year's Day."
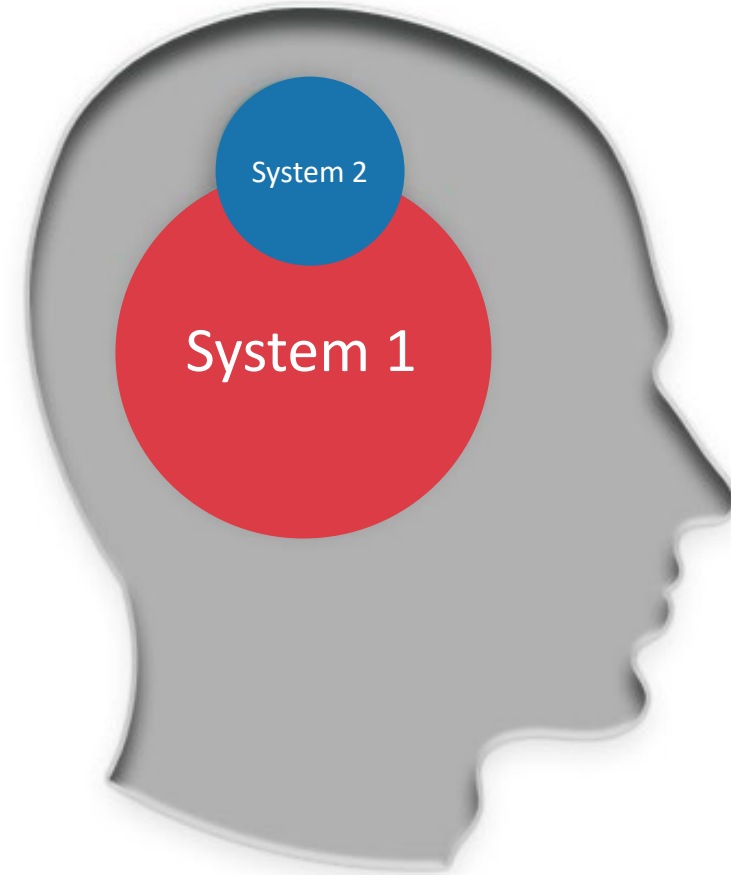
Prof. Richard Thaler

Introduction
Process of decision making (2)
Most decisions are implicit & automatic.

System 2 - Pilot
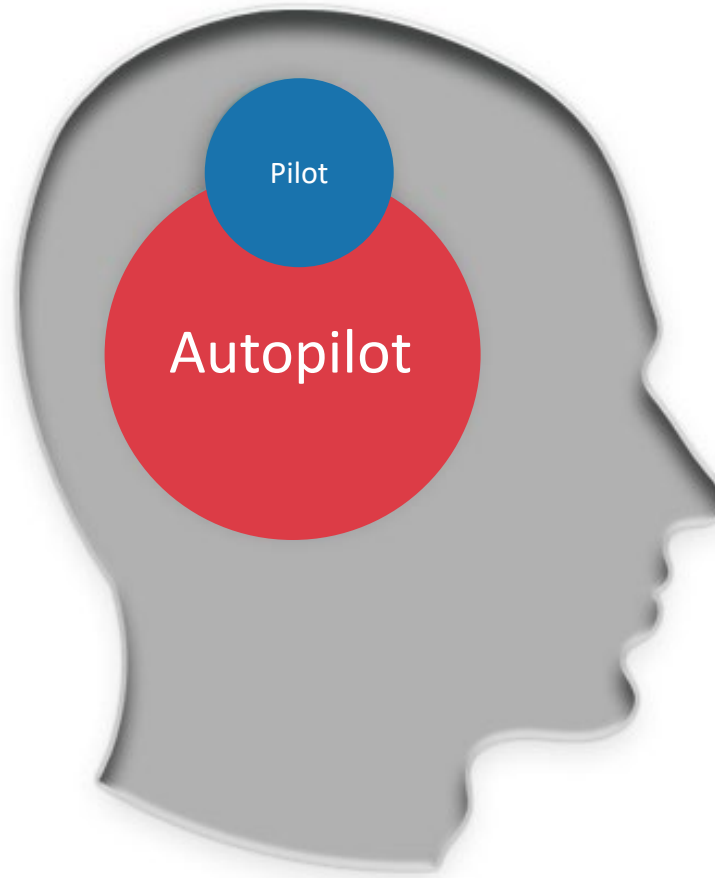40 bit/sec

System 1 - Autopilot
11.000.000 bit/sec

Introduction

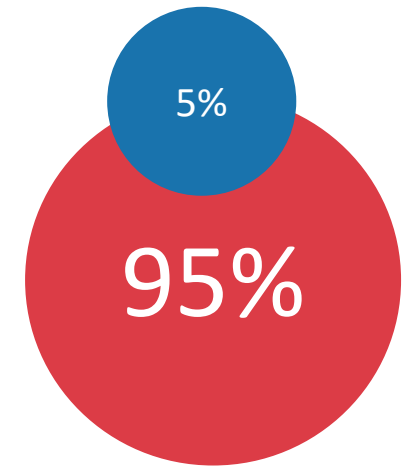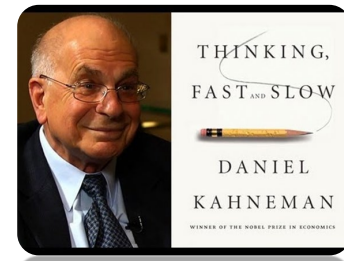# Process of decision making (3)
Most decisions are implicit & automatic.

- Time-pressure

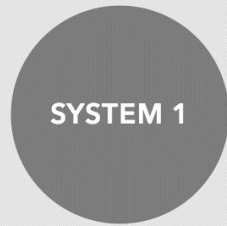- Low Involvement

- Information Overload

- Complexity

Pilot

Autopilot

Decisions

5%

95%

System 1 is most relevant for marketers.

Prof. Dr. Daniel Kahneman - Psychologist

(Nobelprize Economy 2002)

HOW WE MAKE DECISIONS

SYSTEM 1

FAST
PARALLEL
AUTOMATIC
EFFORTLESS
ASSOCIATIVE
SLOW-LEARNING

SYSTEM 2
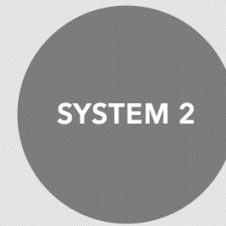
SLOW
SERIAL
CONTROLLED
EFFORT-FILLED
RULE-GOVERNED
FLEXIBLE

	PERCEPTION	INTUITION SYSTEM 1	REASONING SYSTEM 2
PROCESS		Fast Parallel Automatic Effortless Associative Slow-learning	Slow Serial Controlled Effortful Rule-governed Flexible
CONTENT		Percepts Current stimulation Stimulus-bound	Conceptual representations Past, Present and Future Can be evoked by language

Introduction

Value Perception: Value perception is determined by the CEO of our brain = REWARD SYSTEM.

Product	Price	Choice	Fixte

| 4s | 4s | 4s | 2s |

REWARD   PAIN X

Reward – Pain = (Perceived) Value

Program for Today

Science Background

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Multiple "buy buttons" in the brain: Forecasting chocolate sales at point-of-sale based on functional brain activation using fMRI

Simone Kühn [a,*], Enrique Strelow [b], Jürgen Gallinat [a]
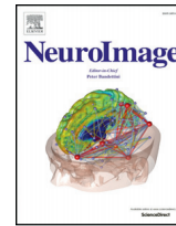
Linear correlation between activation of REWARD SYSTEM and REAL SALES.

(B) Communications
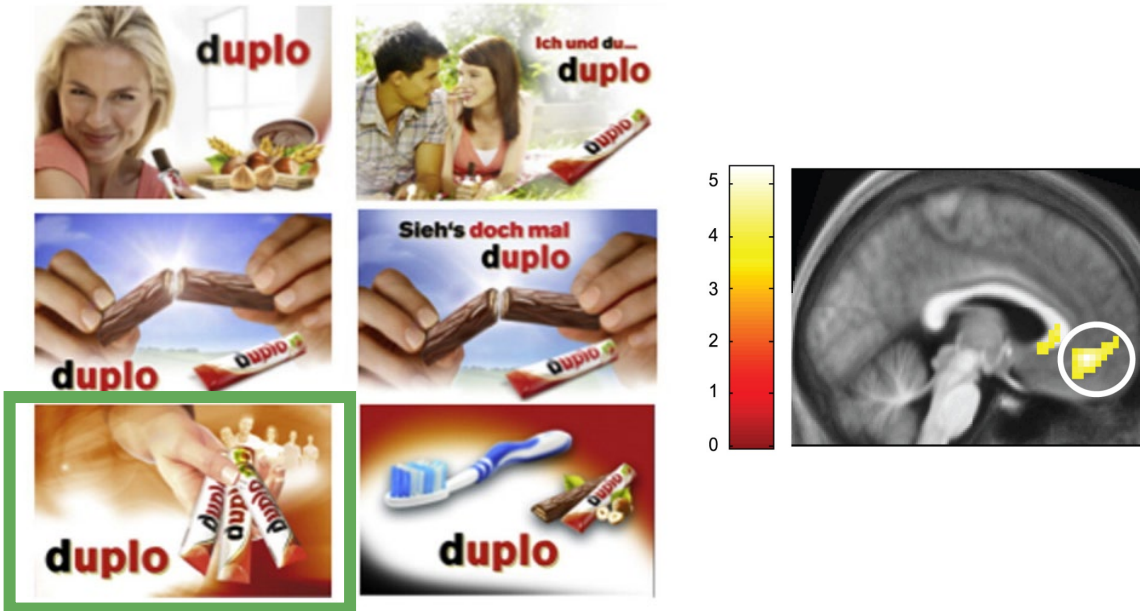
(C) Point-of-sale product placement

Brand Value Chain
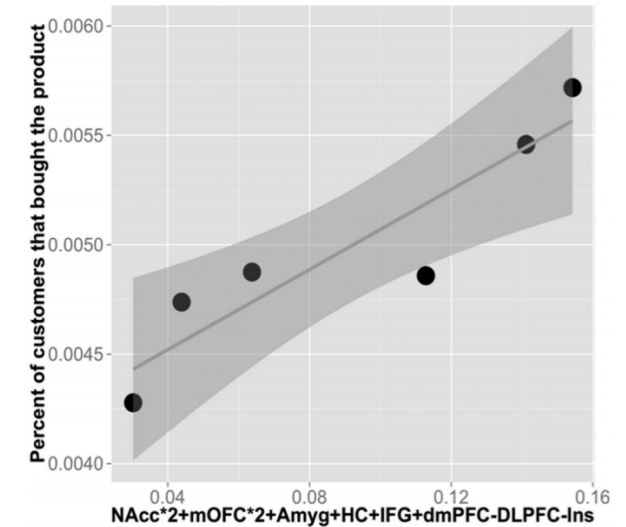
X √

SOCIAL-EMOTIONAL GOALS

Higher level purpose, universal human needs, personal values, & self-identity, emotional and social outcomes that are linked with using the category.

Be recognized being a good mother by others

FUNCTIONAL GOALS

Category-specific aspects consumers want to achieve or accomplish with this specific category and brands (why are consumers buying the category...

Reduce hunger of your child

FEATURES

HOW the JTBD is delivered incl. features, RTBs, ingredients, mode of actions and other characteristics that define how the brand delivers the JTBD.

Sugar
Saturated fats
Tasty

Vitamins
Fresh
Healthy
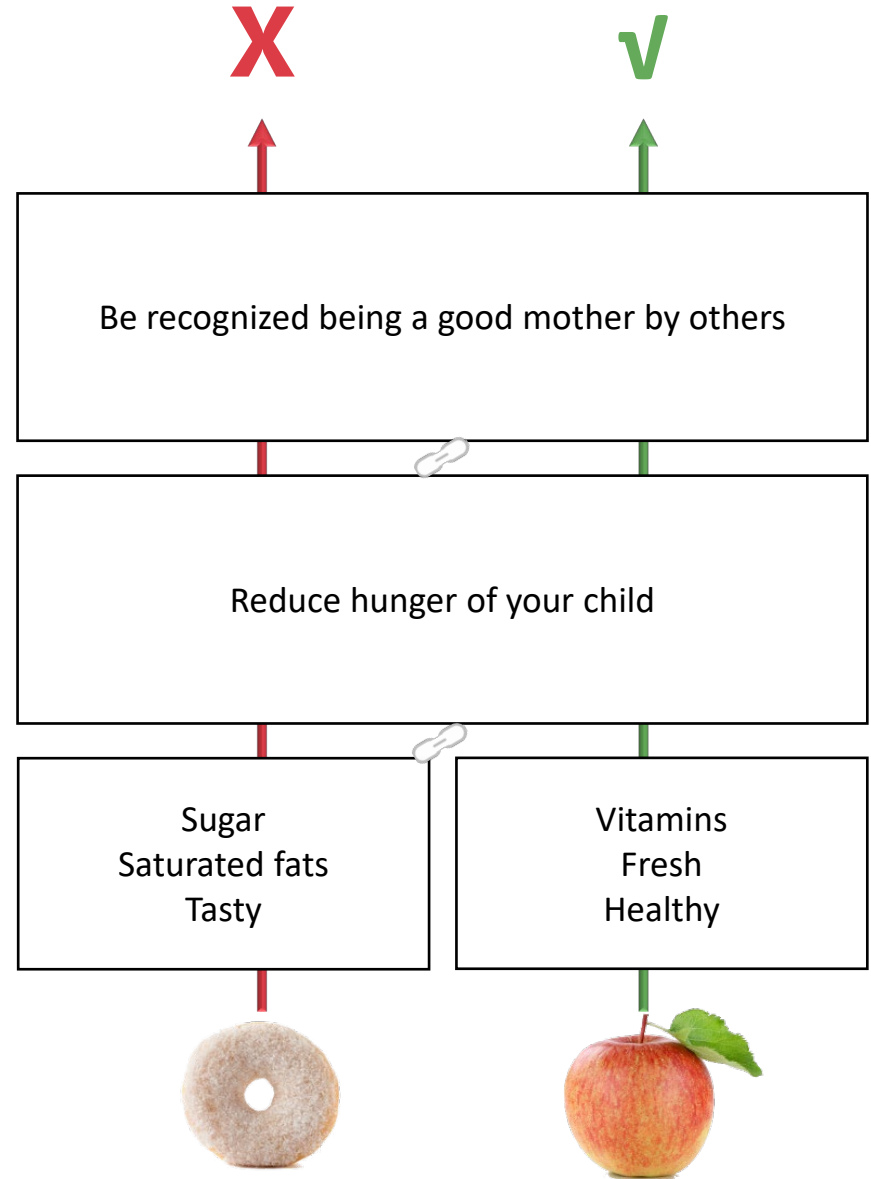
DECODE Goal Map: Territories capture universal human motivation

ADVENTURE

- adventure
- freedom
- discovery
- be
- unconventional
- dynamic

EXCITEMENT

- excitement
- zest for life
- inspiration
- fun
- energy
- refreshing
- exploration
- curiosity

ENJOYMENT

- joy
- spoil myself
- carefree
- relief
- enjoyment
- authenticity

AUTONOMY

- pride
- perfection
- recognition
- success
- to give my best
- self-confidence
- present family at its best

DISCIPLINE

- control
- efficiency
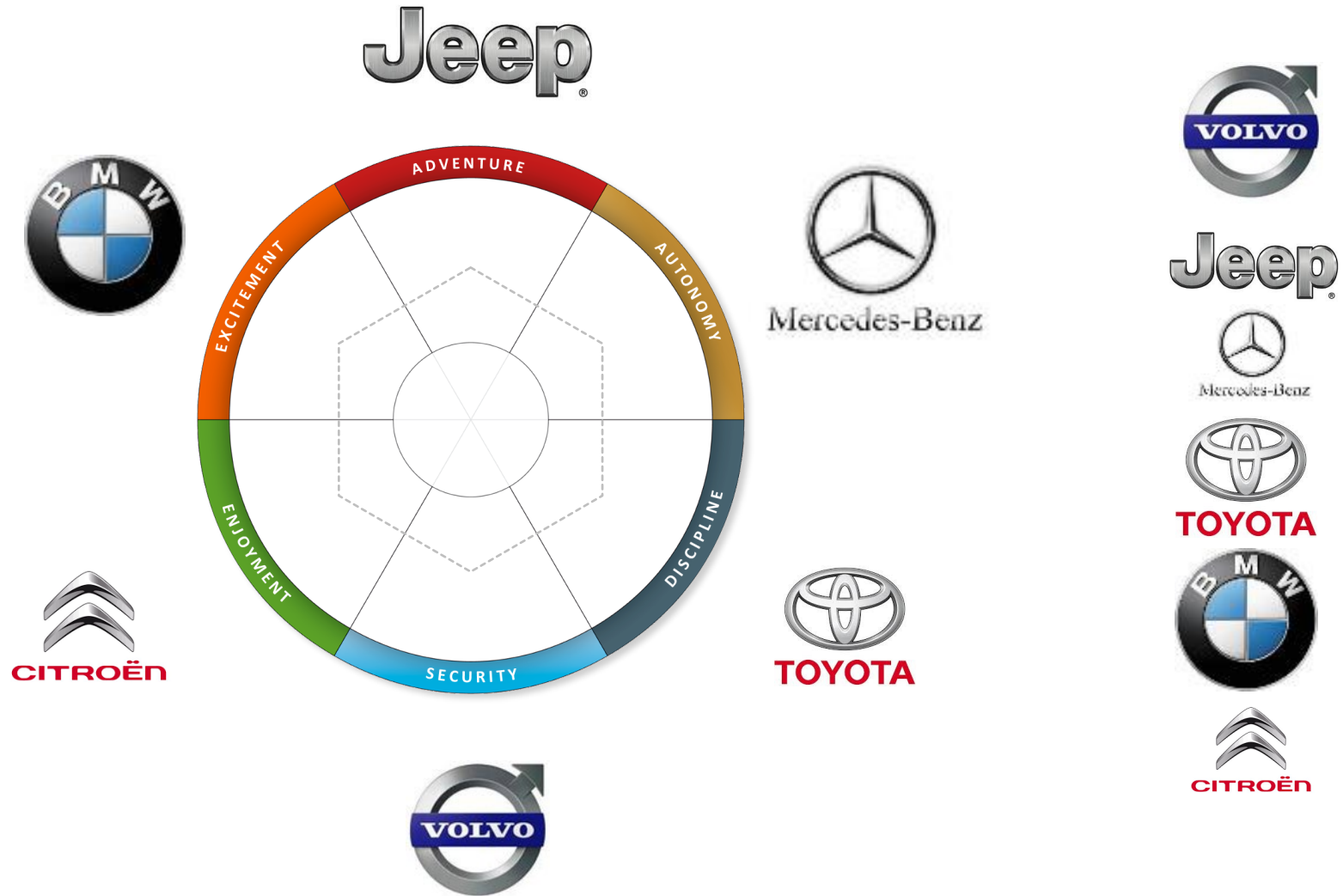- practical
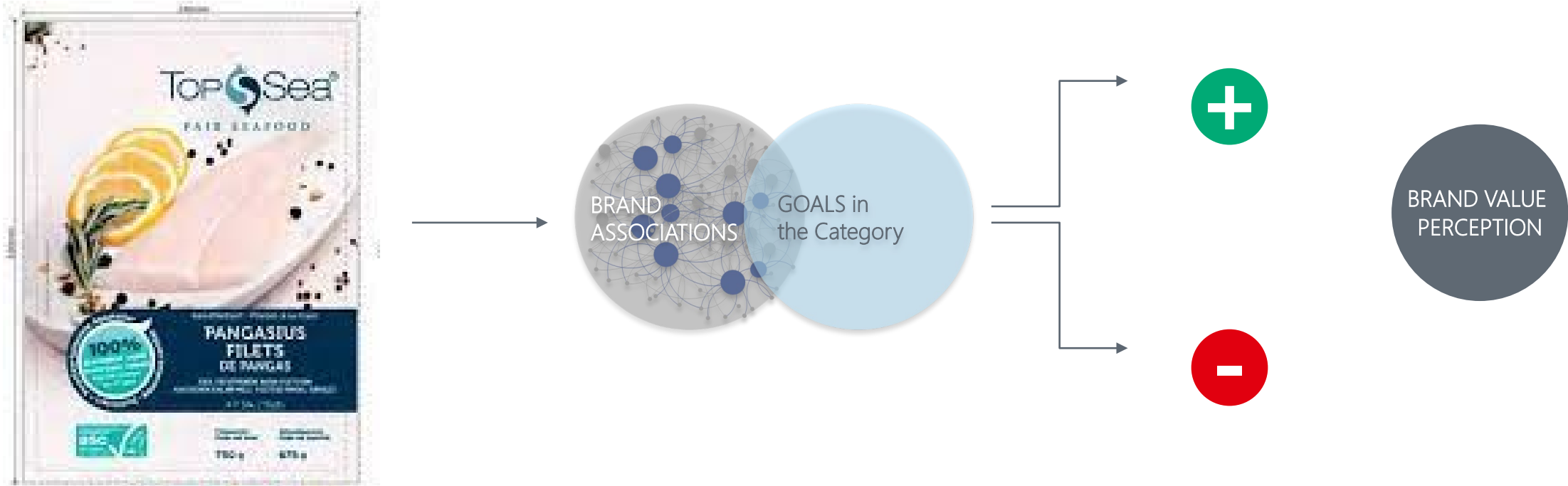- savvy
- simplicity
- reliability

SECURITY

- safety
- security
- caring
- closeness
- protection
- taking care of others
- peace of mind
- trust

Little Exercise: What are the key psychological motivations for these car brands?

Higher FIT between goals and brand associations leads to higher value perception, motivation to buy & willingness to pay.

Program for Today

Science Background

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HOW
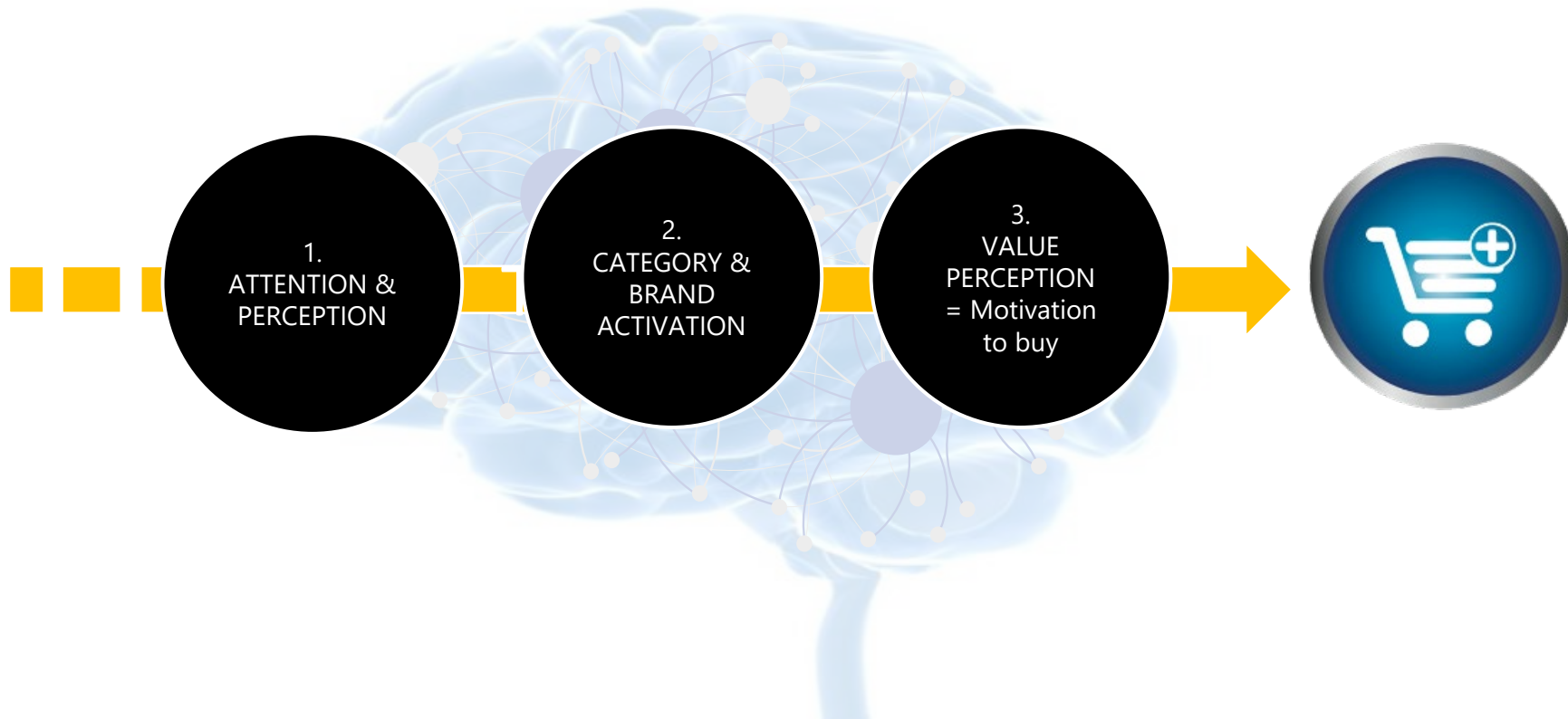
Execution/Implementation

Old

New

Brand Codes ideally create …

1. ATTENTION & PERCEPTION

2. CATEGORY & BRAND ACTIVATION

3. VALUE PERCEPTION = Motivation to buy

…becoming **Iconic Assets** of a brand.

„Value Perception – Brain Pathway"
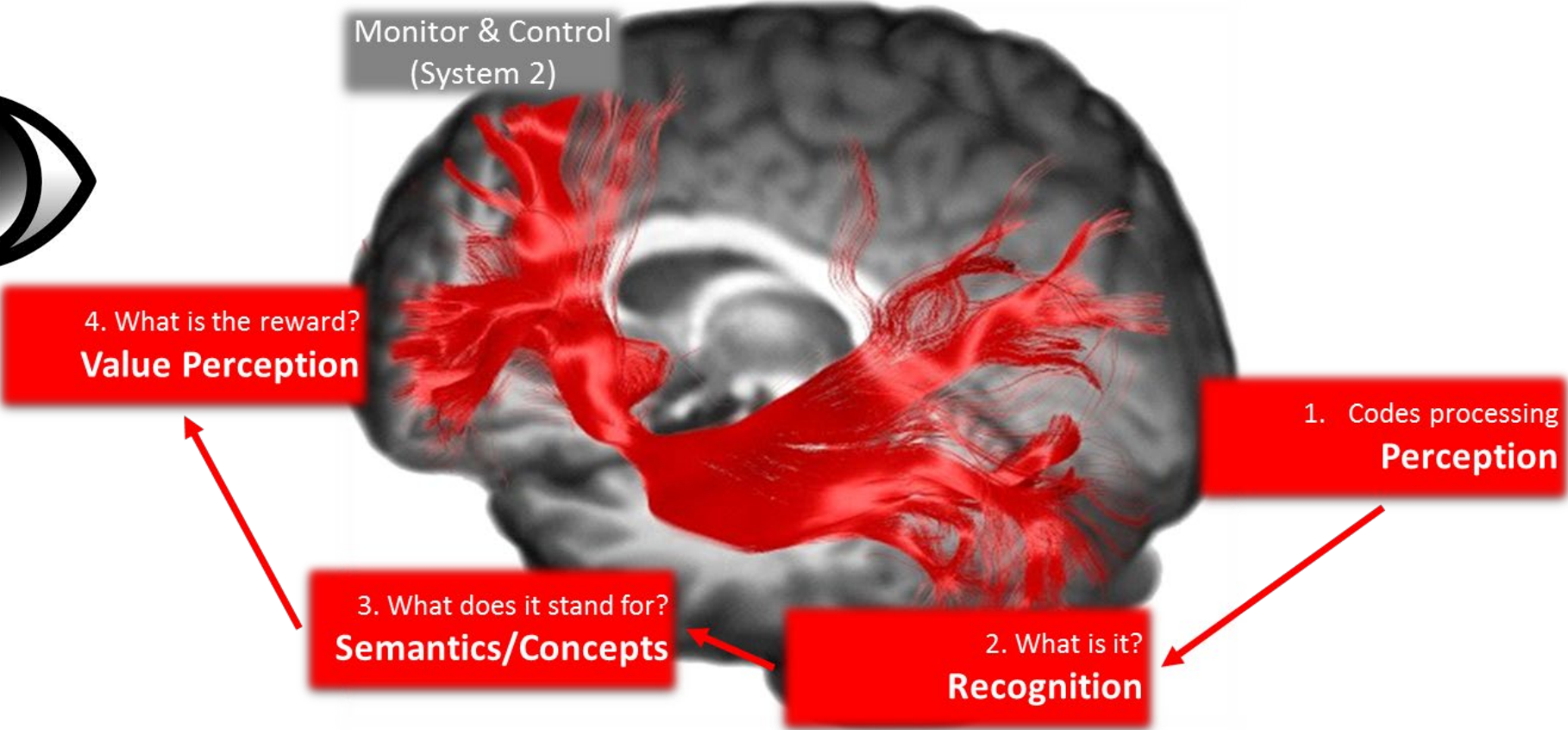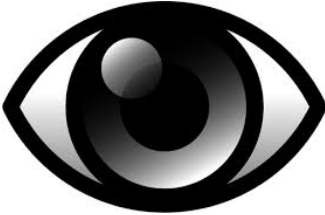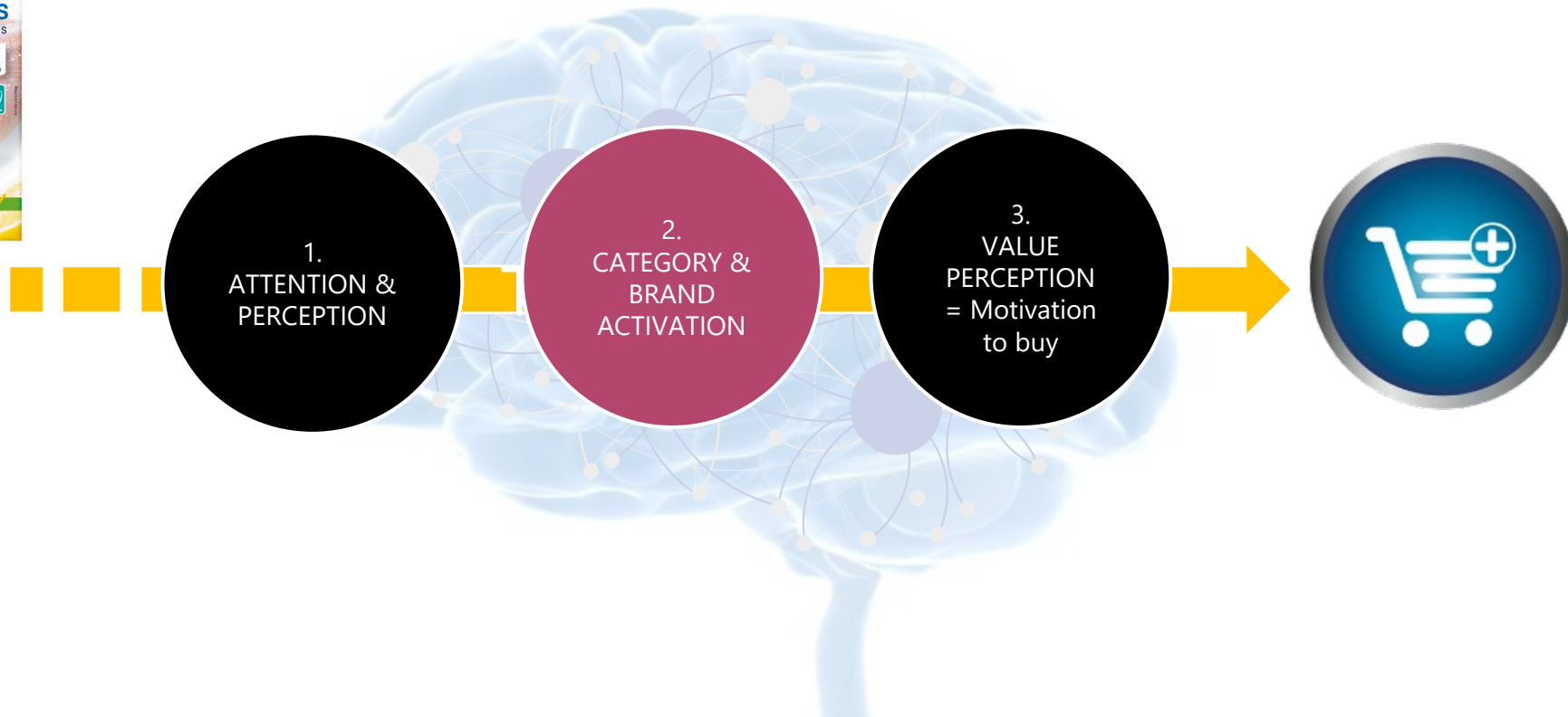
Monitor & Control
(System 2)

4. What is the reward?
Value Perception

1. Codes processing
Perception

3. What does it stand for?
Semantics/Concepts

2. What is it?
Recognition

Brand Codes ideally create …

1.
ATTENTION &
PERCEPTION

2.
CATEGORY &
BRAND
ACTIVATION

3.
VALUE
PERCEPTION
= Motivation
to buy

…becoming **Iconic Assets** of a brand.

WATCH-OUT   14

D&G	Gucci	Chanel	Armani	Dior	C.Klein	T.Mugler
30%	8%	4%	16%	5%	31%	5%

DOLCE & GABBANA
Light blue

Calvin Klein Jeans

Calvin Klein

© ARMANI

Brand Codes ideally create …

1.
ATTENTION &
PERCEPTION

2.
CATEGORY &
BRAND
ACTIVATION

3.
VALUE
PERCEPTION
= Motivation
to buy
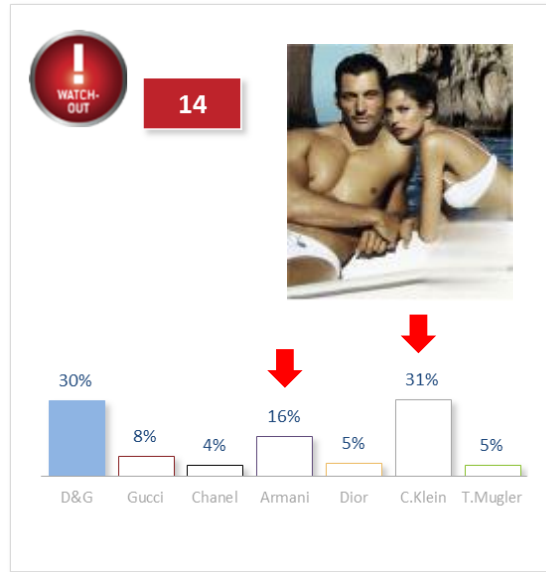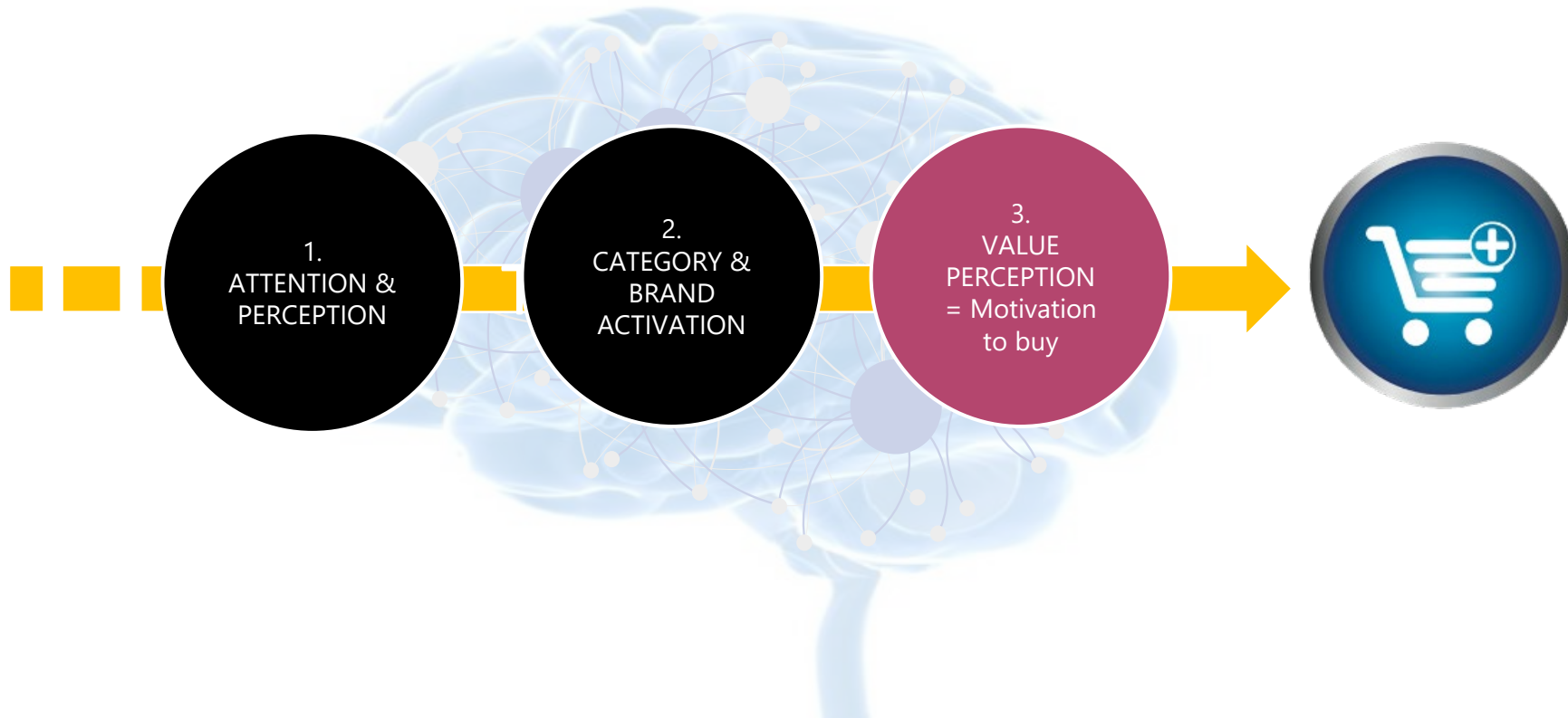
…becoming **Iconic Assets** of a brand.

Autopilot is only interested in reward.
Attitudes & emotions follow as a result of perceived value.

I like it…

It's emotional…

Looks modern..
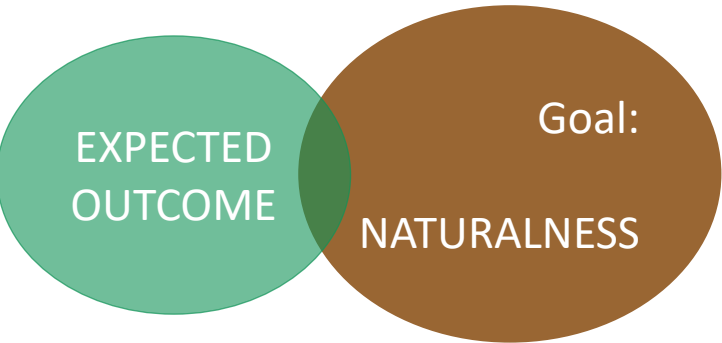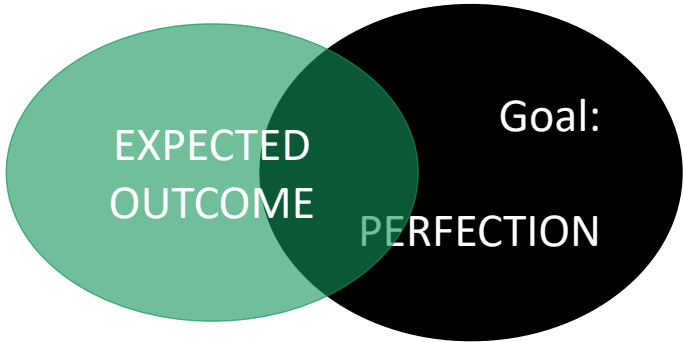
Autopilot is only interested in reward – Attitudes follow as a result of perceived value.

GOAL

=

Brilliance

Codes need to activate Goals/Drivers.

Key take Away

Category: Identify the relevant goals for buying fish.

Brand: Which goals does your brand want to address.

Codes: Ensure Brand Activation & Maximize Value Perception.

DECODE

Brand Code Management

About DECODE

Your DECODE contact

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+49 (0)170 / 385 385 3

About DECODE

Behavioral Economics. Neuro Economics. Psychology. Leveraging Decision Science To Increase Marketing Effectiveness And Maximize Brand Growth.


SCIENCE

In 2002, Daniel Kahneman received the Nobel Prize for showing that economic choices rely on the intuitive System 1. Kahneman also demonstrated how decisions evolve and how they can be influenced. For over 10 years, DECODE has translated these and related scientific insights into day-to-day marketing initiatives and market research. Our methods empower you to tap into consumers' System 1, understand how your marketing activities resonate with consumers' autopilot, and improve your strategy and execution across all marketing touchpoints.

BRAND CODE MANAGEMENT

Consumers don't read strategy papers. The impact of your marketing activities is based on executing the right strategy into what consumers experience from your brand (e.g., see, hear, touch, taste, or smell). We leverage decision science principles and insights to guide teams on how to bring brand strategy to life through improved marketing.
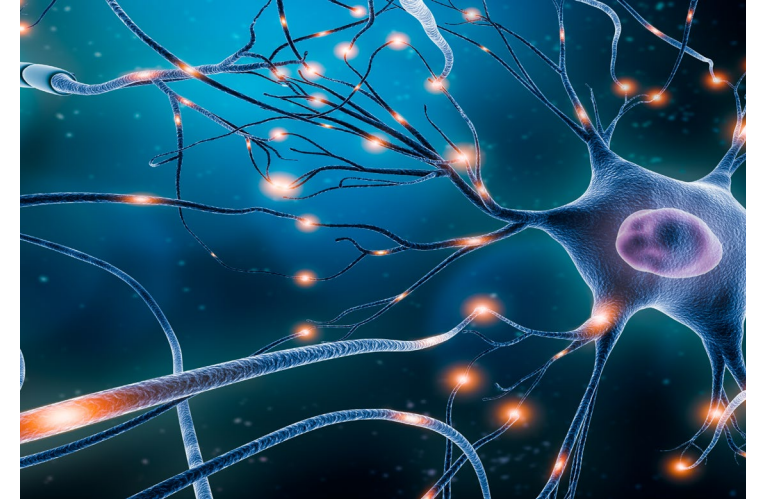
ARTIFICIAL INTELLIGENCE

... Artificial Intelligence can be used to inspire and guide brand management and offers a more efficient way to...
• uncover consumer insights
• monitor brand equity
• ensure consistent implementation across teams/regions
• evaluate ideas and executions early in the process
• optimize touchpoints with respect to relevant KPIs