Leveraging Psychology in Digital Marketing

By Kath Pay, cloud.IQ & Marketo

INTRODUCTION

More than ever, marketers today can benefit from lessons learned in psychology. According to Merriam Webster, psychology seeks to understand the human mind and behavior.

Marketers are constantly seeking to engage with their buyers and drive actions that help buyers move rapidly through their customer lifecycle. They do this by constantly analyzing buyer behaviors and working to get into the mind of their target audience. Clearly, there is a strong intersection between modern marketing and psychology.

The benefits of incorporating consumer psychology into your marketing is two-fold: you assist your customer in their journey to achieve their objective i.e. buying a product or service from you, and in turn you, the marketer, benefit from facilitating more successful conversions.

This ebook will provide you with an introduction to what can be achieved when we use consumer psychology in marketing.

PERSUASION ARCHITECTURE

Persuasion Architecture is simply designing the website, or in this case, the email and the customer journey in such a way as to convince and persuade a buyer to convert.

A conversion doesn't necessarily mean a purchase; it could be to read an article, download a whitepaper, go to the website—it is any action that meets the objective of the email.

One of the most important findings of consumer psychology is: *if you want someone to do something, you must make it as easy as possible.*

In fact, taking concepts from diverse fields such as evolutionary biology and web design, the "Principle of Least Effort" claims that animals, people, and even well-designed machines, will naturally choose the path of least resistance.

Over the years, many web usability studies have shown that most people don't read emails and web pages word for word—they skim, quickly looking for relevant information. To encourage conversions (whether from an anonymous visitor to a known sales lead, or from a qualified lead to an actual buyer), designers have learned to provide visual cues—to not only help guide the reader to relevant content, but to influence them to take action.

To make the path to conversion clear, you must understand the psychological cues that prompt action, and then consider the entire customer journey, using both implicit and explicit directional cues.

PERSUASION ARCHITECTURE

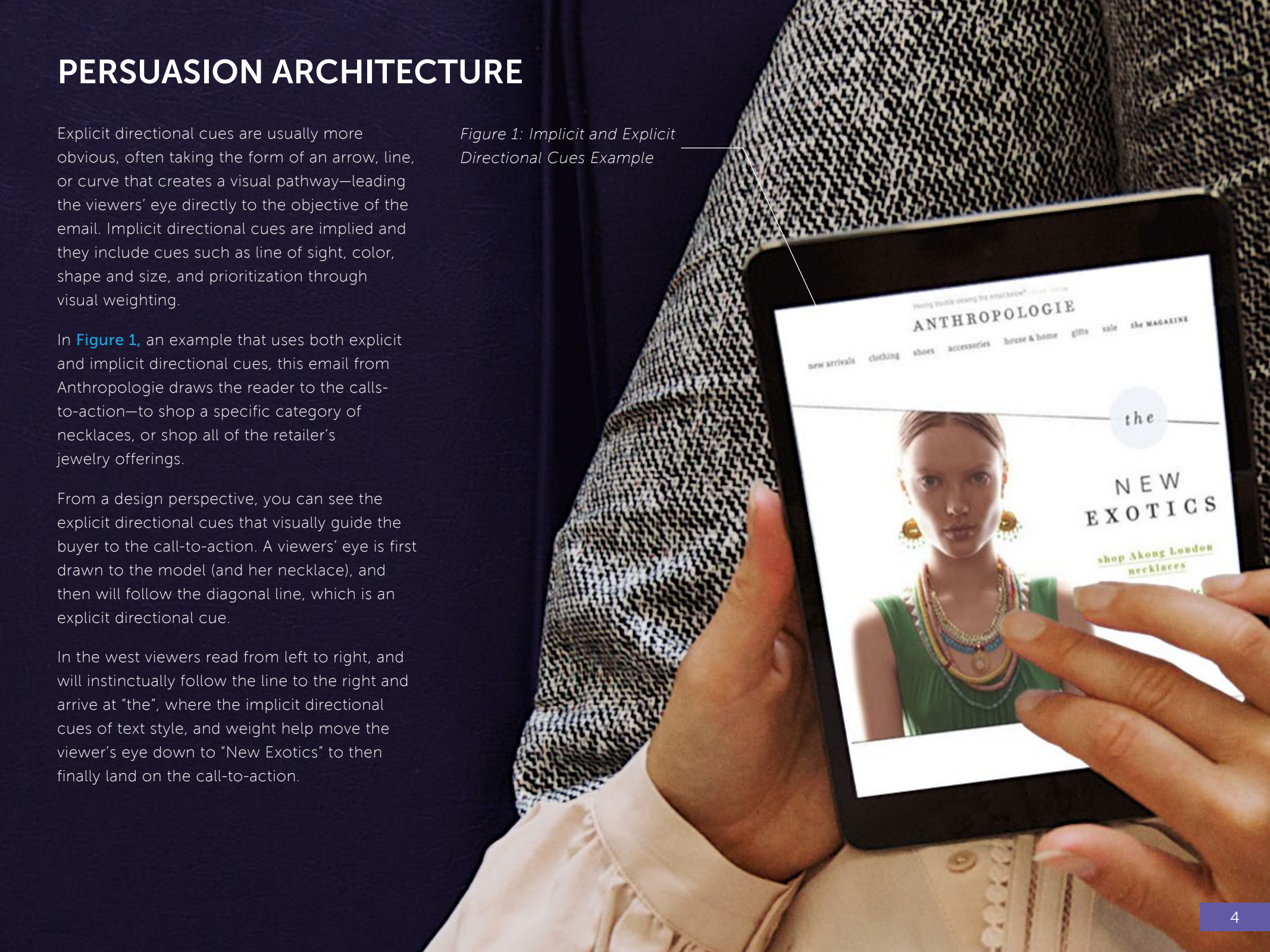
Explicit directional cues are usually more obvious, often taking the form of an arrow, line, or curve that creates a visual pathway—leading the viewers' eye directly to the objective of the email. Implicit directional cues are implied and they include cues such as line of sight, color, shape and size, and prioritization through visual weighting.

In Figure 1, an example that uses both explicit and implicit directional cues, this email from Anthropologie draws the reader to the calls-to-action—to shop a specific category of necklaces, or shop all of the retailer's jewelry offerings.

From a design perspective, you can see the explicit directional cues that visually guide the buyer to the call-to-action. A viewers' eye is first drawn to the model (and her necklace), and then will follow the diagonal line, which is an explicit directional cue.

In the west viewers read from left to right, and will instinctually follow the line to the right and arrive at "the", where the implicit directional cues of text style, and weight help move the viewer's eye down to "New Exotics" to then finally land on the call-to-action.

Figure 1: Implicit and Explicit Directional Cues Example



PERSUASION ARCHITECTURE

Marketers can also use implicit directional cues, such as line of sight. An eye tracking study performed by *Neuromarketing* suggests that our brains process visual cues incredibly quickly, especially in comparison to text. This is supported by the discovery of the *Triune brain*, in the 1960's, by neuroscientist Paul D. MacLean who identified that there are **3 main parts to the brain:**

1. The Human (new)—responsible for language, learning, conscious thoughts and our personalities
2. The Mammalian (middle)—deals with our moods, emotions and hormones.
3. The Reptilian (old)—in charge of our most basic survival functions—eating, breathing and fight-or-flight reactions.

Significant research by Christophe Morin has discovered that the "old" brain is actually responsible for driving buying decisions and that it tends to be initially engaged by imagery more than text.

PERSUASION ARCHITECTURE

Using eye-tracking technology, usability specialist James Breeze conducted a study about how humans instinctively examine images. This Australian study, conducted by Usableworld.com.au, consisted of 106 people looking at Figures 2 and 3 for the same amount of time (the images were shown in a random order and tracked with a Tobii T60 eye tracker).

Humans are naturally drawn to other human faces, and because of this, in both versions of the advertisement, a buyers' initial gaze is likely to land on the baby's face.

Keeping that in mind, you will understand why in Figure 2, the positioning of the baby's face actually draws a viewers' eye away from the marketing message. The heat map illustrates this with the focus of attention highlighted in orange and red over the baby's face, and yellows and greens, indicating less attention, over the actual message.

But, in Figure 3, when the baby's face is turned toward the marketing message, there is a significant amount of red and orange over the messages, indicating that the text was read.

These examples illustrate that while images are an incredibly powerful part of our marketing messages, they have the ability to work against marketers if basic psychology principles are ignored.

Figure 2: Version 1 of Eye-Tracking

Figure 3: Version 2 of Eye-Tracking

PERSUASION ARCHITECTURE

In another example, Figure 4 uses a line of sight directional cue to guide the viewer to the main objective of the page—the personality test that matches users with one another.

Figure 5 also uses line of sight to guide the reader's attention—this time, directing them to a data capture form.

By grasping the principles of persuasion marketers can help buyers achieve their objectives while also achieving their own. Marketers and buyers benefit from communications designed to direct viewers toward the task marketers want them to complete.

Figure 4: Line of Sight Directional Cue

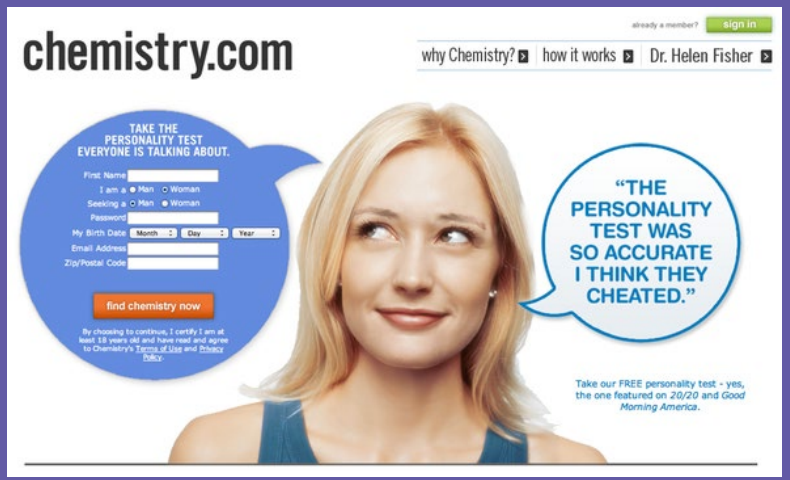


Figure 5: Line of Sight Directional Cue to CTA

EMOTION-DRIVEN BEHAVIOR

Albert Einstein once said: "The rational mind is the humble servant, the intuitive mind the faithful gift. We have created a society that honors the servant, and has forgotten the gift."

Today, people tend to pride themselves on making "rational" decisions, carefully analyzing all the available information before determining the best choice. But, like it or not, people subconsciously make purchasing decisions based upon emotion and then rationalize the purchase by coming up with explanations for the decision after the fact.

As Douglas van Praet writes in his book, *Unconscious Branding,* "Influence is born by appealing to the emotions while overcoming rational restraints." In fact, he claims that according to recent research conducted by Timothy Wilson at the University of Virginia, we make 90% of our decisions without consciously realizing we're doing it.

So while buyer education about your products or services is important, marketers must focus on engaging consumer emotions. There are a variety of ways this can be done—through the use of images, storytelling, persuasive subject lines, and compelling copy. Once you have persuaded potential buyers emotionally (albeit unconsciously), they will rationalize that choice on their own. However, once an emotional decision not to buy your product has been made, it's difficult to reverse.

A good example of this is Figure 6, an email from Hilton's HHonors program. The text is evocative and persuasive—"Exclusive Travel Specials," "Escape to Your Paradise," "Unforgettable Memories," which then leads to the call-to-action: "Treat Yourself to the Getaway You Deserve." This email example uses persuasive and compelling text-copy aimed to trigger an emotional response from the reader.

Figure 6: Emotional Response—Evocative Language

EMOTION-DRIVEN BEHAVIOR

London Pride beer uses emotion-driven marketing in this example that hooks the reader with a memorable story about something Londoners are familiar with and proud of.

People love stories, and the human mind is naturally programmed to remember them. People learn by finding patterns and meanings in things—hence solitary facts and figures are easily forgotten—but if they are incorporated into stories, people experience them, which helps form an emotional connection. This phenomena is called Grounded Cognition, which essentially means that people live the story when they hear or read it.

So in Figure 7, when the viewer reads a lovely story about London Pride's Wisteria, London Pride is calling upon the viewers past experiences of Wisteria—the feelings of joy in the summer and the beautiful scent of this plant. Stories stimulate both the logical and creative parts of the brain, meaning that viewers understand the information factually, visually and emotionally.

The purple genus has been steadily scaling our brewery walls since 1816. It's the oldest in England. So when the wisterias at Kew Gardens died, they took a trip across Kew Bridge and up the Great Wall road to knock on our door. We happily obliged them with a cutting and a few crates of London Pride. It seems botanists are fans of our tasty ale too. Or maybe they figured out the secret to England's oldest wisteria? It's been fed a drop or two every night since it was a sapling.

By emotionally engaging with your audience—whether it is through storytelling, using compelling text-copy or persuasive imagery—marketers improve their chances of converting buyers emotionally, so that they will rationalize their conscious decisions to meet their subconscious decision.

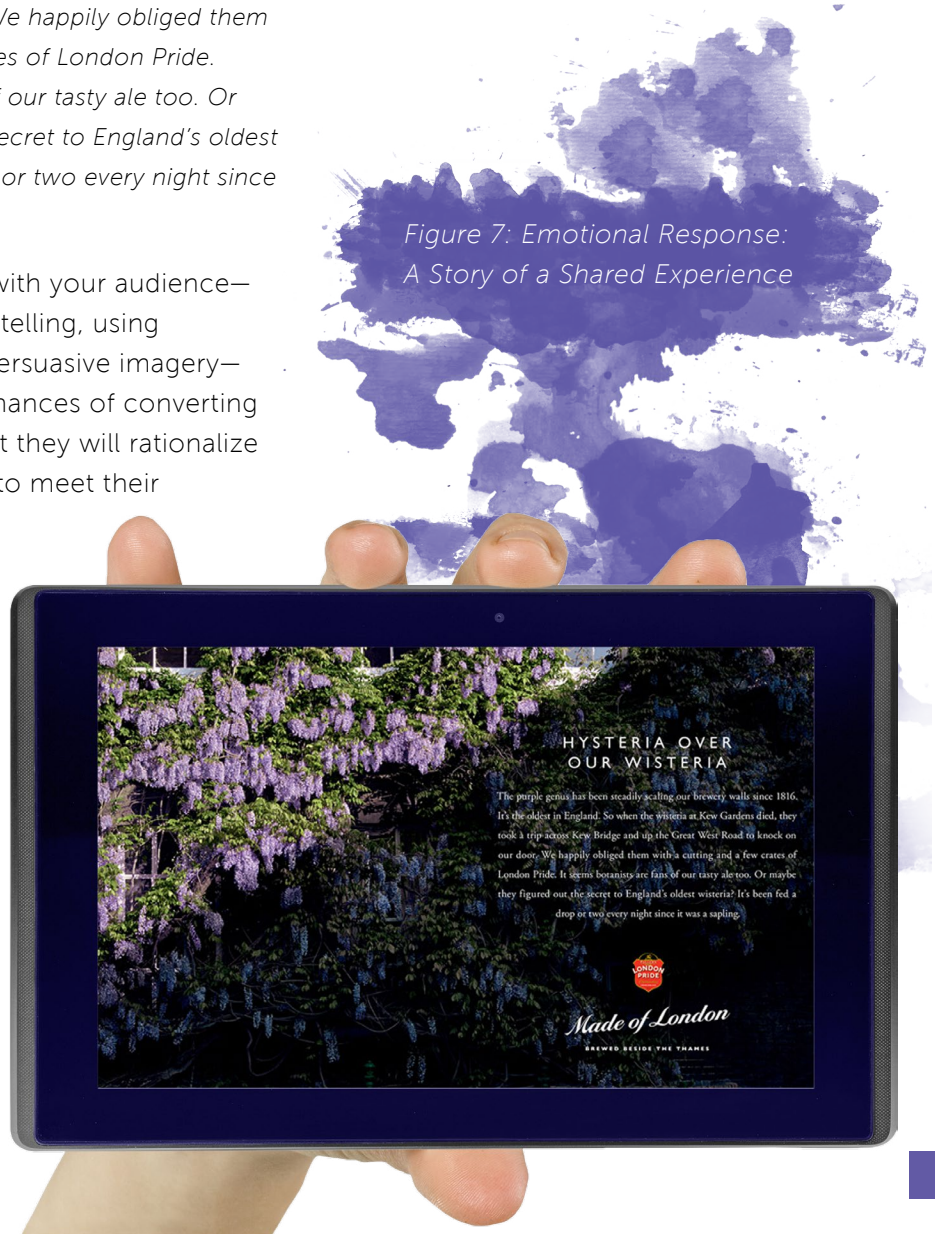


Figure 7: Emotional Response: A Story of a Shared Experience

SOCIAL PROOF

Robert Cialdini, author of *Influence: The Psychology of Persuasion,* writes that people are more likely to find actions appropriate when others are doing them.

We're more likely to work late if our colleagues are also burning the midnight oil, put a tip in a jar if it already contains money, or eat in a restaurant if it's busy.

One of the most famous studies on social proof was conducted in the streets of New York City in 1969. A man simply stood, looking up into the air. He went completely unnoticed by passersby until the researchers increased the number of people (all staring upwards) to five, drawing a small crowd. But when they increased the number of participants to 18, the crowd multiplied by 400%!

In 2008, Robert Cialdini performed a study involving the placards in hotel bathrooms that urge guests to reuse towels. Over a three-month period, he tested two different placards in a 190-room chain hotel: One card read, "Help Save the Environment" and urged visitors to "show your respect for nature" by reusing towels. The other card read, "Join Your Fellow Guests in Helping to Save the Environment" and also noted that 75% of guests participated in the towel-reuse program. At the end of three months, the guests who were exposed to peer pressure (simply from the text from the second card) were 25% more likely to reuse towels.

SOCIAL PROOF

Naked Wines also use Social Proof to sell their wines. In Figure 8, Modcloth uses Social Proof by asking shoppers to vote on future styles. Then they promote and merchandise these styles as a "be the Buyer Pick". By soliciting and leveraging the opinions of their buyers, Modcloth saw a 2x uplift in conversions for those items.

Using a message that says,"90% of 4,814 would buy it again," like in Figure 9, has proven to be pretty powerful. Leveraging the fact that people like to play it safe, James Bagley, Marketing Director, Naked Wines says that because many of their wines are from small, lesser-known estates, using Social Proof in their marketing has been a main factor that consumers rely on during their decision-making process.

Figure 8: Social Proof: Crowdsourcing Products

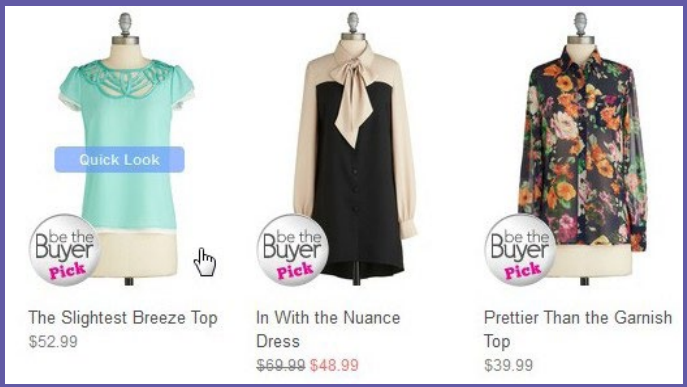
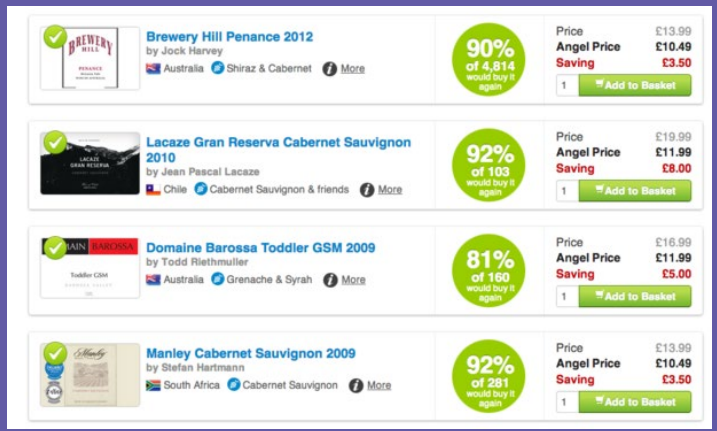


Figure 9: Social Proof: Stats & Reviews Drive Purchase



SOCIAL PROOF

In June 2013, betting website Betfair performed a test based on Cialdini's Principles of Persuasion. The goal was to increase click-through rates to their registration page.

They tested reciprocity (offering free tips and advice in exchange for registration), scarcity (using a "Don't Miss Out!" messaging), and the social proof method (advertising their "Likes" on Facebook, shown in **Figure 10**).

While each technique worked better than the control, the social proof version drove the biggest improvement—with a 7% lift in click-through rates.

Figure 10: Testing Social Proof

SCARCITY AND LOSS AVERSION

At the most basic level, there are two main drivers of human behavior—avoiding pain and experiencing pleasure. These are key to every action we take. When people are faced with either limited availability, or a limited opportunity to get the best deal, they are more likely to buy.

This is why buyers tend to act quickly when they are told that a product or special offer won't last long.

In fact, studies have shown that buyers are more likely to act based upon loss (avoiding pain) than benefit (gaining pleasure) because gains are fleeting while losses linger. Some companies take advantage of this by advertising the limited quantity of their product. But what if you don't actually have limited quantities? Don't despair—you can always create a sense of scarcity, like Apple does when they release a new device.

To test this in your own programs, create an A/B split test and send out the same offer to two different groups. One offer should leverage loss, and the other should leverage gain. For example, depending upon your products and services, you could send out one offer to half your list that promotes the cost savings, and the other would promote the loss from not purchasing, and then see which one converts at a higher rate. On the other hand, if you are an e-commerce or SaaS business, you could use wording such as "Don't Miss out!" vs "Be the first to hear"—the possibilities are endless.

In Figure 11, Booking.com (landing page) leverages the Loss Aversion factor by including a live countdown clock. This very basic tactic can be amazingly effect.

In Figure 12, Molton Brown also leverages scarcity. By simply adding the phrase 'Limited edition', a sense of scarcity is easily achieved.

Figure 12: Scarcity email

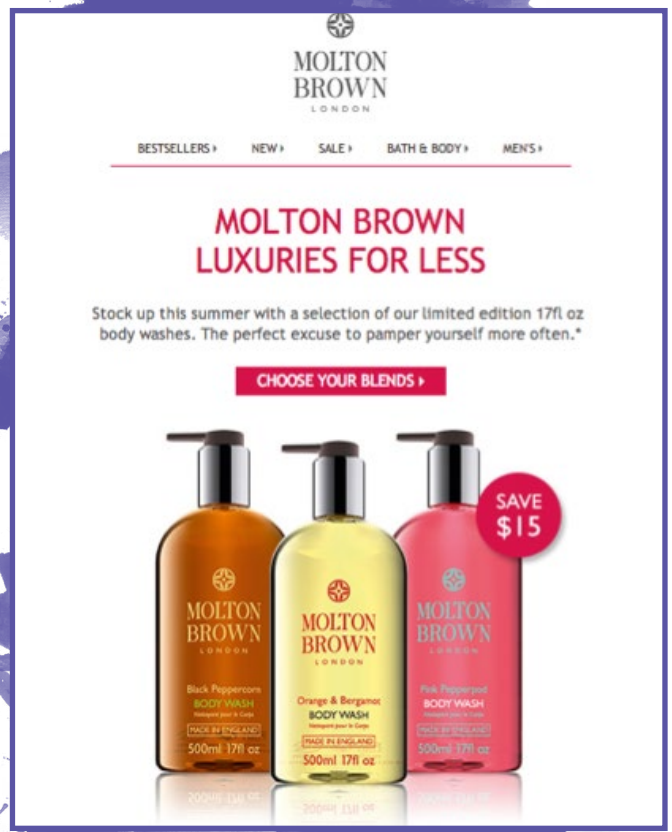


Figure 11: Loss Aversion—A Clock to Create Urgency

RECIPROCITY

It's human nature to dislike being indebted to others, which is the basis of the Reciprocity Principle. To properly leverage this, ensure that you're offering your customers/followers/subscribers something of real value.

Many retailers offer a discount on purchases in exchange for an email subscription.

An example of this is Figure 13, from Gap in the U.K., which offers 15% discount as an incentive to sign up for their newsletter.

Savvy consumers know how much their data is worth to brands. Still, they are often willing to exchange it, provided they feel the exchange is equal in value. In the example above, a 15% discount could be highly valuable to someone already perusing their website. In fact, as you can see in Figure 14, Gap has a fairly lengthy subscription sign-up form, gathering extensive information about their mailing list subscribers that will later help them target their email campaigns and send relevant emails.

It is worth noting that Gap only requires new subscribers to submit their email addresses. Evidently, their marketing team decided to rely on the reciprocity principal to gather the rest of the information. When in the position of needing to gain many fields of data from your subscribers, instead of making all the fields mandatory, try to leverage the Reciprocity Principle. By doing this you not only gain information that has been voluntarily given to you, but you also don't annoy your customers.

Figure 14: Reciprocity—Form Completion for Discounts

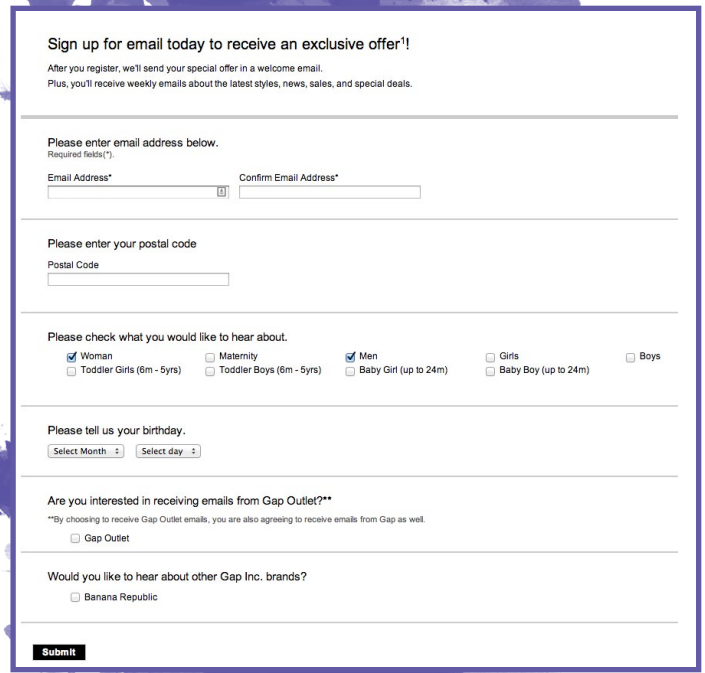
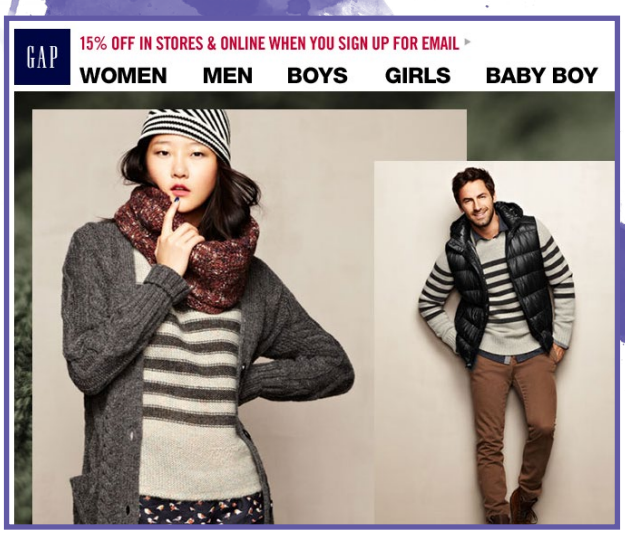


Figure 13: Reciprocity—Discount for Contact Information



COMMITMENT AND CONSISTENCY

The principle of commitment and consistency declares that as human beings, we have a deep need to be seen as reliable and true to our word.

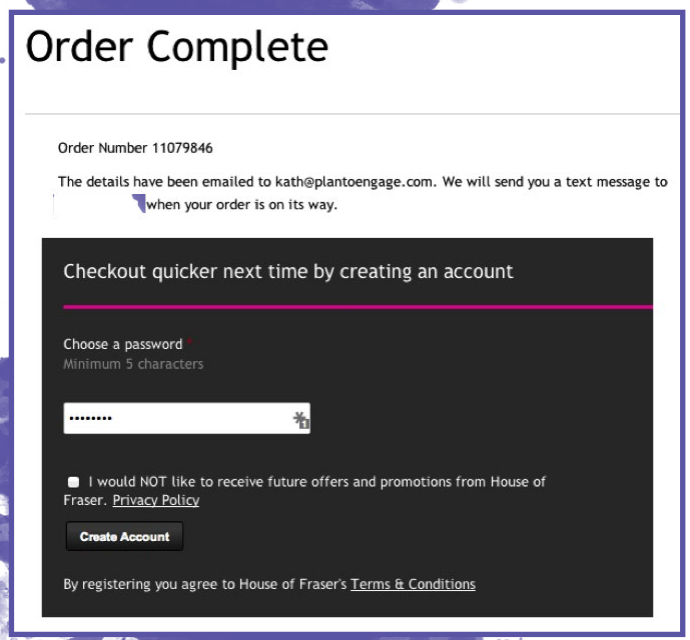
Most people dislike saying one thing and then doing another; therefore, once a person has publicly committed to something, she is more likely to go through with it—even when the original motivation for the commitment is gone.

That's why if you can get buyers to make a small commitment to your brand, such as subscribing to your communications or participating in a reward program, they are more likely to eventually purchase from you.

Many online retailers ask users to create an account before purchase, but House of Fraser, in Figure 15, offers buyers an option to buy without registering.

During the purchase process, House of Fraser collects the same details they need to register an account, but includes that data collection as part of the guest purchase process. By the time a buyer has completed a purchase, House of Fraser has everything it needs to create an account—all a buyer needs to do is enter a password. This is the commitment and consistency principle in action and done well because it puts the burden of work on the organization, not the buyer, making it very easy for the buyer to sign up.

Figure 15: Commitment through loyalty programs



COMMITMENT AND CONSISTENCY

Another effective way to leverage the reciprocity principle is to get your products into buyers' hands—even if there is no implicit or explicit commitment to buy.

Google Glass' Home Try-On Program leverages this method—as you can read in the letter sent to potential customers, shown in Figure 16.

The GlassCRM team knows that if they can get a set of frames to a buyer, they'll improve their chances of making a sale, and the possibility that the buyer will share a word-of-mouth recommendation. So they make trying the product as frictionless as possible, making the request for samples simple, including free delivery, allowing buyers to order the frames they want, and finally offering complimentary return of samples. They say there's no commitment, but they are obviously students of Robert Cialdini—and are relying upon the sense of commitment a buyer feels the minute they open the box.

Another great way to leverage the commitment and consistency principle is by using the power of a subtle nod. Get buyers to answer 'yes' to a couple of questions and they will feel compelled to find out more. For example, a great subject line for a retailer email could be something like: "Want to be seen in the latest fashion? Want to be the envy of your friends? Then check out our new exclusive collection."

Figure 16: Commitment through trial

ANCHORING

Anchoring is a cognitive bias otherwise known as a heuristic, that describes the common human tendency to rely too heavily on the first piece of information you receive (the “anchor”) when making decisions.

The Psychology Dictionary says, “a heuristic is a mental shortcut that allows people to solve problems and make judgments quickly and efficiently. These rule-of-thumb strategies shorten decision-making time and allow people to function without constantly stopping to think about the next course of action.”

During the decision-making process, the Anchor Effect takes place when anchoring occurs, which happens when buyers use an initial piece of information to make subsequent judgments. For example, the initial asking price for a retail item sets the value, making the sale value seems more appealing. In other words, the mind is more biased by first impressions. In fact, every person depends on anchoring to help make daily decisions. When buyers need to choose between options, they look for a base from which to start—this is the anchor.

ANCHORING

A famous example (Figure 18) of Anchoring was when Steve Jobs first introduced the iPad. "What should we price it at?" he asked. "If you listen to the pundits, we're going to price it at under $1000, which is code for $999." He put a giant "$999" up on the screen and left it there before finally going on. "I am thrilled to announce to you that the iPad pricing starts not at $999," said Jobs, "but at just $499." On-screen, the $999 price was crushed by a falling "$499."

By setting the value of the iPad (after selling the features and benefits that it had to offer) at $1000, in the minds of his buyers he set the Anchor (and the value) of the iPad so that anything less than $1000 seemed like good value.

Back in the 1990's Williams-Sonoma introduced a new product to the market—a bread maker. After performing consumer research they decided to launch this new product into the market at $275. However, the sales were surprisingly poor. So they decided to produce a bigger and better bread maker at double the price, and sales took off! However, the item that was selling was the cheaper, original version. The problem was that the original bread maker had been an entirely new product to the market, so there was no anchor but with the introduction of a new bread maker, buyers now had an anchor to compare.

A very simple way of using the Anchoring Effect is to ensure that when you're promoting a product on sale that you also promote the original price.

In Figure 19, the email from Woot!, the sale price of $7.99 wouldn't be as appealing or as effective if it didn't also promote the original price of $17.99.

Figure 18: The Anchor Effect—The iPad debut

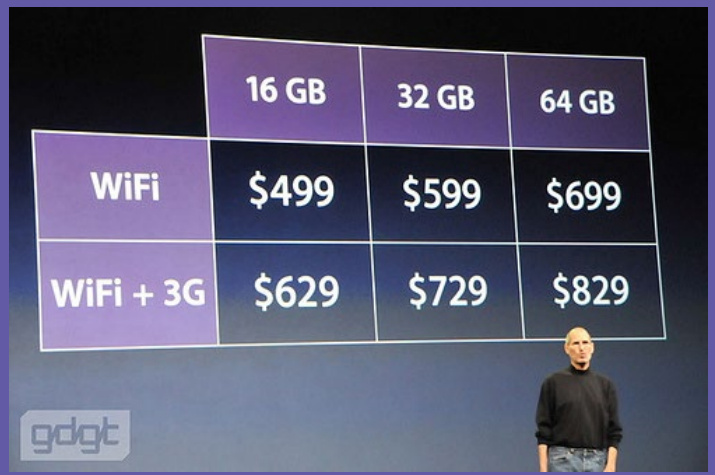


Figure 19: Effective Anchor Effect with Original Price

CONCLUSION

Marketers can expand their tool kit of optimization techniques by leveraging consumer psychology insights—for both the brands benefit as well as the consumers' benefit. Consumer psychology is already heavily in use offline—think about it as you browse the aisles at your local supermarket. It isn't a coincidence that most of them have started baking their own bread, the vegetables have been freshly sprayed and fresh cut flowers are placed at the entrance of the store. These are all tactics used to make you feel like you are buying fresh food and are designed to tantalize your senses. So let's start to use what we know about human nature and deliver this experience to our online customers.

Incorporating psychology theories in cross-channel marketing campaigns will help drive buyer engagement, lifecycle acceleration, advocacy and purchase.

ABOUT THE AUTHOR

Kath Pay, Marketing Director, cloud.IQ

Kath lives and breathes marketing, she is not only a world renown speaker and trainer but practices her art in the senior management team and as the Marketing Director of e-commerce conversion experts—cloud.IQ. She is one of the World's Top 50 Email Marketing Influencers (Vocus, 2014). She is recognized as the UK's leading Email Marketer and heads up training for Econsultancy on Personalization and Email Marketing.

Some of the retail and B2C brands she has either trained or helped are: Bally, Barbour, Paul Smith, Marks and Spencer, Wallis, Schuh, Co-operative Group, Argos, Next, Asda, Jaeger, Mont Blanc, Expedia, Net-a-Porter, Secret Escapes, George, Dixons, Bookatable, ShopRush, Adobe, Facebook, VisitScotland—just to name a few.

cloud.IQ

Marketo (NASDAQ: MKTO) provides the leading marketing software and solutions designed to help marketers master the art and science of digital marketing. Through a unique combination of innovation and expertise, Marketo is focused solely on helping marketers keep pace in an ever-changing digital world. Spanning today's digital, social, mobile and offline channels, Marketo's Engagement Marketing Platform powers a set of breakthrough applications to help marketers tackle all aspects of digital marketing from the planning and orchestration of marketing activities to the delivery of personalized interactions that can be optimized in realtime. Marketo's applications are known for their ease-of-use, and are complemented by the Marketing Nation®, a thriving network of 400 third-party solutions through our LaunchPoint® ecosystem and over 50,000 marketers who share and learn from each other to grow their collective marketing expertise. The result for modern marketers is unprecedented agility and superior results. Headquartered in San Mateo, CA with offices in Europe, Australia and Japan, Marketo serves as a strategic marketing partner to more than 3,400 large enterprises and fast-growing small companies across a wide variety of industries. For more information, visit marketo.com.

© 2015 Marketo, Inc. All Rights Reserved

Designed by SCORCH®