MADISON TAYLOR
Marketing

MARKETING RESOURCE

THE SCIENCE AND PSYCHOLOGY OF MARKETING

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Marketing has been around for as long as people have had things to sell — one of the earliest examples we know of is a man named Aulus Umbricius Scaurus, who lived in Pompeii nearly two thousand years ago. Scaurus was a legendary producer of four different types of fish sauce: garum, liquamen, allec, and muria. Garum was the moneymaker, though. Essentially the ancient world's ketchup, garum was slathered on every dish from Phoenicia to Greece to Rome to Carthage.

So how do we know that Scaurus was such a successful fish sauce mogul? Because he put his name on every wall, floor mosaic, and bottle he sold. [Scaurus was so successful that his name appears on about a third of fish sauce containers](#) in Pompeii and the nearby city of Herculaneum. According to archaeologists, his fish sauce empire bought him an enormous house and a royal burial outside the famous Herculaneum gate.

Scaurus' success was built on the same principles that we still use today: high-quality products, a consistent brand, and widespread marketing. People knew that Scaurus' sauce was the best, so when they saw his name on a mosaic, they were willing to spend.

In a way, marketing hasn't changed all that much in the last couple of millennia. Scaurus was so successful because he could anticipate people's needs. He knew what they wanted, he knew how to provide it for them, and he knew how to tell the world that he was the man to solve their problems.

Today, that work is done by the experts at marketing agencies. Between studying the marketers of the past, keeping an eye on the trends of the future, and examining the data and analytics of every piece of content they put out, marketers can anticipate needs and create campaigns that appeal directly to what people most want.
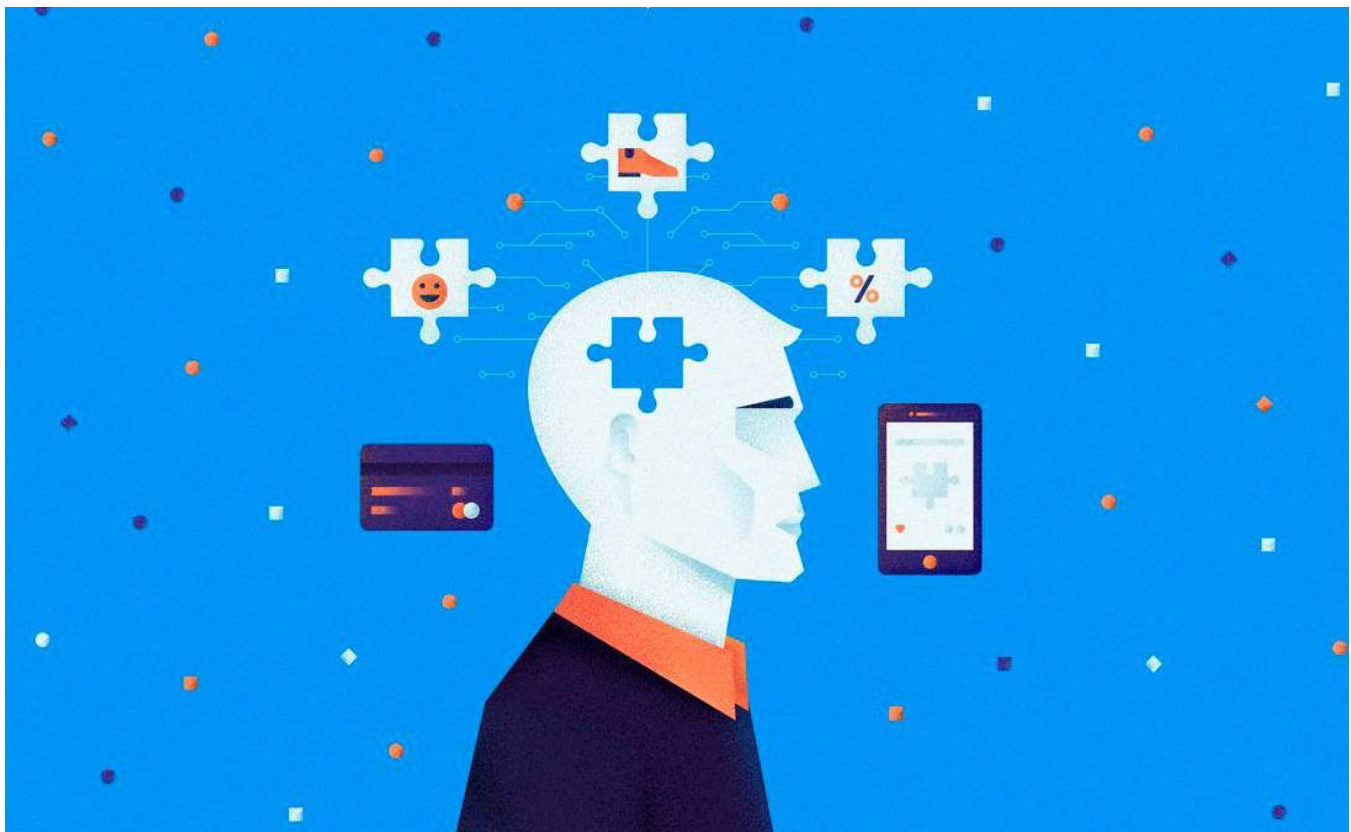
How People Think

Distilling marketing down to its barest essentials looks a little something like this:

- A customer has a need
- Your company knows how to fulfill that need
- Marketing is how you convince the customer that you know how to fulfill that need

Simple, right? Unfortunately, no. If it were as easy as telling people what your company does and kicking up your heels, every piece of marketing material would sound like the Coca-Cola ad in the movie The Invention of Lying. In that ad, a spokesperson simply stands in front of the camera and says, "I'm here today to ask you to continue buying Coke. It's a drink you've been drinking for years, and if you still enjoy it, well, I'd like to remind you to buy it again sometime soon."

But people are complicated, their needs are complicated, and to top it all off, they're not necessarily the best judge of what they need to fulfill their needs. People often buy the wrong product, spend too much, sink too much money into a failing idea, etc.

Don't despair — **people may not be rational, but a lot of times, they're irrational in predictable ways that marketers can use to get at what they need**.

The hard part of marketing is understanding how and why people think and act, which takes a lot of practice.

We've been in the marketing business for a long time, and we like to think we've learned a thing or two about why people do the things they do. Every company, every product, every brand, and every customer base is different. Still, with a little empathy and a little data to back it up, you can put yourself in your customers' shoes and help them in the most effective way possible. Here's what to think about.

C H A P T E R 1
QUANTITATIVE PSYCHOLOGY

[We're strong advocates for using buyer personas in marketing](#) — idealized versions of your perfect customer with alliterative names like marketing Mary or professional Peter. It's important to know who you're talking to, and we use these buyer personas to create customized marketing messages, tailor our strategies, and predict the way that our customers will do their research and come to a decision.

The downside of a buyer persona is that it's easy to miss the mark. Marketers tend to rely on demographic data like income level and location, filling in gaps with educated guesses and adding irrelevant info like which websites they get their news from. Just because a persona is more detailed doesn't mean it's more useful, but it's an easy trap to fall into.

Quantitative psychology is a different approach to buyer personas. Rather than lumping all teenage girls, all middle-aged dads, or all Seattle accountants into the same box, the idea is to segment and target people by their psychology.

The OCEAN Model

The OCEAN model, also known as the Big Five, has been the leading system for describing a person's personality for almost 40 years. It's made of five separate sliders, each one referring to a distinct personality trait:

- **Openness**: this trait describes people with a dynamic personality, willingness to try new things, and eagerness to meet and learn about new people. People on the low end of this trait, on the other hand, like to stick to their ways and think in concrete terms rather than abstractions.

- **Conscientiousness**: people who rate highly for conscientiousness tend to be goal-oriented, mindful of details, and extremely organized. People at the other end of the spectrum are more impulsive but might also exhibit more creativity as they tend to go with the flow better.

- **Extroversion**: extroverted people draw their energy from social situations, doing their best work in a team setting. Introverted people might do just as well in group settings, but need space and privacy to buckle down and focus.

- **Agreeableness**: highly agreeable people tend to prioritize the happiness of others or the cohesion of the group than on their own goals. At the other end, a disagreeable person is less likely to compromise from their own needs for others' sake.

- **Neuroticism**: a neurotic person is more prone to negative emotions like anger, worry, or depression. Highly neurotic people are emotionally reactive and become stressed quickly. People at the other end of the neuroticism scale tend to be more emotionally stable, less prone to stress and anxiety.

These personality traits don't necessarily interact. While it might seem that a quality like extroversion would go hand-in-hand with a trait like agreeableness, scoring highly on one feature doesn't mean you'll score highly on any other. The five traits also allow for an enormous number of personality types. Even if you narrow down each trait to high, medium,

or low, you're still left with 243 different personality combinations. Each of the five traits also has six more pieces, each with its own scale, for a total of 300 trillion possible combinations.

What the OCEAN Model Means For Marketers

Obviously, it doesn't make sense to create 243 different buyer personas. The differences between them would be so small that they wouldn't mean anything anymore. But the idea is that by using these Big Five traits, you can group people by the way they think rather than just who they are.

These traits are especially useful when you combine them with traditional buyer personas. Say for example that you make CRM software for tracking customer information. A traditional buyer persona might be Database Dan, a database manager at a company with $5 million in revenue, at least 50 employees, and at least 2,000 customers. You could even specify Dan's age, which devices he uses to browse the internet, how often he checks his Facebook page, and so on.

With the Big Five, you can add more dimensions to Dan's personality. If Dan is highly conscientious, focus on organization and empirical data. If Dan is neurotic, focus on how much less stressful his job will be. If Dan scores low on openness, talk about how easy it will be to transition to the new system.

Chances are, you'll find correlations between personality traits and demographic traits. You might find that older people are less open or that young people are more extroverted. Once you start to notice these trends, you can make educated assumptions about your buyer personas and what kind of content they might like to see.

The system works — when Hilton Worldwide conducted a 50-question survey of its customers' personalities and started tailoring their ads based on results, they found that [their personality-matched ads brought in 342 percent as many clicks](#) as the benchmark.

The more you can understand and empathize with the needs of your customers, the better you'll be able to serve them.

C H A P T E R 2
PSYCHOLOGICAL PRINCIPLES OF MARKETING

We mentioned earlier that people are not perfectly rational, but that they might be irrational in a predictable way to some extent. In fact, there's a book about it! [Dan Ariely's book, aptly titled Predictably Irrational](), is all about the kinds of decisions that, while they might not be entirely logical, people tend to make over and over again. Here are a few examples.

Priming

The idea of priming is that being exposed to a particular stimulus (often a visual one) can influence the way you react to a marketing message. If you were in a room with yellow walls and I asked you to name a fruit, you'd probably say banana. If the walls of the room were red, you might say apple instead.

In practical terms, the colors on a website, the images at the top of a blog post, even the decorations inside a restaurant or store have the same effect, and marketers can use this phenomenon to call attention to their brand's strengths. Customers who are primed on the idea of money will be more concerned about price, for example, while customers primed on safety will be willing to spend more for a safer product.

Social Proof

We've all heard some variation of the idea that millions of people can't be wrong, right? It's hard for us to process the idea that a really popular item might not actually be very good. In fact, popularity does not

mean that something is high quality, just that a lot of people thought it would be. Nevertheless, you see the idea of social proof being used in marketing all the time.

Books like to brag about how long they've been on the bestseller list. Cell phone companies talk up the number of subscribers they have. McDonald's signs boast about "billions served." It may not be purely rational to buy something just because other people bought it, but people do so anyway.

If you've got numbers that show how popular your product is, use them.

Decoys

Decoys are one of the biggest takeaways from Dan Ariely's book ([and TED talk](#)). It's a powerful idea, based on the fact that people tend to compare similar items. if you know that your customer is going to compare one option to the option right next to it, you can add in extra "decoy" options to make the others look more appealing.

In Ariely's talk, he describes the pricing options to read The Economist. Subscribers have three choices:

• Online subscription: $59 per year
• Print subscription: $125 per year
• Online and print subscriptions: $125 per year

This must be a mistake, right? If the online subscription carries a $59 value, why would they give it away in the third option? Ariely presented these options to 100 of his Harvard students and asked them which subscription they'd prefer. Most of them went for option 3, the combination print/online subscription. When he removed the print subscription option (number 2) from the list, the majority of students opted for option 1.

Why? Because the print subscription is a decoy. When given the choice

between the exact same content in print form or a more convenient online subscription for half the price, obviously the online one sounds better. But if it looks like you're receiving a $59 online subscription for free, you'll go for the bigger price tag.

Scarcity

Scarcity is one of the oldest tricks in the book. Have you ever noticed how the mattress store down the street always seems to be having a liquidation sale for 50 percent off? That's the whole idea behind scarcity. If you can make people believe that there's less of something or that it will run out soon, they'll want it more. It's basic supply and demand.

The problem with scarcity tactics is that people start to see through them. Customers have started to notice that [some retailers will lie about scarcity just to drum up business](#), so they're skeptical. They'll also notice if your scarcity claims don't make sense. If you put a limited-time offer on a product that you're still making or a digital download, you'll just come off as greedy instead.

Instead, use scarcity when there used to be a lot of something, but now they're running out. It's genuine and authentic, plus you're leveraging social proof by pointing out that a lot of people have already bought what you're selling, so it must be good.

Anchoring

Anytime you've seen a price tag with the original price crossed out and a new, lower price put on instead, you've been witness to the anchoring effect. The initial price is called the anchor, which makes the new price seem more appealing than if the item was simply listed at the lower price in the first place. Half off a $20 shirt sounds like a better deal than just a $10 shirt.

But just like scarcity, you have to be careful with anchoring. Some retailers have overdone it, offering huge discounts on various categories all the time. When consumers become accustomed to deep discounts, their anchor becomes recalibrated and they won't ever pay full price

again. If you decide to use anchoring in your marketing, use it sparingly so that customers know it's a special treat, not an everyday occurrence.

Loss Aversion

Imagine a simple game of chance. I'll flip a coin, which will either come up heads or tails. If it comes up heads, I'll give you $100. If it comes up tails, you owe me $100. Would you take that bet?

Statistically, it's even money, but most people would say no to the bet. The fact is, they're much more afraid of losing the $100 they already have than they are enticed by the $100 they haven't earned yet. When researchers have done surveys on this game, most people want the prize money to be at least $150 before they'll take the chance.

This is what we mean by loss aversion.

People are more scared of losing the things they have than gaining the things they don't have, even when they're the same thing.

It's a powerful phenomenon in marketing, but it has to be used carefully. You certainly don't want to threaten to take something away from people.

The best way to leverage loss aversion is probably the freemium model. Offer an introductory price that's lower than your usual subscription, or you can even offer a trial for free. At the end of the trial, remind your customers that the features they've been using will go away if they don't renew. If you phrase it as a friendly reminder rather than a demand, loss aversion can drive a lot of people to sign up.

Reciprocity

The idea of reciprocity is that if you give someone something, they'll

be more likely to want to give something back. Obviously, any kind of commerce is a form of reciprocity, since money can be exchanged for goods and services, but there are things you might want from your customers that aren't money.

Specifically, it's hard to overstate the value of word-of-mouth marketing. A positive review on a review site, a testimonial you can use on your website, a shoutout on their social media accounts, or a referral to a new customer can all be powerful tools for expanding your business, but people are hesitant to give you that recommendation if you just ask them outright.

Instead, give them something for free to improve their impression of you. Make sure you give them the free thing first — you don't want it to sound like you're holding back the free thing conditionally unless they help you out. But if you offer your existing customers a gift and then, a few days later, ask them to write you a review, they'll be more inclined to do so.

The Baader-Meinhof Phenomenon

You may not have heard the name before, but this is a phenomenon we've all experienced. you buy a new car, a new backpack, or a new phone, and suddenly it seems like everyone else has it too. It even applies to things that you don't own. Once you actively take notice of something, you'll start to notice it more and more.

What's more, you'll start thinking more positively about the thing you keep seeing. Unless it's actively irritating, repeat impressions of the same product or brand will subtly improve your impression of that thing.

The opportunity for marketers is enormous. Digital ad placement technology allows you to retarget your ads to people that have already visited your website, reminding them that you exist on site after site, all over the web. Again, there's a limit to this — a customer who watches a lot of YouTube videos is not going to enjoy seeing the same preroll ad every ten minutes — but the potential for increased conversions is huge.

For a simpler approach, send emails to anyone who demos your

product, reaches out to you, downloads a PDF from your website, etc. One or two follow-up emails will give you the repeat impressions you need without becoming aggravating or annoying.

Foot in the Door

The last idea we want to talk about here is the foot-in-the-door phenomenon. It's a microcosm of the buyer's journey, the idea that there are certain steps between the first time your customer hears about you and the moment they make a purchase. You can't just walk up to someone on the street and say "want to buy a car for $30,000," you have to walk them toward that decision slowly.

On a smaller scale, the foot-in-the-door idea is that a small yes can turn into a big yes. Don't ask too much of your customers right away. Don't ask them to fill out a huge, complicated form with their business goals and ambitions and a lot of personal information. Don't ask them to sit through an hour-long webinar demonstration just to learn how your product works.

Instead, use a simple form that only asks for their name and email address. When they give you their email address, ask them to jump on the phone for 15 minutes to talk about their needs, at a time that's convenient for them. If the phone conversation goes well, then you can ramp up to asking for more information and pitching the longer demo. By ramping up your interaction with your customers slowly, it doesn't seem like such an aggressive sell.

CHAPTER 3
WHY PEOPLE DON'T LIKE MARKETING

[According to various estimates, the average person sees around 5,000 ads or marketing messages in various forms per day](). It's not a terribly scientific number, since it includes everything from digital and TV ads to influencer endorsements, billboards, and even logos on t-shirts, but the point is that today's consumers are more exposed to marketing messages than any generation in history.

**ADVERTISING CAMPAIGNS
THAT PERFORMED WELL**

31% Emotional content

16% Rational content
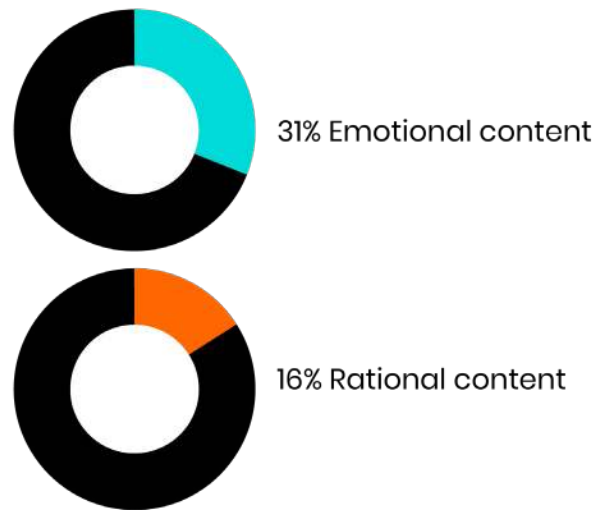
Customers have noticed, too. According to Sprout Social, 60 percent of social media users are annoyed by the abundance of promotions from the brands they follow. The industry has even invented the term "banner blindness" in recent years, referring to customers who simply don't notice ads at all because they've seen so many.

It's true that there's a lot of bad marketing out there. We're exposed to fear-mongering from political ads, desperate attempts to seem cool from old-fashioned brands, loud and garish TV commercials, and so on.

But there's a lot of good marketing, too.

In fact, **when people see good marketing that actually is relevant to their interests and appeals to them, they often don't think of it as marketing at all**.

It's our job as marketers to create messaging that's relevant and helpful, not annoying. Here's what to look out for.

Mistargeting

Your product exists to fill a need or solve the problem, but it's not a problem or need that everyone will have. That's why traditional methods of marketing often seem so annoying, tv ads during Monday Night Football for erectile dysfunction pills and hair dye that erases gray hair have no appeal to a 25-year-old woman watching the game.

That's part of the reason that the old ways of marketing are being usurped by digital marketing. Ads in magazines, on TV, on the radio, and on billboards simply can't target the right audience without also spilling over to people who don't care what you're selling at all.

The solution is careful targeting. First, you have to know who you're talking to. That ties back into the buyer personas we discussed earlier, as well as the psychographics that help you understand how people think. The better you can define the kind of person whom your product will help, the more careful you can be with your marketing.

The second piece of the puzzle is finding those people. Everyone uses the internet and interacts with the world in slightly different ways, from the social networks that they spend their time on to the media they consume to their habits when browsing the web. It's worth the effort to find out where your potential customers are and what they're doing so that you can talk to them as directly as possible.

Inauthenticity

One of the most common criticisms of marketing and advertising campaigns is that they're deceptive, baiting people into buying things with carefully worded deals and claims. While we think that's a slightly unfair characterization, and it's pretty uncommon to find outright lying in ads these days, the impression is still there.

No product is perfect. You're probably not the cheapest or the most fully-featured version of your product out there, and your competitors have something to offer, too — that's why they're still in business.

You need to be honest about your strengths and weaknesses, the people you can help, and what you have to offer.

Mediocrity

Like we mentioned before, marketing can be overwhelming. It's one thing to be exposed to 5,000 marketing messages a day, but it's even more frustrating when those messages are a waste of time. That means we have a duty as marketers to make good use of the time people spend paying attention to us. Our messaging needs to be intriguing, entertaining, and informative, so that even if our targeting isn't perfect, we at least contributed something to the conversation.

14.5%

Changing the color of a CTA button on a website's landing page from light green to yellow, for instance, can increase **CONVERSION RATES BY 14.5%**

60%

Contrasting the color of two links within a single image can increase **CONVERSION RATES BY 60%**

CHAPTER 4
THE IMPORTANCE OF AUTHENTICITY IN MARKETING

We touched on authenticity in the section above, but it's worth diving a little deeper into the importance of telling the truth and accurately representing yourself in your marketing. There's never been a generation of consumers that was more capable of doing their research than the ones who are out there shopping right now.

This is especially important now, given the amount of research that the average consumer can do before they make a purchase. Today's shoppers don't buy anything more complicated than a toothbrush before looking it up online, reading reviews, comparing it to other products, and asking their friends on Facebook about it. If you are not honest about what your product is and what it can do, your current customers will tell the world and your future customers will find out about it. According to Trustpilot, customer advocacy can increase marketing effectiveness by more than 50 percent.

It's not just the product itself that customers care about, either. They care about the values that your brand espouses in addition to the product it sells. A few decades ago, competition was more limited. If you found a company that made the product you wanted, you didn't have a lot of choice.

Now, that's not true. If you want to buy a high-quality winter coat, you have the option of being picky. You can buy from a company that only uses ethical labor practices. You can buy from a company that doesn't use animal products. You can buy from a company that's dedicated to recycled materials and donating to environmental causes. Sometimes, you can find a company that does all three.

Customers are starting to base more and more of their shopping decisions on brand values like environmentalism, political values, social justice, labor practices, sustainable supply chains, and more. If your business is conducted in a way they don't like, they'll find out about it. Moreover, your marketing will stand out more if it feels authentic and relatable. Given the flood of marketing that today's consumers are exposed to, anything you can do to cut through the clutter is useful.

How to Be More Authentic

We know, there's a kind of irony in telling you how to be more authentic. This is just general advice — you'll have to figure out the details as they apply to your specific company and your specific customers.

- Establish your values: think about the reason your company exists, and making money doesn't count as a reason. Chances are, there was already a competitor out there doing roughly what you do. Why should you exist in addition to them? What else do you bring to the table? What problem in people's lives are you trying to solve?

- Be transparent: give the world a peek behind the curtain and show them how your business is run. Introduce your staff and take pictures of your workplace. Make a video about your manufacturing process. Talk about using sustainable energy for your server farms, purchasing carbon offsets for your shipping, or whatever else it is that you are doing to make a difference. And if there are areas where you're coming up short, own them. [Talk about how you'd like to improve in those areas going forward, and follow up as you get better](#).

- Create a better FAQ page: your business will succeed if your customers succeed, and your customers will succeed if you can anticipate their needs before they even know them. An FAQ page, backed up by a robust set of resources and educational materials, will help your customers learn to use your product, adopt it into their daily lives, and make the most of it.

- Employ people who embody your brand: when you think about your brand values, think about the kind of person who will help you spread those values to the world. If the people who make up the face of your company seem at odds with what the company claims to be, your customers won't trust you.

- Don't sugarcoat your problems: every company will run into speed bumps now and then, from website glitches to manufacturing problems too late shipping to accidental social media posts. When those problems happen, don't run away from them. Explain to your customers what happened, how it happened, and how you'll make sure it doesn't happen again.

- Take a stand on major issues: it can feel risky to come down on one side or the other of every political debate that sweeps across Twitter, and we're not saying you need to have a stance on everything. But when something comes up that feels relevant to your company or your industry, don't be afraid to state your position. Your customers care deeply about major social issues, and they want to know that the companies they support reflect their values.

THE BOTTOM LINE

Many books have been written about the psychology of marketing, and we can't possibly cover everything there is to talk about. But when you really boil marketing down to its essence, it's about communication. You're reaching out into the world, putting out messages that show your potential customers that you understand their problems and you want to help.

Understanding and communication go hand-in-hand.

The more you communicate with someone, the better you'll understand them. And the better you understand them, the better you'll be able to communicate with them. If you talk to your customers, keep track of the things they like and the things they don't, and genuinely care what they want from you, you'll start to grasp the way their minds work and the way they make decisions. People aren't always the best decision-makers, but that doesn't mean you can't be there to help them.

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