



ALPHA
IMPACT
MARKETING

Curb Marketing Misspends

Behavioral Science and Agile
Development

Today's Speakers



Dr. Raj Sandhu
PhD Cognitive Neuropsychology
Fresh Squeezed Ideas



John McGarr
Chief Impact Officer
Alpha Impact Marketing



Learning Objectives

1. Understand how the “battle for the mind” model of marketing is obsolete and what needs to be retooled
2. Learn how Behavioral Science + Agile Marketing spends less and creates more impact
3. Learn how to source superior creative content at scale and at a fraction of the cost
4. Learn how high impact campaigns must “earn their way” to justify robust media spends
5. Receive a Change Map for organizations to mobilize retooling efforts

Why You Should Be Here

α
max



We hope to provide some new insight into a topic that often frustrates investors, CEOs, CFOs and CMOs alike

The Gist of Today's Webinar

1. Systemic flaws in the way marketing work is done are causing misspends and inhibiting financial results
2. We will introduce you to Behavioral Science and show how it can be an effectiveness driver
3. We will demonstrate how to combine Behavioral Science with Agile Development processes borrowed from the software development sector and applied to Marketing
 - > More impact
 - > In less time
 - > For less cost
4. We will suggest how the marketing function needs to be retooled to become a strategic investment vehicle to drive enterprise value; rather than be only an expense that must be minimized

This is going to be good.

So turn off your phone.

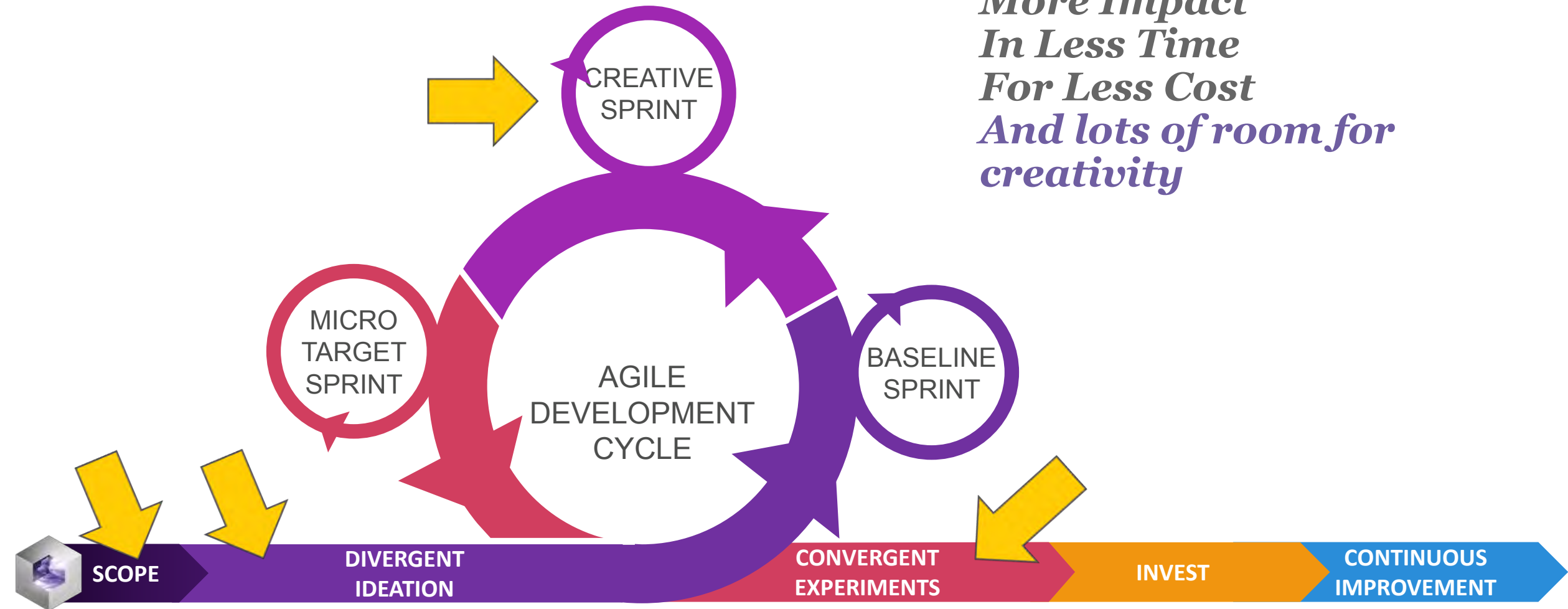
Close your door.

Listen closely.

Prepare for impact.

BSci + Agile =

*More Impact
In Less Time
For Less Cost
And lots of room for
creativity*

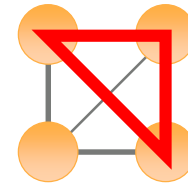
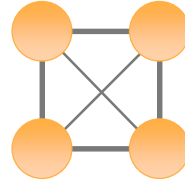
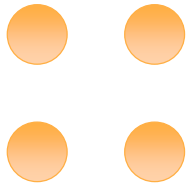


The Origin of Marketing Misspends

- > Obsolete Processes
- > Invalid, Unreliable Inputs

Very Low Chance of Success

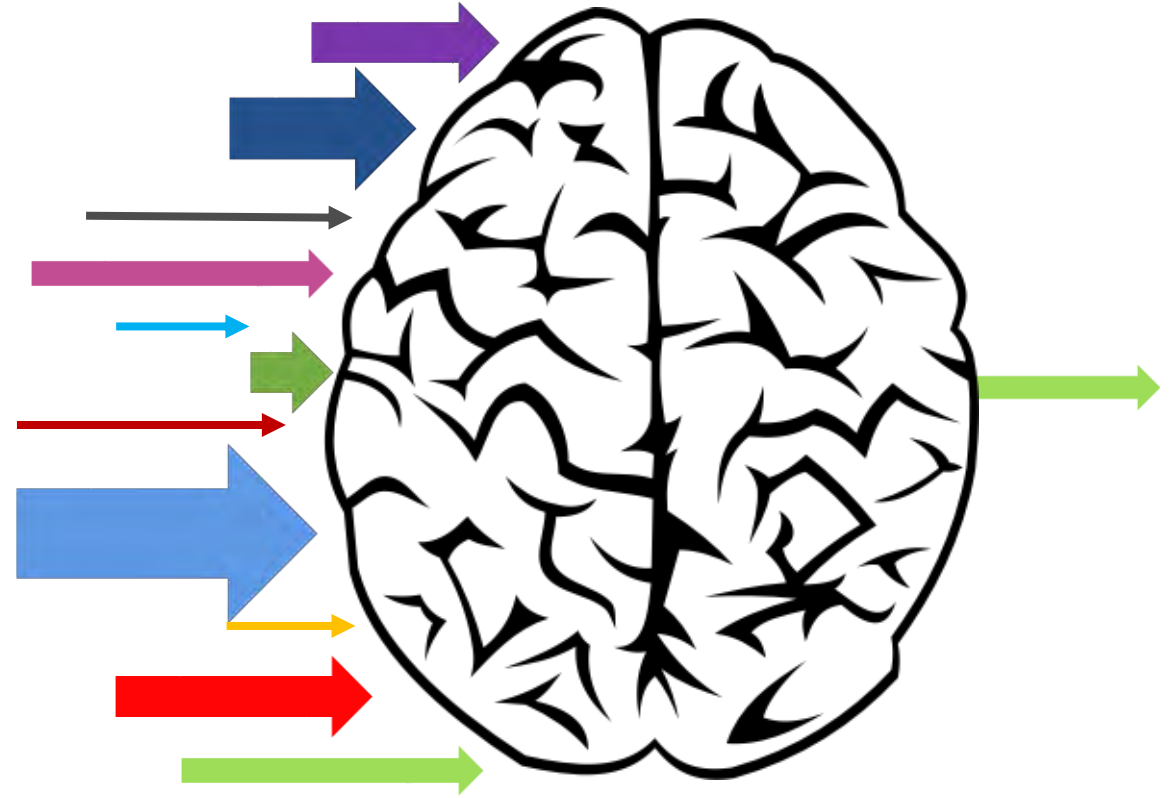
Failure is Normal



# Dots	# Links $L = n(n-1)/2$	# Patterns $P = 2^L$
$n = 4$	$L = 6$	$P = 64$
$n = 10$	$L = 45$	$P = 35,184,372,088,832$
$n = 12$	$L = 66$	$P = 73,786,976,294,838,200,000$

∞ *infinity* ↗

The human brain
is the greatest
content filter
ever created



The Worst-Case Scenario



**80% OF ALL NEW
PRODUCTS FAIL WITHIN
THE FIRST YEAR**

25% Definitely would buy

75% Probably would buy

Mind the Gap

PEOPLE ARE NOT GOOD AT PREDICTING THEIR OWN FUTURE BEHAVIORS

CLAIMED

ACTUAL

I recycle

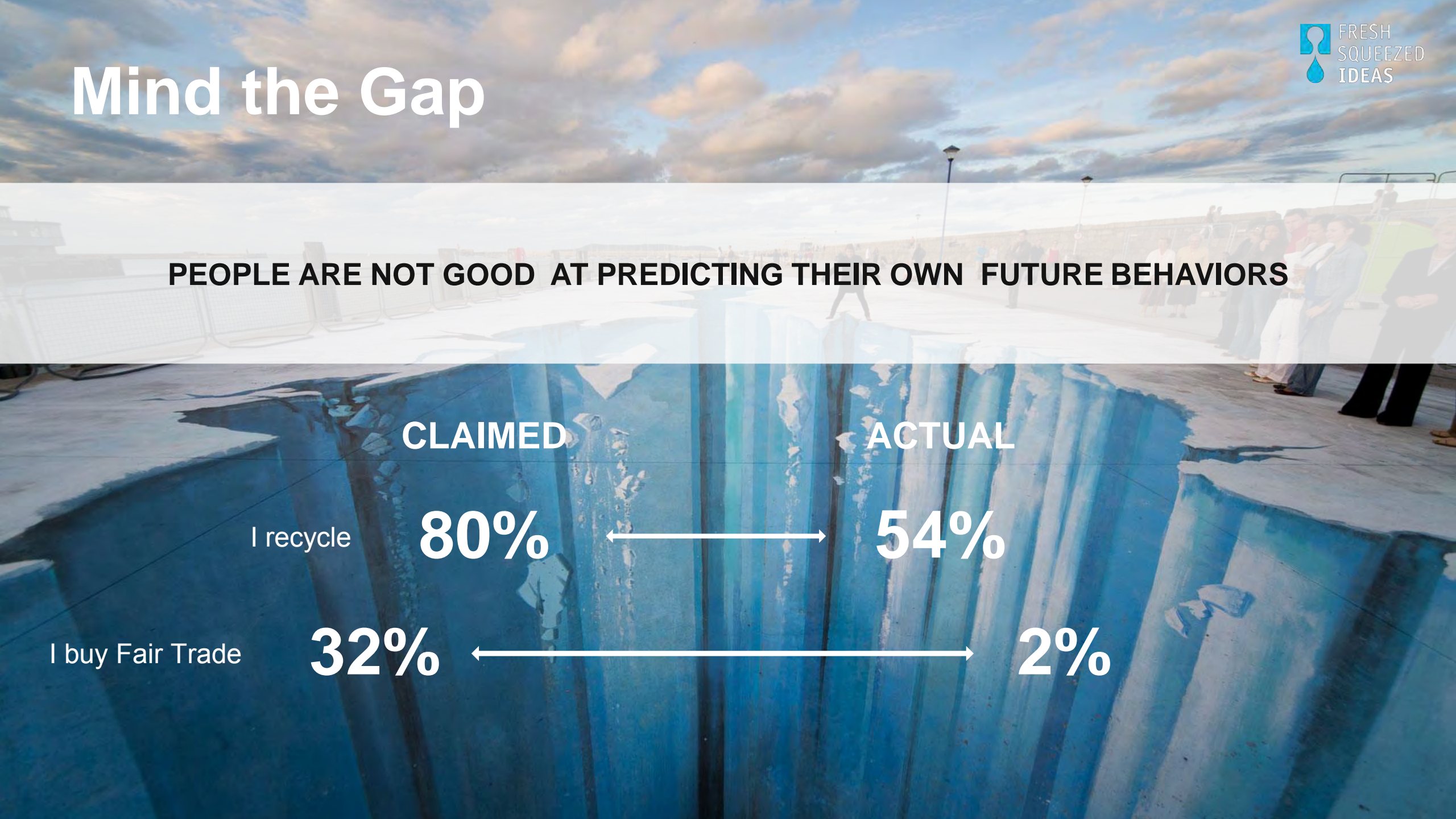
80%

54%

I buy Fair Trade

32%

2%



The Worst-Case Scenario


edarbi
azilsartan medoxomil
40mg•80mg tablets

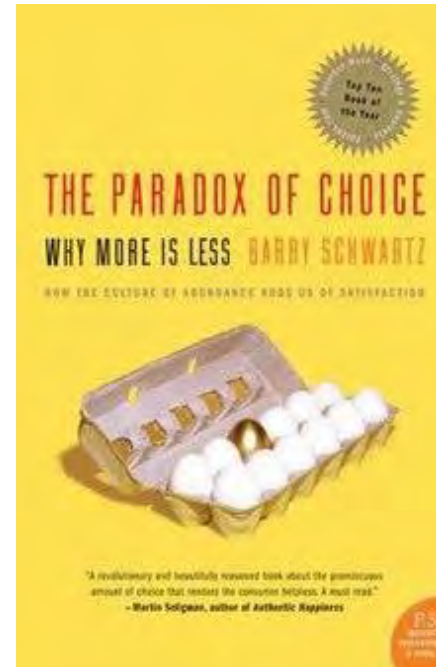
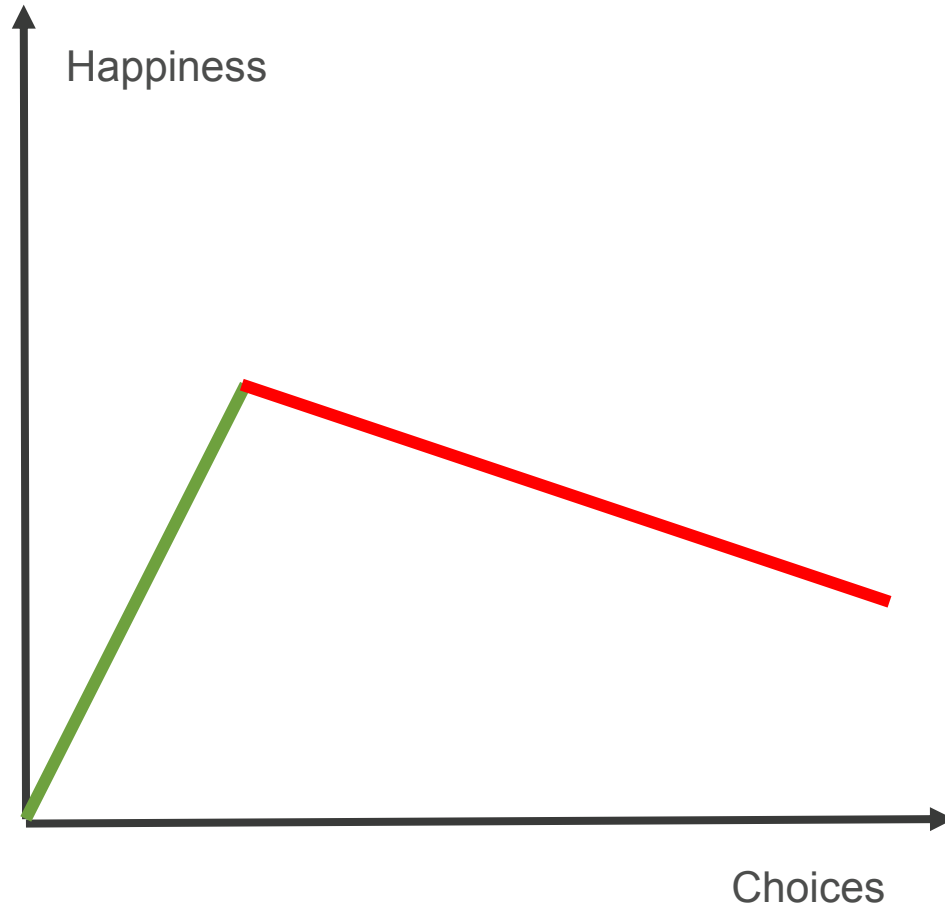
**Management suffered
from “endowment effect”
on product superiority**



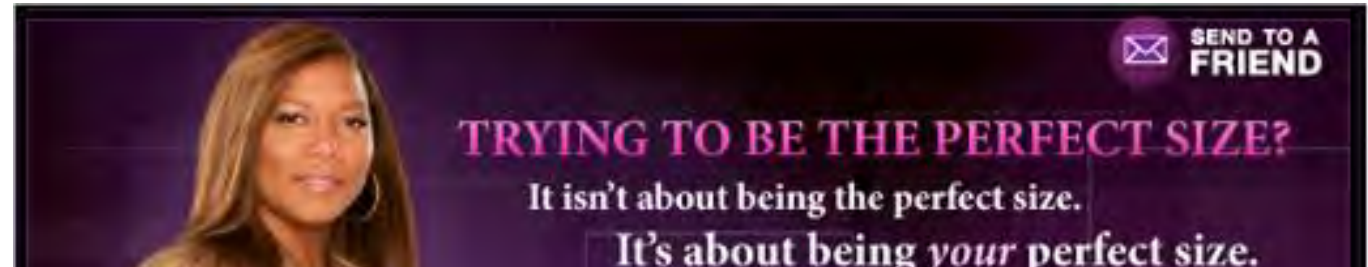
P<0.001 vs DIOVAN
P=0.008 vs BENICAR

*7th product in the 5th class of drugs.
Proven to be of marginal benefit,
beyond a reasonable doubt*

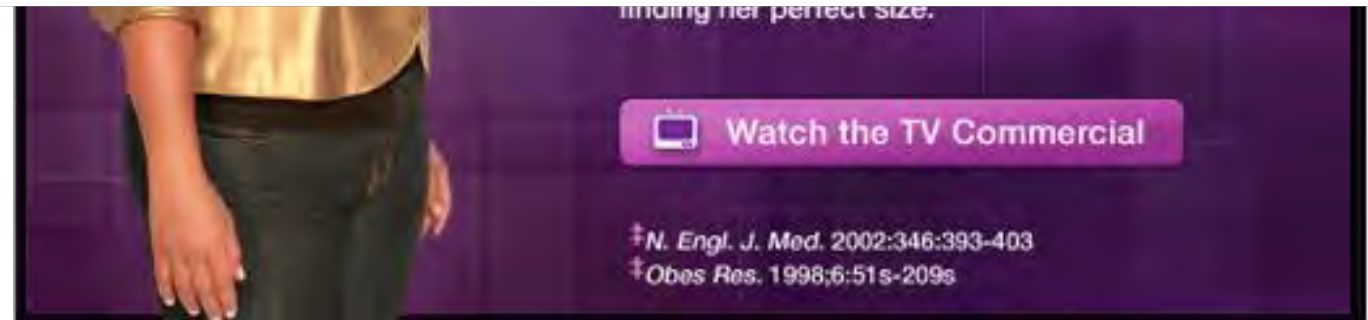
Too Much Choice is Negative (even for MDs)



The Worst-Case Scenario



Well received in pre-testing,
but didn't drive sign ups



Social Norms are Powerful

Can't make people abandon
them in just one ad
- even with Queen Latifah



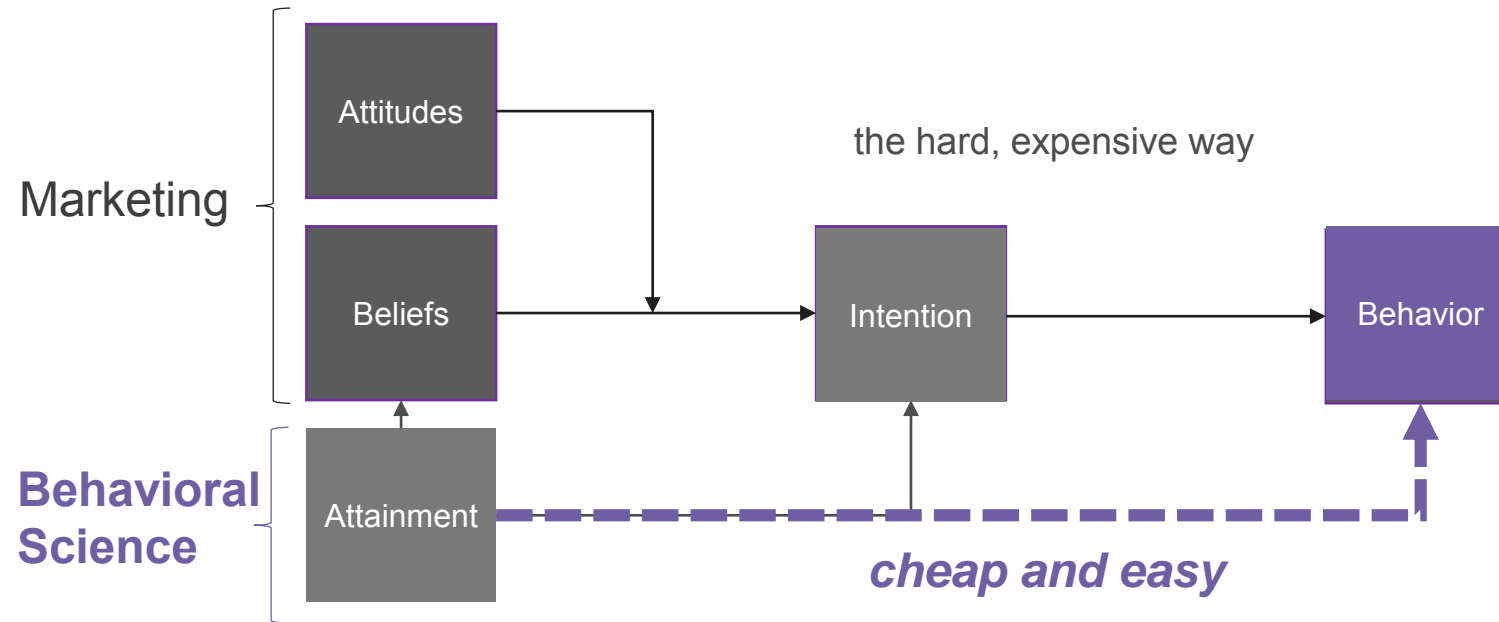
Change Behavior; not Minds

Attainability evokes behavior more powerfully than persuasion.



Change Behavior; not Minds

The Theory of Planned Behavior suggests *intention* is the key to purchase.
Now being reinterpreted in light of Cognitive and Behavioral Sciences



Disrupting Marketing's Bad Habits

- > Human Sciences
- > Redefining Business Problems
- > New Tools of Influence
- > Evidence-based Marketing

Every business challenge is first and foremost, a **human challenge**.

The **Applied Sciences of Cognitive & Behavioral Neuropsychology and Cultural Anthropology** make sense of and solve such puzzles.

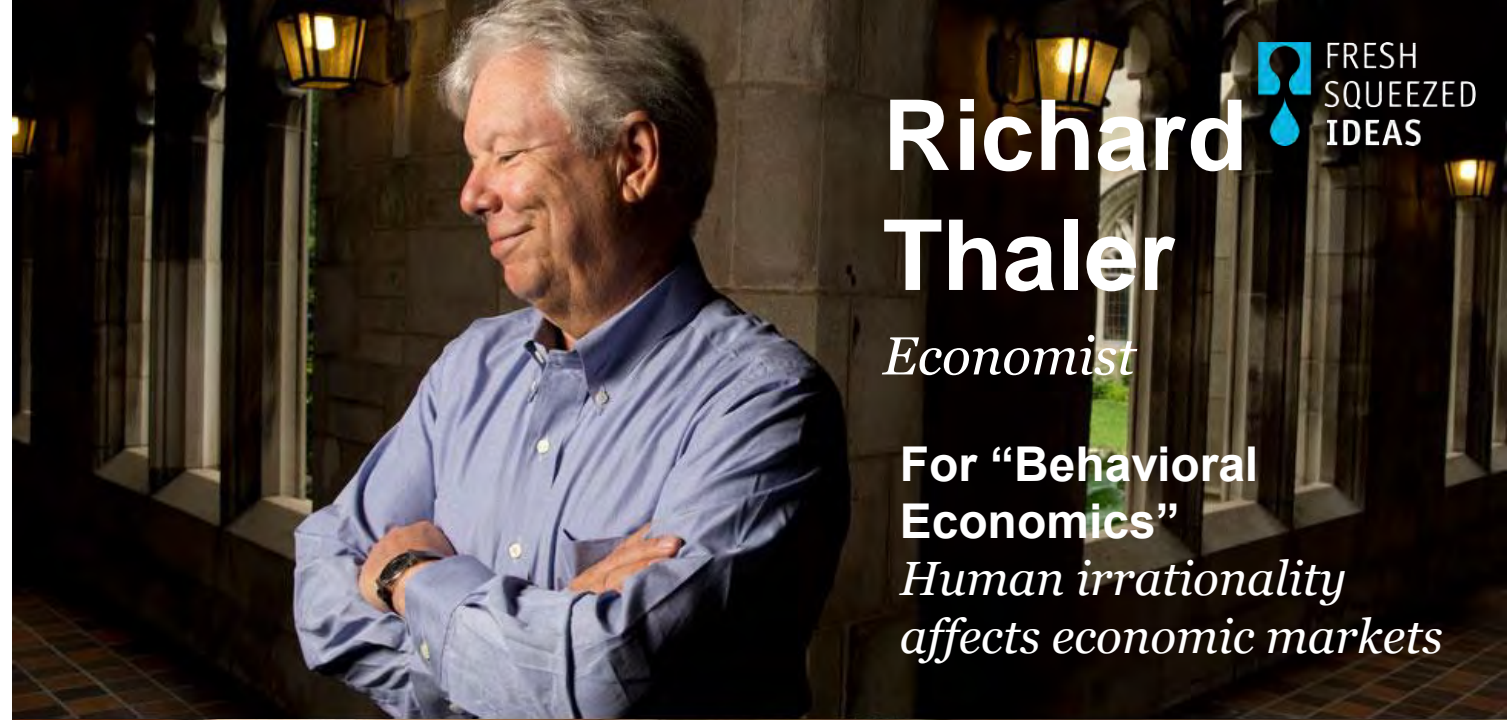
When combined with an **Agile Digital Marketing** methodology impact is accelerated by **connecting to customers at scale**

- **more impact, faster and for less investment.**

The birth of behavioural economics

Who won the 2002 Nobel Prize in economics?

Thaler won the 2017 Nobel Prize in economics

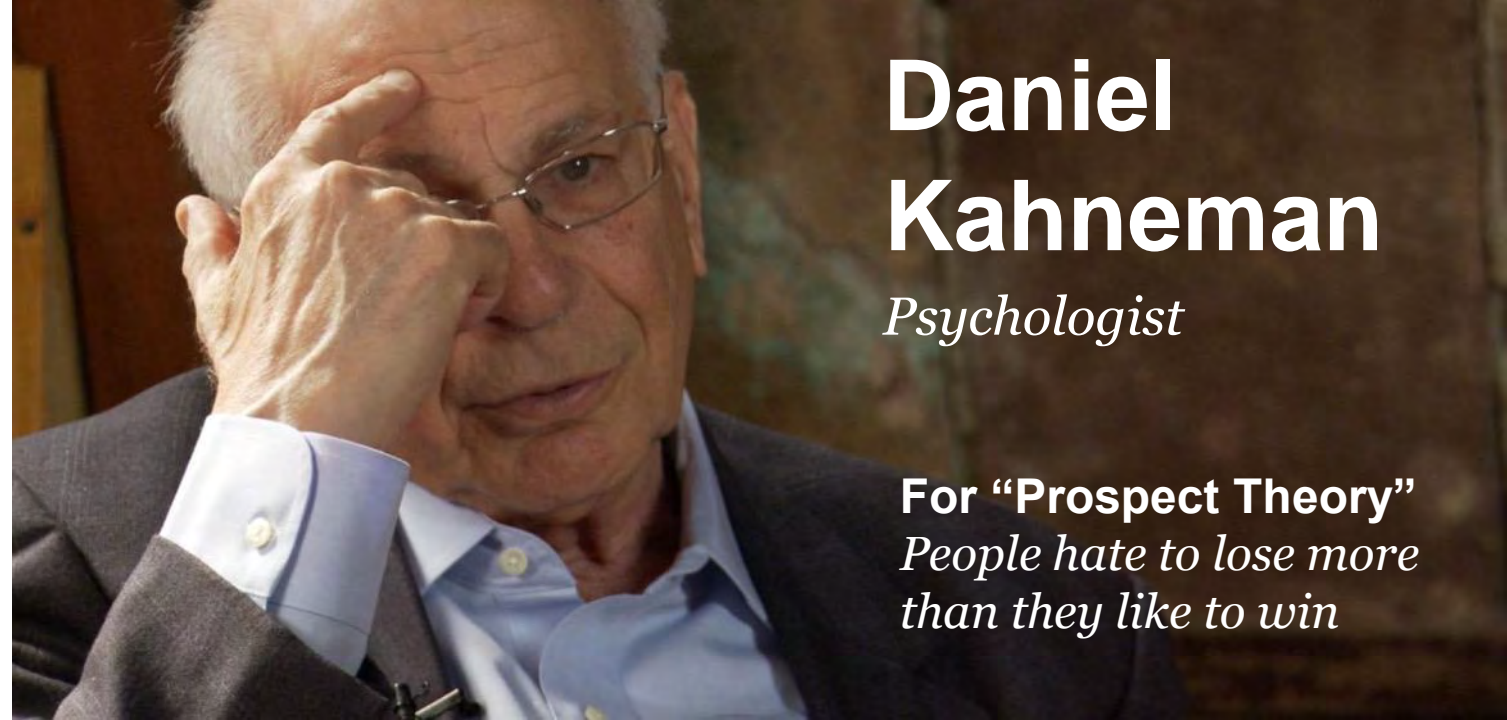


Richard Thaler

Economist

For “Behavioral Economics”

Human irrationality affects economic markets

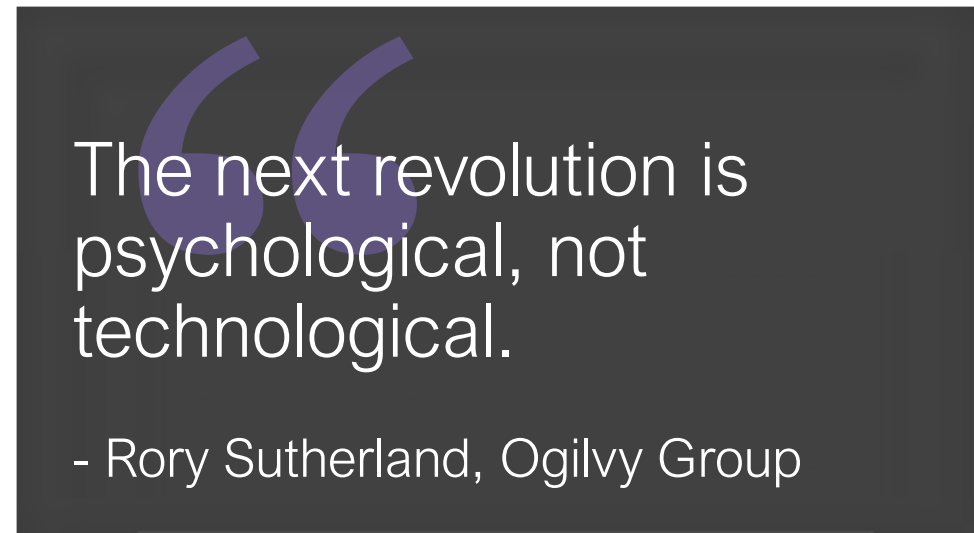


Daniel Kahneman

Psychologist

For “Prospect Theory”

People hate to lose more than they like to win



Psychology
questions
traditional
economic
assumptions

Everyone knows these are not true

Assumes,

- > People know their preferences
- > People are completely self-interested
- > People make 'rational' decisions

Psychology
questions
traditional
marketing
assumptions

Assumes,

- > Decisions are context neutral
- > True motivations are accessible
- > We're not motivated by the actions of others

Businesses are learning these aren't true either

Subconscious drivers of behavior

20 COGNITIVE BIASES THAT SCREW UP YOUR DECISIONS

1. Anchoring bias.

People are **over-reliant** on the first pieces of information they hear. In a salary negotiation, whoever makes the first offer establishes a range of reasonable possibilities in each person's mind.



2. Availability heuristic.

People **overestimate** the importance of information that is available to them. A person might argue that smoking is not unhealthy because they know someone who lived to 100 and smoked three packs a day.



3. Bandwagon effect.

The probability of one person adopting a belief increases based on the number of people who hold that belief. This is a powerful form of **groupthink** and is reason why meetings are often unproductive.



4. Blind-spot bias.

Failing to recognize your own cognitive biases is a bias in itself. People notice cognitive and motivational biases much more in others than in themselves.



5. Choice-supportive bias.

When you choose something, you tend to feel positive about it, even if that **choice has flaws**. Like how you think your dog is awesome – even if it bites people every once in a while.



6. Clustering illusion.

This is the tendency to **see patterns in random events**. It is key to various gambling fallacies, like the idea that red is more or less likely to turn up on a roulette table after a string of reds.



7. Confirmation bias.

We tend to listen only to information that confirms our **preconceptions** – one of the many reasons it's so hard to have an intelligent conversation about climate change.



8. Conservatism bias.

Where people favor prior evidence over new evidence or information that has emerged. People were **slow to accept** that the Earth was round because they maintained their earlier understanding that the planet was flat.



9. Information bias.

The tendency to **seek information when it does not affect action**. More information is not always better. With less information, people can often make more accurate predictions.



10. Ostrich effect.

The decision to **ignore dangerous or negative information** by "burying" one's head in the sand, like an ostrich. Research suggests that investors check the value of their holdings significantly less often during bad markets.



11. Outcome bias.

Judging a decision based on the **outcome** – rather than how exactly the decision was made in the moment. Just because you won a lot in Vegas doesn't mean gambling your money was a smart decision.



12. Overconfidence.

Some of us are **too confident about our abilities**, and this causes us to take greater risks in our daily lives. Experts are more prone to this bias than laypeople, since they are more convinced that they are right.



13. Placebo effect.

When **simply believing** that something will have a certain effect on you causes it to have that effect. In medicine, people given fake pills often experience the same physiological effects as people given the real thing.



14. Pro-innovation bias.

When a proponent of an innovation tends to **overvalue its usefulness** and undervalue its limitations. Sound familiar, Silicon Valley?



15. Recency.

The tendency to weigh the **latest information** more heavily than older data. Investors often think the market will always look the way it looks today and make unwise decisions.



16. Salience.

Our tendency to focus on the **most easily recognizable features** of a person or concept. When you think about dying, you might worry about being mangled by a car, as opposed to what is statistically more likely, like dying in a car accident.



17. Selective perception.

Allowing our expectations to **influence how we perceive** the world. An experiment involving a football game between students from two universities showed that one team saw the opposing team commit more infractions.



18. Stereotyping.

Expecting a group or person to have certain qualities without having real information about the person. It allows us to quickly identify strangers as friends or enemies, but people tend to **overuse and abuse** it.



19. Survivorship bias.

An error that comes from focusing only on surviving examples, causing us to **misjudge a situation**. For instance, we might think that being an entrepreneur is easy because we haven't heard of all those who failed.



20. Zero-risk bias.

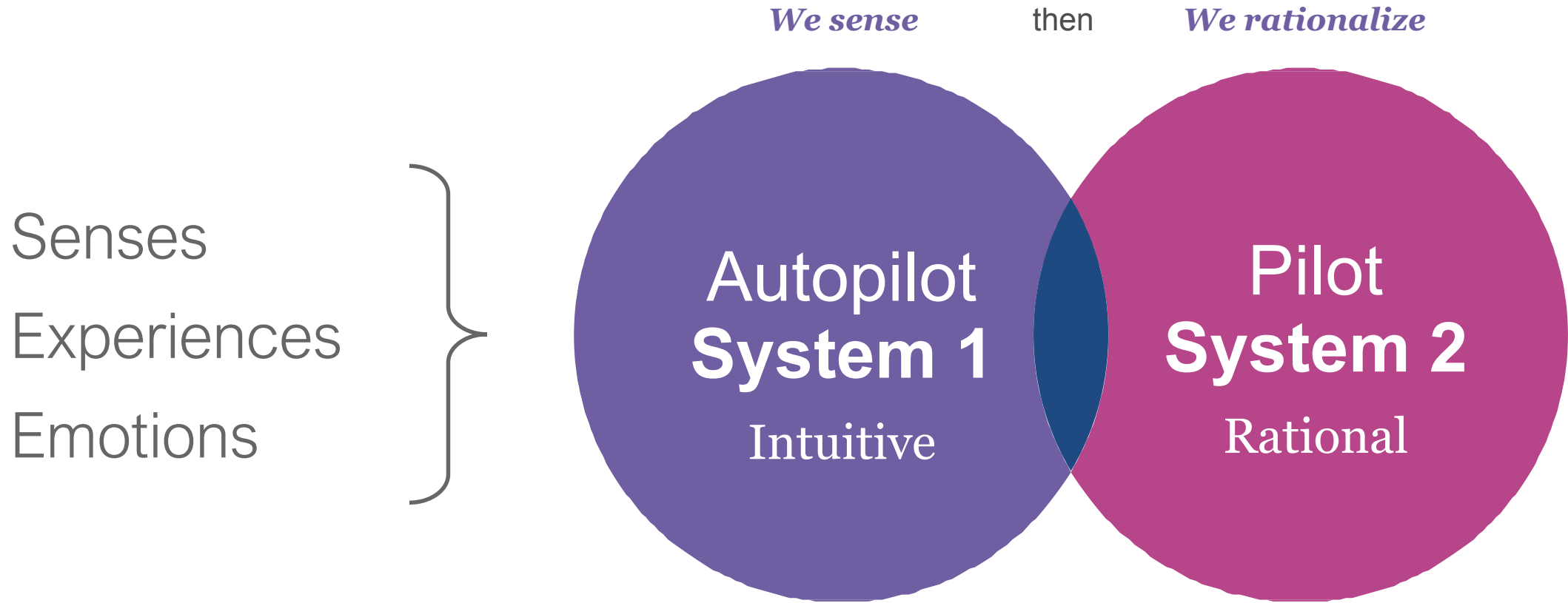
Sociologists have found that **we love certainty** – even if it's counterproductive. Eliminating risk entirely means there is no chance of harm being caused.



SOURCES: Brian Baker; Ethics Unwrapped; Exploitable; Harvard Magazine; HowStuffWorks; LearnVest; Outcome bias in decision evaluation, Journal of Personality and Social Psychology; Psychology Today; The Bias Blind Spot: Perceptions of Bias in Self Versus Others, Personality and Social Psychology Bulletin; The Cognitive Effects of Mass Communications: Theory and Research in Mass Communications; The placebo more effect: Predictions and trends; Judgment and Decision Making; The New York Times; The Wall Street Journal; Wikipedia; You Are Not So Smart; Znamennykh

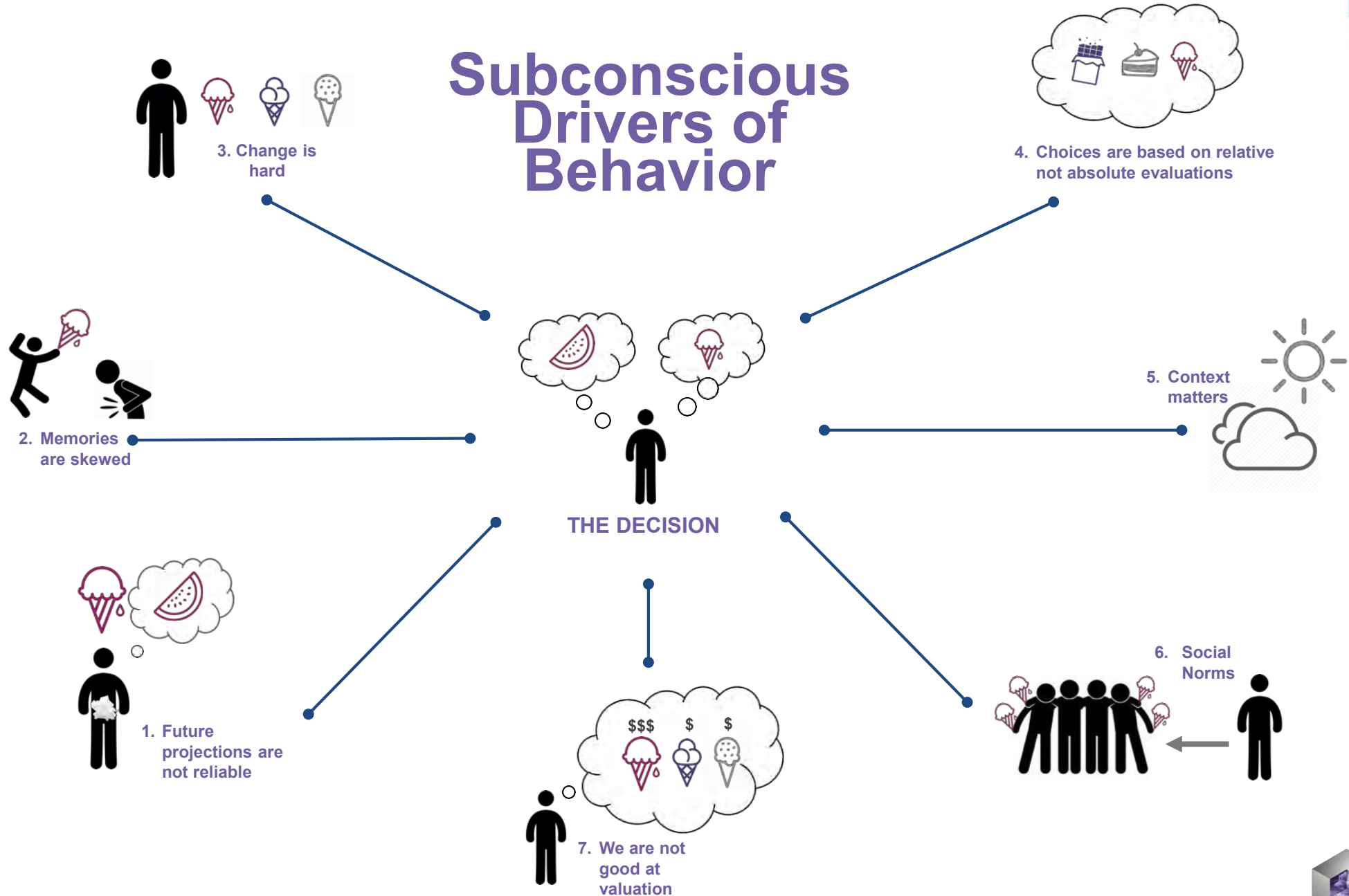
Business Decisions

TWO DECISION MAKING SYSTEMS



Decisions and behaviors are influenced by implicit beliefs and cognitive shortcuts

Subconscious Drivers of Behavior



Behavioral Science in Action: *Nespresso Uses Anchoring*



Behavioral Science in
Action: *Fluency, Memorability*

Delete[✖]

Their customers never forget
who is doing all the dirty work



The impact of negativity on rationality

Rock-Paper-Scissors is a game of chance, so it is irrational to apply a strategy.

Research showed when playing this game, people were more likely to apply a strategy after a loss than after a win

(Dyson, Wilbiks, Sandhu et al., 2016)

People are more likely to engage in irrational decision making when in a negative state (i.e. facing scare tactics).



True or False: The Cause of Anaphylaxis is Usually Obvious

FALSE:

- Idiopathic anaphylaxis is common
- Triggers may be hidden
 - Foods
 - Latex
- Patient may not recall details of exposure, clinical course

Continuity Clinic | INOVA FAIRFAX HOSPITAL FOR CHILDREN

AIM.
Anaphylaxis Information Matters

Life-threatening allergic reactions? Take AIM.

Anaphylaxis is an extreme and severe allergic reaction. The whole body is affected, often within minutes of exposure to the substance which triggers the allergic reaction.

Information

- Assess risk via allergy history with healthcare professional, including asthma
- Identify and avoid triggers
- Recognise symptoms

Matters

- Ensure you get the clinical advice and guidance
- Referral to Allergy Centre if at risk
- Investigations, treatment and emergency care plan
- Understand your allergies, risks, care plan and medication
- Check, check and check again (food labels, contents of meals, expiry dates of medications)
- Protect yourself by letting others know about your risks, your medication and what to do in an emergency and remember, Take The Kit with you everywhere, every time!

AC Anaphylaxis Campaign
Supporting people at risk of severe allergies

Helpline Tel 01252 542029 Email info@anaphylaxis.org.uk
For more information visit anaphylaxis.org.uk



Leveraging positive states

We recommended an ad campaign based on humor rather than fear or rational arguments (patient education).

+100% GROWTH

You'd never do this in real life. So why aren't you carrying an EpiPen?

Anaphylaxis is a severe, potentially fatal allergic reaction. To help determine your risk, check all of the boxes that apply to you.

SEVERE ALLERGY RISK TEST	
<input type="checkbox"/> Had a reaction shortly after exposure to even a small amount of: <ul style="list-style-type: none"><input type="checkbox"/> Penicillin<input type="checkbox"/> Shellfish<input type="checkbox"/> Eggs<input type="checkbox"/> Latex<input type="checkbox"/> Milk<input type="checkbox"/> Wheat<input type="checkbox"/> Soy<input type="checkbox"/> Fish<input type="checkbox"/> Other	<input type="checkbox"/> Had the following symptoms: <ul style="list-style-type: none"><input type="checkbox"/> Swelling, itching, redness of the face or lips<input type="checkbox"/> Swelling of the tongue, throat<input type="checkbox"/> Wheezing, coughing, trouble breathing<input type="checkbox"/> Dizziness, lightheadedness<input type="checkbox"/> Stomach pain, vomiting, diarrhea<input type="checkbox"/> Fainting<input type="checkbox"/> Loss of consciousness<input type="checkbox"/> Trouble breathing<input type="checkbox"/> Severe dizziness, lightheadedness<input type="checkbox"/> Severe stomach pain<input type="checkbox"/> Severe diarrhea<input type="checkbox"/> Severe vomiting<input type="checkbox"/> Severe skin reactions<input type="checkbox"/> Severe allergic reaction

If you checked at least 1 box in each column, you could be at risk for anaphylaxis.

Even that is just higher if you:

- Have had a previous severe allergic reaction
- Have asthma
- Have a family history of severe allergic reactions

Take this test to your doctor to find out if you should be carrying an EpiPen. For more information about anaphylaxis, go to EpiPen.com.

EpiPen
Emergency response at hand.

Prone to Fail

Unreliable, invalid inputs allowing poor business decisions



3. And the development processes are slow, costly and also prone to failure

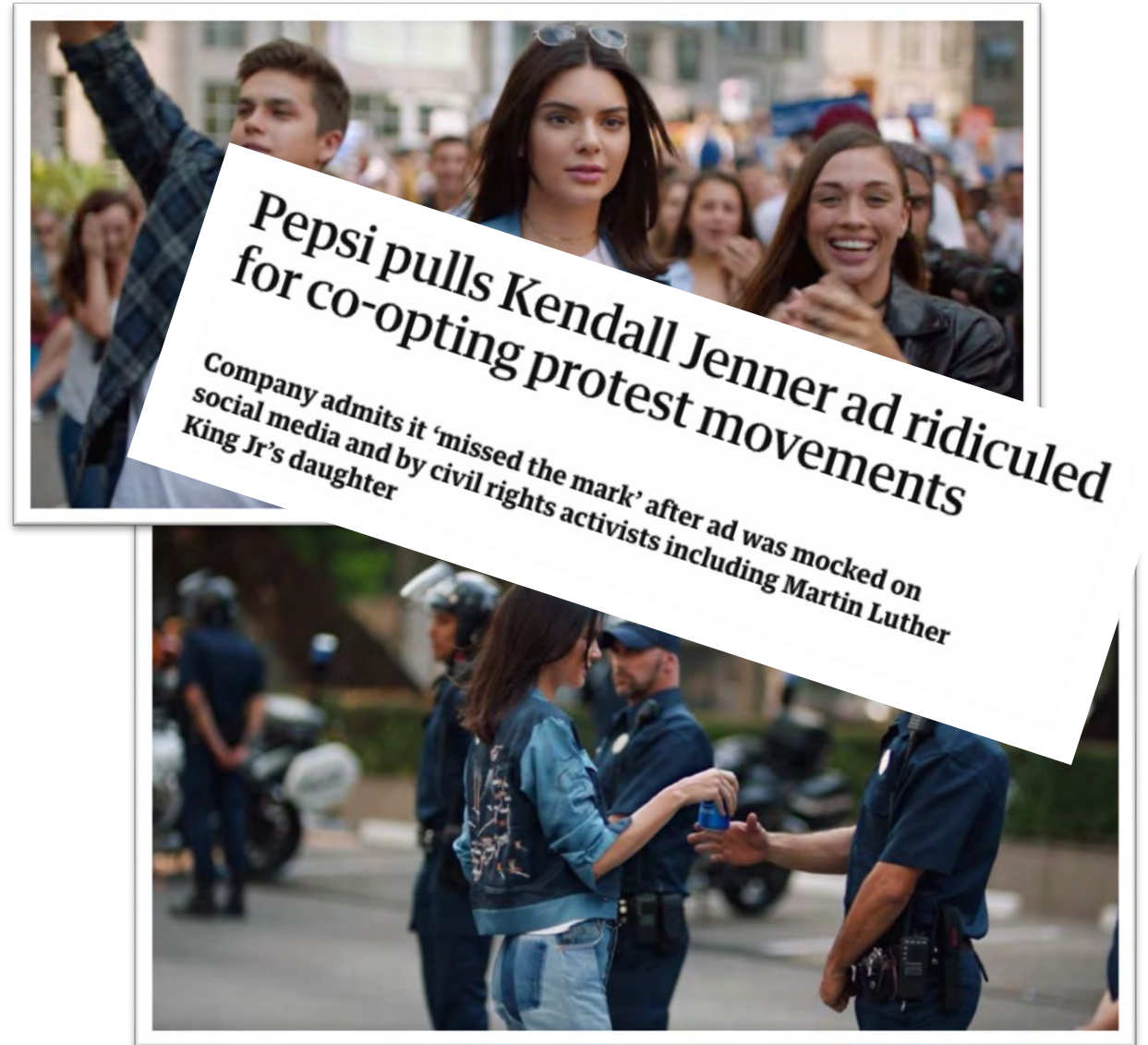
Behavioral Sciences can influence behavior more easily than persuasion tactics



Retool Obsolete Processes

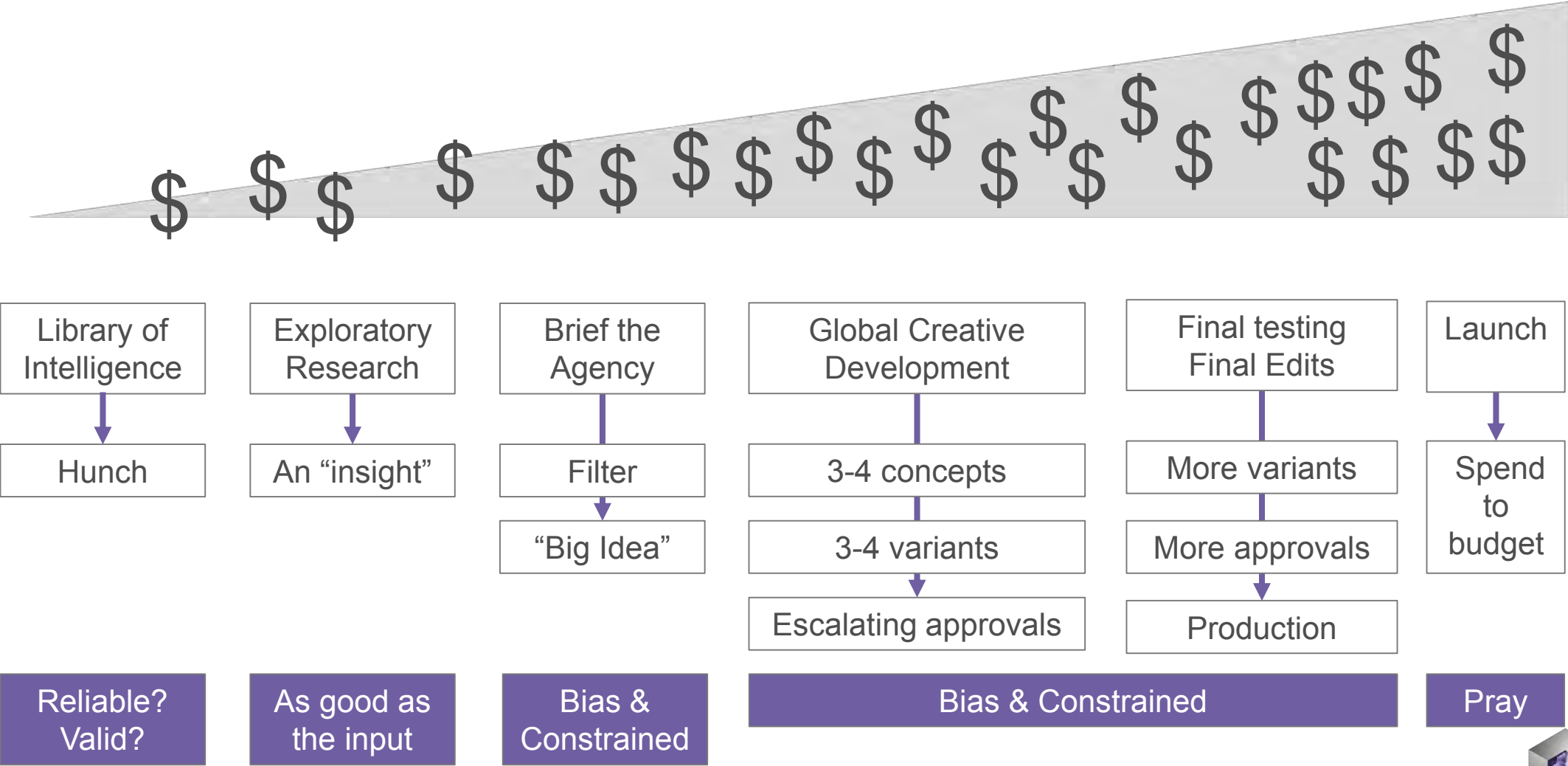
- > Agile Development
- > Integrated with Behavioral Sciences

The Worst-Case Scenario



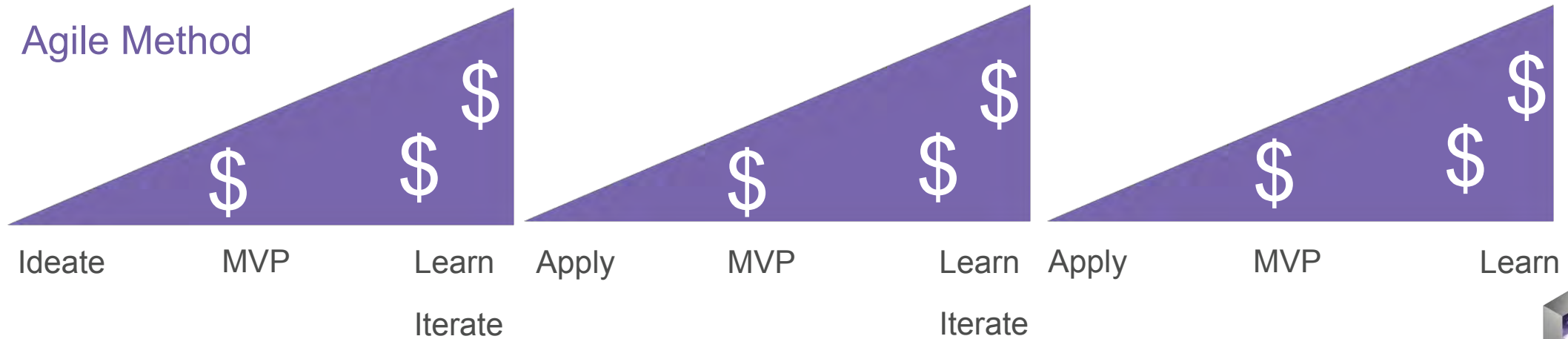
Est. Production: \$2-5MM, Media: \$100MM

Linear Planning: Slow, obsolete processes with high costs



Rebooting the Development Process

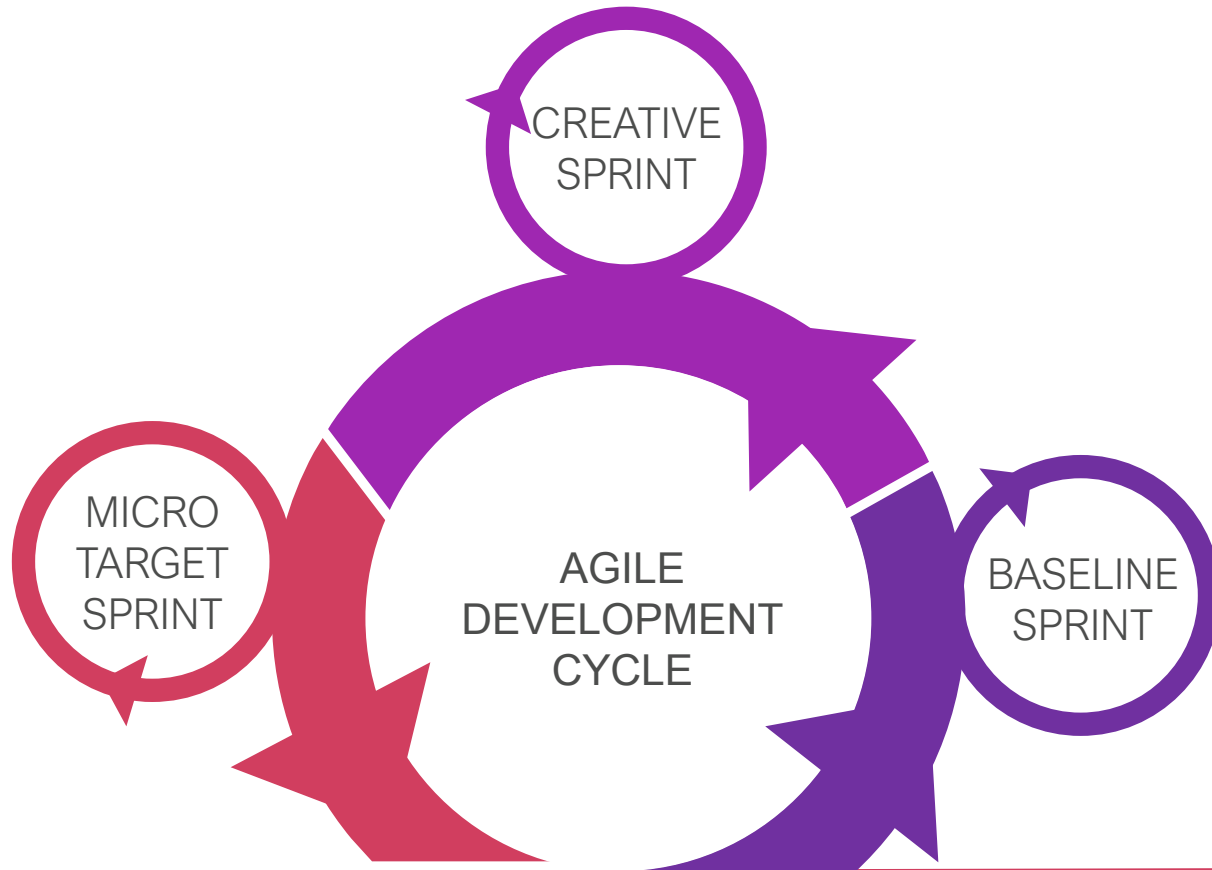
Agile Development



BSci + Agile =

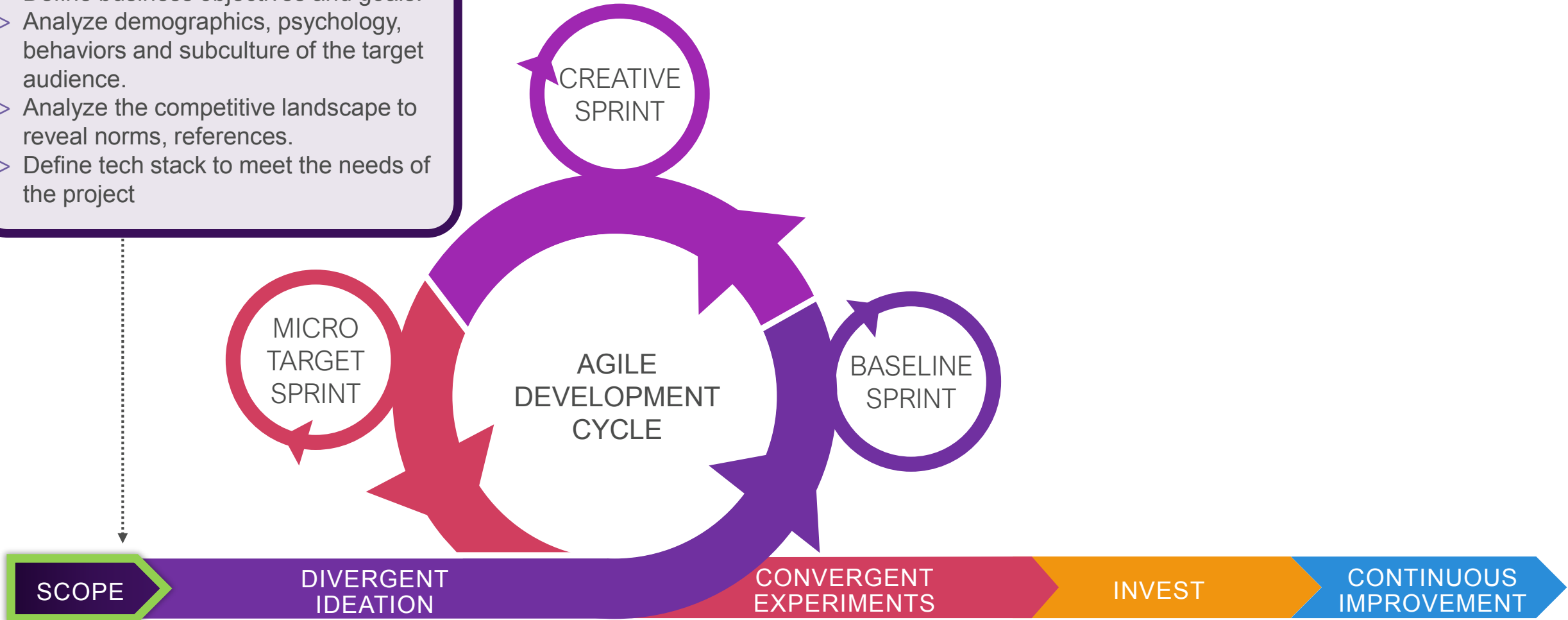
More Impact
In Less Time
For Less Cost

And lots of room for creativity

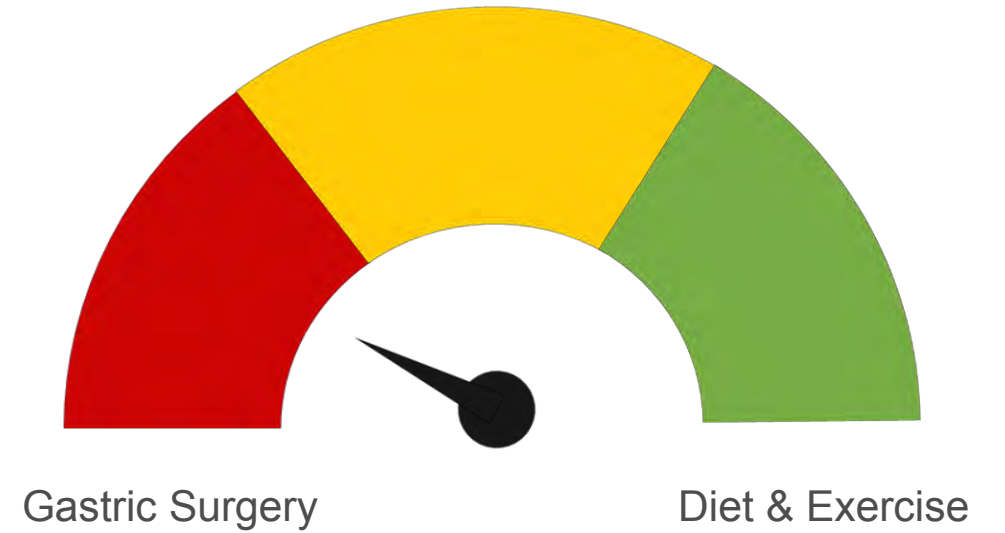


SCOPE

- > Define business objectives and goals.
- > Analyze demographics, psychology, behaviors and subculture of the target audience.
- > Analyze the competitive landscape to reveal norms, references.
- > Define tech stack to meet the needs of the project

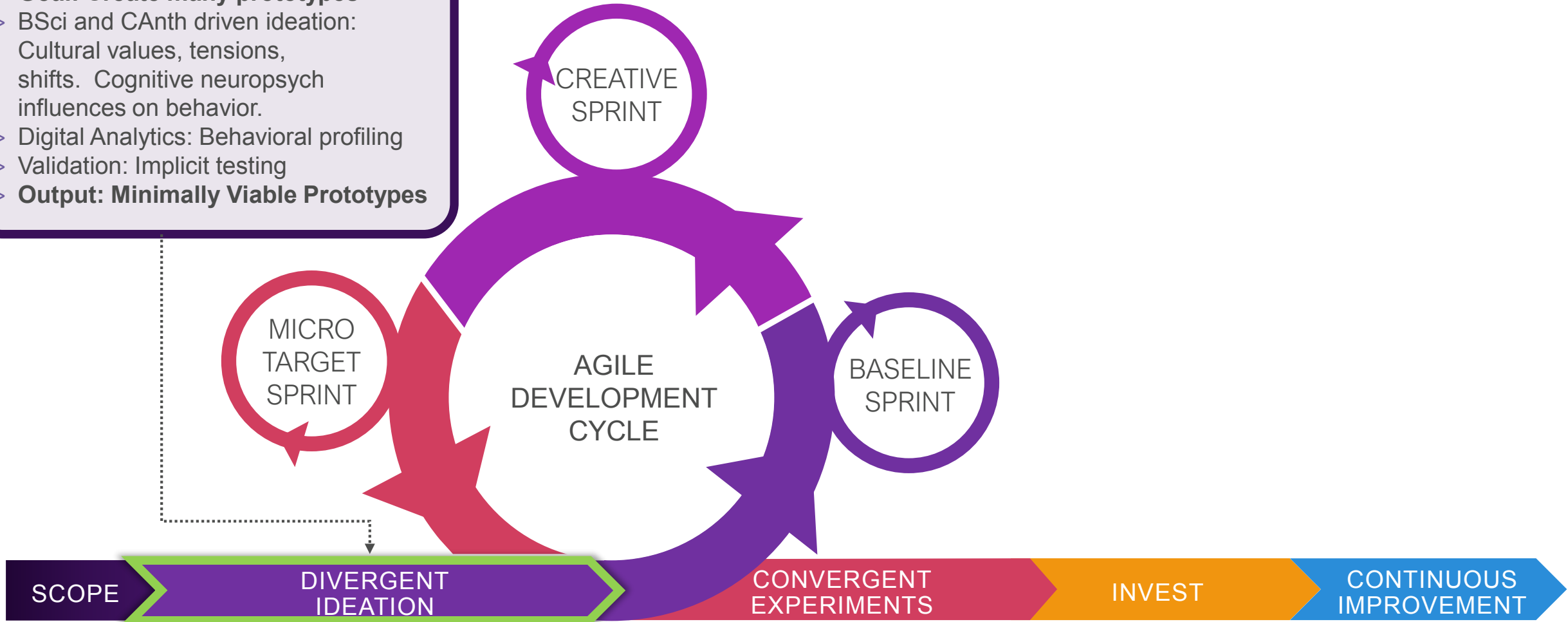


Scope: Obesity Medication Launch



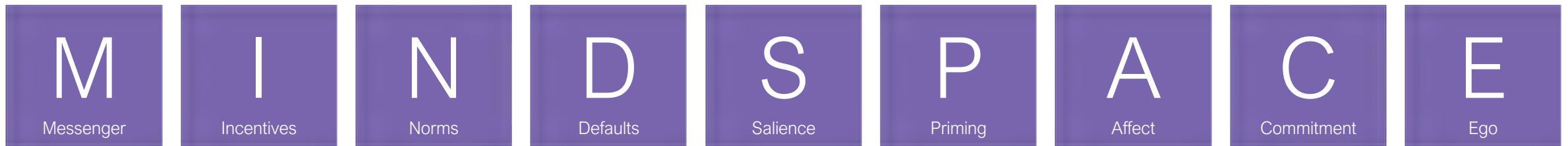
DIVERGENT IDEATION

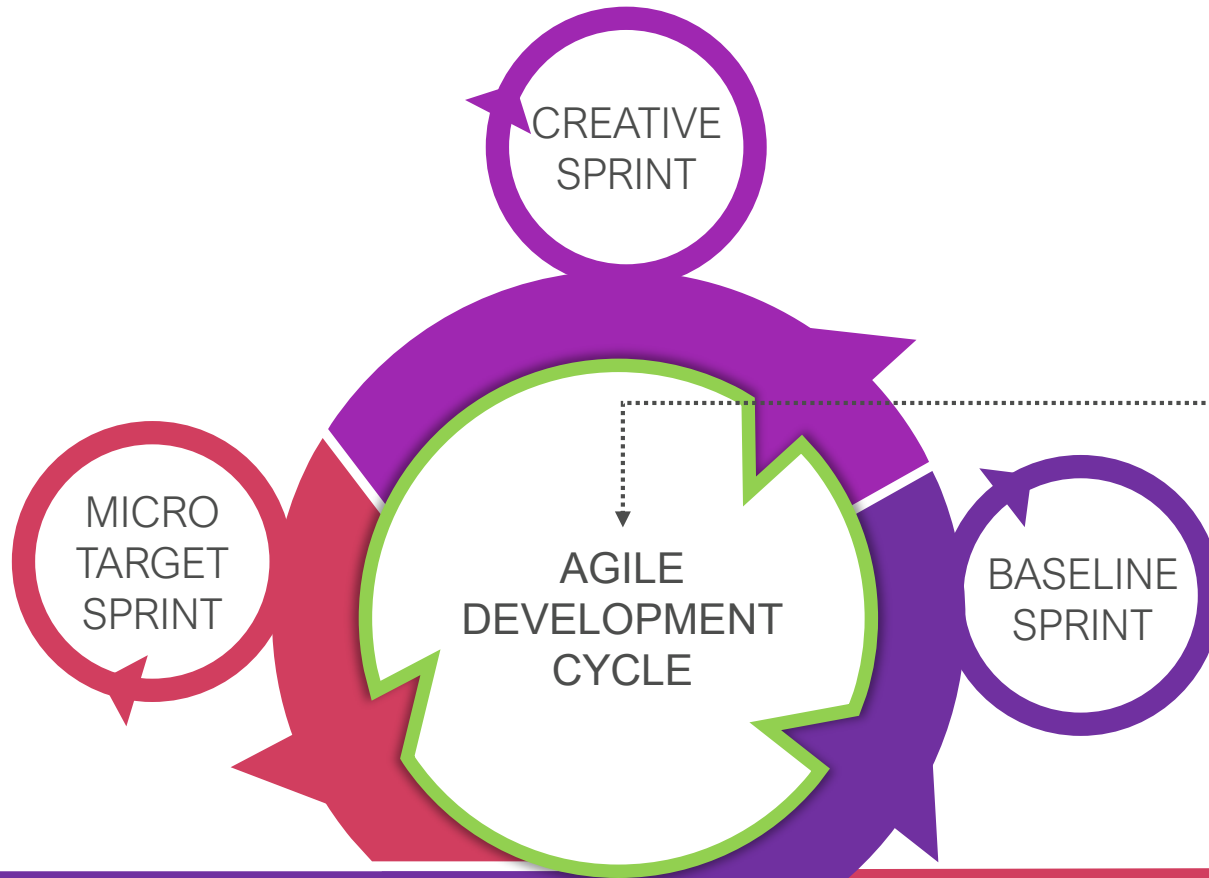
- > **Goal: Create many prototypes**
- > BSci and CAnth driven ideation: Cultural values, tensions, shifts. Cognitive neuropsych influences on behavior.
- > Digital Analytics: Behavioral profiling
- > Validation: Implicit testing
- > **Output: Minimally Viable Prototypes**



BSci for Structured Divergent Ideation

We use the **MINDSPACE** framework as a guide to develop **tactics that will elicit the desired behavior.**





AGILE DEVELOPMENT CYCLE

A series of disciplined iterative in-market experiments to develop Minimally Viable Prototypes into validated high impact solutions; all with nominal levels of investment.

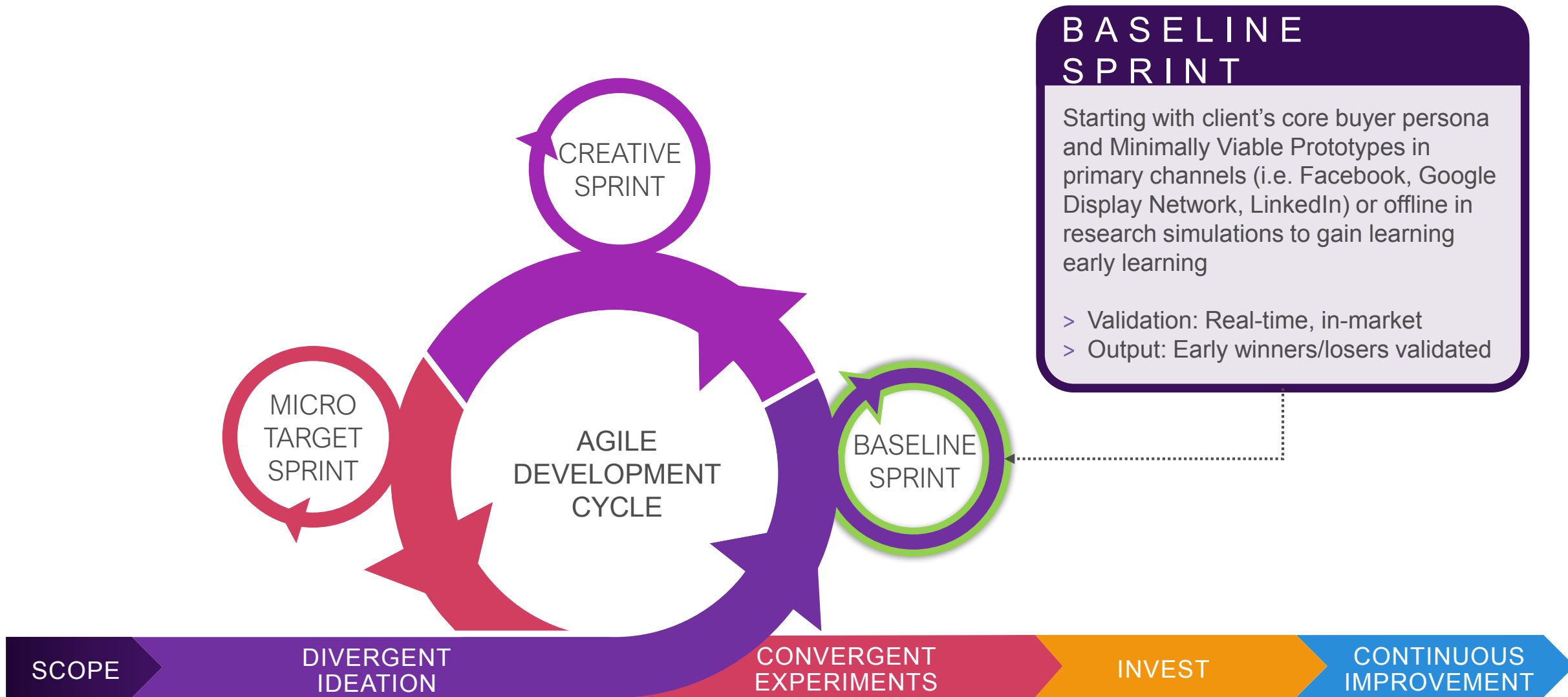
SCOPE

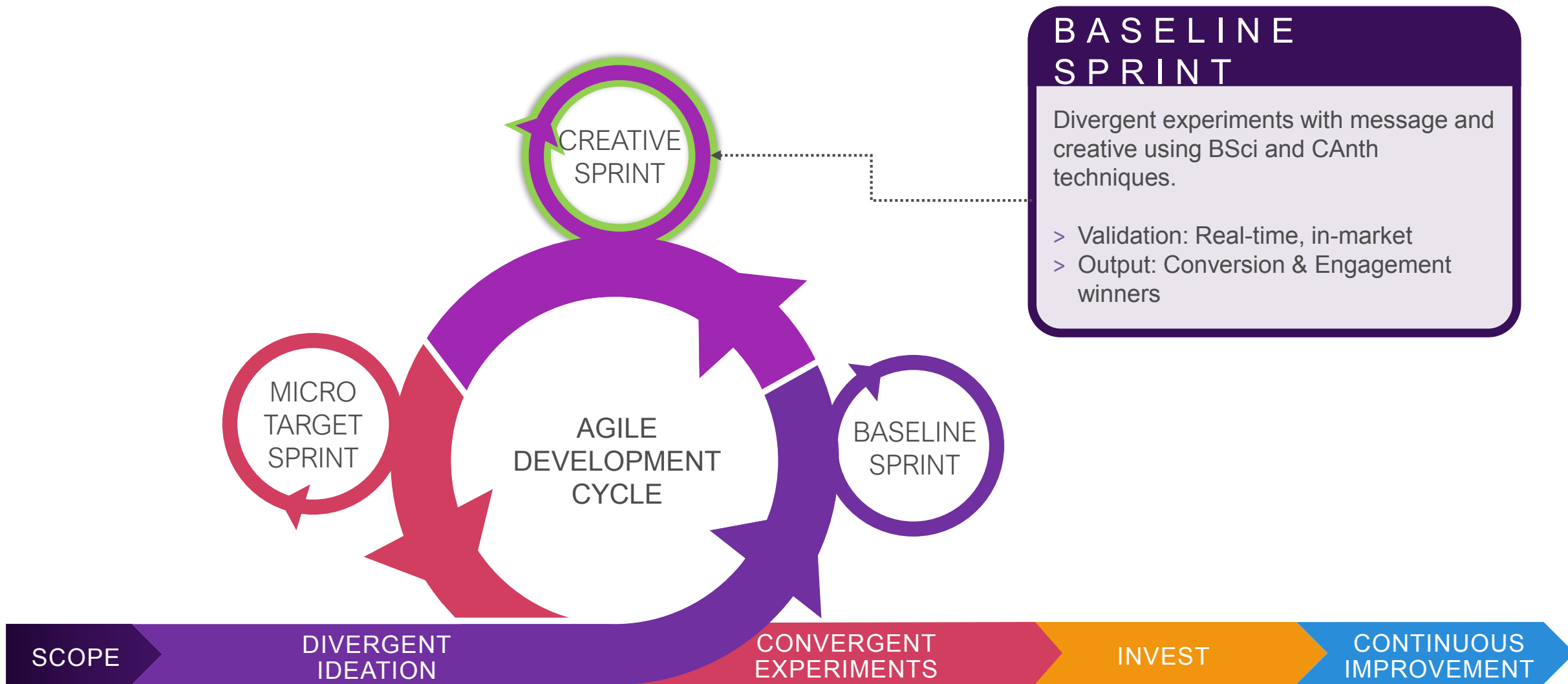
DIVERGENT IDEATION

CONVERGENT EXPERIMENTS

INVEST

CONTINUOUS IMPROVEMENT





Creative Sprint

Why would anyone bother to watch your advertisements? Seriously.

Marketing in the social era demands brand comms be **as interesting as the internet** – it must have value for the viewer



The image shows a screenshot of a YouTube video player. The video content features a man with tattoos in a kitchen setting. A large white comment box is overlaid on the video, containing the text: "I haven't clicked an ad or googled a product I've seen advertised on YouTube ever. This is marketing genius. I didn't know if this was a real product or not but even after I realized it wasn't real, it made me want to purchase a soda stream. I felt like I was saving \$5000 bucks. Lol." Below the comment are icons for likes (221), dislikes, and a reply button, along with a "View 7 replies" link. Another smaller comment box is visible at the top right of the video frame, containing the text: "First time I've clicked an ad in ages! Nicely done. :)" with 100 likes and a reply button. At the bottom of the video player, the title "SodaSoak by SodaStream" is displayed, along with "Unlisted" and "3,132,489 views". The video progress bar shows the word "Life-changing" and a red progress line. At the bottom right of the player are icons for likes (4.2K), dislikes (1.7K), share, save, and a menu icon.

First time I've clicked an ad in ages! Nicely done. :)

100 REPLY

View 3 replies

I haven't clicked an ad or googled a product I've seen advertised on YouTube ever. This is marketing genius. I didn't know if this was a real product or not but even after I realized it wasn't real, it made me want to purchase a soda stream. I felt like I was saving \$5000 bucks. Lol.

221 REPLY

View 7 replies

Life-changing

SodaSoak by SodaStream
Unlisted
3,132,489 views

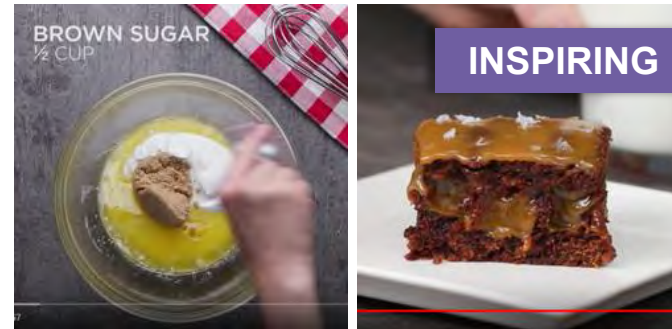
4.2K 1.7K SHARE SAVE

Creative Sprint: Creative at Scale

How do you get *great* creative *at scale*?

Remember the poor odds?

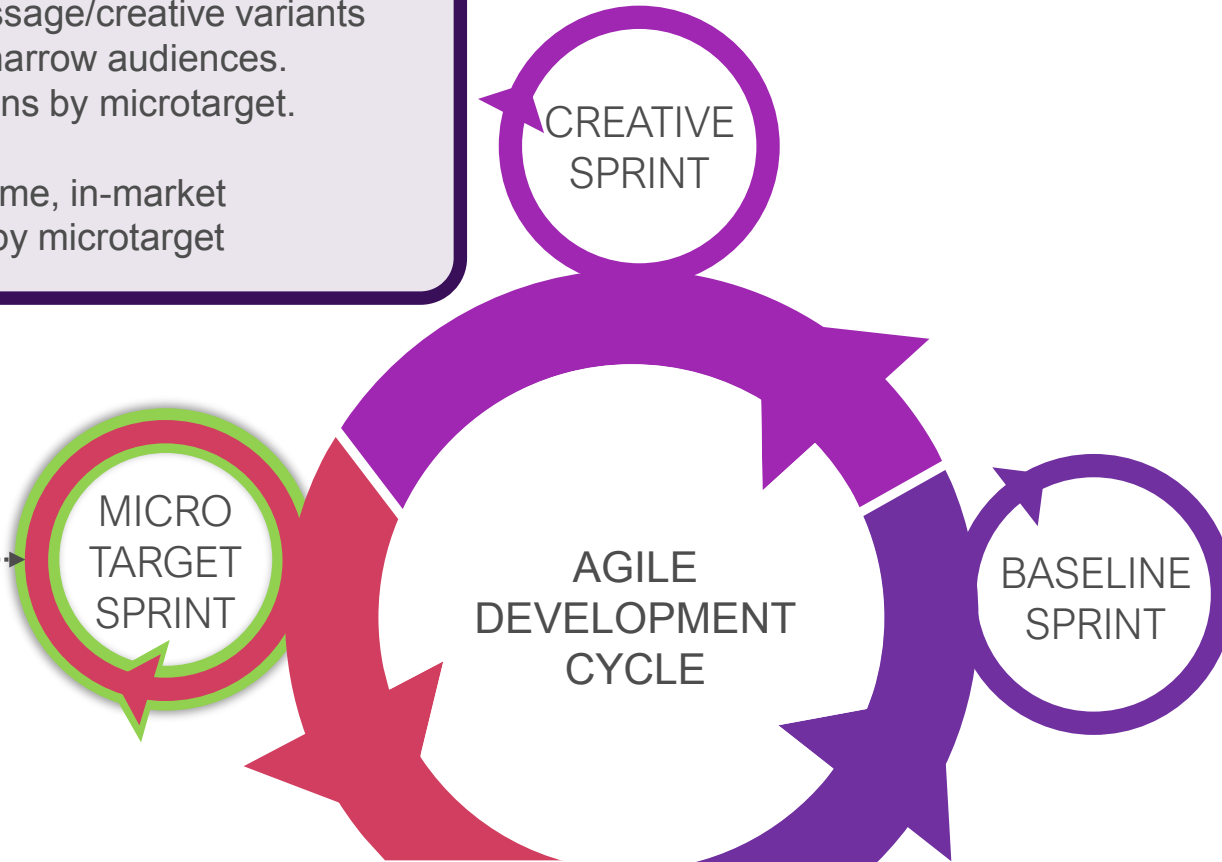
1. Don't believe the myth of "legendary" creative directors – the few are legends for a reason. The rest are mere mortals.
2. Don't rely on a small team. The smaller your team the worse your odds of success. Its math. This is the Platform Economy – curate your resources continually.
3. User Generated Content often more relevant and engaging than brand owned creative. There is room for amateurs – and they are affordable.
4. The Agile MVP process works – especially when fueled with new thinking frameworks from BSci and Cultural Anthropology. Small budget; short timeframe.



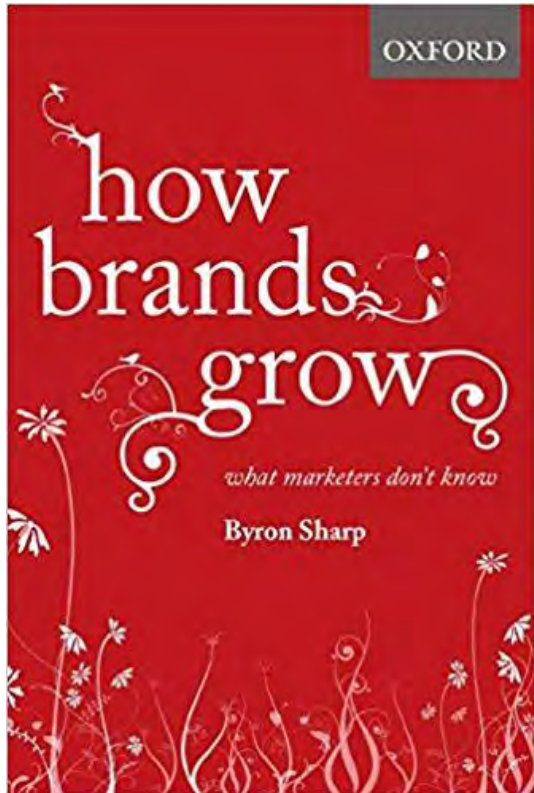
MICRO TARGET SPRINT

Testing specific message/creative variants within increasingly narrow audiences. Cut/proceed decisions by microtarget.

- > Validation: Real-time, in-market
- > Output: Winners by microtarget



Micro-Target Sprint: Segmentation is Obsolete



Category buyers; not Brand buyers

MARKETING & SALES PERSONA

BACKGROUND

- 30 years old
- Married
- Lives in Greenville, South Carolina
- Earned her degree in Psychology, which she used as a school counselor before deciding to stay home with her kids, now ages 3 and 1

FINANCES

- Household income of \$120,000
- Makes most of the purchasing decisions, and does most of the buying
- Misses the discretionary income she had before becoming a stay-at-home mom

SOCIAL MEDIA PROFILE

- Facebook is her life-line, especially the 3 private groups
- Active on Twitter, Instagram, and Pinterest
- LinkedIn profile hasn't been updated since she left the workforce

TECHNOLOGY

- Accesses the internet from her smartphone, which never leaves her side
- Uses video chat and social media to stay connected with friends and family



HANNAH HEATH

"I#want#what#s#best#for#my#kids,#but#sometimes#it#s#hard#to#know#what#that#s"

A DAY IN THE LIFE OF HANNAH

- First to get up in the morning and last to go to sleep
- Responsible for taking care of the kids, the house and all of the family errands
- Despite saying she needs to take care of herself, her needs seem to come last
- Tries to plan an outing each day so she doesn't go stir crazy
- "Mom" parody videos seem to capture her life in a nutshell

BRAND AFFINITIES



HOPES & DREAM

- Meet another mom with kids approximately the same age, and on the same nap schedule
- Find more time to take care of herself
- Stop feeling guilty for missing the life she had before kids
- Finding homeopathic solutions that treat her children holistically

WORRIES & FEARS

- Questions whether she is a good mom
- Paranoid that her kids are behind on their milestones
- Lack of independence from not making her own money
- Wondering what she will make for dinner

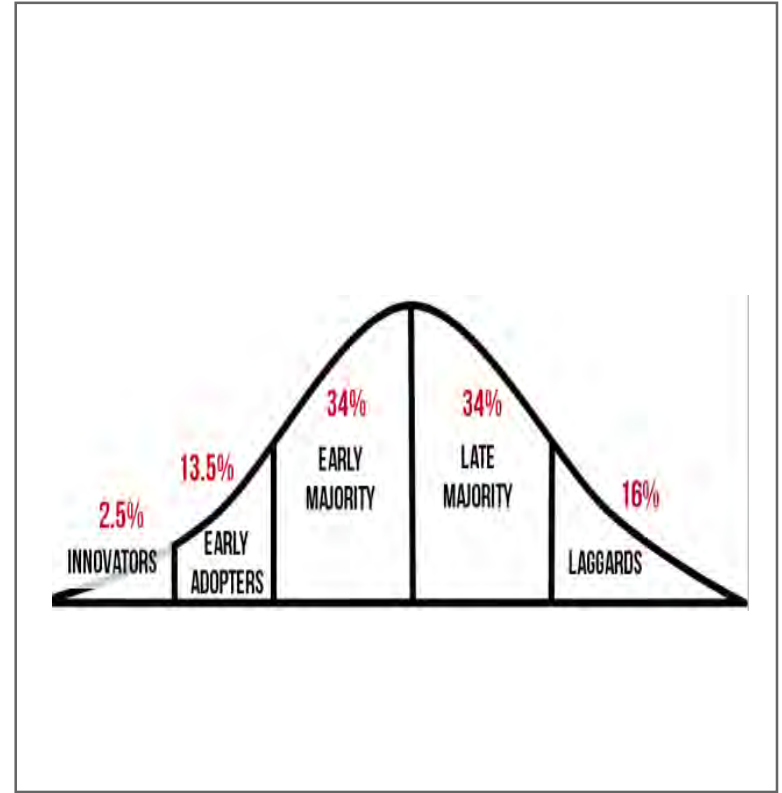
WHAT INFLUENCES HER

- Parenting book, blogs and magazines
- The women in her life, like her mom, mother-in-law, grandma, sisters and friends

MAKE HER LIFE EASIER

- Allow her to make informed decisions for her family
- Help her balance between being a mom and her former self

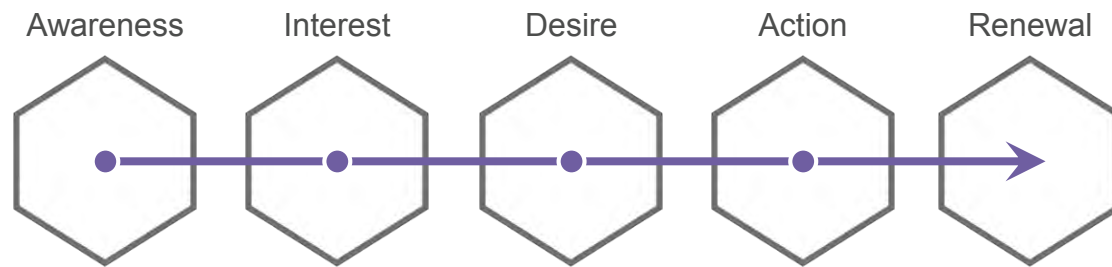
Rarely based on reliable evidence



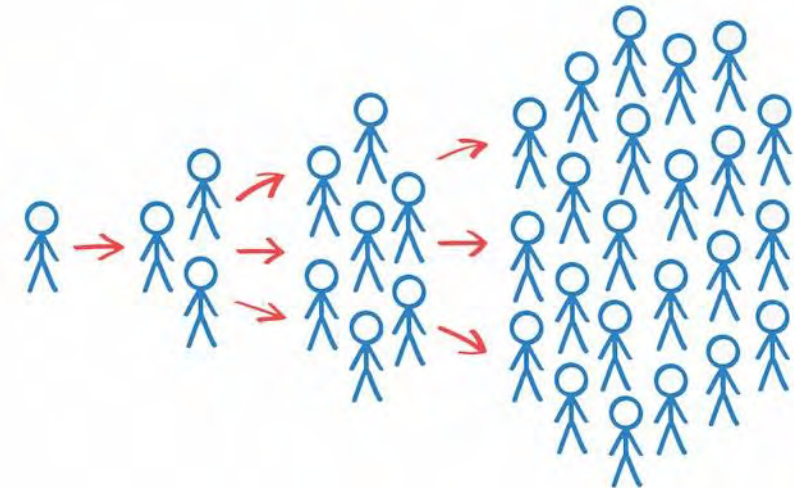
New Yorkers have seen everything

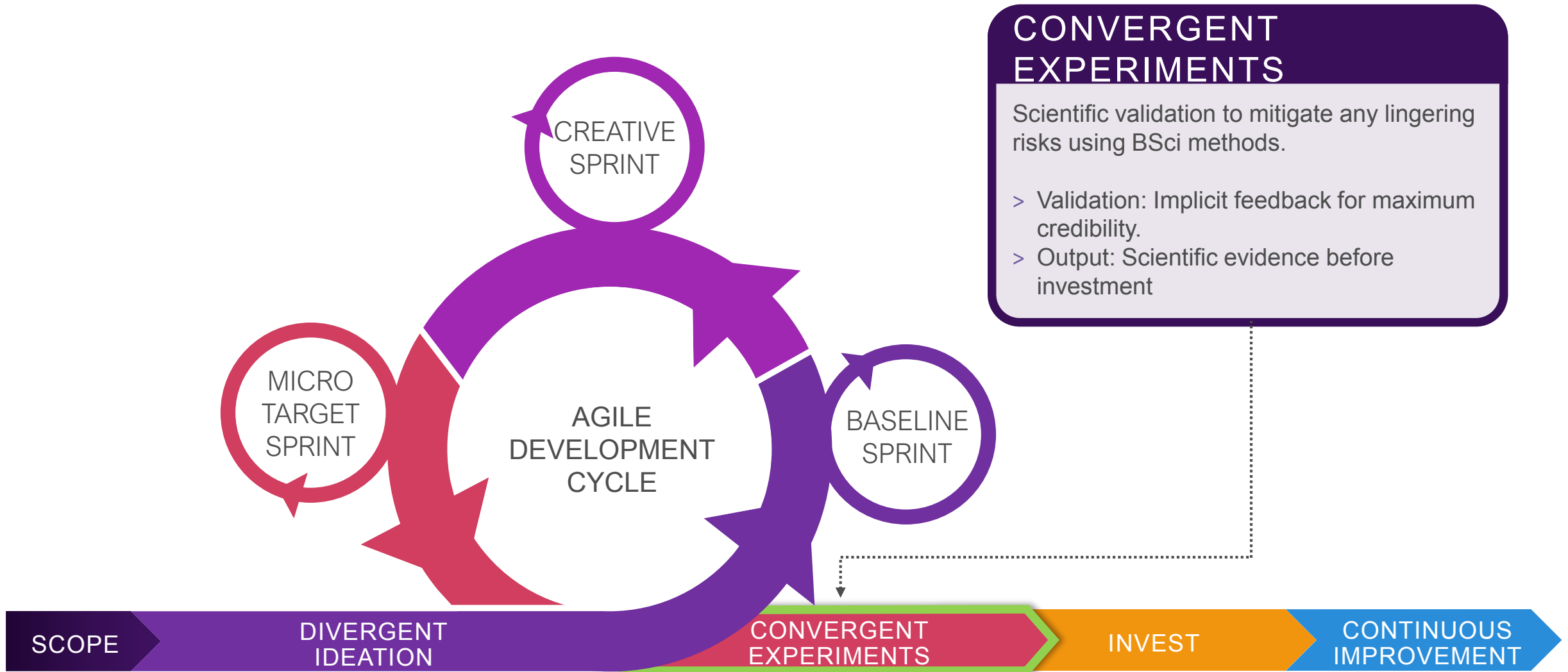
Micro-Target Sprint: Network Effects

WHO'S OPEN?



LET THE IDEA GET SPREAD





Convergent Experiments: Priming + Implicit Association

PRIMING STAGE



TESTING STAGE (IMPLICIT ASSOCIATION TASK)



ANALYSIS

Control Group

No prime

Group 1

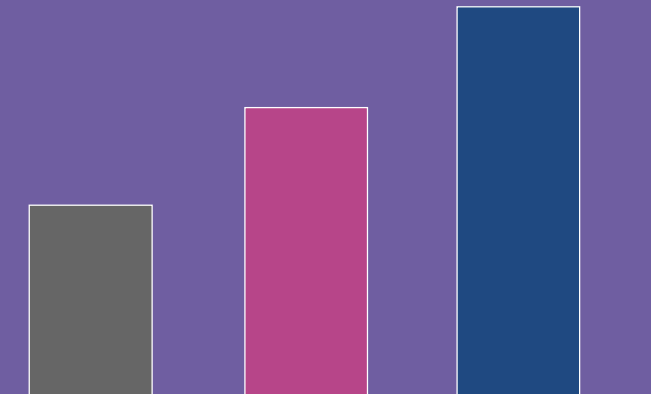
Primed with communication A

Group 2

Primed with communication B



Implicit Association Test (IAT)



Control Group 1 Group 2
Strength of Association with Cheap

The wisdom of the crowds

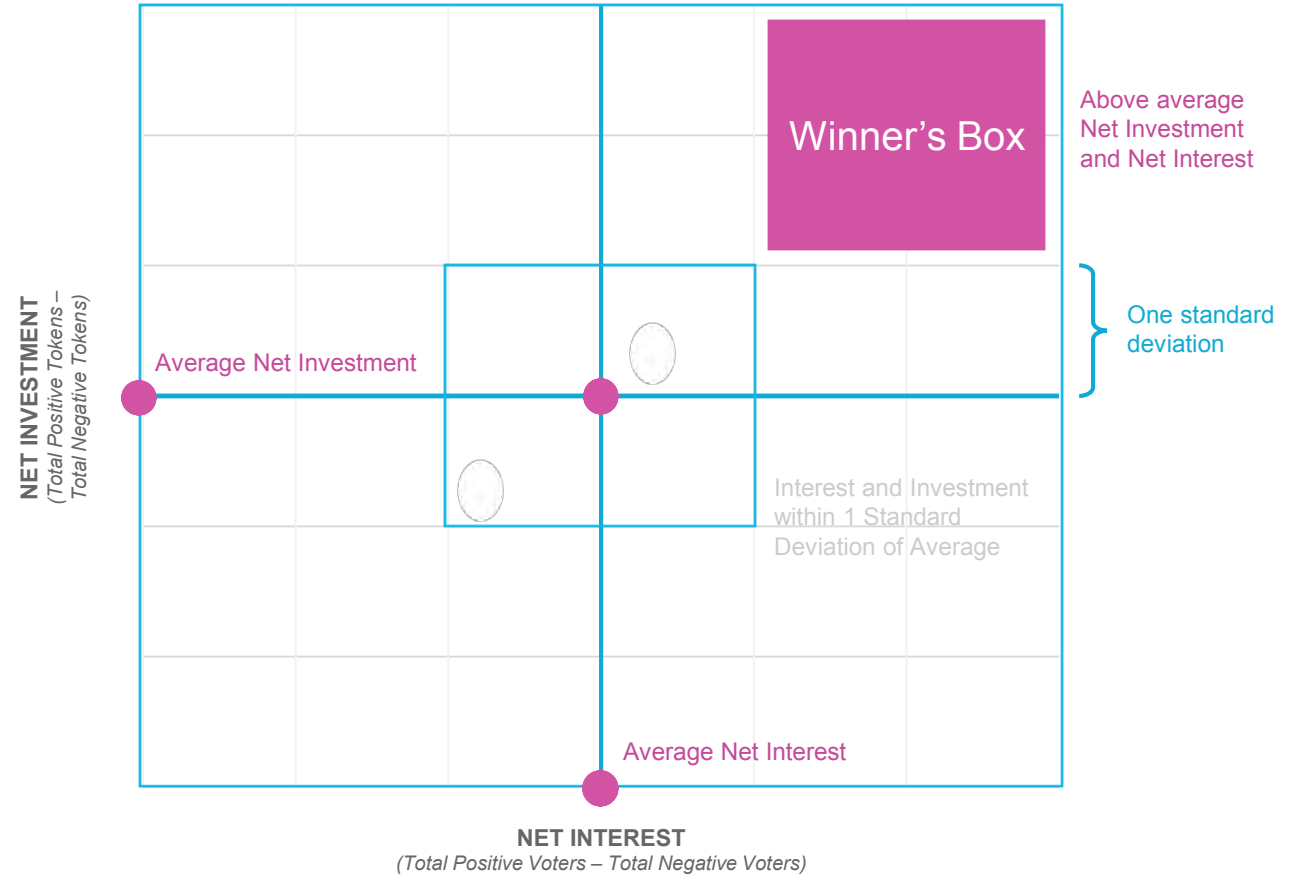
Phone a friend: 65% Correct Answers Ask
the crowd: 91% Correct Answers



Convergent Experiments – Predictive Markets

Predictive Market

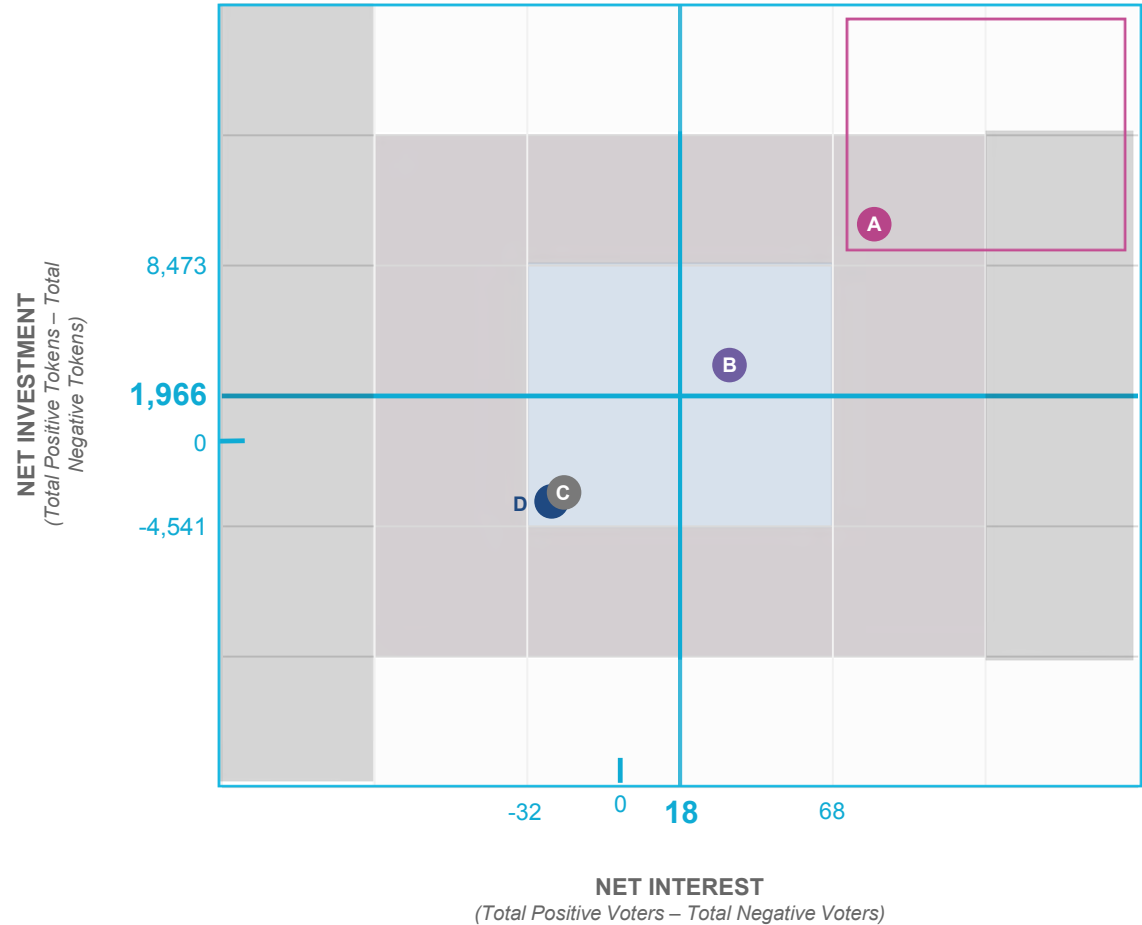
Rather than using measures of intention which we know are not reliable, we leverage the wisdom of crowds to select the winning idea.



Convergent Experiments – Predictive Markets

Output Matrix

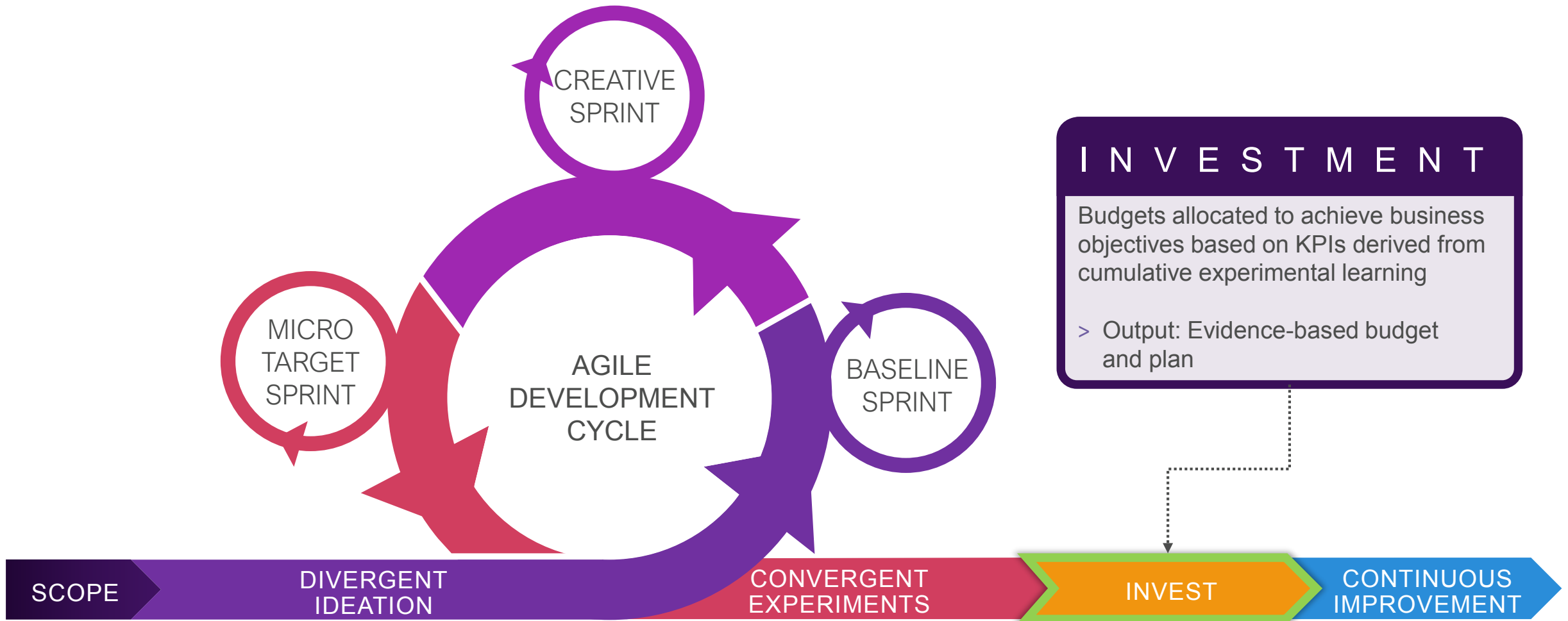
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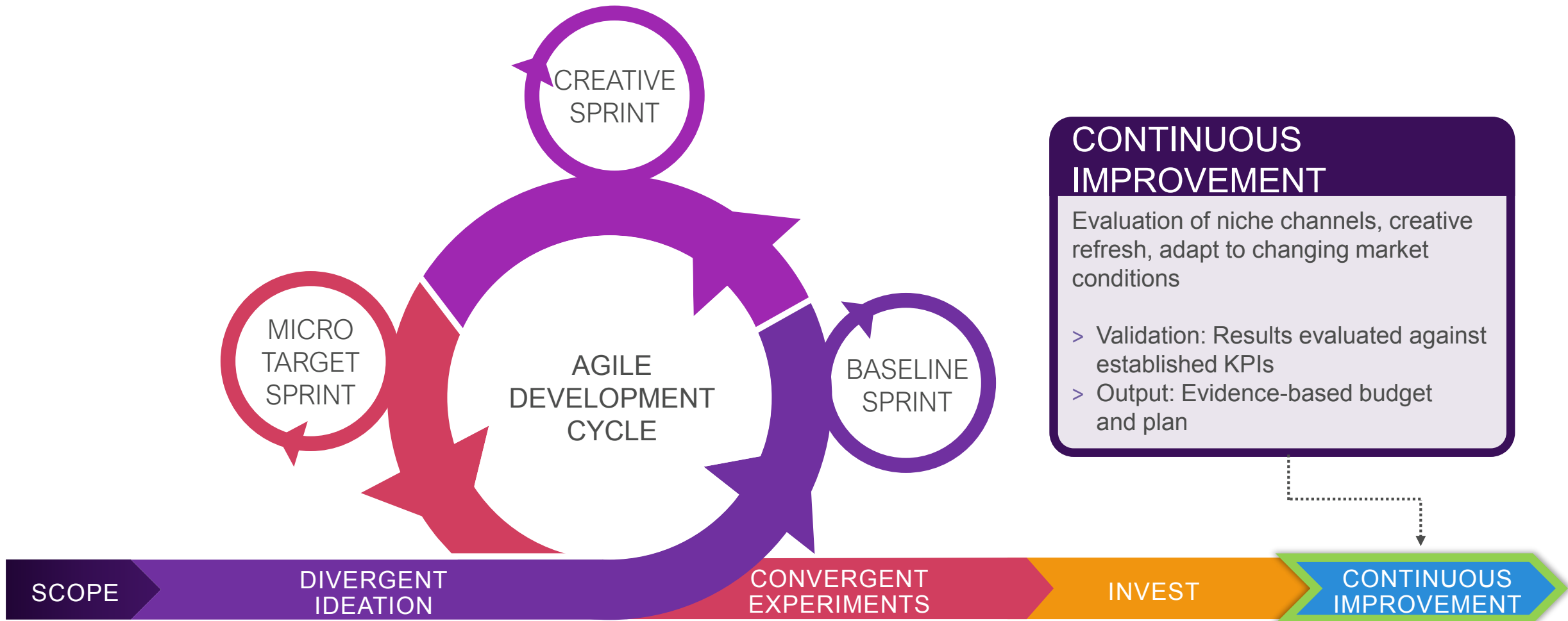


NEW PRODUCT DEVELOPMENT

3 Attempts
3 Wins







Evidence-based Marketing

The 6 Laws of Alpha Impact Marketing based in the latest cognitive science to grow brands while mitigating risk

1. Be Unforgettable
2. Build Subconscious Associations
3. Optimize Availability
4. Emotionally Intelligent Communications
5. Execute with Evidence
6. Agile Development

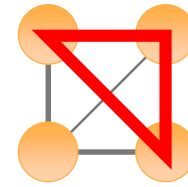
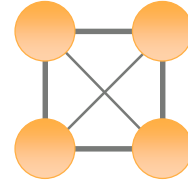
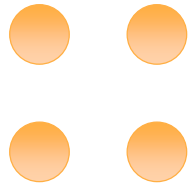


- **Brand identity**
- **Triggers**
- **Online/offline**
- **Real engagement**
- **Optimization**
- **Do more with less**

Retooling the Marketing Function

- > Skills
- > Talent
- > Processes

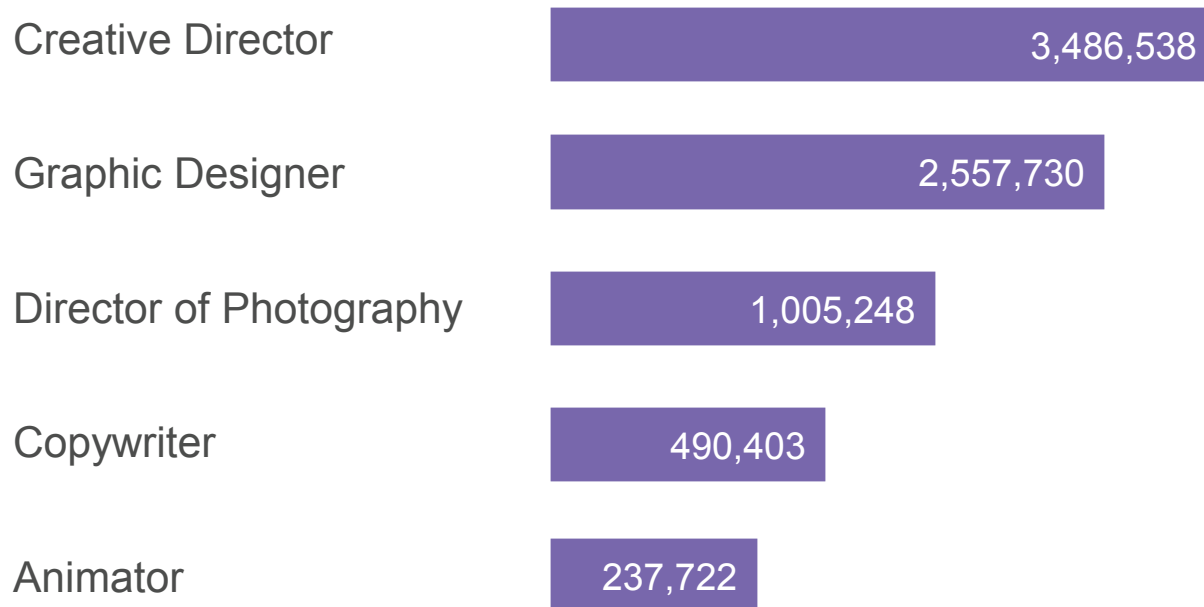
Very Low Chance of Success Applies to Talent



# Dots	# Links $L = n(n-1)/2$	# Patterns $P = 2^L$
$n = 4$	$L = 6$	$P = 64$
$n = 10$	$L = 45$	$P = 35,184,372,088,832$
$n = 12$	$L = 66$	$P = 73,786,976,294,838,200,000$

∞ *infinity* ↗

Very Low Chance of Success Applies to Talent



Source: LinkedIn

There is no one that is a fit for every assignment

The best chance of success comes from a wide experienced talent pool

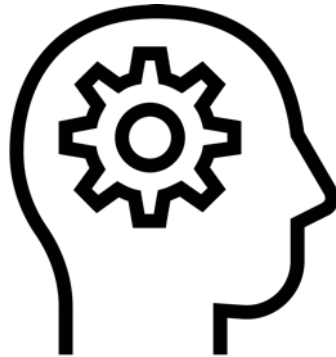
Networked resources have already disrupted the creative industry

Room for both amateurs and professionals

Marketing is a Science of Human Behavior

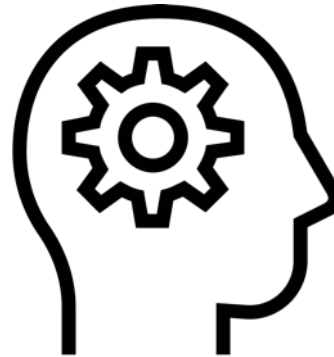
Hire for the right skill set

Insight



Subconscious
Implicit
Irrational
Culture

Strategy



Decision oriented
Evidence-based
Validated

Activation



Network resourced
Designed experiments
Optimized at Scale

Retooling the Marketing Function

1. Leadership

- > Delegate authority to teams
- > Manage distributed talent
- > Shift from linear planning to agile experimentation
- > Understand the Human Science of Marketing
- > Aware of cognitive biases that inhibit effective decision making

2. Talent

- > Specialists
- > Integrators
- > VUCA tolerant
- > Boutiques or freelancers
- > Human Intelligence
- > Agile
- > Marketing Scientists



Our Team

We bring together our multi-disciplinary team with backgrounds ranging from:

- > Behavioral Psychology
- > Medical Anthropology
- > Cultural Anthropology
- > Organizational Psychology
- > Design Thinking
- > Digital Marketing
- > Digital Tech
- > Analytics
- > Strategic Design
- > Bioethics
- > Public Health
- > **Curated Partner Network**





ALPHA
IMACT
MARKETING

Free Bonus Offer

Free Lunch n Learn with your portfolio C-Suites
Behavioral Science reading list

John McGarr

JMCG@AlphaImpact.Marketing



Chicago | Toronto

AlphaImpact.Marketing