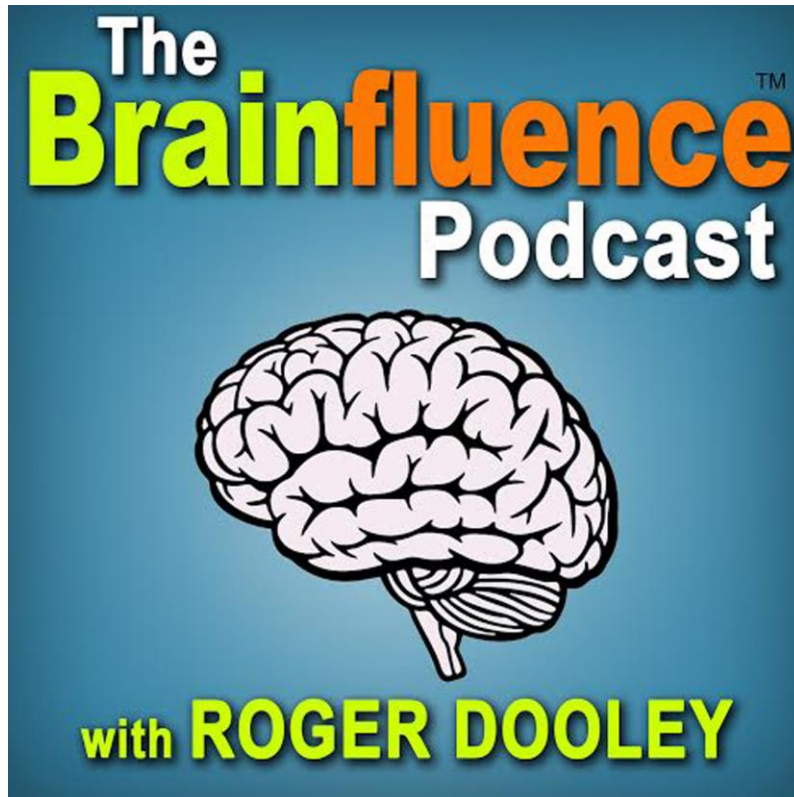


Ep #20: Bringing Brains to Business with Thomas
Ramsøy



Full Episode Transcript

With Your Host



Roger Dooley

[The Brainfluence Podcast](#) with Roger Dooley

Ep #20: Bringing Brains to Business with Thomas Ramsøy

Welcome to the Brainfluence Podcast with Roger Dooley, author, speaker and educator on neuromarketing and the psychology of persuasion. Every week, we talk with thought leaders that will help you improve your influence with factual evidence and concrete research. Introducing your host, Roger Dooley.

Roger: Welcome to the Brainfluence podcast. This is Roger Dooley, and today with me, I have all the way from Denmark, Thomas Ramsøy. He is the Director of the Center for Decision Neuroscience associated with Copenhagen Business School and also Copenhagen University Hospital, and he is the founder and CEO of Neurons Inc. a neuromarketing firm based in Denmark. He also has a new book out, *Introduction to Neuromarketing and Consumer Neuroscience*. Thomas, you are a Ph.D. neurobiologist and university researcher, is it fair to say that you're trying to bring the worlds of academia and neuromarketing a bit closer than they have been in the past?

Thomas: Yeah. I also actually do that. My own take has been that on the one hand, maybe the industry has been suffering from a lack of appropriate academic insights, but the other side, what we tend to probably forget a bit is also that academia tends to be an ivory tower approach and that we should probably focus more on real life behaviors. Studying consumer behavior is actually very good when you want to understand the brain. It cuts both ways.

Roger: I guess, it seems like a lot of academics have been very wary of neuromarketing. In fact, we talked to some about neuromarketing, and you might as well be talking about psychic research or alien spacecraft, as far as there's serious research discipline, why, why do you think that is?

Thomas: I think a lot of it is probably due to overclaims, over-interpretation, simple way alternating reverse inference. Basically that people tend to just read anything into a brain

Ep #20: Bringing Brains to Business with Thomas Ramsøy

scan, so you do see some blobs in the brain and you infer that well that should mean sense but people are thinking about this and that. That's the media hysteria that has come out of this that has also provided its own set of skepticism. For a major part, that's been correct in a way. It's probably overdone these days.

Part of it is probably due to the success of neuroscience in general. We see that neuroscience is mentioned almost every day in today's media, and it's grown out with some success and today everybody's talking about the brain as if we understand it perfectly and we don't. That has provided some **serious** criticism that you can't just scan the brain and through that we can just interpret what people are thinking. Today, I think the criticism has probably gone too far, and now it's I say in academia, researchers are thinking that we can't really study consumer behavior at all which is overdoing it.

Roger: Well that, certainly any aspect of human behavior can be studied, may or may not be overdrawing great conclusions all the time but any kind of human behavior is worthy of study. Just to back up for a minute, Thomas, since you've just written an impressive new book on the topic, how do you define neuromarketing?

Thomas: Well, neuromarketing in the way I see it is the study of consumer behavior that comes with brain basis of consumer behavior and how communication efforts are influencing consumer behavior. It's kind of this our ability to study especially the unconscious but also the conscious sides of consumer behavior with the brain in mind so to speak. That's how it started, but today I would say that neuromarketing is probably more like the industrial, I would say the commercial use of neuroscience to understand consumers. Well on the other side, that's how we tend to distinguish between neuromarketing on the one side being the commercial aspect and then consuming neuroscience which has been suggested to be more of the academic approach to understand consumers.

Ep #20: Bringing Brains to Business with Thomas Ramsøy

Roger: What might be a fictitious divide there but some researchers are more happy with that divide than others?

Thomas: Right. I think there might be in just some hectic difference but ..

Roger: Oh, yeah.

Thomas: Since neuromarketing has had certainly some overblown claims associated with it, what's academic distance themselves a little bit from that. There certainly are even things like decision science and others that are quite well respected topics so well in case of ...

Roger: Thomas, despite the academic reservations about neuromarketing, you're while you're also involved on the commercial side of things, how do you see business attitudes changing for neuromarketing?

Thomas: Right. First off, I think it's important to divide between some setting in Europe between the European take and the North American take but probably also the South American take, Latin American take. The whole America as such is much more risk relaying, much more forthcoming when it comes to applying neuroscience in the, consumers for example. While in Europe it tends to be still very conservative and very careful. You see, companies in the US have been using this for a decade, I would say at least, and I would say that probably doing it recently than ever before. I also see that they're building, big companies are building their own labs. That's one of the things I'm helping some companies in doing is building their own lab facilities in in-house capabilities.

While other companies are, small companies are also using some of those services to a larger extent than they've ever done before. Smaller companies are starting to use neuroscience at least it was at the inspirational level, not so much probably like the testing level, but at least reading up on the literature and trying to understand consumers in that

Ep #20: Bringing Brains to Business with Thomas Ramsøy

respect. While in Europe on the other side, we tend to see much slower and later but also an increasing interest today.

Roger: I think you make a good point there because currently the testing tools aren't really practical for small and even medium size business perhaps certainly for most of their advertising and marketing efforts just because the cost of doing one evaluation would put a significant dent in the amount that could be spend on the actual campaign.

Thomas: Right.

Roger: For a big consumer brand, that makes a lot more sense but that small medium businesses can still employ these tools at least from a learning standpoint, a testing standpoint, from perhaps by doing some very low cost testing, A-B testing on websites and so on. They can at least keep the inspiration for a hypothesis to test and then pursue that way as opposed to hiring somebody to do brainwave measurements or something of that nature.

Thomas: Oh absolutely. Part of the perception here has been that you note that it's proper neuroscience and neuromarketing studies, you need to do a study which is causing some like 2000 per profession that you're scanning and then you need to have expertise on that. What you're saying is that equipment such as UG is getting much cheaper. I also see that some of the solutions that we have, including our own is \$3000 for an ad testing is not outrageous anymore. Some of these reasons that we also see is the DIY, the do it yourself aspect is picking larger than before. Some of the tools that are based on neuroscience such as computational neuroscience allows people to have a dashboard that they can do some of the studies themselves including, that could be an implicit ...

Roger: Yeah, right.

Thomas: Implicit association test. It could be some other things that we have in NeuroVision, automatic analysis of images. It's

Ep #20: Bringing Brains to Business with Thomas Ramsøy

becoming more available to people today. You don't really need to do a fully grown, when I started to do appropriate mapping study.

Roger: Well, what do you think some of the more promising technologies at the low end of the spectrum? You mentioned implicit association testing, how, how do you feel about some of these things like web-based official coding analysis where relevant, requiring an expert analyst uses automated systems for doing that?

Thomas: Well you come to see, some of these tools, do, there is not a straightforward as just asking people and serving. Of course, people need to be addressed of it. They need to understand how, what is actually visual tense for example. If you really want to understand what people are looking at, you need to understand that well there's at least, the bottom up and top down aspect of things and that's the first thing into the assignment and just by understanding that you also need to think that the ways to assess that you haven't done that in traditional ways. You're asking people to report what they're seeing, with interviews and surveys. You're really just asking people what they remember they saw which is still a very limited measure.

While on the other side some of these tools are with eye tracking, NeuroVision, computational neuroscience visions, you really need to understand how, there is this how I would put it, there's still an obstacle and a challenge to learn that's why part of a reason for me to write the book is that we need people on the new page so to speak come just apply the build inside of. We just ask people because you already pulled around, just very clear at knowing what they're actually looking at and even worse are remembering what they were looking at. It's true. We do need expertise ...

Thomas: That's why we also need to have a new set of tools.

Ep #20: Bringing Brains to Business with Thomas Ramsøy

Roger: Right. Well definitely in case especially if you get into more complicated questions, not like did you eat breakfast this morning, but know why did you buy that brand of beer or something that's virtually impossible for a consumer to answer in any accurate fashion.

Thomas: Yeah. Just when you went through the story yesterday. What did your eyes look at? What did you pay attention to, and people have really bought it. It is just even 5 minutes after looking through this order, really about after a minute. They can't actually look that and the eyes are making so many fixations for a second that we just cannot remember or even see how many things we're actually looking at. We need a different set of tools. That's why we're working on one big part in marketing industry to provide those tools.

Roger: Right. Well Thomas to flip from a small business to the larger scale business, you recently wrote about some work that Lowe's is doing? Why don't you talk about that?

Thomas: Yeah, so Lowe's have just recently come up with a new holder room, an augmented reality solution where customers can, they can walk into a virtual room where they can purchase and see different products that they have on the shows but see in their own house virtually before they're actually buying the products. They can, they can buy products, they can switch products, look at them from different angles. They can change the paints on the wall and just readjust the whole entire kitchen for example, or the bedroom or something like that.

Roger: Just pause for one second for listeners who may not be familiar with the Lowe's. They're a large US based home improvement chain.

Thomas: Yeah, this is a ...

Roger: Sorry, continue ... I should have let with that intro because we do have some internationals who might not be familiar with the Lowe's.

Ep #20: Bringing Brains to Business with Thomas Ramsøy

Thomas: Oh absolutely. This is a number 49, I think, on the Fortune Index, so it's one of the biggest companies in the US. I think they have a revenue of something like \$55 billion per year or something. It's really big. They represent in the US, Canada, Mexico, Latin America in general, but also in Australia. What they were interested in is besides developing this tool, was also to check customers and they don't understand how customers were responding to this new and innovative solution. You could easily imagine that having a whole of room would make customers stall, will make them avoid the entire experience. They wanted to understand from an early point, how customers really responded.

What we were doing is besides doing on the survey-based and the interview-based study, we also did eye tracking and EG testing in the virtual store environments and compare that to the real store environments. For example, we had participants walk through the virtual store, testing up the difference solutions, walking to the kitchen area and looking at different sinks and then compare that to the activation to how they would do that in the same real store environment. What we actually found was that most responses that people had were higher so more positive, so this is where we put the motivation index.

They showed a stronger motivational response, but also that the variance across the group was smaller. It means that the group as a whole showed a more consistently stronger and more positive emotional response. What we also saw was that another measure called cognitive load, which is basically how much information people are processing at any one time. If your cognitive load is too high, you tend to lose information, you tend to be frustrated and stressed. We saw that the virtual environment actually had a lower cognitive load score than in the real environment. It suggests that the augmented reality has a positive effect on how products are perceived. It eliminates some of the noise that is related to being in the real store environment. It was all in all a very positive response from customers on that side.

Ep #20: Bringing Brains to Business with Thomas Ramsøy

Roger: That's interesting. I know, what I mean, Lowe's or their competitive Home Depo, I'm always frustrated by what would be the paradox of choice, where you look at the paint department, and they have multiple brands of paint, and each brand has about 250 different shades of white. It's like, okay which minor variation shade of white do I want? At some point, you go back and forth, and it becomes easier not to decide at all.

Thomas: Yeah, absolutely, absolutely. One other study that could be relevant I also mentioned in the book, by the way, and we also present that is at a recent conference was that, we also tested effect of being exposed to an ad prior to entering the store talking about paint. This was actually a paint ad for an American brand and we tested the effect on people. How people were exposed to that brand that ad prior to entering the store ad counter entering the store, and what we saw was that people who were exposed to a particular version of that ad, the paint ad, compared to control route that didn't see that ad, actually purchased the brand much, much almost a 100% of them purchased the brand of paint. When we asked them, they said, "Well, no, I wasn't affected by the ad, I did not complement to the ad, even if we had shown them. They said, "Well no, we don't think we're were affected by the ad at all.

What we also saw was that when looked at the eye tracking results where people were actually looking, we also saw that the customers that were exposed to the ad, explored the shelves of relevance, so this particular branded shelves much more than those that weren't exposed to the ad. This is kind of part of the power of neuromarketing is that we're so poor when we ask people what they're thinking, what they're remembering, how they think they decide because we tend to post-rationalize their choices. When we were doing eye tracking, what we were looking we were measuring that with 100% accuracy almost. You can't really rely on that account.

Roger: Well. Here's just another, another data point showing that consumers really can't explain why they make decisions. I'm

Ep #20: Bringing Brains to Business with Thomas Ramsøy

sure they weren't consciously lying. They simply didn't realize that their decision had been affected by the ad exposure and ...

Thomas: Absolutely, absolutely. Yeah.

Roger: Actually this part going to be like three in a row sessions that I mentioned is but very recently galloped in big study that got tremendous amount of coverage both in the mainstream press and in the more digital marketing press about 62% of the people said that their personal decisions were entirely unaffected by social media or information gained from social media. It's a fascinating statistic but no doubt completely inaccurate again for the same reason. People can't explain. They can't definitely say they were affected in the same way that in the study that you mentioned, folks said that they weren't affected by the ad although clearly from the actual results their behavior was affected.

Thomas: No absolutely. I think that's one of recurring things in the book for example, but also from the work I do academically as well is that we tend to, on the one side we tend to we can measure that people are really affected by the ads, their behavioral changes, their visual attention changes, and the brain response changes, but when we ask people we tend to fill in the gaps so to speak. They tend to, we even call it, the famous, your scientist called, Michael Gazzaniga, he called it the interpreter of the brain from his studies of split brain for example.

In even my own patients, working clinically as a neuropsychologist some years ago, I found that patients who had a brain lesion and obvious, they were paralyzed on their left side for example, but they just they need to understand that. It wasn't psychological ignorance of neglect or something. It was a purely brain based, filling in the gaps, sort of interpreted as Gazzaniga cause. We can see that in healthy human consumers as well. We tend to make up stories that are coherent and where we are the agents of our own choices.

Ep #20: Bringing Brains to Business with Thomas Ramsøy

Roger: Yeah, you wrote some fascinating research on that where with split brain patients, where they were trying to explain why they did something and came up with a totally fabricated explanations for why they did it. They were plausible in one sense but were unrelated simply because in their particular case the two halves of the brains weren't connected but they still felt compelled to explain why and come up with a reason. Even patients with normal brains to the extent any of our brains are normal, we tend to do that.

Thomas: Right. Well absolutely, I think we even have a term for it in neuropsychology. It's anosognosia. Anosognosia is actually the lack of insight into own failures, so to speak. Anosognosia is not a neuropathology that you have to have a brain lesion to have it. It's actually prevalent in humans, healthy humans as well. It's actually very, on the one side is very interesting but on the other side, it's proven a bit scary as well is that we're actually so blind to our own faults.

Roger: Well, that's certainly the case. Let's talk a little bit about your book, Thomas. It's currently available in Kimble Forum, and runs pretty hefty, 445 pages. Who's the audience? Who did you write this book for?

Thomas: Well, I have been teaching neuromarketing and consumer neuroscience at the Copenhagen Business School for many years now. It's been since 2007, I think. I've been always been waiting for that single book to come out now that I could use it to just to apply directly. It just never came so part of the motivation for me has been to say, okay just let's do it the way that I want it to be. It's a particular concept to me is that I've been teaching this for many years now, so I've been basically applying the same teaching that I've been doing and still do at the Copenhagen Business School to the book. I've been dividing the book into this chapters item to educate on. Part of the audience is definitely the people who are going to do my studies that come in the Business School but hopefully also, but I can hear from my colleagues is that they want their students to use this book as well.

Ep #20: Bringing Brains to Business with Thomas Ramsøy

Students are definitely one big chunk. On the other side, what I also see from previous books but also from the literature and the commercial literature as well is also we need some common reference points. The commercial application of neuroscience into business, your marketing, because neuroscience but also beyond that, we need some common reference as a handbook if you like. Part of the, second part of motivation has been to provide that book as well. It's the challenge of course is to balance how much of it to be commercial, how much it would be academic. Since that I've come in the Copenhagen Business School, I've tilted towards becoming a bit more commercial and applied them in basic research.

Roger: I think the industry definitely needs some sort of standard terms if you will, some textbooks that can be a common reference point and not necessarily make controversial claims that end up perhaps diminishing their appeal to academics even if certainly some folks can build and it's from a commercial standpoint. Perhaps you yourself were in a future book, but I think it's where those obviously a lot of really solid information in there and of course it's all science based and not a lot of sort of unreferenced claims and that sort of thing.

Thomas: Yeah, I think one thing that I appreciate you like the book. One other things that I think is needed is some, I wouldn't call it a list, but that's still a catalogue and a reference to what are the basic methods we should use. What are the kind of the overall themes and how should we approach neuromarketing because of neuroscience but also what are the challenges? I do dedicate some of my time in the book to addressing like the reverse inference for example. The over-claims and the over-interpretations that we'd seen in previous publications, but also some of the other things going to the other way to academia and saying even my own colleagues tend to be not to be impressed by my own take.

Neuroscience in commercial, using that to commercial purposes or even to study consumer behavior. These are same

[The Brainfluence Podcast](#) with Roger Dooley

Ep #20: Bringing Brains to Business with Thomas Ramsøy

resources that receive money from the medical industries. I have improved the size on them a bit as well. Listen, we should get out of the lab. How far can we stretch this analogy of just using studying people inside a highly artificial environment, noisy scanner, people are lying down, they're watching through a mirror and watching something, they're pressing buttons again and again in an intrinsic fashion. How much of that really tell us about how people are performing outside in the real environment?

Today we see that the equipment, the equipment, the technical equipment but also the statistical tools where you were saying and even the inside and molds of other brain allows us to do those studies. It's still early days, but we've still allowed ourselves to study brain and behavior inside the store environment instead of in a highly and artificial lab environment, challenging academia but as well hopefully, they get to a point.

Roger: Right. I hope so Thomas. One of the more interesting chapter titles in your book was consumer aberrations. What do you mean by consumer aberrations?

Thomas: Well, part of my own research is we are unfunded by the Danish Research Council, all in studying pathological gambling and in compulsive disorder for the lack of a better word. I have few students studying the aberrant behaviors of pathological behaviors are related to consumer behaviors. Some of the things that we're doing is trying to study with fMRI, with EEG, with eye tracking and other measures which once they study, actually happening and driving those behaviors. When are people are starting to make really bad decisions.

We all know that we are not rational but when does it really start to go really bad and why do some people developed pathological consume behaviors such as pathological gambling or even problem gambling and shopaholics for example. We do see some interesting results coming out these days.

Ep #20: Bringing Brains to Business with Thomas Ramsøy

Roger: Yeah, that's always struck as being odd where casinos in particular talking about gamblers who suffer from some addictive behavior. These problems need to be addressed or these are best customers. There's a fine line, I guess. At the point when they destroy their own lives and run out of money then that's a problem.

Thomas: I think, I think there is two ways to ... first on the one side you see that government especially probably here in Europe tend to regulations out that prohibits to do bad in this way. There's a whole different angle to this which is kind of self-regulation in industry called personal social responsibility for example. If you really get a bad reputation because you're doing stuff like that, imagine some of the casinos in the US for example. There was a podcast couple of years ago that addressed that issue that we can see it was actually actively seeking out the pathological gamblings and giving them money to drive them back into to gambling.

Part of this is also now from some of my own clients are trying to understand these are casinos that are trying to understand when is an ad depicted on that group. Trying to understand pathological gamblers and when are we actually making those groups more pathologically gambled because they don't really want to move into that. They don't want to be criticized. You can use this insight of studying pathological gamblers, the shopaholics to improve the individual situation. Also you can see that companies are actually trying to understand them so they actually don't from this kind of responsibility point of view, they don't really want to move those customers in the wrong direction.

Roger: Right and yeah some of the stories I've read about, I can see now who were doing say were they offered all kinds of incentives for people clearly have a gambling problem, I don't think casinos want those kinds of stories to be out there. They don't even want those events to occur. It's just that they may not have the systems in place to distinguish between somebody who really gambles excessively which is maybe okay if they

Ep #20: Bringing Brains to Business with Thomas Ramsøy

can afford it versus somebody who is in the process of straying their wife.

Thomas: Right, right. I know that's how they also tend to define it is that the pathological state is where the gambling exceeds. It really is affecting family, social, individual health, for example. It's beyond just spending money, it's really going bankrupt very quickly.

Roger: Thomas, will the book be out in paper form?

Thomas: Yes. We are working on that currently, so it's proven to be out in ... I can't really say when it's going to be out in paper form. That's one of the things we're working on that. The other thing is we're going to release it through our own websites at neuronsinc.com. We're going to provide it as a pdf and Wordament pdf and in EPUB version as well. Amazon, it's currently on the E-book store and if you don't have a Kimball you can still use a Kimball reader on a tablet or a computer software.

Roger: Okay. well, as a reminder to our audience, Thomas Ramsøy new book is *Introduction to Neuromarketing and Consumer Neuroscience*. Thomas where can our listeners find you online?

Thomas: Well you can find it one side on neuronsinc.com which is my company name and then you can also find me on the Copenhagen Business school webpage which is cbs.dk/dnrg. That's my research center's home page.

Roger: Great. Well. we'll be linking to your book and the resources you just mentioned on our show notes page at Rogerdooley.com. Thomas, thanks a lot of for being with us today.

Thomas: Great. Thanks a lot.

Thank you for joining me for this episode of the Brainfluence Podcast. To continue the discussion and to find your own path to brainy success, please visit us at RogerDooley.com.