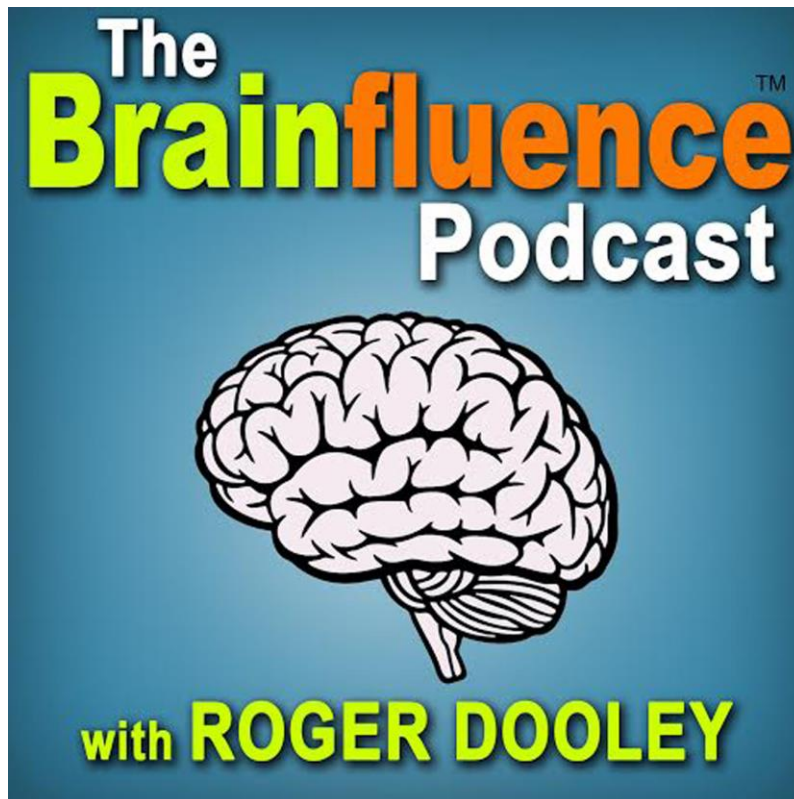


Ep #47: Habit, and Why Marketers Ignore It with Neale
Martin



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Roger Dooley

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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 Dooley: Welcome to the Brainfluence Podcast. I'm Roger Dooley and our guest today is Neale Martin. Neale's the author of *Habit: The 95% of Behavior Marketers Ignore*. He's also the founder and CEO of Sublime Behavior Marketing, a consulting and education firm that combines marketing with brain science, something that's certainly near and dear to your mind and heart.

Neale is also a professor of innovation at the Coles College of Management at Kennesaw State University. Welcome to the show, Neale.

Neale Martin: Thanks Roger and thanks for having me on.

Roger Dooley: Glad you could make it. Neal, for starters, the title of your book is fairly provocative. Do marketers really ignore habit?

Neale Martin: I argue they do. Even when they are consciously focusing on habit and periodically I get called by companies that they're like, "This year, we're going to focus on habit." Yet as soon as I leave they go right back to doing everything they used to do, which is really predicated on the assumption that the consumer is rational and conscious and aware.

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They continuously try to convince consumers to buy them as opposed to really understanding how to get the behavior they want. They still focus on attitude. They're still focused on brand equity and not focused on behavior.

Roger Dooley: Right. I think I use the 95% number quite a bit too, although in a little bit different context. Not so much as habit but simply as non-conscious activity that may or may not be habitual. I think in both cases it's pretty important. What you're saying, I think, is kind of similar, Neale, where we do way too much selling of features and benefits and price and don't really focus enough on the behaviors, the emotions and those non-conscious factors.

Neale Martin: Right. You and I are coming from a very similar background as we approach this. My book actually came out in 2008 so it predates the other books on habit and a lot of the books that have come out since then that have really focused on the neuroscience and tried to convert that. Those insights into marketing or into general business principles.

I think the big difference for me was I came at it from a habit perspective and large part because I've done a presentation. I thought I was being clever and I just said, "Become your customer's habit, not their choice." Their reaction was so powerful and I was like, "Well, this should be a clever book. Let's write a book, Become Your Customer's Habit, Not Their Choice."

Then when I started doing the research, and my background is heavily in psychology and in the brain sciences, it really galvanized my thinking in terms of how

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the unconscious behavior really thwarts a large part of conventional marketing.

Roger Dooley: Right. I think that part of your approach is ... I mean, it's partly having the product become a habit but it's also fighting against the fact that if you're trying to encourage adoption or use of your product, you might well be fighting other ingrained habits. That's perhaps working against other people's habits is as important as becoming a habit.

Neale Martin: I don't think we can stress that enough, Roger, and it's one of the things that becomes ... I think it simplifies business decisions a lot when you really start thinking through the idea that if you come out with a new product or you're trying to take a customer away from a competitor, you're putting a lot of burden on the customer because to go from, "I do this automatically and I don't have to think about it," to all of a sudden saying, "Okay, I have to rethink this thing and now I have to change those behavior patterns to incorporate this new thing and then repeat that enough times that it becomes automatic and therefore not effortful," that's a big ask.

I think a lot of time because we don't think behaviorally, we think, "Well, if I can convince you my product is better and it's the same price, then you should just automatically buy it." Yet what we see over and over again is if this is sold in a grocery store or on a website that the person automatically does what they did last time though it's effortless from a cognitive process perspective.

That's where I think so much of the marketing effort is so embedded in models that were created in many cases in the 1970s. That was based on, again, nascent cognitive

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psychology and old economic theory which held that we are rational and that we're trying to optimize our decision making.

Roger Dooley: I think probably one good example of what you're talking about is Microsoft and that you actually, in one part of the book, you cite Microsoft as an example of a product that became a habit through the early days of the PC into the full-blown heyday of the PC.

That habit is probably only changing with adoption of mobile and the greater impact of mobile where Microsoft was not a habit, but they're also on the losing on that with Google because they've been pushing their Bing search engine for years now.

If you look at the results that both deliver they're relatively comparable. Consumers, by and large, can't tell the difference between the two in any kind of unbranded test or blind test. Nevertheless, Google just continues to dominate the space and Microsoft really can't make significant inroads there.

Neale Martin: Right. There are a lot of good things to unpack in what you just said. I actually went out to Seattle and talked with the folks at Bing about this specific issue. I said, "Okay, don't tell me anything. Let me just guess." I said, "You bring people in and you've done the optimization stuff and you know that the performance metrics for Bing are pretty similar to Google. You had people come in and they use Bing and they say they like it and they say that they're going to use it and then within three days they're 100% back to their Google habits."

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They looked at me as if I'm a mystique or have someone stolen their intellectual property. It's what I see all of the time which is that when you get into the idea of how habits form, we don't want to get too deep into the brain stuff, but there's a part of your brain called the basal ganglia and that once you learn something that is contextual, in other words, I've done this before in this similar situation, then you're able to automate it. It doesn't require any conscious level intervention.

This is the big thing that drives me to focus on habits instead of a lot of the other areas of neuroscience. Once something becomes habitual, then it activates before conscious thoughts. Even if I'm consciously convinced that I should change what I'm doing, it doesn't matter because I automatically do this other thing.

That's why when you start looking at strong habits and how difficult to break, so if you're trying to lose weight, if you're trying to stop smoking or get in shape or whatever, you see failure as the dominant theme.

I think that this really is a very powerful sign to marketers that we need to rethink how we approach our customers and stop trying to win the intellectual argument and convince the cognitive part of the brain and to really understand how not only just to appeal to the emotion but how to get a behavior initiated and how to get a behavior reinforced and how to get a behavior repeated enough times that you become the automatic way that customer gets that thing done.

Roger Dooley: What would you suggest then that other search engine do because there are certainly some worthy competitors out

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there? There's Bing. There are various search engines that offer privacy like DuckDuckGo and I'm sure any number of other ones I can't think of at the moment.

I know that I personally, even though I'm aware of these other tools and that they may offer specific advantages, I tend to keep reverting to Google myself and treat it almost as an extension of my brain and if somebody asks me a question I may not know the answer but I know that within five seconds I can have the answer. That's a difficult habit to change.

Neale Martin: Well, it is. Again, the reason why it is, Google did an experiment a few years ago where they degraded the response time for a small group of people just to see what would happen and they stopped the experiment because the decline was so profound.

This is the area that I work in a lot is to really try to understand this behaviors. When we start thinking about the conscious, the unconscious mind, we have to realize they work together. They are complementary. Certain things will activate the conscious mind: novelty, high risk, those kinds of things. Then certain things will activate the unconscious mind. If I've been here before, if I've done this before, then the unconscious mind is pretty much in control.

You see this when you're driving your car and you can't remember the last five miles you just covered or you're driving in traffic and you're basically milliseconds away from death and destruction and yet your conscious brain's feeling is that it's bored and that it's not doing anything.

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You pick up your phone and text somebody or look for somebody to call.

These insights are very applicable to somebody who's in a grocery store or very applicable to somebody who's online that you're going to really think about the idea that your unconscious brain is driving that car, your unconscious brain is driving the mouse to go to the places that you always go.

I think to come back to the Microsoft example, Microsoft became habitual by focusing on the IT people. You ended up Windows and you ended up with Word and then Office not necessarily because you chose that. Probably, for most of us, that was chosen for us.

This is a very important, I think, understanding about how Apple has been able to transform itself because ample ... The question I always ask people, "How many of you have had one or more iPods?" Hands go up. "How many of you have iPhone?" Hands go up. "iPad?" Same thing.

Think about this, I said, "How many of you have ever used a manual?" Nobody's hand goes up. I don't think we really grasp the significance of that. I think that the reason why Apple has become the number one market company in the world is because they, better than anybody else, understand that they're designing for both the conscious and the unconscious mind. They design devices so that your unconscious mind can learn how to use it without having to consciously go into a manual.

I remember buying one of these electronic watches and the manual was about half an inch thick. All of these things that you would never use. If you try to use them

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you can't figure out how to use them in its complexity. That overwhelms the conscious mind. To really understand what part of the unconscious mind is in control at what times is really critical in design and it's critical in really understanding how to disrupt things.

Roger Dooley: You mentioned Don Norman, usability expert. I really love his stuff. I've been reading him for years and years and years. He makes a distinction, I think this is kind of what you're getting to, between taxonomic organization of information or functions in a device and taskonomic. Why don't you explain a little bit about that?

Neale Martin: Yeah. That's a great example. Don's an interesting guy. He's a design guy and he's been very influential for a long time. Yet he's known more for some of the negative things that he writes about. We're talking about norm and doors which are doors that when you come up to them you don't know if you should push or pull. You don't know how to work the door. It doesn't communicate with you what you should do.

He goes on to talk about the idea that the conscious brain when it organizes things does so in a taxonomic way. Here are all my hammers. Here are all the different hammers that you might want, but in the different part of the store here are all the nails.

A taskonomic is to understand that you should have the hammers and nails together because you buy them together. There's been some research with this where you think about going to a liquor store and how they have all of the vodkas together, all the beer together, the wine broken out by whatever.

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You think about all the different ways you can organize wine. It's by varietal. It's by color. It's by how dry it is. It's by country. It's by region of country. There's all these different categories and subcategories that you can create. When you start putting things together, if you have tequila and along with a margarita mix, along with the other elements of a margarita, limes and an orange liqueur, you see sales go up.

This is the part of so many different things. When you go into a grocery store you're just overwhelmed. Your visual senses are just completely overwhelmed by 45,000, 50,000 SKUs that are stacked on these shelves six feet high. You go through and everything is organized in this very taxonomic way.

This really is what I want us to understand is to think through the idea about how people are using things, how people are using products and services. When you ask about how could you come up with a search engine strategy that will compete against Google? I focus on this a lot, you have to create a new context. The other ones you mentioned, maybe privacy user context or whatever.

Bing was trying to do that. They were really focused on local search. They were focused on travel, but they had not been able to really get a piece of that most important real estate which is that positioning inside of the consumer's mind that says, "I automatically do this. I automatically associates that with this."

I think this is why the idea of the taskonomic understanding about how people are using things together. I've done a lot of work with Campbell Soup. You

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really want to say, "There's a difference between soup being a course, soup being an ingredient versus soup being the meal." Those are three different categories inside of customers' minds. If you just have your soup alphabetically through the grocery store, you're not going to get anywhere near as much of a lift as if you organize them really by context.

Roger Dooley: Interesting. One of the things you talked about, Neale, is that when something becomes habitual, price becomes less of a factor and that could be either the high or the low end. How does that work?

Neale Martin: Well, I think this is one of the things that when we're looking at what's going on inside the brain and then grafting that back into our marketing ideas. We talk about the idea of price elasticity and we've all looked at the price elasticity curves. What you'll see is in a lot of times they're really threshold dependent.

You can change your price within these thresholds, but if you get beyond that then you'll have, potentially, a catastrophic change in your volume. I think that really gets into the idea that if you go beyond the limit then people become consciously aware of that again.

I did a presentation for a company and there was another presenter who was an economist. She was talking about this inverse correlation because gas price and Starbucks sales. I don't have the independent data on this but it sounded like an interesting idea.

But you think about this notion, "Am I really thinking through? Oh well, I just put \$60 in my gas tank, I can't afford Starbucks," or do you create a little frame of

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reference for yourself and that once something hits a threshold, it'll change your behavior.

This was my message. My book came out in 2008 and for any would-be author, don't bring a book out in a presidential election year because all the oxygen is sucked out of the room. In addition to the election and all of the Obama exacerbated that to the nth degree, but then you had the meltdown.

I wrote an article for chief marketer about this and my recommendation was to brands to say, "Look, your brand value no longer holds." That the stability of that context of I go in and I just buy what I always buy has changed and that the people are going to be much more price and much more deal sensitive.

This is really what we're talking about when the ideas if I'm habitual, I'm not looking at the price. That's the price I pay. If you look at your cable bill, if you look at your cellphone bill, it's extraordinarily higher than we ever thought we could charge 10 years ago, but we're getting so much more stuff. We get that bill and we kind of go, "Ooh that really feels that hurts." To me that means it's not really habitual.

You would shift if you could find ... if Google came into town with Google Fiber, you'd shift in a heartbeat. That's the part that I'm trying to get to is to really understand that the price that you can charge if it's unconsciously perceived, that means that it's just automatic.

I don't look at the price of my detergent because it's detergent. I buy the same detergent. If the price goes up, I don't even notice it. Now, if the price went up 200%

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maybe that's going to get me to kind of wake up and again, we see that supported really in the price elasticity literature.

Roger Dooley: Really it's sort of, at least in part, a rule-based approach where if I shop at Walmart I just assume that their prices are going to be pretty good and that they don't have to do a lot of comparison on individual items or if I'm a regular Starbucks customer I just assume that I can afford a couple or three bucks for a cup of coffee every day until some perhaps major upset occurs.

If my economic situation changes dramatically, then suddenly a cup for \$3, even if it's 50¢ higher than some other coffee shop, that gets evaluated in a new context. What if I make a cup of coffee at home? As long as you're in this sort of habitual mode, once you can get there it takes somewhat of an upset condition to change that.

Neale Martin: That's exactly right. There's a surprise when I wrote the book you think, "Oh, I did those all this research, I've done all these effort, I've gotten the book out there. Boy, glad that's done." It's funny that a lot of my original clients, including Proctor & Gamble and Campbell Soup and a couple of other folks were basically saying, "Okay Neale, you broke the old models. You have to create a new one," which I never really thought was my job but it became my job.

We crafted this new model of consumer behavior. My business partner, Kyle Morich, and I tried to visualize what we were articulating about the idea of conscious and the unconscious mind. What we came up with was the

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idea that the customer is either in a pilot mode, co-pilot mode or autopilot mode.

The pilot mode is really about the idea of a novel situation where you're really consciously looking at choices. You can think about going to get a flat panel television. You start searching on the different technologies and plasma and LED and LCD and all of these other kind of stuff.

Your conscious brain, it's overwhelmed very rapidly. You can only see the pilot mode it doesn't a lot and when it does, you're still trying to find a good shortcut. Again, brands can become so popular, so powerful in terms of a shortcut, but the brand might be the store or the brand might the brand of the TV.

The co-pilot mode is the idea of being heuristic based. You go to the grocery store and you see that your favorite cookie is on sale and maybe you stock up or for somebody else, they only buy that thing when it's on sale.

Then you get into the purely autopilot mode where literally the conscious mind is not even being activated. I think that that's what happened. We can see some interesting examples. When Tropicana changed their label and, I think, their sales fell over 20% inside of 6 weeks.

A lot of people want to talk about the quality of the design and these kinds of things, but I think they just basically removed the queue. The behavior was so automated that the queue of the package triggered the purchase. You actually saw people going home and they had orange juice on the list but they didn't have orange juice in their basket and they couldn't figure out why.

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Roger Dooley: Right. If Coca-Cola changed to blue cans that would undoubtedly change the habitual buyers who were functioning on that brand identity and what they're used to. I think certainly our listeners would like some of their products to become habits. Talk briefly about the cycle of habit formation and how marketers or entrepreneurs or businesses can reinforce behaviors that help their products become habits.

Neale Martin: That's a great question. Realistically, it does involve a bit of consulting and sitting down with people and working on it. But the way we look at it is, and I call this really practical neuroscience, you're really trying to change the interconnections inside the brain in a way that we understand fairly well.

The first thing is to realize that you have to own a context. You think about what restaurant you go to when you just don't want to cook or what restaurant you go to when you have the kids or what restaurant you go to when you want a romantic date.

What you see with this is that every restaurant, if it doesn't have a context, even if you've been there and like the food and had a good time, you don't go there. You don't go there very often because you have to consciously be thinking about it.

The one thing is do you really understand the customer's context and do you understand how they see you in terms of the context they have? If they don't, can you create a new context? When I think about how crowded the field of athletic wear is and yet Under Armour can come along and become a major player very rapidly by creating a new

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context which was clothes you wear underneath your athletic clothes.

Had they just come out that one more guy competing against Nike and Puma and all of those brands out there, they wouldn't have stood a chance unless they had some price or some other kind of advantage. So the context is really important.

Then you have to understand that initial experience. You want that initial experience to be so positive. You want to make sure that if it's the first time they're trying your food that they're hungry. If it's a hot food you want them to be cold and hungry and you want that experience to be really good.

You look at Coca-Cola in China. They have this idea about how they want to present their product, but when they go to people's homes they see that they bought a two-liter bottle that's at room temperature and is flat. They can't really control that experience in a way that would create the normal kind of Coke habitual behavior they want.

That initial experience is really important and then to make sure that that initial experience is reinforcing. This is one of the things that you deal with so well and so many of your blogs is about the things. The one that really I think is so important was the one about your coders having landmines in the websites. That is so true because the unconscious brain is navigating.

If you send out an email or you sent something that has a link and it says special offer and then you go to the landing page and the landing page says special deal, you

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won't click on it because it's not the same thing. Every step that you make them go through is going to be one more drop off point and we can go on and on with that.

The other part then is that context, the behavior and then how many repetitions does it take before that becomes habitual. The simpler the behavior, the faster that happens, the better the feedback mechanisms, the more immediate the feedback mechanism, the better. If I give somebody chocolate ice cream for the first time, it's so inherently reinforcing that that's good.

But a lot of times I might buy something and not use it for a while or I might buy something online and it may not come for two, three, four days. Each one of those steps you want to understand what is reinforcing and what is punishing. As bad as you can't get rid of the punishments and really max out the reinforcements at the front end.

The other part of this thing gets to the point of really understanding once it habitual, how do I maintain that? How I maintain a habit that I've created? Again, that gets into the idea of periodic reinforcements and the things that we can do.

All of this really confronts, I think, a lot of marketing assumptions that we continue to teach today that are just flat out wrong. You look at loyalty. Everything about loyalty has become points and programs. It's not really about the idea of how do I make you automatically re-buy from me. It's how do I bribe you to buy my stuff.

It's the same thing with so many of our coupons and so many of our sales that rather than doing it strategically to

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get somebody to come in and then automatically use you, you basically train them to buy only on deal.

Roger Dooley: I guess it's a tradeoff because if say you open up a new coffee shop and you want people to change their habits to adopt you as their regular stop, then certainly one way of doing that is to offer them some kind of a deal for a while so that they can break out of their old habits. They go, "I'm saving 50¢ every time I go here or a dollar," and then gradually withdraw that.

I've seen Panera would do that in the past when they opened a new location. Now I think they've got a more Starbucks-like rewards program that isn't just contingent on new locations or promotions. It's a tradeoff, I guess if you ...

Neale Martin: I don't think it is and this is something I really want to stress because what I'm saying is that it's fine to do deals but do it strategically. I used Coles in the book. When Coles goes into an area they send out coupons. If you use the coupon you get another coupon. Bed, Bath and Beyond is notorious for shipping out their 20% off coupon deals. Men's Warehouse. A lot of folks have done this strategically well.

I think your example of the coffee shop is a perfect example. You want to make sure that those special offers that you present at the front end that when you take them away that they're not perceived as punishments. If I get locked into this idea that I come in and I spend 2.50 in your store and then all of a sudden it's \$4, then that disconnect could absolutely prevent that habit formation.

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One thing about this, we talk about the neuroscience one of the things that's interesting is you have excitatory systems and you have inhibitory systems. You have things that make you do a behavior and you have things that make you not do a behavior. That's learned. That's stuff that happens over time through repetition.

This is what, I think, a lot of companies don't understand. Again, I think your Starbucks example about people who have the app or the rewards program that when they fall below that level that like they're starting over that that's a punishment and that that punishment can change the behavior in the opposite direction and say, "Fine. I just won't buy there anymore," or, "I won't be in the program anymore," as opposed to saying, "Hey look, you're a valuable customer and you've bought a lot of coffee from me. I want to recognize you as valuable even though you're not getting the same level of benefits that you used to."

Roger Dooley: You know, I found that kind of strange because Starbucks is a pretty savvy company when it comes to marketing and to have this very negative sorry, you failed to measure up this year so we wiped out all of your points, you're going to have to start from scratch, just really hit a negative core with consumers.

I know I did a post on edit Forbes and there were so many commenters who expressed their frustration that they didn't know they were that close or they thought they had it but it turned out they were one short. To just be summarily dismissed, you're no longer valuable to us and we've also made it really difficult for you to get valuable to us again, has really produced a negative reaction.

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Neale Martin: Absolutely. I'm finding the same struggle with Delta. I'm in Atlanta. I fly all the time, but Delta has developed these, and it's just odd, spots that I go that I can't book through Delta. Going into Kuala Lumpur. I'm doing a lot of work in Southeast Asia. I book this one trip, they couldn't book it for me.

I tried to book through one of the co-chair partners and then to discover at the end of that that I had flown 15,000, 20,000 miles and I had no points out of it. I've gone from platinum to silver even though I'm flying 150,000 miles a year. The fact that there's no mechanism for Delta to say - I'm sorry, not platinum, I was diamond - "This guy was diamond. What's going on?"

Roger Dooley: Right. I think that obviously a program has to have rules but you don't want to make it seem like I got you to the customer like somehow you're trying to avoid giving them status or avoid giving them benefits that they earned. I think that ideally, you'd like the consumer to feel like the company's a partner in their progress and hey look, we're really happy to have you with us and we're going to try and help you get to the next level. Not everybody succeeds at that.

Hey Neale, we're just about out of time. Let me remind our audience that we're speaking with Neale Martin who's the author of *Habit: The 95% of Behavior Marketers Ignore* and the founder and CEO of Sublime Behavior Marketing.

We'll have links to Neale's book and his websites as well as the other resources that we talked about today on the show notes page at rogerdooley.com. We'll also have a

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text version of our discussion and you can find it all at rogerdooley.com/podcast. Neale, how can our listeners find you online and connect with you?

Neale Martin: The best website is the www.sublimebehavior.com. There's also Neale Martin. My first name is spelled oddly, N-E-A-L-E, which is now a benefit because I have nealemartin.com. Please feel free to ... both those links you can get email access and I would be delighted to entertain questions and take these ideas further. We covered a lot in a very short period of time. I'm sure people have some follow up questions on that.

Roger Dooley: Great. Well, thanks for being on the show, Neale.

Neale Martin: It's been an honor. Thank you for having me.

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.