Neuromarketing in a Pandemic with MediaScience’s Duane Varan
https://www.rogerdooley.com/neuromarketing-duane-varan

Full Episode Transcript

With Your Host

The Brainfluence Podcast with Roger Dooley
http://www.RogerDooley.com/podcast
Welcome to Brainfluence, where author and international keynote speaker Roger Dooley has weekly conversations with thought leaders and world class experts. Every episode shows you how to improve your business with advice based on science or data.

Roger's new book, *Friction*, is published by McGraw Hill and is now available at Amazon, Barnes & Noble, and bookstores everywhere. Dr Robert Cialdini described the book as, "Blinding insight," and Nobel winner Dr. Richard Clarimer said, "Reading Friction will arm any manager with a mental can of WD40."

To learn more, go to RogerDooley.com/Friction, or just visit the book seller of your choice.

Now, here's Roger.

Roger Dooley: Welcome to Brainfluence, I'm Roger Dooley. Recently I wrote an article at Forbes about the massive lab closures and staff reductions at Nielsen Consumer Neuroscience. If you missed that, I'll link to the article in a short video on the show notes page. One big factor in the depth of Nielsen's cuts was the challenge posed by bringing subjects into a closed environment for testing in the middle of a pandemic. So I thought it'd be a good idea to reach out to other neuromarketing firms and see how they're coping with the situation. One of those was my sometime fellow Austinite, Duane Varan, who is the CEO of MediaScience and has labs, not just in Austin, but in Chicago, in New York city. Duane, welcome to the show. And I should have that Duane is joining us from Australia at the moment.
Duane Varan: Thank you. Yes, it's good to be here. Thanks Roger.

Roger Dooley: Great. You folks have been handling the pandemics slightly better in Australia, I think, than we have here in the States. So it's probably a smart place to be. So congratulations on that.

Duane Varan: I do you feel lucky that way, it's true.

Roger Dooley: In any case, we've seen these big cuts at Nielsen, but I know about the whole neuromarketing space has not stopped working or completely hit a brick wall. In fact, I know a lot of people in the more general advertising and marketing space, Duane, and they saw some pickups, I would say, where maybe some certain sectors were impacted. I mean, if you were big in the travel sector, for example-

Duane Varan: True.

Roger Dooley: ... suddenly nobody's doing too much advertising for cruises or flights. There are some going on, but you probably saw some major cuts there, but others, after a brief hiccup, they send everybody home to work from their home office and didn't really miss a beat. But as I mentioned in the intro, in the neuromarketing space a lot of the work is done in person, where people are getting wired up with electrodes and such. It's not really ideal when you're in the middle of a pandemic and you might have legal restrictions in some places, and other places you might just have people that really don't want to be in that close proximity to other people. So what's your sort of
assessment of the overall industry? And then I'd like to hear about how things have changed at MediaScience.

Duane Varan: Of Course, it's a challenge. I mean, if you're in the lab research space, you are dealing with very close contact with people, much as you would, I think, in many other industries where you're dealing with people directly. And so it did require a pretty massive overhaul of our protocols. There was a lot of changes that we had to go through. In some ways the fortunate thing for us was the close down, because the close down actually created the opportunity for us. For example, we have to do a lot of reconstruction of our physical spaces. And that would have been very disruptive normally, but because our labs were close, there was an opportunity there in that sense. We viewed it, I think, differently to a lot of organizations. We weren't scared by it. We saw it as a challenge for sure, but we decided that we had to figure out how to invest to get ahead of it. And that's really the approach that we took from the get go with it.

Roger Dooley: That's really smart. And I know that some of the industries that have been impacted are using this as an opportunity. Assuming they haven't been impacted out of existence or into really desperate conditions where all they can do is hunker down and try and ride it out. They too are using this time to invest. For instance, Carnival Cruises is got to be impacted more than just about any company that I can think of, where your business goes from a 100% to 0% in the matter of a few weeks. And that's just an insane business situation that I guarantee you was nowhere in their strategic plans.
That something, well, Hey, just in case we can't do our business for six months or more months, here's what we're going to do then. But they have been in this process of upgrading their technology on the ships to incorporate a whole variety of tools, their medallion system, and such. From what I can hear tell, they are doubling down on this and using this time when the ships are idle. Instead of having to normally interrupt revenue and to do this kind of work, they can get it done while they're in a non-revenue situation. So I'm hoping that's the case and I'm looking forward to them resuming that kind of work.

Duane Varan: I think that's how it's been with us as well. We looked at as an opportunity to double down, and we've expanded our business in a number of ways, as well as trying to do everything we could to make it safer. So some of the things that we did, of course, during the shutdown, which went through mid June, all our labs were completely closed. Of course we had that period, like many others, that we had to weather where the labs were just completely closed down. But as I say, we used it to build our protocols. We engage in a very close dialogue with our panel members, so we could walk through the protocols to understand what was too much. We looked at a lot of technologies. There were crazy ideas there that we looked at that we didn't deploy. Like we were looking at creating an ultraviolet canopy going into the stairwell and we decided that wasn't safe. We were looking at having ozone at night for purification of the space. I mean, we looked at a lot of options. But a lot of the things that we did-

Roger Dooley: But have a well tamed panel there with it, the UV lighting.

The Brainfluence Podcast with Roger Dooley
http://www.RogerDooley.com/podcast
Duane Varan: Yeah, we looked at a lot of crazy options as well. But the more practical things that we did was for the protection of our staff, we identified checkpoints through the building, where... For example, the kitchen was a major checkpoint, access to the kitchen. And in particular, the way that it was structured, a lot of traffic ended up going through the kitchen. So it created this place of proximity. We completely redesigned the kitchen and access to the kitchen. And we added a kitchen adds to the conference room. So that staff who would normally congregate in the kitchen for snacks and things like that can now go into the conference room. I mean, these are just examples. We completely redid the flow of traffic of our panel members.

We actually opened up a new exit so that instead of people going and coming at the same entrance and exit, they could actually have one path to come in and a different path to exit. We basically went through every centimeter of our space, every inch of our space, sat down and rethought and re-envisioned the physical space and just did a ton of construction work. The other thing that we're currently in the process of doing is we're actually in negotiations for the building next door, so that we can actually expand our physical space, so that we can spread stuff out. We've already spread stuff out. And of course people are working from home, but we're also anticipating kind of like people coming back and having to structure more social distance with day to day work. We've expanded that way.

Roger Dooley: Is this the Austin office you’re talking about Duane?
Duane Varan: Yeah. In the Austin office, which is where our research staff are based as well. Then, of course plexiglass, plexiglass barriers. I mean, a lot of the other kinds of things that organizations would do. Of course, lots of protocols, safety protocols, temperature checks, pre-screens, our staff wear both face masks and face shields. So lots of these kinds of things. But the best thing about it though is, we continue to dialogue with our panel members. And the feedback that we've had from panel members has really blown us away. It's been very positive. We've had 87% of our panel members continue coming in, and them telling us that they feel safe and thanking us.

And they say that they actually feel like they have a little bit of normality in their lives by being able to come and participate in this way. But they've been very complimentary of all the safety precautions that we've been taking. So I think in terms of the lab business down, of course, we have had to social distance. So our capacity in the labs has reduced somewhat, but we're exploring, creating more spaces so that we can expand the physical spaces that we have there. That's been the first response that we did, which was to sit down and figure out how to make the lab based research safer. And I think we've done as best we can under the circumstances. We have certainly done everything that we know of that we could do, both to make it safer for our staff as well for our clients.

Roger Dooley: Duane, I think those are pretty good lessons for a business in any industry that has those in person interactions. We're talking about some really specialized

The Brainfluence Podcast with Roger Dooley
http://www.RogerDooley.com/podcast
in neuromarketing stuff, where there simply aren't that many of those companies out there doing that sort of work. But there are certainly other kinds of business that I think that can learn from what you're doing.

Duane Varan: Yeah, I think any business that deals with people has to, from the ground up, look at everything and kind of figure out how to make it as safe as possible. The second thing that we did was a lot of what we do didn't require neuro measures. So we figured out how to take a lot of what we're doing and take it into home. And in particular for us, the challenge there was creating a television experience in-home. Because we believe that the testing environment is critical and most people when they go to in-home or are using desktop, for example, to emulate. Now, imagine if you're interested in OTT and you're having people do that on desktop. I mean, it's just totally messed up and wrong.

Roger Dooley: For our audience, what is OTT Duane?

Duane Varan: Over the top. Imagine if you're interested in a TV streaming experience like a Netflix or Hulu or an HBO Max or something, and you're asking people, and you're testing that on desktop. Of course, having a remote control, interacting with your remote and having that kind of television experience is going to be very different from having a desktop experience. So it's critical to test in that kind of environment. And what we did there is we created a new product. Actually, it was just prior to the pandemic. We were fortunate that way, which is called stream pulse. Which is our own private Netflix, it's our own private channel and it's fully addressable.
So we have the ability to give one household something that looks and feels like Netflix, but have another household have exactly the same content, but in a viewing experience that feels like Hulu or like HBO Max or like Peacock. That's been great, because we have an in-home tool, which doesn't have all the bells and whistles that we get with neuro measures, but it still allows us to do behavioral measures. It still allows us to survey, but with a proper controlled environment that's still televisual. And we can also do mobile and desktop, especially for cross platform work. That's been really great.

Roger Dooley: Are you using the panel members own TV device or are you providing that as well?

Duane Varan: No. In most cases we're using devices that panel members already have. If needed we can provide them with that if we meet a panel member who doesn't have it. I mean, they're not that expensive anymore. So that's gone really well. And then the third thing that we're doing is actually managing the top too. We're actually now together with Shimmer, which is a supplier of neurometric equipment. We're actually launching a pilot of 200 households, where we'll be doing neurometrics in-home. And so we're creating an in-home panel to collect neuromarketing data.

Roger Dooley: What sort of things would you be able to do there? I assume that EEG would be pretty much out of the question or maybe not. What kinds of things can you do in the home environment remotely?
Duane Varan: The key new measures that we have are with the equipment is heart rate and skin conductivity. We have, as a philosophy, long argued and demonstrated through published research that most of the key measures that the neuromarketing industry is really interested in, you can actually get with skin connectivity and heart rate. You don't need EEG for a lot of the measures. For example, there's a great piece that we've done recently with Google, where we demonstrate that heart rate is just as effective as alpha wave activity, which is an EEG measure. So there are great measures that we can rely on that don't require us to go full EEG. And of course, facial coding can also be done in-home. There are other kinds of metrics that we can get without relying on EEG.

EEG, I think will be very difficult to do. It's also very sensitive to make sure everything is in exactly the right spot and stuff. So I wouldn't rely on an in-home panel for EEG measures. But there are simpler measures that we can do that still give us a lot of data. And so that's what we're looking at now. We anticipate that in the new year, in the first part of the new year, we'll have a very large panel and we're talking about thousands of panel members, that will be in our in-home panel. And then the final prong that we've done in terms of our investment has been a qual tool that we've built, which is called Heart Connect. And Heart Connect is kind of like focus group research that's done in an online mode. Rather than it being with people physically in a room, it's just the equivalent of a Zoom session. But we're bringing a lot of new powerful tools to qual research, including live transcription, live translation, live sentiment analysis.
So analyzing the text for positive, negative words. Of course, facial coding. So there's a whole host of new tools that we're bringing, which are going to be really exciting for the qual industry. That's also a part of our business. So it's exciting. We think that through the pandemic, we're actually going to come out of it much stronger than we were going in. But it's really because we've been investing heavily. It has been a challenging time for sure. And we did have the shutdown like everybody else did, but we do think that lab research is still alive and kicking, and there are a lot of new opportunities as well that are coming into the mix.

Roger Dooley: Are your New York and Chicago labs still working?

Duane Varan: They are. The Austin lab reopened in mid June, the requirements in Chicago and New York kind of trailed. So those just opened—

Roger Dooley: They're just opening up restaurants in New York.

Duane Varan: That's right. We follow the guidelines of the communities that we're in. We've just reopened Chicago and New York. We've already run over a thousand sessions. It has been very active in that time, post June, and that's just been in Austin. So we have been very busy, I think, since coming back.

Roger Dooley: Here in the States we are in the waning months, thank goodness, of a major political campaign. We have a presidential election going on and a variety of other elections that are important as well, for Senate and house and so on. Do you folks work for candidates or parties?
And in a more general sense, I know that in the past you've talked about sort of a general sentiment about how people responded during debates. How did they respond to Hillary Clinton versus Donald Trump and so on? And I'm wondering whether you've done any of that work so far, or plan to do that as we get into the actual presidential debates?

Duane Varan: We're debating it very actively. The work that we do is less for candidates, it's more for TV networks. So it's more really on the analysis for the commentary side of it, rather than for the candidates. We're engaging in a dialogue. Our hope was to have our in-home panel in place, but we're not sure where we're going to be and whether we can make it for the first debate, which of course is end of the month. Or whether it might just be the last debate. We definitely want to get in on the action as fast as we can. That has a lot of additional challenges, particularly because it's inherently live. So with social distancing it's a little bit more of a challenge, in terms of just getting the volume of people that we need.

Roger Dooley: Right. Getting a big sample size all at once in venues.

Duane Varan: So it's a little bit of … So we don't know yet. I sure hope so, because I think that the data will look fascinating. We did the Biden, Ryan debate in 2012, and it was a fascinating debate. It's probably one of the most interesting that we've done. It's interesting because that particular debate had one clear pivot, which was in the middle of the debate when Biden turned to Ryan and said, "what now you're Jack Kennedy." And on the base of that data, it would suggest that... Again, it's hard to
know whether Biden is as sharp today as he was in 2012, but in 2012, he did well in that debate. So a lot of the speculation, I think, that suggests that he's not going to do that well, it's probably unfounded. He probably will do better than people are expecting. But again, I don't know how much he's changed. That's just on the basis of what we saw in the 2012 debate.

Roger Dooley: For that comment, what kind of a spike in activity did you observe in your panel members, if any?

Duane Varan: We looked at skin connectivity data. First of all, what was fascinating about the debate is it was incredibly boring. You see this progressive trend downward over the course of the debate with people getting more and more bored. And the reason that pivot was so important was because that's what changed the tide of the debate. So you had an audience that was gradually being lulled to sleep, around the middle of the debate, he makes that comment. After that, Republicans are really demoralized. Until then it was an even contest, but Democrats came out of that really energized. And a lot of these debates is actually about what it does to your own supporters. Certainly the Trump, Clinton debates were very interesting in terms of what it did for third parties. But normally what we see is, third parties are actually not that engaged and not that interested. So it'll be interesting to see what happens this time around.

Roger Dooley: When you say, "what those debates did for third parties," do you mean independents and-

Duane Varan: I mean, independence, undecided.

The Brainfluence Podcast with Roger Dooley
http://www.RogerDooley.com/podcast
Roger Dooley: Yeah. But people who were not already committed to one candidate or the other.

Duane Varan: I shouldn't say third party, you're right. Undecided voters, independent voters. The Clinton, Trump debate of 2016, those voters were more engaged than the supporters, which is a very unusual pattern. So you could see that they were watching, really struggling with the decision about who to vote for, as opposed to kind of like not caring. They were very engaged. So it'll be interesting to see, with that cohort in particular, what happens this time around and to what extent both candidates speak to their bases, excite and motivate them.

Roger Dooley: It seems that's the approach. At least the Trump campaign is certainly taking, they're not really trying to appeal so much to independents as to energize those people who already support them and make sure that those people get out to vote. We'll see how that goes. But I don't think that we'll have people falling asleep in this one, at least out of the gate. It's not going to be a snooze fest. I think that you're going to see some pretty aggressive sparring going on.

Duane Varan: Yeah, I'm sure you're right. The 2016 debates as well were highly engaging. So I think that you will see people very engaged through the debate.

Roger Dooley: I don't suppose you evaluated any of the numerous COVID briefings, did you? Because those things were going on for a while and always wondered what people got out of them, at the moment though. I just saw a statistic, a couple of days ago, that basically says the
country is evenly split. Almost half the people think that Trump had a very effective response to the pandemic, and about 49% think he did not. He made a hash of it. So I guess like everything else, it sort of follows this partisan line where confirmation bias kicks in and you find things to agree or disagree. Did you happen to look at any of those?

Duane Varan: I'll talk about The COVID research in a second. But what's so fascinating with the Trump effect, if you will, it really highlights some of the advantages of these new neuro measures. And certainly the debate did that. The debate research that we did, it was very clear in that debate. Because one of the characteristics of a lot of Trump supporters is that they will not verbalize their support. If you're just relying on poll data, which is telling you what people say they're going to do or whatever, you get a very distorted picture. And you get a very different picture when you look at the neurometric data, because you're really seeing people's enthusiasm for a particular argument. Like a great example is all the immigrant rhetoric. You will not get a lot of people speaking about their views about immigrants in America and any kind of verbal. There are people who get excited by things that he says, who will not say that verbally. Then neurometric data kind of exposes that kind of dichotomy, if you will. Between the views that people kind of really hauled and the views that they're willing to verbalize.

Roger Dooley: Well, that's the fundamental concept of neuromarketing. Isn't it, Duane? That you got to get beneath the surface, whether it's for a candidate or a product and find out what people really think.

The Brainfluence Podcast with Roger Dooley
http://www.RogerDooley.com/podcast
Duane Varan: Yeah. And a lot of it is not that they're trying to deceive you, it's that it's a self-deception as well. It's that people want to believe themselves to be a certain kind of person, but at the same time they're very attracted by something and they can't reconcile it in a way. So there's a lot that's fascinating, but again, I don't know how without the benefit of these interim measures, you can see that. They're very powerful in terms of exposing things that you just can't see otherwise.

Roger Dooley: I recall years ago, Malcolm Gladwell talked about going through an implicit association test and he's a liberal guy, he's multiracial. And he felt that he didn't have a prejudice bone in his body, but he did find with the implicit association tests that even he had some biases.

Duane Varan: Sure.

Roger Dooley: I think probably we all have those blind spots about how we think. And of course, there are also those people who might consciously not want to admit being biased, who really don't like a candidate or a class of people or something and simply aren't going to reveal that. But I think more insidious are the ones that people have and really don't recognize themselves. So great stuff. Any other insights, where do you think the neuromarketing industry is going from here Duane? Are people and in particular big brands, small brands, getting more confident in the effectiveness of these techniques? But years ago it was sort of a snake oil situation, where some people might've known what they were doing, others, maybe not so much. But how do you see things now?
Duane Varan: I think it's still the state of the game. I think that there are credible players in the marketplace who do really good research, that's publishable and that's transparent. I believe that if you're in the neuromarketing industry, you need to be transparent. I think that there's enough space for black box in our industry. If you're a client, if you go to a neuromarketer and they say that they've got something that's black box, I think you should be very wary. One of the things I think that maybe we should talk about Roger, is a lot of the validation that people are using is based on machine learning. And it's a very dangerous, hard to play. Because machine learning is awesome in a lot of ways, but it's not awesome as a validation tool, because it's a self fulfilling prophecy.

We build machine learning tools with our machine learning as well. Just to give you like an example, one of our measures is based on blink detection. So we analyze blink duration, which is great as an attention metric as well. We analyze blink behavior. We've built our own software using machine learning to do that. Of course our software was very accurate, because the environment was so heavily controlled. People are in our neurocubes, and so you've got perfect lighting on the face. You've got great cameras, this is a lot better than testing it in-home. Our tool was much more accurate than you might expect, but-

Roger Dooley: Just I'll interject to say that these neurocubes of which you speak are things that look like a little study carols that you might see at a library-

Duane Varan: That's right.
Roger Dooley: Or maybe in an office with a whole lot of people in it, but it has those side shields, and so it keeps people pretty well isolated into their little environment.

Duane Varan: It does. And the other thing about it is, it has a special light canopy, which evenly then distributes light on the face. Which is great, of course, for our camera, shades of people's spaces for things like calculating blink behavior and facial expressions. But in the field of you have a camera, you see the chairs in the background from the back of somebody else's neurocube. We did a furniture change where the chairs in our environment change, we updated the chairs. And something as subtle as that through our machine learning tool for blink detection completely off. We went from this 94% accuracy to like an 86% accuracy. And we were trying to figure out what happened, but we discovered it was the change of the furniture. There's a lot that's very dangerous in using...

Machine learning is great for a lot of things, but it's not great as a validation tool. So it should not be the basis upon which we argue that our tools are accurate. Published literature is the kind of thing that we really need. If you think that you've got something good, publish it, let it be tested through peer review. So these are the kinds of challenges I think that we still face. There's still a lot of snake oil in our industry. In fact, I would even hazard to guess that I think the majority of what we have in terms of quantity, there are people out there providing it is still not proper valid science. Just because you use scientific tools doesn't make it science. How people do what they do is still critical.
I think we still have a long way to go as an industry. But certainly I think on the client side, a lot of clients are working with reputable companies and they're learning that those measures are actually meaningful. And that they're providing them with things that they can't get through other tools. Particularly about the emotional dimensions of how people encounter a brand, a continuous measure, second by second, so that you understand how they're responding at the beat level. Not just kind of like an aggregate. There's still a lot of reasons why I think neuromarketing fills a unique space in the overall market research landscape.

Roger Dooley: Very good. When will you be coming back to Austin for a visit Duane?

Duane Varan: I don't know. I'm very lucky, as you said, in Perth. Here in Perth we had the same thing that everybody else had, where we had a lockdown, we had cases and all that. But the only thing that our government did that was particularly, I think, effective is we shut down our borders completely. If you come from even out of state into Perth, you have to go into a 14 day quarantine and it's actually a policed quarantine. It's actually in a hotel that—

Roger Dooley: It's not an honor system.

Duane Varan: They have a very effective quarantine. We haven't had a case since something like a 150 days. I mean a local case, not one that's inside one of the quarantine zones. But we haven't had a local case for a long time. So life here is now very normal, which we're lucky for that. But
again, it's only because I think that the strict quarantine that they've put in place.

Roger Dooley: Well, I would love to join you there, even if I had to stay in a hotel for two weeks. But I'm not sure about the 20 hours on airplanes to get there. Anyway, Duane. How can people find you and your stuff online?

Duane Varan: We are at mediasciencelabs, with an S, dot com. They can go to our website. We also have our new product I was talking about, which is our qual tool, which is heartconnect.com and reach out. If anyone wants to reach out to me, I'm happy to engage in the conversation. For those of us who are in the industry, I would say, don't lose heart. Don't be discouraged. Don't be frightened by the challenges we face, double down and invest. You'll come through it stronger on the other side.

Roger Dooley: I think that's a great message for all of our audience members, Duane. We will link to MediaScience Labs on our show notes page at rogerdooley.com/podcast. And we'll also have the audio, video and text versions of our conversation there too. Duane, thanks so much for staying up a little bit later and joining me today.

Duane Varan: Pleasure. Thank you, Roger.

Thank you for tuning into this episode of Brainfluence. To find more episodes like this one, and to access all of Roger's online writing and resources, the best starting point is RogerDooley.com.

And remember, Roger's new book, Friction, is now available at Amazon, Barnes and Noble, and book sellers everywhere. Bestselling author Dan

The Brainfluence Podcast with Roger Dooley
http://www.RogerDooley.com/podcast
Neuromarketing in a Pandemic with MediaScience’s Duane Varan

https://www.rogerdooley.com/neuromarketing-duane-varan

Pink calls it, "An important read," and Wharton Professor Dr. Joana Berger said, "You'll understand Friction's power and how to harness it."

For more information or for links to Amazon and other sellers, go to RogerDooley.com/Friction.

The Brainfluence Podcast with Roger Dooley
http://www.RogerDooley.com/podcast