

The Rise Of Intelligent Branding

Landscape: The Brand Experience Playbook

by Dipanjan Chatterjee

July 1, 2019

Why Read This Report

Intelligent branding — a customer-centric, emotions-driven approach anchored in the neuroscience of how people form brand impressions — has upended the traditional paradigm of brand management. CMOs should read this report to understand how their consumers create brand associations based on emotional triggers and to learn how to shape these brand experiences to drive customer experience.

This is an update of a previously published report; Forrester reviews and revises it periodically for continued relevance and accuracy.

Key Takeaways

Brand Is Emotion

Our mental processes favor emotional decision making. CMOs need to understand this decision pathway to activate the key emotional triggers of brand success.

Neuroscience Adds Intelligence

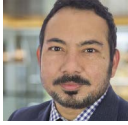
The rapidly advancing field of consumer neuroscience enables CMOs to assess, shape, and measure their brand and marketing in this new context of intelligent branding.

Intelligent Branding Feeds CX

The power of emotions and the toolkit of consumer neuroscience helps CMOs fashion brand perceptions that create customers' expectations and shape customer experience (CX), bringing together brand and CX in a way unlike any before.

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Branding Outgrows Its Heritage

CMOs' traditional idea of brands as monolithic entities that brand managers develop and nurture builds on an antiquated assumption. It assumes the company is the epicenter of the action and, mistakenly, doesn't give consumers' behavior and decision making its full due. However, our understanding of branding has evolved significantly since the early days of brand management. It is now much more nuanced and recognizes that:

- › **Brand is a perception.** Brand is an idea — a perception in the minds of everyone who has interacted with it. But countless marketers still believe in the classic brand management model inspired by Procter & Gamble (P&G): You build a product, price it, place it for sale, and promote it to induce purchase.¹ That's conventional marketing wisdom — and an important part of creating relevance. But it's not about branding because the brand is not a monolithic thing to be managed. Managing a brand first and foremost requires a thorough understanding of how the mind creates these perceptions.
- › **Brand is emotional.** A considerable body of work, including Kahneman and Tversky's System 1 and 2 processes and Antonio Damasio's somatic markers, has shown the primacy of emotions and the subconscious in decision making.² Forrester's work on the sources of brand value shows that roughly half of brand energy — which drives preference, purchase, and premium pricing — derives from emotional activation. The role of emotions outweighs salience and is significantly more important than fit (i.e., a variable that reflects relevance, including appropriateness of features and benefits).³
- › **Brand is imagined.** Ask someone about their recollection or thoughts on a brand, and at best, they won't know. At worst, they confabulate, making up answers without really meaning to deceive. Recall is fraught with error and highly prone to suggestion: 30% to 40% of respondents in research study groups claimed to have shaken hands with Bugs Bunny at Disneyland — but Bugs, a Warner Bros. character, isn't in Disneyland.⁴ Respondents also don't have access to their subconscious mind and can't accurately address most "why" questions because the subconscious drives decisions.

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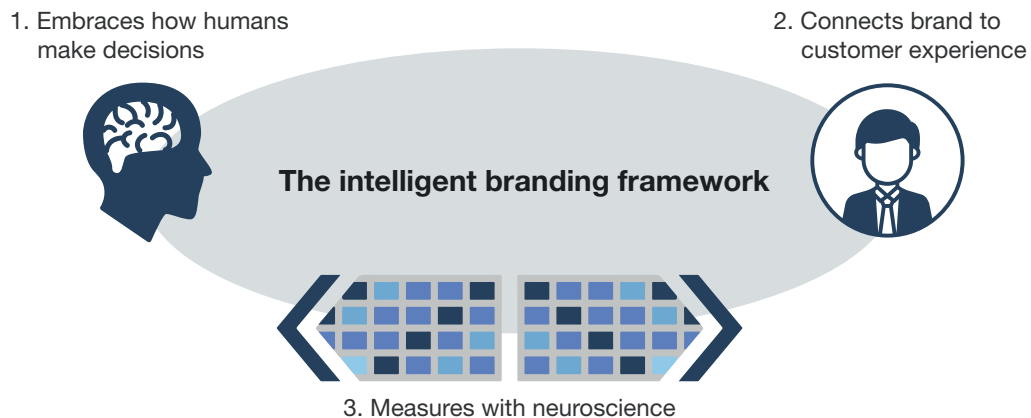
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Intelligent Branding Is A New Way To Brand

Intelligent branding goes beyond the antiquated product management approach of classical brand management. It builds on advances in psychology, behavioral economics, neuroscience, and technology to provide us with a new worldview on brand. Intelligent branding (see Figure 1):

- › **Embraces how humans make decisions.** Increased clarity on the role of memory and the impact of emotions has provided us with a better understanding of how people make decisions, including those related to brand consumption.
- › **Connects brand to customer experience.** The new mental model of the human mind allows us to draw dotted lines between brand and customer experience, highlighting the interplay between these two.
- › **Measures with neuroscience.** Advances in consumer neuroscience allow marketers to reduce their reliance on self-reported measures of brand perception and go straight to the source of decisions — the human mind and body.

FIGURE 1 The Intelligent Branding Framework



Intelligent Branding Understands Human Decision Making

CMOs must understand how brand impressions affect consumers and feed into their decision-making process. While we are far from understanding every dark recess of the brain, consumer neuroscience has shed sufficient light on its workings to show that:

- › **Brand is about automatic triggers.** Evolution has made us cognitive misers. Rather than store and retrieve exact memories, we reconstruct partial memories and use our subconscious to fill in the missing bits.⁵ Branding activity can target these subconscious automatic triggers. For

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example, repeated experience with Tide creates an automaticity where the mind prefers the brand not because it is the perfect choice but because it's the easy one.⁶ This is the idea of brand as a somatic marker: A subconscious trigger drives the individual to approach rather than avoid Tide when facing stimuli in the detergent aisle at Kroger.

- › **Brand interactions construct an interconnected memory map.** A brand perception is constantly constructed and reconstructed through the dynamic web of associations that customers form through continued interactions with a brand. The associations result from stimuli, which are brand interactions. These interactions happen when experiencing the brand and when exposed to it through brand communications or word of mouth. Associations are interconnected and perpetually changing (both the links and strengths of association) as people continually reconstruct memories. CMOs hope to create and manage interactions to build the strongest possible perception in every mind — the stronger the perception, the greater the propensity to approach rather than avoid when making a decision.
- › **Emotions supercharge memories.** Emotion boosts the salience of memories. By creating the right emotionally resonant experience, a brand can intensify the salience of the relationship that customers feel with the brand. Nike's controversial ad featuring Colin Kaepernick may have divided opinion, but it strengthened the emotional association for Nike's target customer base.⁷ With this campaign, Nike burnished the raw athletic emotions of "Just Do It" with a culturally relevant clarion call to values. As Kaepernick knelt, the brand exhorted all to stand up and fight with the same doggedness for the values that make us human. Rather than browbeating the consumer with persuasive messaging, which immediately triggers a defense mechanism, storytelling activates mirror neurons that create empathy between the storyteller and the subject, facilitating message receptivity.⁸

Intelligent Branding Breaks Down The Brand/CX Barrier

The traditional line that organizations draw between brand and CX is an artificial barrier that doesn't exist in the minds of consumers, who live both brand and customer experience in the same moment.⁹ Intelligent branding recognizes that:

- › **CX influences brand perception and brand shapes CX.** The construction of the memory map that corresponds to brand leans heavily on CX. Our idea of the Verizon brand, for example, results from our experience with the cell service, the availability of the new iPhone through the company, the quality of the Netflix videos we stream, the simplicity of the bill, the friendliness of the retail staff, and so on. However, brand is not just a lagging construct; it is also the architect of experience. Our minds continually run simulations and build predictions for every situation — what we call anticipatory CX — with an accompanying dopamine rush. When the experience occurs, it contrasts the actual with the expected experience and deposits fresh information into the brand bank.¹⁰ Brand also changes how we experience a product. Known as the brand placebo effect, it's what makes people believe in the greater efficacy of branded Tylenol versus its chemically identical generic twin.¹¹

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- › **Brand amplifies CX — for better or worse.** Consumers with positive brand perceptions will often overlook negative information about the brand that contradicts their belief to reduce cognitive dissonance. This phenomenon of selective perception bias creates a class system in which the better brands get a pass, albeit temporarily, for bad CX behavior while the weaker brands have to work that much harder to please. The backlash that United Airlines faced after it violently dragged a confirmed passenger off an overbooked flight would have been less if it had had a stronger brand to begin with. Southwest Airlines, a brand viewed much more favorably, has maintained its brand strength even after a customer's death and the grounding of its 737 Max fleet due to safety concerns.¹² Despite these recent issues, Southwest still sits at No. 2 on Forrester's 2018 Customer Experience Index (CX Index™), with the second fewest customer complaints according to Forbes.¹³

Intelligent Branding Brings Consumer Neuroscience To Brand Measurement

Neuroscience sheds considerable light on how the human brain and, for our purposes, the consumer brain work. Consumer neuroscience extends this understanding with neural and biometric technologies that complement traditional consumer research methods. CMOs should remember that:

- › **Neuromarketing sheds new light on decision making.** Consumer neuroscience allows marketers to access clues in the mind and body to better understand consumers' behavior. From applications like Affectiva's webcam-based emotion-recognition studies that scale effortlessly at low cost to more complex fMRI studies that analyze blood flow to regions of the brain, the neuromarketing space has evolved to service many marketing applications. These include ad testing, UI design, in-store experience, and brand equity assessment. CMOs starting out should find a bite-size area of inquiry, such as testing advertising creative or a mobile interface, to get comfortable with this new research methodology.
- › **Multimodal measurement will dominate.** CMOs who apply a range of neuroscience research will benefit most as these techniques, when used in conjunction with other tools, produce greater explanatory power.¹⁴ Immersion Neuroscience measures every possible neural signal (eye tracking, facial recognition, EEGs, etc.) when studying human responses to external stimuli such as advertising. In a study with BBDO, Immersion Neuroscience accurately predicted sales bumps for brands based on neural signals observed in viewers of ads for Snickers, Cesar dog food, AT&T, Visa, as well as Bud Light and Guinness beer.¹⁵ The power of integration isn't limited to neuromarketing because these new techniques can complement traditional research. For example, traditional brand trackers that measure personality attributes can bolt on implicit association testing — i.e., gauging the strength of association through processing time — to probe deeper into subconscious brand associations.

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Recommendations

Use Intelligent Branding To Power Brand And CX

CMOs can use intelligent branding to define their customer strategy. This is a holistic approach to positioning a brand, designing successful marketing programs, and measuring success. CMOs should:

- › **Craft context- and maturity-based strategies.** There is no one-size-fits-all intelligent branding strategy — the lessons apply differently for brands at different levels of maturity. The CMO's first order of business is to understand the category landscape and brand dynamics. Use a baseline brand strategy assessment to point to the right intelligent branding direction. For example, established brands like Tide continually work to sustain the habit of purchase; challengers like Dollar Shave Club disrupt the status quo; and comeback kids like Old Spice blend the irreverence of the new with the consistency of the old.
- › **Optimize marketing stimuli using intelligent branding.** CMOs can elicit customer actions by optimizing the design of marketing stimuli via intelligent branding. For example, fine-tune advertising creative by using neuromarketing techniques to measure eye and facial-muscle movement and brain activity. Other neuromarketing programs can optimize web and mobile UIs, store design, and in-store experiences. CMOs can work with providers like Affectiva, Merchant Mechanics, Nielsen Consumer Neuroscience, SalesBrain, and True Impact on these projects; the investment is often comparable to traditional research, with the promise of better outcomes.
- › **Incorporate intelligent branding into brand measurement.** Intelligent-branding-based techniques offer CMOs a better option: augmenting their traditional brand trackers with intelligent branding principles to improve their brand assessments. For example, using implicit association testing within the body of a traditional research questionnaire is a far more effective and bias-free way to capture a brand's personality attributes and emotional essence. More adventurous CMOs can explore advanced techniques like fMRI to study the brain activation that their brands trigger to better understand emotional impact.
- › **Build intelligent branding skills.** CMOs are diversifying their marketing team's skill set because the scope of branding has widened well beyond business-school marketing. ADP, IKEA, and JPMorgan Chase are fans of behavioral economics, while Adidas and Microsoft use anthropologists to better understand customers. CMO teams early in their evolution should look to external agencies like ReD Associates, which applies human sciences to solve business problems, to quickly tap into this knowledge base. The real value will come when CMOs instill these intelligent branding principles in their organization — at first through training using external experts but eventually through evolved hiring practices that create a brand team of diverse experiences and expertise.

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Endnotes

- ¹ The traditional view of brand management derives from the 1930s, when P&G created an organization structure that mimicked a business, helmed by a brand manager, built around the Camay soap brand. Source: Gigi Devault, “The History of Procter & Gamble’s Brand Strategy,” *The Balance Small Business*, November 30, 2018 (<https://www.thebalancesmb.com/market-research-history-brand-management-at-pandg-2297141>).
- ² Source: Daniel Kahneman, *Thinking, Fast and Slow*, Farrar, Straus and Giroux, 2011 and Antonio Damasio, *Descartes’ Error*, Grosset/Putnam, 1994.

See the Forrester report “[How People Choose.](#)”
- ³ See the Forrester report “[Emotions Fuel Your Brand Energy.](#)”
- ⁴ Source: Joel Schwarz, “‘I tawt I taw’ a bunny wabbit at Disneyland; New evidence shows false memories can be created,” University of Washington, June 11, 2001 (<https://www.washington.edu/news/2001/06/11/i-tawt-i-taw-a-bunny-wabbit-at-disneyland-new-evidence-shows-false-memories-can-be-created/>).
- ⁵ Our relatively small brain consumes a lot of energy, and we try to get by as efficiently as possible. This applies to how we make decisions and to how we remember. Our memories do not function like USB drives. Optimal storage is a luxury we’ve skipped, opting instead for a system in which we try to be as efficient as possible with the fewest resources. Source: Stephen J. Genco, Andrew P. Pohlmann, and Peter Steidl, *Neuromarketing For Dummies*, For Dummies, 2013.
- ⁶ Source: A.G. Lafley and Roger L. Martin, “Customer Loyalty Is Overrated,” *Harvard Business Review*, January-February 2017 (<https://hbr.org/2017/01/customer-loyalty-is-overrated>).
- ⁷ See the Forrester report “[Nike Makes No Sacrifices.](#)”
- ⁸ Mirror neurons activate when you are exposed to something that happens to someone else. For example, if you watch a movie with torture, the same pain regions in your brain will be activated as if you were being subject to the torture. This is the foundation for empathy.
- ⁹ See the Forrester report “[Harmonize Brand And Customer Experience To Acquire And Retain Customers.](#)”
- ¹⁰ Source: Lisa Feldman Barrett, *How Emotions Are Made: The Secret Life of the Brain*, Houghton Mifflin Harcourt, 2017.

See the Forrester report “[The Dawn Of Anticipatory CX.](#)”
- ¹¹ Source: Matthew Yglesias, “Step Away From the Tylenol,” *Slate*, June 27, 2013 (http://www.slate.com/articles/business/moneybox/2013/06/generic_vs_brand_name_pills_research_shows_billions_of_dollars_are_wasted.html).
- ¹² Source: Bill Murphy Jr., “Southwest Airlines Just Got Some Very Bad News About What Passengers Think Of Them After the 737 Max. (For United Airlines, It’s Even Worse),” *Inc.*, May 4, 2019 (<https://www.inc.com/bill-murphy-jr/southwest-airlines-just-got-some-very-bad-news-about-what-passengers-think-of-them-after-737-max-for-united-airlines-its-even-worse.html>).
- ¹³ Source: Laura Begley Bloom, “Ranked: The Best And Worst Airlines In America In 2019,” *Forbes*, May 2, 2019 (<https://www.forbes.com/sites/laurabegleybloom/2019/05/02/ranked-the-best-and-worst-airlines-in-america-in-2019/#7a73abca5342>).
- ¹⁴ Source: “Nielsen Consumer Neuroscience Unveils Trailblazing Ad Testing Solution,” PR Newswire press release, June 13, 2016 (<http://www.prnewswire.com/news-releases/nielsen-consumer-neuroscience-unveils-trailblazing-ad-testing-solution-300283682.html>).
- ¹⁵ Source: “Predicting Sales Bumps Blind,” *Immersion Neuroscience*, April 15, 2019 (<https://www.immersionneuro.com/2019/04/15/predicting-sales-bumps-blind/>).

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