



Book Habit

The 95% of Behavior Marketers Ignore

Neale Martin
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Recommendation

If you want to read a new, refreshing marketing book, look no further. Consumer behavior expert Neale Martin has produced an entertaining, informative explanation of how the conscious and subconscious minds work together in the context of sales and marketing. He has put in years of extensive groundwork updating the principles of marketing to reflect new findings in cognitive psychology and neuroscience that say much of the way people act is governed by unconscious habits. In the process of explaining the brain’s biological miracle, he also teaches readers why some products fail and what marketers must understand to improve their odds. *BooksInShort* thinks this intellectually invigorating book is a real keeper, especially for marketers who want to learn how each customer’s two minds (unconscious and subconscious) work together.

Take-Aways

- The human mind simultaneously works in the conscious and subconscious modes, also known as the “executive” and “habitual” levels.
- The habitual mind controls about 95% of human behavior.
- It resides in the brain’s limbic or “dinosaur” system.
- In the real world, habit, not rational thought, dominates buying decisions.
- People do the same things daily 45% of the time, often while thinking of something else.
- The habitual mind learns through repetition and reward, and works automatically.
- Try to keep your customers by becoming routine to them.
- Customers are satisfied when they experience a product or service that exceeds their expectations, but even that does not make them loyal. Repeat buying is a habit.
- Marketers can create habit-forming behavior by making a product’s design intuitive.
- To automate repeat buying, emphasize your brand name and build customers’ trust in it.

Summary

The Habitual Mind

The unconscious mind determines 95% of human behavior – a fact that traditional marketing theory overlooks. Instead, traditional theory posits that customers know what they are doing and why. This fallacy has dominated marketing theory for 50 years, but new discoveries in cognitive psychology and neuroscience prove the need for a fresh approach.

“The habitual mind makes us consciously different.”

Humans evolved using their conscious and subconscious minds to make decisions at different levels. When people make conscious, self-aware decisions, they are using the “executive mind.” When people make subconscious decisions, they are using the “habitual mind,” which is housed in a separate part of the brain. The habitual mind works with the executive mind, not against it. The interaction of the two minds goes largely unnoticed, but a research study found that people carry out the same actions every day 45% of the time, usually while thinking about other things.

“Marketing’s greatest success can be directly linked to aligning products and services with the habitual mind, whether on purpose or not.”

Marketing strategy has never drawn upon the power of habit. That may explain why some 80% of new products either don’t meet their sales goals or fail completely. When an item is introduced, consumers have to learn about it. To succeed it must link up with an idea that already exists in the customer’s subconscious. Ads and product placement alone cannot shape this mental process.

“All that we are, all that we think and imagine, and all that we do emerges from this ungainly arrangement of neurons packed densely inside our skulls.”

Marketers don’t recognize that the subconscious mind controls the executive mind’s decision making. Take high customer turnover, another habit-driven phenomenon. Many companies lose 20% of their customers yearly and half after five years. Surprisingly, 85% of departing clients said they were satisfied, but they left anyway. Studies find that “satisfaction explains only 8% of repurchase.” Monthly, 1%–2% of cell phone customers leave their providers. This “churn” costs the industry \$9 billion annually. Companies have tried customer loyalty programs to combat turnover, but they’re so common that they don’t generate long-term benefits.

“For all its remarkable abilities, the executive mind has the limitation of being able to consciously focus on only one thing at a time.”

To maintain customer relationships, feed the habitual mind, not the executive mind. Actually, you do not want customers to think about you. You want them to repurchase your product automatically. If they think about you, they can think about your competitors, too.

Most product failures happen when product developers’ executive minds overdesign ordinary processes or products, and make them too complex for the average person. The cell phone shows how handset and accessory manufacturers, wireless providers and software engineers each injected their designs into a single device that was supposed to be customer-friendly, but is not. Problems emanate from designs that do not revolve around a tool’s intended functions.

A Look at the Brain

The human brain is a three-pound mass of about 100 million neurons, “each making an average 10,000 connections with other neurons.” This makes the brain one of the most complex creations in the universe. The brain has three areas: the “hindbrain, the limbic system and the cerebral cortex.” The hindbrain’s structures – the pons, medulla oblongata and cerebellum – are the oldest parts of the brain. They evolved over the past 200 million years, and are known collectively as “the dinosaur brain.” They handle “automatic and integrative” procedures. The emotional, habitual mind resides in the limbic system. Habit memory is created as neural circuits strengthen over time in the basal ganglia. Conscious memories reside in the hippocampus, while other types of memories are stored in other areas.

“Habits are created by repeating enough steps enough times to train the habitual mind.”

The habitual and executive minds have a complex relationship. The habitual mind learns by repetition, while the executive mind benefits from reasoning. The executive mind focuses on one thing at a time and delegates routine activities to the habitual mind. When the executive mind detects a new event, it focuses on that. For example, many people talk on the phone while driving, but a driver who enters an unfamiliar neighborhood will focus on the new environment to find the right address. The same process exists in shopping and travel, where consumers choose known brands to make buying decisions easier. This subconscious link to brands is so powerful that most consumers can recognize Coca-Cola’s logo even if they can see only 5% of it. Yet, billions in dollars go to waste yearly due to ads that don’t register in the mind.

“The stronger the existing habit, the more effort is necessary to dislodge it from an unconscious to a conscious process.”

In the real world, habit dominates buying decisions. People are more likely to buy a product in the future if they’ve bought it in the past. This pattern is true whether the consumer actually likes the product or not. People buy products without really knowing why, so customer satisfaction surveys and similar research efforts are a waste of money.

“Instead of focusing on customer satisfaction, companies should be dedicated to customer habituation.”

People’s routines rely on different types of memory systems (such as “skills, habits, stimulus-response conditioning” and “priming”), which are linked to the unconscious learning process. Memory is a hazy scientific area between the conscious and unconscious. Emotion is the bridge between memory and the functions of the rational mind. Feelings thus play a key role in how people make conscious decisions, including how they select, recall and process names and events into memory. Ads that are devoid of emotion, such as lists of product attributes, are dead on arrival. Instead, people act in response to ads and messages that resonate emotionally. For example, your message will have more impact if you present it when people feel good. A consumer in a good mood puts more data into his or her memory. That’s why print ads placed closer to upbeat stories have a higher recall rate.

The Fallacy of Customer Satisfaction

About 90% of companies say that customer satisfaction is a key driver of their marketing. While most companies try to meet expectations, truly happy customers generally have encountered a product or service that went beyond that level. To generate higher customer satisfaction, your company has to underpromise and overdeliver. However – and this is where marketing goes wrong – customer satisfaction does not promise loyalty. Happy customers are not necessarily repeat customers. People usually buy items out of habit without judging the individual products. However, consumers can change their habits more easily than they can change their behavior. The subconscious or habitual mind makes behavior more important than attitudes, since attitudes and beliefs change, but behavior is more constant.

“You have to sell the executive mind, but you must win the habitual mind to keep a customer.”

For customers to become habituated to your product, it must migrate from the executive mind to the habitual. This is a slow process. If a product moves through the stages of “awareness, interest, evaluation, trial” and “purchase,” then the executive mind will put it into the habitual mind. But, if the customer becomes dissatisfied at some point in the process, the executive mind will take over and re-evaluate the product. This lets the customer consider new products and disarms habitual, automatic decisions.

How People Form Habits

To boost habituation, make your product’s design intuitive or teach customers habit-forming behavior. As a rule, products with fewer features are better for habituation, but developers often give products too much capacity, especially in software and electronics. For example, most consumers “use less than 10% of a cell phone’s features.” Having too many add-ons makes a product too complex, which diminishes habit-creating behavior. To help consumers habituate to your products, follow a minimalist philosophy at the very beginning of the design process. Address a product’s standard usage, its frequency of use, audience make-up and context as you design it. Be warned that corporate organizational structures often impede a habit-oriented design process. Companies are geared to create goods that appeal to the executive, rational mind but not to the habitual, unconscious mind.

“The real fight for customers is taking place in their unconscious, habitual minds.”

The brain’s prefrontal cortex, where it forms and stores mental models relating to categories and rules, processes new products. When a new product category aligns with the brain’s existing beliefs and associations, brand identification can flourish. Thus a marketer who is introducing a new product must both get people comfortable with its features and address the brain’s structure, which leans more toward the known than the unknown. To be accepted, new items must link to or meld with one of the existing categories in the brain.

Advertising and Sales

Word of mouth (WOM) is the advertising technique that best incorporates these principles. Research endorses the power of WOM, which has become increasingly important in the Internet world of social networking and instant messaging. However, advertisers who want to succeed in social networking must become authentic members of the online communities they target, not just paid shills whom users will identify and stigmatize as commercially motivated outsiders.

“Discoveries in how we categorize and [in] the role of working memory promise to radically alter our perceptions of branding, positioning and advertising.”

Similarly, salespeople must establish their credibility by demonstrating competence and honesty. To develop long-term relationships, salespeople must think beyond their current transactional relationships, which are often adversarial. That posture keeps the sales process in the executive mind, which is always alert for excuses to re-examine any relationship, instead of letting it shift to the unconscious mind.

“The brand is the key to successful customer habituation.”

Some popular sales promotions use coupons to break through the merchandising clutter by offering price reductions or special deals. Promotions can compel customers to adhere to new rules. For example, marketers can train a consumer who prefers a certain cereal brand to wait for a weekly coupon before making a purchase. Carefully choose your promotions since they affect your brand’s promise and your company’s reputation. A promotion might create product awareness to appeal to consumers who want to try new things. Public relations activities have a similarly important role in the sales process since PR can build credibility and create positive feelings that reach and reside in the habitual mind.

Making Repeat Buying a Habit

To automate repeat buying, emphasize your brand and build programs that increase customers’ trust in it. This sets up a self-reinforcing cycle that keeps the purchasing activity viable in the customer’s subconscious mind. Brand recognition stimulates brain activity and affects the areas of the brain associated with self-identification and reward. To set up an automatic buying mindset, show customers the physical brand, including the logo, brand marks and packaging. For instance, the Coca-Cola bottle shape alone triggers a strong consumer response. Marketers should be aware of how, viscerally, a customer makes a buying decision. If a person’s favorite beer is not available in a bar, he or she may respond to seeing the logo of another brand and immediately buy it, even if it is more expensive. Similarly, people may buy generic medications for themselves, but they buy brand name medicines for their sick children.

“Our memories are remarkably unreliable; as a result, much of our advertising money is wasted.”

Researchers can use qualitative statistical techniques, such as “conjoint analysis,” to distinguish habitual buying behavior from pure quantitative sales data. Then, they interpret this information to detect shifting customer behaviors, such as whether buyers are planning to stop shopping at their stores. Market intelligence reports can even detail how people move through phases as they make buying decisions.

Behavioral Training

The main stages of behavioral training are reinforcement and punishment, nonverbal reinforcement, conditional reinforcement, timing and shaping. Behavioral training provides access to the habitual mind, which learns through repetition and reward, rather than from listening to explanations. It responds to the way an action is associated with an outcome. Marketers can use the right types of response mechanisms to, in effect, train their customers. This training happens when buyers learn to navigate through a new store or to find what they want on your Web site.

“We recall memories better when our mood at retrieval matches our mood at storage.”

For effective customer training, make all your public interfaces as intuitive and easy-to-use as possible. Marketers should look at each stage of the customer-contact process, from call centers to service to deliveries, to see if every contact rewards customers instead of punishing them. With every complex or emotionally taxing contact, businesses may be missing opportunities to create habitual behaviors and thus encourage repeat customers.

About the Author

Neale Martin is an expert in consumer behavior, customer satisfaction, and bridging the gap between technologies and markets. A consultant and educator, he helps communication and networking companies launch innovative products and services.
