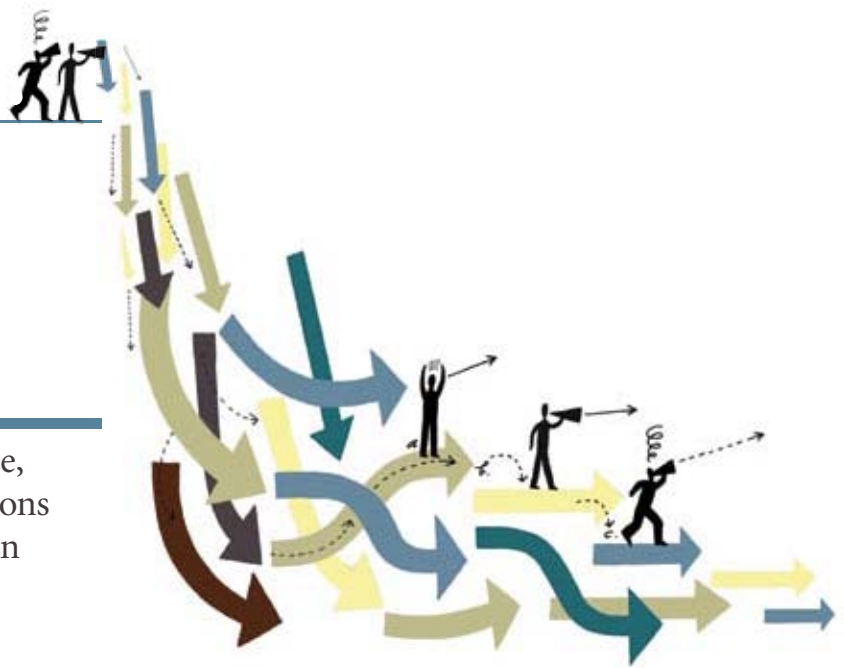


MAKING UP OUR MINDS

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New thinking in psychology, neuroscience, and economics has far-reaching implications for understanding and building reputation



Starting with Edward Bernays, a nephew of Sigmund Freud and an early pioneer of public relations, manipulation of the mass unconsciousness to sell consumer products or political ideas has always stirred controversy. Bernays argued in the 1920s that “intelligent manipulation” of “the herd instinct” was a necessary part of democracy. But the events of the 20th century and the uses to which propaganda were put have tarnished that notion, and the controversy continues today.

It may be time, however, to reclaim the unconscious from the ghosts of the past. Our understanding of the mind has made great leaps forward in recent years, with neuroscientists and psychologists demonstrating how the unconscious dominates the way we absorb information and make judgments.

Our senses take in more than 11m pieces of information every second, but we can only process 40 of them consciously. Our unconscious does not waste this data, though; it uses the input to inform action.

What we know about the way the unconscious shapes the formation of our opinions – about companies, political issues, and so forth – has far-reaching implications. Key to this are themes and ideas drawn from neuroscience and psychology:

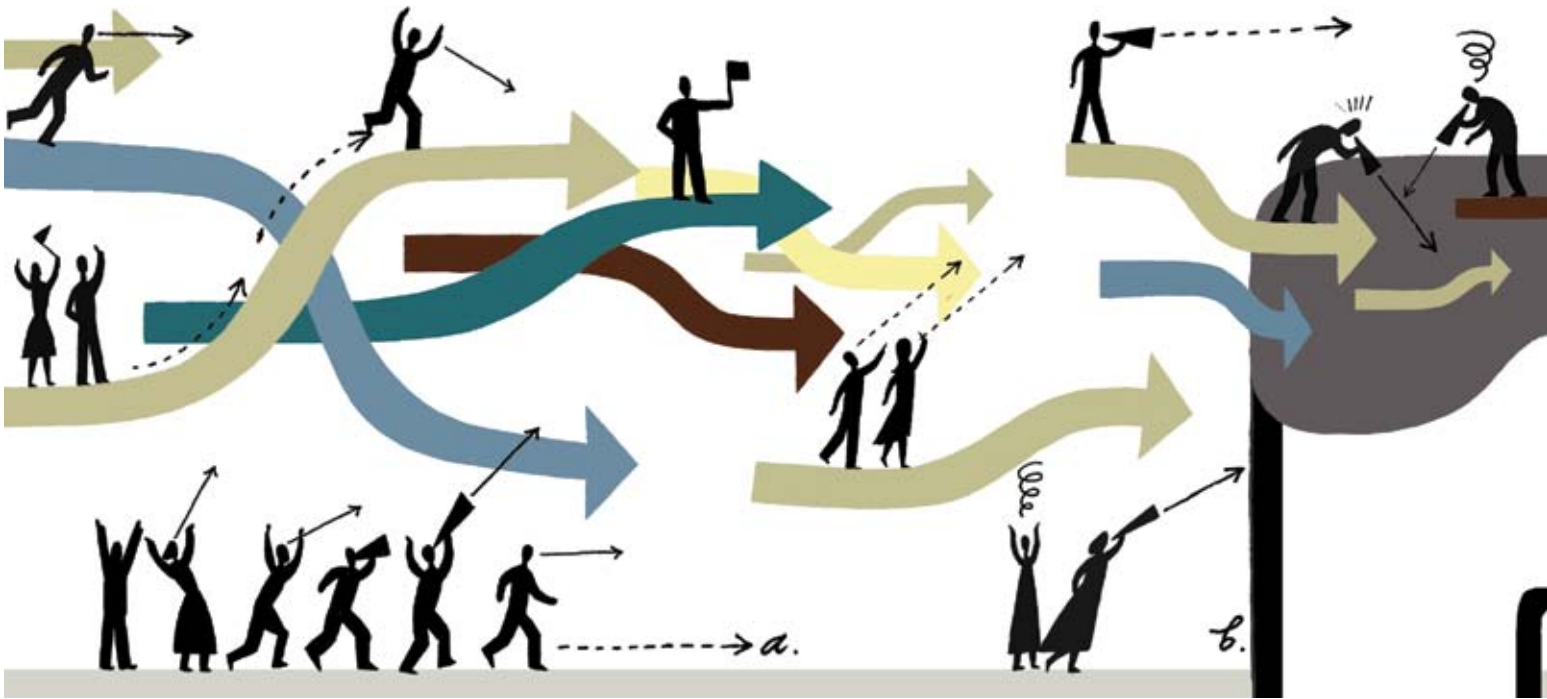
- ✦ **Behavior not opinion.** What we consider to be the motivation behind our decisions is often after-the-fact rationalization. As consumers and citizens, we usually draw on our unconscious to make snap judgments.
- ✦ **The primacy of emotions.** Our emotional brain is quicker than our rational brain – our emotions often trump what we believe are our considered views when it comes to decision-making. This is not to say we are in thrall to infantile whims; our emotions save us time and effort. Our instinctive judgments are often as good as the ones we would make if we had the time to weigh all the options.
- ✦ **Context and choice.** The context and presentation of a choice guide our decisions. For example, it has been shown that we are more likely to pay into a pension if we have to “opt out” to stop payments, rather than if we have to “opt in” to start them.
- ✦ **Low attention processing.** While we do not constantly absorb detailed information about issues affecting society or business, our minds are taking in “low level” information from the cues and signals people and organizations send out. This “low information rationality,” as political scientist Samuel Popkin puts it, helps form our views on companies and causes, even if we have not been fully engaged.

Back to the classics

Much of this newer thinking has come from the field of behavioral economics. A blend of neuroscience, psychology, and economics, behavioral economics has challenged traditional economic theory, which is based on the assumption that people generally behave rationally after weighing up all their options. Indeed, behavioral economics is an echo of some of the ideas developed by the classical economists, such as Adam Smith, who saw micro-economic behavior as heavily influenced by the human psyche. In their updated work, the behavioral economists have applied insights gained from various modern fields of research to those original theories of economic behavior.

A deeper understanding of the unconscious and the concepts behind behavioral economics is starting to re-shape various walks of life. In advertising, for example, the UK Institute of Practitioners in Advertising is applying behavioral economics to examine how advertising really works. In policymaking, the UK government deploys behavioral economics theories via its Behavioral Insights Team in order to help citizens become greener, fitter, and wealthier.

Behavioral economics has also gained a wider audience through accessible works by academics and commentators, including *Nudge* by Cass Sunstein and Richard Thaler, *Made to Stick* by Chip and Dan Heath, *The Political Brain* by political scientist



Drew Westen, and *The Social Animal*, by David Brooks, a *New York Times* columnist and author.

Re-thinking reputation

Our peers in branding have been quicker to realize that insights into neuroscience challenge how we think about corporate identities. A brand – and by extension, a reputation – exists in people’s minds as a series of associations and connections. In effect, a corporate reputation or brand image can be visualized in the brain as a subway map – a series of connected words, images, and associations – rather than as a static set of reputation attributes, or a top-down pyramid of knowledge.

Consumer research pioneers Wendy Gordon and Caroline Whitehill have highlighted how it can take up to two years to establish a connection or association in our long-term memories, but once it’s embedded, it sticks and is rarely forgotten. This will strike a chord for many communicators; it explains why childhood associations with brands or youthful impressions of political issues are often so ingrained. Also, it explains why it takes time and investment to bring about a change in reputation. Indeed, it is why some corporate crises live on in the collective consciousness for decades.

The principle of loss-aversion from behavioral economics also needs to inform

our thinking about how people weigh up companies and issues. In the consumer arena, behavioral economists have shown how people put a high value on something they already own, and will work harder to avoid losing it than they will to gain something new. Academics such as Dan Ariely and Robert Cialdini have shown that this also applies to attitudes and opinions. In other words, people work harder to justify current points of view than they do to change them. If you have ever watched a focus group you will know how strongly people can hang on to their cause or issue, even in the face of strong evidence against it.

Neuroscience and behavioral economics have also shown the role played by mental shortcuts in decision-making. Confronted by an overwhelming choice, we rely on information shortcuts – heuristics, to use the academic term – to make decisions or form judgments. Think back to when you were in the cereal aisle at the supermarket, or in the coffee shop, confronted with a panoply of options: you don’t have the time or the inclination to weigh every permutation. Instead, you rely on shortcuts.

The importance of heuristics explains why symbols matter when it comes to corporate reputation. We use symbols as a prism through which we form an opinion about a company or a policy issue, whether that is bankers’ bonuses, overseas call centers or trans fats. What do Americans

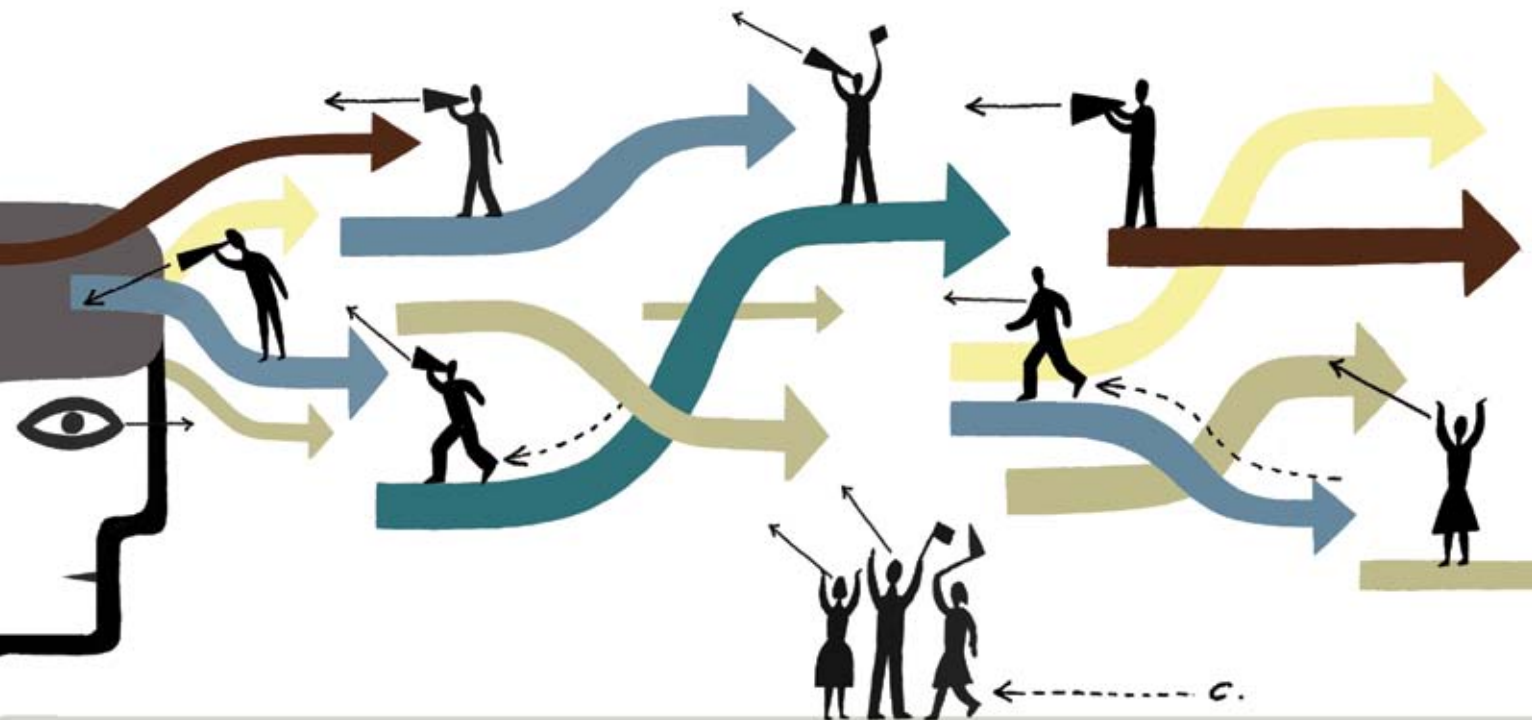
remember about the automakers CEOs’ visit to Capitol Hill to plead for bailout money? The executives’ carefully crafted testimonies or the fact that they flew from Detroit in executive jets?

Brand onion RIP

Often, companies wish to reduce their reputation to a set of six to eight reputation drivers – the criteria upon which stakeholders and opinion formers are evaluating their business – under headings such as “financial performance” or “social responsibility.” There is merit to this as it provides an organizing framework for corporate communications and often brings clarity and simplicity that can apply across multiple markets and stakeholder groups.

However, it can obscure the complexity of a company’s reputation. A corporate reputation, like a culture, is greater than the sum of its parts. We can see patterns emerge that are similar to the way themes develop in a society or culture. The danger with a limited approach is that the dynamism can be missed and we can lull ourselves into thinking that we can change reputation by bluntly “leveraging” one reputation driver over another.

The more subtle approach is to utilize opinion research to map out the mental associations, images and words that define a company’s reputation. The world of branding is on this journey, moving from



concepts of “brand onions” and “bullseyes” – which, by definition reduce a brand down to a set of key terms and often give too much weight to the opinions of brand managers rather than consumers – to concepts such as “brand engrams,” in effect mind maps, which aim to show the complexity of a brand’s profile and image.

As part of this process, companies need to be aware of the cues, signals, and symbols they send out. Mirroring how people formulate their views on political candidates, a corporate reputation is shaped by the cumulative effect of a range of cues and symbols. Reflecting the reliance on heuristics, consumers and stakeholders will draw on symbolic shorthand to describe a company’s image. Identifying that shorthand can be of great value to companies.

Re-thinking people’s perceptions

The role of heuristics underlines the need for companies to have a fresh look at their communications. In a data-saturated society, a significant amount of communication and marketing output has little impact on attitudes and perceptions. Successful politicians know this and realize that to connect you need, in the words of Downing Street head of strategy Andrew Cooper, “10,000 volt initiatives,” in order to grab attention.

Politicians use signature policies to shed light on their wider vision and values – they

create “mental shortcuts.” These are policies that are specific and tangible, yet imaginative and emotive in terms of what they imply. British Prime Minister Margaret Thatcher’s policy of empowering tenants to buy their own council houses (UK social housing) was a hugely powerful, emblematic policy, conveying her central themes of freedom and aspiration. On the other side of the Atlantic, we had President John F. Kennedy’s Peace Corps and President Ronald Reagan’s Strategic Defense Initiative (“Star Wars”).

Harvard professor Howard Gardner calls these distillations of a politician’s or company’s broader mission “representational re-descriptions.” In order to shift perceptions, companies need to develop and promote emblematic initiatives that give context, detail, and an emotive edge to their corporate mission. This cannot just be veneer or spin; a successful initiative has to be grounded, real, and credible. Then it becomes part of the symbolic shorthand people draw upon to cut through the clutter of information overload.

We are still only at the beginning of understanding what behavioral economics means for communications. But it clearly challenges many of our old assumptions and sheds light on how to effect change and to truly influence. 🌐

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CORRIDORS OF POWER

As governments grapple with thorny social challenges, such as promoting energy efficiency or reducing obesity, policymakers have turned to neuroscience and behavioral economics for inspiration. *Nudge* authors Cass Sunstein and Richard Thaler have been the most engaged: Sunstein joined the Obama administration as head of the Office of Information and Regulatory Affairs, while Thaler is advising the British Chancellor of the Exchequer (finance minister) George Osborne.

Policymakers are realizing that providing information is not enough on its own to shift mindsets and behavior. Instead, it is about carefully thinking through how choices are presented and how you go with the grain of social norms. The results of this fresh thinking are starting to be seen, whether it is calorie amounts on restaurant menus, opting out rather than opting in to organ donor registers, or tax forms stressing that most people in the area have paid already.

The approach has its critics from the traditional left and the libertarian right, both wary that “nudging” consumers is just the latest wheeze to meddle in people’s lives. They fear that the approach is reminiscent of George Orwell’s 1984. Politicians’ myopic focus on behavioral issues is also seen as reflecting a collapse in their ability to tackle the fundamental issues of how we structure society, instead focusing on micro consumer issues.