

# **The Choice Factory**

**Richard Shotton**

**This book is an overview of how findings from behavioral science can be applied to advertising.**

**I've spent the last 12 years testing existing biases to determine how they can best be used by brands.**

**Anton de Craen conducted a systematic review of 12 studies and found that red pain killers were consistently more potent than blue ones!**

**Bias no 1 is a fundamental attributional error. Brands need to target contexts as much as target audiences.**

**Your assumption on the selfishness of a businessman is an example of a fundamental attribution error. This is the tendency to overestimate importance of personality, and underestimate the context.**

**We consistently underestimate context.**

# How to use this effect

- Research little and often
- Those in a rush are distracted, so avoid communicating to people when they are rushing
- Target context as well as target audiences
- Don't assume you know the right context



**‘It doesn’t matter how beautiful your theory is, it doesn’t matter how smart you are. If it doesn’t agree with experiments, its wrong’  
– Richard Feynman**

**Bias No 2 – social proof, why popular brands become more popular.**

# How to use this bias

- State popularity
- Tailor the claim
- The best tactic is to state your brand's popularity in a relevant way to your audience
- The way is to look at what consumers do vs what they say
- Don't assume your scale is known
- Think creatively

**Bias 3 – negative social proof, when a bias backfires**

**Communications fail when they stress that  
an unwanted behavior is commonplace**

# How to use this effect

- Flip the statistics
- Close the gap between perception and reality

**Bias No 4 – Distinctiveness – when the world zigs, then zag**

**There is a lack of variation in most advertising. All car ads show cars rounding bends. Fashion ads feature beautiful people pouting at the camera. Watch ads take it the farthest- all watch ads show the time at 10.08**



**Distinctiveness is rare because no one explains to the client why the obvious is bad. They think since everyone does, it lets also do it.**

**Brands must seek inspiration from beyond their category. That's how you will create a genuine step change**

**Bias No 5 – habit – how to disrupt behavior  
when most of it is unthinkably habitual**

**Nearly half of behavior is habitual and habits are hard to break**

# How to use this effect

- Shake consumers out of automatic behavior
- Target consumers after they have undergone a life event
- Communicate before habits harden

**Bias No 6 – the pain of payment – how your price can be made to feel less painful**

**People paying with cash typically overestimate their spend by 9 %.**

**Removing the \$ sign from menus boosted sales by 8 %**



**Manipulate the time frame. For example \$ 2 a week, \$ 3 a month etc. The shorter the time frame, the more appealing the deal.**

**Bias No 7- the danger of claimed data- how do we know the truth when everyone lies.**

**On the dating site OK cupid, men are likely 4 times more to lie that they earn more than \$ 100,000, they also claim their height to be two inches taller.**

**When digital cameras take photos, they attach text tags, called EXIF metadata to the jpeg. These tags capture the date and time. Rudder found that the average photo was 92 days old on the dating site, but photos rated as hottest were much older.**

**Statistics are not transparent, they need to be teased, analyzed and probed. Taking them at face value will mislead you, but if you dig further, you can uncover insights.**

**Search is the most accessible found data source, analyzing search data provides insights that consumers might be loath to admit in a survey.**

**Observed data is better than surveys,  
however it is far from perfect and still needs  
to be interpreted with caution.**

**Bias No 8 – Mood – the benefit of targeting your ads according to the consumer's mood.**



**I ran an experiment with Laura Maclean that suggests receptivity to ads grows when people are in a good mood.**

**Target consumers when they are likely to be happy, consumers are more likely to be in a good mood at the cinema rather than commuting.**

**Bias No 9- Price relativity- make your brand appear better value by changing the comparison set.**

**When compared to a higher priced category, even the most expensive car looks better value.**

**Bias No 10 – the primacy effect – first impressions shape the subsequent experiences**

**Ensure your first impression is as strong as possible.**

**If a brand establishes a strong association with one positive characteristic, it will color other attitudes.**

**Bias No 11 – Expectancy theory- how expectations of a product shape the performance**



**Presentation is as important as the product.**

**The label of a pack improved the expectation and the expectation improved the taste perception.**

**Bias No 12 – confirmation bias – its danger and how to avoid it. Its hard to overturn negative opinions. Rejecters of your brand are difficult to convince be cause they interpret your message through a lens of negativity.**

**We are more easily persuaded when we are focusing on more than one thing at a time.**

**Bias 13- overconfidence – a bias that afflicts marketers and consumers alike**

**You must spend as much time deciding  
which data sets you will not use.**

**Bias 14 – wishful seeing – what we see is sometimes what we want to see.**

**Bias 15- media context- how the placement of an ad affects its interpretation**



**We need to factor in the value of the context or risk gradually diminishing the brands**

**Bias 16 – the curse of knowledge – how we struggle to empathize with consumers.**

**Striving to communicate perfection often leads to a focus on intricate detail irrelevant to most**

**Bias no 17 – Goodhart's law – the danger of poorly set digital targets.**

**When a measure becomes a target, it cases  
to be a measure**

**Bias no 18 – the prathall effect – how flaws  
make a brand more appealing**

**Admitting weakness is a tangible demonstration of honesty and therefore makes other claims believable.**

**The prathall effect works for brands when the competitors are braggards.**



**By admitting a weakness, a brand credibly establishes a related positive attribute.**

**The best chance of growing your brand is to  
flaunt your flaws**

**Bias 19 – winner's curse – why digital media is blighted by it**

**On average payday spend spikes by 70 % .**

**Unearned money was more likely to be spent on clothes, alcohol, tobacco and gifts**

**Bias no 20 – the power of the group – why targeting groups boosts ad effectiveness**

**Bias 21 – Veblen goods – how a high price  
can boost demand**

**Bias 22 – the replicability crisis – how should marketers react?**



**Don't take a single study as definitive proof**

**Many marketing decisions do not require 95% certainty**

**Voraciously hunt for new experiments being conducted by psychologists.**

**Bias no 23 – variability- how biases affect segments in different ways**

**A bias that works in one situation might backfire in another.**

**Bias no 24 – the cocktail party effect – the power of personalization**

**Localization is relevant enough to attract attention without being personal enough to offend**

**Bias No 25 – scarcity- the less there is , the more you want it.**



**Restricting the number of items customers can buy boosts sales.**

**People feel losses more powerfully than the same level of gains**

**Ethics – why capitalizing on biases is both ethical and effective.**

**Facts fall flat if delivered dryly.**