

You Know You Want It (But Do You Know Why?)

WALK INTO A BIG-BOX TECH RETAILER AND YOUR BRAIN BECOMES THE ENEMY. IT WORKS IN A PASSIVE-AGGRESSIVE STATE, MAKING YOU IMPULSIVE, EMOTIONAL, AND JUDGMENTAL. HERE'S HOW TO TAME YOUR SUBCONSCIOUS MIND SO YOU'RE ALWAYS BUYING TECH ON YOUR TERMS

Most of us think we know why we prefer one brand over another. But the truth is, we don't. The majority of the time, our brains are on autopilot, flooded with subconscious cultural biases rooted in our tradition and upbringing. While we shop, our brains assert a powerful but hidden influence over the choices we make and the products we ultimately buy. It turns out most of the time, we're just along for the ride.

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It's clear that neither marketers nor consumers themselves know exactly what makes us tick. That's why I launched Project Buyology, a \$7 million, 3-year study of what really goes on in our brains when we buy. With 200 researchers involved, Buyology was 25 times larger than any "neuromarketing" study ever attempted. We scanned and measured the brains of 2,081 volunteers from the United States, England, Germany, Japan, and China, using some of the most advanced brain-scanning techniques available, including functional magnetic resonance imaging (fMRI). We wanted to learn three things: how branding and marketing messages work on the brain, how people react to stimuli at a level far deeper than conscious thought, and finally, how our subconscious mind controls our behavior.

Our first experiment underscored the grudge match between our conscious and subconscious minds. We asked smokers if prominent warnings (e.g., "Smoking causes fatal lung cancer") on cigarettes affected them. Nearly all said the warnings worked, and some even said they were smoking less as a result. Using the fMRI machine, though, we saw the warnings actually stimulated a desire center of the smokers' brains called the nucleus accumbens. The labels not only fail to deter smoking, but appear to encourage it, says lead researcher Gemma Calvert, D.Phil., chairwoman of applied neuroimaging at the University of Warwick.

Doesn't matter if the product is cigarettes, socks, or an HDTV-our brains work the same way when we're making a buying decision. Read on for the six mind games your brain plays-and strategies you can use to wrest back control of every buying decision.

MIND GAME #1

Brands bewitch us

I've long believed that brands and religion are fundamentally similar. Both rely on a sense of belonging, a clear vision, power over enemies, sensory appeal, storytelling, grandeur, evangelism, symbols, mystery, and rituals. To prove my theory, we placed volunteers, most of whom considered themselves to be very spiritual, in an fMRI machine and had them view a broad array of images, such as a Harley-

Davidson motorcycle, the Pope, an Apple iPod, children praying, a can of Red Bull, rosary beads, the Microsoft logo, and Mother Teresa.

The results? When the people viewed images associated with strong brands (like iPod or Harley-Davidson), their brain activity was precisely the same as it had been when they viewed religious images. Religiously oriented regions, according to a separate study, include the caudate and the insula, both of which may be linked to feelings of joy and unconditional love.

From a scientific point of view, we're hardwired for gadget lust. A region in the prefrontal cortex dubbed Brodmann area 10 becomes active when we see products we think of as cool (as opposed to, say, a snazzy new garbage can). This zone is associated with self-perception and emotions. In other words, whether we realize it or not, we assess sexy stuff-consumer electronics, sports gear-largely in terms of its capacity to enhance our social prestige.

In fact, a 2008 University of Michigan study found that some men overspend to attract mates. The researcher found that the most financially conservative men had an average of three sexual partners over the previous 5 years, and desired just one over the next 5. The men who were loosest in their spending had double those numbers.

Outsmart your brain: Brand loyalty is fine, as long as it doesn't cloud your rationality. If you find yourself camping outside Toys"R"Us awaiting a Wii shipment or sitting in a tattoo artist's chair about to be inked with the Microsoft logo, you've probably crossed the line. If nothing else, ensure your loyalty is recognized and rewarded.

Example: When Apple lowered the price of its iPhone from \$599 to \$399, the company offered a \$100 gift card to early adopters who'd bought the device before the price cut. If necessary, keep receipts. Expect and demand preferential treatment. The cost of obtaining new customers is five times that of keeping current ones, and companies can potentially earn 25 percent to 100 percent more profit by turning an ordinary customer into a brand loyalist. Research suggests that people stay faithful to brands that earn their affection and trust. So make them earn it.

MIND GAME #2

Touch betrays us

Your hands are a liability that marketers and retailers are all too happy to leverage. In a 2008 study at Ohio State University, researchers found that if people spent 30 seconds touching an object instead of just 10, they were willing to pay more for it than they otherwise would have. Touch, it appears, causes us to begin to form an attachment in less than a minute. This is why manufacturers spend much of their development time working on how products feel, not just on how they work.

One high-end technology company, for instance, adds completely useless aluminum weights to remote controls. Why? I had a group of consumers compare two versions-one with the aluminum, one without-and they complained the lighter version felt "broken."

Here's another example: Duracell once had an idea to design batteries shaped like bullets. (The product never hit store shelves.) The company's research showed that 100 percent of men who replaced the normal batteries in their flashlights with the heavy bullet-shaped ones—the process felt like loading a gun—thought the new batteries were more powerful. But the opposite was true; the bullet shape substantially weakened the battery. My point: The feel of a product can blind our rational judgments.

Outsmart your brain: Test-driving the equipment is crucial to going home with the right gear, but a couple of guidelines can protect your pocketbook. First, don't handle the merchandise if you aren't prepared to commit. Second, stick to products in your price range. There's no point in taking the \$3,000 SLR through the paces when you're in the market for the \$1,000 model. Negotiating? Talk price before you fondle the goods.

MIND GAME #3

Scent woos us

Even the subtlest aromas can have a potent effect on shoppers. When we smell something, the odor receptors in our noses make a beeline to our limbic system, which is involved with emotions, memories, and sense of well-being. Our experiments revealed that when we're exposed to equally enjoyable scents and visual images, we not only perceive the experience as more pleasant, but we're also more likely to remember it.

In one study, researchers placed two identical pairs of Nike shoes in two separate but identical rooms. One room was filled with a floral scent; the other wasn't. Volunteers examined the shoes in each room and filled out questionnaires. Eighty-four percent of them preferred the shoes in the floral-scented room. Moreover, they generally assessed the scented Nikes as being more than \$10 pricier than the pairs in the unscented room.

Outsmart your brain Hang with me: Always eat before you head out to shop, especially if the smell of food will be wafting nearby (like in a mall). In a 2008 study published in the *Journal of Consumer Research*, 67 percent of buyers who were given a strict budget but exposed to a cookie scent made an impulse purchase as opposed to only 17 percent of those in the scent-free environment. The researcher posits that subtle exposure to appetizing food (possibly with the help of hunger) can induce what's known as the "hot state," which focuses your attention on the immediate environment and increases the odds of an impulsive decision. Feeling full may inhibit that effect.

MIND GAME #4

Specs seduce us

You may not be able to make sense of what a 600Hz subfield drive does or what DLNA is, but your brain doesn't care. It wants them—bad. In fact, the mere presence of a long spec list can increase the likelihood that you'll actually buy that product, a 2009 study in the *Journal of Consumer Research* concludes. The study authors found that even when consumers knew a spec was dubious, they still preferred the spec-stacked product.

Outsmart your brain: Put the jargon through your own b.s. filter. Picture yourself buying the 42-inch LCD HDTV and explaining the tri-reflector and hypercolor-comb technologies to your friends. If you can't

explain how something works, you're probably being jerked around.

Better yet, don't dwell on specs, and go with your gut. Ask yourself: Do I want this product based on my first impression? A 2009 study found that people who overthink their decisions make less consistent judgments than those who trust their instincts.

MIND GAME #5

Decoys dupe us

Have you ever ventured into a big-box retailer intent on purchasing an 8-gig MP3 player but walked out with the 32-gig instead? Manufacturers pit products of varying values against one another to push their premium products, utilizing a phenomenon known as the "decoy effect."

In a 2009 study published in the Journal of Marketing Research, volunteers were asked on several occasions to decide among three products—two with equally unappealing tradeoffs (a low-power car with great gas mileage, for example, and a high-power car with pitiful fuel economy) as well as a third, just-okay option (same low power as the first car, but only mediocre gas mileage). The presence of the third car increased the appeal of the first. The study also showed that presenting a third option decreased the activation of the amygdala, an area of the brain associated with negative emotions.

Outsmart your brain: Pay with cash and you won't be as tempted to splurge. In a 2008 study published in the Journal of Experimental Psychology: Applied, people who used cash spent 14 percent less on their purchases than those who made their purchases with credit cards. The pain of parting with actual bills probably helped cap their spending.

MIND GAME #6

Sales deceive us

Huge markdowns spark a primal urge in consumers' brains—especially during financial downturns. The prospect of a bargain activates our centuries-old hoarding instinct. Marketers know this, so they set the MSRP high and then put the product on sale and create the impression of a bargain. And we buy: After all, who knows what the future will bring?

Recently, my team scanned the brains of consumers as they were shown various going-out-of-business banners. Their brains were lit like Chinese lanterns. Another recent study of ours revealed that consumers quickly become addicted to discounts. Securing the lowest price possible becomes the chief driver of our behavior, and whether or not we actually need the item becomes secondary. As far as our brains are concerned, it's all about winning the game.

Outsmart your brain: Can't walk away from a deal? Put yourself in timeout for at least 30 minutes by leaving the store. Grab lunch, or call a friend. Allow yourself to cool down. If you're still hot to seize the item on sale, go for it. At least you'll be able to pull the trigger when you're in a sound state of mind.

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