EXPERT insight

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BEHAVIORIAL MARKETING

Emotional Cues That Work Magic on Customers

By EDUARDO B. ANDRADE and MARIO CAPIZZANI

"Let's not forget that the little emotions are the great captains of our lives and we obey them without realizing it." Though Vincent Van Gogh never achieved fame for his marketing wisdom, this quote by him shows that he certainly grasped a central truth in the 19th century that appears to be eluding many business people today.

Marketers have long understood that emotions play an important role in consumer decision making: the impulse buy is a classic example.

Yet the explosion of new media, with their multiple new points and channels of engagement, seems to be blinding companies to some timeless truths. As more and more consumers are turning to Twitter and Facebook either to vent their rage or share their likes, businesses seem to think that their primary task now is to respond to this real-time barrage of constantly connected consumer information – forgetting that some things, like emotional fickleness, never change.

Emotions permeate our day-to-day lives,

Understanding five key areas in which emotions affect the decision-making process will help managers tailor their act to give better prompts and get the desired response from consumers.

though they are often camouflaged by what appear on the surface to be quite reasonable choices, actions or circumstances. Just how and when emotions impact our decisions – from shopping preferences to investment decisions – continues to surprise and confound many managers.

The more we become aware of just how malleable consumer decision making can be, the more we can improve consumers' overall sense of well-being and satisfaction with the products and services we offer. Learning how to better understand our customers, and taking measures to provide them with a positive emotional state, can be a powerful way of gaining customer loyalty and promoting your brand.

In this article, we examine five key areas in which emotions affect the decision-making process, based on extensive research in the field of behavioral marketing. Highlighting these lessons will help managers tailor their own act to give better prompts and get the desired response from emotionally charged audiences.

Little Things Count

Customers tend to be quite aware of how intense emotions can affect their decisions: The overcrowding and long lines at the Ikea checkout may leave customers fuming. But as they march out of the store vowing never to shop there again, they may well indulge in an impulse buy on the way out, just to relieve the stress they're feeling.

What just happened? We often focus on the influence of intense emotions, yet ignore how subtler feelings might also be affecting consumer actions and choices, perhaps on an unconscious level. Mild emotions, whether positive or negative, can trigger or inhibit consumer actions just as powerfully as intensely realized ones.

This means that, in order to ensure that your customers feel happy and relaxed when dealing with your business, it is important to pay attention to small cues that can improve their mood or dispel potentially inhibiting negative emotional states.

It is possible to enhance the appeal of your business by exploring areas in which you can evoke positive emotions, which lead to favorable evaluations and increase purchasing intentions. A pleasant scent and music may lure a customer into a store. A smile from a flight attendant may encourage a passenger to buy from the duty-free cart.

Simple improvements like this – to alleviate any mild discomfort, and to enhance a positive atmosphere – are easy to implement and can turn a passerby into a lifelong client.

APPLYING THE LESSON. Be aware that the surroundings trigger subtle emotional reactions, which will, in turn, impact your customers' evaluations of the product or services. The key for the company, therefore, is to map those emotional cues in the environment and to use them systematically to influence consumer decision making.

Creating a pleasant atmosphere with music, scent, lighting or other atmospherics has long been known to provoke positive emotional reactions. But certainly, customer service is always crucial: saying the right words at the right time, remaining calm when faced with an agitated customer or client, going the extra mile.

If there are areas of your business that may contribute to a negative emotional state, evaluate how you can alter the emotion for a positive

EXECUTIVE SUMMARY

Marketers have long understood that emotions play an important role in consumer decision making. But, as the latest scientific evidence suggests, their influence is much more nuanced and complex than many are aware. Subtle, rather than intense, emotional reactions are often more persuasive. Short-lived emotions can have lasting effects. The experience and expression of negative emotions can sometimes be beneficial. Emotional experiences are often poorly predicted and remembered. In all these areas, a better understanding of emotions will help managers tailor their own act to give better prompts and get the desired response from consumers, in order to maximize customer satisfaction and loyalty at every stage of the encounter.

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evaluation of the atmosphere. For example, convert frustration to pleasant anticipation during a long wait at a popular restaurant by offering a taste of what's to come, such as free hors d'oeuvres or beverages.

The Lasting Impact of Short-Lived Emotions

Many businesses have understood how they can use the mild and mundane emotional experiences of their consumers to influence decisions at that moment. But affecting emotions in the short term can have long-term consequences, as people may form an evaluation or commit to a course of action while experiencing the initial emotion, which will impact their future behavior.

Using the classic social science ultimatum game, in one recent paper we explored and confirmed that, in fact, the impact of emotions on behavior can outlive the emotional experience itself.

In this game, a "proposer" makes an offer to split a given amount of money with a "receiver." If the person playing the "receiver" feels that the deal is unfair, then that person can reject the offer, and both participants end up with nothing.

In our experiment, we began manipulating receivers' mood by showing them movie clips that sparked either anger or happiness. Subsequently, they were asked to play two ultimatum games.

In the first game, the proposer would offer the receiver an unfair division of the available amount of money: the proposer would get 75 percent and the receiver 25 percent. Angry receivers rejected these unfair offers at a much higher rate than happy receivers. Even if rejecting the offer meant being left with nothing, the angry participants held to their rationale that unfairness was the basis of their decision.

The twist came in the latter round, once the initial emotional reaction had already dissipated. In the next ultimatum game, the once-angry receivers were asked to play the role of the proposer, the majority of whom chose to make fairer offers.

Because people tend to behave consistently with past actions, earlier choices triggered by an incidental emotion became the basis for future decisions.

When angry participants made their decision to reject an unfair offer in the first instance, they acquired a self-image of being and acting as fair individuals. Exercising fairness – which resulted from the anger they felt earlier – carried over to a future scenario. Even though the initial anger that triggered the desire for fairness had disappeared, the once-angry proposer is instead guided by behavioral consistency.

Once an emotion has prompted us to choose a course of action, we run into internal and external pressures that continually push us into making similar choices in the future. The image that we have of ourselves – as fair individuals, generous or frugal, socially conscious, conservative or fun-loving – as well as the image that we hope others will have of us, compels us to act consistently in the future.

Another way in which the impact of emotions can outlive the emotional experience itself and influence consumers is through the recall of a previously biased evaluation of a product or service.

To take a marketing example: A humorous

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ad can positively bias the evaluation of the product. Based on the positive emotion triggered by that ad, in the future the positive evaluation is recalled, not the current emotional state, and that once-happy moment experienced in the past guides a new decision.

Thus, the key is to find ways of making the consumer spontaneously form an evaluation of the product or service while in a good mood, which will then affect subsequent recall and purchase intentions.

APPLYING THE LESSON. The phenomena described above lead to two clear suggestions: take advantage of behavioral consistency; and stimulate consumers to form evaluations while in a good mood.

Businesses can harness the consistency of self-image in order to appeal to customers. One example of this is in stakeholder marketing. In many countries, retailers have replaced disposable plastic bags with reusable cloth bags. A consumer may initially be put off when they discover they have to pay for a cloth bag. But they inevitably feel good about their contribution to the environment. Behavioral consistency will take over from there as they acquire the self-image of being conscientious about their role in reducing waste and pollution. In this case, the 1 euro they spend commits them to similar decisions in the future, a case in which the emotion triggered maximizes the benefit for all stakeholders.

Coca-Cola has been famous for putting viewers of their ads in a good mood. Whether in the '70s with "I'd like to teach the world to sing" jingle, or during the 2010 FIFA World Cup in South Africa, the adverts trigger a spontaneous, positive emotion. Yet the decision and action to buy Coke may come days or weeks after seeing the ad.

Negative Experience & Expression of Emotions Can Be Positive

If businesses take an intelligent approach toward consumers' negative emotions, they can turn an unpleasant sensation into an opportunity for mutual benefit. An example of this is by providing consumers with ways of ridding themselves of negative feelings.

Oftentimes people are ready to respond to the call for immediate action, if only to break the spell of a gray mood. This phenomenon is known as "affect regulation." As human beings, we generally strive to either maintain a good mood or, when invaded by negative feelings, take steps to attain a more positive emotional state.

The insurance industry reminds you of the many risks you take in life, but then offers you the opportunity to get rid of the negative feelings by purchasing a feeling of security. Car salespeople, realtors and many other professions are equally skilled at evoking negative emotions – especially anxiety and anticipated regret – to pressure a consumer into making a commitment: the car or house they are dithering over will, of course, be snapped up if they don't "act now." The negative emotion is intended to provoke an instant and affirmative response.

Charitable organizations allow us to shed feelings of sadness or guilt by donating money or volunteering our time. We are given an opportunity to alleviate a negative feeling, but also to repeat an activity or action that gives the positive emotion continuity.

Some companies may apply this concept to a cause-related marketing campaign, in which a portion of proceeds from sales are donated to a cause. American Express's 1983 campaign to restore the U.S. Statue of Liberty is a textbook case in this regard. Every time a customer used their AmEx card, a penny of every purchase went to the restoration fund, succeeding in raising the nearly $2 million required.

Apart from modifying the *experience* of emotions, we can also modify its *expression*. In some instances, individuals may choose to "game" their emotions – strategically modify the expression of a current emotional state – in order to influence a counterpart's reaction in their favor. The most obvious example is the "poker face" with which a player camouflages his emo-

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tional reaction to the hand he is dealt, which is a common tactic in any business negotiation.

In addition to being good at hiding their emotions, people are also good at exaggerating an existing emotional state in order to gain some benefit. Using a similar ultimatum game to the one discussed earlier, in our research we discovered that receivers deliberately inflated their anger to pressure proposers into making them a fair offer. Against the common wisdom that tells us that anger is bad for business, here this negative emotion actually paid off: Proposers offered more money to receivers who expressed angrier feelings.

However, the results of our experiments indicated that this strategy worked only if the receiver's anger was credible to the proposer, versus being completely fabricated. When it comes to anger, inflating *existing levels of feeling* can be very influential.

APPLYING THE LESSON. Companies have found ways of manipulating fear and anxiety (insurance), guilt and sadness (charitable organizations) or anticipated regret (real estate) in order to encourage consumers to purchase their products and services or to donate to their causes.

For this affect regulation strategy to work, however, two critical aspects must be taken into account. First, the attempt to trigger the negative experience should be subtle: If a realtor pressures too hard for a commitment, or if a charity blatantly blames the consumer for living a good life while there is so much poverty in the world, the strategy may well backfire.

Second, the consumer must believe that the action will indeed alleviate the current negative emotion. The charitable organization should not only trigger subtle feelings of guilt, but also convey to the consumer that if a donation is made, the consumer will indeed feel better about the action and about themselves.

When it comes to emotional expression, it is important to be aware of how anger can affect business transactions. Consumers often convey anger when confronted with an overbooked flight or when the car rental reservation is not honored on time. The result is usually quite beneficial for consumers: vouchers for free airline tickets, and an upgrade from a Seat Ibiza to an Audi A6.

The same does not always apply in B2B interactions. Exploding when you are told that something is not ready may backfire. Instead, learn how to channel negative emotions for positive outcomes. Expressing heightened disappointment may be much more productive, so long as you know which cards you have to play with. Will you ask for a perk or a discount from your business partner? The solution for your anger may have to come from you, however, so be creative and clear on what you hope to accomplish by expressing your emotions.

Biased Emotional Memories

On the consumer level, we know that systematic biases exist in *how* we recall emotional events. Instead of simply averaging the entire consumption – a weekend at a resort, for example – we tend to overweigh the peak, the slope and the end of our experiences.

Emotional memory cannot be directly or consciously accessed. What we recall are declarative memories – what, where, when and how something happened – but not the feeling itself. Having said that, the emotion we felt at a given moment in time does influence our subsequent account of events, and may condition our behavior without us even being aware of it. In recalling the declarative memory, it triggers a new feeling, which may actually amplify the earlier stored emotion.

This has implications for service providers, since satisfaction ratings and repeat purchases will certainly be affected by these stored emotional memories. This is especially important if the nature of the service is fraught with long waits or other frustrations. Companies need to find ways to moderate the emotional content of these service encounters, making sure that positive events are experienced and negative ones are avoided at key moments through the entire consumption period. An unexpected negative peak might significantly decrease the overall

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satisfaction ratings. Likewise, service providers who gain repeat business have learned how to wrap things up on a positive note.

APPLYING THE LESSON. Rather than focusing only on making a good first impression, remember that the most lasting impression for a consumer is often the *last* one. How can you make a positive statement that evokes trust, contentment or provides a pleasant surprise?

Analyze your customers' experiences with you from start to finish and how you can ensure ending on an upbeat. In some industries it may be a free token or gift offered at the very end. In others, it may be leaving your star customer with service personnel known for instilling a feeling of trust and goodwill as the last contact. A unique, positive gesture at the end of the experience has an overwhelming impact on consumers' positive memories.

The opposite – a painful or unpleasant surprise at the end – can be equally memorable for all the wrong reasons. Recognizing this, Harrah's in the United States has come up with some sophisticated ways to manage this.

Harrah's tracks the betting patterns of individuals in its casinos and makes predictions about their future behavior. From this data, Harrah's has discovered that when a customer over bets and incurs losses beyond a given threshold – what's known as "pain points" – he or she is less likely to return in the future. The last thing Harrah's wants is for its customers to leave feeling regret after incurring heavy losses from a pattern of over betting.

To address this, Harrah's enlists a team of specialized employees called "Luck Ambassadors" who approach these unlucky clients and, after a pleasant chat, offer them a free meal in one of Harrah's restaurants. In this way, clients end the day feeling like winners.

Unanticipated Feelings

Extensive research over past decades has shown that people tend to miscalculate the power and impact of emotions on both the relatively trivial daily shopping decisions, as well as the long-term, higher-stakes decisions. We need only test ourselves to realize this in our daily lives: How often do we really stick to a shopping list? Why do people end up buying things they either know they do not need or cannot really afford? Or, after doing the numbers, is it really worth our while to continue to commit to such a comprehensive insurance policy or to continue to hold onto that losing stock?

We are finding that people even miscalculate their affective reactions to events that don't actually happen. Consider two individuals who both decide not to invest in a risky venture. Later, one finds out he would have made a lot of money, while the other discovers he would have lost everything. Although neither actually risked anything, and their investment money remains wholly intact, the one who would have lost everything feels better than he or she had expected, whereas the one who would have profited feels worse than he or she had anticipated. Inaction can make us underestimate the regret or relief of a foregone gain or loss.

It turns out that even after our brain has clearly mapped out the plan, and we have committed ourselves to that plan, we are likely to make unanticipated revisions, because we didn't account for how we would feel later.

The hot/cold empathy gap is one explanation of why reason can often take a back seat in decision making. When people are in a cold, logical state, they have trouble imagining how pain, frustration or disappointment – a "hot" state – will distort their reason and overtake their plan. The aversive state they experience leads them to take steps to restore a homeostatic state or prior state of contentment.

In the context of gambling, frustration leads one to take greater risks in the hope of making up for prior losses. If shopping on an empty stomach, you might buy more groceries than you can consume. Investors will hold onto losing stock for far too long, because so long as the losses are only "paper losses," they

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do not feel the same degree of disappointment as they will when telling their spouse or acknowledging their losses to the tax authorities. Aspiring university students get caught up in the excitement of the campus visit and cannot imagine that in one year's time, their emotions will be far different and they could be better served in another environment.

For businesses, recognizing that emotions play a much larger and more complex role in how decision making occurs is the first step in the exploration and development of techniques to better manage customers.

Why and how do we deviate from our plans, and why are we not more conscious of the sway our emotions have over our future?

To answer these questions, we ran some experiments using three sequential gambles. We discovered that, in the planning phase, participants behave conservatively. They imagine betting less after an anticipated loss and the same amount after an anticipated gain.

However, at the moment they actually experience a loss in their first gamble, they revise their conservative plan: Rather than betting less, they end up betting significantly more.

This deviation was particularly pronounced in participants who had underestimated the intensity of their emotional reaction to losses in the planning phase.

APPLYING THE LESSON. Consumers may act irrationally when caught up in the heat of emotion. Unless a consequential commitment is at stake, deviation from the plan will happen when emotions trigger impulsive reactions. Depending on the industry and situation, this behavior may not be beneficial for a consumer's welfare nor for your business.

Directly relevant to our sequential gambling scenarios are state-run lotteries. In the United States, for example, such lotteries raised more than $56 billion and returned more than $17 billion to state governments in 2006. If the types of games introduced to raise money are sequential, they may induce consumer overspending, often among the already economically disadvantaged, bringing into question the welfare-maximizing design of these lotteries.

Certainly for investors, holding onto losing stock, or the opposite, selling winning stock too soon in order to feel pride in the immediate realization of gains and avoid feelings of shame, is not rational or typically beneficial for a portfolio. Like Harrah's "Luck Ambassadors," consumers may need a friendly reality check to break the spell of emotion and prevent excessive damage to their financial well-being.

This is something that banks and lending agencies failed to do in the years leading up to the recent global financial crisis, when they

Emotional Mapping

EXHIBIT 1

IDENTIFY AND MODIFY THE KEY MOMENTS IN CUSTOMER/ BUSINESS INTERACTIONS.

1. What simple improvements can you make to enhance a positive atmosphere?
2. What triggers will help customers form evaluations while in a good mood, which will guide consistent behavior?
3. Are there opportunities to shed or alleviate negative emotional states?
4. Do you offer customers opportunities to tame impulses, so they are not always making decisions in the heat of the moment?
5. How do you evoke trust or a pleasant surprise, particularly at the end of the encounter?

> Once a company identifies the key sources of emotional reactions, it can then modify the sources and timing of the reactions, to maximize satisfaction and loyalty at every stage of the encounter.

neglected to counter the false illusion that anyone could be a homeowner. However, the financial industry generally does offer customers opportunities to tame emotions and impulsive spending. Banks invite you to make automatic contributions to retirement plans, or remind you to top up your child's college fund. The same rationale guides self-exclusion programs for compulsive gamblers, who can, while in a cold state, have themselves banned from entering a casino, in case their hot state pushes them to relapse in the future.

As well as intervening, utilizing precommitment techniques may return customers or keep them tied to their senses, and create a more satisfied customer. Getting customers to commit to savings strategies prevents end-of-the-month overdrafts or pre-Christmas extravagance for which a New Year's resolution will have to be created to remedy the resulting regret.

Analyze what areas of your business are prone to emotional impulses that are neither in the interest of consumers nor in the interest of your business if you lose them and their money in the long run.

Map Your Emotional Touch Points

Without a doubt, emotions influence consumer decision making, but, as the latest scientific evidence suggests, their influence is much more nuanced and complex than many are aware. To take full advantage of the benefits, companies need to be able to map and manage these emotions skillfully (see **Exhibit 1**).

Emotional mapping is a process by which a company identifies the key sources of emotional reactions a consumer will experience when interacting with the business. Armed with that information, the company then tries to modify the sources and timing of the emotional reactions, in order to maximize customer satisfaction and loyalty at every stage of the encounter. To do so requires a richer understanding of how and when emotions operate and have an impact on behavior. This article represents an initial step in that direction. These lessons, as described throughout the article, can have meaningful consequences for companies and other institutions in their continuous attempt to boost loyalty and promote well-being. □

TO KNOW MORE

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