cognition®

4 Big Challenges For Brands

And How To Solve Them With Psychology

Introduction.

For most brands it can feel like survival of the fittest. Navigating a post-pandemic landscape, cost of living crisis, global conflicts, and climate change is one thing. Adapting to the earth-shattering impact of AI is quite another.

But you don't need to read another sentence on the pros of Chat GPT. Instead, in this guide, we look backwards for a change.

Too often, business leaders forget about the lessons available to them from the world of psychology. These timeless insights offer academically-robust, statistically-backed answers to the big challenges facing brands. And as a psychology-led marketing agency, it's our job at Cognition to share them with you.

In this guide, we set out four pertinent challenges facing brands. For each, we offer an applicable lesson from psychology then give practical recommendations on how you can apply the research. We hope it gives you a fresh perspective and plenty of actionable insights along the way.

Proposition & Messaging.

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Only 8% of B2B leaders report having 'very effective messaging'.

[Source: Ironpaper survey]

Creating Stand-Out Messaging in Saturated Markets

Crafting a unique value proposition is the perennial challenge for all brands. But it's a challenge that's amplified in B2B, where complex products collide with long buying cycles and high-stake decisions.

With dozens of players per category, B2B markets often find themselves trapped in 'feature parity', where competing products boast near-identical features and capabilities.

It's no surprise that Forrester's 2023 B2B Brand and Communications Survey found 40% of respondents 'struggle to make brand messages relevant to buyers'. While Ironpaper's survey of 159 B2B leaders found that only 8% reported having "very effective messaging".

And with the surge of gen-AI content incoming, differentiation is about to get even harder.

B2B brands frequently find solace in a comfort zone, recycling competitor messaging with slight rewording. Here, the old IBM adage holds true: 'Nobody ever got fired for using industry-standard buzzwords'. It's an echo chamber of messaging that's perhaps to be expected given so much feature parity.

But all this risk aversion means B2B marketers struggle to go beyond rational appeals in their messaging. They rarely embrace the emotional, psychology-driven appeals that might genuinely differentiate their offering - and compel customer action.

So, how do brands escape the herd mentality? Here, we can take a lesson from psychology in the form of the **Elaboration Likelihood Model**. ELM is a timely reminder of the need to blend both rational and emotional appeals in your messaging to maximise cut-through.

The Elaboration Likelihood Model (ELM)

The Elaboration Likelihood Model (ELM), developed by Richard E. Petty and John Cacioppo in 1980, provides a crucial psychological framework for understanding how individuals process and respond to marketing messages.

In the ELM model, when a customer encounters a message, the persuasion process kicks in immediately. The level of involvement is determined by whether the customer perceives the message to be highly relevant or not. This perception dictates the route the persuasion takes: the 'central route' or 'peripheral route.'

Petty & Cacioppo

| High-Involvement Processing | > | Cognitive Response | > | Belief & Attitude Change | > | Behaviour Change |

Central Route

| Communication | > | Attention & Comprehension |

Peripheral Route

| Low-Involvement Processing | > | Belief Change | > | Behaviour Change | > | Attitude Change |
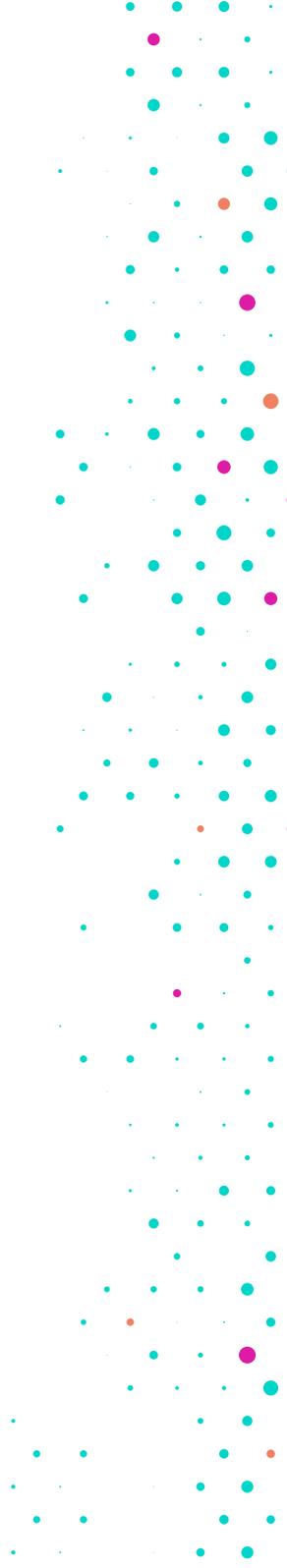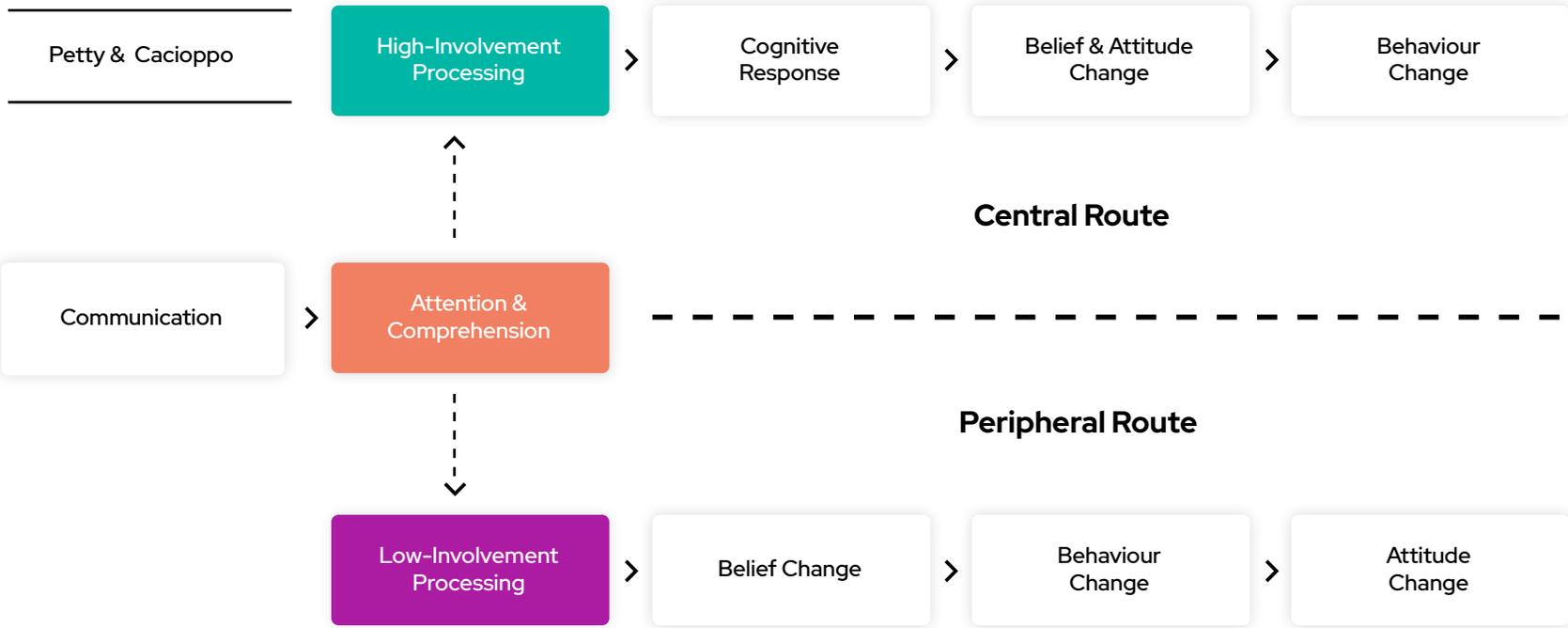
A Lesson from Psychology

In high-involvement situations, the 'central route' focuses on the message itself, emphasising arguments and their quality. Customers engaged in this route scrutinise the message, compare it to their existing attitudes, and generate cognitive reactions. Positive cognitive responses pave the way for influencing beliefs and attitudes, potentially leading to behavioural change.

Conversely, low involvement is triggered when the customer does not perceive the message as highly relevant. In this channel, customers don't engage in cognitive reactions; instead, they rely on 'peripheral cues' - factors like who the speaker/brand is, the attractiveness of communication, or the appearance of people in the message. While beliefs can be influenced in low involvement situations, it's unlikely that attitudes and feelings will undergo significant changes.

Another powerful peripheral cue is repetition, as evidenced by the Illusory Truth Effect, a phenomenon identified in a study at Villanova University in 1977. This effect involves the tendency to believe false information is correct after repeated exposure. In scenarios with low involvement, repetition of a message leverages the Illusory Truth Effect. This phenomenon significantly increases the likelihood that repeated messages will be perceived as accurate, providing marketers with a compelling tool in low-involvement scenarios to enhance message retention and influence beliefs, even if attitudes and feelings remain less susceptible to change.

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> The Illusory Truth Effect is the tendency to believe false information is correct after repeated exposure.

" When processing messages, customers rely on 'peripheral cues' – factors like who the brand is, the attractiveness of communication, or appearance of people in it.

Applying the Lesson

Engage Both Routes:

To maximise engagement with your brand message, appeal to both the central and peripheral routes of persuasion as defined in the ELM model.

Continue appealing to logic with substantive content, but don't ignore the power of peripheral cues for cut-through.

Central Route:

Provide rational evidence, including arguments, supporting data, and facts to evidence your messaging claims.

Amidst the noise, ensure customers perceive your message as highly relevant for them to proceed down the central route.

Do this by avoiding overly-generic claims like 'boost your efficiency' and 'streamline operations' and bring specificity to your messaging.

> " Avoid overly-generic claims like 'boost your efficiency'.
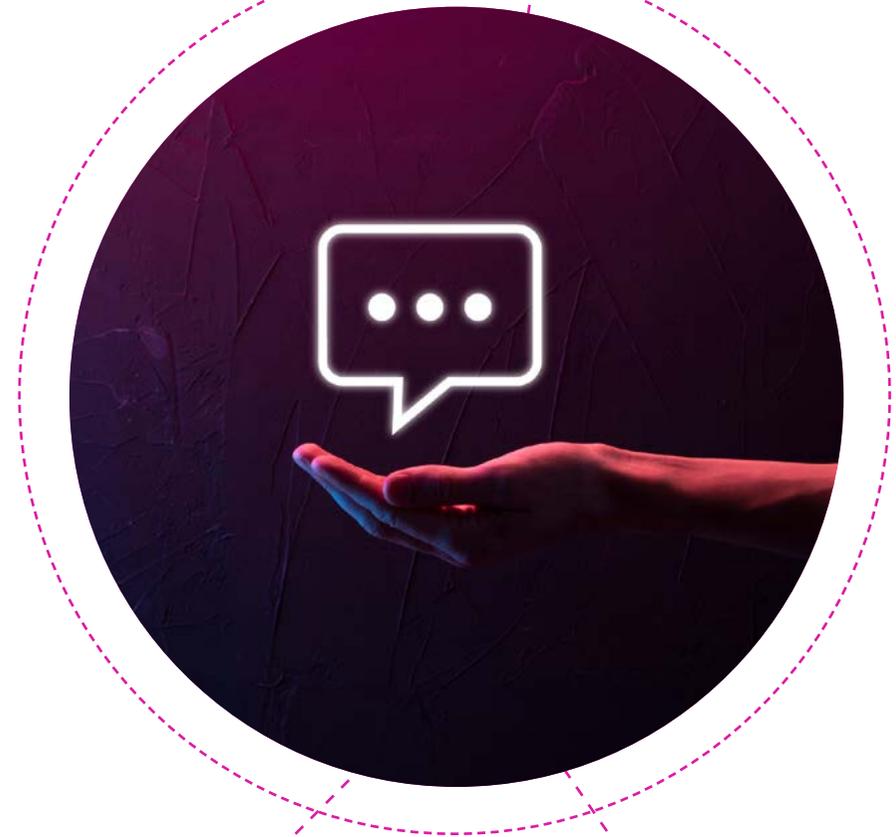
Peripheral Route:

Many B2B brands fall short in visual execution and emotional appeal, neglecting the power of peripheral cues.

- Leverage messaging around personal motivations – how will your product or service make work life easier, accelerate the customer's career goals, fuel their ego?

- Pay attention to the look and feel of your brand messages and content at all times – take inspiration from brands like Sage.

- Use social proof across your marketing channels – website, email, paid and organic social channels. Take inspiration from Superhuman and go beyond just having a client logo banner on your site.

- While peripheral cues may not alone lead to belief or behaviour change, they are vital for grabbing customers' attention.

Illusory Truth Effect and Message Repetition:

- Learn from the Illusory Truth Effect – focus on a single key message and repeat it to maximise absorption and acceptance as truth by your customers.

- Avoid cluttered messaging; create a messaging framework to align marketing, sales and wider teams behind your value proposition to ensure consistency. Build one story that is sustained by all stakeholders.

> " Rational and emotional appeals in messaging are complementary, not contradictory.

ELM in Practice: Brand Example

Apple

An obvious example of a B2C brand which applies the ELM framework is Apple. Apple products appeal to central and peripheral routes of persuasion with strong aesthetics while making compelling arguments about quality and innovation.

UserEvidence

Customer voice platform, UserEvidence uses peripheral cues to great effect to humanise its messaging, design and content. While also providing a 'Research Library' with more substantial content for those who want to progress down the 'central route' of processing.

Sage

Great care has also gone into the peripheral cues on the Sage site with the distinctive and playful use of illustration, stand-out colour palette and bold typography.

Sage also uses emotional appeals - the site is rich in customer testimonials expressing the piece of mind that comes from using their software. Even with their audience of finance and IT leaders, Sage understands that B2B decision-making is just as emotional as B2C.

Superhuman

Superhuman goes beyond traditional social proof, creating a distinctive 'Wall of Love' featuring customer quotes.
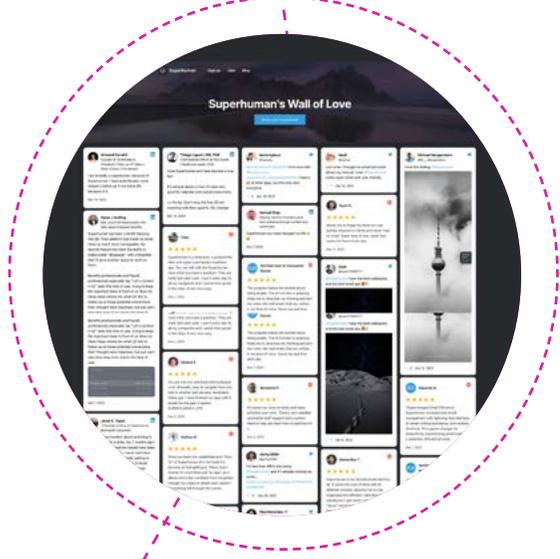
Nurturing Prospects.

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95% of B2B buyers are not actively seeking to purchase at any given time.

[Source: B2B Institute survey]

The Challenge

Engaging Out-of-Market Prospects

**It's hard to find a marketing strategy
that doesn't reference 'demand generation'.**

The decision to influence prospects higher up the funnel is nothing new. But, with the increasing realisation that B2B audiences are more self reliant than ever, conducting a significant amount of research before they even engage with sales, it's become a strategic imperative for brands. To generate leads, we must first generate demand.

Building demand is also essential when we consider that most prospects aren't ready to buy. In fact, the B2B Institute states that a staggering 95% of B2B buyers are not actively seeking to purchase at any given time – making unsolicited pitches a fast-track to unsubscribes.

But that doesn't mean marketers can't still get the attention of these 'out-of-market' audiences. Adding value in the form of tapping into their passions, building their knowledge base or providing (the dreaded) 'edutainment' is, however, easier said than done.

It's here that marketers can learn a lesson from the psychology of curiosity. Even when prospects are months or years away from a purchase, understanding how to trigger and sustain curiosity among audiences can create a pathway to meaningful engagement.

The Information Gap and fMRI Scans

In 1994, economist George Loewenstein introduced the 'Information Gap' theory, positing that curiosity is triggered when individuals recognise a lack of desired knowledge, creating an 'aversive feeling of uncertainty' that rivals hunger in its intensity.

Supporting this theory, a 2008 Caltech study led by Min Jeong Kang used **fMRI scans** on 19 participants engaging with trivia questions. After reading each question, participants were told to silently guess the answer, and to indicate their curiosity about the correct answer. Then they saw the question presented again, followed by the correct answer.

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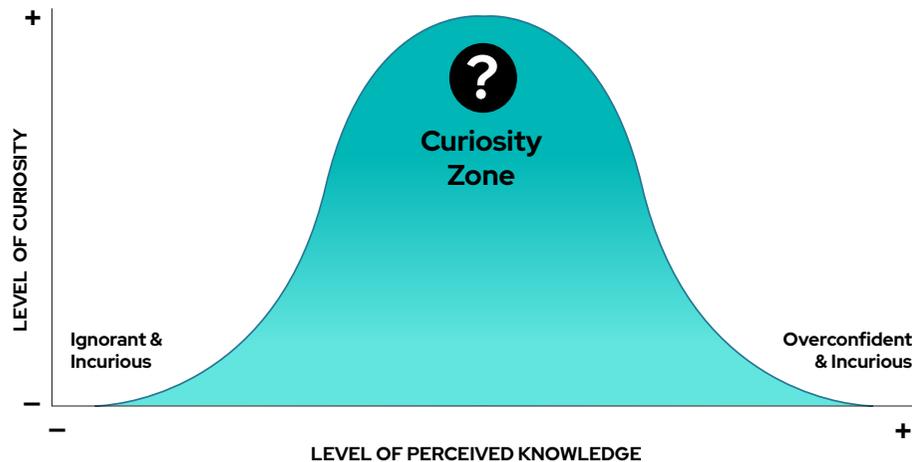
Curiosity follows an inverted U-shaped curve. We are most curious when we know a little about a subject but not too much.

Source: 2008 Caltech Study, Min Jeong Kang

A Lesson from Psychology

The findings revealed an inverted U-shaped curve of curiosity–peaking when participants had some knowledge but remained uncertain about the answer. Conversely, participants were at their least curious when they felt extremely confident or had no clue about the answer.

Moments after the initial question, participants displayed increased brain activity in the left caudate, prefrontal cortex, and parahippocampal gyri. Remarkably, the left caudate, linked to the dopamine reward pathway, showed a dopaminergic response akin to primal cravings for sex and drugs, highlighting that the desire for abstract information, the root of curiosity, is deeply ingrained in this primal pathway.

Understanding the intricacies of the 'Information Gap' and its neural underpinnings provides marketers with a powerful tool to engage out-of-market prospects-creating a deliberate sense of curiosity that compels action and bridges the gap between what audiences know and what they yearn to discover.

Caudate
(part of Striatum)

Cerebral
cortex

Lateral prefrontal
cortex (PFC)

Prefrontal
cortex

Orbitofrontal
cortex (OFC)

Nucleus
accumbens

Amygdala

Pulamen
(part of Stiatum)

Hippocampus
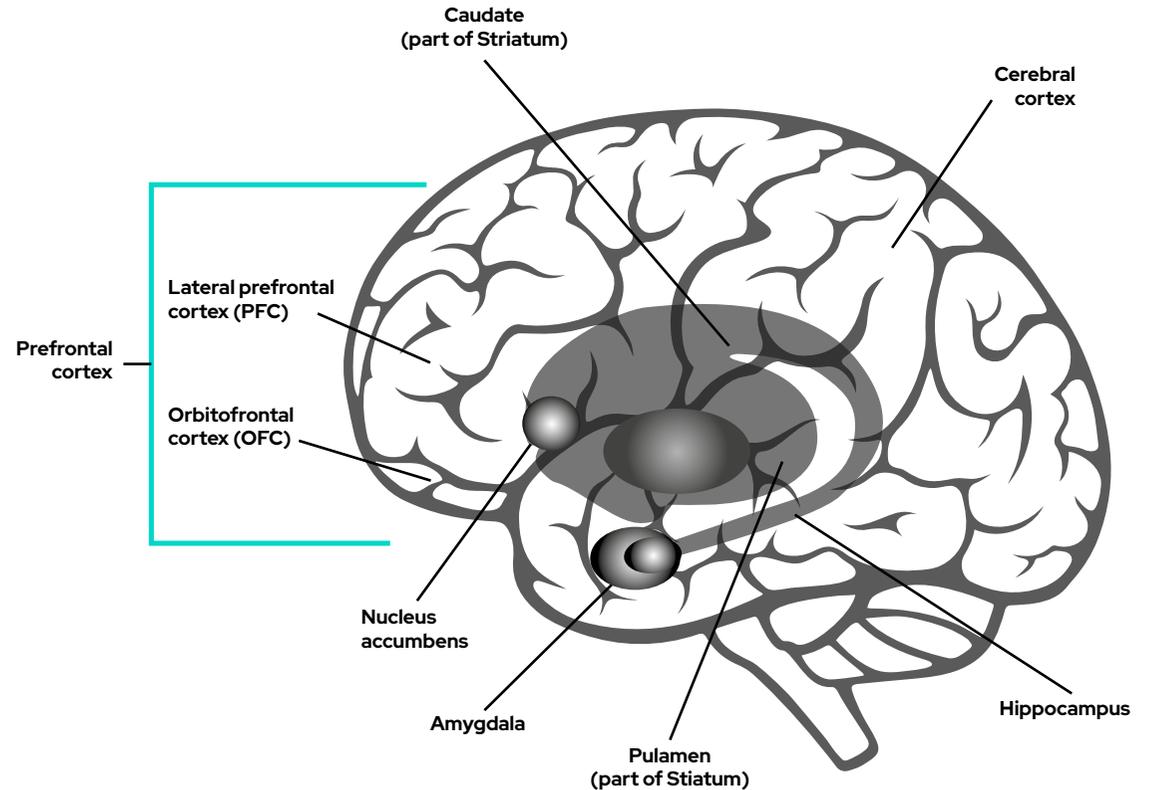
(Above) The fMRI scans showed an increase in brain activity in the highlighted regions. This activity occurred moments after participants were asked questions. The left caudate has been linked to the dopamine reward pathway – highlighting the addictive nature of curiosity.

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The Information Gap provides marketers with a powerful tool to engage out-of-market prospects.

Applying the Lesson

Curiosity Across Formats: Marketers can leverage Loewenstein's Information Gap across many different content formats – from ad copy to titles for podcast episodes.

Curiosity-based Headlines: Can be effective for blogs, articles, and email subject lines. Alternatively, curiosity can be saved for sub-headings (H2, H3 or H4) or an engaging introduction or standfirst.

Social Media Application: Employ curiosity-based headlines in social media, both in paid ads and organic posts.

Hyper-personalised Emails: Spark curiosity in email content by combining a 'desired outcome' with a 'new remarkable thing'. This technique is most powerful in 'hyper-personalised' emails, which reference the latest developments at your target prospect's company to create a tailored, one-to-one approach.

Here, the 'desired outcome' might be a way to impress the prospect's new incoming CFO (as identified by your research). While the 'new remarkable thing' is your solution to their pain point – e.g. a tool that can automate manual processes and save x hours per month, resulting in £x savings per year. The prospect's curiosity is piqued by your knowledge of their company and the possibilities of the desired outcome. In short, they want to know more. You have created the Information Gap.

Hyper-personalised emails are an essential ABM tactic and the antithesis of unsolicited pitches. When researched and crafted properly, they can trigger sustained curiosity among prospects.

Balancing Act: Maintain a careful balance in retaining the information gap. Provide enough information to keep prospects engaged without revealing too much to satiate their interest.

Avoiding Clickbait: Avoid the clickbait trap. Ensure that curiosity-based headlines align with the content and address the topic as promised.

Building Trust: Offering answers to curiosity gaps earns respect and trust from the audience. Over-hyping and sensationalising content will keep prospects perpetually out-of-market.

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Hyper-personalised emails are an essential ABM tactic and a perfect opportunity to spark curiosity.

Challenge 3:

Data & Insight.

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67% of CMOs are overwhelmed with data.

[Source: Adverity survey, 2002]

The Challenge

Data Rich, Insight Poor

It's no surprise that many senior marketers are struggling to make sense of their data.

In fact, according to research conducted by Adverity in 2022, 67% of CMOs say they are overwhelmed with data.

Adverity surveyed 300 CMOs across the UK, US and DACH and found that 99% of respondents are using 10 or more data sources, with 52% using 14 or more. While in 2019, 47% of respondents were using 6 or fewer sources.

With channels and tools spitting out increasingly granular data, the challenge has become one of extracting meaningful insights from the avalanche of metrics. And answering the 'so what?' question.

A big part of the challenge is data integration. Achieving a unified view of customer data across platforms is often elusive – and can contribute to data inconsistencies. Managing CRM data alone proves to be a significant source of anxiety for many marketers.

All the while, the pressure on marketers to demonstrate the tangible impact of their activities has never been greater. Meaning time spent wading through multiple data sources and bringing disordered information into order is inevitable. And for many, a daily chore.

But can an over-reliance on the wrong type of data mean marketers are losing sight of the bigger picture?

Here, we can take another timely lesson from a psychology study on the subject of pursuing useless information.

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An over-reliance on digital marketing metrics can mean marketers lose sight of the bigger picture.

The Pursuit and Misuse of Useless Information

In 1998, psychologists Anthony Bastardi and Eldar Shafir conducted a pivotal study, 'On the Pursuit and Misuse of Useless Information,' revealing insights crucial for marketers drowning in data.

Participants were split into two groups. Group 1 read the following scenario:

'Imagine that you are a loan officer at a bank reviewing the mortgage application of a recent college graduate with a stable, well-paying job and a solid credit history. The applicant seems qualified, but during the routine credit check you discover that for the last three months the applicant has not paid a $5,000 debt to his charge card account. Do you approve or reject the mortgage application?'

Group 2 saw the same paragraph with one crucial difference. Instead of learning the exact amount of the student's debt, they were told there were conflicting reports and the size of the debt was unclear – it was either $5,000 or $25,000. Participants could decide whether to approve or reject immediately, or delay their decision until more information was available, clarifying how much the student owed. Not surprisingly, most group 2 participants chose to wait for more information.

The experimenters then revealed that the size of the debt was $5,000. So both groups ended up with exactly the same information.

(Below) The percentage of participants who approved or rejected the application in the simple and uncertain versions of the mortgage scenario.

Version	Choice	Time of choice		Total
		Immediately	**After waiting**	
Simple	Approve	29	–	29
	Reject	71	–	71
Uncertain	Approve	2	54	56
	Reject	23	21	44

> " The experiment exposed the tendency to overvalue information when it's elusive.

A Lesson from Psychology

Results unveiled a remarkable disparity: 71% of Group 1 promptly rejected the application, contrasting sharply with Group 2, where only 21% rejected after seeking additional data. The critical lesson emerged–having too much information can lead to losing sight of the bigger picture. The experiment exposed the tendency to overvalue information when it's elusive, highlighting a cognitive bias that assumes sought-after data must be inherently valuable.

The human mind, averse to uncertainty, craves information completion. Group 2 participants, fixated on resolving the debt ambiguity, shifted focus from the applicant's default history to the trivial detail of debt size. The study underscores the challenge faced by marketers immersed in data–balancing the quest for information while maintaining a holistic and commercial perspective. As marketers navigate data complexities, the study serves as a cautionary reminder to avoid fixating on minutiae at the expense of strategic decision-making.

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The study highlights the challenge faced by marketers immersed in data - balancing the quest for information while maintaining a commercial perspective.

Applying the Lesson

Avoid Unnecessary Decision Delay: Marketers should learn from the experiment participants and resist the temptation to delay decisions over minor details and useless data.

Beware of Metric Obsession: Marketers understandably fixate on digital metrics, like click–through rates and impressions. While such data points are the lifeblood of performance marketing, it's vital not to let them overshadow the ultimate goal–commercial results.

Guard Against Vanity Metrics: Soft metrics, akin to vanity metrics, can mislead. Metrics like open rates may be presented prominently, but marketers must ensure they align with the broader objectives of conversions and lead quality.

Balance Data Presentation: While data presentation is important, marketers must strike a balance. Overemphasis on granular digital metrics can dilute the impact of campaigns in the eyes of senior stakeholders and may undermine performance - and credibility.

Never Lose Sight of the Bigger Picture: Marketers drowning in data should refocus on their core objective - meeting customer needs. Excessive time spent on irrelevant data detracts from fulfilling the primary purpose of delivering value to customers.

> " Marketers should resist the temptation to delay decisions over minor details and meaningless data.

Employer Brand.

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Many marketers, internal communicators and HR leaders struggle to move beyond paying lip service to employer branding.

Building an Attractive Employer Brand in a Challenging Labour Market

In the era of 'talent wars' and ever-evolving employee expectations, employer branding has become a strategic imperative.

The benefits of forging a distinctive and recognisable employer identity are obvious: it helps attract and retain the best talent, aligns internal culture with organisational objectives, boosts employee productivity, and fosters deep loyalty within the workforce.

Investing in the employer brand also begins a self-reinforcing cycle. It establishes organisations as sought-after employers but also contributes to enhancing the overall customer experience, thereby differentiating the external brand.

But despite the apparent benefits, many marketers, internal communicators, and HR leaders struggle to move beyond paying mere lip service to the concept of employer branding.

Complicating matters is the fact that the employer brand is now beyond the brand's control. The rise of review platforms like Glassdoor and 'employer shaming' on social media have changed the power dynamic. Today, brands must not only cultivate but actively monitor their employer brand perception to stay competitive in the labour market.

Employee expectations have also shifted in the wake of the pandemic. Scrutinising a potential employer's hybrid working arrangements, benefits package, and workplace flexibility is the right of any self-respecting employee – and a must for parents.

How, then, can we go beyond the theory and build a powerful employer brand in a candidate-driven market? Here we can take another lesson from psychology in the form of the 'psychological contract' and social identity theory.

'The Psychological Contract' and Social Identity Theory

Backhaus and Tikoo's 2004 study, 'Conceptualizing and Researching Employer Branding', serves as a valuable guide for building and differentiating the employer brand.

The two academics from The State University of New York talk about the concept of the **'psychological contract'** between employer and employee. A contract, they argue, which is formed before the employee joins the company, during the recruitment process.

Backhaus and Tikoo's 'Employer Branding Framework'
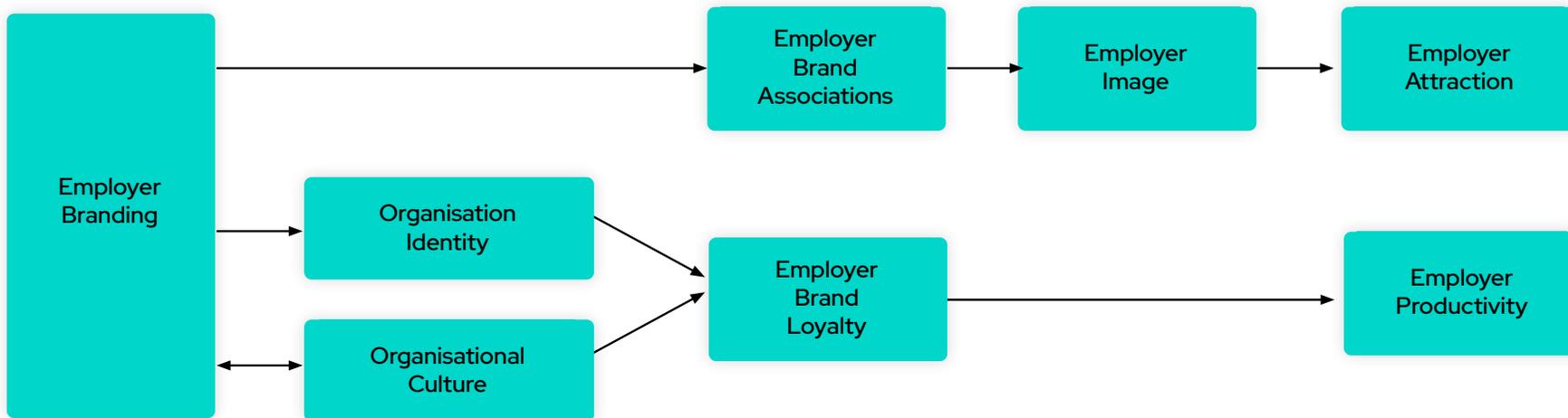
(Above) The framework shows how organisational culture impacts the employer brand. Organisation identity (external projection of the brand) and organisational culture (the internal reality) must be aligned to build a strong employer brand.

Potential employees develop an employer image from the brand associations, which are an outcome of the company's employer branding. Brand associations also come from sources that are not employer-controlled - e.g. Glassdoor reviews.

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If employer brand content is not reflective of reality, it can breach the psychological contract.

"Recruitment messages", they argue, "begin the formulation of the psychological contract". The "contract" being, in their words, a "subjective exchange agreement between an individual and the employing firm". Put simply, it's an unwritten (often unconscious) expectation of the employee experience.

Backhaus and Tikoo urge brands to consider the honesty of employer brand messaging, and particularly the accuracy of job descriptions. If employer brand content is not reflective of reality it can lead to "perceptions of breach of the psychological contract".

This breach of the psychological contract happens when an employee believes the organisation has failed to honour its obligations. Not surprisingly, when such breaches happen, the results are damaging, resulting in staff turnover, intentions to quit, reduced job satisfaction, reduced organisational trust and reduced job performance.

The study also links the concept of employer branding to **social identity theory**. In simple terms, social identity theory (SIT) argues that people derive their sense of self ('self-concept') from their membership of social groups. Organisations are an obvious 'group' to consider in SIT - with 'membership' being employment.

Most interestingly, the study makes a connection between the perceived prestige of an employer and the self-esteem of employees. In simple terms, the strength of our employers' reputation in the marketplace can have a direct impact on our self-worth. They argue that potential employees are more likely to choose to work for a prestigious organisation "for the sense of heightened self-image that membership promises".

To leverage the power of SIT, the study suggests organisations consider their employer brand image from two perspectives: functional benefits and symbolic benefits:

Functional benefits describe elements of employment that are desirable in objective terms, like salary, benefits, leave allowances. **Symbolic benefits** relate to perceptions about the prestige of the firm, and the social approval applicants imagine they will gain if they work for the firm.

The fact that people enjoy the status of working for top employers is no surprise. But what's fascinating is the depth of feeling associated with this status, and its ability to impact self worth.

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In social identity theory, working for a prestigious organisation can lead to a heightened sense of self image.

Applying the Lesson

The psychological contract and social identity theory have important implications for employer branding.

Here are some way to leverage these concepts with existing and prospect employees:

Maintain Accuracy in Recruitment Materials and Job Descriptions: Give a realistic picture of your organisation's culture and working patterns. This means understanding what your culture is not. It can be tempting to use buzz phrases like 'industry-leading work-life balance' and 'truly flexible working' but these claims can backfire if they're not the reality - leading to a breach of the psychological contract. It's better for a company to be authentic and say, 'We work hard, but there are many bonus incentives on offer' than to promise a utopian work-life balance. Also, be honest about the expectations you have for the role and where the company is today; then help candidates understand that their voice will be heard to evolve the company for the better.

Use Video for Authenticity: The most effective video takes candidates behind the scenes of your organisation. Show what life is really like with day-in-the-life vignettes and employee testimonials. Don't be held back by perceived equipment limitations. Overproduced corporate reels won't differentiate your employer brand and often lack authenticity. A simple set-up with an iPhone is often more than adequate for short employee interviews.

" Avoid buzz phrases like 'truly flexible working' if they don't reflect reality.

Choose Values Carefully: Internal values typically fall into one of two categories. They're either too aspirational and describe what organisations wish they were. Or, they choose words that represent table stakes. 'Honesty' and 'integrity', for example, are just a given for doing business. Values exist to help employees make tough decisions, not echo empty platitudes. Instead, look for stories within the organisation that show your values in action and capture these sentiments. Perceptions of whether or not you live your values will influence the psychological contract, so choose them wisely and look to give employees a say in their creation.

Monitor Employee Reviews: With your employer brand impacting not just recruitment and retention but also, potentially, the self-esteem of staff – it's vital to monitor external reviews. Leverage social identity theory by keeping a close eye on sites like Glassdoor. If reviews are negative, respond to them in a timely and professional manner to show you care about employee feedback and are willing to address any issues. You can also identify any fake or malicious reviews and flag them for removal.

Showcase Reviews on your Website and Social Media: Substantiate your claims about culture. Take inspiration from brands like Bain & Company who proudly display their Glassdoor accolades on their careers page with a host of other employer awards.

> " Employee values are often either too aspirational or represent table stakes.

Summary.

From the Information Gap to social identity theory, we hope you found inspiration in our lessons and recommendations.

A fresh psychological perspective on these challenges can unlock new approaches to brand strategy, creative and execution.

Of course, there are many more lessons to share. So, if you found the guide interesting and would like to discuss the application of these principles in more detail, or bring new challenges to the table, we'd love to talk.

To give us your feedback on the guide, or to talk to Cognition about your specific challenges, please get in touch at **hello@cognitionagency.co.uk** or contact us **here**.

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About Us.

Cognition is a psychology-led marketing agency and the only agency in the UK to have its own Scientific Board.

Our Scientific Board is composed of world-leading psychologists, mathematicians and neuroscientists.

At Cognition, we specialise in:

- Research & Insight
- Brand & Creative
- Strategy & Planning
- Internal Communication

We use our proprietary methodology, The Cognition Brain, to optimise your performance in each area.

To find out how Cognition can use psychology to optimise your brand contact us here.

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