

Episode 1

Marketing is Changing



NEURAL IMPACT | Podcast

The Neuroscience of Cloud Customer Acquisition

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Host: Sharka Chobot

Guest: Joanne Charley

Joanne: People are scared about their jobs. They're scared about security. They're losing money, they're losing margin and competitive advantage. These are all really emotionally-charged events that happen. Behind a business are people and people make decisions around emotions.

Sharka: Thank you so much for taking time out of your busy schedule to be here with us today. This is the inaugural episode of the Neural Impact series of podcasts. We'll be exploring in this episode, how marketing has changed over the years and how we need to start to think about it a little differently in the future.

Intro: Welcome to the "Neural Impact" podcast using the latest discoveries in neuroscience to acquire customers and build your cloud business with your host Sharka Chobot, a passionate neuro marketer, behavioral scientist and technology industry veteran, committed to helping give you a competitive edge. In this introductory episode, Sharka talks with Joanne Charley, Chief Marketing Officer at Neural Impact, Marketing Professor at Capilano University, and a 30-year senior marketing leader.

Sharka: Joanne, welcome.

Joanne: Thank you.

Sharka: I'm so delighted that you're launching this new podcasts with us today.

Joanne: My pleasure.

Sharka: So before we jump into our conversation today, this podcast is really focused on helping technology, industry, sales, marketing, leadership people apply neuroscience to the customer acquisition and customer engagement process and in many cases, engage their employees and more. Today, we're gonna focus on neuromarketing and tell me, why do you think we should even have this conversation and how is it important to our listeners?

Joanne: I think why our listeners really need to care about this is that the latest research, brain research in the last five years has really turned our understanding of buyer behavior on its head. It emphatically shows that irrefutably, we make emotional decisions in our purchasing behavior. We do not make rational decisions. So this emotional trigger and decision making that we have is so important for marketers. I bet it relates to how we can attract attention, how we can be remembered, how we can create biases, and how we can most importantly, motivate actions. So understanding the neuroscience behind this is absolutely critical. Also, we need to be able to apply this to a very

shifting marketing landscape with all the digital transformation and what effect that has on our buyers' behavior. And lastly, we need to think about how the buyer has changed as well, given this sort of new landscape that we're within.

Sharka: You've had this long, impressive career over the last 30 years, both in the financial industry and technology. And I know you've worked with companies like Qantas Airlines when you were back in Australia, and Hambros Bank and Howard Smith, and a number of others, and then you moved to Canada. And you've worked globally with a number of tech companies. You know, in the early days I think you worked with Crystal Decisions and SAP. You've worked with Borland, Concentric, Business Objects. Tell me, how would you summarize, I guess, the key challenges that a lot of these tech companies have had over the years?

Joanne: What was common and still is really common is the challenge in technology-based companies to pursue product or technology-driven solutions first. Instead of really being led by what the market demand is and the market opportunity, it's better to reframe and start with what's driving your customers' industry, what they're grappling with on a daily basis and develop a unique technologically based solution to help them overcome those pains and challenges, that will guarantee a more successful outcome. And the second challenge that I see, especially in technology companies, and especially in the last 10 years, is that we're now challenged to sell beyond the IT department, beyond the CIO focus, that was always such a large part of the audience that we tried to attract. So IDC's research that was released in April of this year showed that most technology purchases or the majority of technology purchases today are being made by line of business. So that's the other key shift and challenge that we're seeing is, how do we change our marketing and our positioning to attract a line of business audience who speaks a different language? They don't speak a technical language, right? Like, the IT and CIO folks, right?

Sharka: You're right. And I think part of that was based on, you know, over the years that I've seen is that technology used to be very complicated and people didn't understand it, and it was the IT department that really had all the knowledge and could figure it out. And I think today, we know what we want and we can go do the research and we find the software we want. And in some cases, you know, we put our credit card in and you can go online and get Survey Monkey to do customer research right away. So the control maybe of the buying decision has shifted as well.

Joanne: Exactly. So we've got to follow the money and the money now is within the line of business. So we need to find ways that we can communicate

and resonate, attract their attention. We need to find out where they're researching for solutions. We need to find out about their world. So that's another big shift and change that's happened.

Sharka: Well, I guess from a marketing standpoint, that means, you know, we're creating less technical white papers and, you know, product information and more speaking to the business buyer, and talking more about how we can help sales or marketing or whatever it is.

Joanne: Exactly. So it's their language, what's happening in your line of business? So if it's a marketer, what rocks a marketer's world? You know, what are the things that they grapple with on a daily basis? What keeps them up at night? So we need a solution that's gonna help them in their job to get ahead, to provide the kinds of outcomes and benefits that marketers need. So that's a very different kind of language, that's a different solution, that's a different way to resonate with that audience than it is perhaps talking, you know, data security or any kind of sort of technical infrastructure questions and platform questions. The IT folks is still there. They're still trusted advisors, but the line of business need things to be outcomes that are aligned with providing business value to them and what their strategic discipline is.

Sharka: Yeah. So how is it gonna help me in my job as opposed to, you know, all the technology? So, Joanne, you've been teaching marketing and behavioral science at a number of universities in Canada, how would you describe how marketing has changed as a discipline over the years?

Joanne: Okay. So a lot has changed, but a lot has stayed the same. The foundational core marketing strategy, that macro view, things like targeting, segmenting, creating a great value proposition, having compelling differentiation, something that adds value, all those kinds of fundamental core marketing principles, they haven't changed.

Sharka: So the foundation and the strategy behind your marketing?

Joanne: Exactly. So what has changed is that we have a highly fragmented media environment right now, go back 20 or 30 years, you could get a message out to an audience by advertising in a couple of key publications.

Sharka: At ATI, I remember we used to have "PC Magazine" and...

Joanne: "Computer World." Exactly. So you could cover off your audience with a few judiciously placed ads. You could go to a couple of different conferences and trade shows, and you could saturate your market. You could cover your

market. But today, well, the mediums have changed. We now have a plethora of digital platforms and social media marketing. So we've got this multiplication of how to get your message out, the ability to get your message out. So it's much more difficult to have that reach and that coverage that was so easy in years past. So that's one big change.

Sharka: I can see too how that would be more fragmented as opposed to more strategic and kind of integrated a campaign or approach?

Joanne: Exactly. So another thing that's changed is the speed with which we can, you know, launch campaigns. So again, several years ago, we had to spend months in prepping ad creative and get it into a publication's timeline and editorial months and months. And then maybe after it was published, we still couldn't really track it for months and months what kind of impact it had.

Sharka: I remember it taking three months for us to design the copy, do the graphics, you know, get it to the publisher, then it would finally eventually end up on these shelves and conferences or events, etc. And by the time the person read it, you couldn't even track your results anymore.

Joanne: Yeah, and sometimes what you were advertising was out of date, it was obsolete. And so today, we have more immediacy. You know, we can get a message out. We can use emails and digital platforms and have it out within seconds. So that's changed the speed and the ability to track results, and get feedback. We now have so many different kinds of tools at our disposal that we can track anything on a digital platform. We know whether our offer is resonating. We know if someone's spending time reading our information. We can use very sophisticated tools like heat maps to see whether people are actually coming to our side, how long are they spending, where their eyes are tracking, where their mouth is hovering over. So we can understand immediately the implications of what our strategies and our campaigns are doing.

So we get immediate feedback in the ability to change on a dime. So those kinds of things have changed. So what we really have now is this fusion now between art and the science of marketing. So we still have the art, the creativity there, we still need to have compelling messaging. We need to have strong visuals to attract attention and to be remembered and capture people's imagination. But we also need to fuse this with the science and the technology, all the tools that we've got at our disposal to track and give feedback, and to guide, and to help us increase our return on investment in what we're spending these days.

Sharka: How would you describe the introduction of the internet and the proliferation of social media and how that has changed the tech industry and how we market?

Joanne: Well, I think if we just look at the tech industry, I wanna sort of just take a step back and look at sort of the changing business model that we're faced with, where, why marketers in technology companies have got extra burden, I think, these days is that the business model for technology solution selling has changed. So we used to have a situation whereby we would sell a solution, it would be an on-premise solution usually, we'd sell a perpetual license, and we would make a huge sale, and get all these upfront revenue. And that upfront revenue was a way to be able to facilitate the cost of selling and marketing that solution. So it was able to finance a very old world way of selling, you know, very face to face, long sales cycle.

Sharka: So the traditional solution selling [crosstalk 00:12:30]...

Joanne: Exactly. But today, in technology solution marketplace, we are moving very rapidly towards subscription selling Software as a Service, where we look at monthly recurring revenues. So this doesn't provide us with the financial equation. There's no big upfront lump of revenue that's being generated, that can pay for all the marketing and the sales in this traditional sense.

Sharka: So you're making a good point because basically, we're going from an upfront transaction, where you would get, you know, your money up front and that could be paid out as a commission to the sales team or re-invest it in marketing. But now, you're getting a smaller amount for a longer period. So I think what also that means then our customer relationship building has to become part of our marketing strategy. It's not just a single transaction and they go away and we don't care if they ever use the technology or are happy with it. If we wanna keep getting their money every month, that's more about nurture then, I guess.

Joanne: Exactly. So we have to look at some different economics that are happening that have a big implication on our sales and our marketing in technology companies. We just do not have the economic to support the old way of doing things.

Sharka: So we've talked about the discipline of marketing and how that's changed. And then we've talked a little bit about some of the challenges tech companies have and how marketing should change in this industry. What about the buyer then? How has the internet changed how the buyer buys and their process?

Joanne: That's a really good point because I'd like to call it the Buyer 2.0 and they have changed. Their behaviors have changed radically from where they were 10 years ago. So with the proliferation of the internet, with digital platforms, with social networks, with the ease of transfer of information and research, we now have a very highly informed buyer. So Buyer 2.0 is very self-educated. They use their personal networks to get information. They go online and they research. They want to remain as anonymous for as long as possible in the buying decision making. They want increased control about the information that they're gonna take on board and...

Sharka: So you're suggesting they want to give you permission to market to them.

Joanne: Well, yes. We absolutely have to earn their trust and their permission, we don't know who they are. They're not identifying themselves. They're not putting their hands up. In fact, the study shows that in the old days, we withheld information, right? They had to contact us to either get a trial of our solution for...

Sharka: We used to do demos, right? They couldn't even see what the product looked like until they called us and we showed them a demo.

Joanne: Exactly, to get a price, to get various other things. Now, studies show that they're between 60% and 85% through their buying decision-making before they contact a sales associate before they make themselves physically known to a company.

Sharka: So that actually means we need to do a better job of marketing through digital and other means to influence them and educate them before they make a decision if we don't even have their email or a phone number before they make a decision.

Joanne: Exactly. And these are highly sophisticated, really demanding buyers. They are savvy, they are very attuned and allergic to overt sales and marketing pitches. So when they contact us, they want us to provide something of value. We have to educate them, we have to earn their trust. So this is a big change. We as marketers, in an old world, we used to get their information very early on in the process, you know, 10% or 15% of the way through the buying process because we actually withheld information they needed to contact us for, but they're not held to ransom like that anymore. So they're staying anonymous longer and they block out traditional outbound marketing as well.

Sharka: So if the industry's changed, the discipline's changed and the buyer's changed, what is it that we need to do immediately to align our marketing and our messaging and our sales with all of this? What would you suggest?

Joanne: So some of the things I would look at and have been borne out by where the industry is going right now is that we have to shift from our very much control and command outbound marketing. It doesn't work. We need to focus on inbound marketing. So I've said this before, it's, we need to avoid marketing with a megaphone and market with a magnet instead. We have to earn their trust. They're going out there and they're finding their own solutions, they are researching independently. So we...

Sharka: So would that be something like SEO, where they type in, you know, "I'm looking for ERP for manufacturing," and then they find us that way.

Joanne: Exactly. So you really need to focus on getting found. So search engine optimization, search engine marketing are very, very important. But once they find you, that's not enough. You then have to educate them, you need to provide something of value, I call it the give to get here.

Sharka: So you're talking about, for example, having videos explaining how they can benefit from these things or blogs.

Joanne: You have to set the conditions whereby you show that you understand these people, that you don't immediately set out with your, you know, they arrive on your website or a digital property, and you start selling them on the solution. That's not where they're at. They're coming to you through a compelling event that puts them in a motion to find a solution to a pain or challenge they have. So when they get to your site, they need to see evidence that you're not immediately trying to sell them with a long list of features, but that you empathize with them, that you know them, that you trust them, that they can trust in you because you have made the effort to understand their situation, that you've helped other customers in exactly the situation, this is what they're facing. So you have...

Sharka: Teach them things they don't know.

Joanne: Exactly. You have to create a level of trust and credibility here. So you have to give them information. You have to help them in their buying decision-making journey. So another thing that you have to do is create pathways for them in this journey. So they come to your site, they need to be able to immediately see themselves and be able to see the most relevant information.

Sharka: Yeah, you know, I find it really frustrating when I go to a website and I'm looking for something and the type of information I'm looking for based on how I'm gonna use it or what I'm doing in my job, you know, it seems I can never figure out who the information or content is for, and I want a choice to say, "Hey, here's who I am. Here's what I want. Give me that. I don't want all the other stuff that's not targeted at me or that doesn't speak my language."

Joanne: So we have to have this kind of intimacy, understanding, empathy, to create trust, to create a feeling that, "We know who you are, we know what you're up against." And studies show that when we create this kind of and earn this trust with great inbound content and in inbound marketing, that it leads to a lower cost of acquisition, that there's gonna be more sales, that you attract more web traffic, that you garner more trust and you get more qualified leads. So there's a lot of positives about creating a very fundamentally strong inbound marketing.

Sharka: Now, Joanne, I know one of the things that you've been doing is audits of websites for technology companies from an emotional engagement standpoint, not sort of SEO and things. So, in looking at all these websites, what do you think a lot of software, technology, providers, and service companies are doing wrong?

Joanne: Okay. So you make a good point here is that these are technology companies if there's one thing they know really well, it's technology. So most companies don't have a problem attracting traffic, right? Their search engine optimization and those kinds of things are very well managed. So what happens though is once they arrive on site is that they're losing, their bounce rates are particularly high. They've got over 60% bounce rate and the people that do stay only go sort of two clicks deep, maybe only read two pages of a website, so this is not traffic...

Sharka: So they're finding people, but they're abandoning right away.

Joanne: Exactly. So this is an engagement problem. They've got an engagement, they're not, you know, keeping the interest of the people once they attract them. So all that great SEO work just going to waste.

Sharka: So what is it they're doing wrong then?

Joanne: So from my evaluation of hundreds of these sites, basically what happens is, there's no differentiation. When you arrive on the site, the sites are saying many of the same things. They are not really identifying their uniqueness. There's usually a riff on four or five of the same kind of points.

They come there, it's like, "We've been in business for so many years, we've got a roster of very happy, satisfied customers, that we're technically very proficient. We do great customer service."

Sharka: That sounds a lot about you. I don't even know what you're selling yet.

Joanne: Exactly. But they all say this. And they're all strong points, they're all great points, but if everyone says it, it's not a differentiation. There is no differentiation. These are just the minimum qualities that you need to play in the field. So really, what you have to start looking at is, how are you gonna differentiate? How can you differentiate? And one of the strongest ways to differentiate is to be very specific about carving out a niche or a focus in the marketplace. So this may mean that you need to identify which industry you're going after or perhaps which workflow or work process that you're specialized in. You can't be all things to all people.

Sharka: Right. So who you sell to and what the value proposition is, in addition to also having some compelling differentiation. So those are two mistakes. That's great.

Joanne: Exactly. That's two. Another one that we constantly see is that most technology companies are very much about rational thinking, about analytics and about features and functionality, and their websites are incredibly emotionless.

Sharka: I see screenshots all the time, how most of the time they're so small I can't even see what the thing is trying to show me.

Joanne: Exactly. And they lead with the technical solution. They lead with a technical message, yet they forget about why the prospect is coming to their site in the first place. What was the compelling event that triggered them to come? What were their pains, their needs, their problems, their challenges? These are all really emotionally-charged events that happen. People are scared about their jobs. They're scared about security, they're losing money, they're flying blind with no data to support decision-making. They've had a project write-off. They're losing margin and competitive advantage, all of these things, or perhaps they're not compliant, they're facing a huge fine. All these things are very emotionally-charged. Behind a business are people and people make decisions around emotions.

Sharka: I know when I buy software or technology, it's always very specific that I can't do something or I need to be able to do something or my [crosstalk 00:24:23]... You're not gonna spend the time and money to go buy a new

solution, learn it, implement it and get it working if it's not gonna have some impact in my day to day work.

Joanne: Exactly. And another thing that I think is an issue is that lots of technology companies are overlooking the fact that their digital platforms and their websites, and their microsites, and their social media sites can really act as a silent salesperson. So as we sort of mentioned before, we don't have the ability to spend the money that we used to in the customer acquisition process. So here, we need to replace some of our outdated face-to-face activities and try and automate as much as we can on our properties. And a buyer 2.0 wants to be in control of their own buying process too, so they wanna be self-lead. So some of the things that we used to hold back, look at our properties, our digital properties as a way to enable our prospect to further their journey. Let's put up self-driven trials up there, put all the different demos up there, put anything that...look at all your sales and marketing assets, anything that you can self-serve, put it on your website in a progressive way, where your prospect comes through and is helping them through that journey.

Sharka: Some of the audit aspects you've been looking at has to do with emotional engagement, so, you know, we've heard that neuromarketing is exciting and new. It's a field that focuses on applying, you know, neuroscience research methods to the buying cycle and human decision-making. And we're learning all kinds of interesting things about how people buy that we realize we had the incorrect assumptions in the past. So what would you suggest in terms of why tech industry needs to know about those and how can we apply it or benefit from neuroscience applied to sales or marketing or engagement?

Joanne: Okay. So the latest neuroscientific research is showing things that were sacred cows for the longest time in technology have now been blown apart. So where technology companies can benefit from is the implications of the findings. Technology companies don't need to go out there and run their own research and MRIs and EEGs to understand exactly what part of the brain is lighting up, but they can read the research on what's happening and what these findings are, and apply them in a way to all the sales and marketing and customer engagement workflows.

So the key one is that we believe for the longest time that we are rational decision-makers. And increasingly, the research belies that. It shows that we are totally emotional creatures and that emotions, for the most part, inform our decision-making. And after we've made an emotional decision, yes, we may ratify that and substantiate it with as much evidence as we can, which is the rational mind, but really, it is the reptilian part of the brain that's automatically made a decision before we've consciously realized it. So understanding sort of

some of the principles that trigger this type of decision-making will be really useful for technology companies who are really so far on the other side of the fence in analytics and rational to be able to start to increasingly implement within their sales and marketing materials campaigns approaches.

Sharka: So Joanne, just because I know we're getting kind of short on time here, there's emotional engagement, right? So I'm hearing that a lot of our marketing over the years has been logical and rational. We talk about features and functionalities, and we do product demos and show screenshots. So give our listeners, maybe two or three things they could quickly implement or try.

Joanne: Okay. So some things that you can look at straight away is the frame of your message. So who are you speaking to? And one of the key principles that were driven by from prehistoric times is the fact that we survive in tribes, so in groups. And you need to integrate this kind of tribal resonance and engagement into your materials and into your approach. So who is the tribe that you're talking to? And tribes seek safety within tribes. They resonate with sort of the values and the mechanisms, and they abide by the same kind of language and visuals. So when...

Sharka: So if I'm, say, a HR manager in the healthcare industry, if I land on your website and it starts to talk my language and speak about the things that I have to deal with every day in my job.

Joanne: Exactly. And at once you need to reflect in your visual context, are you showing a healthcare HR professional within the context of where they work, within a hospital medical environment? Is it showcasing who that person is? Can I believe when I see that visual that I know immediately that this is me, this is my tribe? I know that you know my tribe, you're using the colors of my tribe. You're talking to me in the language that my tribe uses. So I need to resonate on that level, the tone, the language, the visuals, my problems, everything about my environment, I need to see that immediately. And within my tribe, there's gonna be all different people, say, in the healthcare industry that perhaps purchase my solution. Not everyone is the same, so I need to identify the key personas within my health care that are either key influencers or key purchasers of my solution.

Sharka: So not just speaking industry language and addressing specific market segments, but also the individual buyer, whether they're a marketing manager or HR manager or the IT person, they're gonna wanna hear different messaging and information based on who they are.

Joanne: Exactly. And they don't want to have to drill down into your website to find relevant, pertinent information. They need to be able to find a pathway that they can follow to give them what they need. So don't waste their time. They're not giving you very much time. So be tribal, present persona pathways for them, that's easy for them to get to the information and get to the value. We also need to think about reframing. Typically, how technology approaches any kind of market is we lead with advantages and benefits. And from what we know in neuroscience is that having messages around pain and loss, and risk, and control in the short term and to influence short term behavior, pain, loss, risk messages are twice as motivating as, you know, greed or desire kind of message. So think about looking at your website and your materials and your messaging, and see if you can reframe some of your emotional messages to be pain-led.

Sharka: That's great. So reword what we're saying. Instead of, say, features or benefits and instead, what am I missing out on or what I am losing or what am I not being able to do right now? So there's some urgency and clear kind of motivation that's gonna...

Joanne: Exactly. And you've got to remember, this is why they came to your site in the first place. People don't wake up in the morning and decide today is a good day to spend a million dollars or \$10 million on a technology solution that's probably working just okay right now in their environment, they come as a result of some triggering event that's usually around pain.

Sharka: Right. So we're almost out of time here. If our listeners wanted to learn more and get some ideas on things to implement, what would you recommend in terms of a book or a website or blog?

Joanne: Yeah, there's a few things that the listeners can do. There's a couple of key resources that you can look at. One is by an author Robert Cialdini, it's called "Influence: The Psychology of Persuasion." Another good book that talks about a lot of these principles is, "Thinking, Fast and Slow" by Daniel Kahneman.

Sharka: Yeah, that's a great one.

Joanne: Yeah. And there's another one "Predictably Irrational: The Hidden Forces That Shape Our Decisions" by Dan Ariely...

Sharka: I learned a lot about my husband, by the way, on that one.

Joanne: Didn't we all? And if you really wanna get sort of very specific, there's another book called "Webs of Influence: The Psychology of Online Behaviors"

by Nathalie Nahai, and she's very prescriptive about certain things that you can do on your website that integrates a lot of these principles.

Sharka: That's great. I'll put those in the show notes and in case somebody didn't get a chance to write them down and they can go take a look at those.

Joanne: And another thing we could do is just, in terms of digital emotional engagement on the Neural Impact website, we have a little mini website audit tool. If you take a couple of minutes and rate and rank how your website currently is tracking on some of these key psychological, emotional, impactful principles, it will give you a little mini audit that you can have a look at how you're tracking.

Sharka: Oh, that's great.

Joanne: Yeah. And that's at neuralimpact.ca/mini-audit/

Sharka: Great. I'll add that to the notes too. So if you were to give our listeners one last piece of advice, what would that be?

Joanne: I would say that if you've taken a few minutes and you've done the mini audit, then look at what the results are, and see if you can integrate a few of the changes that we recommend to a couple of your priority sales and marketing assets. So choose a couple that you think can move the needle a bit and apply some of the recommendations that we talk about in emotional engagement and test it out, do a little bit of AB testing, and keep making incremental improvements.

Sharka: So quick wins.

Joanne: Really quick wins...

Sharka: Small changes.

Joanne: ...see what works.

Sharka: Yeah. And just observe and to get the feedback. Fantastic. So, Joanne, that was so helpful and I think our listeners learned lots of new things today. Thank you so much for joining us.

Joanne: My pleasure.

Sharka: And we'll talk to you soon.

Joanne: Good luck, everyone.

Sharka: Thanks.

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