WEBINAR SERIES

Know Your Customers’ Mindset

The Insightful Leader

LIVE
WHAT IS A MINDSET?

- A habitual mental state that determines how you interpret and respond to situations

- Do you know someone…?
  - Can-do attitude
  - Entrepreneurial spirit
  - The blame game
A MINDSET IS...

- NOT what you are thinking
- BUT how you are thinking

Some examples:
- A fixed mindset
- An incremental or growth mindset
MINDSETS AT WORK FOR BRANDS

- Comparison [“which to choose”] mindset
- Bolstering [“agreeing”] and counterarguing [“disagreeing”] mindset
- Emptying [“not having enough”] mindset
Which fly faster, dragonflies or butterflies?
SOME CHOCOLATES?
COMPARISON MINDSET ENHANCES PURCHASING LIKELIHOOD

Control: 37.50%
Comparison: 52.50%
MINDSET AT WORK FOR BRANDS

- “Bolstering” vs. “Counterarguing” mindset

Reading enriches the mind.
University should not raise tuition.

Reading is bad for the mind.
University should raise tuition.

Generate agreeing arguments

Generate disagreeing arguments
BOLSTERING MINDSET MAKES DESTINATIONS MORE ALLURING

Attractiveness of Vacation Spot

<table>
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<tr>
<th>Group</th>
<th>Attractiveness</th>
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<tbody>
<tr>
<td>Bolstering</td>
<td>6.8</td>
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<tr>
<td>Control</td>
<td>6.22</td>
</tr>
<tr>
<td>Counterarguing</td>
<td>4.94</td>
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Bolstering mindset makes destinations more alluring.
SCORPIONS ANYONE?
BOLSTERING MINDSET MAKES EXOTIC FOODS MORE APPETIZING

Attractiveness of Exotic Foods

- Bolstering: 5.77
- Control: 3.97
- Counterarguing: 3.86
MINDSET AT WORK FOR BRANDS

Emptying pockets, emptying water bottle, unpacking…
“NOT HAVING ENOUGH” INCREASES SNACK CONSUMPTION AND REDUCES CHARITABLE DONATIONS

- Snack Consumption: 14.75
- Donation $: 2.88 (Emptying), 4.19 (Filling)
MINDSETS COME FROM PAST EXPERIENCES

A habitual state induced by…

- Environment
- Culture and social norms
- Belief system
- Upbringing

Mindsets can be momentary or chronic
MASLOW’S HIERARCHY OF NEEDS

Physiological needs:
- food, water, warmth, rest

Safety needs:
- security, safety

Belongingness and love needs:
- intimate relationships, friends

Esteem needs:
- prestige and feeling of accomplishment

Self-actualization:
- achieving one’s full potential, including creative activities

Self-identity needs

Security needs

Nurturance needs
Promotion and prevention mindsets guide consumers’ attention and behaviors even when fundamental needs are satisfied.
PROMOTION MINDSET

- Sensitive to positive outcomes
  - Approach presence of positive outcomes
  - Avoid absence of positive outcomes
- Focus on attaining ideals, hopes and aspirations
PREVENTION MINDSET

- Sensitive to negative outcomes
  - Approach absence of negative outcomes
  - Avoid presence of negative outcomes

- Focus on fulfilling duties, obligations and responsibilities
MINDSET DRIVES ATTENTION, INFORMATION PROCESSING AND PURCHASE DECISIONS

- Mindset

  - Consumption Decisions
HIERARCHY OF GOALS

Promotion Goal

To Buy a Car

Prevention Goal

To Buy a Car
MINDSET INFLUENCES CONSUMPTION DECISIONS

Promotion Mindset

Prevention Mindset

?
MINDSET AT WORK

Promotion Mindset

Prevention Mindset
MINDSET AT WORK

Promotion Mindset

- Instant acceleration
- Infotainment: Disney+, Netflix, Hulu, TikTok

Prevention Mindset

- No more gas, low maintenance
- Eight cameras to look out for hazards
PROMOTION MINDSET

- Strive toward *growth* and *ideals*
- Fear of *missing out*
- Care about absence/presence of *positive* outcomes
- Think *why, distant* future

PREVENTION MINDSET

- Strive toward *safety* and *security*
- Fear of *making a misstep*
- Care about absence/presence of *negative* outcomes
- Think *how, near* future
A PRODUCT FOR EACH MINDSET

- Dark spot correcting cream
- Perfectionist serum
- Samsung Neo QLED TV
- ADT home security system
WHAT DICTATES THE CONSUMER’S MINDSET?

- Context-dependent
  - Product category
  - Information featured: positive or negative

- Consumer-centric
  - Individual disposition
  - Independent self-view vs. interdependent self-view
  - Cultural difference: individualistic vs. collectivistic
DIFFERENT FINANCIAL INVESTMENTS PROMPT DIFFERENT MINDSETS

Stocks in a Trading Account ➔ Promotion Mindset
Mutual Funds in a Retirement Account ➔ Prevention Mindset
FINANCIAL INVESTMENT

- Imagine you have $5,400 available, and there is an investment opportunity
  - Individual stock in a trading account
    
    *Assume 1-year horizon, ignore tax considerations*

How interested would you be to invest in this opportunity?

- 85% chance of making 12%  
  15% chance of losing 4.5%  
  
  Baseline

- 85% chance of making 24%  
  15% chance of losing 4.5%  
  
  Greater gain

- 85% chance of making 12%  
  15% chance of losing 13.5%  
  
  Greater loss

Zhou & Pham 2004 JCR; Exp. 1)
STOCKS: PROMOTION MINDSET [MORE SENSITIVE TO GAINS]

Intention to Invest in Stocks

Greater Losses | Baseline | Greater Gains
4 | 6 | 8
FINANCIAL INVESTMENT

- Imagine you have $5,400 available, and there is an investment opportunity
  - Mutual fund in an IRA
    Assume 1-year horizon, ignore tax considerations

How interested would you be to invest in this opportunity?

- 85% chance of making 12%
  15% chance of losing 4.5%
  Baseline

- 85% chance of making 24%
  15% chance of losing 4.5%
  Greater gain

- 85% chance of making 12%
  15% chance of losing 13.5%
  Greater loss

Zhou & Pham 2004 JCR; Exp. 1)
STOCKS: PROMOTION MINDSET [MORE SENSITIVE TO GAINS]
MUTUAL FUNDS: PREVENTION MINDSET [MORE SENSITIVE TO LOSSES]
AN EFFECTIVE MESSAGE IS A CONSISTENT MESSAGE

Promotion Mindset Consumer
- Growth opportunities
- Positive outcomes
- Distant future

Prevention Mindset Consumer
- Hedging and safety, detailed steps
- Avoid negative outcomes
- Here and now
SELF-VIEW AND SELF-REGULATORY GOALS

People with an Independent Self-view

Promotion Goals

People with an Interdependent Self-view

Prevention Goals
HOW IMPORTANT IS THE TENNIS MATCH?

You are playing in a tennis tournament and have made it to the finals. This is the last match.

- If you **win** this match, you will **win** the tournament.
- If you **lose** this match, you will **lose** the tournament.

You are representing your team playing in a tennis tournament and have made it to the finals. This is the last match.

- If you **win** this match, your team will **win** the tournament.
- If you **lose** this match, your team will **lose** the tournament.

**How important is this match?**

1 = not at all important; 7 = very important
IT’S IMPORTANT THAT I WIN | WE DON’T LOSE!

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<th>Event</th>
<th>Gain frame</th>
<th>Loss frame</th>
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<tbody>
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<td>6.4</td>
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<tr>
<td>Team Event</td>
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</table>

Lee, Aaker & Gardner 2000 JPSP
“You are playing in a tennis tournament and have made it to the finals. If you win this last match, you will win the championship title.”

The Star Tennis Racquets ~ You will win!
THE STAR TENNIS RACQUETS

The Star Tennis Racquets
~ You will win!

The Star Tennis Racquets
~ Your team will win!

The Star Tennis Racquets
~ You won’t lose!

The Star Tennis Racquets
~ Your team won’t lose!
BRAND ATTITUDE

Will Win

You

Your team

Won't Lose
MARKETER’S CHALLENGE

100% Grape Juice Concord Grape

The bold, delicious taste of Concord grapes in every glass. Helps support a healthy heart. No added sugar, flavors, colors or preservatives. Non-GMO. Two servings of fruit and 100% Daily Value of Vitamin C per 8 oz. serving. 100% of profits go to the American family farmers who own Welch’s.
MARKETER’S CHALLENGE

Positioning:

- Energizing and delicious to drink
- Reduce risks of cancer and healthy to drink

100% Grape Juice Concord Grape

The bold, delicious taste of Concord grapes in every glass. Helps support a healthy heart. No added sugar, flavors, colors or preservatives. Non-GMO. Two servings of fruit and 100% Daily Value of Vitamin C per 8 oz. serving. 100% of profits go to the American family farmers who own Welch’s.

Purple
Grape Juice Benefits
MARKETER’S CHALLENGE

Target: Young Adults or Families
IMPLICATIONS FOR MARKETERS

Welch’s Grape Juice has been a family favorite for more than six generations. Today, our classic Purple Grape Juice has been joined by a wide variety of wholesome juices to please your taste. They’re all made with the same attention to quality as the original.

Further, preliminary medical research suggests that drinking purple grape juice may contribute to the creation of greater energy.

- Growing evidence suggests that grapes rich in Vitamin C and iron look to higher energy levels.

According to research by the United States Department of Agriculture, Welch’s Purple 100% Grape Juice has more than three times the naturally-occurring antioxidant capacity of other juices. Concord grapes and Niagara grapes are harvested only at the peak of flavor so that Welch’s Grape Juice is great tasting as well as energizing. It is simply fun to drink!

Further, preliminary medical research suggests that drinking purple grape juice may contribute to a healthy cardiovascular function.

- Growing evidence suggests that diets rich in antioxidants may reduce the risk of some cancers and heart disease. According to research by the United States Department of Agriculture, Welch’s Purple Juice has more than three times the naturally-occurring antioxidant capacity of other juices. Purple grape juice’s antioxidants are commonly attributed to the flavonoids contained in the juice, which help increase heart health.
INDIVIDUAL ➔ GREATER ENERGY
FAMILY ➔ PREVENT CANCER

Website Evaluation

Greater Energy | Prevent Cancer
---|---
You | Your Family

Brand Attitude 2 Weeks Later

Greater Energy | Prevent Cancer
---|---
You | Your Family
CDC RECOMMENDATIONS DURING THE PANDEMIC

Stay home as much as possible to put distance between yourself and other people.

Avoid touching high-touch surfaces in public places — elevator buttons, door handles, handrails, handshaking with people, etc. Use a tissue or your sleeve to cover your hand or finger if you must touch something.

Avoid close contact with people who are sick.

Wash your hands often with soap and water and scrub for at least 20 seconds especially after you have been in a public place, or after blowing your nose, coughing or sneezing.

If soap and water are not readily available, use a hand sanitizer with at least 60% alcohol. Cover all surfaces of your hands and rub them together until they feel dry.

Avoid touching your eyes, nose, and mouth with unclean hands.

Cover your mouth and nose with a tissue when you cough or sneeze or use the inside of your elbow.

Throw used tissue in the trash.

Immediately wash your hands with soap and water for at least 20 seconds. If soap and water are not readily available, clean your hands with a hand sanitizer that contains at least 60% alcohol.

Clean AND disinfect frequently touched surfaces daily. This includes tables, doorknobs, light switches, countertops, handles, desks, phones, keyboards, toilets, faucets, and sinks.
KEY MESSAGE DURING THE PANDEMIC: STAY HOME!
HERE’S WHAT YOU CAN DO TO...

- Keep you safe from the coronavirus
- Keep America safe from the coronavirus
- Help you stay healthy
- Help America stay healthy

Stay home as much as possible to put distance between yourself and other people.

Avoid touching high-touch surfaces in public places – elevator buttons, door handles, handrails, handshaking with people, etc. Use a tissue or your sleeve to cover your hand or finger if you must touch something.

Avoid close contact with people who are sick.
INTENTION TO PRACTICE SOCIAL DISTANCING

- Data collection on 3.18.2020
- N = 800

You
America

Keep Safe
Stay Healthy
HOW MANY TIMES YOU PLAN TO LEAVE HOME NEXT WEEK?

- Data collection on 3.27.2020
- N = 988

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<thead>
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<th>Keep Safe</th>
<th>Stay Healthy</th>
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</thead>
<tbody>
<tr>
<td>You</td>
<td></td>
<td></td>
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<tr>
<td>America</td>
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You America
Keep Safe Stay Healthy
A FOCUS ON WHY [ABSTRACT BENEFITS]
A FOCUS ON HOW [CONCRETE FEATURES]
Apple iWatch
Apple iWatch
CULTURAL DIFFERENCE

Store Signs and Ebay
STORE SIGN IN USA SAYS...

40% Off

Big Sale!
STORE SIGN IN CHINA SAYS...

六折
大减价
STORE SIGN IN CHINA MEANS...

Pay 60% Big Sale!
Promotion Mindset

40% Off

Prevention Mindset

Pay 60%
Thanks for joining us.

For more of the latest faculty research and ideas visit:

Insight.Kellogg.northwestern.edu

Sign up for our December 7 webinar with Hatim Rahman, "How to Thrive in the Age of AI" here: https://kell.gg/HR-1207