

# HARMONIZING PSYCHOLOGY AND MARKETING: FORGING DEEPER CONNECTIONS WITH CUSTOMERS

Marketers, particularly those in the loyalty arena, are always aiming for the bull's-eye: landing the right message in front of the right consumers at the right time. Applying principles of consumer psychology—i.e., the factors that influence customer behavior—to brand communications can help companies reach this target to cultivate and nurture lasting brand devotion.



# DESPITE TODAY'S DATA SATURATION,

which gives us more information than ever about customers as a group and as individuals, an air of mystery remains about communicating with customers. This mystery haunts marketers, especially when we observe a disconnect between our efforts and the expected outcomes. Sometimes even our most carefully planned and implemented strategies don't perform as expected and we don't fully understand why. Consumer psychology helps us delve beneath the surface to decode marketing misses—and then avoid them.

Consumer psychology offers insights into customer behavior by examining the emotional and cognitive processes that influence customer decisions. As the work of Ogilvy Consulting's Behavioral Science Practice demonstrates, this knowledge isn't just theoretical or academic; consumer psychology is a practical tool that can unravel the reasons behind customer actions, preferences, and loyalties to help marketers plot actionable next steps. Consumer psychology lets us decode subtle cues and better understand our customers, which opens up the possibility of crafting communications that will forge stronger connections with them.<sup>1</sup>



It's useful to categorize the psychology principles we'll examine into two distinct categories—**universal and individual**.

Think of it this way: The customers who have a relationship with your brand are like an abundant garden—flowers, vegetables, fruits. They all share basic needs, such as sunlight, water, and soil nutrition. These universal requirements for plant growth are analogous to the foundational principles of human psychology. In this case, we're focused on the psychological principles that govern customer behavior.

While all gardens have universal needs, each plant species has nuanced needs that the gardener must tend to. Just as my cucumber plants need water every day while my mint plants rarely need any, customers exemplify the intricate diversity of human behavior.

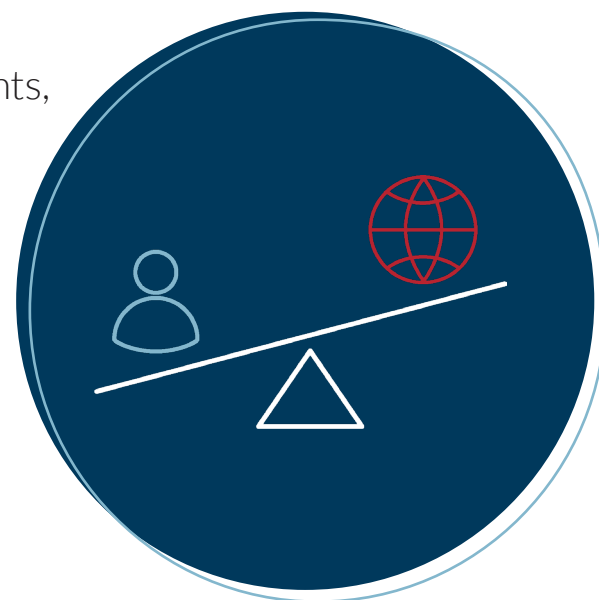


# DIVERSITY AMONG PLANTS— AND CUSTOMERS—INVITES A

# DEPARTURE FROM A ONE-SIZE-FITS-ALL APPROACH.

Marketers need to recognize and adapt to the individual differences that define each customer. Understanding and addressing individual nuances allows us to craft tailored strategies that resonate with each person's unique preferences and motivations, ensuring everyone receives the specific care they need to thrive.

Let's create a landscape of consumer psychology, balancing between universal principles and the individual differences that bring color into our understanding of customers. By maneuvering through the dynamic interplay of general and specific elements, we can start to understand who our customers are by exploring the underlying motivations, preferences, and behaviors that drive their decisions, unlocking the full potential of our marketing strategies.



# 1

# UNIVERSAL PRINCIPLES UNIVERSAL PRINCIPLES UNIVERSAL PRINCIPLES OF CONSUMER PSYCHOLOGY

## COGNITIVE BIAS

Recently, my fiancé and I found ourselves wandering our local downtown as we tried to decide on a restaurant. After walking by quite a few options, we ended up choosing the busiest one. Unfortunately, we left a little disappointed by the unremarkable food. I wondered why we assumed the place must have great food just because it was packed with people. Why didn't we consider other factors, like reading the menu or consulting online reviews?

That experience illustrates how cognitive bias shapes our everyday decisions, often without our conscious awareness. Cognitive biases are decision-making shortcuts our brains take when we're making judgments or assessments. In the example of our disappointing dinner, we believed the size of the crowd indicated quality and let that dictate our choice rather than taking additional steps to gather information that might have led to a different decision.

Cognitive bias has a profound impact on human choices. In fact, according to a 2023 report from the American Psychological Association, cognitive biases play a part in virtually every decision we make, with varying degrees of influence depending on the context and the specific preference at play.<sup>2</sup> In the ever-evolving landscape of customer behavior, understanding the intricacies of cognitive bias is crucial for crafting effective marketing strategies. From the compelling pull of social proof to the persuasive power of scarcity, cognitive biases have a pivotal role in guiding customer preferences and purchases.

# TRUSTING PEOPLE | Social Proof

Humans have a tendency to look to others for cues on how to think, feel, and act, especially in situations of uncertainty. This phenomenon—referred to as social proof—has evolved and intensified in the digital age, where social media platforms act as powerful catalysts for spreading social norms and behaviors.

For marketers, humans’ inclination toward social proof translates to opportunities to leverage customer testimonials, influencer partnerships, and user-generated content to build trust and sway potential customers. But the success of using social proof in marketing depends on how much the audience trusts the people endorsing a product or service. So marketing campaigns that leverage this consumer psychology principle must be genuine, and they need to connect with the audience on a personal level.

Who do your brand’s customers trust? How can you create partnerships that leverage their influence?



# AVOIDING PAIN | Loss Aversion

People try to avoid the impact of a loss more than they seek the happiness of gaining something of the same value. Consumer psychologists call this loss aversion.

Marketers can harness this psychological bias by crafting strategies that highlight the potential losses customers might face by not participating in a loyalty program or taking advantage of a limited-time offer. For instance, messaging that focuses on the exclusive benefits, discounts, or rewards customers stand to lose by not being loyal to a brand can motivate them to engage more deeply and consistently.

However, it’s important to achieve a balance between leveraging loss aversion—i.e., looming negative consequences—and maintaining a positive, value-driven relationship with the customer. Loss-aversion methods are short-term, and so is the effect. Customers confronted with multiple loss-aversion strategies can grow numb to the messaging or develop negative associations.<sup>3</sup> Marketers should tread carefully to ensure that the use of loss aversion doesn't lead to negative brand perceptions or create undue pressure on customers.



What exclusive or time-sensitive benefits can your brand offer that emphasize urgency?

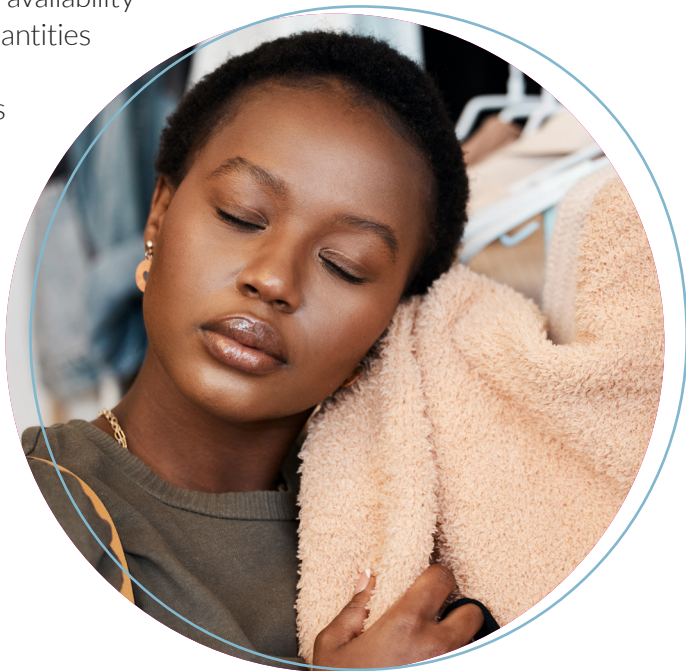




## LIMITED QUANTITY = VALUE | Scarcity Bias

Scarcity bias is the tendency to value something more highly if it's rare or hard to get; we're more eager to acquire it before it runs out. In the realm of marketing, leveraging scarcity bias can significantly influence customer behavior. Highlighting the limited availability of a product or the time-bound nature of an offer creates a sense of urgency, driving customers to act quickly for fear of missing out.

Scarcity bias is exemplified in the marketing strategy of Supreme, a powerhouse clothing brand that has mastered the art of leveraging limited availability to amplify demand. Supreme releases small quantities of its products in "drops" that often sell out within minutes. This approach not only creates urgency among customers eager to secure a piece of the exclusive Supreme collection but also enhances the perceived value of their items. A study conducted in 2020 by StockX, a marketplace for reselling sneakers and apparel, found that items from Supreme generally sell for double to triple their original store price on the resale market.<sup>4</sup> Supreme has leveraged scarcity to transform its brand into a cultural icon, underscoring the potential impact of scarcity bias on customer behavior and brand perception.



What offers or products are most suitable for a campaign that focuses on scarcity?



## FIRST IMPRESSIONS | Anchoring Bias

Individuals tend to anchor their thoughts and judgments to the first piece of information they receive on a topic, using it as a reference point for subsequent decisions and evaluations. This cognitive bias can profoundly influence someone's perception and behavior, especially in pricing and value assessment.

The effect was vividly illustrated in a supermarket experiment in which a sign that limited purchases to 12 cans per person saw average sales of Campbell's soup leap from 3.3 to 7 cans. This suggests that anchoring customers' initial perception in scarcity and exclusive value can encourage customers to make more purchases than they intended. In loyalty marketing, this insight can be harnessed by introducing offers and deals as exclusive or for members only, thereby creating a "first piece" of information and setting an anchor that enhances perceived value and drives engagement.<sup>5</sup>

However, marketers have an ethical obligation to provide accurate information to customers. That means ensuring that strategies designed to leverage anchoring bias provide comprehensive, accurate, and clear messaging. That guiding principle will also build trust and lasting loyalty among your customers by conveying that your brand respects and values them. Brands that make customers feel misled will have to overcome a trust deficit before they'll be able to foster enduring brand devotion.

The Campbell's soup experiment underscores how anchoring not only influences initial perceptions but also can foster loyalty by attaching customers to a perception of continuous value and exclusivity within a brand.



What is the first piece of information customers encounter about your product or service?

## FEELING = REMEMBERING | Emotional Triggers

One of the best-known global campaigns is Coca-Cola's iconic "Share a Coke." It tapped into a range of emotions—particularly joy, surprise, and a sense of belonging. Those emotional triggers are exactly what made the campaign so memorable. Emotional triggers are powerful tools to guide customer behavior.

Customers can develop "brand love," emotional connections to brands that can echo the intensity of interpersonal love. Researchers believe the deep emotional bonds of brand love lead to increased loyalty, higher willingness to pay premiums, and more robust advocacy for the brand. Brand love is distinct from more utilitarian forms of brand attachment—e.g., continuing to buy a brand just because it's familiar and readily available. Brand *love* denotes an emotional connection, a reciprocal relationship with a brand that engages both head and heart.

A brand's ability to resonate with a customer's identity and fulfill emotional desires is a critical driver of brand love, underscoring the importance of finding ways to integrate your brand into your target customers' self-concept.

By strategically employing emotional triggers that nurture brand love, marketers are empowered to enhance campaigns from mere communications into memorable experiences. Instead of serving up another predictable ad, campaigns could tap into the very core of the human experience to capture customers' attention and develop rich brand-customer relationships.

Which emotions are most aligned with your brand values and identity?



# 2

## INDIVIDUAL PRINCIPLES INDIVIDUAL PRINCIPLES INDIVIDUAL PRINCIPLES OF CONSUMER PSYCHOLOGY

The benefit of looking at the psyche of the individual customer is that it unveils motivations and preferences that go beyond demographic data. The Ogilvy Center for Behavioral Science's initiative The Hidden Who aims to decode the Sensemaking Genome within everyone. By examining personality traits, cultural cognition, and cognitive styles, this method offers a nuanced understanding of what drives customer behavior.





# PERSONALITY TRAITS

Grounded in decades of extensive research, the Ogilvy Center’s approach shows how our personalities—comprising traits that are partly innate from birth and partly sculpted by early environmental influences—predict our preferences and behaviors. By the age of 30, an individual's personality traits crystallize, offering stable insights that can help marketers effectively tailor messages. Knowing whether a person leans toward openness, conscientiousness, extroversion, agreeableness, or neuroticism—deemed the Big Five personality traits—enables us to craft language that connects with the individual. Personalized engagement not only elevates the effectiveness of marketing efforts but also encourages deeper connections with customers, which can increase the persuasive power of marketing efforts.<sup>7</sup>



## Openness to experience

*Individuals who exhibit high levels of creativity, intellectual curiosity, and a preference for novelty and variety.*

To appeal to customers with this trait, marketing campaigns should emphasize innovation, unique experiences, and the artistic or creative aspects of products or services, sparking the customers’ curiosity and desire for exploration.



## Conscientiousness

*Individuals who are organized, dependable, and self-disciplined; who have a strong sense of duty; and who focus on achieving their goals.*

To attract conscientious customers, highlight the reliability, efficiency, and quality of your offerings, along with any features that promote organization and ease of use.



## Extroversion

*Individuals who are outgoing and sociable, and who draw energy from interacting with others.*

Marketing to extroverts should capitalize on the social aspects of your product or service, showcasing how it facilitates connections, enhances social gatherings, or is popular among other users.



## Agreeableness

*Individuals who lead with warmth, compassion, and cooperativeness, often putting others’ needs above their own.*

To resonate with agreeable customers, emphasize the positive social impact of your products, the brand’s commitment to community and charitable causes, or how the product helps foster positive relationships.



## Neuroticism

*Individuals with a relatively intense experience of negative emotions, such as anxiety and sadness.*

For customers high in neuroticism, focus on how your products or services alleviate stress, offer peace of mind, or improve emotional well-being. Ensure your brand’s messaging conveys security and support.

### Speaking to the Big Five personality traits

Example headlines:

#### Openness to experience

Explore a world of flavor with our innovative program.

#### Conscientiousness

Stay on track to achieve your nutritional goals.

#### Extroversion

Eat healthy—together.

#### Agreeableness

Eat well. Do good. Access healthy and sustainable food.

#### Neuroticism

Experience stress-free, simple, and healthy eating.



**What core emotional needs and behavioral patterns does your product/service fulfill for customers, and how do these needs align with the Big Five personality traits?**

## CULTURAL COGNITION

In today’s global marketplace, understanding the cultural dimensions of customer behavior isn’t just beneficial, it’s essential for creating resonant marketing strategies. Cultural cognition sheds light on how an individual’s cultural background and worldview shape their decision-making processes. It refers to the deeply ingrained beliefs and values that are influenced by societal norms and structures.

Cultural cognition—which is dynamic and evolves over time—dictates how individuals perceive and engage with their surroundings. Marketers must stay attuned to global events, societal shifts, and communities’ collective response to these changes, because these factors can significantly impact customer behavior and preferences.

Illustrating this important point, in 2017 global brand icon Pepsi misjudged the reception of an ad featuring cultural influencer Kendall Jenner. In the ad, Jenner steps away from a photo shoot to join a protest (reminiscent of Black Lives Matter demonstrations) and offers a can of Pepsi to a police officer. Many customers felt the ad trivialized the social justice movement’s message and, by extension, oversimplified complex problems such as police brutality and racial inequity. Even years later, the Pepsi controversy is a poignant reminder of the pitfalls of overlooking cultural sensitivities in marketing efforts. “Pepsi was trying to project a global message of unity, peace, and understanding. Clearly, we missed the mark and apologize,” the company admitted after the backlash. Pepsi pulled the content and halted further rollout.<sup>8</sup> This incident illuminates the vital need for marketers to navigate the complex terrain of cultural cognition with care and precision.

Cultural cognition dramatically influences people’s reaction to marketing messages. It can be the difference between deep resonance and outright rejection based on alignment or misalignment with individuals’ cultural worldview and current events. Recognizing and accommodating these cultural perspectives allows marketers to develop strategies and communications that avert cultural missteps and capitalize on these insights to build stronger, more impactful connections with their audience.

How do current cultural trends influence the preferences and behaviors of your brand’s target audience?



## MOTIVATION AND GOALS: COGNITIVE REGULATORY FIT

Studying cognitive styles offers insights into how customers process information and make decisions, and, ultimately, how they perceive and interact with brands. Marketers aiming to build brand devotion and implement loyalty strategies can use these behavioral theories to fine-tune their approach.

“Regulatory fit” is a theory about how individuals pursue goals.<sup>9</sup> The theory suggests customers make decisions based on immediate urges (like needing a cup of coffee) in combination with the desire to meet the deeper fundamental needs of being taken care of and kept safe. Some individuals focus on playing to win (i.e., achieving gains, such as getting a discount or promotion). Others put most of their energy into not losing (i.e., avoiding losses, such as being downgraded from an elite membership tier). Those who are driven to win respond more favorably to messages that emphasize potential benefits and achievements. Conversely, messages that highlight safety and reliability resonate more with those invested in sidestepping a loss.

This observation of human behavior suggests that aligning product value propositions and marketing messages with the target audience’s dominant focus—aiming to win or preventing loss—can significantly boost engagement and conversion.

However, gauging messaging exclusively based on regulatory fit isn’t foolproof. If someone already likes an idea, messaging designed to trigger their regulatory fit can make them like it even more. Conversely, if someone dislikes an idea, it may strengthen their aversion. Motivation is another limitation. The theory’s impact relies more on how right something *feels*, rather than on solid reasons or arguments. When people are highly motivated to think things through or understand why they feel a certain way, the influence of regulatory fit fades.

While regulatory fit has the potential to significantly enhance the persuasive power of a marketing message, its effectiveness can be dampened by how people initially feel about the message, their motivation levels, and whether they scrutinize their feelings. Marketers aiming to leverage regulatory fit need to factor in these boundaries and employ strategies that account for the varied and complex nature of customer responses.



How can you align your product’s value proposition and marketing messages with your target audience’s dominant regulatory focus (promotion or prevention) to maximize engagement and conversion?



# WEAVING TOGETHER INSIGHTS FROM COGNITIVE PSYCHOLOGY HELPS MARKETERS—

especially those focused on loyalty strategies and looking to fuel brand devotion—craft more effective ways to engage with audiences.

Maintaining a balance between strategies that speak to universal attributes and those that target individual characteristics enables us to tailor our efforts to the broad strokes of human psychology while honoring the unique perspectives of specific customers.

By adopting this comprehensive approach, we move beyond mere transactional interactions toward meaningful and lasting relationships with our customers.

## NOTES

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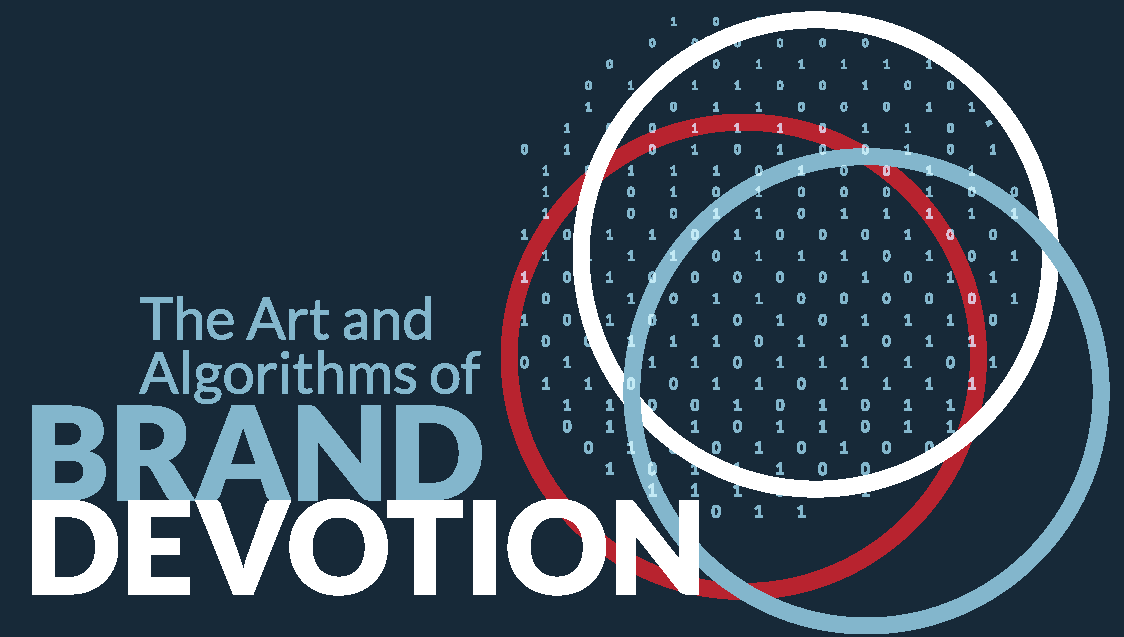
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**Lily Merritt** is a senior account executive at the Lacek Group, where she leverages her experience in cobrand and loyalty accounts. With a strong passion for consumer research, she's dedicated to uncovering insights that drive effective marketing strategies and enhance customer engagement.





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