

WHY WE SHOULDN'T TRUST OUR GUT INSTINCT

By

Andrew Tenzer, Head of Group Insight, Reach Plc
Ian Murray, Co-founder & Partner, House51

Reach Solutions



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INTRODUCTION

In 2017, Reach Solution's exploration of the declining relevance of brands and advertising revealed an industry increasingly out of touch with most people in the UK.¹ But what if the challenges to re-connect with people are even deeper than previously thought? What if there are fundamental, hard wired, psychological and behavioural differences between the people who populate ad land, and those who live out there in the real world?

Building on the latest academic research on 'cognitive diversity', this white paper will reveal that the advertising industry has a different unconscious 'thinking style' to the modern mainstream. We will be producing psychological evidence which has profound implications for the decisions we make about every aspect of advertising and marketing.

ON THE FACE OF IT

Most of us working in the advertising industry would be aware, and accept that we're a bit different from the majority of the people we target our advertising to. 18-40 year olds represent just over a third (35%) of the UK adult population,² yet they account for a staggering 84% of the agency workforce.³ We're a very young industry, but age isn't the only difference.

Less than a third of UK adults are educated to degree level. This is at odds with industries such as our own, where in the most part, a degree is the minimum requirement for entry level roles. Whilst we're making strides to achieve greater diversity in recruitment, the default for most agencies is to run

graduate recruitment schemes. Research suggests that even those who encourage non-graduate recruitment, will find it difficult to break from internal biases. Hiring managers want recruits to have the potential to be friends and seek candidates who are not only competent, but culturally similar to themselves'.⁴

Mobility and life experience is another key distinction, which is best illustrated in *The Road to Somewhere*, in which David Goodhart describes two main tribes in Britain. The 'Anywheres' are an elite group with a global mindset, who have come to dominate our culture and society. The 'Somewheres' represent a much larger group of around 50% of the population. They value stability, continuity, respect for social norms and place greater value on their local identity. Goodhart argues that

these two groups have diverged from each other over time. Whilst the 'Anywheres' have forged ahead with their global agenda, the voice of the 'Somewheres' has been largely ignored. For Goodhart, the Brexit result could be interpreted as the 'Somewheres' fight back against the 'Anywheres'.

As an industry, we fall firmly within the 'Anywheres' category. Six in ten (60%) people born in the UK still live within 20 miles of where they lived when they were 14⁵ – this number is considerably lower amongst agency employees. This increased mobility means exposure to more cultures, different life experiences and a heightened confidence stemming from leaving for new, and unfamiliar surroundings. To highlight our 'Anywheres' status, 92% of media agency employees voted remain in the 2016 EU referendum.

84%
Of media agency
employees are
under 40

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Methodology

Quantitative survey of 2,415 nationally representative UK adults in March 2018. 150 media agency interviews with all major agencies represented. This white paper addresses the differences between media agencies and the modern mainstream. The modern mainstream is defined as the middle 50% in terms of household income (£20k-£55k) and represent over 50% of brand buyers across 3,500 brands.⁶

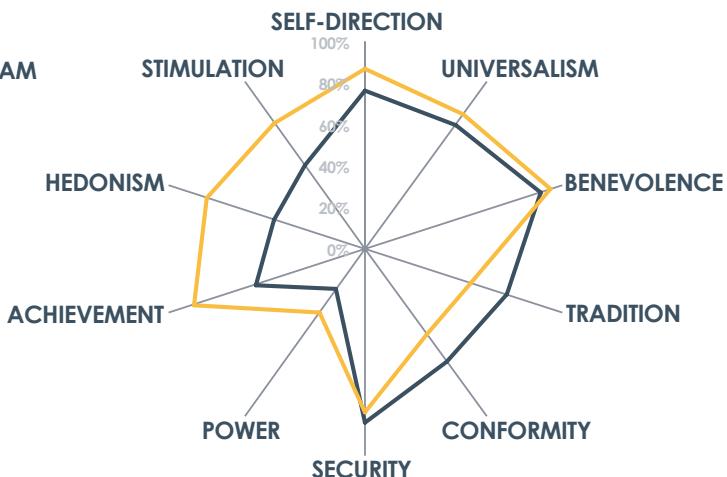
The pattern of results we find here are probably not too surprising. Agency employees are driven more by hedonism, achievement and power, and are less focused on tradition and conformity. But, perhaps we have been a bit complacent about the significance of these differences. Let's consider how Shalom H Schwartz, the developer of the Basic Values Framework defines values:

1. **Values express desirable goals and motivations that drive everything we do**
2. **People enjoy expressing their values and experience negative emotions if their values are threatened or opposed**
3. **We prioritise our values**
4. **We use our values to make decisions: we evaluate other people, policies, services and brands based on their fit with our values.**

THE VALUES GAP

As we've all come to realise, the EU referendum was about so much more than leave or remain. It was about fundamental differences in values. We decided to quantify the value gap between media agencies and the modern mainstream using the same basic value framework that's used to map cross-cultural differences across 67 countries in the World Values and European Values surveys.

- MODERN MAINSTREAM
- MEDIA AGENCY

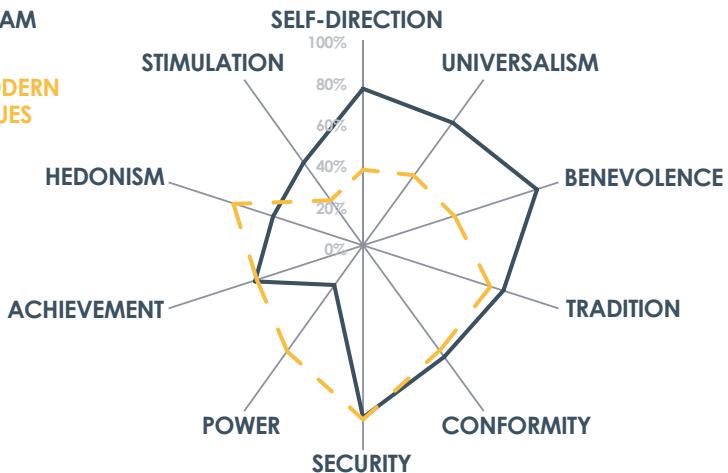


This means the different collective social and economic experience of agency people matters. It produces values that diverge from the modern mainstream and, because we all use values to define our identity and our 'in-groups', this sets up a disconnect between our industry and the very people we are seeking to engage and influence. The problem is that the values gap is even more profound than this initial data suggests. This is because when we asked our agency sample to estimate the values of the modern

mainstream, we found they were way off. They simultaneously overestimate other people's focus on power and hedonism and underestimate self-direction, universalism and benevolence – the core values and motivations of the modern mainstream. This is pretty damning when we remind ourselves that marketing and advertising is supposed to be all about human insight. A deep understanding of what matters to, and motivates, people out there in the real world is the basic currency that we trade.

● MODERN MAINSTREAM

● MEDIA AGENCY PERCEPTION OF MODERN MAINSTREAM'S VALUES



● So it turns out that, at a basic level, we don't really know what makes people who aren't like us tick.

To illustrate how this values gap can manifest itself in the work that we do, we borrowed some questions from a classic study conducted by Daniel Kahneman, Jack Knetsch and Richard Thaler in the 1986 paper 'Fairness and the assumptions of Economics'.

Here is an example...

Question: A hardware store has been selling snow shovels for £15. The morning after a large snowstorm, the store raises the price to £20'. Is this fair or unfair?

Kahneman et al asked this question to a sample of the general public (in the US). Unsurprisingly they found that the vast majority of the public thought that raising the price was unfair. To quote Thaler, recalling the experiment in his book 'Misbehaving' in 2015 - 'Duh! What kind of jerk would raise the price of

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a snow shovel directly after a snowstorm?'.

However, as Thaler points out, 'raising the price is exactly what economic and business theory says should happen...' So, they asked the question to a sample of MBA students and, sure enough, the vast majority of them thought that raising the price was fair. The point is, those immersed and being trained in the culture of business were vastly out of touch with what real people thought was 'fair'. We had two hypotheses:

- 1. The modern mainstream would reject key principles of economic theory (e.g. exploiting demand in the snow shovels example) as unfair**
- 2. Our sample of media professionals would be more likely to endorse these principles, and as such would show themselves to be just as out of touch as Kahneman et al's MBA student.**

"What if our challenges go far deeper than a disconnect over values?"

Our findings support both of these hypotheses. Our modern mainstream sample matched the findings of Kahneman et al in all of the scenarios we tested. For example, Kahneman et al found that 82% of the US public thought raising the price of the snow shovels was unfair and 82% of our modern mainstream

felt the same way. And, just like the MBA students, our agency sample were significantly more likely to endorse the fairness of exploiting supply and demand.

The good news is that the advertising industry does at least have some awareness of this values gap. This means that we can try and account for it in our day to day decision making (even if we sometimes don't!). It's clear that there's work to do in closing this gap. But, what if our challenges go far deeper than a disconnect over values?

THERE'S SOMETHING EVEN BIGGER THAT WE AREN'T AWARE OF

In this white paper, we'll reveal fundamental, psychological and behavioural differences between the people who populate ad land and those who live out there in the real world. We explore two key hypotheses:

- 1. People in the ad industry have cognitive biases, that cause them to literally see and experience the world differently from the modern mainstream**
- 2. People in the ad industry are driven by distinctive personality traits that are not shared by the modern mainstream**

Our argument is that these biases and traits are manifest in the day to day practice of advertising and its outputs. Crucially this all takes place at an unconscious level. The industry is not out to underserve the modern mainstream, in fact, we are blissfully unaware that we are projecting our mental model of the world on to others. Simply put:

- We don't think like the modern mainstream, and we don't even realise it'.**

PEOPLE IN THE AD INDUSTRY SEE AND EXPERIENCE THE WORLD DIFFERENTLY

COGNITIVE DIVERSITY: NOW FOR THE SCIENCE BIT

Our starting point was Richard E Nesbitt's fascinating book 'The Geography of Thought: How Asians and Westerners Think Differently and Why'. As the title suggests, it's a compendium of ground-breaking cross-cultural research that will challenge the cherished assumptions and universal models of many social scientists, policy makers and marketers.

Nesbitt shows that, due to their different ecologies, social structures, philosophies and educational systems, people from the West and the East tend to see and experience the world in different ways. There is no universal 'one size fits all' model of perception and reasoning.

- Eastern people tend **see the world as a circle**: their culture tends to place more emphasis on community and social relations. They are also found to have a more '**holistic thinking style**' which is orientated toward the gestalt and understanding context and the world as relational and connected.
- Western people tend **see the world as a straight line**: Again, based on their prevailing cultural and social experiences, western people tend towards a **more 'analytical' thinking style**. This is characterised by a greater focus on individuality and an understanding that the world is 'discrete, dichotomous and predictable.'

More recently, several articles in the Journal

of Consumer Psychology (2016) have discussed how the principles of cross-cultural psychology, and specifically the analytical-holistic classification, could be extended to explore the diversity of thinking styles within, supposedly, homogenous Western cultures (e.g. the USA and Europe). In 'Understanding Consumer Psychology in Working Class contexts', Rebecca Carey and Hazel Markus (2016) summarise a wide range of studies that hypothesise a more analytical thinking style for the middle classes and the more holistic style for the working class.

"There is no universal 'one size fits all' model of perception and reasoning"

Integrating these strands of academic work provided us with a powerful behavioural lens to explore the extent of the disconnect between advertising people and the modern mainstream. It's clear that the advertising 'class' are young, affluent, highly educated and mobile. So, we hypothesised that the British modern mainstream would see the world as a circle and those working in ad agencies would be more likely to see the world as a line. i.e. people in the ad industry will be more analytical and linear than the modern mainstream.

Nesbitt and his colleagues bring the differences between analytic and holistic thinkers to life in a series of creative and highly accessible experiments. So, we set out to test our hypotheses by adapting two of these experiments for our survey.

Here is what we found:

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Experiment 1: Media agency people are influenced less by social cues and context

Figure 1



Look at the picture in Figure 1 and think about your answer to this question:
On a scale of 1-10, how happy is the blonde woman in the centre of the picture?

Figure 2



Look at the picture in Figure 1 and think about your answer to this question:
On a scale of 1-10, how happy is the blonde woman in the centre of the picture?

Figures 1 and 2 are extracts from an experiment we adapted from Masuda et al (2008). It's designed to measure how judgments are implicitly influenced by social cues and context. Did you rate the blonde woman as more or less happy in Figure 2? Did you notice that the facial expressions of the

background figures have changed in Figure 2? We presented our survey respondents with a series of these pictures at random. Each one depicted a central figure expressing different emotions (i.e. happy, sad, anger) against background figures with either matching or different facial expressions.

We found significant differences in response between our media agency and modern mainstream samples:

- Media agency people's judgements of the emotions of the central figure were 17% less likely to be affected by variation in emotions of the background figures.
- But, they are more likely to subsequently claim that they noticed the changing facial expressions of the background figures (93% for our media agency sample v 79% for the modern mainstream).

This suggests 2 things:

- Our media sample are a savvy bunch and are aware of the importance of social cues and context. Their explicit answers (i.e. did you pay attention to context?) are consistent with current industry thinking and norms.

- However, ad agency people are less affected by context even though they realise it's there. Their emotion ratings show a divergence between their explicit and implicit responses. At an implicit level, their thinking style is more analytical than the modern mainstream (i.e. more focused on the individual and prone to filter out contextual cues) and probably more analytical than they would care to admit to themselves.

Experiment 2: Media agency people are more focused on categorisation

Look at the pictures in Figure 3 and think about your answer to this question: what goes with monkey?
Is it a) 'panda' or b) 'banana'.
Then have a think about why you think these objects should go together.

Figure 3

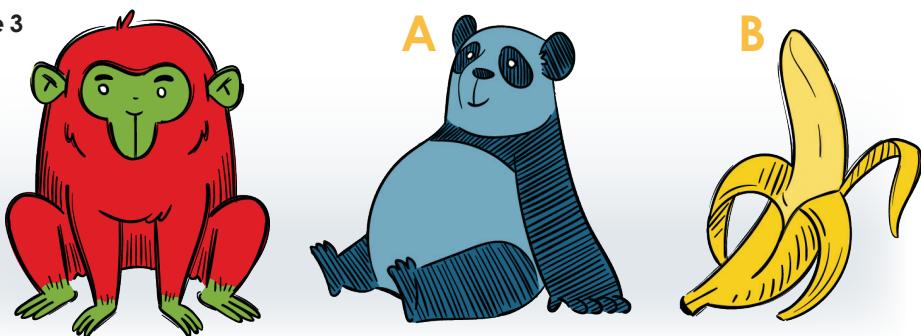


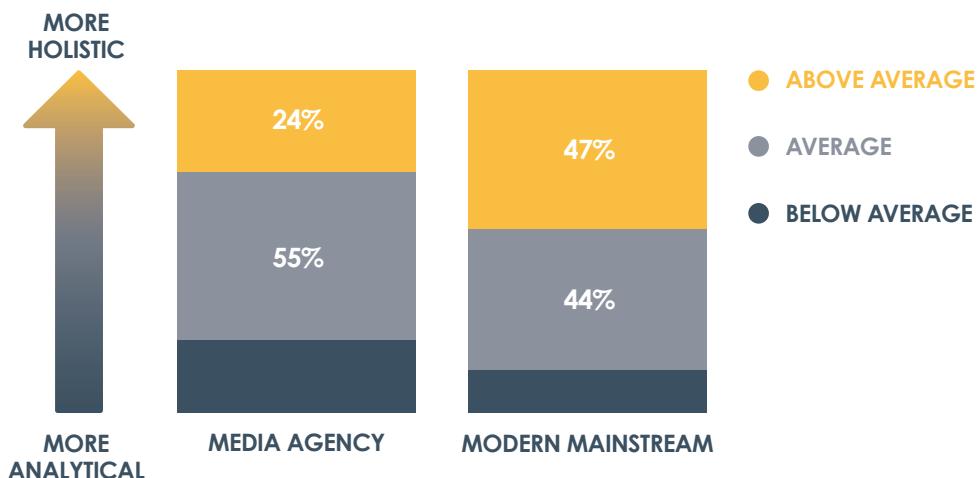
Figure 3 is an extract from an experiment that we adapted from Ji et al (2004). As with experiment 1, we asked our survey respondents to complete a series of these tasks with the goal of identifying preferences for different thinking styles. If you group 'monkey' and 'panda' together it may suggest a preference

for 'analytical' thinking i.e. grouping things according to category; monkey and panda go together because they both fit the category 'animal'. If you group 'monkey' and 'banana' together then this suggests more 'holistic' thinking i.e. monkey and banana go together because monkeys eat bananas.

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In their experiment Ji et al (2004) found that holistic (Eastern) thinkers preferred to group objects according to relationships (e.g. monkeys eat bananas). More analytically minded US respondents showed a greater preference for analytical categorisation. We found a similar pattern of differences in our

agency and modern mainstream samples. The modern mainstream are significantly more likely to go for relational groupings (monkeys eat bananas) and, as in experiment 1, our oblique approach revealed that the agency sample were significantly weaker on holistic thinking.



Our adoption of methods from cross-cultural psychology reveal a crucial unconscious bias in agency people. They undoubtedly value and aspire to see the world as a circle. But the implicit impact of their economic, cultural and professional environment constantly pulls them closer to the linear, analytic end of the thinking spectrum.

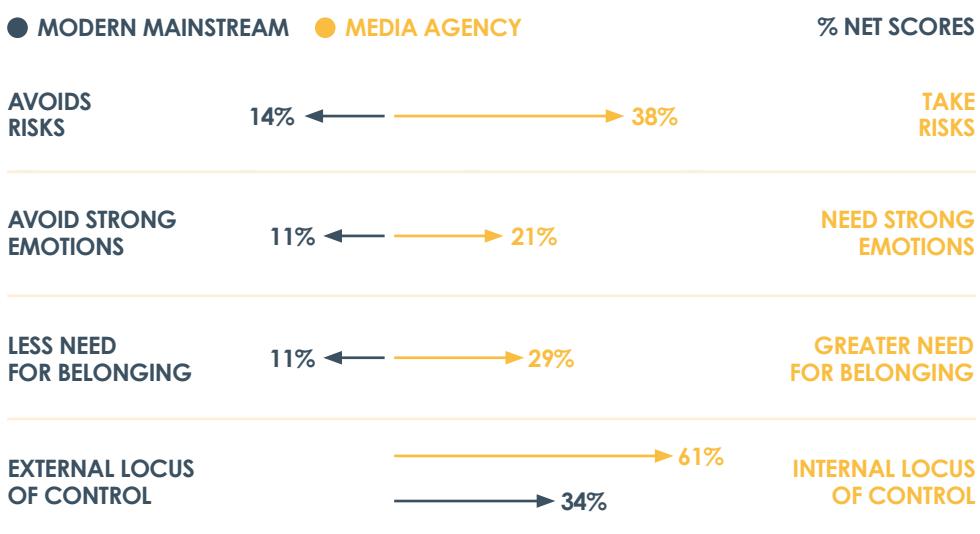
- Here we have the emergence of a profound psychological disconnect in the way that advertising folk and the modern mainstream experience and interpret the world.

Viewed through this behavioural lens, it's no surprise that brands and advertising are failing to connect with the vast majority of the population.⁷

“The modern mainstream are significantly more likely to go for relational groupings”

PEOPLE IN ADVERTISING HAVE DIFFERENT PERSONALITIES

In addition to our thinking style experiments we profiled our agency and modern mainstream samples on a wide range of psychological traits. And, again, we found striking differences that reinforce our view of a profession whose instincts are fundamentally at odds with those of the people that it strives to serve.



Our agency sample exhibit a strong preference for taking risks (net score +38%) and experiencing strong emotions (net +21%). This is in stark contrast to a modern mainstream who are risk averse (net -14%), prefer to avoid strong emotions (-11%) and have a less of a need for belonging (-11%). We also profiled both of our samples on 'locus of control'. This is a personality metric that measures the degree to which people feel they have personal control over events in their lives. Our agency and modern mainstream samples both exhibit an internal locus of control

(a belief that events derive primarily from their own actions). However, internal locus of control is significantly stronger in our agency sample (net score +68% v net score +34%).

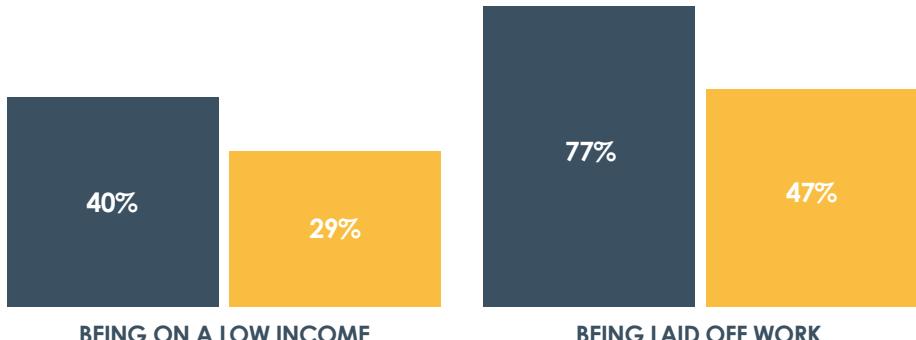
Locus of control also affects 'attributional style' including how people seek to explain the causes of events that affect other people. To explore attributional style, we presented our respondents with a series of significant life scenarios and asked them to indicate whether people were personally responsible for the event or whether it was outside their control.

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● MODERN MAINSTREAM

● MEDIA AGENCY

% OUT OF
OWN CONTROL



Our data reveals an agency sample who are far more willing than the modern mainstream to hold people personally responsible for being on a low income and for traumatic life events such as being laid off work. However, 48% of our agency sample identify as left wing compared to 28% of the modern mainstream. 19% describe themselves as right wing compared to 28% of the modern mainstream. So, there is a clear tension between our agency sample's individualistic attributional style and their claimed political orientation.

As with our experiments on cognitive style, our oblique exploration of personality highlights a contrast between the identity and self-image of people in advertising and the deep psychological traits that drive their behaviour.

48%
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And make no mistake, self-image is very important to those working in advertising. There's been a great deal written about the growing narcissism epidemic in our society with many commentators arguing that this is being fuelled by the likes of Facebook, Instagram and Twitter. 62% of our agency sample scored above average on our narcissism scale compared to around 1/3 of the modern mainstream. Ad people's narcissism goes hand in hand with a powerful psychological need for belonging. The net need for recognition score is +29% while it is -11% for the modern mainstream. The consequences of ad people's different thinking style and psychology is having a profound impact on decision making within the industry. It manifests itself subconsciously, in a number of ways.

OUR PSYCHOLOGY IS REFLECTED IN DAY TO DAY ATTITUDES AND DECISION MAKING

An obsession with the shiny and new: Whilst it's of paramount importance for us to be a forward thinking industry, the problem is we place far too much emphasis on newer technologies and media platforms, whilst underestimating the importance of more traditional forms. The writer Nassim Taleb labelled this 'neomania' – the mania for all things shiny and new. Driven by a psychological need to take risks, the ad industry has embraced and jumped head first into new platforms, despite any tangible proof of them working for their brands or consumers.

Fuelling the echo chamber:

Talk of an echo-chamber and advertising bubble is nothing new. Even though most are aware of it, there is little to suggest the bubble will be bursting anytime soon. The problem lies with a psychological need for belonging. Even though we might think we're making an effort to be more relevant to the modern mainstream, our default, subconscious position is to impress the people we work most closely with. This begs the question about who we're making our advertising for. To further emphasise the point, this year there are over 20 different advertising and marketing award ceremonies in the UK alone.

Our obsession with brand relationships:

In the highly influential *How Brands Grow*, Byron Sharp perfectly articulates that much of what we call 'brand loyalty' is simply habit, convenience, mild satisfaction or easy physical and mental availability. More recently, in Reach Solution's analysis of 170 leading UK consumer brands, the average score for not caring if a

brand exists was a worryingly high 57%.⁸

This tells us that for the most part, people are not in love with brands, and nor do they want an 'authentic' two way relationship with them. Despite evidence to the contrary, a strategy of creating 'deep and meaningful' relationships continues to be pushed by many in the industry (see the current obsession with brand purpose). We believe this is, at least partly, a result of ad industry folk having a basic psychological need for strong emotions, which isn't shared by the modern mainstream.

The cult of the individual:

As we highlighted at the beginning of this paper, the marketing world is dominated by people under the age of 40. If anyone in ad land was old enough, they'd be struck by how our industry resembles the plot of the 1970's science fiction film *Logan's Run*, where a utopian society is only sustained by killing everyone over the age of 30!

And our obsession with youth has big psychological and, dare we say it, moral consequences. The vast majority of advertising professionals truly are Margaret Thatcher's children. They have never known anything other than the neo-liberal consensus that has dominated UK politics, business and cultural elites since she came to power in 1979. Hence our agency sample's values are more focused on power and achievement and psychologically they are more narcissistic and have a stronger sense of personal control over their lives.

These individualistic values and thinking styles drive the core assumptions of contemporary advertising and it's fundamental (mis) understanding of human behaviour. The result is advertising that is obsessed with personalisation and the expression of individual identity, where even the most mundane products are sold as routes to self-actualisation and signifiers of personal achievement and status.

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THE GREAT CHASM

Last year, we revealed a growing chasm between advertising and the modern mainstream.⁹ In a society where trust is in short supply, brands and advertising have lost relevance with large swathes of the UK. Where advertising once led the cultural conversation, it is no longer deemed to be a significant aspect of popular culture. Having identified the symptoms, we now understand the underlying cause – a subconscious, analytical thinking style which dominates the industry, and jars with the holistic thinking style of the modern mainstream. If we continue down this path – the chasm is only going to get larger, until the modern mainstream won't be able to hear us anymore.

KEY CONSIDERATIONS

1. CONTEXT MATTERS EVEN MORE THAN YOU THINK

There are countless studies proving the importance of placing advertising within a quality environment. At a rational level, the business case for the power of context has been forcefully made - we know that context matters. But at an unconscious level, our thinking style makes us highly suggestible to the arguments for more analytical approaches such as programmatic. We are simply less focused on context than the modern mainstream. Creating work that fully leverages context, depends on being aware of, and managing, our analytical thinking style.

2. IT'S NOTHING PERSONAL

We live in an age of hyper targeted advertising. This is partly driven by an analytical thinking style which subconsciously places much greater value on the individual. The problem for people in the ad industry, is that this isn't necessarily what motivates the modern mainstream. As Mark Earls points out, 'the true nature of mankind is that of a super-social ape. We are programmed to be together'. With our basic instinct being to copy others,

advertising benefits from being a shared experience. Its influence is not only greater when seen by as many people as possible, but also from knowing others have seen it too. This taps into the psychology of social proof, whereby we do things because we see others doing it. It also increases the chance of ads being talked about and forming part of the cultural conversation. Increasing relevance and engagement may lie in emphasising connection to, rather than differences with, other people. The personalised nature of social media and search, means only established media can provide powerful, shared experiences for brands.

3. DON'T ASSUME PEOPLE GET BORED

A psychological bias for risk taking results in ad agency people being guilty of overemphasising the importance of new technology and un-proven media platforms. This is at odds with a risk averse modern mainstream who place greater value on stability. Just because the industry obsesses over the shiny and new, don't assume that everyone else does. More specifically:

- Don't assume people are bored of seeing the same creative
- Don't assume people are bored of established media

Being consciously aware of this will be key to maximising effectiveness.

As we've revealed in this white paper, people working in advertising have a different 'thinking' style to the modern mainstream. The implications of which, are far reaching for our industry. To restore the balance and harmony between ad land and the increasingly valuable modern mainstream, we need to actively manage our subconscious bias. Otherwise, we will continue to make decisions which are fundamentally at odds with the very people we seek to engage and influence.

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For more information visit:
reachsolutions.co.uk/insights

or contact:
andrew.tenzer@reachplc.com

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