Chapter 9

Neuromarketing as a Business Strategy

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ABSTRACT

The purpose of this chapter is to analyze the theoretical and methodological approaches to the study of neuromarketing for designing business strategies. The initial question is based on incorporating advances in neuromarketing into the field of strategic direction. The research method used is to review the literature to study this phenomenon. The main conclusion is neuromarketing permits us to know the customer’s reactions in terms of brain activation without the need to appeal to the report of the customer’s conscious experience. Consequently, firms will be able to develop capacities and valuable resources to create focal strategies.

1. INTRODUCTION

If neuroscience is seen as being in its infancy, neuromarketing is clearly in an embryonic state. Marketing academics have just discovered the opportunity to understand the brain circuits involved in the search, selection, and purchase of a product (Morin, 2011). While the field of economics has begun using neuroimaging techniques in its research which has resulted in the field of neuroeconomics, the marketing profession has been much less willing to expanding its research activities using new techniques, even though both fields share common interests such as decision making and exchange (Lee, Broderick, & Chamberlain, 2007). Neuromarketing is an emerging, interdisciplinary field combining psychology, neuroscience, and economics (Lee et. al., 2007) coined by Smidts in 2002 (Lewis & Bridger, 2005).

While neuroscience has grown dramatically in the last decade, it has not penetrated easily into marketing academia mainly because very few researchers have formal training in cognitive neuroscience and the fear produced by public criticism about the ethical issues involved in the use of neuroimaging (Morin, 2011). Despite being raised in numerous articles, this debate has not been explicit in Mexican universities, including a
large number of scholars and students who know basics of neuroscience in spite of working directly with the search, satisfaction, and needs assessment of consumers.

The brain is responsible for all consumer behavior. Despite being only 2% of total body mass, it uses a large amount of energy – approximately 20% of an individual's total energy. Most of the functions an individual requires are handled by the brain at an unconscious level. This explains why nearly 80% of cerebral energy is required to maintain the baseline status. Clearly, cerebral energy uses only 20% of the brain consciously (Morin, 2011). Therefore, it is disturbing that, despite this fact, companies continue applying methodologies based on reports articulated of their clients, thus jeopardizing their investments and waste the vast amount of time and money spent each year on brain studies.

Braidot (2005) states the needs describe what people require to live. These needs become wants when the customer considers a product or service to satisfy demand and when a customer possesses the purchasing power to buy at the point of sale. The study of customer needs is at the heart of the concerns of the organizations, as the key to remaining competitive lies in the ability to identify and develop products and services which can satisfy customers better than the competition. Both needs and wishes involve the biological and social composition of human beings, although ultimately it is preferable to separate the two for academic research.

While the way language is used can vary from culture to culture, the language of the brain remains stable. The purpose of neuromarketing is to study the physiological response of the brain to advertising and marketing strategies. To evaluate the effectiveness of these strategies, the resulting brain activity from this phenomenon is monitored and measured using neuroimaging techniques. Neuroscientists are now able to directly study the frequency, location, and timing of neuronal activity in an unprecedented way. However, marketing has ignored these developments and their potential (Lee, et al., 2007).

Therefore, the purpose of this study is to show an overview of the advances in neuroscience and how they have helped broaden the knowledge of those who, from their niche, continue asking questions regarding human behavior. The research has benefited from ongoing global multidisciplinary input, but does not seem to attract enough attention at home, eliminating the possibility of providing local information to supplement neuroscientific studies with the cultural characteristics of each social group.

2. DIFFICULTIES OF TRADITIONAL MARKETING METHODS

Marketing scholars considered a few years ago that market research was an accurate and credible sample allowing organizations to make informed business decisions. However, as reported by Pradeep (2005), as new product launches have a failure rate of approximately 80%, the economic cost involved provides strong evidence of the difficulties faced. Although each year over US$40 billion dollars are invested in advertising campaigns, conventional methods to predict the effectiveness of this large investment shows flaws because it depends on the willingness and capability of the customer to describe how he/she feels when exposed to advertising (Morin, 2011). The failure is due primarily to the fact that people assume they are able to describe their own cognitive processes, but it is now well-known that cognitive processes have many subconscious components.

The methods of “articulated answers” such as market research, surveys, and focus groups are not ideal to know the way a person truly feels about a product or service because it is difficult to describe in precise words the emotions experienced by a person to a stimulus such as a product. Braidot