



Turning Expectations Into Customer Satisfaction

Expectations can determine the perception of your product. Setting that expectation and spreading it is the next step, but beware of trickery.

Consumers are constantly told that the latest Nike running shoes or Mercedes-Benz can offer higher performance. Consumers believe it, they make a purchase and they even experience it. From sportswear to cars, expectations of a product or service can actually create a resulting experience. But how?

Even the savviest and most jaded consumers rarely approach a new product with complete objectivity. A multitude of factors tell us what to expect, including price, packaging and the product's ad campaign, among others.

But just how powerful are these expectations in shaping customers' thoughts about what they consume? And how do they influence future behaviour and sales? Pre-consumption expectations about a product affect more than what we say, or even what we think, about that product. Our biases are reflected in our brain activity, affecting our perceptions of what we consume at a deeper and more direct level than psychologists can measure, says **Hilke Plassmann**, Assistant Professor of Marketing at INSEAD speaking about her recent paper **How Expectancies Shape Consumption Experiences**, co-authored by Tor D. Wager of the University of Colorado at Boulder.

An MRI/Wine Tasting

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Plassmann's conclusions stem from a study she co-conducted in 2008 measuring neural responses to drinking wine. Participants were instructed to sample various wines through a straw from inside an MRI machine. The rub? The researchers deliberately misled participants about the prices of the wines, claiming one cost US\$45 when it actually cost US\$5 and presenting another as costing US\$10 when it really retailed for US\$90.

"This allowed us to observe their brain activity while they were consuming the wine," Plassmann told INSEAD Knowledge in an interview. "Are they rationalising after the fact that it should be better because it's more expensive, or does it really change their taste processing? What we found is that it really changes the neural activity in an area called the medial orbitofrontal cortex, which is an area that encodes our experience of pleasure."

These results came as a surprise to some of Plassmann's collaborators on the study. "Some of us were thinking, 'Oh, it's more like rationalisation; it's more like a cognitive process.' At this point it was an open question. We had competing hypotheses."

For Plassmann, the findings highlight the speed with which humans form lasting impressions that synthesise all types of data. "The bias kicks in at a very early stage," she says. "It really changes your

taste perception, or your visual perception, or your pain perception. These are complex processes where you receive a lot of input, and such information that has nothing to do with the taste itself – they are so fast, and integrated more holistically into your experience that you can't distinguish. You think it's linked to the taste."

Self-Fulfilling Prophecies

Plassmann says there is evidence that by affecting brain activity, biases can sometimes bring about observable changes in people all by themselves. She cites a 2007 study by Harvard researchers in which female attendants at seven hotels were informed that their usual duties – walking, bending, pushing, lifting, and carrying – met the surgeon-general's recommendations for an exercise regimen. Four weeks later, the researchers found improvements in blood pressure, body mass index, and other health indices among the informed group, relative to a group of attendants that had not been so informed.

"Now that their work was classified as exercise, they found changes on those metrics," Plassmann says. "This gets back to the idea that this really works as a placebo effect, it changes your control systems, your hunger control systems. It's really biasing how your brain is encoding all these different processes."

In another study, co-authored by INSEAD Professor Ziv Carmon, people who consumed a discounted energy drink performed worse in mental tasks than those who paid full price for the same drink.

Great Expectations

In addition to price, Plassmann says, almost anything about a product's appearance can produce an expectation that may help determine how much we enjoy it, or whether we enjoy it at all. "For wine, the shape of the bottle, whether it is a screw cap or a natural cork... Also, something more subtle like the colour of the wine, the redder it is, the more we think it's enjoyable. These are simple rules that are taught in wine courses. We think it has to be this brilliant colour, but this is a chemical component that can be manipulated quite easily."

But not everyone is equally susceptible to these branding cues. Some neuroscientists think susceptibility to the placebo effect may be linked to the size of the region of the brain involved in processing rewards and punishments. Plassmann is also looking into other variables, including the role of the social environment (i.e. consuming alone versus consuming with others like your boss or your date) and the level of expertise about a product, for clues about how biases impact consumer

experiences.

In future experiments, she hopes to stretch credulity a little in an attempt to pinpoint where common sense kicks in. "If I give you wine and it's actually vinegar, but I tell you it costs US\$150, you still might not like it. But I'm looking into: What happens if I do this a little bit differently? Can I make it appealing to you even if it's outside this acceptable range of tastes?"

Marketing Implications

Plassmann says the studies she cites shed some light on how advertising and marketing operate. Firstly, they show that marketing actually does have an effect on how products impact consumer decision-making on a brain level. "This is just speculation based on psychological evidence published in the *Journal of Advertising*: When you consume an orange, you keep your experience value in memory... Next time you want to buy orange juice, you have to retrieve how much you liked different orange juice brands from your long-term memory. So you have some sort of remembered value. What advertising does is try to change your memory, and replace it with someone else's memory. And depending on how long ago your experience was, it might actually work that way."

But corporate cues may be less effective influencers than those closer to home. "Word of mouth would work better because it's more credible to you," she says. "In some sense, placebos are like word of mouth... a credible source [i.e. a doctor] tells you this is going to work." She notes that placebos tend to be more consistently effective in the lab than experiments requiring participants to draw their own conclusions.

Also, marketers' power to shape expectations, and thus experiences, suffers if their message veers too far from the truth. "Marketers are interested in long-term relationships. Even if I trick you into buying something once, you're not going to buy it again. Marketers do have to provide value, otherwise it doesn't work and you don't create expectations."

As an example of what not to do, Plassmann cites the smartphone BlackBerry Torch, which debuted in 2010 to disappointing sales despite what she calls a "super-aggressive comparative ad campaign boasting about its revolutionary quality."

The lesson for companies: Rein in marketing bluster, lest you suffer the fallout from a false expectation.



Hilke

***Plassmann** is Assistant Professor of Marketing at INSEAD. She is also part of the organising committee of the **Consumer Neuroscience Symposium**, a satellite symposium of the Annual Meeting of the Society for Neuroeconomics, taking place in Lausanne, Switzerland on September 26th. **INSEAD's Centre for Decision Making and Risk Analysis** is a co-sponsor of the event.*

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