

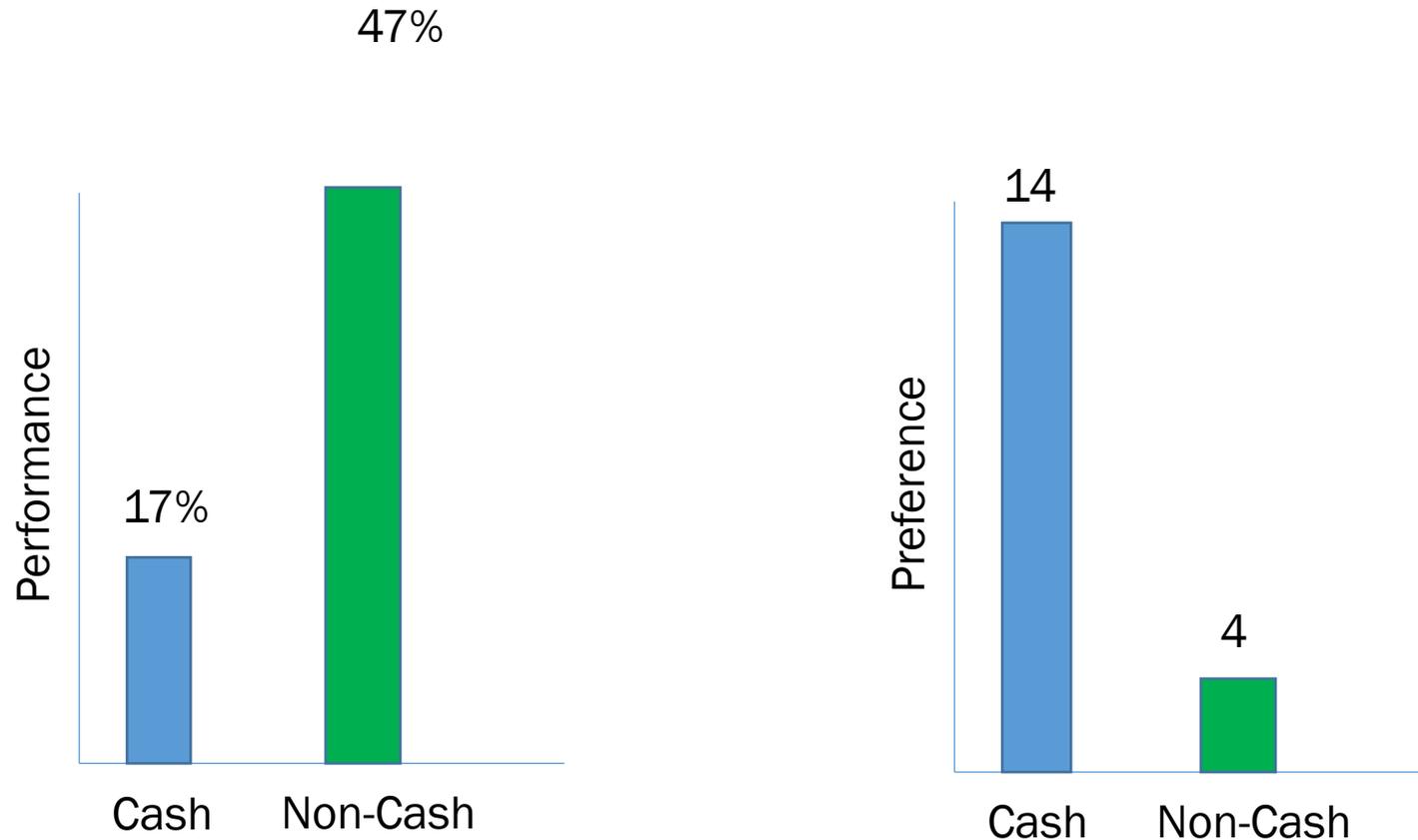
The Neuromarketing & Non Cash Awards

November 2017



- Conducted in Fall 2016
- 42 Participants of various age, gender, occupation, salary levels
- Audio and Visual Experiments for Small and Large Awards
- This study used Neuromarketing, supported by traditional research, to identify:
 - Responses to different ways in which incentive rewards are presented
 - How biometrics can evaluate the motivational power of incentive rewards, and predict who will choose which reward
 - Who prefers cash and why
 - Differences in preference by age, gender and occupation

Performance vs. Preference



Scott Jeffrey, University of Chicago, 2007

Two Hypotheses

1.) Participants will exhibit a stronger response to highly salient non-cash rewards than to cash at the unconscious level.

and

2.) After the same participants are given time to examine and consider their non-cash and cash reward options, most will choose a non-cash, hedonic reward over the equivalent cash.

Understanding System 1 vs. System 2

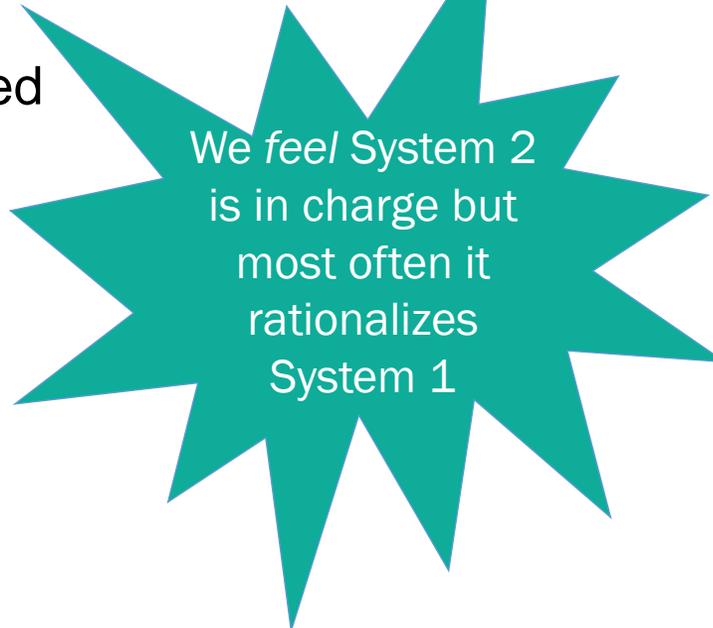
System 1

- Unconscious
- A continuous stream of thoughts below conscious awareness
- Fast, multi-threaded
- Automatic, uncontrolled (Autopilot)
- Effortless, Intuitive
- Emotion-driven
- “old brain”
- *First responder*

Continuously
Influences



We feel System 2
is in charge but
most often it
rationalizes
System 1



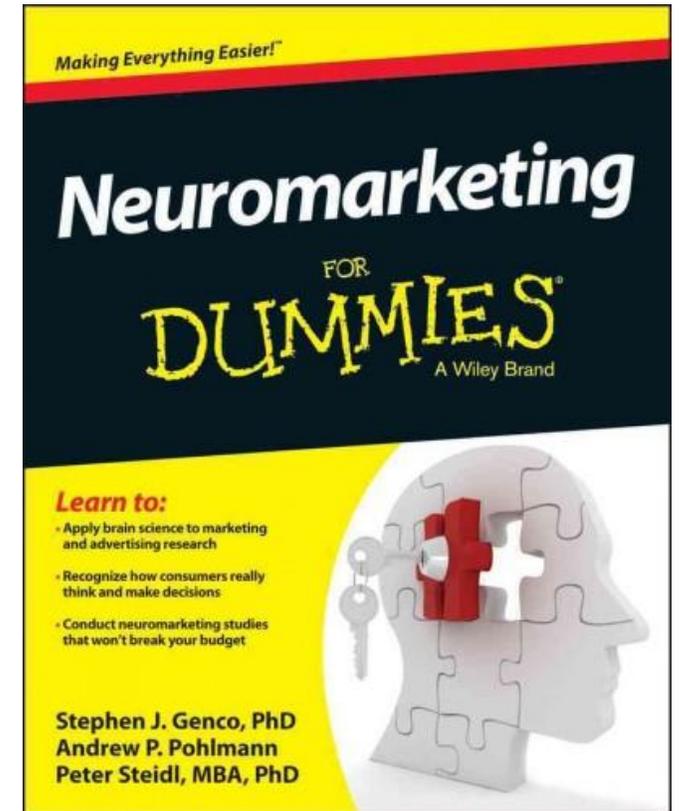
System 2

- Conscious
- Deliberative mental “work” – planning, analyzing, rehearsing
- Slow, single-threaded
- Deliberate, controlled
- Effortful
- Rational
- Logic-driven (if-then thinking)
- New brain
- *Lazy controller*

- **Dr. Kanungo** – Rewards are meaningful if they are salient, meaningful, performance contingent, performance sensitive
- **Dr. Jeffrey** - *Perceived Value of the Award* (Evaluability & Separability), *Value of Earning the Award* (Justifiability Social Reinforcement)
- **Dr. Thaler / Dr. Khaneman** – Mental Accounting: people treat money differently, depending on factors such as the money's origin and intended use.

Techniques for Measuring System 1

- Facial Emotional Expressions
- Distance From Screen
- Galvanic Skin Response (GSR)
- Behavioral Approach or Inhibition System (BIS/BAS)
- Eye Tracking
- Pupil Dilation



Two Experiments

Audio

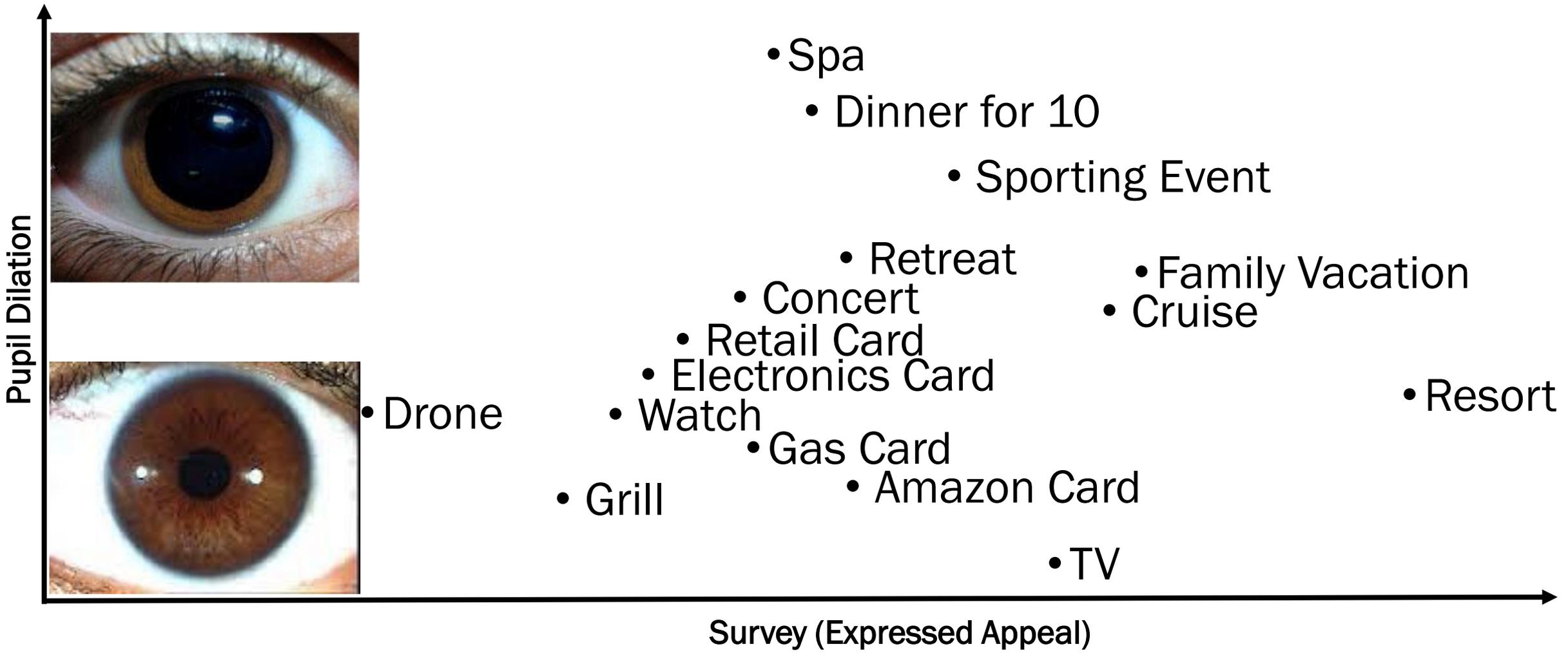
- Participants prompted with a small and large award scenario context
- Participants listened to various types of reward presentations given by various levels of peers and management

Visual

- Participants prompted with a large award scenario context
- Participants asked to choose a meaningful award from set of merchandise, gift cards and travel
- Participants asked to choose award type for each scenario

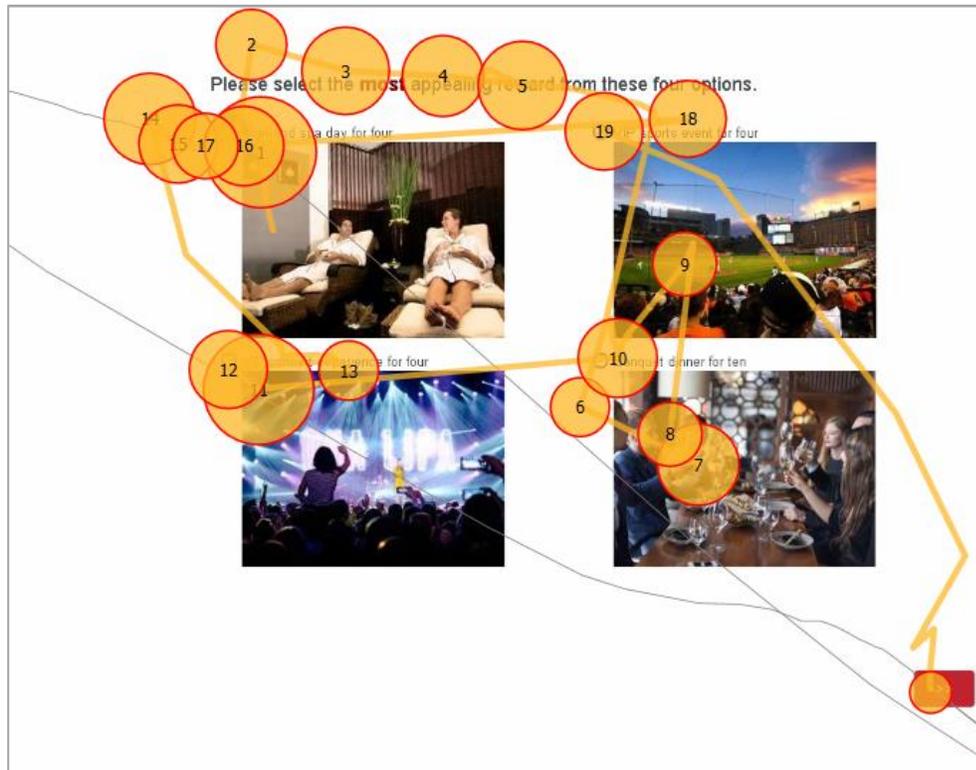
All Participants Measured on BIS/BAS Scale

Conscious and Subconscious Preference

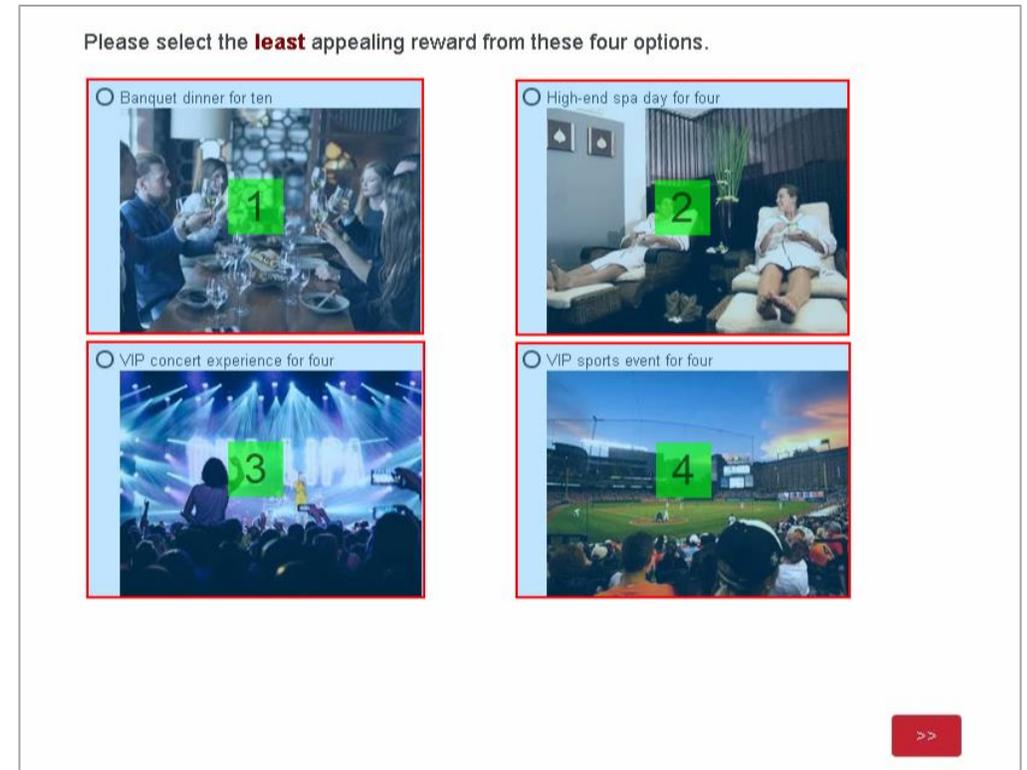


Eye Tracking: Sample Pattern Views

Eye Tracking: Time to Fixation



Fixation Time: Time to Choice





• Equiv. Cash

Cash has the longest time to fixation and one of the longest times-to-choice. It is not an intuitively “salient” option and requires more “overriding” of System 1 attraction to be chosen.

- Retail Card
 - Sporting Event
 - Cruise

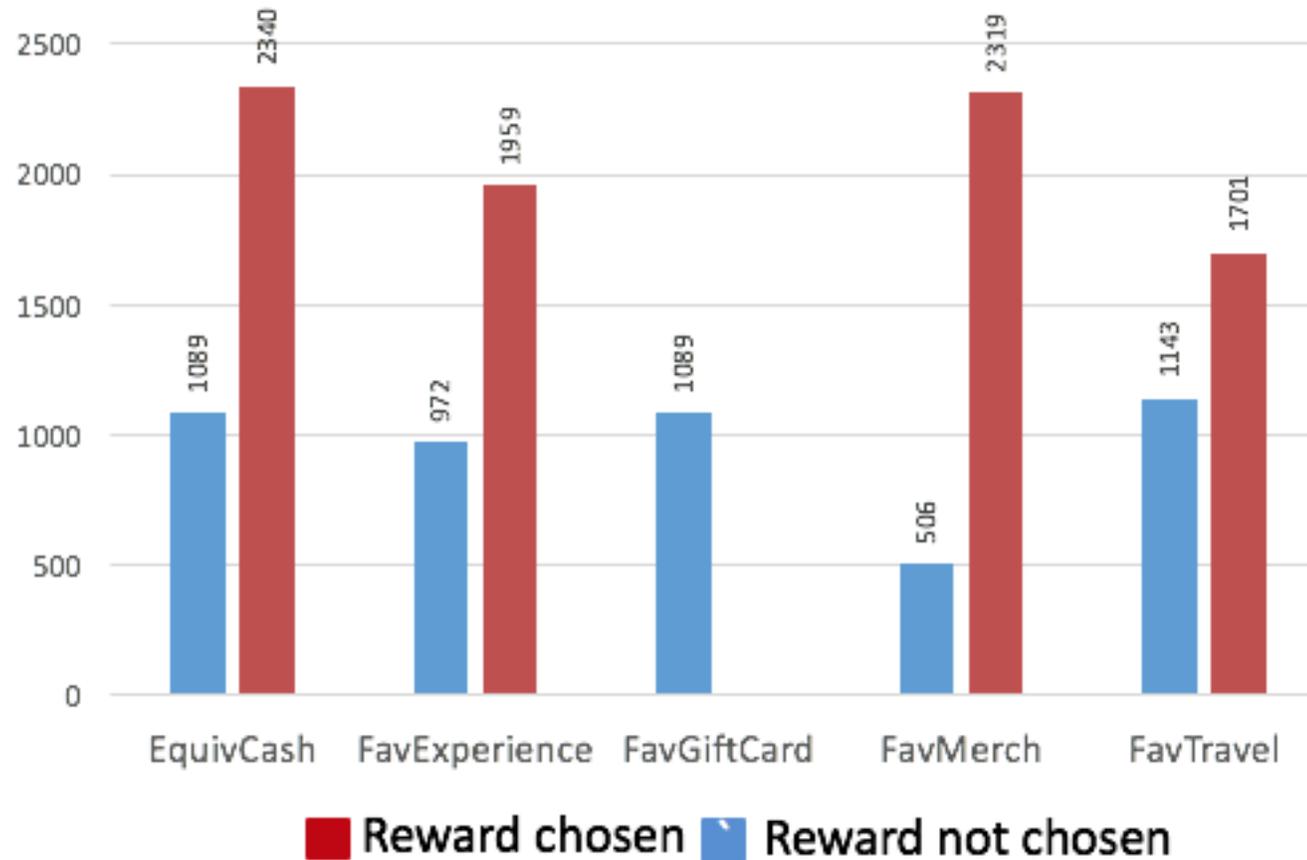
- Spa
- Resort
- Concert
- Drone
- Electronics Card
- Grill
- Dinner for 10
- Retreat
- Amazon Card
- Family Vacation
- Gas Card
- Watch
- TV

TFFF when chosen as “most preferred” → longer TFFF means less initial System 1 salience and value

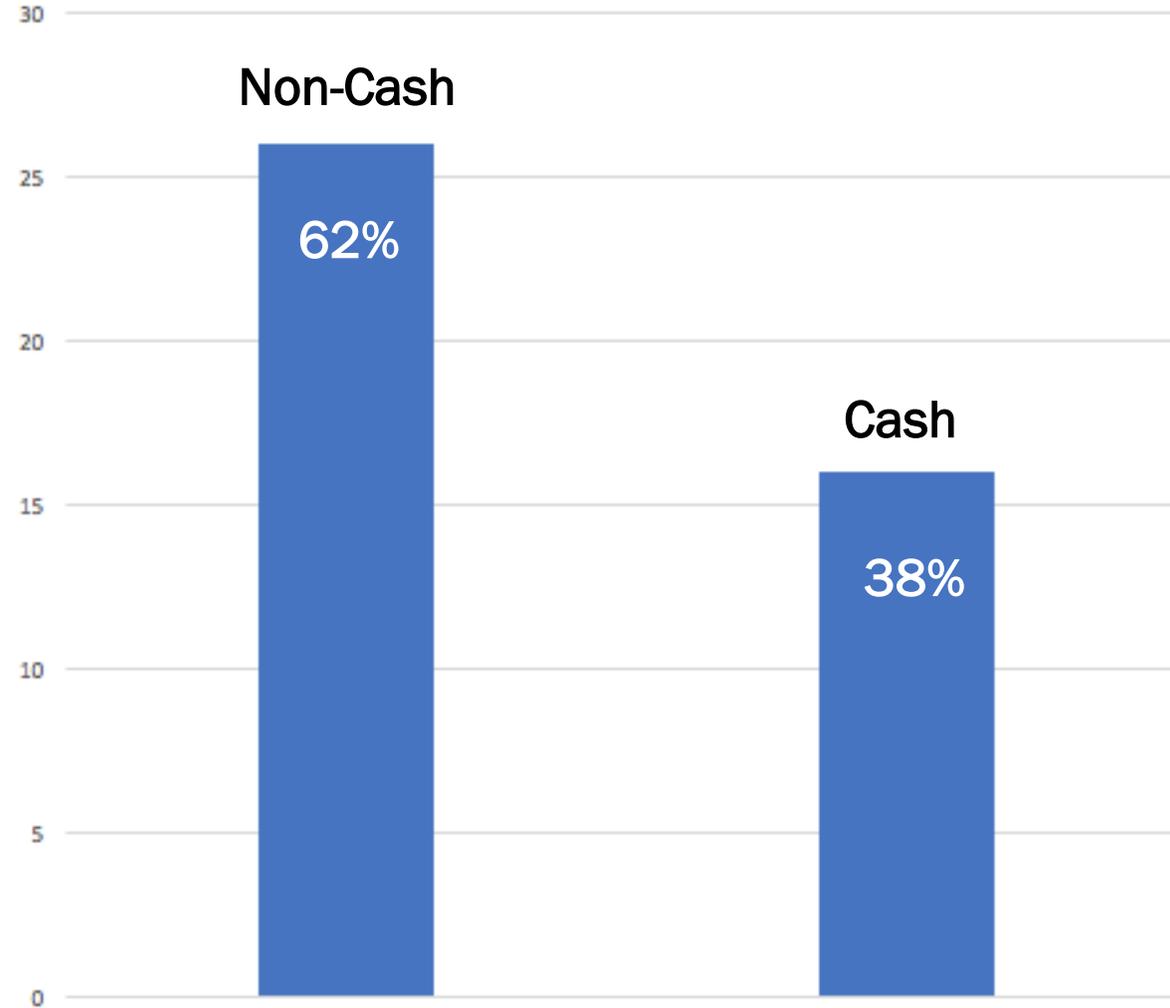
Time to choice → longer time means more System 2 thinking

People choose what they “fixate” on

Fixation time on final choice screen images when reward was chosen vs. not chosen

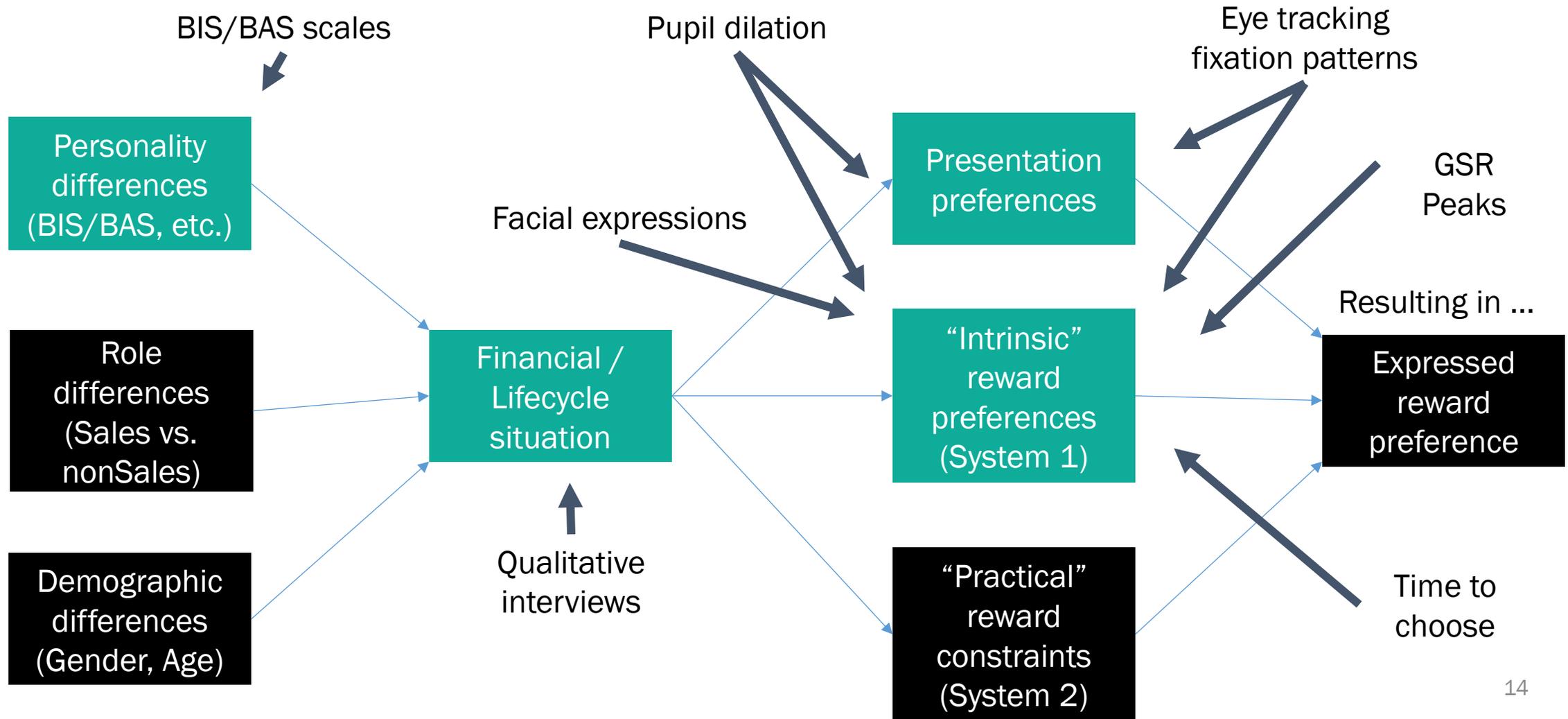


Final Choice



N=42

New Insights



- 1. Cash was not intrinsically more motivating than other types of chosen rewards.**
2. People have to “stop and think” when considering cash.
 - Other rewards have relatively greater immediate appeal
 - People spot them quickly and choose them quickly (these are much more System 1 choices)
- One size does not fit all.
 - Gender, occupation, age and financial/lifecycle circumstances all work together to determine preference for cash

More Likely to Select Cash (78%)

Who	What
Overall preference for cash	40% of our sample
Gen X	Only 30% of Millennials, but <u>50% of Gen X</u>
Non Sales	<u>48% of nonSales</u> group, but only 28% of Sales group
Female	<u>50% of Women</u> , but only 29% of Men
High behavioral inhibition	<u>Higher BIS</u> = greater likelihood to choose Cash
High Drive	<u>Higher Drive</u> = greater likelihood to choose Cash
Low on Fun Seeking	<u>Higher Fun Seeking</u> = <u>less</u> likelihood to choose Cash
High Reward Response(BAS)	<u>Higher Reward Resp.</u> = greater likelihood to choose Cash

Cannot predict award type preferences using only one variable

- One size does not fit all
- All factors work in tandem
- Age, Gender, Type of Job, and Personality ALL influence reward preferences
- Those who took cash were interviewed after and we discovered:
 - They were also motivated by non-cash rewards BUT:
 - Had a specific current need for cash OR
 - The desire for choice or flexibility

- We have a new model for understanding how preferred reward decisions are made
- Cash was not as salient as other award types
- Many variables work together to determine an individual's preferred award type
 - These are not just demographic and job role differences, but differences in the way people think and in the ways they are motivated by incentives and rewards.

Thanks to our Research Advocacy Partner:

Part Two: Presentation Preference

