

DMA EXCLUSIVE!!!

Browse through Chapter 1 of direct marketing expert, Steve Cuno's, yet to be released first book:

The Fallible Gut
A Marketer's Guide to Surviving Intuition

We're sure that you'll be impressed with his revolutionary take on predicting customer behavior as well as his entertaining presentation style.

The Fallible Gut
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A Marketer's Guide to Surviving Intuition

By Steve Cuno

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Chapter One: Introduction

What Any Fool Knows

Most people know a ten-ton iron ball falls to earth at the same speed as a half-pound iron ball dropped from the same height. But in earlier times, most people “knew” the heavier object would fall faster.

How they knew is instructive. Scientific questions in those days were not a matter of hypothesis and testing, but of philosophy. It was true that heavy objects fell faster than light ones, scholars reasoned, because any fool knew they did. Thus this pseudo fact, canonized by none other than Aristotle himself, was taken as truth for over a millennium.

To change things, it took a skeptic by the name of Galileo to say, and I paraphrase, “Oh yeah? Let’s see.” Then he did something revolutionary for his time: he devised a test. He took two iron balls, one considerably heavier than the other, climbed to the top of a tower (possibly the Leaning Tower of Pisa), and dropped them together.

I’d like to tell you that from the moment the iron balls hit the ground simultaneously a new theory prevailed, but that’s not what happened. Instead, Galileo found himself in big trouble with the leading scholars of the day for daring to challenge what any fool knew.

And *that* is also instructive.

Enlightened age?

Today we have the Scientific Method, thanks to which we no longer believe that flies spontaneously generate from decaying meat, fresh air is bad for us, or the sun circles the Earth.

But even in our so-called enlightened age, people still cling to gut feelings that fail to stand up to scrutiny. Or, rather, that would fail to stand up if anyone bothered to scrutinize. Witness the many savvy and successful people you know yourself who wear their lucky hat when golfing, consult their horoscopes before traveling or dating, wear magnets to ward off arthritis, believe that failing to wear a sweater on a chilly day will cause you to catch a cold, and abstain from chocolate to prevent acne.

Do not try telling these people that their conclusions are unscientific unless you're in the mood for a long and fruitless argument. You'll find they don't much care what the evidence says. Or, that they counter with anecdotal "evidence." Or, that they become belligerent and defensive.

Millennia have passed since Galileo, but people still don't like it when you challenge what any fool knows.

Marketing and intuition

With the possible exception of abstaining from chocolate, many folkloric and superstitious beliefs are arguably harmless.

But some are not. It's one thing to let intuition convince you to wear a silly hat to improve your golf game. It's quite another to stake your company's future, and its marketing dollars, on a campaign because "it feels right." Or, for that matter, to pass up a campaign because it doesn't.

Yet every day CEO's, marketing VP's and other corporate decision makers do just that: they make bad decisions and miss opportunities using gastrointestinal enlightenment as their guide. Then, to ensure all are duly impressed with the higher authority of their lower half, these people justify their decisions with the portentous words, "And my gut"—pause for effect usually inserted here—"is never wrong."

Gut Success Ratios

There would be nothing objectionable about gut-driven marketing if guts were always right. Or even usually right. They are neither.

At best, the ratio of correct to incorrect gut-driven decisions is 50/50.

Here's why. For every visionary's gut that turns out to be right, someone else's gut—which is also “never wrong”—necessarily turns out to be in error. Fred Smith's gut told him the nation would embrace an overnight courier like Federal Express, but his Yale professor's gut disagreed. George Martin's gut told him the world would love the Beatles, but Decca's Dick Rowe's now-infamous gut reaction was, “Guitar bands are on their way out.” Henry Ford's gut told him he would grow rich making automobiles the average American family could afford, but his early partners' guts disagreed.¹

I don't find 50 percent odds encouraging, but if you do, I must now tell you that your gut's odds are really much, much lower. The above examples are based on ventures that turned out to be successful. Consider the number that have bombed, and those that continue to bomb every day: Edsel, New Coke, rock bands that never make it, novels languishing on clearance tables, retail outlets and restaurants that close inside three months, movies no one goes to see, entrepreneurs who file for bankruptcy, products no one buys. More ideas flop than fly. And behind every flop is a gut that assured a believing visionary, “It'll work.” Add to

¹ Ford proved them wrong by building a hugely successful company. But his opponents proved themselves right by building a successful company of their own, later named General Motors. So two sets of guts disagreed, and both ended up right. And wrong.

that the fact that many of these gut decisions were backed by research and experience, and guts begin to look more and more fallible.

But just a moment. What about all the guts that correctly predicted the failure of an idea? Weren't they right most of the time? So, isn't declining new ideas the safest approach of all?

In cases that actually went to trial in the marketplace, yes. And, no. Killing all new ideas certainly assures avoiding the failures, but it also assures missing out on the occasional, breakthrough moneymaker. Thus Thomas Edison missed out by championing direct instead of alternating current, Henry Ford lost ground to competitors by refusing to offer a choice of models and colors, and the founders of Starbucks decided they'd rather sell their company than lower themselves to selling brewed coffee instead of whole beans and grinders. Missing a great opportunity is risky in its own right.

Of course, most ideas never make it to market. Most are killed by someone's gut in the conference room. Without a trial, there is no way of knowing just how many early-aborted plans might have turned out to be the Beatles. Or not.

Your gut isn't the exception

Even the guts of the best, most successful marketers are subject to randomness. They are right some of the time, and wrong some of the time.

In short, guts are not reliable.

You may believe your gut is the exception. Perhaps by your own tally your gut has proved right 90 percent of the time. In that case, I would say there are three possibilities. The first has to do with disqualification; the second, with incomplete information; and the third, with coins.

Disqualification is the very human tendency to embrace what confirms our suspicions and overlook what contradicts them. People who say “you *always*” or “you *never*” commit this error. So do people who believe a correct prediction confirms a fortune teller’s power but that an incorrect one means the spirits were uncooperative that day. People whose guts are right “most of the time” most likely forget or *disqualify* the times their guts are wrong.

Incomplete information is another problem. In many organizations, to tell the boss that his or her idea flopped is a career limiting act—so all the boss ever hears is, “You were right again.” And, when the boss kills an idea, there’s no opportunity to learn whether the idea would have worked. Of course, information can fail to reach us even when no one deliberately suppresses it. If you believe your advertising is producing sales but no one

can verify its actual effect at the cash register, you really don't know if it's working or not. You just think you know.

But maybe, just *maybe*, your gut *is* right most or even all of the time. Not all people who believe they have an infallible gut have counted wrong or are under-informed. They may simply be good coin flippers. In his book *Science Friction*, Michael Shermer observes, "If you conduct a coin-flipping experiment and record heads or tails, you will shortly encounter streaks. How many streaks and how long? On average and in the long run, you will flip five heads or tails in a row once in every thirty-two sequences of five tosses." I doubt anyone's gut is right most of the time. But if yours really has been, beware the next time you toss a coin.

By now, you have had the chance to see the quality of direct marketing knowledge Steve Cuno has to impart.

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Reading the clues

There is a fourth possibility behind the perception of an oft-right gut: that what's right from time to time turns out not to be your gut at all.

I worked my way through college selling shoes in a well-known department store. One day an attractive young woman and her friend graced my sales floor. Not a particularly adept flirt, I did what I could. I asked if she would allow me to tell her fortune. When she skeptically agreed, I told her what religion she belonged to. I was right, which surprised her. Then I told her that she was a musician. Right again. Then I said, "Now I'll tell you what your instrument is." After a moment I said, "You're a singer." Her jaw dropped. So did her friend's. I had amazed them.

Fortunately, I didn't amaze myself, so I didn't buy a set of tarot cards and go into business as a fortune teller. I knew I wasn't clairvoyant; I had relied on detection and a little bit of luck. As the attractive young woman paid for her shoes, I noted a religious symbol on a card in her wallet. Telling her she was a musician was mere fishing: a musician myself, I was looking for common ground. Having guessed right, I went on. When I promised to reveal what instrument she played, I saw her

exchange a “now we have him” look with her friend. Ah, I realized, it's not an instrument per se. The only remaining possibility was that she was a vocalist.^{2, 3}

As easily as I might have attributed divining my customer's religion, musical interest and singing talent to clairvoyance, I might have credited my gut. In fact, over time, I might have decided my gut was pretty astute. After all, I have had my share of experience with correct discernment. But my gut didn't tell me when a teen from my neighborhood was lying; I learned his body language. My gut didn't tell me to decline a prospective client; the resemblance of his behavior to that of past bad clients did. My gut didn't tell me a strong offer would increase sales for a client; I knew the effect of offers from experience.

I hesitate to even bring up reading the clues, because I know some of you will say, “Fine. It's not my gut that's never wrong; I'm just uncannily good at reading clues. Whatever it is, call it gut or perceptiveness, it's never wrong.” There are two problems with this conclusion. One: It's very

² So-called fortune tellers do much the same thing. Those who honestly believe in their “powers” mistake for clairvoyance a gift for picking up and correlating subtle physical clues: a facial expression, eyes looking one way when improvising and another when recalling, a locket, fidgeting, sitting up or slouching in response to warm and cold answers, etc. There are also out-and-out frauds who knowingly read clues, not to mention avail themselves of accomplices, clandestine research and carnival tricks.

³ Though I pretended to no gift, like any good magician I didn't reveal the secret. Instead I asked for her phone number which, to my amazement, she gave me. This is where the story ends. A mind reading trick in the shoe department was one thing. Having to make real, post-show conversation was altogether another. As I said, I wasn't an adept flirt. I chickened out and never called her.

hard to distinguish the gut that reads clues from the gut that entertains pure whimsy. Did your gut tell you a job interview went well, were you attuned to the interviewer's positive responses, or were you oblivious to the clues and simply guessed right? Two: Reading clues is not a science, and is subject to error. The brightest people misread clues (mental health experts who confuse pseudodementia, a symptom of depression, for Alzheimer's Disease), fail to see clues (otherwise astute parents who are the last to learn their kids are on drugs), see clues that aren't really there (weapons of mass destruction in Iraq), and let ego mislead (male CEO's who think all the young women at the company party want to dance with them).

So if you have enjoyed a certain amount of success reading clues, good for you. But don't bet your marketing budget on it.

Trading guts for brains

I hope I have convinced you to check your gut at the marketing department door. But doing so begs the question, what exactly *should* you bet your marketing budget on? Aren't you in your position largely because of your skills, experience and *judgment*?

But that's just it: no one is asking you to check your judgment at the door. On the contrary, I'm asking you to overrule your gut *in favor of* good judgment. Good judgment doesn't rely on supposition, jump to conclusions, accept anecdotes as proof, indulge superstition, act without reason, mistake correlation for causation, or stubbornly cling to the unsupportable. Good judgment seeks knowledge. It questions, researches, hypothesizes, experiments, observes, confirms, weighs, reconsiders, and tries again. Above all, good judgment remains ever willing to reevaluate, admit when it is wrong, right itself, and learn from successes and failures.

If this is beginning to sound less like marketing and more like science, that should tell you something about traditional marketing as most people know it. *The reason a good many marketing efforts fail is that people don't approach them scientifically.*

Much like the medium who says the spirits are offended and flee at the mention of scientific testing, most marketers will tell you their craft is an art, a gift, that defies analysis. Just trust their creativity. True creativity, their guts assure you, will produce sales as a matter of course.⁴ And, amazingly, like marks who pay fortune tellers for news of the departed,

⁴ In advertising circles, this is a brilliant though probably, in defense of its practitioners, an unwitting circular argument: that strong sales in the wake of a creative campaign are proof of the power of creativity; that poor sales indicate the campaign wasn't truly creative after all; and that both further prove that only truly creative advertising sells.

one business decision maker after another hands over the marketing budget. Tell them or their advertising agency that award-winning creative work has been proven to sell no better than non award-winners, and they will flatly deny it. Show them the numbers, and they'll disqualify them. Or, they'll counter with hand-picked award-winners that correlate with, but cannot be demonstrated to have caused, a sales increase.

Yet imagine how much more predictable marketing results would become if various methods were tested and evaluated the way scientists test hypotheses.

Fortunately, such an effort has been going on for more than a century. Those who test, measure, observe and repeat have built a vast body of knowledge about what works in marketing. They have found that successful marketing isn't a question of opinion or taste. It is a question of what can be consistently demonstrated to do a better job of leading more people to buy.⁵

Lately another effort, equally helpful, has been gaining a good deal of momentum. I refer to a growing cadre of modern scientist-writers who have dedicated themselves to debunking pseudoscience.⁶ Fortunately,

⁵ Note the emphasis on *consistency*. We must allow for and rule out flukes. We're not interested here in what works once, but in what works reliably. The success of one Pet Rock does not make a science any more than one person's recovery from cancer after swallowing linseed oil capsules constitutes a cure.

⁶ Not that the trend runs unopposed. At the same time our nation develops a passion for debunking pseudoscience, an equal and opposite reaction seems to arise in the form of clinging to superstition and

their work is beginning to enjoy more and more popularity. (The success of the TV show *MythBusters* is a good example.) It turns out we marketers could learn a lot from them.

In the chapters that follow, I turn to both. Chapter Two draws upon psychology and statistics to reveal common cognitive errors we all make, why we make them, and how marketers are not immune. My hope is that you will avoid making such leaps yourself. A particularly beguiling leap, that of confusing correlation with causation, is so disastrous for marketers that I committed the entirety of Chapter Three to it. This leads nicely into Chapter Four, wherein the evidence soundly debunks the old advertising notion that “true creativity” is all you need for a successful marketing campaign.

Chapter Five borrows from neurological and behavioral science to show why most predictive research is nothing of the sort, whether qualitative or quantitative. But don't despair. I'll rescue you in Chapter Six, where I'll show you how to conduct predictive research that's actually valid and reliable.

Most of *The Fallible Gut* starts with marketing and subjects it to the rigors of scientific testing. Chapter Seven turns things around. It starts with scientific findings about human behavior, and then subjects them to a

ignorance to govern public policy. But such discussion inevitably leads to politics. I'll stick with marketing for now.

marketer's perspective. Cognitive science, it turns out, can tell us much about why some marketing approaches seem to work better than others.

If those chapters fail to offend, Chapter Eight is sure to do the trick. This is where I reveal why your favorite marketing books may provide useful food for thought, but should never be accepted as blueprints for success. With few exceptions, marketing books are anecdotal, not science, and not reliable predictors of what works in the market.

In Chapter Nine, I'll show you how to map out a marketing strategy within which creativity can be properly nourished and disciplined. Chapter Ten takes a skeptical look at branding. Skeptical, but not cynical. While I discard the branding hoopla bathwater, I rescue the baby with a look at the characteristics and power of a rock-solid brand.

Finally, with sound critical thinking and good science under our belts, we are ready in Chapter Eleven to address the proper role of intuition in marketing. It turns out it really does have a proper role.

Throughout *The Fallible Gut*, I'll show you what people who measure marketing and advertising know, along with how they know it, so you can evaluate their conclusions for yourself. I'll show you what science tells us about common errors in human thinking, and how we unwittingly impose these errors upon marketing. I'll share some of my own adventures from a career of subjecting marketing and advertising to the

rigors of good judgment. I'll expose how selected time-honored, universally accepted marketing practices fail to hold up in the face of critical thinking. And, I'll invite you to empathize with me from time to time as I beat my head against the wall because of those who just don't get it.

Not that I intend to leave naught but destruction in my wake. In the process of debunking, I'll also reveal what all this tells us about doing marketing the smart way: scientifically, and with projectable results.

My hope is that you'll emerge committed to marketing based on sound judgment and real evidence, instead of acting on what your gut tells you. Perhaps you'll even become a debunker of marketing mythology yourself. We could use a few more.

A word of warning: the information you're about to pick up won't make you many friends. It's good information, but it is largely ignored—in fact, *disdained*—by well-respected marketing and advertising authorities everywhere who prefer to do things they way they've always done them. It seems that, much like the leading minds of Galileo's day, many marketers today are loathe to entertain challenges to what any fool knows.

So by firing your gut and applying scientific measures to marketing effectiveness, you risk finding yourself outside the mainstream.

Prepare to ignore the mainstream while you go on to success.

About the author

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