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Key Finding

Marketing acts like a placebo: it changes the customer experience by changing its underlying neurobiology.

Business Application

Expectations can determine the perception of a product. Setting that expectation and spreading it is the next step to shaping customers' experiences, but beware of tricking triggering customers' false expectations.

Consumers are constantly told that the latest Nike running shoes or Mercedes-Benz cars 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 the consequent 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 a product. Our biases are reflected in our brain activity, affecting our perceptions of what we consume at a deeper and more direct level than survey-based methods can measure.

In my research agenda on so-called "placebo effects of marketing", I have shown that a hefty price tag, strong brand names or claims made on product packaging can enhance customers' experiences and that this works by directly changing how their sensory brain systems encode their experience – similar to the way a placebo pill changes subjective well-being in the clinical domain. And these effects go beyond changing subjective experiences: in an ongoing study I show when a drink is labelled an "energy drink", whether it is a soda or a genuine energy drink, customers' cognitive performance is enhanced. My past and current work sheds light on why our mind has such powerful effects on our perceptions.

However, these effects of marketing-led expectations only work within an acceptable range of qualities. False promises from marketers will backfire.

**Read more:**

Karmarkar, U. R., Yoon, C., Plassmann, H. (2015), “Marketers Should Pay Attention to fMRI”, *Harvard Business Review Blog*, November 3.

Plassmann, H. (2017), “How Marketing Can Trick Our Brains”, *INSEAD Knowledge*, 15 August.

Hilke Plassmann is the INSEAD Chaired Professor of Decision Neuroscience and Associate Professor of Marketing at INSEAD. She is a Principal Investigator in the Social Affective Neuroscience Team at the Brain and Spine Institute (ICM) of Sorbonne University (SU). She also co-directs the [Business Foundation Certificate Program](#) of SU and INSEAD. To know more, visit her [website](#).

Research interests: branding, pricing, consumer decision-making and consumer welfare; self-control and health marketing.