Tiny Austin startup helps huge brands get inside customer minds

By Mike Cronin – Staff Writer, Austin Business Journal
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Imagine being able to determine why people make decisions.

Not just learn, for instance, that SUV owners tend to drink diet soda — but why they consume those sugar-free carbonated beverages.

"What we do goes beyond correlations," said Christian Goy, co-founder and managing director of the Austin-based Behavioral Science Lab LLC. "We are that link to understand why people do things, not just what they do or how they do it. In other words, we understand what causes people's behavior."

Goy and his colleagues have developed a methodology called "BrandEmbrace" that measures what people value and expect from a product — and how buyers order and evaluate those expectations.

"People do this with everything, whether we're aware or not," said Goy, who launched the company in 2015.

Behavioral Science Lab's methodology "can predict any decision without biasing the subject," Goy said, with accuracy of 80 percent in population studies and 99 percent in a one-on-one inquiry.

The bootstrapped startup boasts four full-time employees, annual revenue in the six figures — and became profitable in 2017, Goy said.

It has more than a dozen clients including Dell Technologies Inc. in Round Rock, Atlanta-based Coca-Cola Co. and Austin's Netspend Inc.

"Preference is directly linked to market share," Goy said. "If you can measure and and understand what drives preference or utility, then you can drive market share, manage loyalty and switching."

In choosing a restaurant, for example, humans might consider factors such as price, distance, food flavor, ambience and how staff members treat them.

"Each one creates a utility expectation," Goy said. "When we choose something, we evaluate if that option fulfills or doesn't fulfill our expectations on those factors."

That utility expectation is a better predictor than personality traits, behavioral characteristics, demographic aspects or socioeconomic profiles, Goy said.

Ranking preferences

The Behavior Science Lab methodology identifies the economic and psychological factors that play a role when making a decision, then organizes those factors in order of relevance and importance to the individual.

That ranking may help marketing teams tailor their strategies based on what preferences compose the lion's share of their customer base.

"BrandEmbrace is the first metric assessed that has a qualitative component explaining brand preferences," said Tony Pace, president and CEO of the Florida-based Marketing Accountability Standards Board. "This is a potentially valuable new option for marketers to understand their categories and discover motivating selling propositions."

Matt Ferstler, co-founder and CEO of Firmspace, said Behavior Science Lab reaffirmed the vision that he and his team imagined for the 33,000-square-foot downtown Austin co-working space they opened in October.

"What we needed to move forward was some reassurance that our model would work and that we were on to something," Ferstler said. "The BSL study reaffirmed and we moved forward with our concept — things like security, privacy and luxury as being important."

Firmspace develops and operates upscale professional co-working locations like the one that encompasses the 19th floor at the 500 West 2nd Street skyscraper downtown, where Google Inc. also offices.

Goy said the Behavior Science Lab approach shifts how companies tackle product development, human-decision modeling, market share forecasting and go-to-market strategies.

"We create utility by putting the customer front and center," he said. "Our conclusions aren't just that customers are risk-avoiders — but why they avoid risk, how to manage it or reduce it."

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