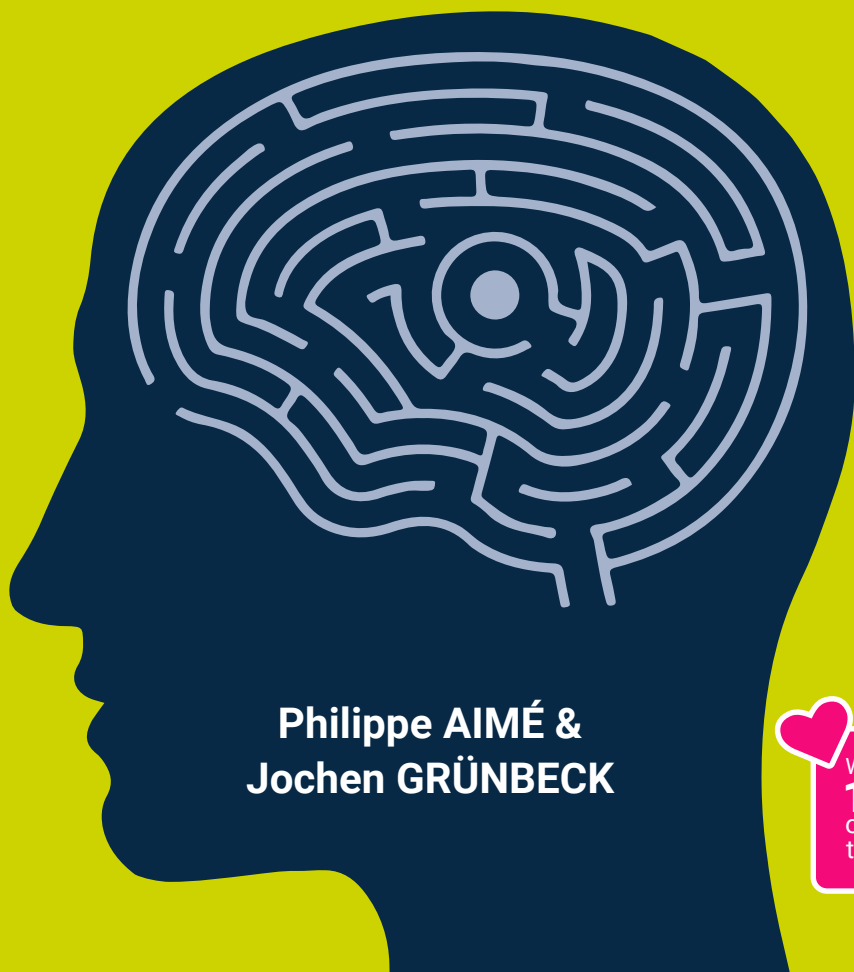


# Smart Persuasion

## How Elite Marketers Influence Consumers

(and Persuade Them to Take Action)



Philippe AIMÉ &  
Jochen GRÜNBECK



We donate  
**100%**  
of profits  
to charity

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**INCLUDED**

**Actionable Tactics**

for each principle

# Smart Persuasion

by Philippe AIMÉ & Jochen GRÜNBECK

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## **Philippe AIMÉ**

Convertize Ltd  
12 Hammersmith Grove,  
London, W6 7AP  
United Kingdom

[press@convertize.com](mailto:press@convertize.com)  
[www.convertize.com](http://www.convertize.com)

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# Foreword

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Have you ever wondered why some websites stand out when it comes to turning visitors into customers?

According to a recent study, members of Amazon Prime convert on a remarkable 74% of their sessions...

...and Booking.com's conversion rates are one of their best-kept secrets.

Would you believe that much of their success is rooted in the work of a number of psychologists, behavioural economists and even Nobel Prize winners?

Sometimes, this research dates back a long way. For example, our understanding of the Von Restorff Effect can be traced to a warm summer day in Berlin, 1933. It was here that Hedwig von Restorff, who completed her Ph.D. in psychology at the tender age of 27, submitted the results of her research to the then famous Gestalt journal *Psychologische Forschung*.

She could not have known at the time that her research was going to revolutionize marketing throughout the 20th century. Nor could she have guessed that it would help to shape new forms of commerce in the 21st century.

Today, thanks to her research:

- You can make sure readers remember your brand
- You can increase the click-through rate on an ad or banner by up to 230%
- You can pull your readers' attention to a Call To Action button as if it is magnetic

Other times, this research is quite modern. On an otherwise normal Friday afternoon in 1985, Dan Ariely was exposed to the flame of a magnesium flare (usually used to light battlefields). At the age of 18, he suffered 3rd degree burns on 70% of his body. The situations he encountered during an agonising recovery, in particular the way his nurses attempted to reduce the suffering caused by painful procedures, inspired him to study the origins of human behaviour. Ariely is now one of the most renowned writers and researchers in behavioural economics.

His work helps us understand why we would rather buy a bigger and more expensive cappuccino than a small one:



Ariely encountered a similar situation whilst teaching a class of students at MIT. He came across the following offers in an online ad by *The Economist*:

- Online-only subscription \$59 USD / year
- Print-only subscription \$125 USD / year
- Print & online subscription \$125 USD / year

Who would ever buy the print-only subscription for the same price as the print AND online subscription? Indeed, in a number of experiments conducted on his unsuspecting students, Ariely found that none of his subjects chose the print-only subscription. Despite this, eliminating the option had an unexpected effect on their choices.

When the print-only option was removed, more students chose the cheaper online-only offer and the revenue produced fell by 30%. Ariely's case study demonstrated an important principle that has since been reproduced in countless forms: Decoy Pricing.

Then there is Daniel Kahneman, who received the 2002 Nobel Prize in Economics: the first psychologist to win in that category. Kahneman described the two modes of thinking we use when dealing with different problems: the "Fast" one (System

1) and the “Slow” one (System 2). It is thanks to his work that we know the most important advice for designing a website that visitors will appreciate: **“Don’t make them think!”**

Thanks to Kahneman, we know that the perceived pain from losing \$100 is roughly twice as strong as the perceived joy of winning \$100. What’s more, we know how to use this knowledge to improve conversion rates.

There are many other effects that can’t be explained with rational models of economics or consumer behaviour. For example:

- Why do the majority of us prefer \$50 today instead of \$100 in one year?
- Why should you first ask for something small before asking for something bigger?
- Why can too much choice kill your sales, and what should you do instead?

Smart online marketers know to apply these principles to make their website more persuasive.

This book would not exist if it wasn’t for the work of people like Hedwig von Restorff, Dan Ariely and Daniel Kahneman. We are indebted to these people and to a great number of other psychologists and behavioural economists, including Amos Tversky, George Lowenstein, Robert Cialdini and Noah Goldstein, to name a few.

Their research has contributed to the success of eCommerce giants such as Amazon. It is thanks to them that even the tiniest hotel in the Chilean desert is ready to pay a whopping 15% of its revenue to Booking.com (and some of the best-known establishments in Paris, London or Rome fork out 25% or more).

Philippe and I took the time to aggregate this research, distilling its principles and producing a collection of proven psychological effects.

Like me, Philippe is obsessed with optimisation. He also has the humility to recognize that, as an expert, you need to learn and to “unlearn” all the time. In a world where everything changes every 3 months (or, even, every 3 weeks) experts should always be ready to question what they believed yesterday.

But, whilst traffic acquisition and social media strategies seem to change from day to day, psychological principles such as reciprocity, salience, motivation or aversion, have been proven to work since the moment they were discovered.

In this book, we will show you how to apply these concepts to increase conversions time and time again. We guarantee that you will soon be converting more of your website visitors into customers.

**Jochen Grünbeck** ( Insead MBA )

Associate Director at Convertize

March 2019



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# Needs and Motivation

How to address intrinsic and  
extrinsic needs and motivate your  
visitors to act

# Cognitive Friction

(Sweller, 1988)

## Description of the Principle:

Cognitive Friction theory, developed by John Sweller (1988), refers to the total amount of mental effort being used in the working memory. Sweller described the process as having three main stages: sensory memory, working memory and long-term memory. Your sensory memory receives all the information from your daily actions and activities (sounds, smells and everything you see). Then that sensory information passes into your working memory which either processes or discards it. If your brain processes the information, tries to categorise it, learn it, or put it in a "knowledge structure/schema", then this information passes into long-term memory. Once this has taken place, we begin to process the information automatically and without much cognitive effort.

## Why this Principle works:

Cognitive Friction theory is based on the fact that individuals are limited in their working memory capacity, and thus understand and learn more easily through instructional methods that avoid overloading it with superfluous information. In other words, heavy cognitive load can have a negative effect on task completion, and leads to further errors and interference in the task. Learning happens best under conditions that are aligned with this human cognitive architecture.

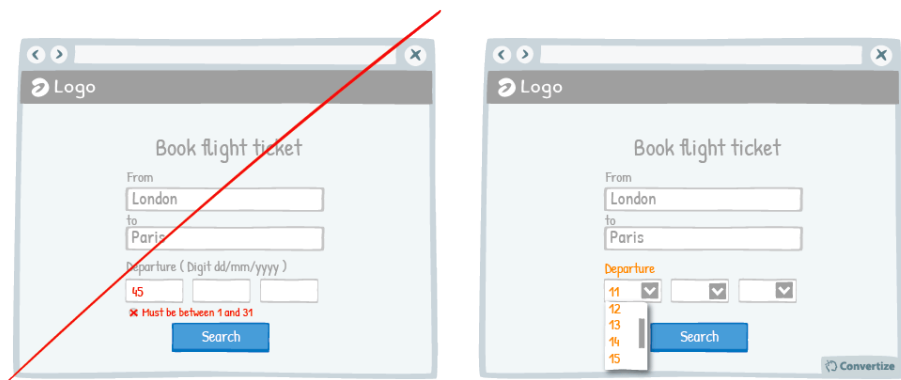


For example, studies have shown that the widespread use of laptops and cell phones in classrooms has generally reduced academic success. Indeed, it increases the distractions available for students (who will inevitably check Facebook and emails whilst also taking part in the class) which in turn increases their overall cognitive load. This ultimately reduces the space available in the working memory for effective reception of important information.

### How to use this Principle:

Cognitive Friction theory has many applications in web marketing, especially with the continuous development of new technologies. Some navigation functions risk overloading users and driving them into a state of cognitive strain, which then lessens the likelihood of them taking desirable actions such as filling in a form or completing a purchase.

### Concrete Application Example:



In order to avoid preventable errors and possible frustration on the part of your customer, don't give them the ability to enter incorrect information. For example, as in the above drawing, when someone is required to input a date, make sure they can only select from a list of relevant information. This will make user experience much clearer and more intuitive, and the easier and more pleasant your customer finds your site to use, the more likely they will be to convert.



# Fear of Missing Out (FOMO)

(Przybylski, Murayama, DeHaan & Gladwell, 2013)

## Description of the Principle:

Fear of Missing Out is the anxiety caused by not taking part in a social occasion, new experience or other satisfying event. This fear of possible regret leads to a desire to stay continually connected with what others are doing, to feel that one is always in-the-know or "in touch". This psychological principle is most notably evident in the way in which certain people become addicted to social media and their mobile phones, constantly checking them in order to see what others are doing and to be sure they are not missing out on something.

## Why this Principle works:

We fear that others are having more rewarding life experiences than us, and feel compelled to constantly check whether "the grass is greener". We also feel the need to stay informed about what other people are doing.



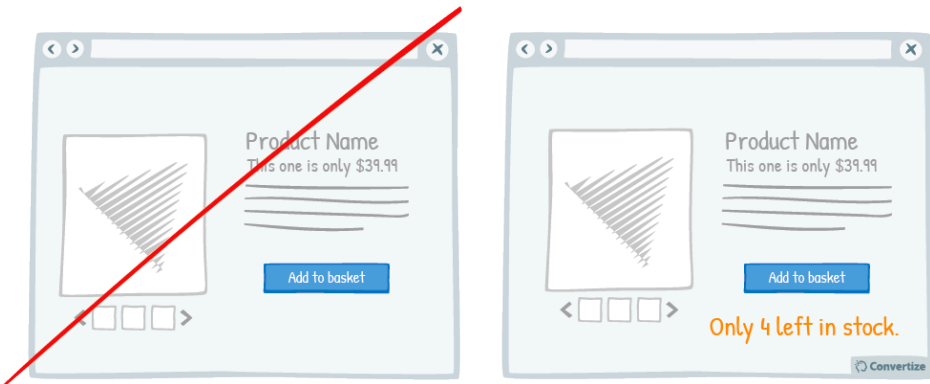
FOMO has several consequences for individuals' behaviour: it can lead some people to say "yes" to everything, whilst others avoid making decisions because

they are worried something better will come along. In both cases, it can trigger negative emotions such as boredom, loneliness and frustration as it leads us to only see things in terms of “missed opportunities” rather than making the most of those things we do experience.

### How to use this Principle:

In the commercial world, FOMO can certainly be a factor in motivating consumers to buy. Brands employ FOMO in advertising and marketing campaigns to make consumers feel as though they will be missing out if they don't own a particular product. Momentary marketing, for example, uses transient social media platforms to target FOMO with flash sales and ephemeral content that offers short-term deals, which prompts customers to remain “on the pulse” and to make quicker purchases.

### Concrete Application Example:



Displaying the number of items left in stock will motivate people to make their purchase more quickly in order to avoid missing out.

The more difficult or urgent it is to acquire an item, or the more easily one could miss out, the more value that item is perceived to have. Visitors will then feel the urgency to buy it before it sells out.



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# Social Biases

How social biases affect your customers, and what you can do with them



# Social Proof

(Sherif, 1935; Asch, 1956)

## Description of the Principle:

This principle was first explored by social psychologist Sherif in 1935, and later developed by Asch in 1956. Social Proof is the idea that we are intrinsically driven to conform and so will often be influenced to copy others' decisions and actions, especially when we are hesitating or feel as though we don't have enough information. We tend to assume that other people possess more knowledge of any given situation and that their actions reflect the optimal behaviour.



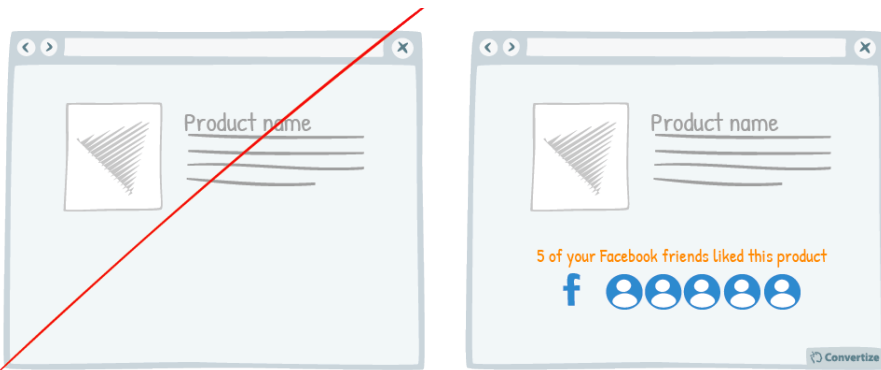
## Why this Principle works:

The principle of Social Proof is driven by our natural desire to behave “correctly”: we are social beings, and what other people think is important to us. The pressure to conform is a powerful motivator. The principle also draws from a sense of ‘safety in numbers’. Doing the same things as everyone else makes us feel protected and validated in some way. For example, we’re more likely to work late if others in our team are doing the same, to put a tip in a jar if it already contains money, or to eat in a restaurant if it’s busy. We assume that if others are behaving a certain way then it must be for a reason: the restaurant is good, the service deserves tipping, the work needs to be finished today...

## How to use this Principle:

Social Proof also applies to marketing and sales. For example, online marketing strategies such as displaying validation logos, a subscriber count, social shares or testimonials are all based on Social Proof. The amount of followers, views, likes, subscribers or past satisfied customers that a user sees will affect how they perceive the website. It's for this reason that we consult TripAdvisor for hotels and restaurants, Consumer Reports before making purchases, Kayak for flight choices, Yelp for eating out, and so on. We want to check and validate our decisions before we make them to ensure we are making the right choices.

## Concrete Application Example:



If you offer your customers the option to sign in using Facebook then make the most of this advantage. Indeed, using Facebook is a good way to quickly access data about a customer, but that's not the only benefit. You can also use it to help persuade them to make a purchase, by displaying those of their Facebook friends who have liked, used, talked about, or purchased the products from your site.

When we are unsure on which decision to make, studies show that we tend to imitate others' behaviour - and nobody will be more persuasive than people we know. We will automatically think that if one of our friends purchased or liked a particular product, then it must be good. The product is given immediate credibility and extra desirability.



# Conclusion

Cognitive biases can make a real impact—on human interactions, on your marketing, and in the world at large.

On October 9, 2017, Richard Thaler was awarded the Nobel Prize for his work on behavioural economics. Thaler, a professor at the University of Chicago Booth School of Business, is considered to be one of the founders of his field. His best-selling book, *Nudge*, established the concept of “nudging”, in which indirect persuasion is used to influence the behaviour and decisions of large groups of people. For example, in his book, Thaler discusses the conundrum of a school that wanted its students to make healthier choices in the cafeteria. Campaigns and subsidies were not working. However, simply placing healthier choices like fruits and vegetables at eye level led to an enormous spike in healthier decisions at lunchtime.

Following the award of the Nobel Prize to Richard Thaler, David Halpern (Chief Executive of the UK Government’s Behavioural Insights Team) wrote an article for *The Guardian* about the impact of Nudge Theory. The Behavioural Insights Team works alongside the government to determine how small changes in policy can produce big impacts on public behaviour.

For example, Halpern’s research found that changing the wording in recruitment emails for police departments in Avon and Somerset increased the number of BAME candidates who applied by 50%. This minor change in wording significantly improved police diversity. In another case, sending taxpayers reminders to submit their payments was found to produce a £30 million increase in tax payments, particularly when the letters noted that the money would go to fund the NHS and other social services. Similarly, weekly text messages sent to students enrolled in adult literacy classes reduced dropout rates by 36%.

Halpern’s successful use of Thaler’s Nudge Theory shows that cognitive biases, the psychological “shortcuts” that allow us to process information more easily, can have profound and far-reaching impacts on our behaviour.

Changing the colour of your CTAs, adjusting the gaze direction of your models, and adding testimonials to your website are reliable tactics for increasing conversions. Even so, it is still important to remember what people like Halpern and Thaler do with their ideas: test them. Halpern suggests that 2 out of every 10 experiments of

his fail. Thaler himself came to psychology while struggling with his economics doctorate. He could not explain why the people he was studying did not act as classical economics suggested they would. It was because of this obstacle that he was advised to study the work of Daniel Kahneman and Amos Tversky, prompting the start of a new era of behavioural economics.

Cognitive biases can help you to persuade your website visitors to become customers, but there is still a lot of hard work that must be done. Copywriting, marketing campaigns, and clever website design are just a few of the elements that are necessary for these persuasive techniques to work as successfully as possible.

If you are trying to encourage people to eat more healthily, you need to have the apples and oranges available to give them. You also need the shelves to put them on and the signs to point them out. Only when these things are in place can you start to make the display more persuasive. As an e-commerce marketer seeking to guide your customers' behaviour, learning about cognitive biases and persuasive techniques won't do any good without the products, user experience and marketing that your customers expect. However, by combining these elements with persuasive strategies, you will achieve results you never thought possible.

So, take it from the Nobel Prize committee, a century of social and psychological researchers, and from all of us here at Convertize: cognitive biases matter. Whilst marketing trends come and go, our brains are here to stay. Let's talk to them in a language they understand.

Happy optimising!

- Jochen & Philippe

## Resources

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- » <https://www.theguardian.com/commentisfree/2017/oct/10/behavioural-economics-richard-thaler-nudge-nobel-prize-winner>
- » <https://www.theguardian.com/public-leaders-network/2015/jul/23/rise-nudge-unit-politicians-human-behaviour>
- » <https://www.theguardian.com/books/2015/jul/04/misbehaving-making-behavioural-economics-richard-h-thaler-review-nudge>
- » <http://www.bbc.co.uk/news/business-41549753>

## About This Book

Conversions begin in the brain. Every purchase starts with a decision, and every decision is shaped by consumer psychology. This book explains how cognitive biases affect your customers and shows you how to be more persuasive online.

Smart Persuasion compiles a century of research in consumer psychology and behavioural economics. Drawing from hundreds of scientific studies, it lists proven psychological principles such as Anchoring and the Halo Effect. Each one is illustrated with case-studies, examples and ideas that you can apply to your website.

Philippe Aimé and Jochen Grünbeck are conversion rate optimisation and consumer psychology enthusiasts with over 30 years of digital marketing and consulting experience. Smart Persuasion draws from their knowledge of persuasive techniques and website optimisation strategies. Applying the principles outlined in this book will allow you to unlock your website's full potential.



**A fascinating and practical guide to psychology and consumer behaviour. This book will make digital marketers think more carefully.**

**David Batey**

*CEO – Nickelled*



**This book skilfully demonstrates the principles that shape our decisions, with applications you can use when you are optimising a website.**

**Olivier Mouroux**

*CEO – Asiance*

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## Read This Book To

- Learn the psychological principles that impact your conversion rates
- Optimise your website like an expert, saving expensive fees
- Discover real-world examples of consumer psychology in action
- Gain an edge over your competition by learning what makes consumers act