Smart Persuasion

How Elite Marketers Influence Consumers

(and Persuade Them to Take Action)

Philippe AIMÉ &
Jochen GRÜNBECK

INCLUDED

Actionable Tactics
for each principle

Smart Persuasion

by Philippe AIMÉ & Jochen GRÜNBECK

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Because this book wouldn't exist without many of you.

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And last but not least, we say thank you to you, the reader, for deciding to read this book.

Foreword

Foreword

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.

$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)

March 2019

How to use this book

How to use this book

First, let's talk about structure. The 72 persuasion principles listed at the start of this book have been split into four categories:

Category 1: Priming and Framing

How priming and framing can influence your visitors and guide their behaviour

Category 2: Needs and Motivation

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

Category 3: Attention and Perception

How to capture your visitors' attention and make your offers more persuasive

Category 4: Social Biases

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

Why these categories?

These are the four categories into which any cognitive bias can be grouped. Cognitive biases, the mental shortcuts that shape our decisions without us realising, can lead us to think and behave in irrational ways. They are responsible for all of the persuasion principles described in this book.

Some of the principles we describe can be placed in more than one group. For example, "Scarcity" is included in the category "Needs and Motivation" because it increases the motivation to act. But it is also a framing technique and could therefore be included in "Priming and Framing".

When there was a doubt about which category to place a principle in, we made a decision based on the original scientific studies.

Each principle has been presented in such a way that a reader can quickly understand and apply it. The chapters are comprised of five sections:

- Description of the principle
- Why this principle works
- How to use this principle
- Concrete application example
- Sources and further reading

We have also provided references to the research that each principle is based on. That way, you can explore the studies and experiments that have inspired us.

Priming and Framing

How priming and framing can influence your visitors and guide their behaviour

Decoy Effect

(Huber, Payne & Puto, 1982; Dan Ariely, 2008)

Description of the Principle:

The Decoy Effect, first demonstrated in 1982 by Joel Huber at Duke University, explains how, when a customer is hesitating between two options, presenting them with a third "asymmetrically dominated" option (acting as a decoy) will strongly influence their choice. An option can be defined as asymmetrically dominated when it is completely dominated by (i. e. definitely inferior to) one option and only partially dominated (i. e. inferior in some aspects) by the other. The asymmetrically dominated option serves as a decoy which increases preference for the dominating option – the one we really want the consumer to choose.

For example, imagine you own a café and you sell two sizes of your coffee. A small cup costs $1.20, whilst a large costs $2.50. Whilst the large cup provides more coffee, it is also markedly more expensive.

The Decoy Effect will come into play if you introduce a third option. If you introduce a medium coffee and price it at $2.20, it will serve as a decoy. This option is partially inferior to a small coffee, as it is bigger but a whole $1 more

expensive. However it is completely inferior to the large coffee, which provides more coffee and is only marginally more expensive. With these comparisons in mind, the large coffee will stand out as being the best value.

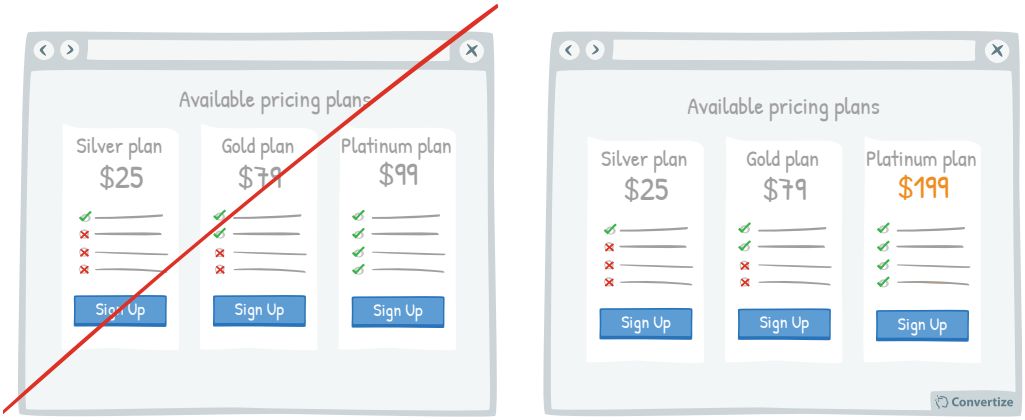
Why this Principle works:

This cognitive bias takes place because our brains prefer to evaluate things based on comparative, rather than absolute, values. When a customer has to choose between just two products, it can make for a difficult decision. In the aforementioned example, the two initial options have nothing in common in terms of price or size, which makes it difficult to draw an effective comparison. The customer can't clearly see which is the "better" choice because they offer totally different benefits: one has a good price, but the other provides more coffee. By introducing the third option, a more relevant point of comparison is offered (even if it is distorted in order to sway the decision making process a certain way). The fact that the third option offers much less coffee for a comparatively small difference in price suddenly makes the large coffee the outstanding option in terms of value for money.

How to use this Principle:

This theory has vast applications in sales and digital marketing, and can be applied to anything from pricing to determining the arrangement and grouping of products.

Concrete Application Example:



Displaying a pricing plan that is disproportionately expensive can be an effective decoy. Supposing you would like your customers to select a particular pricing plan ("Gold"), offering a third option ("Platinum") with similar features but a much higher cost will make your preferred plan seem like a better deal.

People will feel like they are getting better value for money because they are "saving" a lot in comparison to the more expensive third option (the decoy).

Sources and further examples:

Sources:

- Huber, Payne & Puto, 1982
- Dan Ariely, 2008

Further examples on this PRIVATE page:

- www.smart-persuasion.com/decoy-effect

Hobson's +1 Choice Effect

(Huber, Payne & Puto, 1982)

Description of the Principle:

To understand Hobson's +1 Choice Effect, you first need to know what a Hobson's choice is. A Hobson's choice is a situation that involves a single option which you can either accept or refuse. In other words, it's a "take it or leave it" choice. The expression comes from Thomas Hobson who was a wealthy landowner and stable owner in the 17th Century. Despite having a wide range of horses for people to ride, he would only allow his customers to take the horse that was nearest the stable door at the time. He did not want the best horses to get overworked by allowing people to choose for themselves. Hobson's customers could either take the horse nearest the stable door or not go riding at all; the choice was theirs.

Hobson's Choice has therefore become a widely-used expression for offering people a single option to either accept or refuse. Leading on from this, a Hobson's +1 Choice is when you offer somebody two options to choose from instead.

Why this Principle works:

Psychologist Barry Schwartz developed the concept of the Paradox of Choice in 2004, which shows how people become overwhelmed when they have too many options. However, Schwartz noticed that this effect only comes into play after 3 or more choices. In fact, it is usually better to offer people two options rather than only one. Research has shown that, when confronted with a true Hobson's Choice, we are more likely to go for the "leave it" than the "take it" option.

If a second alternative is added, we feel more inclined to opt for one of the choices offered to us. This cognitive bias can be explained as follows: when we are faced with a "take it or leave it" choice, we use all our mental energy deciding whether

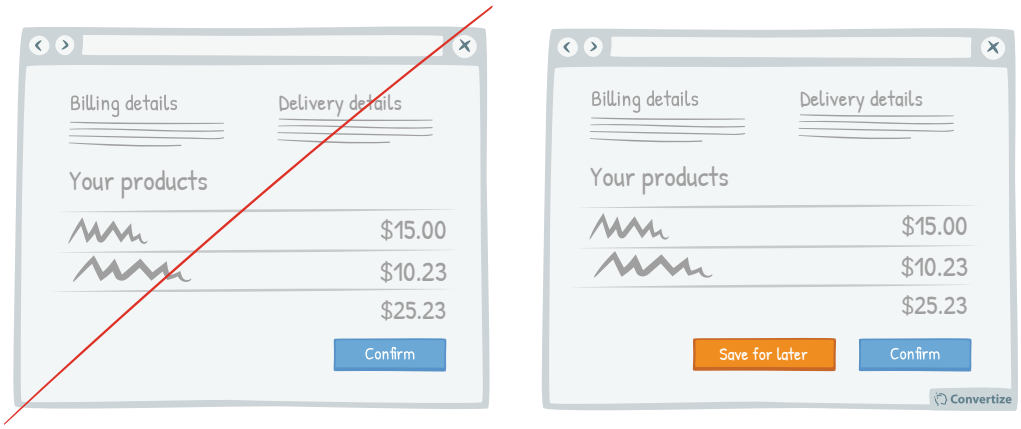
to buy a product or not to buy it. However, when we are given two options, we use the same mental energy to compare these offers instead of considering the "leave it" option. This makes it much more likely that at least one of the "active" choices will be made.

How to use this Principle:

Hobson's +1 Choice Effect has many applications in business and marketing in terms of the sales strategies used when proposing offers and products to your customers.

For example, in online sales, it is often best to give your customers the opportunity to choose between two options with your Call To Action buttons, rather than putting them in the position of "taking or leaving" just one option.

Concrete Application Example:



Your customers will appreciate having the choice between making their purchase immediately or saving their items in order to complete the purchase later.

People like to feel as though they are in control of their shopping experience, and giving them the option to save a basket for later will help to enhance their sense of autonomy. The more that a customer feels they are in control of the situation, the more positive they will feel about eventually making the purchase.

Sources and further examples:

Sources:

- Tversky & Kahneman, 1981
- Huber, Payne & Puto, 1982
- O'Keefe & Jensen, 2008

Further examples on this PRIVATE page:

www.smart-persuasion.com/hobsons-1-choice-effect

Anchoring Effect

(Tversky & Kahneman, 1974)

Description of the Principle:

The Anchoring Effect, first studied by Tversky & Kahneman (1974), is a cognitive bias that causes people to rely on the first piece of information they receive as a point of reference. The human mind does not consider the value of something based on its intrinsic value but rather compares multiple things, using these comparative values to make decisions. Anchoring occurs when an individual uses an initial reference point to make judgments about subsequent information.

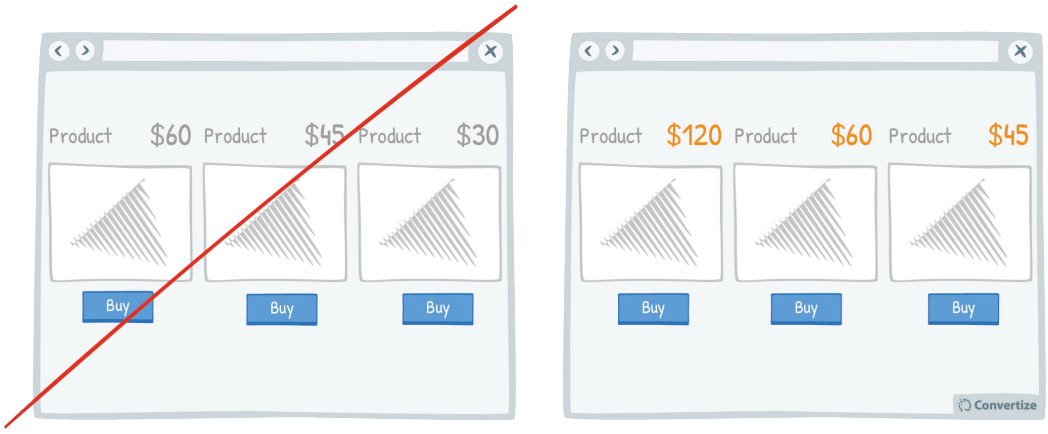
Why this Principle works:

The Anchoring Effect influences our negotiations, the prices we consider to be acceptable and the value we attribute to things. Many experiments have shown that it is difficult to avoid the Anchoring Effect, as it affects our thinking even when we're aware of it. In one study, two groups of students were asked to guess at what age Mahatma Gandhi died. The first group were asked whether they thought he died before or after age 9, and the second group before or after age 140 (both anchors far removed from reality, as Gandhi actually died at 87 years old). The experiment showed that the two groups gave significantly different answers – of 50 and 67 respectively – precisely because they had been influenced by the anchoring values initially given.

How to use this Principle:

Numerous examples of the Anchoring Effect can be found in the commercial sector: during sales, it is common practice to show the original price crossed out with a sale price right below it. This gives customers the anchor point of the higher original price and makes the new one seem like a comparatively good deal.

Concrete Application Example:



Exposing website visitors to high numbers before displaying a product's price can be very effective in influencing their perception of the product's value.

Studies have shown that people use the first piece of information they receive as an anchoring point by which to judge subsequent information. Showing high numbers to your visitors will ensure that, by comparison, your prices seem lower than they otherwise would.

Any large number will work, with no link to pricing necessarily required. The anchor you provide could be based on the number of members you have, the number of satisfied customers, or the number of visitors you receive per month.

Sources and further examples:

Sources:

- Tversky & Kahneman, 1974; 1981
- O'Keefe & Jensen, 2008

Further examples on this PRIVATE page:

www.smart-persuasion.com/anchoring-effect

Framing Effect

(Tversky & Kahneman, 1981; O'Keefe & Jensen, 2008)

Description of the Principle:

The Framing Effect is a cognitive bias that explains how we react differently to things depending on how they are presented to us. Being aware of, and altering, the way information is presented can influence how it is received. Framing something in a certain way – through the use of images, words and context – will shape people's interpretations of it.

Why this Principle works:

Generally, positive framing will spur people into action and encourage possible risk-taking, whereas negative framing will lead people to inaction or the cessation of activity. Framing information negatively (loss-framed messaging) is widely used to try and scare people into better behaviour or into not doing something. The government and media use it regularly to shock us into not doing certain things: smoking, drink driving, voting for an opponent, etc..

It has widely been thought to be more motivating than positive framing because of the simple fact that it does shock and scare, meaning the message should stay with you for longer. However, recent studies conducted by O'Keefe & Jensen (2008) have shown that we actually react better to positive framing. Positive framing can lead to happier thoughts, more motivated actions and a greater synergy with the message provider.

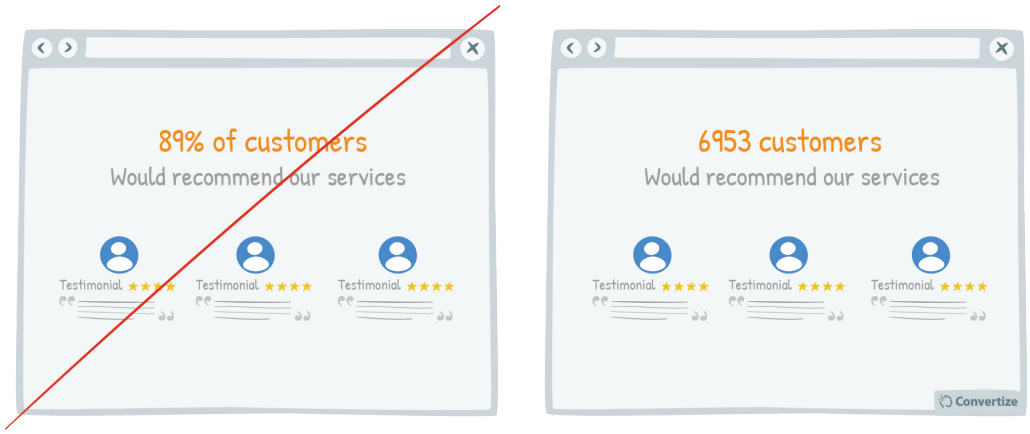
We don't like to be chastised, bullied and told what we should or shouldn't do by governments. But perhaps if they highlighted all the positive outcomes of making a certain decision (for example, telling people how much healthier they would become if they gave up smoking, rather than concentrating on the horror of lung cancer) then they might receive a more positive reaction.

How to use this Principle:

In advertising and marketing especially, it is important to frame your messages in the correct way. Generally, it's better to use positive framing, as you want your brand to be associated with positive, motivational feelings that lead people to act (buy your product, give to your charity, subscribe to your newsletter). Framing your messages in a positive light – pointing out all the benefits that could be gained – should help to encourage people to buy into the lifestyle you're selling and also to give them positive thoughts associated with your brand. For example, in a study by Levin & Gaeth (1988), customers gave better reviews of ground beef labelled 75% lean than the same product labelled as 25% fat.

However, there may be instances where negative framing will have a better effect. For example, a charity seeking donations during a humanitarian crisis may get a better reaction from detailing all the horrors of the crisis than the benefits of a small donation. It is important to ensure that the framing is carefully tailored to the situation.

Concrete Application Example:



Your visitors will perceive the same information in different ways depending on how you present it to them. It is important, therefore, to ensure you present information using appropriate framing so that it is interpreted in the most positive way possible. When giving information related to people (number of members, subscribers, customers, etc.), using a percentage is quite impersonal and takes away from the effect of this information; it is preferable to reinforce the tangible human dimension by presenting your statistics in numbers instead.

Customers are more likely to connect and identify with the information when it is presented in this way. They will see the real individuals behind the statistic and attach an emotional human response to them, giving more weight to their opinions than they would to an abstract percentage.

Sources and further examples:

Sources:

- Tversky & Kahneman, 1981
- Levin, Schneider and Gaeth (1998)
- O'Keefe & Jensen, 2008

Further examples on this PRIVATE page:

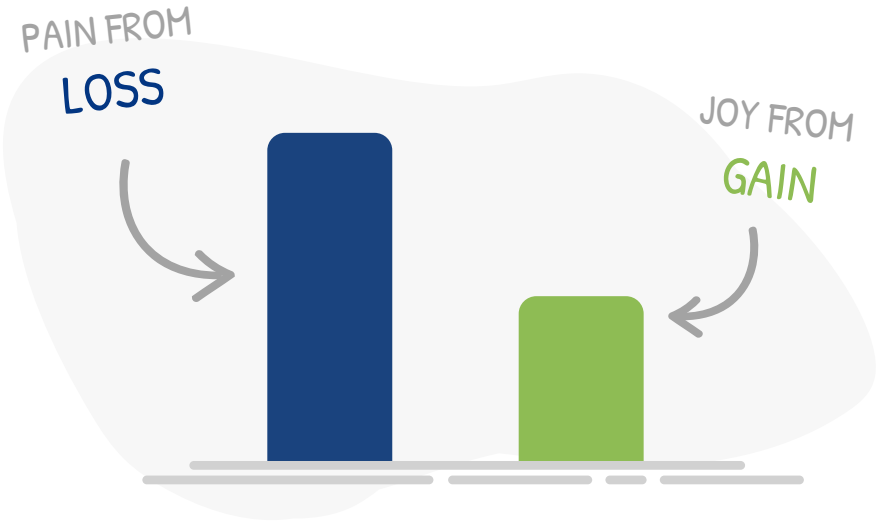
www.smart-persuasion.com/framing-effect

Loss Aversion

(Tversky & Kahneman, 1979)

Description of the Principle:

Loss Aversion was first discussed by Amos Tversky and Daniel Kahneman in 1979. This principle refers to the fact that the negative emotions experienced when losing something are psychologically about twice as powerful as the positive emotions experienced from the pleasure of gaining something.



In other words, the idea of losing or giving something up provokes a stronger reaction in us than the possibility of gaining something. The avoidance of loss is therefore a strong motivator for us, and can lead us to act in certain, sometimes irrational, ways in order to avoid losing out on something.

Why this Principle works:

This desire to avoid the negative feelings associated with loss explains other cognitive biases that also influence our behaviour, such as the Sunk Cost Effect (Principle 42), which describes the way in which we prefer to continue on with something as a result of previously invested resources of time, money or effort, even if we are no longer satisfied with it. The Endowment Effect (Principle 57) is also closely linked. It explains the way in which we place higher value on

something we already own than something that isn't in our possession.

One example of Loss Aversion we can all relate to is when you sit through the entirety of an awful movie in the cinema, simply because you've already paid for the ticket. After investing time and money, we feel we would be losing out if we left half-way through. In reality, that money has already gone and you won't be getting your time back either way, so the rational decision would be to leave and cut your losses. The pain of losing makes us act irrationally, as we would rather retain our initial investment than gain more pleasurable time. We make this biased decision because the brain is telling us that not losing out on something is better than gaining something.

How to Use this Principle:

Loss Aversion is utilised in sales and marketing to influence and motivate consumers' buying decisions. If you are able to make your customers feel as though they are going to "lose out" on an offer, this is likely to motivate them to complete their purchase. This strategy is often seen in online marketing through the use of motivational phrasing such as "offer not to be missed" or "only 2 rooms still left," etc.

Concrete Application Example:

Loss Aversion is the scientific term for the pain we feel when we lose something. It is about twice as powerful, psychologically, as the pleasure of gaining something.

In general, people will be more motivated to act if they think they are going to lose out on something than if they only concentrate on what they might gain.

Therefore, pointing out that your customer may miss out on a deal or lose out financially by shopping elsewhere will provoke the powerful emotions associated with Loss Aversion. They will then be more likely to make a purchase than if you merely point out what they will gain.

Sources and further examples:

Sources:

- Tversky & Kahneman, 1979; 1981
- O'Keefe & Jensen, 2008

Further examples on this PRIVATE page:

www.smart-persuasion.com/loss-aversion

Choice Closure

(Gu, Botti & Faro, 2013; Johnson, 2007)

Description of the Principle:

When we make decisions, we're often racked with post-decision regret, constantly wondering what life might have been like had we made a different one. Choice Closure explains how this can be avoided to a certain extent through the simple act of physical closure. Being able to complete a physical act of closure helps our brains to accept the finality of a choice, allowing the decision-maker to move on from alternate possibilities and be much more satisfied with their choice. As humans, we are more able to grasp abstract ideas through physical experiences (Johnson, 2007). Adding action and imagery to the concept of closure makes a decision feel more final. This physical act can be as simple as closing a menu or internet browser.

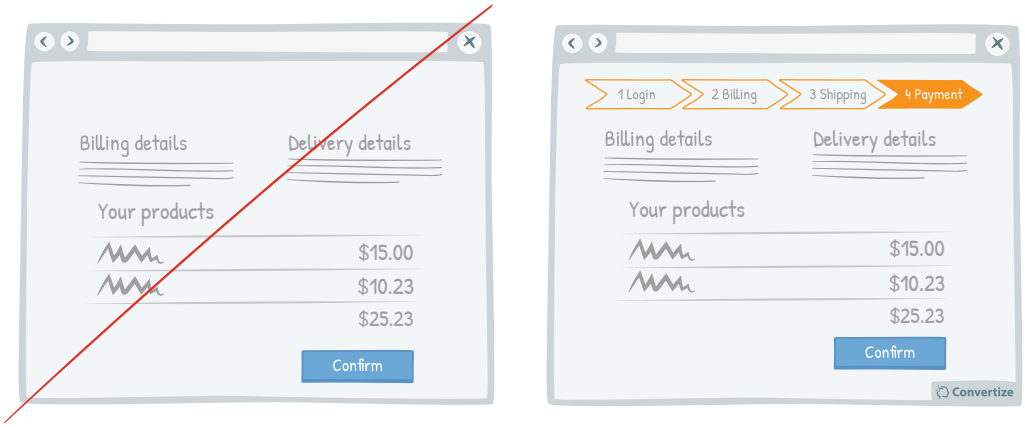
Why this Principle works:

Choice Closure can help to limit unfavourable afterthoughts about a choice we've made and to raise satisfaction with what we have chosen. Gu, Botti & Faro (2013) conducted an experiment at the London Business School whereby people were asked to choose from a range of 24 different tea varieties. It was made very clear to them that they wouldn't be able to alter their choice afterwards. Some people were asked to close their menu after they'd chosen and results overwhelmingly showed that these people were far more satisfied with their choice of tea than those who were simply asked to make a choice. The only difference was that one small act of closing the menu, which closed those participants' minds off to alternate choices and post-choice regrets.

How to use this Principle:

Choice Closure is a really useful tool in the commercial world, as it helps to improve customer satisfaction post-sale, which in turn leads to repeat business and future sales. Offering some kind of Choice Closure to customers is particularly beneficial when a large number of options have been available. Too many options can lead to the Paradox of Choice (Principle 30), whereby people struggle to make a decision and are more likely to regret their choices afterwards.

Concrete Application Example:



Displaying a progress bar is a great visual way to help users follow their progress in the purchase process and will not only stimulate their desire to continue to the end of the process, but also give an important sense of closure once it is completed.

People will become more invested and interested in a task if they can clearly see the steps they need to take before it is finished, and they will see movement along your progress bar as encouragement for completing their order. Having this sense of direction assists cognitive functioning. The visual closure at the end is proven to help customers feel more satisfied with the purchase they've made.

Sources and further examples:

Sources:

- Gu, Botti & Faro, 2013
- Johnson, 2007

Further examples on this PRIVATE page:

www.smart-persuasion.com/choice-closure

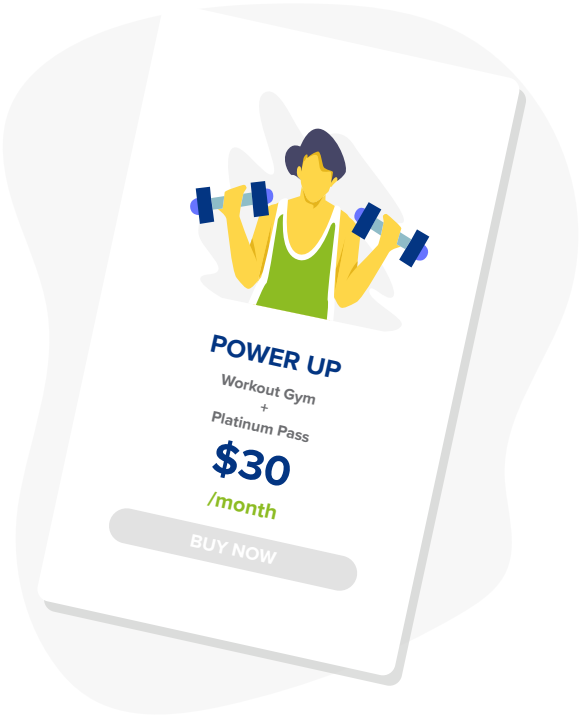
Psychology of Consumption

(Gourville, 2002)

Description of the Principle:

The Psychology of Consumption is a concept that looks past merely selling a product or service, to the importance of the post-purchase consumption rate for guaranteeing repeat purchases. With the high amount of competition for almost every product and service today, the key to long-term success is not only securing the initial purchase, but also ensuring people actually use the product and services they buy.

We often favour an unobtrusive payment process because it increases the likelihood of making a sale. However, this tactic has no effect on ensuring a customer actually uses that product to the extent that they become a returning customer. One of the most effective ways to ensure someone makes use of something they've bought is to consistently remind them of their investment. This is in line with the Sunk-Cost Effect (Principle 42), which describes how individuals will make sure they use something, even if they no longer want to, simply because otherwise it will feel like a waste of money.



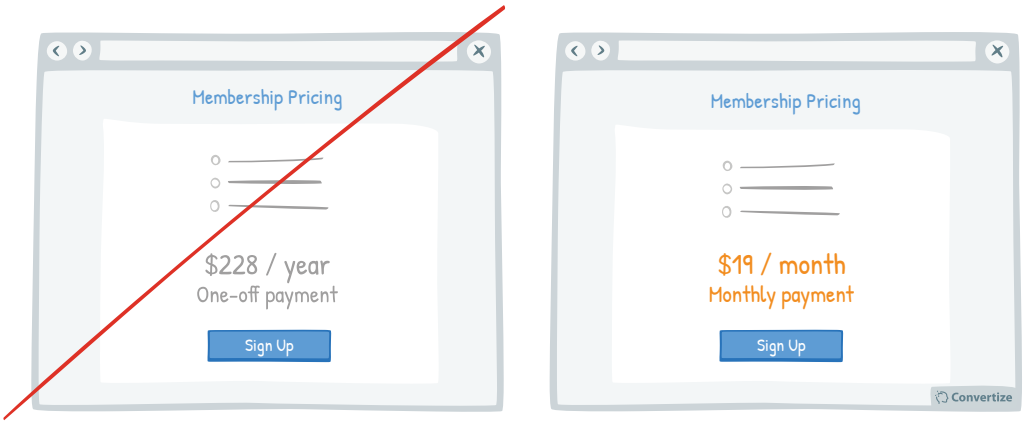
Why this Principle works:

To give an example, let's say a health club offers customers the option of paying for an annual membership. Whilst this one-off payment will help to reduce the pain of paying, as it condenses what could have been multiple payments into one simple transaction for a whole year, it also reduces the likelihood that they will continue to workout regularly and, ultimately, renew their membership next year. In studies, it's been shown that people who have annual memberships use them heavily for the first few months - whilst the amount they've paid is fresh in their minds - but when the Sunk-Cost Effect has dissipated, they use them infrequently (if at all). When this is the case, they are unlikely to renew. By contrast, people who pay for a monthly membership are repeatedly reminded of how much it is costing them. Therefore, the Sunk-Cost Effect stays intact and they are motivated to make the most of it. This level of interaction ultimately means they'll see the most benefits and be much more likely to extend their membership further.

How to use this Principle:

Paying for a subscription with a single payment lessens the Pain of Paying (Principle 41). However, sending regular emails to remind them what their annual membership is costing them per month could be key to encouraging consumption and thus retention, even if it does feel counter-intuitive.

Concrete Application Example:



Rather than presenting a subscription as a yearly investment, which might seem frighteningly big at first and then disappear from your customers' minds, it can be more effective to present a subscription as a monthly cost. This will reduce the

initial Pain of Paying and encourage customers to conceptualise the subscription in terms of repeated use. This could have a positive impact on customers' usage of your product or service and make them more likely to renew their subscription in the future.

Sources and further examples:

Sources:

- Gourville, 2002

Further examples on this PRIVATE page:

www.smart-persuasion.com/psychology-of-consumption

Reference Pricing

(Tversky & Kahneman, 1974; Green et al. 1998; Ariely, Loewenstein & Prelec, 2003; Nunes & Boatwright, 2004)

Description of the Principle:

It is human nature to compare and judge value based on comparisons, and the world of consumerism is no exception. Most people will only feel justified in purchasing something if its price matches the perceived value. This value can be changed according to how it is framed - as with Perceived Value Pricing (Principle 59) - and the use of Reference Pricing is one way in which framing a price can change our perception of value. Reference Pricing refers to the fact that individuals will decide what is a justifiable price to pay for a product or service by comparing it to other reference prices (such as competitors' pricing or previous, pre-sale pricing).

Why this Principle works:

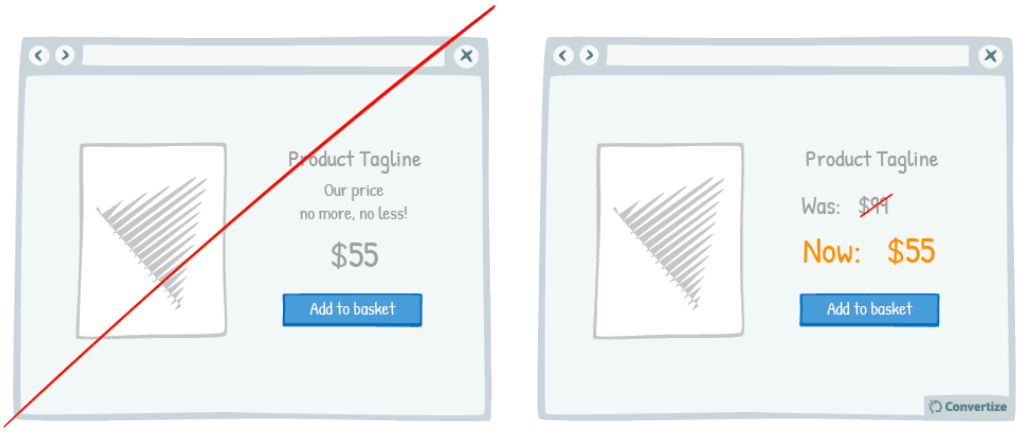
For example, if you are told that an obscure vinyl record is on sale for $300, you won't really have any idea whether this is good value or not, as there is no point of market reference. If you then find out that another copy of the same record recently sold for almost $1000, you will have a new frame of reference.

How to use this Principle:

Research has shown that Reference Pricing comes into play on a subconscious level and that even the prices of unrelated products in close proximity can affect the perceived value of something. In a study conducted by Nunes & Boatwright (2004), CDs were placed on a beachside stall next to sweatshirts that were being sold alternately for $10 and $80 (at half hour intervals). When the sweatshirts were sold for $10 (Scenario A) people were only willing to pay $7.29 for the adjacent CDs, but when they were being sold at $80 (Scenario B), this price jumped almost 18% to $9! Without them even realising, customers were being influenced by the Reference Pricing of the completely unrelated sweatshirts.

In sales and marketing, Reference Pricing is a useful tool to help give products and services the desired value perception. By contrasting your prices with those of competitors or by highlighting how large a discount you are offering on a previously advertised price, customers will be likely to consider the purchase justified and, even more so, a good deal.

Concrete Application Example:



When offering discounted prices, it is essential to always still display the previous higher prices as well (crossed out is advisable to avoid confusion). Studies have shown that people tend to use the first piece of information they receive as an anchoring point to then judge subsequent information. In this way, showing the previous higher prices will ensure that their initial reference point is higher and will therefore help to make the current offered price seem even lower and cheaper than it actually is.

Leaving the previous prices displayed in this way will also highlight the deal that the customer is getting, increasing the chances that they will see it as a real bargain, not to be missed out on.

Sources and further examples:

Sources:

- Tversky & Kahneman, 1974,Green et al. 1998
- Ariely, Loewenstein & Prelec, 2003; Nunes & Boatwright, 2004

Further examples on this PRIVATE page:

www.smart-persuasion.com/reference-pricing

Zeigarnik Effect

(Zeigarnik, 1927)

Description of the Principle:

The Zeigarnik Effect is based on the idea that it is human nature to finish what we start and, if we don't manage to complete something, we experience an uncomfortable feeling of dissonance. This failure to finish something puts us in a state of tension that makes us pay more attention to the thing we want to finish. The consequence is that we remember uncompleted tasks more than completed tasks, and are often driven by this effect to complete something. In other words, we have little motivation to recall things we've finished, whereas we have a strong vested interest in unfinished things that keeps them at the forefront of our minds.

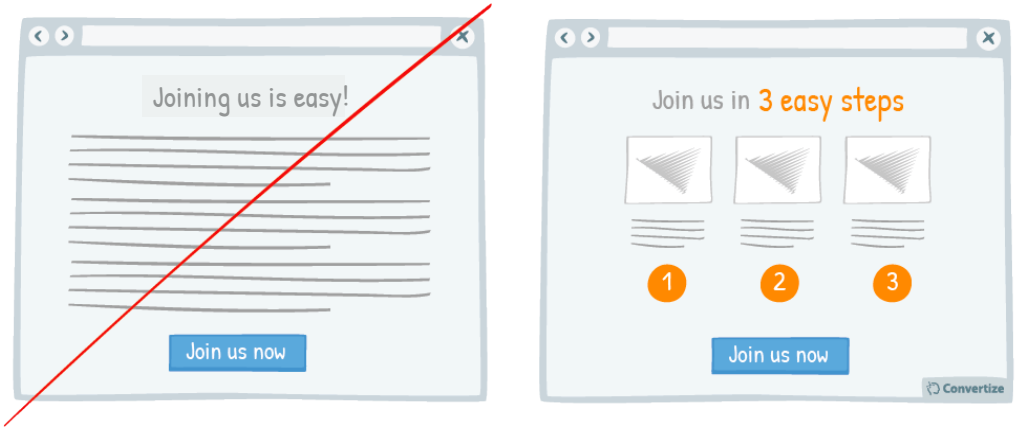
Why this Principle works:

Russian psychologist Bluma Zeigarnik (after whom this effect is named) made note of this cognitive bias in a restaurant: she observed that waiters could remember complex food orders but, once a table had received their food and paid their bill, all the details would be forgotten. Waiters could easily call to mind the orders of those tables that were still "incomplete" (even if it had been some time since they'd taken their order or dealt with the table) whereas those of the "completed" tables were no longer in their memories. Once a table was taken care of, the details relating to it would disappear from the waiter's memory (in order to make way for new, or more relevant, information).

How to use this Principle:

The Zeigarnik Effect has many applications in the commercial world. For example, it is often employed by TV shows that use the "cliffhanger effect" to keep viewers engaged. It can also be used online to ensure customers complete a desired action. People will often complete a task that would otherwise cause them to feel the dissonance associated with this effect. Providing a clear and positive sense of progression and ultimate closure by displaying things such as progress bars can help to make your customers aware of how far along they are in a payment or sign-up process. This can encourage them to complete the process.

Concrete Application Example:



When you want a customer to complete a task that has multiple stages, such as signing up for an offer that requires more than one piece of information, or inputting payment and delivery details, set out these steps clearly.

As in the example above, visitors to your website will then understand exactly what they have to do to complete something and be more willing to invest time in achieving this.

It is also a good idea to include a progress bar with clearly marked stages that are shown to have been 'achieved' as a user progresses. This will remind them of previously completed tasks, thereby mitigating any tension associated with the tasks that remain.

Sources and further examples:

Sources:

- Zeigarnik, 1927

Further examples on this PRIVATE page:

www.smart-persuasion.com/zeigarnik-effect

Principle 10

Single-Option Aversion

(Mochon, 2013)

Description of the Principle:

Single-Option Aversion describes the way in which consumers are reluctant to pick an option - even one that they like - when no others are being offered. If you are presented with only one option, you will consider choosing this option to be potentially ill-informed or hasty. In other words, you are likely to think it better to consider alternative options before deciding to purchase, even if the single option available provides what you are looking for. This effect can lead to a product being chosen more often when competing alternatives are included than when it is offered alone.

Why this Principle works:

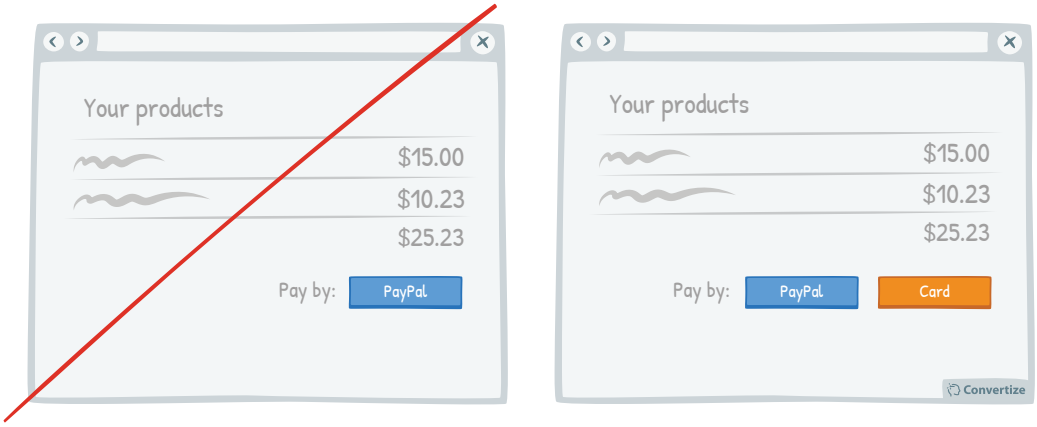
For example, if you walk into a store to buy a TV and there is only one model left, you are likely to prefer to look at other options before making the purchase, even if the TV available seems to be a good product. This is especially true of more expensive items. Daniel Mochon demonstrated the Single-Option Aversion with an experiment in which he offered the hypothetical purchase of a DVD player to participants. His study showed that just 9% of participants said they would buy

the Sony model offered when it was the only option whereas the percentage went up to 32% when the same model was offered alongside a Philips model.

How to use this Principle:

This principle is an important consideration when deciding how many options you should present to your customers. It is better not to offer an overly limited choice to your customers, as this is likely to motivate them to look for alternatives. This could lead to them making the purchase in another store. However, you don't want to overwhelm them with options either, as this can lead to indecision due to the Paradox of Choice (Principle 30). So it is important to consider carefully how you group your products.

Concrete Application Example:



This example shows that Single-Option Aversion also applies to the later stages of the sales funnel. Your customers will appreciate having several payment options. Giving them the choice between paying through PayPal or with a credit card is an easy way to increase the options available to them.

Whilst it may seem like a distraction from the ultimate conversion to include alternative payment options, the additional choice will prevent some hesitant visitors from delaying their purchase. Furthermore, the options your customers choose will provide you with information about what type of payment solution they prefer. You can then advertise them more prominently throughout your site.

Sources and further examples:

Sources:

- Mochon, 2013

Further examples on this PRIVATE page:

www.smart-persuasion.com/single-option-aversion

Mere-Exposure Effect

(Fechner, 1876; Zajonc, 1968)

Description of the Principle:

First explored by Gustav Fechner in the 19th Century, our understanding of the Mere-Exposure Effect was further developed between 1960-1990 by renowned psychologist Robert Zajonc. He discovered that people react more favourably to certain things the more they are exposed to them.

Why this Principle works:

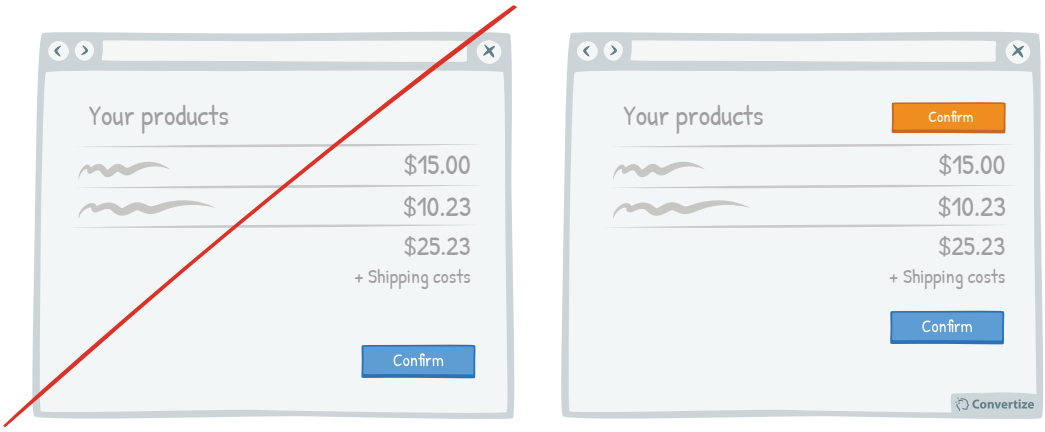
Humans are naturally more comfortable with, and positive towards, things that they are familiar with. People are more likely to react positively to something familiar than something unexpected. Responses to a brand or product can often be improved simply through repeated exposure. One of Zajonc's experiments consisted of showing people nonsense characters that looked like Chinese symbols and asking them to guess the meaning. After they had been shown the same symbols several times, the meanings offered become more and more positive as, even subconsciously, people had become more familiar with those symbols.

How to use this Principle:

In marketing, the Mere-Exposure Effect can be used in many ways. Of course, you want to stand out to a certain extent, but being too different from the brands that people are already familiar with could result in distrust. You can make your own brand seem more familiar, and therefore more trustworthy, by basing it on those which already have a loyal following.

Another way to use the Mere-Exposure Effect is to employ a famous person to help promote your brand. Celebrity endorsements are successful not because that celebrity is an expert on the product or industry, but because they have a familiar face. We are immediately drawn towards them and the product they are representing.

Concrete Application Example:



It is almost always better to display your Call To Action (CTA) as a button rather than a simple link as it will both attract your user's attention and make it clear that it is a CTA ready to be clicked on.

It is also a good idea to display your primary CTA more than once on a page. Of course, displaying it twice, or even multiple times, will increase the likelihood of people noticing it and reduce the risk of the CTA simply being missed.

By offering the CTA to people at different moments (for example, at the top and bottom of the page) you increase the chance that it is available at the time a visitor feels most inclined to act; perhaps they weren't ready to go through to the next step when they first arrived on the page, but are after reading its contents. By placing a duplicate CTA at the bottom of the screen, you make it easy for them to click immediately (rather than needing to scroll back up and look for the button again).

Studies also show that people react more positively towards stimuli that they have been exposed to several times. The stimulus becomes familiar, and we are more likely to engage with the familiar. So showing the CTA button two or more times will allow for this bias to occur and increase your chances that users end up clicking.

Sources and further examples:

Sources:

- Fechner, 1876
- Zajonc, 1968
- Schwartz, 2004

Further examples on this PRIVATE page:

www.smart-persuasion.com/mere-exposure-effect

Serial Position Effect

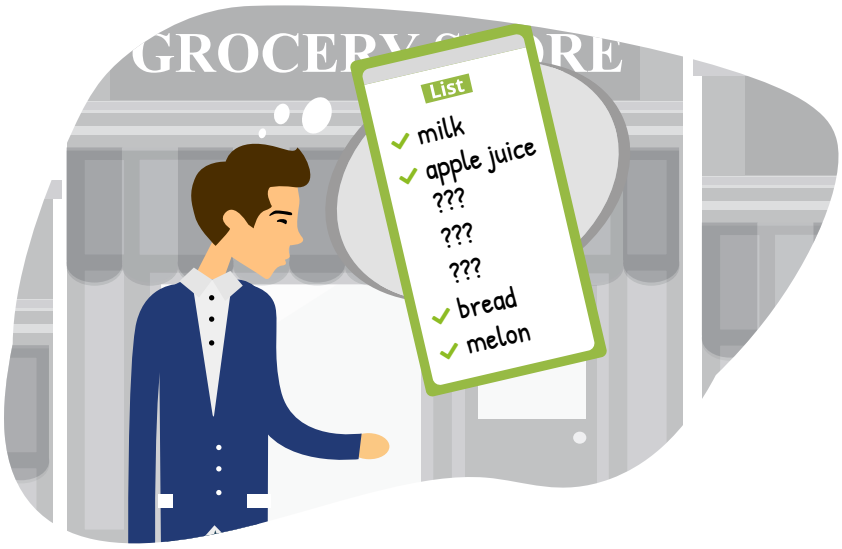
(Ebbinghaus, 1913; Murdock, 1962; Glanzer & Cunitz, 1966)

Description of the Principle:

The Serial Position Effect (notably studied by Ebbinghaus, Murdock, Glanzer and Cunitz) refers to the finding that recall accuracy will vary as a result of where an item is positioned within a list. Items are more likely to be remembered if they are presented at the beginning (the primacy effect) or the end (the recency effect) of a list, relative to those items presented in the middle. We more easily remember the first few items because of the greater amount of cerebral processing devoted to them, and we remember the last few items more easily because they are still in our short-term memory when recall is needed. Items that benefit from neither of these effects (the middle items) are recalled most poorly.

Why this Principle works:

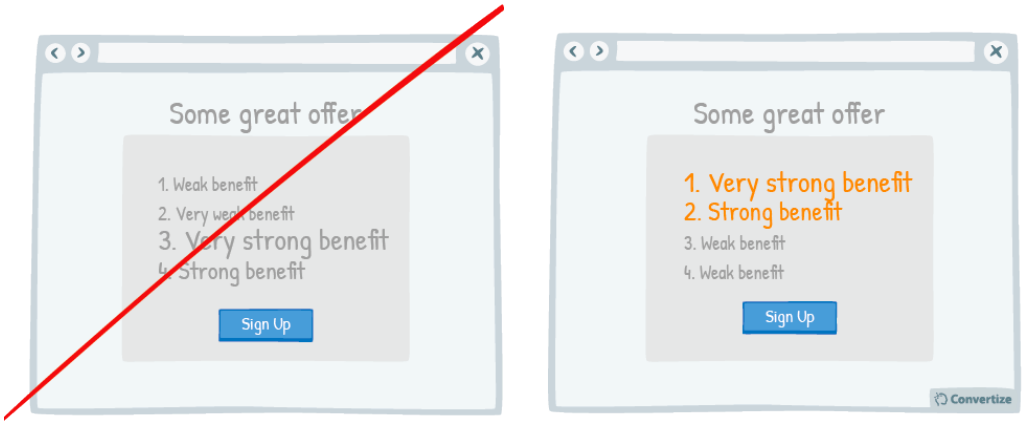
To give an example, the Serial Position Effect can be observed when you go the supermarket after having only been given a verbal list of items to buy. In the time it takes to get there (and with all the distractions available as you wander the aisles) you will probably forget some of the items on the list. You will tend to remember the first few, as your brain was actively processing these as they were told to you, and the ones you heard more recently before you left.



How to use this Principle:

The Serial Position Effect has many applications within advertising and marketing. Taking this principle into account is important for TV advertising as it helps to determine which commercial break, and which position within each break, will be most valuable for an advertiser. It is also important for online advertising, as it suggests where on a webpage an advert is likely to receive maximum attention. A famous study completed in 2006 showed that links at the top and bottom of a website menu receive the most clicks. When structuring marketing content it is best to place the most important links at the top and bottom.

Concrete Application Example:



Re-ordering the benefits of your offer, by putting the strongest ones first, will make it much more likely to capture people's attention. Research has shown that people recall the first items in a series best.

If listed first, your visitors will remember the stronger benefits because of the greater amount of cognitive attention and processing devoted to them.

Sources and further examples:

Sources:

- Ebbinghaus, 1913
- Murdock, 1962
- Glanzer & Cunitz, 1966

Further examples on this PRIVATE page:

www.smart-persuasion.com/serial-position-effect

Focusing Effect

(Schkade & Kahneman, 1998)

Description of the Principle:

The Focusing Effect is the way in which the human mind places too much emphasis on certain limited factors when making decisions. Instead of taking into account the less distinctive (but perhaps more important) factors when making a choice, we only recognise and place value on a few obvious pieces of information. This causes an imbalance in judgment, and often leads to misinformed evaluations.

Why this Principle works:

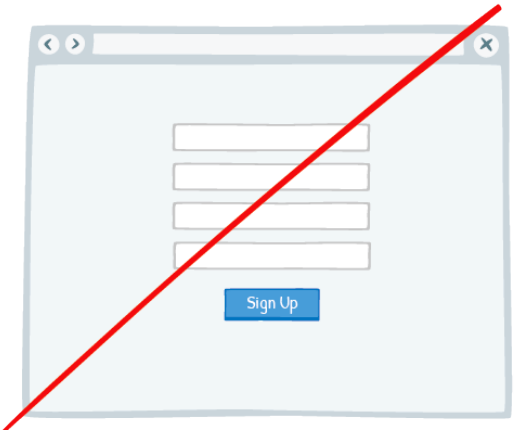
In a study carried out by Schkade & Kahneman (1998) where people were asked whether Californians or Mid-Westerners led happier lives, participants overwhelmingly assumed and stated that it was Californians. They were, of course, falling victim to the Focusing Effect and basing their decision on familiar clichés about better weather and more relaxed lifestyles. However, in reality, this is not the case as there is no discernible difference between the happiness of residents in these two areas.

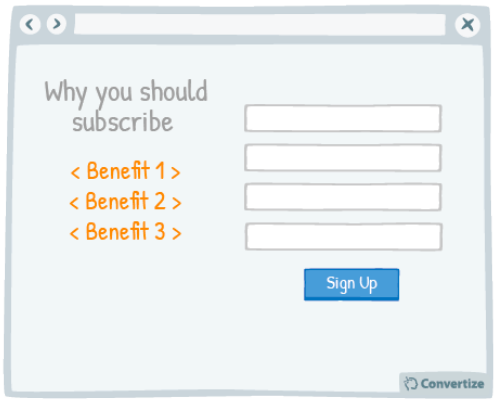
By putting emphasis on a limited number of factors, other more important determinants of happiness were overlooked, such as crime rates and safety from natural disasters.

How to use this Principle:

In the commercial arena, the Focusing Effect is often utilised as a selling technique. Knowing that people are more likely to understand the value of something if it is based on a few simple factors, has a significant effect on the way marketers promote their products. Consumers are looking for products that will improve their lives in an obvious way and are most receptive to clear, concise and specific value propositions. Focusing on only a few key components of the product you are trying to sell, specifically on the most widely recognisable or most distinctive features, is good way of leveraging the Focusing Effect in your marketing.

Concrete Application Example:





If you do not offer a guest checkout option, you should clearly explain to your customers the advantages of registering (to encourage them to take the time to do so).

By showcasing just the 3 main benefits, you can make your point clear, unambiguous and simple to digest, which will give you more chance of convincing your customers that it is worth their while to register.

For example, if your SaaS product is best-known for effectively defending against malware, make sure to emphasise this. Your customers will be more persuaded by a consistent message, repeated throughout your marketing materials, than by a long list of claims.

People are likely to make decisions just based on one or two distinguishable features, and so if you can reinforce one of the benefits at this stage, they may make their decision to act based on this one thing alone.

Sources and further examples:

Sources:

- Schkade & Kahneman, 1998

Further examples on this PRIVATE page:

www.smart-persuasion.com/focusing-effect

Partitioned Pricing

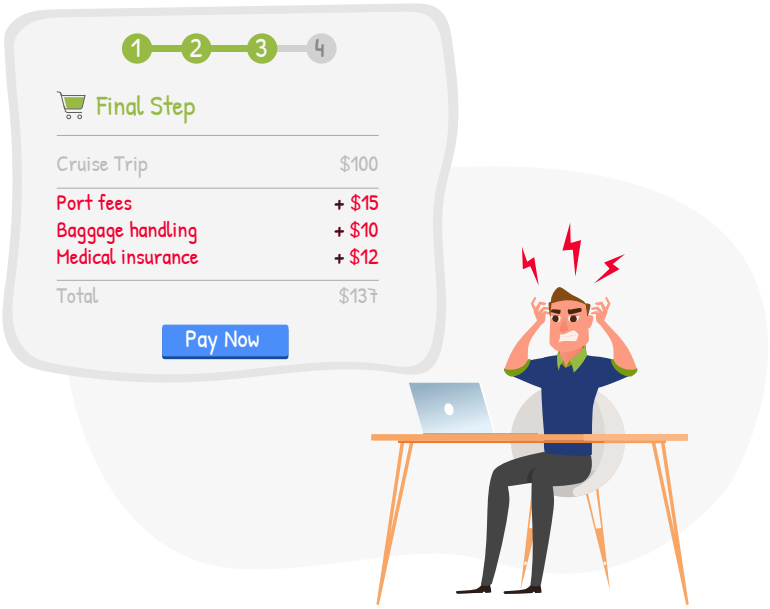
(Morwitz, Greenleaf, & Johnson, 1998; Hossain & Morgan, 2006)

Description of the Principle:

In their research paper "Divide and Prosper: Consumers' Reactions to Partitioned Prices", Morwitz, Greenleaf, & Johnson (1998) explore the effect that splitting the total price of a purchase into two (or even potentially more) parts can have on consumer behaviour: this is called Partitioned Pricing.

In most cases, your typical consumer is unlikely to undertake the cognitive effort required to accurately add the separate components together before they make the decision to purchase. The "base price" – being the cost of the product itself – is often the only part customers notice. Any "surcharges" – additional costs that are presented separately, such as shipping, handling or taxes – are mentally discarded. If your customers do calculate the full amount, they will often use rounded-down numbers that make for more manageable sums.

However, the opposite effect can occur if all components of the partitioned pricing aren't made salient. This can make the customer feel as though they are being misled, which will lead to no purchase at all, or an unhappy post-sale situation. For example, let's say you are offered a cruise for $100, and this is the only visible cost throughout the initial stages of the purchasing process.



Then, port fees, baggage handling, and medical insurance are suddenly made apparent at the final payment page. This unexpected escalation in cost is likely to disrupt the purchase, as well as leading to possible anger at the misrepresentation.

This is why it is important to ensure that the majority of costs are included in the "base price", so that any additional surcharges are too trivial to affect the decision to purchase.

How to use this Principle:

In online marketing, this can be a useful tool to help increase conversion rates. Reducing the perceived pricing of a product by not including delivery charges or obligatory handling fees in the main product price listing will, of course, make the pricing seem more competitive and attractive. The customer will then base their decision to purchase on the product price alone. Having additional costs presented separately can make it seem like a better deal, despite the overall amount being the same.

Concrete Application Example:

Separating the product price from other smaller charges - such as delivery costs or handling fees - will help to give the impression of a lower overall price. The first price seen will stick in the customer's mind. If they have already decided that they want to buy the product, before seeing the minor surcharges, they are unlikely to expend extra mental effort in reassessing its value.

If you are offering a special discount on delivery, or even a free delivery (which appears as a charge with a line crossing it out), then separating charges out in this way is still a good idea. It allows you to really highlight the offer, and might give

people who are still unsure a nudge to complete their purchase.

Sources and further examples:

Sources:

- Taylor & Fiske, 1978
- Morwitz, Greenleaf, & Johnson, 1998
- Hossain & Morgan, 2006

Further examples on this PRIVATE page:

www.smart-persuasion.com/partitioned-pricing

Default Effect

(Johnson, Hershey, Meszaros & Kunreuther, 1993)

Description of the Principle:

The Default Effect was most notably studied by Johnson, Hershey, Meszaros & Kunreuther (1993) and demonstrates how having a "default choice" available influences our decisions. Amongst all the options given to us when we need to make a choice, the default choice is the one that doesn't require us to actually make any active decision: it has already been chosen for us. For example, when we install software on our computer, we're usually offered a default installation option. When selected, we only need to continue with the installation in a passive manner, with all the functions chosen for us. This is by far the most popular (non-) choice made. The Default Effect is the way in which any default option on offer is more likely to be chosen over anything else, and so offering up a default option gives us a powerful way of influencing people's decisions.

Why this Principle works:

Scientists believe this comes down to multiple reasons. Firstly, opting for a passive choice requires the least mental effort, whereas comparing and weighing up different options can mean a lot of time spent evaluating. When we are having a hard time deliberating between several similar options, choosing the default option requires the least mental effort. This allows us to minimise the large number of choices we face every day and therefore focus on more important decisions.

We are also more likely to choose default options as we assume that they have been recommended. In the case of the computer software installation, decisions about technical preferences might seem too specialised or complicated for us. We expect that the default option has been set up by someone with more expertise than us, and that it is most likely to be appropriate to our requirements.

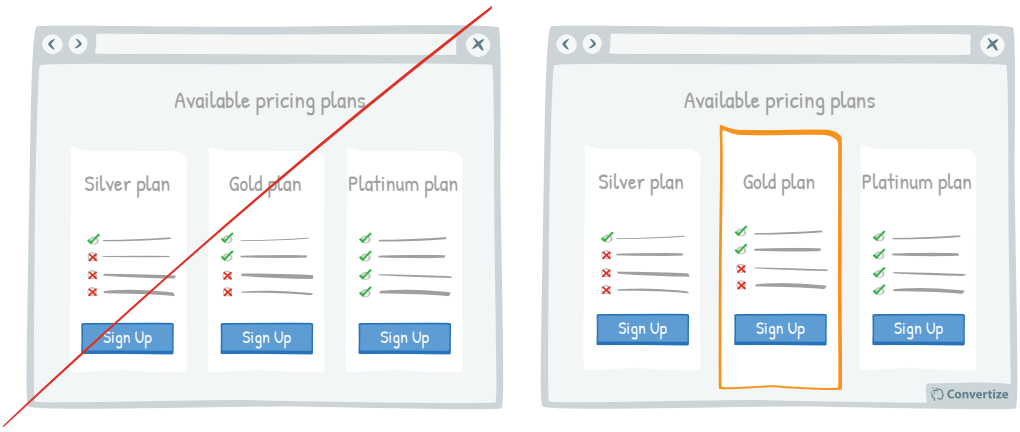
Looking at default choices can also reveal how often we are likely to accept a default choice without question, whereas, if asked to actively consider the decision and make a more thoughtful choice, we might not agree. For example, scientific studies carried out regarding the relation of the Default Effect on organ donation found that there are less donors in countries where consent is not given by default. If you are simply put on the organ donor list by default because you

haven't actively expressed that you do not wish to be one, you probably would never even really consider this.

By contrast, if you were asked to actively give your consent, you would be more prone to start thinking about it in detail and might become more emotionally involved and less likely to agree.

In web marketing, the Default Effect can come into play whenever your customer needs to make a decision, whether that be about signing up to your newsletter, or choosing a product or method of delivery. Offering a default option when there is a choice you would rather they make (e.g. making sure that boxes to opt people in to receive your offers are always pre-ticked) will increase the likelihood of visitors making that choice.

Concrete Application Example:



If you have a particular option or add-on that you would like your customers to choose, making it a default option will greatly increase the chances of them doing so. Default options are so attractive because they offer a passive choice, which is often preferable to the cognitive effort of making our own decisions. We also tend to view a default option as "the most popular", choosing to believe that it is pre-selected because it is in-demand and therefore more valuable. We like to choose the same things as others as it makes us feel safe in our choices.

Finally, highlighting a default option will automatically draw attention to the benefits and features offered there. After seeing this, the act of changing to a cheaper, smaller package will trigger loss aversion, causing people to feel as though they are missing out on those things that the default option offers.

Sources and further examples:

Sources:

- Johnson, Hershey, Meszaros & Kunreuther, 1993

Further examples on this PRIVATE page:

www.smart-persuasion.com/default-effect

Magnitude Encoding Process

(Oppenheimer, LeBoeuf & Brewer, 2007;
Coulter & Coulter, 2005; Thomas & Morwitz, 2005)

Description of the Principle:

If you want people to perceive a price as being small, then it can be very effective to associate all of its features with a small magnitude, including the way it is visually presented. Numerical stimuli (prices included) are represented and encoded in our memories as magnitude representations (i.e., judgments of relative "size"). Therefore, if you want a number or price to be perceived as smaller, it is possible to influence this through the way it is physically represented.

Why this Principle works:

Research has shown that judgments are often made based on irrelevant anchors (Principle 3) but Oppenheimer, LeBoeuf and Brewer (2007) found that this also extends to physical and visual anchors. In other words, people will be biased in making judgments depending on any associated visual stimulus. In their experiment, the unrelated small visual stimulus presented resulted in people having smaller numerical values in mind. They conducted an experiment whereby students were given three drawn lines (1 straight, 1 wavy and 1 an inverted "u" shape) and asked to copy these without use of a ruler.

Group A were given short lines and Group B longer lines. The second section of the experiment consisted of a questionnaire, where the first question was: "How many miles long is the Mississippi River?" This was followed by 5 random questions (to avoid anyone catching on to the reasoning behind the test).

The results showed that Group A, who had drawn shorter lines, gave an average response of 72 miles. Group B, who had drawn longer lines, gave an average response of 1224 miles. This huge difference was entirely due to the length of the lines they were first asked to draw.

The researchers later repeated the experiment, changing the question to: "What is the average temperature in Fahrenheit in Honolulu, Hawaii?" Once again, Group A (with the shorter lines) gave a much lower number than Group B. This shows that the physical anchor used in magnitude encoding doesn't have to be visually similar to the quantity subjects are estimating.

Concrete Application Example:

Using a smaller font size for your pricing is doubly effective. Firstly, it of course makes the price more subtle and so doesn't automatically draw people's attention towards the fact of paying and how much money they will have to part with to have the product.

Secondly, it has been proven that we associate small visual stimuli with small numerical values. The smaller the physical size of the price, the smaller people will perceive the price to be.

Sources and further examples:

Sources:

- Worchel, Lee & Adewole, 1975
- Thomas & Morwitz, 2005
- Coulter & Coulter, 2005
- Oppenheimer, LeBouf & Brewer, 2007

Further examples on this PRIVATE page:

www.smart-persuasion.com/magnitude-encoding-process

Time vs Money Effect

(Mogilner & Aaker, 2009)

Description of the Principle:

The Time vs Money Effect was notably studied by Mogilner and Aaker in 2009. They showed that people react much more favourably to sales pitches that make reference to time rather than money. We react much more positively to references to the time we will get to spend with a product than any mention of money (even if that is to say how much money we might save).

Why this Principle works:

Mogilner and Aaker put forward several reasons to explain the Time vs Money Effect. Firstly, we have a much more personal relationship with time than with money. Describing the time we might spend enjoying a product creates a more immediate emotional and personal connection with it.

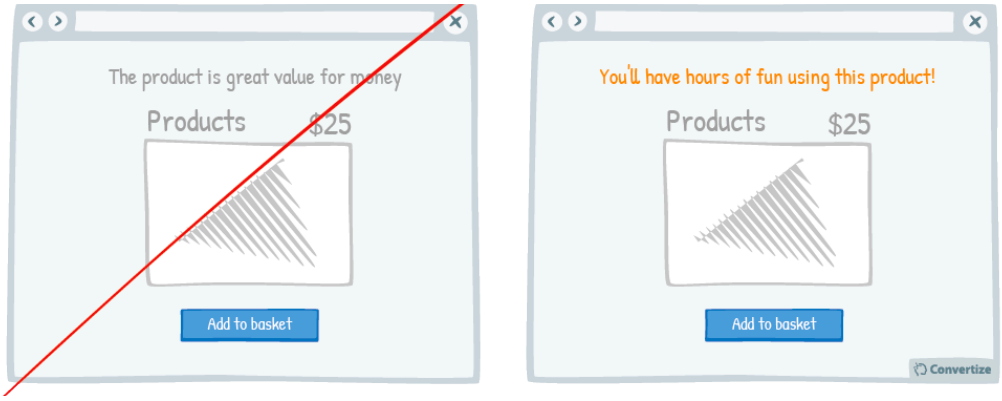
Time is also a rare resource, and isn't replaceable like money. Once time is spent, we can't get it back - which increases its value. Therefore, if we think that using this product is a worthwhile way of passing our time, it will immediately go up in our estimations. Finally, by concentrating on our future use of a product and not on the price, we are less likely to dwell for too long on its monetary value. More specifically, we are unlikely to wonder if it is in fact too expensive or overpriced. The Pain of Paying (Principle 41) has shown that the act of spending money significantly decreases our pleasure in purchasing. Therefore, it is always more effective to concentrate on another aspect of the purchase when marketing your products.

How to use this Principle:

Mogilner and Aaker conducted many experiments to test this principle. In one of them, they split students from Stanford University who owned iPods into 3 groups. The first group was asked: "How much money have you spent on your iPod?" The second group was asked: "How much time have you spent on your iPod?" The third group was not asked a preliminary question. Each of the groups were then asked to complete a questionnaire. The second group, who had been reminded about the amount of time they spent using their iPod, gave by far the most favourable opinions and feedback about the product.

The Time vs Money Effect is important to bear in mind when marketing your products. It may be more effective to discuss the benefits a user will receive when using it, rather than concentrating on any financial offers or other price-based selling points. However, you should bear in mind that for some products, discounts are more effective than descriptions of how much the consumer will enjoy it. This is often true of cheaper essential goods.

Concrete Application Example:



It is best to avoid references to money when presenting your products to customers. Instead, emphasise the benefits they will experience by using them. People place more value on experiences than on money, and focusing on this will allow them to connect with your product or service. The subsequent connection with the product will be more emotional and effective. This also allows you to avoid any reference to the money they have to spend to get it (even if you are pointing out a saving, it still draws attention to the fact of having to pay).

Sources and further examples:

Sources:

- Baron, Beattie & Hershey, 1988
- Mogilner & Aaker, 2009

Further examples on this PRIVATE page:

www.smart-persuasion.com/time-versus-money-effect

Recency Effect

(Ebbinghaus, 1913; Miller & Campbell, 1959; Murdock, 1962; Glanzer & Cunitz, 1966)

Description of the Principle:

The Recency Effect is a cognitive bias that explains why it is easiest to remember the last piece of information we received. Of course, the information that we read or heard most recently will be clearest in our short-term memories and will be recalled most easily. For example, if someone asks you to complete a long list of tasks, you are more likely to remember the last thing on the list than those that came at the beginning or in the middle.

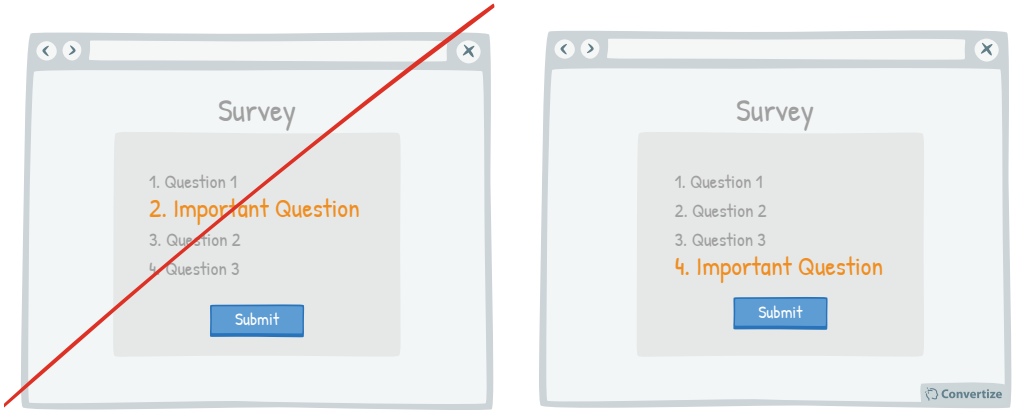
Why this Principle works:

We give immediate significance to the most recent pieces of information, subconsciously preferring them over anything that came before. This phenomenon explains our relationship with "novelty" items. The Novelty Effect describes the way in which new products have a short-term advantage over more established products. We prefer them simply because they are new and different. Looking at this in terms of a website, if a new function/page/tab is created, visitors are more likely to click on it or interact with it as desired, and also to view it in a favourable light.

How to use this Principle:

Many companies play to this bias by updating their products regularly. In doing so, they benefit from both the Recency Effect and the Novelty Effect. One example is the way that Apple releases new iPhones on a regular basis, being fully aware that, even if the new model doesn't include many different features, it will generate excitement simply because it is novel.

Concrete Application Example:



Re-ordering a list of items or questions and placing the most important ones last will make them more memorable.

Research has shown that people recall the last items in a series best, and sometimes don't even really take in information presented prior. If listed first or last, your visitors will remember the questions better because of the greater amount of cogntive attention and processing devoted to them.

Sources and further examples:

Sources:

- Ebbinghaus, 1913
- Miller & Campbell, 1959
- Murdock, 1962; Glanzer & Cunitz, 1966

Further examples on this PRIVATE page:

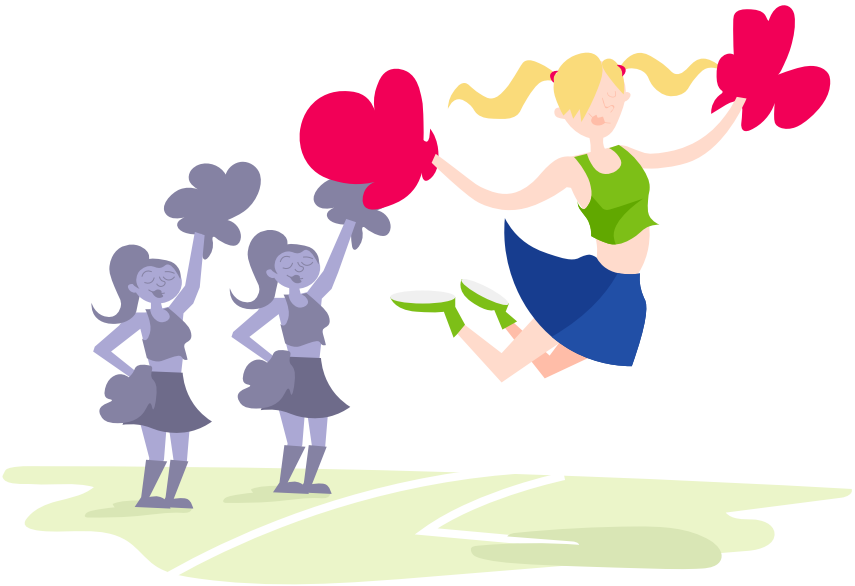
www.smart-persuasion.com/recency-effect

Cheerleader Effect

(Walker & Vul, 2013)

Description of the Principle:

The Cheerleader Effect is the way in which, when confronted with a group of items, the human brain automatically treats them as a set and forms an impression of this set as a whole. We generate average information on everything we are viewing - including the setting, size, emotions conveyed (in animate objects) and attractiveness - and then make a visual judgment based on these averages. Therefore, those items that may be less attractive or desirable find that they are elevated in status to the average that has already been accepted.



Why this Principle works:

This is called the Cheerleader Effect as it is a phenomenon notably perceived in the way that people are considered more attractive when they are in a group than when they are seen alone. Walker and Vul conducted a series of studies on the effect in 2013. Participants were presented with a selection of photographs showing various strangers' faces. Each face was seen twice: once alone and once in a group. In every case, their attractiveness was rated higher when displayed in the group photos. The effect is due to the way our visual system makes sense of seeing multiple items: by choosing the most positive features from all and combining them to make one easy-to-digest ensemble.

How to use this Principle:

The Cheerleader Effect is particularly significant for marketers, as it can affect the way a product is perceived. Not only does the effect take place automatically, but it is very hard for us to override - even when we are aware of it.
The effect is used for optimizing product pages. It is often more effective to show pictures of a product as part of a collection than to display it on its own. Seen as part of a group, the appeal of the item is increased as the viewer combines its positive qualities with those of the surrounding objects.

Concrete Application Example:

It is important to show potential customers that your products are well-reviewed. However, hiding negative reviews is a bad strategy. Customers will realise that the information you have displayed is not representative, and will begin to distrust your website.

Using the Cheerleader Effect can help you to mediate the impact of negative feedback. If you present testimonials in a group setting, the best reviews will compensate for the less positive ones. That way, any negative comments or low ratings will not deter your visitors. Instead, visitors will appreciate your transparency and put greater trust in your website.

Sources and further examples:

Sources:

- Walker & Vul, 2013

Further examples on this PRIVATE page:

www.smart-persuasion.com/cheerleader-effect

Needs and Motivation

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

Principle 20

Self-Efficacy Theory

(Bandura, 1984)

Description of the Principle:

Self-Efficacy, first defined by Albert Bandura (1984), shows that our perception of our own ability to complete a task affects our subsequent behaviour and our ability to succeed. In other words, the more competent we think we are, the greater our intrinsic motivation is to act. High or low self-efficacy determines whether or not someone will choose to take on a challenging task or perceive it as impossible to complete.

According to Bandura's theory, people with a high level of self-efficacy are more likely to view difficult tasks as something to be mastered, rather than something to be avoided. Different factors can influence our self-efficacy; such as past successful experiences for similar tasks, positive feedback, or "vicarious experiences" (when we see others being successful in a task).

Why this Principle works:

A scientific study revealed this effect by studying two groups of students engaged in solving puzzles over 3 different sessions. Group A received positive feedback

after their first session, whereas Group B did not. The results then overwhelmingly showed that Group A went on to be more motivated and successful in the subsequent tasks than Group B.

How to use this Principle:

Self-Efficacy Theory can be used in online marketing in order to increase visitors' motivation and self-confidence when they are asked to complete a task online. For example, creating "vicarious experiences" by displaying details of customers who have previously taken a desired action (such as buying something or writing a review) is a good way to encourage others to do the same. It will also increase their belief in their own ability to complete the action.

Concrete Application Example:

If you show your visitors how easy it is for them to act (i.e. to complete an action on your website or to utilise one of your products or services) by providing "how-to" pages and videos, it will increase their belief in their own competence to do so.

This will consequently increase their motivation to do it as research has shown that the more confident we feel in our own abilities, the greater our intrinsic motivation to act.

Sources and further examples:

Sources:

- Bandura, 1984

Further examples on this PRIVATE page:

www.smart-persuasion.com/self-efficacy-theory

Need for Certainty

(Kagan, 1972)

Description of the Principle:

In 1976, the developmental psychologist Jerome Kagan outlined six basic human needs. One of them, which every human experiences, is the Need for Certainty. The Need for Certainty comes from the fact that our brain likes to know what is going on and feel in control of its interactions by recognising patterns. Indeed, feeling more certain about the world around us leads to positive feelings of control and security. Moreover, when the craving for certainty is met, there is a sensation of reward. The ability to predict something and then obtain data that confirms those predictions results in a positive feeling. That's why some people experience a feeling of accomplishment after cleaning their house or organising things: it provides a reassuring sense of certainty. By contrast, the brain reacts negatively towards uncertainty, leading us to feel alert, anxious and uncomfortable.

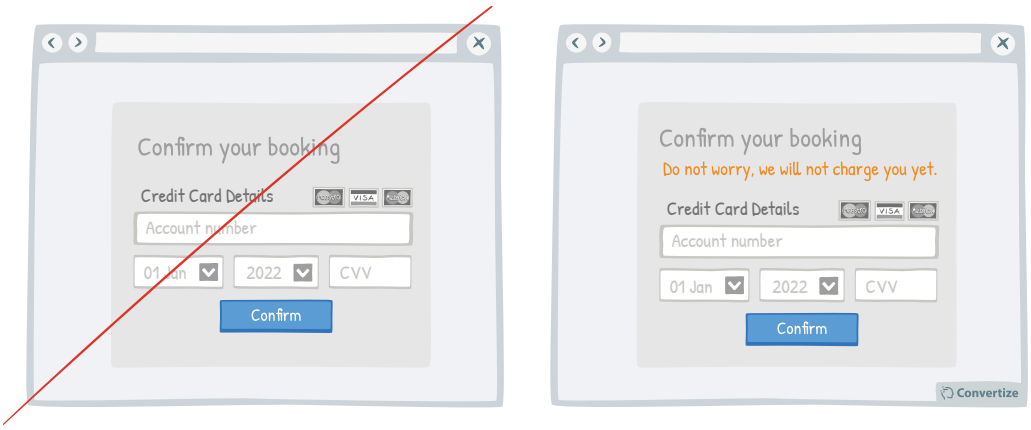
Why this Principle works:

Paradoxically, the tension we feel when we are uncertain can also have a positive effect. Uncertainty can inspire creativity and provide the spontaneity and variety that we crave as humans. Because of this, both certainty and uncertainty are human needs that have to exist in balance.

How to use this Principle:

This theory has many important applications in marketing. Providing your customers with certainty in the form of reassuring information is a simple way to earn their trust. Entire industries exist to provide paying customers with an increased level of certainty (for example, through expert advice or predictions). When designing a website, you should eliminate any uncertainty that your users might experience. Provide clear instructions, tell them what is going to happen at every stage, list the information and the credentials they will (and won't) need, be specific and consistent when reinforcing the credibility of your offer (either through user numbers or testimonials). Don't expect them to draw conclusions for themselves and don't make them think.

Concrete Application Example:



The Need for Certainty is particularly significant during moments of stress. A customer who is making a difficult choice or navigating a payment page will feel reassured by information that removes any doubt or ambiguity.

Making the payment process transparent, by letting customers know how and when they will be charged, is a simple way to reduce uncertainty. By doing so, your customers will be more likely to complete a purchase and less likely to abandon their shopping cart.

Sources and further examples:

Sources:

- Kagan, 1972

Further examples on this PRIVATE page:

www.smart-persuasion.com/need-for-certainty-uncertainty

Ben Franklin Effect

(Jecker & Landy, 1969; Limperos et al., 2014)

Description of the Principle:

The Ben Franklin Effect is named after the well-known figure of American history, Benjamin Franklin. He is quoted as having said the following: "He that has once done you a kindness will be more ready to do you another than he whom you yourself have obliged." The Ben Franklin Effect, demonstrated by numerous psychological studies, describes the way in which doing someone a favour leads us to feel more favourable towards them. The effect makes us more inclined to do them a second or third favour.

We can follow the reasoning that if we have agreed to do them a favour, it must be because we like them (even when that's not strictly the case) and so we subconsciously decide to like them even more in order to be consistent with our behaviour. Conversely, if we act in a negative way towards someone, then we justify it to ourselves as being because they aren't nice or worthy of good treatment.

Why this Principle works:

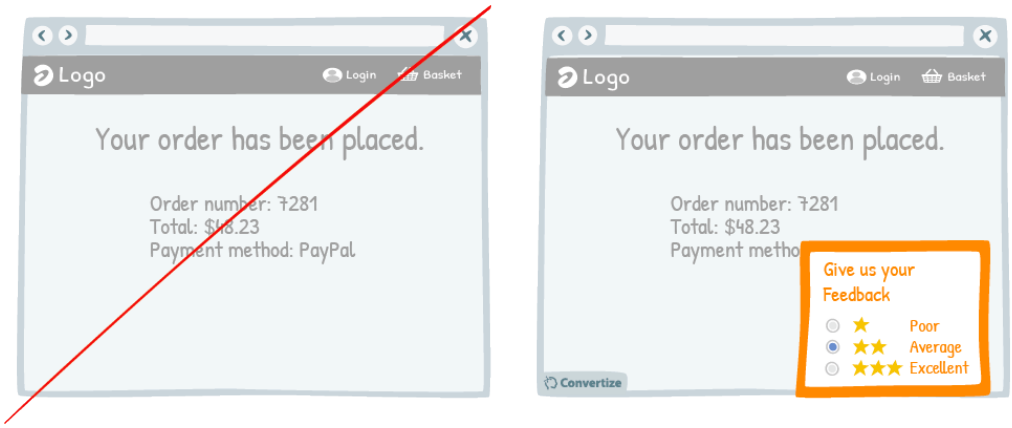
Contrary to our usual assumption that our feelings towards someone will dictate how we treat them, the Ben Franklin Effect shows that our behaviour towards someone can actually dictate how we feel about them. In fact, if you can encourage people to act kindly towards you, they will begin to feel more kindly towards you, too.

In his autobiography, Benjamin Franklin illustrated this point with an example from his own life. Remembered from the 1730s, when he started his political career, Franklin's story shows how an "enemy" can be won round by asking them for help.There was one Assemblyman who didn't care for Franklin at all. However, Franklin knew that his political career depended on the man's support. He asked the man if he could simply borrow one of the books from his private library. The request was calculated to flatter the man (especially as Franklin was renowned in the literary world for being a successful printer and writer). As expected, the man lent him the book and this small act of kindness led to the two becoming good friends.

How to use this Principle:

The Ben Franklin Effect is used regularly in sales strategies, the most well-known being the Foot-in-the-door Technique (Principle 31). This consists of asking someone for a small agreement in order to later get a more significant one. Studies conducted by Limperos et al. (2014) have shown ways in which the Ben Franklin Effect can be applied to social media, for example through friend requests on Facebook.

Concrete Application Example:



It has been proven that people enjoy giving their opinion and being asked for feedback. What's more, if you ask for this using a short, easy-to-complete survey, you increase your chances that people will do this for you. Succeeding in this is doubly useful: firstly, you will receive some helpful feedback that you can then implement to improve your site and services, and secondly, you will boost your own likability.

This is because, as studies have shown, people who carry out a favour or "service" for someone are much more likely to take away a positive impression of that person.

Therefore, getting your customers to complete a survey for your product will boost their positive feelings towards your brand and site, which will ultimately lead to them coming back to make further purchases with you.

Sources and further examples:

Sources:

- Jecker & Landy, 1969
- Limperos & al., 2014

Further examples on this PRIVATE page:

www.smart-persuasion.com/ben-franklin-effect

Cognitive Ease

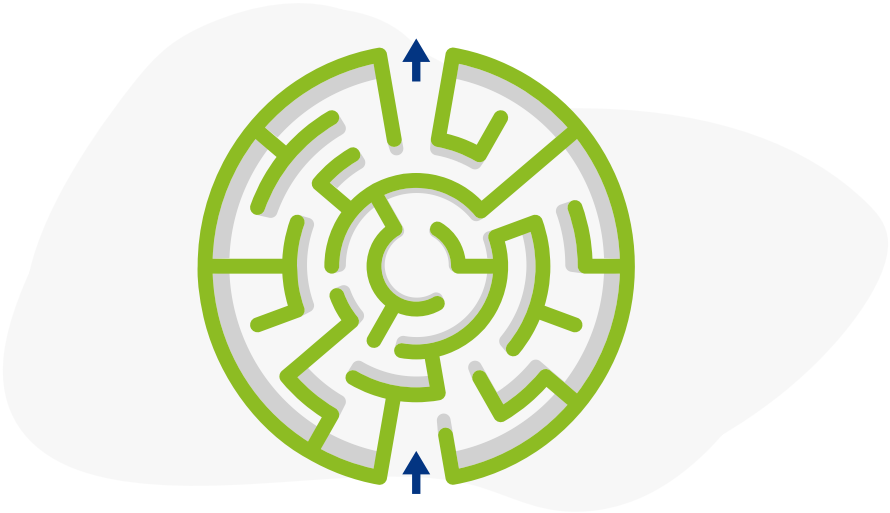
(Kahneman, 2011)

Description of the Principle:

Cognitive Ease or fluency is the measure of how easy it is for our brains to process information. The cognitive ease of something will alter how we feel about it, and affects how motivated we are to invest our time and effort in it. The behavioural economist and Nobel Prize winner Daniel Kahneman explains in his book *Thinking, Fast and Slow* (2011) that our brains have two modes of thinking. System 1 operates automatically and quickly, with little or no effort and no sense of voluntary control. It is the mental function that occurs when you see a word and instantly interpret it. System 2 is engaged when we are required to pay more conscious attention to the information presented. To give an example, we have to allocate the specific mental effort of System 2 to solve complex mathematical calculations.

Why this Principle works:

When Cognitive Ease is reduced because the mental effort required is too much, we engage this second system of "effortful mental activity" and switch to a state of cognitive strain. The Cognitive Ease principle reveals that when people have to switch to the second system of thinking, the cognitive strain makes them more vigilant and suspicious. It results in a decrease in the confidence, trust, and pleasure involved in completing the mental action. In other words, people are happier and more receptive towards familiar and easily understandable situations in which they feel safer, more confident and at ease.



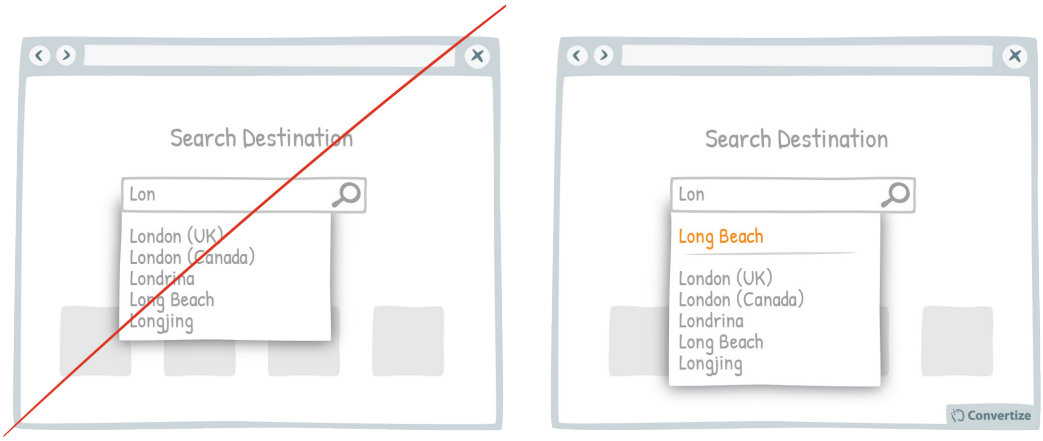
How to use this Principle:

To give an example, the way reduced prices are written during a sale will greatly affect people's attitude towards the products (and their likelihood of purchasing them). If the sale prices are easy to understand using percentages (for example, "- 50%") or with the new prices already calculated (for example, "now only $20"), shoppers will react in an automatic and positive fashion. However, if it is necessary for them to do complex mental calculations (for example, if a $27.50 product is advertised at 12% off), they will switch to a more analytical style of thinking.

This results in more attention spent on the calculation, and subsequently on the merits of the product. No longer feeling spontaneous, your customer will start questioning whether it is actually a good deal or not, whether they really need another pair of shoes, etc. The more cerebral effort we demand from our customers, the more of a negative and suspicious reaction we will evoke, and our chances of making a sale diminish.

The Cognitive Ease principle has many applications in marketing. For example, psychological studies have found that shares in companies with easier-to-pronounce names perform better than those with difficult-to-pronounce names. In online marketing, any possible elements that can simplify a website should be used: infographics, intuitive web design, easy-to-read font, and so on.

Concrete Application Example:



When a user begins a search, start by showing them previous searches they have made that correspond. Displaying these first and perhaps in a different colour to really distinguish them is a good way of helping a user to keep track of what they

have previously done on your site. Personalising your website in this way will make it more intuitive and easier to use.

The easier-to-use and more adaptive your site is, the more likely people will be to enjoy using it and be encouraged to convert and come back again.

Sources and further examples:

Sources:

- Kahneman, 2011

Further examples on this PRIVATE page:

www.smart-persuasion.com/cognitive-ease

Curse of Knowledge

(Camerer, Loewenstein & Weber, 1989; Newton, 1990)

Description of the Principle:

The Curse of Knowledge was first studied by economists Camerer, Loewenstein & Weber in 1989. This cognitive bias leads people who are better informed on a subject to find it almost impossible to consider that subject from the point of view of someone who doesn't know as much about it. This often means that concepts, ideas and information aren't presented clearly enough, because the person presenting it presumes a certain level of knowledge and comprehension from their audience.

Why this Principle works:

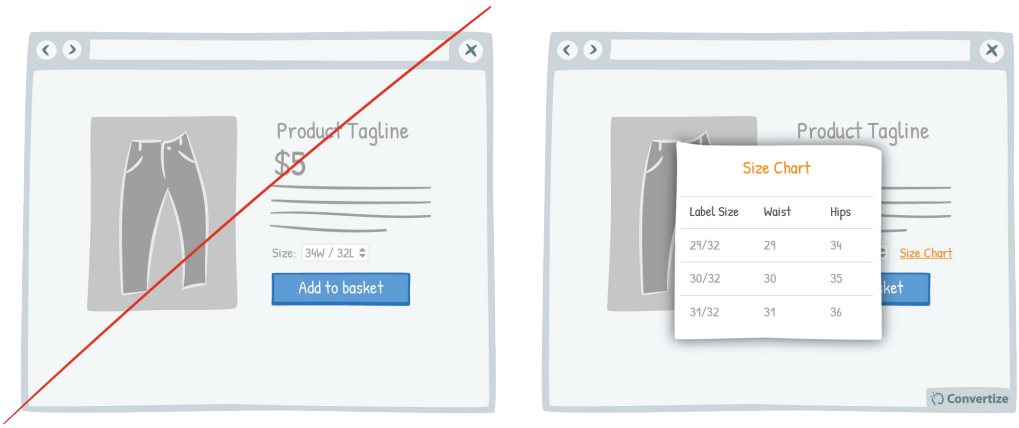
Once you know something, it is impossible to put that knowledge aside. You also forget that not everyone has the same information as you. As a result, you will see and experience things differently, making it difficult to anticipate their needs. Psychologist Elizabeth Newton conducted a famous experiment demonstrating this effect in 1990. Participants were divided into two groups, with one group "tapping" well-known songs whilst the other group listened and attempted to

identify them. The group who were tapping estimated a successful guess rate of at least 50% whilst the outcome was actually only 2.5%. The fact that those who were tapping the songs already knew which song it was – and, of course, could hear this song in their heads whilst tapping – meant that they were biased towards believing the answer was obvious. They couldn't understand why the other group found it so difficult to guess the song. Of course, the group listening was just hearing a series of discordant and therefore mostly unidentifiable taps.

How to use this Principle:

The implications of this in the commercial world are widespread as it is often a well-informed party who sets pricing for an object or service (a wine expert picks and values wine, a dressmaker sets prices for luxury fabrics etc.) Due to the Curse of Knowledge, companies find themselves unable to anticipate how lesser-informed customers will perceive their valuation. This often leads to high-quality goods being overpriced for the market and low-quality goods being underpriced.
It is also essential to be aware of - and to try and counteract - the bias of the Curse of Knowledge in any kind of business communications. Everyone who works for a certain company will have a comparatively advanced level of knowledge of what that company does. However, it is important to remember that the people you are communicating with outside of your company – customers, other businesses, or even other people within the same field – may not necessarily understand certain phrases, systems, or ideas. Keeping communications clear and easily comprehensible for everyone is an important factor in making your website and services both accessible and engaging.

Concrete Application Example:



The information you provide on a product page should give a potential customer all the information they need to make a purchase. Unfortunately, the Curse of Knowledge makes it difficult to gauge how much you need to tell them and how much they already know.

For example, clothing retailers often give standard sizes in their product descriptions. This might seem like enough detail, but it does not tell customers what the corresponding dimensions are. Dresses are listed from size 6 upwards, but many people do not know how this relates to bust, waist and hip measurements. Trousers are sometimes described as S, M, L and XL without explaining how long, wide or skinny they are.

The Curse of Knowledge is one reason customers experience the Ambiguity Effect (Principle 25). To avoid losing conversions, ensure you provide enough information for anyone to make a purchase.

Sources and further examples:

Sources:

- Camerer, Loewenstein & Weber, 1989
- Newton, 1990

Further examples on this PRIVATE page:

www.smart-persuasion.com/curse-of-knowledge

Ambiguity Effect

(Ellsberg, 1961)

Description of the Principle:

The Ambiguity Effect describes the tendency people have to avoid options with unknown results, or about which they lack information. Decision-making is affected by a general bias against doubt and ambiguity. People tend to select options for which the outcome is more certain – even if it isn't necessarily the most advantageous outcome - because they prefer surer things. The concept is expressed in the proverb: "Better the devil you know than the devil you don't". It is therefore more likely that someone will choose to invest their time or money in an action for which they already know the outcome than in one with less certain consequences. In other words, people avoid doing things or making choices they know less about. This results in a reluctance to try new things and a limited ability to recognise the long-term benefits of riskier decisions compared to marginal gains from safer choices.

Why this Principle works:

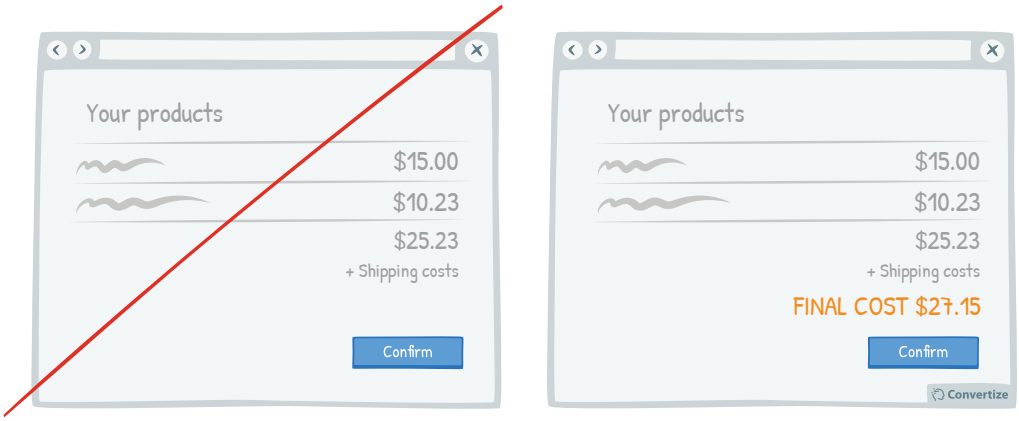
The Ambiguity Effect was first studied by Daniel Ellsberg in 1961, when he conducted an experiment now known as the "Ellsberg Paradox". The experiment offered participants the chance to play a game in which players blindly drew a ball from a box and guess its colour to win $20. They could choose to draw the ball from one of two boxes: one contained 50 red balls and 50 green balls, whereas the second contained 100 red and green balls in an unknown proportion.

The results showed that most people preferred to choose from the 50/50 box as, even though not knowing the distribution of ball colours in the second box meant they couldn't know whether 50/50 would be a more advantageous box for guessing. They preferred to make use of the information provided - even though it didn't necessarily increase the likelihood of them winning - than to go with the more ambiguous alternative.

How to use this Principle:

The Ambiguity Effect should be taken into account when devising your marketing strategy. If a potential customer knows less about your company than they do about a competing company, they are more likely to go with your competitor. This is simply because they will prefer an option that provides more certainty. Therefore, it is important to opt for a strategy that places importance on clarity and providing enough information to ensure that the Ambiguity Effect doesn't result in lost business.

Concrete Application Example:



Your customers want to have all relevant payment information before completing a purchase. If they feel unsure about what they are going to be charged, they are more likely to abandon the basket before paying.

Research has shown that people avoid proceeding with actions when the results are unknown, or when they don't feel they have enough information.

By displaying the final price in the shopping basket before the checkout page is reached, you will increase the chances that your customer will complete the purchase.

Sources and further examples:

Sources:

- Ellsberg, 1961

Further examples on this PRIVATE page:

www.smart-persuasion.com/ambiguity-effect

Extrinsic Motivation

(Deci, 1975; Deci & Ryan, 1985; 2002)

Description of the Principle:

The distinction between Intrinsic Motivation and Extrinsic Motivation was first looked at by Edward Deci in 1975. He later studied this subject in more detail alongside Richard M. Ryan in 1985 and 2002. They suggested that motivation can be defined according to the factors that provoke it. When motivation is induced by an external factor (reward, social pressure, approval of a third party, etc.) it is called an Extrinsic Motivation.

Inversely, Intrinsic Motivation comes from an individual internal factor such as personal interest or desire. For example, if someone exercises to clear their head and to relax, then it is due to Intrinsic Motivation.

Why this Principle works:

Depending on the context, either Intrinsic or Extrinsic Motivation can be more effective. Extrinsic Motivation is often most effective when engaging someone to complete a simple task. However, when the task is more complicated and might require more in-depth thought and creativity, this type of motivation has been found to be a hindrance. This was clearly shown during Glucksberg's experiment,

which was based on Duncker's famous cognitive test "The Candle Problem". In Duncker's test, first used in 1945, participants were shown into a room where they were presented with a candle, a box of tacks and a box of matches. They were then asked to attach the candle to a cork board and light it whilst ensuring that none of the wax would fall on to the table below. The solution is to empty the tack box, put the candle inside, use the tacks to attach the box to the cork board then use the matches to light the candle.

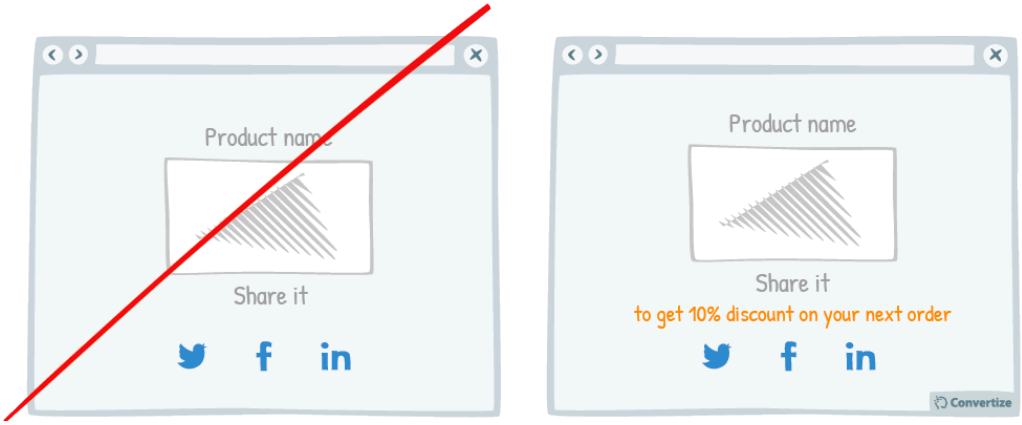
Tests on this have overwhelmingly proven that when the person is shown the tacks already outside of their box they generally come to the right solution relatively easily, whereas when the tacks are inside their box, more lateral thinking and creativity is required. The interesting aspect to Glucksberg's version of the experiment was the difference that adding an Extrinsic Motivation to these two test groups made. Participants were split into two groups: Group A was simply asked to complete the task as quickly as possible, whilst Group B was offered the following financial reward: the person who solved it quickest would receive $150 and others who finished in the top 25% of times would receive $40.

Within these 2 groups, half were shown the simpler scenario in which the tacks were already outside the box, and the other half, the more complex scenario. Results showed that in the simpler scenario, it was in fact Group B who performed the best. The extrinsic motivational tool of the financial reward was proven to be very effective for this simpler task. However, in the more complex scenario the results were reversed as Group B found the combination of time pressure and potential financial reward to actually *limit* their ability to think creatively and find the solution.

How to use this Principle:

This principle has many implications for persuasive strategies. For digital marketing, it is important to determine which type of motivation will be the most effective in persuading your visitors to complete an action (clicking a call-to-action, for example). If the requested task is simple enough, then adding some kind of incentive or other form of Extrinsic Motivation could help to increase conversions. If the task is more complex or asks for a higher level of attention and creativity, it is better to persuade customers by highlighting their own internal motivations (such as a sense of personal accomplishment).

Concrete Application Example:



Offering an incentive to your visitors to share your content or their purchases on social media will obviously increase the likelihood of them doing so. This incentive could be anything from offering a discount (such as the 10% shown in the image) or another tangible or symbolic reward. Studies have shown that this type of added motivation - called Extrinsic Motivation - is particularly effective in encouraging people to carry out small tasks. Providing these kinds of motivations for something simple, like a share on social media, is an effective strategy.

Sources and further examples:

Sources:

- Glucksberg, 1962
- Deci, 1975
- Deci & Ryan, 1985; 2002

Further examples on this PRIVATE page:

www.smart-persuasion.com/extrinsic-motivation

Cognitive Friction

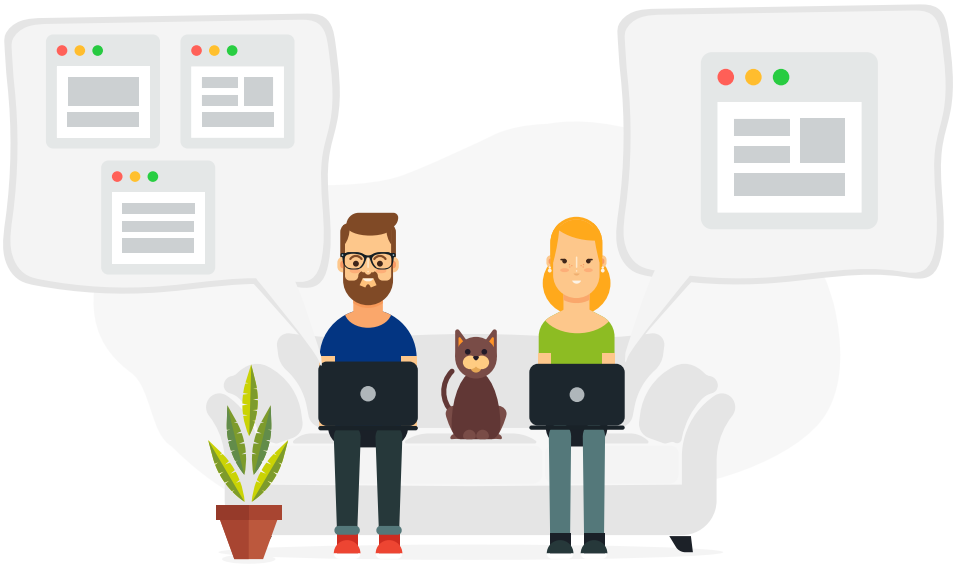
(Sweller, 1988)

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.

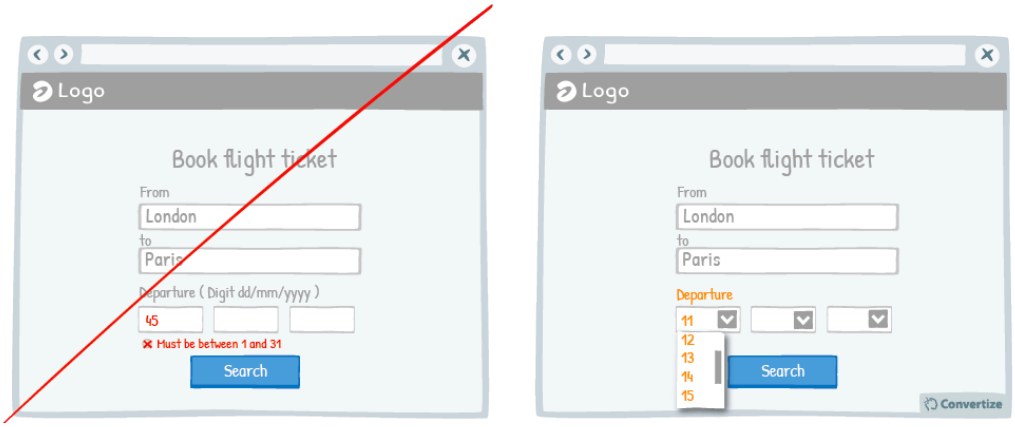


For example, studies have shown that the widespread use of laptops and cell phones in classrooms has generally reduced academic success. Indeed, it increases the distractions available for students (who will inevitably check Facebook and emails whilst also taking part in the class) which in turn increases 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.

Sources and further examples:

Sources:

- Sweller, 1988

Further examples on this PRIVATE page:

www.smart-persuasion.com/cognitive-friction

Motivating Uncertainty Effect

(Skinner, 1950; Moon & Nelson, 2014; Klein & Fishbach, 2014)

Description of the Principle:

Historical research has shown how people tend to avoid risk or ambiguity (eg. Ambiguity Aversion, Ellsberg, 1961; Risk Aversion, Tversky & Kahneman, 1979). However, more recent research (Moon & Nelson; Klein & Fishbach, 2014) has begun to suggest that uncertain rewards can actually be a strong motivator for completing a task. This is known as the Motivating-Uncertainty Effect. For example, imagine a competition where a task must be completed to win a monetary prize. In Scenario A the prize total is fixed at a moderate amount. In Scenario B it is unknown (it could be very small or very large). People are more likely to be motivated by the competition in Scenario B.

Researchers have found that this system of variable rewards makes the experience more exciting as we are stimulated by the unknown. This means we will be more motivated to complete a task where the reward is variable.

Why this Principle works:

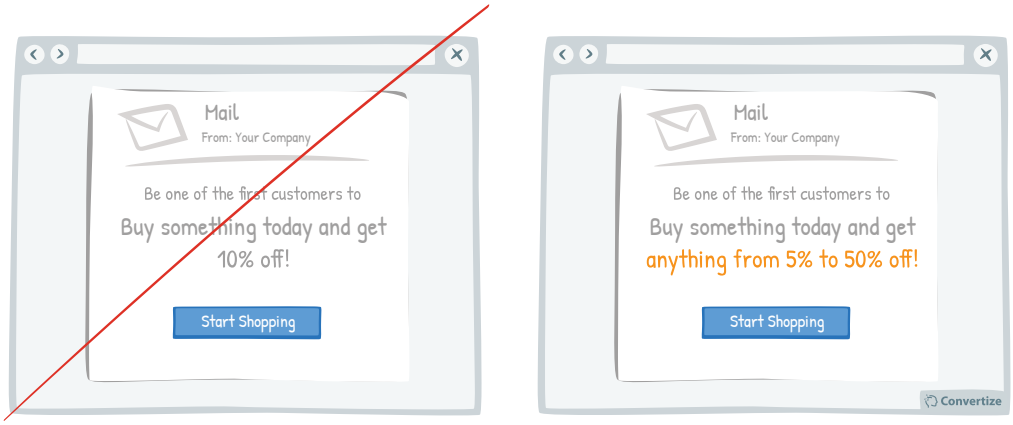
This principle can also lead people to have more interest in repetitive tasks. In the 1950s, the psychologist B. F. Skinner conducted a well-known experiment called "The Skinner Box". During this experiment, Skinner observed that lab mice responded most strongly to random rewards. The mice were presented with a lever to press, and a random outcome followed each time they did. Sometimes they would receive a small treat, sometimes a large treat, and sometimes nothing at all. The mice were shown to press the lever compulsively, becoming addicted to the unknown pattern of rewards.

In 2014, a similar experiment was carried out using people. Participants were asked to drink a large quantity of water in 2 minutes. Group A was told that they would receive a reward of 2 dollars for completing this task and Group B was told that they would receive either 1 or 2 dollars. The results showed that 70% of Group B (with the variable reward) completed the task as opposed to 43% of Group A.

How to use this Principle:

The Motivating-Uncertainty Effect can be used effectively in business and marketing. Offering uncertain rewards can be a powerful strategy for gaining and maintaining customer loyalty. For example, it is easier to encourage an online visitor to complete a desired action (buy, click, share, sign up, etc.) if this comes with an unknown reward.

Concrete Application Example:



If using an incentive to encourage visitors to your website to take an action like providing their email, it is better to provide a mystery reward than a clearly

defined one. The user will be intrigued by the unknown aspect of the task, and is more likely to be motivated to provide their email address than if the reward is obvious, like an eBook or a discount. This is because people want to resolve uncertainty where they encounter it.

Sources and further examples:

Sources:

- Skinner, 1950
- Moon & Nelson, 2014
- Klein & Fishbach, 2014

Further examples on this PRIVATE page:

www.smart-persuasion.com/motivating-uncertainty-effect

Choice-Supportive Bias

(Henkel & Mather, 2007)

Description of the Principle:

In cognitive science, Choice-Supportive Bias is the tendency to remember our choices as better than they actually were. This is because we tend to over attribute positive features to options we chose and negative features to options we did not choose. Individuals tend to think that because they chose an option it must have been the better one. As a result we feel good about ourselves and our choices, and have less regret for bad decisions.

Why this Principle works:

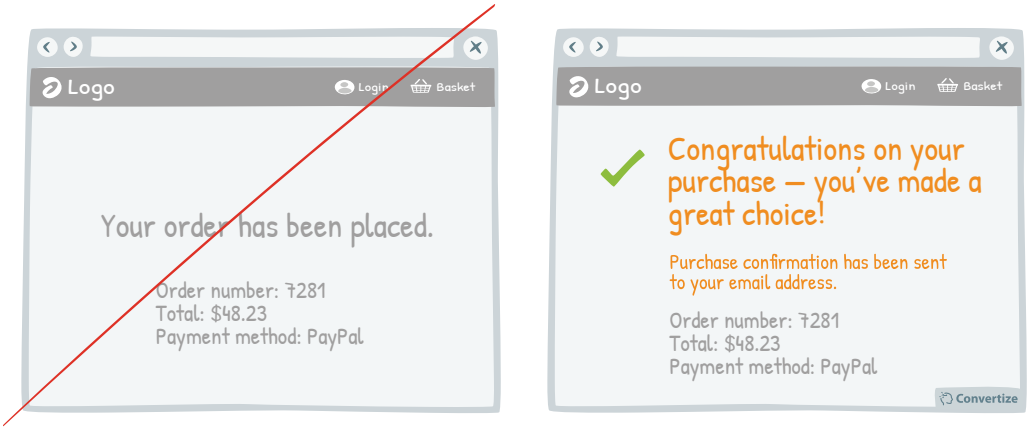
For example, Henkel & Mather (2007) conducted an experiment based on participants' choices over a number of sessions. They found that giving people false reminders about an option they had previously chosen led them to remember that choice as the best one. In the first session, participants had to decide between two used cars, each with a list of features (such as a radio, new tyres, air conditioning). In the second session, Henkel and Mather gave them a new list of features for each of the two options. Some new positive and negative features had been mixed in with the old ones. Next, participants were asked to indicate whether each feature (such as power steering) was new, had been associated with the option they chose, or had been associated with the option they rejected.

Participants attributed the most positive features to the option they had originally chosen, even those that were completely new and hadn't been attributed to either car in the first session.

How to use this Principle:

Choice-Supportive Bias has applications in digital marketing. You can use it to get your customers to attribute positive features to your brand and products, and even negative ones to others. One strategy could be to show previously visited pages and bought items to your visitors (in other words remind them that they have already "chosen" you). Another good practice can be reassuring customers on the choices they make to enhance their own Choice-Supportive Bias and result in greater post-purchase satisfaction.

Concrete Application Example:



Don't hesitate to congratulate your customers on their purchases. This repeated affirmation that they are making a good choice will cement feelings of positivity and satisfaction around their purchase. Furthermore, it will lead to more post-purchase satisfaction. Indeed, we tend to remember our choices as being good ones, as we like to convince ourselves that we have behaved correctly. Reinforcing this pre-disposition with affirmative messages and praise, which can be awarded to customers throughout the conversional funnel and in a post-purchase email, will ensure a higher post-purchase satisfaction and customer loyalty.

Sources and further examples:

Sources:

- Henkel & Mather, 2000

Further examples on this PRIVATE page:

www.smart-persuasion.com/choice-supportive-bias

Paradox of Choice

(Schwartz, 2004)

Description of the Principle:

The Paradox of Choice principle is explored by the American psychologist Barry Schwartz in his book *The Paradox of Choice – Why More Is Less* (2004). Schwartz shows how, instead of increasing our capacity to make a decision, an abundance of choice can often lead to feelings of anxiety, loneliness and depression. Even if we might think we'd be happier if given a larger range of choices, we actually make better decisions and end up happier and more satisfied when fewer options are presented to us.

Having fewer choices results in reduced consumer anxiety, as too many options can be overwhelming. Choosing just one from a large selection of desirable options can lead us to feel dissatisfied, as we become hung up on those other possibilities we missed out on. The more choices we are given, the higher our expectations become and the lower our eventual sense of accomplishment and satisfaction. It can even lead to "suspended action": where we are so overwhelmed by the choice on offer that we fail to make a decision at all.

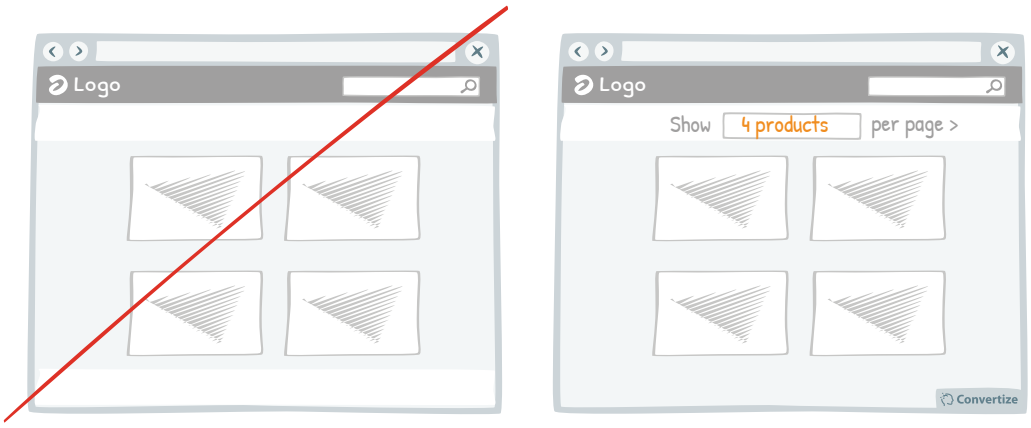
Why this Principle works:

This sensation should be familiar. Ever been on one of those Christmas shopping trips where you wander aimlessly without a set idea of what you need to buy? You usually end up not buying anything, having spent the whole time deliberating. Or, when you want to watch a movie with someone and you're both sat in front of the TV, scrolling endlessly through a video streaming service like Netflix. Even when you narrow down your choice by selecting a category, and are both able to discount some films that you've already seen, there are still dozens of options available. Not only do you not want to invest time in a bad movie, but you also don't want to unwittingly miss a better one, so you keep searching. You may even give up, deciding against watching a movie because the abundance of choice makes the decision too difficult!

How to use this Principle:

The Paradox of Choice is often applied in the world of sales and marketing, as it can greatly affect consumer purchase decisions. Whether shopping in store or online, customers can often be put off making that final purchase if shown too many products or if too much cognitive effort is required of them to make a decision. Under this cognitive pressure, customers will tend to either forgo making a purchase, or make a decision that will ultimately leave them feeling dissatisfied. It's therefore incredibly important to ensure that it is simple for your customers to make a choice, so that they don't feel overwhelmed and so their final decision is satisfactory for both them and you.

Concrete Application Example:



Adding an option to adjust the number of items displayed per page allows your visitor to feel more in control of how they spend time on your site. This will also allow them to adjust the layout to what they are most comfortable with. The more at ease they feel, the more trust they will place in your brand and products. Moreover, giving an option to reduce the number of products shown often leads to more satisfying decision-making.

Research has demonstrated that information overload leads individuals to reach less effective and satisfactory decisions than they would with less information or fewer options.

It is helpful to provide multiple different filter options. However, be careful not to overdo this and set a default option - you don't want your customers to feel overwhelmed by too many filter choices, too!

Sources and further examples:

Sources:

- Schwartz, 2004

Further examples on this PRIVATE page:

www.smart-persuasion.com/paradox-of-choice

Principle 31

Foot-in-the-door Technique

(Freedman & Fraser, 1966)

Description of the Principle:

The Foot-in-the-door Technique is the idea that it is more effective to start by asking people for something small, and then when they give it to you, you are in a better position to ask for something bigger. Indeed, Freedman and Fraser (1966) have shown that a small agreement creates a bond between the requester and the requestee. The person you ask acts according to the cognitive bias that they have to justify their agreement to themselves. Humans like to believe they have made all the right decisions, so they will convince themselves that they accepted the first request for a good reason. They will then feel obliged to act consistently with this reason by accepting a second and third request, and so on.

The phrase "foot in the door" originated during the heyday of door-to-door salespeople who would place their foot in the way of a closing door. With their foot literally in the door, the potential customer would have to listen to the sales pitch and this would potentially give them their way in.

Why this Principle works:

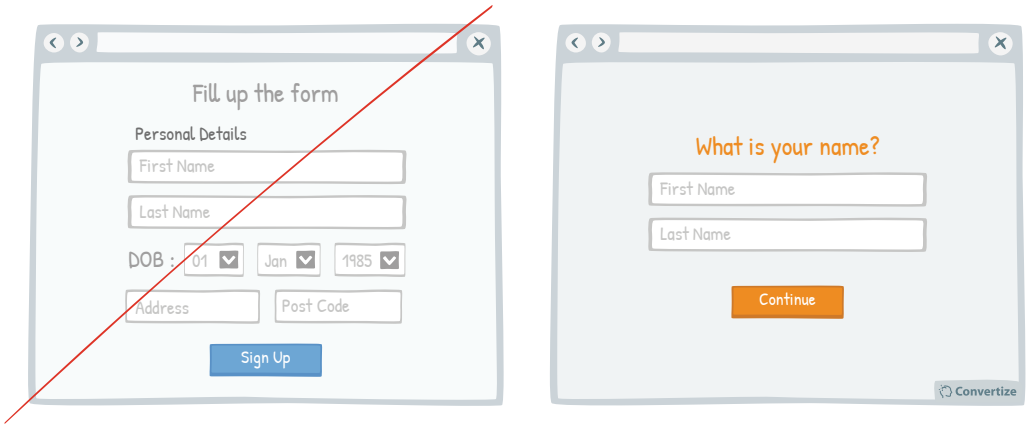
Freedman and Fraser conducted many studies that demonstrated this cognitive bias. In one of them, they asked people to place either a small sign in their car window to promote safe driving, or a small sign in a window of their house about

keeping California clean. About two weeks later, the same people were asked by a second person to put a large sign advocating safe driving or "keeping California clean" in their front garden. Many people who agreed to the first request also complied with the second, far more intrusive request.

How to use this Principle:

The Foot-in-the-door Technique also works as a digital marketing strategy. For example, you can begin by asking someone for seemingly unimportant information, such as their postcode or age (this should be a small request that doesn't cost anything, isn't intrusive and doesn't take too much time). Once the person has given this, they are more likely to agree to a larger request, such as registering online or signing up for a newsletter.

Concrete Application Example:



Making a form easy and fun to fill in will encourage people to complete it and convert. Starting your form by asking for a lot of personal information will annoy people and they are more likely to abandon the signup process.

Asking a simple question at first will help people become engaged and complete the form. You could ask them an easy question related to the registration process, such as: "How big is your team?" After they've done this you can move them on to the next stage of the form. As they've already become engaged, they are more likely to complete the process and convert.

Sources and further examples:

Sources:

- Freedman & Fraser, 1966

Further examples on this PRIVATE page:

www.smart-persuasion.com/foot-in-the-door-technique-fitd

Intention & Self-Regulation

(Gollwitzer, 1993;1999)

Description of the Principle:

Intention and Self-Regulation, first studied by Gollwitzer in 1993, suggests that planning how you will reach a certain goal will increase your chances of reaching it. In fact, Gollwitzer found it can double (or even triple) your chances of succeeding. Gollwitzer describes this as an "implementation intention", a self-regulatory stategy which follows this set wording: "If (such and such occurs) then (I will take the following steps...)". Framing your intention into this "if - then" formula makes you more likely to achieve it than simply relying on your motivation and desire. For example, we may be highly motivated to get rid of our bad habits or alter a certain behavioural pattern but still find it difficult to initiate these changes or indeed to maintain them.

Setting a precise intention or plan greatly increases the likelihood that you will act upon your motivations. This is because they are now connected to something precise, such as a deadline or an activity, increasing their tangibility and creating future triggers. You already have the mental representation of your future actions available to you ,which makes it much easier to actually carry them out. This type of implementation intention is particularly effective when used for long-term goals that can be difficult to get started on (such as losing weight, changing your diet, passing your exams or renovating your house).

Why this Principle works:

Several scientific experiments have proven the success of this Intention and Self-Regulation strategy. One of these, published in the *British Journal of Health Psychology*, studied the frequency with which three groups of participants (chosen at random with no criteria for initial physical health) exercised over a period of two weeks. Each group was given different instructions before starting: Group A (witness group) was given a random text to read (not to do with sporting activity at all) and told to keep track of any exercise they did over the 2 week period. Group B (motivation group) was given a text on the benefits of sport and the dangers of not exercising regularly and then asked to keep track of their exercise levels the same as Group A. Group C (intention group) was not only given the same text as Group B to read but was also asked to say out loud how often they intended to

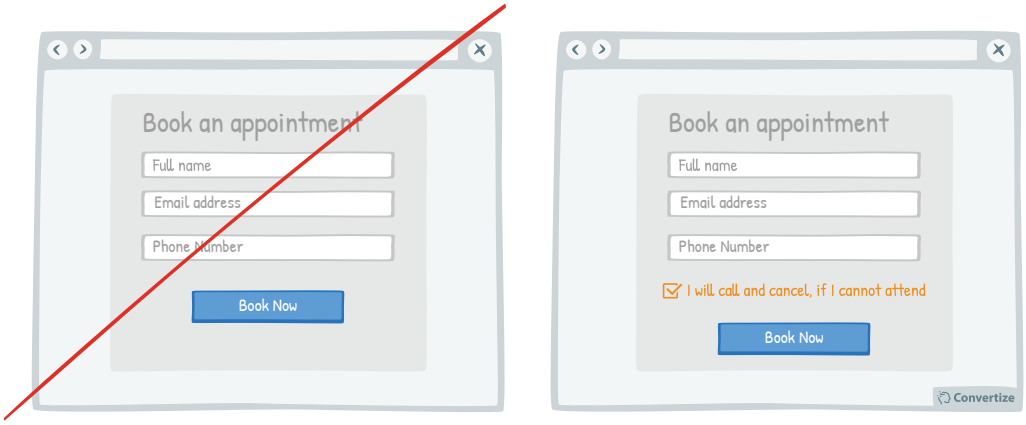
exercise over the following 2 weeks.

The results showed that 91% of Group C (the intention group) exercised at least once each week, in contrast to 35% of Group B and 38% of Group A. This suggests that motivatation is not a strong predictor of success. However, setting a solid intention will give you the best chance of carrying out an objective.

How to use this Principle:

This principle has numerous professional applications, whether to help your business reach certain goals or indeed to encourage customers to act (or react) in a certain way. For example, to encourage people to achieve their fitness goals, you could provide them with a clear set of instructions (like a list of exercise regimes for them to follow).

Concrete Application Example:



In several studies Dan Ariely has shown that if patients are asked to confirm that they will call and cancel if they cannot attend, they are not only more likely to do so but also less likely to miss their appointment. A simple opt-in box added to your booking page could be enough to regulate attendance and prevent cancelations.

Sources and further examples:

Sources:

- Gollwitzer, 1993; 1999

Further examples on this PRIVATE page:

www.smart-persuasion.com/intention-and-self-regulation

Autonomy Bias

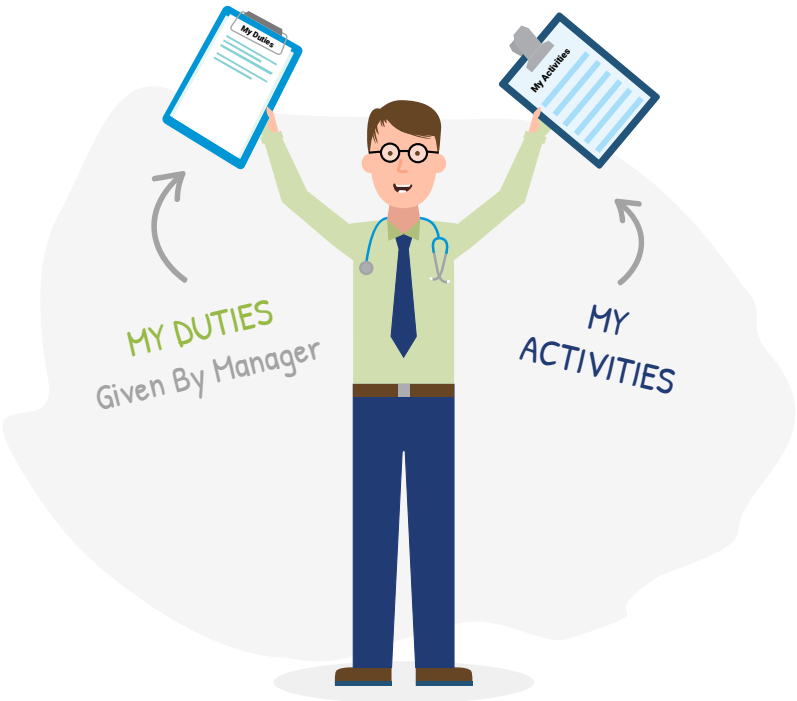
(Deci, 1971; Ryan, 2008)

Description of the Principle:

The Autonomy Bias is part of the theory of Self-Determination studied by Deci (1971) and Ryan (2008), which explores the degree to which an individual's behaviour is self-motivated. Autonomy Bias is our universal and innate need to be agents of our own lives. We have a need to make our own choices and to have the ability to implement these choices by our own free will. This includes deciding what we do, how we do it, when we do it and where we do it. A high level of perceived autonomy comes with feelings of certainty, reduced stress and a high level of 'Intrinsic Motivation'. These all increase the likelihood of persistent behaviour. We especially don't like to feel coerced: it undermines this Intrinsic Motivation and we become less interested in doing something.

Why this Principle works:

Studies have shown that restrictions on our autonomy lead to dissatisfaction. For example, one study revealed that the greatest source of dissatisfaction amongst doctors wasn't having to deal with insurance companies or the piles of paperwork but rather a lack of control over their daily schedules.

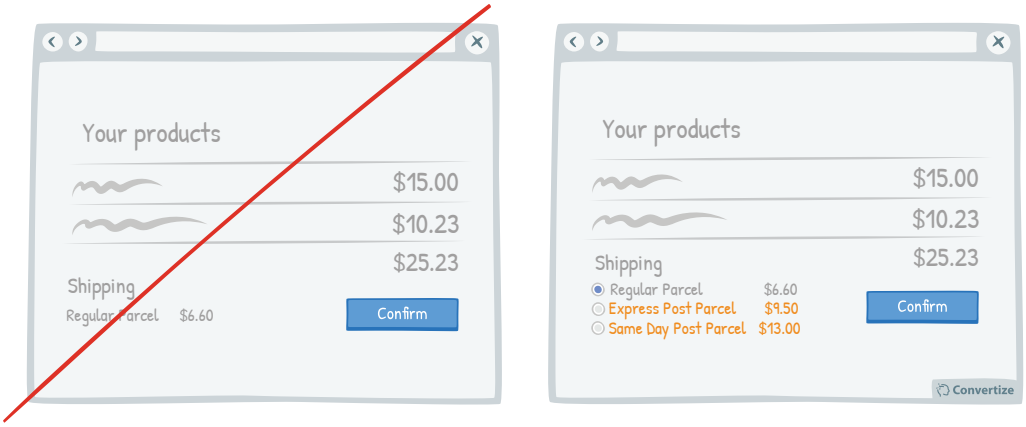


Studies also show that even altruistic actions (normally shown to increase positivity and well-being) will fail to produce these positive feelings when they're coerced.

How to use this Principle:

Autonomy Bias has applications in management and marketing. It can be a tool for motivating employees or customers to get the best response and engagement from them by knowing when and how best to award them autonomy.

Concrete Application Example:



Offering multiple delivery options is important both to offer choice to the customer but also for the possibility of further profit made on that purchase. Customers like to have a sense of control over their purchasing and different delivery options are always appreciated. Research has shown that we are drawn towards immediate gratification and so the possibility of quicker delivery time may be the factor that encourages them to complete their purchase. It will also add another profitable element onto the purchase for you.

Sources and further examples:

Sources:

- Deci, 1971; Ryan, 2008

Further examples on this PRIVATE page:

www.smart-persuasion.com/autonomy-bias

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 in Economics 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 thier ideas: test them. Halpern suggests that 2 out of every 10 exeriments 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

» *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*