

The surprising way that convenience and certainty drive decisions

Image courtesy of www.gq.com

This is the next article in a short series on how behavioural economics and 'being human' affects your business.

I stopped going to one of my favourite restaurants recently. Nothing bad really happened. The food has always been great, and the people have literally become friends over the years. So what went wrong?

In their 'wisdom', the municipal authorities decided that they were going to build two seriously difficult speed humps in the suburban road where the tiny strip mall (which contains a total of nine stores) is located. Never mind that there are an estimated 40 million potholes in South Africa, they decided that they would further inconvenience citizens by building these.

I asked four of the store owners or managers if they knew anything about this, or had even perhaps requested this, so that people crossing the road could do so more safely. They were just as mystified as I was. Indeed, the owner of my favourite restaurant reported that he had actually seen that the number of customer visits had reduced in the past six weeks.



Customers hate being inconvenienced and are notoriously fickle when they are hassled. One famous fast-food brand estimated that they lost turnover of around R200 000 every month because the franchisee wasn't patient enough to wait six months for the site on the corner to become available. His store was literally two shops down – and he paid a hefty price for that, because customers just didn't want to turn into the side road off the main road.

And speaking of fast food, did you know that Usain Bolt once got a little ill from eating street food just before an Olympic event? He vowed then that he would never jeopardise another race by eating food that was dodgy – and for a week before every major athletic episode, he eats nothing more than ... Chicken McNuggets!

Here is someone who has an almost perfect body, a temple of physical beauty, and he 'pollutes' it with an estimated 1 000 nuggets before each race.

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Why? Because McDonalds has never presented itself as a gourmet restaurant with a Michelin Star. Instead, one of its key values is on hygiene. Not many people get a stomach ailment from them, while many people get ill in fancy restaurants.

My doctor moved premises from the ground floor to the first floor in the same building – and with stairs and a lift, but saw his patient visits drop. Everything in the practice was better ... new décor and nicer waiting area. The staff were more enthusiastic with their new surroundings, but it became a schlep to go up one floor.

And how often have you driven past your own favourite retailer, found no parking first time round, and then driven straight out again. The same happens when supermarkets and retailers rearrange their products from their familiar places on the shelves into 'more convenient' aisles. The resistance from customers is not proportional to the small changes.

Now, it would be easy to blame this on human laziness, but it is far more deep-rooted, instinctual

and psychological than that. As I've said before, your customers may be reading your content on the most sophisticated devices ever invented, but you are working with software that is around 400 000 years old – the human brain. They aren't logical like economists, engineers and other scientists.

In a world where we are bombarded with literally thousands of inputs and stimuli every day, it's impossible to keep in touch with all of these in order to respond to each one separately. So we have developed shortcuts and 'heuristics' to cope. (Awful word, by the way.)

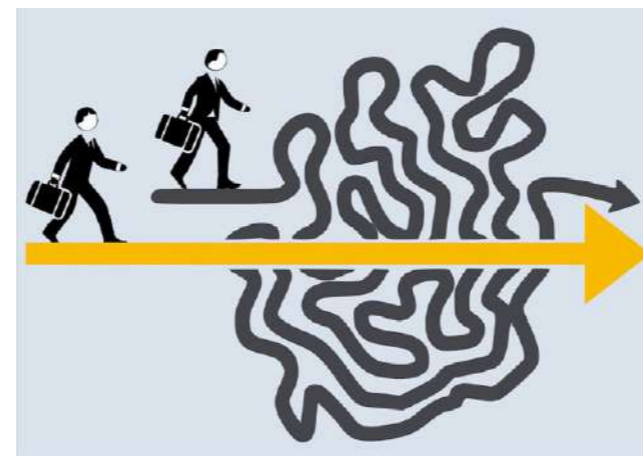


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Heuristics

Heuristics are defined as "mental shortcuts that can facilitate problem-solving and probability judgments. These strategies are generalisations, or rules-of-thumb, that reduce cognitive load. They can be effective for making immediate judgments. However, they often result in irrational or inaccurate conclusions."

From The Decision Lab.com

Here's an example ... you are walking down a dark alley and you see someone wearing a hoodie approaching you. Your immediate reaction is to

anticipate danger and you prepare yourself for an attack, or to run away. It's not rational, but that is your inevitable response to the perceived menace. As you walk past each other, he flashes you a warm smile and you feel a bit stupid for overreacting. Still, you can't be too careful, can you?



Image : www.britannica.com/



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On a somewhat less anxious level, however, we don't like uncertainty, randomness and confusion. There's a famous case study carried out in the UK where they discovered that most rail passengers don't like waiting for trains when they don't know when the next train is due. They prefer to wait 10 minutes for a train, knowing that it will be there in 10 minutes, rather than wait half the time and not knowing.



They express higher levels of satisfaction, which sounds really weird. So, one of the greatest added-value services that the London Underground introduced was not more trains or more frequent journeys, but a small digital light board that announces, "Next train in 6 minutes." It probably cost a fraction of the price of introducing more trains but worked even better.

Here's another favourite example: you and I have been able to order a taxi by phone for more than 100 years now, but before Uber it was a stress-filled process. Once you put the phone down, a number of questions came to mind. Did they get my address right? Is he here, but waiting around the corner because there was no parking? Maybe he's already gone? Am I going to miss my flight?

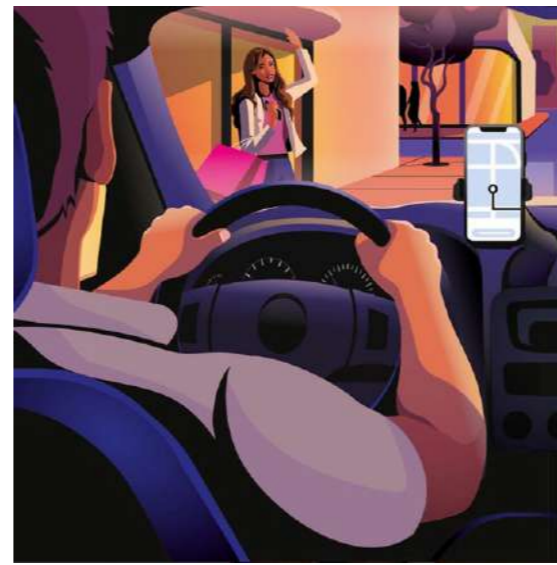


Image courtesy of www.uber.com/

But Uber changed all that by creating certainty. Research shows over and over again that reliability and human happiness are directly correlated with each other.

Remember that we always assume that we can only increase value for customers in the factory

(with enhanced features or improved quality, for example) ... or in the board room (with added discounts, for example). But in reality the best place to add value is in the human mind. The moment you can change their perceptions about your offer and your service, you get them on your side.

Oh, and it doesn't have to cost a fortune. In fact, it could be really cheap or even free! **SR**



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