

Fresh starts can lead to better profits

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

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Visual: Julos, canva.com

Take a quick guess ...

In which month of the year are most old-style alarm clocks sold?

If you said the beginning of a new year, you're right, because this is the time of the year when people are determined to make transformations in their lives. Yes, new year's resolutions may not last long, but they do lead to great buying patterns – for your business.

In the world of marketing psychology it's called, 'The Fresh Start Effect', and was first introduced by Katy Milkman in her book *How to change: The science of getting from where you are to where you want to be*.

There are some pretty obvious things that people buy at this time of the year – back-to-school and back-to-work products, like stationery, diaries and journals, planners, productivity apps, storage solutions and even self-help books all see increased sales as people organise their lives and plan their objectives for the year ahead.

And it also leads to similar actions at home ... customers purchase more home improvement and decluttering products increase as they aim to revamp their living spaces and adopt a minimalist lifestyle. Storage bins and even storage units are purchased too. It's reported that even scented candles and aromatherapy products increase in popularity.

Customers buy healthier foods, special vitamins and supplements, and wholesome cooking books. Sales of gym memberships and peripheral products such as fitness trackers, yoga mats, weights, and meditation and sleep apps soar.

Many quirky and even eccentric products capitalise on the enthusiasm for new beginnings. The opposite also occurs ... it is also the time of year where many product purchases reduce by a lot – like booze, for example.

Savvy businesses have also successfully linked many events in their customer's lives to their willingness to buy. Some are simple ... you've

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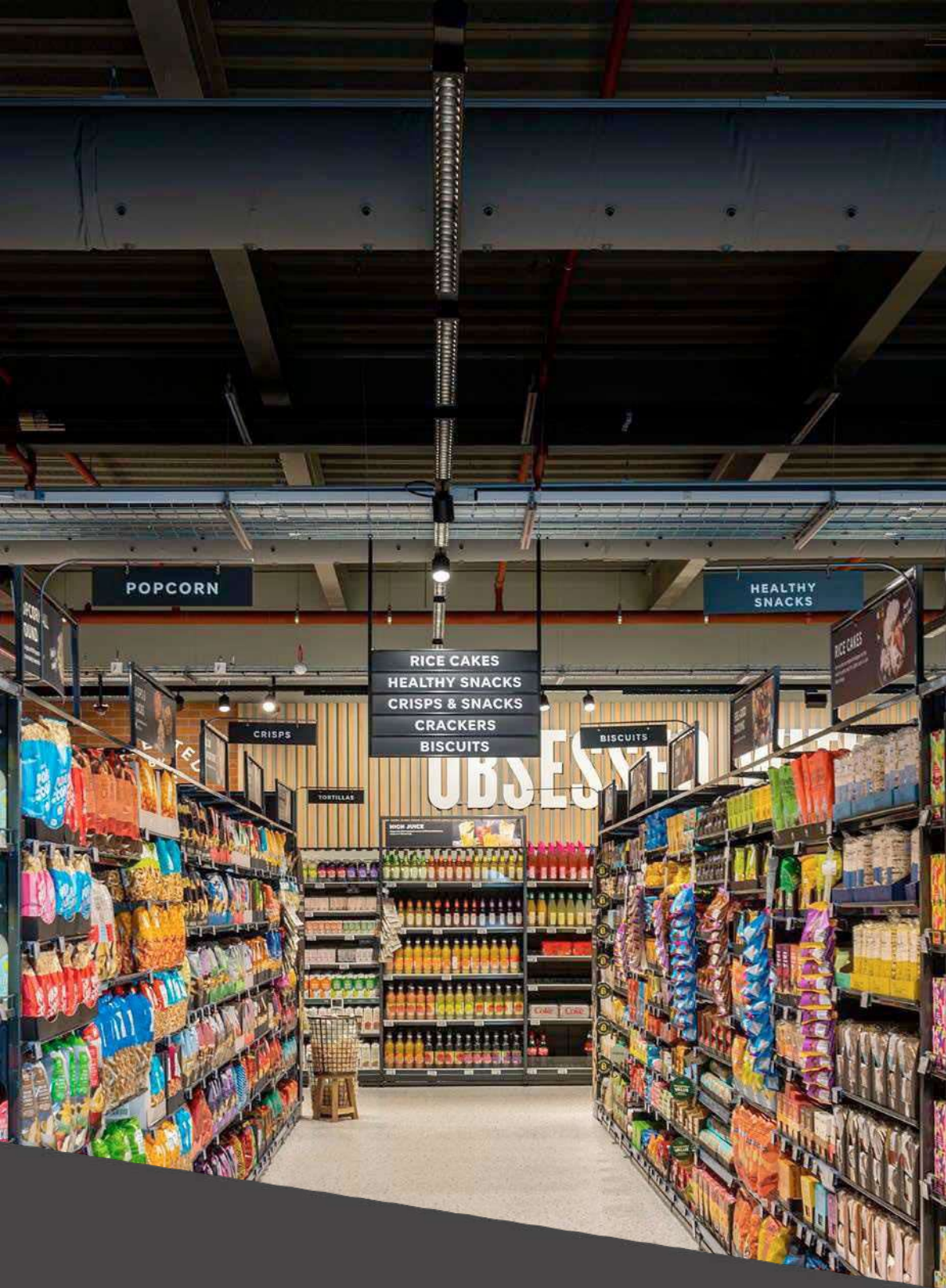


The theme of new year creates new thinking in people ... and savvy companies can respond very profitably.

probably already noticed that certain products sell better on Monday or Friday, or at a particular time of the month. And then there are all the special occasions like Valentine's Day and Mother's Day. Every month seems to have something to celebrate.

But there are also subtle ways to encourage people to add things to their cart – if you also know that their propensity to buy and to change their habits happens when they are personally motivated because a new time period starts in their lives. That's where the Fresh Start Effect can play a huge role.





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The Fresh Start Effect

A psychological phenomenon that refers to the increased motivation and renewed energy that people often feel at the start of a new time-based milestone. This renewed energy and motivation can be harnessed to improve our lives and help us achieve our goals.

Definition courtesy of The UX Collective.

Changing habits is hard at the best of times, as failure to stick to new year’s resolutions shows us, but at certain milestones in their lives, your customers experience a new beginning as an opportunity to distance themselves from past failures and shortcomings, to wipe the slate clean, so to speak, and to make those changes to improve themselves. The 1st of January marks a new year, and it is when there is always a great stimulus to do this, but there are also others.

A fresh start leads to a psychological reset, with people experiencing a rekindled sense of optimism, self-efficacy, and motivation. The effect is also associated with landmarks at certain times in people’s lives, which serve as points of reference that people use to organise their lives and set goals for the future.

Thus, certain life events have the ability to do so. Moving into a new home, graduating from school or an educational institution, getting engaged or married, having a new child, or approaching retirement are all great examples. Starting a new job could do the same. In fact, some studies have even shown that anniversaries can have a similar exciting effect.



Katherine Milkman, PhD, is a Wharton School Professor of Operations and Information Management and a Senior Fellow at Penn’s Leonard Davis Institute of Health Economics (LDI). <https://magazine.wharton.upenn.edu/>



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Another possibility is what is known as ‘Nine-enders’ – those moments in our age that end in a 9. Reaching a new decade on ones 40th birthday is such a moment, where we take some time to reflect on our lives.

The marketing implications for your business are really clear, and if you want your customers to start new habits, you can target them through decent messaging and special offers. Imagine if you could

somehow tap into what’s happening in their lives at some important event or experience.

Of course, the really skilled businesses take this one step further: Do you think that you could reframe an indifferent moment into a fresh start? They may not be aware of anything special happening, but you could point out something to them that they may find appealing.

“Today is the first day of summer,” could be a simple possibility if you sell pool chemicals, or “with the first day of autumn you may be thinking of stocking up on a good stew.”

A fresh start can act as a powerful trigger for your best customers, and if you know even a little bit about them through your loyalty programme information, you can increase your sales substantially.

What happens is important, but when it happens can also be huge. Don’t let this magic opportunity go to waste. **SR**



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