

Hindsight bias from psychology of marketing ... Post rationalisation

How behavioural economics and 'being human' affects your business.

By Aki Kalliatakis

We humans have the tendency to convince ourselves that we accurately predicted an event ... but only after the event occurs.

It's a systematic error called hindsight bias, or the "I-knew-it-all-along" effect, and it affects how we view the past ... but also how we view the future: We convince ourselves that we knew what was going to happen, and then we start to think that we can predict other events. This can lead to overconfidence, which often leads to unnecessary risks and poor decisions.

Here's an obvious example ...

“Before going out of business, 77.3% of entrepreneurs believed that their startup would become a success. However, after the startup failed, only 58% said they had originally believed their startup would be a success.”

“I told you!” or “I knew that would happen!”
Ever heard people say things like this right after something remarkable happened?



Marketing psychology is the practice of aligning your content, communication, and strategies with the many predictable, often subconscious, human behavioural patterns that have been identified through experimentation and research.

There are two reasons we fall for this bias ...

We need a predictable world. Our brain doesn't like unexpected outcomes because they trigger stress and negative emotions.

We want to protect our ego. Research shows that when the results of people's own choices were positive, decision-makers showed hindsight bias ("I knew I would succeed"). When the results were negative, decision-makers did not show hindsight bias.

Leveraging hindsight bias can help marketers create messages that resonate with their audience ... but also create pleasant post-purchase emotions that keep customers coming back and incentivise word-of-mouth. Let's see how that might look in practice...

NOTICE OF THE 2024 ANNUAL GENERAL MEETING



The Wholesale and Retail Sector Education and Training Authority (W&RSETA) hereby gives notice to its constituent organised employers, organised labour, community-based organisations, and other key stakeholders within the Wholesale and Retail Sector for the 2024 Annual General Meeting (AGM). The AGM will be convened in accordance with clause 15 (1) (c) (d) of the W&RSETA Constitution to consider and adopt the following mandatory documents:

- Annual Report of the Accounting Authority's Affairs for 2023/2024
- Audited Annual Financial Statements of the Accounting Authority for 2023/2024
- Report of the Auditor-General on the Accounting Authority for 2023/2024
- The W&RSETA Strategic Plan (2020/2021 – 2024/2025), Annual Performance Plan, and Budget (2024/2025) for recommendation and approval by the Director-General of the Department of Higher Education and Training.

The AGM will be convened as follows:

Date: 17 October 2024

Venue: Century City Conference Centre, Cape Town, Western Cape

Time: 16H00 for 17H00

Registration: 16H00

RSVP by 10 October 2024
at events@wrseta.org.za



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Three tactics for using hindsight bias

Educate to reduce regret.

For high-priced and high-commitment purchases, offer resources that help potential customers make informed decisions.

By providing clear information, you can reduce the risk of buyer's regret. Later, when they reflect on their purchase, their hindsight bias will work in your favour. They'll be more inclined to think, "I knew I made the right choice," which can lead to positive word-of-mouth and increased brand loyalty.

Your product performance will impact hindsight expectations.

Before buying your product, consumers will predict the performance of your product. But after experiencing the product, their hindsight expectations can be distorted by the product's performance. Generally speaking, expectations of consumers will be higher when the satisfaction is high, and lower when the product quality is poor ... regardless of their initial foresight before buying the product.

Lesson? Don't be too humble. If you usually tone down your promises to avoid disappointing customers, try making bigger claims. Users will adjust the expectations they had about your product before buying based on the experience they get.

Remember, though: "Don't be too humble" does not mean you're allowed to scam people.



At its core, colour psychology is based on the principle that colours can psychologically impact viewers, affecting their mood and purchasing decisions, due to the way our brains process colours and the associative connections we have with them. Colours are often associated with feelings or ideas. For instance ...

Warm colours like red, yellow and orange can create feelings of warmth and comfort but can also stimulate and energise the viewer. These colours often grab attention quickly, making them useful for calls to action or during clearance sales.

Cool colours such as blue, purple and green typically create a sense of calm and trust. Banks and healthcare companies frequently use them to promote safety and reliability. www.husamjandal.com/psychology

Reinforce their past hindsight predictions with customers' stories

Chances are that your customers tried other solutions before yours. And if they're still looking for a solution like yours, they have probably been disappointed in the past. Use testimonial stories to remind them of past painful situations where they wished they acted differently or wished they acted sooner so you can motivate them to buy your product now. **SR**

<https://thedecisionlab.com/>



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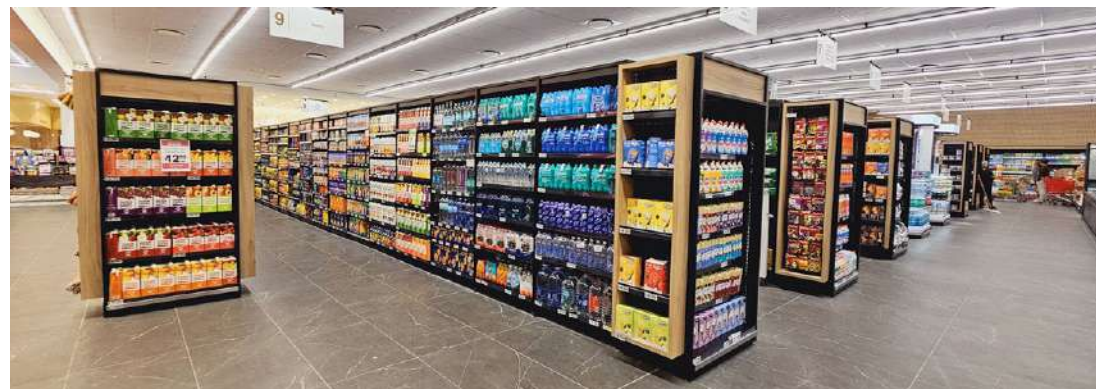
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