

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

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If I throw an egg to you from a short distance away, there's a good chance you could catch it safely. Now what if I added another one? And a third one? You may succeed with one egg, but your chances of catching six eggs without breakage are at best remote, at worst extremely messy and embarrassing.

That's what it's like in the world of retail ... whether it's an overwhelming choice of products, or a flood of advertising and promotions, or even a new set of rules that are downloaded from head office, it's hard to keep up with all the changes. Your primary job is to simplify things for your customers and for your team, because no matter how much extra value you may feel you are giving, you have to remember that, as Simon Sinek put it, "Value is something that people feel, not something we tell them they get."

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When an egg is more than just an egg



“Value is something that people feel, not something we tell them they get.”

Simon Sinek

Added value for people comes in so many different ways that it's hard to actually keep up with it. There are literally thousands of actions a business can take to do something nice for customers. Just as I was finishing this article I was visited by a security technician who was ostensibly there to replace a battery for my gate motors. He could have walked in, done

his work, sent an invoice and everybody would be happy.

But he didn't. First he was friendly and courteous, and asked if I had the time for him to show me something.



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He opened the 'black box' and explained how it was laid out, and how things worked. He showed me how to self-diagnose the problems if they came up, and even demonstrated how easy it is to replace the battery.

"It's probably cheaper for you if you go buy one next time and just do it yourself," he said, knowing full well that he was potentially losing easy business in the short term. But what he gained was something even more important ... an immediate commitment to upgrade my system – and even more important than that, my trust and sense of reassurance. Truth be told, I'm just eagerly waiting for someone to ask me if I had a good security techie that I could recommend so I can share him with my friends.

Although this kind of thing doesn't happen often, it does happen once in a while. For example, my local builders' merchant spent 15 minutes telling me how to install a diamond mesh fence so that my neighbour's pit bulls couldn't come into my home. And my favourite butcher taught me exactly how to make biltong the way I like it, and without building a huge and expensive contraption.

Gifts to customers don't only come in the form of physical presents like the 'baker's dozen', or 'buy 15 get 1 free', but also in terms of some great advice and tips too. In some cases, counter-intuitively, they also involve extra effort from the customer, but that in itself is what makes them special.

I remember when my kids were young, and the local pizza shop allowed kids to make their own



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Ernest Dichter recognised that cake mix sales could be increased by exploring housewives' emotions towards their families – just by adding a fresh egg, it took away their feelings of guilt of "not doing enough."



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pizzas. The results were usually a disgusting mess, but they loved it anyway because it was something they had built themselves. It's also why we prefer to personally wrap the presents we give to the people we love. The meaning lies in the act of doing something special.

We've also all heard the case study from General Mills where the pre-mixed cake products launched in 1947 started to sell very well. They offered convenience, they were tasty, and almost fool proof, and sales between 1947 and 1952 doubled. Nothing too disappointing in that.

However, somewhere around 1956 and 1960 the growth did not continue to rocket as anticipated. Debates amongst the marketing people went backwards and forwards.

Enter Ernest Dichter, a market researcher and psychologist who finally had the idea of observing mostly-ignored housewives, and even asking them



<https://www.generalmills.com/>

about the use of pre-mixed cake. After exploring their emotions and motivations around baking cake for their families, he reported that the very simplicity of mixes – just add water and stir – made women feel self-indulgent and guilty. There wasn't enough effort involved in doing something special for their families.

His suggestion was to add one more step – add fresh eggs – and then stir and mix, and sales took off again. Leaving out the dehydrated eggs made the world of difference. (There were also reports that the use of fresh eggs also changed the flavour of the cake to make it less 'eggy' and the cakes also tended to stick less in the pan. Customers thought it was a better cake.)

Many analysts have explained this phenomenon, but they all come to the same conclusion ...



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When you are personally invested into a process, when you participate more, you tend to be more motivated and committed. The key innovation was not the adding of a fresh egg or two, but rather the repositioning of baking and domesticity ... all the reward and pleasure, but without the fuss of baking everything from scratch. Appearance was everything.

And then, for the 'wrapping'. The housewife could also create her own masterpiece with different shapes, and your own frosting, glazes, icing and trims.

So what is it to be ... should you make your customer's life so effortless that they almost have to do nothing to get the rewards? Or should you



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at least get them to invest a little more of themselves and participate a bit more in the process? As usual, the answer is very much, "it depends."

So while I love saving time and money by not having to physically go shopping – a chore for most men at the best of times – and I don't want to discourage your business from doing home deliveries, it's also a good idea to consider the ways in which you can involve your customers in a bit of extra effort to give them a feeling of accomplishment once they are done. **SR**

Aki's Biltong, anyone?



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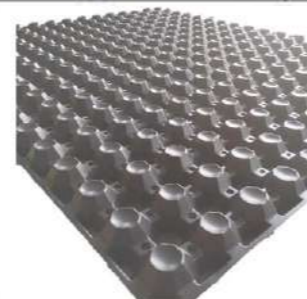


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