

Influence and Persuasion

Presented to Karaz w Laimoon

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Introduction

- Increasingly complex world
 - To cope, we revert to simplifying *rules of thumb*
- Automatic response to a trigger
 - Turkey mother
 - Jewelry marked down by $\frac{1}{2}$

The Magic Trigger

How many of you would agree to let someone get ahead of you in a line to make copies at a photocopy machine?

“May I get ahead of you

- A) because I'm in a rush
- B) I only have 5 pages to copy
- C) because I have to make some copies

“May I get ahead of you

- A) because I'm in a rush: -----94%
- B) I only have 5 pages to copy: -----60%
- C) because I have to make some copies:---93%

Contrast Principle

- Light /heavy
- Suits, dresses and accessories
- Buying a car
- Real estate

Principles of Influence

1. Material self-interest
1. Reciprocation
1. Consistency
1. Social Proof
2. Liking
1. Authority
1. Scarcity

Each triggers an ***automatic*** behavior. Shortcuts are practical and often right. They are ***weapons of influence and persuasion*** – often more powerful than using logic

Reciprocation

- Rule: Repay in kind what another person provided us
People feel *indebted* to those who do something for them or give them a gift
- Examples:
 - Bottle of water
 - Political donations
 - Supermarket: Free samples
 - Waiter tips

Not about *what* you give but *when* and *how* you give

Give something (first): information, free samples, an *unexpected* gift, a favor, a positive experience,.. and they will want to give you something (more) back

Reciprocal Concessions

- Rule: If you make a concession, I then owe you a return concession
- Examples:
 - Boy scout tickets
 - Discount on car or suit

Implications of Reciprocation

- Be the first to offer help
- Leverage your *social capital*
- Give appreciation *explicitly*
- When in a position of power

Commitment and Consistency

- We seek to be consistent
 - Consistency is a useful shortcut
 - Consistency with past behavior
- **Consistency** is reinforced through **commitment**
 - Commitments sought often start with small ones
 - Commitments are most effective in changing behavior when
 - Active
 - Public
 - Effortful
 - Own choosing

Commitment and Consistency – Solicitation Examples

- Would you spend 3 hours raising \$ for Cancer? Most say yes
 - 2 weeks later: 7X increase in volunteers
- Cookies for Hunger Relief. “How are you feeling today”
- People keep appointments if asked to write the appointment themselves, or repeat it out loud on the phone
- People asked to put a huge sign on lawn “DRIVE CAREFULLY”
 - **A:** 17% accepted (base case)
 - **B:** 76% accepted (2 weeks earlier: small sign on door “Drive Carefully”)
 - **C:** 50% accepted (2 weeks earlier: Sign a petition “Keep CA beautiful”)

Commitment and Consistency - Business Examples (1)

- Selling toys after Xmas
- Write it down and tell others
 - Sales people write goals
 - Diet and substance abuse - commit, publicly
 - Dr. reduced missed appointments by 20%
- Getting input: ask people to write their suggestion anonymously
- Get commitments for action at end of meetings

Commitment and Consistency - Business Examples (2)

- Testimonials
- Escalation of Commitment
- Auction

Anchoring and Consistency

- Once we buy a new product we become *anchored* to that price. The **initial price** may be **arbitrary**
 - *Starbucks*

“Halo Effect” and Consistency

- After 9/11 Bush’s ratings improved. Handling of *the economy* rose
- Difficult to independently measure separate features.
The *Halo effect* helps us create and maintain a coherent and consistent picture
- We grasp information that is **relevant, tangible and appears objective**, and then make assumptions about vague features
 - Job interviews influenced by applicant’s University
 - Impacted by brand or quality of packaging
 - Invest in GM stock because “*they know how to make cars*”
 - Good financial performance “implies” good management
 - Making a good first impression creates a “*halo effect*”
 - Expertise in one domain doesn’t translate to another

Social Proof or Consensus

- “95% of people are imitators and only 5% are initiators”
 - To determine what’s right we find out what (many) others think is right
 - More influenced by the action of others (similar to us) than by logic
- We assume that if a lot of people do the same thing, they must know something we don’t. But crowds can be wrong
 - Buffalo
 - Drivers shifting lanes
 - Speculative bubbles

Social Proof-Examples

- Canned laughter
- Bartenders “salt” tip jars
- Nursery kids play with a dog
- A child will swim with no ring
- People tip street musicians
- Suicide copycats of similar ages
- People avoid helping others in distress

Social Proof - Business Examples

- Advertisers/salespeople: “fastest growing” or “most popular”
- Testimonials from satisfied customers
- *Herd mentality* in fashion or stock market

Why Would You Conserve Energy?

1. It helps the environment
1. Protects future generations
1. Saves you money
1. Many neighbors already conserving energy

Hotels Reuse Towels

- Hotels try to influence guests to reuse towels for environmental reasons and to save money
 - When guests are given environmental reasons 35% comply
 - When told that 75% of hotel guests reuse towels 44% comply
 - When told that 75% of hotel guests in this room reuse, 50% comply

Social proof more convincing than environmental arguments.

Comments on Social Proof

- People are motivated to avoid behaviors of those groups to which they don't want to belong
- When we observe that our peers have violated a social norm we are also likely to violate a related norm
 - Litter increases theft
 - Disorder may cause laziness
- More effective for people to see someone pick up rather than assume the place is “naturally” tidy

Liking

Prefer to say “yes” to someone we know and like

- What makes us like people?
 - **Physical attractiveness**
 - **Similarity**
 - **Compliments**
 - **Familiarity and Frequent Contact**

Example of Tupperware (T)

A T party starts every 2.7 seconds. Sales \$1B per year

They engage many principles of *persuasion*

- To start, everyone chooses a prize-----Reciprocity
- Then each describes publicly T benefits----Commitment
- Once buying begins, others follow-----Social Proof
- Buying from a friend, not a salesperson----Liking
- Next month, I have to go to Asma's party--Reciprocity

A well thought out package!

Authority

- Taught from childhood that obedience to proper authority is good and disobedience is bad
 - Parents, teachers, religious authorities
 - Adults know more and control punishments and rewards
 - Authority figures have superior expertise and power
- Benefits of succumbing to authority
- We seek and follow the advice of experts, perceived to have greater knowledge and trustworthiness (Dr and Lawyer)
 - Helps *reduce risk* and feel more *in control*

Symbols of Authority

Symbols trigger compliance to *perceived* authority

- **Titles**-doctor, professor, CEO, judge
 - We don't question the Dr.
 - Prescribing medicine by phone
 - Rectal ear – ache (2 drops every 3 hours in R ear)
 - Sanka-Decaf Healthy (Dr. Marcus WELBY)
- **Height**
- **Clothes** and **trappings** (car, stethoscope)
- **Credentialize** others

Signal what makes you credible before making an offer
Authority figures influence us. Beware of conflict of interest.

Milgram Experiment (Yale - 1960's)

How far people will go on the order of an authority figure

- Evaluate effect of punishment on learning and memory by giving electric shocks (30 switches up to 450V)
- Subjects' sex, social class, education, age did not matter
- Subjects hated what they were doing and suffered greatly
- Further experiments confirmed findings

Culprit: Inability to defy the wishes of a boss

Scarcity

- We assume that something in short supply (or difficult to own) is more valuable and therefore more desirable
- Examples:
 - Children try to get at ball
 - Teenagers rebel against parents
 - Lovers commit more strongly when...
 - Cookies taste better
 - Supermarket “anchoring”: “limit of 12 per customer”

Scarcity

We want items that are scarce, especially if we're in **competition** for them

- Selling beef to supermarkets
 - Usual pitch sells 10 boxes
 - Add “beef might soon be in short supply” →20 boxes
 - Add “very few people know about the shortage” →60 boxes
- Selling a car (competition)
- Limited time only
- Concorde

Suggestion: Sell benefits and uniqueness but also emphasize what they will lose if they don't buy

Conclusion

In a complicated world it's difficult to logically evaluate all our choices, so we rely on (reliable?) shortcuts:

- ***Reciprocation***
- ***Consistency***
- ***Social Proof***
- ***Liking***
- ***Authority***
- ***Scarcity***

We can use these powerful psychological tendencies in our favor to ***persuade*** people to say “yes” to our *ethical* requests

However, we can be ***manipulated*** by those with a vested interest in exploiting our need for shortcuts. BEWARE:

When we are rushed, stressed, uncertain, indifferent, distracted or tired we revert back to instincts

Examples Discussed

Concepts

- Turkeys and Polecats -----(automatic response to a single trigger)
- Turquoise jewelry at ½ or double the price -----(equating quality with price)
- Waiting for copy-machine -----(need a reason: *because*)
- Deaf salesman -----(contrast)
- Ethiopian Red Cross (1985) and Mexican Earthquake (1935)----- (reciprocation)
- Boy Scout raffles -----(reciprocation)
- Ugly signs on your lawn -----(commitment and consistency)
- Testimonials -----(social proof)
- Buffalos -----(social herding)
- Bartenders and church ushers “salting” -----(social proof)
- Murder, torture and suicide -----(social proof and authority)
- Weather reports -----(association with good or bad news)
- Tupperware----- (reciprocity, commitment, social proof, liking)
- Tall, well dressed professor -----(symbols of authority)
- Fancy cars -----(symbols of authority)
- Yale University – Obedience -----(symbols of authority)
- Selling your car----- (competition for scarce resource)

Framing and Relativity

MIT students voted as follows:

Economist Deal	Takers 1
A - Internet-only \$59	16
B - Print-only \$125	0
C - Print + Internet \$125	84

If *The Economist* were to eliminate option B, what percent of the same customers do you think would choose options A & C?

Framing and Relativity

Economist Deal	Takers 1	Takers 2
A - Internet-only \$59	16	68
B - Print-only \$125	0	—
C - Print + Internet \$125	84	32

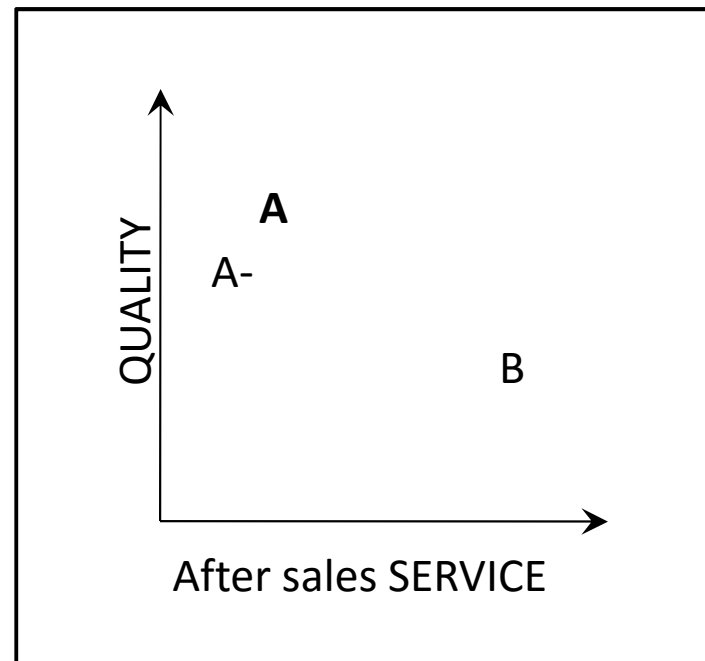
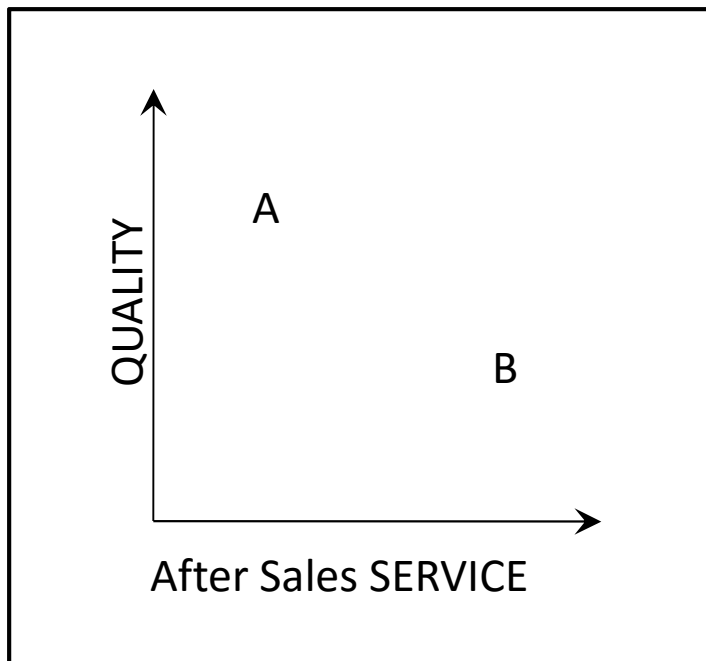
All we did was take out the option no one selected. When we removed the “decoy”, MIT students became irrational.

Let’s reverse the logic...

If the Economist did market research and determined that most people (68%) would prefer “A” but they make more profit on “C”, they could introduce “B” to increase choice C (32%→84%)

Framing and Relativity

Not only do we tend to compare things to each other (due to ***anchoring***) but we focus on comparing things that are easy to compare...



We end up choosing A over A- and over B

Pricing

Normally, one expects that if the price of a product/service is raised fewer people would buy it (Demand declines). You either price high for good (%) margins or lower to attract greater volume

However, people intuitively respond to **price** information when evaluating product **quality**

- Ursinus College raised prices by 20% → enrollment increased 35%
- In Pharmaceuticals, firms usually charge a premium on a new drug protected by patent
 - “Me to” follow-up drugs are usually priced slightly lower
 - Zantac was priced higher
- Higher prices even augment the **effect** of some drugs

Pricing Goods with 9 Ending

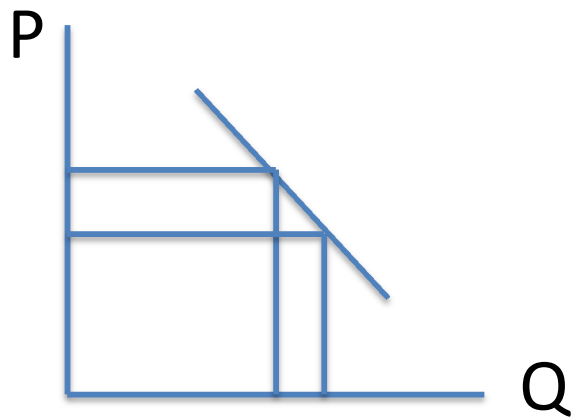
	Pen A	Pen B	Pen A Selected (%)
Situation 1	\$2.00	\$2.99	56%
Situation 2	\$2.00	\$3.00	69%
Situation 3	\$1.99	\$2.99	70%
Situation 4	\$1.99	\$3.00	82%

In the above 4 situations the diff. in price between pen A and pen B is essentially \$1 but most people are affected by small changes

- In **1**, pens A and B both have the same left most digit (2)
- In **2** and **3**, the left most digit is a \$ less making pen A seem much cheaper so even more people choose A (70% vs. 56%)
- In **4**, a small change of 1c, the difference between the left most digits between Pen A and B is now \$2. Pen A does best with 82% choosing it over Pen B

Pricing Dilemma

When **pricing** your product or service you face a fundamental dilemma: Price high for margins or price low for volume



Firms try to do both:
Price high for those who'll pay more and discount prices for the more thrifty.

Dual Pricing Strategy

Pricing combined with *superficial enhancements* allows companies to charge different prices to different targeted people

- Stores make **sales** “uncomfortable”
- Comfortable **seats** in second class
- **Costa** a **fair trade** company charges \$0.15 more per cup
- **Starbucks** gives you a choice of very similar (costing) options and charges more for each option
- **Software developers** offer two versions

The Order of Presentation Matters

- People rarely make decisions in a vacuum; our choices are influenced by **context**. The order in which options are offered is important
- *Perceptual contrast* Perception of an offer can be changed by changing the person's experiences immediately before the offer
 - A \$35 bottle of wine seems expensive if it appears after a \$15 wine, but less so if after a \$60 bottle
- By first presenting an option that is more expensive or takes too much time, customers are more likely to accept your real offer as "just right"
 - Real estate agents will show you the ugly house first

The Order of Presentation Matters

- Does it matter if we offer \$29.99 to download 70 songs or offer 70 songs for \$29.99
 - As choices increase in complexity our attention is directed to the first piece of information presented. People's evaluation of a deal is more positive when they see the benefits first and then the cost
- Lead with the ***item-then-price*** strategy

Getting More for Less

- We think that offering extra features will strengthen our persuasion. People who evaluate a proposal don't appreciate these extras
- When constructing an offer we tend to focus on each individual (additive) component. Evaluators are more likely to process the offer more *holistically*.
- RECOMMENDATION: Don't add small extra features for *every* customer, invest in giving significantly better features to your best customers
 - Providing customized, personalized, and significant additional benefits targeted to your best customers will earn you ***reciprocity***

Fundraising

When seeking the support of others

- Highlight early on small, specific, and important features that both identify and *individualize* the beneficiaries of your campaign
- Also highlight the ***specific*** intervention (specifically what will your money be used for)

In the case of asking for more budget, do the above and add how will the person and the overall organization benefit

Unit-Asking and Fundraising Advice

- *Unit-asking*
- Donors are insensitive to the number of people in need. They will often donate similar amounts for one or hundreds of people
- When constructing an appeal get people to think about what they might be willing to give to just one individual in need before requesting a pledge for the larger number

Tips for Better Meetings

- Get everyone to participate. Everyone writes their opinion anonymously
- Leader to remain silent until everyone has contributed
- Use a checklist: right people, agenda, clear objectives, minutes, assignments with KPIs
- Get people to repeat their responsibilities at end of the meeting in public
- Seating and Space considerations
 - Decide on seating so allies don't sit together. Use name plates
 - Sit in a circle (weakens the dominance effect)
 - High ceiling rooms better for creative brainstorming