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Randomly distributed 300 loyalty cards to customers at a car wash

HALF GOT THIS

Collect 8 stamps, get 1 FREE car wash

Collect 10 stamps, get 1 FREE car wash

Which had the highest redemption rate?
8 STAMPS?

Collect 8 stamps, get 1 FREE car wash

Collect 10 stamps, get 1 FREE car wash

RESULTS

Redemption rate

- 19% for 8 stamps
- Less than 1% for 10 stamps
RESULTS

Redemption rate

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<tr>
<td>8 stamps</td>
<td>19%</td>
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<tr>
<td>10 stamps</td>
<td>34%</td>
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WHAT HAPPENED?

Task requiring 8 steps

WHAT HAPPENED?

Task requiring 8 steps

Task requiring 10 steps (2 completed)

WHAT HAPPENED?

Reframed the task so one was perceived as undertaken & incomplete (rather than not yet begun)

How does it work?
ENDOWED PROGRESS
People provided with artificial advancement toward a goal exhibit greater persistence toward reaching that goal.

We’re naturally motivated to complete tasks we’ve started & want to remain consistent with previous intentions.

PROXIMITY

The closer we are to completing a goal the more likely we are to increase our efforts to close the last little gap

TRIGGERS

Giving people a couple of free holes on a punch card is enough to trigger both of these effects.
WHY IT’S USEFUL

• Increases the likelihood of task completion

WHY IT’S USEFUL

• Increases the likelihood of task completion
• Decreases completion time

**WHY IT’S USEFUL**

- Increases the likelihood of task completion
- Decreases completion time
- Effect depends on *perception of task completion* rather than a desire to avoid wasting the endowed progress

IN REALITY

“Losses loom larger than gains”

We feel a greater loss over something we own than something we haven’t yet bought.
This also works in gaming
SUNK-COST FALLACY
Players are more likely to return to look after items they have been endowed (paid for / earned) than goods they have simply been given.

SUNK-COST FALLACY

Rational player:


SUNK-COST FALLACY

Rational player: would ignore sunk-costs

SUNK-COST FALLACY

Rational player: would ignore sunk-costs

Real player:

SUNK-COST FALLACY

Rational player: would ignore sunk-costs

Real player: reluctant to discontinue an activity once they’ve already put effort in


Which is why this works
Click those nice ripe tomatoes to harvest them!

https://www.facebook.com/FarmVille
SUNK-COST FALLACY

The sunk-cost of planting the tomatoes increases your desire to continue the game.

This gives rise to yet another dynamic...
Appointment Dynamic 3
APPOINTMENT DYNAMIC

At a predetermined time / place user must login or participate in the game for positive effect

http://badgeville.com/wiki/Game_Mechanics/Appointments
This keeps the customer coming back for more, creating a habitual pattern of use.
How these work together
Endowed progress
Customer is helped to begin
Endowed progress
Customer is helped to begin

Consistency
Initial intention fuels desire to complete
Endowed progress
Customer is helped to begin

Consistency
Initial intention fuels desire to complete

Sunk-cost fallacy
Encourages further investment
Endowed progress
Customer is helped to begin

Appointment dynamic
Habitual use is reinforced

Consistency
Initial intention fuels desire to complete

Sunk-cost fallacy
Encourages further investment
HOW TO USE IT

• Research what motivates your users
HOW TO USE IT

• Research what motivates your users
• Give relevant initial progress for free (e.g. points, upgrade, virtual currency / product)
HOW TO USE IT

• Research what motivates your users
• Give relevant initial progress for free (e.g. points, upgrade, virtual currency / product)
• Use these principles to create a user journey that encourages completion
OPPORTUNITY COST
Imagine I give you $100 to spend as you like
Which of the following would you choose?
You buy some clothes
1. You buy some clothes
2. You take your friends out for drinks
1. You buy some clothes
2. You take your friends out for drinks
3. You save it for a rainy day
1. You buy some clothes
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1. You buy some clothes
2. You take your friends out for drinks
3. You save it for a rainy day
HOW DID YOU DECIDE?

Resources are limited
HOW DID YOU DECIDE?

You probably weighed up the value of each alternative and made a decision.
So, the principle...
OPPORTUNITY COST
Benefits forgone by particular use of resources

What you’re giving up by making that particular choice
How does it work?
THREE MAIN COSTS

1. Attention
THREE MAIN COSTS

1. Attention
2. Time
THREE MAIN COSTS

1. Attention
2. Time
3. Money
1 - COST OF ATTENTION
ATTENTION

Attention is limited, increasingly fragmented & highly valued
So how do you grab & hold attention?
ATTENTION

Trigger an emotional / arousal response
ATTENTION

Serve a fundamental human need
ATTENTION
ATTENTION

Create a compelling cycle of variable rewards
2 - COST OF TIME
When do you typically use the following products?
And why?
You have to minimize TIME costs
MINIMIZE TIME COSTS

Do this by understanding:
MINIMIZE TIME COSTS

Do this by understanding:

• Your customers’ incentives for using it
INTERNET (APP) USE

MINIMIZE TIME COSTS

Do this by understanding:

• Your customers’ incentives for using it
• Their usage patterns
**AQUIRE & RETAIN**

**6,664,611** New Users

**965,199** Active Users

**Rolling Retention**

**Retained Users**
MINIMIZE TIME COSTS

Do this by understanding:

• Your customers’ incentives for using it
• Their usage patterns
• How to target specific ‘time packets’
3 – COST OF MONEY
How do these products reduce the perceived cost of paying?
They create ‘fun pain’ by making us wait in real time (e.g. for our city / fortress to be built)
In Sim City, to solve this pain we need to buy 'bliss'... But how do we value 'bliss'?
Hi Lauren, here you can select your package

Pay with Credits

900
320
150
55
12

Pay by Credit Card
Pay by PayPal™
Pay by Mobile

$ 100 $ 40 $ 20 $ 8 $ 2

I have read and accept the terms of the EA Digital Services Agreement.
FREEMIUM

We can’t

Instead we have to buy gems (intermediate currency) in exchange for ‘bliss’
Adding *just one intermediate currency between consumers and real money reduces our ability to assess the value of the transaction*.

Allowing people to **earn currency** (albeit very slowly) and offering bulk discounts cloaks the true cost of playing.
So, to reduce perceived cost of MONEY...
HOW TO DO IT

• There has to be ‘fun pain’ (e.g. waiting)
HOW TO DO IT

- There has to be ‘fun pain’ (e.g. waiting)
- Use an intermediate currency
How to Do It

- There has to be ‘fun pain’ (e.g. waiting)
- Use an intermediate currency
- Allow people to earn currency (albeit very slowly) and offer bulk discounts
HEDONIC ADAPTATION
THE RESEARCH

Group A
180 second massage
(total: 3 mins)

THE RESEARCH

Group B

80 second massage
20 second break
80 seconds

(total: 2 mins 40 secs)

Which group do you think would report higher satisfaction, and be willing to pay more for it?
THE RESEARCH

Group A

180 second massage

(total: 3 mins)

THE RESEARCH

Group B

80 second massage
20 second break
80 seconds

(total: 2 mins 40 secs)

Group B

(the ones who had a shorter massage & took a break)
Why?
Short break stymied their adaptation to the pleasurable event and ‘reset’ their appreciation for it.
THE RESEARCH

Same effect for unpleasant experiences

THE RESEARCH

Same effect for unpleasant experiences

If you take a break, it sucks more

This is why bad smells fade the longer you’re exposed to them
It’s the same thing with products
HEDONIC ADAPTATION
HEDONIC ADAPTATION

Downloading a new app

Usual state of happiness

Downloading a new app

App update by developer

Heightened state of happiness

Usual state of happiness
How does it work?
5 HEDONIC ADAPTATION
People become accustomed to a positive or negative stimulus... emotional effects of that stimulus are attenuated over time.

Over time, we become de-sensitized or bored of the same thing (features, concepts, rewards)
So how do we use it?
HOW TO USE IT

• Update your product frequently
HOW TO USE IT

• Update your product frequently
• Change the layout / structure
HOW TO USE IT

• Update your product frequently
• Change the layout / structure
• Alter the user experience
HOW TO USE IT

• Update your product frequently
• Change the layout / structure
• Alter the user experience
• Make the rewards unpredictable
KEY TAKEAWAYS
KEY TAKEAWAYS

You have to understand the psychological triggers, biases & motivations that drive your customers
KEY TAKEAWAYS

1. Endowed progress
KEY TAKEAWAYS

1. Endowed progress
2. Sunk-cost fallacy
KEY TAKEAWAYS

1. Endowed progress
2. Sunk-cost fallacy
3. Appointment dynamic
KEY TAKEAWAYS

1. Endowed progress
2. Sunk-cost fallacy
3. Appointment dynamic
4. Opportunity Cost
KEY TAKEAWAYS

1. Endowed progress
2. Sunk-cost fallacy
3. Appointment dynamic
4. Opportunity Cost
5. Hedonic adaptation
BUT

There’s one crucial point we often forget...
WE ARE ALL THE USER
PERSUASION CONTINUUM
PERSUASION CONTINUUM

Facilitation
PERSUASION CONTINUUM

Facilitation  <->  Coercion
PERSUASION CONTINUUM

Facilitation
Persuasion

Manipulation
Coercion
INTENTION

The difference between persuasion and manipulation is intent

Robin Dreeke, Head of the Behavioural Analysis Unit, FBI
WHERE DO YOU SIT?

Facilitation  
Persuasion

Intent

Coercion  
Manipulation
THE SILVER RULE

Do not do unto others what you would not have them do unto you

Hillel the Elder in Talmud: Shabbat 31a
As designers...
You are both the ARCHITECTS & THE USERS of our future tech
WHAT KIND OF WORLD do you want to build?
WEBS OF INFLUENCE
THE PSYCHOLOGY OF ONLINE PERSUASION

bit.ly/websofinfluence
DOWNLOAD THE SLIDES

bit.ly/mtp_persuasion
ANY QUESTIONS?

Get in touch.

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REFERENCES & FURTHER READING


HUMANISE THE WEB
Harness persuasive technology for good
humanisetheweb.com