



INSIGHT REPORT

Behavioral Guide to Customer Experience Design

**BEST PRACTICES FOR TAPPING INTO CUSTOMERS' INTUITIVE
THINKING**

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EXECUTIVE SUMMARY

According to recent scientific research, customers make most of their decisions using intuitive thinking instead of rational thinking. Intuitive thinking relies on unconscious heuristics and biases to make decisions efficiently, and as a result, people tend to be more affected by losses than by gains, to prefer simplicity over complexity, to be affected by their current emotional and visceral states, to be heavily influenced by those around them, to make decisions based on context, and to misjudge their past and future experiences. In this report, we identify best practices for tapping into these heuristics and biases across three areas of experience design; companies can *Nudge* customers in the right direction, *Assist* them in accomplishing their goals, and *Enhance* their overall experience. To incorporate intuitive thinking into experience design, companies need to follow four steps: define target customers, identify relevant heuristics and biases, select design strategies, and then test, test, test.

PEOPLE USUALLY MAKE DECISIONS BASED ON INTUITIVE THINKING

Recent advances in the fields of neuroscience, psychology, and behavioral economics have shown that humans are not the completely rational decision-makers that we were once taken for; rather, our brains are susceptible to systematic errors that affect how we make decisions and form judgments. Every day, people are faced with innumerable choices, and methodically weighing the pros and cons of each one is not only unnecessary, it is also mentally draining. In order to ease this cognitive burden, people have evolved two modes of thinking—intuitive thinking and rational thinking—to help us make decisions more efficiently (see Figure 1). This dual-process way of thinking has many implications, including that:

- Intuitive Thinking—also known as System 1 thinking—is fast, effortless, automatic, and takes place in our unconscious, while Rational Thinking—also known as System 2 thinking—is slow, effortful, logical, and takes place consciously.¹
- People usually make decisions and form judgments using Intuitive Thinking rather than Rational Thinking. And while at first blush this may seem like a bad thing, Intuitive Thinking actually helps us reach successful conclusions more quickly and economically than rational thinking ever could... most of the time.
- Systematic errors in our decisions and judgments arise because Intuitive Thinking relies heavily on existing mental shortcuts—known as *heuristics*—and on *cognitive biases*. Heuristics are simple rules of thumb that our brains have evolved to help us reach satisfactory—though not always optimal—decisions swiftly and efficiently. Sometimes, however, heuristics fail and lead to cognitive biases, which are systematic errors in the way we think.

¹ Kahneman, D. (2011). Thinking fast and slow. New York: Farrar, Straus and Giroux.

Understanding Key Human Heuristics and Biases

Although there are too many heuristics and biases to go through each one individually, we have identified six categories that are relevant to experience design. According to behavioral science, people:

- **Are more affected by losses than by gains.** One of the most important underlying principles of human decision-making is called *Prospect Theory*, which holds that humans do not make decisions based on a rational evaluation of the final outcome, but rather on an unconscious evaluation of the potential gains and losses of each choice. People compare these gains and losses using a set of heuristics and biases, perhaps the most essential of which is *loss aversion* bias. Other heuristics stemming from *Prospect Theory* include the *scarcity principle*, *endowment effect*, *status quo bias*, and *default bias* (see Figure 2).
- **Prefer simplicity over complexity.** Biases and heuristics are all about lightening the cognitive load, so it is no surprise that people tend to choose options that are easier to mentally process, even when a more complicated option is actually better. Our innate preference for fluently processed stimuli gives rise to the *fluency heuristic* and the *familiarity heuristic*, which in turn lead to biases like the *warm glow effect* (see Figure 3). People's preference for simplicity also means that they can become easily overwhelmed by too many choices.
- **Are affected by current emotional and visceral states.** Like cognitive processes, visceral states and emotions play an essential role in helping people make successful choices, but sometimes they can lead to biases. For example, people are more impulsive when they are hungry, thirsty, sexually aroused, or in other heightened states of emotion. When person is faced with a decision, the emotions they are currently experiencing—whether they are *integral* or *incidental*—have an enormous impact on what they chose, a phenomenon known as the *affect heuristic*. More intense emotions and emotions characterized by a sense of certainty (i.e. happiness, anger, or contentment) lead to a greater reliance on heuristics and biases.
- **Are heavily influenced by those around them.** People are naturally social creatures who automatically imitate the actions and mimic the emotions of those around them (see Figure 4). When they are unsure of the correct behavior, people tend to defer to the wisdom of the crowd (*social proof* heuristic) and the knowledge of experts and those they deem “successful,” which can sometimes lead to biases like *herding behavior* and the *bandwagon effect*. And because humans also relate to companies as though they are real people rather than corporate entities, the same social heuristics and biases that color our exchanges with humans also color our exchanges with companies.
- **Make decisions based on context.** Decisions are not made in a vacuum; rather, they are extremely dependent on context. Context can include the physical environment in which a person makes a decision, the unconscious priming effects a person encounters, how a decision is framed, and what other choices are available for comparison. The physical positioning of products, *priming effects*, the *anchoring heuristic*, *framing effects*, and the *decoy effect* all make some options look more appealing than others (see Figure 5).

- **Misjudge their past and future experiences.** Our memory is not like a videotape; it does not record every moment of an experience, placing equal emphasis on each second. Instead, it is like a camera, taking snapshots at certain crucial moments and then retroactively judging the experience based on those snapshots. The fact that our memory weights some moments of an experience more heavily than others leads to a number of heuristics and biases, such as the *peak-end rule*, *duration neglect*, and *primacy* and *recency effects* (see Figure 6). Not only do we remember past events inaccurately, but we also have difficulty accurately imagining our future selves, which results in biases like *hyperbolic discounting*. Furthermore, people judge the probability of future events based on how easily events are to imagine or retrieve from memory (the *availability bias*), and this leads to other biases, such as *hindsight bias*.

INCORPORATING HEURISTICS AND BIASES INTO EXPERIENCE DESIGN

It is estimated that a staggering 95% of customers' purchase-making decisions happen in their unconscious.² So although customers are not cognizant of the heuristics and biases that shape their decisions, these heuristics and biases still have a profound effect on the products and services they choose.

To understand how to design experiences that take heuristics and biases into account, we examined academic and secondary sources and interviewed several companies in this space.³ Our research showed that organizations can tap into these heuristics and biases to improve the customer experience in three ways (see Figure 7). Companies can:

1. **Nudge:** Point people in the right direction.
2. **Assist:** Help people successfully accomplish a goal.
3. **Enhance:** Make people feel good about their experience.

Strategy #1: Nudge: Point People in the Right Direction

Customers' heuristics and biases are going to have a significant impact on their purchasing decisions, regardless of whether or not a company consciously incorporates them into its experience design.⁴ Here are some ways that companies can design experiences to help customers make good decisions:

- **Reduce the number of choices.** Having many options is better than having only a few options, right? Actually, research suggests that when customers are faced with too many variations of a similar product—i.e. shampoo—they tend to make bad decisions, feel dissatisfied with their ultimate decision, or be too overwhelmed to even make a decision.⁵ Companies can help customers pick a satisfying option by simplifying and streamlining their product offerings. For example, when Golden Cat Corp. cut ten

² Mahoney, M. (2003, January 13). The subconscious mind of the consumer (and how to reach it). Harvard Business School: Working Knowledge.

³ Companies interviewed for this report include: BrainJuicer, Behavioral Science Lan, Dr. William McGill, Ipsos Loyalty, Jesse James Garrett, Maquarium, Matthew Willcox, Motiv Strategies, Pacific Consulting Group, and Universal Mind.

⁴ Thaler, R. H., Sunstein, C.S. (2008). Nudge: improving decisions about health, wealth, and happiness. New Haven: Yale University Press.

⁵ Schwartz, B. (2004). The paradox of choice. New York: HarperCollins Publishers Inc.

categories of its kitty litter, the company's sales increased by 12%, its distribution costs decreased by 50%, and its profits increased by 87%. Likewise, when Procter & Gamble switched from offering 26 brands of shampoo to offering only 15 brands of shampoo, sales jumped 10%.⁶ And while today the average American supermarket stocks about 50,000 Stock keeping units (SKUs), Trader Joe's only stocks about 4,000. Reducing the number of similar products it offers has not only benefitted Trader Joe's customers—the supermarket has ranked in the top five of the Temkin Experience Ratings for the last three years—it also earns about \$1,750 of merchandise per square foot across its stores.⁷ Stocking fewer items also benefits employees as it makes stocking shelves and checking out customers simpler and faster.

- **Engage the senses.** People's susceptibility to *priming effects* means that sensory cues—color, music, scent, touch, temperature, taste, etc.—can seriously impact the choices customers make, even if they don't consciously realize it (see Figure 8). Brand colors are a popular example, and although color preference can vary based on culture and individual preferences, studies have found that 90% of snap judgments made about many products are based on color alone.⁸ And certain colors do broadly align with specific traits; for instance, brown conveys ruggedness, while purple conveys sophistication.⁹ Even the tempo of background music affects customers' experience with a company. Music with a fast tempo leads to higher customer turnover and more money spent at restaurants, whereas music with a slow tempo increases emotional feedback and makes customers feel as though waiting times are shorter.¹⁰ When designing to engage the senses, it is imperative that the sensory cues be congruent with the environment or they will not produce the desired effect. A pink logo would be distractingly incongruous with Harley Davidson's brand, as would aggressively upbeat music at Starbucks.
- **Tap into the power of free.** People have an innate affinity for materials that can be attained with minimal effort or resources, so it's no surprise that customers respond so strongly to the word "free." A good illustration of how powerful the lure of "free" can be comes from Amazon.com. A few years ago, the company introduced "free shipping" on purchases over a certain amount, and sales dramatically increased in every single country...except France. When Amazon looked into why France remained so unaffected by this new promotion, they found that the French division actually offered one franc shipping (about 20 cents) instead of free shipping. Although one franc is, for all intents and purposes, indistinguishable from free, the French division saw no sales increase from its promotion. However, as soon as Amazon changed the French offer to "free shipping," sales jumped just as they did in every other country.¹¹ Strangely enough, research found that customers find a free shipping offer that saves them \$6.99 more appealing than a discount that reduces the price of a product by

⁶ Krissilas, J. (2010, May 19). Weighing our options. The Planning Notepad.

⁷ See Temkin Insight Report, "2015 Temkin Experience Ratings" (2015); Feinberg, G. (No date listed). The paralysis of choice. Aisle9Group.

⁸ Singh, S. (2006). Impact of color on marketing. *Management Decision*, 44(6): 783-789. Doi

⁹ Ciotti, G. (2013, August 6). The psychology of color in marketing and branding. Help Scout.

¹⁰ Caldwell, C., Hibbert, S. A. (1999). Play that one again: the effect of music tempo on consumer behaviour in a restaurant. *European Advances in Consumer Research*, 4, 58-62; Oakes, S. (2003). Musical tempo and waiting perceptions. *Psychology of Marketing*, 20(8), 685-705. doi 10.1002/mar.10092.

¹¹ Ariely, D. (2010). Predictably irrational (pp. 64-65). New York: Harper Perennial.

\$10. This obsession with “free” helps explain why 60% of retailers cite “free shipping with conditions” as their most successful marketing tool.¹²

- **Use price anchors.** By and large, customers have no idea how much a product is actually worth. Instead, they determine the relative value of one product over another product and then estimate the price accordingly. Because of the *anchoring effect*, when companies add more expensive versions of a product, these expensive options act as a price anchor and make cheaper options look more appealing by comparison. Wine lists and restaurant menus are common examples of this phenomenon; few people order the most expensive wine or entrée, but many people order the second or third most expensive option because it looks like a comparatively good deal. For example, when Williams-Sonoma displayed a \$429 breadmaker beside its \$279 model, the sales of the cheaper breadmaker doubled, even though almost no one bought the expensive model.¹³
- **Add a decoy option.** Besides simply adding a more expensive offering, companies can employ another anchoring technique called the *decoy effect* to guide customers towards one option over another. The *decoy effect* works by adding a third option to two existing options. This third option should be similar to but less attractive than the product you want customers to choose. The most famous example of this technique comes from the Economist magazine. The Economist offered three options: an Internet-only subscription for \$59, a print-only subscription for \$125, or a print-and-Internet subscription for \$125. The print-only subscription acts as a decoy because, although no one would ever purchase it, it makes the print-and-Internet subscription look like a great deal—you are basically getting the \$59 Internet subscription for free!¹⁴
- **Tell customers how others are behaving.** Due to the *social proof* heuristic, when people are unsure of what decision to make, they often do what everyone else is doing, unconsciously assuming that others must know something they don't. Companies can therefore help people make decisions by letting them know how other customers are behaving. The product pages on Amazon.com, for example, largely focus on what other customers did after looking at the product rather than on the product itself. Product pages list “Frequently Bought Together” items, have a section called “Customers Who Bought This Item Also Bought” and another one called “What Other Items Do Customers Buy After Viewing this Item?” In another example, a hotel left cards in its rooms encouraging guests to reuse their towels, which would save the hotel a great deal of money in water and electricity. The control group received cards asking them to reuse towels to help the environment, while another group received cards telling them that a majority of guests who stayed in the hotel had reused their towels at least once during their stay. Compared to the control group, the guests with the *social proof* card were 26% more likely to reuse their towels. And even more extraordinary, individuals who received cards telling them that a majority of guests

¹² No author listed. (2006, April 19). How the offer of ‘free shipping’ affects on-line shopping. Knowledge @ Wharton.

¹³ Thompson, D. (2012, July 6). The 11 ways that consumers are hopeless at math. The Atlantic.

¹⁴ Ariely, Predictably Irrational, p. 1-6

who had stayed *in their room* had reused their towels were 33% more likely than the control group to do the same.¹⁵

- **Advertise your product or company's popularity.** You can also use the social proof heuristic to nudge customer behavior by touting the popularity of your brand or your products. This can be done either explicitly or implicitly. Explicit examples include McDonald's tagline, "Billions and Billions served" and Advil's old commercial claiming that, "More people are changing from Tylenol to Advil every day." Subscriber counts on blogs (i.e. "Join 20,000 of your peers!") and the "Most Popular Items" section on a restaurant menu are also common illustrations. Implicit examples include waiting lines outside of nightclubs or a country club's requirement that members join for a waitlist before being accepted. And sometimes the quality of people endorsing a choice matters more than the quantity of people endorsing it. Thanks to the halo effect, advertising endorsements from celebrities, experts, and other successful members of society are an extremely effective way of encouraging customers to choose a product. For example, after Galaxy Desserts and Marie Belle Hot Chocolate were featured on Oprah's Favorite Things list, Galaxy saw 1,000% growth in sales and Marie Belle's annual revenue increased from \$1 million to \$5 million.¹⁶ And customers who are directed to the Rent the Runway website by fashion magazines or expert bloggers drive a 200% higher conversion rate than customers who are directed to the website by paid search.¹⁷
- **Provide good default options.** The *status quo bias* causes customers to stick with less than optimal companies or products, which is bad, but it also leads them to consistently choose default options, which can actually be good. Well-designed default options improve the customer experience by simplifying the decision-making process and reducing customer anxiety about the choice (remember, people don't like having too many options). And if companies manage defaults correctly, they can also drive profitable purchasing. For instance, a large national European railroad tweaked its website so that seat reservations were automatically included with the ticket purchase for a few extra euros unless customers specifically opted out. After instituting this default, the percentage of customers who booked a reservation shot up from 9% to 47%, which in turn brought in \$40 million more annually.¹⁸ Other examples of good default options include automatically enrolling employees in (401)K plans, offering water instead of soda as the default beverage at fast food restaurants, or having people opt-out instead of opt-in for organ donations. An overwhelming array of evidence shows that presenting one option as the default makes it far more likely to be chosen, especially when the customer is in the grip of a strong emotion, like happiness or anger, which causes them to rely more on intuitive thinking.¹⁹
- **Create a sense of urgency.** Companies can nudge customers towards a certain product by creating a sense of urgency around that product, usually by invoking the *scarcity principle*. Sales are a prime example of how companies can create urgency by

¹⁵ Goldstein, N. J., Cialdini, R. B., Griskevicius, V. (2008). A Room with a viewpoint: using social norms to motivate environmental conservation in hotels. *Journal of Consumer Research*, 35(3), 471-482.

¹⁶ Pinkasovitch, A. (2010, April 11). Measuring the 'Oprah Effect.' *Investopia*.

¹⁷ Hallen, E. (2014, May 6). How to use the psychology of social proof to your advantage. *Fast Company*.

¹⁸ Goldstein, D. G., Johnson, E. J., Herrmann, A., Heitmann, M. (2008, December). Nudge your customers toward better choices. *Harvard Business Review*.

¹⁹ Roller, C. (2011, July 4). How cognitive fluency affects decision making. *UX Matters*.

offering limited-time deals, as are direct response TV ads that promise to sell you two products for the price of one if you “call right now.” Both eBay and Groupon have built entire businesses around creating a sense of urgency for customers (see Figure 9). They each offer heavily discounted items for a short period of time and actually show customers how many people have already purchased the deal. Many travel websites now tell customers how many seats are left on a plane or how many hotel rooms are left at a certain price. And Amazon.com uses urgency to increase conversion rates from Prime members by showing customers how much time they have left to order an item to get next day delivery.

- **Engender a sense of ownership prior to purchase.** Because of the *endowment effect*—where people overvalue things they already own compared to those they don’t—companies will see higher conversion rates if they can make customers feel like a product is theirs before they actually buy it. For example, at Build-A-Bear workshops, children get to create their new furry friend from scratch before their parents ever approach the cash register. Kids get to customize what type of animal the toy is, what kind of clothes it wears, and even how much it weighs. To top it off, children then “bring their friend to life” during the Heart Ceremony, where they warm a small fabric heart in their hand and then clap to start the heartbeat before placing it in the animal’s chest. When parents finally go to check out, they will almost certainly pay the asking price, even if it is higher than expected, because their children are already so attached to their new toy.²⁰ And Old Navy has designed its fitting rooms to make customers feel like they own the clothes before they purchase them. Each fitting room has three hooks, labeled “Love it,” “Like it,” and “Not For Me.” As soon as a customer puts clothes on the “Love it” hook, the *endowment effect* kicks in, making them far more likely to follow through with the purchase.²¹

Strategy #2: Assist: Help People Successfully Accomplish a Goal

Organizations can also tap into heuristics and biases to help people achieve their objectives. Here are some approaches for companies to consider:

- **Activate rational thinking.** While people do tend to prefer stimuli that are easy to mentally process (*fluency heuristic*), easy isn’t always good. Sometimes customers need to slow down and think about something carefully and abstractly, and in those situations, companies can use cognitive disfluency to activate rational thinking (see Figure 10). For example, when a home mortgage company writes up transaction documents, it should use techniques that produce cognitive disfluency to help its customers better remember the sections that discuss the consequences of not paying on time, thus making them less likely to have their house repossessed. And TV service providers can use cognitive disfluency in their instructions for self-installation to force customers to slow down and focus on the directions, which in turn has the potential to reduce the number of calls to customer service.
- **Reduce customer effort.** Again, people naturally look for experiences that are both mentally and physically easy. And while most service interactions run smoothly, if customers do run into an obstacle, companies often further compound the effort

²⁰ Addy, R. (2012, May 28). The Build-A-Bear effect. Gartner.

²¹ Willcox, M. (2015). *The Business of Choice* (pp. 112). New Jersey: Pearson Education Ltd.

customers must put forth by making them call into customer service, which can be a frustrating and mentally taxing experience. EarthLink reduces customer effort by identifying and proactively reaching out to customers who are struggling on their website. Specially dedicated service representatives now send chat invitations to customers who have spent more than 90 seconds in the knowledge center or who have clicked the “Contact Us” link. This program has reduced calls by 8%.²² Ameriprise Financial has taken a different tack, removing barriers to customers’ success by capturing every instance that a customer services representative had to tell a customer “no.” The company audited all of these “no’s” after the first year and consequently modified or eliminated 26 outdated policies.²³

- **When outcomes are delayed, provide positive feedback and benefits.** fMRI studies show that people view their future selves as a stranger and thus tend to be bad at delaying gratification (*hyperbolic discounting*). So to encourage customers to engage in behaviors with delayed positive results—like fixing climate change, dieting, exercising, or quitting smoking—companies should provide consistent, positive feedback and benefits to keep customers from falling off the wagon. Activity trackers, like Fitbit, and apps to help quit smoking, like My Last Cigarette, help customers achieve their long-term health goals by providing immediate, personalized feedback that tracks their success. Walgreens, meanwhile, helps customers stay healthy (a key part of their brand promise) by providing monetary benefits to active customers. The company’s app allows users to link their Walgreens rewards card to their FitBit—or another third-party fitness tracker—and then gives them points for exercising. For example, a customer who runs three-miles will receive extra reward points that she can use towards her purchase.²⁴
- **Create a community around products.** Because people naturally want to belong to a group, companies can make customers feel more emotionally connected to a brand by creating a community of users. Harley-Davidson does this very well. Its Harley Owners Group (H.O.G.) was established in 1983 as a company-sponsored enthusiast organization designed to enhance the Harley-Davidson lifestyle experience and connect customers to the company and each other. H.O.G.—which currently has over a million members—offers a magazine subscription, road-side assistance, a touring handbook, events, and much more. Besides the benefits offered by the company, H.O.G. provides a great opportunity to meet fellow enthusiasts at a local and national level. People’s natural drive to belong means that camaraderie between riders genuinely enhances the experience of owning and riding a motorcycle, which in turn encourages customers ride more often and spend more money on service, accessories, and clothing.²⁵
- **Allow customers to co-architect their experience.** Similar to the *endowment effect*, the *IKEA effect* causes customers to place a high value on things they have a hand in creating. Therefore, allowing customers to customize or build their own products and interactions will ultimately enhance their experience with a company. For example, IKEA has customers build products themselves, companies like Kickstarter and

²² Dixon, M., Freeman, K., Toman, N. (2010, July). Stop trying to delight your customers. Harvard Business Review.

²³ Ibid.

²⁴ Milnes, H. (2015, May 4) Walgreens uses mobile apps to solve in-store headaches. Digiday.

²⁵ Voss, C., Zomerdijk, L. (2007). Innovation in experiential services—an empirical view. In (ed). Innovation in Services (pp. 97-134). London: DTI.

IndiGoGo enable customers to fund products of their choosing, and sites like Netflix, the Guardian, and Pandora allow visitors to customize their content experience. In another example, a Xerox machine-servicing company increased satisfaction by giving customers more control over their experience. When the company received a number of complaints that repairs were not happening quickly enough, it decided to give customers a choice in the schedule. Customers can now determine the urgency of a problem—repair people would arrive sooner for a critical failure—and decide on the best time for the repair people to arrive. After allowing customers to dictate when the repair people showed up, the company not only saw an increase in customer satisfaction, it also found that fewer repair people were ultimately needed. The turnover rate for customers service reps also dropped because there were fewer scheduling conflicts with the customers.²⁶

- **Go with the grain of people's mental accounting.** Thanks to *loss aversion* and *hyperbolic discounting*, people have a hard time saving for retirement or moving money from checking to savings accounts. A few banks have come up with programs that help customers be more fiscally responsible without making them feel like they are losing money. Bank of America, for example, instituted a program called “Keep the Change,” where every time a customer makes a purchase, it rounds the amount up to nearest dollar and then transfers those extra cents into a savings account.²⁷ The program works so well because it goes with the grain of mental accounting, meaning that when a customer makes a purchase, he or she naturally rounds up in their head, writing off the extra cents. Since implementing the program in 2006, “Keep the Change” has led to more than 12 million new customers and saved them more than \$3.1 billion overall.²⁸
- **Encourage decisions that improve long-term wellbeing.** Biases can lead people to make suboptimal decisions that affect their long-term health and happiness. Companies—especially those who are with their customers and employees for the long haul—should help them overcome these biases when appropriate. Prudential, for example, just released a commercial that visually demonstrates people's *optimism bias* and *overconfidence bias*, and the tagline—“It's great to think optimistically, but let's plan for what the future might bring”—promises to help customers realistically plan for all eventualities.²⁹ Google, meanwhile, reorganized the company cafeteria to steer employees towards healthier food choices. Now salad is the first food employees see (people tend to grab the most of whatever they see first), and a sign above the plates informs employees that bigger dishes lead people to eat more, a nudge that resulted in a 50% increase in the number of small plates used. The company also reconfigured its refrigerators so that bottled water is at eye-level, while soda is on the bottom. Thanks to the effects of physical environment, this rearrangement has led to a 47% increase in water consumption and a 7% decrease in calories from drinks.³⁰

²⁶ Chase, R. B., Dasu, S. (2001, June). Want to perfect your company's service? Use behavioral science. Harvard Business Review.

²⁷ Ante, S. E. (2006, June 18). Case Study: Bank of America. Bloomberg Business.

²⁸ Ideo. (2006). Retrieved from <http://www.ideo.com/work/keep-the-change-account-service-for-bofa>

²⁹ See Prudential's video at <https://www.youtube.com/watch?v=o3pFHPgH3oU>

³⁰ Kuang, C. (2012, March 19). In the cafeteria, Google gets healthy. Fast Company.

Strategy #3: Enhance: Make People Feel Good About Their Experience

The emotional component of an experience correlates to loyalty more highly than any other aspect of the interaction.³¹ To make customers feel good about their experience, companies should:

- **Get bad moments over with early.** According to the *peak-end rule*, different moments of an experience matter to different degrees. And because not all aspects of an experience will be pleasant—sometimes customers have to wait in line, pay off a bill, get some bad news, etc.—companies should get those bits over with early so they don't dominate the customer's recollection of the entire experience. For example, a leading North American Insurer wanted to help its patients better manage their serious long-term conditions, like diabetes or congestive heart failure, which requires patients to make a serious commitment to lifestyle changes. To help them make these changes, the insurer had a team of nurses call patients regularly over the course of several months. Half of the nurses applied behavioral science principles to their calls, one of which was moving the unpleasant portions of the discussion—such as problems with insurance benefits or unconformable personal questions—to the beginning of the call. Compared to the control group, the group of patients who received calls that incorporated behavioral science principles reported general satisfactions levels that averaged seven percentage-points higher and satisfaction levels with the company that averaged eight percentage-points higher. The group was also five percentage-points more likely to say the calls had motivated them to make positive changes in behavior.³²
- **Clump pain-points and spread out pleasure.** The *peak-end rule* also means that companies should combine painful moments and break up pleasurable moments. Disney Theme Parks do an excellent job of incorporating this rule into their experience design. Instead of having long rides—and thus long lines—Disney makes its rides surprisingly short, only 90 seconds or so. However, the combination of the *peak-end rule* and *duration neglect* means that two 90-second rides seem to last longer than one three-minute ride.³³ By spreading out the pleasure of the rides, Disney makes the customer's day at the theme park feel longer and richer.
- **End on a high note.** Following the *peak-end rule*, companies should also end experiences on a high-note. The leading North American Insurer mentioned above moved the best parts of the patient call—like coaching, discussion of the next treatment steps, how to reduce out-of-pocket expenses, etc.—to the end of the call. And the nurses ended each call by emphasizing the tangible insurance benefits available to the patients and the likelihood of success of an agreed upon action (if appropriate). On the very last scheduled call, nurses celebrated the patient's successes with them, reviewing all the goals they'd met and summarizing the positive steps they had taken to achieve those goals. These changes contributed to this group of patients experiencing higher levels of satisfaction than the control group.³⁴ Royal

³¹ See Temkin Group Insight Report, "The ROI of Customer Experience" (2014).

³² DeVine, J., Gilson, K. (2010, February). Using behavioral science to improve the customer experience. McKinsey Quarterly.

³³ Chase & Dasu, Want to perfect your company's service? Use behavioral science

³⁴ DeVine, J., Gilson, K. (2010, February). Using behavioral science to improve the customer experience. McKinsey Quarterly.

Caribbean Cruises also excels at finishing on a high note. The company creates a host of positive memories for customers by spending the second to last night reminiscing about the cruise, which reinforces the emotional connection between passengers, the crew, and the brand. During the Farewell Show, the company presents key events from the cruise and several hundred crew members appear on stage to wave goodbye.³⁵

- **Minimize the number of steps in a journey.** Remember, customers' memories work like a camera, not like a videotape. So while customers remember each separate phase of their journey, because of *duration neglect* they tend to inaccurately recall how long each of these steps took. This means that more steps a journey has, the longer it will feel... even if each phase is relatively short. Companies should therefore minimize the number of steps it takes for a customer to complete a goal. For example, when designing an Interactive Voice Response system, companies should keep the number of menu queries to a minimum to reduce the perceived pain of waiting. Studies show that when customers have to pass through four menu queries, they recall it as taking longer than when they have through only two, even if the latter actually took more time.³⁶ Health care facilities also frequently violate this rule by making patients wait at multiple points before seeing the doctor. Customers would perceive the wait as shorter if it was clumped together in a single unpleasant episode rather than having shorter waits numerous times.
- **Personalize interactions.** Psychological studies suggest that humans relate to companies as if they were other people rather than corporate entities.³⁷ This means that companies can build rapport with customers by treating them as individuals too. Amazon does this well by showing it knows its customers, their preferences, and their history. The company's home page displays "New for You," "Related to Item's You've Viewed," "More Top Picks for You," "Your Recently Viewed Items and Featured Recommendations" etc. One British mortgage company personalizes its customers' experience by teaching its frontline representatives to listen for clues into each customer's personality type. After this training, representatives can quickly assess whether the customer is a "controller," "thinker," "feeler," or "entertainer" and then tailor the balance of the speed and detail they give accordingly. Since implementing this strategy, repeat calls have declined by 40%.³⁸
- **Let employees be human.** Frontline employees are often the face of a company, and if a customer makes a personal, positive connection with an employee, thanks to the *halo effect*, he or she will feel, by extension, a personal, positive connection to the company. For example, Netflix's customer support doesn't have an automated customer service call or an employee script; instead it encourages agents to just be themselves. One support agent recently even made the news for conducting an entire live chat conversation as Captain Kirk from Star Trek. In an interview with The Huffington Post, Brent Wickens—Netflix's vice president of global customer support—described how the agents, "(are) not restricted in any way. If somebody wants to talk to somebody in character, we encourage this."³⁹ Modify Watches,

³⁵ Voss & Zomerdijs, Innovation in experiential services

³⁶ Chase & Dasu, Want to perfect your company's service? Use behavioral science

³⁷ American Psychological Association (2014, August 27) Speaking of psychology: thinking of companies as people.

³⁸ Dixon, M., Freeman, K., Toman, N. (2010, July). Stop trying to delight your customers. Harvard Business Review.

³⁹ Stenovec, T. (2013, October 31). The secret magic behind Netflix customer service. Huffington Post.

meanwhile, hires for empathy and encourages employees to treat customers as though they are their friends.⁴⁰ And Apple's training manual teaches in-store technicians how to comfort emotional customers, telling them to, "Listen and limit your responses to simple reassurances that you are doing so. 'Uh-huh' 'I understand,' etc."⁴¹

- **Relieve customer anxiety by eliminating uncertainty.** People have a strong natural aversion to ambiguity, so companies can improve the way customers feel about experiences by reducing their anxiety and uncertainty about the unknown. For instance, AT&T realized that when customers entered a store and all the associates were busy, the customer felt stressed about whether or not they were next and how long their wait would be. To alleviate this anxiety, AT&T set up a system to tell customers how many people were ahead of them and actually showed the customers on a screen so they could see where they were in line. Additionally, AT&T required associates to greet customers within 10 seconds of them entering the store or within 10 feet of the door. The company's research shows that not only does this greeting improve customer experience, but it also leads customers to estimate the wait time as being shorter than it actually is.⁴²
- **Pay special attention to emotional moments.** Moments of Truth are usually the most emotionally intense moments in the customer's journey, meaning that—thanks to the *peak-end rule*—customers end up remembering these occasions best. Consequently, these moments disproportionately affect customer perceptions of and loyalty to a company. When a large hotel chain commissioned global research to measure customer experience on a minute-by-minute basis, it uncovered that the most important Moment of Truth regarding cleanliness occurred when people key-carded into their room for the first time and looked around. Once the company knew this, it launched a program that allowed managers to address problems how they see fit. And because afternoon is the heaviest check-in period—meaning guests are likely hot and tired—the hotel turned on the air conditioning and pumped a pleasant scent into every room.
- **Proactively avoid bill shock.** One of the most emotionally intense—and thus most remembered—moments in a customer's journey is the surprise some customers feel when they receive their bill. Companies can proactively avoid bill shock by keeping customers informed about what to expect on their next bill. For example, Reliant sends customers information about their energy usage levels consistently throughout the monthly billing cycle. The company sends summary emails and allows customers to personalize their account so they receive text message or email alerts if their electricity usage exceeds their set limit. Consistently providing customers with feedback about how much electricity they are using both allows customers to adjust their usage levels prior to their bill being finalized and ensures that customers are not unpleasantly surprised when their bill does arrive (again, customers strongly dislike

⁴⁰ Jun, P. (2015, May 14). How Modify Watches wows its customers with proactive support. Help Scout.

⁴¹ Kane, Y. I., Sherr, I. (2011, June 15). Secrets from Apple's Genius Bar: fully loyalty, no negativity. Wall Street Journal.

⁴² Cusick, W. (2012, September 19). The peak-end rule: a way to improve every customer experience. Retail Customer Experience.

uncertainty). Providing customers with all this information has led to a decrease in support calls about bill-payment and has reduced customer churn.⁴³

- **Frame communications in a positive way.** Due to *framing effects*, communicating information in a positive way can boost customer compliance and understanding. For example, Osram Sylvania—a lighting company—combs through call transcripts to find words that trigger negative customer reactions and lead to repeat calls, words like “can’t,” “won’t,” and “don’t.” The company then trains its representatives to use alternative phrasing, so “We don’t have that item in stock,” becomes, “We’ll have stock availability for that item in two weeks.” Since implementing these changes, the company’s Customer Effort Score dropped from 2.8 to 2.2, which is 18.5% below the average score of B2B companies.⁴⁴ Similarly, LoyaltyOne—the operator of the AIR MILES reward program—saw an 11% decrease in repeat customer calls after it trained its representatives to use contextual information the customer provides to frame potentially disappointing outcomes in a more positive light. So, for example, if a customer tells the representative that they need a flight to make a business meeting, the rep might say, “It sounds like this is something you can’t be late for. The Monday morning flight isn’t available, but with potential delays, you’d be cutting it close anyway. I’d recommend a Sunday evening flight so that you don’t risk missing your meeting.”⁴⁵

FOUR STEPS TO DESIGN FOR HEURISTICS AND BIASES

While behavioral science provides new insights into the heuristics and biases that color customers’ purchasing decisions, incorporating intuitive thinking into the design process isn’t easy. Companies must identify the right heuristics and biases to use at the right time with the right customer segment. To do this, we recommend that companies follow four steps (see Figure 11):

- **Step #1: Define target customers.** Any design process must start with an understanding of target customers and their goals. Imagine, for instance, that you are trying to sell a new line of health bars. Before you can begin to incorporate heuristics and biases into your design, you must decide who your target customers are and what their path to success looks like. Let’s say that you decide to focus on Millennials who are shopping for a few groceries in a supermarket. Then you need to...
- **Step #2: Identify relevant heuristics and biases.** Once companies have defined their target customers, they can examine which heuristics and biases most affect those people and then design accordingly. The degree to which people rely on intuitive thinking varies across demographics, across industries, and across individuals (see Figure 12). Consequently, you need to identify the key heuristics and biases that affect your target customer. In the health bar example, once you decide to sell to Millennials, you can incorporate the knowledge that, in general, younger people are less influenced by *loss aversion* and *status quo bias*, they are less sensitive to *incidental emotions*, and they are more responsive to *decoy effects*. Not to mention, by the time

⁴³ Dixon & Toman, Stop trying to delight your customers

⁴⁴ Ibid.

⁴⁵ Ibid.

they are done with most of their grocery shopping, they are mentally depleted and thus more likely to make impulsive purchases. Once you know this, you can...

- **Step #3: Select design strategies.** Next, companies must decide whether they want to overcome these customers' heuristics and biases or whether they want to incorporate them into their designs (see Figure 13). To help educate its clients make informed decisions about how to integrate behavioral science principles into the experience, Ipsos provides them with behavioral economics playing cards (see Figure 14). In the health bar example, perhaps you start by educating the team tasked with redesigning the experience and then brainstorm different ways to integrate intuitive thinking. Do you add a discount coupon inside the bars? Use social proof? Reduce the number of types of bars you offer? Offer buy-one-get-one-free promotion? Activate priming effects by advertising on MTV? Because customers get suspicious and anxious when faced with too many nudges, let's say you decide just to reduce the price for a limited time, add a sign saying, "Please take no more than 5 bars" (*anchoring effect*), and place the product in the checkout area.
- **Step #4: Test, test, test!** It is absolutely impossible to know which heuristics and biases really do influence purchasing decisions without observing actual customer behavior, be it in a lab, in a virtual context, or in a real-life situation. Thus, testing your hypotheses on actual people is an absolutely vital step in the design process (see Figure 15). So for example, before implementing any of the proposed nudges to get customers to buy the health bars, you could hire ethnographers to follow a focus group of Millennials around and observe how they actually choose and use the bars. You could also show a group of Millennials an advertisement for the bars and use facial coding and galvanic skin testing to measure their emotional response to the product.

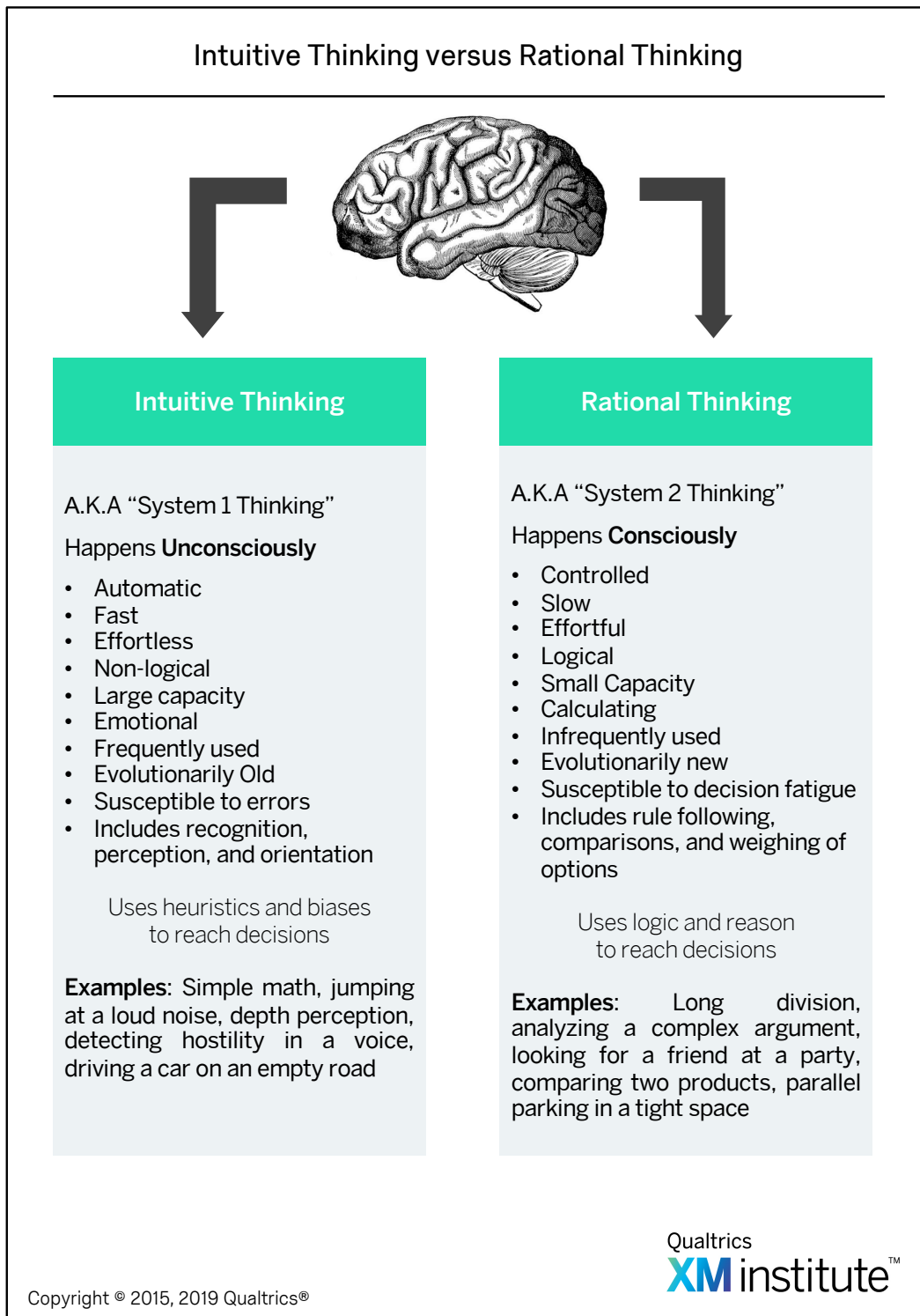


Figure 1

Examples of Heuristics and Biases (Page 1)	
Category: People are more affected by losses than by gains.	
Heuristic/ Bias	Description
Prospect Theory	<p>People make decisions by evaluating the potential gains and losses of each choice rather than by rationally evaluating the final outcome.</p> <p>Example: People prefer low deductibles on mandatory insurance and are unlikely to buy catastrophe insurance, but very likely to buy warranties.</p>
Loss Aversion	<p>People experience the pain of a loss more intensely than they experience the pleasure of a gain—more than twice as intensely by some estimates.</p> <p>Example: Many travel sites activate customers' fear of losing out by telling customers that there are "X number of rooms left at this price!"</p>
Scarcity Principle	<p>Loss aversion causes people to fear missing out, so they value things that are uncommon and/or available for only a short time.</p> <p>Example: Auction sites offer products for a low price for a short time.</p>
Endowment Effect	<p>People overvalue items they already own compared to those they don't.</p> <p>Example: In real estate, sellers often ask for prices that buyers are unwilling to pay.</p>
Status Quo Bias	<p>People tend to stick with their current situation because they unconsciously weigh the potential losses more heavily than potential gains.</p> <p>Example: Even at companies where employers match employees (401)K contributions, few employees put forth the effort to sign up.</p>
Default Bias	<p>People's fear of loss coupled with their preference for cognitive ease means they tend to choose the default option supplied to them.</p> <p>Example: On their websites, some companies force customers to unclick—rather than click—the box that automatically enrolls them in the newsletter.</p>
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Figure 2

Examples of Heuristics and Biases (Page 2)	
Category: People prefer simplicity to complexity.	
Heuristic/ Bias	Description
Fluency Heuristic	<p>People like and ascribe more value to things that can be processed quickly and easily (clear fonts, rhymes, etc.), and find them to be more truthful, moral, and frequent.</p> <p>Example: Studies show that stocks do better in the week following their IPO when the company's name and its ticker symbol are easy to pronounce (i.e. KAG is better than KGH).</p>
Familiarity Heuristic	<p>People prefer familiar stimuli because they are easier to process than novel stimuli. Consequently, when we encounter an object that is easy to think about, we assume that it is familiar, even if it is not.</p> <p>Example: People tend to stick with the brands they have used in the past or seen advertised.</p>
Warm Glow Effect	<p>We judge attractive stimuli to be more familiar and therefore more likeable.</p> <p>Example: Advertisements use attractive people to model their product.</p>
Paradox of Choice	<p>Too many choices can lead to anxiety, regret, choice paralysis, and decision fatigue. People are more likely to make a choice when they are presented with fewer options.</p> <p>Example: 30% of customers who only tried 6 jams bought one, whereas just 3% of customers who tried 24 jams bought one.¹</p>
Category: People are affected by current emotional and visceral states.	
Heuristic/ Bias	Description
Integral Emotions	<p>Emotions that are caused by the decision itself.</p> <p>Example: People might not purchase a stock because it makes them feel anxious.</p>
Incidental Emotions	<p>Emotions that carry over from some other event</p> <p>Example: Stock market performance in 26 countries positively correlates to the amount of sunshine on a given day.</p>
Affect Heuristic	<p>People rely on good or bad feelings experienced in relation to a stimulus to make a decision. So when they have pleasant feelings about a stimulus, they see the benefits as high and the risks as low.</p> <p>Example: People are more likely to purchase products from a company with commercials that make them feel happy.</p>
<p>1. Iyengar, S. S., Lepper, M. R. (2000). When choice is demotivating: can one desire too much of a good thing?" Journal of Personality and Social Psychology, 79(6): 995-1006. doi 10.1037//0022-3514.79.6.995</p> <p>Copyright © 2015, 2019 Qualtrics®</p>	
<p>Qualtrics XM institute™</p>	

Figure 3

Examples of Heuristics and Biases (Page 3)	
Category: People are heavily influenced by other people.	
Heuristic/ Bias	Description
Social Proof	<p>In unfamiliar situations, people follow other people's behavior and suggestions, especially when the group is large and similar to them.</p> <p>Example: Studies show that 70% of customers read user reviews prior to a purchase and these review are 12 times more trusted than manufacturer descriptions.</p>
Imitate the successful and the experts	<p>People follow the behavior or suggestions of experts and those they view as successful, like a boss, a celebrity, or a popular friend.</p> <p>Example: Facebook and Twitter are an effective way for companies to advertise how popular they are within a customer's friend group.</p>
Herding behavior/ Bandwagon Effect	<p>People tend to mimic the actions of a group, even if individually they would have made a different decision.</p> <p>Example: Stock market trends are often caused by everyone buying (bubble) or everyone selling (crash).</p>
Emotional Contagion	<p>People mimic the expressions of those around them, making them feel a reflection of the emotion they observe there.</p> <p>Example: Charity ads featuring sad faces lead people to feel sad and donate more money.</p>
Reciprocity	<p>People tend to reward positive actions in kind.</p> <p>Example: If a company gives customers chocolates, customers are more likely to make a purchase.</p>
Halo Effect	<p>We judge peoples' opinions based on our overall impression of them.</p> <p>Example: When customers make a positive, personal connection with an employee, they also feel a positive, personal connection to the company.</p>
Inequity Aversion	<p>People have an inherent dislike of unfairness and inequality.</p> <p>Example: People think it would be unfair for a hardware company to raise prices on shovels after a snowstorm.</p>
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Figure 4

Examples of Heuristics and Biases (Page 4)	
Category: People make decisions based on context.	
Heuristic/ Bias	Description
Effect of the Physical Environment	<p>The physical environment affects people's decisions by making some choices more accessible or noticeable than others.</p> <p>Example: Grocery stores will often place the items they most want to sell on the right-hand-side of an eye-level display as most people are right-handed and their gaze naturally drifts in that direction.</p>
Priming Effects	<p>Occurs when people are exposed to a task or a stimulus, known as a "prime," that then unconsciously influences their subsequent choices or behaviors. Primes can be words, numbers, pictures, smells, mental images, sounds, etc.</p> <p>Example: Some travel agencies smell of coconut to remind customers of past holidays.</p>
Anchoring Heuristic	<p>A type of priming effect where the first number that people encounter serves as a reference point and affects subsequent judgments about value, even if the later judgments are unrelated.</p> <p>Example: A used car salesman can get more money for a car if he initially proposes a high asking price because any price lower than the initial anchor seems reasonable... even if it's not.</p>
Framing Effects	<p>People's preferences can change depending on whether the positive or negative aspects of the same decision are highlighted. When a decision is framed in terms of gains, people tend to avoid risk, but if a decision is framed in terms of losses, people tend to take more risks (this phenomenon is related to loss aversion).</p> <p>Example: Patients are more likely to agree to a surgery with a "90% chance of success" than one with a "10% chance of failure," even though they are statistically equivalent.</p>
Decoy Effect	<p>A type of framing effect where people's preference for one option over another option changes as a result of adding a similar but less attractive option. Works as people use comparisons to evaluate choices.</p> <p>Example: When offered a choice between a Roman holiday with free breakfast, a Parisian holiday with free breakfast, or a Parisian holiday without free breakfast, people almost always choose the second option.</p>
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Figure 5

Examples of Heuristics and Biases (Page 5)	
Category: People misjudge their past and future experiences.	
Heuristic/ Bias	Description
Peak-End Rule	<p>People remember an experience based on its most emotionally extreme point and its end.</p> <p>Example: Restaurants bring complimentary dessert (i.e. mints, chocolates, fruit, etc.) with the check at the end of the meal.</p>
Duration Neglect	<p>People don't remember the duration of an event. However, the more segments in an encounter, the longer it is perceived to take.</p> <p>Example: Customers think it takes less time to resolve an issue if they speak to one agent for a longer period of time than if they speak to a multiple agents for a shorter time... even if the latter is actually faster.</p>
Primacy and Recency Effects	<p>People remember the beginning and end of a series best.</p> <p>Example: Viewers remember the first ads in a commercial break best.</p>
Optimism and over-confidence Bias	<p>People think they are less likely to have something bad happen to them and are overconfident in their ability to successfully perform a task.</p> <p>Example: Smokers tend to think they are less likely than other individuals who smoke to get lung cancer.</p>
Projection Bias	<p>People assume that their current tastes and preferences will remain the same over time.</p> <p>Example: More people buy gas-guzzling cars when gas prices are low.</p>
Hyperbolic Discounting	<p>People view their future selves like a stranger and thus choose short-term gratification over long-term rewards.</p> <p>Example: Many people choose to spend paychecks immediately instead of saving for retirement.</p>
Availability Bias	<p>People make judgments about the likelihood of an event based on how easily they can think of an example.</p> <p>Example: People overestimate the likelihood of a plane crashes because each crash is covered so extensively by the media.</p>
Hindsight Bias	<p>After an event occurs, people see it as being predictable.</p> <p>Example: After a startup succeeds, people think it was inevitable.</p>
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Figure 6

Best Practices for Nudge, Assist, Enhance	
Strategy	Tactics
<p>1) NUDGE</p> <p>Point people in the right direction.</p>	<ul style="list-style-type: none"> ▪ Reduce the number of choices. ▪ Engage the senses. ▪ Tap into the power of free. ▪ Use price anchors. ▪ Add a decoy option. ▪ Tell customers how others are behaving. ▪ Advertise your product or company's popularity. ▪ Provide good default options. ▪ Create a sense of urgency. ▪ Engender a sense of ownership prior to purchase.
<p>2) ASSIST</p> <p>Help people successfully accomplish their goal.</p>	<ul style="list-style-type: none"> ▪ Activate rational thinking. ▪ Reduce customer effort. ▪ When outcomes are delayed, provide positive feedback and benefits. ▪ Create a community around products. ▪ Allow customers to co-architect their experience. ▪ Go with the grain of people's mental accounting. ▪ Encourage decisions that improve long-term wellbeing.
<p>3) ENHANCE</p> <p>Make people feel good about their experience.</p>	<ul style="list-style-type: none"> ▪ Get bad moments over with early. ▪ Clump pain-points and spread out pleasure. ▪ End on a high note. ▪ Minimize the number of steps in a journey. ▪ Personalize interactions. ▪ Let employees be human. ▪ Relieve customer anxiety by eliminating uncertainty. ▪ Pay special attention to emotional moments. ▪ Proactively avoid bill shock. ▪ Frame communications in a positive way.

Figure 7

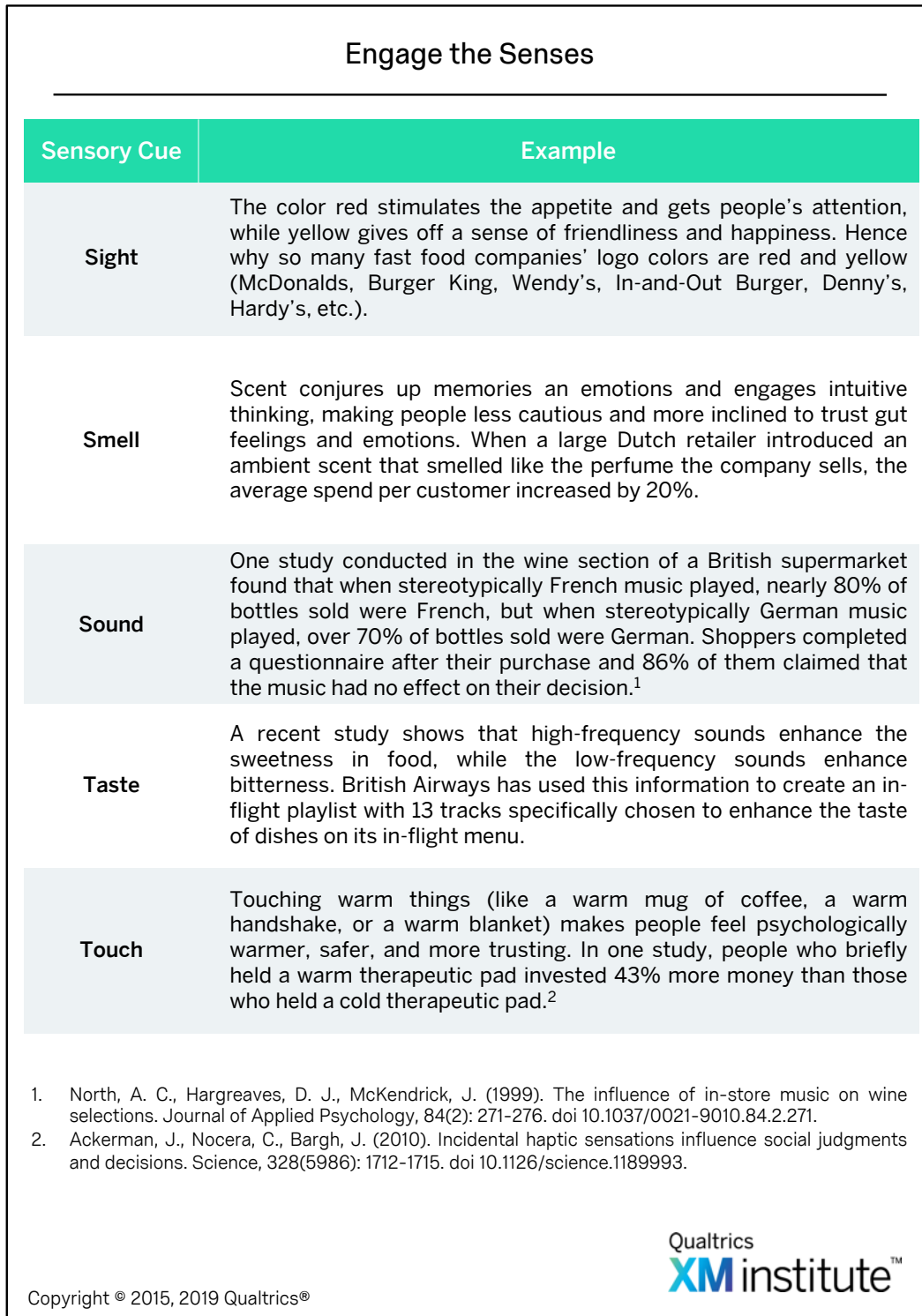



Figure 8

Groupon: Scarcity Principle



Boston

SEARCH

CART

HELP

SIGN IN

SIGN UP

Home

Local

Restaurants

Beauty & Spas

Goods

Getaways

Clearance

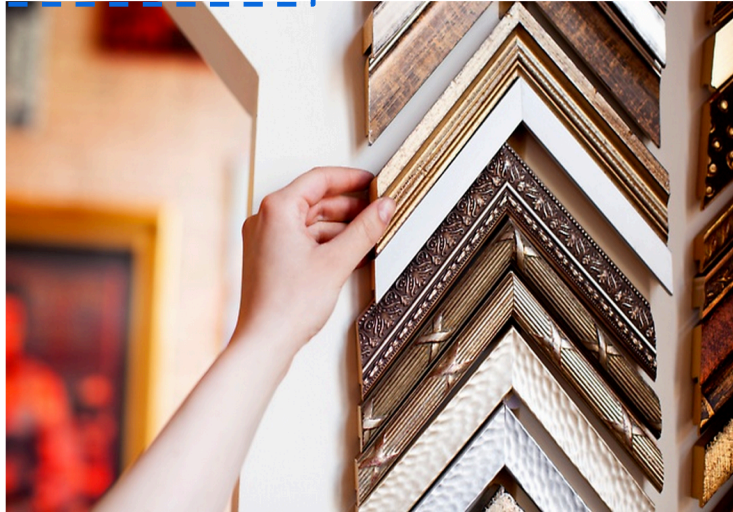
Coupons

Father's Day

\$40 for \$ Toward Custom Framing at Big Picture Framing

Multiple Locations

87% of 15 customers recommend



\$40

BUY!

VALUE	DISCOUNT	YOU SAVE
\$100	60%	\$60

GIVE AS A GIFT

Limited time remaining!

LIMITED QUANTITY AVAILABLE

Over 80 bought

Photographic

Nester

Without framing, all paper objects would be considered equal, making cocktail napkins as valuable as the first transatlantic paper airplane. Delineate priceless possessions with this Groupon.

SHARE THIS DEAL

Like

0

In a Nutshell

Custom framing services for artwork, documents, photographs, and three-dimensional objects

The Deal

Groupon uses the *scarcity principle* and *social proof* to help sell its products. The sections highlighted in red are examples of how Groupon makes the product seem like a good deal available only for a short time, while the portions highlighted in blue are examples of the company telling customers how popular this item is.

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Figure 9

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Page 24

Cognitive Fluency vs Cognitive Disfluency		
Note your reaction to reading the right-hand column.		
	High Cognitive Fluency	Cognitive Disfluency
Type of Thinking	Intuitive Thinking: People make decisions based on their initial gut instinct.	Rational Thinking: <i>People slow down and reassess a situation.</i>
How to Activate	Use easy-to-read fonts, simple sentence structure, familiar wording, or rhymes.	<i>Use difficult-to-read fonts, complex sentence structures, uncommon or awkward phrasing, or hard-to-pronounce words.</i>
Attributes	More likable, familiar, more truthful, more moral, safer, and makes instructions seem easier to execute.	<i>Novel, leads to higher retention of information, makes products seem harder to make, and causes people to defer making judgments.</i>
Brand Qualities	Seen as approachable, friendly, sincere, and familiar.	<i>Seen as competent, distant, innovative, exceptional, luxurious.</i>
Brand Examples	Easy to pronounce names: i.e. Ford, Apple, Sony Easy to read logos: i.e. Walmart, FedEx, Mobil	Hard to pronounce names: i.e. Häagen Dazs, Givenchy, or Hermès Hard to read logos: i.e. Christian Louboutin, Harrods, or Neiman Marcus
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Figure 10

Four Steps For Applying Behavioral Insights To Your Experience Design Efforts		
Step	Health Bar Example	Tools
Step 1: Define Target Customers	You want to sell a new line of health bars to Millennials shopping at a grocery store.	<ul style="list-style-type: none"> ▪ Personas ▪ Ethnographic research
Step 2: Identify Relevant Heuristics and Biases	You know that younger people are more susceptible to <i>decoy options</i> , but less affected by <i>loss aversion</i> , <i>status quo bias</i> , and <i>incidental emotions</i> .	<ul style="list-style-type: none"> ▪ Heuristics and Bias Worksheet (see Figure 13)
Step 3: Select Design Strategies	You want to incorporate heuristics and biases into the design, and you hypothesize reducing the price for a limited time, adding a sign saying “please take no more than 5 bars,” and placing them near the cashiers will work best.	<ul style="list-style-type: none"> ▪ Customer Journey Maps ▪ Design brainstorming
Step 4: Test, test, test!	You hire ethnographers to uncover how customers actually choose and use the bars in their lives, and you use facial coding and a galvanic skin test to evaluate their emotional response to an advertisement about the product.	<ul style="list-style-type: none"> ▪ Testing methods (see Figure 15)

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Figure 11

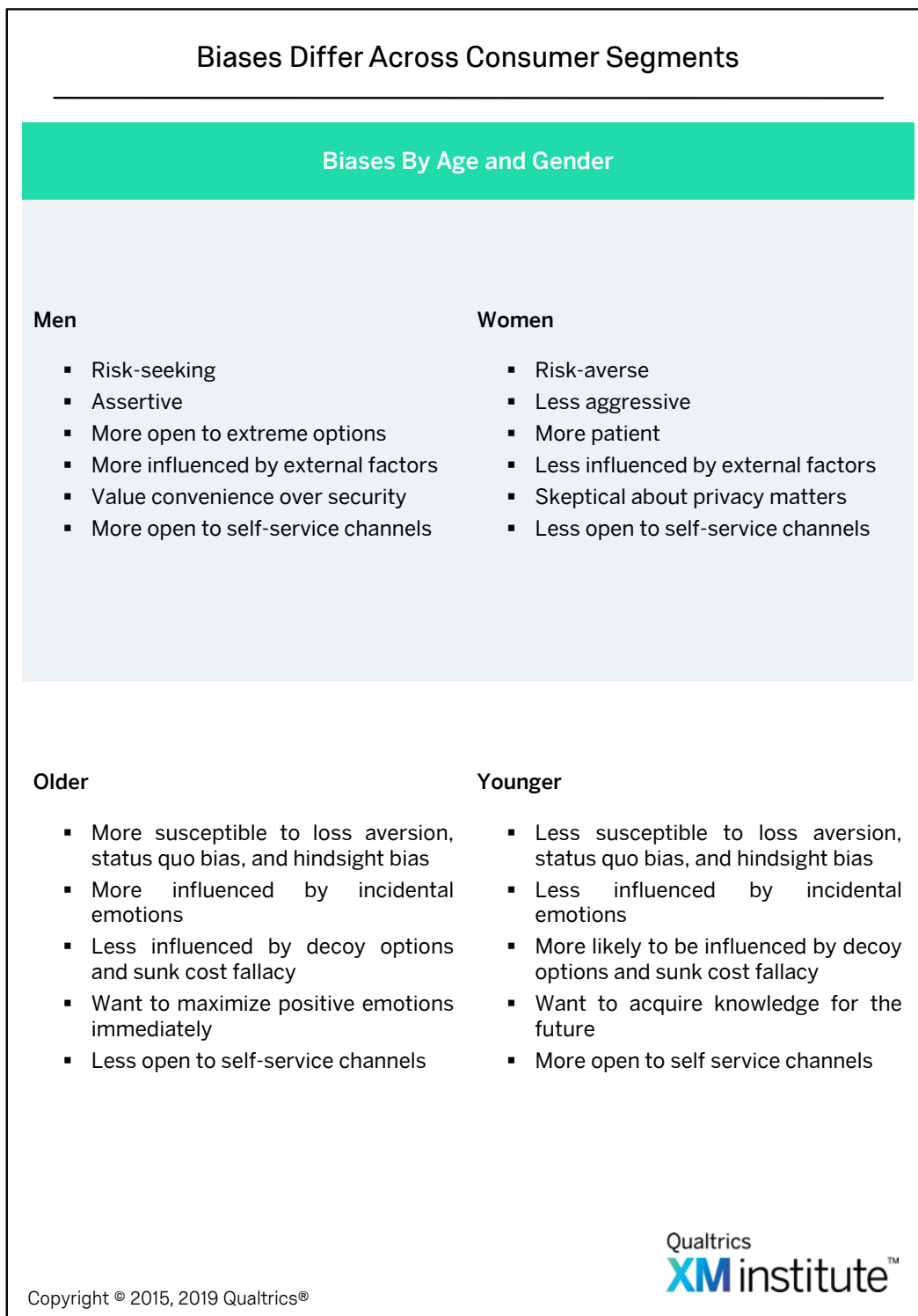


Figure 12

Heuristics and Biases Worksheet		
Description of target customer and scenario:		
Heuristics and Biases	Key Heuristics To Consider	Design Ideas
People are more affected by losses than by gains.		
People prefer simplicity over complexity.		
People are affected by current emotional and visceral states.		
People are heavily influenced by those around them.		
People make decisions based on context.		
People misjudge their past and future experiences.		

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Figure 13

Ipsos's Behavioral Economics Playing Cards



Ipsos printed a pack of 52 behavioral economics playing cards to help clients become familiar with the terms and concepts. Each card discusses a different behavioral economics concept and is grouped as a heuristic (blue), bias (red), or intervention (yellow) (see bottom row). There are also three color-blocked cards that define each of these terms (see middle row).

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Figure 14

Examples of Testing Methods		
Method	Description	Some Uses
Ethnographic Research	Ethnographers observe, interview, and videotape people in their everyday lives and during interactions with companies.	<ul style="list-style-type: none"> Understand the underlying attitudes, beliefs, and cultural influences that motivate consumer choice. Reveal how customers actually use and think about the products.
Eye-tracking	Measures where the eyes are drawn and how long is spent looking there.	<ul style="list-style-type: none"> Understand what is attracting the customer's attention. Find what is distracting customers from their journey.
Facial Coding	Measures micro facial expressions to detect emotions using HD slow-motion video recordings.	<ul style="list-style-type: none"> Uncover which design elements are liked, disliked, confusing, intriguing, etc. Identify the exact word or statement that causes customers to feel a particular emotion.
Galvanic Skin Test	Measures the change in the electrical resistance of the skin in response to physiological arousal (positive and negative excitement).	<ul style="list-style-type: none"> See the actual emotional impact of a product, website, commercial, etc. Chart the rise and fall of user's arousal through the experience.
Information Acceleration	Puts participants in a virtual buying environment that mimics the context in which customers actually make purchasing decisions.	<ul style="list-style-type: none"> See which customers are most likely to buy a product and at what price. Measure how adjustments to product features affect product desirability.
The Zaltman Metaphor Elicitation Technique (ZMET)	Uses personal interviews to elicit the metaphors, constructs, and mental models that drive customer behavior.	<ul style="list-style-type: none"> Discover underlying emotional connections through customers' own pictures or materials that symbolize thoughts and feelings.

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Figure 15