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TITAN BUSINESS DEVELOPMENT GROUP, LLC

Psychological Tricks Used to Get You to Open Your Wallet



We are all continuously bombarded by advertisements, branding messages, phone calls and the likes, aimed at selling us some product or service. In fact, we are bombarded by those efforts at a blistering pace throughout our day. From a business perspective, there's an argument that there is little inherently wrong with that, as long as it doesn't turn into an imposition or nuisance. To

manage this, in part, marketers have found ways to exploit your vulnerabilities and subconsciousness in ways that are not as blatant. These same tactics are designed not only to get you to open your wallet, but to open them wider, too. The following exposes some of these and if you haven't already, we can all but guarantee you'll start to take more notice. Further, how might you incorporate these tactics into your messaging?

Priming

It's well-known in psychology that being exposed to one idea or concept can affect your response to another related thing. For example, you're more likely to recognize a word like "tasty" after seeing a picture of a delicious meal than after a picture of a garbage dump.

In a 2002 study, researchers measured how a webpage's background influenced consumers looking to buy a car. When the background was green with pennies on it, customers spent more time perusing the cost info, but when the background was red with flames, they spent more time looking at the safety section.

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The Decoy Effect

Sometimes, a company will include an additional price option just to make you think you're getting a deal.

Duke professor of psychology and behavioral economics Dan Ariely did a study of a marketing strategy used by The Economist, as he described in a TED talk. The magazine offered three subscriptions: an online subscription for \$59, a print subscription for \$125, and a print-and-online subscription for \$125.

When Ariely offered 100 students the three options, most students picked the online-print combo, since it seemed like the best deal. But when he took out the print-only option, most students picked the cheaper, online-only one.

The Illusion of Scarcity

People are more likely to desire things if they seem like scarce resources. In a classic study in 1975, researchers showed 200 people two identical cookie jars, except one had 10 cookies and the other had just two. Surprisingly, people rated the cookies in the empty jar as more valuable. Today, airlines and other companies use the scarcity principle all the time (think "only a few tickets left at this price!").

Loss Aversion

Ever wonder why companies offer free trials? The reason links back to the results from 1990 study conducted by Nobel-winning psychologist and behavioral economist Daniel Kahneman and his colleagues.

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The group ultimately found that people are more likely to act when they have something to lose, as opposed to gaining the same thing. That's why companies offer free trials, so customers will want to keep subscribing after the trial period is over.

In the study, Kahneman and his colleagues gave people mugs, chocolate, or nothing. People then had the option of keeping their items or trading with someone else. About 86% of those given mugs chose to keep their mugs, whereas only half of those who started with nothing chose mugs, and just 10% of people given chocolate traded for them.

Reciprocity

As psychologist Robert Cialdini writes in his book "Influence: The Psychology of Persuasion", if someone does something for you, you're more likely to want to do something for them. Simply put: you scratch my back, I'll scratch yours.

Cialdini has found that when a restaurant server brings the check with one mint, people will tip 3.3% higher than normal. And with two mints, they'll tip a whopping 20% more! Think about that the next time you go out to eat.

Social Proof

Basically, people tend to do something simply because other people are doing it (a.k.a. going with the herd).

Psychologist Robert Cialdini writes in his book that this is why TV sitcoms used canned laughter, which makes you think something is funny just because you hear other people laughing at it. Or take social media — people or brands will often buy "ghost followers" who aren't real people, to make others think they have a large following.

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Anchoring

Anchoring refers to the notion that people will make decisions that rely too heavily on the first piece of information they get. For example, a 2011 study revealed how anchoring affects salary negotiations. Participants gave candidates a higher salary offer when they suggested an implausibly high salary than when they suggested a realistic one.

Companies often use this tactic with sales, where they set an "anchor" price and show you how much the product has been marked down. For instance, you may be willing to pay \$50 for a new shirt if it's been discounted from \$100, even if it's more money than you would usually pay.

The Baader-Meinhof Phenomenon

Also known as the frequency illusion, this is the effect where you see something once, and suddenly you start seeing it everywhere. And companies use this to their advantage to sell you products. According to Pacific Standard, the term Baader-Meinhof phenomenon was invented in 1994 by an online commenter, who heard the name of the ultra-left-wing German terrorist group twice in a 24-hour period. Stanford linguistics professor Arnold Zwicky coined the term "frequency illusion" in 2006.

It comes down to two things. When you first come across a new word, thing, or idea, you unconsciously start noticing it because of something called "selective attention." Then, each time you see it is additional proof that it's everywhere, a phenomenon known as confirmation bias.

The Power of Anecdote

People like stories. It's that simple. Psychologists Christopher Chabris and Daniel Simons, authors of "The Invisible Gorilla," say we value stories over statistics because individual examples stick in our brains better.

Research suggests that the reason stories are so persuasive is that they transport us to a place where we're more likely to believe in something. Other research shows that people who seek out emotional situations and ones who enjoy thinking were both likely to be transported by stories. Maybe that's why so many ads feature customer testimonials, because they tell a story we can identify with.

Masterful Quotes

“Being good in business is the most fascinating kind of art. Making money is art and working is art and good business is the best art.”

~ Andy Warhol

“Every problem is a gift – without problems we would not grow.”

~ Tony Robbins,

How to Make Effective Decisions Quickly

Learning to make fast decisions can be a difficult task, but with practice it certainly can be done. Although making decisions *too* quickly can backfire, it doesn't mean that you can't learn from your mistakes and still make future decisions fast and effectively.

Study Past Decisions

You can easily discover *why* you made certain decisions in the past by reflecting on your decision making process. Of course, decisions will vary from person to person, and that's okay! *Perhaps you have challenges with decisions because you keep changing your mind.* In thinking through the various possibilities, you just get stuck. Once you finally choose something, you question the validity of your decision. Or maybe you let your fears make your decisions for you. Whatever the reasons are, once you understand *why* you made the decisions you have, you can work on counteracting it moving forward.

Getting Over Your Fears

There are many fears that play into decision making. You could be afraid because you think you might fail. You could be afraid because you'll have to take responsibility for consequences. You also could be afraid because you simply have too many options to consider.

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The fear of failure is a feeling that nearly everyone has encountered at some time in their life. The reality is that you very well may fail at certain things in life. It's inevitable! Even the most successful people have some ideas that fail on their way to success.

However, *you can't let this fear rule your life*. Instead of being afraid of failure, decide what you'll do *if* you do fail. Hopefully, you'll decide to pick yourself back up and learn from your mistakes. Regardless of what you fear, you must concentrate on facing it in order to speed up your ability to make quick, effective decisions.

Going With Your Gut Instinct

When you feel that you have too many options or too many things racing through your head, it can help to go with your gut instinct. Your gut instinct is usually right and you get the benefit of a quick decision.

Ensure that you're calm and focused when you're going with your gut instinct. That way, you can feel confident that you're going with your true feelings and not something that's influenced by outside sources.

Speeding Up The Process

If you're having trouble making the correct decisions, give yourself more time. Take the time to weigh your options and go with a decision whole-heartedly. Be ready to take responsibility for your actions, even knowing that everything might not go according to plan.

After you strengthen your overall decision making skills, then it's easier to focus on making your decisions faster. With regular practice, you might notice that you don't have to change much to make quicker decisions because practice alone will help out.

Learning from Mistakes and Moving Forward

At the end of the day, you can go over your decisions again. Were you successful? If you weren't, can you identify the reasons why? Keep a journal to help you remember which methods work the best for you. Soon enough, you'll find yourself making better decisions quicker than ever before.
