Title: RORY SUTHERLAND: His BEST interview EVER - | Ep 127

I've spoken to a lot of people of otherwise you know unimpeachable moral character who admit that if they try to scan something three or four times and it just won't scan they Nick it okay I have done that myself once what makes people buy you know I always say if you look at the things you own ask yourself a question if it broke would I buy another one and you know generally speaking it's you know air fryer yes you know yogurt maker no apparently one great thing is whenever you go there even if you don't want them ask for a knife and fork instead of Chopsticks it really sets them off okay that just drives them practically insane I always invert the question to be honest about a third of the time this is my secret trick which is just take the question and ask it the opposite way around I realized after I'd done this a couple of times that it was probably insensitive and I used to sit on the plane with this bloody screen I used to watch air crash investigation and they asked him what his secret it was I said it's very simple he said I do something that no other car salesman does as soon as someone comes in who is vaguely interested in some sort of car I asked a completely different question everybody else asks effectively how do I sell this person a car how do I make sure they don't walk out without buying a car I optimize for something completely different that the question asked myself is today we're joined by not only one of the greatest Minds in marketing not only one of the greatest Minds in business but also one of the greatest Minds in human psychology so if you're looking to really get under the hood of what makes us tick this is the episode for you jack what did you learn to be joined by the one and only Rory southernland was an absolute hit today um he is brilliant with anything he touches we learned so much about psychology human biases and the way that people buy if you are a budding marketeer or you're just looking for the edge when it comes to being better you're going to love this one Rory southernland thank you so much for joining us today we've been so excited for this for so so long um we've sat down with many people on this podcast and we've mentioned your name and we've seen their faces light up I think they're slightly over excited to be honest but there we go I'm very happy for the uh the Acclaim and um I hope I can deliver I'm sure you will I'm sure you will um I've listened to you on many podcasts and I've taken you've been a Secret Mentor in terms of your marketing your strategy and I've taken that and I've solved problems in the business world I want to hit you with a big open question and see where you take it and where we end up um what how do I phrase this in the best way what what makes people buy very very interesting question I don't know um but what I do know is it's worth testing lots of different ways in which people might buy because economics is fundamentally I don't know what the right answer is but I know that the standard assumption which pervades most business thinking is fundamentally wrong in that it assumes that people conceive the need for something and then set out to satisfy that need at the lowest possible price that will match their utility function or whatever economists would call it and sometimes that happens by the way but most of the time I don't think it works like that at all and we had a very interesting discussion funny enough over the last two days you've got to be quite old to remember this but if you went to London in the 1980s the 1990s actually early '90s before there was right move the city was a forest of for sale signs because every single property that was for sale the estate agent typically or real estate agent or realtor for the American listeners used to put a bloody great stake in the garden with a huge sign with the name of the real estate agent and the words for sale or sometimes for rent never happens anymore and the reason is that people assume it's unnecessary because they assume that any anybody who's in the market for a house is already on right move or possibly prime location they're already searching for a property and the only question I asked is particularly there's a massive fashion towards dematerialization if you can avoid a physical thing in your business like sending human beings around to stick stakes in the ground that's the first thing that gets cut MH and my question is if we're right in our assumption and some of the time we are that people go it's time for us to move house we've had the children this place is too small for us we need to upsize or we need to downsize so let us go to right move and we'll buy a house then getting rid of those for sale signs which were bloody ugly by the way but nonetheless it makes business sense no need for those anymore because everybody on the market for a property is basically already looking in the area they want on right move now here's my problem I think it often doesn't work like that at all I think genuinely there were loads and loads of the majority of people who buy a house particularly in London only move a few miles if that I think there are a huge number of people who are wandering around they see a house they've always liked and they see a for sale sign and they go well I wasn't thinking a moving house but now I know that place is for sale I might have a look and so we're assuming this absolutely kind of homogeneous Journey where everybody travels from conceiving the need to purchase in this kind of military formation in a completely consistent way and I genuinely don't think people buy that some people do okay there are people still who do what was the standard shopping practice when I was a small child which is you write a shopping list and you go to the supermarket you you effectively check everything off your list mhm and the reason the shopping list started was partly because when I was a very very small child our local shop was still not a supermarket you went this is hard to believe you went to a counter it was a bit like Argos basically okay you went to a counter and you said packet of cornflakes please and the man went round the back and fetched you a packet of cornflakes and then you you probably know the two ronni's Fork handle sketch shops still in the late 60s were quite often like that so you wrote a shopping list you relayed the shopping list there was no opportunity for an Impulse Buy really okay you simply had to stipulate to your chap uh what it was you wanted now there are people who still shop like that absolutely but there are also people I'm obviously sure who wander around the shop basically they walk into Mark dispenser simply food or whatever they have absolutely no clue what they want other than the fact that the fridge is empty okay and they basically go in and they use what's on the Shelf to determine what they buy and in fact an extraordinary amount of if you obviously people whove done research into this extraordinary amount of decision making takes place at the Shelf in the store now my point is that actually of course it's both there are people who plan there are people who have specific needs there are also additional opportunities where putting a for salees sign on your house I am sure increases the odds of selling that house by a not insignificant Factor okay you know I know whether it's 100% or 50% but I would argue that it's not a waste of time to put a for sale sign outside a house because it gives people another OPP it creates a market rather than serves a market and this is what worries me about the whole business of marketing and online and digital and sales and optimization and Performance Marketing is it seems to me fundamentally focused around the idea that demand is finite and pre-existing the market is already defined it is our job to that existing Market as efficiently as possible and at its worst I think it turns to a kind of absurdity in digital marketing which is we're not going to Define our customer base as those people with whom we can have a profitable interaction and a lifetime relationship over time we're going to Define our to audience merely as those people who are prepared to interact with us in lowcost channels you know and that seems to me it is no surprise that brands that adopt that approach don't don't grow now this is just a point about the obsession with reducing transaction costs um in business strikes me as fundamentally misdirected in that most big Brands grow because they sell to a lot of people and those people buy them quite frequently so it's a mixture of repeat purchase and size of overall market and what we're doing is we're basic saying let's try and force everybody to transact with us in the lowest cost Channel and that strikes me as fundamentally wrong you should actually say we will use whatever media are necessary to uh acquire and keep a customer and some of them will be more expensive than others but that's simply a product of reality that's just how the real world works there are people who will respond to direct mail and there people who respond to email and yes okay the people who respond to email may be slightly cheaper to reach that it is not fair to conflate customer value with cheapness of acquisition and I'll tell you a wonderful story which illustrates this very very wise person who runs a very successful online travel business we were sitting in a meeting and the chief executive and founder um was just sitting at the end and somebody said use the phrase the need to maximize online conversion from the website and the guy just said very shrewdly he said hold on on this basis he said said the typical visitor to our website converts at about .8% the typical person now he acknowledged the fact we're not comparing like with like here okay the typical person who phones us up converts at 35% now he said appreciate the fact that people who phone us up are warmer prospects than people who visit the site nevertheless he said do you really want to hide the phone number on the site to minimize the cost of the call center because as you could roughly put it uh you know I'd rather have 90% of a lot than 100% of not very much what you're doing is you're actually effectively privileging lowcost to serve over ultimate value MH now you when when would you do something so silly well the answer is you do it if you had very short time Horizons if you're obsessed about the next quarter okay and if you basically were trying to impress the shareholders largely through cost cutting that's exactly the mistake you'd make and I I mean I I I'm not generally very vifer but I did write quite extensively against the business of closing Railway ticket offices and I also have written fairly extensively against this practice of supermarkets of more or less trying to force their customers to self-checkout you know self-checkout by the way really important point about technology here okay generally technology arrives as an option think of parking apps when they first arrived you oh I don't have to find 7 pound coins to park 7 Oak station and I don't have to walk 300 yards to that stupid ticket machine and then walk all the way back to my car and he thought oh that's brilliant if I get drunk and take a taxi home I can actually buy Saturday morning parking from my bed rather than having to get my wife drive me into Seven Oaks before I get a parking ticket in the car park all of those aspects of of parking apps were totally welcome the only problem that then happens is what starts as an option ends up as an obligation because someone spots the fact that it's cheaper to make people pay on the app than it is to maintain pay and display machines or you know or or to have a human uh you know selling you a ticket and the next thing you know is they've kind of imposed parking apps in basement car parks where you can't get a mobile signal to save your life you know and and and the whole thing then becomes absolutely an absurd imposition MH where it started off as a really welcome alternative and it ends up as basically a um you know a trap you know it's a it's a a cage and I you know I think that's happened with things like self checkouts at supermarket I know I'm talking slightly nerdish about this but no no it's a great idea right I'm in a hurry there's a bit of a queue I know exactly what I want I know how the self checkout works or I know which Railway ticket I want I go straight to the machine don't have to join the queue I can pretty much buy a return from Seven Oaks a day return from Seven Oaks to London blindfold using one of those machines okay not a problem but then there are all the occas where you don't know what you want and my argument is okay let's look at those sort of self checkout TS one what happens with technology is that Consultants come in with technology companies and they basically talk a very very good game because it's a very plausible narrative about cost saving you know look at all the resources you will save if you get people to do this this way rather the other way now check technology is such a kind of beguiling tempting thing that whereas people normally do a cost benefit analysis when you've got a technological solution somehow people are tricked into just doing a benefit analysis look at all the money we'll save because it's Automation and we all know that automation is good and nothing ever bad happened because of technology so we'll implement this technological solution and then you notice that what's happened okay in supermarkets is one you can't really do a family weekly shop if you're self-checking out can you okay cuz a you've got to have a kind of weighing scales that's of like 8T by three okay B it takes an unbelievably long time right so you go hold on I came here to shop I didn't come here for a job you know you got me you've outsourced your cashier job to me I don't mind scanning 15 items okay scanning 47 now I do it with my phone I'm quite geeky that way that's not so much of a problem but scanning 47 items at one of those you know self checkout till is impossible third problem it's led to a massive kind of epidemic of shoplifting where apparently some grocery retailers are selling more carrots than they're buying and the reason for this miracle isn't Jesus okay it's actually that people are checking out say kiwi fruit or plums and pretending they're carrots for the purpose of the wearing machine and people will cheat from a machine much more readily than they will from a human much easier to do and let's be honest there's we're being frank about it there's plausible deniability yeah okay if you know if you're Court not scanning something you go oh I'm sure I scanned that okay there's completely plausible now you wouldn't want to get caught six times in a row because at that point people will go look mate I think you're off the self Scanning Machines now but there's quite a lot of plausible deniability okay I'll confess this um I've spoken to a lot of people uh of otherwise you know unimpeachable moral character who admit that if they try to scan something three or four times and it just won't scan they Nick it okay I have done that myself once now bear in mind this was after I wiped down the glass screen I you know I tried every possible thing I could to scan this thing there was no one available to help okay there was no other means of actually keying it in and I go look okay I've done a load of work for you you you and just to be clear it wasn't caviar okay it was it was something unbelievably tedious like carrots or something like that and it was sort of 75p and I kind of went I've done enough work here to earn my 75p so I've done it myself once okay now you know you I would under no other circumstances would I think of heisting stuff from the shops okay but on that one occasion I kind of lost my Rag and went okay you know if you're not going to meet me halfway and make it easy for me pay I'm not going to pay at all mhm so so what I'm saying is that there's this weird Cult of short-term efficiency gains which I think in lots of areas of business are deeply deleterious to what a real brand relationship and what the customer value exchange over time should really be and there's a story I really love about this which comes from Drayton bird who's the great Guru of direct marketing uh his book Common Sense direct marketing for American listeners he's kind of the British leester wonder he's still alive he's in his 80s he lives he actually gave his last talk about direct marketing probably about a year and a half ago okay brilliant brilliant man he was my first boss and you know a huge influence on everything I believe and think and how I think and so on and Drayton told the story I think it's in his book of America's most successful car salesman and presumably sometime in the 60s or 70s this particular title existed and it was just this guy who had an extraordinary record of car sales and they asked him what his secret it was I said it's very simple he said I do something that no other car salesman does said as soon as someone comes in who is vaguely interested in some sort of car I asked a completely different question to everybody else everybody else asks effectively how do I sell this person a car how do I make sure they don't walk out without buying a car I optimize for something completely different the question I asked myself is what can I do now that makes it absolutely certain that they'll come to me when they need to buy their next car wow now it occurred to me and this interests me a bit it is when you think about it an absolutely brilliant because I would argue that if there's one single metric that's a pretty good guide to a product it's repeat purchase right you know I always say if you look look at the things you own ask yourself a question if it broke would I buy another one and you know generally speaking it's you know air fryer yes you know yogurt maker no you know what I mean okay right there's a kind of you go through your stuff and you ask that question if this thing broke would I just go straight out and go I need to buy another one and repeat purchase is kind of I think the best indicator for a an enduring business and this guy basically understood this completely and he said okay My Success is not selling them a car immediately it's that when they think of buying a car the next time you know they don't think of coming to anybody else they basically the first Port of Call is I want to buy a car from Bob now I wonder what car I should buy now it occurred to me that when that person adopted that policy for the next three years they were probably a slightly unsuccessful car salesman because they were actually willing to sacrifice short-term transactional gains for long-term loyalty and there's something there which is really really interesting which is if you go on YouTube the I'm a big fan of Jay Leno's garage because obviously he's a brilliant presenter he's Jay Lena I'm a big fan but it's an act of extraordinary philanthropy in a way that you develop a hundred million doll car collection but then you spend your time sharing it with the wider populace you know it's great you know what a great thing to do seriously you know I mean if you think of the net happiness created by that it's it's really fabulous and he tells there's a wonderful episode which is called why I don't own a Ferrari by Jay lenon so his whole collection contains no Ferraris I think and he won't buy them because he says I won't put up with all the [ \_\_ ] you have to go through to buy one which is kind of they'll only send sell you one of the rarer ones if you've um already bought sort of six run-of-the-mill F there is a run-of-the-mill Ferrari but you get what I mean you know in other words it's like those very high-end French handbags where you have to go in and Splurge a load of money on random non-resalable stuff before they're prepared to actually let you into the inner sanctum where you can buy the crocodile Kelly bag which theoretically you could resell on eBay for whatever it is and he said I don't want to play those games I just don't like it I can't I I don't want that I don't want to play those games and he contrast this with his experience of buying I think it was the McLaren F1 but I might have got this wrong it might have been another McLaren and his experience was that he contacts McLaren and he says I'm thinking of buying this thing that's fine they're obviously very helpful and um you would kind of expect that okay yeah yeah um and uh he says I was thinking by the way of getting the uh ceramic disc brakes I think I've got this right brake discs sorry uh I was thinking of getting the the the ceramic um uh breake discs and they said the guy said to him um things is Mr are you planning to track race this car to track this car or are you mostly going to be driving it on the road and he said look to be honest I'm probably take it out on the track once but most of the time I'll be driving around Los Angeles stuck in traffic okay and the guy just said well Mr Leno let me save your $25,000 straight off straight off the bat don't get the ceramic things because actually they take ages to warm up they're actually a bit of a nightmare in everyday traffic you know you'll end up bumping into the car in front because they haven't warmed just go with the standard breaks and what's interesting is from that moment on basically the relationship was different because this person is not trying to maximize their Commission in the short term they're trying to maximize the value of the relationship over time by establishing trust and talking to um Dan arieli you probably know of him the author of predictably irrational very good book behavioral Economist at Duke and he came in and as an extraordinary thing a couple of weeks ago he offered effectively to work as an intern in our Behavioral Science Department for a week genuinely probably the world's most overqualified intern okay there's a house near me in Seven Oaks where um the owner a man called spottiswood it was something like the third house in Britain to be wired for electricity and he got Michael Faraday to supervise the wiring so this was equivalent to that you get the person who's practically invented everything to do with electricity and he's actually supervising the wiring of the house I was thought that was a fantastically overqualified case you know um but um uh but anyway um he he comes and works for and one of the most interesting things he says and reminds us of repeatedly is what the consumer often needs is a reliable sign that you're on their side because the relationship between buyer and seller can be a negative sum or zero sum relationship right what makes it honest and rewarding is actually signs that you are investing in the relationship not in the immediate value of the immediate transaction so everything that suggests that a business is in it for the long term upfront investment in things all kinds of things like that tends to create an atmosphere of trust in the same way that if you like we probably trust a kebab shop more than we trust a kebab van cuz the Kebab shop has had to open a shop install the thing that goes round and round okay they got to put the sage up they got to print the leaflets and if their kebabs turn out to be crap they're dependent on repeat custom from the local market to actually survive so it's in their interests to serve every customer as though they have the potential to be a repeat customer whereas if you're a kebab van at a festival okay you have no Prospect of repeat business unless you wait for two years and rely on people to be spectacularly loyal for some reason okay so we can't trust the Kebab van to the extent we trust the Kebab shop because the Kebab shop is invested in its market and the Kebab van isn't and so similarly what Dan arieli was saying is that activities from salesmen which seem short-term self-defeating you know doing more than you have to do recommending you don't get the ceramic brake discs that kind of thing actually in the long term make a huge amount of sense because it changes the nature of the exchange between the salesperson and the consumer into one of what you might call Mutual value creation over time you know rather than a combative one-off Battle of you know kind of Winner Takes most I I think that's just really interesting because I think humans instinctively understand this weirdly economists don't seem to understand it at all because economists assume complete trust for all their models and that strikes me as about the most stupid and unhelpful thing you can do because the whole point about human evolution really of the brain probably a huge chunk of our revolved experience is when to trust when not to trust yeah so the idea that you can create an economic model where you you basically set distrust to zero and it's assume it away is a pretty good starting point for completely misunderstanding most Of Human Action and exchange so if there is that relationship with reluctance to change human beings are maybe wired to think the worst of salespeople marketers perhaps how do disruptor Brands and disruptor services and products work if we're already wired I don't want to change well one one weird thing about how we're wired and this actually was a conversation between David OG who obviously was the sort of founder of ogleby and MAA and then what's now called ogleby um he had a conversation with a guy I met David ogy once and I met this other guy a guy called Joel raffelson um several times he was the kind of creative director of OG in Chicago and was in my opinion an extraordin just one of those he was from the Mad Men era uh and he was just an extraordinary guy in every respect I mean you you know um and he had a conversation with David ogy sometime I think the 1960s which I think is one of the most interesting conversations uh that you know took place in the last that's probably overstating it a bit he said you know David he said I think consumers buy Brands not because they think they're better but because they're more certain that they're good and I think one of the things that's misunderstood in advertising is that an awful lot of instinctive consumer behavior is what's sometimes called Minimax you could call it very reduction you could call it loss aversion it's irrational to call it loss aversion by the way because it's it's it's not a bias okay it's basically asking the question what's the worst that can happen and I will choose the route not the route that's on average best but the route that has the least worst case scenario coming out of it the and particularly the least chance of Extinction or disaster and I would argue that completely rationally and sensibly people pay a premium for let's say a Samsung TV or a McDonald's meal not because they think it's better in the conventional sense of value per pound but in the completely I think correct prediction or reliable prediction that a Samsung TV is much like less likely to be terrible than a random one of those weird TVs on Amazon that looks like a row of scrab the brand name looks like Scrabble to right okay now those may be great value for money you might buy one and find it's a fantastic TV and you saved $50 but we will pay a com premium for what you might call the avoidance of catastrophe because in evolutionary terms avoiding catastrophe is more important than seeking per Perfection yeah probably true in marriage as well but we never we never say that we never say I chose my wife particularly because I love the fact that she's not totally Bonkers right you you can't you have to pretend that your decisions are optimizing decisions right right but but by the way I mean you know I'm not making this an unromantic Point I've been married for 36 years but there is a perfectly sensible point to marriage which is that one important characteristic of a life partner should be they're unlikely to set fire to your clothes right okay um and we obviously never mention that because we always got to accentuate the positive and pretend pretend the absence of negatives is not really a factor and so I think a lot of the time people talk nonsense about why they do the things they do and I think you know as I said McDonald's is I've often said McDonald's is the most successful restaurant in the world not because it's really really good but because it's incredibly good at not being bad and we had this discussion just at lunch just now which is and I I love what I call kind of anthropological detective work which is what explains the popularity of Nando you know the extraordinary success of Nando and one part of it probably is if you think about there's no there's very little there to dislike and if you're a party of six basically everybody's happy aren't they right so the spicy people can have something spicy the Bland people can have something Bland there's a fabulous practice if you heard this practice in Lando where people who take girls out for a date ask the person to make them a mild chicken but to put the flag in for the super spicy chicken show they're a real man it's really funny because now I may be getting this wrong I'm not I'm I'm the last person to put myself forward as an expert in dating psychology but there is that very peculiar male belief that women will be really attracted to men by their ability so that that is undoubtedly men admire other men for their ability to eat spicy food don't they I me it is you know but the Assumption this translates the opposite sex which is I didn't really like him much but when he order the oh that was it I you know you've pulled you know maybe that happens I don't know it seems particularly implausible you know I don't know it was his ability to handle a chicken V that's what I knew he was the one oh he's a keeper you know okay but but but I find I found this sort of psychology of let's because there's always a rational explanation which is kind of half true but it's you know it's good value for money you know people like chicken all of which is kind of true right but I always think getting to the bottom of it what's the real M you know if we could find out what that real magic formula is and maybe part of it is that no group of people has a Nando's hater in it um you know so the absence one of the most important things I think in dealing with anything when you look at any sales problem is we tend to go how can we Ladle on some positives and I'm a big believer in the Warren Buffett thing of always invert you know if you ask the same question backwards or the opposite question generally actually it's Illuminating and I always ask the question I always invert the question to be honest about a third of the time this is my secret trick which is just take the question and ask it the opposite way around so we know we're doing a brief about train travel and how we encourage people to use the train more and my Approach is the natural sort of approach of marketer salespeople is to list a lot of benefits for people using the train and my Approach is there's an opposite approach which we also need to follow which is let's asked lots of questions about why people don't go by train okay and generally if you make a list of them some of them will be completely sensible objections right okay I need a car at the other end I've got a ton of luggage right there loads of good reasons not to take the train but some of the reasons will be stupid okay it's just it never one of one of the most common ones by the way it never occurred to me there's literally a huge sway the people no no no because if you think about people who always go by car they bought their car car's a big sunk cost they go by car everywhere genuinely um the rail would not even feature on their repertoire and another really dumb reason why people don't go by train is um nearly all train information and advertising okay and I mean this is on trains and in stations okay so if you don't use the train you never see any rail-based Communications at all you go to the station there loads of ads going hey go by train I'm already on a [ \_\_ ] train okay you you got me go and do some door drops to people who never take the train because my father made this point he said you know the people who work on the railways know everything about the railways that's one of the things you got to do is as the salesman for anything you've got to put yourself in the mindset You' got to know everything about your product but the second thing you got to do is put yourself in the mindset of someone who knows nothing about your product and the thing that always happens with the rail with rail travel is that the people who work for the railways love railways and they're slightly nerdy that's with the best will in the world I am I mean you know I'll freely admit to this and so they know a hell of a lot about trains and then they start to assume that everybody else knows it as well now my father always made the point said he was he was in South Wales he was not that far from Newport which was his major Mainline station or he could use abig aeni um but he said if you asked a random person on the street where can you go to from Newport station most people would go London okay a few people would obviously say well I suppose in the opposite direction goes to Cardiff and Swansea and then you go where else and theyd probably just freeze now actually if you actually do the research you can go I think you can go to Newcastle you can certainly go to Portsmouth you can obviously go to Bristol you can go to cheltonham on the fascinating M EG to cheltonham line world's most demographically varied Railway um and you can go to tons of places nobody knows they have genuinely haven't got a clue and so quite often when you in invert and say why aren't people doing this a very simple answer is it's never occurred to them and they don't know and one of the things I think we've made a mistake about is we get very very complicated about advertising go about the brand positioning and it's about differentiation it's about this hell of a lot of advertising just works because you're telling people [ \_\_ ] they didn't know I mean one of the weirdest things that drives me nuts okay is the number of the number of business businesses now that develop something really useful okay you know they've obviously spent quite a lot of money developing something and they don't tell anybody about it so how both of you presumably use Wi-Fi calling right but you had to turn that on on your phone right because you have to go let's face it most people don't go to phone settings do they on their mobile I mean who hell goes to settings on their mobile phone right nobody does now how did you learn about Wi-Fi calling just just for interest did someone tell you about it I think yeah someone someone wanted to call me like that that this is a really interesting thing because what happened is all the mobile networks basically introduced it uh nearly all handsets under what six years old now will offer it but weirdly by default it's turned off probably for legal reasons yeah I'm saying to one of our clients who's a mobile phone network this totally transformed my satisfaction with my service because 90% of the times I couldn't get signal were when I was in indoors okay in a basement whatever in a metal frame building okay there was Wi-Fi there just wasn't a mobile signal so okay if I'm in the middle of a godamn field you know in the north of Scotland and I haven't got a signal one I don't get that angry and two I can go and walk a 100 yards until I pick up a signal that's a solvable problem but being in a place where there's Wi-Fi and no signal indoors when it's raining is a total pain in the ass and no they didn't tell anybody if you got the marks and Spencer app there's a whole self scanning thing did you know this no on the M&S app you can actually go around M&S pick up one of those nice bags with the sort of Union jack fruit on it basically scan everything into your bag hit the pay button pay with Google pay walk out like a shoplifter wow B now why develop that and not tell anybody and literally I think there's this weird engineering mentality or this financial mentality that sees money spent on communication as a cost to be minimized not as an opportunity to be maximized and repeatedly so I make this point because sometimes we always get in advertising there's this slight problem because in order to justify existence we've got to try and look quite clever and sometimes you need to be really clever but sometimes it's really effing simple it's just people don't know about this tell them and where I I'll give you a perfect example of this which is uh if someone asked me my greatest life disappointment this is a ridiculous thing but both my boss and I went when we had Phillips as a client Phillips is an extraordinary organization because it's an absolutely brilliant company with a spectacular talent for shooting itself in the foot in other words it will invent something amazing and then totally fail to capitalize on it's like death wish coming um but it is a very brilliant company and years ago I went out and I just said to them look very simple tip you've basically the only company that makes an air fryer you're sitting on a gold mine here right because the reason I know this is very simple it's totally anecdotal but then all data emerges all new data emerges first in anecdotal form never listen to anybody who disses anecdotes right serial killers get caught because of an anecdote brilliant scientific discoveries get made because of an anecdote an anecdote is what happens when someone notices something and nearly all progress happens because someone notices something you it's true in detective work it's true in scientific discoveries it's true in marketing the anecdote Jeff Bezos famously says when the anecdote disagrees with the data I usually find it's the anecdote that's true okay and actually so we just said look I said I appreciate this anecdotal but I bought an air fryer I became a total evangelist I thought it was a have you got one yeah yeah okay I said I bought one for my dad for his birthday he he was 83 at the time he was massively cynical and basically he turned into like the Y Valley's leading air fryer evangelist going around all his octogenarian friends going you really need to buy an air fryer and actually not long before he died I was in the pub with my dad and we were just sitting there having a drink and an old gent came towards us tapped my father on the shoulder and just said air fryer and gave a big thumbs up anyway I just said to Philips look trust me most products don't have this effect right first of all most products people go yeah on balance I'm glad I bought this this is a case where people like go slightly weird about them I mean in a not altogether healthy way you know okay are we just you're sitting on a gold man here just do some ads just tell people what they are and people will buy them and what they'll do maybe they won't buy one they'll just ask CU anybody got an air fryer at which point everybody with an air fryer in social media will go oh it changed my life you know you know it's the second coming it's fantastic right and there just a load of things out there and maybe we make advertising so difficult because we've got to jump through all these hoops and do your competitor analysis and actually 50% of advertising is just be famous okay make sure people have heard of you it really is that simple because when you're famous your customers find you if you're not famous you got to find all your customers trust me the first is a hell of a lot easier than the second and so you know I think I think it's really really interesting which is that there should be a kind of in a sense someone should start an ad agency called diabolically [ \_\_ ] obvious or DFO right and it should basically just go this product is very good nobody knows about it we're going to tell people about it in a nice way end of and you know I do I do you know cuz this is the way it's a very strange business CU you can be very very clever you can be very imaginative and every agency needs to be able to do that because some problems are really really difficult and require extraordinary creativity but I do wonder that you know what happens when at the times when it's just easy are we actually do we have a fear of the obvious you know that that's that's too extreme but you know quite but when you reverse I always say that reverse the question don't say why should people buy this say why are they buying it yeah and you'll come up with a list of reasons some of which are very good reasons so leave those people alone they know what they're doing and then some of the reasons are just dumb like never heard of it never occurred to me um I don't think the trains was it someone said they had some I me some with deluded belief that like trains didn't stop in Bristol I mean you know just total you know just total nonsense okay and you realize okay well what we'll do is we'll tackle the reason the reasons against that are stupid and we'll leave the other ones alone yeah we um we have a a page on our website that says why you shouldn't work with us brilliant and it's just getting there first and we just kind of want to stand out so you you spoke tell me what it says uh we're really just a couple of examples yeah we're really expensive uh we don't guarantee anything what else is on there um you can probably do it yourself yeah that's the main one we we tell people how you could just do it all yourself yeah so Robert Robert chelini funny enough actually added to his principle of persuasion uh the principle that an honest admission of a weakness uh is actually in itself highly persuasive because the pretense at Perfection the human brain looks for tradeoffs the best thing you can do as a Salesman is provide them with a tradeoff which is manageable because it's better than the one it's better of them focusing on the one tradeoff you've provided Stellar artto reassuringly expensive okay number two so we try harder for Avis it's better for them to actually focus on the trade-off you've provided which is a single trade-off than go around imagining tradeoffs of their own yes now I'm going that's going to bring me to a really interesting topic which is never covered in marketing textbooks because logically it's not a problem that should arise but actually happens all the time and a very rapid example of this happened when um some guys in Berkeley who are America sorry indian-americans um uh used NASA based food preservation technology to make mishan quality Indian food that you can seal in a sachche that has a shelf life of months okay and you take it out you heat it in a pot you microwave it and it's like something you get in a mishan Indian restaurant and I didn't believe them and then they sent me some stuff through the post and he just arrives in the ordinary USP ml thing and I didn't just because obviously I knew so I tried it myself I tested on my wife as kind of blind tasting and she was equally astounded by the quality of this biryani there was a helim fantastic helim mbari or or something similar it was just astonishing right and I said weirdly and I wouldn't have said this four years ago or five years ago but I increasingly realized because of this human mental tradeoff assumption said your actual marketing problem is really weird I said but it's not that uncommon it's that it's too good to be true and people genuinely are always assuming I said one solution is you just make it insanely expensive yeah okay because then there's a mental there's a trade-off reassuringly expensive okay and one of the trini's kind of principles of salesmanship would be you're selling someone a photo God I'm showing my age of photocopy Jesus okay you're you're selling someone a horse and buggy yeah did I say photocopy that that was of course the great you know salesmanship thing then it moved into car phones and you know there are always these really really hot areas for salesmanship I understand fantastically that hellofresh are actually selling door too did you hear this uh no I see them at a lot of like exhibitions and stuff like that but I didn't know they were doing door you that's really interesting there don't try and sell everything online by the cheapest means possible some people will only buy in slightly more expensive channels that's just the price of acquiring a customer you want to grow your business just suck it up mate stop trying to over optimize things you should the at the cost of making forging new relationships okay that's a bit like someone going online to try and find a girlfriend when there's you know a supermodel who really fancies them living next door you know what I mean this obsession with digital channels is completely absurd um and anyway sorry what but with chalini one of the things you say if you're selling a photocopier is you basically say shortly before the point of sale you go look it is expensive but trust me is worth it that the admission that okay it's not all roses is just fundamentally plausible follow I think uh Dan Ariel's point which is give a sign that you're on their side which might be an act of generosity that isn't expected you know that might be the Double Tree cookie when you check into a Double Tree Hotel Hotel hotels aren't obliged to give you a cookie the very fact that the Double Tree does this spontaneously fundamentally primes you for reciprocation okay but also establishes trust which is this is obviously long-term relation basically there's relational capitalism and there's transactional capitalism transactional capitalism seeks to maximize the short-term value of any transaction regardless of the the value of the relationship down the line relational capitalism seeks to maximize the value of the relationship with the customer over time economics doesn't understand the distinction between the two humans are I think always asking the question is this transactional or is this relational and if you violate the Norms okay one of the most fascinating findings from customer satisfaction was that people who've had a problem with a product and yet the problem was very well resolved end up being more loyal to that brand than if the problem didn't occur in the first place an economist get really angry about that because they go well surely it's better to have a product without a problem than it is to have a product that had a problem even if the problem was solved and the argument is no no no no because when they called you with a problem assuming you didn't charge them for solving the problem your reserves of reciprocation Goodwill and long-term investment in the relationship are being tested and if you solve the problem okay then you have proved that that you are someone to be relied on because you're actually interested in keeping them as a customer rather than someone who sorry your transactional value was six months ago why don't you just piss off is this why people prefer a 4.7 review than a five star review on am there's there some very interesting stuff about that isn't there which is I mean five star reviews may just mean there very few reviews of course so you got to be a bit wary Uber drivers basically prefer a 4.9 or 4.8 to a five partly cuz the person with the five might be a brand new customer who doesn't know what they're doing who's given a five by default or it may be someone who has basically kicked off the platform who's signed up under a false you know under a fake name but what what Uber would say is if you're a 4.9 okay you've taken 150 Uber trips and you've been a little bit of an [ \_\_ ] once okay you know like you've been a bit late to show up or you know presume it you know doesn't mean you vomited all over the car that would probably get you um but but but but actually that's almost more reliable in a sense than someone who's taken five Journeys and they've all been perfect you know it's actually uh you you're right and people actually people are I think astoundingly astute at a lot of this decision making they spot things instinctively very very cleverly so on that too good to be true problem okay that's a marketing problem how on Earth do we make this product great as it already is believable and Dan arieli said various inter things you can have a guy who's like a wizard like Steve Jobs who basically makes everybody believe that no normally magic is isn't possible but here am I Steve a wizard and look what I've done there's one way in which you can kind of just get people to believe the impossible then there are other interesting ways which might be you you build in a downside like you actually make the product more difficult to prepare okay you say you know what youve got to do is actually you know uh leave it on a south facing wall for 3 days and then cook it okay but there are various things I mean there are a lot of things you could do but if you just go this is how great it is people will go well where's the catch fundamentally we're always asking where's the catch and um I mean actually uh famously of course um if Girls Chat up guys right which isn't supposed to happen it's too good to be true you'd think bles would go oh this is fantastic and actually they're going this is weird right basically is someone trying to Honey Trap me is this like a blackmail attempt what the hell's going on here too good to be true actually makes people actually a bit nervous and you're probably right about about all sorts of things yeah that and actually of course with a rating of five on Amazon well those ratings can be massively gamed so having a few you know having a few negatives I have always wanted to have an Amazon selection of the world's most polarizing product you know what I mean the things that basically it's either a five or a one so things which you e cuz I've always thought i' always thought in trip advisor that' be great like hotels which are just massively polarizing yeah and there's a really funny one which is hugely polarizing it's a hotel in East Berlin and it it used to be I think something like a police station or the headquarters of the starzy or something like that and the rooms are basically what were former cells and the um there's a platform in each room so you sleep above the shower and above the wash basin because the rooms are so small you actually sleep about three ft from the ceiling on this weird platform every room has a television in it it's a black and white television it only has one Shadle y I'm not making this Happ okay and it shows the big Labowski on continuous loop that's it and the problem I had is I went to sleep with the big lavasi on so my whole brain and my dreams were full of some really weird okay this is Knob this is bowling There Are Rules right okay and God I love that film it's fantastic but In fairness it has this is very clever it's a very clever thing it has an absolutely brilliant coffee shop in other words the place in the middle serves one of the best flat whites I've ever had in my life so it's one of those clever Brands which goes if you do one thing brilliantly actually people are prepared to satisfice with everything else and what's very funny about the reviews to that is obviously in and amongst the reviews a lot of people have chosen it because they've heard about this unbelievably cool hotel in East Berlin okay and there's a chunk of people who obviously turned up expecting the marriage right and those people are kind of apoplectic we had a great experience I was in Italy and we stayed in this really really good value hotel and there was a guy who was the guy who ran the bar that would make toasted sandwiches and bring you a beer and drinks and an ice cream next to the swimming pool in this very reasonably priced fantastic hotel in R and Kean or is it rod and Kean one of the two and we look my wife and I looked at the reviews and they were again massively polarized and what it was this guy who was we thought because we're Brits was absolutely hysterically funny and really Charming okay and because he had a very very dry kind of saky sense of humor and what was hysterical about this is that half the reviews said what a great guy typically Brits okay a lot of the Americans not all of them because don't ever say that Americans don't do irony or anything like that they of course they can't you know um some Americans don't do AR am among some of the American guests this guy drove them practically insane because it's so in congruous to American Service culture to be served with sarcasm right it's just you hey this is going to be great you know I mean I love this thing which you know that you know that kind of you know that kind of mock negativity was just completely baffling to them and therefore they interpreted it as rudess yeah we were a family of Brits and we basically you know this guy was an honorary Brit with his saky kind of back chat right but yeah I I'm always fascinated by things that really polarize people cuz you know really polarizing restaurants would be really interesting wouldn't they you either my might you either love it or you hate it do you know um that's another perfect example by the way of acknowledging your weakness yeah in an ad of course do you know monkeys in Chinatown there's a great article about that that's just come out by the way which tells the whole history of the thing oh really and that's my perfect example of the opposite of a good idea can be another good idea yeah that usually the opposite of where the mainstream market is actually provides you with a with a opportunity yeah and that was brilliant you're so rude that actually it becomes your distinguishing feature I took I took um to Zach wonky is a restaurant in Chinatown and they they throw you in the restaurant they make you just sit down and then when you're order they're so rude to you when you get in there and then they're like throwing the plates at you I took some work friends once and I was like and everybody was going this is awful I'm smiling like how amazing is this it's like it's like theater it's brilliant absolutely brilliant now obviously if you turned up expecting a standard restaurant okay you've got to know you this is where framing is so important if you're just told in advance what to expect it's the it's one of the funniest experience of your life okay if you generally turned up as I said expecting the Marriot it there some brilliant stuff by the way Apparently one great thing is whenever you go there even if you don't want them ask for a knife and fork instead of Chopsticks it really sets them off okay that just drives them practically insane and you'll be just completely insulted you know um but uh it's I think I think there's a fantastic thing which is benchmarking there's a brilliant writer read this guy whatever you do as I said um there's um Alex hosi I really recommend for understanding I think the idea of the offer and offer framing better than anybody has done before you know um and I think he's a really really interesting writer I think there's a great book on customer service uh which is called unreasonable Hospitality by a guy called will gadara and that's a great deal about this is give people what they weren't expecting doesn't have to be expensive okay but just what you might call discretionary effort or discretionary expense carries it's the things you don't have to do that carry the bulk of the meaning about how you what you're really saying so a lovely example of this is I was talking to the guy who founded AO um appliances online um and uh they have they deliver their own stuff you know because they've got their own delivery Fleet and they've got a box of little AO branded teddy bears in the back of each van and if there's if they're kids in the family um then they give the kids Neo branded teddy bear and as he said one you know don't ask me to do the ROI on that for God's sake secondly it's a good thing to do because nobody else can do it in a way because they don't deliver their own stuff right the fact that we deliver our own stuff allows us to do this here's something our competitors can't copy thirdly you've got a free ad for your product in your house for the next eight years if the kid likes the bear nobody throws a bear away when they got a young child that could that that okay um but also because you don't have to do it okay it has this extraordinary meaning it's the things I always joked about this okay you you don't want to be totally customer Le because if you're customer Le you kind of you lose the capacity to surprise if if you're completely customer driven and I always make this joke okay that 10 years ago if you did Research into British people and their attitude to their own Barber okay not a single person would go yeah I really like my barber I just wish they'd flick burning methylated Spirits in my ears right you know I've always felt I've always felt right there was something missing when I got my haircut and why can't they just get a FL of substance and flick it into my ears and it's that kind of thing with you know with tur with the Turkish Barber the thing that you weren't expecting that's completely that's the thing you notice that's the thing you remember that's the thing which is kind of like wow this is special you know and I I just find it really interesting because if you're optimizing for narrow idea of value you'll just give people what they expect if you're optimizing for meaning memorability significance trust actually give people a few things they weren't expecting you know and they can be they can be a bit gratuitous to be honest they can be a bit childish and silly and I think um you know I mentioned the Double Tree cookie which I think is a brilliant idea there's a hotel in um Los Angeles called The Magic Castle Hotel and what's bizarre about it it's nothing special about it or fancy but it's always like number eight of the hotels in LA on trip advisor now just to be clear apparently the staff are brilliant so I'm not I'm not just suggesting they get away with it just on the basis of a gimmick but um what they what they undoubtedly do is they have this thing called the popsicle hotline so when your kids are in the pool they can pick up a red telephone and if they pick up the red telephone and say I want popsicles someone someone comes out and brings them a tray of ice lollies and they can choose a free ice Lolly okay now it's kind of gratuitous but if you've got young kids love it they they for some odly bizarre reason I had this problem with my own kids which is that there was something they really liked about Ryan a okay and for about 10 years until they fortunately grow out of out of it again no I don't want to go on British Airways business class I want to go on R air okay but there was something that I can't remember what it was it was some gesture or act maybe they given a coloring kit or something I have no idea what it was but there's that really interesting stuff which is the thing that you weren't expecting actually a large amount of how we judge things is not what is the thing but how did it compare to what I was expecting yeah I always recommend by the way go on holiday to Wales because the one great thing about Wales is that it is actually full of pleasant surprises have you been Snowden not okay North Wales don't know that I just said the Y Valley for my that's why I grew up you see beautiful but yeah like you say there was no expectation around it and it was actually like and actually you go in you go to a restaurant well I went into the cafe in cumbran station which doesn't look anything special and the guy there who's Turkish Welsh is basically like the god of Panini making you know it was just an extraordinar good Panini coming from this tiny little station in cumbran um and it's those little kind of those little pleasant surprises which which I think what make make us really happy I'm always interested in Brands and service businesses which like Benchmark or even under Benchmark on 10 conventional dimensions and then massively over index on one have you ever stayed in a Moxy Hotel no Citizen M it's a it's a category of hotel which is called something like Boutique I don't what is it is it premium it's like premium economy okay but what what the what the Moxy Hotel chain is they're generally in very good locations so let's not they're not in an industrial estate you outskirts or whatever okay so the one in Manchester is in a really good location in Manchester um and you know the one the one I I've stayed in about three they're well located so that's the first thing the rooms are really small there's no room service there's no laundry service I think you can borrow an iron or there might be a laundry room uh the rooms are pretty small there's good very good flat screen TV there's good Wi-Fi there's no cupboard you just hang your clothes on the wall you know very very basic room mhm and what totally sets it apart is the ground floor is basically coffee shop restaurant bar which runs 24 hours a day you can come down at 3:00 in the morning and say I want a flat white um I just had an operation I was in loan and I had to have an eye operation so I was heavily sedated night she wandered downstairs in my Underpants at 3 in the morning under the influence of f or something and asked for a coffee which my wife was absolutely mortified about um but um and also you check in okay and you turn up you check in at the bar there's not one of those weird checkin desks there's no weird conage person the function of which I've never fully understood okay check in just at the bar and they go would you like our signature cocktail and they give you a cocktail which is usually fantastic and um the other the great thing about that whole ground floor is imagine it it's it's a bit weird it's got like 8 foot teddy bears and weird things dotted around the place but the great thing is you can basically just hang out there all day they'll bring you food they'll bring you drinks they'll bring you very very good coffee and actually to be honest yeah after you've checked out okay normally after you've checked out of a hotel you feel kind of homeless after you've checked out of that place they'd be totally chill for you to stay there for another 5 hours you know using the lose and if you imagine something like a cooler a weirder version of a Wei work the whole ground fls like that and it's a brilliant thing because what you do it's a great marketing trick is you focus people on the one thing where you're amazing and then downplay everything else and what they remember is the amazing thing and I talked someone who ran a hotel in London which they said we haven't got room for a really good kitchen and so our Foods it's okay nothing wrong with our food but we can't produce really exciting food so here's what we do we don't talk about the food we don't raise any expectation about the food instead what we do is we have like London best mixologist and we talk about the drink and we make amazing cocktails and they're incredible and while people are focused on the cocktails they order some chicken wings and the chicken wings are perfectly good nobody complains about them I'm not saying you can get away with being crap you got to be you got to hit the you got to hit the basic threshold okay across things but you can play these really interesting games where you just do one thing amazingly and everything else is pretty basic and actually what's interesting about that judging by the expansion it's privately owned Marriott fact I think the president of mar is still Bill Marriott actually would you believe it so moxy's one of the many Brands under that kind of Marriott egis and what's interesting is it seems to be really really popular it see you know it's it's expanding really fast and it's re I wouldn't stay there for a week right okay you know the room's a bit small Etc but if you want to stay in a hotel in a good place in a city for one night two nights maybe three nights okay it absolutely hits the spot cuz it's really good at the one thing you care about and everything else is basic but even at the same time you get a reasonable price so I think the psychology of what you might call where you focus as a business is really really interesting you know it is there a way a business can create some peculiar distinguishing feature like the popsicle helpline and in order to do so I think you just got to be prepared to be a bit silly and you also got to be prepared to ignore your Finance director who will say you know it is not in our service level agreement to provide free ice cream or some bollocks like that I think it's very I think there's something very interesting about basically building in salience to what you offer focusing the attention on the right place surprising them in the area where they're looking and then just satisfying everywhere else you you spoke about loss AV verion and it felt like you were talking a little bit about like a recency bias towards the end so what other biases when it comes to to selling and marketing do we have to be aware of um that we can lean into to help us sell more or we can try to combat when it comes to selling weirdly what's so fascinating about this is that psychology clearly sometimes is a contradictory science so if you look at chini's principles of influence and persuasion there's like social proof everybody's got one of these you know or everybody you know and then the scarcity which is not very many people have one of these you if you think about there are two ways you can s things saying this is so good that very few people can have it and this is so good that everybody has it and I think if you look at Brands by the way the French have been masters of the scarcity thing and the Americans have historically having a much bigger Market you know cocacola is the absolute Masterpiece of the every it's great and everybody should be able to have it school you know and historically the Americans were never are very good at luxury Brands because there's something fundamentally unamerican this is going back quite a long time they've learned since obviously but Americans I suppose the opportunity to actually sell to another 100 million people I you it's worth noting that Cadillac in the 1930s was a brand On a par with Rolls-Royce okay it was super super premium brand and what often happens I think it happen with Cadillac is they get tempted to offer a slightly cheaper tedac in order to achieve volume sales and the French have always resisted that where unsold handbags are actually end up in landfill you know but to maintain the scarcity of the thing I mean that's a generalization but there's a kind of French approach to branding there an American approach you know what I mean and that's in keeping with shalini's principles and so quite often things are undoubtedly only three left at this price works I bought something this morning because it said only one left okay you know I might have bought it anyway but when I saw only one left I had to buy it um that undoubtedly works I mean to an extraordinary degree um sometimes um there you know there sunk cost bias obviously I me there awful lot of one of the reasons why it's going to be really difficult to unseat Apple okay is that people are so invested in the ecosystem you know okay well you know you could produce an Android phone which is better some people would even argue that the best Android phones are better now but you've got your whole ecosystem of the earbuds you've got the charging cables and everything else that's a case of undoubted if Sun cost bias which is I'm in now in for a penny a great one which is sometimes called foot in the door syndrome which is if you sell people a small thing it's then easier to sell them a big thing uh you know actually you learned a brand that more or less understood all of these principles whether accidentally on purpose well I like to say it was on purpose because ogal was quite heavily involved in the creation of it uh American Express is a fantastic brand everything from the member since date on the card why does nobody copy that okay because if you think about it no one wants to cancel their American Express card because then if they get another American Express card it won't say me what's mine say member since 95 I think it is okay mine will then say member since 2024 I don't want that right looks like some Johnny come late right okay and you know um so you know and it understood the whole scarcity principle the the most famous successful sales letter for American Express uh I can't remember who wrote it it was written by someone in Ogie and it just outperformed everything for years started with the letter opened Dear Mr Southerland quite frankly the American Express card is not for everyone which is exactly the same as your website which is why you shouldn't work with us you know and it basically said not everybody wants to pay for a cards d da every single in that letter it's an extra what's interesting is that letter was written long before there was a kind of discipline of Behavioral Science it was an instinctively brilliant copywriter who understood every trick in the book you know people want to identify as the kind of person who pays for quality not the kind of person who buys on price da d d they want the fact that the card is exclusive I think it was Ogie who had the idea of putting the member since date on um uh I think that was be what's strange sometimes is quite often you have a brilliant idea like that member since date because that's a really that's a kind of sunk cost bias I've established this relationship with them there is a small practical use of the member since date on the card which is sometimes it can be used to detect fraud because if you get some 19-year-old comes in and it says memb since 92 you can reasonably suspect they've nicked the card okay cuz they weren't born then right right but um but basically it's uh it's an acknowledgement of the relationship we did something with British Airways where um one thing that provides reassurance to a customer is that I the customer know that you know that I am a reasonably valuable customer so quite a lot of loyalty programs partly work not with the rewards mechanism it's the second order kind of knowledge that the consumer knows that the company knows that they're quite a reliable long-term customer with some therefore likely future lifetime value whom you wouldn't want to piss off so one of the things we did with British Airways is we it very simple change it cost nothing but if you get your Avio statement on ba it gives you your lifetime tier points now if you remember you can redeem your avos points right because you might want to go and fly to Dubai for 4 days or whatever okay and that sets your avos points back to zero your tier points which you determine your status within the program they reset to zero every year so when you start a year after you've redeemed your avios and you've got you know 20 tier points and you've got you know 5,000 avos left you're going to have that anxiety that goes well as far as ba are concerned looking at me I'm just some random tourist you know I'm not a serious business traveler right I'm just some random Backpacker who's been on ba once right with his parents or something right now when it says lifetime tier points 15,000 or whatever it is and that's there it basically says we know okay you're a serious traveler and you've brought us a lot of business in the past therefore we're disproportionately disinclined to want to pissed you off in other words you have the feeling which may be erroneous or um uh accurate but nonetheless it is a feeling that you know if there's some massive like thunderstorm or whatever and there's only one flight one seat left on the last flight back from Boise Idaho or whatever they're going to try and get you on the plane not the random Backpacker guy yeah and so quite a lot of loyalty programs are actually the consumer signaling their loyalty to the organization in the presumption of slightly more favorable treatment or at least the benefit of the doubt so examp example would be if you I bought um let me get this right I actually was a customer of Amazon before it was called Amazon it was called book pages. co.uk um back in back in the '90s sometime in the mid 90s there was a company called book pages. co.uk which an online bookstore in the UK which got bought by Amazon so I'm actually an Amazon UK customer like before there was amazon.co.uk so as a consequence I bought literally thousands of things from them it is literally thousands of things been mind that's what 28 years right and maybe maybe a little less certainly 25 years and occasionally very occasionally something from Amazon doesn't turn up and I ring them up and or contact them and they say don't worry send you another one now part of the reason they do that is because they can see I've bought a few thousand things and I've only returned n.3 or or claimed that .3% of them have not arrived so they can basically afford to give me the benefit of the doubt if I never bought anything from Amazon before and I ordered a massive flat screen 85 in TV with 8K and I said no I never arrived okay they they would not they would they would be to a great degree more suspicious okay and not unreasonably so okay right um and so part of the part of the way in which loyalty programs work I genuinely think is that consumers like businesses to know it's like a pup okay if you're a regular in the pub you want to be recognized as a regular very weird one actually when we were students this was me being an [ \_\_ ] actually when we were students that the college kitchens were closed every Sunday lunchtime they didn't open and so a load of us just got into the ritual of every Sunday we went to pizzza express okay it was just practically every Sunday in term time and after we' been doing this for literally two and a half years okay every Sunday in term time I kind went to one friends is it one thing that slightly pisses me off okay is we come here every Sunday they've never even given us a free garlic bread they've never acknowledged the fact that we're regulars now the reason I say this was me being an [ \_\_ ] is course what I didn't realize is they knew perfectly well we're students right we're there for three years then we [ \_\_ ] off they never see us again okay actually I was there thinking you know I'm a stalwart of the local Pizza Express to be honest they were right because why make a fuss of these people they're only here for a few years okay I'm sure if you know mean like a local family it might have been completely different but fundamentally people like their loyalty not only to be rewarded which is nice and but that all makes sense economically they like their loyalty or their frequency of custom to be recognized um you know that all um all transactions to some extent not quite all but there there's a degree of social exchange alongside the economic exchange and I think economics you know a lot of Finance people try and pretend everything's just about the money it's never just about the money you know that all these other variables I said like trust for example um you know fundamentally you know is the person trying to sell you this car and they don't care about the next car or I I I I think that's probably the most wonderful heuristic for a Salesman I've ever come across know what can I do now that makes it absolutely certain that even if they don't can't buy a car from me right now or even if I don't sell them the most expensive car they're capable of buying okay they're bound to come back to me in three years time when it's time to replace their car a brilliant brilliant thing to think you know fantastic where does uh status fit into things and I mean from a standpoint of I want to be seen with the designer brand well how does that work okay very useful um it's not it's not exhaustive as a list it's a very useful piece of sort of light Neuroscience done but I think it was first developed by a guy called David Rock who's a kiwi neuroscientist who's based in New York and it's called the scarf model OKAY of things other than financial incentives okay uh it's things people care deeply about that don't factor in econom IC models very well and scarf is an acronym and it stands for status certainty autonomy relatedness although I'd say something like reciprocation or something relatedness is his R and F is fairness mhm so fundamentally one thing every business has to be alert to is okay you might be optimizing for for economic short-term economic value but if you're doing that at the expense of State certainty autonomy Rel relatedness and fairness be really I mean the Oasis tickets thing is really interesting the one thing I don't get okay the one thing I think was wrong there that really violated fairness was the jump from was it 135 to 315 now to me it's a bit weird they didn't have an intermediate jump around about the 200 and something pound Mark cuz that's the difference between an oh [ \_\_ ] and what the [ \_\_ ] okay right okay you know 100 whatever is 135 to 240 is oh [ \_\_ ] right 315 is well here was I planning to go and now I can't not yeah exactly you know it's and you know there was a bit there's a bit of now I mean it's really okay the arguments about price discrimination the argument about um differential pricing yield management pricing EasyJet pricing whatever whatever you call it oh God it's it's a kind of really interesting uh discussion area broadly speaking I'm in favor of price discrimination because generally it's uh overall value maximizing so if you take an example of really clever price discrimination it's the McDonald's rap of the day okay so you go into mcky d i actually know someone who is in the room or when they came up with that idea and it is apparently very very successful the basic deal is three times what do they have they have five wraps of the day or is it four but they recycle don't they according to the day of the week and basically the deal is that if you want the wrap that is in your preferred flavor well four times out of five you pay a pound extra for it or if you want to save a pound you sacrifice specificity of flavor and you save a pound and you get the wrap that they've probably pre-made in advance cuz they make more of them it's kind of like a win-win okay you know you know in other words the people who are more concerned about Flavor than price pay for the flavor the people who are more concerned about price than flavor it's the other way around if you look at that the guy who's an expert on this who by the way is quite a left-wing Economist in in some respects called Robert H Frank is a very very big fan of price discrimination because he thinks it actually delivers you know the most value for most people if you think about cars when more cash constrained people buy a car it's they're paying for transportation when richer people are paying for a car they're paying for status to a degree or or what I call lism which is because I'm worth it I'm not all status is about showing off to other people a lot of status about showing off to yourself okay you know there's a certain thing we do which is not really because we're showing off to other people it's kind of reinforcement of our own identity and selfworth by spending a bit more on things even if nobody else notices you know you that's the sort of Versace underpant School of yes oh by the way do you want the funniest story I absolutely love this talk about Underpants kills me okay which is one of the strangest problems of the rich okay which is Calvin Klein's daughter complained at one point about the disadvantages of being Calvin Klein's daughter with a complaint that I have to admit would never have occurred to me which is that when you're Calvin Klein's daughter just at a high point in sexual excitement when you're getting romantic with a man you're confronted with your dad's own name High letters no the rest of us have never had to put up with that okay I always thought that was a bril brilliant observation exactly U but um but it it's interesting that that that um what a weird experience that must be completely bizarre but no I mean the whole thing is you know I mean the whole thing about why we buy what we buy and also what prompts us to buy it um to be honest I think it's always a bit messy and there are always multiple reasons going on you know from one consumer to another because people are fundamentally different but the you know the violation of fairness is an interesting one one thing that really annoys me personally and I will say this to the rail industry repeatedly okay if you buy an advanced ticket and you miss your train okay they make you buy a full Fair ticket I think they should allow you to put something from the advanced ticket towards the full Fair ticket I think what you're doing there is generally it is if you if you want a bit of moral advice for how not to scandalize customers anything which profits from another person's predicament is a really bad idea in terms of people morally hating it there's a wonderful actually 1690 pamphlet called venditio by John lock the same the philosopher John Lock where he he it's all about the idea of the just price and he makes the point that we have we seem to have a particular moral aversion to profiting from another person's Misfortune and I would argue that if you know if you miss by 10 minutes your designate so actually um nicolar ran who's a very brilliant evolutionary biologist evolutionary psychologist wrote to me about this because coming back from a honeymoon the train was late getting into uh Le I guess okay where she had to change for the Eurostar and because she'd missed her Eurostar their tickets that they' pre-booked months in advance to come back from their honeymoon were voided and you had to go and pay 300 and something quid on top I think that's a shitty thing to I I you know okay yeah yeah yeah okay I get it legally you're totally within your entitlement to do that kind of thing I think that's an [ \_\_ ] thing to do uh the other reason is I don't even think it's good business because it will put people off traveling by train again and people who are cash constrained you're significantly taking advantage of them okay to a point where you know that could ruin the next six months of their life suddenly having to Shell out 400 quid when they weren't expecting at someone who's cash flow constrained that's an absolute bummer right and I think there are certain things where what we ought to do is just okay one thing I think is totally [ \_\_ ] so when I retire from advertising I'd like to be kind of poacher turn gamekeeper I've always joking he said I'd quite like to work in like consumer protection because my experience of working in advertising and marketing for 35 years is actually it's not very evil okay doesn't sound like a big thing no actually the instances of people I've seen in marketing and advertising conceiving something that I would regard to be deceptive morally dubious um uh un unfairly uh sludgy or or manipulative very pretty rare most people in marketing are trying to do the right thing by the consumer for the most part okay but there are a few things which I regard as absolutely intolerable for example the fact that if you have a recurring subscription payment on a credit card you can't cancel it through the credit card that strikes me it's just fundamentally wrong right if you subscribe to something online with a credit card and now with a if you subscribe by direct debit online you can just go to your online bank and go don't want don't want to pay that direct debit anymore that's their problem they don't get the money anymore the fact that with a credit card you have to go to the original person with whom you subscribed and they make it really difficult for you to cancel I think that's [ \_\_ ] now I think there is legislation coming out in Germany isn't there which is called something like the two click law that you must be able to cancel any online subscription uh almost as easily as you signed up in the first place I think there's some I think there should be legislation where recurring payments appear at the top of your online credit card statement and if you wish to query one or cancel one you should be able to cancel it through the now technically you have to tweak something like the consumer credit act to make that happen I I I think that business of basically selling sludgy subscriptions to people which is you get people in on a free trial then you start charging S7 a month then it's like six months before they bloody notice uh and then when they try and cancel it's almost impossible the reason I'm really I I really support legislation there by the way is that the Bad actors in that field are ruining it for everybody else so you'll you'll have a point soon where nobody so good actors would probably include I think Netflix and Amazon who make it Toler from what I remember cancelling your Amazon Prime membership or canceling your Netflix membership is kind of like it's not absurdly complicated I think so I'd say that's I've got a vague me I've got a vague memory I think I've got that right okay but the good actors are being unfairly basically they're having their business unfairly destroyed by The Bad actors on the simple grounds that you'll end up with millions of consumers was going I don't care who you are there's no way I'm subscribing to anything once bitten twice shy I'm done with this whole subscription model and that's problematic for the people who are actually playing Fair Rory I feel like we could talk to you all day about sales psychology marketing it's it's been a brilliant conversation um typically we ask where people can find you um I feel like if anybody wants to find tter I'm Rory Southerland all one word I like Twitter um I know it's unfashionable to say so and you know Elon is should we say you know divisive you know not always helpful um I I kind of indulged the bastard on the grounds that practically everybody really remarkable in human history is bloody weird difficult pain in the ass annoying okay and that applies to the good people as well as the bad to be absolutely honest um so that's my take on that Twitter's a pretty good place to find me on LinkedIn uh where you can follow me thankfully uh because I ran out of connections or something um uh and um uh I'm I'm at ogl where we have a Behavioral Science practice but finally I also run a course who doesn't but it's an online course called mad Masters and if you look for madmaster deco. there's a whole sort of series of 10 uh 10 1 hour long courses uh combined with I do live surgeries every two weeks so if you're on the course you also get live access to ask your own questions and um uh that's madmaster doco and all I can say is the people who've done it seem to love it good we're and I get weird kind of Fanboys going you know thanks to something you said you know I managed to solve a weird problem that I didn't realize I could solve or I managed to solve a weird problem in a way that was much much easier than we assumed because we realized it was a psychological problem not a technological one yeah noce will'll include all the links and then what what do what do the next I guess 10 years look for look like for you oh bloody hell I don't know um I I I'm very committed to OG because I think the Behavioral Science practice is really important as a next stage in the development of advertising um so I want to continue that connection also because I think you can only you can only really teach if you also practice that's not quite true I think after you've stopped after you've retired you can teach for two or 3 years but actually the two are intimately connected you know I think you kind of run out of material if you stop actually doing it and exclusively talk about it um I there is a sort of weird documentary film being made about me for one of the streaming services um what I would like to do is if I can just continue beating the drum to the extent that every time you have a problem that involves some form of human perception or behavior look to tweak the variable that's easiest to tweak that has the biggest effect very often the variable you need to tweak is the perceptual one or the psychological one not the technological one as I said don't make trains faster make train Journeys more productive more enjoyable more valuable you know that's where what you might call met metx benchmarking and fixating on standard metrics of comparison actually kind of makes us all dumb because we end up over optimizing for things that consumers have stopped care I don't genuinely give a [ \_\_ ] whether it takes me two hours to get to Manchester or one right okay I would give a [ \_\_ ] if it took four hours right okay you can't get a Manchester for the day that's after four hours on a train you can start to get a bit bored you know D D D D D there are lots of reasons why you don't want to take four hours yeah okay get it down to an hour and a half that' be kind of cute beyond that point to be honest once I've gone to the hassle of catching a train I kind of want my rewarding hour and a half of sitting on my ass okay I think you could make that Journey too fast to be absolutely honest so my point is that actually most problems now are multivariant there are lots of variables you could tweak generally for reasons I don't understand both organizations institutions and governments and particularly economy to guilty of this tend to focus on those variables which are most expensive to change and the vital thing I think the great thing about psychology is there are Butterfly Effects you can literally add three words to a sentence okay and you can change everything I me there's a story told about Charles Sai and I don't think it's true I think it's completely apocryphal it might be true that there was some beggar sitting outside sa and Sai and it just said said I'm hungry and that Charles Sai wrote underneath I'm hungry on his board I'm hungry and it's spring okay and that the donations to the beggar went up by a factor of two or whatever it was okay to be honest I'm almost certain that's uh that's entirely apocryphal but it nonetheless makes my point you know there are literally occasions where you can tweak something to a tiny degree and just have a transformative effect in how people react to it emotionally um um there's a nice example which I can end on actually which is someone I'm not sure whether they thought it was a good idea or whether they thought it was just marketing [ \_\_ ] but they were at Changi Airport in Singapore and their flight was listed it was leaving 30 minutes after the uh schedule time the flight was listed not as delayed but as retimed and there are two ways of looking at this which is what a load of marketing [ \_\_ ] you're trying to escape the blame for a delay by referring to it as retimed okay what a load of crap and that's one interpretation but I responded with a more benign interpretation which is hold on a second said you could look at that and say it's a very generous thing to do let me explain because 20% of the people waiting for that flight on average a [ \_\_ ] scared of flying a lot of people are any either of you no there's a percent of the population who genuinely are [ \_\_ ] scared of flying okay if you put delayed retimed looks like it's a logistical thing it's to do with schedules push back dates SL Runway slots whatever we've made a conscious decision to actually reschedule this flight delayed is going to make that 20% of scared people think oh they probably noticed one of the ailerons is missing or that the engine's going to catch fire and then they'll go into a fierce spiral of what else does this mean cuz I imagine I'm I'm not a nervous flyer um terrible admission I've confessed this once before in the early days when you could actually download sky programs from skyo to your laptop when I used to fly I used to just take all the things I'd recorded on sky and watched them in the air on what was something like a 15 17inch Apple MacBook at the time and I used to sit on the plane came with this bloody great screen I used to watch air crashing a and when I tell my I realized after I'd done this a couple of times that it was probably insensitive when I told my wife and children dad I cannot [ \_\_ ] believe okay so there are a loot of people behind you who are [ \_\_ ] scared of flying and they're looking over my shoulder and seeing like footage of the wreckage strown across a Japanese mountain side or you know burning debris or whatever or the uh you know or the basically the recreation of a plane flying upside down because anyway that was my terrible confession of total crft insensitivity for which if anybody was on one of those flights I really apologize and it was astoundingly insensitive of me but if you're frighten to fly I imagine that every time it's delayed you go into that mindset of imagine the worst what's the worst can happen and you don't go oh they've probably rescheduled this because of a you know change in departure slots or whatever okay or the crew you know the crew allayed they're only oh my God oh my God it's it's just the beginning of you know they've discovered this problem and then they're not going to fix the problem and so actually ret timed might be a really nice thing to say I think that might be a really really good idea I love it Rory thank you so much for joining us pleas absolutely incredible today thank you what a joy now it's Absolut absolutely delightful really really super beautiful what a lovely place this has been an absolute Joy thank you so muchRORY SUTHERLAND: His BEST interview EVER - | Ep 127

I've spoken to a lot of people of otherwise you know unimpeachable moral character who admit that if they try to scan something three or four times and it just won't scan they Nick it okay I have done that myself once what makes people buy you know I always say if you look at the things you own ask yourself a question if it broke would I buy another one and you know generally speaking it's you know air fryer yes you know yogurt maker no apparently one great thing is whenever you go there even if you don't want them ask for a knife and fork instead of Chopsticks it really sets them off okay that just drives them practically insane I always invert the question to be honest about a third of the time this is my secret trick which is just take the question and ask it the opposite way around I realized after I'd done this a couple of times that it was probably insensitive and I used to sit on the plane with this bloody screen I used to watch air crash investigation and they asked him what his secret it was I said it's very simple he said I do something that no other car salesman does as soon as someone comes in who is vaguely interested in some sort of car I asked a completely different question everybody else asks effectively how do I sell this person a car how do I make sure they don't walk out without buying a car I optimize for something completely different that the question asked myself is today we're joined by not only one of the greatest Minds in marketing not only one of the greatest Minds in business but also one of the greatest Minds in human psychology so if you're looking to really get under the hood of what makes us tick this is the episode for you jack what did you learn to be joined by the one and only Rory southernland was an absolute hit today um he is brilliant with anything he touches we learned so much about psychology human biases and the way that people buy if you are a budding marketeer or you're just looking for the edge when it comes to being better you're going to love this one Rory southernland thank you so much for joining us today we've been so excited for this for so so long um we've sat down with many people on this podcast and we've mentioned your name and we've seen their faces light up I think they're slightly over excited to be honest but there we go I'm very happy for the uh the Acclaim and um I hope I can deliver I'm sure you will I'm sure you will um I've listened to you on many podcasts and I've taken you've been a Secret Mentor in terms of your marketing your strategy and I've taken that and I've solved problems in the business world I want to hit you with a big open question and see where you take it and where we end up um what how do I phrase this in the best way what what makes people buy very very interesting question I don't know um but what I do know is it's worth testing lots of different ways in which people might buy because economics is fundamentally I don't know what the right answer is but I know that the standard assumption which pervades most business thinking is fundamentally wrong in that it assumes that people conceive the need for something and then set out to satisfy that need at the lowest possible price that will match their utility function or whatever economists would call it and sometimes that happens by the way but most of the time I don't think it works like that at all and we had a very interesting discussion funny enough over the last two days you've got to be quite old to remember this but if you went to London in the 1980s the 1990s actually early '90s before there was right move the city was a forest of for sale signs because every single property that was for sale the estate agent typically or real estate agent or realtor for the American listeners used to put a bloody great stake in the garden with a huge sign with the name of the real estate agent and the words for sale or sometimes for rent never happens anymore and the reason is that people assume it's unnecessary because they assume that any anybody who's in the market for a house is already on right move or possibly prime location they're already searching for a property and the only question I asked is particularly there's a massive fashion towards dematerialization if you can avoid a physical thing in your business like sending human beings around to stick stakes in the ground that's the first thing that gets cut MH and my question is if we're right in our assumption and some of the time we are that people go it's time for us to move house we've had the children this place is too small for us we need to upsize or we need to downsize so let us go to right move and we'll buy a house then getting rid of those for sale signs which were bloody ugly by the way but nonetheless it makes business sense no need for those anymore because everybody on the market for a property is basically already looking in the area they want on right move now here's my problem I think it often doesn't work like that at all I think genuinely there were loads and loads of the majority of people who buy a house particularly in London only move a few miles if that I think there are a huge number of people who are wandering around they see a house they've always liked and they see a for sale sign and they go well I wasn't thinking a moving house but now I know that place is for sale I might have a look and so we're assuming this absolutely kind of homogeneous Journey where everybody travels from conceiving the need to purchase in this kind of military formation in a completely consistent way and I genuinely don't think people buy that some people do okay there are people still who do what was the standard shopping practice when I was a small child which is you write a shopping list and you go to the supermarket you you effectively check everything off your list mhm and the reason the shopping list started was partly because when I was a very very small child our local shop was still not a supermarket you went this is hard to believe you went to a counter it was a bit like Argos basically okay you went to a counter and you said packet of cornflakes please and the man went round the back and fetched you a packet of cornflakes and then you you probably know the two ronni's Fork handle sketch shops still in the late 60s were quite often like that so you wrote a shopping list you relayed the shopping list there was no opportunity for an Impulse Buy really okay you simply had to stipulate to your chap uh what it was you wanted now there are people who still shop like that absolutely but there are also people I'm obviously sure who wander around the shop basically they walk into Mark dispenser simply food or whatever they have absolutely no clue what they want other than the fact that the fridge is empty okay and they basically go in and they use what's on the Shelf to determine what they buy and in fact an extraordinary amount of if you obviously people whove done research into this extraordinary amount of decision making takes place at the Shelf in the store now my point is that actually of course it's both there are people who plan there are people who have specific needs there are also additional opportunities where putting a for salees sign on your house I am sure increases the odds of selling that house by a not insignificant Factor okay you know I know whether it's 100% or 50% but I would argue that it's not a waste of time to put a for sale sign outside a house because it gives people another OPP it creates a market rather than serves a market and this is what worries me about the whole business of marketing and online and digital and sales and optimization and Performance Marketing is it seems to me fundamentally focused around the idea that demand is finite and pre-existing the market is already defined it is our job to that existing Market as efficiently as possible and at its worst I think it turns to a kind of absurdity in digital marketing which is we're not going to Define our customer base as those people with whom we can have a profitable interaction and a lifetime relationship over time we're going to Define our to audience merely as those people who are prepared to interact with us in lowcost channels you know and that seems to me it is no surprise that brands that adopt that approach don't don't grow now this is just a point about the obsession with reducing transaction costs um in business strikes me as fundamentally misdirected in that most big Brands grow because they sell to a lot of people and those people buy them quite frequently so it's a mixture of repeat purchase and size of overall market and what we're doing is we're basic saying let's try and force everybody to transact with us in the lowest cost Channel and that strikes me as fundamentally wrong you should actually say we will use whatever media are necessary to uh acquire and keep a customer and some of them will be more expensive than others but that's simply a product of reality that's just how the real world works there are people who will respond to direct mail and there people who respond to email and yes okay the people who respond to email may be slightly cheaper to reach that it is not fair to conflate customer value with cheapness of acquisition and I'll tell you a wonderful story which illustrates this very very wise person who runs a very successful online travel business we were sitting in a meeting and the chief executive and founder um was just sitting at the end and somebody said use the phrase the need to maximize online conversion from the website and the guy just said very shrewdly he said hold on on this basis he said said the typical visitor to our website converts at about .8% the typical person now he acknowledged the fact we're not comparing like with like here okay the typical person who phones us up converts at 35% now he said appreciate the fact that people who phone us up are warmer prospects than people who visit the site nevertheless he said do you really want to hide the phone number on the site to minimize the cost of the call center because as you could roughly put it uh you know I'd rather have 90% of a lot than 100% of not very much what you're doing is you're actually effectively privileging lowcost to serve over ultimate value MH now you when when would you do something so silly well the answer is you do it if you had very short time Horizons if you're obsessed about the next quarter okay and if you basically were trying to impress the shareholders largely through cost cutting that's exactly the mistake you'd make and I I mean I I I'm not generally very vifer but I did write quite extensively against the business of closing Railway ticket offices and I also have written fairly extensively against this practice of supermarkets of more or less trying to force their customers to self-checkout you know self-checkout by the way really important point about technology here okay generally technology arrives as an option think of parking apps when they first arrived you oh I don't have to find 7 pound coins to park 7 Oak station and I don't have to walk 300 yards to that stupid ticket machine and then walk all the way back to my car and he thought oh that's brilliant if I get drunk and take a taxi home I can actually buy Saturday morning parking from my bed rather than having to get my wife drive me into Seven Oaks before I get a parking ticket in the car park all of those aspects of of parking apps were totally welcome the only problem that then happens is what starts as an option ends up as an obligation because someone spots the fact that it's cheaper to make people pay on the app than it is to maintain pay and display machines or you know or or to have a human uh you know selling you a ticket and the next thing you know is they've kind of imposed parking apps in basement car parks where you can't get a mobile signal to save your life you know and and and the whole thing then becomes absolutely an absurd imposition MH where it started off as a really welcome alternative and it ends up as basically a um you know a trap you know it's a it's a a cage and I you know I think that's happened with things like self checkouts at supermarket I know I'm talking slightly nerdish about this but no no it's a great idea right I'm in a hurry there's a bit of a queue I know exactly what I want I know how the self checkout works or I know which Railway ticket I want I go straight to the machine don't have to join the queue I can pretty much buy a return from Seven Oaks a day return from Seven Oaks to London blindfold using one of those machines okay not a problem but then there are all the occas where you don't know what you want and my argument is okay let's look at those sort of self checkout TS one what happens with technology is that Consultants come in with technology companies and they basically talk a very very good game because it's a very plausible narrative about cost saving you know look at all the resources you will save if you get people to do this this way rather the other way now check technology is such a kind of beguiling tempting thing that whereas people normally do a cost benefit analysis when you've got a technological solution somehow people are tricked into just doing a benefit analysis look at all the money we'll save because it's Automation and we all know that automation is good and nothing ever bad happened because of technology so we'll implement this technological solution and then you notice that what's happened okay in supermarkets is one you can't really do a family weekly shop if you're self-checking out can you okay cuz a you've got to have a kind of weighing scales that's of like 8T by three okay B it takes an unbelievably long time right so you go hold on I came here to shop I didn't come here for a job you know you got me you've outsourced your cashier job to me I don't mind scanning 15 items okay scanning 47 now I do it with my phone I'm quite geeky that way that's not so much of a problem but scanning 47 items at one of those you know self checkout till is impossible third problem it's led to a massive kind of epidemic of shoplifting where apparently some grocery retailers are selling more carrots than they're buying and the reason for this miracle isn't Jesus okay it's actually that people are checking out say kiwi fruit or plums and pretending they're carrots for the purpose of the wearing machine and people will cheat from a machine much more readily than they will from a human much easier to do and let's be honest there's we're being frank about it there's plausible deniability yeah okay if you know if you're Court not scanning something you go oh I'm sure I scanned that okay there's completely plausible now you wouldn't want to get caught six times in a row because at that point people will go look mate I think you're off the self Scanning Machines now but there's quite a lot of plausible deniability okay I'll confess this um I've spoken to a lot of people uh of otherwise you know unimpeachable moral character who admit that if they try to scan something three or four times and it just won't scan they Nick it okay I have done that myself once now bear in mind this was after I wiped down the glass screen I you know I tried every possible thing I could to scan this thing there was no one available to help okay there was no other means of actually keying it in and I go look okay I've done a load of work for you you you and just to be clear it wasn't caviar okay it was it was something unbelievably tedious like carrots or something like that and it was sort of 75p and I kind of went I've done enough work here to earn my 75p so I've done it myself once okay now you know you I would under no other circumstances would I think of heisting stuff from the shops okay but on that one occasion I kind of lost my Rag and went okay you know if you're not going to meet me halfway and make it easy for me pay I'm not going to pay at all mhm so so what I'm saying is that there's this weird Cult of short-term efficiency gains which I think in lots of areas of business are deeply deleterious to what a real brand relationship and what the customer value exchange over time should really be and there's a story I really love about this which comes from Drayton bird who's the great Guru of direct marketing uh his book Common Sense direct marketing for American listeners he's kind of the British leester wonder he's still alive he's in his 80s he lives he actually gave his last talk about direct marketing probably about a year and a half ago okay brilliant brilliant man he was my first boss and you know a huge influence on everything I believe and think and how I think and so on and Drayton told the story I think it's in his book of America's most successful car salesman and presumably sometime in the 60s or 70s this particular title existed and it was just this guy who had an extraordinary record of car sales and they asked him what his secret it was I said it's very simple he said I do something that no other car salesman does said as soon as someone comes in who is vaguely interested in some sort of car I asked a completely different question to everybody else everybody else asks effectively how do I sell this person a car how do I make sure they don't walk out without buying a car I optimize for something completely different the question I asked myself is what can I do now that makes it absolutely certain that they'll come to me when they need to buy their next car wow now it occurred to me and this interests me a bit it is when you think about it an absolutely brilliant because I would argue that if there's one single metric that's a pretty good guide to a product it's repeat purchase right you know I always say if you look look at the things you own ask yourself a question if it broke would I buy another one and you know generally speaking it's you know air fryer yes you know yogurt maker no you know what I mean okay right there's a kind of you go through your stuff and you ask that question if this thing broke would I just go straight out and go I need to buy another one and repeat purchase is kind of I think the best indicator for a an enduring business and this guy basically understood this completely and he said okay My Success is not selling them a car immediately it's that when they think of buying a car the next time you know they don't think of coming to anybody else they basically the first Port of Call is I want to buy a car from Bob now I wonder what car I should buy now it occurred to me that when that person adopted that policy for the next three years they were probably a slightly unsuccessful car salesman because they were actually willing to sacrifice short-term transactional gains for long-term loyalty and there's something there which is really really interesting which is if you go on YouTube the I'm a big fan of Jay Leno's garage because obviously he's a brilliant presenter he's Jay Lena I'm a big fan but it's an act of extraordinary philanthropy in a way that you develop a hundred million doll car collection but then you spend your time sharing it with the wider populace you know it's great you know what a great thing to do seriously you know I mean if you think of the net happiness created by that it's it's really fabulous and he tells there's a wonderful episode which is called why I don't own a Ferrari by Jay lenon so his whole collection contains no Ferraris I think and he won't buy them because he says I won't put up with all the [ \_\_ ] you have to go through to buy one which is kind of they'll only send sell you one of the rarer ones if you've um already bought sort of six run-of-the-mill F there is a run-of-the-mill Ferrari but you get what I mean you know in other words it's like those very high-end French handbags where you have to go in and Splurge a load of money on random non-resalable stuff before they're prepared to actually let you into the inner sanctum where you can buy the crocodile Kelly bag which theoretically you could resell on eBay for whatever it is and he said I don't want to play those games I just don't like it I can't I I don't want that I don't want to play those games and he contrast this with his experience of buying I think it was the McLaren F1 but I might have got this wrong it might have been another McLaren and his experience was that he contacts McLaren and he says I'm thinking of buying this thing that's fine they're obviously very helpful and um you would kind of expect that okay yeah yeah um and uh he says I was thinking by the way of getting the uh ceramic disc brakes I think I've got this right brake discs sorry uh I was thinking of getting the the the ceramic um uh breake discs and they said the guy said to him um things is Mr are you planning to track race this car to track this car or are you mostly going to be driving it on the road and he said look to be honest I'm probably take it out on the track once but most of the time I'll be driving around Los Angeles stuck in traffic okay and the guy just said well Mr Leno let me save your $25,000 straight off straight off the bat don't get the ceramic things because actually they take ages to warm up they're actually a bit of a nightmare in everyday traffic you know you'll end up bumping into the car in front because they haven't warmed just go with the standard breaks and what's interesting is from that moment on basically the relationship was different because this person is not trying to maximize their Commission in the short term they're trying to maximize the value of the relationship over time by establishing trust and talking to um Dan arieli you probably know of him the author of predictably irrational very good book behavioral Economist at Duke and he came in and as an extraordinary thing a couple of weeks ago he offered effectively to work as an intern in our Behavioral Science Department for a week genuinely probably the world's most overqualified intern okay there's a house near me in Seven Oaks where um the owner a man called spottiswood it was something like the third house in Britain to be wired for electricity and he got Michael Faraday to supervise the wiring so this was equivalent to that you get the person who's practically invented everything to do with electricity and he's actually supervising the wiring of the house I was thought that was a fantastically overqualified case you know um but um uh but anyway um he he comes and works for and one of the most interesting things he says and reminds us of repeatedly is what the consumer often needs is a reliable sign that you're on their side because the relationship between buyer and seller can be a negative sum or zero sum relationship right what makes it honest and rewarding is actually signs that you are investing in the relationship not in the immediate value of the immediate transaction so everything that suggests that a business is in it for the long term upfront investment in things all kinds of things like that tends to create an atmosphere of trust in the same way that if you like we probably trust a kebab shop more than we trust a kebab van cuz the Kebab shop has had to open a shop install the thing that goes round and round okay they got to put the sage up they got to print the leaflets and if their kebabs turn out to be crap they're dependent on repeat custom from the local market to actually survive so it's in their interests to serve every customer as though they have the potential to be a repeat customer whereas if you're a kebab van at a festival okay you have no Prospect of repeat business unless you wait for two years and rely on people to be spectacularly loyal for some reason okay so we can't trust the Kebab van to the extent we trust the Kebab shop because the Kebab shop is invested in its market and the Kebab van isn't and so similarly what Dan arieli was saying is that activities from salesmen which seem short-term self-defeating you know doing more than you have to do recommending you don't get the ceramic brake discs that kind of thing actually in the long term make a huge amount of sense because it changes the nature of the exchange between the salesperson and the consumer into one of what you might call Mutual value creation over time you know rather than a combative one-off Battle of you know kind of Winner Takes most I I think that's just really interesting because I think humans instinctively understand this weirdly economists don't seem to understand it at all because economists assume complete trust for all their models and that strikes me as about the most stupid and unhelpful thing you can do because the whole point about human evolution really of the brain probably a huge chunk of our revolved experience is when to trust when not to trust yeah so the idea that you can create an economic model where you you basically set distrust to zero and it's assume it away is a pretty good starting point for completely misunderstanding most Of Human Action and exchange so if there is that relationship with reluctance to change human beings are maybe wired to think the worst of salespeople marketers perhaps how do disruptor Brands and disruptor services and products work if we're already wired I don't want to change well one one weird thing about how we're wired and this actually was a conversation between David OG who obviously was the sort of founder of ogleby and MAA and then what's now called ogleby um he had a conversation with a guy I met David ogy once and I met this other guy a guy called Joel raffelson um several times he was the kind of creative director of OG in Chicago and was in my opinion an extraordin just one of those he was from the Mad Men era uh and he was just an extraordinary guy in every respect I mean you you know um and he had a conversation with David ogy sometime I think the 1960s which I think is one of the most interesting conversations uh that you know took place in the last that's probably overstating it a bit he said you know David he said I think consumers buy Brands not because they think they're better but because they're more certain that they're good and I think one of the things that's misunderstood in advertising is that an awful lot of instinctive consumer behavior is what's sometimes called Minimax you could call it very reduction you could call it loss aversion it's irrational to call it loss aversion by the way because it's it's it's not a bias okay it's basically asking the question what's the worst that can happen and I will choose the route not the route that's on average best but the route that has the least worst case scenario coming out of it the and particularly the least chance of Extinction or disaster and I would argue that completely rationally and sensibly people pay a premium for let's say a Samsung TV or a McDonald's meal not because they think it's better in the conventional sense of value per pound but in the completely I think correct prediction or reliable prediction that a Samsung TV is much like less likely to be terrible than a random one of those weird TVs on Amazon that looks like a row of scrab the brand name looks like Scrabble to right okay now those may be great value for money you might buy one and find it's a fantastic TV and you saved $50 but we will pay a com premium for what you might call the avoidance of catastrophe because in evolutionary terms avoiding catastrophe is more important than seeking per Perfection yeah probably true in marriage as well but we never we never say that we never say I chose my wife particularly because I love the fact that she's not totally Bonkers right you you can't you have to pretend that your decisions are optimizing decisions right right but but by the way I mean you know I'm not making this an unromantic Point I've been married for 36 years but there is a perfectly sensible point to marriage which is that one important characteristic of a life partner should be they're unlikely to set fire to your clothes right okay um and we obviously never mention that because we always got to accentuate the positive and pretend pretend the absence of negatives is not really a factor and so I think a lot of the time people talk nonsense about why they do the things they do and I think you know as I said McDonald's is I've often said McDonald's is the most successful restaurant in the world not because it's really really good but because it's incredibly good at not being bad and we had this discussion just at lunch just now which is and I I love what I call kind of anthropological detective work which is what explains the popularity of Nando you know the extraordinary success of Nando and one part of it probably is if you think about there's no there's very little there to dislike and if you're a party of six basically everybody's happy aren't they right so the spicy people can have something spicy the Bland people can have something Bland there's a fabulous practice if you heard this practice in Lando where people who take girls out for a date ask the person to make them a mild chicken but to put the flag in for the super spicy chicken show they're a real man it's really funny because now I may be getting this wrong I'm not I'm I'm the last person to put myself forward as an expert in dating psychology but there is that very peculiar male belief that women will be really attracted to men by their ability so that that is undoubtedly men admire other men for their ability to eat spicy food don't they I me it is you know but the Assumption this translates the opposite sex which is I didn't really like him much but when he order the oh that was it I you know you've pulled you know maybe that happens I don't know it seems particularly implausible you know I don't know it was his ability to handle a chicken V that's what I knew he was the one oh he's a keeper you know okay but but but I find I found this sort of psychology of let's because there's always a rational explanation which is kind of half true but it's you know it's good value for money you know people like chicken all of which is kind of true right but I always think getting to the bottom of it what's the real M you know if we could find out what that real magic formula is and maybe part of it is that no group of people has a Nando's hater in it um you know so the absence one of the most important things I think in dealing with anything when you look at any sales problem is we tend to go how can we Ladle on some positives and I'm a big believer in the Warren Buffett thing of always invert you know if you ask the same question backwards or the opposite question generally actually it's Illuminating and I always ask the question I always invert the question to be honest about a third of the time this is my secret trick which is just take the question and ask it the opposite way around so we know we're doing a brief about train travel and how we encourage people to use the train more and my Approach is the natural sort of approach of marketer salespeople is to list a lot of benefits for people using the train and my Approach is there's an opposite approach which we also need to follow which is let's asked lots of questions about why people don't go by train okay and generally if you make a list of them some of them will be completely sensible objections right okay I need a car at the other end I've got a ton of luggage right there loads of good reasons not to take the train but some of the reasons will be stupid okay it's just it never one of one of the most common ones by the way it never occurred to me there's literally a huge sway the people no no no because if you think about people who always go by car they bought their car car's a big sunk cost they go by car everywhere genuinely um the rail would not even feature on their repertoire and another really dumb reason why people don't go by train is um nearly all train information and advertising okay and I mean this is on trains and in stations okay so if you don't use the train you never see any rail-based Communications at all you go to the station there loads of ads going hey go by train I'm already on a [ \_\_ ] train okay you you got me go and do some door drops to people who never take the train because my father made this point he said you know the people who work on the railways know everything about the railways that's one of the things you got to do is as the salesman for anything you've got to put yourself in the mindset You' got to know everything about your product but the second thing you got to do is put yourself in the mindset of someone who knows nothing about your product and the thing that always happens with the rail with rail travel is that the people who work for the railways love railways and they're slightly nerdy that's with the best will in the world I am I mean you know I'll freely admit to this and so they know a hell of a lot about trains and then they start to assume that everybody else knows it as well now my father always made the point said he was he was in South Wales he was not that far from Newport which was his major Mainline station or he could use abig aeni um but he said if you asked a random person on the street where can you go to from Newport station most people would go London okay a few people would obviously say well I suppose in the opposite direction goes to Cardiff and Swansea and then you go where else and theyd probably just freeze now actually if you actually do the research you can go I think you can go to Newcastle you can certainly go to Portsmouth you can obviously go to Bristol you can go to cheltonham on the fascinating M EG to cheltonham line world's most demographically varied Railway um and you can go to tons of places nobody knows they have genuinely haven't got a clue and so quite often when you in invert and say why aren't people doing this a very simple answer is it's never occurred to them and they don't know and one of the things I think we've made a mistake about is we get very very complicated about advertising go about the brand positioning and it's about differentiation it's about this hell of a lot of advertising just works because you're telling people [ \_\_ ] they didn't know I mean one of the weirdest things that drives me nuts okay is the number of the number of business businesses now that develop something really useful okay you know they've obviously spent quite a lot of money developing something and they don't tell anybody about it so how both of you presumably use Wi-Fi calling right but you had to turn that on on your phone right because you have to go let's face it most people don't go to phone settings do they on their mobile I mean who hell goes to settings on their mobile phone right nobody does now how did you learn about Wi-Fi calling just just for interest did someone tell you about it I think yeah someone someone wanted to call me like that that this is a really interesting thing because what happened is all the mobile networks basically introduced it uh nearly all handsets under what six years old now will offer it but weirdly by default it's turned off probably for legal reasons yeah I'm saying to one of our clients who's a mobile phone network this totally transformed my satisfaction with my service because 90% of the times I couldn't get signal were when I was in indoors okay in a basement whatever in a metal frame building okay there was Wi-Fi there just wasn't a mobile signal so okay if I'm in the middle of a godamn field you know in the north of Scotland and I haven't got a signal one I don't get that angry and two I can go and walk a 100 yards until I pick up a signal that's a solvable problem but being in a place where there's Wi-Fi and no signal indoors when it's raining is a total pain in the ass and no they didn't tell anybody if you got the marks and Spencer app there's a whole self scanning thing did you know this no on the M&S app you can actually go around M&S pick up one of those nice bags with the sort of Union jack fruit on it basically scan everything into your bag hit the pay button pay with Google pay walk out like a shoplifter wow B now why develop that and not tell anybody and literally I think there's this weird engineering mentality or this financial mentality that sees money spent on communication as a cost to be minimized not as an opportunity to be maximized and repeatedly so I make this point because sometimes we always get in advertising there's this slight problem because in order to justify existence we've got to try and look quite clever and sometimes you need to be really clever but sometimes it's really effing simple it's just people don't know about this tell them and where I I'll give you a perfect example of this which is uh if someone asked me my greatest life disappointment this is a ridiculous thing but both my boss and I went when we had Phillips as a client Phillips is an extraordinary organization because it's an absolutely brilliant company with a spectacular talent for shooting itself in the foot in other words it will invent something amazing and then totally fail to capitalize on it's like death wish coming um but it is a very brilliant company and years ago I went out and I just said to them look very simple tip you've basically the only company that makes an air fryer you're sitting on a gold mine here right because the reason I know this is very simple it's totally anecdotal but then all data emerges all new data emerges first in anecdotal form never listen to anybody who disses anecdotes right serial killers get caught because of an anecdote brilliant scientific discoveries get made because of an anecdote an anecdote is what happens when someone notices something and nearly all progress happens because someone notices something you it's true in detective work it's true in scientific discoveries it's true in marketing the anecdote Jeff Bezos famously says when the anecdote disagrees with the data I usually find it's the anecdote that's true okay and actually so we just said look I said I appreciate this anecdotal but I bought an air fryer I became a total evangelist I thought it was a have you got one yeah yeah okay I said I bought one for my dad for his birthday he he was 83 at the time he was massively cynical and basically he turned into like the Y Valley's leading air fryer evangelist going around all his octogenarian friends going you really need to buy an air fryer and actually not long before he died I was in the pub with my dad and we were just sitting there having a drink and an old gent came towards us tapped my father on the shoulder and just said air fryer and gave a big thumbs up anyway I just said to Philips look trust me most products don't have this effect right first of all most products people go yeah on balance I'm glad I bought this this is a case where people like go slightly weird about them I mean in a not altogether healthy way you know okay are we just you're sitting on a gold man here just do some ads just tell people what they are and people will buy them and what they'll do maybe they won't buy one they'll just ask CU anybody got an air fryer at which point everybody with an air fryer in social media will go oh it changed my life you know you know it's the second coming it's fantastic right and there just a load of things out there and maybe we make advertising so difficult because we've got to jump through all these hoops and do your competitor analysis and actually 50% of advertising is just be famous okay make sure people have heard of you it really is that simple because when you're famous your customers find you if you're not famous you got to find all your customers trust me the first is a hell of a lot easier than the second and so you know I think I think it's really really interesting which is that there should be a kind of in a sense someone should start an ad agency called diabolically [ \_\_ ] obvious or DFO right and it should basically just go this product is very good nobody knows about it we're going to tell people about it in a nice way end of and you know I do I do you know cuz this is the way it's a very strange business CU you can be very very clever you can be very imaginative and every agency needs to be able to do that because some problems are really really difficult and require extraordinary creativity but I do wonder that you know what happens when at the times when it's just easy are we actually do we have a fear of the obvious you know that that's that's too extreme but you know quite but when you reverse I always say that reverse the question don't say why should people buy this say why are they buying it yeah and you'll come up with a list of reasons some of which are very good reasons so leave those people alone they know what they're doing and then some of the reasons are just dumb like never heard of it never occurred to me um I don't think the trains was it someone said they had some I me some with deluded belief that like trains didn't stop in Bristol I mean you know just total you know just total nonsense okay and you realize okay well what we'll do is we'll tackle the reason the reasons against that are stupid and we'll leave the other ones alone yeah we um we have a a page on our website that says why you shouldn't work with us brilliant and it's just getting there first and we just kind of want to stand out so you you spoke tell me what it says uh we're really just a couple of examples yeah we're really expensive uh we don't guarantee anything what else is on there um you can probably do it yourself yeah that's the main one we we tell people how you could just do it all yourself yeah so Robert Robert chelini funny enough actually added to his principle of persuasion uh the principle that an honest admission of a weakness uh is actually in itself highly persuasive because the pretense at Perfection the human brain looks for tradeoffs the best thing you can do as a Salesman is provide them with a tradeoff which is manageable because it's better than the one it's better of them focusing on the one tradeoff you've provided Stellar artto reassuringly expensive okay number two so we try harder for Avis it's better for them to actually focus on the trade-off you've provided which is a single trade-off than go around imagining tradeoffs of their own yes now I'm going that's going to bring me to a really interesting topic which is never covered in marketing textbooks because logically it's not a problem that should arise but actually happens all the time and a very rapid example of this happened when um some guys in Berkeley who are America sorry indian-americans um uh used NASA based food preservation technology to make mishan quality Indian food that you can seal in a sachche that has a shelf life of months okay and you take it out you heat it in a pot you microwave it and it's like something you get in a mishan Indian restaurant and I didn't believe them and then they sent me some stuff through the post and he just arrives in the ordinary USP ml thing and I didn't just because obviously I knew so I tried it myself I tested on my wife as kind of blind tasting and she was equally astounded by the quality of this biryani there was a helim fantastic helim mbari or or something similar it was just astonishing right and I said weirdly and I wouldn't have said this four years ago or five years ago but I increasingly realized because of this human mental tradeoff assumption said your actual marketing problem is really weird I said but it's not that uncommon it's that it's too good to be true and people genuinely are always assuming I said one solution is you just make it insanely expensive yeah okay because then there's a mental there's a trade-off reassuringly expensive okay and one of the trini's kind of principles of salesmanship would be you're selling someone a photo God I'm showing my age of photocopy Jesus okay you're you're selling someone a horse and buggy yeah did I say photocopy that that was of course the great you know salesmanship thing then it moved into car phones and you know there are always these really really hot areas for salesmanship I understand fantastically that hellofresh are actually selling door too did you hear this uh no I see them at a lot of like exhibitions and stuff like that but I didn't know they were doing door you that's really interesting there don't try and sell everything online by the cheapest means possible some people will only buy in slightly more expensive channels that's just the price of acquiring a customer you want to grow your business just suck it up mate stop trying to over optimize things you should the at the cost of making forging new relationships okay that's a bit like someone going online to try and find a girlfriend when there's you know a supermodel who really fancies them living next door you know what I mean this obsession with digital channels is completely absurd um and anyway sorry what but with chalini one of the things you say if you're selling a photocopier is you basically say shortly before the point of sale you go look it is expensive but trust me is worth it that the admission that okay it's not all roses is just fundamentally plausible follow I think uh Dan Ariel's point which is give a sign that you're on their side which might be an act of generosity that isn't expected you know that might be the Double Tree cookie when you check into a Double Tree Hotel Hotel hotels aren't obliged to give you a cookie the very fact that the Double Tree does this spontaneously fundamentally primes you for reciprocation okay but also establishes trust which is this is obviously long-term relation basically there's relational capitalism and there's transactional capitalism transactional capitalism seeks to maximize the short-term value of any transaction regardless of the the value of the relationship down the line relational capitalism seeks to maximize the value of the relationship with the customer over time economics doesn't understand the distinction between the two humans are I think always asking the question is this transactional or is this relational and if you violate the Norms okay one of the most fascinating findings from customer satisfaction was that people who've had a problem with a product and yet the problem was very well resolved end up being more loyal to that brand than if the problem didn't occur in the first place an economist get really angry about that because they go well surely it's better to have a product without a problem than it is to have a product that had a problem even if the problem was solved and the argument is no no no no because when they called you with a problem assuming you didn't charge them for solving the problem your reserves of reciprocation Goodwill and long-term investment in the relationship are being tested and if you solve the problem okay then you have proved that that you are someone to be relied on because you're actually interested in keeping them as a customer rather than someone who sorry your transactional value was six months ago why don't you just piss off is this why people prefer a 4.7 review than a five star review on am there's there some very interesting stuff about that isn't there which is I mean five star reviews may just mean there very few reviews of course so you got to be a bit wary Uber drivers basically prefer a 4.9 or 4.8 to a five partly cuz the person with the five might be a brand new customer who doesn't know what they're doing who's given a five by default or it may be someone who has basically kicked off the platform who's signed up under a false you know under a fake name but what what Uber would say is if you're a 4.9 okay you've taken 150 Uber trips and you've been a little bit of an [ \_\_ ] once okay you know like you've been a bit late to show up or you know presume it you know doesn't mean you vomited all over the car that would probably get you um but but but but actually that's almost more reliable in a sense than someone who's taken five Journeys and they've all been perfect you know it's actually uh you you're right and people actually people are I think astoundingly astute at a lot of this decision making they spot things instinctively very very cleverly so on that too good to be true problem okay that's a marketing problem how on Earth do we make this product great as it already is believable and Dan arieli said various inter things you can have a guy who's like a wizard like Steve Jobs who basically makes everybody believe that no normally magic is isn't possible but here am I Steve a wizard and look what I've done there's one way in which you can kind of just get people to believe the impossible then there are other interesting ways which might be you you build in a downside like you actually make the product more difficult to prepare okay you say you know what youve got to do is actually you know uh leave it on a south facing wall for 3 days and then cook it okay but there are various things I mean there are a lot of things you could do but if you just go this is how great it is people will go well where's the catch fundamentally we're always asking where's the catch and um I mean actually uh famously of course um if Girls Chat up guys right which isn't supposed to happen it's too good to be true you'd think bles would go oh this is fantastic and actually they're going this is weird right basically is someone trying to Honey Trap me is this like a blackmail attempt what the hell's going on here too good to be true actually makes people actually a bit nervous and you're probably right about about all sorts of things yeah that and actually of course with a rating of five on Amazon well those ratings can be massively gamed so having a few you know having a few negatives I have always wanted to have an Amazon selection of the world's most polarizing product you know what I mean the things that basically it's either a five or a one so things which you e cuz I've always thought i' always thought in trip advisor that' be great like hotels which are just massively polarizing yeah and there's a really funny one which is hugely polarizing it's a hotel in East Berlin and it it used to be I think something like a police station or the headquarters of the starzy or something like that and the rooms are basically what were former cells and the um there's a platform in each room so you sleep above the shower and above the wash basin because the rooms are so small you actually sleep about three ft from the ceiling on this weird platform every room has a television in it it's a black and white television it only has one Shadle y I'm not making this Happ okay and it shows the big Labowski on continuous loop that's it and the problem I had is I went to sleep with the big lavasi on so my whole brain and my dreams were full of some really weird okay this is Knob this is bowling There Are Rules right okay and God I love that film it's fantastic but In fairness it has this is very clever it's a very clever thing it has an absolutely brilliant coffee shop in other words the place in the middle serves one of the best flat whites I've ever had in my life so it's one of those clever Brands which goes if you do one thing brilliantly actually people are prepared to satisfice with everything else and what's very funny about the reviews to that is obviously in and amongst the reviews a lot of people have chosen it because they've heard about this unbelievably cool hotel in East Berlin okay and there's a chunk of people who obviously turned up expecting the marriage right and those people are kind of apoplectic we had a great experience I was in Italy and we stayed in this really really good value hotel and there was a guy who was the guy who ran the bar that would make toasted sandwiches and bring you a beer and drinks and an ice cream next to the swimming pool in this very reasonably priced fantastic hotel in R and Kean or is it rod and Kean one of the two and we look my wife and I looked at the reviews and they were again massively polarized and what it was this guy who was we thought because we're Brits was absolutely hysterically funny and really Charming okay and because he had a very very dry kind of saky sense of humor and what was hysterical about this is that half the reviews said what a great guy typically Brits okay a lot of the Americans not all of them because don't ever say that Americans don't do irony or anything like that they of course they can't you know um some Americans don't do AR am among some of the American guests this guy drove them practically insane because it's so in congruous to American Service culture to be served with sarcasm right it's just you hey this is going to be great you know I mean I love this thing which you know that you know that kind of you know that kind of mock negativity was just completely baffling to them and therefore they interpreted it as rudess yeah we were a family of Brits and we basically you know this guy was an honorary Brit with his saky kind of back chat right but yeah I I'm always fascinated by things that really polarize people cuz you know really polarizing restaurants would be really interesting wouldn't they you either my might you either love it or you hate it do you know um that's another perfect example by the way of acknowledging your weakness yeah in an ad of course do you know monkeys in Chinatown there's a great article about that that's just come out by the way which tells the whole history of the thing oh really and that's my perfect example of the opposite of a good idea can be another good idea yeah that usually the opposite of where the mainstream market is actually provides you with a with a opportunity yeah and that was brilliant you're so rude that actually it becomes your distinguishing feature I took I took um to Zach wonky is a restaurant in Chinatown and they they throw you in the restaurant they make you just sit down and then when you're order they're so rude to you when you get in there and then they're like throwing the plates at you I took some work friends once and I was like and everybody was going this is awful I'm smiling like how amazing is this it's like it's like theater it's brilliant absolutely brilliant now obviously if you turned up expecting a standard restaurant okay you've got to know you this is where framing is so important if you're just told in advance what to expect it's the it's one of the funniest experience of your life okay if you generally turned up as I said expecting the Marriot it there some brilliant stuff by the way Apparently one great thing is whenever you go there even if you don't want them ask for a knife and fork instead of Chopsticks it really sets them off okay that just drives them practically insane and you'll be just completely insulted you know um but uh it's I think I think there's a fantastic thing which is benchmarking there's a brilliant writer read this guy whatever you do as I said um there's um Alex hosi I really recommend for understanding I think the idea of the offer and offer framing better than anybody has done before you know um and I think he's a really really interesting writer I think there's a great book on customer service uh which is called unreasonable Hospitality by a guy called will gadara and that's a great deal about this is give people what they weren't expecting doesn't have to be expensive okay but just what you might call discretionary effort or discretionary expense carries it's the things you don't have to do that carry the bulk of the meaning about how you what you're really saying so a lovely example of this is I was talking to the guy who founded AO um appliances online um and uh they have they deliver their own stuff you know because they've got their own delivery Fleet and they've got a box of little AO branded teddy bears in the back of each van and if there's if they're kids in the family um then they give the kids Neo branded teddy bear and as he said one you know don't ask me to do the ROI on that for God's sake secondly it's a good thing to do because nobody else can do it in a way because they don't deliver their own stuff right the fact that we deliver our own stuff allows us to do this here's something our competitors can't copy thirdly you've got a free ad for your product in your house for the next eight years if the kid likes the bear nobody throws a bear away when they got a young child that could that that okay um but also because you don't have to do it okay it has this extraordinary meaning it's the things I always joked about this okay you you don't want to be totally customer Le because if you're customer Le you kind of you lose the capacity to surprise if if you're completely customer driven and I always make this joke okay that 10 years ago if you did Research into British people and their attitude to their own Barber okay not a single person would go yeah I really like my barber I just wish they'd flick burning methylated Spirits in my ears right you know I've always felt I've always felt right there was something missing when I got my haircut and why can't they just get a FL of substance and flick it into my ears and it's that kind of thing with you know with tur with the Turkish Barber the thing that you weren't expecting that's completely that's the thing you notice that's the thing you remember that's the thing which is kind of like wow this is special you know and I I just find it really interesting because if you're optimizing for narrow idea of value you'll just give people what they expect if you're optimizing for meaning memorability significance trust actually give people a few things they weren't expecting you know and they can be they can be a bit gratuitous to be honest they can be a bit childish and silly and I think um you know I mentioned the Double Tree cookie which I think is a brilliant idea there's a hotel in um Los Angeles called The Magic Castle Hotel and what's bizarre about it it's nothing special about it or fancy but it's always like number eight of the hotels in LA on trip advisor now just to be clear apparently the staff are brilliant so I'm not I'm not just suggesting they get away with it just on the basis of a gimmick but um what they what they undoubtedly do is they have this thing called the popsicle hotline so when your kids are in the pool they can pick up a red telephone and if they pick up the red telephone and say I want popsicles someone someone comes out and brings them a tray of ice lollies and they can choose a free ice Lolly okay now it's kind of gratuitous but if you've got young kids love it they they for some odly bizarre reason I had this problem with my own kids which is that there was something they really liked about Ryan a okay and for about 10 years until they fortunately grow out of out of it again no I don't want to go on British Airways business class I want to go on R air okay but there was something that I can't remember what it was it was some gesture or act maybe they given a coloring kit or something I have no idea what it was but there's that really interesting stuff which is the thing that you weren't expecting actually a large amount of how we judge things is not what is the thing but how did it compare to what I was expecting yeah I always recommend by the way go on holiday to Wales because the one great thing about Wales is that it is actually full of pleasant surprises have you been Snowden not okay North Wales don't know that I just said the Y Valley for my that's why I grew up you see beautiful but yeah like you say there was no expectation around it and it was actually like and actually you go in you go to a restaurant well I went into the cafe in cumbran station which doesn't look anything special and the guy there who's Turkish Welsh is basically like the god of Panini making you know it was just an extraordinar good Panini coming from this tiny little station in cumbran um and it's those little kind of those little pleasant surprises which which I think what make make us really happy I'm always interested in Brands and service businesses which like Benchmark or even under Benchmark on 10 conventional dimensions and then massively over index on one have you ever stayed in a Moxy Hotel no Citizen M it's a it's a category of hotel which is called something like Boutique I don't what is it is it premium it's like premium economy okay but what what the what the Moxy Hotel chain is they're generally in very good locations so let's not they're not in an industrial estate you outskirts or whatever okay so the one in Manchester is in a really good location in Manchester um and you know the one the one I I've stayed in about three they're well located so that's the first thing the rooms are really small there's no room service there's no laundry service I think you can borrow an iron or there might be a laundry room uh the rooms are pretty small there's good very good flat screen TV there's good Wi-Fi there's no cupboard you just hang your clothes on the wall you know very very basic room mhm and what totally sets it apart is the ground floor is basically coffee shop restaurant bar which runs 24 hours a day you can come down at 3:00 in the morning and say I want a flat white um I just had an operation I was in loan and I had to have an eye operation so I was heavily sedated night she wandered downstairs in my Underpants at 3 in the morning under the influence of f or something and asked for a coffee which my wife was absolutely mortified about um but um and also you check in okay and you turn up you check in at the bar there's not one of those weird checkin desks there's no weird conage person the function of which I've never fully understood okay check in just at the bar and they go would you like our signature cocktail and they give you a cocktail which is usually fantastic and um the other the great thing about that whole ground floor is imagine it it's it's a bit weird it's got like 8 foot teddy bears and weird things dotted around the place but the great thing is you can basically just hang out there all day they'll bring you food they'll bring you drinks they'll bring you very very good coffee and actually to be honest yeah after you've checked out okay normally after you've checked out of a hotel you feel kind of homeless after you've checked out of that place they'd be totally chill for you to stay there for another 5 hours you know using the lose and if you imagine something like a cooler a weirder version of a Wei work the whole ground fls like that and it's a brilliant thing because what you do it's a great marketing trick is you focus people on the one thing where you're amazing and then downplay everything else and what they remember is the amazing thing and I talked someone who ran a hotel in London which they said we haven't got room for a really good kitchen and so our Foods it's okay nothing wrong with our food but we can't produce really exciting food so here's what we do we don't talk about the food we don't raise any expectation about the food instead what we do is we have like London best mixologist and we talk about the drink and we make amazing cocktails and they're incredible and while people are focused on the cocktails they order some chicken wings and the chicken wings are perfectly good nobody complains about them I'm not saying you can get away with being crap you got to be you got to hit the you got to hit the basic threshold okay across things but you can play these really interesting games where you just do one thing amazingly and everything else is pretty basic and actually what's interesting about that judging by the expansion it's privately owned Marriott fact I think the president of mar is still Bill Marriott actually would you believe it so moxy's one of the many Brands under that kind of Marriott egis and what's interesting is it seems to be really really popular it see you know it's it's expanding really fast and it's re I wouldn't stay there for a week right okay you know the room's a bit small Etc but if you want to stay in a hotel in a good place in a city for one night two nights maybe three nights okay it absolutely hits the spot cuz it's really good at the one thing you care about and everything else is basic but even at the same time you get a reasonable price so I think the psychology of what you might call where you focus as a business is really really interesting you know it is there a way a business can create some peculiar distinguishing feature like the popsicle helpline and in order to do so I think you just got to be prepared to be a bit silly and you also got to be prepared to ignore your Finance director who will say you know it is not in our service level agreement to provide free ice cream or some bollocks like that I think it's very I think there's something very interesting about basically building in salience to what you offer focusing the attention on the right place surprising them in the area where they're looking and then just satisfying everywhere else you you spoke about loss AV verion and it felt like you were talking a little bit about like a recency bias towards the end so what other biases when it comes to to selling and marketing do we have to be aware of um that we can lean into to help us sell more or we can try to combat when it comes to selling weirdly what's so fascinating about this is that psychology clearly sometimes is a contradictory science so if you look at chini's principles of influence and persuasion there's like social proof everybody's got one of these you know or everybody you know and then the scarcity which is not very many people have one of these you if you think about there are two ways you can s things saying this is so good that very few people can have it and this is so good that everybody has it and I think if you look at Brands by the way the French have been masters of the scarcity thing and the Americans have historically having a much bigger Market you know cocacola is the absolute Masterpiece of the every it's great and everybody should be able to have it school you know and historically the Americans were never are very good at luxury Brands because there's something fundamentally unamerican this is going back quite a long time they've learned since obviously but Americans I suppose the opportunity to actually sell to another 100 million people I you it's worth noting that Cadillac in the 1930s was a brand On a par with Rolls-Royce okay it was super super premium brand and what often happens I think it happen with Cadillac is they get tempted to offer a slightly cheaper tedac in order to achieve volume sales and the French have always resisted that where unsold handbags are actually end up in landfill you know but to maintain the scarcity of the thing I mean that's a generalization but there's a kind of French approach to branding there an American approach you know what I mean and that's in keeping with shalini's principles and so quite often things are undoubtedly only three left at this price works I bought something this morning because it said only one left okay you know I might have bought it anyway but when I saw only one left I had to buy it um that undoubtedly works I mean to an extraordinary degree um sometimes um there you know there sunk cost bias obviously I me there awful lot of one of the reasons why it's going to be really difficult to unseat Apple okay is that people are so invested in the ecosystem you know okay well you know you could produce an Android phone which is better some people would even argue that the best Android phones are better now but you've got your whole ecosystem of the earbuds you've got the charging cables and everything else that's a case of undoubted if Sun cost bias which is I'm in now in for a penny a great one which is sometimes called foot in the door syndrome which is if you sell people a small thing it's then easier to sell them a big thing uh you know actually you learned a brand that more or less understood all of these principles whether accidentally on purpose well I like to say it was on purpose because ogal was quite heavily involved in the creation of it uh American Express is a fantastic brand everything from the member since date on the card why does nobody copy that okay because if you think about it no one wants to cancel their American Express card because then if they get another American Express card it won't say me what's mine say member since 95 I think it is okay mine will then say member since 2024 I don't want that right looks like some Johnny come late right okay and you know um so you know and it understood the whole scarcity principle the the most famous successful sales letter for American Express uh I can't remember who wrote it it was written by someone in Ogie and it just outperformed everything for years started with the letter opened Dear Mr Southerland quite frankly the American Express card is not for everyone which is exactly the same as your website which is why you shouldn't work with us you know and it basically said not everybody wants to pay for a cards d da every single in that letter it's an extra what's interesting is that letter was written long before there was a kind of discipline of Behavioral Science it was an instinctively brilliant copywriter who understood every trick in the book you know people want to identify as the kind of person who pays for quality not the kind of person who buys on price da d d they want the fact that the card is exclusive I think it was Ogie who had the idea of putting the member since date on um uh I think that was be what's strange sometimes is quite often you have a brilliant idea like that member since date because that's a really that's a kind of sunk cost bias I've established this relationship with them there is a small practical use of the member since date on the card which is sometimes it can be used to detect fraud because if you get some 19-year-old comes in and it says memb since 92 you can reasonably suspect they've nicked the card okay cuz they weren't born then right right but um but basically it's uh it's an acknowledgement of the relationship we did something with British Airways where um one thing that provides reassurance to a customer is that I the customer know that you know that I am a reasonably valuable customer so quite a lot of loyalty programs partly work not with the rewards mechanism it's the second order kind of knowledge that the consumer knows that the company knows that they're quite a reliable long-term customer with some therefore likely future lifetime value whom you wouldn't want to piss off so one of the things we did with British Airways is we it very simple change it cost nothing but if you get your Avio statement on ba it gives you your lifetime tier points now if you remember you can redeem your avos points right because you might want to go and fly to Dubai for 4 days or whatever okay and that sets your avos points back to zero your tier points which you determine your status within the program they reset to zero every year so when you start a year after you've redeemed your avios and you've got you know 20 tier points and you've got you know 5,000 avos left you're going to have that anxiety that goes well as far as ba are concerned looking at me I'm just some random tourist you know I'm not a serious business traveler right I'm just some random Backpacker who's been on ba once right with his parents or something right now when it says lifetime tier points 15,000 or whatever it is and that's there it basically says we know okay you're a serious traveler and you've brought us a lot of business in the past therefore we're disproportionately disinclined to want to pissed you off in other words you have the feeling which may be erroneous or um uh accurate but nonetheless it is a feeling that you know if there's some massive like thunderstorm or whatever and there's only one flight one seat left on the last flight back from Boise Idaho or whatever they're going to try and get you on the plane not the random Backpacker guy yeah and so quite a lot of loyalty programs are actually the consumer signaling their loyalty to the organization in the presumption of slightly more favorable treatment or at least the benefit of the doubt so examp example would be if you I bought um let me get this right I actually was a customer of Amazon before it was called Amazon it was called book pages. co.uk um back in back in the '90s sometime in the mid 90s there was a company called book pages. co.uk which an online bookstore in the UK which got bought by Amazon so I'm actually an Amazon UK customer like before there was amazon.co.uk so as a consequence I bought literally thousands of things from them it is literally thousands of things been mind that's what 28 years right and maybe maybe a little less certainly 25 years and occasionally very occasionally something from Amazon doesn't turn up and I ring them up and or contact them and they say don't worry send you another one now part of the reason they do that is because they can see I've bought a few thousand things and I've only returned n.3 or or claimed that .3% of them have not arrived so they can basically afford to give me the benefit of the doubt if I never bought anything from Amazon before and I ordered a massive flat screen 85 in TV with 8K and I said no I never arrived okay they they would not they would they would be to a great degree more suspicious okay and not unreasonably so okay right um and so part of the part of the way in which loyalty programs work I genuinely think is that consumers like businesses to know it's like a pup okay if you're a regular in the pub you want to be recognized as a regular very weird one actually when we were students this was me being an [ \_\_ ] actually when we were students that the college kitchens were closed every Sunday lunchtime they didn't open and so a load of us just got into the ritual of every Sunday we went to pizzza express okay it was just practically every Sunday in term time and after we' been doing this for literally two and a half years okay every Sunday in term time I kind went to one friends is it one thing that slightly pisses me off okay is we come here every Sunday they've never even given us a free garlic bread they've never acknowledged the fact that we're regulars now the reason I say this was me being an [ \_\_ ] is course what I didn't realize is they knew perfectly well we're students right we're there for three years then we [ \_\_ ] off they never see us again okay actually I was there thinking you know I'm a stalwart of the local Pizza Express to be honest they were right because why make a fuss of these people they're only here for a few years okay I'm sure if you know mean like a local family it might have been completely different but fundamentally people like their loyalty not only to be rewarded which is nice and but that all makes sense economically they like their loyalty or their frequency of custom to be recognized um you know that all um all transactions to some extent not quite all but there there's a degree of social exchange alongside the economic exchange and I think economics you know a lot of Finance people try and pretend everything's just about the money it's never just about the money you know that all these other variables I said like trust for example um you know fundamentally you know is the person trying to sell you this car and they don't care about the next car or I I I I think that's probably the most wonderful heuristic for a Salesman I've ever come across know what can I do now that makes it absolutely certain that even if they don't can't buy a car from me right now or even if I don't sell them the most expensive car they're capable of buying okay they're bound to come back to me in three years time when it's time to replace their car a brilliant brilliant thing to think you know fantastic where does uh status fit into things and I mean from a standpoint of I want to be seen with the designer brand well how does that work okay very useful um it's not it's not exhaustive as a list it's a very useful piece of sort of light Neuroscience done but I think it was first developed by a guy called David Rock who's a kiwi neuroscientist who's based in New York and it's called the scarf model OKAY of things other than financial incentives okay uh it's things people care deeply about that don't factor in econom IC models very well and scarf is an acronym and it stands for status certainty autonomy relatedness although I'd say something like reciprocation or something relatedness is his R and F is fairness mhm so fundamentally one thing every business has to be alert to is okay you might be optimizing for for economic short-term economic value but if you're doing that at the expense of State certainty autonomy Rel relatedness and fairness be really I mean the Oasis tickets thing is really interesting the one thing I don't get okay the one thing I think was wrong there that really violated fairness was the jump from was it 135 to 315 now to me it's a bit weird they didn't have an intermediate jump around about the 200 and something pound Mark cuz that's the difference between an oh [ \_\_ ] and what the [ \_\_ ] okay right okay you know 100 whatever is 135 to 240 is oh [ \_\_ ] right 315 is well here was I planning to go and now I can't not yeah exactly you know it's and you know there was a bit there's a bit of now I mean it's really okay the arguments about price discrimination the argument about um differential pricing yield management pricing EasyJet pricing whatever whatever you call it oh God it's it's a kind of really interesting uh discussion area broadly speaking I'm in favor of price discrimination because generally it's uh overall value maximizing so if you take an example of really clever price discrimination it's the McDonald's rap of the day okay so you go into mcky d i actually know someone who is in the room or when they came up with that idea and it is apparently very very successful the basic deal is three times what do they have they have five wraps of the day or is it four but they recycle don't they according to the day of the week and basically the deal is that if you want the wrap that is in your preferred flavor well four times out of five you pay a pound extra for it or if you want to save a pound you sacrifice specificity of flavor and you save a pound and you get the wrap that they've probably pre-made in advance cuz they make more of them it's kind of like a win-win okay you know you know in other words the people who are more concerned about Flavor than price pay for the flavor the people who are more concerned about price than flavor it's the other way around if you look at that the guy who's an expert on this who by the way is quite a left-wing Economist in in some respects called Robert H Frank is a very very big fan of price discrimination because he thinks it actually delivers you know the most value for most people if you think about cars when more cash constrained people buy a car it's they're paying for transportation when richer people are paying for a car they're paying for status to a degree or or what I call lism which is because I'm worth it I'm not all status is about showing off to other people a lot of status about showing off to yourself okay you know there's a certain thing we do which is not really because we're showing off to other people it's kind of reinforcement of our own identity and selfworth by spending a bit more on things even if nobody else notices you know you that's the sort of Versace underpant School of yes oh by the way do you want the funniest story I absolutely love this talk about Underpants kills me okay which is one of the strangest problems of the rich okay which is Calvin Klein's daughter complained at one point about the disadvantages of being Calvin Klein's daughter with a complaint that I have to admit would never have occurred to me which is that when you're Calvin Klein's daughter just at a high point in sexual excitement when you're getting romantic with a man you're confronted with your dad's own name High letters no the rest of us have never had to put up with that okay I always thought that was a bril brilliant observation exactly U but um but it it's interesting that that that um what a weird experience that must be completely bizarre but no I mean the whole thing is you know I mean the whole thing about why we buy what we buy and also what prompts us to buy it um to be honest I think it's always a bit messy and there are always multiple reasons going on you know from one consumer to another because people are fundamentally different but the you know the violation of fairness is an interesting one one thing that really annoys me personally and I will say this to the rail industry repeatedly okay if you buy an advanced ticket and you miss your train okay they make you buy a full Fair ticket I think they should allow you to put something from the advanced ticket towards the full Fair ticket I think what you're doing there is generally it is if you if you want a bit of moral advice for how not to scandalize customers anything which profits from another person's predicament is a really bad idea in terms of people morally hating it there's a wonderful actually 1690 pamphlet called venditio by John lock the same the philosopher John Lock where he he it's all about the idea of the just price and he makes the point that we have we seem to have a particular moral aversion to profiting from another person's Misfortune and I would argue that if you know if you miss by 10 minutes your designate so actually um nicolar ran who's a very brilliant evolutionary biologist evolutionary psychologist wrote to me about this because coming back from a honeymoon the train was late getting into uh Le I guess okay where she had to change for the Eurostar and because she'd missed her Eurostar their tickets that they' pre-booked months in advance to come back from their honeymoon were voided and you had to go and pay 300 and something quid on top I think that's a shitty thing to I I you know okay yeah yeah yeah okay I get it legally you're totally within your entitlement to do that kind of thing I think that's an [ \_\_ ] thing to do uh the other reason is I don't even think it's good business because it will put people off traveling by train again and people who are cash constrained you're significantly taking advantage of them okay to a point where you know that could ruin the next six months of their life suddenly having to Shell out 400 quid when they weren't expecting at someone who's cash flow constrained that's an absolute bummer right and I think there are certain things where what we ought to do is just okay one thing I think is totally [ \_\_ ] so when I retire from advertising I'd like to be kind of poacher turn gamekeeper I've always joking he said I'd quite like to work in like consumer protection because my experience of working in advertising and marketing for 35 years is actually it's not very evil okay doesn't sound like a big thing no actually the instances of people I've seen in marketing and advertising conceiving something that I would regard to be deceptive morally dubious um uh un unfairly uh sludgy or or manipulative very pretty rare most people in marketing are trying to do the right thing by the consumer for the most part okay but there are a few things which I regard as absolutely intolerable for example the fact that if you have a recurring subscription payment on a credit card you can't cancel it through the credit card that strikes me it's just fundamentally wrong right if you subscribe to something online with a credit card and now with a if you subscribe by direct debit online you can just go to your online bank and go don't want don't want to pay that direct debit anymore that's their problem they don't get the money anymore the fact that with a credit card you have to go to the original person with whom you subscribed and they make it really difficult for you to cancel I think that's [ \_\_ ] now I think there is legislation coming out in Germany isn't there which is called something like the two click law that you must be able to cancel any online subscription uh almost as easily as you signed up in the first place I think there's some I think there should be legislation where recurring payments appear at the top of your online credit card statement and if you wish to query one or cancel one you should be able to cancel it through the now technically you have to tweak something like the consumer credit act to make that happen I I I think that business of basically selling sludgy subscriptions to people which is you get people in on a free trial then you start charging S7 a month then it's like six months before they bloody notice uh and then when they try and cancel it's almost impossible the reason I'm really I I really support legislation there by the way is that the Bad actors in that field are ruining it for everybody else so you'll you'll have a point soon where nobody so good actors would probably include I think Netflix and Amazon who make it Toler from what I remember cancelling your Amazon Prime membership or canceling your Netflix membership is kind of like it's not absurdly complicated I think so I'd say that's I've got a vague me I've got a vague memory I think I've got that right okay but the good actors are being unfairly basically they're having their business unfairly destroyed by The Bad actors on the simple grounds that you'll end up with millions of consumers was going I don't care who you are there's no way I'm subscribing to anything once bitten twice shy I'm done with this whole subscription model and that's problematic for the people who are actually playing Fair Rory I feel like we could talk to you all day about sales psychology marketing it's it's been a brilliant conversation um typically we ask where people can find you um I feel like if anybody wants to find tter I'm Rory Southerland all one word I like Twitter um I know it's unfashionable to say so and you know Elon is should we say you know divisive you know not always helpful um I I kind of indulged the bastard on the grounds that practically everybody really remarkable in human history is bloody weird difficult pain in the ass annoying okay and that applies to the good people as well as the bad to be absolutely honest um so that's my take on that Twitter's a pretty good place to find me on LinkedIn uh where you can follow me thankfully uh because I ran out of connections or something um uh and um uh I'm I'm at ogl where we have a Behavioral Science practice but finally I also run a course who doesn't but it's an online course called mad Masters and if you look for madmaster deco. there's a whole sort of series of 10 uh 10 1 hour long courses uh combined with I do live surgeries every two weeks so if you're on the course you also get live access to ask your own questions and um uh that's madmaster doco and all I can say is the people who've done it seem to love it good we're and I get weird kind of Fanboys going you know thanks to something you said you know I managed to solve a weird problem that I didn't realize I could solve or I managed to solve a weird problem in a way that was much much easier than we assumed because we realized it was a psychological problem not a technological one yeah noce will'll include all the links and then what what do what do the next I guess 10 years look for look like for you oh bloody hell I don't know um I I I'm very committed to OG because I think the Behavioral Science practice is really important as a next stage in the development of advertising um so I want to continue that connection also because I think you can only you can only really teach if you also practice that's not quite true I think after you've stopped after you've retired you can teach for two or 3 years but actually the two are intimately connected you know I think you kind of run out of material if you stop actually doing it and exclusively talk about it um I there is a sort of weird documentary film being made about me for one of the streaming services um what I would like to do is if I can just continue beating the drum to the extent that every time you have a problem that involves some form of human perception or behavior look to tweak the variable that's easiest to tweak that has the biggest effect very often the variable you need to tweak is the perceptual one or the psychological one not the technological one as I said don't make trains faster make train Journeys more productive more enjoyable more valuable you know that's where what you might call met metx benchmarking and fixating on standard metrics of comparison actually kind of makes us all dumb because we end up over optimizing for things that consumers have stopped care I don't genuinely give a [ \_\_ ] whether it takes me two hours to get to Manchester or one right okay I would give a [ \_\_ ] if it took four hours right okay you can't get a Manchester for the day that's after four hours on a train you can start to get a bit bored you know D D D D D there are lots of reasons why you don't want to take four hours yeah okay get it down to an hour and a half that' be kind of cute beyond that point to be honest once I've gone to the hassle of catching a train I kind of want my rewarding hour and a half of sitting on my ass okay I think you could make that Journey too fast to be absolutely honest so my point is that actually most problems now are multivariant there are lots of variables you could tweak generally for reasons I don't understand both organizations institutions and governments and particularly economy to guilty of this tend to focus on those variables which are most expensive to change and the vital thing I think the great thing about psychology is there are Butterfly Effects you can literally add three words to a sentence okay and you can change everything I me there's a story told about Charles Sai and I don't think it's true I think it's completely apocryphal it might be true that there was some beggar sitting outside sa and Sai and it just said said I'm hungry and that Charles Sai wrote underneath I'm hungry on his board I'm hungry and it's spring okay and that the donations to the beggar went up by a factor of two or whatever it was okay to be honest I'm almost certain that's uh that's entirely apocryphal but it nonetheless makes my point you know there are literally occasions where you can tweak something to a tiny degree and just have a transformative effect in how people react to it emotionally um um there's a nice example which I can end on actually which is someone I'm not sure whether they thought it was a good idea or whether they thought it was just marketing [ \_\_ ] but they were at Changi Airport in Singapore and their flight was listed it was leaving 30 minutes after the uh schedule time the flight was listed not as delayed but as retimed and there are two ways of looking at this which is what a load of marketing [ \_\_ ] you're trying to escape the blame for a delay by referring to it as retimed okay what a load of crap and that's one interpretation but I responded with a more benign interpretation which is hold on a second said you could look at that and say it's a very generous thing to do let me explain because 20% of the people waiting for that flight on average a [ \_\_ ] scared of flying a lot of people are any either of you no there's a percent of the population who genuinely are [ \_\_ ] scared of flying okay if you put delayed retimed looks like it's a logistical thing it's to do with schedules push back dates SL Runway slots whatever we've made a conscious decision to actually reschedule this flight delayed is going to make that 20% of scared people think oh they probably noticed one of the ailerons is missing or that the engine's going to catch fire and then they'll go into a fierce spiral of what else does this mean cuz I imagine I'm I'm not a nervous flyer um terrible admission I've confessed this once before in the early days when you could actually download sky programs from skyo to your laptop when I used to fly I used to just take all the things I'd recorded on sky and watched them in the air on what was something like a 15 17inch Apple MacBook at the time and I used to sit on the plane came with this bloody great screen I used to watch air crashing a and when I tell my I realized after I'd done this a couple of times that it was probably insensitive when I told my wife and children dad I cannot [ \_\_ ] believe okay so there are a loot of people behind you who are [ \_\_ ] scared of flying and they're looking over my shoulder and seeing like footage of the wreckage strown across a Japanese mountain side or you know burning debris or whatever or the uh you know or the basically the recreation of a plane flying upside down because anyway that was my terrible confession of total crft insensitivity for which if anybody was on one of those flights I really apologize and it was astoundingly insensitive of me but if you're frighten to fly I imagine that every time it's delayed you go into that mindset of imagine the worst what's the worst can happen and you don't go oh they've probably rescheduled this because of a you know change in departure slots or whatever okay or the crew you know the crew allayed they're only oh my God oh my God it's it's just the beginning of you know they've discovered this problem and then they're not going to fix the problem and so actually ret timed might be a really nice thing to say I think that might be a really really good idea I love it Rory thank you so much for joining us pleas absolutely incredible today thank you what a joy now it's Absolut absolutely delightful really really super beautiful what a lovely place this has been an absolute Joy thank you so much