

Customers are Irrational: Don't fight it, embrace it!

Presented by
Colin Shaw, Founder and CEO



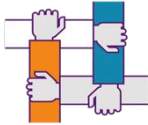
BEYOND PHILOSOPHY
Building Great Customer Experiences

Beyond Philosophy & how we work...



WE ARE PRACTICAL THOUGHT LEADERS

We take a scientific approach; we don't just look at the rational experience but also what drives human behavior - emotions, subconscious, behavioral economics and psychology, and then mix this with a practical implementation. Thought leadership with real world results. Hence our name '*Beyond Philosophy*'



WE ACT AS YOUR GUIDE AND PARTNER

We'll help you develop the strategy, guide the initiatives, and even train your CX team on our tools & methodologies. We do not wish to embed ourselves or be 'camped out' in your organization.



WE REDUCE RISK AND INCREASE PERFORMANCE

We have a variety of proven tools and techniques to apply to your unique situation. We build a program around what will get you the best results. Through our vast experience we know what works and what doesn't.



OUR EXPERIENCE IN CUSTOMER EXPERIENCE IS VAST

We are the first operational CX consultancy and training company in the world. Since 2002, we have had the pleasure to serve many of the top organizations across the globe.



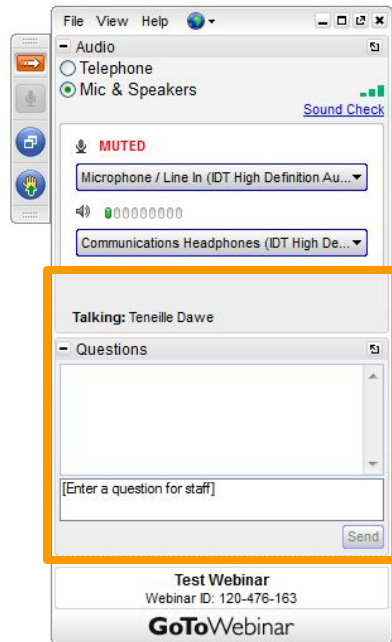
WE FOCUS ON WHAT WILL DRIVE VALUE (\$) FOR YOU

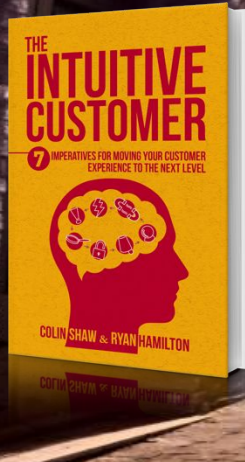
We do not believe in 'exceeding Customer expectations' at every point of contact. We do believe in identifying and focusing on those aspects of your experience that will drive the most value for you. To help achieve this we have the world's largest database of what drives Customer emotions.



SEASONED CUSTOMER EXPERIENCE TOOLS & METHODS

With our vast experience we know what works and what doesn't. We have evolved our tool set in practical implementation and these are proven to work. We can use these on our engagement or we can train your people on how to do this or a mix of both.





Behavioural Economics

Psychology



Subconscious



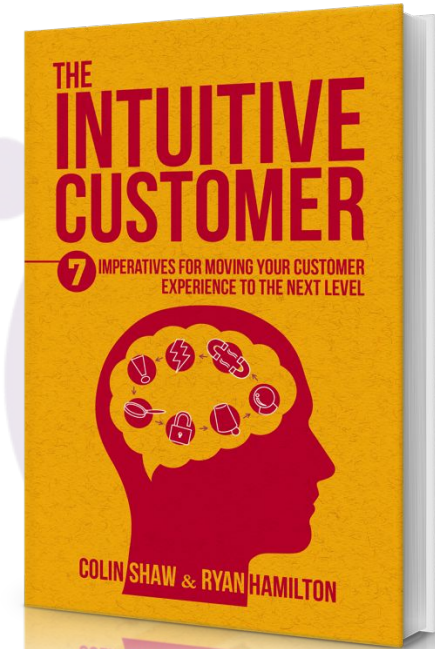
Emotions



Rational
Action

'Seven Imperatives' or moving your CX to the next level

1. **Recognize that Customers decide emotionally and justify rationally**
2. **Embrace the all-encompassing nature of Customers' irrationality**
3. **Understand that Customers' minds can be in conflict with themselves**
4. **Commit yourself to understanding and predicting Customer habits & behaviors**
5. **Uncover the hidden causes and unintended consequences of why Customers want things to be easy**
6. **Accept that apparently irrelevant aspects of your Customer Experience are sometimes the most important aspects**
7. **Realize the only way to build Customer loyalty is through Customer memories**

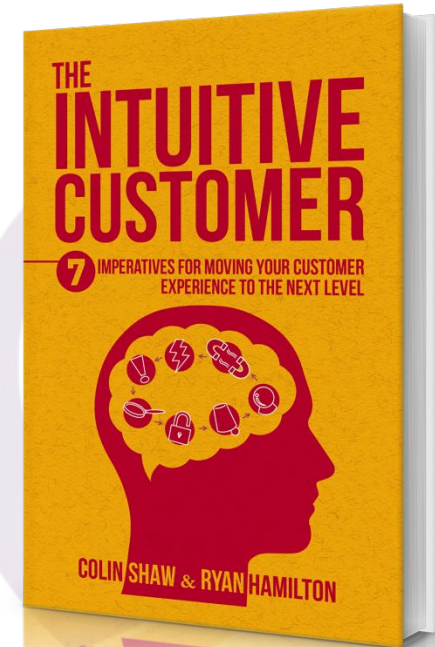


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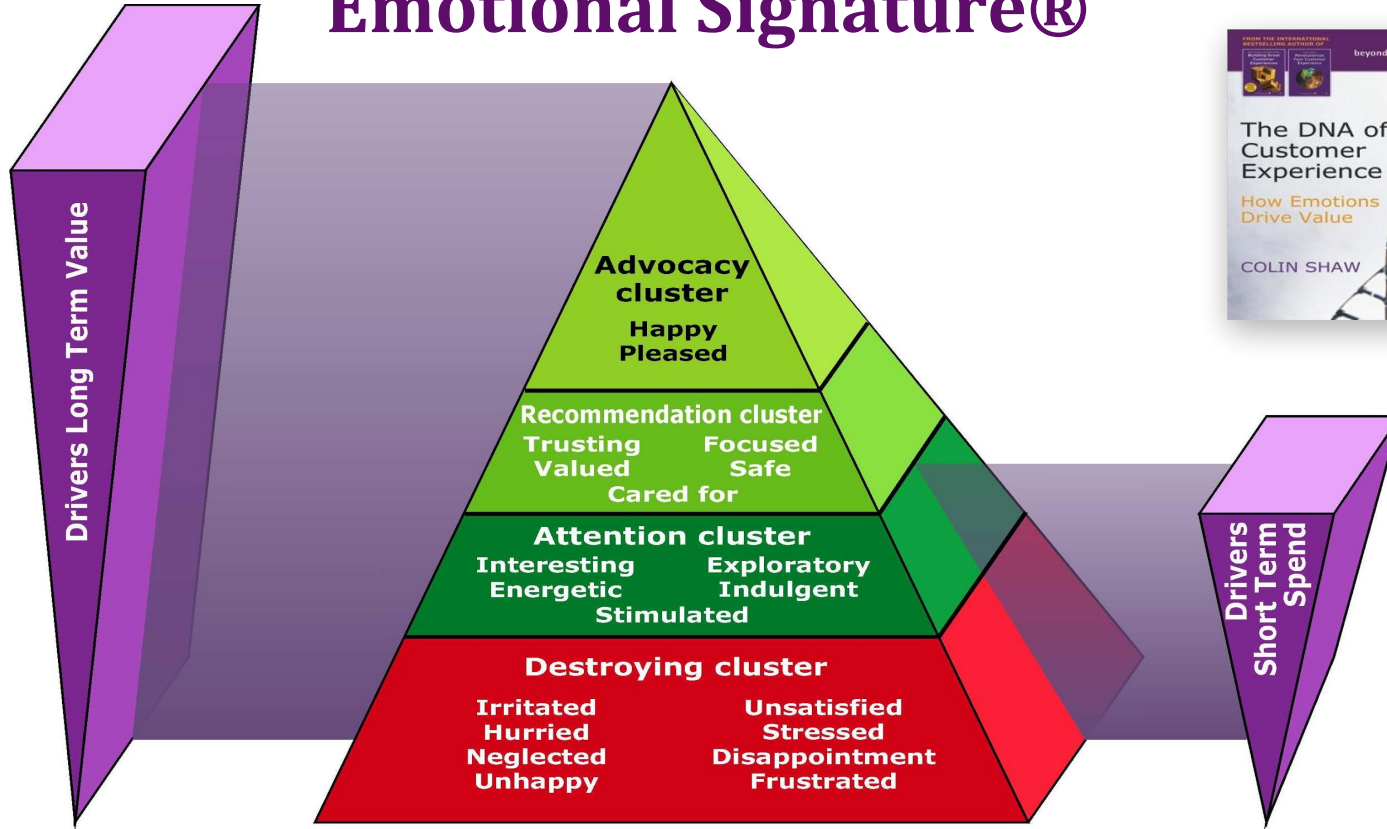
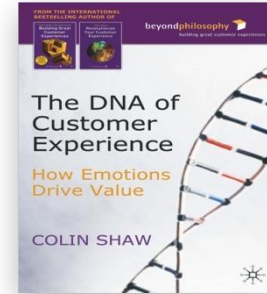
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Emotional Signature®



Hierarchy of Emotional Value



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When Customer are tired they behave differently (Cognitive Depletion)

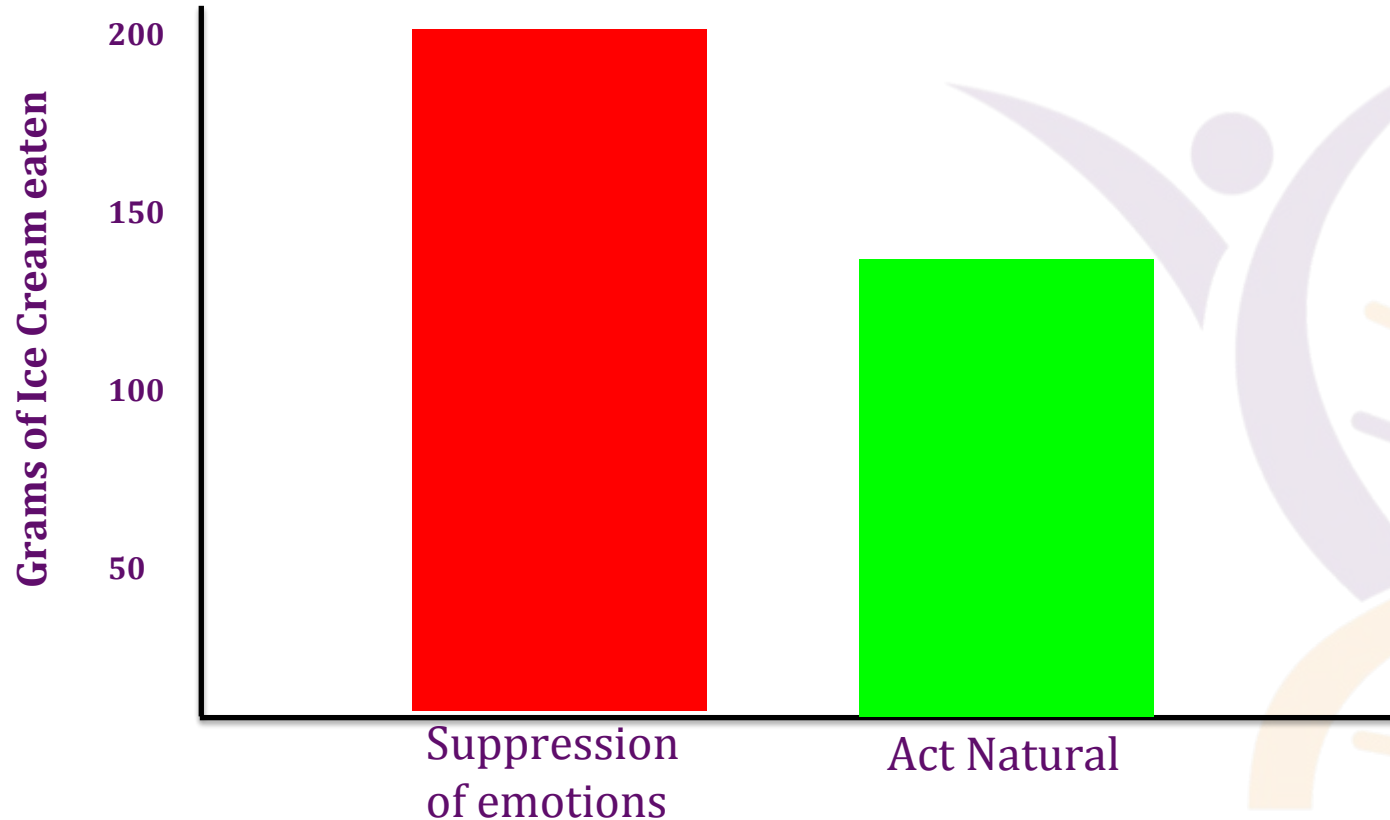


- Watch clip for movie
- Group 1 - Feel that emotion let it out
- Group 2 - Camera on you – we want to to maintain stone face.

Taste test ice cream measured consumption

Vohs & Heatherton (2000) *PsychSci*

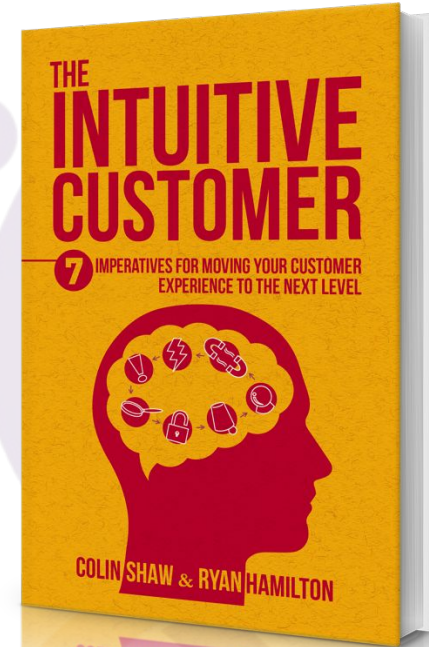
Depletion ruins your diet



Vohs & Heatherton (2000) *PsychSci*

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People are irrational!



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Intuitive System vs. Rational System

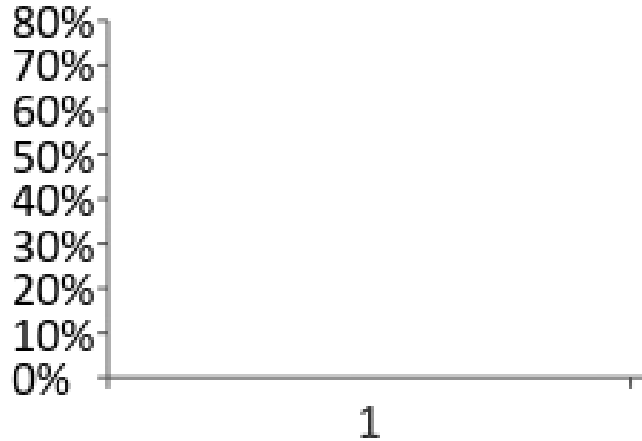
Which of these two equally-priced air conditioners would you buy?

	A	B
Energy saving	80	50
Durability	40	70

Hamilton et al. (2013) *working paper*

Intuitive System vs. Rational System

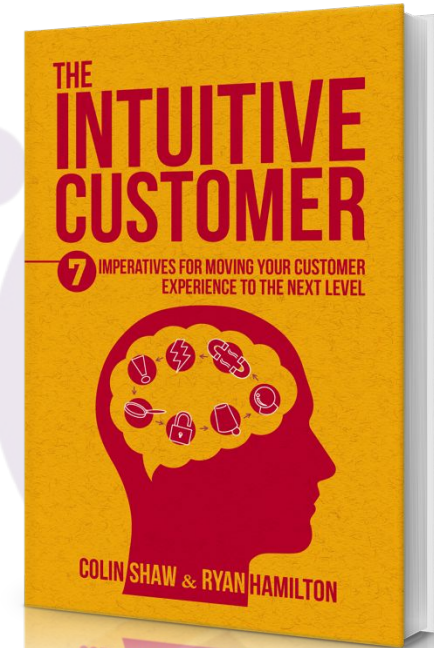
Relative Choice Share of Brand A



	A	B	
Energy Saving	80	50	
Durability	40	70	

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Intuitive System

Always on,
instant &
automatic

- *It's obvious*
- *It's clear*
- *I just know this is right...*
- *My gut tells me....*
- *All my experience tells me I should do this.*

Rational System

Controlled,
on & off,
self aware,
'thinking'

- *I have been thinking...*
- *I need to think about it...*
- *Let me sleep on it*
- *You raise a good point...*
- *Probably...*
- *Depends...*

Stanovich and West's 1999,

Intuitive System

Always on,
instant &
automatic

Large capacity

Fast

Effortless

Parallel Thoughts

Associative

Intuitive & Perceptual

Good at estimates

Logs incidences &
notes colorations

Slow to learn

Small capacity

Slow

Takes effort,
consumes energy

Serial Thoughts

Rules based

Good at precise
calculations

Good at making
trade-offs

Overrides decisions

Learns & taught

Rational System

Controlled,
on & off,
self aware,
'thinking'

Stanovich and West's 1999,



DELTA



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Automatic/Intuitive purchase scenario...

Intuitive System 'Automatic'



How should I
pay?

I don't have to
'think' about it.

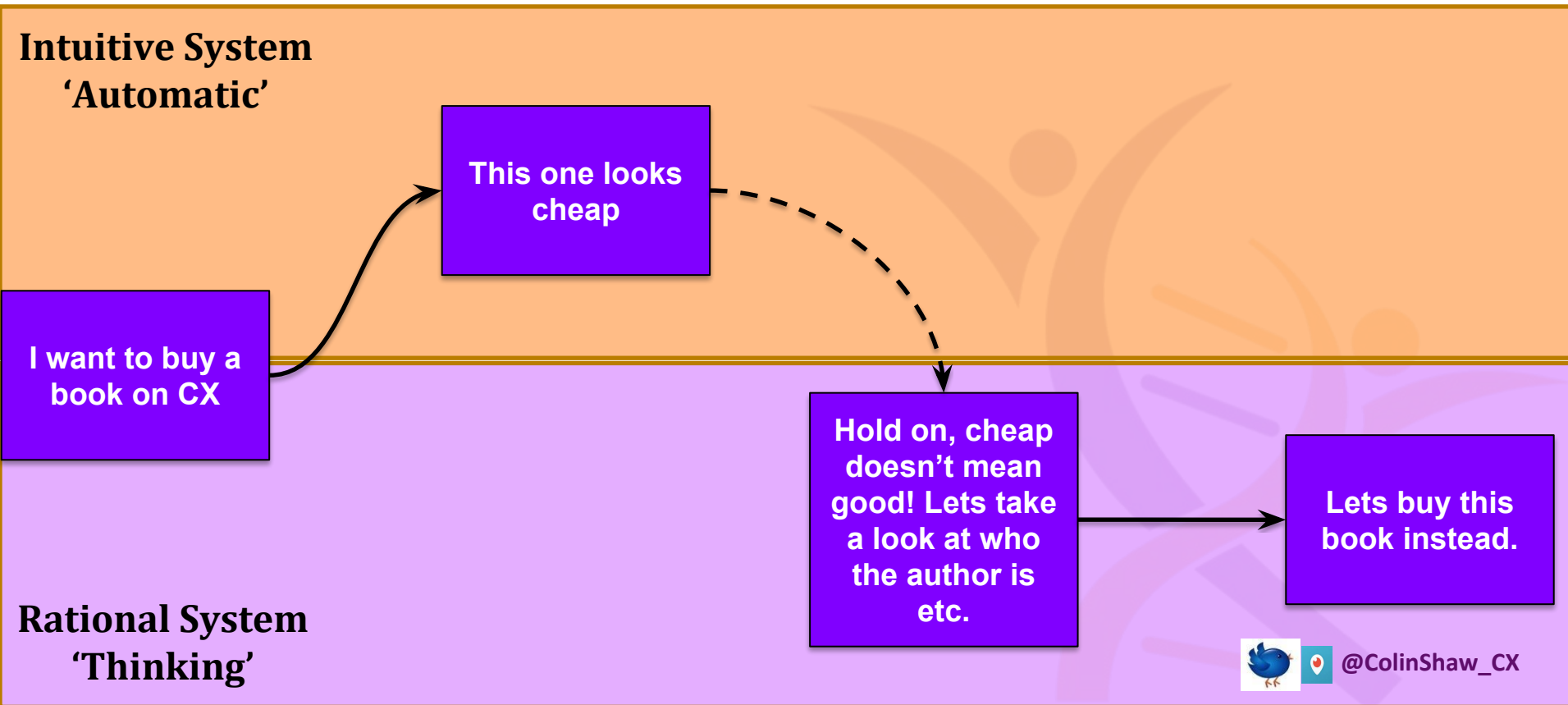
Use my card

Rational System 'Thinking'



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Override scenario...



Emotional state entering experience Scenario - Customer is tired, distracted, hurried, stressed, multi tasking

Intuitive System 'Automatic'

Buy the Hero 5,
it's cool!

Wahoo!

Buy Hero 5

I want to buy a
new Go Pro
camera for my
vacation

I don't have the
energy to argue
with you. Do what
you want...

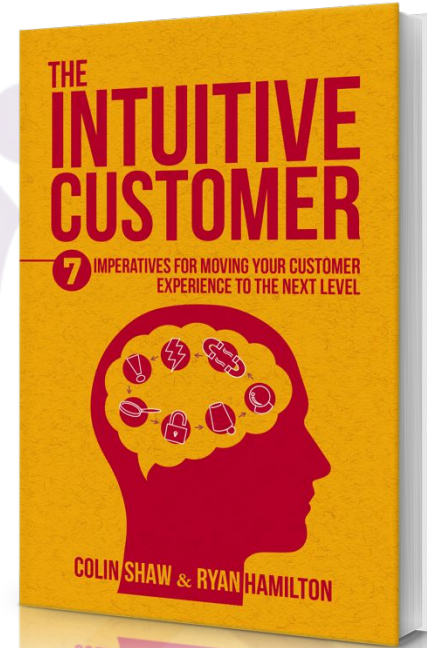
Rational System 'Thinking'



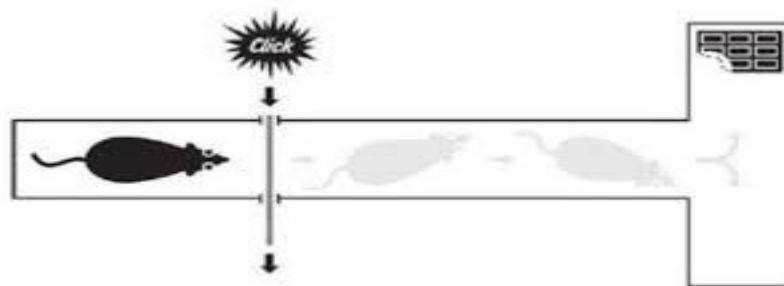
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'Seven Imperatives' or moving your CX to the next level

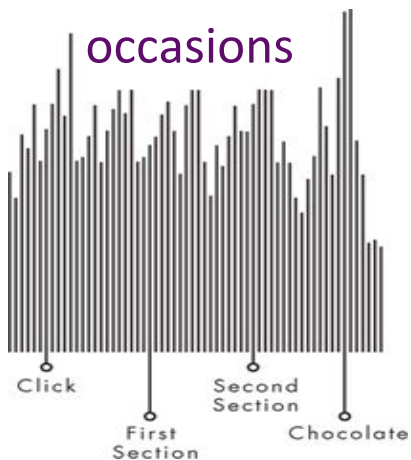
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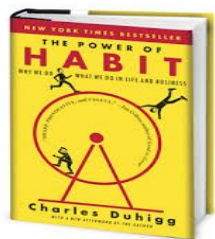
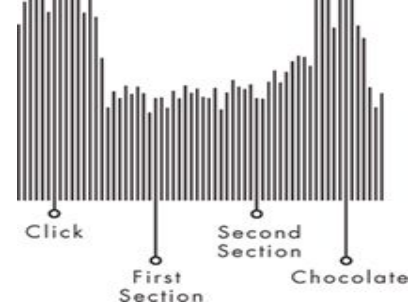


First
occasions

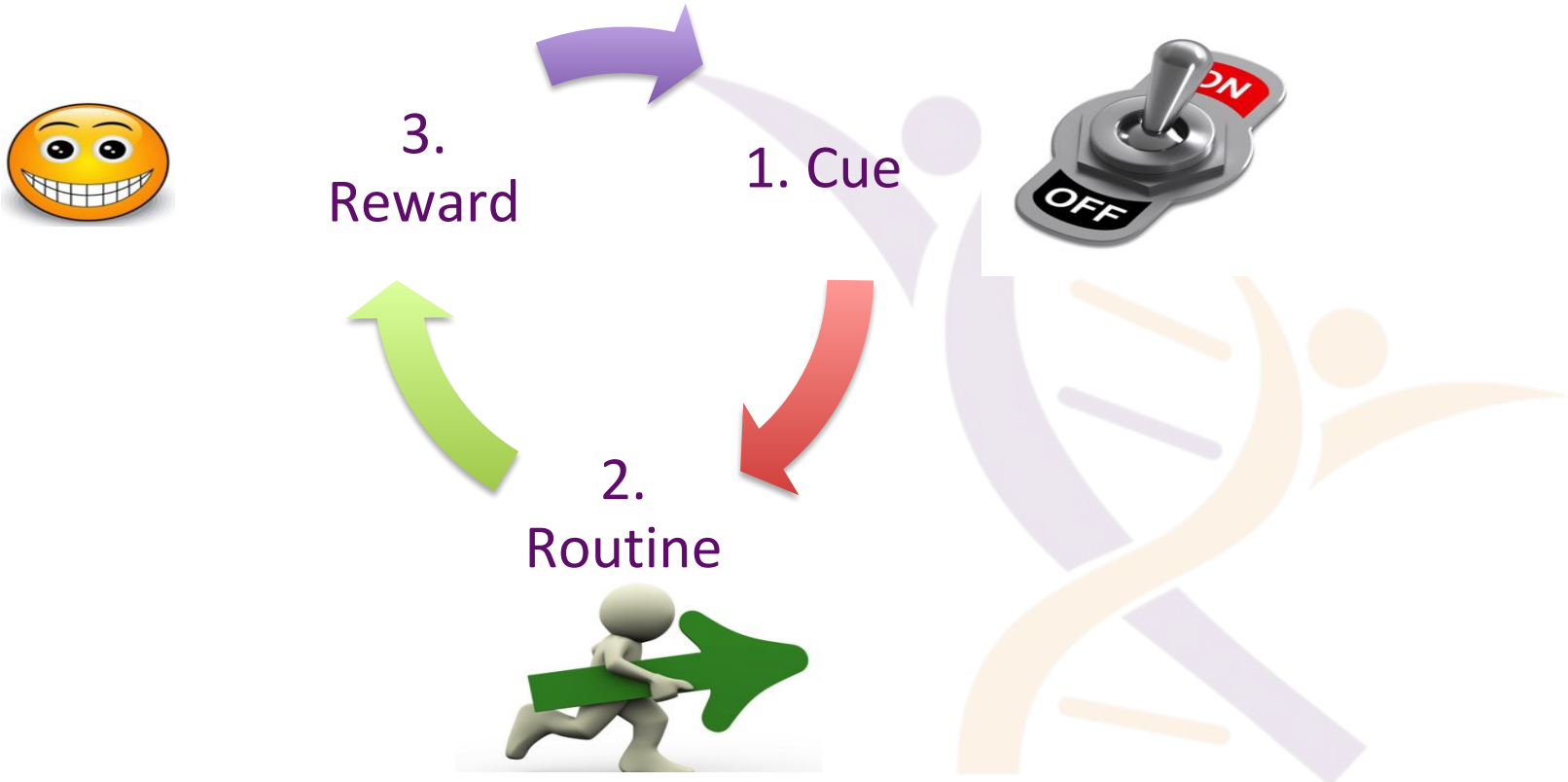


Rat brain
wave activity

Subsequent
occasions

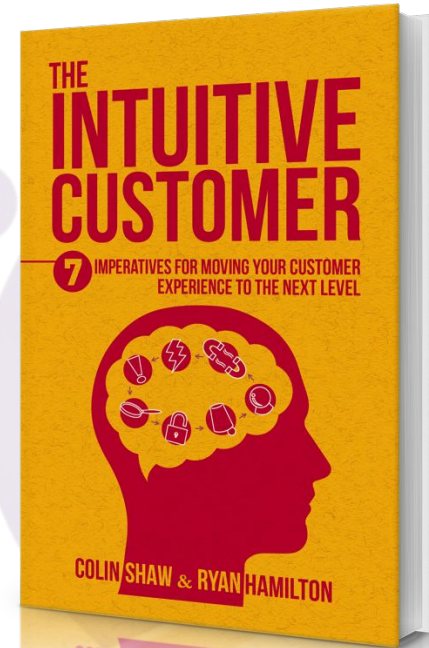


How habits are formed...



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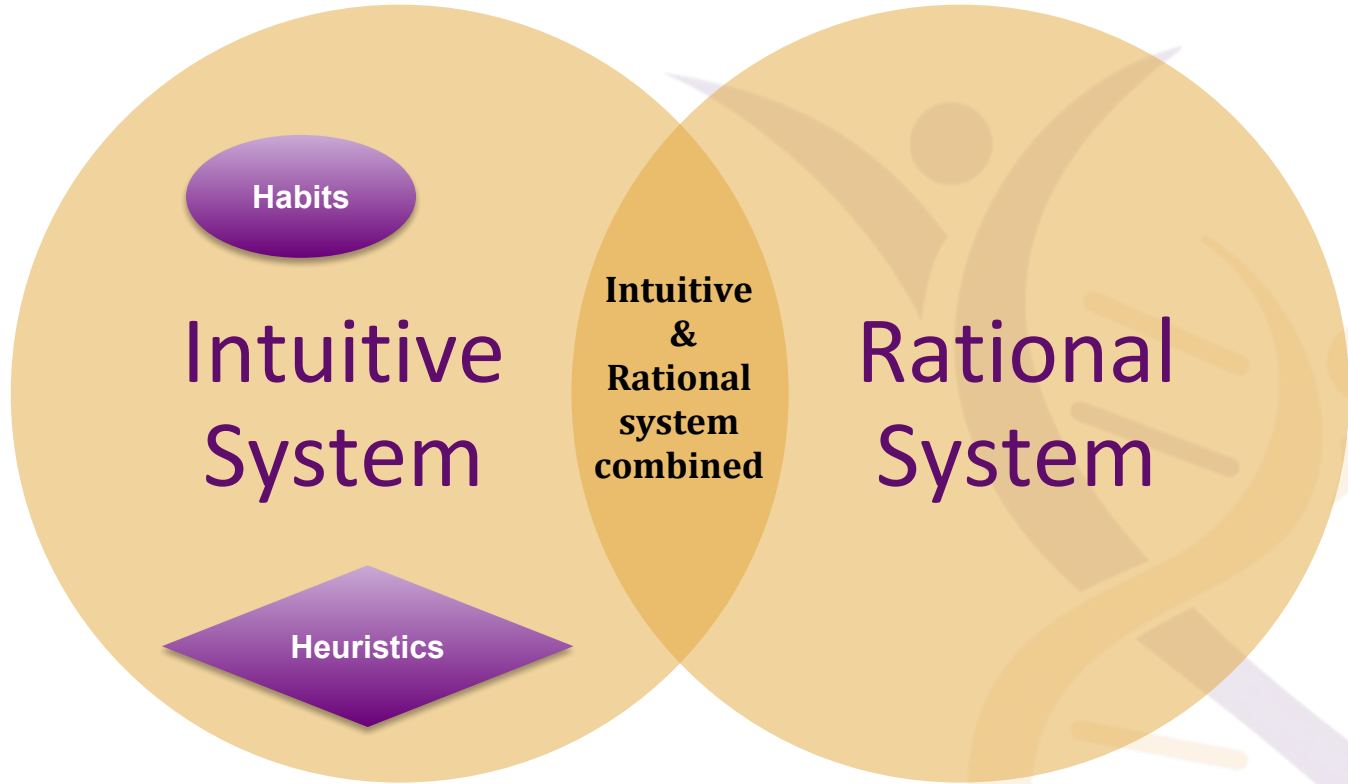
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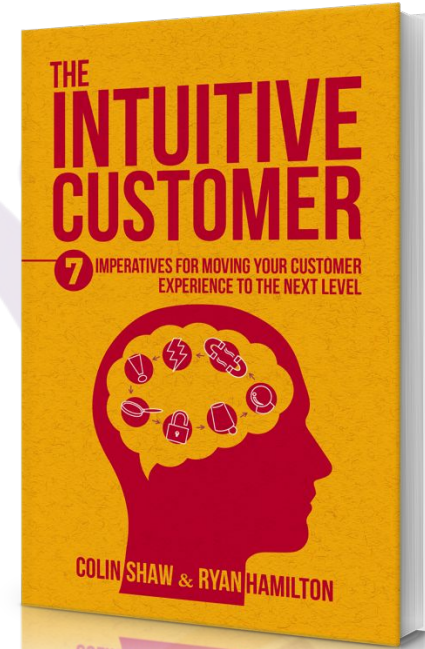






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Halo Effects

- Neatness
- Voice
- Physique
- Bearing
- Energy
- Intellect
- leadership skills
- Dependability
- Loyalty
- Responsibility
- Selflessness
- Cooperation



Thorndike (1920)

Halo Effects on Price Evaluations



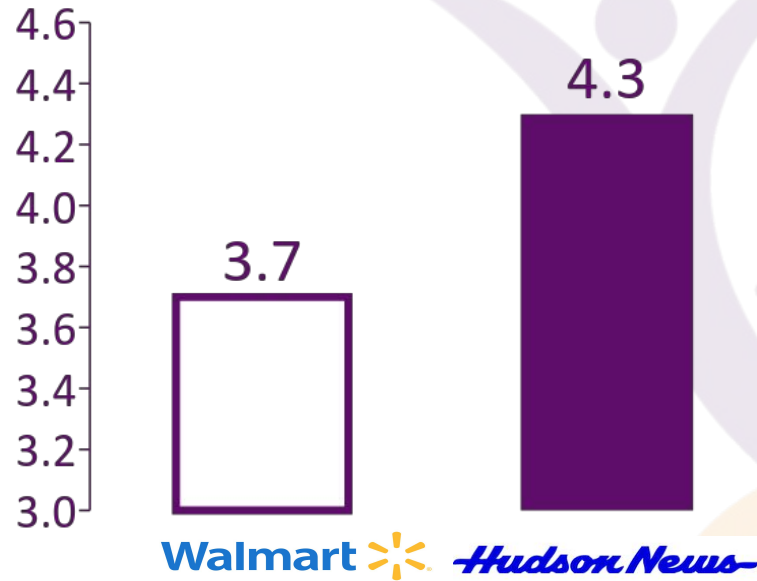
\$2.89 /
2-pack

Walmart 

Hudson News

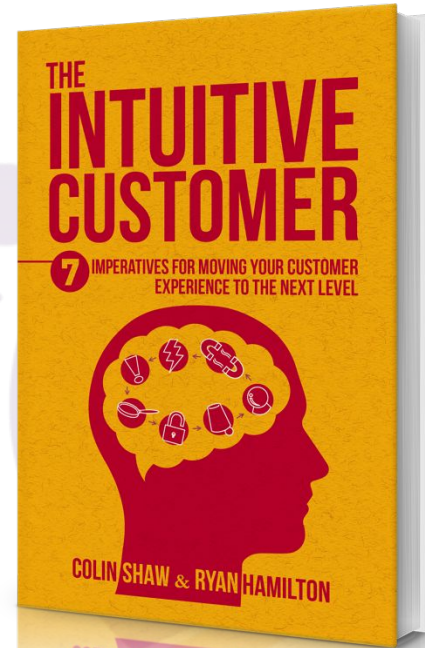
Price rating

Rating of \$2.89



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Launched August 2016



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Loyalty is a function of memory

Memories can be rewritten...





Experiencing self

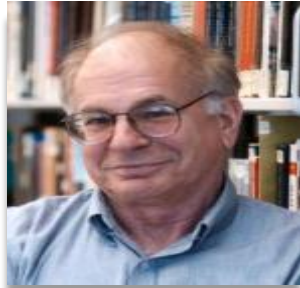
Remembering self



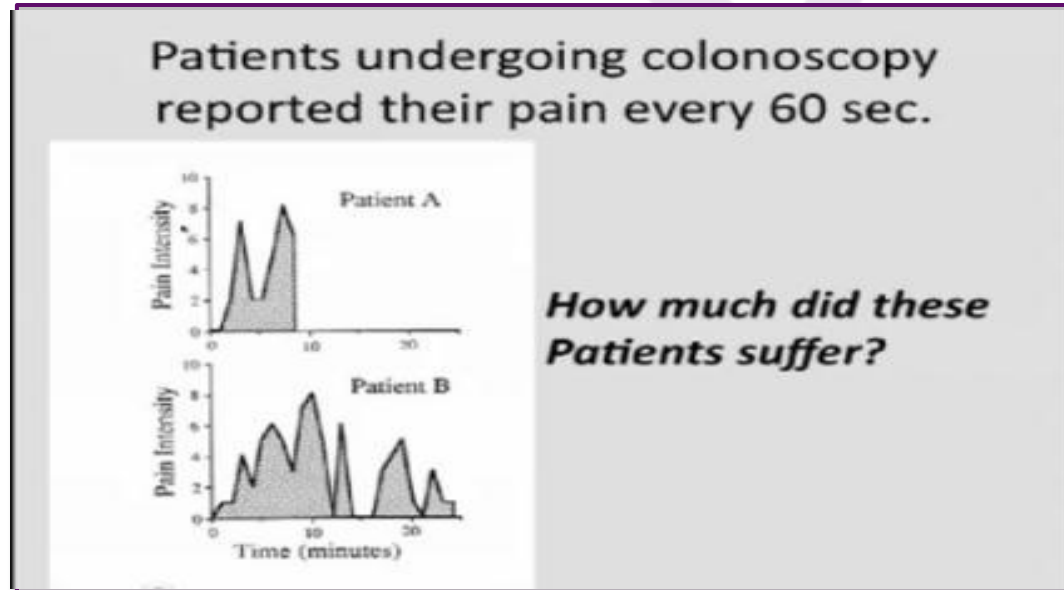
Source: Professor Daniel Kahneman

Peak end rule

How much did you suffer?



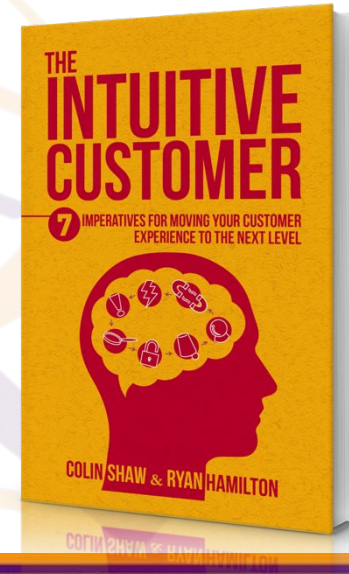
Nobel Laureate
Prof. Kahneman



To move your CX to the next level you need to...

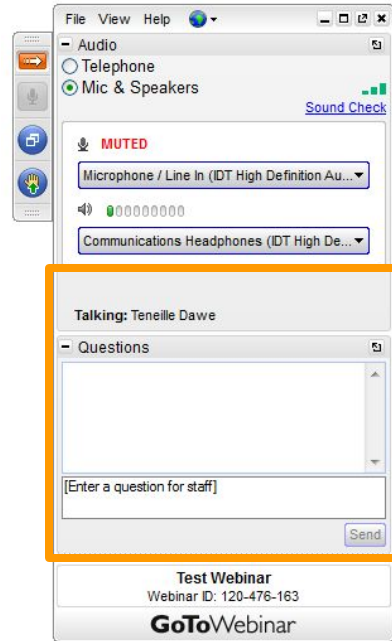
Create an Intuitive Customer by:

- Embrace the 7 Imperatives
 - Embrace Customer irrationality
 - Design emotional experience that drive value
 - Understating when your Customer minds are in conflict.
 - Understand the cues in habits, design in rewards
 - Embrace the fact that loyalty is a function of memory.
 - Define and design in the peak and end emotions





Q&A time – Send us your questions



Upcoming webinars...

- **Why CX Programs fail!**
Thursday, November 16th 2017
- **Intuitive Customer Podcast**
Launch at the end of November



DON'T MISS THIS!