



$r \cdot U = EB$
 $R = 13,50n$
 $w = \frac{y}{BC}$
 $w = 0$
 $w = D$
 $w = w$

$x = \rho$
 $\frac{2n}{w} = 2n$
 x_4
 $\frac{10m}{sm}$
 $x_0 + mt$
 $y_0 + nt$
 $z_0 + pt$
 \sin
 $v = \frac{2nr}{\sigma}$
 $v = \frac{v}{2nr}$
 $\text{Physics} - 10$
 Resist
 $w = A$
 x
 $v = ca$
 Resistance
 $\text{exp}(-nD)$
 basis once light
 lower
 $\sqrt{m^2 + n^2 + p^2} \cdot \sqrt{A^2 + B^2 + C^2}$

Behavioral Economics Toolkit



Contents

Contents.....	01
Mind Over Matter.....	02
Prejudicial Bias	
Status Quo Bias.....	04
Loss Aversion.....	06
Sunk Cost Effect.....	08
Endowment Effect.....	10
Hyperbolic Discounting.....	12
Contextual Bias	
Cognitive Framing.....	14
Anchoring.....	16
Isolation Effect.....	18
Experiential Bias	
Peak-End Rule.....	20



Mind Over Matter

Taking control of irrational thinking

You have worked hard to understand your market. You are speaking to customers and prospects on a continuous basis and feel you could predict their next steps. And yet they completely go against everything you expected. What is going on?

Among the tens of decisions people make every day, individuals often defer to subconscious biases and gut feeling to make life easier. As market researchers, we see this in everything we do – whatever the industry or product we research.

We therefore present this booklet as an overview of some of the more common cognitive biases we see influencing people, to help you take control of irrational thinking.

Prejudicial Bias

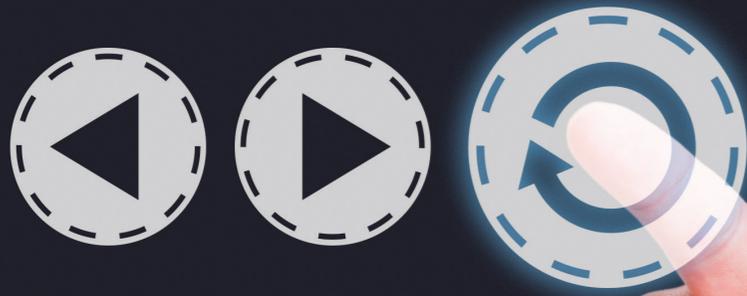
Preconceived thinking influences decisions and behaviors. Learn how to overcome prejudicial barriers.

Contextual Bias

The way something is presented influences how it is interpreted. Learn how to optimize communications.

Experiential Bias

Interactions influence thinking and behaviors. Learn how to better manage the customer experience.



Status Quo Bias

People doing what they have always done

- Break inertia by building brand awareness and developing a compelling CVP (customer value proposition) to encourage switching.
- Analyzing past behaviors is more reliable than hypothesizing future intentions.



Loss Aversion

Preference for a current supplier given fear of the unknown

- Clearly demonstrate the benefits of switching in order to alleviate any concerns about negative business impact or loss (e.g. push ROI, improved productivity, etc.)
- Provide a seamless on-boarding process for a smooth transition.



Sunk Cost Effect

Refusing to give up, in spite of evidence not to continue

- Increase loyalty and lock-in (leveraging a potential sunk cost effect to drive retention).
- Identify potential customers who have sunk costs and make them aware of this, communicating an easy switching process with attractive rewards.



Endowment Effect

Better the devil you know

- Milk existing accounts who are arguably more open to repeat business and paying a premium.
- When prospecting for business, demonstrate superior value over the incumbent supplier through an understanding of customer requirements and how these will be met.



Hyperbolic Discounting

A dollar now is better than two dollars tomorrow

- Immediacy in the customer experience is beneficial. Even if the gesture is small, the impact could be large.
- Consider upfront benefits such as incentives. The ROI is potentially huge considering the value of the customer over time.



Cognitive Framing

It's not what you say,
it's how you say it

- Frame messaging in the customer's perspective so that the benefits and value are clear to the buyer / user.
- People are drawn to impressive claims. Go bold with marketing messages – so long as your claims are substantiated.



Anchoring

Setting the bar

- The first impression counts. Make sure the first touchpoint with your brand is therefore positive and memorable.
- Carefully plan pricing strategies. Start with a higher price point for a higher value perception, and then discount. This anchoring approach drives appeal without hurting profits.
- Anchor new products against alternative products, to demonstrate the degree of improvement.



Isolation Effect

Standing out from the crowd

- Play on what makes your business and products different to create a wow factor.
- Be clear about what you stand for. A clear customer value proposition is easier to push than a disparate and conflicting market position.



Peak-End Rule

All's well that ends well

- Deliver a customer journey that is seamless throughout. The most recent touchpoint is often remembered more than earlier interactions, so ensure the lasting impression is positive.
- Identify points in the journey where emotions run particularly high, such as at the contract renewal stage. Explore opportunities to make a positive difference for the customer at these high risk / reward touchpoints.



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