decision triggers
Moving Customers to *Yes*

Influence, Money & Changing Behavior: How the Social Psychology of Influence Affects Marketing Performance

It's counter-intuitive, but money rarely changes anything. Certainly not behavior. This is why using financial incentives as sales rewards so often fails. An over-reliance on financial incentives often masks a simple lack of imagination - we're too busy to think through the complex issues of the psychology of influence and motivation or understand the difference between ideas that stimulate us to act versus those that don't.

There are many ways to process this, but here are a few to consider:

Loss-based framing: We feel losses more acutely than we do gains. Once we offer money, it's assumed that the money is already paid. Behavior doesn't change – only the intended target's psychological set point.

Rewards are bribes, but gifts are welcome: There's a very openly acknowledged social contract being sealed when you accept a reward. The social principle of reciprocity says that if we receive, we must repay, and sometimes when we see it coming we resist to avoid being in someone else's debt. When we dangle rewards in front of our targets, they know there's a catch. A gift, however, is a different thing altogether. By its very nature, a gift is unexpected. The psychological response to receiving a gift is to repay the favor, often far out of proportion to the size of the gift received.

Conversions happen privately: We all have egos. We don't want somebody telling us we don't know what's best for us, even if they happen to be right. We all feel pressure to behave in a manner consistent with our previous actions, even if circumstances have materially changed. We like making up our own minds, so if a request can logically connect to our previously stated positions - however tenuously – we are temporarily open to suggestion.

Many companies struggle with this issue. We worked through this a few years ago with a company whose channel partner requested a cash incentive for one of their sales groups. Reflecting on the disconnect between incentives and motivation, we recast the idea from "give me the money" to "let's give you the tools you need to succeed and let you spread the word." The partner was happy – they interpreted this approach as a spiff with a quiz – but to us, the spiff was a moot point because we had their permission to hyper-train and indoctrinate their salespeople.

We launched a web-based portal with knowledge, competitive facts, and a quiz, including sending them a free sample of our product so they could experience it first-hand. We gave them a behind the scenes look at our largest competitor, even translating their chairman's message to shareholders that explicitly said his intermediate term vision was to cut out channel partners (like them) and sell to their customers directly. Then we strayed into the area of commitment:

> "Congratulations on completing your quiz! How many presentations do you think you can give this month?"

> "Of those, how many do you think will be successful?"
>
> "How many units do you think you will successfully sell as a result?"

All volunteered and all answers were communicated to their management.

If you've run financial incentive programs before, you'll recall that typical programs net a few points of incremental unit sales growth followed by a return to normalcy when the program ends. In our case, we saw an ROI of 500% within 90 days – followed by no drop-off whatsoever after the program ended. They just kept selling. Their behavior had changed. They knew more than they had before. They cared more about it than they had before. They could speak with deep first-hand knowledge about the product and how it helped them do their jobs. And they knew their management not only supported the program, but was watching them.

This is the **consistency** principle in the language of persuasion. We have a strong need to be consistent with our previously stated positions: how many I said I was going to sell, how confident I was when I made the statement, how completely I will stand behind my assumption when my boss asks me about it, etc. And the more public these commitments are, the stronger the social pressure to perform.

We re-launched the program two more times after this first outing. In our next iteration, we saw a 1,000% ROI. In our third, we saw a 1,500% return. And we never saw our channel partners return to pre-program sales volume numbers. They hit new plateaus and stayed there.

What does this suggest?

- Conversions happen privately: Indirect influencers – whether dealers, distributors, designers, creatives, or anyone upon whom you rely for results – are best managed in a way that acknowledges their status, achievements and expertise.
- Consistency is easier to sell than all the promises in the world: telling someone they can do what they have always done in a slightly easier way is more effective than telling them they've been wrong all this time.
- People appreciate gifts more than rewards: what is unexpected, relevant and timely elicits a favor in return – often far greater than the original gift.

Changing behavior isn't a question of money. It's a question of internal changes, of conversions that happen privately. Are your budgets where they were six months ago? No worries. You don't need more money–you just need to change the right behaviors.

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