



How to beat the slump

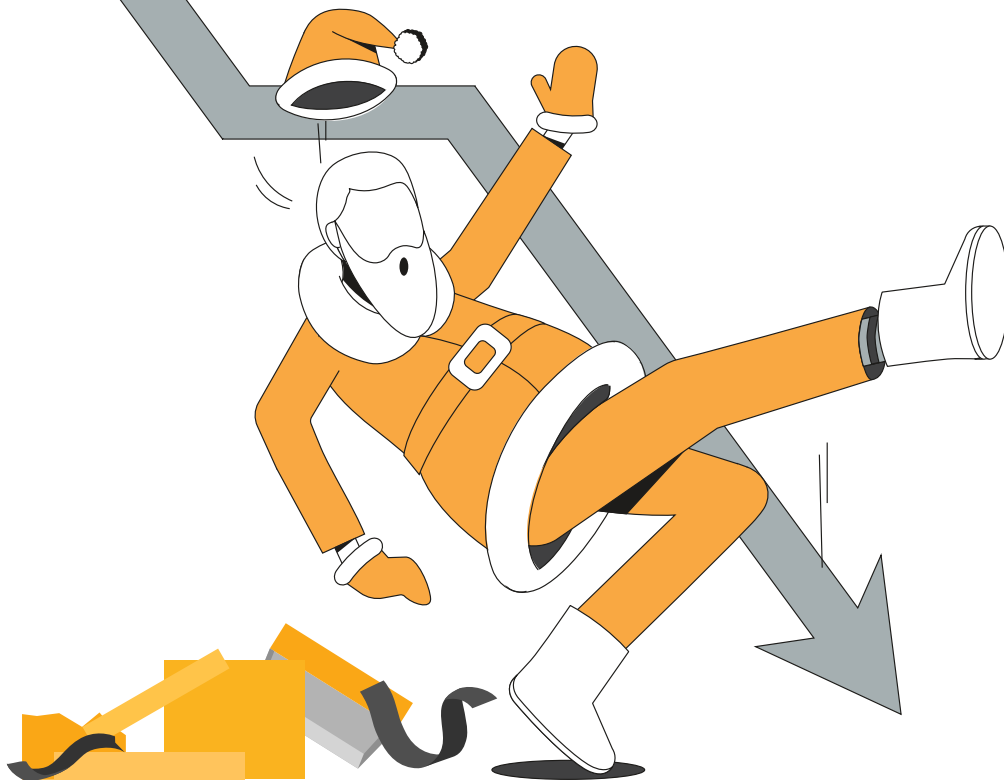
BEHAVIOURAL PSYCHOLOGY IN ECOMMERCE

In the past, we've been led to invest in aesthetic theories of customer experience – especially when it comes to ecommerce design! However, insight from the discipline of cognitive psychology reveals that this should not be the case.

A recent meta-analysis of 6700 online experiments, undertaken by Qubit Digital, found that altering design elements has a far smaller effect on revenue than aligning your campaigns with behavioural psychology best practices.

Cosmetic changes have a far smaller impact on revenue than treatments grounded in behavioral psychology.

– QUBIT DIGITAL, 2017



But a deeper dive into the motivations behind our everyday behaviour can give marketers greater control over the way their websites are received by customers.

Aligning your efforts with best practice in behavioural psychology could give your strategy the edge it needs to win the battle of ecommerce.

PSYCHOLOGICAL PRINCIPLES OF PERSUASION

While marketers strive to build sites that will captivate readers, the cruel truth of the matter is that most customer cognitive processing happens before they've even engaged their conscious attention.

Psychologist Daniel Kahneman, author of the bestseller, *Thinking Fast and Slow*, defines two ways in which humans process information.

THESE ARE LABELLED SYSTEMS 1 AND 2:



SYSTEM 1

Fast > Mostly involuntary > Requires little > Detects simple relationships or recognisable patterns



SYSTEM 2

Slow > Requires noticeable effort and attention > Used in complex brain functions e.g. mental arithmetic

WHAT DOES THIS MEAN FOR ECOMMERCE TACTICS?

While we like to think we spend most of our time employing System 2, we actually use System 1 to navigate most of life's experiences. And it even provides the initial reaction to most System 2 processes. To work quickly and efficiently, System 1 uses shortcuts based on our rich bank of previous experiences; the jarring feeling we get when we experience bad UX online usually occurs because our instincts have kicked in to alert us to some inefficiency or deviation from our expectations.

Irrational and instinctive cognitive behaviours influence every customer experience and every brand interaction; incorporating principles of consumer psychology will allow email marketers to drive stronger ROI from their CX investments. Plus, increased satisfaction means slashed customer service costs.

When we strategise ways to increase conversion, we're really talking about how we can better influence or persuade our customer base. To do this, we need to know a bit more about how we function cognitively as human beings.

This paper focuses on five principles of persuasion that you can use to drive better conversion from your ecommerce marketing efforts.

1. ENDOWED PROGRESS

The principle of endowed progress can best be examined by imagining the last time you stood at the back of a queue. Being at the end of the line is frustrating, and the longer you're left at the back, the more appealing it becomes to give up. But somehow that feeling quickly dissolves when a few more people join behind you.

This is down to the endowed progress principle: people who feel that they've achieved some progress towards a certain goal become more committed to seeing things through to completion; those WHO FEEL they've made little or no progress are more likely to abandon their efforts.



It's easy to see how this principle can be effectively applied to your marketing strategy – consider loyalty programs, for example. Generic points-based programs are losing power when it comes to

energising customers to build long-lasting relationships with brands. The average consumer belongs to approximately 13 loyalty programs, yet only actively interacts with half of these.

Nobody likes to be constantly reminded that they've amassed zero points, or are 0% towards achieving their goal.

Think about ways to include the endowed progress principle in your loyalty strategy. Consider gifting new customers with loyalty points to build commitment from the beginning. Or send customers congratulatory notifications when they've reached a new level in their relationship with your brand. It also works in the

opposite direction; the more time, effort or resources a customer has invested in your brand, the more they'll be committed to their relationship. Brands with productivity mechanisms in place can email customers when tasks are overdue, points are due to expire, or levels are about to be lost.

2. APPOINTMENT DYNAMIC

A key factor of gamification mechanics, the appointment dynamic is the principle of success that occurs when a customer returns at a predefined time to take a predetermined action. As consumers, we're more likely to convert when we're given a set appointment to do so.

The effect is one of urgency and regularity; a repeated appointment becomes part of a customer's routine. When you consider the popularity of happy hours in bars and restaurants, it's easy to see this technique's success as part of a long-term loyalty strategy.

Using marketing to invoke the appointment dynamic gives customers both a reason to act and a sense of immediacy to their actions. This is perfect for driving both new and returning customers to convert

in the way you'd like them to. Something as simple as offering a limited-time post-purchase offer, like a 30-day free delivery opportunity, creates an appointment for the next conversion.



Similarly, loyalty programs are a proven method of incentivising customers to interact regularly with your brand and boost their lifetime value.

The appointment dynamic is perhaps best placed to serve businesses operating a continuous replenishment program (CRP). Using customer order data to send timely,

automated replenishment reminders sets up a regularly occurring appointment between the customer and your brand.

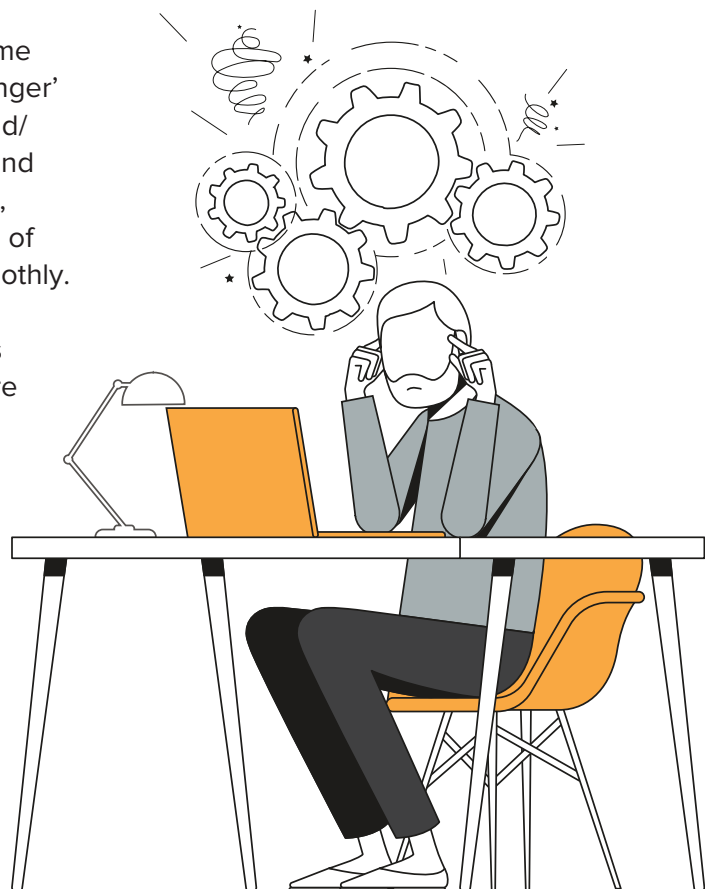
In addition to securing revenue, emails invoking the appointment dynamic drive positive CX because they're powered by customer behaviour and are highly relevant.

3. COGNITIVE LOAD

Cognitive load describes the total amount of mental effort required to complete an activity, and can be easily summarised by the well-known user-experience (UX) principle: the less effort an activity feels, the more likely it is that we'll see it through to completion.

Digital interactions requiring extreme cognitive load are fraught with 'danger' – that is, the likelihood of errors and/or interferences with the task at hand increases drastically. Contrastingly, interactions that induce a low level of cognitive load run much more smoothly.

These are most often described as “seamless” or “frictionless” and are the holy grail for designers.



Achieving marketing that boasts a low cognitive load means asking your customers' working memory to take on as little labour as possible. Each time your recipient needs to pause to think while navigating, their cognitive load increases. Every "Is this where I'm supposed to click?", and "How do I get to the product?", increases the chances of customers suffering from cognitive overload, threatening your ROI and harming your brand

experience. While we'd all like our purchase journeys to seem like second nature to customers, it's impossible to rid your marketing of cognitive load in its entirety.

Following design best practices, however, will provide your customers with an easy and enjoyable experience – a must for brands looking to outstrip their competitors.

4. COLLECTIVE OPINION

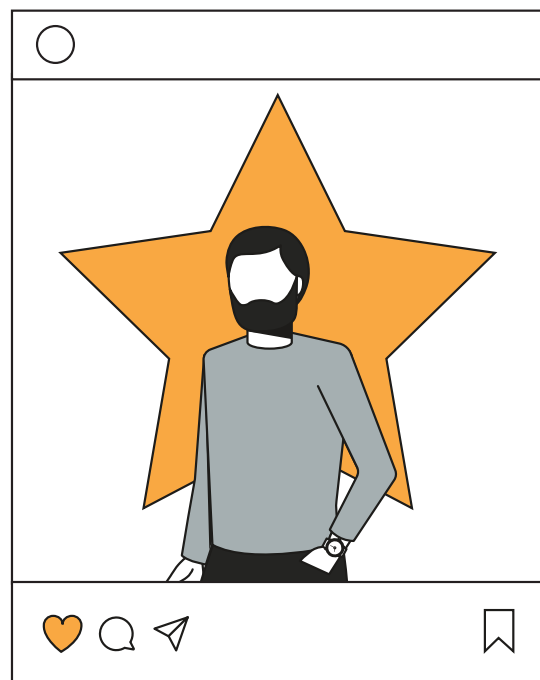
Otherwise known as 'social proof', collective opinion refers to the psychological circumstance in which we all reference the behaviours of others to guide our own decision-making.

When it comes to making purchases, we feel far more comfortable knowing that other customers have had positive experiences with products and services.

Many ecommerce businesses have already begun to leverage the collective opinion principle in the form of user-generated content (UGC).

The opportunities for consumers to both create and access UGC have exploded in the digital age. From personal blogs to independent online review communities, it's never been easier for a customer to access collective opinion on a product or service before making a purchase.

The authentic nature of UGC is reassuring to consumers. This is in contrast to the potential biases and artificiality that burdens influencer marketing and focus group research. Leveraging UGC allows you to corroborate your brand promises with messages that your customers are hardwired to trust.



To preserve the integrity and potency of collective opinion, try to refrain from synthesizing your UGC in any way. Instead, provide platforms for customers to share stories about their experiences with your brand and service. This could be a dedicated Twitter handle, a message board on your ecommerce store, or a landing

page with a form that's dedicated to collecting customer feedback.

Encourage the use of dedicated hashtags to make it easy for you to harvest content to use in your campaigns.

5. SCARCITY & URGENCY

A key contributor to the fear-of-missing-out (FOMO) factor, the scarcity principle acknowledges that humans will inherently value and desire objects that are scarce in supply, and place a lower value on those that are plentiful. It's not difficult to think of situations in ecommerce that tap into this instinct: flash sales, limited clothing runs, and live stock alerts all drive consumer

urgency by playing on the primal fear that there may not be enough to go around. This has been proved to be the most powerful tactic available to retailers. So if you want to move the needle (& move it quickly) - implement some scarcity and urgency into your ecommerce site to tap into this primal fear.

+2.9%

"Meta-analysis reveals the sheer power of the scarcity principle, ranking it as the most effective motivator for driving revenue with a +2.9% average uplift."

— QUBIT DIGITAL, 2017



CONCLUSION: A CONSIDERATION OF ETHICS

Responsible marketers use psychology legally, ethically, and respectfully to provide customers with exceptional brand experiences. There's no question that manipulating consumer behaviour to the customer's disadvantage is unethical, but it's not hard to envisage where the line lies.

If you find yourselves coercing your customers to conversion, then your product or service isn't up to scratch and your marketing is having to overcompensate. This imbalance is uncondusive to strong ROI metrics and should be avoided. However, if you can see the value in your proposition, then there's no reason to doubt the likelihood of genuine consumer

interest. All five of the principles discussed in this paper can be leveraged by brands to facilitate smarter, better, more immersive customer experiences.

You should now find yourself in a stronger position than your competitors to implement consumer psychology into your ecommerce marketing strategy.

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Vaimo is the global leader in delivering award-winning digital storefronts, omnichannel solutions and mobile apps. Our focus is to accelerate B2B and B2C sales for our brand, retail and manufacturer clients. With 15 global offices across EMEA and Africa and over 300 employees, we provide an international presence that allows us cultivate close, long-term relationships with our clients.



Stephen has over 10 years' experience working in ecommerce.

Starting with Coca-Cola in Australia back in 2006, he's now based in London working for Vaimo's Strategy department, helping clients grow with their data driven approach.

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