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This is the next article in a short series on how behavioural economics and 'being human' affects your business.

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The decoy effect

“Dad, can we buy a pair of Kosmo Rider sneakers?” my son said.

“How much?” I asked.

“It’s not too bad,” he replied, “They are usually way over R2 000... but I can get them online much cheaper – but we have to move fast because they only have a few left.”

“Cold day in hell,” was my retort.

“But dad,” he continued, “They will last me for a long time, and all my friends say they love them. 🙌”

So, I resorted to the usual phrases that all parents depend on: “Do you think money goes on trees?” and “If your friends all asked you to go jump in a lake, would you do it?”

But this conversation shows that, even as a teenager, my son has already mastered some of the important persuasive techniques that marketers and retailers have used to generate sales – and you can use these too. Let’s look at what we can learn from this conversation.

In most businesses your challenge is to get customers to perceive the value of your products without changing the price. There was a marvellous experiment conducted at a supermarket chain in Iowa, USA, in 1998. They were promoting Campbell’s soups at the aisle-ends, with a moderate advertised discount of around 12%. But on three separate sequential days one subtle change was made. One day they stated there was no limit to how many cans of soup customers could buy, the next they said a maximum of

four per customer, and the third day a limit of twelve per customer.

At the end of it all, the researchers tallied up the results, and found that all three strategies increased sales. But the best by far was when they said, “Limited to 12 per customer” (an average of 7 cans per customer, versus 3.5 and 3.3 cans for the other two days). By providing a limit, they had made soup cans more desirable – and anchored buying behaviour.

Creating scarcity can be a powerful strategy, and it includes limiting quantities, as well as creating deadlines ... “Only this weekend.”

There is another variation of the principle of anchoring that is especially powerful when it comes to price. A manufacturer of bread-making appliances was reasonably successful with their original model, but customer feedback showed one request coming up repeatedly – the loaf that was produced was too small. The executive team gave the go-ahead to develop a new deluxe

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Image courtesy of Breville Custom Loaf Bread Maker | Williams Sonoma

model that doubled the size of the loaf, and after considerable effort and expense, the company launched the new model.

Sales were terribly disappointing – and they wondered where and why it had all gone wrong. After much hand-wringing and embarrassing conversations, a small discovery created some hope, however. A junior marketing staff member pointed out that while the new product was not making money as hoped, sales of the older, smaller model had significantly increased.

How could this be? After making lots of observations at the point of sale, interviewing countless customers, and analysing results, they discovered that it became much easier for hesitant customers to buy a somewhat cheaper bread-maker when they saw the price of the deluxe model.



“The expensive machine had become a decoy that anchored the customer’s mind at the more expensive model. The original machine appeared to be a bargain.”

If you also combine this with the principle of social proof, then it can be further enhanced. Social proof is when we observe a whole lot of other people, people like us, doing something that we haven’t decided on yet.

“The classic example is one of two restaurants next to each other. You’re new to town, and you need to decide where to eat. In front of the first, you see people clamouring to get in and it’s already full.”



Image courtesy of The Guardian

There is no wait at the eatery next door. Guess where you will most likely choose?

This happened to me recently at a coffee shop at the end of a day. Most cakes were finished and the waitress said, “But we have lots of the Black Forest left.” “I’ll just have a cappuccino,” I replied. Somewhere in the back of my mind I probably thought that if the Black Forest was good, others would have eaten it, therefore it can’t be that great. And then my son set me up for the final part of the conversation. Right at the end of the conversation, he sadly added, “... but only if you want us to get them, Dad.”

With this simple addition, he had me hooked. By reinforcing my freedom to choose to help, and by plucking at my emotional heart strings (after all, which parent likes to disappoint their child?), he was quickly able to get me on his side.

Your customers are the same. If they feel that in some way they have retained some control of the interaction, then they too will cooperate. And when that is combined with some basic courtesy, rather than orders, you will find that they are quickly on your side.

To illustrate, during the Covid lockdown there were a lot of signs at places where people gather which stated something like, "Do not sit here." But at some places the signs read, "Please sit here." It's a small, but polite difference – and it makes the world of difference.

Another example ... when tills are not manned in your store, you probably have a sign that says something like, "Checkout closed." But you can empower your customers by cleverly and courteously redirecting them, "We'd love to serve you at another checkout."

To summarise, think about how you can use these principles to make your business more successful. Can you change the customers' perception of value of what you sell without lowering the price? Proving a limit in terms of quantity or time can make things seem more desirable.



“ If price is an issue, use a more expensive product as a decoy to set expectations and anchor their minds, so that whatever follows seems like a better deal.

Give your customers the feeling that they are in control by offering them choices.

And finally, appeal to their emotions. What are the things that push your customers' buttons? ”

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Are you ensuring dairy product safety?

Dairy is a staple in many people's diet. It is an accessible and affordable food group that many people rely on to sustain a healthy lifestyle. As a result, we are sure we do not need to emphasise the importance of dairy product safety. It is a major factor of overall food safety.

However, there may be several aspects of the field that you are still a bit unclear about. It can be a complex topic, but it does not have to be. Here, we will explain all the basics you need to know about dairy product safety.

Milk and dairy product safety standards

The regulations related to milk and dairy product safety are extensive. They have been set out by the Minister of health in terms of section 15(1) of the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act No. 54 of 1972).

The laws set out restrictions on the sale of dairy products. For example, an organisation, manufacturer or farmer is not allowed to sell raw milk for further processing if it contains antibiotics, antimicrobial substances, pathogenic organisms, or if the contents exceed the Maximum Residue Level (MRL) allowed for. The sale of dairy products for consumption is regulated in a similar way.

Other things you will find in the Act are the methods used to test dairy products safety, the maximum amounts of microorganisms and chemicals allowed in products, and rules regarding the labeling of products.

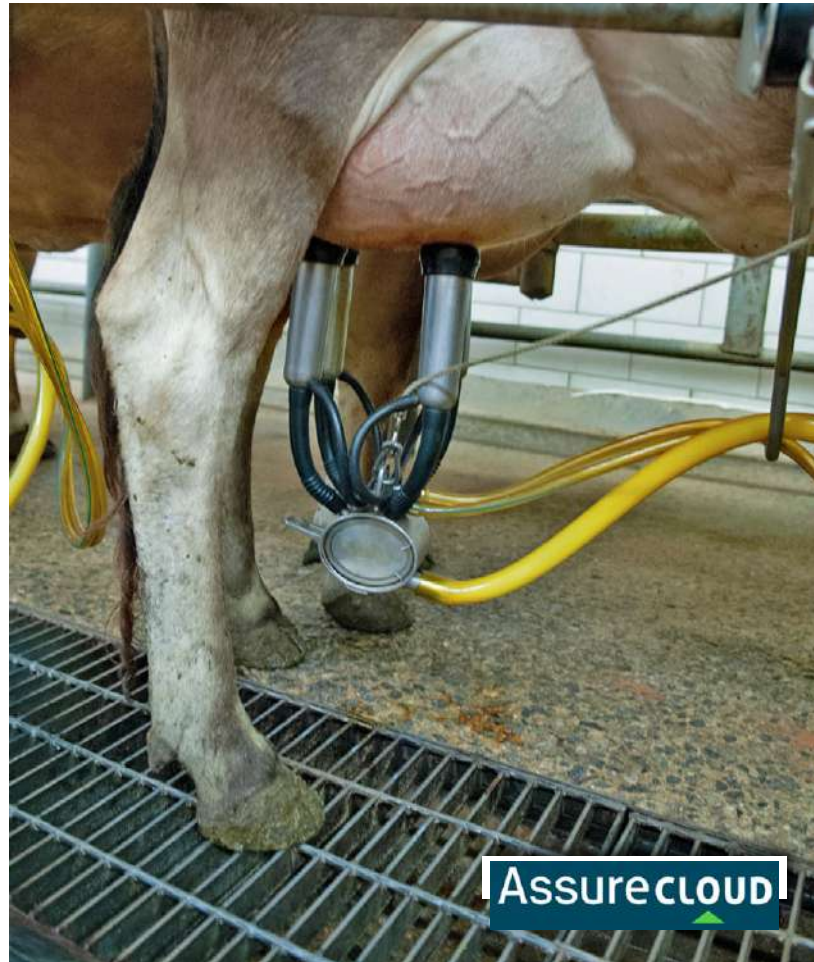


Image courtesy of Mark Stebnicki, Pexels.

Whether you are a supplier, producer, processor, exporter, wholesaler or retailer involved with dairy products in the supply chain, it is best that you familiarise yourself with these regulations.

Overall, the Act is in place to ensure that foodstuffs are safe for human consumption and to make sure that consumers are safe from exploitation.

Why analyse milk and dairy products?

While food safety management is an issue that has been in emergence for years now, it is still not fully

understood – especially in the dairy and milk sector. Nevertheless, it is better to be proactive than reactive, when it comes to dairy product safety.

Rather mitigate potential harm before it has the chance to happen ...

- Monitor your dairy product safety through a suitable testing schedule. If you do not, you may face issues relating to the harm of humans and animals, and public criticism.
- There might be penalties should legal issues arise from non-compliance. If your products are found to be non-compliant, authorities may sentence you with a fine or imprisonment.

What do labs test for?

When you send your products to chemistry or microbiology labs, they are tested for a variety of desirable and undesirable parameters.

In a **microbiology lab**, your products can be tested for pathogens like E.coli and coliforms. If these pathogens are in high concentrations in your products, they could lead to the spread of disease within the population. If they are below the allowed limits then your product is safe for resale or consumption.

Chemistry labs will test for undesirable parameters such as heavy metals, mycotoxins, nutritional information, pesticide residues, antibiotic residues, peroxides, added water and more.