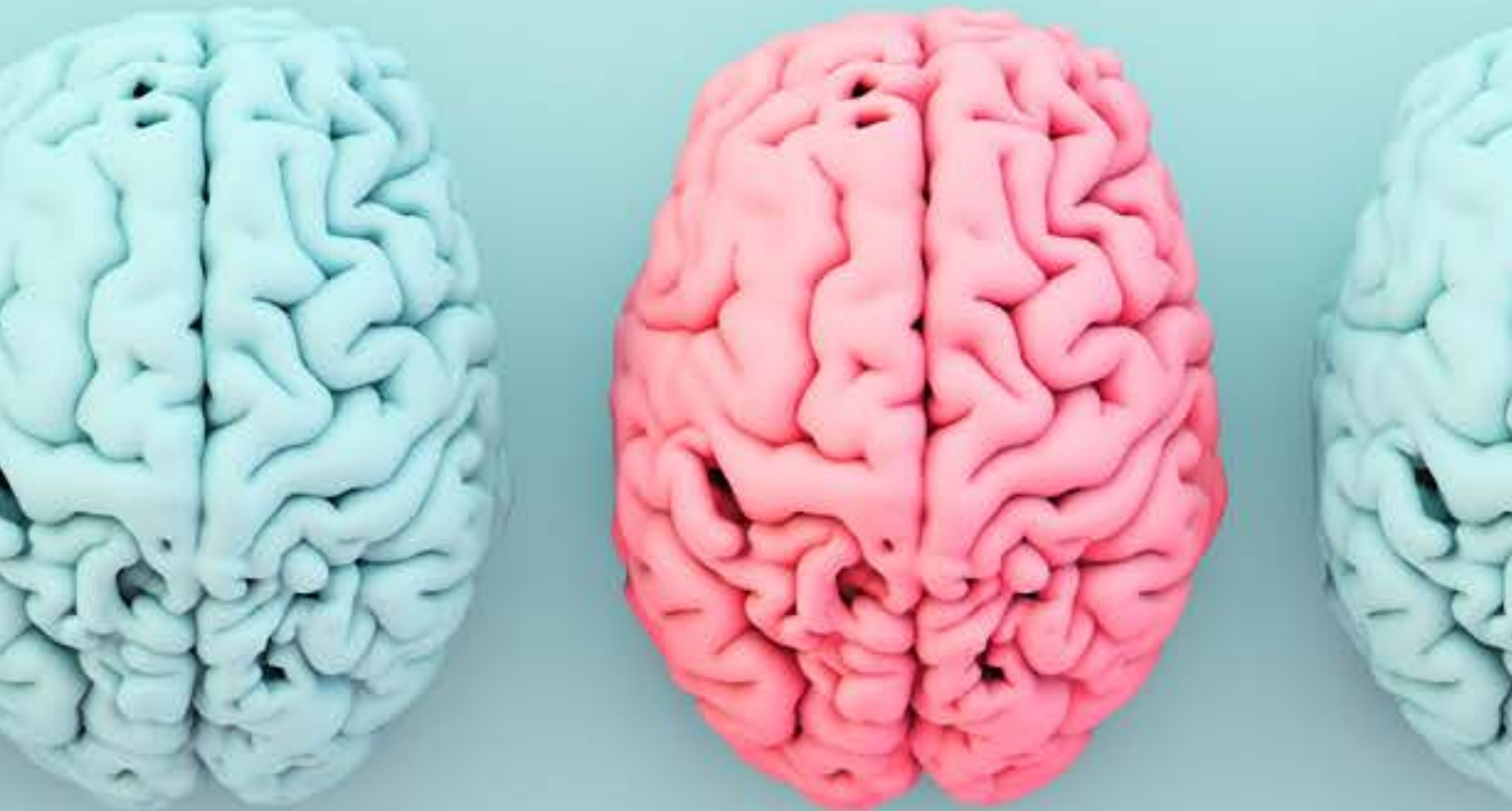


THE PSYCHOLOGY OF MARKETING

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Explore the 6 principles of decision making that can help convert more customers.



THE PSYCHOLOGY OF MARKETING

Most companies market their products as if customers were wholly rational. However, when choosing from similarly priced products, few consumers engage in protected cost-benefit analysis.

Instead, they are influenced by a range of factors that operate subconsciously. Understanding how customers make decisions on an intuitive level allows you to create marketing strategies that impact behavior, accelerate growth, and appeal to a wider audience.

6 PRINCIPLES OF DECISION-MAKING

Despite what we might think, our decision making is not entirely logical. Weighing every option seems undoubtedly like the best course of action until you consider how much time it takes.

In order to speed things along, we developed a set of heuristics, mental shortcuts that guide our actions. They help us cut through the complexity we find around us, but also provide new and exciting ways to reach customers.

There are six powerful principles underlying our decisions.

1. Social Proof
2. Authority
3. Familiarity
4. Paradox of Choice
5. Commitment & Consistency
6. Reciprocity

Incorporating them into your marketing efforts allows you to tap into the mindset of consumers, in order to capture a larger share of the market from your competitors.



SOCIAL PROOF

Why does McDonalds make a big deal over how many hamburgers they have sold? Why do movie studios boast about being number one at the box office? Why do influencers brag about how many times their posts are shared?

They're appealing to the wisdom of crowds, what experts call social proof. In short, the more people we see doing something, the more likely we are to follow them. Popularity is an indicator of quality. One person might be wrong about a business, but 1,000 probably won't be.

Businesses can harness social proof by signaling their popularity. For instance:

Showcase Sales Figures.

Few companies corner the market by selling shoddy merchandise. High sales signal trust.

Encourage Reviews.

Reward customers who review your business. Positive reviews demonstrate reliability, expertise, and professionalism.

List Major Clients.

Big companies don't take risks. By partnering with you, they let everyone know you can deliver on your promises.

Set Up a Referral Program.

Nothing drives sales like word of mouth. Create incentives for customers who recommend you to friends and family.



AUTHORITY

We listen to people who are knowledgeable, credible, and trustworthy. Often, what's being sold is less important than who's selling it.

Authority cues are both overt and subtle. Some draw attention to your skills while others demonstrate expertise. You can establish proficiency through:

- **Titles.** Academic titles (doctor, professor) convey knowledge. Job titles (founder, CEO) convey experience. Which one you need to emphasize depends on context. No one buys a new toothpaste because it's endorsed by Bill Gates. No one invests in a tech startup because it's endorsed by their dentist.
- **Trappings.** To play the part, you need to look the part. In the digital world, this means creating a website that communicates your values and aligns with customer expectations. Tech sites are flashy because people expect them to be innovative. Banking sites are subdued because people expect them to be prudent.
- **Content.** Authority hinges on your ability to deliver concrete, practical results, which you can demonstrate through web content. Write blogs to show how well you understand your field. Post photos and videos of finished work to prove you provide high-caliber products and services.



FAMILIARITY

Building trust doesn't require promises or grand gestures. Often mere exposure is enough. Experts believe it's a holdover from our ancient past, when every new encounter was a potential threat. Sticking to the familiar was the easiest way to avoid danger.

Even though the world has changed, this tendency has stuck with us. It's why familiarity is so important. Well-known brands are more trusted, which leads to higher sales.

Consequently, every company looking to expand needs to start by building awareness through:

- **Digital Ads.** Search and banner ads make it easy to target potential customers. Because repeated exposure is the key to trust, impressions (the number of times an ad is viewed) count as much as clicks.



- **Branded Content.** Educational, entertaining, and informative content draws people to your website. The most effective content has a consistent message and style, and focused on topics relevant to your audience. Above all, it can't be offensive. Surprisingly, it doesn't have to be positive and inspiring either. Neutral content is equally effective.
- **Social Media.** Posting to social media gives you access to millions of people. Posts are inexpensive and can be targeted to particular demographics or locations – an ideal platform for both local and national brands.

PARADOX OF CHOICE

Customers say they want more choice. But the more choices they're given, the less likely they are to make a decision. Psychologists call this the paradox of choice. At a certain point, weighing options becomes overwhelming and we give up.

This doesn't mean you should scale back your products and services. Extensive options make it more likely your customers will find one that suits them. To market them successfully, however, you need to pay more attention to how they're presented. For example:

- **Streamline Your Website.** Move non-essential features off your homepage and focus on directing visitors to products and services instead. Your homepage should help visitors narrow choices, not introduce them to your full line of goods and services.
- **Categorize Options.** Sorting products and services into categories makes it easier for customers to sort through available options.
- **Organize Content.** Tagging videos, blogs, and photos lets visitors browse content quickly, so they can zero in on what's most interesting to them.
- **Display Dissimilar Products.** Suggested purchases are a great way of increasing sales. However, the more similar they are, the harder it is to choose between them. Instead, put forward options with clear differences. When customers can compare items easily, they're more likely to buy one.



COMMITMENT & CONSISTENCY

People prefer it when their words and actions agree with each other. When we make a promise, we follow through with it. This is something marketers have long understood.

That's why asking customers to make a small commitment generally leads to a much bigger commitment later on. Businesses can take advantage of this by:

- **Asking Customers to Sign Up for a Newsletter.** Newsletters, email updates, white papers, web seminars – companies can offer any number of incentives in exchange for information. Once a customer's signed up, you can send further offers asking them to check out new products or discounts.
- **Running a Social Media Contest.** While traditional contests drive sales (e.g. McDonald's Monopoly), social media contests drive loyalty. Ask people to tag you whenever they post a picture or video of themselves using your product. By publicly identifying themselves with your brand, they're more likely to continue purchasing from you.
- **Creating Wishlists.** Allowing customers to bookmark products is an easy way to move them along the sales funnel. Once you've got your foot in the door, you can alert them when items on their list go on sale, are low in stock, or available to buy.

RECIPROCITY

From experience, you know that if someone does you a favor, you owe them a favor in return. The same principle applies to marketing. If you give customers something valuable, they'll feel obligated to buy something from you.

That's why Costco offers free samples in their stores. It not only raises awareness about new products. It also boosts sales. Even if they don't buy the product, customers who sample them are likely to shop at the store more often.

All businesses can build these types of reciprocal relationships, even if they operate digitally. Consider:

- **Offering Free Trials.** Trial memberships are the digital equivalent of a free sample. Once a customer has become accustomed to its benefits, they're likely to become a regular subscriber.
- **Providing Free Returns.** Like trial memberships, free returns lower barriers to purchase. Make sure you're clear about the terms though (e.g. 30-day limit). As long as customers know the conditions, they'll happily cycle through your products until they find one that's right for them.
- **Create Tutorials.** Educational content is a great way to connect with potential customers. Showing people how to improve their skills builds rapport, which increases loyalty and the chance of purchase.



YPM can help apply these principles to expand the size and loyalty of your customer base. We work with businesses across the globe, creating digital marketing campaigns that encourage consumers to engage with your brand through clicks, views, likes, and shares.

Together, we can build a deeper connection between you and the market, transforming your brand into both a leader and revenue driver.

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