

Customer Are Irrational: Don't Fight It; Embrace It.

Colin Shaw

AUGUST 2016

Many businesses only consider the rational aspects of their customer experience. They believe that customers make their buying decisions based only on these criteria. Rational aspects are things like:

- How long the delivery takes and costs
- How quickly people answer the phone
- The price or quality of the goods or services they provide

However, this is a huge mistake. Customers' decisions are influenced by much more than these rational parts. Human decision-making and behavior is far more complicated than we thought, and enjoys influences from many different aspects of the Customer Experience - and one in particular holds more sway than many businesses want to believe.

So what is this influence that businesses are ignoring? The Customers' emotions.

How the Customer feels accounts for a large part of what Customers do and why they do it. We have been advocating this concept since 2002. Our first book *Building Great Customer Experiences* (Palgrave Macmillan, 2002) covered the subject of emotions in Customer Experience. We took this concept further in our subsequent book *The DNA of Customer Experience: How emotions drive value* (Palgrave Macmillan, 2007).

We are pleased a number of organizations have embraced this concept. They now understand that there is an emotional Customer Experience as well as a rational one.

Unfortunately, understanding emotions are an influence to the Customer Experience is no longer good enough to change customer behavior. To make the impact you desire, you must also understand what causes their emotions. This understanding allows you to design your experience to influence customer behavior.

Let us provide you with an example of this thinking from daily life. Take a look at this image of a deserted alleyway.



Let us provide you with an example of this thinking from daily life. Take a look at this image of a deserted alleyway.



Fancy a stroll down this little alley? Why not?

Have you ever walked down an alleyway such as this and then stopped? What is it that makes you stop? The answer is fear. You feel scared, and it causes you to take the physical action of stopping. So we can see, emotions drive actions.

If we want to understand our customers' behavior, we need to figure out what caused you to feel scared in the alley. Here, the subconscious experience comes into play. Take a look at the image again and note the specific details that would stop you from walking here.



When I do my keynote speeches and ask audiences this here are some of the replies I get:

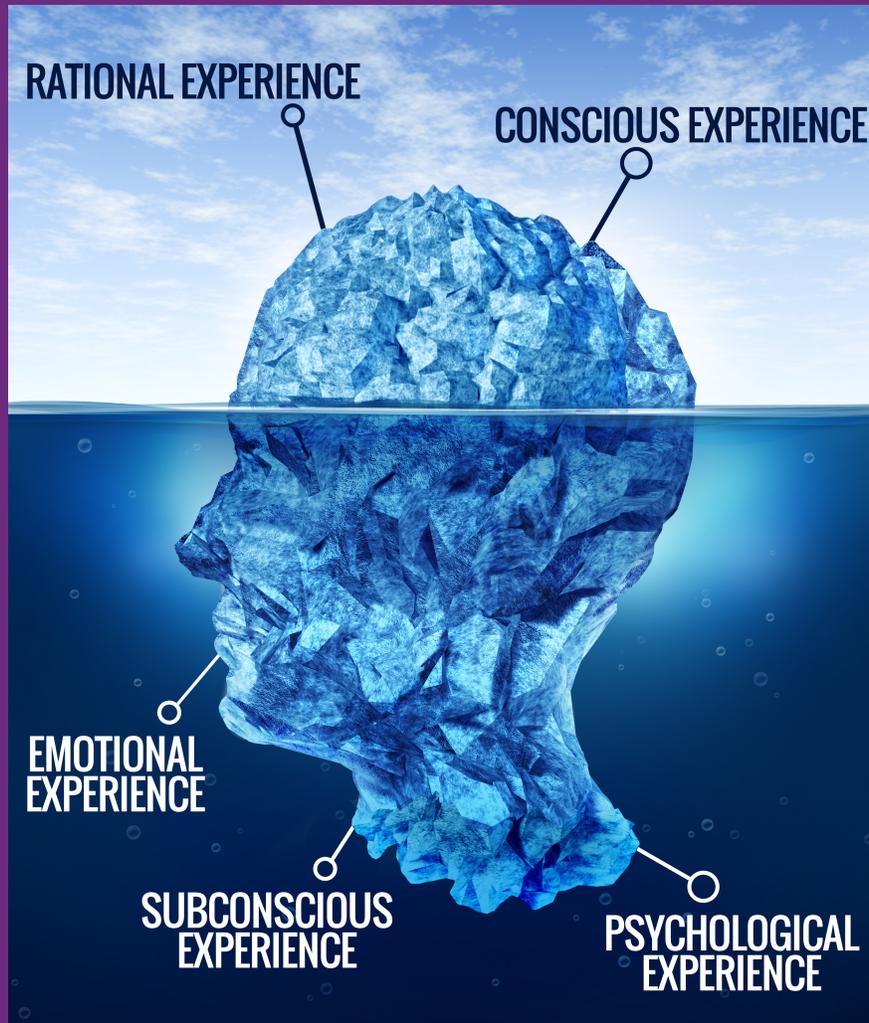
- It's dark.
- There are hidden doorways.
- It is empty with no people around.
- The walls are high.
- There is graffiti on the right-hand side.
- Is unclear what is at the end of the alley.
- There are only two ways in and out.
- Maybe there was a noise ahead of you.

Your subconscious mind is scanning the environment looking for clues. In this case, it sees all these clues and decides walking down this alleyway is dangerous. Your subconscious mind interrupts your conscious mind to stop you. To alert you, it evokes an emotion, fear, which makes you stop walking. Finally, the fourth aspect that plays in this situation is what we would call a psychological experience.

Over the millennia, we humans have evolved and developed. We have developed many interesting psychological preferences and behaviors, like “fight or flight”. These mechanisms help us survive and prosper in our daily lives. There are many psychological aspects of human behavior. We will discuss some of them in this white paper and some of them in following white papers. Others you will read about in books, particularly our next book *The Intuitive Customer: 7 imperatives for moving your Customer Experience to the next level* (Palgrave Macmillan, 2016).

Just like walking down the alley, your customer's subconscious makes decisions when interacting with your organization. The rational part of their experience, what they do, is their behavior based on how they feel, which is based on what their subconscious mind has seen, and the resulting psychological experience.





That's a lot of head shaped iceberg under the water, isn't it?

If you are trying to design a great Customer Experience, it is critical you look at all four aspects of yours. Rational, Emotional, Subconscious, and Psychological. In the photo above, more than 80% of the iceberg is underwater. The three experiences under the water represent the hidden parts of your thinking: the emotional, subconscious, and psychological experience. Or, in other words, the rest of (and the majority of) the influences on your behavior.



Behavioral economics studies all these aspects combined. In our view, this is where the future lies for Customer Experience. Let's break down these words "behavioral" and "economics." Behavioral means "how customers behave" and customer behavior affects economics, which means it affects the "money." In other words, understanding customers' behavior is at the root of understanding why they buy things.

Once you accept this and start to gain this understanding, you will see that humans are not the logical, rational beings that we like to think we are. On the contrary, the idea that humans are logical, rational beings couldn't be further from the truth.

People Are Irrational

People are irrational by nature. You might be thinking to yourself, "Not me. I always approach a situation with logic and rationality." But we know you don't. For example, have you ever done any of these things?

- Pushed a button on an elevator several times when you are in a hurry even though you know pushing it more than once won't make the elevator come any faster?
- Clicked your mouse or trackpad several times when your computer hangs up even though you know it won't make the hourglass or color wheel go away any faster and might make the situation worse?
- Tried to fix an appliance by striking it with the side of your fist, like the character Fonzie in the television show from the 70s *Happy Days*?
- Yelled at an inanimate object because it was frustrating you?

That's what we thought. You are as irrational as the next person! People do things that make absolutely no sense. Our feelings can drive our actions, and, in these moments, overrule our rational thinking. This concept is a proven, psychological aspect of the way people think. We have an instinctive part of our brain, that is always on and makes instant decisions, and we have the rational, thinking side of our brain that wants to evaluate things. (We recommend you read our book called *The Intuitive Customer*, Palgrave Macmillan, 2016, to get a complete understanding of this concept.)



People make irrational buying decisions all the time. We don't buy ice cream because we are hungry. We buy ice cream because it tastes good (and maybe even because we know we shouldn't). We don't buy sensible clothes with no regard to fashion either. We buy clothes that make us look good (or the ones we think make us look good).

Our behavior is not driven by pure rationality either, even on rational parts of an experience. For example, the price is a rational part of a Customer Experience and an important one by all counts. However, the price is rarely the supreme influence we credit it to be. For example, we don't buy the vehicle that will get us where we are going for the least amount of money. If so, what we would see on the road would be a lot of smart cars. Or golf carts. When consulting, 70% of our clients tell us the reason their customers buy from them is the price. However, using our proprietary research called the Emotional Signature, we show them their customers don't just buy based on price. Price is always important, but it is never the one driving factor.

That being said, customers wouldn't tell you about these irrational reasons—because they don't know they exist! If you ask people why they choose what they choose, buy what they buy, like what they like, they can always give you reasons for it. We are excellent at explaining why we do what we do, which seems like a hallmark of rationality. However, our feelings drive our actions and overrule the rational thinking that may or may not be present at the time.

Justifying Rationally Our Irrational Behavior

A typical example of how we give rational reasons for irrational behavior is in how we make moral judgments. When we see something we believe morally wrong, we often can give some compelling, logical, and rational reasons for why we think it's wrong.

Moral psychology, or the psychology of how people decide whether something is morally right or wrong, calls this posthoc rationalization “social intuitionism.”

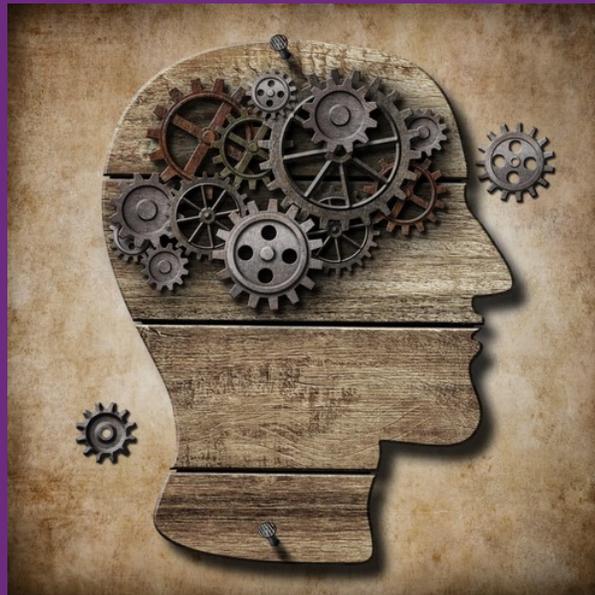
¹Previous to this concept, most research on moral judgment concluded that these decisions were rational.

¹Haidt, Jonathan. “The emotional dog and its rational tail: A social intuitionist approach to moral judgment.” *Psychological Review* 108 (2001): 814-834 Web. < https://www.motherjones.com/files/emotional_dog_and_rational_tail.pdf >.



However, if you look at the research on how moral judgments (as well as other types of judgments) occur, substantial evidence supports that many evaluations are rapid. They happen automatically before there is time for a reasoned judgment to take place. We feel an immediate sense whether something is right or wrong. After we already decided for or against that thing, we build a rational moral argument consistent with our initial reaction.

Once formed, the evaluations tend to endure. Hence the phrase “first impressions count.” One interesting context for these immediate, intuitive, and emotional judgments is found in a study of “thin slice” evaluations.² Researchers discovered that students often form an opinion about a professor within a few seconds of seeing him or her—even before the professor starts talking! The initial impression predicts the course evaluations the professor receives at the end of the semester. It is even possible to elicit evaluations of pictures and words presented subliminally, too fast for the conscious mind to process them and render a well-reasoned and rational response.³



People are sense-making machines, seeking explanations for what we observe.

²Ambady, Nalini, and Robert Rosenthal. “Half a Minute: Predicting Teacher Evaluations From Thin Slices of Nonverbal Behavior and Physical Attractiveness.” *Journal of Personality and Social Psychology* 64 (1993): 431-441

³Hermans, Dirk, Adriaan Spruyt, Jan De Houwer, Paul Eelen. “Affective Priming With Subliminally Presented Pictures.” *Canadian Journal of Experimental Psychology* 57 (2003): 97-114. Web < <http://www.liplab.ugent.be/pdf/dirk%20subliminaal%20CJEP%2003.pdf> >.



We provide rational explanations for our beliefs and behavior because it is in our nature to do so. People are sense-making machines: we seek out explanations for what we observe. We always try to answer the question, “Why?” Consider the enduring appeal of mystery novels or the tenaciousness of conspiracy theories. Or spend an afternoon with a four-year-old. We develop an appetite for explanations early.

Moreover, when the answer to the question, “Why?” is not evident, people sometimes make the answer up, providing reasonable explanations based on our previous beliefs and understanding. They analyze their behavior, come up with a rationalization or explanation and then it becomes “fact.” The same thing happens when organizations look at research. They want to know why things are happening, so they look at what they discovered and then make a rationalization of why they received those results. It’s not uncommon for them to stick to this answer.

People want to make sense of things they have decided. We can prove it. Consider this: the per-capita consumption of mozzarella cheese in the U.S. strongly correlates with the number of Civil Engineering PhDs awarded in the U.S. ⁴The key words here are: *strongly correlates* (from 2000 to 2009, the correlation coefficient was .96, if you are into that kind of thing...). A plot of the data shows nearly parallel lines. Why might this be so?



Humans want a causal explanation between information that matches even when none exists.

⁴“Spurious Correlations.” www.tylervigen.com. Web. 15 January 2016. < <http://www.tylervigen.com/spurious-correlations> >.



What did you think as you came to the end of that last paragraph? Were the wheels in your head started spinning, trying to make some sense of that relationship? Maybe something along the lines of this:

Maybe mozzarella cheese consumption is probably related to overall pizza consumption, which is maybe some measure of wealth... so maybe as a society gets wealthier than in the past it produces both more pizza eating and a greater need for civil engineers?

Are you now attempting to make sense of our ridiculous rationalization example for why these two things strongly correlate? If so, relax; it doesn't make you ridiculous or unintelligent, or even gullible. It makes you human.

There is NO reason mozzarella cheese consumption and engineering relate to such a shocking degree; the relationship is coincidental, not causal. If one throws enough data into the mix, one finds that something statistically correlates to something else, even though those things are unrelated. Despite knowing it is random noise, one still feels compelled to question his or her belief that it is nonsense and explain it. However, by nature, humans want there to be a causal explanation between this match even when none exists.

What applies to mozzarella and civil engineers is also true of customers' buying behavior. Customers can explain any set of consumption choices they make after the fact. But the ability to give reasons for their choices does not mean those given reasons are the actual ones.

If customers' explanations of their past beliefs and behaviors are suspect, their reasons for what they want in the future are even more tenuous. In this case, people construct a rational explanation for the behavior not yet occurred, and for preferences not yet formed. As silly as it sounds, however, this process is the modus operandi of market research, particularly before new product launches. Worse yet, we use these dubious research findings to design new products, services, systems, processes, and new communication campaigns. Then, we marvel when they fail to connect with consumers and ultimately fail in the marketplace.

Customers' predictions about their future selves tend to be unreliable because they involve different thinking. Evaluating something at the moment is different than projecting into a hypothetical future, psychologically speaking. We activate different cognitive mechanisms to perform these two tasks. Therefore, when we try to match up the outputs of these two distinct cognitive systems, it should not be surprising they don't always reconcile.



Add to it that people don't know they make choices emotionally, and you see how they can be wrong about the things that will influence their decisions. A scientific study proves this fact. Researchers were interested in getting people to use less energy.⁵ They started off, as many marketing researchers would, by asking people which messages would be most influential in getting them to conserve energy. They were given several samples: one showed the monetary benefits of using less electricity, one emphasized the environmental benefits, and one the conformity benefits, noting that other people in the neighborhood were also conserving energy, etc. Of all the potential messages, people rated the influence of the conformity message that said, "Your neighbors are doing it, so you should too," dead last.

The researchers then took a sample of 1,500 households in California and randomly assigned them to receive one of the messages delivered as flyers to their houses. Then the researchers measured their energy consumption, by checking the electricity meters on their homes periodically over several months. Not surprisingly, the only message to influence behavior and led people to use less electricity was the one claiming other individuals in the neighborhood were conserving—and the one people rated least influential on their future selves.

Participants in the survey thought they would be immune to an appeal based on normative social influence (positive peer pressure). They thought the rational message would influence them, either something about saving money or saving the planet. Instead, the irrational, intuitive pressure of wanting to join in with the crowd succeeded as the most effective at changing behavior.

In other words, they were dead wrong about what would influence their decision.

We now know that customers can be influenced in their decisions. We also know that customers don't always know they were influenced to make a decision. Customers, on the other hand, think they know why they made a decision and can tell you a reason, even if it isn't the actual reason. They can also tell you what they are going to do in the future and why, and be completely wrong. Most importantly we know that all of these facts make it difficult to predict customers' behavior with any accuracy. All of this points to the fact that it's important for an organization to understand what people don't understand about themselves.

⁵Dietz, Thomas. "Altruism, self-interest, and energy consumption." PNAS 112 (2015): 1654-1655 Web.
< <http://www.pnas.org/content/112/6/1654.full.pdf> >.



Approaching Irrationality with Rationality

With all this evidence that people are irrational, why do organizations continue only to look at the rational aspect of an experience?

While baffling, we know the answer, however. Most companies know how to fix a process, optimizing it for maximum efficiency and profitability. Looking at how something works and eliminating redundancies is part and parcel of regular operations, after all, and they have been doing it for years. So fixing the customer journey from a process (operations) level is a no-brainer and easy to sell to the C-Suite.

Emotional outcomes, the subconscious mind, and psychological influences on behavior, on the other hand, bear a perception as being far less predictable. Controlling how customers feel in your process seems to some like an effort in futility and hard to assign a value to at a corporate level. So, instead of addressing emotions, organizations think an efficient process will be good enough. As for the emotional journey during this improved process, most cross their fingers and hope for the best.

We are proud we have been pushing the boundaries of Customer Experience since 2002. We are pleased that we are always exploring the possibilities of how to achieve the best experience. As a result, the following definition of Customer Experience is our fourth version.

A Customer Experience is a customer's perception of their rational, physical, emotional, subconscious, and psychological interaction with any part of an organization. These perceptions build memories and influence customer behavior, which drive customer loyalty and thereby affect the economic value an organization generates.

How does this play out in a Customer Experience?

How you feel entering an experience influences how you feel about that experience. If the Customer is entering the experience feeling happy, sad, annoyed, stressed, hurried, etc., then that will affect their perception of their experience with that organization. Many times it is not what the organization did; it could be the customer just had a stressful journey to the shopping mall. Either way, the organization needs to recognize this influence. Our competitive business world requires organizations to know how the customer feels coming into their experience. It is essential the Customer Experience you have once you arrive can take you from a negative place to a positive one, if necessary—and not the other way round!



We believe that organizations need to look to better emotional outcomes in their experience, and this is critical to their future success. What sets great companies apart is their ability to embrace this. Designing a rational and conscious process for an Experience is only part of the job; we also need to embrace the emotional, subconscious and psychological experience in that design.

Thanks for reading this whitepaper. To learn more about these important concepts, please consider the following resources:

***Behavioral Journey Mapping** enables experience designers to meet the subconscious emotional needs of customers by looking at the emotional, subconscious, and psychological influences in your current Customer Experience.*

***Customer Mirrors** outlines the most valuable parts of the customer experience and guides you through it as he or she actually experiences interactions with your organization moment-by-moment.*

***The Emotional Signature** is the level of emotional engagement with your customers. All organizations have one; do you know what yours is?*

*In **The Intuitive Customer: 7 imperatives for moving your Customer Experience to the next level**, we explore the reasons organizations are struggling to improve their Customer measures and are witnessing the plateauing of loyalty scores like Net Promoter. For Shaw and Hamilton, the answer is simple: you need to understand the intuitions that drive your Customers' Behavior at an emotional, subconscious and psychological level. This book describes where Behavioral Economics meets Customer Experience in an easy to understand and practical way.*



Additional Resources

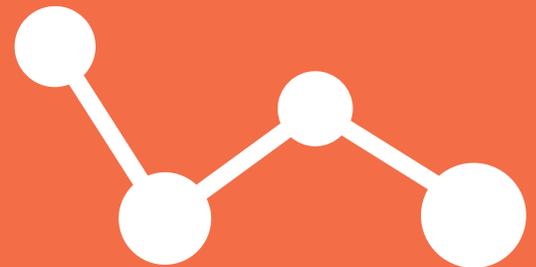
You may be interested in reading some of our other blogs and white papers on this subject:

3 Common Ways Customers Make Decisions

Is Your Customer Experience Accidental?

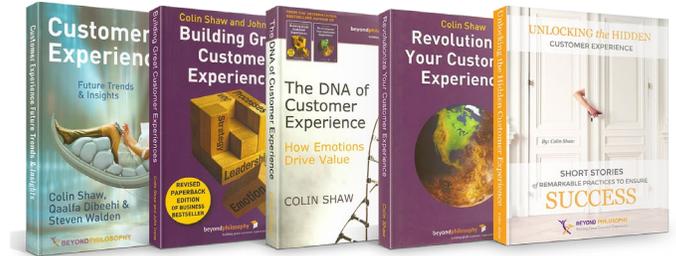
5 Must-Dos in Designing An Emotionally Engaging Experience

Why Most Customer Experience Programs Fail



About Beyond Philosophy

Beyond Philosophy are literally the world's first dedicated Customer Experience company. Founded in 2002 by our CEO, Colin Shaw, we have built an excellent reputation of being Thought Leaders in Customer Experience.



This is not what we say, it's what other say. We are proud that Colin Shaw our CEO, has been recognized by LinkedIn as being one of the world's top 150 Business Influencers and by Brand Quarterly as one of the 'Top 50 Marketing Thought leaders over 50' and written 5 books on Customer Experience.

Beyond Philosophy help organizations move to the next level of the customer experience . There are many case studies that highlight our work. One of our clients Maersk Line, improved their net promoter score by 40 points in 30 months and then had a 10% rise in shipping volumes as a result of our work.

Beyond Philosophy provide three services.

Consultancy services – both strategic and tactical so we can help guide you to improve your customer experience.

Training services – we can train your CX team on how to improve your customer experience as well as your front line team with our memory maker training.

Specialized research services – we provide some innovative research techniques that discover what drives and destroys value for your organization.

If you'd like further information please contact Beyond Philosophy LLC on our website Beyondphilosophy.com.

Follow Beyond Philosophy:



@Colinshaw_CX | @BeyondP



LinkedIn - Colin Shaw



Periscope - @colinshaw_CX



Facebook - Beyond Philosophy

Beyond Philosophy LLC, USA.

550 North Reo Street Suite 300

Tampa, Florida. 33609

Toll Free: +1 (866) 649-6556

Outside USA: +1 (813) 936-4000

Beyond Philosophy Europe.

London, UK: + 44 (0) 207 993 8459

©Beyond Philosophy LLC 2001-2016. All rights reserved.