The Intuitive Customer:
Seven Imperatives for moving your CX to the next level

Colin Shaw
Founder & CEO,
Beyond Philosophy
People are irrational!
Jimmy John’s – “Freaky Fast Service”
Independent report by Forrester

Maersk Line increased their Net Promoter score by 40 points in 30 months, which increased Shipping volumes by 10%

“We have Increased our Net promoter score by 34 points in 30 months using Beyond Philosophy’s methodologies. We have grown revenues by 10% year on year, in a ‘shrinking printer usage market’

Glenn Laverty
President & CEO Ricoh Canada
‘Seven Imperatives’ or moving your CX to the next level

1. Recognize that Customers decide emotionally and justify rationally
2. Embrace the all-encompassing nature of Customers’ irrationality
3. Understand that Customers’ minds can be in conflict with themselves
4. Commit yourself to understanding and predicting Customer habits & behaviors
5. Uncover the hidden causes and unintended consequences of why Customers want things to be easy
6. Accept that apparently irrelevant aspects of your Customer Experience are sometimes the most important aspects
7. Realize the only way to build Customer loyalty is through Customer memories
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When Customer are tired they behave differently (Cognitive Depletion)

- Watch clip for movie
- Group 1 - Feel that emotion let it out
- Group 2 - Camera on you – we want to to maintain stone face.

Taste test ice cream measured consumption

Vohs & Heatherton (2000) *PsychSci*
Depletion ruins your diet

Vohs & Heatherton (2000) *PsychSci*
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Intuitive System vs. Rational System

Which of these two equally-priced air conditioners would you buy?

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
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</thead>
<tbody>
<tr>
<td>Energy saving</td>
<td>80</td>
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<td>Durability</td>
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Hamilton et al. (2013) working paper
Intuitive System vs. Rational System

Relative Choice Share of Brand A

<table>
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34.2%
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@ColinShaw_CX
Which center circle is bigger?
Rational System
Controlled, on & off, self aware, ‘thinking’

Intuitive System
Always on, instant & automatic

Stanovich and West’s 1999,

- It’s obvious
- It’s clear
- I just know this is right...
- My gut tells me....
- All my experience tells me I should do this.

- I have been thinking...
- I need to think about it...
- Let me sleep on it
- You raise a good point...
- Probably...
- Depends...
Rational System

- Controlled, on & off, self aware, ‘thinking’
- Slow System
- Takes effort, consumes energy
- Serial Thoughts
- Rules based
- Good at precise calculations
- Good at making trade-offs
- Overrides decisions
- Learns & taught

Intuitive System

- Always on, instant & automatic
- Large capacity
- Fast
- Effortless
- Parallel Thoughts
- Associative
- Intuitive & Perceptual
- Good at estimates
- Logs incidences & notes colorations
- Slow to learn

Stanovich and West’s 1999,
Intuitive System
‘Automatic’

How should I pay?

I don’t have to ‘think’ about it.

Use my card

Rational System
‘Thinking’

Automatic/Intuitive purchase scenario...
I want to buy a book on CX

This one looks cheap

Hold on, cheap does mean good! Let's take a look at who the author is etc.

Let's buy this book instead.

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Intuitive System ‘Automatic’

I want to buy a new Go Pro camera for my vacation

Buy the Hero 4, it’s cool!

Wahoo!

Buy Hero 4

Rational System ‘Thinking’

I don’t have the energy to argue with you. Do what you want...

I want to buy a new Go Pro camera for my vacation

Buy the Hero 4, it’s cool!

Wahoo!

Buy Hero 4

Emotional state entering experience Scenario - Customer is tired, distracted, hurried, stressed, multi tasking
Dry Cleaners.....

We do not tear clothing with machinery.

We do it carefully by hand.
Mirabelle’s
Open 7 days a week...
(except Mondays)
Dieting group meets here at 7pm on Thursday.

Please use large double doors at side entrance
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How many, of each kind of animal?
First occasions

Subsequent occasions

Rat brain wave activity
How habits are formed...

1. Cue
2. Routine
3. Reward
Customer habits are everywhere but are we in control?

- Walking past a Starbucks and smelling coffee triggers the habit of buying coffee
- Answering the phone and hearing silence triggers the realization this is probably a sales call and they haven’t connected the agent yet
- Watching fellow passengers gather around the boarding gate of an plane triggers you to stand up and join the line
- Leaving a seat in a public place triggers you checking over your shoulder that you haven’t left anything
- Checking email when you hear the ‘bing’ that you have received a new message (It’s just irresistible isn’t it!)
Marketing in a World of Habits
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Loyalty is a function of memory

Memories can be rewritten…
Experiencing self

Remembering self

Source: Professor Daniel Kahneman
Peak end rule

How much did you suffer?

Patients undergoing colonoscopy reported their pain every 60 sec.

How much did these Patients suffer?

Nobel Laureate
Prof. Kahneman
To move your CX to the next level you need to...

Create an Intuitive Customer by:

• Embrace the 7 Imperatives
  • Embrace Customer irrationality
  • Designing emotional experience that drive value
  • Understating when your Customer minds are in conflict.
  • Understand the cues in habits, design in rewards
  • Embrace the fact that loyalty is a function of memory.
    • Define and design in the Peak and end emotions
Today’s slides & benchmarked self assessment:

www.BeyondPhilosophy.com/Intuitive-Customer-Conference