business bitesize

business breakthroughs in minutes

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Accountants and advisors
for growing businesses

pentlands.ltd.uk
01926 424455

You catch more customers only when you hook into their regular routines...

It's easy to admire the business success of Facebook, iPhone or IKEA.

It's harder to work out what they've done to grow so big, so fast, and with so much customer loyalty.

What if you could learn from their way of doing things? And enjoy some of their success too?

Dive under the surface of these businesses and you see a formula.

Apply the formula and you secure a profitable future for your business.

Ignore the formula and you miss out on greater customer loyalty and win fewer new clients. Ignore the formula and you'll sell less than you could.

In a nutshell

You achieve greater success in your business when you make your customers habitually use your product or service.

Get your customers habitually hooked on what you do and your future is secure.

The power of habit is undeniable

A recent study by Nottingham Trent University asked a group of 18 to 33 year

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olds about their mobile phone usage.

They were asked to estimate the amount of time they used their phones.

Their phones then had an app installed to track their real usage. Real usage was twice as much as they estimated themselves.

In fact, on average they checked their phones 85 times a day, spending a total of 5 hours per day on their phone.

A third of their waking hours on their phone, half of which they were unaware of – on autopilot!

Psychologists define habits as:
"automatic (habitual) behaviours triggered by situational cues"

Or put another way – things we do with little or no conscious thought.

Tee-off with technology

Just 2 years after launching in 2010, Pinterest was named the third most popular social network behind Facebook and Twitter (all three are habit driven products).

Here's a proven solution for your business...

Achieve greater success by applying the **4-phase process** of habit-forming products to your business.

But Pinterest has nothing on Snapchat! From a 2011 start it now has 10 billion habitual views a day!

You'll find more on Snapchat's and Pinterest's stunning statistics in the tools and resources accompanying this Bitesize report.

Not just limited to tech products and services...

You'll have seen the rise of vaping – believed to be a less harmful form of smoking. A new habit-forming product.

Do you have a Nectar card in your purse or wallet? Or the Tesco equivalent? Or any other loyalty card? What about a credit card?

All hook into habitual behaviours.

Let's see how you can make habit-forming products pay off for your business.

The 4-phase process of habit-forming products...

TRIGGER an *ACTION* (1 & 2). The action delivers a *REWARD* (3). Then an *INVESTMENT* (4) reinforces the process.

In his excellent book *'Hooked – How To Build Habit-Forming Products'* – **Nir Eyal** has distilled many years of research and real world experience into 4 phases.

This 4-phase sequence gives us an X-ray view of the success of Nescafe, Pinterest, Facebook, IKEA, Twitter, Candy Crush, Amazon, Instagram and more.

We're hard-wired for habit!

Language habits. Decision making habits. Driving habits. Brushing your teeth habits. Buying habits.

Research suggests that we humans spend between 50% and 90% of our waking lives on autopilot. It's unavoidable.

So it pays to build habit into your products and your services too.

Make your products habit-forming products too

Habits are not created – they're built upon an itch that needs scratching.

Like a pearl is built layer upon layer on a small piece of uncomfortable grit in the oyster.

No grit, no pearl.

A habit won't form unless you get an initial (and then a repeating) action.

1. Use TRIGGERS to get started...

All habit-forming products start with external triggers:

"External triggers are embedded with information, which tells the user what to do next." – Nir Eyal

An advert, an email, an iPhone app icon, a recommendation, a push notification – these are all external triggers. There are four types of external triggers you can use:
a. Paid triggers
b. Earned triggers
c. Relationship triggers
d. Owned triggers

Vaping and coffee, habit-forming products hook into habitual behaviours

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You'll find more on these four triggers and the five sources of habit triggers in the online tools and resources – **click the button on the page opposite.**

However, substituting external triggers for **internal triggers** creates a truly habit-forming product.

Instagram starts with external triggers but soon, thanks to sharing photos and lighthearted banter, Instagram also dispels boredom (itch). Instagram also dispels the fear of missing out (itch). These itches become mini, internal, pain-driven habitual triggers that have resulted in millions of regular users.

2. Triggers then prompt ACTION...

You need to manage your customers' ability to act and motivation to act. Your goal? To make *doing* easier than thinking.

Your emails get a better response when you have a blatantly obvious call-to-action button – like the Instagram example you'll find in the tools. It's also why Instagram and LinkedIn have endless scrolling for more pictures or more contacts – less action is needed to view more. It's why Tesco make their loyalty card a key ring – it's easier to find and scan.

Making 'doing' easier than 'thinking' means managing the six elements of simplicity as suggested by behavioural scientist B.J. Fogg:

To become habitual your actions must:
· use less time
· use less money
· need less physical effort
· need less brain effort
· be more socially acceptable
· connect with existing routines

Check out the post-it note exercise in the downloadable tools to help you apply these six powerful ideas to your business – **click the button on the page opposite.**

3. After action comes a REWARD...

...a variable reward ideally.

One of the reasons Candy Crush is so popular is that each reward on a new level varies in difficulty. Some are easier, some are harder.

Variable rewards beat predictable rewards hands-down because novelty sparks our interest and makes us pay attention again and again. We quickly get bored of the same old, same old.

Eyal suggests that types of variable reward fuel habit-forming products:
a. Rewards that make us feel accepted, attractive, important and included – *rewards of the tribe* – think Facebook and Snapchat
b. *Rewards of the hunt* tap into our natural built-in need to acquire things – think Instagram and Pinterest and collecting pictures
c. People have a deep desire for competency and completion. It's why you want to empty your email inbox. It's another reason Candy Crush is such a success. *Rewards of the self* is also why Sudoku and other puzzles are so popular

Only by understanding what truly matters to your consumers can you correctly match the right variable reward to their intended behaviour. When you do, you're another step closer to building your habit-forming service or product.

4. Reward is followed by INVESTMENT...

Eyal's research tells us there's lots of evidence to suggest that our labour leads to love. It's why we 'value' our home-built IKEA wardrobe more than it's actually worth.

The stored effort in your iTunes or Spotify account is what keeps you using it, again, again and again.

Even the airlines have 1st class customers investing time/effort in self-service bars rather than waitress service, to hook them into flying with them next time.

TIME TO DISAGREE

"Isn't it a contradiction to create an easy action process but then build effort into the investment process?"

It's a fair question. Eyal suggests that it's very important you make the first action as easy as possible otherwise people won't take it.

Afterwards, in the investment phase, he suggests more difficulty increases loyalty (as long as it's not so difficult that people quit).

"I can see how habit-forming product design works for consumer products – but I sell to companies!"

It's easy to show you the habit-forming process with consumer-facing tech companies like Facebook, Pinterest and Amazon.

The people in companies have habits too – why not work out how you can use the 4-phase process?

Office supply companies are good at getting admin people hooked on variable rewards when they order stationery.

How could you use 'external triggers' in a better way to stimulate greater usage of your service or product?

Could you make your enquiry or quotation process simpler, easier or faster to gain a competitive advantage?

Use the Business Bitesize Support Tools And Resources

to help you make the most of this edition of Business Bitesize – go here: www.businessbitesize.com/pentlands

"We do large one-off projects for people. We don't have a chance to apply habitual process."

With larger projects there are usually several interactions between you and your customer.

What triggers and actions could you build to make the processes habit-forming and prompt your customers to recommend you more?

"Designing products to hook people sounds morally bankrupt!"

It's a valid argument. If you mean to do people harm then you'd be morally bankrupt in the pursuit of habit-forming product design.

Like Eyal says, addictions are self-destructive. However, habits are not always self-destructive and can be healthy (although some are unhealthy too of course!).

"Please tell me more"

A great next step is to get your hands on the book that inspired this edition of Business Bitesize.

The ideas in Eyal's book are simple and too powerful to ignore.

It's why the founder of 'WordPress' (the world's most successful website platform) says about the book:

"Hooked gives you the blueprint for the next generation of products. Read it or the company that replaces you will" – Matt Mullenweg

Want more? See some examples and try some exercises to make more of 'Hooked' – check out the downloadable tools here...

HOOKED

How to Build Habit-Forming Products

NIR EYAL
WITH RYAN HOOVER

Get Your Bitesize Support Tools Now

Your feedback is important to us. We'd love to know what you think of this edition of Business Bitesize and how you use it or plan to use it. Also we'd welcome your suggestions for future editions of Business Bitesize. To give us your thoughts please use the simple feedback form here: www.businessbitesize.com/pentlands

4 helping hands for you…

Learning and using the 4-phase process can improve the sales and repeat sales of your products and services. It can help you build your network of customers, build profits and build capital value into your business.

On the other hand. Allow your competition to get ahead of you with the science of habit-forming products and you run the risk of losing out in a big way.

1. **Put external and internal triggers to work for you**
2. **Make customer actions simpler and easier for them**
3. **Use variable rewards that match their behaviour**
4. **Then work out how to get customer investment**

ULTIMATE ARGUMENT:

"How do I know the 4-phase process of habit-forming products will benefit me and my business?"

The fastest growing and most successful businesses of the 21st century are using the science of habit-forming products.

Assess your products or your services against the 4 parts – Trigger; Action; Reward; Investment – use the downloadable tools to help you.

STOP leaving your business success to chance by avoiding the power of habit-forming product design.

START using external and internal triggers to make using your product an automatic behaviour by your customers.

The 4-phase process of habit-forming products helps you avoid average results...

Facebook, iPhone, Snapchat, Amazon, Tesco, IKEA, Pinterest and many more of the world's fastest-ever growing and largest-ever companies use the 4-phase habit-forming process. Shouldn't you test it too?

1. Work out which EXTERNAL TRIGGERS you can use, then work out how to connect with INTERNAL TRIGGERS to prompt more customer action...

Like Mars did with their 'Paid Trigger' advertising slogan – 'A Mars a day helps you work rest and play.'
Like Facebook and Twitter have connected with the internal FOMO trigger (fear of missing out) and not being in the tribe.

2. Make ACTION easier than thinking using clear and obvious commands...

3. Instead of predictable (boring) rewards, work out how to provide VARIABLE REWARDS for actions taken

Work out which variable rewards work best for your product or service and your customers – rewards of the tribe, rewards of the hunt or rewards of the self.

4. After simple, easy to action and variable, relevant rewards, now work out an INVESTMENT that further hooks customers

How do you adapt what iTunes, Twitter, Facebook and LinkedIn does to get users to invest time and effort into profiles, content and invites?

Find out more by downloading the support tools and resources from the URL link in the box below. And why not get Nir Eyal's brilliant book for greater insight for the success your business deserves?

Your next steps:

Whether you run a technology company or not, the 4-phase process of habit-forming products can help you get better results for your business.

Trigger, Action, Reward, Investment provides you with a brilliant 4-part sounding board to judge your products.

Use the habit-forming insights to filter out bad ideas with low-habit potential.

And use the habit-forming framework to find ways to improve the habit-forming nature of your existing products.

Start by working out how to trigger your customers' behaviour...

The 4-phase habit-forming process starts with external triggers you control.

Make your external triggers relevant enough and you're on your way to habit-forming success.

More tools and information for you:

As well as the steps on this page, use the insights, stories and tools by downloading the supporting resources at the URL link below.

YOUR SUPPORT TOOLS ARE HERE: Go to the link below and you'll find a selection of practical support tools to help you work out how to apply the 4-phase process of habit-forming products to your business.

Find the support tools to help you here - www.businessbitesize.com/pentlands

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