Twitter Thread by Vedika Bhaia



Vedika Bhaia
@VedikaBhaia



I took Ogilvy's course on Behavioural Economics and Comsumer psychology.

Here are the 10 important theory's I learned from it which you'd be a fool to miss out on:

Loss aversion theory:

The negative psychological impact we feel from losing something is about twice as strong as the positive impact of gaining the same thing.

Finding ■100$ would makes us happy
Losing ■100$ would makes us 2X unhappy

Sentence Framing:

The way you frame your sentences is very important. Make them forget about the negative thing by reiterating something which might be positive. We have a stronger bias for things that sound positive.

10% chance of death Vs 90% chance of survival

Goal Gradient Hypothesis:

Humans are hardwired for instant gratification.
as people get closer to the reward, they speed their behavior. So, reward people sooner instead of later

eg: Don't make a goal of reading 52 books a year, make it 1 chapter per day.

Mental Anchoring:

It's the phenomenon where our decisions are heavily based on the 1st piece of information we receive, regardless of whether the information is relevant or not.

Make the first piece of information powerful.

Defaulting:

People tend to stay with the default settings.

Case 1: When people had to opt out of being organ donors- very few people opted out
case 2: When people had to opt in - very few people opted in.

Simply changing the default setting made a drastic difference.

Scarcity:

Companies make limited edition products to drive sales even though they can make the SAME product in abundance

One way of encouraging customers to buy their products, is FOMO. If they didn't buy now they might not get a chance later

Example: Limited Edition Sneakers

Pain of Paying:

Just thinking about money can make you experience a kind of physical pain that stops you from spending

eg: Removing the currency dollar in the menu increased the average spending by 12%
eg: Starbucks launching a membership card

Ikea Effect:

When you sell something where the person has to assemble the item at the end, we put higher value to the things we help create

Eg: Subway Sandwhich Vs McDonalds

TLDR; for the lazy folks

1) Loss aversion theory
2) Sentence framing
3) Goal Gradient Hypothesis
4) Mental Anchoring
5) Defaulting
6) Scarcity
7) Pain of paying
8) IKEA Effect

(This is all that I could fit lol)

I'm thinking of making more threads, give me ideas for what you'd like to see.