

MAF: [00:00:00] Welcome back to Behavioral Science for Brands, a podcast that bridges academic insight and practical marketing to help you grow your business and your brands. Every other week, Richard and I sit down and look at some of the country's best businesses and the behavioral science that's helping power them.

I'm Michael Aaron Flicker. And I'm Richard Shotton. And today we have a treat. We're looking at 11 Madison park, one of New York city's fine dining establishments that has used behavioral science to propel its success. Let's get into it. So Richard talking fine dining establishments is not our normal.

Course, let's say what we do, but you and I have a firm belief that we can learn from almost any business and 11 Madison park is really a unique example of a business that's reached way beyond what would normally be happening inside a restaurant to [00:01:00] distinguish itself when massive accolades and increase its value pretty dramatically.

RS: Yeah, it's. Been amazingly successful and luckily for us, the co owner has written a book about how they achieve that success called Unbelievable Hospitality. So rather than us speculating on some of the tactics, we've got some firm evidence from the owner himself.

MAF: Yeah, so our goal today will be to reveal some of the highlights from unreasonable hospitality.

Talk about how they were used at 11 Madison Park and then as always, we'll look to expand it for how everyone can use it in their business or in their brands and hopefully drive some new innovative thinking along the way. So let's set the stage. 11 Madison Park is known 20 years ago as a fine dining restaurant in Manhattan, and it has always been known for its meticulous [00:02:00] attention to detail, a really great dining experience and it.

The pair that we're talking about, Chef Daniel Hulme and Will Gadara, began working there together in 2006. Gadara is in charge of the front of the house, and the chef, Daniel Hulme, is in the back of the house. The pair eventually buy the restaurant in 2011. And they start to really transform what was already a great base into one of the best restaurants in the world.

So they went from being a restaurant in the late 20 aughts from a fixed menu, seven courses for 85 to today. Being a 10 course restaurant for 365 a guest pretty massive change in positioning and in what they're offering in, let's call it

15 to 20 years. Um, and Peter Wells from the New York Times in [00:03:00] 2015 stated this restaurant tries as hard as any.

I know to bring delight to the table with every course it succeeds so often. That only the most determinedly grumpy souls could resist and i think this really perfectly captures what we're gonna talk about today which is yes the food in the preparation is essential to operating a restaurant that ultimately becomes one of the best restaurants in the world but there's more to the story than that and this idea of unreasonable hospitality is at the center of what was happening.

Um, and, uh, And what we want to focus on is godera had something he called the ninety five five rule ninety five percent of the time they manage their business down to the penny. The other five percent they spent foolishly is his quote and restaurants are notoriously low margin businesses so [00:04:00] knowing exactly your cost of goods exactly the the amount of money it takes to get something done at the level you want it is critical to the success.

Um, but spending lavishly creates moments in that 5 percent that people will remember. And we're going to talk about the behavioral science behind that. So he gives one example. He said on a normal course of a wine pairing, you might have four wines. And if it was 125, you might divide it equally across all four wines.

But in their example, they spend less on the first three wines. So they can have a really. Amazing wine is your fourth wine. So we'll dissect that. We'll talk a little bit about the behavioral science. It's powering that, uh, coming up, uh, and the second thing that they talk about an unreasonable hospitality is something they called their dream weavers and their dream weavers were charged with taking [00:05:00] Experiences at the restaurant and making them extraordinary.

And that was a combination of listening to conversations that were happening at the table and doing some pre research on those that had reservations. So they had an idea what people might like. I'll give a few examples and we're going to go into it in more detail. Swan shaped napkins for someone they knew as a swan enthusiast.

Tiffany champagne flutes for couples that were getting engaged. A plated 2 street hot dog with Michelin level garnishes for tourists who were overheard lamenting that they didn't get to try a New York City hot dog. Ready made gifts for tourists that have come to the city, like a map of New York City, and on and on.

We can give more examples. Um, so let's dive into it. There's a lot happening here that has helped make unreasonable hospitality such a, like, such a big idea. [00:06:00] Where does it start for you?

RS: I think the central behavioral science insight The overlaps with what we'll get our has done is the idea of the, the, the peak end rule.

So this is a study goes back to 1993 by Donald Radel Meyer and Daniel Kahneman. And essentially it's the idea that when we remember an experience, we don't, uh, remember the average, um, positivity we felt we are much more influenced by two moments, the final moment and the single peak moment. So their study was in a slightly weird area, it was in colonoscopies, and for the study they give I think 600 plus colonoscopy patients, these are genuine patients going to the operating theatre.

They're in the

MAF: operating room.

RS: They're given a handheld device, buzzes every minute, and when the device buzzes, the patient has to turn a dial on the device to score their level of pain from 0 to 10. A standard colonoscopy lasts roughly a quarter of an hour, so they get [00:07:00] 15 in moment ratings. These are from what they call the experiencing self.

They then get some more ratings after the operation. So when the patient is leaving the hospital and two months after the event, so they have 15 ratings from the experiencing self and now they have two ratings from what they call the remembering self. The expectation before they did this study was that those two groups of numbers should be roughly the same.

So the average. Rating during the, uh, operation should be reflected in what people remember. Sure. But that is not what happens. The psychologist found that the average pain level was only a pretty rough guide to what people remembered. What was a much better guide, what was disproportionately important was those two moments.

The single most painful moment, what they called the peak experience, and the final moment of the operation. So sensibly enough, [00:08:00] the psychologists called this the, the peak end rule. And it's the argument that if you want to create positive memories, don't try and make every moment of the experience a little

bit better, sacrifice so you can put more money, more creative energy into one or two standout moments.

And that is exactly what Godard is doing with that wine flight example. Rather than four good wines, he gives people three quite good wines and then one exceptional wine and all the psychological evidence is the people that have that second approach because. You've got one standout moment and you've put it at the end of the experience, they are going to be much happier when later on they're talking to their friends about the restaurant when they're thinking about whether to go back, back again.

So I love this idea that someone who, as far as I can tell from reading the book, has [00:09:00] never studied behavioral science, never studied psychology. He hasn't come to this principle through academic, um, test and control experimentation, but. He deals with hundreds of people every day. He's obviously very attuned to, um, what resonates and through all his experience, he has come to exactly the same finding as what Kahneman and Rademeyer discovered in more controlled circumstances.

MAF: So it's interesting to think about how he makes this memorable experience. Interestingly, in the Kahneman study, they see it at the peak and at the end. And what Gadara has done is he's put the peak at the end. Do you think that that had an even bigger effect? Do you think maybe not?

RS: Yes, it's certainly if you look at studies from psychologists which try and test the peak end principle in commercial settings, the end has a [00:10:00] disproportionate importance.

So I've sometimes had pushback and say that, oh, you know, you can't evade them, it's on colonoscopies, you know, this is irrelevant, I sell ice cream or cars, what the hell has a colonoscopy to do with me? But studies and findings. In the world of conoscopies are repeated in far more commercial settings. So there is a 2008 study, uh, Amy Doe, uh, I think she was at Dartmouth.

She recruits people with a little white lie. She says, um, here's a charity raffle ticket. Do you want to buy it? And the prize if you win is some DVDs. And the twisting experiment is actually everyone who buys a ticket wins. So they buy the ticket a week later, Doe contacts and says, you won the raffle.

Here's your DVD prize. And sometimes she sends out great, highly recommended, highly, uh, positively reviewed films. Sometimes [00:11:00] she sends out mediocre films. So the people who get the highly recommended film,

they're much happier with their prize than the people who get the mediocre DVD, just as you'd expect.

The next bit of studies, the clever bit for some of those people, she follows up with the other type of title. So if you've got a amazing film to begin with, you are given a mediocre film as your second title, the people who got the mediocre film, some of them are given a brilliant title at the end. So everyone is getting the same DVDs.

It's just the order that's that's changing. And what she finds is that people who end. With the better DVD, when they are asked to rate how happy they are with the prize, there is a, I think it's a 15 or 20 percent higher rating than those who got the best film at the beginning. Mediocre one at one at the end.

So absolutely the. End of an experience is, is crucial in shaping [00:12:00] people's memory. That's fascinating because most businesses don't focus on the final moments of experience. And think about a luxury restaurant. You go in, people make a massive show of welcoming you and, uh, making you feel at home when you leave.

You pay the bill, that's a pretty bad experience, and then you're chucked out into the cold. Unless you go to great efforts, often, many companies have the worst parts of the experience at the end. So, the argument from Gadara, the argument from Kahneman, Rademeyer, the argument from Dami Do, would be, yes, make a good first impression.

Psychologically, it's more important to end on high.

MAF: Right, right. So, there's, there is reason to believe that the way Gadara did it, Combining it at the end with putting all those chips where there is statistically the best chance they're going to remember it. We've, in a previous episode, talked about a [00:13:00] hotel in California that has a popsicle hotline.

And the way it goes is, if you're out by the pool and it's super hot. You could pick up the phone and they'll deliver you popsicles anywhere you are at the pool.

RS: Yeah.

MAF: And this is an example of a, um, an experience that they may not have the money to do a lot of special things, but they're known for one really great thing.

RS: So there's a great book called the power of moments by the Heath brothers where they talk about that magic castle hotel example, and I think you're exactly right in the implication, which is most marketers, if they are creating custom experience, they will split the experience into 20 different elements, and then they will try and make each of them a little bit better.

But if you have a finite budget and you spread your creative thinking time or your money across multiple things, you fritter away that effort with minimal impact, according to Kahneman, radar [00:14:00] wire. What you should do instead is be prepared to sacrifice some of those elements so you can afford to make one standout moment.

So let's say the popsicle hotline budget and making up is 10,000 pounds a year. Well, sacrifice that on. Refreshing the paint job on the hotel slightly less often don't give people fancy uniforms and make up that money by sacrificing elsewhere until you build up a large enough pot to make one truly standout moment and that is more likely to create a positive memory than lots of quite good things.

MAF: Yeah it's the difference between being exceptional at something and being average at everything.

RS: Yeah or exceptional and quite good at everything.

MAF: Very exciting. So let's go into break. And when we come back, let's talk more about how Eleven Madison Park has used behavioral science to power their success.

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MAF: Welcome back to behavioral science for brands, a podcast where we take academic insight and practical marketing to help you grow your brand and your business. Today, we're talking about 11 Madison park and Richard, as we've been talking about a little bit, Madison park, we kind of zeroed in on the idea that could dare I had to make this really.

the peak end rule come to life. Um, but there's more than just helping to have a really great end of an experience at a restaurant. There's more to it than this.

RS: Yeah. The other thing that's super famous for is these dream weavers. So it was the [00:16:00] idea that the waiters and waitresses should listen to conversations here.

Uh, something interesting, like, you know, you mentioned that, um, couple who had failed to get a hot dog. They would then go and tell the. Chefs or they would go and tell this team of people to design to, to, to, to create a response, create a magic moment based on that. That's how they started, but I think they realize that if you just rely on people being very attuned to a conversation and a throwaway comment on lamenting, not having a hot dog,

MAF: It can happen every once in a while.

RS: Exactly. This is a one in 10 visits, one in a hundred visits. What you need to do to actually affect. On a large scale is to systemize the approach so they would have preplanned special peak moments. So for example, they prepared maps of New York like unique maps of New York, which would highlight hidden gems.

And if you were a couple in your [00:17:00] twenties there, it might focus on craft beer places and art galleries and great nightclubs. If you're a tourist in your fifties, you might get completely different. So selection, but they, they categorize visitors into lots of different groups. So they would always have something ready for the type of person you are.

And I think that that idea of moving from rare moments of excellence to systemizing it is something more businesses should think about because an awful lot of customer inter interactions will follow a certain template.

MAF: Yeah. And the point is that if you systematize it, you can. You can plan for it and you can make sure it has the impact.

You could also measure it. Whereas if it's opportunistic, it's very hard to know if you're delivering on the business imperative.

RS: Yeah. And the second way they, uh, systemized it was they didn't just rely on. Existing staff members deliver these moments of magic, the waiters and waitresses would [00:18:00] listen out for queues, but then there were, I think, two people specially employed just to create these magic moments.

So you mentioned they found out someone was a swan enthusiast, well, there was a person who was skilled enough to make swan napkins for when they returned from the toilet, so they set in place the right staffing. You know, people who are dedicated to those peak moments and also pre prepared peak moments.

MAF: So it strikes me that all of this could get pretty expensive. If you're a 300 plus per person restaurant, you can employ two dream weavers to make these magic moments happen. And Tiffany champagne flutes sound very expensive, but the message we'd like to focus on is. It's not only about the expense. It's in fact, not primarily about the expense here.

RS: Absolutely. I think that's, that's a really good point. The creating one of these peak moments doesn't have to be expensive. It has to show that you have [00:19:00] been listening and you're considerate to the customer. My favorite example that. gives in the book is actually not Levin Madison Park. He talks about an estate agent because what estate agents often do at the high end luxury and or even a reasonable sized house purchase is finish the process with a gift.

And what most estate agents will do is give a bottle of champagne. Now that's expensive, but it doesn't show any personalization or consideration. Gadara talks about, um, the better estate agents would. Over the time they've spent with the customer pick up something specific that they were interested in and reflect that back in the gift and it didn't have to be any more expensive than the champagne in fact the most impressive example he has is a couple were leaving in their fifties they've had a family house.

They're downsizing and they've moved to a smaller [00:20:00] house. And the estate agent was responsible for kind of both ends of the sale. And she knows that the new buyers of the original house are going to renovate it and knock loads down. So she talks to the new buyers and says, can I have the door jam? And this door jam is then wrapped up in a lovely bow and left in the.

Uh, couples, you know, the older couples, new house. And the reason that's so moving is it was the door jam where the couple for 20 years, it'd be marking the height of their, their children. Now that isn't costly, but what it did take was effort and, and consideration and personalization.

MAF: Yeah. And at the end, when we're trying to move a motion of people, it's the connection you make with them that matters most.

It's not being overwhelmed that I spent so much on a restaurant and they spent this percentage back on me. It's that they cared, that they listened, that they

[00:21:00] created, it. More than just a dinner, they made it an experience. So what we're trying to unlock here is that every business can find their own way to make it an experience for their customers.

RS: Yes. And knowing that it doesn't have to be pricey means that this opens it up even to low margin businesses.

MAF: Yeah, because when you're in competition, let's say even especially in a low margin business, the competition is tight. And so the peak and the, the thing that you can use to distinguish yourself, especially if it's low cost can really be the difference.

It's something that's a commodity or very low margin business

RS: absolutely

MAF: you know the other thing that strikes me about the conversation we're having is that there's a benefit to the brand immediately that if the pecan rule exists there's something more positive that the customer is taking away. But the knock on effect, what like Google would call the third moment of truth, when you [00:22:00] share that experience with others feels more authentic and more real when it's a thoughtful, creative, um, uh, surprise and delight moment.

RS: Yeah, I think that's, I think that's fair. Firstly, that moment of sharing. You're not going to share 10 quite good things. You'll say share one excellent thing. So there's, there's an extra reward to focus on the peaks rather than improving every metric. And then secondly, your point of thoughtfulness and creativity are easy to share without reflecting badly on the sharer than an expensive gift.

If you go to a hotel and it's super luxurious and there's a 50 foot vestibule and gold taps. If you start posting about that, you look like a. Uh, but if there's a Popsicle hotline, you know. It's easier to share that moment without looking like a shaft, because what you're focusing on is a wonderful piece of [00:23:00] creativity, not look at me, how rich I am.

And I wonder if focusing on low cost, but high creativity peaks is more effective at creating viral moments than high price, low creativity peaks.

MAF: And in that way. We're, we're, we're trying to create a mindset for our listeners that you can create special moments that not only improve the perception of your brand amongst the person you did it for, but have a virality

effect amongst those they share about and tell about you and I, before we got on camera today, took that to the 11th degree or the nth degree.

And we said, is this sustainable forever if you make swan napkins and then you make. You know, champagne flutes from Tiffany's a regular gift. Does it become something that's not sustainable? And so we were talking about, if you're going to do this.

RS: Yeah, I [00:24:00] think that is a really fair challenge because one argument would be, um, a good experience is when the experience surpasses the expectation.

Yes. If you're a luxury restaurant and. All things being equal, most people come to a restaurant with the set of expectations of your competitor sets. All you have to do is beat your competitors. If you become world famous for giving legendary, uh, hospitality, you are setting people's expectations so high, it's very hard to ever beat them.

So maybe the learning from that is be careful about publicizing them and We've talked about PrEP before, who randomly give out uncertain rewards. I think they made a mistake in publicizing that. Arguably, uh, Gadara maybe has done a great service to marketers by writing [00:25:00] unreasonable hospitality, but maybe he's also made it harder for Eleven Madison Park to continue its place of being received as an amazing, amazing hospitality, piece of hospitality.

MAF: Because once it's no longer, um, A peak and rule that feels yeah, that feels just in the moment, but it feels like you expect it with every dining check. Then it becomes hard to keep that going.

RS: Absolutely.

MAF: Yeah.

RS: And maybe it's not a coincidence that he has now left the business. He's writing about the amazing customer service, 11 man and park.

If he was still there, he might be loath to do it perhaps because you do not want your audience going in with. Unreasonable expectations. Uh, because then how do you, how do you beat those?

MAF: And maybe that was part of the reason they systematized it and had planned gifts that they were ready to give at a moment's notice.

And then from there it gets, uh, it continues. The point for [00:26:00] us in dissecting 11 Madison Park is to ask, what can we learn for our businesses and for our brands? And I think there's a lot to take away, even if you never take it to the nth degree when you're that's what you're known for

RS: yes i think you're absolutely right and if we if we summarize with our kind of three learnings i think the first is the final moment of your customer experience disproportionately important to remember the.

Amy Doe experiment. Remember the, the Kahneman study, too many businesses focus on making a great first impression, whether it's a pitch or a restaurant or a conference, and they don't put enough attention into how they end on a high, the second point from the peak end rule is the peak part, which is if you want great.

Brilliant memories, don't do everything quite well, sacrifice some moments so you can focus your creative energies. You can focus your budget into creating one standout moment and that [00:27:00] will create positive memories much better. And then I think the final part is that dissection of what Eleven Madison Park did in terms of don't rely on chance to create positive moments, systematize them.

And also. Don't reject this idea of peak moments by thinking they have to be expensive. Some of the love, the best examples are priceless ones like the disdain agent on that, uh, Georgia.

MAF: So when you think about a peak and experience you've had, is there a thing some brand has done some experiences had that's really made it that special for you

RS: back in the 1980s?

Uh, Even when, before motorway service stations were as widespread as they are, uh, and far more travel was done on the A roads, there was a chain of restaurants called Little Chef. Okay. This is quite a basic restaurant. You [00:28:00] go in, chips and beans or steak or whatever. The thing I can remember stopping there more than 40 years ago is as a child, if you cleared your pay.

When your mom and dad paid, the staff would give you a little chef branded lolly. And that is 40 years ago. I can't remember many restaurants, but I can remember the little chef lolly. You know, it's hard enough to get people to

remember things 10 or 20 minutes later. So that to me is an amazing example of the peak end role in action.

I can still remember this restaurant 40 years, 40 years later because of a. Pretty cheap, very appreciated, lolly, at the end of the meal.

MAF: It's so funny that you chose that example. Uh, there's a diner near where we live that, um, the woman who, in a diner in America, you eat your meal. And, but instead of paying at the table, you walk up to the exit to pay.

RS: That's what I think he did a little chef as well, actually. [00:29:00] Which is, which is actually, I hadn't thought that moment. That's pretty rare. It's pretty rare in America

MAF: here too. So you go up to the front and it's always the same woman working on Sunday mornings. And she asked the kids, did they listen well during the meal and if the answer is yes, they get a little cookie pastry, which is clearly from the day before bakery run.

But man, do they want to go to that diner every week? And that, you know, that reward, it's, it's almost better than the pancakes.

RS: And, and, and cynically. Uh, we talked about the problem of creating massively high expectations. The great thing with children is they're easily pleased with a bit of sugar on a stick, a loll, a lolly, or a a

MAF: cookie at the end of the day.

Totally. Well, that wraps up today's episode, Richard. If you found value in today's discussion, please follow us on YouTube or leave us a comment. That helps us reach more people that [00:30:00] would have the same interest you do. And for more in depth content, go to the consumerbehavioralab.com where we have today's episode.

All of the show notes and the full transcript to help you go deeper into the material that we had also feel free to follow us on linkedin that's where we post our most recent information and you can follow us in between episodes and until next time i'm michael iron flicker

RS: and i'm richard shopton

MAF: thanks for tuning in we look forward to bringing you our next episode the week after next.