Ep 126 - Inside Influence Part 2: How Cialdini's Principles of Social Proof, Scarcity, and Authority Shape Consumer Behavior

MichaelAaron Flicker: [00:00:00] Today we're kicking off something that I've been excited about for months over at the Consumer Behavior Lab. Richard and I have been diving deep into Robert Cialdini's Influence, a book that has shaped how a generation of marketers think about persuasion, all in preparation for our conversation with Dr. Cialdini himself. But rather than jumping straight into the interview on the show, we decided to do things a little different. We went back to his book and all his original research, and we've created three full episodes unpacking what we believe still matters most to marketers and business leaders today.

These three episodes will come out every other day this week, and then next Monday, we'll post our conversation with Dr. Cialdini, where we pressure tested our ideas, where we explored what we got right, and where we still had more to learn. I hope you'll join us for this journey. I think it's some of the best work Richard and I have [00:01:00] done together.

The show is now live in the comments below. If you have a chance to listen, I'd love to hear what you found interesting and maybe even what was surprising. Thanks so much for listening.

Welcome back to Behavioral Science for Brands, a podcast where we bridge the gap between academics and practical marketing. Every week, we sit down and go deep behind the science that powers great marketing today. I'm MichaelAaron Flicker.

Richard Shotton: And I'm Richard Shotton.

MichaelAaron Flicker: And today, we're continuing our three-part miniseries entitled Inside Influence.

Let's get into it. So Richard, we're back for part two of Inside Influence series, and I have to say getting the first episode out, hearing what people had to say it really feels good to be in market talking about this great book. And the fact that it, the first episode came so easy, [00:02:00] people liked it, just, it feels like Cialdini's work has this unique ability to be incredibly intuitive, and then the deeper you go, the more you realize how much nuance and value there is in what he's talking about.

Richard Shotton: Yes. Oh, I think all behavioral science has this wonderful evidence base. What's so great about Cialdini is he connects the dots for listeners. He doesn't just talk about the academic studies, he also talks about the very practical implications. And frankly, for most people, that's the most important thing

MichaelAaron Flicker: Yeah.

And for us doing this miniseries is actually pretty special. When we wrote Hacking the Human Mind, we were lucky enough to have Dr. Cialdini read it and share a few words with us. Without without going too far, I thought I would read for everybody his words about our book. "Superb marketing is [00:03:00] both an art and a science.

I know of no better proof than the engaging and illuminating content of this book. It's a book I couldn't put down." And I bring it up because it's not just a proud moment for you and I, it's because in his quote about our book, he brings up this idea that marketing sits at this intersection of art and science, and that's exactly what we're trying to unpack every time we sit down, and what we're trying to talk about in this specific series, that these principles aren't just theories, they're tools, and it's how you apply them that gets really interesting.

Richard Shotton: Yeah absolutely. Oh, sorry. Ab- absolutely. It's a it's a great honor. Like one of the first books I ever read when I got interested in behavioral science, it'd just come out, which was I think his book with Steve Martin called YES. So absolute formative influence. And then secondly, completely agree with that point about it being an art and a science, that [00:04:00] you, there's a real value on learning about behavioral science experiments because they tell you powerful insights into human nature.

But if you wanna get the most out of them, I think you've gotta stop behaving like a scientist. You shouldn't just take the experiment and force feed it on your comms. Once you've got the insight, you then need to use your lateral thinking, your creativity to get the most out of it, in- interpret them reasonably loosely and that will often end up with the best intervention.

MichaelAaron Flicker: So in today's episode, we're going to go into some of the most visible principles in Dr. Cialdini's toolkit. We're gonna talk about social proof, authority, and scarcity. And these are ones that many of our listeners will likely have heard, maybe they have some insight into, but we think if we go just a little bit deeper, there's things that people can get massively right and sometimes [00:05:00] massively wrong about it.

So we're gonna go through these, we're gonna talk about them, and hopefully everybody can get some good learning, and we'll have some good conversation along the way. So let's start with social proof, shall we? Yeah.

Richard Shotton: Yes. So social proof it's one of the most strongly evidenced principles out there.

A lot of experiments supporting this idea that if you make a product or a behavior look like it's popular, it will become more appealing, and then more people are likely to adopt that behavior. So if something looks popular, it will become more popular still. Now, we talked about this in one of our earliest episodes the Aperol episode, which I think was ep- episode number three.

So if people wanted a a deep dive and some different experiments, that's worth listening to. But before before that, it might just be worth giving some of the evidence. And a study that I don't think we've talked about before is a 2009 study from Hanmin [00:06:00] Fang, who's at Duke University, and he tests the power of social proof in restaurants.

And what he essentially wants to know is what happens if you highlight a dish as being the most popular. So he works with this chain of Sichuan restaurants, and across two weeks they change the menus. So sometimes five dishes are just highlighted, other times those five dishes are highlighted and labeled most popular.

And what Fang finds is that in the control 13% of the dishes ordered are from that group of five. But when social proof is tested, it goes up to 18% of dishes being ordered fall within that five. And we've got a 54% improvement in the- Sure ... in the volume of ordering based on this idea of if you make something look popular, it is often a much, much more effective way of changing behavior than just [00:07:00] making a logical argument about why people should buy these things.

MichaelAaron Flicker: And it's almost there's a need for folks when they're in certain situations to look to others to get grounded and to feel like they know maybe what the normal thing to do or the right thing to do is. And that's a little bit of the nuance of this study, right?

That the fact that the social proof message was most effective among people that were new to the restaurant really made some big difference. Can you talk a little bit about that?

Richard Shotton: Yeah, absolutely. This is an argument Cialdini makes. So in the particular study, all customers, all customer groups were more likely to order the dishes if they were labeled as popular.

But the customer group where there was the biggest effect were first-time visitors to the restaurant. So there's [00:08:00] this argument that especially in situations of uncertainty, social proof is a powerful influence on behavior. 'Cause often we know we don't know, and therefore we look for guidance. And one of the most powerful ways of coming to a reasonable decision is to look at what most other people are doing.

Because frankly, if you listen to what the restauranteur tells you, there's a little danger to doing that. If the restauranteur says- ... "Oh, you should definitely buy the fish," it- they've got a profit motive. Was that fish about to go out of date? But we assume the crowd have tried to weigh up the cost and benefits of each option, and they've neutrally come to a decision that these five items are particularly good.

So we often give the crowd more weight than the argument of the restaurant or the brand.

MichaelAaron Flicker: In fact, Cialdini's quote that we pulled from his book says If a lot of people [00:09:00] are doing the same thing, they must know something we don't. Especially when we are uncertain, we are willing to place an enormous amount of trust in the collective knowledge of the crowd."

Yeah. Exactly to your point. Th- there's, th- this, there's a sense there's wisdom in the crowd, and so if you don't know what to do, you look to the crowd because we think they're more unbiased, because we believe that together, collectively, they must be choosing what would be the best.

Richard Shotton: Yeah, and i- it's not an argument that is a perfect decision-making heuristic, but frankly, people would rather have a quick rule of thumb that gets to an- them to a quite good answer rather than a supposedly perfect way of picking that takes ages.

So there's something very easy for people. Pick the most popular one, pick the middle option. Th- these are ways of making very quick decisions and they're reasonably good, and that's why consumers use them

MichaelAaron Flicker: Yeah, I love that you bring this in at this moment because so much of what we're [00:10:00] looking at in influence are the unknown or the less investigated powers of persuasion.

And so in this one people are less focused on necessarily that everyone's doing the same thing, but they pick up on it, right? And so it gives those of us who are constructing these environments a chance to understand it and decide how we can use it ethically. We'll talk about that a little bit more in the future.

But th- this idea that w- we we understand that it's an influence lever that's happening when people are making decisions.

Richard Shotton: Yeah, absolutely. And it's an influence lever that can be used in lots of different ways. Now, in the Fang study, it is a very explicit use. He puts up a box on the menu saying, "Most popular."

But where I get really excited about the use of these behavioral science principles is often when there's a bit of creativity involved. It's a little bit more of [00:11:00] a lateral application. And there is an amazing, there is an amazing story in influence around a entrepreneur called Sylvan Goldman.

And I hadn't heard of him before, but back in the 1930s, he runs a chain of supermarkets a phenomenally named supermarket, the Humpty Dumpty Supermarkets. Is this a thing in America? Is this still around? Or is this... Okay. No. No, not

MichaelAaron Flicker: that I've ever

Richard Shotton: heard. I would make a trip to America just to go to the Humpty Dumpty Supermarkets.

What a brilliant name. What-- someone should take that and then re- resurrect it. Anyway, he's running these Humpty Dumpty Supermarkets, and what he's noticing is that often people will get a basket, they'll fill it with stuff, but then when it starts getting heavy, they will artificially close their shopping journey.

They'll stop putting any more in 'cause it's just effortful, and they'll end up buying less than maybe they wanted [00:12:00] to. So Goldman actually invents the shopping cart. He comes up with this amazing prototype that you can use as we currently do. The problem, though, is because it was so radically different, no one wanted to use it.

He put up these big signs explaining what the shopping carts were, how they should be used. He left them around the supermarket, but people just ignored them. They just didn't want to do something wildly different. So what Goldman did was pay shoppers. Not-- didn't do this publicly, but he recruited a few shoppers essentially to act as models.

So they would spend the day pushing these trolleys around, just demonstrating- lovely ... The equipment. And once other shoppers saw lots of other people using these trolleys, then they began to use them themselves, and they quickly discovered they were very helpful. So [00:13:00] the shoppers benefit.

Much easier to push a trolley around than a b- carry a basket. And Goldman definitely benefit. Firstly, at Humpty Dumpty, people spent more. But then he started charging royalties to other supermarkets who copied his trolley design, and he actually died with $400 million estate. That is a pretty powerful story of someone making a small fortune or a big fortune using social proof

MichaelAaron Flicker: Yeah.

And it gets to the we started the episode talking about the art and the science of it, and you could see the business problem that Sylvan Goldman feels, and he solves it with the invention of a shopping cart. And that, to me, is where the mathematics end. And if people don't use it, then maybe you would say it was not a good idea.

But the art [00:14:00] of it all, to decide Oh, actually, the deeper problem here is that either it feels like social deviance. Nobody else is using it, I don't wanna use it," or maybe it feels I don't know how to use it," or it, it feels like more of an inconvenience. To model that and y- let social proof make it more normal so that it can get adopted truly a k- an example of this art and science coming together in a really brilliant way.

Richard Shotton: Yeah, it's a nice one. People should be inspired by it, don't think the only way to use these principles is in a very basic pedestrian way. There's so much potential with them, and the, all these anecdotes and stories should be fodder for people's imagination.

MichaelAaron Flicker: Yes, totally. And it gets to this kind of maybe v- simple business takeaway that people can remember when, after listening to the show.

Y- you should show, don't tell. Highlighting the popularity of a behavior is often more effective than just stating the objective benefits of [00:15:00] that action. So if we can bring that to life for people and use the illustration of it it could be very effective. And what we were talking about earlier, should you, y- you, should your customers be uncertain about the right thing to do?

If you know they're coming into a situation where they may not know the right thing to do, social proof could be even more impactful. So if your offering is new, you sh- probably won't be able to state the absolute popularity. So rather than just saying, "This is what you should do," or, "This is why it will be a good idea," if you can imply its popularity by making the behavior you want to encourage visible to others and stressing how it's growing in popularity, that's a good way to get people on board and starting to use it.

Richard Shotton: Absolutely.

MichaelAaron Flicker: So now let's move on to the authority principle. That was the second- Yeah ... of the three topics that we said we were gonna cover today. [00:16:00] Maybe we could start by talking about w- just textbook definition, what is it? Then we can talk a little bit more deeply

Richard Shotton: about it. So it's essentially the argument that the believability, the persuasiveness of a statement is not just based on the logic of that statement, it's also based on who it comes from.

And if an argument comes from an authority figure, so this is a person who can have kind of social status, economic status, maybe a title or some kind of business rank, the same argument coming from those people with authority will tend to be more effective than coming from someone with low authority.

That's the broad argument

MichaelAaron Flicker: And when you hear this idea, it maybe makes sense, right? Like at the face value, maybe say, " okay." authority- [00:17:00] Okay ... C- has a tendency to make people wanna comply, but there's a lot more to unpack here- Yeah ... as we go deeper into this.

Richard Shotton: And what I would say is that most of these biases have a kind of sensible heart to them. So the argument would be that humans are brilliant pattern-making machines. We notice we notice patterns regularly. So we probably notice that people with authority tend to suggest sensible things.

Now, that's maybe why they've got to that position. But once authority and persuasiveness are interlinked, we then start applying it in situations where it's not appropriate, and it's often this overapplication of a sensible idea that is at the heart of many of these biases. So as one example of that, this one's quite close to my heart.

There is a 1966 study by Charles Hofling, [00:18:00] who was at the University of Cincinnati, and he worked with a hotel-- sorry, he worked with a hospital, and he firstly, in the first stage of the experiment, he asked a group of nurses a hypothetical question, and he said to them, "Look, if a doctor called you up on the phone," and by the way, nurses were not meant to take orders over the phone.

" If a doctor called you up and instructed you to give a patient 20 milligrams of this medicine, Astrojen, would you do it?" Now, 94% of the nurses said they wouldn't. They either said, "Look, we're not allowed to take orders over the phone. It has to be done for safety from face to face." Or some of them said, "Wait a minute.

On the side of the bottle it says maximum application 10 milligrams. We can't go and give 20 milligrams." So overwhelming group essentially said they would not be influenced by the higher status of the doctor. They would follow the rules [00:19:00] or they would make sure that the right medical thing was given.

That's the first stage.

MichaelAaron Flicker: Sounds good so far.

Richard Shotton: Yeah. So far so good. This is the kind of thing you want in a hospital. Stage two, new group of nurses and there's a little bit of subterfuge. You were allowed to do this much more easily in the '60s. They would experiment in all sorts of ways.

Now he rings up a group of nurses, he's posing as Dr. Smith. The powers that be at the hospital know this is happening, but the nurses didn't. He rings up the nurses, says he's Dr. Smith and says, "Look, quickly you have got to go and give 20 milligrams to-- of Astrojen to patient Shotton This time 95, 95% of the nurses agree to do it.

Yikes. So hypothetically- Yikes ... 94% of them say they won't do it. When it comes to reality, 95% do it. And Hofling's argument is that we have a tendency to apply, [00:20:00] comply unthinkingly with people who have symbols of authority, even when it's not the right thing to do. That's the key bit. It's not just to state the obvious sometimes we follow authority figures.

It's that we do it even when it's the inappropriate thing to do

MichaelAaron Flicker: It's a double-- It's doubly wrong because, A, they have policy that they can't take the order over the phone and two, or B, they can't... They know the side of the pr- of the bottle says it's double the strength that's indicated for that need.

So th-they're really testing the limit of this idea by doing this. And to me, it's such a lovely example of claimed versus actual behavior. The nurses rightly claim 94% say they would not do the thing they shouldn't do, but when it actually comes to the behavior, 95% do. [00:21:00] Amazing about face. It's almost The numbers are so close, it's easy to remember this one because it's such a big swing.

Richard Shotton: Yeah. Yeah. Absolutely. Absolutely. It's it's a really stark swing, and it quite worrying that an authority or someone with some of the trappings of power can get such a large group of people to do things they're not meant to.

And I think a lot of the 1950s, 1960 experiments were interested in this area, era because it was so close to World War II, and they wanted to... A lot of societies want an explanation of why such a large proportion of the German population were prepared to do such horrific things. I think part of it was conformity.

Everyone else is doing it, and part of it was authority. There are some darker forces there as well about but these... That's I think why so many psychologists were interested in some of these behaviors.

MichaelAaron Flicker: [00:22:00] So we have this really compelling academic study, but we're probably not going to recreate this by pretending to be- Yeah

an authority figure we are not. It's 2026, we're probably not gonna pretend to be Dr. Smith- ... in the same way anymore. So how can we apply this principle today and have it, a-and have it really be useful?

Richard Shotton: There, there are probably some ways we can directly apply this study, but I think you're right.

Not a huge amount. But it might well be, let's say you're about to give a talk. I know what I'm like, I just jump straight into the topic. I wanna get into the behavioral science experiments as soon as possible. But really what this suggests is you've got to take the time to tell people about your authority credentials.

You've got to tell them about maybe university plaudits or sales of books or some type of thing that sets you up as an expert, because the same material will be judged differently depending on whether you've done that or [00:23:00] not. So there are some applications, I think. But I think where the chapter in Cialdini's book gets really interesting is where he moves away from a very strict definition of authority.

How richer people get listened to more, how more senior people at companies get listened to more. And then he moves into kind of other tactics for generating this authority, how you can become an authoritative messenger, and that is the really interesting bit of the chapter. So for example, he talks about how trustworthiness is an important part of being an authoritative messenger, and one of the ways he talks about how to get trust is something called the stolen thunder effect.

Now, we have talked about this before, but we've always referred to a slightly strange study by Kipling Williams back in the 1990s speculative jury [00:24:00] trials. There's a study that Cialdini mentions, which I think is much more practical and easy to understand, easy to apply. So he talks about a 2014 study by Bob Fennies at the University of Groningen, and Fennies recruits loads of people, and he gives them an article about a fictional pharma company called Acumed.

And everyone's article talks about the fact that one of the company's drugs had a sig-significant side effect, so it gave people quite bad headaches The twist in the experiment is half of the participants get an article where that information was revealed by the company. So they actively went out, they proactively told people that their medicine had these side effects.

Half the people read an an article that says the side [00:25:00] effect was discovered by an external inter- investigation, so a third party. So they get these different things. And then a nice little twist in the experiment, after people have read the descriptions and after they've answered a few questions, Fennis says, " actually as a thank you for taking part in this experiment, Escumed have given us some free health scans for everyone that's taken part.

Would you like to take advantage of one?" And then the key bit of the experiment is who takes up this offer or not. And if people had heard that a third party had revealed the problem, 13% take up the offer. But if people hear that Escumed had p- proactively released this information, that number jumps to 59%.

So that is somewhere between a four and a five-fold increase in uptake. It's a massive change in uptake. So this is an example of the stolen thunder effect, and [00:26:00] that is the argument that if, as a brand or a company, there is a negative bit of information which is gonna come out anyway, it is far better to you-- for you to actively tell people.

There's still some damage from that bit of information, but you get the compensatory benefit of because you were honest, everything else you say about your strengths becomes a bit more believable

MichaelAaron Flicker: To me, this happens so frequently in brand management, in corporate work where there are always going to be things that come up, and the question is, do we address it head-on?

Do we bide our time? Do we try to have a third party m- intermediate? But there i- there does become a moment, and usually it's when you're working with a PR team and there's a, there's maybe a crisis or there's something that's coming, where you have to make the call of do we [00:27:00] say it or does someone else say it?

And that's really where this study, in our minds, comes to a head. There's always going to be extra extra benefit by being the ones that break the news and say it first. And i- this study, 4.5X uplift from 13% that wanna use the health cans- Yeah ... all the way up to 59% that say, "Sure." AskUBed, y- they told me about the issues.

Y- your, the sense that they were duped by a third party, that a third party w- b- beat them to the punch, is taken away. And the, and you could just see how that has a lot of outside benefits. And I think when you're working on a brand, it's so easy to forget about what maybe the unspoken other benefits might be.

You're so focused on the issue at hand and how to mitigate whatever the problem is, you sometimes are blind to the other pros and cons that can be affecting that c- should be considered [00:28:00] when you're dealing with that issue.

Richard Shotton: Y- yes, and it- I think at the heart of this is the mistaken assumption as a communicator, especially a commercial communicator, the mistaken assumption that you will be believed.

You list off the benefits of your company and every- and there's this assumption that the audience take that information in, and then their opinion is changed accordingly. But of course most of the information we hear, we ignore or we skeptically discount. If a company, any company tells you they're amazing, the first reaction is, " they would say that, wouldn't they?"

They've got a very strong profit motive to spin the truth. But if any company admits to a tangible weakness, like having a side effect on a previous medicine, if you admit to a tangible weakness, you have proved your honesty, and then everything else you say afterwards, it just becomes that bit more believable.

[00:29:00] So if people accept that their statements won't necessarily be believed, then I think they will see the purpose of stolen thunder. If people mistakenly think everything they say is believed, then why would you bother?

MichaelAaron Flicker: Yeah. A- and it does bring in a close cousin of this, which is the pratfall effect, where we say you can be-- y- the Aronson study that says you will be 45% more likable should you show a small blunder or a small flaw.

These feel connected, this idea that you show a small blunder or a small flaw, you become more likable. In this case, it's a- almost this idea on steroids. You're going to preempt somebody else saying something negative, and you say it yourself.

Richard Shotton: Yeah.

MichaelAaron Flicker: So you get that kind of you get to take away that gotcha moment from someone else, and you get to reveal it in your own narrative about yourself.

Richard Shotton: They're absolutely related. I think it's the same [00:30:00] action, but the biases are m- are measuring different-- the impact on different metrics. So we cover this in the Guinness chapter of "Hacking the Human

Mind," the admitting a flaw. So the famous line we talk about in the Guinness chapter is, "Good things come to those who wait."

So they're emphasizing the flaw- Yes ... of slowness, and- There are multiple benefits. There's distinctiveness. Most ads brag, so you admit a flaw, no one else does, you're noticed. That's the first thing. The second thing is, as you say, the Pratfall Effect. If you admit a flaw, you come across as a bit more likable, a bit more humble, a bit more human.

So you- you've got this boost to appeal. You've admitted a- something that's not in your interests potentially, so therefore you get the credibility benefit. That's the Stolen Thunder Effect. And then there's some really nice work by Gerd Gona, and I'm not sure if everybody gives it a name, but it's essentially a nuance in the Pratfall Effect, [00:31:00] which is you want to be very careful about what weakness you admit, because if you can find, this is the real sweet spot, if you can find a weakness that is related to your core strength, then wow, that is a very powerful thing.

So in the Guinness case-

MichaelAaron Flicker: We've called that the mirror strength. Y- yes. Yes, exactly. So in the Guinness case, slowness, yeah, most people don't wanna wait for their drink at the bar. But they have a very strong association between if something takes lots of time to make, it is higher quality. So slowness is the kind of mirror of the strength of quality.

So we've talked about how this kind of is a close cousin to the Pratfall Effect. I was thinking about where else in commercial application you can think about Stolen Thunder, and you and I were talking in the prep about like the inverse of this idea. [00:32:00] And when someone has a lot of status, you can use this to- to also im- continue to endear people and b- and build yourself up.

And we looked at Warren Buffett's- Yes ... use of this idea in the Berkshire Hathaway annual reports. So despite having the status of one of the smartest and most successful investors in the world, he, unlike many financial companies, still regularly looks to admit his mistakes and the problems, notably at the beginning of his annual reports.

In 2016, Berkshire Hathaway's share price increase was double that of the S&P 500. Just a killer year for them. But Buffett still highlighted a mistake from the previous year, and what he learned from it just makes him feel more credible. And so if you have this high status in your industry, leaning into that will

[00:33:00] reinforce trustworthiness, and also per our conversation, the persuasiveness of your methods.

However, you could become even more believable by admitting a flaw, and this honesty will rub off on other aspects of your brand, make you more credible overall It's really just a nice way to look and say, "Is there other places you can," y- as you like to say, "laterally apply this?" be creative and find ways to use this what- whatever your business situation.

Yeah.

Richard Shotton: And I wonder if both of us have links with agencies and if the main thing agencies are always doing is pitching. When you've got a big client considering your agency, and you look at the roster of people that they're considering, if you're completely honest, other people on that roster or pitch list- they are gonna have certain strengths. Maybe they have amazing coverage in Utah that you don't have, or maybe they have [00:34:00] 10 times the billings. The client knows these things, that's why they've brought in different agencies. But they know that all of them have strengths and weaknesses.

So you, let's say you're a boutique agency, and you know they've got like a global giant on there, don't try and pretend that fact doesn't exist. What you want to be doing is admitting that maybe you have lower billings, but then emphasizing why that is an advantage to a certain degree as well.

You're actually gonna have the senior management on it. You're actually gonna have a central place in our agency. I think it's realizing that if you tell people about one of your flaws, if the client already knows it, there is no downside. You look more honest, and of course, it gives you a chance to frame that weakness in a particular way.

MichaelAaron Flicker: Yeah, I think I think it's too common to think a weakness is damaging, and this whole [00:35:00] part of the conversation to say you can strategically use your weakness, especially if it's already known by everybody, to become a strength So So we've looked at two principles. We've got one more principle- Yeah

for everybody today, and that's the principle of scarcity. And we've covered this a few times before most notably in episode 41 in Starbucks. And why don't you set it up for us, and then let's talk a little bit more about it.

Richard Shotton: Yeah. So scarcity is a really powerful principle. It's the idea that exactly the same product will be more appealing, rated more highly if people think it's in, in short supply.

Now, the classic experiment that Cialdini covers in his book is one by Steven Wurtzel. So this was run in 1975 when Wurtzel was at the University of Virginia. And for the experiment, he gets two groups of people, and he serves them all [00:36:00] cookies from the same batch. So the taste of these cookies is all the same, but how they are served varies between group.

So one group, Wurtzel comes into their room and he has a glass jar, and it is overflowing at the top. There are 10 cookies in. They're bursting out of this jar, there's so many of them. Now, when people are asked to rate the quality of that cookie, and they rate them on all sorts of metrics like taste appearance.

But the one that I'm gonna focus in on is willingness to pay, 'cause it's a nice quantifiable one. In that abundant condition, the average willingness to pay is 46 cents per cookie. Next group of people, Wurtzel goes to them. He's got the same batch of cookies, same glass jar, but this time there are only two cookies in the glass jar, so they're in scarce supply.

Now when that group say what their willingness to pay is, there is a 24% [00:37:00] uplift. People are prepared to pay 57 cents per cookie. Now the argument here is even though the product is the same in both conditions, because it looks like it's in limited supply, because there's not an abundance, people will value it more.

MichaelAaron Flicker: Yeah, and it's interesting, he's looking at a lot of different things in this study, but this one just, it resonates because it's the same cookie, the same set of questions, and just the number overflowing out of the top or an empty jar with only two left makes this 24% difference. Really it really highlights that we're perceiving not just the cookie, but the gap, the, oh the gap in the jar.

How much is, how little is left is almost the heuristic your mind jumps to. You're thinking about something even more than the cookie. You're thinking about, "Oh, there's very few left." It's an interesting thing. You don't necessarily think that.

Richard Shotton: Yeah. And to me it's always an [00:38:00] interesting dilemma being interested in behavioral science, in that often marketers are

We're always interested in novelty and shiny new stuff. People always ask, "What's the latest new finding in behavioral science?"

MichaelAaron Flicker: Yeah. Yeah.

Richard Shotton: Yeah. And that's interesting, of course it is. But often the latest new findings are just little tiny tweaks, little tiny improvements to core ideas.

If you really want to make big impacts in your business, what you should do is go back to the absolute classic studies, social proof, scarcity. These are the things that really influence people, and they were experimented on first because they were bloody obvious to, to look at. You could see the effects really easily.

And what we should care about in marketers is impact rather than counterintuitiveness. And that's why I love this scarcity. It's an, it's a big effect, and often when psychologists or practitioners try and compare the relative influence of biases, [00:39:00] scarcity always does really well

MichaelAaron Flicker: So let's talk about m- more of the nuance that comes out in the book- yeah ... that Cialdini highlights.

Richard Shotton: So he then mentions that there is a third variant of this cookie experiment. So what happens here Werchell goes into a room with a third group, glass jar, 10 cookies, same batch, puts it down. Before anyone gets a chance to eat any, a second experimenter comes in and says, "Oh, I'm really sorry.

Can I have eight of those cookies? My group have eaten far more than expected." now, in this setting, the willingness to pay goes up to 82 cents. So that is a 78% increase on the control. So we've got-

MichaelAaron Flicker: Incredible ...

Richard Shotton: abundant condition, 46 cents. Basic scarcity, [00:40:00] 56 cents. And then what Cialdini calls recent scarcity, 82 cents.

Now, Cialdini's explanation for this is it's the fact that scarcity has just happened. People have seen the cookies being taken away in front of in front of their eyes. I must admit, when I was reading it, I thought another potential explanation is the scarcity has been driven by high demand. So to me, that's r- as much a fusion of scarcity and social proof.

But once you get to these explanations of why it's happening, I think it's slightly subjective. So maybe it's the recent scarcity. I think it might also be the kind of social proof power or the popularity-driven scarcity. I think e- each of those would be a plausible explanation.

MichaelAaron Flicker: It's interesting to hear you say that.

When we had Tara Augustine on from Ogilvy- Tara Austin ... she she- Yeah. [00:41:00] Thank you. Tara Austin on from from Ogilvy. She talks about behavioral bias stacking, and she said, "Look, in commercial applications of behavioral science, knowing the study's lovely. Hearing how the scientists, academics used studied them, fantastic."

What she cares about is how are we gonna get the most amount of behavioral sta- insights stacked on top of each other to get to the biggest output? And almost you feel that it almost doesn't matter, was it recency, Sure ... recent scarcity or social proof? Does it really matter? It, of course it's critical to talk about it and learn from it, but does it really matter if that's the one that drove the highest demand, a 78% increase versus the base case?

Richard Shotton: Yes. I ga-- So on that point of layering the biases, I can't remember if it was Tara who mentioned it or it might even have been in Influence. Charlie [00:42:00] Munger has this amazing phrase. He calls it the Lollapalooza effect. He says, "Look, you can- Yeah ... have a big change on a business by drawing on a psychological bias," but he says, "If you really wanna change the fortunes, you need to start layering these biases on top of each other using multiple ones i- in one intervention."

And I think it's fascinating that you see Charlie Munger, who was Warren Buffett's business partner when you see the most successful investors of all time talking about how much their success was based on behavioral science, I think that's a pretty good vindication of the topic. So I think there is a lot to be said for that stacking And then I completely agree with the point that what matters is the practical impact.

But if you know the reason why something happened, it's then easier- to copy.

MichaelAaron Flicker: Of course.

Richard Shotton: Now, I think that's- Of course ... a fine line to tread. We really don't wanna disappear into kind of philosophical disuss- discussions of how many angels are there on a pinhead. That's for academia.

But [00:43:00] then we want to be able to take- I've never heard- Have you not?

MichaelAaron Flicker: I've never heard

Richard Shotton: that. Oh, okay. Maybe it's a, maybe it's a British thing. I've never

MichaelAaron Flicker: heard that

Richard Shotton: expression. Or maybe something I've just made up. Maybe that's what my mum used to talk about.

MichaelAaron Flicker: How many angels on a pinhead? I think m-

How many

Richard Shotton: angels on a pinhead?

Yeah, I think medieval- Yeah ... theologians, this was I don't know let's say 1570 or something, all the rage for them to spend years and years debating. But I feel like I might have- we've made- It's not a good analogy if it completely confuses everybody ... unfortunately

we've made

MichaelAaron Flicker: them the butt of our joke.

Yeah. Yeah. Yeah. No, we've made them the butt of our joke. Yes. But that's the point, that l- don't just, while the academics is critical because it teaches us how we can learn it and then f- and then apply it appropriately in our businesses, we don't wanna just be stuck in philosophical or academic debate.

Richard Shotton: C- completely. I really do think that is often where behavioral scientists let themselves down. They become like puritanical about [00:44:00] a specific way of doing something or a p- specific insight from a study. But really, people should feel that these experiments are not straitjackets that restrict what they do as a creative person.

They are insights into human nature, and those insights give you a springboard for more effective interventions.

MichaelAaron Flicker: Lovely. And as we talked about scarcity, we didn't want to leave people feeling that it was just scarcity of things that could create this demand, and so we chose information scarcity. Do you wanna talk a little bit about it, how the scarcity doesn't just makes products more valuable?

Yeah. Same

Richard Shotton: thing

MichaelAaron Flicker: applies to

Richard Shotton: ideas. This, 'cause this does open some new opportunities. And absolutely, this is the brilliant thing about Cialdini's book. There are so many wonderful studies in there that even if people feel like they know loads about social approval, they know loads about reciprocity, there will be [00:45:00] experiments and implications in there that are new.

So this study came from a graduate student of Cialdini, Amran Nishinski, so Arizona State University. And the details actually in the book are a little bit sparse. They're quite clear, but I haven't got the specific percentages. But what Nishinski does is he asked sales staff of a beef importing company to call supermarkets and retail buyers and give them a sales pitch.

Now, sometimes they just gave the standard sales pitch. Other times, they mentioned that the imported beef was gonna be scarce in a few months. So that's the product scarcity intervention. And that was very successful. The buyers were likely to put in [00:46:00] double the orders if they thought they weren't going to get the beef in a few months' time.

But then the really interesting bit, and this is what moves the kind of field on from the original Wer shall study. Then what Mushinsky does is the third group of retail buyers that are rung up, they're not only told that the beef itself is gonna be scarce, that there's a a run on the stock, there's not much available.

What they're also told is this information is scarce. Only a few people know that this product shortage is coming. And when there was scarcity of information layered on top of scarcity of product, then sales went up sixfold. So I think that's an interesting one because everything that we normally talk about is you only have 10 weeks or 10 days to g- buy this particular product, time [00:47:00] scarcity.

There are only five of these hotel rooms left product scarcity. What this is doing is saying, if you can honestly, and Cialdini always emphasizes it's gotta be honest, but if you can honestly stress that the information is exclusive or rare, people will treat that information with more respect, and they'll be more likely to be influenced by it

MichaelAaron Flicker: It's a compelling insight because it really tells you that there's a way to take scarcity and juice it up a lot. To j- not just have it be, " we have limited quantities, so act now, act fast." It's, "We have limited quantities, and you're our most valued customer, so you know first." Nice. Yes. Yeah.

Wow. Now it's it commercially can make- Yeah ... a big difference.

Richard Shotton: And zero cost of doing it. If you're gonna h- if you're paying your staff to ring up [00:48:00] buyers anyway, why not incorporate information exclusivity? It doesn't cost you anything extra.

MichaelAaron Flicker: Do you think it also, talking about related related biases, do you think there's something about reciprocity, which we covered in the first in the first episode on Inside Influence?

W- if I'm giving you exclusive information, and it, and i- I guess if it's framed the right way, it almost feels like you're indebted to the person who's giving it to you. "You're our most valuable customers," or, "We can only offer this to to, to new customers because of this reason," it does make you feel a little bit of reciprocity if done in that way.

Richard Shotton: Yeah. I th- I think you're right. I th- and I think that reciprocity would be particularly effective in that kind of one-to-one sales call cause it feels genuinely th- this is a one-to-one thing. I [00:49:00] don't know a thousand other people who are given it. I think it could be a lovely place to to apply it.

Yeah. I think there's an element of reciprocity in there. Very good point. So yeah, people should go back and listen to our first episode- ... on reciprocity and liking. So marketing implications, commercial implications for everybody to think about. To boost the appeal of your offering, if you restrict it in quantity, eh, or highlight that's in limited stock due to high demand, that's going to that's going to help.

MichaelAaron Flicker: And you could take this principle one step further by using recent scarcity, as we saw in the study, because you can harness that information and draw exte- a- and draw even more interest in the product. And if you use scarcity of information, that was the third part of what we spoke about, you're drawing attention to that exclusive knowledge, which i- that's where we got that sixfold increase.

Yeah. [00:50:00] So you take, you're starting with something that's just scarcity of product, and you're using recent scarcity and information scarcity to really pump up the effectiveness- Yeah ... of this. Lovely. So Richard, we've covered a lot- Yes ... of ground- I'm worn out ... in today's episode. Yeah. Yeah, exactly.

From the highest level, can you help everyone remember- Yeah ... the big topics we talked about today?

Richard Shotton: So three broad areas. We talked about social proof, the idea that if something looks popular, becomes more appealing, and people are more likely to buy it. The interesting thing that we discussed was that bias of social proof is particularly powerful on people who are new users of your product.

So remember Han Ming Fang did the study in the restaurant, and people who'd never res- visited the restaurant before, social proof was a much bigger influence on their behavior than the regulars. So I think that was a kind of new bit of news. The second bias we talked about was [00:51:00] authority, how some of the trappings of authority, whether it's status or rank, can influence the impact of the message, right?

But where it got really interesting was when we talked about some of the ways in which you can boost your authoritativeness. And Cialdini talked about the stolen thunder effect, in particular the Bob Fenner study, and that's the argument that if you tell people a negative about your company or your brand, rather let people discover it for themselves, then you are seen as a more believable, trustworthy communicator, and often that will play to your benefit.

And then the third part, we talked about scarcity one of the most powerful biases. We talked about the classic virtual study that cookies would be rated as better tasting, worth more money if people thought they were in scarce supply. But the really interesting bit [00:52:00] was the bit around information scarcity.

If you can position information you're communicating as rarely discussed, not known by many people, it becomes much, much more powerful. And that was the sale that that was the study that Nishinski did.

MichaelAaron Flicker: Lovely. Thank you for the recap. Before- ... we come to a close, Richard, you gave us a little tease of the 1966 Charles Hofling study.

Yeah.

MichaelAaron Flicker: You said it was one of your favorite. We even had the fake medicine- Yeah ... name said twice in the episode. Why,

Richard Shotton: Mr.- When I set up my company about eight years ago, I was determined it wasn't gonna be Richard Shotton Consulting. I thought it was a bit naff. So I was desperately looking for names, and I couldn't come up with anything, and I was-- this is, this doesn't paint me as a very interesting person, but I was on holiday reading a psychology textbook, looking through studies, trying to think of a name, and I came across the Hofling study [00:53:00] And it talks in the textbook about a drug called Astro-10 being administered.

So I thought that's a lovely name. Part of the reason I'm setting up my company is I don't want to have to listen to authority figures anymore. I'm gonna do my own thing. So I call my company Astro-10.

MichaelAaron Flicker: I love it.

Richard Shotton: I got a very good friend to come up with the design and the we registered the name.

We'd done all that, and then I thought to myself, " if I'm gonna call my company Astro-10, I should read the original paper." Downloaded the Hofling paper, started reading it, and then halfway through my face fell. I realized the textbook I'd read had a typo and the drug wasn't Astro-10, it was Astrojen.

So really my company is based on a mistake. I didn't know that part. The name is based on a mistake, so hopefully this draws on the stolen thunder effect. I'm revealing my i- incompetence. But I thought, "Look it's too late now." And actually, I really like the name Astro-10. It [00:54:00] has 1970s footballing vibes.

Astrojen does actually- Yeah ... sound like a drug. So that is why I will never forget the Hofling study details.

MichaelAaron Flicker: I did not know- Yeah. ... that twist- yeah ... about the, about the mistaken name. I love it. I love it. Yeah. W- with that we say thank you to everyone for listening today. If you liked the episode, please share it with others comment, and follow our pages.

It helps us find more people just like you to learn from the show. And until next time, I'm MichaelAaron Flicker.

Richard Shotton: And I'm Richard Shotton.

MichaelAaron Flicker: Thanks so much for listening.