

ProductCamp RTP 2020

Time to put the **BS** in product –
behavioral science that is!

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Why behavioral science?



What we think
people are



What people
really are

What is behavioral science and why does it matter?

- What is?

Per Merriam-Webster online it is a branch of science that deals primarily with human action and often seeks to generalize about human behavior in society

- Why does it matter?

Everything in product is about human behaviors – what people want and need, what are people's emotions, how do humans respond to choice in a context



Influencing others



Understanding your customers



Telling your story

Where behavioral science plays a role in product?



Providing customers an amazing experience



Making a more compelling product

Hyperbolic discounting

- What is it?

Cognitive bias where people choose smaller, immediate rewards rather than larger later rewards

- Examples?

Customers: *Bank signup with a free gift now is often more compelling than bigger but longer-term savings reward*

Colleagues: *Many times high-probability, small wins now in showing product revenue growth matter more than designing for moonshots*



Inattention blindness

- What is it?

Failure to notice a full-visible but unexpected object because attention was engaged at another task, event, or object



Let's try an experiment

- Examples?

Customers: *Uber app for transit with Uber eats integrated versus separate Uber and Uber eats app*

Colleagues: *Doing an innovation session around developing new digital products and colleague participating mentions manufacturing process improvement that is not heard or not captured*

Anchoring heuristic

- What is it?

A particular form of priming effect whereby initial exposure to a number serves as a reference point and influences subsequent judgments about value

- Examples?

Customers: *How do you present a product helps prime value including how do you initially price – you might price to show value or show premium depending on customer base looking to get*

Colleagues: *First impression and how you represent yourself and your role*



IKEA Effect

- What is it?

When labor is invested then it leads to inflated product valuation

- Examples?

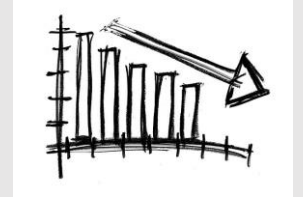
Customers: *A kid builds their own bear then the value of it seems higher*

Colleagues: *When a colleague has invested labor in an idea or product then more likely to be invested in it*



Loss Aversion: “Losses loom larger than gains” per Kahneman & Tversky

- Someone asks you which of these would you rather choose:



50% chance to win \$1,000

OR

Win \$500 for sure

- Now someone asks you which of these would you rather choose:

50% chance to lose \$1,000

OR

Lose \$500 for sure

Priming

- What is it?

A technique where exposure to one stimulus influences a response to a subsequent stimulus, without conscious guidance or intention.

- Examples?

Customers: *Paid more for bedding products when the web site had a background of clouds than when it had a background of dollar signs*

Customers: *Expect lemonade to taste sweeter when the color of the drink is brighter yellow*



Visual Depiction Effect

- What is it?

We are more attracted to things when they are shown in a way that helps us visualize ourselves using it.

- Examples?

Customers: *Right-handed people are more likely to purchase a coffee cup displayed with the handle on the right, and vice versa.*



How are these companies using behavioral science: **good**, **evil**, or **both**?



- Ad-supported Internet search personalized to user



- Facebook or Instagram social network product stay on page



- Sales incentive programs of pharmaceutical agents



- Chili's menu with products highlighted with boxes and pictures



- Theme parks around Disney themes and entire vacation experiences



- National and local television news viewing



- Dating application known for swiping right or left

Some other behavioral science concepts to explore in your leisure

- Availability heuristic
- Choice architecture
- Choice overload
- Cognitive bias
- Confirmation bias
- Dual-system theory
- Hot-cold empathy gap
- Gambler's fallacy
- Halo effect
- Hindsight bias
- Inequity aversion
- Loss aversion
- Pain of paying
- Recognition heuristic

There are many more concepts exploring – start diving in!

Behavioral science for product...how to continue learning?

- **Online:** Lots of great websites or blogs including People Science by Maritz, Action Design Network, Behavioral Grooves, BehavioralEconomics.com
- **Books:** Predictably Irrational, Nudge, Influence, Thinking Fast and Slow
- **Podcasts:** Behavioral Grooves, Freakonomics, Hidden Brain, Action Design Network, Econtalk
- **In Person:** Check on MeetUp for groups like Action Design Network or other behavioral science groups



Source: <https://pixabay.com/illustrations/question-mark-pile-questions-symbol-2492009/>



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 - https://www.youtube.com/watch?v=IGQmdoK_ZfY
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 - https://www.merriam-webster.com/dictionary/behavioral%20science?utm_campaign=sd&utm_medium=serp&utm_source=jsonld
 - <https://www.behavioraleconomics.com/resources/mini-encyclopedia-of-be/>
 - <https://www.wikipedia.org/>