

Nancy Harhut:

A little well-placed loss aversion can go a long way because behavioral scientists have found that people are actually twice as motivated to avoid the pain of loss as they are to achieve the pleasure of gain. If we use some behavioral science, we can use it to increase the likelihood people pay attention, increase the likelihood they follow through. And what we're asking them to do is follow through on something that's going to benefit them.

James Robert Lay:

Greeting and hello. I am James Robert Lay, and welcome to episode 225 of the Banking on Digital Growth podcast. Today's episode is part of the Exponential Insight Series, and I'm excited to welcome Nancy Harhut to the show. Nancy is the Co-founder and Chief Creative Officer at HBT Marketing, and her specialty is blending the best-of-breed creative with decision science to prompt response. Nancy also has a brand new book, *Using Behavioral Science in Marketing*, which is exactly what we are going to be talking about today. Welcome to the show, Nancy. It is good to share time with you.

Nancy Harhut:

Thank you very much. I'm very happy to be here.

James Robert Lay:

Before we get into talking your new book, *Using Behavioral Science in Marketing*, what's good for you right now, personally, professionally, it's your pick to get started as always.

Nancy Harhut:

Well, thank you very much. Professionally, one of our clients, a fintech, just let us know that the campaign that we created for them is their new control. So cannot argue with that very happy. There were relatively new client although the client contact was our client when he was at another place and then he switched jobs and brought us with him, which is always good. But very happy to know that we hit the ground running for him. And then personally, I've written the book, *Using Behavioral Science in Marketing*, and it debuted as the number one new release in business marketing. And when I checked this morning, couple of day, about two weeks actually later, it's still there, so I'm very happy about that. That's a personal best.

James Robert Lay:

It really is. I know how good that feels to package all of your thinking and your expertise up into a book as a fellow author, and then to share all of that knowledge with the world to help other people on their own journeys of growth. I always like to start off when talking with authors, why? Why take the time to write the book in the first place? Because I know the amount of time, I know the heavy lift it takes to get to this point, but what's your why? Why do this and why now?

Nancy Harhut:

The short answer is a publisher said, "Are you interested in sending us a proposal?" And that's what kick-started me. The longer answer is I really believe in this, and I've seen how effective using behavioral science in marketing is. I use it for my clients. I've seen the results. I can only take on so many clients, but I can use it for them. I speak at conferences, so I spread the word there. People will come up to me like a year or two later and say, "I saw you speak. I took a bunch of notes. I used those techniques. They're working. I tested it out, it worked." So the opportunity to do a book was really the opportunity to share the wealth, if you will, with more people than I'd be able to reach just in terms of clients or in terms of

conferences. The idea of using behavioral science in marketing is incredibly effective and why not let as many people as possible know about it.

James Robert Lay:

I feel like there's such a tremendous opportunity here for financial brands, for fintechs, for banks, for credit unions to use behavioral science in marketing. The title of your book, really well done. First and foremost, for the dear listener, they might have heard about it, they might have read about it, what is behavioral marketing exactly or behavioral science in marketing exactly?

Nancy Harhut:

Sure. Sure. You hear behavioral scientist and you go, "Oh, is this going to be test tubes and white coats? Where is this going?" Very simply, it's the study of how people behave. And more specifically, it's the study of how people make decisions. Behavioral scientists have spent a lot of time and effort studying how people make decisions, and what they found is, all of us, men, women, young, old, rich, poor, very educated, not as educated B2B environment, B2C environment, all of us rely on decision-making shortcuts. These decision-making shortcuts are ways for us to conserve mental energy because we couldn't possibly weigh every bit of information before making a decision or we'd never get around to making any. So we've developed these hardwired behaviors. We cruise along through life on autopilot. We encounter a certain situation and we default to these hardwired behaviors. Now that we know this, we might as well use it. If marketers can get out ahead of this and realize that certain things are going to prompt someone to do one thing or another, well, then let's use those certain things. If somebody is more likely to choose the middle option, then let's make sure that the middle option is the one we want them to choose, right?

James Robert Lay:

Right.

Nancy Harhut:

That's a simple example, but it's understanding how people make decisions, a decision defaults they rely on, and then using that to a marketer's advantage.

James Robert Lay:

I like the idea of defaulting to a middle option. We can take the conversation here in a bit around more of the practical uses of behavioral science in marketing. My mind just immediately jumped to anchoring and adjusting in a pricing structure. I mean, you see that even from a restaurant view and how they position wine and menu items. But when it comes to financial services, when it comes to banks, when it comes to credit unions, what is it that might either, A, be holding them back now from applying this thinking, or B, what could hold them back from going forward? They know it. They philosophically get it. But there's a mental block that they just don't apply that through their marketing communication, collateral material, et cetera?

Nancy Harhut:

Yeah. Well, I think there could be a few reasons, I mean for some people you hear behavioral science, you're like, "What even is that? I don't know." Sometimes it's, "I've heard of it, I think it works, but it's hard to change things. This is the way it's always been done, and it's just really difficult sometimes to introduce something new." A lot of times, I think particularly in financial services, people think given the vertical, we have to be a little bit more serious, we have to play things a little bit safer. Maybe we don't want to introduce anything new. So it could be a variety of reasons. But the truth is you can begin to test

your way in and you'll start to see the results, assuming they're going to be good, but you will. You'll start to see results one way or another, and you'll know, "Okay, is this for me? Is this something we should be embracing?"

James Robert Lay:

Testing and gaining the insight, the results, how much does the scientific method play into an approach framed around using behavioral science in marketing?

Nancy Harhut:

I'm not a scientist by trade. I'm a copywriter. I'm a creative person. But I grew up in the direct response world, so we were constantly testing whether it's direct mail, whether it's email. So for us, getting that response and getting it quickly was really, really very important. And so, behavioral science is almost tailor-made for people like me who grew up with that because we want to get people to make decisions. This is going to help them get decisions, and we're going to find out. Typically what we do with our clients is we test. Even if behavioral science didn't exist, we would be doing test anyway. We'd say, "All right, here's concept A and concept B. Let's do a pilot. We'll see which one is doing better, and then we'll roll it out." I think with behavioral science the same thing applies. On one level, try it out, see if it's going to move the needle the way you want. But then on another level, often what we're doing with our clients is we'll identify, "Here's the biggest barrier to people doing what it is you want them to do, opening a checking account, saving money in an IRA, whatever it turns out to be. Here's the biggest barriers stopping them. Here are some arguments we can use to overcome that barrier. And here's where the behavioral science plays."

There might be 2, 3, 4 different behavioral science tactics or principles that we think could actually work. And so, you test those to figure out, all right, which is going to do best for this particular audience and this particular product.

James Robert Lay:

Right. You start off the book, and this comes back to just thinking about change and transformation, you start off the book by talking about the emotional and the creative elements in decision-making, which is why I believe that this is such an important read for financial brand leaders who tend to view the world from a rational perspective. Money, on the other hand, extremely emotional. Where might there be an opportunity to empower the mind or maybe even transform the mind of the rational leader to think, view, dare I even say feel, more from an emotional perspective, because as you noted in the book, people make decisions based upon emotional reasons even if they're very smart people.

Nancy Harhut:

Well, you're absolutely right. There's a researcher named Antonio Damasio. He studied people who had sustained injury to the part of their brain that controlled emotion. What he found was these people were virtually incapable of making a decision. Even a really simple decision like what would you like for lunch today, they would go around and around, back and forth. They couldn't land. What he found was in order for people to make decisions, they have to be able to access the emotional parts of their brain.

So what does that mean to us as marketers? Well, it means that our marketing does need rational reasons, but it also needs the emotional ones, because basically what's happening is people are making the decision for an emotional reason and then they're later justifying it to themselves or to other people with the rational reasons. What we want to do as marketers is we want to introduce both. We want to

understand that, yes, money is very serious, yes, people should be making considered decisions about it. But on the other hand, people are very emotional. They don't always make the best decisions about their money. We want to help them make better decisions. And in order to help them make better decisions, we want to try to guide them in the right way. And in order to do that, we can use some behavioral science. We can use what science has proven about behavior in order to influence it.

James Robert Lay:

I want to get really practical just for a bit and then take the practicality and then see how this might have been applied within a case study or an example to make it even that much more real for the dear listener through some of the work that you've been doing in the space, and it can be anonymized. But first, when I think about the book and was reading through, there's been many times as a digital anthropologist myself of studying, reviewing, analyzing marketing communication, I see a lot of framing for financial brands encouraging people to save money. For example, "Refi your auto loan with us to save money." But we know that people are more likely to take action to avoid a loss than they are to achieve a gain. And so with that perspective, where are the opportunities for financial brands and fintechs to convey, as you write, customer benefits through loss aversion theory and the endowment effect? What does that mean?

Nancy Harhut:

Sure. This idea of loss aversion, it's going to sound a little counterintuitive to marketers. Because in marketing, what do we do? We talk about benefits. We talk about gains. We talk about advantages. We talk about all the wonderful things that will happen if you just do what I'm asking you to do, right? Just give me some money, open an account, whatever, take out a loan. We know that benefits work. Don't get me wrong, I'm not saying we should walk away from them, but a little well-placed loss aversion can go a long way because behavioral scientists have found that people are actually twice as motivated to avoid the pain of loss as they are to achieve the pleasure of gain.

What that means is maybe sometimes instead of saying, "Take advantage of this great opportunity," we say, "Don't miss this great opportunity." Maybe it means instead of saying, "You're going to be able to save," you say, "You're going to have to pay more if you wait. Lock in this right now, it's going to go up tomorrow. You'll be paying more tomorrow." Again, we don't want to walk away from the benefits, but a little well-placed loss aversion can be very, very powerful because people are hardwired to avoid those losses. It goes way, way back. It's in our DNA. It goes way back to our ancestors where we learned some of these things. Back then they would keep us alive these things that we learned, and now they help us get through the day, conserve a little mental energy. But loss version can be very, very powerful.

The idea of the endowment effect is this notion that we place greater value on things that we own. So if somebody wants to get something, well, obviously they value it, that's why they want to get it. But once it's theirs, they place even more value on it and they're even more reluctant to part with it. So if you can make somebody feel ownership by giving them a free trial or a free sample or by describing something so vividly that people can begin to imagine how they would really enjoy using it, how they would really benefit from having it, that can be very, very powerful. Because then if you say, "Well, we're going to be removing this. We're going to be taking this away," people will react against it and say, "Oh no, no, I want that. You can't take that away from me, that's mine." So it's kind of a one, two punch with the idea of loss aversion and the endowment effect. Make people feel some ownership, and then when they feel the threat of losing something, they'll respond by trying to hang onto it.

James Robert Lay:

It's like you can't take this away from me because it's become the new norm and their mental pathway, and they want it even that much more. Maybe we can just riff on this for a little bit and create something in real time because I enjoy doing this on the podcast, but I know a lot of financial brands try to activate ratings or reviews or referrals. Where might there be an opportunity to apply the endowment effect here to where it's almost like you take something away from someone to encourage them? I would say, maybe from a referral standpoint, it's almost like we're going to gift you this. Maybe we'll go ahead and deposit \$25 into your account. And if you make a referral, you keep it, but if you don't take any action, we're going to take that away from you. I don't know. It's just something I'm thinking about in real time right here.

Nancy Harhut:

Yeah. Well, I mean, that is a perfect example of the endowment effect. It's like you have it and now you're going to have to do something in order to not lose it, whether or not regulations would allow us to do that-

James Robert Lay:

Of course. Of course.

Nancy Harhut:

... very different story. But think about even the different tiers of service that the bank would offer, that the financial institution, a credit union would offer. As you're discussing them with your prospective client or as you're creating your marketing materials, you describe that top level one and there's all this great stuff that comes with it. And then there's the next level down. And it's like, "Oh wait, I don't get the safety deposit box with this one? But I had already been thinking about all the important stuff I was going to be able to stash in there and how great that was going to be." I think there are ways to use it that way where you start to describe something, people start to mentally own it and realize how they're going to use it and benefit from it. And then, I don't know, maybe there's this monthly fee that comes with it. And if you don't want to pay that monthly fee, well, we can get you one that doesn't have a monthly fee, but you're not going to get the quarter of a percentage point off on your next loan or you're not going to get the free safety deposit box. Sometimes that can be enough to make people say, "No, I don't want to lose that."

James Robert Lay:

I think that's a very important point to make because as I'm visioning this in my mind's eye, I think about a checking account page, for example. A lot of times, the checking account page, the way that it is traditionally framed, it goes from left to right. And so, the most basic product on the left to the most advanced product on the right. But knowing how people read from left to and knowing anchoring and adjusting, can you discuss why possibly flipping those around, tying back in the point of even putting the most ideal or the option that we're trying to get people into the most into the middle, what's the philosophy and even the psychology behind how even we display communication anchors something in a person's mind?

Nancy Harhut:

A lot of times we don't really know the absolute value of something. I mean, maybe if it's something we buy every day, day in and day out, but for the most part, we don't know what the absolute value of something is, so what we do is we look at the relative value. And so, what that means is we compare things. The first bit of information we get, whether it's a price point or something else, but that becomes

our anchor. And then what we do is we evaluate everything else against it. If the first price we encounter is X, then we look at Y. Is Y better or worse than X? X becomes our anchor. That first price becomes our anchor. So if we're going to offer perhaps three different choices, if we start with our least expensive option, maybe the free option, and then we've got to push people uphill.

"You can have this for free or for \$10 a month you may... Or for \$20... And you're like... because that becomes a big difference. But if you start with here it is for \$20 a month, and then you look at the \$10 a month, that \$10 a month looks a whole lot better than the \$20. So some people will go for the 20 because they want the full compliment of services, but a lot of people will take that next step down because it's a lot easier. When you look at it relative to the 20, the 10 looks very attractive. When you look at the 10 relative to zero, if it went 0, 10, 20, the 10 is a problem coming off the zero. When it goes 20 10, 0, the 10 is attractive coming off the 20.

James Robert Lay:

Yeah. I think for the dear listener, look for these patterns either in financial services. This is one of the big reasons I highly recommend conducting quarterly digital secret shopping studies. You can look at big data, so the quantitative, or you can start looking at the thick data more, the qualitative, and really get into why people do what they do. That's where even doing the user studies and having people talk through what they see, how it makes them feel, do they feel clear and confident, do they feel confused, what is attractive to them, I think we understand a lot in how people make decisions and start to identify patterns around that.

But also look outside of the space and where some of this thinking is applied. Coming back to the restaurant example. For example, if you look at the wines and how wines are listed, they tend to anchor against more of a higher price wine, and then towards the middle of the page, you'll see more of the moderately priced wines because they've anchored against that higher price. This stuff is fun. I think once you see some of the trends and patterns you start to pick things apart, like, "I get it. I understand what's going on here." I'll tell you, even having some knowledge myself into behavioral science, I still fall victim of some of these things. Maybe that's an important point, is the philosophies behind this. Because it's almost like I can hear the analytical leader saying, "Man, this is so manipulative. We're trying to manipulate people and hack people." But my take on this is I look at this like the force from Star Wars. We can use it for good. We can use it for evil. And if it's my hope that we use it for more good because that's just my own personal take. But how do we navigate the complexities, maybe the philosophical, this could come up, and I've heard it come up in boardroom conversations. This seems very manipulative. What's your take on that, Nancy?

Nancy Harhut:

You're not the first person to ask. It does come up here and there. My feeling is we're marketers. Anything that we have at our disposal, we should use responsibly and ethically. We should just think of this as one more thing. If we've properly targeted our messages and if our products are genuinely good, we're actually helping people out. Because they're cruising along an autopilot, their attention is drawn in a million different directions, and if we use some behavioral science, we can use it to increase the likelihood people pay attention, increase the likelihood they follow through. What we're asking them to do is follow through on something that's going to benefit them.

Now, when we start to think about abusing these tactics when we're talking about time running out or today's the last day, and then tomorrow is the last day, I mean, that's just not the right thing to do. You

might get a short-term gain, but eventually that erodes customer trust and you're going to get the blow back. It's not going to be a good thing. My advice is always: we're marketers, we want to do the best possible thing we can. We're not going to go and buy a list of people that we know would have absolutely no interest in our product and mail it, that would be crazy, right? We're going to buy a list of people that we think would be interested in our product. We're going to buy media where we think our customers, our prospects are. We do all of these things to increase the likelihood that we'll succeed.

Behavioral science, adding that to marketing, is just one more thing that we can do. It's not any different than making sure that our media shows up on the right place, right?

James Robert Lay:

Right.

Nancy Harhut:

But there is the opportunity to abuse it. I would just suggest that any marketer should be ethical and responsible and not do that.

James Robert Lay:

I agree with you 100%. I think, too, having some of this knowledge and having some of this wisdom, when it comes to financial services, when it comes to money, there are many times people just don't know what they don't know. Another practical example of this thinking being applied, coming back to loss aversion theory, is there was an organization that has been in our program for a while, we've been coaching them. We framed a call to action on the homepage, "Do you know how much money you're losing each month? Click here to find out in less than 60 seconds." And then it took them to a quick savings quiz to where they were able to select, do they have a mortgage, do they have an auto loan, do they have a credit card, do they have a CD account somewhere else, a checking account somewhere else, and within 60 seconds, through the calculations, they were able to identify they were losing \$30,000, for example, because of the mortgage at another institution because this organization could come in and refi.

Now, granted that was when it was a different rate environment altogether. But they were literally generating hundreds of marketing qualified leads every single month because of this one simple question that I don't think a lot of people take a lot of time to think about. I've never really considered that before. The same thing too, and I want to come back to this point, because you talked about when it comes to creating a sense of urgency, there was another organization who had been running campaigns, and they were moderate successful. But because of adding a countdown timer to the header of their homepage, to the header of their website, that then translated into the landing page, which was also used in the email address, they literally exponentially grew the conversions for this particular campaign. And they were so excited, they were so happy, and I said, "Slow down. You can only use this once a year." Back to your point. But I want to come back to diving deeper into the principle of urgency and scarcity and why this is another effective way to use behavioral science in marketing.

Nancy Harhut:

Sure. People don't want to miss out. That's the thing. If something is not widely available, if it's scarce, we actually value it more. So going back to your example about how much money are you losing every month, you could just hear someone in the marketing department saying, "Let's make that more positive. Let's not be so negative. Let's talk about how much they can save every month." People like to

save money, there's no question about it, but what they like even more is not to lose money. So framing it in terms of loss aversion can be very, very powerful.

The same thing with scarcity. If you have an unlimited number, I don't recommend that you suggest otherwise because that's just not true. But if you are dealing with something where there's a finite amount of time and then the offer's going to go away or if there's a finite number of those free safety deposit boxes, and once they're gone, they're gone, whatever it turns out to be, leverage that, let people know. Honestly, people will thank you. If they're in the market for that and you give them the heads up that if they don't act quickly they're going to lose out, that is something that they appreciate. Again, it comes back to targeting your message properly and having a good product.

James Robert Lay:

Yes. There's so many opportunities that we can talk through here. What is one story in your mind to tie all of this together through the work that you've been doing over the years with financial brands, with fintech that could really just inspire the dear listener to say, "You know what? We should probably be paying attention to this more within our own communication, within our own strategies."? What would that story be?

Nancy Harhut:

Well, I'm thinking about a little case study that I worked on for a community bank actually. Like most banks, they wanted to get people to open up checking accounts because they're nice and sticky, and that would be a good thing. They had a list of customers who had a relationship with them but they hadn't really opened up a checking account. Maybe they'd taken out a loan or maybe a CD when the rates were good. So we put together a communication, and we just messaged them and said, "Listen, you're already a customer of ours. Because of that, we'd love to do more business with you. We've put together this special deal on our checking account. Here's what it offers." And it wasn't that it was created specially for this group of people, but it was like, "This is what we offer in our particular checking account." But we acknowledged, "Look, you're already doing business with us." We made them feel special because we were putting this offer in front of them.

James Robert Lay:

Affinity.

Nancy Harhut:

Yeah, so affinity there and just the idea of commitment and consistency like, "You made the decision to do business with us once before, whether it was a CD or a loan or something. We want to do more business with you. How about it?" It was the most successful campaign that they had run. They just couldn't believe it. They're like, "Oh my God, we're getting more people signing up for checking accounts than we ever had with any other campaign that we sent out there." Sometimes it's not rocket science, it's just really thinking through, "All right, what do we know about these people? Well, they already made the decision to work with us once, so we can use commitment and consistency," which basically means if somebody says yes to you once, they're much more likely to say yes the second time or third time or fourth time, particularly if your first ask is relatively small.

So maybe it was just a one shot deal, open up a CD. But it's like now that you did that, the same bank is coming back to you saying, "We've got a really good checking account product." It's like, "Oh yeah, I

know those guys. I'm doing work with them or I'm doing business with them. Why not?" Sometimes it's just the way you serve up the message. Sometimes we think if we can just make it accurate and there are no typos in it and it goes out on time, we've scored, right? We're good. We've checked all the boxes. But word choice and phrasing and framing and how we serve up the message can make a huge difference, double and triple digit lift differences.

James Robert Lay:

Yes, absolutely. I think you just hit on a really big pain point that I want to roll back to right here. It was about just getting things out on time, making sure it's copy checked, and it's good to go. I know so many financial brand and even fintech, but I would say probably more so financial brand, bank, credit union marketing teams are running almost in real time, that they're getting these requests last minute a lot of times from lending or from the depository side, "We need X, Y, or Z." And so, they have a habit of continuously just creating, communicating, delivering, and then moving onto the next thing.

When it comes to deploying behavioral science in marketing and using behavioral science in marketing, how important is it to maybe just create some space and time to pause and reflect and learn and think about how we could do even better? Otherwise, the future becomes the predictable past based upon our behaviors and habits in the present moment.

Nancy Harhut:

I mean, my answer is obviously in the best of all possible world, you want to stop and you want to think.

James Robert Lay:

Yes.

Nancy Harhut:

But I heard what you just described, which is the reality. Stuff is flying at you, requests are coming at you fast and furious. You're trying to keep your head above water and you're trying to keep your job, and so you need to respond. But one really simple behavioral science based tip that you can apply that doesn't require a lot of sitting back and reflecting is to make sure that you infuse your work with something called cognitive fluency. Cognitive fluency is a mouthful of a phrase, but what it means is people prefer things that are easier to think about and easier to understand. Sometimes when you're talking about money, two things happen. One thing, people don't understand money all that well a lot of times, and so it can be a little intimidating. And two, we sometimes drop into acronym land, tech speak, jargon and-

James Robert Lay:

Bankenese.

Nancy Harhut:

Yes, exactly, and not everyone speaks that. That's the problem, our customers and prospects are... So step back just briefly and just try to edit out any of the jargon. Just try to talk to someone like they're human. And then the other side of that coin is use the word you. You is what I refer to as an magnet word. When people are skimming and scanning, which is how they read, they skim and scan, and if something interest them, then they go in and they fully consume the content. When they're skimming and scanning, the word you jumps out, the word I, we, our bank, our credit union, our financial institution doesn't.

James Robert Lay:

Yes.

Nancy Harhut:

But the word you absolutely does. So when you're sending these messages, it's not we this and our bank this, it's you. Focus on you. That's a really easy fix. Even if you're quickly turning stuff around to meet all of these deadlines, just always remembering that you should use you way more often than we, our bank, our institution, our credit union. Definitely that'll get you further, that'll get you some customers, that'll get you some action.

James Robert Lay:

I want to tie it back to this point, because when you talk about using you versus I or we, when we use the I or the we, that's what I diagnose as narcissistic marketing. It's all about us. We put ourselves as the hero of the story that we tell. You touched on storytelling in the book to increase consumer involvement and engagement. You write, "Stories can be magically persuasive for marketers, and science shows us why." What's the science behind the power of story and narrative in marketing?

Nancy Harhut:

Stories are interesting. There's a special spot in our brain for stories. I mean, if you think about it, stories were how information was passed on from generation to generation before the written word. Our brains are hardwired to respond to stories. That's how we organize information. Neuroscientists have studied this, and they find that if you're just dealing with facts and figures, two parts of your brain get activated. I think it's Broca's area and Wernicke's area. Those are the two parts of your brain that deal with processing language.

But when you're listening to a story, you're reading a story, other parts of your brain get activated. If you read about somebody running into the bank, that activates your motor cortex. I don't know, if you read about the smell of freshly printed money, maybe that would activate the olfactory cortex in your brain. But the net net is, the more parts of your brain that get activated, the better you understand the information and the longer you remember it. That's why storytelling can be so advantageous for us as marketers.

There's a Princeton neuroscientist named Uri Hasson. I may be mispronouncing his last name. I might have the accent in the wrong spot. But what he says, and I'm going to paraphrase him, what he says is stories are the only way that allow us to take the ideas in our head and plant them in the brain of our customer so that those ideas become their own. I mean, when you think about it, people will argue with what someone else tells them, but they don't usually argue with their own conclusions. So if you can get somebody involved in a story and get them to feel like now this is them who've come to the conclusion, that can be incredibly powerful. One of the ways to do that is you get them to identify with a person in the story. You get them to empathize with that person. You get them to create the mental picture as they're reading the story. All of these things help. But the brain is really hardwired for stories, and they are infinitely more powerful than simply just reading the facts and figures.

James Robert Lay:

Yeah, that's the story selling methodology that I wrote about in Banking on Digital Growth. You have a consumer persona that has specific questions and concerns who meets a helpful and empathetic guide that must first build trust through content. And it's that building trust through content, that's how we

make those emotional deposits into one's mind. It's like out of the gate, Daniel LaRusso in The Karate Kid didn't automatically trust Mr. Miyagi. Mr. Miyagi had to earn the trust. And so when we take on that role net of the hero, because if we look at literary structure, there can only be two heroes in a story. You have the protagonist. You have the antagonist. You have the hero. You have the anti-hero. And when we try to position ourselves, I think, as the hero in the narrative, which it makes sense of why we do that, but we end up introducing ourselves...

If a person, they're like, "No, I'm the hero of my own story," as we all think that we are, and we try to come in, it's like, "No, people don't need a hero. People need a helpful and an empathetic guide to guide them beyond the confusion and complexity, to give them some clarity in the present moment to get to the bigger, better, brighter future, whatever that is for the individual." I think right there is the power of story. And you're right, it lights up the brain in so many other areas.

Nancy, I appreciate all of the thinking that you have shared today with us. There's so much opportunity. Where do we get started? Because when you think about using behavioral science in marketing, it can feel a little complex. It can feel a little bit confusing. It can feel overwhelming. I can hear the dear listener, they're like, "I agree with everything that you said, Nancy. Where do I start? What do I do next?" The way that I want to frame this is what is one small step, one simple step, not something big, but a small next best step that they can take on their journey of growth? I'm already going to say it, number one, go get the book. Period. Full stop on that one. But more practically speaking, what is one thing that they can do next to use behavioral science in marketing at their financial brand, at their fintech?

Nancy Harhut:

Sure, sure. Well, thank you for mentioning the book. I've got 17 chapters, the 25 or so I think most helpful to a marketer, behavioral science principles in there. But we got to start small. We absolutely have to start small. People are busy. People are maybe working in organizations that are a little resistant to change. What we want to do is we want to remember that people aren't always operating with their thinking caps on. They're not always making the most well thought out, well considered decisions. They're relying on decision making shortcuts. And as a marketer, you can get out ahead of that.

So what you want to do is you want to remember that people are going to be making decisions without really thinking through things. They're going to be making decisions emotionally. So anything you can do to guide them, not force their hand, but guide them to the right decision is a good thing. It would be introducing a little bit of loss aversion, introducing a little bit of emotion, remembering that it's all about the customer and less about the financial institution. Also, when people aren't certain of what to do, they look to others, particularly others like themselves, they follow their leads, so social proof is a great thing to introduce. Mention the number of customers you have, use testimonials. If you're using a testimonial and someone says, "AcmeBank is great. I love it," you think, "I've got a fabulous testimonial." But a better testimonial is, "I used to think all banks were the same, but then I had to switch because I moved and I went to Acme. Oh my God, they're so much better."

You want to start at that place of skepticism and then bring people along on the journey because that is an even stronger testimonial. I would say, again, people aren't always making these really well-thought decisions. They're using decision-making shortcuts. They respond to loss aversion. They respond to emotion. They respond to social proof. And they're more interested in themselves than in anyone else. There's five right there. If you start with those, that should begin to guide you on a nice journey towards embracing behavioral science in your marketing.



James Robert Lay:

Well said, Nancy. And if someone wants to continue the conversation that you and I have started today, what is the best way for them to reach out, say hello, and where can they get the book?

Nancy Harhut:

You can follow me on Twitter, I'm @n, H-A-R-T, nharhut. You can connect with me on LinkedIn, Nancy Harhut, Facebook, Nancy Harhut. I am the Co-founder and Chief Creative Officer at HBT Marketing. HBT stands for Human Behavior Triggers. Our website is nbtmktg.com, we abbreviate it. We have a lot of articles and interviews and things like that on the website so you can find more information. And then the book is available on Amazon, so I'd love it if people checked it out, and also through my publisher, Kogan Page. And soon it'll be in, I don't know, Target and at the airport and all these great places the publisher has described to me. But right now, pre-orders are really important, so go to Amazon, order the book, I would really thank you.

James Robert Lay:

Get the book, connect with Nancy, learn with Nancy, grow with Nancy. Nancy, thank you so much for joining me on another episode of Banking on Digital Growth.

Nancy Harhut:

James Robert, thank you so much for having me. Totally enjoyed our conversation.

James Robert Lay:

Very much so. And as always, be well, do good, and make your bed.