

How to Turn R3 million into R90 000

How behavioural economics and 'being human' affects your business.

By Aki Kalliatakis

Apparently the old Roman Baths in Bath, England, are England's second most visited tourist attraction, and just like in many other fountains around the world, visitors would throw in old coins and make a wish. The result was that they managed to collect a lot of money each year.

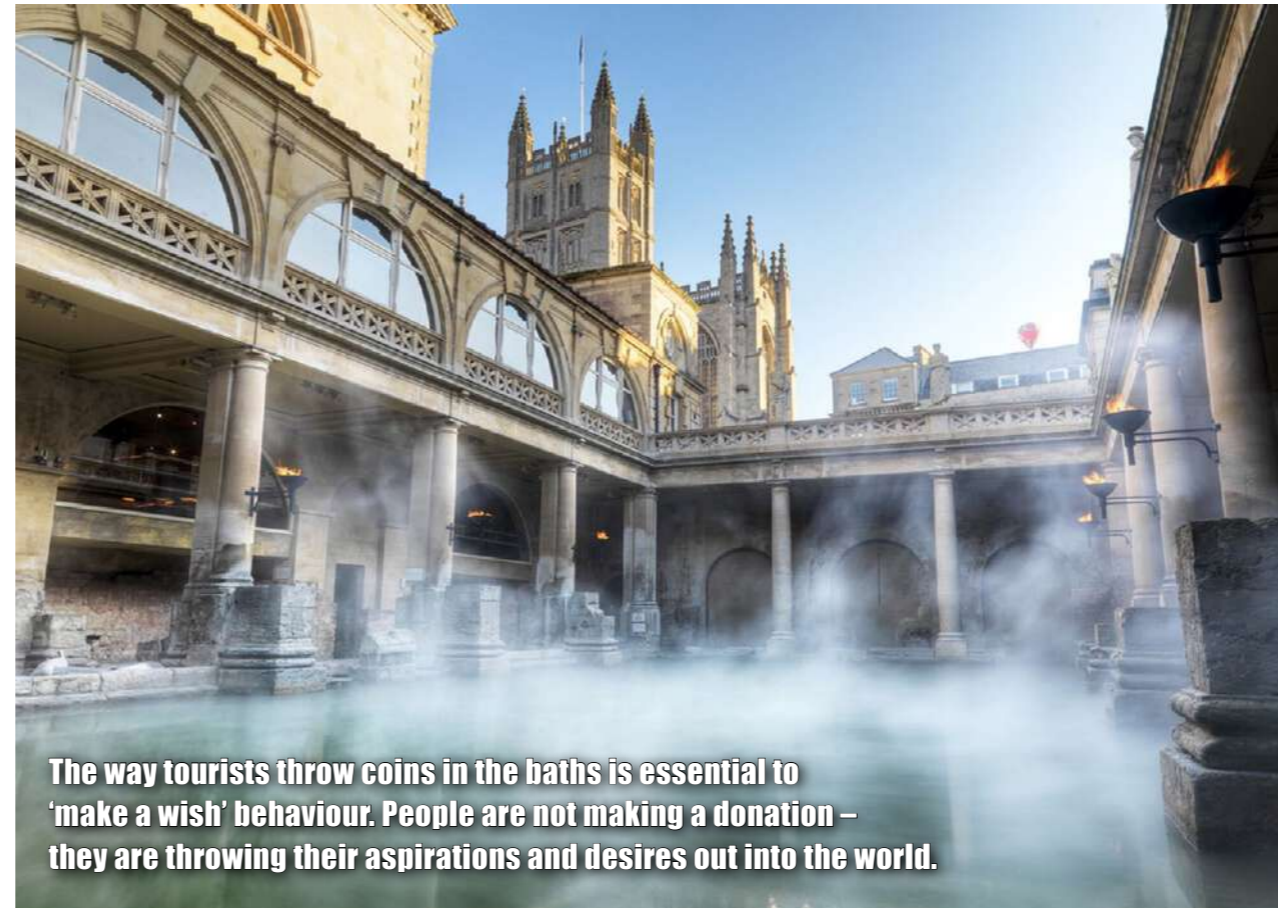
But coins thrown in the baths did damage, and every once in a while they would have to be drained and the coins collected.

So the sensible managers banned the practice. Instead, in April 2022 they installed a cash box, and also asked that people used a 'contactless payment' option with their credit cards and 'phones.

Most customers chose to not donate, and funds collected dropped to a measly £4 000.

What the 'sensible' managers did with their very rational and logical decision, which possibly included a spreadsheet or some AI, was that they failed to grasp was that ...

“ In the real, magical, superstitious world of customers, logic plays no role. And in the real world they paid with real-world consequences. Decisions made in boardrooms don't always translate into better circumstances, especially when magic is removed. ”



The way tourists throw coins in the baths is essential to 'make a wish' behaviour. People are not making a donation – they are throwing their aspirations and desires out into the world.

© Bath Tourism Plus. Source: www.visitbath.co.uk

Human beings live in a world of fantasy, and it's clear from this example that not all payment methods are the same. The extrinsic and intrinsic value of the coins doesn't change except in the perceptions of people. Thus, the way that they threw the coins in the baths was essential to the 'make a wish' behaviour. People weren't making a donation – they were throwing their aspirations and desires out into the world.

It's the same as sending a wedding invitation in an email or buying expensive dog food for your pet. An emailed invitation diminishes the value of the

special event, and your dog doesn't know the difference, because for Buddy food is just food. And there are many other examples of this in your business.

To come back to the coin tosses into the baths, there are also other behavioural and psychological principles at play here.

For example, we are herd-like in our behaviour, and if we see other people tossing coins into the bath,

we are likely to do the same. Not only that, but there is also the pressure of social proof and competition when other people see you being generous. What the point of tapping your card if nobody else sees it?

Why do businesses make decisions like this one without thinking it through properly? Part of it is that senior people are trained as 'scientists' or economists, and we are, in the western world, taught to win arguments, not to do what is intuitively right.

How do you solve that dilemma?

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Start by asking open-ended questions rather than questions where there is only one answer. This gives us more space to come up with more innovative solutions. For example, if Disney were asked to redesign the airport experience, what would change? Or if banks hired hospitality managers from restaurants and hotels, would that improve client experiences?

It's the same with the Roman Baths: you could solve your problem with coin damage, and perhaps even increase the amount of money that people throw in, by implementing little nudges to encourage fun of throwing coins into the right places, and subtle signs directing people to a particularly attractive fountain.

In real life there are rarely solutions to questions that are close to matric exam maths questions. You know the story: "If a bus leaves Pretoria travelling south on the N1 highway at a steady 100 km/h, and another bus leaves Johannesburg travelling north at the same time travelling at 80 km/hour, at what point will they meet?"



The tradition behind tossing coins into the Trevi Fountain comes from an ancient Roman practice of tossing a coin into a river or ocean to ensure that the gods who ruled these bodies of water will grant you safe passage. Traditionally you stand with your back to the Trevi Fountain and use your right hand to toss a coin over your left shoulder. This will apparently ensure good luck and that you will return to Rome in the future. If you have another two coins on hand, throwing the second coin into the Trevi Fountain will let you meet the love of your life, while the third coin will have wedding bells ringing. Photo & caption: www.tripadvisor.in/

How many times is there a traffic jam? What if the driver had to stop for a pee? That's what happens in real life.

Another thing you can do to prevent this type of thinking is to get creative people like marketers, some of your staff, and a few of your customers together to come up with a bunch of great new, weird and whacky ideas. (Then implement them, but never, ever have them run past the finance team.)

Sadly, top managers in most companies try whatever they can to make real people like customers and staff anonymous, when in fact we should be taking care of them and loving

them. So they reduce everything to numbers in a spreadsheet instead of Koos and Busisiwe, who have families that depend on them, and whose happiness lies in our hands.

Don't get me wrong. Efficiency and productivity are important, but sometimes we also know that we need to focus on effectiveness. Rather than trying to change the world through science and logic, we need get a deep visceral understanding of what drives them, and then change how people see and perceive your business.

We don't have to mistreat people to make money, and the opposite is true: treating them well pays off big time.



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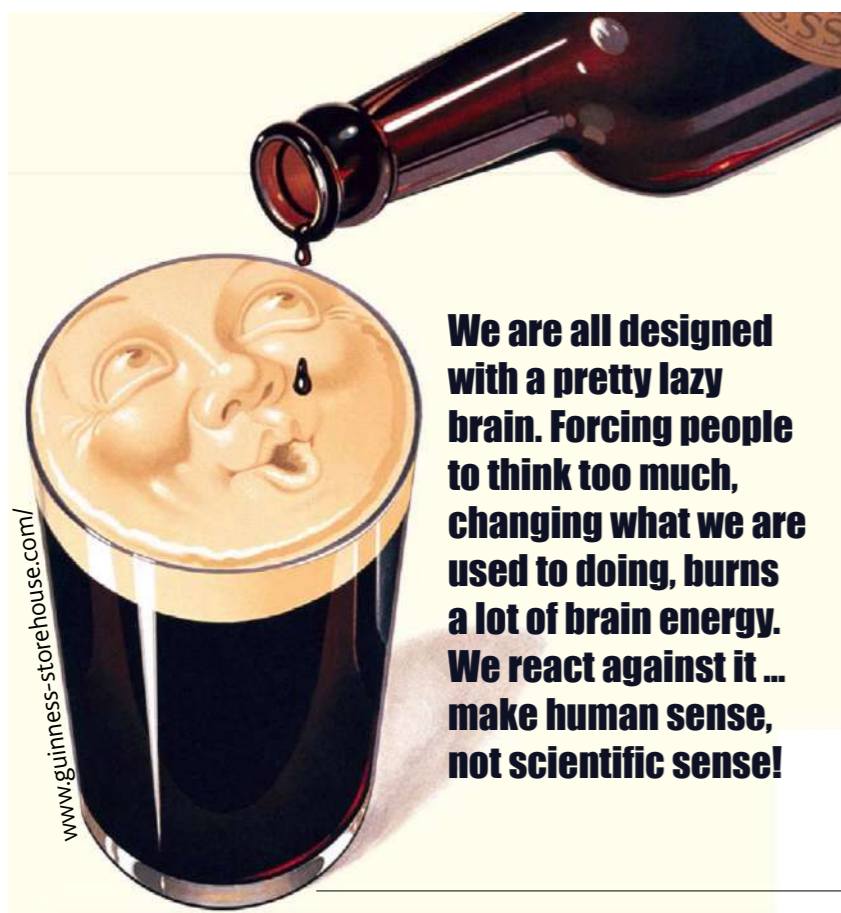


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We are all designed with a pretty lazy brain. Forcing people to think too much, changing what we are used to doing, burns a lot of brain energy. We react against it ... make human sense, not scientific sense!

Indeed, you can even turn a negative into a positive. Guinness beer is apparently really hard to pour for bartenders, and they hate doing it because it takes so long. So what did Guinness do? They changed their slogan to, "Good things come to all those who wait."

Remember, no matter who your customers are and how clever they are, we are all designed with a pretty lazy brain. Forcing people to think

too much, changing what they are used to doing, no matter how superstitious, burns a lot of brain energy. We react against it, and it's far better to make sure that we avoid this and make sure that everything we do is clear and makes human sense, not scientific sense.

In the coin toss example, decision paralysis also contributes: if people are faced with a decision to do something odd or unusual from what they normally do, doing nothing is probably going to be the result. Even though that may be worse than any other choice.

Make life easy. The people around you will thank you for that ... and so will your bank balances. SR



Aki Kalliatakis is the managing partner of The Leadership LaunchPad, a company dedicated to helping clients become more customer driven. He can be contacted at +27 (0) 83 379 3466, or via the website at www.leadershiplaunchpad.co.za

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SMEs play a crucial role in most economies, and South Africa is no exception. They are also important contributors to job creation and global economic development. According to the World Bank Group SMEs represent about 90% of businesses worldwide, while the International Finance Corporation revealed that roughly 50% to 60% of South Africa's workforce finds employment within SMEs.

WHAT'S HAPPENING IN THE WAREHOUSING & LOGISTICS RECRUITMENT SPACE?

Since 2019, Warehousing & Logistics has remained in the top 10 in-demand job sectors. On average, people stay in Warehousing & Logistics jobs for 3 years. This is higher than the average tenure in South Africa across all sectors (2 years and 4 months). 33.1% of candidates in this sector have a tertiary qualification; 53.8% of candidates are willing to relocate, with 60.3% currently residing in Gauteng; and 60.3% are employment equity candidates.

OVERCOMING COMMON RECRUITMENT CHALLENGES

Despite needing to attract and retain skilled talent, SMEs often face three major recruitment challenges:

Time-to-hire: Time is a critical factor for all SMEs during the recruitment process, but particularly so for those within the Warehousing & Logistics sector. Due to the nature of the industry, it's important to fill roles as quickly as possible in order to mitigate downtime in procurement and supply.

Sourcing candidates directly using job-matching technology streamlines the hiring process so that SMEs can quickly reach more jobseekers. SMEs can advertise their vacancies directly to active jobseekers or tap into a database of professional candidates. Sophisticated platforms like Pnet's online recruitment portal offer a host of easy-to-use tools and features to filter and shortlist suitable candidates from its database of over 6 million jobseekers. What's more, recruiters' job ads get further reach from the 100 million Job Alerts that Pnet sends directly to jobseekers' inboxes every month.

High recruitment costs: Due to the need for specialised skills companies tend to lean on the likes of recruitment agencies or headhunters, inflating the cost of talent as a result of retainer fees or placement fees.

By going directly to **Pnet** to source suitable candidates, SMEs can save up to 60% on their recruitment costs. Pnet uses advanced algorithms

and analytics to target job advertisements to the most relevant candidates. This enables recruiters to find quality candidates using locally relevant filters and create talent pools to access when they need to hire for similar roles in the future.

Inadequate personnel to focus on the recruitment process: SMEs often do not have the luxury of a dedicated resource to handle their hiring activity, so sifting through CVs, shortlisting candidates and conducting interviews can feel overwhelming. Pnet's expert "Response Handling" Team can help source quality matches for your vacancies - they know how to input your job description to attract candidates to your job ad and can create suitable shortlists on your behalf so that you can get on with your core business activities.

As South Africa's leading online recruitment platform, Pnet is well positioned to help SMEs find the right candidates for their vacant roles, thereby boosting their competitiveness in the market. In fact, Pnet has become a gamechanger for companies of all sizes, allowing them to flourish by attracting and retaining their most important asset – People.

At Pnet, our purpose is "The Right Job for Everyone". By partnering with Pnet, businesses can find the right person for the job, at the right time, and at the right cost – enabling them to attract quality talent that drives their business growth and success. ■



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