

## Would You Like Fries With That?

A paper presented to the Sphex Club of Lynchburg  
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**By James D. Atkins**

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Jimmy has extensive experience with life insurance product development and life reinsurance. He has served and continues to serve on numerous reinsurer advisory Boards. He is a member of the American Council of Life Insurers' Life Insurance Committee and is involved in numerous industry regulatory groups. He is a past president of the Southeastern Actuaries Conference.

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## Prologue

I last spoke before this group two years ago this week. My topic was Chaos Mathematics and Fractals. It was a complex topic in which I had an interest and some degree of expertise. I gave you an elaborate multi-media presentation that at least some of you enjoyed. Others told me it gave you a headache. However, I forgot to mention one thing. Two years ago I was not in jacket and tie but was instead wearing a casual shirt. You see I was actually dressed for the occasion. The pattern in the shirt was of a complex fractal.

Now for something completely different. My topic is one in which you are familiar, even if you don't know it already. I am not an expert but do find the topic interesting and hope you will too. I am however once again dressed for the occasion. How so will be revealed as we go along.

Tonight, we are going to talk about Influence. You can find most of what I will present in this fascinating book by Robert B. Cialdini, **Influence: The Psychology of Persuasion**. Last summer I attended a four-week MBA-like course at UVA's Darden Business School and this was part of the course materials. If you go to the Internet and Google the word "Influence" the first two entries out of 196 Million hits are links to Cialdini.

After my main comments I hope we will have an interesting discussion where you can share your experiences influencing and being influenced.

<http://www.insideinfluence.com> [1]

[http://www.d.umn.edu/~rvaidyan/mgts4731/Cialdini\\_InPress.doc](http://www.d.umn.edu/~rvaidyan/mgts4731/Cialdini_InPress.doc)

## Introduction

Fish in a chum-induced feeding frenzy will bite at a bare hook. Turkey hens feed their young in automatic response to their "cheep-cheep" sound. People too have developed preprogrammed responses to stimuli that allow us to cope with an ever more complex world. We simply do not have the time or the energy to analyze every situation from basic principles. We behave, with no deep analysis, using short cuts that we have learned serve our long-term interests. For example, we use one short cut Expensive = Good.

I seem to get regular practice buying gemstones. About 15 years ago I was in the market for a 2.0-2.5 carat oval cut blue sapphire for a ring for my wife. David Somers down at L. Oppleman got three loose stones from New York for me to look at. They were pretty close to the same size. As I recall one stone was

priced at about \$550 and another, slightly smaller was priced at about \$500. The third stone, in between in size, was priced around \$450. The first two were a deep, deep blue, almost black. The third was a rich, bright blue. As I looked at them my instinct said Expensive = Good. But my aesthetics liked the richer blue better. I finally decided to go with what I liked, even though it was not the best (read "most expensive") and I hoped my wife would not associate my selecting the cheapest with how I valued her. A few days later David called me. "I just wanted to let you know that my supplier in New York made a pricing mistake. He has decided to live with it since you and I have already made a deal. The first two, 'more expensive' stones were priced per stone. The third was intended to be \$450 per carat, or about \$1100 for the stone. I just wanted you to know you got a great deal." This was one case where I was glad I did not just go with the Expensive = Good shortcut approach.

Tonight I will review six ways we use short cuts, how others might attempt to manipulate us using these shortcuts and how you can defend yourselves from being influenced against your best interests.

## **Influence**

Let's start by examining the Contrast Principle. You may have heard of or participated in an experiment where you simultaneously immerse one hand in a bucket of hot water and the other in a bucket of cold water. After a few moments to adjust you remove both hands and dunk them in the same room temperature bucket. The hand that was in the hot water perceives the room temperature bucket as cool while the other hand that was in the cold water senses it as warm. Clearly, it's the same temperature for both hands. It's the contrast that makes it *seem* different.

If you have been suit shopping at Nordstroms in Tyson's Corner a basic wool suit starts at \$1,995. That makes a custom made suit from Rick Coffee at \$700 look like a steal. On the other hand, if you started shopping at S&K looking at the "buy one at \$200, get one free" suits, the R. Coffee suit looks extravagant.

Speaking of shopping for clothes, a retailer will help you with the most expensive item on your list first. After you pay \$500 for a suit what's another \$20 for a simple pair of socks?

Conversely, when realtors show three homes priced at \$250,000 they should start with the relatively overpriced ones in need of renovation. When they finally show the \$250,000 house that doesn't need work it will appear to be a bargain.

If you go to Hardee's and order one of those huge, \$3.95 burgers and a soft drink expect to hear "Would You Like Fries With That" for just 99 cents more. Who wouldn't go for that?

The Contrast Principle can get you out of trouble. Listen to this letter from a college coed to her parents:

Dear Mom and Dad,

Since I left for college I have been remiss in writing and I am sorry for my thoughtlessness. I will bring you up to date now, but before you read on, please sit down. You are not to read any further unless you are sitting down, okay? Well, then, I am getting along pretty well now. The skull fracture and the concussion I got when I jumped out the window of my dorm when it caught on fire is pretty well healed. I only spent two weeks in the hospital and I can see almost normally and only get headaches about once a day.

Fortunately, the fire and my jump were witnessed by an attendant at the gas station near the dorm. He was the one who called the Fire Department and the ambulance. He also visited me in the hospital and since I had nowhere to live because of the burnt-out dorm, he was kind enough to invite me to share his apartment with him. Well, it's really a basement room, but it's kind of cute, so don't worry about me being in 'tight quarters.'

He is a very fine boy and we have fallen deeply in love and are planning to get married. We haven't set the exact date yet, but it will be before my pregnancy begins to show. Yes, Mother and Dad, I am pregnant. I know how much you are looking forward to being grandparents and I know you will welcome the baby and give it the same love and devotion and tender care you gave me when I was a child. The reason for the delay in our marriage is that my boyfriend has a minor infection, which prevents us from passing our premarital blood tests. I guess I carelessly caught it from him. I know that you will welcome him into our family with open arms. He is kind and, although not well educated, he is ambitious. Although he is of a different race and religion than ours, I know your often-expressed tolerance will not permit you to be bothered by that.

Now that I have brought you up to date, I want to tell you that there was no fire, no fall, no concussion. I was not in the hospital: I am not pregnant: I am not engaged. I am not infected and there is no boyfriend.

However, I am getting a "D" in History and an "F" in Chemistry, and I want you to see those marks in their proper perspective.

Your Loving Daughter,

Sharon

<http://www.un-official.com/Quotes/FQ98/FQ798.html> [2]

Sharon understands how to use the Contrast Principle.

### ***Reciprocity***

Reciprocity is the rules around give and take. All human cultures share this philosophy: when someone does something nice for you, you should do something nice for them in return. From this principle our whole way of life has emerged with people helping one another either from simple altruism or in a commercial sense.

Remember when Grand Piano was open downtown? Whenever you crossed the threshold they would offer you a Coke. With people that nice how could you not buy something? Or at least feel like you should? After all, they gave you a Coke.

I got to where I did not want to go in and even browse because I would feel guilty about drinking the Coke gratis. And if you go in it would be bad manners to refuse the drink. The social norm is that when someone offers a gift, you accept. Then you "owe" them a debt. If invited to a friend's home for dinner you are not totally free to decline without cause. Then you have an obligation to reciprocate and invite them to dinner with you. That's good manners.

Some people or groups use this short cut to their own advantage. The Hare Krishna Society solicits donations at airports but only after giving a "gift" of a flower to unwary passersby. This has been so successful that every seasoned traveler has learned to avoid the gift to avoid the social obligation to give something back (i.e., cash). To cope the Krishna's now dress like regular travelers even as they are confined to a restricted solicitation space.

Reciprocity can be found in politics as votes are secured by calling in favors owed from past votes.

When you turn the corner in the grocery store and someone is standing there providing free samples of a special cheese you know if you take one you feel obligated to buy some of their product. You may, like me, be able to resist that urge, but you feel it nonetheless.

Conversely, if you want to avoid the obligation you refuse or avoid the gift. Peoples Temple member Diane Louise probably saved her life when, in an earlier time of need, she had refused to accept favors from leader Jim Jones. So she later felt no social obligation to drink the poisoned Kool-Aid as he requested.

## **Concessions**

A related concept is the concession. Someone approaches you with a request, even an outlandish one. You refuse. They counter with a more reasonable request. In a sense, their concession to a more modest request is a give up and you feel a sense to give them something, like the smaller request. No matter that they really haven't given you anything.

Researchers asked a sample of college students if they would be willing to chaperone a group of juvenile delinquents on a day trip to the zoo. The majority (83%) said "no". A second group was first asked to volunteer two hours per week as a counselor to a juvenile delinquent for at least two years. Everyone refused. But when countered with the one-day chaperone task about half agreed. That's three times the number who said 'yes' to the direct request. The combination of a sense of obligation from Reciprocity and the contrast of the smaller follow-up request create a powerful motivating force.

<http://www.psych.ucsb.edu/~quadagno/pubs/sequentialfinal.pdf> [3]

For this “rejection-then-retreat” technique to work the initial request has to be exaggerated but not so extreme as to be unreasonable, otherwise the target reads the first request as being made in bad faith and does not feel any obligation to comply. Perhaps that’s why when I know Genworth debates giving \$2,000-\$10,000 to local charitable causes, over and about its United Way contribution, I feel no obligation to argue we give \$1,000,000 to help renovate the Academy of Music or even feel obliged to say “yes” to the ‘more reasonable’ \$250,000 retreat.

### **Larger Then Smaller**

Other examples of the combined Contrast and Rejection-Then-Retreat techniques can be found in retailing. Smart retailers start with the top of the line model. If the buyer bites, great! If not, lower priced models look like better deals and customers feel more satisfied that they worked for the best deal. If the retailer starts small and builds up, the Contrast Principle works against them. [http://www.actonfs.com/ask\\_lynn\\_50.html](http://www.actonfs.com/ask_lynn_50.html) [4]

### **Negotiating**

Proper use of this technique when negotiating means you have to start with asking for more than you think you truly deserve, then making small concessions. As a result you still end up with more than you deserve but the other party feels responsible for the final bargain and will more likely live up to it. They also feel greater satisfaction with the final deal than if they got more and you got less from the beginning. And satisfied feeling negotiating parties are likely to come back for more.

### **How to Say No**

Distinguish between the Generous and the Manipulative  
If there is no follow-up request, then return the favor in kind at a later date. If there is a follow-up request, recognize it as a trick. Reciprocity does not require tricks be met with favors.

### **2 Commitment and Consistency**

The second decision-making short cut is Commitment and Consistency. Once we finally make a decision, we feel better about it than we did just before deciding. And once we have made a decision we tend to repeat it.

I’m a member of Boonsboro Country Club and participate in the range plan. Under that plan I pay an annual fee and can hit all the driving range balls I want. The fee is about equal to 24 large buckets of balls. Let’s say I play there once a week from April though September. If I hit a large bucket before each round I’ve just barely come out ahead. In truth, a lot of times I show up without time to warm-up with a large bucket. I hit a small one or just start playing. I estimate I consume about 20 large buckets a year. So why do I stick with the range plan?

- I don’t want people to think I’m too cheap to go for the annual plan,
- I don’t want to agonize over the marginal expense before each round.

- I don't want to feel obligated to not 'waste' even a small bucket if I just have time to hit a few balls.

So I avoid the emotional strain of the ball-buying decision and remain consistent with past practices by sticking with the range plan, even though I know it's costing me money.

Did you promise a child or a special someone a Christmas or Hanukkah present of one of this year's hot products like the X-Box 360 or the I-Pod Nano? Sorry. Sold-out. I'm guessing you bought something else instead. But since you promised to get the hot item, you still owe it. P.s., supplies have been restored. Get it in January.

This means that you end up spending twice as much. Would it shock you to learn that toy companies purposefully undersupply a hot toy in December knowing you will buy something else and then in January restock and readvertise the hot item you are still committed to provide?

Now that you know you have been manipulated, good luck explaining to a child that it would be wrong to allow yourself to be so misused. And good luck next year in just giving an I.O.U. or a gift card.

Telemarketing is down following the "Do Not Call" list but you may still get the occasional call. An effective telemarketing technique is to start with an innocent question and then wait for a response. "How are you doing tonight?"

"Fine"

"That's great. You know, many people in the world are not fine tonight. Won't you please donate to our world hunger prevention fund?"

Regardless of the charity or the product being sold this technique produces much better results than just blurting out the request.

During the Korean War American prisoners in North Korean hands suffered harsh treatments. But those in Chinese Communist hands were much better treated and strangely, much more willing to help the Chinese on the propaganda and world opinion fronts.

The Chinese technique was to start with the most innocent of concessions. Write down what you like about America. Write down what you don't like about America. "Don't you agree that America is not perfect?" They then levered those small concessions to greater and greater advantage. Write down ways America is not perfect. Read what you wrote to a group. Let's publish that in the camp newsletter. Before you knew it that prisoner was behaving and thinking of himself as a collaborator.

In one interesting experiment, California homeowners were asked to display a huge "Drive Carefully" sign in their front yards. They were shown a picture depicting a sign almost as big as their house. Of course, most (83%) said 'no'. But with a different group of homeowners a remarkable 76% said 'yes'. The

difference was the second group had agreed two weeks earlier to display a 3"x3" "BE A SAFE DRIVER" sign. Accepting that trivial request earlier set them up to agree to the larger request later. In a different version of the experiment about half the homeowners who agreed to sign a "Keep California Beautiful" petition (and who wouldn't?) also agreed to display the huge "Drive Carefully" sign. It turns out these people changed their image of themselves as being more public spirited and that led to their compliance with the outlandish request!

[http://faculty.babson.edu/krollag/org\\_site/soc\\_psych/freed\\_fras\\_foot.html](http://faculty.babson.edu/krollag/org_site/soc_psych/freed_fras_foot.html) [5]  
<http://165.193.130.33/textlink/In/RE/Morris/chap15/chap15.html>

The lesson is "Change a person's perception of themselves and they will start to behave that way". Simple citizens can become public servants. Soldiers can be collaborators. So, beware of agreeing to even trivial requests.

A good way for the hospital to attract donors would be to have one person pay for a full page ad stating "We, the people listed below, support our hospitals and desire Centra Health be the leading cardiac and cancer hospital in the state". Then solicit people, not for money, but to include their name in the ad. Later, after they have changed to view themselves as hospital supporters, come back and ask them for money.

Public commitments are the strongest. If a jury starts its deliberation with a show of hands, guilty or not guilty, then people resist changing their minds and a hung jury is more likely to result. A secret ballot gives people more space to change their minds. Remember this if you are ever the foreman of a jury.

Writing down goals leads to commitment. The "Why I Like..." in 100 words or less leads to people who write really liking the product, whether they did or did not before.

<http://www.baybenjamin.com/win.htm>

<http://www.shopgirlscouts.com/publications/TalkAboutSept02.pdf> [6]

<http://www.ppai.org/Publications/PPBn/Article.asp?NewsID=1551>

Written, public commitments were effective with the Korean War prisoners. The Chinese would publish a prisoner's own words. For that prisoner to maintain his consistency, he had to admit he had indeed said those things and that must represent who he really was.

Sometimes they offered rewards for winning the essay contest. These rewards were purposefully small, like three cigarettes or a candy bar. Rewards must be small in proportion to the effort. That way the participant can't claim to have made the effort just for the reward.

Back in the early '80's I was single and living near Winston-Salem North Carolina. I filled out a sweepstakes entry at a restaurant and 'won' a gas grill. All I had to do was drive 2.5 hours to Sugar Mountain, a ski resort area, sit through a brief presentation, and claim my prize. I did this on a fall Saturday because 1) I wanted to see that part of the state and 2) I had no life. Of course this was a timeshare pitch. An off-season week was about \$7000, a huge amount of money at the time. And I don't ski. When I told the saleslady I was not interested but could I please have my gas grill before I left she was incredulous. "I can't believe you came all this way just for a cheap gas grill!" The implication is that since I made such an effort, I must really be interested in Sugar Mountain vacations. I suppose I was just naïve. I wanted to see the area and the solicitation said nothing about "cheap" (which it certainly was).

So be like the Chinese Communists. Don't threaten or heavily bribe your children. Small rewards coupled with commitment and consistency will bend them to your will.

Car salesmen sometimes use the 'lowballing' technique to leverage consistency. The salesman, quoting a low price, induces a buyer to say, "I'll take it!" After the buyer has done a lot of paperwork and applied for financing an error is discovered, maybe even by the financing bank. The price quoted is too low. The Sales Manager says, "No, we'll lose money". Or maybe the Used Car Manager says the trade in quote is too high. The price is adjusted to the fair market price. By this time the buyer has other reasons besides just the great price to continue in the deal. Victims don't feel like victims. Once the deal is done, don't enlighten them. Allow them to enjoy their delusion.

When asked to conserve energy, homeowners in Iowa agreed, but then failed to deliver. A second sample was also asked but was told their names would be included in a full-page ad showing them as a public-spirited citizen. They reduced usage by 12.2% in the first month of the program. Then they were told that the ad would not run after all. Rather than revert to their old ways they continued to save energy at an even higher 15.5% rate. During the first month, they began to think of themselves as conservation-minded citizens. Thereafter, they had to agree they were doing it for their own reasons and not the "bribe", and so owned the decision even more.

Consistency is good. Once you have made a thoughtful decision you can be consistent and save a lot of future thinking time. If the facts change you can revisit your position.

In his essay *Self-Reliance*, Ralph Waldo Emerson, said, "A foolish consistency is the hobgoblin of little minds, adored by little statesmen and philosophers and divines." <http://www.bartleby.com/100/420.47.html>

## **Defense**

So, avoid being manipulated for the profit of others. When your stomach tells you the person you are with is trying to manipulate you, describe the consistency tendency to the other person. Tell him or her that you don't think it's right to allow yourself to be manipulated by him or her. They will probably back down and leave you alone.

Stop and ask yourself, "If I knew then what I know now, would I make the same choice again?" If the answer is "no", then don't accept rationalizations to continue with the same choice. Take the other path.

Conversely manipulating yourself may be the key to self-improvement. Take small steps. Write down your goal. Persevere. Let me know if it works.

## **Social Proof**

3 Let's move to the third shortcut.

Is a laugh track in a television sit-com effective? Yes, studies show people rate shows with laugh tracks as funnier than those without even though they know the laugh track is an artificial way to manipulate them. The principle of social proof says one way we determine the right way to behave is to observe how others are behaving. Fortunately that is usually right. This effect is so powerful that even artificial laughter will free us to laugh too. Think of social proof as unknowing consensus.

How might people use this unknowing consensus to manipulate us?

- Bartenders "salt" the tip jar with folding money.
- Advertisers lure us with the phrases "Fastest Growing" or "Top Selling" without having to convince us that the product is "good".
- Charities report a listing of their contributors.
- Nightclubs with lines outside must be good, regardless of how few people are actually inside.

Children afraid of dogs can lose their fear by watching other children enjoying dogs. Even a film will have the same effect. One experiment was done on two groups of shy, socially withdrawn pre-school children. The first group was shown a twenty-three minute film showing eleven scenes of a child like themselves watching a social interaction and then joining in themselves. The effect was immediate. These children began to interact normally. Six weeks later these children were *more engaged* than the average pre-school child while the children in the control group remained as isolated as ever.

## **Apathy vs. Uncertainty**

So we can learn how to behave by watching others. The more uncertain the situation, the more we look for cues from others to guide our actions. The problem is, in times of uncertainty, others are looking for guidance too.

Have you heard stories where entire groups of bystanders stood by and failed to help a victim in dire need of assistance? How could they be so apathetic?

[http://www.crimelibrary.com/serial\\_killers/predators/kitty\\_genovese/1.html](http://www.crimelibrary.com/serial_killers/predators/kitty_genovese/1.html) [7]

March 13, 1964, 3:15 a.m. Catherine "Kitty" Genovese was coming home from work. She parked her red Fiat 20 feet from her apartment door in the Kew Gardens section of Queens, New York, a nice, residential neighborhood. As she got out of the car a mysterious figure approached. With only 20 feet to the door she turned to her apartment but the figure, a man later identified as 29-year old Winston Moseley, was too fast. He knocked her down and stabbed her several times in the back.

She cried out, "Oh my God! He stabbed me! Please help me! Please help me!" Next-door neighbor Irene Frost heard her plainly. So did Robert Mozer who opened his window and yelled down to the street, "Hey, leave that girl alone!"

The attacker turned away. He later told police he realized he had left his car in plain sight and went to move it. In the meanwhile, no one called the police.

Catherine drug herself to the locked apartment door but was unable to stay conscious and let herself in. Within five minutes, Moseley returned and stabbed her again. "I'm dying! I'm dying", she cried. Again lights came on and Moseley fled the scene in his car. Down the street Marjorie and Samuel Koshkin witnessed the attack. Mr. Koshkin wanted to call the police but his wife wouldn't let him. She said surely the police must have received 30 calls already.

At 3:25 a.m., Catherine stumbled to the back of her apartment building, but again the door was locked. She slid down the wall until she made it into the vestibule of a neighboring building.

Moseley came back. He had not completed his task. He followed the trail of blood until he found her semi-conscious on the tile floor. He cut off her clothes and sexually assaulted her. He took \$49 from her wallet. Catherine lay moaning at his feet. He stabbed her again and finally killed her. He then went back to his car and drove away.

Minutes later, at 3:50 a.m. neighbor Karl Ross finally called the police. They arrived at the scene three minutes later and found Catherine's body. She had been stabbed 17 times. During the investigation they learned 38 people had witnessed the assault. From the first attack to the death blow over thirty minutes had elapsed. The attacker left the scene twice only to return again and again.

The city and the nation were shocked when the details came out. If anyone had called after the first or maybe even after the second attack Catherine Genovese might have survived. The only thing that made sense was indifference, fear, and big city apathy.

But later research by New York-based psychology professors Bibb Latane and John Darley showed no one helped *because* there were 38 witnesses, not *despite* there being 38 witnesses. The more people are involved, the less personal responsibility each feels. Even more so, the principle of social proof takes hold. No one knows what to do and they look to each other for cues. Since no one is reacting people think there is really nothing to react too. Maybe this was just a lover's quarrel.

Subsequent experiments showed the more people witness an ambiguous event the less likely any are to get involved. A New York college student pretending to have an epileptic seizure received help 85% of the time when there was a single witness but only 31 percent of the time when five were present. Now, in cases that are clearly emergencies the opposite is true. People are quick to assist. The key is to remove the uncertainty.

The most dangerous situation is a busy place, like a city, where there are many witnesses, and those witnesses are strangers to each other.

So, how do you avoid becoming a victim? If you find yourself in need of assistance in an emergency situation pick out one specific person from the crowd. Say directly to that person. "You, in the red sweater. I need help. Call the police. Call an ambulance." For that person you have removed the doubt and can expect quick assistance. Further, once others see you receiving aid, they too, following the principle of social proof, are more likely to assist you too.

Remember this. It could save your life.

### **Similarity**

This principle of social proof is strongest when we perceive the other people to be similar to ourselves. We tend to follow the actions of those who are like us but not the actions of those who are different.

Here's a scary observation: when a suicide is highly publicized there is a short-term, measurable increase in both obvious suicides as well as automobile and aircraft accidents. If a young person commits suicide more other young people commit suicide or are in fatal accidents. If an older person commits suicide the other older people follow suit. The phenomenon is restricted to the geographic region where the original suicide was publicized. Apparently, people on the edge of a life or death decision observe that the suicide route was ok for someone similar to himself or herself and decide it's ok for them too. But, because there is shame, stigma or insurance money on the line they sometimes chose the

intentional accident route. This is where it gets scary. When your pilot decides it's ok to off himself with a botched landing, you don't want to be on the plane. Suicide by accident sometimes takes a lot of unwilling and innocent lives as well. <http://www.afsp.org/research/articles/gould.html> [8]

Similarity was also a factor in the Jonestown mass suicide in Guyana in 1978. When Congressman Leo J. Ryan and three others on a fact-finding mission were murdered as they tried to leave Jonestown by plane, cult leader Jim Jones knew he would be arrested and implicated in the murders leading to the demise of his People's Temple. He decided to end the organization on his own terms, by ordering a mass suicide.

Over 900 people drank the poisoned Kool-Aid and died. Why?

Over a year earlier, the People's Temple relocated from San Francisco to the rainforest of Guyana. The only people there similar to those in Jonestown were the other people in Jonestown. When Jones called upon the masses to kill themselves, a few of the most fanatical followers were first. The others, looking around for behavioral clues, saw only calmness and orderliness. The 900<sup>th</sup> person must have thought it the only right thing to do.

Jones was not necessarily such a powerful leader than almost the entire company followed his command. Rather he knew that in their isolation, getting just a few going in the right direction would cause his following to become a herd and they would peacefully and mechanically go to the slaughter.

I found myself in the grip of social proof many years ago at a training conference. I was the lone actuary from First Colony among a group of about 30 PhD chemists and chemical engineers from Ethyl Corporation. The first night we met, we introduced ourselves and were instructed on the upcoming events. Then our leader told us a story about someone buying and selling a computer. She put this question to the group, "How much did the person make repeatedly buying and selling the computer?" It seemed clear to me that the answer was \$20. One person volunteered an answer. \$30. Anybody else? \$10. And again? I finally raised my hand and said \$20. With no other answers the leader asked the three of us to go to separate corners of the room. Then each of the others was asked to go join the person with whom they agreed. My heart was in my throat when I saw almost the whole room go the Mr. 30. Three people joined me and one joined Mr. 10. Twenty four to four to two.

We were given a few minutes to figure out how to convince the others that they were wrong and join us instead. I was thinking how much more comfortable I would have been over there in that big group. As we discussed our situation among we four it was not initially promising. Two of the others didn't really know. Apparently they started to join me at random and, for consistency's sake, did not want to change their course once the majority went to Mr. 30. The third, a PhD

Chemist said he wasn't sure either, but he knew from the introductions that I was an actuary and that's why he joined me. The only thing we were sure of was that the two in the \$10 group were clueless.

The \$30 group went first and converted one from the \$10 group. Some in the \$30 group seemed less comfortable with their position but stayed put. Mr. \$10 quickly abandoned his position but joined us.

My PhD chemist had come up with a way to explain our logic and when I presented that, a number of the others came over to us. More and more made the move. Eventually Mr. 30, still convinced \$30 was right joined us too. Social proof caused him to deny his intellectual beliefs.

[I know you are all wondering. Yes, \$20 was indeed the right answer but I went through a period of doubt when the majority started out the other way.]

## **Defense**

Social proof is right most of the time. So how can we defend ourselves from its power when it is wrong?

First, examine the facts. If others have the wrong facts, don't assume they are making the right decision. Also, don't assume they are like you. They may be a shill... or a claqueur. A claqueur is a professional applause team originating in the French opera. They performed the "laugh track" of their day.

<http://www.psychdaily.com/encyclopedia.php?term=Claqueur> [9]

If you see a company is trying to manipulate you with obviously faked man-on-the-street testimonials write them a letter complaining and suggesting they switch advertising agencies. Social proof is a valuable tool to avoid decision overload. We should not let exploiters spoil it for us.

Second, verify the reason for the action. If two cars in line in heavy traffic change lanes simultaneously and the next two move thinking there is an obstruction ahead then everybody behind them will start to move too. That is a recipe for an accident and you may be in the middle of it. But maybe it was just a coincidence that the first two moved at the same time. Take the time to look and you can determine if the lane ahead is truly blocked.

## **Liking**

4 The fourth influencing shortcut is Liking. If a friend is involved, we are more likely to buy, ergo the success of the Tupperware party where the hostess invites her friends and gets a share of the sales. Who can say "no" to a friend?

Well I wish my wife could. Tupperware parties are one thing. You can only spend just so much at a Tupperware party. Lately she has been attending special apparel parties. The bill from the last one last month was over \$1200.

Good salespeople don't have to use a friend or a reference from a liked friend for success. They can be successful if they make you like *them*.

How do you make people like you? Ways include simple physical attractiveness, similarity, compliments, contact and cooperation, and by association.

- Physical attractiveness helps
  - Good looking politicians are more successful
  - Good looking defendants get acquitted more often
  - Good looking people are more likely to receive help when needed
  - Good-looking people make better con men.
- Similarity
  - You are more likely to give payphone money to someone who is dressed like you
  - Car salesmen look for clues to hobbies in your trade-in (like the golf clubs in your trunk) so they can tell you they share the same interest.
  - Some sales people are trained to mirror your style to make you more comfortable with them.
- Compliments
  - <http://www.usdreams.com/Girard.html> [10]
  - Retired car salesman Joe Girard, the World's Greatest Salesman, sent a greeting card to each of his 13,000 customers each month ("Happy New Year") along with a business card that simply said, "I like you! Joe Girard"
  - A study done in North Carolina showed that favorable complements, even when known to be untrue, produced likeability.
- Contact and Cooperation
  - We like familiar faces. We like things with which we are familiar more than those that are unfamiliar.
  - School Counterpoint
    - Conversely, simple desegregation of schools does not breed interracial harmony
      - School is a competitive environment
      - Students form cliques of similarity rather than move toward total integration.
    - Cooperative learning works
    - Needing each other works
      - Jigsaw learning, where each person knows part of what is needed for success and each must learn from others and, in turn, teach what they know, leads to cooperation, understanding and liking.
    - Rather than 100% competitive or 100% cooperative use a mix of the two styles for success in school
  - Real Life Examples of Cooperation

- The car salesman “cooperates” with us to wrangle a good deal from the sales manager.
  - The “Good Cop” in the Good Cop / Bad Cop interrogation
    - Perpetual Contrast
    - Reciprocity for a small kindness (cup of coffee)
    - Good Cop is “on his side”
- Conditioning and Association
  - Don’t be a weatherman!
  - Don’t hang out with “bad kids” (guilt by association).
  - Good looking models in car ads. Really! Why are they there? Because we like attractive people and associate that liking with the advertised cars.
  - The “Official Deodorant” of the Olympics
  - Celebrity endorsements.
  - The 1980 New Orleans “Aints” lost their first 14 games. Fans wore paper bags over their head to disassociate themselves from the team
    - Ask the U.S.C. and Texas fans what they thought of the big game last night. *We’re Number One* vs. “I can’t believe *those bums* blew it!”

### **Defense to Liking**

There is no direct defense to liking. Just let it happen and know that when you find yourself liking someone who wants something from you or is trying to sell you something that you may be being manipulated and focus on the deal itself. Would you make this deal with someone you did not like?

### **Authority**

5

The next shortcut is authority. We tend to obey people we perceive as authorities. You must have heard of the experiment in which two volunteers and a researcher engage in an apparent Punishment vs. Learning experiment. One volunteer, The Learner, is strapped into a chair in the testing room with electrodes applied. The other volunteer, The Teacher, goes with the researcher into a control room and reads a memory question to The Learner over the intercom. If the Learner makes a mistake, the Teacher administers an ever-increasing electric shock starting at 15 volts and climbing 15 volts per step to a whopping 450 volts at the 30<sup>th</sup> shock. Invariably the Learner begins making mistakes and by the 10<sup>th</sup> shock at 150 volts is asking for the experiment to end. Would you stop? The researcher says to continue. No Teacher stopped. At 300 volts most Learners are screaming when shocked and unable to respond to the questions at all. Most Teachers want to stop. But still the researcher insists The Teacher continue. Most continue the experiment until the final, 450-volt shock has been delivered.

The real experiment here is just how far a person will go under the control of an authority figure. The Learner is just an actor and is not really being shocked.

[http://www.age-of-the-sage.org/psychology/milgram\\_perils\\_authority\\_1974.html](http://www.age-of-the-sage.org/psychology/milgram_perils_authority_1974.html)  
[11]

Quoting from the researcher:

This is, perhaps, the most fundamental lesson of our study: ordinary people, simply doing their jobs, and without any particular hostility on their part, can become agents in a terrible destructive process. Moreover, even when the destructive effects of their work become patently clear, and they are asked to carry out actions incompatible with fundamental standards of morality, relatively few people have the resources needed to resist authority.

<http://home.swbell.net/revscat/perilsOfObedience.html>

Once again we see how a socially useful trait, obedience to authority, can be abused for evil.

Authority can be a problem in the medical world too. There's the story about the doctor who prescribed eardrops for a hospital patient with an earache in his right ear. He abbreviated the order as drops "in R ear". [12] I'll leave it to your imagination to figure out where the compliant nurse administered the eardrops to the compliant patient.

Do you remember the actor Robert Young promoting the decaffeinated health benefit of Sanka? Or Karl Malden, dressed like his character from "The Streets of San Francisco" hawking American Express Travelers Cheques?

### **Signs of Authority**

- Titles
- Size
- Clothes
- Trappings

Clearly I am here to tell you about Influence. I am standing here in the boardroom of Genworth Financial's First Colony Life Insurance Company as its Executive Vice President. I'm tall. Did you know CEO's are generally taller people? I'm wearing my power suit and I have an impressive office just a few yards away.

### **Defense**

People routinely underestimate the effect these symbols of authority have on them. They therefore are unprepared to defend themselves.

So question authority. First, question if the authority figure has the credentials for his apparent authority. Marcus Welby is just not qualified to advise on the effect of caffeine. And really, what do I know about influence? Just what I read in this book and what I have learned in life, just the same as many of you. But I

daresay after tonight you will few me as an expert on Influence, since that is the topic of tonight's presentation.

Second, question if the authority is being truthful. We have more cause to trust an impartial authority than one who might be helped or harmed by our decision. Actually, those who argue against their own interests sometimes do so to convince you of their honesty. Remember "Listerine, the taste you love to hate"? By acknowledging it tastes bad they gain credibility when they say it's effective.

Consider the story of Vincent, the highly successful waiter. When serving a table of eight or ten, regardless of what the first person orders, he hesitates, looks over his shoulder to make sure the manager is not nearby, leans into the table and says "Tonight, that is not as good as it normally is. Might I suggest 'A' or 'B' instead? They are both excellent tonight." And A and B would be a little less expensive than the original item. Vincent had established himself as "on the side of the customer" and as an authority on what was good at the restaurant. After everyone had gratefully ordered Vincent would offer to select or suggest wines to go with the meals. Invariably the group would agree and Vincent would supply them with excellent and expensive wines. At dessert time who could resist his scrumptious descriptions of the desserts. After all, he really knew and has their best interests at heart.

As a result, Vincent's satisfied customers added a big tip to a big bill and Vincent was satisfied too.

### **Scarcity**

Finally, let's talk about scarcity.

- If it's scarce, it must be valuable.
- When the sale is over, it's over.
- If it's sold out, but they can find one more in the back, stop thinking and grab it now.

You have all been in that situation where the item you seek is "out of stock" or almost out of stock. It immediately becomes more valuable. Clearly other buyers have already chosen it, so it must be the best deal.

Part of this phenomenon is a lost of freedom. If we don't buy now, we lose the freedom to buy later. In fact, presenting a situation in terms of what one loses by not acting is much more powerful than presenting that same thing in terms of what one gains by acting. For example, saying "If you don't insulate your attic now you could lose hundreds of dollars a year" is more effective than saying "Insulating your house now could save you hundreds of dollars a year".

I am motivated to think how Scarcity applies in the life insurance business. Surely companies are falling all over themselves to sell you life insurance. What's scarce about that? Clearly, the answer is you still have to qualify to get a

good rate. If you don't act now, when you are healthy, you might not qualify later. And you don't really know when you cross that threshold, it could be any moment. You should act now! (It just so happens I brought a limited number of applications with me tonight for the first few who request them.)

Losing a freedom or restricting access makes us want the scarce item all the more. In an experiment with two-year-old boys the boys were allowed in a room with two equally attractive toys. In one room a low Plexiglas barrier did not restrict access to either toy and the boys chose between them equally. In another room the barrier was too tall for the boys to reach over. In that situation the boys went around to barrier to the restricted toy far faster than they approached the unrestricted toy. Restriction drives desire.

And what about Romeo and Juliet? Did they have such a pure love than multiple suicides were the answer or were they just reacting to the restrictions imposed by their families? The scarce item is more attractive.

All things being equal, I would never have a handgun in my home. I would be more concerned that I, or a loved one, would be its victim. But if there were a pending law banning the sale of guns I think I would go out and get several now, while I still could.

Thoughts too can be scarce / unavailable. If a fringe political view is censored, the censorship itself may attract new converts to that view. Maybe being "Banned in Boston" is the best way to get your message out!

If scarcity can be used to influence people then newly realized scarcity is even more powerful. It is not the downtrodden that are most likely to rise up in rebellion. They see their situation as just part of the natural order. Rather it is those who have had a taste of a better life, and then had that withdrawn that are most likely to rebel. Think of the Soviet Union of the 1990's. Gorbachev had given the people a little taste of freedom. Then a small group stages a coup and announces a return to the former order. Rather than submit to the restrictions they had contentedly endured for most of their lives the people rose up and forced the coup to fail. They would not give up their newfound freedoms even though they had lived contently without them before.

For those raising children the lesson is clear. Try to take away a previously granted freedom and trouble arises. Consistent discipline is the key. Inconsistent enforcement equals rebellious children.

And competition pours fuel on the scarcity fire. Have you ever gone to a sale at 6 a.m. the day after Thanksgiving? I did, once. What a mad house. The deals were good, but not that good. And people were grabbing up items that weren't even on sale! The feeding frenzy was on.

Listen to this scarcity and competition story of Cialdini's brother Richard, who as a college student who bought and sold a used car each weekend. He was an astute buyer of used cars getting them for a little less than he might clean them up and sell them for the next week. He wrote a good ad for the Sunday paper and people called Sunday morning to see the car. Whoever called got an appointment. In fact they all got the same appointment, 2 p.m. that afternoon. The first to arrive started pointing out the blemishes and problems with the car. When the second potential buyer arrived he was told he would have to wait until the first guy had made his decision. In the face of a rival the car looked a lot better to the first guy. When the third potential buyer showed up for his 2 p.m. appointment either the first person bought or he fled the pressure and then the second person snapped it up. Richard had influenced them to buy now, at his price, before the next guy stole it away.

### **Defense**

For defense, first, recognize when you are in a competitive and scarce situation. Take a deep breath and regain composure. Then ask yourself if possessing the item is what you want or do you want it for its utility or to consume it? If to just possess it, then bid on because you will have the emotional reward of having acquired the scarce item. But if you want it for its utility, remember that it will not taste, sound or work better because of its limited availability.

### **Conclusion**

In conclusion, we have seen how short cuts in the areas of Reciprocation, Consistency, Social Proof, Liking, Authority and Scarcity can both help us cope with a complex world and help con men and compliance artists take advantage of us. Not every attempt to exploit these short cut reactions is bad. If someone advertises that a product is the leading brand, and it is, then following social proof a lot of people must be satisfied with the results and if we do the same, we won't be harmed. On the other hand, if an actor stages a testimonial then our normally sound method of social proof is being exploited. That type of behavior deserves our condemnation, not because it is improper for the seller to try to make a profit but because this weakens our ability to rely on social proof as a shortcut to day-to-day living. Our complex world will function better if we can rely on the shortcuts of Reciprocity, Consistency, Social Proof, Liking, Authority and Scarcity to help us make decisions.

So, be aware. Think. And remember, I LIKE YOU!