

6 COGNITIVE BIASES TO UNDERSTAND AS AN ONLINE MARKETER OR CONSUMER

Why do people buy? That's a great question, and a commonly occurring theme in the world of business and marketing. For decades, researchers, marketers and business people have been fascinated by the psychology of why people buy.

In the 21st century it's commonly known that there are several psychological or cognitive biases that affect our decision making – particularly when it comes to pulling out our wallets.



A **cognitive bias** is a strong, preconceived notion of someone or something, based on information we have, perceive to have, or lack. This essentially creates a shortcut in the brain to expedite information and make the decision making process faster.

In the world of business, everyone is trying to get ahead. This is precisely why the majority of their marketing efforts is centred around psychological biases – without them, they'd be losing an insane amount of customers to their competitors who do leverage them.

For those in business, you probably understand how much of a role influence and persuasion play when it comes to marketing yourself or your business.

Being able to subconsciously manipulate others' decision making is a slippery slope, which is why it's important to be aware of it, in order to make the best purchasing decisions possible. It is not uncommon for some to even go as far as emotionally and psychologically manipulating people with these techniques, only to leave them high and dry once they've taken their money. Ever heard of a con-man?

Now, whether you're a marketer or consumer, awareness of these cognitive biases are key. Here are 6 psychological biases used in marketing that you need to know about.

Authority Bias

In Layman's terms, **authority bias** is our natural tendency to follow the leader – or those who we perceive to be leaders. From a young age, we are conditioned to obey figures of authority: teachers, police, doctors and the government for example. Oftentimes when they say something, most people take it as fact, even when it might not even be true.

The best marketers and personal brands are experts at positioning themselves as authorities in their industry, which is ultimately the most important thing when it comes to having influence over people and their purchasing decisions.

Reciprocity

Reciprocity bias describes a social rule in human culture, that highlights the importance of repaying another person who provides a favour, small gift, or concession of some kind. Marketers use this in clever ways, most often to get your email to sell you later down the track.

“Hey, grab my free e-book. Just send me your email and I’ll send it over”. Just be aware that more often than not when these people give you something for free, they are expecting something in return.

The Halo Effect

Everyone knows first impressions are key. **The halo effect** is a cognitive bias where our first impressions influence the way we interpret further information about things or people. The second someone lands on your website, landing page or profile, they have already formed their opinion of you subconsciously.

Ensure to keep your content and website to the highest standard, in order to make a great first impression. Make sure to nail your messaging for new people discovering your brand, as this is likely what they’ll associate you with for life.

FOMO

Fear of missing out, or **FOMO**, is the feeling people experience when they face the thought of missing out on something. Often this occurs for social occasions, lucrative investments or a new experience.

In recent times, think about cryptocurrency: one coin starts to pump and everyone raves about it, people get FOMO of the huge returns, buy it at its peak and proceed to lose their hard earned money. Marketers will also use it to create scarcity, by saying things like “Only 10 spots left” – people

will see the demand as being high, thus the thought of missing out unbearable. Don't allow FOMO to affect your decision making.

Anchoring

Anchoring bias is where people place more significance on the first piece of information they receive. It is commonly used by retailers and businesses in just about every one of their sales and pricing, leveraging a higher price point to make the actual price seem cheaper.

"My course is normally \$997, but you can get it for just \$47 today." By anchoring the price at \$997, people will perceive the product to be worth that amount, making \$47 a tiny price to pay. Show the RRP of a product during a sale, and people think they're getting a bargain.

The Serial Position Effect

The serial position effect explains why we humans tend to remember the first and last item on a list, while forgetting the points in between. With this in mind, would you structure the content on your website, landing page or ads a little different? Always lead with something catchy and attention grabbing, and finish on a high note. As according to the serial position effect, the content in the middle doesn't matter all that much.