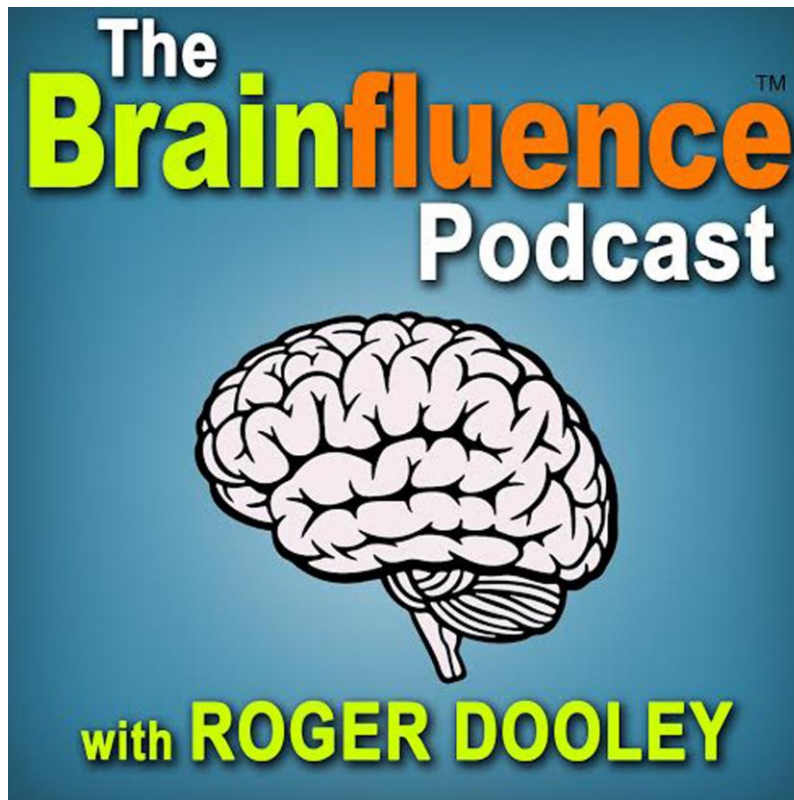


Ep #38: Conversion Psychology with Bart Schutz



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Roger Dooley

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Welcome to the Brainfluence Podcast with Roger Dooley, author, speaker and educator on neuromarketing and the psychology of persuasion. Every week, we talk with thought leaders that will help you improve your influence with factual evidence and concrete research. Introducing your host, Roger Dooley.

Roger Dooley: Welcome to the Brainfluence Podcast, this is Roger Dooley. Today our guest is Bart Schutz. He's an online strategist and conversion expert. He studied economic psychology and has a long history in usability. Now he's partner and senior strategy consultant at Online Dialogue. I had the pleasure of meeting Bart at the Conversion Jam Conference in Stockholm, Sweden, where we were both speakers. In addition, Bart and I were facilitators in a conversion workshop, where we worked together on some real-world problems with companies who were having issues with their websites, and that was really fascinating, because we come at it from kind of a different angle.

When I heard Bart speak, I knew that we had to get him on the Brainfluence Podcast. He's got some real opinions on translating brain and behavior research into actionable strategies, and he has a knack for taking some really complex science and explaining it in terms that business people can understand. Welcome to the show, Bart.

Bart Schutz: Thank you for the introduction. It's a pleasure to be here, Roger.

Roger Dooley: Bart, for starters, I mentioned you studied economic psychology. I assume that's quite a bit like behavioral finance or behavioral economics?

Bart Schutz: Yeah. You're actually hitting, a bit, a sore issue here, because I think economic psychology is twice as old as

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behavioral economics or any of the other sub-sciences. Being a psychologist, having a psychology background, I come from a psychology family. Both my parents are psychologists, my only sister became a psychologist, I married a psychologist, I'm having three employed ... I love psychology. And now there is this new thing on the block, which is called behavioral economics, which is quoted, according to Google, twice as many times as economic psychology, and I think, "(Gasp) What did we do wrong, in terms of marketing, from the psychology part?"

Roger Dooley: Right. Well, I certainly agree with you on the durability of economic psychology.

When I was in undergrad at Carnegie-Mellon, Herb Simon was professor there, that was before he won the Nobel, and his great insight was, something that we're still talking about today, and not everybody still believes today, is that people don't always act in a rational way and his particular insight was that managers did not always seek to maximize profit, but they would satisfy. So, in other words, do good enough, which would keep them employed and keep everybody happy, and so on, rather than try to squeeze the maximum profit out of everything all the time. But even today we still have a lot of economists who, I guess, want to stick to their formulas and equations, and kind of ignore human behavior. Do you see that the, whether you call it behavioral econ or economic psychology, is it getting more respect these days or are there still a lot of economists who aren't quite fully on board?

Bart Schutz: I think the issue is that people are more and more aware, at least they know the scientific insights. I have hardly

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come across any new client anymore that doesn't know that the larger part of our behavior is controlled by subconscious processes. But the issue is, there is a difference between knowing this, being aware of it, and applying it. And that's where it still goes wrong, because as soon as they start thinking about their customers and how to satisfy them or separate them from their money, it's still the rational customer that they're talking about. It's very hard to apply it.

I think there are actually two things that really cause this, and the first thing, obviously, is that they are thinking consciously, and that's their System 2 at work, the part that tell them their own position rationalizations, so that's how they think about their customers. But there's something else as well. It's very easy to say that the larger part of their behavior is controlled subconsciously, but then, how is it influenced? And that's a very complex issue, actually. I know had Robert Cialdini on the previous podcast, but in my opinion, there is so much more than six principles, in terms of what influences the subconscious part. That makes it a very complex thing and that's also preventing the actual application of this knowledge, at least on board level.

Roger Dooley: I agree that there are so many different ways of looking at it. In my talk in Stockholm ...

Bart Schutz: We're all standing on his shoulders, as Dan Pink said on your show. Don't get me wrong, he's absolutely a very, very well-respected researcher, but it's so much more complex when you really get down to it and you start testing what works and what doesn't. It's not an easy answer.

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Roger Dooley: Right. Well, when he was on the show, I actually gave Bob Cialdini the opportunity to add some seven or eight to his principles, and he declined to do that. But we had a really good conversation and his insights are really the basis for so much of what we do today.

Bart Schutz: Absolutely.

Roger Dooley: The other field that's probably even a little bit more dubious in the minds of some economists is neuroeconomics, because now there are folks that are using fMRI techniques and others to, sort of, get to, beyond just observed behavior, but try to get to brain activity. Folks like Loewenstein, who's also at Carnegie-Mellon, oddly enough, his research on the pain of paying. I start talking about neuroeconomics, and a lot of folks in the econ field aren't quite so sure about that.

Bart Schutz: I think the whole neuro field is the new kid on the block, right? In psychology, we always treated the brain as a black box. We were looking at what we were calling stimulus response research. The same as I do online nowadays, with AB testing. You have this stimulus, how does the behavior change? What's the behavioral reaction? And now with this other stimulus, what's the behavioral reaction? But we're not looking at the brain itself, like how's it working. But neuroscience makes it actually possible to look inside the brain, what's happening, and the combination is very often giving the more in depth explanation of what is happening... My field, I'm AB testing different webpages, and I see that one page is not converting, or selling as much as the other. I can't see in the brain what's doing it. People like George Loewenstein, if they scan the brain, and they can see that there's actually ... For example, the insular is

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lighting up, this is probably the pain of paying. Whereas I can't tell you what explains it, but at least they can tell you what parts of the brains are involved, which gives a more in depth explanation. So the combination is really, really interesting.

Roger Dooley: Right, I agree. I forget if I used that particular slide in Stockholm, but I've got an actual black box slide that the black box sort of fades out and you can see what's going on in the brain ...

Bart Schutz: I was probably inspired by that slide to say this.

Roger Dooley: Sometimes people are disappointed that the brain scans don't really show, exhibit, new behavior, but that's not the point. They're not always going to achieve new behavioral insights, but they may help you understand why the behavior that you've observed is really happening, and it might give you some directions for further work then.

Bart Schutz: Exactly. I did a few studies where we combined it. But I have to say that now and then it can also be against each other. For example, I am working for one of the largest banks in the Netherlands. They did a redesign and they have a trust issue. Every bank is talking about, "We need more trust." So they did redesign, fMRI scans, and they found that there have to faces on the page. Every picture has to include a face, because then the brain gets, the positive parts of the brain are lighting up. We did, I don't know, hundreds and hundreds of AB tests for this, online experiments for this same bank. We discovered, years before that, that adding faces to the pages is actually distracting people, because they are trying to read the text, and then there is this subconscious part who just wants to look at the face because there's a face looking at them, they want to look back. So they cannot really read

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the text and get the persuasive message which is in the content across. So there you see that you can do one or the other. If you have to go for one, I'd say just do the behavioral part, but if you want to have an explanation, that's definitely where neuroscience comes in.

Roger Dooley: Right. Behavior is really where the rubber meets the road. You can have all of the understanding of what's happening in the brain that you want, but if a page is not producing the results that you want, then it's probably not the right page.

Bart Schutz: Right.

Roger Dooley: One of the fun things about the Conversion Jam Conference in Stockholm was the that I opened it and you closed it, and we both talk about brain and behavior research, but we had very little overlap in our talks. There was none of that sort of sense that, "Oh, man, we already heard that once today." Even though we even mentioned some of the same names, like Cialdini and Kahneman, talk a little bit about, we've already covered Cialdini, I guess, talk a little bit about Kahneman's theory and how you incorporate that into your philosophy.

Bart Schutz: First of all, you don't know how many slides I had to change when I saw your talk.

Roger Dooley: Oh, sorry about that. That's the danger of going second, I guess.

Bart Schutz: I'm just kidding. We definitely were sort of complimentary. I love Kahneman. Kahneman was winning prizes back in 1982, this is even before Cialdini wrote his book. His insights are so profound that if I have to advise people to read one book, it's definitely "Thinking Fast and Slow." It's

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the first thing I do when I start with a new client. You know my queen and king story, that's just to make them get a real good understanding and something they will memorize about these dual processes in our brain.

Roger Dooley: Bart, why don't you talk about that a little bit? We have a couple of barriers, here, in this podcast, because, first of all, we don't have the great visuals you had in your slide show of your Dutch royalty, and also, at least for my U.S. listeners, they don't have kings and queens, at least they can only view them from afar, where, I guess, the English royalty still gets a little bit of press here ...

Bart Schutz: I'll tell you how it will work with the king and the queen story.

Roger Dooley: Yeah, describe it and talk about the personalities and so on.

Bart Schutz: I came up with this story because I kept experiencing that, although I told the scientific insights to my clients, they always still had a hard time applying it. So when I got back to this client, we did a master class, some of them I educated for six months, I come back one or two months after that and they have the same rational marketing blah, blah, blah, going on again. So I needed a hook that they would not forget.

Then I was looking at the Christmas speech, the end of the year speech of my king. Because I am from Europe, I'm from a very small kingdom which is called the Netherlands. We have a king and a queen. He was inaugurated one and a half year ago, so we have a new king, and he is Dutch, but he married an Argentinian woman, Maxima. They are the prototype of opposites attract. Where he is very rational, very slow, very

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thoughtful, everything has a reason why he is saying, but he is exhausted really quickly as well. That's his personality type, let's call it that way. She is the opposite. She is from the South Americas, she is the party queen, there are movies of her at parties which are really, really cool. She has a lot of energy. She has a lot of emotion, she cries, she's angry, she's happy, and she shows it. But now and then she has little control over that behavior, and she even managed to say, on national television in the Netherlands, to her husband, our king, "Yeah, you are a little dumb." This is not what you are supposed to say, not even in a progressive country as the Netherlands.

Roger Dooley: They probably don't behead people anymore if they insult the king, right?

Bart Schutz: No, they don't, no. But still, this is the talk of the town, when this happens.

So I was looking at this Christmas speech, and I was flabbergasted thinking, "Our country, seventeen million people, are supposed to look at this one and a half hour talk of you sitting in a chair going very monotone, like blah, blah, blah, blah ... You're so slow, so boring." Then I suddenly ... it came to me, he's like System 2 at work. Where she is System 1. She is the automated, so stiff, intuitive. He thinks he rules our country, whereas, we're only looking at her because he's too boring. Then I felt like, "Oh, this is a good metaphor, maybe, for my clients."

I started applying it with my clients just in company and they really liked the story, they started talking about System 1 and System 2, as in Willem and Maxima. Our king is called Willem and our queen is called Maxima. Then every ... they had a redesign, or they were thinking of a variation of an AB test, they were talking about,

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"What does Maxima think about this and how can we persuade her?" And, "Is Willem awake? Or should we deplete him or distract him?" In online usability, user experience, you have a lot of these personas applied. It's a handy tool just to think of the types of people working with on your page. I felt like, "Wait, let's apply this." Since then I've been doing it in my keynotes as well, because it's significantly different than the other talks, so they'll memorize it better. When you memorize it better, you might even be able to apply it more, so it's useful.

Roger Dooley: I thought it was great, because as you say, it plays into a couple things. First of all, instead of the dry science of System 1, System 2, and trying to explain that one is fast and intuitive and emotional, and the other is rational and slow and logical and so on, where people are still, "Okay, which was which?" You've got personalities assigned, plus, certainly, one of the great techniques in marketing and online marketing today is to develop personas. Now, these aren't the same as your typical marketing personas, where you've got the soccer mom who has two kids and busy schedule and so on, where you've got this whole personality developed. But people are used to doing that now and thinking about their marketing in that way, so being able to apply your Willem and Maxima isn't much of a leap.

Bart Schutz: Exactly. We're all not that different, right? I'm not very pro-personas. Our brain is not that different, it's mainly the environment that forms our behavior. But there are two systems involved. It's a very handy tool. They're used to it, to use the persona approach. I really like that about it. I'm even starting to like my king and my queen more and more nowadays.

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Roger Dooley: You finally found a use for them. That's great.

It kind of plays into the story concept, too. A couple weeks ago I talked to Bryan and Jeffery Eisenberg, who are also Austin residents ...

Bart Schutz: There's a whole CRO scene in your city, Roger.

Roger Dooley: Oh, I know. It's amazing. I'm hoping that you get to come here. Actually, we've got a variety of conferences coming up here that would probably all be up your alley. We've got South by Southwest, of course, that is huge ...

Bart Schutz: I think we'll be there, one week before that even. So we might even be there for a while, I'm not sure yet.

Roger Dooley: Yeah, because we've got Which Test Won Conference and Peep Laja's new conference.

Bart Schutz: Exactly. We'll meet again in Texas.

Roger Dooley: That sounds great.

But the point I was going to make about Bryan and Jeffery is that they've taken the persona approach to kind of a different level by creating what they call "buyer legends" that aren't so much designed to shape your marketing, but rather to create a story that can get everybody on your company, including multiple departments in larger organizations where you've got customer service and sales and marketing and so on, all on the same page. So, I think the idea of personas resonates in a variety of ways.

Bart Schutz: I totally agree with the Eisenberg brothers that you need these legends, you need cases which get even to the board level and in a very easy, understandable way. Our

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brain is shaped to think in stories, and that definitely helps to get the message across to the whole organization. We love trying to find the diamond stories with our clients, too, that are applicable even beyond the website or the app, where we've been testing. For example, Kahneman's initial research that he did with Amos Tversky that made him really famous, was the prospect theory studies. They have this loss aversion effect, that we are more vulnerable to loss than we are happy about gaining something. Also, when you frame something as a loss, you get more risk seeking, and when you frame it as a gain, we are more risk averse.

We find that behavior a lot when we compare existing clients versus new prospects. Just by measuring it on several levels, quite a few times, we can create a story of two persons, like the prospect and the existing client. Just to make it a story, a legend, we give them names. They're not personas, but you could call them personas. And we test that, even on the call center, email, every channel, and then we go to board level and we tell them, "We want to introduce you to two typical clients, or one client and one prospect." Just to make the board level realize that we're finding really commercially interesting insights here, which have been known in psychology since back in the eighties when they did their studies. But now that we have these measurable, digital channels, we can actually super-size these insights with millions of people and then make the board level realize that we're actually changing behavior, maybe people are buying more, or some other behavior. It definitely helps to have a little buyer legend which makes it very easy to understand.

Roger Dooley: Getting back to Willem and Maxima for a moment, how would you apply that when you're looking at a webpage?

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Maybe you've got an example of a page that you've worked on, or just a hypothetical page, and how would you apply those two personalities to analyzing whether that page will work or not?

Bart Schutz: The very basic approach would be that we have I call it a square. We have four possible conditions. The first thing you've got to remember is that Maxima is always there, System 1 is always on. Our subconsciousness is always involved. That might be a good thing and it might not be. Is the subconscious in favor of your offer?

On the other hand, we have System 2, what we call our King Willem. Same issue. He might be asleep or he might be there. And that might be a good thing, or not.

We first try to find out which of the quadrants we are in. Are we in a quadrant where, let's for example say, let's go for the unethical one. We have Willem awake, Maxima is there too, but it's more easy to convince Maxima, or subconscious, than it is to convince Willem. So we have to get rid of Willem. We have to, sort of, get rid of the rational processes in the brain. That can be done very easily. Distracted, depleted. Then we starting applying simple tricks. We add a little friction to the website. We just make them think about small things, consciously, just in order to deplete their consciousness, to deplete our king, as we would say in the workshops, so there's only the queen left, System 1 is only left, and she'll buy. The system is in favor of you.

So you have these four quadrants where you have to either get our consciousness back on the table or just get rid of it, where you have to get the subconscious more involved or less involved.

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So in a very practical way, use eCommerce side in Europe or Italy/German. We were testing, there's a big call to action and they call themselves the Zalando for men. Do you have Zalando in the states? It's a big shoe-selling ...

Roger Dooley: Not familiar with it.

Bart Schutz: It's huge among women in Europe. They sell shoes. They are very aggressive online, women totally love it. They're the more the gadgety kind of eCommerce site. This is a typical case of you want the man's subconscious part of the brain to buy, just not to have too much ratio involved, because these are expensive gadgets. Then we start looking at the data, and we see, "Whoa, there is some conscious there." For example, if we find a rationality involved by looking at conversion rates during the day and during the week, when we see conversion rates dropping during the day and during the week, that's depletion at work, or at least it might be. That would be the hypothesis. So, hey, people are actually thinking about their money and thinking maybe is this a good idea or not, that's too much consciousness involved. We have to deplete their consciousness. We get back to the call to action, have this big button say "Buy this product." We add a little friction. We add a small link, like "Print this page," or "Add to wish list." No one will add it to their wish, or Tweet this, or like this on Facebook. Anything will do, as long as we make them think a little bit. And they will go, "No, I won't Tweet this. No, I won't like this on Facebook. No I will not print this page," but that's been using mental energy and that's depleting them a little bit, and that can increase conversion rates like ten or twenty percent.

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Roger Dooley: That's real interesting, Bart, because what you're talking about is sort of a counter-intuitive strategy that would go against what some would consider be a best practice in conversion, which is eliminate any distracting links or other stuff. Although, most conversion experts will tell you that there are no best practices, only what works, but it's certainly one of the things that just about every guide to conversion says, "If you don't need that link there, get rid of it."

Bart Schutz: It totally depends. Which of the systems is in favor of you and which is there at that moment that we're in at this particular page? And then you either have to add friction or take away friction, but it depends.

Roger Dooley: Very interesting.

Bart Schutz: The interesting thing is that when we were starting working with clients, in the beginning we're doing all these experiments, but at some point you're finding out, "Wait a minute, wait a minute. This typical product with this client, this is a rational decision. We have to use all the rational persuasion techniques." Make it easy, do not deplete, do not distract them. Typical example is, telcos, telecom companies. You can buy a service right? Just the service. That's a very rational decision. You should not deplete with too many images, actually you have to take all the images away, one call to action, not more than three types of subscriptions, those are the rational techniques. Whereas, the new iPhone 6, totally different ballgame. Same brand, but it's all about emotion. It's all about bigger images, more images, even adding some friction for the rational part, like the price should be hard to find, in front of it there should be at least three or four clicks. We can even start adding, do a little calculation for it, that also

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increases conversion, because if you let the brain calculate, it depletes again. It's the same brand, it's the same product template, but totally different techniques because it's a different product.

Roger Dooley: Really fascinating. Just for our listeners, you talk about depletion, I guess one key factor is that rational thinking is hard work and our brains only have so much energy, and they actually get tired out. First, they try to avoid using that kind of thinking if possible, but if they are using it, they end up tiring out pretty quickly.

Bart Schutz: Yeah. I was amazed by ... I often do a little trick in my keynotes that I have people in the audience, like when there are more than two or three hundred people in the audience, it's a very nice trick, I have them calculate. I think I did that in Stockholm as well. By the end of the calculations, I ask a different question, which is, "Think of a color and think of a tool." Especially in Stockholm it was really, really amazing even for me, because normally more than half of the people think of a red hammer, so the color would be red and the tool would be hammer, but in Stockholm it felt like seventy, eighty percent or so. Later on I was thinking, John Ekman, who organized the conference, his brand, Conversionista is red, so the whole conference was red. So people were probably primed, pretty much, thinking of red, which made it even worse again. But that's depletion at work. Because I make them calculate, I get an answer from System 1, what I would call my Queen Maxima, and she's automated. Apparently the most prototypical color in western society is red and most the most prototypical tool is a hammer.

Roger Dooley: Right. So there ends up being very little thought process involved in it, just come up with the first thing and ...

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Bart Schutz: Exactly.

Roger Dooley: That's pretty interesting stuff. It seems like there are a lot of ways, Bart, that people divide our thought processes. We've got the System 1 and System 2. I talk a lot about conscious and nonconscious. Then there's the classic pop psychology, left brain, right brain. None of these are exact analogues for each other, but they do kind of tend to map onto each other, don't they?

Bart Schutz: I can add some of the other dual processing models. There's heuristic-systematic, there's central-peripheral, there's hot and cold, there's so many. I think Dan Ariely calls it the Toothbrush Theory. Science is all about accreditation, getting known. So in order to be quoted a lot, have a lot of citations, you have to have your own model. BJ Fogg has a very beautiful behavioral model. He calls it the BJ Fogg Behavioral Model. I am thinking, "You would be such a good marketer because you know you have to give your model your own name." It's practically the same model ...

Roger Dooley: Sometimes scientists wait for someone else to name the model after them, but BJ went straight to it.

Bart Schutz: He wouldn't wait for that. The model is great. It's about motivation, ability to trigger are cool. But motivation and ability, elaboration likelihood model, Cialdini's model, are all about motivation and ability, it's nothing new. It's just another model, it's slightly different ... You need your own model. This is not helping science at all. That's what Dan Ariely calls the Toothbrush Problem. We all have our own toothbrush in science and while they look pretty much the same, all of them, but you will never use someone else's toothbrush.

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Roger Dooley: Right. Very good. We're starting to run out of time here, so let me remind our audience, we've been talking to Bart Schutz, an economic psychology guy who has turned into a conversion expert. Bart, how can our listeners find your content online and connect with you?

Bart Schutz: I have a blog, wheelofpersuasion.com. That would be the main goal... I'm working on a book, but ...

Roger Dooley: Very good. We'll be linking to that and other resources that we mentioned while we were talking, and for our listeners, all you have to do is go to rogerdooley.com/podcast and you'll be able to find the show notes page and there will also be a text version of this conversation there.

Bart, I really hope we do meet again soon and perhaps in Austin ...

Bart Schutz: Can I do one request?

Roger Dooley: Oh sure.

Bart Schutz: I have a request for your listeners because you managed to listen for half an hour which is really, really cool. But I think it's good to listen to speakers, experts, scientists, but they're telling stories and there's something else that, if you are working with digital channels, which is not just stories, which is just the truth. The truth is in your data and in the experiments you can run nowadays. Start building your own science of your customers, start experimenting, become your own scientist of your own audience and you'll learn much more than anyone else from a scientific view can tell you. Please share those insights. Because when I studied psychology back in the nineties, I probably learned a few hundred studies. I'm

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running a few hundred a month nowadays, with my company. It's exploding, these insights, and as long as we share it, we can all benefit from it. So that will be my request with your audience.

Roger Dooley: Great. I would guess Amazon alone runs more psychology experiments than most of the universities combined.

Bart Schutz: Yeah. We have a small ethical problem there as well. I know universities who made a very beautiful experimental design, went to Facebook, asked, "Can we run this experiment on your platform?" And they said, "No, no, no. We're just working with Stanford, MIT, the bigger ones, and not the University of Amsterdam, for example." Facebook knows more about our social behavior than any social psychologist. That's an issue.

Roger Dooley: Right. Them and Google, too, no doubt.

Bart Schutz: Yeah.

Roger Dooley: Great. Bart, thanks for being on the show.

Bart Schutz: Thanks for having me.

Thank you for joining me for this episode of the Brainfluence Podcast. To continue the discussion and to find your own path to brainy success, please visit us at RogerDooley.com.