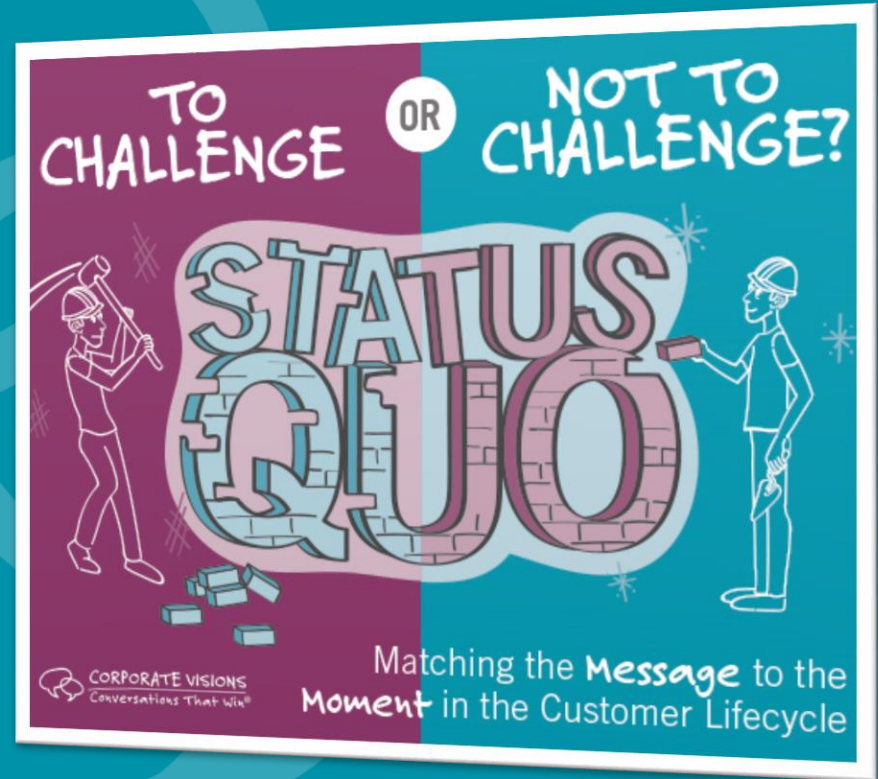


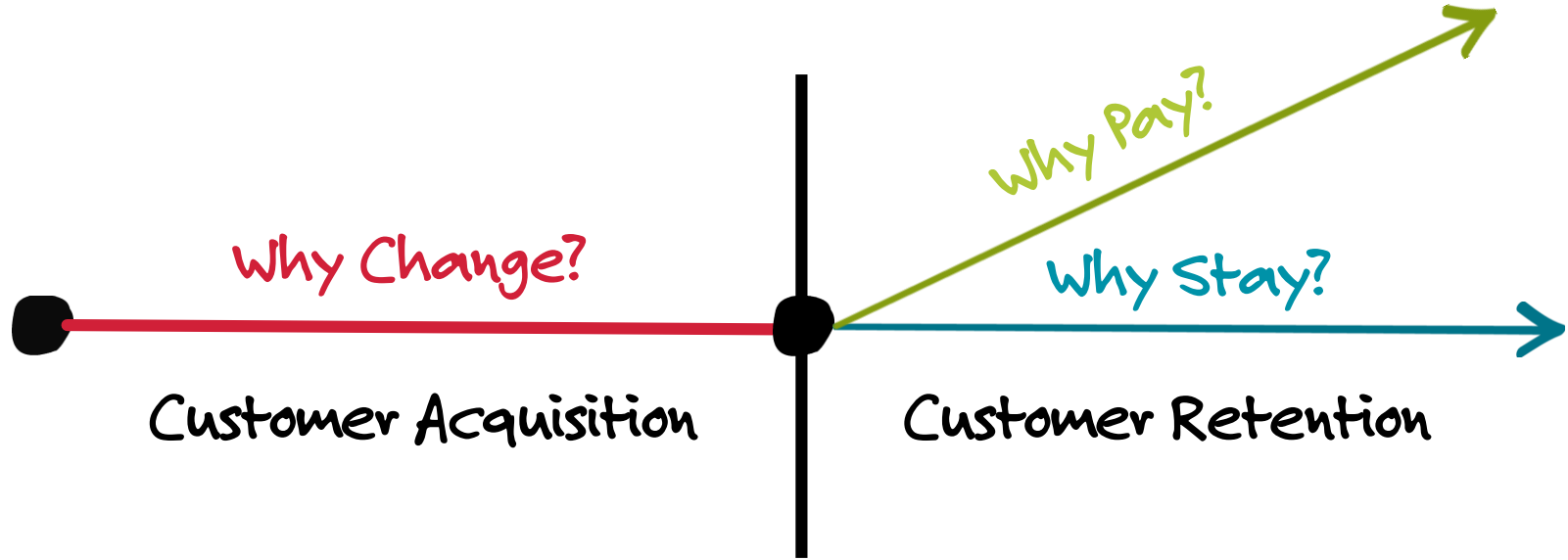


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Chief Strategy Officer
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@TRiesterer

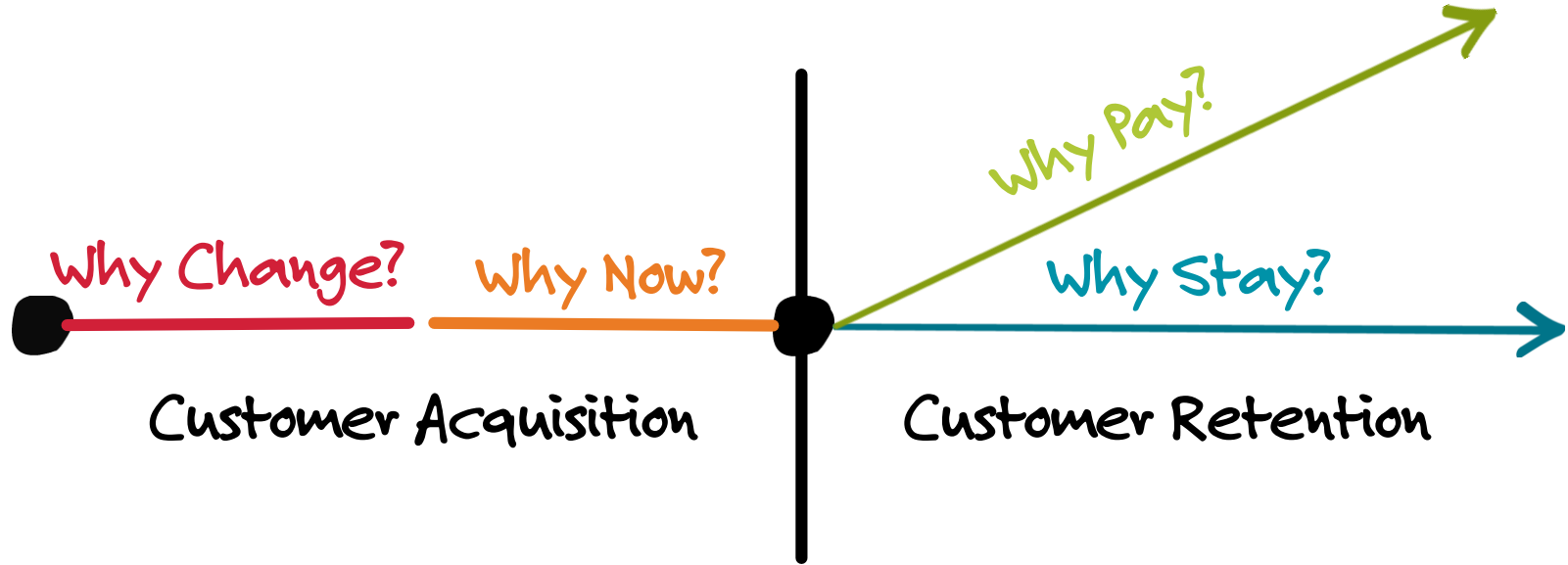
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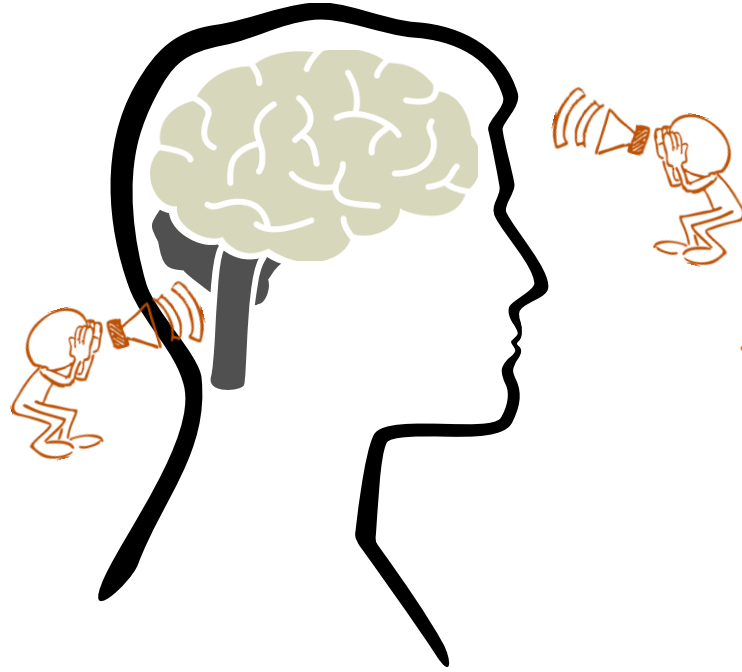
Customer lifecycle messaging



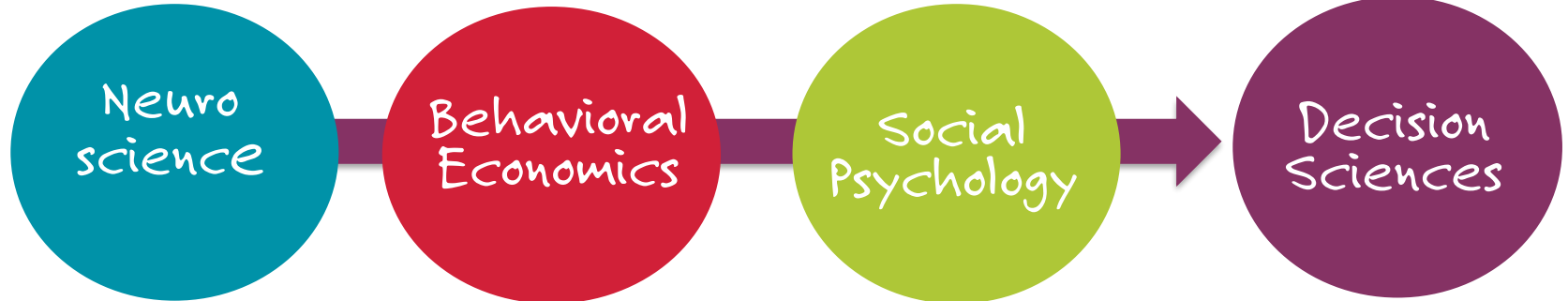
Customer lifecycle messaging



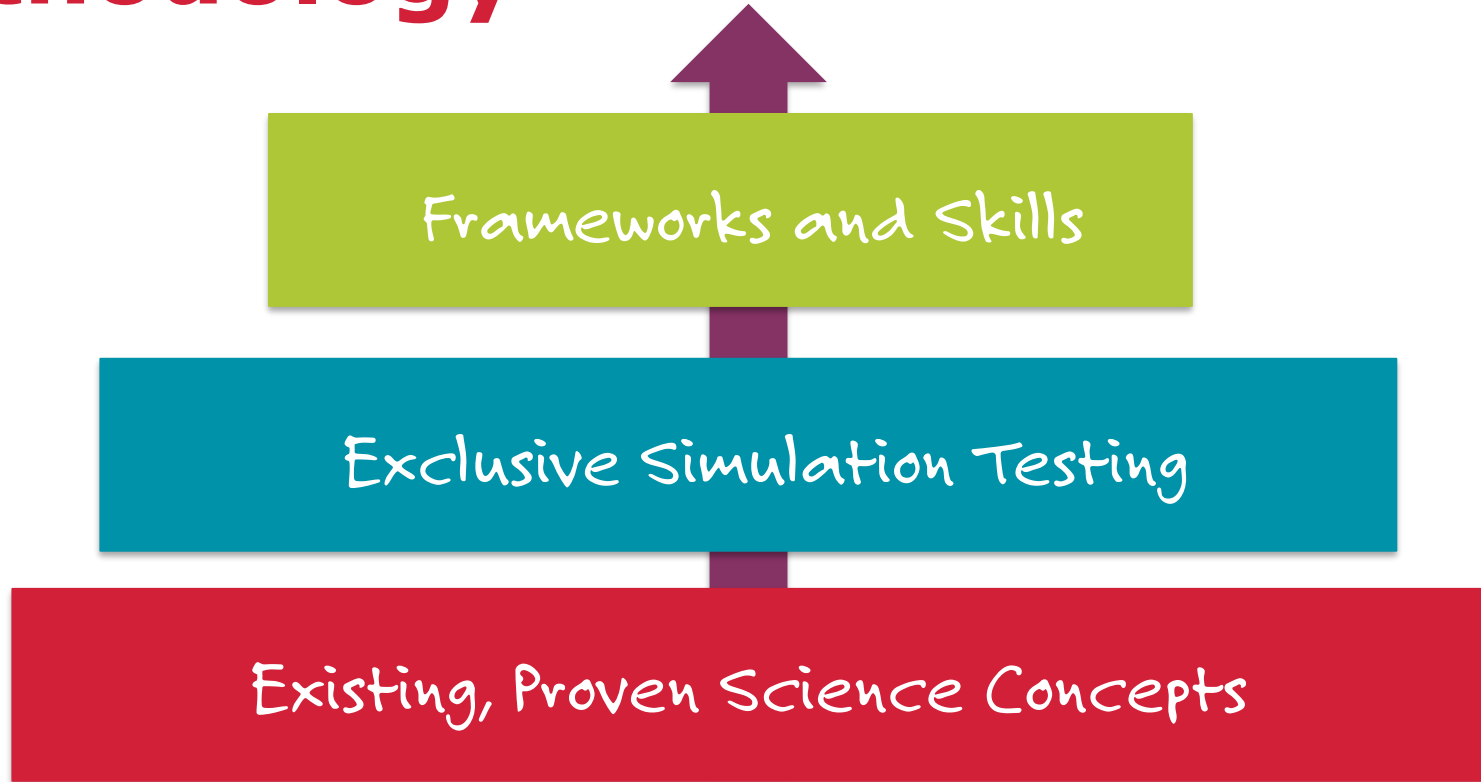
Invisible forces
that shape human
decision making



How people frame
value and make
choices



Methodology



Research Partners



Zakary Tormala, PhD
Stanford Graduate
Business School

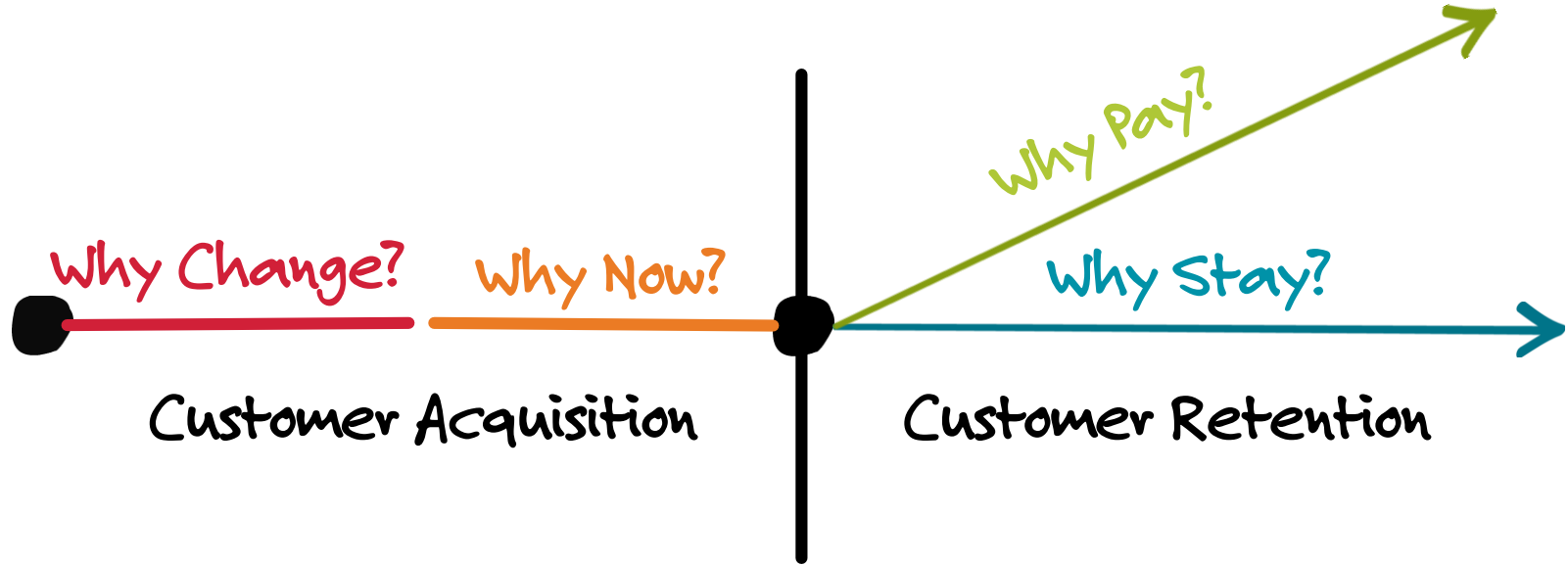


Margaret Neale, PhD
Stanford Graduate
Business School



Nick Lee, PhD
Warwick
Business School

Customer lifecycle messaging



Customer lifecycle messaging



Defeating the Status Quo Bias

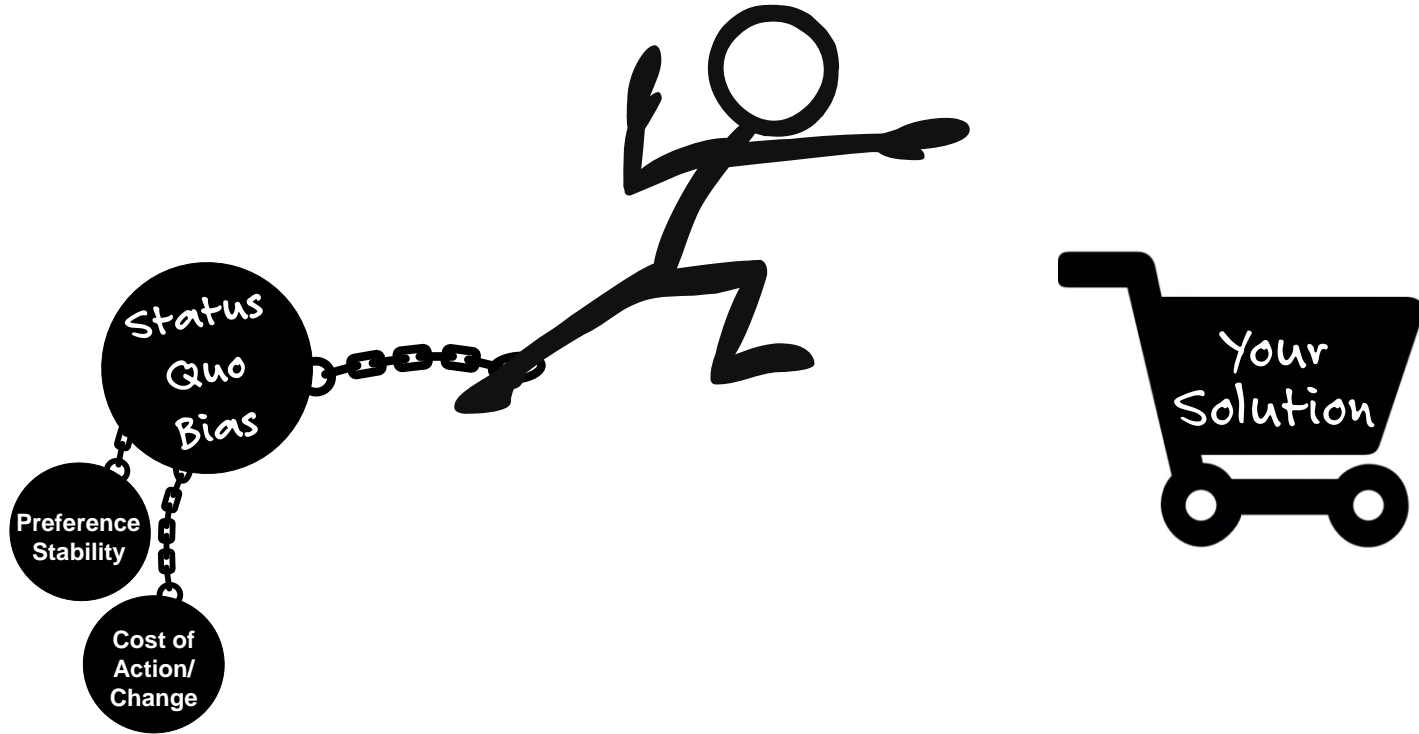


Defeating the Status Quo Bias



De-stabilize
their preferences

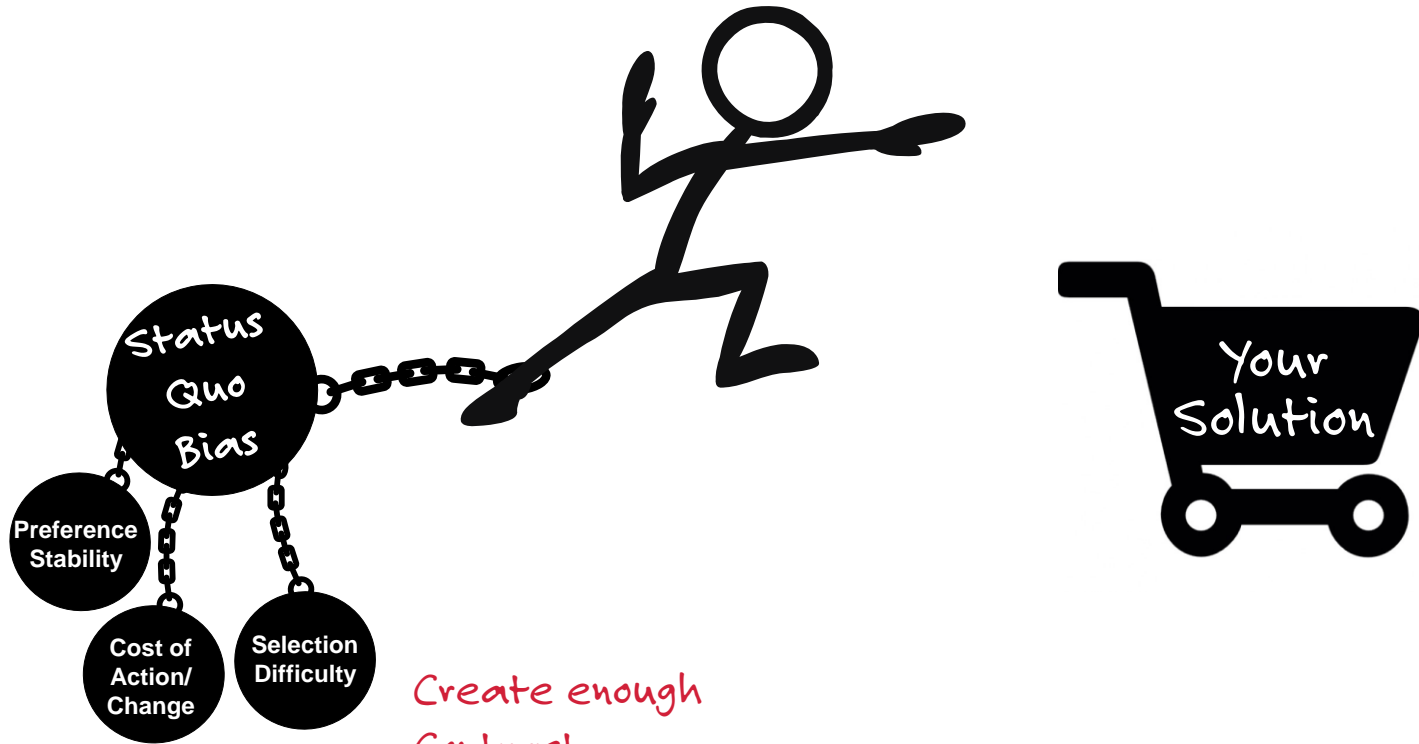
Defeating the Status Quo Bias



De-stabilize
their preferences

Cost of
staying same

Defeating the Status Quo Bias

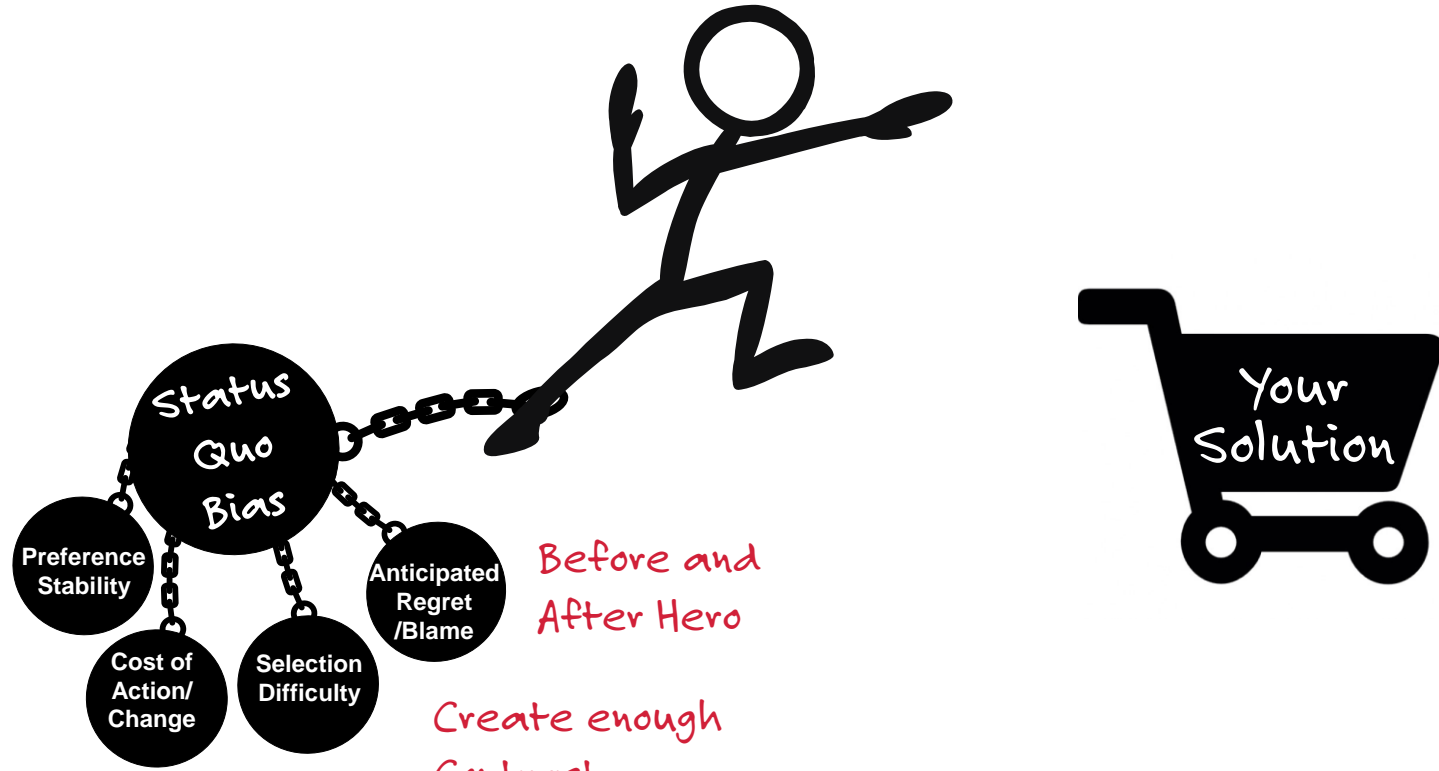


De-stabilize
their preferences

Cost of
staying same

Create enough
Contrast

Defeating the Status Quo Bias



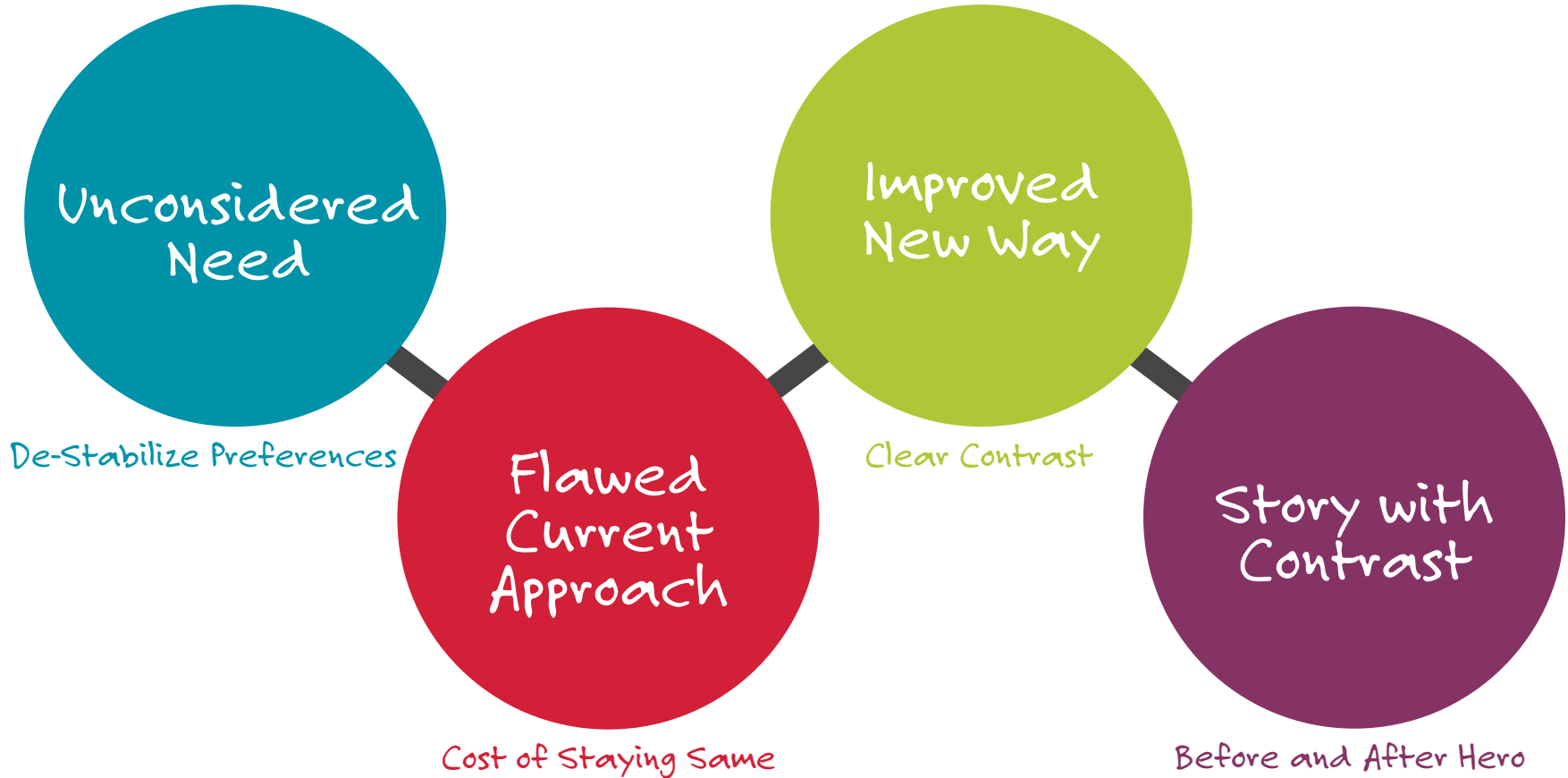
De-stabilize
their preferences

Cost of
staying same

Create enough
Contrast

Before and
After Hero

Why Change Story Model





Professor Zak Tormala
Stanford Business School



Why Change Story

Messaging Test

Test Scenario

- Small business owner facing difficult economic times with three specific business problems:
 - Sluggish sales
 - Slow customer payments
 - Increasing costs
- You need a \$10 Million line of credit to help sustain you through the projected recession
- You are going to meet with a bank and here their pitch for you business.

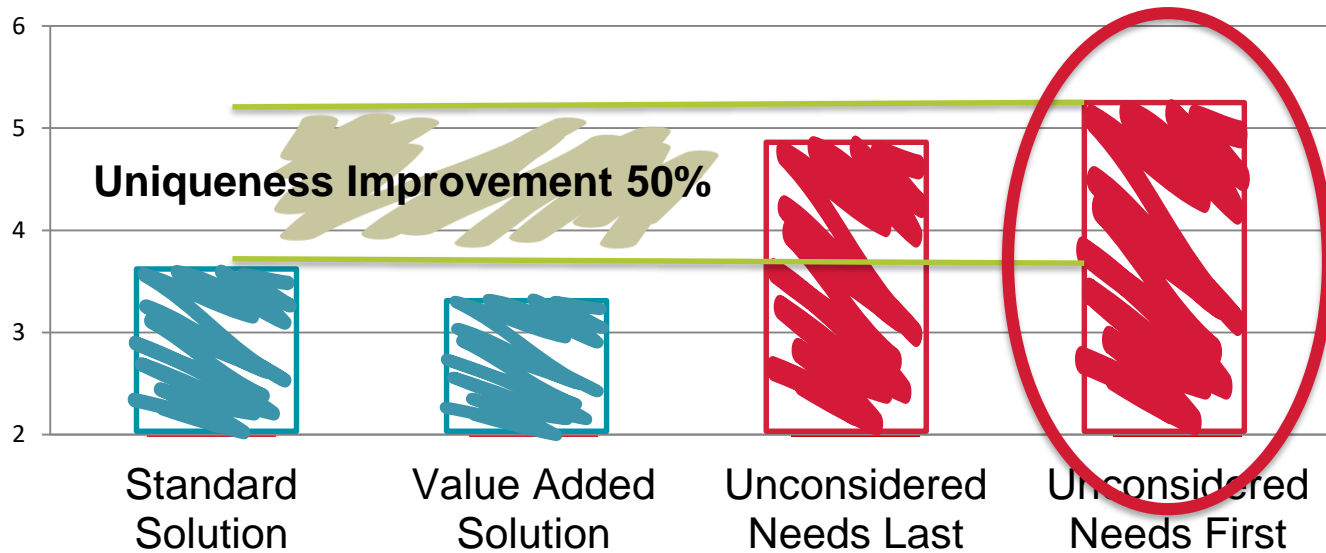


Four Test Conditions

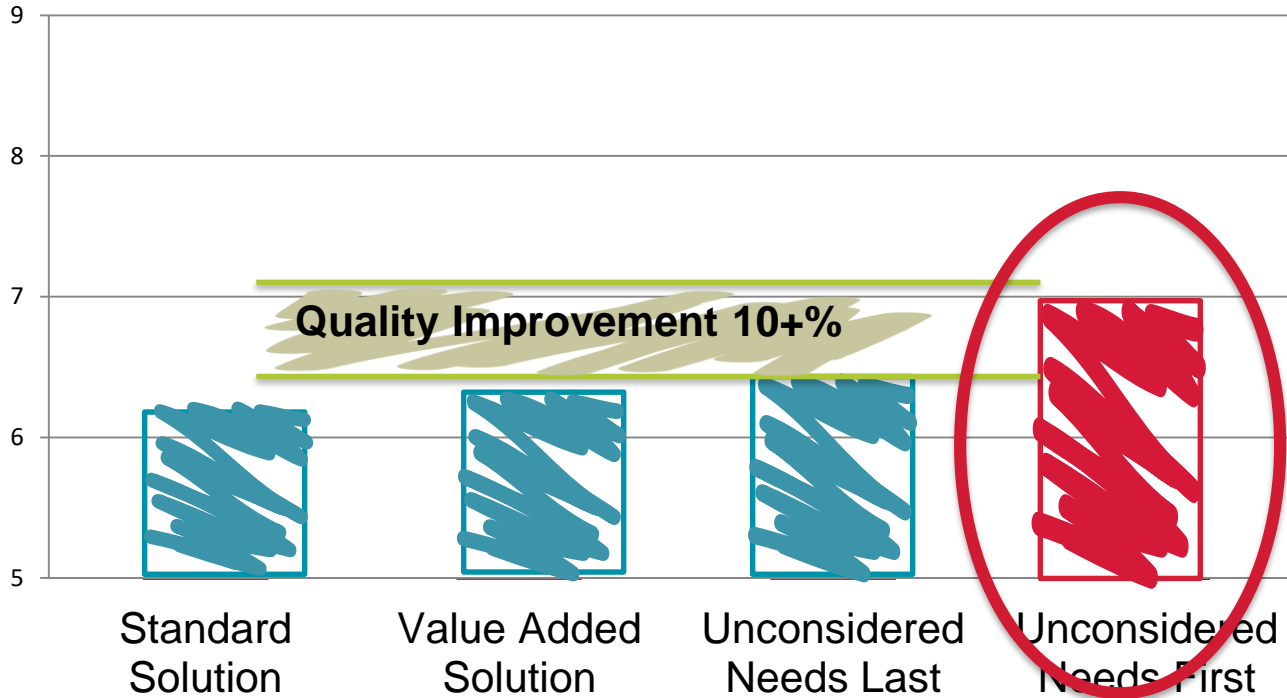
- Standard Problem/Solution/Credential Pitch
- Problem/Solution w/Value Adds Pitch
- Problem/Solution w/Unconsidered Needs Pitch
- Why Change Model Pitch



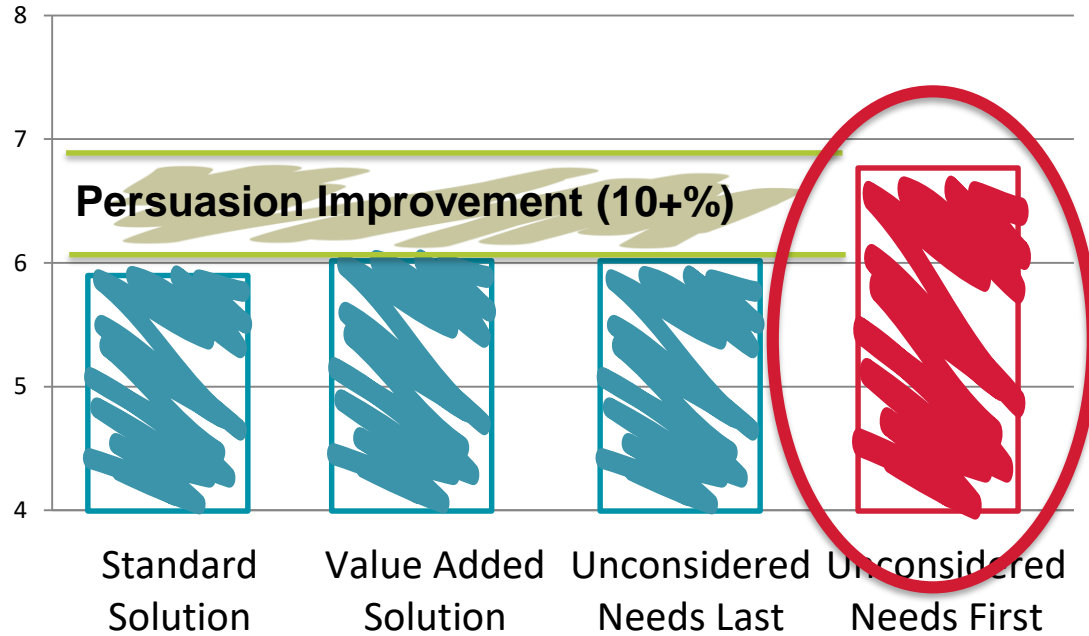
Uniqueness



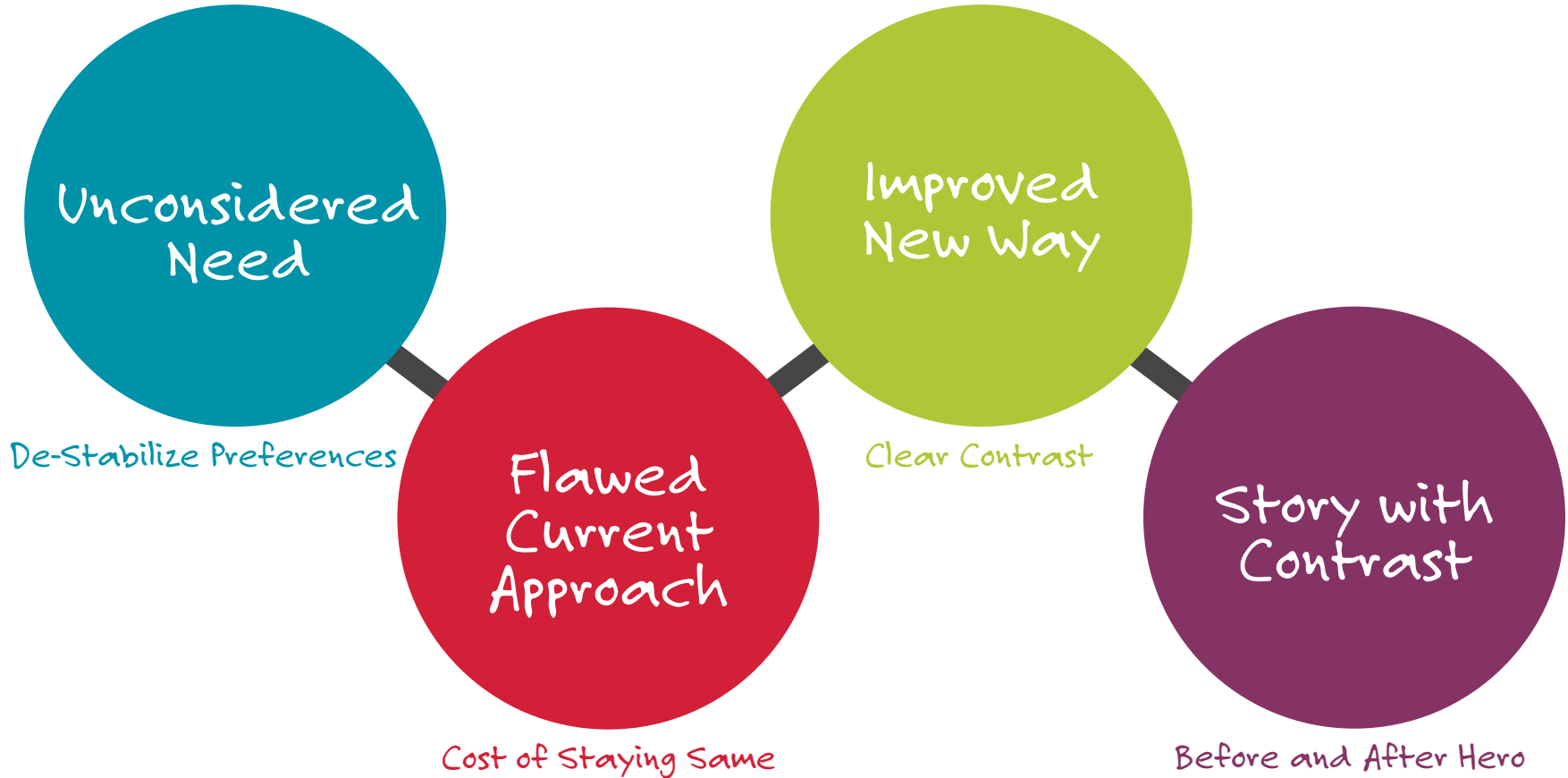
Quality



Persuasiveness

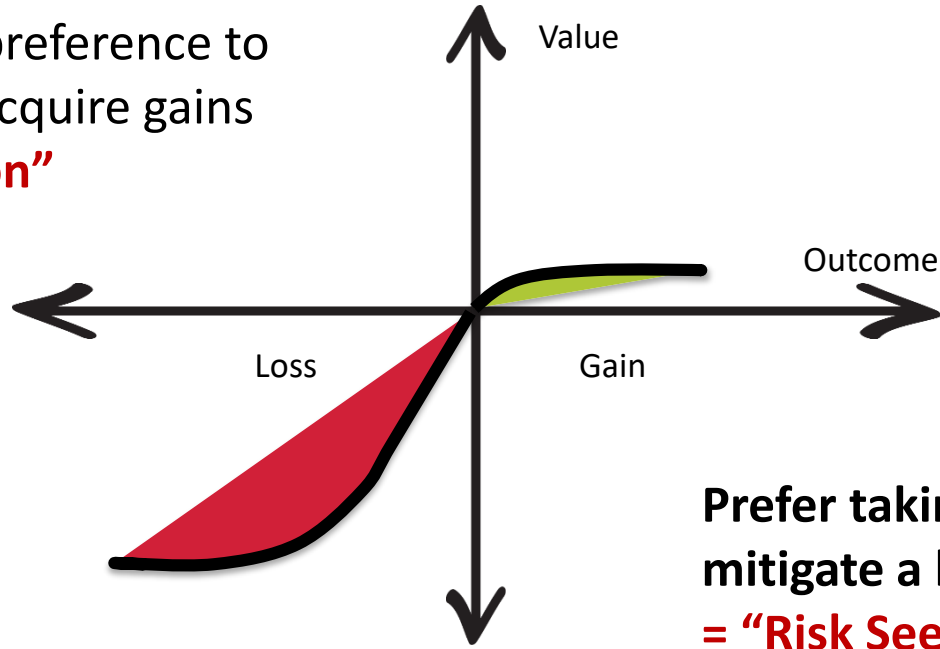


Why Change Story Model



Prospect Theory

2-3X stronger preference to
avoid loss vs. acquire gains
= **“Loss Aversion”**



Prefer taking risk that might
mitigate a loss
= **“Risk Seeking”**



Why Change Story Test #2

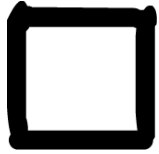
Executive Emotions

Test Scenario

- You are an executive at an automotive manufacturer facing some difficult economic times.
- Your CFO has presented you with a plan for how to reduce costs involving plants and people
- There's an outside vendor with a plan that presents a risky plan with some significant upside if it works

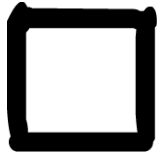


Status Quo framed as a “gain”



Plan A

Save 1 out of 3 plants
and 2,000 jobs



Plan B

33% chance of saving
all of the plants/jobs
66% chance of saving
none of the plants/jobs

Status Quo framed as a “gain”

74%

Plan A

Save 1 out of 3 plants
and 2,000 jobs

Status Quo framed as a “loss”

55%

Plan A

2 out of 3 plants lost
along w/ 4,000 jobs

More than 70% increase in “persuasive power”

26%

Plan B

33% chance of saving
all of the plants/jobs
66% chance of saving
none of the plants/jobs

45%

Plan B

33% chance of losing
none of the plants/jobs
66% chance of losing
all of the plants/jobs

Status Quo framed as a “gain”

74%

Plan A

Save 1 out of 3 plants
and 2,000 jobs

Status Quo framed as a “loss”

55%

Plan A

2 out of 3 plants lost
along w/ 4,000 jobs

More than 70% increase in “persuasive power”

26%

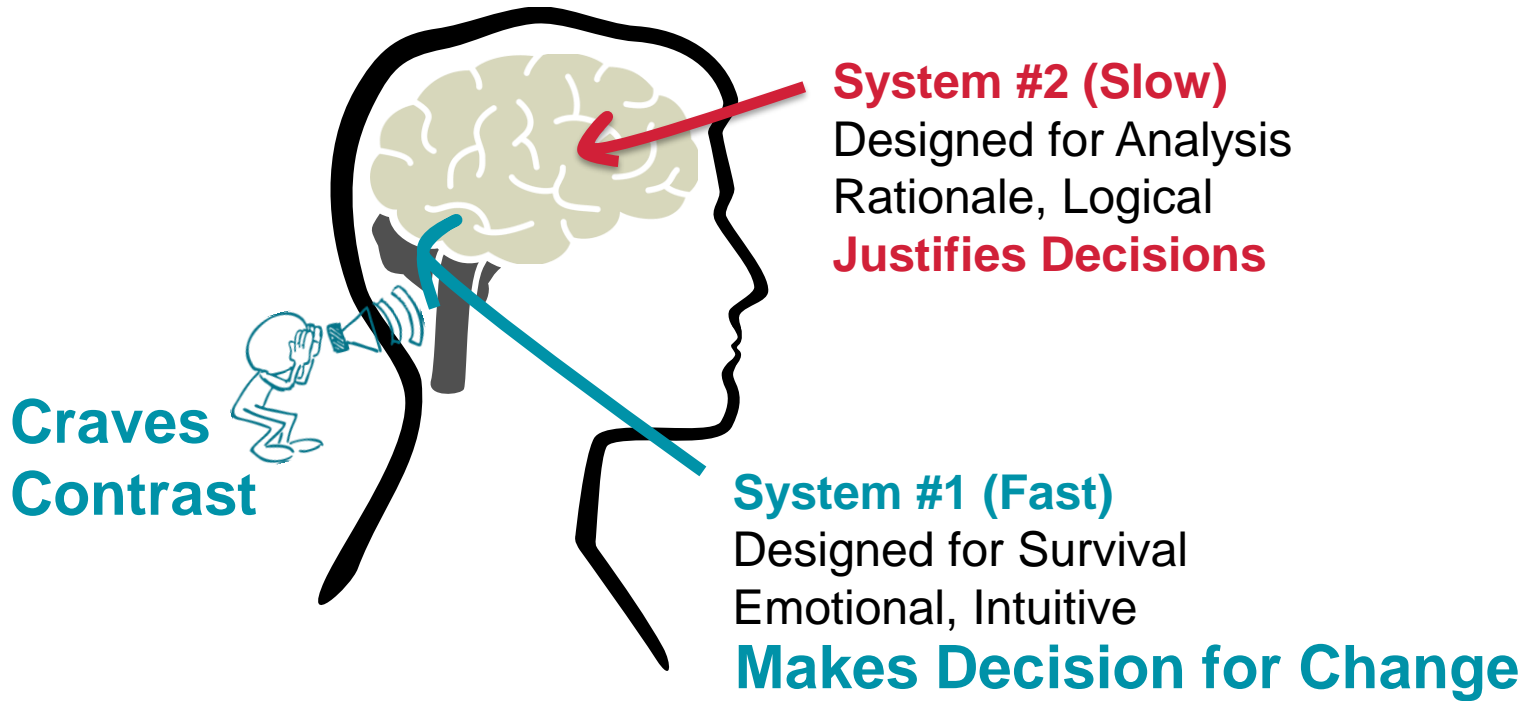
Plan B

33% chance of saving
all of the plants/jobs
66% chance of saving
none of the plants/jobs

45%

Plan B

33% chance of losing
none of the plants/jobs
66% chance of losing
all of the plants/jobs



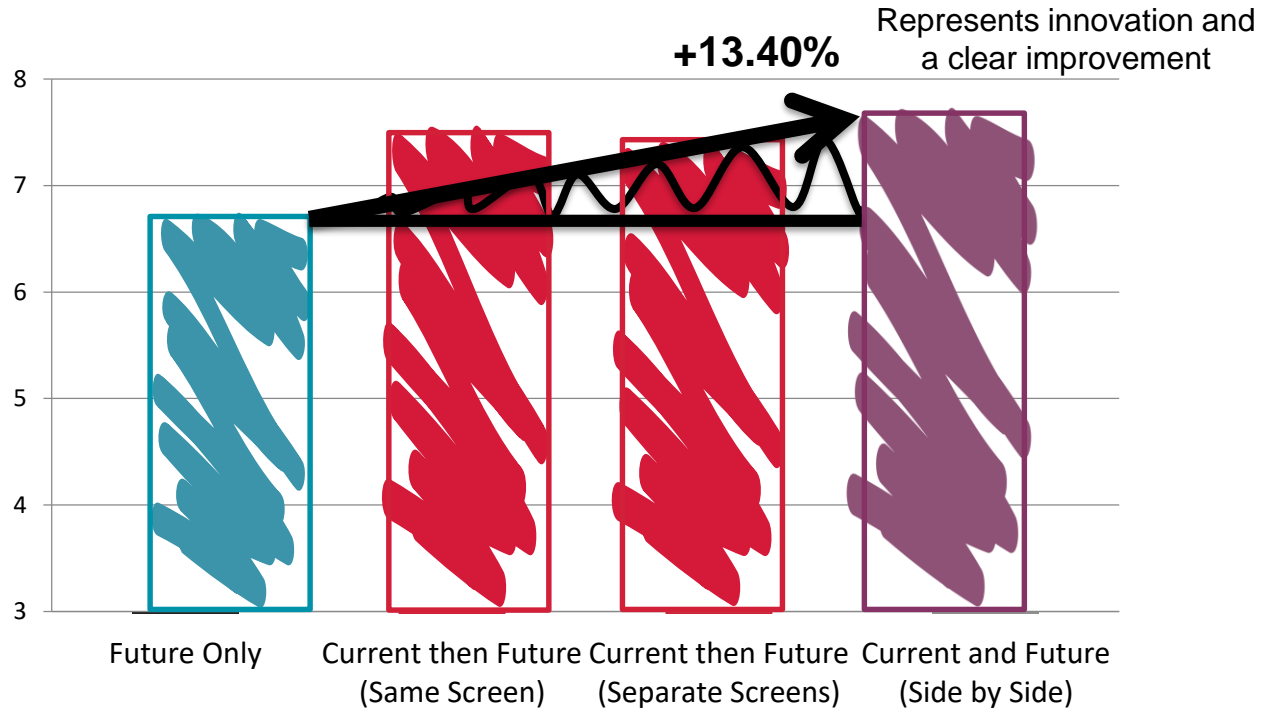


Why Change Story Test #3

Contrast Study

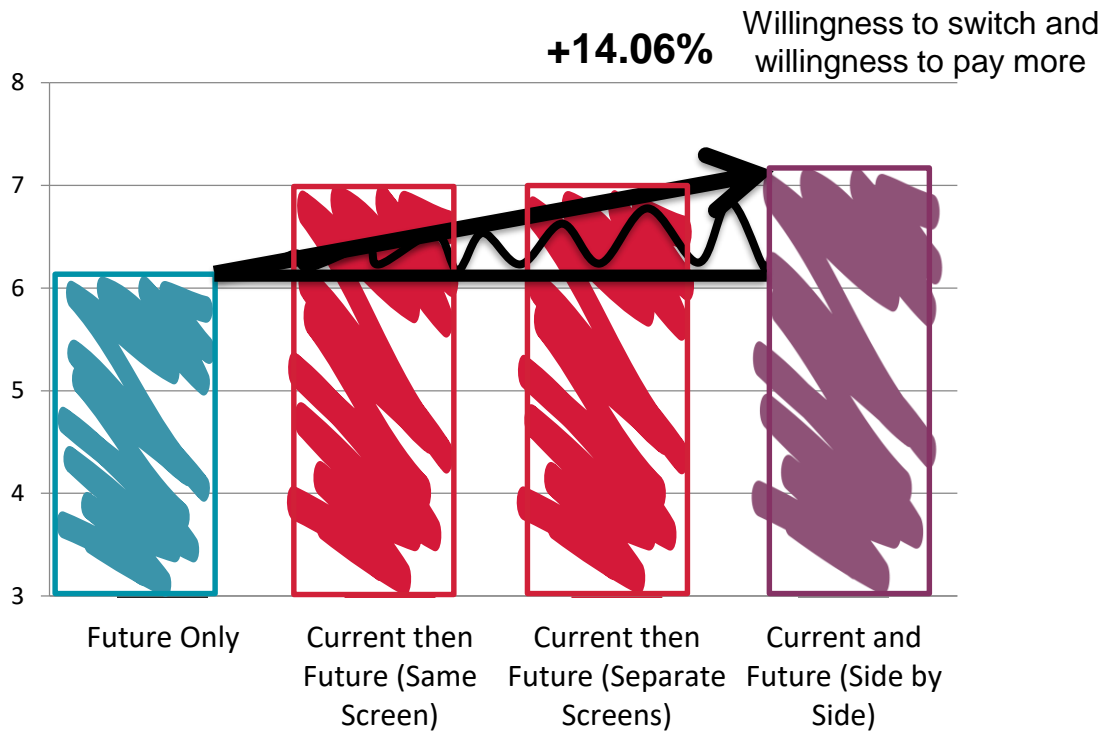


Product Perceptions





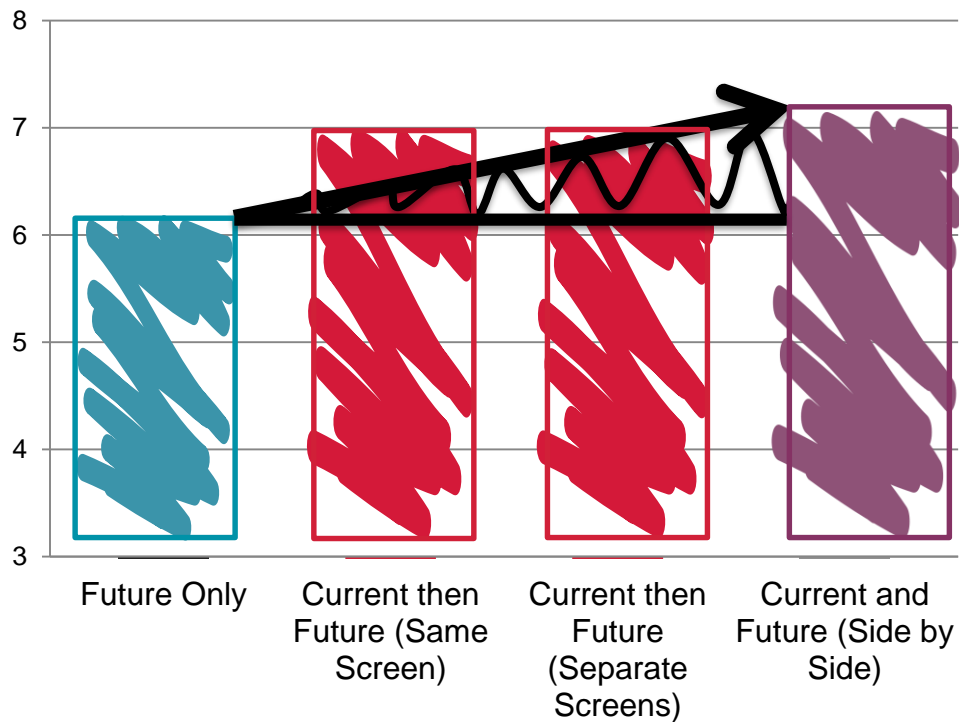
Attitudes and Choice



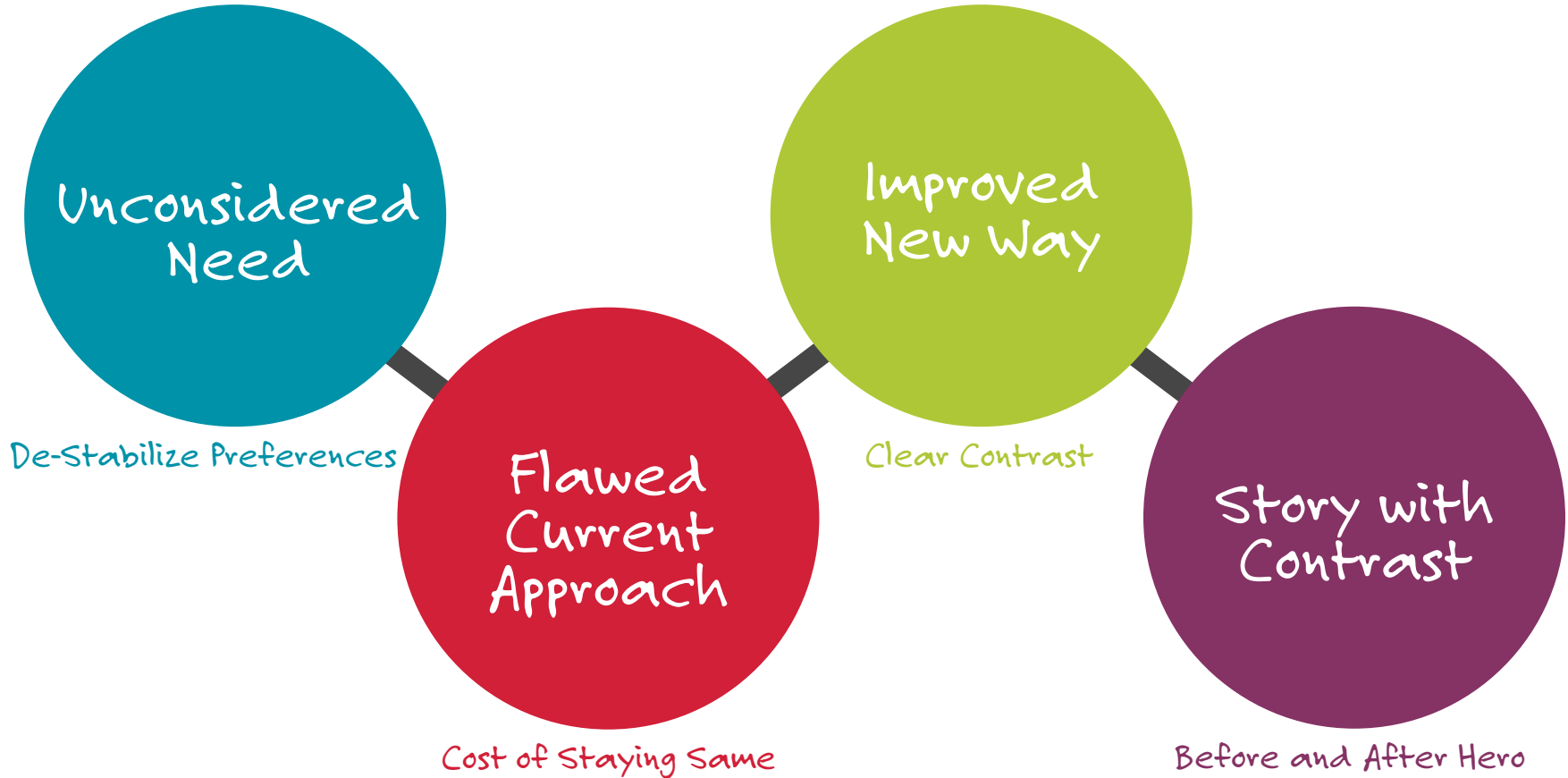


Purchase Intent

+14.63% Interest and likelihood of making a purchase



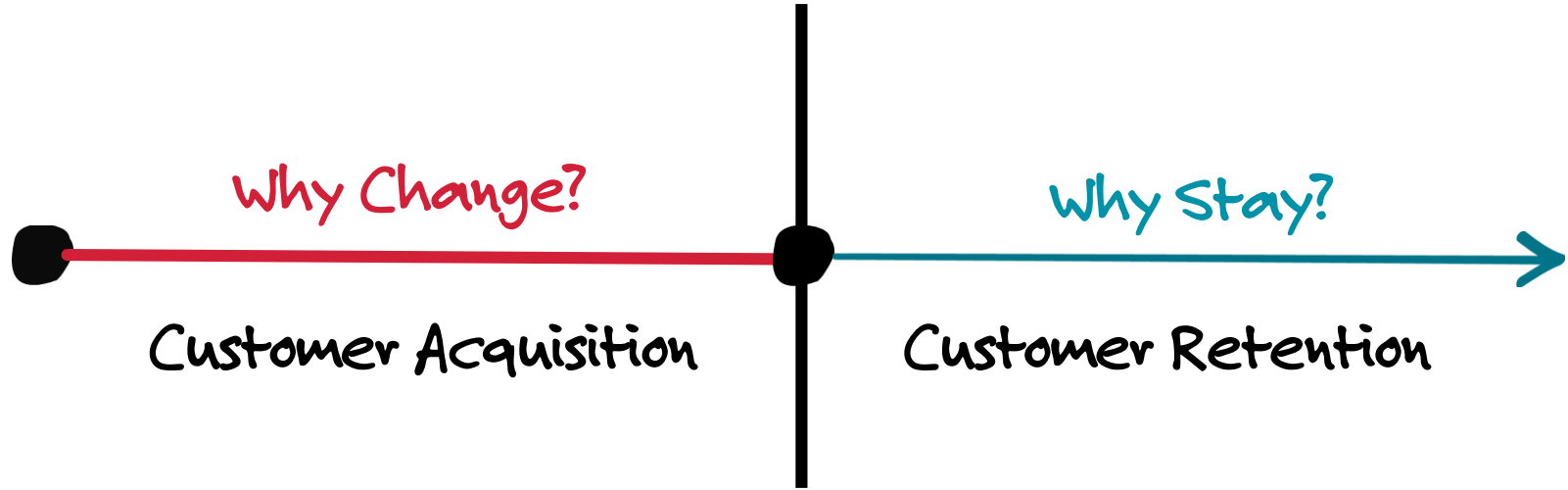
Why Change Story Model



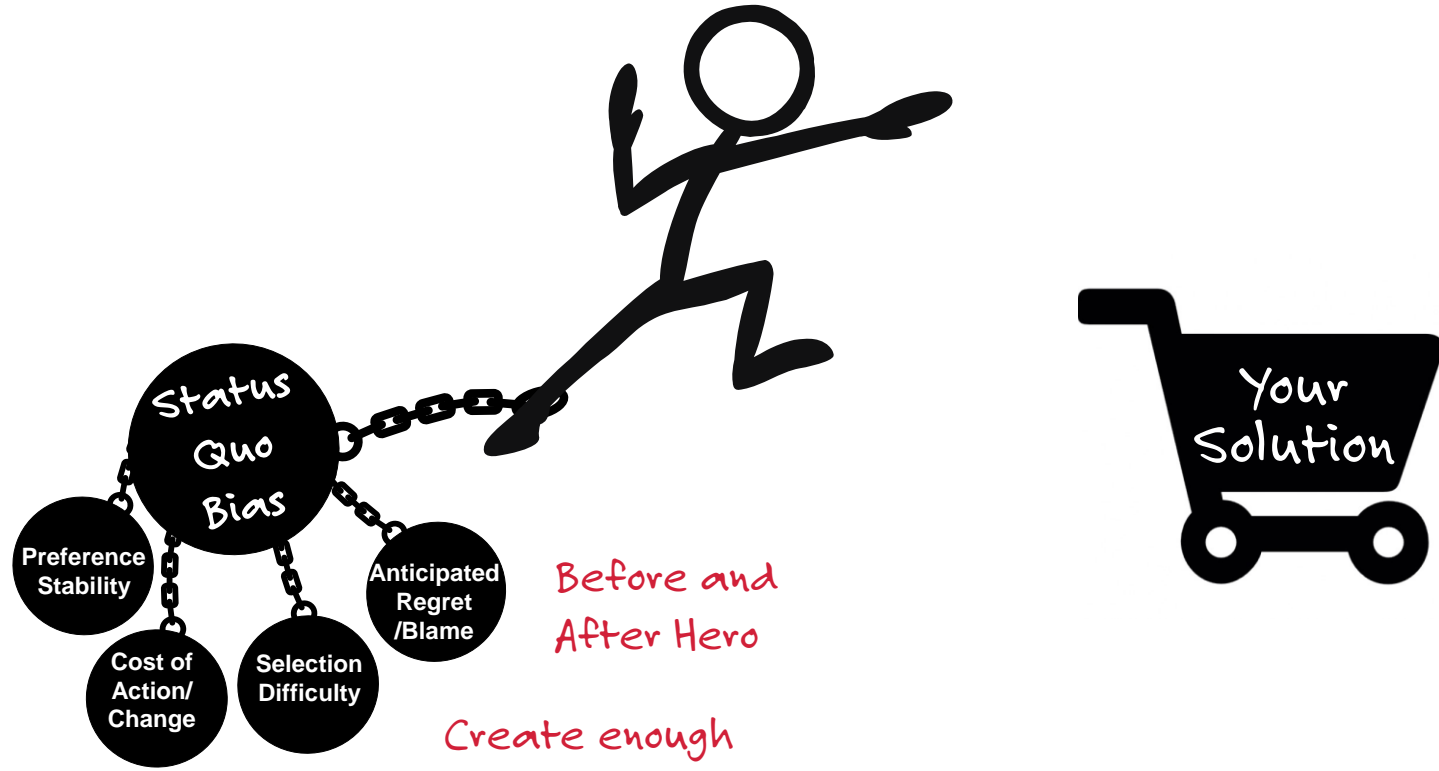
Customer lifecycle messaging



Customer lifecycle messaging



Defeating the Status Quo Bias



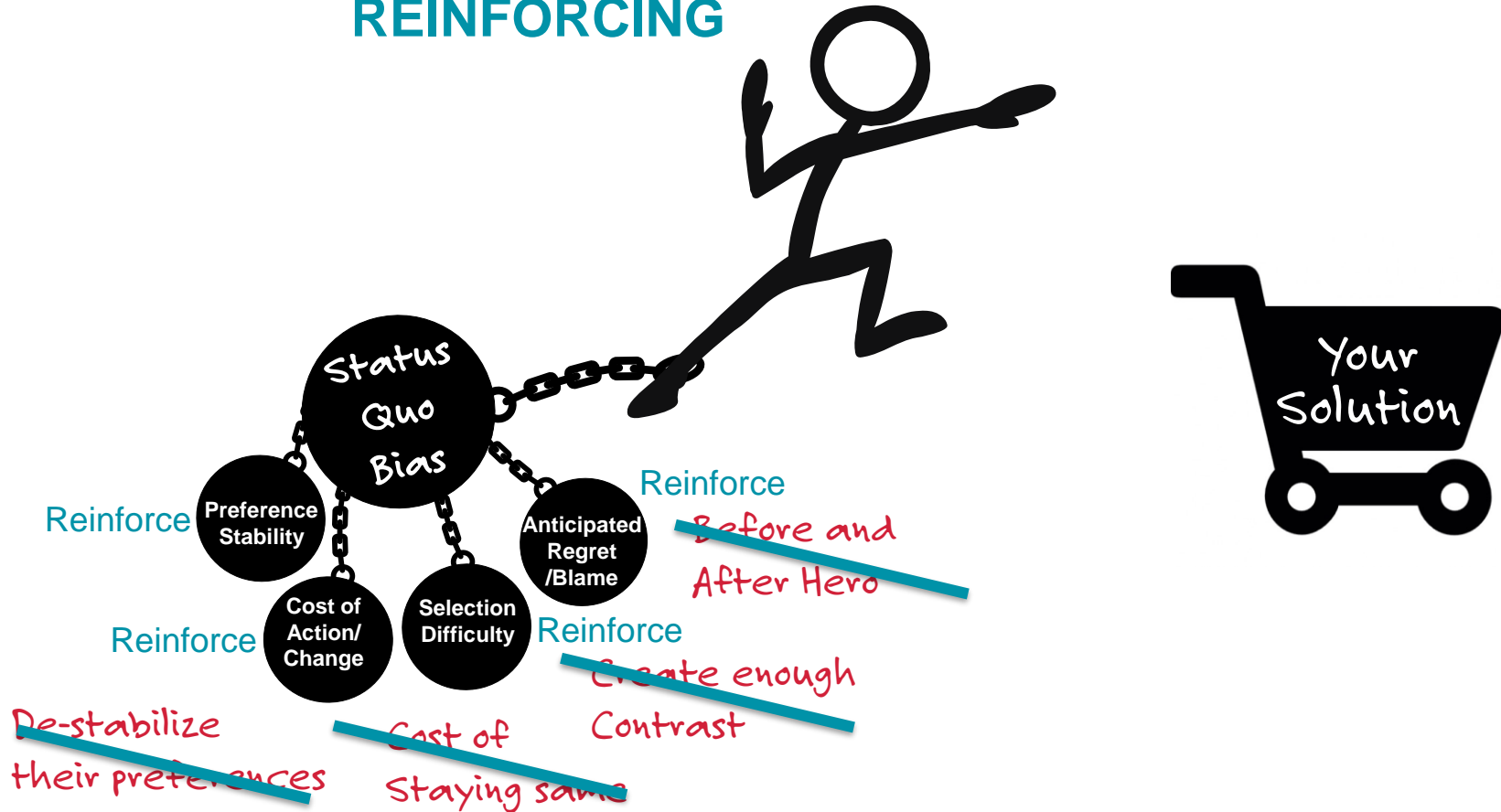
De-stabilize
their preferences

Cost of
staying same

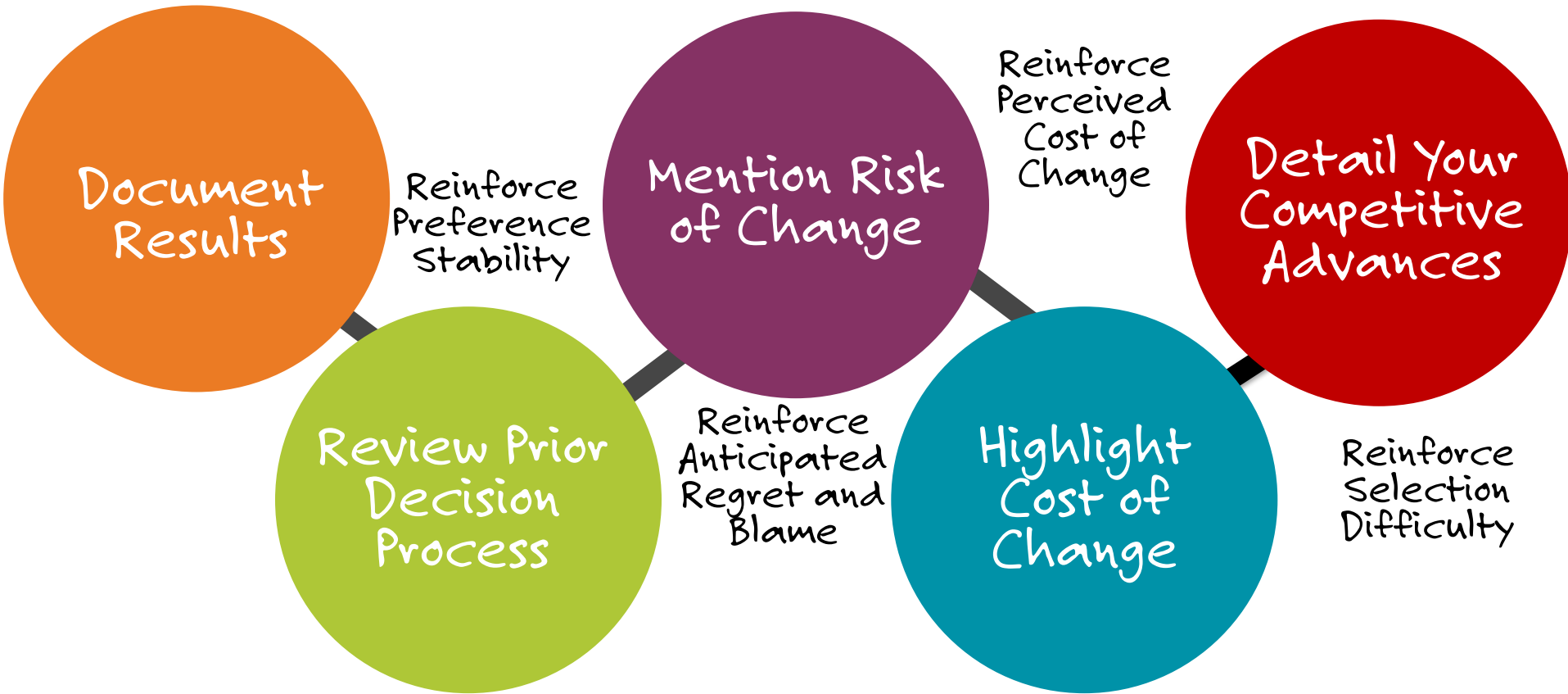
Create enough
Contrast

~~Defeating the Status Quo Bias~~

REINFORCING



Why Stay Story Model





Why Stay Story

Messaging Test

Situation Background

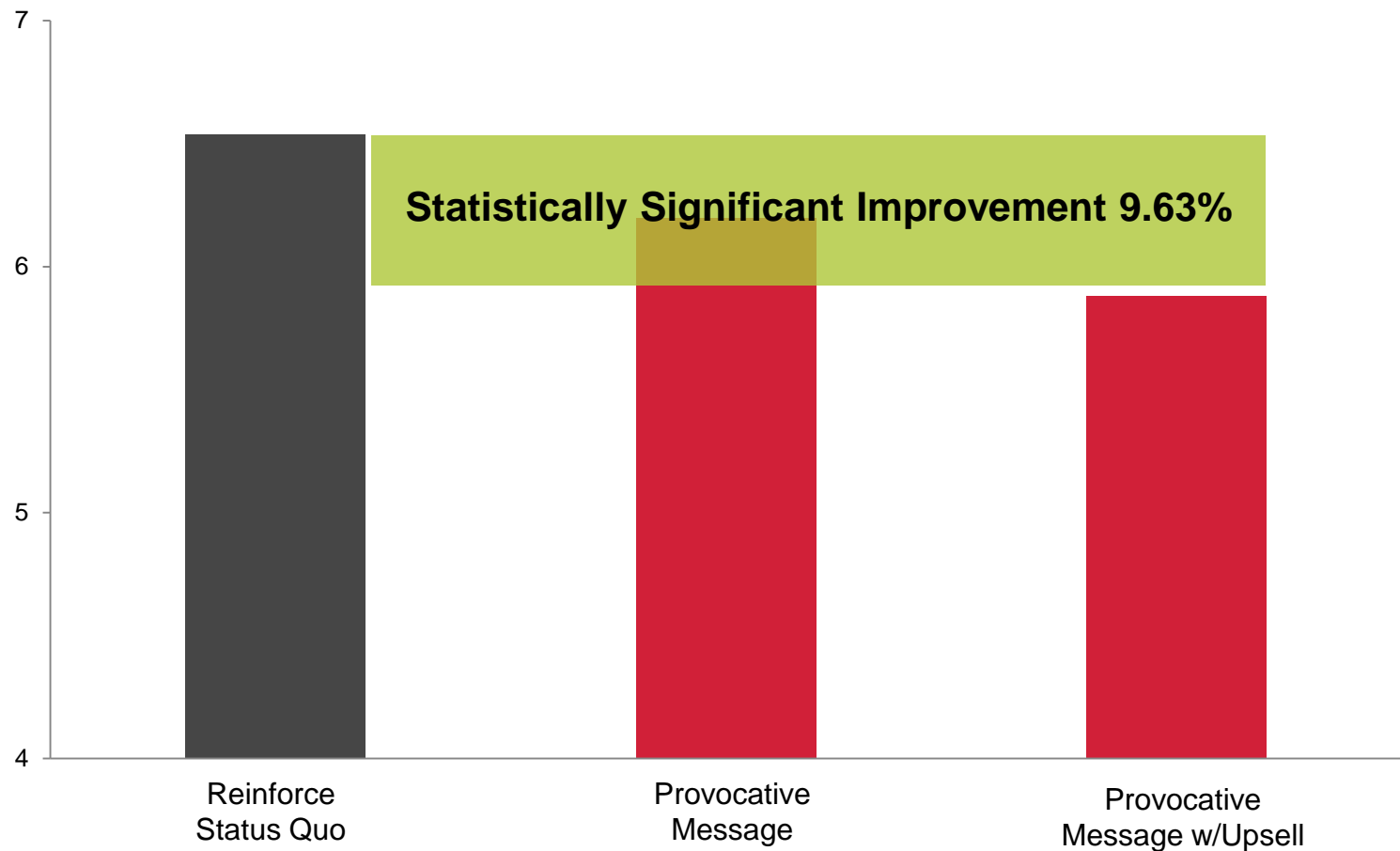
- Small business owner, hired firm to promote retirement plan
After two years the contract is up for renewal
- Started at 20% participation, goal was 80%, achieved 50%
Turnover down, but not sure if attributable to program
- Reminded that they did a thorough investigation originally
reviewing multiple competitors for the program
- Tested messages to Provocative Why Change vs.
Reinforcing Status Quo

Three Test Conditions

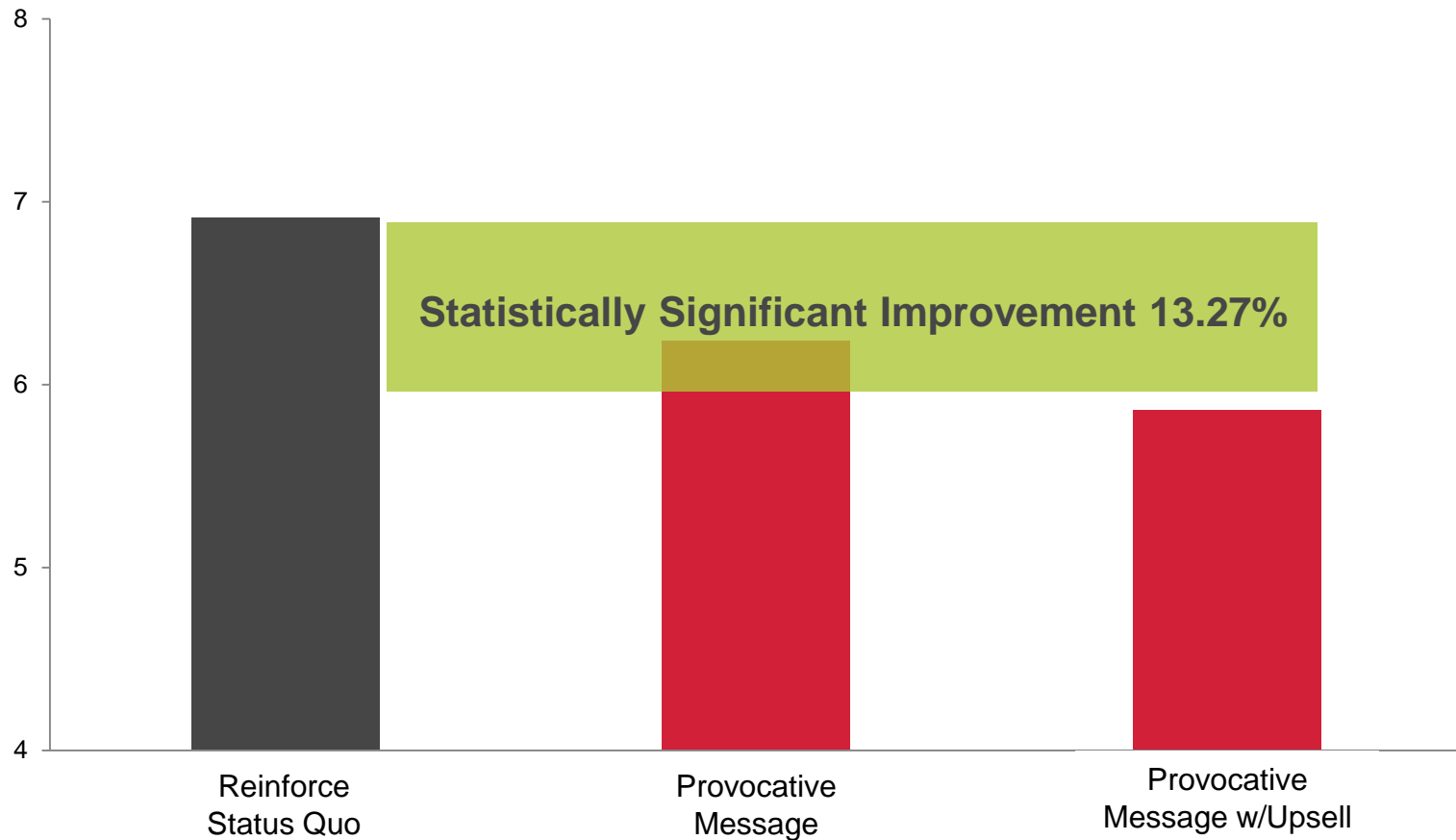
- Reinforce Status Quo Why Stay Model Pitch
- Provocative Why Change Model Pitch
- Provocative Pitch with Price Increase



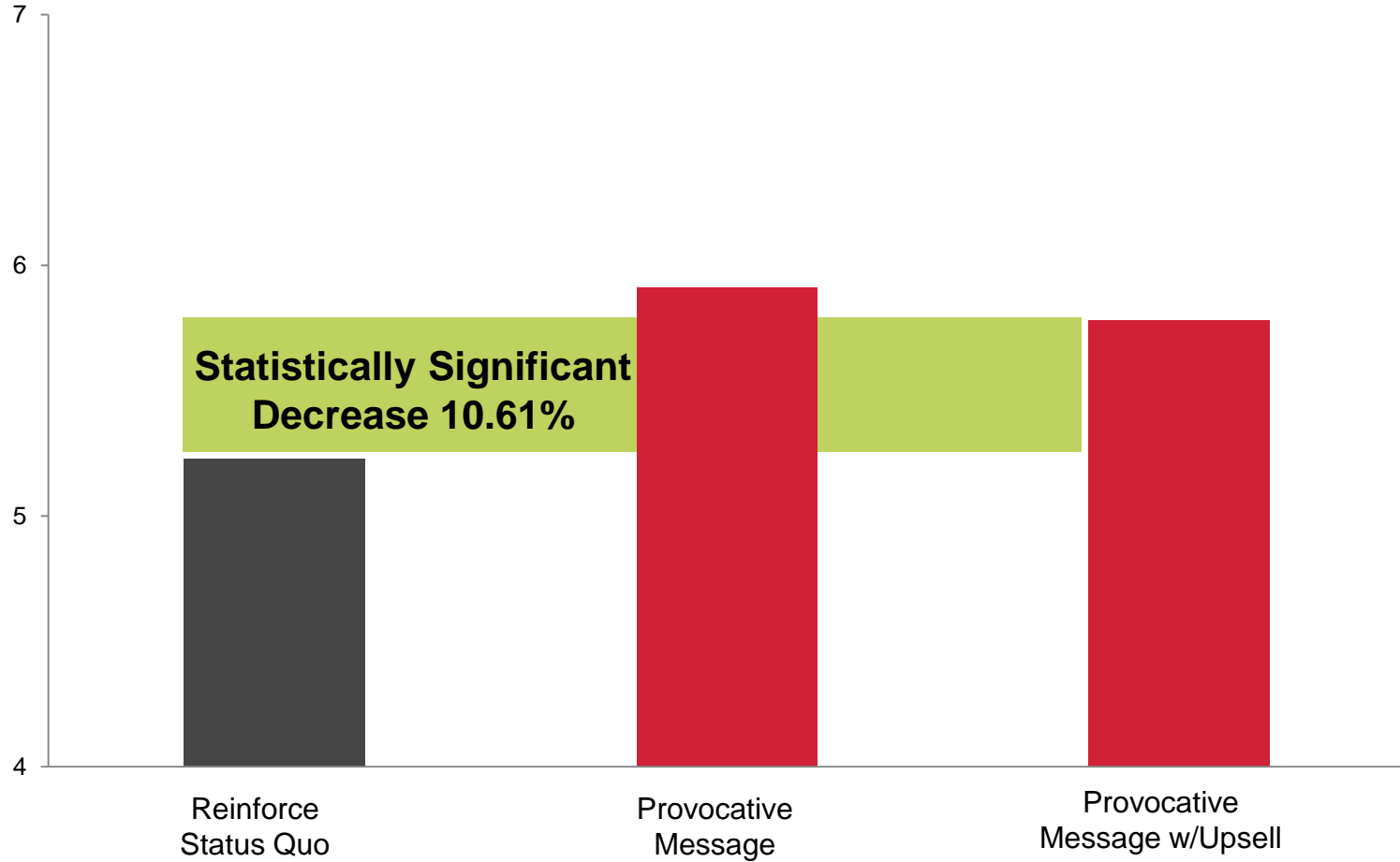
Attitudes



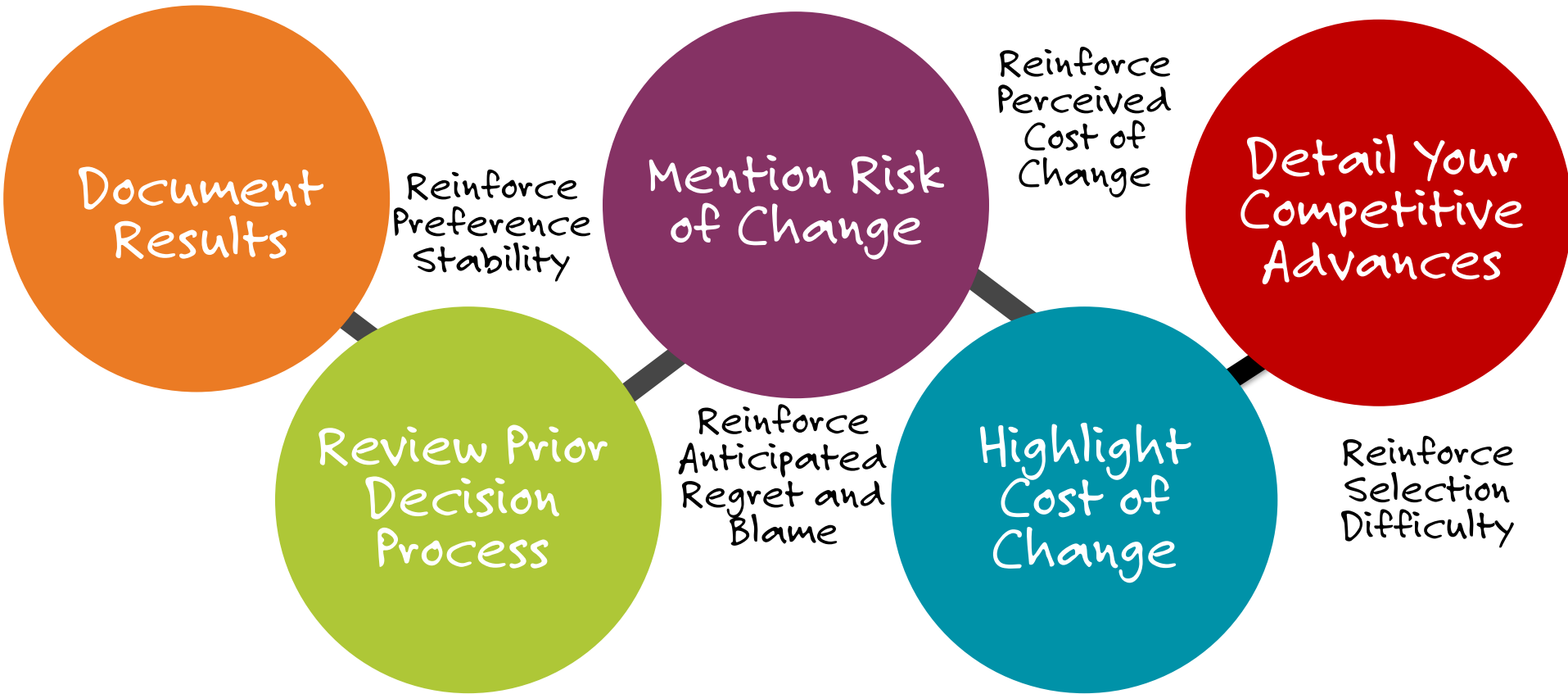
Intention to Renew



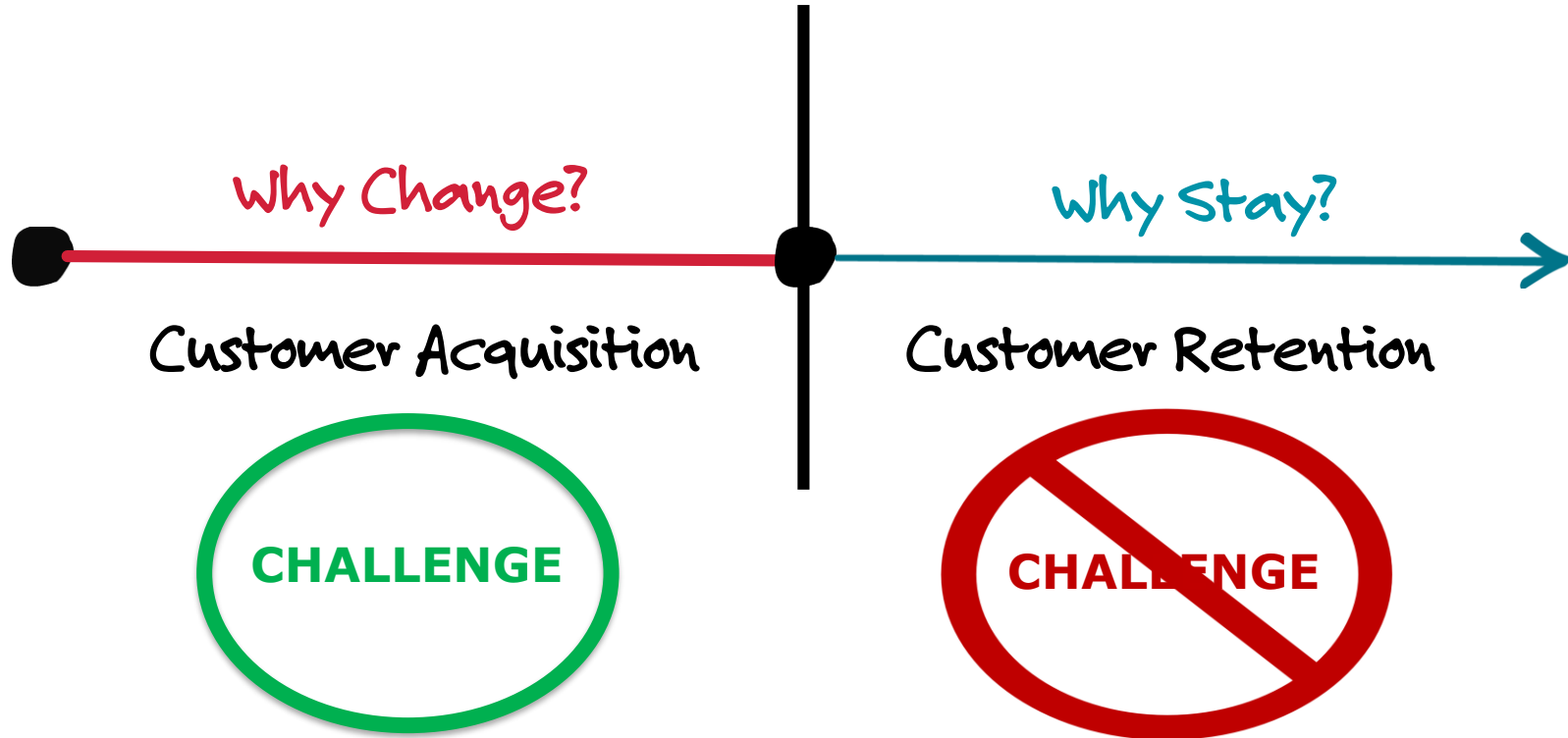
Switching Likelihood



Why Stay Story Model



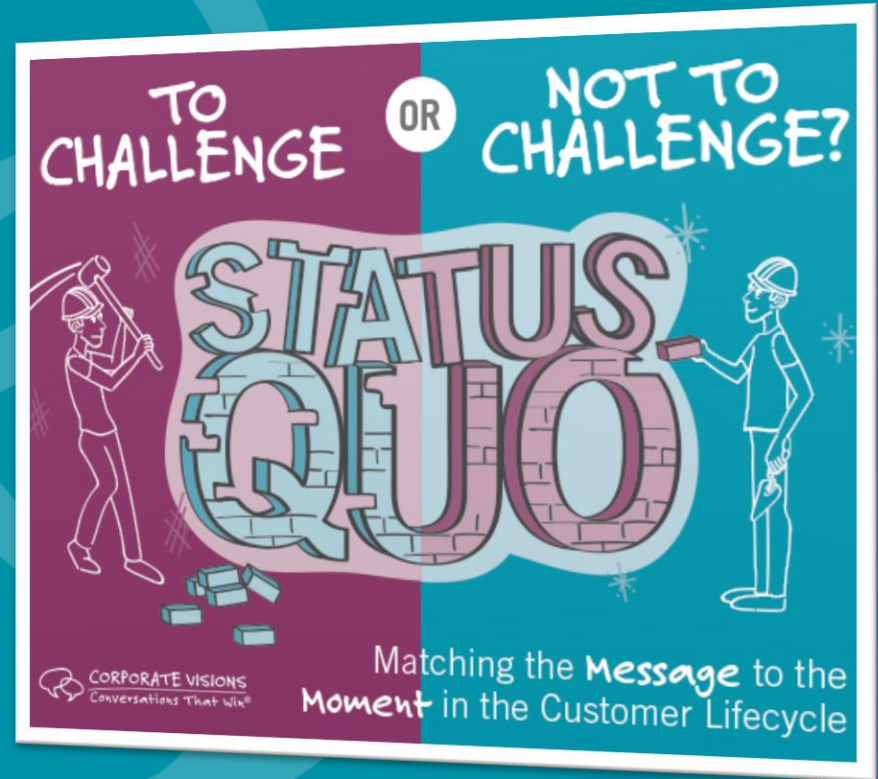
Customer lifecycle messaging



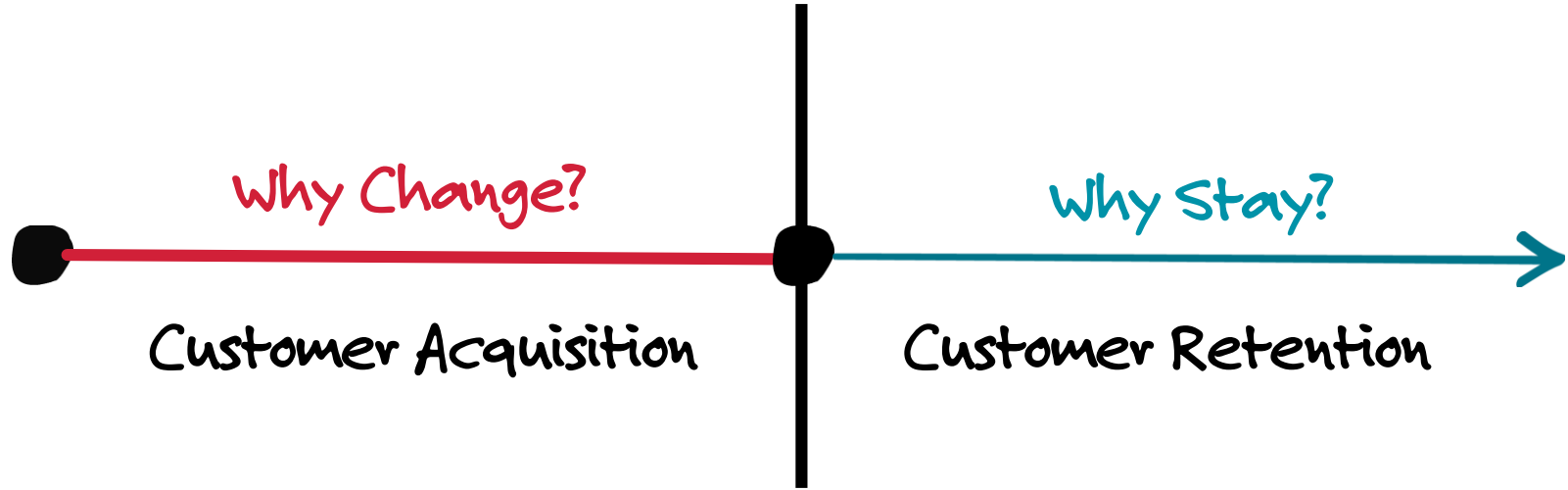


Tim Riesterer
Chief Strategy Officer
Corporate Visions
@TRiesterer

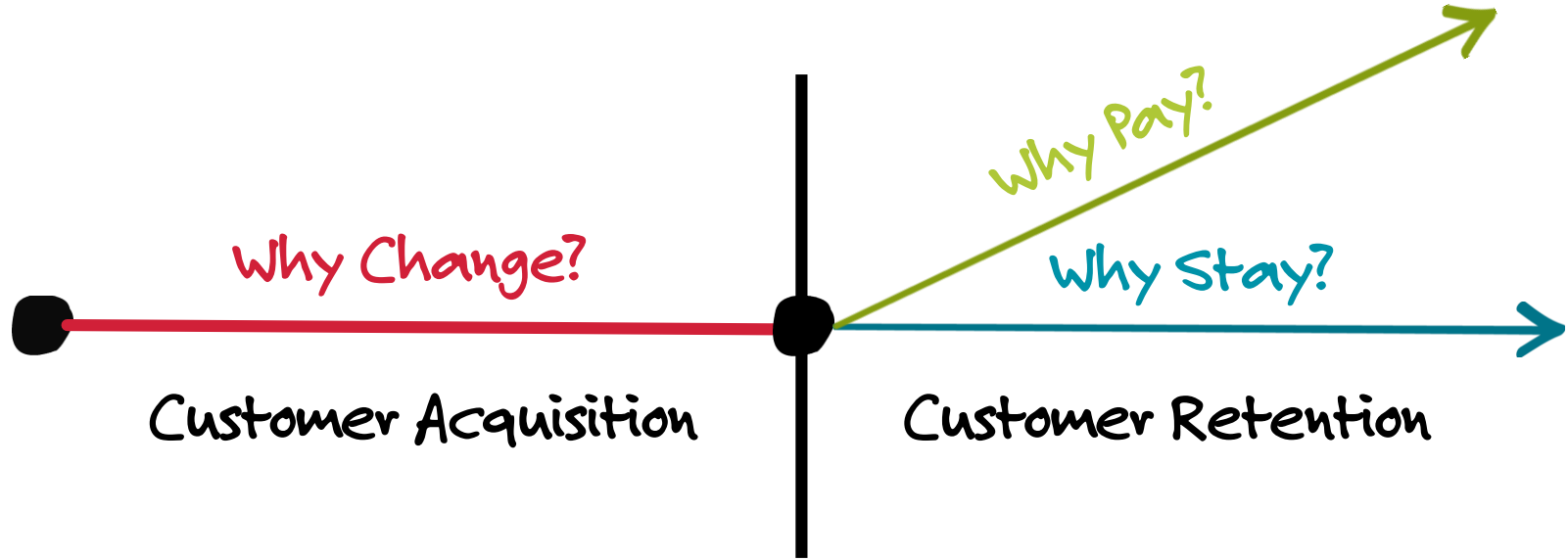
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Customer lifecycle messaging



Customer lifecycle messaging





Professor Nick Lee
Warwick Business School



Why Pay

Messaging Test

Situation Background

- Small business owner, hired firm to provide and promote health and wellness benefit program. Your contract is up for renewal
- Started at 20% participation, goal was 80%, achieved 50%. Turnover down, but not sure if attributable to program
- In addition to the renewal, your vendor is asking for a 4% price increase in the new two-year contract.
- Tested six different price increase messaging approaches to determine most effective.

Six Test Conditions

Same Opening Documents Business Results to Date

*Introduce
Unconsidered
Need*

New opt-out
approach and
new services

Will cost 4%
more, but
should see
payback 1 yr

*Improved
Capabilities
w/ Anchor*

New features
that increase
performance

Adds 8% but
we will share
cost - net 4%
increase

*Improved
Capabilities
No Anchor*

New features
that increase
performance

Adds 4% to
the cost of
the contract

*Improved
Capabilities
Timed Discount*

New features
that increase
performance

Adds 8% to
cost but you
get 4% timing
discount

*External
Factors
No Control*

Must pass
along outside
cost increase

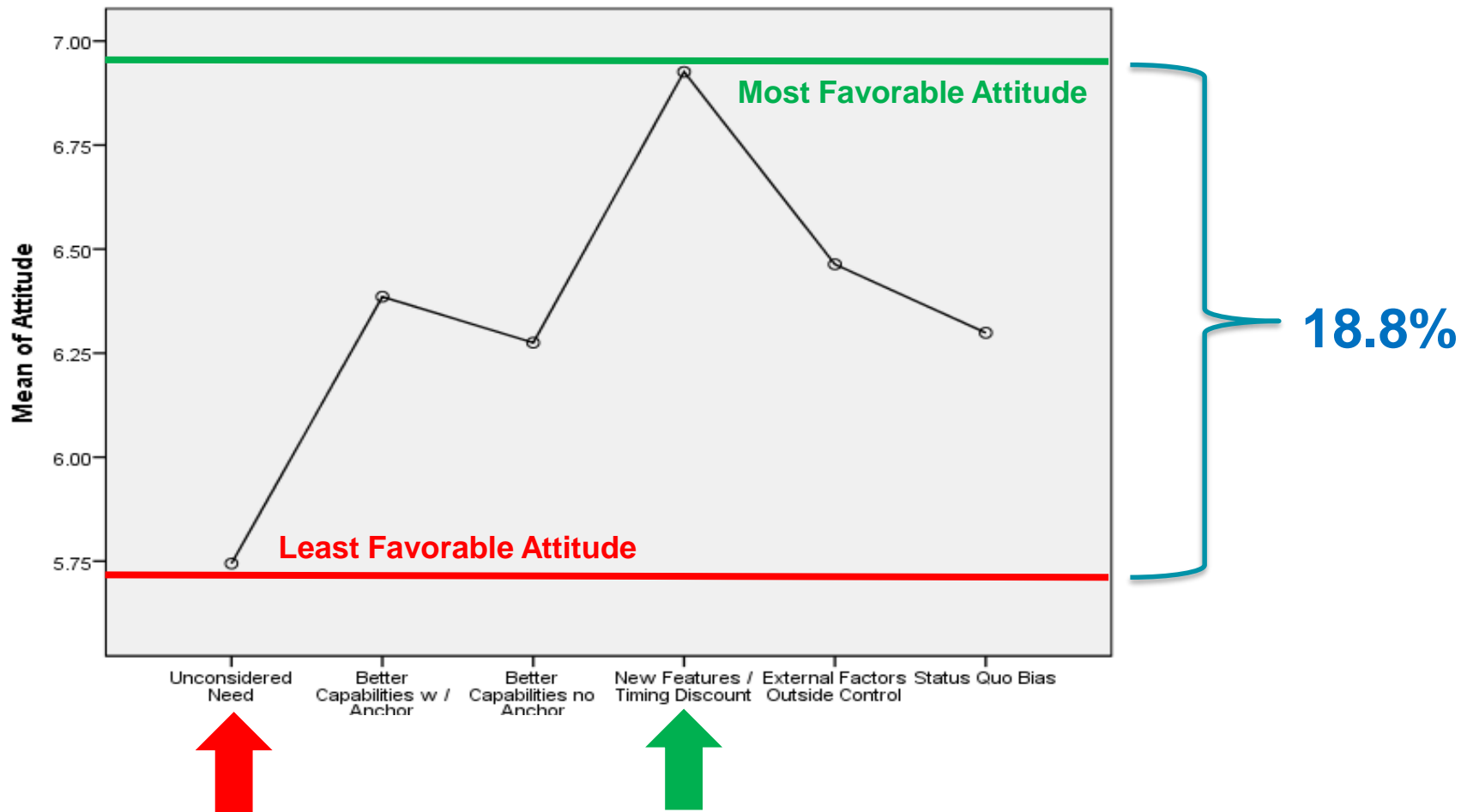
Adds 8% but
will split the
difference to
make it 4%

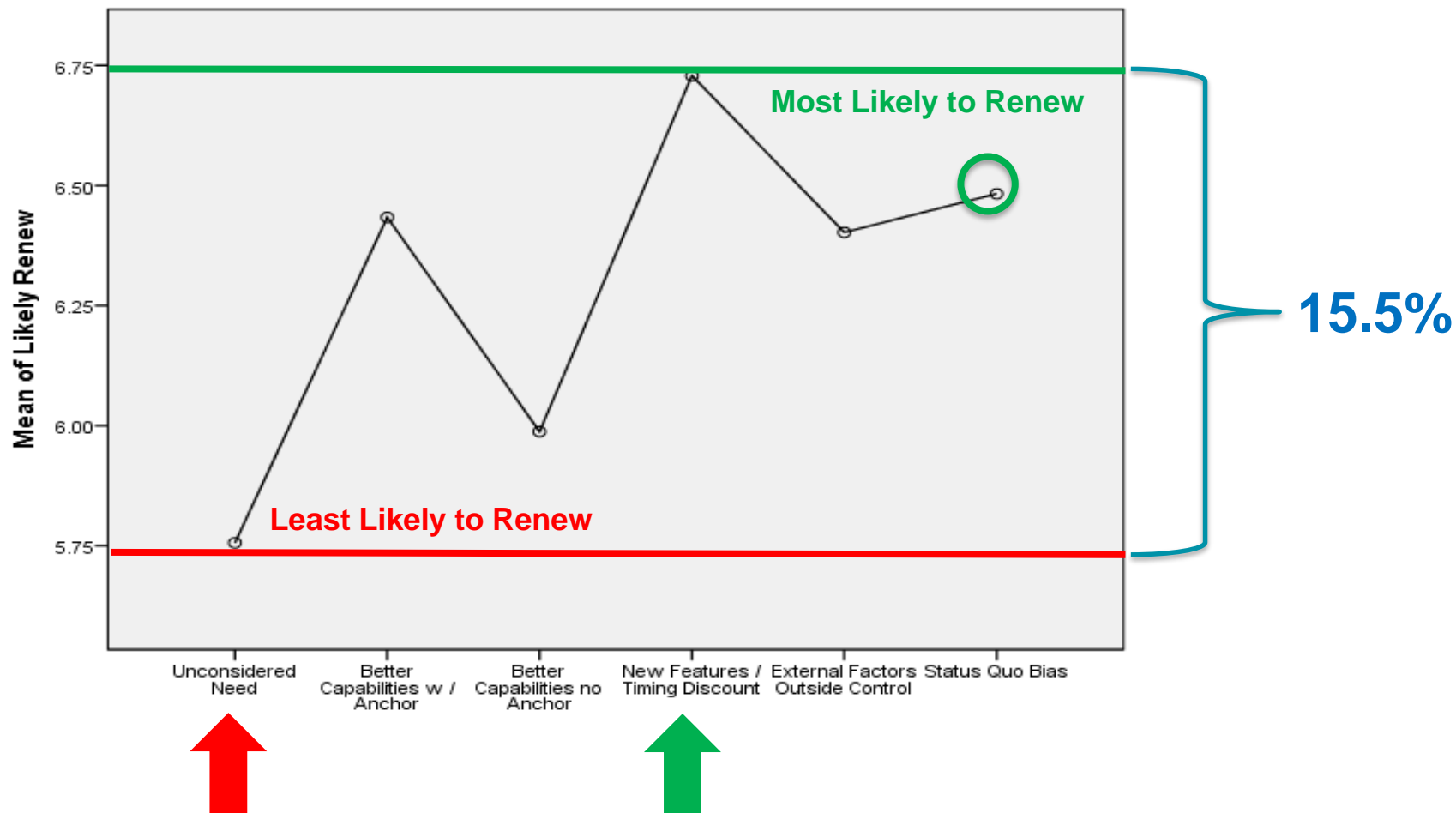
*Reinforce
Status Quo
Bias*

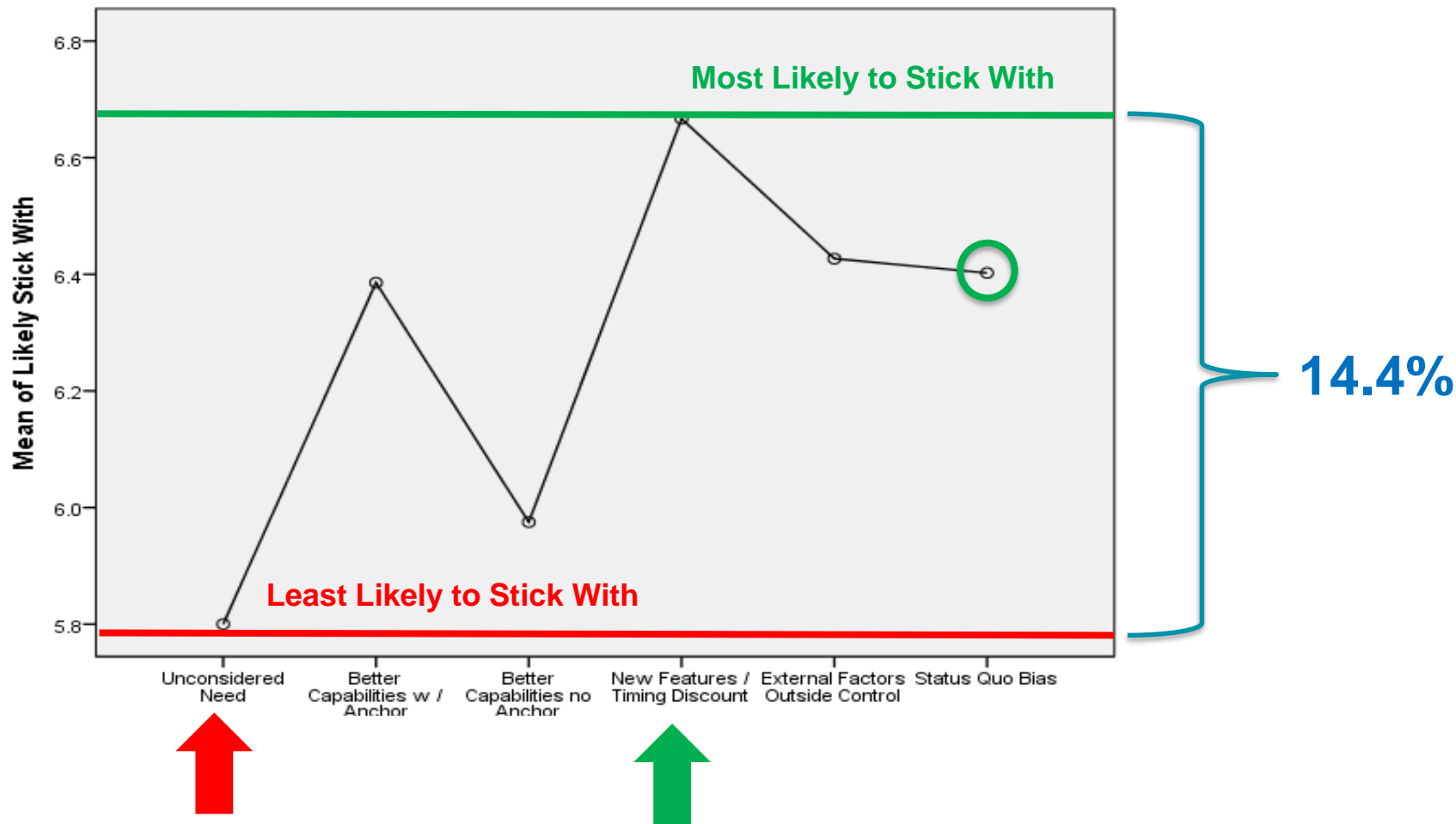
Deliberately
reinforce and
highlight new
features

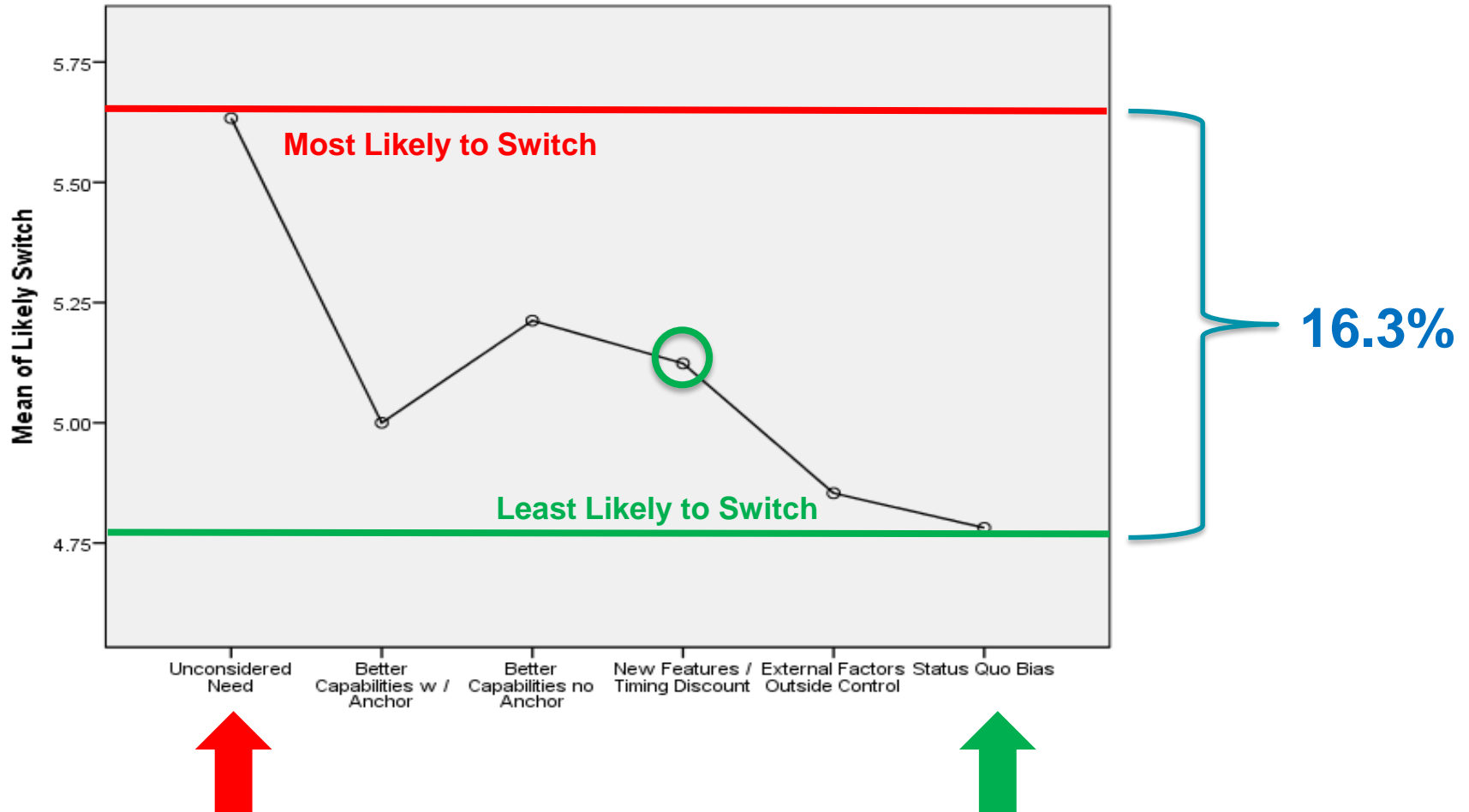
Will be adding
4% to cost of
contract

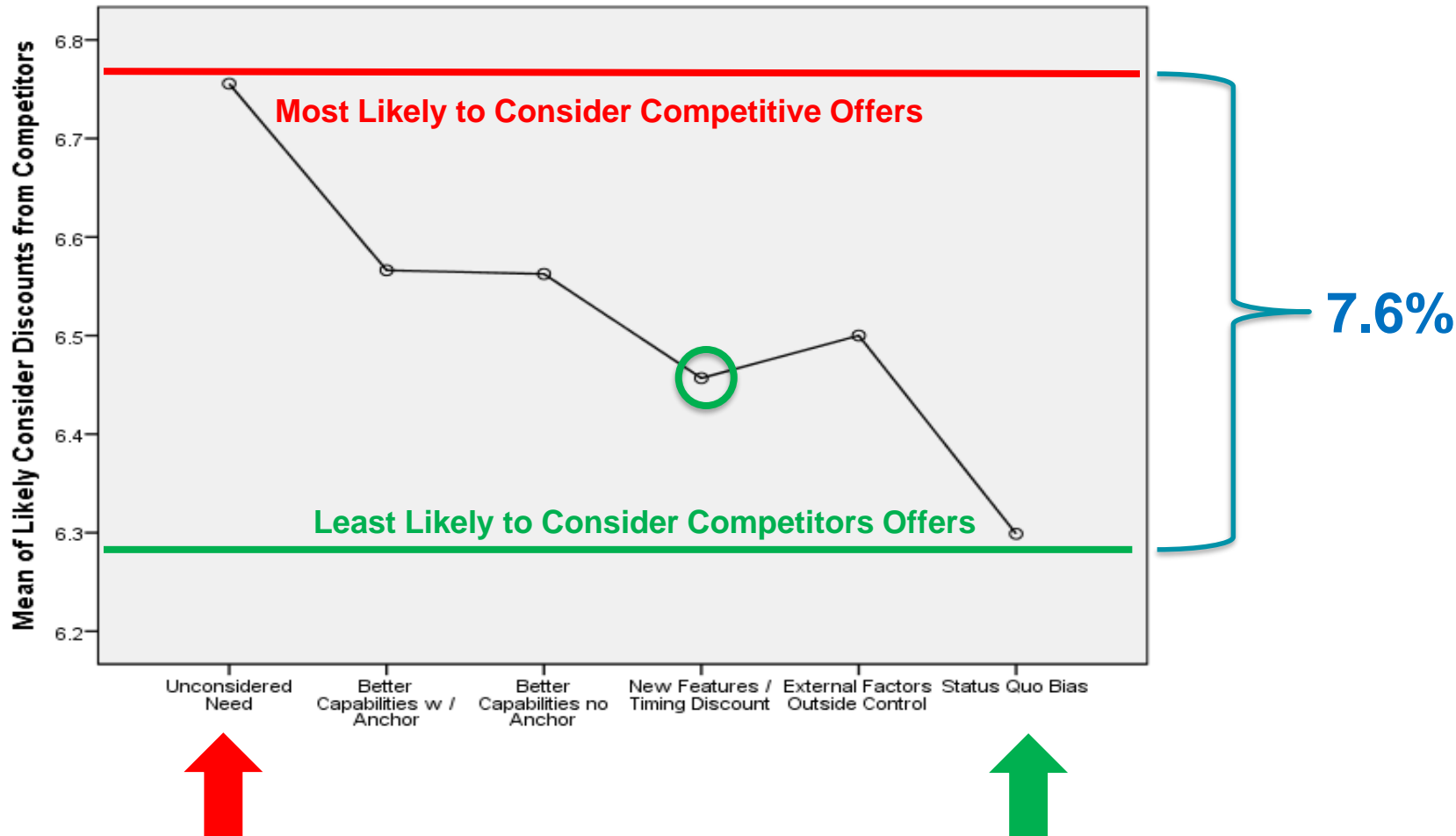
Same 4% Price Increase Rate In Every Case











Put your customers at risk by challenging them

- **Lowest favorable attitude**
- **Least likely to renew**
- **Least likely to stick**
- **Most likely to switch**
- **Most likely to look at competitive offers**
- **Lowest performer in 5 other areas:**
(least credible, lowest confidence, least innovative, least trustworthy, least compelling)
- **Most unique and unexpected**

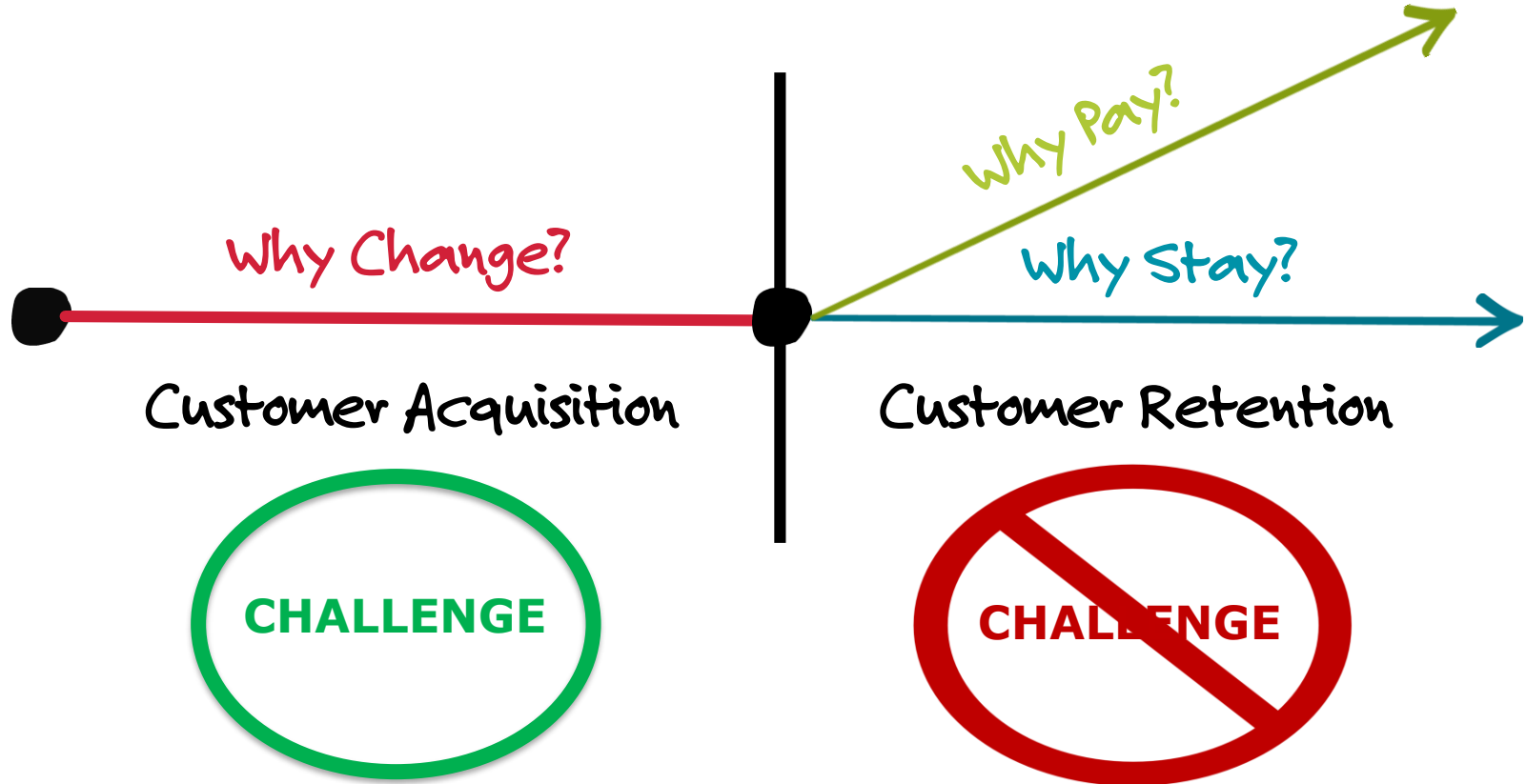
Why Pay



Why Stay Story Model



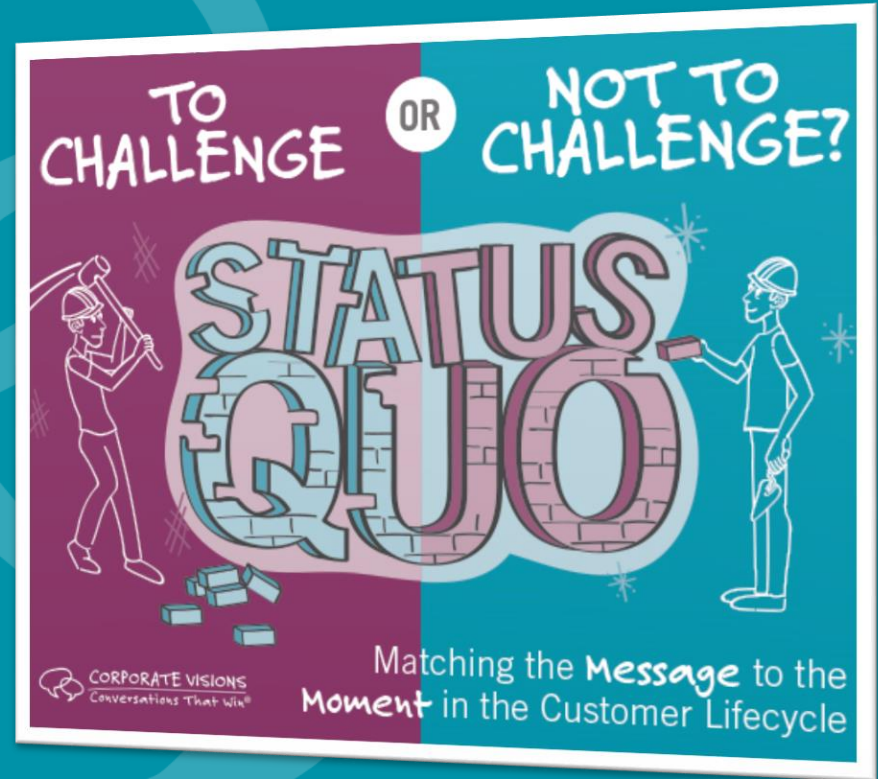
Customer lifecycle messaging



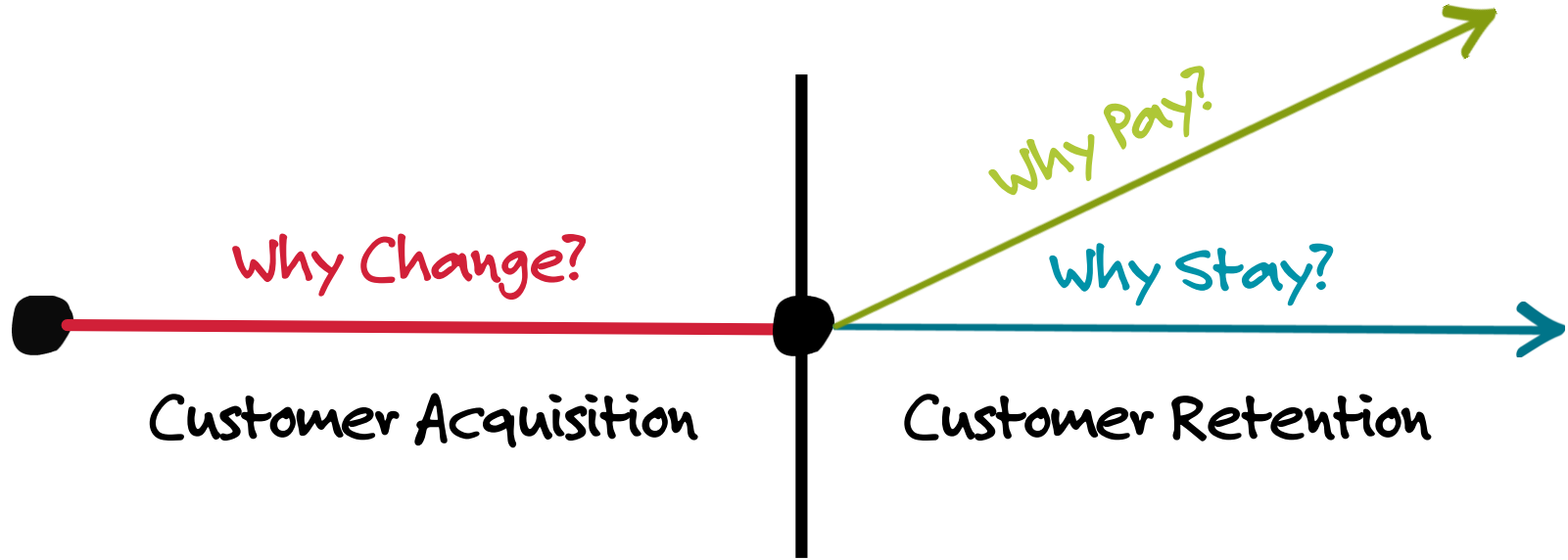


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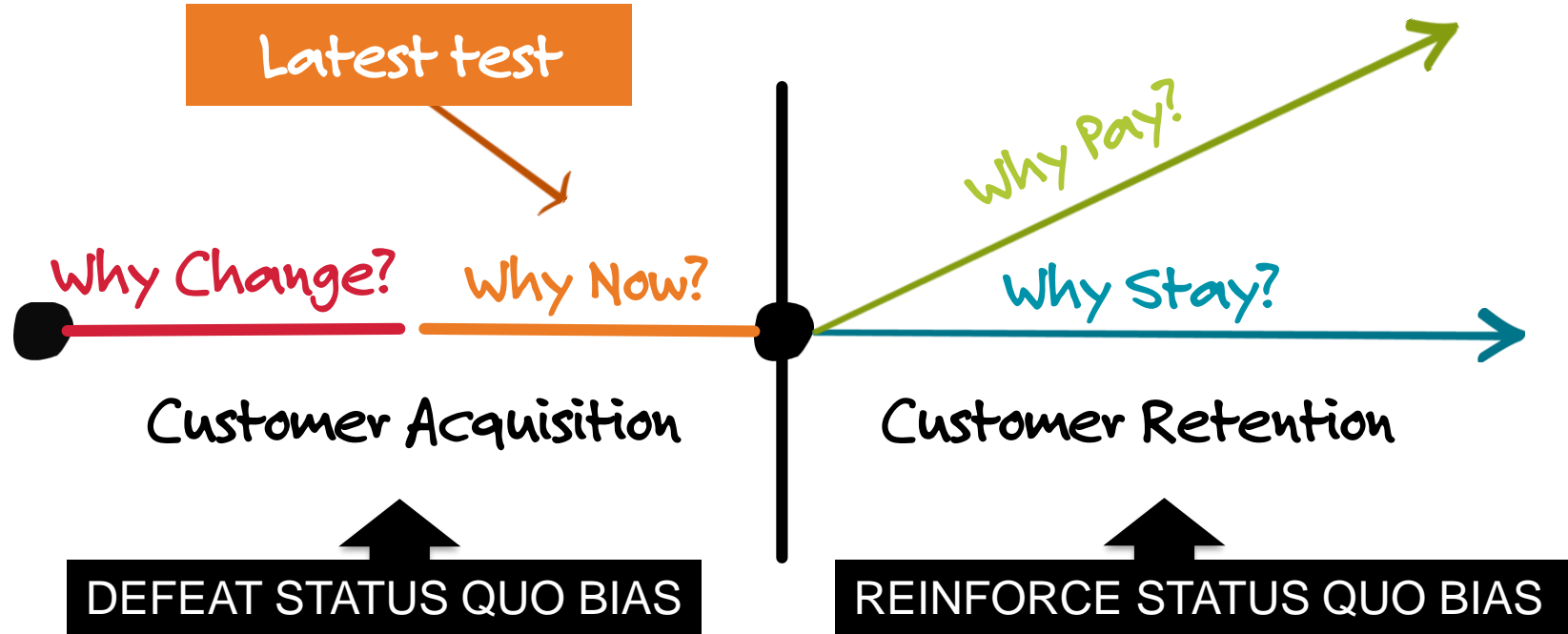
<http://cvi.to/ContentJam17>



Customer lifecycle messaging



Customer lifecycle messaging





Professor Nick Lee
Warwick Business School



Why Now

Story Framework Test

Situation Background

- You are an executive at a food processing company that cleans, sorts and packages vegetables.
- You have traditionally served large vegetable producers using large-scale equipment that can process several tons of vegetables per hour.
- However, the most promising growth market is organic and specialty food production, and unfortunately, you do not have equipment suitable for the small batch requirements of this “small-producer” market.
- You will be meeting with a company that makes smaller-scale, more flexible equipment that could help you enter this new market, and they present the following story as to why you should buy their equipment.

Test Conditions

We created six messaging elements:

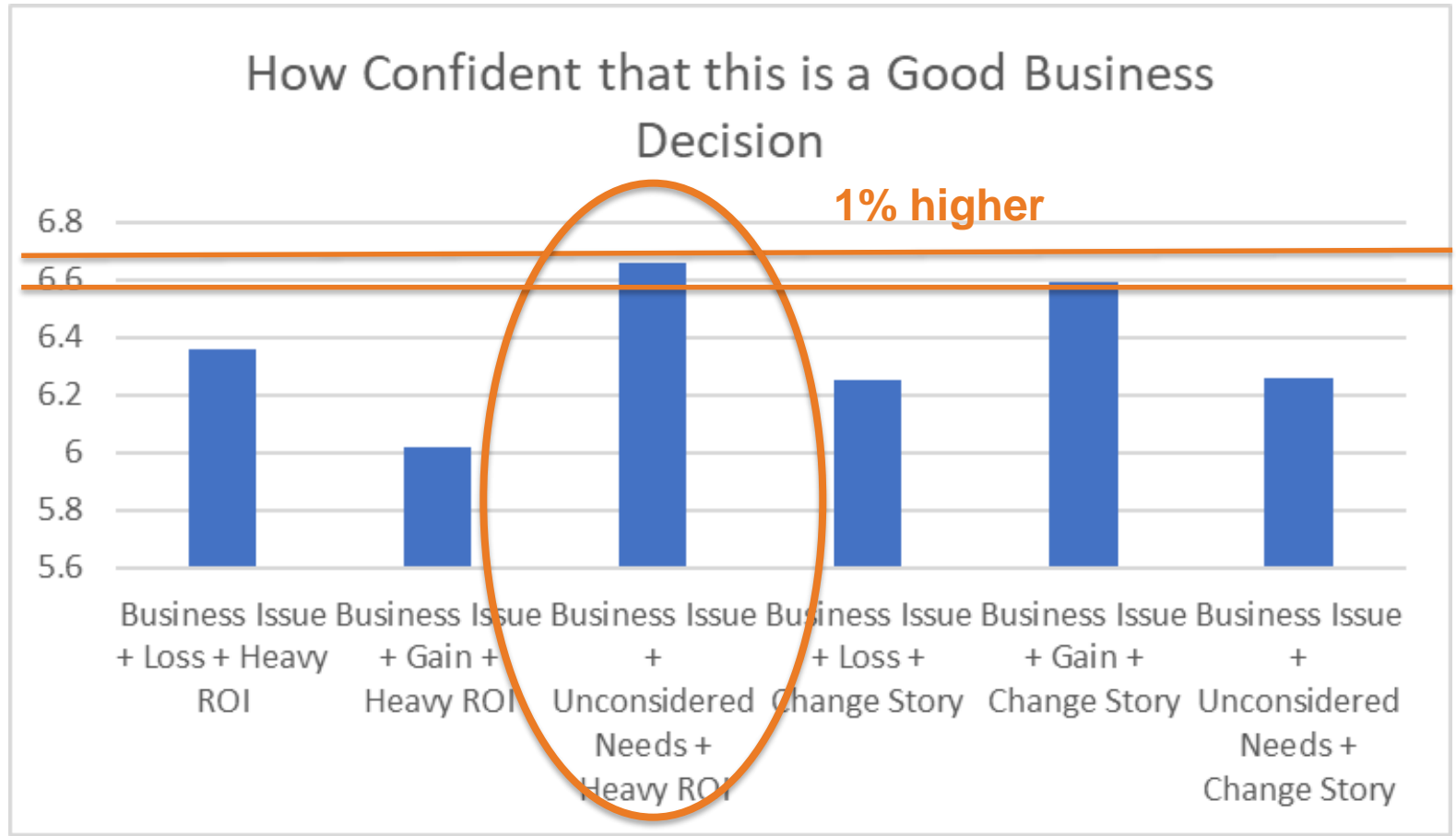
- **Business Issue:** External factors and business initiatives
- **Loss:** Details about your loss to be avoided
- **Gain:** Details about your potential positive gain
- **Unconsidered Needs:** Introduces unsuspected threats
- **Heavy ROI:** Hard #s with detailed ROI breakdown
- **Change Story:** Business change story with light ROI

Test Conditions

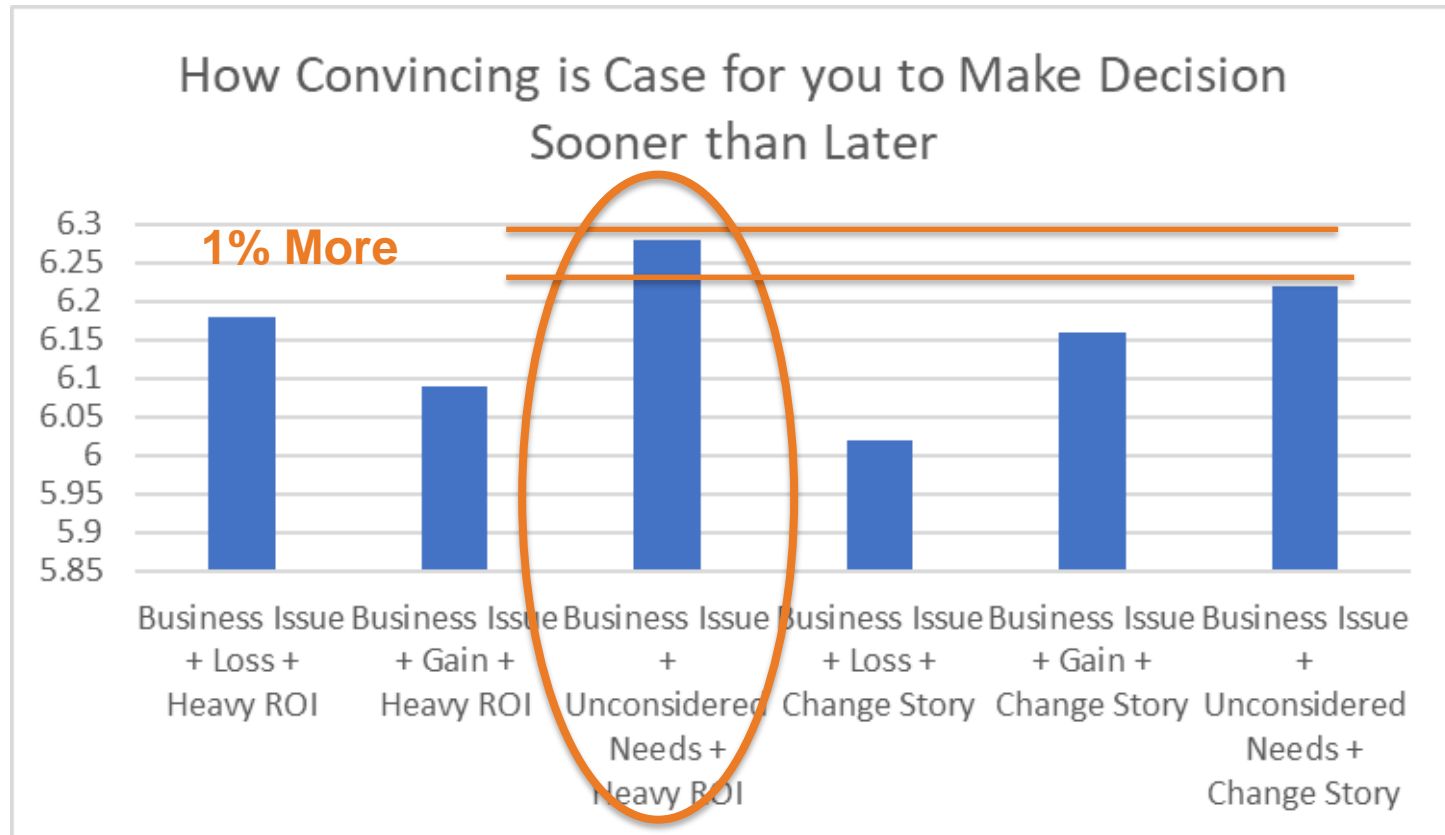
We created six different frameworks with different messaging configurations:

1. Business Issue + Loss + Heavy ROI
 2. Business Issue + Gain + Heavy ROI
 3. Business Issue + Unconsidered Needs + Heavy ROI
-
4. Business Issue + Loss + Change Story
 5. Business Issue + Gain + Change Story
 6. Business Issue + Unconsidered Needs + Change Story

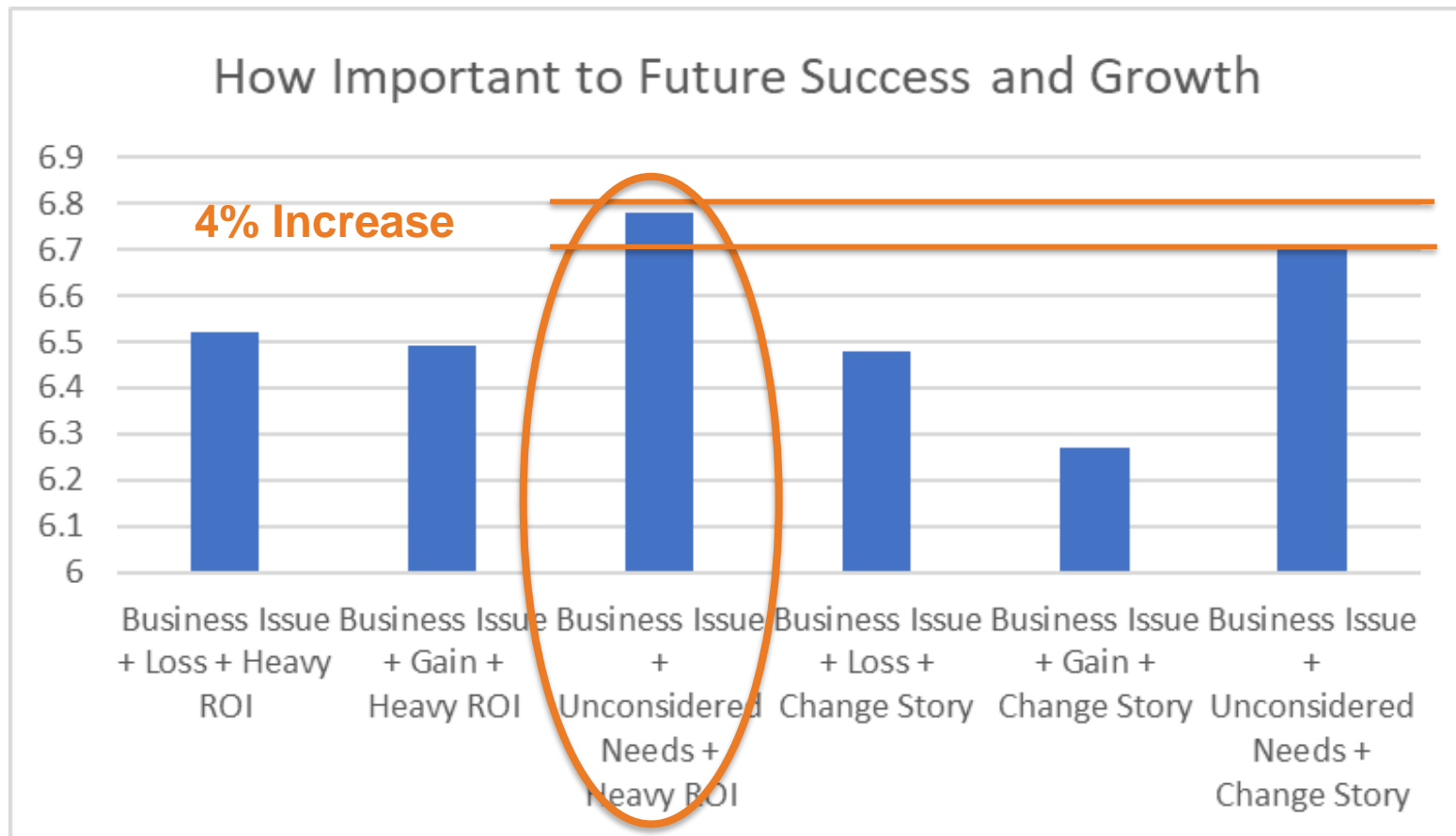
Results



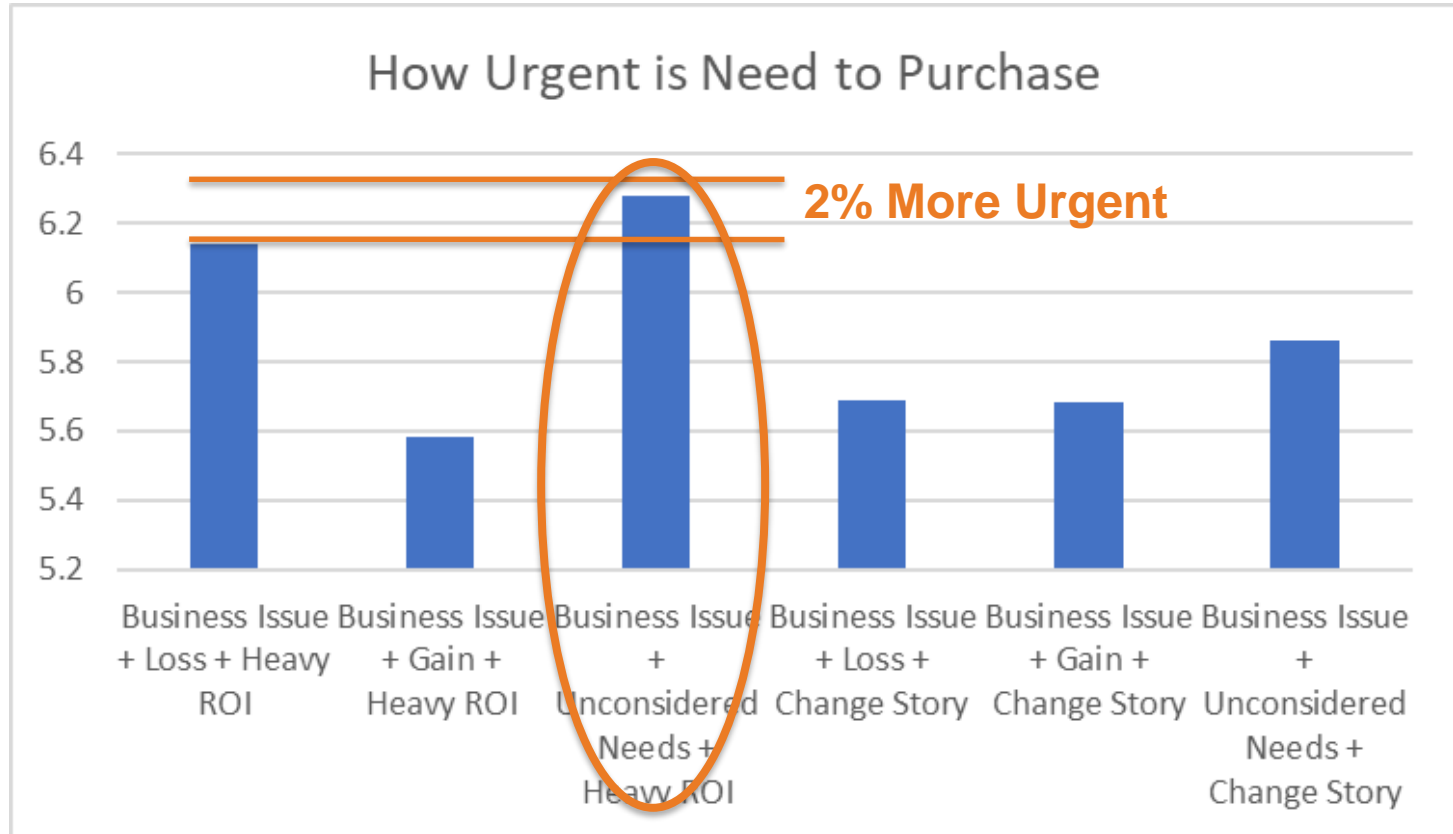
Results



Results



Results



Results



WHY NOW STORY MODEL

Business
Issue

Identify a key industry trend and align it with a company's acknowledged strategic initiative

Unconsidered
Needs

Show the Unexpected Flaws Or Limitations with their Current Approach That will Keep them from Responding Effectively

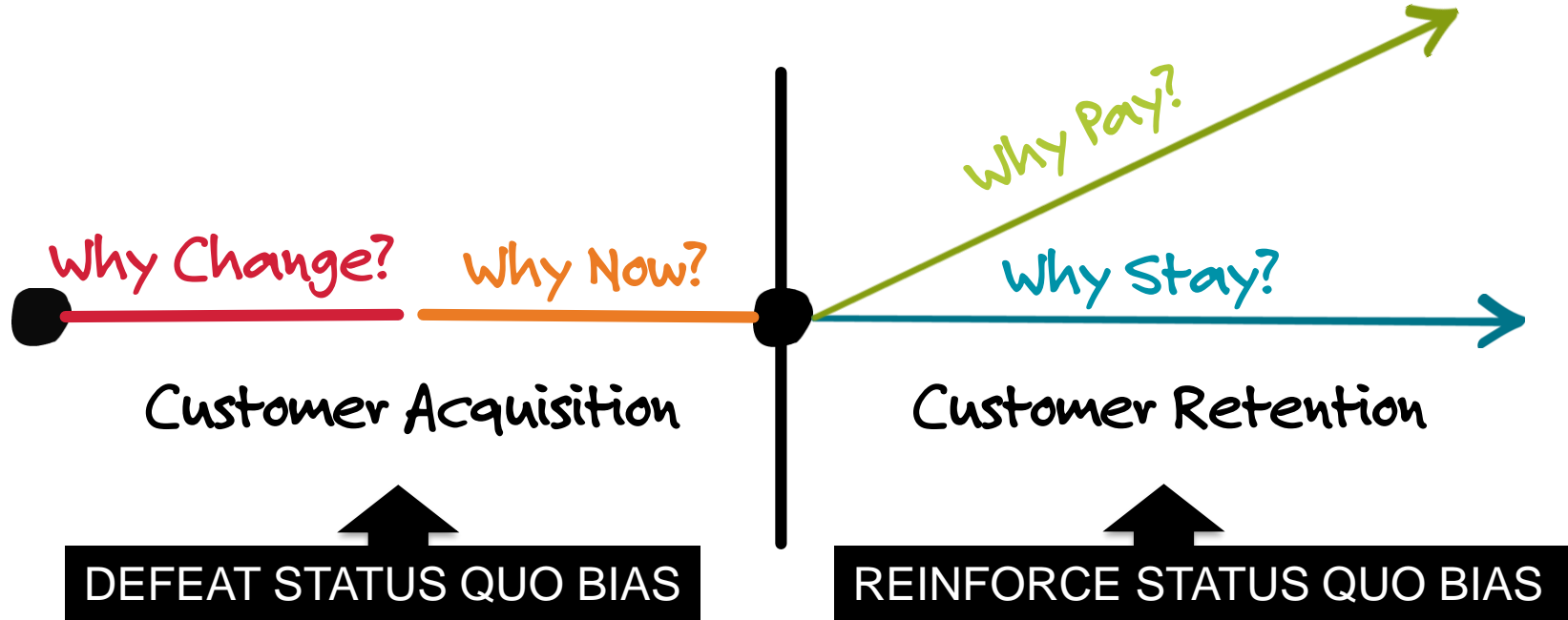
Solution
Response

Present How You Can Resolve the Unconsidered Needs and Enable them to Realize their Goal

Business
Impact

Share a Preliminary Calculation of Quantified Impact Your Solution will Provide

Customer lifecycle messaging





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Chief Strategy Officer
Corporate Visions
@TRiesterer

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