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## Review: Influence

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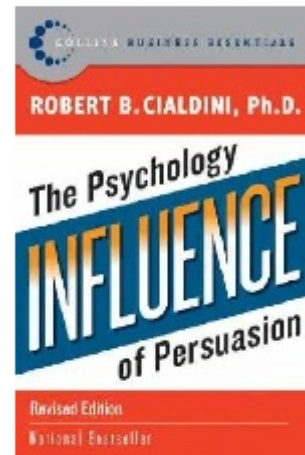
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*Every other Sunday, The Simple Dollar reviews a book of interest not directly concerning personal finance.*

One of the most profound lessons I've learned about money management since I've started The Simple Dollar is that a deeper understanding of your desires and motivations is vital for making good money decisions. Today's marketing is incredibly clever - and I'm not talking about advertisements, though that's just part of the equation. I'm talking about the multitude of messages that are sent to me in order to convince me to choose to buy a particular product: product placements, peer pressure, appeals to one's self esteem, and so on.

As a result, I find that I **learn a lot about how to better understand and manage my own spending desires and instincts by reading the key books about marketing.** Few books are considered as essential in that field as this one, Robert Cialdini's *Influence: The Psychology of Persuasion*.



The book's central premise is that there are six universal principles that work to persuade people to your way of thinking, discovered through thirty five years of Dr. Cialdini's research. The book focuses on these six principles, offering tactics on how to use each of the six principles as well as suggestions on how to resist their use.

### Reciprocation

It's simple: if someone gives you something for free, you're more likely to think positively of them. You're also more likely to listen to what they have to say, simply because of human nature. Quite often, that's all a good salesman needs to make the sale.

I'll use a great example from my own life. We shop at Sam's Club, and on Saturdays they often have a large number of free food samples that they give out. We'll often go grocery shopping on Saturdays and due to the samples, we're much more likely to make Sam's Club a stop on our trip. Once we're actually in the store - and then softened up a bit by the free samples - we're more likely to spend our money there.

The most effective way to avoid this type of persuasion is to simply decline free things that you don't actually need. Many people will argue that they'll just take the freebies and not actually buy anything, but to get that freebie, they often have to surround themselves by marketing and temptation. It's simply not an equation worth entering.

## **Commitment and Consistency**

It's easy to say no the first time. It's easy to say no the second time. By the fifteenth time, though, the message has been pounded into your head and, not only that, on some level you respect the tenacity. You're much more open to buying the product.

This is why major brands often run advertisements that do nothing more than attract your attention to that brand - then run them over and over. Geico. Nike. Verizon. We see their ads so often that their message is pounded in our heads. Whether consciously or not, they become standards that we use for comparison simply because we know them and we know what they offer, thanks to the commitment and consistency of their message.

How can you avoid this type of persuasion? Minimize your channels of persuasion. Avoid commercial-sponsored television programming. Also, when you make purchases, do research in advance so that you know what the actual features of the product - and reviews of the product - are before you buy them. Read *Consumer Reports* and let that be your guide instead of pitchmen. It doesn't matter how many times you hear the pitch if you just stick to the data for your purchases.

## **Social Proof**

Ever notice how ads often show a multitude of people using a product, usually successfully? That's because the persuasive tactic at work here is social proof - look, many others do it this way and they're seeing success, so you will, too!

The Simple Dollar, in its own way, runs on this tactic. I'm the social proof. I write about the things that work in my life, and because they work in my life, you're more willing to try it. Thankfully, I'm not selling a product - I'm just encouraging people to get control of their financial life.

That's also why marketers will often use testimonials in ads because you can see that the product works for other people.

The best way to break through this is to remember that when you see someone in an advertisement for a product, they're paid to be there. They're *not* speaking the truth (or the full truth).

## **Liking**

Sex sells. So does humor. Why? Because we like them.

When someone makes you laugh, you feel better and you're more receptive to what they're saying. When someone arouses you, you're much more susceptible to the suggestions that they make. Both of these things make us feel better and open us up.

What can you do to resist these things? Enjoy the emotional ride, but step back from the actual purchase. Learn to walk away, because walking away is the most powerful tool in your arsenal.

## **Authority**

As I mentioned above, it's often useful to consult others when making purchasing choices. The problem here is that marketers are aware of the fact that we often consult experts - and they try to co-opt this as well. They hire experts to do their marketing. Having a doctor in your ad for medicine is helpful. Having a well-known doctor in your ad is even more helpful.

Another technique often used is the reference to recommendations and awards - "this car won the J.D. Power blah blah award," for example. This call to authority makes the claims of the ads seem more real - "see, this respected third party agrees with us."

The antidote is simple. Follow up on those claims. If a car won an award, check out that award. Check out the reputation of that award, Use more than one source - and find your own sources.

## **Scarcity**

"Get them before they're gone" is often a simple spur to convince people to take action quickly. Think of Black Friday and the hordes of people chasing sales that will disappear if you don't jump on board.

Scarcity is powerful. It calls to our fear of doing without. We might miss something of great value. We might miss a great opportunity. And we might wind up being one of the ones without.

Two antidotes really work here. First, surround yourself with people who don't care if they're doing without. Use peer pressure to your advantage to counteract the power of scarcity (and the "haves" and "have nots"). Second, find out for yourself if the opportunity really is scarce. Quite often, the "big sale" isn't really much of a sale at all - just ordinary prices with some very clever window dressing to push your "scarcity" button.

### **Is *Influence: The Psychology of Persuasion* Worth Reading?**

If you have an interest (as I do) on how marketers (and others - including writers, I suppose) persuade you to certain ideas and also how to resist those tactics of persuasion, *Influence: The Psychology of Persuasion* is an utterly fascinating read. For me, it was one of the most enjoyable and thought-provoking books I've read this year.

To get real value out of this book, however, you have to invest in some introspection. Unlike many books that I review, it doesn't simply provide you with a checklist of things to do. Instead, it points you in directions for you to think about the decisions you make and lead you in better directions. Similarly, if you have a career in which you persuade people (like writing, for example), the ideas in this book can help sharpen your persuasive skills quite a bit.

If this sounds intriguing to you, pick *Influence: The Psychology of Persuasion*, without question. It's an excellent read and one of my favorite books I've read this year.