Market research isn’t enough. To capture what drives consumer behavior, companies need to go beyond focus groups and surveys. They need to understand things that their customers can’t articulate about the products they want, according to Nir Eyal, author of *Hooked: How To Build Habit-Forming Products*. Based on his experience in the advertising and gaming industry, Eyal began studying “the intersection of psychology, technology and business,” and determined how companies such as Apple, Facebook, Amazon, Google, Microsoft, and Twitter build habit-forming products.

He will share his experience and explain how to get your customers “hooked” during a special webinar.

Click here to register for:
**Hooked: How to Build Habit-Forming Products**
**Wednesday, June 24, 12:30 to 1:30 p.m.**

Successful companies don’t just manufacture products, according to Nir Eyal. They also manufacture desire. That’s nothing new. Madison Avenue began using models years ago to sell everything from liquor to lingerie. But today, products are being created that are designed not just for a one-time sale, but to be intentionally habit-forming and even addictive.

How companies can produce products and services that consumers will use over and over and over will be discussed during, “**Hooked: How To Build Habit-Forming Products**,” a Special Webinar Series webinar to be held at 12:30 p.m. on June 24, 2015.

To register, click here.

“Hooked” is a loaded word. If you’re “hooked,” you’re “addicted to, obsessed with, infatuated with, fixated on, fanatical about” something. But what company wouldn’t want to produce a product or service that is used obsessively?

Eyal learned how companies can manipulate consumer behavior based on his experience in the advertising and gaming industries.

He became a consultant at Boston Consulting Group after graduating from Emory University in Atlanta, then co-founded Sunshine Business Development, a solar energy company that he sold. He went back to school at Stanford University, where he earned his MBA, then started AdNectar, an advertising and gaming company.

At AdNectar, he found that consumer psychology is “widely used, but not widely understood” by businesses, so after selling his business, he decided to learn more about how to apply psychology to business, and specifically to technology companies.

“I learned to codify these ideas and understand the deeper psychology,” he says. “I wanted to find a way to get these techniques into the broader business world.”

**Evolution of Product Development**

Based on his own experience and research of successful companies, he noticed an evolution in the way products are developed and marketed.
“It used to be that products were made by designers and engineers, who would crank away at making prototypes, then release them on the world,” Eyal says. “It was left up to chance whether the products were what the market likes.”

But now, products or services are often developed to be habit forming.

“There’s this whole set of behaviors that drive what we do that we can’t articulate,” according to Eyal. “We need to consider not only what customers tell us they want, but also their inarticulate needs.”

The “scarcity effect,” which is “a mental shortcut our brains take,” is one example. In one experiment, two cookies were placed in one jar and eight cookies were placed in another jar. When asked what they would be willing to pay for the cookies, consumers placed greater value on each of the two cookies than they did on the eight cookies – even though they were the same type of cookies.

If businesses considered consumer psychology and better understood what drives behavior, they would “spend less time building the wrong stuff,” according to Eyal.

Research into consumer psychology has been available for decades, but it has not been widely applied by businesses to build products that better suit consumer needs. Eyal is trying to change that.

Four Steps to Hooking Customers

Basing his methodology on consumer psychology, Eyal suggests that businesses use the following four steps to hook their customers:

- **Trigger**
- **Action**
- **Variable Reward**
- **Investment**

**Trigger.** The trigger sparks an intended behavior, which may include inputting data into a product, acquiring followers, learning a skill required to use the product, or accruing a reputation.

“When you store value into the product,” according to Eyal, “it makes us more likely to come back and reuse it.”

There are external triggers, such as an e-mail, a link to a website or the app icon on a phone that result in desired consumer behavior. This article, for example, may be a trigger to induce you to register for Eyal’s webinar. (Go ahead and register. Just click here.)

We also have internal triggers, which become attached to existing behaviors and emotions.

“By cycling continuously through successive desire engines,” Eyal writes, “users begin to form associations with internal triggers, which become attached to existing behaviors and emotions. Soon users are internally triggered every time they feel a certain way. The internal trigger becomes part of their routine behavior and the habit is formed.”

**Action.** Now that you have the consumer’s attention, you want him or her to take action. The action may be to purchase your product, but it may also be a “share,” a “like” or something else to motivate action by other consumers.

“To increase the odds of a user taking the intended action,” Eyal writes, “the behavior designer makes the action as easy as possible, while simultaneously boosting the user’s motivation. This phase of the Hook draws upon the art and science of usability design to ensure that the user acts the way the designer intends.”

**Variable Reward.** Many retailers offer rewards, such as “buy one, get one free,” but to “hook” users, the rewards should be variable. Predictable rewards don’t create desire, according to Eyal. Variable rewards do.

“Research shows that levels of dopamine surge when the brain is expecting a reward,” Eyal writes. “Introducing variability multiplies the effect, creating a frenzied hunting state, activating the parts associated with wanting and desire.”

**Investment.** The investment may be monetary, but it doesn’t have to be. It’s not just about getting the consumer to make a purchase. When consumers provide personal data, for example, they are providing information that can help the producer better target consumers for future sales. When consumers share information with their friends, they are creating potential new customers.

“The last phase of the Hook is where the user is asked to do bit of work,” Eyal writes. “This phase has two goals as far as the behavior engineer is concerned. The first is to increase the odds that the user will make another pass through the Hook when presented with the next trigger. Second, now that the user’s brain is swimming in dopamine from the anticipation of reward in the previous phase, it’s time to pay some bills. The investment generally comes in the form of asking the user to give some combination of time, data, effort, social capital or money.”

Eyal adds that, “unlike a sales funnel, which has a set endpoint, the investment phase isn’t about consumers opening up their wallets and moving on with their day. The investment implies an action that improves the service for the next go-around. Inviting friends, stating preferences, building virtual assets, and learning to use new features are all commitments that improve the service for the user. These investments can be leveraged to make the trigger more engaging, the action easier, and the reward more exciting with every pass through the Hook.”

This new approach to marketing is possible, because “technology has evolved so much faster than we have,” according to Eyal. “The products we think about as being habit forming, we’re not engaging in them by mistake. It’s not just that the producer got lucky. They are built to keep us coming back.”

Today, Eyal is focused on consulting, speaking engagements and his blog, “Nir and Far,” but he’s considering writing another book that would show consumers how to become “unhooked” from using habit-forming products that may be harmful.

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