Expectation Effect

Idea In Short

A customer's perception of quality relies on expectations and performance. After a purchase is made, the performance of the offering must surpass the expectations for the customer to be satisfied. If performance is better than expectations, the perception of the offering will be high. Do whatever you can to provide something that unexpectedly delights your customers.

Experiment

In a study, a pair of adventurous researchers had participants undergo a unique experiment. The researchers instructed the participants to train the rats to quickly make it through a maze. The researchers also told:

- Half of the participants that they had maze-bright rats. These rats were carefully bred to be highly adept at completing mazes
- The other half that they had maze-dull rats that had no training in completing mazes

The participants had five days to train the rats to complete the maze. After those five days, the maze-bright rats were able to complete their task twice as fast as the maze-dull rats. But, there was a catch. There was absolutely no difference between the two groups of rats! The researchers assigned randomly selected rats to both sets of participants. The rats had no maze experience at all. The rats were exactly the same. But, the participants who were told they had faster rats somehow helped the rats actually perform better. Dozens of studies have proven the Expectation Effect outside the lab, with rats, dogs and humans alike. When a participant expects to have a certain kind of outcome they will, without realizing it, change their actions and behaviors to actually get this exact outcome. This is the Expectation Effect.

Lucky Loonie

People who believe ageing brings wisdom live longer. Lucky charms really do improve an athlete's performance. Taking a placebo, even when you know it is a placebo, can still improve your health. In the book - The Expectation Effect: How Your Mindset Can Transform Your Life - David Robson suggests that our expectations shape our experience. In the podcast, titled The Lucky Loonie, Professor Katy Milkman recounts the 2002 Winter Olympics in Salt Lake City, which was a watershed moment for the Canadian men's and women's hockey teams.

> The men's team hadn't won a gold medal in 50 years, and the women's team had never won gold, coming up short in prior Olympic events. The Canadians were facing powerhouse American teams, so they needed every advantage they could get. Trent Evans was part of the Olympic ice-making team, though his allegiance was with the Canadians. During the initial ice-making process, he marked the center of the rink with a small artifact (The Lucky Loonie) in hopes that it would bring good luck to the Canadian teams. That artifact came to be seen by many as a key ingredient to success in the gold medal games. Good luck charms and superstitious beliefs are common, but generally easy to disprove. Still, this tendency to overestimate one's influence appears regularly, even among skeptics.

Case Zappos

Zappos has perfected the art of selling shoes online. Selling shoes over the Internet is a tough business. Customers can't try the shoes on. Furthermore, nobody wants to be stuck with shoes they don't like and will never wear. To compensate, Zappos applies classic Risk Reversal to every order. They offer free shipping and free no-questions-asked returns if you don't like the products you order. Those two policies eliminate the risk of making a bad purchase, so customers are more willing to try them out. That's not, however, the reason Zappos has developed such a solid reputation in this market. The secret lies in an unexpected benefit the company doesn't advertise. When you order from Zappos, it's very likely that you'll receive a pleasant surprise: your shoes will arrive the next day, several days ahead of schedule. Zappos could easily advertise free expedited shipping, but they don't — the surprise is far more valuable. A customer's perception of quality relies on two criteria: expectations and performance.

Case Apple

Apple's first-generation iPhone was a massive success. Customers expected something good and Apple delivered a device that exceeded their expectations. Apple's second-generation iPhone, the 3G, wasn't as well-received — pre-launch expectations were so high that there was almost no way the company could surpass them, and a few glitches in the roll-out process quickly took center stage. The iPhone 3G was a better phone in the absolute—it was faster, had several new features, more memory, and a lower price. To many customers, however, it didn't feel better — Apple failed to deliver on their expectations, and the company's reputation suffered.

Customer Expectations

Customer expectations should be high enough for a customer to purchase from you in the first place. However, after they make a purchase, the offering's performance must surpass their expectations, so the customer is satisfied. If performance is better than expectations, the customer's perception of quality will be high. If performance is lower than expectations, the perception of quality will be low—no matter how good the offer is in absolute terms. The best way to consistently surpass expectations is to give your customers an unexpected bonus in addition to the value they expect. The purpose of the Value-Delivery process is to ensure your customers are happy and satisfied, and the best way to ensure customer satisfaction is to at least meets the customer's expectations, surpassing them whenever you possibly can. You will satisfy your customers with your experience when you perform well above their expectations.

Effect in teams

We have both explicit and implicit expectations driving us.

- **Explicit expectations** are directly stated and leave no room for uncertainty
- **Implicit expectations** are implied, but not directly stated

Implicit beliefs are incredibly important, because they will dictate your future. You might have had one bad experience that made you form an expectation. That means that one bad experience actually is setting a precedent instead of staying as a standalone incident. This can be both good and bad. If you expect the team to be cutthroat, you will be looking for that behavior and even may be unintentionally driving it. If you think your team is great, they are more likely to be great. We can improve or damage the performance of our teams,

employees, and colleagues simply with the power of our own beliefs. If you believe someone will perform poorly, you make it almost impossible for them to exceed your expectations. If you believe someone will perform well, you set them up for success and make it easier for them to exceed your expectations.

Summary

The expectation effect refers to the phenomenon in which perception and behavior changes as a result of personal expectations or the expectations of others. The expectation effect refers to ways in which our expectations affect perception and behavior. Generally, when people are aware of a probable or desired outcome, their perceptions and behavior are affected in some way. When trying to persuade, set expectations in a credible fashion for the target audience rather than letting them form their own unbiased conclusions. When evaluating strategies, use proper hypotheses to avoid biases resulting from the expectation effect.