Why do PGA tour players make more putts from the same distance for par than for birdie? Implications for sales!

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(First in a series of how behavioral economics affects the world of big-ticket, B2B selling. This article is adapted from the white paper Moneyball Selling available HERE.)

Did you know the PGA tour uses a system called ShotLink to measure every shot by every player in ever event? Analyzing the data, one statistic jumps out. From the same distance (five feet, ten feet, etc) players make three percentage points more putts when putting for par than for birdie! Three percent may not sound like much but with roughly thirty putts a round, that's about one stroke per round. What PGA player wouldn't want to finish four strokes higher on the money list!

The answer to this phenomenon lies in behavioral economics in what's called loss-aversion bias. It's the cognitive bias that makes us fear and shun risk. You see, golf is played against par, so a bogey (what the player would make if he misses the putt for par) is a "loss" while a birdie is a "gain". People hate to lose so they work harder and take more risks to avoid losses. So, in putts for par, they take more time and grind it out. It's the same reason that at the racetrack, the betting on long-shots goes way up as the night goes on. The fear of loss is a powerful motivator!

How does this relate to you? If you are a seller, then understand how this fear of loss pertains to you and to your prospect. Your prospect will assess your proposal through the lens of risk and will ask two enormous questions:

> ***Question 1*** *- Is staying with what I have (i.e. the status quo) more or less risky than changing? To deal with this question, you need to discuss with them and convince them that do-nothing is far riskier than making the change. For most of us, it's inherently easy to think the status quo is the safe bet. But, perhaps they don't know*

that many in their industry are adopting new methods and procedures. If this is the case, then a gentle nudge might get them to move. "In a year you will likely be 15% behind your competitors who are already moving in this direction.

Question 2 *- Okay, I'm convinced I have to change, but is their proposal the most or lease risky? Now you have a different problem. Given all your competition, how will you convince them that yours is the least risky proposal? How can you do that? Perhaps you have been in business longer, have better R&D or are simply easier to reach to get support. This is the reason for the old saying "No one ever got fired for buying IBM". It was simple the safest, least risky option.*

Fear of loss is one of dozens of biases that have huge effects on selling. Stay tuned for more topics. **If you are interested in reading more on this and other behavioral economics topics, download the white paper at www.bettersellsolutions.com/resources.**

Good selling!

Bob

Founder and President, BetterSell Solutions – the only sales consulting company focused on applying the science behind human decision-making and the field of behavioral economics to the world of big-ticket B2B, complex sales. If this is your world and you aren't applying these techniques you are leaving money on the table.

We offer keynote speeches and workshops on how to apply the concepts of behavioral economics to the world of selling. In some cases, there are things you must be aware of in your own behavior, and in other cases, there are concepts (as presented in this white paper) you can leverage to your advantage.