

How Habits Hone Consumer and Employee Behavior

The Power of Habit: Why We Do What We Do in Life and Business
by Charles Duhigg. New York: Random House, 2012

Reviewed by Jenna Wyatt

What do Starbucks' customer service training, Alcoa's factory safety, and Pepsodent's marketing strategy have in common? In his new bestselling book, *New York Times* reporter Charles Duhigg examines these and other entertaining case studies of what he calls *The Power of Habit*. Duhigg leads readers through a clear and careful analysis of academic studies, interviews, and even some anecdotes. He makes a strong case that habits are a part of our everyday life, and while we may believe that we are always making conscious decisions, most of what we do is truly a result of habit. Habits are also our brain's way of being more efficient; rather than consciously thinking all the time, the brain attempts to save effort through these habitual behaviors. Duhigg refers to this phenomenon as "chunking," a process where "the brain converts a sequence of actions into an automatic routine."¹ If the brain did not have routines to depend on, it would become too overwhelmed to continue processing information. Therefore changing someone's habits is nearly synonymous with changing their brain.

The "habit loop," according to M.I.T. researchers, is a "simple neurological loop at the core of every habit." Each habit has a cue, which is followed by a routine, and ends with some sort of reward. The cue is what triggers the brain into completing a routine, and the reward acts as a reinforcement of the habit. If there is a beneficial reward, then the brain will store the habit loop for future use. Duhigg applies this strategy to each of the scenarios he discusses within his book. It is important to note that, "when a habit emerges, the brain stops fully participating in decision making." Because many habits are good for us, this only becomes a problem when destructive habits prevail or when business manipulates customers into creating new habits.

For example, in the early 1900s, a successful advertiser, Claude Hopkins was asked to market a new product called Pepsodent. Hopkins took on this daunting task, even though only small number of individuals brushed their teeth at this time. Through his advertising efforts, Hopkins helped create the now-automatic tooth brushing habit among Americans today. Duhigg states that he did this by creating a craving that triggered a much-needed reward. He knew that everyone always wants to feel more beautiful, so he created a reward that fulfilled that need. The cue was so-called "tooth film," which made people want to brush their teeth everyday,

and the reward was being more "beautiful" and having cleaner teeth.¹ Today it is a habit ingrained in culture, and because of our overemphasis on dental health, it is not often that individuals question why we brush our teeth. Hopkins's strategy was ingenious and many other products have been marketed in the same way. New products are advertised in a way that forces consumers to create new habits that include the product. Marketing in this way, however, is not as simple as it seems, for instance, Proctor and Gamble originally struggled to launch Febreze because of a misidentified cue.

Alcoa, the Aluminum Company of America, was able to change habits across the company to reduce its high rate of worker injuries. When Alcoa brought on their new CEO Paul O'Neill after a number of company slip-ups, it was evident that he had a lot of work to do. O'Neill jumped head first into the company, intending to make "Alcoa the safest company in America."¹ His audience was both confused and terrified at his laser-like focus on safety, rather than short-term profits. O'Neill said that safe companies are filled with employees who devote themselves to "creating a habit of excellence," and that is just what the employees did. O'Neill believed that if he changed a few of the company's habits then other positive changes would follow suit shortly thereafter. He also wanted to bring his company together, unions and executives alike, over a basic and common bond. O'Neill was right in his hypotheses, once Alcoa began to improve their worker safety, other changes came about as well. Alcoa's costs fell, and employee morale, productivity and quality all increased. However, O'Neill wanted to continue making changes within the company, and his next step was to diminish the company's hierarchy of power.

O'Neill worked to make employees know how important they are. Duhigg writes that O'Neill told his workers, "If your management doesn't follow up on safety issues, then call me at home, here's my number."¹ Instead of calling to report incidents, workers began calling O'Neill to establish a repertoire. Workers also started to see these "safety habits spilling into other parts of their lives."¹ Alcoa's safety director Jeff Shockey, called his local Occupational Safety and Health Administration when he saw workers on a bridge without proper safety equipment. Worker safety became second nature to director Shockey. His work at Alcoa taught him that he had a responsibility to report the incident and that no employee

should have to work in a risky environment. Because safety was such an important value within Alcoa, the hope was that each employee transferred that value into their every day lives. Alcoa learned, much like Starbucks, that simply changing a habit can change the way a company operates. And O'Neill's subsequent prominence in corporate America led to his appointment as U.S. Secretary of the Treasury in 2001 – where he proved all over again his independent streak.¹

Starbucks has a craving to please their customers and this reflects through their customer service. Duhigg accounts his interaction with Travis, an employee who climbed from a high school dropout to a Starbucks barista and finally to the manager of two Starbucks locations. Because of a lack of self-discipline, entry-level retail employees are inevitably set up to fail without proper training programs. So how is it that Starbucks is able to take high school dropouts and transform them into successful managers? Travis states that Starbucks changed his life through teaching him willpower that his upbringing failed to develop. Because of the company's training programs, Starbucks has been classified as one of the nation's largest educators. Each Starbucks employee participates in Starbucks's classrooms that focus on willpower, self-discipline and how they can each be successful employees. Originally, Starbucks sponsored weight-loss classes and gym memberships, hoping that those good habits would flow into their work life, but when that proved to be unsuccessful, they created their current training program.²

Starbucks teaches their employees to respond to specific cues through instilling in them certain habit loops and a routine for nearly any scenario they may encounter each day. "We're not in the coffee business serving people ... we're in the people business serving coffee. Our entire business model is based on fantastic customer service," said former Starbucks President Behar in an interaction with author Duhigg. In his book, Duhigg introduces Starbucks's LATTE training method. This method prepares employees for unpleasant situations, and reminds them of key points through an acronym. "We Listen to customer, Acknowledge their complaint, Take action by solving the problem, Thank them, and then Explain why the problem occurred." When a disappointed customer triggers employees, they know to follow the LATTE routine, in offer to obtain the reward of customer satisfaction.

Many customers seem to go to Starbucks for the experience, not only for the coffee. As I noticed most recently one morning at a Starbucks on the busy corner of Park Avenue and 34th Street in Manhattan, many customers rush into the store, only to be slow down markedly after an employee takes interest in them. During my morning at Starbucks, I watched an employee aid an older woman, who was struggling to carry her drink, by carrying it to the table for her, and I watched regular customers walk through the doors to friendly greetings by employees who seemed to recognize them. The availability of free Starbucks wifi has only increased the home-away-from-home pace of many stores. While waiting for my coffee, I observed a cohesive staff behind the bar, preparing food

and drinks, laughing, and having fun. Duhigg would note this excellent customer service as the result of habit. Starbucks brings customers and employees of all backgrounds together over coffee and happiness. Their noteworthy training program means a great deal to the future of labor in general. Starbucks has empowered their employees to become better workers through utilizing the "habit loop," ultimately creating an enormous return on their generalized training programs.²

Duhigg notes that there is not a unique secret formula in the science of habit. Different triggers motivate different habits, thus: "As a result, this book doesn't contain one prescription. Rather, I hoped to deliver something else: a framework for understanding how habits work and a guide to experimenting with how they might change." He identifies a framework for changing habits that all businesses should further investigate, which begins with identifying their current routines, experimenting with rewards, isolating their cue, and lastly creating a plan for any necessary change. Changing a habit is not an easy task, but once a habit's operation is understood, that individual can gain power over it.

Habit can be transformative to individuals and, through its many impacts on consumer and employment behavior, to the economy as a whole. Although it is tempting to regard this book as little more than another enjoyable self-help volume, readers interested in broader implications will not be disappointed. Duhigg suggests potentially valuable habit-forming and habit-breaking techniques for institutions as well as for individuals – for employers and employees, as well as their customers.

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NOTES:

- ¹ O'Neill was fired as Treasury Secretary after just two years, at least in part for his public questioning of the tax cuts of the George W. Bush Administration. See Ron Suskind, *The Price of Loyalty: George W. Bush, the White House, and the Education of Paul O'Neill* (NY: Simon & Schuster, 2004).
- ² Wilson, Timothy D. "Can't Help Myself." *New York Times* (3/10/2012).