*Welcome to The Entrepreneurs Library, the only book-centric podcast that reviews all the top-selling business books and shares author's perspective, firsthand. This is your resource to finding the next great book that will enable you to grow personally and professionally. Welcome your host, Wade Danielson.*

**Wade**: Thank you for joining us on the Entrepreneur's Library. Today we have Nir Ayal, author of Hooked: How to Build Habit Forming Products. Welcome, Nir, and thank you so much for joining us on the Entrepreneur's Library

**Nir**: Thanks so much for having me. It's a pleasure to be here.

**Wade**: Definitely. Will you take just a moment to introduce yourself and tell us a little about yourself personally?

**Nir**: Sure, so my name is Nir Ayal. I'm the author of a new book called Hooked: How to Build Habit Forming Products. I've started two tech companies and then after my last company was acquired, I dove into more of the academic side of consumer psychology and habit formation and that's what I've been working on over the past three years now

**Wade**: Perfect, and thank you for sharing that. Now let's jump right into your book, which you just brought up, Hooked which was made available or will be made available on November 4th, 2014. And, Nir, we're going to move quickly but we're going to cover the top questions that our listen-slash-reader would love to get answered before they purchase the book. And the first one is what was the inspiration behind writing "Hooked"?

**Nir**: Sure, so I was at my last company and you know like many people in the product space or people who are working in technology or any kind of innovation or business for that matter, I was banging my head against the wall trying to figure out why my customers weren't doing the behaviors that I designed for

them to do. You know I'd spend so much time designing these products and getting them to market and pushing them out there. And for some reason, I couldn't change people's behaviors. And that drove me nuts because it couldn't inform what we should build next. That was constantly the question that was coming up: What should we build? How should we improve our product and what features should we put into it? And we were kind of shooting in the dark, right? We would ask people what they think but that's not always the most reliable thing to do because people don't always know what they want. So I wanted to dive deeper into consumer psychology, into the things that people are not able to necessarily articulate and yet, predictably drives their behavior. And so I couldn't find that book out there that told me what resources and tools and techniques I could use to figure out what I should build into my product, how could I use consumer psychology to build better goods and services and so that's why I wrote "Hooked".

**Wade**: Excellent. Now, Nir, you already answered my second question but maybe I'll let you expand on it a little bit. And that's what makes your book different from others regarding the same topic? So I understand you might need to repeat a little bit of that, but perfect

**Nir**: Yeah, so I read a ton of work in behavioral economics and consumer psychology and a bunch of very dry academic literature. And it was all really interesting pop psychology, but when it came to, okay, but how do I build with it? How do I make a better business to bring customers back to my door? I didn't find that book. And so literally I wrote this book because it was the book I wanted to read and I was out there looking for answers to my questions that stumped me. And that's really I think what's different about this. I read a lot of business books. I love business books. But most of them, frankly, you get to the first chapter and you've kind of got the idea in the summary chapter. But that's not the kind of book I wanted to write. When a reader comes up to me and says, "I finished your book," it's a huge compliment because I know most business books people can't get to the end. And so I made the book super actionable. I know entrepreneurs are short on time, so I give them these summaries on the end of every chapter. And not only that, I provide actionable steps. Here's what you should do first, second, third to make your product something that people engage with

frequently and to bring those customers coming back. Because frankly, I was an entrepreneur twice and many times I just want the author to cut to the chase, to tell me what to do. Don't tell me these long elaborate stories. Give me actionable insights. So that's really what I wanted to pack into this book

**Wade**: With that last part that you just said, would you suggest that this is a book, though, that they should read all the way through. Or can they, if they're the kind of person that's, hey, cut to the chase, or did you- My main question is how do you want the reader to engage with the book? Is this one they should read beginning to end or is this one that they should go in and cherry pick information out based on what they need at that moment?

**Nir**: So there's a few ways. If you're working on the kind of product that requires repeat engagement, that you need people to keep coming back, to form these habits with your product, then you need to have the complete hook, what I call in my book "the hook", which is this four step process to creating customer habits. However even if you're to building the kind of product that people use time and time again, even if it's a one-time use product or service, there's still a lot you can use from consumer psychology but understanding these deeper reasons that people do what they do. But really I think for most entrepreneurs, if they're busy people out in the field trying to figure out how to have a better business, you can even go straight to the end of each chapter, look at the lessons and the action items and then for clarification and to dive deeper you can look at each and every chapter to kind of learn more. But I really hope that people get to the end. I think there's a lot here that can help people save a lot of time and energy in building their businesses

**Wade**: Okay, that's extremely helpful for the reader to understand. So now that we know the purpose behind the book, a little bit of the background behind, let's take a deep dive into the content. Will you take us through the chapters and really, I always preface it as you're talking to one of your best friends and he's really sitting down with you and saying, "Okay, in the next ten minutes, will you tell me what your book is actually about?"

**Nir**: Absolutely, yeah. The book follows this model that I call "the hook" model, which is basically a design pattern. It's something that I found in my years of research that is in all sorts of habit forming products. So when you think of all kinds of products and services that bring you back time and again, think about the most engaging products out there and I draw a lot of inspiration from the Facebooks of the world, and Twitter and Instagram and Snapchat and WhatsApp, these tech companies that have somehow changed people's day to day habits and get them to keep coming back time and time again. So my research revealed this four step process which I detail throughout the chapters of the book and I'll walk you through those four basic steps now. The first step in the hook is the trigger phase. The trigger phase is something that cues the user to action. It's what prompts the habit. And these triggers come in two types. We have internal triggers and external triggers. Now external triggers we know all about as consumers. These are things in our environment that tell us what to do next. So a "play this" button, or "click here" or "buy now" or in the physical world it could be a police officer telling you which way to go in traffic or it can even be a physical storefront that has an ad on the front tell you to come inside and buy whatever they're selling. These are all examples of external triggers and this is kind of what most people think of when they think about cues to action. But what I contend is that there's actually a different kind of trigger which turns out to be just as important, if not more important, than those external triggers at least when it comes to forming these long-term habits, and that is we have to form an association with an internal trigger. Internal triggers are these things that prompt the user to action, turns on just as reliably as those external triggers. But when the information for what to do next is in the user's head. So what people do when they're in a particular situation or routine or around certain people, or most frequently when they feel certain emotions, dictates what they do next. And if your company can attach to these emotions and in particular I should say negative emotions, this is where habits are formed. So when you think about what technology do we use, what product do we use when we're feeling lonely? Well for many people, that's Facebook. What do we do when we're uncertain about pretty much anything, before we actually scan our brains? We Google it. And what about when we're bored? Well there's lots of solutions for this internal trigger of boredom. We go on YouTube, we check sports scores, we look at stock prices, we check the news. Lots of internal triggers for- Lots of products to satiate

this internal trigger of boredom. So it's absolutely critical that if you want to build a habit forming product, you have to figure out what that internal trigger is. So that's the summary of one chapter of the book around triggers. The next step of the hook is the action phase. The action phase is the simplest behavior that the user does in anticipation of a reward. The simplest thing that the user does in anticipation of a reward. So something as easy as clicking on a play button on YouTube or searching on Google or scrolling through Pinterest for example. These are the simplest actions the user can do in anticipation of a reward. And there's lessons here from consumer psychology and around what drives user behavior that can apply to all sorts of business. Principally that if you can make a behavior easier to do, you are more likely to get that behavior to occur. And this comes out of the work of a psychologist at Stanford by the name of B. J. Fogg and there was others before him like Lewin's equation that kind of breaks down the science of how to get people to do certain things by making certain behaviors easier to do. And so there's a lot of explanation around how you can drive user behavior using motivation and ability to increase a behavior. And so I detail that. And then the next chapter is about variable rewards. That it turns out that at the heart of all sorts of habit forming products, you will find a variable reward. That there's some kind of reward, something that's given to the user, the reason the user comes in the first place to scratch their itch. But there's also some bit of a mystery. There's some kind of variability involved and this comes out of the classic work of B. F. Skinner. Many of you listeners might remember Skinner from their Psych 101 class. He was the father of operant conditioning and he did these famous experiments with pigeons where he put these pigeons in little cages and he gave them a lever to press on. And every time they pressed on this lever, they would get a food pellet. And so at first, the pigeons would press on the lever whenever they were hungry. But then Skinner did something a little different. He introduced what's called an intermittent reward. So sometimes the pigeons would click on the lever and sometimes the food pellet would come out, sometimes it wouldn't. And that bit of a mystery, that bit of variability turned out to increase the behavior. And we find in all sorts of habit forming products, the ones that are most engaging, the ones that capture our attention and can't seem to let go, we find this element of mystery, variability. And so I detail these three critical types of variable rewards found in all sorts of habit forming products, both online and offline. And then finally, the last step of the hook is the investment phase. And it's

the part o the hook that I find most companies neglect as well as where there's the most room for growth and opportunity. And it turns out the investment phase is absolutely critical in bringing users back and it's defined as the step where the user does a bit of work to increase the likelihood of them returning. So they put either data or content or they accrue followers or skill, or something that they put into the product to increase their likelihood of returning. And so I detail how you can ask people to invest in the product so that they can come back in the future, whereas the product gets better the more it's used. And that's a critical characteristic of these habit forming products. And then at the end of the book, I give some case studies. I profile an app that's one of the most success apps in the world. If you're not a regular church-goer, you probably don't know it. It's called The Bible app. It's incredibly successful app and I detail how this app uses the principles of consumer psychology that I detail in the book to keep people coming back to use the app. And then I also talk about the morality of manipulation, that if you're using consumer psychology to change people's behavior, I offer up kind of a guide for how to use this responsibly and how to think about how you spend your own time as an innovator, as an entrepreneur, as a product person, as a business person. How can you figure out how to use this deeper psychology of human behavior for good?

**Wade**: Yeah, that was a great summary, review, whatever you want to call it, of your book. So I appreciate you sharing that. I feel like this next question is a bit rude sometimes because you already did a great job of breaking it down and giving us the bird's eye view. And now I'm going to ask you to it even a step further, almost the satellite view and that's if a reader were to only take away one concept or principle or action item out of your entire book, everything that you just took the time to share with us, what would you want that to be?

**Nir**: Your behavior is designed. I think a lot of people think that, "Oh, Facebook got lucky" and "Whatsapp got lucky" and "twitter got lucky" and these companies somehow, these kids that created this multibillion dollar enterprises were just at the right place in the right time and that is not the case. And it turns out that these companies utilize and build according to the principles of consumer psychology and they're persuasive and influential and some would even say

manipulative because they are masters in consumer psychology. And so all of us are influenced by products and this is not a coincidence.

**Wade**: I think I could have used that- This next question I'm going to ask you, if you have a favorite quote from your book but I think we could have used your first question from that one as a quote. But do you have a favorite quote from your book?

**Nir**: So I'll actually give you a quote, not from me, but from Matt Mullenweg who's the founder of WordPress which is the largest blogging platform in the world. Matt said that, "Hooked gives you the blueprint for the next generation of products. Read Hooked or the company that replaces you will." And I happen to agree with Matt there because I think that understanding consumer psychology is kind of the secret weapon of the next generation of companies that understanding how to change user behavior in ways that users may not be able to articulate themselves is a really important skill. And so that's what I want entrepreneurs, designers, business people to understand is that there's more to human behavior than just what's on the surface.

**Wade**: If there was only one book that you could recommend, based on the way that it's impacted your life, what would that be?

**Nir**: One book I really liked that I think influenced my writing a good deal is Paul Graham's Hackers and Painters. I think he does just a beautiful job of showing what persuasive writing looks like for a business audience. It tackles this kind of deeper thinking around innovation, which I really enjoyed. So that's a book I'd recommend that I really like.

**Wade**: Nir, before we depart, can you recommend the best way for our listeners to get more information on your and your book, Hooked?

**Nir**: So thank you, Wade. I would love readers to learn more about my book. They can find it on Amazon, again the title is Hooked: How to Build Habit Forming Products. But I also have some special offers for your listeners. If you go to hookmodel.com there is a whole bundle of content that I'm giving, bonus

content, that's videos, and workbooks, and some other ebooks that I'm providing along with anyone who orders the book can receive this fantastic habits book bundle. So definitely go check out hookmodel.com and then my person blog is nirandfar.com, but "Nir" is spelled like my first name.

**Wade**: Thank you so much for coming on today and sharing your book with us

**Nir**: Thank you very much, Wade, for having me on the show. It was a real pleasure.

**Wade**: Thanks again for listening in today. If you would like to get your hands on Hooked or any of the other resources mentioned by Nir, just look at the show notes at theELpodcast.com

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