

Business model

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I hate the term. Better than this neologism is the term ‘fee structure’, which better gets across the idea. There are probably two reasons why ‘business model’ has replaced ‘fee structure’ or even ‘price list’: the word ‘model’ sounds much more scientific and thought-out than the alternatives (even though these are not models in the sense that I as a modeler would use the term); and the closely-related term ‘business methods’ refers to something that can now be patented, so that term has seen increasing play.

Anyway, the fee structure goes a long way toward the affect one has toward a company. Generally, the less often I am reminded that I’m engaging in a business transaction, the better I feel. There are abundant examples of people who get this terribly, horribly wrong. The big winner are hotels.

First, if I’m in a hotel, that means that I’m staying in a city where I have no friends, or at least no friends who like me enough to let me sleep on their floor. So I’m already a little depressed. The paintings are reminiscent of the starving artists sales that I used to see advertised on TV, selling couch-sized art in a wide variety of color schemes. Appropriately enough, these sales were always held at a Holiday Inn.

Speaking of the color scheme, many of the hotels I stay in are stuck in a 70s-ish earth-tone theme, which now reminds me of a hotel every time I see somebody’s house in those colors. I imagine this is because the central tenet of all hotel design is: hide the stains.

And then, sprinkled throughout the room, are things you can buy. It’s a bit like living in a convenience store with a bed. The bottles of water are \$2.50 at the cheap hotels or \$4 at the pricier ones. Hotels advertise that they have an in-room fridge, but then the fridge is crammed full of more snacks and drinks that you can inadvertently purchase. I always wonder if I should feel bad about taking all this crap out of the fridge so I can fit in my fifty-cent sandwich.

Wireless net access used to be free, until the hoteliers of the world got together and all agreed that they could be charging for it. The places usually come with free coffee, but I never trust it—will someone take inventory and bill me? The only thing definitely free is the soap, which (except at W hotels) is guaranteed to be a lard byproduct.¹ Thanks, guys.

¹Ms AMJ of Richmond, VA noted: “Most of the Kimpton hotels can also be counted upon to stock Aveda soap stuff; they’re where I accumulate my stash of tiny bottles of rosemary mint hair stuff.”

My checking account is like this. Free: write checks, deposit or withdraw money at an ATM. Everything else has a fee. Of course, none of these fees are of the ‘it costs us money to do this, so we pass the cost on to you’ variety. Receiving a wire transfer, a fully automated, no-humans involved, microsecond operation, costs me \$15.

The interesting thing about receiving a wire transfer is that it can happen without any action on your part. If somebody really wants to piss you off, they can wire you a nickel, and you’ll lose \$14.95 in the process. [I verified this with a SunTrust employee. You really could ruin somebody you hate like this. He then tried to sell me things.]

Sprint: another one of those companies which offers you a host of opportunities to get billed. Every time you call their customer service, they mention at the end (and the good ones make this sound ultra-casual and just-for-you) that Sprint has a wonderful for-fee service for which you qualify. Last time, I didn’t say no vehemently enough and the little service got added on. Two phone calls later—and therefore two sales-pitches later—I am promised that I will be able to get a refund for the fee next time I call.

This is a horrible mistake because there are two things that determine the emotional recollection of an experience. [This is me generalizing from the recollection of pain described in Redelmeier et al. [2003], in the journal *Pain* How can you not love a journal named “Pain”. Think of the poor Frenchmen looking for bread recipes.] The first influence on recollection is the emotional extreme (the lowest low), and the second is the state at the end of the experience. That is, if you argue on the phone for an hour and give a cursory ‘I love you anyway’ at the end of the conversation, the entire hour will be recalled as not so bad.

Sprint totally screws this up. At that vital end of the conversation, where you’ve finally resolved your problem (hopefully for a positive resolution), the representative is obliged to remind you that you’re dealing with a corporation which is in a slightly adversarial relationship with you and wants your money. I’m not sure how many of these ‘by the way’ pitches actually succeed in making money for them, but it is a business method which leaves every person’s affective recollection of their interaction worse than it was. Gosh, if we humans are nothing but a series of recollections, then this business method literally makes its customers worse off.

References

Donald A Redelmeier, Joel Katz, and Daniel Kahneman. Memories of colonoscopy: A randomized trial. *Pain*, 104(1-2):187–94, July 2003.