

## For those too busy:

The latest research, thinking  
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from around the world

## ***Nudge: improving decisions about health, wealth and happiness – a book just for politicians?***

### **Can businesses benefit from the power of feedback, simplified choices, and giving people the tools to decide?**

A favourite with UK prime minister Cameron and US president Obama, *Nudge* was published in 2008. It is written by two academics from the University of Chicago: Richard Thaler, a behavioural scientist and Cass Sunstein, a political scientist. (Sunstein then went on to head the White House Office of Information and Regulatory Affairs between 2009 and 2012 – he describes this experience in his 2013 book *Simpler: the future of Government*.)

*Nudge* was aimed at influencing public policy in the USA with a post-free-market, libertarian paternalist, agenda. It was positioned as a 'third way' between traditional right wing and left-wing approaches to government intervention.

*Nudge* takes learnings from consumer businesses on how to influence people's instinctive, rather than rational, decisions – focusing on the fast, associative, unconscious, cognitive system in our brain instead of the slow, deductive, self-aware, one. *Nudge* is a useful reminder that what people experience, see and touch is more powerful than sending rational arguments in emails, speeches and leaflets.

*Nudge* proposes a 'Choice Architecture' for improving influence on decision-making:

**i****N**centives: Ensure the 'price' or benefit of different choices are equally quantified and clear - gym treadmills succeed in motivating many users by showing how many calories burnt, or miles run.

**U**nderstand mappings: Help people understand choices and consequences - buying a digital camera is easier with a choice of producing high quality 4x6 prints vs A2 posters rather than 3 megapixels vs 7.

**D**efaults: Harness the fact that people choose the path of least resistance - the way restaurants lead you to 'dish of the day' to lead more people to make fewer choices.

**G**ive feedback: People will learn and adjust if they get fast and useful feedback - as a new product proves, painting the important second coat of white on a ceiling will be both faster and better when the paint appears pink when wet as it is used, but dries white.

**E**xpect error: Assume that mistakes will be made, allow for them. The way most software will check one last time before you make an irreversible decision.

**S**tructure complex choices: Make it easier to eliminate, establish criteria, focus decisions - paint manufacturers help choose between thousands of shades by grouping them by mood, style, colour and matching sets.

High growth businesses, especially in fmcg and retailing, have long been good at influencing consumer choice in these ways, and it is very interesting to consider how this might apply in creating new patterns of behaviour in large complex organisations.

*Nudge* argues that there are actions that can be taken to increase the influence on the 'Automatic' decisions of individuals, which will have a more powerful and effective outcome than the more generally-accepted approach of influencing 'Reflective' decisions.