Choice Architecture

Richard H. Thaler

Cass R. Sunstein

John P. Balz

Choice architect:

A choice architect has the responsibility for organizing the context in which people make decisions. (...) many real people turn out to be choice architects, most without realizing it.

Incentives

Choice architects must think about incentives and prices when they design a system.

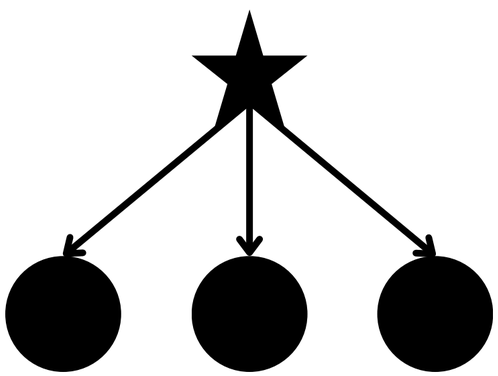
Who uses?
Who chooses?
Who pays?
Who profits?

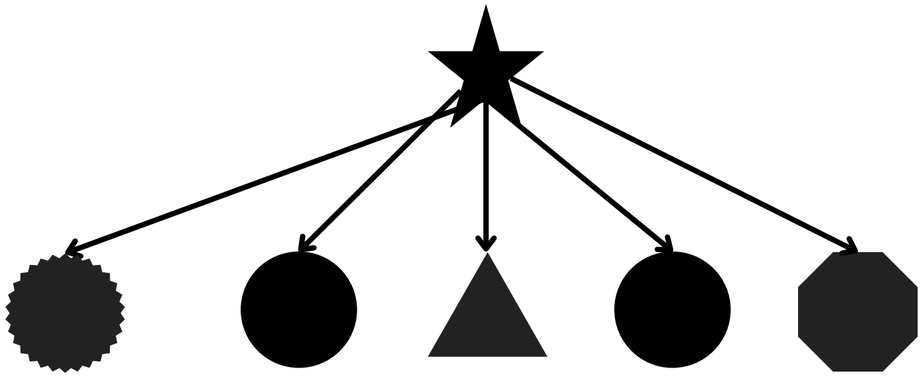
Also remember: Salience is more effective than price in most cases.

Understanding mappings

Most people will be able to predict with considerable accuracy the relation between their choice and their ultimate consumption experience. Call this relation between **choice and wel fare a mapping.**

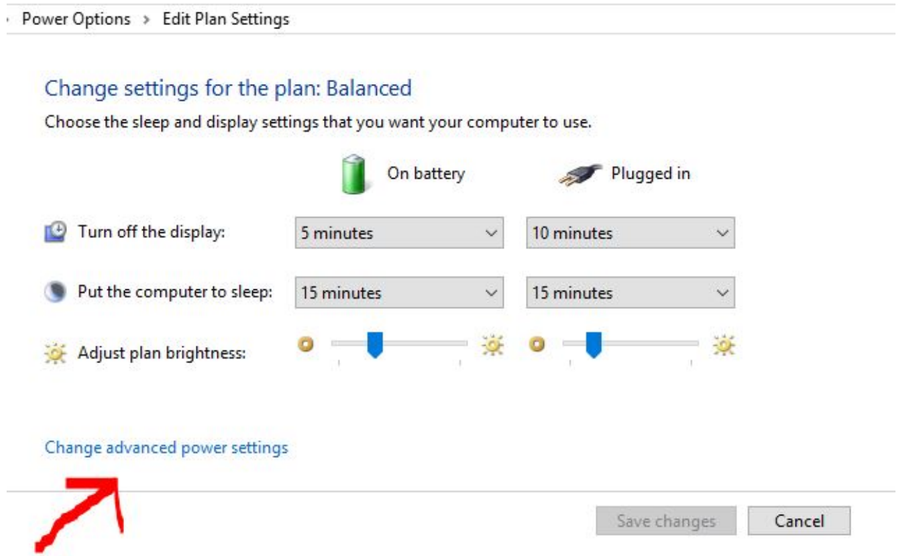
- Relation between choice
- know these trade-offs





"A good system of choice architecture helps people improve their ability to map and hence to select options that will make them better off "

Defaults



A default option is one that will be selected if the chooser takes no action. Defaults have a **strong influence**, often leading a large number of people to end up with that option, whether or not it is good for them.

Give feedback

The best way to help humans improve their performance is to provide feedback

Well-designed systems tell people when they're doing well and when making mistakes > Immediate feedback (color change, physical like harder to push a switch..)

Expect error

"Humans make mistakes. A well designed system expects its users to err and is as forgiving as possible."

Design should take into consideration our Human capacities. We are not Econ (aka perfect beings proceeding with things in a fully informed and impartial way).

Types of error: Post-completion error.
Have you ever forgotten to log out from your account on a public computer?
Forgotten you credit card in an ATM machine?

Design answer - adding a *forcing function:* to accomplish a desire, one mandatory step is required. (take your card from the machine before getting our bills out)

Structure complex choices

Elimination by aspects (Tversky, 1972): what aspect is most important, establish a cutoff level, and eliminates alternatives that don't meet this standard

Collaborative filtering: people use the judgment of other people to filter through, for example, the vast number of movies

Structuring choice: helping people to learn so they can later make better choices in their own

"As the choices become more though, good choice architecture will provide structure and structure will affect outcomes."

Recap 6 principles of good choice architecture

Incentives

Understand mappings

Defaults

Give feedback

Expect error

Structure complex choices

Voilà : Nudges!

power to influence choices !

A combo of all of those above

"A choice architect has the responsibility for organizing the context in which people make decisions."

"A good rule of thumb is to assume that “everything matters.”

"Plain old Humans makes plenty of mistakes."

" basic lesson is that designers need to keep in mind that the users of their objects are Humans who are confronted every day with myriad choices cues."

Choice architects : "indirectly influence the choices other people make"

"The best way to help Humans improve their performance is to provide feedback. Well- designed systems tell people when they are doing well a when they are making mistakes."

"A good system of choice architecture helps people improve their ability to map and hence to select options that will make them better off. One w do this is to make the information about various options more comprehensible.."

"People adopt different strategies for making choices depending on the size and complexity of the available options."