

## THE HIDDEN FORCES THAT SHAPE OUR DECISIONS

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Kantar  
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## Behavioral Economics has been around since the late 70s

There are three prevalent themes in Behavioral Economics

- 1) **Non-rational decision making.**
- 2) **Heuristics:** Humans make 95% of their decisions using mental shortcuts or rules of thumb.
- 3) **Framing:** The collection of anecdotes and stereotypes that make up the mental emotional filters individuals rely on to understand and respond to events.



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“Humans are to thinking as cats are to swimming – we can do it when we have to, but we’d much prefer not to”

DANIEL KAHNEMAN



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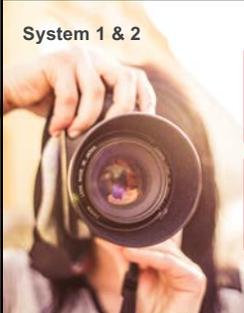
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**System 1 & 2**



<p><b>SYSTEM 1</b></p> <ul style="list-style-type: none"> <li>+ Automatic</li> <li>+ Manufacturing</li> <li>+ Primitive</li> </ul>	<p><b>Fast</b>   Driven by heuristics</p> <p>Fast, impulsive, implicit, uncontrolled, effortless, associative, unconscious, intuitive, emotional</p>
<p><b>SYSTEM 2</b></p> <ul style="list-style-type: none"> <li>+ Reflective</li> <li>+ R&amp;D</li> <li>+ Advanced</li> </ul>	<p><b>Slow</b>   Driven by rational thinking</p> <p>Slow, effortful, logical, calculating, conscious, deliberate, explicit, controlled, self-aware, rule following, cognitive</p>

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**What are Heuristics and why are they important in Market Research?**

Heuristics are **mental shortcuts or rules of thumb**.

There are 2 common types of heuristics:

- + Availability
- + Representative




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**The Availability Heuristic**

People make decisions that rely on most recent or immediate examples that come to mind.

*It's important to understand the recent influencers on a respondent when asking thoughts on behaviors or actions.*




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### The Representative Heuristic

People make decisions or judgements by comparing the present situation to the most representative mental prototype.

*Photo Sorts and other projectives are a good way of understanding these cognitive biases in research.*

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But current thinking is that there are over 900 identified heuristics!



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**FRAMING**

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**FRAMING**  
The way a question, offering or decision is presented has an impact on responses

How long was the movie?  
130 MINUTES

How short was the movie?  
100 MINUTES



Smashed	40.8mph
Collided	39.3mph
Bumped	38.1mph
Hit	34mph
Contacted	31.8mph

\*Mean responses, Elizabeth Loftus (1975), differences significantly significant

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**PRIMING**

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**PRIMING**  
People's subsequent behavior may be altered if they are first exposed to certain sights, words or sensations. In other words, people behave differently if they have been primed by certain cues beforehand

**Schizophrenia patients primed with pro-social sentences showed significantly more nonverbal behaviors than those primed with anti-social and non-social conditions.**

**This has clinical implications for the rehabilitation of social skill impairments.**

*Del-Monte et al (2014)*




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**AFFECT**

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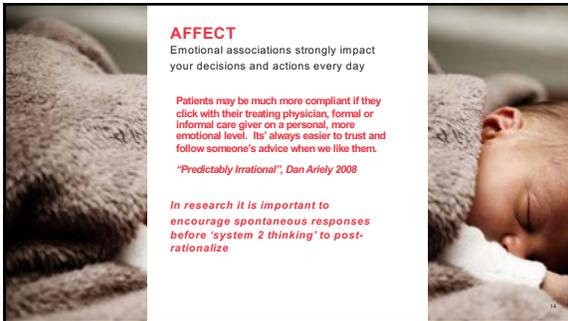
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**AFFECT**

Emotional associations strongly impact your decisions and actions every day

Patients may be much more compliant if they click with their treating physician, formal or informal care giver on a personal, more emotional level. Its' always easier to trust and follow someone's advice when we like them.

*"Predictably Irrational", Dan Ariely 2008*

*In research it is important to encourage spontaneous responses before 'system 2 thinking' to post-rationalize*

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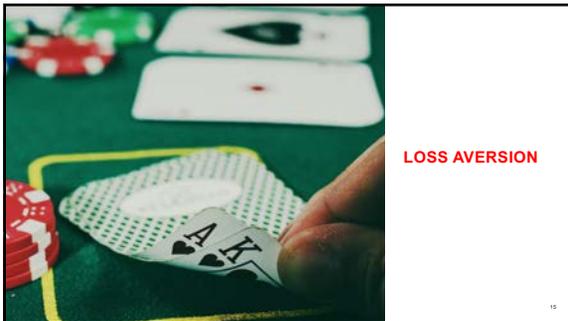
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**LOSS AVERSION**

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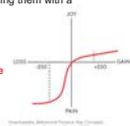


**LOSS AVERSION**  
 We care much more about avoiding losses than we care about making gains

Gain an understanding of what, exactly, your target audience is afraid of losing, and understand the reason why.

Develop marketing campaigns that address their worries, empowering them with a solution.

Use aspirational messaging. Be real in your messaging. Aim to be a problem solver and help your users take constructive action



Prospect Theory, by Daniel Kahneman, Amos Tversky

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**HYPERBOLIC DISCOUNTING**

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**HYPERBOLIC DISCOUNTING**  
 We prioritize small rewards NOW over larger rewards LATER

At Johns Hopkins University, over 500,000 people undergo coronary-artery bypass graft surgery every year, and of those only about 10% make the necessary lifestyle changes to prevent future surgeries, chest pains, and premature death.

*Edward Miller 2004*

Edward Miller, "The Power of Now: Why We Discount the Future and How to Stop It," Harvard Business Review, March 2004

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**DEFAULTS**

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**DEFAULTS**  
 Defaults are pre-set courses of action that take effect if nothing else is specified by the decision maker

Setting defaults is an effective tool when there is inertia or uncertainty in decision making

**ORGAN DONATION**  
 Requiring people to opt-out if they don't wish to donate their organs is associated with higher donation rates than if people need to opt-in if they do want to donate.

**GERMANY OPT IN**  
 12%

**DRUG FORMULARY LISTS**  
 Certain drugs are easily available and approved by the formulary committees, others require effort and/or specific action to be taken to access them.

**AUSTRIA OPT OUT**  
 99%

Johnson & Goldstein (2003)

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**PEAK END RULE**

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**PEAK END RULE**

The peak-end rule suggests that we judge our experiences based on how they were at their **peak** (whether pleasant, unpleasant, frightening, etc.) and how they **ended**. The feeling of the peak and end dictates how we remember it.

Patients undergoing colonoscopy consistently evaluated the discomfort of the experience based on the intensity of pain at the worst (peak) and final (end) moments. This occurred regardless of length or variation in intensity of pain within the procedure.

This has important implications for us in assessing impact of a disease on a patient's life or particular experiences they describe.

*Kahneman & Redelmeier (1996)*

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**DECOY EFFECT**

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**DECOY EFFECT**

Most people don't know what they want unless they see it in context

Adding a more expensive option can make the 'middle option' seem more attractive.

2.50€ Which one do you prefer?

1.50€

5.00€ And now?

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**SOCIAL NORMS**

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**SOCIAL NORMS**

We are strongly influenced by what others do.  
Social norms are the unwritten rules about how to behave within a group

Emphasizing what most people do to encourage this behavior.

“Nine out of ten people take their medication every morning”.

Can accentuate feeling of belonging and reduce stigmatization.

Joining support groups for weight loss and smoking can give a sense of belonging and encourage behavior change.

Song et al (2009)




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The Cultural narrative shows that this is an issue at a broader scale – beyond the individual alone

Seeking a ‘Happy Gut’ for Better Health  
Let the Mind Help Tame an Irritable Bowel  
– New York Times

Do you get diarrhoea after having a cold drink and walk into an air conditioned room? Summer warning: IBS at fault (CNN)

Britain’s IBS epidemic: Stress, rushed breakfast and TV dinners causing sharp increase in cases  
Reported by Science Daily, based on study by Dr. Philipp Kump, University of Bonn

**Reizdarm: 40 Prozent der Diagnosen falsch!**  
IBS: 40% diagnoses falsch! (Germany)



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**EGO**  
Ego and Self Image – We all lie to ourselves

Evidence shows that smokers underestimate the risks of smoking.

When our behavior and beliefs are in conflict, it is often our beliefs (risks of smoking) that get changed rather than behavior, e.g. quitting.

Such psychological defenses make us feel better (ego), but they can also inhibit us from changing our behavior.

*Arnett 2000*

Self-esteem and the desire for a positive, consistent self-image mean we should be vigilant for inconsistencies in responses and be open to creative ways to build a 'true' picture of behavior and drivers

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So what can you do now to do better research?

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**Keep in mind that words have power to change meaning and influence**

- ❖ Use clean/neutral language
- ❖ Be aware of question order effects
- ❖ Consider a narrative interviewing element

**Don't underestimate emotions and 'gut feel'**

- ❖ Avoid too much introspection and post-rationalisation: less 'why' and more 'gut feel'
- ❖ Is there a role for physiological measures?
- ❖ Do you need to replicate emotional state (visualisation and projective techniques)?
- ❖ Take notes of body language and add them into your analysis.

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**Remember that people are poor predictors of their own behaviour**

- ❖ Anchor in real behaviour, find out what people actually do
- ❖ Is there a role for observational research?

**Take context into account: at an individual, social and environmental level**

- ❖ Individual:
  - Personal attitudes, beliefs and behaviours, rational and emotional
- ❖ Social:
  - Who to include in sample frame
  - Questions on who does/does not influence
  - Social media listening, blogs or similar?




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**Try to use techniques that utilise both System 1 and System 2**

- ❖ Mind maps
- ❖ Blob tree
- ❖ Photo sorts
- ❖ Rapid fire questioning
- ❖ Narrative interviewing
- ❖ Cognitive interviewing

**Limit ratings, rankings and post-rationalization**



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**Analysing responses and data**

- ❖ Be careful wherever respondents make predictions: look to understand them in context, think about the extent to which they can be taken at face value
- ❖ Split out gut-level responses from post-rationalisations and consider the weight you give to each when forming conclusions
- ❖ Understand the tone and context (as well as the content) of any stimulus materials
- ❖ Record non-verbal cues (from the moderator or other methods) to understand emotions at play

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**Analysing responses and data**

- ❖ Listen for language patterns to determine how respondents frame their world – and analyse how these match any stimulus materials
- ❖ Look for other heuristics that could be influencing behaviour – or which could be leveraged to influence future behaviour
- ❖ Use your own knowledge to look for any primes which may impact responses (social, cultural, environmental) – some background research might be required here
- ❖ Above all – remember that the insight from the research is far more than just what respondents say

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"IF YOU WANT TO CHANGE ATTITUDES, START WITH A CHANGE IN BEHAVIOR"

William Glasser



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