Choice Architecture with Eric Johnson
Brainfluence

SPEAKERS

Intro, Roger Dooley, Eric Johnson, Outro

Intro: 00:00

Welcome to Brainfluence, where author and international keynote speaker Roger Dooley shares powerful but practical ideas from world-class experts, and sometimes a few of his own. To learn more about Roger's books, "Brainfluence" and "Friction", and to find links to his latest articles and videos, the best place to start is rogerdooley.com. Roger's keynotes will keep your audience entertained and engaged. At the same time, he will change the way they think about customer and employee experience. To check availability for an in-person or virtual Keynote or workshop, visit rogerdooley.com.

Roger Dooley: 00:37

Welcome to Brainfluence. I'm Roger Dooley. Life is full of choices there, the choices we make and the choices we try to influence other people like employees or customers to make. Today's guest is going to unlock at least a few of the secrets of how people decide, and how their decisions can be influenced. Eric J. Johnson is a professor and the director of the Center for Decision Science at Columbia Business School. He's been the president of both the Society for Judgment and Decision Making and the Society for Neuro Economics. His new book is titled "The Elements of Choice: Why the Way We Decide Matters". Welcome to the show, Eric.

Eric Johnson: 01:10

Thank you. Glad to join you, and glad to join your listeners.

Roger Dooley: 01:13

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Choice Architecture with Eric Johnson
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Eric, I think that probably many of our audience members are familiar with the concept of choice architecture, but can you briefly define that topic?

Eric Johnson: 01:22

Absolutely. Whenever we make a choice, we have a hidden partner. And we don't realize it, but somebody has made a group of decisions that could influence us. So, for example, if you're picking a retirement plan on a website, somebody's decided lots of things about how to present that to you. They've decided how many options to present to you, what attributes to describe, and how to describe these attributes. So, I give you annual returns, 10-year returns: how do I describe that? And that person, we could call it choice architect, but I'm going to call a designer to make things a little bit simpler. That designer has actually influenced you whether you know it or not.

Roger Dooley: 01:56

Right. And of course, sometimes those designers are intentional about their choices, and other times they just happen. Somebody hands the form to an intern and says, "Here, people have to fill up this form. Can you just clean it up a little bit and publish it on the website?"

Eric Johnson: 02:13

You're absolutely right. A lot of designers are doing things haphazardly, and they don't think what they're going to do is going to make a difference. So, one of the lessons research teaches us is that choice architects or designers don't realize the power they have, it's almost as if they have a secret power they don't know about. The second thing that's important about choice architecture is we're all designers, we all present choices to other people. So, we think about website ... We're also presenting to our spouses where do we want to go to dinner tonight? To our kids,

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what clothes do you want to wear to school today? We are actually designers probably almost as often as we're choosing for people are making choices.

Roger Dooley: 02:50
That's a great point, Eric, because most of us unless we happen to be a graphic designer, would not undertake to design, say, a poster for theater production or something. You may say, "well, no, we need somebody who knows a little bit about how to do that," but we wouldn't give a second thought to designing a form, for example, even something that's really high stakes for us like a retirement plan enrollment form, or some other type of thing like that. We just say, "Well, people are going to decide on a rational basis and the presentation doesn't count." But you already spent pretty much the whole book showing that the presentation does count. I wanted to read the opening sentence here from your book, which I've got an advanced copy here. And it's a fascinating book. The opening sentence is "It's an illusion really, that we alone determine what we choose." And I think that's the point you're making. People think that when they make decisions, they are simply processing the information, much like a computer might, and making a decision. And of course, we know that's not true. But the presentation really counts. So, explain the concept of plausible paths. So, that's something that I think probably is less familiar to our audience members, and that's a theme that recurs throughout the book.

Eric Johnson: 04:02
So, it's actually an important thing trying to think about how you put years of research into things that people can find useful and have some principles to explain it. One of the obvious things is we don't look at all the information. When you're in a supermarket, you go down the aisle, only look at some things, you're obviously not looking at every option. If you're on a website, you're going to look at some

small part. The small part you look at is what's called a plausible path. So, we could spend all day making decisions, we typically pick a subset of that information. And so, let me give one example which I like, which is dating services, online dating, which is actually a choice architecture. We don't like to think about our choices potential future spouse as being a function of some designer's decisions, but let me give you one example. I give you a dating service ... When they started out, Coffee Meets Bagel wanted to essentially be different than the rest of the dating sites. They showed you one potential date a day. Compare that to let's say something like Tinder where your thumb essentially determines how many options you're going to see. Now, are you going to choose to look at the same information in those two cases? Well, we know that as soon as you see lots of options, the first thing you do is you screen, you take in everything that's easy to comprehend and just eliminate people who don't meet that. And so, there's even a phrase that I love which is called "Tinder thumb", which is basically getting tired looking at somebody's potential dates. And what starts out feeling like a game, (This is from the Urban Dictionary) it's a feeling like a dismal experience. Now, in Coffee Meets Bagel, you can look at that person, and you go beyond appearance, you look at your other hobbies or interests, other things. So, you could end up looking very differently. The plausible paths are very different in the two cases. In one case, you're putting a lot of weight on appearance, and the other case, you might be looking at other characteristics of the person. So plausible paths often determine how we choose.

Roger Dooley: 05:54
When you say plausible path, I guess you've used it in a variety of ways, even layout in a physical space, for example. What makes a path plausible?

Eric Johnson: 06:05

I think people are really influenced particularly at the beginning of a decision of what feels to be easy. So, the reason pictures appeal, perhaps on Tinder, is because it's very easy to make a judgment about who is attractive and who's not attractive. There's another great piece of research that shows that men look at age to screen, and it turns out they don't **[unintelligible 00:06:26]** people who are even a year older than they are. Women, it's not that they're immune from screening. There's a group of women in this research, which is great. They look for people who are at least four inches taller than they are so they can wear heels. So, it's an easy way to make at least an initial broad **[unintelligible 00:06:41]** choice. So, this ease notion ... and you can change ease lots of different ways and have nothing to do with quality. You can actually use ugly fonts and that makes that information harder to read. You can actually use fancy language, which makes it hard to read, even small type. So, lots of things that have nothing to do with the quality of the options per se can determine which plausible path you use. And so, that disconnect is one of the reasons choice architecture works.

Roger Dooley: 07:07
Okay. So, in that case, choosing the less fluent font or more cognitively difficult to process font would dissuade people from choosing that option versus another option. The other option would seem more plausible.

Eric Johnson: 07:20
Right. And also, if you think about an attribute, think about presenting interest rates, you can present them to 7.9356, that's not very easy to read. If you present it as 7.9, people might it easier to look at that characteristic, otherwise, they'll just ignore it, or at least tend to not look at it.

Roger Dooley: 07:39

One area that has been a fascination of mine over the years is the whole college admissions process, college search process. And the US situation, what we have here in the United States is unique compared to many other countries because here in this country, we have probably 3000 plus institutions of higher education, and theoretically, a student could go to any one of them. Now, many are not necessarily attractive to all students, and majority of students, they're intended mainly for people immediately in their area, or for a very specialized topic or something. Some are very hard to get into. But still, the choice is overwhelming. And trying to simplify that process ... you're trying to say, okay, what is a way of even finding that plausible path? Because it's overwhelming to the typical traditional student, the high school, late junior, early senior, who is doing that equivalent of flipping through Tinder, flipping through college websites, or descriptions or different sites that may present capsule views of schools, trying to figure out what looks best and why. And there are so many criteria to choose from. Do you have any thoughts on that process?

Eric Johnson: 08:53

Sure. So, obviously, with so many options, people often screen. So, they'll screen by things that seem ultimately nonsensical, like, how good is the school in a sport that I don't play that maybe I will go to one game. But it turns out, by the way, at some schools enrollments go up enormously when they appear in a football bowl game, for example. So, that brings us to the second concept that's really important, which is the role of memory, what I call simple preferences. So, if you think about why does that work? Well, it works partly because I've heard the famous Flutie effect, when Doug Flutie many years ago did very well. It was Boston College, wasn't it?

Roger Dooley: 09:31

Yes, Boston College.

Eric Johnson: 09:34

Admissions went way up because everyone always hadn't heard of a school they hadn't heard of called Boston College. So, it became very assessable in memory. And then when they sat down and said, gee, what college am I going to look at even before I go to the website ... back then the big paper books. That's something that will come up very quickly. And it's a good example of a choice where you are overwhelmed by the number of options so you simplify by taking a plausible path, one of which is what schools can I remember? Those would be schools your parents went to, the schools that the neighbor's kid went to. It's not necessarily the most important criteria for deciding where you're going to get the best education.

Roger Dooley: 10:10

I know. And years ago, I co-founded a business called College Confidential, and along the way, ultimately, we were acquired by a much bigger company. And we developed a college search tool or college matching tool that took into account student preferences, everything from the size of the school, location, and so on. But we didn't make it a sieve type process **[unintelligible 00:10:34]** typically at that point, at least, the traditional college search program said, I will go to school in these states. And if you picked a state, you saw schools in that state, if you didn't pick that state, you didn't see anything from that state. So, instead, we had a strength of preference, but also introduced some fuzzy matching. Like if we found a really good match that did not meet one of the criteria, or two of the criteria, we still showed the student that school. And that was our solution, but even then it fell short because you're so influenced by these choices that were set up initially. If a

student says, "I really want to go to a big school," do they know that for sure? Do they know that they wouldn't do fantastically well at a small liberal arts college someplace even though they're looking at Big State schools? And that's the real dilemma there. And there probably is no easy answer, but I guess the good part is there is research that shows that students tend to like where they end up despite all the agony that they go through in the selection process, and then potential getting rejected by their dream school. But when the students are surveyed after their first year, the vast majority are really pretty happy with where they're at.

Eric Johnson: 11:42
What we don't know is how well they would have done if they had made a different choice. As I kiddingly say, we never run the control Eric or the control, Roger. We don't know what would have happened if we'd taken that other option, so it's hard to tell. Let me reinforce that point by talking about New York City schools because New York City students going to high school have a lot of choices. In fact, 769, when I last looked. And that's a lot of choices for a 14-year-old and parents to make. And so, it's another case where people probably don't do very well. It turns out people who have educated parents do better. But there's a story that I love, which is this very young Jamaican kid who is his class's valedictorian, said, "I want to go to a good school. And for me, a good school is one that has a high percentage of people that graduate." There's a sad fact about New York schools, that there are some high schools that don't even graduate half of the kids that go to that school. I just find that amazing. And the idea was he just said, I'm going to apply to the schools **[unintelligible 00:12:42]** graduate. And it turns out, of course, 95, 99, 98% of the kids. And unfortunately, he did not get in because those also turned out to be the most competitive schools. Although he was quite good, he was not super top of 1/10th of 1% good, and so he ended up not matching with any of the schools. Literally, he ended up making a choice from the leftovers. And like you say, he

ended up being very happy there and did well, but it's a very different experience going to, in this case, a good advanced tech school than it would have been if he'd gotten to a college prep school. He would have turned out to be a different person. Again, he chose a plausible path, understandably, saying "I just want one attribute, maximizing it, which is who graduates kids?" And now, he has another attribute he should have cared a lot more about, which is, "And what's my probability of getting in?" That's a hard thing to think about. That's much more complicated than **[unintelligible 00:13:35]**. It's not in the book so the attribute he cared about was impossible to figure out easily.

Roger Dooley: 13:41

It sounds like maybe the strategy for New York City kids is to use the same strategy you're re supposed to use for colleges, which is applied to schools that you have a pretty good shot at getting into, you're not certain, your ballpark schools, maybe have a reach in there, apply that elite school, and then also have a safety that you think is going to be a good backup, rather than just every year despite that advice being given by every college counselor on the planet, every knowledgeable parent on the planet. We always ended up seeing kids who got rejected from every school they applied to you because their counselor said, "Oh, you'll get into everywhere you apply. Don't you don't worry about it. You've got great grades." Not realizing the meat grinder of elite college admissions. Eric, another topic that I think is probably near and dear to our hearts in the US these days is voting. There's been a lot of controversy about voting methods and such. And we've had contested elections. Talk a little bit about some of the choice architecture involved in the voting process.

Eric Johnson: 14:38

There are some amazing stories. And perhaps when you think about choice architecture, some people who **[unintelligible 00:14:43]** been around

[unintelligible 00:14:44] think about 2000 when George Bush beat Al Gore in Florida by ... I think it was 690 votes. And that was one of the more consequential elections in the US. And everyone was concerned at the time with hanging chads, and you may recall that people were trying to figure out what was this person's intent. It turns out, there's another thing that happens, which is, the person who's first on the ballot typically gets a one to 2% increase. Now, knowing that, that by the way, is about as much as you get if you have a good turnout in the vote operation. If you call everyone who's your potential voter and offer to drive them to the poll, you'll get 1%. So, being first on the ballot, not only in Florida, but in general, is important. There are a few states where you actually randomize the order. Ohio, for example, each precinct puts a different candidate first. So, you can actually estimate how important that is. And that's where that one to 2% number comes from. It turns out that the governor of Florida, no matter what their party is, decides who's going to be on the ballot. And of course, if it's a Republican, it's always the Republican candidate. In this case, George Bush's brother, Jeb, was the governor, and so he appeared on everything. You can care about hanging chads, it's a small effect. But if you'd randomized the ballot, you might have had a very different outcome.

Roger Dooley: 15:58
And of course, like most things in the election process, it's not unique to one party, they both try and exploit these advantages. But these days, we do have the technology to randomize.

Eric Johnson: 16:08
Absolutely. I'll give you an example where it's even worse to be a full fairness critic. In Delaware, by law, it's always the Democrat. So, if I'm a Republican, I would be pretty upset by that rule.

Roger Dooley: 16:20

That's strange, but I'm sure there's some interesting history behind that. But today, with digital technology, and electronic voting in many places, it's shouldn't be a big deal to randomize even individual ballots, not even at the ... some kind of geographic divide. But it's also political because people are unwilling to give up any advantage, even if they're not sure they're going to have that advantage, even if that advantage is going to go to the other party in a year or two. There's always this feeling that, well, we can't give that potential up. Maybe someday, but I think in the meantime, we'll have this effort to influence the choice architecture by whoever was in power at that particular moment.

Eric Johnson: 17:03

Absolutely. I'm an optimist, so I talk mostly about designers are trying to help people make better decisions. But of course, that's not the world we live in, and there are lots of examples of people using choice architecture in their own best interests, sometimes at the cost of the chooser.

Roger Dooley: 17:18

Well, I think if we look at businesses that are savvy about this, we see some positive things. Like typically, you are opted into people's mailing lists. Actually, I think a lot of times you're opted in without even getting a choice from what I can tell. I'm sure I never signed up for a lot of those businesses that are emailing me. I placed one order with them and they decide that I immediately need an email every day to tell me about things I don't care about. But in general, even those businesses that do offer the choice, use that opt-in strategy. If I can make a good point that the default

strategy basically never fails, right? There are very few situations where if you can make one choice, the default choice, where that will be a disadvantage **[unintelligible 00:17:58]** whatever that choice is.

Eric Johnson: 17:59

So, it's a very good point. So, a firm that I work with sometimes says in terms of sizes of effects, what really works, there are defaults, and there's everything else. And I think that's a bit of an exaggeration, but defaults tend to be pretty reliable. In this day and age where people are questioning what research results replicate, defaults actually are pretty good that way. We did a paper where we looked at every possible default setting we could find, including asking the people whose default studies failed, and we found that there was a very strong effect. Now, my most famous piece of research looked at organ donation, people's willingness to declare themselves a donor, and that had like a 40% difference. And so, lots of people say, "Oh, all I have to do is change the one line of HTML, and I'm going to make something the default and get that same boost." Well, life, nor is behavioral science, quite that simple, and there are lots of factors that determine that. The nice thing is on average, we found that there was somewhere between a 28 and 30% increase in share of the default option. Now, it varied a lot. In some studies, it was up to 90%, in others it was not different from zero, but it never **[unintelligible 00:19:07]** to your point. And so, defaults are one of those things where (a) they're pretty robust, but (b) it helps a lot to know what causes the default effect, not just know defaults matter.

Roger Dooley: 19:19

Well, when you say what causes the default effect, other than just inertia, is there another explanation?

Eric Johnson: 19:26

I talked about three E's; your inertia is what I call ease. It's just easy not to do anything, I get the default. And there are studies that do that and they get effects. There's a second thing, which is endorsement, which is actually is the person who's making the default somebody I trust, and do they think this is in my best interest? So, I imagine you would find very different results if it's a trusted source and an untrusted source, and so that's going to make a difference. The third thing is that defaults make you take the perspective as if you already own the option. That is in **[unintelligible 00:19:58]** for example, we find that when you ask people, you're a donor, or do you want to be? They first start thinking about the advantages of being a donor, then they think a little bit about the disadvantages. If you do the reverse and ask people, you're not a donor, do you want to be? They start thinking about the disadvantages. That tends to overwhelm the advantages. And so, you actually get a big default effect because of endowment. You feel like you already own the option that's pre-checked. And when you get all three working, that's when you get a big default effect.

Roger Dooley: 20:28

And I think from a business standpoint, probably most of the folks in our audience know that, but it's a good thing to emphasize again, that if you really try to get your customers to do something, and it's to their benefit, then make that the default. If it's not to their benefit, then you may want to give them a much more clear choice. But if it's going to help them, or your employees for that matter, if it's going to be good for them ... and this is, of course, the story of retirement plans, why now? Just about all 401 K plans in the United States are automatically opted in because that gets people to save more for retirement, which is considered to be a good thing for society as well as for them.

Eric Johnson: 21:05

Absolutely. Now, it's actually a good example because **[unintelligible 00:21:08]** case where most people didn't save enough, so we want to encourage that. And in fact, most people would even tell you, "I should save more than I actually am," so they **[unintelligible 00:21:18]** find this an okay thing. It gets more complicated when you get to other stages of your financial life. So, for example, when you retire, or actually when you turn 62, you get a choice whether or not to claim Social Security. Now, it turns out, you get about an 8% percent increase year over year by waiting. And I don't know, maybe with the exception of the current market, it's very hard to think of when you get an 8% return on your money. That would be pretty good. And if you had other money invested, you probably should be living off of that, so that you actually can watch your Social Security check grow in the future. So, that would be the great thing. So, you'd be tempted to actually make claiming at 70, which is the oldest you can in the US the default. But there's a problem, not everybody would be better off. They're going to be people who are going to not live that long, or who can't get another job or don't have more money. So, by defaulting people into the later claiming age, you might be hurting some people and not helping others. So, this actually shows that choice architecture, although you're right, defaults are an easy thing to understand, they're very powerful, might not always be the best thing to do. I talk about smart defaults, where you actually know something about somebody, you might make the default customized to them. So, you can imagine if somebody is not employed, doesn't have any savings, their default should maybe be claim now. For other people, their default should be claim at 70. And so, you could actually customize defaults as you learn more about the customer or about the person,

Roger Dooley: 22:51

Yeah. Actually, there are some FinTech firms, maybe some big banks too that are doing this. I went through a process, I didn't actually enroll under Plan with this firm, but I signed up as if I was going to look at what my portfolio should be. And they asked me a few questions, not a lot, but just to assess my general financial situation. And they presented me with a default portfolio, basically a mix of three index funds of different styles or something. And to me, that made a lot of sense because they had customized it for me in a way, they were presenting me with this is what we recommend. I could presumably change that if I actually signed up and decided to invest. But it gave me that guidance and the default to give me something that would probably be pretty good for my needs. So, that makes a lot of sense. Speaking of retirement plans, Eric, this sounds like a setup for a joke. Two behavioral economists walk into a restaurant, talk to the waiter and the waiter schools them in menu design or tries to school them in menu design. You and your colleague Richard Thaler went into a restaurant and got into a discussion on menu design. What do restauranteurs think works on restaurant menus and what actually does?

Eric Johnson: 24:01

So, it was really interesting because he was very earnest and said, "Here's the book I studied when I went to the Culinary Institute to learn menu psychology." And so, he emailed me the next day, I ordered it immediately off Amazon, looked through, and said, "There's no science here. This is somebody's opinion. And they all had this view that people actually look at what they call the Power Zone." And I started reading the literature because I thought this would be the best example of an application of choice architecture in the book. It turns out that is essentially an area where nobody has done research. When they do research, they find out the expert's advice wasn't very good. There are techniques, for example, you can actually track somebody's eyes as they read a menu. And that shows that

essentially what the experts thought wasn't right. Essentially, if you thought about **[unintelligible 00:24:45]** what you mostly do, you start with appetizers, you go to entrees, and you read it much more like a book instead of just going immediately to one thing. And so, our fantasy, which was this would be, the clearest case I can say restaurant a used this technique made a lot more money than restaurant B. It turned out; nobody really knew what they were talking about. Now, I think we're seeing a lot more in terms of experiments, and A/B testing for menus, particularly by the way, when menus are electronic, it's very easy to do that kind of testing and see what works. And that I think is much more what's going on now.

Roger Dooley: 25:19

That's a fertile ground for some research. With everybody now walking into restaurants scanning a barcode for their menu, you can really have some fun with that by dynamically presenting it. But I think a few of the **[unintelligible 00:25:30]** I've seen are based on behavioral research, the anchoring effect of putting a very expensive item, or the most expensive bottle of wine at the top of the list to anchor that high price, let's make the rest of the menu look cheap. I don't to what extent people have experimented on how that changed the average order value, but based on Arielle's **[sounds like 00:25:50]** work and some other work, I think that probably would help. But it'd be interesting to actually run the study. Now, as you point out, particularly now that you can randomize menus, which in the past would have been next to impossible.

Eric Johnson: 26:02

But let's think about that for a second. Because I think one thing that I start thinking about is what you see from paper menus can be very different for an oral menu.

So, in talking about the effective order, it turns out being first is usually the best. But imagine instead of having the entrees written in front of you, the waiter a speaking them like they do in some fancy restaurants. Now, the first one you might remember, but you're just as likely to remember the last one, right? Because the ones in-between are wiping out that first one. Again, the importance of memory. So, it turns out I think advice like saying always do x is going to sometimes lead you astray. You need to understand the processes that are going on, to help you really do a good job, and doing that kind of choice architecture.

Roger Dooley: 26:48
Personally, those spoken menus annoy the heck out of me. I'm fine with one special or two specials, that I can process. But whenever it gets too long, it's like, "Wasn't their seafood dish in the middle there? What was that again? What kind of sauce was that?" And it's just very effortful. Give me a pen and paper, right? Definitely, I have to take notes on this. One company that has been wildly successful is Amazon, and they present infinite choice. Basically, you can buy anything there. If you search for any particular product, they carry almost any variation of that product, often multiples of the same thing. It's just endless. But they're very successful. How do they adjust their choice architecture to prevent this sort of Paradox of Choice effect where people just say, "This is way too confusing; I'm going someplace else."

Eric Johnson: 27:37
So, two points. First one, which is minor, which is how many options you present, somebody isn't as simple as keep it to two or three. That's a place where you need to understand the difference between the cost of making up your mind, which increases with the number of options, but also the fact there's a little bit of your discovering other options. And if I don't know what you want, I can't say we have vanilla cake, and then stop. If I don't know what you want, I have to give you more

options, so there's that tension that goes on. But Amazon has been very good at trying to draw attention. So, you'll often see Amazon's choice and rank number one. And what that does is that makes you consider that option first. And as we've said, that will give you in most cases, an advantage. So, Amazon suddenly focuses attention on one option ... the other. Notice those Amazon's choice is not exactly in a gray color, it's usually bright orange, and it's one of the first things you see on the website, so I think that's one of the things you can do. They also give you tools like being able to sort, so you can sort by rating, or sort by price, or decide to eliminate things that aren't Amazon Prime. So, they really have built what I call a choice engine, a tool for actually helping you make choices. It's not to say I don't still feel overwhelmed when I see the 60th version of the same thing as you point out, but at least they're doing something.

Roger Dooley: 28:54

One area of choice that I think probably most of our audience members have experienced is a manipulative choice experience, or what some people call dark pattern choices where the choice the companies ... usually this is done by businesses who have some kind of a vested interest in your choice. So, it's really easy to subscribe, but very, very difficult to unsubscribe. I guess we can agree that it's evil, but how do you prevent this? Do you see any movement to try and build any sort of ethical guidelines that businesses would actually pay attention to? Now, not all businesses do this, but I think of businesses like cable companies and satellite companies, where they've got a kind of a monopoly, and boy, it's brutal.

Eric Johnson: 29:44

And it's really important because it's not obvious, at least to me that you can easily write a regulation that says all things should be in a certain font. A good example of this, you always have to have an opt-out on a mailing list. And I've seen emails

where I've seen an opt-out but it's in very dark gray on a black background. It's there, but someone who's very clever has figured out how to essentially make that disappear. One of the places I think this is really very powerful is in privacy policies and cookies. And you will see every time you go to a website these days something that says, essentially, if you continue to use the site, you will have agreed to our cookie policy. And there's usually a big red X on the right-hand corner so you can make that go away. That's a good example of **[unintelligible 00:30:27]** we know something, if I simply change that to make it, yes, no, I have equal color so they're both red, you get about a 29% increase in people saying no. So, that's a place where choice architecture makes a difference. I'm not saying cookies are good or bad, I'm just saying your choices are very susceptible to the way the designer presents them.

Roger Dooley: 30:47
Well, you had an amusing example of a study of it. This was not an actual business doing this, but where people accepted terms and conditions that included things like, "Oh, we're going give your data to the NSA, and you have to give us your firstborn child."

Eric Johnson: 31:02
Yeah, I love that study.

Roger Dooley: 31:04
Yeah. And 98% of the people clicked okay. It tells you something about how most of us read. What are you going to do? Are you really going to page through 30 pages of fine print that's almost incomprehensible language when all you want to do is use the website to get the software or what whatever they apply to, you've got to click yes.

Eric Johnson: 31:26

And think about it in terms of this notion of fossil **[sounds like 00:32:28]** path and ease. I want to download the software, I want to book the flight, I want to make the dinner reservation, and then you asked me about cookies, which is something that's hard to understand. And the consequences aren't going to be right now, I'm going to get the reservation right now, but whatever happens, if I say yes to cookies, it's going to happen in what seems like long term. So, again, you overweigh immediate short-term costs in making those decisions, and you take the **[unintelligible 00:31:53]** path of let's make that go away and let's get on with my business at hand.

Roger Dooley: 31:59

Right. Well, I guess if all of us keep drawing attention to these areas, maybe some practices will change, whether it's because of legal constraints, or simply people calling out these bad practices. I encourage our audience members always when they encounter things that are unnecessarily difficult, or effortful, or even constitute a dark pattern of some kind to call out the brands on social media. I think that's one thing that can influence behavior. When it gets called out often enough, then maybe the practices will stop. I've seen certainly in the same industries ... I think the wireless phone industry is one where they've had all these terms and conditions made it difficult to sign up, hidden charges, rates would go up after a time, and so on. And then competitors would come in and say, "You know, we've got a simple plan, sign up when you want cancel when you want. There's a very simple choice button here. It costs x bucks a month. And that's it, that's all." And as those companies start to gain market share, the other companies in many cases end up adjusting their practices because those practices aren't competitive anymore.

Eric Johnson: 33:07

Right. The Magenta company to which we refer made that simple plan a very important selling point for them. But let me be a little bit of a pessimist even though I'm an optimist most of the time, that if you look at things like defaults, or lots of other things, but defaults we know the most about, people don't realize that they have an effect. You give people a choice of the default, and you know because you've compared them to other people, they're choosing default more often. You say, "Does that default affect you?" And they end up saying, "No. Other people, it's going to affect but not me." And so, if you don't realize it's having an influence, it's very hard to call it out. And that is a real challenge.

Roger Dooley: 33:45

Right. Well, I hate to end on a pessimistic note, but I think overall, we have quite a bit of optimism here. Eric, how can people find you and your ideas?

Eric Johnson: 33:55

So, the best place right now is, of course, in the book, which goes on sale, October 12. And there's a website called elementsofchoice.com. Email me at eric.johnson@columbia.edu.

Roger Dooley: 34:11

Great. Well, we will link to those places on the show notes page at rogerdooley.com/podcast, and any other resources will be mentioned today. Eric, thanks so much for being on the show. I really enjoyed the book.

Eric Johnson: 34:22

Choice Architecture with Eric Johnson
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https://www.rogerdooley.com/eric-johnson-choice/

Roger, thank you so much. And thank you for all your listeners. I hope they've learned something.

Outro: 34:27

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