

# Nudging Behaviour in Marketing Dynamics: Behaviour Economics and Marketing - An Interlinking

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## ABSTRACT

*Economics is gradually showing a change in school of thought with a shift from an optimization based quantitative approach towards a more consumer-centric qualitative approach. The most controversial yet highly acclaimed and recognized concept of the year comes from the award winning contributor to Behavioural Economics – Noble Prize winner Richard Thaler for “ Nudge Theory”.*

*Nudging has perhaps been one of the biggest contributions to Behavioural Economics in recent times. Behavioural Economics is a relatively new field that is revolutionizing the way we look at human behaviour and is creating a significant impact on related genres of Psychology, Decision-making and Management. Nudges can be used by both businesses and government to shape the behavior of employees, customers, and citizens. Prestigious Ivy League like Yale School of Management now offer programs to senior executives of global conglomerates in understanding Behavioural Economics for creating breakthrough managerial decisions and marketing ideas. Parallel to Behaviour Insights Team of Public Policy schools like the Harvard Kennedy School of Government, there is Center for Customer Insights Teams on the same lines at top Ivy League colleges and both provide insights into behavioural dynamics of citizens and customers respectively. Hence we do understand that Behavioural Economics is being closely associated with Psychology and Consumer Behaviour and when a breakthrough concept like Nudging is acclaimed worldwide in Behaviour Economics, it opens avenues for marketers and companies to understand how Nudge Marketing can be used to understand consumer behaviour better and help the consumer to make more informed decisions.*

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*This perspective paper analyzes the relevance and importance of Behavioural Economics and Nudging concepts for Marketing by introducing few of the core principles of the disciplines and depicts how they are strongly interlinked. Secondly it discusses the practical implications/methodological usage of Nudging and Behavioural Economics for Marketing with special emphasis for present era digital marketing. Given the short time span since the introduction of Nudging and its initial utility in public policy, one could say that the current status of its implications in Marketing is still nascent and has plentiful scope for continuous innovation. Though some companies are utilizing Behavioural concepts to their benefit but for substantive change to be brought in, innovative marketing strategies have to be developed. This perspective paper will help industry and researchers to understand the importance of this inter-disciplinary interlink and therefore, develop some game-changing strategies. In this context, several questions such as what is Behavioural Economics and why it is important, what is Nudging, how does it impact consumer behaviour, etc., become important to understand.*

**Keywords:** *Nudging, Marketing, Choice Architect, Cognitive Bias, Nudge Marketing, Behavioural Economics*

## **BRIEF OUTLINE OF NUDGE THEORY PROPOSED BY RICHARD THALER AND CASS R. SUNSTEIN**

Nudge theory is an important underlying concept of Behavioural Economics. So before we actually start with the theory outline it becomes imperative to shed some light on the field of Behavioural Economics and its importance for the Management genre.

### **Behavioural Economics**

Behavioural economics integrates the field of Psychology and Decision-Making behind an economic outcome, for instance the factors which may lead to a customer to pick one product over another. (The Guardian, 2017). It differs from Classical economics which treats individuals as a unit of Mathematics to which well understood rules and models are applied and the outcomes analyzed. Behavioural Economics on the other hand accounts for inherent human irrational thinking/behaviour and tries to decipher the reason behind this. Behavioural Economics gained

prominence as a reaction to the assumption made by classical economists that human beings are always rational. Traditionally, approaches in Marketing have been influenced by Psychology (Foxall et al, 1998) especially various elements of Market Research, Consumer Behaviour, Integrated Marketing Communications and Strategy. Marketing research draws heavily from several psychological concepts that are helpful in understanding consumer's responses to product offerings, brands, advertising and social concerns. Consumer behaviour widely studied by marketers is actually a popular inter-disciplinary social science blending elements from Psychology, Anthropology, Classical economics and the latest addition to this being Behavioural Economics (Kahle et al, 2011). While Psychology has provided us with a deep understanding of the human mind and behaviour, people interactions, their motivations (Cialdini R, 2007); behavioural economics on the other hand will help us to utilize these well-known psychological factors for qualitative consumer-centric analysis and outcomes. Therefore, behavioral economics parallels social and cognitive psychology and attempts to guide individuals toward more healthy behaviors by correcting cognitive and emotional barriers (Lowenstein, and Haisley, 2008) and nudging them to make better and more informed decisions.

Standard economic theory and models based on the assumption of human rationality have had a significant impact on the way business and marketing started functioning in the later half of the last century. Rational choice theory assumes that consumers make choices such that their utility is maximised, subject to budget constraints. Behavioural economists on the other hand, show how individuals make decisions which are often non-rational, and usually biased by a series of shortcut emotional resolves. It studies the role of social surroundings or human emotions in the decision making process. Thaler has cited Brexit as a classical example of Behavioural economics and suggested that the theory clarifies how the narrow vote to leave the EU was influenced by gut choices, as opposed to rational decision-making. (Pfeiffer, 2016). Thaler very aptly pointed out that standard classical economist would believe that the average voters would be working around numbers and making some kind of calculations like the leading channels - BBC or the Economist or Wall Street Journal- calculating, analyzing and discussing the pros and cons of staying with European Union or exiting. But the behavioural economist in Thaler pointed out in his interview with MarketWatch (2016) that *"if you can point out 100 such voters in Britain who sat with a paper*

and pen for calculating numbers before voting, then I would like to meet them". Because financially calculating using simple cost-benefit analysis definitely does not indicate leaving and so people should have calculated this and remained with the European Union. But Thaler was quick to point out in his interview that majority of the population does not think in such analytical ways basing their life on spreadsheets- instead gut instincts, emotional sentiment, peer reviews and other such behavioural and psychological parameters make a huge difference.

Given the very short time span since the introduction of Nudging, one could say that the current status of its implications in Marketing is still nascent and has plentiful scope for continuous innovation in the future. However, the booming online sector is showing potential for utilizing various Behavioural Economics concepts specifically Nudging and this is further investigated in our paper with industry illustrations.

### **Nudge Theory in Behavioural Economics**

To date, the applications of behavioural economics have not been widespread. However, recently talked about "Nudge" mechanism has gained traction to translate the findings of behavioural economics to practical policy design. The central insight of Nudge theory is based upon behavioural economics that humans are not rational beings beloved of the standard traditional economic theories. Nudge harnesses insights of behavioural economics to change choice architecture (the context in which choices are made) in order to influence behaviour.

In 2008, Richard Thaler and Cass Sunstein's book "*Nudge: Improving Decisions About Health, Wealth, and Happiness*" brought Nudge theory to prominence. The authors refer to influencing behaviour without coercion as libertarian paternalism and the influencers as choice architects. Nudge is small feature or stimulus that attracts our attention and influences our decision-making. Nudging is done by a "Choice Architecture" which is a fancy term for anyone who influences the decision that an individual makes. Thaler explains this beautifully using the example of a college cafeteria - Someone has to arrange where to keep the salad, the coffee, the burgers and the dessert and that person is referred to as the choice architect because he/she can influence the students decision of what to eat by the way he arranges the food: so if you have to cross the salad bar everytime to get to the burgers, that increases the chance or probability that you are going to for a salad which is a healthier option. So in order to influence the student's decision of healthy food option, a gentle "Nudge" by the choice

architect (cafeteria manager) may promote healthy diet without limiting the student's choices or coercion or banning. Thaler and Sunstein defined their concept as:

*“A nudge is any aspect of the choice architecture that alters people's behavior in a predictable way without forbidding any options or significantly changing their economic incentives. Nudges are not mandates. Putting fruit at eye level counts as a nudge. Banning junk food does not”.*

In this form, drawing on behavioral economics, Nudge is more generally applied to influence behaviour. Nudge theory involves guiding people in a subtle manner towards what is the desired choice, rather than prescriptively declaring what the correct choice should be. Nudge has led to creation of the famous Behavioural Insights Team (popularly called “Nudge Unit”) by the Government of UK to improve the government policy and services in UK. And yes it is definitely gaining pace in the US since Cass Sunstein – American legal scholar once served in the White House Office of Information and Regulatory Affairs in the Obama administration from 2009 to 2012 (McSmith A, 2010).

### Interdisciplinary Context

Behavioural Economics is a domain of a much wider landscape of social sciences, including social and cognitive psychology. Neuroscience in tandem with Behavioural economics has engaged in promising research for better understanding of the human brain opening newer avenues. (Camerer, Loewenstein, & Prelec, 2005). It has been suggested that Behavioural Economics would benefit from connections with domains that involve greater human interaction, including but not limited to behavioral game theory and behavioral sciences, such as anthropology (Gintis, 2009).

Behavioural Economics has in the last few years been credited with providing newer innovative initiatives to public sectors for improving output in basic healthcare, pension and tax-related fields. The UK Government with its Behavioural Insight Team has been one of the first few to take a leap into citizenry behavioural pattern for solving its everyday pension and tax hassles. The UK Behavioural Insights Team identified several “Nudges” and saved millions of pounds in the process (Leicester et al, 2012). For example, a simple nudge like adding text in a reminder letter informing people who failed to pay their tax that most other citizens had already paid, increased the tax payment by over 5 percentage points (Voyer B, 2015)

## BEHAVIOURAL ECONOMICS, NUDGING AND MARKETING: INTERLINKING AND RELEVANCE

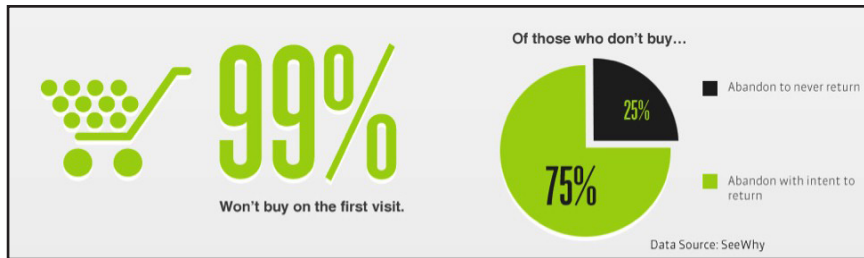
In this section, we discuss the implications that Nudge theory presents for customers of an organization and how an organization can potentially benefit from these small positive “Nudgings” to the customers. An illustrative approach with discussions within the context of the behavioral theory will help us understand this.

In “Nudge – Improving Decisions about Health, Wealth, and Happiness” (2008) Cass R. Sunstein and Richard Thaler propose to correct *cognitive biases* via *libertarian paternalism* (paternalism without coercion) by influencing *choice architect*. These three frequently used terms in both disciplines provide a strong interlink.

### Cognitive Bias

A cognitive bias is a tendency to think a certain way, even if it is not the most rational or logical way of thinking. It is a concept studied with immense interest in social and behavioural sciences and provides insights into deviation from rationality when making decisions. The following is a common relatable personal shopping experience of a consumer which highlights cognitive dissonance - You go shopping with your friend to buy a white T-shirt and select one when you spot a red T-shirt more attractive. You try it- Red is your colour and you look great in it. You know very well that you do need the white T-shirt with a new dress you recently bought and logically you should be buying it but the red looks so attractive. The salesgirl tells you that you look attractive and red is definitely your colour. You defy the logic for coming to the store exclusively for a white T-shirt and spend more money on the red one when in fact you have a closet full of different dresses and clothes in red. So cognitive biases are a reality for shoppers and represent deviation from rationality while making shopping decisions.

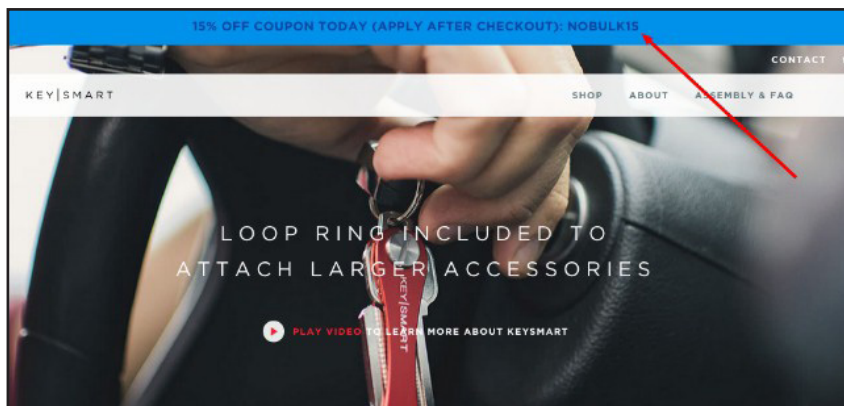
*Illustration 1:* Consider another online shopping scenario- E-tailer websites create an online experience to attract customers. The shopping experiences are guided, and always encourage visitors to add products to their wishlist/cart. Most customers do add to their carts but then as they head to checkout/billing, they hesitate, re-think and start questioning and re-evaluating their potential purchase: Cognitive dissonance starts to creep in and e-tailers commonly see a break in the experience from cart to checkout leading to the high levels of cart abandonment.



Source: SeeWhy: Real-time Behavioural Marketing Co.

**Fig. 1: Cart Abandonment Statistics**

As shown in Fig. 1, abandonment with intent to return (75%) customers poses a huge untapped market segment which is either evaluating options or is in some purchase dilemma. Think about this segment of people who need some motivation to push their carts to check-out. Innovative nudge marketing strategies could provide that much needed motivation. Nudging with reinforcement of benefits associated with the product may prove to be helpful. Given that most companies today are displaying all benefits associated somewhere on the webpage where the product is displayed but in spite of all availability, the customer still refrains from a purchase. If a company introduces a special clickable “Exclusive Benefit/Offer” button next to the product or a floating bar at the top (as illustrated in Fig. 2), at the time when an individual is browsing a particular product, displaying a special motivator as to why the purchase should be made; it may Nudge a non-decision maker into going ahead and purchasing.



Source: getkeysmart.com

**Fig. 2: Floating bar at the Top to Motivate Purchase Decision**

So why are such cognitive biases important for a marketer? This is because the more you understand the conundrums and inner depths of

the human mind, the better you can communicate to and persuade your customers. By just being aware of the cognitive biases in the minds of your customers and your online visitors, you can tap into huge new markets. (Mullin, 2017). Nudging your customer gently towards a choice without limiting his options, could well be the answer and help in increasing or retaining the customer base.

### **Libertarian Paternalism**

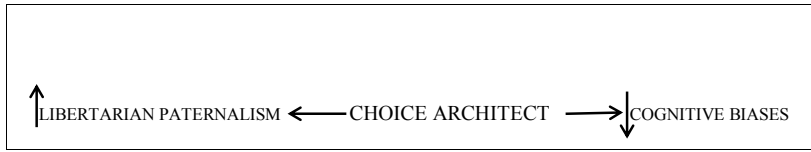
Libertarian paternalism is the idea that it is possible for institutions to affect behavior while also respecting the individual's freedom of choice. This idea of a 'gentle push', or 'Nudge', is based on libertarian paternalism, and favours positive small invitations for behavioural change, rather than the introduction of sanctions and constraints and sanctions to influence change in behaviour.

*Illustration 2:* Consider the following classical recant case example of Indian e-commerce market to better understand this – Amazon and Flipkart extensively promoted shopping from their mobile apps by giving 10% more discount on the mobile apps (positive invitation) as compared to desktop sites in order to promote a change towards mobile app shopping behaviour in 2015 and 2016. They did not stop or ban the desktop sites but simply nudged the customers over to mobile apps by a positive push (in this case the extra 10% discount) and in no way harmed the freedom of choice of its customers. However, the opposite of this libertarian paternalism was tried by Myntra at its peak in 2015 when they completely stopped the desktop sites in order to initiate a behaviour change towards moving consumer to their mobile app shopping (forced choice). This resulted in sales drop and within a year Myntra had to return to its desktop site along with its mobile app. Hence, to correct cognitive biases via libertarian paternalism (paternalism without coercion) is important and relevant for marketers to understand.

### **Choice Architecture**

Choice architecture is another frequently used term in Nudging. In Marketing, choice architect is the marketer himself because he/she can influence the purchase behaviour by simple architectural blocks like display settings, communication strategy etc. Fig. 3 depicts that a great marketer/choice architect would be one who can influence purchase decision by reducing the customer's cognitive biases and while maintaining his freedom of choice-libertarian paternalism.

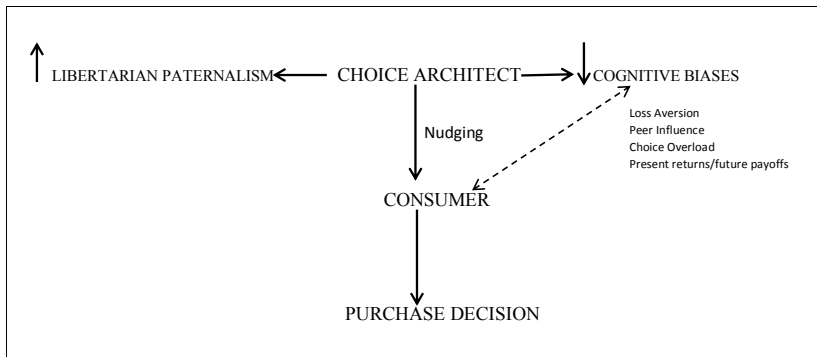




Source: Author’s Self conceptualization

**Fig. 3: Nudging Tools**

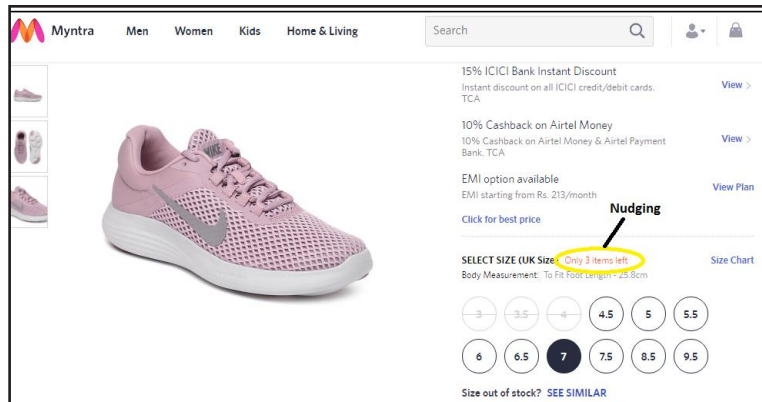
Most important to note is that Nudge is consumer-centric as is depicted in Figure 4 - It is basically an intervention which only influences the consumer without making any sort of change in the product itself.



Source: Author’s Conceptualization

**Fig. 4: Consumer-Centric Model Depicting Behavioural Economics and Marketing in Purchase Behaviour**

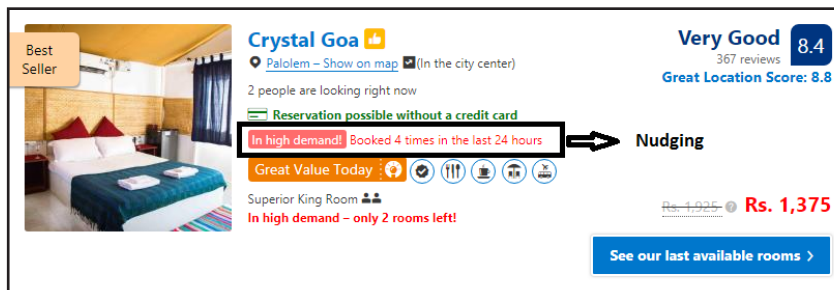
*Illustration 3:* In another case scenario, when searching for a new smartphone, the e-tailer tells me that 1589 people have viewed the same item or 1186 have purchased XYZ phone: I am being “nudged” and I may interpret this to mean that this is a hot-selling phone. Also when shopping on giant e-tailers like Flipkart or Amazon or Myntra for my favourite Nike shoes and on clicking upon the shoe, I get notified that last three pieces left in stock: I just got Nudged – nobody is forcing me to buy the shoe but the fact that only three are left in stock gets me thinking and chances are that I will add it to my shopping cart or buy it. Fig. 5 clearly illustrates Myntra utilizing nudging message displays on its website. How the choice architect decides to display a product or a message may have a high bearing on consumer purchase decision.



Source: Myntra.com

**Fig. 5: Nudging Techniques**

*Illustration 4:* Booking.com is known to be one of the most innovative companies with valuable lessons on high sales conversions.



Source: Booking.com

**Fig. 6: Nudging Techniques**

They display messages showing number of people who have viewed the property or those who have made a purchase as shown in Fig. 6. This helps the customer resolve his cognitive dilemmas because a lot of our purchase behaviour is motivated by what is in trend and what others are buying typically called the Bandwagon Effect. Various optimization techniques used for online sales conversions when coupled with messages for nudging your customer, will definitely reduce cognitive dilemmas and help in quick, informed decision-making and purchase by the customer.

So in this online era where the customer attention span is very short-lived and differentiating from competitors very difficult on aggregator e-tailers, gently nudging your customer may be a solution worth contemplation. It does not tweak your product, does not involve any extra

cost but should be motivating enough for the customer to act and make a purchase. Nudging being a relatively newer introduction in Behavioural Economics is yet to make a substantive change in marketing but it's a beginning which definitely looks promising. Therefore, the concepts of Behavioural Economics may give rise to a new era of "Nudge Marketing" in the vast sea of e-commerce.

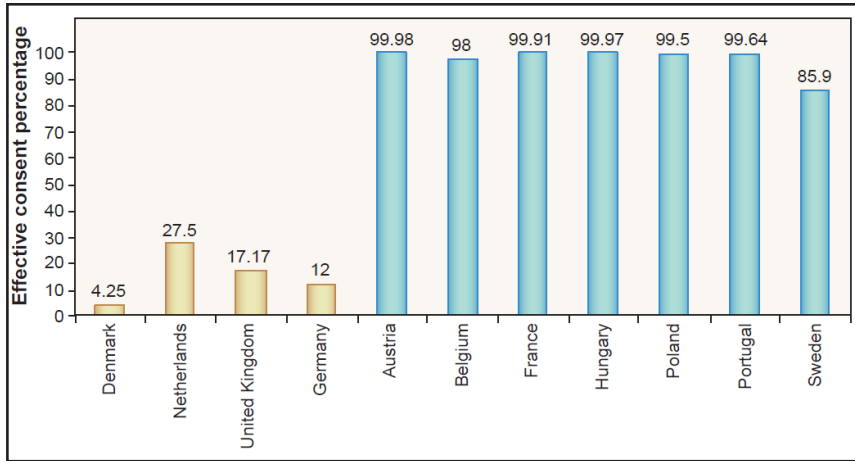
## NUDGING AND BEHAVIOURAL ECONOMICS IN PRACTICE: RETHINKING MARKETING INSIGHTS

Since Nudging and Behavioural Economics have been explained and interlinking with marketing established, we now discuss relevant literature from both streams and then critically evaluate the practical implications/methodological usage of Nudging and Behavioural Economics for insightful and innovative Marketing ideas and strategies. And while there are many principles and methodological uses, we will focus on those which have significant implications for marketing.

Nudging revolves around two major principles- first the biases an individual faces in decision-making and second is the influence from his social environment. These principles and related behavioural economics methodologies have been applied in interdisciplinary sciences and can be insightful for marketers for better understanding of consumer behaviour while designing business driving strategies:

*(a) Beliefs and choices made easier by Default Settings- Opt-in/Opt-out strategies:*

Johnson and Goldstein (2003) showed the importance of default options in healthcare (Opt-in vs Opt-out strategies). They found that organ donation was higher in countries where in the default settings of the form, the government had already included the citizen and he/she had to opt out from the donors' list in case they wished to be removed. Simply put these were countries in which every citizen was, by default, included on the organ donor's list. On the other hand, countries where citizens had to register/sign-up and opt in had lower levels of organ donors, because few people would spontaneously go and make an effort to opt-in.



Source: Johnson and Goldstein (2003)

**Fig. 7: Opt-in/Opt-out in Organ donation**

Fig. 7 shows how in Germany, which uses an opt-in system, only 12 percent gave their consent; in Austria, which uses opt-out, nearly 99 percent are organ donor (Thaler R., 2009).

This implies the commonly held notion that people prefer adhering to standard or existing norms and behaviour. Common inference is that a choice offered by default is likely to be a universal or preferred choice, and most people avoid disagreeing with universal norms. Finally and most importantly, defaults simplify individual thinking. So default settings help reduce the dilemmas that individuals face in decision-making. Defaults are just one of the many ways of nudging customers (Voyer B., 2015). Walt Disney World restaurants in an endeavor to promote healthier habits in children visiting its parks changed the default settings in kids' meals—wherein the default gave juice instead of soda and fruits and vegetables instead of French fries—leading to the consumption of 21% fewer calories and 44% less fat. Luxury auto makers such as Audi are known to undertake research and preselect the most popular color as the default in all their online auto presence and configurations (Goldstein et al, 2008).

It becomes imperative to draw light to the fact that some observers including those hailing for a call for transparency advocated in the House of Lords report in UK have argued that defaults are unethical because people are typically unaware that they are being nudged toward a decision. Lowenstein et al in 2015 have however undertaken a detailed study that includes decision-making regarding advanced medical alternatives in terminally-ill patients who were informed of the presence of default

options and then given an opportunity to change their decisions. Despite this disclosure the effect of the defaults persisted in the patients suggesting that the effectiveness of defaults may not depend on deceit or lack of transparency as advocated as a common concern. Steffel et al (2016) in their opt-in/opt-out series of 3,678 consumers noted that transparency and disclosure do not make defaults any less effective. In all their studies, the outcome was the same- people were more inclined to choose the default even after much rational and critical thinking or even when the default served the interest of the default-setter. This is because individual behaviour is influenced by the perceived behaviour of others (Hirshleifer D., 1995). So default setting is generally taken as a granted by most individuals and they chose to stay on without much critical analysis and it is safe to say that defaults act as a “Reference Point” for most people.

The booming online sector could well be the harbinger of the “Rise of Nudge Marketing in business” and has much to contemplate on its defaults by undertaking research and equipping its managerial taskforce to understand and focus on Nudges as a lens through which ethically sound and insightful marketing decisions can be better contemplated. At the same time organizations also have to ensure complete autonomy of the decision with the consumer himself.

*(b) Concious and non- Concious Choice Drivers of Dual-system model*

Dual-system models of the human mind include System 1 which is attributed as being automatic, fast, and non-conscious and System 2 which is more controlled, relatively slow in decision-making and more conscious than System 1 thinking. Behavioural economics studies on cognitive biases and heuristics are largely influenced by System 1 traits like inherent/automatic thoughts, intuitions or impressions (Kahneman, 2011). System 1 is generally an individual’s first response to most decisions in everyday life and is dominated by factors such as cognitive busyness, a positive state of mind or mood, distractions and time pressures while System 2 tends to be enhanced when the decision involves an important object or is of higher relevance which requires contemplation or sometimes simply when the decision maker is held accountable by others (Samson & Voyer, 2012). In his best-seller -Thinking Fast and Slow, author and Nobel Laureate Kahneman elaborated System 1 and System 2 thinking categorizing System 1 as more influential and guiding as also steering System 2 to a very large extent. If System 2 sees nothing wrong with System 1, then it will simply carry the information through. The result and what holds heightened importance for a marketer is that

System 1 is driving consumer decisions under most circumstances. When the customer is unable to make a decision with System 1, it is System 2 which comes into picture and the customer starts a detailed evaluation and checks alternatives before deciding whether to make the purchase or not. So a gentle Nudge to System 1 is desirable to avoid the consumer being lost in over-decisiveness and critical evaluation which may result in abandonment of purchase. It becomes imperative to state that “Nudge Marketing” needs to strongly focus on System 1 intuitiveness.

Shopping cart abandonment is starting to become a sore point for e-tailers. Abandonment in an ecommerce environment is simply used to describe a potential customer who visits the web page, browses the product, adds it to the cart/wishlist but exits the website and does not make any purchase during that session. According to Cho (2004) for every one completed online transaction, four transactions are abandoned. And while organizations are aware of this reality and various reasons have been cited over time ranging from- customer was simply browsing, price too high, customer wanted to purchase in-store, customer got a better deal on another website, shipping difficulties, technical issues etc. but no substantial answers have been found on how to tackle the issue. Innovative nudging strategies, as already discussed above in illustrations, to allow System 1 to make the purchase without the need for System 2 to get activated could be an answer towards solving this dilemma.

*(c) Designing Choice Architecture to reduce Cognitive Bias and Inertia*

Sometimes consumers, even the most loyal customers hesitate in decision-making: commonly called Inertia because the customer either just sticks to the rolling comfort zone or is simply taking time or putting off decision-making. Sometimes it even happens that things are in best interest of the customer but he/she is simply not making a decision. Nudging him gently by designing a choice architecture which may pull him out of this state of inertia could well be the answer to effectively addressing this situation.

Behavioural economics views economic decision-making as a jumble of various cognitive variables and suggests that consumers use various different heuristics to overcome their inner dilemmas or biases. These include educated guess, peer familiarity, product familiarity or simply institution among many others. Consumers generally rely on these mental short-cuts called Heuristics and make trade-offs when making everyday shopping decisions. In the event that customer is unable to resolve his dilemma using these mental short-cuts, it often results in non-purchase or “decision-avoidance”- inertia. Companies have to design solutions which

help overcome this customer inertia and indecisiveness. Choice architects need to focus on these three noteworthy common hurdles amongst many others when trying to overcome customer dilemmas:

- Choice overload: Consumers often freeze and completely zone out when too many options are presented simultaneously. Barry Schwartz in his book *Paradox of Choice* has stressed on how the proliferation of choice overwhelms consumers information processing abilities. This many a times prevents them from making smart decisions. While consumers love choices and plentiful alternatives, but in reality the need to select between endless options turns into a cognitive burden rather than a delightful experience. As a marketer and a choice architect it is necessary find a perfect balance and prevent choice overload.
- Customers often prefer present payouts rather than future rewards. If the rewards are too far in the future, the consumer may defer purchasing. This is commonly seen in cashback schemes: immediate cashbacks and coupon redemptions lead to quicker sales but coupon redemption spread over the next few shopping sprees may not yield desired results. Paytm has been steadily capturing market based on these short-term rewards and is giving tough competition to big-wigs like Samsung pay and Google Tez (The Economic Times, 2018).
- Peer influence and social norms are have been frequently used by behavioural economists for influencing behaviour. Nolan et al. (2008) carried out a study of 810 Californians on energy conservation based on one set of respondents being subjected to information highlighting regarding cost-saving/conservation and related benefits and another set of respondents were highlighted normative social behaviour of the neighbourhood household's energy consumption. Results showed that providing feedback to households about their energy consumption vis-a vis that of their neighbours was more effective at reducing energy consumption rather than persuading based on benefits. Peer influence in this social media dominated world can play a huge role in decisiveness.

Table 1 shows that as a choice architect why the marketer today needs to focus at designing communication strategies in such a way should pay more attention to behavioural concepts- nudging, choice architect and cognitive biases rather than pure supply-demand calculations.

**Table 1: Applying Behavioural Economics to Marketing: How and Why?**

<b>Behavioural Economics Concepts</b>	<b>Significance</b>	<b>Impact on consumer</b>	<b>Implication for Marketing</b>
Default Settings(Opt in /opt-out).	Choices made easier.	1. Simplify individual thinking. 2. Accepted as a universal norm.	Well-designed smart defaults benefit both consumer & organization by simplifying decision making, reducing risk, enhancing customer satisfaction and driving profitable purchases.
Dual System Model (System 1 and System 2).	System 1 thinking: automatic, fast, and non-conscious System 2 :controlled, relatively slow in decision-making and more conscious.	Consumers make system 1 decisions most of the day. System 1 says we buy more when we feel more When unable to reach a conclusion, system 2 gets activated.	“Nudge Marketing” needs to strongly focus on System 1 intuitiveness-gentle nudge to push towards decision-making. A stronger push will be needed in case consumer moves to and activates System 2 which is slightly more difficult to drive towards a purchase.
Cognitive Bias and Inertia.	Designing Choice Architecture.	Consumers rely on these mental short-cuts called Heuristics and make trade-offs when making everyday shopping decisions.	Reduce Cognitive biases and inertia by formulating market driving strategies focused on but not limiting to: Loss aversion, Choice Overload , Peer influence on social media.



## GUIDELINES FOR FUTURE

There are many more Behavioural Economics methodologies and practical applications which can be contemplated and have not been included in this paper. However, the scope of this perspective paper was to draw light to the fact that Behavioural Economics and Marketing can draw from each other and provide a thought process to marketers. Behavioral economics injects the standard marketing approach with insights from the past three decades of psychology, economics, and marketing research. It sheds new light on decision-making- why do people make the choices that they do? How is outcome affected if people are nudged towards a certain direction?

While nudging customers may prove to be useful for an enterprise but due stress has to be laid on ethics and there is a school of thought which sees this as a form of soft manipulation of the people for personal gains. This is perhaps where the role of a manager is extremely important to create a perfect balance where the customer autonomy is fully retained while nudging him towards a mutually beneficial pathway.

Social media and Nudge marketing needs to be explored in further detail. Most of the present day behavioural insights programs are policy design and governance motivated and are creating a significant impact. Insofar as Behavioural Economics and its application through “Nudging” can be harnessed to improve marketing insights and strategies, its advancement is encouraged to be explored.

## CONCLUSION

Nudge influences are easy to implement and cost-effective relative to traditional tools. The key is designing decisions in ways that nudge, but don't force, consumers to make a particular choice. From giving theoretical inputs to helping with choice architecture design, academics can help marketing management practitioners to improve practices and understand consumer behaviour better using behavioural sciences. By combining behavioral economics principles with customer-centered insights, companies can more effectively address and design for a variety of behavioral challenges.

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