The Inspiration
Goals

• To learn the basics of how people make decisions
• To learn how we impact those decisions
• To recognize the importance of being both ethical and intentional in how we present choices to our students
Learning Outcomes

• Develop a basic understanding of heuristics, cognitive bias, and choice architecture
• Identify ways cognitive bias impact daily decision making
• Utilize principles of choice architecture to enhance the decisions made by students
• Understand the ethical issues associated with choice architecture
APPROXIMATELY 6 ½ MILLION XBOX ONE CONSOLES WERE SOLD IN THE LAST HOLIDAY SEASON.

HOW MANY PLAYSTATION 4 CONSOLES WERE SOLD IN THE SAME TIME FRAME?
DID MAHATMA GHANDI DIE BEFORE OR AFTER AGE 100?
Jargon

• Heuristic
  – A shortcut or rule of thumb used to make a decision

• Cognitive Bias
  – a flaw in judgment which is caused by memory, social attribution, emotional response, and statistical errors
Anchoring

• A heuristic that involves using a number or value as a starting point, and then adjusting one's answer away from this anchor

• Did we fall victim to the anchoring heuristic?
JCPenney

NO EXCLUSIONS!
On all family apparel, shoes, accessories, jewelry & home

JCP cash!

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WEDNESDAY – SATURDAY, APRIL 20 – 23 ONLY!

*20, 15 or 10 savings valid for one-time use on a single purchase of $100, $75 or $50 or more respectively, excluding taxes and shipping charges. Wedneday, April 20 - Saturday, April 23, 2011. One coupon per customer, must be surrendered at time of purchase. Does not apply to: Sephora, Services, Service Plans, Gift Cards, current offers, prior purchases or in combination with other coupons. Discount applied to all qualifying items on promoted basis; any return will be given in the promoted amount. No Cash Value.

ASSOCIATE PROCEDURES: 1. Verify offer dates. 2. Verify minimum purchase amount. 3. Scan barcode. 4. Place coupon in media bag.

⇒ to save at jcp.com enter SPGFEVER when prompted at checkout or call 1.800.222.6161 and mention the code.

IN 2015
How We Think

Automatic
- Uncontrolled
- Effortless
- Associative
- Fast
- Unconscious

Reflective
- Controlled
- Deductive
- Slow
- Resource Demanding
- Follows Rules
COMMON HEURISTICS & COGNITIVE BIASES
Representativeness

• Placing something in a category because it has similarities to members of that category
• Essentially, stereotyping

• Example:
  – Assuming a student is a party animal because s/he lives on a floor with a high incidence of alcohol violations
Availability Bias

• Overestimating the likelihood of easily-memorable events

• Example:
  – Fear of flying on airplanes
  – Asthma vs Tornadoes
Status Quo Bias

• Aversion to change and aversion to investment of time
• More than just a habit

• Example:
  – The free trial / magazine subscription
  – The default effect
  – Why I still get Sears emails
Self-Serving Bias

• The tendency to take credit for successes but blame failures on external factors

• Example: Test questions that weren’t in the notes, bad professors, and the people who bring alcohol into my room
The Gambler’s Fallacy

• The misconception that chances are affected by past results

• Example:
  – I was just pulled over for a DUI last night. I probably won’t get pulled over tonight.
  – Sooner or later, I’ll win a raffle.
Default Effect

• The most frequently picked choice is “no choice.”

• Example:
  – “Send usage statistics to Google”
  – “Install Ask.com toolbar”
The act of designing a choice in a manner which encourages choice makers to select the most desirable choice.

CHOICE ARCHITECTURE
Stimulus Response Compatibility
The Cafeteria
ISU’s Campus

- Residence Hall
- Liquor Store
- Bar or Pub
Lake Shore Drive
Anti-Virus Software

Thank you for updating Ad-Aware Internet Security to version 9.5

Before you continue to download the new version of Ad-Aware did you consider upgrading to Ad-Aware PRO?

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<th>Feature</th>
<th>Ad-Aware FREE</th>
<th>Ad-Aware PRO $29.95</th>
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<td>Antivirus with anti-spyware</td>
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<tr>
<td>Essential online browsing protection</td>
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<td>Shop, bank and download safely</td>
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<td>Keep your sensitive information away from prying eyes</td>
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<td>Control your privacy</td>
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<td>Safeguard your secure documents</td>
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<td>Protection from deceptive applications and cyber attacks</td>
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[Update] [Upgrade]
Recycling
Principles

• N.U.D.G.E.S
  – iNcentives work
  – Understanding mappings
  – Defaults
  – Give feedback
  – Expect error
  – Structure complex choices
Words of Caution

• The Opportunity of Failure
• A Slippery Slope
  – When a nudge becomes a shove
• Evil or Unethical
  – The need for neutral choice architects
• Bad Nudges and Market Awareness
Other Things to Consider

• More options ≠ Better Architecture
• Correlation ≠ Causation
• Social Issues ≈ Motivation
• The 20 Second Rule
• Choice Makers are not Rational Thinkers
Student Affairs

- Course Selection
- Conduct Meetings
- Housing Selection
- Involvement & Leadership

- What are your thoughts on how this can be applied to our daily practice?
Who on our campus...

• ...designs the choices presented to faculty and staff?
• ...designs the choices presented to students?
• ...sets the defaults?
• ...decides what is “most desirable”? 
Discussion

• What happens when the most desirable option for the student is the least desirable option for the institution/department?

• Comcast contract
• Pop Up Video Ads
• Withdrawal Process
Highly Recommended Readings

- *Nudge*  
  - by Richard Thaler and Cass Sunstein  
  - The blog: nudges.org

- *Predictably Irrational*  
  - by Dan Ariely
QUESTIONS & DISCUSSION
THANK YOU!

Jamie Neville - jnevill@ilstu.edu