# Moduke 2: Frames

Frames are an important driver of our construction of reality and decisions. Sociologists define frames as "situational assemblages of material objects". Here, objects include everything from books, billboards, boulders, and buildings to human and nonhuman bodies, from vibrations, sounds, and conversations to sunlight and dirt—indeed, anything tangible. And as assemblages of these material objects, frames sit between the standpoints of a sender and receiver and refer to any perceptible medium that is the presentation of the object. These include arrangements of words on a page or people on a stage, the interior design of a classroom, color schemes used in billboards, musical compositions of national anthems, or arrangements of lighting and smells in a restaurant. What is important for us to know is that different frames for the same object lead to different perceptions of reality, and hence, evoke different responses and outcomes from people when they are exposed to them. That is, the same information can look and feel very different based on how its presented or "framed", thereby, leading to very different decisions. Let me take you through a few examples to illustrate the effect of framing on decision making.

Let's begin with a response to the following question.
Imagine that India is preparing for the outbreak of an unusual Asian disease that is expected to kill 600 people. There are two alternative programs that are being presented to you to combat the disease and deal with the problem. Scientific estimates of the consequences of these programs are as follows:

If Program A is adopted, 200 people will be saved. If Program B is adopted, there is a 1/3 probability that 600 people will be saved, and 2/3 probability that no people will be saved. The two options can be categorized as below.

| | Program B |
|---|---|
| **Program A**<br>Save 200 lives | 33% chance of saving all 600 people, 66% probability of saving nobody |

Which option would you choose? Let's dock your preference. Now consider the following variant of the same question.

Imagine that India is preparing for the outbreak of an unusual Asian disease that is expected to kill 600 people. There are two alternative programs that are being presented to you to combat the disease and deal with the problem. Scientific estimates of the consequences of these programs are as follows:

If Program C is adopted, 400 people will die. If Program D is adopted, there is a 1/3 probability that nobody will die, and 2/3 probability that 600 people will die. The two options can be categorized as below.

| | Program D |
|---|---|
| **Program C**<br>400 people will die | 33% chance that nobody will die, 66% chance that all 600 will die |

Which option would you choose? Again, let's dock your preference.
This was an experiment that Tversky and Kahneman conducted with students in Stanford and the University of British Columbia. I've contextualized it to the Indian context. If you chose like those students, you likely picked Program A in the first case and Program D in the second case.

You may also note that both programs contain the exact same information except that they are framed differently. The first question uses a survival format to present the dilemma and describe the two programs while the second question uses a mortality format to frame the same question and describe the programs. 72% of participants chose Program A, the more risk averse alternative, in response to the first question; only 28% chose Program B. However, in response to the second question, only 22% of respondents opted for Program C, which was the same risk-averse alternative as Program A while 78% picked Program D, the same risk-seeking alternative as Program B that was rejected by a majority in the first question.

Tversky and Kahneman present these results as a reflection of the general tendency of people to be risk-averse when exposed to a gains or survival format and risk-seeking when exposed to a losses or mortality format. And this shift is risk preferences or outcomes that we see in response to alternative descriptions of the problem is called a framing effect
.
Let's take another example. Say, you're about to purchase a carton of milk at your grocery store and you see the following two options. Which do you choose? Both cartons represent the exact same product and product information, that is, they both have identical fat content. Yet, if you are like the vast majority of people, you will pick the carton on the right from the aisle. Why? Because we tend to value options that are framed positively and the carton on the right does exactly this by focusing on how healthy its contents are – 80% fat free. Conversely, the container on the left highlights that the frozen yogurt "contains 20% fat," making it less appealing. There are many such examples from the fields of medicine, sports, and politics and similar results have been found across products, services, industries and cultures. There are obviously many implications for your business. The framing effect impacts consumer behavior and purchase intentions, a fact that is very relevant for the marketing function. Advertising for products and services are essentially framing problems, as can be seen with the yoghurt example. Price discount messages also have differential outcomes depending on how they are "framed". For example, research studies have found that for high-priced items, framing a discount in dollar terms was significantly more effective than expressing it as a percent off discount. Similarly, for consumer products amenable to stockpiling, volume discounting was more attractive than a monetary discount, that "buy x, get one free" was more effective than "y for the price of x".

Similarly, negotiations across functions must keep in mind that it is easier to reach agreement with individuals who believe that you will reduce their losses (or costs) than it is with individuals who think that you will increase their gains (or profits). Interactions with key stakeholders such as consumers and suppliers must be mindful that it is a good strategy to segregate gains and aggregate losses. For example, when making concessions, give them one at a time. So, if you're providing rebates on complementary products, feature them individually. But, if you're collecting separate monies from the same individual or firm, aggregate them. Two separate demands from local and national tax agencies that you owe them Rs. 5000 and Rs. 10,000 respectively will hurt more than a single letter from one of them stating that you owe them Rs. 15,000.

I hope you clearly understand now that our cognitive judgments or perceptions and ultimately, decisions are influenced by the way in which decision problems are framed. That is, the context or form in which information is delivered shapes our assumptions and perceptions about the information. This in turn leads us to reach conclusions about the information based on how such information is presented and not on the underlying information itself. Why do different frames lead to different decisions? This is because frames activate a network of schemas internalized by the person and evoke meanings for the situation that ultimately lead to a response. In the next module, we will discuss schemas and their role in cognitive judgment and decision making.