Choice Architecture Pitch

* Choices are good – but we’re not very good at making them
  + You made a choice to come listen to me
  + Choice is good, it’s an intrinsic motivator – people prefer to be in situations where they have the power to make a choice and the more choices the better.
  + Horizontal segmentation – lots of product varieties allow people to find the perfect one for them (e.g. Ragu varieties)
  + Problem is, we’re not very good at making choices
  + We’re not rational actors – Daniel Kahneman is a professor of psychology at Princeton who won a Nobel prize in 2002 for his work on the science of decision making. What he found was that people have two mental systems that drive the way we think: an intuitive system that quickly reacts to impressions and feelings and a rational system that promotes careful analysis and an understanding of context. When we don’t take both of these systems into account, we end up making bad choices – those driven by bias or over-calculation.
  + Good example of this: The Cheescake Factory. You might think that ordering from a restaurant menu would be a intuitive experience But the act of comparing multiple things against each other is a deeply rational process, especially when the number of options is large. The Cheesecake Factory currently has 323 separate menu items, many of which can be customized or combined in some way. So your decisions isn’t “Do I want the Kobe Burger or a Caesar Salad?” – it’s “Do I want the Caesar Salad or the Skinnylicous Caesar Salad?”. And, oh yeah, how many calories is that? And is the price something I can afford? Something that should be, quite-literally, a gut-level decision, can quickly become paralyzing. I have a relative with ADHD who refuses to eat at restaurants with large menus because they make her too anxious.
  + Another example: Online shopping. Searching for “Smart Phone” on Amazon returns 3.6 million results. “Smart Watch”, a much newer product category, brings back 87,000 results. That’s ridiculous. If you spent 1 second looking at each one of those, you’d be finished in just over 24 hours – one day, doing nothing but looking at smart watches.
* Recommender systems are one solution, but they’re flawed
  + Amazon’s answer to this, of course, is to recommend some choices for you. “You don't care about all 87,000 of these watches”, they say, “because we know you – you’ve generously put your entire life online and based on that data we think these dozen options are the best fit for **you**.”
  + Problems with recommendation systems
    - They rely on massive usage data about their customers to connect the dots, which new users or those from under-represented groups like the elderly may not have.
    - They know about my historical behavior but not what I want right now. You watch a weird movie on Netflix one time and then it wont let you hear the end of it
    - It’s not helping me make a choice – it’s making it for me. Thanks for picking out these dozen watches for me, Amazon, but what about the other 86,000? How do you know I’m not in the mood for one of those? I like making choices – let me choose!
  + We need a better system for making choices, one that combines modern data analysis tools with an understanding of human psychology.
    - Kahneman said that when people are confronted with complex decisions, they automatically try to answer an easier, seemingly-equivalent decision instead. He called this strategy a *heuristic*, and it's a key way that our two decisions systems work together.
* Adaptive heuristics helps users make their own decisions
  + *Adaptive heuristics* is a software architecture that uses information about how different options are related to help users make their own decisions