

NUDGE THEORY: WHAT, HOW, REALLY?

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WHAT IS NUDGE THEORY?



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WHAT IS NUDGE THEORY?

- A concept of :
 - behavioral Science & Psychology
 - Political Theory
 - Marketing Sales
- Won – Nobel Prize Economics 2017 Richard Thaler
- SIMPLE TERMS – A PUSH
- Considers How People Make decision and how others impact them

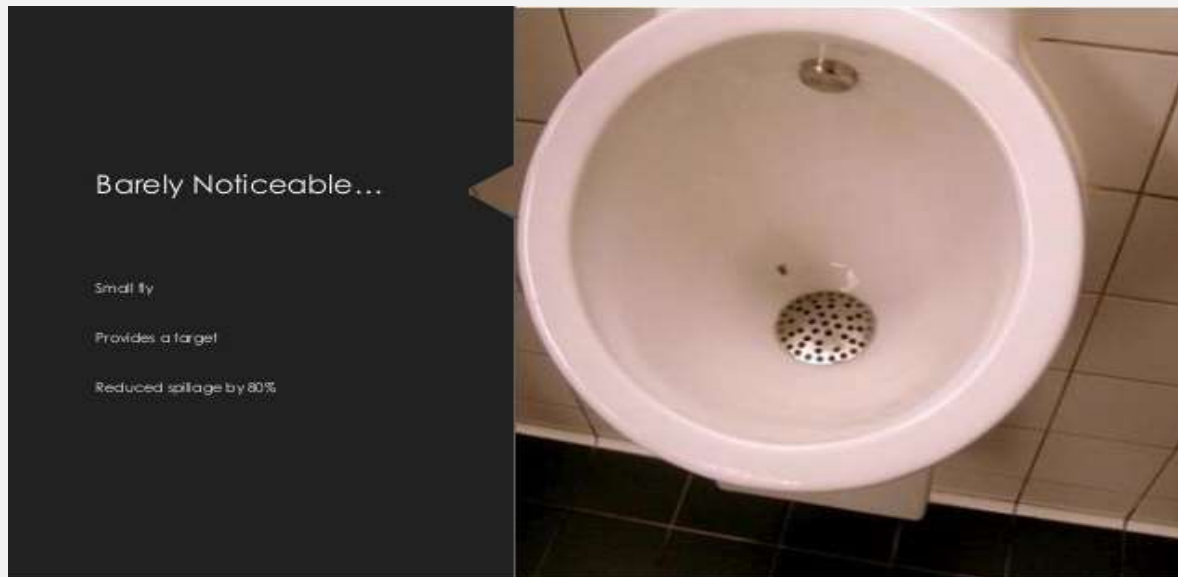


RELEVANCE IN TODAY'S SCIENTIFIC WORLD...IS IT?

- Humans are most rational when making purchase decisions
- Like comparing products, their price, features, offers etc...
- Searching for most economic benefit
- But we aren't rational, but just because we are nudged
- How? Promotion, Price, Place



FAMOUS NUDGE THEORY EXAMPLES- AMSTERDAM SCHIPHOL AIRPORT



Credit: Image www.nudge.org

FAMOUS NUDGE THEORY EXAMPLES @NUS SINGAPORE



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NUDGE THEORY WAY FORWARD

- Can be used for favorable actions without drastic intervention or penal action or outright bans in public policy
- Thaler and Sunstein in their book *Nudge: Improving Decisions about Health, Wealth and Happiness* has put it, **“Putting fruit at eye level counts as nudge. Banning junk food does not.”**
- Nudge Units @ UK, Germany, OECD, World Bank, UN

NUDGE THEORY – FUTURE OF TECH WORLD..?

- Micro Targeting – Pattern Recognition, Behavioral Clustering, Social Graphing, Predictive Analytics using Nudge Theory in real world for marketing
- Eg: Mobile Operator Customer Data:
- Recharge Behavior, Mobile Usage, Spend per day, Network Activity
- IOT Nudging “Nudge Theory” – Google Home, Amazon Echo, Smart Watches

WHY SHOULD I CARE?

- Inertia, lack of knowledge, or poor incentives lead us to select sub-optimal choices
- **Good Nudges:** Automatic enrolment of employees into pension schemes in the UK and the opt-out system for organ donation in Spain
- Better public healthcare, civic sense and social harmony.