

The trick that makes you overspend

<p>Notes & Cues:</p>	<p>Article:</p> <p>When you buy a cup of coffee, you might have noticed that of the three size options — small, medium and large — the medium-sized serving often costs almost as much as the large. Given the apparent bargain, have you ever opted for the biggest and most expensive option?</p> <p>If so, you have been nudged by a cognitive bias known as the “decoy effect”, in which the deliberate presentation of an additional, slightly less attractive option — in this case, the relatively expensive medium-sized coffee — pushes you to pay out more money than you would have rationally chosen.</p> <p>The decoy effect shows us just how easily our judgement is swayed by the context in which the facts are presented — even when that additional information may have no bearing on the overall judgement.</p> <p>By learning about the decoy effect, you may become less susceptible to this unconscious influence. You may even discover ways to put it to your own use as a tool for persuasion.</p> <p>If you are discussing travel plans with friends, for instance, and haven’t decided yet where to go, you might present two alternative arrangements at your city of choice, but one with a slightly more expensive hotel. Even if your friends might have otherwise selected a different location, the comparison might just prime them to opt for your preferred option.</p> <p>Just don’t be a victim of it yourself. Whether you are buying headphones or deciding on a retirement plan, deliberately ask whether you are really choosing the option you need or want, with the attributes you were originally seeking, or whether you were distracted by a deliberately unappealing alternative. Like an expert sniper trained to avoid false targets, you may find that your judgement suddenly becomes a lot more incisive.</p>
<p>Summary:</p>	