

BLACK AND/OR WHITE

OUR COGNITIVE BIASES DISCUSSED

1. Conformism, aka “if everyone is doing it, it must be right” (anchoring heuristic)



Many of us take up habits or decisions due to the social influence of those around us, or from social media. Our sense of individuality helps us find our unique taste in life, but often the lack of it leads to non-confrontational behaviour. As a result, we are unable to question the basis of society's choices and hence convince ourselves that the status quo is probably best for us. This status quo helps us fit in and makes us feel secure. This is exemplified in the following:-

- Marriage as a necessity
- Electing the wrong people because everyone else is doing it
- Corporate jobs that add very little value but are respected nonetheless
- Buying real estate without actual intent of using it wisely
- Religion and the role it plays

2. Transmission of COVID by flights (representativeness heuristic)

It's widely believed, and for good reason, that flights are a lethal carrier of the virus from place A to place B. While this made sense in the beginning of the pandemic, the days of flights being unsafe or primary agents for COVID



transmission are long gone.

The main difference between then and now is that when COVID was restricted to certain countries, flights were the obvious means of the virus getting carried from these places to other countries. However, after the figurative boundary between nations got breached and months thereafter COVID started spreading locally, flights are no longer a significant agent that can cause massive increase in cases, if any.

On the contrary, flights have one of the lowest rates of transmission. Every single staff member is extra careful and so are the passengers. The number of passengers and extent of sanitisation is also immense. International passengers are no longer the primary agents of transmission as the scope of the pandemic has widened way beyond. Arnold Barnett, from Massachusetts Institute of Technology, has quantified the odds of catching COVID from flights - it stands at a minuscule 1/4300, which is even lesser than going to our local grocery stores.

3. Comparative Pricing masked as discounts in retail (availability heuristic)

We have all been at a decision point where we want to buy a pair of jeans, and have to decide between the expensive swanky one, or the humble one which is almost as good but at half the price. Settling for the lack of stretch but saving the extra thousand rupees, many of us have chosen the latter in the belief that we found a great bargain.

We fell prey to a philosophy of pricing called comparative pricing, wherein comparable products are differentiated on the basis of price. One of them is significantly more expensive than the other, resulting in higher sale of the cheaper item. The profit margin is more or less covered with quantity, even though the quality of both items is distinct only marginally. By diverting the entire attention on the cheaper item, brands like Decathlon have established a presence of trust and affordability. The philosophy behind comparative pricing is based on creating an artificial gap in the value per unit money of two items.

Remarkably, it works both ways - low-spending customers readily go for the cheaper item, but deluxe customers go for the expensive item as they confuse price with quality.

