

Nudges – Marketing or Mind Control?

By Tom Wright

Introduction

Nudges are apparent throughout all aspects of life, acting as a hidden force and influencing a significant part of how we live our lives and make decisions every day; from which drink you choose to the way in which governments ensure people socially distance during a pandemic. Put simply, a nudge can be viewed as small deliberate actions made to intentionally influence an individual's decision-making process. An example of a nudge could be in the layout of a supermarket, depending on where items are placed in the shop changes people's perspective on them. For example, people will subconsciously associate the most prominent products as being 'better' when in reality there is no rational or logical reasoning for this, this assumption is known as a heuristic or a 'mental shortcut'. Heuristics are essential as they ease the cognitive load of making a decision. A nudge works by utilising these heuristics to lead a consumer to follow a desired outcome of a 'choice architect'. The choice architect is the individual who designs the nudge and the conditions under which an individual would make their decision. Companies who utilize nudge techniques to improve the sales of their products or services result in a 14% increase in customer retention. (Anna Güntner, 2019) It is clear nudges are a powerful and lucrative tool when used effectively, so it begs the question are nudges just an effective marketing technique or are they form of mind control.

To determine whether a nudge can be classified as a marketing technique or a form of mind control, we must first understand what key aspects define a nudge and then analyse to what extent this meets the criteria of a marketing technique or that of mind control. Richard Thaler, often seen as the founder of behavioural economics (The Big Short, 2016), alongside Cass Sunstein stated the definition of a nudge to be *"any aspect of the choice architecture that alters people's behaviour in a predictable way without forbidding any options or significantly changing their economic incentives"* (Thaler, 2009). There are two fundamental aspects here which define a nudge: 1) that it *"alters people's behaviour"*, 2) *"without forbidding any options"*. In order to identify whether a nudge can be considered either marketing or mind control, we need to understand exactly what aspects characterise each. According to the American Marketing Association, marketing can be defined as *"the activity of set institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large"* (AMA - Association, 2017) This definition infers that the key principles of marketing are that it is only an **offer** and must be **beneficial** to the customers. In contrast, mind control can be defined as *"systematically using unethically manipulative methods to persuade others to conform to the wishes of the manipulator"* (Definitions.net, 2020). We can deduce the key principles that underpin mind control are its **unethicity** and **manipulative** nature. In order to determine which classification a nudge more closely aligns to; I will evaluate to what extent the principles of a nudge are shared with that of marketing or mind control.

Offerings

The first key principle of marketing is that it must be an 'offering', so as long as the recipient ultimately reserves the right to choose either to accept or to reject what a company is offering, then a nudge will more closely fit the definition of marketing. By its nature a nudge must operate "*without forbidding any options*" (Thaler, 2009). In contrast mind control would suggest that the recipient of the nudge would be forced into making a certain decision. Take the status quo bias for example (Muthoo, 2020), such as in the UK pension scheme. Creating a pension is pre-selected, so an individual must actively decide against this if they would not like to make that decision, on an opt-out basis. This is classified as a nudge as it influences people's decisions while not preventing either option. It would suggest that a nudge could be seen as marketing as, whilst it encourages a certain action, it is still an offer and the recipient has not been forced into a predetermined decision.

In this example, if a nudge were to be seen as mind control, then the individual would be unable to opt-out and would be forced to join the pension scheme with no alternative. It would also directly conflict the philosophy of libertarian paternalism, which all nudges stem from. Formed by Thaler and Sunstein, the movement acts to prevent the negative growth of nudges into mind control, incorporating the two key aspects of a nudge. Firstly 'Libertarian', by always ensuring that the recipient never has their freedom of choice compromised (Harvard Library, 2014) and secondly 'Paternalism' meaning that the nudge must be beneficial to the recipient as they see fit. As this philosophy was formed by the same individuals responsible for the popularisation of nudges, their opinions can be deemed credible due to their deep understanding of the topic. To sacrifice one of these principles would mean that the action could no longer be considered a nudge. As long as a nudge upholds these principles then a nudge can only be deemed as a form of marketing.

Beneficial

The second key principle of marketing is that it must 'offer' something of value and to be 'beneficial' for the customer, which a nudge does. No matter what the circumstances are, the offer which is beneficial to the customer remains throughout. The customer will still be faced with the same decision whether there is a nudge with a motive behind it or not. A company can present the offer to the customer in whichever way they see fit, so long as it complies with the law, it becomes the customer's responsibility to make a decision whether to take up the offer or not. (Alemanno, 2014) Although nudges do influence decisions that the customers make the trade in itself is unchanged by a nudge and remains a beneficial offer and therefore continues to align more with the qualities of marketing as opposed to that of mind control which by its nature would likely be unfavourable to the customer.

In addition, companies are unable to remain neutral when making decisions that will affect customers, can they really be held accountable for prioritising personal gain over customer benefit? It becomes impossible for a choice architect within a company to remain completely neutral, so in many cases companies will nudge customers irrespective of their motives. Continuing from the above example of nudge in the layout of a supermarket, imagine you are the choice architect and you are faced with the decision of whether to place the unhealthy drinks at the front

which are more popular and will result in a greater number of sales, or placing the healthy drinks there promoting a healthier lifestyle to many customers. No matter what option you choose, one way or another you will be nudging the customers. It would seem if you were to randomize which drinks were shown first this would be completely neutral (Thaler, 2009). In one sense this is a neutral position but in terms of nudges it is not as you have made the decision to randomize which has resulted in some customers being nudged towards the healthy option in some stores and towards the unhealthy option in other stores, you are therefore not neutral as you are still nudging people in certain ways no matter if the motive was to be impartial. As it is impossible not to nudge then can companies realistically be called unethical for promoting sales that benefit them as opposed to choosing not to at a detriment to themselves. (Jespersen, 2017) By the fact that a nudge incorporates the beneficial trade aspects of marketing within it and that companies are unable not to nudge, it demonstrates that a nudge can only be classified as marketing.

Unethical

The qualities which underpin how a nudge works are intrinsically unethical, which would suggest that it is a form of mind control. Latest studies indicate that over 95% of decision making takes place in the subconscious mind. (Zaltman, 2003) This statistic is not surprising as so many of the repetitive tasks done every day are achieved while not needing to engage our conscious brain. For example, commuting to work or school begins to become 'second nature' or a reflex action and no longer requires a conscious input to guide decisions. This is useful but is also an inherent flaw within the human cognitive process. Nudges can only work when the decision is made subconsciously (Jespersen, 2017) where aspects of rationality are lost, and the brain is guided by heuristics over rational and logical thinking. It can then be deemed unethical to target this vulnerability in the operation of the human brain, utilizing an individual's own heuristics to further the economic growth of companies at a detriment to the consumer, demonstrating that nudging is morally wrong and unethical (Ewert, 2019).

The most significant investigations into mind control were conducted by the US during the cold war, which has widely been highlighted as unethical. Under the MK-Ultra top secret program the US covertly tested 'special interrogation' methods often involving high amounts of LSD to effectively force individuals to reveal secrets (Kinzer, 2019). Many individuals had their minds altered without giving permission, although there is no official documentation of this, it is believed that many were psychologically tortured and died as a result. In terms of the ethics between these actions and nudges, there are many key principles that overlap such as the fact that people had their behaviour altered and that they did not give permission for this to happen. However, the application of these principles are very different, and I am not suggesting that when companies nudge customers this has the same impact as the experiments that the US conducted, it definitely does not. Instead it highlights that there are clear links behind the principles that both are based on, utilizing the vulnerability within the human cognitive process to control the decision making process. (Campaign, 2004) Although it is true that companies cannot be deemed unethical for nudging based on the fact that it is impossible not to, it is also evident that the nudge, through the mechanism by which it works, is still inherently unethical and demonstrates it to be a form of mind control.

Manipulative

The final characteristic of a nudge by which it can be seen to resemble mind control is the inherently manipulative nature of not informing the recipient that their behaviour is being changed. The lack of transparency that underpins the key principle of a nudge can not only be seen as unethical but also deliberately manipulative, which are also common traits of mind control. (Engelen, 2015). An extreme version of a nudge could include the use of subliminal advertising which involves flashing images at recipients with the aim of making them do or think whatever has been suggested. Since 1958 this has been made illegal under UK legislation (Charles, 1958) *“No advertisement may use images of very brief duration, or any other technique which is likely to influence viewers, without their being fully aware of what has been done”*. (BCAP, 2002) However, despite being a law, studies have proven that it is ineffective at making individuals follow the desired outcome (BBC, 2015). At the height of the cold war and the rise in fear of psychological warfare it is more than likely that this acted simply to prevent social unrest rather than being a legitimate threat. It does indicate that individuals being unaware of their behaviour being altered was unacceptable and was seen as unjustly manipulative, because individuals were afraid of being controlled without knowing it. The deceptive nature of this nudge resembles that of mind control due to the hidden motives behind both.

In order to demonstrate the power of manipulation, an example popularized by Dan Ariely, highlights the pricing strategy techniques companies employ. A news company offers three purchasing options to read its articles: Internet subscription (£50), a paper subscription (£110), a paper and internet subscription (£110), all prices are yearly contracts. To most individuals this pricing strategy would seem odd because it means no one would buy a paper only subscription. This is true and it would seem on a superficial level not affect your decision-making process. But it does, the middle price option enables people to be drawn to the third. A fundamental part of the human brain is to judge things relative to their surroundings. By having the middle option alongside the first and third it will increase the sales of the third option by 260%, rather than only giving the first and third option. (Ariely, 2009) So, the middle ‘decoy’ may seem careless and almost a mistake, but it is secretly manipulating the decision-making process and preventing rational decisions of many individuals. This evidence demonstrates the extent to which a nudge can manipulate every decision you are faced with, without you even knowing it is happening. In a world where transparency within companies is becoming ever more important this degree of manipulation will surely be deemed mind control by many and can only bring widespread scepticism in the eyes of the public.

Conclusion

The significance and prevalence of nudges within our lives will only grow with time and the careful principles that govern a nudge will become more important in an increasingly complex world driven by technology. On balance, it is my opinion that a nudge is a legitimate form of marketing. The fact that nudges must only be an offer and the customer must always obtain the right to choose any option clearly indicates a principle underpinning marketing, whereas if it were to be mind control this principle would have been sacrificed. In addition, because of the second characteristic that nudges share with marketing, that of being a beneficial trade for the customer

stemming from the philosophy of paternalism, it indicates that the qualities which underpin nudges more closely resemble that of marketing. Although on many levels a nudge could be deemed mind control, due to the unethical nature of its use of weaknesses within the human cognitive system and its manipulative qualities of not informing the recipient of its motives. The fact that despite influencing decisions the individual can always choose freely, outweighs the unethical nature by which nudges work. Due to the fact that companies are intrinsically unable not to nudge and the lack of sinister motives the manipulative qualities of nudges are lessened. So as long as the freedom of choice is preserved and the nudge is beneficial then it must be seen as a legitimate marketing technique rather than subversive mind control.

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(Hansen, 2016) (George Loewenstein, 2015) (ACM Computing Surveys, 2017) (Ariely, 2008) (Prichard, 2018) (Trimarchi, 2015) (UK Gov, 2020) (Birch, n.d.) (ASA, 2020) (Business Balls, 2014) (Boissoneault, 2017) (UK Legislation, N/A) (Raihani, 2013) (Gray, 2019) (Charter, 2015) (Harford, 2019) (BI team, 2020) (Torgerson, 2012) (Wilson, 2017) (Wikipedia, 2020) (Sample, 2017) (Evans, 2006) (Weerd, 2019) (Leary, 2018) (OECD, 2015) (Raihani, 2013) (Baldwin, 2014) (Thaler, 2015) (Llewellyn, 2016)

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