

The best way to design nudges everyone loves

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So, you have recently learned about nudge theory and behavioural economics. You are amazed by the anatomy of the human brain and its processes during decision making. You would like to tap into that knowledge and make a lasting impact on your business based on behavioural economics. You can and you will. For you to design the best appropriate nudges that will give you the desired result here are some of the things you should keep in mind.

1. Understand what a nudge is. Know the difference between nudging and nagging

A nudge can bring you phenomenal results if implemented correctly. However, there is always a misconception of what constitutes a nudge. Experts seem to be divided on their view of some aspects of the nudge. For example, [Bill Schaninger of McKinsey](#), co-author of Beyond Performance 2.0 writes, 'A nudge is not a reminder to do something, nor is it a call to action.' Cass Sunstein, one of the highly esteemed thought leaders on the subject, right there at the top with Richard Thaler, in his book, Human Agency and behavioural economics, on page 1 writes:

"A reminder is a nudge; so is a warning. A GPS device nudges; a default rule nudges. Consider the automatic settings on your cell phone or your computer, which you are free to change. Disclosure of relevant information—for example, about the risks of smoking or the costs of borrowing—counts as a nudge. A recommendation is a nudge."

What nudging is?

Here are some notable definitions of what a nudge is:

"...subtle interventions that guide choices without restricting them – can be the key to opening up creativity, innovation and great performance levels to individuals and ultimately organizations."- [McKinsey](#)

"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. To count as a mere nudge, the intervention must be easy and cheap to avoid. Nudges are not mandates. Putting the fruit at eye level counts as a nudge. Banning junk food does not."- Thaler and Sunstein (2008, p. 6)

"to prod lightly: urge into action" - [Merriam-Webster Dictionary](#)

What nudging is not?

It is very important to note that nudges are made in such a way that they do not take away control or

agency from the people. A nudge is not intrusive. A nudge is not compulsory. A nudge can be ignored and have no negative implications on the individual ignoring. A nudge is not annoying. Nudge is not a profiteering mechanism, a nudge creates win-win outcomes for companies, employees, and customers. One example is a medical insurance company designing nudges to encourage customers to exercise and lead healthy lifestyles thereby reducing claims. The goal is to promote the option that you want users to take, not eliminate other options.

2. Define the goal for the nudge. Why are you nudging?

Overall organisational goals and ethical considerations drive the design of choice situations or nudge. Goals can vary in nature. It's always important to keep in mind what is the ultimate result being sought after. Here are some example goals:

- Increase sales
- Encourage Compliance
- Increase pledges or donations (crowdfunding, organ donation)
- Reduce insurance claims
- Reduce accidents in the workplace
- Increase employee engagement

Once the goal has been defined, it becomes easier to determine the type of choice to be designed. The type of choice determines the nudge to be used. This could be binary, discrete or continuous.

Types of choices:

- Subscribing to a newsletter is a binary choice-A simple yes/or agree/disagree
- Selecting between items is a discrete choice-Which brand of tinned beans to purchase-Rhodes/Cashel or Red Seal
- Donating monetary amount or giving to charity-you decide how much you want to give

3. Understand your customers or users

Remember people's decision making is susceptible to heuristics and biases. Study your customers. What is their goal? What do they want to achieve? Make an effort to appreciate their decision-making processes. What are the biases and heuristics that might influence their choice? One writer wrote a good nudge is one that is personal. The most excellent nudges are those that are tailored to their audience. Nudges that consider one's mindset and preferences, ensure the most desirable option for the organisation coincides with the most desirable option for the specific individual. One example is the recommendation algorithms which run on sites like Youtube. The site is to promote views and follows through content. Not just any content but the content that is relevant and means something to you specifically. This is the reason why when you log into certain websites with your account, your feed will be different from some else and the website might recommend different content for the two accounts based on your past interaction with the system, your behaviours and preferences. That level of understanding your users and customers is paramount is designing win-win nudges that people will love

and adore. Understanding the location, language and culture and age group form part of learning your customer to design effective nudges.

4. Test that nudge and make improvements

Work on alternative designs of the nudge. A/B testing and analysing the effects of each nudge is crucial to hitting a home run on the nudge. Find the nudge that works best for a given context and users. Remember if you implement a nudge successfully, you can increase conversions with nothing more than a gentle tweak and a soft touch. Go ahead and work on that nudge.

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