



DIGITAL NUDGES: HOW MUCH IS TOO MUCH?

Abstract

Are the choices we make today ours alone or have we been 'nudged' into making them? An image here, a word there, a suggestion somewhere else - all of which are trying to steer us towards the choices organisations want us to make. Dark nudges or sludges are the unavoidable negative aspect of the same principle when a nudge doesn't help individuals, but the bottom line of the organisation that's nudging.

Nudging was introduced in 2008 by Professor Cass Sunstein, Harvard University, and Professor Richard Thaler, University of Chicago. Sunstein said, "A nudge is an intervention that maintains freedom of choice but steers people in a particular direction." A nudge prompts us to pay attention to something that's in our best interests. In other words, nudges help people do something they are already keen to do but are unable to push themselves for. Examples of this include the nudge you receive to pay your electricity bill before the due date or the nudges to stop smoking or exercising more.

Many organisations have behavioural science teams called nudge units to

manage such nudging programs. To ensure preferred outcomes, the 'Choice Architecture' is created; in this, choices are presented to consumers in planned ways. Such nudges are used to influence consumer choices.

A good example is Google's efforts to improve employee eating habits. Google's 'free food' policy made it difficult for employees to make healthy choices. Google adopted certain nudges and reshaped the choice architecture for its employees. Sweet-snacking dropped by 9% when sweet-containers became opaque, and calorie intake dropped by 7% when salads and sugar-free drinks were placed more visibly. Google's simple

nudges were based on the idea that people make choices based on the order in which the choices are presented.

Nudging is not only about individuals; it could also be used to influence other causes too. You may be nudged to make a climate-change choice. Electric vehicle tax benefits are an example. Such a nudge is aimed at protecting the environment. Another well-known nudge is the subway experiment in Stockholm, where the subway staircase was transformed into working piano keys. Subway customers immediately ditched the elevator and began using the stairs while making music. This was a nudge to boost healthy behaviour.

What is sludge?

Most organisations that implement nudges do so with good intentions. However, nudging can be a powerful tool, and it is easy to design nudges that trigger unconscious biases. Such nudges reduce consumer trust.

As per Thaler and Sunstein, good nudges should be transparent, something that a user can easily opt out of, and most

importantly, should be in the best interests of the nudged. A nudge that does not fulfil these three defining characteristics is a dark nudge, or a 'sludge'.

When you book a flight, you are nudged to buy flight insurance with trigger words like 'recommended', and 'xyz number of people protected'. However, this product is rarely required. The cost is usually very

high, airline conditions are opaque, and the activation rate is low. It's clearly a sludge.

Another example is a subscription trap. Individuals are tempted with 'free trial for a month' and before long, they get trapped in a paid subscription because they forgot to cancel before the due date. Trying to cancel such a subscription is usually a painful process.

How to tell if a nudge is a sludge

You can decide whether a nudge could be a sludge by answering these two questions:

- Will the nudge help people lead healthier/improved lives, and spend wisely?

- Will it contribute to the well-being of the individual, the environment, or the society at large?

In addition, nudges favour the individual as well as the organisation. If it favours only the organisation, it's a sludge.

As an example, Uber drivers are shown

their next possible fare before their current ride is over. This incentivises the drivers to continue driving beyond their normal hours. According to Uber, the driver has a choice to refuse at any time. However, by using nudge techniques based on behavioural science, Uber successfully pushes their employees to work more.

Nudge marketing

Nudge concept when used in digital marketing is called nudge marketing. It is used to influence customer decisions indirectly through suggestions and other

triggers, either to steer customers towards choices the marketer believes is good for them, or to increase sales. It is based on the principle that customers are largely unsure,

so marketers should impose choices in subtle ways.

What are dark patterns?

Sludges form dark patterns, which essentially nudge customers into making bad choices, or choices that may not actively harm them but benefit only the nudging organisation. Clearly, sludge designing requires quite a bit of creativity, aptly called dark creativity.

A cleverly designed dark nudge is the 'accept all cookies' box that we see in many websites. Very few users explore the options offered, one of which is to ignore all cookies. Most would accept all cookies just to save time.

Using social proof and scarcity to nudge consumers

Social proof is a nudge liberally used by digital marketers. Marketers know that customers are naturally interested in the product reviews and testimonials by other customers. It helps people make better purchase decisions. It is also true that marketers sometimes nudge customers with random numbers to influence sales. A product may have a blurb saying X number of people bought the product recently, or Y number of people were happy with it. A

little investigation might show that these are not real but random numbers picked by a well-designed marketing program running in the background.

Scarcity is another nudging tool used frequently. By announcing that a product is almost sold out creates an urgency around it. A customer is very likely to grab the product, or something similar, from the same seller.

How to design effective nudges in an organisation

Poorly planned nudges could ruin an organisation's reputation and credibility. To develop helpful and useful nudges, organisations need trained and experienced people. Effective nudges

help organisations connect better with customers and become sentient, making every interaction value-adding, while simultaneously eliminating non-value-adding interactions.*

How to navigate sludges

This depends on which side of the fence you are on. A behavioural scientist could do a behavioural audit and remove sludges. Customers could exercise self-control and realise that every organisation

is not trying to better their lives; hence, they should recognize and avoid sludges. An organisation will perhaps continue designing sludges if they see only gains, or until one backfires.

* For organizations on the digital transformation journey, agility is key in responding to a rapidly changing technology and business landscape. Now more than ever, it is crucial to deliver and exceed on organizational expectations with a robust digital mindset backed by innovation. Enabling businesses to sense, learn, respond, and evolve like a living organism, will be imperative for business excellence going forward. A comprehensive, yet modular suite of services is doing exactly that. Equipping organizations with intuitive decision-making automatically at scale, actionable insights based on real-time solutions, anytime/anywhere experience, and in-depth data visibility across functions leading to hyper-productivity, Live Enterprise is building connected organizations that are innovating collaboratively for the future.



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