



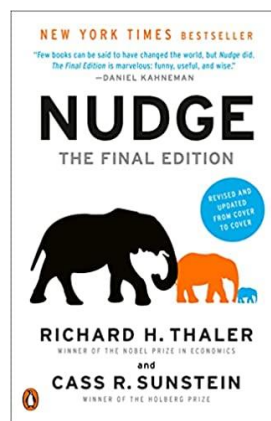
## Behavioural science bestseller 'Nudge' rewritten and why sludge now matters

Rarely have books changed the world. But Nudge, with over 2 million copies sold worldwide, can confidently be counted among these book unicorns. The term Nudge as well as the verb nudging have entered the vocabulary of managers, politicians and behavioral scientists worldwide. There are over 200 Nudge units in governments alone worldwide. So politicians have understood that you really need to be fit in behavioral science. Obama was a big fan, also the British, French and Mrs Merkel, although in my view she perhaps focused too much on nudging and not enough on shaping.

Just to remind you, nudging is the popularized term for choice architecture, the purposeful design of choice to help us make better choices for ourselves, our families, and our society.

The author, Richard Thaler, a professor of behavioral science and economics at the University of Chicago, won the 2017 Nobel Prize in Economics for his contributions to behavioral economics. His coauthor, Cass Sunstein, is a professor at Harvard Law School and has assisted recent US administrations in implementing behavioral science-based executive orders, currently under Biden at the Department of Homeland Security. Sunstein is also coauthor with Kahneman in the recent bestseller 'Noise', see BrainCandy 68.

Big brains at work. Both authors have completely revised the book Nudge. And it is probably mainly thanks to Thaler that the book is very entertaining to read. Very much in the spirit of nudging, which is supposed to make things easy.



I'm picking up a few themes here that I hope will make you want to enjoy the book.

There are a few new topics, such as 'Smart Disclosure'. By this, the authors mean that the legislator not only decides what information buyers should receive from the seller, but also that this information must be available in a modern, machine-readable form. Today, such information is still often hidden in the small print and thus prevents the hoped-for benefit. Just imagine you want to compare mobile phone contracts to find the best tariff for you. Despite comparison portals, you should currently only gain a headache, but no decision-making certainty.



A central theme of the new issue is consequently 'sludge'. By this 'sludge', the authors mean all the factors that make it difficult for people to actually decide for the good cause in a Choice Architecture without effort.

The authors' mantra: Make it easy for us! If you want people to get vaccinated, make it as easy as possible for them. Even in Germany, we now know that in many individual contexts it is not possible to get a vaccination without effort. You might think that these are surmountable barriers, but that also means forgetting that we are talking about expected human behaviour, and that not everyone wants to make the same effort to get vaccinated. It's not for nothing that rural Bavaria has a worse vaccination rate. Or remember that most people never change their checking bank account, even if they are actually unhappy. Too much sludge, way too much hassle in our minds. Changing standing orders, changing direct debits. Refile account details in apps. Sludge, tough sludge.

Of course, sludge can be used deliberately if you want to reduce certain behavior. Just as Trump has tried to impede voting in critical areas by banning absentee ballots, spreading polling places thin, and subsequent long lines outside polling places keeping voters from going to the polls. Thaler said in an interview, "A little bit hard can be a big barrier for behavior." Sludge was also felt in Germany when applying for state Corona aid presented high barriers that overwhelmed many smaller business owners. And then the state was not even able to pay out the benefits in a timely manner.

Isn't nudging also manipulation? In Thaler's view, this is not the case if it is applied correctly. The idea is not to hide things, for example in the small print, but to draw attention to the decision to be made - and with as little sludge as possible in the process.

So like you have to pass the salad bar in the canteen before you can reach for the juicy hamburger. A nudge in Thaler's sense also contains no additional incentive for the choice decision. All nudges would therefore simply bounce off a homo economicus. But we know that this being, so popular in business economics for a long time, does not exist.

The authors also specifically address organ donation once again. In the first book it came across that they propagated the default solution. That you are automatically an organ donor as long as you don't actively exclude it, like in Austria. With topics of this importance, however, one should by no means use a generally assumed consent of the population. There are more socially acceptable forms of nudges to significantly increase the willingness to donate organs.

How effective are nudges?



Thaler sees a wide range in current publications.



Sometimes people talk about two to three percent improvement, but other studies, especially in the area of financial retirement planning, show much larger effects.

His most important insight in recent years: You have to test everything, because even with his knowledge you can't judge every planned nudge in advance. And a major reason for low effectiveness of political nudging is that nudge units are often only allowed to implement the communicative nudges, but have no influence on the concrete sludge-free design of the Choice Architecture. We all know, I think, how weakly we let nudges on social media or in our email inboxes drive us into action. A good Choice Architecture needs to be implemented as efficiently as possible, otherwise it won't work.

For all their love of nudging, the authors have a clear appeal to policymakers: nudges make a contribution to better decisions by individuals in almost all contexts. But nudges are rarely the best means to solve big problems.

There is a separate chapter on climate protection: Saving the planet. Nudges can help save a few percent more energy. But for a big effect, policy makers need to act. As a behavioral scientist, Thaler knows that most people will behave selfishly - as long as you let them. In other words, they will not take responsibility for their CO2 contribution. As an economist, he sees the most important means as the pricing of CO2 at home - and import taxes on goods from countries without comparable CO2 pricing. He is sure that almost all economists worldwide share this view.

The authors also address the pandemic and here the vaccination rate. America has reached a status where nudges will not be sufficient to further increase vaccination rates.

Here, politics must solve the problem by means of guidelines. Just as Austria's drastic 2G (vaccinated or recovered) regulation led to a sharp increase in vaccinations. Media coined the terms Schnitzel-Lockdown or Schnitzel-Panic.

If politics is too weak, then public organizations have to step in. As an example, Thaler cites his University of Chicago's decision not to allow the unvaccinated on campus. "Unvaccinated students don't have to study at Chicago University, they have the choice to transfer to universities that haven't put up such barriers." Politicians in Germany are also shying away from mandatory vaccinations. Nudges, however, are no longer at the core of the discussion. But partial lockdowns for the unvaccinated are. It will be interesting to see how this develops. Pressure often creates counterpressure.

Thaler also points out the Smart Disclosure issue in connection with vaccination certificates. For him, it is an absurdity that the vaccination certificate is still carried out in America in paper form and the most diverse electronic solutions depending on the state. This reminds one of Germany, where falsifying vaccination certificates is not even a crime. I hope I'm not giving anyone any ideas here.

For anyone who wants to help improve human behavior, I recommend reading this entertaining book. It's worth it. For yourself - and for the people you want to help make better decisions.



## Book recommendations

By Ralph Ohnemus:

**Brand experience.** The strategy in hypercompetition and information tsunami [> order here](#)

**Brand Astonishment.** Winning in the information tsunami [> order here](#)



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