

71. Nudging

Definition of the Term

“Nudging” is a form of choice architecture and belongs to behavioral economics (Szasz et al., 2018). It describes a mostly subtle way of persuading someone to do or refrain from doing something specific. Here, a subliminal tactic, including so-called nudges, is being used (Thaler & Sunstein, 2008). These positive incentives change the environment in which decisions are made and herewith influence or direct someone’s behavior without compulsion. Nudging can take various forms, such as pre-settings and standards (defaults) as well as product information or product presentations. The main aim is to help individuals and groups to make beneficial decisions for society and themselves. The underlying mechanism is making a certain behavior seem more attractive or visible. However, most of the time the persuasion happens subconsciously without the targeted person or group being aware of the reason for the specific resulting behavior.

Key Findings and Insights

According to the current state of the art, nudging the behavior of consumers comes with great advantages. Owing to the voluntary nature of nudges, the method promises great potential since it nudges behavior rather than prescribes it. Often, nudging is even fun for consumers, for example by using gamification approaches. This tactic allows the presentation of the advantages of a product in a playful way instead of using drastic advertising messages. Furthermore, choice architecture interventions such as nudges are generally inexpensive and easily implementable.

Nudges are used in a variety of different areas. As well as public health, transport, and financial decision-making, nudges are commonly used in marketing, where they are perceived as a recommendation or decision-making aid. Especially regarding sustainability, nudges have been at the center of discussions and are still widely applied (so-called “green nudges”). An example of nudging sustainable consumer behavior is the placement of footprints on the floor that directly lead to the next recycling bin to be used.

The literature offers a variety of different types of nudges that succeed in changing behavior in a wide range of domains. Commonly used ones are the following:

1. *Change of default option*: By adjusting the favored choice to be the default option, the alternative options become less likely, since they would need to be actively chosen. For example, instead of automatically printing a receipt at a check-out, the default option could be changed to “no receipt”, aiming to reduce paper waste.
2. *Pledges*: By using pledges, commitment to a certain behavior can be facilitated. For example, the distribution of sustainability pledges to hotel guests willing to act sustainably during their stay can foster energy savings.
3. *Social norms*: The provision of social reference points can facilitate behavior aligning with the norm. For example, informing restaurant guests about the healthy meal choices of other guests can influence them to make healthier food choices as well.
4. *Reminders*: Providing reminders can prevent unwanted behavior simply out of obliviousness, and foster a certain favored behavior. For example, the provision of a sound signal after the fridge door had been open for longer than a certain period can foster energy-saving behavior.

Although nudging has gained widespread popularity, the effect sizes of nudges vary significantly across academic studies. Hummel and Maedche (2019) found that only 62 percent of applications of nudges are statistically significant. Additionally, the effectiveness of the treatment depends on the nudge used. While defaults show high effectiveness, precommitments, such as pledges, are least effective.

Furthermore, nudges can also backfire. One particular nudge can have multiple effects that may depend on the characteristics of the decision-maker. Costa and Kahn (2013) found that informing households about their relative energy use led to an average 2 percent decrease in energy usage, but the change depended on the household’s political affiliation. While liberal households reduced their consumption, Republicans increased theirs. Overall, personal preference seems to play a crucial role in whether nudges work or not. De Ridder et al. (2022) found that not

everyone is “nudgeable”, meaning that people cannot be nudged into something they don’t want.

Outlook

While there’s a great amount of research on nudges already published, the literature to date still offers potential future research avenues. One interesting area addresses the underlying mechanism of nudges helping individuals to transfer developed habits into long-lasting changes in behavior. While nudges seem to work in the specific situation they had been applied to, it is still unknown if and how they can promote habit formation. In this connection, it also remains unknown whether nudges can cause non-targeted outcomes or include spillover effects onto other domains. Furthermore, nudges are often applied together with other interventions. Further research would be needed, however, to provide guidance as to the optimal combination of the different possibilities.

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Related Terms

Choice architecture
Ethical consumption
Green consumerism

Other References/Further Recommended Literature

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