



Heuristics _ Exercises

Exercise 1

You are a manager of a public institution who needs to present an energy saving campaign, consider that you have two ways to present it and convince your fellow citizens:

1. By using energy saving measures you will save around 350 euros per year
2. Not using any energy saving measures will make you lose around 350 euros per year

Which one to choose?

Considering the cognitive bias called "framing effect", formulating the information campaign by highlighting the losses (2) turns out to be much more effective than case 1. The creator of the choices, in this case a public body, could prefer option 2 to push private individuals to join the campaign.

The framing effect is a cognitive bias: the way information is structured and presented can significantly influence people's decisions. For example, presenting options from the perspective of gains or, conversely, losses can influence people's perception and preference. Highlighting the positive aspects of an option, rather than the negative ones, can influence people's decisions. The framing effect, therefore, can be used strategically to guide people towards the most advantageous choices

Simplicity and clarity: Choice architecture emphasizes the importance of making options easily understandable, associating choices with outcomes or translating numerical data into units of actual use. Reducing the complexity of options, and sometimes even reducing the number of options available, can help people make more informed decisions. Providing clear information, presenting options in an intuitive visual way or simplifying the steps needed to make a choice can improve the approach to decisions.

Exercise 2

You go to the supermarket...you know a product, you feel good about it. A new one is on display today, **which one do you choose?**

The majority choose the known one.

Ambiguity aversion is a heuristic that explains that you are less likely to choose an object you don't know. Marketing teams combat this by working to become familiar with their customers. This could include engaging the social media team in a more empathetic or conversational way, or using technologies such as chatbots to demonstrate that there is always someone available to help.



Making the company more accessible helps the customer feel like they know the brand personally, which reduces ambiguity aversion.

Effective marketing does so much for a business: it attracts new customers, makes a brand a household name, and converts interest into sales, to name a few. One way marketing teams are able to accomplish this is by applying heuristics.

Exercise 3

Is the CEO of a startup aware of his own representativeness bias towards investors if he always looks for the person in the room with the elegant suit or the luxurious car?

If he has become aware of his prejudice, after years in the field, he knows logically that this is not always true: many of the investors show up in shorts and sandals. Now, because they are aware of their own biases, they can integrate them into their investment strategy. Instead of only attending expensive, luxury events, they also attend conferences with like-minded people and network among peers. This approach can lead to a greater diversity of investors and more potential opportunities.

Other examples of heuristics:

Expert heuristic: an expert says it, so it will be true

Trustworthiness heuristic: A trustworthy person says it, so it will be true

Attraction heuristic: a physically attractive or nice person says it, so it's good to believe it

Length heuristic: Long speeches are serious

Heuristics of scientific appearance: if it reports data, statistics, it is a valid argument

Price heuristic: If it costs a lot, it's good

Scarcity heuristic: If it's rare, it's worth more.

