Behavioral Economics Cheat Sheet

Limited Attention

The world is busy and overloaded. To change behavior you need to make sure people are paying attention to you.

Are people paying attention?

Do people remember what they're supposed to remember?

IF NO: **Availability Bias, Memory**

Remind them: "Just in time" reminders, Rules of thumb

Do people see what they're supposed to do?

IF NO: **Saliency Bias**

Make them see it: Make your choice bigger and bolder

Do people want to see it?

IF NO: **Information Aversion**

Deadlines + Scarcity: Move it to the top of the priority list

Friction

The world is busy and overloaded. To change behavior you may need to simplify the experience

Are people overloaded or confused?

Is the best option clear?

IF NO: **Cognitive Overload, Choice Overload**

Help people identify the best option: Reduce/Remove Choice, Defaults, Social Proof, Relativity, Choice Framing

Is there a low perception of effort?

IF NO: **Procrastination**

Make the ask feel easier: Reduce logistical friction/steps, Pre-populate, Show progress, Streamline, Just ask, Active choice

Present Bias

The world is tempting. To change behavior we need to compete with the NOW.

Are people motivated to take action NOW?

Do people receive an immediate benefit?

IF NO: **Present Bias**

Reward substitution: Add a short-term benefit that is Immediate, Concrete, Hedonic, and/or Emotional

Is there a sense of urgency to act now?

IF NO: **Procrastination**

Increase sense of urgency: Deadlines and scarcity: Loss Aversion, Simplify

Are people motivated, but not following through?

IF NO: **Intention-Action Gap**

Help people control temptations: Pre-commitment, Implementation Intentions, Goal gradient

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Norms

The world gives us cues how to act. We take shortcuts and use social cues to drive our behavior.

What are others doing?

Do people see what the majority of others are actually doing?

IF NO: **Empirical Social Norm**

Highlight what people are doing: Social proof like "most popular" or number of downloads



Are others implying what is 'right'?

IF NO: **Prescriptive Social Norm**

Convey the "appropriate" behavior: Defaults, Trusted messenger, Reciprocity, Testimonials, Social Proof



Status Quo Bias

It takes effort and time to change what we are doing to something new

Do people prefer the current state of affairs?

Are there potential losses from moving from the status quo?

IF NO: **Loss Aversion, Regret Aversion, Endowment Effect, Sunk Costs, Confirmation Bias**

Make the alternative more appealing: Financial incentives, Non-financial incentives, Social Norms



Do people realize the opportunity cost of staying in status quo?

IF NO: **Opportunity Cost Neglect**

Make opportunity costs salient: Regret Aversion, Choice Framing, Scarcity



Is it easy for people to switch?

IF NO: **Friction**

Reduce switching costs: Habit discontinuity hypothesis, Streamline & reduce logistical frictions



Mental Models

Our preconceptions for how something works (our understanding of the world) can bias our actions and social behaviors.

What are people's pre-existing attitudes and beliefs?

Do people have prior expectations for price, service, etc.?

IF YES: **Reference Points, Anchoring, Heuristics**

Show advantage: Discounts, Benefits, Display effort
Change the reference/heuristic: Place yourself in a "new" category, shape heuristics in onboarding



Do people see the product or service as trustworthy?

IF NO: **Distrust**

Build trust: Transparency, Benevolence, Human presence, Social proof, Guarantees



Do people self-identify with the action, product, or benefit?

IF NO: **Identity Bias, Low Confidence**

Align action with identity and values: Emphasize identity, Positive reinforcement, Remove non-aligned benefits



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