



15

lessons from

**Behavioural
economics**

by [@tjalve](#) - corporate accelerator [@boardofinno](#)

Within our team @boardofinno,

**we give short presentations to each other,
to learn more, to get inspired, to be amazed,...**

The following deck was used by @tjalve in our
internal #teachme session.

In this deck:



The basics

*of behavioural
economics*



15 lessons

*to use in your
next project!*

A black and white photograph of three men wearing traditional, ornate hats with fur and leather straps. They are all smiling and eating small, round food items. The man on the left is laughing, the man in the middle has his eyes closed in enjoyment, and the man on the right is looking towards the other two. The background is dark with some festive lights.

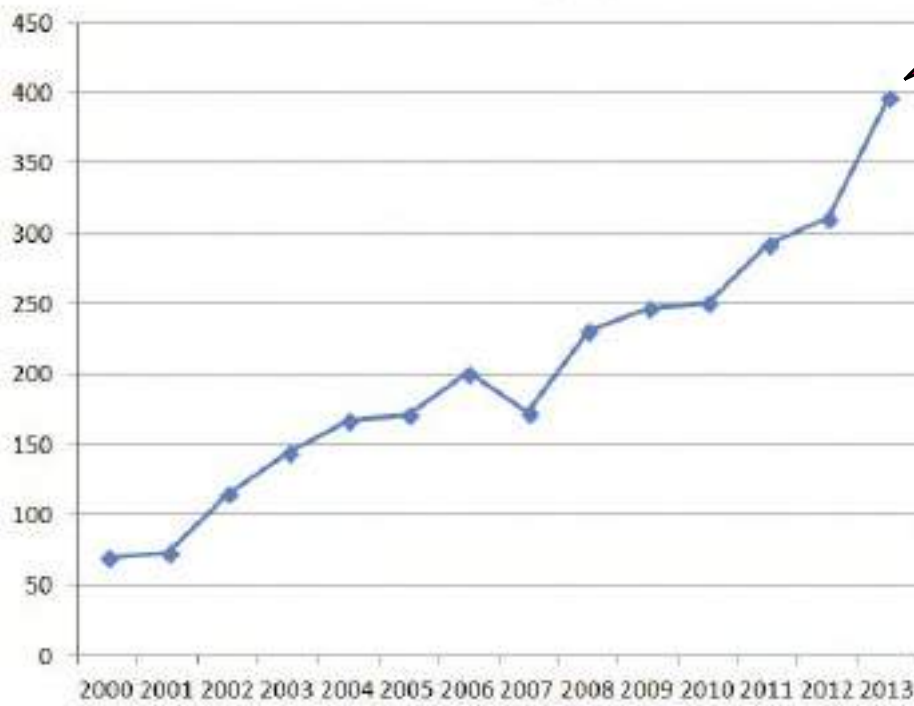
A. The basics

Behavioral Economics 101

in a nutshell:

Behavioral economics attempts to address **irrational human behavior** in light of limited cognitive capacity and inherent cognitive failings.

“Behavioural Economics” in U.S. scholar papers



We are clearly getting more irrational!?

Source: www.leconcurrentialists.com (based on Westlaw)



Why this teach me!?

Show off you **superior knowledge** & become an innovation general/hustler!!



Treat your customers, colleagues or friends as **scientific animals**

JUST FOLLOW THESE 3 EASY STEPS

1 Download!

Download the template. Yes, you should print it!



2 Do!

After having read the concept, give yourself 20 seconds to apply it to a current project you are working on... before you move on to next concept!



3 Enjoy!

If you follow these 3 steps, you can now go on with the day and apply at least 15 awesome ideas in your work!

Before you start!

Why not increase the value of this Teach Me?

The behavioural tricks!

1 The Endowment Effect	6 Loss Aversion	11 The Framing Effect
2 Hyperbolic discounting	7 Hedonic Adaptation	12 The Goal Gradient Effect
3 The Endowment Effect	8 The Bandwagon Effect	13 The Choice Paradox
4 Anchoring Bias	9 The Inaction Inertia Effect	14 Round Pricing Preference
5 Von Restorff Effect	10 The	

Click to download the template

The behavioural tricks!

In case you didn't print it already...

1 The Endowment Effect

6 Loss Aversion

11 The Framing Effect

2 Hyperbolic discounting

7 Hedonic Adaption

12 The Goal Gradient Effect

3 The IKEA effect

8 The Bandwagon Effect

13 The Choice Paradox

4 Anchoring Bias

9 The Inaction Inertia Effect

14 Round Pricing Preference

5 The Von Restorff Effect

10 The Zeigarnik Effect

15 Reciprocity



B. 15 concepts



1

The Endowment Effect

We are often ascribing more value to things merely because we own them.

For example, we are generally demanding much more to give up an object than we are willing to pay to acquire it.

Read more on [Wikipedia](#)



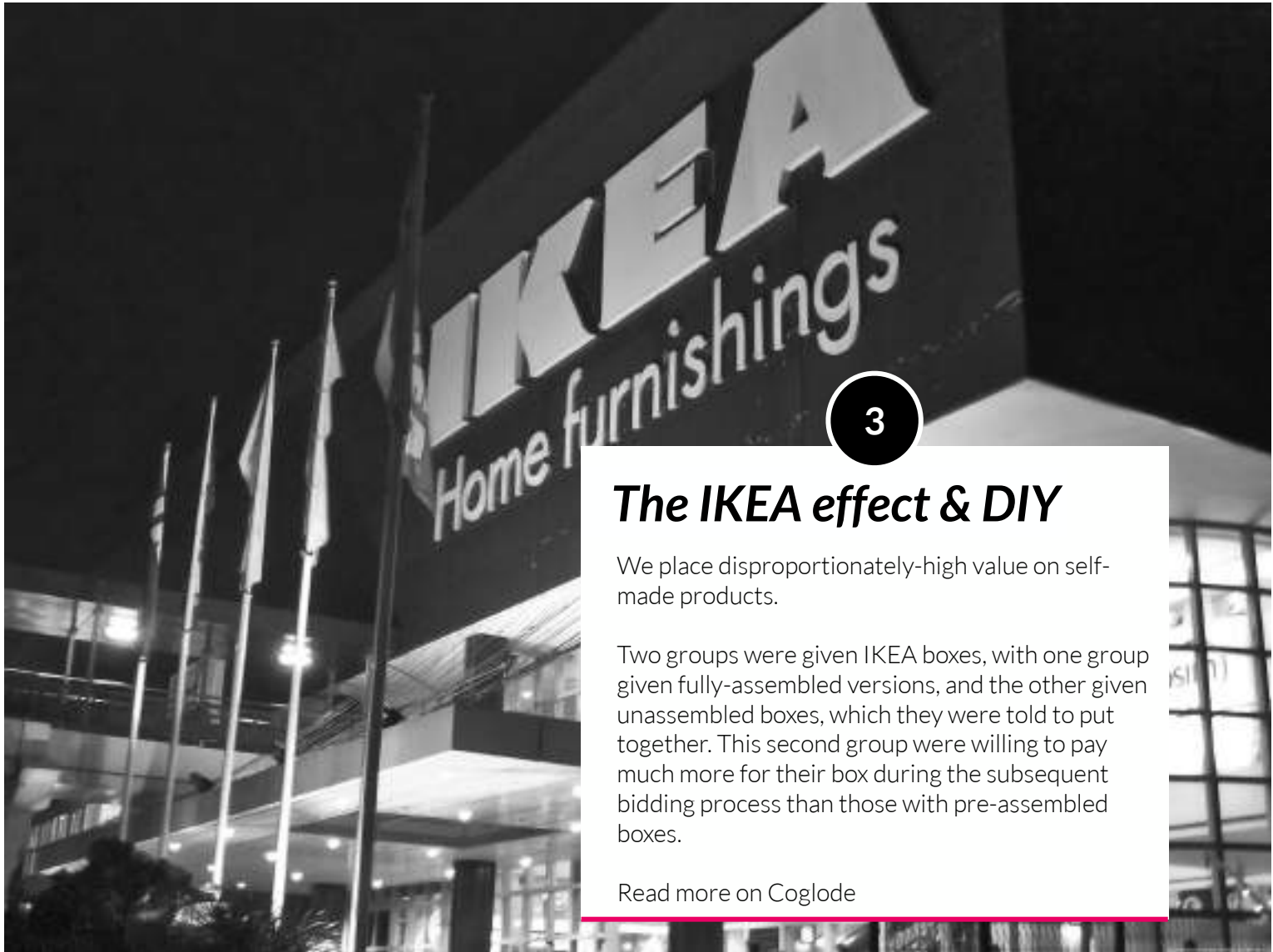
2

Hyperbolic discounting & intertemporal choices

We'll accept smaller payoffs now over larger payoffs later on.

If you were offered \$50 now or \$100 in a year, you'd likely take the \$50 now. But what about \$50 in five years or \$100 in six years? We've only added a delay, but now it feels just as natural to wait for the \$100.

Read more on [Coglode](#)



3

The IKEA effect & DIY

We place disproportionately-high value on self-made products.

Two groups were given IKEA boxes, with one group given fully-assembled versions, and the other given unassembled boxes, which they were told to put together. This second group were willing to pay much more for their box during the subsequent bidding process than those with pre-assembled boxes.

[Read more on Coglode](#)



4

Anchoring Bias

We tend to rely too heavily on the first piece of information seen.

Setting a high price for one item makes all others seem cheaper, though only when the price shown is actually plausible (and not some silly amount!)

Read more on [Coglode](#)



5

The Von Restorff Effect & The Isolation Effect

Items that stand out from their peers are more memorable.

But different doesn't necessarily mean better. Being different is more memorable, but you need to be positively remembered for standing out from the crowd.

Read more on [Coglode](#)



6

Loss Aversion & Status Quo Bias

We tend to prefer avoiding losses to acquiring gains.

Read more on [Wikipedia](#)

We tend to like things to stay relatively the same.

Read more on [Wikipedia](#).

7

Hedonic Adaption

Restricting pleasure increases pleasure.

Enjoyment of a television program is actually enhanced by commercial interruptions, despite what viewers say.

Read more on [Coglode](#)





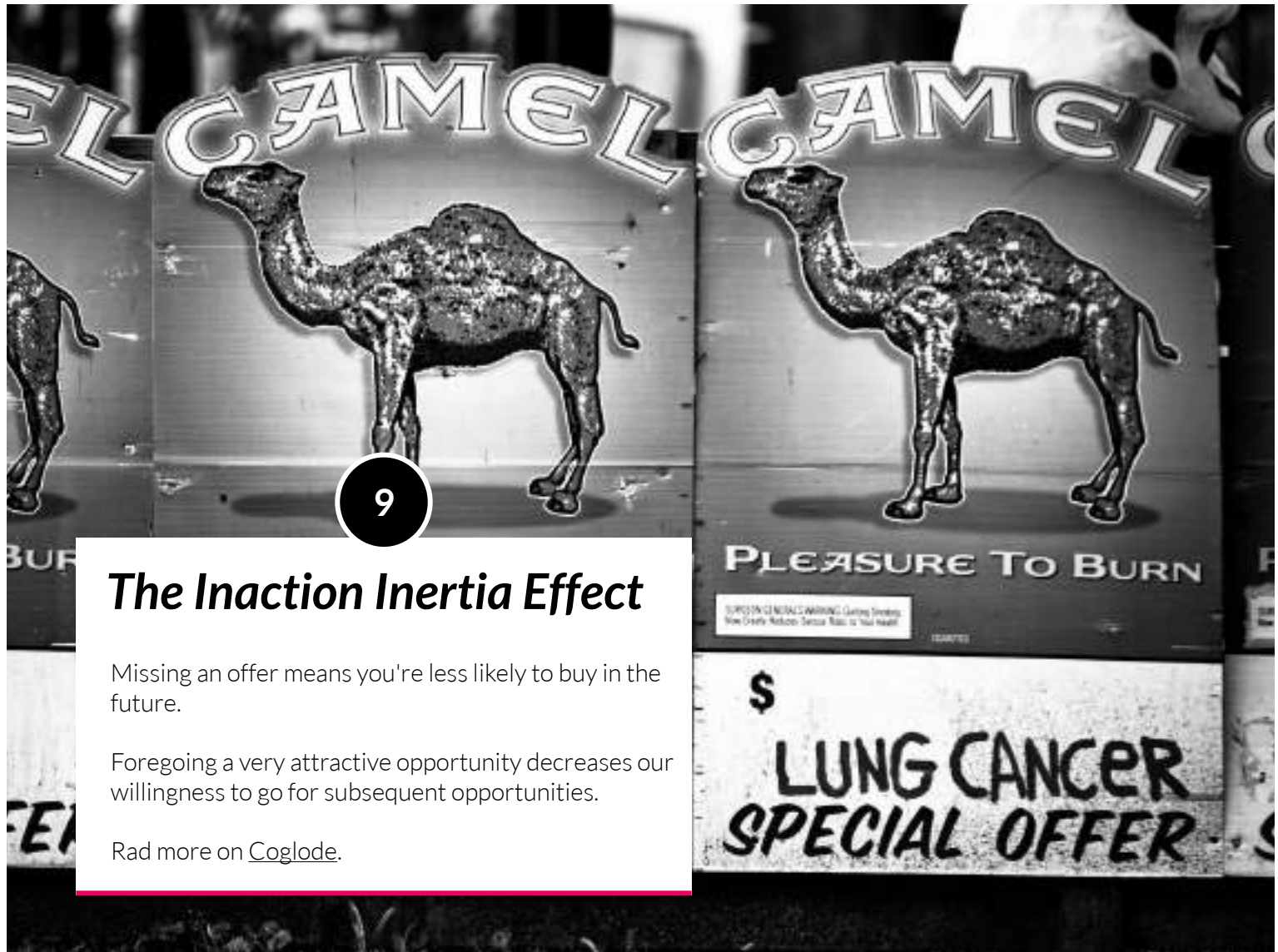
8

The Bandwagon Effect

As more people come to believe in something, we will ourselves also hop on the bandwagon regardless of the underlying value.

We do this because we a) prefer to conform and/or b) we derive information from others.

Read more on [Wikipedia](#).



9

The Inaction Inertia Effect

Missing an offer means you're less likely to buy in the future.

Foregoing a very attractive opportunity decreases our willingness to go for subsequent opportunities.

Rad more on [Coglode](#).



10

The Zeigarnik Effect

Uncompleted tasks stick in your mind more than completed ones.

Whether it's a waiter recalling a long order, a meaningful consumer transaction or a cliffhanger on Netflix, tasks heavily occupy our minds until complete.

Read more on [Coglode](#)



11

The Framing Effect

We are reacting in different ways to a particular choice depending on whether it is presented as a loss or as a gain.

We tend to avoid risk when a positive frame is presented (e.g. save 200 lives > save 33%), but seek risks when a negative frame is presented (e.g. 400 people will die < 33% chance no people will die).

Read more on [Wikipedia](#).



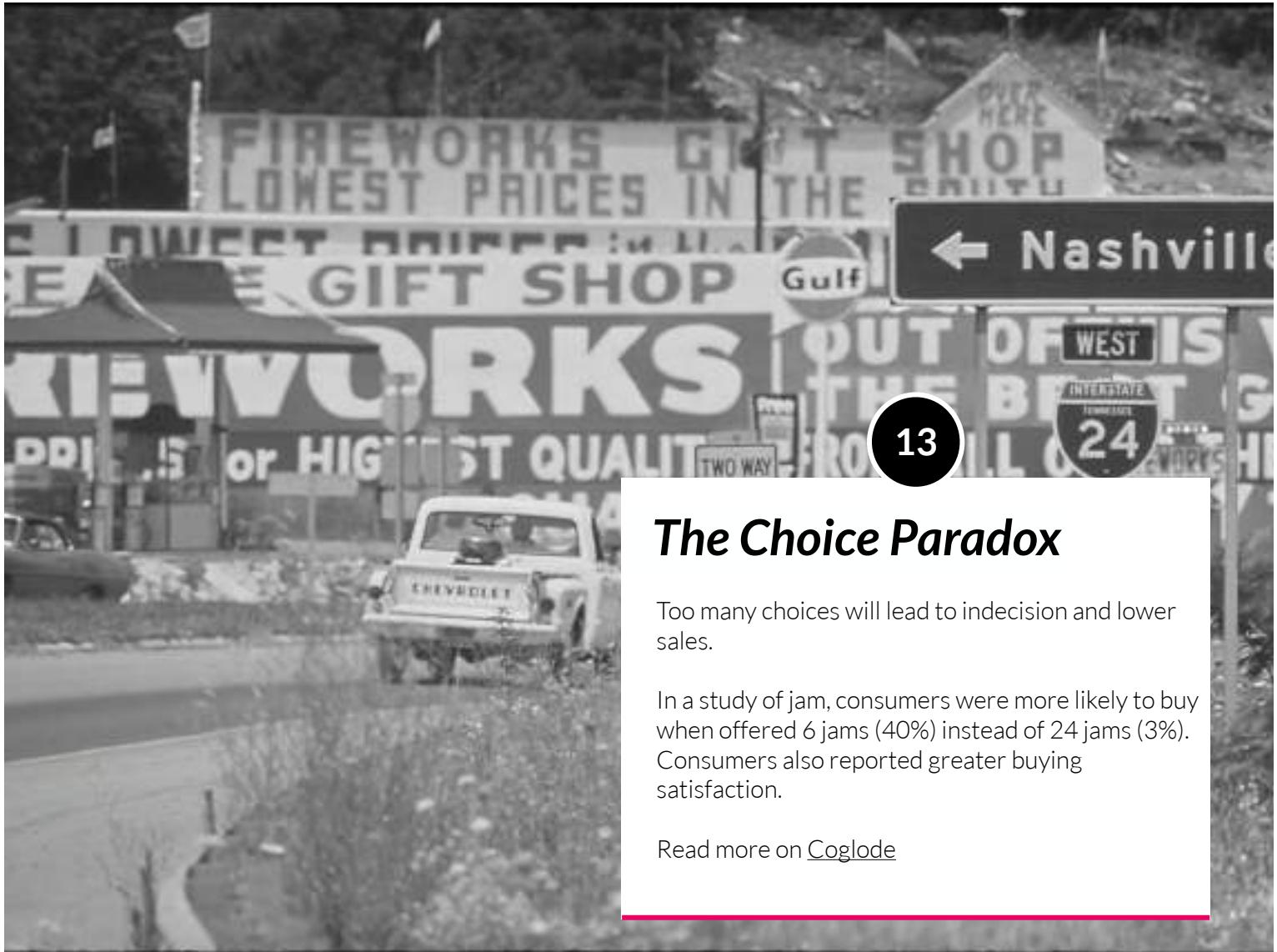
12

The Goal Gradient Effect

We purchase faster if the task is already started for us.

A 10-space coffee card pre-stamped twice will be completed faster than an 8 with no pre-stamps.

Read more on [Coglode](#).



13

The Choice Paradox

Too many choices will lead to indecision and lower sales.

In a study of jam, consumers were more likely to buy when offered 6 jams (40%) instead of 24 jams (3%). Consumers also reported greater buying satisfaction.

Read more on [Coglode](#)



14

Round Pricing Preference

We perceive round numbers as more trustworthy and representing higher quality.

Mounting evidence suggests that consumers' desire to deal in clean, round numbers trumps their hope that odd prices signal some kind of sale.

Read more on [Coglode](#).



15

Reciprocity

We tend to respond friendly & cooperative to friendly actions; conversely, we tend to react much more nasty & brutal to hostile actions.

Read more on [Wikipedia](#).

If you want more of this...

Wikipedia's amazing
list of cognitive
biases

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Predictably
Irrational

Read the book:
Thinking, Fast &
Slow



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Don't lose out on his wisdom
before its too late :-D