Why do we choose the middle option?

An option nobody picks, the pull of the middle and the choice of words move what we choose: decoys, the compromise effect and framing.

1 Self-tests

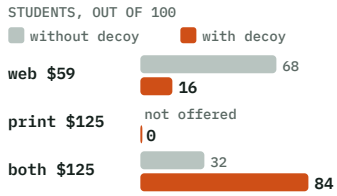
popcorn · 600 people

- Popcorn: small **$3** / large **$7** → then + medium **$6.50** → does your choice move?
- Disease, **600** people: A "200 **saved**" vs B "⅓ all saved" → then C "400 **die**" vs D "⅓ nobody dies"
- No right answer · nothing stored or sent · `RATIONAL` same facts ⇒ **same choice** both times

2 Decoy

an option nobody picks

- **Decoy**: "an option nobody picks that is placed next to another one to make it look better"
- Medium **$6.50** = only **50¢** (¢ = cents) less than large $7 → large looks almost free to upgrade to
- **Dan Ariely** (Israeli-American economist, Duke, US) · 100 students at MIT (US university) · *The Economist* (British magazine): web $59 · print $125 · print + web $125
- With decoy **16 / 0 / 84** · without **68 / 32** → `84 − 32 = 52` more took $125 · nobody chose the decoy
- Café: + medium $3.30 (20¢ below large) → large **30 → 55** in 100 · drop it → back to ≈ 30



3 Compromise

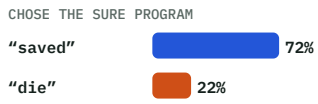
the middle feels safe

- **Compromise effect**: "the pull toward the middle option when there are three" (Simonson, Stanford marketing professor + Tversky, 1992)
- Cinema wants more large ($3 · $7) → add an extra-large **$10** → $7 large = **new middle** · not a $2 mini (→ $3 small in the middle)
- Move the middle ⇒ move the choice: $40 steak → $25 dish best seller · gifts $5 · $10 · $20 → **$10 · $20 · $50** ⇒ 60 givers `$600 → $1,200`

4 Framing

same facts, other words

- **Framing**: "how the same facts are worded, such as 'saved' or 'die', which can change the choice"
- 600 people: 200 saved = `600 − 200 = 400` die ⇒ **A = C** · B = D (same gamble, ⅓ × 600 = 200 saved on average)
- **Tversky + Kahneman** (Israeli-American psychologists, Lesson 1) · 1981 · ≈ 150 each → sure program **72%** ("saved") vs **22%** ("die")
- Why → a **sure loss** is hated (Lesson 3): 400 die for sure ≈ as bad as all 600 → gamble to avoid it · 900 jobs: 300 saved = 600 lost



5 Choice architecture

menus are never neutral

- **Choice architecture**: "the way a menu or form is laid out, which shapes what people choose" → something must come first, something in the middle
- Streaming: Ads $6 · **Standard $15** (decoy: $1 less, less inside) · Premium $16
- **Who uses it**: cinema menus · price lists · phone plans · subscription pages → 3 versions, 1 built to be compared with (Micro 7: versions segment buyers)
- Chain: fact ($300 a year) → loss frame ("you **lose** $300") → loss hurts more → more sign up → same facts, other result

6 Your defense

rational rule

- **Rational rule**: compare the **real outcomes** · an option nobody picks should **not** change the ranking of the others
- **Cover-it-up test**: "hide the decoy and choose again: your real preference is the choice that survives" · gym $30/month · ~~6 months $190~~ · $200/year
- Wording → say the facts **the other way**: "lose $300" ⇔ "save $300" → same choice both ways? then it is yours

Watch out: the decoy is the option **nobody buys**, not the one it sells (medium $6.50 = decoy · large $7 = target) · it works though it sells ≈ nothing → "no sales" ≠ "no effect"