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Derek: Hello and welcome. This is Derek Halpern from SocialTriggers.com and today, as you all know, life is full of choices. And today you're going to learn how you, your fans, and your customers make them. And with me I've got Sheena Iyengar, a professor at Columbia School of Business, the author of one of the best books I've ever read, *The Art of Choosing*, and one of the world's leading experts on choice. Hey, Sheena, are you there?

[00:38] Sheena: Yes I am!

[00:40] Derek: alright, cool. Before we dive right in, I hope you don't mind, but I'd really like to sing your praises for a minute. If being a professor in one of the most prestigious business schools isn't enough, your work has regularly been cited by the New York Times, the Wall Street Journal, Fortune, and others. But let's really cake on the compliments for a second. In addition to the worldwide recognition, loads of companies have used your findings from your academic research to change the way they do business. I know this because I'm one of them. Plus, when you got someone like [Malcolm Gladwell](#), who says, "No one asks better questions or comes up with more intriguing answers", that's just an added bonus. Thank you for everything it is that you do.

[01:20] Sheena: thank you for such warm praise. Thank you.

Choosing Solutions to Problems

[01:22] Derek: alright, now, for everyone who's listening, I just want to set the stage for a second. Here at Social Triggers, we all believe that entrepreneurs who want to use the web to attract leads and sales must master the fields of psychology, and human behavior. Because as I always say, when you take away the tools, the marketing tactics, the products and all that, what you've got is people looking at screens computer screens and phone screens. And all that all these people want solutions to their problems. But it's not always so simple. And that's where Sheena comes in here.

There's more than one solution almost always. Which means people have to make a decision. Of all the options they have, which one should you choose? Or as I mentioned earlier, life is full of choices, and today you're going to learn how you, your fans, and your customers make them. So, Sheena, are you ready to jump right in with all the content?

[213] Sheena: absolutely!

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[02:14] Derek: alright, cool. So, my first question for you is, should people be given the choice, and what happens when they're not given a choice? To start, I'd really like you to talk about that study you cited from [Martin Seligman](#), with the dogs. Can you do a quick rehash of that for us?

Why We Need Choice

[02:32] Sheena: sure. So, should we have a choice and what happens if we don't have a choice? We absolutely need choice.

Choice is an extremely powerful motivator. When we don't have a choice, we feel like we're out of control- bad things happen to us. And I think one of the most compelling demonstrations of this was a study done with dogs by Marty Seligman.

Essentially what he found is if you take dogs and you put them in a situation where they're given electric shocks which they can't avoid, they're in a box and they start getting shocked without any rhyme or reason and there's no way they can actually turn it off, it just turns on and off on its own, you find that later on, when you take the same dogs and you put them in a position where they can actually avoid those electric shocks, all they have to do is jump over and then they'll avoid the electric shock, they find that these dogs are unable to actually avoid these electric shocks.

Because they have learned that they don't have control. And when they learned that they don't have control they not only don't take control, but they also become depressed, and they become unhealthy, you see drops in their immune system. And interestingly enough, if you give dogs this experience of no control, even if you show them that yes, all you have to do is jump over and then you'll be able to avoid these electric shocks, even then, they just cower and whine.

Application of Learned Removal of Choice in Humans

Even when you look at humans, when we're put in positions where we don't feel like we have control, our immune system absolutely drops, and this is true whether it's something really dramatic, and I just don't feel control over the big things in my life, or whether it be trivial things, like dealing with traffic jams. You find that people that have to deal with continuous traffic jams every single day of their lives, you actually do see a drop in their immune system, a drop in their overall happiness levels.

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Perceiving Control is Possible

[04:29] Derek: yeah, so actually, one thing that I really loved about, I mean I can't really say I love the dog study because the poor dogs, in this particular case, but the insights from that study, and I want to quote you from your book. You said that, "Beings must perceive control is possible for them to almost exercise their ability to choose." Right?

So when dogs exhibited learned helplessness, when it actually felt like they didn't have a choice, which is why they were unable to jump over that small little fence to avoid the electric shocks.

There is a really interesting study that Timothy Wilson from the University of Virginia did, where he did a study with first-year college students, who weren't doing as well as they liked. He then showed these first-year college students the results of the survey from upper classmen, that said 67% of the upper class students said their freshman grades were lower than they had anticipated, and 62% said their GPA improved significantly in the upper class years. He found that by simply showing, what he calls this story prompt, it was enough to make these freshman year students have better grades in later years. This to me, is almost like showing people that they have the ability to choose so that they don't drift into learned helplessness. Would you agree there?

Self-Fulfilling Prophecy

[5:49] Sheena: Absolutely. It's about the self-fulfilling prophecy. I mean probably the most powerful demonstration of the self-fulfilling prophecy is a study done by Rosenthal with kids in school, and some of the kids were randomly identified as kids that were going to be late boomers. And some of the kids were just identified as being kids that were going to have trouble in school.

And now you looked at those kids performance one year later, and sure enough, the kids that were identified as being the late bloomers, meaning that they were suddenly going to bloom the next year, they really bloomed. And they ended up doing a lot better. And the kids that were expected to not do as well, didn't do as well.

[06:30] Derek: interesting. So that's another good study that kind of demonstrates that whole same idea. And it's funny how just one simple phrase, just telling people they can do it, and giving them the proof to show them that they could do it, is enough to completely change the course of their future.

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[647] Sheena: yes.

Showing the Possibilities

[648] Derek: now, as Internet marketers, this is really interesting to me because that means when you're selling to people, let's say a solution to a problem, it's in your best interest to show them that what you're selling has helped other people, because then they can kind of feel like they can have those same results. So I think, [Robert Cialdini](#), in his book [Influence](#), calls that social proof, when you show that results are possible, you're more likely to achieve those results even if they're not necessarily your results yet.

[723] Sheena: Yes.

[724] Derek: Alright, now, I do want to bring up one other thing that you talked about. You've talked about the difference between American couples and French couples who lost an infant child. It's sad, and I don't mean to be a downer here, but the results were really, really interesting. You also talked about a research study where there was a mock test about how people felt after losing an infant child. Can you tell us a little bit about that?

When Choices Should be Dictated

[747] Sheena: sure. So, we looked at parents of babies that were all born with cerebral anoxia, a loss of oxygen to the brain. All of these children were in a very unfortunate position where the choice that was put before the doctors and the parents was whether to take them off of life support, in which case they would die instantly, or keep them on life support, in which case they would most likely be a vegetable.

Now, it turns out that in France, the doctor makes this very difficult decision. While in the United States, the parents have to make this decision, because parents have to sign the ultimate consent form, and this is all by law.

When we follow these parents and their ability to cope with the loss of their child, because essentially in all cases the babies die, so when we followed these parents to see how well are they coping with the death of their child, does the difference in the way the decision was made make a difference? And it turns out it makes an enormous difference.

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The parents in France were coping better with the loss of their child. So for instance, French parents are more likely to say things like, "Noah was here for so little time, but in that time he taught us so much. He gave us a new perspective on life."

Now by contrast, when you look at the American parents, they're much, much, much more depressed and broken up about the loss of their child. They're much more likely to say things like, "I feel as if I played a role in an execution." Or, "I keep thinking to myself, what if, what if, what if I had made the other choice?" So the American parents are experiencing much more guilt, much more depression, they don't quite know how to deal with this very, very difficult choice that they have made.

And what the study really raised was the question of, are we really equipped to make such a decision? And is it possible, that for certain kinds of decisions, we might actually be better off by having the expert, in this case the doctor, make the decision for us?

So when we did simulations of this decision, we actually presented random people a scenario, and said what if you were in this position, and then we either had them decide or have the doctor decide. We did different variations of how the decision would play out.

And we were trying to see in which case did people report feeling less miserable. No one's going to be happy in this decision, we're just trying to say, is it possible that we might create a scenario in which people can better cope? And what we found is that with the Americans, the scenario that works the best, was when they still had a choice, they have a choice whether to remove life support or keep the child on life support. They found that in that case though, if the doctor gave you the choice but told you, "In my professional opinion, the choice that makes the most sense to me, is to remove life support." So you have a choice, but the doctor's telling you what choice makes the most sense. That way, if you make that choice, you don't carry around the burden, "Did I make the right choice, did I make the wrong choice?" You feel as if, "Okay, I made the choice, but you know, that was the choice that made the most sense."

[1144] Derek: And that was the optimal scenario, correct?

[1149] Sheena: Correct. That was the optimal scenario.

[1150] Derek: So, what you're saying is, people, as we talked about with the first

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situation with dogs and learned helplessness, people and beings need a choice. They need the option to choose. But, in certain scenarios, they'd rather be spoon fed the right option, but have the ability to override that option if they so desire.

[12:16] Sheena: that is a great way to put it.

Options and Choosing

[12:18] Derek: okay. So people need the ability to choose, and in some cases, not only do they prefer to have the answer given to them, but they should always have an option to choose to override that answer.

So that's a really key point I think, especially when it comes to marketing because there's a lot of people out there who say that you've got to give, you know Steve Jobs for example, is always saying, "I never ask customers what they wanted, I always just, you know, they don't know what they want until you give it to them." And that's always a good marketing strategy, and it's always a good product development strategy. There's a lot of people who take that to the wrong angle where they assume that their customers and their target market don't need the ability to give options, or give feedback or anything like that. But by removing the ability to give feedback or by removing the ability to have people make choices, that can actually lead to cultivating an environment of learned helplessness within your target customers almost. Would you agree with something like that?

[13:19] Sheena: yes, absolutely.

[13:22] Derek: alright. So, I think that study with the French people and the American couples is a great segue to the main point that we were trying to make was, people need choices but they don't always need the ability to make that choice, they would sometimes rather have an expert tell them the right choice. Now, I want to kind of go into my next question, where you quoted in your book that all people are the same, whether we like it or not. And you kind of did that example where you said you developed that six sense. Do you remember the little section you wrote?

[14:03] Sheena: hmmm. Can you give me a little more of a clue?

[14:08] Derek: yes. So you are referencing, I think it's actually called, I don't know if you call it this, but the PT Barnum effect and the psychics, how they tell people the general information and people always listen to that and assume it's about them because people really have this strong desire to be unique, even

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though most of us are all the same people.

And you talked about a study from [Geoffrey Leonardelli](#) and [Marilynn Brewer](#) where they talked about estimating dots on the screen. Can you tell us a little bit about that study?

The Desire to Be More than Average

[14:42] Sheena: well, I guess that there's that study but I'll just give you the broader point, which is that if you ask people, you know, "What do you want? What do you like?" We all believe that what we see and what we like is different from what other people see and what other people like, because we're actually quite unique. But it turns out that we all see and like pretty much the same things. And it's a general effect across many, many studies.

[15:18] Derek: yeah. Alright, so I think that's a really big key point because a lot of people like to think when they are getting marketing advise, when they're reading research, they like to say, "That might work for them, but it's not going to work for me, because my customers are different or my people, my audience, my fans, they're all different. It doesn't apply to me."

Part of the Majority

That's usually not the case, because as you said, most people are all the same. But the one thing that I do want to point out- in that one research experiment, they talked about the dots on the screen and how they were either told that people were either underestimating the dots, or overestimating how many dots were found on the screen.

And they were specifically, in that study they said that half the people were randomly assigned to over estimators, the other half were assigned to the under estimators. And when they told people that 75% to 80% of the people overestimated how many dots would be on a computer screen, and then they were told that they were over estimators, they automatically assume they were part of the majority, and people's self-esteem actually went down because they assume they were part of the majority.

Do you have any more information about how people tend to feel less and work when they actually discover that they are not unique?

A Blow to Self-Esteem

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[16:36] Sheena: well what happens is that one of the biggest insults that can be hurled at us, right, is to believe that we are like everybody else, right? We don't want to think of ourselves as the conformist, right? So, sure, the worst thing you can say to somebody is, "look, you're just like everybody else, and I'll make it even worse for you by showing you the data of how your preferences or your way of seeing the world is actually the same as everybody else." That's a real blow.

[17:05] Derek: yeah, so I want to bring that up, mainly because especially in the online marketing world, a lot of us tend to...

[17:12] Sheena: ...think about it. Let's say you spend a lot of money and you bought, that new Porsche. And then you come back and you put that Porsche in your driveway, and it turns out that everybody on your block also bought a Porsche that day. You're going to feel pretty bad.

[17:27] Derek: yeah, I mean you actually did that little anecdote about the black iPhone. You want to tell us about that? You just want to tell a story real quick before you go to the next section?

The Black iPhone

[17:34] Sheena: oh yes. Right, my husband and the black iPhone. When the iPhone came out, my husband really wanted it, and so for a birthday present I said, "I'll go down, and I'll stand in line and I'll get you the iPhone."

And in those days, we all had two choices, the white or the black. And so he told me you wanted the black because it would get less dirty and looks sleeker. And I remember standing in line for many, many hours on the day that I was going to get him his iPhone, and as I had just put in order and literally just put in the order for the black iPhone, he suddenly showed up in the store all harried and corrected my order. "I'm sorry sir, can you change it to the white?"

And I looked at him and I'm like, "Well, why? I thought you said you wanted the black?" And he says to me, "I looked it up, everybody's getting the black, and have you seen what everybody else is carrying out the store? I can't have what everybody else is having." And of course, there's only two colors, black or white, I don't see how much uniqueness there really is here, but, yeah, it made a difference to him that he wanted to have the one that was less popular.

[18:44] Derek: yeah so actually, again I can't even say I'm above this. I actually

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knew about the fact that we tend to want to be unique and I got the white iPhone, too, just because I knew no one else would have it. So I made that same mistake.

But going back to that one study, I just want to call out, that when people find out that they're part of the majority as you said, they feel kind of like it's the ultimate self-esteem blow. And people are always looking for ways to feel like they're unique in some way, and when you're dealing with your customers, your fans, and all those types of people, you want to really make sure you're not talking about how similar everyone is to each other, but instead how unique they are, because that will help give a self-esteem boost as opposed to a self-esteem blow.

Now, this is something I've talked about, I actually quoted you a bunch of times in loads of different presentations, and it's your famous Draeger Jam Study.

I love this study because even though you are testing this in the supermarket, this is directly applicable to how people navigate websites. Before we talk about the Draeger Jam Study, and then the follow-up study that you recently just published, can you please just go over a little summary of what happened at that Draeger supermarket for us?

Loads of Jam

[20:07] Sheena: sure. It was an upscale grocery store. We put up a tasting booth where we laid out either six different flavors of jam, or 24 different flavors of jam. And we looked at two things. First, in which case were people more likely to stop, you know, and sample some jam? And it turned out more people stopped and tried them jam when they had 24 on display than when there were six. Like 60% stopped when there were 24, 40% stopped when there were six.

The next thing we looked at, was in which case were people more likely to buy a jar of jam? And now you see the opposite effect. So that of the people who stopped, whenever 24 jams were on display, only 3% of them actually bought a jar of jam. Whereas of the people who stopped, when there were six, 30% of them actually bought a jar of jam.

So that even though people were initially more attracted to the larger display, than to the smaller display, when it came down to buying, they were at least six times more likely to buy when they encountered six than when they encountered 24.

Less Choices Equate More Sales?

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[21:21] Derek: now, that's remarkable. Because 24 jams attracted significantly more people, but when it came down to sales results, giving people 24 options meant they were going to buy your product. Now, as they say, the confused mind doesn't buy, when you give people 24 options I imagine this happened because of paralysis analysis, people couldn't decide which one to choose, so they ended up choosing nothing.

[21:53] Sheena: yes, that's our understanding of what happened.

[21:56] Derek: okay, now this is interesting because you had mentioned about the McKinsey Study, where instead of giving people nine options McKinsey took this advice to heart and implemented this, and they said that instead of giving people nine options they would give people a choice of three options, and then another choice of three options.

The Three by Three Rule

[22:18] Sheena: we call that the 3 x 3 rule. Three tiers of three choices.

[22:23] Derek: okay, so it's called 3 x 3 rule. Now, that's an interesting rule because when you're dealing with websites especially, a lot of people will try to give people the nine options right off the bat.

And what happens, if you give people those nine options, you'll find that less people were going to click on any of those nine options. However, if you only give people three options, and then another three options, it's a better way to funnel web traffic to the right pages.

[22:54] Sheena: absolutely because I can understand it better. It's just easier on my mind.

[23:00] Derek: exactly, now have you ever seen the Zappos.com website?

[23:03] Sheena: yes I have.

[23:04] Derek: now, this 3 x 3 rule you talk about is right there on the Zappos website, it's actually a little bit more, but the they are a big company. They kind of have, as soon as you load up Zappos.com, right on the left there you've got "Shop Women's", "Shop Men's", "Shop Kids". And then underneath each one of those auctions, you've actually got five choices to make, or four choices to make.

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But it's kind of like that whole categorizing effect that you talked about. And that's an example where it's being applied online. Now, you also had mentioned that when you use this idea of categorizing, people actually feel like they have more options, when they have fewer options, you talked about magazine displays. Do you want to tell us a little bit about that?

Categories Matter

[23:50] Sheena: sure. So it turns out that if I show you, say 600 magazines, versus 400 magazines, and I ask you which collection has more magazines? You won't know. There will be a huge error rate. You are no more likely to think that the set of 600 offers you more than the set of 400.

Now, if I take that 600 magazines, and organize it into 10 categories, versus I take the 400 magazines and I organize it into 25 categories- now you're going to see the set of 400 as offering you more than the set of 600. And the reason is because, a) we don't count how many choices are in our midst when you're talking that volume, b) our marker for a variety is not sheer number but our marker is categories, because categories tell us where the separations are. Third, it turns out I can handle more categories than I can handle choices. Whereas with choices I can maybe handle up to about 10, with categories, I can handle up to about 20, 25 categories, provided I make each category only offer you say a few choices like a handful of choices. But that's really the trick.

[25:24] Derek: so it's kind of like an expansion on the 3 x 3 rule, when you're really trying to get people to buy, I think giving people three options, and then three options probably makes more sense.

When you're giving people the ability to navigate through let's say content, you're suggesting that getting people, 25 categories might make more sense than less categories as long as each category has a limited number of options within each category, correct?

[25:47] Sheena: that is correct.

[25:48] Derek: now, that's also interesting because that directly applies to the web, where I found you can give people between seven and 20 categories on the blog and usually 20 is a little bit higher, on the high side and that kind of creates that whole, I mean most blogs don't have enough content to support 20 categories, but if the blog did have enough content to support 20 categories, it

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would make sense to use that because when people kind of stumble upon your site, they would actually see that you cover more topics than they might feel you cover if you only showed say five categories. You might seem like a more complete resource.

Cool now, we talked about choice, we talked about what happens when you don't have it, we talked about what happens when you do have it and someone helps you make it, we talked about the jam study, I want to talk about that follow-up study that you just had published recently, where when given a lot of choices how people decide on the clear winner. Can you tell us about that?

Price Points and Choices

[26:50] Sheena: so when people have a lot of choices, right they are confused and they are looking for any sort of simple marker by which they can differentiate the options. Now, we normally think that the more choices you have, the less you pay for the product, right, because the more competition you have the price should go down.

Choices in Low-End Products

It turns out that's not the way price works. As the number of options you have increases because price ends up playing the role of being one of those markers that I'm going to use for making my decision. So, if I have a low-end product, say light bulbs, it turns out that the more choices there are, I'm going to use price as my indicator, and what I'm going to do in that cases go with the lowest priced item. So in that case, I will go for the cheap item.

Choices in High-End Products

Now, by contrast, if I take a high-end good, wine bottles, jewelry etc., a high-end good and they give you more choices, now it turns out that price is going to be my criteria again, but this time I'm going to say, "You know what, this is a high-end good, and I'm to go more expenses because I want to make sure I get good quality." And so for a high quality good, more choices means people are going to move toward buying a higher priced commodity. Does not make sense?

[28:28} yes, so let's just kind of put this in the frame of the Draeger Jam Study, let's say. Let's say that in that particular study, I know this wasn't what happened, but just to help people understand, let's say there were 24 different jams available...

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[28:43] Sheena: and let's say jam is a low-priced item

[28:44] Derek: yes.

[28:45] Sheena: so, if jam is a low-priced item, when they see six, they're going to pay more, for jar of jam then when they see 24.

[28:56] okay, so when there's less options, they're more likely to pay more money for one of the options, if it's a low-end good. Know when you're dealing with a high-end good like you said with jewelry...

[29:09] Sheena: or even like fancy wine bottles, olive oils etc.

[29:12] Derek: ...and there's a lot of options, they're going to tend to go for the higher price, because that signifies quality.

[29:19] Sheena: correct.

The Tyranny of Choice

[29:20] Derek: now this is a very interesting insight because a lot of people online and in the Web world, we sell e-books, we sell information products, we sell training courses, we sell all these types of things.

And some people believe they need to lower the price of their information, or their training to get more sales. But there's actually been some testing that shows when you raise the price of your information, that converts just as many people as the lower end pricing. And I'm suspecting that's because information and training would be considered a high-end good. Would you agree there? Is that why maybe people are more willing to pay more money for training as opposed to looking for the cheap training?

Creating Perceptions

[30:03] Sheena: it's all about perception you create for that product line.

[30:09] Derek: interesting. That's a really really great insight and I really think that I'll probably try, is there anyway that we can find that study on the web so we can make that up?

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[30:18] Sheena: yes, on my [webpage](#).

[30:20] Derek: alright, cool. So we'll definitely link that up in the comments. I think everyone should take a look at that. Now, we talked about some really great things about how people make decisions, now I want to talk about just your book, *The Art of Choosing*. A lot of what we talked about today we found in your book, a lot of the studies were talked about in your book, and maybe you could give us, I hate to break it down to just this, but maybe you can give us one sentence why you think *The Art of Choosing* is really a must read for understanding how people make choices?

[30:49] Sheena: I would say that the book, *The Art of Choosing* really looks at three big questions.

1. First, why do you want choice? So essentially what are the benefits of having choice? And the answer to that is that essentially choices what you can use to empower yourself make a better tomorrow.
2. Second question is what are all the things that affect how and what you choose? So what are the times in which we make bad choices because we are irrational, what are the ways in which marketers manipulate us etc.?
3. And third, what are some things we can do to improve our decision-making? How you balance gut versus reason, how you balance the too much choice problem?

[31:40] Derek: okay, cool. You know what, I think that's a really great summary, and if anyone is listening to this, if you really enjoyed what we were talking about how people make decisions, and how people make choices, I highly suggest you pick up Sheena's book [The Art of Choosing](#). It's really a great read. I actually have bought this book when it originally came out in hard cover, but I believe the soft cover book just came out, you can get it on Amazon for like 13 bucks or something like that. Definitely take a look at the book and if you really like this podcast, the little audio training that we did today, make sure you buy the book.

Sheena, I want to thank you for doing this with me today. I really appreciate you taking the time out of your day, I know you're busy. So thank you.

[32:33] Sheena: thank you, I really enjoyed it.

[32:25] Derek: ...and everyone who is listening, thank you for listening, I hope you learned a lot and I'll see you on the next show.