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DEREK: Hello and welcome this is Derek Halpern from SocialTriggers.com and today you're going to learn why people work or pay for the things they can get for free, why people often want to own the projects they work on, and why you should design your website for the Homer Simpsons of the world, and much more. With me, I've got Dan Ariely, the best-selling author of *Predictably Irrational*, and the *Upside of Irrationality*. He's also a professor of psychology and behavioral economics at Duke, and his research work has been published in leading economic, psychology, and business journals. He is often mentioned all over the popular press. I'm extremely honored to have Dan Ariely on this edition of Social Triggers Insider because I followed his work for years and it's great having you live. So Dan, thank you very much for joining me today.

DAN: Oh, my pleasure. What better way to spend Saturday.

DEREK: Ha ha, so I know we have a lot to cover and I just want to jump right in. Let's just start right at the top. Why would someone work or pay for something when they can get the same thing for free?

Contra Freeloading

You talk about contra freeloading (<http://psycnet.apa.org/journals/xge/65/5/451/>), as coined by Glen Jensen in your book, *The Upside of Irrationality*. I believe this is a fascinating phenomenon. And while it's both irrational and ridiculous, something that every Social Triggers Insider listener must understand. So can you tell us, what is contra freeloading, and can you take us back to Jensen's experiments in the '60s where he discovered it with the albino rats?

DAN: Yeah, Jensen asked the question whether rats would prefer to get free food or whether they would like to enjoy working for food.

So basically we do experiments with rats or with mice you teach them for a long time a particular behavior, and he taught them for a long time where there's free food and under what conditions, and under what conditions they can work for the food. And then he put them in a situation where which they started by having some free food and then the free food stopped, and the food that they work for appeared. And then at some point, they had a choice. The free food appeared again. And now the mice could choose whether they want to work for food or whether they want to get free food. And they could never finish the food. So it's not as if they could say, "Oh well, do the free food first, and then the other food." It was just basically a choice of where you want your next piece of food to come

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from. And what he found, was that out of about 200 mice, 99% preferred to work some for their food. It doesn't mean that they wanted all the time to work for their food, but the vast vast majority had a preference for working for their food. And most of them also wanted to work most of the time for their food.

This was a very surprising result. Because it said that these animals are not doing a cost-benefit analysis of saying, "What's the least amount of energy I can spend to get some food?", but instead they were deriving some pleasure from actually getting themselves fed.

And since then, these results have been replicated in all kinds of other animals, and it turns out that from all the animals that have been tested, there's one animal that is perfectly rational- that never works for food when it has access to free food, and that's the cat- the common household cat. So you could say that's the only perfectly rational animal. Now, I think the really interesting issue is to say that if this is something so basic, that we see in mice, that we see in chimps, that we see in guinea pigs, in dogs, and all kinds of other animals, what does it mean for us as human beings?

And I think it's a great way to start examining what is our perceived model of human motivation. And I think usually when you ask people, "Why do people work?", the simple answer is people work for money. Of course, money is a good thing but the question is, "Is this the *only* thing were working for?"

And I like to use Jensen's result as the starting point to say, if you are going to write an equation, and on the left side you had human effort and on the right side you had all the things that would increase human effort- it could be money, what else could be there?- and of course, there would be pride, there would be a sense of meaning, and you could have a sense of competition, but also there could be a sense of actual enjoyment of work in all kinds of things. I think that if we ever sat down and wrote we believe this equation is, we would see how complex it is, and that it's not just the equation of more money equals more work.

[4:49] DEREK: Interesting. Jensen discovered the majority of mice he tested would rather work for their food as opposed to just getting it for free. And the only animal that they found that would just prefer to get the food for free, is the perfectly rational cat, right?

DAN: That's right.

Pleasure in Working

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DEREK: And then, this brings up the larger question, of what motivates people to work? And it's not necessarily for the reward, but instead there is some pleasure in working. Right?

DAN: That's right. You know, if my mice can find pleasure in working, what does it say about the rest of us? When our environment is much more enjoyable than the environment of the mice. And I think the simple economic thought that motivates people has actually blinded us with looking even casually at the world around us. If you think about it, and you just look at all the things around you, your friend your parents the things that you yourself, and you just ask yourself, how much of my daily activities are best described by need just working the least amount of time and effort possible for the largest amount of money? How much of my activities and the people around me are better described by other motivations? You'll quickly find out that this is really not the best way to describe human behavior.

[6:26] DEREK: Yeah, now, let's just take a second. I want to break this down for the Social Triggers Insider listeners. Most people here at social triggers insider are entrepreneurs who sell information, services, and other types of products online. One recurring question I get regularly is, "Why would anyone buy information or training products when they could find that same or similar material for free?"

Partly I know people buy these training products because it's easier, they don't have to do the research, and plus they save time. However, taking this whole idea of contra freeloading into account, it's clear that people might want to feel like they earned it. And what better way to show themselves that they earned it, other than paying for it? What do you think about that?

DAN: So I think that's an interesting proposition. So basically what you're saying is putting effort into something enjoyable, is paying for something enjoyable? And I think there's a question of what do we look at the money as an indication of whether this is pleasurable or not pleasurable. So if I say, "Would you rather pay for something or get something for free?", I think most people would say get it for free, because they would not only pay less, but they would find out that they were getting some utility from figuring out they could get something for free. Because they'd be outsmarting the market and so.

At the same time, we see lots of examples. And Radiohead (<http://www.time.com/time/arts/article/0,8599,1666973,00.html>) was a very salient

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example of asking people to say, "How much do you want to pay? Name your own price." And what we find in this case is people are willing to pay more than zero.

Even if you ask people, you can pay anything you want, pick your price, most people are willing to pay something. Which means, phrased in the right way, people are finding some social justice in paying for something. Now, I think that there's a question in which you are asking that I don't have the answer for, to what extent is paying money the same as effort? So if you gave people a request to work for something, versus you gave them a request to pay for something, is payment just a substitution for work? And I don't think payment is just a substitution for work. I think payment is more complex. I don't think people would feel the same satisfaction.

You know, if I worked harder for a nice meal then worked less, I think I could get some satisfaction out of it. If I paid more, I think I would enjoy the meal, but I'm not sure I would enjoy paying more necessarily. So with that said, money and effort are probably not the same thing. There is also an issue of, are people willing to be irrational with money in terms of payment? And I think the research on the Name Your Own Price has shown that very clearly, this is the case. The right price for many things is not zero, and if you let people pay nothing, they don't necessarily feel that this is the right thing to do.

Name Your Price

[9:29] DEREK: Ok, so in the whole Name Your Price research, it's true that people do want to pay more than zero in a lot of the cases, especially if you phrase it the right way- that's the key take away. And I think this is really a perfect segue for what I want to talk about next. Do people want the easiest, most direct route to their desired outcome? And based on contra freeloading, I would guess, no. Because it appears to me that people and some animals derive pleasure from getting their reward. But based on this next idea, I'd say absolutely not- people don't want the easier and most direct route. And in your book, *The Upside of Irrationality*, you take us through the history of semi-prepared food.

So, on the one hand, you talk about pie crusts and biscuits- which sold extremely well- but on the other hand you talk about cake mixes which required people to just add water- and that floundered. Can you tell us about this, and tell us about what is now called the Egg Theory?

The Egg Theory

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[10:37] DAN: Yeah. So, they used all kinds of mixes, like biscuits and so on, and they were very successful, and then when they introduced the cake mix, the cake mix bombed. And the question was, “Why?” And, if you think about it, if you make biscuits, biscuits are not the whole meal- they’re just kind of a side dish. But when you have a cake, a cake is kind of a standalone dish that you get by itself and you could get a compliment for it, or not. Now imagine you’re a housewife- the only people who cooked at that time were housewives- you’re a housewife and you cooked a cake, and you got it from a cake mix, and your guest says, “Oh my goodness, what a great cake! Thank you so much!”, could you take the compliment? And the answer is probably not, because it’s very hard to take a compliment from taking a box, pouring it into a dish, adding water, and baking it.

So the Egg Theory was the idea that what we could do is we could take a few of the ingredients out of the cake mix. We could take the powdered milk, we could take the powdered eggs out of it and allow people to add their own egg, and their own milk to it, and effectively making the cake mix less efficient, but as it turns out, it became more successful. Why? Because this was a minimal amount of effort that people could then take the cake mix and think they have actually made a cake.

This is basically the idea of ownership. In the same way that contra freeloading in the rats, basically showed that there is a desire to work, I think there is a desire for meaning- there’s a desire to own the product. And this means that if you could get the same cake, one of them by working a little bit and one of them by working nothing, there’s a different meaning to those two cakes. And you as an individual might feel better about the second one, not might, you actually show results, you feel better about the second one compared to the first one. So there’s an important thing about making things your own, taking credit for them, and the process is about putting some effort into something in order to make it your own.

Pride and Ownership Effect

[12:53] DEREK: Interesting. So now, I really love that insight. Mainly because, again, the people at Social Triggers Insider, we’re all online marketing professionals, and we often sell training products or information products, and it’s often standard to include exercises for people to go through after some training material. While this helps them gain clarity on what they should do, I’ve seen that just making people do an exercise gives them a sense of accomplishment, pride, and ownership over the work they’re doing. And I’ve also noticed that when people do those exercises, they’re less likely to ask for refunds, and more importantly, they’re more likely to complete the rest of the training.

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Now do you think this whole Pride and Ownership Effect applies to these exercises also?

[13:47] DAN: I think that there's no reason, I haven't seen the data, but there's no reason it shouldn't apply as well. What we find amazing in our research is that the amount of effort that you need to put in to something to make it feel like your own is really kind of incredibly low. So, the negative side of it is people seem to be incredibly happy to take credit for something they don't deserve, in a sense. Like if you think about, you added some egg and some milk, and all of a sudden you've made a cake- you really haven't. You know, you cooked a little bit.

So people have a very low trigger to taking ownership of something. There's a lot of research showing if you ask a married couple, "What percentage of the household chores do you do? And what percentage of the household chores do you do?" the percentage always adds up to much more than a hundred percent. You know we have a very easy time taking too much credit. In this particular case, it's actually a good thing. At least there's some ways to think of it as a good thing because if somebody takes credit for something, and they think of it as theirs, they can basically get more committed to it.

DEREK: Yeah. I mean that makes total sense. I had a talk with Jonah Lehrer from How We Decide (<http://socialtriggers.com/social-triggers-jonah-lehrer/>), and he had mentioned that when people take ownership over something, they also tend to overvalue it. And I know you talk about overvaluing in your book, and this is actually a perfect segue for this next part where you had mentioned you wanted to discover when labor begets love. And the code name for this effect that you called was the Ikea Effect. Can you tell us about that and of course, the experiment that you conducted alongside Mike Norton from Harvard and Daniel Mochon from the University of California (<http://hbswk.hbs.edu/item/6671.html>).

The Ikea Effect

[15:39] DAN: Yeah, so basically the Ikea Effect is kind of an expansion on the Egg Theory. We basically said, "What if people created something themselves?" The first experiment we did was with origami. So we gave people some origami to build, and we asked people to build it. Then we asked them, "How valuable is this origami? How much do you think it would sell? How much would you pay for it?" - all kind of questions like this. And then we did an auction with their prices. And it turns out, people build origami, and they thought it was worth \$0.25 to \$0.50, you know it's not a lot, but you know it's only origami. And then we took another

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group of people who did not build those origamis. And we said, “Hey, how much would you pay for those origamis?” And they said, “Oh, maybe \$0.02 or \$0.03.” There was a huge difference! The people who did not build the origami thought it was kind of useless. So, this was the first thing, that once you build something, you think it’s more valuable.

Then we asked the question, “Do the people who are overvaluing the origami, do they know they overvalued the origami? Do they say to themselves, I know, nobody else liked this origami, but I like it, and so I’m willing to pay a lot for it?” So we did another experiment in which we used two different bidding procedures, and the details are not important, it was based on what’s called first prize and second prize auctions, to figure out what people think other people would bid on those origamis. And we found out that people mistakenly thought that other people valued that origami as highly as they do. So, people not only overvalue the origami they’ve created, they also thought that other people would do so as well. And you can think about lots of us who make different products- we think everybody would love our products in the same way that we do. We don’t understand that we are kind of an inside perspective, we don’t see the outside view.

The last thing we did, was we also made the instructions for the origami harder. So they were harder to follow. And what we saw happening there, was that the actual quality of the origami decreased, because all of a sudden, it was harder to make, it was more ugly, people made ugly origami. It was objectively not as good. But their own liking for it actually increased. Even though the origami objectively was uglier, they were more committed to it because it was harder to make and came with more effort.

Immersed in Your Own Perspective

You know I think that a kind of a good analogy for this is to think about kids. So, I have two lovely lovely kids. And if you ask me how wonderful my kids are, they’re amazing. So that’s the first thing, right? Kids are lots of work, they require a lot of effort, and now my love to my kids is probably a function of the amount of effort I’ve invested in them. And then you ask me, do I think that everybody else shares the same perspective as I do? And the answer is, yes. When I take my kids to a party or to the park, I can’t imagine anybody would find anything better to do than to look at my kids. I’m immersed in my own perspective. I can’t imagine that they feel the same way about their kids, as my kids, because I don’t look at them objectively. My kids look so much more exciting, interesting, and smart, and adorable. And you know I think we can all understand the intuition about kids, is

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that the more effort we invest in them, the more we love them, and we're unable to see the other people's perspective with out kids. Plus, even harder than origami, they require lots and lots of effort. But it's not just about kids. I think it's about everything that we put love and attention and care for. And kids are just a good analogy for that.

[19:36] DEREK: Cool. So now, the real key take away for this is that when you're selling anything, like a product or an information product or if you're talking about your kids, you've got to realize that there's some sense of ownership and pride over what you've created and what you're selling, and there's a tendency for you to overvalue that in the real marketplace.

DAN: You can think about two directions for this. You can think about you as a producer, your own tendency to fall in love with your own product and what negative things this can do, and then you can think about the other stuff, which is how do you create people on the other side to fall in love with what you've created? How, by giving a sense of ownership and creation, you can get other people to love what you've actually made, for them to take ownership of it and love it more?

Blood, Sweat, and Tears Effect (Schlitz Beer)

DEREK: I want to tell you about... now this is going to be a little bit of speculation because I don't know if there's research to back this up, but it appears that one of the key components why people overvalue what they create is because they know what blood, sweat, and tears went into creating it. And I believe that when you demonstrate to people the amount of time and effort that went into your work or products, they also might tend to place more value into whatever it is you're selling. There's actually a famous advertisement created by Claude Hopkins in the early 1900s. It was for Schlitz Beer. And in that ad, Claude, now famously, went through the exact process Schlitz used to create their beer from start to finish. And that ad sold extremely well.

And actually, most recently, I remember when Steve Jobs first described the iPhone 4. He took extra care in describing how the antennae was built into the side of the phone. So, while people tend to overvalue their work, because I believe it's due to this whole blood, sweat, and tears effect, do you think you can help people value your work also by describing the blood, sweat, and tears and effort that went into creating the product?

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DAN: Yes. I'll give you two examples of this. And I think partially it comes from the same problem which I discuss a lot in my first book, Predictably Irrational, which is the problem of figuring out what something is worth. And because we don't have a good way to estimate how much something is worth, we use cues, we use other things, we use other heuristics, and one of them is how much effort is being used. And I'll give you two stories.

The first one is, you remember Bank of America increased charges for free checking to \$500 a month and people went crazy. And I think part of the reason is nobody knows how much effort goes into banking. Nobody knows about the banking regulation, and what they have to keep as databases, and how long they have to keep the data, and how much it costs them to keep it. We as consumers have a very simplified image. We say, "Well, we used to go and there was a teller and we used to go to a bank so that we had to pay something, but now we don't go into those things so why would we pay anything for this?" We don't see all the effort and investment that goes into it so we're not willing to pay for it. And there was basically a moral outcry based on that.

The other story in the other direction, is that I recently met a guy who was a locksmith. And he told me a nice story. He said when he was training to be a locksmith, he was not that good. It would take him a long time to open a lock. He would often break the lock in the process, and he would have to charge not just for his effort, but also for the new lock, and then people paid him happily and they gave him a tip. And he said that now, that he's very good, he takes about two minutes, he never breaks a lock, so he charges people less, because he only charges them for opening the door, he doesn't charge them for a broken lock. He said nobody tips him and everybody argues with him about the price. And if you think about it, he's doing a better service. First of all he's not breaking the lock and the second thing it doesn't take him an hour. But if you see somebody sweating for an hour by your door, really working hard to open your lock, you feel better about paying him a hundred dollars. And if it took him two minutes, you feel really bad about that. So there is a question about how do we communicate to people that effort that has gone into something, and to the extent that this can help justify the price.

DEREK: Yeah, I mean that's remarkable that he's doing a better job, getting it done faster, and people are less likely to tip him and feel good about it just because he wasn't there sweating in front of their lock. That's crazy.

Now, just moving right along, I want to talk about this next thing- vengeance- and this human desire to enact justice on those they feel who deserved it. It kinda

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sounds scary, but as you talked about in your book, it's an underlying primal urge. In thinking about vengeance, has everlasting effects in our current world I believe also, which we can talk about in a little bit, but now I want you to tell us about the pleasure of punishment as discovered by the Swiss researchers Ernst Fehr and the modified version of The Trust Game (<http://ftp.iza.org/dp3895.pdf>). Can you tell us about that?

The Trust Game

[14:56] DAN: So first of all, think about The Trust Game. There are a lot of version, but the very general version is the following: you have two players, Player A and Player B, and you give Player A \$100. And you say, "Look Player A, you can do one of two things. You can either take a hundred dollars and go home, or you can trust Player B, you can send the money to Player B. Now, if you trust Player B and send him the money, the money will somehow magically quadruple, so by the time it gets to Player B, Player B will have \$400. And now Player B could do one of two things, they could either take the money and go home, or they could send you, Player A, \$200 back. Now think about it, if you are Player A, you have to ask yourself, what's the chance that Player B- who you never met, you don't know who they are, they're sitting in some other room in some other place- what's the chance they will send you money back? Now if you think it out perfectly rational, you would also think they would be perfectly selfish and they would take the money. And under this condition, you will never send them the money and you will never get it back.

But it turns out, when you play the game for real, lots of people send the money and lots of people send the money back. So we intuitively know that people are nice in economic theory, and people actually are nice in economic theory. There are some selfish people, but many people can reciprocate. Ok. And just to think about it, you can imagine you're Player B and somebody was Player A and they send the money to you and how easy would it be for you to just go home rather than send the money back, or half of it back?

And that's The Trust Game. And that's basically score one zero over the human being over the economic rational model. But there's another version. Imagine you're Player A, you send the money to Player B, and Player B decided to take the money and go home. So they've betrayed your trust. And I come to you and I say, "Derek, I'm really sorry. Player B took all your money, but I'll tell you what. For every dollar you will pay me, I will hunt them down and I will take two dollars away from them." So you just lost a hundred dollars. And now the question is, would you be willing to lose even more money, to make Player B suffer?

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And what we find, and you can say to yourself, “No,” and you’re just on the sofa and you’re comfortable and you say, “No, I’m not the revengeful type.” But when it’s actually happening, and you put your faith in somebody, and they betray your trust, people feel very very revengeful, and they’re very likely to pay lots of money. And you know if you ever had kind of a divorce or a romantic breakdown, something like that, you can... actually you don’t have to go that far... you can think about the last time you probably talked to you cell phone provider. The moment that people upset you, you’re willing to go to great lengths to punish them.

Now, when you think about punishment in this regarding revenge, it sounds very strange to start with, because why would you be willing to spend more money to punish somebody you’ve never met, and you’ll probably never meet again, and you don’t know who they are? But if you think about it from an evolutionary perspective, it actually makes sense.

Why? Because trust is an incredibly important thing to have in society. And because trust is an incredibly important thing in society, having revenge is an incredibly useful mechanism. You know if we had police, and the judicial system everywhere, that would be one thing. But we can.. If evolution developed in an environment without police and without the legal system, and what we had to do was be self-policing. So now, imagine you were thinking about doing something bad to me, when I’m the revengeful type or not the revengeful type. If I’m the revengeful type, you’d be much less likely to do something bad to me. And not only that, if you did something to me and somebody else would find out, if they had an instinct for revenge, they might take revenge on my behalf. So now you can see how revenge is basically a mechanism for self-policing, and having it in society is very helpful. Now, it’s very helpful in organizing relationships between people, and it also influences relationships between people in companies . And people are willing, as you can see on YouTube, people are willing to go to great lengths to defame and get upset with companies they hate. And I think it’s really sad that companies don’t yet understand the extent and effectiveness of revenge.

[29:34] DEREK: Yeah, and I mean especially revenge coupled with the Internet makes it even more prevalent. Mainly because 1) it’s really easy to try and exact revenge, and 2) there’s that that sense of deindividuation that happens between hiding behind a computer. What do you think?

United Hates Guitars

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DAN: That's right. So, hiding, and you see more people are doing it. So all of a sudden, there was this video, I don't know if you saw it, United Hates Guitars (<http://www.davecarrollmusic.com/music/ubg/>).

DEREK: Yes, I did.

DAN: Here is a guy that was upset. The customer service people did not treat him well. And let's say there were 10 million viewers of that song on YouTube. When I go on a United flight, this song plays in my ear. This was an incredible damage to the company. Right, but they don't really know how to deal with it yet. Now, the guy spent a small fortune and a lot of time doing this video. But nevertheless, this was very important for him.

DEREK: Yeah. So I mean it's actually very interesting that we sometimes deal with irate customers, and my whole process for dealing with irate customers was always just to refund them, give them their money back, just give them what they want, and move on because it's just not worth it. Because the Internet makes it so easy for them to enact revenge, whether it's warranted or unwarranted. So I try to tiptoe around that. Now I know we're coming up on thirty minutes here...

DAN: Yeah, there's a question, by the way, of it enough to just silence people or do you want to do something good for them. And the good news in our research is that saying sorry turns out to be very successful, you know, in a sincere way. So, people can get upset at all kinds of things, and the question is what can you do diffuse anger? And what can you do efficiently to diffuse anger? And I think the good news is that people understand that other people make mistakes. We make mistakes all the time. We understand that people make mistakes, so figuring out how to say sorry I think is very important.

DEREK: Yeah, so you mean saying sorry is much better than blaming somebody else?

DAN: Yes! Blaming somebody else, blaming the consumer, telling them they don't know how to do it... You know there's also just explaining what's happening. So the consumer annoyance thing that I get are basically students who want a better grade. And I sit with them, and I say, "You know what? An exam is not a perfect measurement tool. It's just not. We can't make a perfect tool. I don't know exactly how much you know, but let's just understand, an exam is an imperfect measurement tool- hopefully good on average. Hopefully quite good on average. But that doesn't mean it's good for every individual and that it reflects perfectly what you know."

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And the moment I say that, there's a very different perception of what the grade is. Now in my case, I don't give them their money back, but the discussion about the exams often comes of, "Oh this question what not perfectly defined," and so on. And I just accept it and say, "You know what? You're absolutely right. Questions are not perfectly defined. This is the tool. This is what we have to deal with." And people do understand imperfection, and they understand mistakes. People do have a willingness and an ability to forgive.

Online Dating Sites

[33:08] DEREK: Yeah, cool. All right, thank you for that insight. Now, I know we're going a little bit long here, but I just want to close us out with one more question. And I know in your book you talk about how some designers create websites, and they do it all wrong. They make it complicated, and they're too creative. But more specifically, you talk about dating websites. And you mention how when people design physical products, like shoes or belts, or pants- they take people's physical limitations into account. They understand what human beings can or cannot do. So they create and manufacture products that can be used by all of us. But, when people design intangibles, they somehow forget about these limitations. And you talk about dating websites. Can you tell us a little bit about that now?

DAN: So first of all, about the main point: if you think about it, most of the physical world around us, it is designed to help us deal with human limitations. Think about air conditioning, and think about lights, and think about computers, and cars- you know all of those things, if we were all Superman, we wouldn't have needed any of those things. But we go ahead and we spend a lot of time making sure our environment helps when we don't have the ability or the capacity. In the mental world, you know when you think about financial decision making, or healthcare decision making, or romantic decision making, the logic is that we are infallible, and the only things that websites need to do, or companies, is to provide us with information and once we have all the information, we could do the right decision. And I think this is a very flawed kind of perspective.

Now in particular with online dating sites, what happened is they're taking the things that are easy for us to describe people on. We can describe people on height and weight and political affiliation, religion, and how many years they've done in school, and earning, and eye color, and so on. And so people write those things down because they're easy to do. But then you ask yourself, "Are those things useful?"

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Here's a thought experiment I would like you to do. Imagine you gave me a list of fifty people you really like, and fifty people you don't like so much. And I went to the one hundred people and I asked them to describe themselves on an online dating site, without their picture and without their name. And then I took these profiles back to you and I said, "Please sort them out into two piles- the people you think you like a lot and the people you don't like so much." How good would you be about taking those attributes and inferring who would be a good friend and not a good friend? And of course, you could say, "Oh, I know I have a Republican, short friend. This is it." But if you thought about the actual attributes, when we do it, those turn out not to describe people to a very accurate degree.

Because what is it about your friend, or about your romantic partners, that makes them really special for you? And it's really not height, and eye color, and religious affiliation and the things that are easily described. So what the online dating sites are doing, is describing things in a way that is easy, rather than describing in a way that is actually useful. And they are not alone in that.

I think another offender is car insurance policies. When you look at car insurance policies, they describe them in words that are useful for them. Liability, coverage for uninsured driver- to know what liability I would need, I need to know so much data about how much it costs in hospitals, and what's the average cost and what's the extreme cost, and what's covered. To make a right decision on car insurance, you need to be an actuarial with the data they give you. And nobody there is doing the right exercise, which is to look at things, at try to give us information in the way that we could relate to. "This kind of coverage would cover for you for 99.9% of the accidents, there will be a few ones you will not be covered for. This one will cover you 100% of the time." Basically, they could give us information in a way that we could digest. But, no, instead what they do is they take the information and they describe it in ways that are good for them, but not good for us.

DEREK: Yeah. So I guess the key take away is no matter what you're selling and whether you're doing it online or not online, you've always got to make a concerted effort to bring meaning into whatever it is you're selling, for your target customer, not just for yourself.

DAN: So meaning is one important thing, and the other one is to say that you want the attribute to reflect something useful. You want it to map onto something that people can actually make a good decision about.

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DEREK: All right, cool. Dan, I gotta just say, thank you for doing this. I know I took up a lot of your time today, but this was a lot of fun. And to the listeners of Social Triggers Insider, I hope you enjoyed this, and if you loved it, make sure you share it with a friend. Dan, can you tell us where everywhere can find you online?

DAN: So my website and blog is DanAriely.com. And also, if people are interested, I always ask people to participate in studies. We keep on sending, asking people to participate in all kinds of things. On the right panel, there's a place to try and participate in studies, and we always appreciate the help.

DEREK: Awesome. So if you ever want to participate in one of Dan's landmark research experiments (https://danariely.qualtrics.com/SE/?SID=SV_didFPT05NQ1LsXy), you can find that on his website at DanAriely.com. I'll have a link right below this audio, and the other thing is, if you really liked what Dan was talking about today, go pick up his two books, Predictably Irrational and The Upside of Irrationality. These two books really did change my life, and it's one of the main reasons why I focus on understanding psychology now, because read these two books a few years ago. Well, I read one book when it came it, and the other one when it came out, but they're just great reads. Now, if you're a new listener of Social Triggers Insider, make sure you come over to SocialTriggers.com and hop on the newsletter list. And on that note, I hope everyone has a great day.