Choosing How to Choose: Can People Choose the Best Choice Architecture?

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Offering people a choice between choice environments may help them make better decisions while addressing concerns about paternalism. In three studies, a simplified choice environment helped people make better choices. Most participants chose the simplified choice environment, but lacked the metacognitive awareness to understand how this choice benefited them.

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EXTENDED ABSTRACT

Choice architecture tools have a large impact on the decisions people make and can produce better outcomes for both decision-makers and society (e.g., Choi et al. 2012; Johnson and Goldstein 2004; Johnson et al. 2012; Johnson et al. 2013; Langer and Fox 2005; Lichtenstein and Slovic 1971; Martin and Norton 2009; Thaler and Benartzi 2004; Thaler and Sunstein 2008). Because of their potency, there are concerns about whether choice architecture tools are excessively influential or paternalistic (Hausman and Welch 2010; Mitchell 2005; Schlag 2010), especially in public policy. This debate raises the question: Is it possible to use choice architecture tools without compromising people’s freedom of choice?

To explore this question, we conduct three studies offering people the choice between a typical choice environment and a simplified choice environment that incorporates choice architecture tools, such as defaults. We ask: (1) Will people choose the choice environment that will help them make the best decision?; and (2) Will people correctly estimate how much they were helped by this choice? We explore these questions in the context of online choice of health insurance plans (a la the Health Insurance Exchanges created by the Affordable Care Act), an important decision where people struggle to choose the best option and where choice architecture tools help people make better choices (Johnson et al. 2013; Quincy 2012).

Study 1

Tests whether a simplified choice environment helps participants make better decisions and whether people appreciate the impact of this environment. Participants (N = 306) used an online decision aid to select a hypothetical health insurance plan. Participants were randomly assigned to a typical choice environment that mimicked existing health insurance decision aids and was described as a way to see more information to help choose a plan, or to a simplified choice environment that featured a series of choice architecture tools and was described as a simpler way to choose a plan. After answering questions about their insurance needs, participants compared plans and selected their preferred plan from a set of six plans. In the typical environment, more information was displayed and plans were organized alphabetically. In the simplified environment, only key information was displayed and plans were organized from best to worst based on a combination of key features (e.g., price and quality). Finally, all participants completed a post-choice questionnaire.

Study 2

All participants were equally engaged (i.e., spent equal time choosing a plan), but participants using the simplified environment made significantly better choices. Specifically, they chose plans that met significantly more of their self-identified insurance priorities. Although the choice architecture tools in the simplified environment helped participants make better decisions, participants’ post-choice ratings did not reflect this and, if anything, participants in the typical environment had more positive ratings.

Study 2 gave participants a choice between environments to ask whether participants would choose the simplified environment and, if so, would they recognize the impact of this environment on their choice? Participants (N = 284) followed the same procedure as in Study 1 except that they chose their preferred choice environment upfront. The majority of participants (69%) chose the simplified environment over the typical environment. The simplified environment showed the same advantages as in Study 1: Participants choosing the simplified environment spent equal time choosing a plan, but demonstrated significantly higher choice efficacy by choosing plans that met significantly more of their insurance priorities. However, participants did not rate the simplified environment as more helpful or easier nor did they express greater confidence.

In Study 3, we made it easier for participants to switch between environments at any point during their choice. We also simplified the choice by providing a usage scenario and making plans differ on cost dimensions alone so that there was a single best (most cost-effective) plan. Participants (N = 112) were randomly assigned to a typical or simplified environment. The typical environment did not calculate total yearly cost and ordered plans randomly, whereas the simplified environment calculated total yearly cost, ordered plans by total yearly cost, and made the cheapest plan the default option. When switching environments was encouraged, less than a quarter of participants (21%) stayed with their assigned environment and the majority (59%) chose the simplified environment in the end. Participants choosing the simplified environment were equally engaged in the task (i.e., spent equal time choosing a plan), but were significantly more likely to choose the most cost-effective plan. However, this benefit was once again not reflected in participants’ post-choice ratings, even though most participants explored both environments.

Across three studies, people were given the opportunity to choose how to choose. We consistently found that people can select the environments that help them perform better, but they underestimate the impact of this choice. These results underline the importance of evaluating choice architecture tools based on their impact on choice efficacy rather than subjective indicators, such as decision confidence. They also suggest a powerful alternative to concerns that choice architecture robs people of choice (Smith, Goldstein, and Johnson 2013). Giving people a choice of how to choose preserves their autonomy and helps them make better choices. The theoretical mystery remaining is how people choose how to choose correctly implicitly, without conscious awareness.

REFERENCES


