

## 2. A Hoodwink and a Nudge?

Over the past decade, “nudge marketing” has become a widely practiced technique to shape consumer choice. Many companies are now employing strategies to subconsciously influence how and where customers spend money. Nudges can take the form of default settings, such as one European railroad’s automatic reservation of seats with every ticket purchase unless customers manually opt-out.<sup>1</sup> They can also take the form of environmental cues, as with one supermarket’s placement of green arrows on the floor in a path to the produce section. Nudging is controversial both due to how it works and the ends towards which it is directed. Through nudges, consumers are involuntarily guided to make choices perceived to benefit them or the companies they patronize. Nudges operate in a way that some perceive to be an unavoidable aspect of life and others perceive as a violation of individual autonomy.

Businesses can use nudges to help customers. For example, the use of nudges to direct people to purchase produce led to a 9% increase in produce sales. According to one professor of marketing, nudges can also “have virtuous effects, encouraging consumers to donate their organs, reduce their consumption of energy, and save more money.”<sup>2</sup> Thus, we might think that we should support nudging for its potential to create a happier and healthier society. However, even if we do, we might wonder if businesses are in a position to determine what makes for a healthy society.

Businesses can also use nudges to increase profit. Some restaurants, for example, include overpriced “decoy” items, omit dollar signs, and name dishes after family members to encourage sales.<sup>3</sup> In another profit-motivated example, Facebook implemented a program that automatically posted members’ purchases for all to see, resulting in a lawsuit against Facebook and cooperating advertisers.<sup>4</sup> Some argue that profit-motivated nudging is harmless and stimulates the economy; others argue that it unfairly manipulates customers into purchases they would not consciously choose.

Much of the controversy over nudging surrounds its methods. On one hand, critics argue that nudging manipulates consumers rather than allowing them to make informed, rational decisions. Real character stems from the development of our rational capacities, not from the temporary effects of subconscious motivation. Critics also argue that average individuals are in a better position to make decisions about their own wellbeing than businesses are. On the other hand, supporters of nudges argue that because default settings and environmental cues are unavoidable, we may as well put them to good use. However stores are designed, products are placed, or user interfaces are programmed, people will always subconsciously experience some options as more appealing and other options as less appealing.

### Study Questions:

- (1) Does nudging violate personal autonomy? If nudging has some good effects (such as encouraging healthy choices) as well as some bad effects (such as limiting character growth), how should we weigh these effects?
- (2) Is there a morally relevant difference between a company nudging customers for the sake of profit rather than for the sake of the customer’s health and wellbeing? Why or why not?
- (3) Is there a moral difference between a public or commercial entity engaging in nudging and a parent or educator doing so? Why or why not?

1. <https://hbr.org/2008/12/nudge-your-customers-toward-better-choices>
2. <https://hbr.org/2016/04/why-nudging-your-customers-can-backfire>
3. [http://www.nytimes.com/2009/12/23/dining/23menus.html?\\_r=0](http://www.nytimes.com/2009/12/23/dining/23menus.html?_r=0)
4. <https://hbr.org/2008/12/nudge-your-customers-toward-better-choices>