



## **CAPE CHAMBER**

OF COMMERCE & INDUSTRY

### **FREE CHOICE IS NOT WHAT IT SEEMS**

**Date Published:** 03 APR 2017

Free choice is not what it seems

So you want freedom of choice? Not so fast. A colonoscopy involves a small camera up your rectum for the proctologist to take a look-see. The discomfort is at its peak when the camera is moved around – which is basically the entire procedure. You’d think the general rule would be to get it over with. But people make some rather strange choices.

In a medical trial, patients recalled less distress after a colonoscopy that lasted longer – as long as the instrument remained still for the additional time. So, more patients would have chosen the longer process, were they to have it again.

The Nobel Prize-winning psychologist Daniel Kahneman also discovered that the quality of past experience follows the “peak-end” rule: how the experience felt at its peak (best or worst) and how it felt at the end. The duration had almost no influence on the recalled quality. Our memory can really cloud our logic when it comes to making choices.

Aversion to loss also makes us choose very strangely. We are all ‘creative accountants’ when it comes to keeping our psychological balance sheets. Imagine you bought a R300 ticket to a big game. You have a cold, it is raining and the stadium is a one-hour drive away. If you asked an economist, he would tell you to think about the future – the R300 is ‘sunk’ – it is gone and you can’t get it back.



## **CAPE CHAMBER**

OF COMMERCE & INDUSTRY

What should matter is that you would be better off watching the game on TV. But unfortunately that's not what most people do – we hate losses, so we drag ourselves out, somehow equating the pain we inflict on ourselves with erasing the debt we have.

Economist Richard Thaler provides another interesting example about sunk costs and their effect on choice. You buy a pair of shoes that turn out to be really uncomfortable. The rational thing to do is to get rid of them. But we hate sunk costs, so we tend to do the following:

The more expensive they are, the more you'll try and wear them.

Eventually you'll stop wearing them, but you won't get rid of them. The more you paid for them, the longer they'll sit in the back of your cupboard.

After some point – when the shoes have been fully “depreciated” psychologically – you'll throw them away.

We tend to do the same thing with our investments – hanging on to poorly performing shares and selling the good ones – when we should do the opposite.

To express ourselves adequately, we feel we need a sufficient range of choices. Our happiness and wellbeing is actually dependent on the knowledge that we can make choices that will allow us to exert some control over our environment. However, it is interesting to note that the things that make us happy, can actually restrict our choice.

Marriage is one (although some would argue against that). Few of us would deny the positive effect of a serious friendship, yet to be someone's friend is to take on weighty responsibilities that, at times, may limit our freedom of choice. Those people we can phone 'when we wake up with a dead hooker in a hotel room' are happier people, even though they have no choice but to help us.



When we want to have fun with a new board game, what do we do? We look for the rules. These boundaries restrict our choice, yet are crucial to us having a good time.

I remember when I was called in to lecture an unruly class of 1st years (they had chewed up and spat out three before me). I am not a particularly thick-skinned person, so I understandably approached the task with some trepidation.

I walked in and stated the following: “Hi, my name’s Sid. You know everything – marketing is not rocket science – my job is to help you release it. You can do exactly as you please in my class – even sleep. But if you snore, I’m afraid I will have to wake you, as you will be disturbing the rest of us. I apologise in advance. Also, eat what you like, but I would appreciate you not eating crisps, or anything else that makes a noise. Any questions before we start?”

They were as good as gold. And I learnt that people need only two things to be content: love and boundaries. Not endless choice.

Reference 1: Schwartz B. The Paradox of Choice. Why more is less. HarperCollins 2004.

#### About the author

Sid Peimer is the Executive Director of the Cape Chamber of Commerce & Industry. His book ‘The Clear Win: Pitching for new business – the strategies that work; the myths that don’t’ can be found on Amazon here



# **CAPE CHAMBER**

OF COMMERCE & INDUSTRY

**Tags:** Brand, business, cape chamber, Chamber Says, choice, communication, ED's blog, freedom, Marketing, paradox of choice, Sid Peimer, small business, Small Business Development, SME, SMME, Strategy, where opportunity meets

**Categories:** ED's Blog, Featured Item