



Our Take:

OG's Point-of-View On Best-Seller Business Books

Feb 2011

In This Edition We Review

The Art of Choosing

Sheena Iyengar
Hatchet Book Group, 2010

A Little Background

The Art of Choosing was written by Sheena Iyengar, Professor of Business in the Columbia Business School, considered one of the world's experts on choice. The book is based on her research on choosing, which has been published widely in economics, psychology, management and marketing journals. Her work is regularly cited in *The New York Times*, *Wall Street Journal*, *Fortune* and other major media outlets and in national bestsellers such as Malcolm Gladwell's *Blink*.

The response to the book has been strong. The book has been selected as a finalist for the *Financial Times Business Book of the Year 2010* award and is ranked #3 on the *Amazon.com Best Books of 2010: Business & Investing Top 10*.

The Basic Premise

The book examines how and why we make choices...both simple, everyday choices and complex, life-changing decisions. The book focuses not just on the economic implications of choosing, but also considers the social and psychological impact of choice.

In the book, Iyengar shares the results from several research projects that she has conducted dealing with choice. Marketers may be very familiar with one of Iyengar's studies, though it is often not associated with her. She is the researcher behind the now famous jam study.

As a refresher, the jam study examined the impact of choice on the buying decision. A sampling station was set up in a grocery store that allowed customers to sample a variety of jams. Customers who sampled the jams were given a coupon for the purchase of a jar from the grocery aisle. First, customers were presented with a large selection of jams to sample. Iyengar found that just 3% of customers purchased a jar of jam following sampling. Later, customers were offered a limited selection of jams to sample. Iyengar discovered that customers who sampled a limited assortment of jams made purchases 10 times more often than those who had a large selection. The conclusion was that increased choices do not necessarily help customers choose or result in an increase in sales.

One of the key points of the book is that choice, in the western culture, is often put on a pedestal. We equate choice with freedom. More choice means more freedom and greater satisfaction with the final selection. However, Iyengar argues that, in certain situations, fewer choices actually result in better decisions and ultimately, greater satisfaction. To make sure that we are making the best decisions, the author suggests that it is important to examine the choosing process and how it is impacted by both external and internal forces.

Though not a new idea, the book proposes that the decisions we make are not made in a vacuum. As much as we like to think we "make up our own mind," Iyengar's research suggests it is often not the case. Instead, decisions are greatly impacted by the environment and culture in which they are made. Iyengar proposes that choices are often made in consideration of what others are choosing. While we may desire to make our own decisions, we tend to want to stay near the middle of the bell curve. A little individuality is fine, but too far to one extreme or another makes us feel uncomfortable. To make sure we don't go too far either way, we take into consideration what others will think of us based on the choices we make.

Besides external influences, Iyengar's research suggests that our choices are also impacted by our beliefs and perceptions about ourselves. We tend to make choices that are consistent with previous decisions, even if our earlier decision did not turn out to be the best choice.

Overall, the author recommends that it is just as important, if not more important, to examine how we make choices as it is to have good choices in the first place.

Where We Agree

It's exciting to read the work of this experienced and well-respected researcher. We're excited because much of Igenyar's research confirms what we have found following years of experience in conducting market research and analytics.

In market research, focus groups have long been an accepted practice to test new products and campaigns. Ultimately, the purpose of these groups is to determine what features customers prefer or how they select a product. Our experience has shown that, though focus groups can be useful, they are not always the best option. Like Igenyar, we have seen members of focus groups change or minimize their preferences based on the preferences of others in the group. The challenge is that these groups do not mimic the actual moment a buying decision is made. The book even suggests that, since we are so strongly swayed by internal and external environments, we are incapable of predicting what decision we will make in the future.

We also agree that focusing on the way we make decisions is just as important as the options themselves. We have found that when choices are presented in a way that simulates the buying decision, we often uncover valuable insights about customer preferences. These insights can then become the basis for successful marketing programs.

Our Top 10 Quotes from *The Art of Choosing*

"The desire to choose is thus a natural drive, and though it most likely developed because it is a crucial aid to our survival, it often operates independently of any concrete benefits. In such cases, the power of choice is so great that it becomes not merely a means to an end but something intrinsically valuable and necessary." P.10

"We are all trying to find the place on the bell curve where we feel most comfortable. If we have to bend the truth to get there, so be it." P. 93

"As we make our everyday choices, we continuously calculate not just which choices best match who we are and what we want but also how those choices will be interpreted by others." P.104

"Clearly, how we frame information for ourselves and for others can make a big difference in how we see and respond to choice." P. 122

"Our minds automatically seek order, and our tendency to establish relationships between different pieces of information plays an important role in decisions-making." P. 123

"It isn't easy to predict how others will react to a given situation. We even have trouble predicting our own emotions. When we try to determine how we'll feel in the future about decisions we made today, we extrapolate based on our current feelings." P.136

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"We often find it necessary to find balance between equally desirable or undesirable alternatives, and sometimes we don't even know what we really think about something until we're forced to do so."
P. 170

"If the difficulty of choosing isn't resolved by adding more options, then perhaps the solution is just the opposite: to come up with a more effective algorithm for eliminating choices. Not quite. Choosing is not simply mathematical problem." P. 205

"Categorizing options can also ease the burden of choosing. Reduce your choice set into a manageable number of categories, and within any category include a manageable number of alternatives." P. 210

"It is worth our while, I believe, to experiment with the structured approach to choosing, one that encourages us to pay close attention to the choosing process and to connect the power of choice not to what it is but to how we practice it." P. 214

OG's 1-9 Rating

On a scale of 1-9, we give *The Art Of Choosing* a 6.

As noted above, we agree whole-heartedly with the author's perspective on the process of choosing. However, we part ways when it comes to measuring and predicting the decision making process. The author seems to suggest that choosing is too complex to reliably measure and predict. We have found that, with the use of the correct tools and methodology, the decision process can be replicated, measured and predicted. We have provided multiple clients in a variety of industries with valuable data about their customers' choices...data that has become the foundation for many successful marketing campaigns.