

Behavioural Economics - the New Answers?

Ever since the 1960's people have worried about the validity of qualitative research. For a long time those worries turned on the reliability of small samples and interpretation. These concerns gave impetus to the 'reportage' approach and the asking of lots of questions to which you duly recorded the answers, weighting them in your analysis. Now it transpires that, as we psychodynamic types insisted from the beginning, these answers are made up by people to satisfy their social and status needs and bear only loose - if any - relationships to their behaviour.

With the empiricism of Behavioural Economics we have a welcome alternative to counter-balance the logical errors of the rational/reportage school of market research. One of the most convincing advocates of BE is featured on this site: Rory Sutherland, as witty and lively as ever, talking at an MRS event:

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So, we are at a turning point. Or are we? I have a sense of déjà vu. There are a couple of things worth mentioning. First when a pendulum swings in social science it tends to swing too far in the opposite direction. We are witnessing such an effect in Behavioural Economics right now. All sorts of companies and individuals are climbing on the BE bandwagon. Wait a moment, have any of them really read and digested the BE texts? BE is simply experimental social psychology reframed. All BE 'innovations' rely on the results of experiments done on undergraduates by social psychologists – or upon statistical analysis of data collected over many years in the case of Kahneman and Tversky. It is an illusion that you can offer your clients 'behavioural economics' – what you are really selling is applied cognitive psychology – and given the speed of market research projects, it is likely to be based upon conjecture and insightful observation rather than hard data. You don't get a Nobel prize for running a few focus groups - yet!

Using humans is definitely an improvement over rats in the experimental arena; including the effects of states of mind is also a boon. But both of these inclusions add to the difficulties as well as the advantages. It is not easy to set up experiments with matched samples, limited choices and controlled environments. It also raises ethical considerations when you use experimental techniques in pursuit of goals that might suit the vendor but not the customer – without fully informing the participants of the use you will make of the results.

Furthermore, BE has produced its own concepts which are now being advocated as a new reality: *choice architecture* which is an attempt to bring the connotations of real architecture into marketing, *framing* (actually an idea of Erving Goffman's), and *heuristics* - a posh word for habits or short-cuts - and originally distinguished by Husserl, the founder of phenomenology. I should also mention *framing*, or Bandler and Grinder's version of it, *Reframing* that we used for Guinness and Lucozade in the 1980's.

Make no mistake about it, I am a supporter of all initiatives that include a more sensitive and realistic approach to human nature – but before you throw the baby out with the bath water and relaunch yourself as a Behavioural Economist - reflect on the fact that we have had these 'Miracle Methods' before; NLP, Archetypes and Transactional Analysis to name a few! Last year was co-creation, this year it's BE. This looks like fashion folks!