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Jonah lehrer - how we decide (book review)

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How We Decide

Jonah Lehrer (2010)

Mariner Books, \$14.95

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In *How We Decide*, Jonah Lehrer analyses the latest discoveries of neuroscience and psychology to help us understand how we make decisions and how to improve those decisions. He talks about airline pilots and surgeons, but also highlights research studies with a direct connection to marketing. Lehrer presents compelling discoveries and insights into our understanding of consumer behavior, in a well-written and engaging account. Overall, the book provides an accessible, interesting introduction for those not familiar with the field of behavioral psychology. Since the Ancient Greeks, we have assumed that humans are rational, deliberate and logical. Modern philosophers and scientists have elevated reason over emotion. But Lehrer says this reasoning is simply wrong. Advances in neuroscience have given us glimpses inside our brains. What we've discovered is that emotions actually play an important role in all decisions, in many cases making them better. The author supports this view with real-life examples such as NFL quarter-backs. The Wonderlic IQ test is designed to measure the logic problem-solving skills of quarterbacks in order to predict their performance. The problem is, players with high scores often struggle, while players with low scores have excelled. Something besides logic is helping them make good decisions. Gut feelings win out on the field when you don't have time for logical analysis. He also references many scientific studies. Magnetic imaging of the brain has recently shown that every feeling we have is actually a summary of data. Our conscious brain focuses outside, while our unconscious is processing millions of pieces of data from our past experiences. Patterns are found and translated into emotions that are subliminal calculations. That's why we can't think (conscious mind) fast enough to hit a baseball, but we still do. In a split second, subconscious data from past experience are translated into a feeling that the pitch is good. We have yet to create a robot that can hit a baseball. Too often marketers think of their consumers as predominantly rational. Rational choice theory states that people make decisions by multiplying the probability of getting what they want by the amount of pleasure (utility) that getting it will bring. Yet in real life we observe irrational decisions all the time. Prospect theory tries to improve upon rational choice theory by accounting for people evaluating a prospect on gains and losses (Kahneman & Tversky 1979). But it is still based on rationality. Lehrer says today's research into how we actually make decisions proves that we are not purely rational machines. Emotions play an important part in decision making. Lehrer features studies which prove that asking people to explain their choices skews research. We also read of TV successes that failed focus groups because our rational mind doesn't like 'different', yet our feelings love 'different' in real life. Other research has measured greater reward-related brain activity when giving away money than when receiving it. Some marketers are waking up to this fact by offering more charitable tie-ins with their products and services. Research also demonstrates we're not driven by careful consideration of price and expected utility. Studies prove sales

dramatically increase with 'Bargain Buy' stickers against objects of the same price. We've also thrown out rationality with our increasing personal credit card debt. Buying with credit cards makes the loss abstract, so you don't feel it. On the other hand, the book references an experiment where people who drank energy drinks bought at a discount performed 30% less effectively on word puzzles than a group that paid full price for the same drink. Similarly, experiments have proven that people prefer more expensively labelled wines even though they are exactly the same as cheaper ones. Lehrer speeds through a lot of complex theories, explaining them but without much detail. The author is heavy on application but light on methodology, so if you're looking for depth you should look elsewhere. A lot of time is devoted to dramatic real-life stories. I found them intriguing, others may prefer all hard science. But the science featured is solid. It represents an overview and analysis of the latest studies and findings in neuro-science and psychology. And many of these insights apply to consumption and purchase decisions offering new perspectives on consumer research. It's hard to avoid a comparison with *Blink* by Malcolm Gladwell (2005). *How We Decide* is a narrative of a similar topic, but Lehrer maintains a deeper focus on recent neuroscience and an admirably tight focus on his conclusions. Similar to *Blink*, *How We Decide* is not for someone familiar with the depth of the field, or the growing literature on behavioral economics, such as Dan Ariely's *Predictably Irrational* (2008) or Thaler and Sunstein's *Nudge* (2008). Nonetheless, Lehrer's book is an insightful exploration for consumer researchers, marketers and anyone who has to make a decision. From illogical pricing studies to skewed focus group results, Lehrer reminds us that we are not always rational. Perhaps every human action can't be reduced to an equation. Perhaps there still is an art or intuition to our discipline. Let us remember long-running and successful campaigns like Avis's 'We're No. 2. We try harder' did not make 'rational' sense at the time and did not 'pass' focus group testing. A couple of key people trusted their feelings and it worked. The rational mind has never been able to explain love, and consumers fall in love with products every day.

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