



# HUMAN IRRATIONALITY

Adrian Camilleri



## An introduction to behavioural economics

# HUMAN IRRATIONALITY

Adrian Camilleri



## Roadmap

- What is Behavioural Economics?
- How Do Scholars Study Behavioural Economics?
- Demonstrations of Behavioural Economics.
- Applications of Behavioural Economics.
- Does Communication Channel Matter?
- Where to Learn More?





# HUMAN IRRATIONALITY

Adrian Camilleri



## What is Behavioural Economics?



# HUMAN IRRATIONALITY

Adrian Camilleri



## What is Behavioural Economics?



*“Standard economics assumes that we are rational... But ... we are far less rational in our decision making... Our irrational behaviors are neither random nor senseless - they are systematic and predictable. We all make the same types of mistakes over and over, because of the basic wiring of our brains.”*

- Dan Ariely

# HUMAN IRRATIONALITY

Adrian Camilleri



## What is Behavioural Economics?

- Irrationality refers to behaviour that does not “maximize your expected utility”.
  - Given what you know, assume, or expect about the world, you fail to make a decision that best achieves your objectives.



# HUMAN IRRATIONALITY

Adrian Camilleri



## What is Behavioural Economics?



*“Behavioral economics increases the explanatory power of economics by providing it with more realistic psychological foundations”*

- Colin F. Camerer & George Loewenstein

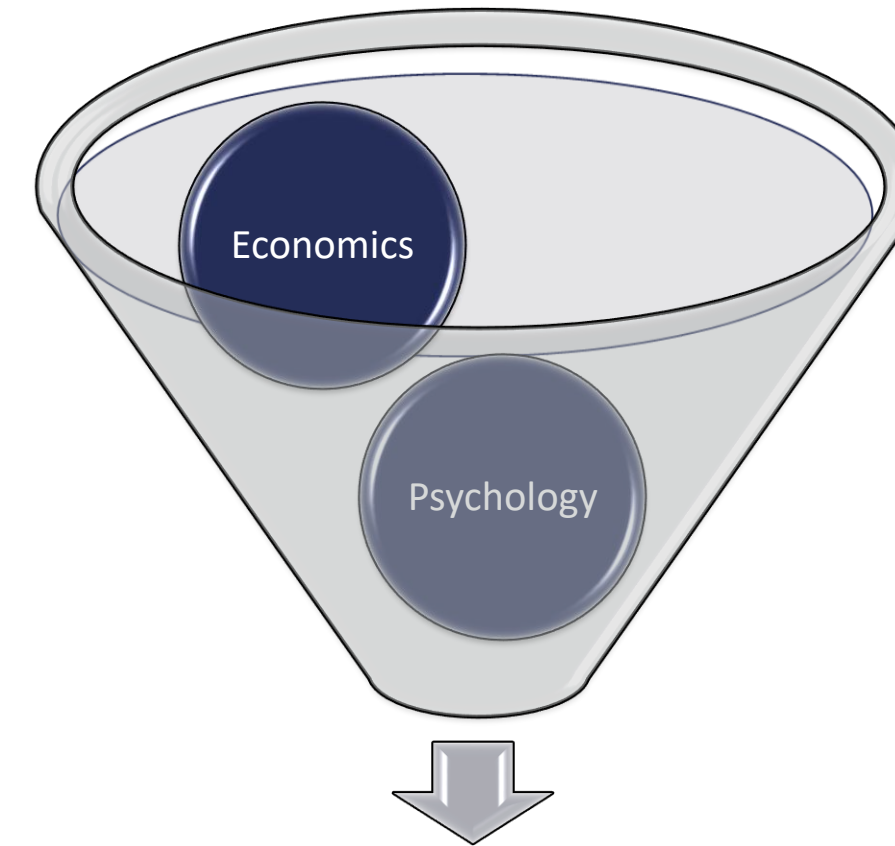


# HUMAN IRRATIONALITY

Adrian Camilleri



## What is Behavioural Economics?



**Behavioural Economics**

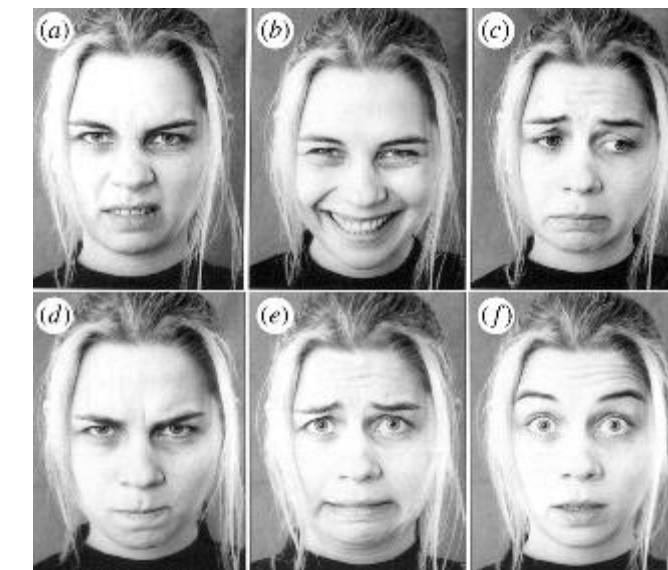
# HUMAN IRRATIONALITY

Adrian Camilleri



## What is Behavioural Economics?

- Behavioural economics studies the effects of psychological, social, cognitive, and emotional factors on the economic decisions of individuals and institutions.





# HUMAN IRRATIONALITY

Adrian Camilleri



## What is Behavioural Economics?



1978

*“A wealth of information creates a poverty of attention.”*

- Herbert Simon

# HUMAN IRRATIONALITY

Adrian Camilleri



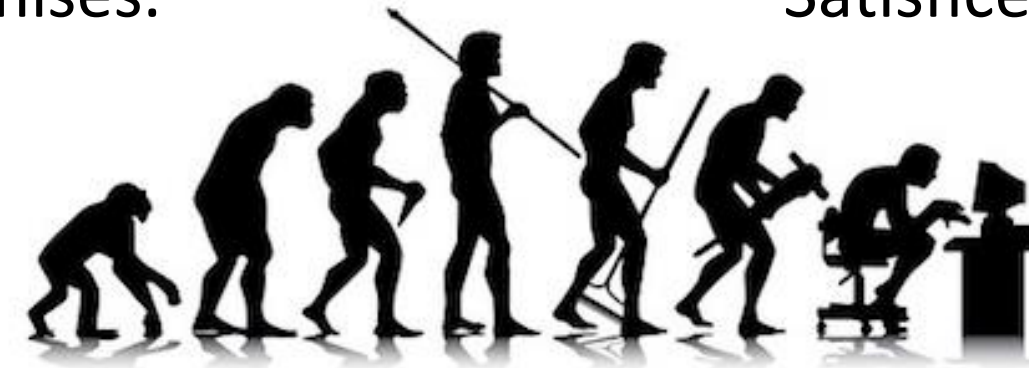
## What is Behavioural Economics?

### *Homo Economicus:*

- Rational.
- Perfect memory.
- Limitless computational abilities.
- No emotions.
- Selfish.
- Maximises.

### *Homo sapien:*

- Boundedly rational
- Limited memory.
- Limited computational abilities.
- Emotional.
- Altruistic.
- Satisfices.



# HUMAN IRRATIONALITY

Adrian Camilleri



## What is Behavioural Economics?



2002

*“Most of the time, we think fast. And most of the time we’re really expert at what we’re doing, and most of the time, what we do is right.”*

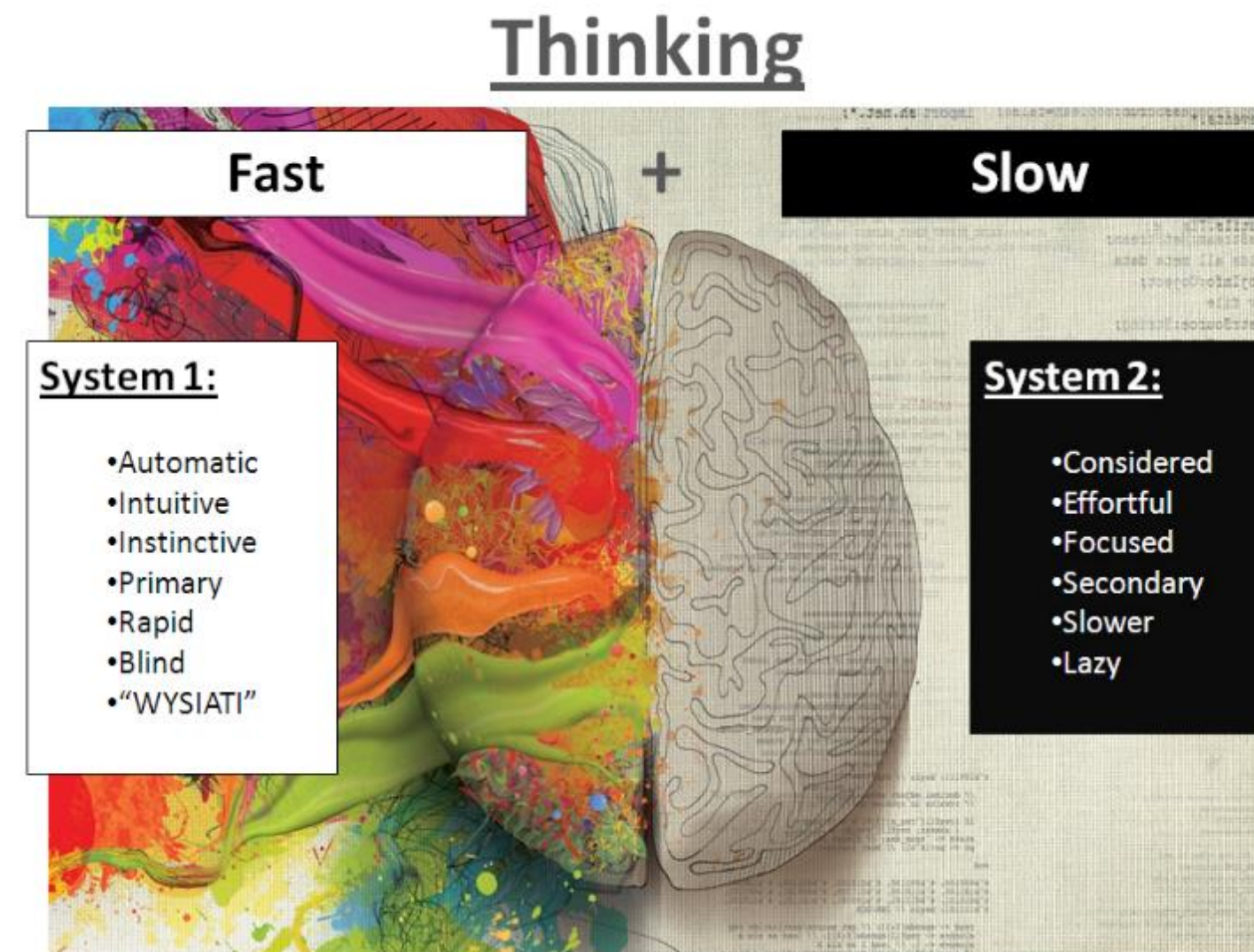
- Daniel Kahneman

# HUMAN IRRATIONALITY

Adrian Camilleri



## What is Behavioural Economics?





# HUMAN IRRATIONALITY

Adrian Camilleri



## What is Behavioural Economics?



2017

*“We humans actually need help  
controlling our impulses - nudges.”*

- Richard Thaler





# HUMAN IRRATIONALITY

Adrian Camilleri



## How Do Scholars Study Behavioural Economics?



# HUMAN IRRATIONALITY

Adrian Camilleri



## How Do Scholars Study Behavioural Economics?

|           |                    | Approach                      |                     |
|-----------|--------------------|-------------------------------|---------------------|
|           |                    | <i>Qualitative</i>            | <i>Quantitative</i> |
| Data Type | <i>Attitudinal</i> | Focus groups<br>Interviews    | Surveys             |
|           | <i>Behavioural</i> | Ethnographic field<br>studies | <b>Experiments</b>  |

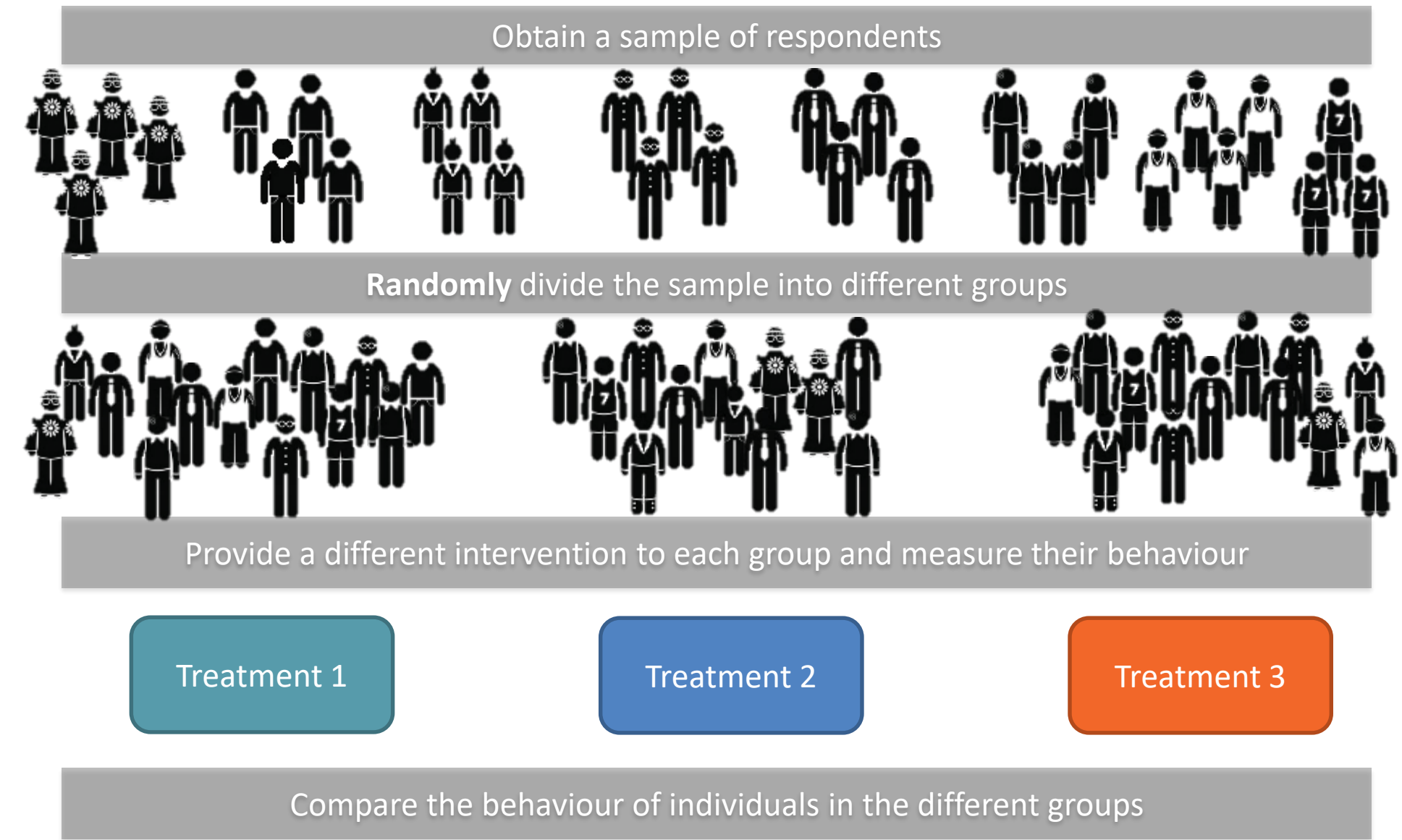


# HUMAN IRRATIONALITY

Adrian Camilleri



## How Do Scholars Study Behavioural Economics?



# HUMAN IRRATIONALITY

Adrian Camilleri



## How Do Scholars Study Behavioural Economics?

- More recently, methods are expanding to include:
  - Field data.
  - Field experiments.
  - Computer simulations.
  - Brain scans





# HUMAN IRRATIONALITY

Adrian Camilleri



# Demonstrations of Behavioural Economics







# HUMAN IRRATIONALITY

Adrian Camilleri



## Example 1

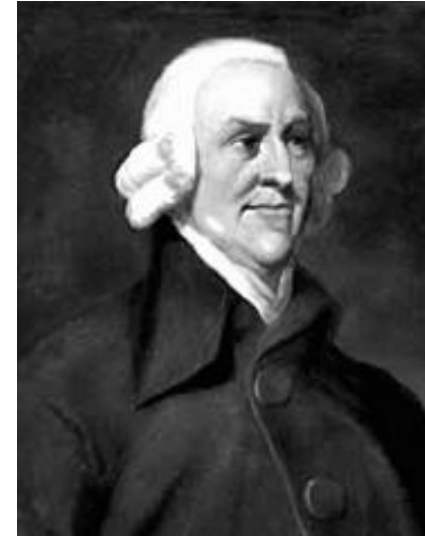
- Say we toss a coin and if it lands on heads you **gain \$10** and if it lands on tails you **lose \$10**
  - Would you play this bet?
- What if we change the bet so that if it lands on heads you **gain \$11**?
- How large must the win be for you to take the bet?

# HUMAN IRRATIONALITY

Adrian Camilleri



## Loss Aversion



*“We suffer more... when we fall from a better to a worse situation, than we ever enjoy when we rise from a worse to a better.”*

- Adam Smith



# HUMAN IRRATIONALITY

Adrian Camilleri



## Loss Aversion

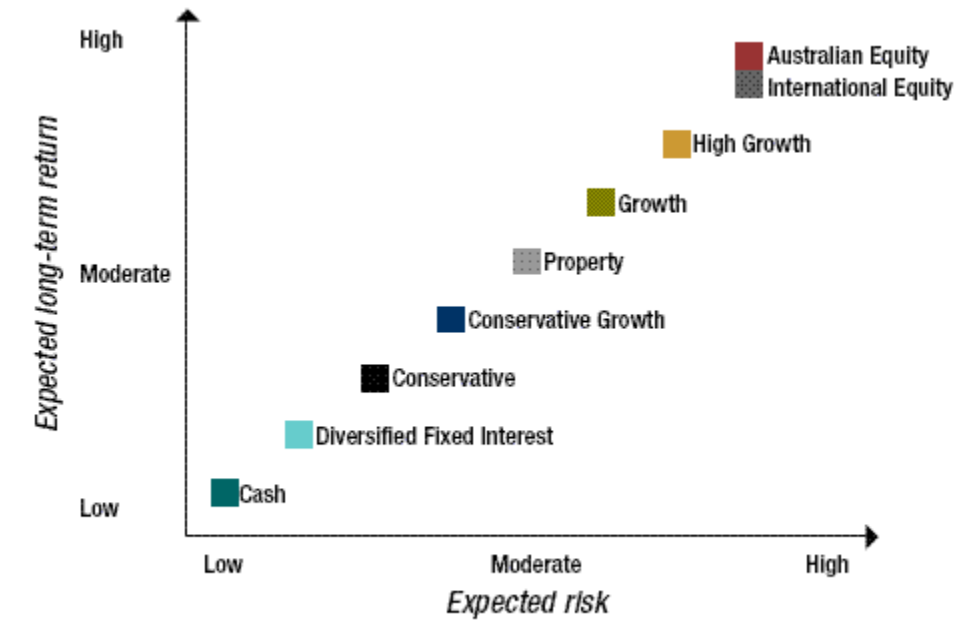
- Disparity between the strong aversion to losses relative to a reference point and the weaker desire for gains of equivalent magnitude.
  - Losses are twice as powerful, psychologically, as gains.
  - Losses may be as much as five times as powerful for retirees.
- Why does this happen?
  - Enhanced activity in the participants' reward circuitry for potential losses.

# HUMAN IRRATIONALITY

Adrian Camilleri



## Loss Aversion



This is a general guide only, and is not a reliable indicator of future performance.



## Annuities



# HUMAN IRRATIONALITY

Adrian Camilleri



## Example 2

- Scenario 1
- Which do you prefer?
  - A. 100% chance to *win* \$9,499.
  - B. 95% chance to *win* \$10,000.
- People seem to be “underweighting” the 95%:
  - Since  $\$10,000 \times 0.95 = \$9,500$
  - and  $\$9,500 > \$9,499$ .
- Scenario 2
- Which do you prefer?
  - A. 100% chance to *win* \$501.
  - B. 5% chance to *win* \$10,000.
- People seem to be “overweighting” the 5%:
  - Since  $\$10,000 \times 0.05 = \$500$
  - and  $\$500 < \$501$ .



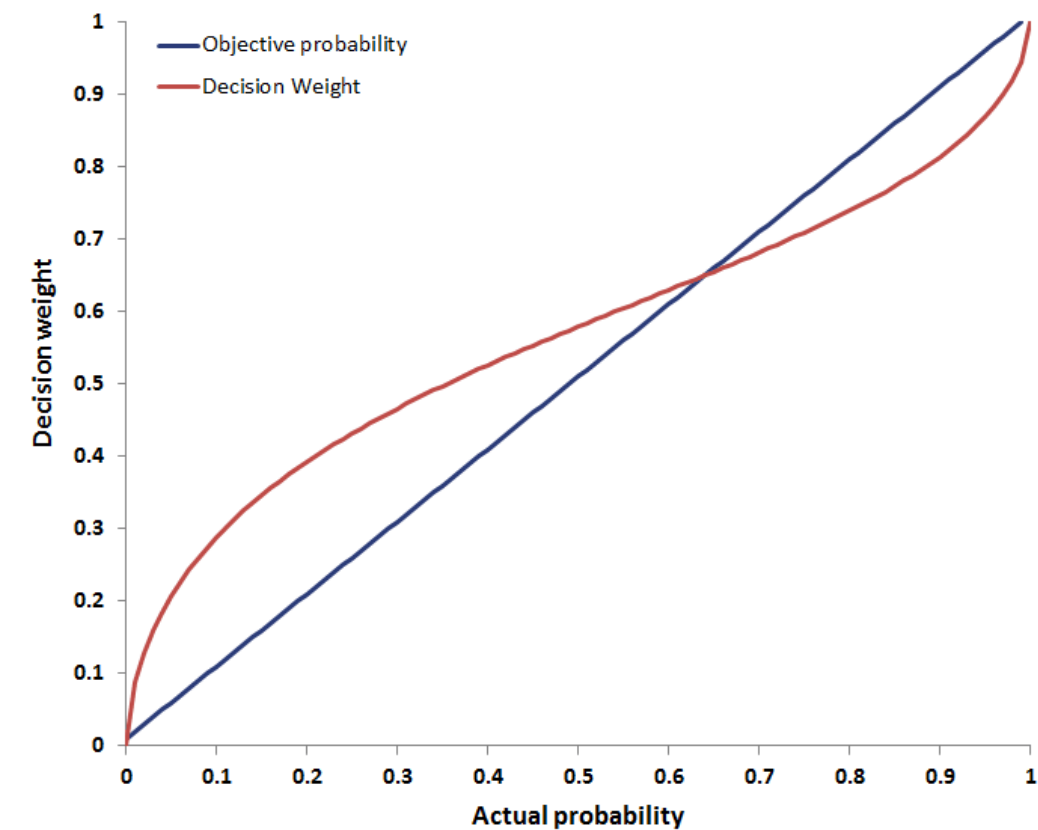
# HUMAN IRRATIONALITY

Adrian Camilleri



## Prospect Theory

- When outcomes and their likelihoods are explicitly **described**, people underweight low probability events and overweight high probability events.



# HUMAN IRRATIONALITY

Adrian Camilleri



## Prospect Theory



# HUMAN IRRATIONALITY

Adrian Camilleri



## Example 2b

- Scenario 1b
- Which do you prefer?
  - C. 100% chance to *lose* \$9,499.
  - D. 95% chance to *lose* \$10,000.
- Again, people seem to be “underweighting” the 95%:
  - Since  $-\$10,000 \times 0.95 = -\$9,500$
  - and  $-\$9,500 < -\$9,499$ .
- Scenario 2b
- Which do you prefer?
  - C. 100% chance to *lose* \$501.
  - D. 5% chance to *lose* \$10,000.
- Again, people seem to be “overweighting” the 5%:
  - Since  $-\$10,000 \times 0.05 = -\$500$
  - and  $-\$500 > -\$501$ .



# HUMAN IRRATIONALITY

Adrian Camilleri



## Prospect Theory





# HUMAN IRRATIONALITY

Adrian Camilleri



Higher Deductibles\$ = Lower Premiums\$



# HUMAN IRRATIONALITY

Adrian Camilleri



## Example 3

- Imagine you buy 100 shares in a company each for \$20, expecting it to go to \$50. It reaches \$43 or \$44 swiftly, and then stalls.
- What do you do?
  - Hold onto the stock.
  - Buy more of the stock.
  - Sell the stock.
- How would you advise your friend in the identical situation?



# HUMAN IRRATIONALITY

Adrian Camilleri



## The Endowment Effect

- People ascribe more value to things merely because they own them.



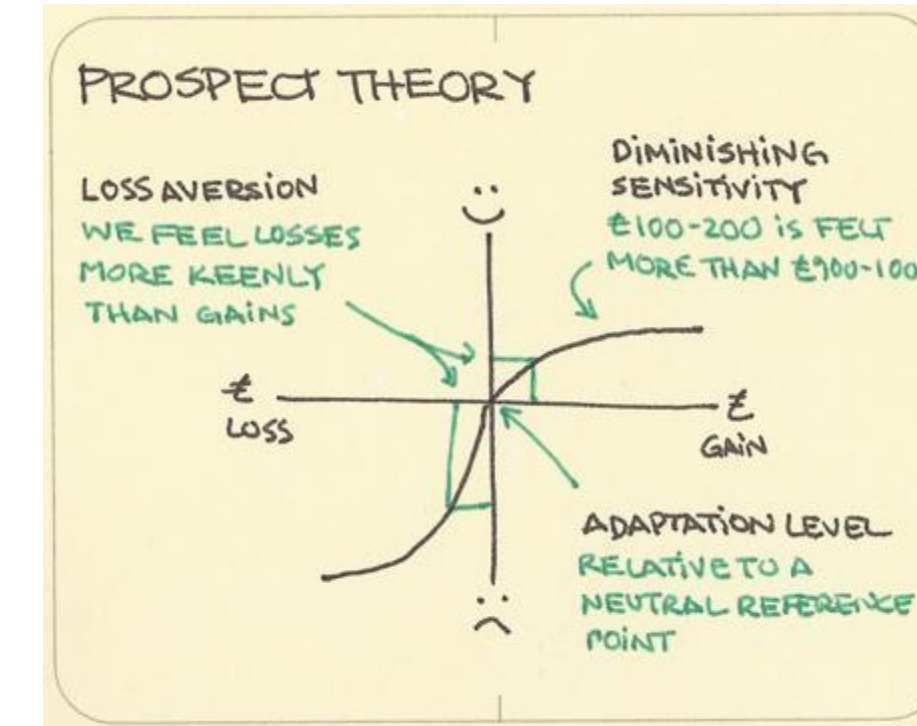
# HUMAN IRRATIONALITY

Adrian Camilleri



## The Endowment Effect

- Why does it happen?
  - Loss aversion.



But do people feel like they own their superannuation?

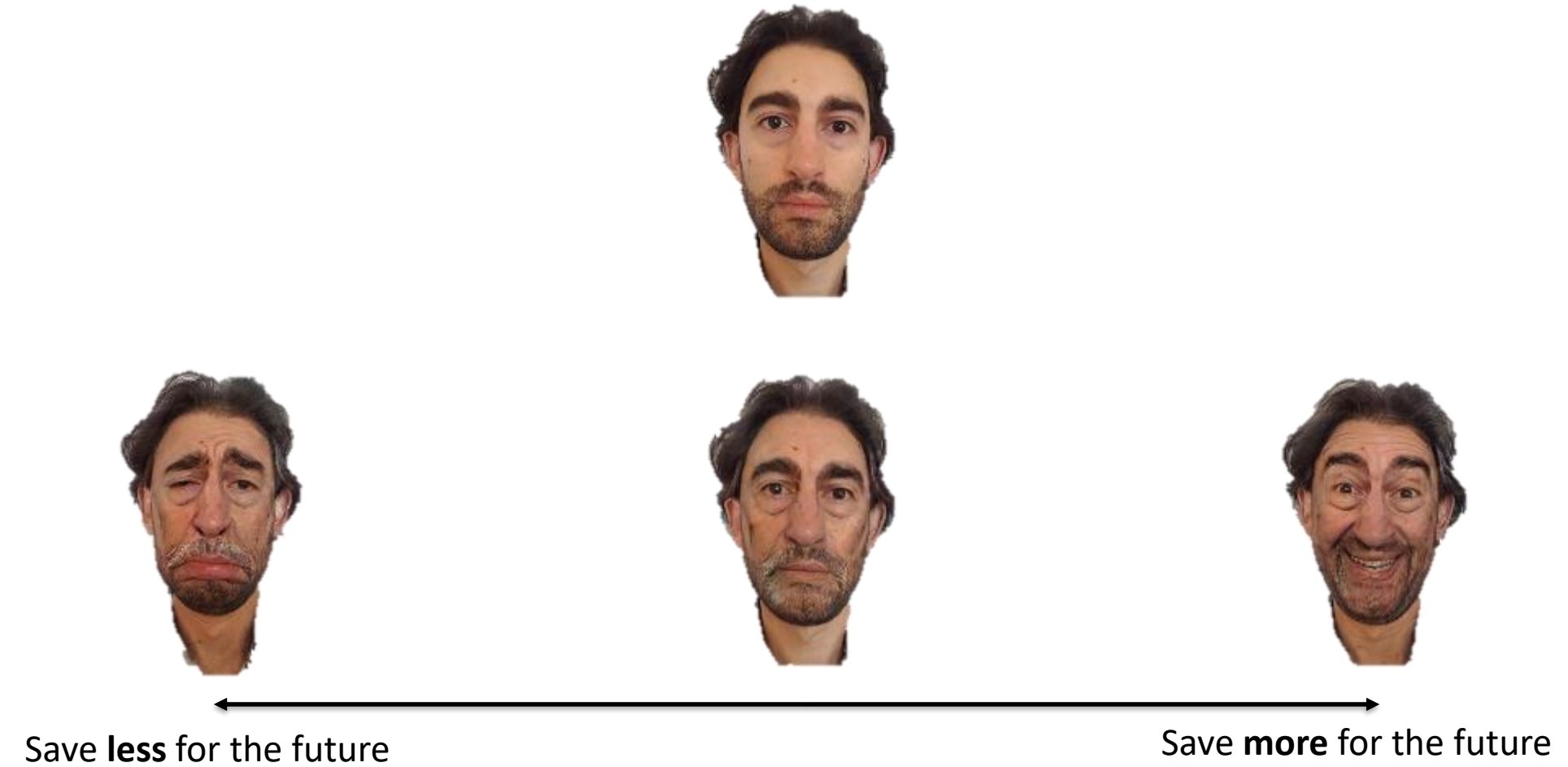


# HUMAN IRRATIONALITY

Adrian Camilleri



## The Endowment Effect





# HUMAN IRRATIONALITY

Adrian Camilleri



## Example 4

### Scenario 1

- Imagine that you have decided to see a play where admission is \$10 per ticket. As you enter the theater you discover that you have lost a \$10 bill.
- Would you still pay \$10 for a ticket for the play?

### Scenario 2

- Imagine that you have decided to see a play and paid the admission price of \$10 per ticket. As you enter the theater you discover that you have lost the ticket. The seat was not marked and the ticket cannot be recovered.
- Would you pay \$10 for another ticket?



# HUMAN IRRATIONALITY

Adrian Camilleri



## Mental Accounting

- People treat money differently, depending on factors such as the money's origin and intended use, rather than thinking of it in terms of the "bottom line" as in formal accounting.



# HUMAN IRRATIONALITY

Adrian Camilleri



## Mental Accounting





# HUMAN IRRATIONALITY

Adrian Camilleri



## Mental Accounting





# HUMAN IRRATIONALITY

Adrian Camilleri



## Example 5

Imagine that you have just moved to a new city and are getting your driver's license sorted out.

The forms asks about your about organ donation preference.

The default in this city is that you do **not** donate your organs when you die.

Which do you choose?

- A. Choose not to be an organ donor
- B. Choose to be an organ donor



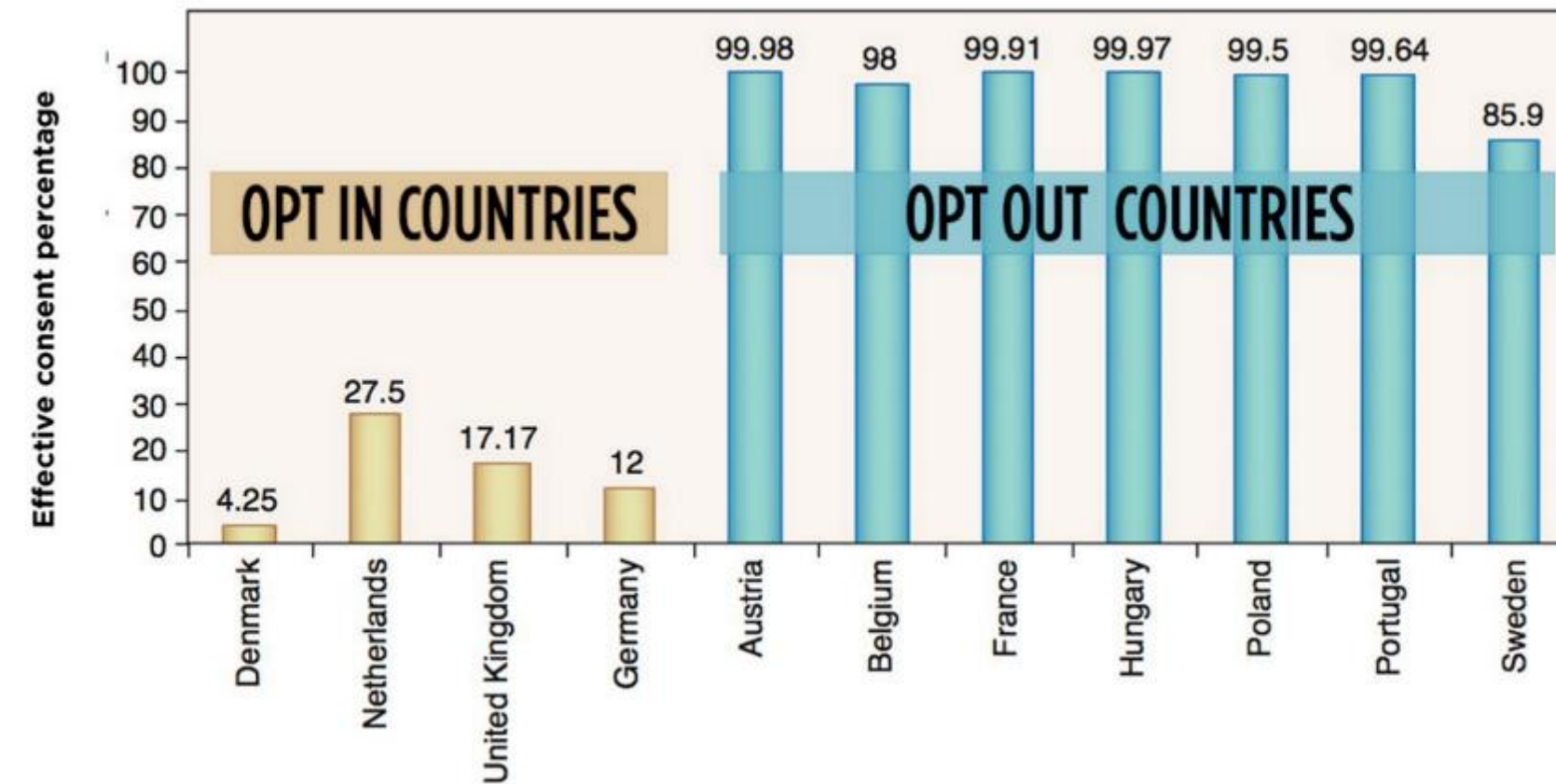
# HUMAN IRRATIONALITY

Adrian Camilleri



## Defaults

- People usually go with the default.
  - Increased organ donation rates:





# HUMAN IRRATIONALITY

Adrian Camilleri



## Defaults

- People usually go with the default.
- Why does this happen?
  - People assume that the default has been singled out intentionally as a recommendation.
  - Default is perceived as already “owned” and therefore giving it up is a loss, which people hate.
  - It takes more effort to change a default.



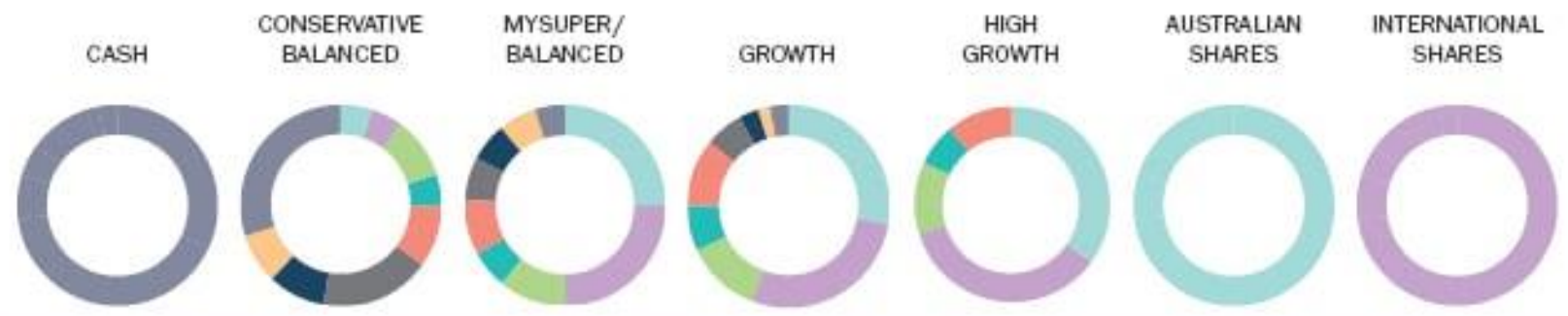


# HUMAN IRRATIONALITY

Adrian Camilleri



## Defaults



| ASSET CLASS                   | STRATEGIC ASSET ALLOCATION AS AT 27 APRIL 2017 |            |            |            |             |             |             |
|-------------------------------|--|------------|------------|------------|-------------|-------------|-------------|
| Australian Shares             | 0%   | 5%         | 25%        | 28%        | 35%         | 100%        | 0%          |
| International Shares          | 0%   | 5%         | 25%        | 28%        | 35%         | 0%          | 100%        |
| Property                      | 0%   | 10%        | 11%        | 12%        | 12%         | 0%          | 0%          |
| Infrastructure                | 0%   | 5%         | 6%         | 7%         | 7%          | 0%          | 0%          |
| Growth Alternatives           | 0%   | 10%        | 9%         | 11%        | 11%         | 0%          | 0%          |
| <b>Total Growth Assets</b>    | <b>0%</b>                                      | <b>35%</b> | <b>76%</b> | <b>86%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |
| Defensive Alternative         | 0%   | 18%        | 7%         | 6%         | 0%          | 0%          | 0%          |
| Australian Bonds              | 0%   | 9%         | 6%         | 3%         | 0%          | 0%          | 0%          |
| International Bonds           | 0%   | 8%         | 6%         | 2%         | 0%          | 0%          | 0%          |
| Cash                          | 100%   | 30%        | 5%         | 3%         | 0%          | 0%          | 0%          |
| <b>Total Defensive Assets</b> | <b>100%</b>                                    | <b>65%</b> | <b>24%</b> | <b>14%</b> | <b>0%</b>   | <b>0%</b>   | <b>0%</b>   |

# HUMAN IRRATIONALITY

Adrian Camilleri



## Defaults



[behavioural.business.lab@rmit.edu.au](mailto:behavioural.business.lab@rmit.edu.au)



# HUMAN IRRATIONALITY

Adrian Camilleri



## Defaults

|                     | No Default<br>(Active Choice) | Dumb Default<br>(Balanced) | Smart Default<br>(Lifecycle Model) |
|---------------------|-------------------------------|----------------------------|------------------------------------|
| No Information      | Group 1                       | Group 2                    | Group 3                            |
| Static Information  | Group 4                       | Group 5                    | Group 6                            |
| Dynamic Information | Group 7                       | Group 8                    | Group 9                            |



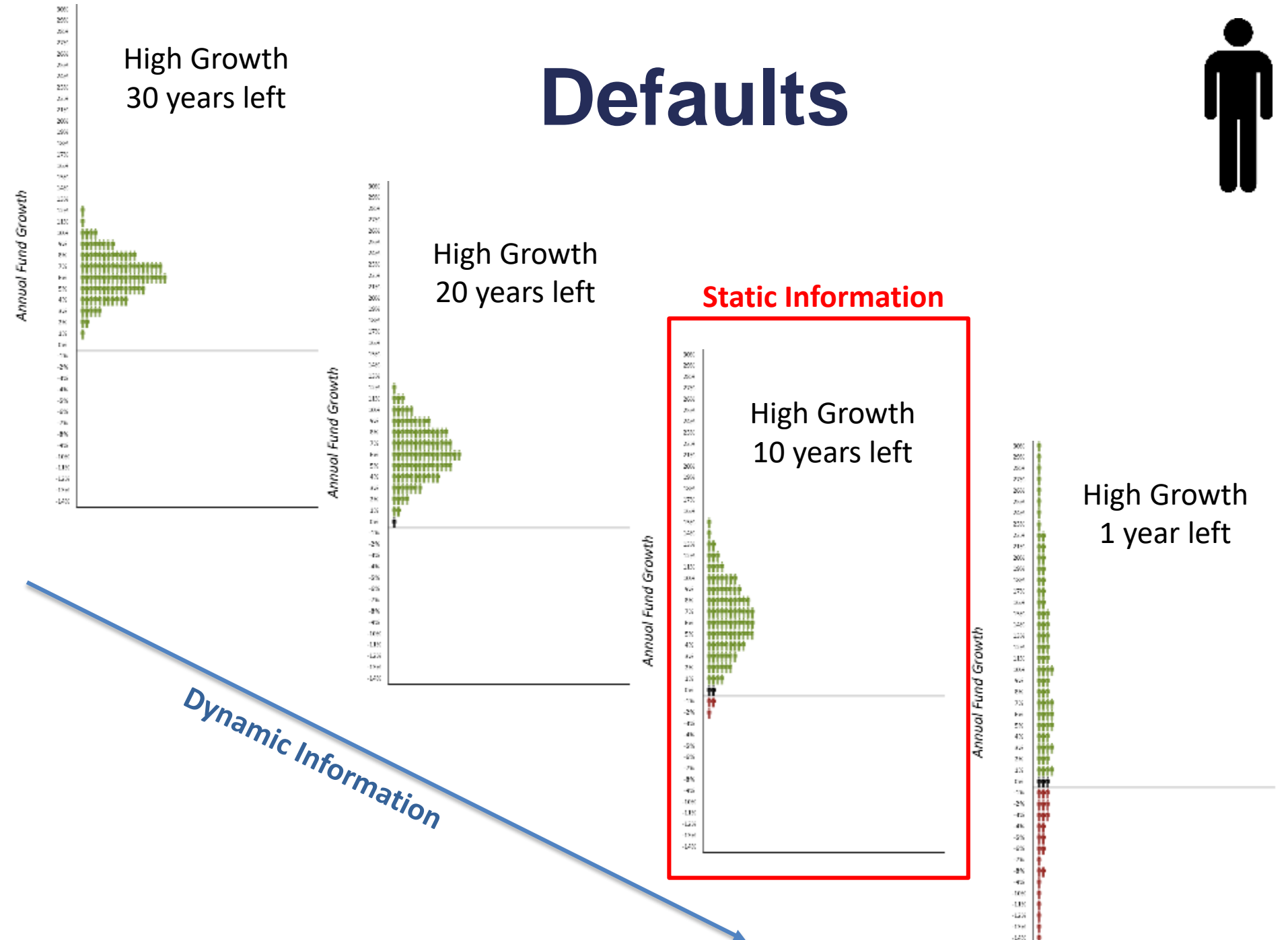


# HUMAN IRRATIONALITY

Adrian Camilleri



## Defaults







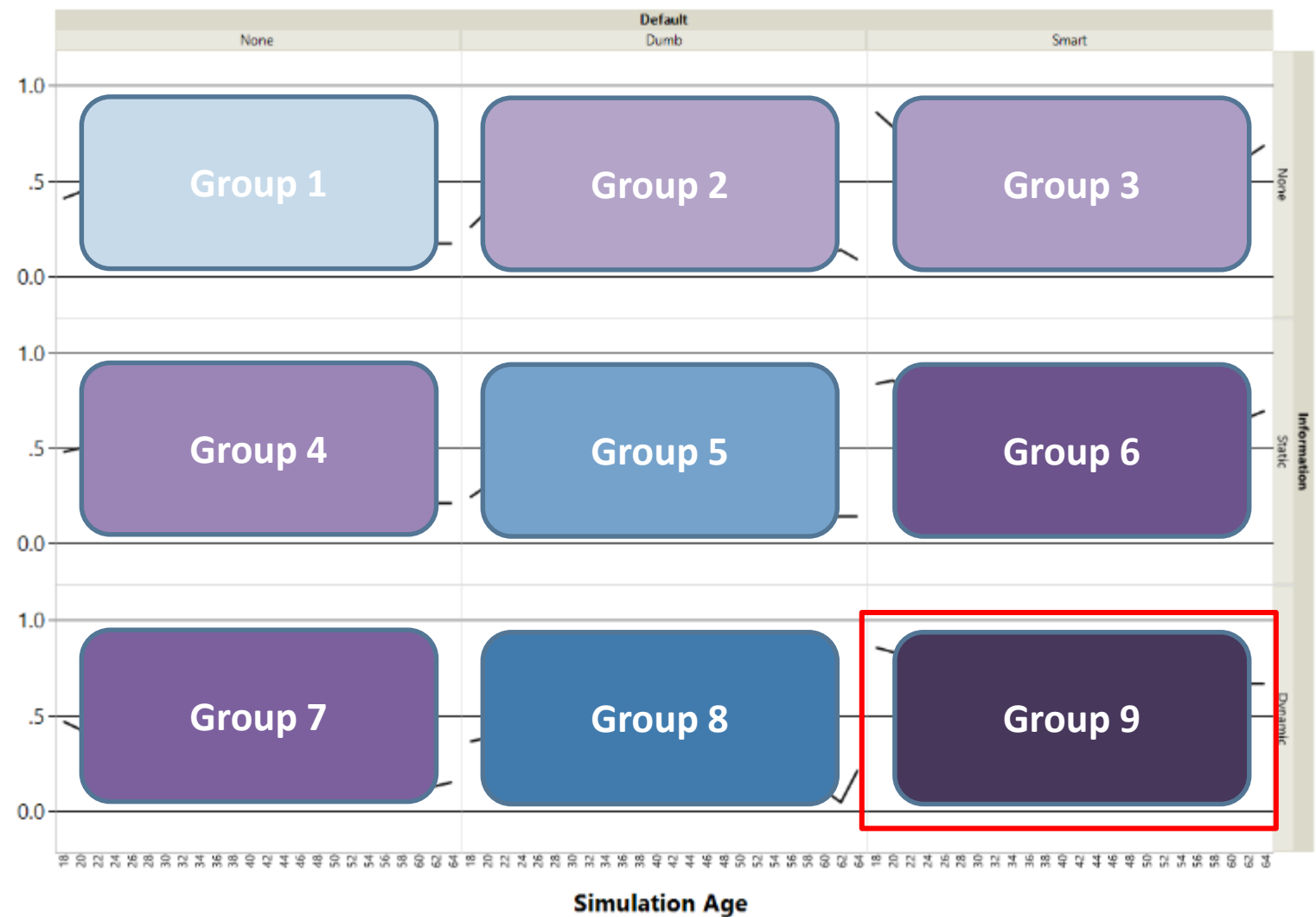
# HUMAN IRRATIONALITY

Adrian Camilleri



## Defaults

Which group had the most number of optimal choices?





# HUMAN IRRATIONALITY

Adrian Camilleri



## Example 6

### Scenario A

Imagine that Australia is preparing for the outbreak of an unusual disease, which is expected to kill 600 people. Two alternative programs to combat the disease have been proposed. Assume the exact scientific estimate of the consequences of the programs are as follows:

- A. If Program A is adopted, 200 people will be saved.
- B. If Program B is adopted, there is a one-third probability that 600 people will be saved and a two-thirds probability that no people will be saved.

Which do you choose: A or B?

### Scenario B

Imagine that Australia is preparing for the outbreak of an unusual disease, which is expected to kill 600 people. Two alternative programs to combat the disease have been proposed. Assume the exact scientific estimate of the consequences of the programs are as follows:

- C. If Program C is adopted, 400 people will die.
- D. If Program D is adopted, there is a two-thirds probability that 600 people will die and a one-third probability that no people will die.

Which do you choose: C or D?

# HUMAN IRRATIONALITY

Adrian Camilleri



## Framing

- Appraisal of alternatives can depend on the way the choice is presented or “framed”:
  - Scenario A: “...200 people will be saved”: 75% prefer program.
  - Scenario B: “...400 people will die”: 22% prefer program.
- Why does this happen?
  - People’s thinking is biased by the information that is presented such that they tend not to consider information is isn’t salient.



# HUMAN IRRATIONALITY

Adrian Camilleri



## Framing

That's a good bond! It has a 99% chance of paying its promised yield

That's a bad bond! It has a 1% chance of defaulting



# HUMAN IRRATIONALITY

Adrian Camilleri



## Framing

I'm deciding between investing in a bond that has a 2% chance of defaulting and one that has an 8% chance of defaulting ...

The riskier bond has a 300% higher chance of defaulting.

The safer bond has a 75% lower chance of defaulting.





# HUMAN IRRATIONALITY

Adrian Camilleri



## Framing

- Annuity:

**Lump Sum:**  
\$100,000



**Monthly Amount:**  
\$500 per month for life





# HUMAN IRRATIONALITY

Adrian Camilleri



## Example 7

- What is the weight of an empty Boeing 747 (in kgs)?
- From the list below, pick the range of values for which you are 90% confidence includes the true answer.
  - A. 120,000 – 220,000
  - B. 10,000 – 150,000
  - C. 200,000 – 350,000
  - D. 80,000 – 170,000
  - E. 150 – 150,000
  - F. 460,000 - 670,000
  - G. 480,000 – 1,200,000
  - H. 310,000 – 560,000
  - I. 20,000 – 90,000
  - J. 1 - 1,000,000

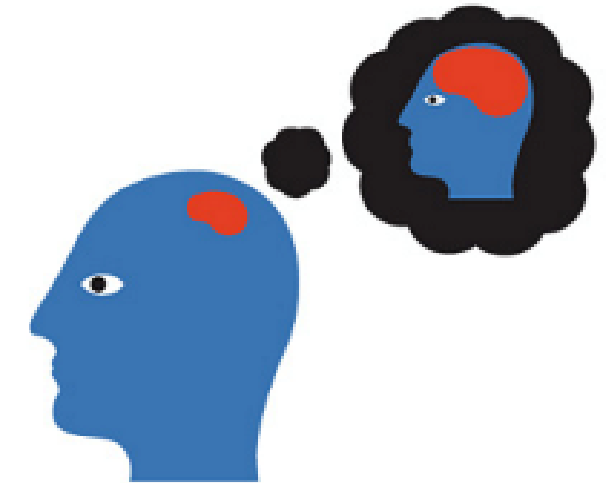
# HUMAN IRRATIONALITY

Adrian Camilleri



## Overconfidence

- People believe that their judgments and decisions are better than they really are:
  - Correct answer: 180,983 kg.
- Why does this happen?
  - People prefer to be informative than accurate.
    - Few people answer “1 - 1,000,000 kgs”.
  - People’s best estimates are very poor to start.
  - People remain too close to their best estimate.



# HUMAN IRRATIONALITY

Adrian Camilleri



## Overconfidence







# HUMAN IRRATIONALITY

Adrian Camilleri



# Applications of Behavioural Economics



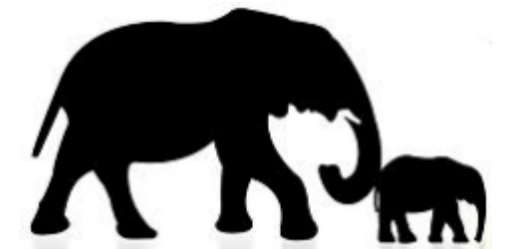
# HUMAN IRRATIONALITY

Adrian Camilleri



## Who Is Using Behavioral Economics?

- Findings from behavioural economics research that have been strategically applied to influence behaviour are called *nudges*.
  - Designed to alter people's behavior without forbidding options or significantly changing economic incentives.



# HUMAN IRRATIONALITY

Adrian Camilleri



## Who Is Using Behavioral Economics?

### Governments:

- UK
- US
- Australia
- Canada
- Singapore

### Not-for-profit organisations:

- World Bank
- UNICEF
- Red Cross

### Companies:

- Google
- eBay
- Uber
- Disney
- Unilever

### Consulting Firms:

- Forethought
- The Behavioural Architects
- Behavioral Science Lab, LLC



# HUMAN IRRATIONALITY

Adrian Camilleri



# Who Is Using Behavioral Economics?

Premier & Cabinet  
New South Wales Government

HOME ABOUT PROGRAMS & SERVICES ANNOUNCEMENTS CONTACT

## BEHAVIOURAL INSIGHTS COMMUNITY OF PRACTICE

Behavioural Insights Blog Discussions Events Library Videos Gallery Team Contact

### Team

Home > Behavioural Insights > Team



**Rory Gallagher**  
Position: Managing Advisor  
Premier & Cabinet



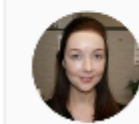
**Alex Gyani**  
Position: Senior Advisor  
Premier & Cabinet



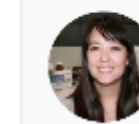
**Christopher Allen**  
Position: Principal Policy Officer  
Premier & Cabinet



**Simon Raadsma**  
Position: Senior Project Officer  
Premier & Cabinet



**Antonia Kendall**  
Position: Policy Officer  
Premier & Cabinet



**Allison Wong**  
Position: Assistant Policy Officer  
Premier & Cabinet







# HUMAN IRRATIONALITY

Adrian Camilleri



# Who Is Using Behavioral Economics?

 **Office of State Revenue**  
State Debt Recovery

165565 \* 

**Penalty notice**

|                        |             |
|------------------------|-------------|
| Penalty Notice Number: | 181478788   |
| Issue Date:            | 27 OCT 2014 |
| Penalty Amount:        |             |
| Amount Due:            |             |
| Date Due:              |             |

---

**Speeding: The facts**  
Speeding is a factor in 1 in 3 fatal crashes

---

**Details of the offence:**


The offence was detected by an approved speed measuring device and recorded by an approved camera (within the meaning of the Road Transport Act 2014).

|               |   |
|---------------|---|
| Offence:      | Exceed speed limit 10km/h - Camera Detected |
| Location:     | 7696  |
| Offence date: | 27 October 2014                             |
| Offence time: | 11:34 PM                                    |

\*\* The Offence carries 3 demerit points.

[ACT NOW](#)

If you do not pay or finalise your penalty notice by the due date, we will send you a penalty reminder notice giving you a further 28 days to pay or finalise the fine.

 \*592 7124793731 65898236 7154841+5641645918+26411+134574+95





# HUMAN IRRATIONALITY

Adrian Camilleri



# Who Is Using Behavioral Economics?

VICTORIA I'm looking for... Search

Home » Behavioural Insights » The Victorian Behavioural Insights Unit

## The Victorian Behavioural Insights Unit

The Victorian Government has established a Behavioural Insights (BI) Unit within the Department of Premier and Cabinet to enable better outcomes for Victorians by integrating Behavioural Insights into public policy, service design and delivery across the Victorian Public Service.

The BI Unit will:

- Partner with Department and agencies on a portfolio of BI projects to drive awareness, demonstrate best-practice approaches, deliver tangible improvements, and build hands-on experience, and
- Build capability by delivering expertise, advisory support & analysis, workshops & training, strategic partnerships, networking & events, evaluation and publications.

### Contact us

For more information, contact the BI Unit on [behavioural.insights@dpc.vic.gov.au](mailto:behavioural.insights@dpc.vic.gov.au)

Share

Follow @VicGovAu



# HUMAN IRRATIONALITY

Adrian Camilleri



# Who Is Using Behavioral Economics?

The screenshot shows the website for the Behavioural Economics Team of the Australian Government (BETA). The page features a navigation menu, a search icon, and a main content area with sections for Introduction, Latest News, Resources, and Contact Us. The main content area includes a breadcrumb trail, a title, a paragraph of text, a mission statement, a list of objectives, and a projects section.

BEHAVIOURAL ECONOMICS

Home > Areas of focus > Domestic Policy > Behavioural Economics

## BEHAVIOURAL ECONOMICS

We are the Behavioural Economics Team of the Australian Government, or BETA.

We are the Australian Government's central unit for behavioural economics in public policy. Working with our Research Director Professor Robert Slonim, we use economics, science and psychology to improve policy outcomes.

Rather than expecting people to redesign their lives around government, our work encourages people-centred design, which means simpler, clearer and faster public services.

### MISSION

BETA's mission is to advance the wellbeing of Australians through the application and rigorous evaluation of behavioural insights to public policy and administration.

### OBJECTIVES

BETA fulfils its mission by pursuing four broad objectives:

1. Build A-G's capability to apply behavioural insights to public policy and administration
2. Provide advice to government on applications of behavioural insights
3. Work collaboratively with partner agencies to design and deliver behavioural insights intervention
4. Conduct rigorous trials and thereby contribute to a culture of evidence-based policy advice

### PROJECTS

BETA is committed to being open and transparent about the work that we do. We are working across government on a [range of projects](#) to trial the use of behavioural economics.



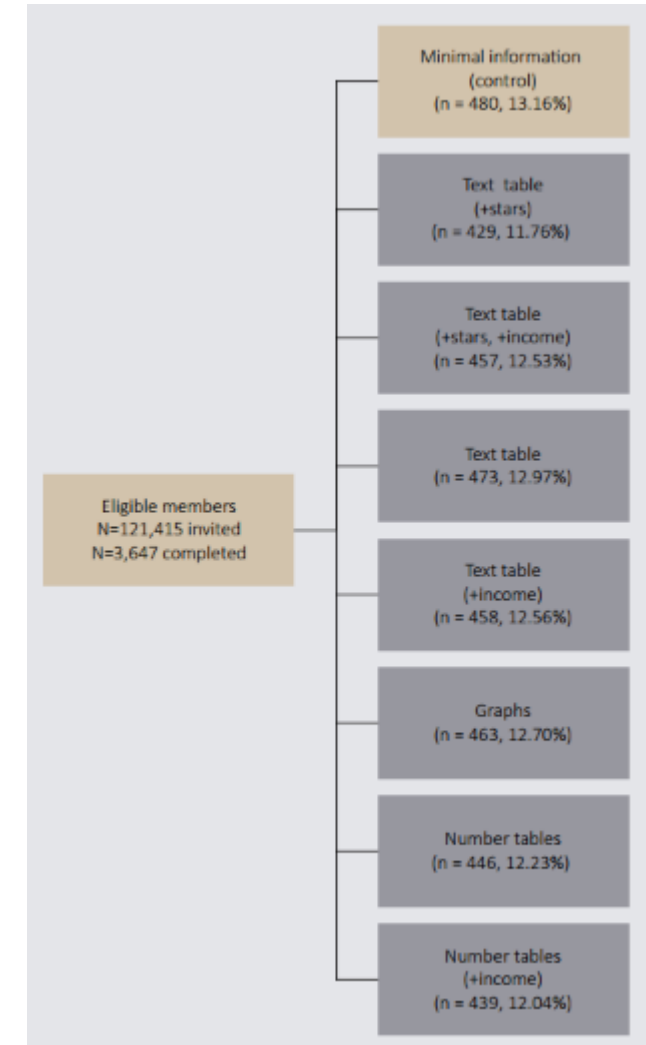
# HUMAN IRRATIONALITY

Adrian Camilleri



## Supporting Retirees In Retirement Income Planning

- Studied how to present information about the new Comprehensive Income Product for Retirement (CIPR) product.
- In partnership with the Treasury and five superannuation funds, conducted an experimental survey with over 3,700 members aged 45 and over.





# Supporting Retirees In Retirement Income Planning

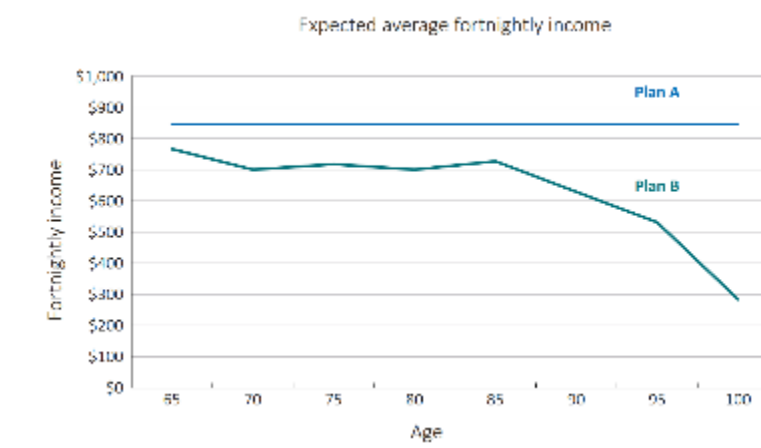
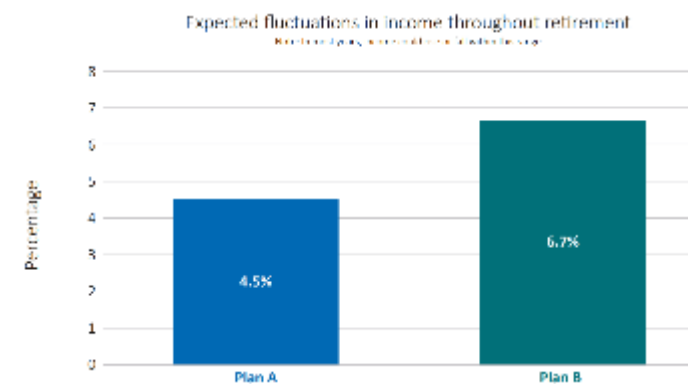
## HUMAN IRRATIONALITY

Adrian Camilleri



|   | Plan A  | Plan B  |
|---|---|---|
| <b>Amount of Income</b>   | ★★★★☆<br>This plan provides a <b>medium-to-high</b> amount of income.<br>Expected average fortnightly income is: <b>\$843</b>   | ★☆☆☆☆<br>This plan provides a <b>low</b> amount of income.<br>Expected average fortnightly income is: <b>\$667</b>  |
| <b>Protection from running out of income</b>                          | ★★★★★<br>This plan provides you with <b>high</b> protection from running out of income.   | ★★★★★<br>This plan provides you with <b>high</b> protection from running out of income.   |
| <b>Amount of money available for lump sum withdrawals or bequests</b> | ★☆☆☆☆<br>This plan provides a <b>low</b> amount of money for lump sum withdrawals or bequests.<br>Expected average amount of money available is: <b>\$41,000</b>  | ★★★★★<br>This plan provides a <b>high</b> amount of money for lump sum withdrawals or bequests.<br>Expected average amount of money available is: <b>\$173,000</b>                                  |
| <b>Protection from fluctuations in income</b>                         | ★★☆☆☆<br>This plan provides <b>low-to-medium</b> protection from income fluctuations due to changes in investment returns (positive or negative).<br>In most years, income could rise or fall by: <b>4.5%</b> | ★☆☆☆☆<br>This plan provides <b>low</b> protection from income fluctuations due to changes in investment returns (positive or negative).<br>In most years, income could rise or fall by: <b>6.7%</b> |

|   | Plan A   | Plan B   |
|---|--|--|
| <b>Amount of Income</b>   | This plan provides a <b>medium-to-high</b> amount of income.<br>Expected average fortnightly income is: <b>\$843</b>   | This plan provides a <b>low</b> amount of income.<br>Expected average fortnightly income is: <b>\$667</b>  |
| <b>Protection from running out of income</b>                          | This plan provides you with <b>high</b> protection from running out of income.   | This plan provides you with <b>high</b> protection from running out of income.   |
| <b>Amount of money available for lump sum withdrawals or bequests</b> | This plan provides a <b>low</b> amount of money for lump sum withdrawals or bequests.<br>Expected average amount of money available is: <b>\$41,000</b>  | This plan provides a <b>high</b> amount of money for lump sum withdrawals or bequests.<br>Expected average amount of money available is: <b>\$173,000</b>                                  |
| <b>Protection from fluctuations in income</b>                         | This plan provides <b>low-to-medium</b> protection from income fluctuations due to changes in investment returns (positive or negative).<br>In most years, income could rise or fall by: <b>4.5%</b> | This plan provides <b>low</b> protection from income fluctuations due to changes in investment returns (positive or negative).<br>In most years, income could rise or fall by: <b>6.7%</b> |



# HUMAN IRRATIONALITY

Adrian Camilleri



## Who Is Using Behavioral Economics?



2017

*“Retirement savings is probably behavioral economists' greatest success story. It is a prototypical behavioural economics problem because saving for retirement is cognitively hard - figuring out how much to save - and requires self-control.”*

- Richard Thaler

# HUMAN IRRATIONALITY

Adrian Camilleri



## Retirement Savings



- The “Save More Tomorrow” plan:
  - Automatically enrolling employees into a pension fund.
  - Increasing pension contributions with pay-raises until a pre-set maximum.
  - In one implementation of the program, the average saving rates for participants increased from 3.5% to 13.6% over 40 months.
  - Estimated \$29.6 billion extra to retirement accounts



# HUMAN IRRATIONALITY

Adrian Camilleri



## Does Communication Channel Matter?







# HUMAN IRRATIONALITY

Adrian Camilleri



## Does Communication Channel Matter?

|                               | Multi-channel management   | Omni-channel Management  |
|-------------------------------|--|--|
| <b>Concept</b>                | Division between the channels  | Integration of all widespread channels   |
| <b>Channel scope</b>          | Retail channels: store, online website, and direct marketing (catalogue) | Retail channels: store, online website, and direct marketing, mobile channels (i.e., smart phones, tablets, apps), social media Customer Touchpoints (incl. mass communication channels: TV, Radio, Print, C2C, etc.). |
| <b>Separation of channels</b> | Separate channels with no overlap  | Integrated channels providing seamless retail experiences  |
| <b>Objectives</b>             | Channel objectives (i.e., sales per channel; experience per channel)     | Cross-channel objectives (i.e., overall retail customer experience, total sales over channels)   |
| <b>Sales people</b>           | Do not adapt selling behaviour   | Adapt selling behaviour using different arguments depending on Each customer's needs and knowledge of the product  |

# HUMAN IRRATIONALITY

Adrian Camilleri



## Does Communication Channel Matter?

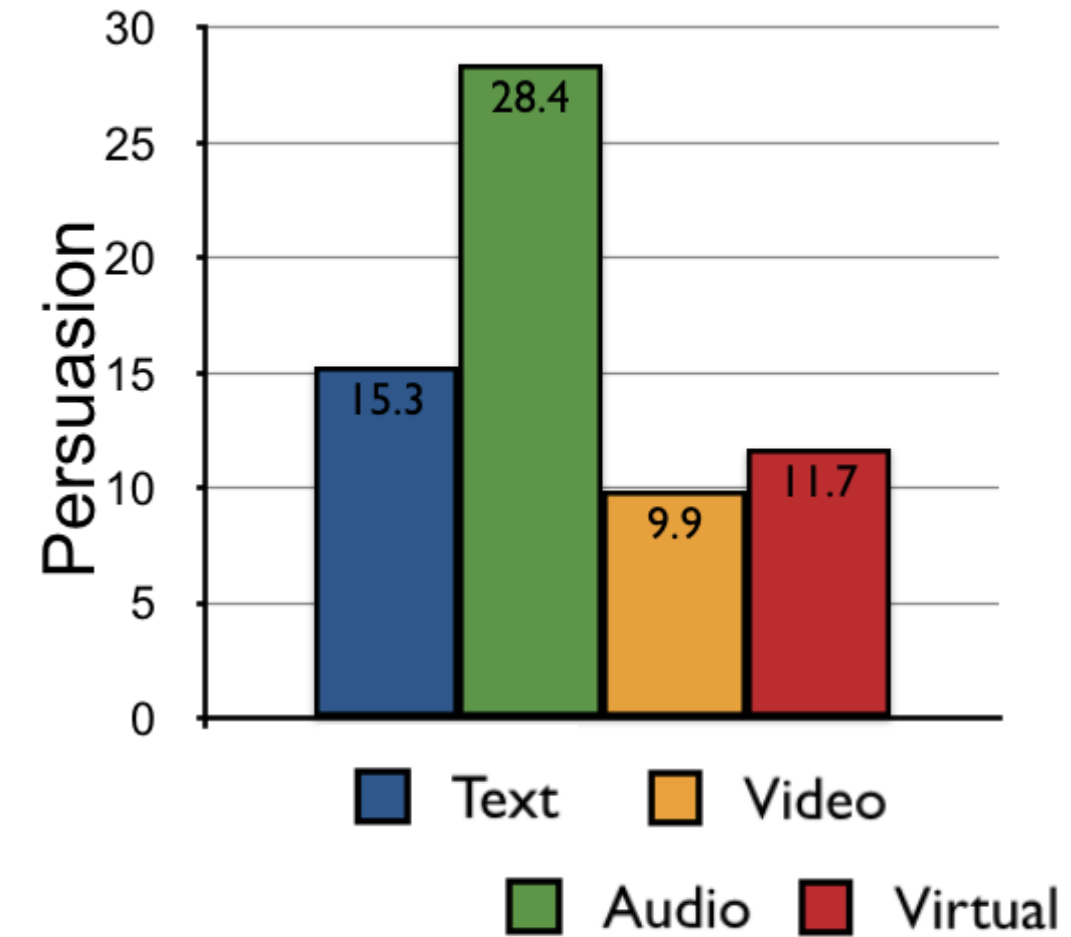


# HUMAN IRRATIONALITY

Adrian Camilleri



## Does Communication Channel Matter?



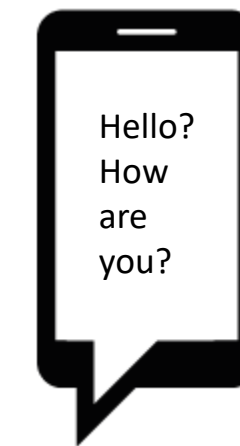
# HUMAN IRRATIONALITY

Adrian Camilleri



## Does Communication Channel Matter?

- There are many outstanding questions...
- Are decision biases more or less prevalent in different channels?





# HUMAN IRRATIONALITY

Adrian Camilleri



**Where to Learn More?**



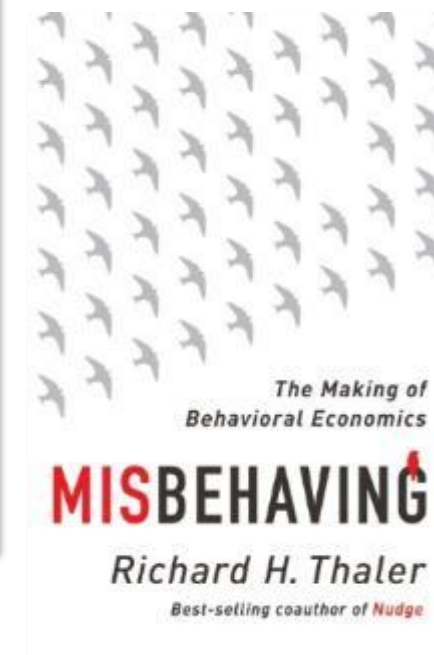
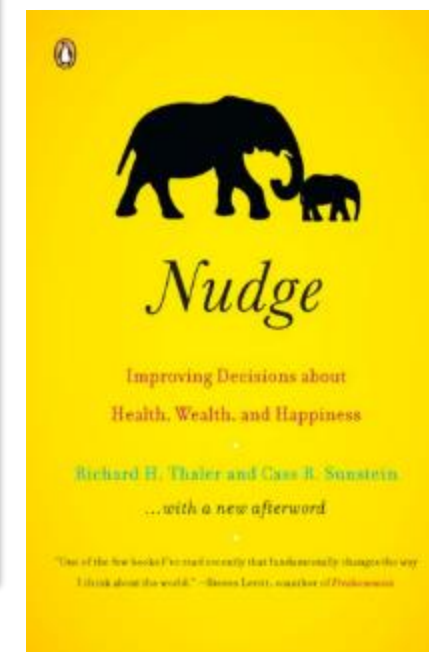
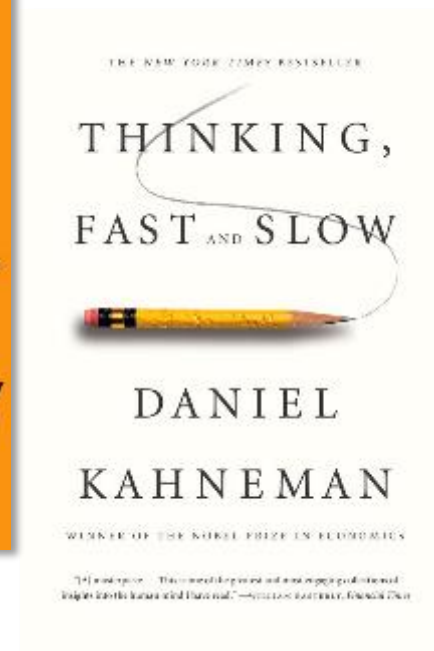
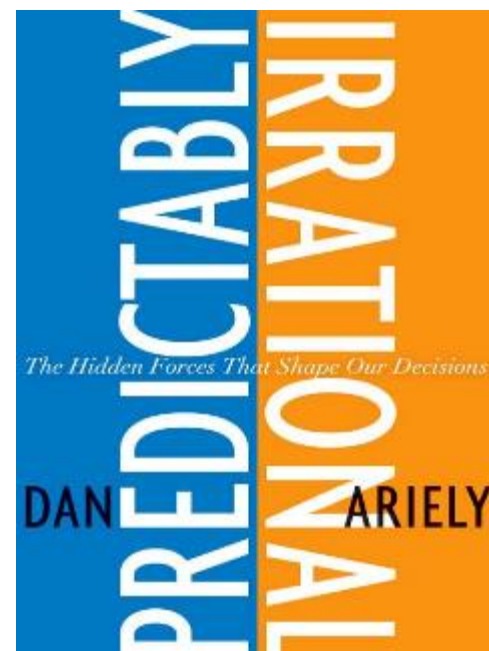


# HUMAN IRRATIONALITY

Adrian Camilleri



## Where to Learn More?



# HUMAN IRRATIONALITY

Adrian Camilleri



[www.adrianrcamilleri.com](http://www.adrianrcamilleri.com)



[adrian.camilleri@uts.edu.au](mailto:adrian.camilleri@uts.edu.au)



[@ARCamilleri](https://twitter.com/ARCamilleri)

