

Competitive Advantages of Choice Architecture in Marketing Compared To Traditional Marketing Methods: A Guide for Multinational Corporations

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Choice architecture defines the influence of the decision context on consumers' behavior. This can lead to increased sales or higher-margin products, reduced decision making fatigue and improved customer satisfaction, all of which could improve the profitability of the business and help gain market share, giving it a competitive edge. For example, placing a product at eye level compared (vs. above or below) to nudge more exposure to consumers. In this paper, I discuss three vital tools of choice architecture that have proved to have significant potential for multinationals: Product placement, pricing strategies and product bundling. By exploring the intricacies of choice architecture, businesses can leverage these tools to optimize their operations and achieve greater success in their respective markets. I discuss these tools in detail by providing advantages, disadvantages, examples of both, and how they compare to traditional marketing techniques—highlighting their importance to multinationals. To conclude I talk about the effects of CSR compared to choice architecture to consumers in marketing. By comparing these choice architecture techniques to traditional marketing approaches, we gain insights into their distinct features and how they complement each other. Furthermore, the paper discusses the impact of choice architecture on consumer behavior in relation to Corporate Social Responsibility (CSR), highlighting the effects and implications of both approaches. By understanding and effectively utilizing choice architecture tools alongside marketing strategies, businesses can enhance sales, reduce decision fatigue, and gain a competitive edge in the market.

Keywords: *Social Science; Choice Architecture; Product placement; Pricing strategies; Product bundling*

Introduction

Choice architecture refers to the design of decision environments that influence the choices people make. It involves the arrangement and presentation of information, options, and incentives in a way that affects how people behave and make choices. The concept was first introduced by behavioral economists Richard Thaler and Cass Sunstein in their book "Nudge: Improving Decisions About Health, Wealth, and Happiness."¹ Businesses use choice architecture as a tool to influence consumer behavior in order to increase their sales. This is extremely effective as it nudges consumers to make favorable decisions to the business while retaining their consumer sovereignty. It is important to remember that the use of choice architecture should be ethical and transparent, and not used in a way that manipulates customers or takes advantage of their decision-making processes. The relationship between choice architecture and sales have been studied, for instance the researcher Anne Thorndike and her team found that a traffic-light and choice architecture cafeteria intervention resulted in sustained healthier choices over 2 years, suggesting

that food environment interventions can promote long-term changes in population eating behaviors.

Consumer sovereignty, the idea that consumers have the power to make the choices that determine what goods and services are sold in the market, is central to choice architecture (also known as libertarian paternalism). Choice architecture, when designed appropriately, can help retain consumer sovereignty by influencing consumers' decisions in a way that is aligned with their own goals and values². For instance, a particular item may be placed at eye level in an outlet, making it more likely that consumers will choose that over others (the paternalism component). By doing so, the outlet is nudging customers towards the option that they are more likely to prefer, rather than forcing them to choose a particular option. Of course, the consumer is still free to make whatever choice they like (the libertarianism component).

The impact of this nudge is evidenced by the fact that numerous businesses pay extra money to retailers to reserve certain positions to place their products. If a particular non-profit restaurant's objective is to provide affordable meals while also wanting the consumers to choose what is the best for their

health, choice architecture can also help consumers make informed choices by providing them with clear and transparent information about the options available to them. For example, the restaurant might provide calorie counts for its menu items, allowing customers to make more informed decisions about what they want to eat. By doing so, the restaurant is empowering customers to make choices that are aligned with their own goals and preferences³. This in turn could also help improve their brand image as it is promoting socially responsible choices, and ethical behavior as the business is demonstrating that it is committed to make a positive impact on society.

Consumers are likely to appreciate this and support this business more, thus causing an increase in reservations for the restaurant leading to increased revenue. By adding calorie counts the restaurant is also displaying transparent and clear information about its food products to consumers allowing them to trust this place and in turn creating strong consumer relationships leading to an increase in consumer loyalty. However in contrast to this, there are many factors to consider during choice architecture as the good intentions can have numerous unpleasant consequences. To illustrate, the restaurant may get backlash as it could be seen as triggering to numerous people who may have an eating disorder. This in turn could ruin the restaurant's reputation and decrease their demand, ultimately leading the business to fail⁴.

Traditional marketing and choice architecture are two distinct concepts, but they can be used together to create more effective marketing strategies. Traditional marketing refers to the use of various tactics to promote a product or service to potential customers, such as the 4Ps of marketing: Product, Price, Place, and Promotion⁵. Choice architecture, on the other hand, refers to the design of the environment in which people make choices in order to influence their behavior. By combining the two, businesses can create more effective marketing strategies that are better aligned with consumers' preferences and decision making processes. Choice architecture can be used to nudge consumers towards the option that the business wants them to choose, while traditional marketing can be used to create a preference for those options in the first place. For example, a business which is trying to get rid of old inventory—a clothing store in the winter that is trying to get rid of extra summer clothes left over from the previous season—might use traditional marketing tactics such as advertising and sales promotion to generate demand for a certain product, while using choice architecture to place that product in a prominent position in the store to increase its selection. In addition, traditional marketing can be used to provide clear and transparent information about the product or service, while choice architecture can be used to present that information in a way that is more likely to be noticed and understood by consumers. For example, a company might use traditional marketing tactics such as advertising and packaging to high-

light the key features and benefits of a product, while using choice architecture to ensure that that information is displayed prominently and in a way that is easy to understand⁶.

Choice architecture, while a powerful technique for guiding people's decisions, has several drawbacks that should be carefully considered. One significant drawback is that, if exploited, it can limit people's autonomy and freedom of choice, potentially leading to suboptimal decision-making outcomes. Furthermore, choice architecture can be used to manipulate people for ulterior motives, such as inducing them to make purchases they do not need or supporting particular policies or agendas, rather than the person making the choice⁷. This can happen when the choice architecture is intentionally designed to steer people towards certain options, without giving them a fair and unbiased view of all the available choices. Another potential issue with choice architecture is that it can introduce confusion and complexity into decision-making processes. By presenting a vast number of options or framing them in convoluted ways, people may become overwhelmed and struggle to determine the best course of action. This can exacerbate decision fatigue, which can further undermine people's decision-making abilities. Moreover, choice architecture can create a reliance on external cues for decision-making, rather than relying on internal preferences and values. When people are repeatedly exposed to certain choice architectures, they may become habituated to making decisions in a certain way, even when those decisions are not aligned with their true preferences. This can lead to a decrease in agency and personal responsibility, potentially resulting in substandard outcomes.

In addition to this there are several obstacles that may arise not only customers, but also businesses when using choice architecture. One significant drawback is due to the sense of distrust created amongst consumers (particularly if they feel that they are being manipulated or coerced into making decisions that are not in their best interests) can lead to a decrease in customer loyalty and negatively impact a businesses brand reputation. Another potential issue with choice architecture is that it can be difficult to implement effectively. Designing choice architectures that are both persuasive and ethical requires a deep understanding of consumer behavior and psychology, as well as careful consideration of ethical principles⁸. This could prove time-consuming or expensive. Additionally, even well-designed choice architectures can sometimes fail to achieve their intended outcomes due to individual differences in decision-making processes, for example, offering too many choices can overwhelm consumers, leading to decision paralysis and a decrease in sales. Conversely, limiting options too much can lead to consumer frustration and dissatisfaction.

Discussion

Tool #1: Product Placement

Product placement is a strategic merchandising technique used by retailers to maximize product visibility and attract customer attention within a store or retail environment. This technique involves placing products in specific locations or displays that are more likely to catch the consumer's eye and encourage them to make a purchase. Retailers carefully consider the layout of their store and use a variety of techniques to guide customers towards specific products or product categories. For example, products that are frequently purchased together may be placed in close proximity to each other, while higher-profit items may be given more prominent placement. In addition to in-store product placement, online retailers also use algorithms to suggest complementary products or display frequently purchased items together to increase cross-selling and up-selling opportunities. The location of products can have a significant impact on consumer behavior, as shoppers are more likely to notice products placed at eye level or in high-traffic areas⁹. Retailers may use signage, displays, or other visual cues to highlight specific products or promotions.

One of the most common choice architecture techniques used in product placement is prominence. Prominence refers to the positioning of products in a way that makes them more visible and noticeable to consumers. For example, placing a product in the center of a display or at eye level can make it more likely that consumers will see and consider it. Additionally, businesses may use lighting or other visual cues to draw attention to certain products and make them stand out from others. For instance numerous camera companies have a playbook concept which is a light frame around their products, highlighting and differentiating them in cramped displays¹⁰.

Another popular technique in choice architecture is the use of association. This technique involves linking a product to positive or desirable attributes to create a positive perception in the minds of consumers¹¹. For instance, a business may position their product alongside a famous celebrity or feature it in a scene in a popular movie or TV show to leverage the positive emotions and values associated with those celebrities or media properties. Moreover, companies can also use packaging or branding to establish an association between a product and desirable attributes such as luxury, quality, or healthfulness, further enhancing its appeal to potential customers.

Social proof is a potent choice architecture technique employed in product placement to influence consumer behavior. By showcasing a product as popular or in high demand, businesses can create a sense of social proof and trigger the herd mentality, ultimately resulting in a purchase decision. For instance, a business can position a product in a store display with a sign that highlights its "best-seller" or "customer favorite"

status to establish a sense of popularity and social proof. Additionally, companies can also leverage customer reviews or ratings to showcase positive feedback and create a sense of social proof, effectively influencing potential customers to make a purchase. The use of social proof in product placement can also enhance brand credibility and trustworthiness, leading to increased customer loyalty and advocacy¹².

One prominent example of choice architecture being used in product placement is Coca-Cola's "Freestyle" vending machine. The "Freestyle" machine offers customers over 100 different drink combinations, including a variety of flavors and mix-ins. This choice architecture is designed to influence customers' decisions and encourage them to purchase more drinks. The machine's conspicuous placement in high-traffic areas further amplifies its effect, making it more likely that customers will notice and engage with it¹³. The "Freestyle" machine is also designed to promote experimentation and customization, allowing customers to create their own unique drink combinations. This not only increases the likelihood of purchase but also enhances the customer experience and creates a sense of ownership over their choices. Furthermore, the machine's interface is designed with a clear and intuitive user experience that simplifies the decision-making process. By presenting a limited set of choices at a time, it prevents choice overload and decision fatigue, making it easier for customers to make a purchase decision.

Advantages

Firstly, by strategically placing products in high-traffic areas or near complementary products, businesses can increase the visibility of their products and create greater brand awareness. This can lead to increased customer interest in the product, resulting in higher sales. Secondly, businesses using choice architecture to influence customer behavior can increase the likelihood of a purchase. Placing products at eye level, near the checkout counter, or in other prominent locations, businesses create a sense of urgency and encourage impulse purchases, increasing the firm's revenue and market share. Thirdly, businesses can use choice architecture to promote complementary products and encourage customers to purchase more items. By placing products that are frequently purchased together in close proximity, businesses can encourage customers to consider additional purchases and increase the overall value of the sale, this could also help businesses get rid of unwanted inventory more efficiently in turn increasing their liquidity ratios and putting them in a better financial position¹⁴.

Drawback

One significant disadvantage of product placement is that while consumers do not notice such attempts, when they do, it may be perceived as deceiving or manipulative. By strategically placing products within a particular environment, businesses are attempting to influence consumer behavior and encourage them to purchase certain products¹⁵. This is often considered unethical as the customer is not aware that they are being influenced; however if the consumer does realize the attempted influence of choice architecture it could result in loss of the customers trust with the brand as they may feel misled.

Furthermore, consumers may become desensitized to product placement over time, which can reduce its effectiveness. As product placement becomes more common, consumers may begin to ignore it or become immune to its influence. This can make it difficult for businesses to continue using this strategy effectively, as consumers may become increasingly skeptical of the motives behind product placement¹⁶.

Tool #2 Pricing Strategies

Pricing strategies refer to the various approaches that businesses can use to set the prices of their products or services. Pricing is a critical element of any business's marketing mix and can have a significant impact on sales, profitability, and overall success. Effective pricing strategies are essential for businesses to remain competitive and profitable in today's market. The pricing strategy a business chooses to implement can significantly affect its market positioning, target customer base, and revenue streams¹⁷. Therefore, a comprehensive understanding of pricing strategies is crucial for any business owner or marketer. The aim of pricing strategies is to identify the optimum price for a product or service, which can maximize profits while satisfying customer demand. A well-executed pricing strategy can help a business differentiate itself from competitors, attract new customers, and retain existing ones. It can also help to optimize the pricing of products or services in real-time, by considering various factors such as market demand, production costs, and competition. Ultimately, choosing the right pricing strategy can have a significant impact on a business's overall success and long-term growth.

Anchoring is a widely used and powerful choice architecture technique in pricing strategies that aims to influence consumer behavior. The technique involves presenting a high-priced product or service as a reference point to make lower-priced options appear more appealing to consumers. For example, a company may offer a deluxe version of a product at a premium price and subsequently provide a lower-priced version that seems like a bargain in comparison. This strategy can create a perception of value, which can be particularly effective in persuading price-sensitive consumers to make a

purchase. By leveraging the anchoring technique, businesses can create a psychological effect where consumers perceive the value of the lower-priced option as higher than it actually is. This is because the premium-priced product serves as an anchor point against which the lower-priced option is compared. Moreover, the anchoring technique can also help to increase consumer confidence and reduce buyer's remorse, as consumers feel like they have made a smart purchase decision¹⁸.

Framing is a powerful choice architecture technique that involves presenting information in a way that can influence consumer behavior. By highlighting the benefits of a more expensive option, such as a longer warranty or better features, businesses can make the higher price seem more justifiable. Similarly, presenting the price of a product as a monthly payment rather than the total cost can make it appear more affordable and encourage consumers to make a purchase¹⁹. By strategically framing information, businesses can increase the perceived value of their products or services and influence consumer decision-making, ultimately leading to increased sales and revenue.

Scarcity is a choice architecture technique that businesses frequently employ to increase sales. By presenting a product or service as limited in availability, businesses can create a sense of urgency, prompting consumers to make a purchase²⁰. A popular example of this technique is offering limited-time discounts or promoting a product with a limited quantity available. This creates a sense of scarcity and encourages consumers to act quickly. By using scarcity, businesses can increase consumer demand and boost sales while fostering a sense of exclusivity and urgency around their products or services.

One notable example of choice architecture being used in pricing strategy is demonstrated by Amazon's "Subscribe & Save" program, which leverages the power of recurring revenue to nudge customers towards choosing long-term commitments with the company. Amazon's "Subscribe & Save" program offers customers a discount on select products if they sign up for a recurring subscription. By incentivizing customers to commit to regular purchases, Amazon is able to secure a more stable and predictable revenue stream, while also providing customers with a convenient and cost-effective way to regularly purchase their favorite products. The program employs several choice architecture techniques to encourage customers to sign up for subscriptions. For example, the default option for purchasing products is set to "subscribe," rather than "one-time purchase," nudging customers towards the recurring subscription model. Once a consumer subscribes, Amazon benefits heavily from the consumers' inertia—their general propensity to continue with the subscription once enrolled. Additionally, Amazon offers steeper discounts for customers who sign up for more frequent deliveries,

encouraging them to commit to longer-term subscriptions²¹. Amazon has designed the program to be flexible and easy to modify, giving customers the option to change delivery frequency or cancel subscriptions at any time. This flexibility and transparency are critical in building customer trust and fostering long-term loyalty.

Advantages

Businesses can influence customers' perception of price and create a more appealing value proposition simply by using choice architecture techniques such as framing and anchoring. By presenting prices in a certain way, such as emphasizing a discount or showcasing the most expensive option first, businesses can nudge customers towards choosing more expensive products or services, leading to higher profits. Secondly, businesses can use choice architecture to simplify the pricing structure and make it easier for customers to make purchasing decisions²². By presenting prices in a clear and concise manner, businesses can reduce decision-making complexity and enhance the customer's overall experience, leading to improved customer loyalty and as a consequence, greater profit. Moreover, businesses can use choice architecture techniques such as default options and opt-out mechanisms to encourage customers to choose more profitable options. For example, by setting a default option for a higher-priced product or service, businesses can increase the likelihood of a customer choosing that option, leading to higher profits.

Drawback

A potential disadvantage of pricing strategies within choice architecture is that they may not be effective in the long term. Some consumers may become aware of these strategies gradually after being exposed to them for a while, for instance presenting a product's price as \$0.01 less (\$4.99 instead of \$5.00) than a whole number, in order to nudge the consumer to conceptualize the price as less. The strategy may not have the desired effect on the consumer's behavior as they are over exposed to this strategy repeatedly, and begin to account for it in their thinking (thus being less impacted by it). In turn, the pricing strategy needs to be significant enough to motivate a consumer to make a purchase but not too strong that the consumer becomes aware of the fact that they are being manipulated²³.

Another potential disadvantage of using pricing strategies within choice architecture is that it may lead to a race to the bottom in terms of pricing. If businesses rely too heavily on pricing strategies to drive sales, it can create a situation where they are constantly reducing prices in order to stay competitive. This focuses on short term gains rather than long term growth and profitability hence can ultimately lead to lower

profit margins and reduced profitability for the business²⁴. This can lead to a situation where the business is not generating enough revenue to sustain itself over the long term, this may suggest that businesses are unable to cover their costs hence would have to lower the quality of their products in turn affecting their sales even more and decreasing their market share rapidly.

Finally, pricing strategies in choice architecture can be vulnerable to external factors such as changes in the market due to the economic cycle or shifts in consumer behavior. If these factors change unexpectedly, it can lead to a situation where the pricing strategy is no longer effective and must be adjusted or abandoned altogether²⁵. This would increase the businesses costs massively as it would be a large waste of time and resources.

Tool #3: Product Bundling

Product bundling is a powerful marketing strategy that has been successfully used by businesses in many different industries to increase sales, attract new customers, and boost profits. The concept of bundling involves combining two or more products or services together and offering them for sale as a single package²⁶. The primary goal of bundling is to increase the perceived value of the offering and provide customers with a more convenient and comprehensive solution to their needs.

One way in which choice architecture can be used in product bundling is by leveraging the concept of anchoring. Anchoring is a cognitive bias in which people rely too heavily on the first piece of information they receive when making a decision¹. In the context of product bundling, this means that businesses can influence consumers' perceptions of the value of a bundle by anchoring them to a higher price point. For example, if a business wants to sell a bundle of three products for \$100, they may first offer the products separately for a total of \$150. This creates an anchor point of \$150 in consumers' minds, making the bundle price of \$100 seem like a much better value by comparison.

Another way in which choice architecture can be used in product bundling is through the use of default options. A default option is a pre-selected choice that consumers can accept or reject. By making a particular bundle of products the default option, businesses can increase the likelihood that consumers will choose that bundle. This is because people are often more likely to choose the default option than to actively seek out and choose an alternative. For example, a streaming service might offer a bundle of its most popular shows and movies as the default option when users sign up, making it more likely that they will choose that bundle rather than selecting individual titles.

A third way in which choice architecture can be used in product bundling is through the use of decoy options. A decoy

option is a product or service that is strategically designed to make another option seem more attractive by comparison. In the context of product bundling, businesses can create decoy options that make a particular bundle seem like a better value. For example, a business might offer a bundle of three products for \$50, but also offer a smaller bundle of two products for \$45. By offering the smaller bundle as a decoy option, the larger bundle seems like a much better value by comparison²⁷.

Finally, businesses can use choice architecture in product bundling by offering different types of bundles that cater to different types of customers. For example, a business might offer a basic bundle that includes essential products at a lower price point, as well as a premium bundle that includes additional products and services at a higher price point. By offering different types of bundles, businesses can appeal to a wider range of customers with different needs and budgets²⁸.

The "Extra Value Meal" promotion bundles a sandwich, fries, and a drink together at a discounted price, creating a compelling value proposition for customers. By offering a complete meal at a single price point, McDonald's is able to increase sales and promote cross-selling of complementary items. McDonald's employs several choice architecture techniques to make the "Extra Value Meal" promotion more appealing to customers. For example, the bundled items are presented as a complete meal, making it easy for customers to visualize and choose the entire package. Additionally, the pricing structure is designed to make the bundle appear more valuable than purchasing the items separately, with a lower overall price point and a prominent display of the savings. McDonald's has also implemented a "menu engineering" strategy to influence consumer behavior and promote the "Extra Value Meal" promotion. This involves placing the bundled option in a prominent location on the menu and using visual cues, such as icons and color-coding, to draw attention to the promotion. The "Extra Value Meal" promotion is an effective example of choice architecture in bundling, as it leverages several techniques to encourage customers to purchase a complete meal rather than just a sandwich or a drink. By bundling complementary items together at a discounted price, McDonald's is able to increase sales and promote cross-selling of its menu offerings.

Advantages

Firstly, bundling complementary products together can lead to increased sales by encouraging customers to purchase more items than they otherwise would have. By presenting a bundled package as a better deal than purchasing items separately, businesses can tap into the customer's perception of value and create a more compelling offering. Secondly, bundling can lead to higher profits by promoting cross-selling of complementary products that may not have sold as well on their own.

By combining items that have a high profit margin with items that are less profitable but still desirable, businesses can increase the overall profitability of the bundle²⁹. Lastly, using choice architecture in bundling can lead to improved customer satisfaction by simplifying the purchase process and offering a more convenient and cost-effective option. By presenting a bundled package as a complete solution, businesses can help customers make purchasing decisions more quickly and easily, while also providing a more satisfying overall experience.

Drawback

One potential disadvantage of product bundling is that it can lead to consumer confusion and frustration. When multiple products are bundled together, consumers may have difficulty understanding the value of each individual product and may be unsure about whether they really need all of the products included in the bundle. This can lead to hesitation and lower sales, as consumers may be hesitant to make a purchase if they are uncertain about the value of the bundle³⁰.

Another potential disadvantage of product bundling is that it can lead to a lack of customization for consumers. When products are bundled together, consumers may be unable to choose which specific products they want, and may have to purchase the entire bundle even if they only want one or two of the products included. This lack of choice can lead to dissatisfaction and lower sales, as consumers may opt to purchase individual products or look elsewhere for more customized options.

CSR in Traditional Marketing

In today's increasingly socially-conscious marketplace, businesses are expected to take responsibility for their impact on society and the environment. Corporate Social Responsibility (CSR) refers to a company's voluntary efforts to go beyond legal requirements and address social and environmental issues in a meaningful way. It is also a traditional marketing strategy that involves incorporating social and environmental concerns into a company's business operations and marketing efforts to create a positive brand image and meet the expectations of consumers who are increasingly concerned about the impact of their purchasing decisions on society and the environment³¹.

CSR has the potential to be as impactful as choice architecture as a form of a traditional marketing strategy. This is because CSR initiatives demonstrate the company's commitment to sustainability and social responsibility, which can lead to increased consumer loyalty and positive brand perception. In addition, consumers are becoming more socially and environmentally conscious, and they are more likely to choose products from companies that align with their values. By incorporating CSR initiatives into their marketing strategies,

	Pricing Strategies	Sales of Unwanted Inventory	Product Visibility	Increasing Customer Base
Traditional Marketing	<ul style="list-style-type: none"> - Cost plus - Penetration - Loss leader - Predatory - Premium - Dynamic - Competitive - Contribution - Price elasticity of demand 	<ul style="list-style-type: none"> - Limited time offers - Promotions - Leaflets 	<ul style="list-style-type: none"> - Above the line advertising - Below the line advertising 	<ul style="list-style-type: none"> - Search engine optimization - Social media marketing - Loyalty programs - Good customer service
Choice Architecture	<ul style="list-style-type: none"> - Anchoring - Framing - Scarcity 	<ul style="list-style-type: none"> - Product bundling - Default options - Decoy options 	<ul style="list-style-type: none"> - Product placement - Prominence - Association - Social proof 	<ul style="list-style-type: none"> - Product placement - Default options

companies can differentiate themselves from their competitors and gain a competitive advantage in the marketplace. This is reinforced by the fact that choice architecture is limited in its ability to influence consumers' behavior because it relies on nudging and subtle cues rather than substantive changes. While choice architecture can be effective in certain situations, such as promoting healthy eating or increasing savings, it may not be as impactful in promoting broader social and environmental goals.

However, in contrast to that when it comes to effectiveness, choice architecture has several advantages over CSR. Firstly, choice architecture leverages the cognitive biases that are inherent in human decision-making. By designing the decision-making environment in a way that taps into these biases, businesses can nudge consumers towards making choices that benefit the company. Secondly, choice architecture is a more subtle approach to marketing that doesn't require companies to overtly promote their social or environmental initiatives. This can be particularly effective in situations where consumers may not be motivated by a company's CSR initiatives, or where such initiatives may be perceived as disingenuous or lacking in authenticity. Finally, choice architecture can be tailored to specific contexts, making it a more flexible and adaptable strategy than CSR. By understanding the specific factors that influence consumer behavior in a given context, businesses can design their marketing strategies to maximize the likelihood that consumers will choose their products or services.

Conclusion

Choice architecture, also known as libertarian paternalism³², is a framework that guides individuals towards making certain choices, primarily through modifying the context in which they make these decisions. Choice architecture is referred to as libertarian paternalism because it combines two opposing concepts: Libertarianism is a political philosophy that emphasizes individual freedom and autonomy. It asserts that individuals have the right to make their own choices and should not be coerced or influenced by external forces. Paternalism, on the other hand, involves a person or organization acting as a parent-figure, making decisions for another person's well-being. In contrast, traditional marketing seeks to influence decision-making through persuasion and targeted messaging. While choice architecture does have prominent drawbacks such as limiting individuals' freedom and restricting their range of available options, it is worth exploring for multinational companies due to its ability to nudge individuals towards behaviors that align with their goals, such as purchasing a particular product or opting for a certain service. By designing choice architecture in a way that considers consumers' decision-making processes and biases, companies can enhance the likelihood of customers making desirable choices. Based on my research, a key finding suggests that businesses can enhance their marketing strategies by leveraging choice architecture, which can prove as effective as traditional methods. This approach involves carefully designing the way choices are presented to customers in order to attract new customer bases. For example, a business struggling

	Pricing Strategies	Sales of Unwanted Inventory	Product Visibility	Increasing Customer Base
CSR in Traditional Marketing	<ul style="list-style-type: none"> - Premium Pricing for Sustainable or Ethical Products - Cause-Related Pricing - Fair trade pricing 	<ul style="list-style-type: none"> - Philanthropic discounts - Targeted CSR campaigns - Donation programs 	<ul style="list-style-type: none"> - Positive brand image - Media coverage - Awards and recognition - Event sponsorship 	<ul style="list-style-type: none"> - Enhanced customer perception - differentiator from competitors - Customer loyalty - Attracts new conscious customers
Choice architecture	<ul style="list-style-type: none"> - Anchoring - Framing - Scarcity 	<ul style="list-style-type: none"> - Product bundling - Default options - Decoy options 	<ul style="list-style-type: none"> - Product placement - Prominence - Association - Social proof 	<ul style="list-style-type: none"> - Product placement - Default options

with low efficiency ratios, such as their stock turnover ratio, could effectively employ product bundling as a choice architecture technique to increase their likelihood of achieving the desired ratio. By bundling products together, they can incentivize customers to purchase more items, thereby improving stock turnover and overall efficiency. Furthermore, an effective strategy for a new business aiming to rapidly establish market presence is to employ the pricing technique known as anchoring. By setting a relatively high price for their products, the business can create a perception of exclusivity and high-end quality. Simultaneously, by placing a lower-priced product adjacent to the higher-priced one, they can capitalize on the psychological effect of making the lower-priced option appear more appealing in comparison, benefiting from both the attractiveness of a lower price and the positive perception of the company's quality. This approach leverages the power of pricing and consumer psychology to effectively position the new business and enhance its market competitiveness. This research highlights the importance of choice architecture in optimizing marketing efforts and achieving business goals.

Future Directions

One potential avenue for future research in choice architecture would be its ethical implications. As choice architects have the power to influence decisions, there is natural concern that this may infringe on individuals' autonomy. Field research can be conducted in which participants are exposed to various choice architectures, and their reactions and perceptions are analyzed to assess the potential ethical concerns. This research could investigate whether certain choice architectures are perceived as manipulative or coercive, and whether they result in un-

intended consequences or negative outcomes for individuals. Additionally, exploring the factors that mitigate or exacerbate ethical concerns in choice architecture, such as transparency and consent, can provide valuable insights for businesses and policymakers.

Furthermore, an intriguing direction for future research in choice architecture involves partnering with a well-known brand to delve into consumer behavior when it comes to product selection. By comparing how consumers make choices when products are strategically placed versus randomly arranged, we can uncover valuable insights into whether individuals are more inclined to pick products based on their superior quality and benefits or if they are swayed by the way products are presented to them. This investigation would provide a deeper understanding of how choice architecture impacts consumer decision-making and whether it genuinely serves their best interests or merely capitalizes on our natural biases. Such knowledge can empower businesses to optimize their product placement strategies, ensuring they enhance customer satisfaction and foster informed decision-making.

Furthermore, to gain a comprehensive understanding of choice architecture, it is crucial to conduct further research examining its effectiveness in diverse contexts and cultures. Variables like socioeconomic status and cultural norms can significantly influence the impact and efficacy of different choice architecture techniques. Investigating how these factors interact with choice architecture can provide valuable insights into tailoring strategies that are more effective and culturally sensitive. By exploring how individuals from different backgrounds respond to various choice architectures, we can identify any potential discrepancies and ensure that these techniques are both inclusive and beneficial for all consumers.

This research will contribute to the development of a more nuanced understanding of choice architecture's applicability and effectiveness, enabling businesses to make informed decisions when implementing such strategies across different contexts and cultures.

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