

Non-Rational Factors in Decision Making

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WHAT'S COVERED

In a previous lesson, you learned about the rational factors involved in decision making and how they're often weighed using the cost/benefit analysis. This lesson will discuss how decisions also involve various non-rational factors, such as:

1. Emotional Factors
2. Relational Factors
3. Neurological Factors

1. Emotional Factors

In the context of decision making, **non-rational** means the influence of emotional factors rather than tangible gains and losses associated with a choice.

An emotional factor that is involved in a decision is referred to as an **emotional bias**, or a tendency to believe that something which generates a pleasant feeling is "good," while something which evokes an unpleasant feeling is "bad."

This emotional bias is something that marketers know very well. Think about any recent commercial or advertisement that you've seen. Chances are that it was trying to make you feel good about a product.

➦ **EXAMPLE** Take car commercials for instance. Like most advertisements, these commercials are all about speed, beauty, and status.

➦ **EXAMPLE** We can take that same truth into buying something else, even something significant like a home. Realtors will sometimes even tell people selling their homes to bake a pie or cookies and have those items cooling on the counter because smell is a very powerful sense.

For most people, the smell of cookies or pie evokes a sense of home and comfort, which is a good feeling. If you associate that feeling of comfort with this house, then you're probably going to have an emotional bias towards the house.

You know that there are also rational decisions that go into choosing something like a home, but if we have enough of this positive emotional bias, we may lean towards the house that made us feel that way over the other options.

➦ **EXAMPLE** Emotional bias can factor into smaller decisions as well. If you've ever bought something impractical, you may have later tried to justify the purchase because you knew that you bought the item simply because you loved it.



TERMS TO KNOW

Non-Rational

In decision making, the influence of emotional factors, rather than tangible gains/losses associated with a choice.

Emotional Bias

A tendency to believe that something which generates a pleasant feeling is "good," and that something which evokes an unpleasant feeling is "bad."

2. Relational Factors

Relational factors have to do with several different things. Firstly, they involve the people that we relate to, such as our:

- Families
- Communities
- Friends

When these groups are involved, peer pressure can come into play as a relational factor. If you have children, then you know that peer pressure often begins at a very young age.

➦ **EXAMPLE** Kids in school may begin to feel peer pressure to do things that others in their peer group are doing. Most of us have probably heard phrases like, "Everybody else has one, so I need one. All the cool kids have one." While peer pressure starts young, it certainly doesn't end when we become adults.

Status symbols are another relational factor that can become very important for many people. A status symbol is an item which suggests that its owner has a high social status.

➦ **EXAMPLE** Once again, marketers know that they can influence us with status symbols. Think about what you see when you look at advertisements for things like cars and fashion:

- *What brand is it?*
- *Is it going to impress others?*
- *Is impressing others important to me?*
- *How does it make me feel about myself?*



TERM TO KNOW

Status Symbol

An item which suggests that its owner has a high social status.

3. Neurological Factors

In decision making, neurological factors have to do with **salience**, or the factor of an object, an idea, or a choice which draws additional attention to that item.

Salience occurs on a neurological level, which means it's relatively unconscious: something about a particular object calls our attention to it, so we tend to reach for that object. We see something, it stands out, and we take it.

As with the other factors, marketers use salience in a very conscious way because they know that we're much more likely to get something that calls attention to itself than to search on the lower shelves, or to pick up something we've never heard of.

🔗 **EXAMPLE** Think about the last time you were in a store to buy an item like peanut butter, shampoo, or any item that presents many different options on the shelves. Chances are that the most well-known brand is the one at eye-level on the shelf. Neurologically, it comes to mind because you see it right there.

🔗 **EXAMPLE** This is also true if you're up in the front of the store getting ready to go out through the cash register, and you see the items in the check-out aisles. We call these "impulse buys" because we tend to grab them since they're right there and don't cost that much. That's a very neurological, or biological, thing that happens to all of us and influences our decision making.

During this neurological process, you might use something called **rule of thumb**. This is an expression for a general estimate made with the knowledge that it will not be entirely accurate in all situations.

🔗 **EXAMPLE** You're in the produce aisle, and you see the fruit. A good rule of thumb is, "If it's firm and has good color, then it's good fruit." Most of the time that's true, but it might not always be the case. Regardless, you go by the rule of thumb.



TERMS TO KNOW

Salience

A factor of an object, idea, choice, etc. which draws additional attention to that item.

Rule of Thumb

An expression, meaning a general estimate, knowing it will not be entirely accurate in all situations.



THINK ABOUT IT

Consider the last big decision you made:

- Which of the non-rational factors had the largest impact on your decision?
- Why was this factor important (e.g because of salience, peer pressure, etc)?



SUMMARY

In this lesson, you learned that while we certainly think about things rationally, decision making is not a purely rational processes. You now understand that **emotional, relational, and neurological factors** are the non-rational considerations that will influence how we make our decisions. Good luck!



TERMS TO KNOW

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