

Lousy intuition



By [John Laurence](#)

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Behavioral Economics is a scientific field that brings together psychology and economics, and makes much of the fact that humans have lousy intuition when it comes to statistics. It postulates that we are much more susceptible to using our emotional systems when estimating the likelihood of an outcome than good old logical reason. For example, I often see people quite convinced that having bought a lotto ticket that they have a fairly reasonable chance of winning the jackpot.

Consider this though. The odds of winning the first line jackpot in the lotto are apparently one in 14 million. This doesn't mean much to most people, so to put it into perspective, imagine if you will, a roulette table with this many combinations to choose from. I'd estimate the size of a numbered square on a roulette table being about 16cm². A table with 14 million squares would therefore have to be at least 150m long and 150m wide.

Now stretch your imagination a little further and consider walking into a room with this enormous table containing the multitude of numbered squares - a room that is so vast that it could contain three soccer fields. After a long walk around, you take your chip and place it in the square with the number of your choice and a team of men laboriously spin a gigantic roulette wheel and toss in the little white ball. Sorry to burst the bubble on your fantasy of telling your boss exactly what you think of him, but your odds of the ball landing on your chosen number don't seem so great now, do they?

Deaths on South African roads

Let me get to the reason I am writing about this particular subject. I just heard on the radio that more than 1400 people died on South African roads this festive season. This is a ludicrously high number, and again, people just don't significantly estimate the likelihood that they could become a tragic part of this statistic.

While out on a run during the holiday, I took a look at occupants of the cars in the oncoming traffic. At least one in five cars had a person in the front of the car not wearing a seatbelt. The stats on AASA's website, although not current, are much worse than this. Other stats show that wearing a seatbelt reduces the risk of death in an accident by about 50% (airbags are ineffectual without a fastened seatbelt).

Simply giving stats means nothing

My point is that simply giving people these stats means nothing to them. Just like people think they can realistically win the lotto, they also think that an accident won't happen to them and don't bother with their seatbelt. The fact is though, not clipping in gives you a much higher chance of ending up in the morgue if you are in an accident than buying a lotto ticket gives you in becoming a millionaire.

Even the most brilliant minds in the world are susceptible to these errors in judgement. First world countries are massively indebted and the world sits on a precarious precipice, but the markets still leap on any crumb of good news which quickly clouds the real issues. And governments refuse to scale back on CO2 emissions as we blindly march towards a global warming catastrophe.

Those in charge need to find better ways of helping people visualise and empathise with these realities and stop believing that humans have the good sense to grasp them intuitively. Our minds are just not designed that way.

ABOUT JOHN LAURENCE

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