

## Sheena Iyengar on the Power of Choice -- and Why It Doesn't Always Bring Us What We Want

*In March 2010, Sheena Iyengar, a professor at Columbia Business School, published a book titled, The Art of Choosing. Iyengar, who is blind, says the book reflects her interest in how people make choices, including how they are able to navigate both the opportunities and responsibilities that an abundance of choice can bring. In a video presentation, Iyengar offers Knowledge@Wharton viewers her perspectives on the need to separate choices that are "meaningful and uplifting" from those that tend to distract us or that lead to unwise decisions. Choice, she says, is "the most powerful tool that we have in our lives. It enables us to go from who we are today to whom we want to be tomorrow. But it does not fulfill all our needs."*

*Iyengar earned a B.S. in economics from Wharton, a B.A. in psychology from the University of Pennsylvania's College of Arts and Sciences, and a PhD in social psychology from Stanford University.*

We all have dreams. Some are big. Some are small. We keep asking ourselves questions like, "What will I achieve?" "What will I leave behind?" "How will I leave a mark?" When I was a kid, I used to dream of becoming a pilot. It seemed like such an exciting and important job. I knew I couldn't sprout wings, but with those mechanical wings I was going to be able to become one of those world explorers much like Christopher Columbus or those guys who discover the world really wasn't flat but round.

In school, our teachers used to tell us that you could grow up and do and be whatever it is you want to be as long as you put your mind and heart to it. And, why not? I woke up one morning, though, with this daunting realization that in order to be a pilot, I needed to do more than just put my mind and heart to it. I would need to be able to put my eyes to it. I wasn't going to be able to do that if I was going blind.

Growing up, I began to develop this awareness of how so many of our hopes, dreams and expectations struggle constantly against our limitations. And the big challenge that we all have in life is in trying to figure out how to overcome those challenges. Which ones can we overcome? Sometimes we succeed and sometimes we don't.

Whenever we are different in some way from other people, people try to pretend we are just like everybody else. That or they write you off. Sometimes they create a special niche for you – a role that you are supposed to play. I remember when I first landed in Spain, I was so confused because everywhere I went, people would walk up to me on the street and start handing me money and expecting me to give them lottery tickets in return. When I went to Japan, everywhere I went random people kept coming up to me on the street and taking my hands and putting them on their necks and backs and expecting me to start performing these magical massages.

When I was in high school, my guidance counselor assumed he didn't have to show me the college manual because after all I, like most other blind people, would probably end up on Social Security and SSI. Then again, there were those people who assumed, "Well, she's blind. She clearly must have talent." So they handed me a clarinet. Then when I proved to have absolutely no musical talent, they decided, "Well, okay, well maybe she could go to

college in which case the choice is obvious. She should just become a lawyer." Every step of the way, people kept deciding what I could and couldn't do. And as a result it became imperative for me to be able to separate the truth from the perceived ones.

Well, somehow I ended up at the University of Pennsylvania for my undergraduate degree at the Wharton School of Business, and there I was plagued with this all-consuming question, "What are you going to be when you grow up?" In particular, "What could you be when you grow up?" I started to take all these different classes and I stumbled upon this course that would change my life. I was taking "Social Psychology" and "Consumer Behavior and Statistics" at the same time while I was an undergraduate student in my sophomore year. And I thought to myself, hmm, human behavior – let's try to discover what affects people's behavior, why they do all the things that they do. This sounds kind of cool. Maybe this is something I could do. And no one ever said that a blind person couldn't become an experimentalist. Then again, there were too many experimentalists. In fact, there were no blind experimentalists running around. But the question became open.

So I went to see a professor, John Sabini, here at the University of Pennsylvania and I asked him whether he would consider hiring me as a research assistant. I was a sophomore at the time. And I remember asking him this question as to whether he would hire me to do some experiments for him. I remember there was this long pause. Nothing was said at that moment and I started to ramble at him and assumed that he probably wasn't going to give me this opportunity. Suddenly he started to pound the desk and say, "I have it. You're it." He decided that he had an interesting role for me to try. He was doing an experiment on embarrassment and giving people negative feedback and how embarrassed they got.

So he suddenly had this idea, "Well, what if you received negative feedback from a blind person? Would you get just as embarrassed?" Well, for the record the experiment actually didn't work out. But what happened at that moment was suddenly my career as a researcher began. And unbeknownst to me, it was at that moment that I started to become interested in studying the role choice plays in our lives.

You see, choice is the big idea – the tool we wield whenever we come up against our limitations. We believe that if we play our cards right that we can choose our way to happiness. But although choice is a wonderful thing in our life, it is not the answer to everything. True, for me, choice made a big difference in my life – the ability to choose a career as a researcher. It was what enabled me to establish myself as being more capable than others gave me credit for. But I think I was able to take advantage of choice in this domain of my life because I understood my limitations. People just kept reminding me of them.

I didn't have the choices of the sighted. But in a way, that made making a decision a lot easier. And because I had to constantly push past naysayers and doorkeepers every step of the way any time I wanted to pursue a choice, it had to be something that I was willing to dedicate myself to. I couldn't afford to choose on a whim. Over time, I started to develop this language of limitations. It became second nature to me. And you might think that sounds rather self-defeating. Most of us would rather think in terms of positives or emphasize the possibilities. But I think what I have learned through my personal experience, and through nearly two decades of research, is that we get a lot more out of choice in our lives if we understand that we don't always know how to choose, and that choice has its limitations.

Let's take a basic assumption that we all have about choice – that we know what we want. We believe that we all know what we want. As long as we get what we want we will be happy. And, of course, if we have more choices then we are more likely to get what we want and be even happier. But do we know what we want? And even if we knew what we want, are we more likely to find it and choose better if we had more rather than less?

Well, let's take this assumption at its most basic level. You see these two women. Can you tell me who you think is prettier? I'm told they are both quite beautiful. Students in New York and in many Scandinavian countries were shown just these two pictures. They were asked which one do you think is prettier? They were shown a whole set of different pairs of female pictures. And they indicated in each case which one they thought was prettier.

Then they were shown the same pictures again and shown which one they thought was prettier and asked, "Why did you pick that one?" In some cases people clearly picked the brunette. In some cases people picked the blonde. In either case they were shown the one that they had picked and were asked, "Why did you pick the one you picked?" In some cases though, unbeknownst to the subject, it was switched on them. If they had chosen the brunette they were shown the blonde. What did they do? Well, 87% of the time they didn't even notice. They simply said, "Well, I prefer blondes," even though they had actually chosen the brunette. So they didn't recognize their choices even though supposedly their choices were in line with their preferences.

It turns out that we don't always recognize our preferences even though our choices are supposed to be in line with them. This happens not just on simple things like who do we find more attractive, but it happens on the really important decisions in life. Most of us would agree that one of the most important decisions we make in our life is figuring out what career path we are going to undertake. What job do I really want to start my career off with? What are we all told to do? Go walk along the beach and reflect and think about, "What do you want?" "Who do you want to be?" Does it help?

An old graduate student, Rachel Wells, and I decided to find out. Does it help people to ask themselves what is it that they want when looking for a job? We interviewed graduating seniors from 11 institutions across the nation, including the University of Pennsylvania. We asked these graduating seniors what they were looking for in a job. We asked them in September, December and in May. May is about the time when most of them had already accepted their job offers. In September, they said things like, "Well, I'm looking for job security. I'm looking for work that is interesting, and that will give me autonomy." And, in fact, they were given a set of 13 different attributes and they rank-ordered them on how important they were – all the usual suspects.

In December, they were asked the same question. It changed. Now what they said they wanted was different. Autonomy wasn't so important. Job security and income were becoming more important. By May, when they had accepted their final job offer their preferences had changed yet again. Well maybe this isn't so surprising because after all they are learning about the various options available to them, and as time progresses, as they learn about the kinds of job offers available to them, they are adapting and adjusting what they want to what is available. That makes some sense. In fact, the correlation between what they said they wanted in September and what they got in May was about .06 – utterly non-significant.

But who is happier? The people who remembered that what they got in May was different from what they said they wanted in September? Or the people who thought what they got in May was exactly what they wanted all along?

When you actually look at who is happy, it turns out that the people who remembered what they wanted in September were less satisfied with the job offer that they accepted. In fact, they were more likely to be thinking about how they wanted to jump ship and try out a different job in a year.

When you looked at the number of job offers received, well then, too, you found that the people who remembered what they wanted in September got fewer job offers. So if you did not remember what you wanted way back in September, it turned out you were happier and you got more job offers. Maybe there is some truth to that old saying that we were all told by our grandmothers that, you know, happiness doesn't come from getting what you want, but wanting what you got.

In spite of the fact that we don't always know what will make us happy when we make a choice, we feel more and more pressured today to make choices that are in line with our preferences, and to know our preferences, and to make choices in accordance with that.

In his book, *The Powers of Freedom*, Nikolas Rose, the sociologist writes: "Modern individuals are not merely free to choose, but obliged to be free to understand and enact their lives in terms of choice. They must interpret their past and dream their futures as outcomes of choices made and choices still to be made. Their choices are their turn, realizations of the attributes of the choosing person, expressions of personality that reflect back on the person who made them."

We associate choice with freedom. And we have come to believe that choosing is the practice of freedom. So when we make a choice, we are not just asking, 'What do I need and want?' We are asking ourselves something much more complex. What we are really asking ourselves is, 'Who am I? And given who I am, what do I want? And given what I want, what should I choose?'

Expressing ourselves through choices gives us the opportunity to establish ourselves as unique individuals, enables us to distinguish ourselves from other people. Some might say it even gives us the opportunity to completely customize ourselves. But oddly enough, this type of self-expression can feel more like an obligation at times than a choice.

I would like to tell you a story about my husband Garud. A few years ago he told me he wanted the new iPhone for his birthday. So I woke up at 3 in the morning, ran down to the Apple store to get him this new iPhone that had just come out. He told me he wanted the black because it doesn't get as dirty and it looked sleeker than the white option available. I stood in line waiting to get him his new iPhone. By 10 in the morning, just as I'm putting in the order, he rushes into the store all frazzled, runs up to the desk and switches the order. "I'm sorry sir. Can you switch that to the white?"

"To the white?" I say. "But you told me you wanted the black."

"I looked it up online. Everybody is picking the black. I can't have what everybody else is having. Haven't you seen what everybody else is carrying out the store?"

Which, of course I hadn't.

He knew what he wanted. He knew why he wanted what he wanted. And he knew that the reasons why he wanted what he wanted had nothing to do with the reasons why everybody else wanted what they wanted. But when he saw what everybody else was choosing, he decided to assert his individuality rather than choose the one he wanted.

Now we have all seen ourselves in similar situations. You know, there's that time when we are in the restaurant with our colleagues or our friends. The waiter comes over and asks the first person what they want. They order the filet mignon with burgundy sauce, which is exactly what you were thinking of. Then the next person is asked and they order the same thing. Then the waiter comes to you. Now you're wondering, hmm, do I just tell everybody that I was planning to order that all along? Or do I also consider the other options that I was thinking about before I thought about filet mignon and burgundy sauce?

In fact, this dilemma of individuality, this desire not to look like a copycat, has been documented by lots of scientific studies. In one study, they actually looked at people's orders of beers in a microbrewery. They had people order their beers in one of two ways – the normal way where everybody goes one by one, or a different way in which everybody puts in their order privately to the waiter. What happens? Well, when you order privately, everybody is more likely to order the same thing as everybody else. Doesn't happen when you all order the normal way. But also what is quite interesting is that it is the people who order privately who are actually happier with their beer than the people who order sequentially. The only people who were happy when they ordered sequentially were the people who ordered first.

Even when we know what we want, we don't always feel comfortable choosing what we want. We start to question ourselves. Is that really what I wanted? If those other people want what I want, well, I don't want to be like those other people. So maybe that isn't really what I want. So then I'm left with the question, "So what do I want?"

And at that point I return back to the problem of the obligation to choose because choice is never a solitary activity. Though we think of choice as a means to individuate ourselves, we never choose alone. By this I mean that every act of choice is an act of communication. Like body language, it is generated by us – sometimes consciously, sometimes unconsciously. And each time we are sending a message to other people. Most of the time the message I want to send to you is, "Look at me. I'm unique. But you could still relate to me. I'm an individual, not an outcast."

So what are our preferences for unique things anyway? A few years ago I did a study with a colleague of mine, Daniel Ames, in which we looked at people's actual preferences for unique things. So we asked people to tell us how much they liked a whole bunch of things, like names you would give your child, ties, sunglasses, shoes. How much do you like these things? How unique or common you think these things are? And how much do you think other people would actually like these things?

To give you an idea, names went from a common name like Mike to Addison, which is more unique, to the really more unusual names like Nehemiah. Ties went from the standard black or red to the slightly unique paisleys or stripes or the really wild ones with neon orange leopard prints or shiny disco balls. Everyone thought that they were more unique than everyone else. Everyone thought that they liked more unique things than everyone else. In fact, they all liked the same things. Everybody liked things that were not too boring, not too bizarre, just right with something that was slightly unique.

One participant put it quite well. When you are wearing a suit, the tie is the one thing that can show off your taste and personality. But some of these ties just have way too much personality and not enough taste. It's just not right to wear an avant garde tie. We aspire to be unique, but we still want our choices to be understood. There is a fine line between having a flare for dramatic neckwear or being called a social don't. And in the end we would rather play it safe.

Most of us would like to stand apart from the majority, but not in a way that makes us a member of a glaring and lonely minority. It is so much to think about. Who am I? And given who I am, what do I want? And given what I want, what do I choose? And if I choose that, what message am I really sending to other people? Is it any wonder that we tend to be confused and overwhelmed? At times we might just turn what ought to be a simple choice into an ordeal. And then we find ourselves scratching our head and asking ourselves, "Why did I choose that? That isn't what I really wanted, was it? Why did I choose this thing that I'm really not happy with?"

This problem we have with choice has become even more acute as the obligation to choose has become even greater and as the number of choices has proliferated in our society. Think about it. Today, we make choices that were unimaginable before. We can choose our careers, our spouses, where we want to live, where we want to travel, how we want to schedule our entertainment, which one of 100 different jams we are going to spread across our toast. More than that – different flavors and brands of soda we want to have with our meals. The typical grocery store in 1949 offered us 3,700 products. Remember the old days in which you could have a Ford Model T in any color as long as it was black? Today, the typical grocery store has 35,000 options available and the typical Wal-Mart has 100,000 options available. And online you have 27,000,000 books available to you on Amazon.com and 15,000,000 date possibilities available to you on Match.com.

When I was a graduate student I became really interested in looking at choice and the affects of offering people more choice. I used to go to this grocery store called Drager's. It was like going to a mini amusement park. It was like a thrill unto itself. You would walk into this store and it just – it was like a little Wonderland. You had so many different choices about so many different things. They had 250 different kinds of mayonnaises and mustards and vinegars and over 500 different kinds of fruits and vegetables. And the olive oil – they had 75 different olive oils in their olive oil aisle. They even had some that were in a locked case.

Well, I used to go to this store regularly and I found that I rarely bought anything even though it was kind of a cool store and I liked going there. In fact, there were regularly these busloads of Japanese tourists who would show up and take lots of pictures. It wasn't clear they were buying much. So I went up to the manager one day and I said, "Well, so is this model of offering people lots and lots of choices working?" The manager said, "Of course, haven't you seen all the customers we have through the store?" Well, we decided to do a little experiment.

We decided to do an experiment with jam. So here is their jam aisle. They had 348 different kinds of jam. We set up a tasting booth in which we either put out 6 different flavors of jam – and this was near the entrance to the store – or we put out 24 different flavors of jam. And we kept rotating these displays. We looked at two things. In which case are people more likely to stop and sample a jar of jam? And, second, when the people stop, who is

more likely to buy a jar of jam? Everybody was given a coupon giving them an opportunity to get \$1 off if they bought a jar of jam. So what happened?

Well, it turns out that people were more likely to stop when there were 24 jams on display – 60% of the customers stopped when there were 24 jams. But when there were 6 jams on display only 40% of the customers stopped. Well, when you looked at their actual purchasing behavior you saw the complete opposite. Of the people that stopped when there were 24 jams, only 3% of them actually bought a jar of jam. Of the people who stopped when there were 6 jars of jams on display though, 30% of them actually bought a jar of jam. If you do the math, people were actually 6 times more likely to buy a jar of jam if there were 6 on display than if there were 24. Why? They were more attracted to the larger display, but when it came down to buying, they were more likely to buy when there were fewer jams on display. Why?

So we decided to look at the data we collected in the jam aisle itself. We had this research assistant who was dressed as a store employee pretending to take inventory. So that person was standing there and taking notes of all the customer conversations that took place in that jam aisle. We observed two kinds of customers. One set of customers, when they were in the jam aisle, it was really quick. “That lemon curd was great wasn’t it?” “It sure was.” In and out in less than ten seconds.

The other set of customers had a long conversation. “Boy that lemon curd was great, wasn’t it?” “Yeah, but so was the Victoria plum. Hey, and we didn’t even try this Little Scarlet. That looks kind of interesting, too.” Sometimes that conversation would go on for ten minutes or more at which point somebody would usually wake up and say, “Hey, look, let’s check out the rest of the stuff in the store. We’ll come back to jam.”

We always knew that our eyes were too big for our stomachs. Is it possible that our eyes are actually too big for our minds, too? In addition to having to think about who I am and what do I want – we also have to do the math of comparing and contrasting all the options that confront us. Can we do it? Can our minds really handle that much choice? You don’t have to look very far to find out that we really do have some cognitive limitations that would affect our ability to keep track of an infinite array of options.

Way back in 1956, the seminal psychologist George Miller did the famous paper called, “The Magical Number Seven, Plus or Minus Two” in which he illustrates compellingly and documents the fact that beyond Seven, Plus or Minus Two things – no matter what they are – things you look at, things you taste, things you smell, things you feel, numbers, words – no matter what it is, beyond Seven, Plus or Minus Two, you just can’t keep track of it. The information just starts crumbling away. Well, in today’s world we have to choose from a lot more than Seven, Plus or Minus Two. And what do we do?

Most of the time we typically decide to put it off or choose the familiar option or find some other strategy to just get ourselves out of the situation. Well that’s okay when you’re only talking about jam. It’s really not imperative that you pick a jar of jam or even pick the best jar of jam. But what if it was something really important? Something that really affects your life in a meaningful, substantive way?

In 2001, I received a call from Steve Utkus, the director of the Vanguard Research Center. He was puzzled by a phenomenon that they were beginning to observe in people’s 401(k) plans. He was observing that people weren’t participating in their 401(k) plans as much as they should even though they were actually offering people more and more options. So he

asked me to look at the data and answer the question of whether more choices that they were offering for the 401(k) plans was actually helping participation rates or not?

Now if you think about the 401(k) decision, in many ways you can think of it as a no brainer really. I mean, you take part of your income every month and put it away, tax free, and your employer matches you dollar-for-dollar for the amount that you put away so it is literally free money in the bank. If you choose not to participate, it is literally like throwing free money into the garbage can and who among us wants to do that? So it makes total sense to participate in your 401(k) plan. In fact, even if you have no idea where to put your money, if you just randomly toss the die you are still better off than if you choose not to participate.

When he gave me the data for over 650 plans – nearly a million people – we had lots of data on the individual demographics of the people. We had data about the size of the firm and industry of the firm. And when we looked we found that, indeed, there was a correlation between the number of funds that a plan offered and people’s actual participation rates. As the number of options increased, participation rates dropped. If you look at the participation rates, if they have less than 10 funds, participation rates were around 75%, which are still not as high as you would like it to be. Once the number of options grew to over 50, participation rates dropped to 60%.

Think about the ramifications of that, particularly in light of the fact that today Fidelity actually offers you 4,500 options. The deleterious affects of offering people more and more choice haven’t just been observed with jams and retirement savings plans, but have been observed across a variety of different choosing domains ranging from things like choosing a chocolate to going on a date to healthcare decisions.

When you live in a world with so much choice, is there anything you can do to help yourself from becoming overwhelmed by the demands of self-expression and the math of comparing and contrasting all these options? We have been doing some studies in which we find that indeed we can teach ourselves to do better when we choose. We can ease our self in and practice, practice, and practice. And if we do this we can get more out of choice in our lives.

Most of us would agree that we wouldn’t feel comfortable throwing our children into a calculus class if they hadn’t first mastered algebra. And, yet, we regularly throw ourselves into a choosing exercise without any preparation. We are seduced by the possibilities and convince ourselves that once I’m in the moment – that right choice, that perfect expression of who I am and what I want will just scream out at me. I’ll know it when I see it. That’s what we tell ourselves. Of course, that rarely happens. But we can get more out of choice if we take a more methodical approach to the way we choose.

To give you an idea of what I am talking about, we recently did a study with a German car manufacturer. This German car manufacturer – this was done in Europe – happens to allow its customers to completely custom-make their cars. It is a bit different than the way it is in the U.S. In the U.S. you go into the car dealership and pick out a bundle. Well, in Europe, you get to completely custom-make your car. So that means you are making around 60 different decisions, and per decision you have a variable number of options. So, for example, for engines you can have four different engines to choose from. But for exterior car color, you have 56 different exterior car colors.

We convinced this car manufacturing company to vary the way in which the decisions appeared – were presented to the customer. So once a customer had decided to choose a

car like, let's say, an Audi A4, they went on to the computer screen and now had to answer all the 60 different questions about what they wanted to comprise their new Audi A4. Half of them were randomly assigned to having their decisions appear from deep to shallow – meaning, we start from 56 car colors down to 28 different interior car colors – all the way down to four engines and four tire rims, etc. So they are going from high choice decisions to low choice decisions. In the other half of the cases they went from shallow – four engines – to deep – 56 different exterior car colors.

We now looked at two things. First, in which case are people getting more tired of choosing? Had we measured that? We looked at their likelihood of choosing the default. So per decision, if you don't want to make a choice you just go "beep" and you get the default choice. So you get the default car color – silver gray. What happens? Well, as you see here, if you go from deep to shallow in the beginning people seem to be engaged. They are really thinking about what choice they should make. They quickly get tired and now they start just hitting the default button across the board. They are disengaged.

When they went from shallow to deep though, initially they start off a little slow but then you see practically no default rate. They are completely engaged. They are not even defaulting when they get to the 56 car colors. Who is happier? Who reports being more satisfied with their car in the end? Again, those shallow-to-deep end up reporting they are more satisfied with the car that they have selected. We can handle more choice if we ease our self into it. If we go from shallow to deep, we can handle it much more easily. Why?

Because as we start off in the shallows, we learn some of the very techniques that the experts do when they are making a choice. We learn how to choose. We learn how to dump out the irrelevant options and gradually, as we are more and more engaged with this choosing exercise and we are building the car, we start to envision this product as a whole and we get more into it. We found the same affect not just with customizing your car, but pretty much any kind of customization project whether it be a sandwich or a suit.

You know, it's often tempting to go to the store that offers you a lot of choice. After all, it seems like one-stop shopping and you are more likely to find that perfect thing for you. But often, that is a good recipe to get yourself completely confused. So let's say you need to buy a bottle of wine, something you don't want to screw up. You have to take it to your boss's house. You may actually be better off going to the store – not the one that offers you thousands of different bottles of wine – not that wine wholesaler – but go to the store that limits your choice, that teaches you about the product, that helps you become a little bit of that mini expert.

Consider the store Bestsellers. It was named the best wine store in 2009. This store offers only 100 different wines – 8 categories – about 10 to 11 choices per category. What that does is when you have it categorized, we can quickly rule out the categories that we don't like. We can rule out fruity and fizzy, etc. And now we focus in on that category of wines that I am interested in. Within that category, I only have about 10 options to look at. Well, that becomes a lot easier. I'll focus in on the information about those 10 options and learn about that wine. And when I actually choose a bottle of wine and take it to my boss's home, I might actually show off a bit of knowledge about that bottle of wine because I actually understood what I chose. Over time, not only do I develop a greater expertise of the different kinds of wines out there, but I develop a greater expertise about the kind of wine I like. Now all of that helps me become more prepared for the eventual day when I actually might be ready to finally go to that store that offers me more and more options.

But should we always exert this much energy and effort into the choices we make? Should we exert all this energy into defining all the complexities associated with the choice that is confronting me? Or are there times when we are better off just avoiding the choosing process and just saying, "Look. I don't need to choose this."

Take for example the choice of what nail polish color to put on yourself. We think nail polish is pretty important because it has to do with our appearance and, by extension, that means that it says something about our identity. I'm really intrigued by such choices mainly because they are quite visual and I can't see these choices and I can't see what other people are choosing and, therefore, I have to rely heavily on other people's opinions.

So take for example one time when I was in the manicure salon and I was choosing between two very light shades of pink. One was called Ballet Slippers and the other one was called Adore-A-Ball. So I decided to ask these two ladies at the manicure salon which one I should pick. One lady said, "Well, definitely pick Ballet Slippers." "Why?" I asked. "It's just an elegant shade of pink. It will look really good on you." I asked the other lady. She says, "No, no. You should pick Adore-A-Ball. It is a really glamorous shade of pink. I think that will look better." "I don't understand. What's the difference between these two colors?" "Just trust us. You would know the difference if you could see it." Well, maybe.

Me being the annoying academic that I am, I decided to test this out. I decided to bring these two bottles of nail polish into the laboratory. I stripped the labels off and asked a whole bunch of undergraduate women at Columbia University, "Which one would you pick?" Well, 50% of the women couldn't tell them apart and they assumed that I was playing a trick on them. They swore up and down that it was actually the same color in two bottles. Now I wondered who the trick was really on. Of the other 50%, more of the women chose Adore-A-Ball than Ballet Slippers.

Then I decided to put the labels back on. When I put the labels back on, well now it turns out that more of the women choose Ballet Slippers. So what are they really choosing? Are they choosing on the basis of the color or the name? These days when I go to the beauty salon and have to get nail polish on my nails, I just flip a coin. The difference between pink and red is a meaningful one because the choice actually is one that says something about what I like and what I want. The difference between Ballet Slippers and Adore-A-Ball though barely exists and, yet, we feel compelled to deliberate over the choice.

Ever increasing choice means that we begin to assign importance to what might amount to trivial differences. We focus so much on these details perhaps forgetting about whether this really is part of our larger goals. Perhaps we forget about the larger picture. Is this how we really want to spend our limited resources when it comes down to our time and our energy and our cognitive resources? I'm not here to dictate to you what and when you should choose. But I would like to encourage you to be more choosy about choosing.

There is nothing wrong with saying, "I would like to have less choice, please. I'll have what you're having. I choose not to choose." Sometimes these are the best things we can do for ourselves and they don't diminish our freedom or our individuality. Each of us ought to ask ourselves which choices are really worth making and which ones are simply distracting me from my larger goals. We need to rethink the assumption that every opportunity to choose is an opportunity to inch closer to my dreams to improve my lot. Choice is not just the exercise of picking X over Y. But it is a responsibility to separate the meaningful and the uplifting from the trivial and the disheartening.

Don't get me wrong. Choice is absolutely the most powerful tool that we have in our lives. It is the only tool we have that enables us to go from who we are today to whom we want to be tomorrow. But it does not fulfill all our needs. It does not solve all our problems. Sometimes it is not enough. Sometimes it is too much.

The recent Oscar-winning movie, *The Hurt Locker*, portrayed a character, Sergeant Williams James, as a man who made a lot of choices – a lot of choices [given] very little time. And he made all these decisions under a considerable amount of stress, with a considerable amount of aplomb. At any moment, if he made the wrong choice he might have died, his comrades might have died, as he was trying to decide how to best disable a whole bunch of explosives. When he returns home after his duty in Iraq, he is shown spending some time with his family, and at one point his girlfriend asks him to go pick out a box of cereal in the grocery store. Here is the cereal aisle in the grocery store. He is seen here looking at the cereals, first being amused, then being confused, and then being annoyed. At the end of the movie he decides to go back to Iraq. It is as if he is saying he wants to restore meaning to his choices and, by extension, to his life.

I think we have come to believe that every choice is important and that we must make all our own choices because this gives us an illusion of control. But all of us must contend with the limits that we naturally come up against over the course of our lives. And all of us must be prepared to let go of those choices that do not serve us well. I did not choose blindness. Because I was blind, there were many choices that were taken off the table, among them being a pilot. But this bodily condition that I did not choose enabled me to take advantage of the choices that I could make.

It reminds me everyday to focus on the choices that matter. Balancing our hopes, desires, and an appreciation for the possibilities with a clear-eyed assessment of the limitations – that is the art of choosing.

Questions from Knowledge@Wharton:

Q: I was interested in hearing you talk about the grocery shopping experience and the fact that we all know the problem of going into a grocery store and seeing toothpaste, cereal, soaps, etc., that are actually overwhelming. But I'm wondering what the logical outcome of this is for the manufacturers of these products. They have to keep offering more and more choices because they want to be competitive and they don't want to fall behind and be unresponsive to consumers. But at what point do these manufacturers realize that they are actually turning off their customers? And at what point will one of them step up and say, "Enough is enough. We are going to go back and we are going to offer you five good products." Is this a reality? Or is this not possible in the business world?

Iyengar: That is a great question. So here is the pickle, right? It has become expected now on the part of customers that we go into a store that offers us a lot of choice. And we think that a store that doesn't offer us a lot of choice is somehow less valuable, right? [Consider], for example Baskin Robbins. The slogan that put Baskin Robbins on the map – it's still the number one ice cream retailer in the world – is the 31 flavors.

But did you know that even for Baskin Robbins, 50% of their sales are accounted for by plain vanilla, chocolate, and strawberry? And, yet, I imagine most of us wouldn't walk into an ice cream parlor that only offered us vanilla, chocolate or strawberry even if that is exactly what we were planning on ordering. So the pickle is that we want more choice because we feel that those are the more valuable retailers, but we actually don't take

advantage of it. And then the retailer is put in this position of having to offer it, but it actually costs them money to offer it and people aren't going to take advantage of it anyway.

What we have found are, first, there are a growing number of retailers that are making money by shrinking the choice sets. I gave you the example of how Bestsellers is doing very well. ALDI, the ninth largest retailer on the globe – it is a grocery store that exists primarily in Europe although it has a lot of inroads in middle America – only offers its customers 1,400 products. Per category it may only offer you one kind of tomato sauce, one kind of canned corn, and it is doing better than all the other grocery stores. It is doing very well.

So there is a model out there that says I am going to offer you a few choices, but you can trust me to offer you either very high quality or, in the case of ALDI, you can trust me to offer you good price performance ratio. So I think that is one way in which retailers can really start to think of themselves as being more competitive.

There is another thing that retailers can do, which we have done now with magazine aisles at Wegmans grocery stores and we've also done with various menus of coffees and a whole bunch of other products. We find that if you categorize the products – whether it be wines or magazines or coffees or chocolates – we can actually handle more categories than we can handle choices. So that is one thing that is good. We can handle, say, an average of about 20 different categories and about, say, 10 choices per category.

But here is another fascinating thing about categories. If I categorize the choice-set more, I can offer you less choice. Because when I categorize the choices, you the customer perceives me as offering you more choice and more variety. This isn't a trick. And the reason why it's not a trick is because you the customer actually understand better what I'm offering you when I actually categorize. It is a simple thing that a lot of retailers can do, but they don't. So, for example, I can have one retailer that offers you 334 different kinds of magazines versus 661 magazines. And customers will believe that the magazine aisle that offers them 334 is actually offering them more than the one that was offering them 661 just as a function of how those magazines were categorized, how many categories, and how understandable those categories were for them.

Q: I'm wondering what the implications of this might be for the Internet. A lot of sites that I go to are very busy – visually busy. If you are looking for a product, it is hard to find. Because retailers can offer an unlimited number of products, they often do. Do you think that the Internet retailers are handling it well? Or would you have some advice that you could offer them?

Iyengar: On the Internet you have a lot of websites that need to spend more time categorizing because one of the biggest complaints you hear customers making is that they can't figure out what these websites are offering. They can't find anything. You do see that those websites that categorize well and make it easy on the customers tend to do better.

The other thing that many online vendors are struggling with is how you help the customer by giving them recommendations. They have had mixed success with recommendations. Clearly, Zagat's ratings does very well. *New York Times* book reviews do very well. *Consumer Reports* does very well. But for Netflix or Amazon, finding out what other people who are supposedly like you choose brings mixed success. A lot of people don't trust it. I think what's key to making the recommendations work is customers have to believe that it is coming from a trustworthy source and that it is not random.

Q: To what extent does culture determine the choices people make? Does your research shed any light on that?

Iyengar: Oh, absolutely. All of us are handed a narrative by our culture as to how we should choose. So there is a lot one can say about that, but let me zero in on, say, one question that I raised in today's talk. This whole burden that we carry around about who I am and, given who I am, what should I choose and what do I want -- that is more salient, say, for Americans or people who buy in to the more individualistic cultural schema than, say, members of collectivist societies.

So, for example, if you go to Korea or Japan or India, they are not as fixated on who they are and what they want. They are more likely to want to make sure that they choose the thing that won't be a faux pas or won't get them in trouble with whatever social group they are trying to be a member of. There is much more of a need to fit in rather than trying to stand out. So that is one difference.

If you go to ex-communist countries, they don't see the need for having lots and lots of choices. One of the things I discovered actually by surprise when I was interviewing people in Russia and Eastern European countries was that when you put out 10 different kinds of soda, they see that as one choice. They don't see that as 10 different kinds of soda. They are not invested in the difference between Coke and Pepsi and Mountain Dew the way we are. They see that as one choice. When you ask them, "Well, don't you know the difference between Coke and Pepsi and Mountain Dew?" They say, "Yeah, but it's meaningless. Why are you attaching such meaning to what amounts to soda pop? If you give me soda pop versus milk versus juice, okay. I see that as three choices. But I don't have the need to have 10 different kinds of soda pop. These are not meaningful choices for me." So I think that, too, you actually learn different things about the role choice plays in your own society at times by looking at the reactions of people in other cultures.

Q: So just keying off that, you gave us the example of the nail polish and basically there was a meaningless difference in the two colors. In fact, some people thought they were the same color. But there are endless opportunities in our society for these meaningless choices and they seem to be getting more numerous given the Internet phenomenon and all that. Is there any way as a society or as an individual that we can make more meaningful choices in our lives? Can we set up situations where we can avoid this proliferation of meaningless choices? Is there a way that we can start recognizing that the freedom to make a choice is really a privilege that we are given and that we shouldn't abuse it?

Iyengar: One of the exercises I do on the very last day of class -- in my MBA class -- is I tell the students to jot down everything that is important to you. You can make that list as long as you want. And then -- after they spend a good half hour, or sometimes they even spend 45 minutes, jotting down that list of all the things that are important -- I say, "Okay. Now go through that list and cross off everything other than three things. And those three things have to be the things that you cannot under any circumstances live without. What are those three?" Now, of course, that takes a lot of thought. I mean, people are usually pulling out their hair. They are stressed out. They try to negotiate with me: "Look, can't I have at least five? Can't I have at least six or seven?" I say, "No. Just three. What are those three?"

And for those three I tell them, you must maximize. That's when you use that methodical approach that I described to you earlier. But for everything else, find some quick way to ... find simple solutions. You know, "I'll have what everybody else is having. I'll just choose

from a few and make a quick decision. I'll have an expert choose instead rather than having me choose."

Q: When you talk about 45,000 products in a super market, it sounds almost like a mania has taken hold of us. We all want things simplified, yet we keep being offered more. It makes me wonder, is there a business or are there businesses and services out there – you mentioned one with this supermarket having limited choices -- that could be offered that would just take this burden of choice – this weight – off of people's shoulders? In other words, giving them a couple more choices so that they can help narrow down their choices?

Iyengar: Yeah, well we saw what happened with the stock market. You then had mutual funds come into being and now there are more mutual funds than there are stocks. Isn't it like some 8,000 different mutual funds, which are basically combinations of combinations of choices? I think you are beginning, particularly with the downturn of the economy, you are beginning to see retailers think more strategically about how to reduce their choice-set because it actually costs them money to stock this much.

For example, in New York you have two Bloomingdale's – the main flagship store, but then you have the smaller one, which really shrinks the choice-set. They are trying to dedicate the space to just a few options and, in fact, many customers will only go to that one. They won't go to the other one because they find the other one more overwhelming.

You are seeing the rise of personal shoppers, particularly among the upper-middle class. You are seeing boutiques on average shrinking their choice-sets rather than expanding them. So you are seeing the rise of fancy restaurants that actually offer smaller menus rather than larger menus. And I think you are going to continue to see that.

Q: One last question. What advice would you give people so that they can make better choices?

Iyengar: Well, let's say it is something really important to you. It is one of that top three. In that top three I really want to make sure that I make the right choice of which job offer I am going to accept. One of the big questions that we all contemplate is, "Am I supposed to go with my gut or am I supposed to go with reason?" And let me sort of walk you through what happens when you go with your gut versus your reason.

You have Job A, Job B, and now you are going to first ask your gut, which one should I go with? Your gut answers the question of "How do you feel about Job A or Job B at this moment?" Not how you are going to feel about it tomorrow, not how you are going to feel about it 10 years from tomorrow, but how do you feel about it right now?

Reasoned analysis – meaning, doing the pros and cons of Job A versus doing the pros and cons of Job B – provided you don't do that in the heat of the moment and you do it over time and with consultation from other people. What reasoned analysis helps you figure out is which job should make you happier, should give you more of the measurable outcomes, should give you more money, should give you more growth possibilities -- all the things that are measurable. It will maximize on that.

Now if your gut and your reason give you the same answer, then you are golden. You pick that one. Often what happens is that they are in conflict. Your gut tells you to go with Job A and your reasoned analysis tells you to go with Job B. Now what do we do? We tell people, "Go walk along the beach and try to reconcile this conflict and eventually it will come to

you.” The reality is it can’t. You don’t have it in you to reconcile those because your gut can never answer the question of how you will feel about it tomorrow. And your reasoned analysis can only tell you how you should feel about it tomorrow – not how you will feel about it tomorrow.

In that case, you need a third vital piece of information before you actually can make the choice. And that is to look outside you rather than to look inside. To look at the people who chose Job A and chose Job B and then do a reasoned analysis to see why they are happier in A or B, wherever they happen to be happier. You use your gut to tell you which ones you feel are happier. You use your reasoned analysis to analyze why they are feeling happier in whichever place. And then you take that information to help reconcile your conflict about whether you should choose Job A or Job B because wherever other people are happy, chances are you will be, too. We are not that different.