

# Nudge — Executive Summary

## NUDGE — EXECUTIVE SUMMARY

**INTRODUCTION** Nudge, by Richard Thaler and Cass Sunstein, introduces “choice architecture”—the idea that the way choices are structured influences decisions. Nudges guide people toward better outcomes without limiting freedom of choice.

**CHOICE ARCHITECTURE** Every environment—digital or physical—shapes decisions. Good choice architecture designs defaults, options, and information in ways that help people make wiser decisions in health, finance, and daily life.

**THE POWER OF DEFAULTS** Defaults are the most powerful nudge. People tend to stick with pre-set options due to inertia or perceived endorsement. Examples include retirement plan enrollment, organ donation, and subscription settings.

**SIMPLIFICATION AND TRANSPARENCY** Complex choices overwhelm people. Simplifying forms, reducing steps, and presenting information clearly increases participation and improves decision quality.

**FEEDBACK AND INCENTIVES** Timely feedback—such as energy-use comparisons or spending alerts—helps people adjust behavior. Nudges work best when paired with simple incentives and immediate signals.

**SOCIAL NORMS** People imitate what others do. Showing individuals how their behavior compares to peers can significantly influence actions—from energy savings to charitable giving.

**HUMAN BIASES** Nudge addresses predictable biases: inertia, loss aversion, overconfidence, present bias, and framing effects. Designing choices with these biases in mind leads to better outcomes.

**LIBERTARIAN PATERNALISM** Thaler and Sunstein argue for policies that respect freedom while guiding choices. Nudges do not restrict options—they make the better choice easier.

REAL-WORLD APPLICATIONS Nudges have improved: • Retirement savings • Healthy eating • Safety compliance • Tax payment rates • Medical decision-making

FINAL TAKEAWAYS • Small design changes influence big decisions. • Defaults and simplification are powerful tools. • Nudges improve choices without restricting freedom. • Behavioral economics enhances policy and business design.

DISCLAIMER This is an educational summary of Nudge and does not replace the original book.