

The Decoy Effect in Your Offer

Learning objective: You'll construct credible decoy options that guide customers toward your preferred choice, and evaluate ethical boundaries and economic impact at the decision-maker level.

Key Takeaways

- The decoy effect uses relative perception to guide decisions.
- A good decoy is comparable, but asymmetrically worse.
- Ethical use requires genuine value in all three options.
- The decoy effect works through relative perception.
- A good decoy is comparable but asymmetrically inferior.
- It steers the choice toward the target option without changing any prices.

Framework steps

1. Understanding Dominance
2. Building a Decoy
3. Directing Choice
4. Checking Ethics
5. Two original options
6. Add a decoy
7. Decoy is worse on one dimension

Key points at a glance

RELEVANCE

What Does This Mean for Your Shop?

Customers decide relatively, not absolutely.

CONCEPT

What Is the Decoy Effect?

The decoy effect describes how an unattractive third option influences the choice between two others.

CONCEPT

Asymmetric Dominance Explained

A decoy dominates the target option on one dimension

CONCEPT

Why Decoys Work So Well

The brain looks for a simple justification for the

The decoy must be comparable to the other options but clearly inferior to the target option.

A good decoy helps customers orient themselves. It doesn't deceive them.

How to use this job aid: Use it as a quick reference before you tackle a campaign, an audit, or a strategy decision. The takeaways and the decision matrix help you focus quickly and avoid common mistakes.