

# *Status Quo Bias and Its Applications*

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**Abstract:** In real life, humans tend to maintain the status quo, although other options or choices are better than the original ones. This phenomenon is quite common in decision-making, and businesses will also cleverly use it. The paper analyzes the applications of status quo bias in catering services, medical treatment, and health care based on existing literature and experimental results. The result shows that status quo bias impacts the consumer's decision-making. Lastly, the paper provides advice to solve the problems of how consumers can avoid falling into the trap, which is called the status quo bias: they should take their time to make decisions, for example, by weighing the advantages and disadvantages. Try to spend as much time discussing both the benefits and drawbacks of the suggested change as possible; this will prevent people from favoring one side of the argument.

**Keywords:** status quo bias, default options, New Coke, loss aversion

## 1. Introduction

According to William Samuelson, "Status bias tends to maintain one's own status quo [1]. Scientists William Samuelson and Richard Zeckhauser coined the phrase in their scientific work in 1988. Participants were given a hypothetical scenario in one of the experiments: receiving a substantial inheritance. They were then taught how to save money by selecting from a series of predetermined options. While some participants were given a scenario that was biased toward the status quo, while others were given a neutral scenario. The only information provided to participants in the neutral version was that they had inherited money and had to choose an investment plan from a selection. In this version, each option had equal weight. The desire to keep things as they are has not been taken into account. The obvious reason is that there is no past experience to draw on. In the state of affairs form, the members were informed they acquired cash and the cash was at that point put resources into a particular way. After that, a set of choices for investments were shown to them.

According to Samuelson and Zeckhauser's findings, participants tended to select the status quo scenario over the other options when presented with it. This strong preference persisted across a variety of speculative scenarios. Also, the more decisions introduced to members, the more prominent their inclination for the state of affairs. There are many explanations for status quo bias, one of the most popular ones is loss aversion [2]. It is shown that when people make decisions, they put more weight on the chance of losing money than on the chance of making money. As a result, when considering a set of options, they prioritize what they stand to lose rather than what they stand

to gain by trying something new [3]. Some previous studies mainly focused on one specific problem, which did not show the significance and universality of status quo bias. Also, there are very few possible solutions to avoid status quo bias as a trap for consumers. This paper presents an analysis of status quo bias and its application in food service, medicine, and health care based on existing literature and experimental results. Then, the author will explain how the company and other organizations use it to promote a healthy diet and medical treatment for consumers. Lastly, the paper offers tips for consumers to avoid succumbing to status quo bias.

## 2. The Example of New Coke

The Coca-Cola Company announced that the new formula of “New Coke” will replace the original formula of Coke. This incident occurred in 1985. This is a response to competitors’ PepsiCo challenges. Before the release of the new formula in 1984, it had already spent \$4 million to conduct blind testing on 200000 customers to compare old and new Coca Cola. They discovered that 55% of consumers who drink Coke preferred the new formula to the previous formula, and 53% of regular Coke consumers felt the same way. Participants were asked to choose between "new" and “old” Coke, and 61% still favoured New Coke [4].

Toward the start of the delivery, there were positive responses from buyers in regard to New Coke. However, consumers were dissatisfied with the change, as evidenced by a large number of negative media reviews despite these favourable ones. There were fight for revitalization and blacklists by approaching 100,000 old Coke consumers battling to acquire back old Coke in the U.S. Coke likewise got numerous grievances through calls and letters. This status quo bias occurrence is an illustration of the norm inclination since it shows how customers were miserable and unaccepted of the change, no matter what the positive audits gathered from Coke’s examination. It sends the message that better products don’t always get people excited; Once they become aware of the change, they do not approve of it.

## 3. Medical Survey and Status Quo Bias (SQB)

The norm Inclination (SQB), as a human inclination for the present status of undertakings, is probably one of the main instruments for well-being advancement and illness prevention. SQB incorporates an improved probability for choosing the default choice and an inclination toward apparently. In one study, the authors analyzed 2309 pieces of data from 1999–2001. It explores the relationship between SQB and healthy behavior. In this study, particular attention was paid to whether participants had changed their health insurance for economic gain since the introduction of health insurance in 1996. The study used logistic, Poisson, and ordinary least squares regression models to evaluate the relationship between SQB and BMI, physical activity, and other behaviors [5].

Table 1: Regression analysis: characteristics associated with status quo bias. [5]

	SQB (0-3) <sup>2</sup>	Did not switch b	High SQB vs. low SQB
Covariates	$\beta$ [95% CI]	OR [95% CI]	OR [95% CI]
Age/10	0.22 [0.19; 0.24]	2.17 [1.89; 2.50]	0.97 [0.89; 1.05]
Male sex	0.04 [-0.03; 0.11]	0.82 [0.61; 1.10]	1.50 [1.22; 1.84]
Education	0.06[-0.11; -0.01]	1.02 [0.84; 1.24]	1.07 [0.93; 1.22]
Income/1000	0.05[-0.08; -0.01]	0.84 [0.73; 0.97]	1.10 [0.99; 1.23]
Satisfaction	0.14 [0.09; 0.20]	0.91 [0.72; 1.14]	1.08 [0.92; 1.27]
Morbidity	0.18 [0.05; 0.31]	7.06 [1.53; 125.5]	1.09 [0.72; 1.64]

For easier interpretation, the regression analysis has split the age by 10 and the income by 1000. Type-2 diabetes, stroke, and myocardial infarction rates include morbidity. Older participants with at least one incidence rate are more satisfied with their medical insurance. Correspondingly, their SQB is also higher. This is reflected in the results. A lower SQB was correlated with higher income and education (Table 1). In the hypothetical scenario study, men were more likely to have a high SQB. Higher rates of inactivity, bad lifestyle habits, and a higher BMI are linked to SQB. A potentially effective tactic for encouraging healthy behaviour is to target SQB.

#### 4. Food and Nutrition

Individuals have areas of strength to stay with default choices, a peculiarity known as “the state of affairs predisposition.” Tragically, by far most food defaults energize undesirable decisions. Restaurant defaults offer huge amounts and harmful side dishes like french fries, which the status quo bias prohibits, so customers who want healthier alternatives must request a substitution. Such defaults are also persuasive because they set norms [6].

The 2005 Food Guide Pyramid received widespread criticism for being overly complicated. The updated version of the Pyramid used rainbow stripes with varying widths to represent serving amounts for various food groups. The website of MyPyramid provided users with individualized guidelines for a healthy eating routine. The “half-plate” realistic, which featured a picture of a dish with half of it green and the instruction “be sure to fill half of your plate at every meal with fruits and vegetables” next to it, was the counterpart to the MyPyramid realistic that Riis and Ratner compared to the latter. 85% of respondents quickly evaluated the message after demonstrating an openness to the realistic, compared to only 19% who quickly evaluated the MyPyramid rules. The half-plate image was also seen to be more motivational. Furthermore, just 0.7% of responders revisited the MyPyramid rules a month after publication, compared to 62% who checked the half-plate message. This suggests that it would be preferable to give up the accuracy of nutritional advice in order to convey a clear, significant, and motivating message [7].

#### 5. Discussion

The national policy, known as menu labels, requires chain restaurants to display calorie counts on menus and menu boards at their outlets. By making calories easily accessible, this policy aims to combat status quo bias. Weigh the advantages and disadvantages. Loss aversion believes that people are more concerned about what they will gain from their decisions. Status bias is a closely related concept. Loss aversion believes that people are more concerned about what they will gain from their decisions. Status bias is a closely related concept. Consider compiling a list of the benefits and drawbacks of an organizational change to assist your team in comprehending the potential outcomes. During team meetings, what team members need to do is contribute to the list and discuss each point. For example, in the case of New Coke, the company manager can list the advantages of the new Coke. Try to spend as much time as possible discussing both the benefits and drawbacks of the suggested adjustment. By doing this, you may be confident that you are not unintentionally leaning toward the negative. Remember the guidelines of bogeyman. People may need to treat the default option as a bogeyman while convincing others to take action. Take a moment to explain what the team will lose if they don't adopt the new process; for example, if you want them to adopt the new reporting tool. Perhaps the current cycle is extra tedious or doesn't offer a similar level of knowledge bit. A company's growth trajectory may also be impeded by status quo bias [8].

## 6. Conclusion

The result shows that status quo bias impacts the consumer's decision-making. Specifically, in terms of consumption, Coca-Cola consumers still tend to prefer Old Coke; in medical surveys, consumers also choose the default option more often; and in specific food choices, consumers tend to forgo dietary advice preparedness in favour of the previous default option. Lastly, the paper provides advice to solve the problem of how consumers can avoid falling into the trap, which is called the status quo bias: they should take their time to make decisions, for example, by weighing the advantages and disadvantages. Try to give both the benefits and drawbacks of the suggested adjustment equal attention; doing so will prevent people from prioritizing one side of a product. Although this paper explores how status quo bias influences consumers' actions, sometimes the status quo does not work and has limitations for decision-making. This paper mentions very few things about it. To improve it, I need to focus on the other side, which means finding counter-examples about it and analyzing it by other methods. In the future, the research can mainly focus on how consumers can avoid status quo bias and make more rational decisions with fulfilled information.

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