

12 Cognitive Biases Explained - How to Think Better and More...

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Hey guys practical psychology here. And in this video, we're gonna be talking about 12 cognitive biases. Most of these were researched by his spin off TV, who has some great animations on topics like these and other self development topics, so check them out in the description or on the screen. Now let's get into it. Number one is anchoring bias. We humans usually completely rely on the first information that we received, no matter how reliable that piece of information is, when we take decisions. The very first information has tremendous effect on our brain. For instance, I want to sell you a car and you are interested to buy it. Let's say you asked me what the price is. And I tell you \$30,000 Now, if you come back a week later, and I say I'll sell it to you for \$20,000 This seems like a new, very cheap price to you, right? Because your judgment is based on the initial information you got, which was 30,000. You feel like you're getting a great deal. But let's say the first time that you asked me and I say 10,000 and then you come back the next week, and I tell you, I'm going to sell it to you for 20,000. Now it doesn't look like a very good deal because of the anchoring bias. This is just a very generic use of the anchoring bias, and I don't want a bunch of comments about why a \$30,000 car should be sold for \$10,000. Put another example is trees. What if I asked you if the tallest tree in the world was higher or lower than 1200 feet? And if so how tall? The same effect occurs if I asked you to guess out of thin air instead of giving you an anchor of 1200 feet, the results are crazy. Number two availability heuristic bias. People overestimate the importance of information that they have. Let me give you an example here. Some people think that terrorism is the biggest threat to the United States because that's what they see on TV. The news always talks about it and because of that it inflates the danger. But if you look at the real perspectives,

televisions caused 55 times more deaths than terrorism. Yes, TVs literally fall on people and kill them 55 more times than terrorism, you're more likely to be killed by a cow than a terrorist. According to the Consumer Product Safety Commission. It's more likely to die from a coconut falling on your head and killing you than a terrorist attack. Thank you, Gary Vaynerchuk for that one. Even the police that are hired to protect you Terrorists, it's estimated that you were 130 times more likely to be killed by the police, and by a terrorist. That's because people do not make their decision based on facts and statistics. But usually, they make it on news and stories and stuff they hear from other people. It's way scarier to die from a terrorist attack than a falling coconut. And because of this, usually the news won't cover it because there's not much money in it. Number three is the bandwagon effect. People do or believe in something not because they actually do believe it. But because that's what the rest of the world believes in. In other words, following the rest without thinking, if you've ever heard someone say, Well, if your friends jump off a bridge, would you then that's someone is accusing you of the bandwagon effect. It happens a lot with us. I mean, a lot of people vote for a certain candidate in the election because he's the most popular or because they want to be part of the majority. It happens a lot in the stock market too. If someone starts buying a stock because they think it's going to rise then a lot of other people are going to start picking the stock as well. It can also happen during meetings. If everyone agrees on something you are more likely to agree with him on that object. In management. The opposite of this is called groupthink and it's something companies try Very hard to to turn. Because if nine out of 10 people agree on something, but the last person doesn't and won't speak up, it could squelch a great idea. Number four is choice supportive bias. So people are the tendency to defend themselves because it was their choice. Just because I made the choice, it must be right. For example, let's say a person buys an Apple product. Let's say it's a MacBook instead of a Windows PC. Well, he's more likely to ignore the downsides or the faults of the Apple Computer. While pointing out the downsides of the PC. He's more likely to notice the advantages of the Apple Computer, not the Windows computer. Why would someone point out that they made a bad decision? Well, let's say you have a dog, you think it's awesome because it's your dog, although it might poop on the floor every now and then. The same goes for political candidates, not the pooping part, but they both may suck, but one of the lesser of two evils may be more right in your mind because you voted for them. Number five confirmation bias. We tend to listen to information that confirms what we already know, or even interpret the information that we receive in a way that confirms the current information that we already have. Let's say that you're Friend believes that sweets are unhealthy. This is generally a pretty broad belief, he will only focus on the information that confirms what we already know. He's more likely to click on videos that confirm that belief or read articles that support his argument. He doesn't go through and type positive health effects of increasing blood glucose levels, or positive effects of eating a bowl of ice cream. No, he will instinctively go to Google and

type in how bad is sugar for you. The confirmation bias is a very dangerous in scientific situations. And it's actually one of the most widely committed cognitive biases. Number six the ostrich bias. This is the decision or rather subconscious decision to ignore the negative information. It may also be an indication we only want to consider the positive aspects of something. This goes beyond not only looking for the positive information, but this is when there is negative information and we choose to ignore it as an outlier. Sometimes even when we have a problem. We try to ignore it thinking it will go away. Let's say you have an assignment to do. It's not something that you really want to do. So you may just keep on procrastinating or that because your mind thinks that it will go away or is solved by ignoring it. Smokers usually they know it's bad for their health. But a lot of them keep ignoring the negative implications of cigarettes, thinking it will not damage them or might stop them before anything serious will happen because they consider themselves an outlier. To avoid finding out negative information, we just stopped looking for it. This could be a serious crime in many scientific research laboratories, and basically promotes ignorance. Number seven outcome bias, we tend to judge the efficacy of a decision based primarily on how things turn out. After a decision is made, we rarely examine the conditions that existed at the time of the decision, choosing instead to evaluate performance solely or mostly on whether the end result was positive or not. In other words, you decide whether an action is right or wrong based on the outcome. This goes a little bit into consequentialism. But it goes hand in hand with the hindsight bias. Let's say there's a manager who wants to take the decision, his team and the data are telling him to make one decision, but his gut is telling him to make another decision. Well, he goes ahead and makes the decision that his gut told him to do and then in the end, it was the right decision. Does that mean it's actually better to trust your gut rather than listen to your team who's advising you based on facts and statistics? Well, that With the outcome biases you take the decision and base the effectiveness of your decision on the outcome, even if it was luck. Now this is bad logical thinking and will actually lead you to ruin thinking and bad outcomes in the long run. Number eight overconfidence sometimes you get too confident and start taking decisions not based on facts, but based on your opinion, or gut because you have been correct so many times in the past, for example, you were a stock trader, and you pick five stocks, and in a couple of years, all of them turned out to be successful and profitable. It increases your confidence to a point where you can start believing that whatever stock you pick will be successful. It's quite dangerous because you might stop looking at the facts and solely rely on your opinion. Check out the gamblers fallacy if you want more information on this. Just because you flipped a coin five times and it landed on heads doesn't mean that the next time there's more than a 50% chance of it landing on a head again, ego is the enemy. It's a great book about this bias and I just made a book review on it. Number nine placebo bias. When you believe something will have a certain effect on you, then it will actually cause that effect. For instance, you are sick and the doctor gives you a certain way. Medicine, even if that

medicine does not actually help you, even if it's just made of sugar, you believe that it will help you. And it actually causes you to recover quicker. This might not sound very logical, but dozens of experiments have proven this. That's why if you realize positive people usually have positive life and vice versa, the way you think is super important, and we've hit on this in previous videos. For the same reason. A lot of personal development books say that if you really believe something, you will eventually achieve it or at least find a way to achieve it. Because the placebo effect will give you the motivation that need the mind truly is a powerful thing. And this actually isn't always bad thinking. In fact, you can use a placebo effect in our advantage if we use it wisely. There's actually a reverse of this and it's called the no CBOE and this is when it is needed. Number 10. survivorship bias. This bias is when you are judging something based on this surviving information. Let me give you an example here. There are a lot of articles titled like five things millionaires do every morning. Does that mean doing those things every morning will make you a millionaire? No, there are tons of people who did them and didn't become a millionaire. But there are Also tons of people who did them and did become a millionaire. So these articles are primarily based on the ones who survived and reject all other peoples who did the same thing, but did not become millionaires. Another example is to say that buildings in an ancient city were built using extreme engineering because they lasted so long. This is a bad conclusion because you aren't considering what ratio of buildings were built to how many that lasted. You're only seeing the ones that lasted thousands of years of weathering when the other 90% have already washed away. It's hard to know what you don't know. Number 11 selective perception. I like this one. Selective perception is a form of bias that causes people to perceive messages and actions according to their frame of reference. Using selective perception people tend to overlook and forget that contradicts their beliefs or expectations. Let's say for example, you're a smoker and you're a big fan of soccer, you are more likely to ignore all the negative advertisements about cigarettes because since you are already smoking, you have this perception that it's okay to smoke. But if there's an advertisement about soccer, you are more likely to notice it because you have a very positive perception. about it. This is actually something really interesting and has to do with how you perceive the world due to your subconscious mind and what it filters out. The last one is called the blind spot bias. If I asked you how biased you are, you would probably say that you are less bias than the average person and you are more likely to base your judgment on facts and statistics. And that's what's known as a blind spot bias or the bias bias. You are biased because you think that you are less biased than everyone else. For example, I have said something to my teacher in the next week, she gave me a good grade on a test. If you ask her whether she was biased when she gave me that grade, the answer will be that the gift never affected her decision when marking my paper. But if you ask her if other teachers are bias when students give them gifts, she will say yes, in most cases, and that's what the blind spot biases. I really enjoyed creating this video, but most of the content was curated by my friend is manof. He's got a channel

similar to mine and I'd like you to check it out here or in the description. I hope you guys enjoyed this video and learn something if you want more valuables like this, check out my channel and subscribe. Thanks for watching.