Innovations for Poverty Action

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Behavioral Economics and Marketing in Aid of Decision Making Among the Poor

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This article considers several aspects of the economic decision making of the poor from the perspective of behavioral economics, and it focuses on potential contributions from marketing. Among other things, the authors consider some relevant facets of the social and institutional environments in which the poor interact, and they review some behavioral patterns that are likely to arise in these contexts. A behaviorally more informed perspective can help make sense of what might otherwise be considered "puzzles" in the economic comportment of the poor. A behavioral analysis suggests that substantial welfare changes could result from relatively minor policy interventions, and insightful marketing may provide much needed help in the design of such interventions.

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