HYPERBOLIC DISCOUNTING

The tendency to prefer smaller, immediate rewards than larger, later rewards.

What is hyperbolic discounting?

In many parts of life, we need to trade instant gratification for some future reward. We like certainty and future payoffs run the risk of disappearing! The problem is that we often favour smaller, immediate payoffs over waiting for future, larger rewards. This can lead us to opt for immediate gratification and to behave in ways that are inconsistent with our long-term goals.

We see this in sayings like...

A BIRD IN THE HAND IS WORTH TWO IN THE BUSH

The tendency to prefer smaller, immediate rewards than larger, later rewards.

1. Surf the motivation wave
   Motivation fluctuates – prepare for it! When motivation is high, you have the energy and desire to do harder things (e.g., spend time cooking healthy meals, or start a new project). When motivation is low, dial down the task difficulty so that you’re still doing something in service of your goals, but a task that’s much easier (e.g., adding one more vegetable to your meal, or scheduling a meeting). When at the peak of motivation, do things that will structure your future behaviour in the right way. The following two steps are ways to help you achieve this.

2. Change your environment so the right decision is easiest
   Our environment shapes our decisions and behaviour. The less you are exposed to temptation, the easier it is to stick to your goals. Where possible, remove cues to temptations or arrange your environment to make the desired behaviour easy. For example, don’t bring tempting foods into the house and make healthy options the most visible in your fridge.

3. Make a commitment
   Make the desirable outcome the default by locking yourself into a course of action in advance. This can help you to see through periods of low motivation. For example, setting up a direct debit for a savings account, or disabling apps from your phone.

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