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The Invisible Hand of Your Feed: How Algorithms and Behavioural Nudges Shape Your Choices

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Ever wondered how Netflix always seems to know what you want to watch next? Or how Amazon recommends exactly the right home gadget you didn't know you needed?

Imagine this: You're scrolling through Instagram, and you spot an ad for a kurta you've been eyeing for a while. Below it, there's a flash sale banner screaming, "Only 3 left in stock!". Without thinking too much, you tap 'Buy Now'. Or maybe you're browsing Swiggy late at night, and your favourite pizza joint suddenly offers you 20% off—but only for the next ten minutes. You place the order, feeling triumphant.

But were these really your decisions? Or were they tiny, invisible pushes or nudges carefully crafted by algorithms?

First popularised by Nobel Laureate Richard Thaler and Cass Sunstein in their book **Nudge**, behavioural economics shows that the way choices are presented can significantly influence decision-making. A nudge isn't about forcing or commanding someone to do something. Instead, it's about subtly guiding choices without restricting options. Think about a real world example- how most supermarkets place chocolates or gum right near the billing counters. You can resist but most of us *don't*.

Algorithms, especially those that power social media feeds, shopping recommendations, and ads, have taken this idea to new heights.

In the digital world, algorithms have become the **new nudge artists**. They're not forcing decisions, they tweak what you see, when you see it, and even how you feel about it influencing your economic choices in ways you often don't realise. Digital environments are being carefully crafted to steer us through and make certain paths *easier, quicker, and more satisfying*.

In India, with over 1.2 billion internet users as of 2023 ([Statista](#)), the scale of these invisible nudges is vast and it's growing by the second.

From Amazon to Netflix India to Myntra, recommender systems have quietly transformed into our personal shopping assistants, entertainment curators, and decision-makers. They

don't just recommend, they shape our behaviours. A 2023 study by the Indian Council for Research on International Economic Relations (ICRIER) found that 67% of Indian online shoppers purchased items recommended to them even when they hadn't initially planned to. These systems structure choices carefully, often reducing our decision fatigue by showing a select few "Top Picks for You." They appeal to our social instincts by highlighting what "others like you" have purchased, making products seem more trustworthy and desirable. And they personalise recommendations so precisely that every suggestion feels as if it were our own idea. But personalisation isn't neutral.

Behind the scenes, recommendations are engineered to boost engagement, maximize profits, and encourage additional consumption, most often than not without us noticing.

The Indian digital advertising industry which has evolved with precision and psychological insight was valued at ₹537 billion in 2023 and thrives on such tactics, shaping not only what we buy but when and how we buy it. After a casual Google search for "best trekking shoes," you might find your Instagram feed filled with targeted ads from Decathlon, Woodland and Wildcraft. *This is not coincidence.* Modern ad targeting leverages behavioural principles such as loss aversion- our tendency to fear losses more than we value equivalent gains to push consumers into action. Last minute flash sales, limited-time offers and countdowns create a sense of urgency and impending loss. A research report (2023) by RedSeer Consulting showed that countdown-based urgency cues increased sales conversion rates by almost 23% during major Indian online sales.

Apps, too, aren't just built for function anymore, they are designed to form habits. Platforms like Zomato, Paytm, and others employ product design strategies that go far beyond user convenience. The feed refreshes on Zomato mimic the unpredictability of a slot machine, tapping into what behavioural scientists call "variable rewards." Habit loops are intentionally created- a notification cues you to open the app, you act on it, and you are rewarded either by a good deal, a cashback offer, or simply the satisfaction of new information. Default settings like auto-renewal subscriptions on OTT platforms such as SonyLiv and Hotstar are another subtle but effective form of nudge. A 2022 KPMG India report states that around 38% of subscription cancellations occur only after users notice automatic deductions, often months later.

In a world increasingly designed for seamlessness, frictionless design becomes a behavioural tool for sustained engagement—and expenditure.

Perhaps nowhere is this behavioural influence more visible and invisible than in India's UPI revolution. Introduced just a few years back in 2016, over 18 billion UPI transactions were recorded in March 2025 alone (NPCI data) and instant digital payments have become the new normal. But they have also subtly reshaped our mental perceptions of money, tapping into a principle Richard Thaler called "mental accounting." Mental accounting suggests that people treat money differently depending on its form, origin, or purpose. Physical cash feels tangible; parting with it hurts. UPI payments, on the other hand, feel almost weightless- a tap and the money is gone. Spending ₹500 via UPI doesn't trigger the same psychological response as handing over ₹500 in cash.

In simplifying payment experiences, digital platforms have also made it easier for *consumers to nudge themselves* into unplanned economic behaviour. Small, everyday transactions- a ₹100 coffee here, a ₹200 cab there are mentally minimised, even if they add up significantly over time and it is almost impossible to mentally separate 'essential spending' from 'luxuries'. A survey conducted by CRED Research (2023) revealed that 68% of urban Indian users admitted to spending more impulsively after adopting UPI compared to when they used cash or cards.

Herbert Simon's groundbreaking theory of bounded rationality reshaped classical economic thinking by arguing that humans are not the fully rational agents imagined by traditional models. Instead, our decisions are made within the limits of available information, cognitive capacity, and time a reality he called "satisficing" rather than optimising. To put simply, In the real world, people aim for choices that are "good enough" rather than perfect. In a country like India, where smartphone users now spend an average of 7.3 hours online daily (Statista, 2024), these limits are magnified. Faced with a relentless flood of notifications, recommendations, and offers, the cognitive burden of evaluating every choice critically becomes overwhelming. Algorithms exploit this bounded rationality by presenting easy, low-friction choices like the "Buy Now" button, the "One Tap Pay" link knowing that when mental resources are thin, users will often default to the path of least resistance.

Thus, many economic choices in the digital age from impulse purchases to subscription renewals are not outcomes of careful deliberation but products of a system designed around our predictable cognitive shortcuts.

Are We Choosing—or Being Chosen?

In classical economics, consumers are rational agents who weigh costs and benefits before making decisions. In reality, modern consumers operate in environments shaped by predictive algorithms and behavioural architectures that make options feel *inevitable*.

When we participate in the Great Indian Festival Sale or upgrade subscriptions because of a limited-time offer, we are often responding not to pure preferences, but to environments carefully designed to influence outcomes.

This phenomenon reflects a deeper shift: from markets where consumers actively search and choose, to platforms where choices are continuously shaped and suggested.

Yet, there's hope. **Awareness** is the first defense. As consumers, knowing about nudges and recognising when we are being steered makes us less vulnerable. Small actions like pausing before purchasing, questioning if a recommendation truly serves us, or even turning off non-essential app notifications can help reclaim our agency.

In a world where our attention is both the product and the currency, understanding how we are nudged is no longer optional, it is essential to exercising real choice. Your feed may be the invisible hand that nudges, but your awareness can be the hand that resists.