CONSUMER INSIGHT



NUDGING FOR GOOD

BVA

AIM EUROPEAN BRANDS ASSOCIATION

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INTRODUCTION

Discover the breakthrough insights uncovered by behavioural scientists and find out how to easily and effectively apply them in your Nudges.

1. Nudge

Discover what a "Nudge" is, and learn about the scientific revolution that led to the creation of this innovative concept.

2. The 5 implicit forces that shape our behaviour

Find out about the science behind the Nudge approach. Our behaviour is shaped by 5 factors, identified by behavioural scientists. Make sense out of them with the help of simple examples.

3. THE DRIVERS OF INFLUENCE

Learn about a tool that will allow you to effectively translate scientific insights into successful Nudges. See how a hundred biases can be summarized into 21 operational drivers.

1. Nudge

"We have no interest in telling people what to do.
We want to help them to achieve their own goals."

Richard Thaler

SMALL DETAILS, LARGE EFFECTS

Why is it important for you to know more about behavioural sciences? Because small details can change everything. Let's start with an example…



Because we are multitasking when snacking, we tend to eat a lot more than we think. For instance, we eat chips mindlessly, without thinking about it. We aren't able to properly control our consumption. Fortunately, behavioural scientists have found a solution. In a 2012 study, Wansink and Rozin tested the effect of introducing a red potato chip every ten chips in a pack.

They compared the consumption of people who were given a standard pack of chips to the consumption of those who had the packs with the red chips in it. They found that the group with the red chips consumed 50% less calories than the other group. How does it work? The red chips act as implicit alerts: not only do they allow the consumers to keep track of consumption more easily, but they also suggest that they have eaten enough. The Nudge approach is all about the details, it's a gentle prompt that triggers a desirable behaviour. The triggers used by Nudge are inspired by breakthrough insights brought to the world by behavioural scientists over the past decades.

* Source: Geier, A., Wansink, B., & Rozin, P. (2012). Red potato chips: segmentation cues can substantially decrease food intake. Health Psychology: Official Journal of the Division of Health Psychology, American Psychological Association, 31(3), 398-401.

A STORY OF BEHAVIOURAL SCIENCES

We are not rational agents maximizing self-interest, but only fallible humans driven by impulse, habits, herd… easily confused, and often inconsistent.



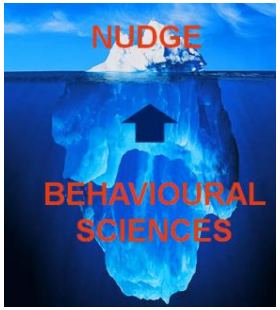
Are we as rational as Spock? Absolutely not!



Homer Simpson? That's more like it...

That is the main teaching of Daniel Kahneman, who was awarded the Nobel Prize in Economic Sciences in 2002, recognizing the major contribution of Behavioural Economics to the understanding of decision-making processes.

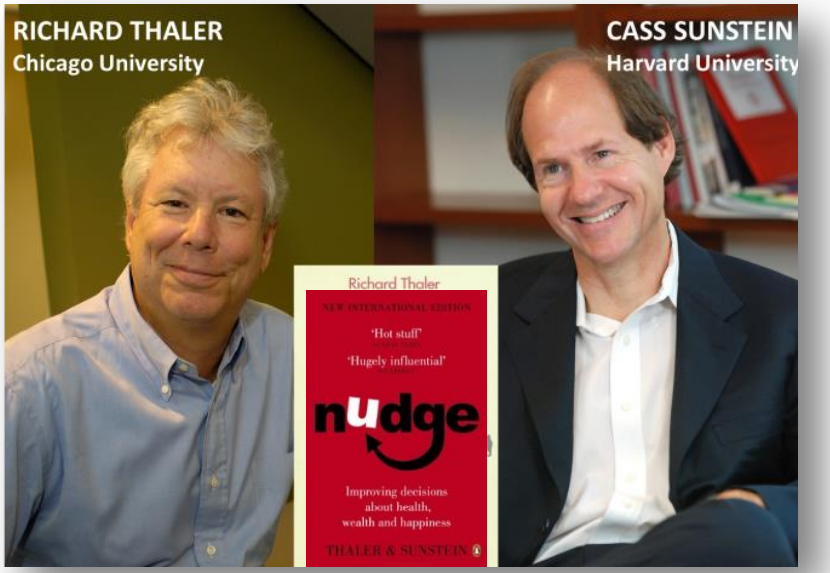




Along with him, other behavioural sciences have contributed to a better understanding of consumer behaviour, notably psychology, neuroeconomics and neurosciences. This multidisciplinary approach motivated a new way to promote behavioural change.

FROM THEORY TO PRACTICE

Since then, Behavioural Economics, the science that focuses on the irrationalities in economic behaviour, has developed considerably…

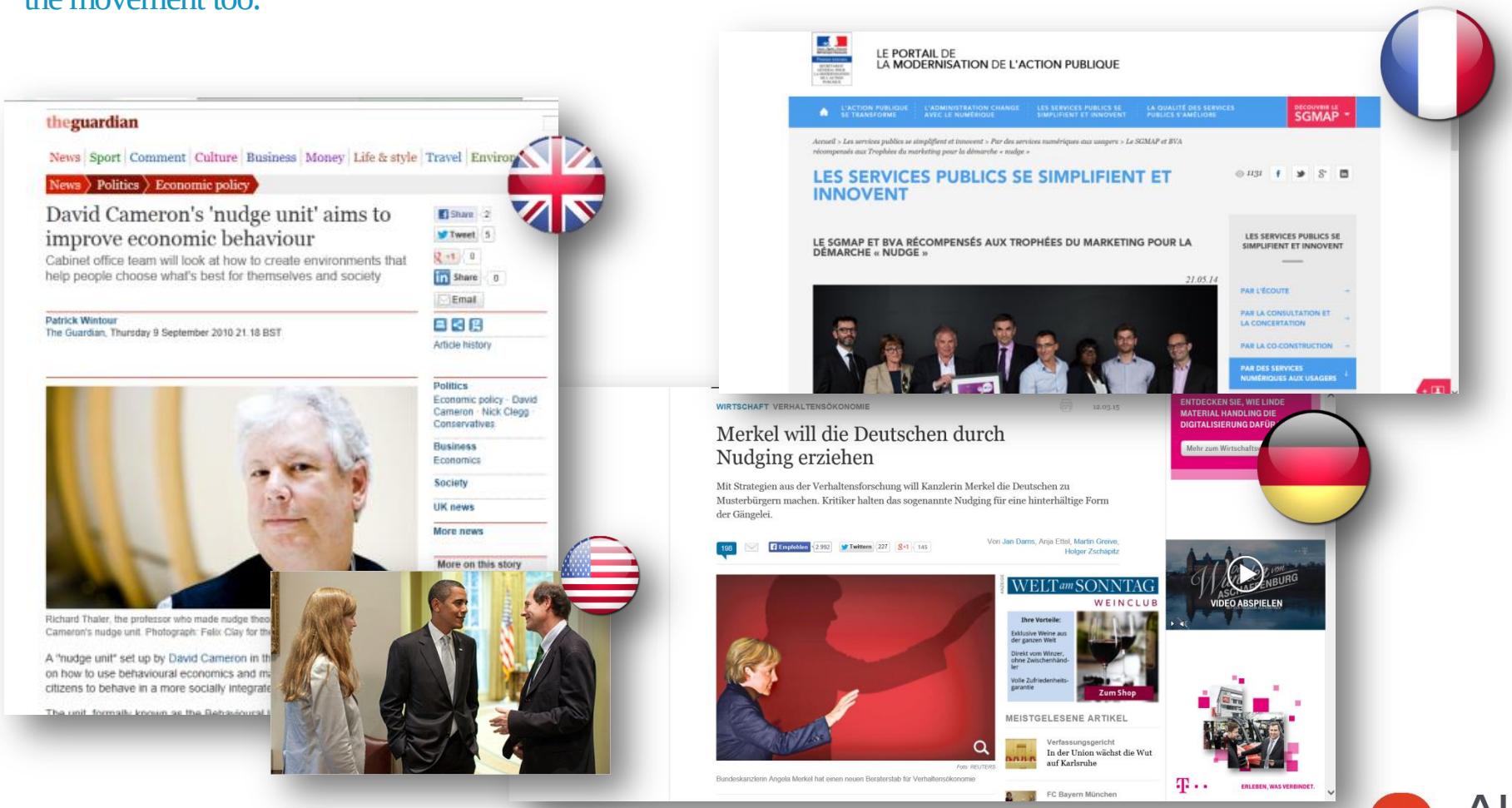


Following the award of the Nobel Prize in Economic Sciences to Daniel Kahneman, the work of Thaler et Sunstein marks the passage of theory to action, i.e. how to use the teaching of Behavioural Economics as a basis for enabling desired behavioural changes by individuals and society as a whole.

The Nudge and Behavioural Economics movement is gathering steam and becoming mainstream. In 2013 Shiller received the Nobel Prize in Economic Sciences for his work in behavioural finance, which challenged the standard economic theories and the rationality of stock markets. Even the most famous universities are now offering educational programs in behavioural sciences. You can find more about it in the "further readings" section of the toolkit.

NUDGE: AN INTERNATIONAL SUCCESS

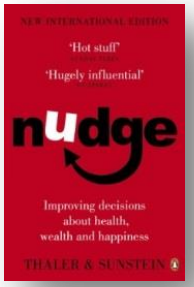
The huge success of this new approach did not leave policy makers indifferent. From 2010 onwards, practitioners everywhere around the world adopted this new approach. And now, private actors are joining the movement too.



NUDGE BY DEFINITION

A Nudge is any aspect of the choice architecture that alters people's behaviour in a predictable way without forbidding any options or significantly changing their economic incentives.

R. Thaler & C. Sunstein, in "Nudge" (2008)

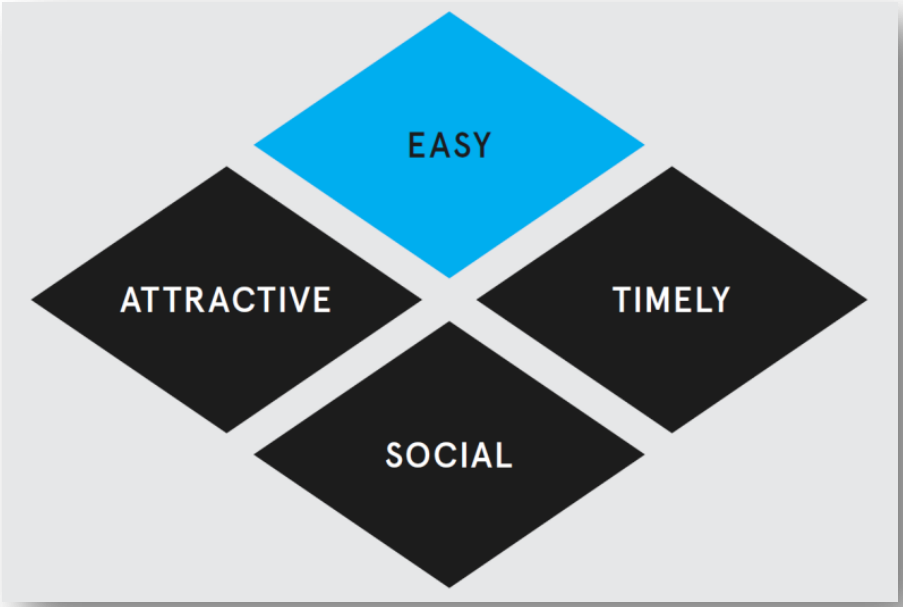


The Nudge approach consists in helping people pursue their own goals. But the major point here is that Nudges do not inform or convince : instead, they play on external or internal triggers that directly influence behaviour. That is the main difference between the Nudge approach and classical information campaigns, education programme or incentives: the latter rely on rationality, while Nudges often rely on our first impressions, on our spontaneous way of processing the environment.

But Nudges do not aim at replacing these classical approaches. On the contrary, they are a new, complementary way to encourage behavioural change which work best when used in combination with the classical approaches. Think of it this way: the usual approach consists in giving information to people, and the Nudge consists in making it intuitive, salient and timely. And Nudges do it in a way that serves people's best interests, as defined by themselves.

NUDGE BY DEFINITION

Of course, nudging requires a good understanding of our irrationalities. Which is why, in the next chapter, we will present the findings of behavioural scientists, so that you will get a better knowledge of how we really behave.



EAST, four simple ways to apply behavioural insights, BIT publication.