

Behavioural Economics Enemy or Friend of Social Marketing?

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Behaviour Workshops

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European Social Marketing Conference. Rotterdam, Netherlands.
September 2014



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www.vivcaisey.co.uk
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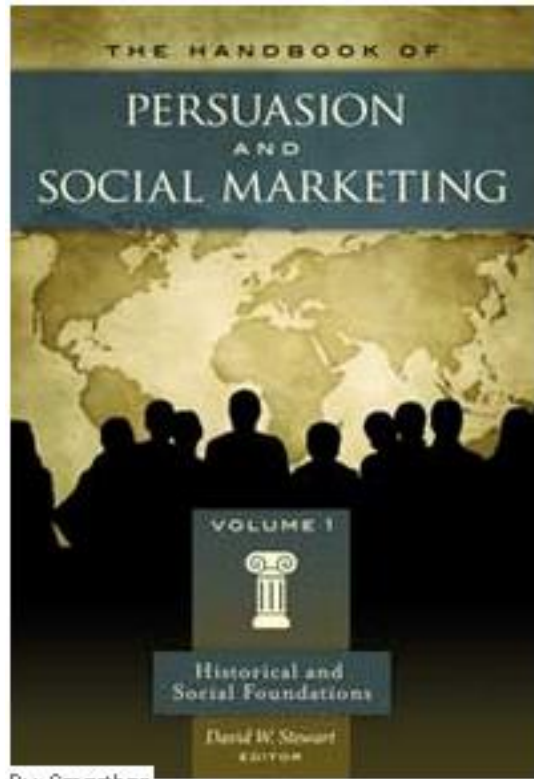


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Overview

- Intro
- Common misunderstandings about BE
- Compare and contrast
- Stronger together?
- Discussion: enemy or friend?

About to be published.....

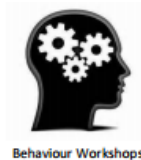


Caisey, V. and Young, S. (2014) *Behavioural Economics and Social Marketing: Points of Contact?*, Volume II *The Handbook of Persuasion and Social Marketing*. Editor: David W. Stewart. October 2014. NY, Praeger



[http://books.google.co.uk/books/about/The Handbook of Persuasion and Social Ma.html?id=BY8YngEACAAJ&redir_esc=y](http://books.google.co.uk/books/about/The+Handbook+of+Persuasion+and+Social+Ma.html?id=BY8YngEACAAJ&redir_esc=y)

Behaviour Workshops



IS A NUDGE ENOUGH?

BEHAVIOURAL ECONOMICS MEETS SOCIAL MARKETING

Behaviour Change is Complex. Or Is It?

Changing behaviour is usually complex and difficult. But not always. Sometimes there can be surprisingly effective quick fixes – and behavioural economics can help point the way. This practical workshop introduces the principles of behavioural economics, the subject which underlies nudges.

It explains the relationship between behavioural economics and social marketing and explains the practical uses of each approach.

Workshop Summary

A critical look at how tools and techniques from behavioural economics and social marketing can help achieve behaviour change – together or apart.

Why Should You Include This Workshop In Your Training Programme?

Because it will help delegates to;

- think differently about the challenges faced by their organisations
- gain the knowledge, tools and techniques to develop new approaches to behaviour change
- save time and money
- understand why people do not always act in their own best interests
- understand the differences and similarities between social marketing and behavioural economics

Who Should Attend ?

Strategic and senior frontline staff involved in developing, implementing and communicating behavioural change interventions.

Show of Hands

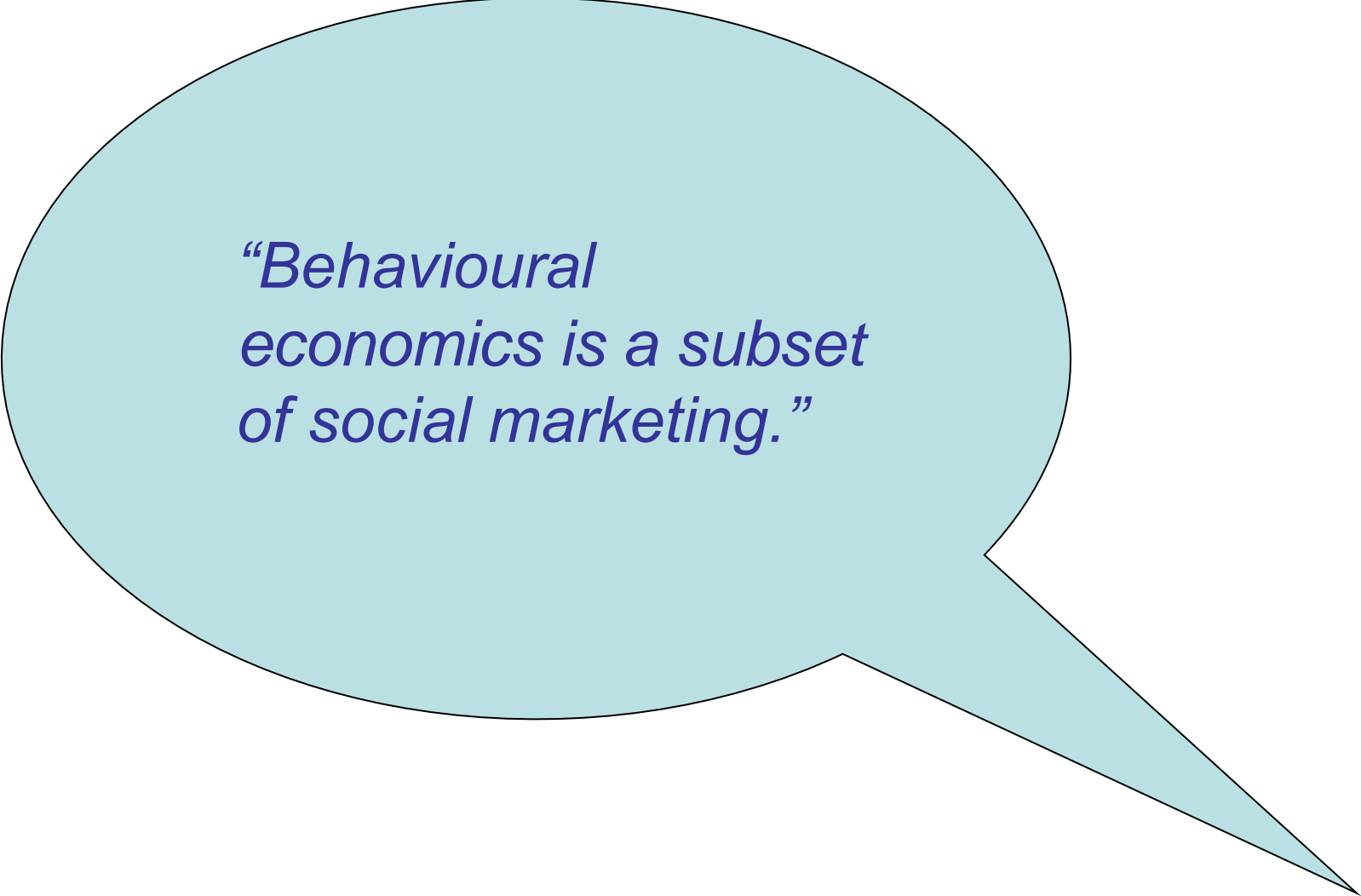


Is behavioural
economics an enemy or
friend of social
marketing?



Common Misunderstandings about Behavioural Economics

Common Misunderstanding #1



“Behavioural economics is a subset of social marketing.”

Adam Smith, Behavioral Economist

Nava Ashraf, Colin F. Camerer and
George Loewenstein

In *The Wealth of Nations*, published in 1776, Adam Smith famously argued that economic behavior was motivated by self-interest. But 17 years earlier in 1759, Smith had proposed a theory of human behavior that looks anything but self-interested. In his first book, *The Theory of Moral Sentiments*, Smith argued that behavior was determined by the struggle between what Smith termed the “passions” and the “impartial spectator.” The passions included drives such as hunger and sex, emotions such as fear and anger, and motivational feeling states such as pain. Smith viewed behavior as under the direct control of the passions, but believed that people could override passion-driven behavior by viewing their own behavior from the perspective of an outsider—the impartial spectator—a “moral hector who, looking over the shoulder of the economic man, scrutinizes every move he makes” (Grampp, 1948, p. 317).¹

Adam Smith, Behavioral Economist

Nava Ashraf, Colin F. Camerer and
George Loewenstein

“How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortunes of others, and render their happiness necessary to him, though he derives nothing from it, except the pleasure of seeing it.”

Adam Smith

The Theory of Moral
Sentiments, 1759



AN
INQUIRY
INTO THE
Nature and Causes
OF THE
WEALTH OF NATIONS.

By ADAM SMITH, LL. D. and F. R. S.
Formerly Professor of Moral Philosophy in the University of Glasgow.

IN TWO VOLUMES.
VOL. I.

LONDON:
PRINTED FOR W. STRAHAN; AND T. CADELL, IN THE STRAND.
MDCCLXXVI.

THE
THEORY
OF
MORAL SENTIMENTS.

By ADAM SMITH,
PROFESSOR of MORAL PHILOSOPHY in the
University of GLASGOW.



LONDON:
Printed for A. MILLAR, in the STRAND;
And A. KINCAID and J. BELL, in EDINBURGH.
MDCC LIX.

Although **Adam Smith**'s thinking has shaped the popular conception of humans as *homo economicus*—a species that makes rational economic decisions—the great economist's lesser-known work, *The Theory of Moral Sentiments*, acknowledges that flawed human psychology affects economic decisions. Yet for a century and a half, few researchers took up this insight.

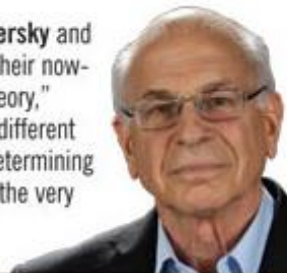


1759

Maverick psychologist **Herbert Simon** suggests the concept of “bounded rationality,” wherein humans are not perfect processors of information, as classical economics had assumed. Dismissed by many of his peers at the time, Simon later wins a Nobel Prize in economics in 1978.

1955

Star psychologists **Amos Tversky** and **Daniel Kahneman** publish their now-famous paper, “Prospect Theory,” positing that the framing of different options is as important in determining how decisions are made as the very options themselves.

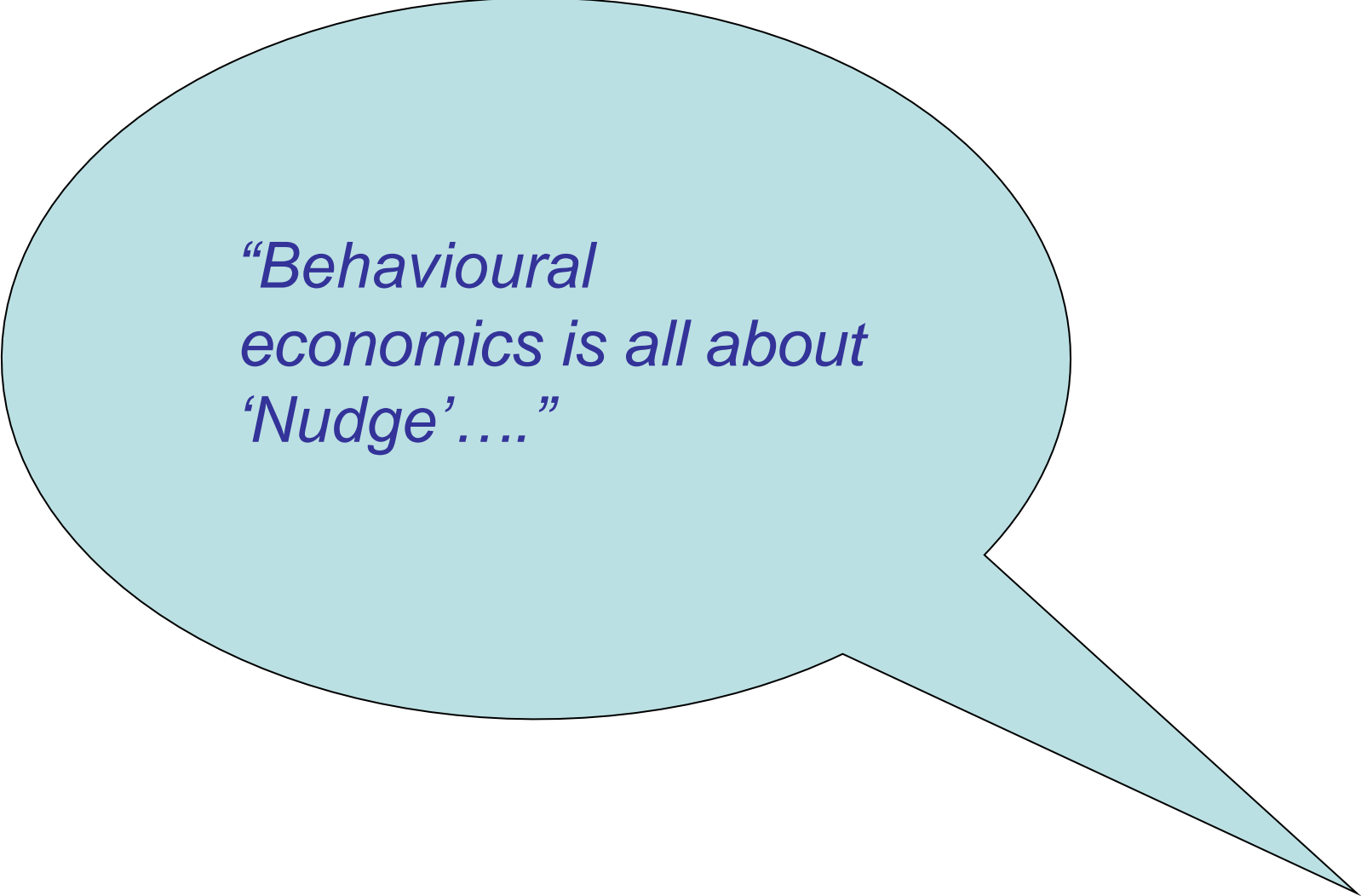


1979

Money magazine christens *Nudge: Improving Decisions About Health, Wealth, and Happiness*—a bestseller by law professor **Cass Sunstein** and economist **Richard Thaler**—as the “movement’s intellectual spearpoint.”

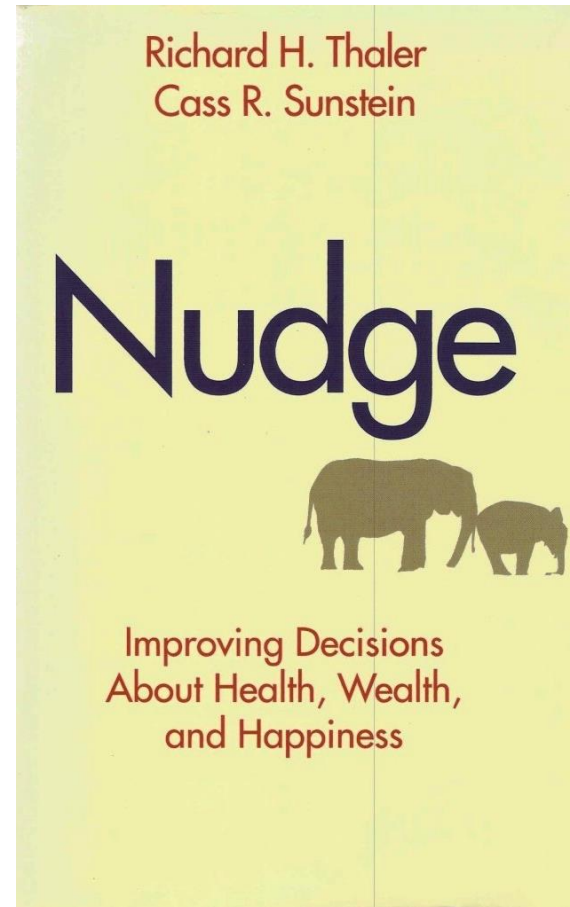
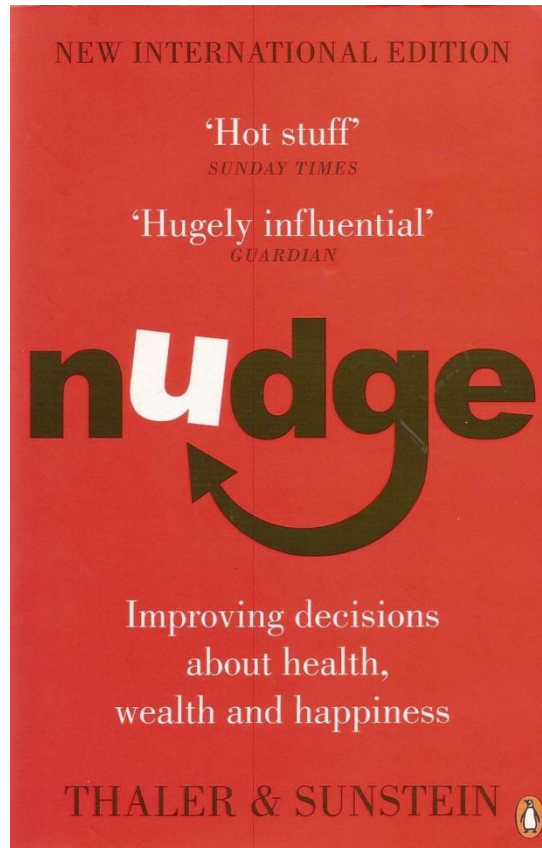
2008

Common Misunderstanding #2



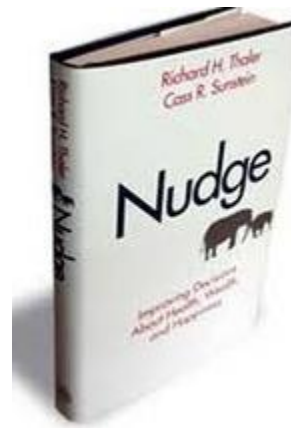
*“Behavioural
economics is all about
‘Nudge’....”*

Common Misunderstanding #2



Thaler, Richard & Sunstein, Cass, *Nudge: Improving Decisions About Health, Wealth, And Happiness*, London: Penguin

“A Nudge is a small feature of our environment, which captures our attention and changes our behaviour.”



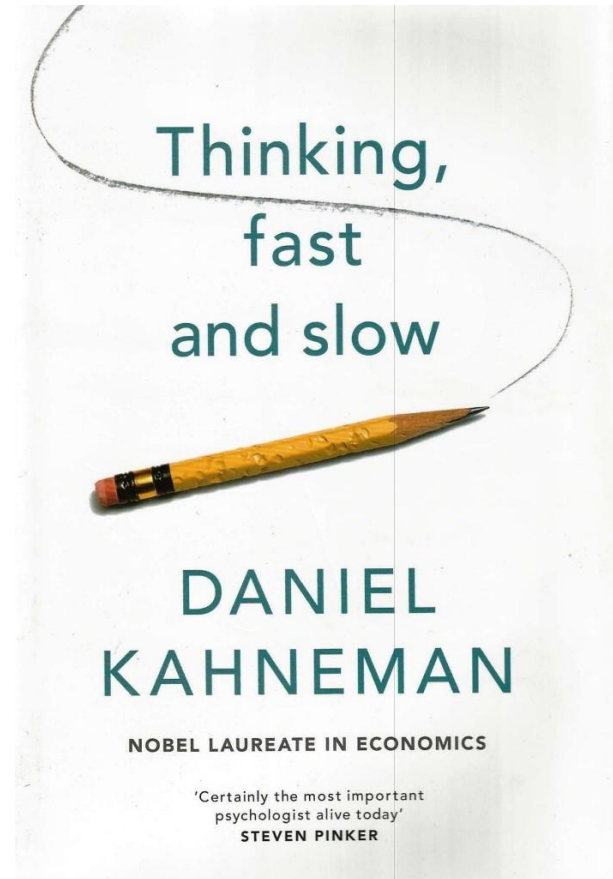
“A Nudge can change behaviour without changing minds.”



Nudge...

*“the basic manual for
applying behavioral
economics to policy.”*

Daniel Kahneman, (2011) *Thinking
Fast and Slow*, p372





Nudge



Behavioural
Economics

Course Outline: EC366

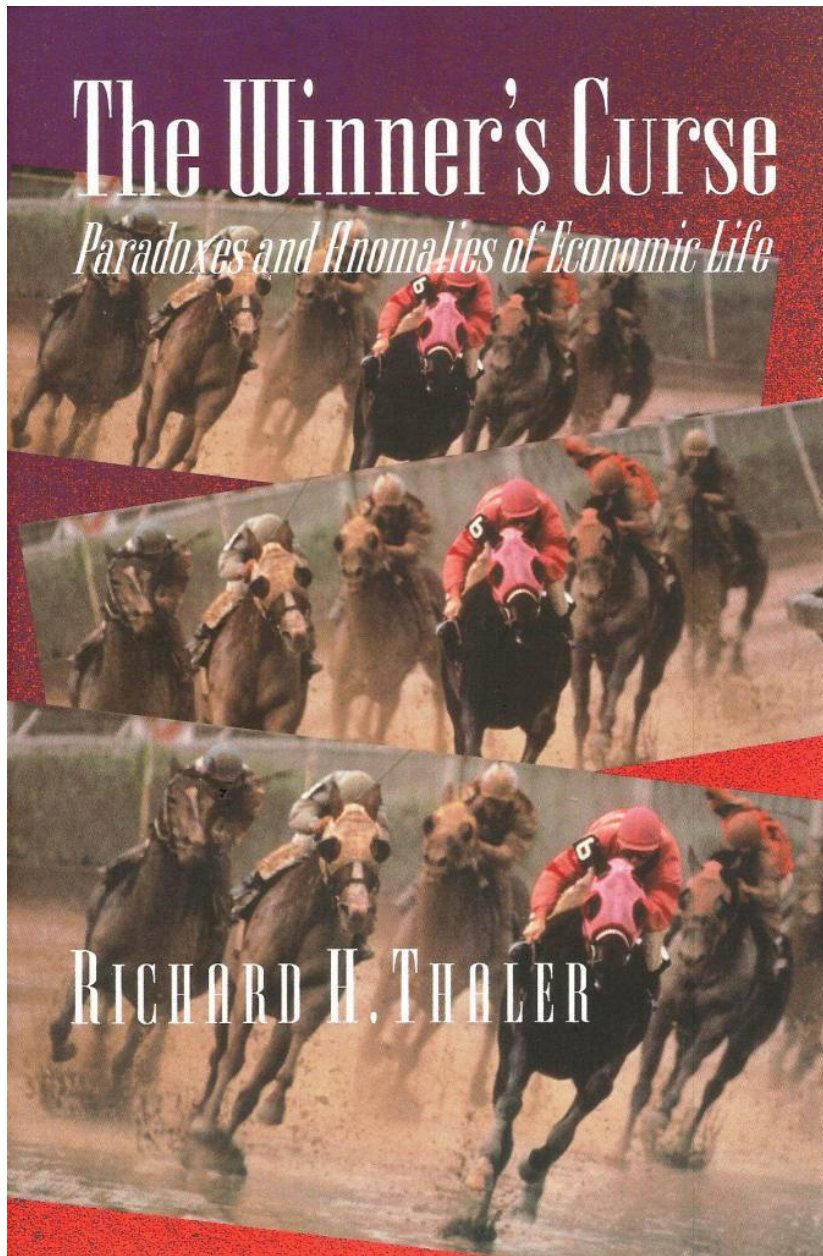
- 1: Decisions, Decisions, Decisions: Economics and Psychology
- 2: The Bounds of Behaviour: Biases and Heuristics
- 3: Information and Choice
- 4: Ownership and Loss
- 5: Uncertainty and Time
- 6: Altruism, Fairness and Society
- 7: Risk, Patterns and Probability
- 8: Boom, Bust and Bubbles
- 9: Behavioural Economics and Business
- 10: Behavioural Economics and Policy
- 11: Controversies
- 12: Recap



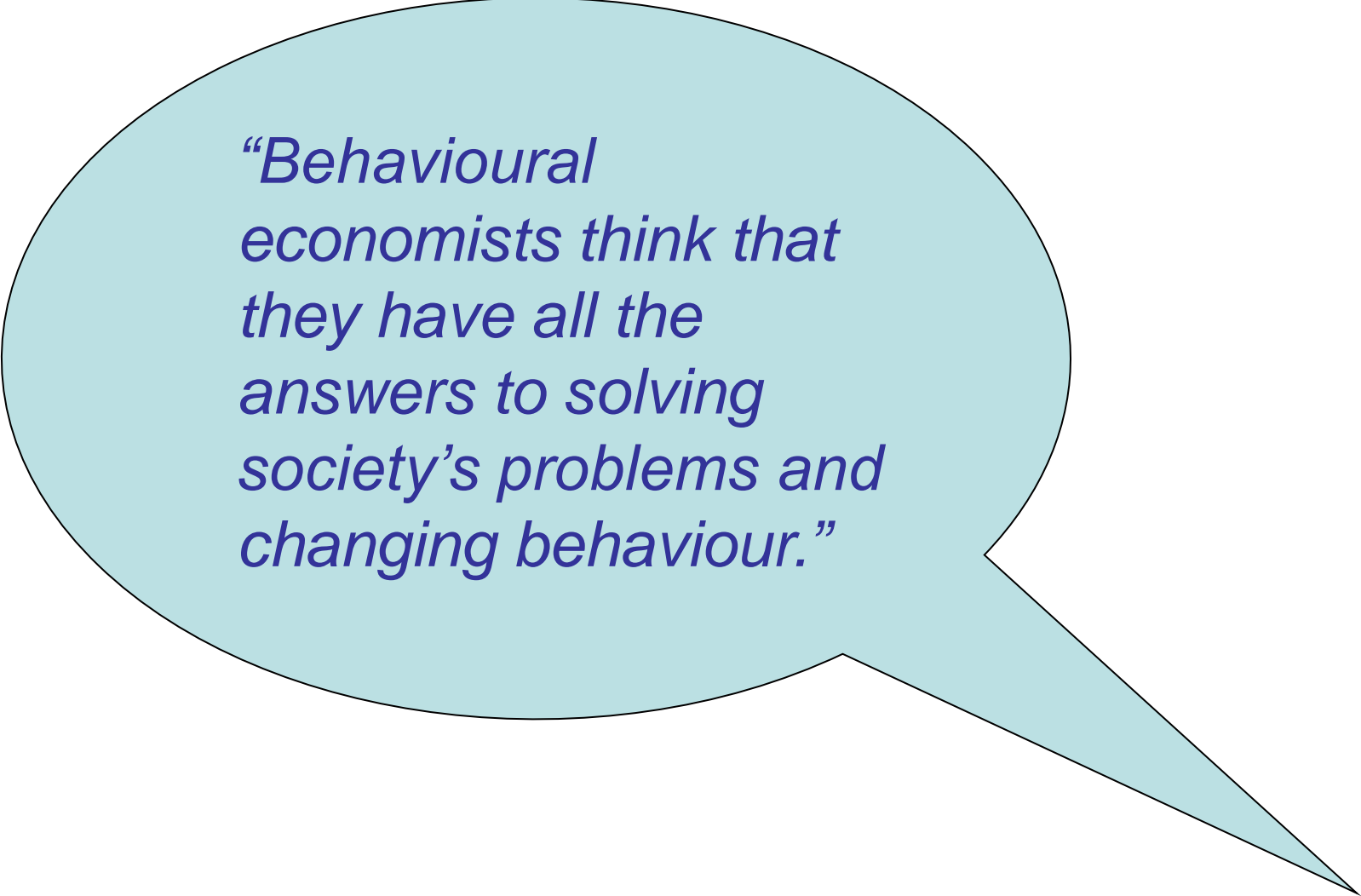
The Winner's Curse

Paradoxes and Anomalies of Economic Life

RICHARD H. THALER

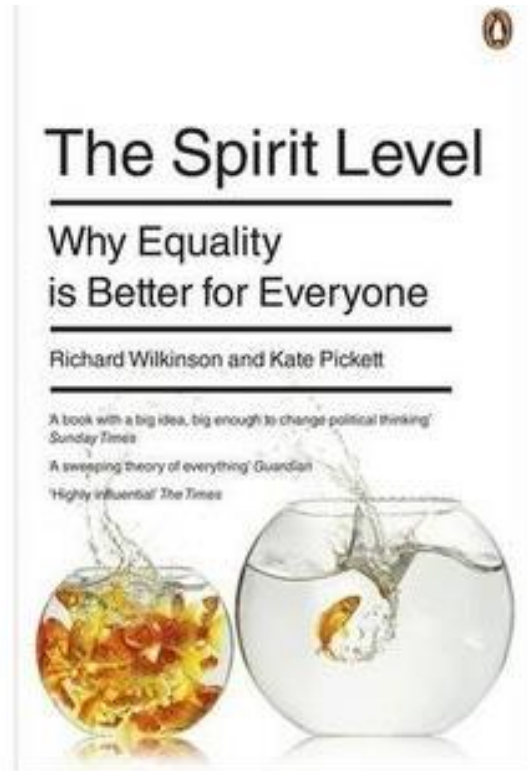


Common Misunderstanding #3



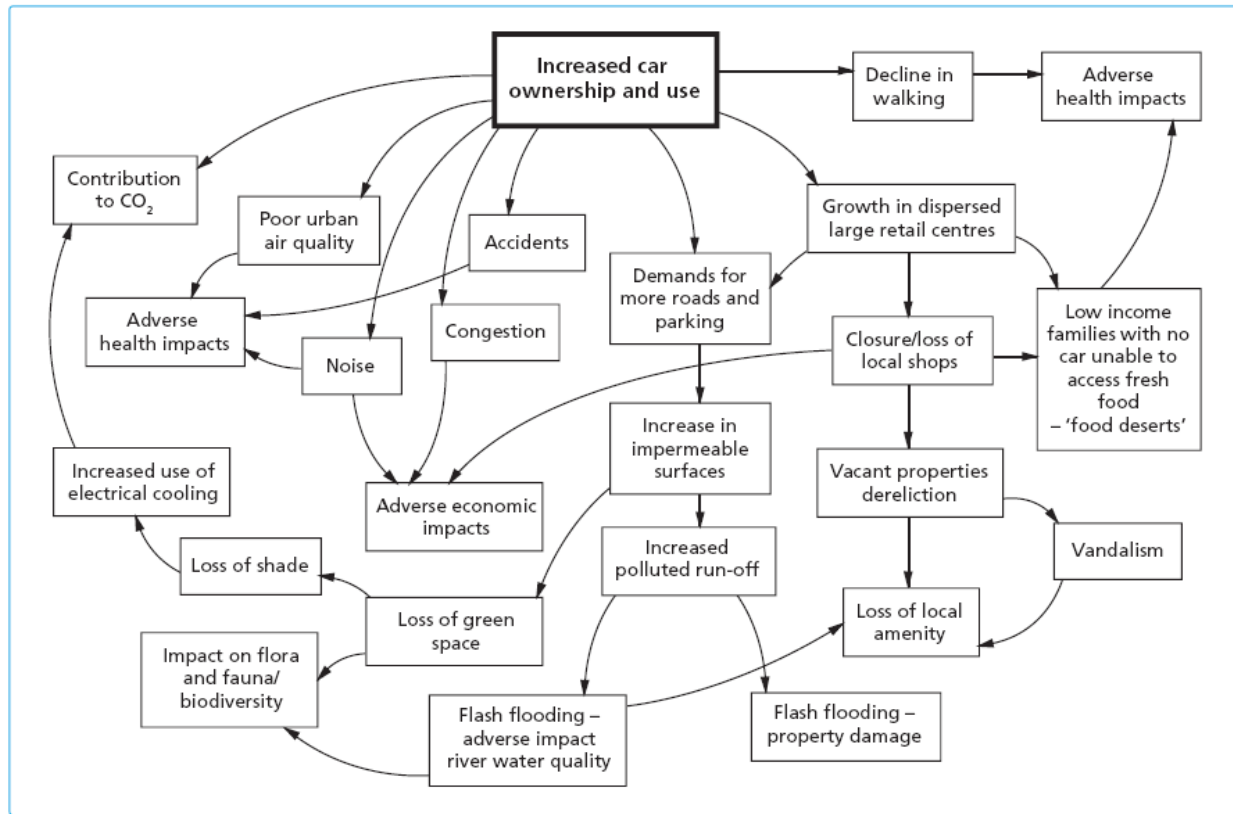
“Behavioural economists think that they have all the answers to solving society’s problems and changing behaviour.”

“As policymakers use it to devise programs, it’s becoming clear that behavioral economics is being asked to solve problems it wasn’t meant to address. Indeed, it seems in some cases that behavioral economics is being used as a political expedient, allowing policymakers to avoid painful but more effective solutions rooted in traditional economics.”



George Loewenstein And Peter Ubel (2010) Economics Behaving Badly, New York Times, 14.7.10

http://www.nytimes.com/2010/07/15/opinion/15loewenstein.html?_r=1&src=tpw



Source: Royal Commission on Environmental Pollution, Twenty Sixth Report, *The Urban Environment*, published 6 March 2007

“Behavioural economics can confer great benefits if it is used appropriately to augment or strengthen policies grounded in conventional economics. But it cannot overcome large price distortions or perverse incentives for patients or providers, and it will be unfortunate if behavioural economics is treated as a substitute for more fundamental policies that deal with these problems.”

George Loewenstein, David A Asch, Joelle Y Friedman, Lori A Melichar, Kevin G Volpp (2012) *Can behavioural economics make us healthier?* BMJ 23.5.12

<http://www.cmu.edu/dietrich/sds/docs/loewenstein/CanBEHealthier.pdf>

“...the much-heralded white paper on public health.....received a cool welcome from some experts, who warned that the government's preferred option of "nudging" people into good habits may not work.

‘We agree that 'nudging' people to be healthy may be more effective than only telling them how to live their lives,’ said Dr Vivienne Nathanson, of the British Medical Association.

‘However, if people live in an environment where they are surrounded by fast-food advertising and glamorous alcohol marketing, nudging will have a limited effect. We need an environment that helps us make healthy choices and sometimes tougher action is needed to achieve this.’

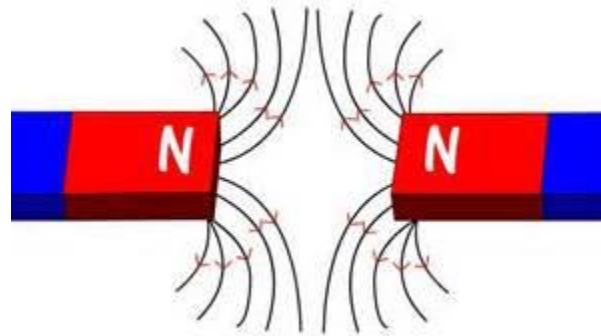
She urged decisive action immediately to ban cigarette displays in shops.

	Social Marketing	Behavioural Economics
Policy timeline and impact	Up to 2010 - favoured by previous government (eg Change4Life)	2010 to present - favoured by current government (eg Nudge, MINDSPACE)
Theory	No unified theory - draws on commercial sector.	No unified theory – anomalies in economic theory.
Heritage	Commercial marketing	Augments economic theory: experiments, empiricism.
Behavioural Assumption	People often act irrationally. Pragmatic.	People often act irrationally
Methods	What works.	Based on social and experimental psychology
Ideology	Interventionist.	Libertarian paternalism.
Coercive?	Voluntary.	Voluntary.
Segment?	Yes.	No.
Need to understand the audience?	Yes – insights into behaviours of relevant segment.	Not specifically – uses known general psychological and cognitive biases that prevent desired behaviours.
Rationale	What moves and motivates target audience.	General psychological barriers that prevent desired behaviours.
Persuade?	Yes, engage and persuade by segment.	No, enable and facilitate.
Costs	Relatively expensive – research costs money.	Relatively cheap. Nudges are mostly low cost.
Professional Service Providers	Many.	Few.

Young, S. and Caisey, V. *Behavioural Economics and Social Marketing: Points of Contact?* Chapter in *Volume II* of Stewart, D. (Ed) *Handbook of Persuasion and Social Marketing*. Santa Barbara, CA: Praeger. London: Routledge .2014.

We have a common goal...

Social Marketing



Behavioural
Economics

.....sustainable behaviour change



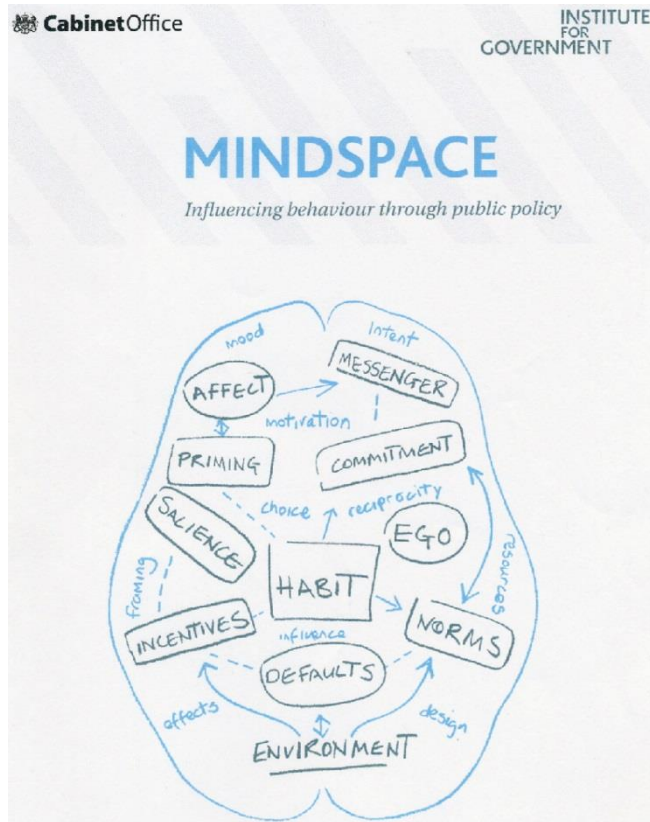
Sometimes BE can offer effective solutions



BE and SM are not mutually exclusive



MINDSPACE



“MINDSPACE: Influencing behaviour through public policy”

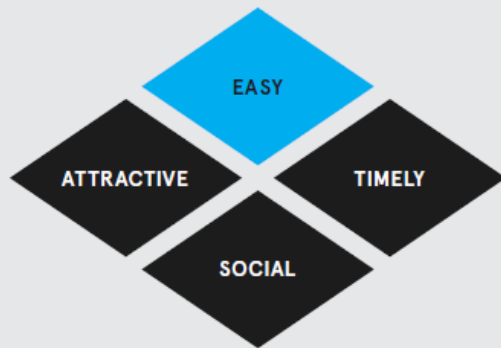
The report explores how behaviour change theory can help meet current policy challenges, such as how to reduce crime, tackle obesity and ensure environmental sustainability.

Institute for Government and the Cabinet Office, 2 March 2010.

<http://www.instituteforgovernment.org.uk/content/133/mindspace-influencing-behaviour-through-public-policy>

Messenger	we are heavily influenced by who communicates information
Incentives	our responses to incentives are shaped by predictable mental shortcuts such as strongly avoiding losses
Norms	we are strongly influenced by what others do
Defaults	we 'go with the flow' of pre-set options
Salience	our attention is drawn to what is novel and seems relevant to us
Priming	our acts are often influenced by sub-conscious cues
Affect	our emotional associations can powerfully shape our actions
Commitments	we seek to be consistent with our public promises, and reciprocate acts
Ego	we act in ways that make us feel better about ourselves

THE
BEHAVIOURAL
INSIGHTS TEAM



EAST

Four simple ways to
apply behavioural insights

Owain Service, Michael Hallsworth, David Halpern,
Felicity Algate, Rory Gallagher, Sam Nguyen, Simon Ruda, Michael Sanders
with Marcos Pelenur, Alex Gyani, Hugo Harper, Joanne Reinhard & Elspeth Kirkman.

IN PARTNERSHIP WITH  Cabinet Office  Nesta

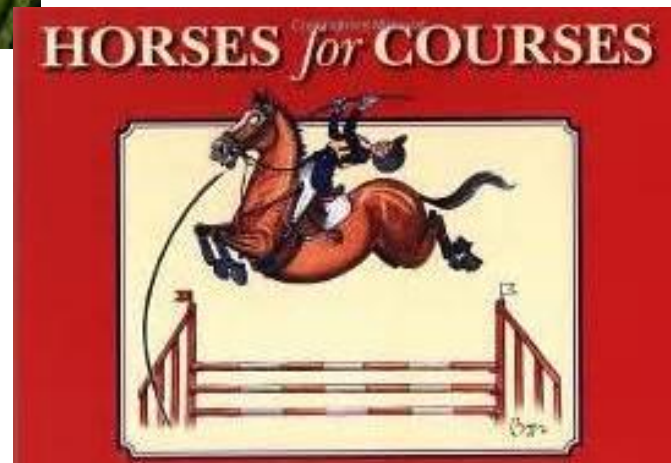
- Make it **E**asy
- Make it **A**tttractive
- Make it **S**ocial
- Make it **T**imely

10 April 2014

<http://behaviouralinsights.co.uk/publications/east-four-simple-ways-apply-behavioural-insights>

BE and SM: enemies or friends?

- Behaviour change includes an emerging set of practices and ways of thinking that no single technique can claim alone.
- Behavioural economics does not claim a monopoly on behaviour change interventions
- Problems are often complex and need more than one type of intervention – design, support, inform/educate.
- However, not all problems are Wicked.
- Sometimes people are more alike than they are not alike (so you don't always need to segment).



Show of Hands: Reprise



Is behavioural
economics an enemy or
friend of social
marketing?

Stay in touch

Behaviour Workshops

Society faces many challenges where individual behaviour plays a key role - from climate change to obesity, personal finance, smoking and many more. We are experienced providers of workshops, training & advice using social marketing and/or behavioural economics to help address these challenges. twitter: @BehaviourW
email: behaviourworkshops@gmail.com

1096

Thursday, 24 July 2014

Behavioural economics meets social marketing in Rotterdam



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Seafront Cycling Nudge in Brighton & Hove

► June (1)

► May (1)

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Thank You