

Nudging – how to make sustainable choices easy



IMPACTUALLY

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UNIVERSITY OF GOTHENBURG



THE
BEHAVIORAL
INSIGHTS TEAM. ♦

Most of us have good intentions



And we know what we should do



But often...



Intention to Action Gap



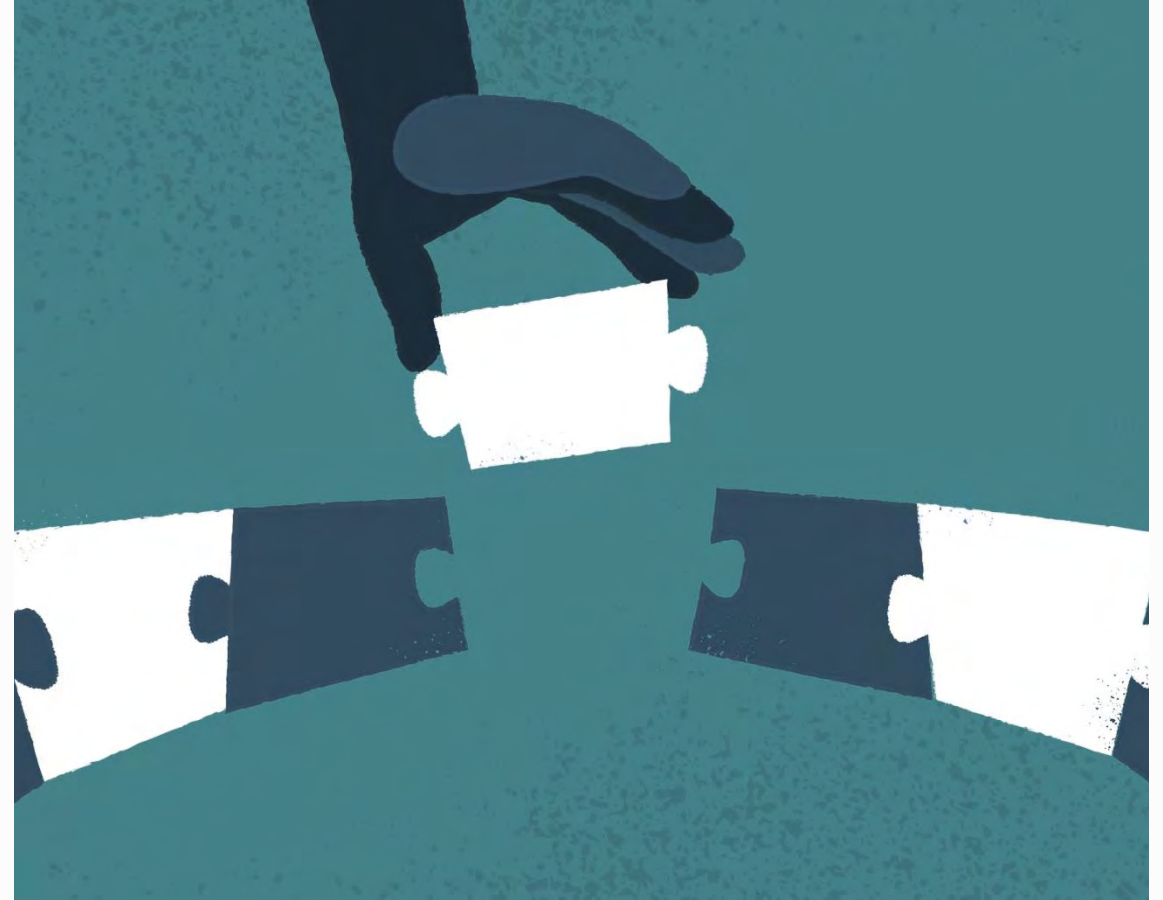
Intention to Action Gap

The missing piece

Your clients/users/renters

- have the correct information
- have access to the necessary technology/tools/money
- state the right intentions when asked

And yet, you don't observe the expected outcome.



There are two types of thinking in all of us

System 2

- Slow
- Reflecting
- Self-aware
- Deductive
- Logical



System 1

- Fast
- Automatic
- Subconscious
- Easy
- Emotional



Traditional policy instruments do not work for our system 1



Regulations



Monetary incentives



Information



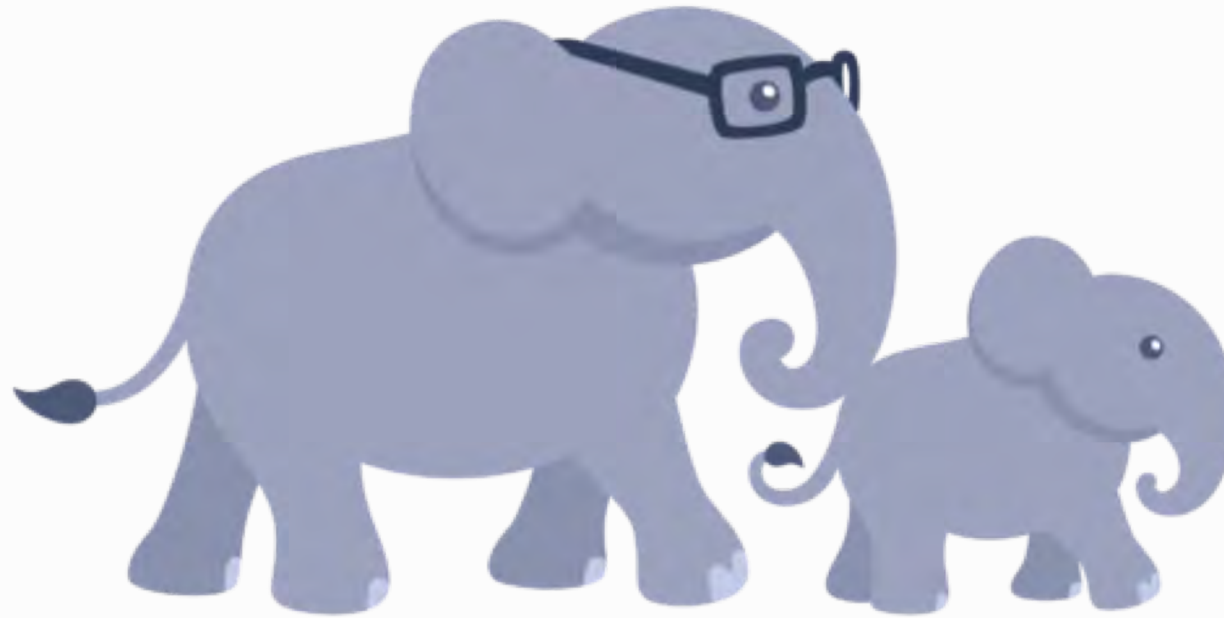
Our biases prevent us from making rational decisions



It is hard work to overcome our biases. And sometimes it is impossible. So we need to create clever choice architecture to help us make better decisions.

Improving
Choice
Architecture

NUDGING



Re-designing the decision making
context to change behavior

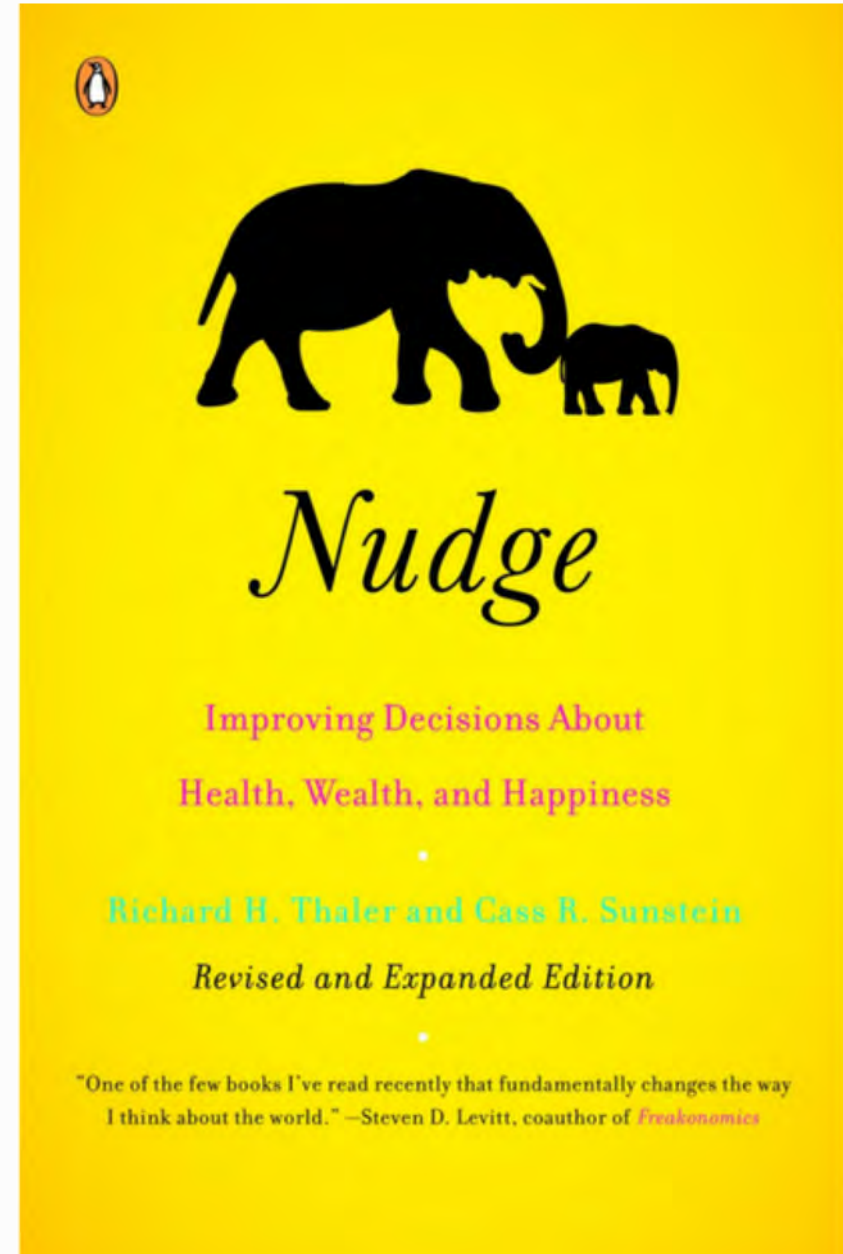
How can nudging be used to influence behavior?



Definition of "nudge"

According to Thaler och Sunstein (2008)

- Any aspect of the choice architecture that alters people's behavior in a predictable way
 - without forbidding any options
 - or significantly changing their economic incentives



Now we have an addition to our toolkit

Regulations



Monetary incentives




Information



Nudge



We are influenced by context,
are lazy, care about what others
think about us and are often
forgetful

A Newton's cradle is visible in the background, rendered in a light teal color. It consists of five spheres suspended by thin rods from a curved frame. The spheres are arranged in a horizontal line, and the cradle is positioned on the right side of the slide.

Which size is most popular?



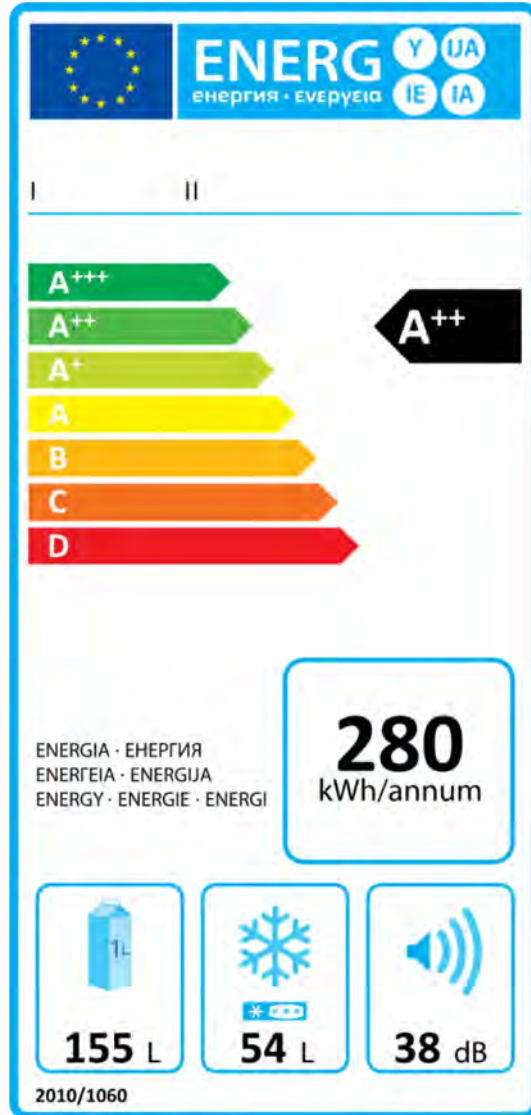


And now?





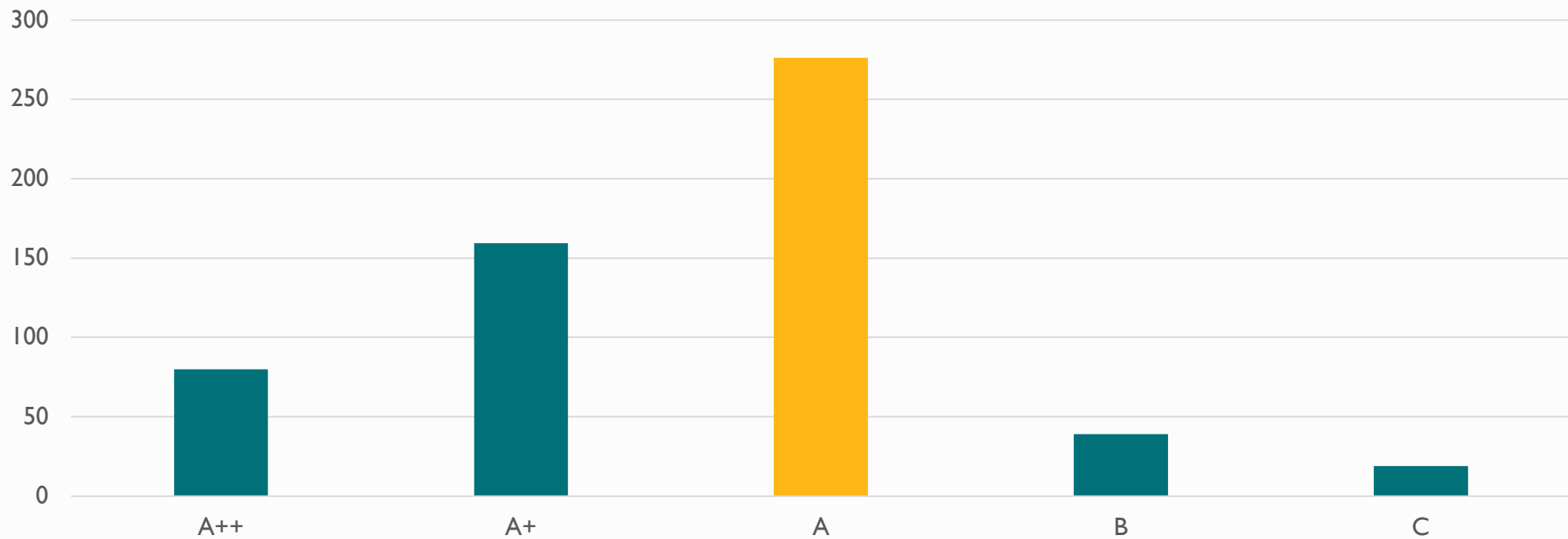
Does it matter how many A's there are?



Does it matter how many A's there are?

It should not, but we see a large drop after A

Produkter x 1000



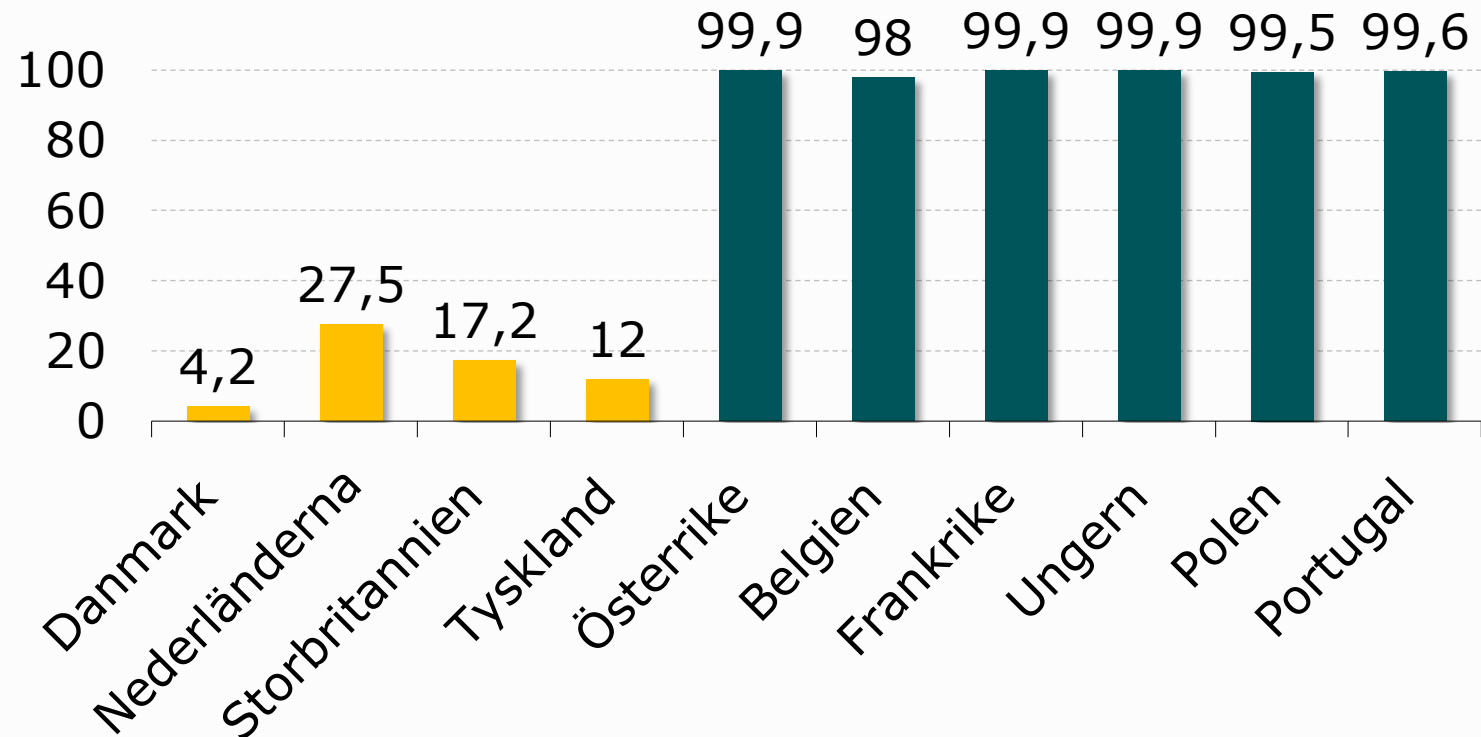
Källa: Xergia (2011) på uppdrag av Norges vassdrags- og energidirektorat



We are lazy people and go for the easiest option

Make it easy with defaults

Samtycke for organdonation



People care about what their neighbors do

Use social proof to change behavior



- If people's energy consumption was compared with their most efficient neighbors the average reduction was **2%**



Reminding pilots to fly more fuel efficient

How Virgin Atlantic saved over 5 million dollars



Results

- 20% reduction in fuel
- 21,500 metric tons less carbon emissions
- Estimated saving of \$5.4 million on fuel costs
- Cost – less than \$1000

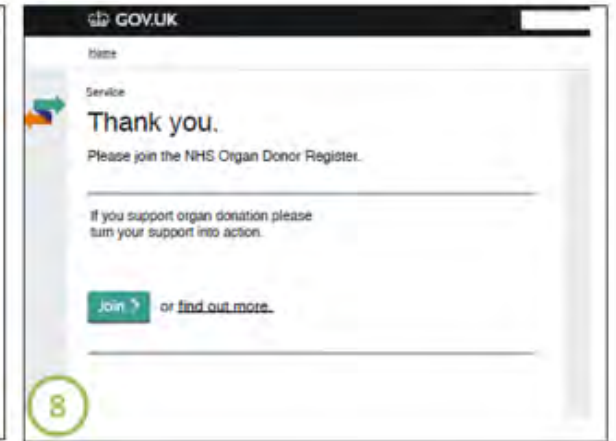
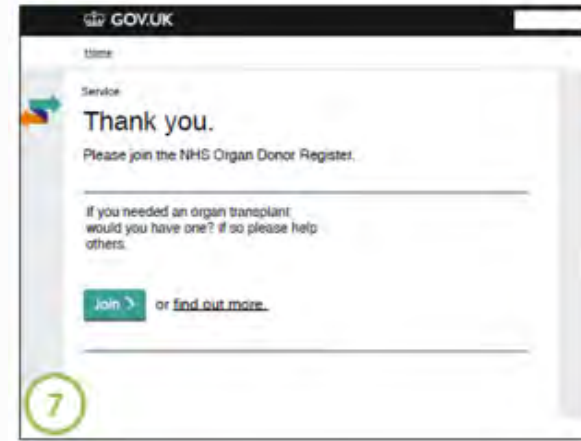
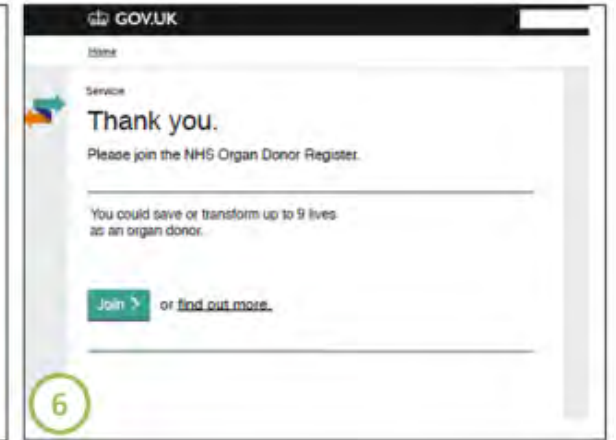
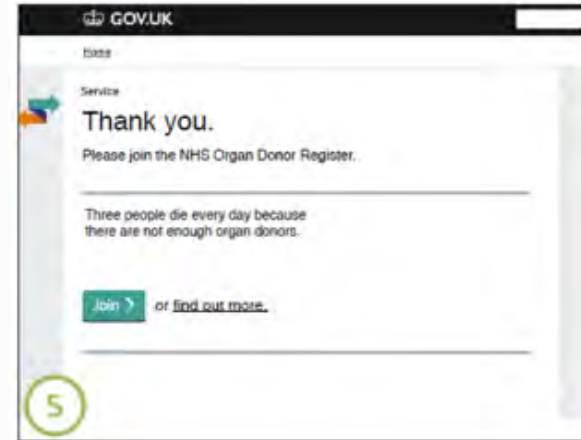
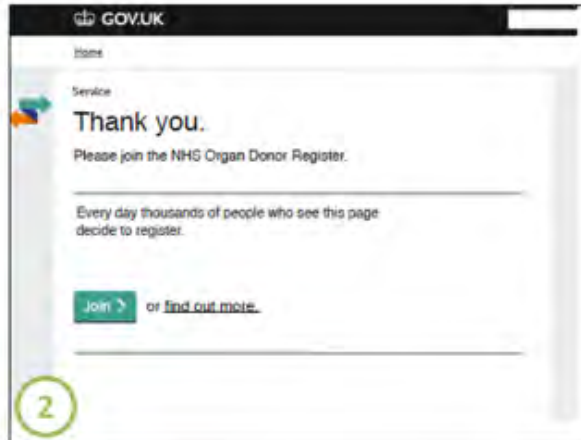
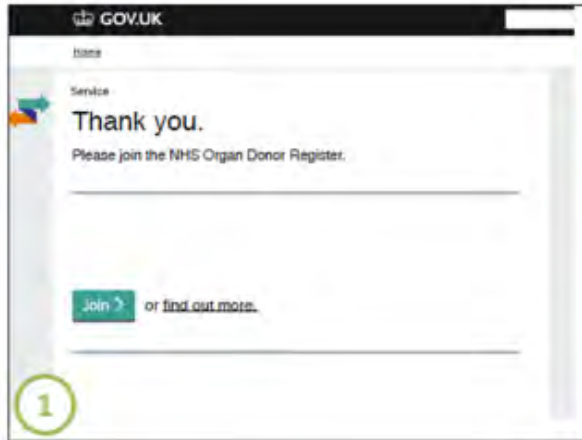


How do you find
the right nudge?



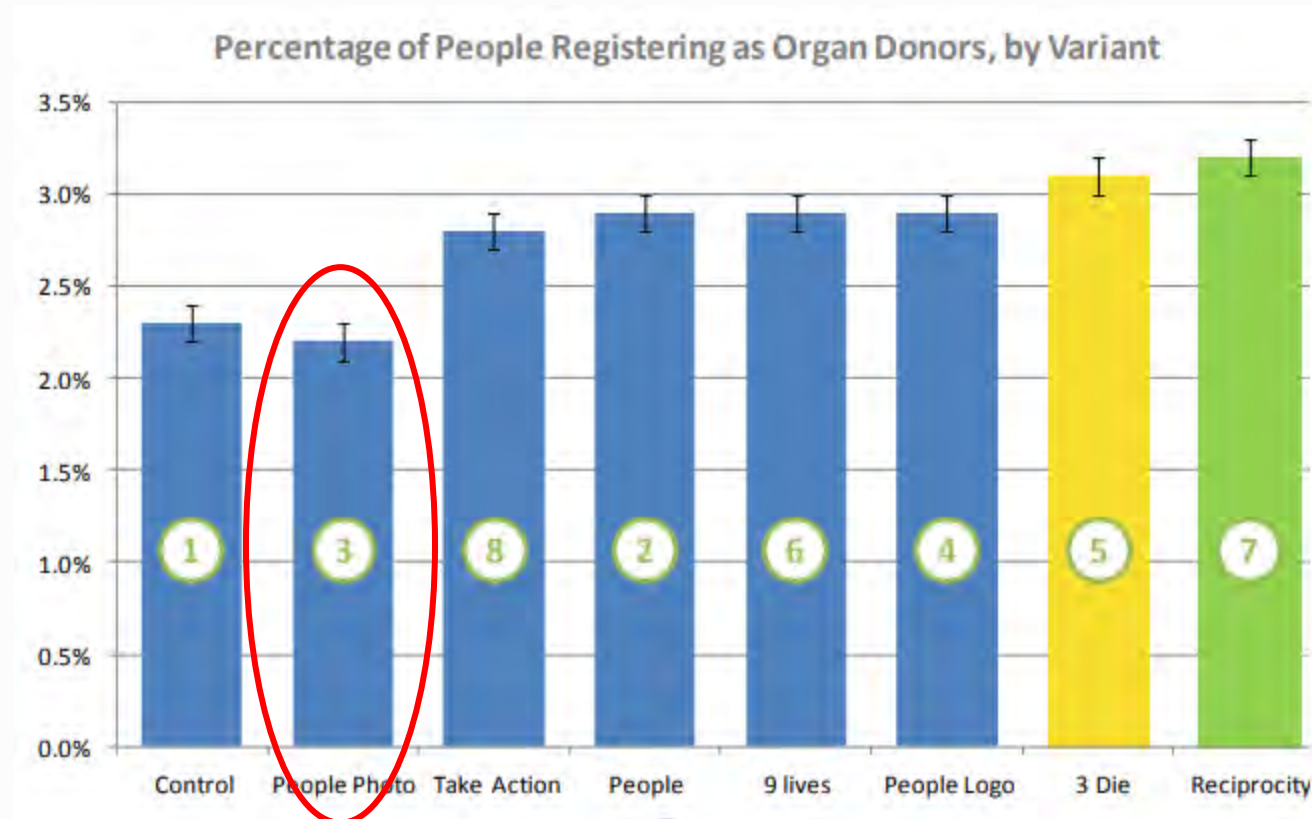
Our intuition isn't always the best guide

STUDY



What we thought would work best can actually be the worst

STUDY

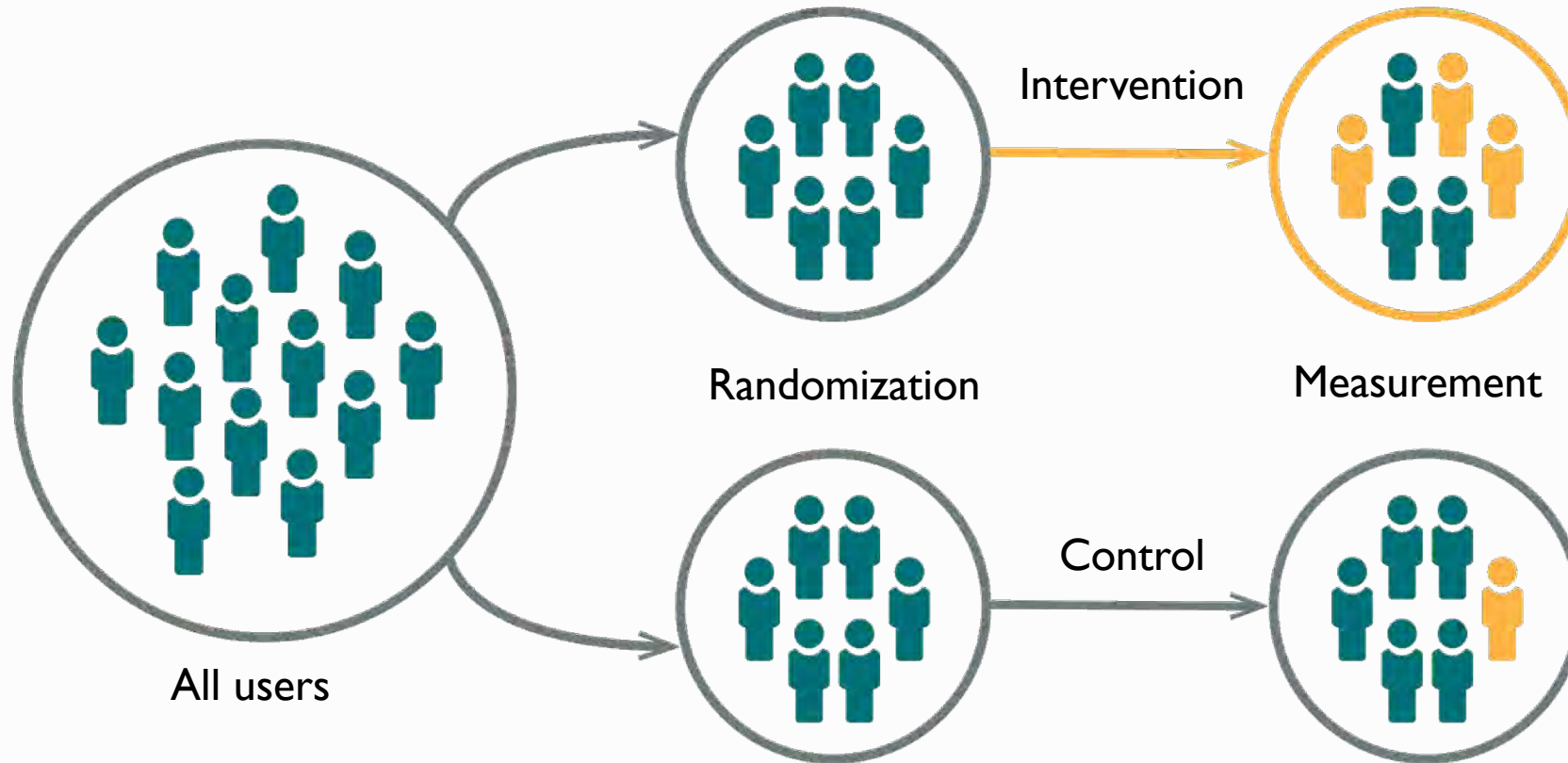
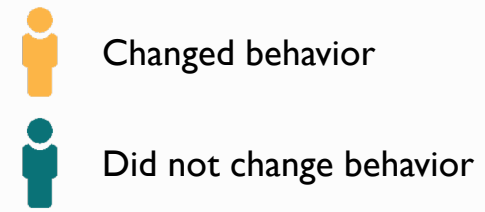


Worse than
changing nothing!



How can we avoid using the wrong nudge?

STUDY



“Nudging is not the only solution to any problem, but it’s part of the solution to every problem”





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Creating impact through behavioral science

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