

# Brands nudge their way towards goodness

 By [Leslie Pascaud](#)

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Economics has long been based on the assumption that as humans we make rational, purposefully thought out decisions that are in our best interest.

For a long time, we marketers have known better: The reality is that we're more emotional, messier, and infinitely more complicated than that. Yet much of marketing research has chosen to ignore this reality, despite the fact that some patterns of behaviour just don't make sense.



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Behavioural economics is a relatively new field that seeks to recognise and integrate cognitive, social, and emotional influences on people's observable "economic" behaviour and thereby more accurately reflect and predict what they may do in the future.

The public sphere is positioned at the cutting edge of this work, having created 'nudge units': groups of behavioural specialists who try to get people to change for the benefit of society at large. These units seek out the triggers that can get us to pay our taxes on time, reduce our driving speed, find a job more quickly, make us vote and even help us lose weight.

Some of these programmes have been remarkably successful and have spawned greater interest in using similar techniques in the private sector. But what does this mean for brands and market research? How does knowledge of

behavioural economics influence the research we undertake? And how can this more accurate understanding of certain consumer behaviours help brands to help us change in socially beneficial ways?

Let's take a look at five psychological factors that drive many of the gaps between what human beings say and do and see how brands are seeking to 'mine the gap' between the two.

## 1. Heuristics

Heuristics are mental shortcuts that ease the cognitive load of making decisions. These shortcuts enable us to get things done without having to think.

In many cases, this can be quite helpful. But when we're tired or stressed, we can unwillingly default to what Daniel Kahneman calls System 1 (or non-) thinking.

From a research perspective, this is problematic because as questionnaire length increases, people are more likely to tick 'don't know.' It therefore behoves us to design surveys that limit the effect of weariness by asking more focused questions and making the experience more enjoyable for the respondent.

System 1 thinking affects a lot more than just surveys. Supermarkets strategically place their confectionery near checkouts because they know that people will be more likely to buy such things when tired and waiting to ring up their groceries.

Rather than play into this reflex, forward-thinking retailers like Aldi are replacing candy at the checkout with healthier alternatives like trail mix, granola bars and dried fruit to make it easier for shoppers to make the right choices.

## 2. Habits

Humans often fall into routines or 'habit loops'. One important way to drive change is to break these habit loops down into their component parts and then inject a new variable. This could be by interrupting the trigger, changing the routine or switching out the reward that motivates a habit.

As researchers, we can play a key role in this process by asking questions about specific occasions, digging deep to understand the specifics: (what trigger and what motivations elicit which response?) rather than accepting sweeping statements about 'usual' behaviour that often don't reflect reality.

Many brands have successfully used research to understand and alter habit loops. Kantar Added Value worked with AT&T on its 'Don't text and drive' strategy, conducting deprivation exercises to observe and understand people's Pavlovian reactions to text notifications when behind the wheel.

The results of that work were used to mind map possible solutions, like the Drive Mode app that people can activate to stop text notifications whilst driving.

Vittel, a French brand of bottled water has translated their understanding of habit loops into the Refresh Cap: a screw-on cap with mechanical timer that pops up a flag to remind people to drink every hour.

### **3. Cognitive and emotional biases**

Psychologists have identified more than 90 forms of bias that affect behaviour. We're all biased in ways we don't even realise. We're over-optimistic about the risk of certain behaviours like smoking or driving under the influence and we trust our own judgement more than we should.

But marketers and innovators can compensate for many of these biases. Take Equinox, the fitness company. They were aware that people have 'impact bias': they make faulty assumptions about the frequency with which they will use their new gym membership.

So they designed a programme where people were given a conditional rebate of \$100 upfront when they joined. If they visited twelve times in the first month, they got to keep the money.

The programme, which applies the behavioural economics principle of loss aversion, was found to be significantly more effective at getting people to go the gym than offering them the reward at the end of the month. This is because people will make more effort to avoid losing money than they will to win the same amount.

### **4. Context**

Situational elements can also have a significant impact on our behaviours. We're more influenced by circumstance, other people and the environment than we realise. A comment from a family member, bad weather or even what you eat for breakfast can influence how you react in a given situation.

A sobering example of this is can be found in a study conducted in 2011 on extraneous factors in judicial decisions. According to the findings, judges gave 65% favourable parole judgments in the morning, but this number was down to 0 before lunch and again at the end of the day. Not good news for the pre-meal defendants.

But context can be a very positive thing as well. When Unilever's Lifebuoy brand launched its programme to promote handwashing in India, it chose schools as the primary vehicle to do so because this context was favourable to teaching as well as to habit development.

The results of the first trial conducted in 2009 showed a clear increase in soap consumption (+10% in Uttar Pradesh) and an even more impressive decrease in the spread of diarrheal and other diseases.

Lifebuoy has more recently used another context, the annual Kumbh Mela festival, to distribute roti (a flatbread) imprinted with the message, “Did you wash your hands with Lifebuoy today?” The company claims 2.5 million of those rotis were handed out. Unilever Hindustan is deploying such programmes on a mass scale, with the intention of reaching a billion people by 2020.

## **5. Social norming**

We’re much more likely to behave in a certain way if we perceive others doing the same. Peer pressure has long had negative connotations, but the effects of social norming can drive many positive behaviours as well.

Opower, recently acquired by Oracle, is perhaps the most talked-about case of a brand’s successful leveraging of social norming to drive behaviour change. Opower’s bills, delivered with smiley faces to those who consume less energy than their neighbours, has succeeded in reducing energy consumption by 2% in certain parts of the world.

Another more ‘extreme’ example of the positive use of social norming is that of an organ-donor campaign created by Ogilvy and Mather in Brazil: “Immortal Fans“.

This campaign targeted supporters of Sport Club Recife with messages from real patients on actual transplant waiting lists making their appeal to fans directly that their donated eyes or hearts would keep on watching or beating for Sport Club Recife.

This positive social norming lead 51,000 fans to declare themselves donors—more than could fit into the team’s stadium — and increased donations by 54 percent in a year, according to Ogilvy.

The brand Under Armour is seeking to redefine the social norms around women and sports with their ‘I Will What I Want’ campaign, showcasing determined female celebrities who illustrate that ‘the space between woman and athlete is no space at all.’

The field of behavioural economics and its application to marketing is still a work in progress. Each year brings new illustrations of how a deeper understanding of our 'predictable irrationality' as Dan Ariely, coined it, can lead to more positive outcomes for both brands and society.

*\*Co-written with Kantar Added Value's insight project director, Francesca Baker*

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