

The Business of Behaviour

Richard Chataway

Founder, Communication Science Group

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Richard Chataway



- Over 15 years experience in communications strategy, applied behavioural science, and training
- Award-winning communications strategist for Govt in UK and Australia
- Board member of the Association for Business Psychology
- Led only dedicated behavioural practice in a comms agency (Ogilvy Change)
- Worked with Google, IKEA, Pfizer, Sainsbury's, ING, ITV, BT, Kimberly Clark, American Express, InterContinental Hotels Group, Starbucks and Unilever
- 'The Business of Behaviour' – out later this year!

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The bat costs \$1 more than the ball
How much does the ball cost?



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5 Cents
 $$.05 + \$1.05 = \$1.10$







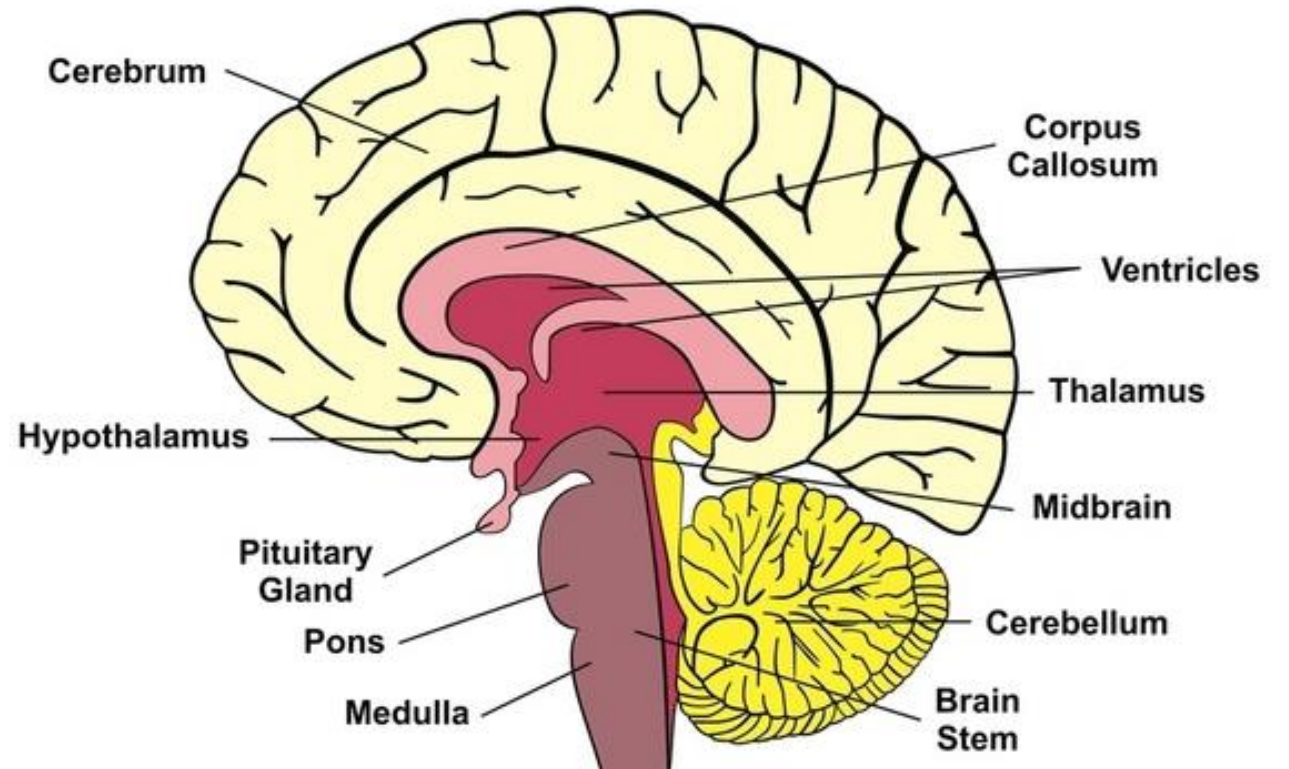
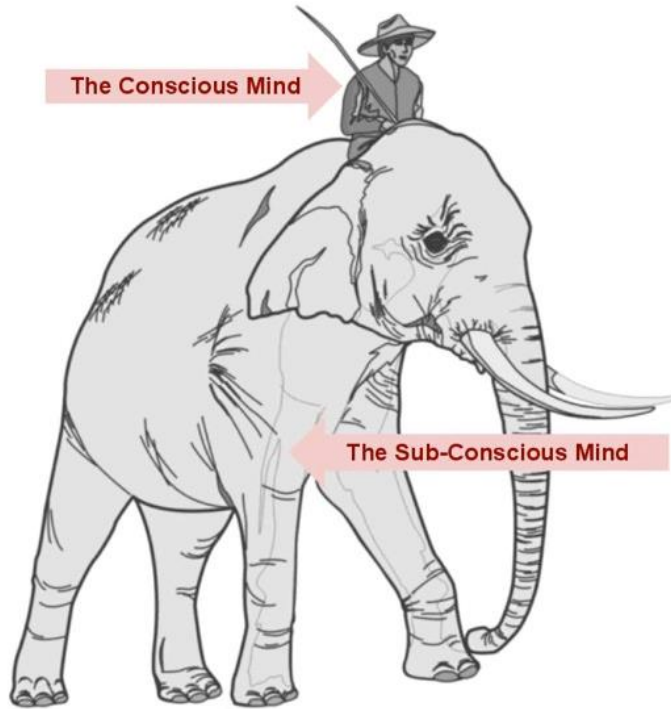
“If you feed the same data into an algorithm twice you will get the same answer. This is not true of people.”

Daniel Kahneman, Nobel Prize-winning behavioural economist, 13th October 2016

The two systems of thinking

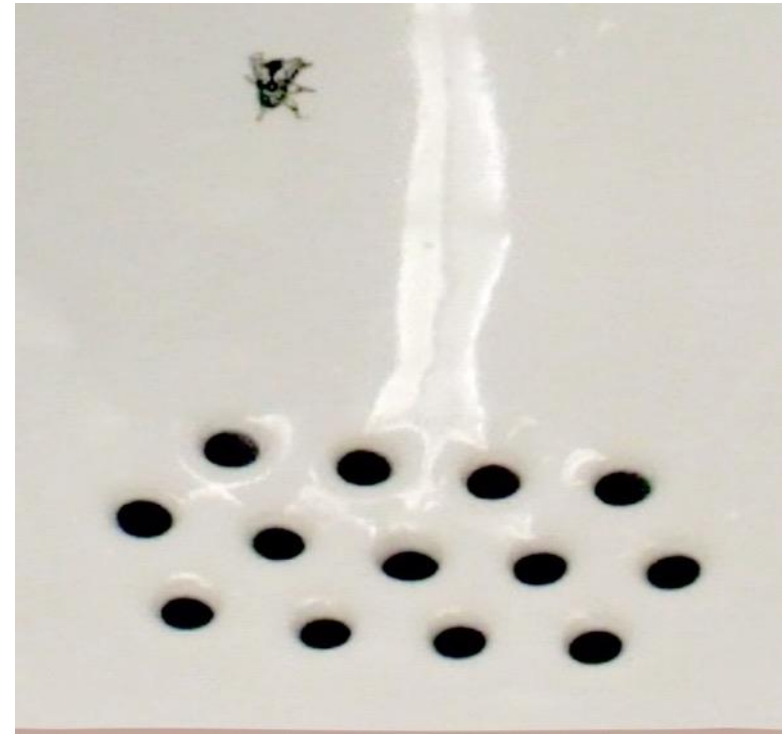
| | | |
|-----------------|---|---|
| |  |  |
| SYSTEM | REFLECTIVE | AUTOMATIC |
| Characteristics | Controlled Effortful Deductive Slow Self-aware | Uncontrolled Effortless Emotional Fast Unconscious |
| Examples of use | Learning a foreign language Planning an unfamiliar journey Counting calories | Speaking in your mother tongue Taking the daily commute Desiring cake |
| | System 2 | System 1 |

Our true nature





Nudging System 1

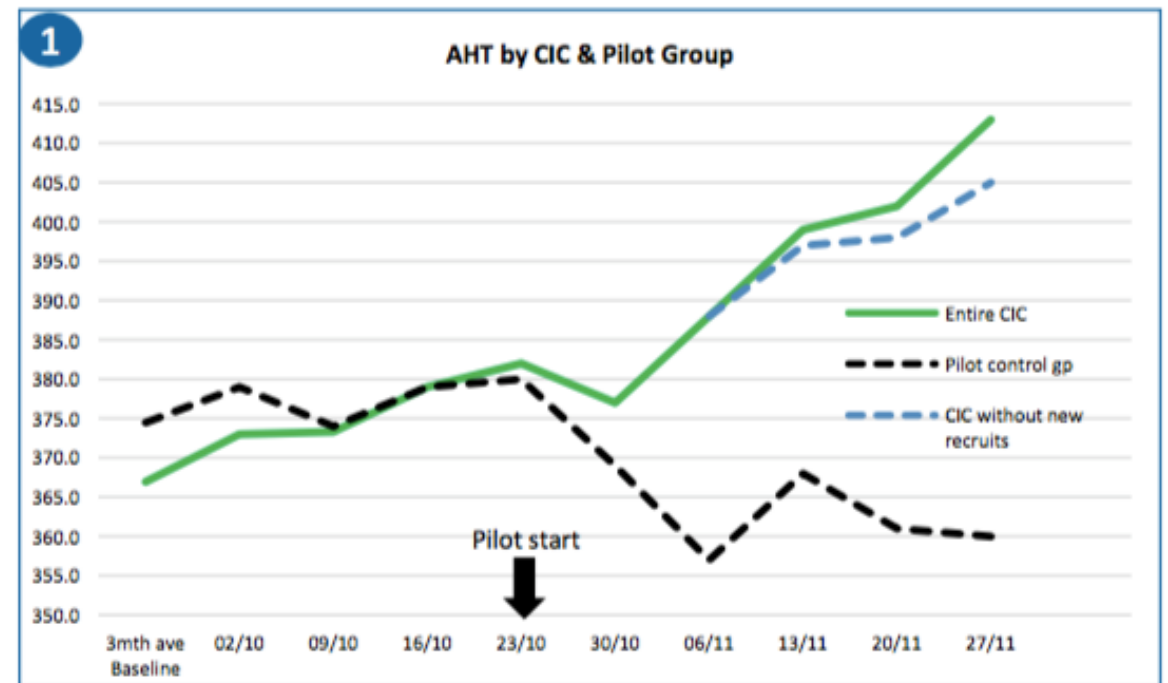


BeSci in operations

- Simple hand stamp intervention delivered a 63% improvement in hand hygiene
- Re-framing customer retention incentives (rather than offering monetary incentives) delivered \$2m annual saving
- Making buttons more salient for a credit card company increased **CTA rates by 54%**

How we apply the science

- **Problem:** a UK savings organisation wanted to reduce call handling time through use of optimised call structures incorporating behavioural nudges
- **Solution:** a pilot study was conducted using optimised call structures and scripts, with CSRs trained and coached in use of behavioural nudges
- **Outcome:** over the course of the pilot an 11% reduction in average handling time was delivered versus the control group (using existing structures and approach)



An example

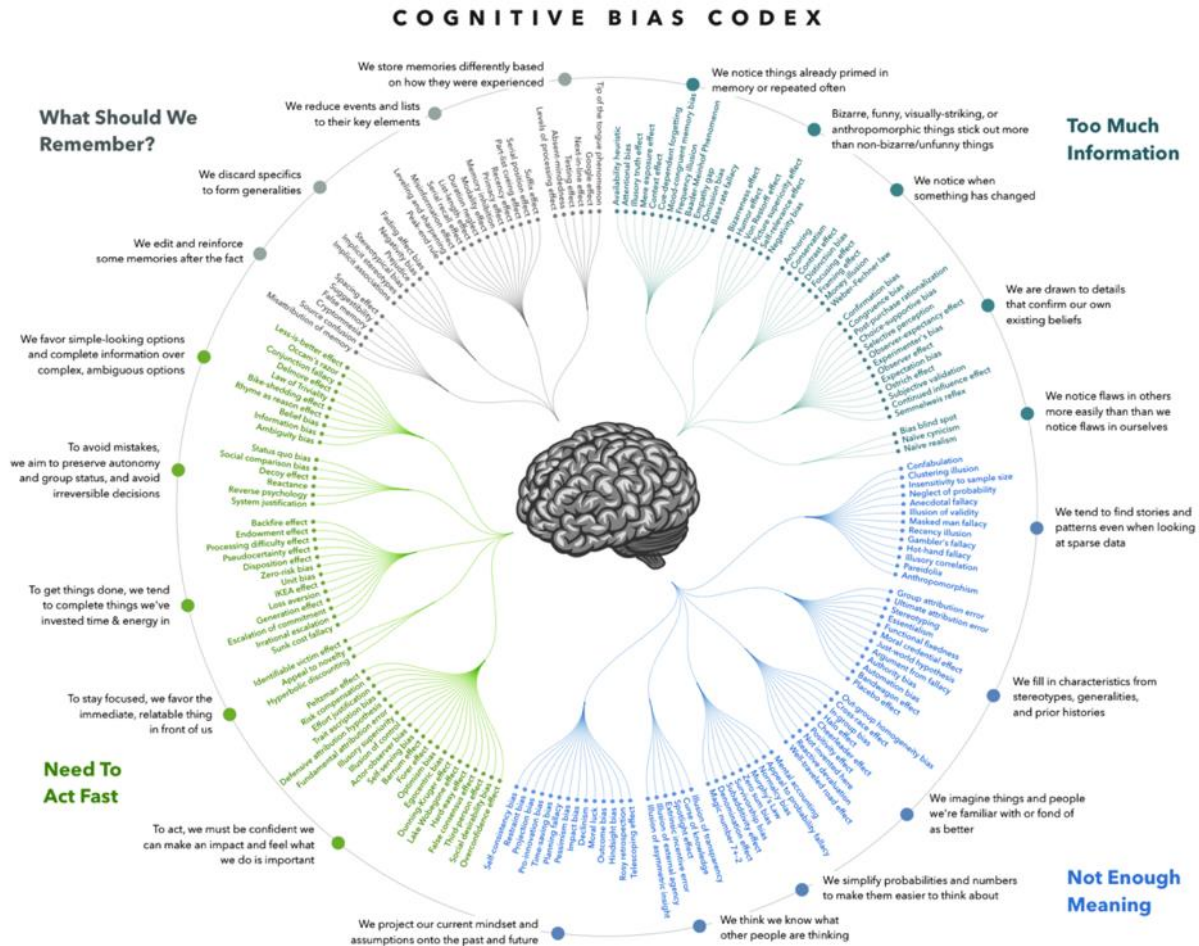
Are these questions appealing to our system 1 or system 2 brain?

“The system is showing that if you are lucky enough to receive a prize it comes as a cheque. Did you know you can get these prizes paid direct into your account? If you like I can change this so you don’t miss out.”

VS

“The system is showing that if you are lucky enough to receive a prize it comes as a cheque. Would you like to change that so it goes direct to your bank account? That way you can get your prize money faster and more securely, use less paper and save a trip to the bank.”

Changing behaviour is complex



DEFAULT - behaviour is heavily influenced by inertia, and the path of least resistance



ABILITY - providing tools will increase users belief in the ability to change, and likelihood to do so



HABITUAL - routine behaviour is built by providing the right cues, routines, and/or rewards



MODELLED - people will copy the behaviour of positive and relatable role models



COMPLEX - complex behaviours can be changed through simplification and 'chunking'



COMMITMENT - we are strongly influenced by feelings of reciprocity, and goal setting



SOCIAL NORMS - behaviour is influenced by how we think other people do (or should) act

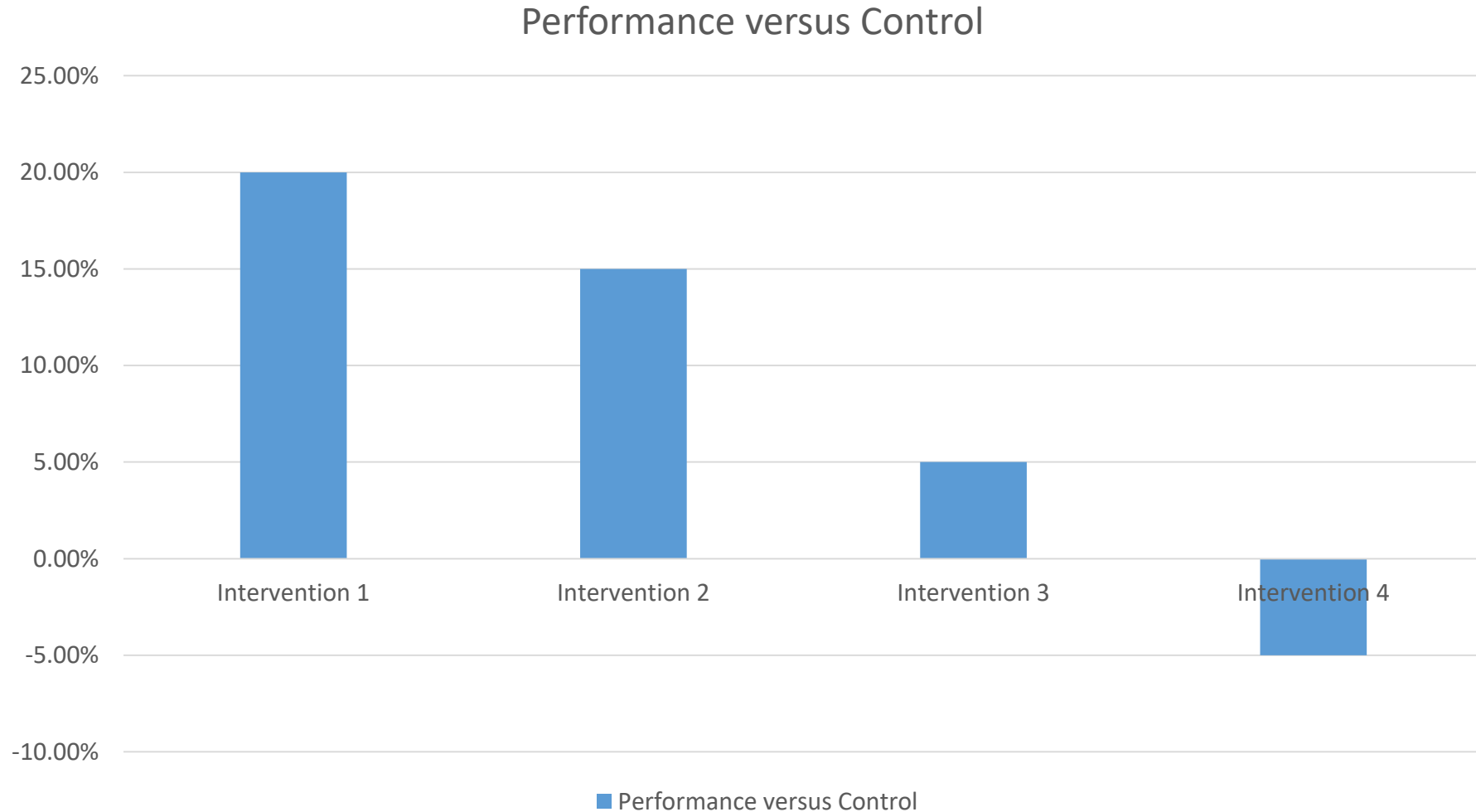


FRAMING - the way choices are presented influences which option is chosen



COMMUNITY - our sense of self/identity strongly influences our actions

It's complex, so we test everything – especially counter-intuitive things



Summary

- Recognise that the drivers of financial habits are often subconscious, system 1 behaviours
 - And these are innate, and not 'bugs'!
- Addressing these system 1 drivers through targeted 'nudges' can deliver long term behaviour change at low cost
- It is critical to test scientifically in context to understand what works

Thanks!

richard@communicationscience.co.uk

www.communicationscience.co.uk

Tel: +44 (0) 7950 343074



@rich_chataway

Blog: richchat.wordpress.com