Behavioural Insights Community of Practice Inaugural Event

19 April 2018

The Policy Project

Responsive today,
shaping tomorrow

Behavioural Insights Community of Practice: the presenters

Ministry for the Environment staff have initiated the Behavioural Insights Community of Practice, to build a public service network of people who can share their experiences and identify opportunities for using behavioural insights.

Behavioural insights can improve the quality of policy advice. Most policy options seek to influence the behaviour of people, whether it is social, environmental, economic, or recreational. We need to be thinking, "Which option will be most effective at changing behaviour?" This requires us to understand current behaviour and the opportunities for changing that behaviour.

In November 2017, the Policy Project hosted a round table presentation by David Halpern of the UK's Behavioural Insights Team. A conversation tracker for that event is available for download from the Policy Project website. In April 2018, we hosted an inaugural event for the Behavioural Insights Community of Practice featuring presentations from the following speakers.

Cheryl Barnes gave the first presentation, speaking about the effectiveness of using *social comparison* to influence behaviour.

Jovana Balanovic talked about how understanding people's value systems could help us have better conversations about novel pest control techniques.

Lee McCauley discussed the large impacts that can come from small changes, using trial interventions to understand what works.

Gillian Boyes and **Marcos Pelenur** shared a case study on using a trial KiwiSaver letter to increase customer engagement.

Ed Hearnshaw, and **Mahesh Girvan** discussed electric car uptake, and a policy approach that looks at barriers, biases and interventions.

Sarah Boone concluded the meeting by holding a question and answer session with the panel.

Behavioural insights at Ministry for the Environment

Cheryl Barnes spoke about the role of behavioural insights at the Ministry for the Environment, and her passion for keeping New Zealand's public sector on the cutting edge of policy craft.

Behavioural insights provide ground level information on how people respond to policies. Cheryl noted that we have to be innovative and keep adapting to new types of information. Building behavioural insights into policy development creates better, more cost-effective policy.

"A prototype is worth a thousand meetings."

The power of social comparison

The data generated by behavioural insights shows that people respond to a sense of comparison. People care about how they are perceived by others, so they are more likely to change their behaviour if they are able to compare themselves to others behaving differently.

Energy and water companies are starting to provide information to customers on how their use compares to other people.

In California's Bay Area, there was a 5% decrease in water consumption during the first six months of 'WaterSmart'. This platform provided information to people about how their water use compared to their neighbours'.

Similarly, when a 10p charge was introduced in the UK for plastic bags, people dropped their usage. However, research established that it was not because of the price, but because of the new social awkwardness associated with asking for a plastic bag.

Perceptions of novel pest control techniques

Department of Conservation researcher, Jovana Balanovic, spoke about the National Science Challenges' work on underlying value systems as they relate to New Zealand public perceptions of novel pest control technologies.

Jovana used the example of gene drive technology (GD). When asked about their opinion on GD, most people were neutral and said they did not know. The following graphic shows the general distribution of responses.
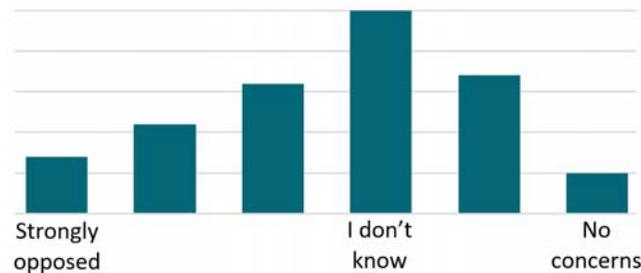
However, when people were given a technical description about GD, their responses polarised. The neutral section almost vanished, as can be seen below.
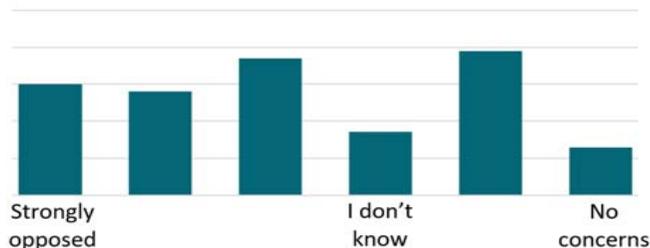
The research team hypothesise that people's perceptions were largely determined by their underlying values, which fell into four types.

Humanitarian perspective	Individualistic perspective
• concerned with outcomes and the sanctity of life	• concerned about human agenda and authority
• "Is it humane?"	• "Could it be misused?"

The four main values types

Pragmatic perspective	Scientific perspective
• concerned with how it would affect them	• concerned about evidence of effectiveness
• "Is it cheaper and better?"	• "What does science say?"

It is necessary to understand the values of decision-makers, as people often make decisions based on their core values, rather than facts alone. The research team speculates that when people feel their values have been considered, they may be more open to having an ongoing, authentic conversation about novel pest technologies.

Public perceptions of the use of novel pest control www.biologicalheritage.nz

Why small details matter

Lee McCauley spoke about the Behavioural Insights Team based in Wellington, a subsidiary office of the flagship team in London. They specialise in applying realistic models of human behaviour to policy problems, and testing what works using empirical data to redesign and trial changes to public services. Lee described an Australian case study that demonstrated the power that small details can have on behaviour.

How to improve revenue collection *and* welfare

The Behavioural Insights Team in Australia trialled certain changes to an enforcement letter for unpaid traffic fines. The main changes were:

- a simple description of what the letter was about
- a clear call to action
- using friction creatively, by putting slow and expensive payment options on the back of the letter

Results of the trial intervention

The original letter had a fine payment rate of 14.6%, while the trial letter increased fine payment to 17.8%. New South Wales estimated that nearly 9,000 fewer people lost their driving licenses. There are major consequences to losing a licence, such as reduced access to employment, personal independence or family.

While policymakers often talk about the big issues, the small details of how policy is implemented are often ignored. A 'policy problem' might not need a policy solution, if we take the time to look closely at the behavioural barriers to doing the right thing, and remove as many of those barriers as possible.

Original letter / **Trial intervention**

The Behavioural Insights Team, Wellington
www.behaviouralinsights.co.uk/wellington

Behavioural insights at the Financial Markets Authority

Gillian Boyes and Marcos Pelenur described how applying behavioural insights has increased active public participation with KiwiSaver.

KiwiSaver has been a successful initiative since its introduction in 2007. However, many people are not engaged in making active decisions about their KiwiSaver accounts.

The Financial Markets Authority worked on a randomised control trial with a small, Wellington-based KiwiSaver provider called Kiwi Wealth. They held a workshop to discuss behavioural insights and brainstorm possible interventions. After walking through the customer journey, they identified a number of ways to improve the communication that new KiwiSaver customers receive via email or post.

"Make it easy for people to do the thing you want them to do."

The 'welcome letter' trial

With the understanding that small changes can have disproportionate effects, Kiwi Wealth made three main changes to their welcome message:

1. **Clear call to action** at the start.
2. **Social norming messages** (i.e. 9 out of 10 people have made an active choice).
3. **Simplified layout** with three easy steps.

As a result of the trial letter, there was:

- a 47% increase in the probability of a member choosing their own fund
- a 20% decrease in the likelihood of switching to another KiwiSaver provider.

Financial Markets Authority
www.fma.govt.nz

Kiwi Wealth
www.kiwiwealth.co.nz/home

Reducing barriers to electric vehicle uptake

Ministry for the **Environment** *Manatū Mō Te Taiao*

Ed Hearnshaw and Mahesh Girvan spoke about the lessons that behavioural insights provided on the barriers to electric vehicle uptake in New Zealand.

Barrier: **DRIVING RANGE**

An electric vehicle can drive up to 200 kms on a single charge – around 150 kms less than the driving range of an internal combustion vehicle.

Bias: People saw the loss of driving range length as a loss in general (status quo bias). No one wants to get stuck somewhere because they chose a car with a diminished range. However, most people drive an average of 29 kms a day, so a 200 km range should usually be more than enough. There was a significant gap between the perceived concern and the real concern.

Intervention: Comparing the electric vehicle's driving range to people's average daily driving range can make people more open to the idea of buying an electric vehicle as their main car (as opposed to their only car). Giving people the chance to trial an electric vehicle can also lessen their concerns.

Barrier: **HIGH PURCHASE PRICE**

Despite being cheaper to run, and although the up-front costs are continuing to drop, electric vehicles still cost more to purchase than internal combustion vehicles.

Bias: People often like to keep vehicles until they have to be replaced, which makes investment in an electric vehicle seem like too high a cost. However, when taking a five-year time horizon, electric cars are the same price or cheaper due to reduced running costs.

Intervention: Labelling can be used to highlight differences in upfront cost and five year life-cycle costs. People often do research into fuel efficiency months before going into the dealership. The places where they research is where the messages need to be.

An effective approach for policy analysis is:

barriers ➤ **biases** ➤ **interventions**

Concluding discussion

The Policy Project

Sarah Boone finished the meeting by holding a question and answer session with the panel of presenters. The main points discussed are below.

- There is an opportunity to apply micro and macro level behavioural insights when designing regulatory systems.

- We need to avoid making assumptions about the choices people have. A good trial design can help us understand the choices people are actually faced with and what their lives really look like – the intervention might be less about influencing choice, and more about creating a platform for them to have a choice.

- There can be tension between influencing people's choices and giving them a fully informed choice. Being experimental requires that we also look at ethics and equity.

- Novel approaches do wear off after time, but small changes can refresh the sense of 'newness'. Sometimes a small gesture or gimmick can get a big response.

Want to get help or find out more?

For information on where you might get more value from using behavioural insights, what it involves, what you'll get out of it, when to use it, limitations, guidance and tools and existing expertise, check out the Policy Project's Policy Methods Toolbox.

There is a small Behavioural Insights Team office in Wellington that can help you think about applying Behavioural Insights to achieve policy goals and tap into BIT's global expertise. Contact the Wellington office at info-nz@bi.team.

For information on training on 'Behavioural Economics for Policy' delivered by the Government Economics Network, or for help applying behavioural insights or joining a community of practice, please email info@gen.org.nz.

The Organization for Economic Cooperation and Development provides guidance on regulatory policy and behavioural insights.

For any other help or to share lessons or training material please email the Policy Project.