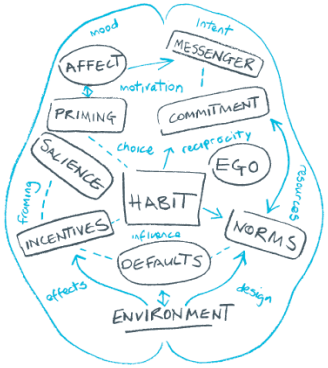


Cartrefi Cymunedol Cymru | Community Housing Cymru

BEHAVIOURAL INSIGHTS

IT AIN'T WHAT YOU DO, IT'S THE WAY THAT YOU DO IT

Anna O'Halloran Managing Director, Just Housing Group

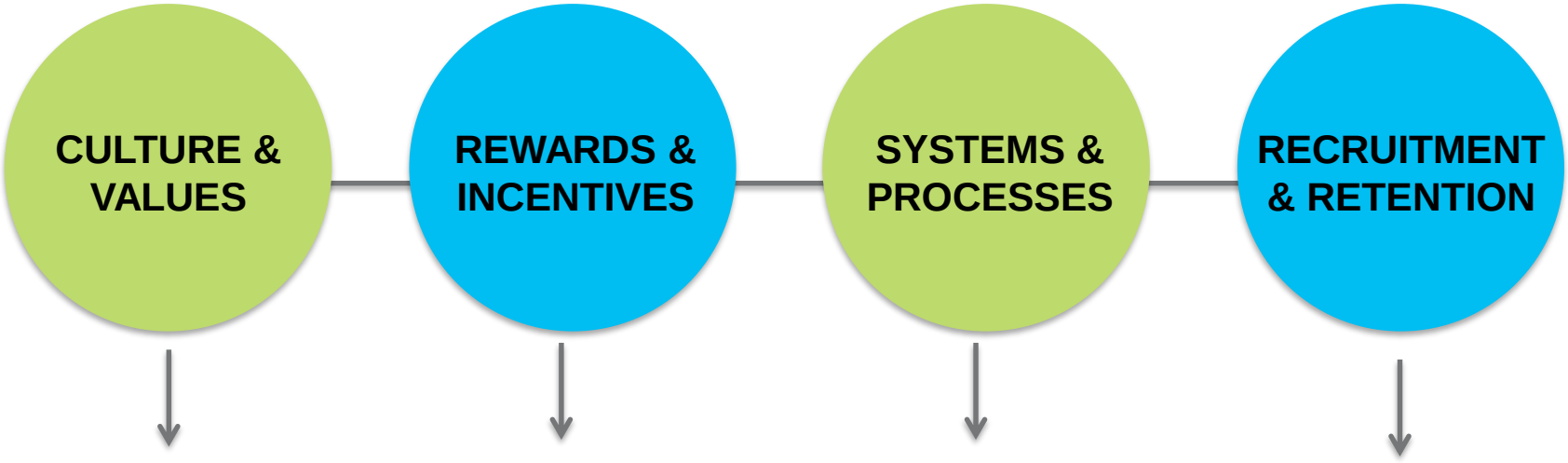
anna.ohalloran@justhousinggroup.co.uk

07912110078

Just Housing Group

....AND THAT'S WHAT GETS RESULTS

WHY BEHAVIOUR CHANGE?



HUMAN BEHAVIOUR

Whatever business you think you're in, you're actually in the behaviour change business

WHY BEHAVIOUR CHANGE?

Adopted with gusto by governments around the world...
led by our very own Behavioural Insights Team.

WHY BEHAVIOUR CHANGE?

facebook
Bank of America
CAPITA
Google
ebay
Unilever
HSBC
Allianz
AMP
HM Revenue & Customs
FCA
amazon

And more recently by private sector by the private sector:
the rise of the Chief Behavioural Officer (CBO)

WHY BEHAVIOUR CHANGE?

Behavioural economics
'Homer Economicus':
How we behave in reality

Classical economics
'Homo Economicus':
How we behave in theory.

It's behaviour Jim, but not as we know it:
The predictable irrationality of human behaviour.

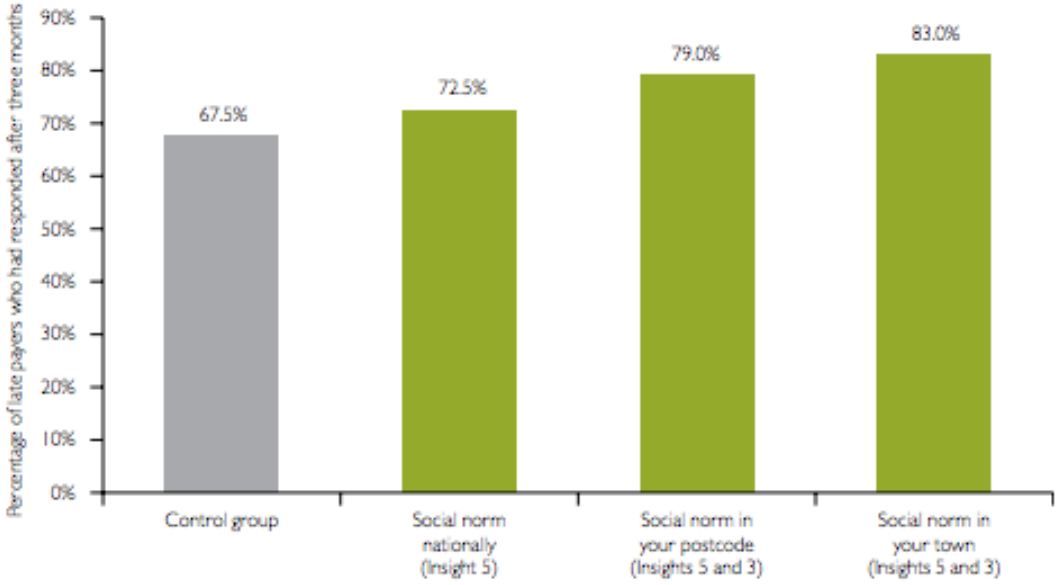
INTENTION-ACTION GAP

Attitudes and intentions are weak predictors of behaviour. Behaviours predict behaviours

BEHAVIOURAL INSIGHTS

When citizens were told that most people pay their tax on time, payment rates significantly increased.

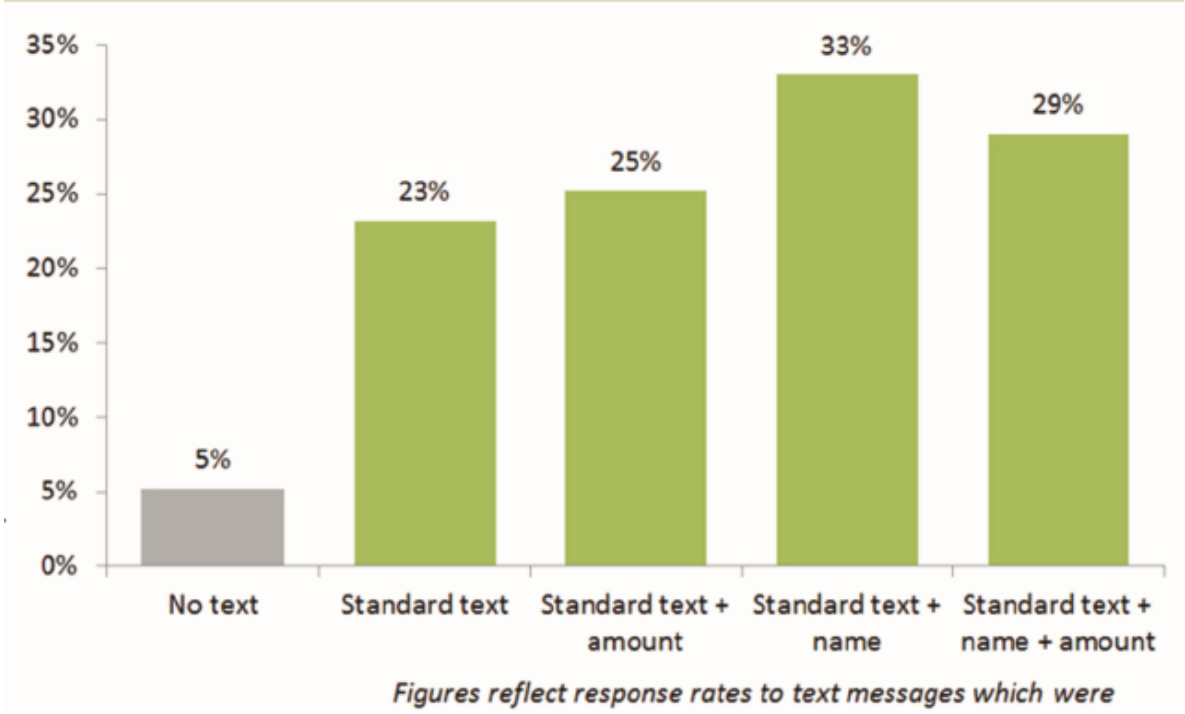
Trial 1a: Using social norms to increase tax debt payments



£210m of revenue brought forward in 2012/13 alone.

BEHAVIOURAL INSIGHTS

When people who were late with court fine received reminder text messages, payments when up by 28%

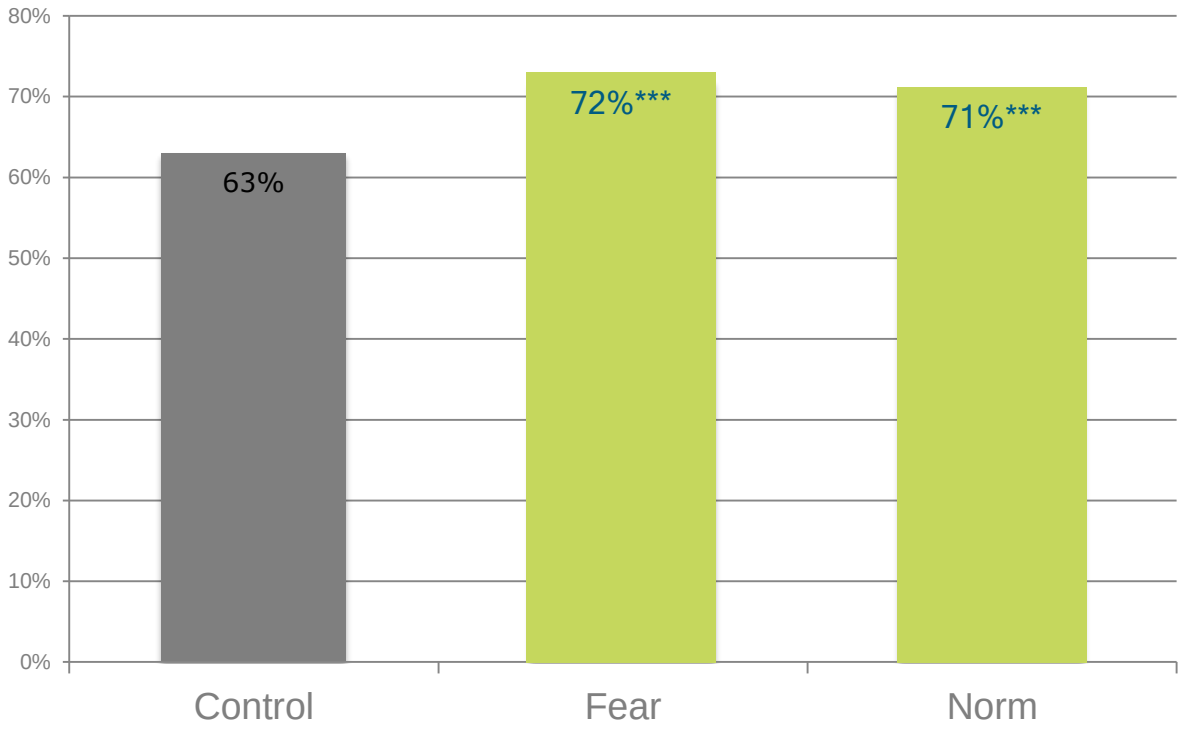


Figures reflect response rates to text messages which were

£30m per year in **saved** revenue
150,000 bailiff interventions

BEHAVIOURAL INSIGHTS

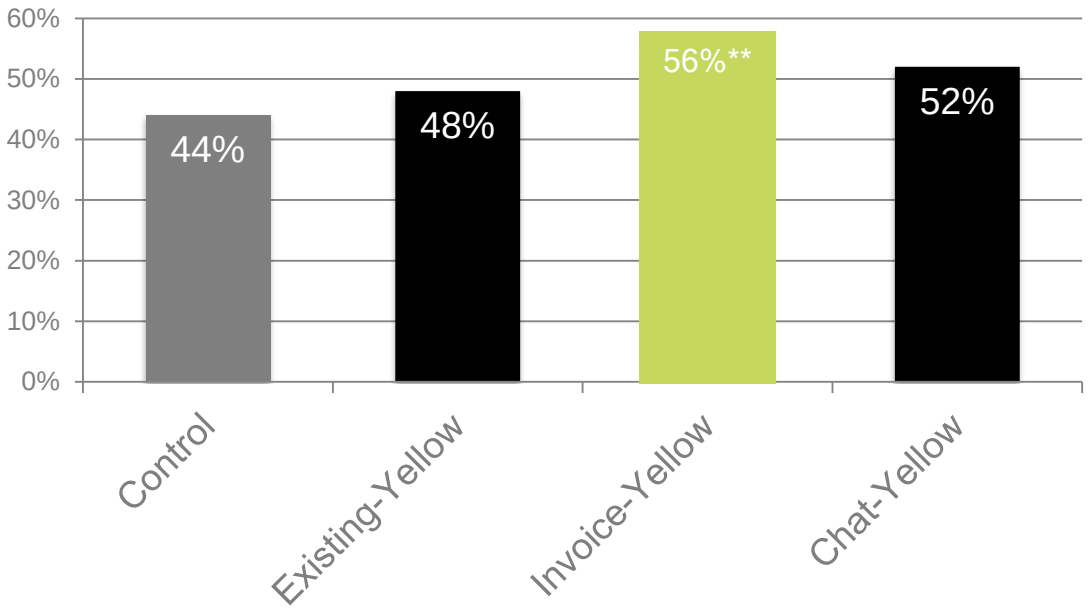
Proportion of tenants that made a payment: entire trial



Including 1 extra message in arrears communications resulted in **a significant increase in payment rates**.

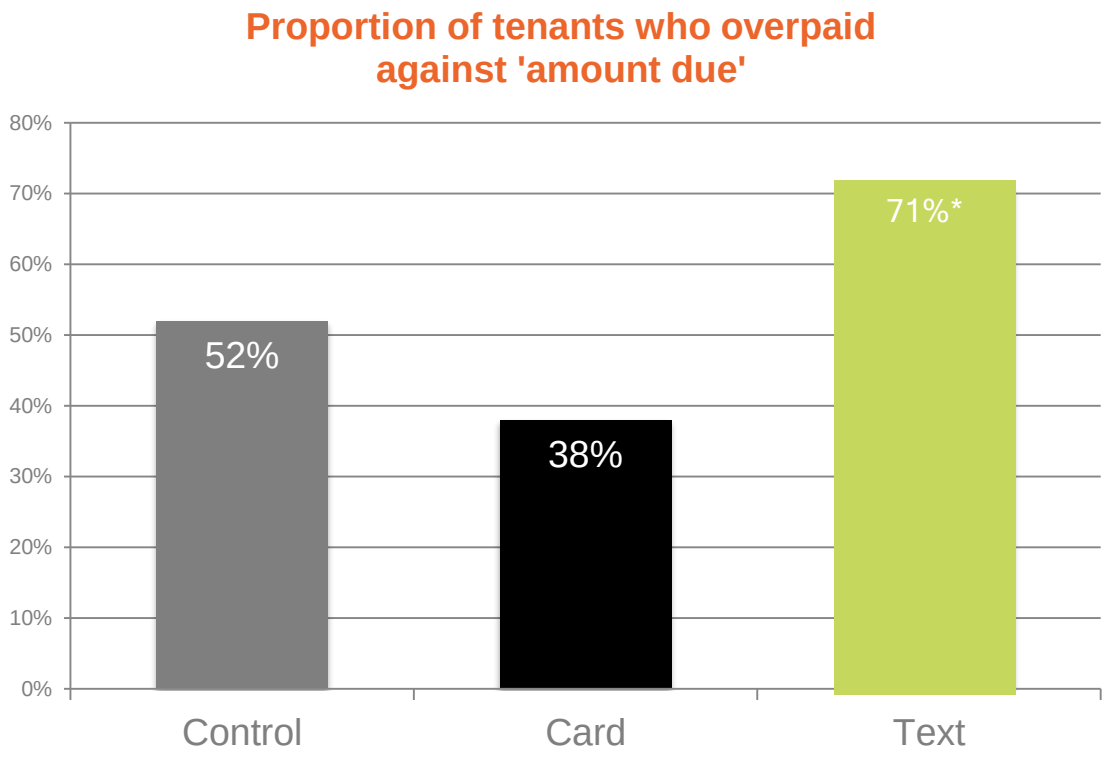
BEHAVIOURAL INSIGHTS

Proportion of tenants who made a payment: entire trial



Reframing Letter 1 led to a **12% increase in payments**.

BEHAVIOURAL INSIGHTS



Thanking tenants for keeping up repayment agreements resulted in **71% of them further increasing the amount they paid to reduce their debt**

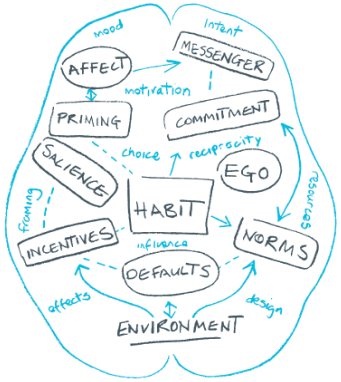
EVIDENCE-BASED BEHAVIOUR CHANGE

Evidence based behaviour change

- Policies
- Procedures
- Strategy
- Vision
- Ethos

Behaviour change opportunities

- Colleague and workforce?
- ASB?
- Downsizing?
- End of tenancy?
- Call centre enquiry handling?
- Ownership and accountability?
- Repairs demand?



WHAT DO WE MEAN BY BEHAVIOURAL INSIGHTS

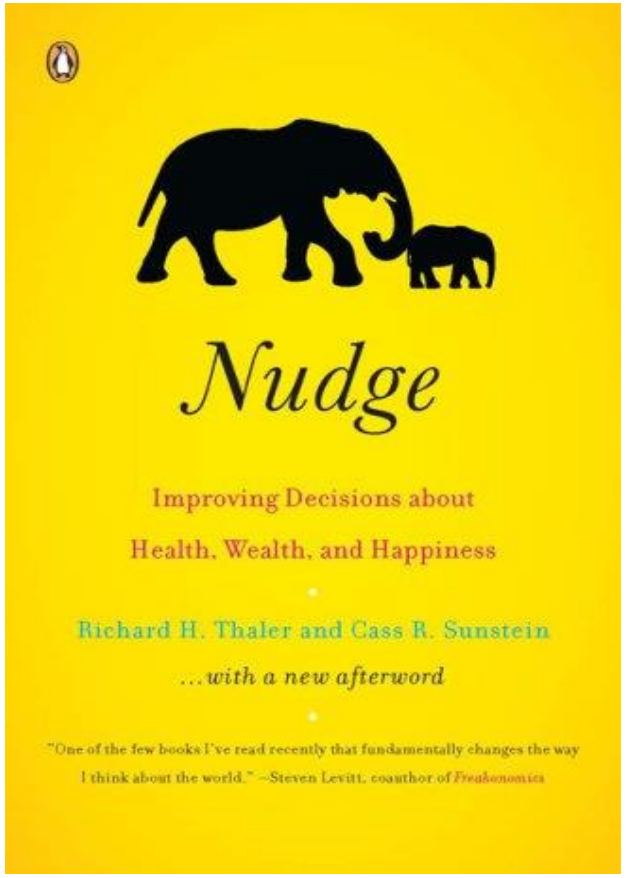
EVIDENCE-BASED BEHAVIOUR CHANGE

DATA ANALYSIS +
BEHAVIOURAL INSIGHTS +
RIGOROUS
TESTING

=

EVIDENCE-BASED POLICIES
AND SERVICES

THE RISE OF BEHAVIOURAL INSIGHTS



Let's get things moving with the Nudge.

"...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.

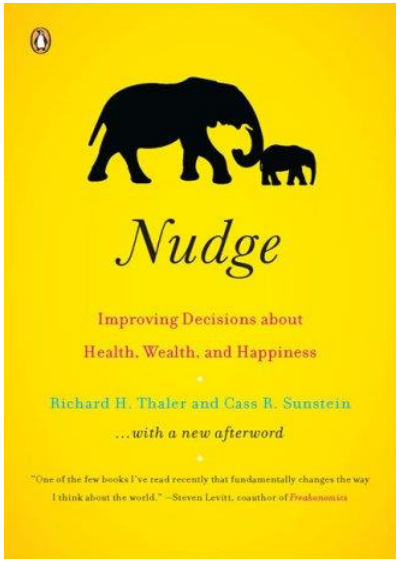
To count as a mere nudge, the intervention must be easy and cheap to avoid. Nudges are not mandates. Putting fruit at eye level counts as a nudge. Banning junk food does not."

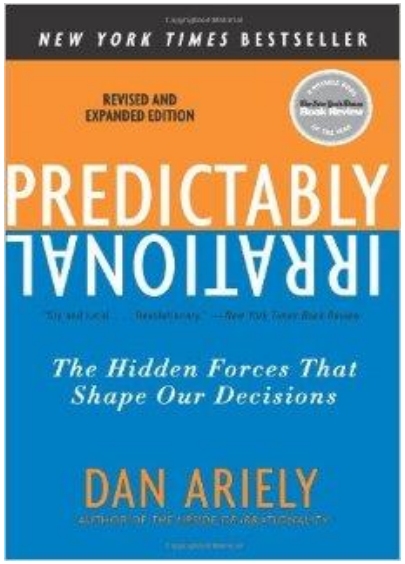
THE RISE OF BEHAVIOURAL INSIGHTS

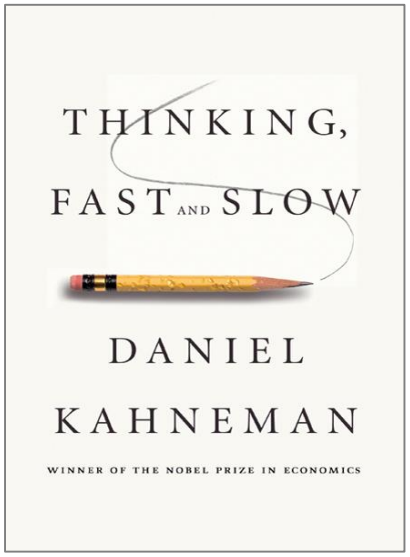
ENVIRONMENTAL NUDGES: EXAMPLES

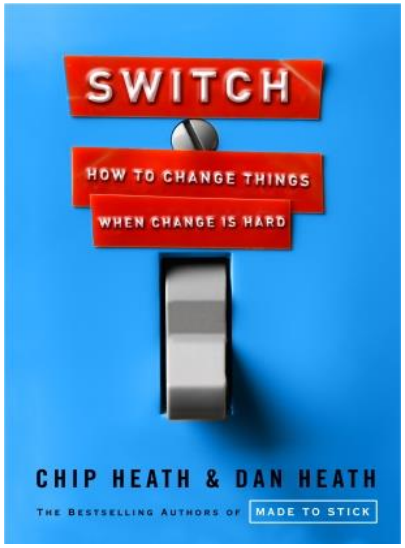
THE RISE OF BEHAVIOURAL INSIGHTS

MADE ACCESSIBLE BY POPULAR LITERATURE









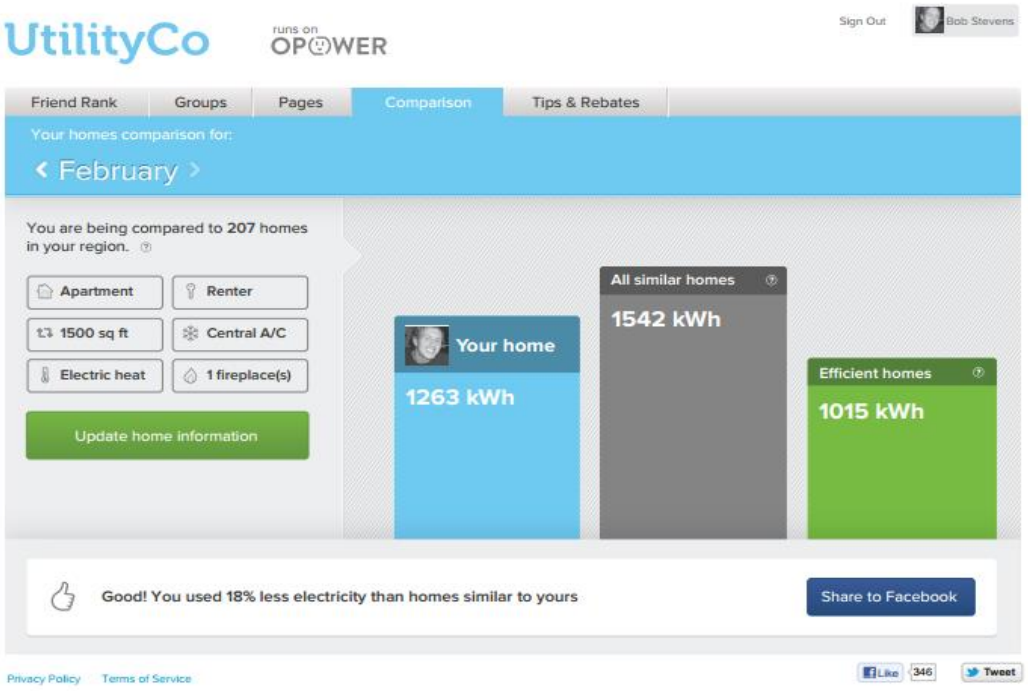
THE RISE OF BEHAVIOURAL INSIGHTS

Our ability to make rational decisions is limited by a vast range of systematic errors.

Ambiguity effect // Anchoring or focalism // Anthropomorphism // Attentional bias // Automation bias // Availability heuristic // Availability cascade // Backfire effect // Bandwagon effect // Base rate fallacy or Base rate neglect // Belief bias // Bias blind spot // Cheerleader effect // Choice-supportive bias // Clustering illusion // Confirmation bias // Congruence bias // Conjunction fallacy // Regressive bias // Conservatism (Bayesian) // Contrast effect // Curse of knowledge // Decoy effect // Denomination effect // Disposition effect // Distinction bias // Dunning-Kruger effect // Duration neglect // Empathy gap // Endowment effect // Essentialism // Exaggerated expectation // Experimenter's or expectation bias // Focusing effect // Forer effect or Barnum effect // Framing effect // Frequency illusion // Functional fixedness // Gambler's fallacy // Hard-easy effect // Hindsight bias // Hot-hand fallacy // Hyperbolic discounting // Identifiable victim effect // IKEA effect // Illusion of control // Illusion of validity // Illusory correlation // Impact bias // Information bias // Insensitivity to sample size // Irrational escalation // Less-is-better effect // Loss aversion // Mere exposure effect // Money illusion // Moral credential effect // Negativity effect // Negativity bias // Neglect of probability // Normalcy bias // Not invented here // Observer-expectancy effect // Omission bias // Optimism bias // Ostrich effect // Outcome bias // Overconfidence effect // Pareidolia // Parkinson's Law of Triviality // Pessimism bias // Planning fallacy // Post-purchase rationalization // Pro-innovation bias // Pseudocertainty effect // Reactance // Reactive devaluation // Recency illusion // Restraint bias // Rhyme as reason effect // Risk compensation / Peltzman effect // Selective perception // Semmelweis reflex // Social comparison bias // Social desirability bias // Status quo bias // Stereotyping // Subadditivity effect // Subjective validation // Survivorship bias // Time-saving bias // Unit bias // Weber-Fechner law // Well travelled road effect // Zero-risk bias // Zero-sum heuristic // // Social biases[edit] // Most of these biases are labeled as attributional biases. // // Name // Actor-observer bias // Defensive attribution hypothesis // Egocentric bias // Extrinsic incentives bias // False consensus effect // Forer effect (aka Barnum effect) // Fundamental attribution error // Group attribution error // Halo effect // Illusion of asymmetric insight // Illusion of external agency // Illusion of transparency // Illusory superiority // Ingroup bias // Just-world hypothesis // Moral luck // Naïve cynicism // Naïve realism // Outgroup homogeneity bias // Projection bias // Self-serving bias // Shared information bias // System justification // Trait ascription bias // Ultimate attribution error // Worse-than-average effect // // Memory errors and biases[edit] // Main article: List of memory biases // In psychology and cognitive science, a memory bias is a cognitive bias that either enhances or impairs the recall of a memory (either the chances that the memory will be recalled at all, or the amount of time it takes for it to be recalled, or both), or that alters the content of a reported memory. There are many types of memory bias, including: // // Name // Bizarreness effect // Choice-supportive bias // Change bias // Childhood amnesia // Conservatism or Regressive bias // Consistency bias // Context effect // Cross-race effect // Cryptomnesia // Egocentric bias // Fading affect bias // False memory // Generation effect (Self-generation effect) // Google effect // Hindsight bias // Humor effect // Illusion of truth effect // Illusory correlation // Lag effect // Leveling and Sharpening // Levels-of-processing effect // List-length effect // Misinformation effect // Modality effect // Mood-congruent memory bias // Next-in-line effect // Part-list cueing effect // Peak-end rule // Persistence // Picture superiority effect // Positivity effect // Primacy effect, Recency effect &Serial position effect // Processing difficulty effect // Reminiscence bump // Rosy retrospection // Self-relevance effect // Source confusion // Spacing effect // Spotlight effect // Stereotypical bias // Suffix effect // Suggestibility // Telescoping effect // Testing effect // Tip of the tongue phenomenon // Travis Syndrome // Verbatim effect // Von Restorff effect // Zeigarnik effect //

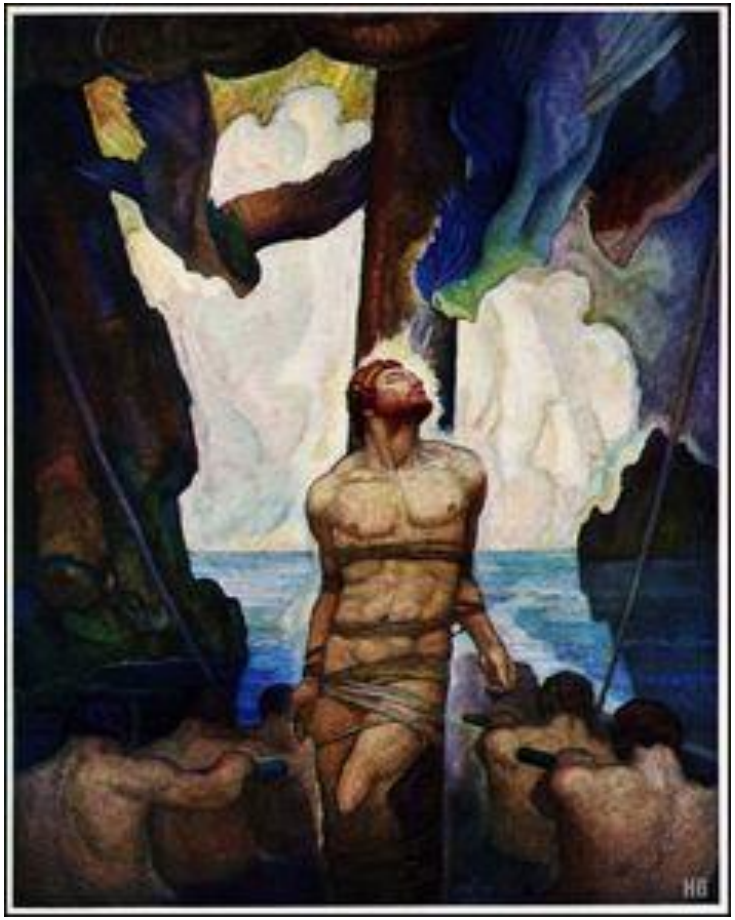
THE RISE OF BEHAVIOURAL INSIGHTS

Much of our behaviour is driven by emotional (internal) or social (external) dynamics… not ‘rational’ self interest.



OPOWER

THE LIMITATIONS OF THE HUMAN CONDITION



EVIDENCE-BASED BEHAVIOUR CHANGE

Small changes and big impacts

Hard work

A BEHAVIOURAL INSIGHTS APPROACH

DATA ANALYSIS

QUALITATIVE INSIGHT

CHANGE THEORY

BEHAVIOURAL ECONOMICS

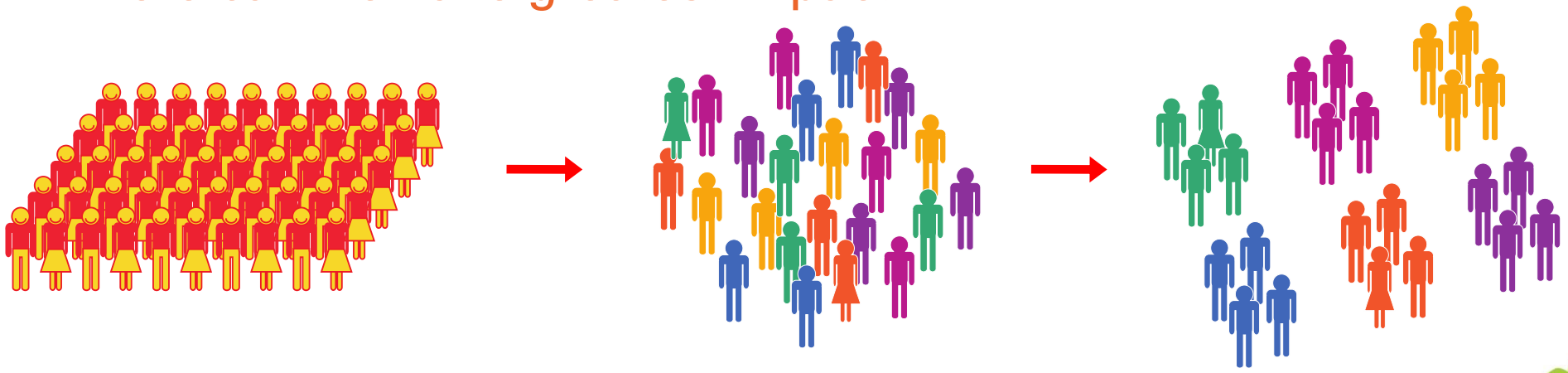
RIGOROUS EVALUATION

EVIDENCE-BASED BEHAVIOUR CHANGE

DESIGN THE SOLUTION

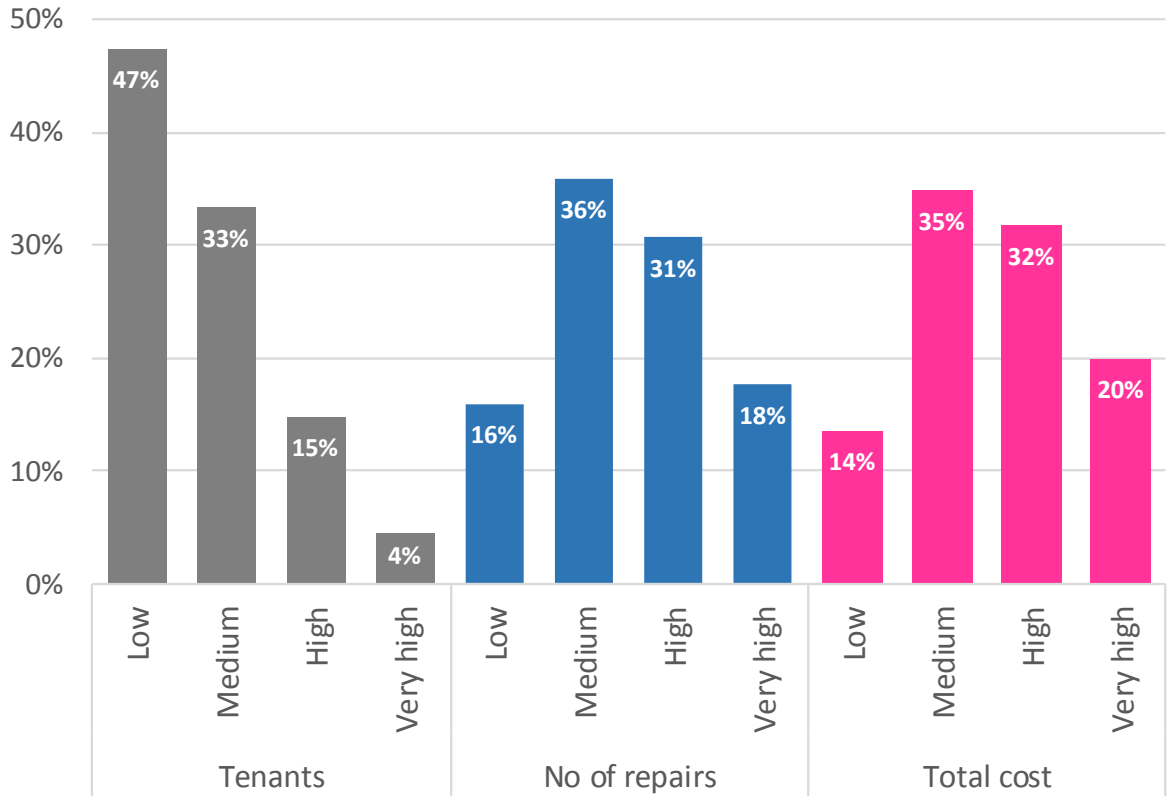
IDENTIFY THE AGENTS

Where should we focus our resources?
Where can we have greatest impact?



We need to segment our communities in order develop more targeted interventions and services.

EXAMPLE - REPAIRS DEMAND



FREQUENCY SEGMENTS

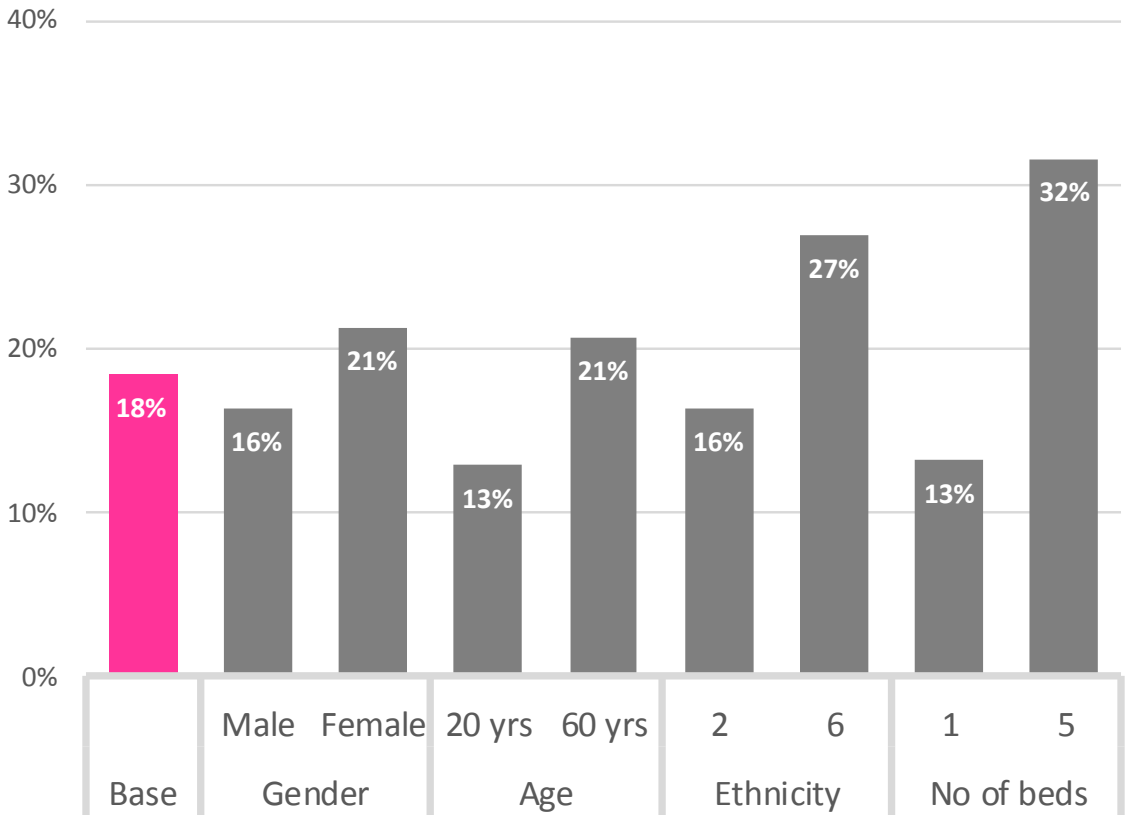
Low	0 to 3
Medium	4 to 7
High	8 to 13
Very high	14+

Key segments = High & Very High:

19% of tenants account for:

- **49% of repairs**
- **52% of repairs costs**

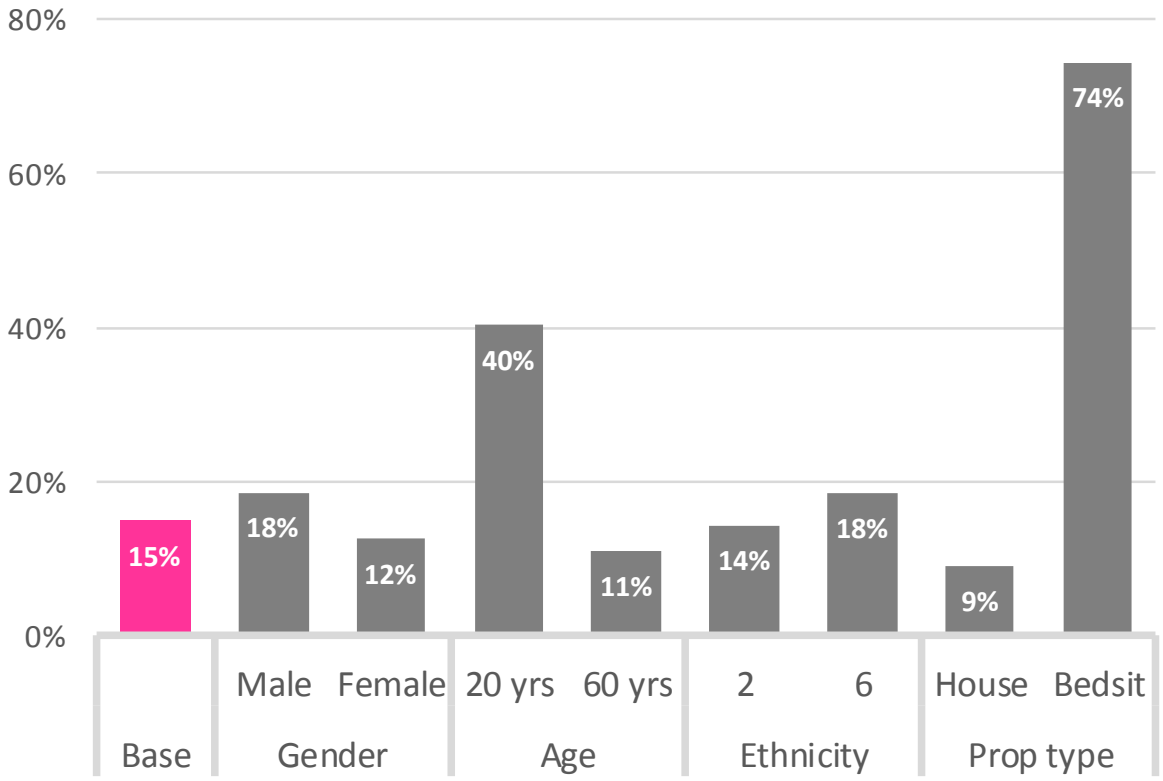
EXAMPLE - REPAIRS DEMAND



Persistent repairers more likely to be

- **Women**
- **Older**
- **Asian / Asian Bangladeshi**
- **Have larger property / family**

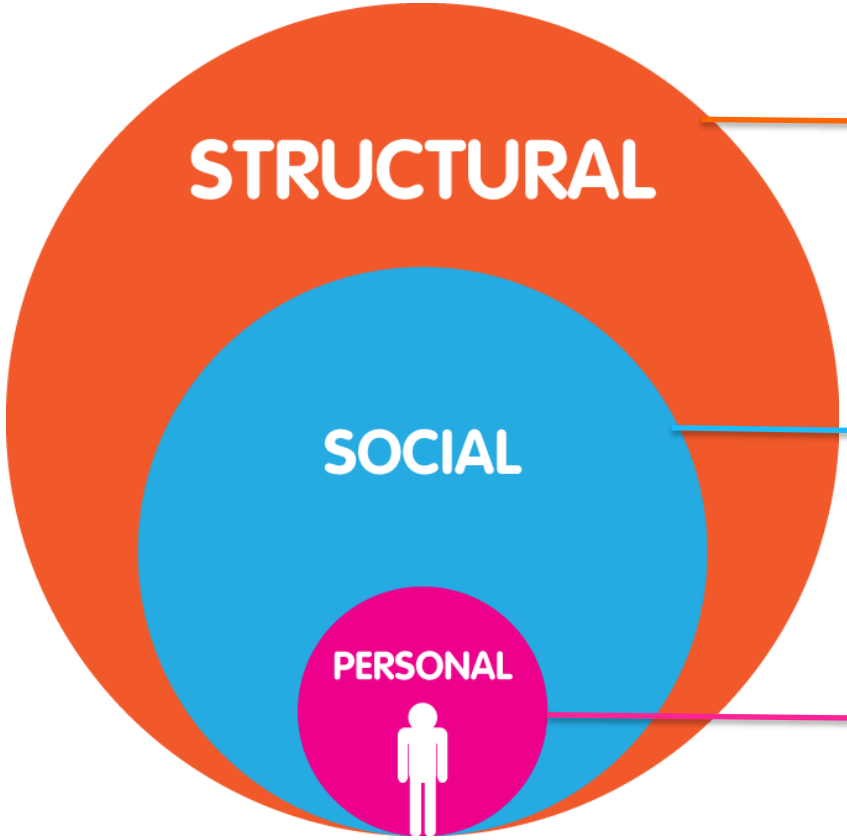
EXAMPLE - REPAIRS DEMAND



Tenants reporting repairs triggered by move more likely to be

- **Male**
- **Younger**
- **Asian / Asian Bangladeshi**
- **Living in a bedsit**

QUALITATIVE INSIGHT



Internally & externally: tenants, colleagues, ourselves?

Structural: The system
- Our service / organisation
- Political and economic landscape
- Resources: time, money etc.

Social: The community or society
- Community norms
- Peer / social influence
- Wider cultural influences (e.g. media)

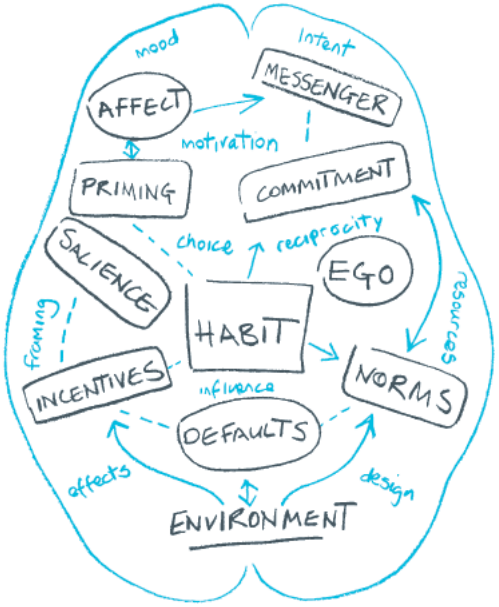
Personal: The Individuals
- Knowledge & awareness
- Attitudes and beliefs
- Values and priorities

MINDSPACE

Messenger
Incentives
Norms
Defaults
Salience
Priming
Affect
Commitments
Ego

http://instituteforgovernment.org.uk

Dolan et al, 2010.



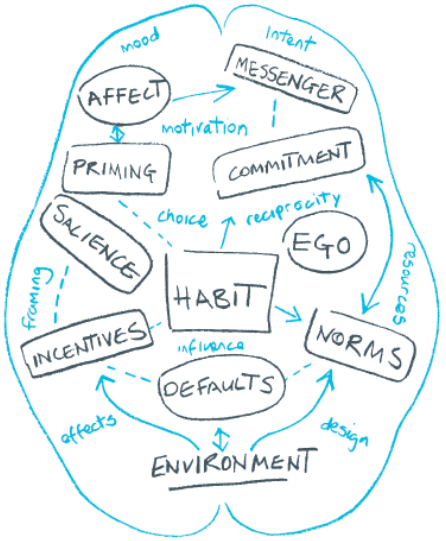
MINDSPACE

Messenger	We are heavily influenced by who communicates information.
Incentives	Our behaviours are molded by positive & negative consequences
Norms	We tend to do what those around us are already doing.
Defaults	We ‘go with the flow’ of pre-set options.
Salience	Our attention is drawn to what is novel and relevant to us.
Priming	Our acts are often influenced by sub-conscious cues.
Affect	Emotional associations can powerfully shape our actions.
Commitments	We seek to be consistent with our public promises
Ego	We act in ways that make us feel better about ourselves.

KEY THEMES

Emerging from all this:

- Intention – action gap
- Evidence
- Understanding people's behaviour



USING MINDSPACE TO CREATE BEHAVIOUR CHANGE (1)

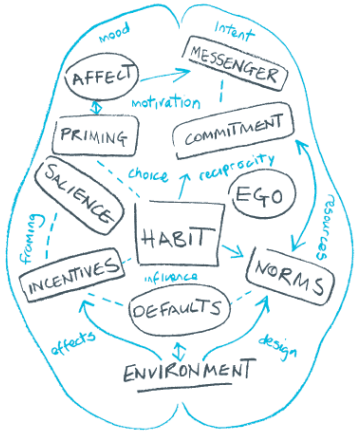
I = Incentives: Our behaviours are moulded by positive and negative consequences

What is more effective? A potential GAIN or warning of a LOSS?

In the “Gain” treatment, teachers were given at the end of the school year bonuses linked to student achievement.

In the “Loss” treatment, teachers were given at the beginning of the school year a lump sum payment (parts of) which they had to return if their students did not meet performance targets.

The result: Those in the Loss treatment managed to increase student math test scores significantly indeed (“equivalent to increasing teacher quality by more than one standard deviation”) while those in the Gains treatment didn’t.

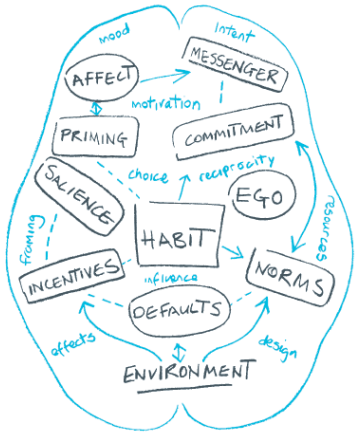


USING MINDSPACE TO CREATE BEHAVIOUR CHANGE (2)

At the beginning of the week, some groups of workers were told that they would receive a bonus at the end of the week if they met a given production target. Other groups were told that they had “provisionally” been awarded the same bonus, also due at the end of the week, but that they would “lose” it if their productivity fell short of the same threshold.

Objectively these are two ways of describing the same scheme. But under the theory of loss aversion, the second way of presenting the bonus should work better. Workers would think of the provisional bonus as theirs, and work harder to prevent it from being taken away.

This is just what the economists found. The fear of loss was a better motivator than the prospect of gain (which worked too, but less well). And the difference persisted over time: the results were not simply a consequence of workers’ misunderstanding of the system.



USING MINDSPACE TO CREATE BEHAVIOUR CHANGE (3)

So…..the best incentive, should you decide to use one, involves the fear of losing something.

You may not want to use the technique the researchers did – it's pretty tough for an employer to give out money and then take it away – but you can still structure your incentives in terms of loss language.

Example: "You lose the best health insurance rate if you don't complete certain wellness goals."

USING MINDSPACE TO CREATE BEHAVIOUR CHANGE (4)

E = Ego: We act in ways that make us feel better about ourselves

In an experiment in 'on-boarding' new employees, newcomers were asked a simple question: **"Who are you when you are at your very best?"**

Behind this question lies a different philosophy of employment, one based on a psychological insight. Newly-hired people were asked to reflect on their strengths, their uniqueness, and how they could bring those out in their new jobs.

Rather than feeling alienated and anxious in their new work environment, new employees who engaged in this process felt they could be themselves at work.

This difference led not only to lower employee turnover but also to higher performance as measured by customer satisfaction.

HUMANS ARE IRRATIONAL ANIMALS

Other “irrational” phenomena include:

- confirmation bias (searching for or interpreting information in a way that confirms one's preconceptions),
- the bandwagon effect (doing things because others do them) and
- framing problems (when the conclusion reached depends on the way the data are presented).

All in all, the **rational** conclusion is that humans are **irrational** animals.

Dan Ariely

OUR V2B MODEL

ORGANISATIONAL OBJECTIVES

PERFORMANCE METRICS

V2B IMPLEMENTATION

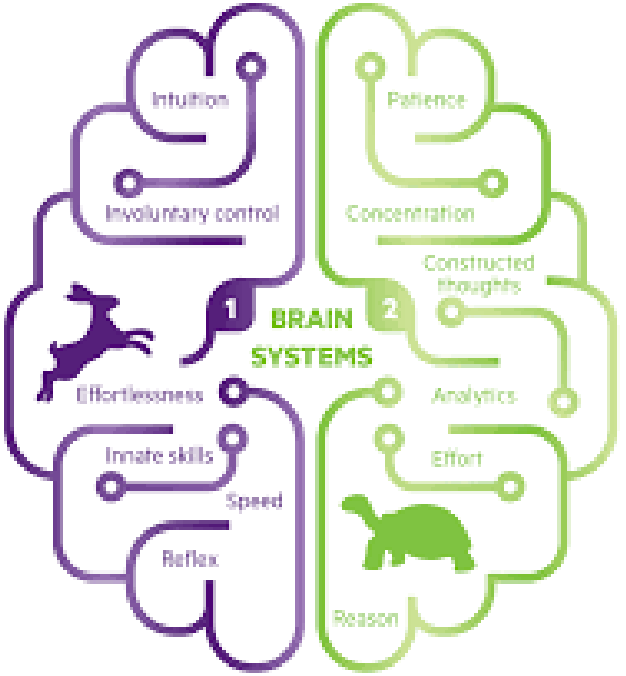
- Define the behaviours and habits required for optimum performance in our teams
- Motivate teams to build those habits and carry out those behaviours.
- Enable behaviours through the design of human-centered systems and processes
- Measure and improve performance in terms of behaviours and impacts
- Identify and recruit future talent based on desired behaviours

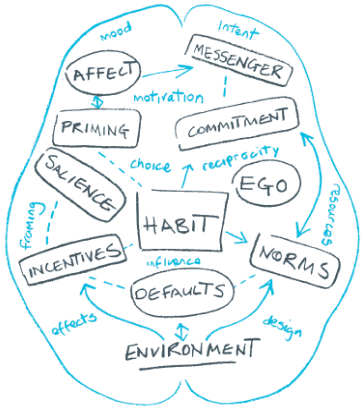
FINAL THOUGHTS – A PLEA!

Thinking fast and slow……. human thought comprises two sorts of mental operations that Daniel Kahneman calls “thinking fast” (System 1) and “thinking slow” (System 2). Thinking fast is automatic and effortless, valuing stories that possess narrative coherence. Thinking slow is controlled and effortful, valuing analyses with logical coherence.

The bulk of our mental operations are System 1, and most of the time this serves us well.

However, a thought to leave you with – how much of what you do is System 1? And how much of this should be System 2?





THANK YOU

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