



Taff Housing Association
Cymdeithas Tai Taf

Customer Behavioural Insights Or Nudging

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What is behavioural insights?



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Behavioural insights draws on research into behavioural economics and psychology to influence choices in decision-making. By focusing on the social, cognitive and emotional behaviour of individuals and institutions it suggests that subtle changes to the way decisions are framed and conveyed can have big impacts on behaviour.

NSW Gov

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What is behavioural insights?



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DATA ANALYSIS + BEHAVIOURAL INSIGHTS +
RIGOROUS TESTING

=

EVIDENCE-BASED POLICIES AND SERVICES

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Why bother with this in Housing?



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- Traditional, top down approach to communication
- A parent /child scenario
- A reliance on the terms of the tenancy agreement to get people to behave in the desired way
- Use of enforcement measures that are costly and set up an adversarial relationship with some tenants



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Some examples we are all familiar with?



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- Not being able to complete gas services & electric checks
- Missed appointments
- Not paying the rent due on time



- Incorrect usage of refuse facilities
- Ignoring, or not even opening mail we send out
- Never ending neighbour disputes
- And so much more.....

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A moral obligation to change our methods?

Failed apps, tenancy interventions, legal costs, unpaid rent and clearing dumped items is hugely costly

More focus from regulators on providing value for money services rather than just providing good services

It is tenants' money we are spending on methods that we know don't work! There is no magic money tree!



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Nudge Examples

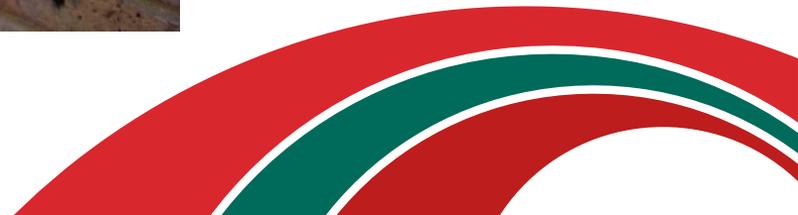


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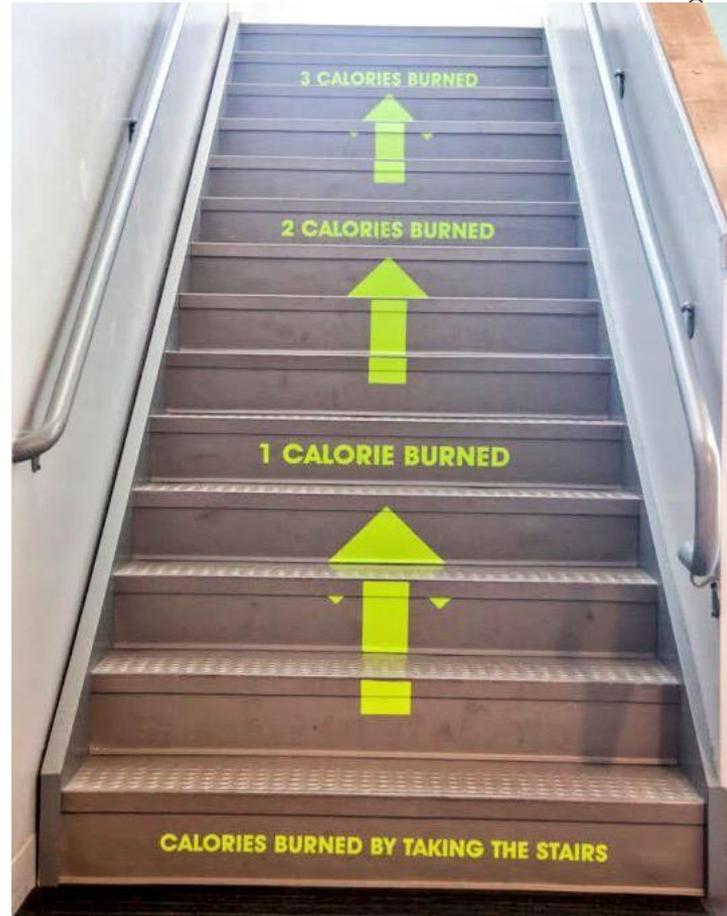
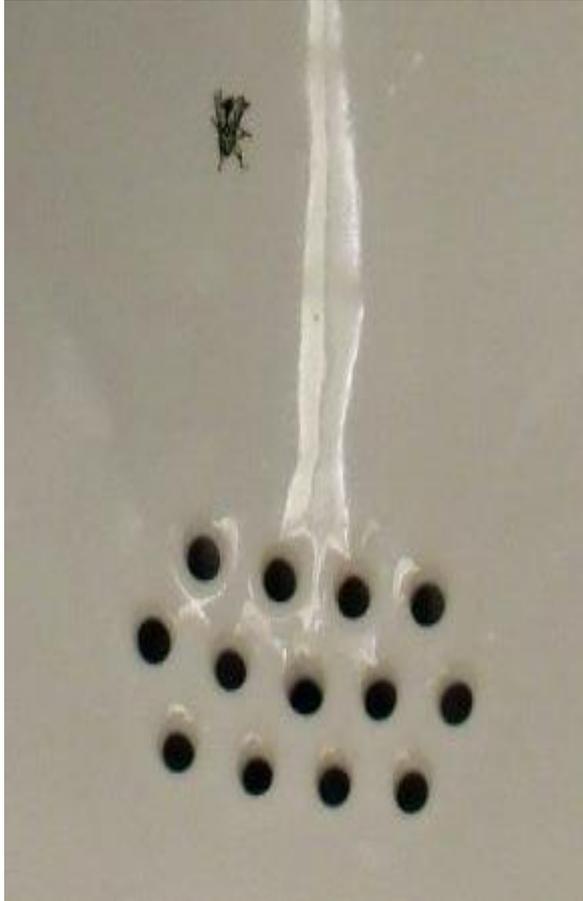
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Nudge Examples



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Nudge Examples



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What data do we need and why is it so important?



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- Age
- Sex
- Family makeup
- Income
- Tenancy breaches e.g. rent arrears, non access
- Preferred method of contact

Having meaningful up to date data allows us to get an understanding of who our customers are, how they behave and what forms of communication may work best.

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Behavioural Insights – some theory!



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Once we have the data on our tenants we have to look at groups of people and try and understand what is driving their behaviour.

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

So we all like to think we make rational decisions but actually a lot of our decisions are driven by our emotions or social dynamics.

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Behavioural Insights



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Once you have an understanding of your customers you can start tailoring your communications to specific groups of people with the aim of altering their behaviour. This is considered as nudging.

e.g. Putting fruit at eye level counts as a nudge. Banning junk food does not.

The key is not removing choice but nudging people to make the right decisions.

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Behavioural Insights



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Mindspace stimulus cards

Messenger - We are heavily influenced by who communicates information.

Incentives - Our responses to incentives are shaped by mental shortcuts

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

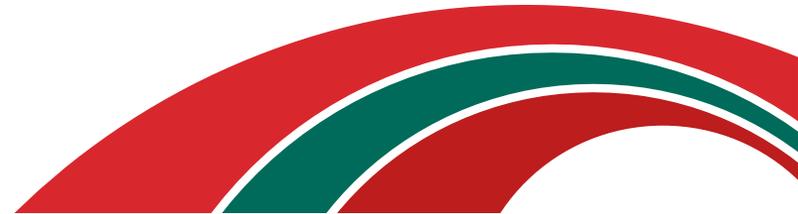
Affect - Emotional associations can powerfully shape our actions

Commitments - We seek to be consistent with our public promises

Ego - We act in ways that make us feel better about ourselves

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Rigorous Testing



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Once a decision has been made on which communications may nudge people's decision-making you shouldn't just start using them straight away.

Why? Because we don't actually know if these will work!

The suggested types of communication need to be rigorously tested to gather evidence and see what works.

This is best done using randomised control trials.

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So why would we want to do this?



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To focus our resources where we can have the greatest impact.

To deliver value for money.

To understand the behaviour of our tenants and nudge them to do what they need to do to meet their tenancy requirements.

To make small and affordable changes.

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What we're doing at Taff



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Following presentations and a CHC training session booked with Just Housing we decided this could be interesting and potentially very beneficial.

Training day arranged with Just Housing with a focus on rent collection.

The rents team gained a good understanding of how behavioural insights works and really bought into the concept.

We then went away as a team to decide what problems we had as a team and what randomised control trial we could carry out.

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What we decided as a team.

- Problem – tenants falling into rent arrears and failing to make a payment or contact at an early stage. So stage 1 of arrears procedure.
- Target group – due to Taff's size we decided to do a **cross-sectional study**. To target a specific group of people would have significantly reduced the number of communications and increased the trial time.
- Understand behaviours – as we hadn't chosen a target group this was more difficult. So we used the mindspace stimulus cards to choose how we would adapt our communications and what we thought would resonate with our tenants.

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We decided to trial 4 types of communication at stage 1 of our procedure:

- Our standard stage 1 letter (control group)
- A revised stage 1 letter using the stimulus cards
- A text message
- A phone call

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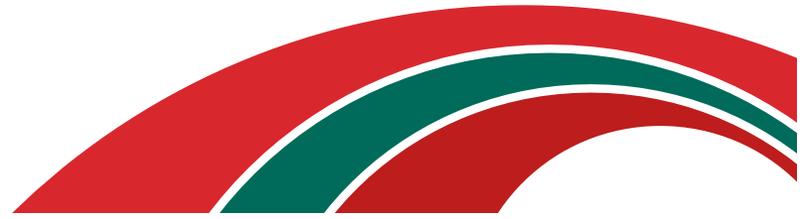
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Standard stage 1 letter

- Very wordy
- Focusses on telling the tenant they have arrears and that help is available
- Doesn't catch the eye
- A long list of ways to pay without pushing towards a preferred method of payment
- No nudges used

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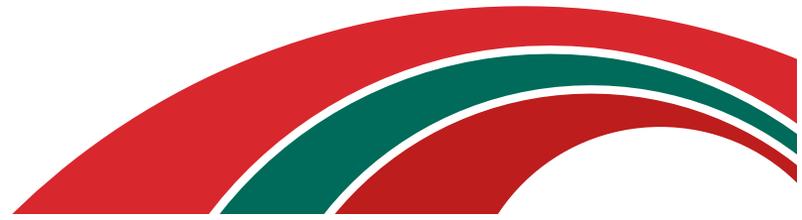
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Revised stage 1 letter

- Use of colour to catch the eye
- Stimulus card options used were:
 - Default** – giving the tenant 2 options to choose from to deal with arrears. Only giving one payment option.
 - Salience** – use of more subtle & less informal language.
 - Incentives** – advising what benefits they could lose by being in arrears.
 - Commitment** – advising to clear or contact by an exact date.

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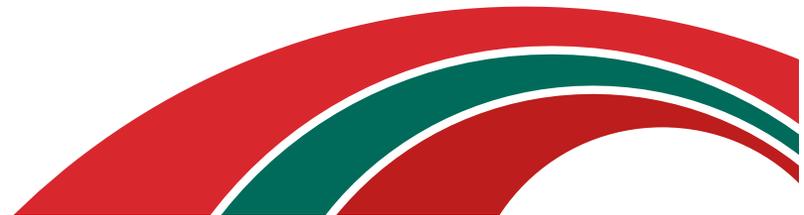
Text message

Hi Natalie, did you know you have rent arrears of £250? Please clear in 7 days or give us a call if you have any problems. Thanks, Rhodri

- A whole new form of contact to tap into the people who are active on their smart phones.
- Stimulus cards used:
 - Default** – giving the tenant 2 options to either clear or contact.
 - Salience** – use of more subtle & less formal language.
 - Commitment** – advising to clear or contact within an exact period of time.

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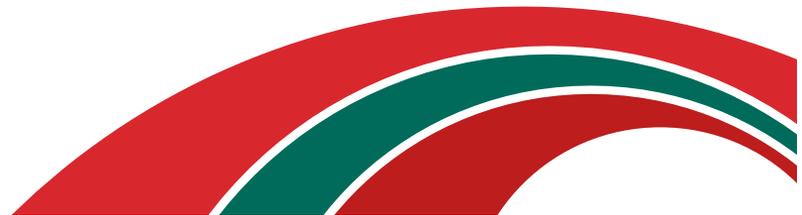
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Phone call

- To completely replace any form of written correspondence.
- Conducted in the usual way Taff's rent staff contact tenants via telephone
 - Advise of arrears
 - Discuss any previous agreements
 - Explore reasons for non payment
 - Identify any support needs
 - Agree a way forward

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Timescales

- We felt that a 3 month trial would be a good timescale. We didn't want to spend excessive amounts of time trialling something.
- However in 3 months we weren't sure we would do enough stage 1 contacts to gain sufficient data.
- We decided to do 50 stage 1 contacts per contact method.....so 200 in total.
- These contacts to be spread randomly over the whole general needs stock.

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Timescales cont...

- We gave consideration to things like a fair number of contacts by patch or ward within Cardiff but again when we started drilling down we felt that the trial would take too long and be too resource intensive.

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How we measured success

- Once 200 contacts have been achieved we will have an automated report showing:
 - Number of contacts per method
 - Arrears at time of stage 1 contact
 - Contacts received after 7 days
 - Payments received after 7 days
 - Arrears after 7 days

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Outcomes

- Overall success rates were:

Standard letter (control group)	46%
Revised letter	82%
Phone Call	56%
Text message	62%

Overall success defined as

- Receiving contact within 7 days
- Arrears being reduced or cleared within 7 days
- A combination of both

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More in-depth analysis of outcomes

- Overall affect on arrears after **7 days**:

Standard letter (control group)	Reduced by £659
Revised letter	Reduced by £4914
Phone Call	Reduced by £1645
Text message	Reduced by £3045

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More in-depth analysis of outcomes

- Contact after **7 days**:

Standard letter (control group)	22%
Revised letter	42%
Phone Call	36%
Text message	28%

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More in-depth analysis of outcomes

- Number of cases with reduced arrears after **7 days**:

Standard letter (control group)	36%
Revised letter	64%
Phone Call	50%
Text message	54%

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Future nudges?



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- Trials in maintenance on asbestos appointments have resulted in 50% more appointments being kept.
- Trials in ASB team for perp letters – handwritten / coloured envelopes.
- Estate Management Team designing waste management leaflets with nudge theory.
- All teams being given a day to produce ideas around instigating nudge into their work and a plan to test it, using control trials.

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Some lessons from our trials

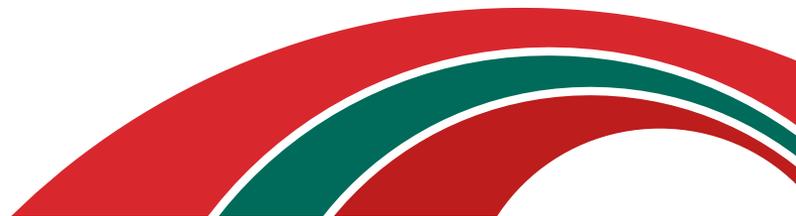


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- Yet to see what extent the novelty of approach plays a part – ie will the effect wear off after time?
- Clear understanding and staff involvement in design required, so everyone understands the principles of nudge and design it themselves.
- A reasonable amount of data analysis needed to do real trials to work out effectiveness. Profiling needs to be reasonably up-to-date.

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Questions?

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