Every brand in the history of brand creation wants to be the number one customer choice. To be the favoured brand, the one chosen above all others. But with the continued expansion of products and services in almost every industry, coupled with the wide ranging sku’s belonging to almost every brand, succeeding in becoming the consumer’s first choice is becoming ever harder.

For this reason, brand architects and marketing teams are constantly looking for new ways to influence customer behaviour and choice, and one of the fastest growing approaches of late has been looking to behavioural science.

With the mass popularity of Daniel Kahneman’s “Thinking Fast & Slow” and Richard Thaler’s “Nudge” a new breed of marketing specialist has emerged, believing in and applying principles of behavioural science and behavioural economics within the corporate world.

Every month, we see new Behavioural Economics labs and consulting businesses being started with a view to helping private sector clients understand how to influence behaviour change amongst consumers in favour of their brands. And none of the principles has been embraced more thoroughly than that of the behavioural intervention also known as the ‘nudge’.

Nudge theory, or “nudge” is a behavioural science concept which states that positive reinforcement can influence the motivations and decision making of a person or a group. When it comes to marketing, nudge theory has become one of the go-to strategies to help explain why consumers make certain purchasing decisions.

Over the course of the last decade, ‘nudges’ have been demonstrated as highly effective and low-cost ways to influence and steer behaviour change.

Marketing by its nature has everything to do with persuading consumers to purchase a product or service, and nudge theory works to support this concept by using indirect suggestions to help consumers make decisions. In the same way that an urban architect designs highways and roads to lead to a destination, so marketers are now becoming architects of choice, designing different routes to influence consumer behaviour to get them to the end result they seek.

Think of when you are looking to purchase a mobile phone contract, or insurance; chances are you will be presented with three options. The first option will be presented as ‘basic’ at a low cost, the third option will be presented ‘fully loaded and then some’ at a high price (often artificially inflated) which drives most people to pick option number 2. And guess what, that’s the option a lot of brands have built their revenue models around.
However, not all choice architecture is commercial, it has been put to use in many social situations to benefit the well-being of every day citizens.

An example can be seen in school cafeterias where the focus is on improving the healthiness of the food children consume. Success has been seen by changing the way the different food options were presented, bringing the salad options and fruit to the front and tucking the fast food and fatty pudding away at the back), more and more children chose to eat the salad and fruit.

There can be no doubt that decisions are influenced by the way in which choices are presented to us. Subtle differences in the design of the decision-making context can have a significant impact on the decisions we make.

In fact, much work has been done by a team at Cambridge University led by Gareth Hollands, which has designed a new choice architecture framework for behavioural scientists and economists to work from. It highlights nine key tools through which the decision-making context can be shaped:

1. **Ambience**: altering the aesthetic or atmospheric aspects of the surrounding environment
2. **Functional Design**: designing or adapting the equipment or function of the environment
3. **Labelling**: applying labelling or endorsement information to a product or at the point of choice
4. **Presentation**: altering sensory qualities or visual design of the product
5. **Sizing**: changing the size or quantity of the product
6. **Availability**: adding behavioural options within a given micro-environment
7. **Proximity**: making behavioural options easier (or harder) to engage with, requiring reduced (or increased) effort
8. **Priming**: placing incidental cues in the environment to influence a non-conscious behavioural response
9. **Prompting**: using non-personalised information to promote or raise awareness of a behaviour
One example of the change labelling is when visiting a website to purchase a particular item, you may notice that one of those items has been labelled as ‘most popular’. The website is nudging consumers to choose the most popular option by informing them that other consumers prefer this option. So why shouldn’t you? It plays to the In-Group Bias and Bandwagon Effect mentioned earlier.

It is also important to understand that online and offline contexts do change the impact of ‘nudges’. Behavioural Economist Schlomo Benartzi is currently exploring how people behave differently in an online and offline context, even down to how their behaviour varies depending on the different types of screen they are using. For instance, research to date shows us that we think faster on smaller screens which makes us more prone to less stellar decision making.

Research is currently proving out that the context or location consumers are in, and the time or state of mind they are in, can also have a huge impact on how successful ‘nudges’ are. Also, a ‘nudge’ in one context or time may work differently to that same ‘nudge’ in a different context or time.

Whilst this is all great news for brands wanting to influence customer behaviour in their favour, there is an ethical dilemma at play here. Great brands who are built for their customers know this, and put the customer needs and desires first.

Great brands’ starting point for any type of nudge activity is to influence their customers to get what they want in the easiest and most effortless way possible. To ensure their brand and customer experience provides the inspiration, information and clear pathway to enabling this goal, they have taken the time and effort to truly understand their customer segments, what they are looking for, what they need, and what helps them navigate through the various stages of the decision-making journey with ease. And even more importantly, once the decision is made, to ensure they understand what great post-purchase experience looks like.

It is for this reason that a deep level of insight into consumer behaviour and decision making is crucial before attempting any form of ‘nudge’ activity.

**THE ROADMAP:**

First of all, it is critical to understand the existing behaviours of consumers, all of the triggers and barriers to their behaviour within the category and context you are looking at. This can be done by using a variety of methods such as mobile apps or other devices which are non-intrusive but are great at capturing real time behaviour over a defined period of time.

Secondly, you can attempt to disrupt this behaviour and the consumer’s existing preferences during this research to see what the influences are in the consumer’s decision-making process.

From the two activities above, you can then develop a number of hypotheses about consumer behaviour and decision making that enable you to explore interventions or ‘nudges’ that might influence them in a different direction.

Finally, you can test the different interventions or ‘nudges’ in real world situations to see what works in the correct context.

At ResponseTek, we have been helping brands understand their customers for nearly two decades. Our approach to CEM is focused on not just helping brands provide the best experience possible, but to also use the information provided by customers as a valuable source of insight to consistently improve their brand experience.
The Ultimate Choice

We believe that knowing your customers is critical to long term success and continued growth, not just of revenue but of brand loyalty and love.

If you’d like to find out more about our success in helping brands become their customer’s number one choice over and over again, please get in touch.

To learn more about the art of consumer decision making, and the role of emotions in understanding human decision making, we’ve put together a brief webinar, you can view it HERE.

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