Behavioral Economics has been around since the late 70s. There are three prevalent themes in Behavioral Economics:

1. **Non-rational decision making.**

2. **Heuristics:** Humans make 95% of their decisions using mental shortcuts or rules of thumb.

3. **Framing:** The collection of anecdotes and stereotypes that make up the mental emotional filters individuals rely on to understand and respond to events.

"Humans are to thinking as cats are to swimming – we can do it when we have to, but we’d much prefer not to.”

-Daniel Kahneman
What are Heuristics and why are they important in Market Research?

Heuristics are mental shortcuts or rules of thumb.

There are 2 common types of heuristics:
+ Availability
+ Representative

The Availability Heuristic

People make decisions that rely on most recent or immediate examples that come to mind.

It's important to understand the recent influencers on a respondent when asking thoughts on behaviors or actions.
People make decisions or judgements by comparing the present situation to the most representative mental prototype.

Photo Sorts and other projectives are a good way of understanding these cognitive biases in research.

But current thinking is that there are over 900 identified heuristics!
**FRAMING**

The way a question, offering or decision is presented has an impact on responses.

<table>
<thead>
<tr>
<th>How long was the movie?</th>
<th>How short was the movie?</th>
</tr>
</thead>
<tbody>
<tr>
<td>150 MINUTES</td>
<td>160 MINUTES</td>
</tr>
</tbody>
</table>

*Mean responses. Elizabeth Loftus (1975), differences significantly significant.*

**PRIMING**

People’s subsequent behavior may be altered if they are first exposed to certain sights, words or sensations. In other words, people behave differently if they have been primed by certain cues beforehand.

Schizophrenia patients primed with pro-social sentences showed significantly more nonverbal behavior than those primed with anti-social and non-social conditions.

This has clinical implications for the rehabilitation of social skill impairments. Del Manto et al (2014)
Emotional associations strongly impact your decisions and actions every day. Patients may be much more compliant if they click with their treating physician, formal or informal. Clicking can occur on a personal, emotional level. People are more likely to follow someone’s advice when we like them. “Predictably Irrational”, Dan Ariely 2008.

In research it is important to encourage spontaneous responses before “system 2 thinking” or post-rationalize.
LOSS AVERSION
We care much more about avoiding losses than we care about making gains.

Gain an understanding of what exactly your target audience is afraid of losing, and understand the reason why.

Develop marketing campaigns that address their worries, empowering them with a solution.

Use aspirational messaging. Show what your positioning. Aim to be a problem solver and help your users take constructive action.

HYPERBOLIC DISCOUNTING
We prioritize small rewards NOW over larger rewards LATER.

At Johns Hopkins University, over 500,000 people undergo coronary artery bypass graft surgery each year, but only 10% make the necessary lifestyle changes to prevent future surgeries, chest pains, and premature death.

Edward Miller 2004
Defaults are pre-set courses of action that take effect if nothing else is specified by the decision maker. Setting defaults is an effective tool when there is inertia or uncertainty in decision making.

**Organ Donation**

Requiring people to opt-out if they don't wish to donate their organs is associated with higher donation rates than if people need to opt-in if they do want to donate.

**Drug Formulary Lists**

Certain drugs are easily available and approved by the formulary committees, others require effort and/or specific action to be taken to access them.

**Germany**

- Opt In

**Austria**

- Opt Out

Johnson & Goldstein (2003)

**Peak End Rule**
The peak-end rule suggests that we judge our experiences based on how they were at their peak (whether pleasant, unpleasant, frightening, etc.) and how they ended. The feeling of the peak and end dictates how we remember it.

Patients undergoing colonoscopy consistently evaluated the discomfort of the experience based on the intensity of pain at the worst (peak) and final (end) moments. This occurred regardless of length or variation in intensity of pain within the procedure.

This has important implications for us in assessing impact of a disease on a patient’s life or particular experiences they describe.

Kahneman & Redelmeier (1996)

Most people don’t know what they want unless they see it in context.

Adding a more expensive option can make the middle option seem more attractive.
SOCIAL NORMS

We are strongly influenced by what others do. Social norms are the unwritten rules about how to behave within a group.

- Emphasizing what most people do to encourage this behaviour.
- "Nine out of ten people take their medication every morning".
- Can accentuate feeling of belonging and reduce stigmatization.
- Joining support groups for weight loss and smoking can give a sense of belonging and encourage behaviour change.

Song et al (2008)

The Cultural narrative shows that this is an issue at a broader scale – beyond the individual alone.

- New York Times

Do you get diarrhoea after having a cold drink and walk into an air conditioned room? Summer warning: IBS at fault (China)

IBS: 40% diagnoses false! (Germany)
Ego and Self Image – We all lie to ourselves

Evidence shows that smokers underestimate the risks of smoking.

When our behavior and beliefs are in conflict, it is often our beliefs (risks of smoking) that get changed rather than behavior, e.g. quitting.

Such psychological defenses make us feel better (ego), but they can also inhibit us from changing our behavior.  

Arnett 2000

Self-esteem and the desire for a positive, consistent self-image mean we should be vigilant for inconsistencies in responses and open to creative ways to build a truer picture of behavior and drivers.

So what can you do now to do better research?
Keep in mind that words have power to change meaning and influence
- Use de-neutral language
- Be aware of question order effects
- Consider a narrative interviewing element

Don’t underestimate emotions and ‘gut feel’
- Avoid too much introspection and post-rationalisation: less ‘why’ and more ‘gut feel’
- Is there a role for physiological measures?
- Do you need to replicate emotional state (visualization and projective techniques)?
- Take notes of body language and add them into your analysis.

Remember that people are poor predictors of their own behaviour
- Anchor in real behaviour, find out what people actually do.
- Is there a role for observational research?

Take context into account: at an individual, social and environmental level
- Individual:
  - Personal attitudes, beliefs and behaviours, rational and emotional
- Social:
  - Who to include in sample frame
  - Questions on who does/does not influence
  - Social media listening, blogs or similar?

Try to use techniques that utilise both System 1 and System 2
- Mind maps
- Blob tree
- Photo sorts
- Rapid fire questioning
- Narrative interviewing
- Cognitive interviewing

Limit ratings, rankings and post-rationalization
**Analysing responses and data**

- Be careful wherever respondents make predictions: look to understand them in context, think about the extent to which they can be taken at face value.
- Split out gut-level responses from post-rationalisations and consider the weight you give to each when forming conclusions.
- Understand the tone and context (as well as the content) of any stimulus materials.
- Record non-verbal cues (from the moderator or other methods) to understand emotions at play.

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**Analysing responses and data**

- Listen for language patterns to determine how respondents frame their world – and analyse how these match any stimulus materials.
- Look for other heuristics that could be influencing behaviour – or which could be leveraged to influence future behaviour.
- Use your own knowledge to look for any primes which may impact responses (social, cultural, environmental) – some background research might be required here.
- Above all – remember that the insight from the research is far more than just what respondents say.

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**"IF YOU WANT TO CHANGE ATTITUDES, START WITH A CHANGE IN BEHAVIOR"**

- William Glasser

Colleen.Welsh-Allen@Kantarhealth.com