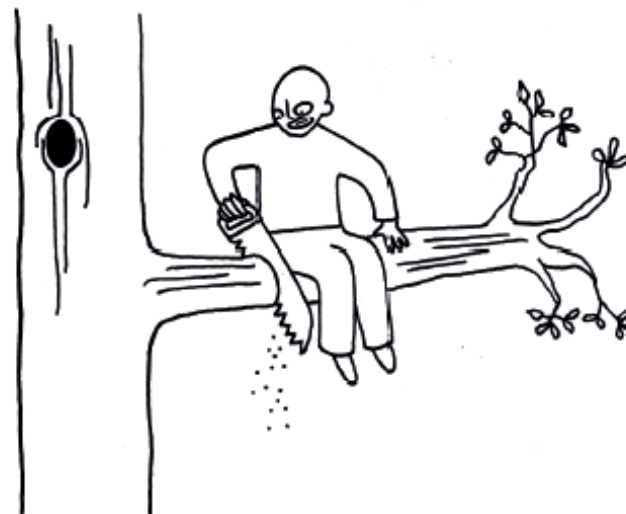


1 HUMAN BEHAVIOUR CAN BE A MYSTERY



USING BEHAVIOURAL INSIGHTS TO EFFECTIVELY COMMUNICATE SUSTAINABILITY

Faisal.naru@oecd.org
Paris, 6 March 2018



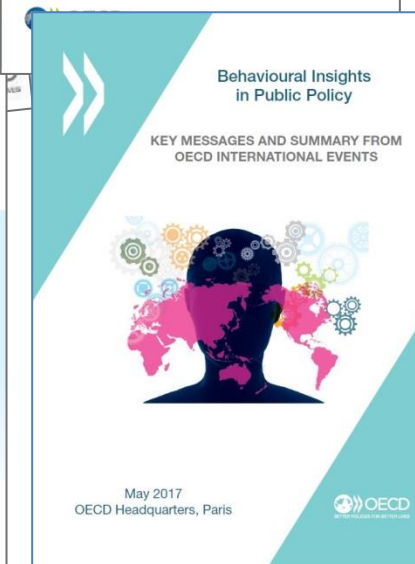
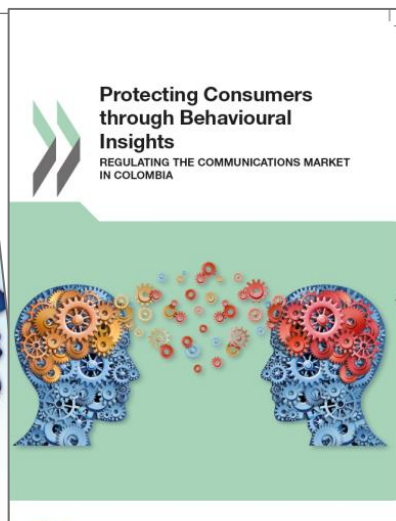
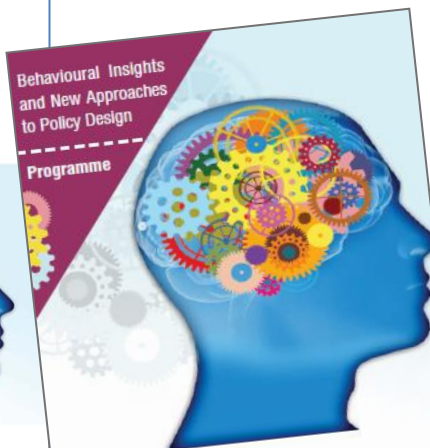
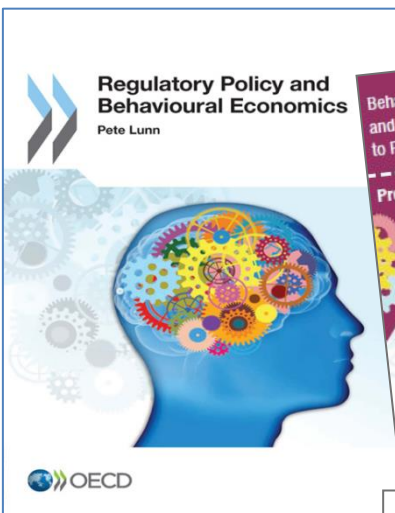
Agenda

1. Why?
2. What to communicate?
3. How to communicate?
4. When communication is not enough?





OECD Body of work since 2012





What's going on around the world?



Behavioural Insights and Public Policy Institutions applying BI to public policy around the world



Institutions inside government

Institutions outside government

Multi-national organisations

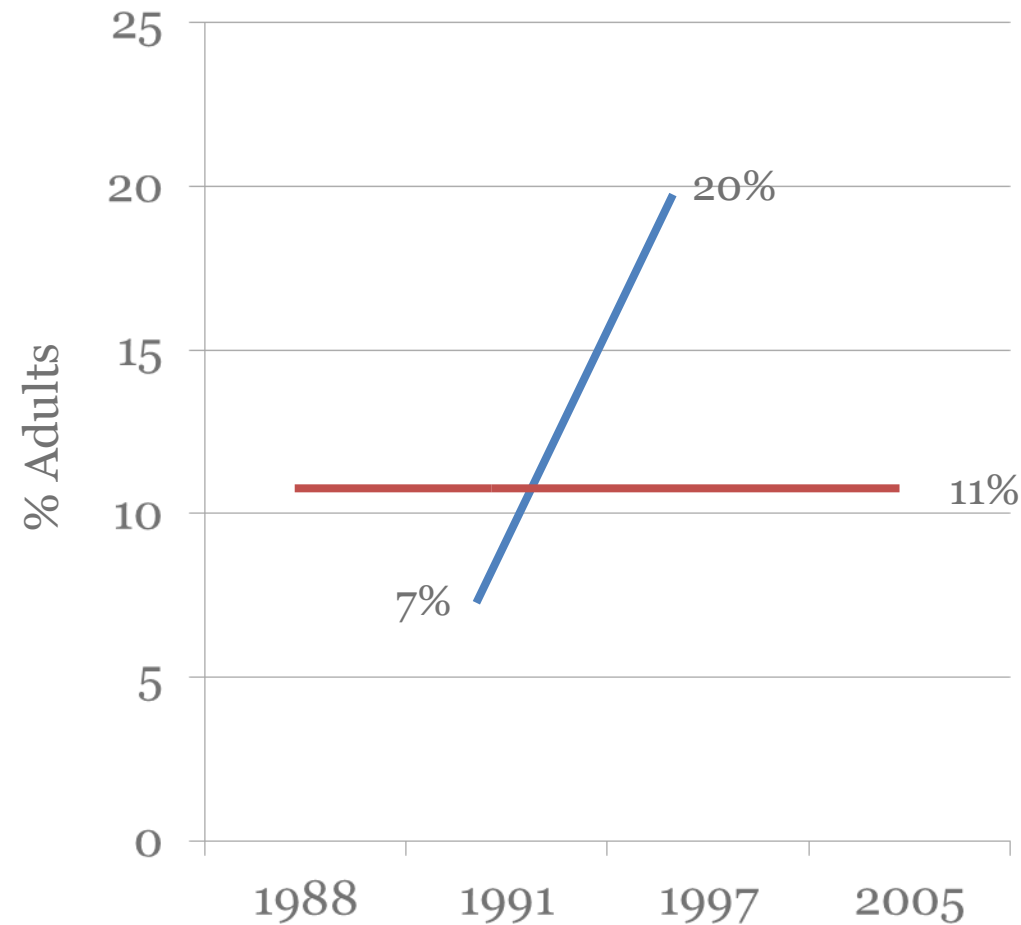


WHY BEHAVIOURAL INSIGHTS?



Changing consumption behaviour

United States 5 a Day



consumption —
knowledge —



WHAT TO COMMUNICATE?



Feedback - Energy bills in Chile – SERNAC/SEC/LabGov – 2015-17 (I)

- *Issue*: difficulty of consumers in understanding energy bills – **information asymmetry & overload**
- *Diagnostics & testing*: multi-staged approach
 - Baseline survey on consumers' understanding of energy bills + heat-map (focus areas in a bill)
 - Survey of consumers, testing and interviews with consumer organisations and business to develop prototypes
- *Testing solutions*: piloting new bill
 - Pilot testing of bill in municipalities
 - Surveying consumers
 - Launch of new bill (2017)



Source: <http://www.recoleta.cl/ministerio-de-energia-lanzo-campana-cuentas-claras-simples-y-transparentes/>



Italy: Using BI for efficient energy consumption in households

Autorità per l'energia elettrica il gas
e il sistema idrico

BILL 2.0: simpler & clearer



Objective: Improve energy efficiency through consumption data and better information

Methodology: Laboratory testing reaction to information on energy consumption

Findings:

- Continuous feedback
- Cost > Energy consumption
- Importance of **benchmark** selection

Result: Re-designed layouts of electric and gas bills



Price Transparency - Ireland

Two Behavioural Studies on (1) whether consumers have difficulties when confronted with unit prices expressed as discounts from standard rates that vary between suppliers. (2) Pretested an intervention: a mandatory “Estimated Annual Bill” (EAB) calculated for a customer with average usage.

- Study 1: Expressing unit energy prices as **discounts from standardized rates** that vary by supplier **reduces price transparency** and is likely to be detrimental to consumer decision-making, relative to more straightforward descriptions of prices.
- Study 2 suggests that the introduction of a mandated “Estimated Annual Bill” (EAB) calculated for a customer with average usage **is likely to help consumers** to locate cheaper electricity packages from among available offerings.

The findings of both studies are consistent with a psychological mechanism that gives greater weight in decisions to explicit information that is easier to process.



HOW TO COMMUNICATE?




Gathering evidence

Home - Customer Forum x



Secure | <https://www.customerforum.org.uk>

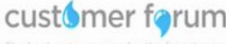
Apps | Default Page (2) | Default Page (3) | GOV Sharepoint | Ipass | Missions - All Mission | OECD Intranet | SERP | Imported From IE



The best water service for the fairest price

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Putting customers
at the heart of
Scottish Water

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Welcome to the Customer Forum.

A ground breaking initiative to help shape water and sewerage services in Scotland for the 21st century.


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Read our latest **news** and **minutes**, and find out what's been happening in the water industry

[More](#)



Scotland water charges – BI-informed stakeholder engagement

Chatbot

Case study: Government of Jersey

Consulting population of Jersey about environment²



70%
complete the
chatbot

82%
want to use
chat again

86%
want to learn
more

50%
share with
friends



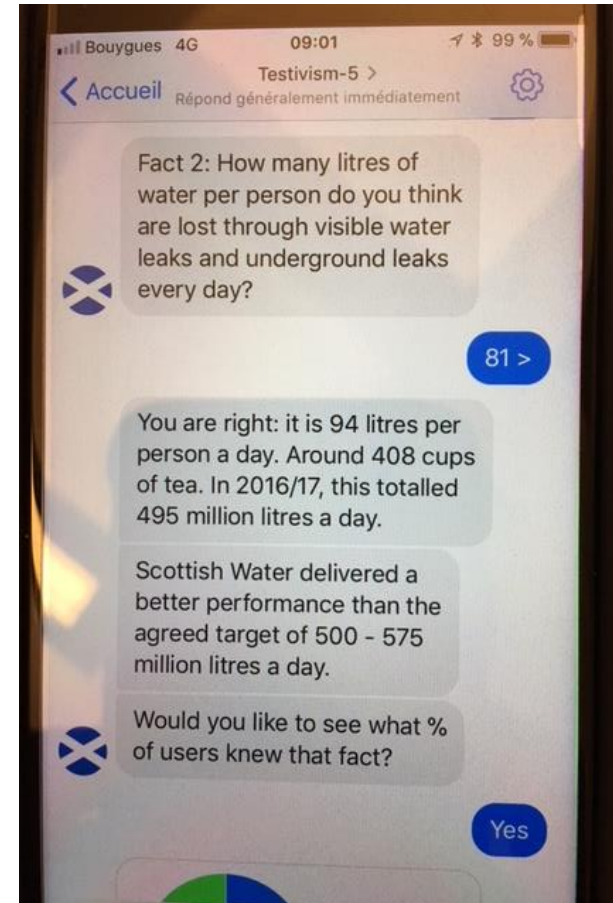
Identified point of
consensus (despite
clashing opinions)

Committed to using
Apptivism for future
consultations

Estimated 4X traction at
25% of the cost of
previous consultation

Live 15 June - 20 June 2017 (798 users).

7





Extrinsic or Intrinsic Messaging

Case from France: How to incentivize social entrepreneurs?

1. Cash reward:

- *Body of the email (highlighted):* “If your application is successful, this award will provide you with various resources, notably a **cash award of up to £5,000**. We provide these financial resources that can help you take the next step in your journey.”

2. Support reward:

- *Body of the email (highlighted):* “If your application is successful, this award will provide you **with 1-to-1 support with an Award Manager** to help you take the next step in your journey. We work with you to grow your plans and access the help you need.”

3. Social impact (~control):

- *Body of the email (highlighted):* “If your application is successful, this award will provide you with the **opportunity to make a difference** by helping transform communities and tackle the many social challenges we face. We aim to bring people together in a common cause to inspire hope for the future and build people’s confidence to act.”



Results...

- At the end of the 1-year grant period, grant winners following **extrinsic reward cues helped 27% fewer people** find a job relative to grant winners in the social/control group
- At the end of the 1-year grant period, grant winners following **extrinsic reward cues reached nearly 20% fewer beneficiaries**
- Candidates following the **extrinsic reward cues were 13% less likely to benefit minority and disadvantaged groups**



WHEN IS COMMUNICATION
NOT ENOUGH?



Pricing – Changing energy consumption patterns in Sweden – EMI – 2014 (I)

- *Issue*: understanding consumption patterns and behaviours – improving energy efficiency
- *Diagnostics* : testing responsiveness to monetary incentives to change consumption
 - Survey-based approach - demand for compensation to adjust to electricity consumption
 - Compensation for average household > existing incentives



Pricing – Changing energy consumption patterns in Sweden – EMI – 2014 (II)

Results (4)

Required compensation for a household for not being able to wash in the morning, without worrying about their integrity, and days with load restrictions?

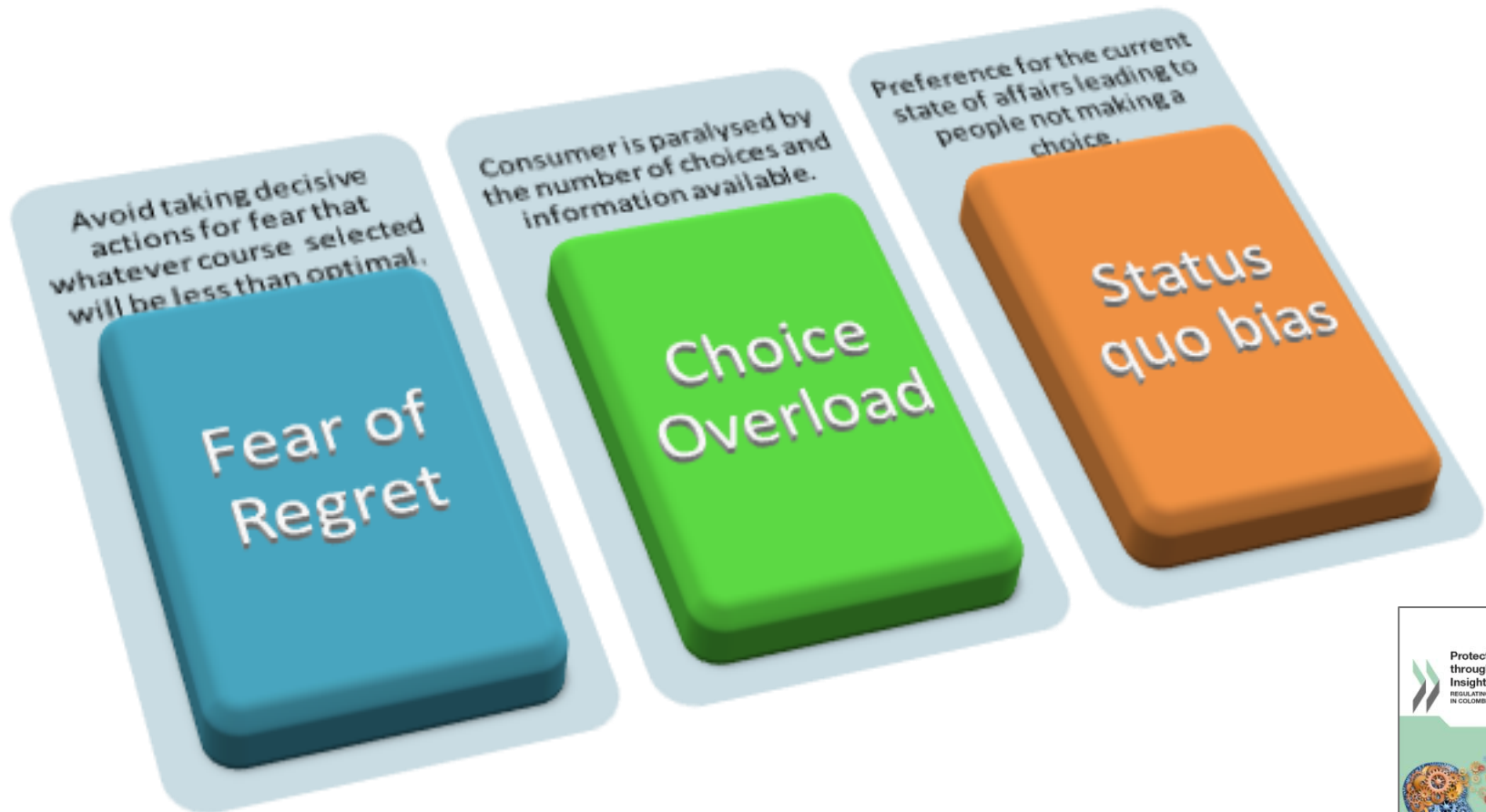
- € 87 - 376 per year on average
- € 0.2 - 1 per day

Results (5)

- Compensation requirements are high relative to current incentives to be flexible.
- However, it cannot be ruled out that the respondent exaggerate the effects of restrictions.



Too Much Information: Reduction in cognitive ability by 10-20%



“Protecting Consumers Through Behavioural Insights”, OECD (2016)



UK OFGEM



- Limit choice of only eight tariffs: 4 for gas, 4 for electricity.
- Inform customers on "Treating Customers Fairly" statement.
- Simpler structure for tariffs
- Suppliers must inform customers of the cheapest available tariff and how much money it could save them.
- Introduction of a Tariff Comparison Rate (TCR) enabling customers to compare tariffs at a glance.



Future OECD work

1. Convener & Coordinator
2. Organisational behaviour
3. Policy toolkit for Behavioural Insights
4. Ethical Framework for policy makers





Thank you

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For more information:

<http://www.oecd.org/gov/regulatory-policy/behavioural-insights.htm>

<http://www.oecd.org/gov/regulatory-policy/ner.htm>