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Spotlight on Social Marketing #3: Behavioural Economics

David Cameron's Coalition Government has made a scene about cutting marketing budgets and instead using insights from behavioural economics to 'nudge' people into making choices which are better for themselves and society[i]. What impact has the 'nudge' approach potentially got on the field of social marketing?

What is behavioural economics?

People make predictably bad decisions, like eating doughnuts when they should be snacking on carrots or for not saving enough of their income. Behavioural economics (BE) is the study of these patterns of predictably irrational, 'poor' decisions[ii,iii,iv].

Some behavioural economics insights:

- People default to inertia, so will not sign up as an organ donor unless it is a default setting[iii].
- People have a 'hot' and 'cold' state, and make different decisions in each. As Aristotle wrote, "our judgments where we are pleased and friendly are not the same as when we are pained and hostile" [v].
- People can only appreciate risk if they can envisage it. People spend more on travel insurance against terrorism than against any other more likely disruptions[ii].
- The endowment effect. People weight losses much higher than opportunity costs[ii].

BE acknowledges that people need a nudge in the right direction to behave in the way they would if they were better people, or if they had better information or a better social environment. This nudge, called soft paternalism, can take the form of redesigning a canteen so people are nudged towards selecting salad over chips, or making organ donation of pension schemes 'opt out' rather than 'opt in'.

Behavioural economics vs. social marketing?

Although the Government has scrapped marketing budgets in favour of behavioural economics, if you read the *MINDSPACE*[vi], (a framework for applying behavioural economics to behaviour change policy) you are struck that many of the recommendations are familiar as marketing insights or techniques. We are told that messages must be framed carefully to be effective, and that we are influenced by what other people do. We are told that people like to be consistent with their public image; that we act in ways that make us feel better about ourselves and that we can be conditioned by unconscious cues. As the report itself acknowledges, these 'insights' have been used by commercial marketers for generations.

So why is the government hailing BE as the New Way and not social marketing, which is built on commercial marketing principles? Perhaps because 'marketing' has a bad reputation; for being manipulative, undemocratic and sly and therefore is a political hot potato? Social marketers like Bill Smith take great pains to distance themselves from the Manipulative Marketer[vii,viii] and this has had the effect of social marketing limiting its scope. Social marketing commentary tends to emphasize the 'cognitive' marketing exchange and the necessity for the consumer's voluntary and deliberative, self-reflexive engagement with the marketing offer. This contrasts with commercial marketing's easy use of behavioural conditioning, emotional triggers, commands and persuasion, and indeed many of the insights defined as 'behavioural economics'.

We argue that in an attempt to distance itself from the ethically 'grey' behaviour change techniques of commercial marketing, social marketing commentators have limited the scope of the discipline to something ethically uncomplicated (cognitive, voluntary exchange based on consumer needs) but practically and conceptually limiting. If people cannot see the benefits of the proposed behavior, does that mean social marketing has no place in the solution?

Ultimately, this restrictive social marketing commentary has enabled behavioural economists, like Richard Thaler (who is advising on the government on their new 'nudge' approach), to market themselves in the new age of financial restraint far better than social marketers. We can say 'but marketers have been using these insights for

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generations', but *social* marketing commentary has embraced them. Why can't social marketing use a less cognitive approach to behavior change for social good? Many commercial marketing techniques, and 'Nudge' techniques, happen under consumers' radar and so are 'pain free' way to new behaviour adoption. They are also often very effective and cheap, leading to habit formation and sustained behavioural shifts.

What now?

We in danger of BE becoming the only default position for behaviour change[ix], so we argue that social marketers need to incorporate learning from BE into their commentary and embrace a more flexible approach to using marketing for social good. BE should become part of the social marketing mix and not be viewed as in opposition to it. Marketers are experts at changing behaviour, so the challenge is to incorporate all types of marketing techniques, including insights from BE, into social marketing, and demonstrate the field's rigour, flexibility and contemporary applicability. "The real challenge is how to incorporate BE in social marketing practice without becoming slavish to a new fad, without forgetting all of the other things we know about people and how to influence their behaviour"[x].

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[i] Wintour, P. (2010). David Cameron's 'nudge unit' aims to improve economic behavior. *The Guardian.* 9th September, p.14.
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