Using Behavioral Economics to Inform Consumer Education

September 20, 2016

Office of Child Care
An Office of the Administration for Children & Families

This webinar was developed with funds from Grant #90LH002 for the U.S Department of Health and Human Services, Administration for Children and Families, Office of Child Care. This resource may be duplicated for noncommercial uses without permission.

How Insights and Tools from Behavioral Economics Can Support Child Care Consumer Outreach and Education

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Road map

- Views of human behavior: A primer on the behavioral economics (BE) framework
- Science to practice: 7 Applications of BE

Assumptions: Are child care consumers (mostly parents) calculating or emotionally impulsive agents?

24 HOUR
FITNESS
POINT LON
HANDICA
TO UPPE
LOCATED
24 HOUR

Perspective from conventional economics

- Theory of utility maximization
- Compare costs with benefits
- Preferences are:
  - Stable (and, static)
  - Well informed
  - Self interested

➢ Levers: Prices, costs, total economic resources, and transaction costs (search/info, bargaining, enforcement)

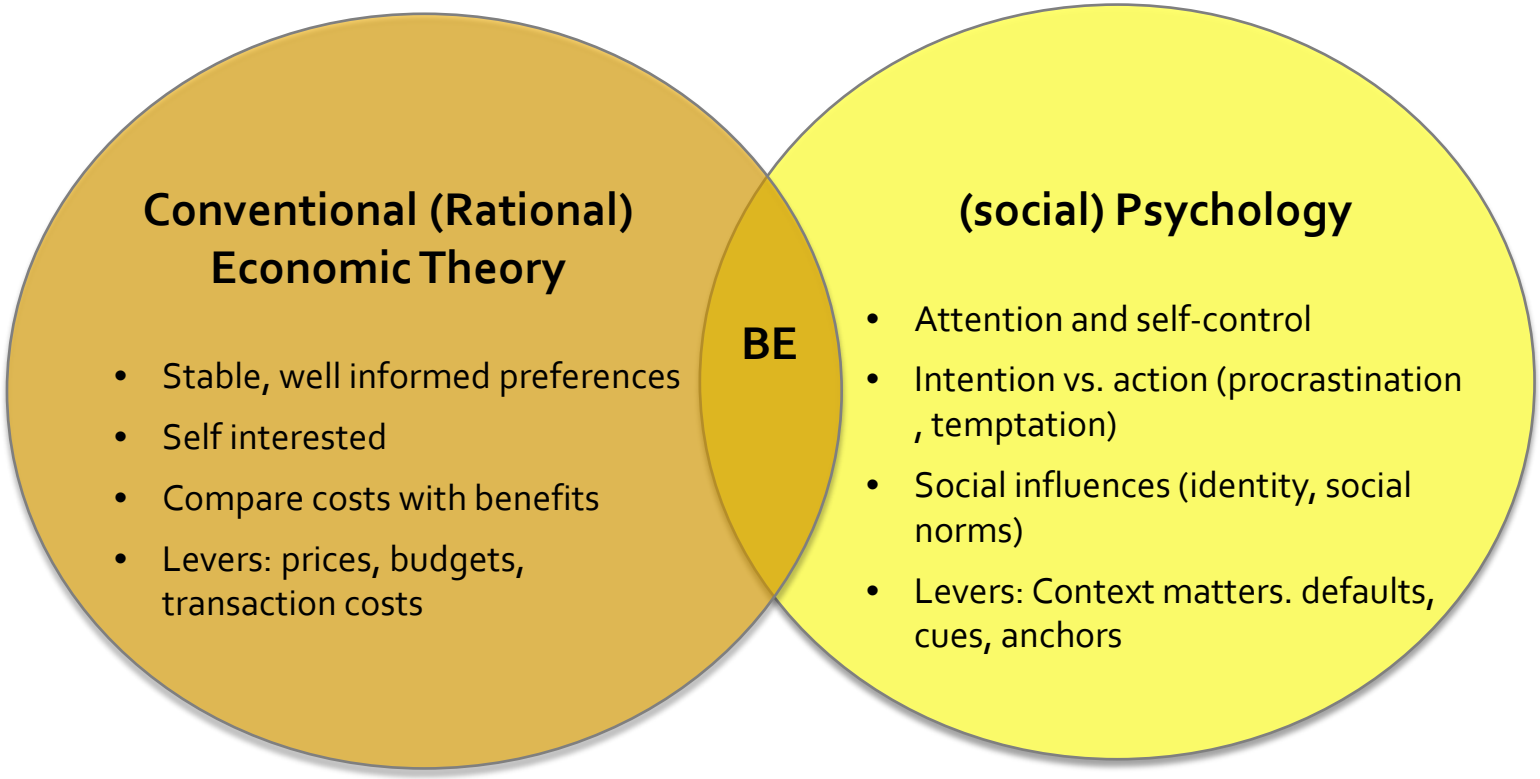
Perspective from social psychology

- Malleable preferences
- Myopic
- Impulsive
- Social
- The easy and short way out-wins the rational way

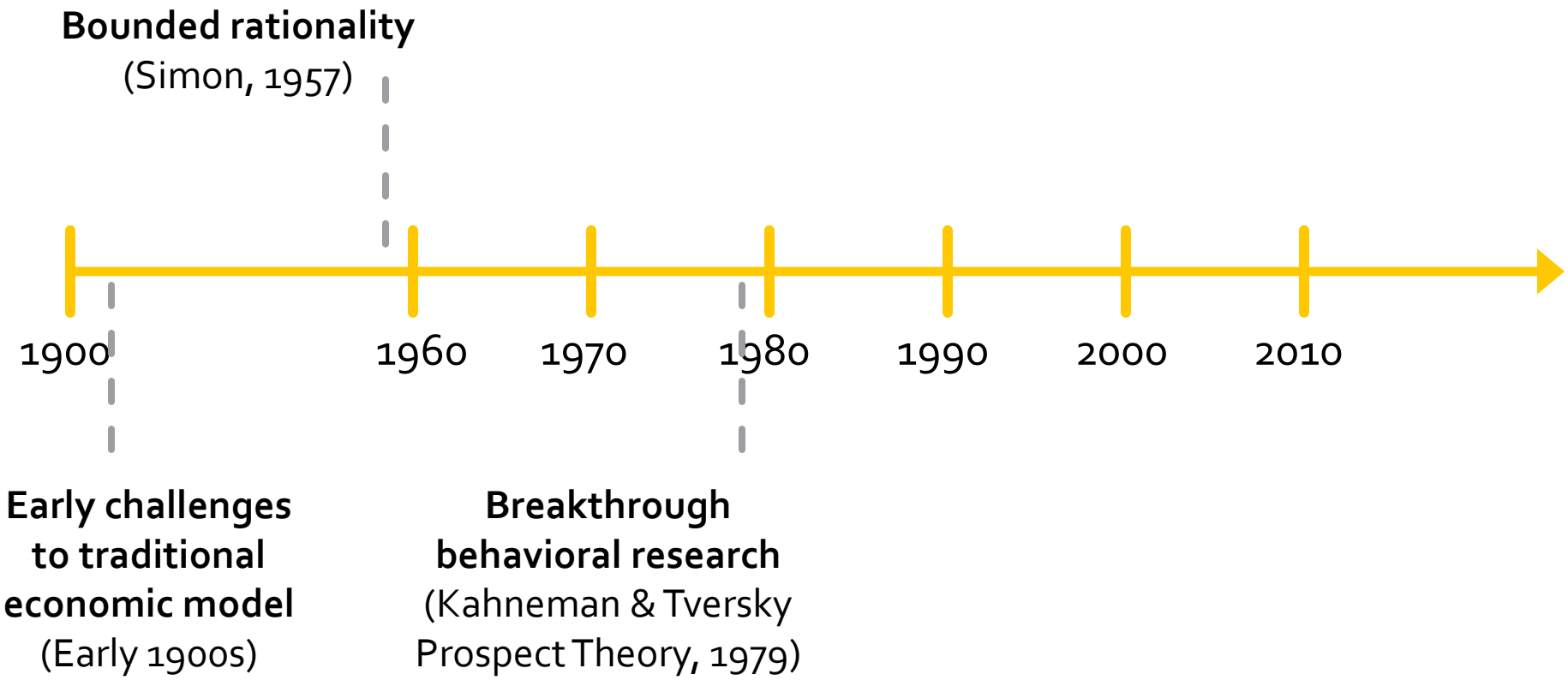
➢ Levers: Context matters (defaults, frames, anchors)

Hybrid: Behavioral Economics Approach

Theory of human decision making integrating concepts from cognitive decision making in psychology with economic theory



The insights are not new; the application to real world situations is



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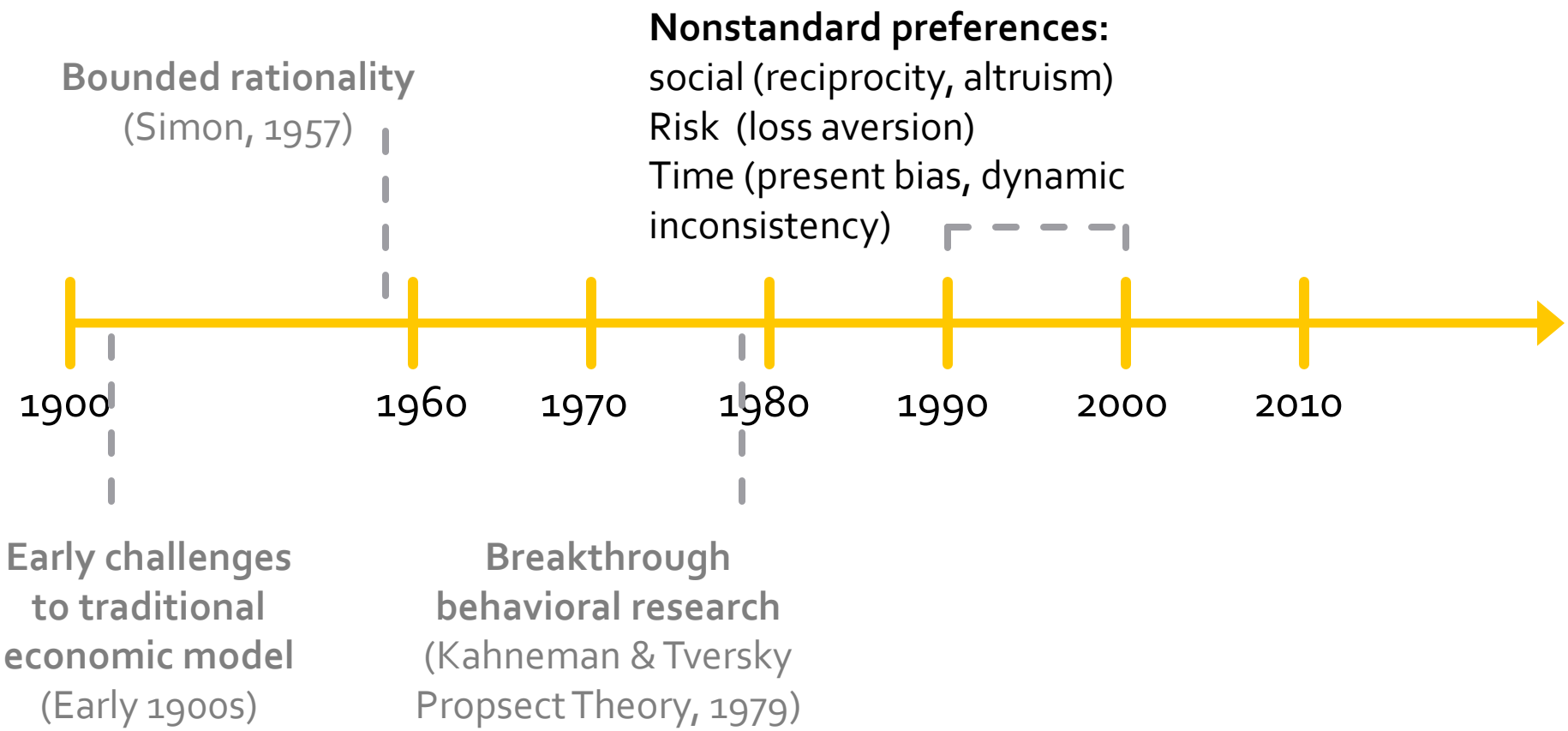

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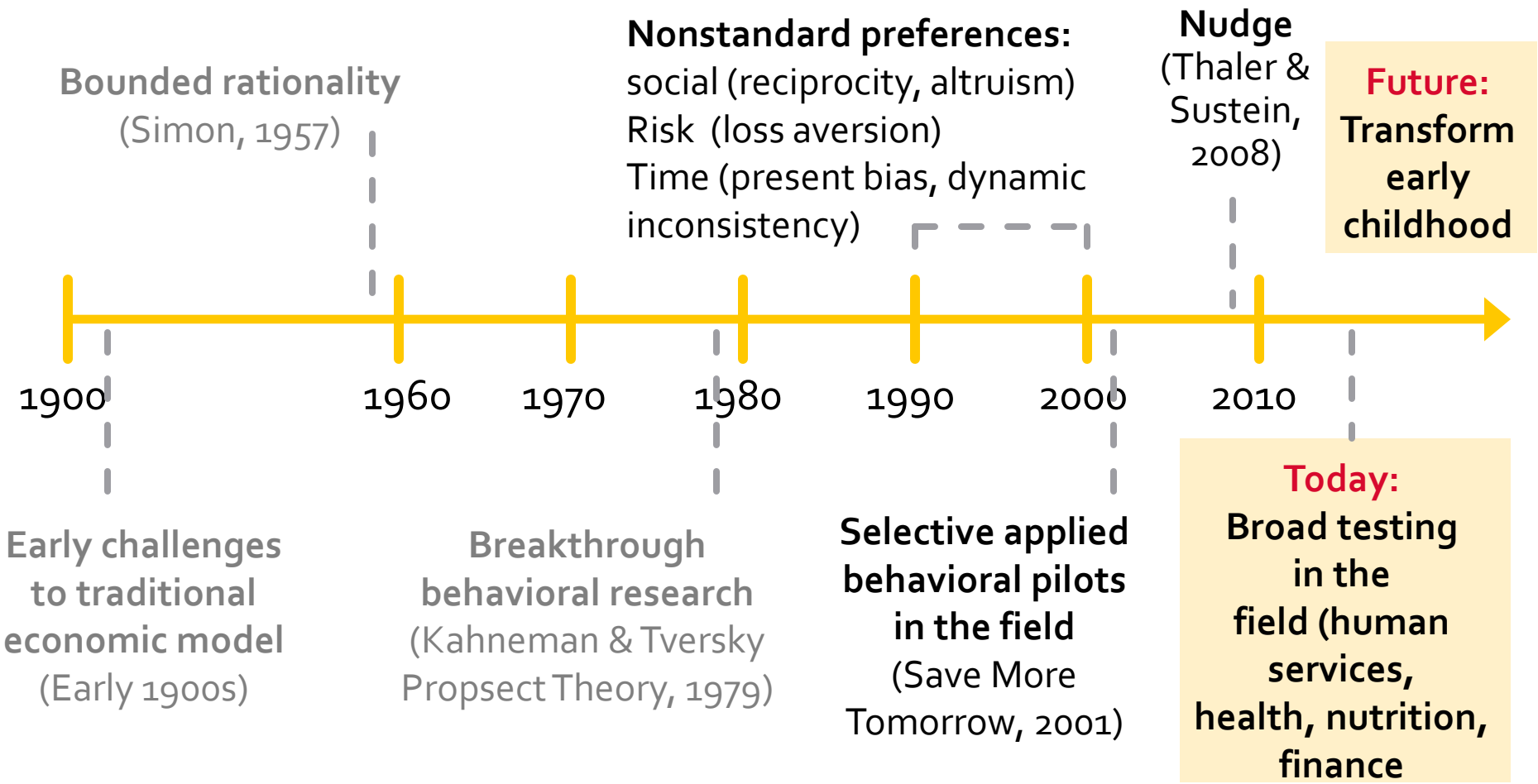

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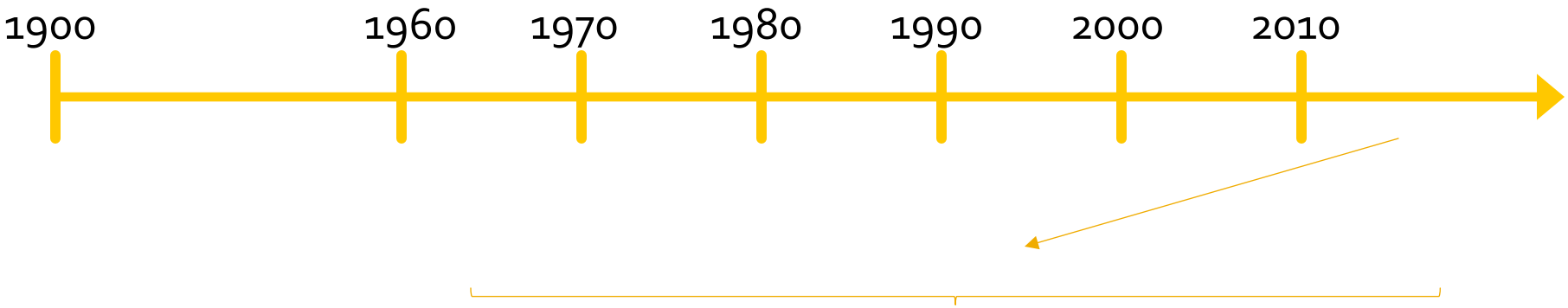


2010	2012	2013-14	2015	2016
BE & poverty ACF conference **The BIAS project launches**	**ideas42 spins off from Harvard**	**Scarcity; Inside the Nudge Unit**	**BIP lab BE and early childhood** **White House executive order**	**beELL launch**

The context of poverty

- Is (poor) decision making the cause of poverty?
- Or, does the experience of poverty influence decision making?

- Conceptual:
  - Mullainathan & Shafir (2013). *Scarcity: Why Having too Little Means so Much.*
  - Gennetian & Shafir (2015). Behavioral Perspectives on Poverty and Economic Instability. *Journal of Policy Analysis and Management.*

- Empirical:
  - Mani, A., Mullainathan, S., Shafir, E., & Zhao, J. (2013). Poverty impedes cognitive function. Science, 341, 976-980.
  - Shah, A., Mullainathan, S., & Shafir, E. (2012). Some consequences of having too little. *Science*, 338, 682-685.

Broadened lens on parent-consumers

Money, time *and mental bandwidth* as resources.

- E.g., attention and self control

Behavior and decisions respond to the environment.

- Identity creation and social influences

- Poverty comes with circumstances that can strain mental bandwidth
- A choice is often determined by a series of small (default or deliberate) decisions.

BE framework → BE Tools

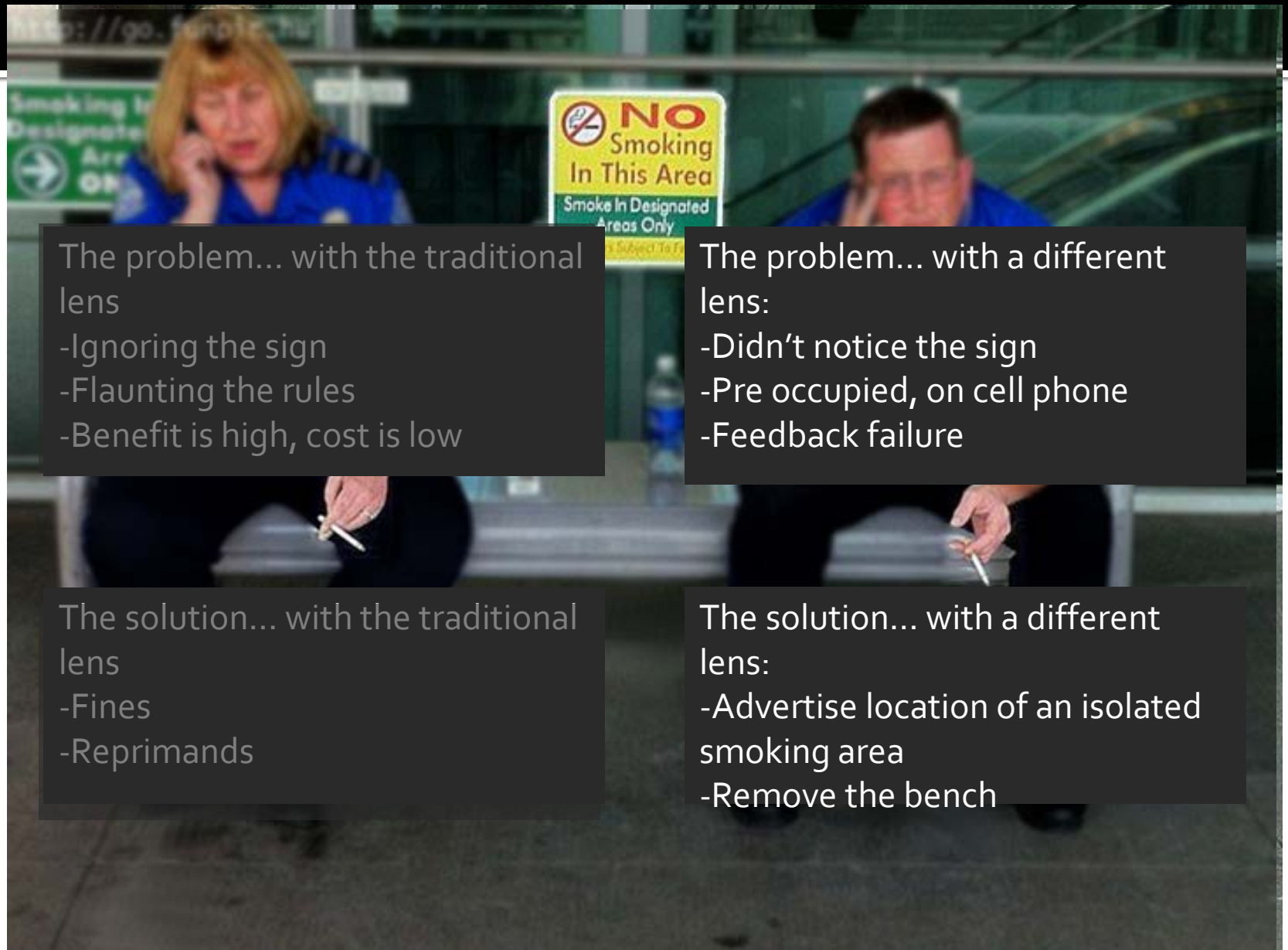
Economic theory…plus psychology

- Limited attention
- Self control
- Identity
- Social influences

BE framework → BE Tools

Economic theory…plus psychology	Economic plus BE tools
Limited attention	Reminders
Self control	Commitment device
Identity	Positive affirmation
Social influences	Social norm

Thinking behaviorally



The problem… with the traditional lens
-Ignoring the sign
-Flaunting the rules
-Benefit is high, cost is low

The problem… with a different lens:
-Didn't notice the sign
-Pre occupied, on cell phone
-Feedback failure

The solution… with the traditional lens
-Fines
-Reprimands

The solution… with a different lens:
-Advertise location of an isolated smoking area
-Remove the bench

Goals of child care consumer education & information

- Help clients match child care preferences and needs to availability
- Provide education and information and help optimize child care choices; support informed choice
- Assist with financial help

Assumptions:

- Available = easy to access, use and understand
- Intentions are translated to follow through
- Clients "asks" are aligned with CCRP's "gives"
- People can sort through complex information
- More is better
- Agnostic to context

Science to Practice: 7 Examples

Defaults

Personalization

Identity and affirmation

Choice overload

Reminders & commitment devices

Small incentives; quantifying future benefits

Social cues and influences

Science to Practice

Drawing on findings and lessons:

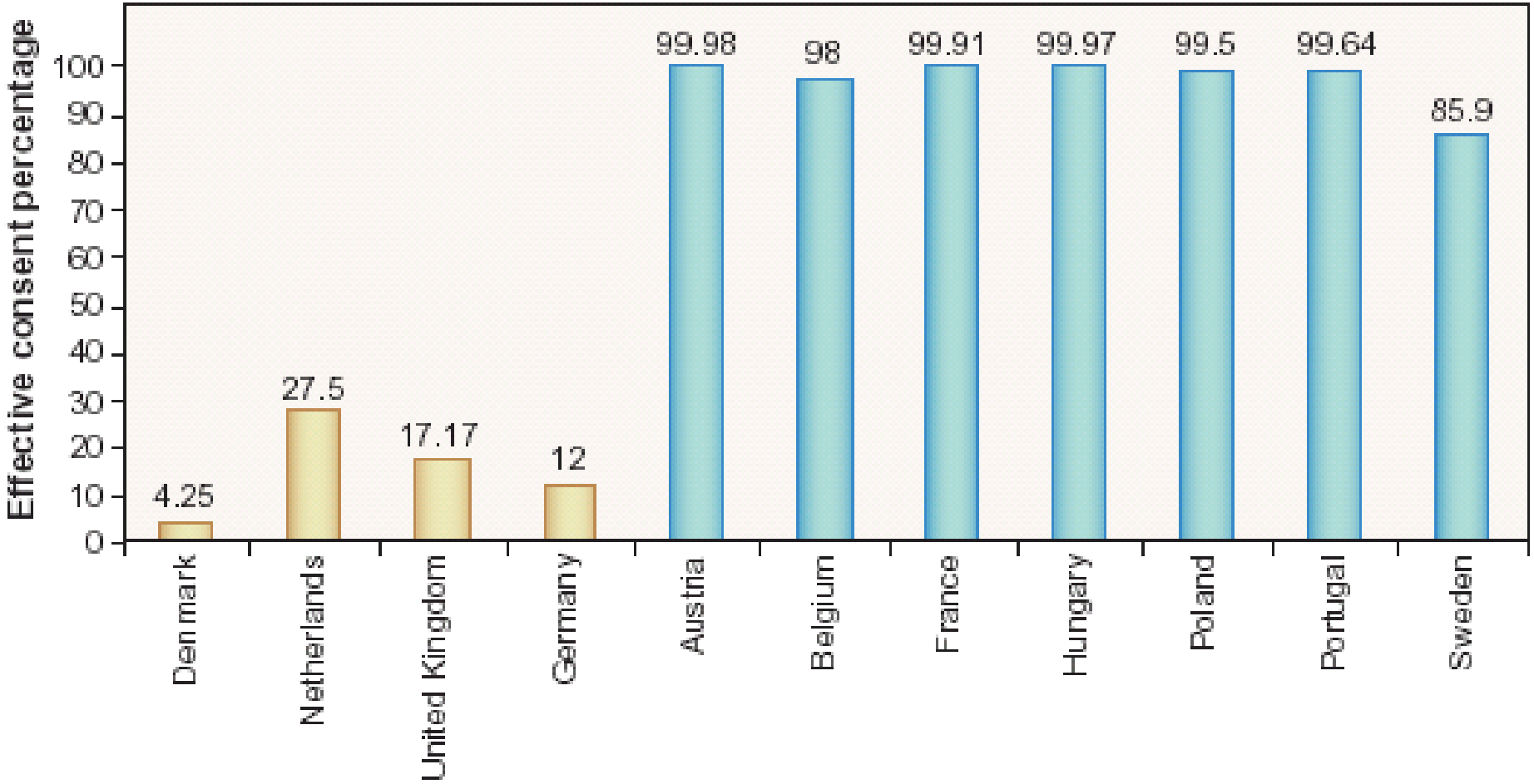
- From other domains (health, savings, energy); often pure tests of a concept or tool
- From the domain of child care or early childhood interventions; often a bundled test of "overlaid" behavioral tools:
  - beELL initiative (beELL-GRS, beELL-NYC, beELL-ParentCorps)

    beELL™: nudging children to a better start

    bd
  - Behavioral Interventions to Advance Self-Sufficiency (BIAS) project

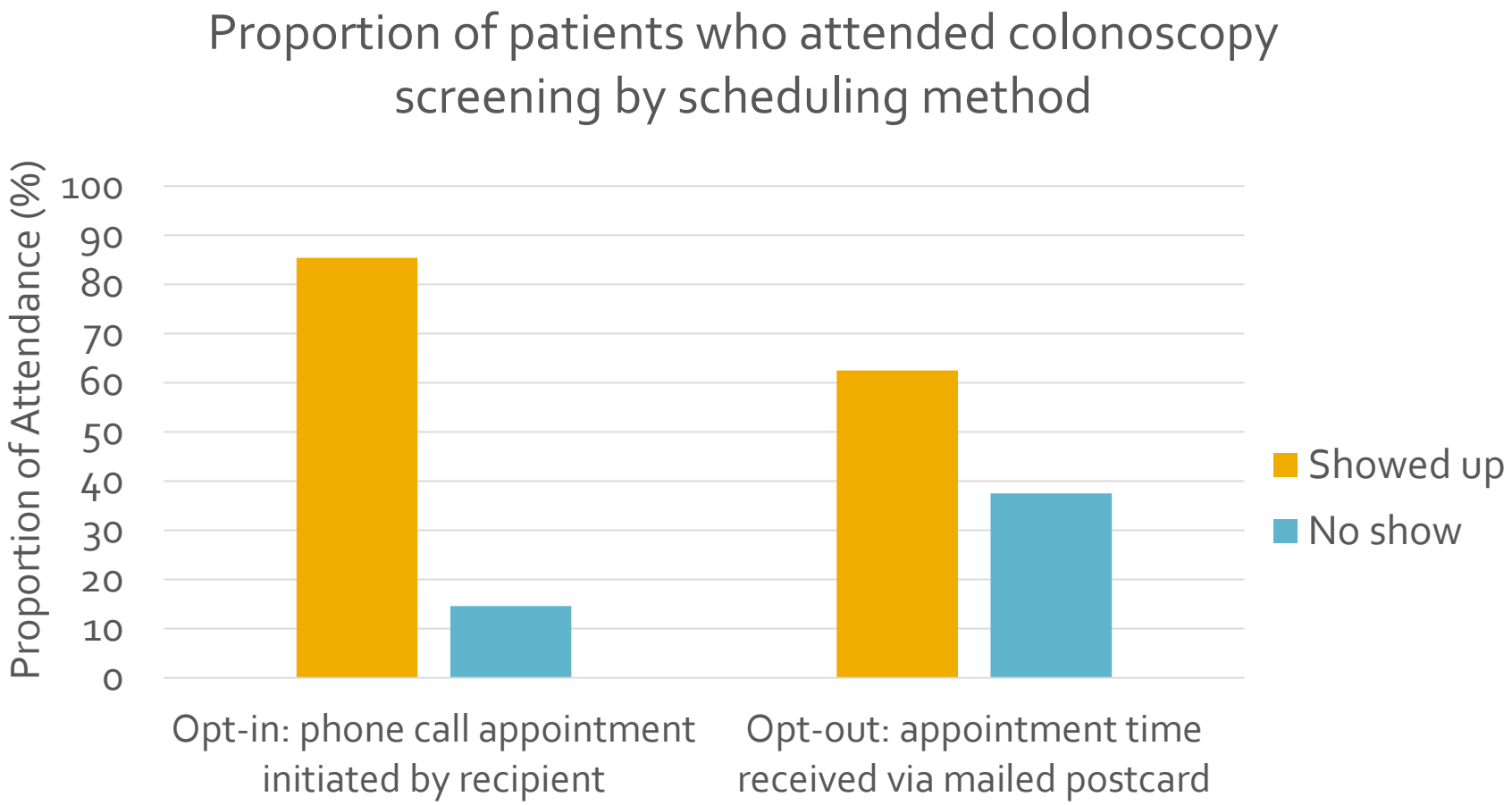
Defaults

Defaults



Effective consent rates, by country. Explicit consent (opt-in, gold) and presumed consent (opt-out, blue).

Defaults



Source: Narula, T., Ramprasad, C., Ruggs, E. N., & Hebl, M. R. (2014). Increasing colonoscopies? A psychological perspective on opting in versus opting out. *Health Psychology*, *33*(11), 1426.

Defaults

beELL-ParentCorps (autumn 2016)

- Option 1: Invitations based on an assigned date
- Option 2: Group consensus around self determination of a meeting time

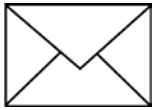
*Challenge: Protecting parent choice

- Option 1: Assume and work with the predetermined child care choice
- Option 2: Respect the child care choice but still offer information about other options with a timeline and steps toward a final decision

Personalization

Personalization

beELL™ -GRS kick-off meeting invitations

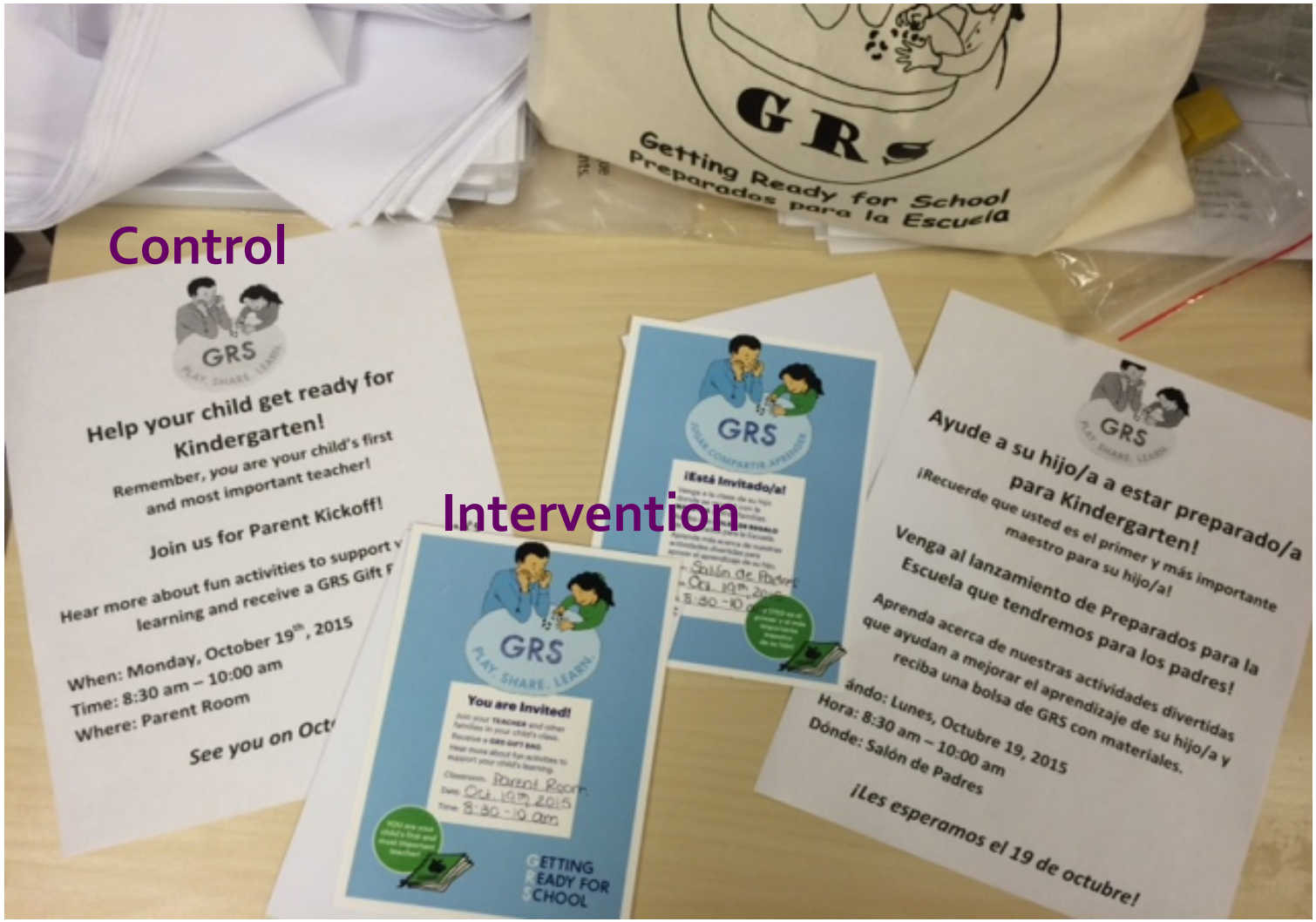


Envelope: Increases sense of importance

Reframed as an invitation, not a flyer

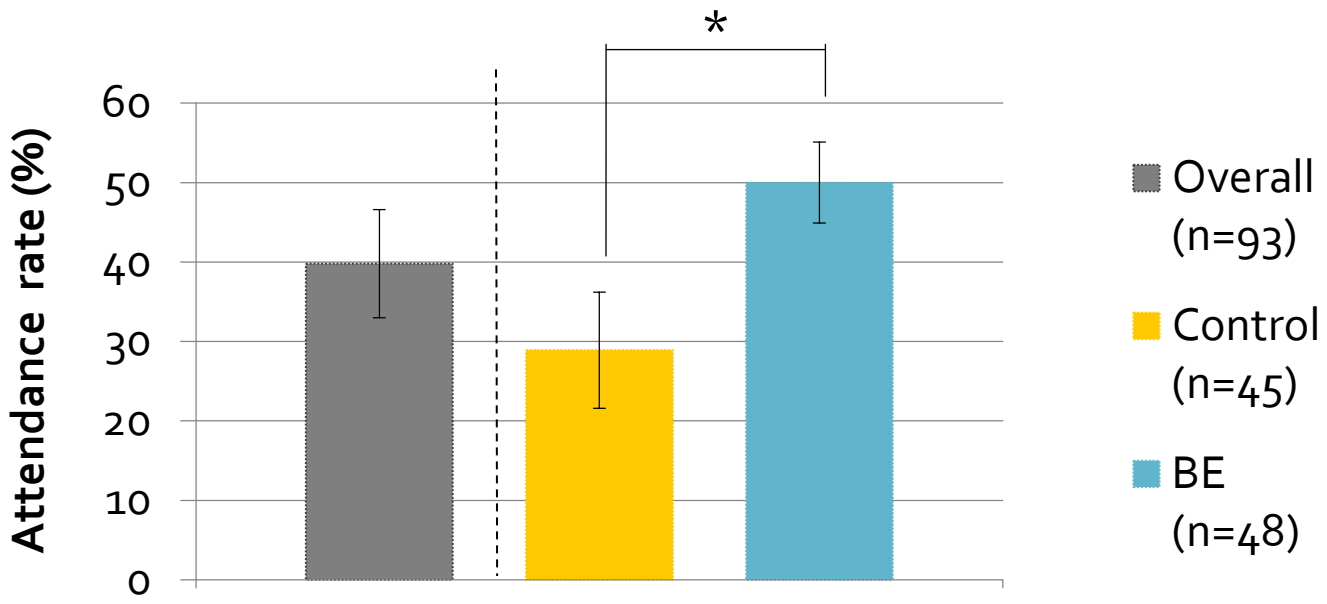
Personalized hand-written information, focuses attention

Personalization



Personalization

beELL-GRS: BE nearly doubled attendance to the kick-off meeting[1]



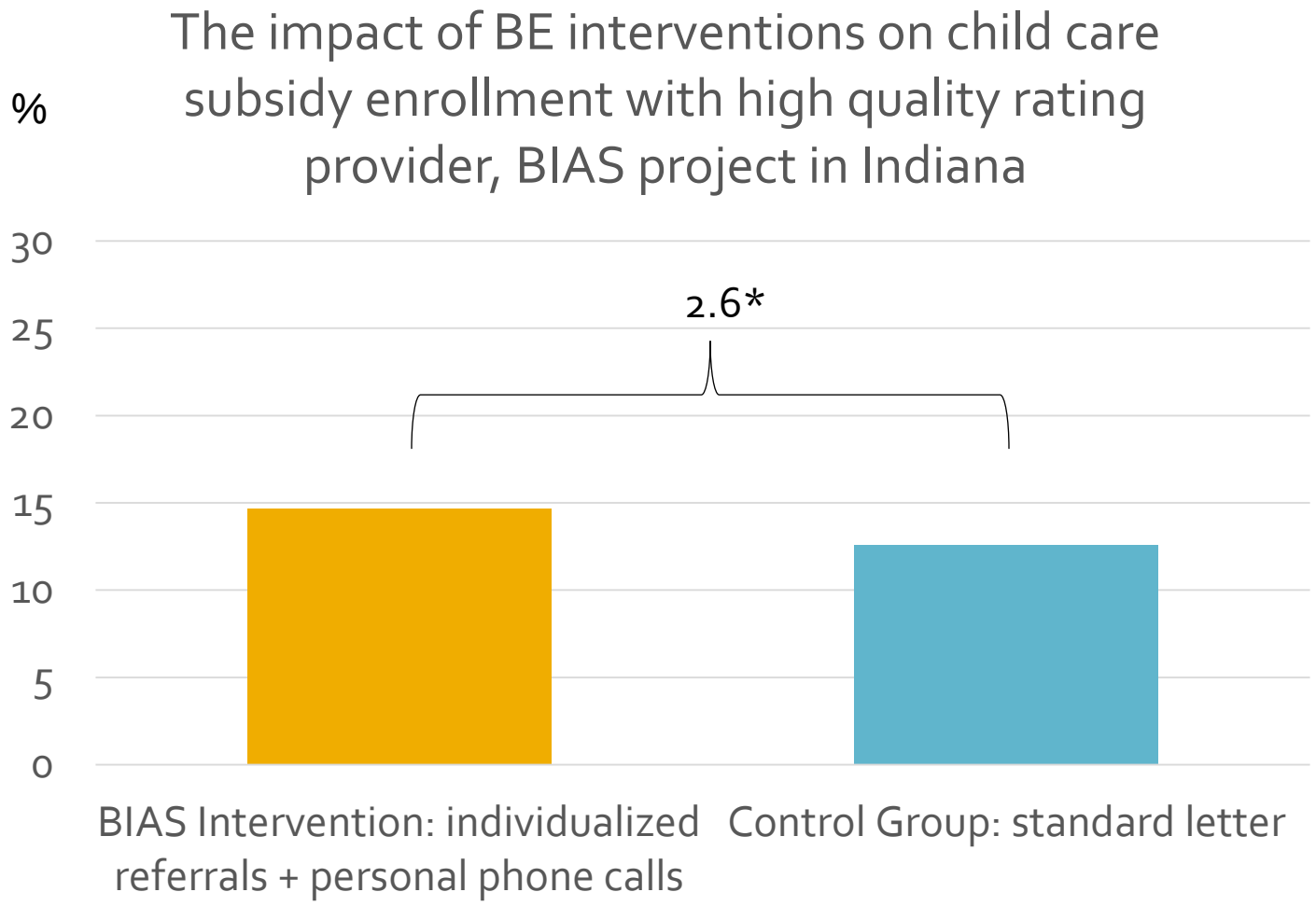
[1]Data from two classrooms were removed from analysis due to intervention contamination (the teacher personally accompanied all caregivers who were present to the kick-off meeting)
Attendance results with inclusion of data are qualitatively similar when controlling for class or center:

Personalization

beELL-NYC, Personalized reinforcement of early language campaign

Day	TTYB text message	Day	BE overlay text message
22	Rattles come in many different forms and are popular for a reason! The gentle noise stimulates your baby's ability to hear and pay attention to sounds.	27	beELL-NYC: Babies enjoy playful noises! Make your own rattle by putting rice in a plastic container, or shake your keys gently.
68	Sing songs. Music makes words easier to remember, and singing makes language come alive for you and your baby! Why singing matters: http://txt.nyc/t	69	beELL-NYC: {child_name} loves to hear your voice! Sing songs or tell stories that you enjoyed as a child.
114	Be your baby's mirror! Imitate his laughter and the faces he makes. For communication tips: http://txt.nyc/q	118	beELL-NYC: Make silly sounds to make {child_name} laugh. If {child_heshe} answers, copy {child_hisher} sounds and expressions.

Personalization



Source: MDRC – Behavioral Interventions to Advance Self-Sufficiency (BIAS) project

Identity and affirmation

Identity

Testing identity salience in the context of welfare benefits programs

When exiting a soup kitchen, randomly exposed to:

	Neutral condition	Positive affirmation condition
Stopped to consider (%)	44	58
Of those, took information (%)	36	79**
Total take up (%)	16	46

Source: Hall, Zhao & Shafir, 2014

Identity

beELL™-NYC

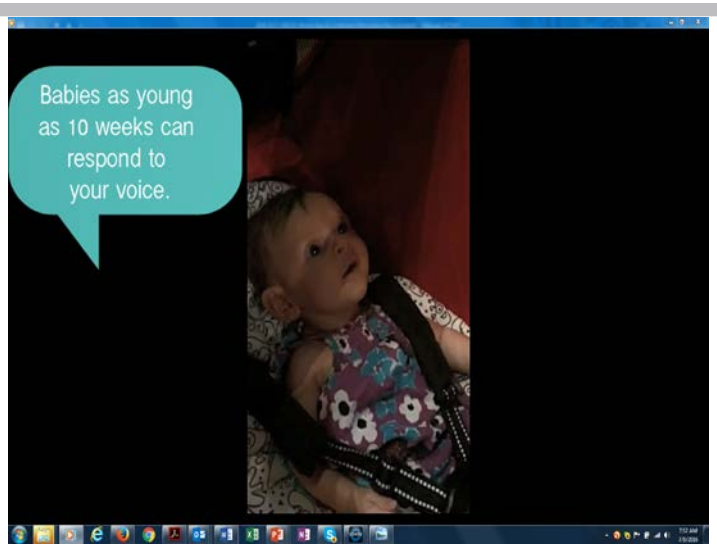
- Positive affirmation by home visitor during second home visit

  Being a new mom can feel overwhelming sometimes, but you're doing a great job. What was one new thing (baby's name) has done since I saw you last week? Something that made you smile?

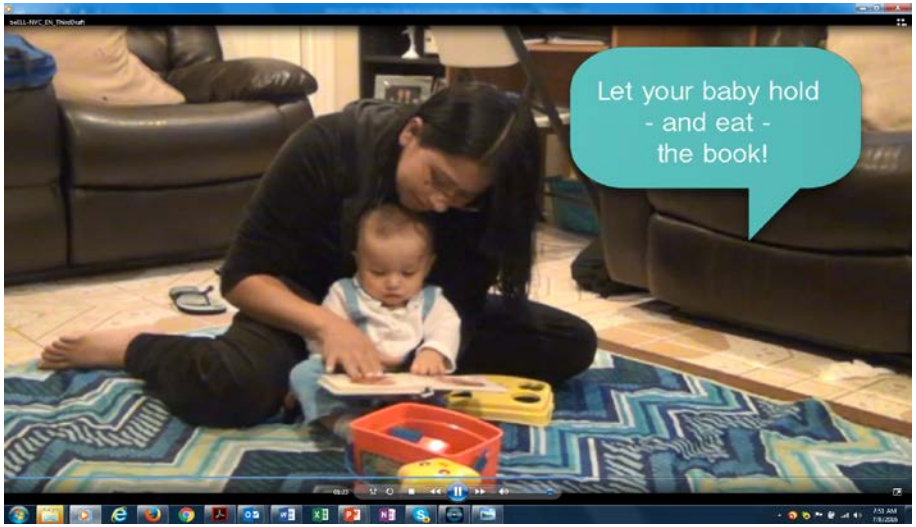
- Video of positive responsive parent-infant interactions

- Text based positive affirmation of parenthood

Identity

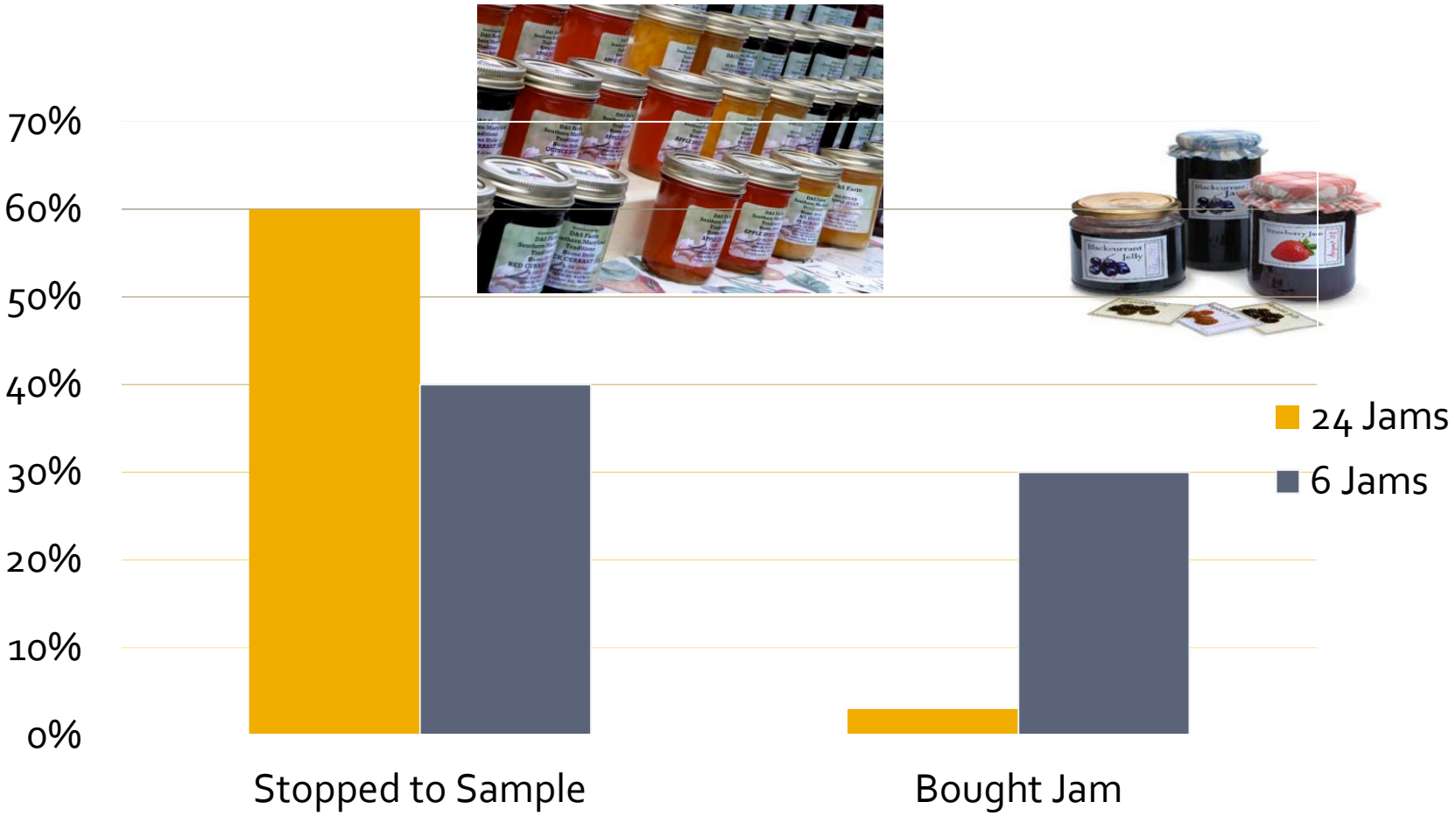

Babies as young as 10 weeks can respond to your voice.

Look into your baby's eyes!


Let your baby hold - and eat - the book!

Choice overload

Choice overload

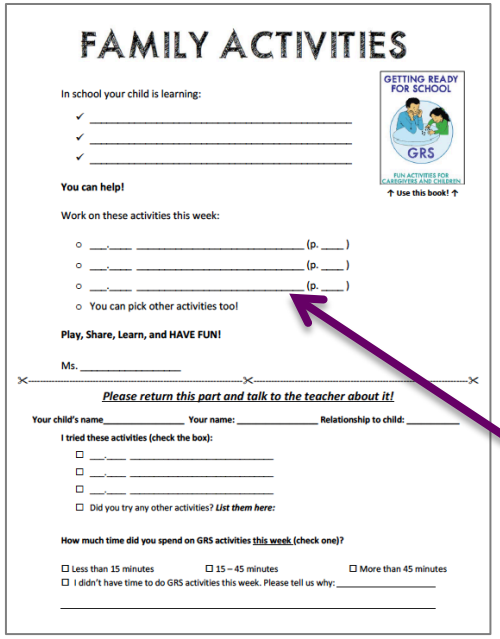


(Iyenger & Lepper, 2000; B. Schwarz, 2000)

Choice Overload

beELL-GRS: Weekly assignments from teacher to families

Control: Letter



FAMILY ACTIVITIES

GETTING READY FOR SCHOOL GRS FUN ACTIVITIES FOR CAREGIVERS AND CHILDREN

In school your child is learning:

✓ _____

✓ _____

✓ _____

↑ Use this book! ↑

You can help!

Work on these activities this week:

- ___.___ _____ (p. ____)
- ___.___ _____ (p. ____)
- ___.___ _____ (p. ____)
- You can pick other activities too!

Play, Share, Learn, and HAVE FUN!

Ms. _____

Please return this part and talk to the teacher about it!

Your child's name_____ **Your name:** _____ **Relationship to child:** _____

I tried these activities (check the box):

- ☐ ___.___ _____
- ☐ ___.___ _____
- ☐ ___.___ _____
- ☐ Did you try any other activities? ***List them here:***

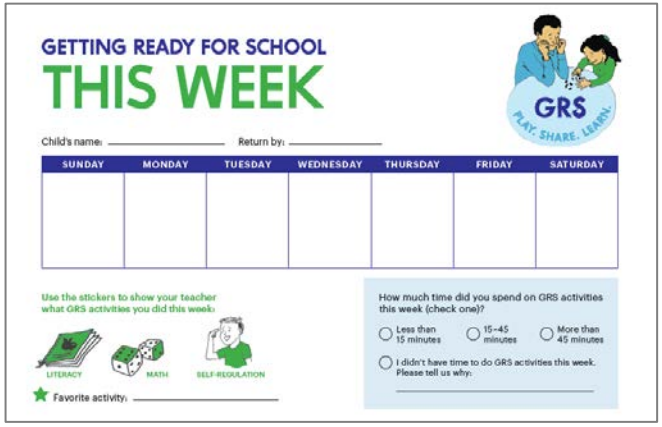
How much time did you spend on GRS activities this week (check one)?

☐ Less than 15 minutes ☐ 15 – 45 minutes ☐ More than 45 minutes

☐ I didn't have time to do GRS activities this week. Please tell us why: _____

_____

Intervention: Letter + Goal Chart



GETTING READY FOR SCHOOL

THIS WEEK

GRS PLAY. SHARE. LEARN.

Child's name: _____ Return by: _____

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY

Use the stickers to show your teacher what GRS activities you did this week:

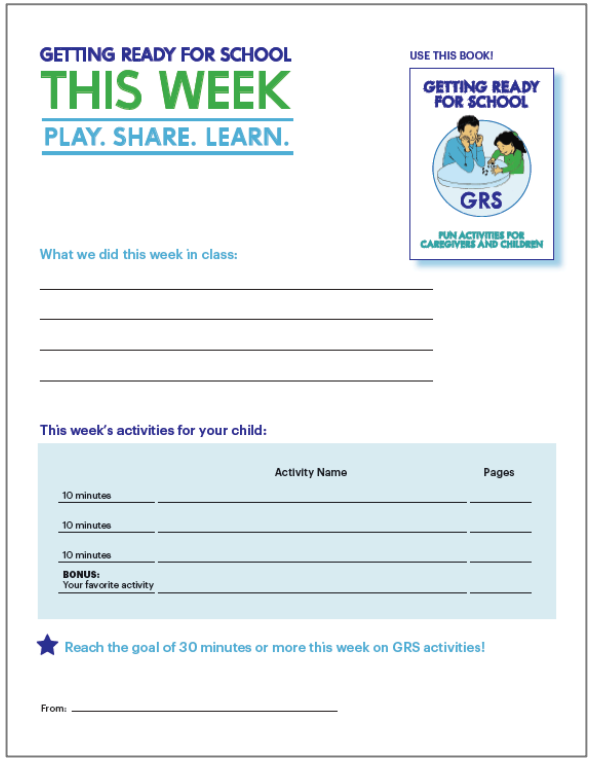
LITERACY MATH SELF-REGULATION

★ Favorite activity: _____

How much time did you spend on GRS activities this week (check one)?

◯ Less than 15 minutes ◯ 15–45 minutes ◯ More than 45 minutes

◯ I didn't have time to do GRS activities this week. Please tell us why: _____



GETTING READY FOR SCHOOL

THIS WEEK

PLAY. SHARE. LEARN.

USE THIS BOOK!

GETTING READY FOR SCHOOL GRS FUN ACTIVITIES FOR CAREGIVERS AND CHILDREN

What we did this week in class:

_____

_____

_____

_____

This week's activities for your child:

	Activity Name	Pages
10 minutes		
10 minutes		
10 minutes		
BONUS: Your favorite activity		

★ Reach the goal of 30 minutes or more this week on GRS activities!

From: _____

Three clear options

Reminders & commitment devices

Reminders & Commitment Devices

Control Group

Consumer opens bank account with savings goal

Consumer assesses savings amount

Treatment Group

Consumer opens bank account with savings goal

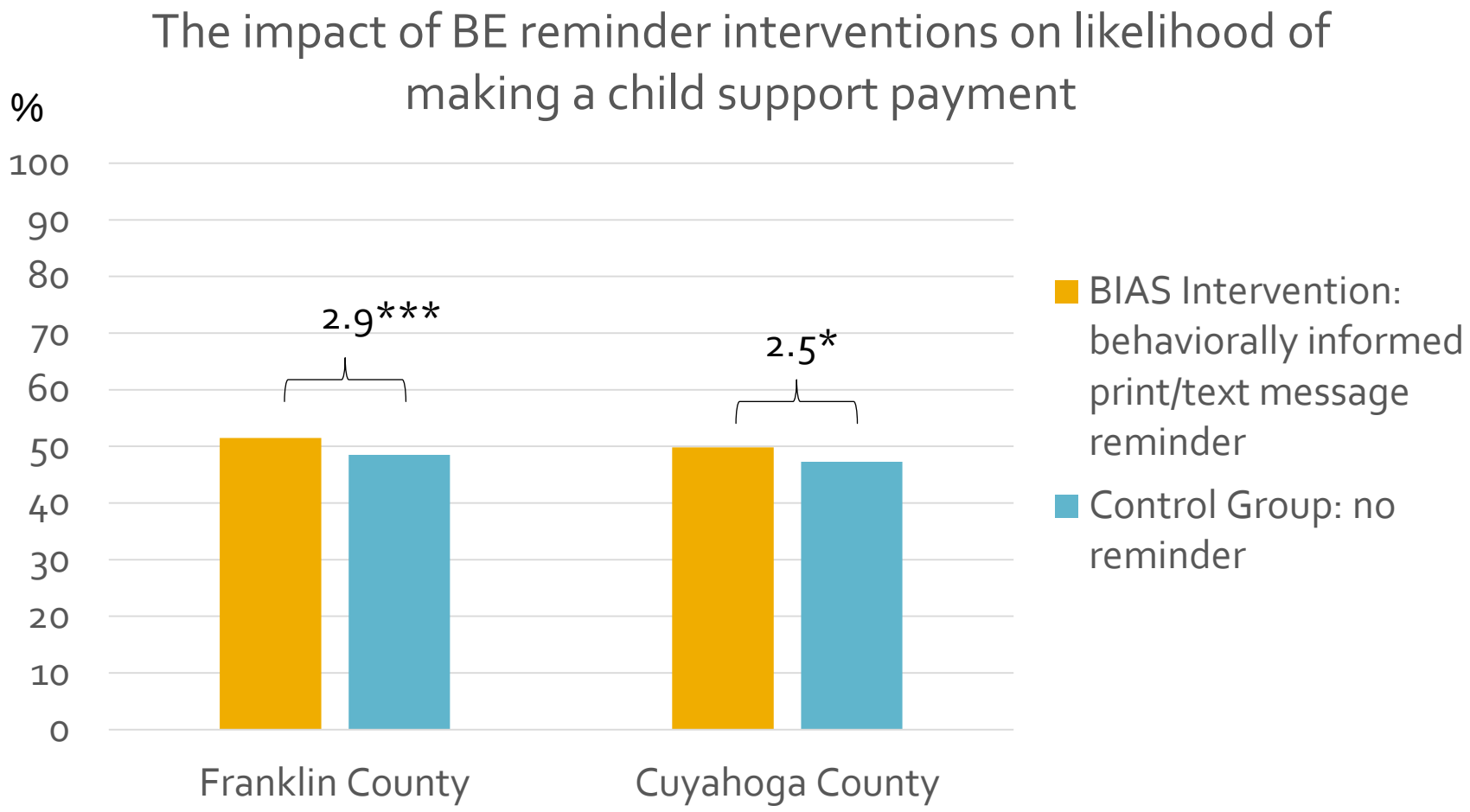
Monthly reminder texts or letters

Consumer assesses savings amount

6% more saved

Source: Karlan, McConnell, Mullainathan, Zinman (2011)

Reminders & Commitment Devices



Source: MDRC – Behavioral Interventions to Advance Self-Sufficiency (BIAS) project

Reminders & Commitment Devices

beELL-GRS weekly text message reminders

FRIDAY	SATURDAY	SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THUSDAY
Week 1 5PM GRS: Goal charts were sent home today! Have your child use a sticker every time you do a GRS activity together.		1PM GRS: GRS fun begins today! Try out a GRS literacy activity with John.		7:30PM GRS: What John is learning now really matters. GRS is a great way for kids to learn math..	7:30PM GRS: Sometimes it's hard to focus. GRS can help your child learn how to pay attention - that's called self-regulation.	7:30PM GRS: Goal charts are due tomorrow! Don't forget to have John give it to Ms. Lisa.
Week 2 5PM GRS: Goal charts were sent home today! See the new activities assigned for this week!		1PM GRS: GRS activities can be done with John anytime, anywhere, with anyone!		7:30PM GRS: Early reading gives John a head start in life. Children who read for 10 minutes every day are 22% more likely to finish high school.	7:30PM GRS: Ask John to show you a favorite GRS activity.	7:30PM GRS: Goal charts are due tomorrow! Don't forget to have John give it to Ms. Lisa.

beELL™

Reminders & Commitment Devices

Implementation Intentions: Example with Vaccinations

Control Condition	*Date Plan Condition*	*Time Plan Condition*
[Company Name] IS HOLDING A FREE FLU SHOT CLINIC. Flu shots will be available on site at the [location of relevant free flu shot clinic] at the following times: Monday, October 26th 7:00 am – 3:30 pm Wednesday, October 28th 7:00 am – 3:30 pm Friday, October 30th 7:00 am – 3:30 pm Tuesday, November 3rd 7:00 am – 3:30 pm Thursday, November 5th 7:00 am – 3:30 pm	[Company Name] IS HOLDING A FREE FLU SHOT CLINIC. Many people find it helpful to make a plan for getting their shot. You can write yours here: _____ , _____ _____ (day of the week) (month) (day) Flu shots will be available on site at the [location of relevant free flu shot clinic] at the following times: Monday, October 26th 7:00 am – 3:30 pm Wednesday, October 28th 7:00 am – 3:30 pm Friday, October 30th 7:00 am – 3:30 pm Tuesday, November 3rd 7:00 am – 3:30 pm Thursday, November 5th 7:00 am – 3:30 pm	[Company Name] IS HOLDING A FREE FLU SHOT CLINIC. Many people find it helpful to make a plan for getting their shot. You can write yours here: _____ , _____ _____ at _____ (day of the week) (month) (day) (time) Flu shots will be available on site at the [location of relevant free flu shot clinic] at the following times: Monday, October 26th 7:00 am – 3:30 pm Wednesday, October 28th 7:00 am – 3:30 pm Friday, October 30th 7:00 am – 3:30 pm Tuesday, November 3rd 7:00 am – 3:30 pm Thursday, November 5th 7:00 am – 3:30 pm

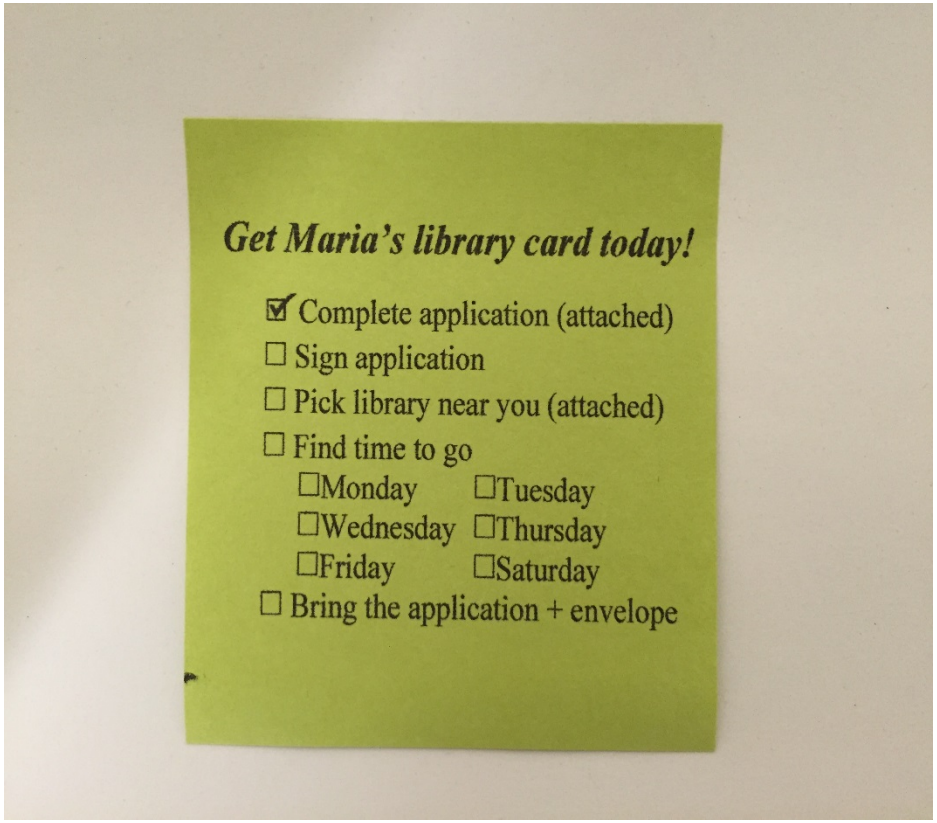
The location, dates, and times of the influenza vaccination clinics were personalized in each mailer

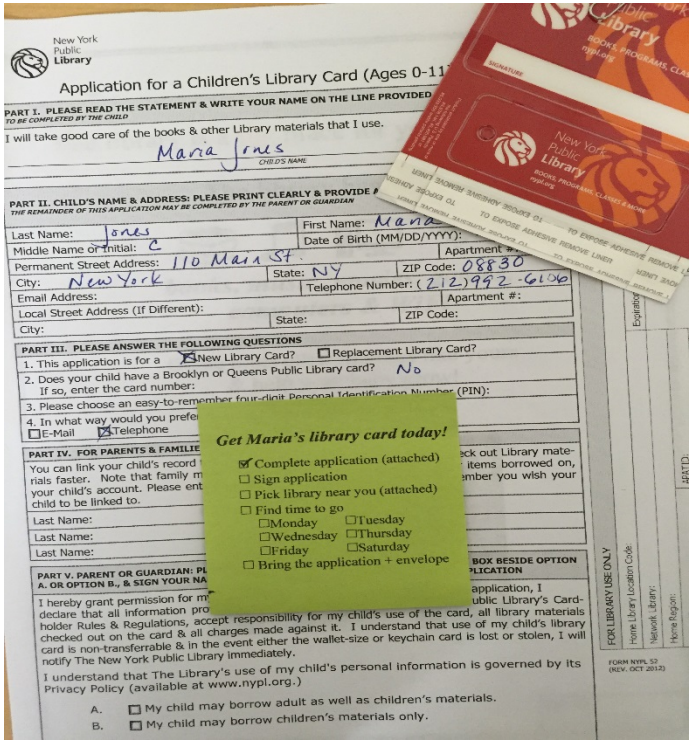
- Mailer with information about the clinic had a 33.1% vaccination rate
- Information and a prompt to write down a date had a 35.6% vaccination rate
- Prompt for a date *and time* had a 37.3% vaccination rate ($p<.05$).

Milkman et al 2011

Reminders & Commitment Devices

beELL-NYC, implementation intention in mailing at 5 month old infant birthday





Small incentives; quantifying future benefits

Small incentives

beELL-NYC Gift package

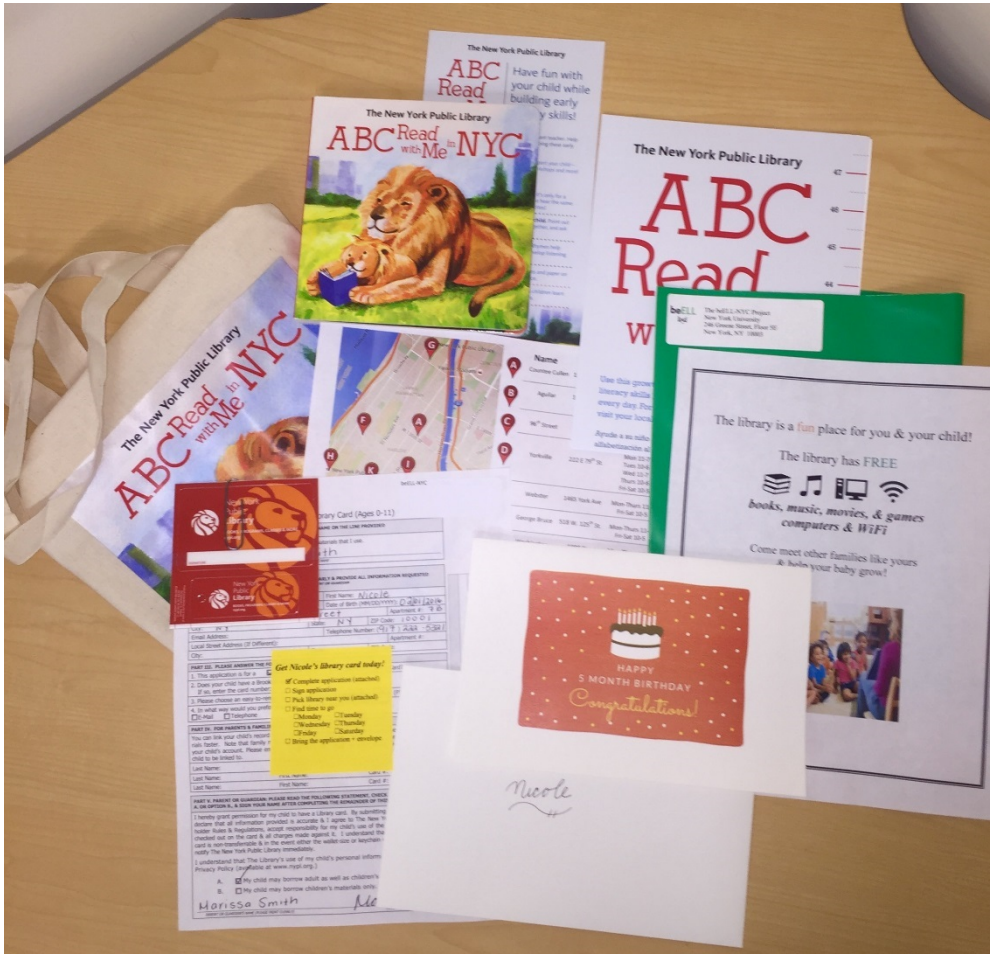
- birthday card
- Prepopulated library card
- Library gift packet

beELL-GRS

Gift bag at kick off meeting

beELL-ParentCorps

"praise magnet"



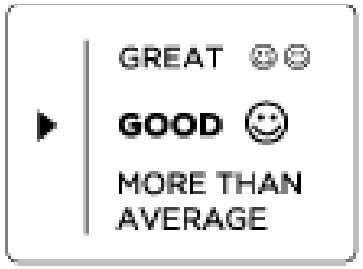
Social influences

Social influences

Opower utility bills

Last 3 Months Neighbor Comparison | You used **32% MORE** than your efficient neighbors

HOW YOU'RE DOING:



***kWh: A 100-Watt bulb burning for 10 hours uses 1 kilowatt-hour.**

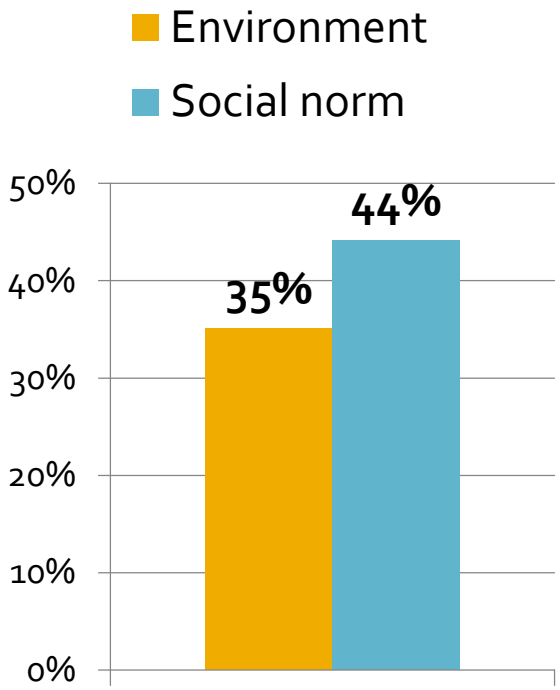
Social influences

- Standard environmental message:

HELP SAVE THE ENVIRONMENT.
You can show your respect for nature and help save the environment by reusing your towels.

- Social norm message:

JOIN YOUR FELLOW GUESTS IN HELPING TO SAVE THE ENVIRONMENT. Almost 75% of guests … help by using their towels more than once. You can join your fellow guests…



Source: Goldstein, Cialdini, & Griskevicius (2008)

Social influences

Priming in message content:

"Parents of children like yours…"
"Parents like you…."

Peer to peer outreach (ParentCorps)

ParentCorps parent feedback: "I want to hear about other parents experiences before I try it"

Applications to child care consumer education

Defaults matter in the aim to guide "informed choice"

Reminders might facilitate subsidy reauthorization follow through

Personalization in presenting child care options (geography, ages served, services, hours of operation)

Fewer (personalized) options might be better. Small doses.

Parents trust friends, neighbors, and family; incorporate information about these social influences

Ease quantification of future benefits; incentivize to increase consideration of high quality choices

Final thoughts

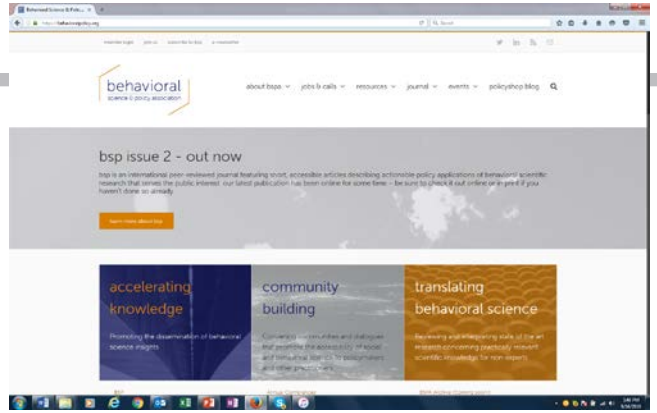
- Concern: Is using the BE lens exploitation of, or limiting, free choice? BE alerts us that it is false to assume that individuals make free choices.

- Unlike marketing, or intuition, or converting selective experiences in the field into best practice, BE offers an interdisciplinary framework to guide program design with a broadened view of human behavior.

- Context is important. What works in one domain in one circumstance might not translate into another. Developing an evidence base is key.

Resources

http://www.behavioralpolicy.org



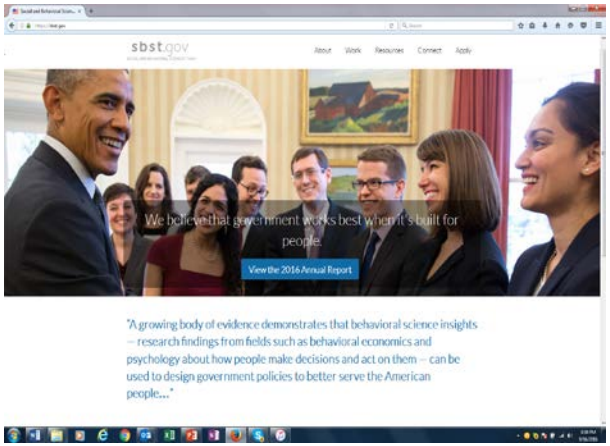
beELL™: nudging children to a better start

Website http://beELL.org
Twitter @beELLorg
Email beELL.nyu@gmail.com

mdrc
BUILDING KNOWLEDGE TO IMPROVE SOCIAL POLICY

http://www.mdrc.org/

http://sbst.gov



ideas42

http://www.ideas42.org