Utilizing Behavioral Economics to Enhance Outreach & Increase Program Effectiveness

Information adapted by Houston LISC from Presentation by
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Key Points to Remember

- **Neutrality**
- **Bias**
- **Choices**

Things we say and do
Key Points to Remember

Knowledge + Desire ≠ Action

- Awareness
- Interest
- Call to Action
- Choice
Key Points to Remember

- Uncertainty and Inability to Filter Information are the primary barriers to making choices
  - Information overload
  - Stress
  - Time constraints
  - Confidence
Seven Ways to Increase Impact

1. The Power of Defaults
2. Hassel Factors
3. Channel Factors
4. Mental Accounting
5. Appealing to Identity
6. Proliferation of Choice
7. Obvious Choice
One: The Power of Defaults

The default option is the most likely choice.

- **Apply this to Program**
  - Make key activities automatic by incorporating them into existing curricula or processes.
    - E.g. Benefits Screening – automatic part of intake
    - E.g. Budget, balance sheet, profile, multi-pull consent
  - Automatically enroll clients in the complete series of classes
    - Even though they are flexible enough to be modular, eliminate the need to make new decisions about attending each class.

- **Apply this to Marketing**
  - Market one service or program at a time and appeal to the prospective client’s desire for that service and its services.
  - Default assumption that bundled services will be delivered.
Two: Hassle Factors

Even seemingly minor hassles can discourage action.

- **Apply this to the Program**
  - Cut out steps wherever possible
    - E.g. have a bank rep open accounts on-site to save a trip
    - E.g. locate services in one centralized location
  - Review and reduce paperwork
    - E.g. single in-take
    - E.g. share relevant information with other service providers when making referrals to eliminate client’s need to reproduce information.
  - Reliable and predictable scheduling of sessions

- **Apply this to Marketing**
  - Ease of identifying a direct contact
  - Easy access to essential information on flyers, website, phone
Three: Channel Factors

The right start can point you to the finish line.

- **Apply this to the Program**
  - Start people on the road so they are part-way there
    - E.g. Pre-populating applications with known information
    - E.g. Providing tools for organization
  - Go ahead and assume basic choices to move participants on to more important ones
    - E.g. Ask “what are you saving for” vs. “do you want to save”
    - E.g. Suggest “I look forward to meeting your spouse at our next session” vs. asking “do you think your spouse might be interested in attending?”

- **Apply this to Marketing**
  - Target the service and benefits directly to the audience.
    - E.g. At the workforce solutions site: market the financial education classes and benefits on job search of increasing credit score.
Four: Mental Accounting

People categorize money and use “accounts” differently.

- **Apply this to the Program**
  - Use nick names to label accounts corresponding to goals.
  - Whenever possible use direct deposit or automatic payment to keep money out of “spendable accounts.”

- **Apply this to Marketing**
  - If advertising a price or cost of service, balance it with a monetary benefit.
  - Consider time spent in class or in coaching as an investment of time and align that investment with a goal.
People are more likely to choose options that match their perceived or desired identity – or that follow the crowd.

**Apply this to the Program**
- Publicize the program’s popularity
  - E.g. more than 300 person a year in the city of Houston par-take of the Money Smart classes
- Appeal to a parent’s natural inclination to provide and protect children
  - E.g. save for children’s future

**Apply this to Marketing**
- Make direct link of success in program to real, tangible benefits
  - Avoid jargon like “attain financial stability”
  - Use real examples, photos of generic people
Six: Proliferation of Choice

The more choices, the less likely we will choose any.

- **Apply this to the Program**
  - List 3-5 most popular and targeted choices or options on forms, brochures, for scheduling classes or appointments.
  - Choose a recommendation as a default
    - E.g. Suggest setting aside 5% of take home pay for rainy day fund version asking “how much could you save?”

- **Apply this to Marketing**
  - Market one program (financial education or financial coaching, or job placement, or benefits access)
  - Market one series of classes versus multiple series (if repeating again in the summer, don’t offer that upfront as an option, but rather provide as information when asked.)
Seven: Obvious Choice

The less people need to evaluate choices, the more likely a decision will be made.

- **Apply this to the Program**
  - Present choices in a way that shows a clear best option
    - E.g. use visuals (pie chart or a table) with solo vs. matched savings, or cost of pay day lending versus BRIDGE loan, or long-term savings of avoiding check cashing fees.
  - Reframe incentives so participants don’t need to do the math
    - E.g. give a flat amount, “double your money”

- **Apply this to Marketing**
  - Follow same suggestions as for program but instead of using those as tools in counseling or in discussion, use them in your marketing materials.
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Getting Started:
3 Things You Can Do Right Away

1. **Identify** the 2-3 core things that participants and you do, and look for ways to automate or make default.

2. **Apply** these 7 Key Points to how you develop your marketing plan, presentations, and 60 second pitches of your service/program.

3. **Simplify!** Take a fresh look at the process map and every step within (eligibility requirements, paperwork, activities) with an eye to making it easier and clearer.