



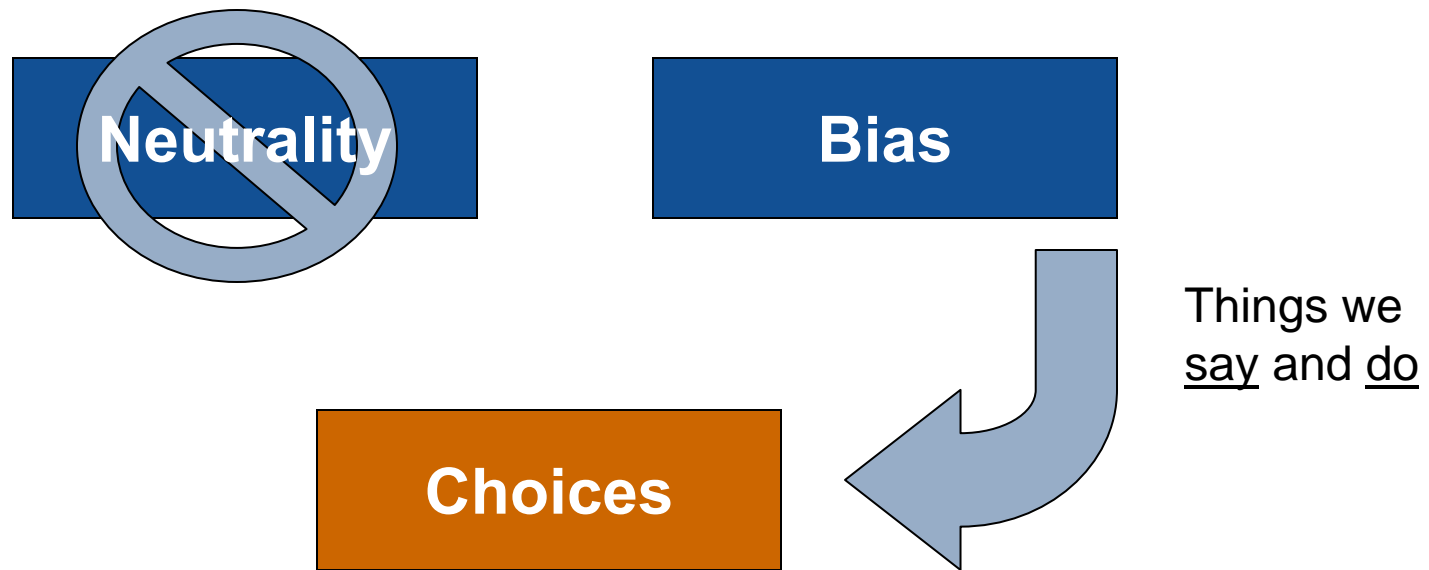
# Utilizing Behavioral Economics to Enhance Outreach & Increase Program Effectiveness

Information adapted by Houston LISC from Presentation by  
*Amy Brown, Aspen Institute*  
*Annie E. Casey Peer Learning Call*  
*March 17, 2009*



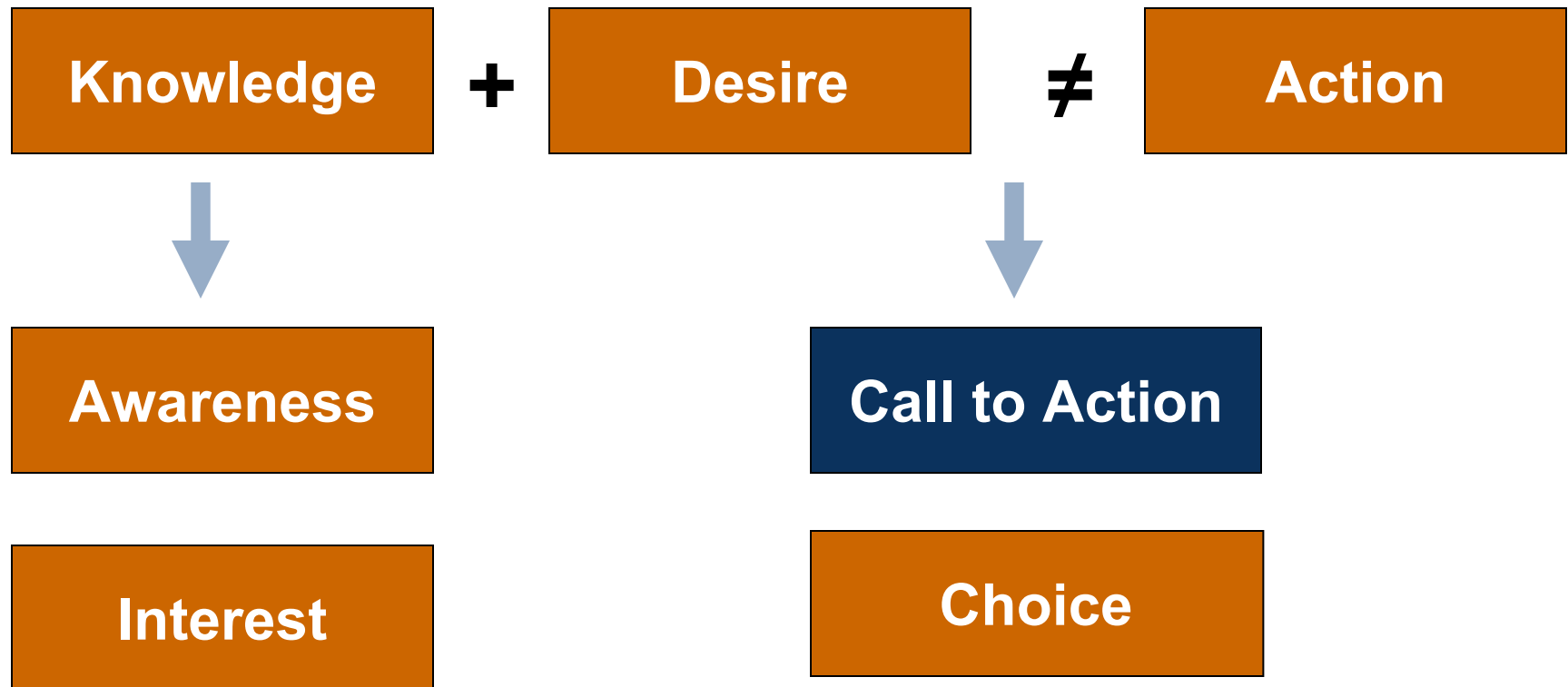


# Key Points to Remember





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- 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.



# Five: Appealing to Identity

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.

**Who will you choose to prepare your taxes?**

**THE CHOICE IS OBVIOUS!**

**Workforce 1 Career Center**

**You pay**

**\$0**

**VS**

**Other Tax Preparers**

**You pay**

**\$150**

**Keep Your Entire Refund!**

**Additional Fees May Reduce  
Your Refund!**



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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.