THE BEHAVIOUR BUSINESS

HOW ‘TEST TUBE BEHAVIOURS’ CAN DELIVER BUSINESS SUCCESS IN THE WORKPLACE

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The BVA Nudge Unit: Richard Chataway

- Vice President at the BVA Nudge Unit
- Over 15 years of success in applying behavioural science to optimise communications
- Led communications strategy for both local and central government in the UK and Australia
- Commercial clients have included IKEA, Pfizer, Sainsbury’s, ING, ITV, BT, Kimberly Clark, American Express, InterContinental Hotels Group, Campari, FOX Networks, Starbucks, Atos, Southeastern Railways and Unilever
- Founded Communication Science Group (CSG)
- Board Member of The Association for Business Psychology
The BVA Nudge Unit: Who We Are

We are a global consultancy that specialises in driving successful behavioural change among customers, employees and organisations.

We have over 150 conducted successful initiatives on behalf of global organisations, including the United Nations, Bristol-Myers Squibb, Orange, Colgate and BNP Paribas, among many others.

Our primary areas of experience and expertise include:

- Enhancing customer experience
- Improving digital adoption & conversion
- Optimising communication
- Addressing management challenges (Diversity, workplace safety, collaboration, etc.)
The appliance of (behavioural) science

- We have learnt more in last 50 years about human behaviour than we have in the previous 5,000

- We now have the knowledge and tools to scientifically validate our hypotheses quickly, cheaply and at scale – to test, learn and optimise

The most successful 21st Century businesses know this, and yet...
Information isn’t enough to change our habits

We are not rational agents maximising self-interest...

...but humans driven by emotion, habits, others and context.
Behavioural Science Tells Us That People Don’t Simply Do What They’re Told

An 80% Decrease In Cleaning Costs!
Make it easy: how you say it is as important as what you say

“The system is showing that you receive funds by cheque.
Would you like to change that so it goes direct to your bank account?
That way you can get your money faster and more securely, use less paper and save a trip to the bank.”

VS

“The system is showing that you receive funds by cheque.
Did you know you can get this paid direct into your account? If you like I can change this so you don’t miss out.”
Testing, learning and optimising: My QuitBuddy
There are sectors that understand this better than others

Source: BVA BDRC NPS Benchmarks
Minimising cognitive effort – the £2,500 million solution

The shade of blue used in search results was tested amongst 40 different shades and delivers an additional $200m in revenue

“Feeling lucky” directly costs Google $100m a year – but delivers far more in revenue because of the self-efficacy it gives to users
This simple **social proof** mechanic delivers 25% of Amazon’s total revenue

Leveraging **social proof** to address the **paradox of choice** accounts for 80% of all the content watched on Netflix.
Minimising cognitive effort – the $2,500 billion solution

The *power of free* increases revenue per customer by 86%!
And econometric modelling predicted it would fail...

- $700 pa
  - 14 visits
- $1,300 pa
  - 25 visits
The value of experimentation in business: ‘test-tube behaviours’

“Let me briefly explain what business and behavioural science have in common. They both do experiments. Apart from that, everything is slightly different.”

Rory Sutherland, vice-chair, Ogilvy UK
Improving website conversion by minimizing cognitive effort

Improving website conversion

• For a credit card company, optimisations were identified to increase conversion via the website application process.

• Making the calls to action more salient delivered an instant uplift in clicks through the site.

54% click-to-action growth
by implementing behavioural optimisations on a credit card company website.
The changing workplace - is automation a bad thing?

**Jobs at risk from automation**

Highest and lowest probability

- Waiters: 73%
- Shelf fillers: 72%
- Elementary sales occupations: 71%
- Bar staff: 71%
- Kitchen and catering assistants: 69%
- Dental practitioners: 21%
- Secondary school teachers: 21%
- Senior professionals in education: 21%
- Higher education teachers: 20%
- Medical practitioners: 18%

Source: Office for National Statistics
Humans versus robots: eliminating “noise”

“If you feed the same data into an algorithm twice you will get the same answer. This is not true of people.”

Daniel Kahneman, Nobel Prize-winning behavioural economist, 13th October 2016
The two systems of thinking – and the problem for AI

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<thead>
<tr>
<th>SYSTEM</th>
<th>REFLECTIVE</th>
<th>AUTOMATIC</th>
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<tbody>
<tr>
<td>Characteristics</td>
<td>Controlled</td>
<td>Uncontrolled</td>
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<td>Fast</td>
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<td>Self-aware</td>
<td>Unconscious</td>
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**Examples of use**

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<th>Reflective</th>
<th>Automatic</th>
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<td>Learning a foreign language</td>
<td>Speaking in your mother tongue</td>
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<td>Planning an unfamiliar journey</td>
<td>Taking the daily commute</td>
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<td>Counting calories</td>
<td>Desiring cake</td>
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**Microsoft terminates its Tay AI chatbot after she turns into a Nazi**

Setting her neural net processor to read-write was a terrible mistake.

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**Amazon scrapped 'sexist AI' tool**

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Recruiting the right people for the right reasons

“Use evidence, not intuitions.”

- Cass Sunstein
Delivering a win-win for businesses and customers

**Enhancing contact centre efficiency**

- An audit identified optimisations in scripting for a major UK savings bank contact centre to reduce failure rates and duration of calls.
- Customer Service Representatives were trained in delivery and provided with new scripts and resources.

*11% increase in overall efficiency by incorporating behavioural ‘nudges’ into customer conversations for a bank.*
The Behaviour Business: ‘test tube behaviours’

- Use the existing (behavioural) science
  - Evidence not intuitions

- Recognise the relative strengths of humans vs robots/algorithms/AI
  - Empathy versus certainty

- Use actual data on behaviour – not modelled
  - Randomised Control Trials are NOT essential

- Test, learn, optimise
  - To build new hypotheses
  - And to deliver marginal gains as part of agile processes

**Experimentation, not technological innovation, distinguishes the most successful 21st century businesses. The world of work is changing in ways that make becoming a behavioural business is not just advantageous – but essential**
"Brilliantly inspiring - with his warm, witty approach Richard Chataway shows practical ways for businesses to go from hearing about behavioural science to actually profiting from it."

Bruce Daisley, author of Sunday Times bestseller ‘The Joy of Work’, and creator of ‘Eat, Sleep, Work, Repeat’ (Europe’s #1 business podcast)

"A breath of fresh air - a brilliant behavioural science book that focusses on the practical application of the topic rather than the abstract theories."

Richard Shotton, author of ‘The Choice Factory’
Thanks!

- ‘The Behaviour Business’ out now!
  - Get 25% off using code “HH2020” at https://harriman-house.com/behaviourbusiness

- Accompanying podcast featuring interviews with key contributors available now, wherever you get your podcasts
  - Also at www.behaviourbusiness.com

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WE LIKE YOU,
TOO :)