Potential Uses of Behavioral Economics to Improve Food Choices: Private and Public Sector Examples

GMA Science Forum: Bringing Focus to Science, Policy and Health Issues

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Joanne Guthrie, Economic Research Service

The views expressed here are those of the author and not necessarily those of the U.S. Department of Agriculture or of the Economic Research Service.
Food Sector Responses to Dietary Guidelines

- New Product Development
- Consumer Education, Product Labeling
- *What Can Behavioral Economics Add?*
The Nudge Philosophy

**Basic concept:** design strategies that help people avoid or overcome the “failures of rationality” that keep them from acting on their best intentions

**Benefit**—preserves choice, flexibility
### Behavioral “Glitches” and Ideas for “Fixes”

<table>
<thead>
<tr>
<th>Glitch</th>
<th>Fix</th>
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<tr>
<td>present-biased preferences</td>
<td>offer immediate rewards</td>
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<tr>
<td>we are overly optimistic</td>
<td>encourage pre-commitment</td>
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<tr>
<td>we over-weight small probabilities</td>
<td>offer probabilistic rewards</td>
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<tr>
<td>we are averse to loss</td>
<td>put rewards at risk (debit cards or deposit contracts)</td>
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<tr>
<td>we want to avoid regret</td>
<td>make respondents aware of rewards could obtain from following through on healthy intentions</td>
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Strategies Suggested By Behavioral Economics
Precommitment, Loss Aversion and Rewards

Make decision in “cold” emotional state
“Lock-in” so makes it harder to change because of short-term preference shifts
(loss aversion)
Offer rewards for sticking to healthy decisions, remind shoppers what they have earned, could earn

Examples:
- Pre ordering Groceries
- Healthy Loyalty Cards, Programs
  - Bonus Points for Shoppers, Diners Who Make Healthy Choices
  - Receipts Stating What You Earned, What You Could Have Earned
Insights from Behavioral Economics

How choices are presented influences behavior

- the “default”
- What’s visible, easy
- Cues such as package size, serving plates, bowls
Reconsidering Choice Architecture
How Can We Make the Healthy Choice the Easy, Automatic Choice?

• Making the Healthy Option the default

• Package sizes, serving dishes that provide appropriate cues
Public Sector Initiatives

A Nudge in the Right Direction

The USDA Behavioral Economics/ Child Nutrition Initiative Workshop

Brought Together Researchers and Stakeholders to explore how behavioral economics can be applied to USDA child nutrition program improvement
Priority Focus on School Meals

• **New meal standards**
  - more fruits, dark green and orange vegetables, legumes, whole grains, lowfat milk,
  - Maximum as well as minimum calorie limits
  - Phase-in of sodium limits

But it’s not nutrition if they don’t eat it!
USDA Behavioral Economics in Child Nutrition Programs Research Initiative

Cornell Center for Behavioral Economics in Child Nutrition Programs
- Will support research and dissemination on the application of behavioral economics-based interventions to child nutrition programs
- Subaward program for small grants to outside researchers
- First awards being made this spring
- http://ben.cornell.edu/

3 Awards for Pilot Tests of Behavioral Economics Applications

11 Developmental/Planning Grants
- Will develop research capacity by supporting development of research
The Name Game

Convenient Placement
Simple Nudges
Lunch Line Redesign

Op-Chart
ERIK VANSINK, DAVID R. RUST
and JOE MCKENDRY

School cafeteria are often criticized for offering the kind of sweet foods and drinks that contribute to childhood obesity. In fact, some schools have tried to reduce the number of sweet drinks available, with mixed results. Cornell Center for Behavioral Economics in Child Nutrition Programs

- Placing nutrition labels at the beginning of the lunch line rather than in the middle increased the number of drinks purchased by 10 percent to 15 percent.
- Giving healthy food choices more descriptive names (e.g., "fresh cut" rather than "cuts") increased their sales by 27 percent.
- Students given the choice to purchase less sweet drinks were more likely to eat their breakfast, significantly increasing their satisfaction.
- Requiring students to purchase a salad or fruit with their lunch increased their vegetable consumption.
- Decreasing the size of meals from 12 ounces to 11 ounces reduced the amount of waste while maintaining prices.

When cafeteria workers asked, "Do you want a salad?" students were more likely to choose one.

Creating a visually "healthy" express checkout line encouraged students to purchase more fruits and vegetables.

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Ideas for Further Research
Can Behavioral Economics Improve SNAP Effectiveness and Support Food Access Efforts?

- Timing of benefits
- Precommitment to healthy choices
- Mental accounting—messages or graphics indicating how much should be spent on fruits and vegetables or other healthful choices?
Can Behavioral Economics Improve SNAP Effectiveness and Support Food Access Efforts?

---More Ideas---

• “Nudging” via placement and other manipulations of choice architecture of grocery stores

Healthy Express Lane Meals

• Examine contrast/complement effects of pairing items
Conclusions

- Product development gives consumers a wider range of choices to satisfy preferences for nutrition, taste, convenience.
- Nutrition information and education are fundamental to giving consumers the tools they need to make effective choices.
- Behavioral economics may enhance effectiveness of these approaches by providing insight into why we sometimes appear to behave irrationally.
- Innovative strategies for improving food choices can be designed for implementation in a wide range of public program and private sector settings using behavioral economics theory.
- Research can test the effectiveness of these strategies and their potential role in improving American diets and health.