

great  
examples  
of nudges

A nudge is any aspect of the choice architecture that alters behavior in a predictable way without forbidding any options or significantly changing their economic incentives. A nudge must be easy and cheap to avoid.

Thaler & Sunstein (2008), *Nudge*

## Moral Suasion

A field experiment in Switzerland looked at the effects of moral suasion messages in letters (i.e. “Paying your taxes is the right thing to do”) sent to taxpayers. In line with other experiments using moral suasion, it found that moral suasion implorations had essentially no effect on tax compliance behavior.

*Torgler (2004), Moral Suasion: An alternative tax policy strategy? Evidence from a controlled field experiment in Switzerland, Economics of Governance.*

## Purchasing Behavior

A field experiment conducted in stores in California tested whether purchasing behavior was affected when prices for some goods were raised at the till or on the price-tag. The authors found that tax-inclusive price tags reduced demand by 8%, likely due to them being much more salient whereas being charged later at the till had no significant effect on purchase behaviour.

*Chetty et al. (2009), Salience and Taxation: Theory and Evidence, NBER Working Paper.*

## Quick Enrollment

Employees were given the option to make a Quick Enrollment™ decision to enroll in their 401(k) plan at predetermined contribution rates and asset allocations. At one company Quick Enrollment tripled 401(k) participation rates among new employees 3 months after hire. In keeping with the other works on pensions, simplification of the decision-making process is a major factor in influencing consumer choice.

*Choi et al (2006), Reducing the Complexity Costs of 401(k) Participation Through Quick Enrollment, NBER Working Paper*

## Save More Tomorrow

The 'Save More Tomorrow' (SMarT) program used defaults to increase employees' savings rates by automatically increasing the percentage of their wage devoted to saving. Average saving rates for SMarT program participants increased from 3.5% to 13.6% over the course of 40 months while savings rates remained stagnant in the other two conditions. This is one of the most famous nudges.

*Benartzi & Thaler (2004), Save More Tomorrow, Journal of Political Economy*

## Framing

This paper looks at framing effects in healthcare. When patients are told that 90% of those who have a certain operation are alive after five years, they are more likely to have the operation than when they are told that after five years, 10% of patients are dead.

*McNeil et al. (1982), On the elicitation of preferences for alternative therapies, New England Journal of Medicine*

## Adherence Lottery 1

The authors ran a RCT focusing on encouraging to improve warfarin adherence via lotteries. The RCT placed 100 patients into a treatment group of daily lottery-based incentives or a control group with no such incentives. In contrast to the above paper, the results did not show significant differences in adherence between the control and treatment groups.

*Kimmel et al (2012), Randomized trial of lottery-based incentives to improve warfarin adherence, American Heart Journal*



## Adherence Lottery 2

The authors encouraged stroke victims to take their warfarin pills via lotteries, designed in reactance to the serious issue of patients not taking their medicine correctly. The treatment group had a 1% chance of winning \$100 contingent upon taking their pills correctly. The control group did not have any incentives to take their pills correctly beyond the threat of dying. Adherence in the treatment group was almost 100% compared to 80% in the control (though with the caveat that the sample size is very small, N=20).

*Volpp et al. (2008), A test of financial incentives to improve warfarin adherence, BMC Health Services Research*

## Opting In

A famous paper demonstrating the massive effect default choices have on organ donation compliance rates. Those countries where people are required to opt-out of organ donation report significantly higher consent than those with an opt-in policy.

*Johnson & Goldstein (2003), Do Defaults Save Lives?, Science, Vol. 302*

## Priming Honesty

The authors sought to prime honesty by asking people to sign at the start of a form rather than the end when reporting how many miles they had driven on their car for insurance purposes. In this case there was a financial incentive to report less miles driven since reporting more would mean you would pay more (i.e. a higher number in the graph implies more honesty). The results indicated the treatment to be effective at inducing more honest declarations.

*Shu et al. (2012), Signing at the beginning makes ethics salient and decreases dishonest self-reports in comparison to signing at the end, PNAS vol. 109.*

## Financial Commitment

CARES was a voluntary commitment product to help people quit smoking. Smokers got a savings account in which they put their money for 6 months, after which they take a urine test. If they pass, their money is returned without interest. If they fail, the money goes to charity. The authors found those offered CARES were more likely to 3% points more likely quit smoking after 6 months.

*Giné et al. (2008), Put Your Money Where Your Butt Is: A Commitment Contract for Smoking Cessation, American Economic Journal: Applied Economics*

## Hangry

This is not a nudge but instead fascinating evidence of behavior that seems targetable by one. This paper looked at the parole decisions made by Israeli judges, finding the % of favorable rulings dropping gradually from around 65% to nearly 0% just prior to the judges' break. It then returns to 65% after the break.

*Danziger (2011), Extraneous Factors in Judicial Decisions, PNAS*

## Did Not Attend

The Behavioural Insights Team looked at reducing the problem of 'did not attends' (DNAs) for NHS appointments. Trials have suggested DNAs can be drastically reduced through a combination of behavioral approaches; for example prompting patients to verbally repeat their appointment time to staff and using normative messages indicating how many patients usually turned up on time for their appointments.

*Martin et al (2012), Commitments, norms and custard creams—a social influence approach to reducing did not attends, Journal of Royal Society of Medicine Reported in Behavioural Insights Team Annual Update 2010-11*

## Nudge Gone Wrong

When nudges go wrong. In an attempt to reduce the theft of wood from Arizona's Petrified Forest National Park the authors put up a sign with the descriptive social normative message "Many past visitors have removed petrified wood from the Park, changing the natural state of the Petrified Forest". This led to a near 8% increase in wood theft, as people interpreted the salient message to be "theft is common" rather than "theft is bad".

*Cialdini (2003), Crafting Normative Messages to Protect the Environment, Current Directions in Psychological Science*

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