How can EU policy "nudge" consumer behaviour towards the healthy choice and what science is needed to deliver the evidence base?

Jan Wollgast
EC-Joint Research Centre (JRC)
Outline

• Introduction

• Lessons from behavioural economics

• EU nutrition policies & science needed
Non-Communicable Diseases (NCDs) cause worldwide:

→ 36 Mio deaths per year = 63% of all deaths
→ 2030: 52 Mio deaths per year = 75% of all deaths

(WHO, 2011)

Four diseases
• Cardiovascular diseases
• Cancer
• Chronic obstructive pulmonary disease (COPD)
• Diabetes

Four risk factors
• Tobacco use
• Unhealthy diet
• Harmful use of alcohol
• Physical inactivity
Causes of death

(Keeley, *Operations Research* 2008)
## Causes of death cont’d

<table>
<thead>
<tr>
<th>Causes of death</th>
<th>(USA, 2002)</th>
<th>Actual causes of death</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heart disease</td>
<td>29.6%</td>
<td>Tobacco</td>
</tr>
<tr>
<td>Malignant neoplasm</td>
<td>23.0%</td>
<td>Poor diet and physical activity</td>
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<tr>
<td>Cerebrovascular disease</td>
<td>7.0%</td>
<td>Alcohol consumption</td>
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<tr>
<td>Chronic lower resp. tract disease</td>
<td>5.1%</td>
<td>Microbial agents</td>
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<tr>
<td>Unintentional injuries</td>
<td>4.1%</td>
<td>Toxic agents</td>
</tr>
<tr>
<td>Diabetes mellitus</td>
<td>2.9%</td>
<td>Motor vehicle</td>
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<tr>
<td>Influenza and pneumonia</td>
<td>2.7%</td>
<td>Firearms</td>
</tr>
<tr>
<td>Alzheimer disease</td>
<td>2.1%</td>
<td>Sexual behaviour</td>
</tr>
<tr>
<td>Nephritis, nephrotic syndrome, and nephrosis</td>
<td>1.5%</td>
<td>Illicit drug use</td>
</tr>
<tr>
<td>Septicaemia</td>
<td>1.3%</td>
<td>Total</td>
</tr>
<tr>
<td>Other</td>
<td>20.8%</td>
<td>(adapted from Mokdad et al., <em>JAMA</em> 2004)</td>
</tr>
</tbody>
</table>
“Personal decisions are the leading cause of death” (Ralph Keeney, 2008)

⇒ Individual choices/behaviour determines the success of prevention policy

“Behaviour change is the great challenge for health…” (UK Secretary of State for Health, 2010)
Policy approaches

Maximise choice and set it free
- “Libertarianism”

Set rules, develop restrictive legislation, banning, taxation etc.
- “Paternalism”

A 3rd way:
- “Asymmetric/Soft/Light/Cautious Paternalism”
or “Libertarian Paternalism” (Nudging)
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Behavioural economics

→ Not new
→ More than 40 years of research
→ 3 Nobel prizes:
  - Daniel Kahneman, 2002
  - Gary Becker, 1992
  - Herbert Simon, 1978
Classical economics’ view

“Homo economicus”

➔ Thinks and chooses unfailingly well
➔ Unbiased forecast
➔ Reflective and rational
➔ Preferences are continuous, transitive, linear
➔ Maximizes his own benefits, minimizes cost

(Thaler & Sunstein, 2008)

➔ “People know what’s in their best interest.
➔ … and they act on that knowledge.”

(D. Laibson, 2010)
*Behavioural economics’ view*

"Homo sapiens"

- Choices are not optimal
- Prone to biases, mistakes, heuristics
- Intuitive and automatic
- Preferences are present-biased, intransitive, non-linear etc.
- Predictably err when choosing

(Thaler & Sunstein, 2008)

- “People sometimes hold mistaken beliefs.
- And even when we do understand what’s best, we often don’t follow through.”

(D. Laibson, 2010)
Reasons for “bounded rationality”

- Rules of thumb
- Optimism & over-confidence
- Loss aversion
- Framing
- Status quo bias
- Present bias
Present bias

Do you prefer fruits or sweet/salty snacks?

Design:
A) Choose whether a fruit or a snack in 1 week from now:

B) Choose whether a fruit or a snack NOW

Results:
A) 74% select fruits – 26% select snacks

B) 30% select fruits – 70% select snacks

(Read & van Leeuwen, 1998)
More findings from behavioural economics’ research:

For triggering behaviour change

→ Information has often surprisingly little influence
→ Education campaigns sometimes show small effects
→ Social marketing is sometimes weak
iNcentives
Understand mapping
Defaults
Give feedback
Expect error
Structure complex choices

(Thaler & Sunstein, 2008)
Principles of “Nudging”

→ Free choice

→ Steer people towards better, healthier, wealthier, more sustainable etc. lives

→ People are “better off” as *judged by themselves*

→ Nudges are not mandates

→ Prompted options are easy and cheap to avoid

→ No option is forbidden
“Nudging” for healthy choice

- Redesign Cafeterias
- Redesign cities (walking, cycling)
- Smaller portion sizes
- Add immediate rewards
- Gaming
- Commitments

“Piano stairs” → 66% more than usual take stairs not escalator
Books & Reports

From the UK:
(Institute for Government)

From France:
(Centre d’analyse stratégique)

http://www.strategie.gouv.fr/system/files/neuroprevention_english_book.pdf (English)
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EU nutrition policies

“Soft” non-legislative policy approach:

“Nutrition strategy”

→ EU Platform for Action on Diet, Physical Activity and Health
→ High Level Group on Nutrition and Physical Activity

→ Empowering the consumer
→ Make healthy choice available
→ Make healthy choice the easy choice

Many opportunities for applying insights from behavioural economics
“Hard” legislative policy approach:

- Provision of Food Information to Consumers (End of 2011)
- Revision of “dietetic food legislation”
  (EC proposal for regulation on food intended for infants and young children and on food for special medical purposes)

Not the main field for “Libertarian Paternalism”, HOWEVER, keep insights from behavioural economics in mind when designing legislation.
Towards smarter policy making

Aim: To develop policy tools from an evidence base

→ Ex-ante analysis of policy’s effectiveness

→ More efficient policy development process

→ Smarter polices relying on data not on theories or intuitions
Current/past EU projects already include behavioural insights

e.g.,
FLABEL          FoodRisC
EATWELL          IDEFICS

In future more explicit calls for behavioural science:

→ KBBE.2012.2.1-01 (FP7): Role of health-related symbols and claims in consumer behaviour

→ Horizon 2020 (next FP, 2014-2020)
Science needed

- Overview on behavioural economics’ insights towards health and nutrition
- Assess applicability to smarter policy design
- Level of evidence from existing knowledge?
- Guidelines for study design
- How to “measure” people’s real preferences
What can the JRC contribute concerning behavioural economics & nutrition?

→ JRC is one Directorate General of the European Commission

→ Mission: “… is to provide customer-driven scientific and technical support for the conception, development, implementation and monitoring of European Union policies.”

→ Concerning behavioural economics & nutrition the JRC will collaborate with experts and institutions to develop behavioural policy support tools for the EC from an evidence base.
Summary

- Behavioural economics studies how people actually make choices & why people often fail to act in their own best interest.

- Key problems in nutrition and health (NCDs):
  - Costs come early, benefits come late
  - Choices are made in “aroused” emotional states

- Consumers can get “help” to overcome self-defeating behaviour by simple inexpensive means (“nudges”)

- Tool box is needed for smarter policy making

- “Good” data should deliver scientific evidence base
“Many are stubborn in pursuit of the path they have chosen, few in pursuit of the goal.”

(Friedrich Nietzsche)