



CASE STUDY

Motivating Sustainable Behaviors in Small Business Owners Across Ontario

Our client, a Canadian electricity distributor, has a long track record of rolling out initiatives aimed at achieving higher levels of sustainability among businesses and households. One such campaign, carried out in partnership with the Ontario government, has focused on encouraging small business owners to register for free high-power refrigerator retrofits designed to boost energy efficiency and reduce costs.

The potential benefits of this government-sponsored program are substantial both to the environment and to the business owner, who stand to gain an estimated \$1,200 in energy savings per year. But the initiative is falling short of its potential due to poor uptake rates, which were as low as 0.37% at the inception of the program. An earlier collaboration with BEworks was able to lift these registration rates by over 450% using tactics inspired by behavioral economics. This year,

our client reached out for a second partnership, motivated by a new and ambitious set of registration targets, as well as the intuition that the pandemic might have created new opportunities to boost engagement with the program.

The lightning-fast turnaround required by our client meant that we needed to derive the most effective strategy for promoting uptake using insights from pre-existing research. To this end, we set out to develop a communication framework for promoting the program, rooted in the most up-to-date understanding of the psychological mechanisms at play in service uptake. Furthermore, we set out to incorporate insights from the psychology of crisis, which would likely be a crucial ingredient of success given the current prominence of the pandemic.

DISCOVERY

Understanding the 'scarcity mindset' and beyond

To begin dissecting the psychological factors that might be causing low rates of engagement with the initiative, we performed a deep dive into the behavioral science of service uptake.

Our research identified a number of psychological barriers that play a prominent role in discouraging individuals from signing up for this type of service. These include worries about the hassle and opportunity costs involved in participating¹, fear of government intrusion and control², as well as the action-intention gap and procrastination^{1,3}.

While these barriers are timeless and universal, we also recognized that the societal changes that took place in 2020 might have produced their own unique and time-sensitive effects. The repeated lockdowns and chronic uncertainties of the year have plausibly caused some psychological barriers to become more dominant than others, or given rise to altogether novel challenges. We thus aimed to understand the 'scarcity mindset' that emerges in times of crisis (especially under conditions of inequality)⁵⁻⁶, and identified barriers to service uptake, which included:

- Increased sensitivity to hassle costs due to competing worries
- Reduced attention and comprehension due to taxed cognitive resources
- Decision fatigue
- Enhanced focus on more pressing needs at the expense of optimizing the future (i.e., the present bias)
- Heightened self-interest driven by uncertainty

Opportunities presented by crisis

While the scarcity mindset brought on by 2020 creates pitfalls that can frustrate our client's efforts to encourage beneficial change, we also understand that this year's crisis brings a number of actionable opportunities. For instance, increased public awareness of the services provided by governments makes it easier to position the government-sponsored retrofitting program as a legitimate initiative sanctioned by a trusted authority. Secondly, large-scale transitions can make individuals more open to smaller changes like refrigeration upgrades.

Thus, in addition to targeting the identified psychological barriers, a successful communication strategy for boosting registration rates should maximally leverage these factors.



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Designing a behaviorally informed set of principles for targeted communications

Based on the results of our background research, and an appreciation of crisis psychology, we identified that our client's communications with small business owners should pursue the following four strategies:

1

Address heightened worries about hassle and opportunity costs, by highlighting the speed of registration and the little effort required on the part of the business owner to benefit from it^{1,7}.

2.

Leverage trusted authorities to boost the perceived utility of the program, for instance by drawing attention to the program's state endorsement or advertising in the local municipal government.

3.

Prompt immediate action to overcome procrastination tendencies and to capitalize on the large-scale mood of change^{1,3,8}. This can be achieved by highlighting the time-limited nature of the upgrade offer, or by leveraging the seasonal transition from fall to winter to urge business owners to embrace refrigeration upgrades.

4.

Align communications with business owners' heightened self-interest and motivation for recovery, by framing the upgrade in terms of the added comfort or peace-of-mind they will enjoy⁹.

Developing a cascade intervention to target heterogeneous populations

Of course, not all business owners are alike. Some have struggled over the course of the pandemic, while others have thrived due to enhanced demand for essential services and goods. We therefore cannot expect that a behavioral intervention designed to leverage the 'scarcity mindset' will have a uniform effect on the client's mixed audience.

Prior research indicates that multi-stage interventions aimed at individuals with different psychological barriers can be highly effective at boosting public uptake of services such

medical treatment¹⁰. Based on this evidence, we developed a cascade intervention to help our client's communications achieve maximal impact at the lowest cost.

Our approach consisted of carrying out multiple waves of direct communications with business owners who were eligible for the government-sponsored refrigeration upgrade. Each successive wave aimed at increasingly 'tough' groups of individuals held back by different barriers. Thus, while the first round consisted of inexpensive email and mail communications geared at improving comprehension and overcoming the 'scarcity mindset', the next round of communications targeted business owners who were more likely being held back by procrastination and difficulty committing to change.

Taking steps towards a future where small business owners engage with sustainability

Our collaboration was a crucial exercise in data-driven problem-solving under time constraints that make experimentation an impractical approach. The insights we derived from the psychology of service uptake, especially in times of crisis, enabled us to generate a flexible framework for guiding our client's communications with business owners. Furthermore, the recognition of the target audience consisting of a mixed audience being held back by a diversity of psychological barriers enabled us to step away from a one-shot intervention mindset and to produce a cascade tactic geared towards maximal service registration.

Our client is currently in the process of trialing our interventions. Their preliminary results are already going a long way towards highlighting the immense value of grounding decision-making in scientific insights, even when time limitations do not permit primary research.

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