

A practitioner's guide to nudging

April 4 2013, by Ken Mcguffin



Professor Dilip Soman co-authored the report. Credit: Rotman School of Management

A new guide from a team of behaviour economists at the University of Toronto's Rotman School of Management aims to help practitioners develop effective "nudges".

Drawing on research on this area of behaviour economics, the guide demonstrates how nudging influences behaviour by changing the way choices are presented in the environment.



"This guide is not meant to add to the discussion on the <u>appropriateness</u> of nudging, its philosophy, and its <u>pros and cons</u> relative to other methods of inducing behavioural change," says Professor Dilip Soman. "Rather it provides an organizational framework which identifies different types of nudging, provides some short case studies, and helps the practitioner with some guidelines on how to develop the choice architecture for nudging."

Soman co-authored the report, *A Practitioner's Guide to Nudging*, along with Rotman graduate Kim Ly and Rotman professors Nina Mažar and Min Zhao. The guide is <u>available online</u>, free of charge.

The guide gives examples of how individual decisions or choices have been manipulated successfully through the use of various nudges to engineer a particular outcome. For example, one study in Copenhagen found that painting green footsteps on the sidewalk leading to garbage bins helped reduced litter. A school cafeteria changed their food display so that healthy foods were placed in easy-to-reach places while junk food was placed on higher and harder to reach shelves which increased the consumption of healthy foods.

The guide also suggests a manufacturer or seller wishing to sell a large amount of a medium-priced product should surround that product with similar items priced low and high. <u>Behavioral economics</u> shows consumers tend to favour the medium-priced product when offered a choice between products with low, medium or high prices.

Nudges can take the form of <u>economic incentives</u> or penalties and can be used to encourage or discourage habits or forms of behavior, researchers say. Their guide provides a step-by-step to nudging drawing on an extensive organizational framework and also recommends that practitioners evaluate both the process of the nudge as well as the outcome.



Provided by University of Toronto

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