

# Applying behavioural insight techniques to shape demand



Essex County Council

## Context

In the late part of 2014, Essex County Council (ECC) designed, delivered and analysed their Blue Badge service in order to increase the proportion of those renewed online.

The high volume of Blue Badge renewals processed in hard-copy was expensive to administer and inefficient, Essex County Council therefore wished to improve the service for their customers and reduce costs by encouraging those applicants able to do so, to renew this online rather than by post. This reflects the overarching drive by ECC to save money and close the funding gap - the Council has already saved £365m over the past three years (closing a funding gap equivalent to 37% of budget), but in the years to 2016-17 ECC will need to save at least a further £215m per year (around 25% of budget).

ECC developed a range of approaches ('treatments') based on behavioural insights to try to encourage permit-holders to renew their badges online. To determine the relative effectiveness of these approaches, compared to each other and current practice, ECC adopted a Randomised Controlled Trial (RCT) methodology.

## Objective

ECC set out to test whether local authorities can 'nudge' residents to renew their Blue Badge permits online rather than by post and – based on the results of this trial, apply the most effective mechanisms to migrate service users online.

## Approach

ECC's approach drew on the Institute for Government and Cabinet Office MINDSPACE checklist of influences on behaviour in developing interventions (or

<b>Messenger</b>	we are heavily influenced by who communicates information
<b>Incentives</b>	our responses to incentives are shaped by predictable mental shortcuts such as strongly avoiding losses
<b>Norms</b>	we are strongly influenced by what others do
<b>Defaults</b>	we 'go with the flow' of pre-set options
<b>Saliency</b>	our attention is drawn to what is novel and seems relevant to us
<b>Priming</b>	our acts are often influenced by sub-conscious cues
<b>Affect</b>	our emotional associations can powerfully shape our actions
<b>Commitments</b>	we seek to be consistent with our public promises, and reciprocate acts
<b>Ego</b>	we act in ways that make us feel better about ourselves

"treatments" - the term used to describe the intervention being tested within an RCT).

MINDSPACE<sup>1</sup> is a mnemonic for nine of the most effective, non-coercive, influences on behaviour:

RCTs can help to determine the extent to which impact is the result of the

<sup>1</sup> Source: MINDSPACE: *Influencing Behaviour Through Public Policy*, Institute for Government & Cabinet Office (2010)

intervention, rather than changes that would have happened anyway without the intervention.

ECC convened a workshop with members of the Blue Badge team to explore how the techniques outlined by MINDSPACE could potentially be applied to their outbound communication. Three treatments were designed for the Blue Badge trial, based principally on 'salience', 'messenger' and 'incentives' from the MINDSPACE framework. These three messages were tested with over 5,000 Blue Badge holders during December to March 2015.

The three treatments included changes to the wording of the Blue Badge renewal letter which is sent to each blue badge holder when their current badge is due to expire. The three treatments were:

1. Simplification
2. Messenger
3. Incentive

### *Simplification*

A great deal of evidence suggests that presenting information in simpler and more salient ways can encourage higher levels of compliance (i.e. bill payment or renewal online). Simply including the explicit steps that people need to take can have a significant effect on whether or not people act. This treatment aimed to make the renewal letter as simple and clear as possible, and featured the essential information and action required by the reader prominently at the top of the page.

### *Messenger*

The likelihood of someone taking the action asked of them is affected by their perception of who that request comes from – similarities between the messenger and the recipient can strengthen the effect. The idea behind this treatment is that people will respond positively to a message from someone who they feel is 'like them'. The messenger treatment included a testimonial from another Blue Badge holder of how they have renewed online and encouraged others to do the same.

### *Incentive*

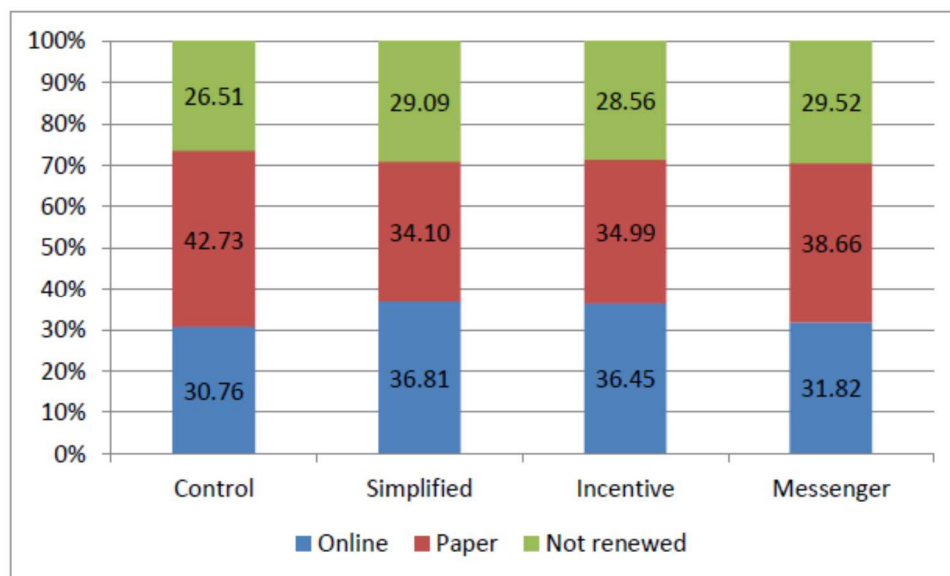
This nudge makes it explicitly clear that renewing online is a 'good thing' that benefits Essex County Council, the community and the individual. It explains that this system is fairer and less susceptible to fraud and saves the council money, which helps protect frontline services. This is not a personal (extrinsic) incentive in the sense of the individual getting a benefit from participating (like a lottery), but a collective (intrinsic) incentive so the individual is prompted to act for others.

In the four months from December to March, ECC sent out 5,817 renewals – with an equal number sent to the four groups (the three intervention plus the control groups).

For further information on these techniques, and examples of the letters, see [Using nudges to increase online Blue Badge renewal](#):

## Findings

The newly designed renewal letters were compared with a group that had received no change in message in a randomised controlled trial (RCT), the gold standard for evaluation. The following table and figure gives the basic responses showing the numbers renewing online by paper or not renewing.



- Simplification significantly increased online renewal rates compared against the control group by 6.1 percentage points and reduced paper renewals by 8.6 percentage points.
- Offering an intrinsic incentive – that does not offer a personal benefit but rather a collective incentive, so the individual is prompted to act for the benefit of others – also significantly increased renewal rates compared with the control group by 5.7 percentage points and reduced paper renewals by 7.7 percentage points.
- The use of a peer messenger – another Blue Badge holder – to encourage online renewal did not appear to have an effect on online renewal rates (but this may have been due to the way it was presented – see “Lessons Identified”)

The primary conclusion to draw is that both the incentive and simplification had powerful effects in getting people to renew online.

ECC also assessed whether there were any differences in treatment effect according to deprivation or affluence, and found that simplification was more effective in more affluent areas than in more deprived areas. For residents living in areas above the Index of Multiple Deprivation’s median rank, 30.09 per cent renewed by paper in the simplification group compared to 44.32 in the control group - whereas in the poorer

areas below the median rank 37.87 per cent renewed by paper. This has implications for the role played by a target customer group's digital skills and capacity in shaping demand.

## **Outcomes**

Based on these insights, ECC have since rolled out simplified message to all Blue Badge correspondence, and raised the share of online transactions from 31 percent to 43 percent. They then incorporated the learning and insights generated by the trial into their re-design of the digital channels – which has helped to increase the number processed online to 56 per cent.

ECC manage 24,000 Blue Badge transactions a year. The *Economic Case for Digital Inclusion* suggested the public sector would make savings of £12 per online transaction compared with postal transactions. Hence, the redesign of ECC's messaging following this RCT is estimated to contribute to savings of around £51,000 for 2015-16.

Over and above driving the council to apply simplified messaging for Blue Badges, the results support the wider use of behavioural insights and RCTs to other service areas to test the effectiveness of interventions designed to improve outcomes. The trial, and application, of simplification, offers a model for approaching service transformation across the county.

## **Challenges and Lessons Identified**

The strong effect for the incentive message exists even though the text was placed on the old 'unsimplified' renewal letter. It shows that people in this group respond to a general appeal to act in everyone's interest (not just their own) and might reflect their sensitivity to services that they depend on and to the council's plight in facing budget choices. The citizens of Essex come out well here!

The use of another Blue Badge holder as a peer messenger to encourage online renewal did not have an effect on online renewals – but ECC suspect that this may be due to the way the message was presented. ECC aimed to include a photo of an actual Blue Badge holder together with a statement encouraging readers to renew online. Unfortunately, this was not possible and instead the letters included customer quotes in speech bubbles. This may have weakened the effect.

## **Next Steps**

ECC are looking into applying the learning relating to simplified communication to how their Contact Centre staff interact with people over the 'phone to see whether the language and approach can be changed to improve outcomes.

## **Contact Details**

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