

HEALTHIER CHOICE ARCHITECTURE



Change
Increase in
healthy food sales



Client
Bilka

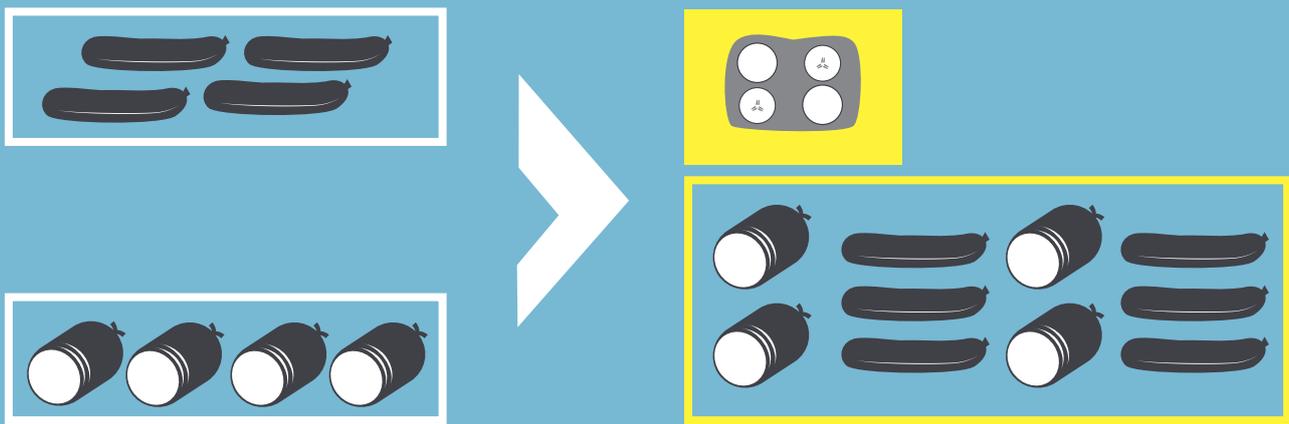
Today's globalized economy demands constant adaptation from organizations wishing to increase their market share, let alone keep it. The first waves of resistance to increased levels of competition typically focused on optimization of production processes and cost reduction principles bringing concepts like LEAN and Supply Chain Management to the economic landscape. But as companies have trimmed their structures, routines, suppliers and employees to the bare minimum, many of them now find themselves in need of new strategies capable of creating sustainable economic value. One way to do this is to develop lasting, profitable relationships with your customers by (re)designing your market offerings around their needs and behavior rather than the other way around. By creating products and services that make it easy for your customers to follow their good intentions, you also make it intuitive for them to repeatedly return to those products or services.

An example of how this works in practice can be found in a couple of experiments we carried out for the Danish supermarket chain Bilka back in 2014. The company had been looking for innovative ways of improving their sales and market share and had also been keeping an eye on a growing trend suggesting that an increasing number of people wanted to eat healthy. In accordance with these interests and findings, the company wanted us to come up with some solutions that would create a better customer experience for their health-conscious customers, which would, ultimately, lead to higher levels of customer loyalty and improved long-term revenue streams. To make the project more tangible, two objectives were identified as particularly interesting for the company:

- Encourage customers to buy more vegetables for their children's daily lunch.
- Encourage customers to buy more healthy snacks.

Two different experiments were carried out to test solutions geared towards these business challenges. The results obtained revealed significant increases in the purchase of healthy food products with only subtle changes made to the shopping environment.

THE NUDGE SOLUTION



Experiment #1

Increase the sale of vegetables for kids' lunchboxes.

After an initial study of the shopping behavior at Bilka, we found that parents typically begin their shopping routine for their children's lunches in the cold cuts section of the supermarket. Furthermore, we found that the initial choices they made there had an astonishing effect on the other products that ended up in their kids' lunch boxes. Given this insight, we decided to make a couple of changes to this section of the super market. First, we put up pictures of what a lunch box combining cold cuts and vegetables might look like. The pictures were strategically placed in order to prime customers to think of vegetables as a natural part of their kids' lunch exactly at the moment when the customer was called upon to make their decision. Secondly, the vegetables displayed in the pictures were physically placed in the cold counters next to the cold cuts making it easy for the customers to follow through on the behavior suggested by the priming elements. These changes led to an average sales increase of 83% for those vegetables. This number could very likely have been higher, but Bilka actually ran out of some of the vegetables during the experiment, due to the sales being much higher than anticipated.

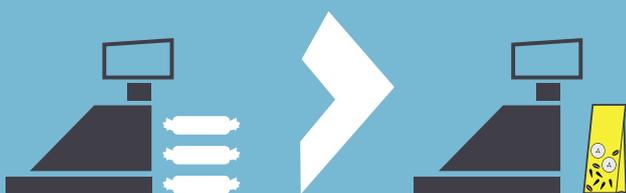
Experiment #2

Increase the sale of healthy snacks.

Nudging builds on the assumption from behavioral psychology that people live their lives seamlessly switching back and forth between two different cognitive systems: the automatic and the reflective. Biologically, we are coded to conserve our energy as much as possible, and thus prefer to spend most of our time governed by the automatic system. On occasion, however, the circumstances we face require that we switch to the reflective system. This is very much the case when we go grocery shopping. Here we have to go through a whole range of reflective tasks; from planning our immediate future in terms of what we are going to eat, to deciphering the multitude of signals and cues about prices, nutrition, taste, etc. which bombard us all the way throughout our journey from entrance to cash register. Ultimately, when we arrive at the check-out we are typically low on energy and more prone to impulsive and sugary purchases than we were upon entering the store - and the store owners know this. That is why product placement at the register is one of the most expensive placement locations within the supermarket and why candy producers primarily occupy it.

Given this insight, our last experiment - to increase the sales of healthy snacks - was a simple matter of product replacement in order to improve the accessibility of healthy snacks. Instead of chocolates and other sugary foods, we placed banana chips, figs, blueberries etc. on the shelves next to the registers and results were staggering. For those healthy snacks that we moved to this placement their average sales more than doubled. Just as we saw during the vegetable experiment, many of the healthy snack items were sold out after a couple of days, indicating that sales would have been even higher if the stock had been sufficient.

THE NUDGE SOLUTION



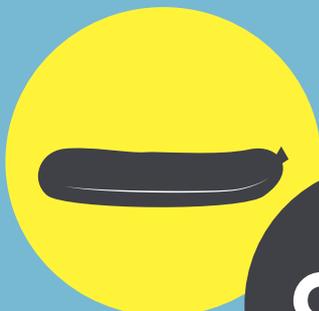
So What?

Not only did our experiments at Bilka deliver an impressive increase in sales numbers, the supermarket also received very positive feedback from the customers, following the changes we introduced to the shopping environment. This illustrates how behavioral design can be leveraged to support market preferences and how subtle strategic changes to the choice architecture can enable customers to follow their ambitions, which creates a better shopping experience and increases customer satisfaction. In the end, customer satisfaction is often the decisive factor that separates the different shopping alternatives available to us and determines customer loyalty.

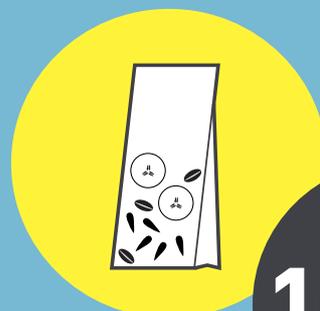
Furthermore, experiments like these also have obvious political and societal relevance. The issue of improving the general health and wellbeing of people has found significant political foothold across our globalized society - especially within the last couple of decades - where focus is increasingly placed upon on the relationship between improved health conditions and the creation of economic value. Consequently, behavioral design solutions are becoming more and more attractive to both private and public organizations as it has become apparent to many of them that improving the health and wellbeing of their employees or aligning the their corporate image with their health-conscious consumers' interests are important parts of an economically sound business strategy.

MEASURABLE CHANGE:

Measured against an original baseline, the experiment utilizing availability and the right information at the right time brought about an average sales increase of 83% for vegetables and an increase of 100% for healthy snacks.



83%



100%

