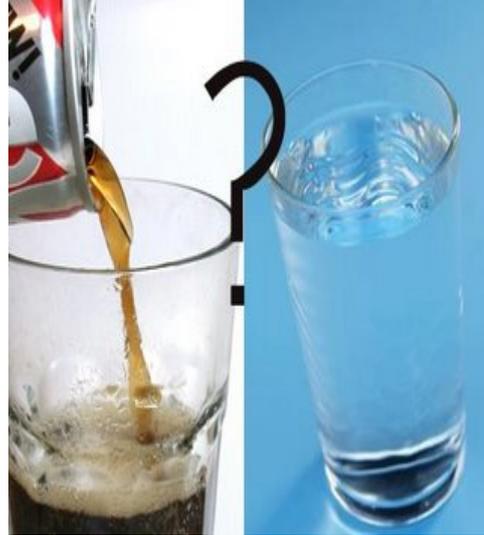




CONSUMER BEHAVIOUR: THE ROAD TO EFFECTIVE POLICY-MAKING



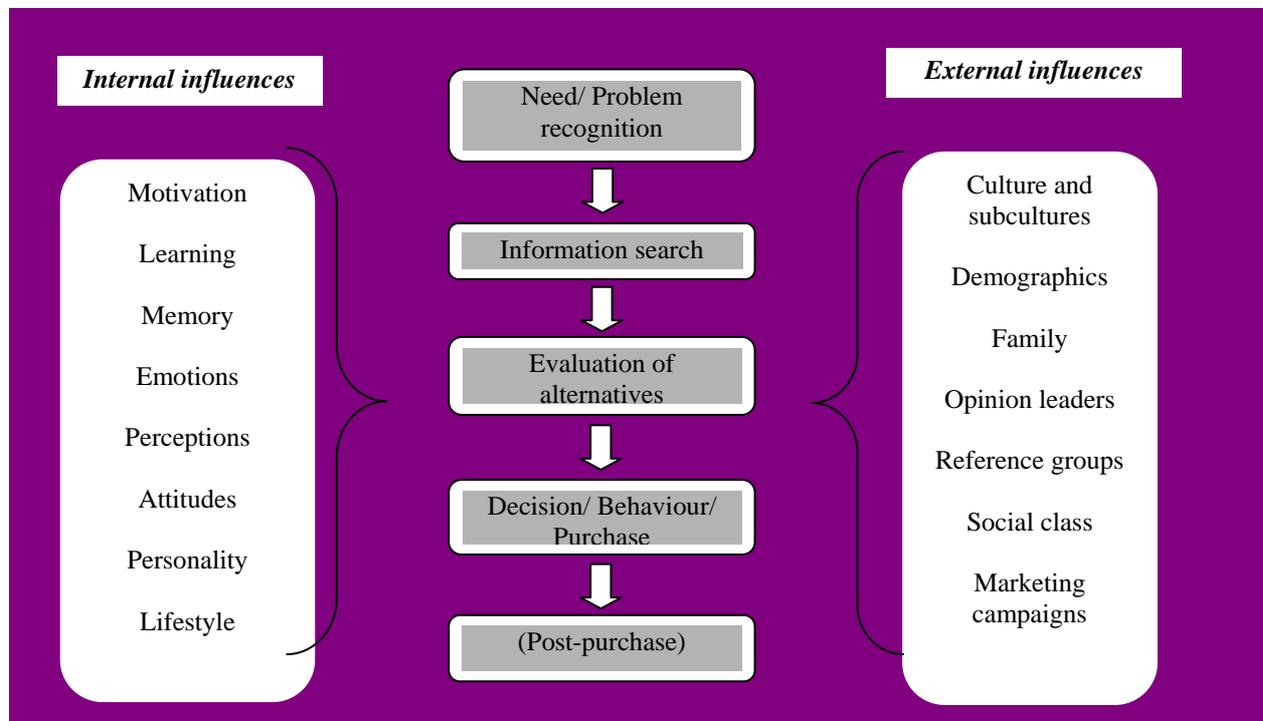
1. INTRODUCTION: WHAT IS CONSUMER BEHAVIOUR?



Have you ever told yourself that you should make an effort to be more physically active? Have you ever been determined to eat healthier or drink fewer fizzy drinks? Have you vowed to buy only organic or fair trade products? Did you ever promise to yourself that next time you'll throw your empty soft-drink can into the recycling bin? And do you think about recycling while on holidays or only during your daily routine?

It is often common to say one thing but then act in another way. It is also normal to act in such an "irrational way," yet the thought process involved in order to make that final choice is quite elaborate. This is why it is so challenging for policy-makers to try and understand why consumers behave in different ways and even more so to shape their behaviour. The complexity becomes more apparent when one starts to consider the variety of influences that can affect an individuals' decision-making process (*Figure 1*), which can be both internal and external. It becomes even more complex when it becomes apparent that the impact of these influences on decision-making varies from one individual to another.

Figure 1: Internal and external factors influencing the consumer decision-making process¹



What is clear from the above model is that influencing or shaping consumer behaviour for policy-makers, industry, or consumer associations alike is never simple. A significant amount of academic research is being undertaken in this area and it is important to appreciate the complexity of consumer behaviour without underestimating the difficulties of understanding why people behave in different ways and why it can be so difficult to shape their behaviour.

'Consumer behaviour' is a complex, multi-faceted phenomenon which can be defined in a number of different ways, including:

- *“The observation of the decision-making, purchasing patterns and habits of the general public.”²*
- *“... the study of individuals, groups, or organisations and the processes they use to select, secure, use, and dispose of products and services, experiences or ideas to satisfy needs and the impacts that these processes have on the consumer and society.”³*

¹ Adapted from Hawkins, Best and Coney (2001).

² Yadin, D. (2002). The International Dictionary of Marketing: Over 100 professional Terms and Techniques.

³ Hawkins, D. (2007). Consumer Behavior: Building Marketing Strategy - 10th edition. McGraw-Hill.

Despite the fact that individuals behave differently, a number of common features can be observed in one's decision-making processes:

Common features of consumer behaviour⁴

1. Other people's behaviour matters
2. Habits are important
3. People are motivated to 'do the right thing'
4. People's self-expectations influence how they behave
5. People are loss-averse
6. People are bad at computation
7. People need to feel involved and effective to make a change

The European Commission's Directorate General for Health and Consumers (DG SANCO), together with national governments, consumer groups and other actors, has an important role to play vis-à-vis policy interventions that aim to shape consumer behaviour. Further to this role, it is key that DG SANCO finds the best way for consumer-behaviour work to be practically embedded in its policies.

The purpose of this brochure is to present some of the principles of consumer behaviour and to gain an understanding of the importance of their application in DG SANCO.

⁴ For a detailed explanation, please refer to: [Behavioural economics: seven principles for policy-makers](#). The New Economics Foundation. July 2005.

2. WHY ARE WE EXPLORING CONSUMER BEHAVIOUR?

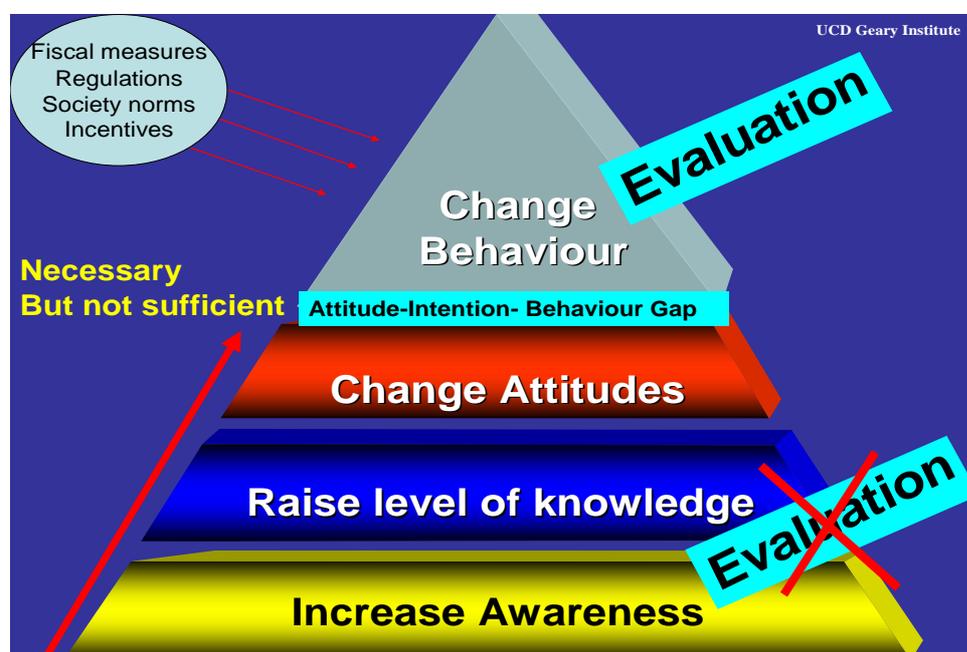
The importance of reaching a better understanding of consumer behaviour in DG SANCO, and how we can influence it, is central to a large part of the work we do and will only continue to gain importance in the coming years. This was reinforced by the *Future Challenges*⁵ exercise - an initiative that started in 2006 and by which DG SANCO sought to spot the main challenges it would face during the lifespan of the new Commission.

Understanding motivations and the main determinants behind consumer- and health-related behaviour is essential for policy-making because it allows us to better define the most effective tools for influencing behaviours and implementing the most effective policies.

While DG SANCO does tend to carry out studies to find out about consumers' perceptions and preferences, it rarely attempts to map consume behaviour per se, i.e. what exactly the consumer is actually doing or buying, and what has motivated that decision.

In terms of policy-making, there are many initiatives or behavioural interventions claiming to be able to shape consumer behaviour. However, they often only increase knowledge or raise awareness. The key challenge to effective health and consumer policies lies in **bridging the gap between change in attitudes and actual changes in behaviour – what is often referred to as the 'Attitude-Intention-Behaviour Gap'** (please refer to Figure 2).

Figure 2: The Changing Behaviour Pyramid⁶



⁵ Future Challenges Paper: 2009-2014.

http://ec.europa.eu/dgs/health_consumer/future_challenges/future_challenges_paper.pdf

⁶ Developed by the Geary Institute at the University College Dublin

Awareness vs. behaviour change: the case of smoking

For example, smokers are generally aware of the harm that smoking can cause and may even acknowledge that they need to stop, but this does not always lead them to actually quit smoking.



If the ultimate goal is to shape behaviour, then we need to explore how to bridge this gap between changing attitudes and intentions.

3. PRACTICAL APPLICATIONS OF CONSUMER BEHAVIOUR

The need to influence consumer behaviour is nothing new and there are numerous examples that illustrate attempts to do so – these come from both the commercial and public policy areas.

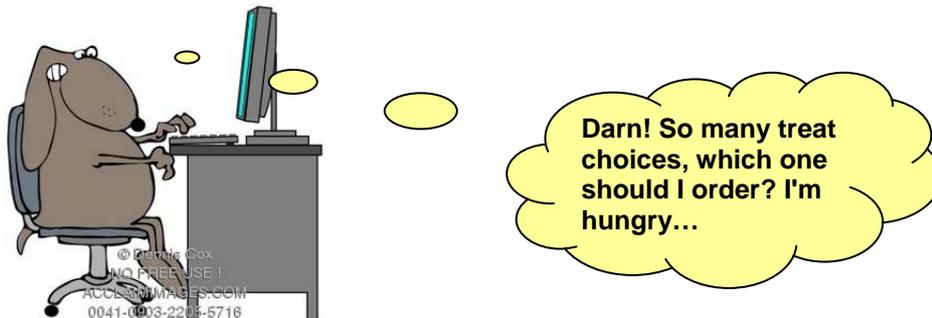
The commercial sector recognised long ago the importance of understanding and influencing behaviour. **Commercial marketing** is something that most citizens come into contact with on a daily basis and, for most organisations, is an ongoing process that includes advertising, distribution and selling.



The fact that many companies put so much emphasis on **marketing** highlights how important they believe the issue to be. Marketing for many companies is an integral part of their business model. Companies devote significant resources to find out which customers are buying their products and services, whether they are happy with what they buy and what is making them buy or not buy. Companies also try to anticipate the customers' future needs and wants.

One final point worth mentioning here is that the **Internet** and the rise of the **digital world** have further complicated consumer behaviour for governments and industry alike by giving the consumer more power to choose. "*The consumer is king*" has become a reality as consumers have access to a wealth of information to help them with the purchase of goods

and services. There is a huge potential for **policy-makers** to fully understand how consumers are spending their time online, especially as it seems that Internet users are increasingly using the medium as a way to improve their lifestyles.



Can the tools and techniques of the commercial world be used to change other, non-purchasing behaviours? Rather than selling a product, can marketing be used to influence behaviours in relation to social issues such as healthy living or caring for the environment?

The above questions have led to the development of the concept of **Social Marketing**, which can be defined in many ways, including:

- *“...the use of marketing principles and techniques (4 Ps – product, price, place, promotion) to influence a target audience to voluntarily accept, reject, modify, or abandon a behaviour for the benefit of individuals, groups, or society as a whole.”⁷*
- *“social marketing is the systematic application of marketing concepts and techniques to achieve specific behaviour goals, for a social or public good.”⁸*

Social marketing is a consumer-focused approach aiming to understand what really influences behaviour so that the development of behaviour change interventions, campaigns or programmes are based on sound knowledge of consumer behaviour. Social marketing goes beyond simply giving people information and urging them to act in a certain way, for example to smoke less, and instead tries to understand why people act as they do. It is about empowering citizens and not persuading them to change by preaching to them. Social marketing is also concerned with achieving tangible and measurable behavioural goals

Social marketing principles can be used to develop effective behavioural interventions on numerous issues ranging from alcohol reduction to decreasing prevalence of obesity to promoting sustainable behaviour (i.e. recycling).

Social marketing is not a panacea, but there is growing evidence that when applied effectively, and in the appropriate context, it can be a powerful tool for achieving a tangible and measurable impact on behaviours.

⁷ Kotler et al. 2002.

⁸ French, Blair-Stevens (2006) - <http://www.nsmcentre.org.uk/what-is-social-marketing.html>

4. WHAT ARE THE TOOLS FOR SHAPING CONSUMER BEHAVIOUR?

It is important to differentiate between identifying the **drivers of behaviour** and finding the **tools** to change the behaviour in question. For example, a company is unlikely to produce and promote a new product without first doing the research to understand whether it is something consumers need, like, or can afford.

The skill comes with being able to choose the right theory for the right situation and then finding the most **effective tool that will actually lead to the required behavioural change**.

Qualitative methods are used to explore specific aspects of consumer behaviour and for probing below the surface for effective drivers and subconscious motivations. They are a starting point for explaining consumer behaviour. They can help define the problem, generate hypotheses/ideas, identify determinants, and develop quantitative research designs. Due to the low number of respondents involved, these exploratory methods cannot usually be used to gather representative findings. The qualitative methods are:

- *In-depth interviews*
- *Semi-structured interviews*
- *Focus groups*
- *Case studies*
- *Projective techniques*

Quantitative tools are based on data that can be obtained through large-scale surveys and other quantitative methods used to obtain a wide range of specific information from participants. They are:

- *Cross-sectional surveys*
- *Longitudinal surveys*
- *Opinion polls*
- *Experimentation and behavioural economics research*
- *Data mining*

There is no one-size-fits-all approach to designing consumer behaviour studies – frequently a combination of qualitative and quantitative methods is needed to obtain conclusive results.

Perception of Excessive Drinking Among Irish College Students

A study carried out by a team of researchers at the UCD Geary Institute into ‘Perceptions of excessive drinking among Irish college students’ **provides a good example of how quantitative and qualitative data can be combined into a mixed-methods analysis.** The **quantitative part** of the study used the Alcohol Use Disorders Identification Test (AUDIT)¹ as a benchmark: participants were asked to (a) provide information about their drinking habits, (b) to rate it on a scale between “mild” and “excessive”, and (c) to rate the drinking behaviour of a hypothetical peer in nine 'vignettes' (illustrations/stories/examples). These nine ‘anchoring vignettes’ were used to account for subjective and objective measures in participants’ responses, i.e. to put their own consumption in perspective to their conceptions of excessiveness. The **qualitative data** for the study was obtained through focus groups with student drinkers from the same university. Taken together, the analysis of the data showed that a large number of students who drink excessively by objective measures **may not realise that they have a drinking problem.**

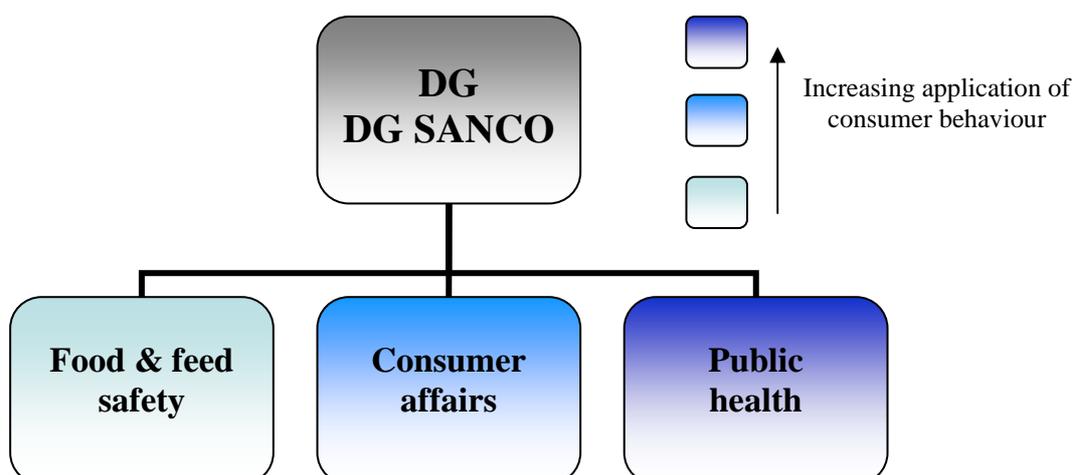
See also full article here: <http://ideas.repec.org/p/ucd/wpaper/200712.html>

5. FOR WHICH DG SANCO AREAS IS CONSUMER BEHAVIOUR APPLICABLE?

As highlighted earlier there are many areas of DG SANCO’s work where consumer behaviour is relevant. Indeed, it is relatively easy to identify aspects of DG SANCO’s work where behaviour – or more specifically shaping behaviour – is key to achieving policy aims.

DG SANCO recognises the need to make consumer behaviour an integral part of its policy deliberations, yet there is still uncertainty about the most appropriate tools to be used. This is made all the more difficult when we consider who actually has the responsibility to act; in many instances it is not DG SANCO, but the Member States who are directly involved in seeking to change behaviour. In these cases, the Commission principally provides information, and rarely initiates campaigns.

Figure 3: The application of consumer behaviour within DG SANCO



Some examples of the relevance of consumer behaviour to three DG SANCO areas are given below.

FOOD SAFETY

Some of the key questions in relation to consumer behaviour that DG SANCO work in the area of food and feed safety attempts to address are:

- What type of information is important to the consumer?
- Do consumers understand the labelling information they are given?
- Does nutrition or animal welfare labelling have an impact on consumer behaviour?
- What is the best way to present nutrition or animal welfare information?

Through a series of public consultations, surveys of Member States, interviews with a variety of stakeholders and the use of a Eurobarometer, work has been carried out on product labelling whereby DG SANCO has looked into consumer food labelling requirements/preferences.

DG SANCO also referred to a number of secondary sources to attempt to ascertain the impact of product information on consumers, including studies carried out by Member States, third countries and data provided by supermarkets.

CONSUMER PRODUCTS AND SERVICES

Some of the questions pertaining to consumer behaviour which are relevant to this area of DG SANCO's work include:

- How do people choose which bank account to open; what type of toy to buy?
- How do consumers react to a campaign on product safety?
- What kind of information on financial services should be disclosed to consumers and how should it be presented?
- What is the best way to inform consumers on consumer products and services in order to achieve change?
- When and why do consumers not make the optimal (rational) choice in economic terms?

In this area of DG SANCO, there is an interest in an individual's values and preferences in terms of the type and presentation of information, but also a concern for whether or not the consumer is being misled by other agents. This latter part of DG SANCO tends to look at consumer satisfaction and complaints to ascertain where the problem areas lie. An increasing attempt is also being made within this area to integrate **behavioural economics** elements into their work, cross-checking whether data actually corresponds with what consumer behaviour is really about.

HEALTH PRODUCTS AND SERVICES

The relevance of consumer behaviour to the work of DG SANCO in the area of public health can be captured in the following questions:

- Why do people drink so much? Why do they eat what they eat?
- On what information do consumers base their purchasing decisions? How do they select what they buy?
- What information could or should be provided to consumers when making decisions about health? How should this information be presented?
- Why do people alter their behaviour when it comes to health issues?
- What type of information could or should be provided to actually change people's behaviour and improve people's health overall?

One of the key challenges officials face in this area is the large quantity of information on health that is available publicly and that needs to be filtered. On the other hand, there is often the problem of not being able to find any information at all. For example, follow-up projects undertaken within DG SANCO identified indicators and looked at how to monitor reproductive health, but it proved difficult to find a lot of the data in Member States. Officials tend to spend a lot of time trying to collate the information, but have little time to assess what is the right type of information and what will actually get people to change their behaviour.

In summary, health and consumer policies, where consumer behaviour is most important, can only be assessed on a **case-by-case basis**. However, it is likely that there may be many more policies where consumer behaviour work might be relevant, especially with the move towards the Commission's '**SMART**' **Regulation agenda**⁹ and the need to assess **social, economic** and **environmental issues** when considering new initiatives.

6. CONCLUSIONS

Consumer behaviour is complex and very often not considered rational. A further challenge is that **consumer personalities** differ across borders and also between and within regions. The **vulnerable consumer**, who does not always have access to the same number of choices as the average consumer, also needs to be taken into account. Understanding these differences across the **EU-27** and how they will impact on a policy intervention is key to our success. Influencing consumer behaviour is in fact about targeting the right people with the right message.

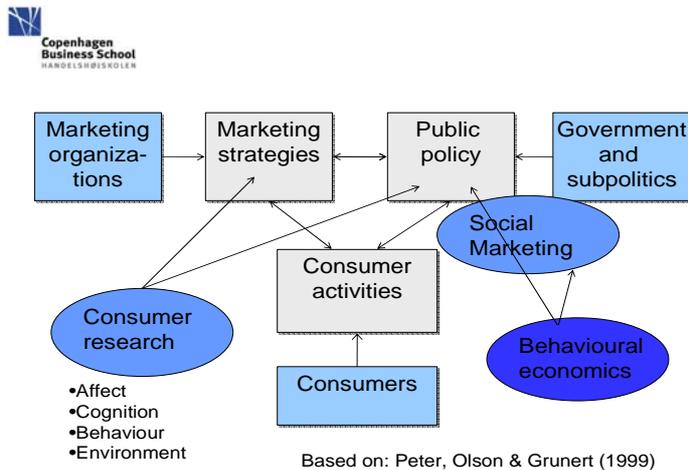
We live in a **digital age** and thus need to keep up with new trends in the social media. The Internet has become the first medium in history to allow for complex interaction between networks of people via Facebook and YouTube, amongst many more. In a constantly changing society where citizens are more proactive and have better access to information, and where new norms are created over time, many challenges evolve that we need to keep up with in order to truly understand our citizens.

A point worth considering is whether DG SANCO can **learn lessons** and **best practice** from those organisations for which influencing behaviour is a vital part of their day-to-day work: essentially this refers to major **commercial companies**. **Best practice** could be learned as to how success can be built around a **brand** and the amount of time and effort that companies put into promoting and defending their brands.

⁹ Speech by President Barroso, 18 September 2009: "...and we continue to attach a high political priority to reducing administrative burdens and driving forward smart regulation. Indeed, I will make smart regulation a 'Leitmotif'."

Figure 4 below provides an overview of the actors who have a general interest in consumer behaviour and who have a role (to a greater or a lesser extent) in influencing a specific behaviour and/or the ongoing processes.

Figure 4: Actors interested in consumer behaviour



DG SANCO cannot change behaviour alone, but it can enable and support the conditions to do so in a collective way. Figure 4 shows that **partnerships** across the public sector and with the private and not-for-profit sectors and other relevant stakeholders could be built in order to identify priorities together. The **media** is also a key actor. Figure 4 also shows where some of the **academic disciplines** fit within the wider picture. Those working in this discipline are, and will continue to be, key actors with whom DG SANCO needs to work as they will help to build the **evidence base** on which policy initiatives to influence behaviour are based.

On a final note, if **citizens** are really to be at the **heart of DG SANCO's policies**, then we have to better understand their motivations and needs. Our objective is to improve the daily lives of EU citizens and it is, therefore, essential to think ahead as to how the context in which we operate will change. Societies are evolving and consumers are changing. We have to communicate effectively with Europe's citizens. **Adequate and effective communication** with citizens is an important factor to build confidence and **trust** in order to shape behaviour in a positive way.



FUTURE ACTION FOR DG SANCO

- ✚ Follow consumer trends on a regular basis (i.e. continuous "consumer insight");
- ✚ Keep abreast of new trends in conventional and social marketing, for example new social media, and see how these can be applied to policy;
- ✚ Cooperate with the private sector which tends to continually evaluate consumer behaviour and the impact of changes in their commercial strategies on the consumer;
- ✚ Put the consumer at the centre of all policies - embed social marketing principles in our policy-making by developing consumer-focused approaches based on social marketing principles and practice;
- ✚ Improve academic-policy links;
- ✚ Better integration of scientific knowledge into policy-making;
- ✚ Improve collaboration with other Commission services, e.g. DG Research;
- ✚ Consult stakeholders early on in the decision-making process, using as wide a variety of tools as possible;
- ✚ Set-up procedures to integrate consumer behaviour concerns into our policy-making process from the early Impact Assessment stage;
- ✚ Effective and consistent data collection and appropriate formal evaluation structures should be planned already in policy-development stage;
- ✚ Act as ambassadors of a DG SANCO brand and communicate more effectively.

