How behavioural science can improve market research

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Much of the focus of behavioural science (or behavioural economics) has been about how to ‘nudge’ people’s behaviour, but there are many more applications with one of these being how to improve the way market research is conducted and how to obtain genuine insights rather than the answers we expect to hear.

What is behavioural science?

Terms like behavioural economics, behavioural science and nudge are part of the everyday language nowadays but it is worth recapping on what these actually are and where they came from.

It may be a surprise to some that behavioural science is not a new field but its origins are evident in Adam Smith’s “Moral Sentiments” of 1759 in which he said that our actions are a product of our nature as social creatures. Perhaps the first breakthrough publication was Kahneman and Tversky’s “Prospect Theory” (1979), then it reached a wider audience in 2008 with “Nudge” (Thaler and Sunstein), “Predictably Irrational” (Dan Ariely) and “Basic Instincts” (Peter Lunn). Its relevance was then highlighted by the financial crises and subsequent Great Recession which led to the creation of Behavioural Insights teams in the US and UK.

The common thread through all the books about behavioural economics or nudge is that people do not behave as we might expect. Primarily this is because we are far more affected by emotions and far less by rational thought than we like to think. In essence, behavioural science can be regarded as a set of concepts (or principles) which describe the ways in which people’s behaviour differs from that which traditional economic theory assumes.

In fact over 100 behavioural concepts have been identified going alphabetically from Action Bias to Sunk Cost Fallacy. In this article though, the focus is on seven concept which impact on how respondents answer survey questions or behave in a focus group.

Confirmation bias

This is where people seek out information in a way that fits with their existing preconceptions. So in a pre-coded list of survey answers respondents will be drawn to those which are consistent with their prior views, at the expense of any new information they may have been provided with. In a focus group, a good facilitator will spot this effect and look to challenge it.

Framing (or Anchoring)

Framing means that choices are heavily influenced by the options presented and how they are shown. This effect is readily observable when comparing different satisfaction rating scales: just the number of points on the scale will affect the result. An even more pronounced effect can be seen with pricing questions, so for example, apparent price sensitivity will be increased simply by showing respondents a higher price at the top end. Part of this effect is due to the fact that people generally think in a relative way and not in absolutes, so it is always important to be aware of the questions and information respondents see immediately beforehand.

Loss aversion

People are more affected by losses than gains (in fact, a loss has at least twice as much impact as the equivalent gain). This effect needs to be taken into consideration when presenting respondents with possible changes to an existing product: if they perceive they are losing something, even if it's not highly valued, this will spark a negative reaction. The fact that positives are seen differently to negatives also impacts on satisfaction questions and means that avoiding a product weakness is not treated the same as benefiting from a product strength.

Peak end rule

The peak end rule concerns how our memories work and therefore is critical in research where we are expecting respondents to remember their experiences of a product or brand. The bias here is that memories predominantly reflect the most extreme event and the end point: this is a long way from being some kind of average which is what is sometimes assumed. One way around this is to use 'in the moment' research where feedback is obtained at the time.

Power of context

Our decisions are heavily influenced by the external environment, even though respondents are often unaware of this and prefer to believe they are in control. An example is the impact of where a purchase is made: if you're in Primark you expect a t-shirt to cost far less than if you're in Selfridges even though in reality, the product is pretty much the same. To really understand a respondent's decisions it is therefore vital to obtain some contextual information (and not just demographic profiling questions). This effect is one reason why it worth understanding a specific decision rather than some abstract 'typical' or 'usual' occasion where the impact of contextual influences are likely to be under-estimated.

Social norms

The impact of other people is often under-estimated because it is not immediately obvious. However, it can have a noticeable impact on surveys and focus group discussions as respondents look to subconsciously conform to what is expected of them. A skilled facilitator can help to break down this barrier, and in a quantitative survey a self-completion approach can elicit more honest answers.

Status quo bias (habit)

The importance of habit is perhaps now one of the most widely recognised behavioural effects. One of the most obvious impacts on market research is the gap between stated intention and actual behaviour: in a survey or discussion group it’s all too easy to say that ‘I intend to try a new product’, but the reality is quite different. Understanding the context can help as this will help to identify the barriers to change, which is not only useful for assessing the likely scale of the status quo bias, but is also useful for identify the measures that might be used to overcome current habits.

As a general lesson from behavioural economics it is worth bearing in mind what is now understood to be the real nature of who we are and try to remove any lingering ideas that we are rational, utility maximising “Econs” rather than emotional humans.