

# How Incentive Framing Can Harness the Power of Norms

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## Abstract

- Social norms are powerful drivers of behavior.<sup>1,2</sup>
- Incentives are increasingly prevalent to encourage people to carry out desired behaviors.<sup>3,4</sup>
- The current research demonstrates that marketers and policymakers can guide perceptions of norms simply through the framing of incentives.
- Structuring an incentive as a surcharge (vs. discount) signals that the incentivized behavior is more of a norm. In response, people display emotions and behaviors consistent with a desire to conform.
- This effect is especially pronounced among individuals with a greater propensity to follow social norms and has the power to influence behavior even after the incentive is removed.
- These findings suggest a novel psychological mechanism that underlies the effectiveness of different incentive frames, while expanding the social norms messaging toolkit for behavior change.

## Study 1: Surcharges Leak Stronger Social Norms

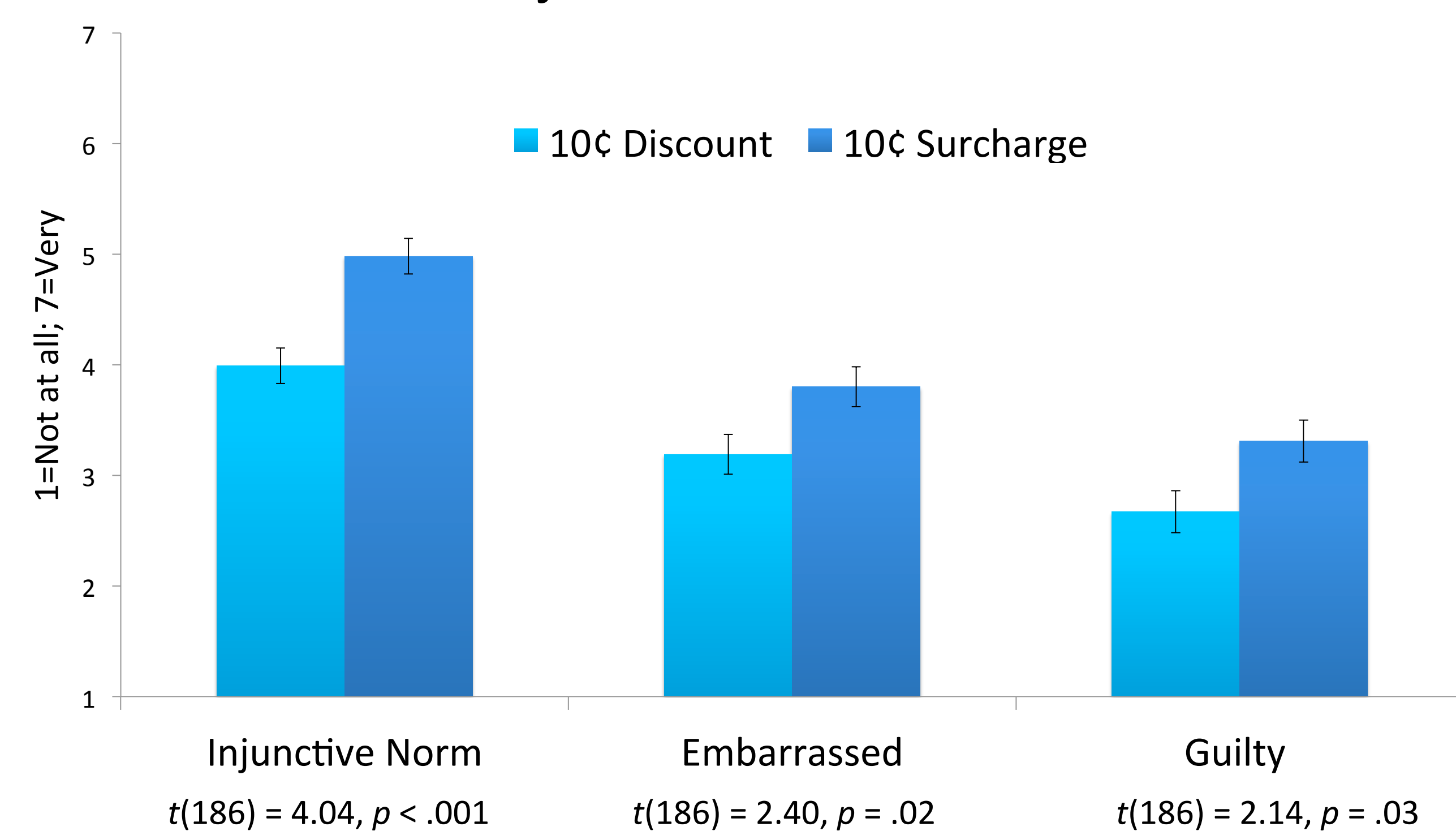
### Design:

- Participants (n=200) read about a store that offers a \$.10 surcharge (vs. \$.10 discount) for customers who bring their own bags.

### Results:

- Surcharges increased perceived prevalence of customers bringing bags, a descriptive norm ( $M = 55.24$  vs.  $M = 40.55$ ;  $t(186) = 3.95$ ,  $p < .001$ ).
- Surcharges increased perceived injunctive norms and anticipated social emotions for not bringing a bag.

### Perceived Injunctive Norm & Emotions for Violation



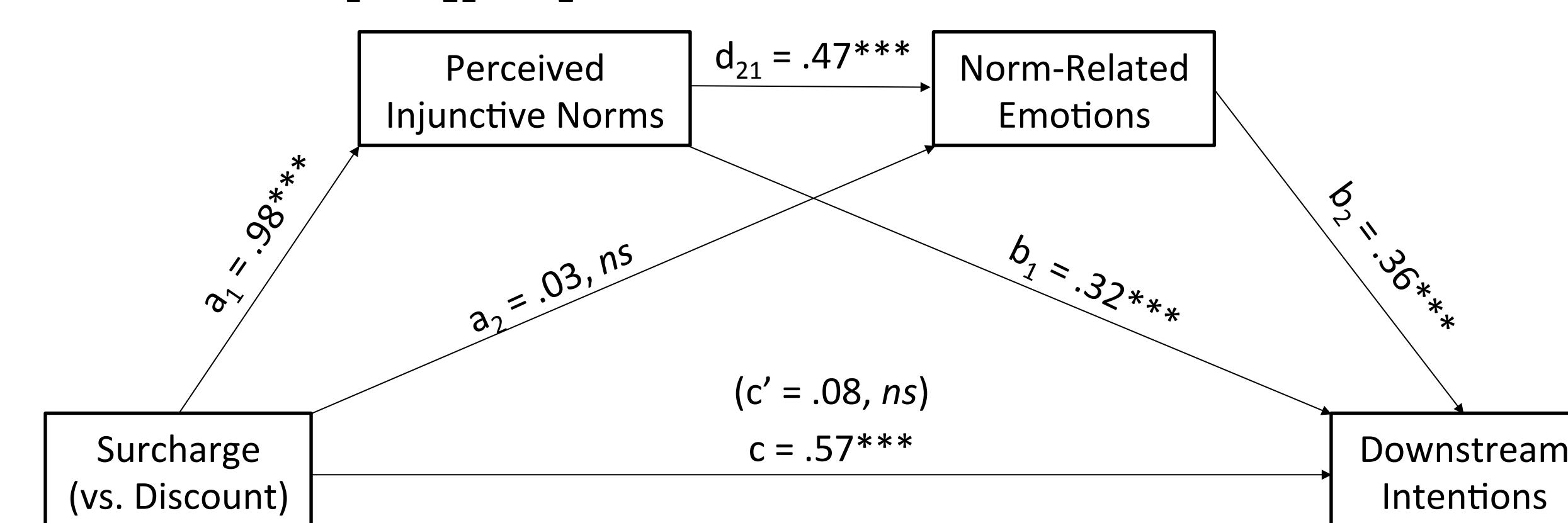
## Study 2: Surcharges Increase Downstream Intentions

### Design:

- Participants (n=499) read a scenario similar to Study 1 and reported perceived norms and anticipated emotions at that store (store 1).
- Participants then reported their intention to bring a bag to a second store in the same community (i.e., same norms) where there was no incentive.

### Results:

- A serial mediation confirmed the predicted causal path: surcharges increased downstream intention at store 2 because they boosted norm perceptions at store 1, which in turn heightened norm-related emotions (serial paths  $a_1 \times d_{21} \times b_2 = .17$ ,  $SE = .04$ , 95% CI: [.10, .27]).



## Study 3: Moderation by Tendency to Conform to Norms

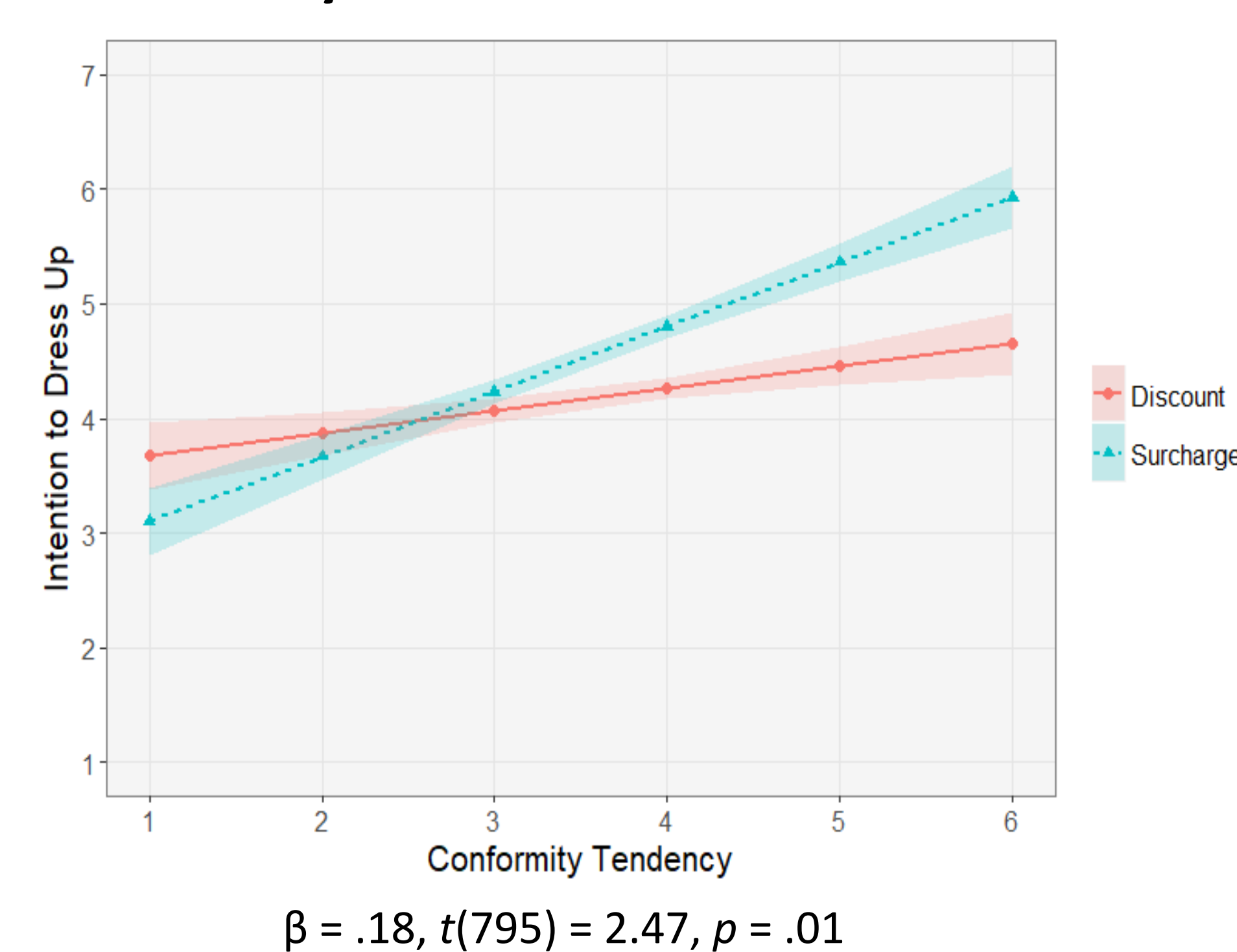
### Design:

- Participants (n=800) read about an incentive (\$2 surcharge vs. \$4 discount) to dress in costume for a Thanksgiving 5k run.
- The 2:1 incentive structure was designed to equate the average overweighting of a loss<sup>5,6</sup> (surcharge) relative to a gain (discount).

### Results:

- Surcharges increased perceptions that dressing in costume was “the norm” and led to greater intention to dress in costume themselves.
- Increased intention to dress in costume under a surcharge was moderated by an individual’s propensity to conform to social norms.

### Moderation by Individual Differences to Conform

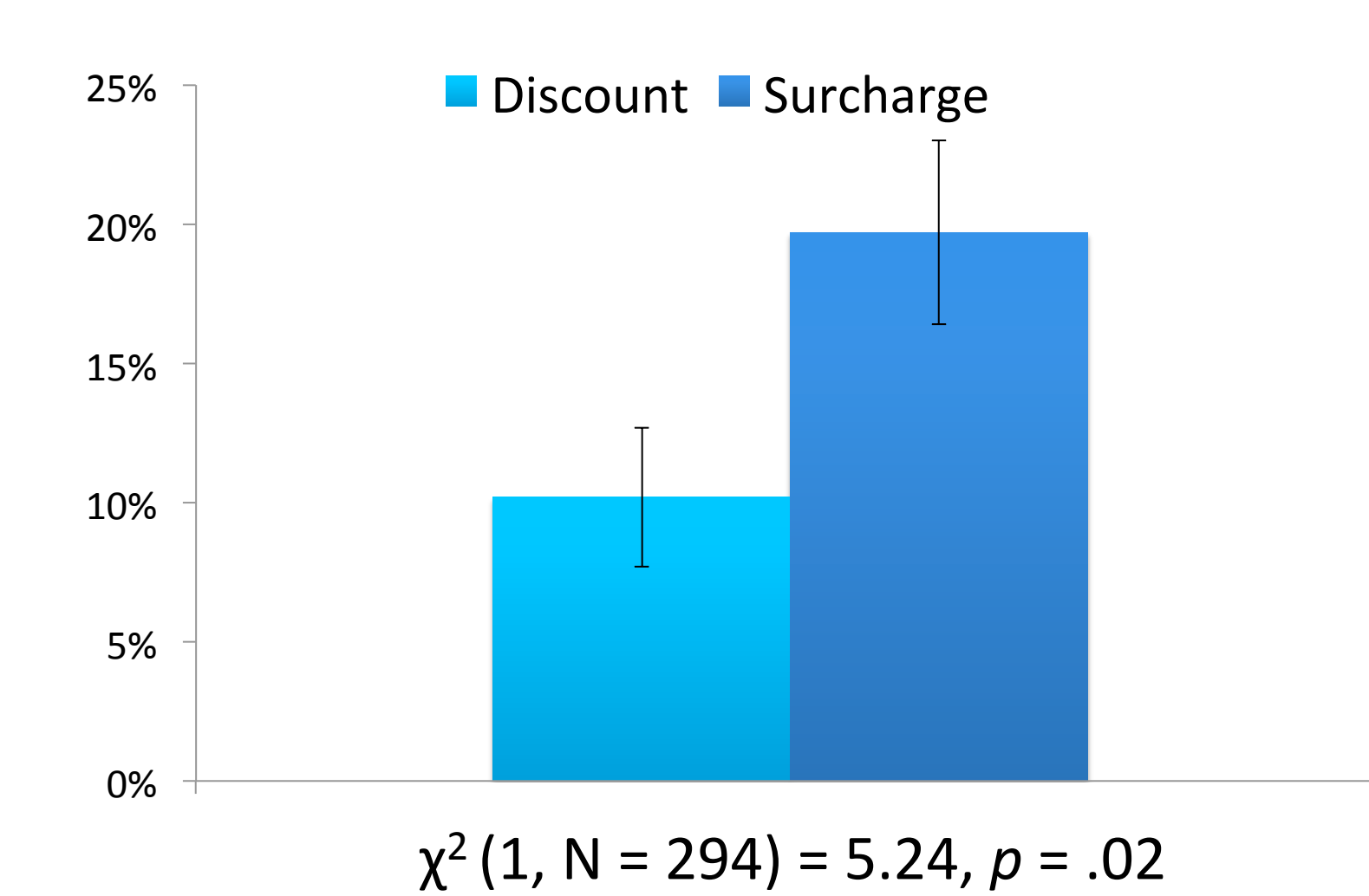


## Study 4: Surcharges Change Downstream Behaviors

### Design:

- Participants (n=294) were given an opportunity at the start of a lab session to purchase a pack of gum with an incentive (surcharge vs. discount) for using hand-sanitizer.
- When exiting the lab later that day, participants walked by the bottle of hand sanitizer (with no encouragement or incentive to use it).
- Nearly twice as many students who were exposed to the surcharge incentive at the beginning of the session spontaneously used the hand sanitizer—with no incentive—at the later point in time.

### Downstream Hand Sanitizer Use With no Incentive



## Conclusions

- Previous work attributes the power of surcharges mainly to loss aversion. We suggest it is also driven by an alternative mechanism with surprising and novel implications: shifts in perceived social norms.
- This social norms mechanism provides 3 important consequences:
  - Surcharges have the power to make behaviors “stick” even after the incentive is removed.
  - Surcharges can influence the behavior of consumers who merely observe them (i.e., they can influence both people who are and who are not financially affected by them).
  - Surcharges more strongly impact consumers who care the most about conforming to perceived norms.
- We add to the growing body of knowledge about the nature of incentives and the inferences individuals draw from them, by demonstrating that merely framing an incentive as a surcharge, rather than a discount, can influence perceived social norms and lead to meaningful changes in behavior.

## Contact

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## References

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