

#### Hello!

The document you're holding is created for the tourism industry with the ambition to help you strengthen sustainability and increase profitability. This manual is aimed directly at those working in tourism and, among other things, it includes tips on how you can tune up your products and services to make them even more profitable and sustainable. We have chosen to name the book "Smart Ways" because that's exactly what the book is about; offering you a selection of behavior-smart solutions that can make a difference in your business.

We met Milena Nikolova in 2013, when she gave an inspiring presentation on how we in hospitality and tourism can use behavioral science to "nudge" our customers in the right direction. The concept of "nudging" has since become increasingly known, but how do you actually nudge the customer towards more sustainable and profitable choices?

When creating this guide together with Milena, we noticed that the efforts required to achieve positive results are rather small. What you need is commitment and the courage to try. We hope that this manual will inspire you to take the first steps in behavioral economics and thus develop your business in smart ways.

#### Good Luck!

Västmanland Tourism – A part of Region Västmanland



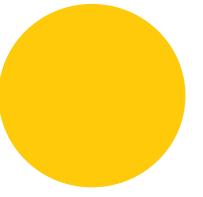
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# 1 Introduction

Welcome to the Manual for behaviorsmart tactics created for tourism companies and entrepreneurs in Sweden. The purpose of this manual is to "translate" some of the recent advances in behavioral sciences to actionable solutions that can easily be applied to daily operations by tourism professionals and entrepreneurs such as yourself.



In this manual we describe proposed solutions in two areas:

- **a)** improvements in commercial practices, especially related to communication tactics, pricing and service design, and
- **b)** improvements in sustainability performance, especially related to energy consumption, waste and minimizing the footprint of tourism activities

The main value that this manual brings to you is the cutting-edge knowledge about human behavior and decision-making, combined with excellent familiarity with the dynamics and trends shaping the global tourism industry today. The proposed behavior-smart tactics are informed by scientific knowledge but are presented as practical solutions that are directly relevant to the specific context of doing business in the contemporary tourism marketplace.

This manual is organized as follows: it takes you through a brief overview of the new knowledge field of behavioral economics and explains how its advance has shaped some recent developments in fundamental socioeconomic domains such as economics, finance, law, policy design, healthcare and education. The initial overview will offer some interesting examples. Next, you will find out why insights from behavioral economics are particularly relevant to today's travel industry and how they might offer directions towards solving some of the biggest challenges that the global tourism community faces today overtourism and poorly managed footprint. Based on the background information about behavioral thinking the main section of the manual outlines a set of specific behaviorsmart tactics that you can apply in your business. These are in two areas: tactics for commercial success and tactics for improved sustainability performance. The commercial solutions can be applied to the content and design of company websites, social media communications or promotional materials. They offer specific ideas for optimized pricing and presenting information. The offered sustainability performance ideas can be applied to product design, client relations and operations.

The behavior-smart tactics outlined in this manual are designed to be relatively easy to apply. They will require some investment of time, and effort and potentially some small-scale financial investments. Even though the execution of some ideas is likely to produce optimizations in the cost-revenue balance, none of them require significant monetary resources.

This manual is unique in that it is the first ever effort to apply behavioral optimization to an entire destination. By promoting behaviorsmart thinking and presenting you, the local service providers, with specific and easy-to-apply tactics, Västmanland Region aims to optimize its market success as a travel destination and lower the footprint associated with tourism activities. The ambition is that this experience will serve as best practice that can be replicated in other regions of Sweden, and other destinations in Europe and the world.



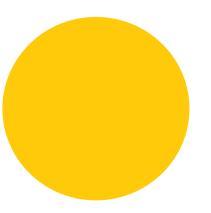
# 2 About BE and What is Behavior-smart?

Behavioral economics is a relatively new area of knowledge that borrows insights from psychology and neuroscience to explain why people make the decisions they make in different everyday situations. It focuses particularly on the instances when our choices are not optimal and contradict common sense:

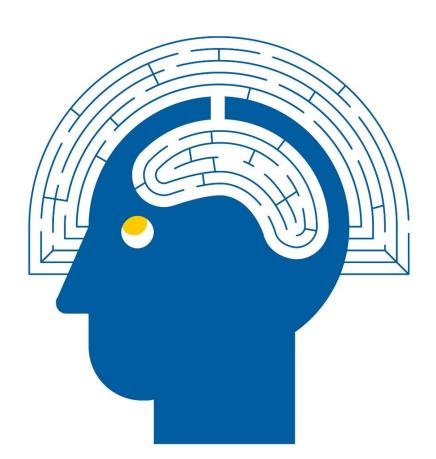
Why is it that many of us know exactly what foods and drinks are bad for our health but continue to consume them?

Why is it that we are convinced we will start saving more next week when we consistently failed to keep this promise for the last several weeks?

Why is it that we are vocal about the risks of texting while driving when we see someone else do it, yet we believe that we are unlikely to be in an accident if we do it?



The decision maze – impressions and thoughts that interfere when making decisions



#### How is behavioral economics different from traditional economics?

Behavioral economics differs from traditional economics in that it is grounded on realistic assumptions about how people make decisions. For decades traditional economics assumed that when faced with a choice we proactively collect all relevant information, carefully calculate the pros and cons of each option, and rationally select the route that is most favorable for us. In reality, when we need to make a decision, we rarely collect all the available information, we often seek shortcuts to help us avoid considering all the pros and cons, and we let emotions and biases influence our choice. In many cases we end up making the choice that deviates from rationality and common sense.

#### Why does this matter?

Traditional economics thinking has shaped the design of a lot of systems in our society and marketplace. This means that they are based on unrealistic assumptions about how people behave and make decisions.

#### So, what do we need to know about how people make decisions?

Obviously human behavior is complicated and multi-layered; there are numerous factors that influence how we approach choices. However, what is important to understand is that at the core of the processes is a dual system that activates two different decision-making styles depending on the specific situation. Our System 1 is our impatient decision-making system, which looks to get the job done as fast as possible and with minimum amount of effort. It relies on shortcuts that will enable it to make a decision without going through a full analysis or weighing of pros and cons. System 1 is active when we make everyday decisions that do not require a complicated thinking process. On the other hand our System 2 is our rational and analytical decision-making system. It analyzes the information that is available and that is relevant to the choice, compares the different alternatives and mindfully seeks to identify the best option out of the ones that are available. System 2 takes time and consumes significant brainpower to arrive at a decision.

## SYSTEM 1

# SYSTEM 2









**Subconscious** 



**Conscious** 



**Automatic** 



**Effortful** 









**Error prone** 



#### When are our System 1 and System 2 active?

Our System 1 is most likely to take over most decisions that we face in everyday realities. It takes the lead because our brain is wired to preserve its energy resources and whenever it can spare the involvement of its resourceintensive System 2, it will. The second instance when System 1 is in control is when our brain is already occupied with another task but needs to make a decision along with that. Think about situations when you are busy working on an important report for your company but need to decide what to grab for lunch. While your System 2 is invested in the analytical professional task of completing the report, your System 1 activates to quickly help you choose what meal to have. In today's contemporary realities when multitasking is part of everyday life, System 1 is increasingly responsible for more and more decisions.

#### What are the shortcuts that System 1 uses to make decisions?

Given that it is not inclined to engage in indepth analyses our System 1 uses different shortcuts to pick an option. Here are some examples:

#### Using the middle option as a shortcut

Imagine that yesterday you attended a conference and the coffee break buffet offered cappuccinos in three sizes: small (120 ml), medium (180 ml) and large (240 ml). The likelihood is that you, as well as the majority of the conference attendees, opted for the medium size of 180 ml. Imagine that today you are at another event and the buffet offers cappuccinos in three sizes: small (180 ml), medium (240 ml) and large (300 ml). Because this decision is most likely to be a fast decision, your System 1 will lead it and use the middle option as a shortcut. This means that how much cappuccino you will consume will depend on what options are available rather than what the reasonable amount of caffeine you should consume on the specific day is.









#### Using the choice of others as a shortcut

Imagine that you find yourself on the main pedestrian street in a town you are visiting and are looking for a place to grab dinner. You are standing between two restaurants on each side of the street and need to decide which one to walk in. One restaurant is empty and in the other restaurant there are two occupied tables. The thorough System 2 decisionmaking process would require that you find relevant information about the two restaurants (for example by going on the two restaurants' websites and by reading whatever ratings or peer reviews are available on Trip Advisor, Yelp, etc.), analyze it and pick the restaurant that seems to be more likely to offer better food and service. In reality, however, there is a high chance that you will simply walk into the restaurant with the two occupied tables, as your System 1 will use the fact that others picked the restaurant as a shortcut.

#### How can we benefit from understanding this?

Having a realistic understanding of how people make decisions and what shortcuts might be driving their choice can affect how we design decision making situations and how we facilitate the choice process. We now know that System 1 and System 2 rely on different input and follow different patterns when making decisions. If we can predict that in certain situations the decisions will be led by System 1, we can structure information and present it in ways that is aligned with its choice making patterns. In other contexts when we know that System 2 will lead the process, we can organize input in a way that is friendly to its decision style. In more specific cases knowing how the dual system works can help us use designs that prompt a switch of the leading system. If we can predict that a certain decision will be taken over by System 1 but it really requires the involvement of System 2, we can trigger a switch to ensure that the decision is thoughtful and rational. Some current apps and programs that help people develop healthier eating patterns use this approach: they seek to activate System 2 every time the person needs to choose a meal and suppress the likelihood for a hasty shortcut-driven selection of an option that might be unhealthy. When we use knowledge about decision-making and consumption

behavior to shape the design of market offerings, promotional information, pricing tactics or consumer policies, we are taking a behavior-smart approach.

#### What are examples of behavior-smart solutions?

With the advance of behavioral economics as a field of knowledge, it is becoming a source of insights that influence solutions across a wide variety of contexts such as policy designs, consumer protection programs, market solutions, workplace designs, public educations, etc. The following three examples are illustrations of behavior-smart thinking applied to encourage fuel efficiency among pilots, facilitating responsible financial decisions and making consumers aware of the climate footprint of meal choices.

Behavior-Smart Lowering of Airline Carbon Emissions at Virgin Atlantic

One of the biggest sins of the travel industry is the carbon footprint of air travel. Even though there are simple ways in which pilots can save fuel and respectively cut CO2 emissions during flights, they rarely apply them. In their manuals for pilots Virgin Atlantic recommends three such tactics:

- **1)** avoiding fuel overload by precise calculation of the fuel amount needed for each specific flight;
- **2)** optimizing speed, altitude and aerodynamic settings during flight; and
- **3)** turning off at least one engine during taxi and after landing.

Despite the fact that pilots were well aware of these approaches they rarely applied them.

To encourage the proactive use of these fuel efficiency tactics Virgin Atlantic applied a series of behavioral interventions that aimed to influence the motivation of pilots. The most effective among them were emailing pilots a monthly report of their fuel efficiency flight performance and providing them with fuel efficiency targets for the following month. The experiment took eight months and covered over 42 000 flights. Over its course the modified behavior of pilots produced 6.8 million kilograms of fuel saving translating to cost savings of \$5.37 million and a CO2 reduction of 21 million kilograms.

The results of this unique experiment reveal that soft behavioral interventions translate to significant optimization of fuel efficiency producing a lowering of CO2 emissions and significant cost savings. The effective behavioral change among captains is triggered mainly by the so-called Hawthorne effect; the awareness of being monitored. The mere fact that fuel efficiency behavior is monitored and tracked makes captains much more likely to apply the three fuel saving tactics that they were aware of but did not use before.

#### Using Behaviour-Smart Tactics to Encourage Water Conservation

Despite the humid tropical climate in Costa Rica, a rapidly growing population and urban expansion have led to water supply shortages. One of the towns experiencing serious pressure on its water resources is Belén. Analyses reveal that if current trends continue, by 2030 the community will experience chronic water scarcity. The traditional approaches that policy makers usually resort to in case of water shortages, include awareness campaigns, increase of water prices or introduction of taxes or fees. All of these measures were tested in Belén, including a 70% increase of the price of water. Nothing produced significant results.

The main problem with water saving is that while people understand the need to preserve water resources, they actually have no benchmark to determine whether their own water consumption is high or low. The technical presentation of water bills does not help as most people have no real idea whether the volume described in their bill is reasonable or not. Another behavioral barrier is that most of

us feel that we use water rationally and cannot think of ways to save water.

To trigger change in water consumption the authorities in Belén launched an alternative program based on behaviour-smart approaches revolving around two main pillars:

1) making sure that every resident receives easy to understand, personalized feedback on their monthly household water use, and 2) providing specific water consumption reduction tips that help citizens take the step from intention to practice. The personalized feedback was delivered through user-friendly cards that used smiley faces to indicate whether the water consumed by the household is higher than the average spent by households in the neighborhood (marked with a sad face) or whether it is lower than the average (marked with a smiley face). Belén citizens also received cards with very simple water saving tips such as turning off the tap while brushing one's teeth, using less water in the garden, immediate repair of water leaks, etc.

The results of the program in Belén revealed that both interventions were effective. The personalized water consumption notification with neighborhood benchmarks led to an average water saving of 3.7-5.6%. The specific water-saving tips triggered additional savings that varied between 3.4%-5.6%.





### DAGENS MENY

Dagens Vegetariska Quornfräs i tortillabröd med röd coleslaw samt het salsa och ris

Dagens kött Stekt vitlöksbröd med fläskssida, chilimajonnäs, pommes och karameliseradlök

Dagens kött Hamburgare med tillbehör och pommes frites

5,9 **C** 

Dagens Fisk Sejfilé bakad med rödpesto, potatispuré och grana padanosås

0,3 Cy•••••

Dagens kött Stekt svenskt isterband med persiljestuvad potatis, grov senap och rödbetor

1,2 C)····

CarbonCloud

#### Making Climate Footprint a Factor in Food Choice

The food system on a global level is responsible for the production of a quarter of greenhouse gas emissions. The livestock sector alone generates more than 14% of all human-induced greenhouse gas emissions. There is a need to explore ways in which food habits can be adapted to sustain healthy nutrition while lowering negative impacts on global warming. One of the ways of doing that is to move to a menu with more plant-based foods and meats from animals with lower footprint (poultry and pork vs. beef).

The main challenge with prompting a change towards more climate-friendly eating behavior is complexity. Climate change is a complicated issue that people effectively ignore in everyday life. Understanding the climate footprint of different foods and making the effort to track them is nearly impossible, especially on a daily basis.

One brilliant solution is CarbonAte - a carbon footprint calculator that enables restaurants to add easy-to-understand carbon footprint labels for each meal on their menu.

Calculations are based on detailed information about the ingredients that go into each meal. Depending on the estimated value, meals are marked as green if their climate footprint value is low, yellow if the value is average and red if the footprint value is comparatively high. The color code system simplifies the processing of the value and makes it easy for customers to understand whether a meal is more or less climate-friendly.

The climate label solution CarbonAte has been rolled out to numerous restaurants in Sweden and has started producing encouraging results. Helped by the easy to understand meal footprint information consumers are much likelier to choose a climate-friendly meal rather than an option from the red category. Overall the application of the solution produces an average of 25-30% in measured emission reductions. In addition to prompting change in consumption patterns CarbonAte enables chefs to move to more climate-friendly menus designed with more green ingredients and less red ones.



These three stories show that behavior-smart thinking can produce effective solutions in both commercial and social contexts. In many cases designing programs that align with the natural decision or consumption patterns of targeted audiences is more effective and much less expensive than programs that require forced actions.

The Swedish Carbon-Ate menu to the left features red, yellow and green indicators to show the footprint of each meal.

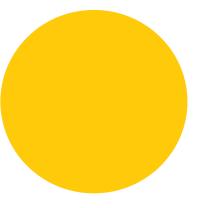


# 3 Behavioral F<mark>ailure</mark>s in Tourism

There is great potential for behavior-smart thinking in the context of travel. The high level of complexity of the tourism system combined with fast-changing market realities are a setting for a lot of failures linked to unrealistic assumptions about how travelers make decisions and consume experiences. Here are a few important aspects of traveler behavior that reveal the value of behavior-smart tactics:

#### The on-the-go buyer

Accustomed to online booking, the contemporary traveller is becoming increasingly dependent on mobile devices that enable exploration and booking on the go. The possibility to decide and buy at any moment tempts travellers to plan less in advance and keep their options open until after they reach their destination.



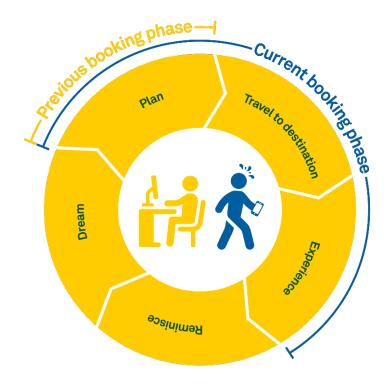
In the recent past, the dominating buying journey included spending time in front of the desktop or laptop after work or on a weekend. It involved mindful research and comparison of different options for accommodation, attractions and local services. In many ways this decision-making process was slow, conscious, logical, and based on considering the pros and cons of different options, i.e. very much a process involving our slower and rational brain (System 2).

With mobile devices in their hands, more and more travellers make decisions about their upcoming travels on the go, when they are already at the destination. This means that many purchasing decisions are made in a dynamic environment, in a state of mind that is elevated by the sights and sounds of the destination, and the excitement of being in travel mode. Under these circumstances, the decision making process is faster, associative, less mindful and driven by shortcuts, i.e. very

much a process involving our impatient and biased brain (System 1).

The rise of the traveller who enjoys flexibility and plans on-the-go triggers important changes for travel destinations and tourism service providers. Their customers will likely continue to do some research and gather advance information about the destination they are planning to visit, but many of them will leave plans flexible and make fewer booking decisions before their departure. This will shift the competition for the attention and purchasing decision of the customer to the post-departure period, and during the entire trip. It will also change the decision-making mode, which will dominate purchasing choices.

In this reality, service providers and entrepreneurs are increasingly dealing with a System 1 traveller who requires new approaches in designing and marketing offerings.



#### The attention-deprived traveller

Today's economy has been described as an "attention economy", in which the most precious commodity is our attention. Overwhelmed by information that flows from all traditional and social media channels, we are becoming masters in ignoring stimuli. This reality produces two important behavioral effects. First attracting and keeping the attention of customers is exceptionally difficult. Information needs to be presented in wavs that catch the attention and communicate the key message in uncomplicated ways, helping the busy mind to process and act without having to stop, look for the important information and think through details (System 1-friendly).

Travellers with overwhelmed attention are also likely to require different treatment during their in-destination experience. Distracted by technology, ongoing thoughts associated with their busy lifestyle or work engagements they have decided to handle during the trip, your visitors can easily go into mindless-presence mode and miss the opportunity to engage with your destination or the experience you are offering. In that sense, experience design and interpretation services need to account for the likely behavior of attention-overwhelmed travelers by aligning with their more superficial (System 1) thinking and by using tactics to activate their rational and more engaged (System 2) thinking when there is an opportunity for a mindful experience that requires the full attention of the traveler.

#### The disconnected visitor

One of the beliefs we have held is that providing the traveler with enough information about the desirable behavior at our destinations is enough to prevent misbehavior. In reality, however, when on holiday people are in an unusual state of mind that can unlock "untypical" behavior. That means that even if they are diligent in recycling or in avoiding food waste at home, when they go into holiday mode, they might give themselves a break from this discipline and behave against their usual principles.

Visitors display different levels of responsibility towards their home and towards the places they visit during travel too. While they are in the town they live in they are much more committed to responsible behavior because they can see the effects of that every day. If they generate waste, this will be visible; if they do not recycle properly, they may be fined; if they do not save energy, their electricity bill will be higher, etc. While they are in travel mode, however, the effects of their behavior are not necessarily visible to them as they are here for a short period of time. They are walking through that farmer's market now and will be gone in a few hours so if they drop a piece of trash now, they will not really have to deal with the consequences of an untidy street. If they do not recycle properly during their holiday, they will not have to deal with the consequences of waste materials ending up in local nature instead of the recycling centers.

In general people are much more attentive and concerned about the footprint of their actions towards places they care about. A disconnected and attention-deprived traveler who fails to engage with the destination can behave in ways that are harmful. Therefore, with the rise of more and more travelers exploring the world, host destinations and host service providers need to design experiences in ways that engage guests with their place. They should also be much more proactive in setting behavioral norms that align with the local social norms and ensure that guests are footprint-aware and mindful.

#### The culturally different visitor

One of the most exciting aspects of tourism is that it gives opportunity for interaction with people from different cultures. The traveler explores places with different socio-cultural texture, and meets local residents with beliefs and values that differ from their own. On the other end service providers communicate and work with guests who have traditions and behavior that feel untypical.

While this diversity of backgrounds and cultural norms is one of the enriching aspects of tourism, it has a darker side. The gap between the behavioral norms of host destinations and the home destinations of visitors creates potential for harm. Think about how in Sweden people grow up in close relation to nature and from early childhood learn how to behave in nature and how to enjoy nature with minimum footprint. As a result, for Swedes responsible behavior in nature is a "no brainer" and does not need to be specified or regulated.

Sweden receives visitors from all over the world and many of them have grown up disconnected from nature and as result lack even minimal knowledge about appropriate preparations for nature-based experiences. To enjoy experiencing the Swedish outdoors these guests need much more upfront information that will help them come informed, ready and equipped for an enjoyable experience that leaves minimal footprint. Understanding the likely behavioral gap between hosts and guests is increasingly important for ensuring that tourism is mutually beneficial. This cultural gap presents an opportunity as well. Because connection with nature is part of Sweden's living culture, service providers have the chance to influence their guests by educating them and showing them how Swedes live in harmony with the environment. If more visitors coming to the country learn from their hosts, they will be taking home not only memories of great experiences but specific ideas about more sustainable living.



# Behavior-smart tactics for tourism enterprises

This section will list and describe fifteen practical tactics that apply behavioral thinking in ways that optimize communications, marketing, pricing, product/service design and sustainability performance.

Each tactic is introduced with specific examples and step-by-step guidance for application and follows the same structure.

The first section always starts by explaining WHAT the specific tactic is and the context in which it makes sense. Following that you will find a few paragraphs that clarify WHY the tactic works and that offer a description of the psychological mechanism at its core. Next is the section that offers step-by-step guidance on HOW to apply the tactic to your business.



The next element in the tactic presentations is explaining WHO can benefit from this method. You will note that descriptions are presented in ways that seek to be relevant to different types of tourism service providers and to enable wider audiences within our industry to benefit.

A very important principle of applying behavior-smart tactics is that they need to be tested before application. Even though the insights and the recommended tactics that are shared in this manual are grounded on solid scientific knowledge and data from numerous practical applications, testing is needed. The reason for that is that behavior can be influenced by many context-specific factors. This means that even if a certain pricing tactic works with your friend who runs a hotel, it might not produce any positive results for your restaurant. Because there are plenty of factors that can impact how an intervention works, it is important to run a trial and observe outcomes before rolling out permanently.

To enable that, at the end of each tactic description you will find additional sections. One is a section on tools, which you might need when running your trials. The second is a measurement plan that explains step by step how to collect observations to establish a benchmark, i.e. monitoring the indicators we want to impact (spending, satisfaction, etc.) for a fixed period of time,

before you roll out the tactic. Using the same time period you will be guided to test and potentially roll out the intervention. You will note that there is variability in the length of the period recommended for benchmarking and testing. This is based on the fact that different tactics involve impacting different behaviors and some require more time to be properly observed and to produce an effect. This is why it is recommended that you follow the time periods recommended in the manual.

You will also note that in some cases testing is recommended with a smaller number of people than in others. The variance comes from the fact that in some cases a small number of respondents can help you gather enough insights about whether you are on the right track while in others you need at least 7-8 responses to establish a trend.

The format, descriptions and examples used to present you with these tactics are well thought out and tested to ensure maximum relevance. They are entirely practical and relevant to our industry. This is why you are encouraged to choose at least one or two, really experiment with them and roll them out. This way you will not only learn something new but will see a positive impact on your business.

#### **UNDERSTANDING THE ILLUSTRATIONS**

In the following chapters methods will be explained in the following steps:

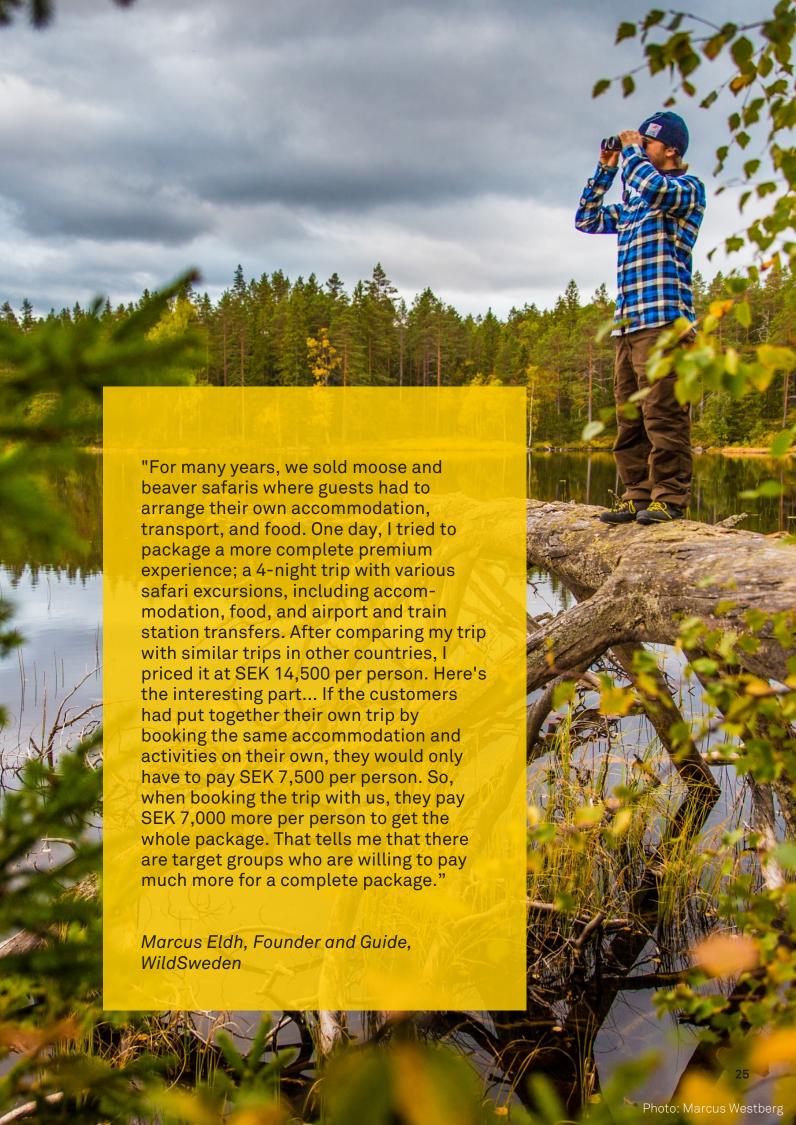


WHAT?

explaining the method









# 5 Behavior-Smart Menu Design: Anchoring

In this chapter, we reveal how you can design your menus and pricelists to entice your customers to pick one of the more expensive products. It's all about creating a reference point for your customer – an Anchor. If you use this technique the right way, it can result in your customers spending more money in your business. In the photo to the left you can see a Swedish meny applying this method.

WHAT: Using anchoring to increase spending. Unless it is at the core of a specific leisure experience, choosing food in many cases is automated and driven by shortcut-based decision making. This is especially valid for instances when our minds are occupied with something else (such as exploring the city, enjoying an amusement park or exploring a local museum). In these cases, grabbing a meal serves the functional purpose of satisfying our hunger and our desire is to make a quick decision about what we would like to eat, finish our meal and go back to the experience we are enjoying.

When our guests are in an impatient (System 1)-mode of choosing, the design of the menu can significantly influence their choice and respectively their spending. The order in which items are presented is one element of the design that can have powerful effects.

WHY it makes sense? The order in which items are presented is one of the factors that can impact the ultimate choice. The first price that your customers see produces the so-called anchoring effect and influences their response to the rest of the prices as well as their readiness to spend. The reason this occurs is that the first number captured by the mind becomes a reference point, or an anchor, to which the rest of the prices are compared. So, if your menu begins with the most expensive item and goes down to the cheapest in descending order, buyers are more likely to end up buying a more expensive item and spending more. If, on the other hand, your menu starts by listing items in ascending order (from cheapest down to the more expensive), the lowest price will serve as anchor and will lead to suppressed readiness to spend.



**HOW** to apply it? Seeking to unlock the anchoring effect through menu design makes sense across different

contexts. It is also relatively easy to execute with different menu designs as it simply requires rearranging items to start with the most expensive down to the least expensive. When your menu contains lists in different categories (appetizers, sandwiches, drinks, deserts, etc.) you should keep the categories but ensure that within each of them items are listed in descending order.

Applying anchoring to the design of your menu can be done through the following steps:

- 1. Capture average spending over a fixed period of time (ideally a week) to establish your benchmark. Make sure that the benchmarking period is expected to be relatively similar to the following periods so that the comparison can be objective (avoid unusual periods such as student holidays, special events, national holidays that typically produce different visitation and consumption patterns).
- 2. Rework menus by changing the order of items from most expensive to least expensive. Do not make any other changes to the design of your menu to ensure that you will track results that can be attributed only to the anchoring effect. (You can execute the redesign during the week when you are collecting benchmarking data so you are ready to roll out immediately after that).
- 3. Roll out the change by replacing the old version of your menus with the new one while continuing to capture average spending over the same time period as during the benchmarking. It is essential to use the same time period for capturing the second set of measurements.
- 4. If measurements confirm that average spending is higher than with your original design, you can keep the new menus permanently.



**WHO** can apply it? Applying the anchoring effect on menu design can work for different service providers,

including:

- food service providers such as restaurants, cafeterias and others using menus to present different meal options
- activity providers listing different programs, experiences and activities they offer on websites, brochures or other communication channels



### **Measurement Plan**

Week 1: Collect benchmarking data by tracking the average spending before making any changes. You can track overall revenue for the period, average revenue per day and average spending per customer.

Week 2: Introduce modified menus (change only the order in which items are listed) and collect comparative data by tracking overall revenue for the period, average revenue per day and average spending per customer.

Week 3: If data confirms that the anchoring effect takes place, introduce the change permanently.



# Behavior-Smart Menu Design: Choice Sets

It's easy to think that the more options you offer, the more you'll sell. But the truth is that if you have too many options, your customer may find it difficult to choose, which may even lead to the customer not buying anything at all. One way to handle this is to divide your offers into different categories. This way, your customer is never presented with more than a few choices at a time.







**CULINARY EXPERIENCES** 

WHAT: Using choice sets to facilitate decision-making. One of the misconceptions about variety that behavioral scientists have rejected is that more choice is better for consumers. In fact, having to pick among too many options complicates the decision and frustrates the buyer; in some cases it can even be a reason for the consumer to walk away from the purchase altogether. What is the optimal number of options that your consumers can easily process at a time?

The ideal choice set includes three options but up to five options at a time is okay. Even if your portfolio of options is longer, you can break the choice process into steps so that at every step your customer picks one of three options. For example instead of presenting your customers with 20 or 30 trips they can choose from, you can break the decision steps into categories so that they do not have to choose between more than three to five options at a time:

step 1: pick a region for your next holiday (North America, Europe, Latin America, Asia) step 2: pick travel style (adventure, wellness, family, relaxing) step 3: pick destination (Austria, Finland, Sweden, Norway)

WHY it makes sense? Three to five alternatives are relatively easy to process and choose from. Your customers still feel like they are choosing but the decision is much simpler than one with

more options. A choice set of three also provides a potential easy shortcut - the middle option. When you present your customers with three options and they are not sure which one is best, they are very likely to pick the middle option as it always feels like the safest choice.

**HOW** to apply it? Redesigning menus to present options in choice sets is relatively easy but depends on the type of offerings you have. If you are managing a food service operation you may redesign your menu so that all options are organized in sets of three. If you are managing a tour operator company then you may redesign the presentation of your portfolio by breaking the options into steps and categories (such as destination, style of travel, type of transportation, etc.) so that your customers choose between a small set of options at every step.

Introducing choice sets to the design of your menu can be done through the following steps:

1. Capture average spending over a fixed period of time to establish your benchmark. Your benchmarking period can be a week if you are a restaurant and can collect enough observations within a short period of time. If you are an activity provider you may need a month to gather enough observations on your website or other channels where your portfolio of offerings is presented. Record the quantity

of all sold items during this period. Make sure that the benchmarking period is expected to be relatively similar to the following periods so that the comparison can be objective (avoid unusual periods such as student holidays, special events, national holidays that typically produce different visitation and consumption patterns).

- 2. Rework menus by organizing items in choice sets. Do not make any other changes to the design of your menu to ensure that you will track results that can be attributed only to the use of choice sets. You can start working on the redesign early on or while you are collecting benchmarking data so you are ready to roll out immediately after that.
- 3. Roll out the change by replacing the old version of your menus with the new one while continuing to capture average spending over the same time period as during the bench-

marking. Continue tracking the number of items sold. It is essential to use the same time period for capturing the second set of measurements.

4. If measurements confirm that average spending is higher than with your original design, you can keep the new menus permanently.



**WHO** can apply it? Applying the anchoring effect on menu design can work for different service providers,

including:

- food service providers such as restaurants, cafeterias and others using menus to present different meal options
- activity providers listing different programs, experiences and activities they offer on websites, brochures or other communication channels



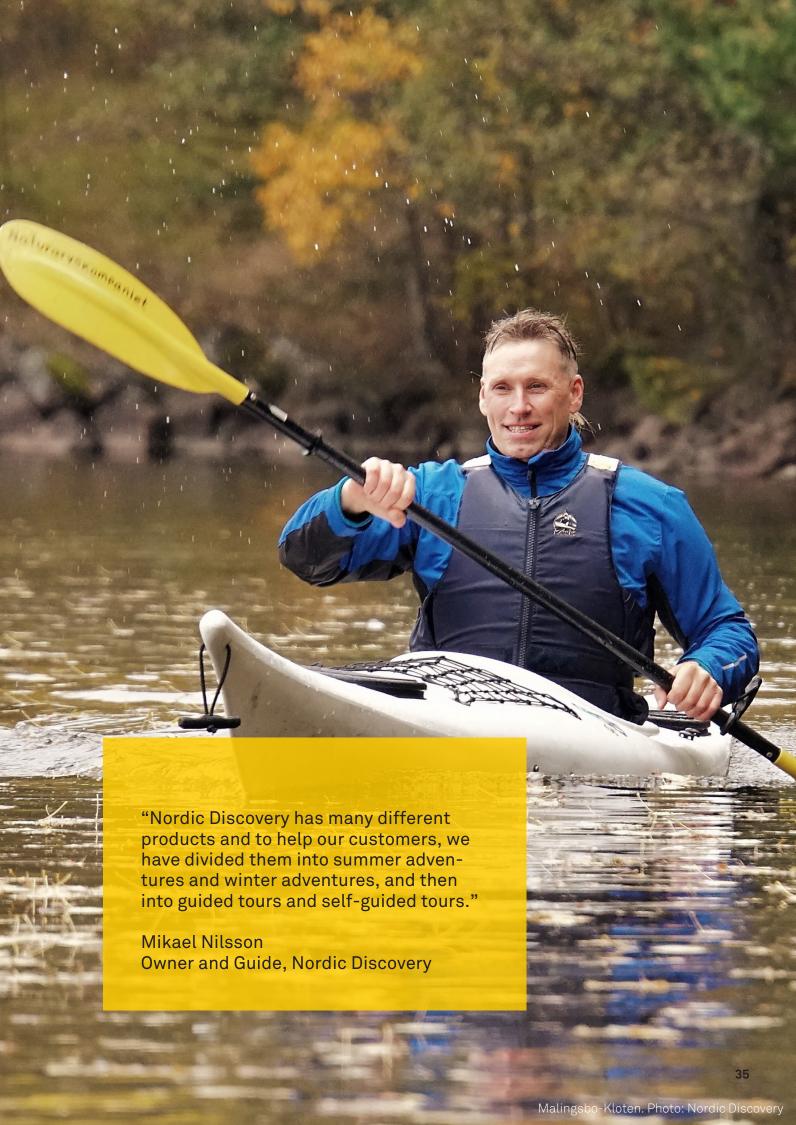


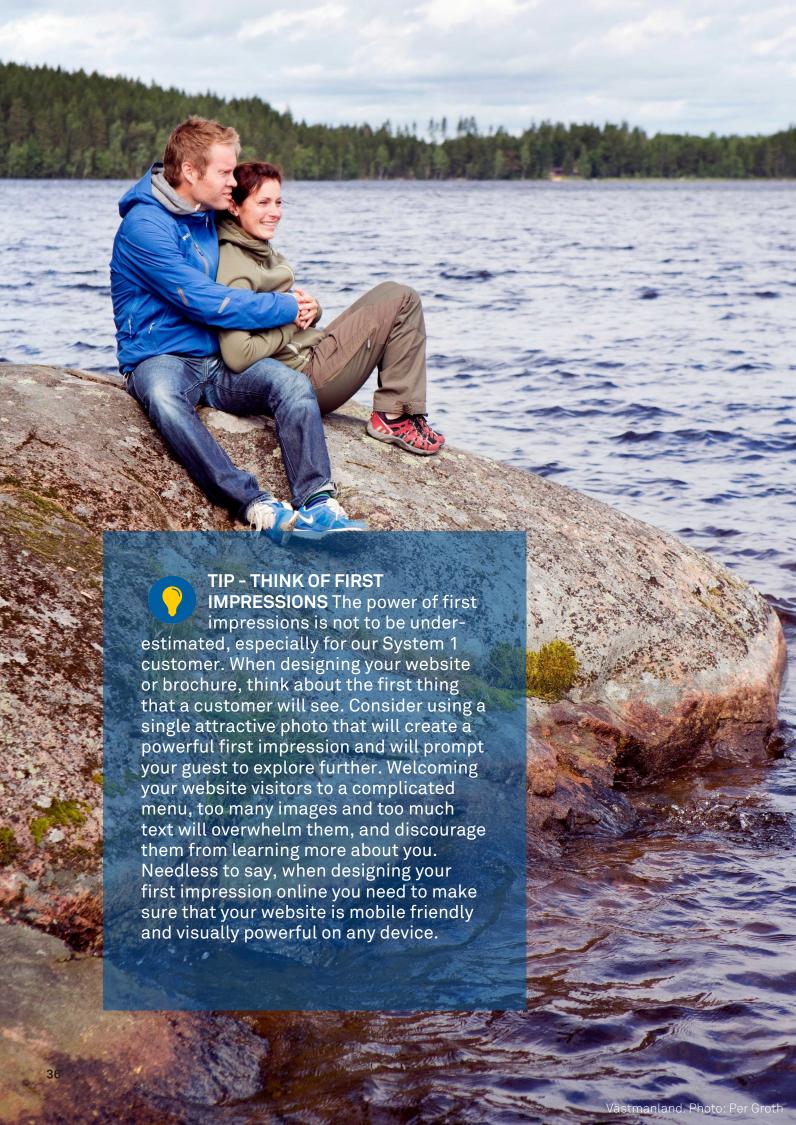
### **Measurement Plan**

Week 1: Collect benchmarking data by tracking the average spending and the number of items sold before making any changes. You can track overall revenue for the period, average revenue per day and average spending per customer.

Week 2: Introduce modified menus (change only the choice sets in the menu design) and collect comparative data by tracking overall revenue for the period, average revenue per day and average spending per customer, as well as the number of different items sold.

Week 3: If data confirms that choice sets stimulate purchases, introduce the change permanently





# 7 Behavior-Smart Menu Design: Social Conformity

Customers are often stressed and may need help making a decision. A sure way to help them, while at the same time marketing the products you really want to sell, is to highlight selected products by describing the choices of previous customers. We call this Social Conformity.

WHAT: Using the choice of others as a shortcut. In many cases when we choose as consumers, we do not have all of the information to really compare all available options or we do not have the time to analyze the different alternatives. One of the easiest solutions then is to lean on the choice of others. Not sure what restaurant to pick? Go with the one that has more people in it. Not sure which brand of juice to pick up in the supermarket? Go with the one that the couple in front of you chose.

How can you benefit from social conformity when you present your products, services or experiences? In many cases your customers may be uncertain about what option to pick. To help facilitate their decision you can include references to the choices others have made. For example: "our signature trip", "our most popular dish", "our best-selling refreshment". This can help guide customers to specific options but it also simplifies the decision-making process overall.

You can use references to the choice of others to facilitate decision making of specific



customer groups such as families with children, newlyweds, etc. For example: "our most popular experience for families", "the favorite dish of our youngest guests", etc.

why it makes sense? Social conformity is an effective decision-making shortcut because in a situation of uncertainty the fact that others have selected a specific alternative offers a sense of security. Uncertainty in choice making is especially likely when customers are choosing between options, they are unfamiliar with (for example between three possible excursions in a destination they are visiting for the first time) or when they do not have the time or resources to thoroughly analyze the different alternatives.

**HOW** to apply it? Redesigning menus or offers with social conformity references is relatively easy. There are several important considerations that need to be taken into account. First, what is the purpose of seeking to apply social conformity? It might be that you are looking to encourage sales of a specific product or service that you want to be selling more of. It might also be that you see that many of your customers experience frustration due to their inability to pick easily. Or you might have noticed that specific groups such as families often have a hard time deciding what options will be best for them so you want to help make sure they make a smart choice.

It is important to consider that social conformity references can only be applied with certain limitations. There can be one social conformity reference per group; it is not possible to have two best-selling trips within one category.

Introducing social conformity to the design of your menu can be done through the following steps:

1. Capture average spending over a fixed period of time (ideally a week) to establish your benchmark. Record the quantity of all sold items during this period. Make sure that the benchmarking period is expected to be relatively similar to the following periods so that the comparison can be objective (avoid unusual periods such as student holidays,

special events, national holidays that typically produce different visitation and consumption patterns).

- 2. Rework menus by adding social conformity references to selected items on your menu. Do not make any other changes to the design of your menu to ensure that you will track results that can be attributed only to social conformity. (You can execute the redesign during the week when you are collecting benchmarking data so you are ready to roll out immediately after that).
- 3. Roll out the change by replacing the old version of your menus with the new one while continuing to capture average spending over the same time period as during the benchmarking. Continue tracking the number of items sold and especially the items that are marked with references.

4. If measurements confirm that average spending is higher and/ or that you are seeing an increase in the sales of items that carry social conformity references, you can keep the new menus permanently.



**WHO** can apply it? Applying choice sets to menu design can work for different service providers, including:

- food service providers such as restaurants, cafeterias and others using menus to present different meal options
- activity providers listing different programs, experiences and activities they offer on websites, brochures or other communication channels.





Week 1: Collect benchmarking data by tracking the average spending and the number of items sold before making any changes. You can track overall revenue and sales for the period, average revenue per day and average spending per customer.

Week 2: Introduce modified menus (add only social conformity references in the menu design) and collect comparative data by tracking overall revenue for the period, average revenue per day and average spending per customer, as well as the number of different items sold.

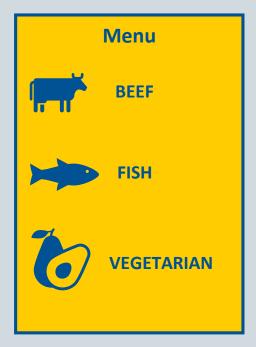
Week 3: If data confirms that social conformity stimulates purchases, introduce the change permanently.

Here are some examples of menus and price lists using Anchoring, Choice Sets and Social Conformity. These methods can also be combined. For example, you can use a menu starting with the most expensive product (Anchoring) but also highlight a product as the most popular (Social Conformity).

### **Anchoring**

Kayaking Activities	
Three day tour	€ 340
Two day tour	€ 250
One day tour	€ 170
Family tour	€ 100
Try it out	€ 70

### **Choice Sets**



### **Social Conformity**

### **Our guided tours**

Canoe Safari to the beaver lodge - OUR MOST POPULAR TOUR!

Hike with mushroom picking and outdoor cooking

Moose Safari at dusk

White Water Rafting for the whole family – THE CHILDREN'S FAVORITE!

Horse Back Riding with lunch at the water fall



# Behavior-Smart Pricing: The Power of Digits

The last digit you put on the price of your products can help guide your customers' perception of the quality of your offering. It may sound strange, but read the chapter and try for yourself – you'll see!

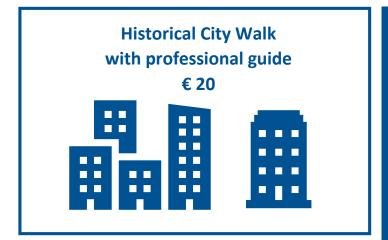
WHAT: Ending price at 9 or 0 as a signal for value. It might sound strange, but your customers do not perceive the difference between 156 and 157 SEK the same way they perceive the difference between 159 and 160 SEK. Even though the difference in both cases is only one unit, in the latter case it feels much more significant. Why?

We tend to perceive prices as signals for much more than the monetary value of the product we are considering buying. The format of the price and the ending number are signals for whether the price is favorable or it is relatively higher than the average. In general a price that ends with the number 9 is automatically perceived as good value for money and a price that ends with 0 is perceived as that of a product/ service of higher value or quality than the average. So if your overall strategy is to stand out in the market on the basis of attractive pricing, then promoting price ending with 9 will make sense. If, however, you are

trying to attract consumers who seek quality and value rather than lowest price, then you want to show prices that end with 0.

why it makes sense? The price of a product or service carries a lot of meaning and is perceived by your customers as a signal for quality and value. Deciding to present a price ending in the the number 9 can serve as a signal for an attractive price. This tactic is relevant for you if you are looking to position yourself as a provider of good value for money. On the other hand if you are seeking positioning as a higherend service provider, you want to avoid the number 9 and end your prices with another number or with 0.

**HOW** to apply it? Introducing new pricing formats is relatively easy. You need to identify the items that need price adjustments and consider the positioning you are seeking with your overall strategy.





You can communicate value to your customers by setting the right price. If your price ends with an even number instead of 9 your products will be perceived as high value, quality experiences.

Adjusting price formats can be done through the following steps:

- 1. Capture the sales of the selected items at their current price for a fixed period of time (a week, a month or three months depending on logical sales cycles or seasonality). Record the quantity of all sold items during this period. Make sure that the benchmarking period is expected to be relatively similar to the following periods so that the comparison can be objective (avoid unusual periods such as student holidays, special events and national holidays that typically produce different visitation and consumption patterns).
- 2. Introduce the new price format, i.e. changing the price to end with a 9 if you are seeking to trigger low-price perception and end with a 0 if you are seeking to trigger a higher-quality perception. Do not make any other changes to the product, packaging or promotion to ensure that you will track results that can be attributed only to the new price format. Continue tracking the number of items sold with the new price. It is essential to use the same time period for capturing the second set of measurements.

3. If measurements confirm that the items with the new price formats are generating more sales, you can keep them permanently.



**WHO** can apply it? Applying smart digit pricing is relevant to any provider or product, service or experience.





Week 1/ Month 1/ Quarter 1: Collect benchmarking data by tracking the number of items sold before making any changes.

Week 2/ Month 2/ Quarter 2: Introduce modified pricing (change only pricing and leave everything else the same) and collect comparative data by tracking overall revenue for the period as well as the overall number of items with the new price sold.

Week 3/ Month 3/ Quarter 3: If data confirms that the new price formats stimulate purchases, introduce the change permanently.



# Behavior-Smart Pricing: Order of Price Information

There are many factors guiding your customers through the buying process. One of them is actually where you place the price in the description of a product. You can convey pure functionality or evoke positive feelings for your product just by placing the price tag at the top or bottom.

WHAT: Placing price information before or after product information. Price information is an important component of every offer. We rarely think about the importance of whether price should come first followed by the description of the product or vice versa.

In fact the order of the product description and the price matters as it can influence the reaction of your consumers to the offer. When the advantages of your offering are mostly functional (low price, convenient hotel location, 24/7 customer service, etc.) you want to present an offer in which price information is on top and is the first thing that potential buyers will see. On the other hand, if the main advantages of your offering are experiential or pleasure-related (invigorating hike, breathtaking view, celebrity chef), you want to start with the description of the product and leave the price at the end.

why it makes sense? Price information and information about the product elicit different reactions because they trigger different thought processes. When your customers see price information first, that activates the part of their brain that deals with functional associations. As a result they view and evaluate the entire offer on the basis of its functional advantages (convenience of transportation, location of hotel, speed of service, etc.).

If your customers are exposed first to the description of the experience, that activates the part of the brain that is responsible for pleasure. As a result they process the entire offer on the basis of its pleasure-related advantages (fun memories, sense of achievement, aesthetic experience, etc.).

HOW to apply it? Adjusting the order of price and product information requires careful consideration of your overall strategy, especially when it comes to the value that you offer to customers. Adjusting the order of price and product information can be done through the following steps:

1. Consider the key value of each offering that you would like to promote. Clearly identify



whether your advantage is in the functional aspects or the pleasure-related/ experiential aspects.

2. Introduce change by redesigning offers: present offers with price first in cases when you want to benefit from functional advantages and with description first when you want to benefit from experiential advantages.

3. Roll out your redesigned offers and monitor success.



**WHO** can apply it? Designing offers with price first or last is relevant for different service providers, including:

- activity providers listing different programs, experiences and activities presenting offers on websites, brochures or other communication channels.
- accommodation providers and providers of transportation services promoting their offerings on websites, digital sales platforms, brochures, advertisements, etc.
- providers of culinary experiences such as restaurants and others promoting themselves on websites, digital platforms and brochures.



Week 1/ Month 1/ Quarter 1: Collect benchmarking data by tracking the number of offerings explored (if on website)/ sold before making any changes.

Week 2/ Month 2/ Quarter 2: Introduce changed price order (change only the order and leave everything else the same) and collect comparative data by tracking website activity and sales.

Week 3/ Month 3/ Quarter 3: If data confirms that the new price order stimulates purchases, introduce the change permanently.



# 10 Setting Price Expectations: When Price Varies

Tailored packages and products are common in the tourism industry. Being able to decide what should be included can, of course, be perceived as great service. But unless you help a stressed customer understand what it will cost, making choices will be difficult and you risk having the customer turn elsewhere. There are some smart tricks to deal with this and that's exactly what this chapter is about!

WHAT: Using case studies to manage price expectations. Failing to share pricing information can put you at a significant disadvantage in the marketplace as it leaves potential buyers with lack of clarity and suspicion. At the same time, if most of your offerings are customizable and vary, listing specific prices becomes hard and can cause false expectations.

One way of dealing with this contradiction is using case studies that share stories about past clients of the company and demonstrate sample prices that relate to the specific case. Using case studies is a great way to set some expectations and provide some pricing information in the context of a specific service tailored to a specific client.

why it makes sense? Not sharing prices on your promotional materials or channel is very likely to trigger a sense of suspicion among your customers. When they do not find anything that gives them a sense whether your prices are within their

reach or not, they might decide that you are an expensive provider and walk away. Even though some companies avoid publishing price tags and rely on customers sending them an inquiry, the likelihood is that clients will avoid making that extra step if they can go to someone else.

In such cases customer case studies are a great alternative. They set some expectation about likely prices without making a commitment to a fixed number. To ensure that your customers have a realistic sense about your lower and higher price ranges, you want to develop three or more case studies that tell the following stories:

- customer buying a small/ lean package at a relatively low price
- customer buying an average package at an average price
- customer buying a premium package at a high price

### **Case Study 1: (low value - setting the lower bracket)**

**The need:** our client was a mid-size corporation looking to celebrate the 25th birthday of the company with all of its 75 employees in a casual evening party staged outdoors.

**The solution:** we staged a rustic bonfire celebration with light sandwich appetizers, vegetable salads, roasted meat and of course, a large fruit birthday cake. A local band was responsible for elevating the spirit of the celebrating group.

The package: to meet the need of our client we offered a casual package that did not compromise on quality and convenience but did not go into unnecessary extras. This was a one-day event starting at 16.00 and finishing at 23.00. The package included bus transportation for all company employees to and from town xxx, an outside buffet with 5 types of appetizers and salads (two vegetarian options), two kinds of meats and vegetables roasted on our own fire barbecues on the spot, and a 75-piece light fruit cake prepared by our own chefs. Two glasses of wine or beer were offered per guest. Soft drinks included water, home made lemonade and sparkling drinks. The local band entertained the party between 19.00-21.00. The celebration was supported by a team of 12 people.

Our offer: the all inclusive celebration package was priced at .../ per person.

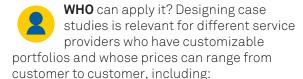




HOW to apply it? Designing the case studies is a step that requires some preliminary effort. It is important to write cases that are realistic and that include different offer combinations with different pricing covering your full range from lowest to highest price levels.

This can be done through the following steps:

- 1. Design three different case studies with three different stories and prices (low, average, high).
- 2. Show them to 3-5 friends or acquaintances whose profiles are similar to those of your customers and ask them for feedback. Adjust if needed.
- 3. Roll out the cases through communication channels.
- 4. Monitor success and track feedback from customers.



- activity providers listing different programs, experiences that are customized based on customer profiles and specific demands.
- accommodation providers and event organizers that host events of different nature, scale and profile.
- providers of culinary experiences that vary depending on length, specific activity, seasonality, etc.

See case study examples from tests done at Schenströmska Manor Hotel on previous page, below and on the following page.

### Case Study 2: (mid value)

**The need:** our client was a large corporation looking to combine some working needs with some exciting outdoors team-building activities for its sales team of 45 people. **The solution:** we offered a 2-day 1-night package that included 2 lunches, one celebratory dinner, one breakfast, 24/7 access to our large conference room, two outside activities and space for casual gatherings during non-working time.

The package: to meet the need of our client we offered a comprehensive package that included everything for the comfort of the group. Guests arrived with their own transportation midday on day 1 (Thursday) and were welcomed by a nice casual 3-course lunch (including vegetarian option) set in our sunny restaurant. Between 14.00-18.30 the group did some strategic planning benefitting from our comfortable working space that offered options for inside and outside sessions. A buffet dinner was set for the team in our restaurant terrace. The menu featured 5 appetizers, 2 fresh salads, 2 meat, 1 fish and 2 vegetarian meals, 3 kinds of deserts and nuts. 3 drinks were offered per person. On day 2 guests were welcomed with a home-made breakfast before engaging in a fun outdoors adventure in nearby forests. A nice picnic lunch was delivered with basket in an outside meadow by the lake. The afternoon offered excitement with a kayaking competition, which lifted everyone's mood and secured a smiling conclusion to the experience of the group. A nice afternoon coffee with sweets welcomed the group back at the property before they left with their own transportation.

Our offer: the all inclusive 2-day package was priced at .../ per person.





### Case Study 3: (high end - setting the upper bracket)

**The need:** our client was a large and very successful corporation looking for an exceptional celebration of a recent company success for its executive team of 25.

**The solution:** we offered a 3-day 2-night package that included 1 welcome dinner, 1 celebration dinner, 2 lunches, 2 breakfasts and an all-day available buffet of fruits and nuts. Special outdoor activities were set up to meet the entertainment needs of the guests.

The package: To meet the need of our client we offered a lavish package that covered all elements of a special experience for our guests. Guests arrived in the afternoon on day 1 with their own transportation (Friday) and were welcomed by a nice fika with high quality coffee, herbal teas, fresh lemonade and 5 different snacks prepared by our own chefs. After some casual time allowing guests to explore the beautiful natural surroundings or enjoy our sauna a rich welcome dinner put a start to the celebratory weekend. A rich buffet (4 fresh all-organic salads, 5 appetizers, 5 meat and fish meals, 3 vegetarian meals, and a rich variety of desserts, including fresh fruits and unlimited champagne, wine and beer) were offered to our guests. On day 2 our guests were welcomed with a rich home-made breakfast, top-quality coffee and tea, a selection of fresh juices and fresh fruits. After breakfast guests were invited for a nice morning walk through the forests with our guest guide who took them to secret natural spots, pointed to some interesting local plants, including some local herbs and medicinal plants. A nice 3-course lunch welcome guests back on the sunny terrace. After some free leisure time, the afternoon offered a visit to the local village where guests met some crafts and tried their own skills with the local shoe master and handmade scarf artist.

The package (cont-ed): A true celebratory dinner was organized for the evening with a 5-course gourmet dinner, luxury wines and unlimited drinks. Our chefs delighted guests with some on-the-spot demonstrations and tastings. A set of special desserts with champagne put close to the late-night evening. A warm buffet breakfast served on the sunny terrace welcomed everybody back on day 3. Guests had the opportunity to enjoy a walk, casual morning on the terrace, sauna or some kayaking on the canal. A 3-course home-made lunch welcomed the group back. Some free time in the afternoon was followed by a home-made fika before guests departed on their own transportation. Each of them took home a special gift box from our team that included a selection of some of our own homemade herbal teas and a holiday set of our own cookies.

Our offer: the all inclusive 3-day package was priced at .../ per person.









Week 1/ Month 1/ Quarter 1: Collect benchmarking data by tracking the number of offerings explored (if on website)/ sold before making case studies available. During this period draft case studies and test them with a small number of respondents.

Week 2/ Month 2/ Quarter 2: Introduce case studies and collect comparative data by tracking website activity and sales.

Week 3/ Month 3/ Quarter 3: Monitor success of case studies and update/ change when needed to ensure relevance.



# 11 Price Relevance and Relativity

What does a forest experience cost? How much is the guide's expertise worth and how much are you paying for the view? A customer who has never experienced the type of product you're offering may find it difficult to determine whether it's worth the price tag. To avoid doubts and help your customers in the booking process, you can attach relevant price comparisons to your offers.

WHAT: Facilitating a sense of price relevance through comparisons. In many cases your customers have no automatic reference point that enables them to determine whether your price is favorable or not. This is especially true for offerings that are not comparable to alternatives. For example, a one-day culinary experience can vary greatly depending on the destination where it takes place, the food that will be sampled, the activities that will be involved, and the supplemental services that may be needed. etc. Therefore, if a likely buyer of a culinary program sees a price of 1000 SEK they do not automatically know whether this is acceptable or expensive.

In order to create a sense of relevance you can facilitate a comparison that helps your buyer judge prices by providing your own favorable comparison points. For example, you can use statements such as:

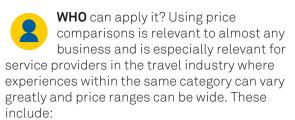
- "A one-day invigorating nature experience at the price of your average dinner at a London restaurant"
- "A one-day online meditation program for what you spend on coffee in two weeks"
  - WHY it makes sense? When an offering is not automatically comparable to an immediate

alternative or when there is high variability within its product/service category, customers have a harder time determining the acceptability of the price tag. To help the process they seek the closest reference point that can help resolve the problem. If we do not provide the reference point, we are leaving the formation of customer perceptions to chance. If a potential buyer is exploring a two-day rafting program on your website and you do not provide a reference point, they might seek one and decide that the closest thing they can compare this to is a two-day hiking trip they did in Central Europe three years ago. If the price of that trip was significantly lower than your two-day rafting experience, then your potential buyer walks away with the sense that your price is high. Instead, if you provide the reference point, they will perceive it in a different way.

**HOW** to apply it? Identifying a reference point is relatively simple but has some subtleties. It is important to use comparison points which are realistic,

relevant and favorable. This can be done through the following steps:

- 1. Do research to establish whether your price is objectively on the lower or higher end compared to close alternatives.
- 2. Identify the most logical references that your buyers might use as well as existing alternatives to your product/ service.
- 3. Develop your comparisons. If your price is attractive compared to immediate alternatives, build your comparison around that (for example: "A complete farm tour at 10% less" or "The same cooking class but at a lower price"). If your price tag is higher than immediate alternatives or there are no immediate alternatives, build your favorable comparison around a more distant but still logical reference point (for example: "A breathtaking view at the price of an average dinner at a Manhattan restaurant" or "A oncein-a-lifetime adventure at the price of an average hotel stay in the capital city").
- 4. Test your comparisons with 3-5 friends or acquaintances whose profiles are similar to those of your customers (or actual customers) and ask them for feedback. Adjust if needed.
- 5. Roll out the comparisons through your communication channels where you publish your price information.
- 6. Monitor success and track feedback from customers.



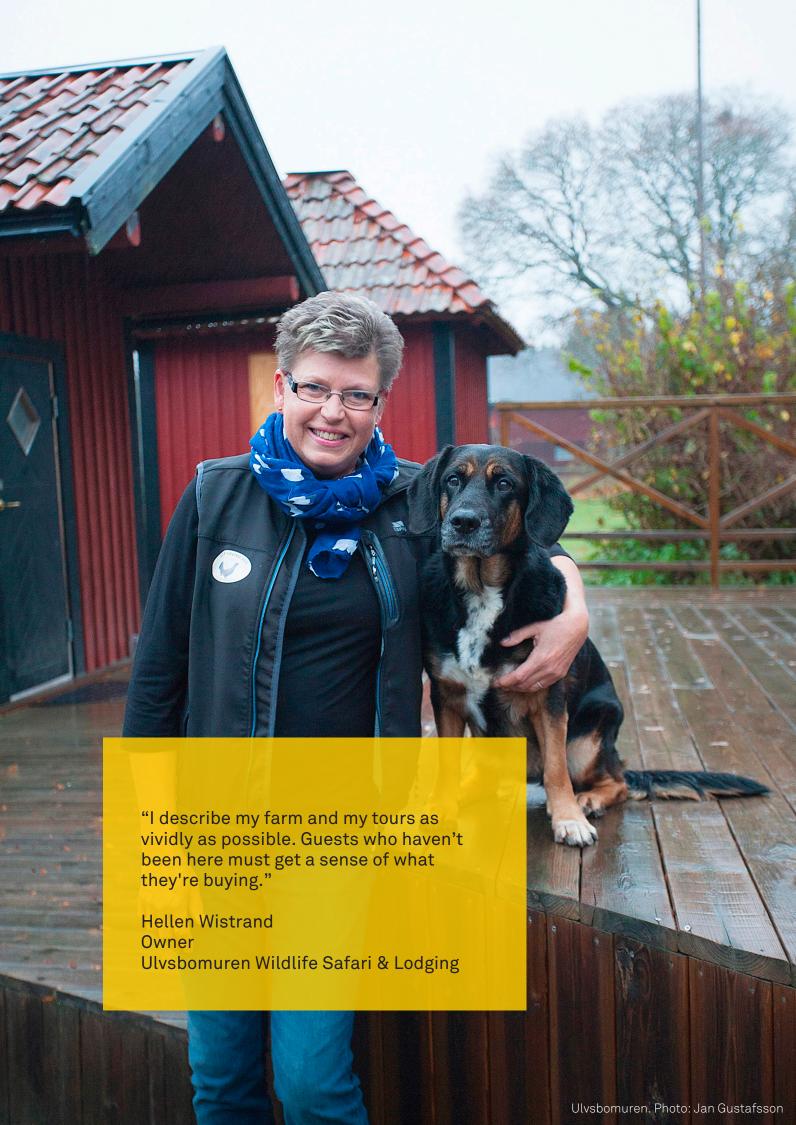
- activity providers listing different programs and experiences that can vary from similar offerings at other destinations and that can be customized.
- accommodation providers with offerings and different packages.
- restaurants and other providers of culinary experiences that vary depending on length, specific activity, seasonality, etc.



Week 1: Collect benchmarking data by tracking the number of offerings explored (if on website)/ sold before providing comparisons. During this period draft comparisons and test them with a small number of respondents.

Week 2: Introduce reference points and collect comparative data by tracking website activity and sales.

Week 3: Monitor the success of comparisons and update/ change when needed to ensure relevance.



# 12 Placing focus on the gain

It is scientifically proven that humans react more strongly when losing something we already have than when gaining something new. With this in mind, it's important that you design your offers in such a way that your customers still feel satisfied when making the purchase, thus reducing their sense of loss connected with payment.





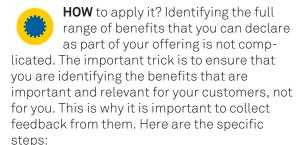
WHAT: Strengthening the sense of gain by listing benefits. Human beings are wired to see the risk for a loss first and then the potential for gain. In every potential market exchange there is a potential loss (the price your buyers pay) and a potential gain. In order for your offering to come across as attractive, you need to make sure that the benefits you offer are clearly stated and described. The assumption that the traveler can figure out that equipment is included or that dinner is provided, and you do not need to specify, is incorrect.

You can strengthen the sense of gain by listing all possible benefits that your offering includes. The list should cover practical or functional benefits such as convenient location, availability of transportation, attractive price, reliable customer service, etc., as well as experiential benefits such as a stunning view, memorable experience, delicious gourmet dinner, inspiring concert, etc.

why it makes sense? Behavioral scientists have established that in every market exchange customers experience pain when paying. In fact the brain

zone that is activated when we part with money is the zone that is activated by physical pain. In addition to that we are wired to make twice as much effort to avoid a potential loss than the effort we make to pursue a potential gain.

To offset the pain of paying and the sense of loss of your potential customers you should maximize the sense of value associated with your offering. This can be achieved with a detailed list of gains that clearly states the different benefits that are included. Start with the benefits that are most likely to be seen as very attractive.



- 1. Create a list of functional and experiential benefits that you think your offering presents.
- 2. Ask 7-10 of your customers to identify the benefits and the disadvantages of your offering.
- 3. Based on your customer feedback, develop your lists of gains for the desired offerings. Make sure you start with the benefits that have been identified by your customers as strongest.
- 4. Test your list of benefits with 3-5 friends or acquaintances whose profiles are similar to those of your customers (or actual customers) and ask them for feedback. Adjust if needed.
- 5. Roll out the benefit lists through your communication channels.
- 6. Monitor success and track feedback from customers.

WHO can apply it? Using focus on the gain as a tactic is relevant to almost any business and service provider. It is especially effective for service providers in the travel industry where the items included in different packages, even within the same category (carrying the same name) vary greatly. Some likely beneficiaries include:

- activity providers listing different programs and experiences that can differ from similar offerings in other destinations, and that can be customized.
- accommodation providers with offerings and different recreational packages.
- restaurants and other providers of culinary experiences that vary depending on length, specific activity, seasonality, etc.



**TOOLS:** Benefit Identification Questions:

Use the following set of questions to capture the benefits that your customers see and identify as important for them. Sample questions:

- What are the three biggest strengths of this experience (offering/ service/ package)?
- Please list all benefits you gain from this experience (offering/ service/ package)?





Week 1: Collect benchmarking data by tracking the number of offerings explored (if on website)/ sold before providing lists of benefits. During this period extract input from your customers, draft your lists and test them.

Week 2: Introduce benefit lists and collect comparative data by tracking website activity and sales.

Week 3: Monitor success of the focus on the gain tactic and update/ change when needed to ensure relevance.





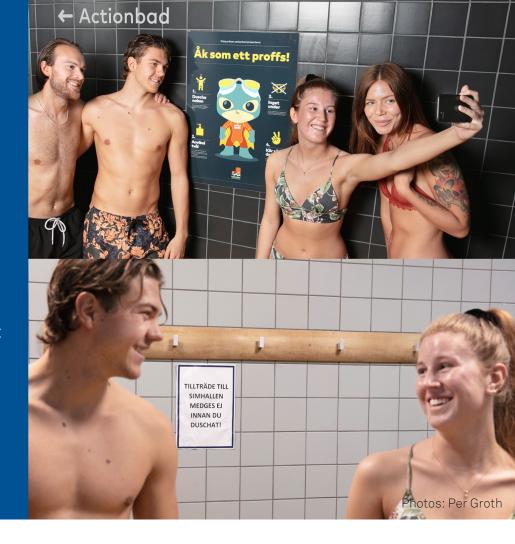
# 13 The Power of Framing

This chapter is about how to express yourself. You can describe the exact same thing in so many different ways. Sometimes, you must inform your customers about things that may be perceived as negative. But by turning the message into something positive, you'll have happier customers who get a better overall experience.

You can communicate the same message in different ways.

If you adapt your message to your target group and keep it positive, your guests will feel included, and may even share it on Social Media. Reprimands and negative language will have the opposite effect.

The top photo shows an excellent example from Kokpunkten Water Park.



WHAT: Using exciting descriptors as frames for offerings. One and the same kind of information can be presented in very different ways. Almost every situation can be described in positive and negative terms, i.e. it can be framed as positive or negative. Consider "We do not accept credit cards" vs. "We only accept payment in cash".

Framing refers to descriptors as well and these can have a powerful impact on building perceptions and expectations. You can describe a space as "small" or as "intimate", a hotel as "old" or "historic", and a view as "beautiful" or "spectacular". In all cases the latter descriptor serves as a powerful frame that triggers much more excitement than the first.

Using positive and excitement-triggering frames is very important in our industry. We are often asking guests to book and pay in advance for experiences and places that they have not been to or seen. Emotion-laden descriptors can help them imagine and really desire to book.



**WHY** it makes sense? Consider this example of two versions of a doctor's recommendation:

"This is the treatment I recommend. It is very effective and in 90% of cases the condition is treated to full recovery."

VS.

"This is the treatment I recommend. It is very effective and only 10% of the patients are left with some permanent damage."

As you can imagine one and the same patient is likely to accept the treatment in the first case and much less likely to accept it after hearing the second statement. The way you present information influences the way that your customers will process it and the impression it will shape. In the contexts of travel experiences, framing can be applied to strengthen the attractiveness of your offer and increase the excitement of your guests.

HOW to apply it? Using positive and excitement-generating frames requires a thoughtful review of your communications and published content. Going through your content should help identify descriptions where negative framing should be replaced with positive, and where stronger descriptors can make your presentation more exciting. Here are the specific steps of how to do that:

- 1. Review all of the promotional content that you use on your website, social media, brochures, presentations, etc. Highlight negative framings that should be replaced with positive. Highlight also descriptions of places, services, experiences, products, etc. you offer that could use some reframing.
- 2. Change formulations and test them with 7-8 people with similar profiles to your guests.
- 3. Based on your customer feedback continue refining or apply.
- 4. Roll out the new descriptions through your communication channels.
- 5. Monitor success and track feedback from customers.

who can apply it? Using positive and exciting framing is relevant to almost any business and service provider. It is especially effective for service providers in the travel industry where we sell intangible offerings that our client is asked to imagine in order to book. Likely beneficiaries include:

- activity providers listing different programs and experiences that can differ from similar offerings in other destinations.
- accommodation providers competing with many other similar providers.
- restaurants and food service providers

TOOLS: Use the following to evaluate the effects of the smart framing by asking one group of respondents to evaluate the attractiveness of your original description and another group to evaluate the attractiveness of your improved descriptions. Do not test both statements with the same respondents, as the evaluation of the second version you test will be "polluted" by the first and will lead to false insights.

Sample question:

On a scale of 1-10 how attractive do you find this experience/ hotel/ restaurant, etc.?



Week 1: Review your marketing content and identify the areas where you can improve them by reframing statements from negative to positive, and by strengthening language with more powerful descriptors. (This can be done gradually rather than all at once. For example the first week you can review the content on the most visited pages of your website, then you can focus on brochures, then social media, and so on, until you complete everything.)

Week 2: Rework your descriptions with positive and excitement-provoking frames.

Week 3: Test the original version and the reworked version with two groups to evaluate effectiveness. Adjust if needed.

Week 4: Roll out and monitor success. (Continue the same process with other content)





# 14 Behavior-based Temperature Optimization

Have you ever asked your guests if the temperature in your facility is pleasant? Perhaps you can save both money and energy by lowering the temperature a bit? We performed a test at Kokpunkten Water Park in Västerås and it turned out that we were able to lower the temperature without the guests noticing any difference. Read this chapter if you want to try the same thing!





WHAT: Managing Temperature for Optimal Energy Consumption. Pleasant temperature is essential for the comfort of your guests in almost any leisure context. In periods when the outside temperature is cooled the appeal of almost any place is immediately judged by the warmth of the air. In times when the outside temperature is too high, being able to cool down is enjoyable and what most of your guests will be looking for.

In an effort to secure comfort we often go above and beyond. We prefer to make sure that it is really warm, rather than risk dealing with guests who are cold (or make sure that it is really cool rather than dealing with guests who complain that they are too hot). This "overdoing" translates to unnecessary overconsumption of energy, which means higher costs and increased environmental footprint.

**WHY** it makes sense? Adjusting temperature, even by a little, can translate to significant savings of energy consumption and cost cutting for the

business over time. This is especially valid for facilities with larger space such as large hotels, event venues, shopping or entertainment centers, activity parks, etc. It is possible to introduce this measure both for air temperature and for temperature of water for water parks, spa areas or other spaces where guests interact with water.

HOW to apply it? Temperature adjustments make sense when they are introduced in a way that does not damage the overall experience of the guest and when they do not trigger lower satisfaction. In many cases it is possible to make a slight adjustment to the temperature that goes unnoticed by the guests and does not impact the quality of their leisure activity. Behavioral optimization of temperature can be applied through the following steps:

- 1. Capture the temperature in the place over a fixed period of time (24 hours, 3 days, a week) to establish your benchmark.
- 2. Measure other relevant factors that influence temperature and overall experience (for example outside temperature, humidity, etc.).
- 3. Capture satisfaction and especially satisfaction with temperature. Do that with a short survey, ideally with quantitative measures (scale of 1 to 5 or 1 to 7). Satisfaction measurements should be taken along with the temperature and should be for the same period.
- 4. Introduce change in small steps. You may want to adjust temperature by a half degree first and if satisfaction is stable, introduce another half-degree change rather than jump to a full degree right away.
- 5. Collect measurements again tracking your temperature and at the same time satisfaction level. It is essential to use the same measurements and the same time period for capturing the second set of measures.
  6. If measures confirm that satisfaction with the overall experience remains stable, you can introduce the temperature adjustment
- 7. Measure satisfaction again a couple of more times in a week/ month/ three months to ensure that over time satisfaction really remains high.

permanently.

**WHO** can apply it? Temperature adjustments are applicable to any small or large service provider that uses space as a setting for the experience they offer. This includes:

- accommodation providers such as B&Bs, hostels and hotels seeking to adjust room temperature and temperature in common areas
- food service providers such as restaurants, cafeterias and others seeking to adjust temperature in the general space
- event venues seeking to adapt temperature in common areas
- entertainment spaces such as concert halls, movie and theater spaces
- closed leisure and activity parks such as water parks, sports activity parks
- shopping areas and food courts, museums



**TOOLS:** Satisfaction Measures. Use a set of questions to measure the overall satisfaction with the

experience and include temperature as one of the elements you are evaluating. This will ensure more unbiased responses.

#### Sample question:

On a scale of 1 to 7 how happy are you with the experience you had at our property today? I will read several statements and ask you to express agreement or disagreement with them:

I am satisfied with the cleanliness in the property (Yes/No)

I am satisfied with the service provided by the staff in the property (Yes/No)

I am satisfied with the air temperature inside the property (Yes/No)

I am satisfied with the water temperature inside the property (Yes/No)





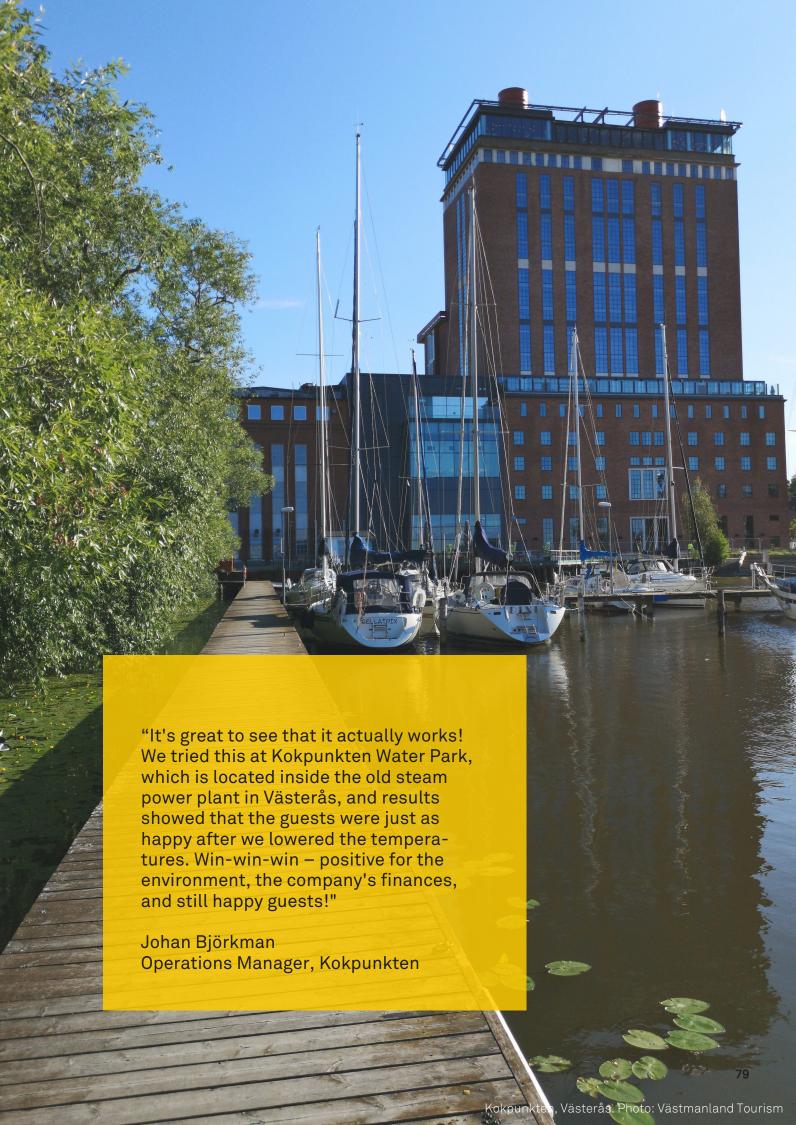
## **Measurement Plan**

Week 1: Collect benchmarking data by asking your guests how satisfied they are with current temperature before making any changes.

Week 2: Introduce change (for example 0,5 degrees) and collect comparative data by asking your guests the same satisfaction questions that you used during the benchmarking period. It is important that the questions remain absolutely the same.

Week 3: Introduce further change (for example another 0,5 degree) and collect comparative data by asking your guests the same satisfaction questions that you used during the previous periods.

Week 4: If data confirms that temperature change does not have a negative impact on guest satisfaction, introduce the change permanently.





# 15 Room Cleaning Opt-Out

Letting your guests choose how often their room should be cleaned during their stay can save both money and the environment without affecting the guest experience.

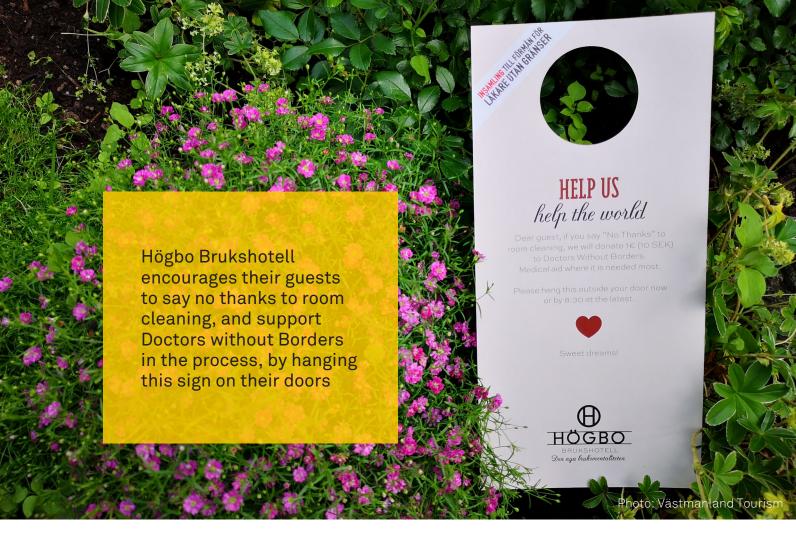


WHAT: Lower impact through room cleaning opt-out. One of the characteristics of hotel stays is that your room is cleaned every day. While this can be seen as a service that is nice to have, just like with the daily change of towels it is often not necessary. Most of your guests probably do not clean their homes every day so they would be perfectly okay with skipping the daily cleaning during their hotel stay. If they receive an incentive for that such as a complimentary dessert or donation for a popular charity, they will even be motivated to skip housekeeping services for a day or two. The incentive you offer can be based on the savings you generate by not cleaning their room, which you can split between yourself and them so both sides are motivated by this option.

By encouraging guests who stay for more than one night at your property to agree to less frequent cleaning of their room you can lower environmental impact and your costs by cutting the use of energy and chemical cleaning supplies. Cleaning less rooms will also free up some of the time of your staff so you can redirect their efforts towards other important tasks.

why it makes sense? Especially when it comes to short hotel stays (such as weekend stays) guests actually do not care much about the cleaning of their room, i.e. it does not add much to their sense of experience and satisfaction because it is something given that happens automatically without their conscious choice. If they are incentivized to not have their room cleaned, that will lower the footprint of their stay, increase their sense of contribution to environmental causes and give them a chance to enjoy a small economic benefit (such as a free desert or a donation for example).

This combination of effects as a positive impact on satisfaction will surpass any possible negative impacts of not having the room cleaned every day. For longer stays, it is possible to apply that for every other day to avoid negative experiences.



HOW to apply it? The introduction of a cleaning opt-out program at an accommodation property requires some preparation time. Here are the general steps that it includes:

- 1. Estimate the cost of a room cleaning (including cost of cleaning supplies, energy, labor cost for cleaning staff, etc.).
- 2. Capture the number of rooms cleaned and number of rooms that guests choose not to have cleaned (using a "Do not disturb" sign) for a fixed period of time.
- 3. Prepare room cards offering cleaning optout in exchange for a free benefit (choose between a free dessert, free souvenir, donation, etc.).
- 4. Roll out the new process.
- 5. Monitor reaction and record room cleaning rates and opt-out rates.
- 6. If the roll out does not produce concerns, keep permanently.

**WHO** can apply it? This tactic is relevant for accommodation providers such as B&Bs, hostels and hotels offering daily cleaning services for their guests.



## **Measurement Plan**

Week 1/ Month 1/ Quarter 1: Collect benchmarking data by tracking the ratio between hotel guests and the room cleaning rates (including room cleaning optouts through "Do not disturb" signs). During this period calculate room-cleaning cost and produce cards for room cleaning opt-out.

Week 2/ Month 2/ Quarter 2: Roll out the opt-out program by placing cards in every guest room and collect comparative data by tracking the ratio between hotel guests and cleaning opt-outs.

Week 3/ Month 3/ Quarter 3: Monitor success of the program and make adjustments if needed. Keep permanently if successful.



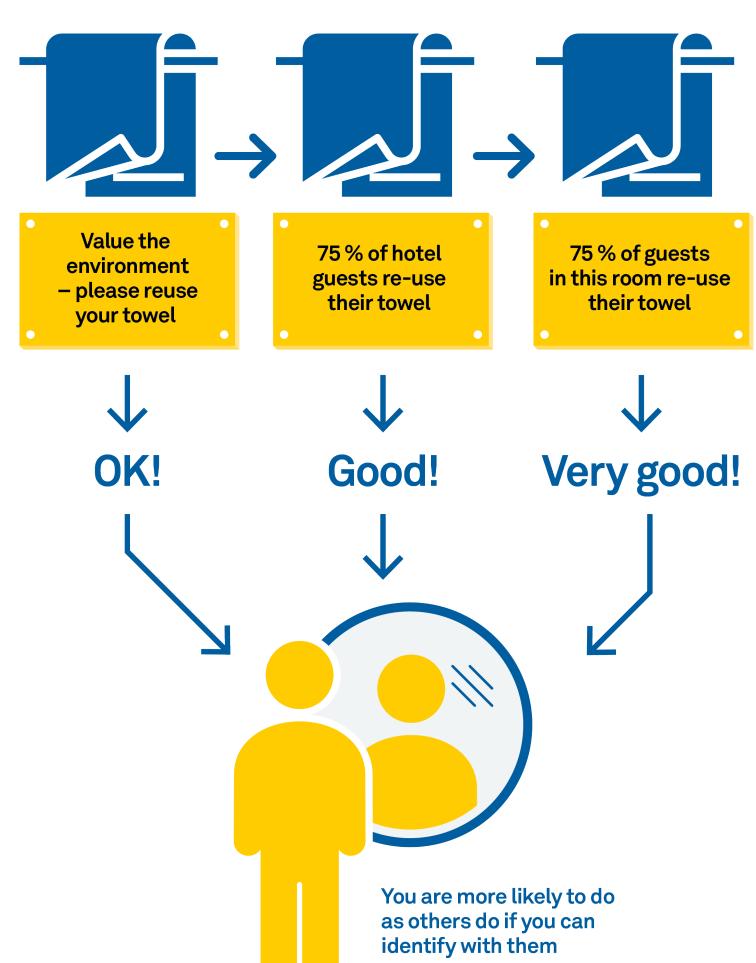
The method previously described, with the guests choosing to refrain from cleaning in connection with their stay, has become increasingly widespread and it is now common for guests to be offered this opportunity. Bolder hotels or B&Bs can even experiment with having no cleaning as standard and let the guests actively ask for cleaning if desired instead.

Utilizing Social Norms, and the fact that we as individuals like to identify with others and their behavior, is a good opportunity to also influence the number of guests who choose to reuse their towel during the hotel stay.

As you will see on the following pages, the traditional sign that informs the guests about saving the environment is relatively useless. A business will get the best effect by simply making the no towel change default, and asking guests who need a fresh towel to ask for it at the reception.

Another option, if you don't feel that you are ready to change the standard fully, is to play on Social Norms and change the information from the traditional message of "Save the environment - Reuse the towel" to a more targeted message, for example "75% of guests in this hotel room reuse their towel". We are more likely to act in a certain way if we can identify with others who have done the same thing.

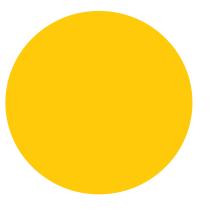






# Switching the Default for Towel Change

It is important to make it easy for guests to do the right thing! How you deal with the reuse of towels in your business can make a big difference in how much laundry you save. Be brave and introduce the concept of reusing towels in guest rooms as standard practice! If this is too big of a step for your business, there are clever little tricks to get more people to choose to use their towel again.



WHAT: Making no towel change the default. One of the most popular and least effective programs in the area of sustainable travel behavior is the effort to encourage hotel guests staying for more than one day to reuse their towels. It is hard to come across an accommodation property that does not have a posted message asking its guests to consider keeping their towels for more than one day in its room.

The design of this program is a recipe for failure. The default option is that towels are changed and the guest needs to proactively take steps to prevent the change and reuse them. If accommodation facilities are really serious about minimizing their environmental footprint by washing less towels they need to switch the default: guests should know that they are expected to reuse towels and that their towels will be replaced only if they call the reception desk and specifically ask for that.

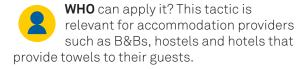
why it makes sense? Default options are very powerful especially when they are applied to choices which are insignificant for the decision maker. This is precisely the case with towels. The reality is that most hotel guests do not care about changing their towels and do not mind reusing them. Because the default option is that towels are changed it is easier for them to stick to it instead of being proactive. In that sense if the default option is that towels are not changed and guests need to be proactive to request a change, there is a high likelihood

that towel washing will be cut significantly without much effort on either side.



**HOW** to apply it? The switch to a nochange default is easy and requires only a few steps:

- 1. Capture average number of washed towels for a fixed period of time (week or month).
- 2. Develop and place room postcards informing guests that towels are changed only upon demand.
- 3. Roll out the new process.
- 4. Monitor reaction and especially complaint rates.
- 5. If the roll out does not produce concerns, keep permanently.







# Measurement Plan

Week 1: Collect data on current rate of towel change and number of towels washed per week before you change defaults.

Week 2, 3 and 4: Roll out default change and continue capturing towel change data.

Week 5: If data confirms that the default change significantly decreases the quantity of towels that are washed per week, introduce change permanently.



# 17 Increasing the Appeal of Local

Offering locally grown food and local products is becoming more and more popular. But guests may need help choosing, as they don't always understand the value of local products and instead prioritize traditional quality products during their visits. In this chapter, you'll find tips on how to highlight everything local and make it feel even more attractive to your guests.





WHAT: Increase Sense of Value Associated with Local Origin. While in the last decade there is higher awareness on the value of buying local there is still significant opportunity for strengthening the appeal of local food, crafts or other products versus imported ones. The knowledge that a meal is prepared with local ingredients or a piece of craft with local elements does not automatically motivate more buyers to choose them. At the same time there are plenty of reasons why visitors and local residents should be encouraged to choose local meals, and other products over imported alternatives. This is direct stimulus to the local economy and local businesses so it strengthens the economic impact of leisure spending. It also means lower climate footprint, as local products do not need to be transported from elsewhere. Buying locally also means fresher products and enables stronger engagement with local culture and traditions.

How can we increase the value of local beyond the fact that it is.... well, local? One of the important things about responsible consumer choices is that even if people understand that a certain option might be more sustainable or responsible, they will not pursue it unless they are convinced that the quality is at least as good as the alternative they were considering. That means that while local and responsible is a nice-to-have feature it is not perceived as reason to compromise with quality.

In this context the most effective approach to truly encouraging preferences for local food options, crafts and other products is to increase the perceptions that they are of top quality. This can be done by emphasizing the freshness of the products if they are meals or food products or what techniques and materials have been used if they are crafts. To make this appealing and effective, local origin should be demonstrated through stories about, and images of, local farms and farmers producing the different food ingredients or local craft shops making the products by hand. Specific details about the farming or craft making practices (for example natural feeding of animals or sourcing materials from local plants, etc.) can further strengthen the sense of value and quality. For example, imagine that at a local market stand you are choosing

between two kinds of honey, one is locally produced and the other is imported. There are signs for each of the products: the imported honey is described with the following sign:

"High quality honey, imported from Southern Austria."

The local product is described with the following sign:

"Our high-quality honey is produced in the wild meadows in our region following century-old traditional methods",

The information about the local origin will strengthen the perception for quality and value, and make it more attractive than the imported alternative.

Such additional information can be provided on menus (if the operation is a restaurant) or through some posters and cards visible in stores or markets offering local products.

**WHY** it makes sense? Sense of value attached to local origin is not automatic and needs to be activated

by making information about the origin of products more visible and attractive, and by emphasizing the benefits of local alternatives. Increasing the sense of value and sense of quality associated with the local origin of foods and other products will translate to higher likelihood of purchase. Through the very personal information about the farms and farmers that produce the specific foods, or the workshops and artists making specific crafts you can create a sense of transparency, engagement and meaning that fuels your customers' desire to choose local. For example, next to the cheese you are offering you can display a visual poster that shows an image of the farmer producing the cheese at the dairy farm and that highlights that they only use high-quality milk sourced from local cows that are naturally fed. If you are selling local crafts then you can have a similar presentation featuring a picture of the artist and briefly explaining that she or he produces all elements by hand using natural dyes and special techniques that make the materials especially strong and unbreakable.

By emphasizing the benefits of buying local

you can also trigger an additional source of satisfaction that they have made a choice that is better but also more responsible.



**HOW** to apply it? The roll out of a program emphasizing the value of local products is not too complicated uires a little bit of preparation. Here are

but requires a little bit of preparation. Here are the general steps that it includes:

- 1. Gather detailed information about the local products, their specific origin (which local farms, which farmers) and the farming practices or (which workshops, which artists, which crafts makers) and their production practices.
- 2. Capture the frequency of sales of local products/ meals for a specific period before you roll out the promotion of local options.
- 3. Roll out change by introducing redesigned menus or posters with information about local products. Continue tracking the frequency of sales of local products and meals.
- 4. Monitor reaction and adjust information if needed.
- 5. If the roll out does not produce concerns, keep permanently.



**WHO** can apply it? This tactic is relevant for:

- food service providers and shops selling local products: drinks, herbs, spices and other food ingredients, including food items and drinks sold as souvenirs (these can be physical locations or shops that sell online or via social media channels)
- souvenir or other shops offering local products and crafts that can be purchased as souvenirs (these can be physical locations or shops that sell online or via social media channels)



## **Measurement Plan**

Week 1/ Month 1/ Quarter 1: Collect benchmarking data by tracking the ratio of sales of local products/ meals compared to your total sales. Use the time to collect information on local farmers, artists and crafts producers, and to design new menus/ new posters/ cards presenting local products.

Week 2/ Month 2/ Quarter 2: Roll out the presentations/ redesigned menus highlighting local products and continue collecting sales data monitoring the percentage of sales that represents local products/ meals.

Week 3/ Month 3/ Quarter 3: Monitor success and analyze results. Keep permanently if successful.





# 18 Minimizing food waste

Nudging is a term often used in behavioral economics. In this chapter, we'll tell you how to use nudging to help reduce food waste. It's good for both the environment and for your business! WHAT: Nudging down food waste. Food waste is one of the biggest sins of the hospitality industry. The challenge comes from the difficulty of balancing the effort to provide food diversity and variety with the need to avoid wasting food. This is especially challenging for buffets where people tend to over serve and as a result leave a lot of unconsumed food, which goes to waste. Buffets are very common for hotels serving breakfast, for all-inclusive operations and for events, so finding ways to limit food waste in this format can lower generated food waste significantly.

The design of the setting in which food is served and consumed can have a significant impact on food serving and food consumption behavior. Two measures are specifically effective in modifying consumer behavior in ways that leads to cutting food waste: providing smaller serving plates and encouraging people to come back for multiple servings rather than overload their plate with one serving. An example for a sign can be: "You are welcome to visit our buffet many times. That's better than taking a lot once."

behavioral mechanisms that explain people's inclination to over serve themselves when they are at a buffet. The first is their "hungry eyes" or the fact that when we are hungry, we tend to overestimate the amount of food that will satisfy our hunger. The second is that there is a widespread belief that returning to the buffet for a refill is not socially acceptable so customers prefer to overstock with food that they might not eat rather than remain hungry and experience the need to go back.

**WHY** it makes sense? There are two

One of the effective ways of addressing the "hungry eyes" bias is by offering smaller-size plates. This automatically lowers the potential volume that an eater can load with one trip to the buffet.

In order to address the social barrier, it is possible to openly state that multiple refills are acceptable. This will lower the pressure that customers experience when putting food on their plate and will make them more relaxed about taking less now and leaving the option to come back for more.



HOW to apply it? The roll out of a food waste-limiting program can be gradual and may need some investment, especially if smaller plate sizes are not available. Here are the general steps that this program should include:

- 1. Capture data on the current volume of food waste produced by your operation before any changes are rolled out. You can measure by ensuring that food waste is collected separately from the rest of the waste so you can establish a realistic benchmark and measure the change objectively. Prepare signs for the next phase. (Examples: "You are welcome to visit our buffet many times. That's better than taking a lot once." or "Feel free to come back for more rather than trying to fill your plate at once.)
- 2. Roll out the new plate size and the signs. Continue capturing data on the volume of wasted food.
- 3. Analyze results. If the roll out is effective and does not produce concerns, keep permanently.





## **Measurement Plan**

Week 1/ Month 1: Collect benchmarking data by collecting food waste separately from other waste and weighing it every day for a fixed period of time. This needs to be at least a week but if visitation fluctuates from week to week, several weeks or a month might be more appropriate. To ensure that visitor flows will not impact objective measurements you need to track food waste volumes and client numbers so you can produce a value for the average food waste per person. Use the time to secure smaller size plates if you do not have them and to prepare signs.

Week 2/ Month 2: Roll out the smaller size plates and the signs. Continue tracking food waste and visitors so you can measure average food waste per person.

Week 3/ Month 3: Monitor success and analyze results. Keep permanently if successful.



# Incorporating desired behavior in the experience

Everyone feels good knowing that they contribute to something positive. Adding some form of responsible activity to your package deal can have many benefits. Your guests will feel good, and it gives you the opportunity to spread knowledge and create positive trends. For your business and the tourism industry in general to continue to flourish, we have to think long-term and sustainably. Read this chapter for some tips on what to do!

WHAT: Make Responsible Actions Part of the Visitor Experience. An excellent way to increase the positive impact that your company has on the destination is to nudge travelers to do good by weaving in desired behaviors and responsible activities in the proposed itineraries. An example of this can be ensuring that your travelers will leave no trace behind when they are out in nature by giving them cool (or branded) bags for collecting trash as part of a welcome gift. This way you frame leaving no trash behind as a social norm and as part of the experience design. Similarly, you can encourage travelers to avoid buying and using single use plastics by gifting them branded water bottles or branded camping utensil sets. Even a simple statement that tap water in Sweden is of excellent quality and is drinkable everywhere can make a difference as it will alert your guests in advance that they should bring reusable bottles.

A more advanced approach would be to weave in components that have targeted social impact. These can be activities that help contribute to a local social or environmental cause (helping for two hours with a volunteering project that plants trees as part of a local reforestation initiative helping install some visitor infrastructure in a local national park, etc.). The recent rise of Plogging as a

popular activity is a prime example of how a leisure activity can be combined with doing good in an attractive manner. The fact that Plogging was invented in Sweden makes it even more interesting for tourists to engage in when coming to the country.

Such high-impact experiences can ensure that your business generates additional benefits for your destination and can help travelers extract an even higher sense of satisfaction. There are two ways to weave them into your offerings: include them as a non-negotiable component or offer them as add-ons. We recommend that you include some as permanent components as a sign that for your business, responsible behavior is a nonnegotiable principle of doing tourism. This also offers travelers the opportunity to take some best practices for their own behavior home. You can leave some high-impact components as add-ons for the more passionate and devoted visitors who will be interested in making their holidays even more impactful.

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**WHY** it makes sense? We all wish that tourism would have a stronger positive impact on our destination.

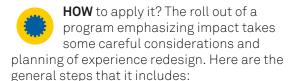
More and more travelers wish that their holidays cause minimal negative impact and include a "doing good" element that makes them feel they are





giving back. At the same time, it is very difficult for a visitor coming to a destination they are unfamiliar with to find and plan an activity with more significant local impact. Their busy lifestyles are another barrier. If, however, they are presented with an opportunity to behave in a way that aligns with responsible behavior and to engage in a high-impact activity, they will readily do it.

Even if travelers are not proactive in ensuring that their holiday is sustainable, when they are presented with a design that introduces desired behaviors as part of the experience, they will go along with it and align with desired norms.



- 1. Identify areas in which you would like to adjust traveler behavior and the impact of your operations (minimizing single use plastics, leaving no trace behind, supporting local environmental or reforestation efforts, etc.). Identify design elements that you can easily roll out (gifting reusable water bottle or bag for collecting trash), estimate the cost of introducing them and plan their roll out. Identify potential high-impact activities that you can incorporate as add-ons in itineraries (volunteering, helping reforestation, etc.). Develop them into offerings that you can include in existing itineraries (either permanently or as add-ons).
- 2. Roll out your adjusted programs and menu of available add-ons. Observe response and gather feedback from your guests.
- 3. Monitor success and adjust designs/ available add-ons as needed. If you observe positive feedback from your travelers, consider testing the permanent incorporation of a social element in your most popular itineraries.
- 4. If the roll out does not produce concerns, keep permanently.

who can apply it? This tactic is relevant for activity providers, including tour operators but also other businesses such as hotels, resorts, transportation companies, etc. that sell experiences and specific itineraries.

TOOLS: To gather feedback when experimenting with high-impact components, ask your guests after they have experienced your redesigned itinerary/ experience the following questions:

- 1. Using a scale of 1-7 how satisfied are you from this experience?
- 2. How do you feel about (insert high-impact activity) that you took part in?

Asking these two questions after the experience will help you determine the success and value that is added by the high-impact component. If you would like to test the attractiveness of high-impact components that you would like to launch as add-ons, you can do a short survey via your social media channels or on your website. It can include just three questions as follows:

- 1. Would you be interested in adding a highimpact activity to your next holiday trip? Yes/No (if yes, you can proceed with the next question)
- 2. What is the ideal length of a high-impact activity if your trip is 5 days:
- a. Less than one hour
- b. Between one and three hours
- c. Between three and five hours
- d. A full day
- e. Other:
- 3. How likely are you to choose any of the following high-impact activities if you have the opportunity to add them to your next holiday: (insert your list of activities; keep the list to no more than 5-7 items as a longer list will need more time and will likely make people leave the survey)
- a. Planting trees with a local reforestation project
- b. Volunteering with the project installing new visitor infrastructure in the local national park
- c. Plogging along the local lake beach
- d. etc.

You must include an introduction to the survey, which briefly explains your objective and the time this will take. It can be something like this:

"Dear friends, as a responsible tourism business we are looking to launch some high impact activities as add-ons to our itineraries. With this we hope to give opportunity to our guests to enhance the feel-good aspect of their travel experience and to strengthen the positive impact that our company has on our home destination. Please, take a few moments to help us identify which activities will be most attractive to you. Responding to our questions will only take you 2-3 minutes (make sure you give a realistic time based on actual tests of how long it takes) but it will help us be an even more responsible player in our tourism ecosystem."





## **Measurement Plan**

Season 1/ Year 1: Identify potential small adjustments to your experiences that can enhance impact (for example gifting water bottle), estimate costs and plan a roll out. Collect information on potential social or environmental high-impact activities that can be designed as experiences for incorporation in existing itineraries.

Season 2/ Year 2: Roll out the adjusted program design and a sample portfolio of high-impact activities. Observe the response and explore appeal of add-on components.

Season 3/ Year 3: Monitor success and analyze results. Keep permanently if successful.

# 20 Conclusion: A Behavior-Smart Future

#### Behavior-smart destination thinking

The tactics that we present in this manual are geared towards entrepreneurs and companies operating in tourism, but behavior-smart thinking holds a lot of potential at destination level as well. Destinations can make an effort to help local travel businesses understand behavioral nudging and benefit from it in ways that is good for the companies, the destinations and the travelers. This is exactly what this manual seeks to do.

Applying behavioral thinking to destination management and marketing can help address many of the failures we see today. If destination decision makers understand how incentives and barriers influence behavior, they will clearly see the fallacy of using volume-based indicators as the key measures of success in tourism.

If the success of the work of destination managers is evaluated on the basis of the increase in the number of arrivals, then there is no wonder that all of their efforts will be focused on being able to report more incoming visitors. If success is measured on the basis of the rate of increased spending that stays in the destination, their efforts will go elsewhere. Using arrival numbers as a measure of success incentivizes behavior that stimulates volume and creates barriers for behavior that stimulates higher value for the destination, such as more spending that stays locally, limited footprint, more positive local impact.

Behavior-smart destination management authorities can also be more effective in identifying opportunities for influencing the conduct of travelers as well as local service providers. For example, they can encourage local companies to ensure that their offerings eliminate the possibility of using single-use plastics: local tour companies can be advised to ask guests to bring a reusable water bottle, local restaurants can be urged to install water fountains or secure easy access to water taps. Through such efforts they can transform responsible practices such as avoiding single-use plastic bottles, into social norms for both companies and visitors.

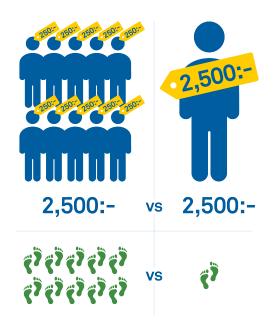
At the regional and national level policy makers in turn can also be much more effective if they perform a realistic analysis about the likely behavioral dynamics they are looking to influence. They can design policies that facilitate desired behaviors and limit or eliminate the potential for harmful acts. For example, national level policies can require all hotels to use permanent refillable dispensers for soap, shampoo and conditioner instead of using the individual single-use containers, and can offer small grants to smaller hotels to help with the investment needed for the transition.

#### Behavior-smart future

Adopting behavior-smart thinking can shape a better future for our entire tourism ecosystem. This future can see the effective resolution of global challenges that are increasingly problematic for destinations, businesses and travelers. It can also see destinations and businesses become much better at ensuring that while they generate benefits from tourism

it comes with a net positive effect on places and host communities.

A future behavior-smart travel industry can also become better at fulfilling an important role our sector can have - making people and societies happier. If more destinations and service providers use behavioral knowledge to understand the ingredients of happiness, they can seek to design travel experiences that trigger positive emotions and offset some of the negative impacts of contemporary lifestyle. For example, if you know that overcoming a light challenge leaves people feeling happy and accomplished, you may weave in some activities of moderate difficulty into your itineraries (such as learning a few steps of a local dance or a difficult phrase in the local language; overcoming a steep section of an otherwise moderate bike route or hike). With such behavior-smart approaches our industry can become not only a force for good, but also a force for happiness.





#### The ethics of being behavior-smart

Being behavior-smart comes with greater responsibilities. It is very important that all tactics, informed by knowledge about how people make decisions and behave, are applied in ways that are not harmful or does not involve misleading clients, partners or competitors. The intention of this manual is to enable you and your peers throughout your destination to benefit from behavioral tools to ultimately strengthen the net positive impact that tourism generates in local destinations. In today's times when the global travel ecosystem is facing giant challenges such as overtourism and climate change, we need to use every opportunity to help show that tourism can be done in ways that make it a force for good.

Being ethical with behavior-smart tools means also being business-smart. The reality is that in today's marketplace peer reviews are more powerful than any promotional content. If a service provider grounds their strategy on manipulative or deceitful tactics, their profit will be short-lived. The moment customers realize they have been treated unethically they will be vocal in ways that can damage the company reputation forever.

So, be both behavior-smart and businesssmart by using this new knowledge only for the good of your company, your destination, your guests and ultimately the good of our global tourism ecosystem.

#### Behavior-smart for better business

As stated earlier. this manual is a unique effort to present some of the recently generated insights about human behavior in a hands-on format that enables smart applications by businesses in the travel industry. The hope is that the knowledge that we share and the step-by-step guidance will be of great value to tourism entrepreneurs and professionals such as yourself. By reading the texts and trying some of the tactics we seek to help you learn more about behavioral nudging as well as adopt behavior-smart approaches to your travel business.

What does it mean for you to be behaviorsmart? It means understanding that the effectiveness of the design of your marketing campaign, safety instructions, hiking experience or culinary activity depend on whether it is aligned with the likely behavior of your guests. By sharing some practical knowledge and specific tactics this manual has made you more sensitive to the principles of decision making, behavior and nudging. This means that you can begin thinking about how they are relevant to many other contexts of your business. Being sensitive to the specifics of decision-making and human behavior in general can lead to optimization in the way you design your products and services, and can make your promotional and marketing efforts more impactful. As some of the tactics illustrated, behavior-optimized travel experiences can help you generate more positive impact for your destination while also leaving travelers more satisfied, with more meaningful memories and a stronger sense of accomplishment.

Good Luck!





#### Some Further Resources

If we managed to spark your curiosity in behavioral thinking, we encourage you to continue your journey towards becoming a behavior-smart master by exploring the following resources. You will find that some of them are sources of stories, examples or data that were used in the creation of this manual. Happy reading!

#### Some books:

- Behavioral Economics for Tourism | Milena S. Nikolova | 2019 | Elsevier / Academic Press
- How Change Happens | Cass R. Sunstein | The MIT Press | 2019
- The Cost-Benefit Revolution | Cass R. Sunstein | The MIT Press | 2018
- Dollars and Sense: How we misthink about money and how to spend smarter | Dan Ariely & Jeff -- Kreisler | Harper | 2017
- Misbehaving: The Making of Behavioral Economics | Richard H. Thaler | W. W. Norton & Company | 2016
- Payoff: The Hidden Logic That Shapes Our Motivations | Dan Ariely | Simon & Schuster/ TED | 2016
- The Honest Truth About Dishonesty: How We Lie to Everyone--Especially Ourselves | Dan Ariely | Harper Perennial | 2013
- Thinking, Fast and Slow | Daniel Kahneman | Farrar, Straus and Giroux | 2011
- The Upside of Irrationality: The Unexpected Benefits of Defying Logic | Dan Ariely | Harper Perennial | 2011
- Predictably Irrational: The Hidden Forces That Shape Our Decisions | Dan Ariely | Harper Perennial | 2010
- Nudge: Improving Decisions About Health, Wealth, and Happiness | Richard J. Thaler & Cass R. Sunstein | Penguin Books | 2009

- Influence: The Psychology of Persuasion | Robert B. Cialdini | Collins Business Essentials | 2009

#### Some TED talks:

- Saving Money and Saving Lives | Cass Sunstein | TEDxBeaconStreet 2018
- Choice blindness | Petter Johansson | TEDxUppsalaUniversity 2017
- Green Nudges | Robert Böhm | TEDxRWTHAachen 2016
- The psychology of your future self | Dan Gilbert | TED Conference 2014
- Predictably Irrational basic human motivations | Dan Ariely | TEDxMidwest 2012
- How to make choosing easier | Sheena Iyengar | TEDSalon NY2011
- How to buy happiness | Michael Norton | TEDxCambridge | 2011
- The art of choosing | Sheena Iyengar | TEDGlobal 2010
- The riddle of experience vs. memory | Daniel Kahneman | TED Conference 2010
- The puzzle of motivation | Dan Pink | TEDGlobal 2009
- Life lessons from an ad man | Rory Sutherland | TEDGlobal 2009
- Are we in control of our own decisions? | Dan Ariely | EG 2008

#### Some articles and reports:

- Virgin Atlantic Tested 3 Ways to Change Employee Behavior | Harvard Business Review | 01 August 2016 (article)
- A Behavioral Approach to Water Conservation: Evidence from a Randomized Evaluation in Costa Rica | World Bank & Ideas42 | April 2015 (report)
- The Behavioral Economics of Recycling | Harvard Business Review | 07 October 2016 (article)
- The Behavior Economics Guide | Behavioral Economics Group | 2014 – onward (annual report)

#### Some websites:

- CarbonCloud: http://www.carboncloud.io
- Ideas42: http://www.ideas42.org/
- iNudgeYou: https://inudgeyou.com/
- Center for Advanced Hindsight: https://advanced-hindsight.com/
- O-Behave: http://o-behave.tumblr.com/



# "Smart Ways" is created and written by the researcher Milena Nikolova and her colleague Yana Mushkova in collaboration with Västmanland Tourism.

#### Milena S. Nikolova Traveler Behavior Expert

Milena is a behavioral economics expert specialized in tourism and travel. She has extensive experience with international projects for crafting destination-level strategies informed by analyses of consumer behavior and behavior trends. Milena is currently working on the first book on behavior-smart thinking specialized for the travel industry, to be published by Elsevier in 2019.

#### Yana Mushkova Research Specialist

Yana is an experienced research professional specializing in quantitative methods. In her daily work she helps global brands develop actionable business insight across nongovernmental, retail or financial services sectors. Her interest in behavioral economics drives her work and enables her to work with advanced research techniques and invaluable customer centric approaches.

#### Angelika Wernersson Quality and Sustainability Advisor

Angelika is a trained consultant in quality and sustainable development at Västmanland Tourism. With extensive experience from senior positions in hotel and conference, she has spent recent years working with the development of tourism operators based on the Swedish Welcome approach. The goal is to incorporate behaviour-smart solutions into consultations and thus give the entrepreneurs an additional dimension to their sustainability efforts.

#### Åsa Stanaway Business Developer/International Sales Manager

Åsa has 30 years of experience in sales, product design and marketing in the tourism industry in Sweden, Australia, and New Zealand. During conversations with Milena Nikolova at the Adventure Travel World Summit, she got the idea to produce these guidelines and use Behavioural Economics to strengthen businesses and destinations. She hopes to help tourism operators in their quest for increased profitability and greater sustainability.



# Thank You!

The work of producing "Smart Ways" has been very rewarding and we have been in contact with many operators in the industry to gather inspiration and good examples. We would like to thank our three pilot companies, Kokpunkten Water Park, Schenströmska Manor Hotel, and Saluhallen Slakteriet Market Hall, for their help in testing some of the solutions mentioned in the book in real life. Thank you for courageously implementing the changes and generously sharing your experiences and views. We also want to thank all the operators contributing such great examples to the book. These examples are designed as quotes and are incredibly valuable to bring the solutions to life. We hope that this guide will help you increase profitability and strengthen sustainable tourism!

Västmanland Tourism is part of Region Västmanland, with the mission to develop the regional tourism industry.



