



Ashley Potter meets **Daniel Read** to discuss vice, temptation and why we make unhealthy choices

The choice is yours?

Daniel Read is talking about vices. Fortunately he is not delving into the world of *Fifty Shades*, the Professor of Behavioural Science's vice is coffee, which is strange because he seems to like tea more. As Read explains, it seems his yearning for coffee goes against economic theory and that is where his branch

of science comes in. Behavioural science is basically there to pick up the pieces where economic theory breaks down, because economics isn't just dealing with numbers, but people as well. People like Read and his unfathomable addiction to coffee, or all those diet-obsessed people who then have a Big Mac for lunch, or even smokers. Crazy decisions that

keep happening and leave market researchers scratching their heads. Anyway, back to vice.

"When people are choosing some distance away from a potentially exciting thing which has short-term benefits but maybe long-term costs, they'll say I want to choose the good thing," says Read. "I use the term virtue and vice; a virtue is something which is good for you in the long run, a vice is something which is good for you, maybe in the short run, but not so much in the long run.

"So, by choosing between these virtues and vices, people are some way away from the actual moment of consumption. They're quite patient, they want the good thing, but then when the moment of consumption comes around their preference is reversed. Then, afterwards, they may even feel some regret and they might make plans to choose something different in the future. This is a fundamental phenomenon of people, but it has important consequences."

It is pretty hard to draw up a marketing plan when people are reversing decisions, deciding on hunches or doing things just out of habit. Take Daniel Read's strange attraction to coffee.

"I often think about why I choose coffee - I drink a lot of coffee - I'm staring at one right now," says Read. "I actually think that I might like tea more than coffee but I very rarely drink tea, I only drink coffee. It's a pure habit. From an economic approach, I think I must like coffee more than tea. But, I'm not actually sure that I do. I think somehow I have a habit that always makes me choose coffee. Maybe drinking a lot of coffee is part of my image, the image that I project, or a self portrait I have of myself as a coffee drinker, but whatever it is I don't actually think that the benefits I have of coffee - benefits of the taste and consumption of it - are greater than that from tea. And so, behavioural economists will try to understand why people make the decisions they do, without making the assumption that they are - what economists would call 'utility maximisers'."

To the max

Read may sound like one confused 'utility maximiser' but he is part of a new Behavioural Science group at Warwick Business School (WBS) that is trying to pin down such bizarre goings on that could have far reaching effects. It is the only such group in a European business school.

One immediate result is that the Warwick MBA programme is peppered with research from the Behavioural Science group, which is now 11 strong. They also use a lab with 26 experimental machines to uncover the latest findings in the field.

"Our MBA participants learn how individuals form judgements about the world and how they make decisions. Principles from this field are directly relevant to business decisions, whether in finance, strategy or marketing," said Dr Mike Shulver, who is Assistant Dean for the Warwick MBA. "Behavioural economics draws on insights from psychology and from economics to help us understand how people behave - economic behaviour is really all behaviour. It is going to be a flagship programme for WBS in the coming years."

Fries with that?

Daniel Read's particular area of interest is what he calls 'intertemporal choice', how people make trade-offs between something that has an immediate pay-off to something where the rewards won't come for a long time. This is when those deadly decisions between a salad and a Big Mac come into play.

"For the whole day you're thinking, 'I'm going to have a salad for dinner,' then when dinner time comes around you order a gigantic hamburger," said Read. "Let's say you want to find out what consumers will want. So, you have some product and you show consumers a mock-up of the product. And you say to each of them, 'would you buy this thing, would you use this thing if you were given a choice?' and they might say they would. But, actually, you won't really know if they're going to choose until you actually have the opportunity to choose in exactly the context in which it appears."

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A classic example of 'intertemporal choice' playing out in the real world to disastrous effect was with American fast food restaurant chain Taco Bell, whose CEO Bob Martin lost his job after a disastrous campaign introducing its new low fat range called 'Border Light' in the 1990s.

"Taco Bell's market share actually went down even though they had added new things," said Read. "They were actually offering twice as many options

to people, they could have the standard things or they could have 'Border Lights'. People wanted to eat more healthily, they wanted to change that they were going to these restaurants and all they were eating was junk. So, what was going on?

"Well, what was happening was that it is easy for people to say something - people readily say they would like to eat healthily - but when it comes down to it, when they have to choose, then suddenly the high fat, deadly items become more attractive. The curious thing is that afterwards Taco Bell then started to pile on the junk, offering things that were far more fattening, things that to a European consumer would be quite shocking, and their market share went up. What has been very successful for them recently is 'the fourth meal' which is the very antithesis of healthy eating; let's add an extra meal to your day.

"You can actually see Taco Bell's history in the last 20 years as being a reflection of this work on intertemporal choice, as everything can be explained by consumers who are tempted by high fat junk food. So when they come to eat something, what they're going to want is high fat junk food, even if they plan to have something healthy. So if you ask them in a questionnaire what they would like to eat, they will say 'I'd like to have more healthy items', even though they always go for the junk.

"McDonald's did a good thing because they always offer healthy items but they don't make a big deal of it. If you want something, it is there; you can get a salad, you can eat well there but most people don't."

It is the perfect example of people saying one thing and doing completely the opposite. Sometimes, temptation is simply too great. ■