market should be trusted to provide a solution. But, say the advocates of nudge, the market won’t always work: sometimes nudges are needed.

**Just a little nudge**

This is where the behavioural sciences have a role to play. In recent years a number of disciplines – sociology, economics, psychology and the political sciences – have focused on decision making behaviour. Concepts, such as bounded reality – that people must make decisions in the face of severe limitations on time, knowledge and experience – have helped provide a richer understanding of human behaviour. The result is new ways of thinking about how best to achieve social policy goals.

Chater founded the new Behavioural Science group at Warwick. “Behavioural science is the scientific approach to individual behaviour applied to understand social and economic phenomena,” he says. “Its methods are, to some extent, experimental. They draw significantly on the neurosciences. They are trying to understand the mechanisms inside individual people and how those mechanisms apply out in aggregate behaviour – so how they affect social behaviour, how they affect markets and the economy at large.”

Some of this new thinking about decision making was captured in the 2008 book, Nudge: Improving Decisions about Health, Wealth, and Happiness, written by American economist Richard Thaler, Professor of Behavioural Science and Economics at the University of Chicago Booth School of Business, and Cass Sunstein, legal scholar and a Professor of law at Harvard Law School, (and which includes the Amsterdam urinal story). Although the origins of nudge date back to 2003 at least, and an article by the authors in which they coin the term “libertarian paternalism”: paternalistic in seeking to influence the choices of individuals, libertarian in that individuals are free to opt out of specified arrangements if they choose to.

The argument is that most people’s decision making is far from rational or perfect, as classical economists might have us believe. According to one popular viewpoint, it is as if two systems of thought, the reflective (deliberate and thoughtful) and the automatic (instinctive and impulsive) are in conflict. Various factors influence decision making, including emotions, habits, rules-of-thumb and outright biases. People may, for example, rely too much on a single piece of information when making a decision. They might favour the status quo rather than making a change, even though changing would provide a better outcome. By acknowledging these decision making limitations, it might be possible to construct choice architecture to frame choices in ways more likely to encourage desired behaviour. So argue Thaler and Sunstein.

“Telling late tax payers that most people in their towns had already paid their tax, increased payment rates by 15 percentage points”

**Testing behavioural insights**

It did not take long for policymakers to seize on Thaler and Sunstein’s ideas. In the US, for example, Sunstein worked with the Obama administration in the Office of Information and Regulatory Affairs. Elsewhere, nudging found favour with governments, national and local, in countries such as Denmark, France and more recently Australia. In the UK, the BIT initially focused on areas such as fraud, error and debt, energy efficiency, consumer affairs and health. And, judging by the BIT’s latest annual update 2011-2012, it is making encouraging progress. The team was tasked with meeting three objectives for summer 2012: to transform two major areas of policy; to spread understanding of behavioural insights across Government; and to achieve at least a tenfold return on the cost of the team. The review concluded that all three goals were met. In particular, BIT “led six major pieces of work, published four policy reports, and contributed to tens of other policy areas”. It also achieved savings of some £22 times the cost of the team, as well as identifying specific interventions that will save at least £300m over the next five years.

Part of its success can be attributed to the methodological way it approaches making interventions. It has pioneered the use of experimentation and ‘randomised controlled trials’ (RCTs) in public policy, to determine the effectiveness of public policy interventions. Testing initiatives to discover what works and what does not.

In the area of fraud, error and debt, for example, telling late tax payers that most people in their towns had already paid their tax, increased payment rates by 15 percentage points. An RCT with the Courts Service revealed that personalised text messages were six times more effective than final warning letters in getting fines paid. Trials have also demonstrated that, in the area of energy efficiency, offering a loft clearance service to home owners can significantly increase the prospects of the owner installing loft insulation by over a factor of four. Elsewhere, the team is conducting trials focusing on helping people back into work more quickly, supporting SMEs, empowering consumers, encouraging charitable giving through payroll giving schemes and reducing alcohol consumption.

**An Antipodean nudge**

For the time being the popularity of nudging, and harnessing the power of behavioural sciences in shaping decision making, is on the increase. The specialist knowledge of the WBS Behavioural Science group is likely to be in considerable demand. The BIT has recently agreed to export its expertise to the government of New South Wales, Australia, for example. Soon, it seems, most are being nudged, in one way or another, whether we realise it or not.

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**Canned tuna’s Reel deal**

In 2008, Greenpeace published a report titled Tinneas Tuna’s Hidden Catch. It contained some unpalatable facts about one of the UK’s favourite seafoods. Most of the canned tuna sold in the UK, out of the 770m tins annual total, was caught by highly intensive purse seine fishing combined with fish aggregation devices (FADs). It is a method of fishing that not only catches and kills a high proportion of non-targeted species globally – enough to fill the equivalent of nearly one billion cans of tuna annually – but is driving commercial tuna stocks to extinction.

Today, largely thanks to the Greenpeace campaign, most UK retailers are committed to selling sustainably caught tuna. One small business, though, has always been ahead of the shoal. The Reel Fish Co, co-founded in 2009 by Warwick MBA Steve Coomber meets Angela Fitzpatrick to find out why she was compelled to co-found ethical company the Reel Fish Co.
alumna Angela Fitzpatrick, launched its Reel Tuna range in 2011 – a branded, 100 per cent pole and line sustainably caught tuna range. Many of Fitzpatrick’s entrepreneurial skills can be traced back to her postgraduate degree. The Warwick MBA changed her life, she says. After a first degree in Latin and English, and 15 years working in sales in blue chip companies, Fitzpatrick wanted a broader perspective on business. “I wanted to know about operations management, management accounting, marketing,” she says. “An appreciation of how it all fitted together.”

Studying for a three-year MBA at Warwick, she soon gained an insight into all aspects of running a business. Many of her assignments focused on her employers, Heinz. So, for example, as part of operations she looked at a new product launch. Heinz was bringing to market, and the challenges faced by the people involved with the product’s launch. Or when she was studying financial accounting, Heinz was introducing Activity Based Costing at the same time.

After her second year, Fitzpatrick took a study break for family reasons. Not long afterwards, she moved companies, first to Wrigleys, then to John West Foods in 2006, where she worked as sales controller. It was while she was at John West that Fitzpatrick began to think about the sustainability issues associated with commercial fishing.

“We were really successful as company during that phase. We were routinely asked for a sustainable option,” says Fitzpatrick. Although she raised the issue of doing a pole and line catch canned tuna product, she was unable to make any progress.

Reading the End of the Line by Charles Clover convinced her that it was time for a change. “It is a seminal piece of work which tells you what people continue to fish to water limits, then there won’t be any left,” she says. “When I read the book, I suddenly thought, ‘I cannot do this anymore. I can’t behave in a way that precipitates a situation that leads to the extinction of a species.’ Id already reached that position in my heart. I knew that is why it was easier to make the move. I knew that there was an alternative out there. A better way of doing things.”

The idea for the new business came over a bowl of mussels et frites in Chester, with work colleague Bryn Scadeng. If both the chilled and fresh versions of tuna were being delivered sustainably, why not canned tuna? As Fitzpatrick notes, canned tuna is an everyday purchase with 90 per cent household penetration, there should not be a different approach to tuna fishing.

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When Fitzpatrick first approached Asda, the world’s second largest retailer, they were not interested. “They were not aware of the bycatch issue,” says Fitzpatrick. “But Bryn and I thought, ‘right we can do better’. We think that consumers want a brand that shows the way, and is very strongly associated with ethical fishing methods and sustainably sourced fish.”

Before launching the new product in the supermarkets, Fitzpatrick had approached Asda and involved them in the creation of the product. It was a robust process with the buyer at Asda challenging Fitzpatrick on the rigour of Reel Tuna’s sustainability policy. Engaging with retailers in this way ensured that Reel Tuna had a stronger product when it finally launched in an Asda store in Wakefield, on July 10, 2011.

A sustainable future

It was great timing. Greenpeace had drawn attention to the sustainability issues around tuna fishing and its retail in the UK in 2008 with its report ‘Tinned Tuna’s Hidden Catch’. Public awareness about the issues involved had grown considerably, yet the major brands were still only making limited progress towards supplying a sustainable product in the stores. As of October 2012, Greenpeace reported that although now navigating in the right direction, Princes and John West still had some way to go to meet their commitment to switch to 100 per cent FAO-free pole and line canned tuna by 2014 and 2016, respectively.

Launching its “reel taste” “never from nets” range of solely pole and line caught canned tuna in 2011, the Reel Fish Company set around itself the position in the supply chain and the goods. So these people are not just selling the raw material around the world for other people to process and add the value.”

Did you mean to continue this sentence? It seems to be cut off.

It took a year of relationship building and negotiation to convince the Maldivian fishermen to supply Reel Fish. Once the raw materials were sourced, it was time to start planning the product launch in earnest. In the early days of the business, Fitzpatrick’s MBA know-how (she completed the MBA in 2008) proved invaluable. Whether it was business plan writing, holding her own in technical conversations on financing, using tools like Porter’s five forces, or devising a product differentiation strategy, Fitzpatrick drew extensively on her MBA knowledge.

“Tinned tuna is a highly competitive market in the UK, and Reel Tuna is always likely to be under pressure on price and have a smaller market share than its main competitors. Yet although Princes, John West and the supermarket own labels have moved, or are moving towards, more sustainable canned tuna products, Reel Tuna has the advantage of being a new brand in a business that doesn’t move that quickly, and is very strongly associated with ethical fishing methods and sustainably sourced fish.”

“In a market that’s worth £250m, each one per cent is worth £2.5m to our business. If we chip away at that, it becomes a lot of market share our competitors must try and recover. And those big players have to spend an awful lot of money even to move that,” says Fitzpatrick. “I think that we’ve had a degree of success because we have driven behaviour change in our competitors. But, being the size we are, it is just means that if we want to swim with the big players, that shows that we are here to stay.”

Fitzpatrick. “So we covered all of the major grocers, as we would define it. Now we are talking to retailers in Holland and the Republic of Ireland.”

Reel Fish is already selling some four million cans of sustainably caught tuna a year, and expanding. There is talk of moving into added value tuna – tuna with other products, such as pasta, for example. And when the company has got its Reel Tuna model exactly the way it wants it, Fitzpatrick would like to offer other fish, such as salmon, for example.

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