



# How to influence healthier choices

*Using behavioral economics to boost corporate wellness program engagement*

August 2020 • A report from IncentFit



We like to believe that if we tell people that smoking is dangerous, they just won't do it.

Or perhaps, if folks know about the benefits of regular exercise, they'll go for a run every day.

Many wellness programs are based on the premise that if people understand that **healthy behaviors result in longer, healthier lives**, employees will jump at the chance to participate.

But this assumes that human beings behave rationally and predictably. We don't. Basing your wellness program on an assumption is a recipe for poor engagement. For the best engagement, we need to consider how people think, feel, and behave around health.

**Behavioral economics**—the branch of social science dedicated to studying habits and decision making—is the key to understanding what really **motivates people to act**.

Experts in the field have been able to study and harness these concepts to guide us to make healthier choices, particularly when it comes to achieving wellness goals.

In this paper, we'll introduce six behavioral economics concepts that any HR team should know.

You'll learn how these concepts affect your employees, and see how IncentFit and other companies have used them to garner lasting results.

---

# Concept #1: Social Influence

People are more likely to behave in a way that reflects their surroundings and fits into social norms. But those norms can be changed.

**Social influence theory argues that someone's attitudes, beliefs, and actions can be influenced or changed by others.**

In one large-scale experiment, researchers applied social pressure to try to influence voter turnout.

Several hundred thousand registered voters received a series of mailings encouraging them to do their civic duty.

The content varied, but there was a *substantially* higher Election Day turnout from people who got

mailers promising to tell their neighbors whether or not they had voted.

On a smaller scale, consider the motivation for wearing an "I Voted" sticker. Wearing one sends powerful social signals, both to oneself and to others.

The key lesson here: people will often change behaviors in order to be part of a desired group or to be seen in a more favorable light.

Social psychologist H.C. Kelman describes the process of social influence through three distinct stages:

- **Compliance** begins when someone adopts a behavior to gain rewards (or approval) and avoid punishments (or disapproval).



- **Identification** is about conforming. In this process, someone adopts behaviors in order to create or maintain a desired and beneficial relationship to another person or a group.
- **Internalization** is when people start to believe the content of the induced behavior is rewarding because it reflects the opinions and actions of others, or matches their own value system.

In another study, researchers looked at an online health intervention platform that had a social networking component. In the platform, participants could add contacts and then see what others were doing (such as participating in challenges or logging activities).

The experiment found that social ties were

“significant predictors of higher engagement and behavior change” and that people who receive social reinforcement tend to adopt behaviors quicker and in higher numbers.

Something to note: merely adding a social component is not a driver of a good wellness program engagement, but it does help people stick to something they've already decided to do.

## How we do it

**When we position wellness and group participation as desirable traits, people want to join in.** Social influence theory is the basis for IncentFit's Wellness Challenges product.

With Wellness Challenges, companies can run

team-based challenges where everyone works towards a collective goal, or head-to-head contests where employees complete activities to climb a leaderboard and “win” the challenge.

With any type of challenge, we see high participation rates, especially when employers emphasize the team aspect or offer a prize.

Typical qualifying activities include visiting the gym, getting 10,000 steps in a day, or logging 8 solid hours of sleep.

Social influence plays an important role here, and we can observe all three of the theory’s processes at once:

- **Identification:** employees participate to be seen as healthy and as contributing to company culture
- **Internalization:** employees the challenge’s lessons and new healthy behaviors into lasting, meaningful change
- **Compliance:** employees join the challenge to potentially gain rewards from work

## Concept #2: Goal Setting

People may want to change their lives, but wanting and doing are different things.

Setting goals is one way to get people to stick to something in order to get what they want.

The behavioral theory of **goal setting** (or “precommitment”) predicts that people are more likely to achieve change if they are working towards a goal or sticking to a commitment.

In a study published in *Heath Education Quarterly*, social researchers wrote: “Goal setting theory predicts that, under certain conditions, setting specific difficult goals leads to higher performance.”

There are two important clarifications within

this theory: the **higher you set the goal, the better people perform** (even when the goal is not met); and good goal-setting requires people to **commit to specific actions** in order to hit a specific goal (even better if you commit to doing them at a specific time).

For example, if you were trying to help someone begin a walking program, setting a specific goal—such as to walk for 20 minutes a day—will likely help them stick to the new routine.

The theorists say that in that case, the walker would be more likely to devote greater effort to achieve the specific goal, for example by clearing time in their schedule in order to walk at the designated time every day.

If you make the goal harder or more specific,



like hitting 12,000 steps at least six days a week, you may see even higher performance and effort (but only if the individual is committed to their goal).

Conversely, the researchers say, setting a vague goal (such as to “walk more” or “be healthier”) is unlikely to inspire the same efforts. In that case, you might see some initial excitement that quickly falls away.

## How we do it

Within a corporate wellness program, the key to leveraging this theory is to incorporate goal setting that is specific, variable in difficulty, and has a social component for accountability.

IncentFit built our **Goals** product around this theory, allowing employees to select from three difficulty levels across a variety of specific wellness goals. There is a basic level for

beginners, but the effort and daily requirements increase as you raise the difficulty.

For example, an employee may select a yoga-based goal. At the beginner level, they’re prompted to practice for 15 minutes, every day for one week. At a more difficult level, they’re asked to do 45 minutes, every day for two weeks.

At either level, the goals are specific and the system holds employees accountable by letting them know if they’re lagging behind or right on target. (Employers can also offer incentives for hitting successfully goals.)

These personal goals are separate from our **Challenges** product, in that **Goals** are designed for the individual rather than a group or team. But employers can still help employees stick to their commitment by running challenges that are goal-oriented.

# Concept #3: Habit Forming

“We are what we repeatedly do. Excellence, then, is not an act, but a habit.”

Philosopher **Will Durant** first said this nearly a century ago, and it still holds true.

Our habits can be healthy and positive, or destructive and damaging. But once we’ve acquired them, habits become such a part of our daily lives that it’s hard to break or change.

By definition, habits are an automatic and rigid pattern of behavior in specific situations. Social scientists say we develop habits when we connect a cue or event with a behavior, and then with a reward.

This is why the theory of habit formation is often

used as a way to support health interventions.

For example, habitual drinkers may come home after work, drink a beer, and then feel relaxed.

Repeated long enough, this cycle and mental association is incredibly hard to break.

In another scenario a woman wakes up and sees her running shoes by the door where she’d left them the day before. She gets up and goes for a jog, then feels better and more focused before work.

Doing this repeatedly can lead to a lasting exercise habit and an automatic mental association of running with feeling better.

## How we do it

You can see this concept in action across most of

our platform, especially with **Goals, Challenges,** and **Activity Rewards.** These products are designed for regular, consistent use.

**Activity Rewards** is an incentive-based wellness benefit, where employees can earn rewards for completing activities within their benefit plan.

For example, one medium-sized company offers its employees \$5 every time they check in at the gym, up to \$50 a month and \$500 a year.

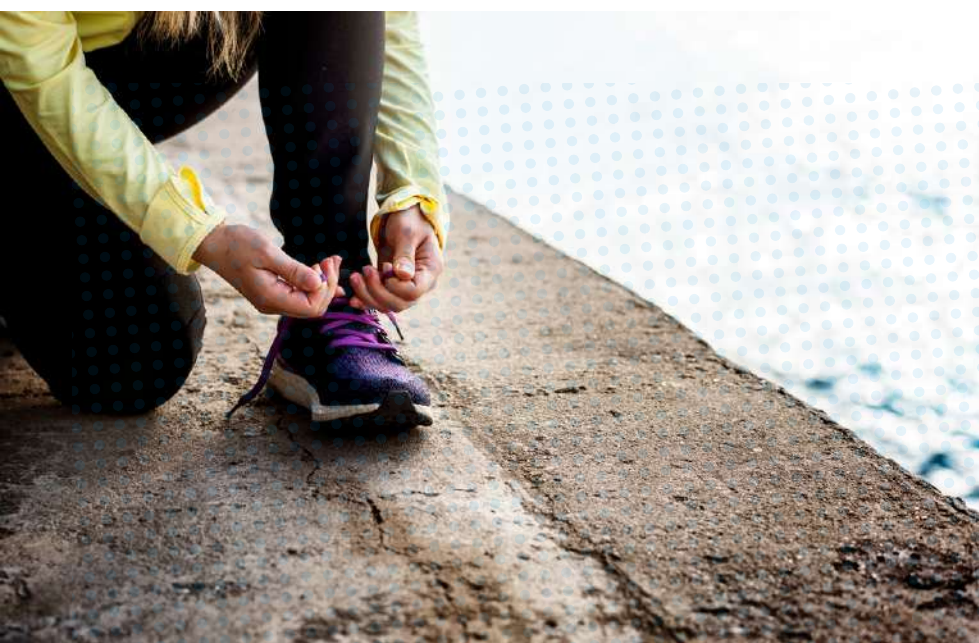
**But the system is designed so people have to consistently participate to get their rewards.**

An employee can't just get a \$500 bounty in one

day—you must commit to the work every day or every week in order to earn it over time. To get the full reward each month, an employee would need to hit the gym 2-3 times a week.

There are other habit-forming techniques sprinkled throughout our system.

**Challenges** prompts employees to participate frequently in order to earn points and climb the leaderboard, and **Goals** encourages them to commit to a daily action in order to achieve their own personal objective.



# Concept #4: Incentives

Intrinsic motivation is when you are able to do something without any obvious external rewards. You do it because it's enjoyable and interesting, rather than because of an outside pressure to do it, such as a reward or deadline.

Sometimes we need a little more help than that. An **incentive** is something that motivates a person to act—be it an external reward, power, opportunity, or even a feeling.

Researchers have used incentive models to successfully get people to stop smoking, do more exercise, comply with laws, or perform “good” deeds.

You can use incentives to encourage people to start a new habit, or break a poor one. They're

designed to help, not hurt; they're the carrot, not the stick.

“Incentives can help by increasing or decreasing the motivation to take up a certain activity, by changing the cost or benefit of the activity,” says UC San Diego professor **Uri Gneezy**. “I aim to use incentives to motivate people to change a behavior they already know they should change.”

In one of the most well-known medical studies on the topic, doctors tried to develop more effective techniques to get pregnant women to stop smoking.

In that research, smokers received a financial incentive—in cash or vouchers for retail goods like groceries and diapers—if they could successfully reduce their smoking over a period of weeks. The results were clear: the women overwhelmingly responded to the incentive

method over other approaches. The study's author concluded that incentives "stand out as the most efficacious and cost-effective" method for changing that behavior.

We can learn from this study: even though people may know that their behaviors are harmful, it's hard to make lasting change and break a bad habit. Adding an external reward makes it easier to overcome inertia and have something to look forward to along the way.

## How we do it

It's no surprise that this concept is important to IncentFit—it's in our name!

We built our **Activity Rewards** product around incentives, pairing actions directly with rewards.

The plans and qualifying activities may vary, but the premise is the same: *complete these actions and you will earn a reward.*

We encourage our clients to first think about the behaviors they'd like to reward, and help them build the plan to suit that goal.

For example, one employer that wants its employees to exercise more may offer \$5 every time an employee visits a gym, \$1 for every mile an employee runs, and \$0.50 for every mile they walk.

In another example, a company wanted to emphasize preventive health. Their plan offers \$20 a pop when employees show proof of completing a physical, dental exam, specialist health screening (like a mammogram), or flu shot.

Not every company offers cash, though most do. Some also include other rewards, such as HSA contributions, extra time off, or credit for our merchandise mall (where employees can buy fitness equipment or other retail goods).

# Concept #5: Cheating

Cheating is a complicated subject. Whether it's "stretching the rules" or downright stealing, researchers have questioned for years what makes us make these dishonest choices.

"In economic theory, cheating is a very simple cost-benefit analysis. What's the probability of being caught? How much do I stand to gain from cheating? And how much punishment would I get if I get caught?" says **Dan Ariely**, a professor of psychology and behavioral economics at Duke University.

Ariely's interest in this research was piqued by the downfall of Enron. He initially believed that cheating is a simple cost-benefit analysis: how likely you are to cheat depends on how likely you are to get caught or gain a significant reward.

But his research found that cheating and dishonesty are pervasive, and that people who are already interested in cheating are likely to do so "a moderate amount" regardless of whether they'll see increased rewards or increased risk of being caught.

**So how do we beat the cheat? Look to academia, for one example.**

Research through the years has shown that a majority of undergraduates have admitted to cheating at least once, and that knowledge of others' cheating is the biggest predictor of more cheating.

Cognitive psychologist **David Rettinger**, a professor at the University of Maryland, says that social influence plays an important role here.

"Cheating is contagious. The key [to

preventing it] is to create this community feeling of disgust at the cheating behavior,” he says.

We can use this lesson in our own companies to create a culture of honesty. Employ social pressure so that the concept of cheating becomes undesirable, and that anyone’s cost-benefit analysis makes it clear that cheating isn’t worth the effort...because the social ramifications are too great.

## How we do it

Our system makes cheating exceptionally hard. We track user activities with numerous methods, including external fitness trackers and numerous third-party data feeds.

For gym check-ins, we rely on geolocation data and timers to confirm that someone is physically at the gym (some companies also use QR codes, which can only be scanned when you enter the gym). And for any other manual activity or document upload, all of that is checked and processed by a real person.

Furthermore, we look for suspicious activity and share that information with administrators if it comes up.

With those mechanisms in place, faking data or activities would require calculated, extraordinary effort beyond your normal routine. Consider an absurd scenario of driving to the gym, checking in, and sitting in a parking lot in order to earn just a few dollars. Like Ariely says, the cost-benefit analysis just doesn’t make this worth it.

Beyond the technical aspect, we use social accountability to curb cheating.

Because IncentFit is tied to your employer, dishonesty or cheating has very serious real-world consequences. Employees understand that it’s not worth risking their jobs or professional credibility in order to fake a healthier lifestyle. It’s easier and more rewarding to just be healthy!

## Concept #6: Nudges and Feedback

You may be familiar with the concept of a **nudge**—that is, a subtle cue that pushes you to make a certain decision without forcing you to.

“Nudges are not mandates. Putting the fruit at eye level counts as a nudge. Banning junk food does not,” explains Richard H. Thaler and **Cass R. Sunstein**, co-authors of *Nudge*, a seminal book about the science of choice architecture.

The most commonly cited example of nudge theory in action is England’s organ donation registry. Lawmakers changed the system from opt-in to opt-out, assuming that a person is willing to be an organ donor unless they decide to opt out of the system. The process is still completely voluntary, but shifting the communication around choices made a major difference.

**But nudges are just one tool that supports another behavioral concept: feedback loops.** A positive feedback loop is a situation where two events are mutually reinforcing.

For example, Mary knows she feels better when she exercises before work. And when she exercises before work, she has more energy and focus. When she has more focus at work, she feels better and more accomplished overall. Continuing this cycle reinforces her decision to exercise, because she’s receiving positive feedback along the way in the form of energy, focus, and fulfillment.

Reinforcing positive behavior helps us to solidify all of the previous concepts we’ve discussed: building good habits, working towards goals, participating in desirable activities, and more.

We can use **nudges** as a catalyst to get the cycle started, and **feedback** to keep the cycle going.

## How we do it

When employees participate with IncentFit, we encourage them along the way.

Our system often uses mobile-app notifications and email reminders as a nudge.

For example, if a company is running a wellness challenge, we'll send notifications to remind people to log their activities for the day or let them know they're almost in the lead.

We also do more real-time feedback within the app.

For those who have incentives as part of their benefit plan, we display a progress bar that shows earnings for the month and for the year. The psychology behind that type of feedback works to congratulate them on their work thus far, and motivate them to keep going to get even more rewards.

Further, we can show users how much they've earned as soon as they've completed an activity, so the positive reinforcement is immediate. After a run, a user may get a notification that says "You just earned \$3 for your 3 mile run!"

In that example, the individual already feels great after a hard workout, and adding a nudge and reward creates a positive feedback loop that increases chances of the user continuing the healthy behavior.



# Conclusions

We've shared six important concepts that you can use to create a more interesting, effective, and engaging wellness program.

At IncentFit, we built our products around these techniques because at the core of a wellness program, we're dealing with people. And people are tricky.

These concepts are useful tools for guiding and influencing people, but the most

important lesson is how we put these tools together in order to get the kind of outcomes we seek.

How do we know they're working? How do we determine if a program is a success?

## Engagement metrics!

We measure *our* success by how well people are engaging with our products—specifically, how often people are completing healthy actions, not just opening or interacting with our app.

Our attention to human behavior and decision making is part of the reason why IncentFit consistently has the highest engagement rates in the industry: **60% on average per month.**

Want to learn more about engagement and incentives? Check out another IncentFit whitepaper, **Incentivizing Wellness**. We'll share data-driven insights about wellness program design, reward structures, and how engagement improves when you change incentives.

## At a glance:

- **Social influence:** using the power of social pressure to spur desired behaviors
- **Goal setting:** creating a specific target to guide people forward
- **Habit forming:** building upon good behaviors to create routines
- **Incentives:** using rewards to inspire commitment
- **Cheating:** creating a culture of honesty to prevent cheating
- **Nudges and Feedback:** reinforcing behaviors with communication



**IncentFit is a health and wellness benefits company.** Founded in 2013 as part of New York's BluePrint Health accelerator and headquartered in Philadelphia, IncentFit supports hundreds of employers and health insurance providers across diverse industries—from Fortune 500 firms to manufacturing powerhouses, to public universities and nonprofits.

**Visit [IncentFit.com](https://www.incentfit.com) to explore wellness options and speak with a benefits expert.**

---

© IncentFit Corporation – August 2020 – By Allie Ilagan  
All rights reserved, content may not be reproduced or republished without express permission.

[IncentFit.com](https://www.incentfit.com)  
144 North 2nd Street, Philadelphia, PA 19106  
1-844-246-2368