Since January 2020 Elsevier has created a COVID-19 resource centre with free information in English and Mandarin on the novel coronavirus COVID-19. The COVID-19 resource centre is hosted on Elsevier Connect, the company's public news and information website.

Chapter 6

Best practices and approaches using behavior-smart thinking in 10 tourism industry scenarios

Chapter outline

Introduction

Throughout the previous chapters, this book advances the idea that behavioral economics can enhance the thinking and practices in the growing travel economy. Many of the discussions in the text propose that behavior-smart thinking helps explain some of the failures in the contemporary tourism system and can be at the core of the solutions to address them. Chapter 3, Tourism of the (Near) Future: Growing, Faster, On-the-Go, reviewed some of the big picture trends in our societies and contemporary living that will deepen issues such as our relationship with technology, human impact on pristine areas, and the sustainability crisis. Chapter 4, Behavior-Smart Thinking for Destinations, zoomed into the contemporary realities of destination management and offered a behavioral read of why some of the challenges exist and how they can be fixed. Chapter 5, Behavior-Smart Thinking for Tourism Companies, applied a behavioral lens to the practices in the private sector and proposed that behavior-smart thinking can optimize commercial success and the footprint of businesses along the tourism value chain.

To build on that, this chapter offers a set of 10 different cases that demonstrate how behavior-smart thinking can work in reality. To enhance the conceptual propositions and discussions presented throughout the book, this collection of cases reveals already existing practices that can serve as a proof that there is a significant benefit in drawing on behavioral economics knowledge. Many of the projects and solutions that are presented in the cases are new and still under development, but they are producing results and lessons learned that can be of benefit to others willing to experiment.

The scale of the different examples collected here also differs. The first case explores a bold experiment conducted by Virgin Atlantic and offers an ambitious demonstration of how simple and low-cost behavioral interventions can produce

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significant reduction in the carbon footprint and profitability of the airline sector. With the growing attention on the climate crisis and the economic challenges that COVID-19 caused to the airline industry, this story is worth wider attention. The second case presents a recently developed technology-enabled tool for the restaurant industry that translates the complicated science of estimating the carbon footprint of different foods into a simple-to-understand system categorizing meals from low- to high-impact. The story talks about how this system influences customer choices and empowers chefs to optimize the carbon footprint of their entire menus.

The third case presents the 2030 tourism strategy of one of the innovation-oriented destinations, The Netherlands, and shows the benefits of using behavioral segmentation. Another destination-level case reveals the experience of Finland's capital, Helsinki, with the roll-out of a sustainability platform that uses behavior-smart thinking to simplify responsible choice-making for both residents and visitors. The fifth case focuses on an unusual resort located in the Bulgarian Rhodope mountains that use behavior-smart design to engage its guests in experiences and activities that are good for them and good for nature. Case 6 takes the reader to beautiful Iceland and discusses its experience with the Iceland Academy, an online platform using behavior-smart design to ensure that travelers arrive at the destination prepared for the unusual weather conditions, rugged terrains, and specific cultural norms. Another northern example comes from Fogo Island, which is the focus of the seventh case presenting the economic nutrition mark developed there and discussing why it is a brilliant solution to the behavioral barriers for responsible traveler behavior.

Case 8 presents Adventure Junky, a young but fast-growing tourism company from Australia that gamifies sustainable tourism experiences and rewards responsible choice making. The ninth case talks about the efforts of the food service industry in Norway to cut food waste and optimize failures along the food value chain. The discussion highlights tools and tactics that are at the core of the waste-cutting strategy and explains why they are effective in producing the desired behavioral change. The final case in the collection takes the reader to the Västmanland Region—a small but ambitious regional destination in Sweden. It tells the story of the bold experiment of the local tourism authority in applying behavior-smart thinking to support the achievement of its strategic goals and to enable local tourism businesses to apply behaviorally informed solutions to optimize profitability and sustainability efforts.

The diversity of the stories is a demonstration of the different scale and scope with which behavioral practices can be applied in the travel industry. They can be a good encouragement for individual entrepreneurs and business leaders, who are offered proof that companies can optimize their commercial practices and strengthen sustainability performance by adopting behavior-smart thinking. The real-world stories from destinations can hopefully inspire more tourism authorities and politicians to apply insights from behavioral economics and improve policy and management practices.

Case 1 Behavior-smart lowering of airline carbon emissions...Today

The challenge

One of the biggest sins of the travel industry is the carbon footprint of air travel. The fast growth of the tourism sector is accompanied by a fast increase in the number of flights that are taken internationally (8.4% increase in 2017) or domestically (7.1% increase in 2017) (ICAO, 2018). The aviation industry produces about 859 million tons of CO_2 annually, which constitutes 2% of the global emission generated by human activities (ATAG, 2018). Even though the industry is making progress in fuel efficiency technology and utilization of biofuels, this takes time and requires sizable investments.

The behavioral approach

An experiment conducted a few years ago by Virgin Atlantic and researchers from the University of Chicago, and the London School of Economics revealed that there might be great potential in applying behavior-smart tactics for the lowering of CO_2 emissions of planes with the existing technology and existing fuels. As one of the airlines that lead in efforts to do business in a responsible manner, Virgin Atlantic has a special Fuel Efficiency team, tasked with exploring ways in which CO_2 emissions can be lowered through optimization of the fuel efficiency of flights. The three most effective tactics established by the team require proactive efforts of the pilots and include (Gosnell, List, & Metcalfe, 2016):

1. Efficient fuel load, which means calculating and loading the precise amount of fuel needed for the respective flight to avoid unnecessary overload.
2. Efficient flight, which means benefitting from several in-flight behaviors that can impact fuel efficiency, including ensuring optimal speed and altitude based on information from air traffic control, monitoring and adjusting to en-route weather updates, and ensuring efficient aerodynamic arrangements with respect to flap settings, takeoff, and landing gear.
3. Efficient taxi-in, which means turning off at least one engine during taxiing to the gate upon landing.

Despite the simplicity of the three approaches and their inclusion in the standard operating procedures in pilot manuals (Virgin Atlantic, 2017), most pilots did not automatically adopt them.

To encourage the proactive use of these fuel efficiency tactics, the team leading the experiment applied a series of behavioral interventions that aimed to influence the motivation of pilot teams. About 335 captains were randomly assigned to four groups: three experimental and one control group (Metcalfe, Gosnell, & List, 2016):

– The *feedback group*: pilots in this group started receiving a monthly report of their fuel efficiency flight performance, which included comparing the

percentage of flights in which they applied the three fuel-saving tactics to the percentage from the prior month.
- The *targets group*: captains in this experimental group also received a monthly report of their fuel efficiency flight performance, but it was complemented by a personalized monthly performance target that was 25% above their preexperiment baseline performance. For example, if the preexperiment performance was 5%, the target for the following month was set at 30%.
- The *prosocial incentives group*: pilots in this experimental group received the monthly performance report, as well as targets and were also informed that if they achieve their personalized targets, a £10 donation will be made on their behalf to the charity of choice.
- The control group: pilots in this group continued operating as usual but were aware of the ongoing experiment.

The experiment was executed over an 8-month period covering over 42,000 flights.

The results of this unique trial reveal that soft behavioral interventions produce significant optimization of fuel efficiency leading to lowering of CO_2 emissions and significant cost savings. The researcher team estimated that over the course of the study, the modified behavior of pilots produced 6.8 million kilograms of fuel saved for the airline translating to cost savings of $5.37 million and CO_2 reduction of 21 million kilograms. These savings translate to the impressive cost of emission reduction of negative $250 per ton of CO_2 given that at the time of the experiment, efficient residential lighting is the lowest cost technology for reducing carbon emissions performing at about $180 per metric ton of CO abatement (Gosnell et al., 2016; Metcalfe et al., 2016).

Discussion

This experiment is probably the most significant effort to apply behavioral knowledge toward more sustainable operations in the travel industry. The effective behavioral change among captains is triggered mainly by the so-called *Hawthorne effect* or 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. This is observed across all groups, including the control group in the experiment. The personalized performance reports and especially personalized targets are very powerful in fueling pilots' motivation to engage in fuel-efficient flying. The prosocial incentive did not strengthen the likelihood that captains will apply the tactics beyond the levels achieved by the personalized targets but increased their job satisfaction. An important finding was that the experiment triggered long-term changes in pilot behavior sustained long after the end of the project.

The results of this experiment hold several important lessons for the airline industry and the travel sector at large. First, while investment in new clean technologies, energy efficiency, and cleaner fuel mixes should not slow down, there seem to be opportunities for behavioral optimization of company operations that can produce significant savings and lowering of footprint. A widespread adoption of the same soft behavioral measures by all airlines can immediately produce significant reduction of CO_2 emissions and generate substantial fuel and cost savings for the companies. If Virgin Atlantic achieved CO_2 reduction of 21 million kilograms and saved 6.8

million kilograms of fuel over 42,000 flights, imagine the magnitude of CO_2 reduction and fuel optimization that can be achieved by the 41.9 million scheduled flights that were executed globally in 2017 (ATAG, 2018).

Second, companies in the sector, especially large ones such as airlines, transport operators, large hospitality groups, big tour operators, attraction operators, and others, hold tremendous power for triggering responsible behavior among their employees and producing significant improvement in sustainability performance across the sector. If more companies made their staff aware that, for example, energy efficiency, fuel efficiency, or social impact behavior are priorities, and therefore relevant employee behavior is monitored and reported on regular basis, they can produce major effects. The fact that the behavioral measures are relatively simple and inexpensive further reinforces the importance of exploring this potential on a sector-wide level.

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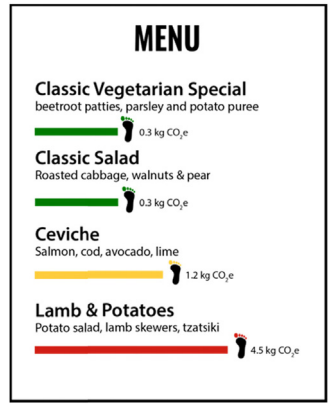
Case 2 Making climate footprint a factor in food choice



The challenge

The food system on global level is responsible for the production of a quarter of greenhouse gas emissions. The livestock sector alone generates the equivalent of 7.1 gigatonnes of CO_2e emissions per year, which represents 80% of the emissions produced by the food system and more than 14% of all human-induced greenhouse gas emissions (FAO, 2017). The majority of the harmful emissions come from beef and cattle milk production, which respectively contribute 41% and 20% of what the entire sector generates. Pork accounts for about 9% followed by poultry and egg production, which contribute 8% to the emissions of the sector (Gerber et al., 2013).

While many other harmful activities that contribute to climate change and degradation of the natural environment can be limited or prevented, food is a basic human need. The food products provided by the livestock sector are fundamental to diets in many cultures around the world. That means that there is a need to explore ways in which food habits can be adapted to sustain healthy nutrition while at the same time lowering negative impacts on global warming.

One of the beliefs that shape contemporary thinking about food and climate change is that moving to a menu with more plant-based foods and meats from animals with little enteric fermentation can lead to lower emissions from the food system (Bryngelsson, Wirsenius, Hedenus, & Sonesson, 2016; Carlsson-Kanyama & Gonzalez, 2009). Emphasis on local produce can also have an impact as long-haul transportation can increase the emission footprint of foods that are imported from distant source markets even if they are climate-friendly when produced locally (Carlsson-Kanyama & Gonzalez, 2009). In that sense beans or rice that are generally characterized with lower footprint than fresh chicken, might end up being less climate-friendly than chicken if imported from a producer from another continent.

The main challenge with prompting a change in eating behavior that accounts for climate footprint of different foods is complexity. First, climate change is a complicated issue that people effectively ignore in everyday life (Marshall, 2015). Second, the science that underlies the footprint of different foods is not easily accessible to everyone. Third, making an effort to track food and adjust eating behavior based on climate footprint is nearly impossible for the average contemporary person who is not equipped with scientific tools that make it possible to calculate the CO_2 emissions of every food on their daily menu and whose attention is drowning into many other tasks with much more immediate consequences.

The behavioral solution

A brilliant solution to the complexity of tracking the climate footprint of foods is *CarbonAte*—a carbon footprint calculator that enables restaurants to add climate labels to menus. Powered by extensive scientific knowledge, the web-based system provides an easy to use menu-planning tool for restaurants and generates easy to understand carbon footprint labels for their guests. On the back end, the system enables restaurant owners and chefs to plan and ensure smooth management of purchasing processes. To power the climate footprint calculator the platform prompts chefs to enter detailed information about the ingredients that go into each meal. Based on that *CarbonAte* produces a climate footprint value for

every item on the restaurant menu. 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.

Discussion

Food choice is one of the contexts in which present bias or the inclination to put more focus on immediate gains rather than likely gains in the future is most powerful. Usually when restaurant guests decide what meals to choose they are motivated by the need to satisfy the hunger they feel at the respective moment and less so by the importance of tackling climate change. In general, it has been established that food choice is usually more heuristic-driven rather than fueled by rational weighting of options (Scheibehenne, Miesler, & Todd, 2007).

The *CarbonAte* food label makes it possible to include climate footprint as a factor, albeit secondary, in the decision-making process. After guests see the menu, they usually bring their choices down to two to three options that align most with their taste and try to make a decision between them. At this stage the carbon footprint value can be a factor considered by the guest and can become the reason for choosing one meal versus another from the narrowed choice set. Initial experiments with *CarbonAte*'s labeling system confirmed its effectiveness in influencing consumer behavior by increasing the likelihood of choosing a green-labeled meal and lowering the likelihood of going with a red-labeled option (Brunner, Kurz, Bryngelsson, & Hedenus, 2018). Further applications across different contexts confirmed that labeled menus produce emission reductions from existing users of up to 25%–30% (Bryngelsson, 2018).

An interesting side effect of the introduction of the *CarbonAte* solution is modification in the behavior of head chefs in restaurants using the system. Empowered by the climate labels, the chefs in many of the participating restaurants felt motivation to make adjustments to meal recipes in effort to lower their carbon footprint and strengthen the overall climate profile of the menu (Bryngelsson, 2018).

Changing diets and nudging people to make food choices that are more climate-friendly can lead to significant optimization of the footprint of the food system but also improve the well-being of consumers. It is important to realize that climate footprint might not be the factor that leads to the decision-making of most guests or consumers (Peattie & Collins, 2009) but the salience of the footprint information makes it possible to include climate-friendliness as a factor in general. A visible and easy to understand classification enables guests to easily process and compare climate-related information, and include it as factor in the decision-making. Consumers will not make the effort to figure out climate footprint of foods and meals in a restaurant or at home but once it is available and easy to understand, they readily take that into account.

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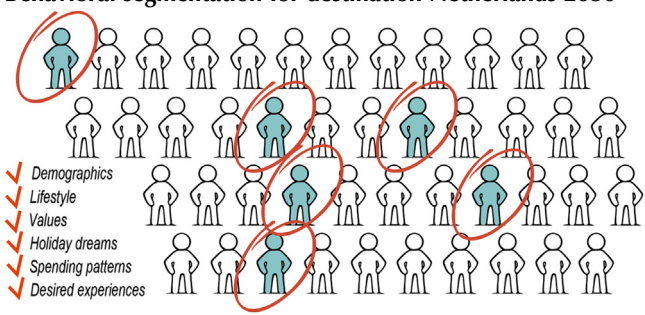
Case 3 Behavioral segmentation for destination Netherlands 2030



The challenge

An essential component of marketing strategies is segmentation. This is the step of breaking down the total market into groups of consumers that are united by similar characteristics. Once segments are defined, companies or destinations can select the ones that they would like to target as part of their strategy.

Even though marketing textbooks have long ago rejected the effectiveness of using basic demographic characteristics as basis for formulating segments, many tourism destinations continue to do so. The main identifier that is used by destination authorities to characterize segments is nationality or source destination. This means that numerous national and regional tourism strategies are grounded on the goal of targeting visitors from Germany, France, or the United States

rather than visitors who travel in a certain way. While this approach is simple and easy to manage, it is not optimal in terms of defining who is really the desired customer and what will be the impact their travel behavior will have on the destination. Nationality alone cannot be an effective differentiator because two families living on the same street in a city in say, Germany might have radically different travel styles and holiday expectations. One family might be the classical sun-and-sand resort goers interested in all-inclusive holidays with everything taken care of and little possibility for surprise. Their next-door neighbor family might love adventure and have interest in places where they can experience interesting cultures and have fun out in nature while hiking or biking. The different holiday preferences of these two families require different tourism offerings, different services, and different physical infrastructure. On the other side, their travel styles produce different impacts on the destination and the local service providers. In that sense their nationality does not reveal much except the starting point of their trip.

The behavioral approach

As discussed in earlier chapters of this book, there is much more meaning in using travel behavior as basis for segmentation and identification of desired traveler profiles for targeting. For years many leading destinations have been using personas or traveler profiles to identify desired consumer audiences based on their value systems, travel curiosity, and holiday habits. A great example among them is the Netherlands with its Perspective 2030 strategy, which identifies a careful selection of targeted traveler profiles as a key step toward its goal of making tourism beneficial for all Dutch citizens (NBTC, 2019e). It states: "*In order to amalgamate tourism with the everyday society as optimally as possible, to optimise the benefits for Dutch people and the economy and to minimise overload trouble, we aim to attract visitors who will contribute to the Netherlands as a future-proof destination. These visitors will add value and will not cause trouble.*"

In order to identify the desired visitors who could be attracted to the Netherlands and will make positive impact on its economy, the Dutch tourism board (NBTC) produced five excellent personas with details about their specific lifestyles and holiday preferences. They include:

Achiever Michael—a young professional in his mid-30s with strong orientation toward status, materialism, and career. Still unmarried and with higher than average income, Michael is eager to spend on experiences that involve thrill, physical activity, and entertainment (NBTC, 2019a).

Upper-class Paul—an established and successful professional in his 50s who cares about tradition, family, and etiquette. With grown-up kids and a successful career, Paul is health- and environment-conscious making him interested in experiences that offer opportunity to share interesting experiences with family, be active, and feel rejuvenation away from crowds and close to nature (NBTC, 2019d).

Traditional Mary—a family-oriented part-time professional with strong preference in predictable and well-planed life. With grown-up kids and grandchildren, Mary lives away from the city and is comfortable with traditional norms, order, and discipline. She is interested in holiday experiences that are outside of the

main season and include quiet, somewhat active and relaxing activities (NBTC, 2019c).

Postmodern Nora—a young freelancer in her mid-30s with one child and an open-minded, immaterial, and tolerant outlook to the world. Nora is an urban creature and fan of yoga, photography, and travel adventures with friends. An enjoyable holiday for her means an open itinerary, which includes some socializing and bar hopping, shopping, and enjoyment of local lifestyle (NBTC, 2019b).

Mainstream Peter—a traditionalist in his early 40s with a wife and two children, Peter seeks to balance between his older-school thinking and the recognition that the contemporary realities bring new norms and values. He likes spending time with the family but loves socializing too. An ideal holiday for him includes some classics such as taking a beach vacation, staying at an all-inclusive resort, and visiting amusement parks.

The NBTC personas are a fantastic illustration of the value of a behavioral deep dive in desired market segments. To offer a realistic sense of who is the traveler that is to be invited to the Netherlands the profiles offer a glimpse at the persona's daily calendar and work life, as well as personal lifestyle specifics such as favorite magazines and music, hobbies, and typical leisure activities. A fun and exciting element of these personas is the look in their hand luggage revealing further details about them. For example, in his small black bag Achiever Michael carries an iPad and noise-isolating headphone, a sports magazine, mints, sunglasses, a high-quality sports watch, and a male cosmetic set. On the other hand, Postmodern Nora carries a casual beige personal bag with a couple of magazines such as Psychology Today, a Lonely Planet guide, purple sunglasses, a bag of dried basil, a classical photo camera, a black Moleskine notebook, and a pencil.

Based on all lifestyle details the personas include specifics about the attitude toward the Netherlands and the characteristics of a potential holiday in the destination. For example, we find out that Upper-class Paul associates the Netherlands with cycling, Amsterdam, beautiful landscapes, cheese, and friendly locals. He finds it an attractive destination for a short holiday. He would visit with his family during shoulder season, stay at a nice hotel in Amsterdam, and mix cultural experiences with culinary adventures and shopping. The likely holiday of Traditional Peter is also short and not his main family vacation for the year. His visit style, however, is very different from Paul's. He is likely to stay at a holiday home rather than a hotel and be in Duirell rather than Amsterdam where the family can go to the local amusement park, spend some time at the nearby beach, and enjoy some Dutch pancakes.

Discussion

The use of behavioral segmentation that groups travelers on the basis of how they travel and consume the visited destination, is the most effective way of understanding potential audiences and targeting the ones that are a good fit. It ensures a great level of focus that matters for two reasons. First, a deep behavioral dive helps ensure the best match between the offerings of the destination and the visit style of the guests. If a small region is predominantly rural and has well-preserved traditional villages with little infrastructure, it makes sense to

target travelers who are curious about local traditions, comfortable in rural setting, and do not mind hiking or biking. Targeting a wider audience risks inviting guests who are uncomfortable with the travel style that the destination requires and whose unmet expectations will lead to great dissatisfaction. The second reason is that in the era of overtourism casting a wide net of targeting entire nations is not sensible because it stimulates overdemand that is damaging. To balance between the opportunity to extract socioeconomic benefits from tourism and the threat of being overwhelmed with too many visitors requires careful selection of targeted audiences. Behavior-smart targeting is also the best way to ensure optimal balance between visible and invisible tourism impacts.

There is one more significant benefit in the use of behavioral segmentation and personas. The development of personas that are realistic and easy to imagine is powerful for local businesses. They can easily relate to them and build natural familiarity with the potential guests, which makes them more successful in meeting their needs.

Contemporary destinations should no longer use source destination as a generalizing characteristic that is basis for segmenting the market. In order to identify the travelers whose behavior will best fit with the local social norms and align with economic goals, tourism boards should place traveler behavior at the heart of their segmentation and targeting strategy.

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Case 4 Using behaviorally-friendly design to encourage loan payoff[1]

The challenge

According to data from the Federal Reserve Bank of New York as of December 31, 2016, total household indebtedness of US households was $12.58 trillion, marking a 1.8% increase from the third quarter of 2016 and 12.8% from the second quarter of 2013. As of December 31, 2016, 4.8% of US household outstanding debt ($607 billion) was in some stage of delinquency and 3.3% ($412 billion) was seriously delinquent (at least 90 days late or "severely derogatory") (Federal Reserve Bank of New York, 2017).

1. This case is based on the *Pay off Loans Faster (EarnUp)* project story published in the Common Cents Lab End of Year 2016 Report, and has been supplemented with additional research and data.

A large share of household debt is associated with mortgages. In 2014 the total number of households using more than 30% of their income for housing increased to 40 million, with almost 20% of households using more than 50% of their income to pay for housing costs (Common Cents Lab, 2016). Long payoff periods generate additional debt burden due to interest, higher risk of default, and lack of savings.

To respond to this need, fintech startup *APASave* developed a smart software-based service that intelligently syncs household income and expenses to enable faster mortgage payoff and thus an increased savings rate. Even though the opportunity offered by the young company is easy to use and translates to obvious benefits such as decrease in loan term by over 5 years and faster building of net worth through saving money, consumers are very hesitant to enroll and benefit from this opportunity.

Assumptions that fuel the problem

According to traditional thinking, debt repayment decisions are a tradeoff between the desire to minimize current and future total costs over the life of the loan. If this reflects typical consumer behavior, most debtors would base their repayments on a calculated amount that offers optimal balance between minimizing current costs and total costs depending on the household's income. However, behavioral scientists have established that due to a strong anchoring effect, minimum required payments strongly determine the decision for what amount the consumer will pay (Navarro-Martinez et al., 2011). Making information about future cost of the debt salient has also proved to influence debt repayment behavior, suggesting that under regular circumstances, consumers do not consider future cost and do not seek to optimize against their current ability to pay.

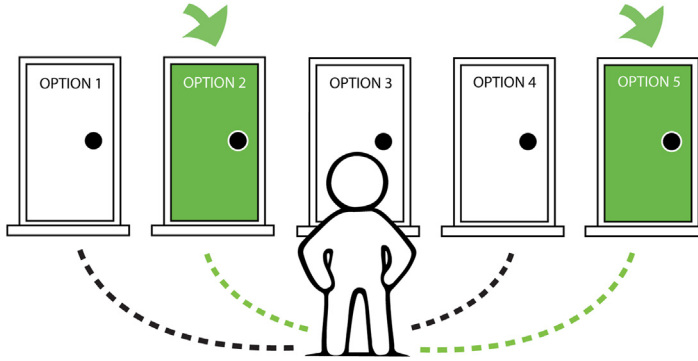
Another traditional assumption, which seems to be violated here, is that consumers optimize when choosing between different options available to them. If that was the case, making debtors aware of the APASave service should be sufficient to motivate them to choose the service, as it provides a favorable optimization between current costs and long-term wealth accumulation.

The behavioral explanation for why the problem exists

Previous research in the area of behavioral finance has revealed that average consumers seek to simplify financial decisions and often use heuristics. Biases, such as anchoring, have powerful influence on the decisions that consumers make, including when deciding on what payment amounts to make on their debts (Navarro-Martinez et al., 2011).

One common heuristic used by consumers to simplify debt payment decisions is rounding. According to Wang and Keys (2014), two-thirds of the consumers who stick to minimum rate payments when repaying their credit cards round up within $50 of the required amount. Analysis of mortgage repayment data conducted by the Common Cents Lab and *APASave* also revealed that many people are paying more than required due to rounding of payment amounts to the nearest $5 or $10. This suggests that the voluntary inclination of debtors to make higher payments is part of a decision simplification tactic rather than rational effort to optimize current and future costs.

Resistance to switching to the more favorable *APASave* service could be explained by two effects. One is inertia or status quo bias, which has been shown to have strong influence on consumers' financial decisions, preventing them from benefiting from apparently superior options (Madrian & Shea, 2000). The second effect is associated with the perception of savings as loss (seeing earned money as money that cannot be spent).



The behavioral solution

To respond to the challenge, *Common Cents Lab* and *APASave* took a behaviorally-informed approach. First, to suppress the association between savings and loss, communication messages promoting the company's services were reframed around earning money back rather than saving. The value proposition of the service was changed from "save money on a mortgage" to "earn money back from a mortgage." As part of that intervention, the name of the company was also changed from *APASave* to *EarnUp* (Common Cents Lab, 2016).

The second intervention revolved around battling the anchoring effect of minimum payment rates. To overcome the inertia of choosing to make a monthly payment that equals the required minimum, *EarnUp* proactively prompted consumers to overpay by explaining the advantage of increasing monthly payments by even a small amount. Given that the average mortgage amount for a new loan in the United States is $312,700 at a 30-year-fixed interest rate of 3.76%, adding just an extra $25 a month to the repayment amount will translate to savings of over $7,000 and early full repayment by a whole year (Common Cents Lab, 2016). Using knowledge about rounding up as heuristic, the team tested two prompt designs: (1) prompt to overpay by rounding up and (2) prompt to overpay without a suggestion for rounding up.

Results and benefits of using the behavioral solution

The emphasis on earning versus saving in the value proposition and in the name of the company translated to a sharp increase of the interest among consumers exposed to advertisement. The new framing of the marketing messages led to an increase of click-through rates on online advertisements by 59%.

Direct prompts for overpaying provided rationale and also led to change in repayment behavior. Both conditions (prompt to overpay and prompt to overpay by rounding up) increased individual monthly payments, but the rate observed

for the roundup group was higher (13% compared to 10% for the general overpay prompted group). In both conditions, the average amount by which consumers decided to overpay was $60, which translated to about $8,000 of savings over the life of a loan and a total of $1,300,000 in interest saved for *EarnUp* users who agreed to pay more than their minimum payment. A full 86% of the people who agreed to overpay declared that they had never before done that with any other loan (Common Cents Lab, 2016).

Based on insights on financial behavior, *EarnUp* continues to successfully grow its business of integrating loans and optimizing their repayment. Using heuristics-based design in messaging and service, the startup simplifies financial decision-making and optimizes repayment and saving in a way that is favorable for debtors and profitable for the company.

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Case 5 Factory Food-N-Dance: designing the experience with what is good for the traveler in the mind

The challenge

The principles of healthy and happy living are well known—eating high-quality, fresh and carefully prepared food; spending more time outside in nature; being physically active and exercising; and spending time with close ones (Helliwell, Layard, & Sachs, 2019). Because contemporary daily life has evolved in a way

that makes all of these principles difficult to adhere to, they often remain plans for the future when there is more time and energy, maybe during the next holiday.

In reality, however, holiday is rarely a time when travelers get the chance to eat healthier or be more physically active than their day-to-day life. The design of most holiday resorts also does not help and creates favorable environment for people to do what they "normally" do in day-to-day life both in terms of food or activity. In most recent years technology has exacerbated that. Whether it is television or mobile devices, they absorb the attention of family members and take away from social interaction and relationships (Ayeh, 2018). Devices also alienate guests from the space around them and the place of their holiday (Tribe & Mkono, 2017). In that sense, even if they are at a resort in a destination with fantastic nature, guests can easily miss the opportunity to engage with it. For children who do not experience nature in day-to-day life being outdoors during a holiday can be an opportunity to establish an important link to nature and learn about it (Bruni, Winter, Schultz, Omoto, & Tabanico, 2017).

What if the holiday is designed in a way that includes all the "right" elements making guests do what is best for them but in a way that is effortless and enjoyable? There are already examples of resorts that nudge travelers to stay away from technology (by limiting access to Wi-Fi), to eat healthy (by offering only healthy items on the menu), or to stay active (by offering different sports activities as part of the holiday package). In most cases, however, these are specialized places that guests book because they intentionally want to get away from unhealthy dynamics in daily realities. And what about the rest who might know "what is right" but who do not have the time or means to go on such a holiday.

The behavioral approach

An example of how the traveler experience can be designed to gently nudge the guest to do what is good for them comes from *Factory Food-N-Dance*, a small outdoors resort for families located in a mountainous village in the Rhodope Mountains in Bulgaria. The resort was found by a young couple who early in life realized that the stressful lifestyle of the busy professionals in the big city cannot be a healthy setting for a family. They decided to find a life model that allows them to live outdoors and raise their children in a way that keeps them connected to nature and ensures healthy living. This led the couple to the idea to open a resort that was designed to offer a back-to-nature experience for families.

The design of the complex is such that it keeps guests mostly outside engaging them in a variety of family adventures. The accommodation space is simple and relatively small, which makes it less likely for people to stay in, except when they are sleeping. There are no TV sets anywhere in the resort and no internet connection beyond the mobile 4G, which is spotty. The outdoors area is large and green with plenty of attractive facilities and exciting things to do. In addition to a natural water pool with boats, there is a dry pool (a large pool with small balls offering children an alternative when weather makes swimming less attractive), hot tubs, sauna, steam room, a Himalayan salt room, an extra-long tube slide, trampoline, giant Lego corner, large jumping airbag, bike track,

electric bikes, foam making machines, as well as snow-sliding donuts for the winter. All of these amenities make up a family paradise, which attracts parents and children for a holiday of fun.

What makes the Factory Food-N-Dance extraordinary, however, goes beyond its physical features. The all-inclusive format of the resort actually engages guests in a mindfully designed sequence of nature-based and healthy recreational activities. From the delicious all-natural meals with mostly local ingredients to the craft workshops for children and parents, guests are invited into a behavioral routine that is good for their bodies, their minds, and their relationships. The daily program starts with a healthy breakfast, during which children can make their own pancakes or waffles. In the afternoon children take part in bread-making or home pizza making workshops, which teach them how to prepare their own food and how to be creative with it. Every morning and every afternoon there are hikes in the surrounding mountains, offering a wide variety of routes with nature observations spots, small rivers, waterfalls, diverse landscapes and a rich biodiversity. Hikes are usually led by the Factory's founder who enriches the experience with different stories and local legends.

Every day there are some craft workshops engaging children and parents in learning how to work with leather and wood or how to knit and paint. In the evenings, children also learn how to make home-made chocolate candy or other healthy desserts. The end of the day for young guests is in the Himalayan salt room where the Factory's owner tells them interesting stories or plays music for some dancing fun. At the same time parents can enjoy some social fun with a cup of local herbal tea or a glass of wine around the fire in a large outdoors tent.

Discussion

The 360-degree experience offered at the Factory is a great example of how behavior-smart thinking can lead to the design of holidays that are both exciting and good for the traveler. Families do not really come to this resort for a wellness holiday. Their primary motivation is the attractive design of the space and the richness of things to do for the kids. It is the mindfully crafted routine combined with the attractive space that leads to the powerful combination of offering an enjoyable and healthy vacation.

Both the physical space and the intangible routine influence the behavior of resort guests. The physical space is designed in a way that nudges everyone to be outdoors. The many exciting attractions for children naturally keep them physically active and outside, away from devices and screens. The workshops and food preparation sessions give them a break from physical movement, and engage their hands and minds thus developing their creativity, sense of independence, and facility. The excitement of preparing their own meals also makes them more likely to eat them. The availability of fruits and only freshly squeezed seasonal fruit juices means that children do not have an alternative to healthy food and drink. The fun activities planned for the evening in the Himalayan salt room are also inspired by behavior-smart thinking. It is healthy and calming for children to spend time in a salt room

but making that a requirement would not work well. Therefore by organizing fun things to do in the salt room, the focus is placed on the fun and not on the salt therapy itself.

The resort routine hides wellness nudges for parents too. The plenty of nice ways to spend time outside by the pool, the hot tubs, sauna, steam bath, and the fun workshops engage them in activities that do not involve technology and that offer opportunity for interacting with family, friends, and other guests. The regular daily hikes trigger a social conformity effect gently attracting guests who would not typically be interested in walking in nature. The interesting stories and interpretation make the hike enjoyable and educational as guests learn about plants, animals, and often enjoy picking some seasonal wild fruits. Available yoga and CrossFit classes also present an opportunity for many who have not done that before, to try and experience. The social space around the fire encourages guests to spend evening time together and interact while being outside even in the dark.

A key factor in the success of the Factory model is the all-inclusive format. The only way that guests can come to this attractive family resort is by paying for everything in a package. Namely because the price includes everything, including workshops, activities, and classes, they actually engage in them. If the Factory gave guests the opportunity to pay only for accommodation and food, and then asked them to pay extra for everything else, many would not take part in the workshops, the hikes or the classes. The all-inclusive model eliminates a barrier for trying something new so the mix of social conformity and curiosity actually nudges guests to do so. For many nature walks or yoga classes become something pleasant that potentially finds place in their live after the holiday.

Factory Food-N-Dance is a great example that illustrates how behavior-smart thinking can influence the design of both physical space and the leisure experience in ways that can facilitate exciting and restorative holidays. With reverse responsibility in mind, this is an illustration that more suppliers in the industry can find ways to combine good and fun in the design of offerings that do not trade off wellness for excitement.

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Case 6 Iceland academy: traveler education for better experience and proper behavior

The challenge

As this book argues in earlier chapters, overtourism does not have to be caused by overwhelming volumes of visitors; it can be caused by an overwhelming mismatch between local behavioral customs and traveler behavior. This mismatch can relate to two areas. First, it can concern local social dynamics and cultural norms, in which case it produces irritation among host residents who perceive guests as disrespectful or disruptive. Second, it can concern interaction with local surroundings and the local environment, in which case it demonstrates lack of preparedness for local lifestyle, nature, or weather conditions.

With the fast rise of tourism and the increasing accessibility of even remote spots around the world, many destinations are facing the undesired effects of the mismatch between local behavioral norms and traveler behavior. And while lack of awareness about local customs or lifestyle can merely lead to unpleasant situations or awkward experiences for guests and hosts (Sharpley, 2014), lack of preparedness for local weather conditions and interaction with the specific local surroundings can produce life-threatening situations (Kaltenborn, Haaland, & Sandell, 2001).

With the constantly increasing number of trips taken internationally and domestically (before the COVID-19 crisis imposed a global pause of the tourism sector) professional and academic discussions often emphasize local perceptions of well-being and quality of life as the indicators that truly measure the balance between desired growth and undesired impacts. They suggest that negative attitudes toward tourism and visitors are fueled by the sense that public resources, natural attractions, cultural heritage, and urban public spaces do not feel the same way because they are used by tourists in ways that modify them (Jóhannesson & Lund, 2019). Iceland, which has been referred to as a posterchild of the fast growth of contemporary tourism (Sheivachman, 2016), has been focus of especially interesting analyses about whether it is facing a problem with the pure volume of visitors or a challenge with the way they behave in local cultural and environmental realities (Anna & Hall, 2020), and the extent to which public spaces need to cater to visitors rather than residents (Jóhannesson & Lund, 2019).

The behavioral approach

The Nordics are one of the regions enjoying growing appeal among tourists from different regions around the world. It is also an area where the behavioral aspects of the mismatch between resident lifestyle and the acts of the growing numbers of tourists has been very visible. A growing number of publications in general media and academia have been discussing the effects of the growing tourism economy across Norway, Sweden, and Iceland emphasizing as a problem both dimensions of the resident-visitor behavior mismatch—disrespect to local social dynamics and cultural norms, and lack of preparedness for the local environment and weather conditions (Becker, 2018; Jóhannesson & Lund, 2019; Sheivachman, 2016). It has translated in multiple issues such as sudden increase of waste in natural areas, which until recently did not need to be cleaned because being out in nature with no trace is part of everyday culture in the Nordics. The growing number of foreign guests who engage in outdoor activities, however, come with different habits, including leaving waste behind. Another challenge has been safety and preparedness for being out in nature and understanding the dynamics of Nordic weather. Along with increase in international arrivals countries in the region have experienced a sharp rise in rescue operations assisting tourists who were caught outdoors by severe weather or who suffered injuries due to lack of proper gear and physical fitness. Understanding weather patterns and recognizing signs of approaching weather changes is part of the advanced outdoors culture of residents in the Nordics who know when it is wise to turn around or not go to the mountains at all. For the less-experienced tourists, a sunny start of the day can easily trick them into starting a long hike without the needed gear and without even suspecting that the weather might drastically change. Another frequent problem is undermining the risks of going off trails, walking on rocks, approaching powerful waters, walking on moss or plants, etc. Knowing how to stay safe and respect nature is part of common sense in the Nordics so locals like outdoor spaces natural without significant visitor infrastructure except perhaps markings. They do not need safety railings or signs to take care when they are close to steep rocks or near turbulent sea shores and rivers; they know not to walk outside of trails and avoid stepping on moss or plants. For visitors, however, the lack of paved trails, manmade steps in steep areas, safety or support infrastructure, warning and information signs is unexpected and produces challenges, and occasionally even high-risk situations.

While different countries and regions in the Nordics have launched a variety of interesting initiatives seeking to close the preparedness gap for visitors in the region, this case will put the spotlight on one particular program called Iceland Academy initiated in 2016 by the national tourism promotion body *Inspired By Iceland*. Iceland Academy is an initiative that seeks to close the cultural gap between residents and visitors by shedding light on local customs related to everyday behaviors, culturally-specific activities and safe interaction with the local natural environment.

The program includes six short brief video courses that cover the following safety and etiquette topics:

Course	What does it teach?
Responsible traveling in Iceland	Iceland is one of the most awe-inspiring places on Earth. This course shows how visitors can respect and be in harmony with nature while enjoying their travels. Topics include stepping or walking on moss, proper camping etiquette, and rules for setting a tent.
How to drive in Iceland	Driving in Iceland involves passing through rugged terrains so this course warns guests that they should be prepared for both paved and unpaved roads, narrow paths and one-lane bridges. Specific guidance is given for stopping to take pictures of nature while being on the road and for understanding specific road signs.
Avoiding hot-tub awkwardness	Taking a hot tub is one of the most treasured customs for Icelanders and naturally a desired activity for visitors. This course prepares guests for the proper hygiene steps that they need to take to avoid unpleasant situations and awkwardness.
A guide to safe selfies	As we know selfies are now part of the routine of visiting interesting spots. In a rugged terrain, severe weather and proximity to powerful natural forces, that can be dangerous. This course reminds travelers of the risks they may mistakenly take while looking to make the perfect selfie. It points to specific dangers such as slippery areas, powerful waters and high water temperature around hot springs.
Staying safe in Iceland	Icelandic nature is beautiful but also harsh. This course invites visitors to take safety seriously and to prepare for safe exploration of Iceland's natural treasures. It offers guidance on proper equipment, reminds guests to charge their phones and using location beeper when venturing out in nature. It also offers tips for using extra gear for specific activities such as going on glaciers.
Pack warm	Iceland is home to stunning nature but parts of it has been shaped by hard weather, which presents risks, especially for guests who have not visited the Nordics before. This course advises travelers to expect dynamic weather conditions and dress in layers allowing them to adjust to changes that can sometimes happen within minutes.

The style in which the Academy content presented is well thought out. It uses humor but without undermining important messaging. The topics focus on very specific issues that are observed to be at the heart of unpleasant encounters, damaging behavior or high-risk situations involving international visitors. Because it has been established that in many cases these problematic situations are caused by lack of preparedness rather than anything else, the courses target this gap with information that is understandable and fun to consume. For example, in most instances guests walk on the beautiful moss because they are unaware that while it looks sturdy it is in fact fragile and takes decades to recover; or visitors embark on exploring Iceland by car without expecting that they will have to drive on unpaved roads and follow well-established protocol for driving through narrow bridges and icy paths.

The course leaders delivering the content are with interesting and relevant profiles too. They are experts in the respective fields they cover and are perceived as reliable sources of the presented guidelines. For example, safety topics are delivered by Jónas Guðmundsson who is a project manager for accident prevention in tourism in Iceland. Stinga Bang who is a tour guide by professional is another instructor covering topics such as responsible travel in Iceland and safe taking of selfies.

A neat detail is that guests are invited to complete the full set of courses and to receive a certificate of completion from the Iceland Academy.

Discussion

Researchers in the area of cultural differences have long known that cultural gaps between hosts and guests impact psychological needs and the experiences, and require preliminary awareness and education (Reisinger & Turner, 2002). This is especially valid when the gap between the sociocultural background of the guests and the sociocultural make of the destination differ greatly. In the example of Iceland, which attracts with its unusual nature and rugged terrains, the potential for safety issues is higher so the gap between local norms and tourism behavior can produce dangerous situations that go beyond cultural misunderstandings (Kaltenborn et al., 2001). Residents of Iceland grow up with strong connection to nature and with advanced outdoors culture that nurtures appropriate skills for enjoying and surviving in the natural environment. This translates into advanced ability to mitigate the risks of extreme weather and rugged landscapes, as well as to preparedness to enjoy nature without leaving a footprint.

For foreign visitors coming from destinations where outdoors culture is significantly different, proper behavior out in nature is not automatic. With the rising numbers of guests visiting Iceland from regions with various attitudes, weather and relationship with nature, it is not hard to understand that most of the acts of undesired tourist behavior are due to lack of awareness rather than malicious intentions. Therefore with its focus and style, the Iceland Academy is a behavior-smart solution that precisely addresses gaps in traveler understanding of local etiquette and the specifics of interacting with Nordic natural environment. The typical Icelandic style of presenting the content and the employment of humor increase the appeal of the program and the likelihood that the content will be consumed in ways that will have a real impact. Researchers have proven that safety guidelines presented with humor are more likely to be processed and remembered than similar information presented in serious manner (Seneviratne & Molesworth, 2015).

Iceland's awareness raising program for international guests is a good example for destinations that seek to be more proactive in declaring and encouraging desired norms of behavior. As it was argued earlier in this book, as part of their strategic management efforts, destinations should be much more proactive in identifying targeted segments based on their behavioral profiles and in setting norms about what behavior is in line with local culture and expectations. An effective way of doing this is by being proactive in making the traveler aware before or upon arrival about what are the fundamental rules and principles of behavior they are expected to abide by. In that aspect, Iceland Academy is a best practice that could serve as example for others.

The big challenge with such programs is how to design them in order to increase their reach and ideally ensure that every future visitor has been exposed to them. In this specific the initiative is executed by the promotional body of Iceland and is available on the main website that most potential visitors are likely to explore when planning their trip. This increases the likelihood for exposure and impact. The incorporation of a reward mechanism, a certificate of completion, gamifies the experience and increases the likelihood that visitors will really benefit. Its voluntary nature, however, still leaves the opportunity for many to miss or skip the program and come for their Iceland adventure unprepared. It remains to be seen whether in the future destinations will find it useful to move to formats that require visitors to complete such programs as part of the entry procedures or as part of a pledge they sign upon arrival.

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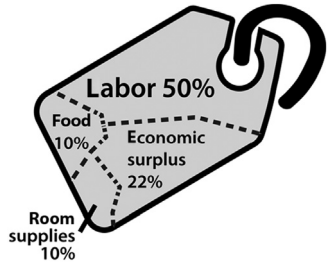
Case 7 Economic nutrition: making economic impact of spending salient



The challenge

While tracking economic impact of tourism activity in its full has been recognized to be challenging, it is known that its main driver is the monetary contribution to the local economy, respectively the well-being of the residents of the visited area (Frechtling, 1994). There is also sufficient understanding that different activities and different modes of travel leave different shares of the tourism revenue in the local economy (LENS, 2017; Nikolova, Fernandes, & Shahidsaless, 2015) but there is also understanding that the default principles for many large players in the industry is optimization of profit rather than local contribution (Ambrosie, 2015).

Among the biggest challenges in encouraging travelers to be sustainable in their choices are the complexity and invisibility of the impacts of tourism activity and their choices (Epler Wood, Milstein, & Ahamed-Broadhurst, 2019). Tracking the social impacts of a tourism operation, let alone an entire destination industry network, is complicated. This reflects on the behavior of both suppliers and buyers. While many suppliers of tourism and hospitality services are motivated to operate as responsible enterprises (Garay & Font, 2012) they often cannot observe or quantify the impact breakdown and therefore do not have basis for improvement.

For the customer lack of understanding and information make the idea for responsible consumption vague. Every visitor has the freedom to apply their own understanding, values and motivation in choosing how to travel and whether to consider impact as a factor in their consumer choices. Even if they proactively seek to make responsible choices and achieve higher positive impact with their spend, they have no way of knowing whether they have been successful.

The behavioral approach

Fogo Island is recognized as one of the pioneering and inspiring illustrations of sustainable development in the contemporary tourism industry. Even if on small scale, it illustrates how a tourism industry ecosystem can be shaped around the principles of place enhancement and community betterment. In many ways, it is a real-life example of how the shared value principle introduced by Porter and Kramer (Porter & Kramer, 2011) looks in the context of the contemporary travel economy.

The Fogo Island story is inspiring in all its aspects: from how old traditions can be given new life through contemporary art and storytelling, how local architecture can coexist with futuristic design, to how tourism can inspire a whole array of new local businesses that reinvent the island's economy (Lewis, 2012). A particularly interesting element of the story, which is the focus of the current case, is the pioneering of a tool for recognizing and stimulating positive local impact of the tourism economy—the economic nutrition mark. Developed by the local charity organization Shorefast, the economic nutrition certification mark is intended to serve as "a means to help increase buyer awareness of the economic impact of their purchasing decisions while also spotlighting seller accountability" (Shorefast, n.d.).

So what is the economic nutrition label? It mimics nutrition labels, which reveal the type and quantity of the different ingredients that have been used to prepare a food product. In a similar format it breaks down the price tag that customers are asked to pay and identifies the different items that form the price along with their respective shares. For example, the economic nutrition label for a one-night stay in Fogo Island Inn reveals the following breakdown (Fogo Island Inn, n.d.):

Item	Share (%)
Labor	49%
Food, room supplies	12%
Commission, fees	5%
Operations, admin	18%
Sales, marketing	4%
Surplus (reinvested in the community of Fogo Island)	12%

Even more importantly that that, the economic nutrition label offers an easy look at where the generated revenue goes specifying the share that stays in the island's economy, the share that goes in the broader economies of Newfoundland and Canada. For example, the Fogo Island Inn guests learn from their receipts that the money they have paid for their stay leaves 65% of their spend in the local economy of Fogo Island, 13%—in Newfoundland, 19% in the economy of Canada, and 3%—elsewhere in the world.

The mark is designed to be used by tourism businesses to track and demonstrate the makeup of their prices, and to make customers aware of their impact at the point of the purchase. It is also hope that it can serve as an example for others in the industry "looking to build a new economic system that offers a better balance between the return on economic capital and the health of diminishing sacred capital (natural, cultural, social, human, and physical capital)" (The Woodshop on Fogo Island, n.d.).

Discussion

The reason Fogo Island's economic nutrition mark is a behavioral best practice is that in a brilliantly simple way it overcomes two psychological barriers that currently complicate responsible traveler behavior. First, it overcomes the complexity behind tourism and hospitality services, which makes it impossible for the traveler to understand what it takes to deliver accommodation service or a tour for example, and how that impacts the local economy. Because it is

complex and because they are on holiday guests cannot be expected to make an effort to understand the details of how their experience is organized and delivered. The economic nutrition label makes it very easy to understand the exact makeup of the accommodation experience or the elements that go into the production of a piece of local craft.

The second behavioral barrier that the economic nutrition label overcomes is invisibility or the fact that a traveler often does not think about where the money they spend during a holiday goes and who it might benefit. By presenting in simple terms the share of the spend that stays in the local economy and goes for local salaries or local purchasing the label makes the local economic impact of traveler choices visible and easy to understand. While it cannot reflect the full complexity of the socioeconomic impacts associated with tourism activity, it focuses on the main factor—share of the spending that stays in the local economy, which is easy to understand and relate to.

As discussed in a previous case study in this book, saliency tools such as the economic nutrition label (similar to CarbonAte and carbon footprint) influence not only the behavior of customer but that of suppliers too. This reverse effect is a fact because the label can nudge operators to constantly improve their "balance" of impacts and increase the desired local impact. In the case of Fogo Island enterprises are set up to maximize local sourcing from the start (The Woodshop on Fogo Island, n.d.) but for tourism businesses that might decide to adopt the tool in other destinations, the ability to track and improve local impact could be an expected side effect.

It is worth noting that from a behavioral point of view the economic nutrition mark complements an overall behavior-smart approach that is at the heart of the Fogo Island tourism model—the fact that the sustainability decisions are premade by the host and are not left to the visitor. As this book argues, it makes much more sense for destinations and host businesses to take control of sustainability by choosing and setting the norms and principles that define tourism on their territory. For example, by default all Fogo Island businesses are social businesses and the local tourism ecosystem is set up to revitalize the local economy and make it resilient in the new socioeconomic realities (CBC News, 2020). This means that the decision about maximizing the impact of the traveler spending is premade for the traveler and not left up to them. In this sense the economic nutrition mark is a tool for transparency and awareness rather than a nudge to choose a responsible option. It is also a trigger for consumer pride and satisfaction because even when customers do not make the proactive decision to spend responsibly, they enjoy the recognition that they have done good.

In any case, just like many other aspects of the Fogo Island experience can serve as inspiration for bettering of the contemporary tourism model, the economic nutrition mark is a brilliant best practice that can be shared by businesses and destinations around the world. It is a tool that holds the behavioral power to nudge operators to pursue better and better makeup of their price tag with stronger economic impact. It is also a brilliant way to demonstrate to travelers how their exciting holiday experiences can be personally enriching but can also deliver well-being for host places and their residents.

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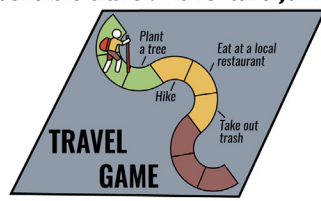
Case 8 Gamifying responsible travel: Adventure Junky



The challenge

The classical approach to influencing traveler behavior toward more responsible choices during holiday relies on awareness and education. There are two major problems with it. The first is associated with the mere volume of travelers, international and domestic, that trot across the globe. Educating all of them would take monumental efforts and resources. The second major problem is that we

know that even when people have the information they make poor decisions regarding their own health (Loewenstein, Asch, & Volpp, 2013), let alone the health of a place that they are vising for a short period of time or the planet, which is a vague and difficult-to-imagine concept anyway.

Growing media coverage of overtourism and tourism's impact on the climate have triggered growing awareness among travelers on the need to be mindful of their impact during holidays. Despite that, there are two significant behavioral barriers that people face in changing the way they travel. The first is lack of understanding of what it means to be sustainable and lack of idea where to start. Even if more and more people have genuine desire to make the right choices, they do not know how to translate sustainability principles into specific decisions that they make during travels.

The second behavioral barrier is associated with the natural inclination of people to release of control during holidays. When they are away from home and daily routines, travelers seek to free themselves of worries, including about daunting issues such as sustainability or the climate. Therefore they are not only not likely to behave more responsibly than at home but are quite likely to deviate from sustainability routines or habits that are part of their everyday behavior (Miller, Rathouse, Scarles, Holmes, & Tribe, 2010). For example, even if one is religiously strict with separate waste collection and efforts to recycle as much as possible at home, they might spare themselves the effort to keep waste separate during holidays, especially if there are no easily accessible bins for separate collection.

Given that awareness raising and education is not likely to produce fast and impactful change of traveler behavior, there is need for other more effective solutions.

The behavioral solution

While people are on holiday, they should enjoy themselves. And what better way to do that than to have fun and do good at the same time. An exciting contemporary solution that activates responsible traveler behavior in a guilt-free way is Adventure Junky, a platform gamifying sustainable travel (Sims & Malone, 2019). How does it work? Adventure Junky connects subscribed travelers to its constantly growing collection of carefully curated exciting adventures from around the world. As they engage in different travel experiences subscribers collect points and badges that are automatically added to their profile. Every adventure comes with a points score and badges that are added to the profile of anyone who has experienced it. Points and badges are the basis for a global ranking of Adventure Junky travelers called the Leaderboard, which fuels serious competition for who will collect more and climb to a higher spot. The essential key here is that the score is generated by an algorithm designed around solid sustainability principles. For example, a high-score adventure would be one that is delivered by a B Corp certified travel operator, that is carbon neutral, includes no single use plastics, offers only locally-sourced food options, includes multiple-nature-friendly low-impact activities and engages a local guide.

The list of sustainability criteria that are the core of Adventure Junky's scoring algorithm includes: biodiversity, biosphere reserve, buying local, carbon offsetting, community development, conservation, eco-lodge, energy efficiency, homestay, indigenous, leave no trace, research, rewilding, and world heritage site. For illustration about 80% of all adventures on the platform include a

conservation element, more than 75% incorporate buying locally, over 60% have positive impact on community development, over 55% are designed around leave-no-trace-behind principles, and over 20% include carbon offset.

Discussion

Despite growing concerns about the impact of travel, people's desire to explore and visit new places around the world will not vanish. Nor it should, because travel is associated with great benefits for the traveler, as well as the host. At the same time the sustainability crisis in tourism requires a drastic change in tourist behavior and new social norms that guide it. As explained earlier, the classical approach of educating tourists and hoping that they will automatically improve their impact, is not optimal.

The Adventure Junky way is actually to flip the process and first shape behavior along the desired norms while weaving education for the phase when responsible consumption is already a fact. Traveler motivation is shifted away from the daunting "save the earth," which is more likely to suppress desire to act (Thaler & Sunstein, 2009) and which is in conflict with the natural inclination of travelers to release control. The motivation with Adventure Junky is the fun and the competition. Travelers join the game to engage in exciting experiences and to compete against other players. A major draw is also the fact that the platform promises predesigned adventures that are curated and that cover a wide range of preferences. That eliminates the need to think about where to go next and to have to design every trip on one's own. It also eliminates the need to consider sustainability as all trips on the platform are designed responsibly. In other words, while subscribers join for the fun and the exciting competition with peers, they automatically become sustainable travelers because sustainability is a non-negotiable element in the Adventure Junky model.

An important aspect of the platform is the mentioned earlier flipped approach to educating travelers. The points system and the badges are tied to established sustainability principles so as users seek to increase their performance in the Leaderboard, they begin identifying the trip characteristics that give them points and continue to seek to pursue them. Along the way the platform offers brief and easy to understand explanations for why staying with locals or visiting a national park are acts of responsibility, not only points generators. This bitesize gradual education along with the learning that users do by seeking out high-score adventures, produce much more effective and sustainable behavioral change than classical approaches. In the words of one of the Adventure Junky travelers: "*What started off as a game, which is what grabbed my attention, has turned into something completely different. . . .now I'm looking for experiences like meeting the locals, supporting the community, learning about the cultures and places I visit.*"

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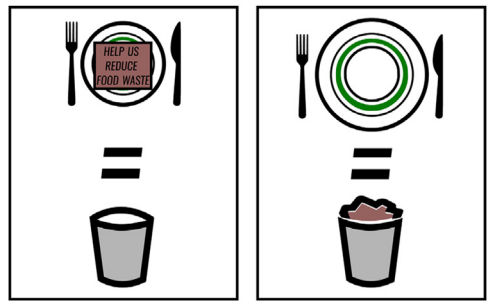
Case 9 Cut Food Waste 2020: an integrated effort to cut food waste

The challenge

According to the United Nations Environment Program (UNEP), one-third of food around the world is not consumed and is wasted due to inefficiencies in the global food system (UNEP, 2016). The gaps in the food chain that lead to such dramatic losses are numerous—from failures in production, processing, and packaging protocols through inadequate storage and transportation facilities (FAO, 2016). And while physical infrastructure and amenities play a major role, processes and practices at restaurants, catering operators and hotels (as well as private households) are a major contributor to the loss of food too.

The throwing away of usable food is a two-fold problem. First, it means that the global food system wastes products that are fit for consumption while large shares of the global population (13% of the population in developing regions) do not have access to sufficient food (UNEP, 2016). Second, food waste contributes to climate change as when it ends up in landfills it emits methane, which is a potent greenhouse gas (World Wildlife Fund & American Hotels & Lodging Association, 2017).



The processes and protocols at food service operators are complex and influenced by numerous considerations such as health, safety, and profitability. A lot of the inefficiencies leading to the loss of eatable products are due to the behavior of the suppliers (owners and workers) at the food establishments on one side and the behavior of clients on the other side. Restaurant, catering and hotel staff contribute to food loss by failing to use products or ingredients that are good enough for use, by not making an effort to donate remaining good food and divert it from reaching landfills (World Wildlife Fund & American Hotels & Lodging Association, 2017). On the customer end the behaviors that contribute to food loss include ordering or taking from the buffet more food than can

realistically be consumed, trying out foods or meals as experiment or as experiencing something different (especially when visiting a different country with different culinary traditions) (Juvan, Grün, & Dolnicar, 2018). Both, for suppliers and customers, these damaging behaviors are due to the fact that motivation is shaped by other considerations and food waste is not a forefront concern that impacts decisions.

The behavioral approach

As result of proactive awareness raising by major international organizations and charities, there is increased sensitivity toward the need to minimize food waste at different points of the global food system. And while there are many fruitful practices that come from different players around the world, there are few instances of integrated industry efforts on country level. This case tells the story of Norway's national-level program designed to unify and integrate industry-wide efforts to cut waste using behavior-smart techniques.

Norway's concentrated effort to cut food waste especially by changing food management practices at hotels, restaurants, supermarkets and other food establishments was launched in 2017. The *Cut Food Waste 2020* program was initiated and has been led by *Matvett* ("food sense")—an entity set up by the food and service industry especially to coordinate efforts to reduce and prevent food waste. The common goal was to cut food waste by 20% by 2030 and to engage at least 50% of the industry in this effort (Ministry of Climate & Environment, 2017).

The initial analysis of the food waste problem identified the factors that fueled it and that needed to be addressed to achieve the ambitious goal. It revealed that a lot had to do with operational practices in the kitchen, kitchen workers perceptions about food waste and lack of prioritization of avoiding waste (Schrøder, 2019). On the consumer side the main contributing factors seemed to be mainly lack of awareness about the scale of the problem and the tactics that could help avoid food waste.

Armed with clarity on the awareness and behavioral factors that fueled food waste in the food and service industry the *Cut Food Waste 2020* program developed solutions to address them. The first challenge that needed to be solved was salience. Both kitchen workers and consumers needed to be made aware of the scale of the food waste problem in a way that is easy to understand so the program developed an impactful awareness raising campaign. It was based on visual posters and display cards that illustrated in simple terms the scale of the challenge. For example, they would include an image of a fresh fish or a deliciously looking plated meal with a line cutting through one-third of it to visually show how much of the product or meal is likely to end in the waste bin. The awareness raising visuals were placed in kitchen areas to target workers in the sector as well as in consumer halls, buffet and shopping areas to increase the sensitivity of clients.

Awareness alone was not going to be sufficient so the approach of the *Cut Food Waste 2020* program naturally included a second level—designing tools for action that would facilitate behavioral change. On the consumer side participating food service providers used a set of tactics that seek to influence the decision at the moment of ordering food (at a-la-carte facilities) or picking up food (at

buffets). First, wherever possible, they transitioned to using smaller plate sizes, which is a proven technique for cutting food consumption and respectively waste, especially at entities with a buffet format (Kallbekken & Sælen, 2013). In addition to this nudge customers were openly encouraged to make conscious efforts to minimize food waste through postcards and stand cards that sought the influence the social norm and the sense of acceptability of returning to the buffet and picking up food multiple times rather than seeking to pile large amounts at once. This addressed the established concern among consumers that returning to the buffet tables multiple times is not perceived favorably (Schrøder, 2019).

The Matvett toolset targeting professionals in the industry was two-step. The first step was to perform proper measurement of food waste and incorporate that in the kitchen processes. This is important for two reasons. First, it quantifies the wasted volume and offers a clear picture of what products and ingredients are lost at what point of the preparation journey. Second, it allows staff and entities to monitor the effect of applied tactics and to track their progress toward the end goal. The rolling out of regular measurement as a permanent step in kitchen processes is challenging so the role of the toolset was to offer the specific steps facilitating behavioral change and to ensure the measurement practices are consistent across the industry.

The second step of the Matvett approach was focused on equipping the industry professionals with specific tactics for cutting food waste. This included the development and distribution of specific solutions for canteen and buffet design, as well as for the safe reuse of left-over ingredients or product parts. The know-how was delivered and disseminated through hands-on manuals and different forms of training that were available for workers at participating operations.

Discussion

The *Cut Food Waste 2020* program continues to grow in its influence every year and has already triggered significant change in the practices and behavior of employees and hotel guests throughout the food service industry in Norway. Recent data published by the program reveals that in 2020 many of the participating entities have achieved the goal of reducing food waste by 20%, including 42% of the hotels, 63% of the canteens, and 46% of the restaurants. The main success factor has been identified to be the transition to smaller servings and plate sizes (Matvett, 2020).

The *Cut Food Waste 2020* program is a great illustration of how behavior-smart thinking can enhance large-scale initiatives that seek to correct fundamental sustainability challenges in hospitality, tourism, and other sectors. Its approach is based on mapping the behavioral factors that contribute to the food waste problem and targeting them directly. The two-phase solution involves awareness raising—making the problem visible and impossible to ignore for both sides of the market (the service supplier and the consumer). As simple as this sounds, this is extremely important because until a problem is clearly visible and quantified, it is psychologically easy to ignore. In addition, decisions on the side of the consumer and the supplier are driven by more immediate factors than battling food loss. For service providers these are profitability, competition with other players on the market and hygiene requirements. As these are more

forefront concerns, they take lead in shaping processes and behaviors of businesses in the sector. Similarly, for consumers food waste is a vague and distant issue, and their decision-making at the point of purchase/ food selection is shaped by factors such as food taste, interest in experimentation and sometimes the fear of missing out prompting people to put more food on the plate. In that sense the simple but impactful communication campaign using posters and cards visualizing the problem at the point of preparation and selection is an effective way of making food waste salient at the right moment when it can impact choice.

The second phase of the program approach is equipping both consumers and professionals with tactics enabling them to act. Experience shows that even when people are alert and generally concerned about a problem such as the environment or poverty, they often do not act on it because they feel they are not empowered or do not know what to do (Datta et al., 2015). Consumers are empowered to contribute to cutting food waste through very simple tactics, including optimization of available foods, smaller servings, and smaller plates. This is supplemented with gentle nudges such as reminders that buffet customers are invited to come back and serve themselves a second time rather than take everything at once or as the possibility to top up dips and side dishes. Increased awareness in combination with these tactics influence social norms and change the desirability of acts that minimize food loss.

Suppliers are empowered to act through practical solutions that target the moments when food waste is most likely to occur: during the preparation of meals, and after meals (or parts of them) are prepared but not consumed. The first major focus that is addressed is measurement. By providing the steps and tools to execute careful measurement the program enables service providers to quantify and monitor food waste, and to map the moments when food waste is most likely to occur. Feedback from food and beverage professionals reveals that the ability to measure alone has powerful awareness effect on staff members who suddenly really understand the scale of the problem and begin to proactively contribute with ideas. Measurement leads to salience of food waste as success indicator on the job as well and this makes it impossible to ignore (Metcalfe, Gosnell, & List, 2016). The ability to track which kind of ingredients or products were left unused or unconsumed empowers decision makers to optimize by reengineering menus and redesigning buffets. Through the program they were equipped with safe tactics for efficient use of products. For example, slight adjustments of menus could ensure that parts of a tomato are used for a fresh salad and the left overs are cooked into a sauce for a main course rather than thrown away.

Measurement offers a systematic look into the problem allowing participating businesses to optimize food processes beyond the tactics provided by the program. For example, the ability to track the food that is least consumed at a buffet leads to the easy decision to eliminate it from the menu. In fact, service providers relying on a buffet format report cutting food waste by more than 30% by merely cutting the quantities and the number of items they serve, and by focusing on foods that are favored and rarely left. Optimizing the size of servings

without really limiting the amount of food available to the customer emerges as an effective solution for a-la-carte restaurants. The volume of wasted side dishes or dips prompts service providers to move to smaller portions but to offer customers free top-ups if they desire them (Matvett, 2020). This measure alone leads to tremendous cuts in lost food.

The entire process of buying, storing and preparing meals can be optimized once there is specific measurement revealing which foods are most likely to remain unconsumed, on which week day and at what time of the day. Tracking the food journey also gives companies the opportunity to organize food donation or programs such as "Too Good To Go," which are adopted by many entities participating in *Cut Food Waste 2020*.

In conclusion, it is important to mention that the integrated effort to equip the food service industry with tools that facilitate behavior change incorporates new norms in the design of the sector. The integration of measurement and food waste elimination tactics in daily protocols ensures sustainable transition to new behavioral models for the entire professional community. This is of great importance because the industry often relies on young, untrained and temporary workers who cannot be expected to learn everything about food waste as part of their standard training but who will adhere to the already existing norms that make the loss of food undesirable and easy to avoid.

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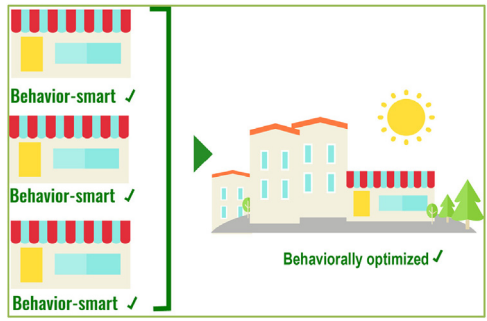
Case 10 Piloting behavior-smart thinking on destination level (Västmanland Region, Sweden)

The challenge

As the texts throughout this book argue, the advancing knowledge about human behavior offers a wealth of insights that can help destinations improve current approaches to planning and management. Tourism is complex and involves the operationalization of orchestrated coordination among multiple small and large, public- and private-sector players. Behavioral insights can add value at multiple levels—from optimizing the design and operations of the individual business to the strategic models and processes that shape destination management. At the individual company level behavior-smart thinking can inform decisions that guide the training and management of staff, sustainability efforts, marketing tactics, pricing strategies and the design of offerings in ways that guarantees that the hearts and minds of travelers will be captured. At the destination level behaviorally-informed solutions can address strategic marketing, including segmentation and the setting of norms for the behavior of visitors. It can also influence the collaboration between the different players in the local industry network and the coordinated efforts to optimize the balance between desired and undesired impacts of tourism.



To the best of the knowledge of the author of this book, at the time of writing, no destination, except the one featured in this case, has made an effort to experiment with behavior-smart thinking as a way of accelerating the achieving of its strategic market and sustainability goals. As the rest of the cases included in this book reveal, there are already examples of behaviorally-informed solutions at individual company level or at the level of a specific solution.

The behavioral approach

Västmanland, a small regional destination in Sweden, is the first to experiment with behavior-smart thinking as vehicle for optimizing commercial and sustainability practices among local tourism businesses. The project "Applying behavioral economics thinking to tourism in Västmanland region" is executed in 2018–19 by the local tourism board Västmanland Tourism. It is initiated with the aim to benefit from the advances in behavioral sciences and use them to support local service

providers in improving their marketing tactics such as messaging, pricing, online presence, etc., as well as their sustainability efforts (Stanaway & Wernersson, 2018b). The hope is that by helping companies throughout the destination adopt behavior-smart tactics, the region will benefit from the cumulative effects of stronger commercial success and optimized footprint of the tourism sector.

Because of the innovative nature of the project and the lack of previous experience with behaviorally-informed solutions, the program design included a strong experimentation component to help arrive at the specific measures that would be developed and shared with the entire business community in the region. It involved working with a small set of innovation-prone pilot companies interested in experimenting with behavior-smart tactics to confirm their validity for the local context. The following table summarizes the key steps and milestones in the project.

Key project activities and milestones.

Activity	Purpose	Why?
Project ideation phase	Create the design and plan the activities that guarantee meeting of objectives	This is a specific project, which in itself represents an experiment with a lot of unknowns. It was important to design a unique process that accounted for the uncertainties but guaranteed maximum likelihood for success.
Project kick-off and pilot companies	Introduce the project and behavior-smart thinking to the local industry to raise awareness and invite pilot participants	Behavior-smart thinking is relatively new for the travel industry and not many businesses have structured knowledge about it. This kick-off activity was designed to provide the framework and explain the benefits of using insights from behavioral sciences to optimize business and destination success. It also served as the basis to identify companies, which were interested and motivated to serve as pilot host of the experimentation activities.
Agreement on tactics	Select a set of meaningful tactics that would be tested and applied to the industry throughout the region	It was important to arrive at a set of solutions to be tested that are both relevant to the larger business community but attractive enough for the participating pilot companies because they are the ones investing time and resources at this phase of the project.

Testing and analysis	Execution of the testing action plans for the selected tactics; analysis of the results and synthesis of the findings	The results of the solution tests was essential in ensuring that they work in the specific context and that they can be easily executed by a large number of operators throughout the region. The testing also offered very convincing and directly relevant data that motivated the interest of more businesses to roll these solutions out.
Hands-on manual	Synthesis of the practical steps to apply behavior-smart solutions in a manual for businesses	In order to reach the entire business community throughout the region, the knowledge about the tested behavior-smart solutions needed to be distributed in a format that is easily digestible and available in a flexible format. Västmanland Tourism decided that the best approach was to develop a hands-on manual with specific step-by-step guidance on how to plan, test and execute behavioral solutions.
Workshops and consultations	Destination-wide roll-out workshops and consultations	In order to activate interest and engage companies in exploring and applying the available and tested behavior-smart solutions Västmanland Tourism initiated a series of workshops with private sector companies throughout the destination. Their purpose was to introduce the manual, engage entrepreneurs in using the tactics it presents and offer advisory assistance to ensure that they receive all necessary support to succeed.

Västmanland Tourism identified three pilot companies to test the behavior-smart tactics and offer insights as to how they can be applied to the rest of the business community. They three offered a good mix representing different segments of the industry. The first participant representing attractions was *Kokpunkten Actionbad*—an indoors water park with a wide variety of slides and water-based attractions for adults, young adults and children. The water park is one of the main attractions in the region geared toward residents of the

area and visitors coming for a short holiday or on a day trip. The second participant in the project representing food service providers was *Saluhallen Slakteriet*—an indoors food market featuring different restaurants, small shops, and small event venues emphasizing local and sustainable food. While the outfits in the food complex offer food from around the world, there is strong emphasis on local sourcing and the promotion of nearby farms, herbs and locally produced ingredients. The final participant, *Schenströmska Herrgården*, represented the accommodation and event sector in the region. Schenströmska Herrgården is a stylish mansion away from the city and surrounded by nature. It attracts leisure guests who stay for short holidays or long weekends, and hosts private and business events (from weddings to corporate celebrations and retreats).

Once the pilots were confirmed each of them was engaged in a process of identification of relevant tactics that will be tested by them. The factors that influenced the selection were (Stanaway & Wernersson, 2018a):

1. Ensuring that the tactics relate to existing and relevant issues that will produce direct benefits for the participating business
2. Ensuring that the solutions can realistically be tested within the timeline of the project
3. Ensuring that the testing of the tactics is not resource-intensive
4. Ensuring that each of the pilots tests at least one commercial and one sustainability practice
5. Ensuring that the tested solutions are relevant to a wide share of the local industry community

The table below summarizes the tactics that were tested with the participating pilot companies.

Summary of selected behavior-smart solutions.

Pilot company	Category	Commercial tactics	Footprint tactics
Kokpunkten Actionbad	Attraction	Menu design and presenting information on products/services	Saving energy
Saluhallen Slakteriet	Food service provider	Optimizing menu design/offering presentation	Encouraging local buying
Schenströmska Herrgården	Accommodation and events venue	Presenting price for tailored offers	Minimizing cleaning and energy use

The results from the pilot projects were the basis for the synthesis of a set of behavior-smart tactics to be used by all tourism businesses operating in Västmanland region. They were presented in a special hands-on manual that offered brief overview of the principles of behavior-smart thinking followed by a step-by-step guide on how to execute each presented solution. The guiding document offers all tools, such as a short evaluation, or a measurement plan, that an entrepreneur needs to apply the solution. The document was tested with business audiences to ensure that the language and content are indeed practical and relevant (Nikolova, 2019).

The final step in the project was the roll out of the manual with a series of workshops and advisory services for companies (Stanaway & Wernersson, 2019). The events involved presenting the manual in details and engaging companies in selecting and starting to work with tactics that seem relevant to their businesses. The available advisory support ensured that any professionals will receive support at any stage of the execution.

Discussion

Västmanland Tourism is one of the smallest regional destination in Sweden but despite that, it was the first to experiment with behavior-smart thinking on destination level. From a behavioral perspective the project "Applying behavioral economics thinking to tourism in Västmanland region" is a best practice for three reasons. First, it extracts relevant insights from behavioral sciences in order to optimize the commercial and sustainability practices of businesses operating on the territory of the region. There is unlimited potential in using insights about human behavior and decision-making in the optimization of marketing content, pricing strategies, or experience design for travel companies.

The second aspect is the very design of the project, which aimed to operationalize the solutions and ensure that they are adopted by a maximum number of companies in the destination. The experimental nature of the program made it natural to include a pilot test element, which not only allowed the testing of specific tactics in the local context but provided local evidence. This secures an important psychological effect as the rest of the business community is much likelier to engage with new solutions if they have been tested locally with peers.

The third important success factor was the writing of the manual and the roll out with hands-on workshops. Preparing a document that will reach all companies in the region made a lot of sense because it becomes a resource that can reach the local industry network and that offers entrepreneurs the flexibility to use it when they have the time and resources. To make sure the tone of voice and context are completely aligned with the needs of the business, a small group of companies were asked to review and provide feedback on the tactics and the offered guidelines. The downside of a passive document is that it can be read and remain as a resource on the shelf. The decision of Västmanland Tourism to roll out the manual with a series of activation workshops and available advisory services minimized this risk. By educating companies how to best benefit from the resource and by helping them launch some of the solutions the workshops increase the likelihood that more companies will adopt behavior-smart thinking and that the destination will enjoy cumulative effects with behaviorally-optimized commercial and sustainability practices.

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