

BEHAVIOR DESIGN

IE University

Professor: **ÁLVARO GAVIÑO GONZÁLEZ**

E-mail: agavino@faculty.ie.edu

Professor: **ENRIQUE BELENGUER SABORIT**

E-mail: ebelenguer@faculty.ie.edu

Academic year: 23-24

Degree course: FOURTH

Semester: 1º

Category: COMPULSORY

Number of credits: 6.0

Language: English

PREREQUISITES

It's good to have basic knowledge of behavioral economics and decision making theory. Those are covered in the previous semesters of the BBSS.

SUBJECT DESCRIPTION

Have you ever wondered why you don't always do what you intended to do? Going to the gym, eating healthier, learning another language... As humans we struggle to do all those things that we know we should do but are hard to do. Moreover our preferences are not consistent, we tend to be overoptimistic and we decide based on just a small amount of environmental cues. We are not as rational as we think! However, in the recent years behavioral insights have been helping organizations and governments design contexts for "irrational" humans to strive. In this course you will learn how to use all this knowledge to improve communications, create better products, create more effective organizational processes and design better public policies.

OBJECTIVES AND SKILLS

This course is designed to provide students with the knowledge, skills, and tools to master the behavioral design process, from the analysis to the design and testing. To do so, students will learn how to use nudging as a way to influence human beings that are not always rational nor knowledgeable of their own preferences.

Through regular attendance and active participation in the course, students will be able to:

- Learn the main BE frameworks that practitioners use.
- Recognize the main behavioral issues in human decision making processes.
- Apply behavioral techniques to tackle the above mentioned issues.
- Understand the importance of testing the intervention and the rationale behind it
- Learn how to use behavioral insights within private and public organizations.

METHODOLOGY

The course will be divided into 6 modules. Each module will consist of synchronous and asynchronous interaction and will have a theoretical and practical component. Students are expected to apply what they are learning not only to their group projects but also to the broader real-world context.

Synchronous Interaction is learning that happens in live, in real-time. For example, attending classes (lectures, discussions, labs, studios) in-person or virtually, working with classmates on team projects in a work-room or video-conference platform, or getting help and feedback from professors in-person or online.

Asynchronous Interaction and Individual Inquiry and Discovery are learning experiences that happen interactively and asynchronously using collaboration tools and digital platforms. For example, debating topics in a digital forum, critiquing the work of classmates posted in a digital gallery, working on a proposal or project using a collaborative document-sharing platform, or getting help and learning support in a messaging-based system.

At the close of the course, you will be assigned a grade based on demonstration of your knowledge on quizzes, asynchronous assignments, exams, projects, participation, etc. Class content includes slides presentations, videos, readings and assigned articles.

MODULES

Module I: Applying BE, a methodology (E. Belenguer)

Module I will serve as an introduction to the use of behavioral sciences in a systematic way. We will go through some of the frameworks used by practitioners and learn the different phases that we need to go through in an ideal intervention.

Module II: Designing Better Communications (A. Gaviño)

As context influences our decision making in a substantial way, it is vital to understand that communications are “designed context” for others, and to take into consideration the power of constructing those properly. The framing of our messages in the means of copy, creativity, channel, timing, etc. plays a central role in the understanding and the following preferences of the receiver. Mastering that framing through the use of some cognitive mechanisms can enhance our chances to obtain the pretended results for our communications.

Module III: Using BE in Digital Experiences (A. Gaviño)

Moving from unidirectional events (communications) to bidirectional ones (experiences) makes it even more relevant to be able to define the choice architecture of customer journeys in a way that maximizes the aimed behavior.

Module IV: Behavioral Public Policy (E. Belenguer)

While in private organizations, marketers were well aware that customers were not rational and influence was a big part of any marketing department strategy, governments are only recently designing policies that account for human biases. Since the early 2010s Nudge Units have grown within government like the British or German, and international organizations such as the World Bank or the OECD.

Module V: Behavioral Product Design (A. Gaviño)

In module V we will explore how Behavioral Economics can help in the product design process, not only as a shaper of communications or digital experiences on the purchasing process, but also as a core part of the product itself and its value proposition proposal.

Module VI: BE and Organizational Processes (E. Belenguer)

Most of the literature, research and practice of Behavioral Economics has been around influencing customers or citizens, but there is a growing interest in understanding the biases of the decision makers. How should we tackle the cognitive limitations of those designing public policies, or corporate interventions, or recruiting people or promoting them?

Teaching methodology	Weighting	Estimated time a student should dedicate to prepare for and participate in
Lectures	20.0 %	30 hours
Discussions	26.67 %	40 hours

Exercises	13.33 %	20 hours
Group work	26.67 %	40 hours
Other individual studying	13.33 %	20 hours
TOTAL	100.0 %	150 hours

PROGRAM

MODULE I: APPLYING BE, A METHODOLOGY

(E. Belenguer)

SESSION 1 (LIVE IN-PERSON)

Introductions and Course Overview.

Book Chapters: Nudge : improving decisions about health, wealth and happiness (Chapter 1: Introduction) (See Bibliography)

Activities: Lecture. Discussion.

SESSION 2 (LIVE IN-PERSON)

Ideation main concepts.

Other / Complementary Documentation: Advanced Hindsight Flash Cards| Deck 2 (advanced-hindsight.com)

Activities: Individual Reading Assignment. Video Discussion Forum.

SESSION 3 (LIVE IN-PERSON)

Identifying a behavioral problem

Other / Complementary Documentation: Chapter 2 Basic manual (Stage 1: Behaviour – Identifying and defining the problem) (OECD)

Activities: Lecture. Discussion. Group Work

SESSION 4 (ASYNCHRONOUS)

Analysis, understanding the context

Other / Complementary Documentation: Chapter 2 Basic manual (Stage 2: Analysis – Understanding why people act as they do) (OECD)

Activities: Individual Reading Assignment. Video Discussion Forum.

SESSION 5 (LIVE IN-PERSON)

Complete Methodology: Identify, Understand, Ideate and Test.

Activities: Lecture. Discussion.

MODULE II: DESIGNING BETTER COMMUNICATIONS

(A. Gaviño)

SESSION 6 (LIVE IN-PERSON)

Communication from a cognitive perspective

Activities: Lecture. Discussion.

SESSION 7 (ASYNCHRONOUS)

Customer centric organizations, really?

Video: Designing Better Customer Communication Experiences (Vimeo)

Activities: Individual Reading Assignment. Video Discussion Forum.

SESSION 8 (LIVE IN-PERSON)

Social Norms on design

Video: Market and Social Norms (Youtube)

Activities: Lecture. Discussion.

SESSION 9 (LIVE IN-PERSON)

Framing & Availability Heuristic on design

Activities: Individual Reading Assignment. Video Discussion Forum.

SESSION 10 (LIVE IN-PERSON)

Scaling it up!

Article: Chris Risdon: Scaling Nudges with Machine Learning (October 25, 2017) (Behavioral Scientist)

Activities: Lecture. Discussion.

MODULE III: USING BE IN DIGITAL EXPERIENCES

(A. Gaviño)

SESSION 11 (LIVE IN-PERSON)

Digital Experiences & BE

Activities: Lecture. Discussion.

SESSION 12 (LIVE IN-PERSON)

BBVA's "Hazte Cliente" case

Practical Case on BBVA's landing page "hazte cliente". Interactive video on the case overview & resolution.

SESSION 13 (LIVE IN-PERSON)

Cognitive frictions on the customer journey

Other / Complementary Documentation: Decoding Decisions. Making sense of the messy middle (Chapter 4) (thinkwithgoogle.com)

Activities: Lecture. Discussion.

SESSION 14 (LIVE IN-PERSON)

Designing Experiences

Article: The Behavioral Science of Customer Experience (14 December 2018) (Ipsos)

Activities: Lecture. Discussion.

SESSION 15 (ASYNCHRONOUS)

Downsides of Digital Nudging

Activities: Interactive video explaining main concepts and showing examples. Video Discussion Forum.

MODULE IV: BEHAVIORAL PUBLIC POLICY

(E. Belenguer)

SESSION 16 (LIVE IN-PERSON)

Behavioral Public Policy (Health and Personal Finances)

Article: A Model for Integrating Behavioral Design in City Government (pag 10-15; April 2018) (Ideas 42)

Activities: Lecture. Discussion.

SESSION 17 (LIVE IN-PERSON)

BE applied to long term saving

Video: Save for tomorrow, tomorrow (TED) (Youtube)

Activities: Interactive video explaining main concepts and showing examples. Review main Behavioral Economics concepts and apply them in a short assignment.

SESSION 18 (LIVE IN-PERSON)

Behavioral Public Policy (Taxes and Sustainability)

Technical note: The Little Book of Green Nudges (United Nations Environment Programme and GRIDArendal, 2020) (BIT)

Activities: Lecture. Discussion.

SESSION 19 (ASYNCHRONOUS)

Applying BE: A real case

Activities: Interactive video explaining main concepts and showing examples. Video Discussion Forum.

SESSION 20 (LIVE IN-PERSON)

Criticism to Nudging in Public Policy

Article: On Nudging: A Review of Nudge: Improving Decisions About Health, Wealth and Happiness (Int. J. of the Economics of Business, Vol. 16, No. 3, November 2009, pp. 365–373) (CED)

Activities: Lecture. Discussion.

MODULE V: BEHAVIORAL PRODUCT DESIGN

(A. Gaviño)

SESSION 21 (LIVE IN-PERSON)

The Psychology of Design

Activities: Lecture. Discussion.

SESSION 22 (ASYNCHRONOUS)

Behavioral Product Manager

Video: The Evolution of the Behavioral Product Manager (Youtube)

Activities: Interactive video explaining main concepts and showing examples. Video Discussion Forum.

SESSION 23 (LIVE IN-PERSON)

Applying BE to Product Design

Activities: Interactive video explaining main concepts and showing examples. Video Discussion Forum.

SESSION 24 (LIVE IN-PERSON)

The case of Lemonade

Video: Designing For Trust (TEDxPorto) (Youtube)

Activities: Interactive video explaining main concepts and showing examples. Video Discussion Forum.

SESSION 25 (LIVE IN-PERSON)

BE at the core of the value proposition (Discovery Bank)

Activities: Lecture. Discussion.

MODULE VI: BE AND ORGANIZATIONAL PROCESSES

(E. Belenguer)

SESSION 26 (LIVE IN-PERSON)

BE for decision makers

Other / Complementary Documentation: Using behavioural science to improve how governments make decisions (pag 7-13) (The Behavioural Insights Team)

Activities: Interactive video explaining main concepts and showing examples. Video Discussion Forum.

SESSION 27 (LIVE IN-PERSON)

Diversity and Inclusion

Activities: Lecture. Discussion.

SESSION 28 (LIVE IN-PERSON)

Preparing group presentations, Course Wrap-up and Q&A

Activities: Group work.

SESSION 29 (LIVE IN-PERSON)

Final Project Presentations

Activities: Group Presentations.

SESSION 30 (LIVE IN-PERSON)

Final Project Presentations

Activities: Group Presentations.

BIBLIOGRAPHY

Recommended

- Richard H Thaler; Cass R Sunstein. (2009). *Nudge : improving decisions about health, wealth and happiness*. Penguin. ISBN 9780141040011 (Digital)

EVALUATION CRITERIA

A variety of teaching and learning strategies will be used in this course. You will be assigned a grade based on your demonstrated knowledge, a group project, a group presentation and final exam, and your participation in various class activities and discussions.

Each assignment will be graded by the professor in charge of the module in which the assignment must be submitted.

Short Essay - Individual (20%)

You will be required to submit an essay. More detailed instructions will be given during session 15.

Group Project / Presentation (25%)

In groups of 2-3 people, you will be tasked with critically analyzing an issue that requires applying the knowledge you have learned in this course. As a group, you will need to discuss the issue, analyze the problems, and then propose evidence-based recommendations that will be communicated via a 15-minute PowerPoint presentation (plus 2 – 3 minutes for questions). short, written report. A detailed description of the project/presentation requirements can be found in the "Group Project Info" folder on Blackboard.

Continuous Evaluation (35%)

Students will have several in-class and asynchronous assignments in which they will work as individuals and in groups to apply the tools and methodologies that they are learning in various assignments. These assignments will complement the theoretical components of the course and help students gain a broader understanding of behavioral design. They will serve as an opportunity to apply what you are learning to real-world situations.

Class Participation and Engagement (20%)

Class participation and engagement will be evaluated based on the quality (not quantity) of your participation in class discussion, online forums and other activities that take place during synchronous and asynchronous sessions. The most important component of your participation is the content of what you are saying. A high quality comment reveals depth of insight, rigorous use of case evidence, consistency of argument, and realism. People who speak often but whose comments lack substance will not be rewarded in the same way that people who speak less frequently but with rich content that furthers the class discussion. That said, your attempts at participation should not be such that the instructor has to “go looking for you”. You should be attempting to get into the debate on a regular basis. Listening is an equally important component of class participation. Please be mindful of how much you are speaking versus listening and ensure that this class is an environment in which all of us are encouraged to do both. Students who are disruptive or disrespectful will be asked to leave the classroom and will be counted as absent for that day. No exceptions.

Finally, you might want to avoid being classified as one of the following types of students:

- Repeaters: students who, consciously or unconsciously, make comments that are really just repeats/rephrasing of what has already been said (by other students, or yourself). This is a waste of time and does nothing to move the conversation along.
- Ramblers: students who take a lot of time to say simple things or may tell long personal/professional stories, or roam into irrelevant topics, or simply make low quality comments just to participate. They waste valuable time and prevent other students from being able to participate.
- Space Cadets: Students who have been distracted (by Facebook, etc.) or who have stopped paying attention and then, later on, when they realized they have missed a term or concept, ask you about it even though it has already been discussed.

Late Assignments/Presentation

Will be penalized 2% per 24-hour period, starting on the day they are due. Only in cases of emergency or illness can changes be made to due dates of assignments or projects. ALL such arrangements are the full responsibility of the student and must be made PRIOR to the due date. Failure to confirm any changes to the due date with the professor prior to the due date will result in a grade of zero.

Criteria	Percentage	Comments
Short Essay - Individual	20 %	
Group Presentation	25 %	
Continuous Evaluation	35 %	
Class Participation	20 %	

PROFESSOR BIO

Professor: **ÁLVARO GAVIÑO GONZÁLEZ**

E-mail: agavino@faculty.ie.edu

Álvaro Gaviño is Behavioral Economics Global Leader at BBVA. His main field of research is studying the importance of human cognition and human behavior in business in general and in financial services in particular. He has merged his knowledge in IT (he holds a Degree in Computer Science with a major in Artificial Intelligence) with behavioral economics principles and applied its multiple implications to finance. He combines these job/research tasks with sharing these insights and findings as the General Director of the [Behavioral Economics Observatory](#) of the Madrid Council of Economists. He is also a Professor at ISDI for the Master in Internet Business and professor at UDIMA for the Master in Behavioral Economics.

He has developed his career for more than 20 years in different positions at BBVA. Began his development as a programmer for the Corporate & Investment Banking area. In 2012, during the banking liquidity crisis, he held a quantitative analysis function for liquidity management in the trading floor, being promoted soon as responsible for the Short Term Fixed Income Desk for Spain. Among his current responsibilities in Behavioral Economics are the promotion of projects under BBVA's own methodology, the generation of an internal global talent network for the dissemination of this science and the lead of an artificial intelligence project (B.E.L.A.) leveraging cognitive mechanisms to improve the bank's communications with its clients and prospects.

Professor: **ENRIQUE BELENGUER SABORIT**

E-mail: ebelenguer@faculty.ie.edu

Enrique Belenguer current role is Behavioral Economics Global Leader at BBVA, where he is in charge of methodology and research. In his job he works both on the application of behavioral sciences (ranging from product development to digital experience optimization) and the governance of this discipline within the bank. Additionally he liaises with academic organizations in order to promote academic research and bring new knowledge to the bank.

Prior to his position at BBVA he was a consultant specialized in customer insights and marketing strategy in INMERCOR and mints&brains, applying behavioral economics in projects for corporates and city governments. He was associate professor at ESIC from 2015 until 2018, teaching International Economics Environment and International Politics in the Business world. Before he worked in IATA Headquarters in Geneva and in VEGlobal a small NGO in Chile.

He holds a bachelor in Economics (Universidad de Valencia), a MSc in Information and Knowledge Society (UOC) and an Exec. MSc in Behavioral Sciences (London School of Economics).

OTHER INFORMATION

Technology in the Classroom – It is our preference that all students connect to Zoom during the sessions we meet, including students in the hybrid classroom. This means that we encourage and expect students to bring their laptops and chargers to class. That said, if we catch you using the laptop inappropriately during class, we will give you a warning. If you are caught a second time, you will be kicked out of the classroom and marked as absent for that day. We are very strict about this.. The use of mobile phones will not be permitted under any circumstances during this course.

Assignments – I know that things can happen unexpectedly and it is impossible to prepare in advance for everything that life throws at you. For this reason, I will grant each student a 24 hour grace period on ONE assignment (except the group project) during the course of the semester. For all other late assignments, your grade will drop 5% each day that it is late.

Attendance – Attendance at all scheduled classes is mandatory and essential for success in the course. Missing more than 30% of class sessions will result in an automatic fail of the course. If you miss class for any reason, you are responsible for getting notes from classmates. If you have questions about any assignments please send me an email. Under most circumstances, students who miss a class in which a presentation, mid-term, or final exam is held will not be granted an exception or given an opportunity to do a make-up assignment or exam. However, if illness or other circumstances prevent you from adhering to the assignment/presentation due dates stated in this syllabus, an exception may be granted at the discretion of the professor. In all cases, the student must provide official documentation (e.g., from a medical doctor, counsellor) to the professor within 24 hours of the missed due date. If you are unable to make it to a session, I appreciate an email letting me know, but absences will only be excused for extraordinary circumstances and with valid evidence documenting your absence.

I'd also like to remind you that attendance is not just about showing up, it is about being an active listener and contributor to class discussion. Please come to class on time, with questions and opinions about the readings and lectures. I will plan the sessions to be active and engaging, but this format only works well if you are present, both physically and mentally. I have zero tolerance for lateness, disrespect of me or your peers or unruliness. I will ask students who do not come to class prepared to be active and engaged to leave the classroom. These students will be marked as absent.

Office Hours –

- Alvaro Gaviño - Fridays 15:30 - 17:30
- Enrique Belenguer - Fridays 15:00 - 17:00

RE-SIT / RE-TAKE POLICY

Per University Policy:

Each student has 4 chances to pass any given course over two consecutive academic years (regular period and July retake period). Failure to pass students who do not comply with the 70% attendance rule during the semester will lose their 1st and 2nd chance, and go directly to the 3rd one (they will need to enroll again in this course next academic year). Grading for retakes will be subject to the following rules:

- Students who failed the subject in the first regular period will have to do a retake in July (except those not complying with attendance rules who are banned from this possibility and must automatically re-enroll the following year).
- Dates and location of the July retakes will be posted in advance and will not be changed under any circumstances. Please take this into consideration when planning your summer. In the event that you decide to skip the opportunity to re-sit for an exam during the re-take period, you will need to enroll in the course again for the following academic year and pay for the corresponding costs.
- The maximum grade that a student may obtain in the re-take exam is 8 out of 10.
- Students in the 3rd call will be required to attend 50% of the classes. If there is a schedule overlap, a different option will be discussed with the professor in order to pass the subject.
- Students failing more than 18 ECTS credits after the June-July re-sits will be asked to leave the program.

Students with Special Needs:

To request academic accommodations due to a disability, please contact Jessica Tollette via email at: jessica.tollette@ie.edu.

Student Privacy Statement:

At times, students may disclose personal information through class discussions. It is expected that all members of the class will respect the privacy of their classmates. This means that the information disclosed in the class will not be repeated or discussed with other students outside of the course.

Decisions about Grades:

Decisions about grades are made very carefully, and are final at the end of the course. If you have questions regarding a certain grade or you would like to receive personal feedback, you must request a meeting with me to discuss grades on specific assignments before the last session of the course. Any disputes regarding grades must be resolved before the final session. "Extra credit" or makeup assignments will only be allowed under extenuating circumstances at the sole discretion of the course professor.

ACADEMIC INTEGRITY

Unless you are specifically instructed to work with other students in a group, all of your assignments, papers, projects, presentations, and any work I assign must reflect your own work and thinking.

What is academic integrity? When you do the right thing even though no one is watching. The core values of integrity, both academic and otherwise include: honesty, fairness, respect, responsibility, and trust. Academic Integrity requires that all students within Instituto de Empresa (IE) act in accordance with these values in the conduct of their academic work, and that they follow the rules and regulations concerning the accepted conduct, practices and procedures of academic research and writing. Academic Integrity violations are defined as Cheating, Plagiarism or other violations of academic ethics.

Cheating and plagiarism are very serious offenses governed by the IE student code of conduct. Any student found cheating or plagiarizing on any assignment or component of this course will at a minimum receive a "0" on the affected assignment. Moreover, the student will also be referred to the University Judicial System for further action. Additional penalties could include a note on your transcript, failing the class, or expulsion from the university.

It is important to note that, while the list below is comprehensive, it should not be considered exhaustive.

Cheating includes:

1. An act or attempt to give, receive, share, or utilize unauthorized information or unauthorized assistance at any time for assignments, papers, projects, presentations, tests or examinations. Students are permitted to mentor and/or assist other students with assignments by providing insight and/or advice. However, students must not allow other students to copy their work, nor will students be permitted to copy the work of other students. Students must acknowledge when they have received assistance from others.
2. Failure to follow rules on assignments, papers, projects, presentations, tests or examinations as provided by the course professor and/or as stipulated by IE.
3. Unauthorized co-operation or collaboration.
4. Tampering with official documents, including electronic records.
5. The impersonation of a student on presentations, exercises, tests or an examination. This includes logging onto any electronic course management tool or program (e.g. Black Board, etc.) using someone else's login and password.

Plagiarism includes:

1. Using the work of others and attempting to present it as your own. For example, using phrases or passages from books, articles, newspapers, or the internet and not referencing them properly in your document. This includes using information from others without citing it, misrepresentation of cited work, and misuse of quotation marks.

2. Submitting an assignment or paper that is highly similar to what someone else has written (i.e., minimal changes in wording, or where the sentences are similar, but in a different order).
3. You don't have to commit "word for word" copying to plagiarize – you can also plagiarize if you turn in something that is "thought for thought" the same as someone else.

Other violations of academic ethics include:

1. Not acknowledging that your work or any part thereof has been submitted for credit elsewhere.
2. Misleading or false statements regarding work completed.
3. Knowingly aiding or abetting anyone in committing any form of an Academic Integrity violation.

CODE OF CONDUCT IN CLASS

1. Be on time: : Students arriving more than 5 minutes late will be marked as "Absent". Only students that notify in advance in writing that they will be late for a specific session may be granted an exception (at the discretion of the professor).
2. If applicable, bring your name card and strictly follow the seating chart. It helps faculty members and fellow students learn your names.
3. Do not leave the room during the lecture: Students are not allowed to leave the room during lectures. If a student leaves the room during lectures, he/she will not be allowed to re-enter and, therefore, will be marked as "Absent". Only students that notify that they have a special reason to leave the session early will be granted an exception (at the discretion of the professor).
4. Do not engage in side conversation. As a sign of respect toward the person presenting the lecture (the teacher as well as fellow students), side conversations are not allowed. If you have a question, raise your hand and ask it. If you do not want to ask it during the lecture, feel free to approach your teacher after class. If a student is disrupting the flow of the lecture, he/she will be asked to leave the classroom and, consequently, will be marked as "Absent".
5. Use your laptop for course-related purposes only. The use of laptops during lectures must be authorized by the professor. The use of Social Media or accessing any type of content not related to the lecture is penalized. The student will be asked to leave the room and, consequently, will be marked as "Absent".
6. No cellular phones: IE University implements a "Phone-free Classroom" policy and, therefore, the use of phones, tablets, etc. is forbidden inside the classroom. Failing to abide by this rule entails expulsion from the room and will be counted as one absence.
7. Escalation policy: 1/3/5. Items 4, 5, and 6 above entail expulsion from the classroom and the consequent marking of the student as "Absent." IE University implements an "escalation policy": The first time a student is asked to leave the room for disciplinary reasons (as per items 4, 5, and 6 above), the student will incur one absence, the second time it will count as three absences, and from the third time onward, any expulsion from the classroom due to disciplinary issues will entail 5 absences.