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RESEARCH SUMMARY

WEIGHT LOSS NUDGES
Market Test or Government Guess?

According to behavioral economists, psychological, social, cognitive, and emotional factors can push people into making unconscious and irrational decisions that result in obesity. The flip side of this view is that people can be "nudged" by policymakers to make better choices to combat weight gain and obesity. Policymakers can then use nudging to expand their regulatory domain.

In a new paper for the Mercatus Center at George Mason University, economist Michael L. Marlow argues that private markets generally have better information and incentives than government to nudge consumers in a healthier direction. Private markets are shown to hold significant advantages over the government in designing nudges that actually help individuals lose weight.

Please see "Weight Loss Nudges: Market Test or Government Guess?" to read the entire study.

OBESITY AND NUDGE THEORY

The obesity rate has doubled over the past three decades, with some projecting that by the year 2030 42 percent of Americans will be severely obese (at least 100 pounds overweight). Some economists and lawyers have suggested that well-designed nudges can steer individuals toward wiser decisions that enhance their welfare. These nudges are designed by regulators who act as "choice architects," shaping the way choices are presented to consumers in order to encourage healthier decisions.

However, the current state of knowledge surrounding the obesity epidemic is incomplete, with many unsupported beliefs, or myths, pervasive in both the scientific literature and the popular press:

- Small, sustained changes in energy intake or expenditure will produce large, long-term weight changes.
- Setting realistic goals in obesity treatment is important because otherwise patients will become frustrated and lose less weight.

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- Large, rapid weight loss is associated with poorer long-term weight outcomes than is slow, gradual weight loss.

Despite the fact that these myths and many other presumptions about obesity are scientifically unproven, regulators seek to correct what behavioral economists believe are systematic biases in the behavior of the obese. These biases include the following:

- *Bounded willpower*. Individuals suffer from persistent self-control problems and prefer immediate gratification. For example, an individual might choose to eat a dessert now because it will taste good, while also knowing that quitting that behavior is good for long-term health.

- *Cognitive biases*. Individuals generally prefer the status quo because searching for a better alternative would mean changing a routine. As applied to weight loss, regulators seek to nudge people in the healthier direction by designing smaller plates, changing the lighting near food, or altering the color or convenience of accessing food.

PROBLEMS WITH NUDGE THEORY

The empirical evidence strongly suggests that nudges are a particularly blunt and possibly ineffective tool for addressing obesity.

- Regulators are human and susceptible to the same wrong beliefs and lack of complete knowledge as everyone else.

- Private actors in the market may capture regulators and steer them toward nudging people in a direction that is beneficial to their firm or industry, not necessarily better health.

- Obese people may know the health consequences of their actions. Studies show that obese people forecast shorter life expectancies and greater health problems than normal-weight people.

- Restaurants that claim to serve healthy foods may steer diners to underestimate the caloric density of their foods.

MARKET NUDGING THEORY

Proponents of nudge theory acknowledge that markets can nudge, too. Some examples of market nudging include the following:

- *Apps and weight loss firms*. An estimated 8,786 prevention/healthy living apps are widely available. Evidence shows that apps are encroaching on the territory of weight loss firms, which have adapted to meet the changing demands of consumers.

- *Employer nudging*. Employers have an incentive to nudge overweight employees if weight loss will increase productivity or reduce health costs. For example, employers can design incentives for employees to make healthy choices, such as exercising more and utilizing health care options.

- *Health claims and sales data*. Data from the US Department of Agriculture show that health- and nutrition-related claims on food products increased from 2.2 per product in 2001 to 2.6 in 2010. Sales data show more than 70 percent sales growth in the "better-for-you" category (products designated by words such as "diet," "lite," "fewer calorie," or "zero calorie") between 2007 and 2011. The growth in options in this category demonstrates that the market is correctly responding to consumer demand.

CONCLUSION

Market nudging is more promising than government nudging because the market can experiment and adapt to changing consumer demand. Government choice architects do not face market tests, which provide feedback on flaws in design and strategy. In markets, consumers reject or embrace products and services with ongoing feedback, and businesses must read these signals correctly to stay in business.

Government nudging can also lead to coercion, as ineffective nudges may lead to more subtle but coercive policies as the government remains convinced that consumers must change their behavior. Nudging consumers toward healthier eating is best left to the private market, not the government.