Title: Incentivizing Healthy Food Choices Using Add-on Bundling: A Field Experiment
(Second Place, 2023 College of Behavior in Operations Management Junior Scholar Paper Competition)

Speaker: Nymisha Bandi, McGill University

Area: POM

Date: 08.08.2023, Venue: P11 @ 2.30PM

Abstract:

How can retailers incentivize customers to make healthier food choices? Price, convenience, and taste are known to be among the main drivers behind such choices. Unfortunately, healthier food options are often expensive and not adequately promoted. Interestingly, we are observing recent efforts to nudge customers toward healthier food. In this paper, we conducted a field experiment with a global convenience store chain to better understand how different add-on bundle promotions influence healthy food choices. We considered three types of add-on bundles: (i) an unhealthy bundle (when customers purchased a coffee, they could add a pastry for $1), (ii) a healthy bundle (offering a healthy snack, such as fruit, vegetable, or protein, as a coffee add-on for $1), and (iii) a choice bundle (the option of either a pastry or a healthy snack as a coffee add-on for $1). In addition to our field experiment, we conducted an online lab study to strengthen the validity of our results. We found that offering healthy snacks as part of an add-on bundle significantly increased healthy purchases (and decreased unhealthy purchases). Surprisingly, this finding continued to hold for the choice bundle, that is, even when unhealthy snacks were concurrently on promotion. However, we did not observe a long-term stickiness effect, meaning that customers returned to their original (unhealthy) purchase patterns once the healthy or choice bundle was discontinued. Finally, we show that offering an add-on choice bundle is also beneficial for retailers, who can earn higher revenue and profit.

Speaker Profile:

Nymisha is a Ph.D. candidate specializing in Retail Management at McGill University's Desautels Faculty of Management in Montreal, Canada. Her research focuses on socially responsible decision-making in the retail industry, with an emphasis on understanding human behavior through the application of field experiments, causal inference, and advanced machine learning techniques. Specifically, her work centers around nudging consumers and employers within the retail sector towards making healthier and more sustainable decisions. Prior to her doctoral studies, Nymisha completed an M.S. with a focus on Data science at the University of Illinois, Chicago and a B.Tech. at NITK. She also has industry experience as an ML expert, specializing across various areas like in demand forecasting for consumer-packaged goods (CPG) and enterprise risk mitigation in the mortgage sector.

Webpage Link: https://www.mcgill.ca/desautels/nymisha-bandi

Full Paper https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4276735