



United States Department of Agriculture

A photograph of a grocery store produce section. In the foreground, there are stacks of red potatoes. Behind them are various green leafy vegetables like lettuce and broccoli. Price tags are visible, including one for "Lettuce" at \$2.49 each and another for "SMALL ORANGES" at 2.49 each. In the background, a person is seen from behind, pushing a red shopping cart through the aisle.

How Do the Lessons of HIP and SEBTC Contribute to Our Knowledge About How to Improve Nutrition Among Low-Income Households?

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Can Form Improve Function?

Considering How the Form of the Benefit May Affect Improvement in Diet Quality

Receipt

\$5.00
~~\$1.50~~
\$3.50

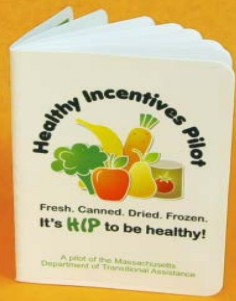
 \$10
Fruit & Veggie Bucks

\$30 Lunch Money

 \$30 Lunch
Foods



Case 1: HIP



- Rebate on basis of amount of fruits and vegetables purchased
- Biggest effects on those with stronger preference for fruits and vegetables
- Can we do more to encourage purchase and consumption by low-F&V consumers?



Can HIP Learn From WIC?

Rebate vs. Cash Value Voucher

Consider form:

Rebate

Receipt

\$5.00
\$1.50
\$3.50

Voucher

 \$10
Fruit & Veggie Bucks

Consider preferences:

VeggieLover



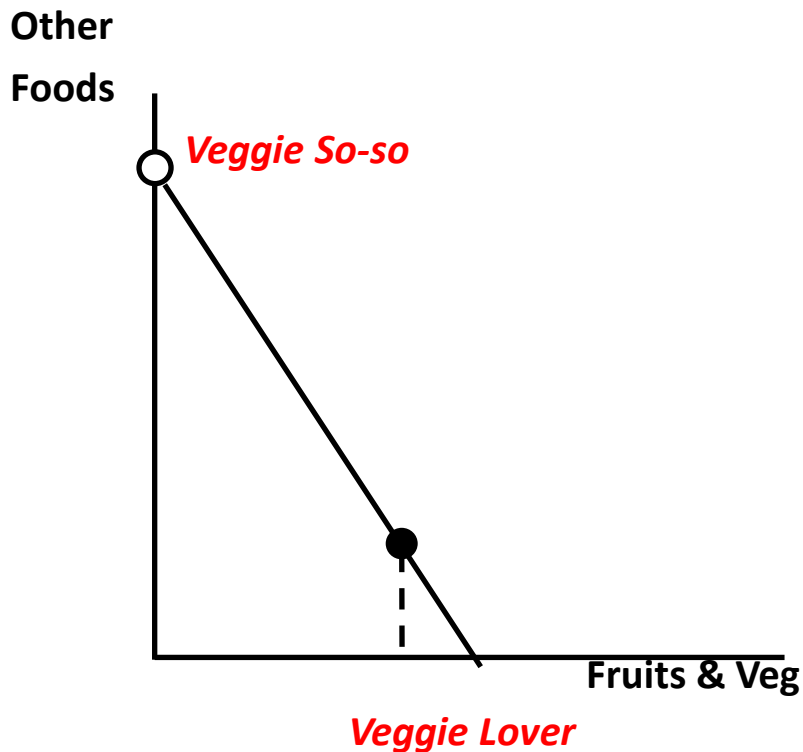
VeggieSo-So



Rebate:

Two consumers with different food preferences make different F&V choices

Pre-Rebate



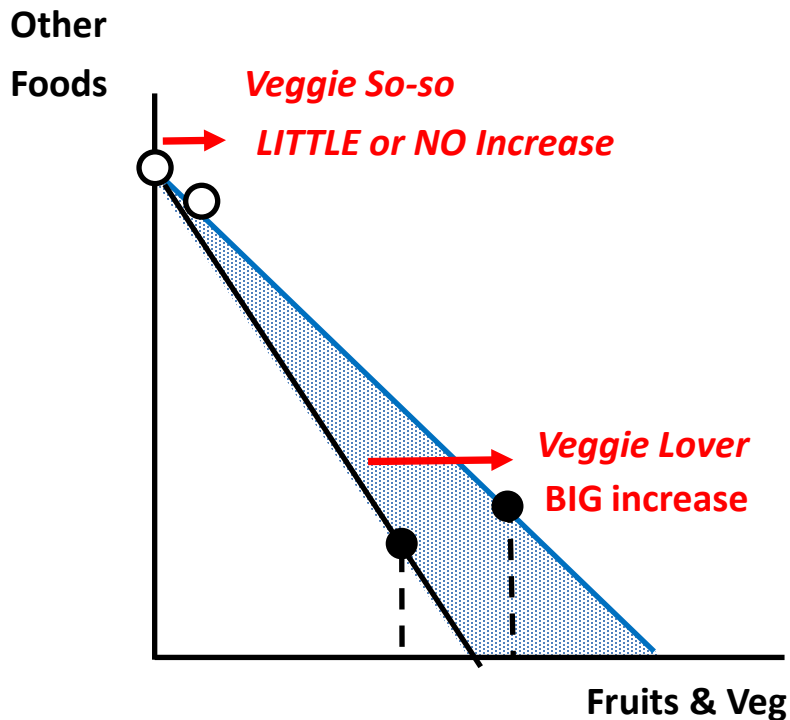
Pre-Rebate

- Veggie So-so and Veggie Lover have the same food budget and face same prices for F&V and for Other Foods
- Veggie So-so buys no F&V (does not “hate” F&V, but “weak” preferences)
- Veggie Lover buys more F&V (could still be less than DGAs)
- How to incentivize both to increase F&V, but especially Veggie So-so?



A rebate on F&V spurs F&V consumption— but only weakly for those who need F&V the most

Benefit takes form of a rebate
(lowering the net price)



With Rebate

- Does Veggie So-so increase F&V?
 - Little or NO increase
(even with rebate, still paying some portion of retail price)
- Does Veggie Lover increase F&V?
 - Yes: BIG increase compared to Veggie So-so



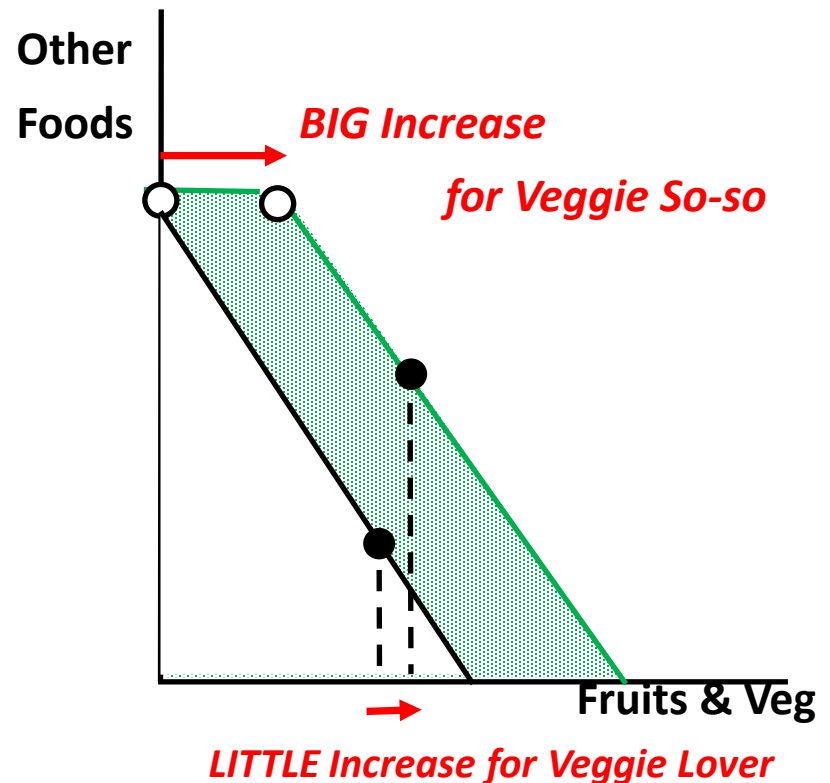
Cash Value Voucher (CVV)

A CVV for F&V spurs F&V consumption—
and most strongly for those who need F&V the most

With CVV

- Does Veggie So-so increase F&V?
 - Yes—**BIG increase** because CVV makes F&V “free”
 - Veggie So-so adds full amount of CVV to F&V consumption
- Does Veggie Lover increase F&V?
 - Yes—but Veggie Lover “saves” some out-of-pocket cash, using CVV instead to obtain F&V
 - **LITTLE increase** (net) in F&V

Benefit takes form of a CVV
 (“free” up to a limited quantity)



Form of benefit and consumer preferences affect households' food choices

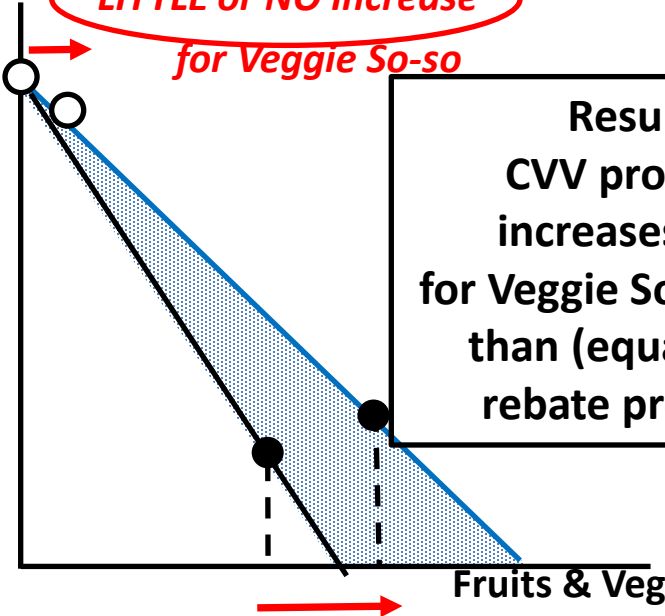
(making comparison for equal program budgets)

Rebate

CVV

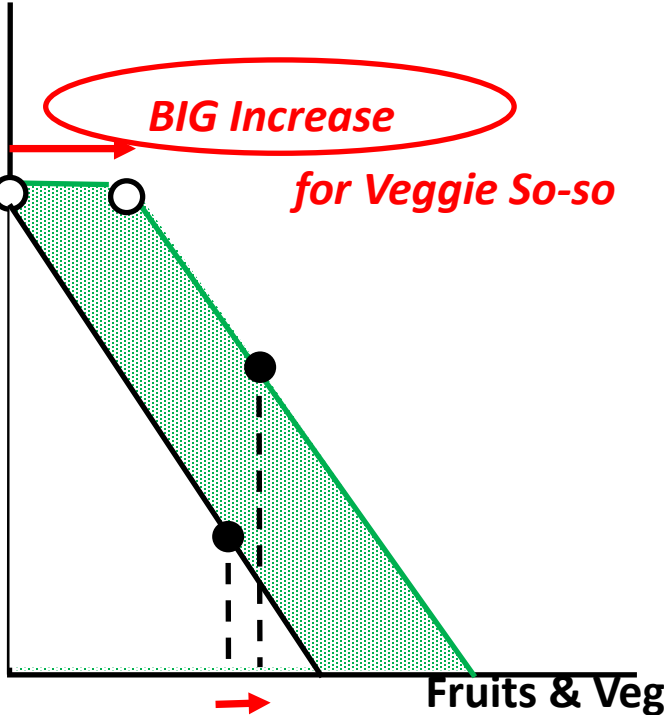
Other Foods

*LITTLE or NO Increase
for Veggie So-so*



Other Foods

*BIG Increase
for Veggie So-so*



Result:
CVV program
increases F&V
for Veggie So-so more
than (equal cost)
rebate program



Rebate vs Voucher

Thoughts from Behavioral Economics

- Ariely—the power of “free”
- Reduces cognitive burden
- Removes risk, increases trialability
- But may devalue the product to some consumers leading to product being less reliably consumed





Case 2: Summer EBT *Lunch Money or Lunch Bag?*

\$30 Lunch Money



\$30 Lunch
Foods

- SNAP-like EBT provided additional funds or “lunch money”
- WIC-like EBT provided additional specified foods or a “lunch bag”
- WIC-like EBT more effective in improving consumption of encouraged foods and limiting excesses



Can Preferences Be Shifted?

1) Form may provide information

2) Supporting activities
may provide information,
suggest substitutions,
shift norms,
nudge purchasing



Courtesy Collin Payne, New Mexico State University





Thank you!

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Acknowledgements:

Prell, M & D. Smallwood. Can SNAP Learn From WIC? In Review.

Dong, D. & E. Leibtag. Promoting Fruit and Vegetable Consumption: Are Coupons More Effective than Pure Price Discounts? Economic Research Report 96, 2010.

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