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A SHORT CASE STUDY

Transforming Driver Behaviour Through Risk Incentive Program

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Challenge

A leading logistics company struggled with persistent risky driving behaviors (over-speeding, harsh braking, etc.), leading to accidents, losses, and high operational costs. Traditional methods like training and on-time delivery incentives showed limited success due to external factors and low driver engagement.

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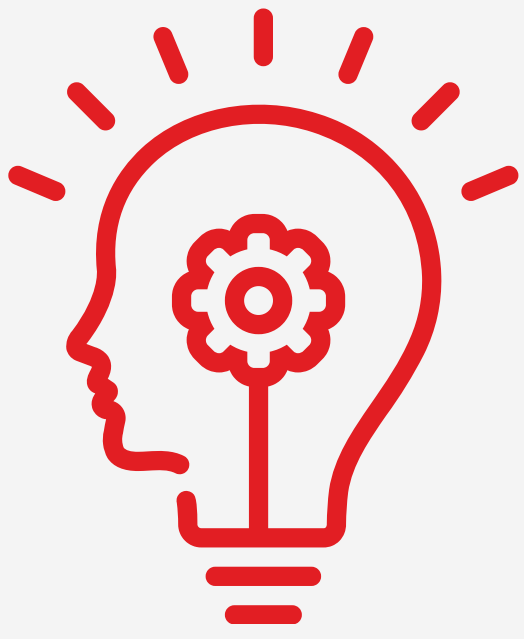

Solution

We implemented a structured Reward and Recognition model based on Prospect Theory and Loss Aversion. Drivers started with 15,000 "safety currency" points covering 3 months, losing points for violations. They could redeem remaining points for household goods after 15,000 km, fostering a sense of ownership and loss aversion. The program was designed using the ***EAST Framework (Easy, Attractive, Social, Timely)*** *for maximum impact.*

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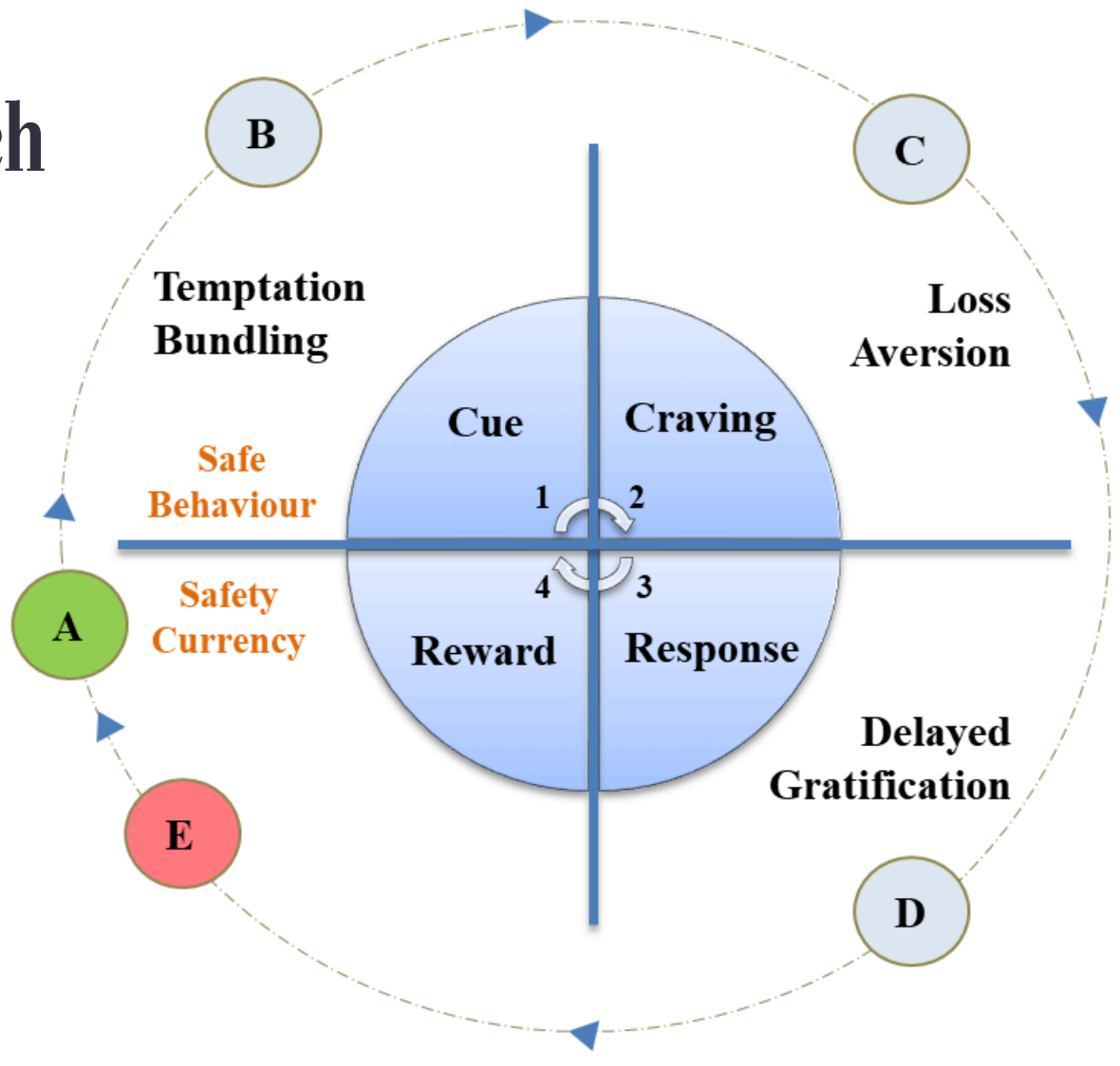
Results

- *Significant reduction in risky driving behaviors.*
- *Improved self-esteem & driver engagement.*
- *Decreased absenteeism and attrition.*
- *Reduced vehicle maintenance costs and fuel consumption.*

Our Approach



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Key Takeaway

LEVERAGING BEHAVIORAL ECONOMICS AND NON-MONETARY REWARDS CAN DRIVE SUSTAINABLE BEHAVIORAL CHANGE IN CHALLENGING ENVIRONMENTS.

Q: How did we address the challenge of monitoring drivers outside the premises?

A: We integrated the reward model with the existing Vehicle Tracking System (VTS) and GPS data, enabling seamless monitoring and automated deduction of safety currency points for violations. This real-time tracking provided continuous feedback, allowing drivers to self-correct.

Q: What made our incentive program more effective than traditional methods?

A: We applied Prospect Theory and Loss Aversion, giving drivers "safety currency" upfront. This created a strong motivation to avoid losing what they already possessed. Non-monetary rewards, like household goods, also enhanced engagement.

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Key Takeaway

Q: How did we ensure the program was easily adopted and maintained?

A: We followed the EAST Framework:

- *Easy: Automated VTS integration.*
- *Attractive: Tangible rewards.*
- *Social: Visibility, peer influence.*
- *Timely: Real-time feedback and monthly reports.*

Q: What were the key performance indicators used to measure the program's success?

A: We tracked:

- *Rate of reduction in risky driving behavior.*
- *Rate of increase in safe driving hours.*
- *Rate of decrease in absenteeism and attrition.*
- *Reduction in vehicle maintenance costs.*
- *Rate of improvement in fuel efficiency.*
- *Rate of increase in on-time deliveries.*

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