

CONSUMER INATTENTION, HEURISTIC THINKING AND THE ROLE OF ENERGY LABELS

Mark Andor, RWI Leibniz Institute for Economic Research, +49 201 8149 216, andor@rwi-essen.de
Andreas Gerster, RWI Leibniz Institute for Economic Research, +49 201 8149 521, gerster@rwi-essen.de
Stephan Sommer, RWI – Leibniz Institute for Economic Research, +49 201 8149 233, sommer@rwi-essen.de

THIS PAPER WON THE USAEE/IAEE 2016 Working Paper Best Paper Award

Abstract

Energy labels have been introduced in many countries to increase consumers' attention to energy use in purchase decisions of durables. In a discrete-choice experiment among about 5,000 households, we implement randomized information treatments to explore the effects of various kinds of energy labels on purchasing decisions. Our results show that adding annual operating cost information to the EU energy label promotes the choice of energy-efficient durables. In addition, we find that a majority of participants value efficiency classes beyond the economic value of the underlying energy use differences. Our results further indicate that displaying operating cost affects choices through two distinct channels: it increases the attention to operating cost and reduces the valuation of efficiency class differences.

PLEASE SEE ALSO THE UPLOADED FULLPAPER.