

The role of label information on consumer preferences for energy efficient appliances in Spain.

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Overview

The primary driver of global Greenhouse Gas (GHG) emissions is the production and consumption of energy. The European Commission identifies increased energy-efficiency (EE) as the most cost-effective and rapid way to reduce CO₂ emissions. The household sector consumed almost 27 % of the total EU energy consumption in 2013, which is comparable to consumption by industry (25%) and transport (32%) (EEA 2015).

In this context, the goal of the EU energy efficiency policy is to encourage consumers to consider energy consumption in their purchasing and usage decisions and as a result make more energy efficient decisions (EC 2008). It has been shown (for example, in Greene et al, 2005) that policies aimed at influencing behaviour at the point of sale are likely to lead to greater efficiency benefits than policies aimed at altering behaviour post-investment due to the sustained need for consumer engagement in the latter. For this reason, in the project CONSEED (CONsumer Energy Efficiency Decision Making) we focus on consumer decision making at the point of investment.

With regard to investment decisions, due to the pace of technical change and the lifetime of investments in appliances, there will always be a difference between the efficiency of a consumer's investment and what is potentially achievable. Notwithstanding this, it has been observed that when making energy related purchases, consumers do not necessarily choose the product which will minimise the net present value of their total costs (purchase cost and future energy consumption) at the point of sale. Consumers tend to not fully take into account future operating costs. This deviations from cost-minimisation, on aggregate, have resulted the so-called "Energy Efficiency Gap".

In order to reduce this gap and influence and motivate consumers to invest in greater energy efficiency, it is necessary to understand the wide range of factors which potentially influence their decision. In the CONSEED project we examine the full suite of factors influencing consumer decision making, and investigate in particular the role of energy efficiency policies aimed at influencing consumer decisions at the point of sale. We give particular focus on the role of labels as it has been shown that people do not understand well the information of the labels (Davis and Metcalf 2016). Therefore we explore if households would understand better a label that provide additional monetary information on energy cost along the useful life of appliances. If so, a better information on labels would better support household in their decision making and help them to better account for future energy consumption. Kallbekken et al. (2013) showed that Norwegian households were more likely to buy some energy efficient goods when such information is provided both in the label and in the seller argumentation.

Method

A focus group is conducted with home owners and home owner that also have a property under renting regime. At least 8 persons participates, men and women over 18 years. Participants are recruited in the Autonomous region of the Basque Country, Spain. The appliances concern refrigerator, washing machine, dish washers and hobs. The session has two pillars. One pillar devoted to understanding and classifying the attributes of each of these goods that influence the purchasing decision. Among others attributes are: price, seller type, technical, aesthetics, energy efficiency, availability in stocks or brand. A second pillar focuses on the label information. It analyses participants' preferences for including monetary information on energy costs.

Results

The focus group will be conducted at the end of April and in early May 2017. The paper, to be submitted by the end of June, will include the results of the focus group.

Conclusions

Conclusions will be drawn once our empirical work is complete.

References

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