

ARE ENERGY EFFICIENT APPLIANCES IMPORTANT FOR SERVICE PROVIDERS?



- Hotel managers do care about energy efficiency: energy consumption is the most important attribute related to the purchase of a heating and cooling system.
- Hotel managers exhibit informational failures in Spain, but not in Greece. The percentage of the sample which knew their energy consumption or were aware of energy prices was 38% in Spain but over 80% in Greece respectively.
- Strong capital market failures are at play in Greece but not so much in Spain: About 65% of the Greek sample cannot afford to buy an energy efficient cooling/heating system while in Spain the corresponding proportion is 30%.
- A monetary label would promote energy efficient choices as they are considered more helpful in estimating energy costs and savings and more influential in purchasing decisions than the current ones.

Are labels useful for the service sector?

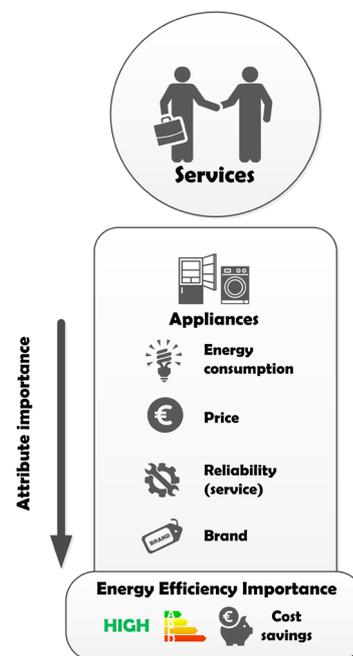
The ambitious mitigation targets set by European Union's energy policy can hardly be achieved without a decisive boost in energy efficient investments. The dynamics of the tourist sector and the corresponding expansion of hotel establishments indicate clearly the importance of investment decisions in this sector. How useful would the mandatory establishment of an energy labelling system for the tourist sector be, especially with reference to heating and cooling systems?

Today, air conditioners are subjected to a mandatory energy labelling scheme only to units under 12 kW. In the EU, no mandatory energy labelling schemes are in place in the tourist sector. So far, we know relatively little about the importance of energy efficiency and the role of information provision for machinery/appliances investment decisions.

We investigated attitudes and beliefs towards such a scheme in a sample of hotel managers in order to understand the wide range of factors that potentially influence investment decisions in the Greek and Spanish touristic sectors.

The CONSEED project

The CONSEED project is examining how important energy consumption information is in consumers' decisions. The researchers are running a range of focus groups, surveys, field experiments and discrete choice



Summary of findings from the survey on heating and cooling systems in the services sector.

experiments with households and professional consumers from the services, agricultural and industrial sectors. These will cover five European countries - Greece, Ireland, Norway, Slovenia and Spain.

Description of main survey results

Asked to rate their financial condition on a rate 1 to 10,

the Greek and the Spanish samples score 6.3 in average. In both countries the energy efficiency attribute is the most valued attribute of the hotel heating and cooling system, although in Greece the specific attribute seems to gain greater importance (89% of respondents in Greece and 67% of the respondents in Spain value it as a “Very Important” attribute).

With respect to the information level of the respondents, two-thirds in Greece and half in Spain are aware of the energy label scheme. Of those, 70% declared that the energy label would influence their purchase of heating and cooling systems. In Spain, the use of monetary information in the energy label is perceived by respondents as making the label more understandable and more trustworthy, whereas in Greece, existing and monetary labels are considered equally understandable and trustworthy. In both countries, the respondents agree that monetary labels would help them to better understand the running cost of the heating/cooling system.

The analysis shows very few factors which are related to high energy efficiency valuation. Only renters are considerably less likely to value energy efficiency when considering a new property. This result is important given the high share of renters in the business sector.

Regarding the attitudes and beliefs of the respondents towards energy efficiency, about 90% of the respondents in Greece and 43% of respondents in Spain consider that buying a more energy efficient heating and cooling system would reduce their environmental impact. Moreover, 93% of the respondents in Greece and 39% of respondents in Spain declare that they are willing to take a chance on new technologies to reduce their energy consumption. Again, the proportion of the respondents is significantly higher in Greece.

The vast majority of the respondents from both countries believe in the reliability of energy efficient products, i.e. about 80% of respondents reject the idea that more energy efficient heating and cooling system are less



reliable. It is also important to note that 38% of respondents are aware of the energy consumption of their products while 34% are aware of the energy price.

Due to financial austerity and lack of credit possibilities however, about 65% of the respondents in Greece cannot afford to upgrade to an energy efficient cooling/heating system. In Spain the corresponding proportion is much lower, i.e. 30%.

An econometric analysis indicate some similarities and some differences between factor structures in the two countries. In both countries, the probability of valuing energy efficiency as a very important attribute is higher for those who are willing to take a chance on new technologies so to reduce their energy consumption. Moreover, the probability is negatively associated with the lack of financial incentives.

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The CONSUMER Energy Efficiency Decision making project (CONSEED) does research to understand better how European consumers make energy efficiency decisions.

Do households and professional consumers pay attention to energy labels? What information are they looking for? We focus on three products: cars, appliances/machinery and buildings.

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CONSEED is led by Trinity College Dublin (Ireland), and includes four other research institutions: CICERO Center for International Climate Research (Norway), Basque Centre for Climate Change BC3 (Spain), versity of Ljubljana (Slovenia) and Agricultural University of Athens (Greece).