

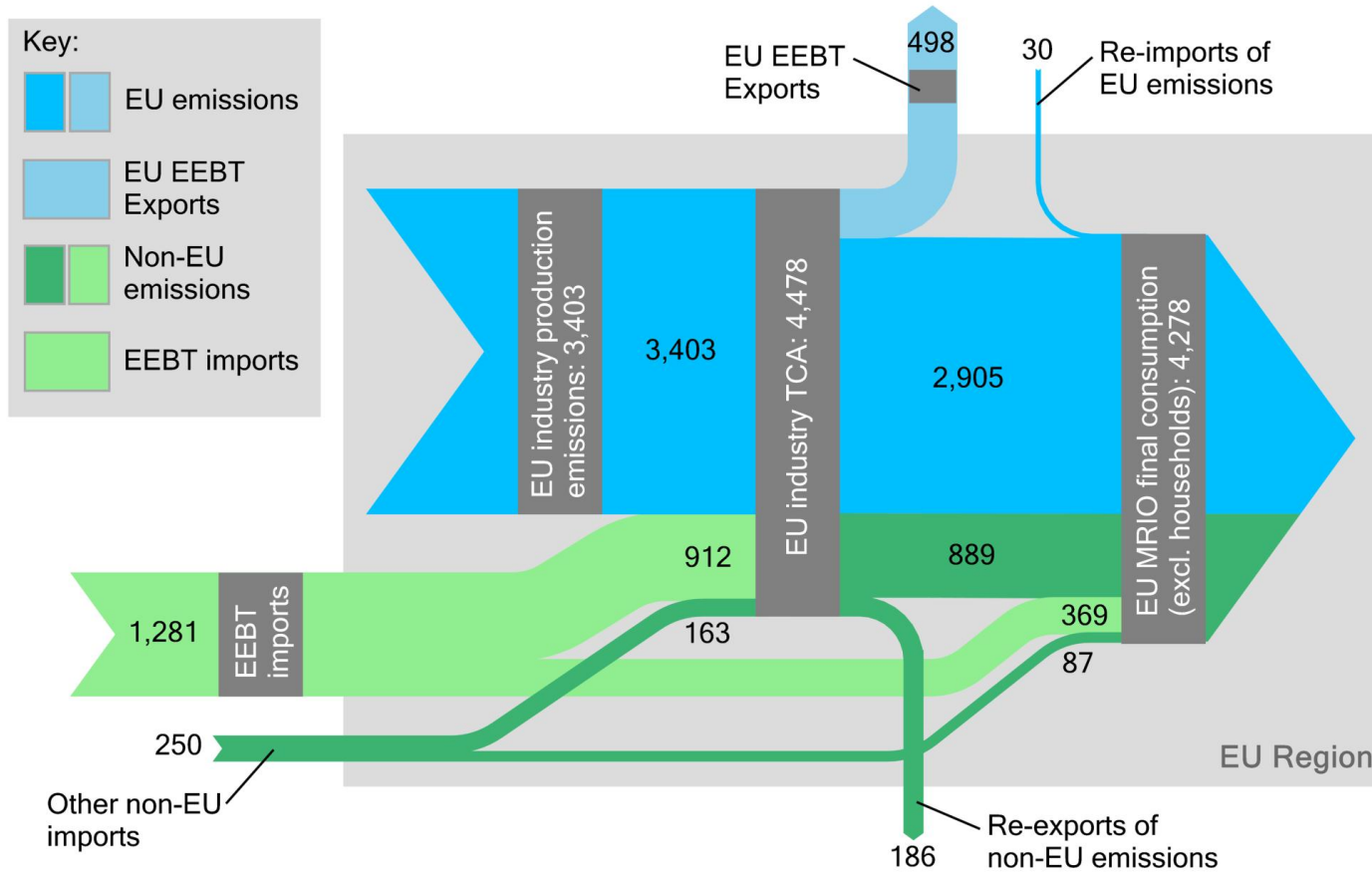
Business-led efforts to change consumer behaviour

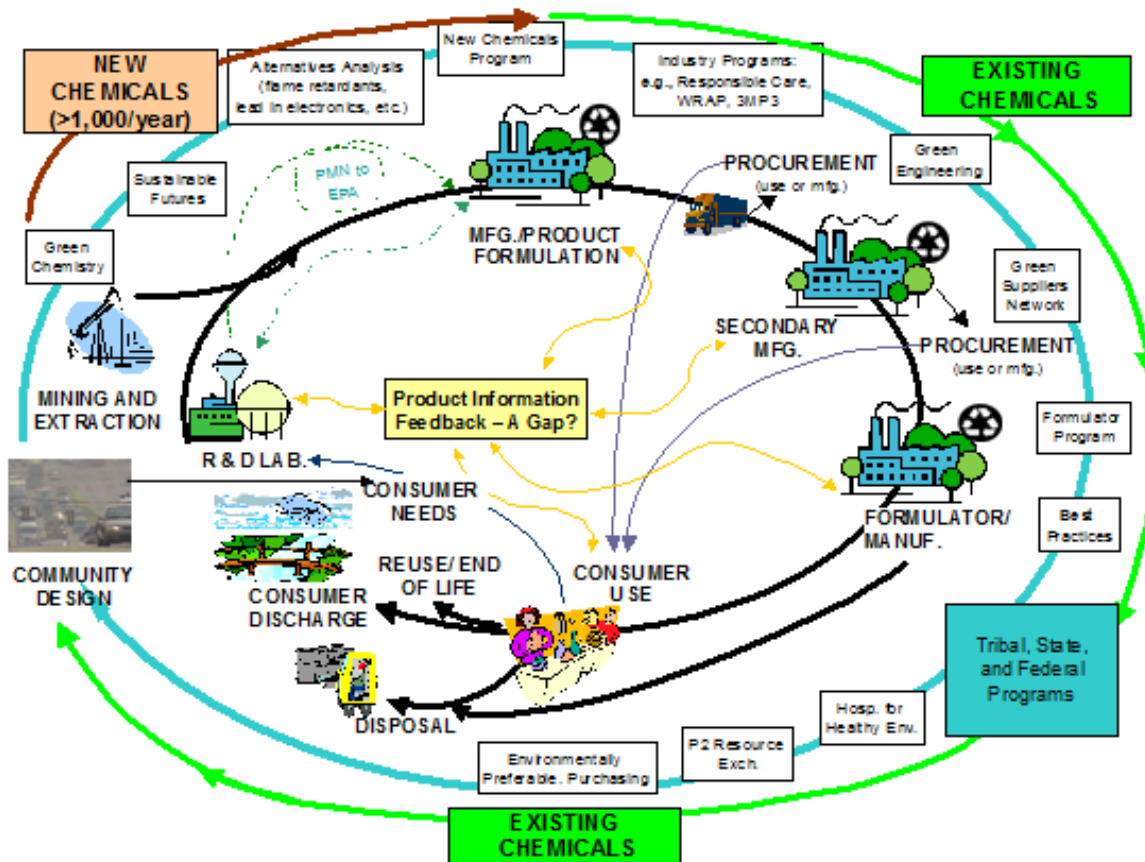
Douglas Crawford-Brown

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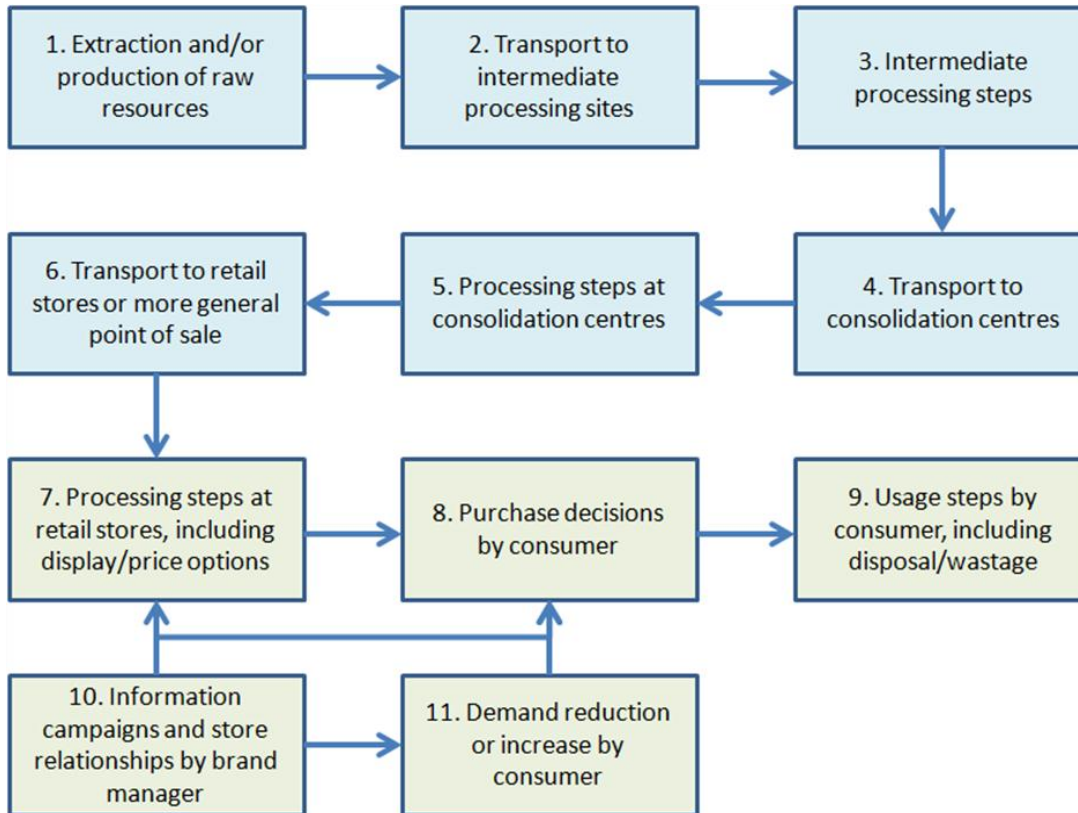
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A cautionary tale

Blameful and blameworthy

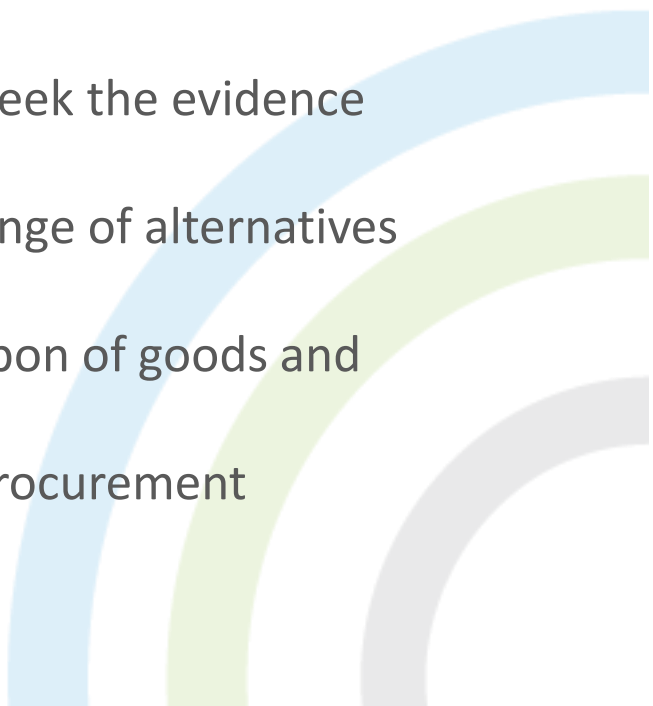


Consumer-facing stages are in grey, but businesses can drive change through the blue boxes of their supply chains

A typology of business influences:

1. Supply chain procurement
 2. Customer Scope 3 emissions
 3. Product demand reduction
 4. Product available choice
 5. Product choice decisions
 6. Product use
 7. Product disposal
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Consumers International on how businesses might help consumer choice:

1. Increasing information to consumers on the role of consumer behaviour in reducing climate risks
 2. Educating consumers on specific consumption choices
 3. Mobilising consumers to share lessons
 4. Providing venues through which consumers seek the evidence behind low carbon claims
 5. Reducing unhelpful choice by reducing the range of alternatives so low carbon options dominate
 6. Increasing transparency in the embodied carbon of goods and services
 7. Provision of role models through their own procurement practices
- 
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An analysis framework from Nancy Bocken's* supporting paper...

	"Informing"	"Positively-directing"	"Negatively-directing"	"Forcing"
Individual context		Messages for hosts: "Sharing your home pays the bills; Sharing your home is fun"		
Social context		Peer to peer review platform, insurance for homeowners, and Paypal payments makes AirBnB easy to use and safe		
Political, Economic, Social, Technologic, Environmental context		AirBnB could be successful in the economic downturn – making homes affordable for hosts and holidays affordable for guests	AirBnB has been criticized for breaking laws and avoiding strict rules that apply to hotels (e.g. tourist tax)	Although popular and growing, AirBnB has been banned (partially) in some geographical areas

Figure 5. Airbnb's case framework of consumer behaviour influencing tactics. Developed from Bocken & Allwood (2012)

*I will let her tell you more

...and...

	“Informing”	“Positively-directing”	“Negatively-directing”	“Forcing”
Individual context	Plan A – “Doing the Right Thing” Shwopping – explain buy one, give one	Discount vouchers Empowering M&S employees		
Social context		Celebrities who shwop Oxfam – collaboration to boost success Recurring wardrobe clear-out days		
Political, Economic, Social, Technologic, Environmental context	Environmental impact reduction as main concern	Profits going to charity as positive, social incentive		

Figure 3. M&S case framework of consumer behaviour influencing tactics. Developed from Bocken & Allwood (2012).

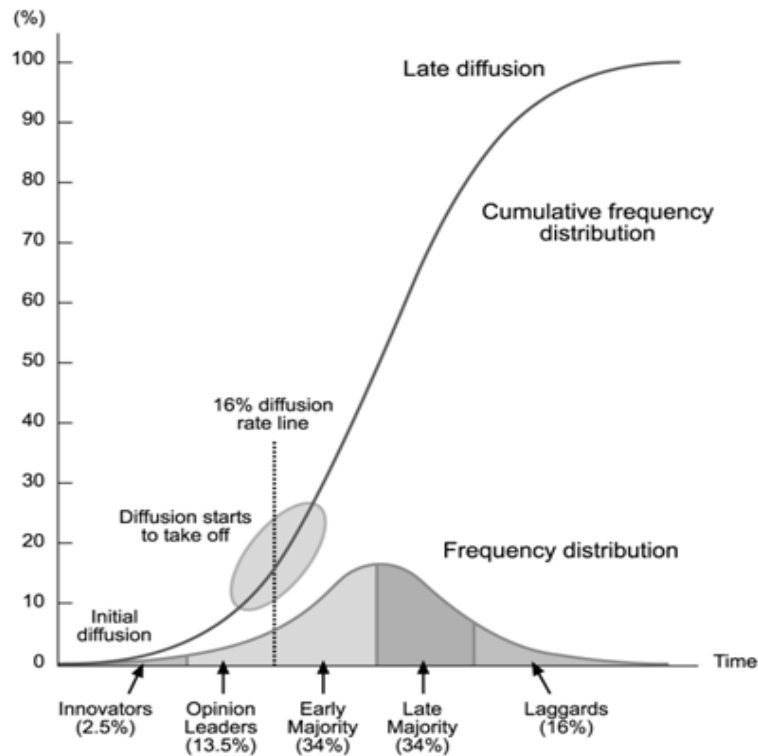
Some modest lessons from home energy demand



Innovators and Early Adopters had 14% reduction in energy demand.

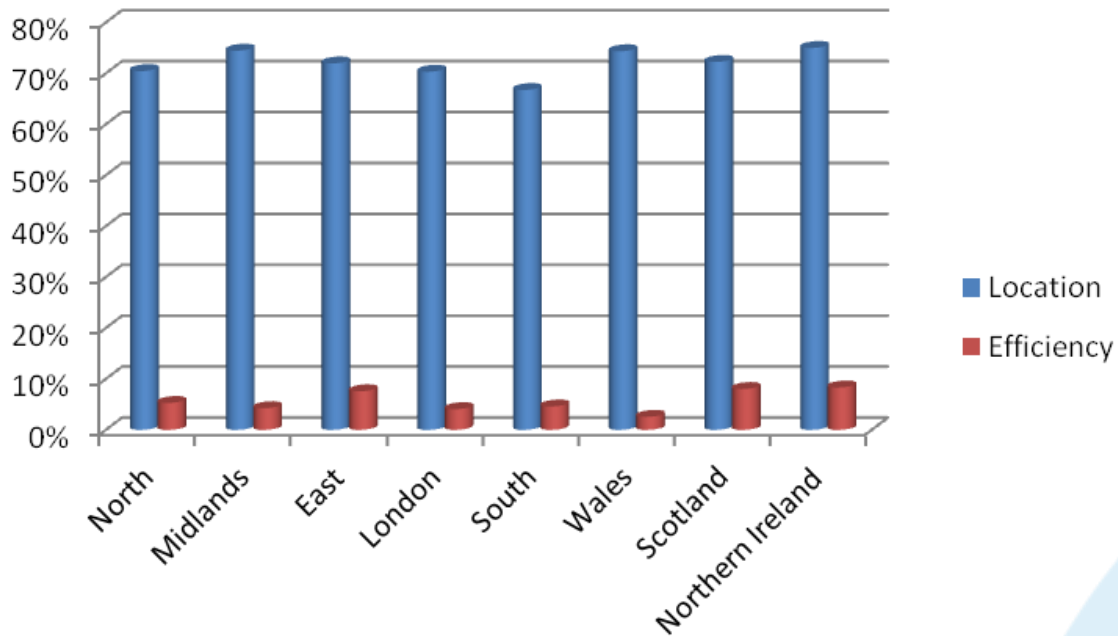
Randomised trial showed only 2-3% reduction.





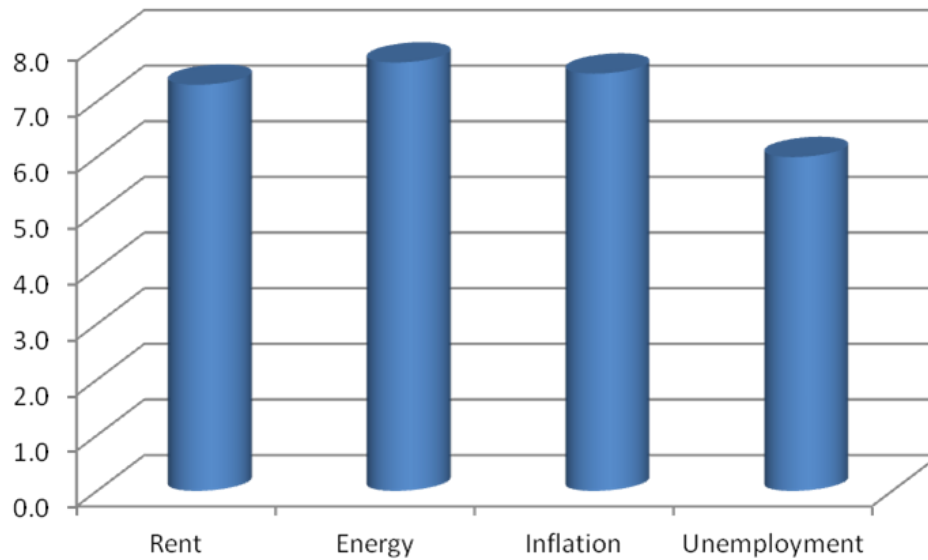
Source: Adapted from Mitsue-Links Co. Ltd, 2007

Technology diffusion curves: Business finds it easy to influence the first two categories, but not the latter 3

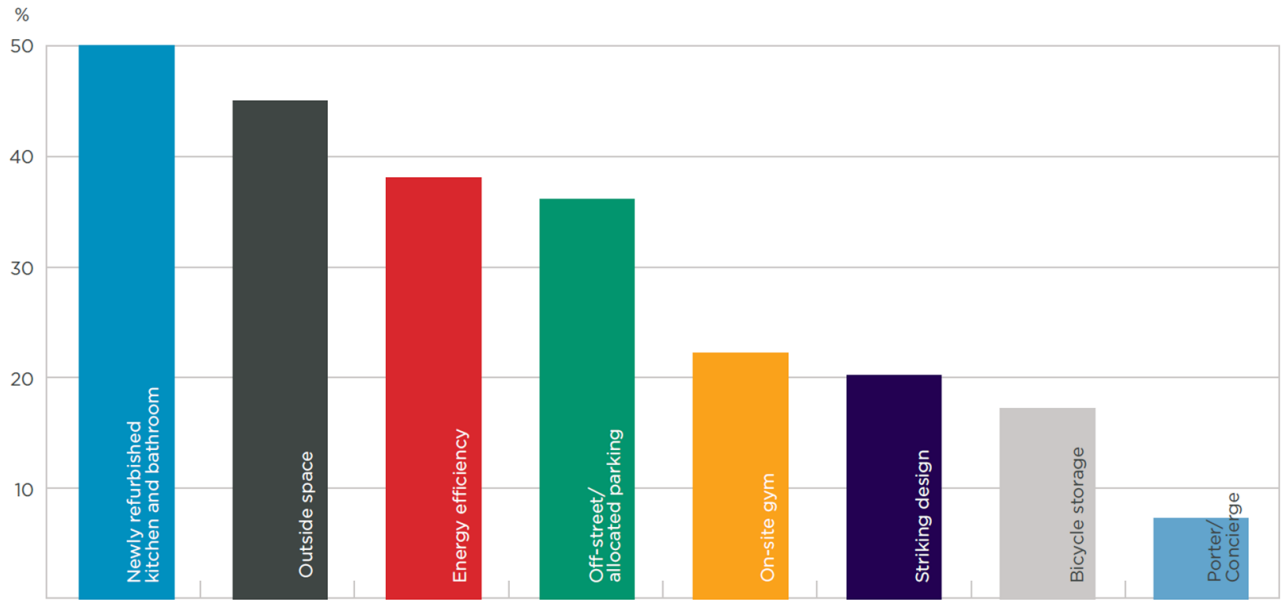


What is more important in choosing a home?





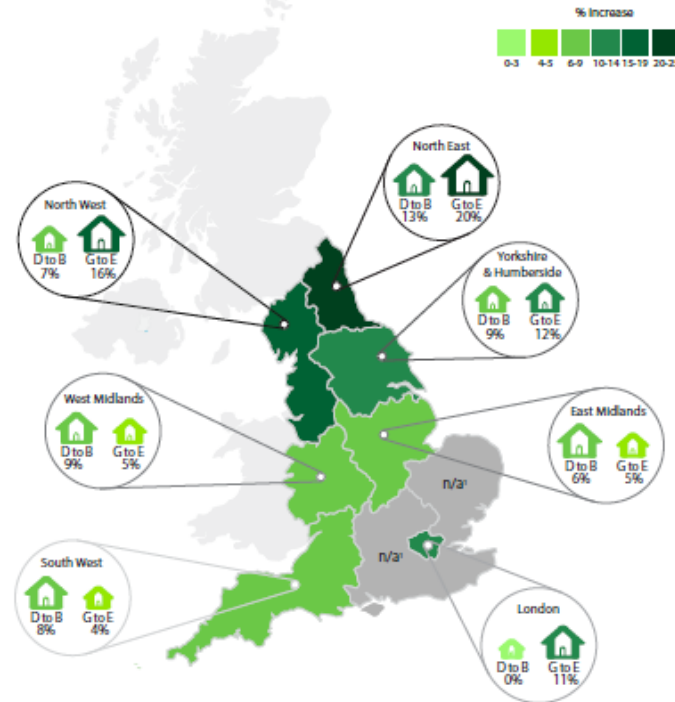
How large is each threat to the quality of your life?



For what feature would you pay more?

The green premium on energy efficient homes (?)

Average House Price Increases for More Energy Efficient Homes



Similar findings in Austria, France and Belgium

Energy performance certificates in buildings and their impact on transaction prices and rents in selected EU countries

FINAL REPORT

European Commission (DG Energy)

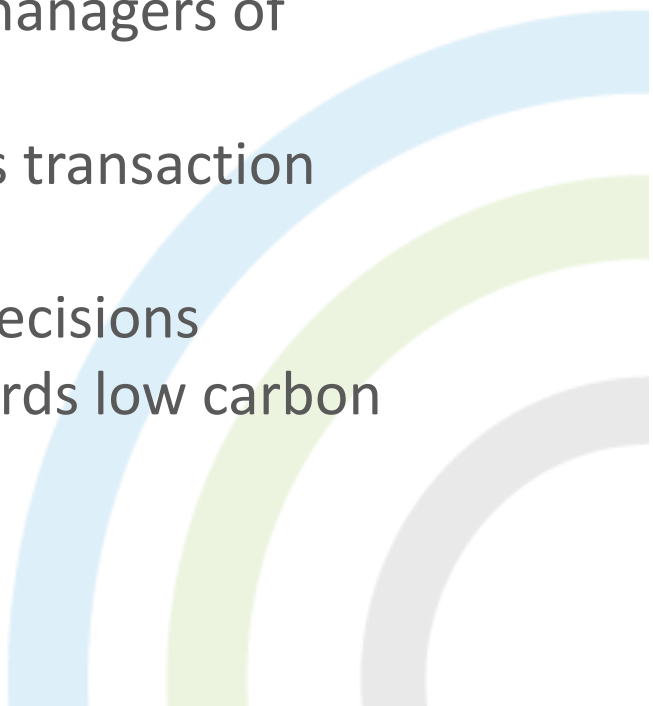
19 April 2013





However, estate agents are not convinced

Which is unfortunate because they are essential intermediaries and aggregators

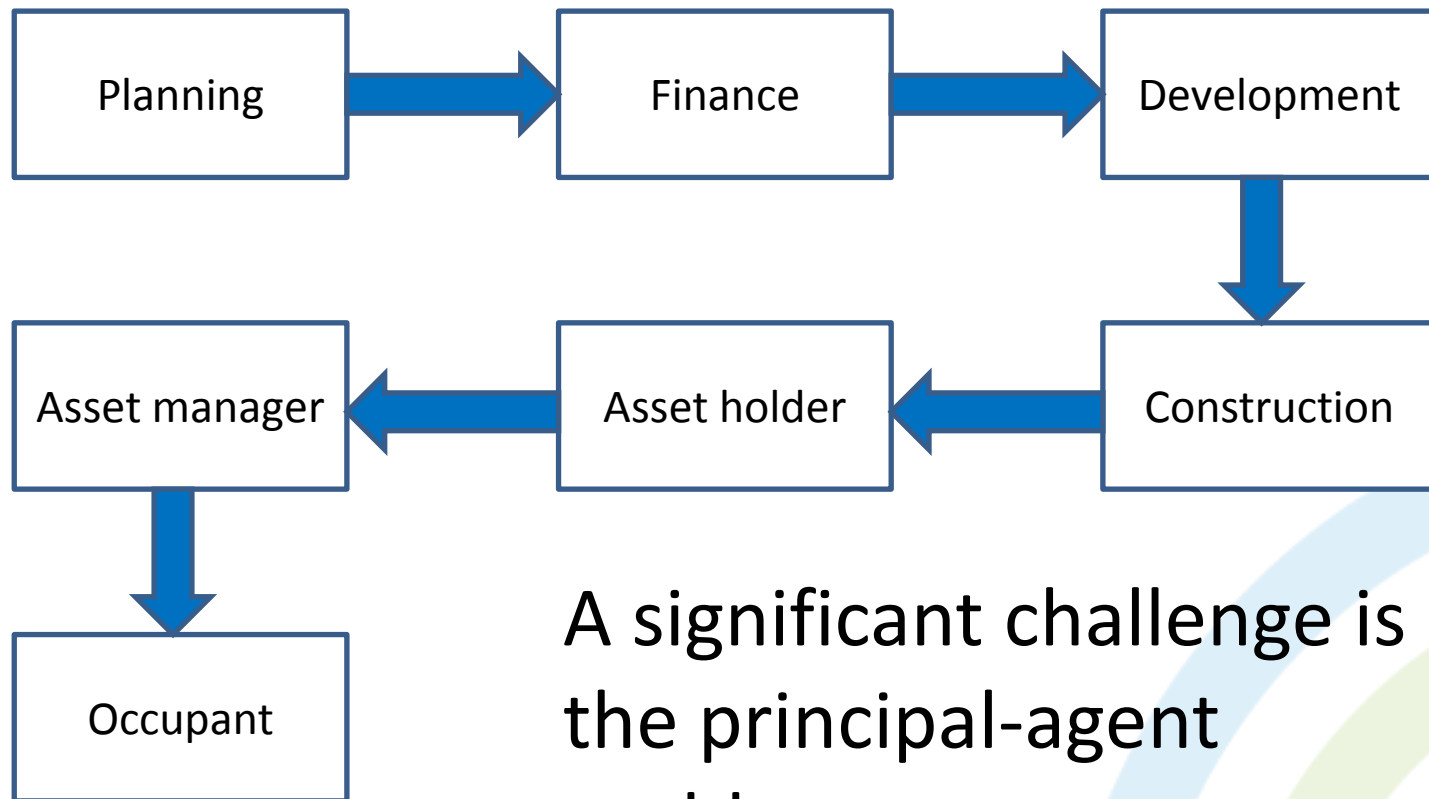
1. They have large holdings as at least managers of estates
 2. Their aggregation of demand reduces transaction costs
 3. They are trusted advisors on estate decisions
 4. They can 'nudge' buyers/letters towards low carbon homes to drive the market
- 
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If energy efficient homes are produced,
how is this performance used?

- Reduce energy consumption
- Reduce energy bills
- Increase interior temperature
- Justify increased plug load

Hence, we find a performance gap

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A significant challenge is
the principal-agent
problem

So, what can businesses (estate agents, developers, etc) do?

1. Increase information to occupants on the role of their behaviour in reducing energy demand (to close the performance gap)
2. Educate consumers on the economics of energy efficiency
3. Use aggregation power to drive down building costs
4. Procure low carbon materials and energy efficient white goods
5. Work with banks to bundle energy savings into mortgages
6. Work with the public sector to release public land at below market rates