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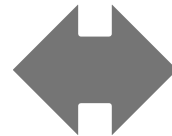
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# Behavioral economics perspective on reduced consumption

# Defintion behavioral economics

Classical economics



Behavioural economics



„Humans are rational and maximise their utility.“

„Humans process only a small part of the available information and are influenced by emotions, as well as situational and social factors.“

- Lack of behavioral studies (in different countries).
- Grey literature:
  - New years eve resolutions for 2024 for Germany & Austria (assessed in December 2023): save more money, consume less vs. more sport, in previous years
  - Inflation was the most important reason in elections (AUT, 2024; USA, 2024)
- Assumption: Fundamental developments are a main driver for the current consumption sentiment. Behavioral mechanisms still play a role:
  - In accelerating the effects of fundamental developments.
  - Explain why conservative countermeasures (raising salaries) do not work

- **Lay concepts of the economy:** Inflation is seen as a symbol of economic crisis (independent from developments of salaries, employment, growth; Leiser, 2005)
- **Ambiguity & saving:** During times of crisis experienced loss, fear und insecurity prevails (jobs, value of savings, etc.) which leads to more saving also via “tax evasion” (Hartmann et al., 2022)
- **Fairness:** Perceived fairness of prices (per product category) determines consumption intention, e.g., energy prices (Stott, 2024).
- **Trust:** Trust is among the most important determinants for the willingness to consume. Trust is fostered by perceived competence, motivation, and benevolence of politicians (Gangl et al., 2012)
- ...

## Conclusion

### Conduct behavioral studies before applying measures to increase sentiment:

1. Ways to correct biased perception (focus on most affected product/service categories) for different target groups
2. Substitute behaviours for perceived inflation and ways to promote these behaviors (Messner & Rumler, 2024).
  - Flexible energy behavior: increase acceptance of direct load control
3. Better saving behaviors and ways to promote them vs. saving on the bank account: Stock market, renovating, etc.

### Create trust

- Show that multidisciplinary experts with a high motivation and good intention cooperate with those who are affected (consumers, businesses) and those who implement concrete measures.

### Time matters!

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# Thank you!

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