Behavioural insights within energy labelling schemes

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Agenda

1. Who are iNudgeyou?
2. What is nudging and applied behavioural insights?
3. Why are behavioural insights relevant for housing renovations?
4. How can financial institutions apply behavioural insights to promote green lending?
Brief presentation of iNudgeyou

• We are iNudgeyou – the Applied Behavioural Science Group
• Specialised in applying behavioural insights to obtain positive behavioural change
• We work globally – offices in Copenhagen and Buenos Aires
• We assist public and private entities in four domains:
  1. Behavioural consulting
  2. Masterclass (3 day courses)
  3. Capacity building (customised workshops)
  4. Building nudge units
• 100+ experiments testing behavioural change solutions in lab and field environments – all based on our approach BASIC
"A planned aspect of a choice situation which should not affect us in theory, but does in reality."

Source: Hansen, PG (2016) The Definition of Nudge and Libertarian Paternalism: Does the hand fit the glove? The European Journal of Risk Regulation
When is it relevant to apply behavioural insights?

Answer: When the standard approach does not yield an outcome in the best interest of the citizen.

Example 1
Example 2
Example 2
Example 2

2.2 %

11.8 %
Why are behavioural insights relevant for housing renovations?

Common behavioural barriers:

• Limited information
• High perceived complexity
• High perceived uncertainty
• Low perceived rate of return

…but most importantly:

People are not attentive to the option of refurbishing – there is a lack of natural decision points

We need to introduce decision points.

It is key, that the decision points are relevant for the house owner. In other words, the right time, the right target group and the right communication form is a major part of the solution.
How can financial institutions apply behavioural insights to promote green lending?

Make it safe to talk green solutions for the bank advisor

Make use of behavioural optimised tools
Page 1: One-stop-shop

Conclusion focusing on energy label and savings potential (salience and loss aversion)

Simplification and relevance (avoid choice overload)

One-stop-shop: Like a certificate, everything that is important is collected in one page

Signalling damage (urgency)

Potential for better label (dynamic vs. stable)

Credible source (messenger effect)
What to do and how

Limited intro text

Step-guide: How to do it

No friction from technical details, but reference to later sections

Components soon to be replaced gets special attention

Overview of need-to information

Highlighting aspects often used for comparison

Not convinced? Here you can get private counselling
An overview of all suggested refurbishments – the most profitable first.

Here we present nice-to-information required by law.
"Which renovation proposal leads to the biggest saving?"

Respondents using the new report or the digital platform have more correct answers, are quicker to find the answer and are more confident in their answers.
"Which renovation proposal leads to the biggest reduction in CO2?"

Respondents using the new report or the digital platform have **more correct** answers, are **quicker to find** the answer and are **more confident** in their answers.
"New" energy label on websites of real estate agencies
Results from online real estate experiment

Presenting the savings potential creates massive attention to the option to refurbish. A hyperlink is very effective in promoting the digital platform. Visitors rose by 3,700% for the same 701 dwelling in the two periods.