

Costa and Kahn (2013)

Costa and Kahn further work on the research by Schultz et al. (2007) and Alcott and Rogers (2014) by exploring how ideologies can effect the behaviour of energy conservation. The research question can be described as: “Are liberals/ environmentalists more likely to respond to energy conservation nudges (in the form of a HER report) as compared to conservatives?”

The primary data source is a set of residential billing data from January 2007 to October 2009. Data on who receives the HER and who doesn't is also used to form the control and treatment groups, as well as voter registration and marketing data for March 2009 (from www.aristotle.com). Census block group data was also merged with the above datasets.

The treatment in this experiment is the “nudge”, which is a two page HER report. The front page has details of electricity consumption patterns as well as details of neighbours energy consumption. The back page provides tips for saving energy and awards green stars based on the relative consumption of that household to the same month last year.

The group which received the reports were the treatment group and the group which did not is the control group.

The extra layer of heterogeneity which Costa and Kahn controlled for was ideology, and particularly whether the household was a liberal/environmentalist ideological household or not.

Costa and Kahn's finding was that liberal households reduce electricity consumption by a larger percentage on receiving the treatment as compared to conservative households. Liberal households are also less likely to opt out of receiving the reports. This suggests that the “nudges” should be targeted for maximum benefit.