Consumers' engagement in the Circular Economy: Results from a large-scale behavioural experiment and survey in the EU

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LE Europe

Introducing the study team

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- Our paper is based on a large study conducted for the **European Commission DG Justice and Consumers**. Completed in 2018, the full report is published on the Commission's website

- The study was conducted by a consortium led by **LE Europe**
  - We are a leading European **economics consultancy**, headquartered in London
  - We advise clients in the **public and private sectors** across a wide range of areas, including consumer behaviour and protection (& public policy, education and labour economics, competition, regulation, finance)
  - Our **clients** include EU institutions, government, regulators, private companies, industry associations, mostly in Europe but also around the globe

- Other consortium members included
  - **Ipsos NV**, a large market research company
  - **VVA Europe**, a pan-European research firm
  - **ConPolicy**, specialist consumer policy research firm

- Valuable input from **Prof Lucia Reisch** (Copenhagen Business School), **Prof Bodo Sturm** (Leipzig University) and **Marta Ballesteros** (Milieu)

Introducing the study on consumers' engagement in the Circular Economy

Study objectives and methodology

- Rising consumption has increased pressure on the environment and created competition for resources, making us dependent on imports and vulnerable to high prices and volatility. Policies that encourage Circular Economy behaviour among consumers can address these issues

- Thus, our study sought to determine what are the **drivers, barriers and trade-offs consumers** face when making decisions about **engaging in the Circular Economy** (CE), specifically in terms of:
  - Purchasing more **durable** goods
  - Deciding whether to **repair or replace** goods

- The study used a combination of research methods to explore consumers' attitudes, experiences and engagement with the CE, including:
  - Literature review
  - Stakeholder interviews
  - Qualitative research (focus groups)
  - Consumer survey (12,000 respondents across 12 countries)
  - Behavioural experiment (6,000 respondents across 6 countries)

Overview of behavioural experiment

- A **behavioural experiment** is a task or 'game' in which participants make decisions, so that researchers can **explore what factors influence behaviour**
  - The experiment simulates 'real-world' situations in which participants make the choices we are interested in studying
  - Varying experiment conditions (or 'treatments') allow us to examine the impact these have on behaviour and decision-making in the simulated environment

- Our experiment was embedded in a consumer survey and completed by approx. **6,000 participants**

- **Repair component**: Examined participants' decisions to repair or replace products
  - Experiment varied effort required to replace or repair products

- **Purchasing component**: Examined participants' decisions to purchase more or less durable products
  - Experiment varied whether and how durability and reparability information was shown, e.g. information shown on an EU label, manufacturer's guarantee, expected lifetime

Results

Key findings: drivers and barriers to engaging in the CE

- The research found that most consumers are willing to engage in the Circular Economy and many claim to be engaging in such activities; however, there is still significant scope for improvement (e.g. in the area of renting/leasing or buying second hand products)

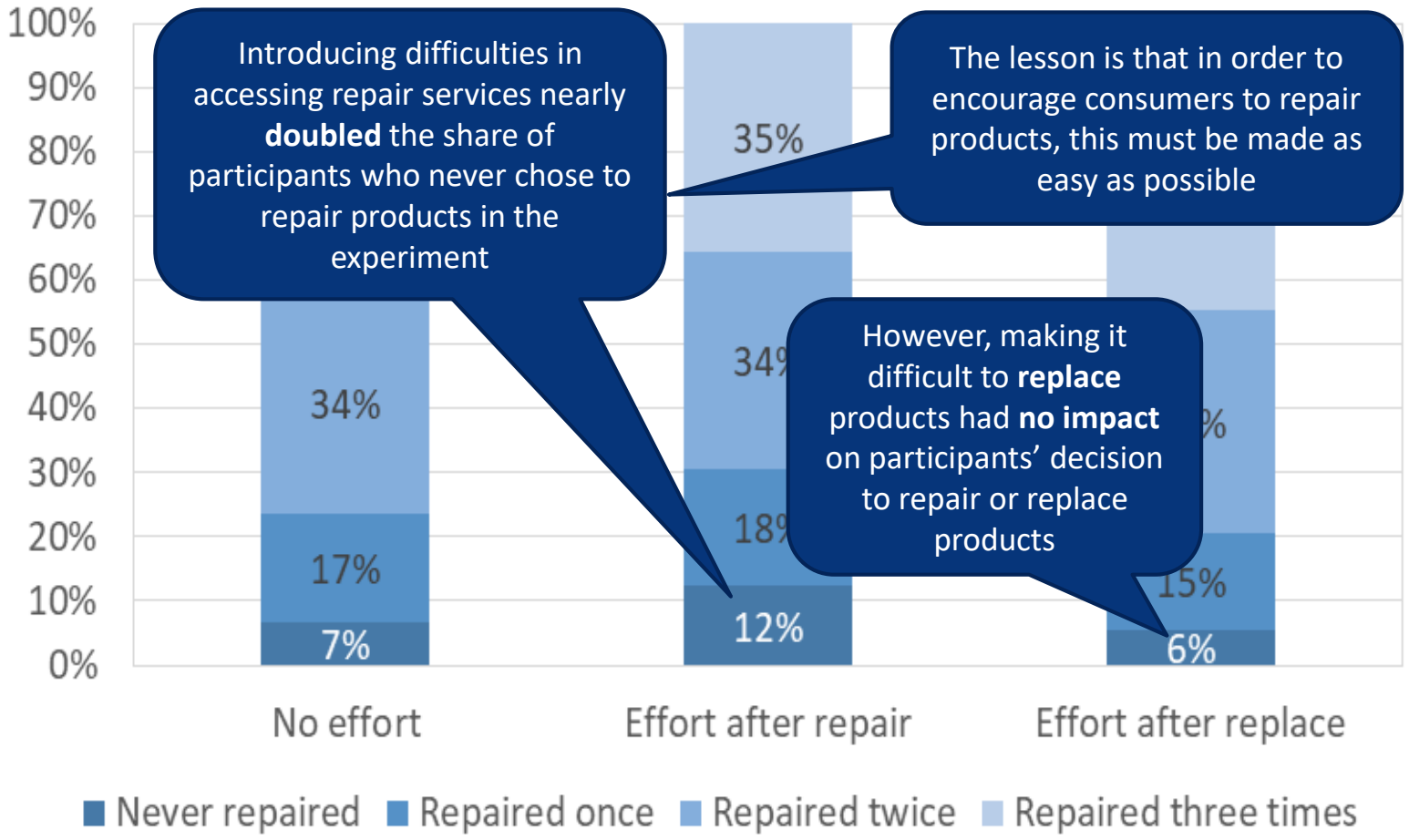
- Main drivers of CE decisions were:
  - Saving money
  - Environmental concerns
  - Better information about CE product characteristics
  - Personal attachment to products (e.g. for clothes)

- Main barriers to engaging in the CE were:
  - Uncertainty about CE characteristics
  - Price, since more durable products were often seen as more expensive
  - Preference for owning new products

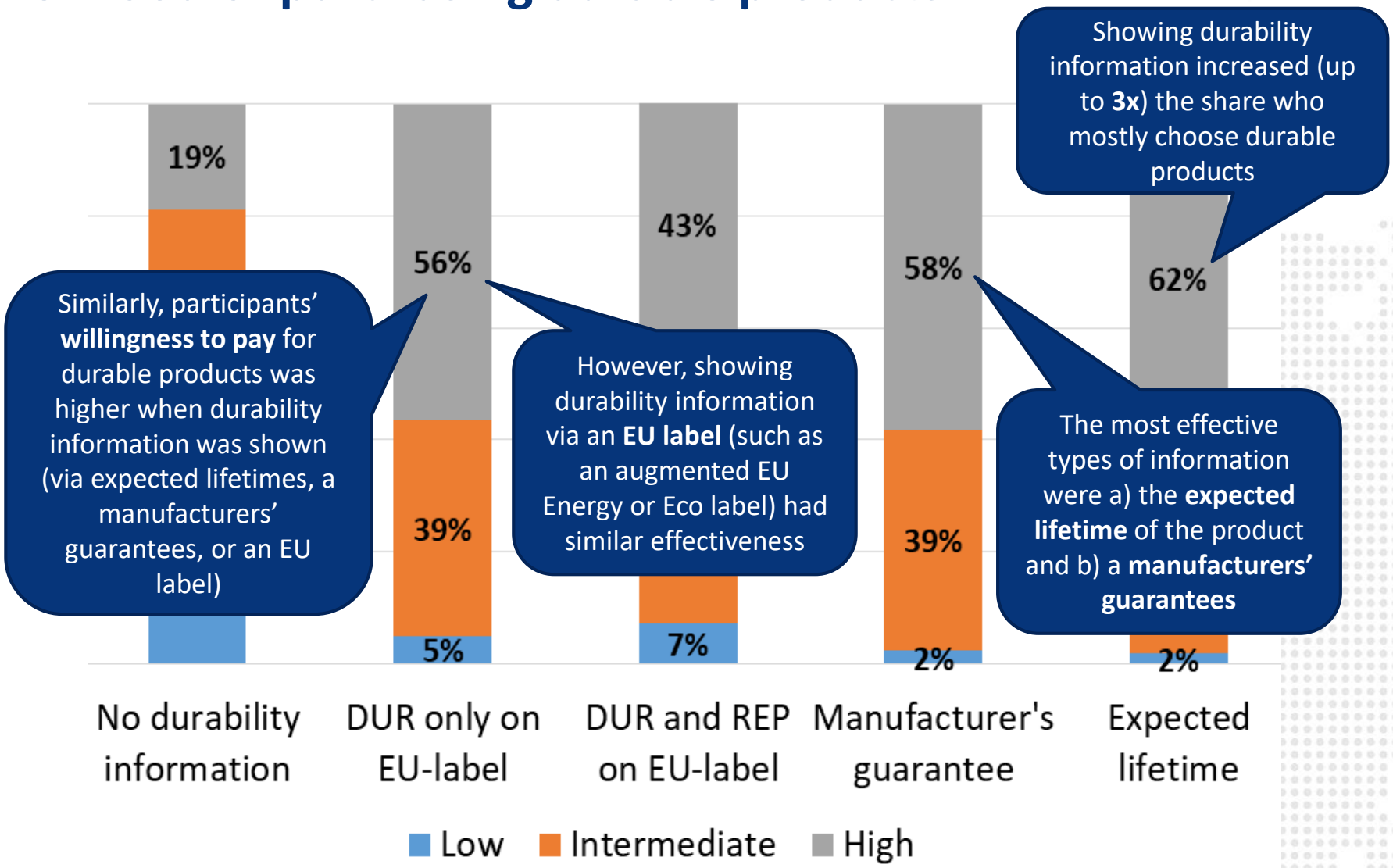
- All our sources of evidence suggested that consumers are willing to trade-off price for better CE characteristics: this emerged from the literature, interviews and focus groups, and the experiment confirmed a willingness to pay

Difficulty of accessing repair services significantly reduces the likelihood that products are repaired

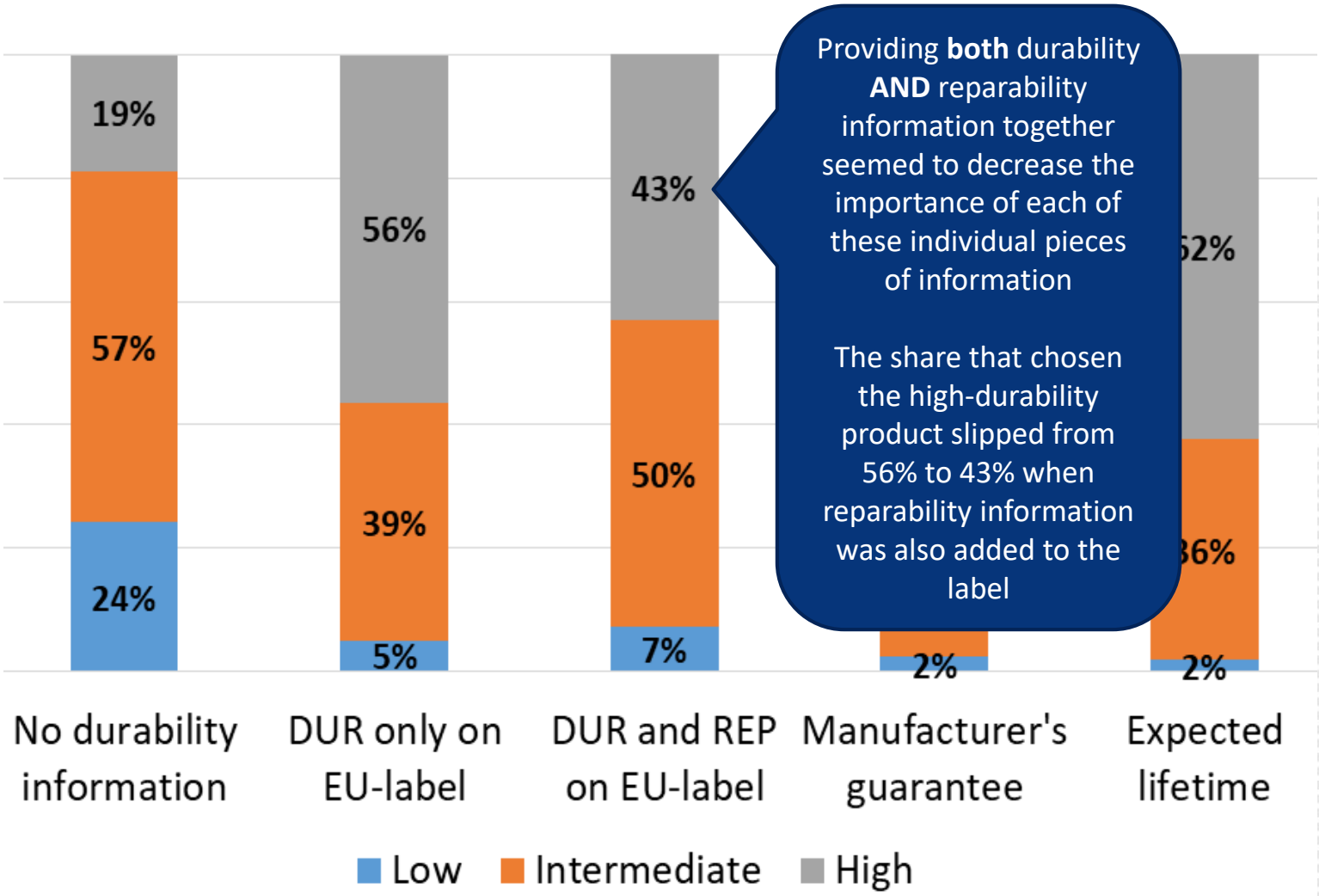
- Participants had to decide whether to **repair or replace** products that had broken down, and the experiment varied whether they needed to exert effort in order to take these courses of action



Showing durability information significantly raises likelihood of purchasing durable products

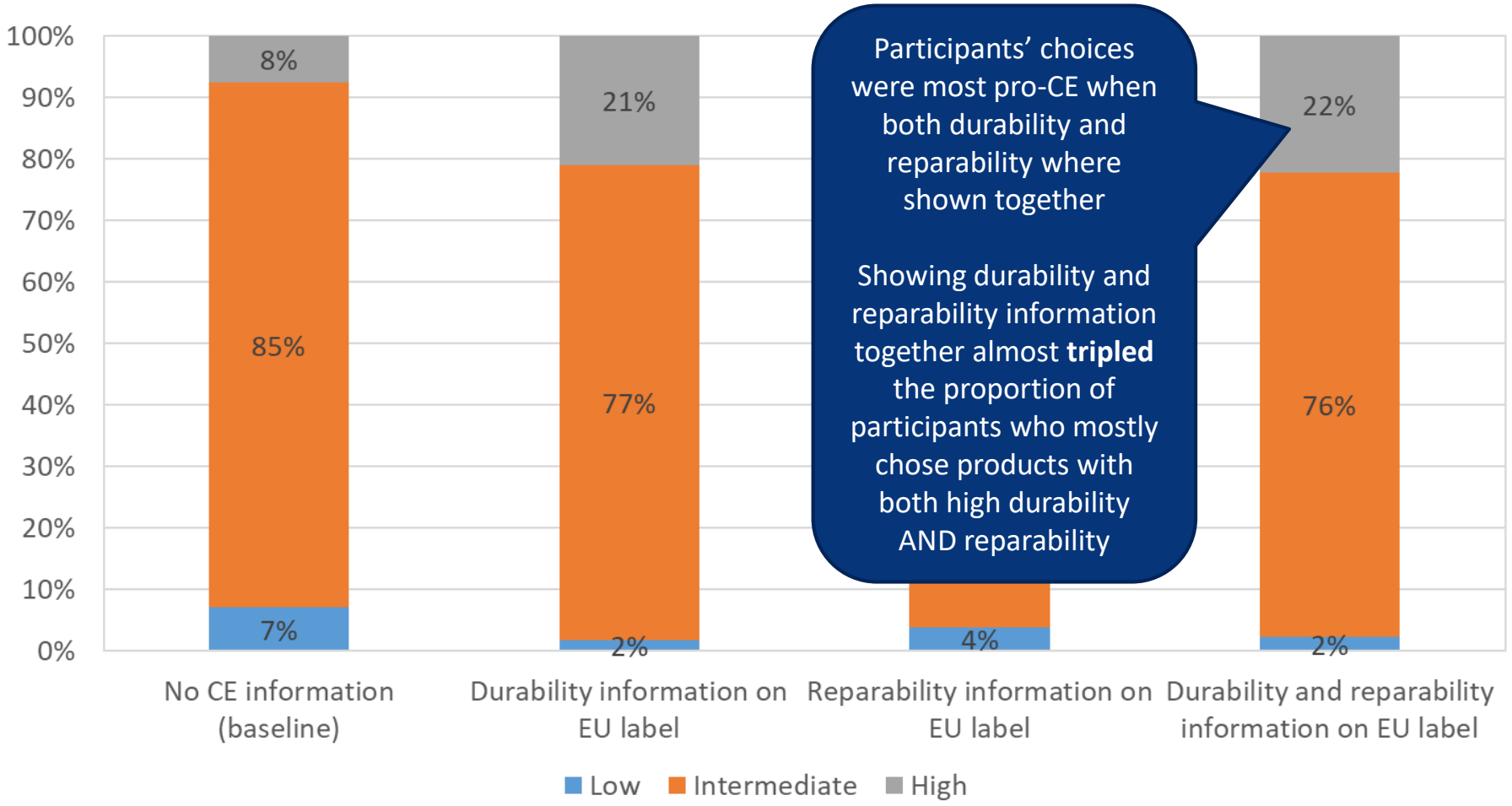


However, this chart also seems to illustrate a dilemma…



General CE preferences were strongest when durability AND reparability information was presented together

- We created a **combined index representing both durability and reparability**



How to generate the peoples' support for the Circular Economy

How to generate the peoples' support for the Circular Economy:

- Consumers are willing to engage in the Circular Economy, but their actual engagement is comparatively limited
  - Thus, there is **room to boost Circular Economy practices further**
  - Consumers with positive self-declared attitudes towards the environment acted in line with these attitudes
  - Hence, by **changing attitudes and awareness** of sustainable and environmental behaviours, further engagement with Circular Economy practices could be achieved

- Key drivers influencing consumers' purchase and replacement decisions are **price**, **quality** and **convenience**
  - Therefore, reducing the effort required to repair products, lowering prices and increasing quality of durable products could lead to more pro-CE consumer decisions

- EU consumers **lack information on durability and reparability** when making purchase/replacement decisions and would like to take these aspects into account
  - **Providing this information was found to be effective** in increasing purchases of products with higher durability and/or reparability

Recommendations for policy actions

- Recommendation 1: Boost CE engagement through strengthening pro-environmental attitudes and awareness
- Recommendation 2: Make repair easier (e.g. via manuals, ensuring long-run availability of spare parts)
- Recommendation 3: Create financial incentives for reparability and durability (e.g. by providing fiscal incentives for consumers to purchase/rent/lease durable products)
- Recommendation 4: Make durability/reparability information available to consumers at point of sale (e.g. by integrating this information into existing EU labels, providing information on availability of spare parts/repair services)
- Recommendation 5: Strengthen enforcement of legislation relating to the provision of accurate information to consumers

For further information please contact

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