

## **Individuals' preferences, behavioral foundations and policy implications**

### **Proposal of a special Session for the**

### **29th Annual EAEPE Conference 2017 Corvinus University of Budapest, 19-21 October 2017**

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Behavioral economics has challenged classical economics approach to individuals' utility function and more in particular it has deeply analyzed individual's preferences. This special session aims to investigate the role of individuals' preferences in different contexts such as environmental concerns and personal data concerns. Unless these two domains seem unrelated it is interesting to notice that they are characterized by different bias related to the discrepancies between actual behavior and declared preferences and by the impact of social norms and conformity bias. Changing in the field of consumption or new technologies is as much dependent on the economic values of different consumers groups as on the capability of certain groups to convey new values and to co-opt new consumers, suggesting a potential place for learning (Witt, 2011). In this vein, Leibenstein (1950) summarizes the debate by outlining how much 'snobb effects' may confine some goods and services to luxury products while 'bandwagons effects' allow demand to rise as other people increased their consumption of the same commodity. Thus, the conformity bias may be an important form of social learning that consist to pick the behavior that is dominant by the majority of consumers in the social environment, thus letting choices being influenced by the others. Among the field of social influence, the role played by peer influence and conformity bias on sustainable consumption behaviors has been recently highlighted (see among others Biswas and Roy, 2015; Cordes and Schwesinger, 2014). We will illustrate the role of conformity bias and other behavioral mechanisms for triggering new forms of learning. We argue that these dimensions are critical for the Evolutionary Paradigm not only for citizens but also for policy makers.

### **Content :**

- **Witt, U.**, "Does the Evolutionary Paradigm in Economics Need a Theory of Utility and Welfare?" (Guest Speaker)
  
- **Cordes, C., Henkel, J., Schwesinger G.** « Cultural learning dynamics, conformity bias and green nudging policies in context of electricity consumption : a theoretical model »
  
- **Lazaric, N., Le Guel, F., Belin, J., Lavaud, S., Douai, A., and Oltra, V.** « Do peer influence and conformity bias spur sustainable consumption? Empirical evidence from consumer's behaviour in France »
  
- **Cecere, G., Le Guel, F., Jean, C.** « Individuals and algorithm bias ».

### **References :**

- Biswas, A, Roy, M. ( 2015) « Green products: an exploratory study on the consumer behaviour in emerging economies of the East », *Journal of Cleaner Production* , Volume 87, 463-468
- Cordes, C., Schwesinger, G., 2014. "Technological diffusion and preference learning in the world of Homo sustinens: The challenges for politics," *Ecological Economics*, Elsevier, vol. 97, 191-200.
- Golman, R. Hagmann, D. and Loewenstein, G. 2017, Information Avoidance, *Journal of Economic Literature* 55, 96-135
- Witt, U., 2011. The dynamics of consumer behaviour and the transition to sustainable consumption patterns. *Environmental Innovation and Societal Transitions*, 1, (1), 109-114.
- Witt, U. 2016, The Transformations of Utility Theory: A Behavioral Perspective, *Journal of Bioeconomics*, 18, 211- 228.