Testing spatial preferences response patterns in Choice experiments: A comparison between Cheap Talk, Opt-Out Reminder and a control group

by

Jacob Casper Bjerregaard & Jacob Ladenburg

Economic theory predicts a spatial response in the demand for improving environmental goods and reducing environmental bads. The theoretical expectations have largely been supported by field studies, with Sutherland and Walsh, 1985;).as the first study. Subsequent studies have examined how spatial preferences are influence by the distance to substitute goods, geographical direction, non-user and user respondents, substitute resource quality, etc (Schaafsma et al. 2012, Moore et al. 2011, Jørgensen et al. 2013). However, to the authors' knowledge, no studies have examined, how spatial preference responses are related to the use of hypothetical bias mitigation reminders, such as budget reminders, cheap talk (Cummings and Taylor 1999; Loomis et al. 1994). The relevance of this is particularly evident as increasing studies find evidence of the Cheap Talk reminders are less effective in CE (Ladenburg & Olsen 2014; Bosworth and Taylor 2012). Such ineffectiveness could be related to a weak spatial response motivation in the CT script, though it has not been specifically been addressed in the literature. In the present paper, we make a novel attempt at addressing this issue by comparing spatial responses among three samples of respondents using preferences for the location of offshore wind farms as the case. The samples vary in the use of reminders. In one sample, the respondents do not receive any reminders, in another sample, the respondents receive a short Cheap Talk and in the third, they receive an Opt-Out Reminder. The results strongly suggest that the OOR invoke the strongest spatial response, followed by the CT and control group. However, the results also suggest that CT and the control group responses are very sensitive to the choice of sample weight, when comparing preferences between the three samples. Overall. The results suggest that the respondents in the control and CT group have higher WTP among respondents living far from potential offshore wind power sites compared to the respondent in the OOR treatment. However, the results also suggest that WTP in some cases might be understated in the control and CT for respondents living close to potential sites.

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