

# Energy Conservation and the Consumer's Dilemma

Ratepayers are people — with beliefs and needs that must be met.

By Kevin Ashton

One example is the story of the *Conserve Valet*, an energy efficient recharging console for smart phones, MP3 players, and other devices that we launched earlier this year at the consumer electronics giant, Belkin ([www.belkin.com](http://www.belkin.com)). Initial versions of the *Conserve Valet* were designed to turn off after four hours — once a phone was fully charged. Some people who used the product to charge their phones overnight complained because after the timer cycle was complete their phones would remain on without being charged—so they woke up with phones that were only about 97% charged. Verbatim comments from people, some of whom I talked to personally, included complaints like:

*“...it turns off when a device is charged; that’s great for “green”ness, but if it finishes re-charging my phone in the middle of the night, that means it won’t be at 100% when I pick it up off the valet in the morning...”*;

*“it shuts off in the middle of the night, letting my iPhone gradually deplete ...it’s hard for me not to be a bit neurotic about maximizing my charge in the morning”*; and

*“...instead of my iPhone being at 100% when I unplug it, it’s at more like 96-97%... I’m all for conserving energy, but I also don’t want to get stuck.”*

Even for people with a passion for conservation, this modest inconvenience was unacceptable. People knew they were saving several hours of almost completely wasted energy, but the price — a slightly less than fully charged smart phone — was just too high. For many people, waking up in the morning to a fully charged phone provides the same emotional benefit as a hot shower, or good coffee, or a freshly laundered shirt. It is part of the process of putting on armor for the day and cannot be compromised, even in the name of conservation.

Belkin is not the only consumer products company to observe this type of problem. In October, PepsiCo subsidiary Frito-Lay discontinued biodegradable bags for its SunChips brand of potato chips. The bags were a bold, if incremental, step towards reducing waste in landfills. The chips inside were exactly the same. And yet SunChips sales declined 11 per cent after the bags were introduced. The reason? Many consumers believed the new bags were too noisy. 44,000 of them even joined a FaceBook protest group, called “Sorry But I Can’t Hear You Over This SunChips Bag.” Again, environmental benefits were not enough to outweigh even modest inconvenience.

So what’s going on? Even people who believe in conservation are still subject to instincts and impulses that bias them towards immediate rewards —rewards like money, comfort, and convenience. These instincts win more often than we like to admit. Conservation strategies must exploit, not deny, these aspects of human nature.

Belkin has conducted research studies around the world to better understand how to resolve the consumer’s dilemma and drive real conservation. At the root, we are asking one question: what would help people consume less?

Our conclusions have opened up a whole new avenue of product development. A few of our early products are available now. Many more will follow. Most of what we have learned is confidential, but there are some things we can share.

First, most people want to conserve. Only about 25% of people are indifferent to conservation and feel comfortable consuming without restraint. Another 25% or so are active and frugal conservers. (This group tends to be older.) The remaining 50% are pulled in both directions — they want to consume and conserve. The Belkin *Conserve Valet* customers quoted above are examples of this group. They want to reduce their energy consumption but they also want a fully charged iPhone. If forced to choose, this group will usually prefer consumption over conservation. This is true in all countries where we conducted research. One of our most important findings is also an apparent contradiction: the majority of people will only conserve if they can also consume.

Second, people will only conserve if it is convenient. In the studies we conducted, every respondent used the same conservation example: recycling. In terms of participation, recycling is a model mass conservation strategy. We all do it. And one reason why is that it is so easy.

Third, sacrifice of any kind, no matter how apparently trivial, is not a mass conservation strategy that can succeed, despite what we may like to believe about ourselves and our intention.

There are solutions to these challenges. One of the most powerful conservation strategies is information. Today the costs and consequences of consumption are often hidden from the consumer. For example, most people do not know what devices in the home consume the most or least energy, and they do not understand their electricity bill. Verizon, the cell phone service provider, was recently caught in a controversy about so-called “mystery charges.” But compared to a cell phone bill, an electric bill is a much greater mystery. According to one electric utility, the majority of customer service calls are bill enquiries. People call the utility wanting to understand why their bill is higher than usual, but no specific information is available to help them.

One of today’s greatest unmet needs is better information about consumption. With better information, consumers can make better decisions — without any coercion or pressure. Providing information alone is not enough; it also has to be presented in a way that motivates behavior change. Providing raw data — an approach sometimes called “a dashboard” — is unlikely to drive lasting change. Many consumers do not know how to read percentages or pie charts, almost no one knows what a kilowatt-hour is, and most important, people need practical guidance, not just bare numbers. Even though people may say all they need are the facts, Belkin research found that information presented as clear, action-oriented advice is more likely to motivate behavior change. This is not unlike the approach taken by a good doctor, who doesn’t simply give out lab results, but suggests a few actions you can take to improve your health.

This is just one strategy for helping to resolve the consumer’s dilemma there are several others that Belkin is working on in parallel and will be making available in the future. All the challenges of energy efficiency can be met. Conservation cannot be a matter of will power. “Won’t” power is at play too, and that is a much harder force to overcome. The first step is understanding the consumer’s dilemma.