

# Eco-Certification: Warm Glow or Cold Prickle?

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# Outline

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  - “Warm glow” (Andreoni 1989) or “cold prickle” (Andreoni 1995)

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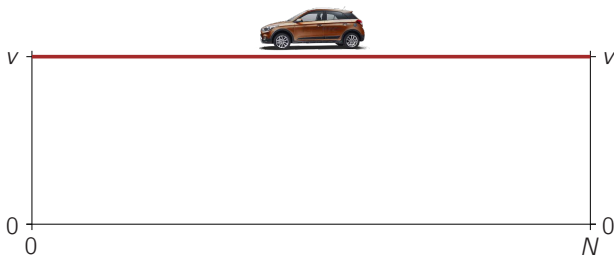
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- What happens when that mix changes?
  - Unexpected things

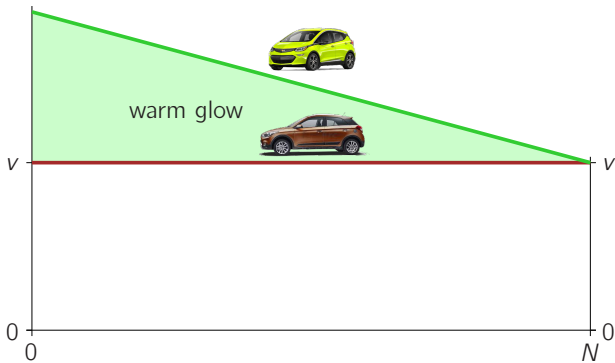
# Initial all-brown market

Short run



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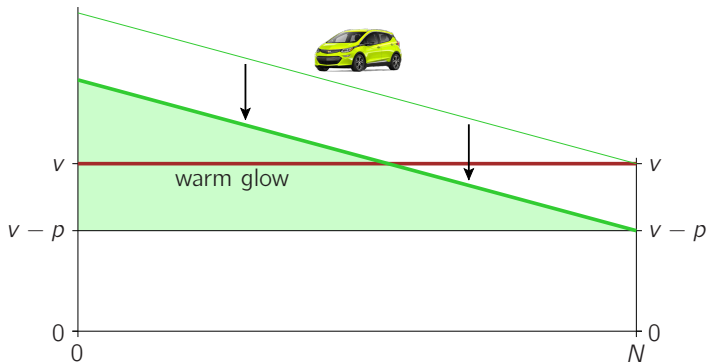


Declining environmental awareness  $\longrightarrow$



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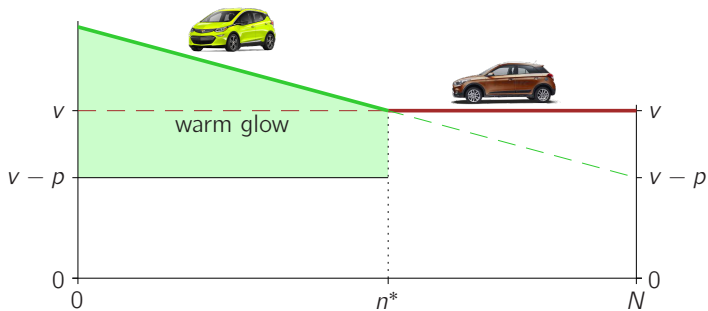
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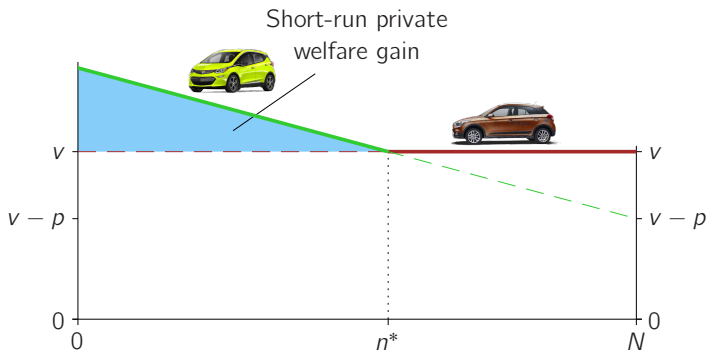
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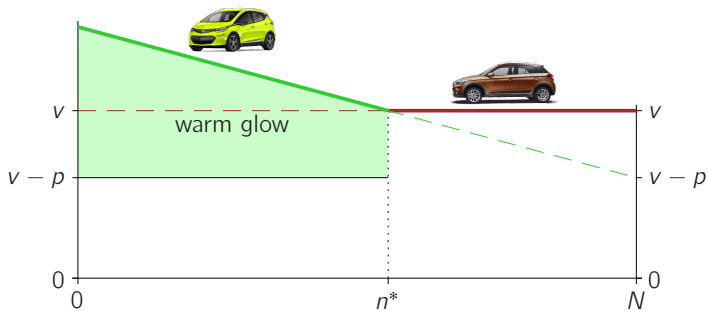
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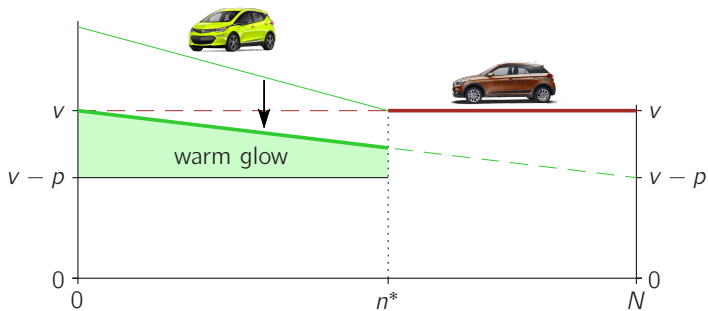
# Initial all-brown market

Long run



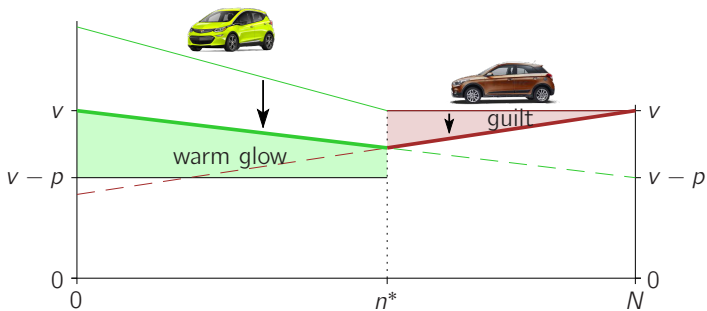
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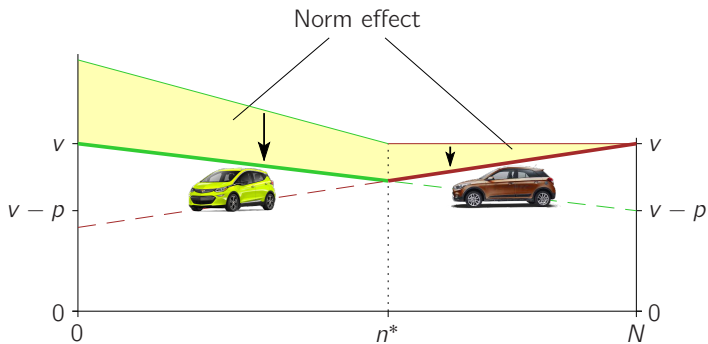
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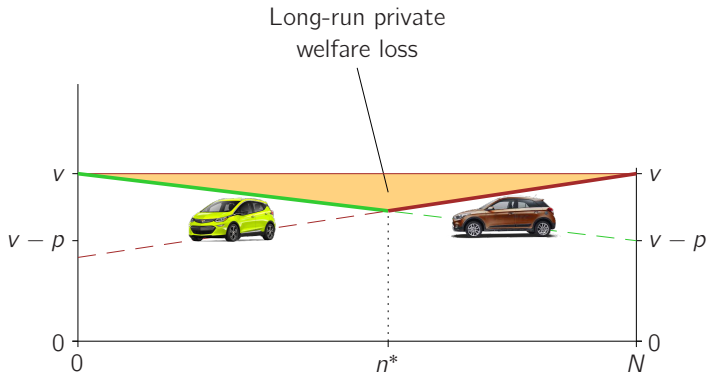
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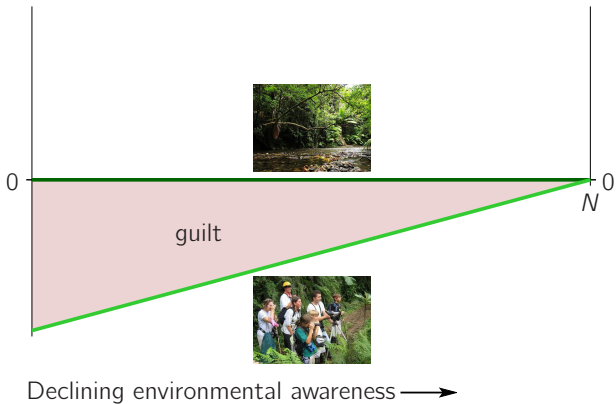
# Initial all-abstention market

Short run



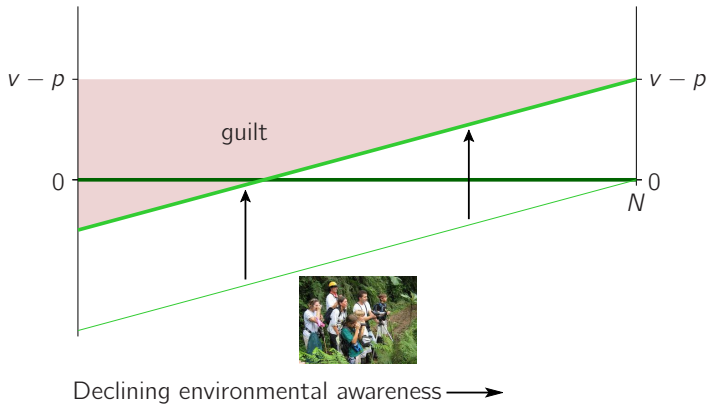
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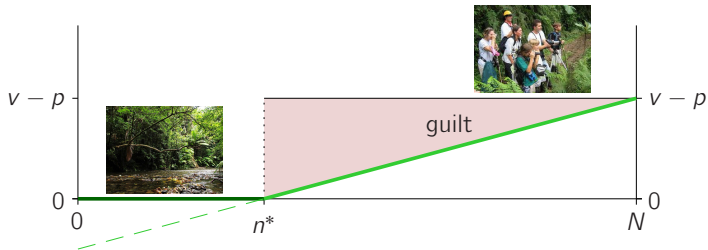
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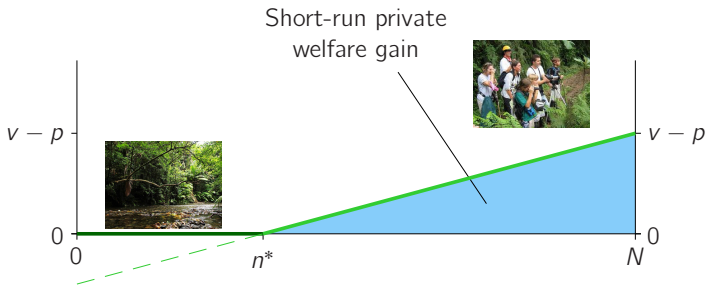
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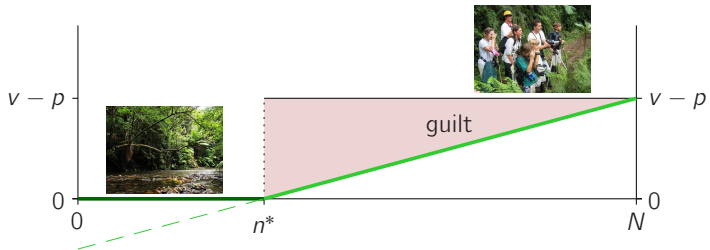
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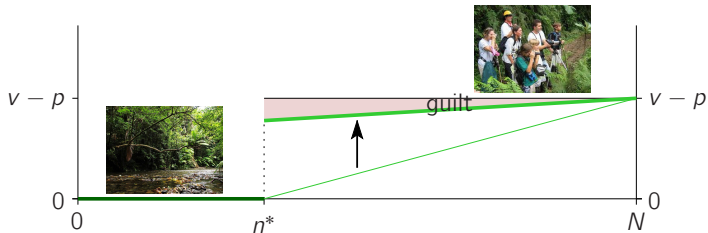
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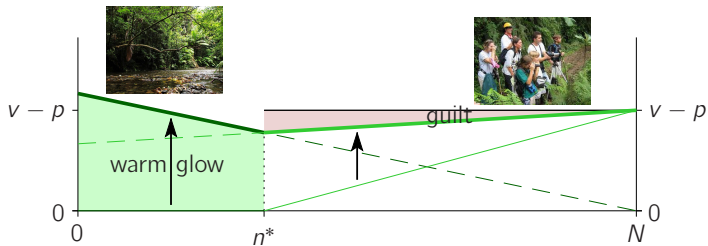
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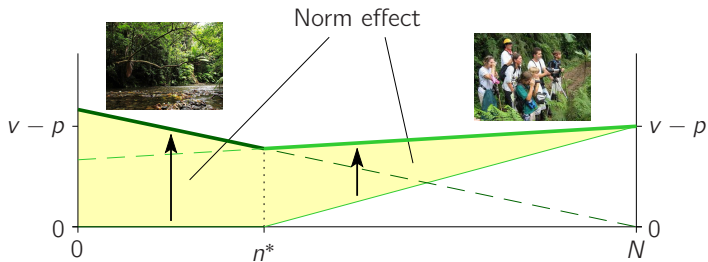
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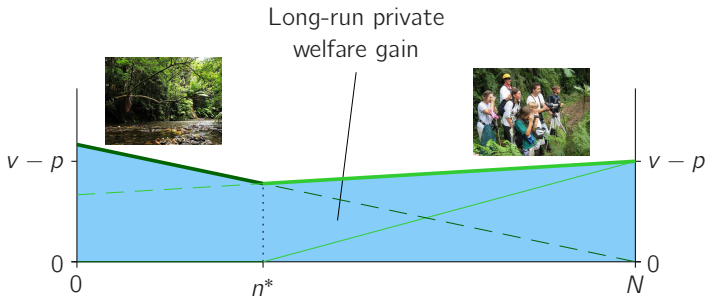
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# Key Findings

What motivates green consumers matters to evaluating

- environmental awareness campaigns
- green-product introductions
- eco-certification standards

Norm effects, from changing motivations,

- plausibly depend on the product mix in markets
- can reinforce, moderate, or flip the sign of welfare outcomes