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Investigating factors affecting customers' decisions to switch to conservation tariffs

Saeideh Saedi Khosroshahi

Supervisor: Prof Lin Crase

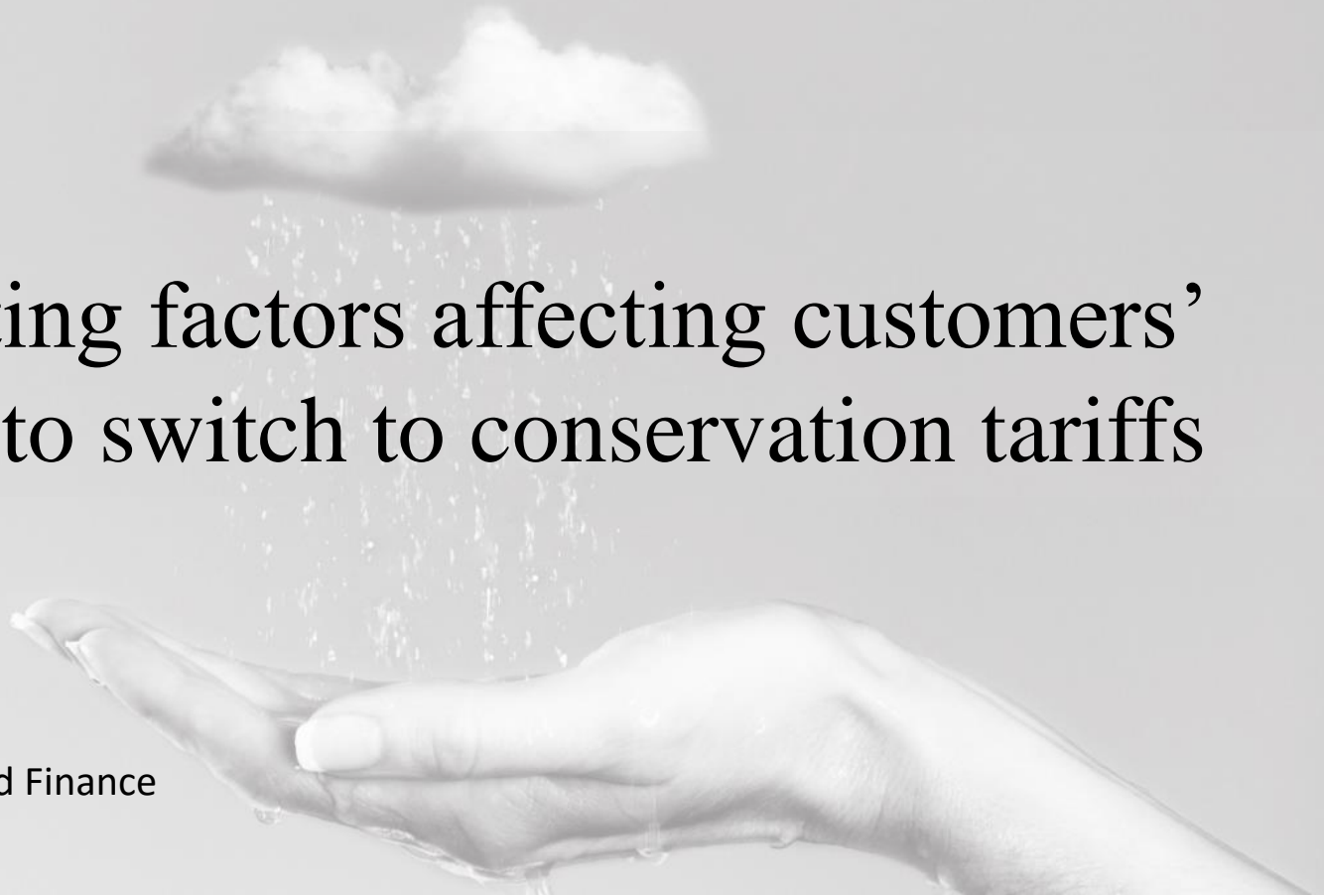
Department of Economics and Finance, La Trobe University

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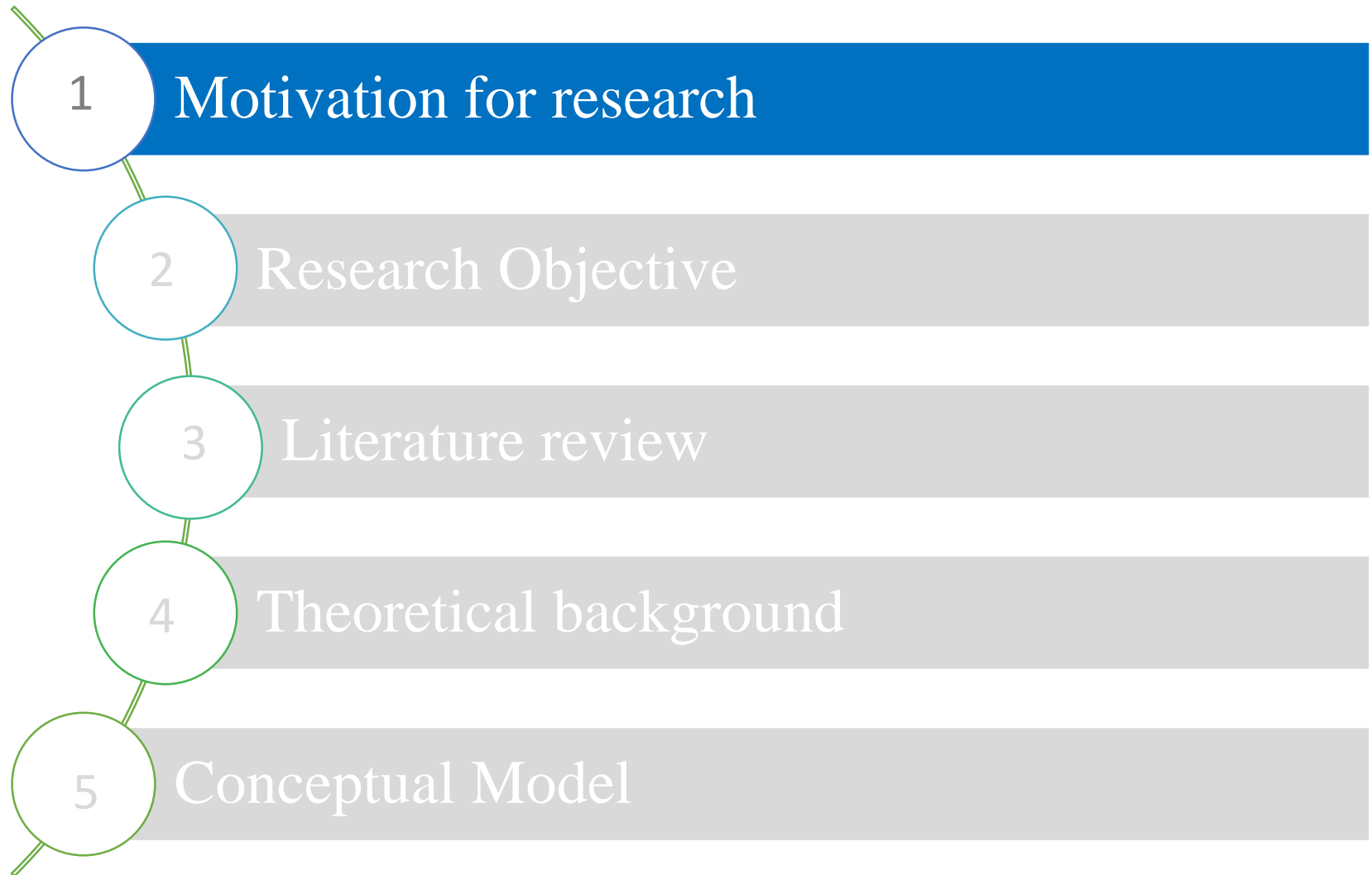
1 Motivation for research

2 Research Objective

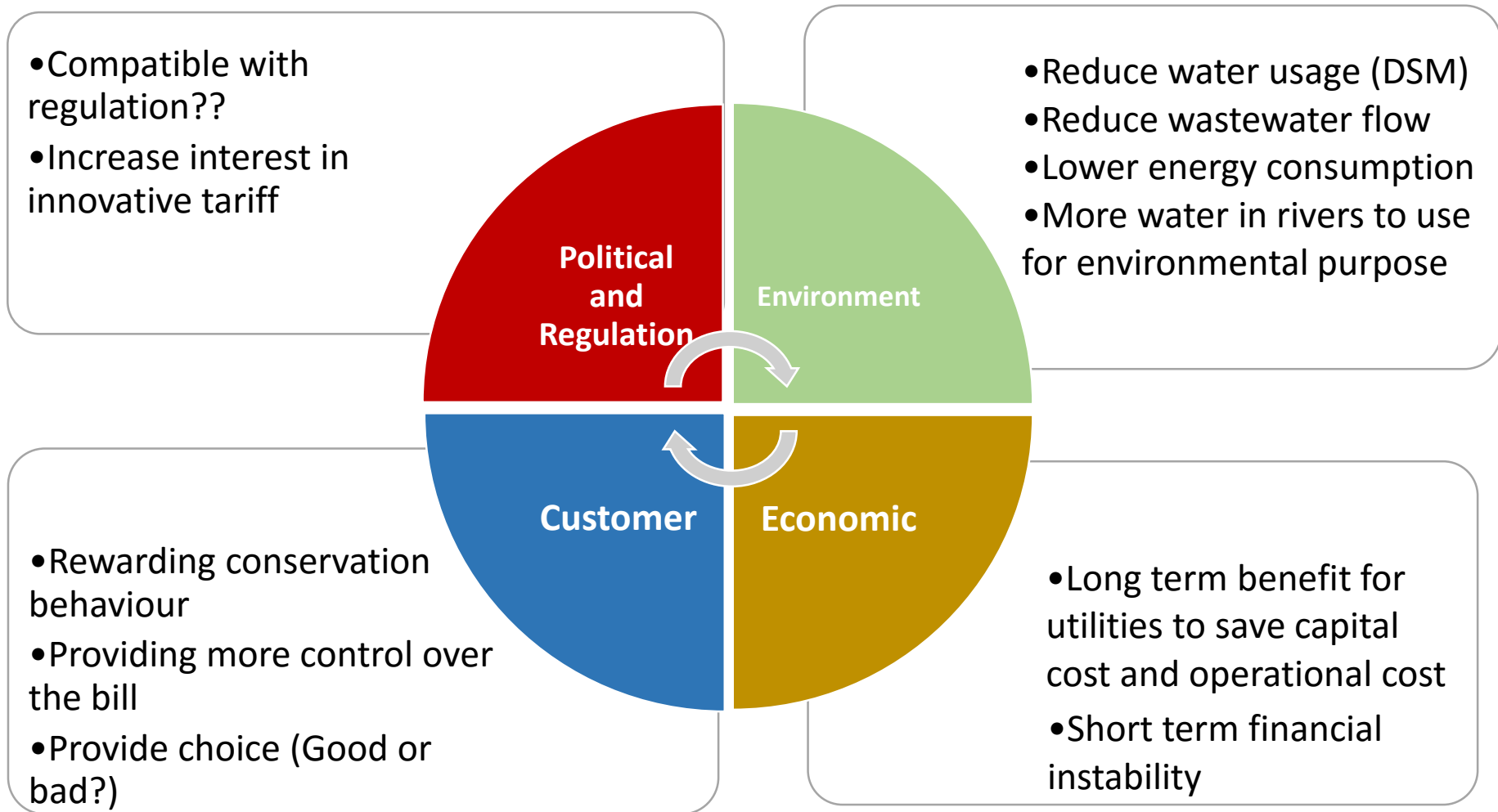
3 Literature review

4 Theoretical background

5 Conceptual Model



Does conservation tariff matters?



Where is the conflict?

Result of focus group study , 2015

Choice can be overwhelming and confusing

The water bill is generally a bill that did not present issues to households to pay

The potential to save money was not regarded as a significant driver

The current system was regarded as working well and there was no reason to change it from

Getting customers to participate in volumetric tariff will be challenging

Only those able to see instant financial gains are likely to be interested to take part

This finding contradict the evidences observed through media regarding customers dissatisfaction of water bill during the drought.



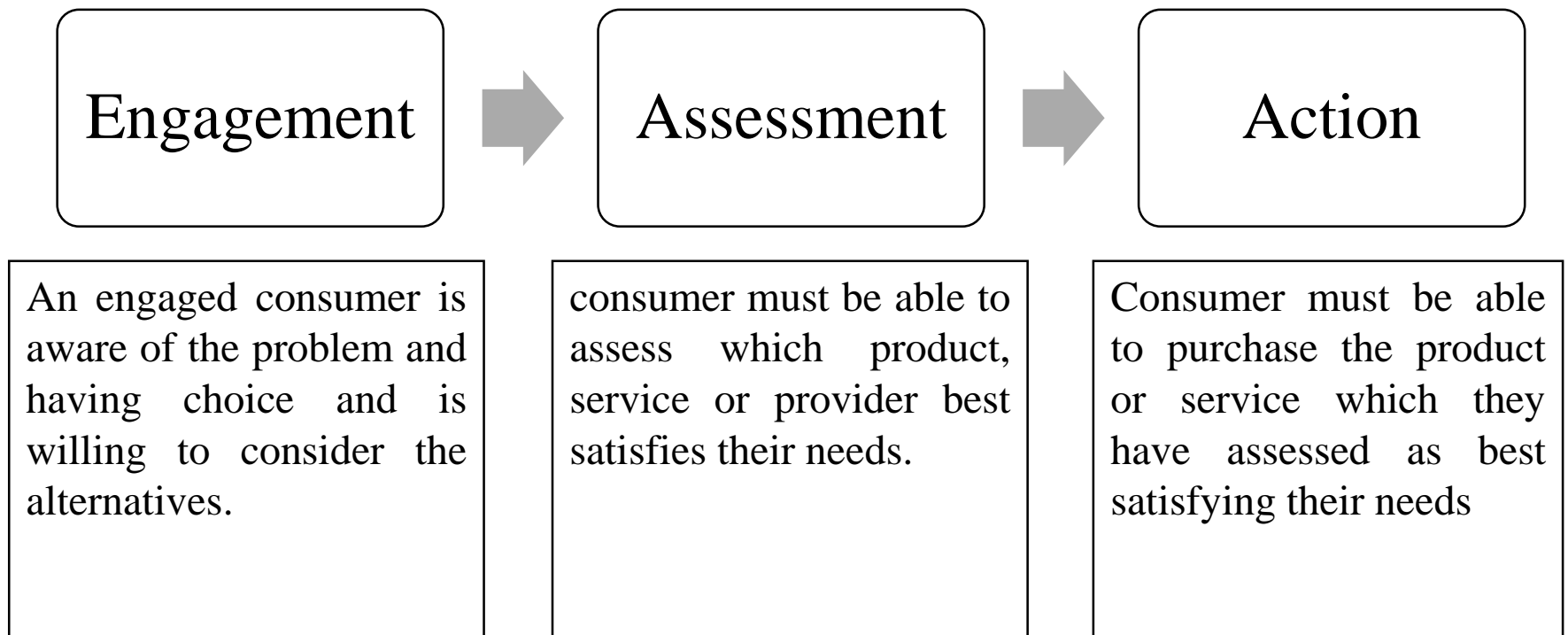
Research Objective

- This research aims to provide explanation of why customers are not willing to switch despite the benefit and saving available
- The intention is to apply human immigration theories to make a comprehensive models of switching drivers and barriers
- This research contribute to literature by:
 - Examining whether psychological impact of drought leads to more conservation behaviour
 - Providing empirical experience of using PPM model in customer behaviour
 - Using Water tariff option as choices, which can fill the gap in water management studies



The Consumers Journey

According to the UK regulator network study (2014), Switching process has three main steps including engagement, assessment and action (Batchelor, 2014).



Public Awareness measurement

Survey

- Quantitative survey using scaled ranking methods

Health Science: Chung-yan.G, 2002

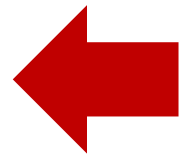
Health Science: Warnakulasuriya. K, 1999

Marketing: Laurant, G. 1995

Environment: Curry, T, 1977

Proxies

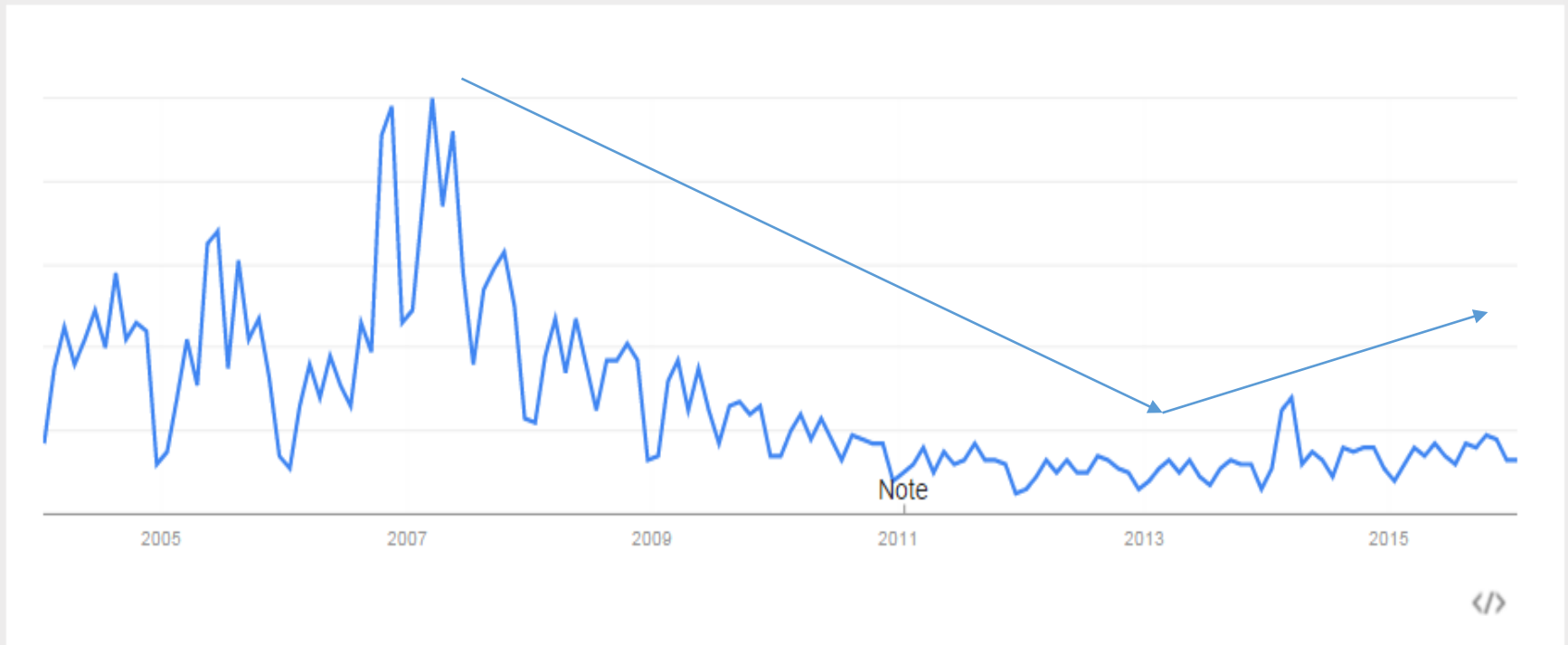
- Mass media coverage (Sampei.Y, et.al, 2009)
- Google ads (Kallis.G, 2010)
- website traffic
- Search volume data
- Information campaign (Aisbett, E.,2011)



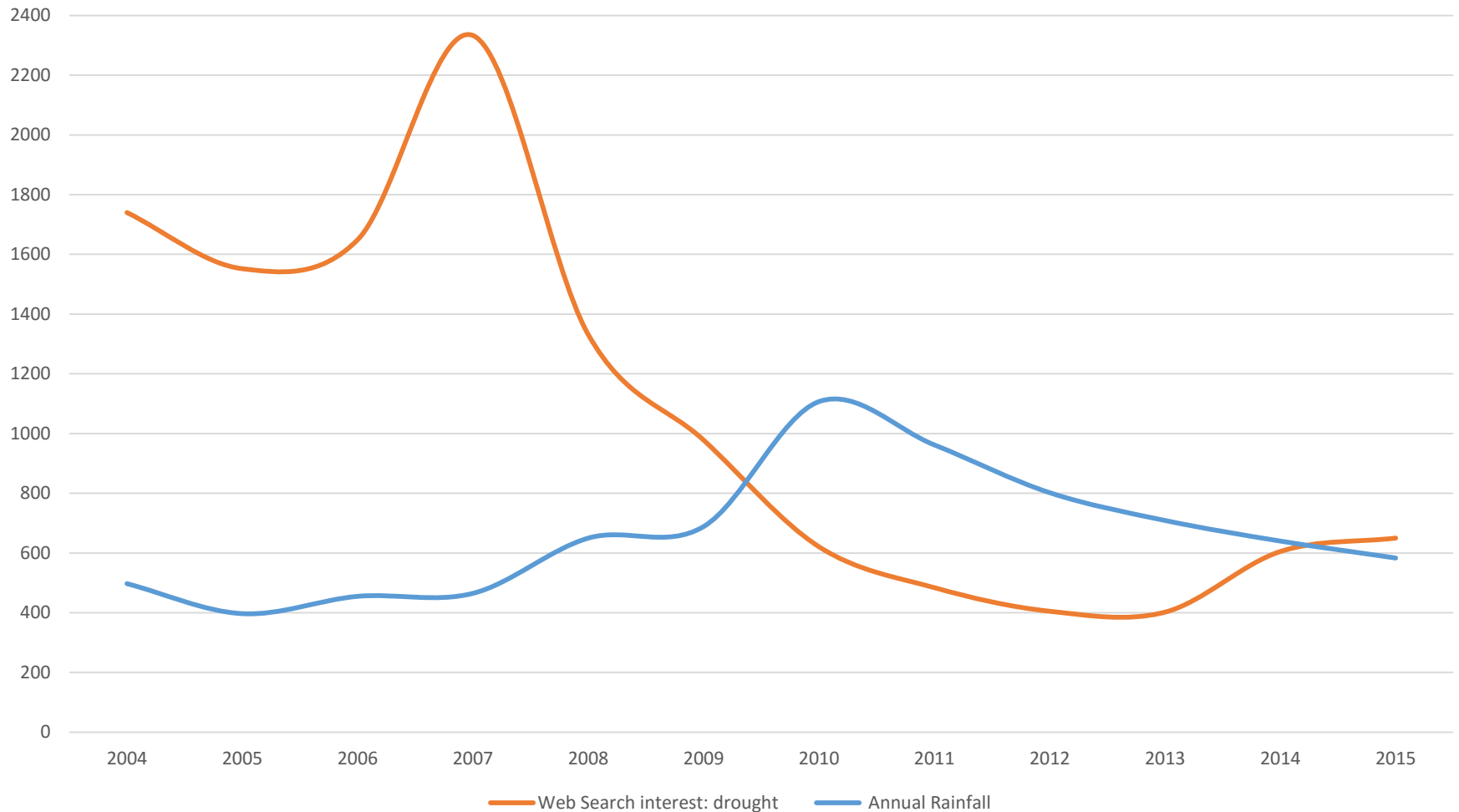
Australian awareness of drought

Interest over time ?

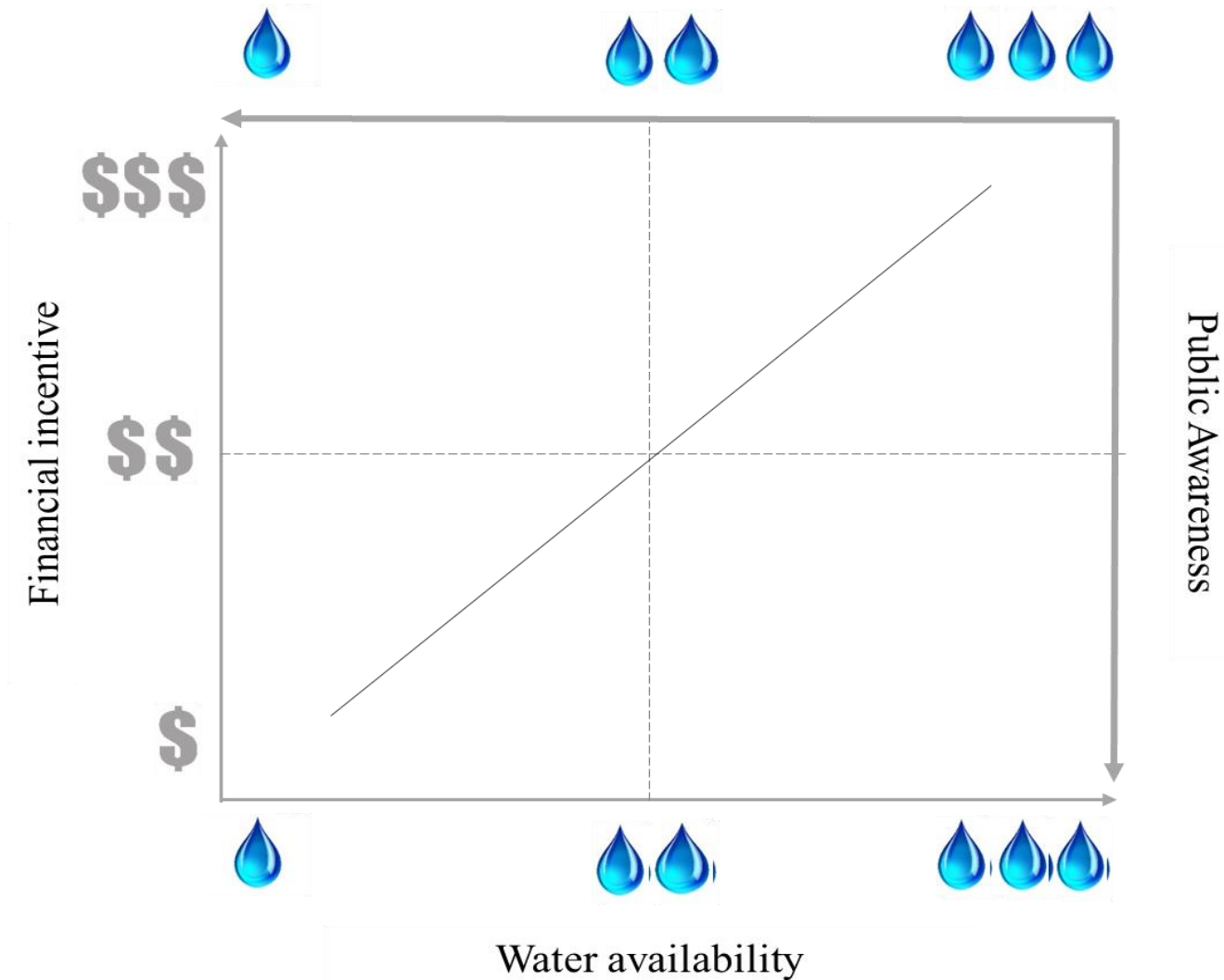
News headlines ? forecast ?



Public awareness & weather condition Australia

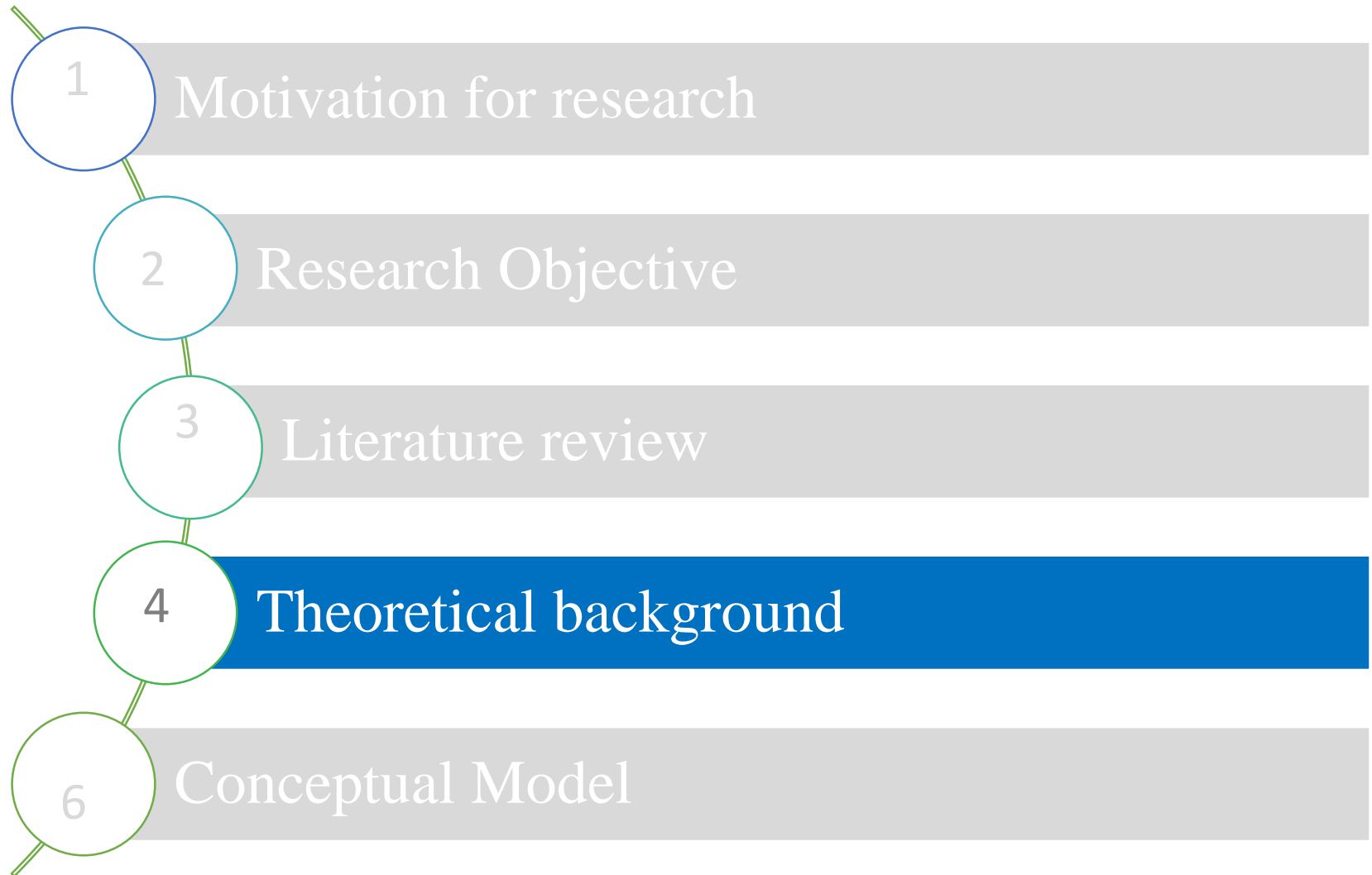


Customer Engagement



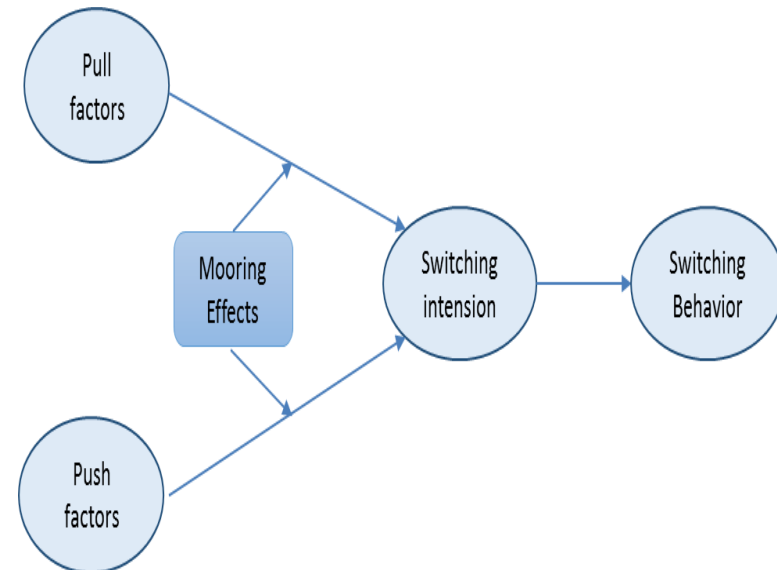
Summary of switching barriers and drivers

	Engagement	Assessment	Take an action
External	<ul style="list-style-type: none"> •Weather condition (water Availability) •Demographic charactristic 		
Attitudinal	<ul style="list-style-type: none"> •Perceived financial benefit •Drought Awareness 	<ul style="list-style-type: none"> •Perceived switching cost •Subjective Norms •Perceived Risk •Satisfaction 	<ul style="list-style-type: none"> •Attitude toward switching
Limitation and abilities		<ul style="list-style-type: none"> •Time and effort •evaluation skill 	
behavioural	<ul style="list-style-type: none"> •Trust 		<ul style="list-style-type: none"> •Inertia •Risk threshold

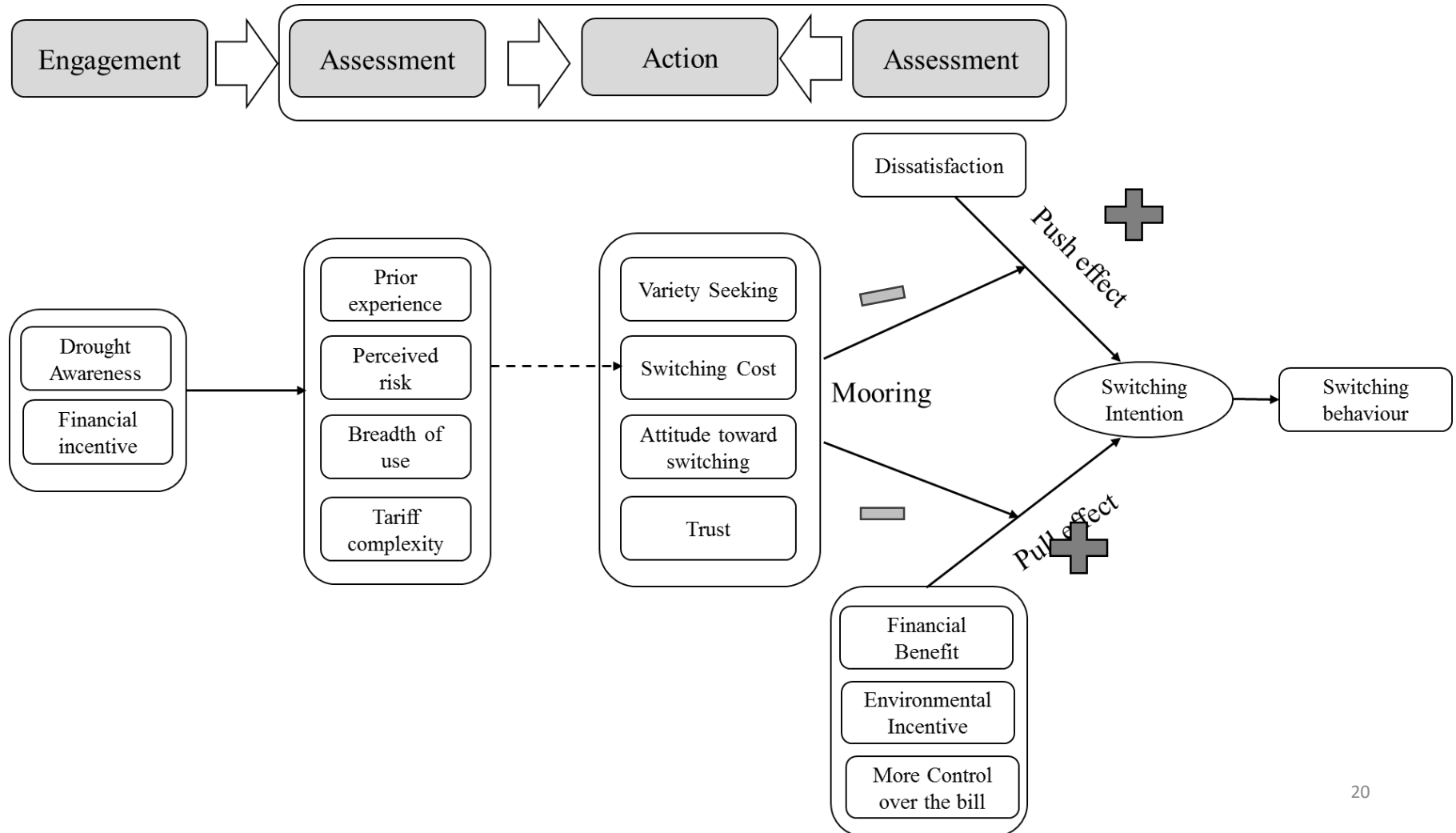


Theoretical background

- Push pull mooring theory (PPM) proposed by Bansal , et all (2005) applied human geographical migration model to explain switching behaviour
- Negative factors like natural disasters, unemployment, wars, push nations to move from origin
- Positive factor such as job opportunities at destination pull them to switch
- Mooring factors moderate the effect of push and pull factors on customers' intention to immigrate. (Nimako & Winneba, 2012)



Developed conceptual model



Thanks for your attention

Any questions?

