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Why measures promoting sustainability may fail in reality: The extensive margin

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Abstract: Past studies have shown sustainability nudges businesses adopt may mobilize consumers to behave toward the intended direction, thus an effective intensive margin. Most assume nudges do not alter the customer base. Using a discrete choice experiment over a national sample of restaurant customers, we investigate the extensive margin, in other words the impact on patronage, of multiple sustainability nudges restaurants may adopt. We find that depending on sustainability outcomes and means to deliver the nudges, restaurants can gain 6% to 30% additional revenue by implementing some nudges but lose 3% to 20% revenue for some other nudges due to the extensive margin. We also show that utility cutoffs may affect consumer choices of restaurants adopting different nudges.

Bio: Wuyang Hu earned his PhD in 2004 in rural and resource economics from the University of Alberta, Canada. He joined the Ohio State University in 2018. His research focuses on human decision making related to food and the environment. He currently serves as editor of the Canadian Journal of Agricultural Economics.

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Time: 4:10 p.m. - 5:30 p.m.

Location: Howlett 164

Join via Zoom: <https://osu.zoom.us/j/93275868693?pwd=M3U3S21yL2plV1VhZWlEdG1lejF1QT09>

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