

Dissemination Meeting

Assessing Consumer Behaviour on Energy Efficient Products in India

New Delhi, January 25, 2012

Objective

To disseminate the major findings of Shakti Sustainable Energy Foundation supported project entitled *Assessing Consumer Behaviour on Energy Efficient Products in India*

Background & Context

The objective of the project was to understand consumer behaviour in respect to energy efficient products. The findings are the result of a survey of over 20,000 consumers, 550 traders and 50 producers of electrical home appliances covering 19 states and 3 union territories, constituting over 90 percent of the population of India. The survey covered consumers in various income brackets to generate a better understanding on this subject. The report highlighted the following:

- Level of consumer awareness,
- Barrier to usage,
- Willingness to pay for energy efficient appliances, and
- Measures/initiatives required to make energy efficient products more acceptable

Major Findings

The study has made an important contribution by coming out with new figure on awareness about energy efficient products, which demonstrates that consumer awareness has improved significantly. While 43 percent of consumers consider energy efficiency as an important criterion to make purchase decisions and another 22 percent are aware but do not consider this in making purchases. This is in sharp contrast to an earlier study which estimated that consumer awareness on the Standards and Labelling Programme of the Bureau of Energy Efficiency was 19 percent. Some other important findings are as follows:

- The market of electrical appliances is evolving very fast.
- Consumer awareness about energy efficient products is much lower in rural areas.
- Lower income group consumers are emerging as an important user segment but their willingness to know more about such products is low.
- Consumer consideration about larger issues of energy efficiency is still very low.
- Nearly 25 percent users of energy efficient products are either lowly satisfied or are indifferent.
- High price of energy efficient products is a major irritant in promotion and sales of these products.
- A large number of consumers expressed that prices of energy efficient products should be brought down either through subsidisation and/or through mass production.
- There is no mechanism in place to communicate consumer views/perceptions about the performance/utility of energy efficient products to traders and/or producers.
- Traders suffer from lack of information on promotion and sale of energy efficient products.

Lessons Learnt

There exists a huge gap between what has been achieved and the potential of encouraging sustainable consumption in India through, among others, the use of energy efficient products. In order to influence consumers to purchase only energy efficient products requires sustained interventions at various levels targeting a diverse group of stakeholders.

Recommendations

Policy-related

- There should be more initiatives to promote technological innovations to reduce the cost of production of energy efficient products.
- Government should facilitate new technological adaptation and innovation consistent with its policy on energy efficiency.
- Government should facilitate wider dissemination of such new technologies among small and medium enterprises.
- The imperative for energy efficiency particularly in the context of larger issues such as climate change should be integrated into the education system in India.
- There is a need to create an exclusive website for energy efficient products at the national level to be maintained and managed by the Bureau of Energy Efficiency and/or other agencies authorised by it. This site should be a one stop window for all energy efficient products and should provide segment-wise comparative details of each product. Consumer organisations should be encouraged to popularise this site.

Awareness-related

- Line ministries/departments should work together and prepare an integrated plan of action for generating more and better awareness among consumers and traders.
- Traders need to be educated on a continuous basis. It is to be ensured that traders' margin on sales of energy efficient products is higher than that of non-efficient products.
- Awareness generation campaigns among consumers and traders need to be conducted on a sustained basis.
- Channels of creating more and better awareness need to be worked out appropriately and there should be a multi-pronged approach.
- Local government institutions and social institutions should be harnessed to create awareness among rural and peri-urban consumers.

Way Forward

A sustained campaign on creating more and better awareness among both demand and supply side players is required for long-term transformation of the Indian market for energy efficient home appliances. At the same time, there is an imperative for new technological innovations and their dissemination particularly among the small and medium enterprises.

This meeting will deliberate on some specific steps to be taken in order to facilitate this transformation.

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Agenda

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| 0930-1000 | Registration |
| 1000-1045 | Opening |
| 1045-1100 | Break |
| 1100-1230 | Presentation of the Study |
| 1230-1330 | Way Forward: Toward Energy Efficient Indian Economy |
| 1330 | Lunch |