

# **'When to Take "No" for an Answer'?**

## **Further Evidence on Using Entreaties to Reduce Protests in Stated Preference Studies**

**Giles Atkinson, LSE**  
**Susana Mourato, IC**  
**Sian Morse-Jones, UEA**  
**Bruno Lanz, eftec**  
**Allan Provins, eftec**

# What are 'protest' answers?

- A situation where a zero value is reported for a good although a respondent might value its provision
- Why?
  - Dislike of payment vehicle
  - Objection to other elements of the scenario
  - Belief they should not be asked to pay for good
  - Ethical or strategic reasons
  - Adverse reaction to interview: lack of understanding, lack of engagement, disbelief, lack of time, lack of information, etc

# Identifying protests

- **Follow-up questions** to distinguish 'valid' and 'protest' zeros
- But rather **subjective and ad-hoc...**
  - No uniform practice

I object to paying higher taxes/prices/water rates/fees

Government/industry/others should pay for this

The institution is inefficient/corrupt/makes enough money as it is

I object to the proposed scenario

I don't believe the improvement would happen

I need more information/ time

# How prevalent are protest answers?

- **Very common in CV studies**
  - But difficult to know exactly as no standard identification and reporting protocol exists
- **Examples:**
  - Halstead, Luloff and Stevens (WTP for bald eagles, 1989): 32%
  - Jacobsson and Dragun (WTP for endangered species, 1996): 31%
  - Dziegielewska and Mendelsohn (WTP to avoid air pollution damage, 2007): 27%
  - Kotchen and Reiling (WTP for peregrine falcon, 2000): 19%
  - Strazzera et al. (WTP for forest recreation, 2003): 18%

# Dealing with protests

- **Design stage:**
  - Identify such problems during piloting stages & re-design survey to minimise protests
- **Analysis stage:**
  - Protest responses that persist are typically **excluded** from analysis
  - Or are assigned mean WTP values
  - Develop strategies to deal with protests ex-post
- **Problems:**
  - Discarding respondents is inefficient
  - Biased WTP estimates: protesters may be different from non-protesters

# A protest-correcting entreaty?

- Script designed specifically to self-correct the problem of protests
  - Respondents are told about the issue of protests and given reasons for why it happens
  - And are directly encouraged not to protest, to put their worries aside and focus on the change
  - Tries to create beliefs/perceptions/intentions comparable to those under real payment conditions

# Entreaties & CV studies

## ■ Entreaties & hypothetical bias:

- ‘Cheap talk’ scripts - drawing respondents’ attention to problem of mis- or over-stating ‘true’ values
- Laboratory/ field experiments

## ■ Entreaties & protest zeros?

- Novel idea?
- Carson & Mitchell (1984)
  - Entreaty-style text and protests (for US water quality)

# Protests & entreaties: Two experiments

## ■ Experiment 1:

- Split-sample, entreaty before WTP
- Two sub-samples:
  - CV scenario WITH entreaty, then WTP
  - CV scenario WITHOUT entreaty, then WTP
- WTP of UK citizens for tropical forests
- *Morse-Jones, Mourato & Atkinson (2007)*

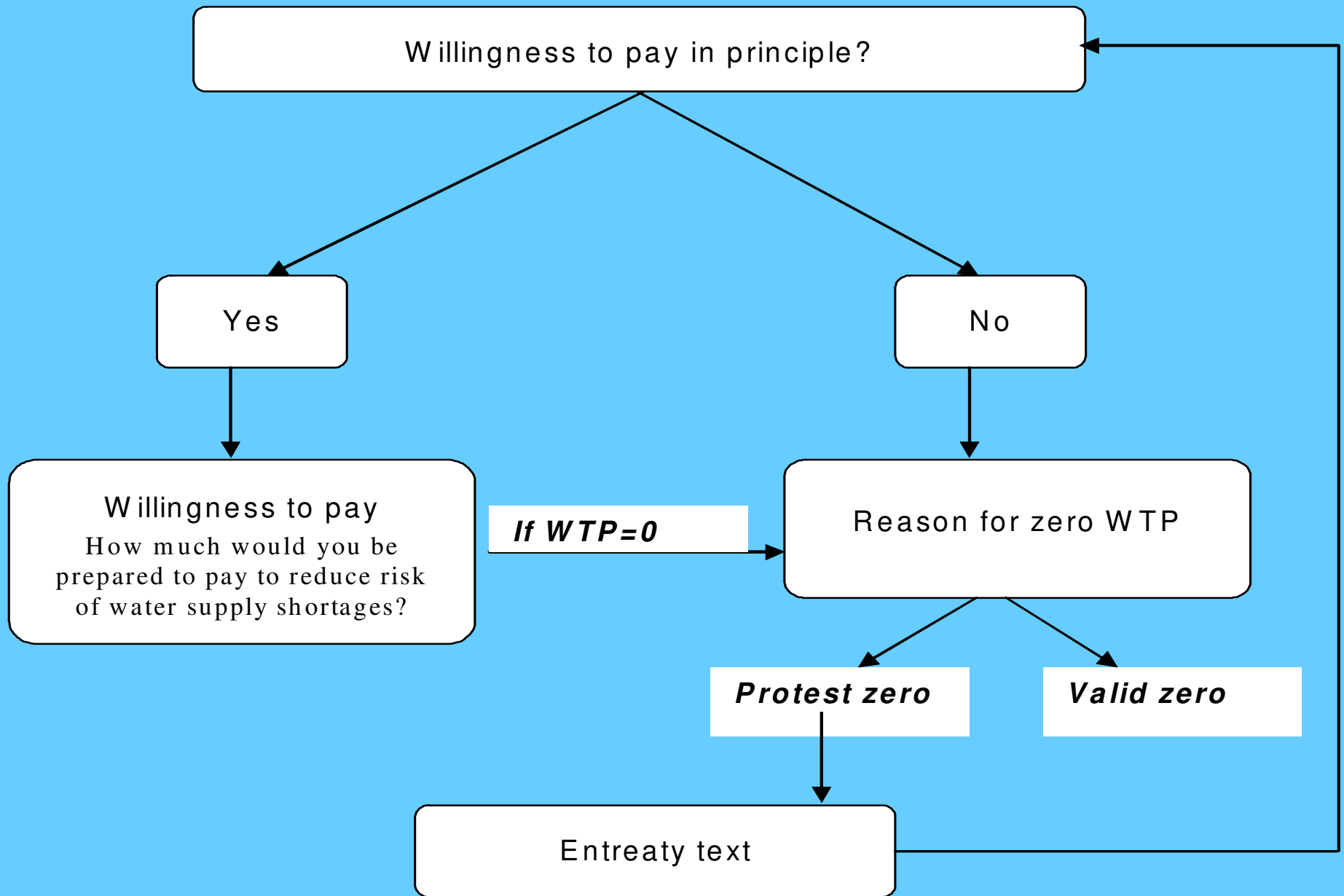
## ■ Experiment 2:

- Within sample, entreaty after WTP
- Respondents presented with entreaty text only if WTP response identified as protest zero
- WTP to reduce risks of interruption to water supply

# Study design (Experiment 2)

- **WTP to reduce risk of interruption to water supply**
  - Three levels of restriction: minor to severe
- **Payment vehicle & valuation scenario**
  - Water bills/ package of measures (reservoir)/ 12 year payment period & construction time
- **Population: households whose domestic water is supplied by Thames Water plc (much of London/ Oxford/ Swindon, etc)**
- **In-person interviews: 513 in London + 234 in SWOX (July/Aug 2007)**

**Figure 1. Structure of the Valuation Scenario and Entreaty Administration**



# The protest-correcting entreaty

In this study we have found other people such as yourself say that they would not be prepared to pay anything for reducing the risk of future water use restrictions. This is not because they don't care about this risk or cannot afford to contribute something to reduce it. Rather it is because these people think, for example, that the Government should pay or that they have lost trust in the water companies.

It is understandable that people sometimes feel like this. But it does mean unfortunately that it is not possible for us to tell whether or not such people think that reducing the risk of water use restrictions is important or not. For that, we need to know whether it really is worth anything at all to these people to reduce the chance of the water shortages – in other words, whether you believe you would be better off or not.

**So in answering this next question, please put aside any concerns you may have about water companies, how well regulated they are, or your opinion of the Government. Instead, please focus only on what it would be really worth to you and your household to reduce the risk of future water use restrictions. I know this is not an easy thing to do but it is really important for us to try to find out about the benefits of reducing these risks for everyone.**

# WTP in principle: Protests (25.5%) & reasons

	<b>NO (N=182)</b>	<b>DON'T KNOW</b>	<b>YES</b>
<b>I object to the proposed solution (reservoir)</b>	<b>17</b>	<b>1</b>	
<b>The water company should address leaky pipes first</b>	<b>33</b>	<b>1</b>	
<b>I object to paying higher water bills</b>	<b>61</b>	<b>1</b>	
<b>Water companies make enough profits as it is</b>	<b>28</b>	<b>1</b>	
<b>I object to water companies being privatised</b>	<b>3</b>		
<b>The water company should pay for this</b>	<b>9</b>		
<b>The water company is inefficient</b>	<b>16</b>	<b>1</b>	
<b>The government or council should pay for this</b>	<b>7</b>		
<b>I do not believe the risk reductions would actually happen</b>	<b>4</b>		
<b>I'd like to have more information before making a decision</b>	<b>4</b>	<b>1</b>	<b>1</b>

# Summary of WTP responses: Pre- and post- entreaty

	Pay in principle? (n=744)		WTP>0	WTP=0	
				Valid	Protest (n=189)
Pre-entreaty (25.5% protests)	YES	493	492	0	1
	DON'T KNOW	33	26	1	6
	NO	218	n.a.	36	182

## Post-entreaty: 17.5% protests

- 58 people out of 189 protesters changed their minds (31%)
- Of these 58 protesters, 52 changed to a 'yes' and 6 to a 'don't know'

# WTP responses: £/hh/yr

	Non-parametric	Parametric
	Mean	Mean
Without entreaty	25.3 (23.6-26.9)	30.0 (27.8-32.4)
<b>With entreaty</b>	25.0 (23.4-26.4)	29.2 (27.2-31.4)

**Sample: London + SWOX**

# Key findings

## ■ Experiment 1 (split-sample):

- WTP for distant biodiversity
- More protests to the WTP question (tax vehicle) than to in principle question
- Entreaty effective in significantly reducing protests
- No effect on positive WTP but reduction in valid zeros

## ■ Experiment 2 (within sample):

- WTP for local security of water supply
- More protests to in principle question than to WTP question (water bills)
- Entreaty effective in significantly reducing protests
- No effect on mean WTP

# Conclusions

- Corrective entreaties seem to be **effective in reducing protest zeros**:
  - Different goods
  - Different payment mechanisms
  - Different experimental designs (between and within samples; entreaty before/after WTP)
- Useful finding in contexts where protests are likely to occur
- Future research:
  - Can we further reduce protest rates using alternative entreaties?
  - Are entreaties effective in reducing other types of bias?



**Thank you!**