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# Sharing Behaviour

– Applying behavioural economics to sharing economy in cities.

What defines the behaviour of *Homo economicus*, seen from a sustainability perspective? And are there any interesting differences between Sweden and Spain? These are some of the things studied in the *Sharing Cities* project *Sharing Behaviour*, taking place in Lund and Seville.

“In a nutshell, the Sharing Behaviour project applies a behavioural economics approach to understand and analyse sustainable urban sharing economy initiatives,” says Professor Luis Mundaca, Professor at the International Institute for Industrial Environmental Economics at Lund University. He is the coordinator for this strategic project within the Sharing Cities Sweden program.





Luis Mundaca explains that the research area behavioural economics looks at rational choice theory and related assumptions about the Homo economicus from a broader perspective. It can, for example, study terms of bounded rationality and unclear preferences, and provide a more realistic understanding of human economic behaviour. As a result, this knowledge can generate more policy-relevant information.

“In this context, the project seeks to increase our knowledge about the cognitive, motivational and contextual factors affecting decision-making processes and choices in sustainable urban sharing initiatives,” he says. “It also aims to support policy makers with empirically-based information about the effects of behavioural-oriented measures that have the potential to advance sharing initiatives.”

Sharing Behaviour is a cooperation between the universities of Lund, Sweden, and Seville, Spain. Initially, the project addresses two segments: collaborative fashion consumption, and car sharing. Both segments are studied and possibilities for experiments in Sweden and Spain are explored. The research team is relatively small, but on the other hand a number of disciplines are represented, including behavioural economics, environmental economics, political science, policy evaluation and environmental management. As a whole, the project touches three different areas:

- To gain an understanding about collaborative fashion consumption and car sharing. This is done in different contexts and with consumers that may differ in terms of their socio-demographics and psychographics (e.g. attitudes, values, interests).
- To strengthen the researchers' expertise with policy experimentation in order to develop interventions that are capable of testing common behavioural interventions in both Sweden and Spain (e.g. via social norms). These should be flexible enough to capture the specificities of each country, as well as the features of potential adopters and sharing segments.

## “Lund and Seville researchers study behavioural economics in tight cooperation”

- To generate policy recommendations that are of interest for decision makers – both in Sweden and in Spain – who are seeking to advance sharing economy initiatives from a behavioural perspective.

An important aspect of the project is that it will address potential adopters. This is because one of its strategic elements is to focus on sharing initiatives with the potential for further market uptake.

In the project, so called behavioural interventions targeting the adoption of environmentally-friendly urban sharing initiatives will be tested and their effectiveness analysed. This research deals – in simple terms – with the structure and arrangement of decision-making situations that can affect the choices made by individuals.

Such behavioural interventions can take many forms. For example, “there is increasing attention to the role of social norms to promote pro-environmental behaviour”, explains Luis Mundaca. “Social norms can be broadly defined as formal or informal considerations that influence or govern the behavior of a group, community or even the society at large”.



### Factors influencing decision-making

Here are some examples of factors affecting decision-making processes of environmentally-friendly choices.

- **Heuristics ('rules of thumb')**: simplified or intuitive decision-making rules that individuals sometimes use; they may lead to immediate but suboptimal choices or incorrect outcomes.
- **Procrastination**: postponing something unnecessarily; it leads individuals to delayed decisions, failure to act in due time and/ or acceptance of the status quo, missing out on important opportunities.
- **Loss aversion**: the tendency of people to place a higher value on relative losses than gains; this means, for instance, that individuals can incorrectly perceive losses or risks associated with environmentally-friendly choices that outweigh their benefits, and – consequently – stick to the status quo.



Luis Mundaca is Professor at the International Institute for Industrial Environmental Economics at Lund University. He is an environmental economist who works in the fields of climate change, energy, resource efficiency, behavioural change and development. His research focuses on the assessment (ex-ante and ex-post) of policy interventions, including policy experimentation. Luis leads the Behavioural Insights Lab for Sustainable Energy Use and Rapid Decarbonisation.

Policy experiments can use descriptive norms that reflect the degree to which behaviour is perceived as collective. Alternatively, experiments can also deploy injunctive norms to denote the degree to which behaviour is supposed to be normally accepted or rejected. This means that a social norm can provide information or certain orientation to people to adjust their preferences and behavior because this is what most people do or should do. In our case, one wonders if social norms could also work to promote sustainable sharing initiatives?"



[www.sharingcities.se](http://www.sharingcities.se)

The lead partners include Lund University, KTH Royal Institute of Technology, City of Malmö, City of Umeå, and City of Göteborg. The program is carried out within Viable Cities, a Swedish Innovation Programme for smart sustainable cities, jointly funded by the Swedish Innovation Agency (VINNOVA), the Swedish Energy Agency and the Swedish Research Council for Environment, Agricultural Sciences and Spatial Planning (FORMAS).



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