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Abstract Title: Don't show me the money: Why not to choose financial messaging to influence your low-income customers

Abstract Text:

Utility marketing on low-income programs often focuses on financial gain and loss. Our research suggests that this strategy may fail when the program in question includes complex sign-up procedures or short-term cost for long-term gain. Behavioral economics and cognitive psychology literature suggests that financial scarcity causes individuals to exhibit "tunnel vision:" a redistribution of cognitive resources to focus on short-term financial decisions to the detriment of other decisions. Multiple studies, including surveys and experiments, suggest that money-focused energy efficiency messaging is less appealing and more stressful to low-income individuals compared to messaging focused on the non-monetary benefits of efficiency. Experimental evidence suggests that a redistribution of cognitive resources mediates this effect and its consequences for planning behavior. Specific recommendations for low-income program marketing, including examples from Opower, are discussed.