

# Understanding consumer decision-making

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# About Consumer Action

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# Overview

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1. Some principles of consumer behaviour
2. Consumers and energy contracts
  1. Fix it!
  2. 'Discounts of what'
  3. Exit fees
3. Regulating for fairness – beyond disclosure



# Principles of consumer behaviour

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- Behavioural economics: challenge to 'rational economic actor'
- Examples
  - Too much jam?
  - A bird in the hand...
  - The power of context & defaults
  - Irrational exuberance
  - Miscalculating probabilities

# “Fixed” energy contracts

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- Consumer Action & CUAC rule change to AEMC

**Fix it**  
**FIXED CONTRACT**  
**= FIXED PRICING**

# “Discounts of what”

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# Regulating for fairness

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- Murray Inquiry into financial system
  - *"mandated disclosure is not sufficient to allow consumers to make informed decisions"*
- Standardised products
  - Easier to compare?
- Need for an 'unfair trading prohibition'?
  - Prohibition on 'misleading omissions'?



# Questions

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