



You are cordially invited to

UCLouvain Economics Seminar

On Thursday March 2, 2017, from 12:45 to 14:00
Doyen 22, Place des Doyens, 1

Takeshi Murooka
(University of Munich)

Will give a presentation on

The Timing of Choice-Enhancing Policies

Abstract:

Recent studies investigate policies motivating consumers to make an active choice as a way to protect unsophisticated consumers. We analyze the optimal timing of such choice-enhancing policies when a firm can strategically react to them. In our model, a firm provides an automatic enrollment or renewal to consumers. We show that a conventional choice-enhancing policy, which decreases consumers' switching costs when they are initially enrolled, can be detrimental to consumer and social welfare. By contrast, an alternative policy that decreases consumers' switching costs when the firm charges a higher price for the service increases consumer and social welfare more robustly.

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