

# Sophisticated Consumers with Inertia: Evidence from a Large Scale Field Experiment

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## **Abstract**

Consumer inertia - the tendency to remain passive - is well-documented and predicts choices in many contexts. Yet little is known about consumers expectations of their future inertia. Even if consumers are inert, will they avoid products or contracts that exploit inertia? Due to lack of good data, the total effect of inertia (initial take-up plus long-run behavior), coupled with its source, has not been studied. We overcome these challenges with a large-scale field experiment spanning a total of 2M readers of a large European newspaper. We vary between subjects the terms of promotional contracts. Most importantly if a contract renews automatically or cancels by default after a promo period. We observe the take-up, long-term subscription up to two years, and usage of the entire experimental sample. We find evidence in support of “sophisticated inertia” - consumers are indeed inert but appear to be forward looking and account for future inertia, thus mitigating the effects of exploitative contracts.

**Keywords:** *Behavioral Economics; Consumer Inertia; Field Experiment*

**Track:** Consumer Behaviour