

# The Influence of Environmental Levies on Consumers Emotions and Product Preferences

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## **Abstract**

In this paper, we analyze how environmental levies influence consumers' emotions and their product preferences. We show how a mandatory tax and/or a more subtle type of instrument (i.e., pairing consumption with voluntary donations that account for the negative ecological effects of consumption) shifts consumers' choices towards environmentally friendly options (i.e. vegetarian dishes). We outlined under which conditions the type of levy and consumers' concern for the environment influences consumers' feeling of individual regret. We show that for consumers with low concern for the environment, having the opportunity to donate for the negative effects of their consumption choices significantly increases their feelings of regret. Consumers with low environmental concern, higher feelings of regret lead to an increased preference for the vegetarian option. Conversely, for consumers with high levels of concern, higher levels of regret decrease the preference for the vegetarian option.

**Keywords:** *Emotions; levies; environment*

**Track:** Consumer Behaviour