

Title: **Consumer Preferences for Coastal Restoration - Ecosystem Services and individualized Pricing in An Experimental Auction Market**

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Abstract: Increased demands on our coastal ecosystems, due to increased development, over-fishing and population growth are threatening many environmental goods and the amenities associated with these well functioning ecosystems. Few to no markets exist for ecosystem services, such as those provided by healthy sea grass beds or water quality benefits associated with clam habitats, yet consumer preferences can provide insight to managers and policymakers on how to prioritize limited funding and make trade-offs between coastal restoration priorities. While willingness-to-pay techniques have been used to estimate preferences on many environmental goods, this study goes a step further to explore real money auctions that generate revenues sufficient to pay for restoration activities, grounded in Lindahls marginal benefit theory for public goods. Empirical analysis focuses on public valuation for three specific types of ecosystem activities (sea grass restoration, bird habitat and shellfish restoration) in coastal Virginia. Data was collected using a field experiment employing an experimental auction approach and mechanisms to reduce free riding often seen in the experimental economics literature. Preliminary results suggest that individual participants do not have different relative values for specific ecosystem restoration activities, but value them equally on a per-unit basis. This result may be specific to the presentation used in this experiment or part of a broader trend indicating that consumers do not identify all the benefits accruing to them from a particular type of ecosystem restoration. Results also indicate that participants were making decisions consistent with theory while simultaneously generating adequate funds to provide the public goods.