

The Environmental Impact of Advertising Bans for Polluting Vehicles

Christoph Walsh and Jiekai Zhang

Abstract:

Advertising bans are increasingly being used as a policy tool to nudge consumers towards healthier and more sustainable products. We study this in the context of households' vehicle choices in France using rich data on sales and advertising at the demographic-group and product level from 2012-2021. We develop a structural model of demand and pricing of vehicles, allowing for heterogeneity in advertising exposure and advertising spillover effects within and across brands. We use the model to assess the environmental impacts of proposed vehicle advertising bans and compare its efficacy to the existing environmental feebate measures.