

**MAR 7588: Consumer Information Processing and Decision Making  
Spring 2010**

**Instructor:** Lyle Brenner                      Office: Bryan 207  
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**Class Meetings:** Tuesdays 2:00 – 5:00 PM in Bryan 201.

**Overview:**

We will review an assortment of topics related to consumer memory, inference, prediction, judgment, and decision making. These can be thought of as “higher-order,” more complex cognitive operations. The course does not purport to offer comprehensive coverage of these topics (of course). We will address literature residing within traditionally-defined boundaries of cognitive psychology, social psychology, judgment & decision making, and consumer behavior. The main prerequisite is that you should be comfortable reading and discussing original journal articles in the behavioral sciences.

**Evaluation:**

Your grade in this class will be based on one paper / research proposal, several short & easy quizzes/exercises, and class participation. The breakdown is as follows:

| Assignment          | Proportion of Grade |
|---------------------|---------------------|
| Paper               | 50%                 |
| Quizzes             | 25%                 |
| Class participation | 25%                 |
| TOTAL               | 100%                |

**Paper:**

For the paper, you will develop a viable research project related to one or more of the topics discussed in class. This paper will involve a reasonably thorough discussion of the existing literature, proposal of sensible predictions/hypotheses and their rationales, and a more detailed exposition of your proposed methods. This paper should be no more than 25 double-spaced pages in length.

**Quizzes:**

We will hold very short (5-10 minute) quizzes most weeks on the assigned reading material. These quizzes will ask fairly simple questions about the material, primarily to insure that students stay current in their reading.

**Class Participation:**

It is important that you prepare thoroughly for each class. You should come prepared to thoughtfully discuss each week's set of papers. Asking relevant, thoughtful questions is also considered an important component of class participation.

### **Approximate Schedule (subject to change as needed)**

#### **Week 1: January 5**

**Topic: Introduction, course format, etc.**

#### **Week 2: January 12**

**Topic: Comprehension, Inference, Reasoning**

- Gilbert (1991). How mental systems believe, *American Psychologist*, 46, 107-119.
- Capon and Kuhn (1982). Can consumers calculate best buys? *Journal of Consumer Research*, 8, 449-453.
- Nisbett, Zukier, and Lemley (1981). The dilution effect: Nondiagnostic information weakens the implications of diagnostic information, *Cognitive Psychology*, 13, 248-277.
- Kunda, Z. (1990). The case for motivated reasoning, *Psychological Bulletin*, 108, 480-498.

#### **Week 3: January 19**

**Topic: Search, Learning, Memory**

- Johnson and Russo (1984). Product familiarity and learning new information, *Journal of Consumer Research*, 11, 542-550.
- Bastardi and Shafir (1998). On the pursuit and misuse of useless information, *Journal of Personality and Social Psychology*, 75, 19-32.
- Schacter (1999). The seven sins of memory: Insights from psychology and cognitive neuroscience, *American Psychologist*, 54, 182-203.
- Dickson and Sawyer (1990). The price knowledge and search of supermarket shoppers, *Journal of Marketing*, 54, 42-53

More:

- Johnson et al. (2004). On the depth and dynamics of online search behavior, *Management Science*, 50, 299-308.
- Hastie and Park (1986). The relationship between memory and judgment depends on whether the judgment task is memory-based or on-line, *Psychological Review*, 93, 258-268.
- Mather, Shafir, Johnson (2003). Misremembrance of options past: source monitoring and choice. *Psychological Science*, 11, 132-138.

#### **Week 4: January 26**

**Topic: Hypothesis Generation and Testing**

- Klayman, J., & Ha, Y.-W. (1987). Confirmation, disconfirmation, and information in hypothesis testing. *Psychological Review*, 94, 211-228.
- Darley and Gross (1983). A hypothesis-confirming bias in labeling effects, *Journal of Personality and Social Psychology*, 44, 20-33.
- Deighton (1984). The interaction of advertising and evidence. *Journal of Consumer Research*, 11, 763-770.
- Dawson, Gilovich, Regan (2002). Motivated reasoning and performance on the Wason selection task. *PSPB*, 28, 1379-1387

More:

- Nickerson, R. S. (1998). Confirmation bias: A ubiquitous phenomenon in many guises. *Review of General Psychology*, 2, 175-220.
- Hoch (2002). Product experience is seductive. *Journal of Consumer Research*, 29, 448-454.
- Wason, P. C. (1960). On the failure to eliminate hypotheses in a conceptual task. *Quarterly Journal of Experimental Psychology*, 12, 129-140.

**Week 5: February 2****Topic: Awareness & Implicit Associations**

- Bargh and Chartrand (1999). The unbearable automaticity of being, *American Psychologist*, 54, 462-479.
- Greenwald, A. G., McGhee, D. E., & Schwartz, J. L. K. (1998). Measuring individual differences in implicit cognition: The implicit association test. *Journal of Personality and Social Psychology*, 74, 1464-1480.
- Arkes & Tetlock (2004). Attributions of implicit prejudice or Would Jesse Jackson 'fail' the Implicit Association Test? *Psychological Inquiry*, 15, 257-278.
  - and commentaries and responses

More:

- Brunel, Tietje & Greenwald (2004). Is the implicit association test a valid and valuable measure of implicit consumer social cognition? *Journal of Consumer Psychology*, 14, 385-404.

**Week 6: February 9****Topic: Introspection, unconscious thought**

- Nisbett and Wilson (1977). Telling more than we can know: verbal reports on mental processes. *Psychological Review*, 84, 231-259.
- Wilson and Schooler (1991). Thinking too much: Introspection can reduce the quality of preferences and decisions. *Journal of Personality and Social Psychology*, 60, 181-192.
- Dijksterhuis (2004). Think different: The merits of unconscious thought in preference development and decision making, *Journal of Personality and Social Psychology*, 87, 586-598.
- Dijksterhuis et al. (2005). The unconscious consumer: Effects of environment on consumer behavior. *Journal of Consumer Psychology*, 15, 193-202.

**Week 7: February 16****Topic: Prediction / Heuristics & Biases I**

- Dawes, Faust, Meehl (1989). Clinical versus actuarial judgment. *Science*, 243, 1668-1673. (Chapter 40 in GKG2002)
- Tversky, A., & Kahneman, D. (1982). Judgment under uncertainty: Heuristics and biases. In D. Kahneman, P. Slovic, & A. Tversky (Eds.). *Judgment under uncertainty: Heuristics and biases* (pp. 3-20). Cambridge: Cambridge University Press. (Originally in *Science*, 1974, 185, 1124-1131.)
- Gilovich, T., & Griffin, D. (2002). Heuristics and biases: Then and now. (Introduction in GKG2002)
- Slovic, P., Finucane, M., Peters, E., & MacGregor, D. G. (2002). The affect heuristic. (Chapter 23 in GKG2002)
- Buehler, Griffin, Ross (1994). Exploring the planning fallacy: Why people underestimate their task completion times. *Journal of Personality & Social Psychology*, 67, 366-381.

More:

- Tversky, A., & Kahneman, D. (1983). Extensional versus intuitive reasoning: The conjunction fallacy in probability judgment. *Psychological Review*, 90, 293-315. (Chapter 1 in GKG2002)
- Alba & Hutchinson (2000) Knowledge calibration: What consumers know and what they think they know. *Journal of Consumer Research*, 27, 123-156.

**Week 8: February 23****Topic: Heuristics & Biases II: Debates**

- Gigerenzer, G. (1991). How to make cognitive illusions disappear: Beyond heuristics and biases. *European Review of Social Psychology*, 2, 83-115.
- Kahneman, D., & Tversky, A. (1996). On the reality of cognitive illusions. *Psychological Review*, 103, 582-591.
- Gigerenzer, G. (1996). On narrow norms and vague heuristics: A reply to Kahneman and Tversky. *Psychological Review*, 103, 592-596.
- Funder, D. C. (1987). Errors and mistakes: Evaluating the accuracy of social judgment. *Psychological Bulletin*, 101, 75-90.
- Kahneman & Klein (2009). Conditions for intuitive expertise: A failure to disagree. *American Psychologist*, 64, 515-526.

**Week 9: March 2****Topic: Dual systems, Substitution**

- Kahneman, D. & Frederick, S. (2002). Representativeness revisited: Attribute substitution in intuitive judgment. (Chapter 2 in GGK2002)
- Sloman (1996). The empirical case for two systems of reasoning, *Psychological Bulletin*, 119, 3-22.
- Kahneman (2003). A perspective on judgment and choice: Mapping bounded rationality, *American Psychologist*, 58, 697-720.
- Hsee et al. (2003). Medium maximization, *JCR*, 30, 1-14.

More:

- Strack & Deutsch (2004). Reflective and impulsive determinants of social behavior, *Personality and Social Psychology Review*, 8, 220-247.

**Week 11: March 16****Topic: Affective Forecasting**

- Wilson & Gilbert (2003). Affective forecasting. *Advances in Experimental Social Psychology* (Berkowitz & Zanna, eds.)
- Kermer et al. (2006). Loss aversion is an affective forecasting error, *Psychological Science*, 17.
- Gilbert, Gill & Wilson (2002). The future is now: Temporal correction in affective forecasting, *OBHDP*, 88, 430-444.
- Kahneman & Thaler (2006). Anomalies: Utility maximization and experienced utility, *Journal of Economic Perspectives*, 20, 221-234.

More:

- Wilson & Gilbert (2005). Affective forecasting: Knowing what to want, *Current Directions in Psychological Science*, 14, 131-134.
- Hsee & Hastie (2005). Decision and experience: why don't we choose what makes us happy? *Trends in Cognitive Sciences*, 10, 31-37.
- Hsee & Zhang (2004). Distinction bias: Misprediction and mischoice due to joint evaluation. *JPSP*, 86, 680-695.

**Week 12: March 23****Topic: Answering questions; anchoring**

- Schkade & Kahneman (1998). Does living in California make people happy? A focusing illusion in judgments of life satisfaction, *Psychological Science*, 9, 340-346.
- Schwarz (1999). Self-Reports: How the questions shape the answers, *American Psychologist*, 54, 93-103.
- Epley & Gilovich (2001). Putting adjustment back in the anchoring and adjustment heuristic: Differential processing of self-generated and experimenter-provided anchors, *Psychological Science*, 12, 391-396.
- Strack & Mussweiler (1997). Explaining the enigmatic anchoring effect: Mechanisms of selective accessibility, *JPSP*, 73, 437-446.

More:

- Feldman & Lynch (1988). Self-generated validity and other effects of measurement on belief, attitude, intention, and behavior, *Journal of Applied Psychology*, 73, 421-435.

**Week 13: March 30****Topic: Choice I**

- Tversky & Kahneman (1986). Rational choice and the framing of decisions, *Journal of Business*, 59, S251-278. (Chapter 12 in KT2000)
- Slovic (1991). The construction of preference, *American Psychologist*, 50, 364-371. (Chapter 27 in KT2000).
- Kahneman, Knetsch, and Thaler (1991). The endowment effect, loss aversion, and the status quo bias, *Journal of Economic Perspectives*, 5, 193-206. (Chapter 8 in KT2000).
- Schwartz et al. (2002). Maximizing versus satisficing: Happiness is a matter of choice, *JPSP*, 83, 1178-1197.

More:

- Samuelson and Zeckhauser (1988). Status quo bias in decision making, *Journal of Risk and Uncertainty*, 1, 7-59.
- Tversky and Shafir (1992). Choice under conflict: The dynamics of deferred decision, *Psychological Science*, 3, 358-361
- Iyengar & Lepper (2000). When choice is demotivating: Can one desire too much of a good thing? *Journal of Personality and Social Psychology*, 79, 995-1006.

**Week 14: April 6****Topic: Choice II**

- Kahneman & Tversky (1984). Choices, values, and frames, *American Psychologist*, 39, 341-350.
- Hsee (1996). The evaluability hypothesis: An explanation for preference reversals between joint and separate evaluations of alternatives. *OBHDP*, 67(3). p 247-257 (Chapter 31 in KT2000)
- Shafir, E., Simonson, I., & Tversky, A. (1993). Reason-based choice. *Cognition*, 49, 11-36. (Chapter 34 in KT2000)
- Hsee & Leclerc (1998). Will products look more attractive when presented separately or together, *JCR*, 25, 175-186.

More:

- Tversky, Sattath & Slovic (1988). Contingent weighting in judgment and choice, *Psych Review*, 95, 371-384. (Chapter 28 in KT2000)
- Huber, Payne & Puto (1982). Adding asymmetrically dominated alternatives: Violations of regularity and the similarity hypothesis. *JCR*, 9, 90-98.

- Simonson & Tversky (1992). Choice in context: Tradeoff contrast and extremeness aversion, *JMR*, 29, 281-295.
- Dhar (1997). Consumer preference for a no choice option. *Journal of Consumer Research*, 24, 215-231.

### **Week 15: April 13**

### **Topic: Post-choice & Time**

- Baron and Hershey (1988). Outcome bias in decision evaluation. *Journal of Personality and Social Psychology*, 54, 569-579.
- Kahneman, Frederickson, Schreiber, Redelmeier (1993). When more pain is preferred to less: Adding a better end. *Psychological Science*, 4, 401-405
- Loewenstein, G. & Thaler, R. (1989). Anomalies: Intertemporal choice. *Journal of Economic Perspectives*, 3, 181-193.
- Trope & Liberman (2003). Temporal construal. *Psychological Review*, 110, 403-421.

More:

- Hoch and Loewenstein (1989). Outcome feedback: Hindsight and information. *Journal of Experimental Psychology: Learning, Memory, and Cognition*, 15, 605-619
- Frederickson & Kahneman (1993). Duration neglect in retrospective evaluations of affective episodes. *Journal of Personality & Social Psychology*, 65, 45-55

### **Week 16: April 20**

### **Topic: Mental Accounting**

- Thaler, R. H. (1985). Mental accounting and consumer choice, *Marketing Science*, 4, 199-214.
- Thaler, R. H. (1999). Mental accounting matters, *Journal of Behavioral Decision Making*, 12, 183-206. (Chapter 14 in KT2000).
- Heath & Soll (1996). Mental budgeting and consumer decisions, *Journal of Consumer Research*, 23, 40-52.
- Thaler & Johnson (1990). Gambling with the house money and trying to break even: The effects of prior outcomes on risky choice, *Management Science*, 36, 643-660.

More:

- Thaler, R. H. (1980). Towards a positive theory of consumer choice, *Journal of Economic Behavior and Organization*, 1, 39-60. (Chapter 15 in KT2000).

Collections (where many of the JDM readings can be found)

- Kahneman, D., & Tversky, A. (eds.). (2000). *Choices, Values, and Frames*. Cambridge: Cambridge University Press. (KT2000)
- Gilovich, T., Griffin, D. & Kahneman, D. (eds.) (2002). *Heuristics and Biases: The Psychology of Intuitive Judgment*. Cambridge: Cambridge University Press. (GGK2002)