

MAR 7588: Consumer Information Processing and Decision Making Spring 2018

Instructor: Lyle Brenner Office: Stuzin 267E
 Phone: 392-273-3272 E-mail: lyle.brenner@warrington.ufl.edu
 Website: <http://bear.warrington.ufl.edu/brenner/mar7588/>
 Website: Access thru E-learning, start at <http://elearning.ufl.edu>

Class Meetings: Tuesdays 12:50 – 3:50 PM (Periods 6-8) in Stuzin 267G.

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 & straightforward 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 (hopefully 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 7500 words in length. The paper is due on the last day of class (April 24).

Quizzes:

We will hold very short (~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. *You may submit suggested questions for the quizzes (and/or for general class discussion) by 5pm on the Mondays before each class.*

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 9

Topic: Introduction, course format, etc.

- Excerpts from Abelson (1995). *Statistics as Principled Argument*

Week 2: January 16

Topic: Belief

- Gilbert (1991). How mental systems believe, *American Psychologist*, 46, 107-119.
- Hasher et al (1977). Frequency and the Conference of Referential Validity, *JVVB*, 107-112. <http://www.sciencedirect.com/science/article/pii/S0022537177800121>
- Skurnik, I., Yoon, C., Park, D. C., & Schwarz, N. (2005). How warnings about false claims become recommendations. *Journal of Consumer Research*, 31(4), 713-724.
- Fazio, L. K., Brashier, N. M., Payne, B. K., & Marsh, E. J. (2015). Knowledge does not protect against illusory truth. *Journal of Experimental Psychology: General*, 144(5), 993-1002.

More:

- Pennycook et al (2017): Implausibility and Illusory Truth: Prior Exposure Increases Perceived Accuracy of Fake News but Has No Effect on Entirely Implausible Statements. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2958246

Week 3: January 23

Topic: Hypothesis Generation and Testing

- Wason, P. C. (1960). On the failure to eliminate hypotheses in a conceptual task. *Quarterly Journal of Experimental Psychology*, 12, 129-140.
- 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
- Klayman, J., & Ha, Y.-W. (1987). Confirmation, disconfirmation, and information in hypothesis testing. *Psychological Review*, 94, 211-228.

Week 4: January 30

Topic: Implicit Associations

- 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
- Oswald, F. L., Mitchell, G., Blanton, H., Jaccard, J., & Tetlock, P. E. (2013). Predicting ethnic and racial discrimination: A meta-analysis of IAT criterion studies. *Journal of Personality and Social Psychology*, 105, 171-192. <http://dx.doi.org/10.1037/a0032734>
- Greenwald, A. G., Banaji, M. R., & Nosek, B. A. (2015). Statistically small effects of the Implicit Association Test can have societally large effects. *Journal of Personality and Social Psychology*, 108, 553-561. <http://dx.doi.org/10.1037/pspa0000016>

Week 5: February 6

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.
- Payne, J. W., Samper, A., Bettman, J. R., & Luce, M. F. (2008). Boundary conditions on unconscious thought in complex decision making. *Psychological Science*, 19(11), 1118-1123.

Week 6: February 13**Topic: Prediction / Heuristics & Biases I**

- Dawes, Faust, Meehl (1989). Clinical versus actuarial judgment. *Science*, 243, 1668-1673. (Chapter 40 in GGK2002)
- 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 GGK2002)
- Slovic, P., Finucane, M., Peters, E., & MacGregor, D. G. (2002). The affect heuristic. (Chapter 23 in GGK2002)

More:

- Buehler, Griffin, Ross (1994). Exploring the planning fallacy: Why people underestimate their task completion times. *Journal of Personality & Social Psychology*, 67, 366-381.

Week 7: February 20**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.
- Kahneman & Klein (2009). Conditions for intuitive expertise: A failure to disagree. *American Psychologist*, 64, 515-526.

More:

- Funder, D. C. (1987). Errors and mistakes: Evaluating the accuracy of social judgment. *Psychological Bulletin*, 101, 75-90.

Week 8: February 27**Topic: Dual systems, Substitution**

- Kahneman, D. & Frederick, S. (2002). Representativeness revisited: Attribute substitution in intuitive judgment. (Chapter 2 in GGK2002)
- 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.
- Frederick, S. (2005). Cognitive reflection and decision making, *JEconPerspectives*, 25-42. <http://www.jstor.org/stable/pdf/4134953.pdf>

More:

- Sloman (1996). The empirical case for two systems of reasoning. *Psychological Bulletin*, 119(1), p 3-22 (Chapter 22 in GGK2002)

Week 9: March 6**no class -- SPRING BREAK****Week 10: March 13****Topic: Confidence and Probability Judgment**

- Bar Hillel (1980) The base-rate fallacy in probability judgments, *Acta Psychologica*, 44, 211-233. <http://www.sciencedirect.com/science/article/pii/0001691880900463>
- Kahneman, D. & Lovallo, D. (1993). Timid choices and bold forecasts: A cognitive perspective on risk-taking. *Management Science*, 39, 17-31. (Chapter 22 in KT2000)
- Griffin, D., & Tversky, A. (1992). The weighing of evidence and the determinants of confidence. *Cognitive Psychology*, 24(3), 411-435.
- Koehler, Brenner, Griffin (2002). Calibration of expert judgment: Heuristics and biases beyond the laboratory. (Chapter 39 in GKG2002)
- Fernbach, P. M., Sloman, S. A., Louis, R. S., & Shube, J. N. (2012). Explanation fiends and foes: How mechanistic detail determines understanding and preference. *Journal of Consumer Research*, 39(5), 1115-1131.

Week 11: March 20

Topic: Framing and reference-dependence

- Thaler (1980). Toward a positive theory of consumer choice. *JEBO*, 1, 39-60.
- Kahneman, D., Knetsch, J. & Thaler, R. (1991). Anomalies: The endowment effect, loss aversion, and the status quo bias. *Journal of Economic Perspectives*, 5(1), 193-206. (Chapter 8 in KT2000)
- Weaver, R., & Frederick, S. (2012). A reference price theory of the endowment effect. *Journal of Marketing Research*, 49(5), 696-707.
- Tversky & Kahneman (1991). Loss aversion in riskless choice: A reference dependent model. *Quarterly Journal of Economics*, 106(4), 1039-1061. (Chapter 7 in KT2000)

More:

- Chapman, G. (1998) Similarity and reluctance to trade. *Journal of Behavioral Decision Making*, 11, 47-58.

Week 12: March 27

Topic: Framing & Construction of Preference

- Tversky & Kahneman (1986). Rational choice and the framing of decisions, *Journal of Business*, 59, S251-278. (Chapter 12 in KT2000)
- Slovic (1995). The construction of preference, *American Psychologist*, 50, 364-371. (Chapter 27 in KT2000).
- Shafir, E., Simonson, I., & Tversky, A. (1993). Reason-based choice. *Cognition*, 49, 11-36. (Chapter 34 in KT2000)
- Hsee, C. K., Yang, Y., Li, N., & Shen, L. (2009). Wealth, warmth, and well-being: Whether happiness is relative or absolute depends on whether it is about money, acquisition, or consumption. *Journal of Marketing Research*, 46(3), 396-409.
- Simonson, I. (2008). Will I like a 'medium' pillow? Another look at constructed and inherent preferences, *JCP*, 18(3), 155-169.
- Bettman, J. R., Luce, M. F., & Payne, J. W. (2008). Preference construction and preference stability: Putting the pillow to rest. *Journal of Consumer Psychology*, 18(3), 170-174.

More:

- Tu, Y., & Hsee, C. K. (2016). Consumer happiness derived from inherent preferences versus learned preferences. *Current Opinion in Psychology*, 10, 83-88.

Week 13: April 3

Topic: Affective Forecasting

- Hsee & Hastie (2005). Decision and experience: why don't we choose what makes us happy? *Trends in Cognitive Sciences*, 10, 31-37.
- Kermer et al. (2006). Loss aversion is an affective forecasting error, *Psychological Science*, 17, 649-653.

- Gilbert, Gill & Wilson (2002). The future is now: Temporal correction in affective forecasting, *OBHDP*, 88, 430-444.
- Hsee & Zhang (2004). Distinction bias: Misprediction and mischoice due to joint evaluation. *JPSP*, 86, 680-695.

More:

- Kahneman & Thaler (2006). Anomalies: Utility maximization and experienced utility, *Journal of Economic Perspectives*, 20, 221-234.
- Hsee, C. K. (1999). Value seeking and prediction-decision inconsistency: Why don't people take what they predict they'll like the most? *Psychonomic Bulletin & Review*, 6(4), 555-561.

Week 14: April 10

Topic: Comparisons/Conflict/Context Effects

- 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.
- Scheibehenne, B., Greifeneder, R., & Todd, P. (2010). Can there ever be too many options? A meta-analytic review of choice overload. *Journal of Consumer Research*, 37, 409-424.
- Hsee & Leclerc (1998). Will products look more attractive when presented separately or together, *JCR*, 25, 175-186.

More:

- Schwartz et al. (2002). Maximizing versus satisficing: Happiness is a matter of choice, *JPSP*, 83, 1178-1197.
- Huber, Payne & Puto (1982). Adding asymmetrically dominated alternatives: Violations of regularity and the similarity hypothesis. *JCR*, 9, 90-98.

Week 15: April 17

Topic: Mental Accounting, Opportunity Costs

- Thaler, R. H. (1999). Mental accounting matters, *Journal of Behavioral Decision Making*, 12, 183-206. (Chapter 14 in KT2000).
- Frederick et al (2009). Opportunity cost neglect, *Journal of Consumer Research*, 36, 553-561.
- Spiller (2011). Opportunity cost consideration, *Journal of Consumer Research*, 38, 595-610.
- Shah, A. K., Mullainathan, S., & Shafir, E. (2012). Some consequences of having too little. *Science*, 338(6107), 682-685.
- Shah, A. K., Shafir, E., & Mullainathan, S. (2015). Scarcity frames value. *Psychological Science*, 26(4), 402-412.

More:

- Lynch, Spiller, Zauberman
- 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.

Week 16: April 24

Discussion of Research Proposals

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)

Some notes on reading and evaluating behavioral research
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Different papers have different approaches and goals, so not all of the considerations below will necessarily apply. But here are some questions to ponder when reading an empirically-focused research paper.

1. *Overall*: What is/are the overall point(s) of the paper? Is the topic interesting? If so, to whom would it be of most interest? What conclusion(s) do the authors want you to take away? Are they successful in supporting those conclusions with data and/or logical argument? How might you summarize the paper's main point in a few simple sentences?
2. *Introduction*: What earlier concepts/literature does the paper draw on? Does the paper accurately describe and characterize these concepts? Are important concepts or perspectives omitted?
3. *Hypotheses/Predictions*: Does the paper propose/test a particular hypothesis? Or perhaps pit multiple hypotheses against each other? Are any proposed hypotheses well-motivated by previous work and/or by intuition/argument/logic? Is the paper more broadly exploratory – investigating an interesting domain without a well-defined set of hypotheses or predictions?
4. *Methods*: Are the methods used appropriate for the paper's goals? What other methods might be incrementally useful, or even superior? How would you alter the research design and what do you think would result? Are the tasks used in the studies representative of or similar to “real life” tasks, or are they very artificial or bizarre? Try imagining yourself as a participant completing these tasks – how might you react to them?
5. *Results/Analysis*: Do the authors fairly and accurately describe their data? Are appropriate descriptive and analytic methods used? Are hypothesis tests overemphasized to the detriment of conveying the main patterns in the data? Are there notable patterns in the data that the authors ignore or do not discuss sufficiently?
6. *Conclusions*: Are the paper's conclusions justified by the results? Are they meaningful? Under what conditions do you think they hold? Are they likely to generalize broadly?