



BACKGROUND

- Traditional (e.g., microeconomic) views have presumed that the values or utilities people attach to various entities are fixed.
- More recent research suggests that value depends on many conditions inherent in the context and is constructed on the spot, per existing conditions and demands (Slovic, 1995).
- We propose that values frustrated (i.e., unsatisfied) in prior tradeoff decisions are another important, predictable basis for the values that affect current decisions.

PRIMARY HYPOTHESIS

- Recalling prior tradeoff activates frustrated value, causing increased preferences for options superior on attributes similar to the frustrated value

Recall Frustrated A

Recalling (A_1^-, B_1^+) \rightarrow
 $(A_2^+, B_2^-) > (A_2^-, B_2^+)$

Recall Frustrated B

Recalling (A_1^+, B_1^-) \rightarrow
 $(A_2^-, B_2^+) > (A_2^+, B_2^-)$

METHODS

Common Experimental Procedures

Recalled past tradeoff followed by subsequent choice with similar attributes in alternate domain

- Recall tradeoffs**, b/w subjects, context varies
 - A- Write about situation with attribute A-
 - B- Write about situation with attribute B-
 - Control Write about situation w/o instruction
 - Subsequent choice** between
 - Option w/ A+ Superior on attribute A
 - Option w/ B+ Superior on attribute B
- Subsequent choice in alternate context from (1)
Includes 1-2 filler attributes (not shown for space)

Analysis Estimated choice w/ logistic regression

Goal What factors cause cause constructed values to carry over to future, unrelated decisions?

REFERENCES

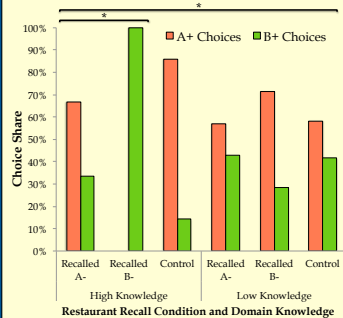
- Bettman, J. R., Luce, M. F., & Payne, J. W. (1998). Constructive consumer choice processes. *Journal of Consumer Research*, 25(3), 187-217.
- Novemsky, N., Dhar, R., Schwarz, N., & Simonson, I. (2007). Preference fluency in choice. *Journal of Marketing Research*, 347-356.
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RESULTS

Recall Task, Restaurant Experience		
	Recall A-	Recall B-
A. Quality	Low quality	High quality
B. Speed	Fast	Slow

Secondary Choice, Cameras	
Camera w/ A+	Camera w/ B+
Traditional lens, 5 megapixels	Crystal View lens, 12 megapixels
Hummingbird shutter, 1/1000 sec	Williamson shutter, 1/250 sec

* $p < .05$

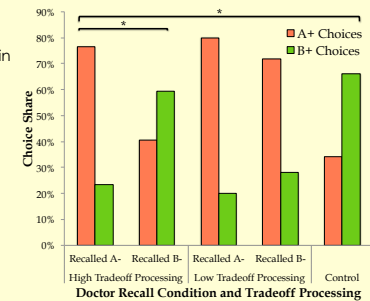


- Find carryover effect occurs in **high knowledge subjects only**, i.e., experts
- Due to higher tradeoff processing (as in Bettman, Payne, & Luce, 1998)?
- Followed-up on in Study 2

Recall Task, Doctor's Visit		
	Recall A-	Recall B-
A. Quality	Low quality	High quality
B. Speed	Fast wait time	Slow wait time

Subsequent Choice, Trains	
Train w/ A+	Train w/ B+
Cleaned every trip	Cleaned every 4 trips
3.5 star dining car	No food available
4 hours, Ann Arbor to Chicago	5 hours, Ann Arbor to Chicago

- Manipulated tradeoff processing via fluency (Novemsky et al., 2007)
- Carryover effect occurs in **high tradeoff processing** subjects only

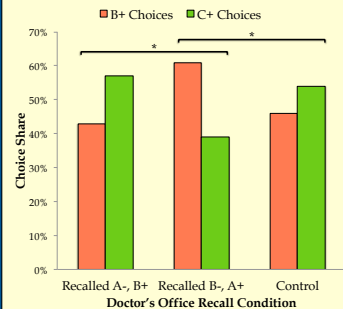


Study 1:
Decision Difficulty

Study 2:
Tradeoff Processing

Study 3:
Deprivation or Satiation

Study 4:
Financial Implications



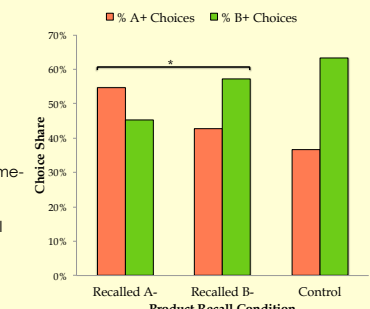
- Removed A from choice
- If deprivation, B- \rightarrow $(C^-, B^+) > (C^+, B^-)$
- If satiation, B+ \rightarrow $(C^+, B^-) > (C^-, B^+)$
- Find evidence for **deprivation**

Recall Task, Doctor's Visit		
	Recall A-	Recall B-
A. Social	Unfriendly	Friendly
B. Speed	Fast wait time	Slow wait time
C. Office	{Not part of recall task}	

Secondary Choice, Trains	
Job w/ C+	Job w/ B+
Professional social bonds w/ coworkers	Professional social bonds w/ coworkers
Long commute w/ heavy traffic	Short commute w/ light traffic
Large, private offices w/ courtyard window	Small, noisy cubicles w/o windows

Recall Task, Product Purchase		
	Recall A-	Recall B-
A. Cost	High cost	Low cost
B. Immediacy	Purchased right away	Thought before buying, over multiple trips

Secondary Choice, Investment	
Bond w/ A+	Stock w/ B+
High probability of making small amount of \$	Low probability of making a high amount of \$
Unavailable from broker; pages of paperwork	Available from broker, immediate, easy purchase.



CONCLUSIONS

- Prior tradeoffs are a major contributor to current values
- Due to a deprivation of values, not satiation.
- This is especially true with experts (high knowledge subjects) as well as when people process tradeoffs more deeply.
- Can even change people's investment decisions.