

Would You Use a South-Pointing Compass?

Consumers Underestimate the Informativeness of Systematic Errors and Disagreement

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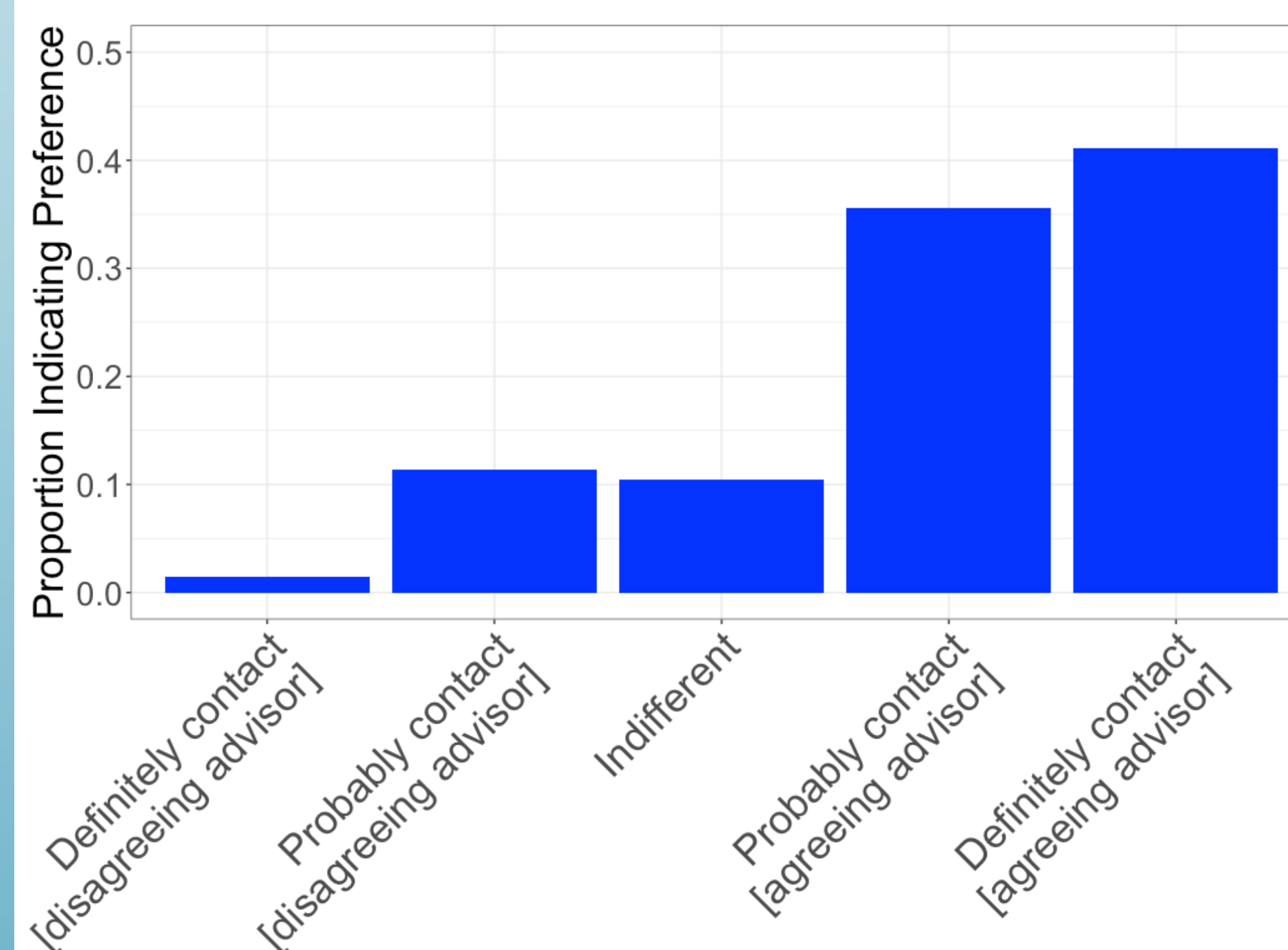
Abstract

- Consumers often look to information from others (advice) when making decisions (e.g., Hofmann et al., 2009). Advisor preferences are informative if they strongly correlate – positively or negatively – with your own. If you and your friend always disagree on movies, you can expect to like what they dislike and vice versa. You can “bet against” their preferences.
- We find consumers undervalue such systematic disagreement. They show this undervaluation in choices and ratings of advisors, in joint and separate evaluation, and with and without monetary incentives.
- We observe the effect in both subjective-outcome domains (e.g., movie recommendations) and objective-outcome domains (forecasting), rendering primarily social explanations unlikely. We also show that a belief that disagreement is inherently less informative than agreement does not underlie the effect.
- We ultimately find evidence that it may arise from use of a positive test strategy (Klayman & Ha, 1987).

Political Advice

N=203 (MTurk) aspredicted: LRH_FJJ

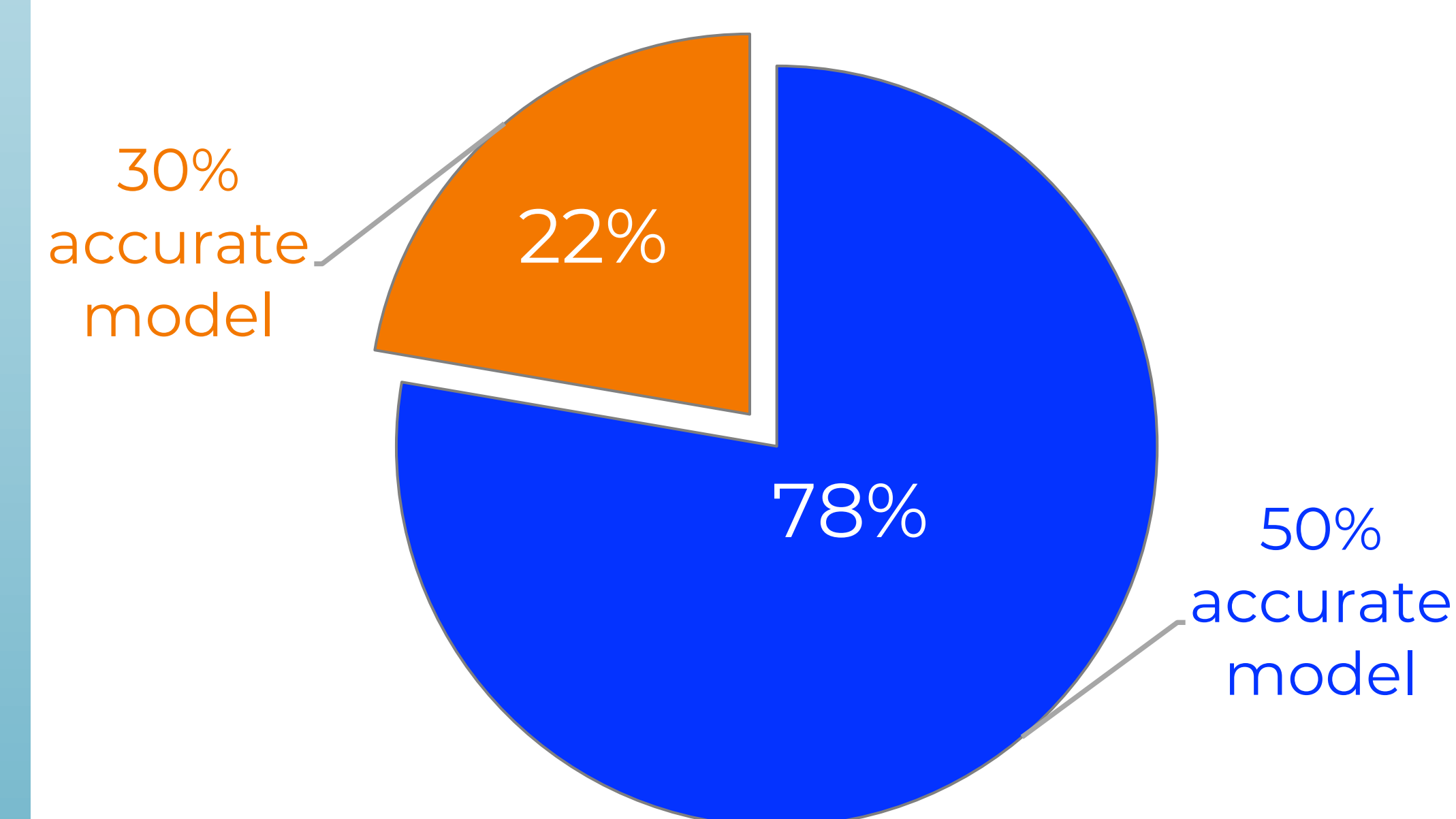
- P's rated agreement with a series of political statements.
- We generated weakly agreeing & strongly disagreeing advisors.
- DV: Who to contact for opinion on new ballot measure?
- **Key Result:** Preference against systematic disagreement, $t(201)=13.97, p<.001$



Sports Betting Advice

N=278 (MTurk) aspredicted: Q3X_VTI

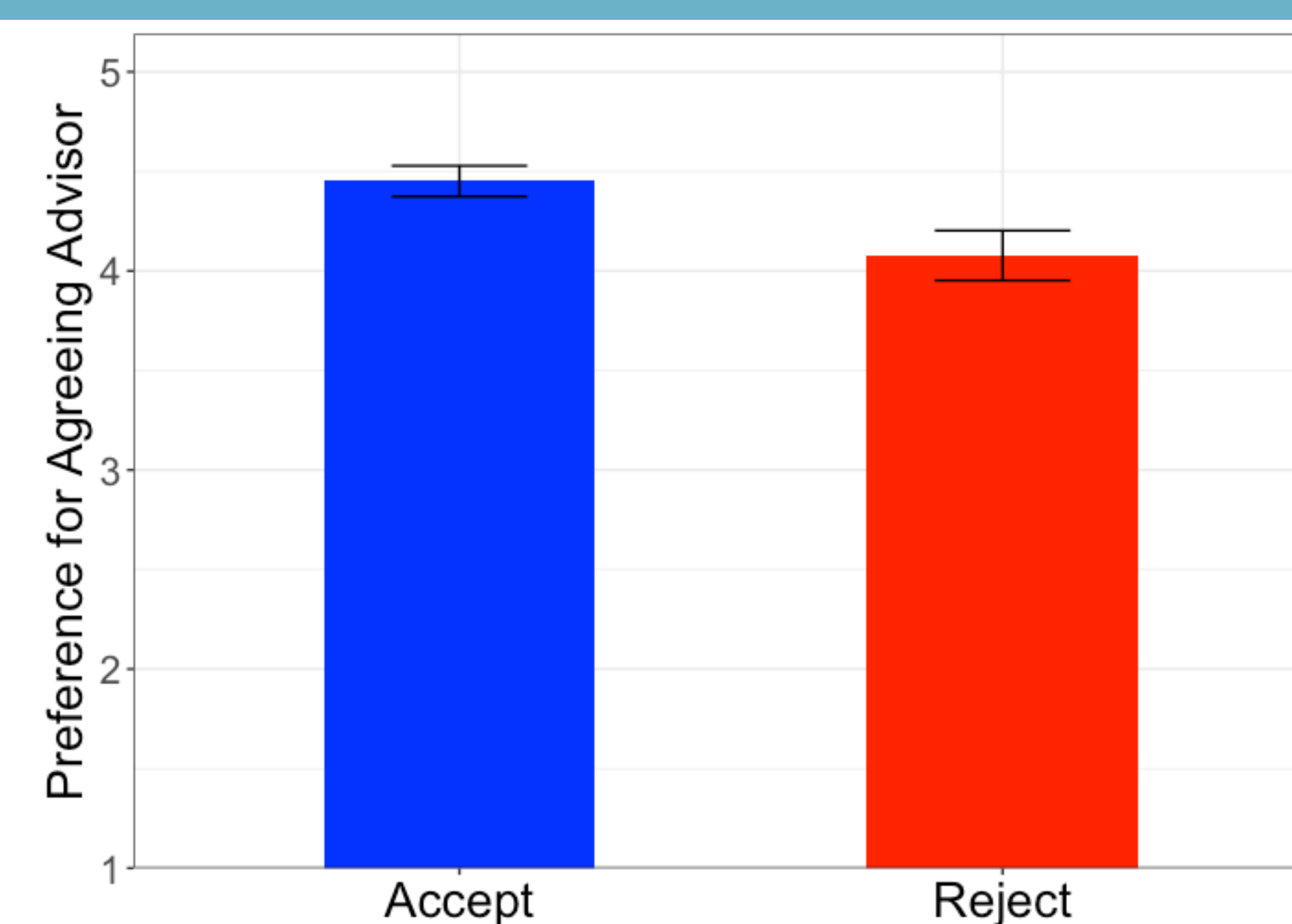
- P's predicted the winner of an MLB game for a bonus.
- Two forecasting models: 50% (chance) & 30% (below-chance) accurate
- P's chose a model, saw its forecast, and picked a team.
- **Key Result:** Preference against systematic error (30% model), $\chi^2(1)=85.31, p<.001$



Rejection vs. Choice

N=728 (Prolific) aspredicted: 377_PR6

- P's imagined either choosing or rejecting a movie. They could contact an agreeing or disagreeing advisor for their rating.
- **Key Result:** Rejection mitigated the effect, $t(726)=4.98, p<.001$.



Potential Mechanisms

- **Homophily:** Preference for similar others (e.g., Byrne, 1961)
 - **Unlikely.** Effect shows in objective-outcome forecasting contexts with few social elements.
- **“Anna Karenina Belief”:** Belief that disagreement is more heterogeneous than agreement and thus less informative
 - **Unlikely.** Effect shows when matters of taste are irrelevant (objective outcomes) and impossible (unidimensional utility).
- **Positive Test Strategy:** Tendency to seek information that aligns with prior beliefs or a focal hypothesis
 - **Plausible.** Effect attenuates with deliberation and when determining what will not be liked (vs. liked).

Conclusion

- Across subjective and objective domains, advice-seeking consumers undervalue systematic disagreement.
- Reliance on a positive test strategy may be behind this.

References

Byrne, D. (1961). Interpersonal attraction and attitude similarity. *The journal of abnormal and social psychology*, 62(3), 713.
Hofmann, D. A., Lei, Z., & Grant, A. M. (2009). Seeking help in the shadow of doubt: The sensemaking processes underlying how nurses decide whom to ask for advice. *Journal of Applied Psychology*, 94(5), 1261.
Klayman, J., & Ha, Y. W. (1987). Confirmation, disconfirmation, and information in hypothesis testing. *Psychological review*, 94(2), 211.