

Decision Processes Colloquia

Monday, February 27, 2012

Where: JMHH 245

When: 12:00 noon to 1:20 PM

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Phantom Attachment and the WTA/WTP Disparity

The notion of what we possess becoming an extension of ourselves is acutely realized by many of us when a scratch on our car gives us immense pain. In this research we explore how we might value an object which feels like an extension of ourselves but we don't own it. In doing so we try to disentangle the mechanism responsible for the commonly observed WTA/WTP disparity since it has been difficult to disentangle loss aversion from attachment in empirical tests. We use the phantom limb manipulation, adopted from neuroscience, to give a visual illusion that a coffee mug has become an extension of the participant's body. The findings of our research help in resolving the long standing debate between economists and behavioral researchers of whether the disparity is a robust mechanism or merely an experimental artifact that disappears in repeated trials. It also suggests why the disparity does not emerge in repeated trials, for tokens, legal entitlements, or hypothetical possessions.