Decision Processes Colloquium

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"Why Alternatives Don't Matter, Unless They Are Experienced by Someone Else"

People often exhibit a preference for positional goods. For example, a majority of people report that they would be willing to trade a larger (e.g., $100K) for a smaller salary (e.g., $50K), provided that smaller salary was greater than their co-workers (e.g., $25K). And those who wouldn't trade typically predict that they would be happier if they did. This preference rests on the assumption that comparison standards potently influence hedonic experience. While evidence for the influence of such hedonic contrast effects been found in field studies, evidence for their influence has been scant in more controlled laboratory studies. In this talk I attempt to unravel these seemingly contradictory findings. First, I set out to identify why hedonic contrast effects are readily predicted but infrequently experienced. I then explore whether there is something special about social standards—the kind most often measured in the field—that leads them to more potently affect our hedonic experience than similar counterfactual standards