

Decision Processes Colloquia

Monday, October 21, 2013

Where: JMHH 255

When: 12:00 noon to 1:20 PM

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Discrepant Beliefs About Quality Versus Taste

Abstract: Consumers can and do classify sets of products as either vertically differentiated (matters of objective quality) or horizontally differentiated (matters of taste or idiosyncratic fit). We find substantial discrepancies among consumers in how they represent a given set. Compared to consumers who represent a set as vertically differentiated, consumers who represent that same set as horizontally differentiated: a) believe that fewer consumers will choose the same option that they did; b) are more likely to refer to themselves when explaining their choice; c) are less willing to pay to get their more preferred option instead of their less preferred option; and d) are less likely to use others' choices to make inferences about the quality of unfamiliar options. Explaining why another consumer chose a different option (vs. the same option) increases the likelihood of representing the set as being horizontally differentiated. Expert evaluations (reviews written by professional movie critics) support the finding that evaluating an option in terms of idiosyncratic fit rather than objective quality is associated with more self-references.