Decision Processes Colloquia

Monday, September 25, 2017

Where: 250 JMHH

When: 12:00 – 1:15 pm

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The Uncertain Value of Uncertainty: When Consumers Are Unwilling to Pay for What They Like

ABSTRACT:

When trying to understand consumer preference, it seems reasonable to assume that all preference measures (e.g., pricing measures, such as willingness-to-pay, and rating measures, such as enjoyment) will make similar predictions about what consumers actually prefer. For instance, if consumers report willing to pay a high amount for a product or report expecting to greatly enjoy a product, researchers would predict that consumers like that product. Across eight studies (N = 6888), we challenge this assumption and find that at times, these measures make divergent predictions about consumer preference. Namely, uncertain prospects are evaluated negatively with pricing measures and positively with rating measures. Our results support the idea that this discrepancy arises because pricing measures are determined by additional market factors, such as perceived selling price, that overwhelm considerations of preference. We empirically rule out alternative explanations and discuss crucial implications of our effects for both theory and applications.

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