



15th TIBER Symposium on Psychology and Economics

August 26th 2015, Tilburg University

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8.30 - 9.10	Foyer Dante	Registration / Coffee & tea
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9.20 - 10.20	DZ1	KEYNOTE: Lise Vesterlund
10.30 - 12.10		Parallel Sessions 1-4
<i>SESSION 1</i>	<i>DZ1</i>	Coordination
10.30 - 10.55		<i>Maaïke Diepstraten</i> - Banking products: you can take them with you, so why don't you?
10.55 - 11.20		<i>Anita Kopányi-Peuker</i> - Yes, I'll do it: A large-scale experiment on the volunteer's dilemma
11.20 - 11.45		<i>Joeri Wissink</i> - Seeking strength, finding weakness: How individuals prefer (seemingly powerful) suboptimal coalition bargaining positions
11.45 - 12.10		<i>Adrian Hillenbrand</i> - Volunteering under population uncertainty
<i>SESSION 2</i>	<i>DZ3</i>	Norms
10.30 - 10.55		<i>Özgür Gürek</i> - Avatars as peers at work: an experimental study in virtual reality
10.55 - 11.20		<i>Jinnie Ooi</i> - Fairness and friendships: The horizontal transmission of fairness norms among 600 adolescents
11.20 - 11.45		<i>Leonie Gerhards</i> - Because of you I did not give up - How peers affect perseverance
11.45 - 12.10		<i>Joe Gladstone</i> - 'Sticking' to your drugs: Nudging medication adherence in pharmacies
<i>SESSION 3</i>	<i>DZ4</i>	Public goods
10.30 - 10.55		<i>Florian Engl</i> - The spillover effect of institutions on cooperative norms, preferences, and beliefs
10.55 - 11.20		<i>Xue Xu</i> - Crowd out or crowd in: An experimental study on the impact of decentralized punishment on the effectiveness of centralized sanctions in a public goods game
11.20 - 11.45		<i>Andrzej Baranski</i> - Redistribution and pre-distribution: An experimental study on the timing of profit-sharing negotiations and production
11.45 - 12.10		<i>Florian Heine</i> - Deliberate and exogenous sunk costs in a public good game
<i>SESSION 4</i>	<i>DZ5</i>	Trust
10.30 - 10.55		<i>Christian Koch</i> - Covenants before swords: communication and sanctions in heterogenous populations (Cancelled)
10.55 - 11.20		<i>Bastian Jaeger</i> - Automatic processing of facial trustworthiness biases trust decisions
11.20 - 11.45		<i>Elena Cettolin</i> - Taste-based discrimination in an ethnically diverse society
11.45 - 12.10		<i>Jeroen van Baar</i> - Mapping the motivations for Trust Game reciprocity

12.10 - 13.50

Foyer

LUNCH + POSTER SESSION

13.50 - 15.05

Parallel Sessions 5-8

SESSION 5

13.50 - 14.15

14.15 - 14.40

14.40 - 15.05

DZ1

Confidence

Sascha Füllbrunn - Does risk aversion cause overbidding? New experimental evidence from first price sealed bid auctions

Paul Smeets - Testosterone and overconfidence of investment managers

Victor Gonzalez - Believe me, you are (not) that bad

SESSION 6

13.50 - 14.15

14.15 - 14.40

14.40 - 15.05

DZ3

Emotion

Xiaoyin Ma - Colors, emotions, and the auction value of paintings

Nickolas Gagnon - Does reciprocity hold up over time?

Natalia Montinari - Self-scanning and self-control

SESSION 7

13.50 - 14.15

14.15 - 14.40

14.40 - 15.05

DZ4

Decision Making

Dennie van Dolder - Vox populi interioris: The inner crowd in three large-scale incentivized natural experiments

Minou van der Werf - Financial literacy for the win: evaluating the effectiveness of the Cash Quiz

Valentin Wagner - Seeking Risk or Answering Smart? Experimental Evidence on Framing Effects in Elementary Schools

SESSION 8

13.50 - 14.15

14.15 - 14.40

14.40 - 15.05

DZ5

Competition & Metaphors

Sandro Lombardo - Economics meets psychology: experimental and self-reported measures of individual competitiveness

Roel van Veldhuizen - Gender differences in tournament choices: Risk preferences, overconfidence, or competitiveness

Henriëtte Prast - Metaphors, affect heuristic, investor behavior

15.05 - 15.25

Foyer

Coffee & tea

15.25 - 16.40**Parallel Sessions 9-12**

SESSION 9

DZ1

Bias

15.25-15.50

Tobias Gesche - Persistent bias in advice-giving

15.50-16.15

Monique Pollmann - Good decision vs. good results: Outcome bias in the evaluation of financial agents

16.15-16.40

Frederik Schwerter - Concentration bias in intertemporal choice

SESSION 10

DZ3

Information & Choice

15.25-15.50

Wei Chen - Pupil dilation reveals latent decision processes in value-based choice

15.50-16.15

Pedro Robalo - Eye-tracking Bayes: An experimental study of belief updating

16.15-16.40

Ellen Evers - Elicitation based preference reversals

SESSION 11

DZ4

Scarcity & Inequality

15.25-15.50

Inge Huijsmans - Everyday decision-making under scarcity

15.50-16.15

Yilong Xu - Inequality, unfairness, the rich, the poor, and social capital

16.15-16.40

Avishalom Tor - N-equality: More people, less (concern for) equality?

SESSION 12

DZ5

Sustainable Behavior

15.25-15.50

Boris van Leeuwen - Fight or flight: Endogenous timing in conflict

15.50-16.15

Janet Geipel - Foreign language promotes consumption of sustainable but aversive products

16.15-16.40

Erica van Herpen - Love food, hate the brand that I waste: The effects of product waste on brand evaluations

16.40- 17.00*Foyer***Coffee & tea**

17.00 - 18.00

DZ1

**KEYNOTE Dan Goldstein:
Improving the communication of newsworthy numbers to laypeople**

18.30 - 22.00*Faculty
Club***Optional: Dinner at the Faculty Club (for those who registered)**

10.30-10.55

Speaker: Maaïke Diepstraten - Tilburg University and De Nederlandsche Bank

Additional Authors: Carin A. B. van der Cruïjsen

Banking products: you can take them with you, so why don't you?

Policymakers around the world call for more competition in the banking sector. One barrier to achieving this goal is consumer inertia. Despite its policy relevance, there is surprisingly little known about consumers' bank switching behaviour. By applying the switching costs typology developed by Burnham et al. (2003), we show that switching costs differ across banking products and therefore we posit that banking products should be studied separately. We show that the propensity to switch varies across banking products (i.e. main current account, savings account, mortgage loan and revolving credit). We find that the bank-customer relationship explains the propensity to switch main current and savings accounts best, while the switching experience is the most important explanatory factor for the propensity to switch mortgage loans. We also report on perceived switching barriers and we test the effectiveness of policy initiatives to ease switching banks for current accounts. We find that the propensity to switch can be increased by introducing account number portability, whereas more knowledge of the switching service has no significant effect. Lastly we find that it will be especially difficult for foreign banks to attract customers.

10.55-11.20

Speaker: Anita G. Kopányi-Peuker - University of Amsterdam

Yes, I'll do it: a large-scale experiment on the volunteer's dilemma

In many real life situations people face a simple decision whether to volunteer or not to provide some benefit for themselves and also for others. In this research I investigate the effects of the group size and the magnitude of the volunteering cost in a controlled large-scale laboratory experiment, where subjects play the volunteer's dilemma only once. I have 4 different group sizes, ranging from groups of 3 to about 100, and 2 different cost/benefit ratios. Based on a first, preliminary analysis, I find that high cost only reduces volunteering probability in the smallest groups, but not in the other groups. Furthermore, I do not find monotonic group size effects on the individual volunteering decisions. These findings are not in line with the mixed strategy Nash equilibrium prediction. Subjects volunteer more often in most treatments than the Nash prediction. Finally, as the experiment was run simultaneously in labs connected in Spain and the Netherlands, it allows me to compare decisions across countries: I find that subjects in Spain volunteer more often than subjects in the Netherlands.

11.20 - 11.45

Speaker: Joeri J Wissink - Tilburg University
 Additional Authors: Ilja van Beest, Tila Pronk, & Niels van de Ven

Seeking strength, finding weakness: How individuals prefer (seemingly powerful) suboptimal coalition bargaining positions

A striking observation in coalition formation is the Strength-is-Weakness effect: seemingly strong individuals (i.e., those with most resources) are disproportionately excluded from coalitions (Vinacke, & Arkoff, 1957). An explanation is the parity norm: individuals claim a share of outcomes proportionate to their resources, making those with more resources less attractive coalition partners than those with fewer resources (Gamson, 1964). Employing a novel self-selection paradigm in which individuals select a bargaining position prior to bargaining, we tested the robustness of the Strength-is-Weakness effect. In three studies, we find that, in hypothetical three-player political convention games with power-irrelevant resources, most individuals prefer bargaining positions with most votes and overall indicate they would demand a larger share of the outcomes than those who prefer a bargaining position with fewer votes. This preference for 'strong' bargaining positions persists when individuals have already been assigned to a more favorable position with fewer votes (Study 2) and when 'strong' positions are less salient (Study 3). Interestingly, not all 'strong' players exploit their position by demanding an equitable share of the outcomes. Moreover, coalitions with 'strong' players who make egalitarian offers are preferred over coalitions with 'weak' players who make egalitarian offers. However, the expected value of choosing to be 'weak' and making an egalitarian offer exceeds that of choosing to be 'strong' and making an egalitarian offer (Study 4). These findings suggest that the Strength-is-Weakness effect cannot solely be explained by individuals finding themselves in a disadvantaged position; individuals actively choose (seemingly powerful) suboptimal bargaining positions.

11.45-12.10

Speaker: Adrian Hillenbrand - Max Planck Institute for Research on Collective Goods, Bonn
 Additional Author: Fabian Winter

Volunteering under Population Uncertainty

There is ample evidence that the number of players can have an important impact on the cooperation and coordination behavior of people facing social dilemmas. With extremely few exceptions the literature on cooperation assumes common knowledge about who is a player and how many players are involved in a certain situation. In this paper, we argue that this assumption is overly restrictive, and not even very common in real-world cooperation problems. We show theoretically and experimentally that uncertainty about the number of players in a volunteer's dilemma increases cooperation compared to a situation with a certain number of players. We identify additional behavioral mechanisms amplifying and impairing the effect.

10.30-10.55

Speaker: Özgür Güerker - RWTH Aachen University
 Additional Authors: Thomas Kittsteiner, Andrea Bönsch, & Andreas Staffeldt

Avatars as Peers at Work: An Experimental Study in Virtual Reality

Identification of peer effects is often complicated by the reflection problem: Does agent i influence agent j , or vice versa? To be able to identify a clear causality, we embed a virtual human (avatar) as co-worker of a human subject into an immersive virtual environment. We observe that low productive human subjects increase their performance more when they observe a low productive avatar compared to a high productive avatar. This novel result is in line with the predictions of the social comparison theory, in as much as we observe stronger peer effects when the perceived similarity (in abilities) between the peers is high.

10.55-11.20

Speaker: Jinnie O.Y.S. Ooi - School of Economics, University of East Anglia
 Additional Author: David Hugh-Jones

Fairness and Friendships: The Horizontal Transmission of Fairness Norms Among 600 Adolescents

Adolescence is a developmental period when peers become an increasingly important source of social influence. In examining how fairness norms (egalitarian vs. merit-based) are acquired, we explored whether young people's (aged 11 – 15 years) fairness norms are influenced by exposure to their peers' decisions. In this study, we measured young people's friendship network, as well as how they allocated money to a pair of individuals who completed a maths task (fairness norms at time 1). Then, they were exposed to a peer's allocation, before they made a second allocation to another pair of individuals (fairness norms at time 2). First, we examined whether friends exhibit similar fairness norms at time 1. Next, we explored whether friendship status (close friend vs. non-close friend) affects the transmission of fairness norms in adolescence.

11.20-11.45

Speaker: Leonie Gerhards - University of Hamburg
 Additional Author: Christina Gravert

Because of you I did not give up - How peers affect perseverance

Various empirical papers have shown that peers affect productivity and behavior in the workplace. However, the mechanisms through which peers influence each other are still largely unknown. In this laboratory experiment we study a situation in which individuals might look at their peers' behavior to motivate themselves to endure in a task that requires perseverance. We test the impact of unidirectional peer effects under individual monetary incentives, controlling for ability and tactics. We find that peers significantly increase their observers' perseverance, while knowing about being observed does not significantly affect behavior. In a second experiment we investigate the motives to self-select into the role of an observing or an observant subject and what kind of peers individuals deliberately choose. Our findings provide first insights on the perception of peer situations by individuals and new empirical evidence on how peer groups emerge.

11.45-12.10

Speaker: Joe Gladstone - Cambridge University
 Additional Author: Jon Jachimowicz'

'Sticking' to Your Drugs: Nudging Medication Adherence in Pharmacies

Poor compliance of prescription medication is an ongoing public health crisis, leading to increased morbidity, mortality and healthcare costs. After all, drugs do not work in patients who do not take them. We report evidence from a large-scale randomized control trial delivered through a UK pharmacy chain designed to increase adherence rates through the use of a low-cost behavioral intervention. Patients (N=10,739) were asked to sign a commitment on a sticker which was attached to their drug packets, which asked them to take their medication as prescribed. In two additional trial arms, we paired the commitment sticker with a rationale, either highlighting the external costs to society of low adherence "The NHS loses £300 million per year from wasted medication. I want to do my bit to support the NHS, so I commit to taking this medication exactly as prescribed", or the internal cost to their own health "Not taking my medication as prescribed could risk my health. I want to do all I can to improve my health, so I commit to taking this medication exactly as prescribed". Our results show the commitment sticker alone did not alter medication adherence compared to control. However, signing a commitment sticker paired with an internal cost – to patients' own health – increased adherence by 4.17%, whereas a commitment contract paired with an external cost – to the National Health Service (NHS) – decreased adherence by 5.32%. The trial ran between July 2015 to March 2016 and involved 245 stores across London.

10.30-10.55

Speaker: Florian Engl - University of Cologne
 Additional Authors: Roberto A. Weber & Arno, Riedl

The Spillover Effect of Institutions on Cooperative Norms, Preferences, and Beliefs

Institutions are an important means for fostering prosocial behaviors. In many contexts, however, institutions are limited in scope and can encourage only some desirable prosocial behaviors, while having little ability to influence others. We use a laboratory experiment to study how the presence and nature of an institution that enforces prosocial behavior in one domain affects the behavior in other domains, beyond the reach of the institution. In addition, we study if and how the presence of an institution alters prosocial preferences and beliefs about others' behavior. Groups play two identical public good games, with one game potentially governed by an institution enforcing cooperation. We vary whether the institution is absent, imposed exogenously, or arises endogenously through voting by group members. We find that the presence of an institution in one game generally enhances cooperation in the other game. However, cooperation boosted by an exogenously imposed institution shows greater decay over time than one that is endogenously determined. We also find that the presence of an institution strengthens beliefs about others' prosocial behavior and enhances prosocial preferences, even towards strangers.

10.55-11.20

Speaker: Xue Xu - CentER, Tilburg University

Crowd Out or Crowd In: An Experimental Study on the Impact of Decentralized Punishment on the Effectiveness of Centralized Sanctions in a Public Goods Game

A number of experimental studies have shown that centralized sanctions are effective in solving free-riding problems in social dilemmas. This experimental study explores whether the presence of decentralized punishment changes crowds out or crowds in the effectiveness of centralized sanctions in a linear public goods game. In this study, centralized sanctions are enforced by a randomly selected intra-group member, varying whether the enforcer has an opportunity to corrupt. The presence of decentralized punishment is hypothesized to erode the effectiveness of centralized sanctions if the enforcer cannot corrupt, but to strengthen it if the enforcer is prone to corruption. The result does not support the hypothesis. I find that when the enforcer has no opportunity to corrupt, the presence of decentralized punishment does not significantly affect the effectiveness of centralized sanctions, though the intensity of centralized sanctions is weakened by the threat of retaliation. When the enforcer can corrupt, the presence of decentralized punishment saliently crowds out the effectiveness of centralized sanctions. Members reduce contributions substantially to implement deterrent levels of decentralized punishment against corruption, but the severity of corruption does not decrease.

11.20-11.45

Speaker: Andrzej A.B. Baranski - Maastricht University, Department of Economics AE1

Redistribution and Pre-distribution: An Experimental Study on the Timing of Profit-Sharing Negotiations and Production

We propose a simple non-cooperative bargaining theory of the partnership and test it with incentivized laboratory experiments. The bargaining model and corresponding experiments consist of a negotiation phase and a production stage. Generally speaking, our model is a game of alternating offers and voting in which the surplus to divide is endogenously determined. We explore the efficiency implications (theoretically and experimentally) of two different timings: ex post bargaining, which we call redistribution, and ex ante bargaining, which we call pre-distribution. Our theoretical predictions confirm an intuitive economic tenet: in the redistribution game, investments are considered sunk and opportunistic bargaining behavior will dissuade players from investing. On the other hand, pre-distributive bargaining entails an equilibrium distribution of shares that induces at least certain members to invest in the common fund because their return is guaranteed. Experiments show opposite results: redistribution yields almost fully efficient outcomes while pre-distribution entails very inefficient outcomes. The high levels of efficiency observed in redistribution are due to the fact that bargaining partners typically condition the shares offered on each members' contributions. In the pre-distribution treatment, subjects are not able to implement efficient outcomes because no trust is built via bargaining and it is not possible to punish free-riders.

11.45-12.10

Speaker: Florian A. Heine - Department of Economics, Maastricht University
Additional Author: Martin Sefton

Deliberate and Exogenous Sunk Costs in a Public Good Game

In an experimental study we compare individual willingness to cooperate in a public good game after an initial team contest phase. While subjects in the treatment setup make a conscious decision on how much to invest in the contest, this decision is exogenously imposed on subjects in the control setup. As such, both groups of subjects incur sunk costs and enter the public good game with different wealth levels. Our results indicate that the way these sunk costs have been accrued matters especially for groups on the losing side of the contest: Given the same level of sunk costs, contributions to the public good are lower for groups which failed to be successful in the preceding between-group contest. Furthermore, this detrimental effect is more pronounced for subjects playing a contest with deliberate contributions before.

10.30-10.55

Speaker: Christian Koch - NYU Abu Dhabi
 Additional Authors: Nikos Nikiforakis & Charles Noussair

Covenants before swords: communication and sanctions in heterogenous populations

The threat of sanctions can be an effective way to reach cooperative outcomes in a social dilemma as they discipline interacting parties. When parties have heterogeneous preferences, a compromise may, however, not always be found and the threat of sanctions may materialize in a conflict, especially when parties can not only sanction but also counter-sanction each other. We use a between- and within-subject design to test whether the often-discussed mechanism of non-binding communication can prevent and resolve conflict even in an arguably more realistic public-goods environment than prior studies have used, featuring heterogeneity and rich sanctioning opportunities. Our data suggests that communication is able to prevent and resolve conflict to a substantial degree. Two important drawbacks, however, arise. First, communication is unable to reduce the level of counter-sanctions once initial sanctions have been applied. Second, not all groups that have experienced a history of conflict are able to reach a compromise through communication. Surprisingly, while the combination of sanctions and communication is most effective in the short run, sanctions are not necessary in the long run.

10.55-11.20

Speaker: Bastian B. Jaeger - Tilburg University
 Additional Authors: Anthony M. Evans, Mariëlle Stel, & Ilja van Beest

Automatic processing of facial trustworthiness biases trust decisions

Expectations of reciprocity play an important role when deciding whom to trust. However, it is still unclear how people use different types of cues to form expectations. In two experiments, we compare the effects of structural cues (the trustee's temptation to betray) and facial cues (the perceived trustworthiness based on a photo of the trustee) on expectations of reciprocity and trust decisions. If only one cue is provided, we find that participants base their decisions on the available information regardless of whether it is a structural or a facial cue. However, when both cues are provided simultaneously, the effect of structural cues diminishes. This is surprising given that previous research has shown that structural cues are a better predictor of reciprocity than facial cues. A possible explanation might be that the processing of facial cues requires less time and cognitive effort than structural cues. In line with this argument, when facial cues were available, participants made faster trust decisions. In addition, the more participants incorporated structural cues into their decisions, the longer they took to decide. These results suggest that the automatic processing of facial cues leads to a face bias in trust decisions.

11.20-11.45

Speaker: Elena E Cettolin - Tilburg University
 Additional Author: Sigrid Suetens

Taste-Based Discrimination in an Ethnically Diverse Society

Reciprocity is key for successful economic and social interactions. We study in a representative sample of the native Dutch population whether reciprocation depends on whether the interaction partner is also native or non-native. Native individuals play binary trust games with an anonymous other in the sample, whose first name is truthfully communicated. We find that natives reciprocate trust of non-natives up to 12% less than that of natives. This percentage increases up to 20% for individuals who report anti-immigrant feelings in an independent survey. Given that the decision to reciprocate does not involve strategic uncertainty, we take our results as evidence of taste-based discrimination.

11.45-12.10

Speaker: Jeroen M. van Baar - Donders Institute for Brain, Cognition and Behaviour, Radboud University Nijmegen
 Additional Authors: Luke J. Chang & Alan G. Sanfey

Mapping the motivations for Trust Game reciprocity

A well-functioning society depends heavily on trust and reciprocity. In the Trust Game, reciprocity is operationalized as the amount of money returned by the Trustee. This behavior has to date been explained by two different models: guilt aversion and inequity aversion.

We used a novel variant of the Trust Game, the Hidden Multiplier Trust Game (HMTG), to tease apart the impact of these respective motivations. A novel computational model allowed us to estimate both the relative contribution of the two motivations to reciprocate, as well as an individual 'greed' parameter.

Using 3T fMRI, we scanned 36 participants while they played the HMTG in the role of Trustee. We found that the magnitude of the investment received correlated with activity in the canonical reward and valuation network of the Trustees. Additionally, the neural response to the investment in left inferior temporal gyrus significantly predicted the amount returned by the Trustee in the same trial, suggesting that this area may represent the trust established between the two players.

Activity in a frontoparietal control network correlated with the percentage of the investment returned by the Trustee, supporting a 'selfishness override' account of reciprocity. The response in this network was stronger for participants who scored higher on the 'greed' parameter estimated in our model. Connectivity between right superior temporal gyrus and right dorsolateral prefrontal cortex correlated with the relative influence of guilt aversion in the decision-making process.

Integrating these results with existing literature, we present a neurocognitive model of reciprocal decision-making.

13.50-14.15

Speaker: Sascha C. Füllbrunn - Radboud University
Additional Authors: Dirk-Jan Janssen & Utz Weitzel

Does Risk Aversion cause Overbidding? New Experimental Evidence from First Price Sealed Bid Auctions

"Bidding above the risk-neutral Nash Equilibrium in first price sealed bid auctions has traditionally been ascribed to risk aversion. Recent studies, however, offer other explanations and argue that risk aversion plays no or only a minor role. So far, no study has shown a causal relationship between risk aversion and overbidding. We implement a new experimental design which directly tests this relationship by controlling for the distribution of risk attitudes in auction markets. We find a causal relationship between our measure of risk aversion and overbidding. This result is robust to learning effects and the inclusion of feedback."

14.15-14.40

Speaker: Paul M.A. Smeets - Maastricht University
Additional Author: Pim van Vliet

Testosterone and Overconfidence of Investment Managers

We investigate the relation between testosterone and overconfidence, using an experiment with professional investment managers. An important advantage of our experiment is that it provides a measure of overconfidence that is incentive compatible and unaffected by risk preferences. For each investment manager, we measure endogenous testosterone and cortisol levels from saliva samples. We find that investment managers with a higher level of testosterone are significantly more overconfident than investment managers with a lower level of testosterone, even after controlling for other investment manager characteristics. These results uncover an important basis for the overconfidence bias in financial decision making.

14.40-15.05

Speaker: Victor H. Gonzalez - Tilburg University

Title: Believe me, you are (not) that bad

This paper investigates the effect of social status on performance. I depart from a theoretical model in which status is considered a spurious signal about one's abilities and agents derive anticipatory utility from holding positive beliefs about these abilities. This model depicts a set of predictions: First, high ability agents exert high effort irrespective of the received status signals. Second, low ability agents holding a high status signal set high effort. These predictions are investigated in a controlled laboratory setting where subjects are randomly assigned to either a high status or a low status condition. The assignment criterion is never disclosed to the subjects and the experimental design is suggestive of status being allocated according to previous performance. The data suggests that allocating subjects with low cognitive abilities to the high status condition leads to an improvement in performance of the order of 0.53 standard deviations. This improvement dissipates initial disparities in cognitive abilities between low and high ability subjects. This finding can be explained by beliefs about one's abilities: after receiving the high status, low ability subjects exhibit higher production targets.

13.50-14.15

Speaker: Xiaoyin Ma - Tilburg University
 Additional Authors: Charles Noussair, Luc Renneboog, & Rachel Pownall

Colors, Emotions, and the Auction Value of Paintings

The psychological and aesthetic roles of colors in arts have been discussed for centuries among psychologists, scientists, and painters but colors are yet missing economic determinants. This paper analyzes how colors in paintings induce emotions that determine the value of paintings. We conduct lab experiments in China, Europe and USA with 465 subjects. Each subject watches and evaluates a randomized sequence of hue variations in a given saturation/luminosity setting from rounds of single-color, dual-color abstract art to single-color landscape and Monet's complex colors. Emotions are measured by reported Pleasure-Arousal-Dominance scale and facial expressions decoded by FaceReader. Evaluations include incentive compatible bidding (BDM method), self-rated purchase intention and ranking. Bidder's personal traits are extracted from exit survey. We find that in general red, blue and their combinations in abstract art lead to higher amount of pleasure and attract higher amount of bidding, purchase intention and ranking. The value of dual-color painting is determined by the average value of constituent colors. Despite the fact that modern arts are visually stimulating, it's the emotion pleasure from viewing a painting that functions as the channel to determine the valuation. Our results are consistent across different cultural backgrounds. Analysis on real auction data confirms our finding of color effects.

14.15-14.40

Speaker: Nickolas Gagnon - Maastricht University
 Additional Author: Charles Noussair

Does Reciprocity Hold Up Over Time?

We conduct three separate experiments, in the Netherlands and in the United States, which extend the Gift-Exchange paradigm for the study of worker-employer relationships. We focus on the effect of long time delays on the relationship between wage and effort. In our experiments, subjects are divided into groups of three, one employer and two workers. The employer chooses one wage level that applies to both workers. The first worker then chooses an effort after leaving the laboratory, but at most three hours afterward. The second worker submits the effort decision four weeks after the experimental session. Our results show that, for the three experiments, average effort is not different between those choosing within three hours after learning their wage and those who choose four weeks afterward. While a positive and significant relationship between wage and effort appears in the short-term for each experiment, in the long term, the relationship is weaker and less consistent. We also find that only workers who receive a wage equal to or below their self-reported fair wage exhibit significant reciprocal behavior, both in the short and the long term. Using a new technology tracking facial expressions called the Noldus FaceReader, we find that the emotion anger is associated with reciprocal responses in our Gift Exchange Game in the short-term, but is absent in the long-term.

14.40-15.05

Speaker: Natalia Montinari - Department of Economics, Lund University
Additional Authors: Emma Runnemark & Erik Wengström

Self-Scanning and Self-Control

Payment and checkout at retail stores are increasingly being replaced by automated systems. One recent technological invention in this area is mobile self-scanning in which customers carry a mobile scanner while shopping. Mobile self-scanners give real-time feedback on spending, potentially increasing customers' attention to prices and also facilitate keeping track of the amount spent. Using a field experiment, we test if mobile self-scanning affects consumer behavior. Consumers of two Swedish grocery stores in Sweden were allocated randomly to use a mobile self-scanner or not. At the end of the shopping trip we keep their receipts and administering a survey collecting information about personal and household characteristics, shopping habits and personality traits, as self-control. We find that the response to using the scanner is heterogeneous. In particular, we find that individuals with low self-control significantly reduce both their spending and number of items bought when using the mobile scanner. While no clear conclusion can be drawn on the total length of the shopping trip, depending on using a self scanner, when considering the average amount of time spent per item bought we find that individuals with low self-control are significantly faster than other individuals, while the opposite happens when they use a self-scanner. Moreover, we find that consumers with low self-control are more likely to use self-scanner than individuals with high self-control. Taken together, our results suggest that sophisticated individuals, that is, individuals who are aware of their self-control problem, use the scanner to keep control of their spending.

13.50-14.15

Speaker: Dennie van Dolder - University of Nottingham
 Additional Author: Martijn J. van den Assem

Vox populi interioris: The inner crowd in three large-scale incentivized natural experiments

The “wisdom of crowds” says that the aggregate of the judgments of a group of individuals outperforms the typical individual judgment. Recent literature suggests that this principle can also be applied to repeated judgments made by the same individual.

We empirically investigate the benefits of aggregating judgments, both across and within individuals, using proprietary data from three large-scale incentivized natural experiments. Customers of a firm received vouchers that allowed them to participate in a contest where they had to estimate the number of physical objects in a transparent container. We analyze the complete datasets for all three events, consisting of over a million observations in total.

We find that both aggregating across and within individuals improves accuracy, but that the gain from the former is substantially larger. Furthermore, the relative merit of within-person aggregation improves with the time between estimates as the correlation between successive estimates made by the same individual decreases with the delay.

14.15-14.40

Speaker: Minou M.B. van der Werf - Nibud
 Additional Authors: G.A. Schonewille & A. van der Schors

Financial literacy for the win: evaluating the effectiveness of the Cash Quiz

After the meta-analysis of Fernandez, Lynch and Netemeyer (2014) showed that financial education had close to zero effects on financial behavior, a discussion about the effectiveness of financial education arose. However, properly executed research has rarely been conducted. In the current study, the Dutch National Institute of Family Finance Information (Nibud) evaluated the effectiveness of the Cash Quiz for the Dutch Association of Banks (NVB).

During Global Money Week, employees of banks in the Netherlands provide a guest lecture to Dutch elementary school children in class 7 and 8 (ages ranging from 10 to 14 years). During this guest lecture children play the educational game ‘the Cash Quiz’ at learning children more about handling money. It tests their knowledge on money and financial skills, concepts and on numeracy questions related to money issues.

We find that elementary school students who played the Cash Quiz (n=895), scored significantly higher on financial literacy than students who did not play the Cash Quiz (control condition; n=349), controlling for the effects of class and school ($\beta=.45$, $SE=.16$, $p=.009$). The measure of financial literacy is based on the learning goals and competences for children that Nibud developed (2013). Looking at these results, we argue that the conclusion of Fernandez et al. (2014) does not hold for all types of education. More evaluations that are conducted properly are needed to reveal the full story on financial education.

14.40-15.05

Speaker: Valentin Wagner - University of Düsseldorf

Seeking Risk or Answering Smart? Experimental Evidence on Framing Effects in Elementary Schools

This paper investigates how different framings affect the quantity and quality of decision in a multiple-choice test. In a field experiment in elementary schools in Germany, 1.377 pupils were randomly assigned to one of three experimental conditions: (i) earning points is framed as a gain and pupils start with 0 points (Control Group), (ii) earning points is framed as a loss and pupils start with the maximum score (Loss Treatment) and (iii) earning points is framed as a gain but pupils start with negative points (Negative Treatment). On average, pupils in both treatment groups answer significantly more questions correctly. This increase is driven by two different mechanisms. While pupils in the Loss Treatment increase significantly the quantity of answered questions—seek more risk—pupils in the Negative Treatment seem to increase the quality of answers—answer more accurately. Moreover, differentiating pupils by their initial ability shows that the Negative Treatment is superior to the Loss Treatment. High-performers increase performance in both treatment groups but motivation is significantly crowded out for low-performers in the Loss Treatment.

13.50-14.15

Speaker: Sandro Lombardo - University of Wuppertal
 Additional Authors: Werner Bönnte & Diemo Urbig

Economics meets Psychology: Experimental and self-reported Measures of Individual Competitiveness

Economists and psychologists follow different approaches to measure individual competitiveness. While psychologists typically use self-reported psychometric scales and build on the epsilon-truthfulness assumption, economists tend to build on the revealed preference paradigm and use incentivized experiments, where subjects confronted with a specific task self-select into a competitive versus a piece-rate payment scheme. So far, both measurement approaches have remained largely isolated from one another. Building on the psychological compatibility principle that describes when attitudinal measures predict behavior, we discuss how these approaches are linked and based on a classroom experiment with 186 students we empirically examine the relationship between a behavioral competitiveness measure and a self-reported competitiveness scale. We find a stable positive relationship between these measures suggesting that both measures are indicators of the same underlying latent variable, which we interpret as a general preference to enter competitive situations. Moreover, our results suggest that responses to the self-reported competitiveness scale partly result from motives related to personal development, whereas the behavioral measurement does not reflect such competitiveness motivated by personal development. Our study demonstrates how comparative studies such as ours can open up new avenues for the further development of both behavioral experiments and psychometric scales that aim at measuring individual competitiveness and provides indications on how diverging results could be explained, too.

14.15-14.40

Speaker: Roel R van Veldhuizen - WZB Berlin

Gender Differences in Tournament Choices: Risk Preferences, Overconfidence, or Competitiveness

"A large number of recent experimental studies show that women are more likely to select out of competitive environments. This is typically attributed to women being less 'competitive' than men. By contrast, this study presents evidence that the actual importance of competitiveness as an independent trait is considerably smaller than previously thought. We use a novel experimental approach to that allows us to differentiate between risk preferences, overconfidence and competitiveness by experimental design. Specifically, we run a laboratory experiment in which participants are tasked with solving addition problems and have to choose whether to be paid according to a piece rate or tournament incentives, as in Niederle and Vesterlund (2007). This choice is then directly compared with choices from additional (within-subject) treatments where competitiveness and overconfidence are controlled for by design.

14.40-15.05

Speaker: Henriëtte M. Prast - Tilburg University

Additional Author: José Sanders

Metaphors, affect heuristic, investor behavior

When discussing life cycle saving and investing – including retirement planning - the financial industry uses terms like “building your portfolio”. “Building” is a metaphor: the investor does not literally pile up his assets like they were bricks. In this context, “building” is a metaphor for putting together elements. The financial industry could therefore also say “knitting”, “cooking”, “sewing” or “weaving” your portfolio.

Metaphors stress one aspect of an abstract concept, leaving out others. To take an example from investing: “beating the market” stresses the aspect of doing better than others (fight, competition), not that of making sure that you will have sufficient means to maintain a desired living standard in the future (optimization over time). Metaphors have the function of influencing information processing by throwing light on an unfamiliar concept by a familiar concept, a complex thing by a simple thing, and something abstract by something concrete. The unconscious use of metaphors in everyday language, private or professional, may influence the perception of the “receiver”. This finding from cognitive linguistics is corroborated by social psychology, which finds that a “frame” (combinations of words) activates a conceptual framework or “schema” – a cognitive structure that influences information processing (Nisbett and Ross, 1979). Metaphors create imagery and may influence attitudes and behavior through the affect heuristic.

In this paper we present the results of a metaphoric analysis of financial market communication. Our purpose is to reveal which elements of investing are made salient by the metaphors. According to cognitive metaphor theory, source domains are not random: each “target domain”, in our case in investing, “borrows” words from a small number of source domains. We find that the vast majority of metaphors in financial communication comes from masculine source domains, and that they are agentic: describing activities by animate beings. We discuss and interpret our findings against the backdrop of the evidence that men participate more in the stock market and trade more excessively than women, and that the gender difference in financial risk taking is a puzzle. We discuss implications for pension communication.

15.25-15.50

Speaker: Tobias Gesche - University of Zurich
 Additional Author: Zhuoqiong (Charlie) Chen

Persistent bias in advice-giving

We show that a one-off incentive to bias advice has a persistent effect on advisers' own actions and their future recommendations. In an experiment, advisers obtained information about a set of three differently risky investment options to advise less informed clients. The riskiest option was designed such that it is only preferred by risk-seeking individuals. When advisers are offered a bonus for recommending this option, half of them recommend it. In contrast, in a control group without the bonus only four percent recommend it. After the bonus was removed, its effect remained: In a second recommendation for the same options but without a bonus, those advisers who had previously faced it are almost six times more likely to recommend the riskiest option compared to the control group. A similar increase is found when advisers make the same choice for themselves. To explain our results we provide a theory based on advisers trying to uphold a positive self-image of being incorruptible. Maintaining a positive self-image then forces them to be consistent in the advice they give, even if it is biased.

15.50-16.15

Speaker: Monique M.H, Pollmann - Tilburg University
 Additional Authors: Christian König-Kersting, Monique M.H. Pollmann, Jan Potters, & Stefan T. Trautmann,

Good decision vs. good results: Outcome bias in the evaluation of financial agents

We document outcome bias in situations where an agent makes risky financial decisions for a principal. In two experiments, we show that the principal's evaluations and financial rewards for the agent are strongly affected by the random outcome of the risky investment. Principals are satisfied with an investment after seeing a good payoff despite otherwise negative views of the investment. This happens despite her exact knowledge of the investment strategy. The principal thus judges the same decision by the agent differently, depending on factors that the agent has no influence on. We further find that positive effects for good outcomes on process judgments are more pronounced than the negative effects of bad outcomes. These findings suggest that financial agents seem to benefit from the rule that the result justifies the deeds.

16.15-16.40

Speaker: Frederik Schwerter - University of Bonn
Additional Authors: Holger Gerhardt & Louis Strang

Concentration Bias in Intertemporal Choice

We present novel results on individuals' intertemporal choices that cannot be explained by exponential and hyperbolic discounting, the canonical approaches to intertemporal decision making in economics. In particular, we provide causal evidence from novel lab experiments that intertemporal choices are systematically affected by whether consequences of intertemporal choice are concentrated in few or dispersed over multiple periods: (i) Individuals are less patient in the case that the advantages of patient behavior are dispersed over many future periods than when they are concentrated in a single future period. (ii) Individuals are more patient in the case that the disadvantages of patient behavior are dispersed over multiple earlier periods than when they are concentrated in a single earlier period. Both findings demonstrate concentration bias in individuals' intertemporal choices. Our results are in line with the recent theoretical model of Kőszegi and Szeidl (2013, QJE). Despite the prevalence of dispersed payoffs and costs in everyday life, no empirical study so far has investigated whether spreading payments over time causally impacts discounting. Our results suggest that previous studies may have neglected an important channel that influences intertemporal decisions.

15.25-15.50

Speaker: Wei Chen - Ohio State
 Additional Author: Ian Krajbich

Pupil dilation reveals latent decision processes in value-based choice

Although it is essential to understand how people make decisions, we still do not fully understand the latent evidence accumulation process in simple value-based decision-making. Prior research has shown that eye movements influence the choice process by boosting the evidence for the fixated item. Other research has demonstrated links between pupil dilation and information processing. In particular, it has been argued that pupil dilation may reflect the decision threshold in the drift-diffusion model (DDM). Here, we test this hypothesis and more generally investigate the relationship between pupil dilation and simple value-based decision-making.

Our preliminary results suggest that pupil dilation plays an important role in the computation and comparison of value in simple choice. Pupil dilation appears to influence both RTs and the effect of visual attention on choice. Drift-diffusion modeling is in progress to better understand these effects.

15.50-16.15

Speaker: Pedro Robalo - Max Planck Institute for Research on Collective Goods, Bonn
 Additional Author: Rei Sayag

Eye-tracking Bayes: an Experimental Study of Belief Updating

What cognitive processes underlie the manner in which individuals update their beliefs? Psychologists and Economists have shown that individual belief updating consistently deviates from the normative Bayesian benchmark. There are two separate aspects to this observation. First, there is a large variance in belief updating across individuals. Second, there are a number of systematic deviations from Bayesian updating, which tend to manifest themselves in different environments. Using eye-tracking data, this paper aims to gain a deeper understanding of the causes of deviation from Bayesian Updating. First, eye-tracking data allows us to characterize individual heterogeneity beyond what can be achieved with choice data alone. Second, eye tracking allows us to understand deviations from Bayesian updating at the cognitive process level, which can explain under what circumstances it is more likely to arise.

16.15-16.40

Speaker: Ellen R.K. Evers - UC Berkeley - Haas
Additional Author: Michael O'Donnell

Elicitation based preference reversals

If a person is willing to pay more for trash bags than for ice cream, economic theory predicts that, if given a choice between the two, she should also choose the trash bags. To choose otherwise implies a preference reversal, violating a key assumption in economic theory; procedure invariance. Despite this violation of rational choice theory, we find that participants show preference reversals in a set of 8 studies, both hypothetical scenarios as well as fully incentivized experiments. Specifically, we find that when participants are offered a choice between two goods, they appear to mostly rely on their affective responses to the choice options (Slovic et al., 2007), while they engage in a more deliberative weighting strategy when indicating WTP.

15.25-15.50

Speaker: Inge Huijsmans - Donders Institute
 Additional Authors: Leticia Rettore-Micheli, Wenwen Xie, Mirre Stallen, & Alan Sanfey

Everyday Decision-Making Under Scarcity

Scarcity, defined here as the feeling of not having enough of what one needs, has far-reaching consequences: the hardship to escape poverty is well documented, and recent work from our lab demonstrated that a scarcity mind-set leads to impairment on a variety of fundamental cognitive tasks. This study investigates whether resource scarcity in one domain can impact choice behavior, and underlying neural mechanisms, in an unrelated domain. While undergoing fMRI, participants were placed in mindsets of scarcity and of abundance, in a counterbalanced order. During each phase, participants performed an ostensibly unrelated shopping task, indicating how much they were willing to bid to obtain various supermarket products via a BDM compatible auction mechanism. Behavioral analyses showed that initially, participants bid significantly more for more liked products when in a scarcity compared to an abundance mindset ($r = .43$ and $r = .15$ respectively, $p < .001$). Participants did not adjust their behavior after switching conditions in the second run, likely deciding on a particular behavioral strategy. Neuroimaging analyses demonstrated that viewing products was associated with greater activation in the vmPFC when in a scarcity mindset, compared to an abundance mindset, indicating that the scarcity mindset induced stronger value based decision making. Additionally, participants showed diminished dlPFC activation when bidding under scarcity compared to abundance. This suggests that it may be more difficult for those in a scarcity mindset to regulate their initial behavioral instincts. These results are notable because they demonstrate a significant impact of scarcity in an unrelated domain.

15.50-16.15

Speaker: Yilong Xu - Tilburg University
 Additional Authors: Stefan T. Trautmann, Dietmar Fehr, & Hannes Rau

Inequality, unfairness, the rich, the poor, and social capital

Inequality is thought to be divisive and socially corrosive. The literature and the press often claim that wealth makes people mean. Can we confirm that inequality has a detrimental effect on social capital, such as the basic value of trust? Are the rich more self-regarding than the poor? We answer these questions by conducting an experiment with two conditions where subjects first do a real effort task and then participate in a trust game. In one condition, the real effort task is organized as a tournament with time bonus (high inequality; "unfair") and in other treatment it is paid by piece rate with no bonus (low inequality; fair). We find that when inequality is high, both rich and poor trust other people significantly less. Moreover, the poor are less trustworthy than the rich when inequality is high. Further analyses suggest that it is not the inequality per se, but rather the procedural unfairness that has a negative effect on social capital.

16.15-16.40

Speaker: Avishalom Tor - Notre Dame Law School

Additional Author: Stephen M. Garcia

N-Equality: More People, Less (Concern for) Equality?

Do inequality concerns and, therefore, inequality aversion diminish with group size? Concerns over economic inequality play a central role in debates over public policy in areas ranging from taxation and regulation to the scope and nature of the modern welfare state. It is natural, therefore, to find scholars in a broad range of disciplines, from economics, sociology and psychology, to law, philosophy, and public policy, grappling with empirical and theoretical questions regarding inequality, its nature, causes and effects. Contributing to the effort the better to understand inequality, the present studies examine whether people's willingness to tolerate inequality depends in part on the number of recipients of the resources to be distributed. Building on our earlier N-Effect findings that show how social comparison and competitive motivation decrease as the number of competitors increases (Garcia & Tor, 2009; Tor & Garcia, 2010; Garcia, Tor, & Schiff, 2013), we find in both field data (Study 1) and a series of controlled experiments (Studies 2a and 2b) that as the number of allocation recipients increases so does decision makers' tolerance for inequality. Further studies demonstrate that the effect of the number of allocation recipients on decision makers tolerance for inequality extends beyond simple monetary allocations, to domains ranging from allocations of donations to needy recipients (Study 3a) to the allocation of tax liabilities among neighbors (Study 3b). We conclude by discussing the implications of our findings for public policy generally and inequality-related research specifically.

15.25-15.50

Speaker: Boris B van Leeuwen - Tilburg University
 Additional Authors: Theo J.S. Offerman & Jeroen van de Ven

Fight or Flight: Endogenous Timing in Conflict

When we model human interaction in games, we usually exogenously fix the timing of moves. In many applications however, timing is endogenous. In this case, players decide when to move and observe when others move. With endogenous timing, (not) moving may be informative of otherwise private information. In this study, we show that endogenous timing of moves can have profound implications. We do this in the setting of conflict situations. For this, we introduce the fight or flight game, where two contenders compete for a prize. At any moment, either player can choose to flee, and leave the prize to the other, or to fight the other player. If a fight occurs, the players' strengths, which are private information, determine who wins the prize. We show that, in equilibrium, timing of play can allow players to sort on strength. Time may serve as a coordination device when players signal their strength by their patience, even when time is not costly per se. In an experiment, we find support for this idea: with endogenous timing we observe significantly fewer fights and this is due to weak types fleeing early in the game.

15.50-16.15

Speaker: Janet Geipel - VUmc Amsterdam
 Additional Authors: Constantinos Hadjichristidis & Anne-Kathrin Klesse

Foreign Language Promotes Consumption of Sustainable But Aversive Products

We investigated whether describing sustainable but aversive products (e.g., artificial meat; recycled water) in a foreign language (L2) versus the native language (L1) would increase people's willingness to consume them. We expected that it would due to the less emotional nature of foreign language. In Study 1, 155 participants received a description of artificial meat either in L1 (German) or L2 (English). They had to indicate whether they would eat it (Yes/Unsure/No). L2 increased Yes responses (L1: 18.3% vs. L2: 28.8%), decreased No responses (L1: 40.2% vs. L2: 24.7%), and had no influence on Uncertain responses (L1: 41.5% vs. L2: 46.6%). In Study 2, 212 participants received a description of recycled water either in L1 (Italian) or L2 (English or German). They had to indicate whether they would drink it. L2 increased Yes responses (L1: 42.5 vs. L2: 54.4%), decreased No responses (L1: 18.9% vs. L2: 9.1%), and had no influence on Uncertain responses (L1: 38.7% vs. L2: 36.4%). In addition, L2 increased how comfortable participants felt about drinking recycled water. In Study 3, 181 participants received the recycled water description either in L1 (Dutch) or L2 (English). Subsequently, they were provided with a cup of recycled water from which they could drink as much as they wanted. At low thirstiness levels, the use of L2 increased how much recycled water participants drank. In sum, describing sustainable but aversive products in L2 versus L1 increased stated and real consumption. Thus, foreign language can help promote sustainable behaviors.

16.15-16.40

Speaker: Erica van Herpen - Wageningen University

Additional Author: Ilona E. de Hooge

Love food, hate the brand that I waste: The effects of product waste on brand evaluations

Product waste involves a huge loss of resources. Although consumers waste immense amounts, wasting is not a carefree activity for them (Evans, 2012; Arkes, 1996). The current research provides insights into this contradiction between wasting a lot and not wanting to waste, and reveals important consequences for brand evaluations.

Salient unused utility, such as throwing away uneaten food, is aversive (Bolton and Alba, 2012) and could lead to cognitive dissonance (Festinger, 1957). Dissonance is often solved by attitude change (Galinsky et al., 2008; Starzyk et al., 2009). Thus, we expect that wasting a product with left-over utility (rather than transferring this to another person) generates dissonance and lowers brand attitude. This decrease in attitude should be less likely when the brand itself is not salient when wasting.

Four experiments test our predictions. The first three experiments are scenario studies which (1) reveal across two product categories that wasting leads to more dissonance than transferring utility, (2) show that wasting also lowers brand attitudes, and (3) rule out alternative explanations (transfer of disgust, cf. Morales and Fitzsimons, 2007, and attribution of waste to the brand). Experiment 4, in which participants either put left-over ingredients of making a salad in the waste bin or leave it for future participants, confirms the expected waste x salience interaction: wasting negatively affects brand attitudes, but only when the brand is salient. In sum, brand evaluations suffer when consumers waste products with unused utility, showing the relevance for companies to address product waste.

Poster presentations – Abstracts

1. Swagato Chatterjee - Indian Institute of Management, Bangalore, India

My view or your view: Social impact on consumer's electronic word of mouth (eWOM) behavior

Additional Author: Aruna Divya T

As online review websites are social environments, social impact on consumer eWOM behavior is expected. In this paper, we try to study how collective social opinion impacts the evaluation and eWOM behavior of the consumers and how the psychological and temporal construal level moderates such impacts. From two experiments and one field study using data from ecommerce websites, we show that consumers in high construal level will value other's opinion more than consumers in low construal level. We further argue that such effect can be explained from theory of cognitive resources. Due to low cognitive resources applied in information processing in high construal, consumers chooses the less cognitive-resource intensive option of following other's opinion while reviewing. But in low construal, consumers uses high cognitive-resources and evaluates the attributes of the service/product experience on her own to give review. We have also found that in low construal level situation, due to availability of higher cognitive resources, consumers provide more vivid and elaborate description of their experience than in high construal level situation.

2. Regine Oexl - University of Innsbruck

Distributional Preference Types and the Deliberative System

Additional Authors: Loukas Balafoutas & Rudolf Kerschbamer

We investigate the effects of a self-control manipulation on revealed social preferences by means of an incentivized laboratory experiment. The control group is exposed to a social preference identification procedure in two consecutive weeks, while the treatment group accomplishes an ego depletion task before being exposed to the same procedure in week two. While ego depletion seems to have a moderating effect on revealed social preferences for all types, only types with a pronounced pro-social disposition reduce their other-regarding concerns significantly in the domain of disadvantageous inequality.

3. Shuchi Srinivasan - Indian Institute of Management Ahmedabad

Prosociality, Risk Aversion, Identity Salience and High Performance: Evidence from a Lab-in-the-Field Experiment in India

Field agents act as critical conduits to the implementation of public policies. One of the factors influencing their performance is their prosocial inclination to serve target communities. Specifically, the enquiry unpacks the interaction between prosociality, risk aversion and beneficiary identity salience in affecting agent performance in a mandated task. The study presents results of a lab-in-the-field experiment undertaken with real-time field agents from Gujarat, India. The participants are government appointed day care workers- Anganwadi Workers who perform a direct community interface role and are responsible for monitoring child and mother health and catering to early childhood dietary and educational needs.

The participating agents are divided into separate groups comprising of one agent and three other members. The demographic characteristics of these members are communicated to the agent at the start of the game. Different participants are exposed to five separate incentive schemes tied to high performance in a simple competitive game. The incentive schemes are designed to elicit agent reaction in the form of higher performance given the nature of the distribution of the incentive between performer (treated as the agent) and the group that an agent is assigned to (treated as the beneficiaries). The conclusions contribute to the literature on the design of incentives and the extent to which risk aversion and prosociality can affect field agent performance.

4. Matthias Sohn - Leadership Excellence Institute Zeppelin, Zeppelin University

Investing in managerial honesty

Additional Authors: Rajna Gibson, Carmen Tanner, & Alexander Wagner

Recent literature examines the importance of investor preferences for socially responsible corporate behavior, and the investor segmentation that may arise on this basis. Little is known, however, about the influence of investor perception of managerial honesty, which is surprising given the numerous scandals involving corporate fraud and deception. To investigate potential investor segmentation based on market participants' desire to invest in firms run by ethical CEOs, we conducted two experiments. Participants decided in which of two companies they wanted to invest. One of the CEOs engaged in earnings management, announced higher earnings, thereby obtaining a higher bonus, while the other did not engage in earnings management, accordingly receiving a lower bonus. Each CEO also announced future returns. We found that investors perceived a CEO to be more

committed to honesty when he resisted to engage in earnings management. Second, investors who themselves treated honesty as a “protected value” were more likely to invest in the CEO who did not engage in earnings management. Third, while investors tended to invest with the CEO with the higher announced future returns, this tendency was strengthened when they perceived this CEO as being more committed to honesty. Interestingly, this pattern was especially pronounced for investors with a primarily individualistic, profit-maximizing orientation. Overall, these results (a) demonstrate that (perceived) values of the CEO matter, (b) highlight a pivotal role of investors’ personal values on their investment choices, (c) indicate that investors segment into stocks based on the joint effects of these two driving forces.

5. Shawn Mathew - Indian Institute of Management Ahmedabad

Circumventing Choice Overload: De-escalation strategies, Anticipated Regret and Consideration Sets

Research on choice proliferation and its negative effects, popularly referred to as ‘Choice Overload’, highlights the paradoxical finding that variety can be detrimental to choice. This enquiry combines insights from the domains of Regret, Consideration sets and Choice Overload and uses Regret Regulation theory and Decision Justification Theory to suggest that consumers anticipate regret from both the decision process (process regret) and the final outcome (outcome regret) and adopt strategies to minimize the overall regret. Further, the study proposes that a phased decision process (shortlist and choose) will be the dominant operationalization of this regret minimizing strategy when choosing from large assortments, impacting consideration set size. The research also suggests that the two personality traits, Decision Making Self Efficacy and Propensity to Maximize, impacts the decision process.

Three experiments analyze the mediating role of consideration set size on choice overload and the moderating role of anticipated regret on consideration set size. The final experiment also tries to differentiate the impact of anticipated outcome regret and process regret on the consideration set size. Initial results indicate that consumers anticipate regret when choosing from large assortments and form consideration set of appropriate sizes to counter this anticipation of overload.

Theoretical contributions include identifying the role of anticipated regret and consideration set formation, in avoiding Choice Overload. Managerial implications advocate a strong case for eco-systems which can trigger short listing (E.g.: save for later) and anticipated regret (subtle nudges to remind the consumers of the anticipated negative effects) to aid decision making.

6. Ewa Maslowska - Spiegel Research Center, Northwestern University

The Effect of Overages on Churn of Different Customer Segments

Additional Authors: Vijay Viswanathan & Edward C. Malthouse

Many firms levy a monetary penalty termed ‘overage’ on consumers who exceed set contractual limits. Due to its prevalence, overages have attracted copious media attention. While anecdotal evidence suggests that overages have negative consequences, only a few studies hitherto have examined this phenomenon.

This study investigates how the effect of overages on customer churn varies for customers at different price points. Consistent with mental accounting theory, fixed monthly payments and overage fees are two separate mental budgets. Monthly payments are normally budgeted for while overage fees are unexpected payments. Previous studies suggest that consumer with a higher(lower) monthly contracted price have a higher(lower) reference price, and consequently a wider(narrower) latitude of price acceptance. Therefore, while loss aversion theory would suggest that overage charges are perceived as losses and hence psychologically costly for all customers, we argue that consumers at different price points respond differently to overages. Specifically, customers who pay a very low or very high price for Internet are affected only by many repeating overages (albeit by different mechanisms). Customers who pay a moderate price are affected even by a few overage instances.

To test our hypotheses, we analyze data (N×T = 3,891,574) from a leading cable operator in the US and estimate a churn model. The results reveal that customers most sensitive to overages are indeed the ones who choose the intermediate price option. The findings of the study are consistent with the theoretical framework and have important implications for managers making decisions on overages.

7. Zwetelina Iliewa - Ludwig-Maximilians-University Munich & Centre for European Economic Research (ZEW) Mannheim

Career Experiences and Expectations of Professional Forecasters

Additional Authors: Arvid O. I. Hoffmann, & Lena M. Jaroszek

Personal experiences are related to subjective expectations and decisions. But is that because they are a valuable source of information or because they quickly come to mind and are hard to resist? We address this question in a setting where personal experiences are arguably of no value for the task at hand. We analyze the subjective stock market expectations of experienced finance professionals and we show that professionals extrapolate from the past stock market returns they have experienced since the beginning of their career in finance. This finding cannot be

explained by a rational perception of information content of personally experienced DAX returns. Furthermore, we use a unique dataset to perform a fair horserace between early experiences and recent experiences. In contrast to previous literature, we find that early career experiences are more important than recent experiences.

8. Lisette Swart - Tinbergen Institute / Vrije Universiteit Amsterdam

Do procrastinators also fail to delay gratification? Examining the role of loss aversion in time preference experiments

Virtually all economic models assume that people discount future utility. Economists have designed a large number of methods to test how patient people are. Thus far there is no consensus on how to measure how patient people are. This paper studies two ways in which results from time preference experiments are affected by loss aversion, the finding that disutility from losses exceeds utility from gains. On the one hand, framing may play an important role: theoretically, experiments that implement increasing interest rates across questions by employing increasing later payments may find lower patience levels and more hyperbolic discounting than experiments that implement increasing interest rates by reducing the sooner payment across different questions. On the other hand, the matter on which participants make choices also affects decisions: economic experiments traditionally measure time preferences using monetary rewards, but recently some experiments have used real effort allocations to measure time preferences. My theoretical analysis shows that experiments that employ real effort allocations (of a boring task) may find lower patience levels and less hyperbolic discounting than experiments using monetary rewards. Both of these relationships are expected to be stronger for more loss-averse participants. This paper analyzes whether these two issues indeed affect findings from the different types of time preference experiments using a laboratory experiment among first-year business students at the Vrije Universiteit Amsterdam. Additionally, my design of the real effort tasks includes two improvements over that of Augenblick et al (2015) by removing two sources of unobserved heterogeneity.

9. Lenka Habětínová - Tilburg University

Competitive Environments and Cooperation

Additional Authors: Eric van Damme & Jan Potters

I study whether individual or team bonuses awarded to the best performers are damaging to within-team cooperation. In this experiment, subjects are first given the opportunity to talk freely and create a team identity by selecting a team name; next, they face a finitely repeated linear public goods game with enhanced

incentives either to contribute to the common pool (bonus for the best performing team), or to free-ride on the contributions of others (bonus for the best performer in the group), or both. I show that for the same size of a bonus, the free-riding incentive has much greater effect on cooperation than the cooperative incentive. Next, I estimate a dynamic reaction model and show to what extent the different treatments affect how subjects react to cooperative or noncooperative actions of others.

10. Chen Sun - Tilburg University

Does making a choice affect belief updating? An experimental study

When uncertainty is present, choices are made based on beliefs, but do choices in turn have an effect on belief formation? We perform an experimental study on choice-induced belief change. After presented with noisy signals about the values of two options, subjects are randomly assigned to one of the three treatments: making a choice between the two options, being given a random option, or doing nothing. Then they are presented with more signals and are asked to estimate the values of the two options. We find no significant differences between the distributions of estimates in the three groups, regardless of whether their estimates are incentivized or not. This indicates that choices have no economically meaningful effect on belief updating in our setting.

11. Maxim M. Yenalyev

Information complexity and decision making

The object of research is individual decision making in risk, when probabilities are directly given. The main goal of my investigation is revealing the trends between complexity of input information and frequency of errors in decision making process.

The main problem is the identification of the function of information complexity. I estimated several types of potential suitable functions: Shannon entropy, Renyi entropy and some others. The necessary criteria were defined for this type of function, too.

One of the main purposes is identifying the way of influence of informational complexity on a decision making process. Does it directly influence the evaluating of alternatives or is there a threshold value of informational complexity which turns off the quantity estimation and turns on the heuristic evaluation of alternative? It was shown that uprising of information complexity level of risky alternatives induces errors rate growth. Errors in context of research were defined as violation observed results (median choice) from predictions of theories

(expected value, expected utility theory and cumulative prospect theory) or a heuristic (consequence counting heuristic).

Accordingly to the results of the investigation, people tend to underestimate alternatives with high level of informational complexity. The higher level of the informational complexity is, the higher is the probability that an individual makes a mistake in evaluating and comparing risk alternative with one another.

12. Luisa M. Martinez

The influence of complementary colors in workplaces

Color has become an increasingly important variable in recent behavioral research. Previous findings have mainly focused on consumer and organizational attributes, exploring the influence of hues, saturation and brightness on goal-directed behavior. Literature concerning the influence of space in human behavior found significant differences between warm and cold colors as well as chromatic and achromatic schemes. For instance, blue was found to induce positive mood in study classrooms, whereas red induced better performance for accuracy tasks. However, experimental studies have seldom addressed the impact of specific color combinations – namely complementary ones – on psychological variables. Although scarce, previous psychological and physiological literature on color has shown that the perception of complementary colors leads to a sort of harmonic sensation. We used an experimental within-subject design, in which participants had to choose colored cards, reflecting their emotional state. We applied combined colored cards with 6 colors (3 primary and 3 secondary), in which all 21 possible combinations were assured: (i) primary and secondary colors; (ii) analogue colors; (iii) complementary colors and opposite colors in the half chromatic circle. Four emotion conditions were evoked by means autobiographical recall (happiness, sadness, emotional balance, emotional unbalance), in order to investigate the link between complementary colors and balanced emotions. Preliminary findings from 40 participants seem to indicate

preference for complementary colors in balanced situations. Our findings contribute to a better understanding of the effects of color and space in organizations.

13. Alain D. Starke

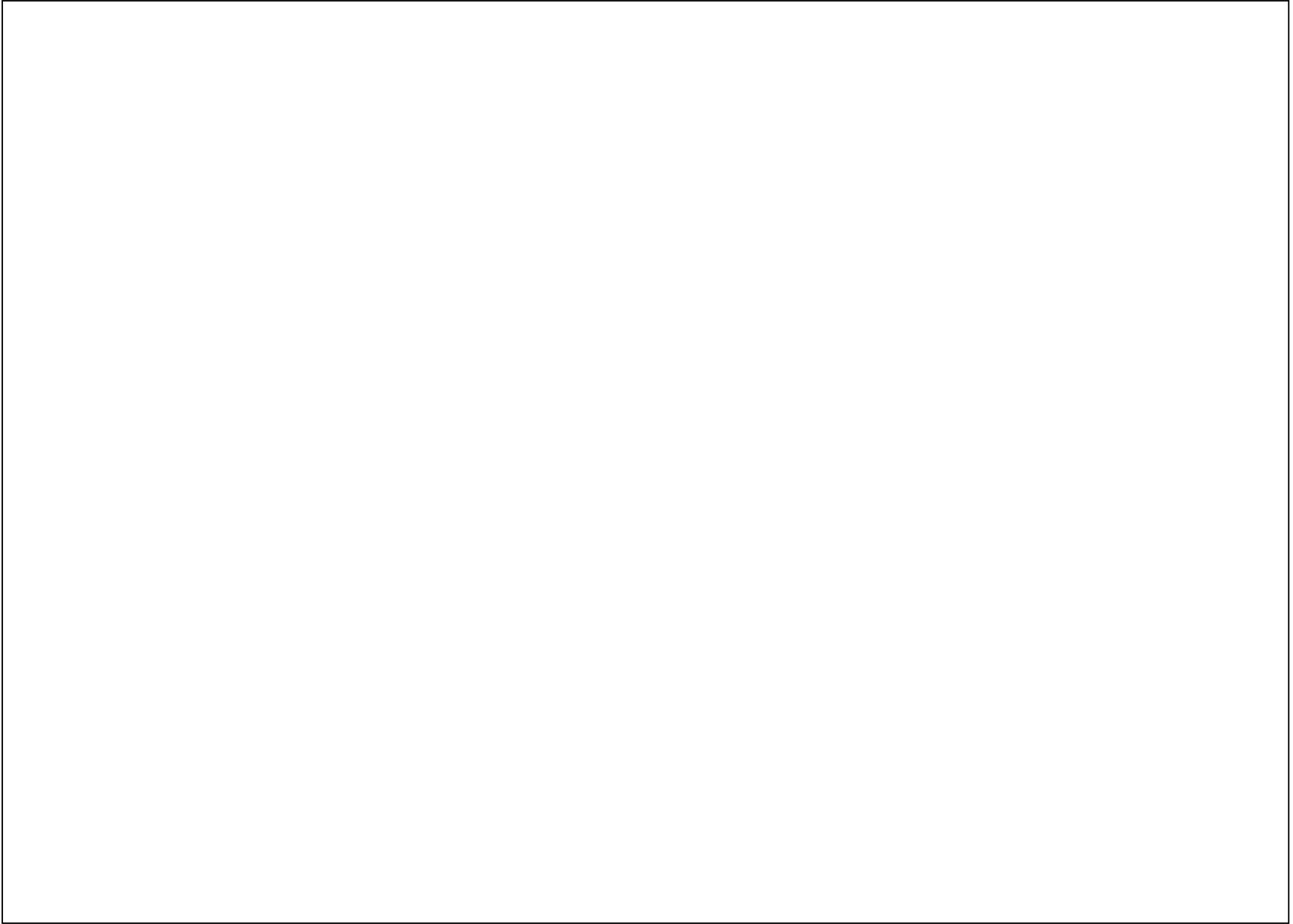
Using Smart Defaults and the Rasch Model in an Energy Recommender System

When looking for ways to save energy in the household, individuals are often unaware of appropriate energy-saving measures to take (Abrahamse et al., 2005). Usually, not all conservation possibilities are known to an individual, nor tailored to his energy-saving preferences or capabilities (McKenzie-Mohr, 2000). Energy recommender systems can help to alleviate these issues (cf. Knijnenburg et al., 2014), as they present consumers tailored conservation advice based on an individual's energy-saving ability.

Recent research pointed out a new way to tailor energy-saving advice, by fitting measures onto a unidimensional Rasch scale and order them according to their behavioral costs (Kaiser et al., 2010). Starke et al. (2015) have employed such a scale of 79 measures in a recommender system to present its users appropriate energy-saving advice. However, two things have remained unclear. First, is it necessary to tailor advice or is employing a Rasch scale in itself sufficient? Second, if a system presents its users tailored advice, what should it consist of, in terms of measures' behavioral costs? To investigate this, we performed two studies using an energy recommender system.

Study 1 (N=226) pointed out that using tailored advice (i.e. smart defaults) influences a user's decision-making and positively affects his system satisfaction, leading to higher energy savings. Study 2 (N = 299) explored what set of energy-saving measures, in terms of behavioral costs, is perceived as the most satisfactory and leads to the most sustainable choice behavior. I wish to present the results of these studies once they are finalized.

Notes

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