

New model explains why we overestimate our future choices

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When people make choices for future consumption, they select a wider variety than when they plan to immediately consume the products. A new study in the *Journal of Consumer Research* examines the reasons behind this diversification of choices.

"Consumers' tendency to diversify their choices more for future than for present consumption has been demonstrated to be a robust phenomenon and to occur in a variety of situations," write authors Linda Court Salisbury (Boston College) and Fred M. Feinberg (University of Michigan).

Previous explanations for this diversification focused on the fact that people aren't sure how their tastes for items might change over time. The new study proposes that "stochastic noise" (unpredictability or randomness) explains the over-diversification phenomenon.

The authors performed computer simulations of decision-making processes involving snacks. They then compared the simulations to real data collected from undergraduates. "We isolate and quantify three main potential drivers of diversification: relative brand attractiveness ("how strongly some brands are preferred to others"), brand attractiveness uncertainty ("how uncertain consumers are of how much they like each available brand"), and degree of stochastic inflation ("how much more uncertain consumers are about how much they'll like each brand in the future, versus in immediate consumptive experiences").

"From the consumer's perspective, future preferences are harder to anticipate than those in the immediate moment—that is, they are intrinsically fuzzier," write Salisbury and Feinberg. "Marketers sometimes highlight this tendency explicitly, as in the classic advertising jingle, 'Sometimes you feel like a nut, sometimes you don't.' At the same time, the predictive models broadly utilized by marketers and consumer researchers today literally assume this has no important consequences."

Source: University of Chicago

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