

## Second, more realistic estimate can reduce planning and purchasing errors

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The next time a contractor tells you the kitchen remodeling will be done in six weeks, you might ask him to get real and reconsider his estimate.

People often fail to remember that the world is not ideal when they predict when they will complete a project, how frequently they will exercise, or how much money they will save. However, a subtle reminder of the difference between ideal and realistic predictions can yield a more accurate estimate, according to new research from Duke University's Fuqua School of Business and the Wisconsin School of Business.

In a series of experiments, Duke Marketing Professor Kurt Carlson and Professor Robin J. Tanner of Wisconsin found that people were consistently overly optimistic when asked to predict their own future behavior.

In the case of exercise, study subjects reported that they planned to exercise, on average, 4.48 times during a two-week period. But two weeks later, they reported having actually exercised an average of only 3.38 times.

Carlson and Tanner found that unrealistic expectations could be overcome by asking people to make two sets of predictions: when they would complete a task "in an ideal world," followed by a straightforward prediction of when they might actually complete the task. Participants who answered both questions reported inflated intentions in the ideal-world scenario, but significantly more realistic predictions in response to

the second question.

"By asking people how they would perform in an ideal world, and following up by asking how they would perform without reference to the ideal world, we get people to think about the factors that can impede their performance," Tanner said. "It's a way of helping people heed the many factors that can keep them from behaving as they would like to."

"We've known for a long time that people underestimate how long it will take to complete a project -- look at the Big Dig in Boston. What we have not known is how to fix the problem," Carlson said. "Now we do."

More accurate predictions "depend on getting people to differentiate between the ideal and the real, which can be done by directing them to give a completion date in an ideal world before asking them for the actual completion date."

Additionally, the ideal-real technique can help consumers make wiser purchasing decisions. "If you can acknowledge to yourself that you will not actually use the home gym equipment as often as you would in an ideal world, you might find a less expensive and more realistic means to stay fit," Tanner said.

The research, which was published in the February 2009 issue of the *Journal of Consumer Research*, was conducted while Tanner was a Ph.D. student at Duke.

Source: Duke University

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