

# Buyer's remorse: Model shows people demand all that bad news

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Bad news in the media got you down? News consumers have only themselves to blame, says new research showing that it's actually buying habits that drive negative press.

The research looks at the negative news phenomenon through the prism of economic science. And while previous studies have focused on the supply side by examining media output, the current analysis is among the first to investigate a negative news bias from the consumer or demand side.

Washington State University Professor Jill McCluskey and her colleagues at the University of Leuven in Belgium created a theoretical model that illustrates how consumers get more value from negative news than positive news.

Focusing on newspapers, the researchers looked at the way people use information from news articles to enhance their well-being and avoid losses. Their model analyzed how much happiness consumers derived from choosing either bad or good news. The results showed greater individual benefit from reading the bad news.

Collectively, this tendency creates a societal preference for negative news stories said McCluskey.

"Newspapers act on this demand by reporting more bad news to attract readers and sell more papers," she said.

The study was published in the journal *Information Economics and Policy* and funded by Research Foundation - Flanders and the KU Leuven Research Fund.

## **Avoid risk and make wise choices**

The researchers built their model on an economic theory asserting that as an individual's income increases, the impact of each additional dollar diminishes.

"When you are very poor and hungry, for example, each dollar is worth a lot as it helps you buy enough food to eat," McCluskey said. "But once you have more money and can count on regular meals, it's the losses that will affect you more. In terms of happiness and well-being, a \$1,000 loss will affect you more than a \$1,000 windfall."

The same idea applies to information offered in newspapers, the Internet, TV or radio. In their model, the researchers used a measurement called utility to assess the benefits or drawbacks people get from consuming a good or service - in this case, positive and negative news stories.

Their findings highlight a strong human tendency to avoid risk.

McCluskey said consumers read good news to glean information about benefits from a positive event, which might improve their own income or welfare. Reading about the success of a Fortune 500 company, for example, might help one decide to invest in their stock.

Bad news, on the other hand, provides information on how to avoid a negative event or loss to one's well-being. Reading bad news helps consumers avoid making bad choices.

"Food scares are a good illustration as they are widely covered by the media," McCluskey said. To protect their health, "people choose to avoid the suspected food - such as beef during the Mad Cow scare, or spinach with the E.coli outbreaks."

Over time, McCluskey said the model clearly showed individuals gain a greater advantage from reading bad news than good news. These [consumers](#), either consciously or subconsciously, then continue to choose newspapers with more negative reporting. In response, news outlets take advantage of that risk aversion to maximize their profits.

## **Downside to bad news**

Despite its benefits to readers, bad news generates negative consequences of its own, the researchers found. For instance, too much bad news can be depressing to some people.

Skewing media toward bad news can also cause heightened fear of risk that differs from the scientific consensus, like concerns about genetic engineering, said McCluskey.

A recent study by the Pew Research Center in cooperation with the American Association for the Advancement of Science showed that 88 percent of scientists believe genetically modified foods are safe, while only 37 percent of the public agrees. 87 percent of the scientists also said humans are the primary cause of climate change, in contrast to 50 percent of the public.

And bad news can lead to extended or exaggerated responses to a negative event. "Even after the E. coli scare was over, people still wouldn't buy spinach. There can be a lot of impact on growers and wasted food with these scares," she said.

Provided by Washington State University

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