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Low-Balling on Goals to Regulate Future Affect: a Functional Strategy?

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This paper questions the lay theory that future affect can be managed by lowering one's expected performance standard. This strategy can work only if performance is compared to the initially set standard. We argue that performance potential is instead spontaneously evoked at the time of performance feedback and used as the benchmark instead of one's initial goals. Even when goals are met, this comparison results in lower levels of satisfaction and greater disappointment when goals are set low (vs. high). Such negative impact of "low-balling" on goals persists even when performance outcome is held constant and counterfactual thoughts are prevented.

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SYMPOSIA SUMMARY

Erroneous Lay Theories of Future Affect: Processes and Consequences

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SESSION OVERVIEW

Consumers' poor predictions of their future feelings pose a fundamental and important problem for consumer well being and satisfaction. Because consumers often make their decisions and choices based on their anticipation of how they will feel about future outcomes (Mellers & McGraw 2001; Wilson & Gilbert 2003; Novemsky & Ratner 2003), not only does this tendency lead to suboptimal decisions, the "gap" between predicted and experienced affect may engender dissatisfaction with product choices and consumption decisions. The research presented in this session will offer a unique look at people's lay theories regarding future affect, and process mechanisms that lead to erroneous predictions. For example, the papers in this session investigate questions such as the following: How accurate are people's affective forecasts about the impact of alternative products on actual enjoyment derived during consumption and under what circumstances will they be more accurate? Are people's lay theories helpful regarding how to manage their future enjoyment by shifting their standards? More generally, the three papers together present a comprehensive look at the nature of the processes that may drive the affective gap, and in doing so, offer meaningful insights into how the suboptimal tendencies may be corrected.

The first paper (Morewedge, Gilbert, Myerseth & Wilson) shows that affective forecasters tend overlook the extent to which they will attend to the consumption of experiences, rendering the alternatives to that experience irrelevant to their satisfaction with it. Five experiments demonstrate that the subsequent affective "gap" occurs due to shifting standard of comparison, whereby people's forecasts of product value is mistakenly based on the relative magnitude of difference between an experience and its possible alternatives, rather than on the absolute value of the alternative itself. The results suggest that forecasters evaluate experiences in comparison to the perceived desirability of alternatives, and underestimate the extent to which hedonic experiences of the focal alternative "consume" attention, rendering alternatives irrelevant.

The second paper (Cho & Johar) questions people's lay belief that future affect can be managed by lowering one's goal standards. Using financial products, the results show that the strategy of lowering goal standards backfires because one's forecast of what it would take to make an outcome satisfactory differs from what is in fact used as the benchmark upon receiving the outcome of the chosen set of financial products. Subsequently this shifting standard of comparison casts a negative influence on people's judgment of how satisfied they are with the outcome, holding objective outcome constant.

The third paper (Nelson, Meyvis & Galak) demonstrates that people are unable to predict their adaptation to positive experiences, and that they incorrectly believe that disruptions of positive experiences will be aversive, when in fact, it increases their overall enjoyment. Using television viewing as the hedonic context, authors show that consumers are not only incorrectly forecasting the magnitude of their affective responses, but incorrectly forecasting the valence of their affective responses. The robustness of disruption-induced increase in enjoyment is explored in three studies.

Taken together, the three papers examine lay beliefs of future affect and the consequence of these beliefs in diverse consumption domains of financial decision making, food consumption and TV

program viewing. The session will provide an integrative look at the processes by which the inaccurate beliefs regarding future affective responses imparts a negative influence on people's evaluation of their experiences and decision outcomes. What emerges is a dynamic view of how affective forecasting operates, and with it, ways in which consumers may be better informed towards optimizing their satisfaction and well-being. The session as a whole should be of interest to a diverse set of ACR audiences: those interested in anticipated emotions, lay theories, inter-temporal choice, and comparison processes. Furthermore, Rebecca Ratner, the discussant of this session is a leading expert in the area of hedonic forecasting in consumer research, and will provide a cohesive perspective to tie together the three presentations.

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EXTENDED ABSTRACTS

"Consuming Experiences Shift Standards through Attentional Collapse"

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Judgments are by nature comparative. When people judge the loudness of a tone, the heaviness of a solid, or the brightness of a light, they compare their experience of the stimulus with a standard (Helson, 1964). That standard may be a prior experience ("This mug is heavier than the one I just lifted"), a concurrent experience ("This star isn't as bright as that one"), or even a future experience ("This passage is softer than the one we're about to hear"). In many cases, the standard influences people's judgments of the stimulus by creating a contrast effect, which is why a dog looks larger when standing next to a mouse than it does when standing next to an elephant (Mussweiler, 2003). Although objective measurement can solve the problem of shifting standards for judgments of brightness, loudness, and heaviness, it cannot do the same for judgments of value. Luminosity, volume, and weight are stable properties of a stimulus that only appear to vary across time, context, and persons, but value is an unstable property that actually does vary on these dimensions. Two people may value a vacation differently, the same person may value a vacation more than she did last week, and there is no principled reason why a person should value the vacation as much as another person, or as much as she once did.

Why are shifting standards a problem for judgments of value? There is a principled reason why one should value a vacation as much when one imagines it as when one experiences it. If one values

a vacation more when one imagines it than when one experiences it, one may pay too much for it, miss the opportunity to spend one's money on something that brings greater pleasure, and end up feeling disappointed. Making good decisions requires making accurate predictions about the value of future experiences, but a burgeoning literature on affective forecasting suggests that people don't do this particularly well (for reviews see Gilbert, Driver-Linn, & Wilson, 2002; Loewenstein & Schkade, 1999; Wilson & Gilbert, 2003).

We believe that the problem of shifting standards is responsible for many affective forecasting errors. Specifically, we suggest that people tend to compare experiences to a wider range of standards when they imagine them than when they have them, and thus their actual and predicted valuations of those experiences naturally diverge (Hsee & Zhang, 2004). When predicting the hedonic benefits of future experiences, we propose that forecasters over-attend to absolute differences between experiences and their possible alternatives, and under-attend to how easily experiences and their alternatives can be compared. Why does the ease of comparison matter? Participatory experiences consume attention and may make comparison to alternative possible experiences difficult. When one is on vacation, eating cookies, or cheering on one's favorite team, one may have few cognitive resources available to compare the experience one is having to what one could have done instead. In other words, participatory experiences may constrict one's attention and focus it on the here and now rather than on what might have been.

In five experiments, participants forecasted how much they would enjoy a future experience (e.g., eating potato chips) or had that hedonic experience. Hedonic forecasts were strongly affected by the presence of a superior alternative (e.g., chocolate) or an inferior alternative (e.g., sardines), but hedonic experiences were unaffected in three experiments—experiencers were happy eating potato chips irrespective of their possible alternative. In our fourth experiment, forecasters predicted that their enjoyment of chips would be affected by dissimilar alternatives considered to be vastly superior or inferior, but unaffected by similar alternatives that were slightly superior or inferior. Conversely, experiencers' enjoyment of chips was not affected by vastly superior or inferior dissimilar alternatives (i.e., chocolate or sardines), but was affected by slightly superior and inferior similar alternatives (i.e., better and worse potato chips). In other words, hedonic experiences were affected by present alternatives only when hedonic experiences required few attentional resources.

To test whether the prior effects were caused by the constriction of attention that consummatory induce, experiment 5 tested whether experiencers with surplus attention would compare an experience to dissimilar alternatives. Thus, we instructed forecasters to imagine eating and experiencers to eat one chip every 15 or 45 seconds instead of either chocolate or sardines. We reasoned that experiencers who ate slowly would have more attention to pay to alternative experiences and would thus make comparisons similar to those made by forecasters. After consuming five chips, participants indicated how much they would enjoy or did enjoy the chips. Forecasters predicted that their enjoyment of the chips would be affected by the alternative superior or inferior food, irrespective of the pace of consumption. Whereas experiencers' reports were unaffected by the alternative superior or inferior food in the fast pace (15s) condition, experiencers' reports were affected by the alternative superior or inferior foods in the slow pace (45s) condition. Together, the results of the five experiments suggest that forecasters evaluate experiences in comparison to the perceived desirability of alternatives, and underestimate the extent to which

hedonic experiences "consume" attention and render alternatives irrelevant.

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"Low-balling on Goals to Regulate Future Affect: A Functional Strategy?"

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People often set low goals in order to avoid future disappointment. Whether it is how well one performs on an exam, how wonderfully the blind date will go next week, or how relaxing the spa vacation will be, people lower their goal standards downward as uncertainty and the possibility of disappointment looms near (Kopalle & Lehmann 2001; Monga & Houston 2006). While there is ample evidence of people resorting to such "low-balling" strategy in psychology (add cites for defensive pessimism) and consumer behavior literature, no research has examined whether or not such a strategy functions as assumed.

Specifically, we question whether the strategy functions in the manner that people think it will. The assumption is that when goal standards are lowered, doing so will lower the potential for disappointment with an unknown outcome, holding outcome constant. For this strategy to work, however, the lowered standard needs to be used as the point of comparison to evaluate the outcome. If consumers spontaneously recruit their goal standards and compare the outcome to this standard, they are likely to experience positive affect and be satisfied. However, if consumers recruit a different standard of comparison than the initial goal standard, then the outcome relative to that standard will drive their affect. Various streams of literature in social psychology including social comparison theory (e.g. Tesser et al. 1988) and well-being (Diener 1984), as well as the gap model of satisfaction (e.g., Oliver 1980; Parasuraman et al. 1985) have suggested that comparing one's outcome to a higher standard has a negative impact on one's evaluation of the outcome. Hence, if the potential performance, rather than the goal standard is recruited at the time of outcome, affect and satisfaction are likely to suffer when the goal standards are low relative to the potential.

We argue that consumers are likely to spontaneously compare their performance to the potential—or "what could have been"—rather than the goal that they set themselves. Such upward comparison is especially likely when the potential range, rather than the

goal, is salient at the time of outcome feedback. Four studies mimicking real decisions made in the financial decision making domain provide support for the hypothesis that low-balling on goals has an adverse impact on satisfaction and affect, even when goals are met. This is due to a spontaneously evoked comparison standard that is higher than one's initially lowered goal standard. Participants in all experiments set a financial return goal based on a range of possible performances and then perform a stock portfolio construction task. They then receive feedback about their ostensible performance that is matched to their goal level (Studies 1, 2, and 3). Our interest lay in reported affect and satisfaction after feedback.

In Study 1 we indeed find that "low-balling" goals negatively affects satisfaction even when this goal is met, and that this is because the default comparison of performance is not to one's initially set goal, but to the potential. We vary the information that is salient at performance feedback (performance only, performance plus goal, performance plus potential) and find that those who low-balled their goals report lower satisfaction and higher disappointment with their outcome than those who set high goals for the "performance-only" and "performance plus potential" condition, whereas this difference was not found when goal was provided alongside performance.

In Studies 2 and 3 we replicate the negative impact of low-balling on satisfaction controlling for the objective level of outcome. Using simulated online trading task, we induce low (vs. high) goal setting by priming motivational orientation (Study 2) or individual's concern with managing future affect (Study 3), while shifting the range that is provided such that those who pick their target return perceive it as either high (choose 6 or 11%; range of 2-15%) or low (e.g. choose 11 or 16%; range of 7-20%) given the range that is provided. Again, the low goal setters reported significantly lower satisfaction than high goal setters, holding objective performance constant. We also rule out counterfactual thoughts as a competing process which may drive the negative impact of low-balling on satisfaction, while varying the level of confidence in future performance and salience of performance range to further buttress our proposed process.

While Studies 1, 2, and 3 test the functionality of the low-balling strategy using confirmed goals, Study 4 uses disconfirmed goals to test whether people believe about the "safe and confirmed" goal choice ensuring against disappointment is accurate. Contrary to people's belief, results show that those who low-balled their goals and met this goal were significantly less satisfied even when compared those who set their goals high but fell short of this goal, despite the former having objectively superior outcome.

Taken together, the four studies paint a compelling picture regarding the unanticipated pitfalls of people's beliefs that they can increase satisfaction and safeguard against disappointment by "managing [their] expectation." This research ties in with the recent work on affective forecasting which suggests that people are poor predictors of their future affective states. Our findings add to this literature by showing that people not only mispredict future affective states but also mis-manage them. For consumers who base their consumption decisions and choices on this belief, the mispredictions of their future affect and their belief that they can manage this future affect incurs a double cost on their satisfaction with their consumption decisions and choices.

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"Mispredicting Adaptation and the Consequences of Unwanted Disruptions: When Advertisements Improve Television"

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People like watching television but they dislike watching television advertisements. Given that television viewing is one of the most popular leisure activities, it would seem to be a reasonable assumption that consumers have the knowledge and experience to accurately gauge which factors maximize their enjoyment. On the other hand, the decision to remove commercials requires consumers to accurately forecast the hedonic consequences of that decision, and this type of forecasting falls in the domain of a particularly common human incompetence. As we detail below, despite a universal belief to the opposite, television advertisements can actually improve the experience of watching television.

Why do people believe that advertisements worsen the television viewing experience? One possibility is that consumers cannot forecast adaptation to hedonic stimuli. Indeed, people tend to believe that they will not adapt to new stimuli (Loewenstein & Frederick, 1997), that other people cannot adapt to changes in life circumstances (Schkade & Liersch, 2006), and occasionally, that some stimuli may actually lead to sensitization (Nelson & Meyvis, 2007). Furthermore, with positive stimuli, consumers may simply prefer to take in the experience continuously rather than mitigating the positivity with disruption.

Despite this consensus, consumers may be incorrect. When experiences are meaningfully disrupted consumers take longer to adapt (Lyubomirsky, Sheldon, & Schkade, 2005), and disruptions can intensify hedonic experiences (Nelson & Meyvis, 2007). If consumers adapt to television programs, it may be the case that a disruptive advertisement may mitigate adaptation and increase enjoyment of the subsequent programming.

In four studies we examine the effect of advertisement disruptions on the enjoyment of television. Across the studies, Experiencers reported their enjoyment of either a continuous or a disrupted program, whereas Forecasters were asked to predict the results of those two conditions.

In Study 1 we recruited participants to watch an episode of *Taxi* and report their enjoyment of the program. Approximately half of the Experiencers watched the program as it was aired

whereas the remainder watched the same program with the advertisements edited out. Forecasters either read a description of the former condition or a description of the latter. Although Forecasters thought that people would like the show less when it was disrupted, Experiencers enjoyed the program more when it was disrupted than when it was not. Furthermore, in an effort to eliminate the possibility of contrast effects (and test the robustness of our finding), we replicated these results when we interrupted a different program with an advertisement that was judged to be as enjoyable as the program itself (Study 2).

It may be the case that the mere presence of television advertisements, rather than their disruptiveness, improves judgments of television programs. We tested this possibility using a brief documentary about ducks (Study 3). For some participants, the documentary was presented continuously, with an advertisement both directly preceding it and directly following it. For the remaining participants, the advertisements were inserted in the program itself, disrupting it at two different points. As predicted, consumers who watched the disrupted documentary judged it more positively and were more likely to donate money to a nature-related charity than were participants who watched the continuous documentary. A different group of Forecasters expected exactly the opposite result.

Our final investigation wanted to show that any disruption could have a positive effect, and that advertisements need not be the disruption (Study 4). Participants watched and evaluated two documentaries, one about the American Bison and one about deserts of the world. For some participants these were each shown continuously, one after the other. For the remaining participants the clips were spliced together such that one interrupted the other. Forecasters predicted that the two versions would be about equally enjoyable, but in fact Experiencers enjoyed the spliced version more than the continuous version.

Across these studies we illustrate circumstances in which consumers are not only incorrectly forecasting the magnitude of affective stimuli; they are incorrectly forecasting the valence. Disrupting a television program seems bad on so many levels (e.g., adding a negative event, subtracting from the gestalt of the experience, etc.), that there is a near consensus that disruptions will have a negative consequence. This faulty assumption leads consumers to spend time and money (e.g., buying DVD's, subscribing to premium cable channels) to structure experiences that may actually lessen enjoyment.

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