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**Contact**

Amy Boonstra, Director  
Center for Decision Research  
University of Chicago  
Booth School of Business  
5807 South Woodlawn Avenue  
Chicago, Illinois 60637  
Tel: 773.702.7307  
Fax: 773.834.9134  
amy.boonstra@chicagobooth.edu

**Learn More**

To read more about our work, participate in experiments, and join the conversation, visit us online:  
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About the Center

The Center for Decision Research is devoted to the study of how individuals form judgments and make decisions. At the forefront of the rapidly developing field of behavioral science, the Center is part of the University of Chicago Booth School of Business and is home to researchers who examine the processes by which intuition, reasoning, and social interaction produce beliefs, judgments, and choices. Understanding how and why people make decisions has important applications in a range of contexts, including management, marketing, finance, and public policy.

History

Founded by Hillel Einhorn in 1977, the CDR helped to pioneer the use of science to explain inconsistencies between actual and theoretically rational human behavior. In the early years, this work centered on decision making, shaking the foundations of classical economic theory by revealing reliable and unrecognized biases in how individuals understand the choices they face. Rather than simply contest establishment wisdom (advanced, in many cases, by luminaries in other departments of the school), CDR faculty fed off the tension between their new insights and traditional models. They worked to reconcile and refine seemingly incompatible understandings of human behavior to advance both the center and their revolutionary research.

Building on these successes in decision-making research, the CDR has since led a broad expansion of the field of behavioral science. Using insights from numerous disciplines—including psychology, economics, political science, neuroscience, and sociology—CDR faculty now lead a field that is proving indispensable for understanding human behavior in finance, marketing, management, health care, politics, charity, and many other domains.

PIMCO Decision Research Laboratories

In the fall of 2018, PIMCO and the CDR announced a partnership in support of CDR’s behavioral science research. In recognition of this investment in research, Chicago Booth’s CDR laboratories were renamed the PIMCO Decision Research Laboratories.

The PIMCO Decision Research Laboratories at the University of Chicago Booth School of Business Center for Decision Research enable academics to conduct the highest impact behavioral science experiments where people live and work. Through this innovative partnership with the Center for Decision Research, PIMCO supports diverse and robust research that helps empower leaders to make wiser choices in business and society and gain a deeper understanding of human behavior and decision-making.
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Talk to a Stranger:
It’ll Make You Happier

Alice G. Walton
Originally published December 02, 2014

BOOTH FACULTY: Nicholas Epley

An initiative begun in London this year called “Talk to me” encourages people to disconnect from their devices and reconnect with one another. On August 30, the group hosted its first “Talk to me Day,” organizing picnics and socials, and handing out buttons that read, “Talk to me, I’ll talk to you.” Supporters planned events in cities such as Paris, San Francisco, and Kiev, and thousands participated. “We want people to understand that simple conversations can create social change by reducing isolation, improving well-being, and strengthening communities,” the London group wrote on its website.

Research by Professor Nicholas Epley and PhD student Juliana Schroeder suggests that people would be surprisingly happy if they participated in “Talk to me Day.” They asked bus and train commuters in the Chicago area to either strike up a conversation with a person next to them, sit quietly in solitude, or continue their normal routine. Those who talked to strangers reported a significantly happier ride than those who kept to themselves—even though a survey of a separate group of commuters predicted the opposite.

“Humans are social animals,” Schroeder says. “But then, why are there so many situations in everyday life when people are surrounded by others and yet choose not to connect with them?” In another experiment, she and Epley found that survey respondents incorrectly assume that others simply aren’t interested in talking, and that their silence is proof. Yet in a separate lab study, research participants reported that it was also pleasant to have someone else start a conversation.

The person you speak to doesn’t need to seem especially fascinating; after all, the people in the lab study weren’t choosing their discussion partners.

“Participants were happier talking to anybody, not just selecting a person they thought might be interesting,” Epley says.

This means talking to strangers makes us happier whether we think we have anything in common with a person or not. That’s a good reason to schedule your next “Talk to me Day” for tomorrow.

WORKS CITED

When It Makes Sense to Raid Your Savings Account

Luke Wilmshurst
Originally published June 12, 2015

BOOTH FACULTY: Richard H. Thaler, Abigail Sussman

Good news: Americans are putting more money in the bank. The savings rate rose from 2.5 percent in November 2007 to 5.8 percent in February 2015, according to the US Bureau of Economic Analysis.

But diligent savings behavior may have gone too far. When an emergency makes spending necessary, people are reluctant to withdraw money from savings, particularly when it has been set aside for specific purposes, research suggests.

Chicago Booth’s Abigail Sussman and Harvard’s Rourke Liam O’Brien asked a group of study
participants to imagine needing $1,000 to cover the cost of an emergency. Then they gave the participants a choice: withdraw funds from a savings account earning 1 percent interest, or borrow the money using a credit card that incurs 12 percent interest.

Despite the significant financial advantage to drawing from savings, the participants were reluctant to do so, especially when savings were intended for “responsible” uses such as paying for college or retirement. The participants were most reluctant to raid funds set aside for children—a finding that held even when that money wouldn’t be spent on children for many years.

While opting for high-interest loans might seem irrational, it is consistent with other recognized spending biases in which consumers treat money as nonfungible, Sussman and O’Brien say. According to research by Hersh M. Shefrin of Santa Clara University and Chicago Booth’s Richard H. Thaler, people are more likely to spend from current than future income, whereas other research by Thaler indicates people tend to spend less money from pension and home equity than other assets.

The researchers identify a possible solution: automatic repayment plans. When participants had more confidence in their ability to replace their savings, they were more willing to use savings when needed.

WORKS CITED

Are You Looking at Me?
Why companies like to turn products into people

Alice G. Walton
Originally published August 27, 2015

It’s fair to say that commuters can be a surly bunch, particularly in the rain. So it will be interesting to see how they respond if, sometime in the near future, a cab that resembles a happy Herbie (of the Disney movie The Love Bug) pulls up alongside them. Both Uber and Google are reportedly testing driverless cars, and Google turned some loose on the roads of Mountain View, California, and Austin, Texas, this summer. The company designed the front end of its prototype to look like an innocent, wide-eyed human face.

Anthropomorphism—giving human characteristics to animals, objects, constellations, and other nonhuman things—is a natural and ancient human inclination. Eighteenth-century philosopher David Hume wrote about a “universal tendency among mankind to conceive all beings like themselves”—a tendency, he argued, that stems from an intellectual urge to understand a frightening and erratic existence. All over the world, and throughout time, people have fashioned gods after people—and some have envisioned god-favored heroes in the constellations. Sailors named storms and hurricanes, a tradition continued by meteorological organizations. We see faces in clouds and trees, and attribute to our pets motivations that we can’t prove.

In the past few decades, thanks to advances in technology, we have created things that talk, sing,
dance on screen, smile, frown, and exhibit nuanced human expressions. We think of products and brands as other people with fully formed personalities—as companions, friends, and relationship partners. When companies develop anthropomorphized characters, consumers pay attention. A video of geeky, dancing hamsters shilling for Kia has more than 8 million views on YouTube.

But despite our apparent need to anthropomorphize objects, the issue was rarely studied from a business perspective until recently. Now researchers are beginning to understand the psychology of anthropomorphism, which can be a useful tool—not only for selling cars and other products, but in understanding how we interact with animals, computers, and entire ecosystems. Anthropomorphism could be used to help overcome fears about self-driving cars, or to persuade a sometimes-skeptical public to confront climate change. A sense of humanity, we are learning, is a powerful motivator.

What makes us see humans everywhere?

Hume implied that our anthropomorphism is uniform. Nicholas Epley, John Templeton Keller Professor of Behavioral Science at Chicago Booth, disagrees. He says that when it comes to assigning human qualities to things, there’s huge variability. We don’t even anthropomorphize the same object in all situations. Sometimes, he points out, we start a car and press the pedal. Other times, we may pet its dashboard and plead for it to start.

“It changes over the course of a lifetime, in different situations, and across different cultures,” says Epley. Though it contradicts our higher logic, we still get sucked in: we know a talking peanut can’t exist, yet he’s an endearing and remarkably adept salesperson. We know that a computer that crashes right before a big presentation can’t be out to get us, but we curse at it anyway. It seems to be in our nature to humanize things despite our capacity to reason—or perhaps in part because of it.

To understand what makes humans see themselves in other entities, Epley developed a three-pronged model. First, and above all, we anthropomorphize for social reasons, he claims. We have a fundamental desire to connect with people around us, and we may anthropomorphize things that aren’t human to connect with them, too. In one striking example, chronicled by documentary filmmaker Agnieszka Piotrowska, an extremely isolated British woman with deep social anxieties fell in love with her sound system, which she called “Jake.” A Hollywood version of the scenario played out in the movie *Her*, in which a lonely man, played by Joaquin Phoenix, falls in love with his high-tech operating system, which calls itself Samantha, and bears the sultry voice of Scarlett Johansson.

In one study, Epley, along with his former student Adam Waytz, now at Northwestern, Scott Akalis of Harvard, and the University of Chicago’s John T. Cacioppo, observed that lonely people were more likely than others to anthropomorphize objects. Participants who were measured by a questionnaire as lonelier were more likely to assign human traits to an item such as “Clocky,” an alarm clock on wheels that “runs away,” forcing a sleepy person to get up to turn it off. In follow-up experiments, people who were induced by the researchers to feel lonely, through movies and other cues, were more likely to assign human characteristics of sympathy and considerateness to animals, and to believe in supernatural entities such as ghosts, angels, or a god. “Social disconnection does not turn atheists into fundamentalists, of course, but it may nudge religious belief in the same direction for believers and nonbelievers alike,” the researchers write.

The second element of anthropomorphism Epley identifies is “effectance motivation,” our natural inclination to make sense of, and exert control over, the world. “We’re always trying to make inferences, and to gauge other people’s responses, and then change our own accordingly,” he says. Treating something as if it has a mind helps us make such
inferences. When you get into a car and it starts, you go about your day—no inferences necessary: “But when you get in and it doesn’t start, then you give it a mind. You get angry at it.”

In one study, Waytz, Carey K. Morewedge of Carnegie Mellon, Epley, the University of Chicago’s George Monteleone and Jia-Hong Gao, and Cacioppo looked at how people made inferences about products that were either predictable or unpredictable. People were more likely to anthropomorphize them if they behaved unpredictably, perhaps because their erratic behavior seemed almost human.

The researchers also took functional magnetic resonance images (fMRIs) of the brains of the study participants, to see what areas were active in the moment participants were anthropomorphizing an object. The parts of the brain that became active in considering objects were the same ones that activate when we’re making inferences about other people’s mental states. “These findings suggest that perceiving an agent as having a mind of its own may not be mere metaphor,” says Epley. Our brains respond as if we really are interacting with another “mind.”

The third element in Epley’s theory of anthropomorphism is cognitive and automatic. The only lens we have for viewing the world is human, he says, so we apply that complex knowledge base to everything around us. Giving certain human traits—such as eyes or a voice—to inanimate objects can trigger our idea of what’s human, making it more likely that we’ll anthropomorphize the object. Epley’s latest study, with Waytz and the University of Connecticut’s Joy Heafner, found that it takes only subtle touches of humanness to persuade us to treat a driverless car as having a mind. A voice, a name, and a gender were enough to get riders to see “her” as more than a mindless machine.

How we react to a car’s ‘come hither’ look

Once we see a face in something, what do we think? Do we like it? Feel frightened? It turns out that just as different human faces evoke different responses, faces given to objects do the same.

Ann L. McGill, Sears Roebuck Professor of General Management, Marketing, and Behavioral Science at Chicago Booth, once got stuck in traffic, with an aggressive-looking pickup in her rearview mirror. “I found myself reacting even more strongly,” she says. “It wasn’t just that it was honking and right on my tail, but it looked really angry—and being a pickup truck, it loomed large in my rearview mirror.”

Soon after, McGill began studying car “faces.” With Pankaj Aggarwal of the University of Toronto, who received his PhD at Chicago Booth, she conducted a simple experiment using cars to determine whether the products fulfilled our sense of specific human schema, or our idea of what it is to be one kind of human or another.

As Google and generations of moviegoers know well, features of cars can be used to look like faces. Herbie, a 1963 Volkswagen Beetle, had a long career in film. Today millions of children are more familiar with Pixar’s animated Cars films, featuring characters such as racecar Lightning McQueen and the tow truck Mater.

In their car study, McGill and Aggarwal test whether each car seems like a spokesperson. They had college students look at automobile print ads in which the cars appeared to be either smiling or frowning. In some cases, the cars addressed the viewer directly, saying, for instance, “Hi! I am Lexus. You may have seen me around in your city. Lately, I have gotten a face-lift....” In other cases, the ad was constructed in the third person (“You will now see a picture of a Lexus. You may have seen this car around in the city.”). If a car was smiling and the ad was written as if the car were a spokesperson, participants liked the car better than if the car were frowning. The smiling car better fit respondents’ stored framework of knowledge about a spokesperson, who tends to smile. On the other hand, when the ad was written in the third person, participants
were no more likely to see the car as human if it were smiling than if it were frowning. “We propose that, when marketers encourage consumers to anthropomorphize a product, consumers bring to mind their schema for the type of person suggested, and that the product is evaluated in part by how well its features fit that schema,” McGill and Aggarwal write.

A similar phenomenon occurred when the researchers replaced cars with soda bottles having humanlike bodies. When the team presented an ad describing a group of bottles as a “family line,” participants evaluated the bottles more positively when the bottles were differently sized—resembling two parents and two kids—than when they were all the same size. Finally, when two bottles were presented as “twins,” participants saw them as more human, and liked them better, if the bottles were the same size, rather than different sizes (though they liked them a little less when the pair was presented as evil twins rather than good twins).

Coca-Cola has taken advantage of the human tendency to like products better when they seem more like people. Its carbonated soft-drink sales in the United States rose last year for the first time since 2000, after the company began putting names on its bottles, using the 250 most popular first names for teens and Millennials. “To see your name on a big brand, it makes it personal,” customer Ricardo El Torro told the Wall Street Journal.

Faces struck the researchers as particularly important. They’re critical from an evolutionary perspective, after all, says McGill. If one of our ancestors were to have misread the expression on a face, or even missed seeing an approaching face, he might have become the dinner of a predator, or the victim of an intruder. Our sensitivity to faces may also be an artifact of our socialness; our lives largely revolve around complex interactions with family, coworkers, acquaintances, and friends.

People respond better to certain “expressions” in the faces of cars over others. McGill, with Jan R. Landwehr and Andreas Herrmann of the University of St. Gallen, asked study participants to look at photos of 16 car models with various combinations of headlights and grilles. The cars bore all the possible combinations of eyes (slanted or arched) and mouths (upturned or downturned), and the participants rated each car’s friendliness and aggressiveness. In line with research on human faces by Paul Ekman, an American psychologist, and other studies, the researchers found that slanted eyes and downturned mouths worked in tandem to signal aggression, while upturned mouths alone signaled friendliness.

After seeing what emotions the cars provoked, the researchers determined the optimal combination of features for likeability. The most enticing combination according to participants: an upturned grille (indicating friendliness) and slanted headlights (indicating aggression)—a look, interestingly, that does not have a human equivalent. Yet this combination elicited for the viewer both pleasure and arousal, a psychology term for feeling excited or charged up. “The main emotion is pleasure, which is amplified by the higher level of arousal,” says McGill.

The researchers looked at car sales in Germany over a one-year period, and found that cars with this combination of features outsold other cars. And when the researchers examined data from a German car magazine, they found that consumers also rated cars with this combination of features better than other cars.

The face on Google’s self-driving car, however, looks not remotely aggressive. In fact, it looks quite innocent, with simplified features. According to TechCrunch, Google designed it to put riders at ease and minimize fears about risks.

We may react certain ways to faces because we create personalities and inner lives for them, the same way we do for brands. Previous research by the University of Waterloo’s Gränne M. Fitzsimons, and Duke’s Tanya L. Chartrand and Gavan J. Fitzsimons, found that people were more creative,
or behaved more innocently, after being exposed to the Apple or Disney Channel brands, respectively. Similarly, McGill and her colleagues wondered whether we also might take on the “personalities” of other, more everyday brands. In one experiment, they asked participants to imagine what kinds of people products like Kellogg’s cereal and Krispy Kreme doughnuts would be if they were human. Kellogg’s came across as a trim, healthy guy who makes smart choices about food and exercise. Kreme seemed pudgier and more sedentary.

The team asked the participants what kinds of choices they would make themselves in everyday situations. The people who’d been asked to visualize a human Kellogg’s said they’d be more likely to take the stairs over the elevator. Those who’d envisioned Krispy Kreme said they’d choose the elevator over the stairs, suggesting that the “personalities” of the brands we choose can rub off on us.

Our relationships with products also can mimic human power dynamics. In another part of the study, the researchers asked participants to imagine a brand as either a partner or a servant. A partner brand might help you to achieve a goal, while a servant brand might be seen as doing the work for you. One brand the researchers used was Volvo, which is strongly associated with safety. In a survey, participants were asked whether they preferred to accept a smaller amount of money without risk or to take a big chance for a larger sum. When participants imagined Volvo as a partner—in other words, the people were doing the work alongside the brand—the participants were willing to take fewer risks. By contrast, when they envisioned Volvo as a servant, they took the riskier bet. And this likely translates into the real world: with Volvo positioned as a servant, people might drive less responsibly, since the car is taking care of them. In other words, when the servant is in charge of safety, the “master” is freed up to take risks.

Just as we might treat a much older neighbor with more respect, McGill argues, we interact with brands similarly, letting them nudge us into the right role. “If you think of a brand as a person, you act like it or act different from it in whatever way makes you get along with it the best,” she says.

So, if you think the brand is your partner, you act like it to make working together go smoothly. If you think it is your servant, you do the opposite to get out of its way.

**When things talk, we listen**

We see humans in objects and we respond accordingly—and, crucially, some of us respond with trust. McGill has found that some people might trust a talking gecko, or muffin, or M&M’s, more than they would trust a living, breathing, human spokesperson.

Who are these people? McGill and Northwestern’s Maferima Touré-Tillery, who received her PhD at Chicago Booth, tried to address this question with an experiment involving a fictitious brand of dental floss, which they called Max Floss. The dental-floss container had eyes and a mouth, and in the print ad, “he” addressed the viewer in the first person. In an alternate version, the ad copy was written in the third person. The dental floss was still named Max, but it didn’t have human features.

It turned out that participants who ranked low in interpersonal trust to begin with, measured by a questionnaire, responded well to a “talking” box of dental floss. They were more convinced of the product’s worth when it spoke to them directly than when a person presented the product’s benefits. People low in trust believe other people lack goodwill, so they discounted what the person said about the floss. However, the talking box didn’t trigger the same guarded response that those participants had to human messengers. People who were more trusting of other humans, by contrast, were just as likely to believe the product’s worth after reading the ad written in the third person. The researchers found similar effects in follow-up studies; for example, in one experiment, a talking lamp described the benefits of a light bulb. The
results suggest the benefit of anthropomorphism wasn’t tied directly to the desire to purchase the talking product, but instead reflected how credible the talking item was in its pitch.

It may be possible to increase people’s trust of a particular object by anthropomorphizing it. In one study, Waytz, Heafner, and Epley asked participants to use a General Motors driving simulator. In some cases, the study participants in the simulator did the driving themselves. In other cases, the car drove the person silently. And in a third condition, a car given the name Iris—the reverse of iPhone’s Siri—drove the participant while speaking in a soothing female voice. (Epley’s colleague at Chicago Booth, Heather Caruso, served as Iris’s voice, for which she was apparently a natural.) Iris would say things such as, “Hello, I’m Iris. I’m your car’s automated system,” and, “A car turned into our lane. I’m going to slow down.”

The people in the third group, who were driven by Iris, rated the car as more intelligent and trustworthy than did people in the first two groups. And when the team programmed an accident into the simulation, people riding in Iris blamed the car, its engineer, and its manufacturer considerably less than did those who drove themselves. Further, the riders’ heart rates and startle responses were considerably lower in the Iris group, suggesting that when the car seems to have a mind, people are more at ease with it.

Epley says these findings are a prime example of how small touches of humanness such as a voice, gender, and name can elicit our capacity to see humanity in a machine—to give it a mind. “When you give a non-human agent the properties that trigger it in other people, that’s when you anthropomorphize things,” says Epley. “We give something a voice—suddenly it has a mind! So it’s not hard to do.”

And perhaps not surprisingly, the same thing is true for actual humans: in Epley’s latest study, he and former student Juliana Schroeder had real recruiters or actors evaluate MBA candidates’ “elevator pitches” about why they should be hired. The real and fake recruiters both responded more positively to the applicants—finding them more competent, thoughtful, and intelligent—when they took in the pitches via voice recording rather than in writing. This last study may be something to keep in mind in our own social interactions: reaching out voice to voice, rather than via email, makes you seem a lot more human—and a lot more intelligent.

**Should polar bears speak?**

A government agency recently contacted McGill to inquire whether it should anthropomorphize mold and rot in its advertising campaign to get people to buy flood insurance. McGill says that because people vary in the traits (such as how trusting they are) that make them more or less receptive to anthropomorphism, it’s difficult to give across-the-board advice.

In noncorporate settings, objects with humanlike traits could help address climate change. Science shows with very little doubt that the earth is warming, yet many American lawmakers and citizens remain unconvinced.

Some of Epley’s research has found that people who are more likely to anthropomorphize are also more likely to care about protecting the environment. In the same vein, some governments, noting that human destruction of various habitats is occurring at an unsustainable pace, have given “rights of nature” to plants and ecosystems. Ecuador was the first nation to vote these rights into effect, and Switzerland and the US state of Pennsylvania followed suit. “It is no accident, we assume, that environmental activists frequently speak of ‘Mother Earth’ when trying to encourage more environmentally responsible behavior,” Epley, Waytz, Akalis, and Cacioppo write in a 2008 study. “Anthropomorphizing an agent not only leads people to represent it as humanlike but to treat it as humanlike as well.”

Similarly, Aggarwal, with Hee-Kyung Ahn of Hanyang University in Seoul, and Hae Joo Kim of Wilfrid Laurier University in Waterloo, Ontario, Canada, find in a 2014 study that coffee-shop
patrons donated more to a tree-planting campaign when shown a poster of a tree with humanlike eyes and mouth and the caption “Save me!” than did patrons who saw a poster with no humanlike features and the caption “Save trees!” It may be in our best interest to continue anthropomorphizing the environment, in order to address climate change and related issues.

Anthropomorphism also has applications to animal welfare, says Epley: “Why is it that we are really concerned about the plight of the panda—but the spotted salamander we couldn’t give two farts about?” The discrepancy likely has to do with how much pandas trigger, and spotted salamanders don’t, the “self” centers of the mind.

Animals currently have few legal rights, though anticruelty laws require that animals in captivity be provided with basic necessities and treated humanely, unless it is considered “necessary” or “justifiable” to deny them food, water, or shelter. But those legal boundaries may be changing for animals that we perceive as most similar to humans. Orangutans, for example, can trigger us to see ourselves in them, as they seem to share a trait that in the past was attributed only to humans: self-awareness. In 2014, members of the Association of Professional Lawyers for Animal Rights in Argentina filed a habeas corpus petition for Sandra, an orangutan born in captivity, arguing that she had been denied her freedom in her 20 years at the Buenos Aires Zoo. Sandra’s lawyers argued that her self-awareness made her a person in a “philosophical” sense, though not a biological one. The Argentinian court granted Sandra humanlike rights, meaning that she would have to be released from the zoo into a sanctuary. (She could not be released into the wild, because she had lost the skills necessary to survive there.)

Finally, how much we anthropomorphize affects our capacity to make moral judgments. Epley and his team measured people’s tendency to anthropomorphize before asking them ethical questions, such as, Would it ever be OK to destroy IBM’s chess-playing computer, “Deep Blue”? or to allow rare flowers to be destroyed? People who are more likely to anthropomorphize were also more likely to believe these types of acts were unacceptable.

People act in more socially desirable ways when they are being watched by an anthropomorphized computer: they reveal less about their own digressions and cooperate better with others in a game of economics. “Being watched by others matters, perhaps especially when others have a mind like one’s own,” Epley and colleagues write.

Anyone trying to harness the power of anthropomorphism should be cautious, of course. Researchers have plenty more to learn about why people react the way they do. Volvo doesn’t want to inadvertently encourage dangerous drivers. McGill has found that when people feel powerful, and are placed in front of a human-looking slot machine, they’re more likely to bet big. And when presented with an anthropomorphized version of skin cancer, some people get the wrong message. “When disease is anthropomorphized,” says McGill, “if you feel powerful, you’re not worried about that disease, because you think you are stronger than it. That’s worrisome since we commonly anthropomorphize cancer.” A CEO used to getting her way may feel confident that she’ll beat cancer if it is anthropomorphized—even if she smokes, skips checkups, and fails to take other steps to prevent getting it.

If a car, a clock, or cereal is anthropomorphized and sold as a much-needed companion, that’s one thing. Riskier situations need to be addressed differently, since some personality types may be liable to anthropomorphize a situation that should remain nonhuman, or to dehumanize a situation that should retain its humanness. “Where it gets more troublesome is in the higher-risk situations,” says McGill. Adding or subtracting humanness in certain situations might actually change our interactions not only with products, but also with our loved ones, the environment, our communities, and even our own bodies.
But when a happy-looking driverless cab pulls up alongside you sometime soon, chances are it’s OK to hop in and let it take you where you need to go. If “he” introduces itself to you by name, it will be hard not to trust it, since it will have been given a “mind.” Trusting your driverless cab is probably not a bad thing; after all, if it’s designed by Google or GM, it will likely be a safer driver than you.

**WORKS CITED**


People hate to wait. We don't like being placed on hold, or getting stuck in traffic, or standing in line at the bank or the supermarket. In the information age, when the speed at which data and information travel is measured in microseconds, our impatience is reaching unprecedented levels. According to engineers at Google, 40 percent of users abandon a website that takes more than three seconds to load. Even a quarter of a second of delay sends internet users to competing websites.

But for people who believe patience is a virtue and a positive attribute, suffering through a wait has an upside. According to Chicago Booth's Ayelet Fishbach, Jeffrey Breakenridge Keller Professor of Behavioral Science and Marketing, waiting may actually make people more patient. Fishbach is exploring why that is, and the reasoning behind it may help companies and consumers make better, more patient decisions.

Researchers have been studying patience for decades, and they commonly approach it by offering people the choice between a smaller reward soon or a larger reward later. Given the choice between $10 now or $15 a month from now, people often choose the smaller but immediate payoff, even though it makes them less well-off financially. Behavioral economists refer to this as intertemporal discounting—people tend to value things more in the present and discount their worth in the future. In one particularly famous study, published by psychologist Walter Mischel at Stanford in the early 1970s, researchers offered four-year-olds a marshmallow now, or two marshmallows if they waited for approximately 15 minutes. In that study, most children tried but failed to wait for two treats. The marshmallow study showed that kids who spent more time waiting had higher test scores and healthier body mass–index scores years later.

Researchers have also been looking at what can be done to increase patience. Richard H. Thaler, Ralph and Dorothy Keller Distinguished Service Professor of Behavioral Science and Economics, among others, suggests that one thing that makes people particularly impatient is having an immediate wait. A wait that is farther off into the future is easier to bear, even if it is just as long. Psychologists call this the common difference effect—a person will probably choose to have one cookie right now rather than two in a week, but when offered one cookie in five weeks' time or two cookies in six weeks' time, he becomes much more patient. Thaler's research from 1981 indicates that people will also wait longer for larger rewards and demonstrates that increasing the value of a reward increases a person's willingness to wait patiently for a larger reward. Intuitively, that makes sense: more people will wait a month to get the latest version of the iPhone than will wait for the newest, just-released flash drive because there's more to be gained from waiting.

While Thaler continues to study the dynamics behind patience, Fishbach's research contains new thinking about how to increase it. She suggests that making people wait to make a decision can improve their patience because the process of waiting can make the reward for waiting seem more valuable.

Fishbach and Xianchi Dai, a former Booth post-doctoral student now at the Chinese University of Hong Kong, tested this hypothesis in a series of studies conducted in the United States, mainland China, and Hong Kong. In one study, the researchers invited participants to sign up to join a subject pool
for online studies. In exchange for signing up, all participants were invited to enter one of two lotteries: one would pay out a $50 prize sooner, the other would pay out a $55 prize later. The researchers wanted to know whether participants would opt to try their luck for the larger but delayed prize if they were made to wait before making their choice.

Who will try for the larger prize?
The participants were divided into three groups, and what differed was the amount of time people in each group had to wait before potentially getting their prize. Researchers told the first group that they could win $50 in three days or $55 in 23 days. They told the second group they could win $50 in 30 days or $55 in 50 days. The third group, like the second, was told they could win $50 in 30 days or $55 in 50 days, but they had to wait before choosing a potential reward. Researchers contacted members of the third group 27 days later to ask for a decision, at which point the participants, like those in the first group, had to choose between waiting three days or 23 days to potentially receive a prize.

Fishbach and Dai found that in the first group only 31 percent of participants chose to wait for the larger reward. In the second group, for whom the lotteries were farther off, that number rose to 56 percent. But among people in the third group, who had been waiting several weeks to make their choice, 86 percent chose to wait for the larger reward. Even though they were making the same choice as people in the first group ($50 in three days or $55 in 23 days), the fact that they had been waiting to choose increased their patience.

People reacted similarly even if the reward was something other than money. Fishbach and Dai conducted similar studies using consumer products such as iPod shuffles and boxes of chocolate as rewards. Once again, people who had to wait before making a choice demonstrated more patience. And when asked how much they valued the prizes, people made to wait placed a higher monetary value on the iPods and chocolates than people spared the wait.

“Fishbach theorizes that when people wait, their self-perceptions unconsciously raise the value of the object they’re waiting for. And building on Thaler’s insights, people become more patient when a larger payoff is involved.”

and chocolates than people spared the wait.

To explain this phenomenon, Fishbach employs a two-step logic: when people wait, it makes them place a higher value on what they’re waiting for, and that higher value makes them more patient. They see more value in what they are waiting for because of a process psychologists call self-perception—we learn what we want and prefer by assessing our own behavior, much the same way we learn about others by observing how they behave. When we see people camping out to get the latest iPhone, we infer that the campers must find the iPhone valuable and worth waiting for. When we find ourselves waiting in that same line, we make a similar inference about ourselves, particularly when we are uncertain about the value of what we’re waiting for. Fishbach theorizes that when people wait, their self-perceptions unconsciously raise the value of the object they’re waiting for. And building on Thaler’s insights, people become more patient when a larger payoff is involved.

The key point, therefore, is that waiting leads people to value the things they’re waiting for more. This understanding can be useful knowledge for businesses. Financial advisers can use waiting to inspire people to save responsibly for retirement. If an investor has paperwork to fill out, it may be
beneficial to have her hold off on making investment decisions until after she has completed it. It could also help to thank her for being patient, providing a gentle reminder that the investment is worth the wait. Then she may be more patient and may make more sensible choices.

Some companies already use waiting to entice customers. Apple, by announcing a product and making people wait for it, makes people excited to shop and willing to pay for the latest gadget. Celebrity chef Grant Achatz sells tickets to his restaurants, creating a system where people pay for their meal several months in advance. When people wait for their dining experience, they value the experience of eating at one of his restaurants more highly, enough that they pay several hundred dollars (or more) for a ticket. These strategies may be effective for other reasons as well, but they help reinforce Fishbach’s research.

Better understanding the psychology could help customers, too, by improving their patience and, using related logic, helping them avoid overpaying. Fishbach’s conclusions suggest that because self-perception generally happens automatically, if customers pay close attention to what they value, they may be less vulnerable to automatic influences. A person looking to buy a car can tame the influence of self-perception if she goes shopping with a plan. If she is determined to buy a basic car model, she may be less swayed by a salesman who makes her wait before pushing an upgraded model. It’s something to ponder while waiting at the financial adviser’s office, the dealership, or during that agonizing, four-second wait for a website to load.

ADDITIONAL READING


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Viewing FICO Scores Spurs Better Financial Habits

Carla Fried
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When it comes to financial matters, consumers tend to have a lot of confidence but a dearth of knowledge. Intensive and often costly interventions intended to close this gap haven’t helped much, but research by New York University’s Tatiana Homonoff, University of Wisconsin-Madison’s Rourke O’Brien, and Chicago Booth’s Abigail Sussman suggests that a simple email may prove an effective mechanism for helping consumers up their financial game.

More than 400,000 customers of Sallie Mae, a private college-loan lender and servicer, were included in a study that tracked whether a quarterly email letting them know how to view their FICO scores for free on Sallie Mae’s website might lead to better financial habits.

The FICO score is the ubiquitous financial report card businesses use to size up the creditworthiness of consumers. Since 2013, the FICO Score Open Access initiative has made scores available to consumers for free, through partnerships with banks, credit-card issuers, and other financial institutions that buy FICO credit scores. As of early 2018, more than 250 million consumer accounts have been offered free FICO scores, which can be accessed by logging in via the provider’s website.

Homonoff, O’Brien, and Sussman find that Sallie Mae borrowers who received a quarterly email “nudge” were 65 percent more likely to log in to the website and view their FICO scores than customers who did not get the inbox prompt. Moreover, during the two-year study period that ended last June, participants who received the messages saw their FICO scores rise and were less likely to be delinquent in paying their bills.

The emailed contingent also opened more credit-card accounts. Though it may seem counterintuitive, this can be positive, as FICO algorithms weigh the number of accounts held by a consumer. While having too many accounts can be detrimental to some consumers, the researchers point out that the relatively young average age of study participants (25 years) means that it is possible they would benefit from having more accounts, as it would help build their credit score.

The researchers sorted Sallie Mae student-loan borrowers into four groups. The first was a control group made up of 10 percent of borrowers, who did not receive an email nudge, though they could continue to access their FICO score for free on the Sallie Mae website.

The remaining customers received one of three quarterly emailed messages. One group was merely told via email that the quarterly update to their score was available. A second group received an additional message explaining how FICO scores affect one’s finances. A final group saw a keeping-up-with-the-Joneses-type exhortation that people just like them were taking steps to manage their financial future.

Due to privacy issues, individual FICO scores were not included in emails; participants had to sign in to their Sallie Mae account to get their score.

Nearly a third of Sallie Mae customers who received any of the three email messages in the first year of the study checked their score at least once, compared to just one in five in the control group. There was no difference across the various email message groups.

The nudge also seems to have some beneficial consequences, measured one year after the intervention began. Among participants who received an email reminder, the rate of being at least 30 days...
late on bill payments was 4 percent lower than in the control group. When the researchers looked at the same variable among emailed participants who were induced to check their score as a result of the intervention, the incidence of late payments was 9 percentage points lower than among participants who did not receive emails. The average FICO score was 8 points higher for the emailed cohort. The researchers write that “it does appear that viewing one’s FICO Score drives financial behaviors which, on net, improve the creditworthiness of individuals.”

The efficacy of the emails seems to stem from combatting overoptimism. In a separate survey that included 3,500 Sallie Mae customers, individuals were asked to self-report their FICO scores. The researchers compared these estimates with actual scores, and the accuracy was 14 percent higher for people who received the email nudge than for those in the control group. Specifically, emailed participants were less likely to overestimate their score.

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What Your Future Self Can Teach You

The ‘future you’ can help you be wealthier, healthier, and more generous in the present

Alice G. Walton

Originally published December 10, 2015

**BOOTH FACULTY:** Daniel Bartels, Oleg Urminsky, Ed O’Brien

Visit Merrill Edge’s Face Retirement website, and you’ll be confronted by your future self. The site invites you to take a photo with your webcam and input your age. Then facts about retirement and savings flash on the screen—“46 percent of Americans have saved less than $10,000 for retirement” reads one—while the program digitally “ages” your photo, and you are soon staring at a slightly animated, nodding, blinking, more wrinkly version of yourself. Merrill Edge is betting that the statistics alone won’t scare you into saving, but being confronted by an older version of yourself will. “That’s not a stranger you’re saving for,” reads the site, “it’s the future you.”

In a commercial put out by Prudential, a cartoon version of a man sits side by side with an older version of himself. “This is you,” says the spokesman. “This is you in 40 years…you like you, right?” It continues, “One-third of you aren’t saving enough for the older you. But why is that?”

The retirement industry would like to know the answer to that question. In the United States, the savings rate has fallen to less than 5 percent. Putting aside money for long-term goals such as retirement or the kids’ college education can slip down the priority list, replaced by more immediate needs, such as paying the mortgage or buying
school supplies, or wants, such as celebrating a friend’s birthday or taking a vacation.

For much of the past decade, firms have been trying various ways to convince people to think about the future, and in particular about the people they will become. That tactic makes sense: behavioral scientists are learning that how you think about the “future you” can influence your decisions and behavior in the present. As this science progresses, researchers are developing a more refined understanding of when and how the future self wields its influence. Under the right circumstances, your future self may inspire you to save—and it could, in fact, help you make a host of wise decisions.

Save more money

The financial industry has always wanted people to think to the future, but in a particular way: more often than not, retirement brochures encourage you to think about all the money you will enjoy one day if you just save. One path to attaining that pile of cash, you’re often reminded, is to cut out small indulgences in the present, such as that daily Starbucks habit or visits to the local pub. Several financial self-help authors argue that cutting down on little things—lattes, bottled water, magazines, and so forth—can over time generate hundreds of thousands of additional dollars (or the currency of your choice) in savings.

The logic is beautifully simple and seemingly sound. But for many people, following this advice proves difficult. The problem is that while waiting in line for coffee, you’re simply not thinking about the future—much less about your future self. You’re only concerned about the present. The future self seems like an intangible, impractical concept to bring into a coffee shop, or for that matter anywhere.

The idea of the future self struck Chicago Booth’s Daniel Bartels as fairly conceptual when he was in graduate school taking philosophy classes that introduced him to the concept. He says his courses covered a lot of “very abstract stuff,” including theories of identity by thinkers such as Oxford’s Derek Parfit, a celebrated philosopher who has suggested that people should feel disconnected from their future selves, and that sense of disconnection should lead them to behave with an eye more toward the present than the future. These ideas seemed somewhat compelling to Bartels, and this philosophical theorizing stuck in the back of his mind as he pursued a career in behavioral science.

What triggered his academic interest in the topic was an acquaintance of his, a young man whose family had a genetic disposition to Huntington’s disease, which causes the breakdown of nerve cells in the brain. The friend had a greatly increased chance of developing Huntington’s at some point in his future, but he didn’t want to be tested. “He put it off, because he didn’t want to live life with the knowledge that he might develop it,” says Bartels. “He said that if he did have the test and it came back positive, he’d then live his life with reckless abandon. He pictured the future version of himself in a wheelchair—but he felt that that’s not really him.” Knowing that this person was contemplating his potential future self, and was at times feeling disconnected from that self, Bartels started thinking that there may be a practical application to all those philosophical musings.

Bartels began studying the topic in the lab, partnering with Lance J. Rips of Northwestern University on studies that looked at people’s relationships with their future selves. The pair found some preliminary evidence suggesting people feel less and less connected to their future selves the farther out in time they think about them—but those who naturally feel more connected are more apt to want to sacrifice money in the present for money in the future.

They also explored whether events can make a person feel more or less connected to the future. The researchers asked people to read stories about
fictional characters who experienced life-changing events—for instance, being momentarily buried by an avalanche without suffering any long-term repercussions. Study participants, the researchers found, felt more connected to characters before they experienced events that could change them. In the case of the avalanche, participants were more likely to say they would do nice things for the characters before, rather than after, they had been through their ordeal. But the researchers wondered whether what’s true for fictional characters is also true for the self. If you feel more connected to your future self, are you more likely to do it favors in the present?

To find out, Bartels teamed up with his Chicago Booth colleague Oleg Urminsky. They approached seniors from University of Chicago a week before graduation, prompting some students to think about being connected to the people they’d be in a year, and reminding others that they could become very different people. Then they entered each participant in a lottery, in which participants had the possibility of winning a gift card worth $120 in a week’s time—or one for $240 that was redeemable only in a year’s time. The experiment controlled for participants’ incomes and future resources.

People who felt close to the people they would be in a year were more likely to be patient and wait a year for a possible reward, but the others wanted the money sooner, presumably while they were still people they would recognize. “They were less connected to their future selves,” says Bartels, and therefore “they were much more impatient.”

Financial sector, take note: if you can make people feel more connected to their future selves, you may help them make better financial decisions in the present and improve their personal savings rate. Just reminding people to think more about their future selves should help them trade today’s small luxuries for more money in retirement—but again, sometimes that isn’t enough. “There’s a difference between knowing and caring,” says Bartels.

“You have to think about the trade-off inherent in choices that you’re making,” says Bartels, “and you have to care about the future self that stands to benefit. It’s about making people aware of a trade-off and making them care. If you do one or the other, it’s not as effective.”

When you’re in line for a latte, you have to not only think about your future self, but also care about that future self. Only then will you think about the purchase of the coffee as a trade-off between your present and future selves.

To tease apart that difference between knowing and caring, Bartels and Urminsky conducted an experiment in which participants used online surveys to rank categories, such as debt repayment and entertainment, in terms of importance. Those who were induced to believe that people’s identities don’t change much over time said they’d spend more money on the categories they had ranked as more important. But for the others, who were induced to think that the future self changes a lot over time, even a subtle reminder about the importance of various categories didn’t do any good; those people spent their money less wisely, by their own definition. This dichotomy suggests there are indeed two parts to the process: if you care about your future self and are reminded about what’s important, you’ll sacrifice for it. But reminders don’t do a lot of good if you don’t care in the first place. “You have to think about the trade-off inherent in choices that
you’re making,” says Bartels, “and you have to care about the future self that stands to benefit. It’s about making people aware of a trade-off and making them care. If you do one or the other, it’s not as effective.”

The results also held true for decisions in the field, tested in a coffee shop. College students surveyed by the researchers ranked the importance of spending categories, such as buying coffee, saving money, and paying rent. When also prompted to think about the stability of the self over time, the participants spent less on their coffee-shop purchases.

“Making people think about and value the future didn’t simply make them stingy; it caused them to spend more wisely—to make better financial decisions by focusing their spending on only what was really important to them,” says Bartels.

**Boost your rational thinking**

“There’s an element here that’s fuzzy,” says Chicago Booth’s Ed O’Brien. “What does it mean to feel connected to our future selves? If I said I felt connected to some public figure, you’d have a tangible sense of what I meant—the looks, traits, or values I share with this other person. But what about my future self? Who is *that* person?”

O’Brien became interested in the future self from a psychological perspective. Studies have found that people spend a lot of mental time somewhere other than in the present—“Whether time is running short, or we’re planning future events, or thinking back on old memories, we’re often jumping around in time,” he says. “It seems like most of our time is spent thinking of things that aren’t actually in front of us.”

Whatever or whoever we’re thinking of, O’Brien concluded, we tend to take a rosy view. From the ancient Greeks forward, philosophers have observed that most people are indelible optimists who think they’ll improve with time, becoming smarter and more rational. In fact, Plato and Aristotle wrote about reason being the defining characteristic of humanness, whereas emotions were a disruptive part of the human experience. According to O’Brien, a lot of people today would say the same. “The future self we picture is the economist’s dream: ‘I won’t eat cake. I’ll always eat salad. I’ll use reason!’ We think we’re going to turn into clear thinkers who are largely rational and unmoved by emotions.”

O’Brien’s research has found that as people believe they’ll be more rational in the future, it’s possible to use that belief to improve someone’s self-discipline. O’Brien asked people to rate how they thought they would react to various emotionally charged situations—ranging from being stung by a bee to craving favorite foods to fighting with a friend—in the past and the future. He also asked people how they would react to more rational situations. As Aristotle might have predicted, respondents reported they would have reacted more powerfully to emotional situations in the past, whereas they would expect to react more strongly to rational situations in the future.

“Responses to emotional events, from being stung by a bee to enjoying leisure, seem more intense if we imagine them happening to our past self than to our future self,” says O’Brien, “but responses to rational pursuits, like needing to exhibit self-control, seem better handled by our future self than our past self.”

O’Brien was able to play around with the effect. When people role-played either their past or their future selves, those playing their past selves became more interested in seeing emotional movies, while those playing their future selves preferred more rational movies, such as documentaries. He was also able to use the future-self phenomenon to actually boost performance on tasks involving cognition and self-control. In one experiment, he asked study participants to persist in a taxing task for as long as they could, which involved making a number of short but strenuous calculations one by one. Participants who were instructed to use their future selves as a role model proved able to persist longer. In another experiment, participants were asked to immerse
their hands in painful ice-cold water for as long as possible, a classic measure of willpower. Again, participants who first thought about their future selves were able to immerse their hands for longer.

You should, however, harness the influence of the future self with some caution. The future self can help you be more rational, and perhaps increase your self-discipline while you are preparing a big project at work or trying to stick diligently to a diet. (You might ask, “What would my future self do?”) But it can also have an impact on your ability to appreciate emotional experiences. “Enjoying these emotional experiences is not what that rational future person does. He doesn’t take time to smell roses,” says O’Brien. But sometimes we need to stop and smell the roses. (“What would my past self do?”) Perhaps the Greek philosophers, though wise, should have given a little more credit to the emotional side of the psyche, and spent some more time wandering through the garden.

**Motivate yourself to be healthier**

Urminsky is doing work that further highlights pursuits involving the kind of self-discipline many people lack, especially when it comes to diet and exercise. Urminsky and Bartels find that when people are prompted to care about their future selves and think about present-future trade-offs, they’re also likely to choose and stick to long-term New Year’s resolutions and make smart health choices whose results may be felt only later.

In one study, the researchers asked visitors at a museum to fill out a survey into which were embedded unrelated questions designed to remind them about the future consequences of unhealthy eating. The survey also asked for each participant’s height and weight. Afterward, the participants were offered a choice between two snacks as a thank-you for participating. People who had been prompted to think about being connected to their future selves and reminded to consider the repercussions of unhealthy eating chose the healthier snack option. But it was only the overweight people who were affected. Those who were not overweight were more likely to choose the less healthy option, regardless of connectedness or healthy-eating reminders.

The fact that only overweight people were affected by the prompts suggests that when we know something needs to change, such as body weight, being nudged to simultaneously think about it and care about the future self can make a difference in these moment-to-moment choices. Similarly, Bartels and Urminsky found that overweight undergraduates who naturally felt more connected to their future selves frequented the gym more often throughout the academic year than those who felt less connected.

The future itself could also help, in a different way. Chicago Booth’s Eugene M. Caruso has found that people perceive the future differently from the past. In a series of studies published in 2013, he and his co-researchers had participants rate whether a given distance in time (one week, one month, or one year) seemed closer in the past or the future—and the future, approaching days always seemed closer than the past, receding ones.

Just as you can connect with your future self, you can also distance yourself from your past self and an undesirable side of you. Want to quit smoking? Focus on this, says Caruso: your fast-approaching future self is smoke-free, while your increasingly remote past self is the one with blackened lungs. “It’s helpful to see that past me as ancient history,” says Caruso. “Distancing yourself from undesirable past selves can be motivating in the present, too.”

**Inspire yourself to be generous**

If you’re looking to get lighter, you could, as a starting point, empty your pockets. Bartels and his collaborators Trevor Kvaran and Shaun Nichols from the University of Arizona looked at how our relationship with our future selves works in philanthropy. They find that the future self can inspire generosity.

The researchers asked people how much they felt they would change over the next year, and how much
of a theoretical bonus payment they’d want, one year into the future, to donate to the Save the Children foundation.

People who predicted a lot of personal change were more charitable with funds they would receive in the future than people who felt they’d be largely the same. In these studies, people who read about studies that suggested a lot of personal change over the course of a year also acted more charitably. “If I think I’m more connected to some entity now than I am to myself in 30 years, then I’ll be more likely give more to that entity now,” says Bartels, adding the entity could represent any person, societal or environmental issue, or charity worthy of attention.

However, as was the case for college students in the coffee shop, people were also inspired by reminders of what they considered important. “You probably would like to help starving kids,” says Bartels, “but you may not think about them all the time because you have rent, your own bills, and other commitments. But if you get your self out of the way a little bit, this changes. When you feel as if your future self is not fully you, then you actually give more.” In the study, people who were prompted to feel disconnected from the people they’d be in a year, and who were making decisions about what to do with money they wouldn’t receive until next year, gave the most.

So here, your future self isn’t inspiring good behavior through connection but rather disconnection. Believing you will change inspires you to act better—toward other people—in the present. Dialing down the connection you feel to your future self can make you act more charitably toward others.

The people most concerned with your generosity are, of course, in the philanthropic field. (For more on the art of raising money, read “Beyond the Ice Bucket Challenge” in the December 2014 issue.) Bartels feels it would be unethical for charities to try to convince people they’re going to change a lot over time, but he says charities could instead simply place donation commitments farther out into the future. “Just putting commitment off in time, and reminding people how much they care about others, may work well,” he says.

**Quit smoking, and plan your retirement**

As we live our lives and focus on the present, we often fail to consider our future selves enough, says Urminsky. If we thought about the future more consistently, we might achieve many goals that seem insurmountable.

But how do you get yourself to think about your future self and connect to it? How do you trick yourself into thinking about present and future trade-offs? That is unlikely to be on your mind when you’re waiting in line for a coffee, or web surfing, or planning a vacation.

It may be that organizations with a product or idea to sell you will try to put you in a particular frame of mind. Charities trying to raise money may dabble with the notion that the future self is changing—or at least encourage giving in the future, rather than the present. An advertiser may want to inspire thoughts of the past self to sell more-emotionally-tinged products such as vacations or greeting cards. Asking consumers to harken back to a time when life was simpler and sweeter may make them more apt to purchase products or services that help them feel this way in the present.

People designing public-health initiatives may wish to embrace the future, but need to be careful about how it’s done. Smoking cessation campaigns sometimes use the future as a warning, by showing what can happen to a body over time. But if you see that future person as fundamentally different from who you are now, it may not have much of an effect. “Anti-cigarette ads talk about all the things smoking will do to you down the road, how you’ll barely recognize yourself,” says Urminsky. “It’s scary, and could actually be distancing. The message shouldn’t be that you’re doing this to some distant version of yourself; it’s that you’re doing it to yourself now, or at least to some closely related version of yourself.”
The ultimate place to remind people about the future self is in the retail setting, but retailers could be less than enthusiastic about this idea, since it would mean we’d be more reluctant to spend our money today.

Banks and investment companies, in the business of getting you to put aside money for the future, have taken on the hefty job of reminding us of our future selves when we’re going about our daily lives while trying to withstand the siren call of Starbucks. Prudential made its ads with help from Harvard’s Dan Gilbert, to get people to confront biases that get in the way of saving. A spokesperson for Bank of America, which owns Merrill Edge, says since its Face Retirement tool launched in 2012, almost 1 million people have uploaded photos. “We know that people who are brave enough to take a look into the crystal ball are much more likely to take control of their retirement planning,” she says. Imagine what else your future self could teach you.

WORKS CITED
How to Get Yourself to Skip That Latte, and Save Money

Alice G. Walton
Originally published June 11, 2015

BOOTH FACULTY:
Daniel Bartels, Oleg Urminsky

Few people excel at making sacrifices, however small, to save for the future. Self-help author David Bach has dubbed this “the latte factor”—people have trouble skipping small indulgences, such as a daily $4 latte, even if they’d save a lot of money in the long run.

Chicago Booth’s Daniel Bartels and Oleg Urminsky, investigating the psychology behind this struggle to save, find that there is a way to improve: people have to be convinced both to care about the financial wellbeing of their future selves and to think about how current spending would affect their future.

“We’ve known that being aware of the benefits of not spending and being patient relate to savings behaviors,” Urminsky says. “But what we find is that one or the other is not enough. For people to be motivated to reduce spending, they need to both consider the future financial consequences and care enough about their financial future.”

Your coffee habit is costing you

Bartels and Urminsky draw their conclusions from a series of experiments. In one, the researchers had participants decide whether to buy a more expensive iPad or a less expensive model. People who’d first read that people’s identities change little over time were more financially patient in general, requiring less compensation to wait for delayed rewards. These people were more likely to choose the cheaper version of the iPad, but only when reminded to consider other uses for their money. For others, who’d first read that the self does change over time, the reminder about saving money didn’t have any effect on their buying decisions. Bartels and Urminsky hypothesize that those participants didn’t value future outcomes as much because they didn’t identify as much with their future selves.

And caring about that future self may be what makes a person rethink present values and spending habits. In another experiment, participants were asked to rank how important different categories of products were to them. When also asked to think about the stability of the self over time, they were more likely to say they’d spend less on the categories that they ranked as less important. “Making people think about and value the future didn’t simply make them stingy, it caused them to spend more wisely—to make better financial decisions by focusing their spending on only what was really important to them,” says Bartels.

To improve savings rates, it’s important to help people see that simple changes to their current spending can affect future finances, according to Bartels and Urminsky. But it’s also critical to remind people that they’ll still be the same individuals in 10 or 20 years, and to get them to care about this continuity. That way we’ll see a daily latte sacrifice as a series of gifts to our future selves, rather than painful self-deprivation in the present.

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No, America Is Not More Divided Than Ever Before

Howard R. Gold
Originally published October 09, 2018

It may seem sometimes like the United States is coming apart. “While rural America watches Duck Dynasty and goes fishing and hunting, urban America watches Modern Family and does yoga in the park,” write Chicago Booth’s Marianne Bertrand and Emir Kamenica. “The economically better-off travel the world and seek out ethnic restaurants in their neighborhoods, while the less well-off don’t own a passport and eat at McDonald’s.” Conservatives, they write, favor masculine names for boys while liberals prefer more-feminine names, and men play video games while women browse Pinterest.

These kinds of cultural splits can have economic, social, and political consequences in that they may ultimately reduce social cohesion within a country. But according to Bertrand and Kamenica, who measured cultural divisions over time, the cultural gap in the US is largely stable—not widening.

The researchers measured cultural divisions over time using multiple data sets, studying the media people consume along with their attitudes and their activities. The researchers then used machine learning and statistical modeling to calculate how reliable specific brands and media were in identifying salient characteristics of various social groups in different years.

The data reveal that divisions definitely exist. Watching certain movies or television shows, reading certain magazines, or buying particular consumer products are predictable markers of traits such as how much money people make or how far they got in school.

For example, if you watched the Super Bowl, real estate shows Property Brothers or Love It or List It, or the Academy Awards in 2016, there was at least a 55 percent probability you had a high income. The same was true if you saw Jerry Maguire or The English Patient at the movies in 1998, and (by a slightly smaller percentage) if you saw Gone Girl in 2016.

Similarly, not having watched Cops on TV in 2004 or Big Momma’s House at the movies the same year, or having missed Teenage Mutant Ninja Turtles: Out of the Shadows in theaters in 2016 were also good indicators of high income.

Almost all of these shows and movies also reliably predicted a higher level of education, the researchers find. And reading Time, Newsweek, or Consumer Reports proved a good predictor of higher education too.

In terms of consumer products, did you use Grey Poupon Dijon Mustard in 1992? That was a good predictor of high income for that year 62 percent of the time. In 2016, the best determinant of high income was owning an iPhone (69 percent predictive) or iPad (67 percent predictive). iPhone ownership was particularly instructive: “Across all years in our data, no individual brand is as predictive of being high income as owning an Apple iPhone in 2016,” the researchers write.

But while the divisions these media and products illustrate are real and deep, they are not new—indeed, they have been “nearly constant across the last quarter century,” write Bertrand and Kamenica. “It is nonetheless striking that the cultural gap has been constant even as the number of options has changed substantially.” Movies change, magazines come and go, and TV shows multiply, but the gap in how different groups consume entertainment and spend their money remains the same.

To measure this division, the researchers considered all the television shows or products that were available in the data in the years they studied. (The exact years studied varied depending on the
The titles and products to watch, read, and buy changed from year to year, but this was reflected in the data. For example, the researchers analyzed Mediamark Research Intelligence data, which is based on questionnaires that asked people whether they had seen any of a few dozen movies—and the movies included in the questionnaire changed from year to year.

The researchers also fail to find evidence of an increasing cultural gap between men and women in terms of media consumption and social attitudes. The way men and women used their time became more similar between 1965 and the mid-1990s, but convergence has stopped since. Differences in men’s vs. women’s buying, media habits, and attitudes stayed relatively stable over the years. Many men like action, thriller, and sci-fi movies, while women opt for dramas and romantic comedies. Men may buy *Sports Illustrated*, while women pick up fashion and housekeeping magazines.

The researchers do find a widening gap between the behavior of white and nonwhite consumers. But by far the most striking exception to the overall pattern of stable cultural distances is with regard to the social attitudes of Democrats and Republicans. “We find that liberals and conservatives are more different today in their social attitudes than they have ever been in the last 40 years,” write Bertrand and Kamenica. “Divergence has been greatest in views on marriage, sex and abortion, voting participation and religion, and confidence.” This is in line with a study by Christopher Hare and Keith T. Poole of the University of Georgia at Athens that finds the Democratic and Republican Parties are more polarized than at any time since the Civil War. But again, most of the differences studied sharpened between the 1970s and ’90s.

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If you want your kids to eat healthy food, don’t tell them how nutritious it is. Instead, tell them healthy food will stick it to the man.

Chicago Booth’s Christopher J. Bryan, along with a team of researchers, used a group of eighth graders to explore the idea that rebellion and the pursuit of social justice—both natural inclinations in most teens—can be harnessed and used for good. They find that kids will eat healthy foods to rebel against Big Food companies.

The researchers had one group of eighth graders at a rural Texas middle school read standard health-class material—including tips on reading nutrition labels and the health benefits of eating well.

Another group read that Big Food companies spend millions to maximize the addictiveness of their foods, deceive customers into believing their food is healthier than it really is, and specifically target young children and the poor with marketing for the unhealthiest foods.

“We cast the executives behind food marketing as controlling adult authority figures and framed the avoidance of junk food as a way to rebel against their control,” write Bryan and his coresearchers.

The next day the school principal asked students to choose snacks for an upcoming school celebration. The kids who’d read the “stick it to the man” material chose more healthy foods—fruits, carrots,
or nuts—over junk food and were more likely to choose water over sugary drinks.

The differences weren’t huge but were significant. The researchers calculate that if these choices were sustained over the long run, they would equate to about a pound of fat lost per person every six to eight weeks. A sustained change of anywhere near this magnitude would put a big dent in the obesity crisis.

“Teenagers aren’t particularly motivated by long-term health,” says Bryan. “So, instead of trying to get them to care about something they don’t care about, we framed our appeal in terms of values teens do care about: they want to assert their autonomy from adults and they care about social justice. If they’re able to see healthy eating as a way to live up to those values, it’ll feel motivating and important to them.”

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Why We Prefer Human Judgment to Algorithms

Alex Verkhivker
Originally published March 13, 2017

Automated systems can help us decide what products to purchase, which mates are most suitable, and what the fastest route is from A to B. The algorithms behind these systems outperform human judgment in most forecasting domains—but people aren’t always willing to use them, and Chicago Booth’s Berkeley J. Dietvorst suggests a reason for this. His research finds that people essentially hold algorithms to a higher standard than they do humans, expecting algorithms to meet performance goals that humans themselves may not reach.

In a series of studies, Dietvorst had people complete a forecasting task with a monetary reward at stake. In one study, he had people predict how well high-school students would do on a math test. Participants had the option of relying on their own estimates or using those produced by a statistical model built using data from thousands of high-school seniors. Dietvorst told participants that the model, in general, produced an estimate that was off by an average of 17.5 percentage points.

Dietvorst also manipulated participants’ performance goals by changing how much money they could earn for their predictions—the amounts ranged from 40 cents for estimates that were only 5 percentage points off to 10 cents for estimates that were 35 points off. Participants given more incentive to make better estimates were more likely to rely on their own judgment than on the algorithm.

In another study, participants stuck with human forecasting, even when they believed that the algorithm would outperform their own forecasts—but when also told that the algorithm didn’t usually perform well enough to achieve their performance goal.

Our tendency is to use human judgment as our default forecasting method, Dietvorst says. And when considering using an algorithm instead, we ask ourselves whether the algorithm will meet a specific performance target—when we should more reasonably ask whether it would produce better results than human judgment. “This leads people to use human judgment instead of algorithms, which usually outperform human judgment but often fail to meet our lofty performance goals,” says Dietvorst.

And we’re missing out by not using algorithms, the findings suggest. Consider self-driving cars, for
example. “People may be hesitant to adopt self-driving cars that outperform human drivers but fail to meet their lofty goals for driving performance (i.e., perfection),” writes Dietvorst.

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Why Sharing a Plate Leads to Better Negotiation Outcomes

Alice G. Walton
Originally published December 07, 2018

BOOTH FACULTY: Ayelet Fishbach

Here’s a new negotiating tactic: enjoy a family-style meal with your counterpart before making your opening bid. When people in a business negotiation share not just a meal but a plate, they collaborate better and reach deals faster, suggests research by Cornell University’s Kaitlin Woolley (a graduate of Chicago Booth’s PhD Program) and Booth’s Ayelet Fishbach.

Sharing plates is customary in Chinese and Indian cultures, among others. Because the custom requires people to coordinate their physical actions, it might in turn prompt them to coordinate their negotiations, the researchers reasoned.

To find out, they asked study participants, all strangers to one another, to pair off in a lab experiment that involved negotiating. The participants were invited to have a snack of chips and salsa with their partners. Half of the pairs received one bowl of chips and one bowl of salsa to share, while the others each had their own bowls.

Next came the negotiation scenario, in which one person in each pair was randomly assigned to act as management and the other as a union representative. Their goal was to arrive at an acceptable wage for the union within 22 rounds of negotiation, with each round representing one day of negotiations, and with a costly union strike scheduled to start in the third round. The costs of the strike accrued quickly for both sides, giving the parties an impetus to reach a mutually agreeable deal quickly.

Teams with shared bowls took nine strike days, on average, to reach a deal, four fewer than pairs that had eaten from separate bowls. This difference translated into significant dollar values, saving both parties a combined, if hypothetical, $1.5 million in losses.

This phenomenon, the researchers write, was unrelated to how two people in a negotiating team felt about each other. Rather, what mattered was how well they coordinated their eating. When Woolley and Fishbach repeated the experiment with both friends and strangers participating, friends arrived at a negotiation agreement faster than strangers did, but sharing plates had a significant effect for both groups. The degree to which a person felt she was collaborating with her partner while eating—sharing food rather than competing for that last bite—predicted her feelings of collaboration during the negotiation phase.

Fishbach says that while technology allows people to conduct meetings remotely, there’s value in getting together over a meal. And the same is true outside of business negotiations. “Basically, every meal that you’re eating alone is a missed opportunity to connect to someone,” says Fishbach. “And every meal that involves food sharing fully utilizes the opportunity to create that social bond.”

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Why Curiosity Gets the Better of Us

Alice G. Walton
Originally published August 31, 2016

In Greek mythology, Pandora opened a jar and released all the evils of humanity. Research suggests that our curiosity continues to get us into trouble.

“Curiosity is well recognized as a human blessing, facilitating learning, propelling discoveries, and enriching life,” says Chicago Booth’s Christopher K. Hsee. “Our research indicates that curiosity can also be a human curse, leading people to suffer predictably miserable consequences without apparent benefit other than resolving their curiosity.”

Hsee and Bowen Ruan of the University of Wisconsin–Madison surmised that people facing a situation that was uncertain (and more often than not negative) would be more likely to investigate that situation than people facing a more certain situation.

To test this hypothesis, they observed college students in a lab who thought they were waiting for an experiment to begin. The researchers put some colored pens on the table and told the students the pens had been left from a previous experiment.

The researchers told the students that green pens were innocuous, red pens would deliver an electric shock if clicked, and yellow pens might deliver a shock if clicked, but it wasn’t a sure thing. Some pens did generate electric shocks of approximately 60 volts.

“Participants clicked more of the uncertain-shock pens than both the certain-shock pens and the certain-no-shock pens. Apparently, their desire to resolve the uncertainty (curiosity) led them to click those pens, and thereby exposed them to painful electric shocks,” the researchers write.

The researchers replicated the results of the pen study in other studies that replaced electric shocks with disgusting pictures of insects and the excruciating noise of nails scratching on a chalkboard.

Our irresistible urge to know may lead us into unpleasant places, but opening the mythical jar won’t necessarily make us feel better. People who encountered uncertainty and acted to resolve it reported worse overall feelings than people in the “certain” camp.

“Our research sheds light on why humans, including scientists, seek information such as how to manipulate the human genome and how to develop new weapons of mass destruction,” says Hsee. “The obvious reason for these activities is to benefit ourselves, e.g., to improve our health and our security. But is it also possible that humans pursue these activities just in order to satisfy our curiosity without sufficient attention to potential risks?”

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When Little White Lies Cause Big Hurt

Alice G. Walton
Originally published October 17, 2018

Most people have, at one point or another, told a well-intentioned lie to spare another’s feelings or to bolster someone’s confidence. But even lies that are intended to serve the greater good can backfire, inciting suspicion about the liar’s intentions and morality, according to Deakin University’s Matthew Lupoli, Chicago Booth’s Emma Levine, and Bocconi University’s Adam Eric Greenberg.

The researchers set out to better understand a previously undefined variety of lie, which they dub “paternalistic.” In this type of lie, the deceiver makes a judgment call about the lie’s potential benefit for the recipient. An oncologist who doesn’t actually know a patient’s wishes regarding candor might tell a paternalistic lie by sugarcoating the prognosis, for example. Because of the assumption on the part of the liar, the lie is considered paternalistic rather than unequivocally prosocial—the lie would be the latter if it were known to align with the patient’s preferences. In this example, the doctor’s lie would be unequivocally prosocial only if the patient had previously made clear that the doctor should soften the blow of any unpleasant developments.

Lupoli, Levine, and Greenberg ran a series of experiments in which participants played an experimental game, called a deception game. In this type of game, one player (the sender) has the opportunity to lie to another player (the receiver) in order to achieve a certain outcome for the receiver. In some conditions of the researchers’ study, the senders had an opportunity to tell a paternalistic lie, meaning they had to make an assumption about what type of monetary reward would most benefit the receivers. For example, if a sender told the truth about an unrelated event, such as the outcome of a coin toss, the receiver earned a $10 lottery ticket for that day. If the sender lied, the receiver earned a $30 lottery ticket in three months.

This, says Levine, models a situation in which communicators have to make assumptions about what will most benefit the recipients of their statements—an immediate benefit now or a bigger benefit in the future. A communicator might have to decide whether to give false praise, which provides an immediate benefit, or candid criticism, which is often costly in the near term but beneficial in the long run.

The researchers also included conditions in which the sender had the opportunity to tell an unequivocally prosocial lie, which would clearly benefit the receiver. For example, the sender could lie to earn the receiver two tickets, rather than one, to the $10 lottery. In this situation, no subjective judgment is required because two tickets are clearly preferable to one.

The participants who received paternalistic lies reacted negatively on several levels. They viewed the liars as significantly less moral than those who told the truth, as well as less moral than those who told unequivocally prosocial lies. The researchers also find that paternalistic lies adversely affected recipients’ emotional states and their satisfaction with the outcomes of the lies, and caused them to punish the liars.

The recipients of paternalistic lies tended to assume that the liars had bad intentions, the researchers say. Participants who were told paternalistic lies also tended to feel that the lies reduced their own autonomy, and that the liars generally misunderstood their true feelings and preferences. This was not the case for people told unequivocally prosocial lies.

When liars communicated their good intentions, it did not reliably reduce recipients’ negative feelings about them. For example, in one of a series of vignette studies, participants considered whether it was moral to falsely praise a colleague’s
presentation. They deemed it less moral to do so if the colleague hadn’t expressed a preference for comfort over candor than if she had. And belatedly saying “I only meant to help” didn’t improve the liar’s moral standing.

The findings extend to a variety of scenarios, from political to medical, and highlight that good intentions alone don’t justify lying; the lies’ recipients are sensitive to whether liars are acting based on assumptions or true insight into the preferences of the person they’re lying to. Unless you can be sure about another person’s preferences, it may be best to steer clear of even well-intended lies, the researchers conclude. If uncovered, paternalistic lies do more harm than good.

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Try Eating Popcorn with Chopsticks

Alice G. Walton
Originally published September 13, 2018

People leave jobs, cities, or even lovers when the thrill wears off. But there may be an antidote, according to Chicago Booth’s Ed O’Brien and Ohio State University’s Robert W. Smith: injecting a little novelty into how you experience the familiar, rather than acquiring new things altogether, can reignite pleasure, they find. This may have significant implications from the personal to the environmental.

O’Brien and Smith explored the power of novelty in a series of experiments. In the first, participants came to a lab with the impression that they would learn to eat more slowly. Instead, they were asked to eat popcorn either with their hands or with chopsticks, and then to rate their enjoyment. The researchers find that people who used chopsticks derived significantly more pleasure from eating.

The effect was fleeting, however. When the researchers repeated the experiment with the same participants, those eating popcorn with chopsticks no longer derived more pleasure than the other group, suggesting that the novelty itself caused the increased pleasure in the first phase. “Chopsticks may boost enjoyment not because they represent an inherently superior way to consume but because they help provide an unusual ‘first-time’ experience,” the researchers write.

In another experiment, participants at home were instructed to think of five unusual ways to drink a glass of water. Their responses ranged from “drink out of a martini glass” to “lap at water with tongue like a cat” to “drink it out of a shipping envelope.” A third of the participants then drank water from a glass, a third picked one of their unique ways to drink five sips, and the final third were asked to use a different unusual method for each sip. As the researchers expected, those who changed methods for each sip enjoyed each one more, while the two other groups’ pleasure declined with each sip.

The results could apply to almost any part of life, they write, adding that rethinking our relationship with possessions could positively affect the environment. Instead of dumping your phone, furniture, or even spouse for a newer model, consider first changing how you experience them. “Perhaps the ‘magic’ of first-time encounters,” the researchers conclude, “is felt not only when experiencing new things but when experiencing new perspectives on the things you already have.”

WORKS CITED
Why Businesses Should Think Like Auctioneers

Julie Ginsberg
Originally published June 13, 2014

Some auctioneers consistently achieve better results than others—suggesting that the process by which an auction is conducted can have a significant effect on outcomes, according to research by Chicago Booth Professor Devin G. Pope, together with Nicola Lacetera of the University of Toronto and the National Bureau of Economic Research, Bradley J. Larsen of Stanford University and eBay Research Labs, and Justin R. Sydnor of the University of Wisconsin.

The authors analyzed data from about 850,000 cars auctioned by 60 auctioneers at a leading used-car-auction operator between 2007 and 2013, assessing performance using conversion rates, the fraction of cars auctioned that were successfully sold. While the auction company reported the conversion rate as its key metric, the authors also analyzed secondary performance metrics including speed of sale and residual price, which is the gap between sales price and average market value.

The average sales probability in the data is 53%, the average sales price, $15,141, and the average length of a sale, 103 seconds. But after controlling for factors such as auction day, sellers’ reservation values, and car type, the researchers find that a one-standard-deviation increase in auctioneer performance corresponded to a 2.3-percentage-point increase in likelihood of a sale, a $41.80 increase in residual price, and a 6.1-second increase in speed of sale. This impact is comparable to that found in studies estimating the effects of information dissemination, changes in auction structure, and broader macroeconomic factors, suggesting auctioneers’ performance impacts outcomes as much as any of those theoretical benchmarks.

To test the robustness of their findings, Pope and his colleagues addressed whether the gap in performance between auctioneers was consistent over time and across metrics, as well as whether this discrepancy was corroborated by feedback from the auction house. Comparing 2007–09 data with 2010–13, the authors find that the top performers were the same. Secondary performance metrics show that auctioneers with the highest conversion rates also tended to achieve higher prices and move cars faster, dispelling the possibility that these auctioneers were excelling by one metric to the detriment of others. Finally, the authors find that the auctioneers laid off during a period of downsizing were the underperformers, indicating that the research findings were consistent with the auction house’s assessment of its employees.

What separates the best auctioneers from the rest? The authors conclude that auctioneers do not convey or even have information about car quality, and find little evidence that successful auctioneers persuade sellers to accept auction outcomes. Rather, the best auctioneers are better at “creating excitement and competitive arousal among buyers” by using the pace of their speech and inflection of their voices.

The role of auctioneers has been largely overlooked by economic literature, which has focused instead on auction structure, leaving out the role of the auctioneer in any theoretical framework. However, Pope and his colleagues find that auctioneers are “a fundamental feature of well-established and well-functioning auction environments.” This suggests that the traditional framework for analyzing auctions fails to capture important real-world
dynamics, and it lends support to ongoing initiatives to expand auction modeling. That could enable economics to catch up to what used-car salesmen already know.

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Make Unpleasant Experiences Go By Faster

Jane Porter
Originally published Feb 25, 2015

BOOTH FACULTY: Anuj K. Shah

Research suggests people tend to organize positive and negative experiences into categories, then seek to make positive experiences last as long as possible and negative ones move more quickly. Understanding how and why we do this could have implications for businesses as they seek to profit from prolonging pleasure or minimizing pain.

Take the way consumers deal with debt. It would make the most sense for consumers to pay off high-interest debt first, then pay off debt racking up interest at a slower rate. But a 2011 study on the psychology of debt management showed that people instead pay off debts based on which are small enough to pay off the fastest. Research by Chicago Booth’s Anuj K. Shah and New York University’s Adam L. Alter suggests consumers make this seemingly irrational decision because reducing the total number of debts rather than the total amount owed feels more rewarding. “Eliminating categories creates the feeling of having made progress, which is desirable for negative experiences but less so for positive experiences,” they observe.

In one study Shah and Alter conducted, participants were told they had work projects in two South American countries, which required making multiple trips. Some were told they loved the people they worked with, and others were told they disliked them. The researchers then asked the participants how they would schedule their trips. Those anticipating a negative experience wanted to make all the trips to one country, then to the other, seeing the visits as tasks to be completed. The others wanted to intersperse travel to the two countries. The same thing happened in subsequent experiments when Shah and Alter swapped traveling for business with tasting desserts, hosting visitors, and going to concerts.

Understanding categorical reasoning could help businesses create better consumer experiences. Theme-park operators, for example, might intersperse rides and games so that guests always have another ride or another game to look forward to. A dentist, on the other hand, might break up a procedure into two clear parts, letting patients know when the first is over to provide a sense of progress.

“When positive experiences or services are offered, consumers might enjoy them more when multiple experiential categories are made salient,” the researchers write. “For negative experiences, it might be better to emphasize how few categories remain.”

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The Center for Decision Research is devoted to the study of how individuals form judgments and make decisions. At the forefront of the rapidly developing field of behavioral science, the Center is part of the University of Chicago Booth School of Business and is home to researchers who examine the processes by which intuition, reasoning, and social interaction produce beliefs, judgments, and choices. Understanding how and why people make decisions has important applications in a range of contexts, including management, marketing, finance, and public policy.

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Contact

Amy Boonstra, Director
Center for Decision Research
University of Chicago
Booth School of Business
5807 South Woodlawn Avenue
Chicago, Illinois 60637
Tel: 773.702.7307
Fax: 773.834.9134
amy.boonstra@chicagobooth.edu
About the Center for Decision Research

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PIMCO Decision Research Laboratories

In the fall of 2018, PIMCO and the CDR announced a partnership in support of CDR’s behavioral science research. In recognition of this investment in research, Chicago Booth’s CDR laboratories were renamed the PIMCO Decision Research Laboratories.

The PIMCO Decision Research Laboratories at the University of Chicago Booth School of Business Center for Decision Research enable academics to conduct the highest impact behavioral science experiments where people live and work. Through this innovative partnership with the Center for Decision Research, PIMCO supports diverse and robust research that helps empower leaders to make wiser choices in business and society and gain a deeper understanding of human behavior and decision-making.