

PSB_03 Seminární práce

1) Primární informace / Sekundární informace / Terciární informace

Introduction

Imagine a student who is uncertain about whether he wants to become a computer programmer or a poet. If he wants to keep both options available, he has to keep taking classes in both majors. On the other hand, keeping both options open has its own cost. Double majoring implies that the student has to divide his time and effort and take classes in both fields-leading him to become proficient in both, but an expert in neither. Along similar lines, consider a person pursuing two potential relationships. As long as this romantic decision maker spends sufficient time with each of her potential romantic partners, she can keep them both as viable future relationships. However, once she starts spending more time with one and neglecting the other, the neglected party is likely to move on and become unavailable. Given the possible loss of the second romantic option, our enthusiastic dater might try to spend at least some of her time with her less-preferred partner, largely to maintain the viability of the relationship. However, much like the student with the double major, "keeping doors open" has its costs, drawing valuable time and energy away from the more promising relationship.

Double majoring and dating are just two examples of cases where one must invest extra time and effort to keep options available. The main questions asked here are whether the threat of future unavailability makes less-desirable options seem more appealing and whether this causes individuals to overinvest in these options. In other words, do doors that threaten to close appear more attractive than doors that remain open? And if so, will individuals overinvest just to keep them open?

From a naive, rational perspective, one could expect that the value of an option (having the ability to make a choice) would be based solely on the expected utility of the outcomes it represents. From a psychological perspective, however, there are two primary reasons why the subjective value of an option can exceed its expected value: a desire for flexibility and aversion to loss.

Initial evidence for the value of flexibility was proposed by Brehm (1956), who showed that people are willing to sacrifice consumption pleasure to increase freedom of choice (see also Simonson 1990, Gilbert and Ebert 2002). The desire for flexibility is not limited to humans; even pigeons exhibit it (Catania 1975). Such preference for flexibility implies that individuals can get utility (pleasure) from simply "having the right to choose" (keeping options open) prior to making a final choice.

Evidence for aversion to loss dates back to Kahneman and Tversky (1979). The most relevant application of this aversion to loss is the case of endowment effect (Kahneman et al. 1990, 1991; Bar-Hillel and Neter 1996; Carmon and Ariely 2000), showing that ownership, or even deliberation (Carmon et al. 2003), can increase attachment and hence valuations. Support for aversion to loss was also provided in the context of risky choice, in particular the rejection of a pair of mixed gambles (Markowitz 1952, Williams 1966). Although options for items are very different from the items themselves-for example, the possibility of dating a person is a very different experience from actually dating that person-and although it is not possible to own an option in the same way it is to own an item, losing an option (opportunity loss) is closely related to the loss of an item. Namely, the loss of an option also implies the loss of the item. Based on this similarity in terms of loss and the large influence of loss on decision making (Tversky and Kahneman 1991), it can be argued that individuals will also experience the general aversion to loss and a pseudo-endowment effect for options. The general aversion to loss implies that the utility that individuals get from simply having the "right to choose" (keeping options open) is not a utility, but rather disutility or pain that can accompany the loss of options.

In summary, the current work asks two questions: First, whether the threat of unavailability

increases the perceived value of an option; and second, if so, whether the higher valuation comes from a desire for flexibility or from aversion to loss. Four experiments were designed to provide initial answers to these questions.

General Discussion

The current work examines a basic aspect of human behavior that extends from interpersonal relationships to abstract monetary options-valuations of options. The experiments attempted to shed some light on how individual decision makers evaluate options by examining how the threat of option unavailability influences the value of the options. Experiment 1 demonstrated that the possibility that the options will become unavailable in the future increases investments in them to keep them from disappearing. Experiment 2 tested whether this effect can be due to information, and, in addition, added three more fine-grained measures (pecking, click investment, and [redacted] elimination point) to test whether the effort respondents expended to maintain options open can be rationally explained; it cannot. Experiment 3 tested whether the distinction between implicit and explicit cost is the reason that our respondents overinvested in keeping doors open; it was not. Finally, Experiment 4 contrasted two psychological theories-flexibility and aversion to loss-as possible mechanisms for the overinvestment in keeping options open. The results from this experiment point to aversion to loss as being the more powerful of the two (at least in our set-up). In a further test of aversion to loss, we created a new measure aiming at examining whether the room that respondents "gave up on" first (elimination point) was one for which they had more or less information about compared with the one they "gave up on" second (second elimination point). We argue that from an informational point of view, subjects should abandon a room they have more information about, because the amount of information indicates their certainty in the quality of the room. On the other hand, from an aversion to loss perspective, a room that had attracted more clicks might also have a higher attachment associated with it, thus leading to a lower tendency to abandon such a room. Analyzing this measure in Experiment 2 revealed that the respondents were four times more likely to first abandon rooms they have less information about, thus supporting the attachment and aversion to loss ideas. Moreover, the increased impact of availability on the practice-information condition in Experiment 2 strongly supported the aversion to loss explanation (Figure 3). The experience of actual feeling of the losses of the options during the practice trials seemed to cause respondents to be even more resistant to experiencing more losses during the actual trial.

In summary, the experimental evidence presented suggests that individuals value options in a way that is different from the expected value of these options, and, in particular, that decision makers overvalue their options and are willing to overinvest to keep these options from disappearing.

Based on the results of Experiment 4, we believe that the desirability of keeping options open is a kind of disutility from loss rather than utility from "having more options to choose from."

In a world where maintaining options has no cost, such a tendency would have been nonconsequential. However, we believe that in most day-to-day cases, there is substantial cost to keeping options open, which would lead to erroneous behavior. There are many situations in which decision makers encounter trade-offs between the future availability of options and their maintenance costs. We have already mentioned dating and choosing a major in college. Other examples include trade-offs between focusing on one's current work and looking for new employment elsewhere; whether to specialize in a way that suits one's current employer or instead to invest in skills that are valued by other potential employers. These results might also shed light on one of life's greater mysteries: Why do some people channel surf rather than, for example, enjoy a single movie? The answer might be the fear of losing other options.

These results might also be generalized to one-shot cases. For example, when buying a new computer, consumers face the dilemma of deciding whether to buy a system that suits their current needs or purchase an expandable system (e.g., more slots for cards, and more memory) that is more expensive but could better fit their uncertain future needs. In this case, the main

source of the dilemma is the uncertainty as to whether future expansion will be needed, compared with the current additional cost. Our computer buyer is faced with a situation that is analogous to the door game one click before a door disappears. She can take a costly action at purchasing time to ensure that the expansion option remains available to her whether she subsequently decides to expand or not.

Other examples in which consumers face "disappearing" options are deciding whether to purchase an extended warranty when buying a new electronic product and deciding whether to buy pictures of oneself on whitewater rafting trips. In such cases, consumers are given the opportunity to act on the options (the warranty or the pictures), while realizing this is their only opportunity to take this action, and that not acting on the options is irreversible and may cause the "pain" of losing these options. We suspect that the effectiveness of such tactics is based on the option's nonavailability in the future, which would cause these options to be perceived more favorably and to be acted on more frequently. There remain numerous unanswered questions. For example, what are the mechanisms that

underlie the fear of losing options? What is the relationship between keeping options open and indecision, particularly when deciding means committing to one out of a multitude of other possibilities (see also Amir 2004)? What is the impact of options' prospective lifetime and unavailability on their subjective value? Faced with a large number of options, would decision makers still value options (Iyengar and Lepper 2000)? What is the number of options people would like to keep? Finally, under what conditions will individuals want to actively eliminate options? We keep these research opportunities open for the future.

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a) Catania, A. C. 1975. Freedom and knowledge: An experimental analysis of preference in pigeons. *J. Experiment. Anal. Behavior* 24 89-106: *Relative responding in initial links of concurrent-chain schedules showed that pigeons preferred free to forced choices and informative to uninformative stimuli.*

b) Carmon, Z., D. Ariely. 2000. Focusing on the forgone: How value can appear so different to buyers

and sellers. *J. Consumer Res.* 27(3) 360-370. : *Thus, when an item is a part of one's endowment, giving it up is foreseen as a loss, whereas passing up the opportunity to obtain the same item is perceived as a forgone gain.*

c) Tversky, A., D. Kahneman. 1991. Loss aversion in riskless choice: A reference-dependent model. *Quart. J. Econom.* 106 1039-1061. : *Loss aversion implies that the impact of a difference on a dimension is generally greater when that difference is evaluated as a loss than when the same difference is evaluated as a gain.*

3)

Dle mého názoru nedošlo k nějaké závratné změně v chápání textu po dohledání původního článku, potažmo zřejmě původní citace. Ovšem při samotném hledání oné části textu bylo potřeba si více méně celý článek zběžně projít, což dozajista napomohlo k ucelení obrazu na téma dané problematiky, jež byla ve studii probírána.

Co do možnosti zkreslení informace se domnívám, že by tato situace mohla nastat a to zejména v případě autorovy přílišné stručnosti při začleňování citace do svého textu.

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To, či ono? Studie se ptá, nakolik je možné ponechat si obě rovnocenné možnosti otevřené

Určitě již každý zažil to tísňivé dilema, kdy bylo pouze otázkou času se rozhodnout mezi dvěma stejně lákavými příležitostmi, ať už jde o to, jakým dalším směrem se bude ubírat student dvojboru; muž či žena váhající nad dvěma lukrativními pracovními nabídkami; nebo člověk rozpolcen mezi dvojicí sympatických a potenciálních partnerů. A že to není volba podobna rozpácím nad výběrem cukrovinek za výlohou cukrárny. Jsou to přesně ty chvíle, kdy musí každý zvážit všechna pro a proti, než učiní rozhodnutí.

Ale co když to nejde tak jednoduše?

Otázkou, nakolik je reálné ponechat si obě dvířka otevřená, se zabývají Shin Jiwoong a Dan Ariely z Massachusettského technologického insititu ve článku Keeping Doors Open: The Effect of Unavailability on Incentives to Keep Options Viable.

S příhledem k teoriím, které ukazují na lidskou potřebu možnosti rozhodování, kvůli níž jsme schopni obětovat leccos, a urputné tendenci vyhýbat se ztrátě jakékoliv věci v našem vlastnictví – což se odráží i v jejím subjektivním nadhodnocování – zkonztruovali Jiwoong a Ariely tzv. "hrátky se dveřmi", pomocí nichž chtěli zjistit, jakým způsobem se mění lidské hodnocení těchto možností pod hrozbou ztráty jedné z nich. Spočívala ve čtyřech variantách jednoho úkolu, prováděných na počítačích a pracujících na principu nahlízení do pokojů za trojicí dveří, přičemž v každém z pokojů byla určitá výhra.

Ve výsledku bylo prokázáno, že se ve většině případů snažíme mermomoci udržet obě potenciální možnosti na dosah ruky ať to stojí, co to stojí, a to spíše z důvodu strachu ze ztráty než z touhy po flexibilitě a pocitu možného výběru.

(Jestli je lepší si hodit mincí se však autoři nezmiňují.)