RESEARCH INTERESTS

Marketing and consumer behavior, happiness, judgment and decision-making, behavioral economics, cultural psychology, and applications of psychological principles to policymaking

PUBLICATIONS
(including abstracts of papers published since 2010)


Abstract: We live in a dynamic world, surrounded by moving stimuli – moving people, moving objects, and moving events. The current research proposes and finds an approach aversion effect – individuals feel less positively (or more negatively) about a stimulus if they perceive it to be approaching rather than receding or static. The effect appears general, occurring whether the stimulus is initially negative or non-negative and whether it moves in space (toward or away from “here”), in time (toward or away from “now”), or in probability (toward or away from “sure”). This research complements extensive existing research on perceived static distance of stimuli (near versus far) by exploring perceived dynamic movement of stimuli (approaching versus receding), showing that the effect of movement is distinct from the effect of distance.


Abstract: The solicitation of charitable donations costs billions of dollars annually. Here, we introduce a virtually costless method for boosting charitable donations to a group of needy persons: merely asking donors to indicate a hypothetical amount for helping one of the needy persons before asking donors to decide how much to donate for all of the needy persons. We demonstrated, in both real fundraisers and scenario-based research, that this simple unit-asking method greatly increases donations for the group of needy persons. Different from phenomena such as the foot-in-the-door and identifiable-victim effects, the unit-asking effect arises because donors are initially scope insensitive and subsequently scope consistent. The method applies to both traditional paper-based fundraisers and increasingly popular Web-based fundraisers and has implications for domains other than fundraisers, such as auctions and budget proposals. Our research suggests that a subtle manipulation based on psychological science can generate a substantial effect in real life.

Abstract: Arguably, all choice options involve three basic attributes: magnitude (outcome size), time (time of occurrence) and probability (likelihood of occurrence), and all evaluations of choice options occur in one of two evaluation modes: JE (joint evaluation, involving comparison of multiple options) and SE (single evaluation, without comparison). This research explores how reactions to the three attributes vary between the two evaluation modes. Nine studies, tapping diverse contexts, yield two general results: First, for all of these attributes, people are more sensitive to variations near endpoints (zero magnitude, no delay, and 0% or 100% probability) than in other regions and this differential sensitivity is more pronounced in SE than in JE. Second, when faced with options involving a tradeoff between magnitude and time (delay) or between magnitude and probability (risk), people in SE are both more delay-averse and more risk-averse than people in JE.


Abstract: How do consumers’ needs and motivations influence their perceptions of external objects? For example, do hungry individuals perceive a cake to be larger or smaller than do satiated individuals? According to the new-look psychology literature, the answer is invariably “larger.” However, we propose and demonstrate that the answer is more complex, depending on whether the object belongs to the perceiver. If the cake does not belong to the perceiver, she will perceive it to be larger if she is hungry than if she is satiated. But if the cake already belongs to her, she will perceive it to be smaller if she is hungry than if she is satiated. We propose a two-process (wishful-thinking versus worryful-thinking) hypothesis to explain the finding, and discuss its theoretical and marketing implications.


Abstract: High productivity and high earning rates brought about by modern technologies make it possible for people to work less and enjoy more. Yet many continue to work assiduously to earn more. Do people over-earn—forgo leisure to work and earn beyond their needs? This question is understudied, partly because in real life, determining the right amount of earning and defining over-earning are difficult. In this research, we introduce a minimalistic paradigm that allows researchers to study over-earning in a controlled laboratory setting. Using the paradigm, we found that individuals do over-earn, even at the cost of happiness, and over-earning is a result of mindless accumulation rather than reasons such as uncertainty about the future or enjoyment of work. Supporting the mindless-accumulation notion, we showed that prompting participants to consider the consequences of their earnings or denying them excessive earnings could disrupt mindless accumulation and enhance happiness.


Abstract: Standard economic analysis assumes that people make choices that maximize their utility. Yet both popular discourse and other fields assume that people sometimes fail to make optimal choices and thus adversely affect their own happiness. Most social sciences thus frequently describe some patterns of decision as suboptimal. We review evidence of suboptimal choices that arise for two reasons. First, people err in predicting the utility they may accrue from available choice options due to the evaluation mode.
Second, people choose on the basis of salient rules that are unlikely to maximize utility. Our review is meant to highlight the possibility of a research program that combines economic analysis with measures of experienced individual well-being to improve people’s happiness.


Abstract: As a resource-allocation method, free competition is generally considered more efficient and fairer than binding assignment, yet individuals’ hedonic experiences in these different resource-allocation conditions are largely ignored. Using a minimalistic experimental simulation procedure, we compared participants’ hedonic experiences between a free-competition condition (in which participants could equally and freely compete for the superior resource) and a binding-assignment condition (in which the superior and inferior resources were unequally and irreversibly assigned to different participants). We found that individuals in the binding-assignment condition -- even the disadvantaged ones -- were happier than those in the free-competition condition. We attributed the effect to individuals’ peace of mind, and supported the peace-of-mind notion by identifying two moderators: ease of social comparison and enjoyability of the inferior resource. In sum, this research highlighted the hedonic aspects of resource allocation methods and identified when accepting one’s fate is hedonically better than fighting for the best.


Abstract: This research examines sellers’ price-setting behavior and discovers a naturally occurring mismatch between sellers and buyers: Sellers who make a price decision often consider alternative prices and engage in the joint evaluation mode, whereas buyers who make a purchase decision see only the finally set price and are in the single evaluation mode. This mismatch in evaluation modes leads sellers to overpredict buyers’ price sensitivity and underprice their products. However, these effects apply only to products unfamiliar to buyers and without salient reference prices and can be alleviated if sellers are encouraged to mimic single evaluation when making pricing decisions. These propositions are empirically tested and verified.


Abstract: When making purchase decisions, consumers want objective product specifications and seek direct product comparison. The present research demonstrates that consumers can make better decisions (i.e., choose what yields a better consumption experience) if objective specifications are removed and direct comparison is inhibited than if not, and this is true even if consumers cannot experience the target products themselves at the time of choice (such as in online shopping). The reason is that consumption is largely subjective and non-comparative, and decisions based on subjective and non-comparative information are often more compatible with consumption. In general discussion, we explore the boundary conditions of our findings and the implications of this research for a new way of marketing that emphasizes subjectivity over objectivity and non-comparison over comparison.

Abstract: This article introduces a simple survey method to distinguish between two types of variables that affect happiness – type A, which exerts an absolute effect on happiness, and type B, which affects happiness only through social context. The authors validate the method by comparing its findings with the findings of a theoretically superior but less practical experimental method, and use the method to identify the AB nature of a variety of naturally-occurring variables among both college students and people with work experience. We conclude by discussing the limitation of this method as well as its potential to inform policymakers about where to invest resources in order to improve people’s happiness over time.


Abstract: This research examined how one affectively reacts to others’ guesses at a value one cares about, such as one’s income. Conventional wisdom suggests that people will feel happier upon receiving more favorable guesses (e.g., higher income) than less favorable guesses. We found the opposite pattern. We propose a model to explain the effect and identify its boundaries and report experimental evidence for the model. This research enriches existing literature on self-enhancement and yields practical implications for how to approach guessing in interpersonal communications.


Abstract: We propose that individuals underestimate the costs of making choices relative to the benefits of finding the best option. Specifically, we demonstrate that research participants make systematic mistakes in predicting the effect of having more, vs. less, choice freedom on task performance and task-induced affect. Even when participants have the information to understand that the costs of choice freedom outweigh its benefits, they still predict that choice freedom will lead to better performance and more positive affect. As a result, those who have the option to choose exercise it, yet end up performing worse and feeling worse than those who do not have that option.


Abstract: We theorize that people dread idleness, yet they need a reason to be busy. Accordingly, we show that without a reason, people choose to be idle, that even a specious justification can mobilize people to be busy, and that people are happier when busy than when idle, even if they are forced to be busy. This research suggests that many purported goals people pursue may be merely justifications to keep themselves busy.


Abstract: Whether individuals react differently to different values of a cared-about attribute (e.g., different income levels, different gas prices, and different ambient temperatures) is a central question in psychology and economics. Building on and significantly extending our earlier work on preference reversals between joint and separate evaluations, we propose a General Evaluability Theory that specifies when people are value-sensitive and when people mispredict their own or others’ value-sensitivity. The theory can explain
and unify many seemingly unrelated findings, ranging from duration neglect to affective forecasting errors, and generate many new research directions on topics ranging from temporal discounting to subjective wellbeing.

Hsee, C. K., Yang, Y., Li, N., & Shen, L. (2009). Wealth, warmth and well-being: Whether happiness is relative or absolute depends on whether it is about money, acquisition, or consumption. *Journal of Marketing Research, 46*(3), 396-409.


WORKING PAPERS (a partial list)

Hedonic durability (with Yang, Y., Urminsky, O., Zhang, L.)

Uncertainty increases motivation (with Shen, L. & Fishbach, A.)

The power of specious numbers (with Shen, L.)

Altruistic behavior and egoistic choice (with Yang, A. & Urminsky, O.)

Hedonic durability depends on levels of needs (with Tennant, R.)

Neglect of emotion in compensation decisions (with Zhang, S. & Yu, S.)

Are teasers always teasing? (with Tu, Y.)

Lay rationalism (with Yang, Y. et al.)

Reaction utility (with Yang Y. et al.)

Negative consensus (with Rottenstreich, Y. et al.)

Losers love large logos (with Chen, J. et al.)

PROFESSIONAL SERVICES


TEACHING

Courses taught:

Managerial Decision Making (Executive MBA)
Managerial Decision Making (MBA)
Managing in Organizations (MBA)
Negotiation and Decision-making Strategies for Managers (Executive Program)
Advanced Marketing Theory: Behavioral Approach (PhD)
Current Topics in Behavioral Science (PhD)

Teaching awards

McKinsey Award for Excellence in Teaching (2008) (generally regarded as the most prestigious teaching prize of Chicago Booth, awarded every two years to one faculty member).
Phoenix Award (2006) (nominated by students and awarded every year to one Chicago Booth faculty member).