The Effect of Target Familiarity on Prediction Accuracy

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Many buying decisions require predictions of another person’s product attitudes. Yet, consumers are often inaccurate predictors, even for familiar others. We provide strong evidence that target familiarity can even hurt accuracy in the presence of attitude feedback. Although overprojection and lack of product-specific attitude information have been identified as possible reasons for prediction inaccuracy, our results suggest a retrieval explanation. When presented with product-specific attitude feedback, predictors adapted their level of projection and encoded the attitude information, but they did not use this information. Instead, they retrieved less diagnostic, pre-stored information about the familiar targets to predict their product attitudes.

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EXTENDED ABSTRACT
A couple leaves the furniture store quarreling because she cannot understand why he likes the black leather upholstery for the recliner seat they had agreed to buy. A man buys one of his friends a T-shirt of his favorite football team that he will never wear. A girl gets an expensive Gwen Stefani haircut because her fiancé loves No Doubt, only to find out that he likes the music but not the looks of the singer. Why are we so inaccurate in predicting the product attitudes of familiar others, like family members, friends and colleagues?

Although it could intuitively be expected that target familiarity results in more accurate predictions due to the extensive amount of pre-stored target information, previous research already provided some evidence that people are indeed not very good in predicting a familiar target’s product attitudes. Davis, Hoch, and Ragsdale (1986), for instance, found that only 53 percent of the partners were able to outperform a hypothetical forecaster who simply used the average gender-specific preference. A lack of diagnostic information about the familiar other’s specific product attitudes has typically been identified as the main reason for these low levels of accuracy (e.g., Kenny and Acitelli 2001; Swann and Gill 1997). This implies that it would be easy to overcome prediction accuracy, once diagnostic information is available. In this study, we argue that predicting product attitudes of familiar others induces prediction problems far beyond a simple lack of diagnostic information. In fact, we hypothesize that familiarity will even have a negative effect on prediction accuracy in the presence of product-specific target feedback. A first explanation is that people, at least initially, assume high levels of attitude similarity with familiar others (e.g., Moreland and Zajonc 1982). This initial similarity assumption likely colors new but ambiguous attitude information and motivates predictors to ignore attitudinal discrepancies (e.g., Davis and Rusbult 2001; Stapel and Schwarz 1998). Therefore, high levels of projection may persist, despite the availability of veridical attitude feedback. Second, people have an elaborate amount of information about familiar others. This diverse knowledge base probably makes them highly confident and, in turn, less sensitive to new, product-specific attitude feedback (Alba and Hutchinson 2000).

Taken together, we predict that target familiarity will have a negative effect on prediction accuracy if product-specific attitude feedback is available because people will put heavy weight on their own attitudes and their pre-stored target information at the cost of more diagnostic attitude feedback. To test the specific effects of familiarity on prediction accuracy, we asked participants to predict their relationship partner’s attitudes towards a series of product alternatives. Instead of manipulating the prediction target, we manipulated the awareness that one is predicting the partner’s attitudes. More specifically, for some participants we disguised the true identity of the target by telling them they had to predict the product attitudes of a stranger. For the others, we revealed the true identity of the target and asked the participants to predict their partner’s product attitudes. By keeping the target (i.e., the partner) constant in all conditions, we avoided confounds (like differences in attitude similarity).

Applying this manipulation in three experiments, we provide the first evidence that target familiarity hurts prediction accuracy in the presence of product-specific attitude feedback. This negative effect is especially strong when attitude similarity was low. This could indicate that participants continue to rely heavily on their own product attitudes when predicting those of a familiar, but dissimilar other. Yet, our findings provide evidence that familiarity does not hinder participants in adapting their projection level to the actual level of attitude similarity. Instead, our results suggest that target familiarity causes predictors to put an overly heavy weight on pre-stored target information relative to the new and diagnostic feedback about their partner’s product attitudes. More specifically, we find that people attend to product-specific attitude feedback and they also learn from it. Yet, when predicting their partner’s product attitudes in a subsequent task, people do not fully rely on this newly encoded and diagnostic information. Instead, they continue to retrieve other, pre-stored partner information. Given that most of this pre-stored partner information is not diagnostic for specific attitude predictions, the elaborate partner information turns out to be a cause of prediction inaccuracy rather than a prediction advantage.

REFERENCES