Looking For Lake Wobegon: Why Sometimes We Are All Below Average

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People’s evaluations of their relative abilities are important for many consumption domains (sports equipment, technology, etc.), but tend to show asymmetric weighting—depending more on impressions of own performance than on impressions of the comparison group. However, we show that asymmetric weighting is smaller when predicting 1) concrete performance versus general skill level and 2) performance for tasks that are experienced versus hypothetical. We attribute this to poorly-specified scales interpreted as implicitly relative. Moreover, judges’ asymmetrical weighting may be adaptive. This does not mean that judges are sensitive to optimality: People are insensitive to the effects that feedback has on the optimal weighting of estimates.

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EXTENDED ABSTRACT

In many product domains, consumers must evaluate their abilities as they compare to others’ abilities. For instance, two consumers who disagree about which restaurant to visit together need to determine which of the two consumers is better at picking restaurants. However, evidence suggests that consumers cannot accurately gauge their own relative standing in many contexts (see Alba and Hutchinson 2000 for a comprehensive review). Kruger (1999) and others show that people are influenced by the difficulty of a task when they make estimates about their relative standing. When tasks seem easy, people on average believe they are above average. When tasks seem difficult, people on average think they are below average. Many researchers posit that this bias is due to an egocentric focus on the target of social predictions. People appear to attend to themselves and neglect information about the group average. Researchers point to strong correlations between participants’ estimates of absolute ability and their estimated percentile and a weak or nonexistent correlation between estimates of average ability and estimated percentile. We will call this pattern of correlations “asymmetric weighting”. In this paper, we explore the idea of asymmetric weighting in two ways: We identify one cause for asymmetry and we determine if this pattern is an error or not.

First, we determine whether or not the type of absolute estimate elicitation has an impact on asymmetric judgmental weights. We hypothesize that absolute estimates generated about one’s “skill” evoke comparative rather than truly absolute judgments while absolute estimates generated about one’s “score” will not show this tendency. In the first study, we manipulate how absolute estimates of performance are elicited on three different tasks—in terms of “skill” or in terms of “score”. We find consistently greater asymmetric weighting when absolute estimates are provided on a “skill” measure than when they are provided on a “score” measure. This finding suggests that participants asymmetrically weight absolute information in judgments of relative standing only to the extent that this information is redundant with their subsequent relative estimate. Presumably, comparative thoughts (“skill”) do not need to be supplemented with thoughts about the group average while singular thoughts (“score”) must be composed of estimates of own and average performance. Since the “score” absolute measures were truly singular, participants should not and did not show egocentric attention to their absolute estimates.

In the second study, we test the hypothesis that symmetric weighting is “ideal” weighting of absolute information. We suggest that symmetric weighting does not necessarily produce accurate percentile estimates. Previous research has argued that a more normative weighting strategy (equal weight on one’s own score and average person’s score) would improve the accuracy of participants’ percentile estimates and make biases less likely to occur. However, estimates made about others are surely less accurate and reliable than estimates made about oneself. We predicted that even a substantial amount of asymmetric weighting would not necessarily hurt participants’ accuracy in percentile estimates. In fact, we expected that when the absolute information being weighted by participants was perfectly accurate, percentile estimates would be quite accurate despite some asymmetry.

To test this hypothesis, we varied the amount of feedback participants received about their own and the average participant’s scores on a task. Then we ran regressions for each individual across ten trials in order to determine how they weighted this information. We compared these weights to the best weights that they could have used with the provided information—the weights that would produce accurate percentile estimates. We found that participants were essentially weighting information about themselves and others in an “ideal” manner. While these weights were not symmetric, the weight given to the provided information was proportionally correct when it was compared to the ideal weights. Participants’ error seemed to be simply too much weight on that information in general, not too much asymmetric weighting. Furthermore, as expected, accuracy in percentile estimates improved as each absolute estimate was replaced with actual absolute score.

These two studies shed light on the process decision makers use to evaluate themselves relative to others. Consumers do not necessarily egocentrically focus on themselves in this process. To the contrary, they symmetrically weight information about themselves and others when that information elicited in terms of “score”—a singular estimate. The second study demonstrates that “ideally”, judges should employ some asymmetric weighting of information in most cases. Study 2 shows that, when consumers have no truly certain information about their or others’ absolute performance, asymmetry is ideal. This makes sense given that information about oneself is more accessible than information about others. However, when consumers have access to both their own absolute ability and that of the group average, they are better off estimating their relative standing using both pieces of information to equal extents.

Of course, in life, consumers rarely have access to information about the performance of their reference group. Marketers can choose, however, to help consumers more accurately predict their relative standing. Because consumers will incorporate information about the median performance into their comparative assessments when that information is diagnostic, marketers may choose to provide it to their customers. The pro shop that tells the disappointed putter that the average person performs below her level can correct an irrationally low self-assessment. Similarly, the ski resort that takes the time to inform skiers that the average skier cannot ski down a triple black diamond slope can prevent its customers from a disappointing and dangerous experience. For these reasons, we believe that our results are an important addition to the growing body of research on consumer calibration.

REFERENCES
