Reluctance to Hedge Desired Outcomes

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I examined if people engage in emotional hedging when desired outcomes are uncertain. A substantial percentage of US voters and NFL fans refused to hedge the 2012 Presidential election or the victory of their team, respectively, even when it was irrational not to, apparently because people conflate beliefs and desires.

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EXTENDED ABSTRACT

Hedging is a strategy used in financial markets, whereby one can offset the risk of loss from one investment by making a contrary or opposing companion investment. This research examined whether people adopt a similar strategy with regard to their emotions: do people and engage in emotional hedging when desired outcomes are uncertain? In other words, do people offset the risk of experiencing negative affect if a desired outcome does not occur by incurring a gain if an opposing outcome is realized instead? In two samples of Americans before the 2012 US Presidential Election and in one study of National Football League Fans in Pittsburgh, I tested whether people are readily willing to engage in emotional hedging.

Shortly before the 2012 US Presidential Election, participants in two samples indicated their preference between and attitudes toward Mitt Romney and Barack Obama. Participants then were asked to pick, using a Becker-DeGroot-Marschack procedure, between pairs of cash amounts corresponding to the victory of each candidate. Participants would (hypothetically) receive the amount indicated if the candidate they chose won. The amounts varied from $0 to $100 for each candidate in increments of $10, such that for each candidate there was an amount that picking him resulted in having no chance of earning any money if he won and picking his opponent would result in earning $100 if the opponent won (e.g., “$100 payment if Obama wins OR $100 payment if Romney wins”, “$90 payment if Obama wins OR $100 payment if Romney wins”, “$0 payment if Obama wins OR $100 payment if Romney wins”, and vice versa).

Interestingly, 29% of sample 1 (N = 97) and 31% of sample 2 (N = 101) indicated that they would prefer to elect to receive nothing (i.e., $0) if their preferred candidate won rather than to receive $100 if his opponent won. In other words, approximately 30% of the sample was completely unwilling to emotionally hedge the election, even when it was financially rational to do so.

Testing emotional hedging in a different domain, pedestrians in a convenience sample (N = 101) before the 2010 NFL season were stopped in Pittsburgh and completed a similar survey in the domain of National Football League football. Participants indicated the extent to which they were fans of the Pittsburgh Steelers and the team that they would oppose in the season opener, the Atlanta Falcons. They were then informed that the Las Vegas bookmakers estimated the most likely outcome of the game is that the Steelers would win and the extent to desired the Steelers to win. All participants then rated the extent to which Jim was morally praiseworthy or blameworthy, how much they liked or disliked Jim, the extent to which he believed the Steelers would win and the extent to desired the Steelers to win. Finally, they rated the extent to which he was a fan.

Most interesting, participants did not differentiate at all between beliefs and desires. If participants received no information about Jim, were told that he thought the Steelers would win, or that he also bet on the Steelers to win, participants all rated Jim as both believing and desires. If participants received no information about Jim, were told that he thought the Steelers would win, or that he also bet on the Steelers to win, participants all rated Jim as both believing and desires. If participants received no information about Jim, were told that he thought the Steelers would win, or that he also bet on the Steelers to win, participants all rated Jim as both believing and desires. If participants received no information about Jim, were told that he thought the Steelers would win, or that he also bet on the Steelers to win, participants all rated Jim as both believing and desires. If participants received no information about Jim, were told that he thought the Steelers would win, or that he also bet on the Steelers to win, participants all rated Jim as both believing and desires. If participants received no information about Jim, were told that he thought the Steelers would win, or that he also bet on the Steelers to win, participants all rated Jim as both believing and desires. If participants received no information about Jim, were told that he thought the Steelers would win, or that he also bet on the Steelers to win, participants all rated Jim as both believing and desires. If participants received no information about Jim, were told that he thought the Steelers would win, or that he also bet on the Steelers to win, participants all rated Jim as both believing and desires. If participants received no information about Jim, were told that he thought the Steelers would win, or that he also bet on the Steelers to win, participants all rated Jim as both believing and desires. If participants received no information about Jim, were told that he thought the Steelers would win, or that he also bet on the Steelers to win, participants all rated Jim as both believing and desires. If participants received no information about Jim, were told that he thought the Steelers would win, or that he also bet on the Steelers to win, participants all rated Jim as both believing and desires.