Special Session Summary  Rumors, Refutations, and Conflicts of Interest: Problems in Dealing With Unreliable Information  
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SESSION OVERVIEW

Every day consumers see information that is outdated, untrustworthy, or deceitful. It seems reasonable to assume that giving consumers adequate warning about the questionable nature of such information is the best way to help them avoid its influence. After all, our belief in information should weaken once we learn that the information is, for example, an unverifiable rumor, or a piece of advice given by someone with a clear conflict of interest. But as this research shows, warning people that information may be false does not always have the intended effect, and can actually increase the unwanted effects of questionable information.

Ian Skurnik showed that repeated warnings about false information (e.g., consumer claims about health and medicine, financial rumors) have the desired effect immediately, and decrease people’s belief in such information. But after a week has passed, the more often people were initially told that information was false, the more likely they are to believe that the information is true. This backfire of repetition over time happens because after a delay people can remember the information but not the truth-specifying context in which they learned it.

Gita Johar (reporting research with Anne Roggeveen) continued with the issue of discrediting false information and investigates how best to design refutations of, for example, misleading advertising claims. When refutations of a claim are perceptually similar to the format of the original claim, the refutations are less effective in changing people’s beliefs. The reason for this effect is that perceptual similarity is likely to cue the original form of the claim in memory, making people more resistant to the refutation. This research nicely shows the subtle difficulty of trying to help consumers update or change their beliefs.

Daylian Cain (with Don Moore and George Loewenstein) discussed how disclosing a conflict of interest can backfire and increase the probability of both giving and receiving biased advice. Disclosing a conflict of interest reduces inhibitions for advice givers, who go on to give more biased advice than they would without the disclosure. The effects of the same disclosure are likely to be underestimated by the advice recipient, who fails to adjust properly for the bias, and ends up making worse choices than if the advice-giver had kept the conflict of interest a secret.

“Making False Information Seem True: A Paradox of Repetition”

Ian Skurnik, University of Toronto

Every day we encounter false information. Advertisements, rumors, politicians’ promises, works of fiction, and tabloids routinely make claims that we mistrust. It seems obvious to say that we will not believe a piece of information that we think is false. But as this research demonstrates, it is one thing to notice that information is false when we first encode it, and quite another thing to remember that it is false later on.

When people try to remember the truth of a consumer claim, their memory for the original context of the claim can be as important as memory for the claim itself. For example, suppose the claim “shark cartilage will help your arthritis” feels familiar to consumers because they have encountered it recently. They might trust it less if they remember reading it in a tabloid headline than if they remember hearing it as advice from their physician. A weakness of this strategy is that memory for prior exposure to a claim is often much better than, and can be wholly independent of, memory for the context in which the claim appeared. And, when people find a claim familiar because of prior exposure, but do not recall the original context or source of the claim, they tend to think that the claim is true. This tendency to call familiar information true is probably normatively appropriate, but backfires when familiar information is false.

Three experiments document a paradoxical “illusion of truth” effect where repeatedly showing people false information (compared to showing it once) makes the information seem more false immediately, but more true after a week’s delay. In the experiments, undergraduate participants read claims about health and medicine (e.g., “Aspirin destroys tooth enamel”) or financial headlines and rumors (e.g., “OPEC is planning a per-barrel price cut next month”). All statements had been pretested to make sure that participants would not spontaneously think they must be true or false.

In Experiment 1, participants read a list of claims half of which were explicitly identified as true and half false. In addition, half the claims were presented once and half 3 times. After either 1/2 hour or 1 week, participants tried to remember whether each statement was true or false, and to distinguish旧 claims from new ones. Hence the design was a 2(true or false) X 2(1 or 3 exposures) X 2(short or long delay) factorial, with the last factor between subjects. The resulting 3-way interaction (F(1.66)=5.89, p=.02) shows that after a short delay, people made a few mistakes in remembering the original truth of claims, but there was no bias in these mistakes, and repetition helped people avoid errors. In contrast, after a week, people showed a tendency to misremember false claims as true (vs. misremembering true claims as false), and repetition increased this tendency. Experiment 2 replicated this procedure and asked participants to make confidence ratings as they tried to remember whether claims were true or false. The same 3-way interaction emerged as in Experiment 1, but only at the highest levels of confidence. In other words, the illusion of truth effects in these studies, and the backfire of repetition, are not experienced as guesses at poorly remembered information. People were just as confident of their mistaken memories of false claims as they were of their correct memories of true claims.

Experiment 3 examined participants’ memory for the sources of information as well as their personal belief in the information. In this study, participants read financial statements ostensibly in preparation for a stock trading game. Statements were depicted as drawn from the Wall Street Journal Front Page (likely to be true) or the Heard on the Street rumor column (likely to be false). This study also manipulated repetition and delay as in the first two studies. After the delay, participants first rated how true/false they personally thought each statement was on 7-point scale, along with new statements, and then tried to remember the original source of each statement. Belief ratings showed the same backfire of repetition (3-way interaction F(1, 110)=13.43, p<.001) over time. The overall pattern of ratings resembles a strong absolute sleeper effect in persuasion literature, in this case where after a week rumors seen 3 times are believed more than news items read once. In addition, source memory data revealed that unverified rumors were increasingly misremembered as credible news stories over time.

For all studies, measures of old-new memory such as A-prime were relatively intact over the delay, while measures of source memory such as ACSIM declined sharply. Taken together, the
evidence supports a constructive memory explanation, according to which people tend to judge a piece of information true when they know that they have seen it before, but cannot remember the truth-specifying context in which they encoded it. In contrast, alternative theoretical accounts such as the “Spinozan processing” explanation have a harder time fitting the data. According to the Spinozan explanation, people automatically encode information as true when they first comprehend it, and can re-represent the information as false only by attaching a mental tag to the memory trace. If people fail to attach the tag, then the information survives in memory in its default true form. This explanation does not predict a backfire of repetition over time: if repetition has increased the probability of tagging of false claims, as suggested by the short delay results, then those claims cannot also be less likely to have a tag, as suggested by the long delay results.

The finding that false information eventually seemed true—not in spite of, but because of repeated warnings about its falseness—has a number of applied implications. For example, presenting false information to people in order to discredit it, as when fighting a rumor, risks raising eventual belief in the information, even if attempts to discredit appear successful at first. Such warnings about false information should emphasize what is true much more than what is false.

“Designing Effective Refutations: Perceptual Similarity and Belief Change”
Gita Venkataramani Johar, New York University
Anne L. Roggeveen, Babson College

This research addresses how to most effectively design refutations to change false beliefs that may be created by advertising. Previous research has demonstrated the difficulties inherent in correcting false beliefs. Disclaimers and disclosures are often ineffective (Johar and Simmons 2000); corrective advertising does not always reduce false beliefs (Johar 1996), and in general, consumers resist changing beliefs as is evidenced by the fact that beliefs in contradictions are lower than beliefs in the same claim seen for the first time (Bacon 1979; Brown and Nix 1996).

This research examines if the perceptual format of the refutation affects belief in the refutation. More specifically, we compare the effectiveness of two refutation strategies—refutations that are perceptually similar versus different to the original claim—in changing consumers’ brand beliefs. A likely prediction is that refutations that are similar to the original claim will more effectively in changing beliefs because the refutation cues the original claim in memory. However, we predict that such memorial cueing will have the opposite effect, such that perceptually similar refutations will cue the original claim in memory and result in resistance to belief updating. We use the truth effect paradigm to derive and test this proposition. The truth effect refers to the finding that repeated claims are believed more than new claims (Hawkins and Hoch 1992). Without specific knowledge about the claim, consumers depend on cues (such as how familiar the claim feels) to judge the veracity of the claim; hence, repeated claims are judged to be truer than new claims. We design two experiments to test whether repetition-enhanced beliefs are more likely to be changed by perceptually dissimilar (versus similar) refutations.

Past research on the truth effect has shown that messages which are an exact repetition, and hence, perceptually similar to a previously viewed message, enhance belief to a greater extent than topic repetition (i.e., exposure to topic information at time 1 and detail information at time 2; see Arkes et al 1991; Begg et al 1985). Thus, the perceptual format of a message affects belief. Research also suggests that refutations of previously viewed claims are rated more false than the same refutation presented for the first time when the originally repeated claim is remembered in detail (Begg and Armour 1991). Based on these findings, we suggest that a refutation that is perceptually similar (vs. dissimilar) to the original claim is more likely to cue the original claim and hence result in resistance to the refutational message. In two experiments, we manipulate perceptual similarity via type of claim (assertion vs. implication) and via surface similarity (look of the two ads) and examine the preceding hypothesis.

Experiment 1 used a 2 x 2 between-subjects design where the perceptual similarity of the message was manipulated as high/low and claim type was manipulated as refutation/completion. Perceptual similarity was manipulated by creating matched inferred and asserted claims. These two claim types were shown to different groups of subjects at exposure. Refutations (stating the opposite of the implied or stated conclusion) or completions (stating the conclusion of the implication or repeating the conclusion) of the claims, all in assertion form, were then shown at test. Hence, the refutations or completions were perceptually different when the original claim had been inferred and perceptually similar when the original claim had been asserted. Belief in the refutation/completion served as the dependent variable. Findings indicate that regardless of perceptual similarity all refutations were believed less than completions. But findings also indicate that as predicted, belief in the refutation was lower when the original claim was perceptually similar (assertion) versus perceptually different (inference). Further, recall data provides support for the underlying memorial process.

Experiment 2 provides more direct evidence for the role of perceptual similarity. Perceptual similarity and claim type were again manipulated between subjects in this 2 x 2 between subjects design. In this study, however, perceptual similarity was manipulated using the similarity in the background page (picture, color and font) of the claims at exposure and test. Claims that had high perceptual similarity had the same background at exposure and test. Claims that had low perceptual similarity had different backgrounds at exposure and test. Results demonstrate that refutations that are perceptually similar are believed less than perceptually similar completions, but that perceptually different refutations are believed to the same extent as perceptually different completions. Further, results support the hypothesis that perceptually similar refutations are believed less than perceptually different refutations. Results replicated across two sets of claims. Recall data again provided support for the underlying memorial process.

“The Dirt on Coming Clean: Perverse Effects of Disclosing Conflicts of Interest”
Dayljan Cain, Carnegie Mellon University
Don Moore, Carnegie Mellon University
George Loewenstein, Carnegie Mellon University

Conflicts of interest have been at the heart of many recent business scandals. While some reformers have called for full disclosure of these conflicts, we argue that disclosure does not solve—and in some cases may even enhance—the problems associated with conflicts of interest. We focus on situations in which people must rely on experts (such as investment advisors, physicians, real estate agents, retailers, or attorneys) who have superior information but who also may have a conflict of interest that may produce an incentive for them to give biased advice. For instance, investment managers get paid more when their clients trade more; and attorneys get paid more when their clients have more legal disputes. Disclosing conflicts of interest is thought to arm the advice receiver with better information. We examine the extent that this information allows advice receivers to counteract any biases in the advice and we examine how the disclosure affects the advice given.
The first experiment examines the effects of manipulative advice on those getting the advice. Participants (N=112) were each asked to make judgments after receiving advice that was either biased high (relative to the actual answer) or biased low. Along with this biased advice came a warning that the advice had been provided with directive intent: either to bias them upward, bias them downward, bias them “one way or another,” or get them to answer accurately. These two factors were crossed in a 2 (advice) X 4 (warning) factorial design. The results show an effect of advice, but no main or interaction effects of warnings. In other words, people ignored the warning and paid attention to the advice, even when they were warned that it was suspect. This effect is consistent with the assimilative effect of anchors: Subsequent judgments adjust insufficiently from the anchor (Tversky & Kahneman, 1974; Epley & Gilovich, 2001; Strack & Mussweiler, 1997). One might have thought that a disclosure that some advice had manipulative intent would put advisees on high-alert (perhaps in contrast with much of the classic anchoring research which uses anchors disclosed as having been “randomly generated”), but no such warnings were sufficient. This is consistent with a growing body of research on manipulative suggestions (e.g., Hastie, Schkade, & Payne, 1999; Galinsky and Mussweiler, 2001).

The second experiment (N=147) examines the effects of conflicts of interest on advice giver and receiver. One group of participants (estimators) was quickly shown several jars of coins from a distance and was asked to estimate the value of the coins in each jar. The more accurate their estimates, the more they were paid. Another group of people (advisers) inspected the jars more closely and gave the estimators advice. The first group of these advisers also got paid more when their advisees answered accurately. The second group of advisors, however, was paid according to how high the estimators’ guesses were. So, these advisers had an incentive to give misleading advice. Not surprisingly, those with this incentive did indeed give higher advice than those without. More interesting was the effect of disclosure on advice. A third group of advisors with the high incentive knew that their advice would come with a disclosure that told of their high incentives. Advisors in this condition gave significantly higher advice than did those who got paid the same way but whose advice did not come with the disclosure. And, although those receiving the disclosure did discount the advice given, it was not sufficient to offset the increased bias found in the advice. In fact, those advisees in the disclosure condition were left worse off (made worse estimates, made less money) compared to any other group, including those whose advisors had the same conflicts of interest left undisclosed. Several rounds of feedback did not undo this effect, and in fact appeared to increase it: disclosure seemed to have increasingly deleterious effects in later rounds. We speculate that while feedback can help consumers of information and advice to become more sophisticated, it can also help expert-advisors who are trying to manipulate these consumers. To the extent that disclosure allowed advisors to focus more on manipulating their audience, feedback may have only heightened this.

Follow-up studies examine the reasons why disclosure might increase distortion by advisors. The results suggest two distinct reasons. The first is moral licensing. When their conflict of interest is disclosed, people feel less of an obligation to protect the advice recipient. The recipient is, after all, fully informed. The second reason why disclosure increases distortion is strategic exaggeration. Advisors profess the belief that the disclosure of their conflict of interest will lead to substantial discounting by the advice recipient. To counteract the effect of this discounting, they provide even more biased advice. We conclude that full disclosure, by itself, may have the perverse effect of making analysts, auditors, marketers and such people give even worse advice. To the extent that this advice impacts subsequent judgment, and to the extent that people do not typically understand this, disclosure might not only fail to solve the problems of conflict of interest, it may exacerbate them.

This paper is part of a larger body of research which examines how trying to protect consumers (or trying to regulate ethical behavior more generally) can potentially backfire.