Best-Laid Plans…: Understanding the Processes Underlying the Planning Fallacy

Jaehoon Lee, University of Texas at San Antonio, USA
L. J. Shrum, University of Texas at San Antonio, USA
Jongwon Park, Korea University, Republic of Korea

The planning fallacy refers to the systematic tendency to hold a confident belief that one’s own task will proceed as planned. Research has provided evidence of the tendency to underestimate the completion time for future tasks. The purpose of this research is to extend the previous research to a consumer behavior context and examine possible underlying processes. Our findings suggest that people underestimate their shopping completion times but overestimate their shopping duration times. Our findings also indicate that people with a high interpersonal locus of control tend to underestimate the shopping times more so than those with a low interpersonal locus of control.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/14543/volumes/v36/NA-36

[copyright notice]:
This work is copyrighted by The Association for Consumer Research. For permission to copy or use this work in whole or in part, please contact the Copyright Clearance Center at http://www.copyright.com/.
hypothesize that more knowledgeable consumers are better able to infer the benefits of nonalignable features, and that this ability would make them to pay more attention to nonalignable features and use them as a basis for their judgments.

Three studies were conducted to test this hypothesis. Study 1 investigated relative attention that participants place on alignable versus nonalignable differences. It was expected that experts would pay more attention to nonalignable differences than novices because their abilities to process and compare nonalignable differences is greater than those of novices. The study had a one factor (expertise: high vs. low) between-subject design. MP3 player category was chosen as a focal product category. The results showed that there was a main effect of expertise. The analysis revealed that the percentage of experts who chose alignable difference (8.7%) was much smaller than experts who chose nonalignable differences (91.3%) as the most distinguishing feature. On the other hand, 37.5% of novices chose alignable difference and 62.5% of them chose nonalignable difference as the most distinguishing feature (\(\chi^2(45)=5.44, p<.02\)).

Study 2 investigated how experts and novices search for alignable versus nonalignable product information. The study had a 2 (alignable vs. nonalignable) x 2 (experts vs. novices) mixed design. One hundred twenty seven undergraduate participants were asked to evaluate two brands of tennis racquet after reviewing product information on the computer. The results showed a main effect of alignability, such that participants reviewed more alignable features than nonalignable features (\(M=5.01\ vs. 3.88\); \(F(1, 125)=62.66, p<.001\)). Subsequent planned contrasts showed that novices reviewed more alignable features than experts (\(M=5.16\ vs. 4.86\); \(t(125)=2.05, p<.05\)), whereas experts reviewed more nonalignable features than novices (\(M=4.03\ vs. 3.73\); \(t(125)=1.96, p<.05\)). The results of study 2 showed that experts focused more on nonalignable features than alignable features. On the other hand, novices paid more attention to alignable features than nonalignable features.

Study 3 used brand evaluations as a dependent measure to test the effects of expertise on processing of alignable versus nonalignable features. A 2 (experts vs. novices) x 2 (superior alignable vs. superior nonalignable) design was used. Similar to study 1, MP3 player category was used. The results indicated that the interaction between these factors was significant. Follow up contrasts revealed that experts evaluated the target brand more favorably in superior nonalignable condition (\(M=5.81\)) than those in superior alignable condition (\(M=4.98\); \(F(1, 96)=10.80, p<.001\)). The result is consistent with our expectation that experts focus on nonalignable attributes and are able to infer benefits from these attributes. On the other hand, novices evaluated the target brand less favorably in superior nonalignable condition (\(M=5.35\)) than those in superior alignable condition (\(M=3.81\); \(F(1, 96)=5.75, p<.05\)), replicating previous studies that showed consumers’ initial focus on alignable features (Zhang and Markman 1998).

References

Best-Laid Plans…. Understanding the Processes Underlying the Planning Fallacy
Jaehoon Lee, University of Texas at San Antonio, USA
L. J. Shrum, University of Texas at San Antonio, USA
Jongwon Park, Korea University, Republic of Korea

Abstract
The planning fallacy refers to the systematic tendency to hold a confident belief that one’s own task will proceed as planned. Research has provided evidence of the tendency to underestimate the completion time for future tasks. The purpose of this research is to extend the previous research to a consumer behavior context and examine possible underlying processes. Our findings suggest that people underestimate their shopping completion times but overestimate their shopping duration times. Our findings also indicate that people with a high interpersonal locus of control tend to underestimate the shopping times more so than those with a low interpersonal locus of control.

Conceptual Background
Most people have probably had the experience of planning to complete a paper within a few days but taking a week to complete it because they underestimated the time to complete the paper. This is referred to as the planning fallacy, which is the systematic tendency for people to underestimate how long a task will take to complete, even though they are often aware that certain types of tasks invariably take longer to complete. A number of studies (Buehler and Griffin 2003; Buehler, Griffin, and Ross 1994; Byram 1997; Newby-Clark et al. 2000) have demonstrated that this tendency is surprisingly robust and has been shown to persist regardless of whether people are asked to consider various possibilities (e.g., future, pessimistic, or optimistic scenarios, need for accuracy, task decomposition). However, despite this robustness, surprisingly little is known about the underlying processes (but see Kruger and Evans 2004). The purpose of the
current research is to address that issue. As a first step, we begin by investigating possible individual differences variables that may moderate the effect.

One individual difference variable we expected to moderate the planning fallacy effect is locus of control. Locus of control refers to the degree to which people believe that outcomes of their actions are under their own control (internal locus of control) or outside their own control (external locus of control; Paulhus 1983). Paulhus specified three primary spheres of control: personal efficacy that is associated with personal achievement, interpersonal control that is associated with other people and groups, and sociopolitical control that is associated with social and political events. Within each of these dimensions, people with an internal locus of control believe they have control over their actions and outcomes, whereas people with an external locus of control believe they have little control. If one explanation for the planning fallacy effect is that people tend to underestimate the external forces that can upset their plans for task completion and overestimate their ability to control those external forces, then we would expect internals (relative to externals) to exhibit more of a planning fallacy effect and thus underestimate the time it would take to complete a given task.

A second individual difference variable we investigated was regulatory focus (Higgins 1987). Regulatory focus is a theory of self-regulation that proposes two types of foci: a promotion focus (primarily concerned with maximizing gains) and a prevention focus (primarily concerned with minimizing losses). Promotion-focused people are oriented towards fulfilling their hopes and aspirations, whereas prevention-focused strive to avoid negative outcomes and failures. One explanation for the planning fallacy effect is that people look at shorter completion times as more “successful” than longer completion times, then promotion-focused people should show a larger planning fallacy effect than prevention focused people.

In sum, we expect a planning fallacy main effect, but we expect this effect to be qualified by two separate interactions with locus of control and regulatory focus.

Method

About three weeks before Valentine’s Day, students (n=133) who had a significant other, were planning on buying a Valentine’s Day gift, and had not completed the gift purchase yet were randomly assigned to one of three experimental conditions: a best-case scenario (assume that “things will go as well as they possibly can”), worst-case scenario (assume that “things will go as poorly as they possibly can”), and a no-scenario condition. In the best- and worst-case conditions, participants were instructed to make predictions based on the scenarios (i.e., told that if the scenario they described is what actually happens to them, when will they complete their Valentine’s Day shopping). In the no-scenario condition, participants were asked to make predictions on their actual completion time and shopping duration (ignoring their scenarios). Participants in the no-scenario condition made final predictions only. Next, participants completed the locus of control (Paulhus 1983) and regulatory focus measures (Higgins et al. 2001). A few days after Valentine’s Day, participants’ participants were contacted and asked when they had completed their shopping (actual completion times) and how long it took them (actual duration times).

Results

We tested for an overall planning fallacy effect by examining the differences between the predicted and actual completion time and shopping duration as a function of scenario condition. People underestimated their shopping completion times regardless of their scenario condition (p<.001). The planning fallacy effect is indicated in the no-scenario condition in which participants’ predicted completion times averaged 12.4 days but their actual completion times averaged 15.6 days, or about a 25% underestimation. In spite of this general underestimation of completion time, however, participants overestimated how long it would take them to actually conduct the shopping (duration), again regardless of condition (p<.02). In addition, the degree of the overestimates of shopping duration was greater in the best-case scenario than in the worst-case scenario (p<.05).

We next investigated the effects of the individual difference variables on the planning fallacy effect. The magnitude of the planning fallacy did not differ as a function of any of the individual difference variables. However, in terms of estimating the duration of shopping time, those with low interpersonal control overestimated their shopping duration time (M=67.9 min.) to a greater degree than those with high interpersonal control (M=38.6 min.). However, due to high variability, this difference was not significant (p=0.14). In addition, interpersonal control moderated the planning fallacy effect in the best-case condition, with those high in interpersonal control underestimating to a greater degree than those low in interpersonal control (M=2.67 days vs. -.21 days, with a negative number indicating overestimation, p<.10). We also found that people with high sociopolitical control overestimated shopping duration to a greater degree (M=81.05 min.) than those with low sociopolitical control (M=42.06 min., p<.05) and that people with high prevention focus overestimated shopping duration to a greater degree (M=62.1 min.) than those with a low prevention focus (M=32.65 min., p<.10).

In conclusion, in this experiment we replicated previous research on the planning fallacy effect, and did so within a consumer behavior context. We also provided preliminary evidence of some possible underlying mechanisms. Future research will be aimed at better understanding the individual differences results and developing methods for manipulating the underlying processes.

References


