

Research Project

Consumer's Curse? Dynamics of Forecasting Errors Around Consumption Decisions

Third-party funded project

Project title Consumer's Curse? Dynamics of Forecasting Errors Around Consumption Decisions

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Organisation / Research unit

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Department

Project start 01.02.2019

Probable end 31.12.2019

Status Completed

With the proposed research project, I strive to broaden our knowledge on the dynamics of people's accuracy in predicting the well-being consequences of their consumption decisions. Studying the accuracy of people's predictions at different points in time around the consumer experience provides a novel contribution to the literature and enhances our understanding of forecasting errors. The project advances the current state of the literature in several directions. First, capturing the actual change as well as the predicted change in consumer well-being will not provide a static but a dynamic perspective on forecasting errors. Second, we will study the extent to which people with different value orientations are differently prone to overestimate the emotional benefits of consuming materialistic goods. Specifically, we will assess whether the misprediction is systematically larger for materialistically oriented individuals. Third, we will also consider the relevance of social status concerns in consumer decisions for the forecasting errors. The potential insights of this project have crucial implications for the assumption of consumer sovereignty, a cornerstone in economics in general, and of consumer theory in particular. Informing consumers about biases in their expectations could foster their well-being by helping them to make better decisions.

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