THE HONG KONG POLYTECHNIC UNIVERSITY DEPARTMENT OF MANAGEMENT AND MARKETING Departmental Research Seminar



Probable Cause By

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Abstract

With the rise of machine learning and "big data," many large yet spurious relationships between variables are discovered, leveraged by marketing communications, and publicized in the media. Thus, consumers are increasingly exposed to many large-magnitude relationships between variables that do not signal causal effects. This exposure may carry a substantial cost. Seven studies demonstrate that the magnitudes of relationships between variables can distort consumers' judgments about whether those relationships reflect causal effects. Specifically, consumers often use a magnitude heuristic: Consumers infer that relationships with larger perceived magnitudes are more likely to reflect causal effects, even when this is not true (and even when relationships' correlations are held constant). In many situations, relying on the magnitude heuristic will distort causality judgments, such as when large-magnitude relationships between variables are spurious, or when normatively extraneous factors (e.g., reference points) distort perceptions of magnitudes. Moreover, magnitude-distorted (mis)perceptions of causality in turn distort consumers' purchase and consumption decisions. Since consumers often encounter spurious relationships with large magnitudes in the health domain and in other consequential domains, the magnitude heuristic is likely to lead to biases in some of consumers' most important decisions.

Dr Daniella Kupor's research interests focus on persuasion and decision making under risk and uncertainty. She has published in top academic journals, including the *Journal of Consumer Research*, the *Journal of Marketing Research*, and the *Journal of Personality and Social Psychology*. Her research has appeared in *Bloomberg Business News, Harvard Business Review, The New Yorker, The New York Times*, and *The Wall Street Journal*. She received the Society for Consumer Psychology (SCP) Early Career Award, was named a Marketing Science Institute (MSI) Young Scholar, and received the Behavioral Science & Policy Association (BSPA) New Investigator Award. She earned her Ph.D. in Marketing from the Stanford Graduate School of Business.

All interested are welcome.



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