Query Theory: An Account of Constructive Preferences

Topic 1
How do people judge the monetary value of objects? One clue is provided by the typical endowment study (D. Kahneman, J. L. Knetsch, & R. H. Thaler, 1991), in which participants are randomly given either a good, such as a coffee mug, that they may later sell (“sellers”) or a choice between the good and amounts of cash (“choosers”). Sellers typically demand at least twice as much as choosers, inconsistent with economic theory. This result is usually explained by an increased weighting of losses, or loss aversion. The authors provide a memory-based account of endowment, suggesting that people construct values by posing a series of queries whose order differs for sellers and choosers. Because of output interference, these queries retrieve different aspects of the object and the medium of exchange, producing different valuations. The authors show that the content and structure of the recalled aspects differ for selling and choosing and that these aspects predict valuations. Merely altering the order in which queries are posed can eliminate the endowment effect, and changing the order of queries can produce endowment-like effects without ownership.

Topic 2
Most Americans do not save sufficiently for retirement, yet many accept permanent reductions in their monthly Social Security retirement benefits by claiming these benefits as soon as possible. Research suggests that, for many Americans, delaying retirement benefit claiming would be a better decision economically. In five studies, we use behavioral economics and decision research to understand the claiming decision and to test interventions that might encourage people to claim benefits later. Study 1 finds that early claiming (i.e., claiming before full retirement age) is the reference point for many participants. Additionally, as predicted by Query Theory, the prominence of thoughts in favor of early claiming (i.e., the clustering and balance of thoughts favoring early rather than later claiming) predicts preferences for early claiming. Study 2 tests a subtle choice architecture display intervention designed to shift the reference point from early claiming to full claiming, with Study 3 testing a stronger display intervention; we find that manipulating the standard graphical depiction of monthly benefits produces a non-significant delay in preferred claiming age. Study 4 tests a choice architecture process intervention designed to change how participants approach the claiming decision. Asking participants to “frame the future first” and consider thoughts in favor of later claiming before thoughts in favor of early claiming produces a significant delay in preferred claiming age. The effect of thought order on claiming is mediated by the (reduced) prominence of thoughts in favor of early claiming. Finally Study 5 further develops this framing manipulation into a practical intervention. We conclude with a discussion of the relative merits of different intervention strategies.