

ESSAYS ON DUAL PROCESS THINKING IN CONSUMER JUDGMENT AND DECISION MAKING

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Abstract

The dual process paradigm of cognition claims two fundamentally different ways of information processing. In this paradigm, fast effortless and unconscious type 1 processes, are contrasted with slow, effortful and conscious type 2 processes. Dual process theories on reasoning and judgment have been around since ancient times, with Plato and Freud being prominent proponents from history. Recently however, since the pioneering studies by Kahneman and colleagues on heuristics and biases, their popularity has increased and numerous scientific investigations on the nature and effect of dual processes have been undertaken. In the essays below I study the psychological processes behind consumer judgment and decision making from a dual processes perspective. Through this investigation, I aim to contribute to dual process, and consumer judgment and decision making literatures. **Essay 1:** Who among us has not, at some point of time in their lives, struggled with a conflict between the head and the heart? Type 1 and type 2 processes can provide different responses to the same problem, leading to a conflict that needs to be resolved. Multiple competing models of dual process conflict resolution exist in literature, however these models suffer from inherent shortcomings and a lack of processing specification, and their relative merits are still being debated. This debate has also extended to dual process models explaining consumer behaviour. I propose an integrated model for dual process conflict resolution which treats the various models as not competing, but rather as stages in a single mental process. I outline conditions for the manifestation of the stages and provide mathematical representation of the same. I also discuss how the model fits various domains of consumer behaviour such as preference construction, choice deferral and consumer dilemma. **Essay 2:** This essay aims to link dual process thinking with abstract and concrete mental construals. In literature, especially by the adherents of the system view of dual processes, System 1 is generally described as a context dependent and concrete system, while System 2 is described as being domain general and abstract. However, this classification may not be completely correct, as type 2 processes can also be applied in concrete situations. The presupposition that various factors like consciousness, control and abstraction occur together has also been criticised by some opponents of the dual process view. Hence it is important to investigate the relationship between dual processes and mental construal. I explore the relationship between cognitive reflection which is a powerful dispositional measure of type 2 processing and the effects of construal level. Two studies, the first utilizing an object categorization task, and the second a product preference based task establish that cognitive reflection moderates construal level effects. **Essay 3:** Literature on ratio bias as well as consumer processing of percentage data shows that due to over emphasis of type 1 processes on whole numbers, consumers tend to neglect information about the base or denominator while making judgments. Consumers also adjust numerical judgments to maintain intuitive plausibility which results in systematically biased judgments. Drawing from these findings, I explore response mode effects for judgments of the same quantity elicited in numbers vs percentage. Two studies (Study 1, and 2) show across multiple domains that for large enough bases, whole number judgments are lower than percentage judgments. Study 4 shows that the difference persists while making such judgments for others. Study 3 shows that in the face of increases in base value, whole number judgments reduce as a ratio of the base while percentage judgments remain stable. A possible mechanism accounting for the results and future research directions are discussed.