

Scarcity Frames Value write-up

Peiyao Li, Risha Aich, Xinqiao Liu

Before we began the presentation, Prof. Sundaram discussed the link among this paper, the Kahneman paper and the Papadimitriou paper. Prof. provided a recap about the previous two papers' findings, which is that utility vary based on the context, and that valuation is also context dependent. Prof. gave an example of this by asking the class if we all like \$100, which most of the class said yes. Prof. then asked if we would drive to Chicago for a \$100 discount on a new car, which most students replied no. This example proved that context matters when making decisions.

During the discussion for the Beer-on-the-Beach scenario, Prof. pointed out that this experiment is a very famous experiment by Richard Thaler, where he found that framing and irrelevant context cues change the willingness to pay. Prof. then explained that the authors replicated the same study multiple times to eliminate confounding variables. Then, Prof. made a comment about why they were splitting up the participants by the median income, and argued that maybe if they were quantiles, the middle two quantiles might be similar. However, a student pointed out that since they did logistic regression and had the same result, this wouldn't be an issue. Prof. also made a comment on how the authors stopped collecting more results once they had enough responses, and said that this is good practice. He also criticized the testing method used by some companies where it was repeated until p becomes smaller than 0.05. However, Prof. mentioned that he didn't like how the authors changed the exclusion criteria in 1.d., which is one of the only weaknesses in an otherwise perfect experiment.

When we got to the application, Prof. talked about how this paper felt depressing - this paper is saying that for people under scarcity, thinking in a larger frame plays no role for them. For example, someone who has a scarcity of time might not think about their carbon footprint when hurrying to get to work by car; they only focus on the immediate trade-off and do not pay attention to the larger frame. Prof. wonders if there is a way to change the frame so that even the larger frame can attend to scarcity. For example, as a computer scientist, we should be thinking about how to design software in a way that it intervenes the framing vs. decision making process, so it can help people make better decisions. We also talked about how some plans/policies like Fidelity 401k have too many choices and people with a time scarcity would not go over each choice carefully and therefore might make a mistake. We discussed that one way to improve on this is to actually have a guide/survey type of UI that would suggest what people can do based on the input. Similarly, a student also mentions that even though Facebook has the option to change ad settings, it is very inaccessible in terms of where it is located on the UI and people with time scarcity tend to just ignore it.