

Book Review of *The Psychology of Judgment and Decision Making*

By Scott Plous

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Grab a copy of your favorite textbook on marketing principles. Open to any page and try to find a principle (a suggested action for a given situation). I expect that you will not have much success. Recently, Randy Schultz and I used a systematic and extensive procedure to examine principles in basic marketing texts. With this procedure, we could not find any useful principles in our sample of nine textbooks (Armstrong and Schultz 1993).

So where can one find basic marketing principles? Up to now, my favorite source has been *Influence* (Cialdini 1984, 1993). In *The Psychology of Judgment and Decision Making*, Plous (rhymes with house) adds to Cialdini by summarizing important principles in an effective manner. The book contains a wonderful selection of the classic studies on psychology. These are organized into six sections: (1) perception, memory, and context; (2) how questions affect answers; (3) models of decision making; (4) heuristics and biases; (5) the social side of judgment and decision making; and (6) common traps.

The review of the literature is up-to-date, yet older research is also included. This enables the reader to gain a good understanding of the development of the various principles. The review is broad, and most of my favorite studies are discussed. Among the few omissions are Sherif's autokinetic effect and his work on common goals. And Milgram's obedience studies receive only brief mention.

The material is oriented in an experiential way, beginning with a reader survey containing 39 problems. These are problems drawn from studies that have been replicated. Here is an example that marketing students should be able to solve:

A man bought a horse named Sam for \$60. He sold it for \$70; but, regretting the sale, he immediately bought Sam back for \$80. Later, he sold Sam for \$90. How much did he make in the horse business?

About half of the people miss this problem. The problem can be used to show the importance of the wording of questions. For example, if it is split into two problems (a horse named Sam and a pig named Harry), students are much more likely to arrive at the correct answer (\$20). It also can be used to show the importance of nurturing minority opinions in groups. Nearly all groups will contain at least one person who has the correct answer, and leaders who are trained in how to run groups typically will have groups that arrive at the correct answer.

I was aware of most of the exercises before reading this book. Many of them were ones that I had missed the first time I tried them. But because they are the type of exercises that stick in one's mind, I was able to do better this time. The exercises can be used in class, though a small percentage of students may get upset when they do not get the correct answers. (In this age of ensuring that no student is unhappy, teachers may want to proceed cautiously, as their ratings might suffer.) Plous provides useful insights that added to my understanding of the exercises and the associated principles, even for those I had used previously.

The purpose of the exercises is to illustrate principles. For example, a principle that is relevant to consumer behavior is illustrated by the following: When trying to modify consumer behavior, (1) ask consumers to set explicit goals (such as to reduce their electricity consumption by 10%), and then (2) provide quantitative feedback about consumers' success in reaching these goals. An example for pricing relates to the principle of anchoring: When putting a new product on the market, set the price high initially. An example for sales forecasting examines uncertainty: To assess the degree of confidence that one should place in the forecast of a new product, ask the decision makers to write down all the reasons they think the forecast might be wrong before they state their certainty. (Although it is much better calibrated, even this estimate is likely to be overconfident.) For marketing

research Plous provides the following principle: Use different questions for the same concept to assess consumer behavior. For example, he reports that the average response to "Do you get headaches frequently, and if so how often?" was 2.2 times per week. In contrast, the answer to "Do you get headaches occasionally, and if so, how often?" was .7 times per week.

The writing is clear and fun to read. It surprised me how quickly I breezed through the 261 pages of text. There are remarkably few mistakes.

The principles that Plous examines have wide applicability. Consider the following scenario:

Suppose that a service is provided to a group of clients. Those in Client Group A are told that they have control over their lives and can decide how they spend their time. Client Group B members are told that the staff is there to help them and to make their lives as rich as possible. Which group will be more debilitated, less active and less happy?

As most readers probably guess, it is Group B that is worse off. Plous cites Langer and Rodin's (1976) study of nursing home patients as one piece of evidence on this. Some academic readers may have thought that this scenario was about the new improved MBA program that was recently installed at their school. Interestingly, studies on education have reached similar conclusions (e.g., McCord 1978).

Well-known researchers in the judgmental psychology and decision-making areas have given the Plous book highly favorable reviews. In addition, it was given the 1993 William James Book Award by the American Psychological Association because it "successfully brings together research from social psychology, from decision research, and from public opinion research and, in the process, provides a new perspective on what seems to be rational."

Plous's book takes its place among my favorite books with basic marketing principles. These principles tell much about how to influence others. As such, it would be a useful book for those who teach marketing, consumer behavior, or survey research. Because some of these classic studies may be taught in other classes, their use might be prefaced by the following: "Here is a study that you may have already covered in other classes, but let's see how it can be applied to marketing." Plous provides a helpful listing of books similar to his own (p. 262-63). One of the most similar is an excellent book by Russo and Shoemaker (1989).

Marketing managers can avoid the middleman (teachers) and use this book directly. The principles are clearly stated, and they can be used on practical problems. I sampled every tenth page starting with page 20 (using the next full page if the selection was an exhibit or was blank). Of the 25 pages, 20 contained discussions of principles that I judged to be relevant to marketing. This implies that the book discusses over 200 principles. At \$15, it is a steal. That works out to about 10¢ per principle.

References

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