‘I Don’t Recall that Recall’: Overcoming the Effects of Consumers’ Decision-Making Biases on Recall Compliance

ICPHSO 2018 Annual Meeting
Orlando, FL
February 21, 2018
Vanessa G. Perry, MBA, PHD
Professor of Marketing, Strategic Management and Public Policy
The George Washington University School of Business
Lessons from Consumer Psychology and Behavioral Economics

- Consumer effort
- Cognitive biases that inhibit recall compliance
- Leveraging cognitive biases to improve recall compliance
- Inciting consumer action
Behavioral Model of Consumer Recall Compliance

Recall Compliance

- Ability
- Motivation
- Opportunity
Motivation

- Emotions
- Relationships
- Perceived risk
- Self-concept

Ability

- Money
- Knowledge
- Access to resources

Opportunity

- Time
- Attention
- Availability
Cognitive biases that inhibit consumer recall compliance

**Status quo bias**
(Samuelson And Zeckhauser 1988; Kahneman, Tversky, Knetsch 1998)

**Optimism bias**
(Kahneman and Tversky 1977)

**Law of small numbers**
(Tversky and Kahneman 1974; Ofir and Lynch 1984)

**Confirmation bias**
(Klayman and Ha 1987)
Cognitive biases that can improve consumer recall compliance

<table>
<thead>
<tr>
<th>Cognitive Bias</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negativity bias (Ahuwalia 2002)</td>
<td>• Moderate fear appeals</td>
</tr>
<tr>
<td>Availability heuristics (Meenon and Ragubir 2003)</td>
<td>• Leverage existing customer engagement tools • Use vivid, case examples</td>
</tr>
<tr>
<td>Nudging (Thaler and Sunstein 2008)</td>
<td>• Financial incentives • Set defaults</td>
</tr>
</tbody>
</table>
Final Thoughts

- Lessons from consumer psychology
- Takeaways from behavioral economics
- Comments?
- Questions?