

Does Ease or Difficulty of Acquiring Lottery Information Affect Risk Preference?

Xue Ke¹, Shengdong Lin², Xiaoqing Cai³

¹Department of Marketing, School of Business, Sun Yat-sen University, Guangzhou, China

²Advertising Department, Journalism and Communication School, Xiamen University, Xiamen, China

³Sun Yat-sen University Libraries, Sun Yat-sen University, Guangzhou, China

Email: ¹kexue@mail.sysu.edu.cn, ²lin.shengdong@gmail.com, ³caixq@mail.sysu.edu.cn

Abstract: The current research tries to establish whether the feeling of ease or difficulty in acquiring information moderates playing lotteries. The feeling was manipulated by asking participants to read a lottery scenario in a difficult or easy manner. The findings suggest that the feeling may induce affective responses which bias risk preference in playing lotteries. Accordingly, they provide implications for research on marketing and consumer behavior.

Keywords: perceptual fluency; risk preference; lottery behavior

1. Introduction

How does the feeling of ease or difficulty in acquiring lottery information influence risk preference? Available research ^[1-10] suggests that there might be two possibilities. Firstly, people may draw a direct inference based on how they feel about task. When experiencing ease in getting lottery information, they might conclude it is ok for them to take a risk; when experiencing difficulty, they may infer that it is better to be risk-averse. Secondly, it is possible that people's feeling of ease or difficulty in getting lottery information may induce positive or negative affective responses. When it is easy or difficult to get lottery information, they may have a positive or negative feeling to the risk and conclude they like or dislike the lottery respectively. Which possibility is right? Two experiments presented here are intended to explore this question.

2. Experiment 1: Lottery Ticket versus Coupon

2.1 Method

Participants were required to read the Chinese version of the following scenario: "Suppose that a promotional activity is offered by a shopping mall. With every purchase of ¥500 or more during the promotional period, customers can receive either a lottery ticket or a ¥20 coupon. It is declared that customers can play the lottery immediately after receiving the tickets and 10 of them

can win ¥20,000 each. Alternatively, customers can redeem the same money as the coupons claimed in the next purchase within a one year period." Then they were asked: "You have just spent ¥500, are you willing to receive one lottery ticket or a coupon?"

Two scenario presentations were designed to induce a feeling of ease or of difficulty in acquiring lottery information. In the easy-reading condition, the above scenario was presented with a standard font so that participants could read it normally. In the difficult-reading condition, the scenario was presented in an embossed italicized font and participants had to read it from the right to the left, which was in the opposite direction to their normal reading habit. Moreover, this manipulation was crossed with a feeling attribution manipulation, which was to remind participants of whether or not their feeling was related to the judgment at hand. In the attribution-present condition, participants in each of the above conditions were told that the feeling was caused by the format of the scenario. In the attribution-absent condition, participants were not informed of such information. After reading the scenario, they were required to choose between the lottery ticket and the coupon.

2.2 Results

The results of Experiment 1 are shown in Figure 1. Clearly, participants who read the scenario in a difficult manner were more risk-averse than those who read the scenario in an easy way.

3. Experiment 2: Price for Selling the Same Lottery Ticket

3.1 Method

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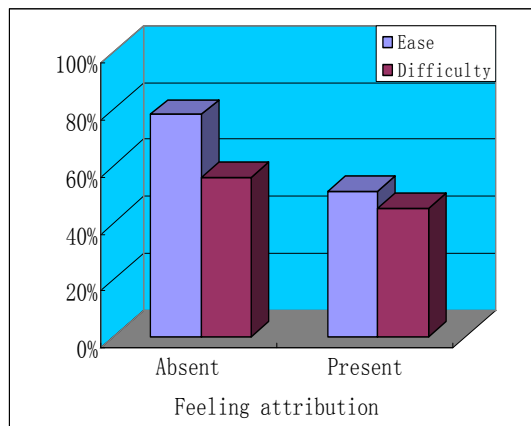


Fig. 1. A rate of choosing the lottery ticket was calculated for each condition. Without detecting the feeling was not related to the judgment at hand, participants who got the lottery information easily were more risk-seeking ($p < 0.05$).

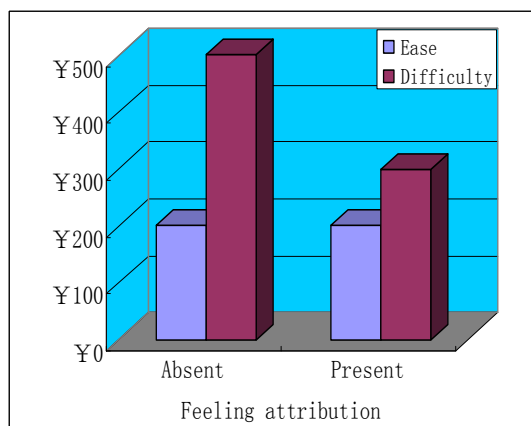


Fig. 2. Median prices under four conditions were used as risk preference indices. Without realizing the feeling was not related to the judgment at hand, participants who got the lottery information in a difficult way were more risk-seeking ($p < 0.05$).

The scenario used in Experiment 1 was adapted for this follow-up study. Basically, it supposed that each participant had got the same lottery ticket for shopping. Then they were asked: "If one person were to buy your ticket, what minimal amount of money would you want for selling the ticket?" The experimental manipulations were the same with those carried out in Experiment 1. After reading the scenario, participants were asked to state a price for selling the lottery ticket.

3.2 Results

The results of Experiment 2 are shown in Figure 2. Obviously, participants who read the scenario in a difficult

manner were more risk-seeking than those who read the scenario in an easy way.

4 General Discussion

The current research has demonstrated that risk preference is not stable but constructed online. And the idea preferences are labile is a knowledge export to economists. Also, the current research suggests that lottery games should not be complex. Or else, players may feel difficulty in getting lottery information and then tend to be risk-averse.

The current research also deals with the mechanism underlying how ease or difficulty of acquiring lottery information affects risk preference. In the introduction part, we have proposed two detailed hypotheses. However, the first hypothesis, that people can draw a direct inference based upon their feeling is not supported by the experimental evidence. Or else, the effects of the feeling on risk preferences expressed by the choice task and the pricing task would have been consistent. By contrast, the second affect-based possibility may be able to explain the current findings. Participants who got the lottery information easily tended to be risk-seeking in the choice task because positive feelings about a risk can induce people to risk^[11]. Those who got the lottery information with difficulty tended to be risk-seeking in the pricing task because negative feelings can make people bid irrationally^[12]. Collectively, the findings have implications for the fields of market research and consumer behavior.

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