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CONSUMER GOALS AS JOURNEYS INTO THE UNKNOWN

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> 'One of the most frequent images in folk literature is that of a character travelling through a forest in order to reach a goal. In his book *The Uses of Enchantment* the noted child psychologist Bruno Bettelheim explains the symbolism of the woods in these fairy tales as "the place in which inner darkness is confronted and worked through; where uncertainty is resolved about who one is; and where one begins to understand who one wants to be"' (Sheryl Flatow, from the start of her notes accompanying the CD of the musical *Into the Woods* by Stephen Sondheim and James Lapine, 1987).1

INTRODUCTION

Whatever the merits of static theories of constrained utility maximisation for explaining how consumers allocate resources at a particular point in time, such as on a trip to a supermarket, they seem poorly suited to capturing the longer-term process of being a consumer. Much of the business of being a consumer is concerned with meeting particular goals, by a particular time, such as: to reach a particular rung on the career ladder; to have a family or adopt a child; to attain a state in which one is debt-free; to learn Spanish and travel around Latin America; to buy a piano and learn to play it; to buy a brand new car; and so on. Decisions to pursue such goals are typically non-marginal and entail major investments of time, money and energy; they require particular standards to be reached if they are to be said to have been achieved. In some cases the outcomes are very much binary in nature, as with the goal of starting a family or undertaking an adoption: one either ends up with a child or one does not. Traditional marginalist theory is probably at its most useful in relation to these major kinds of choices in

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respect of making sense of the processes of 'scrimping and saving' whereby those who have embarked on a mission make its achievement possible by freeing up resources from other areas.

If we focus on major goals that consumers try to pursue, then contributions to the behavioural theory of the firm, such as Cyert and March (1963), may provide a much more effective means of beginning to get to the essence of what is going on. Consumers can be thought of as having personal mission statements and many tend to pursue their goals sequentially, single-mindedly making the other things in their lives subordinate to meeting their most pressing goal to what they define as a satisfactory level of attainment and within their target timeframe. For much of their lives, consumers seem to be concerned with personal growth, rather than achieving a particular standard of living and remaining there. After finding that particular goals can be reached, they move on to others and/or raise their aspirations and set about trying to push back constraints so that they can move on to higher things. But, as in Penrose's (1959) *Theory of the Growth of the Firm*, most consumers recognise that their personal growth, if it is to be sustainable, must be proceed at a limited pace. Diversification into new territory involves uncertainty and prospects of failure; it is an experimental activity, though failure first time round may preclude subsequent trials with revised strategies and success may make them unnecessary.

Like firms, consumers do not always succeed in meeting their goals when they go 'Into the Woods'; they may emerge triumphant, relieved at having 'made it' or surprised at the extent of their attainments, or they may stagger out bruised and scratched, acutely disappointed and even facing the agony highlighted in the musical by Sondheim and Lapine, 'where the one thing they want is the one thing out of their reach'. Unlike the case with firms, though, it is not normally competitive pressure—aside from social competition for status, which is something one chooses to engage in—and basic survival needs that drive consumers in affluent nations Into the Woods; rather, the underlying motivation frequently appears to be well summarised by Maslow's (1970) notion of 'self-actualization'. Things that really matter in our lives are things that that we do less out of choice than because we have come to regard them as necessary to making our lives fulfilling; choices are then subordinate, as means towards meeting these goals.

In this paper my focus is on the processes by which consumers try to cope when they venture into unfamiliar territory to meet a particular objective or are pushed out of familiar surroundings by a surprise. My emphasis will often be on how the coping processes is prone to produce outcomes that may fall vastly short of what would be possible in a world of global rationality. Section 1 considers the economics of being committed to new activities that result in some consumers being long-term purchasers but others losing interest after not getting much out of the activity in question. Though it uses examples such as musical instruments, it does not dwell on a fact that is difficult to frame in terms of mainstream economic theory, namely, that much expenditure on ultimately abandoned projects is done by parents experimenting to discover what their children can achieve and like to do. (In some cases, of course, parents are under no illusions about the likely outcomes but nonetheless give into expensive requests from their children.) Section 2 identifies adjustment problems that some consumers have when faced with major expansions in their opportunity sets. Section 3 is a discussion of the role brand names play in the process of making sense of unfamiliar market opportunities. Section 4 highlights the dependence of choices and perceived satisfaction on the assumptions used for framing new situations and products. Section 5 notes how errors can be promoted when consumers have to choose at speed in unfamiliar contexts. Section 6 presents some concluding thoughts.

1. SETTING GOALS AND STICKING TO THEM

Many people try new activities and give them up, often after making considerable investments in them, even though some of their peers keep trying and go on to do very well despite not obviously being better endowed with innate aptitudes in the area in question. Other consumers may not actually give up but seem to reach a plateau of attainment and progress no further, again often for no obvious reason of aptitude. Economists have had little to say on this matter, yet the expenditure involved with unfulfilled goals must be a considerable sum in sectors such as the supply of musical instruments, do-it-yourself tools, sports goods, language education and dieting products. The non-pecuniary side of such consumption is the cost in terms of time which, with hindsight. the consumers would have preferred to have spent doing something else. Such erroneous allocations of time do not fall within the range of convenience of contributions to production-theoretic models of household behaviour that treat leisure time as an input in the process of producing consumption outputs. Theorists such as Becker (1965) tend to portray consumers as knowing what they are doing, or at least knowing where their skills lie, rather than as bedeviled with uncertainty and/or prone to end up writing off their investments in some kinds of consumption activities. Loomes and Sugden (1982) have performed a useful function in seeking to incorporate the possibility that consumers' choices may be affected by worries about the scope for outcomes to be a source of regret. However, their Regret Theory seems likely to divert the mainstream economist into theorising about how regret is minimised in prospect rather into recognising the empirical significance of choices that entail sinking resources into activities that are ultimately abandoned.

Behavioural economics, by contrast, readily admits the possibility that consumers, like decision-makers in business enterprise, will sometimes end up writing off as failures the investments they have made in new activities. Whether or not this happens will depend on the goals they have set and how they have come to regard their opportunities for meeting them. From the standpoint of satisficing theory, it would be argued that effort will only continue to be devoted to discovering ways of meeting a goal if there seems a good enough chance of success. With experience, consumers may come to have very different views about what they are up against compared with their initial assessments: it may be proving unexpectedly difficult to develop capabilities and routines of the kind they require for the activity to be enjoyable; indeed, they may not even have anticipated that they would need to develop such skills. Success in developing some pertinent capabilities will sometimes conflict with developing others. For example, a novice skier who assiduously follows an instructor's advice on how to stay upright may fail to fall over very often and hence acquire little experience of avoiding injury and getting back up again. If such a skier judges that her ability to stay upright will decay somewhat due to lack of practice once her first skiing holiday comes to an end, she may develop a phobia about falling over, sufficient to deter her from investing in another skiing holiday.

Differences in attainments appear to be a function of the extent of information overload the consumers experience and of the extent to which the activity continues to attract their attention at the expense of other ways of spending their time and money. These are not dependent upon the objective nature of the task but on the way in which it has been mentally framed by the consumers. The extent to which it seems a battle to meet a goal, or to which life seems one endless struggle to cope, depends not merely on the constraints with which one is working, the kinds of competencies that one brings to the task, and the types of goals that one has set but also upon the size of attainments to which one aspires. Those who aim low may find the present moment relatively stress free and feel they are achieving something, but if they achieve their goals without having to overcome difficulties they are not adding to their stock of experience and repertoires of strategies for coping with particular kinds of difficulties. At the other extreme there are consumers whose expectations of what they might be able to achieve and the time by which they may be able to achieve it are wildly over-optimistic. If the latter consumers aimed lower they would be less preoccupied with how little they were achieving relative to their expectations and thereby be better able to concentrate on what they were doing: pursuit of the unattainable may make it impossible to reach levels that would otherwise be realisable.

High ambition may be particularly dysfunctional where consumption activities involve learning processes: consumers may try, as the expression goes, 'to run before they can walk' and consequently may fail to develop any fluency in handling the tasks that they need to master as a foundation for achieving high levels of performance.

Within the literature on the psychology of change it is recognised that people who set Utopian goals often end up feeling depressed when they fail to meet their aspirations or solve a particular problem. They blame personal ineptitude rather than recognising that the goal in question is Utopian (see further, Watzlawick, Weakland and Fisch, 1974, chapter 5). This literature notes that 'drop out' behaviour is one kind of consequence of Utopian framing, even when it might be perfectly possible for the situation to be reframed in a way that seemed bearable: for example, someone searching for meaning in life may question all manner of things to no avail—except for the premise that life is meaningless if one cannot answer the question of the meaning of life. Whilst the idea of dropping out may conjure up images of hippie-style experimentation with novel forms of behaviour, other kinds of forays into new ways of spending time may also follow when previous consumption ventures are not sustained because they did not live up to inflated expectations. Some people can drift from one new activity to another only to end up echoing the classic Peggy Lee song by saying, yet again 'Is that all there is to ...?'

A variation on the 'Utopia syndrome' is also worthy of note, given the journey metaphor with which this paper opens. It involves making endless preparations for a far-off and demanding goal, with a concentration on the preparation rather than questioning whether the goal is capable of being realised, or even whether it will be worth the long journey. (I have long thought that mathematical general equilibrium theorists epitomised this behaviour: for example, in 1972, Frank Hahn defended leading-edge but highly unrealistic formal work by saying 'While so much is unclear and unknown, practical men must take shortcuts, but not those concerned with finding out'.) With this kind of behaviour we may get not a withdrawal from consumption but, on the contrary, an obsessive interest in particular kinds of consumer goods that are intended as means towards making it possible to realise the goal, but which actually detract from moving towards it. An example here would be the amateur musician who concentrates on assembling a home studio of increasingly high technical capacity but uses the limitations of the studio as the reason for not yet concentrating on writing and recording the music that is supposedly its *raison d' être*. Meanwhile, poorer musicians, who set their standards lower, may get on with the business of making music and record something, albeit of low production quality.

It is not difficult to train people in the avoidance of dysfunctional goal-setting strategies, but positivist economists have not concerned themselves with this sort of 'home economics' activity, except perhaps when trying to advise students on strategies for completing assignments and dissertations rather than giving up their studies in despair. By focusing on the next highest in a series of stepped targets, a consumer is likely to be able to make better progress towards a pinnacle of attainment that s/he keeps at the back of her/his mind as the ideal outcome of putting in the effort. Where the number of steps is very large and the height of each step is small, the task overall resembles one long slog up a mountain, particularly if one has set no deadline for getting to the top or has set a deadline that is a long way in the future; it is less easy to decide when one has really achieved worthwhile progress on a continuous staircase than on a climb where there are flatter sections every now and then which one can traverse whilst recovering energy before having a crack at the next stage. By contrast, if a task has had a pressing deadline attached to it and has only been broken into a few stages, panic may set in as each stage seems less like a step and more like a cliff face and there is little time to reflect on the achievement of getting to the end of each stage. A recipe for long-term commitment to an activity and high ultimate achievement seems to entail an intermediate number of stages and a deadline that matters but is not so pressing as to fluster.

Persistence and achievement with consumption activities that involve gradual mastering of tasks may often depend on making some kind of formal contract to lock up time and have one's progress monitored. Elster (1979) drew attention to pre-commitment as a solution to perceived weakness of will via an analogy with the behaviour of Ulysses, who had himself bound to the mast of his ship so as not to be lured into temptation by the beautiful Sirens. This way of thinking has been used to make sense of superannuation contracts, 'Christmas club' savings accounts and the willingness of people to pay to spend time in health farms away from the temptations of food, drink and tobacco (Thaler and Shefrin, 1981). But we should probably apply Elster's ideas also to phenomena such as evening classes, fitness clubs and music lessons. These activities on the surface exist to provide tuition but it is far from clear that the instructors are particularly necessary as purveyors of how-how, let alone capable of helping their pupils deal better with problems of tacit knowledge. Print and video instruction materials may be a very acceptable substitute in a technical sense and superior in that they can be reprised and studied closely. Tape and video recorders can record a novice's own performance with brutal accuracy. However, the trouble with self-paced learning is that there is no public obligation to proceed at a fast enough pace to meet any particular standard; without the need to make progress in order to save face in front of a tutor, it is easy to drift off to other activities. A series of examinations to take (for example, as in karate or piano-playing) also helps to concentrate the mind, as does pre-commitment to public performance (for example by booking up a holiday that will force one to use the language skills in which one is paying to be instructed). The payment of fees up-front for an entire term of instruction or club membership also makes dogged persistence more likely, notwithstanding what economists say about marginal costs and benefits, not sunk costs, as determinants of choice (Thaler, 1980, pp. 47–9): to walk away mid-term or to fail to use a club membership is to confess, to oneself if not also to others, that one has made a mistake.

2. THE PROBLEM OF 'ARRIVING'

> 'There are two tragedies in life. One is not to get your heart's desire. The other is to get it' (George Bernard Shaw, *Man and Superman*).

An inability to experience attractive novel situations that would come with meeting a goal may result in frustrations that totally divert attention from what one is actually achieving, particularly in other areas of one's life. Such feelings are not captured at all well by neoclassical indifference analysis, which focuses on making the best of a constrained situation rather than on the possibility that perceived well-being may be a function of the distance between a desired state and the consumer's actual state. Nor does this traditional perspective offer much in terms of framing what commonly seems to happen when success greatly opens up one's range of choice by bringing about a quantum leap in one's budget constraint. Neoclassical preference theory, via the axiom of completeness, presumes that consumers will have no trouble adjusting to a major expansion of their feasibility sets. In reality, four kinds of difficulties stand out.

First, there is the problem of adjusting to a loose budget constraint after being used to a tight one which promotes careful monitoring of expenditure. Highly successful sports people and entertainers commonly get into financial difficulties despite their large incomes, as do some major winners of lotteries and football pools. Whirlwind success is not conducive to taking care with money, particularly if it involves frantic schedules and international travel, and it brings pressures to spend generously and conspicuously as if one were not constrained. For example, to maintain a high profile in the entertainment business and hence be marketable, it may seem necessary to live extravagantly and be seen moving in the right circles: Mozart's financial 'difficulties' towards the end of his short life are increasingly being explained not in terms of difficulties in attracting commissions but with reference to the lavish clothing he wore and other expenses he incurred to present himself appropriately in his patrons' circles; in this respect, modern

Hollywood lifestyles often seem little different from Vienna and Prague two centuries earlier. Financial advisers of skill and integrity may not be easily chosen by those who lack experience in such matters, so the delegation of personal financial management is prone to result in (near) disasters of the kind experienced by such high earners as ABBA, Pink Floyd and Sting.

At the other end of the income spectrum, where poverty is itself a source of domestic chaos and monitoring difficulties, financial problems can arise simply because charges are repackaged as a result of institutional change. A striking example of this is to be found in a study reported in Lea, Walker and Webley (1992), which was based on interviews with clients of Welsh Water, Plc. and sought to understand the reasons why some got behind on paying their water bills. Events such as Christmas and associated present-buying seemed to play a major part in the origins of problem debt. Here, it is hard to avoid inferring that goals were being pursued sequentially, for money was being spent not on water but on designer-brand training shoes as presents for their children, to maintain social- and self-esteem. However, such spending patterns were somewhat promoted by the privatisation of the water supply which meant that charges for water no longer came bundled with local authority rates demands but unexpectedly, as additional bills.

Secondly, it should be noted that the extent of movement in a budget constraint becomes fuzzy when quantum leaps are involved, because such leaps in earning power dramatically change access to credit. In Minsky's (1975) extension of Keynes' analysis of investment and speculative behaviour, unexpectedly high earnings are predicted to be followed both by euphoric appraisals of future investment prospects and by increasingly high rates of financial gearing whose interest obligations make firms increasingly vulnerable in the face of disappointing cash flow outcomes. Success leads managers and entrepreneurs to believe they can do no wrong and to see the world through rose tinted spectacles. The tendency for euphoric activity to extend from business to consumption activities is well documented in writings on the boom/bust events of share and property markets in the yuppie era of the 1980s. Olly Newland, founder of the failed Landmark Properties Ltd., provides in his (1994) book *Lost Property* a frank inside account of the New Zealand case, where the boom and bust were particularly extreme. After presenting a chapter entitled 'Detached from reality', Newland (1994, p. 69) recalls in his next chapter that '1986 represented the last full year where everyone was a little crazy. By then we were all convinced we had the system beaten, and that we could only go from strength to strength.' He goes on to report lavish parties at the end of 1986 including one put on by the Bank of New Zealand: 'Only those who owed the bank a lot of money were honoured with an invitation. I was suitably impressed and promptly vowed to borrow much more, thus ensuring that I climbed even higher up the social scale' (p. 72). Newland's account includes the purchase of his Rolls-Royce and its subsequent forced sale; unlike some of his peers, his indulgence did not get as far as corporate jets.

Thirdly, at the other extreme from behaviour involving lax monitoring and euphoria, are choices that involve opportunities being needlessly sacrificed due to undue caution in the face of new-found affluence. This is epitomised by those lottery jackpot winners who do not let their winnings change their lives very much, but people in general seem to find it takes time to adjust their spending levels upwards when they suddenly become much more wealthy. The neoclassical axiom of completeness does not merely divert our attention away from the difficulties people may have in sizing up opportunities they have not previously been able to afford (this is discussed further in the next two sections), it also does not prompt us to consider the difficulties that people may have in coming to terms with spending vastly increased sums of money on the types of commodities that they are already consuming ó what might be called the problem of developing expensive tastes. Thus a person who hits the big time and can suddenly easily afford to pay for a holiday in an exclusive resort or buy a car that costs the price of an average house may feel uncomfortable with such prospects because s/he is used to two-star accommodation and driving around in something that is barely roadworthy; such extravagance may seem somehow indecent in terms of the perspective from which s/he has been viewing the world (cf. Etzioni's 1988 book The Moral Dimension). Even people who would not be restrained in their consumption by social norms based on their previous station in life ó including those who end up becoming euphoric ó may initially hesitate to make use of new-found spending power because they doubt the permanence of their new wealth (cf. Friedman, 1957). Again, as an example, it is interesting to note the experience of Newland (1994, p. 68), who wrote that, in early 1986,

> I felt I had become 'seriously rich' and for the first time I could buy anything I wanted—another car, another suit, a holiday. It suddenly seemed very easy. Nevertheless I was very cautious and could not bring myself to lash out or be imprudent. I knew everything was still on paper.... By mid-1987 things seemed totally in control. My senses became blurred by all the pressures and my desk was swamped with papers...

If those involved in speculative activities in the 1980s had been more willing to spend on the basis of their paper gains and newly inflated incomes, even greater macroeconomic instability would have been observed.

Finally, we should return to the opening motif of this section and consider it in relation to the Into the Woods perspective adopted at the start of the paper. For many people, budget-expanding success is problematic because of the Utopian standpoint from which they viewed the goal whose attainment made it possible. It may be unhelpful to see 'arriving' in a new position in life as the end of a journey of struggle 'in the woods', for such a mode of thinking encourages the goal-seeker to believe that the new situation will be non-problematic (a kind of equilibrium?), when the reality is that life is an ongoing process where arrival entails starting a new journey, not a terminal state (Watzlawick *et al.*, 1974, pp. 50–1). A person can be so preoccupied with meeting a goal that s/he devotes little attention to developing ways of thinking about coping with the success that is being so keenly sought. If attainment of a goal involves a new set of challenges rather than everything at last seeming to be OK, then we have a recipe for depression—rather like post-natal depression—after a short-lived period of joy, even though the distance between actual and desired positions has in some senses been eliminated.

3. MAKING SENSE OF UNFAMILIAR SITUATIONS

When deciding whether to embark on a new venture or choosing between rival new activities, consumers have to decide what to make of their options. The trouble is, situations do not tell us how to construe them. Advertisements and sales staff may make cases for particular ways of seeing them but that merely raises the question of what should be made of their claims. In making sense of the unfamiliar all we have to guide us are our logical capacities and our experience in more familiar settings. George Kelly, founder of the personal construct school of psychology, argues that we size up phenomena that are new to us by comparing and contrasting them with things about which we have already formed some kind of picture: we construe events by construing their replications (Kelly, 1963, pp. 50–5). In lay terms: we ask ourselves, or those whose opinions we value, 'What is *X* like; what is it like to *Y*?'

Brand loyalty and product range synergies can be readily understood from this standpoint. For example, if a consumer, for some chance reason or another, happened to buy a Sony VCR when first in the market for such a product, she may have been very pleased with what the product turned out to be capable of for the money she paid, even though, at the time of purchase, she had little idea of the range of things she might want from a VCR. Then, when she is in the market for a camcorder or CD player, she may once again favour Sony products on the expectation that once again Sony will know well the sorts of features it is worth putting into electronics products and how to keep prices on a par with those of other brands about which she has fewer constructs because she has not tried them; once again the experience may be a trouble-free one and her confidence in the Sony brand will be reinforced. (The concept of reinforcement is, of course, a familiar one within the approach to psychology famous for experiments involving rats and pigeons and known as behaviourism. For a penetrating attempt to view consumer marketing and brand choice from such a perspective, see Foxall, 1990.) In the process, the consumer becomes something of a collector of Sony products (cf. the consumer-collector perspective offered by Guerzoni and Troilo elsewhere in this book).

This is, of course, satisficing behaviour: the Sony logo signifies something that is likely be perfectly adequate at doing whatever it is that the appliance in question does. Unless the consumer exchanges experiences with others, she has no idea whether her delight in the unexpected but useful features that Sony packages into its products is misplaced due to other manufacturers being able to offer, in the same price band, products that would impress her even more. If the consumer does not acquire information about alternative producers' offerings and is approaching the act of purchasing an unfamiliar product with only the vaguest ideas about what it might be able to do, she may fail to discover that the manufacturing capabilities of the producer of her favourite brand do not generalise so well to the latest purchase as they appear to have done on previous occasions. (For example, expert purchasers of hi-fi equipment rarely rate Sony loudspeakers as highly as other components of music systems sold under the Sony brand name.) Diversification by the manufacturer will not, by definition, involve complete replication of products already produced, even in cases where such a strategy is based around the exploitation of design or manufacturing synergies or an understanding of a particular group of customers. Hence it is unlikely that the firm's capabilities will match up to the task involved in making the new product a success in exactly the same way that they had done with the earlier ones: they might be more suited, or less so. Yet, in marketing terms, success may depend very much on the tendency of consumers to generalise across product ranges 'as if' if is safe to assume diversification involves replication.

The absence of familiar brands will not stop consumers coping in new buying situations by making inferences on the basis of a new product having something in common with familiar products. Though consumers will develop new constructs on the basis of experience (for example, by reading an instruction manual they may develop the construct 'polling', as a capability of a fax machine) or with the aid of sales personnel, advertisements and social interaction, the only way they can otherwise make sense of mysterious new opportunities is by likening them to things they know. Now, suppose the Sony-loyal consumer is a virgin purchaser of a fax machine and discovers that Sony does not produce fax machines. In this case, if she can find no other familiar brand names of which she has experience (she may have a Pentax camera but not a Canon, and an Apple printer, not a Brother, and so on), other kinds of similarities will have to suffice if she is not to spend considerable amounts of time gathering information and become better able to form judgments of the claims made by rival fax manufacturers or their agents. General reliability and the frequency of problems such as paper jams may be judged on the basis of other proxies: for example, the country of origin (Japan rather than Korea, perhaps), the extent of the warranty and after sales service (on the basis that very generous provisions would be ruinous for a manufacturer to implement, so the manufacturer must be confident that they will not be necessary ó see Kay, 1993, pp. 91–2), or simply observations that other people seem to be getting along OK using a particular brand.

Familiar brands will have a less significant role to play once a product has become well established, for by experimentation manufacturers will tend to converge on effective technologies and sets of features that consumers seem to value within particular price bands. Moreover, learning-by-doing usually reduces production costs, too, and with them the prices and extent of risks that have to be taken. With less differentiation and fewer worries in non-price terms, price competition will be powerful. Even so, that may not be the end of brand-based competition. Competition and perceived convergence of product specifications may indeed be so powerful that buyers will not pay a premium price for a better known brand; nonetheless, they may still prefer such a brand other things equal: for example, a genuine IBM 486 personal computer, rather than a clone selling for the same price. When customers cannot be perfectly confident about imitators, markets cannot be perfectly contestable; reputation still counts and suppliers who have reputational advantages can weigh up the relative merits of competing for market share or continuing to charge premium prices.

In some cases, discontinuously novel choice environments may only seem to be replications of previously experienced events in that they are 'like nothing else I have come across'. Normal paradigms and conventions for viewing the world may seem totally unsuited for pigeonholing such situations. If so, then Choi (1993) suggests that the only procedure that may seem to fit is the paradigm of choosing randomly. Choi goes on to argue that such actions may become conventions because other people may vicariously observe their consequences and use them as precedents for their own choices when subsequently faced with such situations. Such imitation may be welcomed by the pioneering choosers not merely out of vanity but as grounds for having confidence in their own capabilities for developing effective strategies for coping with novelty.

When behaviour patterns are based on social networks involving a few leaders and many followers, and where production costs are subject to increasing returns to scale, initial random choices of particular brands or technological solutions to particular problems may generate major longer term impacts in terms of relative market share or even survival as a brand presence. If a manufacturer is trying to command a viable slice of a new market and yet lacks a product which is demonstrably superior to its rivals, the crucial requirement may be to ensure that its distribution system gives the product a strong chance of being selected by random processes, and/or even to make the technology easily available for rivals to use under licence so that it fits in with the rule 'If in doubt, buy the most common type'. The VHS video system did not wipe out Sony's Betamax due to technical superiority but because it was the type of system that first-time buyers of VCRs most frequently encountered when they went shopping: Sony Betamax VCRs were not like the VHS products of brands such as Panasonic, Sanyo, Mitsubishi and Akai, and this soon gave Betamax VCRs a crippling disadvantage in terms of the supply of software available to rent (see further, Kay, 1993). Whatever the initial basis for a brand or technology's success, the subsequent application of a 'Three million lemmings can't be wrong' approach to choice brings with it the advantage that, unlike a deviant, conformist choosers who have no idea why the dominant product is so successful are less likely to be called upon to explain or justify their actions.

4. MISPLACED ASSUMPTIONS AND INFERENCES

Where novel situations do not permit choices on the basis of imitation or brand familiarity, a process of construing based on inferring similarities with familiar situations has enormous potential for error: when we go Into the Woods, misplaced assumptions can lead not only to disappointment and regret but also to sleepless nights pondering on unanticipated types of forced choices involving unfamiliar puzzles. A particularly extreme case concerns those brave souls who can only expect to realise their goals of parenthood by arranging inter-country adoptions in places such as Romania, Brazil or Paraguay. Experiences of those who have already done this sort of thing are frequently reported through formal networks, so that many of those who embark on such ventures do so assuming that their experiences will be like a real-life Kafka novel. Even so, they still report that things were far more difficult and frustrating than they had ever imagined. Such a process typically seems like an endless battle due to weeks of language difficulties, unreliable electricity and telephone services, poor food, stifling hotel rooms, inert judges and bureaucrats, opportunistic lawyers, nagging doubts about the possibility of stolen babies (see Rocha, 1995) and legal bombshells. (For example, I know a New Zealander who was horrified to discover, on arriving in Paraguay, that her allocated child was only up for a 'simple adoption', not acceptable to her home country. She had assumed, because couples from the US were successfully adopting in Paraguay, that 'full adoptions' were the order of the day—in fact, many US couples were only doing simple adoptions and readopting once back home.) Often, the child turns out to be a far bigger source of bewilderment than had been anticipated, for notwithstanding the ready supply of training manuals and advice, parenthood is an experience that involves acquiring considerable tacit knowledge. Friends and relations may hear the adopters' reports with horror, surprised at how surprised the adopters are despite setting out expecting the worst. These onlookers may themselves be regretting assumptions that they had made about the preparations the adopters had made: for example, 'You seemed so meticulous in your preparations, so I assumed you had checked with the agency which kind of adoption it would be in your case; otherwise I would have prompted you'.

Career moves are probably a more obvious if less dramatic source of examples of the perils of going Into the Woods. A jump up the career ladder that involves switching between organisations can be a source of major dissatisfaction rather than joy if, soon after 'arriving', a person discovers that s/he has joined an organisation that falls vastly short of the operational standards to which s/he had become accustomed. (To an outsider, concentrating on selling her/himself for the position, such organisation may look deceptively normal.) The agony following such a move is due not merely to the efforts that may be entailed in instigating changes to make it live up to expectations but also because of the impossibility of going back to one's previous position and, sometimes, because of regrets about where one might have moved to instead. Corporate culture shock is frequently taught within management departments at universities but economists have so far proceeded as if oblivious of the phenomenon. Even in the absence of gross falsification of assumptions concerning the modus operandi of the new workplace, a career move can be a major source of discontent because it unexpectedly seems to require a new set of competencies, due to the job itself having been misconstrued. Job satisfaction would thus appear to have much to do with getting sets of assumptions and expectations checked out and verified on both sides of the market.

So, too, would marketing success and customer satisfaction. Here, I am not thinking merely of assumptions made when bargaining over terms at the close of a deal, but also of the scope for a potential customer and salesperson to be talking at cross-purposes and hence to fail to get as far as a deal, or to conclude a deal that turns out to be disappointing. For example, the vegan consumer who explains the s/he does not want to buy leather shoes or a woollen jacket is prone to be construed as looking for something cheap unless s/he also explains her/his aversion to animal products. From the other side of the market we might note a somewhat perverse case, namely, PA:CE Electronics, a sound equipment company in Cambridge in the 1970s whose brilliant young founder devised 16-channel mixing desks that were cheaper and more portable than had ever previously been offered, only to find that potential buyers did not take them seriously until they were made to look bigger and hence to seem more rugged (twenty years later, ruggedness and miniaturisation are no longer seen as incompatible in this market).

Much of marketing strategy can be said to be concerned with promoting particular sets of beliefs about a supplier or its products, particularly to encourage buyers to think that the supplier has a long-run interest in the customer's expectations not being disappointed (see Kay, 1993). Even so, it can be difficult for customers to know what assumptions to make. For example, consider the problem of judging the honesty of a prestige vehicle dealer. On the one hand, one would not tend to expect that the holder of an exclusive franchise to retail and service high-margin Mercedes Benz motor vehicles would knowingly risk losing that right by selling used prestige vehicles whose high initial quality and durability disguised the fact that their odometers had been extensively wound back; however, the likelihood of customers making such an assumption, combined with the difficulty of detecting such opportunistic behaviour, might well tempt a franchised dealer into precisely such conduct. (In the case of my local, long serving Mercedes Benz dealer, it took detective work by the local BMW dealer to discredit the mileages of ex-UK BMWs being sold by the former; following this, the Mercedes Benz franchise was rapidly reallocated.) When faced with such a conundrum, the only safe rule might be 'Do not buy without a fully documented service history', but such histories are sometimes faked with the result that some cautious buyers still find major repair bills unexpectedly starting to accumulate.

5. PRESSURE AND ERROR

Misplaced construing of likenesses can result in regrettable decisions even when there is no urgent need to reach a verdict. However, the likelihood of error rises considerably when decisions are being made under pressure. In some cases, a retreat into imitative behaviour and purchases of reputable brands can make it possible to avoid such risks. For example, someone who has just been promoted to a senior executive position may well be far too busy to go out and do a careful evaluation of the latest luxury cars, one of which s/he can lease as part of the remuneration package. However, s/he is unlikely to be disappointed if s/he rules out a Jaguar on the basis of well-known and longstanding question-marks concerning reliability (whether or not currently justified) and simply orders an S-Class Mercedes or 7-Series

BMW or a Lexus at random or by way of imitating someone else. Though s/he may not choose the same brand as s/he might have done after detailed evaluation, they may all be vastly superior to any vehicle s/he has previously experienced. In other cases of high-speed choice, matters are not so simple and the scope for mistakes and rip-offs is considerable.

Shortening the time within which a decision needs to be reached limits the amount of pertinent information that can be gathered, including information about the wisdom of making particular assumptions. Time spent gathering information is time lost from processing information that has been gathered, but, as Heiner (1986) reminds us, if we have less information to process we may make less dramatic processing errors. The likelihood that consumers will make poor decisions is compounded by fatigue (jet lag, for example) and contextual distractions that act as a form of 'noise' and limit the quality of information signals received or how they are processed (for example, one's children seeking to grab attention, or worries about how one is going to save face with a salesperson).

An excellent example of a situation in which pressure does force the use of simplifying rules is the problem of coping with unfamiliar currencies when one has recently arrived in a country from overseas. Quite often, travellers have to deal with three-way conversions, with American dollars first being purchased with one's domestic currency and then being exchanged for the local currency in the country of destination. There are major contextual difficulties (particularly if there is an unfamiliar language), but there is a basic question to handle if one is not using a calculator to work out prices in terms of domestic currency equivalents: what conversion formula will give a reasonably accurate approximation? Some numbers are simply more convenient in computational terms for consumers. For example, if the actual exchange rate is 2.63:1, then 2.5:1 is obviously a better approximation than 3:1, but 3:1 is at least better than 2:1. However, 2:1 is a simpler rule to implement without error than 3:1, let alone 2.5:1. Where countries have experience high inflation rates, the decimal factor in currency conversion opens up scope for error even if the basic digits are convenient. On top of these arithmetical issues involved in sizing up opportunity costs, the very fact that currencies may have similar names but very different values may cause confusion when a traveller has little time to reflect on the price really being asked ó the more so if the traveller is rapidly switching between countries. In such situations, some tourists abandon any attempt to work out what they are 'really' paying and only discover this on returning home to their credit card bills (see Guaqueta-Arias, 1997, for an ethnographic and simulation-based investigation of this problem)

6. CONCLUDING THOUGHTS

Tibor Scitovsky (1981) has argued that the modern interest in participation in thrill-seeking activities or vicarious sources of excitement has arisen because affluent societies are too tame to satisfy their populations' needs for arousal, whereas 'at an earlier stage of development the ordinary routine of a more difficult existence imposed as much excitement as most people could take' (p. 130). However, the more that I reflect on what is involved in being an affluent consumer, the less inclined I am to accept Scitosvky's proposition as generally applicable, though I would concede it could well apply to some consumers who, say, attend 'action' movies or voluntarily risk their lives via activities such as bungy jumping, white-water rafting and jetboating. Almost by definition, it may not be a great challenge for people in developed economies to meet basic needs, but to establish one's social standing or move on to self-actualisation may involve considerable conjecture, experimentation and risk taking in order to come to terms with the plethora of modern products, employment and lifestyle opportunities. Here, mistakes can be expensive and irreversible even for those who have considerable discretionary income. A wider opportunity set entails a wider range of potential mishaps than exists in a simple society where people know their stations in life and existence is less of a self-selected journey. For those who have, knowingly or otherwise, gone Into the Woods and found it a major challenge to meet their self-imposed goals, the lay-person's characterisation of the sorts of exciting leisure activities that Scitovsky discusses may seem much more apposite, i.e., escapism. They are things to do to take one's mind away from the ongoing pressures of modern life and usually the risk is illusory despite the ability of the activity to make adrenalin flow. Such activities have a far smaller capacity than, say, a career move or an unfortunate choice of a used car to promote soul searching and/or sleepless nights.

If the variety and complexity of opportunities available in affluent societies are indeed difficult to handle, then it seems that most economists are doing society a disservice by writing 'as if consumers know what they want and how to get it'. Instead of concentrating on properties of hypothetical optimal equilibrium states with a view to finding testable hypotheses, such economists might play a more socially useful role if they concentrated on uncovering ways for enhancing the quality of decision making and bringing them to the attention of society. Much is already known about the kinds of perceptual biases to which people are prone (for an excellent survey, see Hogarth and Makridakis, 1981, pp. 115–22), but this has been taken up far more within the management literature than in economists' writings on consumer behaviour. If economists acquired a serious interest in studying how people set about construing their options, the profession would be of greater use to marketing and public policymakers, and psychologists and social workers might have smaller caseloads of unhappy clients.

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