

**The Preference Elicitation Group, Barcelona**  
**Annual Meeting: May 11<sup>th</sup> 2007**

**“Risk perception, Attitudes and Behaviour”**

**Facultat de Ciències Econòmiques, Universitat de Barcelona., Av. Diagonal 690**  
**Barcelona.**

**Sponsored by Generalitat de Catalunya , Xarxa de referència d'R+D+I en Economia i**  
**Polítiques Públiques**

**Programme**

10.00-10.15 Welcome Joan Costa-Font (University of Barcelona and LSE) and  
Elisenda Paluzie (UB)

Chair: Adam Oliver (London School of Economics, UK)

10.15-10.45: Daniel Read (Durham Business School, UK)  
*“Similarity Heuristics”*

11.45-11.15: Lennart Sjöberg (Stockholm School of Economics, Sweden)  
*“Emotion and risk perception”*

11.15-11.30 Open Discussion

11.30-11.45 Coffee/Break

11.45- 12.30: Joan Costa-Font (London School of Economics, UK)

*“Does ‘Ambiguity Aversion’ explain Attitudes to Genetically Modified  
(GM) Food?”*

Chair: Lennart Sjöberg (Stockholm School of Economics, Sweden)

Discussant: Yaniv Hanoch (University of Plymouth, UK)

12.30-13.15: Lunch

14.00-14.45: Peter Wiedemann (Research Centre Juelich, MUT, Germany)  
*“The impact of stories on risk perception: Evidence from three  
experimental studies”*

Chair: Jose Luis Quevedo, (Univ. Las Palmas de Gran Canaria)

Discussant: Joan Costa-Font (London School of Economics)

14.45-15.30 Jorge E. Araña, (University of Las Palmas de Gran Canaria, Spain)  
*“Scale Perception in the Valuation of Environmental Risks and Probability Neglect”*

Chair: Peter Wiedemann (Research Centre Juelich, MUT, Germany)

Discussant: Adam Oliver (London School of Economics, UK)

15.30- 15.45 Coffee/Break

15.45.00-16.30: John Cairns (London School of Hygiene and Tropical Medicine, UK)

*“Measurement of risk perception in the offshore oil and gas industry”*

Chair: Daniel Read (University of Plymouth, UK)

Discussant: Carmelo Leon (Univ De las Palmas de Gran Canaria)

16.45-17.30 Yaniv Hanoch (University of Plymouth, UK)

*“American and German Students’ Knowledge, Perceptions, and Behaviours with Respect to Over-the-Counter Pain Relievers”*

Chair: John Cairns (LSHTM, UK)

Discussant: Mireia Jofre-Bonet (City University, London)

17.30 Announcements by Adam Oliver (London School of Economics)

## Participants List (provisional)

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## **Abstracts**

### **An econometric test of cognitive dissonance and risk denial: the case of cigarette smoking in France.**

Patrick Peretti-Watel & Jean-Paul Moatti Inserm UMR379, Marseilles, France.

This paper integrates insights from both sociology and psychology into the economic approach of risky behaviours, within the theory of consumer choice developed by Stigler and Becker (1977). Within this theoretical framework, people have preferences over their beliefs and exert some control over them, the utility provided by a risky behaviour depends on the ability to deny its riskiness, and this ability is a kind of human capital accumulated through earlier behaviours. These assumptions are tested within the subsample of cigarette smokers ( $n=3,820$ ) included in a probability national sample of French population aged 16 and over carried out in 2005. A simultaneous equation model is estimated, with one equation for cigarette smoking, and one for smoking-related risk denial. The results provide some empirical evidence in favour of the tested assumptions that smokers tend to reinforce their behaviour by using individual risk denial beliefs to reduce cognitive dissonance between their knowledge that tobacco endangers their health and persistence of their habit.

### **“Scale Perception in the Valuation of Environmental Risks and Probability Neglect”**

**Jorge E. Araña and Carmelo J. León**

The valuation of environmental goods is commonly approached with the utilization of stated preference methods such as contingent valuation. In these methods, money is utilized as a scale that reflects the individual's underlying utility function. The objective of this paper is to compare the performance of the monetary scale with an alternative qualitative non-monetary subjective scale. Both scales are compared within the framework of the individual's own assessment and in terms of the assessment of other potential profiles or anchoring vignettes. The anchoring vignettes allow for the correction of the scale perception bias in the use of the measurement scales. In addition, we consider how both types of scales do compare with respect to a particular type of embedding effect named “probability neglect”, which is defined by the insensitivity to the probability levels in the valuation of environmental risks. The data of both the monetary and qualitative scales are modeled using a simultaneous equation model. The results show that the self-perception bias presents a high correlation in both the monetary and qualitative scales. Further, the probability neglect effect is substantially ameliorated with

the correction of the self perception bias with the utilization of the responses to the anchoring vignettes.

### **The impact of stories on risk perception: Evidence from three experimental studies.**

Peter Wiedemann

H.Schuetz

The paper will give an overview of our research into the story model of risk perception. It outlines 3 different experimental studies recently conducted by our research team. The first experiment investigates how stories as contextual frames of risks influence the intuitive risk perceptions. The results suggest a robust effect: An outrage story amplifies risk perceptions in contrast to a leniency story. The second experiment investigated the influence of separate versus joint risk appraisal following the seminal work of Hsee (1996). In a mixed between / within subject design we analyzed whether the evaluability hypotheses of Hsee helps to explain story effects on risk perception. The results of his experiment suggest that the story effects remain stable under both conditions, i.e. the separate as well as the joint risk appraisal. The third experiment tested how the peripheral versus central information processing (Chen & Chaiken 1999) will alter story effects on risk perception. We found that under both conditions the story effects are the same: The leniency story decrease and the outrage story increase risk perception. Furthermore, the outrage story produces a greater effect as the leniency story compared with the “neutral” story as a benchmark.

### **Measurement of risk perception in the offshore oil and gas industry John Cairns, Wendy Adie, Liesl Osman**

A discrete choice experiment was conducted in which 353 divers and other offshore workers were randomly allocated to one of four sets of eight pair-wise scenarios. The respondents were asked to indicate in which scenario they thought an accident was more likely to happen. An ordered logit model was used to analyse their responses. A particularly rich data set of respondent characteristics was available including education, accident history and personality comprising measures of dogmatism, deference, team orientation, organisation, risk taking, and impulsivity. Thirty-three respondents violated the axiom of dominance. Of the remaining respondents 29 per cent made choices consistent with them regarding a particular attribute as determining the riskiness of the scenario. The four characteristics were highly significant determinants of the perceived risk of an accident. The quality of workplace supervision was the most important single factor. Divers and other offshore workers shared similar views regarding the relative importance of the different factors. The personality of the respondent was a relatively

minor determinant of their responses. The hypothesis that the determinants of risk perception had a linear impact was tested and could not be rejected.

**American and German Students' Knowledge, Perceptions, and Behaviors with Respect to Over-the-Counter Pain Relievers. Yaniv Hanoch\*, Konstantinos V. Katsikopoulos, Michaela Gummerum, and Eric P. Brass**

**Objective:** To better understand the knowledge base and perceptions involved in the decision to buy and consume OTCPRs by taking into account the environment in which these decisions are made. We expected that the differences in access and marketing affect OTCPR-related knowledge and decision making in the US and Germany.

**Design:** A survey was given to 108 undergraduate university students in the United States and Germany (58 and 50 participants, respectively).

**Results:** We found that significantly more Americans than Germans consume OTCPRs and they also consume significantly more OTCPRs. Americans exhibited less knowledge about side effects than their German counterparts. When questioned on when they consulted package labels, Americans reported they were more likely to do so before buying a product, whereas Germans reported consulting labels before consuming OTCPRs for the first time. Package labels affected more Americans' decision to purchase OTCPRs; Americans were also less likely to consult a doctor when feeling pain but more likely to take OTCPRs. Finally, Americans viewed OTCPRs as riskier once their status has changed from prescription-only to over-the-counter, whereas Germans believed they posed less risk.

**Conclusion:** This study analyzed health-related behavior by looking at how environmental factors shape decision processes related to OTC drug use. Our results indicate that looking at environmental factors does help to explain differences in knowledge, perceptions, and behaviors among German and American students.

**Does 'Ambiguity Aversion' explain Risk Attitudes to Genetically Modified (GM) Food ? Montse Costa, Joan Costa-Font**

Some research argues that scepticisms underpinning the purchase of genetically modified food. However little evidence has been gathered on this such feature. In this paper we put forwards the assumption that risks perception and attitudes to generically modified food result from ambiguity aversion, a well known phenomenon of aversion un unknown risks. To test this assumption we draw upon experimental data and carefully design questionnaire to a sample of local population in Barcelona. Hypothetical and real decision making choice was explored. We find that t individual's exhibit ambiguity aversion and that as expected it leads to a scepticisms and higher risks perception, explain attitudes towards genetically modified food.

*Keywords:* ambiguity aversion, risk perception, acceptance of genetically modified food.

## **How to get to the Faculty of Economics and Business**

By Taxi should be about 15-20€ ask to drop you at the Facultat de Ciències Econòmiques, Universitat de Barcelona off Diagonal Street.

By Bus, take the bus to Plaza Espanya or Plaza de Sants and then change to the tube line 3 to *Palau Reial*.

By Train you should change in Sants Station and then get the tube line 3 to *Palau Reial*.

## **The conference room**

The workshop will take place in the **Sala de Recepcions** of the *Espai de Recerca en Economia* inside the Faculty of Economics and Business of the University of Barcelona. It's just in your right once you get into the faculty from the door next to the Royal Palace off *Palau Reial* tube station.

## **Hotel**

HOTEL - BARCELONA PRINCESS

ADDR: DIAGONAL 1  
BARCELONA, 08019

TELEPHONE: 34 93 356 10 00  
FAX: 34 93 356 10 22

Ask at the reception where the nearest tube is and get off at Palau Reial, Green line or Line 3. This can take 30-40 min. Good news is that for those staying the hotel are very close to the beach, and is not that far from downtown.

## **Additional Social Events on Friday**

Meeting at 8 at Plaça Francesc Macià right at the last stop of the tram that goes from the Faculty of Economics to the centre crossing Diagonal street.