

Title: Contextual Deliberation and Procedure-Dependent Preference Reversals

Abstract:

Preferences between alternatives can be reversed across a variety of elicitation procedures (e.g., choice, matching, valuation, joint versus separate evaluation). This puzzling finding is usually invoked to challenge the procedure invariance principle. Yet procedure-dependent preferences can be endogenous. This research presents a synthesizing framework of contextual deliberation to explain seemingly disparate phenomena of preference reversals. When attribute importance or risk attitude is ex ante imperfectly known, people can engage in pre-decision information acquisition activities (i.e., deliberation). Elicitation procedures can influence revealed preferences through affecting the incentive for deliberation. Therefore, contextual deliberation can endogenously yield procedure-dependent preference reversals.