Counterfactual Thinking and Marketing: Introduction to the Special Issue

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ABSTRACT

Counterfactuals are thoughts regarding alternatives to past outcomes, and they are an increasingly active topic of psychological research. Recently, this work has been applied to organizational and marketing domains. This introduction summarizes the theoretical basis underlying the effects of counterfactual thinking on emotions, decisions, and perception, and presents the four articles that comprise this special issue. ©2000 John Wiley & Sons, Inc.

Counterfactual thinking refers to imaginings of alternatives to past outcomes. These thoughts of what might have been often take the form of a conditional proposition, as in "If only I had bought a Ford instead of a Chrysler, I would have saved a lot of money." Typically, the antecedent (specifying "if") constitutes an action or decision by an individual, and the consequent (specifying "then") describes a state of being, often framed in evaluative terms. Counterfactuals can focus, therefore, on alternative outcomes that are better than actuality (upward counterfactuals) or that are worse than actuality (downward counterfactuals). Psychologists have been interested in counterfactual thinking because they seem to be intimately related to emotion, social perception, and self-understanding (see Roese, 1997, for a review).

The intellectual examination of counterfactuals is an inherently multidisciplinary pursuit, ranging from philosophy (e.g., Goodman, 1947) to historical and political analysis (e.g., Tetlock & Belkin, 1996). Psy-

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chologically oriented research on counterfactual thinking was conducted by cognitive psychologists beginning in the 1970s (e.g., Fillenbaum, 1974), but when Kahneman and Tversky (1982) examined counterfactuals from the vantage point of biased judgment and decision-making, interest in counterfactuals mushroomed. Much of this work was conducted by social psychologists, who were interested in the impact of counterfactuals on emotions, suspicion, superstition, blame, expectancy, and self-inference (e.g., Roese, 1997). By the 1990s, organizational behavior theorists were applying this research to consumer-oriented judgment and decision-making (e.g., Creyer & Gürhan, 1997; Meyers-Levy & Maheswaran, 1992).

Although the effects of counterfactual thinking on social judgment are broad and variegated, all may be rooted in either of two underlying mechanisms: contrast effects and causal inference effects (Roese, 1997). Contrast effects occur when a judgment becomes more extreme via the juxtaposition of some anchor or standard. For example, a cup of coffee feels hotter, by contrast, if one has just been eating ice cream. In the same way, a factual outcome may appear worse if a more desirable alternative outcome is salient and better if a less desirable outcome is salient. In a variety of demonstrations, emotions such as disappointment and satisfaction were reliably altered by the relative salience of a counterfactual anchor (e.g., Medvec & Savitsky, 1997; Roese, 1994). In addition, counterfactuals also imply causal inferences (Wells & Gavanski, 1989), which may have psychological consequences that are independent of contrast effects. By virtue of their conditional structure and implicit reference to a parallel factual statement, counterfactual propositions exemplify the logic of Mill's method of difference. For example, consider the counterfactual statement that "If only Jean had bought the insurance as she had intended, she would not have been in such a dire financial situation after the fire." This alternative scenario is implicitly connected to the parallel facts that Jean did *not* buy insurance and Jean *was* is in a dire financial situation. If the counterfactual world in which Jean does buy insurance is identical in all other respects to factuality, then the only thing that can account for the difference in financial situations between the counterfactual and the factual is Jean's decision regarding the insurance purchase. Therefore, the above counterfactual yields the conclusion that Jean's decision was causally related to her financial situation. To the extent that this counterfactual is salient, Jean might be seen to be more blameworthy for her financial situation (e.g., Creyer & Gürhan, 1997). These two mechanisms, contrast effects and causal inferences, can account for a variety of effects with regard to consumer perceptions, and as well they may illuminate novel hypotheses.

Counterfactual contrast effects have formed the basis for much research in social psychology, and thus it is not surprising that they might be applied to marketing contexts. Pointing out to individuals that they might have done something in the past that would make their present more desirable may motivate them toward decisions that would bring about more desirable states in the future (Roese, 1994). Or, pointing out how an action might have resulted in a worse state of affairs might motivate individuals toward a cautious outlook that minimizes the chances of future undesirable states. The manipulation of consumer emotions by marketers has long been a staple of successful advertising. In the present issue, the article by Landman and Petty explores how counterfactual thinking might be an effective tool for manipulating emotions, particularly within the context of marketing lotteries.

A related area of active research centers on the role of anticipated regret in decision-making (e.g., Simonson, 1992). Regret is typically defined as a negative emotion predicated on a self-relevant counterfactual inference. Thus, regret is a negative feeling centering on something one might have or should have done differently in the past. Because regret is aversive, individuals behave so as to avoid it, sometimes altering ongoing decisions and behavior so as to bypass potential future regret-arousing experiences. The interplay between counterfactuals, regret, and perceptions of past versus future are the focus of articles in the present issue by John Hetts and colleagues and by Allan McConnell and colleagues.

Counterfactuals not only suggest causal conclusions, but also dramatize or accentuate such conclusions. As Roese and Olson (1997) pointed out: "That the Russian victory at Stalingrad was causally important for the outcome of World War II is not nearly as interesting or attention-grabbing as the speculation of a Nazi victory over the Allies if only the Germans had beaten the Russians at Stalingrad (even though both are built on the same causal assertion) (p. 40). Counterfactuals might be an especially effective means of dramatizing the causal effectiveness of products (i.e., their capability of producing specific favorable outcomes, such as removing stains or entertaining children). Moreover, counterfactuals invite further elaborative thought, as individuals flesh out in their own minds the details of what might have been. In the opening article in this special issue, Ann McGill investigates further the relation of counterfactual and causal reasoning to marketing.

This special issue embraces some of the most recent research on counterfactual thinking applied to organizational contexts generally and marketing specifically. The four articles are both empirical and speculative, touching on issues from advertising and persuasion to emotion and self-insight. Although they cut across a variety of domains, they are not intended to be representative of the entirety of applications of counterfactual thinking to organizational settings. Rather, they constitute a small sample of an increasingly active area of research and theorizing. It is hoped that this special issue will foster further interest and fresh approaches to our understanding of counterfactual thinking in everyday life.

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