



**Uniwersytet  
w Siedlcach**

# **Student as a consumer from the perspective of behavioral economics**

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# Student

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# Customer



# Homo Economicus

- 100% rational
- 100% focused on money



# Customer

- **Customer is a rational entity** striving to achieve maximum benefits that under given conditions can be obtained from the consumption of goods.
- **Customer has specific preferences** regarding the goods consumed.
- **Customer is a sovereign economic entity** in the field of creating and shaping preferences in its consumption choice acts.

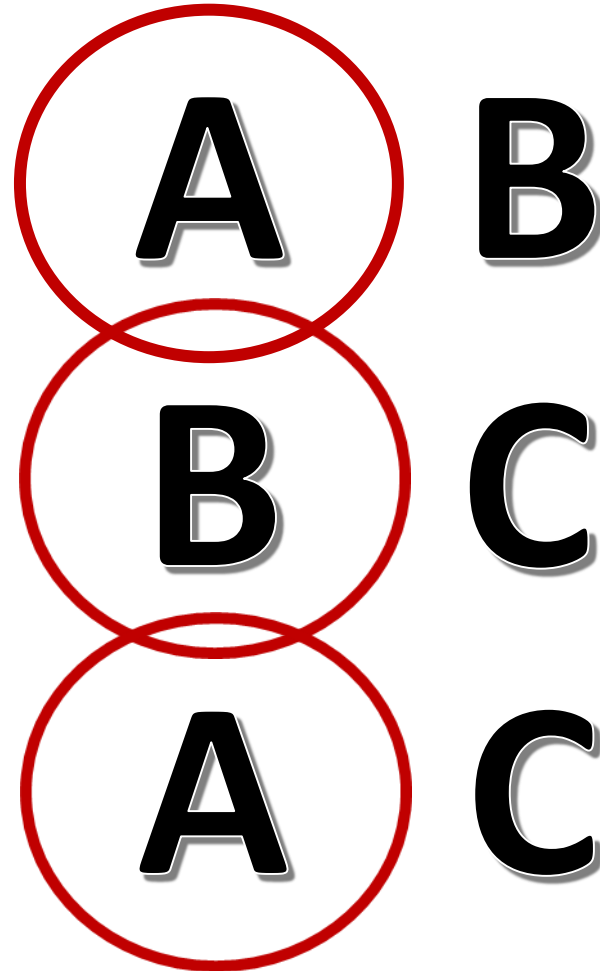


# Customer

- Customer is emotionless.
- Customer never loses self-control.
- Customer is a total egoist.



Assumption  
of transitivity  
of consumer  
preferences



# Behavioral economics



# Behavioral economics

- **Behavioral economics** studies the effects of psychological, cognitive, emotional, cultural and social factors on the economic decisions of individuals and institutions and how those decisions vary from those implied by classical theory.





# Richard H. Thaler



# EKON



Ekons

are like unicorns



# Decision making



# Decision making in the real world

- there is too much information to process;
- there are elements of uncertainty;
- time to make a decision is limited.



What if we don't have time to think?

*How will we react if a stone flies towards us?*



# How does a person decide about choosing a workplace?



# How does a person decide about the direction of his or her education?





# Volunteering



# Fair treatment



# „Ultimatum” Game

- Players are divided into pairs.
- Each pair receives a fixed amount of money - \$10 in one-dollar bills.
- Player 1. offers  $x$  units of money to the second player and keeps  $m-x$  units.
- Player 2. either accepts the offer or rejects it, in which case neither party receives any money.



# „Ultimatum” Game

- According to the completely rational approach, player 2 should accept any offer greater than zero, because his or her wealth will increase anyway.
- However, such games often end with the offer not being accepted due to a feeling of "injustice".
- Players reject an offer if they believe the offeror is being too greedy.



# Casino



# Casino

I withdrew all my savings from my account and went to the casino yesterday to win at least some money. At first, I didn't win much. However, when I started losing, I kept playing, wanting to get back at it. I was losing more and more. However, the more I lost, the more I wanted to get back. So, I continued playing until I lost everything.



The more money, time, energy, etc. we devote to unsuccessful attempts to implement a project that brings losses, the more difficult it is for us to withdraw from it.

**We still hope that we will regain what we have lost.**



# The sunk cost fallacy





# Status quo



# Perspective theory



# Let's imagine that...

- You are in your office equipped with efficient air conditioning that maintains a pleasant temperature.
- You leave your office and go to the lecture hall.
- How will you react to the temperature inside the lecture hall?



# Perspective theory

- **Perspective theory** – a psychological theory by Daniel Kahneman and Amos Tversky.
- Shifting attention from wealth levels to its changes.
- Changes make people feel happy or depressed.



# Joy and sadness

- We feel joy when we make profits.
- We feel sadness when we suffer losses.
- Losses „hurt” much more than profits of similar value bring joy.



# Joy and sadness

**If I break a bottle of wine worth PLN 100 and someone gives me the same bottle as compensation, I will not feel joy. Joy will only appear when someone hands me a bottle of wine worth, for example, PLN 200.**



# Adolf Merckle

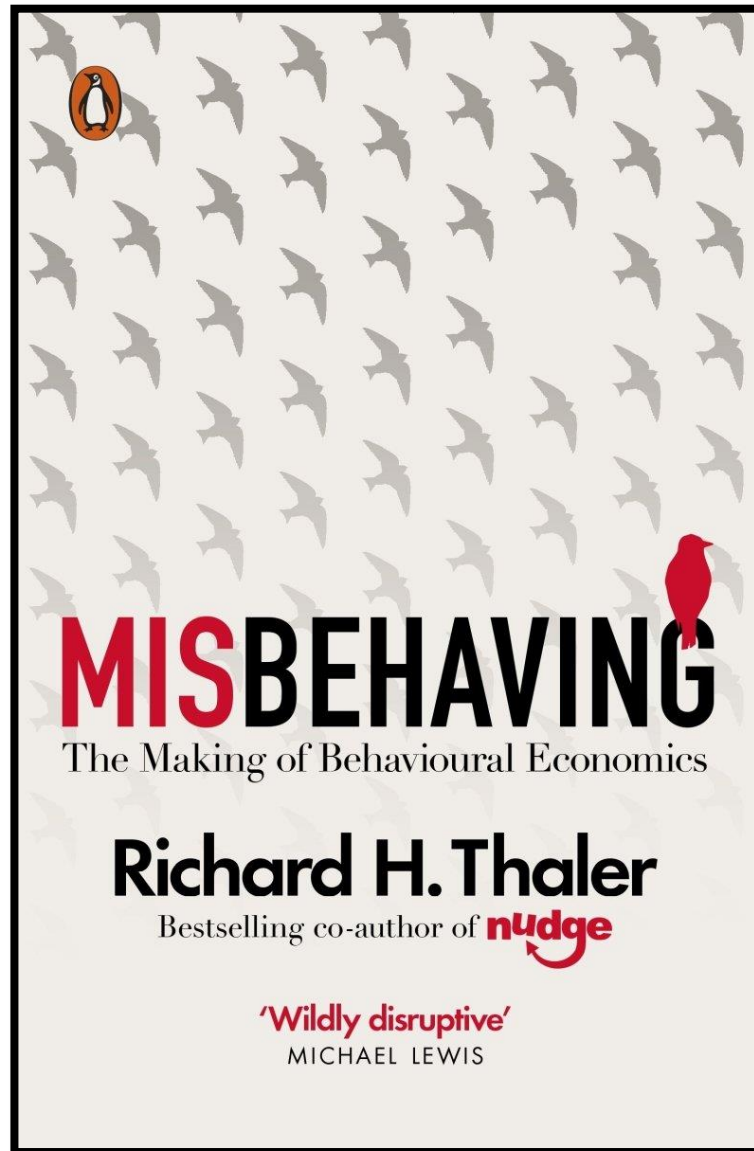


# Adolf Merckle

- A German billionaire who committed suicide in 2009 due to the large losses his business suffered.
- In 2008, he was ranked 97th on the list of the richest people in the world published by Forbes magazine and was also one of the 5 richest Germans.







# The End

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