situations. Very much the same remarks could be offered about attempts to construct an analysis of strategies of consumer behaviour. Although I have tried always to use examples from everyday experience to illustrate the theoretical analysis, I recognize that much of what I have argued may involve more subtle thinking than many consumers will undertake prior to making significant choice in turbulent environments. If companies get into trouble by, for example, tackling potentially strategic choices as if they are simple tactical ones, then we should not be surprised to find households getting into similar kinds of difficulties. By considering the arguments in this chapter and the ones that follow, consumers may find themselves able to improve the quality of their decision making.

Although the discussion has largely focused on reasonable strategies and routines for coping with anticipated turbulence, the arguments may easily be turned round to shed light on modes of behaviour in environments that are perceived as placid, either by nature or as a result of the consumer having implemented seemingly successful control measures. In such situations, consumers would be expected to settle down, in the sense of adapting precisely to conditions and committing themselves to inflexible, immobile, 'lumpy' activities from which it is difficult to switch without loss. They will combine these activities to form highly integrated, synergy-exploiting ways of life. Having done so, they will then largely be involved with simple routine choices. When turbulence appears unexpectedly in their lives, it will be particularly disruptive, not merely because of the integrated nature of their lifestyles and inflexibility of their commitments, but also because of the shortness of their menus of proven 'recipes for success' for coping with surprise-prone environments.

4 The Inquisitive Consumer

4.1 INTRODUCTION

Having first departed from orthodox analysis by highlighting the strategic dimension of consumer behaviour, I am now going to take an even more deviant step and consider from an explicitly psychological standpoint what consumers are trying to produce as they make their strategic and tactical decisions. The kind of psychology I will be employing is known as personal construct theory. It is an approach that is increasingly being used by clinical psychologists as a means for understanding why distressed patients are finding that life is getting on top of them, and for showing them how they might improve their situations. Personal construct theory is by no means the only kind of psychology that the economist might think of employing—for example, in trying to understand the problems of affluent consumers. Scitovsky made extensive use of behaviourist and physiological psychology in his (1976) work The Joyless Economy—but it will be seen to be a particularly natural one to employ, given our strategic perspective on consumer choice. Furthermore, its comprehensiveness enables it to offer us the prospect of being able to understand expectation formation and resistance to change (the subjects of Chapter 6) as well as motivation, and it also comes complete with a well-developed set of research techniques that can be used to map evolving consumer perceptions and preferences.

The chapter is divided up as follows. Section 4.2 introduces the main ideas of personal construct psychology, while section 4.3 shows in some detail how they relate to consumer choices. Section 4.4 presents an analysis of the significance of 'emotional' factors in decision making, and shows how they can be conceptualised in usefully precise terms. Before the conclusion (section 4.5), section 4.5 examines, in the light of the previous sections, why consumers may prefer some areas of activity to others.
However, before we move on to the main body of the chapter, it is probably appropriate for me to explain why, unlike most other economists, I feel it is necessary to examine the psychological underpinnings of consumer satisfaction.

Economics has conventionally managed to distance itself from psychology by taking as 'given' the perceptions and preferences that underlie the choices people make. This assumptive procedure leaves the economist seemingly free of any obligation to explain what consumers are trying to achieve as they choose. And when it is 'common-sense knowledge' that everyone should be entitled to 'life, liberty and the pursuit of happiness', few economists ever stop to ask themselves whether it could be misleading to subsume all matters of motivation under the simple heading of 'utility maximisation'. Having thus taken psychological material as 'given', the economist is only interested in admitting changes in those 'givens'—and then only occasionally so—in so far as they can be presented as objective payoffs from economic activities chosen with reference to the initial preferences, perceptions and endowments. The neoclassical consumer invests in gathering information about prices and product characteristics, and her behaviour then changes as a result of what she has discovered; or she invests in gathering information about how to use particular household production technologies, and her subsequent choices of marginal expenditures on rival production technologies are directly affected by the 'set-up costs' she has incurred in respect of some technologies but not others. In both cases the consumer's perceived constraints have changed, but her underlying preferences are treated as if they are fixed, (see Stigler and Becker, 1977).

It appears to me that, in depicting the pursuit of happiness as the budget-constrained scaling of contour lines on indifference maps, the teachers of successive generations of economists have ended up losing sight of what consumers actually feel and are trying to do with their lives. Endless talk of 'utility maximisation' seems to have led economists to focus on choices amongst 'the good things in life', on how the best possible bundle of 'good' goods or characteristics might get selected. The only 'bad' thing, usually discussed is the drudgery of work. The message is that more goods and less work are the key to happiness. But now, in this age of 'sado-monocentrism', we see that, for many of the millions of people out of work, employment has become a desperately desired commodity, even though, in 'real' terms, modern-day dole and redundancy payments vastly exceed those of the inter-war slump. Meanwhile, even if they enjoy good health and family relationships, those who possess and can participate in the fruits of affluence are frequently no more obviously happy than those enjoying far lower living standards. The rich and the poor alike seem to have their problems; yet within the ranks of either group one can usually find some people who would claim to be 'perfectly happy'. Unless we can understand the psychological foundations of such phenomena, the scope for erroneous policy recommendations would be appear to be considerable.

4.2 THE CONSUMER AS A SCIENTIST

Happiness, joy, pleasure, utility—call it what you will—is a concept that makes no sense taken in isolation from some kind of reference point. Usually, when we have failed to achieve happiness in a particular situation, we would profess to feeling 'disappointed', so a potentially useful reference point for understanding happiness seems to be whatever it is that differentiates it from disappointment. Here, as so often, the Concise Oxford Dictionary is instructive: it defines the verb 'to disappoint' as to 'fail to fulfil desire or expectation of; to frustrate', and it defines the noun 'disappointment' as an 'event that disappoints, resulting in distress'. The implication seems to be that whether or not something disappoints or makes one happy does not depend intrinsically upon its objective properties, but upon what is expected of it and how it subsequently seems to match up to one's expectations. We are 'happy' when events conform with our anticipations of them and 'overjoyed' when we discover that, even in our 'wildest dreams', we have underestimated their astonishing, 'marvellous' properties.

This view of the nature of happiness is nonsensical in the world of perfect information so often assumed in neoclassical economics; for in such a world, there are no disappointments and no surprises, whether good or bad. In the real world of uncertainty and environmental turbulence, the view makes complete sense. Being a consumer whose range of activities continues to grow and whose
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life is not seemingly filled with disappointments is, as we saw in Chapter 3, a business that requires considerable competence in the area of expectation formation. In Chapter 3, I characterised this competence as a kind of 'entrepreneurial' flair, but it is perhaps better construed as a kind of scientific skill: like scientists of an academic sort, enterprising people, in firms or households, are trying to predict and control events.

It was around precisely this latter vision of the nature of human endeavour that an American psychologist, the late George A. Kelly (1955), some thirty or so years ago constructed the comprehensive theory of personality out of which has developed a school of thought known as personal construct psychology (hereafter, PCP). (The crucial first three chapters of Kelly's massive two-volume work are conveniently available as Kelly (1963), while helpful guides to Kelly's ideas and subsequent work on PCP are found in Bannister and Mair (1968), Bannister and Fransella (1971) and Adams-Webber (1979).) The personal construct' term originated in Kelly's concern to emphasise that the impressions people form of 'things' are images that they construct for themselves—there is no such thing as an 'objective' universe. Kelly's own view of the universe was that it is such a complex, integrated structure, in which everything ultimately affects everything else, that people can only make sense of it by imagining that it can be separated into distinct events. These events he saw as being imagined theoretically as mental 'templates' which are then tested, with the aid of other mental templet, for their goodness of fit. A person who can construct a variety of rival theories will try to discover which of them has the least bad fit. Quite often, even the best available fit will not be very good and, failing any other bright ideas, a person may end up having to twist some of her constructions to stop others falling to pieces.

Personality is something that PCP suggests one should see as the outward manifestation of a person's beliefs; for the fundamental postulate of Kelly's theory is that 'a person's processes are psychologically channelised by the ways in which she anticipates events' (1955, p. 46). How a person will feel about a particular environment, and how she will try to behave in it, will depend on how she construes the environment—in other words, on how she 'sees things'. People have different personalities, and often find it hard to get on with each other, because they see the world differently: Kelly's (1955, p. 55) individuality corollary holds that 'persons differ from each other in their construction of events', while his (p. 95) sociality corollary tells us that 'to the extent that one person construes the construction processes of another, she may play a role in a social process involving the other person'. The latter corollary carries with it the implication that unless marketing staff can see how potential customers construe products in the market-place, they may very easily end up selling them very little. However, the emphasis that Kelly gives to the possibility that people may fail to construe events in similar ways does not mean he rejects the idea that people may in some degree share common perspectives: the commonality corollary of his theory states that 'to the extent that one person employs a construction of experience which is similar to that of another, their processes are psychologically similar to those of the other person' (1955, p. 90). Thus although two economists, say, may differ over appropriate ways of seeing particular economic problems (or even over what constitutes an 'economic' problem) they may see certain consumption activities in very similar ways, or vice versa.

Kelly's work points to four main reasons for people forming different theories about how to predict and control events, and about which events are worth attempting to predict and control. First, people organise their ideas in systematically different ways. This contention of PCP will be discussed in detail in Chapter 6, but for the present all one need note is that a willingness to accept some ideas may be incompatible with a willingness to accept other ideas and hence: it may be necessary to rank some constructs above others in order to avoid a state of total confusion when incompatible notions are being entertained. The second reason for people seeing things differently follows from Kelly's (1955, p. 50) construction corollary, which states that 'a person anticipates events by construing their implications'. The events that people attempt mentally to separate from the integral and ever-changing universe can only be seen in terms of their likenesses and differences relative to other previously construed events. People may thus end up construing things differently because they have different reference points—different judgemental standards—at their disposal. For example, British motorists would usually see a 2.0 litre Ford Cortina as 'powerful', rather than 'economical', relative to its 1.3 litre counterpart
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Differences in the ways in which people see the world—including differences in the ways in which they see themselves in the world—will mean that ‘similar’ events will impinge differently upon their perceived abilities to predict and control their lives. Hence ‘happiness’ is not necessarily related to one’s material position: rather, as an old adage would have it, ‘happiness is a frame of mind’. To ram this point, before moving on to see how a Kellian view of the consumer relates to choice, I will briefly note some of the findings in studies of the psychological consequences of unemployment recently conducted by Professor Peter Warr and his colleagues.

People with greatly differing personalities may all be surprised to find themselves made redundant by their employers. Now, thrust into a new environment, they will be in for yet more disappointments and will find themselves losing control of their lives if they fail to develop seemingly valid hypotheses about the events in which they consequently get involved. Unemployment is not intrinsically the end of one’s world, but it seems that many workers find it difficult to construe it as anything other than this. People commonly find life on the dole very distressing because they find it impossible to anticipate what is going to happen to them in future months (see Payne et al., 1983), they can neither construct theories that seem to match unfolding events that they do not presume to be able to control, nor can they see ways of determining themselves what will happen. In important respects, being unemployed is like nothing many workers have hitherto experienced. Unemployment is usually seen to offer a few new freedoms—such as when to get up—but these are swamped by a perceived loss of scope for control that the unemployed associate with lost access to material resources (see Warr, 1983, p. 306). Some people see themselves as so totally lacking the ability to predict and control events that they cease trying altogether and come to display the symptoms of clinical depression—scientific activity of any kind has as its rationale the existence of seemingly solvable puzzles.

However, not all unemployment involves terrible disappointments. In a study of 1000 unemployed males (Jackson and Warr,
(which was not sold in Australia), whereas most Australians, by contrast, see a 2.0 litre Cortina as 'economical', not 'powerful', relative to its 4.1 litre counterpart (which was not sold in Britain). American motorists would be unlikely to use any version of a Cortina as a reference point when imagining what it might be like to own a particular car.

Third, one should note that Kelly suggests that people have only limited repertoires of perceptual axes in terms of which they seek to compare and contrast events: his dichotomy corollary states that 'each person's construction system is composed of a finite number of dichotomous constructs' (1955, p. 59). These theory-forming repertoires will differ between people, resulting in some people being blind to things that others see. For example, most consumers do not seem to compare the cosmetics products they buy in terms of the construct 'involving animal exploitation versus produced without cruelty to animals'—despite the fact that this is a dimension in terms of which differences can be discerned. (Here it should perhaps be noted that although Kelly often gives 'dichotomous' its strict binary connotation, for example, 'cruel versus kind', it is by no means essential to do this and often it will be more appropriate to think of people using bipolar construct scales.)

Finally, we should see that, even if people use similar points of reference and similar construct axes when trying to anticipate events, they may still form different expectations because they have assigned different ranges of applicability to some of their constructs. Kelly's (1955, p. 68) range corollary informs us that 'a construct is convenient for the anticipation of a finite range of events only'. However, Kelly goes on to warn his readers that such ranges are themselves personal constructs; he notes, for example (1955, p. 69; and see also pp. 108-9) that:

One person may use the construct of respect versus contempt to apply broadly to many kinds of interpersonal relationships. Another person may use it to apply only to a very narrow range of events, perhaps only to the choice of words in a formally structured situation, such as a court proceeding.

The range corollary means that it is appropriate to see a person's ways of looking at the world as being partially separable into broadly different groupings of constructs used for anticipating different kinds of events, though with some constructs having a very common usage and figuring in many groupings.

Differences in the ways in which people see the world—including differences in the ways in which they see themselves in the world—will mean that 'similar' events will impinge differently upon their perceived abilities to predict and control their lives. Hence 'happiness' is not necessarily related to one's material position; rather, as an old adage would have it, 'happiness is a frame of mind'. To sum up this point, before moving on to see how a Keltian view of the consumer relates to choice, I will briefly note some of the findings in studies of the psychological consequences of unemployment recently conducted by Professor Peter Warr and his colleagues.

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However, not all unemployment involves terrible disappointments. In a study of 1000 unemployed males (Jackson and Warr,
depending on how things are construed and on how the person arranges her thoughts, rival choices will differ in their implications for the person's view of the world. A person's 'system'—her world-view—may be said to have been extended (elaborated) is a synonymous Kellyan term) if the range over which it may practically be applied has increased. The definition of a person's system may be said to have been increased if, instead of being able to construe certain things only in fairly general terms, a person now finds she can form seemingly well-fitting theories about their finer points. The concept of 'definition' may be more easily appreciated in the light of the word's use in an optical context (sharpness of focus'), or if readers think of it as pertaining to increased connoisseurship in certain areas. In a world of turbulence, where predictive successes are hard to achieve or maintain, the best that some people may be able to obtain is the bare preservation of their views of the world, or a limitation in the extent to which their understandings of things become less well focused or reduced in their ranges of compass.

In seeking to extend, define, or maintain her constructs, a person has to contend with the opportunity cost problem. Like any academic scientist, a consumer can only obtain limited resources to test her conjectures. Some notions that she entertains as possibilities can be tested only with great difficulty and only if she forgoes opportunities to test many other ideas or sustain many other expectations. In some cases, the refutation of one of her conjectures could be seen by a person as disastrous for her subsequent ability to predict and control events; in the 'laboratory of life' there are many conceivable crucial experiments that have the potential seemingly to change irreversibly a person's opportunities one way or another. These considerations ensure that there will be many occasions on which a person is driven to adopt the methodology of 'armchair theorising' about what was, what might be, or what might have been: she makes tentative choices between rival constructions of events without subjecting some of them to a direct test. On other occasions, however, a person will be willing and able to embrace a methodology that involves trying to test the fit of some of her constructs at first hand.

With these thoughts in mind we can now turn our attention once more to the concept of the household as a production

4.3 PREDICTION, CONTROL, AND CHOICE

The idea that we should see people 'as if' they were scientists was far from being an unprecedented suggestion even in 1955 and, since then, other scholars in diverse disciplines have unknowingly come to a similar conclusion to Kelly about the nature of human action (for examples, see Earl, 1983c, pp. 9-10; 121-3). However, my experience is that many people do not find it immediately obvious how it might be used to understand consumer behaviour, and it seems that, apart from myself, only Gutman (1982) has attempted to employ PCP in this context. (Gutman's paper complements what will be said in this section, but that is about as far as it goes.) The key to such an application of PCP is the choice corollary of Kelly's theory: 'A person chooses that alternative in a dichotomised construct through which she anticipates the greater possibility for the extension and definition of her system' (1955, p. 64). Scope for choice arises when rival things are construed differently in respect of any of the dichotomous axes/bipolar scales in terms of which a person sees them, and.
1983) it was found that some 8 per cent actually felt better off as a result of losing their jobs: redundancy had thrust them into an environment safe from the stresses of their paid jobs. A rather larger, though still small, minority of involuntarily unemployed workers seemed to cope well with the situation, even though they did not experience an improvement in their psychological well-being. These tended to be people who see the event as providing an opportunity for getting involved in other kinds of work, to which they felt more strongly committed. Such people maintained high levels of activity, despite their reduced access to material resources, by participating in, for example, political, religious and community groups; and they saw these activities as offering scope for the creation and exploitation of new opportunities (see Fryer and Payne, 1983). Evidently, if large-scale unemployment is here to stay, policy makers would do well to examine the possibility of devoting resources to helping the unhappy majority construe their situations along lines presently used by those for whom the experience is not an unmitigated disaster.

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With these thoughts in mind we can now turn our attention once more to the concept of the household as a production
system. If we see decision makers as scientists then, like Gutman (1982), we must recognise that things are not sought 'for their own sake' but as direct or indirect means towards the ends of prediction and control. Things that seem in some respects anti-theoretical to those ends will be avoided unless they are consistent with them in other more significant respects and no seemingly superior options are available. Very many of the choices and strategies discussed in the previous chapter should on reflection fit neatly into the category of possible (though not always fool-proof) means towards making life more predictable and ensuring control. Indeed, when first seen from the standpoint of SCP, a modern-day consumer may seem almost obsessively concerned with the production of control, rather than with the testing of hitherto untried theories about the scheme of things.

The image a consumer presents to the rest of the world is usually carefully contrived—even if contrived to look uncontrived—as a means of obtaining access to certain activities, elicking certain responses from others, and establishing herself in her own eyes and in those of the rest of the world. The consumer has her hair shampooed and styled and may lacquer it to keep it in place (think how many hair-care products are advertised with reference to the contribution they can make towards 'manageable' hair). She (and, increasingly, he) uses cosmetics to guarantee a particular visual and fragrant impression, while smiling with carefully cleaned and often straightened and capped teeth. Her clothes help tell the world how she sees herself, as do her house and its decor, the food she eats, her car, where she goes for entertainment, holidays and shopping, and the clubs of which she is a member. Some of her assets enable her to keep her self-image intact by keeping it safe from invasion by the world at large; she sits in her car, cosseted from the rigours of public transport, perhaps her house has high hedges around it and net curtains at the windows, certainly she is concerned to keep quite a few of her activities private.

Although a very large part of the consumer's budget may seem to be spent on devices for controlling her life and ensuring that events match up to expectations, the consumer is none the less engaging in considerable experimentation. Each time she employs a 'control device' she is testing her construction of what it can achieve, and often she experiments with new measures that she imagines will have a more powerful effect—for example, a new hairstyle and outfit of clothes may make a stunning impact on those with whom she mixes, if they had not thought of her like that before; yet the new image might be a dismal failure because it is in the event branded as 'not really her'. Affluence opens up considerably the chances for inquisitive activities. If a holiday location becomes boringly predictable, the modern-day consumer can fly away to see what another part of the world is like. Convenience foods and a plethora of labour-saving household appliances release time for sporting and creative activities that enable the person to prove herself—adding to the scope for self-testing that a job may permit.

A considerable part of the consumer's leisure time may be spent in front of a television. Here, she can test herself in respect of her memory (as she watches quiz shows) or her ability to anticipate events (whether in 'soap operas' or in the outside world as depicted in news programmes), and she may find a feeling of security as she recognises how safely distanced she is from the 'horrible' events she finds she cannot anticipate or which, if she experienced them, would cause considerable damage to her predictive system. Other mass media, in this age of information, serve similar functions; nowadays, a good deal of empirical work can be done from one's armchair!

While the successful pursuit of privacy may help the consumer to obtain control over parts of her life, she will often seek friends as means towards prediction and control (see Duck, 1983, and Earl, 1983b, c, pp. 171-5). However, if friends do not come up to expectations in this respect, a person will discard them, unless such an act would reflect upon the person in such a way as to cause even more damage to her predictive system than do the 'friends' who repeatedly challenge her view of things, place her in incomprehensible situations, or damage her image in the eyes of the world at large. The consumer who has friends may spend her leisure time with them, not merely in sporting activities, but giving and attending parties of various sorts: dinner parties, barbecues, and possibly even parties where experimentation concerns not merely food and conversation, but also 'sex, drugs and rock 'n' roll'.
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4.4 EMOTIONS AND RATIONALITY

The kind of rationality embodied in my Kellian view of the consumer is a much more modest construct than the global rationality of orthodox economics. Nothing I have so far proposed should be seen as amounting to a claim that consumers necessarily have well-defined preference systems which accord with the neoclassical axioms of transitivity, continuity, non-satiation and so on. All I have suggested is that, when consumers choose, they have reasons for what they do, and that these reasons may usefully be seen as being ultimately subordinate to a desire to predict and control events. But to someone not brought up as a neoclassical economist, even this may seem to be claiming rather too much: my picture of consumers so far seems to treat them in all circumstances as dispassionate, coolly calculating beings: it portrays them as lacking emotions. The lay reader might well wonder what I would make of a situation in which, for example, a consumer looks back on a decision and reflects that 'I suppose I got carried away with myself; I can't really see how else I could have come to buy it'. Most of us, at one time or another, have surely been in such a situation. We acted, but with the benefit of hindsight all we can see is that we lost control or behaved impulsively; we cannot see reasons for our actions.

Such disturbing situations may begin to make sense once we see how Kelly adds an emotional perspective to his work. In a chapter significantly entitled 'Dimensions of transition', Kelly (1955, Chapter 10) provides a systematic set of conceptualisations of emotions such as anxiety, hostility and guilt, which he relates to patterns of human action. This part of his work has been ignored by the great majority of psychologists, who reveal their ignorance by commonly criticising personal construct theory 'on the grounds that it is too mentalistic' (Mackay, 1975, p. 128).

Aggression is seen by Kelly (1955, p. 508) as 'the active elaboration of one's perceptual field'. A person is being aggressive when she sets about testing just how far her existing notions can be stretched or when she is attempting to see what sense she can make of a hitherto unexplored situation. However, aggressive behaviour may be held back by anxiety, which Kelly (1955, p. 495) sees as 'the recognition that the events with which one is confronted lie mostly outside the range of convenience of one's construct system'. Given a choice, a person will avoid events that she does not expect to be able to understand, just as a student will try to avoid courses that she expects to fail. But in a complex and turbulent world, there may be so many uncertainties that the consumer who is not prepared in some degree to 'take life as it comes' will end up paralysed as a result of spending all her time puzzling (worrying!) how she might arrange her affairs to ensure a predictable future.

In some situations, all perceived options may give a decision maker cause for anxiety. This may be the essence of many major career/lifestyle choices: a person may be unsure of her ability to cope with a job she has just been offered (see Andrews, 1949, p. 224), unsure of the options that she could be closing off from herself if she takes it, and unsure of her prospects (perhaps including her future ability to cope with disappointment in respect of her tentatively held expectations of promotion) if she stays where she is. Buying a used car is an activity similarly fraught with anxiety unless one knows the vehicles one is considering. With both examples, one possible decision is to maintain one's present course (that is, to stay with one's present job or means of mobility), despite the potential for lost control this might seem to entail. With the benefit of hindsight, this may appear to be the wisest path to take, since it leaves one's options open. At the time, however, the consumer may find it too complex to have to continue to think about a wide range of possibilities (see section 5.5): a change of activity will at least, she hopes, put her on a more narrowly defined track. Moreover, some of her present options may have decision deadlines attached to them, after which they will cease to exist as possibilities. In such situations, the consumer will feel that she is being 'driven' by events, rather than feeling that she is in charge of them. Her action is an aggressive, though panic-stricken, 'plunge' and she then tries her best to cope with the events that follow. But it must be noted that her decision does have a reason behind it—a desire to preserve as far as possible her chances of developing a system for anticipating events—even though it may be exceedingly unclear in prospect which scheme of action is the appropriate choice in the circumstances (for further discussion see section 8.6).

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Another class of 'emotional' decisions consists of actions that involve hostility, defined by Kelly (1955, p. 510) as the continued
effort to extort validation evidence in favour of a type of social prediction which has already proved itself a failure'. To admit a mistaken construction of events may seem very damaging to a person's image, for it may cast her in a new role relative to those whose rival constructions seem better able to match up to events. The result may be that, unless she can construct a way of changing direction that enables her to 'save face', the person will end up continuing down her previously adopted pathway, while desperately trying to force events into conformity with her ill-fitting prediction. Such behaviour is not only common in the context of consumer choice (see Thaler, 1980, pp. 47–50); following Elster (1983), one can see it as ubiquitous: in academic science (see Feyrer and Bend, 1975), in industrial and political bargaining (where a loss of face in the present can affect for years to come the kind of bargaining stance that one can credibly present – see Shackle, 1949, Chapter VI, and Earl, 1984, pp. 184–8), and in corporate decisions concerning the (non-)abandonment of 'unsuccessful' investments (Earl, 1984, Chapter 5). However, widespread and disastrous as these 'Procrustean' choices often are, their cognitive underpinnings are more appropriately discussed later, in section 6.6.

A third class of 'emotional' choices relates even more directly to a decision maker's perception of an impending change in her status, either in her own eyes or in those of people whose opinions matter to her. Kelly (1955, p. 510) sees threat as the identification of 'a major shift coming up in one's core role structure', and guilt as 'the awareness of dislodgement of the self from one's core role structure' (1955, p. 502). Very many of the things that other people do or one does oneself may be construed as challenges to one's basic self-image. A person can usually tolerate some of these challenges but sometimes a challenge may be large enough, either by itself or when seen as an addition to other disquieting images, to take her beyond some self-constructed threshold of tolerance. Action is then necessary to keep the person's self-image intact.

Depending on the nature of an intolerable challenge to a person's self-image, the action she takes may be anything from the dramatic to the mundane. As an example of the former, one might imagine the consumer who feels driven to purchase a new car, simply because of the challenge to her self-image that she sees entailed in the fact that one of her friends or neighbours has just acquired a new vehicle (see the work on conspicuous consumption by Hirsch, 1977, and Mason, 1981); like firms, consumers are engaged in a competitive struggle with each other. Much more trivial (unless one is on the selling side of it) is the case of the consumer who is about to add a cake-mix to the collection of convenience foods in her supermarket trolley and who suddenly puts the packet back on the shelf, having been overwhelmed by a feeling of guilt. This latter example is inspired by the findings of some classic work on motivation reported by Henry (1958, pp. 126–80; p. 194). Motivation research indicated that a large part of the potential market for cake-mixes felt that, if they used them, they would 'not be taking the proper trouble' or that they would be 'being lazy'. But the research also indicated that many consumers did not have an outright resistance to these kinds of convenience foods; rather, they avoided those which seemed to be too convenient, and were quite receptive to the idea of using cake-mixes that involved adding an egg. As Henry saw it, the reason why this seemingly perverse change of product characteristics worked as a marketing ploy was that:

When a housewife adds a fresh egg to a cake-mix, she gets a feeling of participation in the cake making operation to a much greater degree than if she merely beats up an egg included mixture. Her half felt and often unconscious feelings of guilt of laziness, of not taking the proper trouble, of not doing the job the way it ought to be done, all diminish in intensity. Additionally she can rationalise her revised attitude in terms of the goodness and desirability of fresh egg (Henry, 1958, p. 128, emphasis in original). One might say, in fact, that the adding of the egg lowers the threshold of resistance (p. 130).

The cake-mix example points to the possibility that, if 'happiness is just a frame of mind', there may be considerable scope for firms to affect consumer behaviour via marketing policies aimed at moulding the emotions of potential buyers. Firms might profitably not only try to demonstrate that their products provide no cause for anxiety or guilt; they might also seek to engender feelings of guilt or anxiety in consumers who are considering purchasing the products of rivals. Economists and marketing scholars have so far not troubled to conduct much research into the use of such policies; among the few noteworthy studies are
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Goldstein (1959), Ray and Wilkie (1970), Wheatley (1971), Kay (1972), Taylor (1974) and Dash et al. (1976). However, it does not take a great deal of examination of the advertisements that bombard us daily to see that modern corporations could already be making great use of them. As far as consumer welfare is concerned, the implications of such policies are ambiguous: the propaganda of rival firms might cancel out, though at the cost to society of whatever alternative outputs might have been produced with the resources fruitlessly devoted to the selling campaigns: naturally existing negative emotions might be removed, but new sources of distress might be generated. Economists of opposing political persuasions need to conduct detailed empirical research before jumping to conclusions one way or another.

In fact, the policy importance of emotion-oriented images seems to go beyond the realm of persuasive advertising. One can easily see how theories of wage bargaining that centre on relativity concepts (Baxter, 1980, and Wood, 1978) might lend themselves easily to integration with ideas from PCP concerning threatening and face-saving behaviour, and I have elsewhere pointed to the role of guilt, in relation to social 'norms' concerning acceptable work efforts, in determining productivity levels in firms (Earl, 1983c, pp. 182-4). But, going beyond this, one can see opportunities for incorporating an 'emotional' perspective in analyses of tax avoidance and evasion. The following passage from Maital's non-Kellian contribution to economic psychology makes perfect sense from the standpoint of PCP:

Hiking fines is essentially costless, while more frequent audits can be expensive. An economic approach to tax evasion, therefore, suggests stiffer penalties. A psychological approach, though, suggests finding ways to alter the perception of the tax system as inequitable, or to restore the feeling that evasion is morally reprehensible (Maital, 1982, p. 249).

A person may dodge possible tax payments without feeling guilty if she sees herself otherwise as a victim of the system's unfairness, and if she believes that people 'like herself' in other respects are also attempting to escape paying their taxes. However, to judge from Lewis' (1983) survey of The Psychology of Taxation, no one has hitherto examined the role of guilt, as seen from the standpoint of PCP, in this context. (This is not to say that the role of
guilt has been ignored altogether; see Schwartz and Orleans, 1967, and Grasmick and Scott, 1982, for some significant empirical findings.)

4.5 CONFIDENCE, COMPETENCE, AND CHOICE: THE EVOLVING CONSUMER (2)

A consumer is constrained in her aggressive tendencies by her awareness that certain kinds of elaborative behaviour could result in her predictive system being damaged rather than in the augmentation of its range of convenience. The consequences of certain choices could put the consumer in situations where she is forced to form theories about events which she is poorly equipped to analyse. But environmental change may be such that her predictive system could be threatened even if she tries to avoid the prospect of failure by standing still. Her problem, then, is to try to budget her time and other resources so that she can see a way of advancing at a satisfactory rate without suffering an excessive prospect of loss of control over events (see sections 8.4 and 8.5). It is a problem of strategy, compounded by emotional concerns.

The consumer's problem is obviously not unlike the predicament facing a company: she might seek to strike out anew and diversify her activities, or she might try to discover the limits of her ability to come to terms with areas of the universe in which she has hitherto specialised her interests. Either way, as far as her perceived ability to anticipate events is concerned, she might end up worse than she started. The strategy chosen by a consumer, or by a company, will be very much dependent on perceived competence, on confidence. Differences in perceptions of competence will result in differences in choices of evolutionary pathways. In a social setting, a consumer will need to possess kinds of competence similar to those possessed by people she is trying to match, or else she will find her self-image being threatened—just as a management team who are trying to establish their company's position in a particular competitive league will require a particular overall level of ability in relation to the prediction and control of events in the market-place and within the corporate organisation.

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Bound up with the strategic question of diversification versus
specialisation is the question of the rate at which one should seek to advance one's position. Over the longer run, a person's access to particular activities is dependent at least in part on her ability to control herself. For example, if she finds she cannot cut down her expenditure on smoking and other costly vices, or if she cannot improve her concentration on her studies or how she gets on with her boss, then she may accumulate little in the way of savings and/or fail to achieve a high income. If she recognises her personal fallibility, she may deliberately impose constraints upon herself—such as a monthly savings contract—as a means of realising certain expectations (for other examples, see Elster's (1984) book, *Ulysses and the Sirens*, and Thaler and Shefrin, 1981). Otherwise, she could end up feeling, in retrospect, that she has not been able to do much with her life. And if she does not see herself as someone lacking in self-control, she will react in a hostile manner to those who assert that her lack of achievement is her own fault, not that of 'the system'.

Conventionally, economics has treated consumers as if they face well-defined short-run budget constraints. But in affluent economies—where consumers are not on the breadline, where they have access to a wide variety of sources of credit, and typically replace their durables long before they are completely worn out—demand for non-essential products depends heavily upon the willingness of consumers to enter into contracts and not merely upon their current incomes and net holdings of financial assets. Consumers will not spend unless they are confident that their expectations concerning the future courses of prices (including the price of borrowed money) and of their money incomes are not going to be disappointed. In a turbulent world, where relative prices are in a state of flux, it is tempting, but potentially dangerous, to take speculative chances. On the one hand, if 'optimistic' expectations are realised (for example, if house prices and money incomes shoot up as anticipated, ensuring that a nominally large mortgage is a 'milestone' for only a brief period), one's scope for prediction and control could be hugely enhanced. On the other hand, one might end up humiliated, having to contend with repossession orders, a need to make sales of one's durable assets at knock-down prices and/or repossessions in one's current activities that topple one down to a lower level of social standing. Some consumers will see such risks as worth taking; others will register their anxiety in a preference for liquidity (see Reddaway, 1937, and Townsend, 1937).

Empirical evidence consistent with the view that budget constraints (like any others) are personal constructs, heavily dependent on confidence, has been obtained for a wide variety of contexts: for OECD countries in the wake of the 1973-4 oil crisis (Katona, 1976), for the UK in the year April 1972 to March 1973 (Pickering, 1977), for Canada (Shapiro and Angevine, 1969), for Germany in respect of car expenditures (Strumpel et al., 1969), and for the US, using the Michigan Survey Research Centre Index of Consumer Sentiment (Adams, 1964, Adams and Klein, 1972, Dunkelberg, 1969, Friend and Adams, 1964, Katona, 1973, and Smith, 1975)—the last of this group of researchers also finds that as one moves up to higher income groups the importance of consumer confidence increases in its explanatory power relative to income (Smith, Chapter 7). These studies vary in their degrees of success in predicting expenditure on durables, but they share the same conclusion: a strong influence on buyer behaviour is not exerted by economic variables which reflect an ability to make purchases.

The consumer's willingness to take on new commitments may also be tempered by a consideration of the possibility that she may end up getting confused by things, not because they are inherently beyond her, but as a result of trying to do too many new things at once. Corporations are often, though by no means always, aware of such risks (see Penrose, 1959, and Earl, 1984, pp. 12-18; 67-72); this is why, for example, car companies prefer not to try to introduce altogether new models and normally change engines and body designs at different times. A consumer, likewise, will have good reason to limit the amount of novelty in her life at any one moment: for example, in giving a dinner party she will often mix untied dishes with ones she knows she can handle, while it is indeed a confident consumer who will plan to change simultaneously her job, her house, her car and the size of her family (especially if she has no experience of children). New lines of thought are so much easier to construct if one has time for reflection, free from pressure for a decision that will effect control and stave off chaos (see Kelly, 1955, pp. 128-9, and the end of section 9.2). A consumer who chooses, or is forced to take on, more than she finds it possible to handle immediately may be expected subsequently to suspend her effort to extend her
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perceptual system. She will only start advancing again once she has better defined and consolidated the new aspects of her life, and in the interim she will have to struggle along with a pretty superficial set of impressions of these new features.

Precisely how well defined a set of constructs a person will require before she feels it is safe to move on to new areas is something which she has to judge for herself. People will set themselves different standards for control, different requirements for order in their lives. This is a point to which I will devote a great deal of attention in Chapter 6; its significance in the present context is that such differences in standards will shape the relative rates at which people move forward in their lives. Other things equal, a ‘fussy’ person is going to have less time and resources to devote to elaborative activities. However, a failure to set and meet demanding standards before moving forward may mean that a person ends up having to confront events with which she finds it difficult to cope. For example, it is one thing to spend one’s entire weekend tidyng one’s house rather than exploring a new bush-walking trail, it is another to leave one’s house ‘looking like a tip’ and set off walking with a backpack that has been filled with scant regard for possible sudden changes of weather.

When a person feels free to diversify somewhat and experiment in new areas there is a question with which she must contend: which activities, out of all the possibilities newly available to her, should she try? In principle, this looks like a question which could paralyse a consumer who has not been born with a set of preferences of a neoclassical sort and who needs, instead, a set of reasons for choosing one activity set in preference to its rivals. In fact, such a question is indeed paralysing for some people—a particularly obvious instance concerns the difficulties that people may face on retiring from a busy working life, when they either realise they have no idea how to spend their time, or are presented with a comprehensive list of things which they might do. To avoid paralysis, one needs a sense of direction, something which will make some activities stand out as particularly worthy of attention.

The need for a sense of direction arises with academic scientists and with corporations, as well as with consumers. Scientists and corporate planners seem to come to focus on new activities in similar ways, and I would contend that precisely the same kinds of channels are employed by consumers. The bulk of scientific activity is concerned with solving problems using a previously developed set of tools (what Kuhn, 1970, would call a ‘paradigm’). Having seemingly solved one problem, a scientist finds another that looks amenable to solution using his existing ‘tool-kit’. This problem may be one that has been lying around unattended for a long time, or it may pertain to phenomena which previously seemed to have been sorted out but which are now throwing up disturbing anomalies. What the scientist does not do is solve a problem in one area and then move on to investigate something that is completely unrelated—unrelated, that is, in terms of the subject matter of the problem-solving devices brought to bear upon whatever is studied. For example, when this book is finished, I would be unlikely to start working on international trade theory from a neoclassical standpoint, but I might well start to investigate a new area of economics—for example, development economics—from the standpoint employed herein. Alternatively, I might study in detail some relevant empirical techniques and start to do empirical work in the area of consumer behaviour. I find it inconceivable that I will abandon economics and take up, say, botany, but perhaps I might get ever-more engrossed in psychology. Clearly, what I will be doing is either going to involve an attempt to diversify while exploiting synergy that is rooted in my past investment in theoretical constructs that can seemingly be applied to new areas; or it is going to involve attempts to secure my previously attained position. In both cases I am going to have to acquire some new constructs, for example, concerning developing economics or statistical techniques respectively, but I believe my existing knowledge gives me something of a start; either way, I will not be completely out of my depth.

As far as corporations are concerned, Scott Moss (1981, Chapters 2 and 3) has argued that their sense of direction arises from the combined workings of ‘focusing effects’ and ‘influence effects’. Managerial attention is focused by the perception or anticipation of spare capacity—machines or human factors that are not producing as much as they might be. This spare capacity might be due to learning-by-doing on the part of workers, or it may exist or be anticipated for reasons associated with a bottleneck inside the firm, a failure by input suppliers, or declining competitive conditions. In the latter cases, the firm has actual or
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prospective declining profits to serve as an inducement to come up with a way of employing the resources it already has. It either uses the spare machines and skills on making seemingly related products (see Earl, 1984, pp. 112-15, for some examples of diversification where the relationships were not all that they seemed!); or it acquires resources on the expectation of being able to use them to remove the actual or anticipated difficulty. An obvious example of the latter is where a firm engages in vertical integration to safeguard itself against unreliable suppliers —because a failure to do so seems more dangerous than the dangers that could arise from the lack of scope for transferring its knowledge of production to the production of inputs, and the dangers associated with having even more resources tied up with particular final product markets.

These analyses suggest that scientists and firms are both given a sense of direction by the things they have done in the past. Through time, their activities evolve instead of lurching largely discontinuously between areas and techniques that are utterly unrelated. Quite often, they may be induced to take on activities about which they initially know very little, simply in order to guard against disappointments in areas where they have already made commitments. Otherwise, their changes of direction will be based on existing know-how in respect of which they have already incurred some set-up costs. Now let us consider how consumers fit into this pattern, using the activities of cookery and music as illustrations.

A person setting up home for the first time may be somewhat intimidated by the idea of cooking for herself, but she may feel she cannot afford not to learn how—for reasons of both self-esteem and finance. Having acquired some of the basics as far as equipment and know-how are concerned, she can seek to master certain recipes. If she is successful, she reduces her dependence on costly convenience foods. But as she masters one recipe, she releases resources that can be used with others. For example, if the bread-making situation is under control, the question arises as to what might be done while the dough is rising. One possibility, of course, might be to spend the half-hour trying to bring the garden under control. But this would involve a change of costume and much scrubbing of muddy hands on returning to the kitchen. How much better it would be to spend the time trying to make a cake, or some pastry! After all, some of the ingredients are already in front of the consumer, she has her apron on, and from the recipe book it looks as if some cakes or pastries are not that different from a loaf to make. With practice, a basic cake will not take half an hour to prepare, so in later weeks the consumer comes to experiment with more exotic recipes. Thus she may evolve into a competent cook and, as she does, the contents of her shopping basket will change. How far she will pursue such activities will depend on how good a cook she feels she needs to become, and on how good a cook she does become. Once she has reached what is, for her, an adequate standard her attention might be focused elsewhere by other problems in her life.

To someone who has not been brought up in a musical family, nor been forced to learn to play an instrument as a child or at school, and who has not been taken to concerts while young, musical activities could seem an area of anxiety. Without strong inducements, such a person might avoid all things musical. In a social setting, however, inducements for her to devote time and money to music might naturally arise. For example, as a teenager it might be important to have some knowledge of popular music or an ability to play, say, the guitar (which is likely to be acquired in tandem with the former) in order to present a particular image to one's peers. At university, the expectation of some of one's new reference group might be that one has some knowledge of classical music, so there is a pressure to acquire some constructs, and some records, in this area. In either case, despite the lack of a strong grounding (though probably with some advice from friends and the music media), the person might take to music 'like a duck to water', rapidly picking up constructs. In the example of the university student, the person might start with well-known 'light classics' and find they are not nearly so intimidating as she had imagined. This experience might leave her feeling confident of not being completely unable to fathom out opera, less popular works by well-known and not-so-well-known composers (string quartets by Beethoven, symphonies by Michael Haydn, for example), or even something known to be mildly avant-garde. But she may still tend to listen sometimes to the music she started with, for it may remain in some senses marvellous or intriguing to her; and possibly the constructs she forms in relation to the music into which she diversifies her listening may fit the former.
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The closest that neoclassical economics comes to providing an analysis that parallels my emphasis on the role of competence in shaping consumer choices is in the work of Stigler and Becker (1977). In their attempt to analyse behaviour dynamics, they follow the orthodox methodology in assuming that all agents have basically the same underlying, and stable, preferences. However, they argue that, due to differences in the constraints they face, consumers will accumulate different kinds of skills that they can use in the production of utility. Thus people who are avid concert-goers are likely to be those who have accumulated relatively large amounts of human capital that is specific to music appreciation.

From the present standpoint, one can only give a qualified welcome to Stigler's and Becker's extension of neoclassical household production theory. For it is overly optimistic in outlook and does not consider the personality damage that incompetence may cause when it results in misconstructions of reality. It should not have escaped the reader's attention that Kelly's view of anxiety involves the recognition by the individual herself that she could be stepping out of her depth. A person's aspiration for the rate of elaboration of her system is a personal construct, a prediction from her theories about what she should be able to get out of life, tempered by her experience. Different people will make different predictions of what they can do, depending on the nature of their construction systems and their previous success in anticipating events. These predictions embody their confidence in the ability of their predictive structures to frame the situations which they might confront. They will not always be correct. The approach of Stigler and Becker looks rather questionable against Kelly's (1955, p. 326) comment that the patients he encountered who kept 'getting into trouble' with exotic adventures tended to have construct systems which almost anything seemed to fit. They confidently plunged themselves into all sorts of activities thinking they would be able to cope with them. Had they invested more in the relevant kinds of 'human capital' before proceeding, and thereby successfully added to their construct repertoires, they might have realised their own limitations and held back.

To emphasise further the difference between the objectivist nature of the work of Stigler and Becker, and my own subjectivist approach, one should note the problems of euphoria and depression—problems of confidence in competence. For people with less simplistic construct systems than Kelly's 'exotic adventurers', the danger that they will misapprehend their personal capacities is greatest when they have been greatly surprised by a gross mismatch between their aspirations and their apparent attainments. If there is a large overfulfilment, existing reference points become meaningless and the response is often to adopt the attitude that 'the sky's the limit': subsequently one may be 'brought down to earth' with a bump. If a major disappointment has been suffered, then, in the relevant area, a person may conclude she has no competence at all and may cease to function as a scientist (see my comments about unemployment at the end of section 4.2, and see the work of Beck et al., 1979, on techniques of depression therapy that involve getting patients to become 'scientists' again).

4.6 CONCLUSION

The analysis of the consumer developed in this chapter is anti-theoretical to the equilibrium notion around which orthodox consumer theory is constructed. Inquisitive activity in a turbulent world is something that will naturally be associated with changes in behaviour. From a Kellian standpoint, one would only expect consumers to seem unmoving in their choices of activities if they asked such vague questions of the world that they never knew whether they had achieved the ability to predict and control certain events; if they asked such undemanding questions that
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To emphasise further the difference between the objective nature of the work of Stigler and Becker, and my own subjective approach, one should note the problems of euphoria and depression—problems of confidence in competence. For people with less simplistic construct systems than Kelly's 'exotic adventurers', the danger that they will misapprehend their personal capacities is greatest when they have been greatly surprised by a gross mismatch between their aspirations and their apparent attainment. If there is a large overfulfilment, existing reference points become meaningless and the response is often to adopt the attitude that 'the sky's the limit'; subsequently one may be 'brought down to earth' with a bump. If a major disappointment has been suffered, then, in the relevant area, a person may conclude she has no competence at all and may cease to function as a scientist (see my comments about unemployment at the end of section 4.2, and see the work of Beck et al., 1979, on techniques of depression therapy that involve getting patients to become 'scientists' again).

4.6 CONCLUSION

The analysis of the consumer developed in this chapter is antithetical to the equilibrium notion around which orthodox consumer theory is constructed. Inquisitive activity in a turbulent world is something that will naturally be associated with changes in behaviour. From a Kellian standpoint, one would only expect consumers to seem unmoving in their choices of activities if they asked such vague questions of the world that they never knew whether they had achieved the ability to predict and control certain events; if they asked such undemanding questions that
5 Possibilities and Potential Surprises

5.1 INTRODUCTION

A decision maker who wishes to make choices on the basis of reasoning may require information about the following:

1. What has happened so far, either as a direct consequence of her past actions or as a result of processes whose workings she sees as conceptually separate from her own behaviour. She will be particularly interested to know whether her own anticipations were correct and whether her experiments aimed at achieving control over events seemed to have been validated.

2. What might have happened but did not eventuate.

3. What could happen in the future if she does not seek to control events.

4. What she might be able to do to effect the course of events.

5. What it could be appropriate to try to do, given 1-4.

How consumers may obtain these kinds of information is the subject of section 5.2 of this chapter. Section 5.3 examines the kinds of mental images that consumers may construct from their current stocks of ideas, as a basis for choice. Particular attention is paid to the fact that they will often come across ideas that seem to be incompatible, mutually exclusive rivals, and may consequently perceive uncertainty. The analysis in section 5.3 deals with images of uncertain events in the light of Shackle's theory of 'potential surprise', without any mention of the conventional economist's idea that people may assign 'probabilities' to events. Bearing in mind that consumers in everyday life often speak in terms of probabilities, I feel obliged to discuss the relationship between these two views of how people think about uncertain events. Section 5.4 is devoted to this task. Finally, section 5.5

they were never disappointed and never driven to modify their constructs or try new ways of obtaining control over events; or if they had succeeded in establishing for themselves a cosy environment sheltered from the rigours of the rest of the world—an outer world which they found a petrifying prospect. Quite a few people, of course, do fall into this mould; indeed most of us might seem to have ceased to evolve in some areas of our lives for precisely the reasons listed. However, many people are busily trying to change their lives, carving new lifestyles, new careers, social niches, leisure activities and so on for themselves. The analysis I have proposed provides a way of explaining the behaviour of both kinds of people: we can look at people who have 'got themselves into a rut', whether they see things like this or as a comfortable existence, and we can begin to see how firms might successfully seek to change their behaviour, we can also look at evolving consumers and, mindful of possible activity relationships, we can seek to anticipate where they might move their existences in coming months and years. Furthermore, we have a way of understanding how people can have 'everything' and yet end up asking, in the words of the song, 'Is that all there is to a ...?' For if people form grand expectations about themselves and about the reputedly desirable things in life (including expectations that they will be able 'to see a lot' in such things when eventually they encounter them), then we should not be surprised to see them find that much of life is just a series of disappointments.

Had we stayed with the much simpler postulate that 'people seek to maximise their utilities', we would not have had the bother of coming to terms with PCP, but we would have remained largely mystified by such phenomena. Sceptics might none the less seek to point to a dubious paradox in my suggestions, by asking 'is not the "theory of the consumer as a scientist" itself merely an example of "pseudo-science", since there is no aspect of choice that it cannot accommodate if one constructs an appropriate rationalising tale?' Such a criticism is in fact misplaced, for PCP encompasses techniques for uncovering how people themselves see events and make judgements. I will eventually come to describe these empirical tools (see section 6.4) but, before I do, it is appropriate to examine from a theoretical standpoint precisely how people may come to see things in the ways that they do. Chapter 5 begins this task.