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Sunk Costs Consideration Attenuates the Effect of Choice on Preference: An Experimental Approach

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Abstract: While the impact of choice on preference is well established, prior research has predominantly examined choices made without initial investments (i.e., sunk costs). However, demonstrably, sunk-cost considerations distort option valuation and bias choices. Our study investigates whether making sunk costs salient when choosing between two options influences post-choice preferences. Our experimental findings suggest that although considering sunk costs reduces the intent to invest further, it does not lead to shifts in post-choice preferences. In fact, sunk cost salience diminishes the overall impact of choice on preferences.

Keywords: Sunk Cost, Choice, Preference, Free Choice Paradigm, Preference Spread

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