

## Don't Watch Me Read: How Mere Presence and Mandatory Waiting Periods Affect Consumer Attention to Disclosures

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Policymakers institute disclosure requirements to help consumers make informed decisions (Ben-Shahar & Schneider, 2014). Yet, there is debate about whether disclosures actually help consumers (Ayres & Schwartz, 2014; Ben-Shahar & Schneider, 2011, 2014). Current research provides limited understanding of the real-world factors affecting disclosure use, as few disclosure studies have used field testing to study the effects of disclosures (Hogarth & Merry, 2011; Johnson & Leary, 2017). Here, we examine two factors that we hypothesize affect consumer attention to disclosures: the *mere presence* of another person, and a *mandatory waiting period* after receiving a disclosure.

Significant social psychological research demonstrates that the presence of others can affect human behavior (e.g., Guerin, 1989; Risko & Kingstone, 2011; Triplett, 1898; Zajonc, 1965). However, to date research on disclosures has concentrated on situations with stronger social influences than mere presence, such as when mortgage borrowers are asked to “sign [documents] without reading them” (Hill & Kozup, 2007, p. 36). As such, a central contribution of our research is to investigate whether *mere presence* alone affects consumers' attention to disclosures. We hypothesize that the presence of an observer will decrease attention.

Economic models of information search suggest that search behavior is driven by a trade-off between associated benefits (the information gained from search) and costs (the effort associated with search, the costs from delayed consumption, and more) (Stigler, 1961). We define a “mandatory waiting period” as an externally-imposed delay between the time a consumer receives a disclosure and being able to act upon it. Mandatory waiting periods reduce the marginal costs of paying attention to disclosures, as paying attention no longer delays consumption. As such, we predict that consumers will be more likely to pay attention to disclosures when mandatory waiting periods exist.

**Study 1.** In Study 1, we examined the combined effect of our two factors of interest (the mere presence of an observer and a mandatory waiting period) on attention. We provided disclosures to 192 students from a private, liberal arts college who had finished an unrelated experiment. Half were randomly assigned to receive the disclosure while sitting alone at their computer workstations and had to wait before they could return it (no presence, mandatory waiting period). The remainder received the disclosure upon being called to a payment window by an experimenter and could return it immediately (mere presence, no mandatory waiting period). The disclosure contained a paragraph instructing participants to initial the form if they were interested in being contacted about participation in future research studies that paid approximately \$16 more per hour than the study they had just completed. We believed that participants who paid attention to the form would initial it.

We found that 35.2 percent of participants who received the disclosure alone, with a mandatory waiting period, initialed it. In contrast, only 4.8 percent who received the form at the payment window did so ( $t(190) = 5.4, p < 0.001$ ). As such, this study provides evidence that the mere presence of an observer and a mandatory waiting period affect attention.

**Study 2.** The goal of this study was to further examine the effect uncovered in Study 1. In particular, we examined whether mandatory waiting periods, the mere presence of an observer, or both factors together affected attention. The design was similar to Study 1, as we provided disclosures to 216 students who had just completed an unrelated experiment. To manipulate mere presence, after giving

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participants a disclosure, an experimenter remained nearby (present) or walked away (absent). To manipulate mandatory waiting periods, a second experimenter arrived once participants received the disclosure (0 seconds) or waited one minute before arriving (60 seconds). We hypothesized that there would be no difference between the 0 seconds-present and 0 seconds-absent conditions, as the arrival of the second experimenter meant that someone was always present. Accordingly, we collapsed these cells. This choice means that our study does not fully separate these two factors. Instead, it indicates the effect of each factor conditional on the other one.

Overall, 33 percent of participants initialed the disclosure in the 60 second-absent condition; 13 percent initialed in the 60 second-present condition; and 3 percent initialed in the 0 second-present condition. t-tests showed significant differences between the first and second conditions ( $t(142) = 2.23, p = 0.027$ ) and the second and third conditions ( $t(142) = 3.20, p = 0.002$ ).

**Study 3.** Finally, we explored whether receiving mortgage disclosures in different circumstances was associated with different levels of attention. We analyzed survey data from 3,124 recent homebuyers who bought a home during the summer of 2016 using a mortgage (*Mage* = 38.8 years, *SD* ≈ 11.93; 80% Non-Hispanic White; median education = college degree; median annual household income = between \$50,000 and \$99,000; 73% employed full-time; 64% married; 56% repeat homebuyer; see Beckett & Chin, 2018; Chin, Couper, & Beckett, 2018; Chin & Williams, 2018). The survey asked participants to report when they received their disclosures (at a “mortgage closing” meeting, earlier the same day, 1-2 business days before closing, or 3+ business days before closing). The survey also asked whether respondents had questions about their disclosures, which we used as a measure of attention.

In this survey, 6.4 percent of participants reported receiving their mortgage disclosures at closing and 35.0 percent of participants reported having questions about their disclosures. A logistic regression showed that participants who received their disclosures before the closing meeting were 2.4 times more likely to have questions about them ( $p < .001$ ), controlling for other psychological and demographic characteristics. As such, receiving disclosures in advance of closing, away from the relevant stakeholders, was associated with higher levels of attention.

Disclosures are a common policy intervention for helping consumers (Ben-Shahar & Schneider, 2014; Lacko & Pappalardo, 2010). Our research examines whether consumer attention to disclosures vary with mandatory waiting periods and mere presence of an observer. Together, these studies show the important influence of these factors both in affecting consumer attention.

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