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Dominic Alioto, MBA Candidate



Baylor University

HANKAMER SCHOOL OF BUSINESS

INSIDER: Misbelief: What makes Rational People Believe Irrational Things

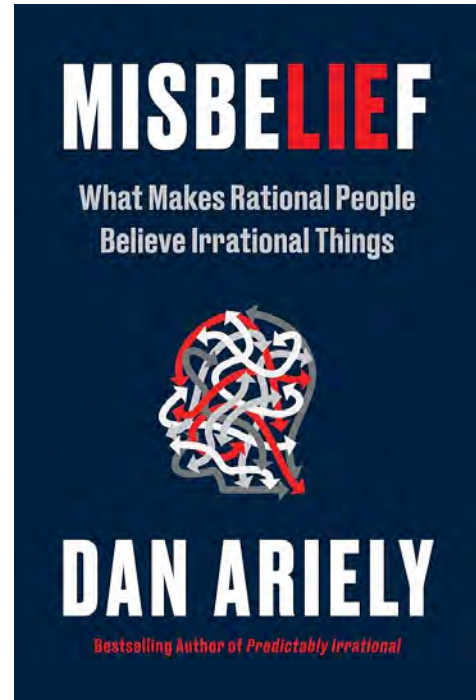
Dominic Alioto, MBA Candidate

Imagine a shocking headline that claims the impossible, such as: The world is actually being controlled by lizard people from underground! You might scoff, read a few sentences from the article, then shake your head in disbelief. How could rational people actually believe this? No doubt you've seen Facebook posts from relatives and friends arguing that the government has been covering up the existence of aliens since the 1940s. What causes people to believe such unlikely claims? Dan Ariely's newest book *Misbelief* was written to address this very phenomenon.

Ariely defines misbelief as two things: first, as a “distorted lens through which people begin to view the world, reason about the world, and then describe the world to others,” and second, as “process” and a funnel that draws people further in. The aim of Ariely's *Misbelief* is not to criticize people with outlandish beliefs, but rather to understand and emphasize with the emotional, cognitive, personal, and social elements that lead one to become a misbeliever.

While Ariely spends much of the book addressing different factors that contribute to someone falling down the “funnel of misbelief,” we will only briefly summarize this concept here. Ariely uses the term “funnel” to describe how conspiracy theories entrap people, who then spiral from rationality to posting about Flat Earth conspiracies in a short period of time. The funnel begins with an emotional response to some issue, often brought on by stress. After an emotional arrival at a conclusion, people rationalize their decision. Confirmation bias will often influence subsequent decisions here; we are more inclined to lend credence to research that supports our preexisting beliefs. Personality influences this process, as some people are more prone to mistrust institutions, exhibit stubbornness, or lack intellectual humility. These factors may prevent people from changing their mind once they have made a decision. Social circles often form around misbelief systems, where members reinforce favored ideas. The pull of community is incredibly powerful, especially for those otherwise ostracized from mainstream society.

For example, take Chloe, a fictional young woman who distrusts the government, an attitude only amplified by the COVID pandemic and all the regulation surrounding that. In school, she learns of President John F. Kennedy and is enraptured by his youthful optimism and ideals but crushed that he was cut down in his prime. Chloe sees a video claiming the government withheld



the true story of his assassination, and that it was secretly a plot by the CIA. She does some Internet research, and feels confident in this new idea. She mentions this theory a few times to family and friends, who scoff at her. She is hurt, more hurt than they realize. She finds new friends online, who are supportive of her new beliefs. Within a few weeks of spending time with this new group and being surrounded by their coinciding misbeliefs, her former friends and family can barely recognize Chloe. This is the funnel of misbelief at work.

Interesting as this funnel of belief may be, its applications in the real estate industry are more nuanced and can be particularly seen in how clients form and cling to certain beliefs about property markets or investment opportunities. However, several ideas discussed throughout include how to interact with people who hold completely opposite views from yourself and strongly dislike you simply because of what you represent to them. While some of these ideas relate directly to selling, many more relate generally to interacting with people that hold contrary beliefs, perhaps held without much credibility.

THINK POINT #1: Cognitive Effects of Stress

As mentioned in the funnel, stress is a primary negative factor in every aspect of the misbelief funnel. One study by Dutton and Aron indicted that humans are generally unable to discern where our emotions come from, especially stress. This means we can be experiencing extreme stress and attribute it to things that have no bearing on our stress. For example, perhaps you know someone who has been reposting some misbelief-oriented content recently, and is subconsciously attributing his stress the workings of the world elite. However, you also know your friend is recently divorced, his kids left for college, and his job is uncertain. More than likely, the world's elite are not hellbent on his misfortune, but your friend is just having a rough go of things. This is the very example Ariely uses to emphasize how we often misattribute stress to unrelated forces.

Additionally, stress can have an extremely negative impact on cognitive abilities. Researchers from the University of Warwick performed a study in which a group of farmers took Raven's Progressive Matrices test twice, once before harvest, and again after harvest. Raven's Progressive Matrices is a nonverbal test to measure general intelligence and abstract reasoning capabilities. The pre-harvest testing was a proxy for stress, as farmers are experiencing economic insecurity, less income, and more responsibilities during this time. Post-harvest was baseline, and assumed no other effects on farmers. The results were astounding—the same group of farmers performed 25% worse pre-harvest, showing that stress has a negative effect on intelligence and reasoning. No doubt you've had experiences where you reacted to stress, like forgetting an appointment because you're preoccupied with performance reviews or being unable to focus on a conversation when a family member is in the hospital. It's important to limit or manage stressors well to improve cognitive health. For tips on how to do so, make sure to read our recent [“INSIDER: Stop Overthinking.”](#)

THINK POINT #2: Scout versus Soldier Mentality

Ariely also introduced the idea of being a scout rather than a soldier. The aim is not to defend your own beliefs, but rather to discover what the other person believes. For example, you show a newly married couple a beautiful four-bedroom house with a gorgeous kitchen, a spacious backyard, and large windows that capture the sunset. This house fits their family planning goals, is in their budget, and is close to an excellent school. By your estimation,



this house is a perfect fit. However, when the couple arrives at the house, they immediately do not like it. Perhaps they even voice strong opinions about the house's distance from a convenience store and the untended landscaping. Instead of becoming defensive and trying to persuade them to consider the house, you can pivot and ask them what they dislike so much. From there, your next recommendation will be more in line with their ideal home.

THINK POINT #3: Heuristics as Obstacles in Complex Decision-Making

Most people like to think of themselves as rational decision makers. If you inquire about the reasons for one of your friends spontaneously buying a new iPhone, he'll give you a detailed explanation on why he chose one model over another. "It's the best on the market," he tells you, and proceeds to tell you all the amazing things his phone can do. However, if you were with him when he actually purchased the phone, his decision-making process hinged more on what the attractive saleswomen had recommended. His ability to explain his past reasoning is an example of the hindsight bias, where people can give you precise reasons on why they did something despite not using those reasons at time of the decision. His decision-making process, where he was influenced by something other than the actual product, can be considered a heuristic: a sort of mental shortcut that allows us to make decisions easily without thinking too much about it.

Hundreds of years ago, when humanity made split-second decisions in the face of constant danger, heuristics were incredibly useful to make snap judgments. Nowadays, we rely on these same gut-reflex mechanisms when we should instead carefully weigh our beliefs. Your friend who purchased the phone may be confident in his decision even though it was shaped largely by the attractiveness of the saleswoman, when he should've considered other factors. Similarly, in real estate, a client's choice might seem based on thorough research, but often, it's influenced more by persuasive marketing or a charismatic agent's recommendations. Even in the example of

the young couple, though a house might appear ideal on paper, in practice, responses can vary wildly.

Conclusion

Dan Ariely's *Misbelief* provides valuable insight into the reasons why people fall into certain beliefs. With a combination of emotional, cognitive, personal, and social factors, it is possible for anyone to become a misbeliever. In the real estate industry, one can adopt some of these same strategies to get to the core of people's beliefs and desires in order to best serve customer needs.

Recommended Reading

Dan Ariely (2023), *Misbelief: What Makes Rational People Believe Irrational Things*, Harper Collins Publishers: New York, New York.

Mani, Anandi, Sendhil Mullainathan, Eldar Shafir, and Jiaying Zhao (2013), "Poverty Impedes Cognitive Function," *Science*, 341(6149), 976-980, <https://doi.org/10.1126/science.1238041>.

About the Author

Dominic Alioto, MBA Candidate

Baylor University

Dominic Alioto is currently pursuing his MBA in Healthcare Administration. He earned his BBA from Baylor University with majors in Business Fellows, International Business, and Economics, also completing the Honors Program and a minor in Mathematics. Dominic aims to work several years as a hospital executive, then return to school for a PhD in the health economics field.



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Baylor University | Keller Center for Research | Hankamer School of Business
One Bear Place #98007 | Waco, TX 76798

www.baylor.edu/kellercenter | Keller_Center@baylor.edu

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