

WHY COMPLY?

STACEY WOOD, PHD, ABPP

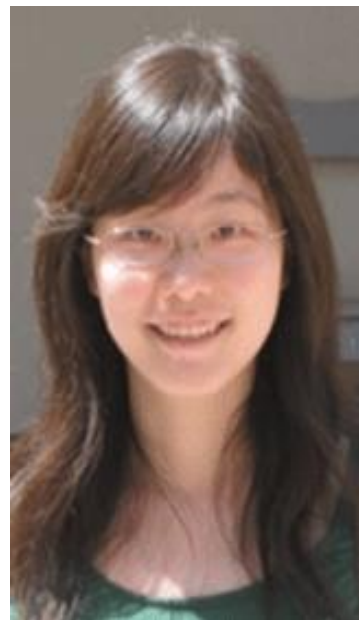
MOLLY MASON JONES PROFESSOR, SCRIPPS COLLEGE





Stacey A. Wood, Ph.D., Molly Mason Jones Professor of Psychology, Scripps College, Claremont, California

COLLABORATORS



GOALS OF SESSION

- ❖ Persistence of Sweepstakes / Lottery Scams
- ❖ Experimental approaches assessing compliance with MMS
- ❖ Work in progress

TRENDS IN FRAUD FROM FTC FEB 2023

- ❖ Prizes, sweepstakes, and lotteries are third most reported, behind imposter and online shopping scams
 - ❖ 89,264 reports
 - ❖ 14% reported losses
 - ❖ \$210.9 million total losses
 - ❖ \$ 800 median loss

SWEEPSTAKES FRAUD TRENDS AS OF SEPT. 2023

- ❖ Fourth most common scam
- ❖ Median Loss is \$5,500 for consumer aged 80+ vs. \$ 800 for population overall.
- ❖ Less common in younger demographics
- ❖ Money mule activity continues to grow across all age groups with Experian noting uptick in older adults' accounts as banks crack down on students' vulnerability.

<https://public.tableau.com/app/profile/federal.trade.commission/viz/TheBigViewAllSentinelReports/TopReports>

<https://www.theguardian.com/money/2023/jun/12/older-people-hired-as-money-mules-by-gangs-as-cost-of-living-crisis-bites>

FACTORS RELATED TO SWEEPSTAKES PARTICIPATION

- ❖ Serious negative life events in the past two years (Anderson, 2013)
- ❖ Lower housing wealth (DeLiema et al. 2018)
- ❖ Symptoms of depression (DeLiema et al. 2018)

ROLE AUTHORITY IN LOTTERY SCAMS

- ❖ Wood (2018) and Fischer (2013) in a lab and field experiment did not find an effect of authority lottery scam type studies
- ❖ Real world data reveal most common and successful scams among seniors are government imposter scams (IRS, Medicare, Social Security).
- ❖ Evidence of Vulnerability of Older Adults to Government Impersonation Scams (Yu, Mottola, and colleagues JAMA 2023; 6(9)).
 - ❖ 644 Participants contacted about breach in fictitious Government Agency Account
 - ❖ 15.1 % Engaged but did not comply; 16.4 % complied

PREVIOUS EXPERIMENTAL WORK

- ❖ Manipulated Sweepstakes letter characteristics in survey experiments to assess individual difference variables in online samples and in lab studies.
- ❖ Wood and colleagues (2018) examined persuasion elements of scarcity (High versus low) and authority (Brand name: High versus Low).
 - ❖ Also assessed subjective numeracy, social isolation, demographics and financial status.
 - ❖ 48.8% reported some willingness to contact
 - ❖ Best predictor was participant subjective rating of risks versus benefits
 - ❖ In Experiment 2, an activation fee (0, 5, \$100) was used with a common scam technique with similar individual difference factors.
 - ❖ 25.70% reported some willingness to contact
 - ❖ Perceived risks and benefit and lower education levels were strongest predictors
- ❖ A separate study (Klapatch et al., 2023) had 5 types of letters
 - ❖ Perceived benefits and risks drove compliance with letter instructions.
 - ❖ Younger consumers had increased compliance rates.

CURRENT STUDY: RATIONALE

- ❖ Project used a mixed-methods design and collected quantitative and qualitative responses.
- ❖ Experiment 1 included age and letter style (“Hot” versus “Cold”).
- ❖ Experiment 2 included reward (\$50K vs. \$500K) and presence of an activation fee (\$0 versus \$100).

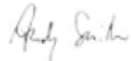
Congratulations!

It is our pleasure to announce to you as the winner of our annual June Cash Prize Giveaway Promotion.

As a past or current customer of the Publishers Clearing House, Target, Walmart, and Costco, your name was automatically entered into the contest and you were randomly selected as the second prizewinner for a grand sum of Fifty thousand dollars (\$50,000 USD). To claim your winnings, you are required to contact your claims agent AT 1-888-555-3333 EXT 7 OR 1-866-444-3636 EXT 1, for verification. When contacting your claims officer you are required to provide your personal PRIZE NUMBER: WPCH-JAOSOI-2001-1522.

There will be a \$100 activation fee to claim your winnings. We urge you to claim your winnings as soon as possible. Be informed that the deadline for claiming your prize is March 1st, 2017 upon receiving this notification. We will not be responsible for any unclaimed prize after the dead line. And after this date, unclaimed prizes will revert back to the jackpot. In order to avoid cast of misappropriation and mishandling of prize money discretion and confidentiality are of utmost importance.

Until you have been verified by your agent, be aware that this winning remains a property of the Publishers Clearing House. Hence we recommend you keep your winnings confidential until the disbursement of your prize. Congratulations once more.



Andrew Smith (C.E.O)

NOTE: After your winning check has been delivered to you, you are required to sign and detach this portion and hand it to the courier company officer who delivered your winning check for \$50,000 (USD)

CONGRATULATIONS!



It is our pleasure to announce to you as the winner of our annual June Cash Prize Giveaway Promotion.

MEET SOME
PAST WINNERS!



J. CARRALERO
Tampa, Florida



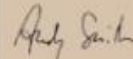
E. WOOSTER
Elgin, Illinois



M. SCARDONI
Bothell, Washington

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CURRENT STUDY: METHODOLOGY

❖ Experiment 1

- ❖ 293 Participants aged 19 – 83 (M – 37.75) (67 % female) on M-Turk.
- ❖ Pseudo-Profound Bullshit Receptivity Scale (BRS) (Pennycook et al., 2015), Numeracy, Hot vs. Cold version of letter, qualitative and quantitative questions
 - ❖ “Hidden meaning transforms unparalleled abstract beauty.”
 - ❖ “After reading this solicitation, how likely are you to contact the activation number ranging from extremely likely (7) to extremely unlikely (1).
 - ❖ “In your opinion, what are the benefits of this letter?”
 - ❖ “In your opinion, what would be the risks to responding to the letter?”
 - ❖ Participants were then asked to rate risk and benefits on two separate 10-point Likert scales.

❖ Experiment 2

- ❖ Reward (low / high) vs. Activation Fee (0 / \$100) vs. (Hot / Cold).

QUANTITATIVE EXPERIMENT I RESULTS

- ❖ 2 (age) by 2 (letter condition) factorial ANOVA and a regression analysis using linear models and further stepwise models including predictors on outcome (likelihood to respond).
- ❖ 38.42% indicated some intention to contact the scammers (15.27% somewhat likely, 9.66% likely, 13.49% very likely).
- ❖ **NO EFFECT** for age or letter condition
- ❖ Higher education predicted less intention to comply.
- ❖ Higher susceptibility to Pseudo-Profound BS predicted higher likelihood to respond.
- ❖ Lower risk assessment and higher benefit assessment were significant predictors of intention to comply.

QUALITATIVE EXPERIMENT I RESULTS

- ❖ Participants responded to four questions about the offer letters
- ❖ Responses were reviewed for common themes, and several common themes did emerge from the data
- ❖ Risk themes included concerns about Identity Theft, being forced to make a purchase or money loss, and excessive junk mail
 - ❖ *“I feel it would open my personal information up for sale to other phishing companies. I could have a breach(sic) of personal data at worse, or at least have my info sold to several companies wanting to sell me stuff.”*
- ❖ Benefit themes included belief that the offer was legitimate, and the prospect of winning money
 - ❖ *“Perhaps the company is telling you the truth and you do actually win this money.”*

QUANTITATIVE EXPERIMENT 2 RESULTS

- 299 participants on M-Turk (34.62)
- 2 (reward: 50 k X 500 K) by 2 (activation fee \$ 0 X \$100) factorial ANOVA and a regression analysis using linear models and further stepwise models including predictors on outcome (likelihood to respond).
- 25.75% indicated some intention to contact the scammers (12.37% somewhat likely, 5.01% likely, 8.36% very likely).
- **NO EFFECT** for reward or letter condition.
- Significant effect for presence of an activation fee. No interactions.
- **Younger age indicated increased likelihood to engage and tended to rate solicitation as more beneficial than older participants did.**
- Lower risk assessment and higher benefit assessment were significant predictors of intention to comply.

QUALITATIVE EXPERIMENT 2 RESULTS

- ❖ Participants responded again to four questions about the offer letters
- ❖ Responses were reviewed for common themes, and several common themes did emerge from the data
- ❖ The themes from Experiment 1 were also found in Experiment 2
- ❖ New themes unique to Experiment 2:
 - ❖ Detection of logical inconsistencies in the letter
 - ❖ *“I don't see why Costco, Target, Walmart and Clearing House would all be involved in this when three of the four are competitors”*
 - ❖ Belief in the self-efficacy of the individual to control the outcome of an interaction with the sender of the offer
 - ❖ *“I think it's low because they don't have any information unless you give it to them. If you call and the letter isn't real, it's just a waste of time and that's all.”*

SUMMARY AND CONCLUSIONS

- ❖ Consumers engage with scam materials at a high rate in these studies.
- ❖ Consumers display a competence / confidence gap and overestimate their ability to engage to seek additional cues / information without losing money.
- ❖ Recent McAfee survey indicated very high compliance rates in a large sample of 7,000 fraud victims (phishing)
- ❖ With the use of AI, there are fewer cues, such as spelling mistakes.
- ❖ Like AARP, DeLiema emphasizes that current mental status, instead of consistent individual differences, drives compliance.

FUTURE DIRECTIONS

- ❖ Examine cognitive underpinnings of pseudo-profound bullshit in lab-based study of 200 participants and relationship to scam susceptibility
- ❖ Use of signal detection to better track shifts in consumer's analysis of scam material.
- ❖ Role of stress and working memory on scam susceptibility.

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