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On the nature of recency after rare event in decisions from experience

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Abstract

How does experiencing a rare event, like a car accident or a lottery win, influence decision-makers consecutive decisions? Studying these so-called recency effects holds a long tradition in research on experience-based decision-making. Previous work suggests opposite behavioral patterns after experiencing a positive rare event: People have been found to be more likely to either repeat their choice (positive recency) or to avoid it (negative recency). The effect is thought to persevere for multiple choices and decrease over time. In this study, we provide new insights into recency effects by analyzing people's repeated choices from an extensive database—consisting of 3 million choices by 8,000 participants across 12 different decision-from-experience paradigms collected from 139 studies. We provide a conceptual framework clarifying patterns of positive and negative recency, including how the direction and magnitude of impact change over time.