

The Errors behind Being Persuaded

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Abstract: People often make suboptimal decisions in the context of persuaders' strategic information disclosure, likely resulting from strategic and probabilistic reasoning errors. Building upon the information design framework, we leverage the observation that persuaders' information disclosure can be decomposed into two layers, the used information disclosure policy (i.e., information structure) and a realized signal, and structurally quantify both types of errors that receivers could make based on their elicited beliefs at different stages in our persuasion games. Our experimental findings indicate that strategic and probabilistic reasoning errors are comparable in magnitude, largely orthogonal to each other, and stable across various settings. A key implication is that an improved behavioral theory on this theme should account for both strategic naivete and non-Bayesian updating, without significant concern for their interaction.