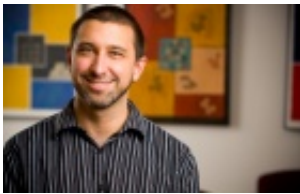


1 in 292 million? So what. Even risk-averse humans are swept-up in Powerball, says psychologist

January 13 2016, by Rachel Stern



Michael Poulin, associate professor of psychology. Credit: University at Buffalo

Humans are, by nature, irrationally risk-averse, says Michael Poulin, associate professor of psychology in the University at Buffalo College of Arts and Sciences.

"Most [people](#) would prefer to receive \$50 than take a 50 percent chance at \$100, even though the [monetary value](#) of both situations is exactly the same," says Poulin, who has done research looking at [risk](#) perceptions. "People would rather cling to what they have than take a chance at something better."

"The average person is more risk averse than is rational."

So why, then, when it comes to the \$1.4 billion Powerball jackpot, are people buying tickets in droves?

For one, says Poulin, playing Powerball is actually the rational thing to do.

At present, the odds of winning are 1 in 292.2 million, and the jackpot is \$1.4 billion. The value of playing Powerball, says Poulin, is the odds multiplied by the payoff, which is about \$4.79 – more than the \$2.00 it costs for a ticket.

"In other words, the real chumps are those of us who haven't yet bought a ticket," he says.

But there is something else at play when it comes to Powerball and the human psyche, says Poulin.

At a certain point, he says, outcomes look too good to pass up. And that is what we are seeing here.

"Humans have vivid imaginations, and even an outcome that is almost certainly not going to happen can feel tantalizingly close if we dwell on the possibility," Poulin says. "Combine that with incurring only a small loss for the chance to dream, and many people will take it."

When people pit spending \$2 versus missing out on the chance of a lifetime, their imaginations come into play and the risk becomes worth it, he says.

"The risk we create here is imagining how we would feel if we didn't try," Poulin says. "People start thinking 'what if I lost a chance at \$1.4 billion. I would kick myself.' It fits in with the risk-averse theme, but it's an emotional kind of risk."

Provided by University at Buffalo

Citation: 1 in 292 million? So what. Even risk-averse humans are swept-up in Powerball, says psychologist (2016, January 13) retrieved 10 April 2024 from <https://medicalxpress.com/news/2016-01-million-risk-averse-humans-swept-up-powerball.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.