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BEHAVIORAL FINANCE

Behavioral Finance: Past Battles and Future Engagements

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Marketing scholars divide the characteristics of products into two groups, utilitarian and value expressive. This breakdown applies to the investment business just as it does to, for example, the watch business. Consider a Microsoft Corporation share and a Kmart Corporation share. The two may be different in terms of utilitarian characteristics; they are surely different in terms of value-expressive ones. Microsoft, like a Rolex, is a high-status (growth) stock; Kmart, like a Timex, is a low-status (value) stock. Timex buyers, like Kmart buyers, do not beat the watch market when they buy a \$50 Timex in place of a \$10,000 Rolex. Rolex buyers, like Microsoft buyers, get \$50 worth of utilitarian time-telling and \$9,950 worth of value-expressive status.

Investment academics and professionals usually consider investments to be utilitarian products: A dividend dollar is identical to a capital dollar and a tobacco dollar is as green as a socially responsible dollar. Many investors, however, care about the value-expressive characteristics of investment products; they know that their investments,

Utilitarianism is a moral philosophy that focuses on the consequences of actions. It is often associated with the idea of "the greatest good for the greatest number." In the context of business ethics, utilitarianism suggests that a business should make decisions that maximize the overall utility or happiness of the stakeholders involved. This approach is often used in financial decision-making, where the goal is to maximize shareholder value. However, it can also be criticized for being too narrow, as it may ignore other important factors like social justice, environmental impact, and the well-being of the community.

The character of the military as

Question [redacted]s hold the key to understanding how the products and services of the investment profession affect

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