#### Q.7 In each of the following scenarios, identify the type of bias and briefly explain the error in decision-making that occurs. (CLO 3 – 15 Marks)

\*\*a) Confirmation Bias:\*\*

- \*\*Bias:\*\* Confirmation Bias

- \*\*Error:\*\* The marketing team focuses on positive social media comments and ignores overall sales data, leading to an overestimation of the campaign's success.

\*\*b) Anchoring Bias:\*\*

- \*\*Bias:\*\* Anchoring Bias

- \*\*Error:\*\* David anchors his judgment on the initial $1,500 price and perceives $1,200 as a great deal without further research, missing a potentially better offer.

\*\*c) Sunk Cost Fallacy:\*\*

- \*\*Bias:\*\* Sunk Cost Fallacy

- \*\*Error:\*\* The business owner irrationally sticks to the current pricing strategy due to past investments, ignoring current market conditions and potential improvements.

\*\*d) Hindsight Bias:\*\*

- \*\*Bias:\*\* Hindsight Bias

- \*\*Error:\*\* The team leader retrospectively claims to have known the better strategy all along, which can distort learning and future decision-making.

\*\*e) Framing Effect:\*\*

- \*\*Bias:\*\* Framing Effect

- \*\*Error:\*\* Option B is framed as a better deal due to the perceived discount, despite both options costing the same. This influences consumer perception and decision-making.

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