## A Theory of Choice Overload

## Sarah Auster and Yeon-Koo Che

## <u>Abstract</u> :

This paper revisits the classic Pandora's box problem, studying a decision-maker (DM) who seeks to minimize her maximal ex-post regret. The DM decides how many options to explore before choosing one or taking an outside option. We characterize the regret-minimizing search rule and show that the likelihood of opting out often increases as more options become available for exploration. Our model thus predicts `choice overload,' the phenomenon by which a default alternative is more likely to be chosen in larger choice sets.