

# Implicit Product Claims: The Role of Motivated Beliefs

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## Abstract

An implicit product claim is one that is suggested by the marketer but is not overtly asserted. For example, a package may employ a minimalist design and images of nature, which the consumer can use to convince themselves that the product is environmentally friendlier than alternatives. We build an economic framework that incorporates motivated beliefs to show how deception can arise in equilibrium because of the consumer's desire to feel positive about their choice. Our framework will be then used to (i) investigate how an implicit product claim affects the firm's incentive to make tangible product improvements; (ii) reassess the "reasonable consumer standard" in deceptive advertising litigation.