



Does more attractive choice always decrease choice deferral? The moderating effect of ideal point

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ABSTRACT

This research shows that having a more attractive product in a choice set will not always reduce choice deferral. It depends on the type of consumers and type of product attributes. The current research examines the interaction effect of attractiveness difference and ideal point on choice deferral with three studies that were examined using products and services in related hospitality industries. Ideal point exists when consumers have specific preference on combination of product attributes. The results revealed that consumers without an ideal point will tend to defer choice in a small than large attractiveness difference choice set, while the tendency to defer choice for consumers with an ideal point will not be affected by the attractiveness difference in a choice set (study 1). A different moderating effect exists when a type of product attributes is changed (study 2) and we rule out the moderating effect of ideal point (study 3).

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1. Introduction

Choosing should be intuitively easy for consumers as it happens daily. However, for some reasons, choosing becomes harder, for examples, when choices are equally attractive, too many options are offered or decision-making time is limited. As a result, consumers are likely to defer choice in order to search for more information or for new alternatives (Dhar, 1997). Choice deferral has been discussed in a variety of ways, such as preference fluency (Novemsky et al., 2007), time pressure (Dhar and Nowlis, 1999), the effect of difference on process and response modes (Dhar and Nowlis, 2004) and the interaction effect of choice set size and information history (Tsiros, 2009). Choice deferral concept comes from psychology research on conflict (Tversky and Shafir, 1992), which says that when conflict is high, an option to defer choice is more likely to be selected. One of the examples of high conflict is when both options are equally attractive. Then, it can be inferred that when a more attractive option exists, the likelihood to defer choice will decrease (Dhar, 1997; Tversky and Shafir, 1992). However, this research wants to show that it is not always the case.

Through feedback and experience, consumers learn their preferences (Amir and Levav, 2008). When a consumer prefers a specific

attribute combination, she is regarded as having an ideal point (Chernev, 2003a,b). Consider a consumer who knows clearly what she wants for dining, for example, she likes to dine in a casual Italian restaurant with live music and friendly service. Then, she is given two choices: one is a Japanese fine dining restaurant with no music and minimal services, and the other is a Thailand buffet restaurant with live music and unique service. For her, these two restaurants are very different in attractiveness. Will she pick any of the restaurants? Most likely, she will defer her choice because neither of the restaurants is close to her preference.

Consumers will use a standard to evaluate products, which is called a reference point (Tversky and Kahneman, 1991). Reference point can be a consumers' preference or attribute value of product. When they have an ideal point as the above scenario, they will use their ideal point as their reference point, thus every choice will be compared to their ideal point (Chernev, 2003b). Consumers form their ideal points through constructing their preference (Chernev, 2003a). Thus, in this paper, constructed preference is an ideal point. Amir and Levav (2008) showed that consumers with constructed preference choose consistently throughout any contexts. Therefore, when they are given a choice set, they will always pick the one that matches their ideal point. If none can be found, consumers will postpone their decisions, even if some of the available choices are better than the others.

On the other hand, if another consumer is also considering eating in a restaurant, but he does not have a specific preference, with the same alternatives as mentioned above, will he pick any of

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the restaurants? Unlike consumers with an ideal point, consumers without an ideal point will use attribute values as their reference point and compare all the available choices to pick the choice that is more attractive (Chernev, 2003b). If consumers without an ideal point are given a choice set with small attractiveness difference or similar in attractiveness, they will find it is hard to choose (Dhar, 1997) and will tend to defer. However, if the alternatives have large attractiveness difference, they can pick the one that is evaluated as better alternative. Thus, when consumers do not have an ideal point, they will exhibit higher tendency to defer choice in a small attractiveness difference case compared to a large attractiveness difference case.

Consumer behavior research, such as attitude, behavior, perception and purchase intention, is the most popular research subject in hospitality field and will constantly increasing (Yoo et al., 2011). Moreover, it has potentially important theoretical implications (Mattila, 2004). In decision-making process, consumers with an ideal point react differently compared to consumers without an ideal point, which in turn will affect the outcome. Nowadays consumers have more ways to search different kinds of information and have a greater chance to have an ideal point. Moreover, previous research on hotel industry suggests that customer orientation, which responds to consumers' needs and preference, is a significant factor in improving hotel performance (Sin et al., 2005). Thus, it is important to examine the role of ideal point in hospitality field. By adding ideal point concept to attractiveness difference and choice deferral literature, this research aims to fill in the gap by answering the following questions. Does attractiveness difference always affect the tendency to defer choice? Who is affected and who is not? And when does it occur?

Hospitality industry can be defined as industries that provide accommodation, meetings and food and beverage (Pizam, 2009). Thus, to test our concept, we examine a restaurant characteristic in study 1, a customized option that offered by a restaurant in study 2 and a hotel in study 3. This research proposes that consumers with an ideal point, the tendency of deferred choice are not affected by whether the attractiveness difference among selections in the choice set is small or large. However, consumers without an ideal point will be more likely to defer when the attractiveness difference among selection is small vs. large. Three studies are conducted with three types of attributes for attractiveness difference, which are nominal, ordinal and interval. Nominal attribute is an attribute that cannot be compared by direction and value, ordinal attribute is an attribute that can be compared by direction but not value and interval attribute is an attribute that can be compared by both direction and value. These three attributes range from qualitative and multi-perception to quantitative and clear perception. Each type of those attributes has different effects on consumers' perception, which in turn, affects the tendency of choice deferral. It is important to examine those attributes, as they are frequently encountered by consumers in decision-making process.

The current research has two contributions. First, this research contributes to the choice deferral literature in the face of an ideal point, then combining it with a consideration of attractiveness difference that has not been discussed previously. Previous research on choice deferral are discussing situational factor. However, they have not considered a personal characteristic, which is an important factor in decision-making literature. This research will help marketers to know the behavior of consumers with and without an ideal point and treat them accordingly.

Second, this research contributes to choice deferral and ideal point research by examining both categorical and continuous type of attributes. Most research on choice deferral (Dhar, 1997; Dhar and Nowlis, 1999; Tsiros, 2009) used continuous type of attribute, while most ideal point research (Carpenter and Nakamoto, 1989; Chernev, 2003a,b) used categorical type of attribute.

2. Theoretical background

2.1. Attractiveness difference and choice deferral

Consumers may not get the information they wanted. Some information may not be available or insufficient, which will give the unsatisfied feeling to them. In order to fulfill the needs to the maximum level, consumers may delay the decision to search more information (Dhar, 1997) or to learn the distribution of the available options and expect a better option will appear in the future (Kramer, 2010). Additionally, sometimes consumers want to delay their decision just to think over or consult the issue, or to make others think that they are carefully deliberating (Tykocinski and Ruffle, 2003). The same study also mentioned that the longer the time people are allowed to take before deciding, the more the people choose to delay their choice.

The reason why people defer their choices is often because the selection task is difficult. When the decision makers are unsure of their preferences, they will be less confident to choose (Tykocinski and Ruffle, 2003) and avoid any decision-making (Anderson, 2003). Based on psychology concept of conflict (Tversky and Shafir, 1992), difficulty in choosing increases because high conflict exists. This happens to cases like equally attractive rather than inferior alternative is added to a choice set (Dhar, 1997), the choice set is presented simultaneously than sequentially (Dhar, 1996), too many options rather than limited options are presented (Iyengar and Lepper, 2000), a trade-off between emotional attributes (Luce, 1998), and a subjective feeling that forming a preference is difficult, such as the font is difficult to read or the participants are asked many reasons for their choice (Novemsky et al., 2007).

Consumers make decision by comparing the attractiveness in the choice set (Dhar, 1997; Brenner et al., 1999). The alternatives in the choice set may have small or large difference in attractiveness. Dhar (1997) called small attractiveness difference as equally attractive. Nevertheless, equally attractive alternatives can differ on few or many attributes, which will involve trade-offs of attributes between alternatives. Take an example of choosing a job. There are two jobs, one is with high salary but in the position that we do not like, and another one is a low salary one but in a position we like. Both jobs seem equally attractive. As an equally attractive choice set has high conflict, it will increase the tendency for consumer to defer (Dhar, 1997; Tversky and Shafir, 1992). Meanwhile, large attractiveness difference means there is one alternative that is more attractive. In this case, consumers tend to purchase and thus decrease the tendency to defer choice (Dhar, 1997).

2.2. Ideal point

Bettman et al. (1998) mentioned that there are two types of consumers. One group, who is familiar and has an experience with the product, usually has a well-articulated preference. Another group, who picks its preference on the spot, usually lacks cognitive resource to construct preference or it has multiple goals in a decision task. The former group refers to consumers with an ideal point and the latter group to consumers without an ideal point. Building on preference formation concept (Carpenter and Nakamoto, 1989), an ideal point is a combination of ideal attributes about a product. To have an ideal point that will be used to choose, consumers need to combine some preferred attributes or features. However, consumers without an ideal point do not have those attributes combination.

As consumers will evaluate products based on their reference point (Tversky and Kahneman, 1991), individuals with an ideal point are more likely to use their ideal point of attribute combination as reference point to evaluate alternatives, whereas individuals without an ideal point are more likely to use attribute values of

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