



The effects of information form and domain-specific knowledge on choice deferral



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ABSTRACT

Three studies examined the effect of information form on choice deferral in consumer choice and explored the moderating role of knowledge about the product domain. Two theoretical approaches were contrasted: (1) The process approach predicting that choice deferral varies as a function of information form, and (2) the communication approach predicting an interaction of information form and domain-specific knowledge. Participants were presented with different laptops described in an absolute (e.g. '300 GB hard disc'), evaluative-numerical (e.g. 'hard disc with 30 out of 100 points in an expert rating') or evaluative-verbal (e.g. 'bad hard disc') information form, and they could choose to buy one of the laptops or defer. Domain-specific knowledge was also assessed. In Study 1, evaluative-numerical and evaluative-verbal values led to more deferral in people with high domain-specific knowledge. The pattern for evaluative-numerical and evaluative-verbal values was replicated for a different information organization in Study 2. Study 3 showed that absolute values led to more deferral the less knowledgeable participants were and demonstrated that domain-specific knowledge and deferral were unrelated when absolute and evaluative-verbal values were presented in combination. In sum, the results support the communication approach and have methodological implications for decision research and theoretical implications for understanding choice deferral in real-life decisions.

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1. Introduction

People face decisions on a daily basis. They decide to have coffee rather than tea in the morning, to opt for steak at lunch and to buy the new expensive mobile phone although they still have a functioning old one. In many situations, people do not make a decision right away but postpone the decision and instead search for more alternatives or more information about the alternatives at hand, which is commonly referred to as *choice deferral* (Anderson, 2003; Dhar, 1997; Tversky & Shafir, 1992). For instance, participants faced with a decision to buy one of two new high-tech mobile phones may conclude that they are better off searching for more information to have a sound basis for making a decision later. Otherwise, they might

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end up regretting their choice when a better alternative is found only after the purchase decision in favor of an inferior option has already been made.

It is well established that people frequently defer decisions in artificial experiments (e.g. Dhar, 1997) as well as in settings with real consequences (e.g. White & Hoffrage, 2009). However, in both kinds of situations researchers and marketers often use different ways of displaying information about the available options, and it is not clear how variations in presenting information about choice options affect decisions or deferrals. For example, researchers sometimes present attributes of the choice alternatives in absolute terms (e.g. price of \$199; Dhar, 1996) whereas in other experiments they use verbal labels (e.g. poor sound system; Luce, 1998) or numerical rating scales (e.g. amount of work is 2 on a scale from 1 to 3; Patalano & Wengrovitz, 2007). Hence, *information form* (Kleinmuntz & Schkade, 1993) varies not only across studies but also between experiments within the same paper (e.g. Dhar, 1997; Dhar & Simonson, 2003) or even within one experiment (e.g. Chernev, 2006; Dhar & Nowlis, 1999). In real-life, one will rarely find a car that is offered with a 'good price' instead of an absolute monetary value or a university course that is advertised with a work load of 2 on a rating scale instead of a fixed number of hours per week. Such differences between situations that people are familiar with and situations that they are supposed to imagine in experiments may have systematic effects on their behavior in both instances.

Whether variations in information form influence deferral decisions is a methodological question of great importance. Researchers need to pay attention to the effects of information form when designing experiments, and inconsistent findings for context and task effects in the field of judgment and decision making may be reinterpreted in the light of these new findings (e.g. set size; Scheibehenne, Greifeneder, & Todd, 2010). Showing that information form affects choice deferral also has immediate implications for choice situations in realistic decision-making situations beyond the laboratory, in particular for consumer choice behavior.

In this research we systematically explored the effect of different information forms on choice deferral in a hypothetical laptop purchasing decision, contrasting two theoretical approaches: the *process approach* and the *communication approach*. Both approaches postulate that choice deferral rates vary as a function of how the information about the available options is presented. They differ, however, with regard to the nature of the effects, particularly about the role of individual differences in domain-specific knowledge on the part of the decision maker.

1.1. Information form, prior knowledge and choice deferral

People are more likely to defer decisions when they find them difficult to make (Tversky & Shafir, 1992) or when they are uncertain regarding the option that best fits their demands (Dhar, 1997), provided all options have some attractiveness (White & Hoffrage, 2009). Additionally, people often do not have well-defined preferences but construct their preference for an option in a given set while working on the decision task at hand (Bettman, Luce, & Payne, 1998; Lichtenstein & Slovic, 2006; Slovic, 1995). Therefore, participants have to understand and process the provided information so that they are able to compare options in a relative manner and gain confidence concerning their preference. If they are unable to understand the information, their confidence that their preferred option actually is the best choice may not surpass the critical threshold for making a decision (White & Hoffrage, 2009). Thus, they should be more likely to defer. This reasoning suggests that depending on the way in which the information is processed by, and presented to, the decision maker, deferral may increase or decrease. To the extent that variations in information form affect the processing and communication of the information, this variable will affect the probability of choice deferral.

In the present research, the focus was on examining the effect of information form by using three different forms of presenting information about choice options (see Kleinmuntz & Schkade, 1993 for a similar conceptualization): (a) absolute, (b) evaluative-numerical (henceforth eval-numerical) and (c) evaluative-verbal (henceforth eval-verbal) information form. Absolute refers to information about specific attributes of the choice options that depend on the given context (e.g. Stone & Schkade, 1994). For instance, a laptop can be described in absolute terms by stating that it has a hard disc of '4096 MB DDR3 with 1066 MHz'. Whether or not this information denotes the laptop as good or bad with respect to its hard disc cannot be read directly from the information provided but has to be inferred, based on contextual knowledge about the meaning of the specific value. Eval-numerical and eval-verbal information describes the options in terms of the relative quality of attribute values on a scale that does not depend on the given context (e.g. Stone & Schkade, 1991; Stone & Schkade, 1994). In both forms, the evaluation is contained in the attributes themselves and does not have to be inferred. However, the two forms differ in how this relative information is provided. Eval-numerical values use figures, whereas eval-verbal values use words. For instance, a hard disc of a laptop can be described as scoring '78 out of 100 points' (eval-numerical) or it can be described as 'good' (eval-verbal).

To address the question of how information form affects choice deferral, we drew on two pertinent approaches in the choice literature: the *process approach* and the *communication approach*.

1.1.1. The process approach

The process approach states that depending on the information form, individuals apply different decision strategies to construct their preferences. These strategies may be linked to increases or decreases in the likelihood of choice deferral.

Information form is known to particularly affect the way information is processed (Schkade & Kleinmuntz, 1994). Huber (1980) showed that eval-numerical attribute values lead to more combination, comparison, and offsetting of information than eval-verbal values. Stone and Schkade (1991) discovered that eval-numerical values produced more alternative-based

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