Inclusion Versus Exclusion: the Effect of Perceived Uncertainty on Screening Strategies

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This paper investigates the role of perceived uncertainty on the preference for a screening strategy. Two studies in this paper show that consumers high in uncertainty are more likely to choose exclusion screening strategy whereas those consumers low in uncertainty are more likely to use inclusion strategy. Using mediation analyses, the authors show in Study 1 that the effect of perceived uncertainty on screening strategy is primarily driven by the perceived accuracy of the strategy rather than effort saving. Finally, to enhance the external validity, in Study 2, the authors successfully replicate the experimental findings by analyzing the verbal protocol data from the popular TV game show Who Wants to be a Millionaire?

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EXTENDED ABSTRACT

Screening refers to the process that governs the admission of options into the choice set (Beach 1990; 1993). Extant literature notes that screening strategies play an important role in consumer decision making (Beach 1990, 1993; Payne, Bettman, and Johnson 1993). For example, research shows that the type of screening strategy employed influences the composition of the consideration set (Levin, Huneke, and Jasper 2000; Yaniv and Schül 1997, 2000), and impacts the final choice and purchase likelihood as well (Chakravarti, Janiszewski, and Ulkumen 2006; Levin et al. 2002; Park, Jun, and MacInnis 2000).

Consumers typically use two types of strategies in screening: an exclusion strategy wherein alternatives not worthy of further consideration are eliminated, and an inclusion strategy wherein attractive alternatives are selected for additional evaluation (Yaniv and Schül 1997; 2000). While prior literature has predominantly focused on the consequences of the two screening strategies, such as the characteristics of the consideration set (Yaniv and Schül 1997, 2000) or final choice (Park, Jun, and MacInnis 2000; Shafir 1993), little attention has been devoted to the antecedents of screening strategies. We do so here. Specifically, we argue that perceived uncertainty has a systematic influence on the preference of screening strategies, such that consumers with high perceived uncertainty are more likely to adopt an exclusion strategy whereas those with low perceived uncertainty are more likely to employ an inclusion strategy.

Prior research shows that consumers frequently experience uncertainty in decision making, and such uncertainties arise from multiple sources: from not knowing the potential outcomes of the options, the individual’s intrinsic preferences, or the attributes and decision rules that are relevant to the task at hand (Simonson 1989; Urbany, Dickson, and Wilkie 1989). The theoretical underpinnings of the proposed relationship between perceived uncertainty and screening strategy are drawn from the literatures on consumer learning (c.f. Alba and Hutchinson 1987; Johnson and Russo 1984) as well as probabilistic reasoning (c.f. Tversky and Kahneman 1974). Drawing from and building upon these two streams of literature, we suggest that consumers high in uncertainty are more likely to use exclusion screening strategies because exclusion is more likely to increase the perceived accuracy in decision making.

Empirical Studies

We test our theoretical hypotheses in two separate studies. In Experiment 1 (n=126), we demonstrate the effect of perceived uncertainty on screening strategies using a 2(uncertainty) x 2(task complexity) between-subjects design. We manipulated task complexity in order to rule out an alternate explanation. Uncertainty was manipulated by varying the clarity of preferences and familiarity with the product category (Urbany, Dickson, and Wilkie 1989) while task complexity was manipulated by varying the number of alternatives available to choose from (Payne, Bettman and Johnson 1993). Results indicated that participants who were highly uncertain were more likely to prefer exclusion screening strategy. We also examined the underlying psychological process through the mediation analysis of perceived accuracy. Results of the mediation analysis (Baron and Kenny 1986) indicate strong support for the mediating role of perceived accuracy of the screening strategy as opposed to effort savings. Finally, in Study 2, we seek to demonstrate the external validity of our findings (Winer 1999) by analyzing the verbal protocols from the popular TV game show “Who Wants to be a Millionaire?” Verbal protocols from twenty-four shows were coded following Ericsson and Simon (1993) and analyzed using various (OLS, fixed effects regression, Logit, and mixed-Logit) models. Results corroborates our experimental findings—contestants high in uncertainty were more likely to adopt exclusion screening strategies whereas those contestants low in uncertainty were more inclined to employ inclusion strategies.

Discussion

This paper highlights the important role of perceived uncertainty in consumer decision making. It not only influences final choice but also the specific screening strategy used in prechoice screening. The consistent pattern of results using different methodologies (experiment and verbal protocol analysis), samples (students and adult contestants), decision contexts (apartment rental and TV game show), and models for analysis (OLS, fixed effects regression models, Logit, and mixed-Logit models) lend robustness to our findings. Further, we show that the preference of screening strategy is mainly driven by accuracy considerations rather than effort savings, a finding consistent with the idea that screening improves quality of decisions by preventing bad options from being considered for choice (Beach 1990, 1993). These findings have important implications in a wide variety of decision contexts like choosing among investment alternatives or medical procedures, where uncertainty is an inherent component of the decision process, and where the final choice carries not only lasting but often irrevocable consequences. We hope that future research will continue to examine inclusion and exclusion strategies and help consumers make informed decisions through a better understanding of the underlying screening process.

REFERENCES


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