Preference Fluency in Sequential Customization: the Unexpected Ease Or Difficulty of Product Feature Decisions

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Previous research on preference fluency has found that increasing the difficulty of a decision can affect preference. In this paper, we demonstrate that the effect of fluency on preference depends on whether there is a discrepancy between the actual and expected level of difficulty. In two experiments, we find that within sequential customization processes, initial product feature decisions influence expectations for subsequent decisions. When the difficulty of subsequent decisions deviates from expectations, individuals experience preference fluency and select more premium features compared to when they perform a similar task where the level of difficulty is expected.

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EXTENDED ABSTRACT

Product customization has become so ubiquitous that companies in thousands of different categories tailor some aspect of their product designs to meet individual customer needs. To date, a significant amount of academic research on customization has focused on finding ways to develop better customization recommendations in order to create a stronger fit between firms’ product offerings and customer preferences. Inherent in much of this research is the assumption that consumers have stable preferences that, once revealed, will allow managers to better anticipate customer needs and achieve a strong competitive advantage. However, other research on the construction of preferences suggests that customer preferences are not well-defined and that factors, which seem unrelated to consumer preferences, may influence product customization decisions. For example, individuals will retain more optional features while customizing a car when they are endowed with a fully-loaded model and asked to reject features from the car compared to when they begin with a base model car that requires them to add features (Park, Jun, and MacInnis 2000).

Building on recent research in sequential decision-making and processing fluency, this current research identifies preference fluency—the subjective feeling of ease or difficulty experienced while making a decision—as another factor that affects customer preference during product customization. Previous research on preference fluency (Novemsky et al. 2007) has found that increasing the difficulty of a decision, without changing the content of decision-makers’ thoughts, can have a substantial impact on preference. However, the effect of fluency on judgment may have less to do with the level of difficulty, and more to do with whether there is a discrepancy between the experienced difficulty and an expected baseline value (Whittlesea and Williams 2000). Thus, increasing the difficulty of a decision may not lead to preference fluency if individuals expect the decision to be more difficult. Interestingly, this also suggests that altering individuals’ expectations may lead to preference fluency without changing the actual difficulty of a decision.

We conceptualize product customization as a sequential decision-making process where individuals use their experiences from earlier decisions to form their expectations for subsequent decisions. We find that when the difficulty of subsequent customization decisions deviates from that of initial decisions, it creates a discrepancy between consumers’ actual and expected decision difficulty. This, in turn, results in preference fluency and leads individuals to select more premium features during customization compared to when they perform a similar task where the level of difficulty is expected. Thus, we demonstrate that the sequential nature of customization processes can lead to preference fluency without changing the actual difficulty of consumers’ decisions.

In study 1, we compare consumer preference for laptop computer features when there is low versus high discrepancy, which we manipulated via option framing. Respondents were presented with one of four configurations of a laptop computer (two high discrepancy and two low discrepancy configurations). In one high discrepancy configuration, respondents were endowed with an initial set of features that they were asked to reject before adding a subsequent feature set. In the other high discrepancy configuration, respondents were asked to add the initial feature set before rejecting the subsequent feature set. We then compared preferences in these configurations to those in two low discrepancy configurations where the framing of features remained constant (i.e., respondents only added or rejected the two feature sets). We found that participants’ choices in the high discrepancy customization processes were consistent with enhanced or reduced preference fluency.

In study 2, we directly link discrepancy to preference by holding the framing of alternatives constant and manipulating expectations. To manipulate expectations, we provided respondents with consensus information about whether other people found the subsequent feature set to be easier than the initial feature set. The results provided additional support for our discrepancy theory. When people expected a decision to be more difficult than it actually was, the unexpected ease of the decision led to choices that were consistent with enhanced fluency. Similarly, when individuals expected a decision to be easier that it was, the unexpected difficulty of the decision resulted in choices that were consistent with reduced fluency.

This paper contributes to our understanding of preference fluency in decision-making. While previous research has shown that preference fluency will arise when the difficulty of a decision increases, we demonstrated that preference fluency is not only determined by the difficulty of the decision, but by the extent to which it deviates from individuals’ expectations. We believe these findings have important managerial implications as well. Previous research has suggested that endowing consumers with a premium version of a product may be the managerially optimal solution because they will retain more higher-priced, higher-performance features compared to the basic model (Park et al. 2000). However, it may be difficult to implement this idea in practice since the higher initial price of the premium model is likely to decrease the likelihood that consumers will consider that model. This paper demonstrates that individuals will select as many (and in some cases more) higher-priced, higher-performance features as the premium version when they are initially endowed with a mid-priced, standard version, which may be a more attractive option for customization.

REFERENCES

