The Tradeoff Heuristic: the Settling Effect of Conflict

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This research examines the role of conflict in purchase decisions. We propose that conflict can sometimes increase the likelihood of purchase. Specifically, when all current options are relatively unattractive, conflict may increase purchase from the current set (rather than to search further) through the “the tradeoff heuristic”—when people see that they have to lose one attribute in order to gain another attribute, they become less motivated to search further, and more willing to accept the current attribute levels. We test the settling effect of conflict in 4 studies.

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SESSION OVERVIEW

Different streams of literature suggest that experienced effort in choice plays an important role in consumer choice and judgment. Although the sources for effort in choice are numerous and diverse (e.g., type and amount of conflict, similarity among alternatives, perceptual fluency, amount of information, etc.) the literature supports the notion that consumers are averse to effort and often engage in behaviors intended to reduce it. Such demonstrations of effort and conflict reduction behaviors can be seen in different streams of literature such as pre-decisional distortion of information (e.g., Russo, Medvec, and Meloy 1996, 1998), motivated reasoning and judgment (e.g., Kunda, 1990; Kruglanski 1990), confirmation bias (Lord, Ross, and Lepper, 1979), and also in the effort-accuracy paradigm (Payne, Bettman and Johnson 1993).

In accordance with the aforementioned effort reduction behaviors, most research has explored and reported the negative impact that effort may have on different aspects of choice. For example, research in behavioral decision theory has shown that the likelihood to defer choice is positively correlated with the intensity of conflict in choice (Tversky & Shafir 1992; Dhar 1997). In addition, research on meta-cognition has repeatedly demonstrated that effortful processing of visual stimuli (visual dissfluency) decreases the evaluations of the target object (e.g. Schwarz, 2004; see Labroo and Kim, 2009 for exception).

In contrast to existing literature, the papers in this session explore the positive aspects of effort in choice and investigate consumers’ tendency to prefer and even create effortful decisions. When and why will people value more effortful decision processes? When and why will feelings of effort versus ease motivate people to work harder or make them value products more? Do we complicate our decisions? The papers in the session answer these and other related questions. Specifically, the first paper demonstrates that increased conflict in choice can actually increase the likelihood of purchase. The second paper demonstrates that consumers are not only attracted to difficult decision processes, but also endogenously seek to enhance their decision effort in order to feel that they are making an adequate choice. The third paper explores the hypothesis that feelings of effort can increase people’s tendency to work harder and value products more when such effort signals higher efficacy of the particular outcome. All three papers, which are to be submitted soon for publication, include multiple studies with data that has already been fully analyzed. However, none of the three papers has ever been presented at ACR.

The proposed special session is designed to present emerging work in decision research and its implication for consumer choice. The papers in the session should help in highlighting some of the promising avenues that are emerging in this area of research. Moreover, the session’s discussion leader, Drazen Prelec, will engage the audience and the authors in an analysis of the session’s content as well as a discussion of the potential for future research in this area.

EXTENDED ABSTRACTS

“The Tradeoff Heuristic: The Settling Effect of Conflict”

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Conflict is one of the most fundamental phenomena in decision making. Decisions often involve options that each has pros and cons relative to each other, creating the need to reconcile such conflicts if only (or at most) one of the options can be adopted. Generally, the consideration of conflict has been found to negatively impact people’s propensity to take decisive action. For example, high conflict between competing options has been shown to lead to inaction or deferral of choice (Tversky & Shafir 1992; Dhar 1997). When people have difficulty deciding between current options, they often choose not to choose any of the options—even though each option in itself might be quite attractive. Further, in existing theory of decision making, the negative effect of conflict is assumed to be additive to the attractiveness of the options. That is, generally the perceived attractiveness of the best option within a choice set positively correlates with whether people will buy from the current set—on top of that, if there is high conflict among the options, this adds a negative effect on the probability of purchase.

In this research, we propose a more nuanced view of the role of conflict in purchase decisions by focusing on a contradiction to the two general assumptions above. First, we show that sometimes conflict can have a positive effect on purchase likelihood. Second, we show that the relationship between option attractiveness and option conflict is not additive, but rather, interactive, in determining purchase likelihood. Specifically, we propose that while conflict indeed has a negative effect on purchase likelihood when options are relatively attractive, conflict can have a positive effect on purchase when options are relatively unattractive. That is, when given two options that may not successfully exceed the threshold for purchase based on their absolute attractiveness, people can be more likely to purchase one of them (rather than search further for a better option) when the current options contain a mild conflict than when one option dominates the other option. We propose the mechanism behind this positive effect of conflict on purchase is a process we call “the tradeoff heuristic”—when people see that they have to give up some unit of one attribute in order to gain on another attribute, they are more willing to accept the current attribute levels. In other words, by considering a tradeoff, people become less optimistic about finding an absolute best option in the future, effectively lowering their sufficiency threshold for commitment. Consequently, people will be more likely to stop their search with the current choice set. We test the settling effect of conflict in 4 studies.

Study 1 establishes the basic effect that conflict (compared to dominance) can lead to greater purchase likelihood. Participants are asked to imagine themselves looking for an apartment for rent in a new city. They are randomly assigned to two conditions: in the dominance condition, one apartment is larger in size, as well as being closer to work; in the conflict condition, apartment sizes are the same as condition one, but distance to work is flipped between the two options. In both conditions, apartment size is relatively small in absolute terms. Participants are asked whether to rent one of them, or look at the next option. Results show that indeed, people are more likely to take a current option in the conflict condition (37% vs. 20%).

Study 2 demonstrates the interaction between conflict and absolute valuation using a context of shopping for a vacuum cleaner. Participants are told they are considering two vacuum cleaners at Costco, but they could also decide to go to Sears to look further. When all options are relatively attractive, dominance (69%) leads to greater purchase likelihood than conflict (58%), consistent with prior research on the attraction effect (Huber et al.
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1992). However, replicating study 1 results, when both options have low attractiveness, people are more likely to purchase when there is conflict (54%) rather than dominance (35%). Of note, the tradeoff heuristic is different from merely focusing on relative rather than absolute values (Hsee 1998). Specifically, the option’s relative value (compared to the other option) is worse in the condition of conflict than in dominance. Hence, if the effect is simply directing attention to relative values, purchase likelihood should be higher in the dominance condition.

In study 3, we test a boundary condition to this effect, namely, the conflict between options needs to be relatively easy to reconcile. When the conflict is large, rather than small, purchase likelihood will indeed decrease, due to choice difficulty. In study 4, we extend this effect to evaluation procedures that involve more than two options. We find that a procedure such as ranking that creates more conflict can lead to greater likelihood of purchase, compared to a procedure that involves less conflict, such as rating.

In summary, this research focuses on the question: When do people accept a current opportunity, rather than search for better opportunities? Our findings contribute to our understanding of the decision by highlighting the role of subjective sufficiency in such decisions.

“Complicating Choice”
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It has been well documented that, in the pre-decisional stage, consumers often simplify their decisions by bolstering one of the alternatives and/or denigrating others (Brownstein, 2003; Janis and Mann, 1977; Mills, 1968; Montgomery, 1983; Russo Medvec and Melloy 1996, 1998; Tyszka, 1985). Such reduction of choice conflict enables consumers to make easier, more confident choices. In this research, we provide a theoretical analysis of, and empirical evidence for, the opposite behavior. We discuss conditions under which consumers complicate choices in order to feel that they invested enough effort to make the right choice. Specifically, we postulate that when faced with important decisions, such as choices between primary physicians or between career paths, consumers are motivated to engage in a diligent decision process or due diligence. When an important choice feels too easy, consumers artificially increase the choice conflict and effort by reconstruing the choice context. Consumers are shown to bolster unimportant attributes and reverse the ordinal valence of attributes (e.g., more is better becomes less is better) in a direction that counteracts the virtually-dominant alternative, which they initially prefer and eventually “choose.”

We propose a unifying “effort-compatibility” principle that accounts for both simplifying and complicating decision processes. The effort compatibility principle asserts that consumers value and strive for compatibility between the degree of effort they anticipate, or think is adequate to reach a certain decision, and the level of effort they actually exert. Accordingly, when a certain decision seems harder than initially anticipated, a simplifying process ensues. However, when the decision feels easier to resolve than anticipated (e.g., important, yet easy choices), consumers artificially increase the effort they invest in making the decision. We demonstrate that the latter, complicating process is characterized by an enhancement of the conflict in choice. Such conflict enhancement, through bolstering unimportant attributes, or reversing the valence of ordinal attributes, enables consumers to attain effort-compatibility and perceive themselves as engaging in a diligent decision.

Five studies examine consumers’ choice complicating processes and the effort-compatibility principle. We first demonstrate the existence of the effort enhancement behavior and its impact on consumer choice (Studies 1-3). We show that for important decisions, such as choices of primary physicians or career paths, choice sets that invoked low levels of conflict (mismatch between actual and expected effort), gave rise to pre-decisional effort enhancement behavior. Specifically, in Study 1, participants distorted the importance of different information components in a manner that facilitated greater conflict in choice. In accordance with the effort-compatibility principle, this complicating behavior was significantly attenuated after the choice was made (post-decisional stage) and in conditions where no choice was required. In Study 2, participants enhanced their pre-decisional effort by constructing positive preferences towards attributes that opposed their preferred, and ultimately chosen alternative. Study 3 demonstrated that in sequential decision process, once a complicating process is triggered, it can alter the ultimate outcome of the decision.

In Studies 4 and 5, we further investigated the underlying psychological mechanism, namely the effort-compatibility principle. We manipulated the expected and experienced effort, as well as the importance of the choice. In Study 4, we offered respondents an alternative source of experienced effort using a preference fluency manipulation. We found that the introduction of an external source of difficulty drastically reduced the need for internal effort enhancement behaviors. In Study 5, we manipulated the level of anticipated effort by cueing subjects how long the task typically lasts. Although they faced identical tasks, those participants that anticipated low effort employed simplifying processes, while those anticipating high effort increased their conflict in choice.

In summary, we hypothesize and empirically demonstrate that, in certain situations, consumers complicate their choices. Such behavior may first appear contradictory to well-documented simplifying processes, such as pre-decisional distortion of information and post-choice cognitive dissonance. However, we test and support an effort-compatibility principle that accounts for both simplifying and complicating processes, sometimes observed in the context of the same decision. Thus, consumers not only simplify and bolster the difficult choices they make, but also make harder and less appealing the obvious (or illusionary) choices they fake. We discuss how this could lead to an “illusion of choice,” whereby consumers agonize over (non) decisions.

“Does Distance make your Heart Fonder or your Mind Wonder? An “Attainability-Efficacy” Framework of Preference Construction”
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It is not surprising that consumers put maximum effort into obtaining products or doing things they like, however, do they also prefer products or things associated with effort (to get/ do)? For example, consider this situation. It is the holiday season, you are on your way to the grocery store, and you have been thinking about donating some money to charity. In one scenario, imagine that as you enter the store, you notice a volunteer from the Salvation Army right next to the entrance asking for a donation. In a second scenario, imagine that as you enter the store, you see a volunteer from the Salvation Army a few steps away from you at the opposite entrance asking for a donation. When are you more likely to make a donation, and why? You have been thinking about making a donation, and in the first scenario, the volunteer is close to you and it is easy to make a donation. In the second case, you will have to exert some token effort to make the donation. It appears normative that if you have been thinking about making a donation, and if you consider the Salvation Army a good cause to support, you should be more willing to make a donation when it is easy rather than effortful to do.
so. But are there situations when you might prefer to engage in the token effort? Further consider this situation. As you proceed inside the store, looking to purchase cookies, you find one box on the shelf right up front and another a little way behind it. Both boxes are fresh, so why exert effort to reach for the one at the back? In the current article, we examine this issue—do when and why do feelings of effort versus ease motivate people to work harder or make them value products more?

Whether it is deciding to make a donation or to buy a product, most existing research will argue that ease is good and people like to do activities or get products that are easy to do or get. A recent set of intriguing findings have additionally suggested that even when feelings of ease arise from subjective characteristics of the target and are independent of its descriptive features (Schwarz 2004), for instance, the volunteer is next to you and have your glasses on (vs. you forgot them at home) and s/he looks clear (vs. blurry), they increase value of the outcome and motivation to act. Ease is associated with positive feelings which are usually attributed to the outcome being considered and as a consequence they increase preference towards the outcome. In this paper, however, we discuss when feelings of effort, rather than ease, can motivate people to work harder and can make people value products more.

We argue that evaluating products, consumers focus either on how attainable the outcome is or if it is the best one available. When people experience illusory high control, their focus turns to product efficacy rather than product attainability. As people usually infer value from their actions, providing them with illusion of control results in concerns about product attainability, and ease increases perceived attainability of a successful outcome. In contrast, illusion of high control increases the desire to get the best option (attainability is no longer a concern), but interestingly things that are effortful are better than things that are easy. Of additional interest are the subtle manipulations of illusory control. For example, simply writing ones own lucky number on a raffle ticket rather than being assigned one, for a box of cookies creates illusory control, and can make us evaluate the cookies more favorably, but rather than being assigned one, for a box of cookies creates illusory control, and can make us evaluate the cookies more favorably, but rather than being assigned one, for a box of cookies creates illusory control, and can make us evaluate the cookies more favorably, but rather than being assigned one, for a box of cookies creates illusory control, and can make us evaluate the cookies more favorably, but rather than being assigned one, for a box of cookies creates illusory control, and can make us evaluate the cookies more favorably, but rather than being assigned one, for a box of cookies creates illusory control, and can make us evaluate the cookies more favorably, but rather than being assigned one, for a box of cookies creates illusory control, and can make us evaluate the cookies more favorably.

Across three experiments, we provide evidence for our premise. We show that people with high control (illusory or real) prefer products that are psychologically or physically effortlessly rather than easy to attain and they donate more to a charity when donation is effortless rather than easy. In contrast, people with illusory low control prefer products and are more likely to act if things feel easy rather than effortless. Process measures show that illusory low control results in concerns about product attainability, and ease increases perceived attainability of a successful outcome. In contrast, illusory high control increases the desire to get the best option (attainability is no longer a concern), but interestingly things that are effortful are better than things that are easy. Of additional interest are the subtle manipulations of illusory control. For example, simply writing ones own lucky number on a raffle ticket rather than being assigned one, for a box of cookies creates illusory control, and can make us evaluate the cookies more favorably, but only when they are physically (or psychologically) distant rather than close. Or, being the first (rather than last) to make a difference to the lives of poor children, also creates illusory control, resulting in people making larger donations, but only when they have to reach out a couple of feet to the donation box (vs. it is next to them). Rolling a dice by oneself rather than having the experimenter roll it also results in preferences for products that are psychologically far rather than close. We additionally rule out mood, construal level, attention, overall goal engagement as possible alternative explanations.

In the end, all control might just be an illusion; therefore, it is particularly powerful that such subtle manipulations of controllability can alter preferences to this degree. The surprising inference is that people with high control (real or illusory) like complicated lives, and when people feel control they complicate rather than simplify their lives. Theoretical implications pertaining to the role of feelings in judgment and preference construction and managerial implications regarding what managers might be able to do to improve consumer satisfaction with products will be discussed.

REFERENCES