Contextual Cues and Descriptive Norms: Do People Stick to Context When They Know What Others Choose?
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Our research examines the role of social norms on compromise-effect. Drawing on research on context-based inference, conformism and social identification, we show that when considering a ternary choice set in which an extreme alternative is popular in the market or in a reference group, consumers vary in their likelihood of selecting the compromise alternative and in their assessment of the relational properties of examined context. Our work documents that different social cues modify the inference consumers make basing on the context. Finally, the role of social norms on compromise-effect is attenuated when the uncertainty surrounding the choice task increases.

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EXTENDED ABSTRACT

Retailers are likely to influence consumers’ shopping behavior though featuring, display and other marketing instruments. Increasingly this implies providing information on the behavior of other customers. Companies like Amazon.com and Barnes and Nobles regularly provide customers with a list of items previously selected by consumers similar to the prospects. Their behavior is driven by the belief that consumers are influenced by those around them (Asch 1955; Burnkrant and Cousineau 1975). Additionally, the same companies often manipulate their assortment to favor one or another product alternative. They can use specific comparison among products to influence potential buyers as the selection of an alternative is influenced by the other alternatives included in the same choice set (Hamilton 2003; Shocker et al. 1991). Increasingly, companies both in online and offline contexts try to jointly generate these effects by simultaneously presenting socially relevant information and constructing assortments that favor a specific alternative.

Literature in marketing and consumer behavior document that the choice set composition can favor the selection of the intermediate option in a ternary choice set (Simonson 1989; Simonson and Tversky 1992), because most consumers are extreme averse. The compromise alternative is often selected because individuals compare themselves with the information on the products presented and they chose the alternative that best matches their own preferences and the context-based information (Burson 2007; Prelec, Wenerfelt, and Zettelmeyer 1997).

There is ample evidence that individuals’ both judgments and choices can be shifted when the judgment and the choices of others are known (Ariely and Levav 2000; Nemeth and Markowski 1972). When consumers observe or learn that others have opted for a specific alternative they are getting information on descriptive norms (how most people have acted in a specific circumstance). This suggests that norms alter consumers’ assessment of the context-generated inferences in knowledge on the most popular alternative modifies their inferences on the underlying distribution of other consumers’ preferences and choices.

Our work posits that the effectiveness of strategies based on social norms (Cialdini and Goldstein 2004; Griskevicious et al. 2009) varies with the nature of the popularity they choose to emphasize. In particular, the gain associated to the intermediate position is modified by the likelihood of the extreme alternative to be the most frequently purchased in a overall market or in a smaller group of consumers who share some basis for social identification (Shang, Reed, and Cronon 2008). These kinds of norms could influence the ability of the compromise heuristic to identify the safe and easy to justify alternative in two ways. First, consumers may engage in an identification process with an extreme-positioned alternative that is popular with their reference group and move away from the compromise alternative which is considered more suitable for the majority of the consumers. Second, when an extreme-positioned alternative is popular among the majority of the consumers, both the extreme popular and the compromise alternatives appear safe and easy to justify. This will diminish the share of the compromise alternative, but not vanish the compromise effect as two options can now match the needs of the average customer: the most popular-extreme option and the compromise option.

To test our predictions we run five studies. Study 1 analyzes the role played by social information in moderating the compromise effect. Our results show that social norms can diminish the total share of the middle option but cannot vanish the compromise effect itself. Study 2 aims at ruling out the possibility that social information, acting upon the attribute-importance balance, might change the structure of the choice context needed to identify an option as extreme and/or compromise. Our results are consistent with the findings of Study 1. Studies 3A and 3B further investigate the influence exerted by social information on compromise effect while examining how differences in the degree of social identification can lead to different context-based inferences and perception of self-extremeness. Our results show that that social norms shift people preferences away from compromise alternatives, but this happens only when the social norm is held by a reference group. In particular, in Study 3A we find that consumers update the information embedded in the context with the social information cue and this leads to a shift in the match between the inferred product ranking and their own relative rank. Interestingly, this process does not mitigate the compromise effect per se, but determines a reduction in the absolute share of the intermediate alternative. This process also increases the level of uncertainty associated with the choice and modifies the perceived extremeness of the extreme alternative. By contrast, Study 3B shows that social information related to a reference group can vanish the compromise effect, but does not affect the structure of the contest (the perception of extremeness).

Finally, in Study 4 we show that the reduction on the compromise effect due to the social cue is attenuated when context is more uncertain. When the presented products outline a market characterized by a large dispersion in the product array, consumers rely on the context to make inferences about their position in the market. As a consequence, social information does not influence preferences and compromise effect is still present.

This article contributes to extant literature in several ways. First, we provide evidence as to how the advantage related to the compromise position can be overcome by extreme alternatives in a choice set. Second, drawing on research on the informational content of context (Prelec et al. 1997) we show that social norms can act on both the shape of the market distribution of preferences (when social information refers to market behavior) or on the matching consumers make between themselves and the best product choice in the context (when social information refers to reference group behavior). Finally, this article documents how and when social norms interact with context-generated inferences in modifying either consumers’ perception of the self without altering the structure of choice context or in changing consumers’ perception of preferences of others without affecting the perception of the self.

REFERENCES


