Choice Behavior of Maximizers and Satisficers When Alternatives Are Priced Using Non-Monetary Points

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The authors report on a study examining whether individuals varying in maximizing versus satisfying tendencies differ in susceptibility to a medium. A medium such as airline mileage points has no monetary value and should not affect consumer choice. However, past research demonstrates that some consumers are unable to make optimal decisions among alternative varying in effort and outcome when a medium is involved. Results show maximizer-satisficer differences for those in the highest and lowest quartiles in choosing higher effort-higher points but similar outcome options. Results from a follow-up study with alternative scales are also presented.

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“regretted” a preorder. They also feel confident, as they have the option to opt-out of preorder. For continuous innovations, familiarity with game increases the desire for preorder. For discontinuous innovations, advertising and early reviews increase expectations. High involvement players desire to acquire both discontinuous and continuous innovations.

Adoption: (1) Trialability versus discovery: Rogers (1983) viewed trialability as a dimension of adoption of new products, which relates to the opportunity to be exposed to the innovation. However, this opportunity is nonexistent in the case of preorders. Accordingly, lack of trialability may have a negative impact on perceived risk. We found that discovery stage substitutes the lack of trialability. (2) Desire for status versus desire for process: High involvement players have a high desire for status (“to win”), focusing on the “outcome.” In contrast, low involvement players have a desire for fun and focus on the “process” (“to play”). (3) Curiosity versus defined expectations: Players reported their defined expectations from a new videogame to include advanced features that make it more realistic (little discrepancy between the videogame and its actual manifestations in real life) and interactive, and increase sensation. Curiosity or interest in novelty also emerged as a common category. Players perceive new products as providing continuity of a known story, yet with novel features and challenges that create excitement and room for discovery. They seem to be curious about the features to accomplish this goal. Although familiarity with the game increases the desire to preorder, consumers still seek room for discovery (discover added features), which also creates allure and increases the desire to preorder.

References

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Abstract
Schwartz et al. (2002) suggested that Herbert Simon’s concept of satisficing could be considered an individual difference and developed a scale to measure maximizing-satisficing tendencies. Satisficers settle for non-optimal choices by restricting their information seeking and analysis, whereas maximizers persist and evaluate all or most options. Although clearly relevant to consumer decision-making, little consumer research using this concept has been reported.

A potential application is found in Hsee et al.’s (2003) research demonstrating how making an optimal choice among alternatives varying in effort and reward is complicated when the decision involves a medium such as airline mileage or reward points. Consumers sometimes choose a higher effort alternative to acquire more points even though these points cannot be used to acquire anything of additional value. This phenomenon is explained by the decision being determined by whether the ratio of the relevant medium levels is greater than the ratio of the resultant outcomes. Thus, in their first study, 50% of the subjects selected the option to work for 7 minutes to earn 100 points that could be exchanged for a gallon of pistachio ice cream compared to only 22% when the choice did not involve points (i.e., work for 7 minutes to earn a gallon of pistachio ice cream).

Although many consumers exhibited a myopic reliance on medium differences in making choices, others did not. A possible reason is found in Schwartz et al.’s (2002) suggestion that some individuals accept non-optimal choices rather than exert the extra effort required to identify the best alternative. We propose that Maximizers are more likely than Satisficers to use only the ratios of effort and medium and ignore the exchange rates and the resulting outcome ratios when making their decision.

Research Study
We conducted an experiment based on Hsee et al. (2003) Study 1, with several changes, such as adding a 30/35 minutes effort condition to the original 6/7 minutes effort (equal ratios but increasing the incremental time from 1 to 5 minutes), having individuals rank five ice cream flavors and then presenting them with choices between either their 1st and 2nd most preferred flavors or their 1st and 5th most preferred. Also, to better quantify the effect of the medium on decision making, individuals were asked to state their strength of preference as well as make a discrete choice.

The experimental design was thus a 2 (effort levels: 6/7 or 30/35 minutes) by 2 (outcome equivalence: 1st versus 2nd or 1st versus 5th most preferred flavors) by 2 (medium: no points or 60/100 points) full factorial design. After making a choice (e.g., 6 minutes-60 points-1st preferred or 7 minutes-100 points-2nd most preferred), 203 undergraduate student subjects indicated their strength of preference by dragging a pointer on an on-screen line with end points labeled 1 (strongly preferred Task 1) and 100 (strongly preferred Task 2). Next,
subjects responded to an open-ended inquiry about their reasons for making their choice. Response times for the discrete choice and strength-of-preference tasks were recorded. Lastly, subjects responded to the Maximizing-Satisficing scale.

Results

Analysis revealed that we were able to replicate the medium maximization effect in the conditions most similar to Hsee et al.’s Study 1. Forty-two percent of subjects selected the more effortful Task 2 (7 minutes to receive the 2nd flavor) over task 1 (6 minutes to receive the 1st flavor) when points (100 versus 60 points) were involved while only 11% did so when no points were involved. Counter to expectations, the medium maximization effect slightly increased with greater effort time, despite equal ratios, when the flavor choices remained between 1st and 2nd. Forty-six percent of subjects selected Task 2 with points versus only 5% with no points. Although greater outcome disparity did not eliminate the Medium Maximization effect, the effect decreased with more effort despite equal ratios, as predicted. When the effort ratio was 6/7 minutes and the choice was between 1st and 5th most preferred flavors, 35% selected Task 2 with points while no one did so without points. However, when Task 1 was 30 minutes to receive the 1st preferred flavor and Task 2 was 35 minutes to receive the 5th most preferred flavor, no one selected Task 2 when no points were involved and only 22% did so when points were involved.

A logistic regression revealed a significantly positive main effect of including a medium (p<0.05) and a significant effect of outcome equivalence (p<0.05). The main effect of effort level and all the interactions were not significant. ANOVA analysis using slider preference yielded the same pattern of significance.

Analysis using Maximizing-Satisficing scores found little support for it as a moderator. Further, other analyses (e.g., response time and reasons for choosing Task 2) were not consistent with the notion that Maximizers exert extra effort to optimize their choices. Other researchers (e.g., Diab et al. 2008; Nenkov et al. 2008) have recently questioned the original Maximizing-Satisficing scale’s validity while acknowledging the concept’s usefulness.

Discussion

This research supports the notion that medium maximization may undermine consumer’s ability to select the best alternative in terms of effort and outcome ratios. However, it also demonstrates that medium maximization is less of an issue when outcomes are more easily compared and effort levels differ more at an absolute level. Individual differences in susceptibility to medium maximization could not be clearly predicted from scores on the original Maximizing-Satisficing scale. In order to handle the issues with Schwartz et al.’s scale, a follow-up study was conducted using revised Maximizing-Satisficing scales (e.g., Diab et al. 2008) as well as need for cognition and involvement measures. The results demonstrate that Maximizing-Satisficing is a distinct concept worthy of future research in a consumer context.

References


Carrying the Torch: Determinants of Intergeneration Influences as Sources of Brand Loyalty

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Much of consumer behavior becomes engrained at a very young age. From the time we are born, we consume; and as this process is replicated, we begin to develop preferences for certain products and brands of products. One key relationship that is instrumental in the forming of these preferences is the relationship that a child develops with his or her parents. As a family grows and develops, the purchasing decisions that reflect a family’s lifestyle become internalized allowing children to learn to accept them as the norm (Sears 1983). Hence, this socialization process has become an area of particular interest for consumer researchers studying the effect of intergenerational (IG) influences on brand loyalty.

Moore, Wilkie, and Lutz (2002) performed one of the most methodologically challenging studies demonstrating the effects of intergenerational influences on brand equity. They concluded that “intergenerational influences are a real marketplace phenomenon and a factor that merits much closer attention.” Even so, little research has since been conducted to provide answers to which specific family factors contribute to this phenomenon. Therefore, this paper seeks to fill that gap by researching the effects of several predictor variables including mother involvement, sibling influence, and family structure on IG influences.

Consistent with Moore et al. (2002), we conducted parallel surveys of 121 mother-daughter dyads. We recruited the daughters from an introductory marketing course from a Southeastern university with the proviso that they must currently live off-campus and shop for groceries. We developed two similar questionnaires where each dyadic member was asked to indicate whether she used each of the twenty-four product categories listed. Respondents then listed their preferred brands as well as listing any additional brands that were “seriously