Choice Facilitating Effects of Online Shopping Agents in the Face of Missed Opportunities

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Prior research on the effects of missed opportunities has demonstrated increased likelihood of brand switching and choice deferral following a missed sale on a desired item. These studies have typically considered decisions made by the consumer without external assistance. However, recent reports and observations indicate that consumers are increasingly employing Internet-based decision aids to extend search efforts and to facilitate choice. Findings from three studies suggest that online shopping agents are efficacious in mitigating the negative consequences of missed sales and special offers. Moreover, these choice facilitative effects manifest even when the shopping agent causes an opportunity to be missed.

[to cite]:

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EXTENDED ABSTRACT

To date, research on the influence of missed opportunities has largely focused on “offline” purchases in which a decision-maker evaluates the available alternatives without external assistance or information (see Kumar (2004) for an exception in which the purchase behavior of a referent other is available to the decision maker). However, consumer use of the Internet to facilitate purchase decisions is rapidly increasing (Haubl and Trifts 2000). In a recent study by comScore, Inc. (Fuglioni and Abraham 2008), nearly three-fourths of respondents stated that the Internet affords them better pricing information and almost 25% indicated its particular value in identifying sales and special offers. Of specific relevance to the current research, the comScore report indicated that, from 2007 to 2008, the number of unique users of online search and comparison tools increased by 7% to 67MM, providing vivid evidence of consumers’ increasing reliance on these tools.

The purpose of the current research is to enhance our understanding of the influence that one type of Internet-based interactive decision aid, online shopping agents (OSAs), exerts on two consequential reactions to missed opportunities that have been noted in the literature, increased likelihood of choice deferral (Arkes, Kung and Hutzel 2002; Tykocinski and Pittman 1998; Tykocinski, Pittman and Tuttle 1995) and brand switching (Zeelenberg and van Putten 2005). Findings from three studies demonstrate the efficacy of OSAs in reducing the likelihood of both choice deferral and brand switching and offer ideas regarding possible drivers of this positive influence. Thus, the current research extends the current literature by addressing the question of whether the influence of OSAs can dissipate the shadows of missed opportunities.

Popular examples of such OSAs include MySimon.com, pricegrabber.com, and shopping.com. OSAs scour the Internet to identify alternatives that match consumer-input preference information. At the conclusion of their search and filtering activity, they return a list of available alternatives ranked according to those preferences. Prior research has shown that OSAs exert a strong influence on consumer behavior. Among the noted effects are changes in price sensitivity (Diehl, Kornish, and Lynch 2003), reduced search effort (Haubl and Trifts 2000; Ratchford, Talukdar, and Lee 2007), and improved decision quality (Haubl and Trifts 2000).

One of the core behaviors observed in prior research on missed opportunities is an increased incidence of choice deferral such that missing out on a good opportunity reduces the likelihood that a lesser opportunity will be accepted, even if it is better than the standard offer (Tykocinski et al. 1995). This finding has been consistent in multiple studies and proposes an unattractive prospect for marketers that employ hi-lo pricing strategies or promotional offers. However, the question of whether this pattern would hold in the presence of online shopping agent influences is yet unanswered. Thus, the current body of research was undertaken.

In Study 1, I manipulated whether the missed opportunity was caused by an OSA or the decision-maker and whether the information on the currently-available offer was discovered by the OSA or the decision-maker. Findings showed that use of an OSA significantly reduced the likelihood of choice deferral over conditions where no OSA was employed. Moreover, when the information on the currently-available offer came from an OSA, the deferral rate held constant (at approximately 30%), but when the decision-maker was the source of the new information the likelihood of choice deferral varied as a function of the cause of the missed opportunity (Self or OSA).

Choice deferral is but one troublesome response to a missed opportunity. Research by Zeelenberg and van Putten (2005) and Tsiros (2009) suggests that, rather than go without a desired item, people may switch to another brand to avoid purchasing an item on which a special offer was missed. Such a negative influence on brand loyalty is unattractive to marketers, thus I undertook studies 2 and 3 in order to evaluate the efficacy of OSAs in mitigating brand switching. Studies 2 and 3 followed a design similar to that of Study 1, but rather than evaluate whether a choice was made or not, the key dependent variable was whether the originally desired brand was selected vs. another available brand.

In Study 2, the “currently-available” choice set included a brand that was identical to the one for which a sale was missed. The results showed the lowest likelihood of brand-switching when an OSA was both the cause of the initial missed opportunity and the source of information on the current offer. In Study 3, the currently-available choice set included a brand that was highly similar to the one for which a sale was missed, rather than identical to it. Thus, the current research extends the current literature by addressing the question of whether the influence of OSAs can dissipate the shadows of missed opportunities.

REFERENCES


