Competitive Forces When Choosing From Assortments of Varying Size: How Holistic Thinking Mitigates Choice Overload

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Researchers disagree whether large assortments increase or decrease satisfaction. By systematically examining and testing the two competing forces (variety effect, overload effect) underlying choice overload effects, we show why inconsistencies might exist. Further, we identify a new moderator – holistic thinking – that mitigates the negative effect of overload feelings on satisfaction.

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Competitive Forces When Choosing from Assortments of Varying Size: How Holistic Thinking Mitigates Choice Overload

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EXTENDED ABSTRACT
Choice overload has long been a controversial topic in consumer research (Scheibehenne, Greifeneder and Todd 2009), with some researchers believing large assortments benefit consumers and others arguing they decrease satisfaction. The lack of consensus has led to a focus on moderators of the effect (i.e., when choice overload occurs; see Chernev, Bockenholt, and Goodman 2015 for a recent review). Yet, greater understanding is needed regarding why choice overload occurs, especially since no single moderator reliably explains choice overload’s occurrence (Chernev, Bockenholt, and Goodman 2010). Accordingly, this paper aims to explore the mechanism(s) underlying how assortment size impacts decision-making and demonstrates the competing forces (overload effect and variety effect) that help explain the contradictory findings in the literature. Further, by systematically exploring these competing forces, we highlight opportunities to better pinpoint exactly how (i.e., by which path) moderators impact decision-making. As an example, we identify and test a new moderator of choice overload effects – holistic thinking. Since holistic thinkers utilize less cognitive resources to come to decision compared to analytic thinkers (McElroy and Seta 2003; Nisbett et al. 2001), we propose they will be less negatively affected by the overload feelings accompanied by depleted cognitive resources. Specifically, we test the following hypotheses:

Hypothesis 1: Large assortments will lead to (a) greater overload feeling and (b) greater perceived variety than small assortments.

Hypothesis 2: Preference satisfaction will be (a) negatively impacted by overload feeling and (b) positively impacted by perceived variety.

Hypothesis 3: Assortment size has both (a) a negative indirect effect on preference satisfaction through overload feeling (overload effect), and (b) a positive indirect effect on preference satisfaction through perceived variety (variety effect).

Hypothesis 4: Thinking style will moderate the overload effect such that the negative effect of large assortment size on preference satisfaction will be lower for holistic thinkers.

Across 6 studies, we support our competing forces model for how assortment size influences satisfaction and demonstrate that holistic thinking moderates the impact of assortment size on satisfaction by mitigating the impact of overload feelings. Further, we show that the overall effect of assortment size on preference satisfaction depends on the dominant indirect effect.

In Study 1, we empirically support the competitive effects of perceived variety and overload feeling (H1-H3). Respondents (n =100) chose chocolates from a large (20) or small (5) assortment. As expected, assortment size significantly increased both overload feeling and perceived variety ($M_L=4.7, M_S=3.5, F(1, 98) =37.98, p <.05$) (Wilks’ Lambda <.001). In addition, overload feeling negatively impacted preference satisfaction ($\beta = -.28, p <.001$), while perceived variety positively impacted satisfaction ($\beta = .56, p <.001$). Using bootstrapping (5,000 samples, 95% CI), we found a negative indirect effect of assortment size on satisfaction through overload feeling ($\beta = -.20, CI [-.41, -.08]) and a positive indirect effect of assortment size on satisfaction through perceived variety ($\beta = .64, CI [.33, 1.07])

Further, consistent with our argument, since the perceived variety effect is larger than the overload effect, the total effect of assortment size on satisfaction is significantly positive ($\beta = .49, p <.05$). These results support H1-H3.

In Study 2 (n=277), we replicate the findings from Study 1 using different assortment sizes (6, 24, 48) and include a measure of holistic processing style (Choi, Koo, and Choi 2007) to test H4. Hypotheses 1-3 were again supported. Assortment size significantly increased both overload feeling ($F(2, 274) = 23.10, p <.001$) and perceived variety ($F(2, 273) = 52.98, p <.001$) (Wilks’ Lambda <.001). Overload feeling negatively impacted preference satisfaction ($\beta = -.17, p <.001$), while perceived variety positively impacted satisfaction ($\beta = .28, p <.001$). The indirect effects were also significant.

Due to the dominance of perceived variety over overload feeling, the total effect of assortment size on preference satisfaction was significant and positive ($p <.01$). A moderated mediation analysis was used to test H4 and revealed that, as expected, the more holistic thinking a person engages in, the less the indirect negative effect of assortment size (through overload feeling) on preference satisfaction.

In study 3 (n=97), we replicated the parallel mediation of overload and variety effects (H1-H3). Since the variety effect was slightly stronger than the overload effect, the total effect of assortment size on preference satisfaction was marginally positive ($\beta = .36, p =.06$). We found support for moderated mediation using both the chronic holistic thinking measure and a measure of holistic thinking based on decision strategies used during the choice task; thus, H4 was supported.

Studies 4, 5, and 6 provide additional support for our hypotheses showing the mitigating effect of holistic thinking through positive mood (Study 4) and hedonic choice goal (vs. utilitarian; Study 6). These studies also generalize our findings to a new category (carry-on luggage) with a utilitarian decision goal (Studies 5 and 6).

Together, our findings contribute to the literature on choice overload by better articulating and explicitly testing the underlying mechanisms of the phenomenon. Assortments can increase satisfaction by increasing perceived variety, but also decrease satisfaction due to feelings of overload. By systematically investigating these two underlying drivers of the effects of assortment size on satisfaction, we highlight why inconsistencies might exist in the current literature. When the variety effect is dominant, large assortments increase preference satisfaction (Studies 1, 2, 3), while if the overload effect is dominant, large assortments decrease preference satisfaction (Study 5, Study 6 utilitarian condition). On the other hand, if these two drivers have similar strengths, large assortments do not have a significant effect on satisfaction (Study 4, Study 6). Further, by examining this underlying process, we were able to identify a new moderator – holistic thinking – which helps mitigate the negative impact of overload feeling on satisfaction. We show that this mitigation happens for both chronic and decision-specific holistic thinkers.
(Studies 2, 3, 5), as well as those who adopt more holistic thinking style due to situational aspects, such as mood (Study 4) or decision goal (Study 6). Future research may want to investigate different parts of the decision making process, and discover new moderators; e.g. see how variety effect can be enhanced.

REFERENCES