The Role of Set Completion in the Offer Framing Effect and Preference For Variety

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The offer framing effect holds that consumers prefer more varied outcomes when making multiple single decisions rather than a single bundled decision. Across six studies, the offer framing effect is shown as a manipulation of the salience of complete sets and set completion is a determinant in preference for variety.

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EXTENDED ABSTRACT
Research on variety-seeking behavior is prevalent throughout academic studies of consumer decision-making. The offer framing effect purports to be a novel explanation for the diversification bias, above and beyond well-understood determinants of variety seeking. Specifically, the offer framing effect holds that participants prefer greater variety in an outcome bundle of goods when making a series of single discrete decisions, relative to a single decision among pre-constructed bundles of goods (Mittelman, Andrade, Chattopadhyay, and Brendl, 2014). We propose that the offer framing effect is a manipulation of the salience of set completion; the set-fit effect holds that consumers prefer to acquire complete sets that are either unvaried or completely different. We believe a preference for complete sets, rather than preference for variety across multiple instances of choosing, explains the offer framing effect. Across six studies, we modify the paradigm used to study the offer framing effect such that the salience of set completion emerges as a key determinant in preference for variety.

In Studies 1a and 1b, we replicate Experiment 1 from the original offer framing effect paper. The design of the original experiment implies ordered preference in choosing in the single offering condition. This may induce participants to artificially choose more variety, relative to the bundled offering condition. In Study 1a, participants were assigned to one of four conditions; two are a direct replication from Mittelman et al., while two new conditions edit instructions to remove any implication of ordinal preference in choice. The results of Study 1a indicate an attenuated interaction, such that the offer framing effect exists in the original two conditions, but does not in the conditions with clarified instructions. In Study 1b, we replicate the findings in the two new conditions from Study 1a. Once again, with addition of clarifying instructions, participants show no difference in preference for variety between the single offering and bundled offering conditions. We interpret this as evidence that the offering frame is not the primary determinant in differing preference for variety between the single and bundled offering conditions.

In Study 2, we replicate Experiment 2 from the original paper. Experiment 2 demonstrates the robustness of the offer framing effect across product categories, and provides evidence that the single offering frame induces participants to choose greater variety. Experiment 2 is identical to Experiment 1, except participants choose from among candy bars (Snickers and Twix) rather than soft drinks. Experiment 2 thus retains the same confounded language as Experiment 1. In Study 2, participants were assigned to one of four conditions, mirroring Study 1a. Consistent with Study 1a, we replicated the offer framing effect in the two conditions using identical language from the original paper. In the two new conditions, however, the offer framing effect again disappears.

A limitation of Studies 1a, 1b, and Study 2 is that all potential outcome bundles are complete sets. In choosing bundles containing two goods from among two options, all outcome bundles contain either complete variety or are completely unvaried. Study 3a addresses this limitation by having participants choose bundles of three goods from among two options. In this case, however, complete sets are those that contain an unvaried bundle of goods. Thus, the salience of complete unvaried bundles is greater in the bundled offering condition than in the single offering condition.

We replicated two conditions from Experiment 3 in Mittelman et al. (single offering condition and bundled offering condition containing four options), while adding a third condition that removed an artifact such that the prominence of unvaried bundles was over-weighted in the original bundled offering condition. In this third condition, all eight possible permutations of bundles of three flowers are presented to participants. The results from this study again replicated the offer framing effect, but the magnitude of the effect size is greatly reduced in comparing the single offering condition to the new, expanded, bundled offering condition.

While Study 3a addresses a feature of the bundled offering condition, Study 3b addresses a feature of the single offering condition. The proposed explanation for offer framing effect is that the selection of goods across multiple discrete choices induces preference for variety among choices. In Study 3b, a new condition, the two-step offer condition, is introduced such that participants make multiple discrete choices, but the salience of complete sets is enhanced. The results from this study replicate the offer framing effect in the original single offering and bundled offering condition, but show a reduced preference for variety in the two-step offering condition relative to the single offering condition. There is no difference in preference for variety between the two-step offering condition and the bundled offering condition. We interpret this as evidence that the salience of complete sets, rather than a preference for choosing different options across discrete choices, underlies the offer framing effect.

Studies 3a and 3b provide evidence for the importance of the salience of complete sets in determining preference for variety. These studies are limited, however, in that participants are unable to choose fully varied bundles. Study 3c addresses this limitation by allowing participants to choose bundles of three roses from among red, yellow, and orange roses. Participants were assigned to a single offering condition, a reduced bundled offering condition containing ten choice options, and an expanded bundled offering condition containing all 27 possible permutations of bundles containing three roses. Once again, in comparing the single offering condition to the reduced bundled offering condition, we see an offer framing effect, with participants choosing greater variety in the single offering condition. In comparing the single offering condition to the expanded bundled offering condition, we find no difference in preference for variety. Moreover, we find that across all three conditions, 65-71% of participants prefer complete sets, choosing bundles that contain either no variety or complete variety.

In sum, across six studies, participants consistently demonstrate a preference for complete sets of goods. The single versus bundled offering frame can be used to heighten the salience of complete sets, thereby inducing participants to differ in their preference for variety.

REFERENCES


