Comparison Focus: the Asymmetric Impact of Context Effects on Advantaged Versus Disadvantaged Options

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EXTENDED ABSTRACT
When considering the introduction of a new product, a product manager needs to assess the effect of the new product on sales of the existing product line. For instance, what would be the effect of adding an expensive hard drive that offers more capacity than cheaper competitors on the shares of the existing hard drives in the market? A product manager who consults academic research in search of an answer to this question is unlikely to find a consistent guideline. First, the normative principle of “independence of irrelevant alternatives” (IIA) asserts that adding new options should have no effect on the relative preference for the original options (Ray 1973). Second, the “similarity hypothesis” (Tversky 1972) asserts that a new option can influence relative preference for the original options in the set by drawing share from the more similar option. Third, in contrast to the similarity hypothesis and the IIA principle, consumer research on “context effects” demonstrates that a new option can influence relative preference by increasing the choice share of the more similar option. For instance, an alternative is chosen more often when an inferior decoy is added next to it (Huber et al. 1982). Similarly, an option is chosen more frequently when it becomes an intermediate option by the addition of a new extreme option to the set (Simonson 1989; Simonson and Tversky 1992).

In this paper we advance a new hypothesis, comparison focus, which attempts to explain when each of these three predictions will be observed. Comparison focus invokes the relative advantage of one option over another in the baseline set to predict how changes in choice set configuration influence choice shares. Comparison focus predicts that a given change in choice set configuration is more likely to benefit a target option that is disadvantaged (i.e., has a low choice share) compared to a target option that is advantaged (i.e., has a high choice share) in the baseline set. Comparison focus predicts both replications and reversals of established context effects. Our research is prompted, in part, by the recent debate that has called into question the very existence of context. Here we take the position that even though context effects are a real phenomenon, they are not necessarily observed in every situation in which a new option is added to a set. Thus, the key question—which also serves as the focus of this paper—is when context effects are more likely to be observed, or, by extension, when normative hypotheses are more likely to be satisfied or violated.

We find support for comparison focus in fifteen studies and in a series of meta-analyses using both real and fictitious products with a wide range of attributes. In our first six studies (Studies 1a-1f), we test comparison focus in the case of extremeness aversion. These studies show that the addition of a new extreme option increases the share of the more similar intermediate option when that option is disadvantaged rather than advantaged in the baseline set. In our next five studies (Studies 2a-2e), we test comparison focus in the case of the attraction effect. We find that the addition of an asymmetrically dominated option increases the share of the target when that option is disadvantaged rather than advantaged in the baseline set. In our final four studies we directly (Studies 3a-3b) and indirectly (Studies 3a-3b) test and find supporting evidence for our proposition that changes in choice set configuration drive decision-making by drawing attention away from the focal comparison (between the target and the competitor), therefore reducing the chances of that comparison taking place. Thus, disadvantaged alternatives tend to benefit relative to their advantaged counterparts because the new choice set configuration dilutes the weight of the original advantage on choice.

We should note that, although a majority of our stimuli are adapted from prior research that reports evidence of context effects, we observe both replications and reversals of prior findings depending on the relative advantage of the target in the baseline set. Our findings suggest that context effects are not necessarily predicated on stylized product representations with numerical attributes. Our research also challenges the common assumption that context effects occur where consumers have relatively high preference uncertainty, and shows that context-dependent preferences can be observed even under low preference uncertainty. In this regard, comparison focus offers a new perspective on context effects: rather than operating as heuristic solutions when making trade-offs under high uncertainty, context effects arise as a result of the comparisons consumers make between alternatives in a set, even when preference uncertainty is low.

REFERENCES