

A fun toy or a useful watch? How do people make purchasing decisions?

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'Tis the season to shop and 'tis the time to be torn apart by shopping dilemmas — which “it” items to buy and which ones to forgo?!

Imagine that David is browsing through his favourite retailer's website and he is stopped dead on his (digital) tracks by scores of must-have items. To make his shopping task easier he decides to use the website's “wish list” feature. Like in many other online stores (e.g., Google Shopping's “My Shortlist”, Amazon's “My Wish List”), the “wish list” feature in this website allows David to set aside, with a single click, items that really catch his fancy. David looks at all the must-have items on the website, one by one, and after a lot of browsing he is now ready to make a purchase decision. So he decides to peek into the “wish list” that he created.

Looking into the “wish list” he finds that he has narrowed down his choices to two bestselling items. One of them is the Hoverboard, a self-balancing two-wheeled board that is a portable, rechargeable battery-powered vehicle. Reviews describe it as “fun,” “exciting,” “delightful,” “thrilling,” and “enjoyable!” The other object of his desire is the new Samsung Gear 2 smart watch, which is a sleek computerized wristwatch with advanced functionalities like email, calendar, translations, and activity (run/walk), heart rate, and calorie monitors. Reviews are equally raving, describing it as extremely “necessary,” “practical,” “functional,” “helpful,” and “effective!” Both are similarly priced (~\$400) and both seem to be equally popular, bestselling items on the website. He has enough money to buy one but not both items; he is torn!

So which option would David pick: the very utilitarian, extremely functional, and highly useful Samsung Gear 2 smart watch, or the very hedonic, multisensory, and highly experiential Hoverboard?

What would you predict David will do?

Wish List

 Save an idea. Shop for it later.

Filter & Sort     



iStyle® Durable Fashion Portable 2 Wheels Self Balancing Smart Board Electric Scooter Accessories Carrying Bag Handbag - Black
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★★★★☆ (11)
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Across a series of [recent studies](#), we find that decisions in such multi-stage decisions (e.g., first “wish-list” then choose) are significantly slanted towards the hedonic option. In short, it is highly likely that David will pick the hedonically superior option (i.e., the Hoverboard) over the option that is superior on utilitarian criterion (i.e., the smart watch).

When choosing from multiple options, decision-makers may directly choose an option (single-stage decision), or initially shortlist a subset of options, and then choose an option from this shortlist (two-stage decision). We find that two-stage decisions (e.g., like the “wish list” first, followed by a final choice, scenario described above) systematically increase preference for hedonically superior choice options.

Besides shopping scenarios (like the one described in the opening example), this phenomenon is relevant for a wide variety of decisions that may be demarcated into two stages. For example, many firms have a policy of making important decisions (e.g., choice of employees, vendors, clients, projects, etc.) in a way that draws attention to the demarcated structure of the decision (e.g., shortlist, then choose). Web-based online tools make such two-stage processes easy to implement. Hiring and selection committees might find our results relevant and accordingly, take steps to ensure that these two-stage decisions are not overly hedonic-slanted. In a similar vein, in personal selling contexts, salespeople can suitably structure the sales process as a two-stage process, contingent on whether they wish to push hedonic options.

Our research finds that this effect is fairly robust. It replicates across different (i) decision domains (hiring employees, apartments, snacks, pens), (ii) types of attribute information (e.g., text description vs. names vs. pictures), (iii) choice sets that varied in terms of the number of choice options (3 to 16 options) and decision difficulty (easy vs. difficult choices), and (iv) participant populations (e.g., U.S. vs. European participants).

So why does the effect occur?

The effect occurs because short-listing (or any other form of two-stage decisions) differentially affects the two motivations that often govern our shopping impulses: a promotion goal that motivates us to seek positive outcomes (e.g., eat a very tasty snack), and a prevention goal that motivates us to avoid negative outcomes (e.g., avoid a high-calorie snack). Usually these twin motivations are pursued in a somewhat balanced manner. A two-stage decision, however, disrupts this delicate balance.

More specifically, the effect occurs because short-listing influences the extent to which the final choice is pursued with a prevention goal (i.e., goal of avoiding negative outcomes). In a two-stage process, after the short-listing stage, decision-makers feel that they have sufficiently advanced their prevention goals, which in turn dampens the continued activation of prevention focus. After all, labels like “wish list” or “favourite” have an aspirational connotation and imply that items contained in a “wish list” are relatively superior or, at minimum, not as bad as the ones that did not make it into the “wish list.” Thus the decision maker’s prevention goal dissipates. However, the decision maker’s promotion focus (i.e., goal of approaching positive outcomes) does not dissipate. Thus, when it comes to making the final choice, the promotion goals have a greater influence than the prevention goals. Untrammelled by prevention concerns, the promotion goals then disproportionately favour choice options that are hedonic, pleasurable, and relatively discretionary. Consequently, choice shares of the relatively hedonic options increase significantly.

This is how, relative to single-stage decisions, two-stage decisions increase preference for relatively hedonic (vs. utilitarian) options during the final choice.

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Notes:

- *This article is based on the paper [Two-stage decisions increase preference for hedonic options](#), co-authored by Amitav Chakravarti, Rajesh Bhargave and Abhijit Guha, and published in *Organizational Behavior and Human Decision Processes*, Volume 130, September 2015, Pages 123–135.*

- *This post gives the views of its author, and not the position of LSE Business Review or the London School of Economics.*
 - *Featured image credit: Hoverboard [Soar Boards CC-BY-2.0](#) Inside photo: Amazon wish list print screen*
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