When Plentiful Platforms Pay Off: Assessment Orientation Moderates the Effect of Assortment Size on Choice Engagement and Product Valuation

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Abstract

Popular digital platforms, such as Netflix and GrubHub, purposefully aggregate offerings, according to the premise that customers value products chosen from plentiful assortments. Yet academic literature provides little clarity about when, for whom, or how larger online retail assortments affect the value of the products. To provide new insights, the current article aims to address ambiguous extant findings about the effects of larger product assortments. Specifically, this research tests whether customers with high, as opposed to low, assessment orientation value products more when they have chosen them from larger, as opposed to smaller, assortments. Four experiments affirm this idea, such that customers with a high assessment orientation value products more when they have chosen them from platforms with relatively larger assortments. Sequential mediation of the effect occurs through increased choice engagement and attitude certainty. For managers, customer segmentation along the assessment dimension offers benefits, while assessment type marketing communications can increase the likelihood of product selection, like in our field study, where we find an increase of 27%.

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Introduction

The contemporary retail landscape increasingly features digital platforms—digital intermediaries that enable economic transactions between two sets of agents, such as retailers and customers (Sriram et al. 2014)—that aggregate extensive assortments. Amazon, iTunes, and Google Play dominate their respective fields; other providers are prominent in their respective sectors. For example, for food delivery, GrubHub and Seamless compete to present customers with the greatest variety of appetizers, main courses, and desserts. In the entertainment market, Netflix and Hulu work to engage consumers with a vast range of movies, and in the travel market, Trivago and Booking.com advertise the number of hotels they have available. These practices suggest the conventional wisdom that assortment size really matters when it comes to online retailing.

Yet the actual effects of large assortments on customer engagement, product valuation, and product choice remain ambiguous. For example, most digital platforms claim that their increased assortments drive customer choice, foster decision making, and boost customer spending (Ungerleider 2014). Yet intuitively, too many options may leave customers uncertain about their selection, driving them to devalue any choice they make. Although Amazon’s generous assortment enables it to present customers with the offerings they value most (Edelman 2014), customers also might encounter an abundance of options but do not end up purchasing any of them (Iyengar and Lepper 2000). Whereas grocery shoppers might pay a premium for products purchased from online grocers such as Instacart and Freshdirect that enable them to compare a wealth of options for peanut butter, pancake mix, or potato chips (Kadet 2014), some online grocers have increased their sales by eliminating options from their assortment (Boatwright and Nunes 2001).

In empirical research, the focus has mainly been on either positive or negative effects, often with the assumption that the
negative effects of large assortments stem from consumers’ aversion to making comparisons (Chernev 2003; Chernev, Böckenholt, and Goodman 2015; Shugan 1980; Xu, Jiang, and Dhar 2013). Also meta-analyses do not provide conclusive results about the effect (Chernev, Böckenholt, and Goodman 2015; Scheibehenne, Greifeneder, and Todd 2010), and few studies explore potential moderators of consumers’ reactions to large assortments (Chernev, Böckenholt, and Goodman 2010; Spassova and Isen 2013). Yet customers who have a strong interest in comparing and evaluating options, whom we refer to as high assessors, likely prefer to make multiple comparisons among multiple options to find the best choice, unlike consumers without such an interest (i.e., low assessors).

Considering the significance of assortment decisions for both practice and research, we seek to address several challenging research questions with this article. In particular, how can digital platforms identify and target customers who assign more value to products chosen from larger assortments, compared with those who do not? Which customers should retailers with small or large assortments target to achieve higher product valuation? Can managers match their marketing communications to the assortment and thereby to increase the likelihood of product selection? Finally, what underlying psychological mechanism drives value judgments across different assortment sizes? Such questions motivate our studies; which lead to a number of contributions that inform the ongoing debate around the above questions.

First, we show that some customers appear to show a clear preference for products they have chosen from larger assortments. Segmenting customers according to their assessment orientation in turn can have important effects. Online platforms such as Seamless or iTunes can adjust the breadth and depth of their assortment easily, similar to the way they tailor product recommendations to customer tastes. In so doing, they can increase their customers’ willingness to spend. This finding also is relevant for emergent or local platforms with smaller assortments, which can encourage customer spending and the likelihood of product selection by targeting customer segments dominated by low assessors.

Second, assessment is not solely an innate trait to be discovered. It also is susceptible to priming through marketing communications. We show that priming assessment orientation with an advertisement can lead to higher inclinations to spend money for products that have been selected from a large assortment. A field study also shows that when assortments are increased, assessment type banner ads increase the likelihood of product selection by 27%. If digital platforms with large assortments can get customers to think like high assessors, they might improve perceptions of value.

Finally, we elaborate on the process by which assortment size influences spending inclinations. We show that engagement in decision-making and attitude certainty explain a significant part of the variance in customers’ valuation of a product chosen from a given assortment. Managers can facilitate this process in several ways, such as including reviews that appear consistent, which then enhances attitude certainty (Rucker et al. 2014).

Conceptual Background

The ongoing debate about assortment levels often cites a dichotomy between the “more-is-better” view (Baumol and Ide 1956) and the threat of “choice overload” (Iyengar and Lepper 2000). According to the former view, large assortments should benefit customers, because they provide more opportunities to serve heterogeneous customer preferences (Baumol and Ide 1956). Large assortments have been found to increase anticipated consumption utility, actual consumption (Khan and Wansink 2004), purchase likelihood (Koelemijer and Oppewal 1999), and the ease of making comparisons among options (Hutchinson 2005). However, other studies indicate that large retail assortments tend to decrease purchases (Iyengar and Lepper 2000), reduce decision satisfaction (Haynes 2009; Schwartz 2000), and increase choice difficulty (Fasolo, Carmeci, and Misuraca 2009). These studies argue for the choice overload view. Meta-analyses, designed to resolve this ambiguity, have offered inconclusive results. Some argue that large assortments exert an effect (Chernev, Böckenholt and Goodman 2015) and others claim they do not (Scheibehenne, Greifeneder, and Todd 2010).

Recent research has made some progress in integrating these positions, by showing that as the size of the assortment increases, the costs of choosing from a large assortment rise faster than its benefits, resulting in an inverted U-shaped relationship between assortment size and choice satisfaction (Lenton, Fasolo, and Todd 2008; Reutskaja and Hogarth 2009; Shah and Woldford 2007). A related line of investigation notes that consumers may be averse to making comparisons (Chernev 2003; Chernev, Böckenholt and Goodman 2015; Shugan 1980; Xu, Jiang, and Dhar 2013), which could help explain the asymmetric increases in costs and benefits as assortments increase in size. Yet the debate continues; meta-analyses have revealed that the U-shaped relationship between assortment size and choice satisfaction does not explain all of the variance (Scheibehenne, Greifeneder, and Todd 2010). Moreover, the notion of a universally negative comparison experience is questionable. Studies in related literatures clearly show that some consumers might be relatively more willing or interested in making comparisons (Kruglanski et al. 2000, 2013). Accordingly, several researchers have called for further investigations of various factors that might increase consumers’ valuation of products when they have chosen them from large assortments (Chernev, Böckenholt, and Goodman 2010; Scheibehenne, Greifeneder, and Todd 2009). In an attempt to introduce such factors, we take a novel theoretical perspective on assortment-related questions.

Regulatory Mode

Regulatory mode theory (Higgins, Kruglanski, and Pierro 2003; Kruglanski et al. 2000) proposes that consumers pursue their goals by adopting assessment and locomotion orientations. An assessment orientation implies a motivation to evaluate available alternatives to improve decision quality and make the best choice (Kruglanski et al. 2000). Consumers with high assessment orientation prefer to review and compare as many options...
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