> Wednesday 7th October, 2020 11:00 - 13:00

MARKETING RESEARCH SEMINAR

IÉSEG SCHOOL OF MANAGEMENT

EMPOWERING CHANGEMAKERS FOR A BETTER SOCIETY

"NEW INSIGHTS INTO THE DYNAMICS OF DEFERRED DECISIONS"

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ABSTRACT

In this seminar I will present two ongoing projects that investigate consumers' tendency to defer choice. In the first paper, we examine the impact of the choice set on deferral decisions. Decision conflict is featured prominently in psychology literature, going back to the seminal work of Lewin (1935), Miller (1944), and Janis and Mann (1977). Building on this earlier work and the assumption of conflict as an inhibitor of choice, Tversky and Shafir (1992; see also Dhar, 1997) argued that the tendency to defer a decision can increase when the offered set is enlarged because of decision conflict. They showed that decision-makers defer choice more when faced with two options presenting a trade-off compared to when they are offered a single option. Despite its intuitive appeal, we argue that the association between decision conflict and deferral has been overstated, and adding options rarely increases deferral. We reexamine published data and report the results of 35 well-powered replications of the effect (total n = 21,686), raising doubts about the generality of the impact of conflict on choice and deferral. Our data show that, when provided with two alternatives that present trade-offs, decision-makers are predominantly less—rather than more—likely to defer choice compared to when they see one of the two options in isolation. We discuss and test potential moderators that can reconcile our findings with earlier research.

In the second paper, we examine how historic price information influences consumers' decision to defer a purchase. We advance an expectation-based framework that predicts an interaction between the frequency and the direction of price changes on deferral. Our framework inspires two predictions. In the case of price decreases, we predict that consumers will be more likely to defer purchase upon observing a relatively higher frequency of past decreases in price. On the contrary, in the context of price increases, we predict that consumers will be less likely to defer purchase upon observing a relatively higher frequency of past increases. We propose that these effects will be driven by differences in consumers' expectations about future prices. Consumers will tend to hold stronger expectations that the price will decrease (increase) further in the future, when they have previously observed a relatively larger number of decreases (increases) in the price of the same good. We test our predictions, as well as numerous potential moderators of the proposed effects, in 15 well-powered experimental studies and in analyses of three large-volume secondary datasets (total N = 16,793).

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