

Product Categorization and Attention Manipulation

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Bridging Behavioral Economics and Marketing Science

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Motivation

- ▶ **Observation 1** (categories): complex choice problems (e.g., choose a new electric appliance) can be simplified by using categories (energy efficiency class: A,B,C,...)
- ▶ **Observation 2** (filtering): online retailers offer filtering tools to browse large catalogues
- ▶ **Observation 3** (attention): filters make the consumer (not) aware of part of the choice set

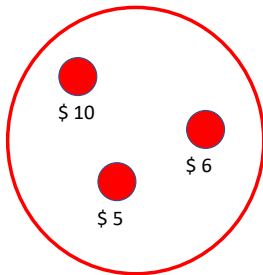
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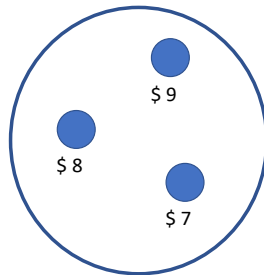
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Example: Sophisticated vs Naive Consumer



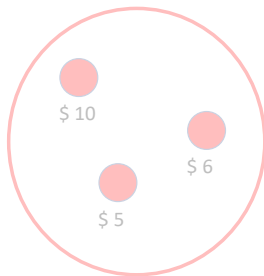
Average \$ 7



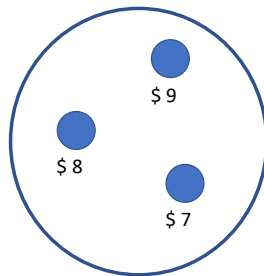
Average \$ 8

- ▶ The sophisticated consumer is *attentive* to all the options
- ▶ The naive consumer is not (high search/attention cost)

Example: Sophisticated vs Naive Consumer



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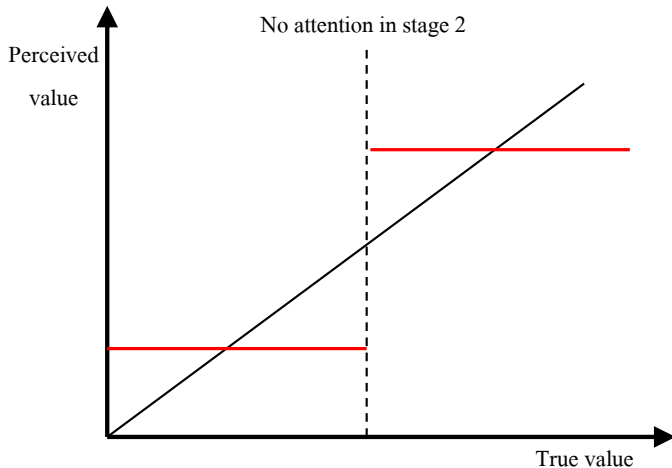
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Research Question

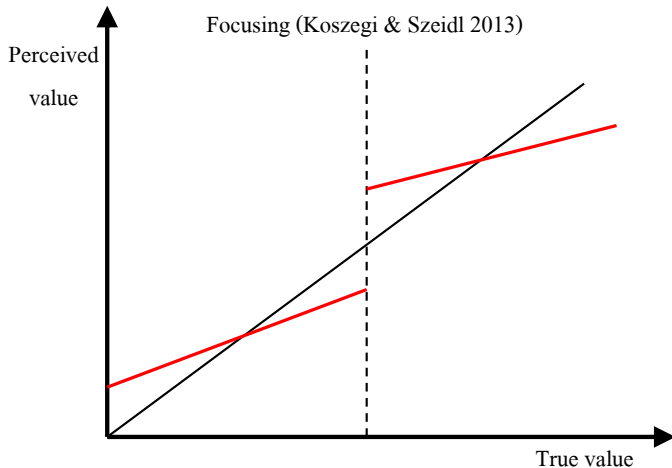
- ▶ **Research question:** How does the introduction of categories affect the decision process (and the final choice)?
- ▶ **Hypothesis:** Categories reallocate attention between two stages of the process, reducing large mistakes but increasing small mistakes
- ▶ **Mechanism:** Accentuation theory (Eiser and Stroebe 1972): Consumers perceive larger differences between categories (contrast) and smaller differences within categories (assimilation) Krueger and Clement 1994

Hypothesis



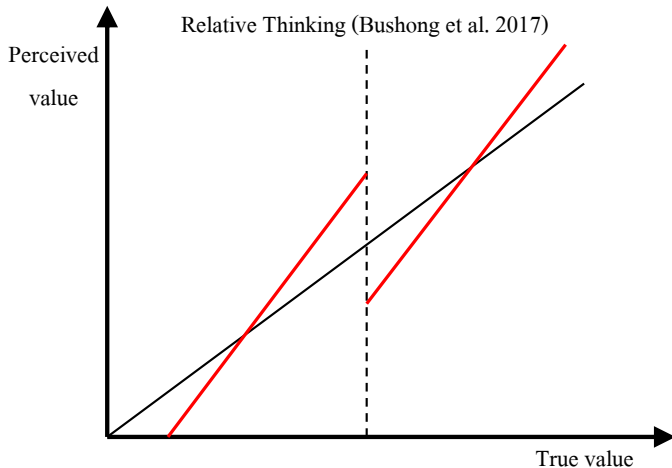
- The consumer is inattentive to the categorization attribute

Hypothesis










- The consumer is less attentive to the categorization attribute

Hypothesis



- The consumer is more attentive to the categorization attribute

Study - Design

	STAGE 1	STAGE 2
	Category	Final choice
Control		
Symmetric		
Negative-skewed		
Positive-skewed		

Study - Stimuli

What kind of product satisfy these criteria?

- ▶ Large choice set (choice/information overload)
- ▶ Categories facilitate the decision process
- ▶ EXTRA: Social concern about consumption (paternalistic?)

Some ideas:

- ▶ Electric appliances (energy label A, B, C)
- ▶ Food nutrients (low fat, low sugar)

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Where to go next?

Which *category* should this project belong to?

- ▶ Literature:
variation in the number of categories (Benartzi & Thaler 2001)
and in the consideration set (Abaluck & Adams 2017)
- ▶ Descriptive/normative approach: how do consumers choose vs
how should the consumers choose?
- ▶ Does the credibility of the source mediate the attention shift?
- ▶ Stimuli: product category (one/several)
- ▶ Let the data talk...

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Krueger and Clement 1994

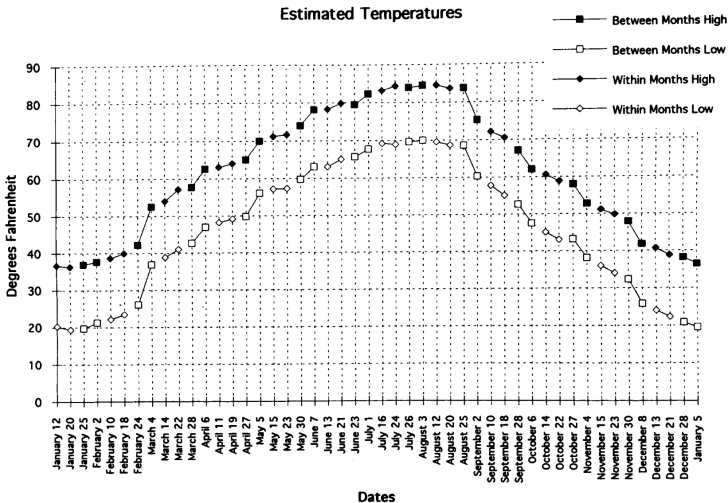


Figure 3. Estimated high and low temperatures for each of 48 target days.