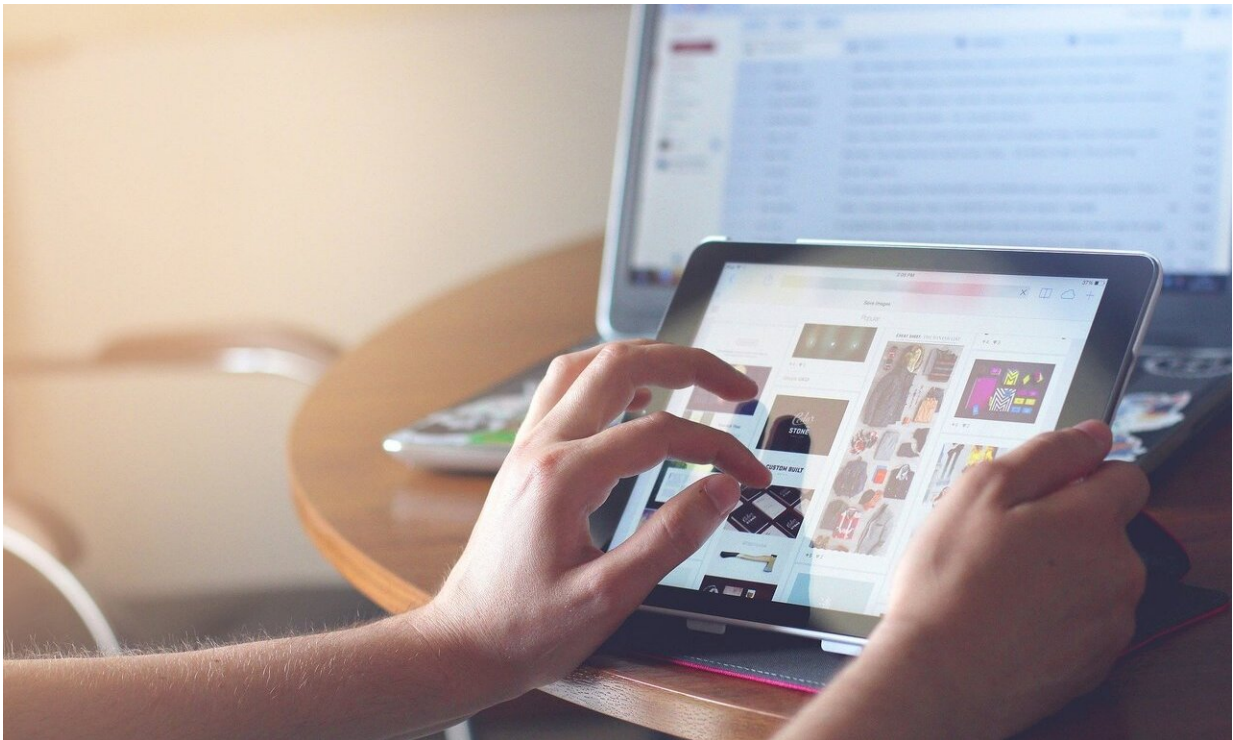


Bad marketing encourages consumers to opt for lower-quality products

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A new framework to enable retailers to better position their products to consumers has been devised by Tamer Boyaci and Frank Huettnner at ESMT Berlin together with Yalcin Akcay from Melbourne Business School. According to the researchers, consumers often lack the full information when making purchasing decisions on variety of products,

from day-to-day items to luxuries such as holidays, resulting in poor choices by consumers and lost sales for superior products.

"Consumer [choice](#) behaviour is a crucial factor in many practical operational problems," says Boyaci. "For example, for an online firm like [airbnb.com](#) or [booking.com](#), when consumers search for a particular accommodation, there is usually a large number of potential hits, which they do not have the time to fully assess. Options displayed on the first page typically receive the most attention, while, from the buyer's perspective, choices listed on the following pages require additional effort to evaluate."

The problem is exacerbated as consumers are required to put a great deal of time and effort into acquiring the necessary additional information to make the best choice.

Boyaci points out, "Facing an abundance of product choices, and with only limited time and attention to evaluate, consumers have to quickly come to grips with how much and what type of information to acquire and pay attention to, and what to ignore. They then make purchasing decisions based on partial information, therefore it's quite possible that consumers routinely make the wrong choices."

To tackle this, professors Boyaci and Huettnner devised a model that can help retailers and companies to market their products more effectively, by enabling them to better judge how much and what types of product information to make available to customers. The Consumer Choice Model measured how decisions were made by consumers, when given a set of alternative products to consider in their purchasing activities.

The results show that, in instances where similar items were compared and the information costs were lower, [consumers](#) preferred to select the item which provided the easiest access to further information, regardless

of whether the other product was superior, as they felt more confident with their [decision](#).

In instances where hard-to-evaluate [products](#) were perceived as less attractive, the model proved that simply improving the provision of [information](#) to customers could significantly improve sales. The study revealed significant implications for online retailers also.

More information: Frank Huettner et al, Consumer Choice Under Limited Attention When Alternatives Have Different Information Costs, *Operations Research* (2019). [DOI: 10.1287/opre.2018.1828](https://doi.org/10.1287/opre.2018.1828)

Provided by ESMT Berlin

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