Choice in Interactive Environments

Workshop 12

Participants

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Major Themes

- Do consumers want interactive environments? If so, under what conditions?
- What effects do interactive environments have on consumer behavior?
- What special challenges do these effects present for management?

Do Consumers Prefer Interactive Environments?

- Consumers choose how they want to interact with the supply chain (levels, information exchange).
- Desire for interactivity is not a given
  - □ Privacy is an issue
    - What will be done with the information?
  - □ What is the benefit to consumer?
    - Information
    - Customization
    - Recommendation

Common Characteristics of Interactive Environments

- Multiple channels exist, often with different purposes
  - Sales figures therefore understate impact of web on sales
- Availability of abundant comparative information
- Opportunity for recommendations
- Offering can be customized
- Context can be personalized

Intelligent Agents

- Reactive
- Real time
- Autonomous
- Goal-directed

WHO DO (SHOULD) THEY WORK FOR?

Effects on Consumer Behavior

- Benefits
  - Reduced Search Effort
  - Increased Decision Quality
- Costs
  - Satisfaction not higher
  - Leads to biased knowledge of marketplace
    (Don't view all options-smaller consideration sets)
  - Preferences constructed online

Effects on Consumer Behavior

- Abundance of information
  - Information overload
  - Negativity bias
  - Mixed comparisons
    - Can hurt the image of the chosen option
    - Increases likelihood of no purchase
    - Regret effects

Effects on Consumer Behavior

- Information Search
  - Do consumers search as much on the web as predicted?
    - No. Previous findings of 2-3 information sources in a particular category carry over (albeit with heterogeneity)
  - Are there any general patterns?
    - Diminishing marginal returns (same as in non-web search)
  - Is there any systematic ordering to the search?
    - Don't know, because off and online sources are difficult to combine.
    - Might expect there to be.

Ethical Behavior is a Choice

- Research question: Do marketing managers choose to act more or less ethically in interactive environments than they would face-to-face?
  - More unethical online
    - Anonymity and ambiguity
    - Lack of communication clarity makes trust difficult
  - More ethical online
    - Interactive contexts leave a virtual trail
    - Clarity of face-to-face provides many ways to commit to unethical behavior

Challenges for Helping Marketers Deal with the Situation

- Multiple segments (Adaptive Web Design)
  - One size does not fit all. Not clear how to construct optimal environment
  - Perhaps multiple websites with initial screener to allocate
    - Possibility: Dell Computer – Separate for novices and experts
    - How to segment – Questions? Clickstream

Challenges for Helping Marketers Deal with the Situation

- Consumer Preference Measurement for Decision Aids.
  - Desirable characteristics:
    - Interactive
    - Adaptive
    - Focused
      - Few questions
      - Hones in on high value options
    - Real-time
    - Reassuring
    - Capitalizes on shared information and aid's memory of consumer

Challenges for Helping Marketers Deal with the Situation

- Optimization (e.g. E-mail testing): How do you do better than traditional DM testing?
  - Environment is constrained by time
  - Decision variables (to maximize e.g. click probability)
    - M e-mails to send
    - T periods for entire campaign
    - R e-mails per hour

Challenges for Helping Marketers Deal with the Situation

- Providing tools for consumers (e.g. attribute comparison matrices can actually hurt sales)
    - Carsdirect.com
- How to manage the purchase decision process funnel starting with information search and ending with purchase?
  - What is the ideal presentation format for information? Are there generalities?

Major Themes: Summary

- Do consumers want interactive environments?
  Only if it pays off.

- What effects do interactive environments have on consumer behavior?
  With online help they make better choices, but hard to implement, and they may not notice it.

- What special challenges do these effects present for management?
  Developing tools for real-time personalization. When, where and how to involve the consumer.