



How Much Choice Should Consumers Have?



By Amitava Chattopadhyay , The GlaxoSmithKline Chaired Professor in Corporate Innovation at INSEAD

The retail sector bends over backwards to give the consumer an inordinate number of product choices, and yet, does the consumer want so much variety?

Variety packs are everywhere, whether they're multi-coloured sock packs, multi-flavour yoghurts or multi-packs of chocolate bars. Retailers believe that bundling different items together is answering consumer demand, but the reality is something else. In fact, they would do better to offer more of the same in bundled packs. We all have preferences, whether it is in terms of our favourite colour, flavour or song, and when we find ourselves in the supermarket aisles, buying in bulk, these preferences make themselves no less felt.

However, as our research shows, a lot of it has to do with how many choices we are actually making when we stand in front of the supermarket shelf. In my [paper](#), “The Offer Framing Effect: Choosing Single versus Bundled Offerings Affects Variety Seeking” co-authored with Mauricio Mittelman, Eduardo B. Andrade and C. Miguel Brendl, we show that when there is only one choice act to make, participants were systematically less interested in seeking variety in their product choices. This is the case when we are looking at, for example, a six-pack of soft drinks — in order to purchase six cans, we only have to make one choice if they are packaged together — compared to buying six cans individually where we are making a choice six times over. The implication for retailers is that you don’t have to indulge in price promotion on multi-packs because by offering consumers more of the same, they will get what they want and be happy to pay the price.

Variety is the spice of life

As individuals, when we have the option of making more than one choice, we tend to seek variety.

In our first experiment participants were presented with cans of Coca-Cola and Sprite and asked to select two. Of those that were asked to make two separate decisions - choosing one can each time - 62 percent chose two different drinks. However when participants were asked to make one decision and choose between two packaged drinks (either two Coke, two Sprite or a can of each) only 32 percent chose the mixed option.

What was most interesting in our research was that of the participants who were given two choices, 12 out of 41 who had expressed a strong preference for either Coca-Cola or Sprite, made a different selection in their second choice. While none of the participants who had a strong preference and were asked to choose from the two-packs selections chose the mixed option.

In a further experiment to determine how strongly the wish to make a different choice made itself felt, we went as far to pit the amount of variety possible in the choice process against the amount of variety the participants would end up with in their set of chosen items. Here, there was once again a comparison made between having one choice to make or two choices. One set of students was asked to choose between a high variety candy selection or a low variety candy selection, where only one decision was needed. A second group of students was asked to choose six candies in two stages. In the first stage, they were given a high variety consisting of one cherry, grape

and apricot candy and then in the second stage, they had to choose between a high variety bundle of cherry, grape and apricot candies (the same as they already had) or a low variety bundle of three cherry candies. As expected, participants avoided choosing the same thing they already had and preferred to choose something different even though ultimately it meant they had less variety in the candies they owned at the end. In the first bundled option where only one decision was made, 66 percent of participants ended up with the high variety offering, whereas in the two-stage decision process, only 36 percent of participants ended up with the high variety option.

This strong desire to feel that a different choice has been made during the choice process is good news for smaller stores and for retailers hoping to introduce new products to the market. Customers who tend to shop in smaller stores are generally buying in smaller quantities and can more easily be captured as they will be more inclined to seek variety.

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A further implication is for online retailers as our findings hint that more sales of the same item are likely to be made online compared to shopping in-store. This is because when purchases are made online, only one choice is needed per item — that of typing the number of required items in the designated spot on the screen. This simplifies the purchase process compared to an in-store experience where multiple choices are made when purchasing single offerings. For bricks-and-mortar retailers, the emphasis should be on offering single serves, whereas online retailers should expect to sell more bundled items.

So, whether we're looking at the question of how the products are packaged from a retailer's point of view, or from the consumer's point of view, one thing is clear, choices will always be there. The important understanding for retailers is that they have the ability to bundle or separate items depending on what they want to push —and without the need to discount as originally thought. For consumers, you should know that if you're buying in large quantities, you can take comfort from knowing you'd be better to buy more of the same in a bundled pack with the added benefit that those pineapple-flavoured yoghurts you weren't too keen on anyway in the multipack, will not go off in your fridge. And for consumers who tend to buy in smaller quantities, be reassured that our desire to seek variety is often stronger than our logic telling us what our preferences are. Do we want so much variety in

our shopping experience? The answer is yes and no.

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