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## Matthew Gerrard

# Changing Gear with Behavioural Economics: An Investigation into how Choice Architecture can Increase Brand Consideration Among Automotive Consumers

*This paper explores the application of the newly revived discipline of behavioural economics with specific attention paid towards choice architecture and the automotive industry. This interpretative research studies how the application of choice architecture can heighten brand consideration among automotive consumers. Existing literature has proposed the importance that choice context, social relationships, and personal values have on final selection, however little empirical evidence has been provided to support these claims. Experimental methods simulating choice within varied contexts found three main findings. Participants were notably prone to a switch in brand preference within a commercial environment while exposed to a benefit-based choice architecture. Social validation was observed within each participant response, countering the previous neo-classical views on economic behaviour. Finally, choice context revealed significant influence on participant choice: attribute-based architecture better suited the Café environment, and benefit-based architecture more so the commercial environment. The findings call for a reevaluation of how marketing strategy is approached in order to heighten brand consideration, and demands sensitivity towards the context of automotive communication.*

Keywords: Choice architecture, consumer behavior, automotive marketing advertising



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### INTRODUCTION

With one new car now rolling off of the production line every 20 seconds in the UK (Automotive Council 2013) coupled with the increased salvo of marketing communications, it is unsurprising that data from the SMMT (2014) indicates a year-on-year rise of 10.8% in new car sales (UK). With this clear upsurge of new car sales due to

the lustrous consumption habits of automotive consumers (Schiraldi 2011), research (Train and Winston 2007; Liu et al. 2012; Huber and Herrmann 2001) has identified that car owners are remaining loyal to their particular brand of choice, and for a considerable amount of time. This suggests the heavy global advertising spend is perhaps ineffective in achieving a switch in brand preference (Dick and Basu 1994), calling in to question the effectiveness of the strategies used to communicate alternate options.

Research conducted by Advertising Age (2013) found that almost 30% of the worlds most advertised brands belonged to automotive firms. This is reinforced by the findings of a recent Nielsen report (cited Bold 2014) that discovered 13 out of the top 100 advertisers within the UK (2013) were also automotive owned. In addition, the report highlighted the newly bolstered advertising budgets of well-known automotive brands (2014), including a 38% increase from BMW UK, 45% increase from the Ford Motor Company, and 67% increase from Renault UK Ltd. This evidence indicates that consumers are now being exposed to an unparalleled amount of automotive-based promotional content, rendering it increasingly difficult for these firms to effectively and persuasively communicate their offering against the barrage of promotional noise being delivered from competitors. Advertising as a communicative tool is used to enhance product perception and inform on product alternatives (Bristow et al. 2002) but little research has been dedicated towards the understanding and development of how new approaches like behavioural economics and more specifically choice architecture can improve their communication effectiveness (Skinner et al. 1999) and ultimately heighten brand consideration. Defined broadly as a means by which psychological insight can apply and affect economic phenomena (Loewenstein 1999), behavioural economics is by no means a new theory, but one that is being revived due to it's speculated scalability (Camerer and Loewenstein 2004) within the field of marketing and advertising communications (Sutherland 2009).

"Marketing managers are striving to better understand consumer behaviour and positively influence consumer brand perceptions through marketing initiatives."

Lobschat et al. (2012 p. 126)

Brands such as Volkswagen have already begun demonstrating a firm understanding of how a change in behaviour may benefit the consumer and effectively enhance their choice. Branded initiatives like The Fun Theory (Volkswagen 2009) have recently surfaced, exhibiting clear examples of choice architecture and behavioural economics in action - achieving impressive results. The concept of displaying choice information differently (or framing it within a different context) in order to achieve an alternate behavioural outcome (Johnson et al. 2012) may be applied to advertising and marketing communications, however very little academic research has explored its true application within this field and is usually left up for supposition by industry practioners. A choice may be presented differently or within an altered surround to create a shift in perception: take for example Fig.1.

**Fig.1 Altering perception (Barden 2013, p.21)**



The two smaller cubes are of the same shade, however an optical illusion appears due to the varied backgrounds, consequently altering perception. Choice architecture could, in this instance have a similar effect and further pose as a communicative solution in order for automotive brands to better achieve heightened consideration in different choice contexts. Due to the expensive nature of the product, cars are typically a highly considered purchase that demands intense cognitive processing. Mental accounting, product-brand comparisons, and personal values all come in to play when making a purchase decision and can prove difficult for anyone to complete.

For this paper, a brand is defined as "a name, term, sign, symbol or design, or a combination of them, which is intended to identify the goods and services of one seller or a group of sellers and to differentiate them from those of competitors"; Kotler (1997 p. 443). It is thought that one of their most noteworthy roles is the effect they have on consumer brand choice and consideration (Erdem and Swait 2004). The intention of this study is to contribute originality of thought to the ever-growing body of 'nudge' literature (Thaler and Sunstein 2008) through exploring the effects of choice architecture within the automotive industry. Ultimately, this study is intended to offer a point of view that can be expanded on with further research.

## LITERATURE REVIEW

Taking large influence from pivotal work by Tversky and Kahneman (1979; 1992), Loewenstein (1999) and Thaler and Sunstein (2008), an increasing body of literature is being devoted towards the field of behavioural economics and its many facets. As proposed by these authors and other academics within consumer research, recent literature (Lamberton and Diehl 2013; Samson and Wood 2010) has also paid noticeable attention towards the sub-topic of choice architecture and how its application can have profound affects on consumer decision-making and brand choice. This therefore serves as an appropriate area to investigate as a means of discovering how brand consideration may be heightened within the exceedingly saturated automotive market, where consumers frequently face a proliferation of choice (Monga et al. 2012).

An introduction into consumer behaviour, followed by a synopsis on the history of neo- classical economics is first provided in order to gain an understanding into the foundations and limitations of earlier economic frameworks. Secondly, behavioural economics is introduced as a contrasting modernistic view employed to influence behaviour. Finally, choice architecture is interrogated as a means of application within

marketing and understood to inform the methods for research. Through identifying gaps within the existing body of literature an appropriate basis for a research project is established.

#### Consumer Behaviour and the Decision Making Process

At first glance, the language used to explore consumer behaviour seems best reserved for that of neuroscientists, psychologists and mathematicians of the like (Näslund 1979; Nicosia 1966; Lipstein 1965), however the meaning that can be derived from said literature can be easily explained and applied to the field of marketing communications due to its surprising relevancy with regards to potential brand application (Gordon 2011). Limitations of past literature has often been due to its deep intricacy; offering various models that attempt to comprehensively explain each aspect of consumer behaviour and clarify what the human mind otherwise cannot grasp the immense complexities of (Gigerenzer et al. 1989; Howard 1989). With this in mind, this study attempts to provide a more understandable and applicable view to which marketing practitioners or researchers may deem suitable for further examination.

The need for research within this area arises when considering the future of marketing strategy and the need for increased control over consumer purchase behaviour in an ever-saturating market (Mia and Clarke 1999). It's believed that by use of effective advertising, companies have the power to shift consumer preferences and to even shape the process by which beliefs and purchase decisions are reached (Tapeiro 1982). This isn't to say that consumers will soon fall under the inescapable spell of advertisements folly, but rather an attempt to aid consumers in making 'better' (and more suited) purchase decisions (Bazerman 2001).

Consumer behaviour has often attracted the likes of academics and many industry experts (Büttner and Göritz 2008; Näslund 1979), collectively working towards a similar goal - to secure a grand model that attempts to map the consumer decision-making process (Howard 1989; Kassarian 1982). As outlined throughout various journal articles and online reports (Olshavsky and Granbois 1979), with the plethora of information now available to us, we are left with no clear ground as to which one is more operational than the other (Zafirovski 2000). One view with regards to mapping the consumer decision-making processes is argued to be a somewhat unreachable feat, as metaphorically explained by Langley et al. (1995):

"If a decision is like a wave breaking over the shore - that is, perhaps identifiable at some sort of climax - then tracing a decision process back... becomes much like tracing the origin of a wave back into the ocean." (Langley et al. 1995 p. 264).

Further points are made to emphasise the thought that current research on consumer behaviour, consumer decision-making and even organizational decision-making has become lethargic. It is understandable then, that conventional consumer research has been non-systematic and has attempted to focus on specific aspects of the decision making process as oppose to mapping the entire procedure (Teo and Yeong 2003).

#### Homo-Economicus: The Economic Consumer

The roots of neo-classical economics are now to be explored to provide a background view on the theoretical positioning of behavioural economics. Theories including the Expected Utility Theory (Neuman and Morgenstern 1947) and Satisficing Theory (Simon 1997) are introduced and interrogated in order to understand new approaches discussed in section 2.3. Consumer decision-making along with consumer behaviour has forever been on the minds of marketers and economists alike (Callebaut et al. 2002; Baudet and Van der Meulen 1982). It has now become almost compulsory for organisations to attempt to map consumer thought processes in order to convert or

better predict sales (Fournier 1998). Moreover, advertising and marketing communications as an industry has become a lot more cognitively intrusive, as exemplified by use of the Elaboration Likelihood Model (Petty and Cacioppo 1986), which highlights two main routes to persuasion; peripheral and central route, concerned with sensory and factual information.

Dating back 300 years, economists such as Nicholas Bernoulli, John Von Neumann, and Oskar Morgenstern were said to already be examining the foundations of consumer decision-making (Richarme 2005) meanwhile psychology did not exist as a discipline. These early economists however, focused solely on the act of purchasing (Loudon 1993) yet failed to consider other important parts of the decision-making process that are now thought to heavily affect the purchase behaviour of consumers (Dewey 1933; Geistfeld 1977; Mizerski et al. 1979). This early approach is more commonly referred to as neo-classical economics (Zinkhan 1992), however the term is often argued by academics to be misleading due to its etymological fallacy (Colander 2002). Its application in this paper simply refers to its original meaning that consumers are viewed as the 'rational man' or homo-economicus (Persky 1995; Thaler 2000). The most ubiquitous theory in relation to this approach comes from the findings that John Von Neuman and Oskar Morgenstern (1947) first published in their groundbreaking book, 'Theory of Games and Economic Behavior'. This literature proposed the Expected Utility Theory and has since provided a theoretical framework to which the majority of economists still practice today. The theory plays host to many axioms that display its undeniable complexity (Cubbit 1996), however in layman's terms it suggests that consumers make choices based on the expected outcomes (utility) of their decisions. The original findings and Expected Utility Theory assumes that consumers are rational decision makers who are solely concerned with self-interest (Schiffman and Kanuk 2007; Petra 2012). The term 'rational economic man' (Persky 1995; Zinkhan 1992) as mentioned above, is used to explain the view employed by this theory that consumers make rational decisions to ensure maximum utility, all by investing minimum effort. This neoclassical approach therefore suggests that consumers (to be rational) must follow a systematic decision-making process (Engel et al. 1978; Mintzberg et al. 1976; Nutt 1984). However, Simon (1957) along with other writers around that era (Lindblom 1959) began to challenge the view of rationality by contesting the notion that decision makers (thought to be tooled with complete information about product alternatives and their consequences) simply opt for the choice that optimises utility (Langley 1989). These contrasting views argue that on one side, consumers of the neoclassical approach make efficient decisions to minimize risk, where on the other, consumers are posed to make more effective decisions solely to optimise utility (satisfaction of filling their want or desire).

**Definitions for this study:**

**Efficiency** – Decisions made solely with an economic motive that reduces the risk of financial loss.

**Effectiveness** – Decisions made specifically to maximize the satisfaction of fulfilling a want or desire with little perceived economic risk.

Advancing this theory of efficiency versus effectiveness, it is possible to provide further context and to add a different approach when considering Simons (1997) Satisficing Theory. A portmanteau of 'satisfy' and 'suffice', the theory suggests that consumers lack the cognitive resource to make optimal decisions due to the mental effort of calculating all alternative outcomes (Gigerenzer and Goldstein 1996). This mentality of 'good enough' is frequent within consumer behaviour and is often related to the Theory of Bounded Rationality (Simon 1956; 1982; 1992) - a similar concept that highlights the cognitive limitations and bounded nature of rationality consumers face while processing purchase decisions. It is common here that heuristics come in to play, preconceived mental constructs that allow consumers' to follow simple rules of thumb in order to select the option that will 'suffice' to their personal needs with little to no mental strain or conscious thought - the default option (Tversky and Kahneman 1974).

#### Changing Gear with Behavioural Economics

Evidently, it has been of recent and ongoing debate that neo-classical economics is not a true representation of how consumers act whilst consuming (Simon 1957; Lindblom 1959; Doyle 1968). Adversely, the subject area of behavioural economics suggests that consumers are not infact rational decision makers at all, but are more so inclined to make decisions based on emotional and often totally random grounds as a result of external and sometimes incomprehensible stimuli (Heidhues and Köszegi 2005). Simon (1997) postulates that consumer decisions are infact made up of a culmination of aspects including social relationships and personal values.

For example, literature from Langley et al. (1995) titled 'Opening Up Decision Making: The View From the Black Stool' highlights this viewpoint by providing a short story about a father and daughter who go shopping at Ikea.

"Lisa, Betty wants to know the color scheme of the apartment." "Black." "Black?" "Black," she repeats matter-of-factly. "Lisa, I've got to live there." "Black." A few days later, father and daughter find themselves in IKEA, Swedish furniture supermarket. They try every couch, every chair; nothing works. Shopper's lethargy sets in. Then, Lisa spots a black stool: "Wouldn't that look great against the white counter!" And with that they're off. Within an hour, they have picked out a dining room table (black), chairs (steel grey), cutlery (white), end table (black), rug (white), and baskets (one black, one white). Langley et al. (1995, p.260)

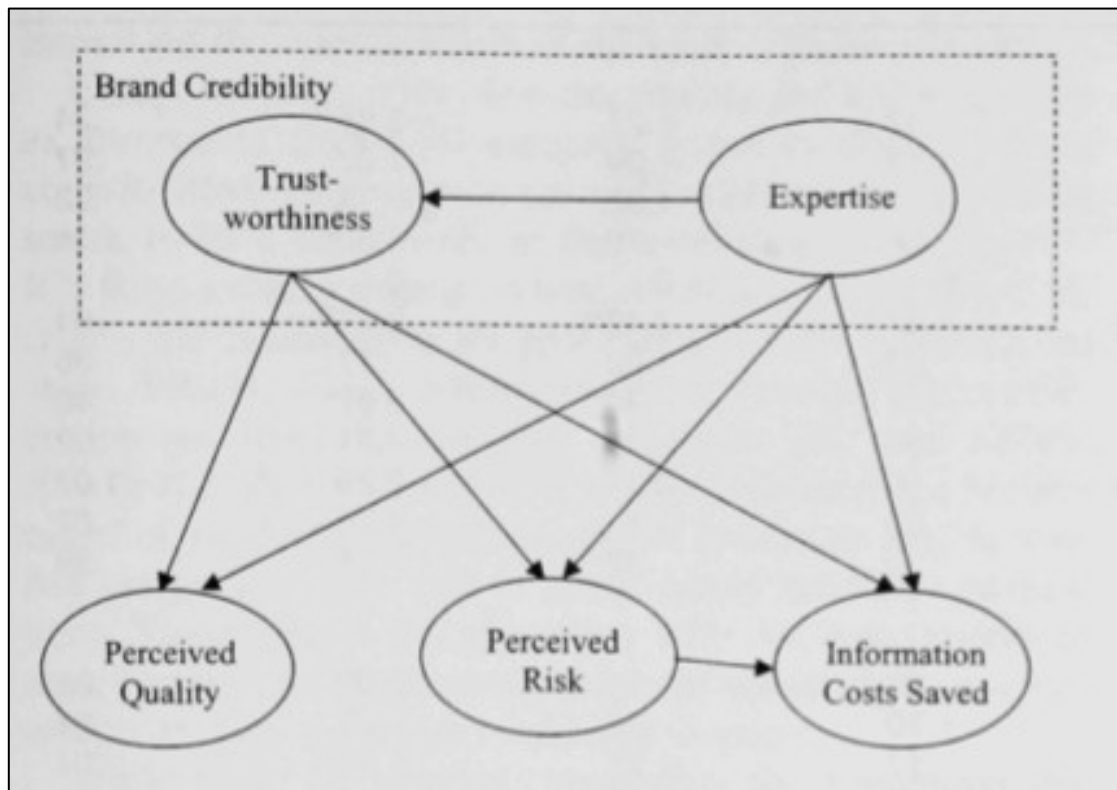
This common scenario still has researchers questioning as to why consumers change their mind or become impulsive whilst in the commercial environment (Lamberton and Diehl 2013). A situation we as consumers are all too familiar with that completely contradicts the view of the aforementioned neoclassical economic theory. This research aims to shed light on this particular phenomenon by the inclusion of context dependent variables within the methods of research.

A sudden 'flick' or mental 'shock' as proposed by Heidhues and Köszegi (2004) is the culprit to which is responsible for this spontaneous decision. It is discussed that

consumers experience a personal equilibrium (Köszegi 2007) that is a standardised expectation (reference point) of a certain variable be it in relation to price, quality, accessibility, or even location - a benchmark to what is expected from the product / service they receive (Köszegi and Rabin 2006). An organisation should in this respect aim to provide a stimuli or a particular factor that would initiate a positive 'shock' (by exceeding or matching a reference point) to the personal equilibrium in order for the consumer to complete or further consider a purchase. This can be contextualised by giving an example of a child who expected receiving a gift for Christmas (Köszegi 2007). The child may feel at a loss if the gift is mediocre and does not entertain their reference point. The same can be applied to automotive consumers upon purchase or selection of a new car. If the advertising or marketing communications fails to communicate a particular factor of the brand that caters for the perceived 'loss' from the economically risky purchase, loss-averse customers shall not even consider the transaction (Rabin 2000; Kahneman et al. 1991). In light of this, brand consideration may be achieved through exceeding consumer reference points and communicating superior product benefits.

Erdem and Swait (2004) contribute their argument by stating that brand consideration is highly reliant on credibility, which in turn is built up of two fundamental elements - trustworthiness and expertise. These two factors are posed to have structural relationships between the perceived quality, perceived risk and information cost of choosing a brand (See Fig.2). Erdem and Swait (2004) also found that trustworthiness as opposed to expertise has the greater impact on consumer choice and is for this research important to understand in the development of an effective choice architecture.

**Fig.2 Brand Credibility - Erdem and Swait (2004, p.195)**





The study of behavioural economics has dedicated its primary focus towards the actual behaviour rather than the intention of a consumer; as commonly found within consumer research, the behavioural intention differs vastly to the actual behaviour itself. Explained by Gordon (2011):

People will agree wholeheartedly with the need to protect the environment, yet cannot be bothered to consistently recycle their rubbish. An obese woman will intend to lose weight and yet chocolate bars or crisps appear in her handbag as if by magic!" Gordon (2011, p.8)

This is argued to be as a result of the type of behaviour and the situation the consumer is involved in (Ajzen 1991). Gordon (2011) again suggests that behaviour is completely context dependent and is imperative for this research to consider in relation to choice architecture. It has further been discussed (Köszegi 2007) that one of the richest seams within behavioral economics is the need to understand emotions. The formalisation of intrapersonal conflicts in intertemporal choice has been an area of study that has provided significant findings about consumer behaviour (Laibson 1997). Consumers are hereby suggested to over-value the immediate pleasures of a purchase as opposed to what is best suited for their long-term self-interest due to the high levels of emotion cars impose on consumers (Algehseimer et al. 2005; Brown et al. 2003)

#### Making Complex Choice Information more Comprehensible

Much like the term marketing, behavioural economics is an overarching title of many subgenres with choice architecture included. Being posed as one of the richest strands for future development (Sutherland 2009) choice architecture is a means by which companies or individuals can alter the presentation of choices in order to achieve a desired behavioural outcome. For the purposes of this study, choice architecture will be explored as a means of making complex choice information more comprehensible. A study by which this project is taking large influence from is that by Lamberton and Diehl (2013) titled 'Retail Choice Architecture: The Effects of Benefit - and Attribute- Based Assortment Organization on Consumer Perceptions and Choice'. The study discusses the type of behavioural economics called choice architecture; a term originally used by Thaler and Sunstein (2008) as a way to construct or convey choices in different ways in order to elicit alternate or more effective behavioural outcomes. The research (Lamberton and Diehl 2013) begins by expressing how the external organisation of options is agreed to be a powerful type of choice architecture. It explores how the organisation of products by attribute or benefit affects consumer decision-making. The findings highlight the point that products are perceived differently when arranged by attributes in contrast to benefits. When presented with differently organised sets, consumers' construal levels alter completely. In social psychology, construals are how individuals perceive, interpret or comprehend the world around including in particular the behaviour or actions of others (Liberman et al. 2007).

Previous research has explored the affects of attribute-assorted products (Kahn and Wansink 2004; Mogilner et al. 2008) and also the affects of benefit assortments (Calantone and Sawyer 1978; Poynor and Wood 2010) have on consumers.

"When organizing an assortment by attributes, items are grouped on the basis of tangible product features, such as flavor, size, or ingredients...' Benefit based products 'are organized in terms of their ability to solve various consumer problems or help them meet certain needs, such as "lose weight," "boost energy," or "relieve stress.'" Lamberton and Diehl (2013, p.397)

It is curious then, how this approach would fit within the automotive industry coupled with the previous view on choice context in order to heighten consideration. Consumers

may be attracted to particular cars due to factual information (attributes), and others more so drawn towards cars with a benefit focus; dependent on context. This could provide a potential basis towards an effective choice architecture to achieve heightened consideration. It has also been proposed that benefit based organisations may possess a strategic advantage due to the highlighting of product benefits having a direct relationship to the product positioning (Kotler 2002). It may be assumed that for the communications of a sports car (for example an Ariel Atom), attribute based assortment would be appropriate as this provides a more concrete view of the products aspects as opposed to more abstract and benefit based claims. Other key findings within this study are that benefit based organisations run the risk of having a higher similarity perception between products, which can essentially weaken consumer preference. Consumers most desired products might be perceived to have similar benefits to lesser value ones, resulting in an increased tendency to opt for lower priced goods (Lamberton and Diehl 2013). Automotive consumers have been cited to take preference over brands that communicate superior product attributes as well as the non-technical attributes like the branding and product benefits (Anurit 2002). Due to aggressive market competition, automotive firms are found to be putting substantial emphasis on quality in all aspects (Monga et al. 2012) in order to communicate their competitive advantage. Limitations arise with Lamberton and Diehl's (2013) research when considering all the external influences a consumer may have upon a purchase decision. As put in to context when referring to the Theory of Reasoned Action (Fishbein and Ajzen 1975), a consumer is vulnerable to the subjective norms and peer pressures of others that have been learned over ones lifetime. Their values, attitudes and beliefs towards certain brands come as a result of socially consumed information matched with numerous brand exposures (Kapferer 2000). Through careful review of the literature and identification of research gaps, the following research questions were raised:

How can choice architecture increase brand consideration among automotive consumers? In particular:

1. Can the application of choice architecture influence a change in brand preference and heighten automotive brand consideration?
2. To what extent does choice context impact on decisions for automotive consumers?
3. What are the central motivating factors for consumers to consider a purchase from automotive brands?

## METHODOLOGY

This section details the methods by which data was gathered for this study and provides suitable justification to validate the selected approach. The preliminary aim of this study is to identify the effectiveness of choice architecture in achieving heightened brand consideration among automotive consumers. The philosophy and research method is first explored; followed by the sampling method, experiment design, and procedure. This interpretivist study explores the underpinning behind consumer choice by embracing a dynamic qualitative approach. The interpretivist philosophy is advocated by many academics within consumer research (Levy 1981; Belk et al 1988; Hirschman 1992), and is considered to be appropriate within a field whereby the irrational and unpredictable tendencies of consumers are being increasingly acknowledged (Szmign and Foxall 2000; Goulding 1999). Opposing the conventional positivist style, the dynamic school approach recognises the key elements that underpin the theories behind behavioural economics, as it considers the commonalities within the past literature,

those being; emotions rule, words are poor tools for expression and that intuition and the unconsciousness exist (Gordon 2011). Qualitative methods were specifically chosen to extract richer observations from participants in order to gain a deeper insight in to the constructs of their choice (Patton 1990). Due to the deductive approach of this study, it became clear that prior research (Fitzsimons et al 2008; Lamberton and Diehl 2013; Milgram 1963; Loftus and Palmer 1974) had commonly employed controlled experimental methods in order to successfully examine behaviour. This particular study also adopted a controlled experimental approach in order to better understand the influencing factors that affect consumer choice. Walliman (2005) explains how experimental research methods differ from other approaches due to the increased ability to control certain variables. 'An experiment involves making a change in the value of one variable and observing the effect of that change on another' Cohen and Manion (1994, p.164) The variable in this experiment (i.e. context) was therefore manipulated in order to shed light on the research question; to what extent does choice context impact on decisions for automotive consumers?

Although an interpretivist approach is often embraced in line with qualitative research, it has been contested (Gordon 2011) that the traditional application is counter-intuitive as it flies in the face of recent developments in behavioural economics. An interpretivist approach traditionally advocates the use of 'why' questions in an interview-like scenario to help explain people's values, attitudes, beliefs or behaviours. However, if participants were to have been asked directly for an accurate account as to why a certain choice was made, their response may have been forced and served only as a proxy indicator of behaviour, rather than the sure behaviour itself (Sheppard et al. 1988; Gordon 2011). In light of this, and as opposed to explicitly asking the participant 'why' a choice was made, the observation of choice was linked with the themes uncovered in the interview to help aid in discovering the motive for choice.

Underlying socio-economic influences may have also affected the decisions made by the participants (Sniehotta 2009) and it is for this reason that a dynamic approach was adopted – it allowed for any external influences to be recognised as drivers for choice. The experimental method aided with this problem by allowing the participants behaviour to be observed within a controlled environment rather than recalled from memory. Although experimental methods are typically employed for use within positivist studies, the interpretivist research method was used to comprehend the underlying constructs of choice by "empowering the participants, recognizing their silenced voices, honoring their individual differences, and positioning both the researcher's and the participant's view in a historical / personal / political context" (Deem cited Cresswell et al. 2006, p.5).

For this experiment, participants were selected through a purposive approach, having to meet the specific criteria set that each individual was either in the market to buy, interested to buy, or already owned a car; this was to ensure the relevancy and appropriateness of results given the research topic. Researchers hold a universal knowledge that the sample selection of qualitative research has a weighty affect on the overall quality of the findings (Coyne 1997). It was imperative then, to ensure that participants shared a common parity towards the research topic in order to best answer the research questions, but to also increase the reliability of the findings. After several observations of potential research sites, it became apparent who, where and when the sample would include (Schatzman and Strauss 1973).

The final sample was chosen by whether or not an individual noticeably responded to a stimulus (a 'for sale' sign) next to a car (see Appendix A), and further took the time to assess the qualities of the vehicle in a natural setting. The individuals

who responded positively (those who actively took interest by looking at the car and owned a UK driving license) were selected to take part in the controlled experiment. For the best interests of this study and to prevent bias results, an equal mix of both male and female subjects were involved across an age range of 20 – 60 year olds. A total of 10 participants were interviewed individually throughout the month of April (2014) and took part in the controlled experiments that lasted between 20 – 40 minutes each. This modest sample size (see Appendix B) notably reduces the ability of the findings to be generalised (Shavitt et al. 1998), however for the purpose of this study, the sample acted as an appropriate measure to discover any underlying themes that would permit future investigation.

### Experiment Design

The originality and creativity of this experiment rose from a need to observe consumer behaviour when making choices that are influenced by a particular choice architecture (Johnson et al. 2012). The controlled experimental approach and semi-structured interviews were adopted due to time limitations and other resource constraints, but mostly to simulate a controlled environment where variables could be interchanged and consumer behaviour clearly observed given the available time frame. This particular method has not been used before and was developed with resource availability and time constraints in mind. Due to the controlled nature of this experiment (featuring clear stages and instructions), it may be contested that the approach lacked experimental realism (Orne and Holland 1968), due to the situation being forced rather than naturally occurring.

Two locations were selected for use in this experiment, one inside a coffee shop and the other near a car dealership. These settings have been discussed as common places for consumers to shop for automotive goods either through first hand experience or mobile devices (Park and Kim 2003), yet represent very different scenarios. The setting relates back to the derived research question with regards to choice context. It is of great interest for this study to discover whether the framing of a choice may influence automotive consumer brand preference or choice. The brands shown were made up for sole use in this experiment. It was important to use unknown brands for which participants did not already hold a schema (Morales et al. 2005), for this would have jeopardized the findings as choices may have been biased due to potentially preconceived attitudes, values or beliefs.

A pilot test was first conducted in order to discover any potential flaws in the selected method (Polit et al. 2001). After conducting the pilot, it became clear that the interview demanded more structure and guided questions to help explore the desired themes. As a result, an interview guide was created (see Appendix C) with inclusion of suggested topics and research questions in case conversation dwindled.

### Procedure

A participant consent form detailing the anonymity and confidentiality of personal information was first handed to the participant before the experiment began (see Appendix T). For the ethicality of this project, participants were advised that they could leave at any point throughout the experiment with no imposed negativity if they were to feel uncomfortable or unable to answer any of the questions. Upon receipt of their signature and written consent, the experiment proceeded to the first stage. First, the participants engaged in an unstructured interview-like scenario, where topics like travel and cars were introduced gently in to the flow of conversation. After a short while, an understanding of the participants' consumption habits, likes and interests was gained - no visual cues had yet been shown. After a reasonable discussion, the experiment was

then initiated by presenting the participant with two cards (designed solely for use in this experiment): one that featured Brand A (see Appendix D), and the other Brand B (see Appendix E). On these cards was an assortment of automotive products listed in terms of attributes (Brand A) and benefits (Brand B). Brand A included: Four-door cars, convertible cars and pickup trucks. Brand B included: Adrenaline sport cars, eco-travellers and Practical cars. The participant was then asked to clearly identify the brand that appealed to them the most. The next stage saw the researcher present a series of six 'top-trump' style cards, again designed solely for use in this experiment (see Appendix F), revealing one at a time. Each card featured a product, a price, a category and three product features labeled differently in terms of attributes for Brand A, and benefits for Brand B. Upon the cards being revealed, the participant was advised to analyse them one at a time and to consider each one individually for however long they needed. Once all of the cards had been shown and the selections made, the experiment was completed. The participant was then asked the following question: Which brand would you now consider buying from, Brand A or Brand B?

## FINDINGS AND ANALYSIS

This section explores the research findings and presents relevant themes and patterns that surfaced during the research. Data was first summarised and coded in relation to the research questions (see Appendix G), ready for the subjective interpretation by the researcher (Hsieh and Shannon 2005). The research questions are explored individually with reference to specific literature outlined in section 2.0 in order to help grasp an understanding in to the decision processes of the participants and highlight any areas of notable significance. Overall, the experiment found that consumers are more vulnerable to a switch in brand preference or a switch in product choice within a commercial (dealership) environment. Additionally, the choice architecture that was most effective in achieving this shift was that of a benefit based architecture.

Can the application of choice architecture influence a change in brand preference and heighten consideration?

The research findings suggest that a choice architecture constructed through a benefit assortment can influence a shift in brand preference and heighten consideration. As shown in Fig.3, four out of the ten participants ultimately changed their initial brand choice, all of which were situated within a dealership environment.

### **Fig.3: Experiment Environment and Choice Results**

Name	Age	Environment	Experiment choice 1	Experiment choice 2
Participant 1	23	Cafe	A	A
Participant 2	24	Dealership	B	B
Participant 3	56	Café	A	A
Participant 4	21	Café	B	B
Participant 5	24	Dealership	B	A
Participant 6	49	Café	B	B
Participant 7	24	Café	B	B
Participant 8	24	Dealership	A	B
Participant 9	58	Dealership	A	B
Participant 10	21	Dealership	A	B

Additionally, 30% of the participants shifted their preference towards a benefit-based architecture from an attribute-based one. The interpretivist approach of this paper allowed for an understanding of the effectiveness of choice architecture by exploring the constructs of participant decisions. Common traits were established between these individuals that shifted their preference, including that they all knew relatively little about the products (and their mechanical specifications), they were undereducated about product alternatives, and were notably price sensitive. Participant 9, attempts to explain the deciding element that made her chose her current vehicle:

“I just happened to be driving along, always liked Audi and BMW’s, so I was toying between both of those, but I just happened to see the Audi that I liked. I test drove it, it was reasonably priced in comparison to the BMW, so that’s why I went with Audi.”

With price being the only comparative measure mentioned in this statement, it’s reasonable to suggest that this participant is loss averse and would consequently overvalue products that communicate benefits in order to subconsciously diminish the perceived loss from a purchase (in this case monetary loss). In essence, with the increased comprehensibility of information due to the benefit-based architecture, the overall perceived cost of the product decreases, subsequently heightening brand consideration. This was exemplified in the experiment when Participant 9 primarily selected Brand A, and after being exposed to the benefit-based architecture, shifted preference towards Brand B. Participant 8 who also switched brand preference spoke similarly along the themes of cost-saving when mentioning that ultimately the price and description coupled with the low running costs of his current vehicle were the driving forces for him to consider the purchase, ‘it sold it pretty quickly’. Cost in this instance is concerned with monetary loss, but also the cost of cognitive processing the individual has to complete in order to make an optimal choice for his needs.

With price being the principal factor for these participants, elements of Satisficing (Simon 1987) became apparent – selecting the cheapest option out of their small choice set with little mental effort to compare and contrast attributes. Equally,

evidence of homo-economicus (Persky 1995) became apparent as the participants who shifted preference demonstrated a clear need for economic value with their purchase, however did not follow a rational decision making process because their decisions were not solely made through self-interest as originally understood by Schiffman and Kanuk (2007) and Petra (2012). The choices that were made seemed to come as the result of a plethora of external factors including a combination of social relationships and personal values, similar to those discussed by Simon (1997). This loss-averse mentality is understandable as an automotive purchase of this nature is said to demand considerable financial backing and typically garner high levels of involvement and emotion from the consumer (Algehseimer et al. 2005; Brown et al. 2003). Mentions of price and cost cutting were frequent between the participants that selected Brand B, and prioritised by those who made a switch in brand choice even though the products from both brands were of equal value. The brands used within the experiment are hereby perceived to be distinctly different from one another, mirroring the results found by Lamberton and Diehl (2013). Conversely, Participant 1 who remained loyal to his initial choice of Brand A, also emphasised cost saving as an attractive aspect, however was put off by the terminology used by Brand B, stating that:

“Using a qualitative term to actually explain something that can be very easily quantifiable is really annoying. It doesn’t give you anything to compare.”

In this instance, the choice architecture employed by Brand B repelled Participant 1, as it offered no opportunity for comparison. This may be directly linked to his substantial knowledge of automotive products, which inherently demands specific choice information. As previously identified, the majority of participants that selected Brand B held little in-depth knowledge towards automotive products. These findings uncover a flaw in making complex choice information more comprehensible as proposed by Thaler and Sunstein (2008), as it seems that it is entirely dependant on how knowledgeable the consumer is about the product in question. As found here, consumers who possess an in-depth knowledge about the product may be more inclined to view complex choice information in order to draw comparisons between products, essentially resulting in a more rational process of decision making (Engel et al. 1978) similar to that raised by Simon (1956; 1982) when referring to the theory of Bounded Rationality.

To what extent does choice context impact on decisions for automotive consumers?

Choices presented within a dealership (commercial) environment saw participants become more liable to an alteration in choice and in turn more vulnerable to the effects of a benefit-based choice architecture. The findings ring true to the story told by Langley et al. (1995) stressing that consumers become impulsive / more susceptible to other products or brands whilst in the commercial environment. Through the interpretivist approach of this study, the findings were also able to uncover indicators as to why this was. The individuals who partook in the research had varied responses dependent on the environment they were placed in. The experiments situated in a Café saw participants become markedly passive, being highly content with their choice, and happy with their existing product knowledge. During the interview with Participant 6 in a Café environment, a fictional scenario was proposed, asking if she would swap her current vehicle (Volkswagen Golf GTI) for an equivalent or for perhaps a lesser brand like Renault, as she claimed to be unattached to the brand itself.

“Umm... well, yeah. It wouldn’t affect me. As long as it has five doors, I’m happy.”

The hesitance in her response and complacency with the functionality of her vehicle suggests that the participant was not overly concerned about the opportunity she had been presented. As the scenario that was offered to her was neither an upgrade nor a downgrade, she was compliant and willing to accept. The Café environment hereby evoked passivity and revealed evidence of Satisficing (Simon 1987). The argument in put forward in the literature by Gordon (2011) contends that context is highly influential when making a decision. These findings enhance this view that choice context can affect the behavioural outcome of a consumer and with the correct choice architecture in place ('Nudge'), the desired outcome may be realised.

The benefit-based architecture within a commercial setting was the most effective means in achieving a switch in brand preference; therefore making it reasonable to believe that from the experiment, choice context affected this outcome. Although context influenced the final decision, it is worth noting that it was not the sole reason as to why the choice was made. As recognised throughout the findings, there were a surplus of contributing factors as to why a selection was finalised – the context in this instance only acted as a catalyst for certain factors to be emphasised. These findings, although supportive of existing literature (Gordon 2011; Langley et al. 1995; Simon 1987), provide empirical evidence towards the extent to which choice context can impact on decisions for automotive consumers and may be deemed suitable for further investigation.

What are the Central Motivating Factors for Consumers to Consider a Purchase from an Automotive Brand?

Participants regularly mentioned specific criteria sets that they personally desired in order to consider purchasing from an automotive brand. Throughout the interviews, regular use of the words 'trust' and 'reliability' came to the forefront of the responses. Participant 1 advised that the purchase of his current vehicle was 'mainly due to convenience', however also pointing out that the advert he'd seen had harnessed 'very honest pictures' and a 'truthful write up', which in turn dramatically increased his trust towards the seller. Similar views resonated throughout the interviews with Participant 5 also suggesting that his preference would be towards going through a verified medium that demonstrates an indication of credibility. He spoke about the risk of potentially spending a lot of money on something not appropriate or operational for his needs, showing clear signs of loss aversion as cited in the literature review (Rabin 2000; Kahneman et al. 1991). Furthermore, Participant 9 stated that she would always go to a local garage to view a car, mostly because she would get a guarantee with the purchase and meet real people. This implies the establishment of a buyer-seller relationship and involves a basis of trust. This emerging theme of trust is consistent with the literature on brand credibility (Erdem and Swait 2004), and also relates to that of a consumers personal equilibrium (Köszegi 2007). These findings suggest that consumers would be more willing to consider a brand that displays trustworthiness and expertise through exceeding consumer expectations with honest content and communicating superior product benefits (Anurit 2002; Köszegi 2007). This also directly correlates to the findings of Erdem and Swait (2004) reflecting the structural relationship between trust and expertise in achieving brand credibility and ultimately consideration (Fig.2). By using language that is easily understandable, and in this case more comprehensible, 70% of the participants were more inclined to consider and trust Brand B. As cited in the literature review, consumers who are exposed to benefit based assortments are said to exhibit a fluctuation in construal level (Liberman et al 2007). Participant 8 displayed signs of this when explaining that Brand B gave him 'a lot better imagination ability' in terms of how the brand could affect him personally. Participant 8's final switch in brand



preference from Brand A to Brand B seemed to come as a result of this construal shift, as he could imagine the benefits more prominently over the potential risk or purchase. Again, this falls in line with the literature that consumers frequently outweigh the immediate pleasures of a purchase instead of accounting for their long-term self-interest (Laibson 1997).

The participants that were more inclined to select a benefit-assorted product shared a common ground with their decision-making. Although these findings do not uncover the entire procedure of how a choice came to be, they do however confirm that a large influence on automotive consumer choice is through social validation. Participant 1's past ownership of cars has had a large influence on his current and planned purchases, stating that his brand of choice (Volkswagen) was due to reasons of social conformity as it proved to be a common parity that allowed for conversation between peers. This emergent theme is recurrent throughout the interviews, again revealed by Participant 2 when believed that his choice of car is 'usually down to personal preference', however mentions that 'it all comes down to how you look in the car'. This statement is counterintuitive as it implies that the image of him driving the car is the driver for choice, as it has to be socially desirable to make him to look 'good' in order to consider a purchase. This theory of social validation relates to the view adopted by behavioural economics and challenges the approach envisaged by the neo-classical persuasion.

## CONCLUSIONS

This paper aimed to contribute to the existing body of 'Nudge' literature surrounding the field of behavioural economics and choice architecture. The research discovered how these approaches might effectively be implemented within the automotive communications industry in order to heighten brand consideration among consumers. Drawing from the interpretative data gathered through primary research, it was discovered that participants were more liable to make a switch in brand or product preference within a commercial environment, providing reason and evidence behind the IKEA story told by Langley et al. (1995). The reason as to why this was, came as a result of participants being overly receptive to a benefit-based architecture in order to subconsciously diminish the perceived costs of a purchase. Participants who finally selected Brand B mimicked the characteristics outlined in the literature, including the large value placed on product quality (Monga et al. 2012) exceeding personal equilibrium, (Köszegi 2007); the impact social relationships and personal values have on their purchase decision (Simon 1997), and fundamentally the effects choice context has on the decision-making process (Gordon 2011).

Furthermore, the findings revealed qualities of neo-classical economic theory, however notable deviances were exposed when participants openly admitted that they were not educated with complete product information or knowledgeable about available alternatives. These findings again emphasise the Theory of Bounded Rationality (Simon 1982), stressing that decisions are not made purely through a rational decision-making process, but with social, personal and economic values in mind. All participants exhibited evidence of Bounded Rationality (Simon 1982) whilst disproving elements of the Expected Utility Theory (Neuman and Morgenstern 1947) and Homo-economicus (Thaler 2000). Brand decisions were not finalised through self-interest but were more a product of the varied social and practical needs of the participants. The implications these findings have on the automotive industry center around the topic of choice context. It is proposed that a more considered approach to automotive marketing and

advertising communications is adopted, as the findings suggest that context is highly influential on choice of brand or product, providing empirical evidence behind the view put forward by Gordon (2011). Context should hereby be prioritised in the development of communicative strategy in order to ensure optimal communication effectiveness (Skinner et al. 1999). The evidence additionally reveals that participants have different 'mind sets' in different contexts and must be treated differently in order to communicate an effective message.

This study encountered several limitations including that the research arguably lacked experimental realism (Orne and Holland 1968) due to the forced nature of the interviews and short time constraints. If the research were to be duplicated or considered for further investigation, an observation of the effects of a particular choice architecture may provide a deeper insight, essentially enhancing the credibility and trustworthiness of results. Choice architecture and behavioural economics is still a discipline yet to be fully understood, however the findings from this paper show a substantial amount of evidence to initiate further research with regards to developing an effective choice architecture to achieve heightened brand consideration - in more effective and context dependent methods. This paper provides considerable opportunity for future exploration into the extent to which context dependent marketing strategies may achieve heightened brand consideration.

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