

# Choice Burst: A Confused Strategy

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**Abstract**— *The research tries to answer the following question from both supplier's and demander's points of view.*

**Formulated Hypothesis:** *The Paradox of Choice affects customers' overall product-related decision-making ability.*

**Some Assumptions for the hypothesis are:**

1. **Brand Loyalty Doesn't Exist.**
2. **The customer has not tried or tested the product.**
3. **Customers are not Window Shoppers.**

**Thematic Analysis:** *The setting of the study involves a glance at the empirical pieces of evidence of practical implementations, of customers, when faced with multiple choices of commodities, in an unknown marketplace.*

**Index Terms**— *Sustainability Bond, Green Bond, Sustainability Report*

## I. INTRODUCTION

Ever since the American War of Independence, dating back to 1776, People have been given the freedom to choose, ranging from the suitable candidate to selecting a product from a product mix. To understand this better, let's consider an example of Milk. As a customer, you want to replenish the stock of your operational use Milk. You reach out next to the nearest Big Bazaar store to buy a milk packet. If a customer knows what brand to take, or has brand loyalty to consider, she may take that brand of milk itself. But for a new customer, not having any attachment to any brand will be confused, as to whom to trust. Should he trust Amul, or should he trust Chitale? Moreover, within Milk, he May have decision fatigue in choosing Soy Milk, Coconut Milk, Or simple Cow Milk. Hence, it can be said that more of anything good can cause more harm than good. However, It is good for MNCs to have localized or Multinational Brands as their prime competitors This is advantageous both to the customer and the economy.

Furthermore, Product Saturation is a key concern that Consumers have to deal with if they have not tried and tested the product beforehand. Schwartz argues that eliminating consumer choices can greatly reduce anxiety for shoppers and that the dramatic explosion in choice—from the mundane to the profound challenges of balancing career, family, and individual needs—has paradoxically become a problem instead of a solution and how our obsession with choice encourages us to seek that which makes us feel worse (the paradox of choice – Why more is less, 2004). The paradox of choice is a phenomenon, caused by overwhelming choices in the product market affecting the utility derived from consumers, especially in the case of Red Ocean Market. In standard Economics, the more the choice is given, the more satisfaction the customer will derive by marginal utility. Hyper Choice is good, and Simplicity is bad from a standard economics point of view.

## Objective of the study

- a) Elucidate the choice burst of emotions in consumers and producers.
- b) Comprehend the factors causing Decision Fatigue.
- c) Reaping the rewards of doing away with Obsolete ways of Attracting Customers.

## Overview of the Study

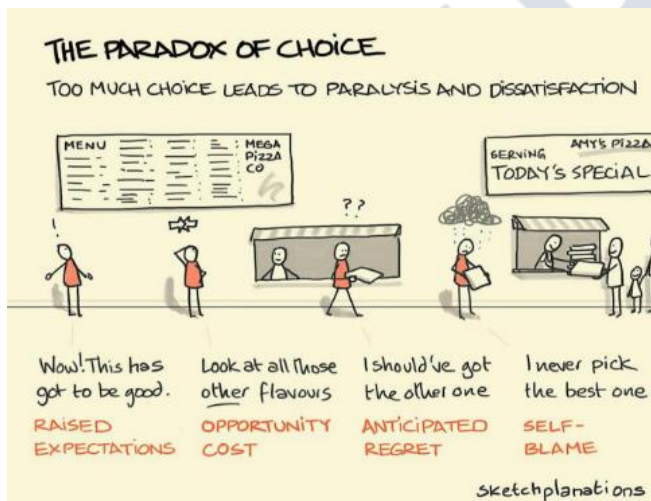
As per the main hypothesis, the study includes the real grounds of the experiment on the effect of the paradox of choice in the workplace by managers. Consider an Example, A manager wants to choose appropriate suppliers, with a little more than zero commission offered to the suppliers. The supplier mix consists of more than 30 suppliers in the same area. There exists a 70 percent chance that the manager may quality check the raw material from the supplier. After filtration, he still has 24 suppliers in the vicinity. What will he choose now?

Therefore the manager would be stressed and less happy due to this decision fatigue. Too many options mean too many opportunity costs lost. Another Instance would be in the context of Talent acquisition. Even though the candidates may have different personalities, however, as per skills and degrees, many stand at the same level. Who would be the missing piece of your puzzle in your workplace? In the recent era, where there are too many options, choosing is difficult. In a mere monopolistic competition, there are no choices and the customers have to buy the product from that company only. In an oligopoly, the paradox of choice will show its face, as this type of economy involves a small group of firms. However, maybe the paradox of choice will not be as severe as in an open economy. This leads us to believe that, more the choices, the more will be the paradox of choice. Therefore, there exists a positive correlation between abundance and the paradox of choice. How the culture of abundance robs us of satisfaction (Schwartz, Paradox of Choice).

**Behavioral Economics**

Considering the same example as above, let's suppose a customer is confused in choosing his milk brand, where brand loyalty remains negligible. Behavioral Economics can help us understand the psychology of a customer for choosing a particular product. "To stay on top of behavior, and behavior as it seems to change, you need to understand what is underneath it" (Williams, p.9). This suggests that we must magnify the underlying behavior of the consumer while seeing options to choose from. Customers often want products that help them avoid loss compared to that product, which consumption may help them gain something also known as Loss Aversion. For instance, Soy Milk is healthier thus having merits compared to loss. However, the customer perception faces the fear of buyer's remorse. Hence customers will be subjected to Status Quo Bias. The decision-making process is vital for any business activity to take place. The underlying beliefs and values of a customer will also affect his happiness or utility by buying every product. A customer wants to have a productive outcome and good use of their limited resources. Utilizing their resources for effective purposes will gain customers more satisfaction.

Another concept in behavioral economics would be enhancing the trust of the customer or the buyer. The framing effect is a key area of concern that may act as a positive or negative correlation between the information presented and the product purchased.



Source: Crumb Story

**II. LITERATURE REVIEW**

Economists point out that the quality of any given option can not be assessed in isolation from its alternatives. (Sweschter, p.105). This means that a product decision mechanism goes hand in hand with the opportunity cost lost by not considering or purchasing another product. A producer or a business entity does not necessarily consider the paradox of choice, in their workplace. Consider an example. Suppose a producer wants to choose whether or not to add MSGs to their burgers. A producer will look at alternatives to MSGs

such as salt substitutes. However, replacing MSGs with Salt substitutes may result in a decline in sales as the product will not consist of a strong taste enhancer as MSGs once did. Therefore, the paradox of choice not only involves complementary products but also substitute products. A consumer may want to decide, what cola to purchase, Coke or Pepsi? Or a consumer may also consider alternatives to Cola, to reduce its harmful effects. Juice in Tetra pack may be a suitable option, to maintain a healthy lifestyle. Under this section, we shall glance at the basic literature on the Paradox of Choice and its application in business-related entities and ethics.

**A Freedom to Choose**

The Monopoly Era, still existing in certain bubbles on the world map, has been eradicated in most spheres of business.

The people's lawyer had the idea of breaking up monopolistic competition as well as dethroning unregulated competition. Unregulated competition, as railroads experienced in the 1870s, was disastrous. (Stoller, P.33). In the present Era, the Freedom to choose concept is popular. Whether it's a totalitarian economy, freedom to choose to some extent in the market is available.

In the producer's context, the paradox of choice is a key concern, especially in financial settings. Suppose, You are a producer, who wants to generate funds by investing in FIIs. You would have a lot of options to choose from, consider NIFTY AND SENSEX. One way to eliminate the paradox of choice is to compare your company's requirements with the investments. Another way is to hire expert opinions for the same. The question now arises, how do you exactly pick an entity to invest into, where the past trends and the current profit scenario are nearly the same?

Both promise high ROI, and both are stable in a volatile market. Because of this decision fatigue, many businesses may not choose wisely. At first glance, someone new in the stock market will be subjected to complex candlestick charts or different expert opinions. The main concern is the absence of wisdom when subjected to too many choices, whether it be the stocks or different expert opinions.

You may not know whom to trust, even if he or she is recommended by someone you already trust in a red ocean market. Business ethics is another area where the paradox of choice exists. Whether or not, to be a green industry or a profit maximization sector? Usually, in two spheres, making decisions is not tough or will not irritate the producer. However in another case, suppose choosing which core business values to take and which to avoid, like integrity, enterprising, honesty ad infinitum according to the market segmentation will make one scratch heads

**Customer Preferences and Biases**

Customer preferences are a key concern where the 'Paradox of Choice' may be affected. In an esteemed marketplace, a customer may prefer one product more than another. However by the product itself, without any

incentives to attract customers, customers don't have any preference for the product, not tried and tested beforehand. A customer's attitude towards a product may also change. Suppose, a customer likes to purchase Steak every week. His attitude towards Consuming Steak may change, as he becomes woke about the positive effects of becoming Vegan. This Attitude change, causing preference change is three-fold. The ABC Model of Attitudes, also known as the tri-component model, is a framework in psychology that describes 3 components of attitudes (Eagly & Chaiken 1998). Continuing the same example and comprehending the ABC component is as follows:

### 1. Affective Component

This involves what the customer feels, or desires about the product (Not Brand). This is the emotional component of a customer. In the above example, we saw the customer, supposedly Lisa, tends to purchase steak weekly. He might remember a trip, he went on with his family, having a Steak for dinner. Therefore, the trip is associated with the Steak.

### 2. Conative Component

This component is our behavior, which is explicit to the public eye. Lisa here, might showcase his emotions or behavior by showing anxiety, or depressed feelings if he doesn't purchase a steak every week.

### 3. Cognitive Component

This component derives the already existing knowledge of the product. This component is most likely not to change easily. Lisa already knows that Steak is a rich protein source and helps bring the family together. Therefore preferring to purchase Steak.

Similarly, If Lisa turns Vegan, it might be his affective or conative component that changed or has a strong influence on Lisa compared with the cognitive component. External Factors may also disassociate Lisa's Opinion about the Product. Howard's great innovation—which he based on a scheme that he had found in the work of Plato (namely, the linkages among Cognition, Affect, and Conation)—took the form of a boxes-and-arrows formulation heavily influenced by the approach to organizational behavior theory that Howard (University of Pittsburgh) had picked up from Herbert Simon (Carnegie Melon University).

$$I < C < A < B < S$$

Where I = Inputs of Information

C = Cognitions

A = Affect (liking or preference)

B = Behavior

S = Satisfaction

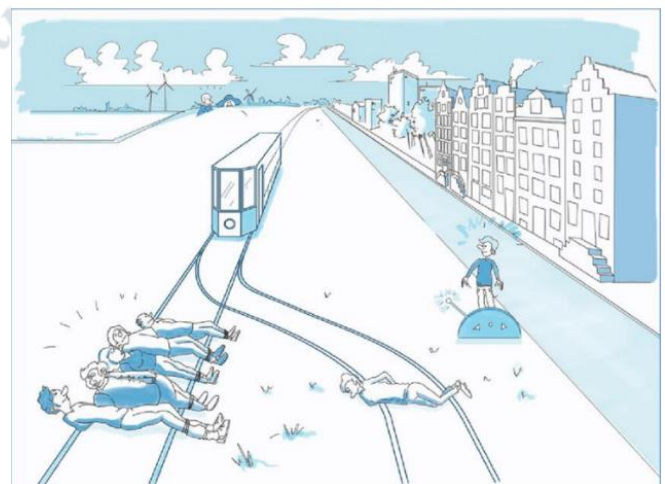
Customer Biases are another roadblock affecting their paradox of choice journey. These include information about the product or the environment that influences the sequence of product selection (Substitutes), What do Customer preferences or biases have to do with the paradox of choice?

Paradox exists due to a lack of control over choice, though these terms might complement each other. When we hear the word choice, we feel some autonomy or control given to us to choose, i.e. customers have the power. But do they have the power?

The slogan 'Customer is King' may stand in the way of ABC Components. More options don't mean more control however, it does mean a feeling of overwhelming emotions, i.e. the affective component. This may exist in Lisa's Case. Too many options for one category product may cause her to fall into the trap of cognitive biases, thus her cognitive component comes into play. Finally, she may showcase her love for Vegan products as the choices are less but at least she will be satisfied with the choice she makes, compared with Steak.

### Trolley Problem in Business Ethics

Business Ethics refers to following disciplines, respecting your competition, and following strong moral values through vision and mission statements. Suppose, TATA follows ACTION, i.e. Agility, Confidence, Transparency, improved collaboration, and Ownership, and Nurtures learning and growth. Business ethics also involves environment assessment schema, to reduce extremities caused by your company. Let's consider an example. Suppose you want to build a new production unit, in SEZ Areas. You design and develop your SWOT analysis by opening your unit in SEZ areas. You brought to light the merits and demerits of the same. If you were to open a production unit, you can either choose the profit or livelihood of those people around the area. The trolley problem is a well-known thought experiment in philosophy and psychology that challenges us to make a difficult moral choice. The scenario goes like this: you're in a trolley without brakes, hurtling toward five people who will almost certainly die if you do nothing.



Source: (PDF) Responsible Innovation -Ethics, Safety, and Technology (open Textbook) (researchgate.net)

However, there's a switch that could divert the trolley onto another track, but one person is standing on that track who



will also almost certainly die if you activate the switch. So, what do you do? This thought experiment raises fundamental questions about morality, responsibility, and the value of human life. It forces us to grapple with the difficult trade-offs between the number of lives at stake and how we might save them. Ultimately, the trolley problem challenges us to confront our deepest ethical convictions and to consider what we would do in the face of impossible choices.

Choosing either to build a production unit for employment and development of the SEZ Area or the profitability index in another economically prosperous area is one example of a trolley problem. Do you choose the development of your host nation, with millions of lives, or the profitability index of your own company? The major demerit of the problem would be that it is based on assumptions and controllable factors, however, the perfect condition of Equilibrium of factors may not exist.

### III. METHODOLOGICAL ADVANCEMENT

The paradoxical consequence of choice involves people as, customer psychology comes into play. Therefore this theme tends to be more customer or human-oriented compared to other topics. Research methodology assists the readers, in looking from a particular perspective according to the methods used in the study. It helps answer the hypothesis using an empirical data support base and provides proof for the same. It can also be used to understand the real context of the study and its design.

The research design is designed in such a manner, that its output statement, turns out to be reliable, precise, and conclusive. The research design used for this study was a mixed research design to an inquiry, associated with both qualitative and quantitative techniques. It was designed in a manner, to derive useful results and avoid neutral centralization from the participants involved in the study. It also eliminated the Observer's bias as it was done via an online medium.

**Table I.** Variation Coefficient between Choice Burst (Percentage of customers getting anxious at different choice levels) and Time constraint.

<i>Choice / Time</i>	<i>1 Min</i>	<i>5 Min</i>	<i>10 Min</i>
0	1%	5%	57%
1	2%	15%	23%
2	10%	23%	12%
3	39%	45%	4%
4	30%	10%	3%
5	18%	8%	1%
<i>Variation</i>	0.012747	0.008667	0.000787

Here, we can infer that the variation in the Anxious percentage of consumers increases as the Time constraint increases.

The approach of our research study involves a people-centric approach which merely focuses on people's mindset and their character schemas Moreover, It involves an

Inductive research approach, which focuses on drawing new theories from the already existing ones. To some extent, the Deductive approach was used to deduce numerical shreds of evidence regarding participants of the study's behavior related to the paradox of choice.

### Research Orientations

Our research paper is designed in such a way that assumes that different people assume and perceive reality and social experiences in different ways. Thus, this research is oriented toward the interpretive research Paradigm. This research is also based on certain conditions and the behavior of producers or consumers diversity with limited paths to go towards. This research aims to understand human psychology when faced with too many choices and the decisions taken by them in a controlled environment setting.

The primary source of data was an Electronically circulated market survey, involving a sample size of 500 participants. The questions in the survey were a mix of closed-ended as well as open-ended questions, involving a nominal Likert scale.

### IV. DATA ANALYSIS AND INTERPRETATION

The Thermometer Model can help understand customer decision-making ability when presented with too many options. It states that the mercury levels of the thermometer, symbolizing the Customer's Attitude and Behavior are volatile, i.e. it can instantly change when exposed to temperature, symbolizing several brands in the marketplace. If the temperature is cold, i.e. lesser product brands, the mercury level will also turn calm and composed.

Otherwise, mercury levels will turn stressed, overwhelmed, and anxious when faced with too much heat. Finding the Room Temperature, that is the perfect balance of product availability, is the threshold of customer satisfaction. Just the right amount of products in the market will eliminate the Paradox Of Choice. In a monopolistic competition, this is easy, but in a Fiercely competitive economy, this must be enforced to help the economy's resources and its people decide easily.

The Key features of the data collected were :

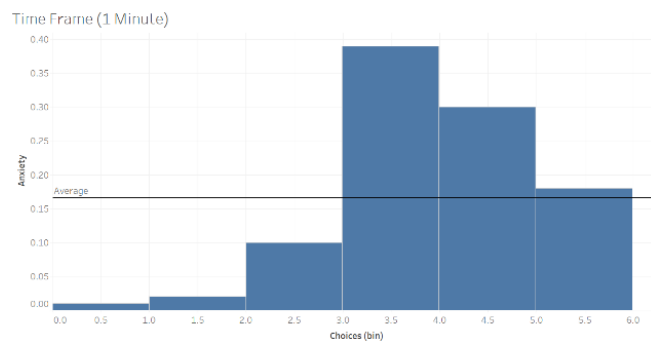
- People tend to check the nutritional facts of unknown products
- Proximity to the product in a limited time frame, influences buying decision
- Expert opinion does not necessarily improve buying decision correlation
- Saturated Advertisements influence the purchase of products negatively
- Customers tend to purchase tried and tested products though it may be harmful to them

Thus the Choice equation for the same can be developed as:

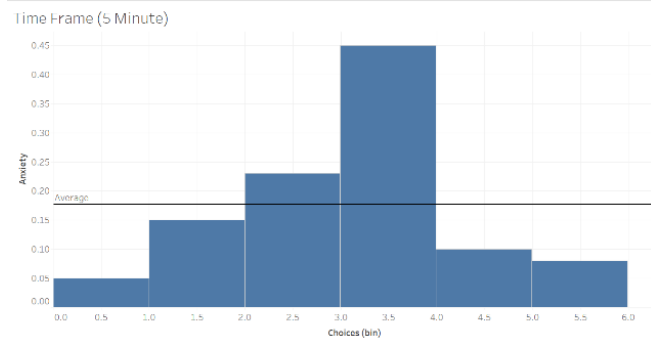
$$Cn = [(\Delta \text{Spark Temperature} * \text{Number of Choice Presented}) / (\text{Cognition} * \text{Time})] - [\text{Advertisements Saturation} + \text{Proximity}]$$

N= Number of choices provided  
C = Choice Burst

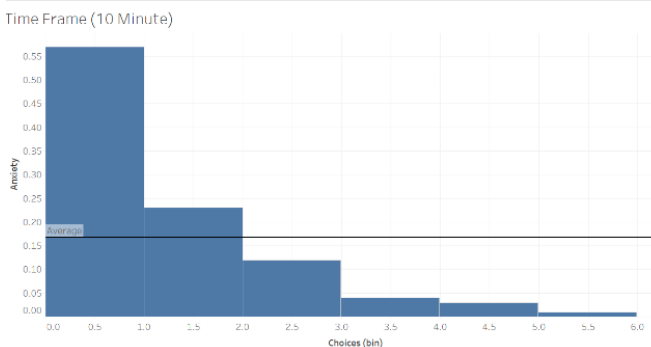
Below mentioned, is the sparking point of the customers when faced with choices. The time frame of 1 minute, 5 minutes, and 10 minutes are taken into consideration.



**Fig. 1:** Histogram trends consisting of 1 minute



**Fig. 2:** Histogram trends consisting of 5 minutes



**Fig. 3:** Histogram trends consisting of 10 minutes

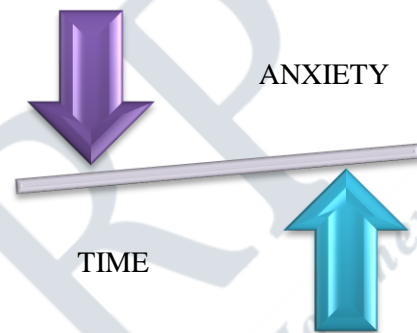
**V. RESULTS AND DISCUSSION**

The outcomes of the study point towards the factors taken into consideration, which may act as a strong threshold to avoid the paradox of choice. Many customers are still interested in packaging or opinion of the product while purchasing an entirely new market area. Similarly, producers

may also trust the supplier which was already contacted by the trusted source for the producer. Thus majority of customers don't know what he or she is buying. He just depends on packaging, design, to some extent advertisement, or curiosity of their very own.

**Conclusion Remarks**

Marketers often try to solve the problem of choosing, by giving customers more options. However, this is not optimal as customers often get biased, or fatigued by the choices. So what should a marketer do, to help the customer choose their product while the competition increases?



**Fig. 4:** Decreasing Anxiety as Time Increases

With a large plethora of products available in the market, a customer tends to buy the product, that is near his proximity, i.e. readily available to him in the grocery store. If a customer finds a product 100 km away from this town, while having an option of another product just 5km away, he will go for a 5km away product. Customers don't like excess expert information as they might not understand it. Simply advertising how good your product is, will not generate trust in your target segment as In the future, your reality will eventually come to light. Trying to include some extent of how your product is not healthy in the long run, or frequent delays in delivery are some features you can work on and openly communicate with the customers.

The Choice Burst is an economic concern present in all kinds of markets, to some extent monopolistic competition scenarios as well.



**Fig. 5:** Increasing Quantum of Choices as Time Increases

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