

Product Customization Decisions: Order Does Matter

Giving consumers too many options early in a build-to-order transaction may trigger decision-making meltdowns—which can boost or erode product sales.

In an unforgettable scene from *When Harry Met Sally*, Meg Ryan's high-maintenance character asks a waitress for dressing on the side, lightly toasted bread and endless other options, triggering a near apoplectic fit in dining companion Billy Crystal.

This type of insatiable appetite for customization has prompted manufacturers of products to churn out millions of options, from chicken-asparagus pizza to candy-colored iMacs to custom-colored Nike swooshes.

The proliferation of these tailored products, along with the growth of Web-based configuration programs that allow customers to build items to their exact specifications, prompted Professors **Jonathan Levav** and **Sheena Iyengar** to ask if the order in which value-added features are offered to consumers influences their buying decisions.

Their research was inspired by the late Columbia economist Kelvin Lancaster's pricing theory, which asserts that a product's perceived value is the sum of the perceived values of its attributes—and should thus be unaffected by the order in which each attribute is assessed. By this reasoning, a laptop, for instance, is the sum of such components as memory and a disk drive, and the order in which these attributes are added to the laptop should not matter to customers. But, Levav and Iyengar wondered, would Lancaster's theory about order hold up in a real-world purchasing environment where order is manipulated?

Levav and Iyengar's thesis—that order may indeed matter—is rooted in two psychological premises: First, a product's value is based on a customer's assessment at the moment he or she is mulling a purchase. This decision, according to psychologists, involves a finite source of mental

energy that dwindles over time unless the customer takes a break from a decision to, in a sense, reenergize. The second premise asserts that customers tend to focus only on the task at hand and are thus unlikely to conserve precious mental resources for an extended decision-making process involving a series of complex choices.

The research, comprising two studies, showed that presenting consumers with a multitude of options at the beginning of a decision-making process triggers a sort of short-circuiting of the brain. As a result, buyers gave up on tailoring each aspect of a product, switching instead to a default option—company-selected features, such as silver for a car color—toward a transaction's end because they neared sensory overload. By contrast, those warming up with fewer choices at a study's start tended to settle for the default choice less often.

Levav and Iyengar also found that customers reported greater satisfaction with a transaction when offered fewer choices at the beginning. Finally, buyers completed a transaction involving many similar choices in roughly the same amount of time irrespective of whether they were offered more options at the beginning or the end of a transaction. Mental exertion, and its influence on buying decisions, thus appeared to be a function of both the number of choices consumers had to make and the number of subsequent options for each choice, but not a function of time spent making choices.

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The first study asked 73 male subjects to customize a suit plus accessories like socks. Participants were divided into two groups. The first group started by focusing on 100 suit-fabric choices; the second, conversely, started by choosing from a simpler selection of 20 different sorts of socks and worked their way up to attributes like suit fabric that had a greater number of choices.

Confirming Levav's and Iyengar's hypothesis, subjects in the first, front-loaded options group appeared tapped out before the second group. They seemed to have little energy for decision making by the end of the task and were more likely to choose the default option (as suggested by the tailor) for the remaining suit features instead of continuing to make customized choices. Conversely, suit buyers with fewer options at the study's start were far less likely to choose the default option as they moved through the decision-making sequence.

Levav and Iyengar's second study, involving the computer-based configuration of a car at a dealership, produced similar results. It also shed light on several important implications of the order in which features were offered for a company's profit-making prospects.