

The Impact of Popularity Information on Consumers' Online Purchases: A Laboratory Experiment with Hit and Niche Products



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Research Motivations



- Popularity information can quickly catch consumers' attention and effectively influence consumers' purchase decisions.
- Popularity information exists in both physical and online shopping channels, but it operates differently in these two environments.
 - Ranking function
 - Update function

Research Purposes



- Popularity information induces two kinds on inferences:
 - Quality Evaluation vs. Social Comparison
- Investigate how popularity information induces different kinds of inferences (Quality Evaluation vs. Social Comparison) and generates different impacts on consumers' purchase intention when facing products with different market sizes (Hit vs. Niche)

Popularity Information



- What is observational learning?
 - Direct (formal or informal) communications
 - Observations of other people's choices
- What is popularity information?
 - Total number of adopted actions by existing consumers
 - Release in frequency format that reflects the product is chosen by a set of customers
 - » Number Format vs. Word Format

Quality Inference



- Past research has indicated that popularity information conveys a signal of quality.
 - Consumers infer High-volume popularity information as high quality
- Popularity information benefits mainstream products that are already popular, leading to the effect of winner-take-all

Quality Inference



- Online retailers no longer face the constraints of shelf-space but are able to offer a wide range of products with different market sizes (Hit vs. Niche)
- Tucker & Zhang (2011) found that popularity Information does not benefit a product if its high demand depends on its naturally wide market size.
- When a hit and niche products are equally popular, popularity Information benefits a niche product more than a hit product.

Hypothesis



- H1: When the inference of quality evaluation is derived, popularity information induces a higher level of purchase intention for a niche product than a hit product.

Possible Different Inferences



- When a hit and niche products are equally popular with similar quality, popularity information may induce at least two inferences:
 - Product related quality inference.
 - » Classic research is developed based on this assumption
 - Social related inference: Social Comparison

Possible Different Inferences



- Most of human behavior is social related, with people one knows or not.
 - Social norm: Implicit rules shared by a group of individuals, that guide their interactions with others and among society or social group
 - Conformity: It is the act of matching attitudes, beliefs, and behaviors to group norms

Social Comparison



- It is a process of evaluating one's own opinions and abilities by selecting a comparison target as a reference group to make comparison.
- Motivation: Self-Evaluation with similar others
- Reference Group: Any person or group that serves as a point of comparison for an individual in forming either general or specific values, attitudes, and behavior

Social Comparison



- Motivation: Self-evaluation with similar others.
- Why do people want to buy what others (reference groups) are buying?
 - To protect image and achieve status
 - To conform to the social norms and reference groups

Inference of Social Comparison



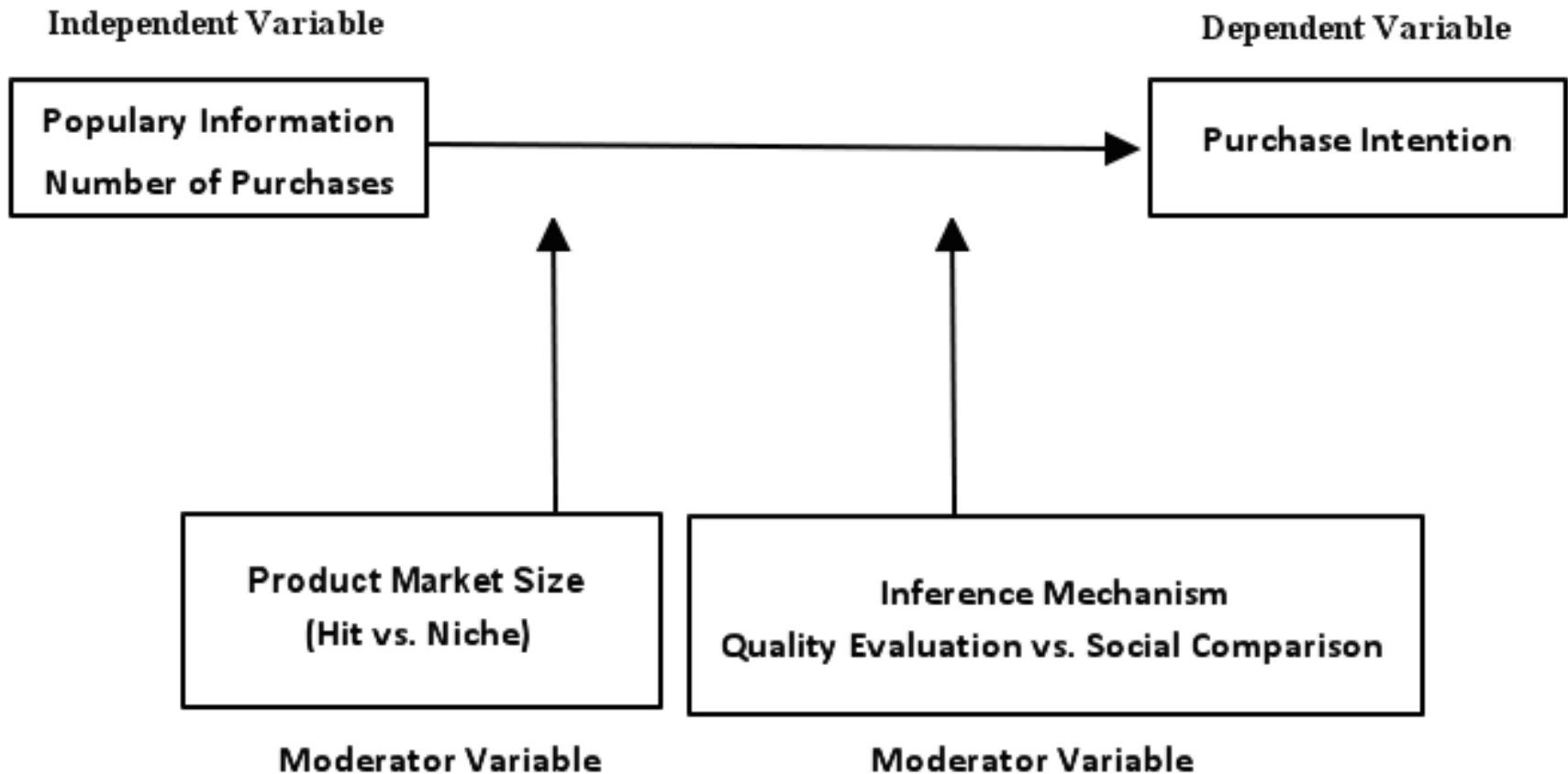
- The concept of social comparison could be applied in the online purchases.
- Social norms and products with different market sizes (hit vs. niche)
 - Hit products match with the concept of social norms more than niche products
- The social influences that consumers face for products with different sizes are disproportionate.
 - Consumers may receive more social influences for a hit than a niche product.¹²

Hypothesis



- H2: When the inference of social comparison is derived, popularity information induces a higher level of purchase intention for a hit product than a niche product.

Methodology



Methodology



- Quality Evaluation (Hit Popular) & (Niche Popular) and Quality Baseline:

假設您是某公司的職員，公司馬上要迎接一位從國外來的頂級貴賓，而您被分配到的任務是採購招待這位貴賓所需的三樣物品，您欣然接受了任務，決定上網開始採購囉！

- Social Comparison (Hit Popular) & (Niche Popular) and Social Baseline:

假設您是某公司的職員，公司馬上要舉辦大型研討會，而您被分配到的任務是採購研討會中所需要的三樣物品，您欣然接受了任務，決定上網開始採購囉！

Methodology



- Quality Evaluation (Hit Popular):

B. 您要採購的第二項物品，是要招待這位貴賓的點心，您希望選擇一個精緻簡單、但又能讓貴賓感受到您的用心的餅乾，以下有兩個價格相同（台幣 60 元一個）的選擇：

a. 香濃酥軟的巧克力 (Chocolate Chip)餅乾

目前購買人數：73 人

b. 手工現磨的肉桂 (Cinnamon)餅乾

目前購買人數：31 人

- Quality Evaluation (Niche Popular):

B. 您要採購的第二項物品，是要招待這位貴賓的點心，您希望選擇一個精緻簡單、但又能讓貴賓感受到您的用心的餅乾，以下有兩個價格相同（台幣 60 元一個）的選擇：

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Methodology



- Quality Baseline:

- B. 您要採購的第二項物品，是要招待這位貴賓的點心，您希望選擇一個精緻簡單、但又能讓貴賓感受到您的用心的餅乾，以下有兩個價格相同（台幣 60 元一個）的選擇：
- a. 香濃酥軟的巧克力 (Chocolate Chip)餅乾
 - b. 手工現磨的肉桂 (Cinnamon)餅乾

Methodology



- 6 groups: Quality Baseline, Quality Evaluation (Hit Popular), Quality Evaluation (Niche Popular), Social Baseline, Social Comparison (Hit Popular), and Social Comparison (Niche Popular).
- Participants will be assigned to a task with different purposes to purchase 3 products for their company with choices of 2 products (hit vs. niche).

Methodology



- The 3 product types we chose are: 1) trendy high-class brand wrist watch vs. hand-made specially selected antique pocket watch, 2) Rich aroma chocolate cookies vs. hand-made cinnamon cookies, and 3) American coffee vs. Italian concentrated coffee (Espresso).
- Each experiment contains 3 main questions related to the experiment and 13 questions related to participants' online shopping experience and demographic background.

Conclusion



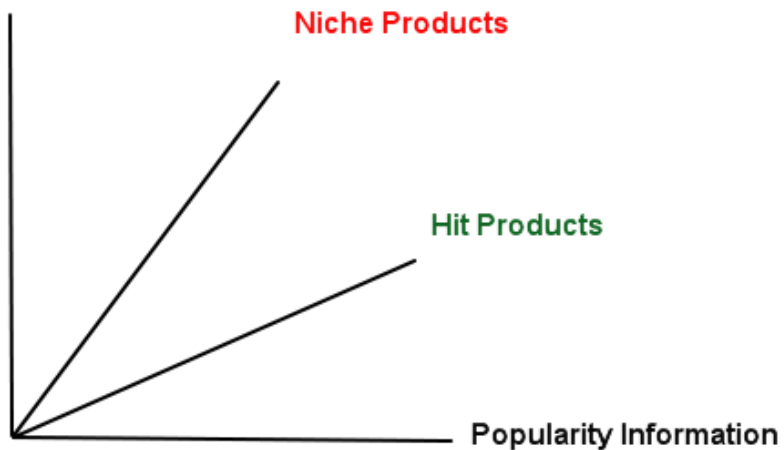
- Popularity information induce at least two kinds of inferences:
 - Product related inference (Quality Evaluation):
It conveys a signal of quality and is a classic assumption in popularity related research
 - Social related inference (Social Comparison):
It drives people to make comparison with others and is one of the main contributions of this research.

Expected Results



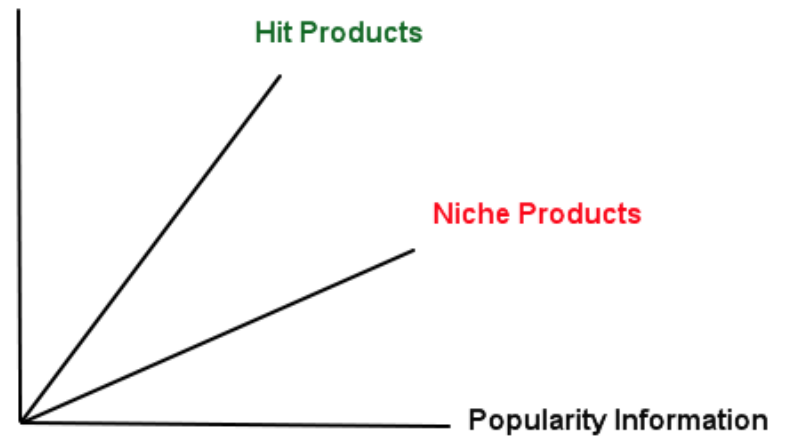
Quality Evaluation

Purchase Intention



Social Comparison

Purchase Intention



Managerial Implications



- This research should help e-business understand how to strategically promote the right products and obtain benefits from supplying a wide range of product variety.
- Supply the right kind of information to stimulate the effect that matches with the inference and product's market size
 - Social related info for a hit product
 - Quality related info for a niche product

Q & A



Q & A

Thank You for Listening!