



Consumer Control and Empowerment: A Primer

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Accepted February 7, 2002

Abstract

This paper introduces consumer empowerment as a promising research area. Going beyond lay wisdom that more control is always better, we outline several hypotheses concerning (a) the factors that influence the perception of empowerment, and (b) the consequences of greater control and the subjective experience of empowerment on consumer satisfaction and confidence.

Key words: consumer control, empowerment, information technology, choice process, social comparison, satisfaction

Introduction

Conventionally, firms have used targeted media to promote pre-determined products to pre-selected target customers through pre-existing channels at pre-set prices. Correspondingly, the conventional situation assumed in most theories of choice involves a set of well-defined options existing prior to choice.

However, with the advent of increasingly sophisticated information technologies, firms are more frequently providing consumers with the opportunity to specify product features, to select a preferred channel of delivery, to control their exposure to advertising and product information, to learn about the experiences and choices of other consumers, and even to name their own prices. In addition, consumers are being asked to form and express preferences on features such as return policies, privacy policies, and search procedures.

Such changes may be thought of as involving increasing levels of consumer control. How might this increased control result in *consumer empowerment*? To what extent do changes in the choice environment systematically lead to perceptions on the part of consumers that they have more power than before—and are benefiting from it? And under what conditions might greater consumer control lead to improved choices or greater consumer satisfaction?

One assumption commonly held by those who seek to empower consumers is that consumers will perceive any increase in control as a benefit. The reasoning that control leads to a closer match of individual needs and market offerings resembles standard axioms of classical economic theory: Helping consumers choose what they want, when they want it, and on their own terms, is *obviously* a benefit (e.g., Kreps 1979).

However, this generalization may be too crude. As we discuss below, greater consumer control may not always result in the subjective perception of empowerment, and greater perceptions of empowerment may also entail costs for consumers. To illustrate, consider the following case scenarios:

Scenario 1. Endowed with a sophisticated digital video recorder that allows users to exert control over what is on TV at any point in time, a “couch potato” feels strangely uneasy and somewhat overwhelmed by all the choices available. Instead of watching more of what he likes best, he flips back and forth among the various programs and does not enjoy any of them.

Scenario 2. A consumer is invited to customize the contract terms for an unsecured permanent credit line. She selects the most convenient monthly payment amounts and dates of payments, and she determines the maximum overdraft amount. While doing so, she overlooks the excessive 19% APR that comes with the additional control.

These scenarios suggest that providing consumers with more control may be a mixed blessing, potentially leading to a less compelling choice experience or to a less satisfactory outcome.

The purpose of this paper is to propose a set of research directions for a fuller understanding of both positive and negative consequences of increased consumer control, and to understand the factors that translate into the subjective experience of consumer

empowerment. We believe that research focused on this issue can generate unique and timely insights into consumer behavior. It can also be of interest for those who intend to turn empowerment into an appealing and sustainable value proposition.

1. The Subjective Experience of Empowerment

When do consumers experience a choice context as “empowering”? In this section we propose three specific elements that can influence the subjective experience of empowerment: i) control of choice set composition, ii) progress cues, and iii) information about other consumers.

What about an enlargement of the choice set? Economics traditionally assumes that a larger choice set would constitute an improvement of a consumer’s situation. However, we believe that the impact of choice set enlargements on the experience of empowerment is ambiguous at best. There are several well-known mechanisms that may cause an aversion to certain kinds of choice set expansions.

One such mechanism is *self-control*. Consumers who are tempted to give in to their impulses to consume what they know they shouldn’t (e.g., overeating, smoking, drug abuse, or over-spending) impose constraints on what is available to them. For instance, Wertenbroch (1998) finds that consumers are willing to pay a price premium to restrict themselves to smaller packages of their favorite chocolate chip cookies or potato chips.

A second mechanism is *regret* (e.g., Bell 1982). In most consumer choices, choosing a single option entails rejecting the rest. Enlarging the set of options, therefore, means that a larger set of options are rejected. The larger the set of attractive rejected alternatives, the greater the potential potency and discomfort of regret (Carmon, Wertenbroch and Zeelenberg 2002).

A third mechanism is simply *overload*. A consumer who prides herself on careful decision-making may experience cognitive overload when confronted with too many options. The work of Tversky and Shafir (1992) and Dhar (1997) demonstrates that increased choice, when it creates conflict, will lead consumers to defer choices, even when the available options are all acceptable.

1.1. Control of the Choice Set Composition

These mechanisms, among others, suggest that enlarging the set of available options may not always increase the perception of empowerment. Instead, we propose the general hypothesis that the perception of empowerment will be driven less by the size of the provided choice set than by the *consumer’s ability to specify and adjust the choice context*. According to this view, the experience of empowerment derives not from more choices, but from one’s flexibility in defining one’s choices.

This general hypothesis could be tested in the context of a number of more specific factors, corresponding to various ways that one might influence the composition of the choice set. For example, one interesting factor is the *reversibility* of a change to the choice

set. A change in the choice environment will be perceived as increasing empowerment if that change is reversible by the consumer. For instance, the choice to subscribe to a mailing list that enlarges the set of available offers may be perceived differently depending on how easy it is to opt out at a later time. Thus, the ability to give up or “undo” a supposedly empowering system is critical to the claim that consumers would gain any power out of that system.

Another factor has to do with the dimensionality of the choice set. Adding alternatives that differentiate along new dimensions may cause more overload than adding alternatives that differentiate along the same dimension (Gourville and Soman 2000). An ability to specify a number of dimensions (or categories) of interest prior to choice is likely to be perceived as empowering.

1.2. Progress Cues

In addition to control over the composition of the choice set, the perception of empowerment may be influenced by a consumer’s ability to repeatedly assess her progress in the overall choice process.

Greater consumer control naturally implies a choice process that is more extended, complex, adaptive, and open-ended. For example, a consumer may be asked to indicate preferences, a seller then provides a range of possibilities, followed by the consumer examining a set of alternatives, making an offer and waiting for a reply, and so forth. Each additional step in the decision making process provides consumers with another occasion to assess satisfaction or disappointment, to search for more information, to change their preferences, and so on. Consequently, we submit that the perception of empowerment may be at risk unless the extension of the choice experience is accompanied by a commensurate increase in “check points” that help to orient the consumer and to provide a sense of progress.

Research related to this general hypothesis might first investigate how people measure progress in an extended decision-making episode. How then can the types and quantity of *progress cues* influence the perception of empowerment, and help the consumer avoid the feeling of being “lost” in the choice process? For example, software installation programs usually indicate that an installation is 23% complete, or that the first of three steps has been completed. By analogy, an online product selection program should provide consumers with an indication of how long the process might take, as well as clear definition of the stages in the processes and feedback as to when those stages are complete.

1.3. Information About Other Consumers

Many recent attempts to improve the choice environment have involved integrating the preferences and experiences of other consumers. We propose that information about the decisions made by others can help consumers navigate their way through a complicated decision process. Because choice environments are set up or at least influenced by self-interested parties (e.g., producers and intermediaries), an opportunity to observe or contact other consumers engaged in the same environment is a key source of valuable information

which may become increasingly important as more consumer control is added. Also important is the fact that a seller who publicizes the negotiating performance of its customers provides a tool against which each participant can evaluate his or her own power position. For instance, online travel agencies sometimes post the best deal achieved by other consumers with a similar itinerary or travel period as a target for the one you are building for yourself.

There are a number of other questions surrounding the role of information about other consumers. How might consumers assess and aggregate information from a consumer-to-consumer forum to make it an empowering benefit? How is trust established in a social comparison system set up by an interested party (e.g., when suggestions are generated through collaborative filtering)? Do consumers differentiate between firm-controlled or consumer advocate websites, in terms of trusting the information provided about other consumers?

2. Consequences of Empowerment

Beyond the immediate impact on the choice experience, the longer-term consequences of consumer empowerment constitute an interesting area of study.

Perhaps the most straightforward question is *whether “empowered” consumers will always reach an outcome that is more satisfactory*. There is some evidence that greater involvement in decision-making leads to better decisions (e.g., Koriat, Lichtenstein, and Fischhoff 1980). However, other evidence indicates that consumers may sometimes have an impoverished understanding of what they will enjoy more at the time of consumption.

For example, a recent study by Benartzi and Thaler (2001) showed that investors preferred the portfolio selected by a professional investment manager to the portfolio they selected themselves, when comparing the implied distribution of outcomes. Another study, by Iyengar and Lepper (2000), found that restricting a consumer’s choice set to fewer alternatives appears to make it easier to make a decision and leaves consumers more satisfied with the decision they made.

A somewhat finer-level question is *how the experience of empowerment impacts the way consumers ultimately evaluate their choices*. For instance, there might be a “trophy” component attached to the chosen alternatives that adds persistent positive value beyond the enjoyment of the object itself.

2.1. Outcome Satisfaction

As Gilbert and Wilson (2000) vividly put it in their article on “miswanting”: “much unhappiness (...) has less to do with not getting what we want, and more to do with not wanting what we like.”

A significant body of research by Wilson and colleagues (e.g., Wilson et al. 1993) examined the potential negative effects of increased thinking and introspection (both of which are likely to increase with greater amounts of consumer control). In one study,

participants were asked to write down either their reasons for liking each of a set of posters or some filler information, before choosing which poster to take home. Several weeks later, participants were contacted by telephone and asked how satisfied they were with the chosen poster. Those who had articulated reasons for liking the posters liked the chosen poster significantly less than those who had not. This finding suggests that in the process of thinking and elaborating, consumers may end up weighting information differently than they naturally would have, which leads to *preference distortion*.

In addition, empowered consumers at the time of choice may make incorrect guesses about what decisions will maximize their satisfaction at a later time. Recent research suggests that consumers are often unable to accurately predict how satisfied they will be with future outcomes (Kahneman 1994). For example, consumers who overestimated how quickly they would grow tired of their favorite candy bars chose too much variety for future consumption occasions (Simonson 1990; Read and Loewenstein 1995).

2.2. A Broader Perspective

Langer and Rodin (1976; see also Langer (1983)) showed that a subjective perception of control in choice yields positive long-term effects in terms of satisfaction, general happiness, and even health. We propose that consumer empowerment impacts the process of retrospective evaluation in a way that can camouflage (or decrease the relevance of) the negative effects mentioned above. What follows is a list of five different mechanisms that seem to be worthy of further investigation in that perspective.

Satisfaction versus Achievement. As consumers take charge of their marketing environment, investing resources in the control tools that are made accessible to them, they will presumably have raised expectations. Research on goal setting (e.g. Heath, Larrick, and Wu 1999) suggests that increased expectations stimulates decision makers to achieve higher results, while it also increases the possibility of disappointment (when decision makers fall short of their goals).

Increased Opportunities of Social Comparison. When a price-sensitive consumer uses search engines or group bargaining systems to obtain a better deal, her satisfaction with the outcome may not depend on the price actually paid, but rather on how the price compares to prices paid by other people for the same product. Through observing what is available on the market and accessing information about what other consumers have experienced, empowered consumers may in fact become dissatisfied with a result that would otherwise be seen as an improvement (or vice-versa). A similar mechanism has been suggested by Loewenstein, Thompson, and Bazerman (1989), who found that an individual's satisfaction in negotiation depends on her outcome relative to her adversaries.

Gradual Commitment. Increased control and involvement in decision making means that decision makers make a number of decisions or commitments along the way, rather than a single commitment (e.g., pick one option out of a pre-determined choice set). As

these commitments accumulate, the consumer may feel increasingly reluctant to switch to another course of action. Thus, giving consumers more control can hurt perceived satisfaction with the chosen outcome, while at the same time making them feel that they should not switch to another choice alternative.

Polarization of Judgment. A higher degree of control and increased involvement might lead consumers to develop less ambiguous evaluations of their experience. This could mean more polarized satisfaction judgments, greater satisfaction with positive experiences, and greater dissatisfaction with negative experiences. Think of the way you would evaluate a wine after you have been empowered by some education and by easy access to a careful pre-selection process.

Self-Serving Attributions. While both positive and negative product experiences could previously be attributed to the seller or the product, an increased level of control changes the nature and flexibility of attributional processes. An empowered consumer could attribute a positive product experience to her own expert mobilization of power, while a negative product experience could be attributed to the seller or the product. This would be consistent with the finding that people often take credit for successes but blame others for failures (e.g., Schlenker et al. 1990) and would present a difficult challenge for an agent offering increased consumer control, compared to an agent that takes responsibility for both success and failure.

3. Conclusion

The purpose of this paper was to outline an agenda for further research around the theme of consumer empowerment. We believe that such research should provide a new perspective from which to generate basic insights on choice processes, while at the same time contributing to the foundations of a sound design of empowering systems.

We have argued that the *ability to shape* (i.e., to expand as well as to constrain) the composition of one's choice set is a key determinant of the experience of empowerment. *Progress cues* and *information about other consumers* are also likely to enhance that same experience, as choice processes become more flexible and sophisticated.

Beyond the experience of empowerment itself, we questioned its implications in terms of outcome satisfaction. When given added control, consumers will not always make choices that make them better off. However, because of control and empowerment, consumers may relate to their chosen course of action in a way that transcends the conventional notion of satisfaction.

In sum, a shift from the conventional choice environment towards more consumer control may not be as desirable as it seems at first: it has the potential to hurt both the experience of decision making and the experience of consumption. Properly designed, however, consumer control can provide an experience of empowerment and an enriched sense of satisfaction with the outcome of choice.

Additional issues related to consumer empowerment are worth mentioning in conclusion: (1) *Can consumers learn* to use control to their best interest, e.g., avoiding the potential traps of preference distortion? (2) We have made a distinction between the immediate perception of empowerment and the longer-term consequences of empowerment. *How do these elements integrate together* into a demand for empowering systems? (3) Can consumer control and empowerment *reduce consumers' tendency to endorse comforts*, to persist with the same habits at the expense of novel pleasures (Scitovsky 1992)? Intuitively, one would think that control multiplies the opportunities to seek and experience variety. For instance, Ratner, Kahn, and Kahneman (1999) suggested that consumers given the choice often include less-favored items into their choice set, venturing quickly beyond familiar liked products. However, it could also be that empowered consumers engage in more persistent patterns of consumption (Muthukrishnan and Kardes 2001), as they relate to the choice they have made with greater confidence.

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