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The Variety of an Assortment

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Abstract

Consumers rank variety of assortment right behind location and price when naming reasons why they patronize their favorite stores. Consumers care about variety because they are more likely to find what they want when going to a store that offers more varied assortments. When tastes are not well formed or are dynamic, perceived variety matters even more because of the desire to become educated about what is available while maintaining flexibility. Variety perception also matters when the variety-seeking motive operates. Retailers care about variety because customers value variety. Therefore, it is important to understand how people perceive the variety contained in an assortment and how these perceptions influence satisfaction and store choice. Remarkably, except for a recent study by Broniarczyk et al. (1998), there has been no research aimed at understanding the variety perception process itself.

We offer a general mathematical model of variety based on the *complete* information structure of an assortment, defined both by the multiattribute structure of the objects and their spatial locations. We impose a psychologically plausible set of restrictions on the general model and obtain a class of simpler estimable models of perceived variety. We utilize the model to develop assortments that vary widely in terms of their information structure and study the influence of three factors on variety perceptions: (a) information structure of each assortment (i.e., the attribute level differences between

objects); (b) level of organization of the objects and hence their relative spatial positions; and (c) task orientations, promoting either analytic or holistic processing. We also investigate the influence of variety perception and organization on stated satisfaction and store choice. To summarize our major findings:

1. Information structure has a big impact on variety perceptions, though diminishing returns accompany increases in the number of attributes on which object pairs differ.

2. People are more influenced by local information structure (adjacent objects) than nonlocal information structure. Proximity matters.

3. Organization of the display can either increase or decrease variety perceptions. When people engage in analytic processing, organized displays appear to offer more variety. When processing is holistic, random displays are seen as more varied.

4. Both variety perceptions and organization drive stated satisfaction and store choice. People are more satisfied with and likely to choose stores carrying those assortments that are perceived as offering high variety and that are displayed in an organized rather than random manner.

Our work provides a basic framework for thinking about variety. By helping retailers to understand the factors that drive variety perception, it may be possible to design more efficient, lower cost assortments without reducing variety perceptions and the probability of future store visits.

(Assortment; Hamming Distance; Store Choice; Variety)