TO WHAT EXTENT DOES SOCIAL EFFECT HAVE INFLUENCE ON CHOICE OVERLOAD?

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Abstract

The introduction of the internet had brought about two significant agenda; emergence of social advertising and relentlessly increasing product variety. Recent research rebutted the traditional economic and psychological belief - more is better - and proved that there are negative consequences to having an extensive choice variety. The present research extends this research and shed light on how external purchase information, readily accessible on social network services today, influence customers faced with too much variety in the process of purchase decision making.

Introduction

Since the introduction of the internet, human networks have expanded onto the web; internet brought about an era of intricate human networks and digital social networks were established and popularized, respectively. Today, consumers are allowed to interact and share information actively through a myriad of social network services including the most popular example – Facebook. Facebook was the most frequently visited website in the United States in 2010, accounting for twenty percent of all time spent on the internet, a higher proportion than Google or Yahoo! [1]. Another important trend the introduction of the internet has brought about is the long tail phenomenon – as it is easier and less costly for suppliers to target niche market consumers, suppliers have more incentives to create and offer more variety of products, hence, consumers are constantly faced with relentlessly increasing variety [2, 3]. Resent research have shed light on negative consequences of having too much variety, a phenomenon commonly referred to as choice overload effect or too much choice effect [4-9]. With the ever-increasing variety, the potential negative consequences associated with choice overload phenomenon – decreased purchase satisfaction from the demand side and decreased profit resulting from consumers deterring to make purchase decision from the supply side, and social advertising through popular social network services taking place at an unprecedented level, it is imperative to investigate into how these agenda interact with each other.
References


