

Marketing Munchies Podcast Transcript

Episode #36

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Announcer: Welcome to the Marketing Munchies Podcast series hosted by Dr. Bridget Behe. Each week Bridget and her guests will share information, insights, research-based findings, and her 30 years of experience to help your horticultural business connect better with current and future customers. Now, let's join our host, Dr. Bridget Behe.

Dr. Bridget Behe: Hi, and welcome back to the Marketing Munchies Podcast. I'm your host, Dr. Bridget Behe. I am delighted to have with me again, as a cohost, Dr. Trey Malone. Welcome back, Trey!

Dr. Trey Malone: Yeah, thrilled to be here!

Dr. Bridget Behe: We were talking about too many choices, and some of the research I have been doing with eye-tracking is trying to address that. Let us talk a bit today about how and why this phenomenon exists and really what it does to people. What were some of the earlier studies that you kind of based your work on?

Dr. Trey Malone: Traditionally, the early studies in choice overload were in psychology actually. The most famous one was about jams. They went to a grocery store and asked the grocery store to stock 6 jams versus either I think 24 or 36 jams. Then they just counted how many jams were sold over a period of time. What they found was that they could sell more jams by offering fewer options. The interesting piece of that, from an economic theory perspective is that in economics we generally assume that more choices are generally better.

Dr. Bridget Behe: Yeah, and that's been a contention of marketers and retailers forever: more is always better.

Dr. Trey Malone: It kind of makes sense right? The more options you have, the more likely it is that a consumer is going to walk into your store and be able to find what they want. At some point, maybe there is a threshold where you offer too many toothpastes, so to speak. Anybody that has ever tried to pick a movie on Netflix, they probably are afraid of spending more time picking the movie than actually watching the movie.

Dr. Bridget Behe: Yeah, and that's why they break them up into different genres, so that you can narrow that choice. When you list them A to Z, you can't go through them all.

Dr. Trey Malone: Oh, absolutely. Actually, that's one study that shows how to mitigate in one way, choice overload, is by providing categories. In the study I am thinking of, they did it with magazines. They had different magazine racks. They listed all of the magazines A to Z. Then, they broke up the magazines by sports and by fashion and business, and that reduces the choice overload problem.

Dr. Bridget Behe: It really helped people choose more magazines or find more people find a choice.

Dr. Trey Malone: Find one that they liked is a big part of it. Even sometimes, if there is no reduction in the likelihood that somebody will choose, there can still be some level of regret in the choice. If you think about somebody going to the mall, and they say they want a green sweater. Then, they try on all the green sweaters in the mall, because they don't know maybe the next store has a little bit better green sweater. Well, then they buy a green sweater and then they leave the mall, and they see a sweater out front at a store across the street. They should have went to that store too! That's an example also, even when you make the choice, that you might have some choice overload problem.

Dr. Bridget Behe: I think, for a lot of retailers, this expanding number of SKU's is really getting to be problematic. I know plant growers, you could have 20 different kinds of red geraniums. How many of those do you really need? I have been trying to advocate for getting growers, retailers, whoever, marketers to start looking at product lifecycle and seeing which of these products, which of these SKUs really has maxed out in sales and made is starting to decline somewhat and which ones are kind of on the growth side. If you get rid of 3-5 of your worst performers, and only one or two people misses them, that was a great choice. Look at all the time and energy and labor and effort that it saved you, and maybe enhanced your profitability a smidge, because you are not investing all that time, energy, and effort trying to grow 3 or 6 more. I think this is a really important topic.

Dr. Trey Malone: That's very interesting. *Yonkers* just closed. The amount of content they had in those stores that was 90% off, tells you everything you need to know about the number of choices that they offered. If they couldn't move their product at 10% of the sale price, then they definitely weren't thinking about this number of choices issue. There is a caveat though.

Dr. Bridget Behe: What is the caveat?

Dr. Trey Malone: Generally, the way that this debate on choice overload has been framed is that the economists don't believe in choice overload and psychologists generally believe in choice overload. That doesn't seem particularly interesting to me. What is more interesting is that I think that it exists, but it is likely to exist more for some people than others. Then, sellers have this incentive themselves to figure out ways to solve the problem. I think, for me at least (and we have talked about this before—but with beer). In the 1980s, in the United States, we had less than 100 breweries. Today, we have more than 6,000 breweries.

Dr. Bridget Behe: Wow, that's a lot of choices.

Dr. Trey Malone: Right. So, if you think about every brewery having 10 beers. That's overwhelming for the average beer drinker.

Dr. Bridget Behe: Well, and I think that's the key word: the average beer drinker. The people who are really highly involved, heavily interested, want all those choices.

Dr. Trey Malone: Exactly. The first paper of my dissertation, it was a two-part study where the first part was to see if we could find choice overload in the real world. I convinced a wine bar in Oklahoma to double their number of beers to see what would happen to the likelihood that someone would order a beer.

Dr. Bridget Behe: And me, as a wine drinker, if I go into a favorite wine bar and see beer, I am probably thinking, “What?!”

Dr. Trey Malone: Yeah. Who better to have choice overload for beer than a wine drinker in Oklahoma? I could actually create choice overload in that setting with those consumers. I could also eliminate choice overload by providing them informational nuggets. If I highlighted the beer advocate score or some quality ranking, I could eliminate the problem.

Dr. Bridget Behe: So, the parallel was there between the wine score and the beer score.

Dr. Trey Malone: Right.

Dr. Bridget Behe: They could get that information.

Dr. Trey Malone: It would be like a third party verification. You know that the product is good.

Dr. Bridget Behe: Really good.

Dr. Trey Malone: Just providing that little bit of information to people could actually eliminate the problem for the people that have the issue. That’s interesting, but I think that it’s important to highlight: if this is true, that choice overload exists in beer, then why do we have 6,000 breweries now? The next piece of it is that how many people in the world have choice overload for beer? The paper that we have forthcoming in the *Journal of Wine Economics* of all places, on choice overload for the entire beer market. We surveyed about 1,700 U.S. beer drinkers. We asked them to choose from menus very similar to the restaurant. I think I went from 5 beers to 18 beers in that study. What we found was, that actually on average, more is better. At least at a small level, the average beer drinker actually prefers to see a lot of beer options. There are still people that have that choice overload problem in my sample, but there is also a very large amount of people that, obviously, loved the number of options that they were provided.

Dr. Bridget Behe: Maybe, putting this into practice, thinking about having a reasonable number, a moderately large number of choices, but helping those people with choice overload by saying, “This is the restaurant’s pick.” Or “This is the staff’s pick.” Or “This is the best beer/wine to go with ‘this’ type of food.” Can help really reposition or reframe all of those choices for people who have a problem making the choice. But, for the people who want to see all those choices, they might lean toward the staff’s pick, but they still have all those beers to look through.

Dr. Trey Malone: Exactly. The big takeaway here is, I think, that it’s very important to know your consumer—like very well. There was an article in, I think, *Beef Magazine* last week that reminded producers that every dollar in their pocket came to them because some consumer somewhere decided to eat beef.

Dr. Bridget Behe: That’s really good insight.

Dr. Trey Malone: Because I think in agriculture a lot of times we have this almost, “consumers don’t understand us” or there is an “us versus them” idea I think out there that almost makes the consumer almost an enemy or somebody who is just like an alien from another planet.

Dr. Bridget Behe: An amorphous being that we don’t have to see, touch, or get close to.

Dr. Trey Malone: Right. Exactly. But those relationships I think are something that if we can kind of build more of a relationship with our consumer, we will have a much better chance of actually serving their needs.

Dr. Bridget Behe: Yeah, wow, that’s great. I think choice overload is a topic we’ll probably come back and revisit and talk about that just a little bit more.

But, it was great having you on the podcast again today!

Dr. Trey Malone: Thrilled to be here! Looking forward to more.

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Announcer: Thank you for joining us on this week's Marketing Munchies Podcast. For more information or to download the transcript of this podcast, please visit, connect-2-consumer.org. That's C-O-N-N-E-C-T, dash, the number two, dash, C-O-N-S-U-M-E-R, dot, C-O-M.

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