

Categories Create Mindsets: The Effect of Exposure to Broad versus Narrow Categorizations on Subsequent, Unrelated Decisions

Co-authors: Gülden Ülkümen (USC) and Amitav Chakravarti (NYU)

Exposure to different types of categories or assortments in a first task creates a mindset that changes how consumers process information. These mindsets in turn, have a spillover effect that alters consumers' decision making in a variety of subsequent and unrelated tasks, from basic cognitive behaviors (e.g., grouping), and consumer decisions (e.g., new product adoptions), to more general decision making (e.g., susceptibility to heuristics, price sensitivity). Consumers previously exposed to broad assortments or categorizations base their decisions on fewer pieces of information, typically those made salient by the environment. In contrast, consumers who have previously been exposed to narrow assortments or categorizations, employ multiple pieces of information, both salient and non-salient, without exerting any extra effort. Consequently, prior exposure to broad versus narrow categorizations leads to greater susceptibility to some common context effects and to heuristic decision making.