

Marketing Colloquia

Tuesday, September 24, 2013

Where: 741 JMHH

When: 3:00 PM to 4:20 PM

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The Role of Changing Utility in Product Search

ABSTRACT: Consumers are often not fully aware of their preferences when they begin search. As consumers examine products they clarify their preferences, and some attribute weights in their utility function change. We develop a model of sequential search with changing utility weights, and derive relevant implications. Specifically, we study the value of the accuracy of product attribute information available to the user, and the impact of product recommendations on search outcomes. Because preferences change as consumers examine products, the examined products influence the products they will search in the future. In certain parts of the parameter space, more accurate product information, on average, hurts consumers in the long run. Additionally, product recommendations impact not only the user's consideration of the recommended product, but also the future search path. Therefore, the impact of a product recommendation on the user's net payoff is not necessarily directly related to the quality of the recommended product: consumers can derive benefit from seeing an undesirable product, if that product exposes them to new relevant features, and helps them be more efficient in the future search. Finally, we empirically demonstrate that people change their preferences while searching for apartments.