NOVEMBER 1998 JMR

JOURNAL OF MARKETING RESEARCH

....New Books in Review

THE LAWS OF CHOICE: PREDICTING CUSTOMER BEHAVIOR, Eric Marder.
New York: The Free Press, A Division of Simon and Schuster, 1997, 448 pages, $30.00.

This book captures the wisdom of more than 40 years of choice research, involving thousands of choice research studies. Marder analyzes choice research and predicts market share by measuring and estimating the value of an offer. He takes readers through the struggles (successes and blind alleys) that he wrestled with as he attempted to understand the problems posed by his clients. At the heart of the book are embedded deep questions about consumer choice theory.

ORGANIZATION OF THE BOOK

The book is divided into five parts. The first part (Chapters 1 through 4) lays the foundation of the choice process, first principles, and the first law of choice. The heart of the book is Marder's first law, the law of congruence, which states "congruent choice situations have equal choice vectors" (p. 36). According to this law, brand choices made in a questionnaire will be identical to the choices made in real life, provided the choice situation (i.e., the competitive frame, information, and accessibility) is identical. To overcome the limitations of questionnaires, the author proposes the STEP (Strategy Evaluation Program) methodology discussed in the second part of the book.

The second part (Chapters 5 through 12) of the book deals with the market shares deserved by integrated offers such as brand name, brand description, and price. The design and implementation of the STEP methodology is discussed in detail. The STEP uses three strategy statements for a variety of brands in a given product category (using a booklet) in a controlled environment. The author provides an abundance of empirical verification for the law of congruence. It is extended further in the areas of pricing, concept testing, and product testing. For example, in the area of product testing, the author argues in favor of real-life exposure with share measurement (using STEP stickers) and suggests a clever way to conduct blind tests by using decoy labels. He also highlights several deficiencies of paired comparisons, including that they do not use the competitive frame and share measurements and, thus, violate the law of congruence.

The third part of the book deals with the structure of choice (Chapters 13 and 14). The author discusses the anatomy of questions by presenting a general taxonomy of survey questions and formulates the second law--the law of primacy. It states, "an individual for whom, at the moment of choice, n brands are tied for the first place in brand strength, chooses each of these n brands with probability 1/n" (p. 177). In a competitive frame, what counts is not the absolute but the relative level of desirability. This law implies that the desirability ranks for brands in a competitive frame are consistent with the average choice ranks.

The fourth part of the book (Chapters 15 through 21) deals with the market shares of synthesized offers. The author's pursuit of the strategy planning and diagnostic problem led to the development of a choice model, the Single Unit Marketing Model (SUMM). The SUMM is based on choices made by individuals, not aggregates. He discusses the SUMM Game ("what if" scenario), which enables the marketer to explore strategic options by changing one or more beliefs about a brand and to assess the potential impact on market share.

The fifth and final part of the book (Chapters 22 through 27) deals with message delivery through print advertisements, television commercials, and campaigns. The author proposes the third law, the law of persistence, which is that "the effect produced by a message is made up of two components: a transient effect and an intrinsic effect. The transient effect decays rapidly. The intrinsic effect lasts indefinitely" (p. 363). The author ends by giving some guidelines on the design and implementation of an effective advertisement.

EVALUATION

The book is the culmination of the author's quest for deep questions regarding consumer choice. It is a well-written documentation of an ongoing intensive research program arising from real-life consulting and client services. The author succeeds in making a compelling case in defense of the laws of choice by drawing on overwhelming empirical support. The book captures the reader's attention and provides deep insights in a conversational and readable style. Although it is a technical book, it does not read like one (most of the statistics are tucked carefully away in the Appendix). It therefore brilliantly caters to both the business and academic communities.

Although the author should be applauded for achieving his objectives, there is an inherent bias in the general approach taken in modeling consumer choice. It is obvious the author brings an experimental design approach to choice. The attitudinal framework to choice, which embodies emotions and feelings, personality, motivation, and other intrapersonal constructs, is ignored completely. Survey and qualitative researchers would find this approach restrictive and psychometrically insufficient (e.g., single measures rather than multiple measures are recommended).

The STEP offers a tool for choice research that attempts to provide congruence between the choice situation in the questionnaire and the choice situation in the world. A unique advantage is that the choice situation is similar to real-life exposure in which the respondent does not know at the time of exposure that he or she is participating in a test and does not know at the time of measurement that the measurement is related to prior exposure. However, despite its improvement in both internal and external validity (though no comparative research is conducted that uses existing choice models), we must return to the philosophical question: Can two choice situations ever be congruent? The author attempts to answer empirically rather than philosophically. Any discrepancy is attributed to the "accessibility" factor in the choice situation.

The SUMM uses an integration approach of desirability contributions pertaining to levels of salient attributes for the brands considered. The input ratings are similar to estimated partworths from a conjoint model, except that this is a compositional model. However, it is the desirability contribution ratings that differentiate it from other compositional models. Although the author discounts the aggregate-level analysis in favor of single-level SUMM, a working balance between the two extremes (single versus aggregate) is the subaggregate analysis, which is at the heart of market segmentation. The author fails to discuss this critical issue in light of the SUMM framework. A meaningful approach would be to use aggregate SUMM data and apply a clustering technique (e.g., using desirability contributions) to generate market segments.

Despite its limitations, the book offers a new perspective on consumer choice that is theoretically sound and empirically supported. It is definitely worth the space on every marketing and consumer researcher's shelf (both academic and practitioner), if for no other reason than occasionally to bring us back to the fundamental question: What are we really trying to accomplish and measure?

James Agarwal, University of Regina, Saskatchewan, Canada
e-mail: agarwalj@uregina.ca

Collin Carbno, Saskatchewan TeleCommunications (SaskTel) Regina, Saskatchewan, Canada
e-mail: collin.carbno@sasktel.sk.ca