Photograph by John Paul Endress

Recent Research

On understanding consumer choices, shaking up the workplace, calming nervous customers, and more.

by Matt Palmquist

There's Salad on the Menu? Then I'll Take the Fries

Title: Vicarious Goal Fulfillment: When the Mere Presence of a Healthy Option Leads to an Ironically Indulgent Decision (Subscription or fee required.)
Authors: Keith Wilcox (keith_wilcox@baruch.cuny.edu) et al.
Publisher: *Journal of Consumer Research,* vol. 36, no. 3
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When presented with healthier options on a fast-food menu, do people actually order them? According to this paper, not usually. Strangely enough, consumers feel that the mere presence of a healthy option on the menu fulfills their desire to be more calorie-conscious, and gives them an excuse to order the least healthy choice available.

In one of four studies with broad implications for predicting consumer behavior, the authors offered 104 undergraduate students a menu of identically priced French fries, chicken nuggets, and a baked potato — or, alternatively, a menu that included those three items plus

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a side salad. Given the first choice, participants who tested high in self-control almost never chose the fries, the least healthy option. But when the salad was added to the menu, the same individuals were 23 percent more likely to opt for the fries. The researchers believe that the addition of a healthy menu item makes unhealthy options seem less threatening and more tempting. In addition, consumers are more likely to underestimate the caloric content of a main dish when a low-calorie side dish is included. The other three studies, targeting responses to different food choices and how choices are related to goal fulfillment, replicated these results.

Recent real-world purchasing behavior at McDonald's bears out the conclusions of this study and shows how companies can use consumer choice research to better their performance. Industry analysts have attributed the corporation's success over the last few years to continuing gains in the sale of burgers and fries, which in part has resulted from improved customer loyalty. However, one of the reasons McDonald's has increased its popularity with consumers directly correlates to the addition of healthier items on the menu, even though these more nutritious options have not sold particularly well, analysts add. The authors conclude that consumers encounter dilemmas of self-discipline that bring long-term goals into conflict with immediate temptations. The upshot: Contextual clues — such as what's on the menu *next* to the burger — play a big role in the choices individuals make.

Bottom Line: When presented with options that evoke a measure of self-control, consumers may behave in a way that contradicts their goals. Understanding the difference between what customers say they want and what they actually want can help companies better understand their consumer base.

Staying on Your Toes

Title: Wellsprings of Creation: How Perturbation Sustains Exploration in Mature Organizations
Authors: David James Brunner (dbrunner@hbs.edu) et al.
Publisher: Harvard Business School, Working Paper No. 09-011
Date Published: June 2009

Without an influx of new ideas or fresh perspectives, it's all too easy for organizations to stagnate and become reliant on established routines or outmoded ideas. As a result, it's often difficult for them to embrace new concepts or innovative organizational structures. Relying in large part on a detailed study of the Toyota Motor Corporation, the authors of this paper propose that mature organizations that seek to sustain productive cycles of market exploration and exploitation must deliberately stir things up and introduce a counterintuitive element: perturbation. Perturbations, defined as novel stimuli that disrupt embedded routines, allow companies to shift from their day-to-day operations mode to a more exploratory, flexible, problem-solving mode.

At Toyota, deliberate perturbations occur at all levels of the organization, from individual positions on the factory floor to the highest echelons of the boardroom. Factory workers frequently make small adjustments, such as altering the order or torque of the bolts they're inserting, and one trainee noted that purposeful changes to shop-floor processes happen at least twice an hour. For example, sometimes the entire assembly line is sped up, forcing workers and supervisors to perform their jobs more quickly while maintaining the same standard of quality. These techniques help keep everyone throughout the manufacturing system on their toes.

Toyota's management team also introduces perturbations that can have enormous consequences for the company's strategy. In 1983, Toyota's then chairman, Eiji Toyoda, asked, "Can we create a luxury car to challenge the very best?" That question turned the company into a beehive of activity at all levels, eventually resulting in a fundamental shift in Toyota's public persona: Long known for high-quality but affordable cars, Toyota entered the U.S. luxury car market in 1989 with the Lexus, a vehicle that now symbolizes the company's manufacturing and design superiority. Well into the initial phases of Lexus development, blueprints for its engine were discarded; new ideas replaced the old. The authors argue that this anecdote signals Toyota's strong belief that perturbations can lead to innovation and high performance.

Bottom Line: In order to avoid stasis and to encourage innovation, companies should deliberately disrupt the normal flow of work at multiple levels. Such perturbations can lead to more problem-solving breakthroughs for the organization.

Catering to Nervous Customers

Title: Understanding Emotional Reactions for Negative Services: The Impact of Efficacy Beliefs and Stage in Process (Subscription or fee required.)
Authors: Elizabeth Gelfand Miller (milleliz@bc.edu) et al.
Publisher: *Journal of Service Research,* vol. 12, no. 1
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Customer satisfaction is typically linked directly to quality of service; the better the service, the happier the customer. But what happens when the business is one that the customer would rather avoid — for example, an automotive repair shop, a health screening clinic, or a tax-preparation service? In an effort to better understand customers' emotional reactions to these "negative services," the authors of this study explored whether customer satisfaction is determined by the specific type of test, screening, or evaluation customers are undergoing. They hoped to determine what would make customers feel more comfortable and offer suggestions to companies that provide those necessary but somewhat undesirable services.

To do so, the authors differentiated between routine negative services — a 30,000-mile vehicle tune-up or an annual physical exam — and services that stem from a problem, such as a noisy engine or shortness of breath, and that thus necessitate longer, more costly visits or follow-up tests.

The researchers evaluated the ways in which consumers might react to a routine versus a targeted exam by surveying 70 women in a mammography waiting room at a university hospital. The resulting conclusion may seem counterintuitive. The study found that women undergoing a routine screening experienced more stress than those taking a diagnostic exam targeting a previously identified problem. Women in the former group were anxious about facing the unknown: What if something wrong is uncovered? The diagnostic exam, in contrast, was less stressful because it provided definitive answers about a woman's condition.

The authors say that service managers should strongly consider the customer's frame of mind during the negative service provision, and if possible keep routine and diagnostic customers separate. For example, service providers can help relax customers who are receiving routine checkups by making atmospheric adjustments, such as playing soothing music or providing magazines; customers facing diagnostic services, meanwhile, should be put at ease with detailed information on the type of service being performed, the latest advances in the field, and the types of treatments or solutions available.

Bottom Line: In industries that offer necessary but often undesirable services, managers must strive to understand how their services affect the stress levels of their customers. Only after understanding the customer's state of mind can the manager provide the appropriate information or apply the appropriate techniques to reduce anxiety.

How to Donate Responsibly

Title: The Challenges of Matching Private Sector Donations to Humanitarian Needs: The Role of Brokers
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When disasters hit, humanitarian aid agencies move quickly to secure funding for relief operations. But what's the best way for corporations to donate effectively and responsibly? The authors of this paper examine the choices faced by companies in the aftermath of large-scale disasters: Corporations can develop a partnership with humanitarian agencies, send volunteers to the disaster site to help with relief operations, provide in-kind donations of goods, or send cash. Of these options, the authors assert that cash donations do the most good because they are efficient, transparent, and readily accountable. They also find that broker organizations, which manage the donation process for large organizations, can do an excellent job in matching corporate dollars to humanitarian needs.

Corporations have become more involved in disaster relief efforts in recent years for a number of reasons. Employees have come to expect that their companies will support such operations, especially when the disaster receives high media attention and the public is aware of the needs of those affected, or when a company's clients or employees might be affected by the disaster. In addition, customers increasingly draw positive connections between a corporation's brand and its level of community service, especially after a catastrophe; many people consider, for example, pharmaceutical companies that donate medicine or banks that solicit aid donations at ATM machines to be better to do business with.

Partnerships between corporations and aid organizations can be complex to establish, relief volunteers can be difficult to coordinate, and the logistics of in-kind donations can be cumbersome and unsuited to the people who most need the help. Cash, however, always comes in handy for both purchasing essential supplies and equipment up front and providing humanitarian groups with the flexibility to purchase clothing, food, and building materials as needed.

Yet donating companies are usually hesitant to send cash without a strict audit trail, to be certain that recipients use the funds efficiently. This is where the broker comes in. The authors conducted an in-depth study of Global Impact, one of the charity world's largest brokers, representing more than 50 of the most respected U.S.-based nonprofits, including Doctors Without Borders and the U.S. Fund for UNICEF. Based on interviews with donors and observations of the issues that donors face when allocating funds, the authors found that Global Impact significantly improved the coordination and fulfillment of corporate donations. By managing details such as setting up corporate Intranet sites for collecting employee donations and preselecting charities with good practices, the organization helped ensure that both the corporate donor and the humanitarian agencies benefited from the effective and transparent distribution of donations.

Bottom Line: After disasters, corporations need to react quickly to offer help to those in need. The most effective type of aid is cash, and businesses that use broker organizations can smooth the path between humanitarian needs and corporate donations.

How Emotions Affect Decision Making

Title: Anger, Fear, and Escalation of Commitment (Subscription or fee required.)
Authors: Ming-Hong Tsai (mtsai@anderson.ucla.edu) and Maia J. Young (maia.young@anderson.ucla.edu)
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It isn't unusual to see a manager keep plugging away at a project that

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isn't producing positive results, but few would guess that anger may be at the heart of that behavior. This paper explores the role of negative emotions in decision making, revisiting the conclusions of earlier researchers. Those previous conclusions were that negative feelings typically reduce the likelihood that decision makers will increase their commitment to a project. In this study, the authors set out to prove that it is a mistake to group all negative emotions together; some negative emotions may actually increase an employee's determination to complete a troubled project or support a questionable decision, and others may indeed minimize it. To test their theory, the authors looked specifically at two negative emotions: anger and fear.

The authors asked 57 people to trigger either anger or fear by writing about an incident that elicited one emotion or the other, depending on the group in which they were placed. Participants then assumed the role of a senior sales manager at a large technology firm and hired one of two candidates, basing their decision on a report of the candidate's job performance over the past decade. They also were asked to disclose how risky they perceived their choice to be. The researchers then gave participants a fictional evaluation of how their candidate performed over the first five years, which criticized their selection regardless of which candidate they picked. Asked to respond to this critique, individuals in the angry group were more likely to continue supporting their initial decision than were their frightened counterparts. The researchers reasoned from this that anger augments a sense of personal control, lowers perceptions of risk, and makes people less willing to admit a mistake. As a result, angry employees are more likely to commit further resources to a failing project or choice. By contrast, fear makes people second-guess themselves and often abandon support for efforts that have gone even slightly off the tracks. A second, similar study measured employees' financial decision making. The results were the same; angry individuals were more likely to allocate funds to a failing division than those who were afraid.

The paper offers insights for employees at either end of the corporate ladder. By paying close attention to the emotional tendencies of their subordinates, managers may be able to predict or even influence whether their employees will escalate their commitment to a problematic plan or decision, or whether they will give up too soon. In some cases, bosses may need to advocate for emotion-control training, which can reduce the amount of fear or anger specific employees demonstrate.

Bottom Line: Emotions can get in the way of rational decision making. Anger, in particular, can make employees increase their commitment to a failing plan. Managers who understand these tendencies can help lessen their effects on the organization. ✚