

Capturing Context-Sensitive Information Usage in Choice Models via Mixtures of Information Archetypes

by

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ABSTRACT

We offer a new conceptualization and operational model of consumer choice which allows context-sensitive information usage and preference heterogeneity to be separately and simultaneously captured, thus transforming the axiom of full information use into a testable hypothesis. A key contribution of the proposed framework is the integration of two previously disjointed and often antagonistic research paradigms: 1) the economic rationality perspective assuming stable preferences and full information usage, and 2) the psychological bounded-rationality perspective allowing context-sensitive preferences and information selectivity. We demonstrate that the two paradigms can and do co-exist in the same decision-making space, even at the level of individual consumer choices. The proposed Information Archetype Mixture (IAM) model is tested in four studies spanning different product categories and levels of task complexity. Our findings have ramifications for choice modeling theory and implementation, beyond the disciplinary boundaries of marketing to applied economics and choice-focused social sciences.



Professor Joffre Swait is Research Professor and co-Director at the University of South Australia Institute for Choice (I4C), a world-leading research facility that focuses on understanding and modelling human decision-making and choice behaviour. He is an acknowledged global expert in choice modelling and choice set formation, among other aspects of research aimed at increasing our knowledge base concerning how humans make decisions.

Professor Swait holds a Bachelor of Science (B.Sc) and a Master of Science (M.Sc) in Civil Engineering from Oregon State University, a PhD in Transportation Systems from the Massachusetts Institute of Technology (MIT), and did a Post-doctorate year in Marketing at the University of Alberta. He has extensive consulting experience in North and South America, where he has conducted consumer behaviour modelling in such diverse areas as transportation, environmental economics, health and health economics, telecommunications, packaged goods, financial services, computer hardware and tourism, and has produced research reports for government and industry bodies in both continents.

Professor Swait has a notable research record, publishing over 90 refereed journal articles in a range of international journals, including *Transportation Research Parts A and B*, the *Journal of Consumer Research*, the *Journal of Marketing Research*, *Marketing Science*, the *Journal of Environmental Economics and Management*, *Organisational Behaviour and Human Decision Processes*, and the *Journal of Mathematical Psychology*, among others. In 2006 he received Best Conference Paper Award from the American Academy of Advertising, and in 2014 received an Outstanding Article Award from the Agricultural and Applied Economics Association. He currently sits on the Editorial Board for the *Journal of Choice Modelling*, the *Journal of Marketing Research*, the *Journal of Retailing and Consumer Services*, *Marketing Science*, and *Transportation Research Part B*.

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