

"A man is  
great by  
deeds, not by  
birth"

-Chanakya

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Working Paper

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**Attribute Rating and its impact on Attraction and Compromise Effects**

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## **Attribute Rating and its impact on Attraction and Compromise Effects**

### **Abstract:**

Consumers face decision uncertainty when faced with options, which are presented as attribute bundles at various levels. While rational theory proponents suggest that consumers would resort to a calculation of a scalar utility by assigning weightages to different attributes, in real life scenarios, consumers often feel confused deciding due to inherent trade-offs associated with choices. This nature of confusion is exacerbated by the presence of a 'decoy'/inferior option, which tends to lead to the phenomena of attraction, or equally attractive alternatives that leads to compromise effects. While behavioral decision making can explain these effects from an attribute-based processing of information, rational theorists cannot offer a robust explanation. In this paper, we show when attributes are rated on a common scale, e.g., (1-100), people engage in an alternative-based processing of information, using the attribute ratings and select the alternative with a preferred attribute bundle, which tend to eliminate both attraction and compromise effects. For each study, we follow-up the decision-making process with a thought listing task where respondents describe their decision-making journey during the study. The results from both the studies support our conjecture that attribute ratings effectively reduce perceived uncertainty among respondents.

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