

## THE DECOY EFFECT IN CONSUMER BEHAVIOR

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### Abstract

The objective of this study is to investigate and assess the influence of the Decoy effect on consumer behavior. This study focuses on the significance of comprehending the psychological elements that impact consumer buying choices, particularly through the influence of the teaser effect. The employed approach involves a Systematic Literature Review (SLR), which entails conducting a methodical and thorough search of existing literature to identify the most recent discoveries pertaining to the Decoy effect and consumer behavior. The research findings and subsequent analysis emphasize that the Decoy effect has the ability to impact consumer preferences and marketing strategies. However, it also carries the potential for manipulation and the implementation of unfair pricing policies. Evidence from the literature affirms the necessity for companies to adopt marketing strategies that prioritize ethics, transparency, and honesty in order to uphold consumer trust. The research concludes that a thorough comprehension of consumer behavior and strategic utilization of the Decoy effect is crucial for attaining favorable outcomes and mitigating potential drawbacks. Hence, this study offers valuable perspectives for businesses to create more efficient and morally sound marketing tactics within the realm of consumer behavior.

**Keywords:** *Decoy, Effect, Consumer Behavior*

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### INTRODUCTION

Consumer behavior is the examination of the choices, inclinations, and actions undertaken by individuals or groups when acquiring and utilizing products or services. Consumer behavior is shaped by a multitude of factors, encompassing personal, social, psychological, and cultural influences. Personal factors encompass demographic attributes such as age, gender, income, and education, which have the potential to impact consumer needs and preferences. Social factors encompass the impact of familial, peer, and reference group influences on consumer decision-making. Psychological factors encompass an individual's cognitive and emotional processes, such as perception, motivation, attitudes, and learning. Cultural factors encompass values, norms, and traditions that exert an influence on consumer behavior within a society (Abduh & Pardiansyah, 2022). Consumer behavior can be comprehended by examining the five primary stages of the purchasing process: problem or need recognition, information search, alternative evaluation, purchase decision, and post-purchase behavior. At this phase, consumers may encounter various influences, including advertising, product evaluations, and personal or others' experiences (Marini et al., 2020). The advent of technology and social media has exerted a profound influence on contemporary consumer behavior. Consumers typically engage in online product research, review reading, and participation in online communities prior to finalizing a purchase. Consumer preferences are increasingly influenced by sustainability and social responsibility, leading to a growing demand for products and brands that prioritize environmental and social sustainability (Asmoro Djati, 2020).

The decoy effect is a phenomenon in the field of consumer behavior science where the inclusion of a less desirable or potentially less profitable option, known as a "decoy," can impact a consumer's decision between two options that are more similar to each other. Within this particular framework, the inclusion of a decoy serves the purpose of manipulating the perception of worth, with the intention of making a specific option appear more appealing in comparison to another (Marini et al., 2020). An illustrative instance frequently cited to elucidate the Decoy effect pertains to the sale of popcorn in movie theaters. Given the availability of two popcorn sizes, medium priced at \$5 and large priced at \$7, consumers may have a tendency to opt for the large size due to its slightly higher cost but greater quantity of popcorn. Nevertheless, when presented with the \$6 small option, which is intended to mislead, consumers tend to opt for the large size, perceiving it as a more advantageous choice compared to the small size and not significantly different from the medium size (Asmoro Djati, 2020).

Companies can leverage this phenomenon to steer consumer preferences in the intended direction. Companies can boost sales of a specific product or service by introducing additional options that are unappealing but affect the comparison with desired options. The decoy effect exemplifies the intricacy of consumer decision-making and the ability of minor factors to sway their preferences. Hence, comprehending this phenomenon can assist companies in formulating more efficient marketing strategies to accomplish their business objectives (Abduh & Pardiansyah, 2022). The Decoy effect, a phenomenon in consumer behavior, originated from research conducted in the fields of behavioral economics and marketing. The identification of this phenomenon was initially made by two economists, Richard Thaler and Eric Johnson, in the year 1990. This context emphasizes the significance of comprehending the process by which consumers make buying decisions and the substantial impact that minor factors can exert on consumer choices (Wufron et al., 2022). The ethical dilemmas and lack of transparency in marketing practices are the main issues associated with the Decoy effect. Companies may deliberately manipulate consumers by incorporating "decoy" options to influence their choices towards a specific outcome, regardless of whether it aligns with the consumer's needs or preferences. These circumstances prompt inquiries regarding the credibility of marketing strategies and the necessity for openness, enabling consumers to make well-informed and logical choices (Wufron et al., 2022).

In addition, the Decoy effect also demonstrates the intricacies of consumer psychology and behavioral economics. Gaining a comprehensive understanding of these concepts enables companies to enhance their marketing strategies, while also compelling them to exercise responsibility in their application of these techniques. Hence, additional investigation into the Decoy effect and the corresponding ethical debates assumes significance in order to steer the advancement of equitable and transparent marketing strategies and involve consumers in more deliberate decision-making. Companies must comprehend consumer behavior to create efficacious and pertinent marketing strategies. Consumer behavior analysis enables companies to discern patterns, comprehend consumer demands, and generate gratifying customer encounters (Wufron et al., 2022). By possessing a profound comprehension of consumer behavior, companies can create products, services, and marketing campaigns that more closely correspond to consumer preferences and values, consequently enhancing their likelihood of achieving success in a fiercely competitive marketplace.

The objective of studying the Decoy effect in consumer behavior is to enhance comprehension of consumer decision-making mechanisms and the impact of minor factors, such as the presence of options that are perceived as "decoys," on their preferences. The primary objective of this research is to delve into the psychological mechanisms underlying consumers' decision-making processes, specifically examining how the inclusion of seemingly unfavorable options can impact their ultimate selection. This research offers numerous advantages across various dimensions. Enhanced comprehension of the Decoy effect can assist companies in formulating more efficient marketing strategies. Companies can enhance the appeal and sales of their product or service offerings by understanding how consumers react to additional options and how these options can impact their choices. This research can also offer companies valuable insights into the ethical dimensions of marketing. Examining the consequences of employing decoys in marketing tactics can assist corporations in gaining a deeper comprehension of their influence on consumers and evaluating whether this practice is in line with ethical principles and business ethics. The study of the Decoy effect enhances the scholarly knowledge in the domains of consumer behavior and behavioral economics by offering a more profound theoretical comprehension of the elements that impact consumer choices. This can serve as a foundation for subsequent research and facilitate the creation of more precise and comprehensive models of consumer behavior. Hence, this study offers advantages not just for marketing professionals but also for the advancement of knowledge in the scientific community.

## **RESEARCH METHODS**

The Systematic Literature Review (SLR) method is a rigorous and methodical research approach used to gather and assess pertinent scientific literature in a specific field of knowledge or research subject. The steps of the systematic literature review (SLR) were formulated with the intention of guaranteeing the impartiality, replicability, and soundness of the resulting literature synthesis (Han & Lin, 2023). Researchers establish precise and unambiguous research inquiries that will be addressed through a comprehensive examination of existing literature. Subsequently, researchers formulated a research protocol encompassing specific criteria for participant selection, strategies for searching relevant literature, and systematic procedures for analyzing collected data. Subsequently, employ a methodical search approach to explore scholarly publications across multiple databases, such as Google Scholar and Scopus. This search entails utilizing a blend of pertinent keywords related to the

research topic (Qiu et al., 2023). Subsequently, implement rigorous screening based on the specified inclusion and exclusion criteria outlined in the protocol. The process entails scrutinizing titles, abstracts, and full texts to ascertain that only literature that satisfies the research criteria is taken into account. Once the literature has been chosen, the next step is to extract pertinent data from each article. This encompasses details such as the investigative approach, primary discoveries, and ramifications of the outcomes. Subsequently, researchers undertake a comprehensive analysis of the existing literature, juxtaposing the results of various studies to discern recurring trends, commonalities, disparities, and limitations (Zhu et al., 2018). The findings of the systematic literature review (SLR) are typically analyzed within the framework of the original research question and utilized to formulate thorough and profound conclusions regarding the research subject.

## RESULTS AND DISCUSSION

Based on the SLR results of 5 journals that match the keywords searched, namely Decoy Effect and Consumer, the following results were obtained :

No.	Article Title	Writer	Research Findings/Results
1	Marketing in Influencing Consumer Behavior "Decoy effect" Buying More Expensive Products	(Asmoro Djati, 2020)	Decoy effect needs to be considered when we make decisions in the shopping process. This phenomenon should make us realize that the choices we make are sometimes influenced by perceptions or decisions that may not be correct. For example, when we try to save money, but in reality, we are forced to spend more money than expected.
2	Attraction Comes from Many Sources: Attentional and Comparative Processes in Decoy Effects	(Marini et al., 2020)	Although conceptually and procedurally different, both Decoy effect pathways result in increased preference for the target option, consistent with attentional and dynamic models of decision making. Eye-tracking data provide further details to verify these models, highlighting the contextual nature of attention and the development of decision-making processes as influenced by similarity.
3	Factors that Influence the Consumer Research Process: Target Market, Purchasing Behavior and Market Demand (Literature Review of Consumer Behavior)	(Putri et al., 2022)	Marketing plans and strategies need to be prepared with a detailed understanding of the consumers who are the company's market focus. This article reviews the factors that influence the Consumer Research Process, such as Target Market, Purchasing Behavior, and Market Demand, through a literature study on Consumer Behavior.
4	The implementation of The Decoy effect Marketing Strategy of PT Telkomsel on Purchase Decisions in Garut	(Wufron et al., 2022)	Decoy effect still able to change consumers' points of view in determining purchasing decisions. It is recommended that Telkomsel in Garut fully understand this Decoy effect strategy. Practically, this strategy can be started by setting prices that better influence consumer psychology (according to theory) so that the Decoy effect strategy is successful and emerges with a positive impact, namely increasing the company's income level.
5	Review of Islamic Business Ethics on	(Abduh & Pardi-ansyah, 2022)	The decoy effect operates when consumers face many alternatives, often facing choice overload.

	Marketing Strategy Using the Decoy Effect Method		
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The decoy effect exerts a substantial and favorable influence on consumer behavior. An advantageous aspect is that this phenomenon can assist consumers in making more well-informed decisions. The decoy effect can strategically steer consumers towards options that are more financially advantageous for them by incorporating additional choices that influence consumer preferences. For instance, within the framework of a product package offer, the inclusion of a "decoy" option can influence consumers to select an option that they may have previously overlooked, but is actually more suitable for their requirements (Mulyana, 2019). The decoy effect can enhance consumers' decision-making process and contribute to their increased satisfaction with their choices. Moreover, this phenomenon can also elicit more accurate comparisons among available choices, enabling consumers to gain a clearer comprehension of the comparative worth of each option. This can lead to enhanced decision-making and a more extensive range of information available to consumers, thereby bolstering their confidence in making purchases (Wigati, 2021). Therefore, the Decoy effect can exert a beneficial influence in directing consumers towards more efficient and gratifying choices.

The decoy effect has a beneficial influence on consumer behavior, as it enhances sales and improves marketing strategies. This phenomenon can yield advantages for companies by fostering a more comprehensive comprehension among consumers regarding the products or services being provided. An important positive effect of this is its capacity to influence consumer preferences towards a specific direction, rendering a choice more appealing or advantageous in comparison to alternative options (Pradana, 2021). It is frequently employed in sales to incentivize consumers to select the option that aligns with the company's preferences. Introducing a "decoy" alternative that is considerably less profitable can alter the consumer's perception of the value of the desired option, rendering it more appealing. This presents a chance for companies to enhance the sales of specific products or services (Mulyana, 2019). In addition to that, the Decoy effect can assist companies in formulating more efficient pricing strategies. By capitalizing on this phenomenon, companies can strategically establish prices to generate advantageous comparisons for consumers. As a consequence, consumers are more inclined to select choices that offer higher additional worth, regardless of their minimal influence on price. Another advantageous consequence occurs in the realm of marketing, where companies can employ the Decoy effect to enhance brand appeal and long-term viability (Wigati, 2021). By comprehending consumer responses to supplementary choices and their impact on purchasing decisions, companies can devise more efficient and pertinent marketing campaigns.

The decoy effect can significantly benefit companies in achieving their marketing and sales objectives by offering a competitive edge, enhancing the perceived value of their products or services, and fostering a more gratifying consumer experience. Nonetheless, it is crucial to achieve a harmonious equilibrium between executing this approach and upholding marketing ethics to ensure that consumers continue to perceive fair and transparent treatment (Pradana, 2021). While the decoy effect can yield favorable outcomes in various domains of marketing and sales, it is crucial to acknowledge the adverse effects it can have on consumer behavior. An adverse consequence that emerges is the capacity to manipulate consumers and undermine their rational purchasing decisions. Teaser effects can give the impression of increased options, but the actual choice may not align with the consumer's genuine needs or preferences (Putri et al., 2022). Within the realm of pricing, the application of the decoy effect can generate opacity and impede consumers from comprehending the genuine worth of a product or service. Consumers may be inclined to select an alternative that does not align with their actual preferences due to the strategic placement of a "decoy" option (Sunyoto & Yanuar Saksono, 2022). This can lead to consumers experiencing a sense of deception or dissatisfaction following a purchase.

In addition, another detrimental consequence is the capacity to generate inequitable pricing strategies. Companies can strategically manipulate prices by leveraging the Decoy effect to influence consumers into selecting specific options, regardless of whether those options truly offer value for the price (Li et al., 2019). This can have a negative impact on consumers who have less expertise or awareness of these marketing tactics. Long-term negative consequences may arise when consumers become cognizant of the manipulation and marketing strategies employed. Such actions can have a detrimental impact on a company's brand reputation and lead to a decline in consumer confidence. In addition, adverse effects can lead to consumer discontent, which in turn can detrimentally affect consumer allegiance and the overall perception of the brand (Li et al., 2019). Companies must exercise



caution when designing their marketing strategies to mitigate the adverse effects of the decoy effect. Prioritizing honesty, transparency, and attentiveness to consumer needs is crucial to prevent any detrimental impact on long-term consumer relationships caused by the use of the teaser effect. Companies must uphold business ethics and corporate social responsibility in order to establish enduring and robust customer relationships (Asmoro Djati, 2020).

## CONCLUSION

Based on the findings of a comprehensive analysis of published studies, it can be inferred that while the Decoy effect holds promise for enhancing marketing and sales strategies, it also presents various risks and adverse effects on consumer behavior. This phenomenon can impact consumer preferences in ways that may not align with genuine needs or preferences. The presence of manipulation and unfair pricing policies poses a potential threat to both consumers and the long-term reputation of the company. The decoy effect in consumer behavior can have both advantageous and detrimental consequences, contingent upon how it is executed. Although these impacts can bolster sales and confer a competitive edge, the potential for price manipulation and lack of transparency can undermine consumer trust and tarnish a company's brand reputation. Hence, companies must take into account marketing ethics, transparency, and honesty when implementing marketing strategies that incorporate the Decoy effect. While the implementation of such strategies can boost sales and enhance the attractiveness of products, companies must prioritize the maintenance of consumer satisfaction by ensuring equitable treatment and delivering value in their purchasing decisions. To effectively mitigate the adverse effects and optimize the favorable outcomes of the decoy effect, it is crucial to possess a profound comprehension of consumer behavior and employ astute marketing strategies.

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