

“Limited Attention, Saliency and Changing Prices: Evidence from a Field Experiment in Online Supermarket Shopping”

Kfir Eliaz, Orli Oren-Kolbinger, and Sarit Weisburd

Abstract

How do consumers allocate their attention over price fluctuations in multiple products, and how do they respond to information on these price changes? We address these questions using data from a field experiment on a website that offers purchase and delivery from one large local supermarket chain in the U.S. Our main findings indicate that (i) a large proportion of consumers forego significant saving opportunities that they were aware of, (ii) consumers are more likely to compare prices between substitutes that appear close to each other, and (iii) personalized "nudges" have a differential effect on consumers. Furthermore, we propose a typology of shoppers and shopping trips, based on a level of attentiveness, and show that nudges and information provision helps only the "attentive" shoppers.

Keywords: Limited attention, Saliency, Information processing, Supermarket shopping.