Muted Voices in Orchestrated Choice

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Under the choice policies of successive UK governments, choice is promoted as a means for consumers to voice and realize their preferences and as an integral pivot to introduce and enhance competition in markets for public and private goods and services. But users often find it difficult to exercise choice: They may not have all the necessary information, or indeed they may suffer from ‘choice overload’. Then, choice may be assisted, or orchestrated, by third-party navigators, through strategically pre-selecting choice alternatives out of the universe of all choice alternatives, to reduce the complexity of the consumer’s choice problem. When incentives faced by such navigators are not perfectly aligned with those faced by users, this incongruence may bias the user’s choice process and lead to choice outcomes that are suboptimal for consumers. And it may defeat the consumer welfare objective of competition policy. To the extent that consumers and users with different socio-demographic characteristics have access to navigators that differ in terms of the degree of incongruence of choice relevant incentives, biased choice may also induce social inequities.

This research explores potential choice biases arising from choice sets that are strategically pre-selected by choice navigators. It is organised around choices impacting personal health: hospital choice for elective medical treatments, and consumption choices of potentially unhealthy food products. Our principal objectives are:

1. To extend the generic classical econometric discrete choice methodology, so as to allow for strategically pre-selected, or endogenous, choice sets by third-party navigators.
2. To develop novel econometric techniques for demand analysis applicable to data from orchestrated choice situations that have come increasingly in the focus of competition and regulatory authorities, and thereby to advance econometric practice of demand analysis in ubiquitous navigated (or advised) choice situations.
3. To adapt this extended econometric discrete choice methodology to specific applications, in the area of personal health; and to compare estimates from it with those obtained from conventional choice methods.
4. To contribute to the large literature focussing on the role of information in structural modelling of user and consumer choice in many public and private goods markets.
5. To inform competition policy aimed at reducing user/consumer search cost and encouraging active switching, e.g. by alerting to possible navigation bias in price comparison sites.

With regard to choices in healthcare, we wish to understand the patient / GP choice process, with an aim to evaluate the UK healthcare architecture which, since the Health and Social Care Act (2012), places GPs in the conflict prone role of agents of both, patients and health authorities. Our focus is on the question whether GPs and patients respond to incongruent incentives in the choice process and any potential resulting harm, in terms of personal and societal welfare loss and inequality.

We also want to carry out an ex-post evaluation of recent hospital mergers, as examined by the Competition and Markets Authority. Hospital competition is known to enhance quality, and hence proper assessment of competitive constraints through patient choice is essential.
to retain high quality healthcare provision when cost pressures lead to contemplated mergers.

With regard to consumer retail choices, we focus on products harmful to personal health. Such products have come under increased scrutiny by public policy authorities, not least because of their societal cost. Health policy initiatives focussing on price (cf. “sugar taxes”) may fail to recognise that product range is an equally important dimension of retail competition and consumer choice. We ask how supermarket retailers, through their store-level product range selections, impact consumer choices of fast moving consumer goods, e.g. cereals.