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**GYAN VIHAR**  
**UNIVERSITY**  
Accredited by NAAC with 'A+' Grade

**Master of Arts**  
**(Psychology)**

**Marketing and Consumer Psychology**  
**Semester-II**

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## **LEARNING OUTCOMES**

**The student will be able to understand**

### **UNIT 1**

- Gain insights into the factors that influence consumer behavior, such as motivation, perception, learning, and memory.
- Learn how social and cultural influences shape consumer choices.
- Acquire skills in designing and conducting consumer research studies.

### **UNIT 2**

- Understanding how consumers initially acquire information, whether through sensory experiences, attention, or other cognitive processes.
- Exploring how information is retained in memory over time and the factors that influence the strength and durability of memory traces.
- Understanding the capacity and duration of short-term memory and its role in processing immediate information.

### **UNIT 3**

- Gain insights into the psychological and behavioral aspects of consumers.
- Understand the factors that influence consumers' attention, such as needs, emotions, and cognitive processes.
- Identify and comprehend various external stimuli that capture consumers' attention, including visual elements, auditory cues, and sensory triggers.

### **UNIT 4**

- Gain insight into the psychological factors that influence consumer decision-making.
- Learn how emotions, attitudes, and perceptions impact the way individuals respond to advertisements.
- Explore various persuasion techniques used in advertising, such as social proof, scarcity, authority, and reciprocity.

### **UNIT 5**

- Gain insights into the factors influencing consumer decision-making processes.
- Understand the importance of clear and ethical communication in building trust with consumers.
- Develop critical thinking skills to evaluate marketing strategies and their impact on consumer well-being.

# **MARKETING AND CONSUMER PSYCHOLOGY SYLLABUS**

## **UNIT I**

### **CONSUMER PSYCHOLOGY**

Introduction, Consumer Psychology, Why Study Consumer Psychology, What Is Consumer Behavior, Different Types of Consumers, Dark Side of Consumer Behavior, Addictive Consumption and Compulsive Consumption, Consumed Consumers, Illegal Activities, Consumer Behaviour as a Field of Study

## **UNIT II**

### **MARKETING AND CONSUMER MEMORY**

Introduction, Consumer Memory and Learning, Marketers and Consumer Memory, Marketing to Older Consumers, Five Elements of Learning, Classical Conditioning Theory, Operant Conditioning Theory, Social Learning Theory, Sensory Marketing

## **UNIT III**

### **WAYS TO ATTRACT CONSUMERS' ATTENTION**

Introduction, How to Attract Consumers' Attention, Branding Colours, Personal Relevance and Preferences, Novelty, How a Strong Brand Identity Can Bring in Customers, Symbolic Consumption, Negative Aspects of Consumption Upon Self

## **UNIT IV**

### **ADVERTISING PSYCHOLOGY**

Introduction, Advertising Psychology, Factors That Make Advertisements Successful, Role of Humor in Advertising, Does Sex Sell, Role of Music in Advertising, Maslow's Theory of Motivation, How to Motivate Consumers, Positive Reinforcement, Encourage Involvement

## **UNIT V**

### **CONSUMER AND HAPPINESS**

Introduction, Consumer and Happiness, Materialistically Oriented Consumers, Compulsive Buying Disorder, Shopping Addiction, Impact of Marketing Strategies on Happiness, Autobiographical Advertising, Psychological Pricing

**UNIT**

**I**

# **CONSUMER PSYCHOLOGY**

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## **STRUCTURE**

- 1.1 Learning Objective
- 1.2 Introduction
- 1.3 Consumer Psychology
- 1.4 Why Study Consumer Psychology
- 1.5 What is Consumer Behavior
- 1.6 Different Types of Consumers
- 1.7 Dark Side of Consumer Behavior
- 1.8 Addictive Consumption and Compulsive Consumption
- 1.9 Consumed Consumers
- 1.10 Illegal Activities
- 1.11 Consumer Behavior as a Field of Study
- 1.12 Chapter Summary
- 1.13 Review Question
- 1.14 Multiple Choice Questions



## 1.1 LEARNING OBJECTIVE

---

**After the study of this unit, you will be able to understand:**

- The meaning of consumer psychology.
- The reason to study consumer psychology.
- The different types of consumers.
- The dark side of consumer behavior.
- The meaning of addictive consumption and compulsive consumption.
- The consumer behavior as a field of study.

## 1.2 INTRODUCTION

---

One of the first rules in making your business successful is to know your target audience or, to be more specific, who your customers are. Therefore, it is imperative that businesses should look closer at their customers: who they are, what they want, what motivates them, what drives their decisions... basically, businesses should have a clear idea what makes their customers tick. When we speak of psychological models in understanding the customer, it involves trying to understand their motivations and their need for recognition. These frameworks and models are more qualitative in nature, since they are mostly derived from sociological and environmental factors, such as culture, social influences, and the like.

All too often, we see customer psychology and marketing mentioned together, like peas in a pod. And why not? Both concepts are as old as time, and are closely related that they seem to be interdependent on each other. We just cannot talk about marketing without touching on customer psychology, and vice versa. Customer psychology, or what others also term as “consumer psychology”, has been defined as the study of **why people buy things**. From the point of view of a business that sells products or services, it is a tool that you can use in order to get what you want from your customers. It basically entails looking into, and understanding, the behavior of consumers. How do they go about selecting, acquiring, using, and disposing products and services that satisfy their needs?

Customer psychology also takes into account external factors, delving deep on the matter as to **how the customer is influenced by his environment**. What role does mass media play in his buying decisions? How big of an impact does culture have on how he chooses the products he buys or the services he avails of? But why is it really necessary for businesses to get customer psychology down? Yes, we have all established that doing so will help ensure the success, profitability and growth of the business, but how? Let’s dig deep in this unit to find the answers of such questions!

## 1.3 CONSUMER PSYCHOLOGY

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**Consumer psychology** studies the psychological aspects of consumer decision-making. It is an interdisciplinary area that involves the study of human interactions with products, services, and ideas. Consumer behavior psychology is a subset of consumer psychology that focuses on clients’ buying decisions. In short, consumer psychology is a branch of

psychology that focuses on understanding human behavior in relation to consumption. The primary goal of consumer psychology is to understand how people perceive or compare brands and make purchase decisions.

Consumer behavior psychologists focus on understanding what motivates consumers to purchase or not purchase certain products or services. They also focus on understanding how different marketing strategies can influence decision-making processes to increase sales for companies. Studying consumer behavior is important because it allows marketers to create more effective campaigns by comprehending what motivates consumers to buy certain products or services.

There are two main areas where consumer behavior psychology takes place: The first area is within the field of marketing, which examines how marketing campaigns influence buying decisions. The second area where it takes place is retail, which looks at how retailers create settings around their stores to encourage purchases. This branch also looks at how people react to different marketing messages, which aids marketers in creating effective advertising campaigns.

### Theories of Consumer Behavior Psychology

Consumer behavior psychology is a field that studies how consumers make decisions and the underlying cognitive processes that drive those decisions. The two main approaches to understanding consumer behavior are behavioral psychology and cognitive psychology. Behavioral psychology focuses on what people do and how they react to different stimuli, while cognitive psychology focuses on what people think about themselves — their thoughts and feelings.

- **Behaviorism** is a part of science where observable behaviors can explain all human behavior in response to environmental stimuli. This approach looks at how people react to situations in their own lives and how these reactions influence their future decisions. It was developed by the Austrian psychologist Ivan Pavlov in the late 19th and early 20th centuries. It is often contrasted with cognitivism, which holds that mental states are not observable outside of introspection and the study of human intelligence. Behaviorism is based on the idea that humans are organisms driven by their internal motivation to survive and keep themselves alive. Behaviorists believe that consumers are motivated by rewards and punishments in order to achieve their goals or avoid pain or frustration.
- **Cognitive psychology** is an approach that focuses on how people make decisions through cognitive processes such as thinking, learning, reasoning, problem-solving, and memory. It looks at how consumers use mental processes to make decisions about products or services they consume. Cognitive psychology conceptualizes consumer behavior as a process by which consumers make decisions and take actions in order to satisfy their needs. This perspective emphasizes the role of cognition in human decision-making. Consumers are influenced by their perceptions, feelings, thoughts, and memories when they make decisions. They also use heuristics to simplify complex decisions into easier ones that can be made quickly.





## NOTES

**Research on Consumer Psychology**

Consumer psychology discovers how people make decisions in a marketplace. It is an interdisciplinary field that draws on psychology, marketing, and economics insights. Consumer psychology is an important field of research in marketing and advertising. It aims to understand how people think, feel, and act so that marketers can create effective messages that will lead them to purchase their products. The main research techniques and steps that make-up consumer psychology is:

- **Qualitative research:** This technique involves observing and interviewing consumers to gain insight into their experiences with products or services.
- **Quantitative research:** This technique involves collecting data through surveys or experiments to understand how consumers make decisions.
- **Consumer insights:** This technique involves understanding consumers' emotional connection with a product or service.



**Focus groups are a popular way to study the opinion of an entire group of people on a particular topic. They are often used in consumer psychology. These focus groups typically happen in person or over the phone, but there is also an online version where participants can take part from anywhere and at any time.**

A focus group is a gathering of people who are invited to participate in a discussion about a product, service, or issue. The group typically consists of six to twelve people who have been selected for their demographic and psychographic similarities. Focus groups are used in the field of consumer psychology as part of marketing research to test new products and services before they're released.

**1.4 WHY STUDY CONSUMER PSYCHOLOGY**

Consumer psychology is an increasingly important topic in marketing and social psychology discussions in the digital age. When assessing the process of making products

appealing to consumers, marketers are seeking to understand why people respond the way they do. Consumer psychology looks at these reactions in the context of studying the human brain. Degree programs that focus on consumer psychology, such as Master of Science in Applied Psychology degrees, are helping to prepare the marketers of the future.

### **Meshing Psychology and Marketing**

Although most marketing professionals aren't professionals in psychology, more are looking at the field of consumer psychology as a way to prepare for a successful marketing career. Marketers must use psychological principles to attract and engage customers. Consumer behavior focuses on "the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society."

Companies in the competitive and global world today need to understand their customers when developing and marketing new products. Whereas a more traditional approach to marketing may have identified that a product appeals to consumers in a certain demographic, today businesses are digging deeper to understand why consumers act in certain ways, as well as what influences shape the way they might react to situations.

Consumer choice historically was often driven by corporate imperatives. Henry Ford once said, "Any customer can have a car painted any colour that he wants, so long as it's black." Today, consumers have access to many more options than they used to, giving them more control to demand products and services that meet their needs. Studying consumer behavior and preference involves how customers use and dispose of products as well as how they make decisions to purchase products. Consumer-driven psychology and marketing can alter the positioning of a product in the marketplace and can even alter the design of the products themselves. There are many ways to apply consumer behavior, but a few are designing effective social marketing campaigns, development of marketing strategies, and conducting research on consumer insights.

### **Social Marketing Campaigns**

Social media has become one of the most popular ways to market products and services to consumers, and this trend is likely to continue. Mobile devices make it easier than ever to stay connected through social media at all times, which means that marketers have opportunities to reach more people at any given moment. Marketers often focus on getting an idea out to a consumer as a first touch instead of pushing a sales pitch when using social media marketing.

As potential customers scroll through a feed of information, there are only a few seconds at most to catch their eye. Since people tend to skip past blatant marketing campaigns, rarely clicking on ads, giving an informational pitch may appeal to more users. Social media has a different purpose for consumers. Users seek connection through this platform, and the typical advertisements designed for television are inappropriate for this medium. Designing social media campaigns that make psychological connections with customers and potential customers is the wave of the future.





### **Developing a Marketing Strategy**

The tools of consumer psychology can form the basis for developing a strategic marketing plan for a new product or company. In particular, data-driven planning that accounts for the psychology of consumers is increasingly important in this digital and global age. For example, modern consumers typically do not respond to negative marketing campaigns. Customers who see a company speak negatively about the competition may reconsider whether that brand deserves their loyalty.

Instead of spending time and resources criticizing the competition, a psychological understanding of consumers can point to a repositioning of the marketing message. A focus on the positives of a product or brand, such as emphasizing that it fills a high-value, different need than others in the market, may be more productive as a strategy. Positioning a product as the top choice without much competition takes advantage of consumer psychology and avoids engaging in negative campaigns.

Emotions play a major role in our lives. Appealing to them in a positive way can transform the way you market to customers. Research shows that making someone feel important and included is more likely to generate a better response. The American Cancer Society included the phrase “even a penny will help” in its fundraising campaigns, resulting in 50 percent of people making donations to the cause. Campaigns that didn’t appeal as much to human emotions showed that only 29 percent of people made donations. Marketing strategies that are based on a solid understanding of consumer psychology will be more effective in today’s world.

### **Consumer Insights Research**

Data about consumer perceptions is becoming increasingly valuable. With the growth of big data, information abounds about how consumers make decisions, how they shop, and what matters to them. Conducting surveys about consumer perceptions is a significant application of consumer psychology. These surveys, which are increasingly fielded on line and at the point of sale, enable a company to understand its strengths and weaknesses from the point of view of the consumer. Data scientists who are trained in consumer psychology are able to provide insight about the consumer mindset to corporate leadership in many departments.

### **Consumer-Based Marketing**

The marketing industry is moving toward a stronger focus on what consumers expect and what will appeal to them. Marketing departments across all industries throughout the country are making more of an effort to understand their customers through psychological principles instead of simply creating flashy content and campaigns.

### **Educational Opportunities**

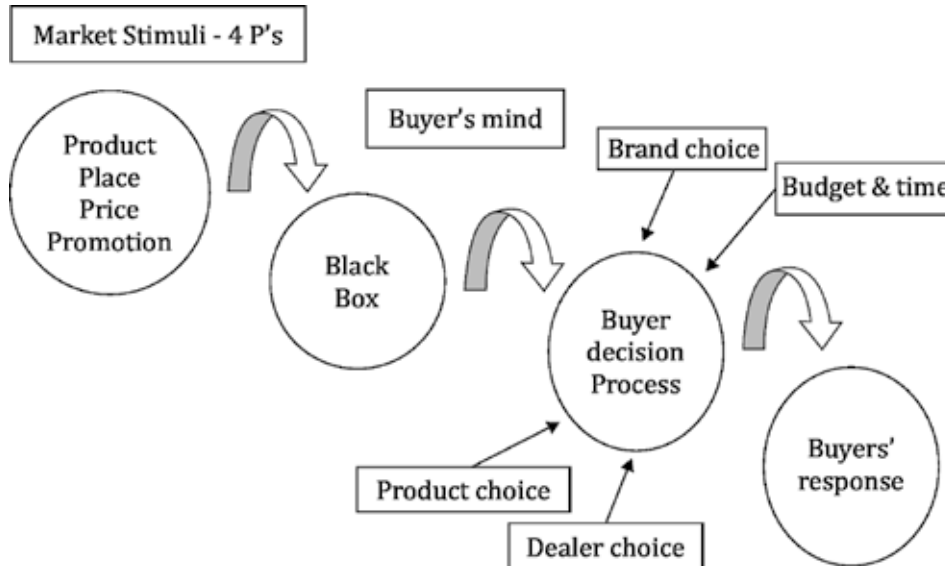
Consumer psychology and marketing involve scientific study and careful analysis to better understand why people react to certain situations in specific ways and how to best capitalize on those reactions. Learning more about the psychology of decision-making and buying habits can strengthen marketing efforts while giving consumers what they want.

## 1.5 WHAT IS CONSUMER BEHAVIOR

NOTES



Consumers make buying decisions every day. To be a successful entrepreneur, you should know what consumers buy, where they buy, from how and how much they buy, when they buy and why they buy? Buying behaviour is never simple yet understanding it is very essential for marketing management. The purpose of studying buyer behaviour is to produce products which may better meet the needs of a consumer.



Thus, this refers to the buying behaviour of final consumers – individuals or households who buy goods and services for personal consumption. We have already learnt that the 4 P's are important part of a marketers' strategy - Price, Product, Place and Promotion. These are the stimuli the marketer imposes on the consumers for buying their product. There are other factors playing a big role in the consumer buying decisions. Behaviour varies from person to person. Sometimes, it is influenced by the group, in which the individual lives.

For e.g., friends influence what kinds of clothes a person wear. The consumer behaviour may sometimes vary on the issue how to dispose product after use. For e.g., consider a product presented in two forms, say, oil packed in the cans and easily disposable sachets. Which one will a consumer prefer? They may prefer the one which can be easily disposed. The marketer may be interested in knowing these issues. Buyer's mind is always a mystery and what goes in his mind when he decides to buy a product is not known. Buyer's mind is often referred to as a black box.

## 1.6 DIFFERENT TYPES OF CONSUMERS

### BASED ON AGE

The age of the customers also influences their buying decisions. On the basis of age, customers can be classified into four categories children, youngsters, middle-aged and elderly.



### 1. Child Consumer

Children generally buy their requirements like books, pencils, pens, colour-box, sweets, biscuits, toys, toffees, etc. They also often purchase grocery items for the family. They generally lack previous experience in buying articles. They are easy type of customers. They do not argue because of innocence and age. However, at times they bargain but never insist much on that.



Child Consumer

#### How to deal with child consumers?

It is easy to deal with children. The salesman should behave with children properly and talk sweetly. Once they are satisfied with the shop and the salesmen, they come regularly to the shop. Small children always like to be treated as grown up persons. The salesman should be aware of this factor and never try to mislead them while transacting.

### 2. Young Consumers

Young consumers are generally impatient as well as smart. They generally want to enjoy life by purchasing the most up-to-date and fashionable commodities. Because of their impatience, they get irritated soon. As such they take quick decisions in purchases. They are very particular about fashion, latest design and colour. They lack experience in purchasing articles and are also not argumentative.



Young Consumer

#### How to deal with young consumers?

The salesman dealing with young customers must be friendly. Any intelligent salesman can deal with them easily. These customers should be provided with the latest designs and colours to make a choice. The salesman should be friendly, talk humorously. However, he should never offend and irritate them.

### 3. Middle-Aged Consumers

The middle-aged customers are responsible family members earning a considerable income and having a status in the society. These types of customers are generally proud of their achievements, possession and position. Such customers, because of their age and experience are proud of themselves. They are very much conscious about the quality but not about fashion.



Middle Aged Consumers

#### How to deal with middle-aged consumers?

The salesman should be very clever and tactful while dealing with middle-aged customers. The salesman should never try to bluff them about the quality and price of goods. The salesman should complement them for their achievements

and status in the society. The salesman must emphasize on buying motives like pride, possession, and profit to win over the customers.

#### 4. Elderly Consumer

Elderly and old aged customers generally are experienced in buying goods. These customers are serious and cautious in money matters. They do not like to be advised by the salesman. They feel proud if they are given respect and consulted. They like to be appreciated for their experience and wisdom.



Elderly Consumers

Some of elderly people may be physically handicapped like hard of hearing, unable to talk clearly, feeble eyesight, etc., due to old age. Some elderly people like to look younger than what they are.

#### How to deal with elderly consumers?

It's not easy to satisfy elderly customers. The salesman should appreciate their wisdom and experience. He should try to give as much respect as he can and try to seek advice in order to please them. They are very sensitive and, therefore, the salesman should be very cautious in his approach. The salesman has to talk about every detail of the goods to these customers and therefore, the sale takes a long time.

### BASED ON GENDER

Customers may be classified on the basis of gender; namely Male Consumer and Female Consumer.

#### 1. Male Consumers

Male customers are generally experienced and learned. They are not interested in shopping for longer periods. They get bored if they are compelled to stay. As such they take quick buying decisions. They generally do not bother for bargaining as they are more time-conscious.



They also avoid unnecessary talk with the salesman.

Male consumers are usually interested in quality and long-lasting goods. In many cases it has been found that male consumers never go for the latest fashion. However, they always try to be innovative by trying out new products and finding new methods of using them.

#### How to deal with male consumers?

It is very easy to handle the male customers as they need less explanation about the products. The salesman should possess adequate product knowledge to convince such customers. The salesman should pay great attention to the quality





and durability of goods. He should attend them quickly and avoid unnecessary sales talk. New products should be shown to them.

## 2. Female Consumers

There are certain peculiar characteristics of women customers. They are generally interested in the latest fashion, design, style, colour, etc. They take more time to select an article and do not believe the salesman easily. Female consumers prefer bargaining and make their own judgement about the product. They tend to bargain by visiting different



shops. They often pose vague and unnecessary questions. They are generally price conscious and status conscious. They want to look superior in comparison with others and enjoy variety. They prefer good quality articles at cheap prices.

### How to deal with them Female Consumers?

While dealing with women customers, the salesman must be very patient and very careful about his manners. He must greet them respectfully. Women customers want to be treated specially and a salesman should be well aware of their characteristics in order to deal with them properly. The salesperson should avoid discussing technical details of the product with them. As they are fond of examining the articles minutely, salesman should allow them to touch and handle the product.

**Phrases like the one's given below should be cleverly used by the salesman:**

- 'You get more for your money',
- 'This product saves you money.'
- 'This is more economical'.

The salesman should point out discount, free gifts, prizes, etc., attached to the product. He should not try to hurry female customers in arriving at a decision and they dislike leaving the shop without purchasing anything. The selling points should be used cleverly and tactfully, i.e., along with the goods, customers are also praised and flattered.

### BASED ON FAMILY STRUCTURE

A **family** is an important element that affects the consumption and disposal of products by an individual. A family may be defined as two or more people living together, related by blood or marriage who share a common house, common income and similar status and values.

It is important for a marketer to know the family structure, family compositions, buying patterns, buying roles and motives of family members, life cycle stages etc. in order to understand family influence on consumer behaviour and position a product efficiently in the market.

**There may be two types of families:**

- **Nuclear Family** – A small family comprising of a married couple and their children.

- **Joint Family** – It refers to a large family comprising of married couples, their parents, their children and their relatives.

NOTES



### Family influence on consumer behaviour

A family is a social group and all members of a family influence and get influenced by each other. Family bonds are stronger than bonds in any other group and all members of the family form a single decision unit in case of purchase of products and services for common consumption. Each member influences and gets influenced by a family member depending upon his/her role, life cycle stage and relationship dynamics in the family. Therefore, family influence on consumer behaviour can be understood by studying the buying roles, family dynamics and life cycle stage of a family member.

### Buying Roles of a Family

The various roles played by members of a family while making a purchase decision are:

- **Influencer** – The family member or family members who provide information about a product or service to other family members
- **Gate Keeper** – Family members who controls the flow and direction of the contents of information
- **Decider** – The one with the power to select the product whether individually or jointly
- **Buyer** – The one who makes the actual purchase
- **Preparer** – The family member or family members who prepare the product for family consumption
- **User** – The consumers of the product or service
- **Maintainer** – The members who maintain the product for continued use and satisfaction
- **Disposer** – The member who disposes the product.

### Family Dynamics

Family influence on consumer behaviour exists due to the relationship dynamics between family members. The buying behaviour of a family and its members basically depend upon the dynamics of husband-wife in decision making. There may be the following types of decisions on the basis of husband-wife influences –

- Wife Dominant Decisions, E.g. grocery, food, home decoration
- Husband Dominant Decisions, E.g. phone, cars, insurance
- Joint Decisions, E.g. vacations, schools for children
- Autonomic or Unilateral decisions, E.g. milk, newspaper

### Family Life Cycle stages

The buying behaviour of a family member is also influenced by his position in the family life cycle stage. Different stages in the life cycle show family influence on consumer behaviour with respect to a family member's position in the life cycle stage. The family



## NOTES

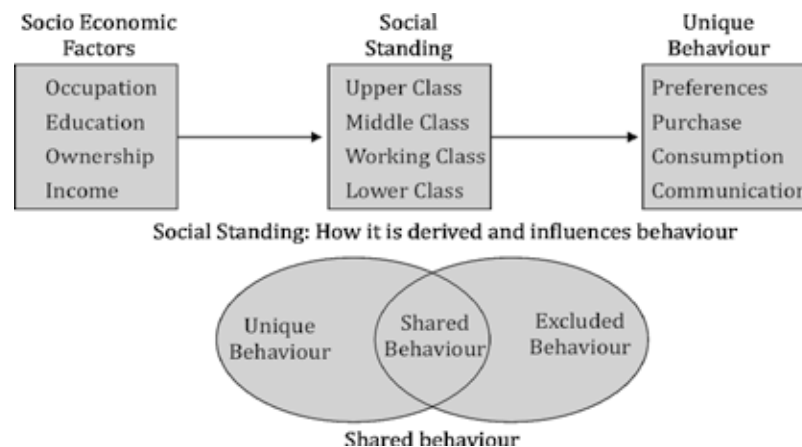


life cycle stages and consumption patterns of each stage can be understood with the table below:

Family Life cycle Stages	Characteristics of Members	Consumption Interests
<b>Bachelorhood</b>	Young Singles	Games, toys, sports, fashion, clothing, recreation and entertainment
<b>Honeymooners</b>	Young married with no Children	Life Insurance, home furnishings, home appliances, vacations, consumer durables
<b>Parenthood - Full nest 1</b>	Young Married with children	Baby food, clothing and furniture, real estate, medical services, automobiles, bank loans
<b>Parenthood - Full nest 2</b>	Middle-aged with dependent children	Children Education, increased spending on food, clothing, recreation and entertainment. Child Insurance
<b>Post Parenthood - Full nest 3</b>	Old Parents with dependent children	Servants and helpers, higher education, Luxury products. International vacations, social contributions
<b>Empty Nest</b>	Old Parents with independent children	Healthcare services, home security services, basic necessities, value for money products
<b>Solitary Survivor</b>	Old and retired singles	Legal Services, Old age homes, easy to use appliances, Increased expenses on health and security

### BASED ON SOCIAL CLASS

All countries and societies have variations in social standing many countries, tried to have a classless society but not with great success. Social stratification is thus a reality of life. As shown in the Figure below, Shared behaviour, the behaviour of all social classes are unique within themselves.

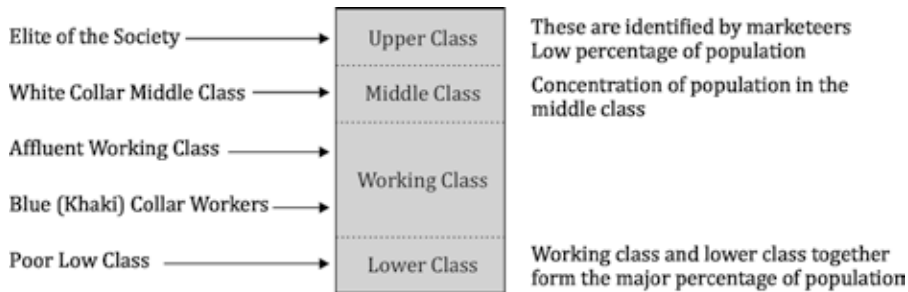


By unique behaviour we mean that each social class has its own pattern of purchase, education, occupation, recreation, etc. This is important to marketers, in order to

understand the needs of the consumer, and accordingly to frame a marketing strategy. There are many behaviours, that are common between social classes, and all social classes behave in a similar manner without much difference. This is shared behaviour.

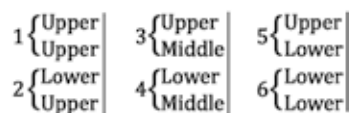
Excluded behaviour is one which the social classes do not indulge in. They try to avoid that behaviour, as it is against their standards and norms. These could be eating behaviour, i.e., the choice of the eating place. Buying behaviour: The places one avoids going to, like discount stores, etc. for the upper class. Social classes usually meet the following five criteria:

- **Bounded**  
The social classes are bound by certain tacit restrictions which include or exclude certain individuals, places or objects. These are tacit rules they follow by themselves. They restrict behaviour as they share similar educational background, occupation lifestyle etc.
- **Ordered**  
All social classes have a hierarchy or stratification in terms of income, prestige and status that distinguishes them from the others.
- **Mutually Exclusive**  
The individual only belongs to one class and behaves and acts accordingly. However, the movement from one class to another is possible and goes on with time. We have a new rich class which has moved upward with the time. They are upwardly mobile and belong to the open system. Those in closed system have inherited and inscribed status. They cannot leave their social class.
- **Exhaustive**  
That every member of a social class must fit into some class and be identified with it.
- **Influential**  
There must be behavioural variations between classes or they may be expected to behave differently. Based on the above criteria, it is clear that a strict and tightly-defined social class system does not exist. Social classes are basically divided into three major categories upper, middle and lower. For the great spread, we have further classified them into four classes by bringing the working class in between the middle and lower.



Social class system

The classes have also been classified into six categories by Warner:



Social class system

## NOTES



Warner's index uses 4 variables as an index of social class. These are occupation, income, house and dwelling area. Warner has categorised the social class into 6 categories. This helps the marketers in deciding their target group and the marketing strategy for each. For instance, the concept of mass marketing can be more successfully applied to middle or the lower classes, rather than the upper class. The upper class is a target for speciality goods and rare commodities which depict their social status.

- **Social classes and their buying patterns**

The buying behaviour of individuals and groups are strongly influenced by the social class to which they belong, or aspire to belong. Social class is also linked to demographic and geographic data. These classes are found living in clusters and have relatively homogeneous geo-demographic segments in terms of housing, urbanisation and other, viz. class difference in status is symbolic for food, housing, clothing, purchases, lifestyle.

- **Social class in consumer behaviour**

In a social class, people try to make the same kind of purchases as are expected by their peers. Marketers try to target their products on class-based market segments.

1. **Upper-Upper Class**

Upper-Uppers are the social elite who live on inherited wealth and have well-known families. They maintain more than one home and send their children to the best schools. They are in the market for jewellery, antiques, homes, and foreign vacations. While small as group they serve as a reference group to others to the extent that other social classes imitate their consumption decisions.

2. **Lower Upper Class**

Lower Uppers are persons who have earned high income or wealth through exceptional ability in their profession or business. They usually come from the middle-class. They tend to be active in social and civic affairs and seek to buy the symbols of social status for themselves and their children, such as expensive cars, homes and schooling. Their ambition is to be accepted and the upper-upper status, a status that is more likely to be achieved by their children than themselves.

#### Lifestyle orientation and purchasing pattern of a social class

Social Class	Lifestyle Orientation	Purchasing Tendencies
Upper Class	Good taste Graceful living Good things in life Individual expressions Interest in art and culture	Quality merchandise. Expensive hobby and recreation equipment, art, books, travel
Middle Class	Respectability, conformity, propriety, social esteem	Items in fashion and related to self presentation; Good Clothing, neighbourhood and house items for children

working Class	Fun-oriented parochial (restricted in scope) Unsophisticated taste Focus on possession and not ideas	Newest appliances, sporting events newest and biggest items
Lower Class	Close family relationships No interest in world affairs Neighbourhood oriented Want immediate gratification	Status symbol products: enhancing self-esteem; Pseudosymbols of prosperity, such as used scooters; readily available products

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### 3. Upper Middle Class

Upper Middles possess neither family status nor unusual wealth. They are primarily concerned with “career”. They have attained positions as professionals, independent businesspersons, and corporate managers. They believe in education and want their children to develop professional or administrative skills so that they will not drop into the lower stratum. They are civic minded and are a quality market for good clothes, homes, furniture and appliances.

### 4. Lower Middle Class

The common man represents this group. Some are highly paid workers and small business owners and may not have a very high education. This class aspires for respectability. They wish to have well maintained houses in good neighbourhoods. Marketers sell products, to this group, which have respectability and social acceptance in the society.

### 5. Upper Lower Class

Upper Lower are working, though their living standard is just above the poverty line. They perform unskilled work and are poorly paid. Often, they are educationally deficient. Although they fall near the poverty line, they manage to maintain some level of cleanliness

### 6. Lower-Lower Class

Lower Lower are visibly poverty-stricken and usually out of work. Some are not interested in finding permanent jobs and most are dependent in charity for income. Their homes and possessions are “dirty, ragged, and broken-down”.

## Marketing Strategy and the Social Classes

Marketers are interested in supplying the right products to the right customer (target segment) at the right price at the right time and with the right promotion. For this, first the target segment is selected and this can be done on the basis of social class, which is a better prediction of a consumer’s lifestyle than income.

Reasons for shopping and purchases also differ among the social classes. The upper classes shop for pleasure, and tend to visit stores which are exclusive and sophisticated. The situation of stores are also important. They visit boutiques and are particular where they go shopping. The upper and middle classes indulge in greater information search and get information through the TV, magazines, newspapers, and from groups and individuals of their social status. The lower classes are involved in buying less costly products and have much less information. They are more concerned with social relationship and respond to products and promotion of a different nature.



### Developing marketing strategy for social class

Relate status to product	Gather data on social class	Position the products	Marketing Mix
Product	Actual life-style	Select desired	Develop Marketing
Brand	Desired life-style	image and correlate	mix to achieve
Usage	Media usage	with desired life-	desired position
Purchase	Shopping habits	style	Product price
Motivation			Promotion
Symbolic meaning			Distribution Service
Use situation			

Marketers thus find that a combination of social class and income are superior for product classes that are visible. These products require moderate expenditure and are symbols of social status like TV sets, cars, clothing, etc.

**In designing a market strategy using social stratification, a process is followed in which:**

- i. The marketer relates the status of the group to the product.
- ii. Data is collected as the targeted social strata.
- iii. Positions the product according to social status.
- iv. Develops a proper marketing mix.

While relating a product to the status of the group or individual, one has to understand that the product or brand consumed varies according to income, which may restrict the purchase of expensive items like cars. Education influences the consumption of fine arts, of imported goods and varies with social class. Credit cards, etc. are also used by different social classes for different purposes.

This provides a motivation for purchase. Some use it for convenience and safety, or both, others use it to pay the monthly bills. Some products are used for symbols of prosperity, and to project their social class. Products are offered for different use situations, *i.e.*, parties, marriages gifts, daily use, etc.

The next step is to gather data on the lifestyles of people and how they want to become upwardly mobile by aspiring to have a desired lifestyle. To promote the product to their lifestyle, proper media must be chosen and used effectively. The shopping habits of buyers and their patterns of buying are also to be studied carefully.

In the third step, the product is positioned. It is positioned according to different income groups and social classes, *e.g.*, Maruti-800 are an economy car; Zen is a world car; Esteem is more spacious and expensive.

Consumable products can also be positioned as a health drink Bournvita, economical drink (Rasna), fizz drinks, etc. The products can be positioned according to the needs of the social classes. The last step is to find out and offer, a proper marketing mix to the social class. This consists of product, price, promotion and distribution, which have many

alternatives and have to be juggled to suit the target market. The after sales service is also very important and must be given due emphasis to satisfy the customer, and ensure repeat sales.

### **BASED ON INCOME**

People's financial ability is the most affected factor in buying things. Therefore, market segmentation by income is a very effective market strategy. Market segmentation by income refers to the segmentation based on the annual or monthly income of an individual. Income segmentation facilitates the marketers to understand the link between the potential customers a company might have and the price set according to an individual's earnings.

Income segmentation is the categorization of customers based on their income. The customers are divided into three groups based on their monthly or annual income: high-income, low-income, and mid-income groups. The details of these groups are given below.

#### **Individuals Inhibiting a High Income**

As per observation, there are very few high-income groups in the market. The individuals of these groups aim to purchase a company's lavish and expensive products with the best quality. This makes them the most influential group in the market. These individuals mainly focus on quality, not on the quantity of the product. Thus, most of the lavish product consumers belong to high-income groups.

#### **Individuals Inhibiting a Mid-Income**

Different companies have launched other low-cost products that are affordable to the mid-income groups. The reason is many families around the globe cannot afford expensive and high-quality products.

The high-income families are less compared to the mid-income families. Therefore, most organizations depend on low-income groups to concentrate on the products and guarantee their maximum satisfaction.

#### **Individuals Inhibiting a Low Income**

More than fifty percent of the world's population belongs to low-income groups. It means they do not have enough resources to purchase expensive products at all. The individuals of these groups prefer quantity over quality as they cannot buy the best quality products. Thus, many companies worldwide focus on individuals who provide them with products that can improve their lifestyles.

#### **Example to market segmentation by income**

There can be many examples of market segmentation by income. One such example is manufacturing a luxury and high-tech car by a car manufacturing company. The company aims to provide the audience with a state-of-the-art vehicle, having all the latest functionalities and accessories. Such a vehicle would have features like luxurious interiors, perfect engines, and personalized styling. All these features will increase the price of the car.





To avoid overshooting a customer belonging to low or medium-income groups, the company must target high-income groups who can afford the products. Hence, making the sales of the product possible by targeting the right people.

#### **BASED ON CLASS AND ETHNICITY**

For the past several years, the population of certain ethnic groups has increased, particularly those who are of Asian and Hispanic or Latino descents. These changes present opportunities for many agricultural businesses. It is necessary for agricultural businesses to understand that within the Asian ethnic group, that those of Chinese, Korean, and Japanese descent will have different languages and cultures. The same is true for groups within the Hispanic ethnic group.

- Agricultural retailers or producers who offer foods could produce vegetables, flours, grains, and other ingredients used by ethnic groups on a day-to-day basis and when preparing meals for Chinese New Year (mushrooms, bamboo shoots, and bean sprouts). If this approach is pursued, it will be important to know which vegetables are commonly used by each ethnic group. It will also be important to learn about the meaning that certain ingredients convey. Examples include: Chinese lettuce (prosperity) and turnip (good omens).
- Those who grow plants and flowers can also market their products to ethnic groups who wish to incorporate these items into traditional ceremonies.

It will be necessary to determine that there is a large enough population of the target ethnic group in order to support the retailer's or producer's efforts. Kids grow up with their parents and absorb a certain culture and environment with traits that will follow them into adulthood. Asians, for example, have their own style of clothing and like for certain foods; Italians certainly have their own favourite recipes. A retailer of hoodies, for instance, needs to take stock of the class and ethnicity of the people living in a neighbourhood before opening a new store.

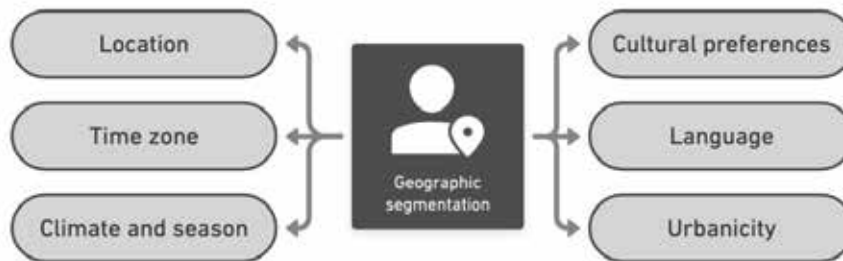
#### **BASED ON GEOGRAPHY**

Geographic segmentation involves segmenting your audience based on the region they live or work in. This can be done in any number of ways: grouping customers by the country they live in, or smaller geographical divisions, from region to city, and right down to postal code. Geographic segmentation might be the simplest form of market segmentation to get your head around, but there are still plenty of ways it can be used that companies never think about.

The size of the area you target should change depending on your needs as a business. Generally speaking, the larger the business the bigger the areas you'll be targeting. After all, with a wider potential audience, targeting each postcode individually simply won't be cost-effective. In total, there are six factors that pertain to geographic segmentation and can be used to create customer segments:

1. Location (country, state, city, ZIP code)
2. Time zone
3. Climate and season

4. Cultural preferences
5. Language
6. Population type and density (urban, suburban, exurban or rural)



### Geographic Segmentation Benefits

#### Easy to implement

Geographic segmentation is different from the other types of market segmentation because it **requires fewer data points**. As a result, it offers a quick and effective route into personalized marketing and can offer tangible ways to reach potential customers using only their location as a starting point.

#### Higher product relevancy

This helps not only to improve sales but also creates a better relationship between customer and business. Presenting relevant items to customers improves user experience, reducing the amount of effort they need to put in to find what they want.

#### Improved advertising effectiveness

By presenting more targeted ads, you'll guarantee that more of your marketing budget is spent reaching relevant customers, and less wasted on those who have no need or interest in your product. This isn't to say that geographic segmentation is always the best strategy to employ. It has specific uses for specific businesses and industries. Small businesses working in localized areas will benefit immensely from targeting their marketing to just these areas. Big businesses with products that will have consumer hotspots in specific regions will also benefit.

An international manufacturer of big four-wheel drive vehicles will achieve more sales targeting customers in rural areas than those who drive congested city streets. But businesses that sell products that do not depend on region-specific patterns won't benefit as much from geographic segmentation. Consumers of Corn Flakes are likely to be as common in one region as the next.

### Geographical Parameters by Which to Segment

There are several geographical parameters you can use, these include:

#### Location

Getting the obvious out of the way. Segmenting by location gives you a lot of options. It could be a city, a town, different countries, or even a continent. This can also be used to identify a new geographic location your business may wish to expand into.





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**Climate**

Do you think they are buying winter tires in Dubai? Segmenting by climate helps you identify areas where the climate is appropriate for your product or service.

**Culture**

When addressing your target market, you need to account for cultural variations and sensitivities. For example, In Western cultures, white symbolizes purity, elegance, peace, and cleanliness. However, in China white represents death, mourning, and bad luck.

**Population**

This can either focus on density or population type. A brand may choose to focus on a densely populated city area, for example, a fitness chain wouldn't set up a gym in a rural area. You can also overlay demographic information here to find target audiences.

**Urban, suburban and rural**

These three different environments all need different and specific marketing strategies as customer needs are different. Those in cities and suburbs tend to have more purchasing power than rural areas, so products can be more expensive.

**Language**

Not every country in the world wants or can be marketed to in English. If you're running a marketing campaign it will be essential it's done in the local language. You'll need to make sure you're ready to enter a market if all your marketing messages are going to need to be changed.

**Geographic Segmentation Examples**

An example of geographic segmentation is an ice cream company segmenting a country by how hot different regions are and targeting those specific areas that are hottest and therefore more likely to buy ice cream.

But that's a very basic example. There are however a number of different variables that you might consider when setting up your own geographic segmentation. These are the different ways you might choose to target consumers once you've decided on the location you want to focus on. Let's look at how each might best be used.

**Example 1: Segmenting based on location**

Though all geographic segmentation involves grouping customers by the area they live or work in, here we're talking about selling purely based on the availability of a product to a certain area. This is a tool that is useful to businesses that only have the infrastructure or facilities to serve customers within certain boundaries.

The food box subscription service Oddbox has, until recently, only had the infrastructure to deliver within the borders of London. However, they have now expanded to deliver to another nearby city, Brighton.

**Geographic segmentation example - Oddbox**

Using geographic segmentation, they were able to target potential customers living in the city and deliver relevant marketing via social media ads. See their ads targeting



Londoners and Brighton residents back-to-back above. As a result, users who weren't previously aware of Oddbox can be shown the service now available to them.

For bigger, global brands segmentation by country becomes even more important. One brand that always hones its advertisements to the country it's targeting is McDonald's. One brand that tried this was Nike with their "Nothing Beats A Londoner" video. The video does a great job of addressing football fans in London by including key landmarks, local football stars, and general life in London. It worked so well that it shot to the top of YouTube's trending chart within hours. It was even covered by national newspapers, tweeted by London mayor Sadiq Khan, racking up millions of views in the process.

### **Example 2: Segmenting based on time zone**

Time zone marketing is most useful to large businesses, as they are more likely to be operating across multiple time zones. It can also be of interest to smaller businesses if they operate in nations that have more than one time zone, as the United States.

Email marketing is an area that can hugely benefit from segmenting by time zone. Whilst big announcements and press releases should generally be shared at set time, generic email marketing often benefits from being seen at a certain time of day.

If you are looking to have your customers read your email first thing on a Monday morning, segmenting by time zone allows it to arrive at 8:45 am local time, putting your email right at the top of the pile.

### **Example 3: Segmenting based on climate and season**

There's nothing worse than a badly targeted advert except being caught without a winter coat in the middle of a deep freeze. Marketing based on the climate or season in a specific location allows you to present the most relevant information to your audience.

### **Geographic segmentation example - IKEA**

Seasonal offers tend to run for long periods, like the IKEA promotion above, which was marketed to British customers just as the summer kicked in. They can also be extremely time-sensitive, like a supermarket's promotion of ice cream during an unexpected heatwave. If you're targeting an area that is consistently hot, or perhaps for the duration of summer months you could get a bit more creative. The below example from Coca-Cola does just that

### **Example 4: Segmenting based on cultural preferences**

Different regions will have different values that determine whether or not customers decide to make a purchase. In some cases, these values will be determined by the dominant local religion or long-standing traditions and customs, but in other cases, they can be more esoteric local habits that nonetheless need to be understood and catered for. One of the most common considerations for food manufacturers is religious dietary restrictions. Companies like Haribo that primarily sell gelatin-based sweets, use slightly adapted recipes to cater to the needs of certain demographics.



### **Geographic segmentation example - Halal Haribo**

The German-based company's main factory in Bonn and their UK factory in Pontefract create their standard range of sweets. Their base in 99% Muslim-majority Turkey, however, makes and markets only halal gummies, using bovine gelatine instead of the porcine gelatine found elsewhere. From an advertising point of view, it's also important to consider local culture. A recent example of this is Toyota's TV adverts for its new car the Camry. In total eight commercials were made to target different demographics across America.

### **Geographic segmentation example - Toyota**

Toyota even went one step further and ran the commercials in between TV Programmes whose main viewership matched the ads. People would see different commercials based on whether they were watching "Scandal" on ABC, which has a high number of African-American viewers, VS a Spanish-language network show on NBC such as Universe.

### **Example 5: Segmenting based on population density**

Another variable to consider is the density and type of the population in the area you're targeting. People living in urban areas have very different experiences than those in suburban, exurban, or rural regions. Being able to segment by population density is especially useful for home and garden retailers. Imagine you're someone like Home Depot. You probably shouldn't pitch city-dwellers an electric riding lawn tractor, when you'd have much more luck marketing them a manual push reel lawn mower, which takes up less space and is suitable for small garden maintenance jobs.

## **1.7 DARK SIDE OF CONSUMER BEHAVIOR**

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In marketing consumer behavior plays a very important role in connecting the marketer with the customer. The consumers derive benefits from the marketing where their needs are articulated by the marketers.

### **Consumer Behavior does have a dark side too.**

In pursuit of selling their offers many a times marketers tend to go overboard and go for Deviant Consumer behavior:

1. Addictive, compulsive, Impulsive behaviour.
2. Consumer theft
3. Underage drinking and smoking.

Many a times the thin line between what is right and what is wrong is blurred and it consumer behaviour tends to cast a dark shadow

### **Deviant Consumer Behaviour**

The behavior of an average consumer in everyday consumption is normal, sometime consumer behavior is regarded as deviant. Deviant behavior includes addictive, compulsive and impulsive behavior, consumer theft, use of black markets and underage drinking and smoking.

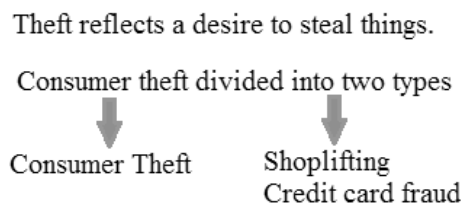
Consumer behavior may be deviant because it involves a physical or psychological abnormality or involves a behavior regarded as illegal such deviant behavior can be associated with the acquisition or usage of offerings.

Addictive behavior is taking action as a result of a dependency. Addicted consumers feel a great attachment to and dependence on a product or activity and believe that they must use it to function (smoking).

	Deviant acquisition behavior	Deviant usage behavior
Physical/psychological abnormality	Compulsive buying	1. Addictive consumption <ul style="list-style-type: none"> <li>• Smoking</li> <li>• drugs</li> </ul> 2. compulsive consumption <ul style="list-style-type: none"> <li>• gambling</li> <li>• binge eating</li> </ul>
Illegal behavior	Consumer theft Black market	Underage drinking, Underage smoking, Drug use

Compulsive behavior is an inability to stop doing something. compulsive buying can be an emotionally involving experience. Consumers may engage in compulsive buying to feel a thrill, gain attention, or feel that they are pleasing someone else. But this emotional high may be followed serious financial and negative emotional consequences. (Gambling)

Impulsive behavior is non thoughtful action acting on impulse. Two specific types of impulsive behavior related to acquisition and consumption are impulsive buying and impulsive eating. An impulsive is a sudden urge to act as would happen when you find yourself doing something based on an emotional whim rather than on a reasoned, non-emotional analysis (eating habit). Consumers can exhibit any of these behaviors with respect to acquisition or consumption with problematic outcomes if consumers do not make an effort to exert self – control.



**Factors Affecting Consumer Theft**

Three factors influencing in consumer theft economic need, few demographic variables and psychological factors Theft:

- Temptation
- Ability to rationalize Product, Purchase environment, Consumer

**Temptation to steal**

The temptation to steal arises when consumers want products that they cannot legitimately buy.



### **Rationalization for stealing**

Consumers steal because they can somehow rationalize their behavior as being either justified or driven by forces outside themselves.

### **Black market**

Black markets represent situations in which consumers pay for items not readily available. These are called black markets because the sellers are unauthorized which means that the buying selling process is usually illegal. Black markets for drugs, entertainment.

### **Underage drinking and smoking**

Addictions to alcohol and tobacco represent one form of deviant consumer behavior. Illegal use of these products by minors is another deviant consumer behavior. Underage drinking and smoking have consequences for the individual and for society.

### **Ethical issues in marketing**

Marketing contributes to other negative social outcomes, outcomes not only related to deviant behavior.

### **It is also related to four important ethical issues:**

- Advertising to children
- Marketing and obesity
- Advertising and self-image
- Privacy concerns.

### **CONSUMER TERRORISM**

The practice of introducing dangerous substances to foodstuffs or other consumer products, especially, to extort money from the manufacturers. The action of contaminating or tampering with consumer goods (especially food or medicine) as a means of terrorizing a population.

## **1.8 ADDICTIVE CONSUMPTION AND COMPULSIVE CONSUMPTION**

### **ADDICTIVE CONSUMPTION**

The dominant model of addictive consumption in economics is the theory of rational addiction. The addict in this model chooses how much they are going to consume based upon their level of addiction (past consumption), the current benefits and all future costs. Several empirical studies of cigarette sales and price data have found a correlation between future prices and consumption and current consumption. These studies have argued that the correlation validates the rational addiction model and invalidates any model in which future consumption is not considered.

An alternative to the rational addiction model is one in which addiction spreads through a population as if it were an infectious disease, as supported by the large body of empirical research of addictive behaviors. In this model an individual's probability of becoming addicted to a substance is linked to the behavior of their parents, friends and society. In the infectious disease model current consumption is based only on the level of addiction and current

costs. Price and consumption data from a simulation of the infectious disease model showed a qualitative match to the results of the rational addiction model. The infectious disease model can explain all of the theoretical results of the rational addiction model with the addition of explaining initial consumption of the addictive good.

### **COMPULSIVE CONSUMPTION**

For most people a large part of consumer behavior is simply a part of their everyday routine. Only unusual special or major purchases stand out as being particularly significant to the typical consumer. Many consumption activities receive little thought and require little involvement. Even fanatical consumption by enthusiasts, collectors and cognoscenti is typically limited to a small number of consumption objects or areas. To some individuals, however, consumption itself can become particularly central and deeply involving. It can have major, often severe, implications for many aspects of their lives. In these cases, consumption becomes dysfunctional, and is often typified by a compulsive quality.

This unit attempts to call attention to this dysfunctional form of buyer behavior, discuss some of the major concepts and issues involved, and report some very preliminary research findings on the topic. Unfortunately, there is virtually no published research on the problem of compulsive consumption. Therefore, to accomplish the goals of this paper we have to rely in large measure on anecdotal accounts, as well as observation and participation in self-help group discussions with credit abusers, and the results of a small pilot survey.

The subjects for the pilot study were 23 people attending meetings of a San Francisco based self-help support group. The respondents had been members of the group for differing lengths of time ranging from three weeks to over a year. The majority were women (19 women and 4 men), and most were in their thirties and forties (78.2%). Approximately half of the respondents were married (47.8%), 30.4% were single and the remaining 21.7% were divorced or separated. Annual household income varied greatly among the respondents ranging from one person who earned under \$10,000 a year to three respondents who reported household incomes of over \$100,000 a year. The majority of the respondents had yearly household incomes of between \$20,000 and \$50,000.

#### **General Description**

When we use the term “compulsive consumption,” we are speaking about a type of consumer behavior which is inappropriate, typically excessive, and clearly disruptive to the lives of individuals who appear impulsively driven to consume. The person who buys several identical sweaters in different colors because he simply “has to” or because. “I felt good in it,” even though he knows he cannot afford to pay for it, is a classic example.

Even though the consequences may have severe effects on his daily life, the compulsive consumer buys anyway. As a result, normal activities such as opening the mail or answering the phone take on new meaning. For many compulsive shoppers there is a constant fear of being confronted by another large bill, or angry creditor. Many try to hide both the bills and the items purchased for fear of being discovered. In some instances, people have even engaged in criminal activities in order to pay for their bills and maintain their line of credit.



## NOTES



The behaviors of the compulsive consumer seem fairly similar to common manifestations of addictive behavior. However, the definition of the term “addiction,” is a debatable point among clinicians. For some, addiction may only refer to substances, and require the presence of the physiological habituation and abstinence syndrome. Because of this controversy, we have chosen to use the term compulsive rather than addictive consumption.

**Characteristics of Compulsive Behavior**

The literature suggests that there are a number of cardinal features common across different types of compulsive behaviors. These include physical and/or psychological dependence on the substance or activity, as well as occasional loss of control regarding the behavior and subsequent interference with normal life is functioning.

Other commonalities include the presence of a drive, impulse or urge to engage in the behavior; denial of the harmful consequences of continuing the behavior; and repeated failure in efforts to control or modify the behavior. The compulsive behavior is often used as a means of coping with stress, escaping demands and pressure or to overcome unpleasant emotions or situations. Often a lowered sense of self-worth is present. Anecdotal evidence and our preliminary research indicate that these characteristics are generally present in compulsive spenders.

Compulsive behavior can sometimes involve psychological dependence. Psychological dependence is a rather elusive clinical term generally reserved for substances. However, it has been used in the context of behaviors such as work, exercise, and sex. In such a context, the dependent individual predictably turns to a behavior like work in response to some environmental stimulus such as an interpersonal difficulty.

In our research, we encountered behavior which was certainly suggestive of psychological dependence. Group discussions with compulsive consumers often revealed a seemingly inappropriate consumption response to various situations. The stimuli precipitating this varied from shopper to shopper, but the buying responses were fairly similar. The language employed by these individuals was also very suggestive of a dependency. They would commonly refer to the shopping response as “a need,” or something they simply ‘s d to do,” in response to something else in their lives.

A behavior is considered compulsive when it results from compelling impulses or urges and is inappropriate or disruptive. Interviews conducted with compulsive consumers typically contain accounts of shopping sprees in which they described themselves as being completely “out of control,” buying things they didn’t need and sometimes couldn’t even use. These behaviors were said to be precipitated or accompanied by an irresistible urge to buy. Respondents frequently expressed confusion and considerable frustration at their inability to control this urge. They often spoke of situations where the urge to buy was just too powerful to resist, and how it was as if something were controlling their actions. This response is typical of compulsive behavior in that it involves the notion of an “ego-alien” force, or an external locus of control. According to Carla Perez, M.D., a psychiatrist who has treated many compulsive spenders, “The compulsive shopper doesn’t just shop-she must shop.”



Technically, a behavior is not classified as truly compulsive if it is ego-syntonic or “consonant with the immediate wish of the individual”. If there is “pleasure, gratification or release at the time of committing the act,” the behavior would instead be termed “a disorder of impulse control”. The extent to which “compulsive consumption is ego-dystonic or ego-syntonic is still unknown. In many cases it does seem more to follow the true compulsive model and be the result of involuntary thoughts which “invade consciousness, and are experienced as senseless and repugnant” (American Psychiatric Association 1980, p. 235). However, in some cases the act itself does appear pleasurable, at least initially. This distinction may eventually prove to be an important diagnostic and research criterion. For now, however, we will use the term “compulsive consumption” to apply to both situations.

For many, if not most compulsive purchasers, buying is a reaction to stress or unpleasant situations. One section of the questionnaire that we administered to compulsive consumers asked them to complete a number of sentences. One sentence fragment read, “I am most likely to buy myself something when . . .” Among our respondents, 43.5% completed this sentence by giving a negative emotion such as “I’m depressed” or “feel bad about myself” as their first response. An additional 30.4% talked about negative feelings as some part of their response although not the first thing they mentioned. Belk (1985) used this same sentence fragment in his study of materialism across three generations in families. In his study, only 20% of the respondents completed this sentence by mentioning any type of emotional state (either negative or positive) or by mentioning impulse purchases.

Compulsive consumers’ use of shopping as an escape from unhappiness can also be seen in the responses to the following sentence completion question used both in our study and by Belk: “When I don’t feel good about myself, I’m likely to “ The major responses that Belk reports are: “act depressed” (32%); “try to feel better” (25%); and “withdraw from others” (20%). Unfortunately, he does not indicate what types of answers comprise the remaining 22% of the responses, so we don’t know what percent involve buying behaviors. However, the likelihood is it is very small. In our sample, “spend money/shop” (30.4%) was tied with “sleep/withdraw” (30.4%) as the most common response. Thus, it seems that for at least some compulsive shoppers buying is a predominant way of coping with unhappiness.

Group interview responses also supported this notion. Almost all respondents at some point linked an affective or mood state to their compulsive behavior. Interestingly, however, it was not always a negative one. Some respondents experienced the presence of this powerful urge to spend excessively when they were elated. This is somewhat suggestive of an affectual state relationship, as well as a simpler arousal model. Other characteristics of compulsive behavior deal with the negative consequences of the behavior and the desire and difficulty of trying to quit. Even though the compulsive behavior may lead to unpleasant consequences and interfere with one’s life, the individual persists in this behavior. Based on anecdotal data and our pilot study there seems to be little doubt that this is true of compulsive consumers.

Interviews revealed a wide array of negative consequences associated with the compulsive behaviors. These ranged from grossly over-extended credit lines to forced



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sales of property and even writing bad checks or embezzling money to cover debts incurred during shopping sprees. Interestingly, many respondents perceived these acts as desperate, and “unlike” themselves, but had sometimes repeated them several times. While compulsive consumers may sometimes gain pleasure or excitement from the act of buying, several of them indicate that they get little enjoyment or use from the things they buy. Some people state that after buying they were so afraid that someone would find out (usually their spouse) that they hid their purchases in the trunk of their car or in a closet and never used these things.

Others reported buying so many things that they never got to use all of them. One question we asked on our survey tried to get at the degree to which this occurs. We asked the people to respond on a five-point scale going from “strongly agree” to “strongly disagree” to several statements. One statement read, “My closets are filled with still unopened items.” While no comparison exists from a general population, it is considered unlikely that many people would agree with this statement. Among the compulsive consumers, however, 43.4% either strongly or somewhat agreed with it. Both the fear of being discovered and the reality of spending beyond their means interferes with the lives of many compulsive spenders. Almost all report some feelings of guilt and anxiety over their behavior. It is, perhaps, this reaction to buying which most clearly distinguishes compulsive consumers from other shoppers.

The fear and guilt associated with buying was evident in responses to another sentence completion question we used, which began, “When I use my credit card . . .” Many respondents naturally finished this sentence with some reference to spending more than if they paid cash (27.3%), or feelings of power or importance (13.6%). These responses would probably also be common among non-compulsive consumers. More interesting, however, was the number of people who completed this sentence by mentioning either feelings of fear/anxiety (18.2%) or guilt (18.2%). For these people, it would seem that buying is not totally an enjoyable activity. Thus, based on our preliminary research it appears that compulsive consumption matches most, if not all, of the characteristics associated with compulsive behaviors.

**Incidence**

Since compulsive consumption is just now being recognized as a problem and many compulsive spenders may be unaware that they have a problem or deny that it is a problem, a good estimate of its magnitude is unavailable. However, mounting evidence from different sources indicates that this may well be a large and growing affliction.

We can look for indications of the number of compulsive spenders from both subjective and objective sources. Subjective measures come from the number of people who report themselves as being compulsive spenders or who are seeking help from one of the few available support groups. These numbers are likely to be deflated because many compulsive spenders may be unwilling to admit the problem (even to themselves) or are unaware of places to go to seek help. Nonetheless, growing evidence indicates that there are many people who desire help for this problem.



One source of help is Debtors Anonymous, a self-help group patterned after Alcoholics Anonymous with chapters in several cities. Chapters are generally loosely organized by volunteers and most do not appear to make much effort to publicize their existence. Still, they estimate their membership to be approximately 4000 and they are adding new chapters at the rate of about 5 a month (Mundis 1986). Another organization devoted to helping compulsive consumers is Spender-Menders. While to date, Spender-Menders only has chapters in and around the San Francisco Bay area, they have a file of over 5000 people from all over the country who have contacted them asking for help. A final indication comes from a leading women's magazine that asked readers who thought they were compulsive buyers to write in. Within just a couple of weeks, over 1600 readers responded.

While these subjective indications would suggest that there are many people suffering from the affliction, other indicators suggest that the extent of this problem may be even greater. Although not all people who are in serious debt are compulsive consumers, it is likely that some percentages of these people are. Objective measures show that the number of people in serious debt situations is rising (Rice 1979; Raske 1979). Credit experts consider a ratio of debt to take home pay beyond 20% (not including mortgage payments) to be a dangerous level of debt. A recent estimate indicates that in America, the mean debt to take home pay ratio has now reached 19.4% (Groves 1985); and it must be remembered that not everyone has consumer debts. Raske (1979) estimated that 25% of families have no consumer debt and that 45% use less than 10% of their income to retire their debts. Thus, he concludes, the remaining 30% must be devoting between 35 - 52% of their income to pay for past purchases.

While some people undoubtedly find themselves in this situation because of economic-necessity or poor money management skills, some proportion of them may have reached this predicament because of a buying compulsion which has led to credit abuse. One of the important first steps in studying this problem will be to develop conceptual and operational definitions to identify and separate people suffering from compulsive spending from those having financial difficulties for other reasons.

### Typologies

As is the case with so many other forms of behavior, no one typology seems completely appropriate. If there is some commonality among compulsive spenders it may be that they have a low self-esteem, and that they spend much of their lives trying to please other people. These two related characteristics are almost always mentioned by people working with compulsive consumers and credit abusers.

One of the biggest stereotypes regarding compulsive spending is that it strikes mainly women. However, many experts disagree with that belief. They believe that men are as susceptible as women to compulsive consumption, although it may be somewhat more common in women because women are more likely to have been socialized to derive pleasure from shopping. Women are also thought to be more likely to admit to this problem than men and thus it may be more apparent among them since they seek help at a greater rate. According to Sandi Gostin, director of Spender Menders, half of the phone

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calls received are from men, but only about ten percent of them actually follow through and get help.

While both men and women suffer from compulsive spending, it tends to manifest itself differently among them. Women tend to spend more on clothes and jewellery while men seem to spend more on cars and electronics. However, it may be that these different products actually serve the same goal - to bolster self-esteem. For women, a large part of their self-esteem has been socially conditioned to be derived from how they look. Clothes and jewels may help them feel more attractive or successful. Men, on the other hand, are traditionally rewarded for possessing expertise and/or wealth. Being an innovator in new electronic gadgets (VCR's, PC's, stereos, etc.) may give some men a feeling of being knowledgeable, and therefore important, while cars serve as a symbol of wealth, status and power. In each case, however, what the compulsive spender may really be trying to buy is an enhanced self-perception.

While the above descriptions may be common, compulsive consumption like other compulsive behaviors tends to manifest itself in many different forms. For example, not all compulsive spenders buy for themselves. Some mostly buy things for other people. Many seem to use purchasing to relieve anxiety or unhappiness, but some seem compelled to spend simply to get rid of money. They may be driven by a feeling that they are undeserving of wealth or because having money conflicts with their self-image. Still others seem to spend the most when someone else says they can't. They may be rebelling from external controls being placed on them.

While profiling compulsive spenders would be an important task, it is unlikely to be an easy one. If it is possible at all, it is likely to require several different profiles or typologies rather than just one characterization. The dimensions which seem most important to include in building these typologies are demographics like age, income, sex, and marital status, as well as purchase characteristics such as what types of things are bought, when they are bought and for whom they are purchased. Still, this task may prove just as problematic and elusive as it has in the case of other compulsive behaviors.

### **Etiology**

Along with determining the size of this problem and describing the different types of compulsive consumers, it is important for us to begin to determine what causes people to become compulsive spenders. This may prove to be the most difficult task since little agreement exists in psychology as to the underlying causes of compulsive behavior.

Many theories have been proposed to explain the etiology of compulsive and addictive behaviors. Most theoretical models focus on biological, psychological or sociological causes. Biological models suggest that there may be a genetic predisposition to compulsive behaviors. In the fields of alcoholism and drug dependency there is increasing support for this viewpoint. Some researchers have suggested that compulsive behaviors may be due to varying brain activity.

For example, Milkman and Sunderworth (1983) suggest that compulsive gambling is an "arousal" mode of gratification which effects neurotransmitters in a similar way to amphetamines and cocaine. Other researchers have hypothesized that individual



differences in cortical arousability may be a determining factor (Anderson and Brown 1984). Still other researchers are examining the effects of individual differences in endorphin levels in various types of addicts (Blaszczynski et al. 1986). These data, while not definitive, are suggestive of a neurological substrate for compulsive behaviors.

Psychological theories and models suggest that compulsive behaviors relieve stress experienced by the individual from pressure to perform or succeed at tasks or caused by low self-esteem. Sociological models suggest that compulsive behaviors stem from peer pressure or from beliefs about cultural norms. These models suggest that society in general, as well as important subgroups, condone and may even encourage some of these behaviors. Until recently in the U.S. this was true for alcohol and smoking and, to a lesser extent, gambling and drug use. The media also contribute by glamorizing these behaviors in entertainment works and commercials, or by making them appear to be expected behaviors.

Most likely, some factors emanating from each of these different theories play a role in contributing to compulsive condition. The possibility of a chemical or neurological connection was accidentally touched upon in our discussion with compulsive spending groups. In one group, a person mentioned her enjoyment of speeding down the highway in her car. Several other people spontaneously and enthusiastically agreed. Somewhat surprised by this reaction, we brought the topic up with another group of compulsive consumers. While some members agreed, one person vigorously rejected this idea. After a slight hesitation he said he preferred parachute jumping. Surprisingly, two other people in the group (out of about 10 total people) said they also parachute jump.

While hardly conclusive, the disproportionate incidence of thrill-seeking behaviors is at least somewhat supportive of the notion that compulsive behaviors may be partially caused by a lack of some chemical produced by excitement or stimulation. This fits well with notions of "type-E personalities," and sensation seeking (Zuckerman 1979). Support for psychological and sociological bases for this problem also exist. Host of the people who have worked with compulsive spenders and credit abusers report that these people generally have low self-esteem. Compulsive consumers themselves often believe the roots of their problem. go back to their childhood.

However, there is little congruity over just what types of early consumption behaviors may cause the problem. Some people feel it stems from not having any money of their own to spend when they were young. Others attribute it to not having any controls placed on their spending. Again, while there may not be one uniform type of upbringing which leads to compulsive consumption, some investigations into childhood consumption activities and parental rules, communication patterns and behaviors may be worthwhile.

The final area which deserves attention is the role of advertising and the mass media. In discussions we had with compulsive consumers, most felt that advertising did not play a major role in their problem. They thought that it was other factors which triggered their need to buy. However, it is possible that advertising and the mass media have a less overt role in promoting this problem. They may contribute to the belief that happiness can be found through consumption. Thus, while advertising and media presentations may not

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directly cause or trigger this problem, they may encourage people with low self-esteem to manifest their problem through buying.

Additionally, advertising for one particular service may play an important role in compulsive consumption and credit abuse. This is advertising for bank cards. Up until recently, almost all of these ads appealed to desire for status and the belief that, "you can have it all." Compulsive consumers are likely to be particularly vulnerable to these appeals. This particular service can cause serious problems since bank cards allow compulsive consumers to run up huge debts. It may not be just coincidence that the problem of compulsive consumption has become more noticeable with the rapid growth in the bank card industry (from about 20,000,000 cards in 1970 to over 150,000,000 in 1985).

It is in the interest of both people who suffer from compulsive spending and society in general to try to reduce the incidence of this problem. For society, - compulsive consumption and credit abuse increase the amount of bad debt and drive-up interest rates, to say nothing of the human misery it can cause. For the compulsive spenders themselves, this problem can become a nightmare which overwhelms all other parts of their lives. In both our study and Belk's, there was another sentence completion question which started, "The one thing which would make me happiest at this point in my life is . . .". In Belk's investigation, 15% of the respondents mentioned money or financial success. Among compulsive consumers, 56.5% said, "no more debts" was the one thing in life which would make them the happiest, and an additional 8.7% said more money.

One of the most important questions which needs to be answered is whether compulsive consumption is both quantitatively and qualitatively different from societal norms. This is a central issue in many so-called abnormal behaviors. Many of us experience positive feelings and gratification from shopping and purchasing. At what point does this enjoyment become abnormal?

As consumer researchers it is important that we study and understand the dysfunctional aspects of consumption as well as the advantageous. Compulsive consumption is particularly important to consumer research in that it is not simply a negative side-effect of some marketing effort such as misinformation or even outright deception. For these individuals, consumption has an abuse potential very much as if it were a substance. Whereas consumer behavior has examined a few of the negative consequences of marketing efforts, it is now time to examine the consumption experience itself in these terms.

### **1.9 CONSUMED CONSUMERS**

Consumers who have been consumed are individuals who have been used or exploited in the marketplace, whether voluntarily or not. What is most striking about consumer culture, aside from its unprecedented ubiquity, is its celebration of consumption. The economy is our religious faith, consumption our orthodoxy.

This becomes even more frightening when we discover that the targets are innocent children. This article attempts to reclaim our kids from a toxic commercial culture that has spun completely out of control. Children are innately innocent regardless of their

belief system. Muslim children have a dual challenge - to knowingly miss the bandwagon of their peers and also to uphold their Islamic values.

Children remind us that the world is full of wonder and possibility. They make us laugh, exhaust us with their endless questions and needs, and evoke indescribable feelings of love. We dedicate ourselves to their wellbeing, and we try to instil within them wholesome values and a dedication to pursue establishing good for all.

It goes without saying that raising kids in today's noisy, fast-paced culture is difficult. For good or ill, kids today are exposed to a wider world. The voices of home and community have been joined by a chorus of voices from around the globe, clamouring for our children's attention. Unfortunately, an increasing number of those voices are trying to sell them something. A new generation of hyper-consumers is growing up right in front of our eyes. Most children spend the bulk of their time in one of two places - parked in front of a TV or in a classroom.

Children watch between 50 and 100 TV commercials per day. That's 20,000 to 40,000 TV ads annually. Coke recently signed a 10-year exclusive contract with a Colorado Springs School District, with school officials promising to heavily promote Coke products in return for small cash grants. Hundreds of school districts across the country are negotiating similar arrangements.

Advertising targets children creating cravings that are hard to ignore but impossible to satisfy. Neither the parents nor the school teachers are really aware of all that is being pummelled into the little minds today. There is a need to wage a battle against the forces of Hollywood and Nintendo Corporation with full force.

Muslims rightfully deserve to be ashamed of themselves as they too are contributing to the problems and not the solutions. Our homes are filled with all sorts of electronic gadgetry in all versions. In most homes, we can find Barbie's and Barney's but not children's books on Islam. We spend on everything except on Islamic educational material.

It is a natural instinct to see your children happy and protect them from harm or pain. But that instinct, if not tempered, also comes with a cost. Parenthood, like childhood, is a journey of discovery. We set off from our own memories of being a kid, all the blessings, all the scars. In those memories, we must find the answers to the excessiveness of everything in today's consumer culture.

### **1.10 ILLEGAL ACTIVITIES**

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The manner in which different types of illegal activities are classified vary by region because of many factors, including cultural norms. Penalties for a crime committed in one country or region also might differ from the penalties in another region, even if the offenses are identical. Some unlawful actions are also related to other crimes, making the offense more severe.

The different types of illegal activities include crimes against people, such as murder, assault or slander; crimes against property, such as theft, vandalism or arson; and crimes of noncompliance, such as failing to pay taxes, driving faster than the speed limit or various "victimless" crimes.

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Property crime includes illegal actions such as burglary, theft, shoplifting, arson and vandalism. Although burglary and shoplifting can be generally considered theft, all of these crimes differ in nature. Burglary is the unauthorized entry into another person's home or building with intentions of theft and various other crimes. Theft is an illegal activity that involves the taking of personal property or goods without the owner's consent.

Shoplifting, which is also considered a form of theft, involves taking merchandise from retail stores without paying for the cost of the goods. Arson is also among the different types of illegal activities that falls under the category of property crime. This offense is defined as setting fire to another person's property by accident or malicious behavior or to one's own property under ill intentions, such as insurance fraud. Vandalism is among the most common property crimes, and it involves the act of intentionally damaging public or private property.

Crimes against people can include illegal activities such as murder, rape, sexual assault and assault. Robbery also might be considered a crime against a person, because it is a form of theft that involves taking money or goods from a person or in the presence of another by way of violent force or intimidation. Murder is the unlawful act of deliberately killing another human being.

Illegal activities affecting public order or safety are sometimes called victimless crimes because there is no direct harm to another person or any property. These activities are sometimes considered crimes against society because they do not follow the social norms. Public order crimes might include sex work, using or abusing illegal drugs, possession of illegal pornography and lewd acts between adults. Sex work is among the different types of illegal activities that have varying penalties around the world. Street prostitution is legal and regulated to some degree for adults in parts of Mexico, for example, but it is not regulated in other countries and is illegal in others.

Other crimes of non-compliance can vary from place to place as well. The use or possession of drugs such as marijuana is illegal in the United States, with few exceptions, but it is widely accepted in the Netherlands. Some countries guarantee their citizens the right to free speech or the freedom of religion, but speaking out against the government or practicing certain religions can be illegal in other countries.

### **1.11 CONSUMER BEHAVIOR AS A FIELD OF STUDY**

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Consumer behavior involves the purchasing and other consumer-related activities of people engaging in the exchange process. Bagozzi and Zaltman defined consumer behavior as "acts, processes, and social relationships exhibited by individuals, groups, and organizations in the obtainment, use of, and consequent experience with the product, services, and other resources".

The behavior of consumers is motivated or purposive. This behavior is directed toward the goal of obtaining products or other resources. They are obtained for use in their own right or as a medium for future exchange. The three important aspects of this definition, such as acts, processes, and social relationships, include diverse consumer activities.

Some of the activities include experiencing a need, window shopping, comparison shopping, simply thinking about the available information concerning a product's relative benefits and dis-benefits, seeking a friend's advice about a new product, etc. Consumer behavior also involves experiences, which are the consequences of using products and services.

If we analyze the above definition, we can identify the following three phenomena involving consumer behavior:

- Activities such as acts, processes, and social relationships.
- People, such as individuals, groups, and organizations.
- Experiences such as obtaining, using, and consequences.



Engel, Blackwell, and Miniard defined consumer behavior as “those acts of individuals, directly involved in obtaining, using, and disposing of economic goods and services, including the decision processes that precede and determine these acts”. This definition includes some of the features of the other definition given and discussed above. Besides, it includes one of the critical aspects of buyer behavior, “the decision process.” This aspect is dealt with in the discussion of the stages of the buying process.

The definition of consumer behavior given by Harold W. Berkman and Christopher C.

Gilson is more exciting. To them, consumer behavior is “the activities of people engaged in the actual or potential use of market items – whether products, services, retail environments, or ideas.” This definition considers both individuals and organizations as consumers.

Moreover, it considers the acts of potential buyers as consumer behavior. The question may come to your mind “why the acts of potential/future customers are considered as the behavior of consumers?” The reason is obvious. Suppose you are planning to buy an apartment next year. What will you do until next year comes? You will probably look at the advertisements of different apartment sellers, visit a few of them, inquire about prices and terms and conditions of payments, compare locations, designs, and fittings.

Why do you undertake these activities? You probably undergo this process to arrive at the most logical decision. These activities help you to make your future purchase. Thus activities of potential customers are also considered consumer behavior. Marketers consider potential consumers' activities so that they can prepare themselves well in advance to capture this group and make the sale to them.



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### Scope of Consumer Behavior Field

The field of consumer behavior tries to find out the answers to the following questions:

- What are the products people buy?
- Why they buy them?
- How they buy them?
- When they buy them?
- Where they buy them?
- How often they buy them?
- How is the decision process of the consumer?



For instance, if you intend to produce a new variety of toothpaste, you should analyze the nature of individual consumption behavior as to why consumer uses toothpaste (to whiten teeth/prevent tooth decay); which brand of toothpaste he buys (say Close-up or Aromatic); why he buys it (because he believes that it will whiten his teeth better than competing brands); how he buys it (cash/credit); when he buys it (monthly/weekly); where he buys it (from retail or supermarket); how often he buys it (frequency of buying, say every fortnight) and how much he buys it (100 gram/200 gram). It must also be noted that the behavior is likely to show variation from individual to individual, from product to product, and from an individual of one region to individual of another region.

Thus, analyzing consumer behavior is a prerequisite though the process is highly complicated. At the same time, a firm's ability to establish and maintain satisfying exchange relationships depends on understanding buying behavior. The consumer behavior field explores the decision process and acts of people involved in buying and using products. In examining and focusing on various aspects of consumer behavior, this discipline borrows findings from many disciplines. That is why this discipline is termed as a multidisciplinary field of study. It liberally borrows from Anthropology, Sociology and Social Psychology, Psychology, Marketing Research, and Economics. The reason for borrowing from Anthropology is that it helps us understand the cultural and sub-cultural settings in which our behaviors occur. In the beginning, we have already mentioned how culture affects consumer behavior.

Consumers are social beings, and as a result, their behaviors occur due to their interactions with different social groups such as family, social class, etc. Sociology and Social Psychology help us to understand the influence of different social groups on consumer decision making. Also, every individual is a unique identity. As a result, his behavior is very much affected by his personal characteristics, such as learning, perception, motivation, personality, beliefs, values, images, attitudes, etc.

Psychology deals with them for which consumer behavior borrows from psychology. How consumers respond to different marketing activities, including activities and so on, are identified by Marketing Research. If marketers do not know consumers' response tendencies to their activities, it becomes challenging for them to formulate strategies.

Keeping this in mind, consumer behavior takes help from Marketing Research in identifying consumer behavior patterns.

Finally, consumer behavior occurs in the context of his economic condition. Economics helps us understand this greater consumer behavior context for which consumer behavior discipline borrows findings from economics.

### **Few Consumer Terminology**

Many of us have a misunderstanding of some of the widespread consumer-related terms. To reduce this ambiguity, the following section will highlight the differences among a few important terms.

#### **Consumer versus Buyer**

Buyers carry out formal arrangements for purchase, service, delivery, and financial terms. Buyers are not always deciders. Consumers are those people who actually put a purchased product to work or who use it to satisfy his physical or social/psychological need(s). These two terms are also used synonymously. The synonymous use leads to developing two other concepts – the ultimate and industrial/institutional consumers.

#### **Ultimate Consumer versus Industrial/Institutional Consumer**

The ultimate consumer is he who gets the products from marketing intermediaries for household use. The industrial/institutional consumer, on the other hand, gets the product for use in the production process of other marketable items or resale.

#### **Consuming versus Purchasing**

Purchasing refers to obtaining any market item from the channel of distribution (the marketing intermediaries constitute the channel of distribution), and it is only one aspect of the consumer decision process. On the other hand, consuming means utilizing the product for satisfying motive(s) arises out of either biological or secondary need(s).

#### **Customer versus Consumer**

Customer refers to the consumer who uses or might use a product, and a consumer is everyone who buys and uses any item.

#### **Why Study Consumer Behavior?**



The better the firm understands its consumers, the more likely it becomes successful in the marketplace. The management of famous US company Procter and Gamble stated: "Our business is based on understanding the consumer and providing the products that the consumer wants. We place enormous emphasis on our product development area and our marketing area, and our people knowing the consumer". Knowledge of consumer behavior would render immense help

for planning and implementing marketing strategies. For example, buyers' reactions to a firm's marketing strategy greatly impact the firm's success.



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Second, establishing consumer orientation in the firm's marketing concept depends on how the marketing mix adopted satisfies consumers. This is known only when the marketing mix is developed to include positive answers to the questions listed in the discussion of the consumer behavior field's scope.

Third, by understanding the factors that affect consumer behavior, marketers are in a better position to predict how consumers will respond to marketing strategies. Besides, the study of consumer behavior helps in developing the strategies mentioned below:

Selection and segmentation of target markets; devising appropriate marketing strategies most relevant to the target market segment; evaluating marketing programs, strategies, and tactics; assessing the trends of change and preparing the marketing plans to suit the future changes. Finally, the consumer is the principal priority of the business. The efficiency with which a free market system enterprise operates depends upon the extent of consumer understanding possessed by the business community.

A business community ignorant of consumer preferences cannot fulfil its obligations in a meaningful and responsive manner. This is exactly the reason why consumer behavior is given importance in modern marketing. Moreover, this is the era of marketing orientation. Under this concept, consumers are treated like kings and queens (prince/princess). To survive in the face of today's extreme competition; you must serve and satisfy your consumers in a way better than your competitors do. To do this successfully, you must know who your consumers are and how they behave. By studying consumer behavior, you can easily get the answers to these questions and act accordingly.

### Perspective of Consumer Behavior Field



Consumer behavior is more diverse, complicated, and socially significant than many other areas of human behavior. Consumer behavior study involves an examination of everyday life and even more. This field is probably one of the most intriguing and important fields in the social sciences.

The consumer behavior field is interdisciplinary in nature. Consumer behavior, in most cases, is a complex process. The decision process that the consumers undergo is shaped by broad social or cultural forces, close interactions with different people and organizations, and the personal characteristics of the individuals. To describe consumer behavior effectively, considerations of all perspectives, including cultural, social, and individual influences, are prerequisites.

Certainly, the most pervasive force on an individual is the cultural environment, which is the complex set of values, ideas, attitudes, and other meaningful symbols created by people to shape human behavior. It also includes the artifacts (society's material features) and the transmission of these values, ideas, attitudes, and the artifacts from one generation

to the next. How people work and play, what they buy, how they buy them are affected by their cultures.

Human beings work and live with each other and are generally influenced by some of them. In particular, consumers are affected by their social class standing, reference group, and family. Their buying decisions are, as a result, influenced by these social influences.

Although the cultural, social, and other influences can be powerful, so are those within the individual. Needs and motives, learning processes, perceptions, personalities, self-concepts, and attitudes significantly impact what, how, why, and when people buy.

### **The emergence of Consumer Behavior Field/Consumer Behavior as a Field of Study**

Consumer behavior is a relatively new field of study. This has emerged as a legitimate field (academic) of study during the 1960s. Marketers have begun to develop expertise in the behavioral sciences during this period. "Even the earliest formal studies may be traced back no further than the late 1940s".

Though it is a relatively new field of academic study, it has developed to such an extent that it amazes us. One may ask 'why it has developed to such a great extent or what contributed to the dazzling development rate of this field? The answers are quite a few. This is the era of marketing orientation. Marketers both in developed as well as in developing countries pursue their activities based on marketing concepts. Under the marketing concept, consumers are at the focal point of every company activity.

As consumers are treated like kings and queens, they receive the utmost importance, and companies try to make their customers happy in a way better than their competitors do. To satisfy customers better, one has to know what customers want, when they want, how they want, the frequency with which they want, and the other aspects of consumers. To know these marketers are constantly studying their consumers' minds, are identifying newer and fascinating aspects of consumer behavior every day, which contribute to the development of the field at such an accelerating rate. In the earlier discussion, we have mentioned consumer behavior as an interdisciplinary field of study, which is constantly borrowing from many other social sciences, including some older ones as anthropology.

Marketers indiscriminately borrow from sociology, anthropology, social psychology, psychology, economics, and other related fields to know how they are related to people's behaviors. This borrowing has enabled the subject to reach this level of development. The research on consumer behavior in contemporary marketing practices is another reason for developing this infant field of knowledge to such a higher rate. Research enables marketers to minimize their gaps of knowledge on different aspects of consumer behavior.

You all are aware of the state of development of information technology, including computers. Marketers are also not lagging in this. They use computers heavily to reveal buyers' hidden motives and their reactions to different attributes of the firms and their products. The simulation of behavior using computers is another reason for the exciting development of the consumer behavior field. Researchers from diverse backgrounds are united nowadays to study consumer behavior aspects and publish books, articles, journals, and periodicals. The outcome is that consumer behavior is now an important field of study.





### Use of Newer Approaches in Explaining What Makes People as They Do

The consumer behavior field is studied using two theories – the traditional and the newer or contemporary/modern theories. The older or traditional theories were developed based on the opinions or intuitions of marketers. While developing theories they depended heavily on different economic principles. According to economic principles, most consumers behave purely based on rationality or logic. Economists compare human behavior with that of machines. A machine always behaves in the same fashion against a particular stimulus. Economists and the advocates of traditional theories believe that human behaviors are comparable with that of machines' behaviors.

The present-day marketers use modern scientific theories in explaining what makes consumers behave as they do. Contemporary marketers also use models in explaining the unpredictable behavior of consumers. The newer approaches are so precise that they have overshadowed the older traditional approaches of buyer behavior. The modern theories are interdisciplinary in nature since the subject of consumer behavior itself is a multidisciplinary subject. These theories are developed, taking liberal help from the findings of different behavioral sciences a discipline, which was mentioned earlier. The contemporary approaches are also accompanied by models to help marketers understand behavior more accurately. Model is a representation of something on a smaller scale, and in this context, the model represents some behavioral system used to explain behavior in that system.

### 1.12 CHAPTER SUMMARY

Marketers and business people are especially interested to know how customers purchase, use, and dispose of products. This is so that they will get a better idea on how to best position these products and services. The majority of marketing decisions are influenced by the behavior of customers, particularly when they are buying something. Marketing campaigns, programs and strategies are largely hinged on what the marketers learn about the consumers. Product developers can also take their cues from the information gathered through understanding customer psychology. For example, they will know how they can further develop products that will encourage or entice consumption. This takes into account the reality that the decision strategies employed by customers differ depending on the product offerings. Consumer behavior also has greater impact on society as a whole. Their decisions, choices, and reasoning behind these decisions could have relevance on larger issues, such as the economy, environment, and national health. Customer psychology is, admittedly, a very broad subject, considering how multi-faceted the customer is.

### 1.13 REVIEW QUESTIONS

#### SHORT ANSWER TYPE QUESTIONS

1. What do you understand by consumer terrorism?
2. What are the characteristics of compulsive consumption?
3. What do you understand by consumer behavior?

4. What is the difference between addictive consumption and compulsive consumption?
5. How to deal with middle-aged consumers?

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### LONG ANSWER TYPE QUESTIONS

1. Discuss different types of consumers in detail.
2. Explain the dark side of consumer behavior.
3. Why study consumer psychology?
4. How family influences consumer behaviour?
5. What are the different theories on Consumer Behavior Psychology?

### 1.14 MULTIPLE CHOICE QUESTIONS

1. \_\_\_\_\_ involves the purchasing and other consumer-related activities of people engaging in the exchange process.
  - a. Consumer Behavior
  - b. Consumer Psychology
  - c. Consumer Terrorism
  - d. None of these
2. \_\_\_\_\_ represent situations in which consumers pay for items not readily available.
  - a. Black Markets
  - b. Shady Dealing
  - c. Illegitimate Business
  - d. All of the above
3. \_\_\_\_\_ involves segmenting your audience based on the region they live or work in.
  - a. Consumer Psychology
  - b. Geographic Segmentation
  - c. Consumer Behavior
  - d. Consumer Terrorism
4. \_\_\_\_\_ are persons who have earned high income or wealth through exceptional ability in their profession or business.
  - a. Lower Upper Class
  - b. Upper Middle Class
  - c. Upper Lower Class
  - d. Lower Middle Class
5. The family member or family members who provide information about a product or service to other family members is called \_\_\_\_\_.
  - a. Gate Keeper
  - b. Decider
  - c. Influencer
  - d. User



6. **The family member or family members who prepare the product for family consumption is called \_\_\_\_\_.**
  - a. Influencer
  - b. Buyer
  - c. Maintainer
  - d. Preparer
7. **Family members who control the flow and direction of the contents of information is called \_\_\_\_\_.**
  - a. Gate Keeper
  - b. Decider
  - c. Buyer
  - d. Maintainer
8. **A \_\_\_\_\_ is a social group and all members of a influence and get influenced by each other.**
  - a. Family
  - b. Consumer
  - c. Buyer
  - d. Market
9. **\_\_\_\_\_ customers are generally experienced and learned.**
  - a. Female
  - b. Male
  - c. Both a and b
  - d. None of these
10. **\_\_\_\_\_ is an approach that focuses on how people make decisions through cognitive processes such as thinking, learning, reasoning, problem-solving, and memory.**
  - a. Clinical Psychology
  - b. Developmental Psychology
  - c. Cognitive Psychology
  - d. None of these

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# **MARKETING AND CONSUMER MEMORY**

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**STRUCTURE**

- 2.1 Learning Objective
- 2.2 Introduction
- 2.3 Consumer Memory and Learning
- 2.4 Marketers and Consumer Memory
- 2.5 Marketing to Older Consumers
- 2.6 Five Elements of Learning
- 2.7 Classical Conditioning Theory
- 2.8 Operant Conditioning Theory
- 2.9 Social Learning Theory
- 2.10 Sensory Marketing
- 2.11 Chapter Summary
- 2.12 Review Questions
- 2.13 Multiple Choice Questions





## 2.1 LEARNING OBJECTIVE

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**After the study of this unit, you will be able to understand:**

- The definition of memory.
- How our brains encode information.
- The five elements of learning.
- The classical conditioning theory.
- The theory of social learning.

## 2.2 INTRODUCTION

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Consumer memory refers to the processes that allow us to record and later retrieve experiences and information related to products, services, and consumption experiences. Consumer memory can be represented as an associative network or a massive network of associated ideas and concepts. When learning about brands, the strength of association between the brand node and other nodes will depend on how often the brand node is linked to the category with which it holds membership.

Retrieval in associative networks occurs through a spreading activation process where the activation of a single node spreads to the nearby nodes. Retrieval cues are thought to improve target item recollection if the cues activate network nodes that are linked to the desired information. We examine a variety of marketing-controlled factors or categories at the time of encoding and retrieval that influence memory performance.

According to Kotler's Definition, learning involves changes in an individual's behavior arising out of the experience. Most of the human behavior is learned over time, out of the experience. Following are the features of consumer learning:

- Consumer learning is a process. A process which continually changes and acquires new knowledge.
- This knowledge can be obtained from reading, discussing, observing, thinking, etc.
- Newly acquired knowledge or personal experience, both serve as feedback

## 2.3 CONSUMER MEMORY AND LEARNING

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The systems that enable us to store and later retrieve memories and details about goods, services, and consuming experiences are referred to as consumer memory. Consumer memory can be visualised as a large network of related ideas and concepts or as an associative network. And without understanding how memory works it will not be possible to fully appreciate how consumers reason, make decisions and solve problems, since most consumer decisions are dependent on memory. So, let's begin from the basics!

### Memory

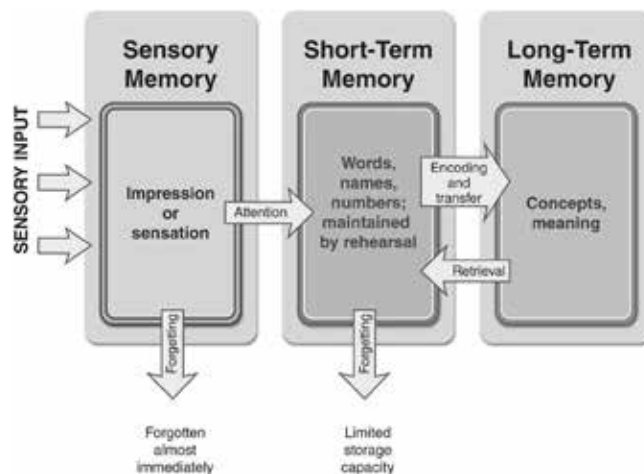
Memory is a process of acquiring information and storing it over time so that it will be available when we need it. Contemporary approaches to the study of memory employ an information-processing approach. They assume that the mind is in some ways like a

computer: Data are input, processed, and output for later use in revised form. Figure 4.5 summarizes the memory process:

- In the encoding stage, information enters in a way the system will recognize.
- In the storage stage, we integrate this knowledge with what is already in memory and “warehouse” it until it is needed.
- During retrieval, we access the desired information.

Many of our experiences are locked inside our heads, and they may surface years later if the right cues prompt them. Marketers rely on consumers to retain the information they collect about products and services so they will apply it to future purchase decisions. We combine this internal memory with external memory when we decide what to buy. This includes all the product details on packages and other marketing stimuli that permit us to identify and evaluate brand alternatives in the marketplace. The grocery-shopping list is a good example of a powerful external memory aid. When consumers use shopping lists, they buy approximately 80 per cent of the items on the list.

The likelihood that a shopper will purchase a particular list item is higher if the person who wrote the list also participates in the shopping trip. This means that if marketers can induce consumers to plan to purchase an item before they go shopping, there is a high probability that they will buy it. One way to encourage this kind of advance planning is to provide peel-off stickers on packages so that, when consumers notice the supply is low, they can simply peel off the label and place it directly on a shopping list. Or, a retailer can support a phone app that generates a shopping list for the user (you already can choose from an abundance of apps that do this).



### How Our Brains Encode Information

The way we encode, or mentally program, information helps to determine how our brains will store this information. In general, it's more likely that we'll retain incoming data when we associate it with other things already in memory. For example, we tend to remember brand names that we link to physical characteristics of a product category (e.g., Coffee Mate creamer or Sani-Flush toilet bowl cleaner) or that we can easily visualize (e.g., Tide detergent or Ford Mustang cars) compared to more abstract brand names.



## NOTES



Similarly, our brains automatically react to images of familiar celebrities and use them to guide how we think about them to ascribe meaning to other images of people or products with which they appear. Sometimes we process a stimulus simply in terms of its sensory meaning, such as the literal colour or shape of a package. We may experience a feeling of familiarity when, for example, we see an ad for a new snack food we have recently tasted. In many cases, though, we encode meanings at a more abstract level. Semantic meaning refers to symbolic associations, such as the idea that rich people drink champagne or that fashionable women have navel piercings. Let's take a closer look at how we encode these deeper meanings.

Episodic memories relate to events that are personally relevant. As a result, a person's motivation to retain these memories will likely be strong. Couples often have "their song," which reminds them of their first date or wedding. We call some especially vivid associations flashbulb memories (where were you when you first heard that Osama bin Laden was dead?). In addition, recall of the past may affect future behavior. A college fund-raising campaign can raise more money when it evokes pleasant college memories than when it reminds alumni of unpleasant ones.

A narrative, or a description of a product that is written as a story, is often an effective way to convey product information. Our memories store a lot of the social information we acquire in story form; it's a good idea to construct ads in the form of a narrative so they resonate with the audience. Narratives persuade people to construct mental representations of the information they see or hear. Pictures aid in this construction and allow us to develop more detailed mental representations. Research supports the idea that we are more likely to positively evaluate and purchase brands when they connect with us like this.

### Memory Systems

Researchers describe three distinct memory systems: sensory memory, short-term memory (STM), and long-term memory (LTM). Each plays a role in processing brand-related information (see the given figure).

#### Sensory Memory

Sensory memory stores the information we receive from our senses. This storage is temporary; it lasts a couple of seconds at most. For example, a man who walks past a donut shop gets a quick, enticing whiff of something baking inside. Although this sensation lasts only a few seconds, it is sufficient to allow him to consider whether he should investigate further. If he retains this information for further processing, it transfers to short-term memory.

#### Short-term Memory

Short-term memory (STM) also stores information for a limited period of time, and it has limited capacity. Similar to a computer, this system is working memory; it holds the information we are currently processing. Our memories can store verbal input acoustically (in terms of how it sounds) or semantically (in terms of what it means). We store this information as we combine small pieces into larger ones in a process, we call chunking A



chunk is a configuration that is familiar to the person and that he or she can think about as a unit. For example, a brand name like 7 For All Mankind is a chunk that represents a great deal of detailed information about the product.

Initially, researchers believed that our STM was capable of processing between five and nine chunks of information at a time; they described this basic property as “the magical number 7 +/- 2.” This is the reason our phone numbers today (at least in the United States) have seven digits. It now appears that three to four chunks are the optimal size for efficient retrieval (we remember seven-digit phone numbers because we chunk the individual digits, so we may remember a three-digit exchange as one piece of information). Phone calls aside, chunking is important to marketers because it helps determine how consumers keep prices in short term memory when they comparison-shop.

### **Long-term Memory**

Long-term memory (LTM) is the system that allows us to retain information for a long period of time. A cognitive process of elaborative rehearsal allows information to move from STM into LTM. This involves thinking about the meaning of a stimulus and relating it to other information already in memory. Marketers assist in the process when they devise catchy slogans or jingles that consumers repeat on their own.

### **How Our Memories Store Information**

The relationship between STM and LTM is a source of some controversy. The traditional multiple-store perspective assumes that STM and LTM are separate systems. More recent research has moved away from the distinction between the two types of memory; it emphasizes the interdependence of the systems. According to activation models of memory, depending on the nature of the processing task different levels of processing occur that activate some aspects of memory rather than others. The more effort it takes to process information (so-called deep processing), the more likely it is that information will transfer into LTM.

### **Associative Networks**

According to activation models of memory, an incoming piece of information gets stored in an associative network that contains many bits of related information. We each have organized systems of concepts that relate to brands, manufacturers, and stores stored in our memories; the contents, of course, depend on our own unique experiences.

Think of these storage units, or knowledge structures, as complex spider webs filled with pieces of data. Incoming information gets put into nodes that connect to one another (if you haven't guessed, this is also why we call cyberspace the World Wide Web). When we view separate pieces of information as similar for some reason, we chunk them together under some more abstract category. Then, we interpret new, incoming information to be consistent with the structure we have created. This helps explain why we are better able to remember brands or stores that we believe “go together”; for example, when Titleist golf balls rather than Chanel fragrances sponsors a golf tournament.



## 2.4 MARKETERS AND CONSUMER MEMORY

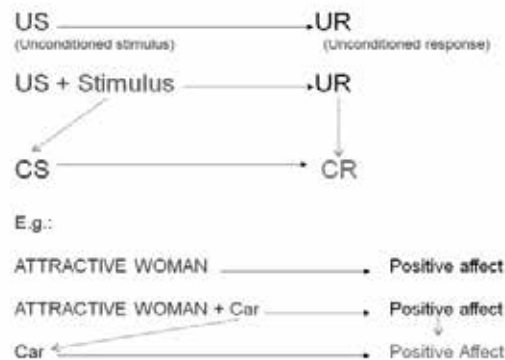
Marketers are constantly trying to find new ways to increase their market share and get their products in front of consumers. One way they can do this is by exploiting the human brain's ability to remember things by associating them with past experiences. This is why marketers often use childhood memories as a way of connecting with consumers. For example, a company may want to sell a toy car that's reminiscent of the one a person played with when they were young. This will make the toy seem more appealing, because it will remind them of how much fun they had when they were younger.

Consumer memory research has shown that marketers need to be creative and use different tactics in order to make an impression on their customers. They need to understand what kind of memories they want consumers to have about their product or service and then find ways to create those memories through advertising, packaging, etc.

Learning involves "a change in the content or organization of long-term memory and/or behavior." The first part of the definition focuses on what we know (and can thus put to use) while the second focuses on concrete behavior. For example, many people will avoid foods that they consumed shortly before becoming ill. Learning is not all knowledge based. For example, we may experience the sales people in one store being nicer to us than those in the other. We thus may develop a preference for the one store over the other; however, if pressed, we may not be able to give a conscious explanation as to the reason for our preference.

Pavlov's early work on dogs was known as classical conditioning. Pavlov discovered that when dogs were fed meat powder they salivated. Pavlov then discovered that if a bell were rung before the dogs were fed, the dogs would begin salivating in anticipation of being fed (this was efficient, since they could then begin digesting the meat powder immediately). Pavlov then found that after the meat had been "paired" with the meat powder enough times, Pavlov could ring the bell without feeding the dogs and they would still salivate.

In the jargon of classical conditioning, the meat powder was an unconditioned stimulus (US) and the salivation was, when preceded by the meat powder, an unconditioned response (UR). That is, it is a biologically "hard-wired" response to salivate when you are fed. By pairing the bell with the unconditioned stimulus, the bell became a conditioned stimulus (CS) and salivation in response to the bell (with no meat powder) became a conditioned response (CR). Many modern-day advertisers use classical conditioning in some way. Consider this sequence:



In general, marketers usually have relatively little power to use punishment or negative reinforcement. However, parking meters are often used to discourage consumers from taking up valuable parking space, and manufacturers may void warranties if the consumers take their product to non-authorized repair facilities. Several factors influence the effectiveness of operant learning. In general, the closer in time the consequences are to the behavior, the more effective the learning. That is, electric utilities would be more likely to influence consumers to use less electricity at peak hours if the consumers actually had to pay when they used electricity (e.g., through a coin-slot) rather than at the end of the month. Learning is also more likely to occur when the individual can understand a relationship between behavior and consequences (but learning may occur even if this relationship is not understood consciously).

Another issue is schedules of reinforcement and extinction. Extinction occurs when behavior stops having consequences and the behavior then eventually stops occurring. For example, if a passenger learns that yelling at check-in personnel no longer gets her upgraded to first class, she will probably stop that behavior. Sometimes, an individual is rewarded every time a behavior is performed (e.g., a consumer gets a soft drink every time coins are put into a vending machine). However, it is not necessary to reward a behavior every time for learning to occur. Even if a behavior is only rewarded some of the time, the behavior may be learned. Several different schedules of reinforcement are possible:

- **Fixed interval:** The consumer is given a free dessert on every Tuesday when he or she eats in a particular restaurant.
- **Fixed ratio:** Behavior is rewarded (or punished) on every nth occasion that it is performed. (E.g., every tenth time a frequent shopper card is presented, a free product is provided).
- **Variable ratio:** Every time an action is performed, there is a certain percentage chance that a reward will be given. For example, every time the consumer enters the store, he or she is given a lottery ticket.

With each ticket, there is a 20% chance of getting a free hamburger. The consumer may get a free hamburger twice in a row, or he or she may go ten times without getting a hamburger even once. Variable ratio reinforcement is least vulnerable to extinction. Sometimes, shaping may be necessary to teach the consumer the desired behavior. That is, it may be impossible to teach the consumer to directly perform the desired behavior. For example, a consumer may first get a good product for free (the product itself, if good, is a reward), then buy it with a large cent off coupon, and finally buy it at full price. Thus, we reinforce approximations of the desired behavior. Rather than introducing Coca Cola directly in Indonesia, fruit flavored soft drinks were first introduced, since these were more similar to beverages already consumed.

## **2.5 MARKETING TO OLDER CONSUMERS**

A persistent myth about marketing to seniors and boomers is that older consumers are more resistant to switching brands or businesses. Research shows that to be wrong. Since consumer behaviour is pertinent to the subtleties of marketing and advertising, this myth



means many marketing campaigns targeting seniors are doomed to fail. This eventually means one need to understand the older mind to successfully connect and serve the older markets. There are certain ways to connect with the consumers of this generation and that has been listed below:

1. **Older consumers are less subject to peer influence than younger consumers. As we age, individualism is experienced.**

**Marketing Implication:** Advertising that invokes social status benefits doesn't play as well in older markets as in younger ones. Largely freed from worrying about the reactions of others, older consumers tend toward greater practicality in buying decisions than younger consumers. This increased individualization in behaviour makes it more difficult to predict what they will do in the marketplace.



2. **Adult consumers become less responsive to sweeping claims in marketing messages as they age. We develop an increased demand for facts.**

**Marketing Implication:** Hyperbole is a turn-off. If older consumers are considering a purchase, they want unadorned facts, and more of them, than they wanted earlier in life. Years of buying equip older people with knowledge of what to look for and what information they need for an intelligent purchase. However, they often don't get to the point of asking for facts until a product has emotionally intrigued them.

3. **Older consumers tend to be quicker than younger consumers to reflect emotionally a lack of interest or negative reaction to an offered product. This is because our response to emotional stimuli increases with age.**

**Marketing Implication:** Such emotional first impressions are more likely to be permanent than among younger audiences, who are more likely to give a marketer a second chance. On the other hand, you can embed a positive first impression deep in the emotions of an older person, so that they are more disposed to be a faithful customer than a younger person is.

4. **Older consumers tend to show an increased response to marketing appeals reflecting altruistic values. We become less self-oriented and more altruistic as we mature.**

**Marketing Implication:** This tracks with a common middle-age shift toward stronger spiritual values in which concern for others increases. As altruistic motivations become stronger, narcissistic and materialistic values wane in influence. Marketers to middle-aged and older populations must rethink their traditional egocentric appeals in marketing communications.

5. **As most people grow older, they experience a change in their perceptions of time, but also in its meaning and role in their lives. As a consequence, we spend more time making purchasing decisions.**

**Marketing Implication:** Older people often ignore time-urgency marketing strategies like "Offer good until," or "Only three left in stock." A common attitude

among older people, especially those who have retired, is “Time is not of the essence.”

6. **Because older people tend to be less influenced by external influences, perceptions of products are more internally shaped. We see fewer differences between competing products.**



**Marketing Implication:** Seniors typically conclude that there is little difference between products, despite marketing claims. This contrasts with younger consumers’ tendency to assert the differences between a product they prefer and its competitors -- even when clear differences don’t exist. In beer tasting tests, for example, young consumers often fail to distinguish their favourite

brews from others. Beer marketers can influence perceptions of beer taste as much as brew masters can.

7. **Older consumers tend to be more responsive to companies with a conscience than younger consumers. As a result, they see more differences between competing companies and brands.**

**Marketing Implication:** From a self-interest perspective, they are also more attentive to warranty issues and a company’s reputation for honouring its warranties than younger consumers.

8. **When making discretionary-purchase decisions, older consumers tend to have a decreased sensitivity to price, increased sensitivity to affordability, and sharply increased sensitivity to value.**

**Marketing Implication:** Older consumers have more complex ways of determining value than younger consumers. Value determination by older consumers tends to be an existentialist exercise whereby they combine soul (spiritual) values as well as mind (intellect) and body (tangible) values into the value determination process. Not only does an item purchased symbolize some aspect of the consumer’s being, but the entire purchase experience can also be a projection of the consumer’s whole being.

For example, a person with a passionate concern for the homeless may be more likely to purchase a product from a company with a program benefiting the homeless. To that consumer, the product has a high Meta values index, that is, an element of value unrelated to the product performance. Appraisal of Meta values takes place mostly at subliminal levels because Meta values tend to reflect deeply embedded, “background” emotional needs. Younger consumers tend to reflect more transparent motivations. After a mature consumer develops a strong interest in discretionary product purchase and determines that a brand has acceptable holistic value (basic plus Meta values) affordability can easily become more important than price in the final decision.

9. **As they age, many consumers develop higher economic literacy and skillfully apply it to get the best price -- if not the best value. They become increasingly price-sensitivity in non-discretionary spending.**

**Marketing Implication:** Bargains primarily reflect price factors while implicit in the term “value” are all attributes of the product, the purchase experience and the expected ownership experience. In purchasing “need” items, older consumers







tend to be more bargain-minded, whereas in purchasing “desire” items, they tend to be more value-minded in a holistic sense.

- 10. Older consumers often project what seems to be contradictory behaviour. We sometimes characterize older people as selfish and selfless, penurious and profligate, and spontaneous and deliberate. This makes older people seem contradictory or at least confusing in their behavior.**

**Marketing Implication:** Older people are not contradictory in their behavior, they are sensitive to the context of their behaviour. For example, an older shopper may seem penurious in using cents-off coupons in a grocery store, after which she drives off in a Mercedes. This is not evidence of contradictory behaviour, but an example of the rules of thriftiness applied to basics, and the rules of whole value applied to discretionary expenditures. In the first case, price is the common denominator in consumers’ interest, in the second, there is no common denominator because each person calculates whole value in a unique manner.

## **2.6 FIVE ELEMENTS OF LEARNING**

All learners are equipped with cognitive as well as appetitive faculties however, they differ in the degree to which they are utilized and expressed on the account of the learners’ abilities, aptitudes, interests, values and attitudes and home background.

### **1. Ability**

The student’s native ability dictates the prospects of success in any purposeful activity. It determines their capacity to understand and assimilate information for their own use and application.

### **2. Aptitude**

It refers to the students’ innate talent or gift. It indicates a natural capacity to learn certain skills.

### **3. Interests**

Learners vary in activities that are undertaken due to a strong appeal or attraction. Lessons that give the learners the chance to express themselves will be more meaningful and easily absorbed.

### **4. Family & Cultural Background**

Students who come from different socioeconomic backgrounds manifest a wide range of behaviour due to differences in upbringing practices.

### **5. Attitudes**

Attitude refers to an individual perspective and disposition. Some positive attitudes are curiosity, responsibility, creativity & persistence.

## **2.7 CLASSICAL CONDITIONING THEORY**

Classical conditioning is a behaviourist theory of learning. It posits that when a naturally occurring stimulus and an environmental stimulus are repeatedly paired, the environmental stimulus will eventually elicit a similar response to the natural stimulus. The most famous studies associated with classical conditioning are Russian physiologist Ivan Pavlov’s experiments with dogs.



## Origins and Influence

Pavlov's discovery of classical conditioning arose out of his observations of his dogs' salivation responses. While dogs naturally salivate when food touches their tongues, Pavlov noticed that his dogs' salivation extended beyond that innate response. They salivated when they saw him approach with food or even just heard his footsteps. In other words, stimuli that had previously been neutral became conditioned because of their repeated association with a natural response.

Although Pavlov wasn't a psychologist, and in fact believed his work on classical conditioning was physiological, his discovery had a major influence on psychology. In particular, Pavlov's work was popularized in psychology by John B. Watson. Watson kicked off the behaviourist movement in psychology in 1913 with a manifesto that said psychology should abandon the study of things like consciousness and only study observable behavior, including stimuli and responses. After discovering Pavlov's experiments a year later, Watson made classical conditioning the foundation of his ideas.

## Pavlov's Experiments

Classical conditioning requires placing a neutral stimulus immediately before a stimulus that automatically occurs, which eventually leads to a learned response to the formerly neutral stimulus. In Pavlov's experiments, he presented food to a dog while shining a light in a dark room or ringing a bell. The dog automatically salivated when the food was placed in its mouth. After the presentation of the food was repeatedly paired with the light or bell, the dog started salivating when it saw the light or heard the bell, even when no food was presented. In other words, the dog was conditioned to associate the previously neutral stimulus with the salivation response.

## Types of Stimuli and Responses

Each of the stimuli and responses in classical conditioning is referred to by specific terms that can be illustrated with reference to Pavlov's experiments.

- The presentation of food to the dog is referred to as the unconditioned stimulus (UCS) because the dog's response to the food occurs naturally.
- The light or bell is the conditioned stimulus (CS) because the dog must learn to associate it with the desired response.
- Salivation in response to the food is called the unconditioned response (UCR) because it's an innate reflex.
- Salivation to the light or bell is the conditioned response (CR) because the dog learns to associate that response with the conditioned stimulus.

## The Three Stages of Classical Conditioning

The process of classical conditioning occurs in three basic stages:

- **Before Conditioning**

At this stage, the UCS and CS have no relationship. The UCS comes up in the environment and naturally elicits a UCR. The UCR wasn't taught or learned, it's a completely innate reaction. For example, the first time a person takes a ride on a boat (UCS) they may become seasick (UCR). At this point, the CS is a neutral



stimulus (NS). It has yet to produce any kind of response because it hasn't been conditioned yet.

- **During Conditioning**

During the second stage, the UCS and NS are paired leading the previously neutral stimulus to become a CS. The CS occurs just before or at the same time as the UCS and in the process the CS becomes associated with UCS and, by extension, the UCR. Generally, the UCS and CS must be paired several times in order to reinforce the association between the two stimuli. However, there are times when this isn't necessary. For example, if an individual gets sick once after eating a specific food, that food may continue to make them nauseous in the future. So, if the individual on the boat drank fruit punch (CS) right before getting sick (UCR), they could learn to associate fruit punch (CS) with feeling ill (CR).

- **After Conditioning**

Once the UCS and CS have been associated, the CS will trigger a response without the need to present the UCS with it. The CS now elicits the CR. The individual has learned to associate a specific response with a previously neutral stimulus. Thus, the individual who got seasick may find that in the future fruit punch (CS) makes them feel ill (CR), despite the fact that the fruit punch really had nothing to do with the individual getting sick on the boat.

### Other Principles of Classical Conditioning

There are several additional principles in classical conditioning that further detail how the process works. These principles include the following:

- **Extinction**

As its name suggests, extinction happens when a conditioned stimulus is no longer associated with an unconditioned stimulus leading to a decrease or complete disappearance of the conditioned response. For example, Pavlov's dogs started to salivate in response to the sound of a bell after the sound was paired with food over several trials. However, if the bell was sounded several times without the food, over time the dog's salivation would decrease and eventually stop.

- **Spontaneous Recovery**

Even after extinction has occurred, the conditioned response may not be gone forever. Sometimes spontaneous recovery happens in which the response re-emerges after a period of extinction. For example, suppose after extinguishing a dog's conditioned response of salivation to a bell, the bell isn't sounded for a period of time. If the bell is then sounded after that break, the dog will salivate again — a spontaneous recovery of the conditioned response. If the conditioned and unconditioned stimuli aren't paired again, though, spontaneous recovery won't last long and extinction will again occur.

- **Stimulus Generalization**

Stimulus generalization happens when, after a stimulus has been conditioned to a specific response, other stimuli that may be associated with the conditioned stimulus also elicit the conditioned response. The additional stimuli are not conditioned but are similar to the conditioned stimulus, leading to generalization. So, if a dog is conditioned to salivate to the tone of a bell, the dog will also salivate to other bell tones. Although the conditioned response may not occur if the tone is too dissimilar to the conditioned stimulus.

- **Stimulus Discrimination**

Stimulus generalization often doesn't last. Over time, stimulus discrimination begins to occur in which stimuli are differentiated and only the conditioned stimulus and possibly stimuli that are very similar elicit the conditioned response. So, if a dog continues to hear different bell tones, over time the dog will start to distinguish between the tones and will only salivate to the conditioned tone and ones that sound almost like it.

- **Higher-Order Conditioning**

In his experiments, Pavlov demonstrated that after he has conditioned a dog to respond to a particular stimulus, he could pair the conditioned stimulus with a neutral stimulus and extend the conditioned response to the new stimulus. This is called second-order conditioning. For example, after a dog was conditioned to salivate to a bell, the bell was presented with a black square. After several trials, the black square could elicit salivation by itself. While Pavlov found he could also establish third-order conditioning in his research, he was unable to extend higher-order conditioning beyond that point.

### **Examples of Classical Conditioning**

Examples of classical conditioning can be observed in the real world. One instance is various forms of drug addiction. If a drug is repeatedly taken in specific circumstances (say, a specific location), the user may become used to the substance in that context and require more of it to get the same effect, called tolerance. However, if the individual takes the drug in a different environmental context, the individual may overdose. This is because the user's typical environment has become a conditioned stimulus that prepares the body for a conditioned response to the drug. In the absence of this conditioning, the body may not be adequately prepared for the drug.

A more positive example of classical conditioning is its use to support wildlife conservation efforts. Lions in Africa were conditioned to dislike the taste of beef in order to keep them from preying on cattle and coming into conflict with farmers because of it. Eight lions were given beef treated with a deworming agent that gave them indigestion. After doing this several times, the lions developed an aversion to meat, even if it wasn't treated with the deworming agent. Given their aversion to the meat, these lions would be highly unlikely to prey on cattle.

Classical conditioning can also be used in therapy and the classroom. For example, to combat anxieties and phobias such as a fear of spiders, a therapist might repeatedly show an individual an image of a spider while they are performing relaxation techniques so the individual can form an association between spiders and relaxation. Similarly, if a teacher couples a subject that makes students nervous, like math, with a pleasant and positive environment, the student will learn to feel more positive about math.

## **2.8 OPERANT CONDITIONING THEORY**

### **What is Operant Conditioning and How does it work?**

Operant conditioning, sometimes referred to as instrumental conditioning, is a method of learning that employs rewards and punishments for behavior. Through operant

## NOTES

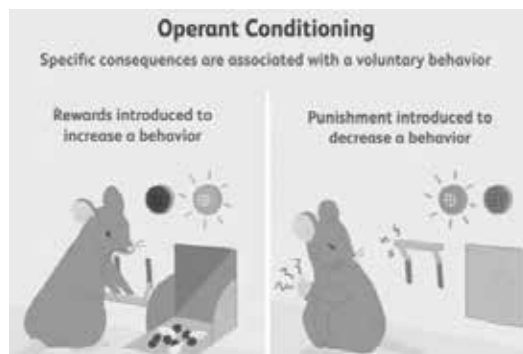


conditioning, an association is made between a behavior and a consequence (whether negative or positive) for that behavior.

For example, when lab rats press a lever when a green light is on, they receive a food pellet as a reward. When they press the lever when a red light is on, they receive a mild electric shock. As a result, they learn to press the lever when the green light is on and avoid the red light. But operant conditioning is not just something that takes place in experimental settings while training lab animals. It also plays a powerful role in everyday learning. Reinforcement and punishment take place in natural settings all the time, as well as in more structured settings such as classrooms or therapy sessions.

### The History of Operant Conditioning Theory

Operant conditioning was first described by behaviorist B.F. Skinner, which is why you may occasionally hear it referred to as Skinnerian conditioning. As a behaviorist, Skinner believed that it was not really necessary to look at internal thoughts and motivations in order to explain behavior. Instead, he suggested, we should look only at the external, observable causes of human behavior.



Through the first part of the 20th century, behaviourism became a major force within psychology. The ideas of John B. Watson dominated this school of thought early on. Watson focused on the principles of classical conditioning, once famously suggesting that he could take any person regardless of their background and train them to be anything he chose. Early behaviorists focused their interests on associative learning.

Skinner was more interested in how the *consequences* of people's actions influenced their behavior.

His theory was heavily influenced by the work of psychologist Edward Thorndike, who had proposed what he called the law of effect. According to this principle, actions that are followed by desirable outcomes are more likely to be repeated while those followed by undesirable outcomes are less likely to be repeated. Operant conditioning relies on a fairly simple premise: Actions that are followed by reinforcement will be strengthened and more likely to occur again in the future. If you tell a funny story in class and everybody laughs, you will probably be more likely to tell that story again in the future.

If you raise your hand to ask a question and your teacher praises your polite behavior, you will be more likely to raise your hand the next time you have a question or comment. Because the behavior was followed by reinforcement, or a desirable outcome, the preceding action is strengthened. Conversely, actions that result in punishment or undesirable consequences will be weakened and less likely to occur again in the future. If you tell the same story again in another class but nobody laughs this time, you will be less likely to repeat the story again in the future. If you shout out an answer in class and your teacher scolds you, then you might be less likely to interrupt the class again.



## Types of Behaviors

Skinner distinguished between two different types of behaviours-

- **Respondent behaviors** are those that occur automatically and reflexively, such as pulling your hand back from a hot stove or jerking your leg when the doctor taps on your knee. You don't have to learn these behaviors. They simply occur automatically and involuntarily.
- **Operant behaviors**, on the other hand, are those under our conscious control. Some may occur spontaneously and others purposely, but it is the consequences of these actions that then influence whether or not they occur again in the future. Our actions on the environment and the consequences of those actions make up an important part of the learning process.

While classical conditioning could account for respondent behaviours, Skinner realized that it could not account for a great deal of learning. Instead, Skinner suggested that operant conditioning held far greater importance. Skinner invented different devices during his boyhood and he put these skills to work during his studies on operant conditioning. He created a device known as an operant conditioning chamber, often referred to today as a Skinner box. The chamber could hold a small animal, such as a rat or pigeon. The box also contained a bar or key that the animal could press in order to receive a reward. In order to track responses, Skinner also developed a device known as a cumulative recorder. The device recorded responses as an upward movement of a line so that response rates could be read by looking at the slope of the line.

- **Components of Operant Conditioning**

There are several key concepts in operant conditioning.

- **Reinforcement in Operant Conditioning**

Reinforcement is any event that strengthens or increases the behavior it follows. There are two kinds of reinforcers. In both of these cases of reinforcement, the behavior increases.

- o **Positive reinforcers** favourable or outcomes that are presented after the behavior. In positive reinforcement situations, a response is behaviour is strengthened by the addition of praise or a direct reward. If you do a good job at work and your manager gives you a bonus, that bonus is a positive reinforcer.
- o **Negative reinforcers** involve the removal of unfavourable events or outcomes after the display of a behavior. In these situations, a response is strengthened by the removal of something considered unpleasant. For example, if your child starts to scream in the middle of a restaurant, but stops once you hand them a treat, your action led to the removal of the unpleasant condition, negatively reinforcing your behavior (not your child's).

## Reinforcement Schedules

Reinforcement is not necessarily a straightforward process, and there are a number of factors that can influence how quickly and how well new things are learned. Skinner found that when and how often behaviors were reinforced played a role in the speed and strength of acquisition. In other words, the timing and frequency of reinforcement

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influenced how new behaviors were learned and how old behaviours were modified. Skinner identified several different schedules of reinforcement that impact the operant conditioning process:

- Continuous reinforcement involves delivering reinforcement every time a response occurs. Learning tends to occur relatively quickly, yet the response rate is quite low. Extinction also occurs very quickly once reinforcement is halted.
- Fixed-ratio schedules are a type of partial reinforcement. Responses are reinforced only after a specific number of responses have occurred. This typically leads to a fairly steady response rate.
- Fixed-interval schedules are another form of partial reinforcement. Reinforcement occurs only after a certain interval of time has elapsed. Response rates remain fairly steady and start to increase as the reinforcement time draws near, but slow immediately after the reinforcement has been delivered.
- Variable-ratio schedules are also a type of partial reinforcement that involve reinforcing behavior after a varied number of responses. This leads to both a high response rate and slow extinction rates.
- Variable-interval schedules are the final form of partial reinforcement Skinner described. This schedule involves delivering reinforcement after a variable amount of time has elapsed. This also tends to lead to a fast response rate and slow extinction rate.

### Examples of Operant Conditioning

We can find examples of operant conditioning at work all around us. Consider the case of children completing homework to earn a reward from a parent or teacher, or employees finishing projects to receive praise or promotions. More examples of operant conditioning in action include:

- After performing in a community theatre play, you receive applause from the audience. This acts as a positive reinforcer, inspiring you to try out for more performance roles.
- You train your dog to fetch by offering him praise and a pat on the head whenever he performs the behavior correctly. This is another positive reinforcer.
- A professor tells students that if they have perfect attendance all semester, then they do not have to take the final comprehensive exam. By removing an unpleasant stimulus (the final test), students are negatively reinforced to attend class regularly.
- If you fail to hand in a project on time, your boss becomes angry and berates your performance in front of your co-workers. This acts as a positive punisher, making it less likely that you will finish projects late in the future.
- A teen girl does not clean up her room as she was asked, so her parents take away her phone for the rest of the day. This is an example of a negative punishment in which a positive stimulus is taken away.

In some of these examples, the promise or possibility of rewards causes an increase in behavior. Operant conditioning can also be used to decrease a behavior via the removal of a desirable outcome or the application of a negative outcome. For example, a child may be told they will lose recess privileges if they talk out of turn in class. This potential for punishment may lead to a decrease in disruptive behaviors.

## **2.9 SOCIAL LEARNING THEORY**

Learning is a remarkably complex process that is influenced by a wide variety of factors. As most parents are probably very much aware, observation can play a critical role in determining how and what children learn. As the saying goes, kids are very much like sponges, soaking up the experiences they have each and every day. Because learning is so complex, there are many different psychological theories to explain how and why people learn. A psychologist named Albert Bandura proposed a social learning theory which suggests that observation and modeling play a primary role in this process. Bandura's theory moves beyond behavioral theories, which suggest that all behaviors are learned through conditioning, and cognitive theories, which take into account psychological influences such as attention and memory.

### **What is Social Learning Theory?**

During the first half of the 20<sup>th</sup> century, the behavioral school of psychology became a dominant force. The behaviourists proposed that all learning was a result of direct experience with the environment through the processes of association and reinforcement. Bandura's theory believed that direct reinforcement could not account for all types of learning.

For example, children and adults often exhibit learning for things with which they have no direct experience. Even if you have never swung a baseball bat in your life, you would probably know what to do if someone handed you a bat and told you to try to hit a baseball. This is because you have seen others perform this action either in person or on television.

His theory added a social element, arguing that people can learn new information and behaviours by watching other people. Known as observational learning, this type of learning can be used to explain a wide variety of behaviours, including those that often cannot be accounted for by other learning theories.

### **Core Concepts**

There are three core concepts at the heart of social learning theory. First is the idea that people can learn through observation. Next is the notion that internal mental states are an essential part of this process. Finally, this theory recognizes that just because something has been learned, it does not mean that it will result in a change in behavior. Bandura goes on to explain that "Fortunately, most human behavior is learned observationally through modelling: from observing others one forms an idea of how new behaviors are performed, and on later occasions, this coded information serves as a guide for action." Let's explore each of these concepts in greater depth.



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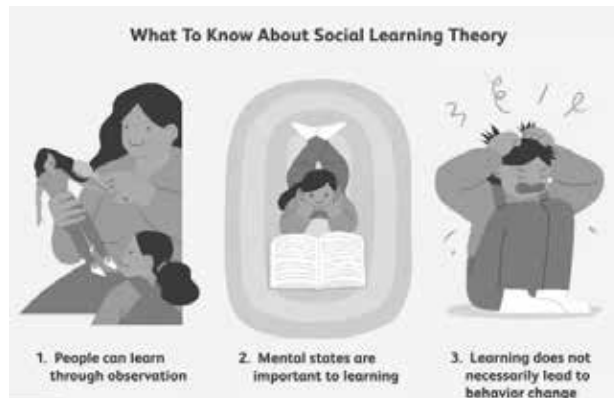


### People can learn through observation

One of the best-known experiments in the history of psychology involved a doll named Bobo. Bandura demonstrated that children learn and imitate behaviors they have observed in other people. The children in Bandura's studies observed an adult acting violently toward a Bobo doll. When the children were later allowed to play in a room with the Bobo doll, they began to imitate the aggressive actions they had previously observed.

As you can see, observational learning does not even necessarily require watching another person engage in an activity. Hearing verbal instructions, such as listening to a podcast, can lead to learning. We can also learn by reading, hearing, or watching the actions of characters in books and films. It is this type of observational learning that has become a lightning rod for controversy as parents and psychologists debate the impact that pop culture media has on kids. Many worry that kids can learn bad behaviors such as aggression from violent video games, movies, television programs, and online videos.

### The mental states are important to learning



Bandura noted that external, environmental reinforcement was not the only factor to influence learning and behavior. And he realized that reinforcement does not always come from outside sources. Your own mental state and motivation play an important role in determining whether a behavior is learned or not. He described intrinsic reinforcement as a form of internal rewards, such as

pride, satisfaction, and a sense of accomplishment. This emphasis on internal thoughts and cognitions helps connect learning theories to cognitive developmental theories. While many textbooks place social learning theory with behavioral theories, Bandura himself describes his approach as a 'social cognitive theory.'

### Learning does not necessarily lead to change

So how do we determine when something has been learned? In many cases, learning can be seen immediately when the new behavior is displayed. When you teach a child to ride a bicycle, you can quickly determine if learning has occurred by having the child ride his or her bike unassisted. But sometimes we are able to learn things even though that learning might not be immediately obvious. While behaviorists believed that learning led to a permanent change in behavior, observational learning demonstrates that people can learn new information without demonstrating new behaviors.

### KEY FACTORS FOR SUCCESS

It is important to note that not all observed behaviours are effectively learned. Why not? Factors involving both the model and the learner can play a role in whether social learning is successful. Certain requirements and steps must also be followed. The following steps are involved in the observational learning and modelling process:

- **Attention:** In order to learn, you need to be paying attention. Anything that distracts your attention is going to have a negative effect on observational learning. If the model is interesting or there is a novel aspect of the situation, you are far more likely to dedicate your full attention to learning.
- **Retention:** The ability to store information is also an important part of the learning process. Retention can be affected by a number of factors, but the ability to pull up information later and act on it is vital to observational learning.
- **Reproduction:** Once you have paid attention to the model and retained the information, it is time to actually perform the behaviour you observed. Further practice of the learned behaviour leads to improvement and skill advancement.
- **Motivation:** Finally, in order for observational learning to be successful, you have to be motivated to imitate the behaviour that has been modelled. Reinforcement and punishment play an important role in motivation. While experiencing these motivators can be highly effective, so can observing others experiencing some type of reinforcement or punishment. For example, if you see another student rewarded with extra credit for being to class on time, you might start to show up a few minutes early each day.

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### Real world applications

Social learning theory can have a number of real-world applications. For example, it can be used to help researchers understand how aggression and violence might be transmitted through observational learning. By studying media violence, researchers can gain a better understanding of the factors that might lead children to act out the aggressive actions they see portrayed on television and in the movies. But social learning can also be utilized to teach people positive behaviors. Researchers can use social learning theory to investigate and understand ways that positive role models can be used to encourage desirable behaviors and facilitate social change.

## 2.10 SENSORY MARKETING

Marketing is everywhere. Wherever you go, whatever you see, if you look deeply enough, you will find it. Or, if it's done right, it will find you. Marketing has become a well-renowned and effective tool in helping businesses succeed, and it has also developed into a multifaceted subject that is ever-evolving.

Sensory marketing recently appeared on the scene as a new hot topic for marketers and business people alike. Especially now - due to the challenges that have faced marketing throughout the middle of the pandemic - it has been important to adapt to the current situation and entice consumers in new and more original ways. So, what actually *is* sensory marketing? Within this blog post we will go through the 5 key points of sensory marketing, and delve into how utilizing each sense can work wonders for your marketing strategy.

### What is Sensory Marketing?

Sensory marketing is a potent tool that aims to appeal to at least one of the five senses in order to prompt significant, positive and, in turn, profitable responses from a business'

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main target audience. Sensory marketing provides a more special and memorable experience to its target market. It is also known to perform best when more than one sense is being targeted in one single message or campaign.

### Appealing to the five senses

Although sensory marketing is more common nowadays, it doesn't mean that it's an easy task to carry out. There are many things to consider when focusing on the senses as a means of evoking emotions and actions from your audience. It's vital that you choose the types of senses that are in coherence with your brand.

#### 1. SIGHT

Sensory marketing in regards to sight is one of the most important. Individuals like to see things that are aesthetically pleasing and captivating. This type of marketing dates back to many moons ago when Ancient Egyptians would create posters on papyrus to bring in potential customers to the markets. This is, of course, not the only instance in which visual marketing was used back in the day, but it's a great example of how far this type of sales technique dates back.

Nowadays sensory marketing can be performed in a multitude of ways. For example, via the creation of graphics, infographics, images, art, posters, advertising banners, videos, text, colours and so much more. These pieces of marketing can also be encountered anywhere, but in the 21st century, most of these visuals are found digitally, through online platforms such as Facebook, LinkedIn, Instagram, company websites etc.

Magazines, catalogues, whitepapers, eBooks etc. are all great materials to promote and market your business in a visually appealing way. Why not create a digital publication that allows your readers to flip through the pages as if it were a real paper document, without the paper (i.e. the cutting down of trees).

#### 2. HEARING



Using sound within your sensory marketing strategy is also a great way to establish your brand and make it more memorable. For example, in the 1920s it was common for companies to carry out their advertising via the radio. This was done through jingles, brand promotions and music. Some of the most common forms of hearing sensory marketing nowadays are: voiceovers, sound effects, podcasts, audiobooks

etc. Only few know the importance of not only visual marketing but also how sound can benefit your business and your brand's identity. That's why we observe sound feature, which allows to add both background music and sound effects to the pages of your digital publications.

#### 3. TOUCH

Sensory marketing also encompasses touch. Although it might seem like a strange way to market products or services, in some instances it makes a lot of sense. For example, if you're buying a new car - you'll need to do a test drive first i.e., see how it works, how comfortable it is and how you feel while



driving it. The same also applies to clothes - typically, when you're in a clothing store you touch the fabric to decide whether it's high quality and you, more often than not, try the clothes on. Touching products like this can help your brand in attaining more sales and gives customers more reassurance about buying your products.

#### 4. TASTE

Taste can only really be applied to vendors of food and drinks - e.g., drink brands, restaurants, cafes, cheese brands, etc. Taste is also closely related to smell and its effectiveness can vary based on the other senses surrounding a specific taste. It's no secret that taste is very subjective and certain flavours and tastes don't appeal to everyone - but this can also be said for sounds, smells and visuals. So, how can taste be used in sensory marketing? It's pretty straightforward - use samples to entice your audience. Many consumers are wary of buying new products, especially if they're used to buying a set list of groceries in the supermarket. However, if you allow them to try a free sample of your food, they're unlikely to refuse it. Furthermore, if the taste appeals to them - they will be more likely to buy it.

#### 5. SMELL

Some smell vividly takes you back to your childhood or a particular moment in your life. The sense of smell should not be underestimated, especially not in your sensory marketing strategy.



Here are some cool ways you can incorporate smell into your marketing strategy:

1. **Special fragrances that line up with your brand and your store.** For example, Hollister and Abercrombie and Fitch use their distinct sense to make their customers feel happy and enjoy shopping in the store.
2. **Scents that resemble the environment.** For instance, scents of the ocean, freshly cut grass, and other natural smells. These types of scents can sometimes be beneficial in evoking positive emotions in the customers when they're making purchases in a store.
3. **The irresistible smell of food!** If you're selling food - a good idea would be to focus on the smell and ensure that it's appealing and enticing when a customer walks by your restaurant/street food/food stall, etc. This point is also similar to realtors who bake cookies or cakes in the houses that they have on show so that people think of the place as more "homely".

### The Benefits of Sensory Marketing

#### Number of positive senses recalled and generation of brand loyalty (%)





- It's **what customers want**.
- Colours boost your **brand recognition**.
- Music and sound **help customers remember you**.
- The more senses you include in your marketing, the **more brand loyalty** you generate.
- It **leaves a good impression**, and customers will therefore have positive emotions when they think of your brand.
- It allows you to **appeal to more customers**. Not all customers are able to hear or see. Therefore, having an accessible brand, by using more senses in your marketing strategy, is definitely a benefit.
- It **makes an impact**.

### Examples of sensory marketing

Now that you know what sensory marketing is, here are some interesting examples that popular brands use to appeal to the 5 senses.

#### 1. APPLE

Apple is known for having a unique in-store experience that their customers are super fond of. They allow customers to try out all of their technological devices in store. By doing this, customers are able to **touch** and test the devices before actually purchasing. This inclined customers to trust Apple as they're not afraid of showing off their products, even before customers agree to buy them.

#### 2. MCDONALD'S



Here's a super famous example of sensory marketing. We all know the jingle - "Ba-da-ba-ba - I'm lovin' it." This is one of the most memorable jingles of modern times. McDonald's has used **sound** marketing in a way that is easily recognizable and catchy.

#### 3. ROLLS ROYCE

Another example of sensory marketing is Rolls Royce's use of **smell**. This brand is known for having cars with a special "new car" scent that appeals to many (and not only luxury) car enthusiasts. This scent makes new buyers crave that new car and entices them to buy a vehicle that's clean, shiny and completely brand new. It's an experience, to say the least!

## 2.11 CHAPTER SUMMARY

Information is acquired and stored in memory throughout time so that it will be accessible when we need it. Information gathered through our senses is stored in our sensory memory. This temporary store only exists for a few milliseconds at most. The capacity and duration of information storage in short-term memory (STM) are both constrained. The system that enables us to remember knowledge for a long time is known as long-term memory (LTM). Marketers are constantly trying to find new ways to increase their market share and get their products in front of consumers. One way they can do this is

by exploiting the human brain's ability to remember things by associating them with past experiences. This is why marketers often use childhood memories as a way of connecting with consumers. Target markets are given a more unique and lasting experience thanks to sensory marketing. Additionally, it is believed to function most effectively when more than one sense is targeted in a single message or campaign. Recently, sensory marketing has been a popular topic for both marketers and businesspeople. Due to the difficulties that marketing has encountered during the pandemic, it has been crucial to adjust to the current scenario and draw customers in with fresh and inventive approaches.

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## 2.12 REVIEW QUESTIONS

### SHORT ANSWER TYPE QUESTIONS

1. What are the benefits of 'sensory marketing'?
2. Briefly discuss the different types of behaviour.
3. What are the three stages of 'classical conditioning'?
4. What do you understand by marketing to older consumers?
5. Define consumer memory. How our memories store information?

### LONG ANSWER TYPE QUESTIONS

1. Explain 'social learning theory' in detail.
2. Discuss the examples of 'sensory marketing'.
3. Describe the key factors for success in detail.
4. Explain in detail 'operant conditioning theory'.
5. Describe the 'classical conditioning theory' in detail.

## 2.13 MULTIPLE CHOICE QUESTIONS

1. \_\_\_\_\_ can only really be applied to vendors of food and drinks.
  - a. Taste
  - b. Smell
  - c. Sight
  - d. Touch
2. \_\_\_\_\_ is a potent tool that aims to appeal to at least one of the five senses in order to prompt significant, positive and, in turn, profitable responses from a business' main target audience.
  - a. Sensory Marketing
  - b. Consumer Marketing
  - c. Social Learning
  - d. Classical Conditioning
3. 'Social Learning Theory' was proposed by whom?
  - a. Carl Jung
  - b. Albert Bandura
  - c. Charles Darwin
  - d. None of these



4. **'Operant Conditioning' was first described by behaviorist \_\_\_\_\_.**
  - a. B.F. Skinner
  - b. Carl Jung
  - c. Albert Bandura
  - d. Charles Darwin
5. **Operant conditioning is also referred to as \_\_\_\_\_.**
  - a. Instrumental Conditioning
  - b. Classical Conditioning
  - c. Both a and b
  - d. None of these
6. **The 'Bobo Doll Experiment' was demonstrated by \_\_\_\_\_.**
  - a. B.F. Skinner
  - b. Carl Jung
  - c. Albert Bandura
  - d. Charles Darwin
7. **What is the full form of NS?**
  - a. Neutral Stimulus
  - b. Normal Stimulus
  - c. Numeral Stimulus
  - d. None of these
8. **\_\_\_\_\_ stores the information we receive from our senses.**
  - a. Episodic Memory
  - b. Short-term Memory
  - c. Long-term Memory
  - d. Sensory Memory
9. **What is the full form of CR?**
  - a. Conditioned Response
  - b. Consumer Response
  - c. Classical Response
  - d. None of these
10. **\_\_\_\_\_ is a behaviorist theory of learning.**
  - a. Instrumental Conditioning
  - b. Classical conditioning
  - c. Operant Conditioning'
  - d. Social Learning

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# **WAYS TO ATTRACT CONSUMERS' ATTENTION**

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**STRUCTURE**

- 3.1 Learning Objective
- 3.2 Introduction
- 3.3 How to Attract Consumers' Attention
- 3.4 Branding Colors
- 3.5 Personal Relevance and Preferences
- 3.6 Novelty
- 3.7 How a Strong Brand Identity Can Bring in Customers
- 3.8 Symbolic Consumption
- 3.9 Negative Aspects of Consumption Upon Self
- 3.10 Chapter Summary
- 3.11 Review Questions
- 3.12 Multiple Choice Questions





### 3.1 LEARNING OBJECTIVE

**After the study of this unit, you will be able to understand:**

- The strategy of attracting consumers.
- The importance of branding colors.
- Meaning of symbolic consumption.
- The negative aspects of consumption upon self.

### 3.2 INTRODUCTION

The reason for a business firm to come into being is the existence of a consumer who has unfulfilled needs and wants. To fulfil these consumer needs an organization is set up. In your professional capacity you may also be a part of one such business organization. But as part of the organization, have you ever wondered about who are the consumers of your products and services? Why do these consumers buy your brand and not that of the competitors? How do your consumers perceive your product fulfils their needs? After having bought your product do, they feel satisfied or dissatisfied? And how are these feelings reflected in their behaviour as consumers?

It is important to the survival and growth of your organization that you regularly raise such questions and attempt to find answers to them. It is only through such a process of questioning and seeking that you can be sure of keeping your firm on the growth path. A thorough knowledge of your consumers and an understanding of their behaviour (as consumers) are essential if you wish to continue to remain in business. After having read this unit you would be able to spell out how to grab the attention of your consumers, what influences their behaviour and how you as a marketer can manipulate the influencing factors in your favour.

### 3.3 HOW TO ATTRACT CONSUMERS' ATTENTION



As a business owner, you must learn how to attract potential customers. Even if you already have customers, you must continue to attract more. Perhaps you might think that this is just an easy job. However, it takes more efforts. You need to sell your product or service by attracting customers. Unfortunately, this is difficult to achieve since consumers are exposed to numerous advertisements each day.

Today, marketers are facing the greatest challenge of how to attract consumers' attention. Fortunately, marketers can now use different strategies in presenting their products to their consumers. Nowadays, each customer will have to spend a lot of time browsing the internet before they can make their final decision. Since consumers are being presented with lots of information, sometimes they get confused. So how can you make your product or service stand out from the rest?



Consumers' attention can either be purchased or earned. If you want to have total control over your message, then you have to choose paid advertising. There are a lot of resources that you can use; however, the most apparent one is TV commercials. When it comes to digital marketing, marketers can use different channels such as paid search (SEM), social media sites such as Face book, and a lot more.

But according to a consumer survey, more and more people are now trusting recommendations from their friends and relatives. While others rely more on the opinions or reviews posted online. This type of marketing is known as earned media. Marketers have no control over the timing, location, and message of the advertising. Most often this can happen when news organizations or the customers themselves share their sentiments about a certain brand. In case it was the users who share the information, then most likely, that particular brand has truly captured their attention.

According to the research conducted by Thales Teixeira, an associate professor from Harvard Business School, there are two factors for grabbing consumers' attention. These are intensity and duration. Intensity refers to the quality of the attention provided at a particular time, while duration pertains to the quantity of the attention. Both of these factors are significant with earned media but may not be applicable to paid marketing.

In order to become successful in earning customers' attention, you must consider these two important elements – high-quality content and effective distribution. The best way of enticing your customers is to provide them with valuable content filled with attention-grabbing words. The content should be presented in such a way that it can entertain the users or provides them with significant information. When it comes to the distribution of your message be sure to reach out to customers who will potentially share your marketing message to others.

### **Plan your strategy.**

Attracting potential customers can be hard; however, it can get even harder if you don't plan your strategy. You have to think of different ways to attract potential customers. There are different channels that you can explore. Perhaps some channels might not be applicable to some businesses. That is why it would be great if you could spend some time and try to test these different channels so you can attract the attention of your potential customers. Be unique always. This can set you apart from your competitors. You can learn some things from your competitors but you should not imitate them. Being unique can help you in attracting potential customers.

### **Always consider what your customer wants.**

When creating campaigns, most marketers focus more on the goal of their company. Unfortunately, they don't consider what consumers really want. Marketers can effectively create attention-grabbing campaigns if they know what can satisfy their customers. This is what Click bait is all about. Users will immediately click a text or link that attracts them. However, this strategy would not be considered valuable after the consumer has clicked through. The key is to always provide your customers with relevant, engaging content.

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**Entertain your customers.**

Another way of grabbing the attention of your customers is to entertain them. Steve Martin agrees to this idea and states that “Be so good they can’t ignore you.” Keep in mind that you have several competitors out there, so you must do your job well so you can attract customers’ attention.

According to Jaime Veiga Mateos, the academic director of the Master in Market Research and Consumer Behavior at IE School of Human Sciences and Technology, “Companies need to generate simpler messages, communicated in a sharper way and of course they need to adapt those messages to each context – making them more visual, emotional and engaging. “The best way to accomplish this is to incorporate humor or emotions into your message. Entertainment, engagement, and emotion are essential when communicating with your customers.

**Incorporate humor in your ads.**

Sometimes it would be great to surprise your viewers, however, avoid shocking them. Most often, this can help you in gaining that much-needed attention and engagement. But shocking your prospective customers might hinder digital sharing. Do you know that most viral ads today contain humour? Keep in mind that there are two kinds of humour – pure and shocking. Pure humor can quickly generate viewers and encourage them to share the ad. On the other hand, shocking humor can only generate viewing.

**Your ad must be capable of creating a positive emotional feeling.**

As a marketer, you should value the importance of your customers’ emotional feelings. In today’s world, people can easily gain access to a wide range of brands; this means that you have a lot of competitors out there. That is why it is important to include positive emotion in your message. When it comes to online video ads, as much as possible try to incorporate surprise and joy in them. This can quickly grab attention and at the same time retain these viewers. Using one of these emotions, can help in retaining your customer’s attention. It will be more effective if you create a surprise and e then instantly follow it with joy.

In today’s world wherein there is tons of information, every second counts. You need to offer joy instantly in order to create engagement. When consumers feel a positive emotion, they will quickly share information and brands. Aside from the surprise ending, your ad should also include joy. One of the best examples of an ad which offers surprise followed by joy is the Bud Light swear jar ad. GIFs are very helpful in creating instant, emotional messages.

**Create an ad with an emotional roller coaster.**

Most likely, viewers will continue to watch an ad if it contains emotional ups and downs. For instance, a child who receives an entire candy bar has fewer feelings of happiness than a child who receives small portions of the candy bar repeatedly (also see repeat business). This can be applied to your message. You provide joy to your viewers, take it away, and then provide it again. Video ads which offer a consistent level of surprise and joy won’t provide a long engagement. Marketers must learn how to create an emotional

roller coaster. By letting viewers experience emotional ups and downs, most likely this can catch their attention. Again, the Bud Light swears jar advertisement is an excellent example of this concept.

### **Don't make your branding too exaggerated**

Sometimes people don't like being persuaded all the time. They will instantly ignore brands that have extreme branding. According to some research, customers don't want to watch video ads wherein the brand logos will constantly appear on the screen. Consumers will be less likely watch ads which have logos appearing at the centre or worse if they are using larger logos. Enduring exposure of the brand is also not advisable. According to Bob Garfield and Doug Levy, authors of the book "Can't Buy Me Like", "This effect of branding avoidance is so strong that it seems to be incorporated into people's subconscious they are not aware of their own passive resistance to persuasion."

So, what is the best way to promote your brand so you can capture your customers' attention? Teixeira suggests that marketers should use "brand pulsing." In this method, you are showing your brand image all throughout the ad but in a conservative way. This can increase the number of people viewing your ads. One of the best examples of brand pulsing is the Coca-Cola ad entitled "Happiness Factory." If you've watched this particular ad, you will notice the brand image appears consistently, however, they do it modestly. Regardless, if it appears several times, it did not make the viewers feel overwhelmed.

This method can be applied to your marketing campaign by being creative. Maybe you can offer them some discount rather than focusing more on your brand. When sending a message to your customer, you can include the logo of your brand so you won't have to mention it anymore on the message.

### **Target consumers who will likely share your message.**

Viewers will likely share any content, regardless, of whether it's advertising or not, as long as they find it interesting. Sometimes it is just not about the content. Most users are sharing content so as to gain popularity on social media sites. Viral advertising is not only beneficial to the marketer but also to the consumer. Ultimately, you need to incorporate emotion in your ads if you want to entice viewers to watch your ad. But encouraging these viewers to share your ad will greatly depend on the personality of the user. Consumers tend to share ad content because they know that their friends will love it. They even feel that they are helping them by providing them with some critical information.

### **Don't give up, just keep going.**

You might not be successful on your first try, but this does not mean that your strategy is not effective. Sometimes customers have to keep on reading your campaign before they are ultimately convinced. Perhaps they have to read them seven times or as many as 20 times. Mateos believes that you should not stop delivering your message to your potential customers. One of the most useful strategies that you can use is drip marketing. It works by sending email campaigns to your customers either weekly or monthly.

According to Mateos, "Repeated messages and frequently retrieved information will generate a strong footprint which is easier for consumers to access in the future. But the



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message needs to be relevant and engaging.” Obviously, you don’t want your customers to keep on receiving those spam messages. You must plan your strategy effectively by giving them relevant messages that incorporate your brand.

**Remind your customers that there are still other things that you can do for them.**

Once you have made your first sale, sometimes it is hard to make another one. Probably, it’s because there are a lot of distractions and as a result, your customers will completely forget about your company. You could have made more sales if you’ve contacted them by phone. But sometimes they are too busy. The best solution would be to create an automated system that can help you in keeping in touch with your customers on a regular basis. For instance, you could create specific emails designed for new customers, new products, follow-up orders, special offers, and others. This can greatly help in improving your sales. As much as possible, do this strategy in such a way that it is more convenient and accessible to your consumers.

**Conclusion**

By applying these tips on your campaign, you can quickly grab consumers’ attention. After gaining attention from your viewers, how can you convince them to buy your product or service? Most likely, if attention from your consumers is retained then there are greater chances that this information will be shared to others. As a result, those who shared your ad content will become your brand ambassadors. They will feel excited about sharing your content and in the long run, this can help in producing earned marketing. Eventually, when your ad will become viral, your earned marketing will also improve.

Since consumers only have restricted attention, then marketers must see to it that they are offering valuable content to their consumers. When creating a brand message, they must prioritize their consumers first before their brand. To effectively grab the attention of your consumers, you must incorporate some emotions into it. This can motivate consumers to share your ad since they find it interesting and valuable. Marketers can combine different types of approaches when creating their ads. Understanding human emotions are also critical in creating a successful attention-grabbing campaign.

**3.4 BRANDING COLORS**

Chase. Citibank. Barclay’s. Bank of America. All banks. All use blue for one of their dominant brandings’ colours. Even other financial institutions like Prudential and Merrill Lynch use blue. Obviously, it’s more than a coincidence that these money-related companies all chose blue for their brand identity. So, what do they all know that you don’t?



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Consumers view brands that use blue as more eco-friendly than other colors, even green. The question our articles answer is, why? The short answers are they know how to

combine colour theory with business. When building a brand just like when building a house or furniture you need to understand how to use all the tools at your disposal, and that's just what we're going to discuss today. We'll run through everything you need to know about branding colors. We'll touch on concepts from artistic disciplines like color theory and art history and merge them with the best practices for branding, marketing and what a company needs to survive in today's business landscape. But first things first, you need to understand just why branding colors matter so much.

## WHY BRANDING COLORS MATTER

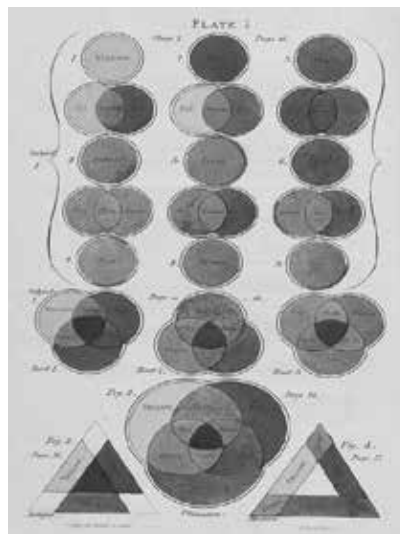


"Colors, like features, follow the changes of the emotions." -Pablo Picasso

What do you think of when you hear the word "love?" Whether positive or negative, it mostly likely conjures a stronger emotional response than when you hear a phrase like "bike rack." Emotions are powerful and (whether we like it or not) drive our decision making. As a brand, you want to cultivate a strong emotional connection with your customers. The problem is you can't tell your company's entire life story in a logo or storefront—but branding colors provide a shortcut straight to your clientele's hearts.

One of the most famous color theorists, Faber Birren, wrote extensively on the link between colors and our emotional state, particularly in his book *Color Psychology and Color Theory*. Just like the words "love" and "bike rack" elicit different emotions, colors like red and blue both create different human responses as well. Even more interesting, the same colors tend to provoke similar responses in different people; in other words, yellow evokes similar feelings in people from Montana to Timbuktu. This extends even to shades of individual colors, so deep dark blue and light sky blue will also have different effects.

Color theory is intrinsically tied to mankind's history, as you can see from the page in an 1826 manuscript by Charles Hayter. Color theory goes a lot deeper than "pink is a pretty color." Psychologists link it to the very evolution of humans; connections with certain colors developed after years of associating them with particular objects. A blood red, for example, puts people on alert for danger nearby; the browns of dirt and rotten food tend to be unappetizing.



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This isn't always accurate after all, farmers (and chocolate lovers) might love the color brown, and let's not forget humans evolved to see the color blue only in recent millennia but when considering millions of years of biological conditioning, it's easy to see how affiliations to colors goes beyond mere preference something humanity has known for quite some time now.



Americans work hard for their green, but do Europeans work hard for their blue?

And let's not forget the cultural associations. A clear example is the way Americans associate green with money because the currency we use every day is green. People from other countries wouldn't necessarily understand the phrase "spending greens"; a company "going green," however, would resonate with almost everyone.

Even the most cold-hearted business person can't ignore the science between the psychological effects of branding colors. With mountains of evidence, it's not a question of *do brand colors work* but *how do one make brand colors work for one's brand?*

### APPLICATION OF BRANDING COLOURS

According to neuroscientist Antonio Damasio, how consumers feel about a brand has more pull than what they think about a brand. Pair that with the fact that we know certain colors evoke certain emotions and voila: your brand colors have the ability to impact your sales or performance even more than the products you offer.

Moreover, repetition of the same color can strengthen brand awareness. When was the last time you saw a Coke can that wasn't red or a Twitter bird that wasn't sky blue? (Certainly, the marketing world learned its lesson from Heinz's tragic foray into purple ketchup.) Given enough exposure, colors become part of a brand, so you want to encourage this association by using your brand colors consistently.

Just for the sake of organization, here are the most common areas you'll be using your branding colors:

- Logo
- Website
- Storefront
- In-store design
- Staff uniforms
- Advertisements

Best Buy chooses a smart colour scheme of a dominant blue and passive yellow, a complementary pair as we explain below. Blue carpets, blue walls, blue shirts for employees one glance at this picture and you know you're not in RadioShack.

By using the same colors in all your business ventures, you strengthen your brand's association with those colors, and by extension strengthen brand awareness as a whole.

What this all amounts to, at least for branding, is that you must choose your branding colors carefully as they'll have a direct influence on your brand identity. Pink may be your personal favorite color, but it might be the worst for your business goals. But before you even get into which colors you want to represent you, first you must decide your ideal brand personality.



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### What do different branding colors mean?

We've spoken enough about the abstracts for brandings colorslet's dive into the hard facts of color meanings (or at least some guidelines). Here's a summary of brand color meanings and the effect that different branding colors can have on people:

COLOR	MEANING
Red	Stands for passion, excitement and anger. It can signify importance and command attention.
Orange	Stands for playfulness, vitality and friendliness. It is invigorating and evokes energy.
Yellow	Evokes happiness, youth and optimism, but can also seem attention-grabbing or affordable.
Green	Evokes stability, prosperity, growth and a connection to nature.
Light Blue	A light shade of blue exudes tranquillity, trust, openness. It can also signify innocence.
Dark Blue	Stands for professionalism, security and formality. It is mature and trustworthy.
Purple	Signify royalty, creativity and luxury.
Pink	Stands for femininity, youth and innocence. It ranges from modern to luxurious.
Brown	Creates a rugged, earthy, old-fashioned look or mood.
White	Evokes cleanliness, virtue, health or simplicity. It can range from affordable to high-end.
Grey	Stands for neutrality. It can look subdued, classic, serious, mysterious or mature.
Black	Evokes a powerful, sophisticated, edgy, luxurious and modern feeling.

Keep in mind that the effect of your branding colors depends on the style and design they are used in, as well as the color combinations you choose. This is an abridged version, our connection to color goes a lot deeper than this—for example, too much yellow can actually cause anxiety. If you want to learn more about these intricacies, read our full guide on how color impacts emotions and behaviors.

### Formula for building a brand color scheme

Obviously, there's no one right way to pick your branding color scheme. When dealing

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with abstracts like brand identity, it's difficult and unwise to ascribe hard and fast rules. That said, the process can be daunting and confusing, so a little guidance is helpful. Here, we're going to explain our process for building a color scheme that you can use more as a framework, and less as step-by-step instructions.



### 1. Plan on choosing 3 colors

Your base, accent and a neutral. Brand color schemes can have between 1-4 colors depending on the type (see below), but even monochrome schemes will require some variation in hues for different purposes.

### 2. Choose your base

Of all your brand's personality traits, which one is most important? Your base color should reflect not only your brand personality's most dominant trait, but also appeal to the target audience you're trying to reach. You'll choose the remaining colors based on how well they match with this one.

### 3. Choose your accent

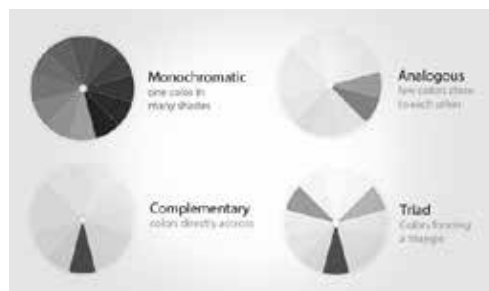
Your accent will be the color you use the most after your base color. This is a bit trickier than choosing your base color because there are more restrictions: aside from matching a brand personality trait, your accent color must also pair visually with your base color, not to mention appease your audience.

### 4. Choosing your neutral

Your neutral color will most likely be a background color, something chosen to avoid attention. Typically, these are different hues of gray, but beige, whites and off-whites work, too. Black is also an option, but be careful; it tends to dominate any color scheme it's a part of.



Classic Coors is an affordable bear that appeals to a more mature, masculine customer. They use a dark blue to indicate maturity, and a golden brown that is between rugged, masculine brown and affordable yellow.



Throughout the process of choosing your branding colors, you have to keep in mind the end goal: what kind of color scheme are you using? Typically, brands use one of these common brand color schemes:

When choosing branding colors, the color wheel is one of your greatest aids. The locations of colors to one another on the wheel.

- **Monochromatic** - When you have one personality trait that you want to focus in on, a monochrome scheme will emphasise the meaning of that one brand color. While great for minimalist brands, the challenge here is differentiating the hues enough that your sight doesn't become visually stunted.
- **Analogous** - Colors next to each other on the color wheel have harmonious relations, since adjacent colors usually have similar emotional connotations. Analogous schemes are safe bets, but as such not the best for standing out or drawing attention.
- **Complementary** - Color complements or opposites are colors directly across from one another on the color wheels. Because they're opposites, they bring out the best in each other when paired; you see complementary colors a lot in sports teams. Complementary colors are great for dynamic, stimulating visuals, but be careful of copycatting another brand since they're so popular.
- **Triadic** - A stable branding color scheme, triadic colors draw in equal parts for three different sections of the color wheel. Triadic schemes are stable like analogous themes, but offer a more stimulating variety like complementary schemes. The hardest part is getting the three colors to coincide with the traits of your brand identity.

How your branding colors combine will come up again and again in many different aspects of your business. Your brand color scheme determines the look of your website, logo, store design, advertisements, etc., and even trickles down into minor appearances like your social media account. So, choose them all carefully.

### 3.5 PERSONAL RELEVENCE AND PREFERENCES

Marketers see today's consumers as web-savvy, mobile-enabled data sifters who pounce on whichever brand or store offers the best deal. Brand loyalty, the thinking goes, is vanishing. In response, companies have ramped up their messaging, expecting that the more interaction and information they provide, the better and the chances of holding on to these increasingly distracted and disloyal customers. But for many consumers, the rising volume of marketing messages isn't empowering its overwhelming. Rather than pulling customers into the fold, marketers are pushing them away with relentless and ill-conceived efforts to engage.

That's a key finding of Corporate Executive Board's multiple surveys of more than 7,000 consumers and interviews with hundreds of marketing executives and other experts around the world. Our study bored in on what makes consumers "sticky" that is, likely to follow through on an intended purchase, buy the product repeatedly, and recommend it to others. We looked at the impact on stickiness of more than 40 variables, including price, customers' perceptions of a brand, and how often consumers interacted with the brand. The single biggest driver of stickiness, by far, was "decision simplicity" the ease with which consumers can gather trustworthy information about a product and confidently and efficiently weigh their purchase options. What consumers want from marketers is, simply, simplicity and hence the product is more preferred by the consumers.



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Consider the marketing activities of two digital camera brands. Brand A's search engine strategy is to pick up any consumers who are searching common digital camera terms and direct them to the company website. There they find extensive technical and feature information and 360-degree rotatable product photos, all organized and sortable by model. In stores, shelf labels list key technical attributes, such as megapixel rating and memory, and provide a QR code that takes consumers to a mobile version of the brand's website, where they can dig more deeply into product specifications.

Brand B's search engine strategy is to first understand the consumer's intent and where in the search process she is likely to be. Why does she want a camera? Is she just starting to look, or is she ready to buy? The company guides those in the early stages of investigation to third-party review sites (where its cameras get good marks) and directs consumers who are actively shopping to its own website. User reviews and ratings are front and centre there, and a navigation tool lets consumers quickly find reviews that are relevant to their intended use of the camera (family and vacation photography, nature photography, sports photography, and so on). In stores, Brand B frames technical features in nontechnical terms. Instead of emphasizing megapixels and memory, for example, it says how many high-resolution photos fit on its memory card. The QR code on the shelf displays leads to a simple app that simulates one of the camera's key differentiators, a photo-editing feature.

The highly detailed information Brand A provides at every step on the purchase path may instruct the consumer about a given camera's capabilities, but it does little to facilitate an easy decision. Brand B simplifies decision-making by offering trustworthy information tailored to the consumer's individual needs, thus helping her traverse the purchase path quickly and confidently. Our research shows that customers considering both brands are likely to be dramatically "stickier" toward Brand B.

### 3.6 NOVELTY

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#### **Objective and subjective factors that determine our attention!**

It is authentic that the eye is a selective interest and volition of our thoughts may be very vital to decide our attention. But in spite of this, there are a few elements with inside the gadgets in addition to with inside the character himself that could impact our attention.

Novelty, with the aid of using definition, is something this is new to us, and the enjoy of novelty can take many forms: assembly a brand new friend, getting to know a brand new skill, shopping for a brand new outfit, being attentive to new music, or touring to a brand new environment. Most mammals, specifically humans, evidently opt for novelty, see you later because it does now no longer include a few perceived threats. Rats in a lab maze will mechanically discover a newly opened phase of the maze, and youngsters will mechanically gravitate closer to a brand-new toy, even if vintage favourites are without problems available. New sorts of gadgets draw our interest quickly. Advertising companies undertake this approach very effectively. For example, modern style dress, shoes, pen, etc.

It is the excellent of being new and unusual. It is one of the foremost figuring out elements directing interest. The appeal to novelty has been proven to start as early as 1 yr. of age;

for example, while babies are proven pictures of visible patterns, they'll stare longer at a brand-new sample than at a sample they've already seen. In patron behavior, the appeal to novelty is manifested as a choice for a change, even with inside the absence of dissatisfaction with the existing situation. For example, in spite of pride with a specific product, many customers will transfer to a one-of-a-kind emblem simply due to the fact it's far new.

Novel merchandise gift unknown possibilities in addition to unknown dangers. Past studies cautioned that low mental manipulate highlights dangers and decreases the adoption of novel merchandise. Consistent with a located cognition perspective, we display that this relies upon at the specifics of low manipulate. Across 5 studies, novelty searching for became decrease after client's idea approximately times of low (vs. high) private have an impact on, however better after client's idea approximately times of low (vs. high) predictability of the sector.

Thinking approximately an absence of private have an impact on improved the perceived significance of private functionality and in flip impaired the exploration of novel options, while considering an unpredictable international improved the perceived significance of preparedness for an unknown destiny and in flip the exploration of novel options. Throughout, perceiving low private have an impact on benefited acquainted merchandise, while seeing the sector as unpredictable benefited novel merchandise. This highlights that expertise clients' responses to a loss of manipulate calls for joint attention of the specifics of chance and task, steady with located cognition principles.

The cause for this choice is simple novelty makes us happy. Brain studies has proven that a hurry of dopamine accompanies sparkling studies of any kind. In one take a look at posted with inside the magazine Neuron, researchers confirmed individuals a chain of snap shots that had been on the whole very comparable and commonplace: normal landscapes, interiors, and faces. Then, they randomly threw in an "oddball" image, something that changed into sudden and out of the normal. Observing which regions of the subjects' brains had been activated at some stage in the experiment, they located that the "satisfaction centres" of the brain, positioned in particular with inside the midbrain, had been activated whilst the oddball appeared, ensuing in a flood of dopamine at some point of the brain.

This characteristic of the human mind probable granted us superb evolutionary advantage. As brains have become large and greater complex, getting to know have become necessary; uncooked intuition by myself become now no longer enough. Because we may want to learn, we tailored to all types of environments through getting to know a way to address ones we had now no longer skilled before. This appeal to novelty encouraged us to discover and find out about new environments, and our adventurousness becomes rewarded with a dose of dopamine at the side of extra probabilities of survival. The uncanny manner that human beings have unfold round the sector and evolved societies in all types of environments is surely depending on this selection of the mind.

But is novelty nevertheless important in our safe, present day world? Yes, very plenty so, due to the fact it's far nearly not possible to thrive without it. Learning, whether or

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not academic, job-related, or in any other case, keeps to rely on novelty. New stories and statistics stimulate the reminiscence facilities of the brain, which can be carefully associated with the pride facilities defined above. That's why you don't forget out-of-the-regular days returned in excessive school the day to procure in hassle or broke up with a person or gained the educational decathlon higher than the numerous different stupid days that handed through without incident. The novelty of these conditions helped to cement them on your brain. That's additionally why true instructors usually search for new approaches to technique in any other case dull subjects; novelty makes matters interesting, which in flip makes statistics simpler to don't forget. Ultimately, human beings cannot hold hobby in any subject matter for lengthy if novelty isn't always present.

### **3.7 HOW A STRONG BRAND IDENTITY CAN BRING IN CUSTOMERS**

If you own or manage a business, you're probably familiar with branding. But not as many leaders are aware of their brand identity and how it impacts their business. While the difference between branding and brand identity might seem like a matter of wordplay, they're actually two distinct concepts, both important to how your company is perceived by others. Learning how to manage and proactively build your brand identity can allow you to create deeper connections with your existing customers and help you reach new audiences.

#### **The difference between branding and brand identity**

Branding includes all the visual ways that your organization is represented, from your logo and website to advertisements and vehicle wraps. When you choose a color scheme for your website or font for your newsletter, you're making a branding choice.

Brand identity, on the other hand, is more about the intention behind your communications, not just how they look. It includes nearly anything that represents your company to consumers or affects how the business is perceived by the public. Branding is a part of your brand identity, but it also includes much more. The tone of your social media posts, the reusable packaging on your products and even the uniforms your staff wear are aspects of your brand identity.

#### **Why brand identity matters**

For those who are outside of marketing, brand identity is sometimes mistaken for a tactic that only applies online, or one that's aimed at people concerned with social activism, etc. But it is not specific to one set of values or audience. Brand identity is how all businesses share their values, whatever they may be, and it's highly relevant to anyone with an interest in attracting or retaining customers.

The true value of a brand's image or identity is difficult to measure, but a strong brand identity certainly benefits a company's bottom line. This can be seen in the resources that are required to launch a new product or service, for example. Companies with a strong brand identity can create excitement around a product launch with far less investment of resources than an unknown brand would need to make to reach the same audience.

**Word of advice for building brand identity**

To begin actively building a brand identity, you'll first need to clearly identify your company's mission, values and objectives. In other words, define what you want your brand to be. What sets you apart from competitors, and why do customers choose you? The answer to these questions is the foundation of your brand identity. Sharing these statements publicly can be a great first step.

Once you've identified the values that are important to your company, look for ways to take action on them, and imagine how they can be represented or shared visually. For example, if your company wants to be known for having the most skilled and knowledgeable employees, consider ways to support education or training in your industry and feature employee success stories in your marketing or web design. If being an active member of the community is important to you, encourage your employees to volunteer or allow your office to be a collection site for donations, etc. Once employees are engaged in a cause or issue, even internally, it can create natural opportunities for authentic videos, social posts and blogs on these activities and how they align with your mission.

**Strong brand identity guides marketing strategy**

Consistency is key to creating a strong brand identity. This is good news for marketers. Once you've identified what your brand wants to be known for luxury or affordability, exclusivity or accessibility, etc., you have a clear motivating force for your messaging and visual communications.

If you're not sure yet how affordability can be represented in, say, website design or a newsletter, don't worry, that's what talented creatives like graphic designers and copywriters get paid to do. Defining who you want to be is a much more important step, but with a little professional soul-searching, nearly any company can use brand identity to build and retain a loyal customer base.

**3.8 SYMBOLIC CONSUMPTION**

In the past 40 years, during a period of significant increases in consumer goods across the world, many scholars have addressed the symbolic or meaning-making properties of what people purchase, use, and display. Symbolic consumption has been addressed primarily not only in consumer studies, but also in anthropology, sociology, economics, marketing, human ecology, and social psychology. Over the period, consumers have constantly changed their perceptions and notions regarding branded products and their value. The driving factors that make the consumer consume or not consume a particular product are varied and influence the process in various possible combinations of these individual factors.

Symbolic consumption is the term used when a consumer purchases or uses a product as a result of emotional driving factors as opposed to functional driving factors. The symbolic meaning associated with the product may greatly affect its adoption and use. For example, the decision to purchase an item of apparel may not be influenced only, or even primarily, by its color, fabric or design, but the symbolic meaning attached to a given configuration of these tangible features by both the purchasing consumer and by others observing him/her.

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The term is used to describe the phenomenon whereby people consume to reflect their sense of self identity. It reminds us of the socially assigned meaning to goods, often tied to desirable attributes for certain identifiable groups in specific contexts. It refers to the meanings conveyed by goods or other consumables, such as apparel, food, living, entertainment, leisure activities, cultural practices, and group membership in a broader social group. While perceived value is often conceptualized as bi-dimensional, some researchers include a third dimension, suggesting that symbolic benefits such as self-expression or social recognition are additional gratifications, different from hedonic perceptions.

There is no real consensus about the classification of symbolic value in previous literature: it has been referred to either as part of the hedonic value or as a specific type of value in itself. For some researchers' symbolic meanings and self-expression are classified and explored among hedonic values, while others make a clear differentiation and describe symbolic value as less product-related than hedonic benefits, including self-expression, social approval and self-esteem. Endless efforts were made by scholars to understand the reasons for product choice and the reasons for consumption. There are many products being purchased for the symbolic value they carry, rather than the functional value or the utilitarian value of the product.

Researchers classified the needs into functional, emotional and symbolic needs. While the lesser known and understood facts about symbolic consumption and the changing behaviour of consumers are being worked upon by various researches, the constant change in the pattern of this behaviour makes it difficult for researchers to stick to a particular stream and area of research. A lot of early work concentrated only on the functional and emotional drivers of consumption. Since there was an insufficiency of the concept as per other researchers, more work was focused on exploring the emotional drivers that lead to symbolic consumption. With increasing number of brands and product lines being available in the Indian market, consumers have created new preferences and reasons for choosing particular products and brands over the others.

### **3.9 NEGATIVE ASPECTS OF CONSUMPTION UPON SELF**

The modern society of consumerism and rampant 'development' is destroying our world. The biggest problem with consumerism is the fact that people do not realize that there is a problem. We are already consuming resources at an alarming rate and quicker than our planet is able to replenish. If we focus on Western countries where the culture is the most developed, the problem is even greater.

It has been estimated that if everyone on earth consumed the same amount as the average US citizen four planet earths would be needed to sustain us. The story gets worse with even wealthier countries, with an estimated 5.4 planet earths needed to sustain us if we all lived at the same standard as the United Arab Emirates. There are a number of negative effects caused by the contemporary consumerist society.

**How does consumerism affect the quality of life on our planet?**

**Effects of consumerism on society: Global inequality**

The huge rise in resource consumption in wealthier countries has led to an ever-widening

gap between the rich and the poor. As the age old saying goes, “*the rich get richer and the poor get poorer.*” Using the latest data, in 2005, **59 percent of the world resources were consumed by the wealthiest ten percent of the population.** Conversely, the poorest ten percent accounted for just 0.5 percent of resource utilization. Building on this, we could look at the trends in spending, and where this money could be better used. It has been estimated that just US\$6 billion would provide basic education worldwide. Another \$22 billion would give every person on the planet access to clean water, basic health services, and sufficient nutrition.

Now, if we look at some areas of spending, we can see that our society has serious problems. It is estimated that every year, Europeans spend \$11 billion on ice cream – yes, ice cream! This is nearly enough to bring education to every child on the planet. Twice. Building on this figure, around \$50 billion is spent on cigarettes in Europe alone, and around \$400 billion is spent on narcotic drugs around the world.

### **Effects of consumerism on individuals: Obesity**

Research shows a close link between the rise of the modern culture of consumerism and the worrying rates of obesity we are seeing around the world. However, this should come as no surprise, since consumerism implies exactly that using as much as we can, rather than as much as we need. This causes a domino effect of problems on society. **Over-consuming leads to obesity**, which in turn leads to further cultural and social problems.

For example, medical services are stretched further and further as the worldwide obesity rates rise. In the USA, per capita medical expenses are said to be around \$2,500 more for obese people than for people of a healthy weight.

### **Effects of consumerism on the environment: Pollution and resource depletion**

As well as obvious social and economic problems, **consumerism is destroying our environment.** As the demand for goods increases, the need to produce these goods also increases. This leads to more pollutant emissions, increased land use and deforestation, and accelerated climate change. We are experiencing devastating effects on the planet’s water supplies, as more and more water stores are used up or diverted as a part of intensive farming procedures.

Waste disposal is becoming a problem worldwide, and our oceans are slowly but surely becoming a giant waste disposal pit. It is estimated that over half of the plastic produced every year is single use this means that it is used once, and then either thrown into landfill or finds its way into the environment. According to scientists, up to 12 million tons of plastic enter the ocean every year, forming giant floating garbage patches all over the world.

### **What can we do?**

It is obvious that we need to reduce consumerism and change our current lifestyles, otherwise the planet we know will cease to exist. We are currently consuming resources at an unsustainable rate, which is causing mass environmental destruction and social problems across the world. Make a change today by reducing materialistic possessions, increasing recycling, and raising awareness in your community.





### 3.10 CHAPTER SUMMARY

Today's consumers are viewed by marketers as web-savvy, mobile-enabled data sifters who seize the opportunity to buy from whichever company or retailer is offering the greatest bargain. The belief is that consumer brand loyalty is dwindling. As a result, businesses have intensified their messaging in the belief that the more contact and information they offer, the higher the likelihood that they would be able to retain these more distracted and disloyal clients. However, for many customers, the increasing number of marketing messages is overwhelming rather than empowering. With persistent and misguided attempts to engage, marketers are pushing customers away rather than bringing them into the fold.

Marketing strategies and tactics are normally based on explicit and implicit beliefs about consumer behavior. Decisions based on explicit assumptions and sound theory and research are more likely to be successful than the decisions based solely on implicit intuition. Knowledge of consumer behavior can be an important competitive advantage while formulating marketing strategies. It can greatly reduce the odds of bad decisions and market failures. The principles of consumer behavior are useful in many areas of marketing,

The consumer is influenced, by a variety of factors. These influencing variables can be broadly divided into two categories, namely, individual determinants and external variables. These were discussed in detail in this Unit. An understanding of consumer behaviour is of critical importance to all persons engaged in any form of marketing activity, its importance stems from the fact that i) behaviour of consumers can be understood, ii) how to influence the consumer, and iii) the marketer can manipulate these influencing variables to his advantage.

### 3.11 REVIEW QUESTIONS

#### SHORT ANSWER TYPE QUESTIONS

1. What do different branding colors mean?
2. What is the difference between branding and brand identity?
3. What do you understand by personal relevance and preferences?
4. What are the negative aspects of consumption upon self?
5. Briefly explain the application of branding colours.

#### LONG ANSWER TYPE QUESTIONS

1. How does consumerism affect the quality of life on our planet?
2. Discuss symbolic consumption in detail.
3. How a strong brand identity can bring in customers?
4. Describe the strategy to attract consumers' attention.
5. Why brand identity and brand color matters?

### 3.12 MULTIPLE CHOICE QUESTIONS

NOTES



1. \_\_\_\_\_ is the term used when a consumer purchases or uses a product as a result of emotional driving factors as opposed to functional driving factors.
  - a. Symbolic consumption
  - b. Consumption
  - c. Novelty
  - d. None of these
2. \_\_\_\_\_ color stands for passion, excitement and anger.
  - a. Red
  - b. Yellow
  - c. Green
  - d. Orange
3. \_\_\_\_\_ color signifies royalty, creativity and luxury
  - a. Pink
  - b. Purple
  - c. Brown
  - d. Blue
4. \_\_\_\_\_ is key to creating a strong brand identity.
  - a. Consistency
  - b. Viewership
  - c. Behaviour
  - d. None of these
5. \_\_\_\_\_ color stands for femininity, youth and innocence.
  - a. White
  - b. Yellow
  - c. Red
  - d. Pink
6. The single biggest driver of stickiness, by far is \_\_\_\_\_ the ease with which consumers can gather trustworthy information about a product and confidently and efficiently weigh their purchase options.
  - a. Decision Simplicity
  - b. Symbolic consumption
  - c. Novelty
  - d. Color Branding
7. \_\_\_\_\_ stands for professionalism, security and formality.
  - a. Dark blue
  - b. White
  - c. Yellow
  - d. Red

## NOTES



8. When creating a brand message marketer must prioritize \_\_\_\_\_ first before their brand.
- Consumers
  - Color
  - Preference
  - Discount
9. \_\_\_\_\_ color evokes cleanliness, virtue, health or simplicity.
- Purple
  - Brown
  - Red
  - White
10. \_\_\_\_\_ color stands for playfulness, vitality and friendliness.
- Dark blue
  - White
  - Brown
  - Orange

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# **ADVERTISING PSYCHOLOGY**

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**STRUCTURE**

- 4.1 Learning Objective
- 4.2 Introduction
- 4.3 Advertising Psychology
- 4.4 Factors that Make Advertisements Successful
- 4.5 Role of Humor in Advertising
- 4.6 Does Sex Sell
- 4.7 Role of Music in Advertising
- 4.8 Maslow's Theory of Motivation
- 4.9 How to Motivate Consumers
- 4.10 Positive Reinforcement
- 4.11 Encourage Involvement
- 4.12 Chapter Summary
- 4.13 Review Questions
- 4.14 Multiple Choice Questions



## 4.1 LEARNING OBJECTIVE

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**After the study of this unit, you will be able to understand:**

- The advertising psychology.
- The factors that make advertisements successful.
- The role of humor in advertising psychology.
- The theory of motivation by Maslow's.
- The steps to motivate consumers.

## 4.2 INTRODUCTION

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Advertising plays a major role in modern life. It shapes the attitudes of the society and the individual. It inevitably influences customer behavior. Smart marketers use psychology legally, ethically and respectfully to attract and engage customers, and compel them to buy. The main goal of advertising a certain product or service is to attract the customer's attention and analyse the impact of advertising on customer behavior, which is determined by a multitude of aspects, although the psychological-cognitive, emotional and behavioral-ones play the most important role. Many studies have shown emotional and psychological appeals resonate more with consumers than feature and function appeals

Customers are the most valuable assets for an enterprise. They can be costly to acquire and retain. Advertisers pay a particular attention to the customer in order to attract and retain him/her. According to Ph. Kotler and others (2003), D. Jokubauskas (2003), both the businesses and individual sellers should ask themselves what should the advertising of their products and services are and what impact on the customer should it make. Therefore, these aspects should be anticipated and evaluated and the following questions answered: what should the ad be; what should the emphasis be put on; what visual design should be chosen; what psychological impact is it going to have on the customer?

The relationship between advertising and psychology developed because advertisers were also searching for credibility. They wanted to add more science to their work to prove its effectiveness and to understand the motives influencing consumer behavior. Psychologists were hired to assist in gathering the information that would help advertisers gain a deeper understanding of their customers (Friedman, 2004). As the relationship developed, advertisers used psychological concepts to increase the sophistication of their ads and their ability to influence consumers. There are many psychological techniques implemented in advertising to persuade consumers like use of color to elicit specific associations or emotional responses, subliminal messages etc.

Colors can influence the emotional behavior of consumers by attracting attention to advertisements or highlighting certain elements of advertisements. Each color has characteristics and emotional responses that consumers are believed to associate with it. For example, red is thought to be associated with feelings such as happiness and excitement, while green is calming and interpreted as being healthy and natural. Subliminal messages are another persuasion technique utilized in advertising. Subliminal messages are blended into advertisements as hidden words or images and are presented

below a person's consciousness or awareness. The subliminal message is governed by the idea that the conscious mind judges and the subconscious one acts with the memory database.

### **4.3 ADVERTISING PSYCHOLOGY**

Psychology is the science of behavior and mind, embracing all aspects of conscious and unconscious experiences as well as thoughts. Psychologists explore behavior and mental processes, including perception, cognition, attention, emotion (affect), intelligence, phenomenology, motivation (conation), brain functioning, and personality. Psychology in advertising helps in understanding how the customers feel and behave and what makes them feel or behave in a certain manner. Every advertising campaign - design should be combined with aspects of customer psychology or sensory branding. From the colors of the advertisement in print, over moody music, pictorial design, every element of your advertisement counts and influences the customer/viewer.

As per Claude Hopkins, who is also considered as the Father of Modern Advertising Techniques, the competent advertising man must understand psychology. The more he knows about it the better. He must learn that certain effects lead to certain reactions, and use that knowledge to increase results and avoid mistakes. Human nature is perpetual. So the principles of psychology are fixed and enduring. Curiosity is one of the strongest human incentives. The advertisers should employ it whenever they can. We also learn that people judge largely by price. They are not experts. Many articles are sold under guarantee - so commonly sold that guarantees have ceased to be impressive.

Nowadays a lot of goods are sold on trial basis. The goods are first sent out in this way on approval and the customers are asked to pay later. And we find that people are honest. The losses are generally very small. Recent psychological pattern suggests the items to be personalized. It adds a lot of value to the product. In the same way it is found that an offer limited to a certain class of people is far more effective than a general offer. There are endless phases to psychology. An identical offer made in a different way may bring multiplied returns.

#### **Advertising tactics on the basis of psychology**

People think that their decisions and choices are most of the time made consciously and rational, relating to their wishes, interests and motivations while the fact is that most of our decisions in daily life are made on an unconscious level, which Smart, skilful, honest marketers use psychology legally, ethically, and respectfully to attract and engage means we are quite vulnerable to persuasion attempts which affect our unconsciousness. Advertising is intrinsically linked to the science of psychology. Advertisers have plenty of ways to manipulate our behavior. As new research and ideas come from psychology, neuroscience, and the social sciences, advertisers learn new ways to gain our interest and persuade us. A few such tactics are mentioned here:

##### **1. Promote Emotional Ideas**

Studies have shown emotional and psychological appeals resonate more with consumers than feature and function appeals. In advertising copy, benefits—which often have a psychological component—generally, outsell features. With familiar





products, an emotional appeal will create a fresh perspective. That new outlook, in turn, will be more likely to trigger a behavioral response.

## 2. Promote Exclusivity/Scarcity

Near the top of Maslow's hierarchy of needs pyramid sits self-esteem. People want to feel important; like they're part of an exclusive group. That's why advertising copy sometimes says: "We're not for everyone." This is partially because it's been ingrained in our minds that the expensive things tend to be scarce. Scarcity also suggests that other people like the product. The last reason scarcity technique works so well is that it reminds us that our freedom of choice will soon be gone.

## 3. Introduce Fear, Uncertainty, And Doubt

Fear, uncertainty, and doubt, or FUD, is often used legitimately by businesses and organizations to make consumers stop, think, and change their behavior. Everybody wants to feel secure and this is where advertising comes in, to hit their insecurities and to create an impression of the product or service as a solution to their insecurity and fear.

## 4. The Right-Hand Rule

We live in a world of right-handers, and therefore the right-side rules. We are naturally drawn to the right side of things, and in particular to the right hand of people. This is where we expect them to be carrying something, so always want to know what they've got. Advertising uses this knowledge, putting the items it wants us to buy in the right hand of the models. We should always depict your product so that you achieve an underlying goal: to encourage mental interaction.

## 5. Social Approval

Among the most effective tactics advertisers can use is tapping into our social insecurities. The more people who approve of something, the more likely we are to like it, too. We are more likely to buy something because it's gotten the stamp of approval by someone we know and admire.

## 6. Enlarge Emotional Words

Images trigger emotion in accordance with their size. The larger the image, the stronger are the emotions. Words are symbolic in nature. By increasing the surface size of our text especially emotional words we can enhance the emotional impact of those words. Enlarged words will capture attention more easily.

## 7. Use Assertive Language

Assertive language can improve advertisements for hedonic products. When people feel happy, they talk more assertively. Our assertive language will increase processing fluency. They'll be able to process your ad more easily.

One of the most important tasks advertising performs is to distinguish the item or service advertised, attract the customer's attention and sustain his/her attention. Advertisers have to be masters of applied psychology. If people can be made sick or well by mental impressions, they can be made to favor a certain brand as well in that way. And, this is the only way out to win them. An identical offer made in a different way may bring multiplied results. The consumer values any product or service on broadly three dimensions: Utility, Experience and Symbolism. It is the task the advertisers to highlight these things and create a favourable impression in the minds of the customers.

## 4.4 FACTORS THAT MAKE ADVERTISEMENTS SUCCESSFUL

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### What makes a good advertising campaign?

As consumers, we've all seen our fair share of ads that wow us, and ads that, well, flop. So, what makes a good advertisement? There are 10 guidelines that make for a strong ad or campaign. Let's begin!

1. It's promotional
2. It's persuasive
3. It's part of an overall marketing strategy
4. It's targeted
5. It's an investment
6. It's original
7. It's creative
8. It's consistent
9. It's personalized
10. It's ethical

#### 1. It's Promotional

At its core, advertising is a form of communication that **aims to publicize a product or service and encourage sales**. By nature, good advertising is promotional. While some may refer to advertising as "propaganda", they are in fact two separate concepts. Propaganda seeks to influence a population's ideology and ways of thinking, while advertising focuses on influencing purchasing habits. A good advertisement is promotional in nature, though this promotion can be more or less subtle.

#### 2. It's Persuasive

To achieve their main objective (to increase sales of a certain product or service), effective ads must **convince consumers that a certain product or service is better than a similar offering from a competitor**. Persuasive advertising assures that a product can solve a consumer's need or improve their life in some way.

Advertising employs a variety of resources such as appealing to consumers' emotions, winning their trust with arguments of authority, or using logical reasons to justify the purchase of a product. Remember those lessons about ethos, pathos, and logos from high school? Effective advertising uses these tools all the time. This can be seen in all the campaigns that De Beers has launched over the years in which they convinced people that diamond rings were essential to an engagement.

#### 3. It's Part of the Company's Overall Marketing Strategy

Behind every campaign, there is a lot of strategic thinking involved. Advertising always aligns with a specific marketing objective that ladders up to the global interests of the brand or company. Thus, a strong advertising strategy should be framed within the general marketing plan, like in Nike's Just Do It campaign.

#### 4. It's Targeted

In the past, advertising relied on mass media such as radio and television to reach as wide an audience as possible. Effective advertising in today's world

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requires **highly targeted and segmented audiences**. Every brand has a buyer persona or ideal customer profile they are trying to attract. The more focused your advertising is on a particular audience, the more effective it can be. The content of your advertising messages should be specially designed to appeal to the feelings and needs of your audience. Ads do not work if they are not trying to appeal to a specific type of person.

#### 5. It's an Investment

Advertising campaigns require an investment of time, resources, and of course, money. Generally, the channel issuing the advertisements charges a certain amount in exchange for its dissemination. A good ad campaign will increase the company's profits, and this should exceed the invested cost. To understand the relationship between costs, advertisers measure the campaign's ROI (return of investment). A positive **ROI** indicates that the advertising campaign has been a success.

#### 6. It's Original



It's no secret that advertising suffers from market saturation. Consumers are exposed to hundreds of ads a day in different formats, and most don't even pay attention to them. Therefore, effective advertising **stands out from the competition** by using unexpected formats and resources. You can grab a user's attention by emphasizing the novelty of your product or service, offering a great deal, or doing something completely out of the box, like Coca-Cola's "Share a Coke" campaign.

#### 7. It's Creative

Videos that tell stories, shocking images, unforgettable speeches, catchy jingles, etc. Effective ads use creativity to stand out and make a brand immediately identifiable or memorable. The best creative ads manage to surprise users, move them to action, and become instantly memorable, all while remaining faithful to the principles of the brand. A great example of this is Old Spice's viral ad campaign, The Man Your Man Could Smell Like.

#### 8. It's Consistent

Truly great ads stay consistent with the core of the brand and the values associated with it. Generally, a single ad can't achieve this goal, especially in a saturated environment. Therefore, a key aspect of advertising is consistency. Ideally, each consumer within the target audience should receive enough impact to remember the brand and its message, but not so much that it becomes annoying or saturated. It is also interesting to consider that impacts can be repeated through the same medium (for example, watching the same TV commercial several times) or transmitting the same message by adapting it to different channels (cross-channel or multi-channel advertising).

#### 9. It's Personalized

Personalization is an increasingly important trend in recent times and it's getting easier than ever. Truly effective ads are increasingly **personalized to the characteristics and needs of a particular user**. For example, you can use marketing automation to send e-mails with personalized content, like the one below by Sephora. These kinds of emails are activated when a user performs

a certain action and are a great example of incorporating personalization into advertising. Remarketing is another great way to use personalized ads, especially for ecommerce or retail stores.

### 10. It's Ethical

Because of its persuasive power, advertising should be controlled to prevent misleading information or unethical campaigns. While there are several public bodies that regulate the ethical aspect of advertising, it is also essential that **advertisers and agencies take responsibility**. In the end, honest and clean advertising reflects the values of the advertiser, contributes to improving a brand's image, and is beneficial in the long run.

## 4.5 ROLE OF HUMOR IN ADVERTISING

### What is the role of humour in marketing?

People seem to grasp the material for study better when they experience positive emotions. Laughter is probably among the most effective means of stimulating the person to learn. The same thing goes with marketing good humor works really nice, when you need to present a new brand, product or any material that must be offered to the public.

### What does humor do with a person?

Humor is indeed a powerful tool that can become a part of any marketing strategy. Go on reading to learn how exactly does the humor affect the prospects?

- The humor stimulates the level of cooperation. Almost all people love laughing and, as you might have guessed, it is contagious. The joke that doesn't offend anyone's feelings is a powerful means of building up trust and friendly relations. If knowledge is combined with something funny it becomes more argumentative as it demonstrates a high rate of confidence.
- Good humor stimulates the parts of the brain which are responsible for memorizing the information. The jokes which make the viewer shake with a positive surprise fall into subconsciousness staying there for a longer time than if it was some boring informative presentation where we would see facts, facts and nothing else but facts.
- Humor assists in making the idea viral. People tend to remember funny jokes and retell them to other people. If the humor level is good enough it will be quoted by a greater variety of people. Just remember which videos have the largest number of likes – the funny ones of course!

Points to consider when you plan to implement the humor marketing strategy.

So, you've decided to put the humor into operation. It seems a very simple business but in fact, there is a thin borderline between an effective joke that will attract people and an evil prank that will, on contrary scare the potential customers off. Consider the following things to develop an effective marketing strategy:

- **Pinpoint what is funny**

First of all, in what product should add the comical fleur. It can be either some picture with a funny quote, a video advertisement with some situation that will





catch the attention of the viewers, an entertaining song which people will want to thing again and again or any other means of advertisement. Remember that this will be a starting point so pick the means depending on the product or service you need to advertise.

- **Pick the target group for implementation**

Humor is an individual thing and people of different age can react in a directly opposite way on the same joke. Think for what ages the product is and try to pick the most suitable things for use. In this case a potential test group would be great as you could check your technics on them and see if it suitable for their age.

- **Avoid controversial topics**

There are some topics which should be avoided as they might be offensive to some groups of people. These are religious, ethnical, sexual and other suggestive themes which can harass the other people's feelings, making the brand look bad in the eyes of others.

- **A good humor is a natural humor**

Nobody likes artificial phrases. The same thing goes with humor. There are plenty of jokes which only pretend to be funny, but in fact, they are totally useless and even silly not to say worse. Spontaneous situations are the best sources of good jokes as they originate from your sheer heart. Being sincere always brings more affection.

- **Use KIS (keep it simple) method**

You can use some fancy phrases, situations, slang but if you want to make people laugh and remember the brand – put it simply. Non-complicated things are remembered better than some piles of terms. The exception in this situation is the case when your brand is some medical, technical or other stuff that cannot be used without specific terminology.

- **Stay close to the prospects**

People like those brands which do not wear a crown of prime and are not afraid to play jokes on themselves. A share of healthy self-criticism makes the brand human-friendly and clients will more likely choose the brand that your company will offer. So, think about the possible means of reaching out to the prospects in the friendliest manner.

- **Engage in social media**

The system of social media services is still the most influential. Now we can see it even better than before. Not only television and radio acquired have a popularity among people. More and more people prefer obtaining the information through the Internet via social networks, private blog, video channels etc. It is a good idea to monitor what is in trend to develop an own working plan.

Here is a very simple truth customers like being entertained. Putting some fun into your marketing campaign will make the prospect both happy and aware of your brand.

#### **4.6 DOES SEX SELL**

You probably think it's obvious that sex sells. That's a basic, unchallenged marketing belief. When it comes to advertising and sales, we naturally turn to eye candy, pretty women and men who are the ideal faces of persuasion. They smile seductively when they urge us to

buy, buy buy! And we buy. But with sex and sales, as with so many other issues, it turns out that more is not necessarily better. In fact, what a visual hint of sex will accomplish, a visual barrage of sex can destroy. Not long ago, researchers at Iowa State University found that viewers of programs with sexually explicit or violent content were less likely to remember commercials immediately after watching and even 24 hours later.

We all know that sex sells but did you know that this is only true in specific contexts? Have you ever come across a sexy ad for dog food? How about a romantic ad for cleaning products, insurance, or medication? The reason sex is successful in selling clothing, cosmetics, luxury items, vacations, and hot cars, is that these are all romantically charged items.

You may not see jeans as a sexual and romantically charged purchase but if you look closer at the motivation behind buying jeans, you'll begin to understand the connection. We tend to purchase new apparel when preparing for an exciting upcoming event or when we need a confidence boost. Most often, we imagine ourselves wearing new clothes and think about how we will feel (and how others will feel about us) when we wear them confidently.



Lee Jeans' sexually-charged ad

As stated earlier though, not all products can be sold using sex. Any product or service that has no romantic connection will be viewed as odd and potentially offensive when sex is applied to the marketing campaign. For example, take a look at the milk ad below:



Milk ad

We don't associate milk with anything even remotely romantic and as such this marketing backfires. It's confusing and unhelpful to use the "sex sells" theory when marketing these types of products and services. Before using sex or romance to market your offering, think

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hard about the underlying motivation behind the purchase. If the consumer is likely to be buying their way to confidence, happiness, or success, there is a good chance that sex can be successfully applied to the marketing of that purchase. Otherwise, it is probably best to avoid sexually-charged ads.

Does sex sell? Not necessarily, it turns out. It is not as obvious as we supposed. Perhaps we need to rethink some of our beliefs. The Iowa study involved several hundred subjects aged 18-54 with demographics selected to match those of the U.S. television audience. Those who saw ads during neutral programming (no sexual or violent content) remembered the advertised products better than those who saw the ads during sexual or violent programs. We can speculate about why this might be true. Perhaps it's because people pay so much attention to the violence and sex that they have less attention to spare for the commercials.

Perhaps the sexual and violent images stir up their own thoughts, which interfere with the ability to pay attention to the commercials. Or perhaps, as is the case in real-life experience of trauma, strong emotions aroused by powerful images impaired their memory directly. Regardless of the mechanism, the practical result of sex and violence on TV is that viewers remember less of the products the advertisers are trying to sell. If you can't remember it, you're not going to buy it.

The false notion that sex and violence sell comes from the fact that their intensity captures the channel surfer's attention. Advertising revenue is naively based on the number of viewers, regardless of whether their ads make an impact on them. But if the viewers can't remember the commercials on these shows, what difference does it make that more people are watching! When television, or other media, is criticized for poor taste and poor judgment, it tends to explain away responsibility by referring to the marketplace: sex sells, the industry says. And we're in the business of selling products by selling commercials. But this Iowa study, and previous ones that examined violence alone, shows that argument to be false.

Advertisers who want to make an impression on television viewers would be better off reaching fewer people who can remember their product, than reaching more people who are so overwhelmed by the program that the commercial message is lost. Sexually graphic, intensely violent television programs are selling only one thing: the message of excessive violence and sex. It is a coarsening and degrading message. It is a message of hostility and misogyny. And it doesn't even work!

#### **4.7 ROLE OF MUSIC IN ADVERTISING**

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##### **Why is music so important in advertising?**

So why do advertisers use music in commercials? Scientists have shown that to process music in our minds, we use the same parts of our brain as we use for memory and emotion. That's why simply hearing a specific song or note can make you feel a certain way. It's natural for the human brain to associate specific types of music with an object, a place, or a person.

Advertisers use music in commercials to create an association between a piece of music that captures the viewer to make them associate those sounds with their brand. Another study shows that music in advertising is associated with long-term memory encoding. In other words, how music is used in advertising can enhance the viewer's memory when it drives the action in the ad. This is why brands often choose tracks with lyrics or a tempo that matches what's going on the screen.

### How can you use music in advertising?

Music and advertising go together, but it's not enough to choose any song and hope it sticks. Few advertising campaigns reach the status of "memorable." The vast majority of music advertising is forgotten as soon as the viewer sees it. To create a musically commercial brand, it's about experimentation and hitting all the right notes. Here are some of the ways music advertisement can be utilized, as well as some music in advertising examples to illustrate how it works in practice.

- **Evoke Emotion**

One study showed that a shift from major to minor keys creates a sense of sadness and melancholy. Nowhere was this demonstrated more powerfully than in the ASPCA advert to stop animal cruelty. This campaign utilized Sarah McLachlan's "In the Arms of Emotion" to send a strong and powerful message back in the late 2000s. Animal shelters and other animal rights groups often use slow, melancholic songs in a similar vein to create that specific emotion. On a side note, it was such a powerful music advertisement that it generated more than \$30 million for the ASPCA.

- **Define Your Brand**

Chevrolet wanted to define its brand as tough and rugged. The goal of its marketing campaigns was to create a view that not only are their trucks tough and rugged, but so are the people who drive them. The organization brought in Bob Seger to appear in their commercials. The campaign was so successful that Bob Seger's "Like a Rock" has become associated with the brand years later. It's yet another example of how music and advertising can not only become a vehicle for a brand but can alter the perceptions of that brand as a whole.

- **Improve a Storyline**

Storylines are a significant part of any memorable music advertisement. They encourage people to watch and, occasionally, get people excited to see the follow-up. With only 30 seconds to tell a story, it's a challenge for brands to do this effectively. Extra Gum executed this perfectly with Haley Reinhart's cover of "Can't Help Falling in Love."

- **Target an Audience**

Sometimes a brand wants to laser target a specific audience. Apple's advertisement for their new iPod used "Are You Gonna Be My Girl" by Jet. It soon became a hit song, and the shadow grooving in the commercial became synonymous with Apple. It led to the iPod selling massively among young people, which is a testament to Apple's ability to hit its target market.

- **Careers in music and advertising**

Save The Music recognizes that Learning about music is key to making it work for any brand. It's part science and part intuition. This is a lifelong learning process,



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and there's no single formula for attaining success with music in advertising. As part of our J Dilla Music Tech Grant, Save The Music focuses on delivering the future of music learning through innovative tech tools and curriculum. A reflection of how music is being made today, 21st century training techniques are integrated to teach students the fundamentals of electronic music creation, recording, and production. Our goal is to bring out students' inner creativity, talent and confidence.

### Conclusion

Music is all around us. It's one of the single most powerful ways to communicate around the world. Advertisers have used it to great effect over the years, and there's no doubt that it will continue to play a massive role in the commercials of tomorrow.

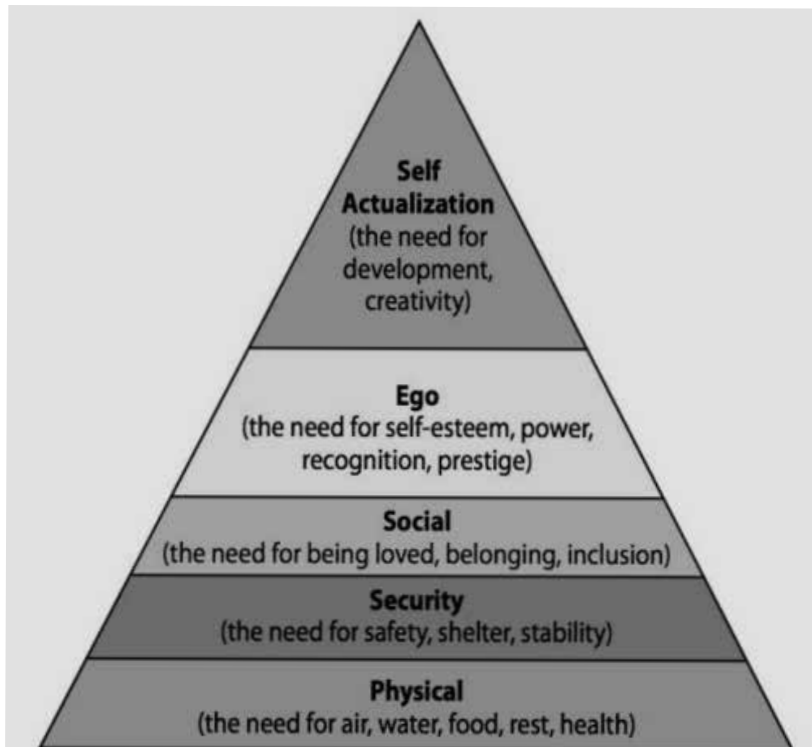
### 4.8 MASLOW'S THEORY OF MOTIVATION

Maslow's Approach emphasised the importance of human needs in an organisation. Every organisation has a set of goals and targets to accomplish, which further depend on the workers of the organisation. Motivation is possible if there are unfulfilled needs of organisational workers. An unfulfilled need or goal would always motivate the worker to fulfil or accomplish it. The organisations have to tap the level of needs in order to motivate the employees or workers.

Maslow in his classic Paper 'A Theory of Human Motivation'; as mentioned before. outlined an overall Theory of Motivation. He analysed the relationship between the human beings and organisations from the point of view of human needs. He was of the view that human beings became members of organisations to fulfil their needs, which may emanate from a variety of areas. Thus, the fulfilment of these needs motivates the human beings for a higher level of performance, whereas non-fulfilment of needs has an adverse effect on the motivation of individuals in terms of contribution to the organisations.

As a result, the goals and objectives of the organisation lack fulfilment. Keeping this in mind, Abraham Maslow formulated the Hierarchy of Needs Theory, which would keep the employees motivated and, in turn, would lead to more productivity and satisfaction of the individuals and the organisation as a whole. As cited in Dhameja and Mishra (2016). Maslow believed that individual behaviour was the result of the conscious and sub-conscious goals that the individual harboured. These goals were personal as well as organisational. He placed the personal needs at a lower level and the organisational needs at a higher level.

Abraham Maslow stated that healthy human beings have a certain number of needs, which follow a hierarchical pattern and therefore these needs are arranged in a hierarchy. These needs are physiological needs, security needs, social needs, esteem needs and self-actualisation needs. Some needs (such as physiological and safety needs) are more primitive or basic than others (such as social and ego needs). Maslow's so called "hierarchy of needs" is often presented as a five-level pyramid, with higher needs coming into focus only once lower, or more basic needs are met. The structure of the needs is as follows:



- **The first** in the hierarchy are the Physical Needs: These needs pertain to the basic things necessary for survival that are hunger, thirst, shelter etc. The human beings initially try to satisfy this need and once it is fulfilled, this need ceases to satisfy them. In other words, these needs no longer motivate them.
- **The second** needs are the Security Needs. These needs talk about the job security or safety at workplace that further provides a sense of psychological security to human beings. Maslow here talks about both physical and emotional safety and he opines that once the safety and security needs are ensured, they no longer motivate the human beings.
- **The third** are the Social Needs: These needs represent the relationships between and among groups of people working in the organisation. These needs provide emotional security to the people and also a sense of belongingness and association. Man is a social animal and likes to be friendly with others and if these needs are not met, the employee becomes resistant and hostile.
- **The fourth** in line are the Esteem Needs: These needs are those needs where the human beings strive for power, achievement and status. Esteem here denotes both self-esteem and esteem from others.

The highest-level need is the Need for Self-actualisation. This need represents the culmination of all other needs. The fulfilment of this need gives a higher sense of satisfaction to the individual in work and life, which improves the performance of a person in an organisation. The term self-actualisation was coined by Kurt Goldstein, which is directed towards searching the meaning and purpose in life. The desire for self-fulfilment and a meaningful life is the essence of this need.



## NOTES



Maslow called the bottom levels of the pyramid as deficiency needs because a person does not feel anything if they are met, but becomes anxious if they are not. Thus, physiological needs such as eating, drinking, and sleeping are deficiency needs, as are safety needs, social needs such as friendship and physical intimacy, and ego needs such as self-esteem and recognition. In contrast, Maslow called the fifth level of the pyramid a 'growth need, because it enables persons to 'self-actualise' or reach their fullest potential as human beings. Once a person has met his deficiency needs, he can turn his attention to self-actualisation. However, only a small minority of people are able to self-actualise because self-actualisation requires uncommon qualities such as honesty, independence, awareness, objectivity, creativity, and originality.

#### 4.9 HOW TO MOTIVATE CONSUMERS

Price and Quality used to be the most important motivators for consumers, but things have changed. Consumer values have been re-imagined and people are quick to abandon brands that don't support these values. The pandemic has caused people to take a hard look at what's important to them in life and their motivations for what and how they buy are meaningfully different. Digital technology has levelled the playing field as everyone now has the ability to immediately cross-reference price (comparison shop) and quality (ratings/reviews). While these two factors are still important, other motivations carry more weight. Shoppers want to have confidence in and feel better about the companies they do business with. Want to know how to motivate today's consumers? Here are five distinct purchasing motivations:

- **Ease and Convenience**



The ease and convenience people discovered shopping online throughout the pandemic will continue to remain important even after the pandemic. Consumers want the same prices and deals in store as they would get online. They also want contactless payment, "click and collect" options, fast home delivery, longer return windows and easier returns and better self-checkout methods. For

example, IKEA is beginning to offer small format stores to shop for furniture for those who would rather buy online.

- **Health and Safety**



People everywhere have become obsessed with safety and it's here to stay. Brands and retailers have to actively promote healthy practices. Many consumers will either pay more or switch to another brand to ensure their safety concerns are addressed. Accenture's recent survey of more than 25,000 consumers across 22 different countries found that for retail, travel, healthcare, and consumer

electronics retailers more than 45 percent would pay more for health and safety-related experiences. 68 percent would switch brands if they felt health and safety were lacking. Asda Stores, a British supermarket chain, alleviates customer safety concerns by passing their shopping carts through a machine that sprays antimicrobial liquid on each one in 15 seconds.

- **Product Origin**



Environmental concerns are top of mind and consumers increasingly want to know how products are produced, what goes into them and how far they have been transported. Making these factors transparent on packaging goes a long way to favorably influencing a purchase decision. People want to know they are making sustainable choices and even supporting their

local community. Ralph Lauren has launched a new water dyeing technology that recycles and reuses water from the dyeing process for its clothes.

- **Service and Personal Care**



Shoppers want to be remembered and have a personal experience. They want more interaction with customer service as well as faster response times and more respect for and attention to their individual concerns. When times get tough, they want to know the companies they do business with will be there for them. For instance, Best Buy offers free in-home consultations about which products serve a customer's specific needs. This builds trust with

consumers and helps to lure shoppers away from online competitors.

- **Trust and Reputation**

Consumer values are shifting, and people want to make sure that the company they are buying from has values that are aligned with their own. They don't want to feel guilty after they make a purchase. Is the company clear about how they will contribute to society and do they treat their employees well? Many consumers would be willing to pay more to support a retail brand that takes action to have a positive societal impact. In the Netherlands, online supermarket Picnic uses 100% electric cars to deliver their groceries.



For at least half of all consumers, motivational factors other than price and quality are greater influencers on buying behavior, and many more people are likely to follow. Some of these factors are more important in some industries than others and have a direct effect on loyalty, price elasticity and switching. For brands and retailers to remain market leaders, it's crucial to embrace these new differentiators to survive.





#### 4.10 POSITIVE REINFORCEMENT

The purpose of positive reinforcement is to increase the likelihood of the change so that the desired behaviour occurs repeatedly. When a reward prompts a favourable outcome, and the response is strengthened, then it is seen as a sign of positive reinforcement. The purpose of this fundamental concept is to boost the rate of behaviour. How can you understand positive reinforcement? The simplest way is to think that something has been added to the event to encourage an appropriate response.

Positive reinforcement is useful when it happens immediately after a specific behaviour. If the amount of time between action and reward is shorter, then it will result in a stronger and powerful bond between the two involved parties. It is essential that the reinforcement should occur frequently and must be presented enthusiastically to be most effective. The longer the duration, the weaker the connection becomes between behaviour and reinforcement.

##### Examples of positive reinforcement

We come across examples of positive reinforcement at every turn in our daily lives. For example, you see an old lady at the crossing, unable to cross the road, and you help her in doing so. She thanks you profusely and it touches a chord in your heart. Although the first help on your part was automatic and not consciously done for praise next time if you see someone needs help at the crossing you will deliberately and consciously try helping that person. The earlier recognition was a part of positive reinforcement that encouraged you to offer the support once again. If the second time you are once again praised then this will set the tone, and you will become habituated in providing help to the needy ones.

Positive reinforcement brings about a positive change, and this continues in the future. In some cases, positive reinforcement is chosen deliberately to maintain or train a particular behaviour. A child learns a few lines of poetry and is rewarded by his parents. This encourages him to learn some more and is rewarded again. This sets up a precedent, and the child now associates learning poetry with rewards and will repeatedly try to achieve the feat again and again. Animal trainers encourage good behaviour in animals through the process of positive reinforcement. Suppose the trainer is trying to teach a puppy some manners. What he will do is give a command, suppose, sit and will wait patiently until the dog sits. He will then offer a reward and will continue to do so whenever the dog sits when asked.

After some days, you will notice that the dog is sitting every time someone gives him the command to do so. The particular response is reinforced in the dog because of the reward after the action. A teenager is learning to play cricket in a cricket academy. Whenever he hits the ball with the middle of the bat, his coach automatically praises him with the words "great job". These two simple words are all the encouragement the boy needs to take a step further in his career because the praise acts as positive reinforcement. In a business setting, whenever a deadline is met, the management appreciates the team by offering each team member 200 dollars. The positive reinforcement is an incentive that boosts their morale and encourages them to do much better the next time.

## Steps of positive reinforcement

Follow these simple steps to use positive reinforcement theory:

### 1. Specify the desired behaviour

It is essential to make it clear to someone else what the desired behaviour is. Be apparent and precise and explain what you consider good behaviour which you want to encourage so that it can be measured. Put a deadline so that the individual knows the time frame he has to adapt to the new behaviour.



### 2. Measure the current desired behavior

Determine the baseline of the behavior in question and how frequently it occurs. Until and unless you measure the beginning or the starting point, it is impossible to assess whether the behaviour has improved or has changed any bit or not.

### 3. Reinforce the desired behaviour

Before using positive reinforcement, select the type of positive reinforcement and the schedules of positive reinforcement you want to utilize. Now determine when and how you will reinforce the new behaviour.

### 4. Assess change

The final step in measuring positive reinforcement is measuring the new behaviour. Determine whether the frequency has increased as per your expectations or is it somehow lacking. If it is lacking, then reassesses your approach and once again go through the process to make suitable choices.

## Process of positive reinforcers

The process of changing behaviour using the positive reinforcement strategy relies on some viable tools like consistency as well as repetition. It includes the following steps:

### 1. Investigate

The best way to deal with behaviour is to know what someone is doing and why is he doing it. Identify by investigating because you cannot take any related step on dealing with specific behaviour until and unless you know the root cause for that type of behaviour.



### 2. Understand

After identifying the root cause of the behaviour, it is the time to understand the behaviour. This will help you in knowing the positive reinforcers that will be a help to you and the schedules you can choose to solve the issue and encourage positive and favourable outcomes.

### 3. Learn

Effective communication is the key to every dialogue. You must give clear-cut instructions and can make the other involved party understand what you want from him. Communication is a two-way street where both of you must be able to express, understand and portray your thoughts and ideas explicitly. Figure out the best possible way to communicate in precise times to strengthen your bonds





#### 4. Motivate

You must find out what motivates the subject before you choose your positive reinforcement. Rewards generally work wonders, and the idea of a treat looks kind to others. The rewards can include various things, a food item, if you are a kid then watching a game or playing the outdoor game with your friends, if you are a teenager then a late-night movie with friends and if you are a theatre lover then watching your favourite play. As you have a specific target try to find out what motivates him because every person or animal or whoever your subject is very different from others. When you know what motivates your subject you can determine easily the type and schedule of positive reinforcement that you should adopt.

#### 5. Be kind

Kindness is a desirable emotion that helps you to recognize genuine concerns. It encourages a person to understand and then take viable steps so that you can choose the best positive reinforcer for your subject. Never use negative actions like hitting, screaming or abusing someone as they will take you away from your actual goal. What does the teacher or the parents or management in the workplace want? It was looking to help others in gaining maximum efficiency and changed behaviour that will help the subject. Recognise the concerns of the subject because only then you can choose the best possible positive reinforcement so that the desired outcome is achieved.

#### 6. Slow down

Once you have identified the behaviour and found the positive reinforcer you want to implement, make sure you are consistent. The schedule must be followed diligently but do not try to overwhelm your subject. Slow down a bit but make sure that the rhythm or the schedule is not broken. If you are dealing with a subject with anxiety-related behaviour, you must slow down and assess at regular intervals to know about the actual change that is taking place.

#### 7. Be consistent

Be consistent in your efforts otherwise, it is all in vain

#### 8. Be patient

Rome was not built in a day, nor will you be able to achieve your goal in a short time. The mantra is to give yourself as well as your subject enough time to show a definite change in the behavioural pattern.

#### Types of positive reinforcers

A reinforcer is a stimulus that is used to strengthen the rate of behaviour. It can be water if you are deprived of a liquid or a food item if you have not tasted it for a considerable period. Any limitations do not bind a reinforcer. Reinforcers are divided into two types' positive reinforcer and negative reinforcer. Different types of positive reinforcers are used as a means for boosting behaviours, but the important thing to note down at this point is that the type of reinforcer depends entirely on the situation and the involved individual. Some of the positive reinforcers are as follows-

##### 1. Token reinforcers

This type of positive reinforcer has been given the name token as these are points that are offered as tokens because of performing some acts satisfactorily. The best

thing about these points or tokens is that they can be exchanged for something of value like material items, services or money. It is often used to help autistic children as part of their behaviour modification theory.

## 2. Natural reinforcers

This type of reinforcer is a direct result of the behaviour; for instance, player practices every day and takes part in verbal coaching as well as practical coaching. Continuous diligence and practice sessions result in his excellent performances. The result is because of the ongoing behaviour of the player and is considered a natural reinforcer.

## 3. Tangible reinforcers

This type of positive reinforcer involves offering physical rewards like money, treats, toys, etc. for motivating others to do well. It is important to use tangible reinforcers sparingly so that it is not misused in any way.

## 4. Social reinforcers

This type of positive reinforcer is used to approve specific behaviour. The work of employer, teacher or parent is often included as part of social reinforcers as they generally offer written or verbal approval of behavior by offering praise for a job well done.

### Schedules of reinforcement



Positive reinforcement is considered as a learning tool that is very effective if used correctly. In some cases, the learning is natural because of the surroundings and normal interactions of the individual, whereas in other cases the behavioural technique is used in teaching a new behaviour. How and when one should reinforce behavior is very important because it has a direct impact on the rate and strength of the response. The schedule of reinforcement is a rule that makes it clear

which instances will help in reinforcing the behaviour and takes place in both natural and structured training situations. It is important to consider the various aspects of the situation, the type of behaviour taught and the desired type of response, to determine which schedule is preferable. The different types of reinforcement schedules to choose from are-

### 1. Continuous reinforcement schedule

In a continuous reinforcement schedule, it is imperative to reinforce the desired behaviour every time it occurs, without a single miss. It is most effective at the beginning stages where you need to create a strong bond between the behaviour and the actual response. It encourages the following of a pattern where every response, even narrowly defined, is followed by a consequence, however narrowly defined it might be.

### 2. Partial reinforcement schedule

Once you have established a continuous reinforcement schedule, then it is time to





switch to a partial reinforcement schedule. In this case, the response the learned behaviour is slow, and it is scheduled part of the time.

### 3. Fixed-Ratio

In Fixed-Ratio Schedule, the response is reinforced a specific number of times, for instance, after every five occurrences. This schedule helps in steady and high rate, or response with a brief pause after the reinforcer is delivered.

### 4. Fixed-Interval Schedules

In this type of schedule, the first response is rewarded after the passing of a particular amount of time, for instance, after two weeks of good behavior. It results in a slow response immediately after the reinforcer is delivered but a high response near the end of the interval.

### 5. Variable-Ratio Schedules

This type of schedule takes place when the response is reinforced after an innumerable number of times, for instance, after one occurrence, then after five, then after three occurrences. The Variable-Ration Schedule helps in creating a steady and high rate of response.

### 6. Variable-Interval Schedules

This type of positive reinforcement schedule occurs when you reward the response after an unpredictable passing of time, for instance, after five minutes, then three and then two. It produces a steady and slow rate of response.

## Positive reinforcement at the workplace



One of the most common practices in the workplace is the use of positive reinforcement in the form of higher status, more power and monetary reward to motivate the desired behaviour amongst the employees. It is a fact that rewards have a direct impact on encouraging satisfaction, engagement, and enthusiasm and on improving the efficiency and productivity of the employee. When the

management is delivering a reinforcer, it is important to:

- Inform the employees about specific goals and the desired behavior so that they understand the importance of keeping their focus on objectives and goals
- Keep track of the quality of work and productivity of the employee. It's imperative to identify and record the baseline behaviour so that the management can begin the process of reinforcement
- It is vital that the management reinforces individuals for the desired outcomes and making sure that there are consequences for undesired results
- Observe the effectiveness of the reinforcer that is applied to determine its effectiveness
- Determine the desired performance levels and state them specifically
- Rewards for the desired performances should be appropriate to encourage the employees

### Examples of positive reinforcement in the workplace

- An employee receiving a raise after completing his target of fifty clients
- Offering a monetary reward to an employee who has not taken a single leave of absence in the first quarter of the fiscal year
- Employees who drive eco-friendly vehicles are given free parking slot
- Lunch coupons for those employees who have worked overtime the previous day

## 4.11 ENCOURAGE INVOLVEMENT

Depending on a consumer's experience and knowledge, some consumers may be able to make quick purchase decisions and other consumers may need to get information and be more involved in the decision process before making a purchase. The level of involvement reflects how personally important or interested you are in consuming a product and how much information you need to make a decision. The level of involvement in buying decisions may be considered a continuum from decisions that are fairly routine (consumers are not very involved) to decisions that require extensive thought and a high level of involvement. Whether a decision is low, high, or limited, involvement varies by consumer, not by product.

### Low involvement consumer decision making

At some point in your life you may have considered products you want to own (e.g. luxury or novelty items), but like many of us, you probably didn't do much more than ponder their relevance or suitability to your life. At other times, you've probably looked at dozens of products, compared them, and then decided not to purchase any one of them. When you run out of products such as milk or bread that you buy on a regular basis, you may buy the product as soon as you recognize the need because you do not need to *search for information* or *evaluate alternatives*. As Nike would put it, you "just do it." **Low-involvement** decisions are, however, typically products that are relatively inexpensive and pose a low risk to the buyer if a mistake is made in purchasing them.

Consumers often engage in **routine response behaviour** when they make low-involvement decisions that is, they make automatic purchase decisions based on limited information or information they have gathered in the past. For example, if you always order a Diet Coke at lunch, you're engaging in routine response behaviour. You may not even think about other drink options at lunch because your routine is to order a Diet Coke, and you simply do it. Similarly, if you run out of Diet Coke at home, you may buy more without any information search. Some low-involvement purchases are made with no planning or previous thought. These buying decisions are called **impulse buying**. While you're waiting to check out at the grocery store, perhaps you see a magazine with a notable celebrity on the cover and buy it on the spot simply because you want it. You might see a roll of tape at a check-out stand and remember you need one or you might see a bag of chips and realize you're hungry or just want them. These are items that are typically low-involvement decisions. Low involvement decisions aren't necessarily products purchased on impulse, although they can be.







### High involvement consumer decision making

By contrast, **high-involvement** decisions carry a higher risk to buyers if they fail. These are often more complex purchases that may carry a high price tag, such as a house, a car, or an insurance policy. These items are not purchased often but are relevant and important to the buyer. Buyers don't engage in routine response behaviour when purchasing high-involvement products. Instead, consumers engage in what's called extended problem solving where they spend a lot of time comparing different aspects such as the features of the products, prices, and warranties.

High-involvement decisions can cause buyers a great deal of *post-purchase dissonance*, also known as **cognitive dissonance** which is a form of anxiety consumers experience if they are unsure about their purchases or if they had a difficult time deciding between two alternatives. Companies that sell high-involvement products are aware that post purchase dissonance can be a problem. Frequently, marketers try to offer consumers a lot of supporting information about their products, including why they are superior to competing brands and why the consumer won't be disappointed with their purchase afterwards. Salespeople play a critical role in answering consumer questions and providing extensive support during and after the purchasing stage.

### Limited problem solving

**Limited problem-solving** falls somewhere between low-involvement (routine) and high-involvement (extended problem solving) decisions. Consumers engage in limited problem solving when they already have some information about a good or service but continue to search for a little more information. Assume you need a new backpack for a hiking trip. While you are familiar with backpacks, you know that new features and materials are available since you purchased your last backpack. You're going to spend some time looking for one that's decent because you don't want it to fall apart while you're traveling and dump everything you've packed on a hiking trail. You might do a little research online and come to a decision relatively quickly.

You might consider the choices available at your favourite retail outlet but not look at every backpack at every outlet before making a decision. Or you might rely on the advice of a person you know who's knowledgeable about backpacks. In some way you shorten or limit your involvement and the decision-making process. Products, such as chewing gum, which may be low-involvement for many consumers often use advertising such as commercials and sales promotions such as coupons to reach many consumers at once. Companies also try to sell products such as gum in as many locations as possible.

Many products that are typically high-involvement such as automobiles may use more personal selling to answer consumers' questions. Brand names can also be very important regardless of the consumer's level of purchasing involvement. Consider a low-versus high-involvement decision say, purchasing a tube of toothpaste versus a new car. You might routinely buy your favourite brand of toothpaste, not thinking much about the purchase (engage in routine response behaviour), but not be willing to switch to another brand either. Having a brand, you like saves you "search time" and eliminates the evaluation period because you know what you're getting.

When it comes to the car, you might engage in extensive problem solving but, again, only be willing to consider a certain brand or brands (e.g. you evoke set for automobiles). For example, in the 1970s, American-made cars had such a poor reputation for quality that buyers joked that a car that's not foreign is "crap." The quality of American cars is very good today, but you get the picture. If it's a high-involvement product you're purchasing, a good brand name is probably going to be very important to you. That's why the manufacturers of products that are typically high-involvement decisions can't become complacent about the value of their brands.

### Ways to increase involvement levels

Involvement levels whether they are low, high, or limited vary by consumer and less so by product. A consumer's involvement with a particular product will depend on their experience and knowledge, as well as their general approach to gathering information before making purchasing decisions. In a highly competitive marketplace, however, brands are always vying for consumer preference, loyalty, and affirmation. For this reason, many brands will engage in marketing strategies to increase *exposure, attention, and relevance*; in other words, brands are constantly seeking ways to motivate consumers with the intention to increase consumer involvement with their products and services. Some of the different ways' marketers increase consumer involvement are: customization; engagement; incentives; appealing to hedonic needs; creating purpose; and, representation.

#### 1. Customization

With Share a Coke, Coca-Cola made a global mass customization implementation that worked for them. The company was able to put the labels on millions of bottles in order to get consumers to notice the changes to the coke bottle in the aisle. People also felt a kinship and moment of recognition once they spotted their names or



Fashion items such as shoes can be customized by manufacturers to reflect a consumer's unique personal preference, which is an effective way to increase consumer involvement

or a friend's name. Simultaneously this personalization also worked because of the printing equipment that could make it happen and there are not that many first names to begin with. These factors lead the brand to be able to roll this out globally.

#### 2. Engagement

Have you ever heard the expression, "content is king"? Without a doubt, engaging, memorable, and unique marketing content has a lasting impact on consumers. The marketing landscape is a noisy one, polluted with an infinite number of brands advertising extensively to consumers, vying for a fraction of our attention. Savvy marketers recognize the importance of sparking just enough consumer interest so they become motivated to take notice and process their marketing messages. Marketers who create content (that isn't just about sales and promotion) that





inspires, delights, and even serves an audience's needs are unlocking the secret to engagement. And engagement leads to loyalty.

There is no trick to content marketing, but the brands who do it well know that stepping away far away from the usual sales and promotion lines is critical. While content marketing is an effective way to increase sales, grow a brand, and create loyalty, authenticity is at its core. Body form and Old Spice are two brands who very cleverly applied just the right amount of self-deprecating humour to their content marketing that not only engaged consumers, but had them begging for more!

### 3. Incentives

Customer loyalty and reward programs successfully motivate consumers in the decision-making process and reinforce purchasing behaviours (*a feature of instrumental conditioning*). The rationale for loyalty and rewards programs is clear: the cost of acquiring a new customer runs five to 25 times more than selling to an existing one and existing customers spend 67



Loyalty and reward programs encourage loyalty and repeat purchases, are also effective ways to increase consumer involvement.

per cent more than new customers. From the customer perspective, simple and practical reward programs such as Beauty Insider – a point-accumulation model used by Sephora – provides strong incentive for customer loyalty.

### 4. Appealing to Hedonic Needs

A particularly strong way to motivate consumers to increase involvement levels with a product or service is to appeal to their hedonic needs. Consumers seek to satisfy their need for fun, pleasure, and enjoyment through luxurious and rare purchases. In these cases, consumers are less likely to be price sensitive (“it’s a treat”) and more likely to spend greater processing time on the marketing messages they are presented with when a brand appeals to their greatest desires instead of their basic necessities.



Appealing to a consumer's hedonic needs such as the desire for a luxurious vacation is an effective way to increase consumer involvement.

### 5. Creating Purpose

Millennial and Digital Native consumers are profoundly different than those who came before them. Brands, particularly in the consumer goods category, who demonstrate (and uphold) a commitment to *sustainability* grow at a faster rate (4 per cent) than those who do not (1 per cent) (“Consumer-Goods...”, 2015). In a 2015 poll, 30,000 consumers were asked how much the environment, packaging, price, marketing, and organic or health and wellness claims had on their consumer-goods’ purchase decisions, and to no surprise, 66 per cent said they would be willing to pay more for sustainable brands. (Nielsen, 2015). A rising trend and important factor to consider in evaluating consumer involvement levels and ways to increase them. So while cruelty-free, fair trade, and locally-sourced

may all seem like buzz words to some, they are non-negotiable decision-making factors to a large and growing consumer market.

## 6. Representation



The use of celebrity endorsements in a brand's marketing strategy can increase consumer involvement.

Celebrity endorsement can have a profound impact on consumers' overall attitude towards a brand. Consumers who might otherwise have a "neutral" attitude towards a brand (neither positive nor negative) may be more noticed to take notice of a brand's messages and stimuli if a celebrity they admire is the face of the brand.

When sportswear and sneaker brand Puma signed Rihanna on to not just endorse the brand but design an entire collection, sales soared in all the regions and the brand enjoyed a new "revival" in the U.S. where Under Armour and Nike had been making significant gains. "Rihanna's relationship with us makes the brand actual and hot again with young consumers," said chief executive Bjorn Gulden.

## 4.12 CHAPTER SUMMARY

Advertising plays a major role in modern life. It shapes the attitudes of the society and the individual and inevitably influences customer behaviour. The customer has to contend with a huge amount of information and be able to make a choice, draw conclusions and make important decisions. The most important task for a business advertising itself is to present its product in such a manner that the whole environment around the buyer turns into a positive emotional stimulus. The main goal of advertising a certain product or service is to attract the customer's attention and analyse the impact of advertising on customer behaviour, which is determined by a multitude of aspects, although the psychological-cognitive, emotional and behavioural-ones play the most important role. There are, then, several different perspectives within the psychology of advertising. What unites all of them is the belief that the effects of advertising happen inside the consumer's mind. As such, rather than measure the success of an advert purely through sales, all of the perspectives covered in this class agree that 'advertising can satisfy its ultimate objective of affecting demand only by establishing a hierarchy of intermediate effects in its audience'. Where each perspective differs is in how they sketch out these intermediate effects. Advertising and psychology were intertwined because of the need for trust among advertisers. To demonstrate the efficacy of their work and comprehend the factors driving consumer behaviour, they intended to incorporate more science. To assist in acquiring the data that would enable advertising to comprehend their customers better, psychologists were engaged. The sophistication of the commercials and their capacity to sway people increased as the relationship between advertisers and consumers grew. Advertising uses a variety of psychological strategies to influence consumers, including subliminal messages, the use of colour to evoke certain associations or emotional responses.





#### 4.13 REVIEW QUESTIONS

##### SHORT ANSWER TYPE QUESTIONS

1. What do you understand by high involvement consumer decision making?
2. Define positive reinforcement.
3. Why is music so important in advertising?
4. What are the advertising tactics on the basis of psychology?
5. What does humor do with a person?

##### LONG ANSWER TYPE QUESTIONS

1. Describe the different types of positive reinforcers in detail.
2. Discuss the different ways to increase involvement levels.
3. Discuss in detail the different ways to motivate consumers.
4. What is the process of positive reinforcers?
5. What are the factors that makes a good advertising campaign?

#### 4.14 MULTIPLE CHOICE QUESTIONS

1. The classic Paper 'A Theory of Human Motivation' was published by \_\_\_\_\_.  
 a. Abraham Maslow  
 b. Carl Jung  
 c. Charles Darwin  
 d. None of these
2. \_\_\_\_\_ is a stimulus that is used to strengthen the rate of behaviour.  
 a. Reinforcer  
 b. Consumers  
 c. Shoppers  
 d. None of these
3. \_\_\_\_\_ use music in commercials to create an association between a piece of music that captures the viewer to make them associate those sounds with their brand.  
 a. Advertisers  
 b. Marketers  
 c. Consumers  
 d. Reinforcers
4. \_\_\_\_\_ shapes the attitudes of the society and the individual and inevitably influences customer behaviour.  
 a. Marketing  
 b. Advertising  
 c. Shopping  
 d. None of these
5. \_\_\_\_\_ is a two-way street where both of you must be able to

**express, understand and portray your thoughts and ideas explicitly. Figure**

- a. Shopping
  - b. Advertising
  - c. Marketing
  - d. Communication
6. \_\_\_\_\_ is indeed a powerful tool that can become a part of any marketing strategy.
- a. Humor
  - b. Shopping
  - c. Consumption
  - d. None of these
7. **What is the full form of KIS?**
- a. Keep It Satisfied
  - b. Keep It Simple
  - c. Keep It Stylish
  - d. None of these
8. \_\_\_\_\_ is a desirable emotion that helps you to recognize genuine concerns.
- a. Kindness
  - b. Investigation
  - c. Understanding
  - d. Shopping
9. \_\_\_\_\_ is the science of behavior and mind, embracing all aspects of conscious and unconscious experiences as well as thoughts.
- a. Psychology
  - b. Sociology
  - c. Geography
  - d. History
10. **What is the full form of FUD?**
- a. Fear, Uncertainty, and Doubt
  - b. Fashion, Uncertainty, and Doubt
  - c. Fear, Uncommon, and Doubt
  - d. None of these

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NOTES



# **CONSUMER AND HAPPINESS**

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**STRUCTURE**

- 5.1 Learning Objective
- 5.2 Introduction
- 5.3 Consumer and Happiness
- 5.4 Materialistically Oriented Consumers
- 5.5 Compulsive Buying Disorder
- 5.6 Shopping Addiction
- 5.7 Impact of Marketing Strategies on Happiness
- 5.8 Autobiographical Advertising
- 5.9 Psychological Pricing
- 5.10 Chapter Summary
- 5.11 Review Questions
- 5.12 Multiple Choice Questions

## 5.1 LEARNING OBJECTIVE

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NOTES



**After the study of this unit, you will be able to understand:**

- The relation between consumer and happiness.
- About compulsive buying disorder.
- The addiction of shopping and its impact on self.
- The impact of marketing strategies on happiness.

## 5.2 INTRODUCTION

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Have you noticed how many brand campaigns offer happiness? Open a can of coke and you 'open happiness', BMW does not just make driving machines, "it makes joy" and Campbell soup "puts you on the road to happiness". Happiness is not new to Marketing. Brands know that being associated with happiness leads to greater loyalty and profitable relationships. After all, the reason we buy products and services is that we want to satisfy our needs and ultimately enhance our well-being. Happiness has long been used as a marketing strategy and it works. However, brands are now selling happiness in a different way. Whether its McDonald's 'Pay with loving' or Dove's 'Speak Beautiful' campaign, brand campaigns aim to make the world a happier and better place. Though the brands' motives may not be entirely altruistic, there appears to a shift in how happiness is now being sold to consumers.

What are some of the factors driving this shift? Consumers today crave more fulfilled lives. Although our material prosperity has risen over previous decades, our happiness levels have not. Studies indicate that once basic needs are met, getting richer does not lead to a significant increase in happiness. Another key factor driving this shift is Positive Psychology or the 'Science of happiness'. "Positive Psychology is the scientific study of the strengths and virtues that enable individuals and communities to thrive. The field is founded on the belief that people want to lead meaningful and fulfilling lives, to cultivate what is best within themselves and to enhance their experiences of love, work and play".

People are often driven to conspicuous consumption or to buy more things in the quest for happiness, however, research suggests that money and more 'stuff' do not buy happiness. Spending money on experiences, however, does lead to greater happiness- often because experiences occur in a social context and satisfy our need for relatedness. Products address customer problems and satisfy customer needs. However, some marketing has focused on an inauthentic model of happiness that is based on perceived lack in consumers, which their product is positioned to address. Cues such as "If you buy this cologne, you will be more attractive and your life will be complete" reinforce consumer insecurities. Rather than focusing on weaknesses or what is wrong with us, positive psychology focuses on what is best in us. Using strengths- says positive psychology- lead to more positive emotions, more engagement, better relationships, meaning and accomplishments- and therefore increase your happiness and of those around you. Let's learn more in this unit!





### 5.3 CONSUMER AND HAPPINESS

Happiness is an issue rich in tradition. People were interested in this issue ever since. Scientific discussion about happiness seemed to be reserved mainly to philosophers for a rather long time. Other scientific disciplines seldom dealt with the issue of happiness. However, in the last years other scientific disciplines like sociology, biology, economy, politics etc. developed interest for this topic. All these disciplines look for a definition, determinants and possible consequences of happiness, and the reciprocity with similar phenomena like for instance welfare. Happiness is still to be scientifically discussed in marketing. Though happiness is mentioned in consumer research as an emotional state, it is not discussed any further. There are only a few empirical studies which deal with the construct of happiness in the context of "locus of control" but not even these studies are very specialized.

We try to show whether and how the issue of happiness can be used to benefit consumer research and marketing research. First of all, we try to define and categorize the concept of happiness. Within the empirical part of the study, we use two qualitative surveys: a focus group and a method based upon the ZMET-analysis. With the help of these two methods, we find first results describing the relevance of happiness and the kind of happiness people experience in purchase and consumption situations. These results help us to find links to the discussion of happiness within marketing theory as well as possible implications for the practice.

#### Approaches to define happiness

Happiness is a broad concept with a lot of different facets. This becomes obvious if we take a look at the philosophical history of this issue. Ancient philosophers were mainly interested in the ability to influence and foresight happiness. They related happiness first of all to personal characteristics like special virtues and later on also to interpersonal, social and political affairs like justice or technological progress. Nowadays, empirical research focusing on happiness is above all located in sociology, social and personality psychology and physiology.

Economic and social sciences focus primarily on prosperity and welfare, psychology concentrates primarily on subjective well-being and physiology regards happiness as a bio-psycho-social unit of emotional processes. Similar to the research in physiology, consumer research deals with happiness as an emotion within psychological determinants of consumer behavior. Some authors also describe ways to detect the emotional state of happiness by analysing non-verbal communicational elements like the lift of the corner of one's mouth, the lift of the cheeks and the hatching of the lower part of the eyes.

#### The state-trait-concept

Obviously, there are different concepts and meanings of happiness. Therefore, a more specialized categorization is required. The distinction between external and internal models of happiness are common in all scientific disciplines. Happiness "from outside" is a state that depends on external and objective conditions, like material prosperity or consumption. Happiness "from inside" is a state that depends on internal and subjective judgments. With respect to the social-psychological tradition of consumer research as

well as to empirical findings of prosperity and welfare research, it seems reasonable to deal with happiness “from inside”. That means we conceptualize happiness as a subjective phenomenon of internal states that are only partly influenced by objective factors.

According to social indicator research, people who live under favourable objective conditions can feel unhappy (dilemma of discontent) whereas people under unfavourable objective conditions can feel happy and be satisfied. Happiness has a strong emotional component as well as a cognitive component so that happiness is based on an interaction between activation and subjective interpretation. We follow a rather cognitive approach to explain happiness. That can be put down to the facts that there are less measurement problems compared to affective conceptualizations and that cognitive concepts are more appropriate to show ways to influence happiness. Furthermore, the cognitive approach is more adaptive to subdivide the phenomenon happiness into four groups. Absence of burden is a quite unspecific emotionally and cognitively determined well-being, joy and in part also the feeling of being lucky are restricted to concrete situations.

This is quite short-lived mainly emotional states, happiness goes further than the feeling of being lucky and it is not restricted to an actual situation and lastly, contentedness is a mainly cognitively determined state of well-being. We consider the state-trait-concept to be an appropriate concept to categorize happiness because it is based on psychological theory of emotions which considers a cognitive dimension to be an important component of all affective processes. This theory is quite similar to the understanding of happiness within consumer research. Besides, this concept has already been confirmed empirically. “State” stands for an actual and situational condition, whereas “trait” means an all-over feeling of happiness that lasts a life-time and that has developed in the context of an individuals’ biography. Options that influence happiness are different within the two concepts: states can be influenced in the short term whereas influencing traits takes a longer period of time. Besides, states seem to be more related to direct and objective conditions of life.

#### **5.4 MATERIALISTICALLY ORIENTED CONSUMERS**

Consumer materialism refers to the importance that a consumer places on the acquisition and possession of material objects. In the consumer-behavior literature, materialism is usually considered to be a personal value, meaning that it affects the priorities in people’s lives and the choices they make. Materialists believe that acquisition of material goods is a desirable and effective way to achieve important life goals. Thus, a materialist is more likely than others to see acquisition as a way to attain happiness, develop relationships with others, achieve status and a sense of self-worth, and reach other important life goals. Richins and Dawson (1992) identified three elements that constitute materialism: the belief that acquisition is necessary for happiness, the tendency to judge the success of one’s self and others by their possessions, and the centrality of acquisition and possessions in one’s life.

Because materialism is a value orientation and not a behavior, it is independent of financial status and is readily observed in both developed and developing economies. Materialism is most commonly measured by the material values scale (Richins, 2004). Materialism should not be confused with conspicuous consumption, which is the ownership and



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display of status objects to enhance one's relative standing and inspire envy. While some materialists engage in conspicuous consumption, it is possible to have materialistic values without engaging in this particular behavior, particularly if status is not an important life goal for a consumer.

Although the formulation of materialism described above is the dominant one in consumer behaviour, there are some alternative concept utilizations that should be recognized. Kasser (2002), a psychologist, has equated materialism with the pursuit of wealth, attractiveness, and social recognition and has looked especially at the negative effects of these goal pursuits on well-being. Inglehart (2008), a political scientist has conducted extensive cross-national research over several decades to investigate the relative emphasis members of a society place on material values (defined as the importance one places on decisions). A third approach (Belk, 1985) views materialism as a combination of the personality traits of envy, non-generosity, and possessiveness.

Materialism has important implications for society as a driver of personal consumption, and thus of economic growth. It also has personal implications because of its negative association with well-being, strength of personal relationships, and altruistic behavior. Because of materialism's importance, much has been written about its potential causes. Commonly, high materialism levels have been attributed to insufficiently bridled capitalism coupled with a consumer society that is endorsed and facilitated by marketing firms, assisted by mass media. A lack of spirituality is also often alluded to. The preponderance of writings on the causes of materialism is speculative in content, and in any event the construct itself and the systems in which it is embedded are too complex to assign a single causal variable.

However, some empirical research has provided insight by examining potential influences on individual's materialism levels, including media exposure, early family environment, and peer influences. The developmental progression of materialistic tendencies in children has also been investigated. Materialism is associated with many variables of interest to marketers, including a preference for status goods and unique products, the centrality of visual aesthetics when making a product choice, willingness to purchase counterfeit products, impulse buying, and other decision variables. It is also associated with a greater willingness to go into debt to purchase discretionary goods, lower levels of frugality, compulsive spending, and with perceived financial distress and conflict between spouses.

### **5.5 COMPULSIVE BUYING DISORDER**

Compulsive behavior refers to the continued repetition of a behavior despite adverse consequences. The compulsions are fuelled by the obsessions (e.g., intrusive thoughts of contaminations). Compulsive buying is characterized by excessive preoccupation or poor impulse control with shopping, and adverse consequences, like marital conflict and financial problems. About 6% of the U.S. population can be said to have compulsive buying behavior with 80% of compulsive buyers being women. Many women have been socialized from a very young age to enjoy shopping with their mothers and friends (Workman &

Paper, 2010). However, compulsive buying is likely to increase for men with the evolution of digital commerce. It is much faster and easier now to find what you are looking for.

Compulsive buying is similar to behavioral addiction, such as binge eating and gambling (Lawrence et al., 2014). Compulsive spending frequently co-occurs with other mental illnesses like depression, anxiety, and eating disorders. Unlike other addictions, which take hold in the teens, spending addictions mostly develop in the 30s when people achieve financial independence. Compulsive buying is not listed as an addiction in the DSM-5. However, the impulse problem appears to share certain characteristics common in addictive disorders (Black, 2012).

1. **Impulse purchase.** Compulsive buyers often purchase things on impulse that they can do without. And they often try to conceal their shopping habits. Spending without adequate reflection can result in having many unopened items (boxes of shoes or clothes) in their closets as they continue the cycle of buying. Compulsive buyers may develop into hoarders later in life after their products have accumulated with time (Mueller, 2007).
2. **Buyers high.** Compulsive shoppers experience a rush of excitement when they buy. The euphoric experience is not from owning something but from the act of buying it. This rush of excitement is often experienced when they see a desirable item and consider buying it. And this excitement can become addictive.
3. **Shopping to dampen unpleasant emotions.** Compulsive shopping is an attempt to fill an emotional void, like loneliness, lack of control, or lack of self-esteem. Often, a negative mood, such as an argument or frustration triggers an urge to shop. However, the decrease in negative emotions is temporary and it is replaced by an increase in anxiety or guilt (Donnelly et al., 2016).
4. **Guilt and remorse.** Purchases are followed by feelings of remorse. They feel guilty and irresponsible for purchases that they perceive as indulges. The result may be a vicious cycle, that is, negative feeling fuel another “fix,” purchasing something else.
5. **The pain of paying.** Paying with cash is more painful than paying with credit cards (Ariely and Kreisler, 2017). The main psychological force of credit cards is that they separate the pleasure of buying from the pain of paying. Credit cards seduce us into thinking about the positive aspects of a purchase. In fact, CBD is only prevalent in developed countries where there is a system of credit and a consumer culture.

### How to restrain the urge to spend?

The most effective first step in treatment is to identify why and how your shopping initially became a problem. A useful strategy is to keep track of your triggers (negative emotions such as family conflict, anxiety, or loneliness). And one needs to be reminded that additional material goods and services initially provide extra pleasure, but it is usually temporary. The extra pleasure wears off. It is also helpful to emphasize the importance of managing credit cards or getting rid of credit cards. It is a known fact that the use of cash tends to reduce excessive spending.





## 5.6 SHOPPING ADDICTION

Oniomania (compulsive shopping, or what's more commonly referred to as shopping addiction) is perhaps the most socially acceptable addiction. Think about it: We are surrounded by advertising that tells us that buying will make us happy. We are encouraged by politicians to spend as a way of boosting the economy. And, for some of us, there is an allure of wanting what everyone else seems to have. Consumerism, by our own intentions or not (or some combination), has become a measure of social worth.

Shopping addiction is a behavioral addiction that involves compulsive buying as a way to feel good and avoid negative feelings, such as anxiety and depression. Like other behavioral addictions, shopping addiction can take over as a preoccupation that leads to problems in other areas of your life. Usually beginning in one's late teens and early adulthood, shopping addiction often co-occurs with other disorders, including mood and anxiety disorders, substance use disorders, eating disorders, other impulse control disorders, and personality disorders. Some people develop shopping addiction as a way to try and boost their self-esteem, although it doesn't tend to be very effective for this.

### 5 Things to Know About Shopping Addiction

- Although widespread consumerism has escalated in recent years, shopping addiction is not a new disorder. It was recognized as far back as the early nineteenth century and was cited as a psychiatric disorder in the early twentieth century.
- As with other addictions, shopping addiction is usually a way of coping with the emotional pain and difficulty of life, and it tends to make things worse rather than better for the shopper.
- Despite its long history, shopping addiction is controversial, and experts, as well as the public, disagree about whether shopping addiction is a real addiction.
- People who struggle with shopping addiction typically spend more time and money on shopping than they can afford, and many get into financial problems as a result of their overspending.
- Shopping addiction can involve both impulsive and compulsive spending, which produce a temporary high. That said, people who are addicted to shopping are often left feeling empty and unsatisfied with their purchases when they get home.

### Is it normal shopping or an addiction?

So, what is the difference between normal shopping, occasional splurges, and shopping addiction? As with all addictions, what sets shopping addiction apart from other types of shopping is that the behavior becomes the person's main way of coping with stress,<sup>7</sup> to the point where they continue to shop excessively even when it is clearly having a negative impact on other areas of their life. As with other addictions, money problems can develop and relationships can become damaged, yet people with shopping addiction (sometimes called "shopaholics") feel unable to stop or even control their spending. This difficulty in controlling the desire to shop emerges from a personality pattern that shopaholics share, and that differentiates them from most other people.



Often low in self-esteem, they are easily influenced, and are often kind-hearted, sympathetic, and polite to others, although they are often lonely and isolated. Shopping gives them a way to seek out contact with others. People with shopping addiction tend to be more materialistic than other shoppers and try to prop themselves up by seeking status through material objects and seeking approval from others. They engage in fantasy more than other people, and as with other people with addictions have a hard time resisting their impulses. As a result, they are more susceptible to marketing and advertising messages that surround us on a daily basis.

While advertising, in general, is designed to exaggerate the positive results of purchase and suggest that the purchase will lead to an escape from life's problems, certain marketing tricks are designed to trigger impulse buying and specifically target the impulsive nature of people with a shopping addiction. People who gain pleasure and escape negative feelings through shopping sometimes call it "retail therapy." This phrase implies that you can get the same benefit from buying yourself something as you would from engaging in counseling or therapy. This is an incorrect and unhelpful idea.

While the term retail therapy is often used in a tongue-in-cheek manner, some people, including shopaholics, actively make time to shop simply as a way to cope with negative feelings. Although there are circumstances when a new purchase can actually solve a problem, this is not typically thought of as retail therapy. Usually, the things that people buy when they are engaging in retail therapy are unnecessary, and the corresponding financial cost may actually reduce resources for solving other life problems.

### **Compulsive vs. Impulsive Shopping**

Impulse buying is an unplanned purchase that happens on the spur of the moment in reaction to the immediate desire to have something you see in a shop. Impulse buying is a little different from compulsive buying, which is typically more pre-planned as a way of escaping negative feelings. But again, people with shopping addiction may engage in both types of addictive buying.

### **The controversy of shopping addiction**

Like other behavioral addictions, shopping addiction is a controversial idea. Many experts balk at the idea that excessive spending is an addiction, believing that there has to be a psychoactive substance that produces symptoms, such as physical tolerance and withdrawal, for an activity to be a true addiction. There is also some disagreement among professionals about whether compulsive shopping should be considered an obsessive-compulsive disorder (OCD), impulse control disorder (like kleptomania, or compulsive stealing), mood disorder (like depression), or behavioral addiction (like gambling disorder).

### **How shopping can be like other addictions**

There are several characteristics that shopping addiction shares with other addictions. As with other addictions, people who over-shop become preoccupied with spending and devote significant time and money to the activity. Actual spending is important to the process of shopping addiction; window shopping does not constitute an addiction, and

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the addictive pattern is actually driven by the process of spending money. As with other addictions, shopping addiction is highly ritualized and follows a typically addictive pattern of thoughts about shopping, planning shopping trips, and the shopping act itself, often described as pleasurable, ecstatic even, and as providing relief from negative feelings.

Finally, the shopper crashes, with feelings of disappointment, particularly with him/herself. Items purchased during a compulsive shopping spree are often simply hoarded unused, and compulsive shoppers then begin to plan the next spending spree. Most shop alone, although some shop with others who enjoy it. Generally, it will lead to embarrassment to shop with people who don't share this type of enthusiasm for shopping.

### **How to cope with shopping addiction**

Research indicates that around three-quarters of compulsive shoppers are willing to admit their shopping is problematic, particularly in areas of finances and relationships. Of course, this may reflect the willingness of those who participate in research to admit to having these (or any) problems.

### **Living with shopping addiction**

Shopping addiction is hard to live with because we all need to shop sometimes. Steps you can take that might help include:

- Finding alternative ways of enjoying your leisure time is essential to breaking the cycle of using shopping as a way of trying to feel better about yourself.
- If someone else in your family can take responsibility for shopping for essentials, such as food and household items, it can help to delegate the responsibility to them, at least temporarily while you seek help.
- It is a good idea to get rid of credit cards and keep only a small amount of emergency cash on you, so you can't impulse buy.
- Shopping only with friends or relatives who do not compulsively spend is also a good idea, as they can help you to curb your spending.

### **Next steps to consider**

Overcoming any addiction requires learning alternative ways of handling the stress and distress of everyday existence. This can be done on your own, but often people benefit from counseling or therapy. In the meantime, there is a lot you can do to reduce the harm of compulsive spending and get the problematic behavior under control. Developing your own spending plan can be a good first step.

There are tried, tested and written unbiased reviews of the best online therapy programs including Talkspace, Betterhelp, and Regain. Fortunately, although not yet well-researched, compulsive shopping does appear to respond well to a range of treatments, including medications, self-help books, self-help groups, financial counseling, and cognitive-behavioral therapy (CBT). Some of the personality characteristics found in the "shopaholic" personality bode well for the ability to be able to develop and respond well to a therapeutic relationship, which is the best predictor of success in addiction treatment. It should be noted, however, that although some medications show promise, results are mixed, so they should not be considered a sole or reliable treatment.

Getting help in understanding the emotional roots of your shopping addiction, as well as finding ways of overcoming your tendency to use shopping to cope, are important aspects of recovery from this confusing condition. Your relationships may have suffered as a result of your over-shopping. Psychological support can also help you make amends and restore trust with those who may have been hurt by your behavior. You may also find that therapy helps you to deepen your relationships by leading you to better understand how to connect with other people in ways that don't revolve around money.

Depending on how serious your shopping addiction is, you may also find it helpful to get financial counseling, particularly if you have run up debts by spending more than you earn. You could make an appointment with a financial advisor or consultant at your bank to discuss options for restricting your access to easy spending, to explore strategies for paying off bank debts and bank charges, and to put money into less accessible savings accounts as a way of interrupting the easy access to cash that tends to fuel the addiction. Shopping addiction can be as distressing as any other addiction. But there is hope, and support from those around you can help you to control your spending. Remember, you are a worthwhile person, no matter how much or how little you own.

## 5.7 IMPACT OF MARKETING STRATEGIES ON HAPPINESS

### What is the happiness formula?

Over the years many researchers have looked at many so-called formulas that can predict how happy a person is. But these often involve complex factors that differ for different people. What makes a particular consumer happy, may not make the other one happy, and that's totally cool. The happiness formula that is defined for short- and long-term marketing impact is super simple, however, with the right application, can be exceptional.

$$\text{Reality} - \text{Expectation} = \text{Happiness}$$

### The not so happy customer

You've booked a weekend break for you and your friend. You both book an affordable hotel and whilst the reviews aren't great, the images the hotel has provided you with are fabulous. You and your friend big up the hotel so much prior to arriving that you're **expecting** a 10/10. When you arrive, the **reality** of it is that you get an 8/10 experience. Your expectation exceeded the reality and you're not feeling too great about it. You might have had a nice weekend but you're not heading back to that hotel any time soon and you're not in any mind to recommend the hotel to your family and friends.

### The happy customer

Now let's flip it. You take time to read the reviews and understand the images provided by the hotel are probably just trying to make it look more glamorous than it is in an attempt to drum up sales. You and your friend are looking forward to the weekend but you don't expect the hotel to be that great. At best, you're **expecting** a 6/10. When you get there, the **reality** is that it's not as





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bad as you thought, a solid 8/10. Your reality has exceeded your expectations and you're fairly happy about the situation. You might not recommend the hotel right away but you wouldn't mind staying there again as you've had a pleasant experience.

The experience of your product or service should always strive to exceed the expectations of the customer, allowing them to have a truly happy and memorable experience. This will allow you to increase the lifetime value of each customer as they're more likely to repeat purchases and recommend your business to peers. Two of the most cost-effective ways to increase sales long term for any business.

### Happy enough to purchase

So how can this work in practice? Well, before you can exceed people's expectations with the product or service usage, you need them to buy it in the first place. There are a number of ways that as marketers we do this in an ethical way.

### Strategy

It should always start with a marketing strategy. A marketing plan without doing your research is just a gut feeling, and whilst this may work for some marketers, it's not scalable. Instead, investing in a solid strategy backed by research will allow you to identify what your target market is actually looking for and how they want to be sold to. Once you understand this, you can develop a really strong proposition strategy that will guide and inform the messaging you use as part of your communications.

### Creativity

Like it is mentioned before, consumers are becoming savvy to our marketing techniques. In order to hurdle this initial distrust, the use of truly inspiring and engaging creative assets work a treat. Again, link this back to your strategic research, and produce creatives that will resonate with your target market and explain to them the benefits that they want from your product or service. More importantly, explain the why.

### Data-driven

Make sure you and your team are spending time on the marketing activities that actually make a difference to your campaign performance. By setting up clear SMART goals and having weekly syncs to assess the metrics which deliver these goals, it will allow you to tweak and optimise your current campaigns to deliver the best results.

### Happy enough to come back for more

Once you've made a sale, you should now look to make sure that the expectation of that product or service is exceeded. Having a kick-ass product is obvious, but what else can we do as marketers' post-sale?

### Segmentation

By segmenting your customers, you can provide them with the aftercare support that they actually need and want. Make use of automation and a CRM system, such as Hubspot, to manage these segments. You can then manufacture workflows to provide



your different groups of customers with the right content, promotions, or information that will keep you top of mind for a repeat purchase.

### **Happy staff**

Make sure you're doing everything you can at a leadership level to keep your staff happy. If your product or service could or does involve any sort of communications with your customers and employees, then this is a must. Having a friendlier and happier workforce will make them believe in what you're doing as a business and allow them to really get behind the products and services you're selling. This friendliness will shine through when interactions take place with customers post-sale.

### **Smart staff**

Just having a bunch of friendly employees at your disposal will not be enough. You must also make sure that your colleagues are given the correct training about the product/service, as well as relationship training on how to handle even the trickiest of customers.

Adapting the happiness formula to your marketing efforts will allow you to exceed customer expectations time and time again. This will increase your customer lifetime value and boost recommendations through word of mouth and user-generated content. Don't be led by just gut decisions, underpin your campaigns with strategic research, dope creatives, and a data-driven approach to maximise success.

## **5.8 AUTOBIOGRAPHICAL ADVERTISING**

Advertisers play off consumers' memories and emotions through the use of autobiographical referencing. The use of such referencing can cause consumers to focus less on rational product information and more on the feelings evoked by their recollected memories (Sujan, Bettman, & Baumgartner, 1993). Increasingly, marketers are using this technique to appeal to Baby Boomers where these past images represent lasting expressions of freedom and youth (Marconi, 1996). For example, Walt Disney celebrated the 25th anniversary of Disney World in Orlando with an advertising campaign entitled "Remember the Magic." The ads resembled vintage home movies and featured scenes of people swimming, meeting Mickey Mouse, and enjoying themselves on the theme park's exciting rides.

The campaign's aim may have been to remind consumers of their own past happy childhood memories of the park in order to get them to revisit. But what if such referencing could change what consumers remember about their childhood memories of visiting the park? Not all consumers have had happy experiences at Disney nor do they all have the ability to accurately conjure up those childhood images at will. Because consumers may use the advertising as a cue to recollect their past experience, there is the possibility that these recently generated advertising images may alter what consumers ultimately remember about their own childhood.

After all, there is evidence that cues that get people to think over and over again about manufactured childhood events can be a relatively easy way to create false memories or beliefs about childhood (Loftus, 1997). Such findings have raised concerns about the accuracy of memories surfaced in hypnosis, guided imagery, or other prompts



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in psychotherapy. Marketers have found that autobiographical memories may be spontaneously activated within the context of an advertising message. Marketers have further shown that they can increase the likelihood consumers will activate their memories by focusing on experiential information (Wells, 1986) or using dramatic narratives in their advertising campaigns (Boller, 1990).

Autobiographical ads may cause consumers to imagine themselves in the advertised event, and this vicarious experience may alter how consumers remember their own past. What if Disney's "Remember the Magic" campaign implanted memories into consumers of things that never happened? The possibility that marketing stimuli can direct, guide, or change consumers' autobiographical memories has gone largely untested. This research investigates whether the use of autobiographical referencing can cause imaginings of experiences (even impossible ones) that lead consumers to become more confident that certain events had happened to them as children. This possibility holds both managerial opportunities and ethical ramifications.

Autobiographical memory can be defined as memory of past personal experiences. There has been much attention toward finding ways of accessing this type of knowledge because it is an important foundation of one's self-concept. Sigmund Freud, for instance, believed his patients had repressed traumatic childhood memories in their subconscious and believed it was necessary to understand his patients' original childhood experiences in order to understand their adult problems.

Psychoanalysts believe childhood is important for understanding relationships because this is when attachment occurs, and those early relationships are thought to be prototypical of later relationships (Ainsworth, 1985). As applied to the consumer setting, early childhood brand relationships may set the emotional stage for later adult brand relationships. Consumers' memories of brands or brand experiences from childhood thus may have a great consequence in their decision making, as they conjure up those past emotional attachments: "These trails of autobiographical memories they are perceived as veridical records accompanied by strong visual and, hence, vivid reliving of the original experience are not only important in themselves, but especially because they suggest that the original emotions are also likely to be important components of autobiographical memories".

Both psychoanalysts and marketers use cues to prod people to remember their past. In his work Freud eventually came to the conclusion that his patients were fantasizing much of their childhood experiences based on his own suggestions. The marketing-research paradigms have focused on how brands might associate themselves with actual past consumer experiences. Virtually no research has examined memories of brand experiences, in particular childhood ones, and the manner in which the advertising influences those recollections. In light of previous findings on autobiographical referencing an important and yet unexplored question arises: Might exposure to an autobiographical ad alter consumer's recollection of a past childhood experience or even create a memory of an experience that never happened?

For instance, some childhood memories may be based more on recurring ads consumers are exposed to rather than on recollection of actual childhood events. Similarly, some

consumers may come to believe that they had taken part in an experience when in fact they had only viewed an ad of the event. This alteration is possible because of the reconstructive nature of memory. A consumer's past is constantly being updated to fit one's changing self-knowledge and social. The process of rewriting one's history is natural and allows one to adapt to possibilities in the future (Hyman & Pentland, 1996). As time passes there lies a greater likelihood that temporally available information will be used to reconstruct, and perhaps distort, how the experience is remembered.

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## 5.9 PSYCHOLOGICAL PRICING

Have you ever gone shopping and walked out of the store knowing that you just blew your budget? Come on, you can admit it; it's happened to everyone. Would you feel better if I told you it wasn't your fault? Well, it's true...sort of. Through a variety of psychological pricing strategies, stores are specifically designed to encourage you to spend more than you intend. The techniques that retail stores use can also be very effective when applied to pricing in other industries. Let's dive deeper into four of the most popular ones that you can use to help increase your sales and hopefully avoid overspending at the mall ever again...and just for context - it's more than simply ending your prices in the number "9".

### What is psychological pricing?

Psychological pricing is the business practices of setting prices lower than a whole number. The idea behind psychological pricing is that customers will read the slightly lowered price and treat it lower than the price actually is. An example of psychological pricing is an item that is priced \$3.99 but conveyed by the consumer as 3 dollars and not 4 dollars, treating \$3.99 as a lower price than \$4.00.

### FOUR PSYCHOLOGICAL PRICING STRATEGIES

Psychological pricing techniques come in many forms. Here are four examples of psychological pricing strategies:

#### 1. Artificial time constraints

If you've been to any retail establishment in the past few months, I almost guarantee that you've seen some form of a sales sign depicting "1 day only sales!" where everything is "50% off!!" If we had more time, we'd add in more exclamation points. Snarkiness aside, there always seems to be this urgency around these sales, which ironically happen every weekend in some fashion. We're going to let you in on a little secret: The sales are always going to be there. Don't believe us? Look at how well JCPenney performed when they took them away.



These "1-Day only" signs are known as artificial time constraints. Stores place these restrictions on their sales because they act as catalysts for consumers to spend. If potential customers believe that the sales are only temporary, they're more likely to make their purchases today, rather than next week. Consumers are afraid of missing out on such



an obvious deal, so they make the purchase in order to avoid this potential feeling of regret or missing out. Plus, they'll feel peer pressured to buy after seeing all of their fellow shoppers take advantage of this bargain.

There's great power in creating artificial demand. You can take advantage of this psychological fear when you're selling your own products, from shoes to enterprise software. Reverse the sales paradigm by branding your product as an exclusive, must-have item, and convince potential customers to sell you on why they're a good fit for your product or service. Essentially, go back to your high school dating days and play hard to get. By doing so, you'll create this urgency and fear in your prospects that they're missing out on not only the next big product or trend, but that product at a great price. Be careful though, don't go too deep onto the discount pricing wagon. You want to make sure this lever reinforces, not deteriorates, your brand.

## 2. Charm pricing

Charm pricing is the official (read fancy) name for all those 9's that you see at the end of prices in your local stores. Studies done by researchers at MIT and the University of Chicago have proven that prices ending in 9 create increased customer demand for products. These psychological phenomena are driven by the fact that we read from left to right, so when we encounter a new price at \$1.99, we see the 1 first and perceive the price to be closer to \$1.00 than it is to \$2.00. In essence, ending your price in a 9 convinces customers that you're offering a great deal.



Feel free to take advantage of this fact in your pricing. If your price is originally \$100, try selling it for \$99 and see if there is a difference in your sales. NOTE: This is different from A/B testing to find your pricing, as here you already know your optimal price point and are using A/B testing to find the optimal design of your pricing page.

The prevalence of charm pricing has created the opposite effect as well. While prices ending in 9 connote a "value price", prices ending in 0 now connote a "prestigious price." So, if you're selling a "high-class" product, like a diamond ring, you might be better served ending your price with a 0 to give your customers the impression that they're paying for something that is expensive and worthwhile. For a great example take a look at most of the sales on Gilt Groupe's flash sales - all of the before prices will end in 0s or 5s while the after prices will end in 7s, 8s, and 9s.

## 3. Innumeracy

Which do you think is a better deal? "Buy one get one free" or "50% off two items?" According to a study done by researchers at the University of Minnesota, most people would prefer the first option, even though the two options are identical (buying two items at 50% off is the same as paying full price for one and getting the second free).



This phenomenon is known as innumeracy, where consumers are unable to recognize or understand fundamental math principles as they apply to everyday life. (Those high school math classes are coming back to haunt you now.) Other ways that innumeracy appears in pricing include double discounting, coupon design, and percentage pumping. These topics are covered in more detail in our post on innumeracy.

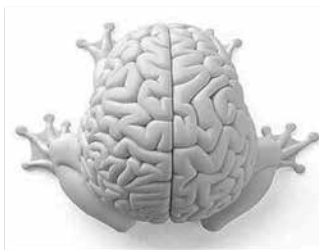
#### 4. Price appearance

The design of your prices can also have a tremendous impact on how customers perceive the value of your product. Next time you go to a fancy restaurant, look at the prices. Most likely they will be in a smaller font and won't have the added zeroes at the end. They'll look like "19", instead of "\$19.00".

There's a reason for this type of design. Longer prices appear to be more expensive for consumers than shorter prices, even if they represent the same number. This is because subconsciously, the longer prices take more time to read. This effect is compounded by the use of a "\$" sign for prices. Not only does it make the price longer, but it also firmly relates the number to consumers' wallets, which exacerbates the pain of parting with their hard-earned cash. Similarly, prices with more syllables appear more expensive because consumers pronounce prices in their heads and it takes longer to recite extended numbers.

This is an easy tactic to employ for your pricing as well. Omit the "\$" signs from your pricing and if you're pricing at a whole number, forget the ".00" as well. If you're trying to combine this tactic with charm pricing, consider making the ".99" very small compared to your main price.

#### Remember, these tactics are the last inch, not the whole foot



With a psychological pricing strategy, you can provide a psychological impact that delivers a sense of urgency. You can change the perception of your pricing by adding an odd number, anchor prices, and a handful of other tactics. The most important part about this is that you must convey the value of your product. Your price is how you convey your value to your customers, and this communication hinges on your customers' perceptions of your pricing, which you must

measure using science, not your gut instinct. No amount of these psychological tips and tricks will make up for improperly set prices in the first place. Also keep in mind, the decision to use these strategies is up to you. Some may see these techniques as taking advantage of consumers' inherent mathematical and psychological weaknesses, while others may find them to be an essential part of everyday business.

Regardless, the lesson here is to be transparent and open with your customers. The worst thing you can do is to leave your customers feeling tricked after they buy your product, because then, not only will they never return, but they will also tell everyone they know not to buy your products either (or even worse, post a bad review on Yelp!). All of that being said, look for these tactics being used on you as you venture out into the consumer world. Don't be fooled, and happy pricing!





## 5.10 CHAPTER SUMMARY

Customer materialism is the emphasis that a consumer places on obtaining and owning material possessions. Materialism is typically seen as a personal value in the research on consumer behaviour, which means that it influences people's priorities and decision-making. According to materialists, acquiring material possessions is a desirable and practical means to accomplish significant life goals. The practise of an action over and over again despite negative results is referred to as compulsive behaviour. The obsessions feed into the compulsions (e.g., intrusive thoughts of contaminations). Spending addiction commonly co-occurs with other mental illnesses such as eating disorders, anxiety, and depression. Spending addictions, as opposed to other addictions, typically start to take hold in people's 30s once they acquire financial independence. A behavioural addiction known as shopping addiction involves excessive purchase in an effort to feel better and ward off unpleasant emotions like anxiety and depression. The obsession with shopping, like other behavioural addictions, can become so strong that it interferes with other aspects of your life. Shopping addiction frequently co-occurs with other disorders, such as mood and anxiety disorders, substance use disorders, eating disorders, other impulse control issues, and personality disorders. It typically manifests in a person's late adolescence or early adulthood. It's not uncommon for people to develop a shopping addiction in an effort to improve their self-esteem, however this strategy isn't usually very successful. Whether we realize it or not, these are the things we all seek in our lives, personally and professionally, regardless of our culture, ethnicity, or nationality. And according to research on how people choose the brands they choose, these elements of happiness affect purchasing decisions.

## 5.11 REVIEW QUESTIONS

### SHORT ANSWER TYPE QUESTIONS

1. Define state-trait concept.
2. What is Psychological Pricing?
3. Briefly describe compulsive buying disorder.
4. Define consumer materialism.
5. What is the difference between compulsive and impulsive shopping?

### LONG ANSWER TYPE QUESTIONS

1. Discuss autobiographical advertising in detail.
2. Discuss in detail the psychological pricing strategies.
3. What do you understand by shopping addiction? How to restrain the urge to spend?
4. What is the impact of marketing strategies on happiness?
5. Discuss the relationship between consumer happiness with advertising psychology.

## 5.12 MULTIPLE CHOICE QUESTIONS

NOTES



1. \_\_\_\_\_ are the business practices of setting prices lower than a whole number.
  - a. Psychological Pricing
  - b. Consumer Materialism
  - c. Autobiographical Advertising
  - d. Shopping Addiction
2. \_\_\_\_\_ is the emphasis that a consumer places on obtaining and owning material possessions
  - a. Customer materialism
  - b. Psychological Pricing
  - c. Autobiographical Advertising
  - d. Shopping Addiction
3. \_\_\_\_\_ is an unplanned purchase that happens on the spur of the moment in reaction to the immediate desire to have something you see in a shop.
  - a. Impulse Buying
  - b. Compulsive Buying
  - c. Shopping
  - d. Psychological Pricing
4. \_\_\_\_\_ is typically more pre-planned as a way of escaping negative feelings.
  - a. Shopping
  - b. Psychological Pricing
  - c. Impulse Buying
  - d. Compulsive Buying
5. 'Shopping addiction' is also referred to \_\_\_\_\_.
  - a. Oniomania
  - b. Kleptomania
  - c. Triskaidekaphobia
  - d. None of these
6. \_\_\_\_\_ is the scientific study of the strengths and virtues that enable individuals and communities to thrive.
  - a. Positive Psychology
  - b. Psychological Pricing
  - c. Cognitive Psychology
  - d. Developmental Psychology
7. \_\_\_\_\_ is the official (read fancy) name for all those 9's that you see at the end of prices in your local stores
  - a. Oniomania
  - b. Charm Pricing



## NOTES



- c. Customer Materialism
  - d. Autobiographical Advertising
8. \_\_\_\_\_ is similar to behavioral addiction, such as binge eating and gambling.
- a. Customer Materialism
  - b. Autobiographical Advertising
  - c. Compulsive Buying
  - d. Impulse Buying
9. What is the full form of CBT?
- a. Cognitive-Behavioral Therapy
  - b. Continual-Behavioral Therapy
  - c. Consumer-Behavioral Therapy
  - d. None of these
10. The phenomenon where consumers are unable to recognize or understand fundamental math principles as they apply to everyday life is termed as \_\_\_\_\_.
- a. Innumeracy
  - b. Charm Pricing
  - c. Customer Materialism
  - d. None of these

◆◆◆◆

# ANSWER KEY

## UNIT I

QUES.	ANSWER	QUES.	ANSWER
1	a.	6	d.
2	d.	7	a.
3	b.	8	a.
4	a.	9	b.
5	a.	10	c.

## UNIT II

QUES.	ANSWER	QUES.	ANSWER
1	a.	6	c.
2	a.	7	a.
3	b.	8	d.
4	a.	9	a.
5	a.	10	b.

## UNIT III

QUES.	ANSWER	QUES.	ANSWER
1	a.	6	a.
2	a.	7	a.
3	b.	8	a.
4	a.	9	d.
5	d.	10	d.

## UNIT IV

QUES.	ANSWER	QUES.	ANSWER
1	a.	6	a.
2	a.	7	b.
3	a.	8	a.
4	b.	9	a.
5	d.	10	a.

## UNIT V

QUES.	ANSWER	QUES.	ANSWER
1	a.	6	a.
2	a.	7	b.
3	a.	8	c.
4	d.	9	a.
5	a.	10	a.

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