

# PSYCHOMarketing

**Do You Really Have Free Will  
To Buy What You Do?**



The freedom of choice is sold to you as if it  
were a gift, when, indeed, it could be a curse,"  
– Sir Isaiah Berlin

**ROGER NICHOLS**

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To Buy What You Do?**

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*Communication Architect*

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**PSYCHO**Marketing

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## Introduction

Since the introduction of man upon this earth, there has been marketing. Think of the first documented example: the serpent offered Eve the forbidden fruit from the Tree of Knowledge. His value proposition was simple: "and ye shall be as God, knowing good and evil." Quite an offering, while downplaying the negative.

### **Another Perspective: John Milton's Paradise Lost**

Satan, in the form of a serpent, searches for the couple. He is delighted to find Eve alone. Coiling up, he gets her attention, and begins flattering her beauty, grace, and godliness. Eve is amazed to see a creature of the Garden speak. He tells her in enticing language he has gained the gifts of speech and intellect by eating the savory fruit of one of the trees in the Garden. He flatters Eve by telling her eating the apple also made him seek her out, to worship her beauty.

Eve is amazed by the power this fruit supposedly gives the snake. Curious to know which tree holds such a fruit, she follows Satan until he brings her to the Tree of Knowledge. She recoils, telling him God has forbidden them to eat from this tree, but Satan persists, arguing that God actually wants them to eat from the tree. Satan says God forbids it only because he wants them to show their independence.

Eve is now seriously tempted. The flattery has raised her desire; she longs to know more. She reasons that God claimed eating from this tree meant death, but the serpent ate (or so he claims) and not only does he still live, he can speak and think. God would have no reason to forbid the fruit unless it were powerful, Eve thinks, and seeing it right before her eyes makes all the warnings seem exaggerated. It looks so perfect to her. She reaches for an apple, plucks it from the tree, and takes a bite. The Earth then feels wounded, and nature sighs in woe, for with this act, humankind has fallen.

Eve's first thought after her fall is to find Adam and have him eat of the forbidden fruit, too, so that they will remain equal. Eve does not want Adam to remain and have another woman; she wants him to suffer her same fate. She finds him nearby, and in hurried words she tells him she has eaten the fruit, and her eyes have been opened. Adam is horrified, because he knows they are now doomed, but, he also immediately decides he cannot possibly live without Eve. Adam realizes that, if she is to be doomed, then he must follow. He eats the fruit. He, too, feels invigorated, at first.

Adam and Eve both believe they will gain glorious amounts of knowledge, but the knowledge they gain by eating the apple is only of the good they have lost,

and the evil they have brought upon themselves. They blame each other for committing the sin, while neither will admit any fault. Their shameful and tearful argument continues for hours.

The serpent had been able to counter Eve's argument, that God claimed eating from this tree meant death. Eve now saw she had been misled with deception. Of course, she hadn't known any better. So, can we truly say she exercised her free will?

In the interest of disclosure, I am certainly not saying marketing is evil, but the more important question remains unanswered, still to this day: does free will exist? There are those who maintain that external and internal forces affect how we behave and, as such, it can be said that we do not have free will.

Whether you believe we have free will or not, there are valid points for both sides of this argument which cannot be overlooked. Studying these points, it appears that ALL the scholars agree external factors can influence the decisions of individuals in the marketplace, and elsewhere. It is this very knowledge that marketers explore in order to influence human behavior, prompting us to make more sales in their favor.



The psychology of marketing is the use of psychological principles in the creation, communication, and delivery of goods and services that are valuable to people. You may have experienced it several times when you went shopping and ended up buying more than you intended, or when you outright purchased something you hadn't the budget for. You would say the offer was so compelling that you had to buy it! Indeed, studies have been conducted to show that up to 90% of your decisions have been made before you are even consciously aware of them.

So powerful are these effects of marketing. This psychology of marketing has inspired me to write this book, and to coin the term **"PsychoMarketing."**

In these pages, I shall address several profound psychological principles that marketers use to influence you, the prospective customer, using your very own innate human behavior against you. I will attempt to highlight their tactics and, hopefully, with this knowledge give you the insight to reduce its influence on you.

## SECTION ONE

### The Paradox of Choice

#### **Chapter 1. The Paradox of Choice**

*"Autonomy and Freedom of choice are critical to our wellbeing, and choice is critical to freedom and autonomy. Nonetheless, though modern Americans have more choice than any group of people ever has before, and thus, presumably, more freedom and autonomy, we don't seem to be benefiting from it psychologically."*

– Barry Schwartz, *Paradox of Choice*

We make choices every day. Every phase of our lives is marked by the choices we make, or the lack thereof. Most of us do not have one specific formula for making decisions, nor can we—simply because the ways we decide what school to attend, what career path we'll pursue, what we want in a spouse, and how we determine our brand of toothpaste are all very different matters in our lives.

The "paradox of choice" explains how consumers might either be fascinated or overwhelmed when they are exposed to multiple options. According to Barry Schwartz, when you are open to a significant amount of freedom to choose, it might cause you the

feelings of less happiness and satisfaction, which could eventually lead to decision-paralysis.

### **Buyer's Remorse**

For example, our sweet teenage niece gets excited to try out all the latest fashion trends at the local shopping mall, but research shows most adolescent girls confess that, much of the time, they end up buying clothing and products that do not compliment their body type, personality, or taste, simply because they couldn't miss out on that mouthwatering offer. It might be getting a free blouse after purchasing a pair of shoes. Research shows almost immediately after their purchase these consumers have the feeling of "Buyer's remorse."

Schwartz categorizes decision-makers as "Maximizers" and "Satisfiers." Maximizers are the people who need assurance that the purchase or decision they made is the best out of the available options. They check all the alternative possibilities before narrowing them down to one. A Satisfier, on the other hand, is the one who settles for an option without worrying about other alternatives. The Satisfier goes by the standard and criteria they have mapped out and goes for the option that meets the requirement, without worrying about whether they should have explored other preferences.

Similarly, Isaiah Berlin, a Russian-British political philosopher, established two concepts which explained the liberty of choice: negative and positive. Negative independence is freedom from constraints, obstacles, other people's opinion, control, etc. On the other hand, positive freedom implies openness to choose from the plethora of opportunities you are surrounded with, the capacity to make your life better, more accessible, and to fulfill your purpose.

"The freedom of choice is sold to you as if it were a gift, when, indeed, it could be a curse," says Berlin. If the limitations people want to break free of are inflexible, they might not be able to make the right choices. What we fail to see is that being offered an array of choices can lead to "paralysis." The fewer choices we are exposed to, the better our chances of getting the best deal.

This seems illogical; the best deal might not even be in the pack of fewer choices. Do you mean the better our chances of being able to choose one we actually want? The hassles of picking from an excess of selection can make one lose interest faster than we would like to admit. This happens to me and many of the people I know; we all have that friend who enters a store looking for *the* sexy black dress and then, is faced with the task of having to choose

"the one" from over 30. She walks out of the store without selecting a single one, because her brain was unduly overwhelmed, which ended up confusing everything. This is commonly called "Paralysis by Analysis." Alternatively, if a store offers to sell a pair of shoes for half the price if she buys a particular dress, then she will happily pay for it and leave, not minding if the design is slightly different from the one she had in mind as long as it fits and falls within fashion.

It is true that we all crave the freedom to be able to make our choices from limitless options, but when there are too many options we get confused. This can lead to us making the wrong decisions, or worse, refusing to make any decisions at all.

## Chapter 2. Purchasing Strategies

We tell ourselves we have a purchasing plan as we head out to the store, online, or even just to do some window-shopping. But, how many of us know what our strategy is? Better yet, how many of us stick to it?

### **Matching expectations.**

We always tell ourselves we have in mind what we want when we are faced with a decision to buy. Our expectations often influence our choices—this is known as “expected utility”—when we tend to go for brand names or their subsidiaries because we perceive they are better than unknown ones. Similarly, if we’ve had experience with a product in the past, we tend to remember its value or quality; “remembrance utility” often influences our future purchases. If you want to eat pizza, you are more likely to go to the place that welcomed you warmly and attended to your desires in the past, even if their pizza was not as delicious as the other restaurant, where the staff was rude.

### **Measuring the significance of our goals.**

We weight our goals to what we think is best suited for us. When we assess this important factor, we often rely on the personal input of those we know and love even though their preference and needs may be different from ours. At times, we get so invested in other friends’ experiences we end up ignoring

professionals who can help us streamline our options, which eventually leads us to disappointment.

Technology has made it so easy for us to do social research about a product extensively before purchasing it. Other people's tastes are influenced by their backgrounds and circumstances, which may be entirely different from yours. Of course, we also get swayed by the packaging and advertising of a product. Some companies pay bloggers to write excellent reviews about their products; this is why it is essential we double, triple, and hundred times check the information we find online. This is called "Social Proof," and we shall discuss it later on (on page 32 to be exact).

**Frame or assess your options.**

Our personal "mental accounting," also known as "psychological accounts," influences how we frame our options. Mental accounting is a cognitive process where we keep track of our decisions to influence future ones. Of course, some of our college friends go to college because they want to get a degree to secure a good paying job, or to appease their parents or loved ones, or simply because they are interested in a subject matter specialization.

**Align each of your choices with your goals.**

Choices should be aligned to fit needs. Does the product satisfy a craving or need? If it does, then you are on the right track. If it doesn't, perhaps it is time for you to reevaluate your options as objectively as possible.

**Modify your goal.**

Looking forward to how you will use the product or service in the future comes into play when you are still assessing your decision. This means that what you are interested in is how your decision will satisfy your current and future needs. Brand may not be as important at this point.

**Select the best.**

Go for the best product or service on the list after you have evaluated all your options. This is a no-brainer, right? If you evaluate your options with an open mind and without bias, you will end up selecting the one that is best suited for you and/or offers the most satisfaction.





## Chapter 3. Marketing Psychologist?

Yes, Virginia, there are such things as marketing psychologists. It is an accredited degree in the area of psychology, not surprisingly with a focus in marketing. These psychologists analyze how consumers feel about a product regarding pricing, color, packaging, etc., from among hundreds of other preferences and triggers, to help companies' position their products and services to create or increase their market share. They study what influences any marketing campaign by reviewing culture on consumer trends, to target their audience better.

A long time ago, it was discovered that, when marketing uses emotional and psychological appeals in advertising their products, they resonate more with consumers than when promoting any single function or feature. In other words, educating consumers to know how it can make them feel or to solve their problem is more effective than highlighting the qualities of the products. In effect, these psychologists learned to influence the behavior of customers by planting emotional ideas.

Consider, for instance, way back in 1781, when the contents of Thrale's Brewery were being auctioned off by Samuel Johnson, who said, "We are not here to sell boilers and vats, but the potentiality of

growing rich beyond the dreams of avarice.” In this example, it is evident he was using the marketing psychology method long before it became popular in our world—and it yielded excellent results then, as it does now.

To maximize marketing strategy effectively, the marketing psychologist needs to understand the factors that affect human behavior. They learn how people think, and what will overshadow their competitors who only advertise their goods and services, without tapping into the customers’ emotions.

## Marketing Basics

There are rudimentary psychological tactics employed by almost every marketer, to influence the decision of consumers when it comes to purchasing products and services. Most of these are obvious, and we are very aware of them.

### **Geographical**

Location, location, location is a significant factor in the decision to purchase a product, or not. To state one obvious example, people who live in the polar regions of the earth are in no need of sandals. The geolocation of goods and services is merely location-specific, just like the key lime pie from your favorite vacation hot spot.

## **Age**

The age of a customer can influence the desire to purchase a good or service. As their age increases, the needs and willingness of the person changes, and, therefore, the things that appeal to that person also change. It is a waste of time to advertise a skateboard to a cantankerous old man—even if it would be fun to see him riding one.

## **Gender**

Marketing psychologists also take into consideration the gender of consumers in determining how several goods and services will be designed and communicated to them. Obviously, advertising feminine hygiene products would not be optimal in an all-boys school.

## **Socio-economic status**

Also known as “SEs” in market research lingo, this refers to the classifying of people by their social, economic, and educational status. This also often includes their lifestyles, values, and behaviors, which is combined into what are called “socio-economic/lifestyles.”

## **Belief system**

What an individual believes usually influences the kind of goods and services they will purchase. For instance, no matter the packaging and grandeur of

pork, a devoted Muslim will never buy it. Beliefs are very powerful, and they significantly affect everything consumers purchase.

### **Color**

In the distant past, advertisement of goods and services were created in black and white. However, since leaving the Stone Age, many researchers have discovered the human mind attaches a given emotion to colors, which affects the mood of every individual. Based on this discovery, marketers have learned to use suitable colors to market their products. Although each person attaches meanings to colors subjectively, some general feelings are associated with each color:

**Red** is often associated with danger, passion, excitement, warmth, and energy. It can be used to arouse people's sexuality and raise blood pressure. So, today's marketers often use red when they want to indicate strength, courage, vigor, and erotic feelings.

**Purple** portrays royalty, nobility, mystery, luxury, and spirituality. This effect on the brain has made mental health officials adopt it for psychiatric health care. Conversely, purple can also be associated with decadence, conceit, and arrogance. It is commonly

used to target women....I will let you read into that what you wish.

**Pink** is often linked with happiness, sensuality, and hope. Pale pink is generally accepted as the color of little girls, as it represents sweetness; light pink is romantic, while dusty pink is sentimental. Hot pink represents excitement, energy, youthfulness, and fun. The pink palette of colors is often used to stimulate energy in a variety of ways. One unexpected way is to calm violent prisoners in jail cells.

**Blue** is arguably the most universally favored color, as it is used to communicate trustworthiness, reliability, intelligence, understanding, authority, and bureaucracy of organizations. It is believed that, due to its association with sky and sea, blue colors tend to be interpreted as calm and harmonious. Oddly enough, though, blue is also used to express depression or sadness. In the early days of our 1960s political campaigning, long before we had red states and blue states, the most-favored color—according to the market psychologists—was known as “public opinion” blue. Again, I’ll leave you to read into that as you wish.

**Yellow** is connected with optimism, cheerfulness, playfulness, and happiness. Being the color of

sunshine, it communicates vigor and delight. It stimulates mental action, generates muscle *oomph*, and creates a warming effect. Bright yellow is used for cautionary purposes, because the human eye processes the color immediately when it is sighted.

**Orange** is formed from the mixture of red and yellow. It communicates strength, efficiency, dependence, and reasonable pricing. In many occasions, orange is associated with tropical weather, determination, and creativity. It also stimulates the appetite.

**Green** represents nature and the environment; it also signifies finance and wealth-stability. Darker shades of green indicate wealth, prestige, and abundance, while lighter shades represent vitality, renewal, and growth.

If we take into consideration that Starbucks's use of green as the primary color of their brand identity is to promote a sense of relaxation from its highly caffeinated products, we can easily see how the cafes appeal to customers who would choose to take coffee breaks during their most "stressful" times.

Be that as it may, many major global brands have utilized these emotional pulls of color to make their brands appealing. McDonald's chose high-energy colors (yellow and red) for their brand identity. These bright, primary colors make the brand appealing to

children while creating a sense of urgency. Ronald McDonald's, although popular with kids, also gives the parents an unease that works to Micky D's benefit, as these colors facilitate turnover of customers and thus, increased profits. The color selection also increases appetite, and this is why it is easy for them to market all those unhealthy foods. Can you imagine if they had used a healthy green for example? I suspect their brand may not have been as successful.

On the other hand, let's look at Facebook's blue, which suits well to communicate sincerity and solidness of its brand: Pushing Emotional Ideas.

### **Nature vs. Nurture**

As if to make things even more complicated, we must also consider, in our psychological mix, the debate over nature versus nurture. There have been hundreds of books written on this psychology concern, which, I am sure you have heard of: which particular aspects of behavior are the more powerfully determinant: inherited genetic characteristics, or acquired, that is, learned, characteristics?





## Chapter 4. A Few More Ploys of Marketing Psychologists

### **Highlighting the product's shortcomings**

Numerous marketers are aware that we tend to doubt the authenticity of products as they explain them to us. Using everything they've got, then, some skilled marketers choose to reinforce their claims by including the limitations of the products, a fact the people they are speaking to may not even be aware of. This perceived truthfulness makes people believe the marketers and in turn persuades them to purchase the product. Summarily, if people don't perceive the marketers as credible, they will not be convinced to buy the products, and the highlighting of the flaws of the product turns out to be an excellent way of optimizing credibility.

**Using images instead of text.** Brain studies have shown that we humans think in pictures; I'm sure you know where I'm going with this: some marketers take full advantage of giving our brains what they need to buy their products. It is true that a picture makes a more significant impact on people than a thousand words, because people are not likely to read all the words. People also tend to remember images rather than words. It has been discovered that attaching a

picture will make or break a sale when one is considering an online purchase.

**Obeying the “start small principle.”**

Also known as the “foot-in-the-door” technique, this is a strategy in which marketers offer the potential customer something inconsequential, to begin a relationship. For example, a non-profit organization might initiate a connection with people by asking them to supply their emails so they can receive updates about the organization’s progress and events. The main reason for the relationship is to get people to donate, but the marketers know that if they go straight to the point, most people will not be willing to give. After being kept abreast of the impact and developments of the organization, however, more people will be ready to give to support the organization. On the other hand, some marketers use the “door-in-the-face” technique, which is the opposite of the “foot-in-the-door” approach. When marketers use the first approach, they make a significant request of the customer, which they know will definitely be turned down. After this, they make a smaller request. When this happens, the people are less likely to turn down the request. We see this in Donald Trumps’ *The Art of the Deal*: make an outrageous claim and then everything after that appears reasonable.

### **Using random freebie schedules**

People like freebies! Marketers take advantage of this to influence current and potential customers. They introduce add-on freebies for every product or service purchased. It has also been discovered that having a random giveaway is more effective than using a fixed one, for instance, giving a free drink randomly rather than providing a free drink to people who come to a restaurant for the tenth time. This practice is based on the psychological principle called "operant conditioning" (also called "instrumental conditioning"), in which people relate a given behavior to a consequence. Also, the freebie can be something that is not even associated with the product of the firm. For example, if food is the product, the freebie could be a pen or a notebook. This principle is called "classical conditioning."

It doesn't stop there. So many other tactics marketers use to influence their people include: placement, humor, amusement, appealingly framing sales pitches, appealing to people's senses, connecting with people on emotional levels, and even using eye contact.



## SECTION TWO

### Psychological Principles and Their Implications

As you can see, marketing has advanced over the years, particularly in the area of how marketers view consumers. In the past, consumers were seen as sheep; it was believed they could easily be directed toward buying any product to be sold.

However, with advancements in technology and education, a new class of independent consumers has emerged. These new consumers analyze marketing information critically before purchasing any good or service. This makes it more difficult for marketers to get consumers to buy their products.

In fact, no matter how educated a person is, there is still a human element that can be appealed to, by playing on some psychological principles that make promotions and offers more attractive. It is crucial that marketers do not use these principles to manipulate consumers; instead, they should be used to help consumers understand fully the utility they will derive from consuming every product they purchase.

In this section of the book, we shall discuss in detail psychological principles, their marketing

implications, and how marketers can apply these principles for effective marketing.

## Chapter 5. The Art of Priming

Priming is a way of making subtle suggestions to a subconscious mind with the aim of inducing a particular response. An example of this is that it is easier to understand the word "banana" when it is written after "yellow" rather than "black." Priming occurs because people perceive objects and words differently if they are prepared beforehand. In short, when words and objects are primed, people understand them differently.

John A. Bargh, an American psychologist, discovered this priming effect; he demonstrated that people's behavior could be altered by activating specific associations within them. In his experiment to confirm this, a group of subjects were asked to read a list of words that related to old age and infirmity (bald, forgetful, stick, limp, etc.); while another group of subjects read a list that referred to being young and healthy (limber, spontaneous, sports, party, etc.). He learned that the folks who read the list related to old age spent more time in the trial room before leaving it than those who read the words associated with being young and healthy.

This experiment is rather intriguing, especially when we consider the subtlety of the cues that changed the behavior of the subjects. They were not shown a video of aged people or a nursing home, nor were



they asked to visualize how it feels to be old. They simply read a list of age-related terms spread in a non-obvious manner. So, even though it is true that the resulting behavior of walking more slowly did not last for long, the fact that it took them more time to leave the room is itself provocative.

**Masked priming** is sometimes referred to as a “sandwich” technique, and is one of the purest forms of priming. Masked priming occurs where a word or image is sandwiched between a mask and a stimulus, which acts as a backward mask. It is typically presented for only a very short time, too short to be consciously recognized. Amazingly, it is reported that about one person in 50 can actually see the prime quite plainly, and can identify it.

**Associative priming** is a form of priming in which the prime is related to the target. This particularly applies to free-association word pairs. In other words, the probability that the target will appear with the prime is high, for example, *cat* is an associative prime for *dog*. This means the two words are closely related and can frequently appear together, as, for instance, in the phrase “it’s raining cats and dogs.”

**Non-associative semantic priming** refers to related concepts in which one is less likely to trigger thoughts of the other, for example *sun* and *Venus*.

**Conceptual priming** is similar to associative priming, but it occurs in a context used to speed up the comprehension of targets that will likely occur within that context. This is applied when reading texts, and it happens where related ideas are used to prime the response, for example, *sock* may prime for *foot*. The grammar of the sentence provides relative clues for words that will be used later in the sentence. In this case, processing the following words becomes easier than if they were to be read alone.

**Semantic and conceptual priming** are very similar, and the terms may be used interchangeably. In this type of priming, the prime and the target share features and are from the same semantic group. *Sheep*, for example, is a semantic prime for *lamb* because, when you mention *sheep*, you are inclined to think about lamb. Semantic priming works because within associative networks there is spreading activation. That is, when a word within a group of related words is triggered, the brain is stimulated to think of other words in the group. Semantic priming can work with morphemes, the smallest linguistic units (i.e., shorter words within longer words), within a word. For instance, the morpheme *psyche* can prime for *psychology*.

**Perceptual priming** is based on the form of the stimulus, for example, where a part-picture is completed based on a picture seen earlier.

**Repetitive priming** occurs where the repetition of something leads to its influencing later thoughts.

**Reverse priming** occurs when people realize they are being primed and are feeling they have been biased. In that case, they over-respond in their choices, which become biased in the reverse direction.

## Priming used in Marketing

Priming also has significant effects on the impact of ads and sales pitches to consumers. For instance, when a marketer advertises a pain-reliever drug by creating a commercial that shows aged people experiencing strain with performing activities that demand manual adroitness. At a conscious level, it will be assumed that this ad will only be effective when viewed by old people experiencing the symptoms described, but there is a priming effect happening which may not make that so.

When consumers see this ad, mainly if the ad shows the same old people possessing youthful strength after taking the drug, there is a subtle effect that is created that enables the company to reach more people than the aged people experiencing the

symptoms described in the ad. The same effects of priming are also noticeable in brand identity development, website design, and online advertising, among others.

### **Priming with sound**

Research done in 1999 revealed priming with sound has a significant effect on marketing. North, *et al.* (1999) experimented with a grocery store for two weeks. During this period, German and French music was played on alternating days; the amounts of German wine and French wine sold on those days were measured. Also, people who purchased wine were requested to fill out a brief survey. The outcomes showed that the individuals who bought wine in the grocery store within the period of the study were not conscious of the influence of the music playing on their choice of either German or French wine. Yet, on the days when German songs were played, more bottles of German wine were sold, and on days when French songs were played, more French wine was sold. This shows that a simple auditory prime can affect purchases made by consumers significantly without engaging the conscious knowledge of those consumers.

### **Priming with images**

A study done by Winkielman, *et al.* (2005) looked at the impact of subconscious exposure to different

facial expressions (happy, neutral, and angry) on the amount of Lemon Kool-Aid consumed by subjects. This study showed that thirsty participants primed with a happy face poured themselves more than twice as much drink as those who had seen an angry face.

In another study, subjects primed with an Apple logo exhibited more creative thinking than those primed with an alternative brand. Also, in the same study, subjects primed with a Disney logo tended to be more honest.

Another factor to consider is color scheme, as mentioned earlier (p. 15). I cannot give you a one-for-all approach to this because priming varies from business to business. However, I can tell you that color has been found highly effective, as long as the palette doesn't contradict the company's brand message.

**Priming with words** is perhaps the easiest way to employ priming in marketing, because essentially, most advertisements are made of words, whether spoken or written. Several experiments in social psychology demonstrate that priming people with words like "solo," "differ," etc., can make a company appear unique and stand apart from their competitors.

It has been discovered that choice words used at the beginning of a presentation or commercial support the meaning of words that follow. This is referred to as the "**principle of first mention.**" Marketers are very careful to choose just the right words at the beginning of any communication.

**Priming with smell** is more of a local application, but there's no denying its powerful appeal. Cinnabon strategically places ovens near the front of its stores, so the smell of baking cinnamon rolls wafts outside the door. Abercrombie & Fitch is well-known for the musky scent of its stores, which is attained by having employees regularly spray it into the air at all Abercrombie stores, to keep the scent fresh.



## Chapter 6. Reciprocity

The principle of reciprocity speaks to the human tendency and desire to give something back after something is received. The idea of "do me, I do you" is a basic part of human nature; it's the essence of being human. Let's say a friend invites you to his or her wedding; you are likely to ask them to yours as well. If a colleague has once filled in for you for a weekend, you will want to fill in for some other time later requested. Simply put, the principle of reciprocity implies that individuals feel obliged to give back to others a gift, service, or form of behavior, which they have received.

In 1971, Professor Dennis Regan conducted a study referred to as an "art appreciation experiment." He requested that subjects rate paintings with a partner who, in reality, was a research assistant. Halfway through the experiment, the partner left the room and returned later with soft drinks for some subjects and nothing for others. After the exercise, the research assistant asked the subjects if they were willing to do him a favor by buying raffle tickets from him. Subjects who were given the gift of a soft drink were more willing to buy the tickets than those who were not, even though they cost more than the soft drink.



This principle of reciprocity has also been confirmed in a series of studies done in restaurants. Ordinarily, most people will think that giving a mint does not have any significant effect on the tips that will be given by diners. However, the result of the study revealed that providing guests a single mint when they are done with their meal increased tips by about 3%; giving two mints increased the tips by about 14%. Surprisingly, when the waiter gave one mint and began to walk away from the diners, then turned back and said, "here's an extra mint for you pleasant people," the tips increased by about 23%. This next increase was influenced more by how the mint was given than the number of mints that were offered. Therefore, fundamental to reciprocity is providing a personalized and unexpected content at the outset.

### Time Out: The 15-minute chair

Our conversation about restaurants would be incomplete without the examples of things like "table rotations," so let's take this sidecar-look at other new techniques that are being served up by our favorite restaurants. We'll return to "reciprocity" in just a few, but meaningful, paragraphs.

So, the 15-minute chair: these carefully designed chairs are to have a limited comfort factor and rush for the customers. That is, the old "turn and burn." Although they are mostly found in low-level

restaurants, which need quick turnover, this is a growing issue all around. Simply put, these chairs are designed to be comfortable for only about 15 minutes. After that, time is up and it's time to move on.

What's worse than a 15-minute chair? No chair at all! Have you gone to the newest trendy gourmet deli only to discover there are no chairs? No seating whatsoever. THERE ARE NO CHAIRS! If you feel you have been duped, you're not alone. After paying \$15 for that gourmet sandwich (hopefully, you got a pickle), you quickly discover there are only obnoxious standing tables.

But chairs are not the only tactic restaurants cunningly engage in, thereby making you dine and dash while spending your cold hard cash. There is the music. In the mid-1980s, researchers at Fairfield University demonstrated that people increased their rate of chewing by almost a third when listening to faster, louder music—they actually accelerated from 3.83 bites per minute to 4.4 bites per minute. Studies also show people drink more, eat faster, and leave sooner when the bass is thumping. A 2008 study in France found that, when music decibels were amped up, men not only consumed more drinks but consumed them in less time. Additionally, there is the fact that guests seated at tables in the middle of the

restaurant floor—which is exposed to the hustle and bustle of waiters and guests alike—will be less comfortable and will also eat faster.

In 2010, Regina Baraban and Joseph Durocher wrote in their book, “Successful Restaurant Design,” that bold, primary colors and bright lighting encourage turnover and are appropriated for quick-service and casual restaurants that depend on fast turnover. This is why McDonald’s chose the colors yellow and red. They not only facilitate the turnover of customers, which in turn increases profits, their color selection also increases appetites for all those unhealthy foods.

So, I am here to tell you that all these things you are annoyed with are intentional, and have been carefully studied by marketing professionals to get the most dollar from you in the least amount of time. For better and worse, there’s still more to come. Let’s return to reciprocity.

**The marketing implications of reciprocity.** These studies show that reciprocity can significantly affect the effectiveness of any marketing strategy. When implemented correctly, reciprocity can be a colossal aid for businesses in increasing revenue and referrals.

For those who do online business, the principle of reciprocity applies when they provide something of value to you (information on health, technology, etc.).

In that case, you will find their site valuable and be more enthusiastic about doing business with them; you might even do your own word-of-mouth advertising in their behalf. Reciprocity is relevant for building links and relationships, and that works both ways. In our modern parlance, we are familiar with the concept of "if you re-tweet me, I'll be more inclined to re-tweet you." Simply put, effective marketing is all about exchange.

## Using Reciprocity In Marketing

It has been established that reciprocity can have both significant positive and negative effects on businesses. If it is executed poorly—say if the rewards, offers, and gifts a company gives to consumers are perceived as a payoff for a specific reaction—the company can be considered inferior. Marketers must be authentic in their use of the principle of reciprocity. It is, therefore, necessary for marketers to know how to apply reciprocity correctly if they want to boost their sales.

### **Being the first to give**

It is essential for the marketer to provide something first, without an apparent expectation of receiving anything in return. Gifts, discounts, and bonus points, among other awards, must be perceived as personal; this can be realized by offering gifts that are connected to your demographic or psychographic

characteristics, which are a classification according to psychological marketing variables. Alternatively, marketers can provide a self-selection process that allows you to select the offer that pleases you most. They may give you incentives even after a sale, to encourage you to buy from them again.

### **Give valuable things**

Marketers want to give you something that is beneficial beyond the product or service you just purchased. They know if they attempt to present anything that forces you to buy more products without adding value, their actions may only drive a short-term benefit, and you may totally reject them altogether later. As with a first date, marketers want you to feel they are not only after your money, but your total well-being. This way true and lasting relationships can be built which will ultimately be beneficial to both of you by building brand loyalty.

### **Marketers let you know how you can reciprocate to them**

For instance, they will tell you that you can help them become a better provider, or make a better product, if only you fill out a brief survey on your experience with their product, re-tweet a post, or follow them on social media, among other things. The key here is to provide several ways you can give back to them aside from buying their product or service. They're being

truthful here; you do help them create a better product...so they can sell more in the future.

**Keeping the relationship going** is the marketer's ultimate goal. If you respond in kind to their offer, they may offer you yet another gift, value-added material, or simply acknowledgment. They may even include a personalized thank-you note for doing business with them, making you feel more special by adding your first name or writing specifically what you purchased. They may offer you their business card, brochure, or even something simple like a sticker wanting you to recommend them to your family and friends.



## Chapter 7. The Decoy Effect

This is the most intriguing marketing tool in the book. The decoy effect results from something we all come by naturally, namely, our cognitive biases, the tendency of our minds to make inaccurate judgments as a result of what we perceive.

Are you thinking, what did he just say? I said, you think you are making a rational decision, but you didn't realize you were actually directed to make that decision. How do I know? There have been many experiments illustrating the impact of the decoy effect on the decision-making process.

Huber, *et al.* identified it in 1982, as the "asymmetric dominance effect," which is simply a phenomenon in which you are inclined to lean toward one or another of two products (let's say, Meat A and Meat B), when a third option (Meat C), is offered. Keep in mind that Meat C is of high quality and value in some aspect, but it is also of low quality in other ways. In a nutshell, the third option, which is shown in a poor light, serves as a decoy whose sole objective is making you—unconsciously—select the product the marketer wanted you to purchase all along.



Huber's team conducted a study by asking people if they would prefer a five-star restaurant that is very far away over a three-star restaurant that is nearby. When he discovered the subjects had a tough time choosing between the two, he added a third option: a four-star restaurant located farther than the five-star restaurant was. With the introduction of this third option, folks had no difficulty deciding they preferred the five-star restaurant with absolute regularity. When Huber then replaced the third option—a two-star restaurant located midway between the three-star and five-star restaurants—he realized the subjects opted for the three-star restaurant with alarming consistency. He concluded that people probably opted for the three-star restaurant because their attention was diverted from the five-star restaurant while they were considering which was better, the two- or three-star restaurant.

Here's another example of the decoy effect. A group of researchers, from the Chinese Academy of Sciences and the University of Colorado, conducted a study using 168 workers from three different food-production firms in China. The researchers provided the workers in these companies spray bottles of sanitizer to wash their workstations and hands every hour. After the first 20 days of using the spray bottles, the researchers introduced two more options, which were more difficult to use than the original spray

bottles. These decoys revealed that, when the options were added, the number of workers who started using the original spray bottles increased from about 60% to over 90%. This study supports the fact that decoys substantially affect the decision-making process of consumers.

What the decoy effect teaches us is that marketing can affect many decisions, involving anything from job offers and political persuasions to consumer product purchases. In order to influence the consumer's choice, marketers must compare all the alternatives in the vast array of cost, value, and other options, leaving no stone unturned, so to speak.



## Chapter 8. Social Proof

Social proof is when you adopt the beliefs, values, and actions of a group of people you trust or like. You may believe smokers die young because society holds onto this belief, even though you yourself have never seen an actual person die young from smoking. Even individuals who do not attach themselves to a given social group look for justification within as well as outside their group to reinforce any given view.

One reason people look for social proof is so they can be reassured that their own behavior is correct, that is, that others will demonstrate the same conduct as they would in a similar situation. This “birds of a feather” attitude—looking to peers to acquire information about proper etiquette—enables them to keep believing they can reduce the chance of making mistakes.

This plays out in marketing, too. A positive review from one consumer will often generate a positive reaction from another, as will a negative generate a negative reaction.

You may have noticed that even you have chosen an unknown restaurant because it was crowded, over one that was not. That’s because you are subconsciously applying social proof to that restaurant; even unaware, you are telling yourself the

crowded restaurant is crowded, so it must be good. Moreover, you continue to believe the “social proof” exists when you see a local restaurant receiving great YELP reviews while you know from your own experience it is mediocre at best.

Many people consult online reviews before making online travel arrangements. In 2009, Vermeulen and Seegers conducted a study on the effect of positive and negative reviews on consumers; they found out that both negative and positive hotel assessments increased the awareness of the hotels. The critical difference between the two was that positive evaluations improved the attitudes of consumers toward those hotels, but both hotels received a bump in business. The effect was even more significant when they studied lesser-known hotels.

In research conducted by Ubel, *et al.* (2001), participants were given testimonials written by previous patients about their experience during angioplasty and bypass surgery. The researchers split the participants into two groups; participants in Group A were given three testimonials by patients who had benefited from bypass surgery and one patient who did not benefit from it. The testimony of the person who did not benefit from the surgery also contained detailed statistical information about the success rate of bypass surgeries in general.

Participants in Group B were given only two testimonials: one who benefited from angioplasty and one who did not. The researchers found that 44% of participants in Group A chose to do the bypass surgery, as compared to 30% in Group B. This experiment clearly demonstrates the significance of social proof even in critically important decision-making processes.

### **Celebrity testimonial as social proof.**

Undoubtedly, you have seen companies use testimonials from supposedly credible experts to boost your confidence in their brand. A perfect example was when people were referred to “Rent the Runway” (an online fashion rental) from fashion magazines and blogs, which they purchased more often than references mentioned in a Google ad. Marketers use celebrities to take advantage of this “social proof” phenomenon. Perhaps you are familiar with celebrity Kim Kardashian as the chief stylist at ShoeDazzle, which company’s worth she helped increase from \$25 million in 2010 to \$70 million the very next year.

## **How Marketers Apply Social Proof**

It is obvious that social proof can also have an adverse effect on marketing as well. Returning to the smoking example, the number of people who believe smokers will die young appear to have been

negatively influenced to change their attitudes toward cigarettes and tobacco products as a whole.

Since many people base their decision-making on the recommendation of their peers, it makes little-to-no sense not to take advantage of this important tool, and, indeed, marketers have learned not to concentrate on profits alone. They know that, if they sell inferior products, the “social proof” phenomenon will more than likely have a lasting negative effect. When their customers discover their product is not valuable, they will start talking about it, and social proof will hasten the downfall of that product. It is said that people will share a positive recommendation with one single person, but they will complain to ten.

Smart marketers utilize social proof by creating blogs, posting videos or photographs on popular platform, and allowing for social sharing and “liking.” All this makes visible to other visitors the numbers of people who “LIKE” their product or service, while hiding those products that get a *thumbs-down* review. When you visit a page and discover people like a product, you will be curious to check it out. Thereafter, you will most likely purchase the product yourself.

You may notice, now that you are aware, that “social proof” marketing is easily done in stores as well. A store will hire people and split them into three groups. The first group will stay close to the product, as if they are interested in it. The second group will stand at a reasonable distance or wander around in the store telling other shoppers they've tried the product and sing its praises. The last group will move around the store with the product as if they have just purchased it, without saying anything or advertising the product. In this way, the store creates the all-important illusion of social proof.

Researchers also agree that interpersonal influence of an individual's behavior influences a purchase. Let's use Apple products as an example. The reason most people choose Apple products above Samsung, Huawei, LG, and others is because they want to fit into the profile of “sophisticated people.” I am not saying Apple is not a great product; in fact, I think it is impressive. However, there are other products just as great as Apple's—but try telling that to most teenagers, who would prefer to purchase products manufactured by Apple because they don't want to be left out among their peers.

Pressure is a driving force in marketing, and when it's exerted correctly, especially through peers and family members, it can drive a high level of



compliance. Individuals tend to be much more inclined to get a product because the people in their clique make use of it, since they desire belonging to being left out. This is why brands often have a target market in terms of gender, race, age, and occupation, among other measures: because they are aware they can control their market better and attract more customers within the target bracket with purchase influence that reinforces purchase compliance.

## Chapter 9. Scarcity Marketing Theory

Scarcity marketing utilizes another psychological effect, one based on the principle of scarceness. To be candid, all buying and selling activities in the world are based on this concept. In my opinion, scarcity should be the only rationale for making sound economic choices among producers, marketers, and consumers.

This psychological effect is prompted in customers when marketers create a sense of urgency in their sales pitches. This works because we are all familiar with the feeling of a deadline to a particular task or product. When faced with such a deadline, we are most likely to act quickly.

Not even amazon can provide all the goods desired. Thus, the creation of scarcity marketing. It builds on the consumer's anxieties or apprehension of the perception they are losing their freedom of choice. It feeds the fear that consumers have that they are losing out on a particular deal they perceive to be a "once in a lifetime" or favorable one. This commonly occurs when a product isn't readily available; as a result, it suddenly becomes more attractive.

Many marketers use this principle to make massive sales. In many instances, it is used in conjunction with a price slash or discount that has a time-lag attached

to it. Some marketers think the discount is the trigger that induces consumers to purchase their products, but it is actually the urgency of the price slash: the potential of losing out on an offer plays a significant role in how customers make their purchasing decisions.

I'll bet you have purchased a product because you were motivated by the possibility of losing out on such an offer—maybe even more than a few times, right? Familiar examples are the infamous Black Friday, Cyber Monday, and now "amazon days." On these days, people wake up very early, get in line for many hours on often cold, even freezing mornings without even raising an eyebrow, merely because they want to lay their hands on that new Samsung freezer or Apple computer that's on sale for \$200. Maybe they set their phone alarms to let them know when the online sales start. In scarcity marketing, marketers take advantage of the fear of missing out (FOMO) that consumers have. As you can imagine, scarcity marketing also relies on social proof.

In some cases, products are actually scarce because the materials required to produce them are costly or scarce. Other products are scarce because of the price, which stems from the value placed on such products by society. However, marketers can also create a sense of scarcity for a product that is not, in

fact, scarce. They will select a product, reduce the price, and attach a time-lag for the reduction in price, thus making that product scarce at that moment.



## Chapter 10. Information Gap Theory

We live in a world of Consumer Reports, eOpinion, Cosmo, health magazines, and countless other resources, which continuously feed us needed and, at times, gratuitous information on what to buy, how to act, and, of course, what society requires of us. This information helps us decide which products to buy. There are times when this thirst for information is only to satisfy our pleasure of knowing. Our desire for information has led economists, managerial psychologists, and other players in the commercial world to come up with what they call the "Information Gap Theory."

The Information Gap Theory is a method for analysis, planning, decision, and design in the face of uncertainty. Yakov Ben-Haim developed this theory in the 1980s; it seeks to help people make decisions under ambiguity. His theory rests on three models, each of which builds on the one before it, like steps on a ladder.

In the first "rung," we find the **uncertainty model**, where some information is unknown. It takes a best-guess and then an assumption of being wrong, and evaluates the various outcomes with this error included in the anticipated result.

With the uncertainty model in place, the **robustness/opportuneness model** takes over to determine the best and worst-case scenarios. It leads to calculating the minimum outcome for each decision, and then attempting to calculate how uncertain each can be, to assure that minimum. This is called the “robustness” of the decision. Equally, a desired maximum is called the “opportuneness.”

At this point, the third, **decision-making model** kicks in to optimize the information from the robustness/opportuneness model. It leads to seeking answers to the questions, *Which of the decisions can stand the most uncertainty?* and *Which decision demands the least uncertainty for the desired outcome to be achieved?* With no answer in sight, it moves to a best guess. Kinda like guessing how many jellybeans there are in a jar.

## Applying the Gap Theory

The Information Gap Theory provides marketers with an idea of the level of uncertainty necessary for a particular product to achieve robustness and opportuneness. That gives them a sort-of confidence—though not so much bold faith—in what can be sacrificed to optimize profit where there is uncertainty.

Marketers apply this theory to increase their sales by taking note of the following:

### **Using captivating headlines**

Many people don't read materials when they don't find the headlines attractive. Accordingly, when designing sales material, marketers use headlines that will attract customers, by using words they will easily remember.

### **Make the content valuable**

It is not enough to use a captivating headline, because the effect the marketer is seeking to achieve is not a one-time-for-all experience. If the content of the information passed to the consumer is not valuable, he will most likely not pay attention to other promotions and advertising in the future. Also, it can cause him to perceive their information as having little value, which will hurt their brand.

### **Create room for feedback**

It is particularly important that online marketers offer consumers an opportunity to interact with them. This can be done with comments, e-mail replies, and any other creative manner. It enables consumers to gain confidence in their marketing, which will translate into more sales. In general, marketers attempt to respect their audiences. Even if a consumer makes a snide remark, it is their job never to respond with



harsh words and to show, always, respect and courtesy. After all, we only buy from those we know, "LIKE," and trust.

## Chapter 11. Anchoring

The anchoring effect is one of the most dependable and tested phenomena in the world of experimental psychology. Daniel Kahneman and Amos Tversky carried out a good number of experiments on the subject; you can find their fascinating conclusions in their book, *Thinking, Fast and Slow*.

Fundamentally, anchoring is a cognitive bias that is activated when we consider a particular value of an unknown quantity, before estimating that quantity's value. That is, once we learn a value—either because we found it out ourselves or were told or shown it—the value we would estimate will always be relatively close to the value we were exposed to. The value we learned is called an anchor, because it strongly determines any estimate we would subsequently give.

Once the anchor has been established, we evaluate whether it's high or low, and then we adjust our estimate to that amount. This mental process finishes early because we are not sure of the real amount, so our estimation is usually not far from the anchor.

This experiment proves that, cognitively, we have a huge tendency to use the small pieces of information that we are offered to establish decisions and estimates. For example, if someone asks you if

Gandhi was over 104 years old when he died and then asks you how old you think Gandhi was when he died, you will make a much higher estimate than if you had been asked, first, if Gandhi was over 44 years old when he died.

This is the same thought process you use when you estimate the price of something. You are influenced by the initial price asked, even if you think you're one of those who feels others cannot easily influence you. A house will seem more valuable to you if it has established a high price than if it has a low one. By now, I'm pretty sure you're tired of seeing images like this online.

The effects of anchoring are quite effective in marketing. The seller always makes the first move by fixing the price of a product or service and gains the advantage in the negotiation. This is because your estimate of the product value will be unconsciously anchored on the price they have set. From there, a discount or a much better offer is adapted to make purchasing the product hard to resist, even if the product remains expensive.

This effect is so strong that it can reach absurd limits. In fact, your judgment will be severely influenced by any number, even if it is not informative and has no relation to the amount you are estimating. In a

disturbing experiment, judges were asked to establish a prison sentence for a woman who had committed a robbery. Before answering, loaded dice were thrown on the table so that the result was always going to be a three or a nine. The judges who got a response of "nine" proposed a sentence of eight months in prison, on average. The average sentence of the judges who got a "three" was five months of jail time.

Anchoring occurs when we rely heavily on previous information. That is, marketers compare what they initially know to present information. Consumers mostly use their prior information to make a value judgment about something that is close to the anchor they tend to buy, and those further away from the anchor they tend not to. All estimates and preferences for a product by consumers will be thought of as using the anchor as a focal point. Let's say the value of an Apple iPhone is set to a price, and the price of the alternative brand offered (ACME phone) is lower than the Apple. The Apple may seem to be reasonable or even cheaper, even though the ACME phone price offered to the consumer is still higher than the real value.

How to avoid this bias? It is, frankly, difficult, if not impossible. In the case of a negotiation, you must focus on the minimum amount you think your

opponent would accept, or on what it would mean for him or her not to reach an agreement at all. In all other situations, like when you are shopping, be aware of the anchor. Let's say I want to sell you a sweater for \$50, and I told you I bought it from the big box store for \$30. You will likely not buy it. But what if I told you I paid \$350 for it at a high-end boutique? Great deal then, right? Even though you will believe you are not affected by that great deal, you can remind yourself that kind of thinking will likely be deceiving yourself.

We should note that the anchor effect influences not only consumers but also manufacturers. Whether they agree or not that the anchor effect is subjective, it still has a significant influence on their production, even though the manufacturer may be very experienced.

## Marketing Implications of Anchoring

The anchoring effect is useful in marketing because we generally don't consider the value of products based on their intrinsic quality, but, rather, as based on the other offers available. Decisions are made through comparative analysis. A company provides potential customers with the option of going for a sponsored holiday either to Paris or Rome. Most people will have difficulty in deciding to select one of the two cities. However, if a third option, going to

Rome, is presented, but for this offer, the customer has to pay for morning coffee, most people will choose to go to Rome. They didn't select Rome because they thought it was better than Paris, but because this third option was less appealing than the original offer and that became an anchor point.

## Applying Anchoring

According to the anchor theory, when an anchor is set, consumers will, most of the time, adjust away from the set anchor in order to get their final answer. At times, they will move to a new anchor, which is closer to the first one. In line with this, marketers who want to sell their products for a particular price might start the bargain by giving a slightly higher rate than the intended amount, and then ask a consumer what he or she thinks about the price. Before the consumer responds, the marketer can say that, because he wants the consumer to be a regular buyer of his product, he will reduce the price (this is when the marketer should tell the consumer the intended price of the commodity). In this case, the consumer will most likely purchase that product, because most consumers decide whether the real value of a commodity is higher or less than the anchor presented to them. Unbeknownst to themselves, consumers tend to adjust from the anchor by producing a previous amount in their subconscious.

Next, they assess their thoughts, asking whether this generated value is reasonable or they should adjust their approximation once again.

## Chapter 12. Loss Aversion Theory

A man walks up to a stockbroker to get some information about a particular stock that is currently on public offer. After the stockbroker highlights the tremendous benefits the man can enjoy a few years after buying the stock, and the variety of opportunities the stock can offer his generation, he tells him that the stock price will slide down in the first few years to a worthless value before sliding up. After a few hours of the stockbroker's lucid explanation of the pros and cons of the stock, the man decides not to invest in the stock because of fear of loss, in spite of the financial gains he can ultimately enjoy.

One might be forced to ask why a man would give up so good a stock just because of fear of loss. The brutal truth is many of you would do the same, and moreover, some are already doing that. Please don't be too hard on yourself; this phenomenon of being too sensitive to losses, no matter how small, compared to the benefits, is what experts refer to as "Loss Aversion."

Loss aversion is the tendency of people to prefer limited or avoided losses altogether in obtaining gains of equivalent proportions. I'm very sure you have, at some point, been invited to join a Ponzi scheme, where you would invest \$20,000 and end up



gaining \$100,000. If everyone invested in these schemes, most of them would still be around now. The truth is that only less than 15% will be willing to partake in the risk of placing their \$20,000 on the line. Most generally do not like to take a financial risk if they can lose it all.

This is perfectly normal, and that is why it is important for a manufacturer not to suggest customers take unnecessary risk. This is why some companies tell customers they will refund part or all of their payment if they use their product for a while. They know the thought of getting money back will encourage a consumer to try out their product. Marketers are aware of the human tendency to be struck by the Loss Aversion phenomena, and they exploit it to their advantage. Likewise, as consumers, we make smart moves by leaning toward a brand we find reliable, in order to avoid regretting our choices.

Kahneman and Tversky (p. 35) were the first to identify this phenomenon, and they came up with different explanations for the behavior. One thing that is common in most research is that gender, age, contextual conditions, information, the need for a product, and, of course, the sales pitch have been associated in patterns of behavior for this phenomenon.

## Loss Aversion Marketing Implications

The core implication of the loss aversion theory of marketing is that consumers obtain "gains" and "losses" which are measured according to a reference point. That can make it difficult, in any given situation, to know what gain or loss actually entails, since both gains and losses are highly subjective to consumers. For instance, if you, as a marketer, want to invest in some products, the first thing you will most likely do is try to find out the benefits that will accrue to you from your investment, as well as the losses you can incur from investing in the product. You will also most likely consider whether there is a ready market, along with your projected expenditure and profit. In short, you will try to minimize all losses as much as possible.

## Applying Loss Aversion Theory

According to this theory, the price of a commodity has been linked to utility losses for buyers, while the reduction in the cost of a commodity is closely linked with utility gains. A resultant effect of this is that the losses incurred in participating in a venture, or buying a product, are weighted more heavily than the benefits of equal magnitude. This will make the demand responses more elastic to upsurge in the price of the commodity than a decrease in price. Having this in mind, marketers should lower the price

of their commodity and the cost of production to encourage more buyers to buy their products.

## Chapter 13.

### Baader-Meinhof Phenomenon

Have you ever experienced *déjà vu*?—you know, when you become aware of something for the first time and then, suddenly, it seems to show up everywhere you go? Well, that is the “Baader-Meinhof Phenomenon.” It is also known as a “Frequency Bias.”

That feeling of familiarity stems from our psyche. According to research into the perception of low probability, events suggest that frequency illusions come from a combination of imagination and the manner in which data is presented. It’s actually a pattern your mind creates when it deviates to your subconscious instead of your reality.

We have all experienced it, but we likely did not pay attention to and/or label it. It is a figment of our imagination, and it shows how our brains can be playing tricks on us without our knowing. You have experienced it many times; maybe you could have sworn you stumbled on a new word—perhaps online or through conversation with friends or co-workers. Hours, days, or even weeks later, that same word might pop up in an article, news, a book, or be used by another person. This compels you to find out more about the word, the origin, and how it is used in

sentence construction, among others, where you find out—to your great surprise—that it’s an old word that’s been there all along. This is often referred to as the “Recency Illusion.”

The “Baader-Meinhof Phenomenon” also influences our decisions as consumers. Sometimes we go for products we swear we’ve seen people using before we knew about them. It is also similar to synchronicity, which is the experience of having a critical incident. Have you ever craved bagels while driving and ended up coming across a bagel shop about three miles away? There are times you toy with the idea of calling a friend for hours, days, or even weeks until they end up calling you instead.

According to scientists, the explanation behind this is our brains' partiality toward patterns. There is a peculiar way our brain labels information it recognizes as useful, even though it processes hundreds of thousands of thoughts a day. The brain’s cerebrum stores this information about events we are not conscious of.

It is said there are two causes for this occurrence. The first is referred to as “selective attention,” which occurs when we see or hear about information or ideas that our minds manage to suppress; our brains register it and then bring it to the front of our thinking

when we encounter it again. The second cause for this occurrence is referred to as “confirmation bias.” This happens when we begin to see situations related to the events everywhere, and our brains acknowledge it as a social proof that we can explore.

## Influencing Consumer’s Choices?

Sometimes this phenomenon happens when you have just come across a new brand on amazon, and you begin to see people using it almost everywhere you go. When your mind has registered this particular product, and you begin to see it out in the world, it tends to over-magnify the importance and quality of the product, and this can influence your choice. This shows that our view of choice is quite restricted and susceptible to manipulative techniques.

A friend of mine, let’s call him John, decided to get an aftershave after he swore it was the next best thing since sliced bread. After getting the product and using it for a while, he fell out of love with it. When I had a conversation with him about it, he said he had gotten the product because of an advertisement he stumbled upon, unconsciously, on social media. John said one of his followers on Twitter retweeted the ad on his timeline and made a couple of positive remarks about it. He checked the ad thread and saw many comments, with the positive outweighing the negative, and believe it or not, he said the ad also

popped up on his browser and Twitter page repeatedly. That indirectly influenced his decision to get it, when he noticed the aftershave he was using at that time was about to be finished.

What this says about us is what we often think of as a good deal is a result of cognitive bias we conjure in our mind through a pattern our brain assembled. John thought that, since the ad kept popping up on his browser and timeline, it meant he had stumbled on the answer to his prayers. His action was further reinforced when one of his followers retweeted the ad and made a comment about it.

If you follow the pattern of the example, you will realize that everything started with a repetitive strategy: John kept stumbling upon the ad until he decided to check it out. Marketers make use of this strategy a lot, especially in this digital age where an advertisement can pop up on almost every unpaid website and application. This is why they advertise their products as briefly and colorfully as possible, by making use of captivating headlines and copy to get the attention of their target audience. These ads keep popping up until consumers notice them and register them in their subconscious.

This way of marketing a product is also establishing "social proof," which we have already discussed (in

Chapter 8). Using John as an example, the social proof—his friend retweeting the ad—reinforced John’s decision to test the product after a follower’s comments. The Baader-Meinhof Phenomenon feeds on endorsements, which make consumers feel they have stumbled on the best product out there. Oftentimes, the Johns in the world get hooked on the testimonials they actually see on the feeds of a company’s website or social media pages.

The final step—the “social proof”—confirms this bias, which cements the whole thing by providing evidence to reinforce why their product is the best. The evidence to John was the number of likes and comments on the ad thread. He told me some people did comment that the product wasn’t as fantastic as the ad made it appear, but he ignored their comments because most people on the thread endorsed the product. Sometimes, some companies go as far as listing the ingredients and how the products are made. This can fascinate that given buyer who likes to “gather their evidence” by research.





## Chapter 14. Freedman and Fraser's Compliance Experiment (foot-in-the-door technique)

Before I delve into this topic, let's take a quick look at what compliance means, for better understanding. Breckler, Olson, and Wiggins (2006, p. 307), et al. described it as "a change in behavior that is requested by another person or group." According to them, the individual acted in some way because others asked him to, even though it was possible for him to refuse or decline the request. In 1966, two researchers, Jonathan Freedman and Scott Fraser, conducted two experiments to investigate the intention of people and how they handled requests. It was discovered that, once a person approves a minor request, it is possible for them to oblige a larger request, if asked. The first experiment established the effect of compliance when the same person handled both requests. In the second experiment, one stretched out the nature of the compliant to a circumstance in which diverse individuals made the two demands.

In the first experiment, Freedman and Fraser tested four conditions, which formed their opinion. One hundred and fifty-six housewives, who were contacted by telephone, were divided into four

groups. The first group was asked to perform a small request that was completed. Afterward, they followed up with a bigger request. The second group was asked a small request, which was withdrawn and replaced by the asking for a much bigger request. The subjects of the third group were adapted to the requester (no small request), and, only later, a bigger request. The fourth and last group were only asked a big request.

The results gotten from each group for the experiments were: Group 1 (52.8%), Group 2 (33.3%), Group 3 (27.8%), and Group 4 (22.2%). This shows the percentage of those who agreed to the request in the fourth group was much smaller than the others, and that is because they were asked a big request directly, instead of being presented at the beginning with a small one or none at all.

What the experiment proved is that pressure and consistency can be quite instrumental in influencing compliance. Put simply, when a previous request granted is similar to a new one, it is possible for the person to grant the request. The adage of people going a mile when all you ask of them is an inch aptly describes compliance. For example, a friend asked you to lend her \$10, and you obliged. If a week after refunding the money, she asked for \$50, you would be inclined to oblige her, since the last transaction

went well. However, if your friend asked you for \$500 when he or she never asked you for money before, and there is no history of such an exchange between the two of you, you will most likely decline the request because you have no prior history of any exchange with him or her, and you don't want to lose such an amount.

In the second experiment, 112 subjects were visited in their homes by a researcher. The first request required urging the subjects to put a small sign in the windows of their homes or cars that promoted safe driving or keeping California clean. The second request involved telling them to put a large and ugly billboard in their yard. As with the first experiment, they were divided into groups. Some groups were asked the second request before the first, while others were asked the first before the second. The result showed that most of them agreed to the two requests, even when the billboard request was in no way related to any social issue or sensitization.

What this second experiment established is that, once someone agrees to a first request, they are inclined to agree to a second one to maintain their self-image. This might be because the person feels that, since they are already involved, they have to follow through. Freedman and Fraser's compliance experiment is also known as the "foot-in-the-door"

technique in advertising—which manufacturers and producers have managed to use to their advantage.

## Chapter 15. Kahneman and Tversky's Framing Experiment

In 1981, behavioral psychologists Daniel Kahneman and Amos Tversky conducted an experiment by handing out questionnaires to college students about a theoretical disease outbreak they claimed would lead to the death of up to 600 people. According to them,

"It is often possible to frame a given decision problem in more than one way. Alternative frames for a decision problem may be compared to alternative perspectives on a visual scene. Veridical [that is, truthful or genuine] perception requires that the perceived relative height of two neighboring mountains, say, should not reverse with changes of vantage point. This also applies to reversals of preference by variations in the framing of acts, contingencies, or outcomes. These effects have been observed in a variety of problems and in the choices of different groups of respondents. Here we present selected illustrations of preference reversals, with data obtained from students at Stanford University and at the University of British Columbia who answered brief questionnaires in a classroom setting."

The students were divided into different groups and given different scenarios. The scenarios are listed below.

**Group 1:** "Program A" will save 200 people, "Program B" has a third probability that up to 600 people will be safe, and a 2/3 chance that none of them will survive the epidemic.

**Group 2:** "Program C" will kill 400 people, and "Program D" has a 1/3 probability that none of the people will lose their lives.

When the scenarios given to the two groups were compared, it could be seen that the first group received a positive version, while the second got a negative one. Moreover, the results showed that 72% of subjects in the first group went with "Program A," while 22% of the second group went with "Program C."

Upon observation of the programs, it could be seen that Programs "A" and "C" were the same, while "B" and "D" were the same. Ironically, the subjects chose Programs "A" and "D" because they were portrayed as risk-minimal. The researchers proved that humans go for options framed positively rather than those framed negatively.

Let's take a look at some examples:

1. Contraceptive pills are 85% effective, or contraceptive pills fail 15% of the time.
2. The method is 80% effective, or only two out of 10 customers have complained about the product.
3. There is a 90% probability that this investment plan will yield profit, or there is a 10% probability that this investment might crash.

The truth is that most, if not all of us, will go for the first part of the sentence rather than the second. Why this is so is simple: even though the two options are identical, the first part exudes optimism, while the other section is pessimistic.





## Chapter 16. Zajonc's Mere Exposure Study (It will grow on you)

Zajonc's "Mere Exposure" study established that, the more one is exposed to a particular stimulus object, the more one prefers it. This is a phenomenon we have all experienced at one point or another. Are you acquainted with this phrase: "It grew on me" or "It will grow on you"? I'm confident you might have heard a song at first that you didn't like, but when you were forced to listen to it repeatedly because it was played in stores or by a colleague at work, you ended up liking it. Well, that is the Mere Exposure Effect. Put simply, the more you see or hear something, the more you like it. In other words, familiarity builds interest. This is not restricted only to products; it happens in romantic relationships, too. The more you spend time with a person, the higher the probability is that you will begin to find him or her attractive. This concept can also be called the "Familiarity Principle."

Although the concept was first brought to the world's attention by Gustav Fechner in 1876, the scholar whose theory is best known on the subject is a Polish-born American social psychologist, Robert Zajonc, who introduced it in the 1960s.

Zajonc started his research by looking at language and the frequency of words used. He carried out a series of laboratory experiments between 1960 and 1990, in which his subjects were exposed to a familiar stimulus for a period. He conducted four experiments, and the results were all the same: the subjects ended up rating the familiar stimulus more favorably than the unfamiliar and similar ones that were not presented during the experiment. In his words, "the first evidence displayed an association between affective nuance of words and word frequency; the second showed the effect of experimentally manipulated frequency of exposure upon the affective connotation of nonsense words and symbols; the third showed the correlation between word frequency and attitude to their referents; while the last showed the effects of experimentally manipulated frequency of exposure on attitude."

In his Journal article, *"Attitudinal Effects Of Mere Exposure,"* written in June 1968, Zajonc said, "We have all the reasons in the world to be 'happy' (p. 1449) and 'gay' (p. 418) rather than 'sad' (p. 202) and 'gloomy' (p.72), for things are 5 times more often 'good' than 'bad,' almost 3 times more often 'possible' than 'impossible,' and about five times more 'profitable' than 'unprofitable.' That is, perhaps, why 'boom' and 'prosperity' outdo

'recession' by a factor of just about 30, 'abundance' outdoes 'scarcity' by at least 3:1, and 'affluence' is 6 times more prevalent than 'deprivation.'

"Catering to our corporeal sensibilities, things are 3 times more often 'fragrant' than they are 'foul,' 12 times more often 'fresh' than 'stale,' and almost 7 times more often 'sweet' than 'sour,' and everything that can be filled is three times as often 'full' as it is 'empty.' If we have anything, we have 'more' of it 6 times more often than we have 'less' of it, 2 and 3 times more often 'most' of it than 'least' of it. And those things that we have so frequently more of are 5 times more often 'better' than they are 'worse,' 6 times more often 'best' than 'worst,' and 4 times more often 'superior' than 'inferior.' Still they 'improve' at least 25 times as often as they 'deteriorate.' These examples suffice to convince one that the world represented by a one-to-one correspondence with word frequencies is as unreal as it is spectacular."

What this established is that positive words are used more in marketing than negative ones because people respond to positive words more than their negative counterparts. The other experiments Zajonc carried out, with the use of objects or stimuli, such as nonsense words, polygons, ideographs, photographs, drawings, likings, pleasantness, and

forced-choice measures, all proved that exposure leads to familiarity.

In marketing, salespersons and brands make use of the Mere Exposure Effect often to sustain their customers' interests. In particular, game developers make use of this strategy a great deal; this is why they make use of theme songs from notable rock bands like Imagine Dragons, Linkin Park, Mumford and Sons, etc., to exert a pull on their target audience. Game developers also create games that have the theme of blockbuster movies and series because they know the familiarity can help them attract more players all over the world. Movie producers also do this; and games like *Assassin Creed* have been adapted into movies.

Popular books are adapted into movies as well, for this reason, as have biographies of popular figures. These are all ways to endear bigger audiences. Stores make use of music to attract customers, too. If you are wandering the halls of a mall and you hear a store playing your favorite music, genre, or artist, you will prefer going to that store over the counterpart store that plays songs you do not like. This is particularly common during Christmas, where popular songs like *Jingle Bells*, *Twelve Days of Christmas*, *Mary's Boy Child*, *Little Drummer Boy*, *Silent Night*, and *Let it Snow*, among others, are

routinely played to attract holiday shoppers. Store managers understand that these songs stir nostalgic feelings of spending holidays with loved ones, and they take advantage of it.

I am sure some marketers are confused about the difference between the Baader-Meinhof Phenomenon and the Mere Exposure Effect because they both feed on familiarity. However, they are two different concepts. Baader-Meinhof Phenomenon is influenced by the piece of information or pre-existing experience we might have been exposed to. Mere Exposure, on the other hand, is you developing a preference for a person, object, brand, or style because you have seen or heard about it a couple of times.

We make decisions every day; and these decisions are different in type, value, and degree. Making wrong conclusions can be devastating for both individuals and producers—and, especially, marketers. Many times, bad decisions are formed as a result of insufficient information. In 2011, the renowned Israeli-American psychologist and business analyst, Daniel Kahneman, explained that the decision-makers' minds were influenced by the information that was available to them. We tend to believe a particular idea regardless of its accuracy. This phenomenon is a cognitive bias that comes into

play during decision-making on what to purchase, what production technique and advertisement technique to apply, etc. A confused marketer will likely always choose to resolve his own dilemma with “more” rather than risk providing his customers insufficient information.

### Marketing Implications of Mere Exposure Effect

As we all know, brands aim to make some profits. To achieve this, they need to do advertising that will cause consumers to develop a preference for their brand. This is why brands make use of familiar tactics they believe can sustain the interest of their customers. This, so-called Mere Exposure possesses a good effect. However, researchers have confirmed that if you continue to expose the same stimuli to your clients more than 10 times, they get bored; your advertising will yield diminishing returns: it will lose its effect. This is why it is imperative brands review their strategies, advertisements, and jingles from time to time.

### **How marketers apply the Mere Exposure Effect**

The use of catchy jingles and popular brand ambassadors is one of the most renowned strategies brands use to create the Mere Exposure Effect. Most times, they make use of musicians, actors, and athletes people love. They also make use of controversial celebrities to promote their brand,

because, when they make use of controversial figures, they generate a lot of buzz in cyberspace and attract the attention of a lot of prospects who later turn into customers. Another popular strategy they implement is advertisements that *pop-up* on social media pages and browsers. When an advertisement keeps popping up on your tab, it is likely annoying at first; then you become curious and click on it. The use of billboard advertisement and print are also ways Mere Exposure Effects are re-enforced. When avid newspaper readers keep coming across your ad on a daily basis, or weekly, or monthly, it arouses their curiosity, and they just might get in touch with you. This also pertains to billboards. When you keep seeing the same advertisement on a billboard on your way to work, school, the bank, and store as you go about your daily activities, you might find yourself purchasing the product at the store when you're shopping. However, if the advertisement is not captivating, aesthetic, and creative enough, people won't even notice the brand. It is also imperative for marketers to select colors, fonts, words, and pictures carefully to attract their audience.





## Chapter 17. Asch's Conformity Experiment

In the mid-1950s, Solomon Asch conducted an experiment to research the degree to which social pressure from a large number of people could influence a person's decision. The trials uncovered how much a person's opinion is impacted by the opinions of others. Asch found that individuals were eager to overlook reality and give a wrong answer with a specific end- goal of fitting in with a group of people. The experiment was carried out with male students from Swarthmore College. Subjects were given two pictures and were asked which line was the same in each. One out of eight male students selected for the experiment was a genuine participant; the other seven were told beforehand what to expect and the answer to choose. The student was oblivious to the fact that the participants' behavior was scripted. They were arranged in rows, and the genuine student was positioned at the end of the row so he would be the last person to answer.

The experiment was carried out 12 times, with different cards. The fake participants unanimously chose the same answers in most of the trials. On some occasions, they chose the right answer; other times they picked the wrong one. The result showed that about 75% of the real participants ended up

picking the wrong answer because they were trying to fit in with the group. Asch also carried out eight other experiments in a controlled condition in which all the participants were real subjects. The results showed that only 1% of the participants went along with the incorrect majority's answers.

After the experiments, the real participants were interviewed on why they felt compelled to choose the wrong answer even when they were right. They admitted they lied because they feared their co-participants would ridicule them for choosing a different answer. Some of them said they felt the others were correct because many of them picked the same answer. Thus, the experiment established that humans feel pressured to go in the direction of other people's opinions or choices for two reasons: (1) to fit in with a group, and (2) because they believe the group is more privy to information than they are. According to Burnkrant and Cousineau (1975), social group influence and pressure have been found to be significant factors in individuals' behavior and their tendency to conform to the norms of a group. This is also prevalent in marketing, where people go for the popular (and sometimes) expensive brand because the people in a group they would like to fit in with would choose it.

## Chapter 18. Data-driven Marketing

Data-driven marketing is a type of marketing statistic, or insight, that is collated through interactions with consumers who are engaged. It is used to predict the future of a brand or product on the basis of the response of the market, common trends, and sustainability. This is a vital part of a business strategy because it helps marketers understand their consumers better and, therefore, know how to satisfy them. It is also quite instrumental in converting sales prospects to leads and new customers.

Data-driven marketing also enables a brand to know who their customers are, what their reservations are, their behavioral patterns, the content that attracts them, and how best to reach them among others. The key to running a successful brand is understanding your consumers' behavioral patterns and exploring them to drive ultimate satisfaction. If your customers are satisfied with the service you render, no one can poach them from you. Brands don't gather data for the sake of gathering. They do this to learn how best to sustain their customers' interest and become relevant in the future, while they make money from them. Data-driven marketing involves creating profiles for your customers, which will help you segment them.

You need to know your high- and low-end customers as well as be able to tailor campaigns that will suit each group. After this, you will want to be generating interesting contents that will keep them glued to your brand, by introducing new products or modifying the old ones with new features. Your content has to be personalized to reflect your brand's value, mission, and promise. Once you have profiled your customers, you don't have to use general content, which is not structured. Consumers are deliberate about the contents they are exposed to and the products they buy—that is why their feedback is essential. It also provides a lot of channels for you to reach your consumers, through ads, emails, digital marketing, etc.

Data-driven marketing also entails integrating technology and digital marketing tools that can be automated and sent out to consumers all over the world. You have to be prepared to revise your strategy from time to time, as your client base grows. According to research carried out by PricewaterhouseCoopers (PwC), organizations that are highly data driven are thrice more likely to record noteworthy improvements in decision-making than others who don't use data analytics. The mobile phone is a source of data that cannot be ignored in this new age of digitally savvy consumers. In 2017, it was reported that over 265.9 million people in the

U.S. were making use of mobile phones. They perform a number of duties on their phones when they browse: they browse for knowledge, shopping, social media, etc. While Google has established that they also do this on their tablets, laptops, and other devices connected to the internet, traffic is mostly generated from mobile phone users. People browse through different websites every day, and there are a lot of analytics tools you can use to track your target audience, if you are willing to tap into them.

Data-driven marketing documents the process or journey customers go through; it can also help highlight how some of your customers got away. Basically, it provides closure for brands that are willing to be persistent and forward-thinking. It highlights the expectations of your customers and gives pointers on how they can be met. If you have a smart team of marketers who are not oblivious to the significance of the Intelligence your data has generated, your revenue will increase, and your customers will be thoroughly satisfied with the service you provide. You have to be ready to move in the direction your data is pointing to, and, as with people, your data can also change. The data you gathered last year might be slightly different from what you collect this year, simply because of evolution and how humans are adaptable in nature. Don't forget to engage your customers without

spamming them and appearing desperate. This is where balance comes in.

Once you get your data, you have to understand that collecting it without having an action plan is useless. Don't be that brand that has a lot of data but is not creative enough to harness it to drive business innovations suited for its audience. The purpose of gathering data is to help you streamline your thought processes in alignment with your customers. This means you have to trust your data over your whims and gut feelings. Just because the idea you conceived is modern or trendy does not mean it is the right one for your business; your data will show whether it will be a hit or miss, and it is important that you trust it. The purpose of taking the data-driven marketing approach is to enable you to listen to your customers and give them what they need, instead of what you think they want. Data-driven marketing is practical, and it can predict the future of your business, but only if you are not sidetracked by your emotions and can trust the facts you've compiled.

## Chapter 19. Psychological Factors that Affect Consumers' Behavior

Consumer behavior can be defined simply as how people make decisions about purchasing products, what they need, and what they want. Once a brand understands their consumer's behavior, they will be able to tailor their services to align with them. When consumers purchase products, it often seems like it is their sole decision and they buy to meet a need. However, this is not entirely true, as research has shown there are several reasons consumers purchase products, and there are several factors that influence consumer behavior. Consumer buying behavior can be defined as the selecting, buying, and consuming of goods and services to satisfy the wants and needs of humans—which means there are also some psychological processes involved in consumer behavior.

Many factors, specificities, and characteristics influence the individual in making purchasing decisions; the decision to purchase is itself a consequence of several elements. At first, the consumer tries to search for the commodities he would like to consume; then he selects the goods or services that appear to offer the most satisfaction. After choosing his goods/services, he begins to make a mental estimate of his budget. The last phase



occurs when the consumer takes into consideration the prices of products, through analysis, and finally makes the decision about the commodities he should consume. In the process, these factors influencing the purchases of the consumer can be influenced by personal, social, cultural, economic, and psychological factors.

As we all know, psychology refers to anything that involves the thought process. Humans don't just make decisions without weighing options, and purchasing products consists of a number of different thought processes as well. We all have different needs, several products abound, and there are brands out there that are ready to help us fulfill our needs, while they also generate revenue at the same time.

Consumer psychology deals with how information is processed to make the ultimate purchase decisions. The psychological factors are subtle, and because they are not apparent, they are likely to be ignored. According to Boddy and Croft (2016), "We all have a personality, but we do not know how it is systematically related to our behavior as consumers." Lin (2010) went further, by stating that consumers are likely to use a brand in line with their personality traits. These psychological factors are quite essential when we want to make purchase decisions, because

they are not limited just to a group of people; these factors are peculiar to us all. Moreover, they depend on other individual factors to manifest. Their influence is quite overwhelming but too complex to study. These groups of factors embody the ways consumers respond to purchase decisions. In their minds, the external influences act as a form of trigger that can largely affect the process of motivation.

### **Needs**

We all have needs as humans, and they range from simple to complex. Abraham Maslow, an American psychologist, put forward a theory in 1943, in an essay called, "*A Theory of Human Motivation*." He proposed a five-stage pyramid model that explains humans' needs.

According to Maslow, the urgent needs are at the lower part of the pyramid, while the less urgent ones are at the top of the pyramid. While the pyramid will be explained extensively in Chapter 21, we'll just take a look at what we need to know here.

At the bottom of the pyramid are biological and physiological needs like food, sleep, and water; they are the lowest level in the hierarchy of human needs. Maslow speculated that these three needs are basic and must be met before much more complex ones. Imagine someone going shopping when she is

hungry or fatigued; she will be more concerned with fulfilling the need for sleep or food even if the shopping is essential. In addition, the need for these fundamental things is recurring, so the truth is that human needs are insatiable and change with time, exposure, and orientation, as other needs arise at different points in our lives. If you can remember correctly, your childhood needs were not the same as your needs as an adult. Children crave love and affection, and they want to feel they belong. The security needs of a child may include growing up with parents and, perhaps, one or more siblings. The security needs of an adult will encompass health insurance, a good job, a decent place to live, and some savings.

The second rung on the pyramid is safety and security needs, like the need for shelter and clothing; these, too, tend to be enduring. The next rung after these is social interaction, the need to establish relationships with others who share one's values. This is the all-important need to belong to a group or have a sense of belonging, or identity. For example, high school kids crave social needs. They usually don't want to be the different one among their peers; they want to belong to a circle of friends and go on dates. This phase often occurs in the life of teenagers, who will go to any length to ensure they are perceived as relevant and socially accepted—

they will all get certain electronic devices and certain types of clothing in order to be more conscious of themselves. The fourth need on the pyramid is self-esteem. This is the need to appear confident and be treated with respect. It is the need to feel important and self-sufficient. For example, someone who has a good job and degree might consider how people would view him if he did not marry before he was 40. Even though we've evolved into a realization that marriage is not an achievement, nor compulsory, some people still feel their lives are incomplete if they are not married. Some get married to stroke their self-esteem and prove to others that they are successful in every facet of their lives. The fifth need is self-actualization: it is the last and highest stage on the hierarchy of needs, the one that has to do with reaching one's potential and achieving the purpose one believes he or she is meant to fulfill. Self-actualization is the apex of every human's needs, because it is influenced by the drive to be the best one can be in their field, family, society, etc. It is the path to self-fulfillment, which is the ultimate satisfaction of every human.

After the economic crisis the world experienced in 2008, a lot of companies were affected, especially some companies who were watching Hyundai. The company was smart enough to factor in people's need for safety and security by putting out an

advertising campaign that assured potential buyers that, if they purchased their cars and later could not afford them, they could return them. This made their consumers feel secure. It also boosted the company's income. Other automobile companies began offering similar services. Banks were also smart enough to offer their clients "worry-free" mortgages, to make potential homebuyers feel secure. First Mortgage Corp., a Texas-based bank, offered their clients the option of paying for their mortgages for six months if they lost their job. All they had to do was pay a fee of \$500.

It is also noteworthy that needs are different among individuals and cultures. Researchers have established that, while attaining self-actualization may be important to people in the United States, consumers in Eastern cultures are more inclined to lean toward a focus on belonging to a group or satisfying their group needs.

Marketers look at cultural differences in addition to individual needs. Experts have come to the conclusion that groups are quite important, as they can affect the outcome of advertising. This means that groups versus individuals is another avenue that can affect product decisions.

## **Perception**

Perception is simply the procedure by which people select, arrange, and interpret information they receive so they can come to a reasonable decision. The perception of a situation at a given time may determine if and how a person will act; it is the way he makes sense of his situation. This is controlled via stimuli that heighten or alert the human senses.

As you well know, you and I have five senses: sight, which deals with visuals; hearing, which deals with auditory; touch, which is all about tactile; olfactory, which is responsible for smell; and taste, which is sometimes known as gustatory. The combination of these senses is important to humans because they help us navigate the physical world we live in; they form our perceptions about people and things. Ries (2009) carried out an experiment in which some selected participants were blindfolded and asked to taste a new brand of clear beer. The majority of them said the beer tasted like regular beer. When the experiment was carried out again, this time without blindfolds, the result was that most of them described the beer as having a watery taste. From the experiments, it is obvious that what we see can affect the way we perceive taste, and that even though the five senses can perform individually, they also work together.

Every day, consumers all across the globe are exposed to so many advertisements they see on billboards and social media, hear on radio, and see and hear on television—thanks to technology. In 1999, Kalle Lasn, a magazine editor, reported the average U.S. consumer could see close to 3,000 advertisements in a single day.

Broadly, there are three processes to perception. They are “selective attention,” “selective distortion,” and “selective retention.” In cases of selective attention, marketers and sellers make attempts to get customers’ attention. However, in cases of selective distortion, customers try to read between the lines of the information presented to them in ways that will cement the perception they have already formed. This is linked to the Baader-Meinhof Phenomenon (Chapter 13), in which a piece of information you accessed once begins to manifest by showing up everywhere. The truth is, most of us are more inclined to notice advertisements that are about the products and services we crave or use. Selective attention is the process of “sieving”—like a prospector looking for gold—information centered on relevance and timeliness. This process is often described as a *suit of armor* that helps to filter information and remove what is deemed unnecessary. At another time, people forget information, despite its relevance to them. This process is known as selective retention,

which happens when information goes against the beliefs and cultural identity of a person. In this case, the consumer's belief will be stronger than any willingness to change, despite the campaigns. In a bid to ensure that ads get through to consumers and are memorable, companies often use repetition. Apple is an example, with its repeated advertisements for the iPhone and other products.

One of the problems advertisers face is selective distortion, which leads to their intended messages being misconstrued. A lot of commercials for a flat tummy are often misconstrued in this way, because most consumers just believe the products will help them achieve a toned *ab*, without considering nutrition and the waistline they saw on the model as well. Also, the method by which information flows makes it vulnerable to distortions. When a story goes from one person to another, it will be added to and removed from, depending upon the person hearing it. This is why, in most cases, when the person who initially dispatched the information heard the account that is being spread, he or she will likely notice an entirely different version of what they said at the outset. This can happen with advertisements and other kinds of information, too.



## **Motivation**

Motivation is simply the inner drive that pushes consumers to develop purchasing behaviors. When there is a need, it is not enough to push the consumer to purchase something to satisfy the need; other factors are needed to motivate him or her. That is psychological, so it usually works at the subconscious level, and is very difficult to measure. As noted, above, we humans always have needs, and they can be physiological, biological, social, or emotional. The nature of our needs is naturally set up in a way that sorts the pressing ones before the least pressing. It is like walking into a restaurant to eat chicken risotto and having an overwhelming urge to pee at the same time. Even though you might be hungry at that point, you will most likely not enjoy your meal while your bladder is full and begging you to get relief. This is why some researchers opine that a need becomes a drive for an action when it can lead to satisfaction, which is the ultimate goal of indulging a need. Motivation is directly related to the need and is expressed in the same type of classification as defined in the stages of the consumer buying-decision process. It is vital that brands create, make apparent, or reinforce a need for their products in consumers' minds so they can develop a motivation to purchase the products.

## **Personality**

Personality refers to the unique psychological characteristics that lead to consistent and lasting responses from the consumer's environment. Human personality is tremendously varied and, marketly speaking, it depends on several factors. Brand personality refers to a certain mixture of traits that might be attributed to particular brands; brands always create images that are specific to the services they offer. Some examples of brand personalities are values like sincerity, excitement, competence, sophistication, and ruggedness.

## **Interpretation**

An advertisement by a brand is an attempt to communicate many things, like brand values, personality, purpose, and others. The interpretation of brand ads and identities depends on the personality of the interpreter, and how a person interprets a brand statement is important, because it helps guide subsequent advertising campaigns. Another factor that is important in understanding consumer behavior is emotions.

## **Emotions**

In advertising, the emotions of the customer are also important; simply put, advertisements are targeted at emotions. There has been a great deal of research to explain the importance of emotions, which can be

both positive and negative. For example, feelings like fear and sadness are negative emotions, while happiness and excitement are positive emotions. Diverse behavioral consequences can spring from different emotions: the type of emotion evoked by an advertisement often determines the response of the consumer. A disconnect in advertising strategy can either lead to feelings of sorrow or anger in the consumer, which can, in turn, cause the person to boycott a product, or just be angry. Like frames, the emotion a brand projects can either repel or attract a customer's choice. Also, certain negative emotions, like anxiety, anger, and angst, evoke high physiological arousal, which can lead to an increased heart rate. Other emotions that are negative, like depression and sadness, might involve a state of low arousal and a decreased drive for any buying activity at all.

Persuasion can be increased, and matching activity level to a particular emotional state can influence consumer choice as well. An example of this is a car advertisement that follows a drama show and is designed to connect emotionally with the prospective customer.

Despite these subtle advertising methods, many people still believe the choices they make are derived from their own rational analysis of the

alternatives they have. As we've seen, however, emotions greatly influence purchase decisions. They are the main reason why some brands are popular and seem to have monopolized the market. After all, many of these same products are available through other less popular but available brands, often even at cheaper prices. People pay for brand names because of the emotions that have been inspired in them. Many brands project their personalities in their advertisements, and people connect with these personalities, just as they connect with human personalities.

Moreover, the narrative that accompanies a brand's advertising can influence its impact on consumers. The story that follows an ad, the person involved in the story, and how the person tells the story are all essential. Ads that reinforce dominant narratives have been popular; an example is the image of a Black maid in the United States of America. These emotions are to ensure that customers buy for a reason, and these marketers are eager to provide the reason to buy the product. When Apple releases annual upgrades to the iPhone, many people buy it to reinforce their identity as an image. It is not necessarily because of new functions, but, rather, it is that the advertisement has convinced them by showing the image of a user who everyone wants to be.



## Chapter 20. Gestalt Theory

The Gestalt principles are a set of laws that became prominent in the 1920s, post-World War I psychology. They explain how humans perceive objects by grouping similar elements, unraveling patterns, and streamlining complex images. It is largely dependent on perception, which is why most designers use this theory to interact with users through some tricks.

### **Background of the Principles**

"Gestalt" is German for "unified whole." The Gestalt principles of grouping stem from the work of German psychologists Max Wertheimer, Kurt Koffka, and Wolfgang Kohler. The trio were interested in uncovering how humans distinguish and interpret meaningful perceptions from the chaotic impetuses they are exposed to. They created an arrangement of laws that would explain this characteristic impulse to look for meaning in the midst of turmoil, wherein the mind advises what the eye sees by explaining a progression of components as a single picture, or a deception. After their discovery, early graphic designers adopted the Gestalt principles in advertising, which led to the establishment of company logos. The basic idea of the Theory can be summed up in a quote by Kurt Koffka, which says the mind comprehends external stimuli as whole, as

opposed to the sum of the parts. Some of the most prominent Gestalt principles recognized and adopted include:

**Closure (Reification)**

A situation wherein complete shapes are preferred, and the gaps between elements are filled automatically by the mind, to create the impression of a complete image, thereby making the whole come first.

**Common Fate**

Components that move toward a similar direction are lumped together.

**Common Region**

Elements that are in the same neighboring region are grouped.

**Continuation**

Lines are followed and adhered to.

**Convexity**

Convex shapes are perceived ahead of concave ones.

**Element Connectedness**

Components intertwined with other elements are grouped.

**Figure/Ground (Multi-stability)**

Disliking uncertainty, the mind seeks solid and stable items, with this exception: if a picture is genuinely vague, its foregrounded qualities attract the attention of others first.

**Good Form**

Components are differentiated by separating them out from others and grouping those with similar color, form, and pattern.

**Meaningfulness (Familiarity)**

Grouping elements that paint a meaningful image or are coherent.

**Prägnanz**

Vague images are perceived as simple.

**Proximity (Emergence)**

Elements that are seen as close are kept together and separated from those that are their direct opposites.

**Regularity**

Unless a picture is indeed vague, its foreground aspects grab attention the first time it is seen.



### **Similarity (Invariance)**

We focus on the differences and similarities in an image before associating or connecting similar components.

### **Symmetry**

Balance is in the focus, and we do not rest until it is achieved.

### **Synchrony**

Fixed visual elements that appear at the same time are grouped.

It is noteworthy that the Gestalt principles work better with the human psyche than they do with our sense of sight. They are *conceived* rather than *perceived*. They are employed by UX designers (that is, designers who build the interface of applications and enhance user satisfaction with a product by improving its usability and accessibility). UX designers' understanding of the theory makes it easy for them to build interfaces that the user does not find too complex. A decent model is the standards of vicinity and basic district. Without it, clients will battle to create relationships between inconsequential grouped-together things. This is why software and game designers try, as much as possible, not to confuse users with an overwhelming number of options; the trick is to keep it simple and

straightforward. It is important that advertisers avoid using ambiguous images with layers of meanings, as this could be too much for the consumer to handle.

In closure (reification), we identify an element, but deconstructing it into its different components requires significant exertion. Although the Gestalt principles are universal to the experience of human beings, it is also key to ensuring that proper colors are used. They have to be appropriate and not offend the sensibility of a cultural group or race.

For instance, in 2017, Pepsi had to pull down an advertisement featuring Kendall Jenner because the Black community perceived the commercial as trivializing the "Black Lives Matters" movement. The Gestalt law is also often called "Law of Simplicity" or the "Law of Pragnanz" (meaning the whole figure or configuration), and it means that every stimulus is sensed in its simplest form. Basically, Gestalt theorists follow a main principle that states the whole of a thing is bigger than the total sum of its parts. Simply put, a car or a picture, as a whole, has a totally different or bigger meaning than the parts it is consisted of: the painting, the body parts, brush, or canvas. In viewing the "whole," what takes place is a cognitive process in which the human mind takes a leap from just understanding the separate parts to *getting* the whole picture. Human beings often

create a visual image and mentally create harmony or structure out of the chaos of disconnected bits of information. The focal point of Gestalt Theory is grouping, which is the ability to interpret visual objects in a peculiar way.

### **Application of the Theory**

Gestalt Theory can be adapted to all aspects of human learning, especially problem-solving situations. Many marketers and psychologists were influenced by Gestalt Theory, and it is evident in their work. Psychologists like American James Jerome Gibson cannot deny the influence of the theory in their work. The principle laid down by the theory stipulates that it is vital, and learners are urged to discover the foundation of a problem by investigating the connection between all the elements involved. The principle also stipulates that the vital parts of the impetus for learning are gaps, disturbances, and incongruities. It also states that instructions should be predicated on the rules of grouping elements, and they, in turn, should be based on simplicity, proximity, similarity, and closure.

Even though psychological factors are of utmost importance, they cannot be achieved in seclusion. Similarly, they do not explain the full extent of consumers' behavior. The psychological factors that influence consumers' behavior are interrelated into

socio-economical, statistical, regional, cultural, and structural processes. With the ever-evolving trend that permeates the 21st century, it is imperative to consider the psychology of the market and recognize the necessities, attitudes, and objectives, or targets.

### **Application of some Gestalt Theory principles**

The student should be guided to get the kind of challenge with which they are confronted. The interrelatedness of the components should be discovered, as they are key to solving the problem. The teaching, therefore, has to rely on the structure of the topic or problem.

Although they are vital features, psychological features do not define consumer behavior in its totality. Also, they do not work in isolation. Consumer behavior is multifaceted and dynamic: culture, territory, experience, and background are all connected to psychological factors.

### **Getting the Consumers' Attention**

The early days of consumer behavior were days of observing human beings. Getting people to notice an advertisement required getting them "to pay" attention. This is an odd combination of words, considering that the verb "pay" has to do with money, debt, and other things relating to obligations. Also, to pay attention to an

advertisement, or a person, means to place focus on specific sections and ignore the other sections or persons around.

Attention works like a sieve that separates one item from the others. It relies on many other factors during the filtering process. Animals are usually flooded with a wide range of stimuli, but they only *pay* attention to one stimulus, or a few stimuli, ignoring or suppressing others. The ability of their brains to process sensory information is more limited than the capacity of its receivers to measure the environment. By contrast, an average human is confronted with several volumes of information daily but only pays attention to selected ones.

Attention acts as a filter by selecting some objects from a pool of objects and processing them further. That someone is paying attention to a particular thing does not mean the situation or idea is the only valid object; it means the item, person, or product being paid attention to is the one needed for that period of time. According to David G. Myers (2012), attention can be likened to a beam of light: "Using selective attention, your conscious attention focuses, like a beam of light, on only a very limited aspect of all that you experience."

Naturally, the five senses act as inlets for information to filter in, before we decide which one we shall pay attention to. However, for advertising and watching consumer behavior, the sense of sight is more often appealed to than any other. In particular, the most important advertising features are the physical, and they are noticed unconsciously: colors and shapes of packages, promotional materials, advertisements, commercials, and the full range of resources deployed for communication and marketing efforts. James Schwartz and Eric Kandel (2009) define attention as "the acquisition, by the mind, clearly and vividly, of one among the many simultaneously possible objects or chains of thought. The focus, the concentration of consciousness, is part of its essence. It involves the removal of some things so that you can effectively deal with others." They also divide attention into two types, which they call "voluntary" and "involuntary."

"Voluntary attention," according to Schwartz and Kandel, is sustained by automatic neural processes and is particularly evident in implicit memory. Implicit memory, as compared to explicit, or factual memory, deals with emotional memories, which the brain processes differently. Briefly, while you may be able to recollect the facts of your life, you cannot similarly access the emotions that get stored in your so-called implicit "memory bank." It is activated by a property

of the external world, which is the stimulus, and is captured by what they call "great things, shiny things, things in motion or blood."

"Involuntary attention," by comparison, is in play when one is driving and paying attention to the road and traffic. It is a particular feature of explicit memory, and it comes from the internal need to process stimuli that are not automatically raised.

It should be noted that individual interests and systems of beliefs, values, exposure, experiences, expectations, and ideas also affect attention, as consumers often pay attention to messages that are in line with their personal biases and reject or distort ones that conflict with their systems. For example, there are individual defense mechanisms against persuasion. These are related to psychological escape from certain messages or refusal to interpret them. In this sense, commercial advertising, by which people have a greater interest in the subject, or at least, no feelings of rejection, will find it easier to have their message or intention accepted and understood.

The more exposed to certain ads a person is, the more attention they will pay to the product, and the more interest they will show. Also, repeated ads and those that continue to expand the limits of creativity

tend to creep into people's consciousness eventually. Repeated ads also mean longer exposure to the campaign. If the ad is one that is in tandem with a person's belief system, values, and thought patterns, that person will become more convinced. Furthermore, attention always precedes perception. Attention can be termed as central to the entire process, and perception is not at all possible without it. The process of attention serves the various functions in the organization of our perception and other cognitive functions. In short, attention is at the center of the whole process.

## Some Functions of Attention

### **Alerting**

When one is in a state of awareness with focus, they are ready to respond immediately. Yet, distraction in a situation like this often creeps in unconsciously. A good example of this is when a parent is talking to a child and instructs the child to pay attention. What the parent demands is that the child stays alert.

### **Selective**

The ability to pick one option is the key thing about attention. Undesired information is removed or ignored, and the one needed is picked for use. A good example of this selectivity is a party where tea is served. If someone takes some snacks and tea



while talking with other people, and if, while the conversation is ongoing, someone calls his name from some other section of the party, attention will become divided. It can even be shifted permanently from the ongoing conversation to the place from where the name was called.

### **Limited Capacity Channel**

Human beings generally have a limit to processing available information. What this suggests is that bits of information can be processed one at a time. Some tasks demand that the doer multitasks, and such tasks cannot be done concurrently. Imagine someone who is trying to study while playing music. Both tasks demand some measure of attention, and it is difficult to combine the two—except, perhaps, if the person has mastered the rare ability of combining two dissonant activities.

### **Vigilance Function**

Vigilance is attained when someone pays attention to a continuous assignment for a long while. If the assignment is monotonous, it often leads to complacency or poor performance. An example of this is writing. When a single thing is written repeatedly for a long time, maybe more than a hundred times, the chances of making mistakes after some time become higher, because general fatigue can occur from the monotony. Attention, again, is a

process, and it involves filtering information and selecting some for further processing, which leads to perception.

### **Motivation**

As discussed above (page 78), motivation is simply the inner drive that pushes consumers to develop purchasing behavior. The root of the word, "motive," refers to this inner drive that becomes activated when there is a need. A motive is an impulse that propels an individual to react to a circumstance for one incentive or another. It is essential for sustaining goal-oriented behavior and hard work.

According to Trehan (2009), motives can be defined as relatively enduring, strong, and persistent internal stimuli that arouse and direct behavior toward certain goals. The first stage in the buying process is recognition of need. A need may be defined as the lack of something that is requisite, desirable or useful. There are many reasons why people buy products. It can be for convenience, style, prestige, self-pride, or to be at par with others. If marketers know what creates motivation, they may be able to develop marketing tactics to influence consumers to think about, be involved with, and/or process information about their brand or ad (Smoke, 2009).

If the potential buyer needs the product and does not have it, then the desire and motivation to purchase it spikes. Motivation could be intrinsic, extrinsic, or a combination of both, depending on the circumstances surrounding the person and situation.

**"Intrinsic motivation"** is the impulse or enthusiasm birthed from endeavoring to accomplish a personal or professional success without any incentive. It is the type of motivation one can only inspire on their own, without pressure from others. It is fueled by the need, hunger, and thirst for satisfaction, and the value one's achievements provide.

**"Extrinsic motivation"** is borne out of pressure. It is the impulse to participate in an activity because of the benefits involved, which could be inspired by rewards.

## Application of Gestalt Theory

Gestalt Theory can be applied to all aspects of human learning, although it applies most directly to perception and problem-solving. The work of Gibson and several others was strongly influenced by Gestalt Theory.

### Example

The classic example of Gestalt principles provided by Wertheimer is children finding the area of

parallelograms (*i.e.*, quadrilaterals with opposite sides that are parallel and equal). As long as the parallelograms are regular figures, a standard procedure can be applied (making lines perpendicular from the corners of the base). However, if a parallelogram with a novel shape or orientation is provided, the standard procedure will not work, and children will be forced to solve the problem by understanding the exact structure of a parallelogram (*i.e.*, the figure can be bisected anywhere if the ends are joined).

Accordingly, the student should be encouraged to discover the underlying nature of a topic or problem (*i.e.*, the relationship between the elements). Gaps, incongruities, or disturbances are an essential stimulus for learning. Instruction should also be based upon the laws of organization: proximity, closure, similarity, and simplicity.

## **Conclusion**

Despite being essential, psychological factors are not manifested in isolation and do not fully define consumers' behavior, which is complex, dynamic, and comprehensively conditioned. Its psychological factors are linked to the operation of socio-economic, demographic, territorial, cultural, and organizational as well as many other factors. Under the modern conditions of collision of national and

global trends, it is necessary to pay more attention to the psychology of the market, proper identification of needs, attitudes, and intentions. The specifics of consumer behavior, its dynamics, moments of controversy, satisfaction and other aspects have to be studied in depth, and, ultimately, flexible approaches to stimulate consumer activity will have to be worked out as well. This will ensure a timely adaptation of the activities of commercial companies to the changes in the environment and the current consumer preferences of consumers.

## Chapter 21. Motivation:

### Abraham Maslow's Hierarchy of Needs

Abraham Maslow was the 20<sup>th</sup> century American psychologist best known for his theory of psychological health, which was based on what he called the "Hierarchy of Needs" (1908-1970). To reach it, he identified and then sorted the needs of human beings into different categories. For example, some needs, he said, were simply basic, while he ranked others as high as "self-actualization." Maslow believed it was only when basic needs were satisfied that a person would be able to express even the desire to fulfill any of his higher needs. These are his categories:

#### **Physiological**

These needs are basic, biological, and physical: sleep, water, food, warmth, breathing, sex, and others. When there is need to fulfill any of these, the desire spikes and a person is hardly able to do anything else or fulfill any other need. This is why people find it difficult to be productive when they are hungry. Hunger must be prioritized above all other needs.

#### **Safety**

People generally want to feel safe everywhere they are, that's why airbags—which more often go

unused—are installed in new cars. This category comes immediately after biological needs. However, safety, as it is used here, goes beyond avoidance of danger. People want to feel safe physically, emotionally, psychologically, and socially. When one does not feel safe, as a result of a job or family loss, vulnerability and insecurity set in.

### **Social**

Human beings generally want to be accepted and loved by others. We all have a fundamental need for human contact, as it is these emotional support systems that help us through crises. Also, people who are involved with others tend to be healthier. These needs are met by establishing relationships with others with whom we share a common interest. It is the desire to be accepted and to build ties with the people in our age group, profession, school, neighborhood, etc.

### **Esteem**

The need for esteem is a person's longing to be admired and respected. As individuals, we want to be loved, respected, and embraced by others. Confidence makes us more creative and generous. It is the desire—need—to be proud of ourselves.

## **Self-Actualization**

This, according to Maslow, is the highest need people can aspire to. We all want to be fulfilled and feel that we are making good use of our lives. This is why a homeless person's needs are different from those of an opera singer who has just had her first break. The homeless person will be more bothered with basic biological and security needs, like water, food, and housing, while the opera singer will be more concerned about social and esteem needs.

Similarly, the homeless person is motivated by the need to stay alive, which is intrinsic, while the opera singer's motivation is extrinsic: She wants people to appreciate the artistic talent she has invested in, as well as to be famous and acknowledged by others. According to Maslow, it is not until after the homeless person gets food, shelter, and job security that his or her orientation can move to the next phase--the need to interact with others—which will automatically follow. Thereafter, he or she would further develop interest in pursuing their next higher need, which is esteem, and, subsequently, self-actualization.

Maslow famously declared that, "The story of the human race is the story of men and women selling themselves short." He was inspired by the research of Erich Fromm, a humanistic psychologist who believed the craving for self-actualization is very



important for human beings. Maslow also built on the works of earlier psychologists, like Skinner and Freud, who focused more on basic human instinct, and the advanced researches of Jung and Fromm, who traced the desire for happiness. Maslow wanted to know what made people happy and why they had fulfilled the needs they had.

Ironically, Maslow himself had a sad and frustrated life before he found himself. His father was not physically accessible to him, and this had an effect on his life. He openly expressed his disgust for his mother, calling her "schizophrenogenic," cruel, and ignorant. He was also Jewish in an anti-Semitic community, and this affected his social skills as well. He was on probation in his first year at school, and he spent one semester at Cornell University.

Even so, Maslow was optimistic for humanity, despite his own experiences. He seemed to have a feeling that human beings were innately good, despite the chaos that marked the world at that time, and he followed that feeling with studies that proved him right. For his theory, he used the word "hierarchy" to distinguish the relationship between needs. The top of his pyramid relies on the base for support, and this is evident in the diagram that depicts the theory. For him, the peak of human experience is "tremendous

intensification of any of the experiences in which there is a loss of self or transcendence of self."



## Chapter 22. Pavlov's Dog and Marketing

Ivan Pavlov came up with a theory that is now popularly referred to, simply, as "Pavlov's dog." He was a successful psychologist who won a Nobel Prize in 1904 for his ground-breaking research on digestive processes. While studying the digestive system of dogs, he noticed a striking occurrence: the dogs salivated whenever his assistants entered the room to feed them. Although his primary career was not psychology, his theory is important to modern psychology.

To investigate his observation, he and his assistants introduced a variety of edible and non-edible food items into the diets of dogs and observed their behaviors. The result showed that salivation is a reflexive process, which happens automatically in response to a specific urge; it is not under the control of the dogs. He also noticed that the dogs often salivated even when there was no food, nor any scent of food. Based on his observations, Pavlov concluded that salivation is a learned response; the dogs actually responded to the white lab coats worn by his assistants, who were charged with presenting food to the animals.

Pavlov next discovered the process of learning conditioned responses. To ensure his findings, he also invoked a conditioned response to an otherwise

neutral stimulus. Using food as the unconditioned stimulus, he evoked a response from the dogs automatically, by introducing the sound of a metronome. The ticking sound would be introduced first, and then food would be given to the dogs immediately after.

After following this procedure many times, Pavlov discovered that three of the dogs began to salivate at the sound of the ticking metronome. "A stimulus which was neutral in and of itself had been superimposed upon the action of the inborn alimentary reflex," Pavlov wrote about the results. "We observed that, after several repetitions of the combined stimulation, the sounds of the metronome had acquired the property of stimulating salivary secretion." Simply put, the metronome, which was a previously neutral stimulus, became a conditioned stimulus and provoked salivation, which is a conditioned response. This theory is popularly called "classical conditioning," and it is very important to psychology, influencing many theories that came after it.

Today, Pavlov's theory is often adopted in the treatment of mental health and in stimulating change in behaviors. It is also useful in treating phobias, panic disorders, and anxiety. There have also been questions about the theory: Can there be

“unconditioning?” Can the association ever be broken? Looking for answers, Pavlov presented the dogs with a sound they came to associate with food. He then played the sound, but did not follow that by rewarding the dogs with food. After the ticking sound of the metronome was made several times without food, the dogs produced less saliva, and the conditioning fell off gradually. Pavlov also realized it could be reactivated after it had worn off.

This theory is vital to advertising and creating an association with products. It is also regarded as the best and most effective example of marketing’s ability to direct consumers’ activity.

### **Don’t believe it?**

Over the years, Budweiser has used their marketing to get consumers to associate various physical activities with certain environmental factors, like football, dehydration, and heat, or something as odd as emotional Clydesdales and English bulldogs with their product. All these examples make you desire a cold Bud, and it doesn’t stop there. When you see a Clydesdale or think Budweiser, you automatically get thirsty and may even hear in your head, “Are you ready for some football?”

Still don't believe it? When was the last time you responded to these words: "ON SALE FOR A LIMITED TIME!"—?

## Chapter 23. The Diderot Effect

Philosopher Dennis Diderot went bankrupt, and in 1765, Catherine the Great, the Russian Empress, heard about his financial troubles and offered to help him get back on top. As a famous patron of the arts, sciences, and Enlightenment philosophers, she immediately paid him to acquire his whole library, although it was kept at his home, and she hired him as her librarian, with an advance payment of 25 years' salary.

Diderot had never had that kind of money before, so he spent a substantial part of it on a scarlet robe. After the satisfaction he got from wearing the robe, he realized his apartment wasn't quite as nice as it should be, since he had started dressing like a rich person. While renovating his apartment, he noticed that his armchair was not fit for the new renovations, so he bought a leather armchair, which led him to realize he had the same problem with his desk. Soon, he upgraded nearly all the items in his house and ran into debt. Despite this, he remained hungry for more material things. Being a philosopher, he proceeded to write the essay, "Regrets for my Old Dressing Gown."

This essay has inspired many studies on consumerism, and the spiral of consumption he wrote about is now known as "The Diderot Effect,"



which he first described. The phenomenon is based on two major ideas: (1) goods procured are part of the consumer's identity and are likely to complement one another; and (2) the purchase of a new item that deviates from that identity can cause a spiral of consumption in an attempt to forge a new unified identity. "The Diderot Effect" is a spiral of consumption, which leads to acquiring things that are not needed but become necessary because the consumer feels it will help him or her maintain their appearance, or bring them fulfillment. It is what happens when you buy a new product, and you think you need to buy more products to complement what you have just purchased. For instance, buying a nude shoe and feeling the urge to buy a complimentary nude bag even when you don't need it or already have another nude bag of a similar shade.

In marketing, brands exploit "The Diderot Effect" by pairing complimentary items to attract customers. Sales personnel are quite adept at engaging this strategy, by putting ideas in consumers' heads that they need a product to complete their "look." For instance, telling a customer that the necklace they just purchased looks gorgeous on them, and it will look even better if they can buy a pair of the earrings and bracelets they have in stock. They go as far as allowing the customer to "try on" the jewelry so they can see how good the combination looks. Most

times, the customer feels compelled to purchase the earrings and bracelets, even when she has something similar. When she walks away without buying the earrings and bracelets, she is left with a lingering feeling that she should have taken the sales person's offer. Maybe she starts to feel she would attract more attention if she purchased the jewelry, instead of combining the old pieces she has—which people have seen repeatedly—with the new necklace she has just purchased. Brands also exploit this effect by creating an awareness of options. Indeed, it is precisely for this reason that so many products are created with "matching" parts. The hope is they will inspire the consumer to purchase their total picture of success.

### **Causes of Human Actions**

There are several reasons why human beings take the actions they do; these reasons can be internal or external. Some actions are taken for self: they are internally motivated actions; while others are taken for external reasons: they are taken in behalf of others. According to classical philosopher, Aristotle, in his book, *Rhetoric* (4th century B.C.), "every action must be due to one or other of seven causes: chance, nature, compulsion, habit, reasoning, anger, or appetite." These are the primary causes of all human actions; all are based in emotion or reason, and humans' innate desire for pleasure over work. Thus,

they are worth distinguishing, to show how they fuel desires and actions.

### **Chance**

Chance occurrences almost always influence human beings, though their effects rarely change decisions. The causes of chance events are mostly unknown, as they happen unexpectedly.

### **Nature**

Natural events are those that occur within the human body, like the need for food or water. The urge to take actions on these are natural and common to every human.

### **Compulsions**

Compulsion often occurs as a matter of necessity. Even though it may not be the wish of a person to do something, compulsion demands an action be taken.

### **Habit**

Habit is well-known as actions taken repeatedly, albeit not necessarily logically.

### **Reasoning**

These are purposeful actions taken by individuals who generally have clear reasons for taking them. They are often a means to an end and are often motivated by a need to do something important. Rational actions are often proper and timely.

## **Anger**

This is the strongest of all the emotions. It is sometimes interpreted as passion, and may be connected to revenge and violence. Aristotle noted it is from passion and anger that all acts of revenge are due: "no one grows angry with a person on whom there is no prospect of taking vengeance, and we feel comparatively little anger, or none at all, with those who are much our superiors in power."

## **Appetite**

This is often interpreted as "desire," but it is simply a "craving for pleasure." Anger serves negative motivation; Aristotle said, "Appetite is the cause of all actions that appear pleasant." He further emphasized that wealth or poverty are not a cause of action, although the appetite for wealth may well motivate someone to take certain actions. "Nor, again, is action due to wealth or poverty; it is of course true that poor men, being short of money, do have an appetite for it, and that rich men, being able to command needless pleasures, do have an appetite for such pleasures, but here, again, their actions will be due not to wealth or poverty but to appetite."

## **How to Overcome Consumption Tendency**

Consumption tendency is a vicious cycle; the best solution is not to start it at all. The problem Diderot

had was that he bought the first robe. If he had not purchased the scarlet robe, he would not have run into trouble. Also, consumption is in the mind. It is like a temptation, and everything that encourages it should be avoided. There are four practical ways to avoid this tendency:

1. Before buying, imagine how an item will fit into your life. There are many good things that can be desirable, but ask yourself if it will fit into your house, your lifestyle, and your budget. Imagine the many changes it will cause if you do buy it. Buying is easy, but the effects are often difficult to reverse.

2. Think of the proposed purchase in terms of the group, not as a single item. One example of this is buying clothes and other accessories. You can see a product that is beautiful, but it might not go with any other thing in your wardrobe. Rather than get the finest thing, decoration, or accessory, it is important that you find something in line with what you already have. If you do that, you will not feel pressured to replace some old item or to put away something that does not fit.

3. Do away with the temptations around you. Relating to people with consumption mindset always influences one to have the same mindset. Deliberately window-shopping for fancy items on the

Internet leads to a heightened desire to buy items. If you can, block unnecessary advertisements on your email and web browsers, and unsubscribe from tempting newsletters that can trigger "The Diderot Effect."

4. Focus more on the experiences and not the items. Even though purchasing makes you feel joyful, it is best avoided. When the environment decides what you do, it affects good intentions, and a good experience offers an entire lifetime of happy memories. Experiences include going to a museum, attending a lecture, a picnic, or arranging a weekend getaway.



## Conclusion

And so we return to the question we began with:

### **Do you have free will to buy what you do?**

This question does not have to be answered against the best interests of you or any other consumer. It does, however, invite you to participate actively by keeping your wits about you at all times you are in the marketplace. In order for you to avoid feeling victimized by “Psycho-marketing,” you, as the consumer must set out knowing your needs and limitations, and honesty with yourself about what and how much you are willing to risk for that item that may or may not—in equal measures—appear to be meant *just for you*.

We have seen in these pages the pitfalls, the schemes, and even the undermining of consumers’ decision-making by advertisers and marketers whom you, as consumer, will likely never meet. We have also seen the well-intentioned efforts of producers in the marketplace today, to educate rather than obfuscate the truths about their products. All of these require your evaluation and close consideration as you make your choices and purchases.

Consumer behavior is often said to be determined more by media and advertising companies than



consumers themselves, but that is not a "*fait accompli*." The factors that influence your behaviors are important, but they can also be subtle. It is essential that you be aware and makes your own decisions, even though you may be guided by advertisements—which, remember, is not always a bad thing.

It is only once something that is not needed is acquired that the descent begins. "The Diderot Effect" is not the fault of a *victim*; it is simply the way of the world. The good news is its effect is never too late to reverse.

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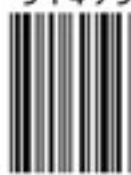
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