Social marketing

What is "social marketing"

- How is it different than traditional marketing
  - Different profits
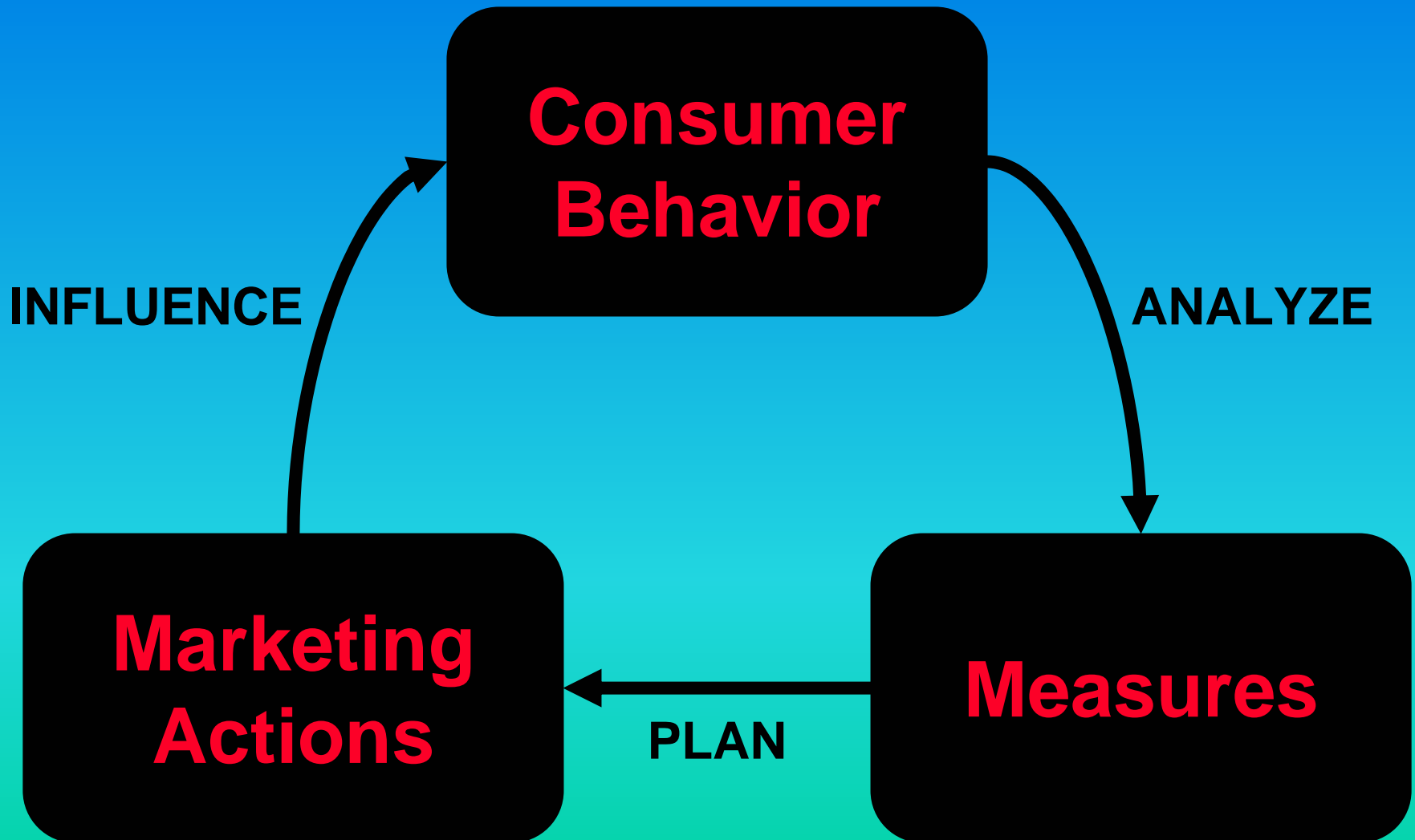 - Different channels
  - Different advertising

Is it moral?
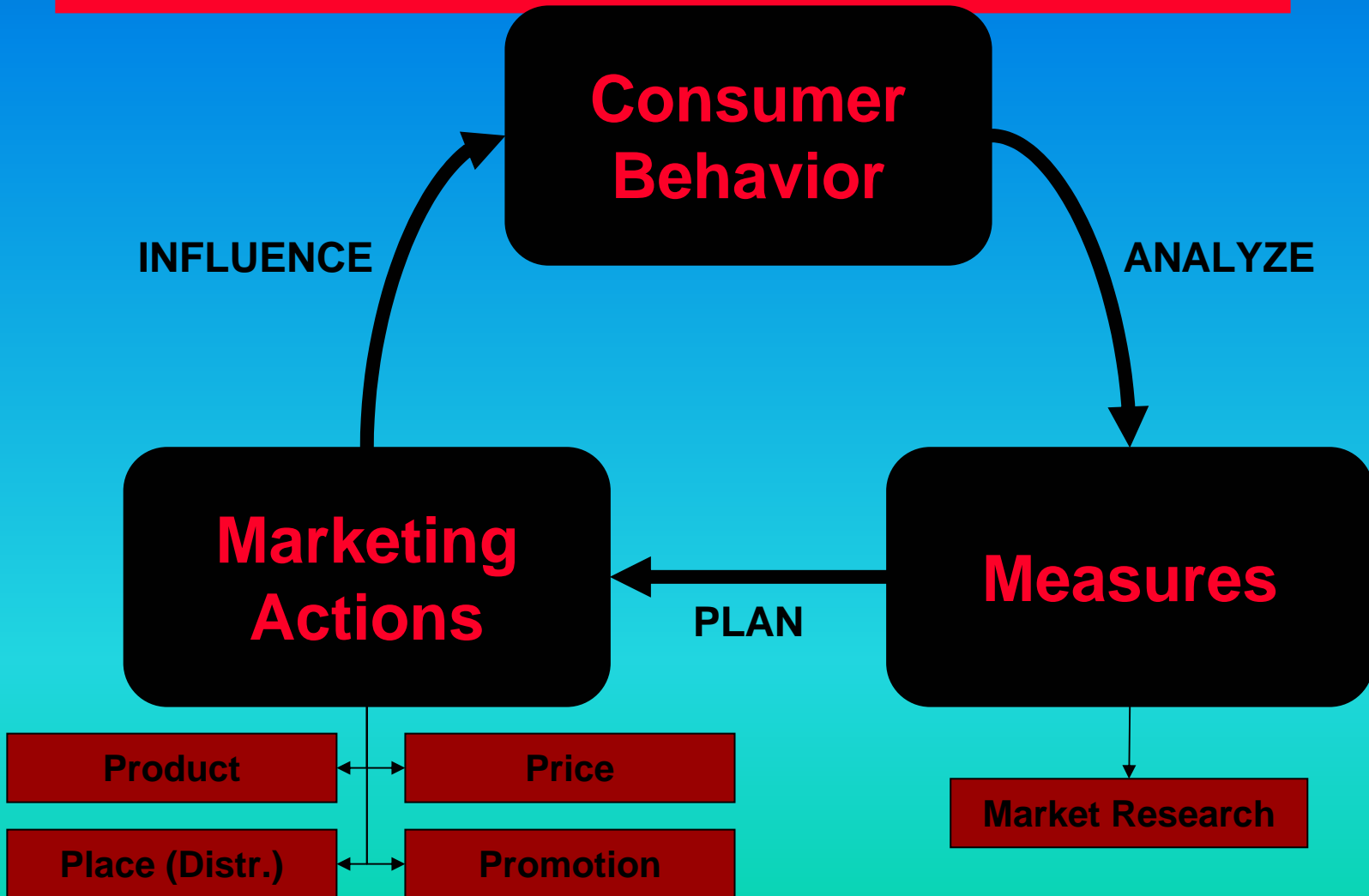
Why study consumer behavior?

Study consumer behavior in order to design effective marketing – social or otherwise.

- Value is only what is perceived by consumers
- Therefore, we must understand how consumers work

What do we need to know?

What do we need to know?

Consumers are people, too

How do people think?

Perception

Attention

Memory

Decision making

The approach...

What would have been perfect behavior?

- Rationality

How are people different than perfect?

- And why

People deviate from rationality due to structural and non-structural constraints

REALITY IS IN THE EYE OF THE BEHOLDER

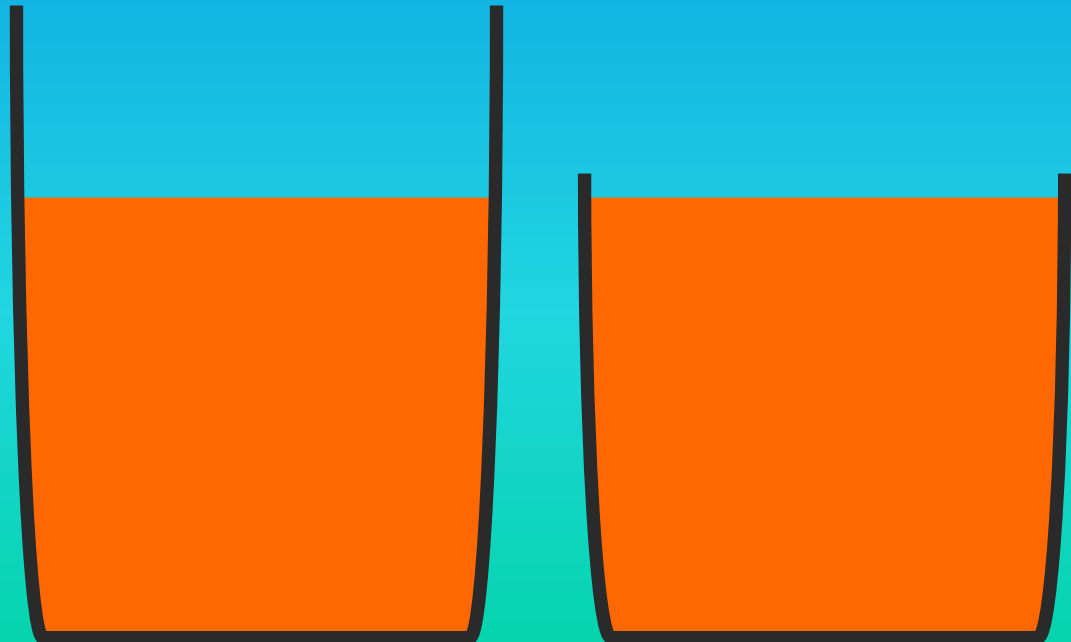# Visual illusions - Structural

Perception

Which has more?

Perception is largely relative

Implications?

Perception - Adaptation

People adapt to things but cannot predict this

- Lottery winners
- Tenure

Implications?

Attention: Stroop I

Red	Blue	Green	Yellow
White	Pink	Red	Black
Red	Green	Blue	Yellow
Gray	White	Gray	Green
Blue	Yellow	Black	Gray
Yellow	Blue	White	Blue
Black	Pink	Green	White

Attention: Stroop II

Red	Blue	Green	Yellow
White	Pink	Red	Black
Red	Green	Blue	Yellow
Gray	White	Gray	Green
Blue	Yellow	Black	Gray
Yellow	Blue	White	Blue
Black	Pink	Green	White

Attention

Capacity is limited

Information can be overwhelming

- Cocktail party effects

Memory I

Limited (7 +/- 2)

Strong sequential effects

- Primacy & Recency

Memory II

- Letter R in the 1st place or 3rd place?

- Dying in airplane or car accident?

Biased memory search

- Availability Heuristic - whatever we can imagine more easily seems more likely

Memory III

Think of 3/20 reasons why you are happy with your spouse

Memory is inference-based!

- Memory search is influenced by (physical) cues

Decision-Making

Have explored structural constraints (memory, attention, etc.)

Non-structural constraints? Similar shortcuts…

Consumers fall prey to *behavioral* heuristics and biases

Source bias

Price when the Coke comes from grocery store	<	Price when the Coke comes from luxury resort hotel

Decreasing sensitivity bias

Likely to walk 10 min to save $10 on a $725 dollar item	<	Likely to walk 10 min to save $10 on a $25 dollar item

Examples: Loss aversion

Which program would you choose?

- A: Certain saving of 200 people
- B: 1/3 chance that 600 people will be saved
    2/3 chance that no people will be saved

Which program would you choose?

- C: Certain death of 400 people
- D: 1/3 chance that nobody will die
    2/3 chance that 600 people will die

Examples: Linda I

Linda is 32, single, outspoken and very bright She majored in philosophy. She is deeply concerned with discrimination and social justice and regularly participates in demonstrations …

- Linda is a bank teller
- Linda is a bank teller and an active feminist

Examples: Linda II

Bank tellers

Feminists

Feminist bank teller
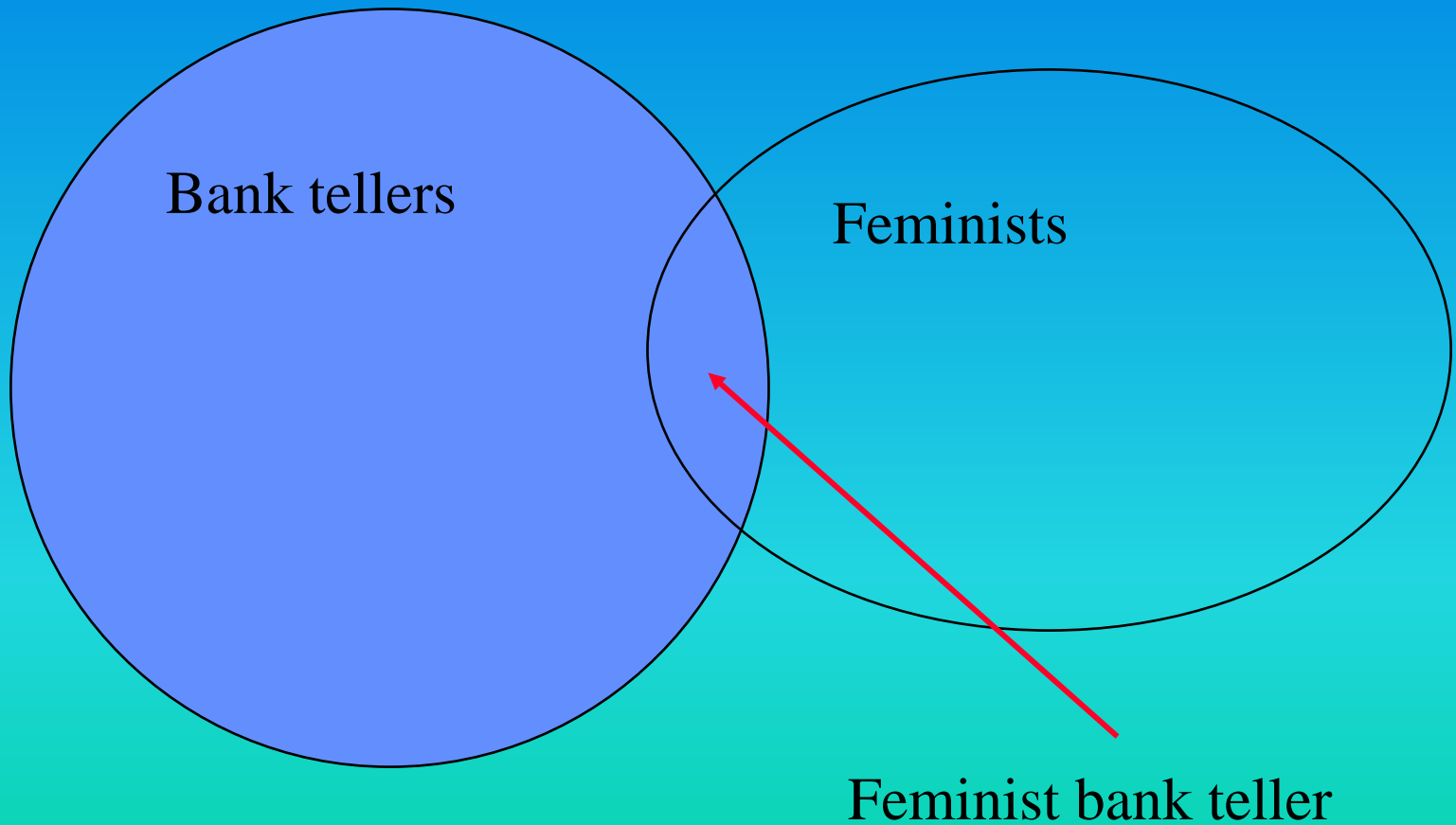
Variety seeking

Choosing 3 snacks at once for each of the following days

Choosing a snack on each of the three days

Which yields more variety?

- Why?
- What are the marketing implications?

Summary decision making

Consumers' mental processes are biased!

- Confirmatory, biased by expectations

Many different types of mistakes

- Some with far reaching implications

Relative evaluation plays a repeated role in many of the effects

What should you remember?

Many facets to consumer decision-making, and thus consumer behavior

- Attention, perception, memory, inference, decision making, etc.

Many of these are relative and not absolute