

Marketing strategies

Easton White

Alan Hastings

Winter 2018

Learning objectives

By the end of today:

- Understand the Fermi calculation from last week
- Be able to identify common marketing strategies
- Understand your homework assignment for next week

Review from last week

How much does California spend each year on education?

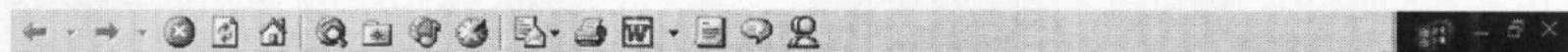
How do marketers market things?

Many strategies that draw heavily on psychology and cognitive science



2002 paper by Mandel and Johnson

PRODUCT INFORMATION SCREEN FOR SOFA TASK



Sofas

Feel free to examine as much information as you wish about each product. When you are finished, click on the link at the bottom of this page to answer questions about the two products.



Style 1 - "Palisades"

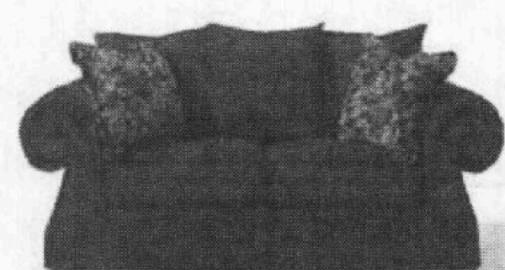
Click on the following links for more product information on the Palisades:

[Styling](#)

[Comfort](#)

[Price](#)

[Dimensions](#)



Style 2 - "Knightsbridge"

Click on the following links for more product information on the Knightsbridge:

[Styling](#)

[Comfort](#)

[Price](#)

[Dimensions](#)

Virtual ShowPlace

A Whole New Way To Buy Furniture

Virtual ShowPlace Stores and In-Store Galleries

From the moment you walk into a Virtual ShowPlace Store, or a Virtual ShowPlace Gallery inside a participating furniture store, you'll notice one thing. Here's a place where it's easy to find a sofa you'll like at a price you can afford. We say it's "a whole new way to buy furniture."

You'll start by choosing the sofa style that's right for you. Overstuffed or casual? Formal or tailored? Transitional in an eclectic setting? You may even find just the right style in just the right fabric. Wow, it is that easy! But maybe you're not too crazy about the fabric the store put on *your* sofa. Now the fun begins. Virtual has over 500 designer fabrics. No need to limit your imagination. And no need to break the bank - our sofas generally retail from \$600 to \$1200 - hundreds less than you might expect to pay for the style, comfort and quality you'll get with Virtual.

[Click here to see our products](#)

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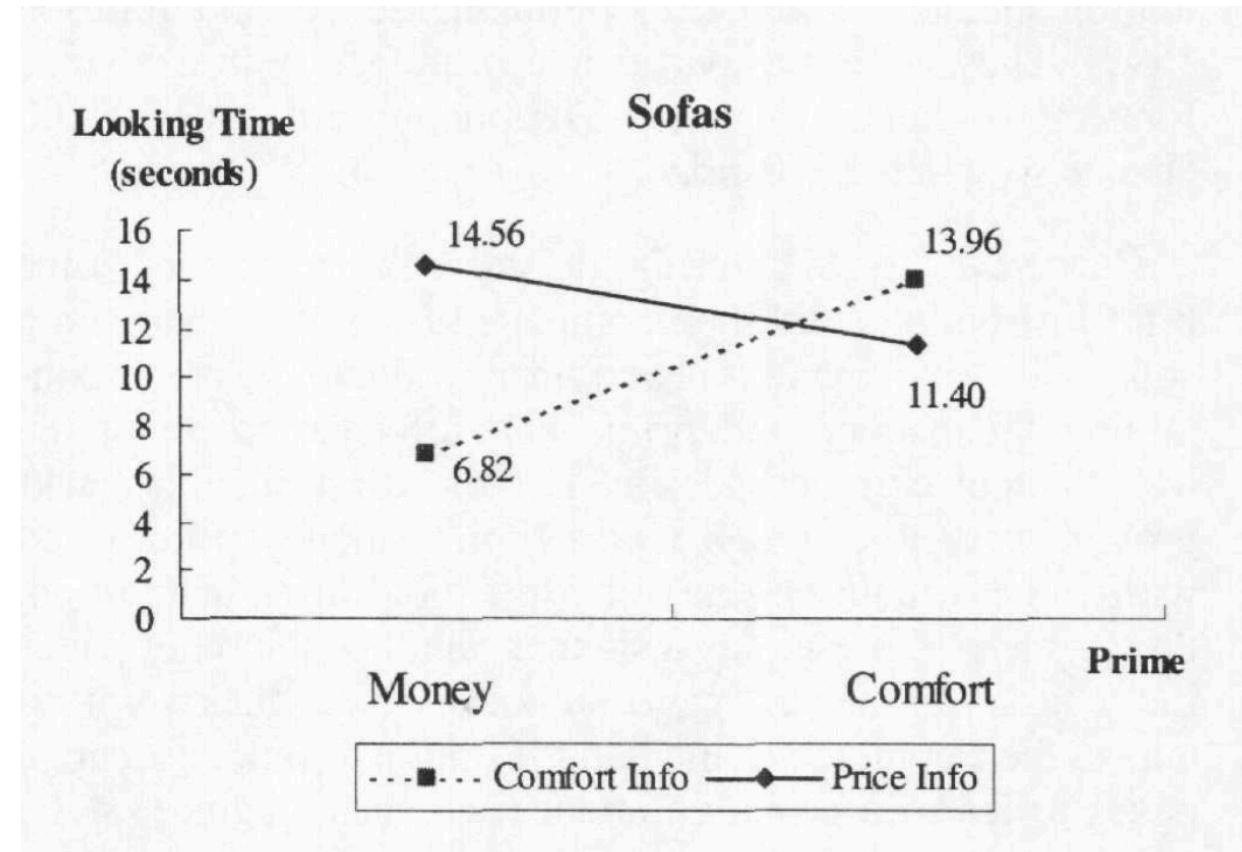
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Priming

- Being exposed to one idea may affect how you feel about a subsequent idea



Illusion of scarcity

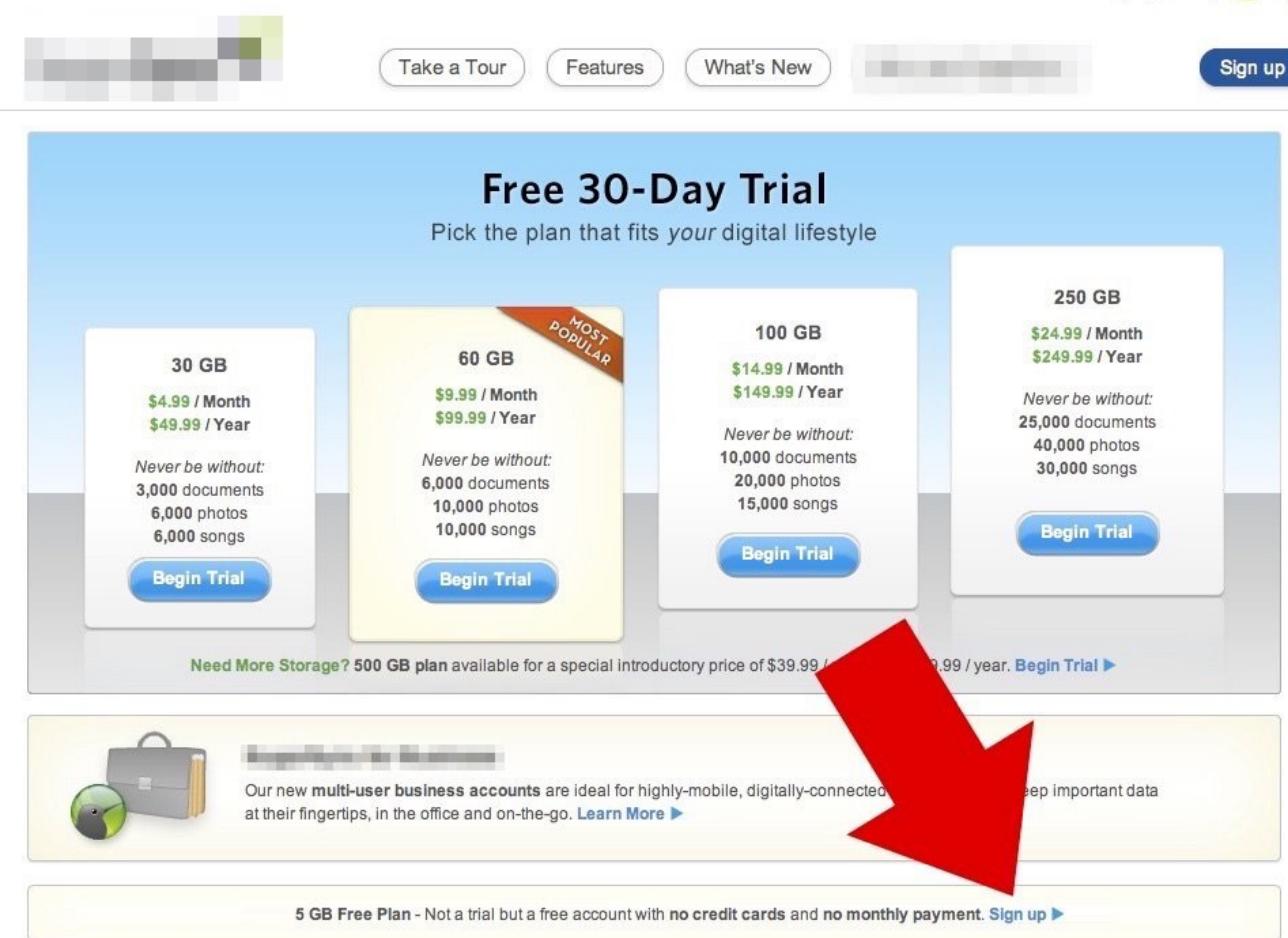
People more likely to desire things if they think they are rare

Departing flights
New York-Kennedy, NY (JFK) to Los Angeles, CA (LAX)

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*Terms apply

← Prev	Wed Jun 22 \$328	Thu Jun 23 \$260	Fri Jun 24 \$307	Sat Jun 25 from \$318	Sun Jun 26 \$318	Mon Jun 27 \$336	Tue Jun 28 \$318	→ Next
Non-Refundable		Refundable		Compare fare options	Prices displayed are one-way per person including taxes and fees. Additional baggage fees may apply. Did you know you can click on a flight number to see its on-time performance?			
Departs	Arrives	Duration	BLUE	BLUE PLUS	BLUE FLEX	MINT		
7:30 AM JFK	10:24 AM LAX	5h 54m	<input type="radio"/> \$318 2 seats left at this price	<input type="radio"/> \$333 2 seats left at this price	<input type="radio"/> \$418 2 seats left at this price	<input type="radio"/> \$1,329 5 seats left at this price		
8:20 AM JFK	11:20 AM LAX	6h 0m	<input type="radio"/> \$380 3 seats left at this price	<input type="radio"/> \$395	<input type="radio"/> \$480	<input type="radio"/> \$1,329		

Loss aversion



- 1990 paper by Daniel Kahneman and his colleagues
- People do not want to give up things they already have

Loss aversion

Experiment

- People given a mug, chocolate, or nothing
- They were then asked if they wanted to switch items



Loss aversion

Experiment

- People given a mug, chocolate, or nothing
- They were then asked if they wanted to switch items
- For those that were given nothing, they chose the chocolate or mug in equal proportion

Loss aversion

Experiment

- People given a mug, chocolate, or nothing
- They were then asked if they wanted to switch items
- For those that were given nothing, they chose the chocolate or mug in equal proportion
- However, 86% of people who had mugs kept their mugs, 90% of those given chocolate kept their chocolate

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Choices on magazine subscriptions

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Decoy effect

The presence of a third object can influence your decision



Anchoring (with numbers)

Anchoring (with numbers)

Condition	<i>n</i>	Salary offer	
		<i>M</i>	<i>SD</i>
High implausible anchor (first)	40	\$35,385.00	\$8,089.14
High implausible anchor (last)	42	\$35,654.76	\$8,908.40
Control	41	\$32,463.42	\$3,647.59
Low implausible anchor (first)	43	\$31,960.47	\$2,582.09
Low implausible anchor (last)	40	\$31,425.00	\$3,030.93

Anchoring (with numbers)

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Want to suggest a higher (even impossibly high) salary at the beginning of negotiations

Super bowl ads

- \$5 million for each 30 second commercial
- Why do commercials spend so much money on these advertisements?

Emotional appeal



©

Homework for next week

Your assignment

This assignment consists of two main parts. First, choose a recent news article from a local or national US newspaper. Find an article on a topic that interests you. The article should be a piece of news and not an opinion piece.

Your job is to evaluate the claims of the article. Is it trustworthy? Why?

Read the article, and then ask yourself the following questions:

- Who wrote the article? Do they have any bias?
- Where was the article published? Is it a reliable source?
- Are there any numbers or figures referenced in the article? If so, verify that these numbers are correct by finding them from their original data sources.
- What important information is potentially missing from the article?