

## READING PASSAGE 1

You should spend about 20 minutes on Questions 1-13, which are based on Reading Passage 1

### How consumers decide

Professor John Maule from the University of Leeds describes new research into the way that consumers choose a product.

#### Understanding consumers

Consumers are creatures of habit: they buy the same products time and time again, and such is their familiarity with big brands and the colours and logos that represent them, that they can register a brand they like with barely any conscious thought process. The packaging of consumer products is, therefore, a crucial vehicle for delivering the brand and the product into our shopping baskets.

Having said this, understanding how consumers make decisions, and the crucial role of packaging in this process has been a neglected area of research so far. This is surprising given that organisations invest huge amounts of money in developing packaging that they believe is effective - especially at the retail level. Our Centre for Decision Research at Leeds University's Business School, in collaboration with Faraday Packaging, is now undertaking work in this area. It has already led to some important findings that challenge the ways in which organisations think about consumer choice.

The research has focused on two fundamental types of thinking. On the one hand, there's 'heuristic processing', which involves very shallow thought and is based on very simple rules: 1) buy what you recognize, 2) choose what you did last time, or 3) choose what a trusted source suggests. This requires comparatively little effort, and involves looking at - and thinking about - only a small amount of the product information and packaging. One can do this with little or no conscious thought.

On the other hand, 'systematic processing' involves much deeper levels of thought. When people choose goods in this way, they engage in quite detailed analytical thinking - taking account of the product information, including its price, its perceived quality and so on. This form of thinking, which is both analytical and conscious, involves much more mental effort.

The role of packaging is likely to be very different for each of these types of decision making. Under heuristic processing, for example, consumers may simply need to be able to distinguish the pack from those of competitors since they are choosing on the basis of what they usually do. Under these circumstances, the simple perceptual features of the pack may be critical - so that we can quickly discriminate what we choose from the other products on offer. Under systematic processing, however, product-related information may be more important, so the pack has to provide this in an easily identifiable form.

#### Comparing competition

Consumers will want to be able to compare the product with its competitors, so that they

can determine which option is better for them. A crucial role of packaging in this situation is to communicate the characteristics of the product, highlighting its advantages over possible competitors.

So, when are people likely to use a particular type of thinking? First, we know that people are cognitive misers; in other words, they are economical with their thinking because it requires some effort from them. Essentially, people only engage in effort-demanding systematic processing when the situation justifies it, for example when they are not tired or distracted and when the purchase is important to them.

Second, people have an upper limit to the amount of information they can absorb. If we present too much, therefore, they will become confused. This, in turn, is likely to lead them to disengage and choose something else.

Third, people often lack the knowledge or experience needed, so will not be able to deal with things they do not already understand, such as the ingredients of food products, for example.

And fourth, people vary in the extent to which they enjoy thinking. Our research has differentiated between people with a high need for thinking - who routinely engage in analytical thinking - and those low in the need for cognition, who prefer to use very simple forms of thinking.

### **Effectiveness varies**

This work has an important impact on packaging in that what makes packaging effective is likely to vary according to the type of processing strategy that consumers use when choosing between products. You need to understand how consumers are selecting your products if you are to develop packaging that is relevant. Furthermore, testing the effectiveness of your packaging can be ineffective if the methods you are employing concern one form of thinking (e.g. a focus group involving analytical thinking) but your consumers are purchasing in the other mode (i.e. the heuristic, shallow form of thinking).

For the packaging industry, it is important that retailers identify their key goals. Sustaining a consumer's commitment to a product may involve packaging that is distinctive at the heuristic level (if the consumers can recognize the product they will buy it) but without encouraging consumers to engage in systematic processing (prompting deeper level thinking that would include making comparisons with other products).

Conversely, getting consumers to change brands may involve developing packaging that includes information that does stimulate systematic processing and thus encourages consumers to challenge their usual choice of product. Our work is investigating these issues, and the implications they have for developing effective packaging.