



Specialist Option:

CONSUMER PSYCHOLOGY





Introduction to Consumer Psychology

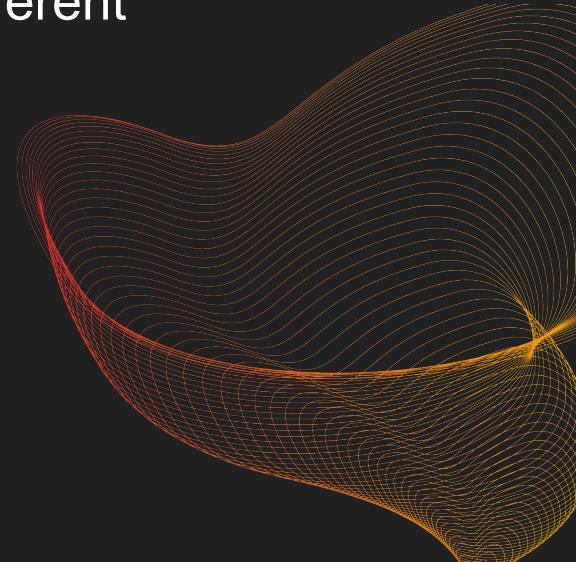
- scientific study of how and why individuals make decisions regarding retailers, brands, and products
- Nowadays: exploring how certain factors influence purchase behavior, for eg:
 - physical and psychological environment
 - product characteristics
 - sales
 - advertising
- Still a growing field, evolving towards neuromarketing - using technologies like brain imaging and eye-tracking to understand consumer responses





Retail industry → one of the most important goals:
attract consumers!

Today, and during next classes we will look into different ways to achieve this goal.

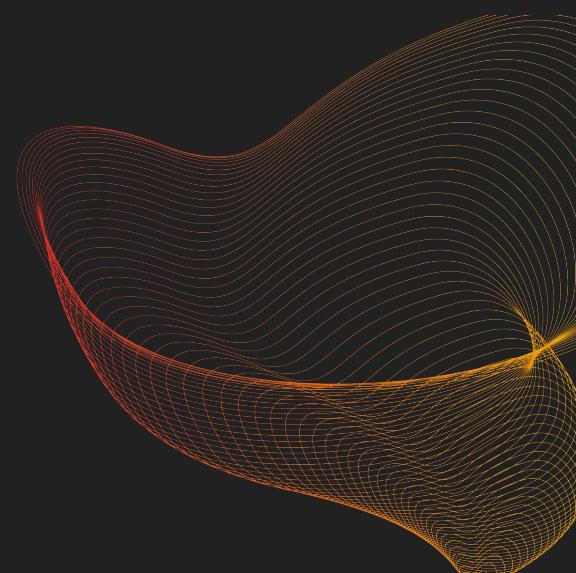




New terms you'll learn today:

- Retail atmospherics - general term that includes all features of the store environment that can be modified to create specific image/mood, including the store exterior, interior, layout and design, point-of-purchase and decoration
- SOR model
- Storefronts
- Window displays
- Landscaping
- Patronage intentions
- Store layouts

Explained in the
following slides





FIRST CHAPTER: THE PHYSICAL ENVIRONMENT



1. Exterior Store Design - Storefronts, Window displays, Landscaping

- one strategy for attracting customers - create specific mood or image that becomes associated with the store, encouraging shoppers to enter and explore the store
- The store exterior refers to the outside of the shop or store.
- Little scientific research has been conducted in this area,
- and existing research often uses the **stimulus-organism-response (SOR) model** to examine how physical aspects of the store affect consumers' emotional responses and potential purchases.

Storefronts

- Storefronts include **entrances, exits, window displays, properties** (such as height, size and colour) **and surroundings of the building** (other shops and facilities, such as parking)
- Creating an appealing storefront that invites shoppers in is central to creating a **positive first impression**.
- This is particularly **important for small, independent retailers** where the branding or name of the store may be unfamiliar.





Window displays

Why are they important → this way shop is showing customers what they can expect in the store.

Based on window displays shoppers make quick judgements and impression whether the store is likely to meet their preferences

- ❖ Sen et al. (2002): matching displays to the **self-image of the target customer** can increase customer satisfaction and sales

this is more effective than presenting information about promotions or products alone.

A successful window display is aesthetically pleasing, uses lighting effectively, has a theme and uses warm colours

Landscaping

- 01** Landscaping refers to plants and other vegetation outside the store

- 02** Landscaping has positive effect on mood and perceived quality of environment and products

- 03** It's especially effective in urban, city areas





Example study: Mower et al. (2012)

- Aim: Understand the influence of window displays and landscaping on customer:
 1. Mood (pleasure and arousal)
 2. Liking of the external environment
 3. Patronage intentions (intention to go in, buy anything, recommend and revisit the shop)

They expected that these exterior **retail atmospherics** would have positive effects on liking and that this would be positively correlated with mood and sales

- Methodology:
 - experiment with independent measures
 - Participants read different descriptions of a small boutique (online questionnaire)
 - Descriptions varied in whether or not they included descriptions of window displays and landscaping (independent variables)
 - DV: quantitative measures of mood, liking of the environment, and patronage intentions



- Results
 - Results showed that the presence of a window display and landscaping both positively influenced liking of the store exterior.
 - Furthermore, liking of store exteriors increased pleasure and arousal - which in turn led to increased patronage intentions
- Conclusions
 - Landscaping and window displays are important determinants of positive consumer responses
 - Higher liking of store exterior associated with higher patronage intentions
 - Implications for store managers and small retailers





Evaluation of the study

Strengths:

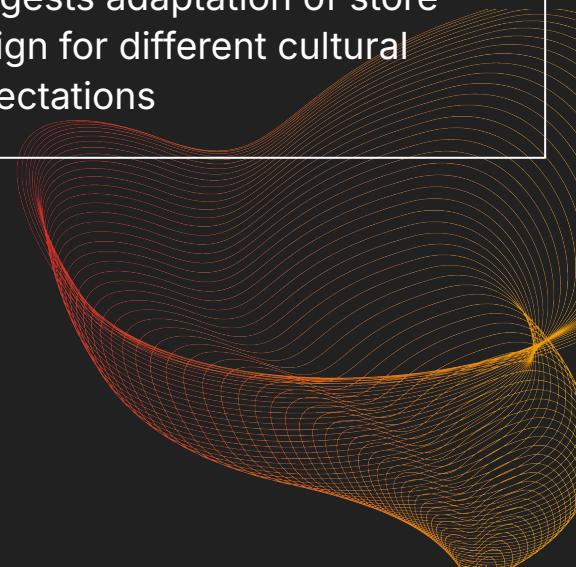
- Use of quantitative data for accurate comparisons
- Allowed calculation of means and standard deviations
- Easy communication of findings to store managers

Weaknesses:

- Lack of ecological validity due to fictional shopping trip
- Difficulty imagining the store based on written description
- Impact on patronage intentions vs. actual spending

Issues and debates: **Cultural differences**

- Research primarily conducted in Western, individualist cultures
- Exterior atmospherics may elicit different emotional responses in different cultures
- Suggests adaptation of store design for different cultural expectations

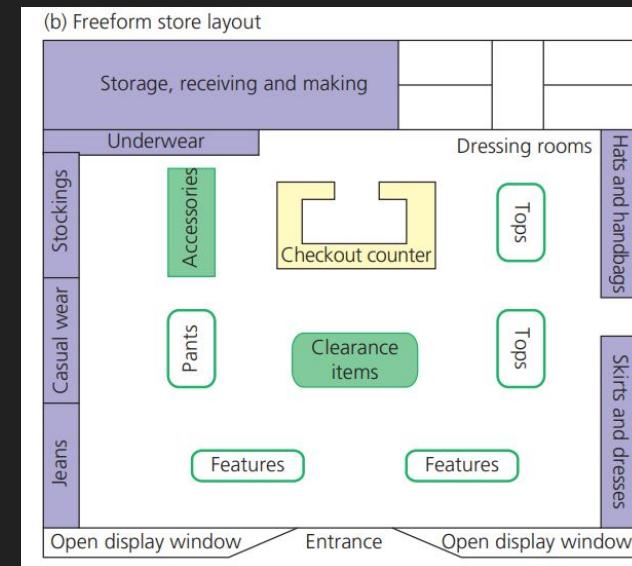
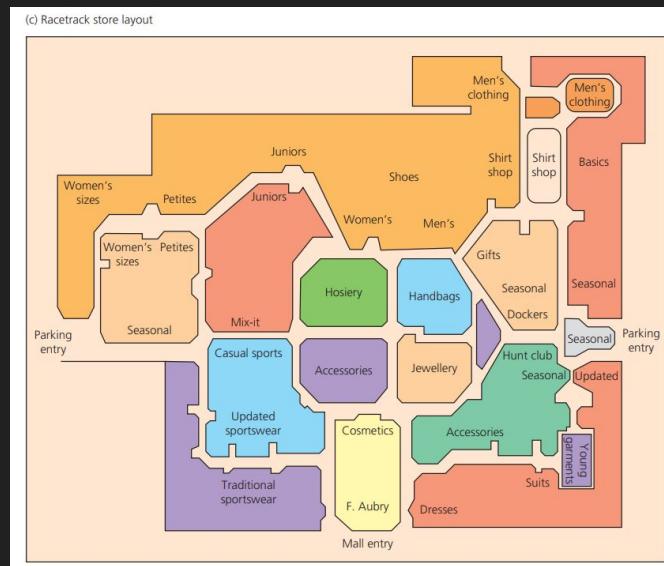
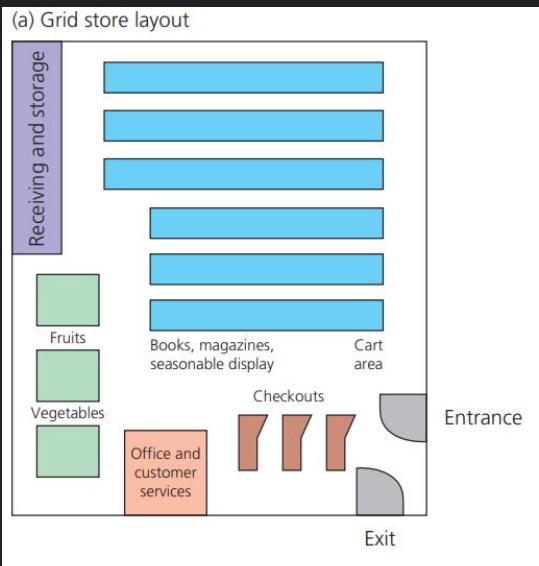




FIRST CHAPTER: THE PHYSICAL ENVIRONMENT

Interior store design - Store layouts

Layout refers to the way the shop floor is organized, including the arrangement of the stock and the routes that customers take around the store.





Grid layouts

- In a grid layout, displays are organized into a rectangular arrangement with long parallel aisles.
- Common in supermarkets, shoppers move around swiftly, selecting predetermined items from their shopping lists.





Racetrack layouts

- 01** Shoppers follow a designated route through a number of individual themed areas.
- 02** The racetrack layout provides an unusual, interesting, and entertaining shopping experience.

Freeform layouts

- 01** Favoured by large department stores, customers can move in any direction among displays of different styles, sizes, and shapes. Displays are organised in an asymmetric manner.
- 02** Shoppers are often spending longer periods in stores with freeform layouts than grid or racetrack layouts.





Virtual store layouts

Online shopping, or **ecommerce**, has seen significant growth, and virtual store layout is as important as real-life store layout in increasing the number of customers who visit the online store.

- Research on virtual layouts' shows that freeform is used most often (51% of websites), then grid (21%), and lastly racetrack (1.5%). Many of them don't match any of these categories (26%)
- However research is limited and more studies are needed to understand the relationship between virtual and conventional store layouts.





Example study: Vrechopoulos et al. (2004)

- Aim of the study: To investigate the effects of three virtual store layouts on consumer behavior

Layouts examined: Grid, freeform, and racetrack

Variables measured: Planned purchases, ease of navigation, perceived entertainment, and time spent in store

- Hypotheses



| Layout Type | Predictions |
|------------------|---------------------------------------|
| Grid Layout | Most useful |
| Freeform Layout | Easiest to use, longest shopping time |
| Racetrack Layout | Most entertaining |

- Participants: 120 experienced internet users and shoppers -academics, students, employees, business executives and researchers from universities in London, in the United Kingdom, and Athens, in Greece



Methodology:

- Independent variables - store layouts: grid, freeform, and racetrack
- Design: independent measures design
- Dependent variables: perceived usefulness, ease of use, and entertainment
- Measured via self-reports, rating scales and time spent online
- Controlled variables: background color, display techniques, products, prices, and promotional banners
- Participants given blank shopping lists and access to available products
- Actual groceries ordered and delivered from two well known supermarkets from London and Athens



Results

Contradictory to the hypotheses!

| Layout Type | Results |
|------------------|---|
| Freeform Layout | Perceived as most useful and entertaining |
| Grid Layout | Perceived as easiest to use |
| Racetrack Layout | Resulted in longest shopping time |

Conclusion

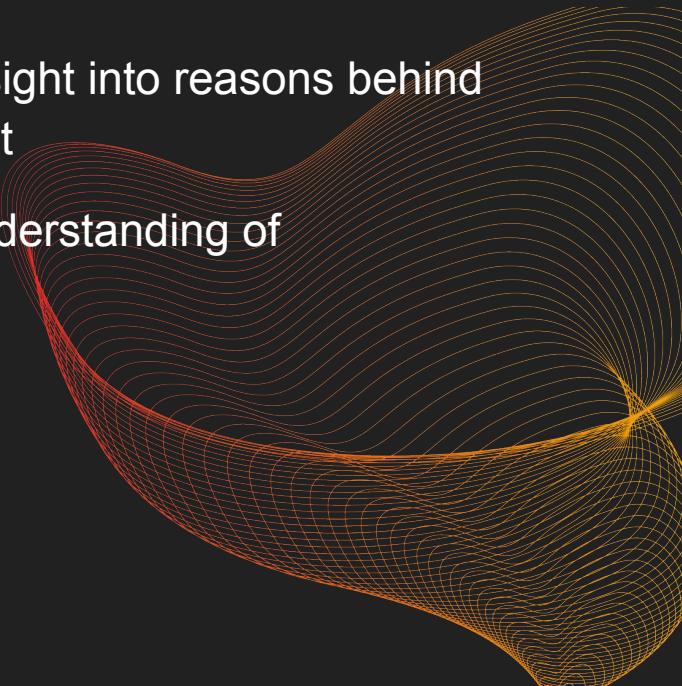
- The results suggest that different virtual grocery store layouts do lead to significant differences in perceived usefulness, ease of use, entertainment and duration of online shopping
- These differences do not follow the same pattern as seen in conventional stores



Evaluation

- Strength: High ecological validity with realistic online shopping experience
- Weakness: Only quantitative data collected, lacks insight into reasons behind perceived usefulness, ease of use, and entertainment

Inclusion of qualitative data would provide deeper understanding of preferences and motivations



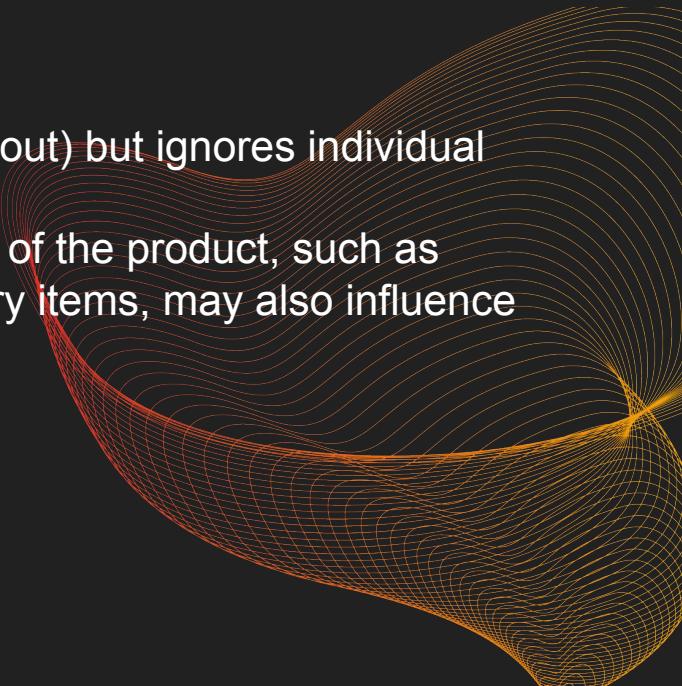


Evaluating research on online layouts

Issues and debates

✗ Reductionism vs Holism

- Research focuses on one situational variable (store layout) but ignores individual and product differences
- Personality, age, gender, socioeconomic status, nature of the product, such as low-value versus high-value or necessities versus luxury items, may also influence preferred virtual layout



Key Study: Music in Restaurants - **North et al. (2003)**



Background:

- Previous studies found that classical music increase customer spending:
- Areni and Kim (1993) found that when classical music was played in a wine cellar, customers were more likely to purchase a more expensive wine than when top-40 pop music was played (\$7.43 versus \$2.18)
- Also study with students (North and Hargreaves, 1998)
- The first study only looked at the single product of wine and the latter used a restricted sample
- This study aims to replicate and expand on these findings



Aim

- to explore whether playing classical music would lead to higher customer spending than when pop music was played

Methodology

- Field experiment conducted in a restaurant in Leicestershire, UK
- Sample of 393 customers
- Menu was à la carte and expensive *a la carte - listing or serving food that can be ordered as separate items, rather than part of a set meal*
- Independent measures design - Classical music and pop music were compared to a control condition of no music
- Standardization: played at a consistent volume on two 76-minute CDs using a continuous program. Each type of music was played on six nights and the order was counterbalanced
- Situational variables such as lighting, menu and temperature were kept constant for the duration of the experiment



Results

- Classical music significantly increased spending on starters, coffee, and overall food bill
- No significant differences in spending on desserts, drinks from the bar, wine, or main courses

Conclusions

- Classical music can increase customer spending
- Increased spending mainly on starters and coffee
- Supports previous research findings



DVs how much they spent on:

- Starters
- Main courses
- Desserts
- Coffee
- Bar drinks
- Wine
- Overall drink and overall food bill
- Total bill



Evaluation

Strengths:

1. Situational variables other than music were controlled
2. Naturalistic setting with real diners spending their own money

Weakness:

1. Limited generalizability due to specific demographic of customers
2. Lack of knowledge about diners' musical preferences

Issues and Debates

Determinism versus free will: Music is just one factor in a complex set of atmospherics, diners still have free will

Reductionism versus holism: Music may have differing effects during different episodes within the dining experience

Ethics

- Diners' privacy was not invaded
- No disruption to participants' dining experience



Background noise and taste

- It is not just taste or smell that influences people's perception of food. Other important factors such as colour, expectations and even the sound of ourselves chewing can affect how flavours are perceived
- Sounds connected to the food, such as the sound of biting a crisp (crispiness) can influence the taste and overall experience of eating



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Example study: Woods et al.

- Aim to investigate: whether sounds that are NOT directly associated with eating (just white noise) could still influence a person's perception of food
- Sample: 48 participants, completed 25 trials, in all 3 conditions
- Design: repeated measures design
- IV (conditions): loud white noise, quiet white noise, no noise
→ order of conditions was counterbalanced
- DV: liking of the food, taste intensity (sweetness intensity, saltiness intensity)
- Food varied in: 1. hardness (soft/hard) 2. taste (sweet/salty)





Procedure:

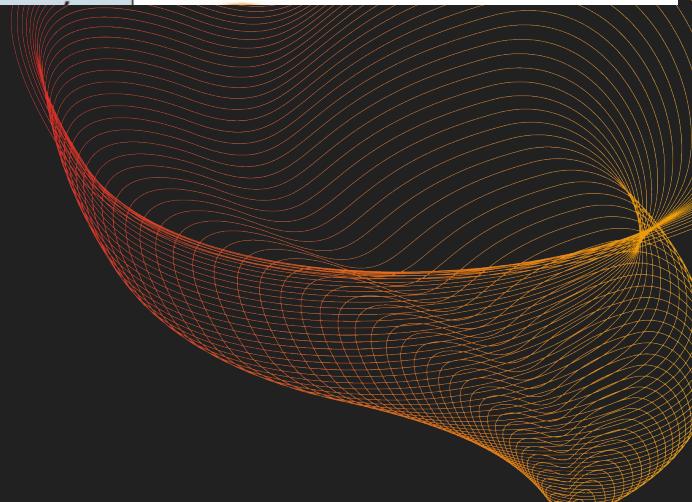
48 students blind-tasted four foods while wearing headphones to block the sound of their own chewing.

In the background sound condition, they would hear either quiet or loud white noise. In the control condition, there was no white noise.

Participants rated each food for liking, sweetness and saltiness by placing a mark on a line to represent their opinion (e.g. 'somewhat intense').



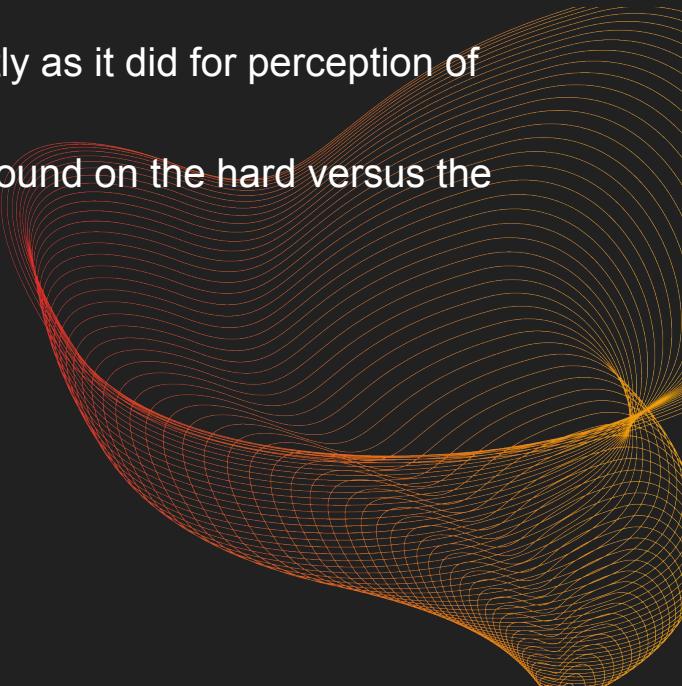
| | Sweet | Savoury |
|---------|----------|---------|
| Soft | Flapjack | Cheese |
| Crunchy | Biscuit | Crisps |





Results

- background noise significantly affected perceived intensity of sweetness and saltiness →
less intense in the loud condition then in quiet
- foods were also liked more in the quiet condition compared with the baseline and liked less in the loud condition
- ❖ however, the effect of sound did not affect liking as significantly as it did for perception of sweetness and saltiness
- ❖ the analysis found no difference in the effect of background sound on the hard versus the soft food





Why does sound influence taste? Possible explanations

1. Direct interaction between senses
2. Crossmodal contrast
3. Attentional
4. Implicit association

Direct Interaction between senses:

- Normally, our brain processes things like taste and sound separately.
- But some studies show that brain areas dealing with **different senses collaborate** with each other.
- For example, in rats, playing a sound changed how their brain cells responded to smells, which is then linked to taste.
- This means that what we hear might directly affect how we taste things.

Cross-Modal Contrast:

- Sometimes our brain plays tricks on us when we compare things.
- If you taste sweet drink right after having something less sweet, it might seem sweeter than it really is (same sense)
- Across the senses - loud noises might make it hard for us to notice or enjoy tastes as intensively, as you could without a loud noise



Attentional:

- This idea says that when there's a lot of noise, our attention is drawn away from tasting.
- For example, when people had loud background noise, they felt less pain. This suggests that noise distracts our attention and makes us **notice** taste less.
-

Implicit Association:

- This one is a bit mysterious.
- Some sounds seem to be linked in our minds with certain tastes.
- For example, bitter foods like coffee are associated with low sounds, and sweet foods with high sounds.
- So, different background noises might make us feel different tastes, even if the actual food or drink doesn't change.





Retail atmospherics - The effect of ambience: PAD model

The pleasure-arousal-dominance model (PAD model) was developed by Mehrabian and Russell to demonstrate the way physical environments influence people emotional state through these factors:

- **Pleasure** relates to the extent to which the consumer feels happy, content, or satisfied.

Happy consumer → will demonstrate approach behaviours, unhappy will be avoidant

- **Arousal** relates to the extent to which the consumer feels stimulated or excited.

low level of arousal (overly relaxed, sleepy) - consumer will be disengaged from the products.

* too high arousal - overwhelming!

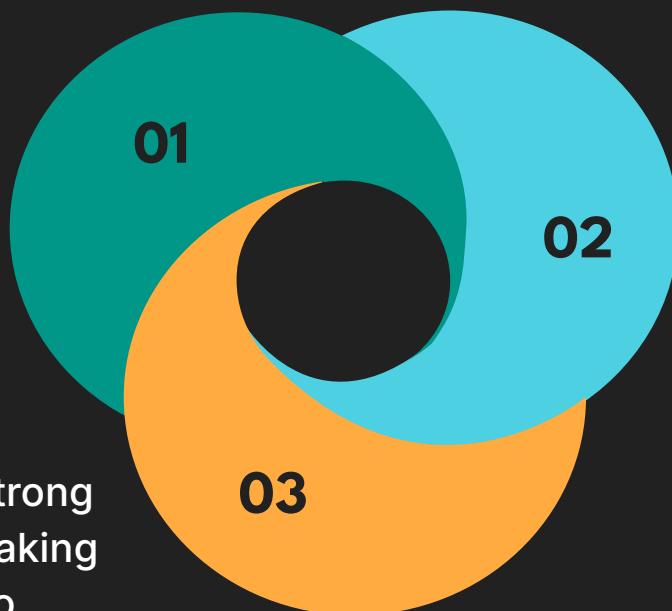
- **Dominance** refers to the person's feeling of being in control.

How this one affect consumer behavior depends on personal differences! → some like having an assistant, being served, but some prefer being independent

*First two - well established effect
on approach/ avoidant behavior*

The effects of odour

The human olfactory system is ancient and plays a crucial role in identifying food, people, and places.



Certain scents can evoke strong emotions and memories, making them ideal for businesses to manipulate consumer cognition and behavior.

The olfactory system, is the sensory system used for the sense of smell



Olfactory nerves connect to the limbic system, which is responsible for memory and emotion.

Scent Marketing

- Scent marketing is a strategy used to increase sales and brand loyalty through carefully selected scents.
- Specific fragrances that evoke positive memories or associations are diffused in stores to influence the customer experience.
- Many businesses have signature scents that have become part of their brand identity.



Some data about how different scents can affect consumers

PAD model:

You can skip this part

- Simple scents like orange can be more effective in raising **pleasure** than complex, layered scents like basil and green tea (Herrmann et al., 2013)
→ possibly because they require less processing.
- Scents can also be used to raise **arousal** levels. For eg. scents such as peppermint, thyme and rosemary are thought to be energizing, whereas lavender and cinnamon are more relaxing (Chebat and Michon, 2003).
- Warm scents, like vanilla, can make consumers feel more crowded and lead to purchasing more luxury items. Purchasing luxury items is seen as a way of regaining control and **dominance** (**Consumers anticipate greater respect from others when purchasing luxury items**)

Emotion versus cognition: how does scent marketing really work?

While scent marketing may work by directly improving mood and emotions, it is also argued that it works by changing our evaluation of the shopping environment and the products.

→ believing that the products are better quality, may make purchases more likely.

Example study: : Chebat and Michon (2003)

- Aim: to explore whether scents affect consumer behaviour by improving our mood, supporting PAD model or by creating a more favourable evaluation of the product or store, supporting cognitive explanation
- Field experiment
- Data collected through questionnaires from shoppers in a Montreal shopping mall (opportunity sample)
- IV: presence or absence of a light pleasant citrus fragrance in the mall's main corridor
- DVs: - perception of product quality and mall environment
 - pleasure, arousal
 - total spending on non-grocery items

Results:

Customers found the scent arousing, but it didn't have effect on pleasure. However, scent directly improved **perception of the mall environment and product quality**.

Conclusion:

Scent leads to increased spending due to the effect it has on perception of the shopping environment and product quality. The study, therefore, **supports cognitive factors** as the cause of increased spending, as opposed to PAD model and pure emotional effect.



The effects of crowding

Two forms of crowding:

- **Social crowding** when a person's demand for personal space exceeds the available space due to other people around
- **Spatial crowding** is the discomfort experienced when a shopper's freedom to move around the store is restricted due to objects around

While the subjective experience of crowding may be dependent upon cultural norms and past experience, typically it is thought that crowding decreases customer satisfaction

- For example, Hui and Bateson (1991) found that perceived crowding reduces pleasure and increases stress associated with a perceived lack of control
- Crowding may also increase arousal and tension but may also lead to feelings of excitement and social connection to other shoppers.
- The effect of arousal on consumer behaviour may be moderated by personality differences

Example study: Machleit et al. (2000)

- Machleit et al. (2000) conducted a study on the relationship between perceived **crowding and satisfaction**
- Aim : to investigate the role of + and - emotions and arousal in this relationship (PAD model)
- The sample: American students who volunteered. They completed several questionnaires after their next shopping trip



Example study: Machleit et al. (2000)

Questionnaires asked about:

- where they shopped and what for (e.g. groceries, books or electronic appliances)
- perceived crowding (social and spatial)
- crowding tolerance
- crowding expectation
- positive, negative emotions
- arousal
- satisfaction



Results (don't look in book, too much unnecessary info there)

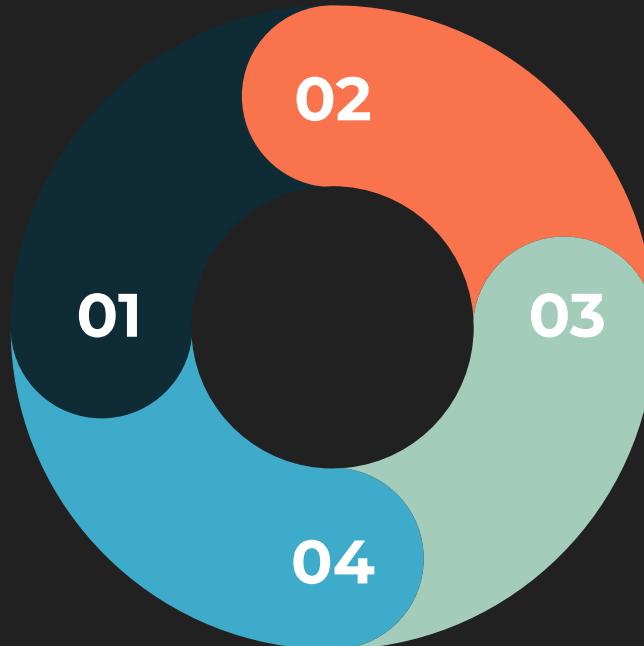
- **Crowding was negatively correlated with pleasure and positively correlated with negative emotions - meaning ?**
- **Spatial crowding decreased pleasure more than social crowding**
- However, negative emotions and arousal can explain the effects of crowding only to some extent → **other factors** are also influential:

type of store and individual differences such as **expectations and tolerance for crowding**)

Strengths and Weaknesses of Machleit et al. (2000)

One strength of Machleit et al. (2000) was that it was a field study conducted in natural shopping environments.

Another strength: study included a wide range of stores, increasing the ecological validity of the findings.



A weakness was the limited sample of university students, which may not be representative of the general population.

Another weakness: participants' knowledge of the research topic may have influenced their responses, affecting the validity of the results.