

These notes represent a detailed interpretation of the professor's lecture. They are not a transcript of the lecture. TakeNote® is best used as a supplement to your own notes, not as a substitute.

Lecture Date: Tuesday, January 29, 2008

I. Review from last class:

- A. Discussion of the implicit association test (poll of those students who had taken it).
 1. What does it show? You may have associations in your brain that you are not aware of and may not even be happy about (but they *can* influence your behavior).

II. Implicit Association Test

- A. Circumstances under which unconscious associations can influence your choice.

III. Discussion of puzzle from previous class (the art slide):

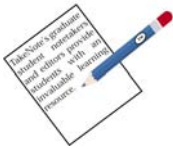
- A. Those students who made a quick intuitive judgment and did not write out reasons they liked one piece of art better, found that 3 weeks later they were more satisfied with the choice.
- B. Those that wrote out reasons and then made the choice caused people to make a less satisfying choice in the long run.
 1. Naturally you would choose the painting that is most consistent with your analysis, but that focuses on things that are most obvious and easy to analyze.
 2. Day-to-day interactions with the painting, however, you are not analyzing it just enjoying it, so the extra weight the analysis placed is absent. This means you enjoy the print less.
- C. More experiential processing they [the customers] were more satisfied.

IV. Today's Topic: **Conscious v. Unconscious Needs/Motivations/Processes**

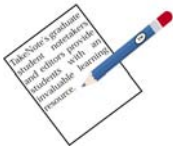
- A. Motives, emotions, and involvement (from Chapter 2)
 1. The chapter discusses what our needs are (provides definition), discusses approach/avoidance motivation, and Maslow's hierarchy of needs.
 2. In addition it discusses: unconscious motives, consumer emotions, and hedonic consumption.
 3. Discussion of rewards and over justification effect, relates to motivation (rewards are something you are motivated to get).
 4. Discuss intrinsic and extrinsic motivations next class.
 5. Will discuss and how it is important (and relates to Consumer Behavior) next week.

V. Puzzle Questions

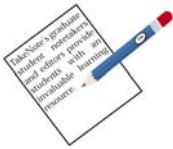
- A. What motive would have opposite effects on use of suntan lotion when conscious vs. unconsciously activated?



- B. What type of motive activation (conscious vs. unconscious) increases use of suntan lotion?
 - C. Students brought up: skin cancer, lying outside, tanning.
 - 1. The answer yet to be revealed
 - D. Terror generated by our own mortality, and desire/need of security, indicates motivation that has differential effects.
 - 1. If you consciously activate thought of your own death, then you are more likely to use suntan lotion because you want to avoid skin cancer and decrease your risk of death.
 - 2. If you make it at a subconscious level, and then your desire to protect yourself from death is subconscious. You also have a need to be attractive/valued by your society (which is subconscious). Since attractive people are valued more (and tan people tend to be perceived as more attractive) then you have primed your unconscious. You are therefore less likely to use suntan lotion because you want a tan so that you are attractive/belong/fit in.
- VI. Explicit vs. Implicit needs
- A. The list of options in front of you and those you are aware of is your respondent behavior. This tends to be influenced by conscious motives as measured by self-reports.
 - B. Unconscious motives are measured through projective techniques, which predict operant behavior (spontaneous behaviors you engage in without much thought).
 - C. Example of the above:
 - 1. Make a study to see if conscious needs for affiliation predicted the choice of whether a person wants to go for a movie for two or a restaurant for one (same monetary value).
 - a) During the study you look at how many people the person interacted with (the implicit needs reported that).
 - 2. We see that there are two things influencing our behavior, influenced by either the self-report/explicit/rational system or the implicit system.
 - D. Implicit associations can affect your actual actions only if your conscious mind doesn't try to counteract it.
 - E. Example (#2):
 - 1. If you are looking to buy a house, you probably know in the first 15 seconds (gut reaction), and you will take it unless there's a conscious reason to override it.
 - 2. If there is a conflict between conscious and unconscious, if it is a conscious choice conscious motivation wins.
 - F. Example (#3):
 - 1. Who won this game of basketball (picture shown on PPT)? Most people think the man on the right because he is holding the basketball. When people win they tend to take possession of things, winning makes you dominant.



2. Series of tests (like the above) looking at people's ability to identify who won different kinds of contests. During this study half the time people were just given pictures (shown in PPT).
 - a) People who had an implicit need for power, measured through projective techniques, did well on the test.
 - b) People who said they had a high need for power, didn't do well, didn't see the connection, weren't particularly motivated, and therefore didn't do well.
- VII. Discussion of: thematic appreciation test
- A. Show a picture and ask the person to tell a story about the picture (example of picture shown in PPT):
 1. People who have a strong need for affiliation might interpret picture as someone who has just been rejected by someone/lost a loved one (social affiliation themes would appear in the story).
 - B. Take the written story, code it for certain themes, and infer what the person's need for affiliation is.
 - C. Which is the real need? Some argue that conscious measures real needs and that the subconscious (implicit) were garbage, but others argued the other way.
- VIII. Unconscious motivation
- A. Tipping example:
 1. If you were to ask people "what is the major reason/motivation for tipping"?
 - a) 70% say they do it because the waiter did a good job (to reward service) (1) BUT relationship between ratings and servings is very weak.
 - b) Theories to what motivates us may not really be what are driving our behavior (as in we may actually be doing it to fit in with society).
 - B. Terror management (theory from social psychology)
 1. "In every calm and reasonable person there is a hidden second person scared witless about death". Phillip Roth, *The Dying Animal*
 2. We are unique because we realize our mortality, and we are scared to death about the prospect of our own mortality.
 - a) When we are consciously aware we try to put it out of mind and to deny that we are going to die any time soon (ex: using arguments like I run, I have low cholesterol, I'll be fine/won't die soon).
 - (1) This allows us to be able to get it out of the mind, and calm conscious nerves.
 - b) Unconsciously the thought is still reverberating in the mind after that, and you can't consciously address the fear because you are not aware of it.



IX. Death Primes Increase

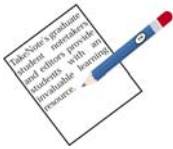
- A. Death primes increase with the following: When we prime people to think about their death and have them write an essay about what happens after they die. The control condition is writing about something else that causes anxiety (ex: write about an upcoming exam). Various measurements were then tested after this, and found that with a death prime there is an increase in the following:
 - 1. Spending intentions
 - 2. Liking for national currency over Euro
 - a) They are more likely to like the national currency (because its associated with national identity which provided them with sense of security).
 - 3. Preference for national vs. international travel
 - 4. Preference for national vs. foreign products
 - 5. Attraction to high status brands
 - 6. Liking for classic, but not new automobiles
 - a) This has to do with identifying with something that's lasted a long time, something that will still have value after you are gone, and connecting you to something more/help you resolve your subconscious need for immortality.
- B. Extended model (shown on slide)- not necessary to know the whole thing, but should know the following:
 - 1. Experiences that prime thoughts about your death can occur in a CB setting by media portrayals/exposure of explicit death needs. These will:
 - a) Make you more susceptible to conscious health-related issues, more influenced by health appeals. But you are also going to want to distract yourself more.
 - b) Over time, if there is a delay these thoughts can become unconscious OR you can create subliminal death primes to create subconscious thoughts.
 - (1) They can increase feelings of: sense of nationality, religion, values, etc, that constitute who you are. Things that are longer lived than yourself will become more important.
 - (2) Then marketers can make products tailored around those things that will seem more appealing (patriotic, things that go to core values that are common to society at large, etc).

X. The Conscious as a Theorizer:

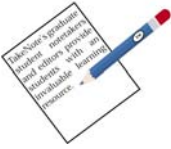
- A. Clip from first class (how rational system is just making up stories that explains what the unconscious system wants).
- B. Reading on desire: important, a lot of overlap between reading and lecture today.
- C. Conscious can override unconscious if it is actively engaged, but often conscious is just going along with what unconscious wants and just rationalizing it.

XI. Subconscious influences of external stimuli:

- A. Attitudes



1. Blind product tests show that you will often like the way something tastes that you said you liked least because people aren't aware of how they are affected by brands.
 - B. Moods
 1. Ask people to keep daily records of their mood/what events have happened to them so you can see what actually influences mood.
 2. People are then asked what they think influences their moods. (You'd think they would be aware since they kept the records, and yet they are not.)
 - C. Emotions
 1. The concept of misattribution of arousal.
 2. Ex: give a pill to a person and tell them that it causes arousal or tell them it has no physiological effects. Then have them interact with someone who acts happy or obnoxious.
 - a) If you were told that the pill doesn't have an effect then people tend to attribute the arousal they experience to the person; they report being happy/angry after interaction.
 - b) The people who were told the pill is causing the arousal attribute the arousal to the pill and don't report being happy/angry after interaction with the person.
 3. Ex: the suspension bridge discussed last class.
 - D. Behaviors
 1. If it's sunny outside it affects the way you tip.
 2. Mimicking people makes others like you more.
 - a) If a waiter mimics a customer they get better tips.
 - E. Derren Brown Video Clip (entertainer who uses psychology/magic to produce effects).
 1. Note: google Derren Brown
 2. Psychological effect, example- demonstration of subconscious influences on behavior "Controls shopping mall visitors with sound", got many mall shoppers to raise their hand without them being aware of it.
- XII. People CANNOT accurately, do the following:
- A. Identify their implicit (unconscious) attitudes/needs/wants
 - B. Identify the external causes of their behavior/feelings/motivations
 - C. Explain why they feel and behave the way they do
 - D. Predict how they will behave/react in the future
- XIII. Marketers should NEVER:
- A. Rely on self-reported explanations of consumers' feelings and behaviors
 - B. Rely on self-reported predictions of consumers' future behaviors/reactions
- XIV. People CAN accurately:
- A. Describe their current thoughts and beliefs

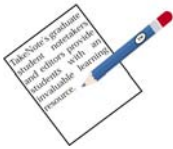


©2008 TakeNote® All Rights Reserved

Page 6

ANY ATTEMPT TO REPRODUCE THESE NOTES IS PUNISHABLE BY LAW

- B. Identify their self-attributed (conscious) attitudes/needs/wants
 - C. Recall their recent behaviors
- XV. Marketing Research (Video Clips):
- A. Century of the self
 1. Betty Crocker cake mix, used to not have to add an egg, now you do. Women felt guilty about not devoting more time in prepping meals/cakes for their family and to alleviate it they just said “make them add an egg”. This way they will feel like they are contributing something.
 - B. The Persuaders on PBS (will be shown next class).



These notes represent a detailed interpretation of the professor's lecture. They are not a transcript of the lecture. TakeNote® is best used as a supplement to your own notes, not as a substitute.

Lecture Date: Thursday, January 31, 2008

Announcements:

- Pop Quiz #1, given today.

I. Review from last class

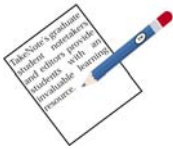
- A. Puzzle questions
- B. Explicit vs. implicit needs
- C. Unconscious motives
- D. Subconscious influences of external stimuli
- E. Marketing implications

II. Video Clip- The Persuaders on PBS

- A. Discussion of selling
- B. Baked goods industry trying to understand how consumers feel about their products [due to the low carb fads].
- C. Rupai- Marketing Guru
 1. How do you decode types of behavior? (He originally started with working with autistic children—trying to determine what they were trying to say).
 2. He believes every word has some sort of unconscious code to the brain.
 3. Insists all purchasing decisions really lie in the primary center of brain.
 4. First determine words you associate with the topic (e.g. luxury), then he asks them to come up with a story about it if you were trying to describe it to a 5 year old from another planet, then the last hour has them try to go back to the very first time that they experienced (looking for the primal urges, the reptilian hot buttons that compel you to action).
 5. Ex: told SUV companies to make them bigger and tint the windows, because SUV is code for domination.
- D. Summary of video clip: discusses the unconscious motives and how they are important, and once people think they identify the unconscious motives it influences how they advertise and design the products. Also a good indicator of one methodology of finding out unconscious motives. (Professor is not 100% comfortable with it due to its subjective non-quantitative nature).

III. Rewards, Loyalty, & Over-justification

- A. Heavy users
- B. Penetration vs. frequency strategy
- C. Problem: Over-justification effect
- E. Problem: Law of double jeopardy



III. 80/20 Rule

- A. $1/3$ category buyers = $2/3$ category sales
- B. $1/3$ category buyers = $2/3$ brand sales
- C. $1/5$ households = $2/3$ category sales

IV. Yogurt Category Profit Matrix (shown on slide)

- A. How you should read it: 52% of US households do not buy yogurt, 83% of sales of yogurt comes from 16% of households (this is an indication of the 80/20 rule).

V. Heavy users are NOT loyal:

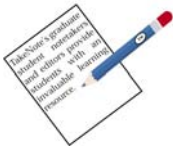
- A. Heavy fast-food buyers patronize an average of 2.9 chains.
- B. Heavy credit-card users have an average of 6.2 card.
- C. Percentages of 50% loyal buyers (Source: Hallberg 1995)
 - 1. Buy same brand $1/2$ the time or more you are considered loyal.
 - 2. High profit and medium/low profit means high volume and medium/low volume .
 - 3. High volume customers are less loyal (at 11% vs. 27% for medium/low profit customers).
- D. Why aren't they loyal?
 - 1. If I'm a heavy user of breakfast cereal then I'm going to want more variety than someone who eats it very little.
 - 2. If I'm buying a lot of breakfast cereal, I will be more deal conscious—so I will buy what happens to buy on sale more.
 - 3. Profit/promotion matrix for YopleX (shown on slide):
 - a) 16% of total households ,that represent 83% of their volume, use 70% of their promotional spending; there is a disproportionate number of users of coupons and buying things when they are on discounts.

VI. Loyalty Programs (this has given rise due to the above section):

- A. Increase loyalty, because you want to get a higher share of their wallet, and this is therefore the key of being profitable—since they already like the product, just need to increase the repurchase rate.
- B. You increase repurchase rate by rewarding people (i.e. frequent flyer programs).

VII. Over-justification Effect

- A. Reading was: Punished by Rewards by Alfie Kohn.
- B. If they do the behavior more, they like doing it less.
- C. What this means: Yes, if you give people rewards for buying the product, you will purchase the brand more often because of the rewards. As long as those rewards are forthcoming more likely to buy the brand. At the same time, you will find yourself liking your brand less and less the more someone rewards you for buying it.



- D. Extrinsic rewards reduce intrinsic interest because:
 - 1. Rewards threaten autonomy (by attempting to control you), react by liking the activity even less.
 - 2. Rewards are seen as causing the behavior:
 - a) Means are less desirable than ends
 - b) Rewards focus attention away from intrinsic motives.

VIII. Minimizing the Over-Justification Effect:

- A. Less conspicuous rewards (make them smaller, don't advertise them).
- B. Make rewards a surprise:
 - 1. If it's a surprise cannot say I did it in order to get the reward.
 - 2. Ex: Prof. eats a lot at the Souvlaki house. Every so often, when he eats there, he gets free stuff. Surprise reward encourages him to come back.
- C. No contests:
 - 1. If you are in competition with someone else it makes you more likely to say I really want to win this and this is why I'm going (ex: McDonalds Monopoly contest).
- D. Make rewards similar to task
 - 1. Ex: Elaine buys sandwich, gets sandwich card, if she buys 10 she'll get 1 free, she doesn't even like the sandwich. Funny because nobody would do that, if the reward that you are giving is more than the product—people can't say I hate the product so I'm just doing it for the reward.
 - 2. If the product is the reward, you are implicitly saying that you like the product, so then the reward is good.
- E. Maximize choice about use of rewards
- F. Minimize monitoring
 - 1. You keep the record (the customer), like a coffee card, then no records of behavior, then less like you are trying to control the customer.
- G. Remind people of intrinsic interest.