CHAPTER 6
Consumer Perception

LEARNING OBJECTIVES

After studying this chapter students should be able to:
1. Understand the sensory dynamics of perception.
2. Learn about the three elements of perception.
3. Understand the components of consumer imagery and their strategic applications.

CHAPTER SUMMARY

Perception is the process by which individuals select, organize, and interpret stimuli into a meaningful and coherent picture of the world. Perception has strategy implications for marketers because consumers make decisions based on what they perceive rather than on the basis of objective reality.

The lowest level at which an individual can perceive a specific stimulus is that person’s absolute threshold. The minimal difference that can be perceived between two stimuli is called the differential threshold or just noticeable difference (j.n.d.). Consumers perceive most sensory stimuli above the level of their conscious awareness; however, weak stimuli can be perceived below the level of conscious awareness (i.e., subliminally). Research refutes the notion that subliminal stimuli influence consumer-buying decisions.

Consumers’ selections of stimuli from the environment are based on the interaction of their expectations and motives with the stimulus itself. People usually perceive things they need or want, and block the perception of unnecessary, unfavorable, or painful stimuli. The principles of selective perception include the following concepts: selective exposure, selective attention, perceptual defense, and perceptual blocking.

Consumers organize their perceptions into unified wholes according to the principles of Gestalt psychology: figure and ground, grouping, and closure. The interpretation of stimuli is highly subjective and is based on what the consumer expects to see in light of previous experience, on the number of plausible explanations he or she can envision, on motives and interests at the time of perception, and on the clarity of the stimulus itself. Stereotypes that distort objective interpretation stem from physical appearances, descriptive terms, first impressions, and the halo effect.

Just as individuals have perceived images of themselves, they also have perceived images of products and brands. The perceived image of a product or service (how it is positioned) is probably more important to its ultimate success than are its actual physical characteristics.
Products and services that are perceived distinctly and favorably have a much better chance of being purchased than products or services with unclear or unfavorable images.

Compared with manufacturing firms, service marketers face several unique problems in positioning and promoting their offerings because services are intangible, inherently variable, perishable, and are simultaneously produced and consumed. Regardless of how well positioned a product or service appears to be, the marketer may be forced to reposition it in response to market events, such as new competitor strategies or changing consumer preferences.

Consumers often judge the quality of a product or service on the basis of a variety of informational cues; some are intrinsic to the product (such as color, size, flavor, and aroma), whereas others are extrinsic (e.g., price, store image, brand image, and service environment). In the absence of direct experience or other information, consumers often rely on price as an indicator of quality. How a consumer perceives a price—as high, low, or fair—has a strong influence on purchase intentions and satisfaction. Consumers often rely on both internal and external reference prices when assessing the fairness of a price.

Consumer imagery also includes perceived images of retail stores that influence the perceived quality of products they carry, as well as decisions as to where to shop. Manufacturers who enjoy a favorable image generally find their new products are accepted more readily than those of manufacturers with less favorable images.

Consumers often perceive risk in making product selections because of uncertainty as to the consequences of their product decisions. The most frequent types of risk that consumers perceive are functional risk, physical risk, financial risk, social risk, psychological risk, and time risk. Consumer strategies for reducing perceived risk include increased information search, brand loyalty, buying a well-known brand, buying from a reputable retailer, buying the most expensive brand, and seeking reassurance in the form of money-back guarantees, warranties, and prepurchase trial. The concept of perceived risk has important implications for marketers, who can facilitate the acceptance of new products by incorporating risk-reduction strategies in their new-product promotional campaigns.

**CHAPTER OUTLINE**

**INTRODUCTION**

1. Individuals act and react on the basis of their perceptions, not on the basis of objective reality.
   a) Reality is a totally personal phenomenon, based on that person’s needs, wants, values, and personal experiences.
   b) Therefore, consumers’ perceptions are more important to a marketer than their knowledge of objective reality because people make decisions based on their perceptions.
2. Through advertising, marketers create and shape consumers’ perception of their products by positioning their offerings as fulfilling consumers’ needs and delivering important benefits more effectively than competing alternatives.
   a) The most effective positioning is getting consumers to believe that a given brand delivers a product or service benefit that is important to consumers.
   b) Such a benefit becomes the core identity of the brand, is also termed unique selling proposition, and is the essence of the brand’s competitive advantage.
3. This chapter examines the psychological and physiological bases of human perception and discusses the principles that influence our perception and interpretation of the world we see.
   a) Understanding this information enables marketers to develop more effective advertisements.

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**ELEMENTS OF PERCEPTION**

1. **Perception** is the process by which an individual selects, organizes, and interprets stimuli into a meaningful and coherent picture of the world.

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**Sensation**

1. **Sensation** is the immediate and direct response of the sensory organs to stimuli (an advertisement, a package, and a brand name).
2. A **stimulus** is any unit of input to any of the senses.
3. **Sensory receptors** are the human organs (i.e., the eyes, ears, nose, mouth, and skin) that receive sensory inputs, sight, sound, smell, taste, or touch.
4. Human sensitivity refers to the experience of sensation.
   a) Sensitivity to stimuli varies with the quality of an individual’s sensory receptors and the amount or intensity of the stimuli to which he/she is exposed.
   b) Sensation itself depends on energy change, or the difference of input.
   c) Thus, a constant environment, whether very busy and noisy or relatively quiet, would provide little sensation because of the lack of change—the consistent level of stimulation.
5. As sensory input **decreases**, the ability to detect changes **increases**.
   a) This ability of the human organism to accommodate itself to varying levels of sensitivity as external conditions vary not only protects us from damaging, disruptive, or irrelevant bombardment when the input level is high, but has important implications for marketers.
The Absolute Threshold

1. The lowest level at which an individual can experience a sensation is called the absolute threshold.
   a) The point at which a person can detect the difference between “something” and “nothing” is that person’s absolute threshold for the stimulus.
   b) For example, the distance at which a driver can note a specific billboard on a highway is that individual’s absolute threshold.
   c) Under conditions of constant stimulation, such as driving through a “corridor” of billboards, the absolute threshold increases (that is, the senses tend to become increasingly dulled).

2. Sensory adaptation refers specifically to “getting used to” certain sensations, or becoming accustomed to a certain level of stimulation.
   a) Sensory adaptation is a problem that causes many advertisers to change their advertising campaigns regularly.

3. Marketers try to increase sensory input in order to cut through the daily clutter consumers experience in the consumption of advertising.
   a) Some increase sensory input in an effort to cut through the advertising “clutter.”

The Differential Threshold

1. The minimal difference that can be detected between two stimuli is called the difference threshold or the j.n.d. (just noticeable difference).

2. A nineteenth-century German scientist named Ernst Weber discovered that the j.n.d. between two stimuli was not an absolute amount, but an amount relative to the intensity of the first stimulus.

3. Weber’s law states that the stronger the initial stimulus, the greater the additional intensity needed for the second stimulus to be perceived as different.

Marketing Applications of the J.N.D.

1. Manufacturers and marketers endeavor to determine the relevant j.n.d. for their products so that:
   a) Negative changes—reductions or increases in product size, or reduced quality—are not readily discernible to the public, so that product improvements are readily discernible to the consumer without being wastefully extravagant.
2. Marketers use the j.n.d. to determine the amount of change or updating they should make in their products to avoid losing the readily recognized aspects of their products.

3. Marketers want to meet or exceed the consumers’ differential threshold so that they readily perceive the improvements made in the original product.

4. Marketers use the j.n.d. to determine the amount of improvement they should make in their product.
   a) Less than the j.n.d. is wasted effort because the improvement will not be perceived.
   b) More than the j.n.d. is wasteful because it reduces the level of repeat sales.

5. Marketers often want to update their existing package designs without losing the ready recognition of consumers.
   a) In such cases, they usually make a number of small changes, each carefully designed to fall below the j.n.d., so that consumers will perceive minimal difference between succeeding versions.

Subliminal Perception

1. People are also stimulated below their level of conscious awareness—they can perceive stimuli without being consciously aware of it.

2. Stimuli that are too weak or brief to be consciously seen or heard, may be strong enough to be perceived by one or more receptor cells.
   a) This is subliminal perception because the stimulus is beneath the threshold, or “limin,” of conscious awareness, though obviously not beneath the absolute threshold of the receptors involved.
   b) Over the years, there have been sporadic reports of marketers using subliminal messages in their efforts to influence consumption behavior.
   c) When most of the methods were tested using scientific research procedures, the results did not support the notion that subliminal messages can persuade consumers to act in a given manner.

Evaluating the Effectiveness of Subliminal Persuasion

1. There is no evidence that subliminal advertising persuades people to buy goods or services.
2. There is some indication that subliminal advertising may help modify antisocial behavior by calling for generalized behavior change.
3. As to sexual embeds, most researchers are of the opinion that “What you see is what you get.”
   a) That pretty much sums up the whole notion of perception: individuals see what they want to see (e.g., what they are motivated to see) and what they expect to see.
ELEMENTS OF PERCEPTION

1. Raw sensory input by itself does not produce or explain the coherent picture of the world that most adults possess.
2. The study of perception is largely the study of what we subconsciously add to or subtract from raw sensory inputs to produce our own private picture of the world.
3. Human beings are constantly bombarded with stimuli during every minute and every hour of every day.
4. Perception is not a function of sensory input alone; rather, perception is the result of two different kinds of inputs that interact to form the personal pictures—the perceptions—that each individual experiences.
   a) Physical stimuli from the outside environment and predispositions (expectations, motives, and learning) based on previous experiences.
5. Because each person is a unique individual, with unique experiences, needs, wants, desires, and expectations, it follows that each individual’s perceptions are also unique.
6. There are three aspects to perception—selection, organization, and interpretation of stimuli.
   a) Individuals are very selective as to which stimuli they “recognize.”
   b) They subconsciously organize the stimuli they do recognize according to widely held psychological principles.
   c) They interpret such stimuli (i.e., they give meaning to them) subjectively in accordance with their needs, expectations, and experiences.

*****Use Key Term selection, organization, and interpretation of stimuli Here *****

Perceptual Selection

1. Consumers subconsciously exercise selectivity as to the stimuli they perceive.
2. Which stimuli get selected depends on two major factors in addition to the nature of the stimulus itself:
   a) Consumers’ previous experience as it affects their expectations.
   b) Their motives at the time (their needs, desires, interests, and so on).
3. Each of these factors can serve to increase or decrease the probability that a stimulus will be perceived.

Nature of the Stimulus

1. Marketing stimulus contains an enormous number of variables. Examples include:
   a) Nature of the product
   b) Its physical attributes
   c) The package design
   d) The brand name
   e) The advertisements and commercials
   f) The position of a print ad or commercial

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g) The editorial environment
2. *Contrast* is one of the most attention-compelling attributes of a stimulus.
   a) Advertisers use extreme attention-getting devices to get maximum contrast and
      penetrate the consumer’s perceptual screen.
   b) Advertisers use color contrasts, size, etc., to create stopping power and gain attention.
3. Packaging is also differentiated sufficiently to ensure rapid consumer perception.

*****Use Figure #6.4 Here; Use Discussion Question #5 Here*****

**Expectations**

1. People see what they expect to see.
2. What they expect to see is usually based on familiarity, previous experience, or
   preconditioned set expectations.
3. Stimuli that conflict sharply with expectations often receive more attention than those that
   conform to expectations.
4. For years, certain advertisers have used blatant sexuality in advertisements for products to
   which sex was not relevant in the belief that such advertisements would attract a high degree
   of attention.
5. Ads with irrelevant sexuality often defeat the marketer’s objectives, because readers tend to
   remember the sexual aspects of the ad, not the product or brand advertised.

*****Use Key Term expectations Here*****

**Motives**

1. People tend to perceive things they need or want.
   a) The stronger the need, the greater the tendency to ignore unrelated stimuli in the
      environment.
2. An individual’s perceptual process attunes itself more closely to those elements of the
   environment that are important to that person.
3. Marketing managers recognize the efficiency of targeting their products to the perceived
   needs of consumers.

**Selective Perception**

1. The consumer’s “selection” of stimuli (*selective perception*) from the environment is based
   on the interaction of expectations and motives with the stimulus itself. These factors give rise
   to four important concepts concerning perception.
   a) *Selective exposure*—consumers actively seek out messages they find pleasant or with
      which they are sympathetic.
      i) Consumers actively avoid painful or threatening messages.
   b) *Selective attention*—consumers have a heightened awareness of the stimuli that meet
      their needs or interests.
      i) Consumers have a lower awareness of stimuli irrelevant to their needs.

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People vary in terms of the kind of information in which they are interested and the form of message and type of medium they prefer.

c) **Perceptual defense**—threatening or otherwise damaging stimuli are less likely to be perceived than are neutral stimuli. Individuals unconsciously may distort information that is not consistent with their needs, values, and beliefs.

d) **Perceptual blocking**—consumers screen out enormous amounts of advertising by simply “tuning out.”

Perceptual Organization

1. People do not experience the numerous stimuli they select from the environment as separate and discrete sensations.
   a) People tend to organize stimuli into groups and perceive them as unified wholes.
2. **Gestalt psychology** (*Gestalt*, in German, means pattern or configuration) is the name of the school of psychology that first developed the basic principles of perceptual organization.
3. Three of the most basic principles of perceptual organization are **figure and ground**, **grouping**, and **closure**.

Figure and Ground

1. Stimuli that contrast with their environment are more likely to be noticed.
2. The simplest example is the contrast between a **figure and the ground** on which it is placed.
   a) The figure is usually perceived clearly.
   b) The ground is usually perceived as indefinite, hazy, and continuous.
3. The figure is more clearly perceived because it appears to be dominant—the ground appears to be subordinate and less important.
4. Advertisers have to plan their advertisements carefully to make sure that the stimulus they want noted is seen as figure and not as ground.
5. A marketing technique experience growth and stems from the figure-and-ground concepts is product placement (or “branded entertainment”).
   a) When this method is used, the advertised product (i.e., the figure) is integrated in to the TV show or film (i.e., the ground) in one or more of the following ways:
      i) The product is used by the cast
      ii) The product is integrated into the plot
      iii) The product is associated with a character
   b) A recent study found that a brand integrated and prominently featured in a TV program may produce negative feelings toward the brand among viewers who liked the program but those who liked the program less were more likely to develop positive attitudes toward the brand.
Grouping

1. Individuals tend to group stimuli in “chunks” rather than as discrete bits of information.
2. **Grouping** can be used advantageously by marketers to imply certain desired meanings in connection with their products.
   a) Most of us remember things like a social security number because it can be broken into three “chunks.”

Closure

1. Individuals have a need for **closure**.
   a) As a result, people organize a perception so that they see a complete picture.
   b) If the pattern of stimuli to which they are exposed is incomplete, they tend to perceive it as complete—they fill in the missing pieces.
2. The very act of completion serves to involve the consumer more deeply in the message.

Perceptual Interpretation

1. The interpretation of stimuli is uniquely individual because it is based on what individuals expect to see in light of their previous experiences, the number of plausible explanations they can envision, and their motives and interests at the time of perception.
2. Stimuli are often highly ambiguous.
   a) When stimuli are highly ambiguous, individuals usually interpret them in such a way that they serve to fulfill personal needs, wishes, and interests.
3. How close a person’s interpretations are to reality depends on the clarity of the stimulus, the past experiences of the perceiver, and his or her motives and interests at the time of perception.

Stereotypes

1. Individuals tend to carry “pictures” in their minds of the meaning of various kinds of stimuli.
2. Sometimes, when presented with sensory stimuli, people “add” these biases to what they see or hear and form distorted impressions.
3. Marketers must be aware of possible stereotypes because these images reflect people’s expectations and influence how stimuli are subsequently perceived.
4. The main factors that can trigger stereotypes are:
a. **Physical Appearances**—people tend to attribute the qualities they associate with certain people to others who may resemble them.
   i) Culturally attractive models are likely to be more persuasive and have a more positive influence on consumer attitudes and behavior than do average-looking models.

b) **Descriptive Terms**—stereotypes are often reflected in verbal messages.
   i) Distinct brand names are important to all products or services, associations that consumers make with certain names are particularly crucial in marketing services due to the abstract and intangible nature of many services.

c) **First Impressions**—these tend to be lasting.

b) **Halo Effect**—describes situations where the evaluation of a single object or person on a multitude of dimensions is based on the evaluation of just one or a few dimensions.
   i) Consumers often evaluate an entire product line on the basis of the one product within the product line.
   ii) **Licensing** also is based on the halo effect—associating products with a well-known celebrity or designer name.

**Use Key Terms** perceptual interpretation, physical appearances, descriptive terms, first impressions and halo effect

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**CONSUMER IMAGERY**

1. Consumers have a number of enduring perceptions, or images, that are particularly relevant to the study of consumer behavior.
2. Products and brands have symbolic value for individuals who evaluate them on the basis of their consistency with their personal pictures of themselves.
3. The following section examines consumers’ perceived images of products, brands, services, prices, product quality, retail stores, and manufacturers.

**Product Positioning**

1. Positioning strategy (product positioning) is the essence of the marketing mix.
   a) **Positioning** is the image that a product has in the mind of the consumer.
   b) The marketer must create a distinctive product image in the mind of the consumer.
2. How a product is positioned in the mind of the consumer is more important to the product’s success than are the product’s actual characteristics.
3. Marketers try to differentiate their products by stressing benefits that their brand provide rather than their products’ physical features.
4. Positioning conveys the concept, or meaning, of the product or service in terms of how it fulfills a consumer need.
5. A good positioning strategy should have a two-pronged meaning: one that is congruent with the consumer’s needs while, at the same time, featuring the brand against its competition.
6. The result of a successful positioning strategy is a distinctive brand image on which consumers rely to make choices.

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7. A positive brand image is associated with consumer loyalty, consumer beliefs about positive brand value, and a willingness to search for the brand.
8. A positive brand image also serves to promote consumer interest in future brand promotions, and inoculates against competitors’ marketing activities.
9. As products become more complex and the marketplace more crowded, consumers rely more on the product’s image and claimed benefits than on its actual attributes in making purchase decisions.
10. In today’s highly competitive marketplace, a distinctive product image is very difficult to create and maintain.

*****Use Key Terms positioning Here; Use Figure #6-7 Here; Use Table #6.3 Here; Use Exercise #3 Here*****

Packaging as a Positioning Element

1. Packaging must convey the image that the brand communicates to buyers.

*****Use Figure #6-8 Here*****

Product Repositioning

1. Regardless of how well positioned a product appears to be, the marketer may be forced to reposition (product repositioning) it in response to market events, such as a competitor cutting into the brand’s market share or too many competitors stressing the same attribute or to satisfy changing consumer preferences.

*****Use Key Term product repositioning Here; Use Discussion Question #7 Here*****

Perceptual Mapping

1. Perceptual mapping allows marketers to determine how their products appear to consumers in relation to competitive brands on one or more relevant characteristics.
2. Perceptual mapping enables the marketer to see gaps in the positioning of all brands in the product class and to identify areas in which consumer needs are not being adequately met.
3. Because unfilled gaps or “unowned” perceptual positions present opportunities for competitors, sophisticated marketers create several distinct offerings, often in the form of different brands, to fill several identified niches.

*****Use Figure #6.9 Here; Use Key Term perceptual mapping Here; Use Exercise #5 Here*****

Positioning of Services
1. Compared with manufacturing firms, service marketers face several unique problems in positioning and promoting their offerings.
2. Services are intangible; image becomes a key factor in differentiating a service from its competition.
   a) The marketing objective is to enable the consumer to link a specific image with a specific brand name.
3. Many service marketers have developed strategies to provide customers with visual images and tangible reminders of their service offerings.
   a) Examples would include painted delivery vehicles, restaurant matchbooks, packaged hotel soaps and shampoos, and a variety of other specialty items.
4. Sometimes companies market several versions of their service to different market segments by using a differentiated positioning strategy.
   a) The design of the service environment is an important aspect of service positioning strategy and sharply influences consumer impressions.
   b) The arousal level within the store environment must match the expectations of the shoppers in order to avoid perceived over- or understimulation.

*****Use Figure #6.10 Here; Use Discussion Question #8 Here; Use Exercise #5 Here*****

Perceived Price

1. Perceived price should reflect the value that the customer receives from the purchase.
2. How a consumer perceives a price (perceived price)—as high, as low, as fair—has a strong influence on both purchase intentions and purchase satisfaction.
3. Perception of price fairness—customers pay attention to the prices paid by other customers (e.g., senior citizens, frequent fliers, affinity club members).
   a) Customers perceive differential pricing strategies used by some marketers as unfair to those not eligible for the special prices.
   b) Perceptions of price unfairness affect consumers’ perceptions of product value, and ultimately, their willingness to patronize a store or a service.

*****Use Key Term perceived price Here; Use Table #6-4 Here*****

Reference Prices

1. A reference price is any price that a consumer uses as a basis for comparison in judging another price.
2. Reference prices can be external or internal.
3. An advertiser generally uses a higher external reference price (“sold elsewhere at...”) in an ad in which a lower sales price is being offered to persuade the consumer that the product advertised is a really good buy.
4. Internal reference prices are those prices (or price ranges) retrieved by the consumer from memory.
a) Internal reference points are thought to play a major role in consumers’ evaluations and perceptions of value of an advertised (i.e., external) price deal, as well as in the believability of any advertised reference price.
b) Consumers’ internal reference prices change.
c) The issue of reference prices is complex and the focus of many studies.

5. When an advertised reference price is within a given consumer’s acceptable price range, it is considered plausible and credible.
6. As long as an advertised reference price is within a given consumer’s acceptable price range, it is considered plausible and is assimilated.
   a) If the advertised reference point is outside the range of acceptable prices (i.e., implausible), it will be contrasted and thus will not be perceived as a valid reference point.
   b) Another study showed that when consumers encounter prices that are significantly different from their expectations, they engage in dissonance reduction, that is, they seek additional information to justify the high price or they trivialize their own expectations.

### Perceived Quality

1. Consumers often judge the quality of a product (perceived quality) on the basis of a variety of informational cues.
   a) Some of these cues are intrinsic to the product or service; others are extrinsic.

### Perceived Quality of Products

1. **Intrinsic cues** are concerned with physical characteristics of the product itself: size, color, flavor or aroma.
   a) Consumers like to think they base quality evaluations on intrinsic cues because that enables them to justify their product decisions as being “rational” or “objective.”
   b) More often than not, however, they use extrinsic characteristics to judge quality.
   c) In the absence of actual experience with a product, consumers often evaluate quality on the basis of extrinsic cues, price, brand image, store image, etc.
2. Many consumers use country-of-origin stereotypes to evaluate products.
3. There are numerous ways to measure perceptions of quality.

### Perceived Quality of Services

1. It is more difficult for consumers to evaluate the quality of services than the quality of products.
2. Service characteristics include—intangibility, variability, perishability, simultaneously produced and consumed.
3. Consumers are unable to compare services side-by-side as they do products, so consumers rely on surrogate or extrinsic cues when purchasing services.
4. Marketers try to standardize their services in order to provide consistency of quality.
5. Service is consumed as it is being produced.
   a) As a result, defective services are difficult to correct.
6. Researchers have concluded that the service quality that a customer perceives is a function of the magnitude and direction of the gap between expected service and the customer’s assessment of the service actually delivered.
7. The expectations of a given service vary widely among different consumers of the same service.
8. SERVQUAL, measures the gap between customers’ expectations of services and their perceptions of the actual service.
   a) These perceptions are based on the dimensions of tangibles, reliability, responsiveness, assurance, and empathy and tangibility.
   b) Two dimensions used to measure service quality are outcome dimensions—the reliable delivery of the core service—and process dimensions—how the core service is delivered.

*****Use Figure #6-12 Here*****

**Price/Quality Relationship**

1. Perceived product value has been described as a trade-off between the product’s perceived benefits (or quality) and perceived sacrifice required to acquire it.
2. A number of research studies support the view that consumers rely on price as an indicator of product quality.
   a) Other studies suggest that consumers are actually relying on a well-known brand name as a quality indicator.
3. Because price is so often considered to be an indicator of quality, some products deliberately emphasize a high price to underscore their claims of quality.
4. Marketers have used the price/quality relationship to position their products as the top-quality offering in their product category.
   a) There is a positive price/quality relationship.
   b) Consumers also use cues such as the brand and the store in which the product is bought to evaluate quality.
   c) Consumers rely on the price and brand name when evaluating the product’s prestige and symbolic value and use more concrete attributes of a product, such as performance and durability, to judge its overall performance.
   d) Marketers must understand all the attributes that customers use to evaluate a given product and include all applicable information in order to counter any perceptions of negative quality associated with a lower price.
   e) Consumers use price as a surrogate indicator of quality if they have little information or little confidence in their ability to make a choice.
f) The form in which products are sold may alter the product’s perceived value.
i) Many products and services are sold as bundles and price discounts lead to more sales of bundled products.

*****Use Key Term price/quality relationship Here*****

Retail Store Image

1. Retail stores have images of their own that serve to influence the perceived quality of products they carry and the decisions of consumers as to where to shop.
   a) These images stem from the merchandise they carry, the brands sold and their prices, the level of service, the store’s physical environment and ambiance, and its typical clientele.
2. The width and type of product assortment affects retail store image.
3. The unique benefit that a store provides is more important than the number of items it carries in forming a favorable store image in consumers’ minds.
4. Customers often use brand, store image, and price together as a product’s quality indicators.
5. When brand and retailer images become associated, the less favorable image becomes enhanced at the expense of the more favorable image.
   a) When a low-priced store carries a brand with a high-priced image, the image of the store will improve, whereas the image of the brand will be adversely affected.
6. Pricing discounts impact retail store image.
   a) Stores that offer frequent, small discounts on large numbers of items are more likely to be perceived as “discount stores” and less prestigious than stores offering larger discounts on a smaller number of products.
   i) This has important implications for retailer’s positioning strategies.
   ii) Marketers must also consider how price reductions of specific products impact consumers’ perceptions.

Manufacturers’ Image

1. Consumer imagery extends beyond perceived price and store image to the producers themselves.
2. Manufacturers who enjoy a favorable image generally find that their new products are accepted more readily than those of manufacturers who have a less favorable or even a “neutral” image.
3. Consumers generally have favorable perceptions of brands that are the first in a product category and are more likely to purchase.
4. Some major marketers introduce new products under the guise of supposedly smaller, pioneering (and presumably more forward-thinking) companies.
   a) The goal of this so-called stealth (or faux) parentage is to persuade consumers (particularly young consumers) that the new brands are produced by independent, nonconformist free spirits, rather than by giant corporate entities such as their parents might patronize.
5. Companies sometimes use stealth parentage when they enter a product category totally unrelated to the one with which their corporate name has become synonymous.
6. Today, companies are using advertising, exhibits, and sponsorship of community events to enhance their images.

PERCEIVED RISK

1. Perceived risk is the uncertainty that consumers face when they cannot foresee the consequences of their purchase decision.
2. The degree of risk that consumers perceive and their own tolerance for risk taking are factors that influence their purchase strategies.
3. Consumers are influenced by risks that they perceive, whether or not such risks actually exist.
   a) Risk that is not perceived will not influence consumer behavior.
4. Types of risk include: functional risk, physical risk, financial risk, social risk, psychological risk, and time risk.

Perception of Risk Varies

1. The amount of risk perceived depends on the specific consumer, the product, the situation, and the culture.
2. High-risk perceivers are narrow categorizers because they limit their choices.
3. Low-risk perceivers are broad categorizers because they make their choice from a wide range of alternatives.
4. Individual perception of risk varies by product category.
   a) Consumers are likely to perceive a higher degree of risk in the purchase of a high definition television set (e.g., functional risk, financial risk, time risk) than in the purchase of an automobile.
5. Researchers have identified product-specific perceived risk.
   a) Consumers generally perceive service decisions to be riskier than product decisions.
6. Perception of the degree of risk is also affected by the shopping situation.

How Consumers Handle Risk

1. Consumers characteristically develop their own strategies for reducing perceived risk.
   a) These risk-reduction strategies enable them to act with increased confidence when making product decisions, even though the consequences of such decisions remain somewhat uncertain.
2. The concept of perceived risk has major implications for the introduction of new products
   a) High-risk perceivers are less likely than low-risk perceivers to purchase new or innovative products.
b) Marketers need to provide consumers with persuasive risk-reduction strategies such as:
   i) A well-known brand name
   ii) Distribution through reputable retail outlets
   iii) Informative advertising
   iv) Publicity
   v) Impartial test results
   vi) Free samples
   vii) Money-back guarantees

c) Online technologies enable consumers to generate side-by-side comparisons.

*****Use Figure 6.6 (Part B) Here*****

DISCUSSION QUESTIONS

1. How does sensory adaptation affect advertising effectiveness? How can marketers overcome sensory adaptation?

   Adaptation refers specifically to “getting used to” certain sensations, or becoming accustomed to a certain level of stimulation. Marketers try to increase sensory input in order to cut through the daily clutter consumers experience in the consumption of advertising by using media different from what is expected. Some marketers seek unusual media, shopping carts, movies, fragrance samples in magazines, etc.

2. Discuss the differences between the absolute threshold and the differential threshold. Which is more important to marketers? Explain your answer.

   The lowest level at which an individual can experience a sensation (e.g., the immediate and direct response of the sensory organs to stimuli) is called the absolute threshold. To illustrate, the distance at which a driver can note a specific billboard on a highway is that individual’s absolute threshold. Other people riding in the car (because of vision or position in the car) could have different absolute thresholds for this event. The minimal difference that can be detected between two similar stimuli is called the differential threshold, or the just noticeable difference (the j.n.d.). This matches to Weber’s Law. According to Weber’s Law, an additional level of stimulus equivalent to the j.n.d. must be added for the majority of people to perceive a difference between the resulting stimulus and the initial stimulus. The differential threshold seems to have more importance for marketers. For example, when it comes to product improvements, marketers very much want to meet or exceed the customer’s differential threshold.

3. For each of these products—chocolate bars and cereals—describe how marketers can apply their knowledge of differential threshold to packaging, pricing, and promotional claims during periods of (a) rising ingredient and materials costs and (b) increasing competition.
To repeat the information found in Question 2, the **differential threshold** is the minimal difference that can be detected between two stimuli. It is also called j.n.d. (just noticeable difference). Weber’s law states that the stronger the initial stimulus, the greater the additional intensity needed for the second stimulus to be perceived as different. Also, an additional level of stimulus, equivalent to the j.n.d., must be added for the majority of people to perceive a difference between the resulting stimulus and the initial stimulus.

In the (a) case, manufacturers and marketers endeavor to determine the relevant j.n.d. for their products so that negative changes—reductions or increases in product size, or reduced quality—are not readily discernible to the public and so that product improvements are readily discernible to the consumer without being wastefully extravagant. In the (b) case, marketers use the j.n.d. to determine the amount of change or updating they should make in their products to avoid losing the readily recognized aspects of their products. For example, the subtle incremental changes in “Betty Crocker” (see Figure 6-1) and changes in Campbell Soup labeling could produce changes and better meet competition. Marketers want to meet the consumers’ differential threshold so that they readily perceive the improvements made in the original product. This could create a competitive differential advantage.

4. **Does subliminal advertising work? Support your view.**

Students may argue both sides of the issue. They should note the following key information. The purpose of the concept is to stimulate people below their level of conscious awareness—they can perceive stimuli without being consciously aware of it. It can be briefly presented visual stimuli, accelerated speech in low-volume auditory messages, or embedded or hidden imagery or words. Embeds are disguised stimuli not readily recognized by readers. A series of highly imaginative laboratory experiments gave some support to the notion of subliminal awareness, but no evidence was found that consumers could be persuaded to act in response to such messages. Auditory subliminal stimuli seem to have even less effect than visual. Nevertheless a whole industry based on audio-perception has grown up, using subliminal sound to try to teach while you sleep and using music to influence you while shopping. There is no evidence that subliminal advertising works. Because no evidence exists as to its real effects, there are currently no federal or state laws addressing its use. The FCC has issued a statement against its use, however.

5. **How do advertisers use contrast to make sure that their ads are noticed? Would the lack of contrast between the advertisement and the medium in which it appears help or hinder the effectiveness of the ad?**

Stimuli that contrast with their environment are more likely to be noticed. The simplest example is the contrast between a **figure and the ground** on which it is placed. The figure is usually perceived clearly. The ground is usually perceived as indefinite, hazy, and continuous. Perceptual organization is affected by consumer expectations. A **reversible figure-ground pattern** will result in different perceptions based on consumers’ experiences. The lack of contrast can be effective because individuals have a need for closure. As a result, people organize a perception so they see a complete picture. If the pattern of stimuli to which
they are exposed is incomplete, they tend to perceive it as complete (i.e., they fill in the missing pieces). **Tension** is created by incomplete messages resulting in better consumer retention. Incomplete advertising messages “beg” for completion by consumer. The very act of completion serves to involve the consumer more deeply in the message.

6. **What are the implications of figure-ground relationships for print ads and for online ads? How can the figure-ground construct help or interfere with the communication of advertising messages?**

Stimuli that contrast with their environment are more likely to be noticed. The simplest visual illustration consists of a figure on a ground (i.e., background). In print and in online ads, the figure should appear well defined, solid, in the forefront and in contrast to its ground so that consumers can perceive it clearly. Therefore, advertisers must plan their advertisements carefully to make sure the stimulus they want noted is seen as figure and not as ground. The musical background must not overwhelm the jingle; the background of an advertisement must not detract from the product. Some print advertisers often silhouette their products against a white background to make sure that the features they want noted are clearly perceived. Others use reverse lettering (white letters on a black background) to achieve contrast. Marketers must make sure that their ads clearly indicate which is figure and which is ground in order to prevent consumer confusion and avoid the problem of figure-ground reversal.

7. **Why are marketers sometimes “forced” to reposition their products or services? Illustrate your answers with examples.**

The image that a product or service has in the mind of the consumer—that is, how it is positioned—is probably more important to its ultimate success than are its actual characteristics. Marketers try to position their brands so that they are perceived by the consumer to fit a distinctive niche in the marketplace—a niche occupied by no other product. They try to differentiate their products by stressing attributes they claim will fulfill the consumer’s needs better than competing brands. They strive to create a product image consistent with the relevant self-image and needs of the targeted consumer segment. The result of a successful positioning strategy is a distinctive brand image of which consumers rely in making product choices. In today’s highly competitive environment, a distinctive product image is most important. As products become more complex and the marketplace more crowded, consumers rely more on the product’s image than on its actual attributes in making purchase decisions. The technique of perceptual mapping helps marketers to determine just how their products and services appear to consumers in relation to competitive brands on one or more relevant characteristics. It enables them to see gaps in the positioning of all brands in the product or service class, and to identify areas in which consumers’ needs are not adequately met. Thus, marketers may either create new brands to satisfy unmet needs, or, reposition existing brands through promotional messages by stressing those product attributes that are likely to satisfy unfilled consumer needs.
8. Why is it more difficult for consumers to evaluate the quality of services than the quality of products?

Because of certain distinctive characteristics of services—their intangibility, their variability, the fact that services are simultaneously produced and consumed, and their perishability—services are difficult to evaluate with respect to quality. To overcome the fact that consumers are unable to compare services side-by-side as they do with products, consumers rely on surrogate cues (i.e., extrinsic cues) to evaluate service quality.

9. Discuss the roles of extrinsic cues and intrinsic cues in the perceived quality of: (a) wines, (b) restaurants, (c) cell phones, and (d) graduate education.

(a) Both the extrinsic and intrinsic cues affect the perception of product quality for wines. Intrinsic cues, such as taste, color, smell, and vintage year are important indicators of quality to knowledgeable consumers. Many consumers, however, cannot evaluate subtle variations of taste, and may not know how to judge color, smell, and vintage; these consumers often rely on such extrinsic cues as price, where the wine was made (i.e., high-priced, French wine would imply good quality), the appearance of the bottle, or the image of the store which carries the wine (i.e., brands carried exclusively by wine specialty stores are perceived as being of higher quality than wines sold at regular liquor stores) to evaluate the product.

Parts (b), (c), and (d) will have similar responses. Allow students to be creative. Note for them, however, that the decisions made at this point will have impact with respect to advertising, promotion, and marketing decisions.

A good way to conclude this question is have students bring in ads from the different areas and have the class discuss which form of cues are being used.

EXERCISES

1. Find three print examples of the kind of promotional methods described in Table 6.2. For each example, evaluate the effectiveness of the sensory input provided.

Instructor’s Discussion

Factors which students are likely to bring up include size of ads, the position of the ad, the color and shelf position of the package, and the contrast between the stimulus and its physical environment. The professor should ask students to identify the utilization of the principles of perceptual organization, that is, figure and ground grouping and closure, in the ads or packages selected.

2. Define selective perception and relate one or two elements of this concept to your own attention patterns in viewing print advertisements and online commercials

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Instructor’s Discussion

Consumers select stimuli from the environment based on the interaction of expectations and motives with the stimulus itself. This selection process gives rise to four important concepts concerning perception:

- **Selective exposure**—consumers actively seek out messages that they find pleasant or with which they are sympathetic, and they actively avoid painful or threatening ones.
- **Selective attention**—consumers exercise a great deal of selectivity in terms of the attention they give to commercial stimuli.
- **Perceptual defense**—consumers subconsciously screen out stimuli that they find psychologically threatening, even though exposure has already taken place.
- **Perceptual blocking**—consumers protect themselves from being bombarded with stimuli by simply “tuning out”—blocking such stimuli from conscious awareness.

3. **Find two print advertisements depicting two of the positioning strategies listed in Table 6.3 and evaluate the effectiveness of each ad.**

Instructor’s Discussion

The positioning strategy of a product is designed to create a perception of a product. The positioning appeal may be based on a total image rather than an attribute that is unique to the product (e.g., Compaq is positioned as “the high quality computer”), or it can center on a single, important attribute (e.g., Gateway is the friendly computer company that will design a computer especially for you). For more details and examples see the chapter.

4. **Select a company that produces several versions of the same product under the same brand name (do not use one of the examples discussed in this chapter). Visit the firm’s Web site and prepare a list of the product items and the benefits that each item offers to consumers. Are all of these benefits believable and will they persuade consumers to buy the different versions of the product? Explain your answers.**

Instructor’s Discussion

A good place for students to begin this exercise might be the computer, automobile, cereal, or gasoline industries. The Web sites for these industries are usually very clear as to product mix and positions, as well as benefits.

5. **Relate two of the chapter’s applicable concepts explaining consumers’ evaluations of service quality to your evaluation of this course up to this point in the semester.**

Instructor’s Discussion

Students need to consider that services are intangible, variable, perishable and simultaneously produced and consumed. Adding to this complexity, the actual quality of services can vary from day to day, from student to instructor, and from student to student.
Students need to consider each of these factors and evaluate both their inputs as well as the instructors. In addition, they might consider their expectation of instruction and their assessment.

S.T.A.R. PROJECTS

Ethical Issues in Consumer Behavior

S.T.A.R. Project #1
The conclusion on the part of most scholars and researchers is that subliminal perception (advertising) does not work. The field continues to intrigue and interest communicators, however. The history of the subject stretches back some fifty years. Your task is to evaluate the ethics of subliminal persuasion. During your evaluation consider the positive and negative effects of the phenomenon. For example, on the one hand, persuading below the conscious thinking level might induce purchases that normally would not be made—poor ethics. On the other hand, teaching a smoker or alcoholic to give up his or her bad habit with subliminal auditory tapes might give the person a new lease on life—good ethics. Write a short paper that takes a position on the subject from an ethical standpoint. Be sure to support your conclusions. Remember, every position has two points of view.

Instructor’s Discussion

Students should be encouraged to read the material in the chapter before beginning this assignment. Students should also be encouraged to do an Internet search on the subject. Obviously, two points of view can be supported. Making judgments in this area is extremely difficult. Once students have completed the assignment, put the papers into two groups (pro and con) and have a mini-debate. The results are often informative and thought provoking.

S.T.A.R. Project #2
As indicated in the chapter, “the consumer’s selection of stimuli from the environment is based on the interaction of expectations and motives with the stimulus itself.” Assume that you are the marketing manager for a large suburban toy and game store. In an effort to stimulate sales, your marketing team has employed an outside consultant. After a careful study of the store’s marketing and merchandising practices, the consultant has observed that although children still demand toys, their parents are becoming increasingly resistant to marketing efforts and are increasing their perceptual defenses against such efforts. The consult has recommended that your store move the marketing efforts toward the child segment (e.g., skipping the parent) by placing merchandise lower to the floor, using larger price signs, associating more products with animated characters from television and the movies, and introducing “kiddie” shopping carts so children can have their own carts with which to shop. Although the ideas seem new and fresh, you wonder about the ethics of bypassing the parent and going directly toward the child with your marketing effort. Consider your feelings and write a one-page position paper that supports or rejects the consultant’s advice.
Instructor’s Discussion

In this case, the marketing manager is confronted with an interesting situation. When does making a sale out-shadow ethical behavior? Does the consultant’s report overstep good ethics? Students should be able to generate good responses. It will be interesting to see the differences between the two points of view. A mini-debate can be held if time permits.

Small Group Projects

S.T.A.R. Project #3
Every child has had the experience of taking a lunch to school. For older generations, this meant peanut butter and jelly or bologna sandwiches. For today’s youth, it is more likely to be Lunchables or some similar product. Kraft Foods has aggressively promoted Lunchables as a healthy alternative to the “old time” sandwiches. Many mothers do not agree, however, and continue to prepare lunches in the older fashion. Your group’s assignment is to examine Lunchables (see www.lunchables.com) with respect to possible perceptual barriers that might be erected by non-users. For example, a mother might not use a Lunchable because she wants to give her child a lunch made with her own loving hands, or nutrition may be a concern. Consider the influences (see chapter) that might enhance perceptual distortion and devise a plan for Kraft to overcome such a mother’s objections. How might your plan be implemented through communication channels?

Instructor’s Discussion

The group will find ample information on the Lunchables Web site on which to build their plan. Product variety, nutrition facts, and information can be used to overcome acceptance barriers. The main intent of the exercise, however, is to have students carefully examine the perceptual distortion influences (physical appearances, stereotypes, first impressions, jumping to conclusions, and the halo effect). Be sure eventual conclusions address these influences.

S.T.A.R. Project #4
According to the chapter, the halo effect “has been used to describe situations in which the evaluation of a single object or person on a multitude of dimensions is based on the evaluation of just one or a few dimensions.” There is a feeling in the marketing world today that a secret to merchandising success is to find a product that already has a positive connotation and then build secondary products around this product (the halo effect). Your group’s assignment is to explore the toy world and how its products have led to product line extensions in movies, videos, and other products. For example, Mattel’s popular Hot Wheels cars are coming to life on the big and small screens. Your group should find other examples of this phenomenon and then relate your findings to the halo effect. Is this strategy a sound one? What are the advantages and disadvantages of such a strategy?

Instructor’s Discussion

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The halo effect is an interesting perceptual distortion influence. Additionally, as will be seen in Chapter 7, it is also the basis for many licensing efforts. Students can review Barbie, Hot Wheels, Play-Doh, and other popular children’s products in order to complete this assignment. Is the strategy a sound one? The answer is “it depends.” Some products are able to make the jump successfully while some are not. The reasons for success and failure match well to the information about perception presented in the text.

a. What would you change about this company’s positioning approach?

Instructor’s Discussion

Extreme Spin is not your average yo-yo company. The company has honed in on the desires of Generation Y with its marketing appeals. What other yo-yo company features throwing knives on its Web site? Notice that the company calls these knives “juggling knives”—might be a good way to lose a finger or hand! Students should be able to match the positioning strategies used by the company to those suggested in the chapter. Some suggestions for improving the Web site with respect to positioning might be to include more pictures of the target market using the product.

Using the Internet to Study Consumer Behavior

S.T.A.R. Project #5

What better treat for a hot summer’s day than a cool pitcher of Kool-Aid (especially cherry)? Kool-Aid has owned the pre-mix beverage market for years. As bottled waters, numerous soda products, and juices began to invade Kool-Aid’s territory, however, the company began to consider product line extension and repositioning strategies. Complaints about Kool-Aid’s dependence on a high amount of sugar for taste and its image as a little kid’s drink were taken seriously. Recently, Kool-Aid developed a new product called Kool-Aid Jammers (a fruit juice Kool-Aid that comes in a clear pouch pack). Jammers have 100 percent Vitamin C and will be sold in a different section of the grocery store than the traditional Kool-Aid packets. Will Kool-Aid once again rule the summer drink market with its new product? You decide.

a. Visit the Kool-Aid Web site at (www.kool-aid.com) and review the page for Kool-Aid Jammers. What did you learn about Kool-Aid’s positioning strategies?

b. Can this product be considered a repositioning for Kool-Aid? Why? Is this a good move for Kool-Aid?

c. Do you think this product will be successful in reaching an older youth market? Explain.

Instructor’s Discussion

This exercise will take the students to a highly visual and exciting Web site. The Web site is really designed for kids (with plenty of sounds attached). Will Kool-Aid’s new product be a success? Will the repositioning strategy work? Students should be encouraged to examine how Kool-Aid became vulnerable and why they made the move toward a juice product. This exercise
is a good, quick illustration of how a well-known company can attempt to move into another market and at the same time reposition themselves against competition.

**CASE COMMENTS**

**Case One: Packaging and the J.N.D.**

The three examples of altering products’ packages illustrate the importance of understanding the JND.

1. Coca Cola’s decision to drop the “Classic” designation reflected years of planning during which this designation was continuously made smaller. Therefore, by the time this word was omitted from the package, it had little meaning for consumers and was unlikely to be noticed by most.

2. In the first major change since the 1940s, Heinz replaced the pickle that had appeared on its Ketchup product (right under the words “tomato ketchup”) with a tomato, above a new slogan, “Grown not Made.” The purpose of the change was to stress ketchup’s freshness and natural origins, at a time when consumers are seeking fresh and organic foods. Therefore, the tomato shown is still on its vine and the word “tomato” was enlarged within the “tomato ketchup” designation. Recognizing the importance of the JND, the changes were very subtle and the overall appearance of the new package remained virtually the same as the old one.

3. The next example depicts a lack of corporate understanding of the JND. PepsiCo, the marketer of Tropicana Pure Premium orange juice, replaced the product’s long-existing package, featuring an orange with an inserted straw, with an entirely new packaging showing a glass with orange juice inside. Consumers disliked the new packaging because it reminded them of less expensive store brands of orange juice, and PepsiCo decided to bring back the old package. Apparently, PepsiCo changed the packaging far beyond the JND and also failed to recognize consumers’ emotional bonds with its product.

**Case Two: Perception and Product Placements**

1. The ethical issues concerning product placements are discussed in Chapter 16 in the section entitled “Forced Exposure to Advertising.” In terms of perception, product placements involve blurring the distinction between figure and ground.

2. Product placement (or branded entertainment) is becoming increasingly popular as TV viewers can easily avoid viewing commercials via DVRs and automatic “skip features” on their remote controls. Students are likely to mention many primetime TV programs such as Survivor, American Idol, Home Improvement, and The Apprentice, which are, to a large extent, showcases for products.
3. This question requires the students to apply the concept of product placement to a real-world situation.

4. A recent change announced by NBC illustrates the changing nature of TV’s advertising model and the increasing role of branded entertainment. The network announced that a comedy and talk show program (to be hosted by Jay Leno) will be broadcast five times per week during prime time, replacing the substantially more expensive TV comedy series and dramas that have dominated the 8 to 11 P.M. TV viewing time for decades. In addition to cutting costs, this change is aimed at creating a program that will appeal to broader audiences and also provide more opportunities for integrating products and brands into the show’s content.