Chapter 6
Consumer Perception

Consumer Behavior, Ninth Edition

Schiffman & Kanuk

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Chapter Outline

• Elements of Perception
• Aspects of Perception
  – Selection
  – Organization
  – Interpretation
Perception

• The process by which an individual selects, organizes, and interprets stimuli into a meaningful and coherent picture of the world

• How we see the world around us
Elements of Perception

• Sensation
• Absolute threshold
• Differential threshold
• Subliminal perception
Sensation

- The immediate and direct response of the sensory organs to stimuli
- A stimulus is any unit of input to any of the senses.
- The **absolute threshold** is the lowest level at which an individual can experience a sensation.
Figure 6.1
Increased Sensory Input
Differential Threshold

- Minimal difference that can be detected between two similar stimuli
- Also known as the just noticeable difference (the j.n.d.)
Weber’s Law

• The j.n.d. between two stimuli is not an absolute amount but an amount relative to the intensity of the first stimulus

• 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.

• Marketers need to determine the relevant j.n.d. for their products
  – so that negative changes are not readily discernible to the public
  – so that product improvements are very apparent to consumers
Figure 6.2 Betty Crocker Changes Fall Below the J.N.D.
Figure 6.3 Gradual Changes in Brand Name Fall Below the J.N.D. (Just Noticeable Difference)
Discussion Question

• How might a cereal manufacturer such as Kellogg’s use the j.n.d. for Fruit Loops in terms of:
  – Product decisions
  – Packaging decisions
  – Advertising decisions
  – Sales promotion decisions.
Subliminal Perception

• Stimuli that are too weak or too brief to be consciously seen or heard may be strong enough to be perceived by one or more receptor cells.
| Subliminal Perception | Perception of very weak or rapid stimuli received below the level of conscious awareness. |
Subliminal Perception

- 1957: Drive-In Movie Theater
- 1974: Publication of Subliminal Seduction
- 1990s: Allegations against Disney
Subliminal Perception
Figure 6.5
Subliminal Embedding

The advertising industry is sometimes charged with sneaking seductive little pictures into ads. Supposedly, these pictures can get you to buy a product without you even seeing them. Consider the photograph above. According to some people, there’s a pair of female breasts hidden in the patterns of light reflected by the ice cubes. Well, if you really searched, you probably could see the breasts. For that matter, you could also see Millard Fillmore, a stuffed pork chop, and a 1946 Dodge. The point is that so-called “subliminal advertising” simply doesn’t exist. Overactive imaginations, however, must certainly do. So if anyone claims to see breasts in that drink up there, they aren’t in the ice cubes. They’re in the eye of the beholder.

ADVERTISING
AnOTHER WOrd FOR FREEDOM OF ChoICE
American Association of Advertising Agencies
Is Subliminal Persuasion Effective?

- Extensive research has shown no evidence that subliminal advertising can cause behavior changes.
- Some evidence that subliminal stimuli may influence affective reactions.
Aspects of Perception

- Selection
- Organization
- Interpretation
Aspects of Perception

Selection

Organization

Interpretation
Perceptual Selection

• Consumers subconsciously are selective as to what they perceive.
• Stimuli selected depends on two major factors
  – Consumers’ previous experience
  – Consumers’ motives
• Selection depends on the
  – Nature of the stimulus
  – Expectations
  – Motives
Discussion Questions

• What marketing stimuli do you remember from your day so far?
• Why do you think you selected these stimuli to perceive and remember?
Perceptual Selection

**Concepts**

- Selective Exposure
- Selective Attention
- Perceptual Defense
- Perceptual Blocking

- Consumers seek out messages which:
  - Are pleasant
  - They can sympathize
  - Reassure them of good purchases
Perceptual Selection

Concepts

• Selective Exposure
• Selective Attention
• Perceptual Defense
• Perceptual Blocking

• Heightened awareness when stimuli meet their needs
• Consumers prefer different messages and medium
Perceptual Selection

Concepts

- Selective Exposure
- Selective Attention
- Perceptual Defense
- Perceptual Blocking

- Screening out of stimuli which are threatening
Perceptual Selection

**Concepts**

- Selective Exposure
- Selective Attention
- Perceptual Defense
- Perceptual Blocking

- Consumers avoid being bombarded by:
  - Tuning out
  - TiVo
Aspects of Perception

- Selection
- Organization
- Interpretation
People tend to organize perceptions into figure-and-ground relationships.

The ground is usually hazy.

Marketers usually design so the figure is the noticed stimuli.
Lacoste’s campaign uses a very plain ground so the symbol really shows.
Organization

Principles

• Figure and ground
• Grouping
• Closure

• People group stimuli to form a unified impression or concept.
• Grouping helps memory and recall.
Organization

**Principles**

- Figure and ground
- Grouping
- Closure

- People have a need for closure and organize perceptions to form a complete picture.
- Will often fill in missing pieces
- Incomplete messages remembered more than complete
Discussion Question

• Do you agree you remember more of what you have NOT completed?
• How might a local bank use this in their advertising?
Aspects of Perception

- Selection
- Organization
- Interpretation
Interpretation

Perceptual Distortion

- Physical Appearances
- Stereotypes
- First Impressions
- Jumping to Conclusions
- Halo Effect

- Positive attributes of people they know to those who resemble them
- Important for model selection
- Attractive models are more persuasive for some products
Dove’s campaign stresses the everyday woman.
Interpretation

**Perceptual Distortion**

- Physical Appearances
- Stereotypes
- First Impressions
- Jumping to Conclusions
- Halo Effect

- People hold meanings related to stimuli
- Stereotypes influence how stimuli are perceived
Putting a “Face” on Customer Service

Welcome to Lands' End Live™
Talk to us in three easy steps.
1. Choose how you would like to communicate with us
2. Enter your name and phone number
3. Click connect

Phone
Choose phone and we will call you. Requires a second phone line or a direct connection to the Internet.

Chat
Choose chat and we can text chat with you. Does not require a phone.

PLEASE NOTE: To use the Lands' End Live chat feature, you must disable all popup blockers.

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Interpretation

Perceptual Distortion

- Physical Appearances
- Stereotypes
- First Impressions
- Jumping to Conclusions
- Halo Effect

- First impressions are lasting
- The perceiver is trying to determine which stimuli are relevant, important, or predictive
Interpretation

Perceptual Distortion

- Physical Appearances
- Stereotypes
- First Impressions
- Jumping to Conclusions
- Halo Effect

- People tend not to listen to all the information before making conclusion
- Important to put persuasive arguments first in advertising
Interpretation

Perceptual Distortion

- Physical Appearances
- Stereotypes
- First Impressions
- Jumping to Conclusions
- Halo Effect

- Consumers perceive and evaluate multiple objects based on just one dimension
- Used in licensing of names
- Important with spokesperson choice
Figure 6.7 The Unexpected Attracts Attention
Principles of Perceptual Organization

- Figure and ground
- Grouping
- Closure
Influences of Perceptual Distortion

- Physical Appearances
  - Stereotypes
- First Impressions
- Jumping to Conclusions
  - Halo Effect
Figure 6.10 Ads Depicting Stereotypes
Issues In Consumer Imagery

• Product Positioning and Repositioning
• Positioning of Services
• Perceived Price
• Perceived Quality
• Retail Store Image
• Manufacturer Image
• Perceived Risk
Figure 6.12
Using Imagery
The halo effect helps Adidas break into new product categories.
Issues in Consumer Imagery

- Product Positioning and Repositioning
- Positioning of Services
- Perceived Price
- Perceived Quality
- Retail Store Image
- Manufacturer Image
- Perceived Risk
Positioning

• Establishing a specific image for a brand in the consumer’s mind
• Product is positioned in relation to competing brands
• Conveys the concept, or meaning, of the product in terms of how it fulfills a consumer need
• Result of successful positioning is a distinctive, positive brand image
Positioning Techniques

• Umbrella Positioning
• Positioning against Competition
• Positioning Based on a Specific Benefit

• Finding an “Unowned” Position
• Filling Several Positions
• Repositioning
Apple’s 1984 Ad Positions Against the Competition
Perceptual Mapping

• A research technique that enables marketers to plot graphically consumers’ perceptions concerning product attributes of specific brands
Perceptual Mapping
Figure 6.14
Issues in Perceived Price

• Reference prices – used as a basis for comparison in judging another price
  – Internal
  – External

• Acquisition and transaction utility

• One study offers three types of pricing strategies based on perception of value.
Table 6.2 Pricing Strategies Focused on Perceived Value

- Satisfaction-based Pricing
- Relationship Pricing
- Efficiency Pricing
# Three Pricing Strategies

Focused on Perceived Value (Table 6-1)

<table>
<thead>
<tr>
<th>Pricing Strategy</th>
<th>Provides Value By…</th>
<th>Implemented As…</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction-based pricing</td>
<td>Recognizing and reducing customers’ perceptions of uncertainly, which the intangible nature of services magnifies</td>
<td>Service guarantees Benefit-driven pricing Flat-rate pricing</td>
</tr>
<tr>
<td>Relationship pricing</td>
<td>Encouraging long-term relationships with the company that customers view as beneficial</td>
<td>Long-term contracts Price bundling</td>
</tr>
<tr>
<td>Efficiency pricing</td>
<td>Sharing with customers the cost savings that the company has achieved by understanding, managing, and reducing the costs of providing the service</td>
<td>Cost-leader pricing.</td>
</tr>
</tbody>
</table>
Acquisition-Transaction Utility

- Acquisition utility
  - The consumer’s perceived economic gain or loss associated with the purchase
  - Function of product utility and purchase price

- Transaction utility
  - The perceived pleasure or displeasure associated with the financial aspect of the purchase
  - Determined by the difference between the internal reference price and the purchase price
Perceived Quality

- Perceived Quality of Products
  - Intrinsic vs. Extrinsic Cues
- Perceived Quality of Services
- Price/Quality Relationship
Perceived Quality of Services

- Difficult due to characteristics of services
  - Intangible
  - Variable
  - Perishable
  - Simultaneously Produced and Consumed

- SERVQUAL scale used to measure gap between customers’ expectation of service and perceptions of actual service
A Scale Measuring Customer’s Perception of Call Center Employees (Table 6-4)

ATTENTIVENESS
1. The agent did not make an attentive impression.
2. The agent used short, affirmative words and sounds to indicate that (s)he was really listening.

PERCEPTIVENESS
1. The agent asked for more details and extra information during the conversation.
2. The agent continually attempted to understand what I was saying.
3. The agent paraphrased what had been said adequately.

RESPONSIVENESS
1. The agent offered relevant information to the questions I asked.
2. The agent used full sentences in his or her answers instead of just saying yes or no.
3. The agent did not recognize what information I needed.

TRUST
1. I believe that this company takes customer calls seriously.
2. I feel that this company does not respond to customer problems with understanding.
3. This company is ready and willing to offer support to customers.
4. I can count on this company to be sincere.
SATISFACTION
I am satisfied with the level of service the agent provided
I am satisfied with the way I was spoken to by the agent.
I am satisfied with the information I got from the agent.
The telephone call with this agent was a satisfying experience.

CALL INTENTION
I will very likely contact this company again.
Next time I have any questions I will not hesitate to call again.
I would not be willing to discuss problems I have with this company over the phone.
Tensile and Objective Price Claims

- Evaluations least favorable for ads stating the minimum discount level

- Ads stating maximum discount levels are better than stating a range
Perceived Quality

• Perceived Quality of Products
  – Intrinsic vs. Extrinsic Cues
• Perceived Quality of Services
• Price/Quality Relationship
Characteristics of Services

• Intangible
• Variable

• Perishable
• Simultaneously Produced and Consumed
**Table 6.3  SERVQUAL Dimensions for Measuring Service Quality**

<table>
<thead>
<tr>
<th>DIMENSION</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>•Tangibles</td>
<td>Appearance of physical facilities, equipment, personnel, and communication materials</td>
</tr>
<tr>
<td>•Reliability</td>
<td>Ability to perform the promised service dependably and accurately</td>
</tr>
<tr>
<td>•Responsiveness</td>
<td>Willingness to help customers and provide prompt service</td>
</tr>
<tr>
<td>•Assurance</td>
<td>Knowledge and courtesy of employees and their ability to convey trust and confidence</td>
</tr>
<tr>
<td>•Empathy</td>
<td>Caring, individualized attention the firm provides its customers</td>
</tr>
</tbody>
</table>
Figure 6.15 Ad Emphasizing Tangible Cues
Figure 6.16 Conceptual Model of the Consequences of Service Quality

- **Service Quality**
  - Superior
  - Inferior

- **Behavioral Intentions**
  - Favorable
  - Unfavorable

- **Behavior**
  - Remain
  - Defect

- **Financial Consequences**
  - Ongoing Revenue
  - Increased Spending
  - Price Premium

  - Decreased Spending
  - Lost Customers
  - Costs to Attract New Customers

Focus of present study: Empirical links demonstrated in macro studies.
Price/Quality Relationship

- The perception of price as an indicator of product quality (e.g., the higher the price, the higher the perceived quality of the product.)
Figure 6.17 Conceptual Model of the Effects of Price, Brand Name, and Store Name on Perceived Value

A. Conceptual Relationship of Price Effect
B. Extended Conceptualization to Include Brand Name and Store Name
Perceived Risk

• The degree of uncertainty perceived by the consumer as to the consequences (outcome) of a specific purchase decision

• Types
  – Functional Risk
  – Physical Risk
  – Financial Risk
  – Psychological Risk
  – Time Risk
How Consumers Handle Risk

- Seek Information
- Stay Brand Loyal
- Select by Brand Image
- Rely on Store Image
- Buy the Most Expensive Model
- Seek Reassurance