

Digital Consumer Behavior

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MKT713
Master of Digital Marketing

Lecture 4



Consumer Perception

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Chapter

04

LEARNING OBJECTIVES

- To understand the elements of perception and their role in consumer behavior.
- To understand why consumers process only a small amount of the information they receive.
- To understand how consumers organize consumption-related information.
- To understand why and how consumers “add” biases to stimuli and the implications of this tendency for marketing.
- To understand the elements of consumers’ imagery.
- To understand how consumers determine the quality of products and services.
- To understand consumers’ perceived risks and how they handle and reduce those risks.

CUSTOMER PERCEPTION

Lecture
04



Consumer Perception

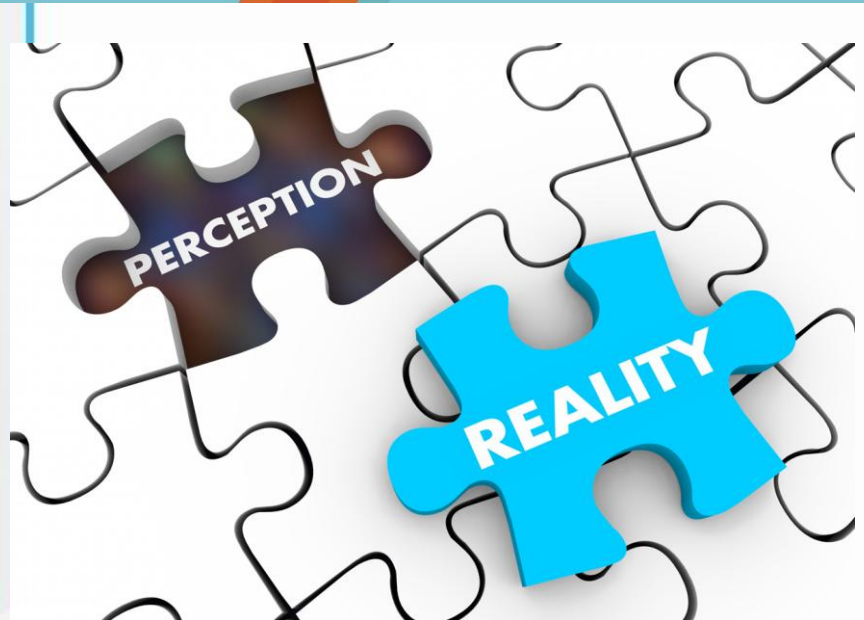
Lecture 04



- The process by which individuals *select, organize, and interpret* stimuli into a meaningful and coherent picture of the world.
- It can be described as “how we see the world around us.”



Perception vs. Reality



Perception vs. Reality

- Each individual has his or her own perception of reality.
- The implication is that because each of us perceives the world through our own eyes, reality itself changes from person to person.
- While it's true that everyone perceives reality differently, reality could care less about our perceptions.



Perception vs. Reality

- Reality does not change to adapt to our viewpoints; reality is what it is.
- Reality is fact.
- Reality is truth.
- Reality is a fixed factor in the equation of life, perception of reality is a variable.



Just Noticeable Difference JND

Companies update their visual identities.
When doing so they have to focus on Just Noticeable Difference JND (differential threshold)



Old



New



Perception and Consumers

Changing a brand image or repositioning is necessary because consumers view brands subjectively (feelings) not objectively



 AN AMERICAN
REVOLUTION

THE
Heartbeat
OF AMERICA



Perception and Consumers



McDonald's
FAMOUS
BARBECUE

1948



1953



1962



1968



1985



2003



1971

We start by selling coffee beans in Seattle's Pike Place Market.



1987

We add handcrafted espresso beverages to the menu.



1992

We become a publicly traded company.



2011

We mark 40 years and begin the next chapter in our history.

Perception and Consumers



1911



1914



1934



1942



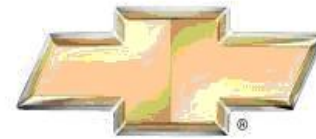
1965



1978



2000



2004



2011



1898



1905



1906-1939



1940-1949



1950-1959



1960-1972



1973-1990



1991-1997



1998-2004



2005-2007



2008 - current

Sensory Inputs

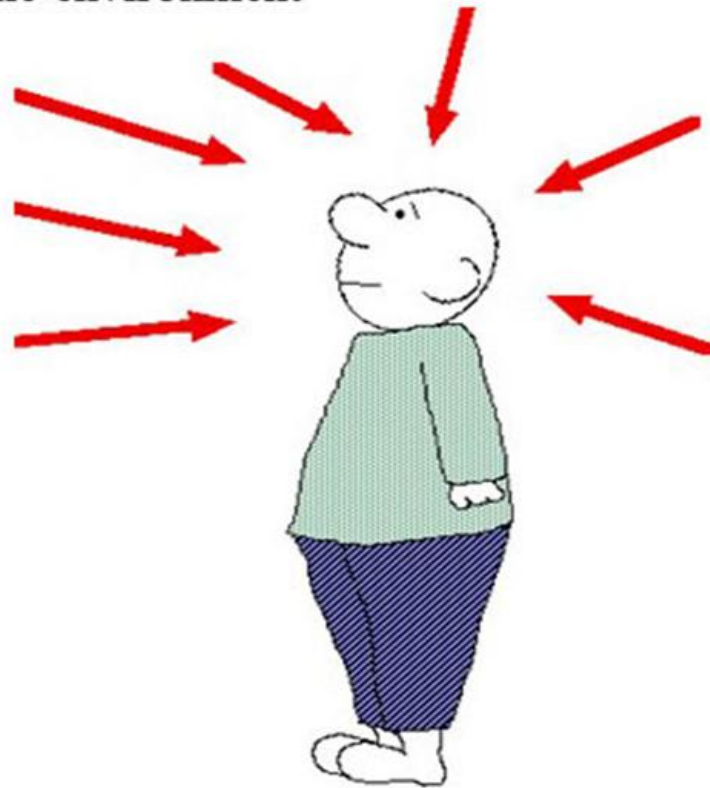
Brand names, advertisements/ commercials

Sensory information
from the environment

Sensory Receptors (Physical Stimuli)

5 senses

1. Visual (sight)
2. Auditory (sound)
3. Olfaction (Smell)
4. Taste
5. Touch



Sensation refers to the physical stimulation of the sensory receptors.

Perception involves interpreting this sensory information.



Flavor Radio!

Special Radio Advertisement Releasing a Coffee Aroma Via Sound Recognition Technology

Background & Mission

Increase the Dunkin Donuts coffee consumer base.

Seoul loves coffee. It's why it's called "The City of Coffee."

'Dunkin Donuts' is more strongly branded for donuts than coffee.

This perception leads to coffee drinkers selecting other cafes over Dunkin.

It is necessary to establish the thinking that 'Dunkin = coffee' to convince people to select Dunkin for their coffee fix.



Idea

Created coffee aroma atomizers triggered by the Dunkin' Donuts jingle sound.

Our targets usually commute to work primarily via public transportation on buses and subways due to traffic congestion in Seoul. So we created a machine that releases a coffee aroma when the Dunkin' Donuts jingle is heard. The machine is installed in buses and is only triggered by the Dunkin radio ad. People exposed to this spatial ad are subtly reminded of coffee along with Dunkin, and as a result visit Dunkin' Donuts shops on their way to work.

Result

- More than 350,000 people experienced the ad during the campaign.
- Visitors increased 16%, Sales of Dunkin Donuts increased 29% (shops located by bus stops)
- People exposed to this advertising are inclined to think Dunkin' Donuts as a coffee "expert".



LESSON SUMMARY



The immediate and direct response of the sensory organs to stimuli (units of input to the senses, as captured by the sensory receptors).

Sensation

As sensory input *decreases*, our ability to detect changes in input or intensity *increases*, to the point that we attain maximum sensitivity under conditions of minimal stimulation.



Many companies have invested large amounts of resources in designing products and packages that emit just the right audio sensory input, after studying how consumers perceive the volumes and pitches of sounds





1. Absolute Threshold

The lowest level at which an individual can experience a sensation.

The point at which a person can detect a difference between “something” and “nothing” is that people.



2. Differential Threshold

The minimal difference that can be detected between two similar stimuli, or the just noticeable difference (JND).

Weber's Law suggests the minimum amount of change that can be detected depends on the size of the initial stimulus.



3. Sensory Adaption

is becoming accommodated to a certain level of stimulation and becoming less able to notice a particular stimulus.

Marketers care because consumers stop paying attention to their communications when they adapt to them.



Getting used to the sound of a loudly buzzing air conditioner over a period of time is an example of **sensory adaption**.



4. Ambush Marketing

Placing ads in places where consumers do not expect to see them and cannot readily avoid them.

Guerilla Marketing Activation



5. Experiential Marketing

Allows customers to engage and interact with offerings in sensory ways in order to create emotional bonds between consumers and marketing offerings.



6. Subliminal Perception

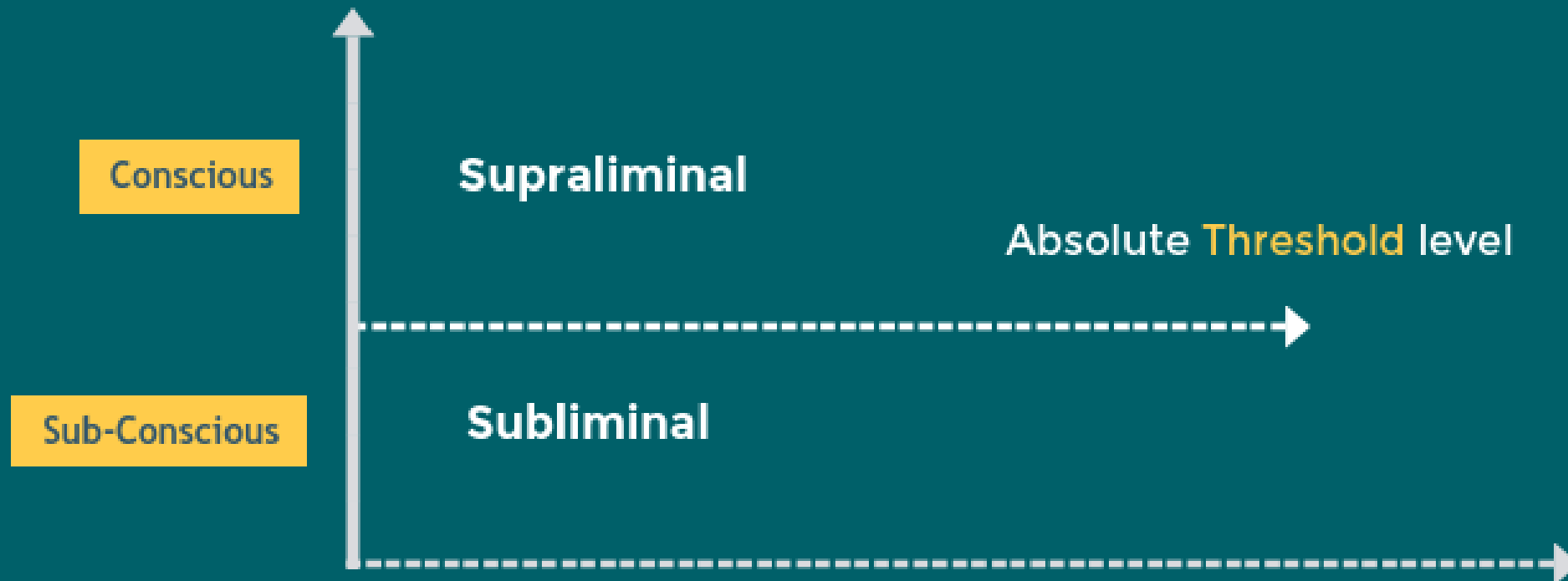
Stimuli that are too weak or too brief to be consciously seen or heard.

They may be strong enough to be perceived by one or more receptor cells.



SUPRALIMINAL **vs.** SUBLIMINAL

Subliminal stimuli cannot be perceived with us being aware, even if we look for them. In contrast, supraliminal stimuli can be perceived by the conscious mind, although we often fail to notice them.





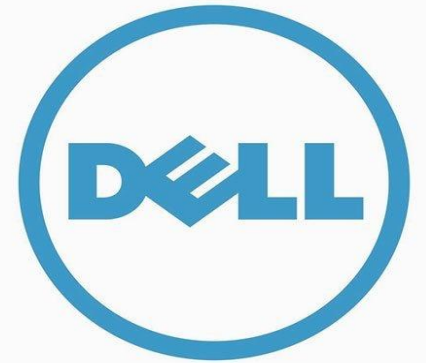
amazon

Tostitos

FedEx
Express

cisco

B1R
N • ROBBINS™



adidas®

Chick-fil-A®



TOBLERONE

6 Types of Sensation

Physical stimuli that affect consumers' perceptions of products and evoke attention include the product itself, its attributes, package design, brand name, advertisements, and commercials (including copy claims, choice and gender of model, positioning of model, size of ad, and typography), and placement of promotional messages within the advertising space.



6 Types of Sensation

- Ads that contrast with their environments are very likely to be noticed. Contrast is one of the most attention-compelling attributes of a stimulus.
- Shocking and unrealistic images provoke attention.

Buzz Marketing



When it comes to fixing the deficit, be careful what you cut. Cutting just \$4,000 of Medicaid and food stamps from a girl in a low-income family negatively impacts her health and nutrition in the future. This can lead to poor performance in school, which increases her chances of getting pregnant as a teenager. And paying for teen pregnancies costs the rest of us \$10 billion a year. Learn more about the high costs of cutting at becarefulwhatyoucut.com.

CHILDREN'S DEFENSE FUND



When it comes to fixing the deficit, be careful what you cut. Eliminating early education investments now would increase his chances of going to prison later by up to 39 percent. And paying for that prison will cost us nearly three times more a year than it would have cost to provide him with a quality early learning experience. Learn more about the high costs of cutting at becarefulwhatyoucut.com.

CHILDREN'S DEFENSE FUND

1. *Expectations*

People usually see what they expect to see, usually based on
1.familiarity,
2.previous experience,
3.preconditioned set of expectations

Expectation



Reality



2. *Motives*

People tend to perceive the things they need or want:

The stronger the need, the greater the tendency to ignore unrelated stimuli in the environment.

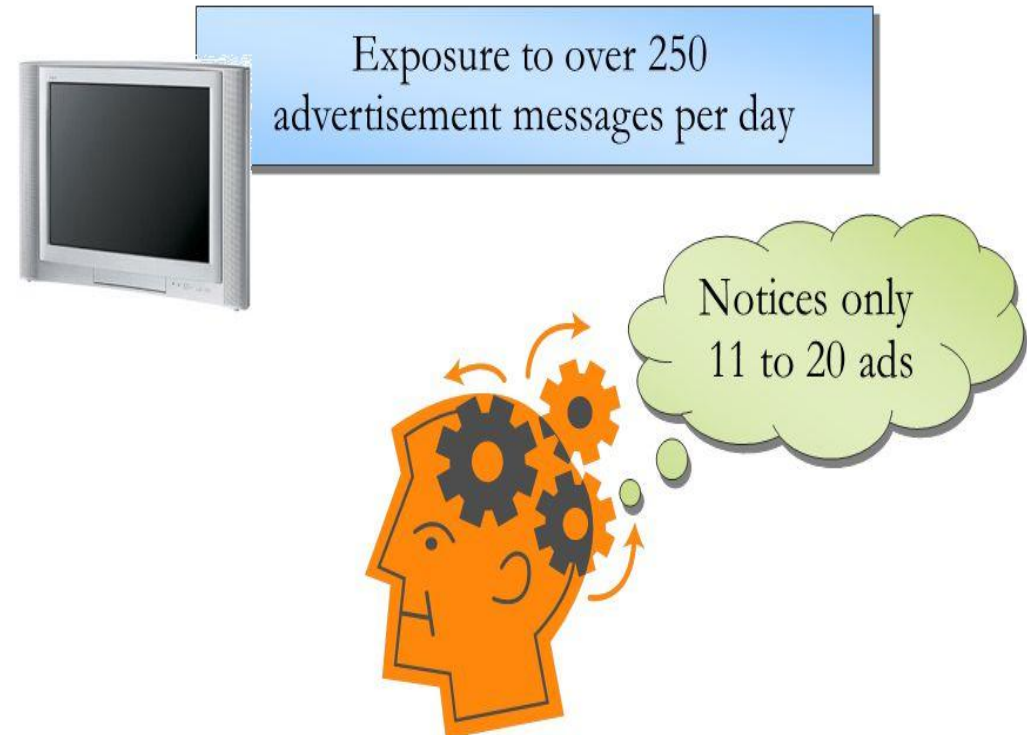


3. Selective Perception

A. Consumer's Selective Exposure

- consumers tune out messages that they **find pleasant or with which they are sympathetic**, and they actively avoid painful or threatening ones.
- advertisements that reassure them of the wisdom of their purchase decisions.

A Consumer's Selective Exposure



3. Selective Perception

B. Selective Attention

Consumers' heightened awareness of stimuli that meet their needs or interests and minimal awareness of stimuli irrelevant to their needs.

People also vary in terms of

1. kinds of information
2. the form of message
3. type of medium they prefer.



Lifebuoy

Germ on hand lead to stomach-ache causing infections.

Lifebuoy
ACTIV SILVER FORMULA
germ protection* handwash
Total 10
99.9% germ protection in just 10 seconds*

*creative visualization. *As per lab test on indicator organism as compared to soap bar without actives.
Washing with soap and water is a recommended measure to help prevent transmission of infection causing germs.

3. *Selective Perception*

C. Perceptual Defense

psychologically threatening,
even though exposure has
already taken place.



3. Selective Perception

D. Perceptual Blocking

protect themselves from being bombarded with stimuli by simply “tuning out”—blocking such stimuli from conscious awareness.



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

TABLE 4.5 The Elements of Perceived Risk

TYPE OF PERCEIVED RISK	DEFINITION	EXAMPLE
Functional risk	Product will not perform as expected.	Can the e-reader operate a whole day without having to be recharged?
Physical risk	Product can harm self and others; risk to self and others.	Is organic unpasteurized milk safe to drink? (Many states do not permit unpasteurized milk, but many greenmarkets carry it because it is organic.)
Financial risk	Product will not be worth its cost.	Will a new and cheaper model of an LED TV monitor become available six months from now?
Psychological risk	Poor product choice will bruise the consumer's ego.	Will I be embarrassed when my friends see me with a mobile phone that is not a smartphone?
Time risk	Time spent in product search may be wasted if the product does not perform as expected.	Will I be forced to compare all the different carriers' calling plans again if I experience a lot of "dropped calls" with the one I selected?

TABLE 4.6 Consumers Can Reduce Perceived Risk

METHOD	DESCRIPTION
Seek information	Consumers seek information about the product and product category through word-of-mouth communication (from friends and family and from other people whose opinions they value), from salespeople, and from the general media. They spend more time thinking about their choice and search for more information about the product alternatives when they associate a high degree of risk with the purchase.
Remain brand loyal	Consumers avoid risk by remaining loyal to a brand with which they have been satisfied instead of purchasing new or untried brands. High-risk perceivers are more likely to be loyal to their old brands and less likely to purchase newly introduced products.
Rely on brand image	When consumers have had no experience with a product, they tend to “trust” a favored or well-known brand name. They often think well-known brands are better and are worth buying for the implied assurance of quality, dependability, performance, and service.
Rely on store image	If consumers have no other information about a product, they often trust the judgment of the merchandise buyers of a reputable store and depend on them to have made careful decisions in selecting products for sale. Store image also provides assurance of return privileges and adjustment in case of dissatisfaction.
Buy the most expensive model or brand	As indicated in the discussion of price/quality relationship, consumers often feel that the most expensive model is probably the best in terms of quality.

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Chapter

04

To Sum Up...



مجموعة جامعة
الجميع الذكية
للتعليم القابضة

MIDOCEAN
UNIVERSITY
BY EVERYONE'S SMART UNIVERSITY



Thank You

Dr. Perihan Salah

