UNIT 1: WHAT IS CONSUMER BEHAVIOR?

QUESTION #1.1: What is this field?

SHORT ANSWER: Consumer behavior is the study of how people conduct themselves in the marketplace.

Psychology is best defined as **the "scientific study of behavior in humans and animals."** Behavior is what people and animals do: e.g., what a person says about last night's dream, and how long it takes a rat to run a maze. One area of applied psychology deals with people's behavior in the marketplace, and is known as consumer behavior.

http://www.youtube.com/watch?v=mzsLqsq8Gvw

Consumer behavior can also be viewed as a field within the business discipline of **marketing**, which is understood to be the techniques for developing products and bringing them to the marketplace. Consumer behavior also has much to learn from other social sciences, such as sociology, anthropology, economics and even political science.

We have already defined what behavior is: what actions people take. So, **consumer behavior is how people conduct themselves within the marketplace**: what purchases they make and what attitudes people express about products and services. This will be related to the thoughts they think and the emotions and values they feel.

We define the **consumer** as a present or potential future customer of a given product or service. In that sense, we are all consumers, we just differ in terms of which products and services we eventually consume.

QUESTION #1.2: Is consumer behavior a science?

SHORT ANSWER: Yes, depending on how well it conforms to the empirical method.

Marketing, like management and other branches of business administration, is best understood as a technology: the search for practical ways of attaining organizational goals. Relevant topics include advertising, sales, customer satisfaction, brand loyalty, and product development.

Medicine would also represent a technology, one relying upon natural sciences such as biology, chemistry, and physics. One branch of medicine, psychiatry (which is devoted to the management of mental disorders) relies mainly upon the clinical branch of psychology. Consumer behavior relies upon several other branches of psychology: perception, memory, learning, emotions, and cognition. New advances in the measurement of the brain's activity (e.g., functional magnetic resonance imaging) are also proving useful to consumer behavior.

Psychology claims to be a science insofar as it follows the empirical method. The scientific status of any endeavor is determined by its method of investigation, not what it studies, or when the research was done, and certainly not by who did the investigation. All sciences use the empirical method. **Empiricism emphasizes objective and precise measurement.** To the extent that we can study consumers in that way, we are scientists.

http://www.youtube.com/watch?v=D48onRYc9dY

Psychology and the other behavioral or social sciences (sociology, anthropology, economics, political science) are not as precise in their measurements as are biology, chemistry or physics, but to the extent that psychologists use empirical evidence, their findings may be referred to as scientific.

It is this emphasis on the empirically observable that made it necessary for psychology to change its definition from the study of the mind (because the mind itself could not be directly observed) to the science of behavior. We can directly observe and carefully measure externals such as what a person does, says, and marks down on a psychological test. We cannot directly observe a person's mind (e.g., internal thoughts, emotions).

There will be a great temptation to dismiss much of what will be said in this course as merely "common sense." **Common sense, by itself, is not sufficient for science.** Common sense refers to generally accepted ideas about human behavior, but many of these have not been subjected to the kind of systematic investigation that formal science demands. Common sense tends to limit its database to self-reflection (**introspection**) and over-emotionalized, isolated examples (case studies), some of which might even be contradictory. Common sense may be a starting point for some of our hypotheses about human nature in the marketplace, but we cannot stop there: we must go forward and systematically gather data to test those hypotheses. So it is best not to use the term *common sense* in this course.

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GRAMMAR LESSON: The word *hypothesis* is singular. The plural is *hypotheses.*

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Data are the bits of information that are observed by psychological research. Within the social sciences, the term *data* is regarded as plural. So, we should say *these data are* instead of *this data is*. Within other fields, such as information technology, data is regarded as singular (a base of information) and therefore, in that field, people say "this data is."

A theory is an abstract concept which science uses to understand, explain, or control what it is studying. Theories are never to be seen as substitutes for a lack of facts. Theory works together with observed data to form scientific knowledge.

D A T A + T H E O R Y = K N O W L E D G E

If we have only theory, but no data, we do not have scientific knowledge, but only idle speculation. If we have only data, but no theory to make sense of it, then we are left with meaningless trivia. Both theory and data are essential components of scientific knowledge. Scientific knowledge is always growing. Sometimes the growth is produced by new data (more facts to back up a theory) and sometimes the growth is occasioned by a new theory that does a better job in explaining more data.

QUESTION #1.3: What is the process of inference?

SHORT ANSWER: Inference is the process of reasoning from something directly observed to something else not directly observed.

This word comes from the verb to infer. Psychologists observe behavior and then make inferences about why the person (or animal) behaved in that way. Sensations, perceptions, emotions, attitudes, motives, and abilities are never directly observed, but only inferred. Here are some examples of inferences that psychologists or you yourself might make.

OBSERVATION	**INFERENCE**
That woman is carrying a Nordstrom's bag.	She must like Nordstrom's
Those young people are camping out in the line to get movie tickets.	They must be dedicated fans of the hobbit movies.
Mr. Jones just purchased a yacht.	He must have a lot of money.

Science tries to explain the natural world with theories of cause and effect. Sometimes we observe an effect, and infer a likely cause.

OBSERVATION *effect*	**INFERENCE** *cause*
There is a long line in front of the electronics store.	They must be having a big sale.

Of course, if the cause was not essential to produce the effect, we could be mistaken, for there may be some other cause of the observed behavior. Perhaps the customers are waiting in line because they want to be the first to get a new product, and don't care about the price.

Sometimes we observe a cause, and infer a subsequent effect, possibly occurring in the future.

OBSERVATION *cause*	**INFERENCE** *effect*
This flier came in the mail and it said there would be a big sale tomorrow.	So many people will show up that there will be a traffic jam in the parking lot.

Of course, if the cause is not always adequate to produce the effect, these predictions can be mistaken. Predictions are much easier in a science like physics, where all hydrogen atoms react the same. In psychology, we must keep in mind that people do not merely react, but they respond. Between the cause and the effect there is a living organism that thinks, feels, and decides.

http://www.youtube.com/watch?v=8EiTPYkE218&feature=user

QUESTION #1.4: What is the "black box" of S-O-R?

SHORT ANSWER: This is the model psychology uses in its causal inferences.

The letter **R** stands for response. It is a behavior. That could be any action that the consumer takes, but usually it is in the form of some sort of decision: which product to purchase, which television channel to watch, whether to send in a warranty card, whether to complain about the product to his friends. Notice that R is at the end of a causal chain. It is in the role of the effect. We observe the behavior, and try to infer its causes, or we observe a potential cause and speculate about some eventual resulting action that the consumer will take.

The letter **S** stands for stimulus. A stimulus is any perceived change in the organism's environment. A stimulus is a change in energy: a sound gets louder (or softer), a light gets brighter (or more dim), a spoken or printed word is presented to the subject, chemical changes are detected by the nose or tongue, vibrations are picked up, the fingers detect that a surface is smooth, rough or sticky. Marketers try to control the stimuli presented to the consumer in hopes of stimulating the consumer to purchase (more of) the product. These stimuli include the six p's of marketing.

- product: the nature of the physical product (or service), especially how it has been customized to appeal to a specific niche or segment in the marketplace
- price: the amount of money the consumer will have to spend to acquire the product or service
- payment: how that price is to be paid (e.g., will there be opportunity for credit financing?)
- place (distribution channel): where does the consumer have to go to learn about the product or service (and physically acquire it)
- packaging: is it wrapped up in a way that is functional and attractive?
- promotion: this is where advertising and direct sales pitches come in

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GRAMMAR LESSON: The word *stimulus* is singular. The plural is *stimuli.*

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The letter **O** stands for organism. In consumer behavior, the organism is the consumer, the potential customer. Many psychologists, especially behaviorists like John Watson and B.F. Skinner, viewed the organism as a “black box.” We can observe what happens to the organism (the stimuli), and we can observe what the organism ends up doing (the responses), but what we can never be sure of is what goes on in side of the organism: it is as if an opaque container (the “black box”) surrounds the organism's internal processes and prevents the psychologist from really seeing inside and understanding the organismic processes between stimulus and response.

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    stimuli                 organism                 response
================         ==============           =============
=   product    =         =            =           =           =
=   price      =         =  potential =           =           =
=  advertising =========>=  customer  ============>=  purchase =
= distribution =         =            =           =           =
=   packaging  =         = BLACK BOX? =           =           =
================         ==============           =============
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Most psychologists no longer follow the lead of Watson and Skinner, but attempt to investigate (or at least speculate about) what is going on internally. These include physiological activity, sensations, perceptions, learning, memories, emotions, intentions, preferences, thought processes and decision making. Additionally, each organism has internalized and carries around inside cultural factors as well as individual experiences unique to that that organism's own peculiar development.

The task of consumer behavior is to make the black box as transparent as possible so that we can get inside the consumer's mind and see how specific stimuli lead to specific responses. But, because no two people are exactly alike, there is only a limited ability to predict if a given stimulus will lead to a given response.

UNIT 1: INTRODUCTION

flashcards & matching

http://www.quia.com/jg/2519616.html

jumbled words game

http://www.quia.com/jw/469619.html

millionaire game

http://www.quia.com/rr/936982.html

summary paragraph

http://www.quia.com/cz/465578.html

UNIT 1 TERMS: Introduction

ACCURATE: NEVER USE THIS TERM; consider using "empirically confirmed" or "valid" or "reliable" or "measured precisely"

ANTHROPOLOGY: the social science that studies humanity, including its genetic distribution (physical anthropology) and social organizations (cultural anthropology); most cultural anthropologists are skilled at using qualitative research methods such as ethnographies

BEHAVIORISM: Watson/Skinner position: the environment (e.g., conditioning) determines most behavior; Behaviorism assumes that what goes on inside the "black box" of the organism can never be known

BLACK BOX: the Behaviorist doctrine that we can never know what really goes on inside the mind of the consumer, only the input (stimuli) and output (responses); the goal of most consumer research is to make the black box more transparent

COMMON SENSE: NEVER USE THIS TERM; consider using "basic cognition" or "what is widely assumed in the absence of empirical evidence"

CONSUMER: a customer or potential customer

CONSUMER PSYCHOLOGY: the branch of psychology studying behavior in the marketplace

DATA: plural word meaning the facts which have been observed

DISTRIBUTION: where the consumer has to go to learn about the product, purchase the product and acquire the product (also known as "place")

ECONOMICS: a social science which investigates such variables as price, production, and employment

EMPIRICAL, EMPIRICISM: data gained through observation and measurement; the basis for scientific status

EXCEPT: use only when you mean "excluding," otherwise say "accept"

FEEL, FELT: use only to describe a bodily sensation ("smooth" or "hot" or "tired" or "hungry") or an emotion ("angry" or "sad") but never to suggest a position statement. NEVER SAY "I FEEL THAT"

INFERENCE: the process of reasoning from something observed to something else not directly observed (we observe behavior and then infer underlying mental processes such as emotions or decision making)

INTROSPECTION: self-reflection on one's own thoughts, emotions, and actions; this was the earliest research tool in psychology but Watson criticized introspection as lacking scientific status

MARKETING: a branch of business administration concerned with bringing products and services to the marketplace

ORGANISM: a person or animal being studied; in consumer behavior the organism is the consumer; the organisms may be referred to as the subjects, participants, or cases

PACKAGING: the physical wrappings of the product, considered in its functional and aesthetic aspects

PAYMENT: how the consumer will pay (e.g., using credit)

PLACE: where the consumer has to go to learn about the product / service, purchase the product / service, and acquire the product / service

POLITICAL SCIENCE: a social science which studies government and politics

PRICE: the amount of money the consumer will have to spend in order to acquire the product or service

PRODUCT: the physical nature of the product and how it has been designed to appeal to a specific market niche

PROMOTION: advertising and direct sales pitches

PSYCHOLOGIST: a scientist who studies the behavior of humans or animals

PSYCHOLOGY: the scientific study of behavior in humans and animals

RESPONSE: how the organism acts; behavior; in consumer behavior this is usually the result of some decision on the part of the consumer (e.g., purchasing the product)

SCIENTIFIC METHOD: empiricism; based upon observation and measurement of data

SKINNER, B.F.: 20TH century Behaviorist, developed operant conditioning; tried to reduce human behavior to response and reinforcement with the inner workings of the mind remaining a "black box"

SOCIOLOGY: the social science studying human society, and topics such as ethnicity, class, the family, gender, labor, and religion; many sociologists are also interested in the marketplace and have much to contribute to the study of consumer behavior

STIMULUS: what elicits a response; something provided by the environment which the organism can sense; in marketing these include the nature of the product, price, promotion, place (distribution), packaging, and payments

SUBJECT: the person or animal about whom we have data

TECHNOLOGY: the application of science to solve practical problems and develop emerging opportunities (e.g., marketing, medicine)

THEORY: abstract concepts used to help describe, understand, explain, and predict data; an essential component of science

THEY, THEM, THEIR: pronouns only appropriate for plural use, otherwise say he/she, him/her, his/hers.

WATSON, John: early 20th century American behaviorist who developed classical conditioning; criticized introspection as unscientific