Chapter 6

Consumer Perception

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 perfectly unchanging environment provides little to no sensation at all!

Weber’s Law

A theory concerning the perceived differentiation between similar stimuli of varying intensities (i.e., the stronger the initial stimulus, the greater the additional intensity needed for the second stimulus to be perceived as different).

Marketing Applications of the JND

• 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.

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

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
Perceptual Selection

- Depends on two major factors
  - Consumers’ previous experience
  - Consumers’ motives

Concepts Concerning Selective Perception

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

Principles of Perceptual Organization

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

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

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 relation to competing brands.
Positioning Techniques

- Umbrella Positioning
- Positioning Against Competition
- Positioning Based on a Specific Benefit
- Conveying a Product Benefit
- Taking an Unowned Position
- Positioning for 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.
Figure 6.14 Perceptual Mapping

Table 6.2 Pricing Strategies Focused on Perceived Value

- Satisfaction-based Pricing
- Relationship Pricing
- Efficiency Pricing

Issues in Perceived Price

- Reference prices
  - Internal
  - External
- Tensile and objective price claims
**Acquisition-Transaction Utility**

- Acquisition utility represents the consumer's perceived economic gain or loss associated with the purchase.
- Function of product utility and purchase price.
- Transaction utility concerns 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.

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**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.

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

Figure 6.17 continued

B. Extended Conceptualization to Include Brand Name and Store Name
### Perceived Risk

<table>
<thead>
<tr>
<th>The degree of uncertainty perceived by the consumer as to the consequences (outcome) of a specific purchase decision.</th>
<th>Types</th>
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<tbody>
<tr>
<td></td>
<td>• Functional Risk</td>
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<td>• Physical Risk</td>
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<td>• Financial Risk</td>
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<td>• Psychological Risk</td>
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<td>• Time Risk</td>
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### How Consumers Handle Risk

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