

## CONSUMER STUDIES - 2.2.1

### FACTORS THAT AFFECT CONSUMER DECISION MAKING

#### A: HOUSEHOLD INCOME

- The amount of disposable income available will vary between different families.
  - Those on a **limited income** will have less money to spend on luxury items. They will look for “Special Offers”, may buy “Own Brand” goods, buy in discount stores etc.
  - Families with a **large disposable income** have greater choice when shopping, they are not restricted to any one type of shop. They can afford designer labels in clothes, expensive food and buy bespoke products.

#### B: MERCHANDISING

- Retailers have a number of ways of trying to increase sales of particular items/products. Examples of these include :
  - **Special offers** (eg) : Buy 3 for 2 (boots pharmacies), the consumer buys three items and the cheapest item is free, 2 for the price of 1, buy one and get the second item half price, special weekly offers (eg) : meat on offer in an butchers shop.
  - **Own brand goods** (eg) : SuperValu have many food items for sale that are their “own brand”, these food items are cheaper than “branded” products (SuperValu pasta is less than 1 euro per bag compared to branded dried pasta which is twice the price at least).
- In theory, this is how own brand goods work (ie) : cheaper! However, In recent years many “own brand” food items can be expensive and excellent quality (eg) : Tesco “Finest” range and Dunnes Stores “Simply Better” range. Own brand goods are kept in a separate section to branded foods in the store unlike a few years ago when they were placed next to branded goods on shelves. They were supposed to stand out as being cheaper! Today, the selling point of own brand goods is that they are exclusive to that store only! (Originally, Marks & Spencers did this, charging extra for their own brand of food products, it worked so other food stores started following this model.

## C: ADVERTISING

- Adverts may appear in magazines, newspapers, on radio, on television, on the internet (media)
- They may also appear on billboards, bus shelters, shop windows.
- Sometimes customers may receive mail/post advertising products.

### FUNCTION OF ADVERTISING (ROLE)

- **(1): To sell products and services** e.g. new car.
- **(2): To increase sales** (ie) : remind consumers of a product that has been around a long time (eg) : Cadburys milk chocolate, Coca Cola (Christmas Advert)
- **(3): To promote new products** (eg) : \_\_\_\_\_.

### ADVANTAGES OF ADVERTISING

- It **creates interest in a product** which increases the sale of that product (people buy out of curiosity) (eg) : New Dyson hairdryer, Magic Cream by Charlotte Tilbury.
- **Encourages competition between companies** which can lead to lower prices (eg) : mobile phone companies, if Vodafone advertise a new phone plan or reduced price texts etc, this is usually followed by another mobile phone company (eg) : Three, trying to “out do” the proposed plan!
- **Provides employment** (ie) : for people with qualification in marketing.

### DISADVANTAGES OF ADVERTISING

- **Adds extra cost** to a product (eg) : if a company pays a lot of money for elaborate advertising, this cost is passed on to the product by adding a little extra to its cost/price (famous actor/celebrity is paid to endorse product – e.g. Katy Perry for Just Eat ad campaign)
- **Puts pressure on consumers to purchase goods** (eg) : parents are pressured to buy certain toys at Christmas because of “intensive marketing” aimed at children – e.g. \_\_\_\_\_.
- **Can cause stereotyping** (eg) : L’Oreal always uses “beautiful” people when promoting their beauty products or Kelloggs Special K adverts use “very thin” women to “look well” in their adverts. This type of stereotyping has diminished in recent times e.g. Winnie Harlow has a skin condition called vitiligo and has been in many TV ad campaigns including Maybelline New York and Pretty Little Thing.

## D: PACKAGING

- The shape, colour, materials used in packaging can influence shoppers to buy products. It is probably the first thing we notice about a product.
  - **Beauty products:** companies like Chanel, Yves St. Laurent, Tom Ford charge a lot of money for their beauty products but they also use very “exclusive” packaging so the consumer feels they have got a luxury product for their money.
  - **Shape of Products/Packaging:** the shape of the product helps consumers to recognize products (eg) : bottle water regardless of brand (Evian, Volvic, Ballygowan etc.) has a similar shape plastic bottle, ridge, slight blue hue and a deep blue top. Dairy spreads (eg) : Dairygold, Dawn light etc. are always in rectangular plastic cartons.

## E: LABELLING

- **Designer Labels** : Gucci, Chanel etc. are often enough to sell a product. People expect excellent quality if they pay a lot of money for items. Many young people like brand names like Pam Angels, Stone Island, Nike, Adidas etc.
- **Football Clubs** : like Manchester United, Barcelona FC get massive revenue from the sale of items with the club logo (eg) : Jerseys, t-shirts, tracksuits, mugs etc.
- **Food Labelling** : it is a legal requirement since December 2016, that all prepackaged foodstuffs have nutritional labelling on the packet cover. Consumers are very nutritionally aware so if there are high quantities of sugar, saturated fats listed on a label, they may not buy this particular product (Traffic Code System used on food labelling)
  - Food labelling is important to many consumers who are concerned about eating healthy food.
  - Other labels include care labelling (See “Textiles” Handout).

## F: QUALITY MARKS

- Many consumers will look for quality marks before they purchase a product.
- These marks indicate quality, reliability and in many cases safety.



← Q Mark – Approved Quality System

(eg) : Brennan’s Bread, Avonmore Milk



← Guaranteed Irish Mark



← Pure New Wool Mark

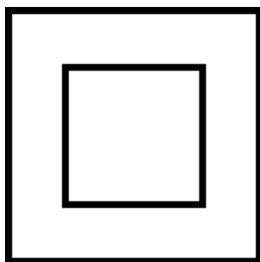
PURE NEW WOOL



← Irish Mark of Electrical Conformity



← Fire Safety Swing Label (square)



← Double Insulated (Electrical Safety Mark)

**OTHER FACTORS THAT INFLUENCE CONSUMER DECISION MAKING**

- Loyalty schemes (eg) : “Tesco Clubcard”, “Dunnes Value Clubcard”
- Good sales staff.
- Trends (eg) : blue tiles!, the colour teal.
- Peers/friends.
- Time available to shop.
- Easypay (ie) : where the consumer is allowed to pay for the item in instalments (eg) : ESB – electrical appliances.
- The shopping channel (ie) : QVC where special offers are given and demonstrations on the use of the product are given.

**CLASSIFICATION OF RETAIL OUTLETS****1) DEPARTMENT STORES**

- **EXAMPLE** : Brown Thomas, Arnotts.
- Consumers can buy a wide selection of goods in one store(+) (eg) : clothes, electrical goods, furniture, kitchen equipment, cosmetics.
- Whole “floors” or large sections of the store are designated to selling one type of product (eg) : cosmetics section. Despite this, consumers may feel pressure to buy (-)
- Department stores often have other branches around the country (eg) : Brown Thomas Dublin, Cork and Galway(+).
- Usually self service but trained staff are on stand by to give advice.

**2) SUPERMARKETS**

- **EXAMPLE** : Tesco, Centra, SuperValu.
- Supermarkets can range from the small “local corner shop” to very large supermarkets (eg) : Tesco stores.
- They sell a large range of products : bakery/food products/clothes/coffee machines/deli counters(+)
- Large supermarkets will sell “own pizza brand” goods as well as branded goods.
- They buy products in bulk and therefore are in a position to sell food at slightly cheaper prices than smaller shops(+)
- Open plan design is the norm for these shops. Customers use shopping trolleys (provided by the store) and purchase goods (self service).
- Usually long opening hours (ie) : 24 hours.
- Many provide facilities like free car parking.
- More impersonal way of shopping than buying from a ‘local shopkeeper’(-)
- Long queues (peak times)(-)

## 3) HYPERMARKETS

- **EXAMPLE** : Lidl, Aldi.
- Popular in continental Europe.
- The German store (hypermarket) has opened many branches around Ireland.
- Large, warehouse style stores(-)
- Goods are much cheaper(+)
- Lidl and Aldi have increased their purchase of Irish Artisan products, great support.
- Usually provide free car parking(+)
- Speed at checkout cashiers (quota)(-)

## 4) CHAIN STORES

- **EXAMPLE** : Dunnes Stores, Penneys.
- Stores usually have a uniform style, consistent layout and a distinctive appearance (ie) : Dunnes Stores shops all “look the same”.
- Prices are quite low/reasonable.
- Some stores have improved the quality of products (Dunnes Stores)
- Many people may have the “same” item(-)
- Dunnes & Penneys buy in bulk to keep costs to the consumer at a minimum(+)
- These stores often lack personal service(-)
- Wide range of sizes to suit all body sizes(+)

## 5) DISCOUNT STORES

- **EXAMPLE** : Dealz, TK Maxx,
- Turnover is rapid, chaos!(-)
- Not much emphasis on personal customer service, usually long queues(-)
- These stores usually sell household goods at cheaper prices than other stores (usually last season’s stock – TK Maxx)(+)
- No elaborate store design.
- Very broad selection, good for sale(+) household cleaning agents, pet products, confectionary, small electrical goods, etc.

## 6) SALE TRADERS/INDEPENDENT SHOPS

- **EXAMPLE** : Clothes Boutique.
- Often family run businesses.
- Personal service is priority(+)
- Goods are more expensive than larger stores (bought in smaller quantities)(-)
- They may offer credit.
- Goods can be specially order so not many people will have the item (exclusive)(+)

## RETAIL PSYCHOLOGY

Retailers (shopkeepers) use a variety of techniques to influence the subconscious mind of the consumer.

- Some of the techniques include ... **LEARN 5!**

### **A: PRODUCT PLACEMENT**

- By placing products on certain shelves or at eye level on certain sides of aisles, retailers can notice huge differences in the sale of a product.
- Essential or **basic food items like bread are always placed at the back of the shop** so consumers have to pass through the whole shop to get them. On the way, they may spot other products and put them in their shopping basket.
- **Luxury goods are usually at eye level** and easy to reach. Cheaper goods or more essential items are usually higher as consumers tend to go for the product that is easiest to reach.
- **Complimentary products are placed near each other** (eg) : Pizza, chops, garlic bread on one side of the aisle, ice cream and frozen desserts on the other side.
- Sometimes **shops deliberately change the position of items** so customers go looking for a product and come across “new products” which may tempt them!

### **B: IN STORE STIMULI**

- If there is a **bakery section** in the store “Maltol” is often sprayed around this section giving a “freshly baked odour” to entice customers to purchase baked goods.
- **Background music** is usually soft and relaxing in food supermarkets to give a feeling of “calm” in the store, however loud music is often played in jeans stores where a younger audience is being targeted.
- **Free food samples** are sometimes given out by food demonstrators (eg) : samples of new types of yoghurt, pasta sauce, sausages etc. The samples are free plus a “money off voucher” is usually given to encourage customers to buy the product.

### **C: PRICING**

- How an item is priced can make customers feel they are getting a better bargain than they actually are getting :
  - €9.99 is cheaper/less expensive than €10
  - Multiple buys

### **D: MERCHANDISING (see pg.1)**

- Special offers & Own brand goods.
  - 2 for the price of 1.
  - Buy 1 get the 2<sup>nd</sup> item half price.
  - 3 for the price of 2 (Boots)

### **E: LOYALTY SCHEMES**

- Some stores offer loyalty cards (eg) : Dunnes Stores Clubcard. Points are earned with every purchase, these points convert to money vouchers that can be spent in store.
- If €X is spent in store, tokens may be collected and used to buy household items at a much cheaper price (eg) : token for every €10 spent, a Pyrex casserole worth €100 could be purchased for €24.99 with 20 tokens.