

MULTICHANNEL

## Subconscious, environmental factors have radical impact on buying behavior

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*Image courtesy of Ferragamo*

By FORREST CARDAMENIS

NEW YORK A number of factors not often thought about can have profound effects on consumer behavior, according to a New York University marketing professor who spoke at L2's "Sold: Why Consumers Buy What They Buy" clinic on Nov. 3.

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Characteristics often thought of as arbitrary, such as the first letter of someone's name or the second digit in their age, can affect lifestyle decisions or an inclination to donate. These factors offer brands an opportunity to increase the effectiveness of marketing techniques in low-cost ways.

"Basically the way I think about the way consumers think is that the most interesting aspect is below the surface of the water, below the level of conscious awareness," said Adam Alter, associate professor of marketing and psychology at [NYU Stern](#). "What I try to do in my research is help to understand the stuff below the surface."

Deep blue sea

Mr. Alter identified five major external factors affecting consumer behavior: time, booms and busts, space, ego and hard times.

Markets are attuned to the effect that time has on consumer behavior habits on a macro scale, gearing marketing differently toward people of different ages and interacting differently with long-time consumers compared to new ones. However, smaller factors, such as the second digit of a person's age, are equally important.

Milestone birthdays those ending with a 0 are times of reflection and understood as a new phase of life; consequently, people who are 29, 39, 49, 59, etc. begin to reflect on the past and make changes. Survey data showed such consumers were disproportionately likely to question the meaning of life, create an account with marital affair/dating Web site Ashley Madison and run a marathon, while those with an age ending in 3 were a bit less likely.



*Ashley Madison homepage image*

"It pushes us a little deeper to think about who we are, what we have achieved in the past and what we can do in the future," Mr. Alter said.

The state of the economy also impacts what kinds of products people are drawn to.

Since at least as far back as 1950, the Index of Consumer Sentiment, which measures the degree of confidence individuals have in the overall economy and in their personal finances, shows that people are much more likely to consume happier, lighter and more upbeat media during economically tough times. When consumers feel better about the economy they are found to be more comfortable with darker media.



*Image courtesy of Rolls-Royce*

In another interesting find, the amount of space a consumer has effects both donations and buying patterns. Mr. Alter cited one study concluding that if the population density of an area were reduced, the top 5 percent of consumers by income in that region would donate an average of \$1,600 more.

Similarly, populated retail spaces make the consumer feel like she has become part of a "mass" and is having her freedom constrained. As a result, she will assert her individuality by purchasing a larger variety of products.

Ego also has a profound impact on behavior. To illustrate his point, Mr. Alter asked each person in the audience to think of his or her three favorite letters of the alphabet. At least 90 percent of the audience admitted to choosing a letter that was the first letter of his or her given name or surname.

Accordingly, people with a name beginning with a "K" donated more money and at a higher rate to Hurricane Katrina relief than the general population, and the same was true of people with an "R" name for Hurricane Rita as well as with donors being solicited to donate to a school if a teacher who shared the consumer's name.



### *Luxury shoppers*

Lastly, during hard times, consumers are much better at picking out scarcity. When shown an image of numerous red and blue circles in which one color slightly outnumbered the other, an individual can pick out the more scarce color better during difficult times.

In the retail space, this means that if there are two bottles of numerous perfumes on display and one perfume has only one bottle, sales will rise dramatically at any time, but the rise is even larger during economically tough times. When a product is overstocked, then, it is better to make it look scarce on the floor to increase sales.

"If you can get something that's rare, that's not available to everyone else, it kind of elevates you, kind of brings you up to par with everyone else," Mr. Alter said. "It makes you feel a little bit better that things aren't going so well."

Each of these intrinsic behavioral traits offers opportunities in the marketing department. If a brand has properly tracked its clientele and makes use of personalized emails and other promotions, the exact age of a consumer can be incorporated, for example, into exclusive event offerings. Economic factors can be more broadly incorporated into product marketing and fragrances could be marketed to people with whom it shares an initial.

### *Making changes*

Many marketers are also lagging on more visible changes that are drastically modifying consumer behavior.

Retailers are behind on adapting to 21st century changes to consumer behavior, but current trends offer a clear view of what modifications can be made to succeed, according to The Future Laboratory strategists at the U.S. Retail and Luxury Futures Forum 2015 on Oct. 21 in New York.

Everything from accessibility to mobile technology and a wave of emerging markets create opportunities for brands to better reach luxury consumers, but the stigma of "accessibility" and its opposition to "luxury" remains strong, meaning many consumers may turn away from heritage brands as a matter of convenience. In retrospect, the brand strategies that came about in the 1970s and 1980s during a wave of globalization have been successful, with consumers today demanding relationships with brands, but now the brands are the ones trying to catch up with the 21st century consumer ([see story](#)).

Many of these changes are related to larger-scale alterations related to adjustment to the times.

Now in the "turbulent teens" of the 21st century, luxury consumers are changing their mindset, forcing brands to evolve along with them, according to an executive from The Future Laboratory at the U.S. Retail & Luxury Futures Forum on Oct. 21 in New York.

Presenting the results of a survey of United Kingdom and United States consumers it conducted this summer, The Future Laboratory found that "luxurians" in these countries are generally seeking out experiences over goods, craving a meaningful human connection from the brands they interact with. Brands need to respond with interactions that play to consumers' intangible desires that exist outside of material ownership ([see story](#)).

"It's incredibly powerful," Mr. Alter said. "You can often predict across a population a number of effects with a pretty good degree of accuracy, and these have pretty serious economic consequences."

Final Take

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