The Psychology of Advertising and Consumer Behavior

by

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Abstract

How do American corporations make people want things they don't need? This essay explores existing information on a topic that is constantly evolving. Up until 1929, consumer culture was based on needs rather than wants. Companies advertised their products exactly as they came, and lacked further persuasion that would lead to unnecessary purchases. Once Edward Bernays discovered that people's buying choices could be manipulated based on the way that they think and behave, advertisements started to strike an emotion and consumer culture was suddenly led by desire.

Consumer psychology involves a wide range of topics that explain why consumers think/behave the way they do, and how their buying decisions are influenced by different internal and external stimuli. This essay will go over in detail the five steps that consumers go through when buying a product or service. Once it is understood how consumers go about satisfying a want or need, it is then important to see how businesses can manipulate consumers to make them think there is something to be satisfied in the first place. While manipulation has a bad connotation, in marketing it is not necessarily badly intended. There are a set of rules by the American Marketing Association (1992), that separate what forms of consumer manipulation are ethical and unethical. Examples of unethical marketing activities include spreading misleading information, provoking fear or pressure to buy a product/service, exploiting emotions or a news event, or making false statements about a competitor. Common examples of ethical manipulation techniques include the capitalization of people's laziness, insecurities, and the fear of missing out. These techniques take advantage of the way people think or feel and use that information to come out with products or services that would complement those feelings, but do

not break any of the AMA rules of ethics. Companies also use subliminal messages, celebrity endorsements, and psychological techniques to decide how they should create sales, slogans, and prices.

Not only are there stimuli within the product or service that is meant to persuade people to buy, but also in and out of the stores they are physically in. Atmospheric factors such as sound, lighting, color, etc., play an enormous role in people's decision to want something and make a purchase. All of these advertising techniques and environmental factors cause consumers to inevitably behave irrationally, or more specifically, shop without logical reason. Examples of irrational shopping behaviors include compulsive shopping and shopping addictions. What makes shopping addictive and what are the consequences of it? Many people also enjoy shopping for luxury brands, even if they are unable to afford them. With the use of credit cards, consumers often find themselves in debt because of their desire to own or experience things that make them feel rich. This essay will dive deeper into different studies and literature that examine these aspects of consumer psychology as well as advertising techniques.

Both marketers and consumers could greatly benefit from existing information about marketing and consumer behavior. It is in the advertiser's interest to know how to make people want things they don't necessarily need. On the other hand, consumers may become more attentive and aware of their buying decisions and will be able to better question why they want certain things. This is especially important for compulsive buyers to keep in mind in an attempt to control their shopping habits.

1. History

Edward Bernays, the American pioneer in the field of public relations, first discovered how to link mass-produced goods to people's subconscious desires and feelings. Bernays was born in Austria in 1891 but was raised in New York City. He was Sigmund Freud's nephew twice over, and from an upper-middle-class family (Justman, 1994). Bernays was fascinated by his uncle's idea that irrational forces drive human behavior and used that as a way to help businesses sell products. George Washington Hill, president of the American Tobacco company hired Bernays to help grow the consumer population. In 1929 cigarettes were seen as a symbol of male sexual power, and so much so, that it was socially unacceptable for women to smoke. If a woman wanted to smoke, she would have to do so in private. Greater success in the tobacco industry required a challenge to this social taboo. On April 1, 1929, Bernays used the Easter Sunday parade in NYC to stage a campaign known as "Torches of Freedom." He instructed several women to light up cigarettes and smoke them in public and informed the press beforehand. The story was covered by newspapers locally, nationwide, and internationally, and was seen as a protest against women's inequality. Women around the world started smoking just to feel empowered, which made the tobacco industry boom. Tobacco advertisements began to cater to women by changing slogans such as "Blow in her face and she'll follow you anywhere" to "to keep a slender figure no one can deny… reach for a Lucky instead of a sweet."

Cigarettes alone do not hold the power to remove an ancient prejudice or supply anyone with a higher power or status. It is how they were advertised that led women to satisfy some sort of insecurity. This strategy has been present since the U.S. shifted from a needs culture to a desire culture. Before World War 1, people were saving money only for things they needed. There was no desire for unnecessary services or products. The overproduction of goods after the war sparked the fear that people would have everything they needed and would just stop buying.

Products were no longer bought if advertised for their exact purpose. Companies needed to target people's emotions and deeper desires to make them want what they were selling.

2. Consumer Behavior

A major part of learning how to be a good marketer is knowing how consumers make decisions. Marketing can be defined as meeting customer needs profitably (Kotler & Keller, 2012). To meet these needs, they have to be understood and even shaped. Consumers are all profiled and characterized so that marketers can develop techniques to target each type of consumer. For example, in 1986, two consumer psychologists created a methodology for profiling different types of consumers and their decision-making styles (Sprotles & Kendall, 1986). Examples of these types of consumers include perfectionist, price-aware, confused, brand-aware, hedonist, fashion-aware, impulsive and habitual. For companies to be as successful as they can be, they need to know how to attract all kinds of shoppers.

Sprotles and Kendall provided brief descriptions for each type of customer. Perfectionists look for the highest quality product when shopping, and brand-aware customers prefer brand names and designer labels over quality. Hedonists use shopping as a joyous activity, price-aware customers seek lower prices and discounts, fashion-aware customers follow trends and seek variety and impulsive shoppers make spontaneous purchases based on their current mood or desires. Lastly, confused customers are overwhelmed with choices and information and habitual customers follow routines and buy what they already know.

A five-step model, also known as the EBK mode, examines the consumer decision-making process (Blackwell, Engel & Miniard, 2006). Businesses use this information to stay ahead of the game when trying to sell products. These five steps include problem/need recognition, information search, alternative evaluation, purchase, and post-purchase.

Need/Recognition

The first stage of consumer decision-making is the realization that there is something needed to be satisfied. There are countless amounts of *internal* or *external* stimuli that can bring one to recognize there is something that they want or need. Maslow's hierarchy of needs provides examples of the basic needs that trigger internal stimuli such as air, water, food, shelter, rest, clothing, and reproduction. On the other hand, an example of an external stimulus triggering the want for something could be a friend showing off their new mechanical scooter. Without any recognition of a want or a need, there would be no desire to make any purchase so this stage is essential to the whole process.

Information Search

After the consumer has established that there is suddenly a need that is yet to be satisfied, they will search for information on what exactly it is that they want whether it be internally or externally (Rose and Somouel, 2009). There are two levels of arousal in a consumer who is searching for information (Munthiu, 2013). The first level is known as *heightened attention*, where the consumer is on a higher alert regarding information about what they are searching for. For example, someone looking to buy a new car might be much more attentive to the car models that pass them on the road, or to car-related billboards. The second level of arousal is *active information search*, which is when the consumer goes out of their way to find information about what they are looking for. Examples could be doing online research, asking friends questions, etc. There are also two types of research such as *internal research* and *external research*. Internal research is when somebody uses their memory, knowledge, or beliefs to make their buying decision, whereas external research requires someone to get information from sources other than themselves (other people, commercials, media, examination of the product, etc.) Usually, external sources that are more personal to the consumer have more value than commercials. "It's rare that an advertising campaign can be as effective as a neighbor leaning over the fence and saying, *'This is a wonderful product*.'" (Kotler & Armstrong, 2008). It is often that this stage of decision making leads to a choice overload, where consumers become frustrated and lack the motivation to choose the right thing (Iyengar 2010; Iyengar, Huberman, and Jiang 2004). With too many options, people are more likely to place blame on themselves for picking the wrong item and decide to not risk it at all.

Alternative Evaluation

In the evaluation process, consumers now know enough about what it is they want, that they can look into alternatives to decide which decision is the best for them. Examples of factors in this step can be price, quality, quantity, size, durability, etc.

Purchase

After the consumer has recognized the desire, researched the product, and looked into alternatives, they are now at the stage where they are ready to spend the money. Making it to this stage is not a guarantee for following through with the purchase. Two factors often interfere with the consumer's intention to buy and the act of making the purchase. One factor is the persuasion/discouragement from other people, especially people of importance. For example, if someone intended on purchasing a high-end camera, they might have someone important to them tell them to buy a cheaper camera with similar qualities. The second interference could be due to unexpected situational factors. This could include a change in anything regarding the product that was once a favorable factor in the purchasing decision. According to Q1 2016 research, the digital shopping cart abandonment rate worldwide is 74.3%. If the buyer does decide to make a purchase, they move on to the post-purchase stage.

Post-Purchase

Although the consumer has already made a purchase, they still have decisions to make which can include returning the purchased item, and deciding if they will buy the same product again or return to the same company/service in the future.

Types of Consumers

To always be one step ahead of the game, businesses typecast and categorize consumers to understand how to target them when marketing. The different categories of consumers act differently from each other, so businesses need ways to target each one.

Loyal

Loyal customers are essential for every business to maintain success. These customers have formed a relationship and have gained trust and respect for the brand. For this reason, they return to the same business and give a good “word-of-mouth” without the company having to pay them for it. According to *Fundera*, 65% of a company’s business comes from existing customers. It is incredibly important for businesses to think about what they can do to keep their customers happy enough to continue coming back.

Impulse

Impulsive shoppers are highly affected by their mood when shopping. What makes a shopper impulsive is their spontaneous desire to buy something that feels right only in that moment.

Discount

Discount customers show the least loyalty to a brand, as they are quick to shop around just for the best deals. These customers often go straight to the sale section or ask around what discounts are currently being offered. They are more interested in the discount they receive rather than the item that discount is for. Many people believe that if they see what they think is an amazing deal, they might as well just make the purchase because "how could you not?" These types of customers usually own many things that they hardly use because in the moment, they only bought them for a discounted price. A study by Dr. Paul J.Zak, professor of Neuroeconomics at Claremont Graduate University, showed that discount coupons had an impact on consumers' happiness, health, and stress. They found that people who received a $10 voucher experienced a 38% rise in oxytocin levels and were 11% happier than those who were not given a coupon. They were also more relaxed and filled with less stress, with respiration rates dropping 32%, heart rates decreasing by 5% and sweat levels being 20 times lower than people without the coupon (Alexander, Tripp & Zak, 2015). An infographic compiled by *Invesp* states that almost two-thirds of surveyed consumers make purchases that they were undecided on if there was a promotion or coupon.

Wandering

Wandering customers tend to enjoy the experience of looking around stores rather than making any purchase. Sometimes they just like to get inspired, kill time, have social interactions, or are intrigued by the ambiance of the store. These are the least helpful customers to a business as they usually have no intention of buying anything, and are only filling up store space. However, wandering customers might ask questions about products or services that lead them to return in the future or spread the word about the company/brand.

Need-Based

Need-based customers have a specific plan in mind when they are shopping. They already know exactly what they are looking for and where they are going to get it. These customers often decline help when asked by an assistant since they already know everything they need to and can easily be irritated by overwhelming assistance. It is, however, important that positive interactions are initiated whether it be more personal or just friendly so that they have a reason to come back. When a customer is inattentive to the manipulative stimuli in the store, it is easy for them to be drawn to any other business, so good customer service is the best attempt to bring these customers back to your store.

3. Consumer Manipulation

Manipulation can be defined as the act of influencing or controlling someone or something to your advantage, often without anyone knowing it (Cambridge Dictionary, n.d.). More specifically, consumer manipulation is the act of businesses using emotional and or irrational appeal to get people to buy their products. Commercials and advertisements surround us constantly every day on posters, web pages, television, social media platforms, radio stations, magazines, etc., making it almost impossible to ignore. For the most part, people tend to brush these off as annoying interruptions that do not affect them. It is easy to think that they are in complete control of their own choices because the objective of the messages is not meant to be obvious. To manipulate the consumers, they have to make them think that their decisions are completely up to them. Understanding consumers is an essential part of selling a product. With market competition and the paradox of choice, businesses need to understand what it is that will make the buyers choose them.

Companies can choose to present their products exactly as they come, present only the best parts of their products, or present their products in a deceitful, false, or threatening way. Today, choosing to sell your product blatantly and unbiasedly will keep people from the desire to buy. As Paul Mazur of Lehman Brothers said, "People must be trained to desire, to want new things even before the old had been entirely consumed. We must shape a new mentality in America. Man's desires must overshadow his needs" (Mazur, 1927). There are many basic things that people need such as food, water, shelter, and more, so once those are fulfilled, there needs to be the excitement of wanting. Wanting things that are not needed but satisfy a desire.

Choosing to sell a product in the best possible light is a tactful yet fair form of marketing. As long as the product is advertised with facts that are easily understood, the company is not doing anything wrong. There may be disadvantages to a product that people would like to know about, but they can sell the product however they please as long as they are being honest about what they decide to share.

Marketing that advertises a product with false and deceitful information is unethical. There is a moral line that can be crossed when advertising, and typically businesses like to go as close to that line as they can without crossing it. Advertisers may think it is in their best interest to make a product appear as appealing as possible, but if done unethically, it can come with consequences. People who know they have been lied to become angry and are likely to not fall for the same trick twice. A word of mouth can then lead to investigations and fines (Mack, 2017).

The Federal Trade Commission has rules about deceptive advertising and pricing. It states that companies can advertise a reduced price on an item if the previous price of that item was offered for "a reasonably substantial period of time," (FTC, 1967). In contrast to this rule, major stores often advertise sales on items that are actually the same price as they usually are. The nonprofit Center for the Study of Services conducted a study that tracked the prices of big-ticket items at several national chains. They found that Sears, Kohls, Neiman Marcus, Kmart, JCPenny, and Macy's advertised sales on items that were almost always already on sale. Specifically, the tracked items at Sears were on sale 85% of the time. 81% of the time, the tracked items at Kohls and JCPenny were on sale, Kmart items were on sale 76% of the time, 60% at Neiman Marcus, and 84% at Macy's (Brasler, 2020). The findings of this study should inform people that a sale price doesn't always mean a *good* price. It is also important to shop around and look for better prices at other competitor stores.

4. Perceptions of Fair Pricing

After understanding how companies decide their pricing, it is important to know what consumers consider fair. When is it okay for firms to increase their prices and when is it not? The three main reasons that firms raise their prices are either due to a rise in cost for producing the goods/services, when consumer demand is high, or when product supply is running low. Kahneman, Knetsch, and Thaler (1986) conducted a survey to measure consumers' perception of what fair pricing is. They found that it is fair for a firm to raise their prices when the material cost is higher, as opposed to when there is excess demand. For example, a recent shooting on New York's MTA caused a high demand for driving services such as Uber and Lyft. These services enacted surge pricing knowing that people's fear left them with no choice but to pay their prices. The rise in prices left people frustrated and upset, as the services were taking advantage of their needs. On the other hand, people would consider it fair for driving services to increase due to an increase in gas prices. When product stock is running low, consumers consider it unfair when firms distribute the last of their products or services to people who can afford to pay higher, leading to financial discrimination.

People’s perceptions of what is fair also depend on the firm’s motives. If a company is trying to make money for a good cause/donation, it would be more accepted (Campbell, 1999). This is because it feels less like their needs are being taken advantage of. Many people are willing to pay more money if they know it is going towards someone or a group of people who are in deep need of it. On the other hand, if the rise in cost is purely for the firm’s advantage, people would have a negative reaction.

Transparency plays a major role in the perception of price fairness. People like to be fully aware of why certain services or items are priced the way they are. It gives them full control over their decision to make the purchase since they know exactly what they’ll be getting. For example, someone comparing two, similar-looking shirts from different stores, might be willing to buy the more expensive one if that company provides a justifiable explanation for that price. That shirt might be made out of a strong, long-lasting material while the other material is unknown. The more expensive company might offer free shipping and returns while the other one has confusing and misleading policies. People find great comfort in transparency in companies and are often willing to pay a higher price for that reason. However, transparency can backfire if it makes people aware of certain things such as price differences or inconsistency that seems unjustified.

The constant growth of the internet allows consumers to compare prices and do all of the research they need to determine if a product or service’s pricing is fair. Without the ability to research, people would have to accept the prices they see because there is no evidence to suggest they can get something similar for a much better price. However, along with the growth of power in consumers, there is also a stronger power in firms. The internet allows businesses to collect consumer data and use their shopping behaviors against them. Firms have the ability to study what most attracts consumers and can therefore decide which advertising/marketing techniques to use.

5. Advertising Techniques

Laziness

Businesses and brands are continuously capitalizing on consumers' laziness. People like owning things that provide them quick, easy, and convenient satisfaction. As technology advances, patience is running lower and laziness is rising (Janakiraman, Meyer & Hoch, 2011). This is due to the growing reliance and convenience of other tools that keep people from needing to do anything themselves or wait long periods of time for things to get done. For example, many people choose to get groceries delivered to their homes as opposed to shopping for themselves. People also tend to search for the quickest and easiest ways to lose weight such as "slim teas" because they want results without the work. They can take transfer money and make purchases with their phones as opposed to going to the bank or paying with a physical card. With the growth of virtual reality, people are now able to play sports, travel the world, and hang out with people from across the country, from their living rooms. The growing dependence on goods and services leaves businesses at an advantage since people will pay more money for a quick fix.

Insecurities

The most prevalent technique in advertising is making consumers feel insecure. To sell a product, companies need to tell people why this product would make them better and what they are lacking without it. For example, an “Old Spice” commercial advertises smelling like a man, by using the line “look at your man, now back to me, now back at your man, now back to me. Sadly, he isn’t me.” The ad continues to imply that men are not manly enough if they don’t smell like Old Spice. This advertisement uses this common insecurity for profit, knowing that men will want to make this purchase to feel more masculine no matter how illogical it is.

In 2008, Dove Self-Esteem Fund conducted a study to measure female insecurity and found that 62% of girls between the ages of 8 and 18 lacked confidence in themselves, and 71% of those girls said it was related to their appearance. These statistics could be used to an advantage, specifically for companies that revolve around beauty. Throughout history, there have been different beauty standards that are especially enforced by the media and advertising. For example, there are always products that promote better hair, better skin, better shape, better style, better smell, etc. Because insecurities run so high regarding appearance, there is always going to be a desire to fix those insecurities.

Subliminal Messages

Subliminal Messages have been defined as a technique that exposes consumers to product images, brand names, or other marketing stimuli without the consumers having conscious awareness (Trappey, 1996). There are many conflicting studies about whether or not subliminal messages are effective in controlling consumer behavior. For example, Harris, Bargh, and Brownell (2009) conducted a controlled experiment where they showed children cartoons with advertising that either involved unhealthy food or no food at all. All children were offered cheddar cheese goldfish and water while watching, and results showed that the children whose advertisements were food-related, ate a significantly larger amount of goldfish than the children whose advertisements were not food-related. The children in the experiment were under the impression that they had full control over their decision to eat the offered snack but subconsciously made their decision based on what they were watching. The results of this study indicate that people's decisions can be influenced by stimuli that don't appear to be persuasive or related to their decision at all. Because people don't like to be controlled and prefer to make decisions on their own, subliminal messages are a tool that marketers may use to control people without them ever suspecting it.

On the contrary, one study found that undetected messages in commercials did not affect the viewer's intention of reacting positively to that advertisement, adding to the argument that hidden messages have no real, beneficial outcome (Smith and Rogers, 1994). In this experiment, subjects watched different commercials with the words "choose this" hidden in the background at different levels. Afterward, they were measured on their intention to respond positively to the advertisements, yet there was no difference in responses across the different conditions.

Pricing, Sales, and Slogans

One prevalent and effective marketing technique is known as "odd pricing" (Hawkins, 1954; Knauth, 1949), "psychological pricing" (Mason and Mayer, 1990, p. 442), or "just-below-the-round-figure pricing" (Gabor and Granger, 1964). This technique is what retail price-setters use to determine the last digit of the price which should be lower than a number ending in zero. For example, instead of an item costing $4.00, it might cost $3.99. Typically, the most common retail prices end in 49, 95, and 99 (Kreul, 1982; Schindler and Kirby, 1995; Twedt, 1965). The purpose of this is to make consumers feel like they are getting a discounted price. There is a great inattention to the rightmost digits in prices, so many people will think of $4.99 as

$4, even though it is only one penny less than $5. On the other hand, if that same item was raised one cent and labeled as $5, there would likely be more hesitance to make that purchase.

One study created and sent out two catalogs of women's clothing, one with prices ending in 99, and the other with prices ending in 00 (Schindler & Kibarian, 1996). Results showed that the catalog with prices ending in 99, created significantly more sales than the rounded catalog, even with only a one penny difference.

The reason that psychological pricing like the 99-cent trick works is because people subconsciously feel like they are getting a discounted price, meaning that there is an even greater effect when a price is *actually* discounted. A survey created by the coupon marketplace, RetailMeNot, found that 70% of millennials look for deals before making a purchase, 66% of people would likely make a purchase if they had a coupon, even if that purchase was unnecessary, 80% of people would try a new brand if they were offered a discount, and 48% of people would avoid brands that aren't offering any discounts (RetailMeNot, 2018).

When creating discounts, there still needs to be psychological techniques involved. For example, marketing professor Jonah Berger conducted a study to test the difference in the effectiveness of percent discounts vs dollar-off discounts. According to his research, consumers are more attracted to percent discounts when the original price is over 100 dollars. For example, a $2,000 laptop is more appealing if it's discounted $500 less, as opposed to a 25% discount (even though the price is the same). On the other hand, Berger found that when the original price is below 100 dollars, percent discounts make better sales. For example, 10% off of a $50 sweater sounds more appealing to consumers than a $5 discount. The reasoning for this is that when the original price is high, consumers would rather see that large amount of money that is taken off. When the ticketed price is low, a percent feels like more money is taken off than a few dollars.

Even if people can do the math in their heads, the way that the discount is framed has a major impact on people’s decision to make a purchase.

Something to consider when creating slogans or ad campaigns is the time vs money effect. This involves the decision to invoke either the idea of time or money in the way a product is advertised. For example, the slogan created by Folgers, “the best part of waking up is Folgers in your cup,” incorporated the theme of time. On the other hand the slogan “Feels pretty good when you save money, doesn’t it?” by Honda’s clearance event, uses money as its theme. Jennifer Aaker, professor of marketing at Stanford University’s Graduate School of Business, expresses how big the difference is in consumer reactions to something as subtle as the mention of time or money. The concept of time engages people who are more interested in their personal experience with a product and what time is like when spent with it, while other people may prefer to know they are getting something for a good price.

FOMO

Limited offers and deals invoke a phenomenon known as FOMO (fear of missing out). Przyblyski et al. (2013) defined FOMO as “a pervasive apprehension that others might be having rewarding experiences from which one is absent.” Usually, this term is associated with people's desire to be a part of social events or social media, but this “fear” is very commonly taken advantage of by businesses. This technique influences consumers to purchase items or services, just because the opportunity is limited. Catchphrases such as “hurry before it’s too late,” “buy now or regret later,” or “limited spots available" create a sense of urgency and spark the fear of missing out on an opportunity. The rush to purchase something that has a limited offer leaves people with less time to consider other options or rationalize why they even need/want it. They fear that if they don't take advantage of a limited deal, they will be missing out.

Celebrity Endorsements

An incredibly common and well-known technique to persuade consumers is the use of celebrity endorsements in advertising. The term 'Celebrity' has been defined as a person who is popular among a large group of people for their accomplishments, including actors, sportspeople, entertainers, and more (Friedman and Friedman, 1979). Stafford *et al,* (2003) defined endorsers as *"*A famous person who uses public recognition to recommend or co-present with a product in an ad." In hopes for growth in brand reputation and value, companies spend large amounts of money on celebrities to use as spokespeople or ambassadors. Celebrity endorsement has been considered a billion-dollar industry (Katyal, 2007).

Celebrities have a great influence on society because, for the most part, they are seen as role models. Copying or imitating the lifestyle of celebrities, makes people feel like they too can be successful. They also attract viewers that would normally be uninterested in the brand, because their attraction to the celebrity transfers over to the brand. Marketing studies have investigated the effectiveness of celebrity endorsements on consumer behavior (Wei & Lu, 2013). Different factors determine whether or not celebrity endorsements are successful such as credibility, expertise, and attractiveness (Ohanian, 1991). Celebrities with high credibility show great confidence in what they are sharing with the public. High expertise means they are well informed and experienced with what they are conveying, and their attractiveness is linked to their physical appearance which is usually beneficial when selling beauty-related products, (Baker and Churchill 1977; Chaiken 1979; Debevee and Keman 1984)

Generally, product endorsement has been found to have positive effects, (Silva et al., 2015; Ambroise et al., 2014) but this is not always or consistently the case. There can be a damaging result in celebrity endorsement if that celebrity has done something unlikeable or illegal (Um, 2013). For example, Bollywood star Aamir Khan made remarks about intolerance in India, which upset many people. At the time, he was the brand ambassador of Snapdeal, an Indian e-commerce company, which began to receive 1-star ratings as a way to protest Khan. Despite the risks taken with celebrity endorsements, if done efficiently they have the biggest and most successful effects on consumers and their decision to make a purchase (Sohail and Sana, 2011).

6. Store Atmospheres on Shopping Behavior

Many environmental cues play into the consumer's decision to make a purchase in a store. Retailers set their stores up specifically to attract customers, tempt them to buy more, and provide an easy, satisfying shopping experience (Levy & Weitz 2009). Donovan and Rossiter (1982) created a model that shows how the environment impacts consumers through pleasure, arousal, or dominance. Different environmental cues such as lighting, scent, music, and product placement are factors that provoke consumers to make impulse purchases. Creating an exciting environment that is also aesthetically pleasing is important. Elements to consider would include lighting, music, flat-screen videos, graphics, aromas, in-store music, and flooring (Morrison, 2001). Researchers have also found that the people in the store, including customers and employees, all have an impact on each other's buying behavior (Bitner, 1990).

When shopping, consumers are either looking for a specific product or service to satisfy their needs or are buying without intention (impulsive buying). When shopping without intention, there are not only external factors that contribute to the consumers buying decisions, but also internal. Examples include the buyer's state/mood, social values, and social status (Prasad, 2009). Consumers who enter a store for a specific item may also be affected by the different internal and external factors to make impulsive purchases as well, however, it is more unlikely because they originally had a clear motive and purpose for entering the store.

The atmosphere of a store plays a major role just on a person’s decision to enter or explore the store. For example, if a store is overwhelming or uninviting, a person may either not walk in at all, or walk out without exploring through. Oftentimes, stores that are chaotic or unorganized lead shoppers to lose their patience looking for something they want and give up quickly. Organization is incredibly valuable in a retail store because it gives people the opportunity to go through items they know they might be interested in rather than having to look through the entire store. Baker (1987) divides the environmental factors in a store into three components including ambient factors, design factors, and social factors. Ambient factors are the background conditions including air quality, humidity, temperature, noise (pitch & volume), scent, cleanliness, circulations/ventilation, lighting, and music. Design factors include the store aesthetic, architecture, decor, layout, texture, pattern, comfort, color layout, and function. Lastly, the social factors include the number of people or workers, their appearance, and their behavior (Baker, 1987). To test the effect of music on consumer buying decisions, a study found that a wine store sold more expensive bottles when classical music was playing than when they heard Top 40 music (Areni & Kim, 1993). Edwards and Shackley (1992) investigated the impact of external store factors on consumer decisions and found that window displays showed the most effectiveness in the decision to make a purchase. The design shown through the window lets consumers catch a glimpse of what is inside, so if they like what they see through the window, they are likely to find things they like inside. All of these factors are incredibly important to consider when trying to make a happy and comfortable experience for shoppers. Many companies tend to focus more on sales or promotions and pay less attention to their store environment.

This information is important for retailers to consider when trying to increase sales. It is also important for consumers to consider so that they are more aware of their impulsive buying decisions and to recognize that many things they buy are more based on the shopping environment than their wants or needs.

7. Retail Therapy

While many shoppers might want to use this information to help them save money, others may be completely okay with their impulsive behaviors because it tends to make them happy. "Retail therapy" is using shopping as a way to cheer oneself up. Oftentimes people like to "treat themselves" when they are upset or think they are deserving of some sort of reward. In this case, the happiness that they are craving from purchasing something outweighs the cost of it. Atalay & Meloy (2011) conducted a study using random shoppers at a mall, to examine if retail therapy is prevalent consumer behavior. They found that the most common reason for making an unplanned purchase was due to a negative mood, making these purchases a "treat". They also found that people's moods were elevated post-purchase. There was no evidence to suggest that individuals experienced feelings of guilt or anxiety following their self-treat purchase. These results are further supported by Rick et al. (2013), where three experiments concluded that shopping choices restored people's control over the environment, reducing residual sadness.

Being that many people turn to shopping to satisfy some sort of negative emotion, or simply just boredom, buying decisions are often compulsive. Compulsive buying can lead people to mental and financial damage. Similar to any other addiction, people use shopping as a way to find short-term happiness, which results in long-term consequences. Compulsive buying disorder (CBD) has been defined as repetitive, uncontrollable, and chronic purchasing that is someone's constant response to any negative emotions, to receive short-term gratification, harming themselves and/or others (O'Guinn & Faber, 1989). Goldsmith and McElroy (2000) have listed three criteria used to diagnose someone as having CBD. These being:

1. Frequent preoccupations with buying, or actuary buying, that is viewed as excessive, intrusive, or senseless.
2. These impulses or behaviors cause marked distress and significantly interfere with social or occupational functioning and/or result in serious financial problems.
3. The shopping does not only occur during periods of hypomania or mania.

Generally, this disorder begins to occur in people's late teens or twenties (Black, 1996; Christenson et al., 1994; Schlosser et al., 1994). This is because at that point in people's lives, they start to become financially independent, however, the research is not incredibly strong, being that most people with CBD fail to admit or recognize that they have the disorder at all. The strongest data on compulsive buying demographics is on gender. Most studies found that women make up 80 to 95% of compulsive buyers (Black, 2001). This research is flawed, however, because the information is collected through volunteers or people seeking help, which are more commonly women. While the data may be more imbalanced than it truly is, it is still strong enough to assume that women are more likely to have CBD. Further research should be conducted to determine a more accurate demographic.

Shopping is one of the many different examples that people with impulse control disorders attach themselves to. Different activities that are considered cultural norms such as exercise, eating, drinking, work, and sex, could be risky for people who lack impulse control. For example, there are "gym rats," binge eaters, alcoholics, workaholics, and sex addicts. So there is a question of what about shopping makes it a risk factor. Buying is an activity that not only seemed as normal but is extremely encouraged. Advertisements surround people at all moments of every day and are disproportionately targeted toward women. Every advertisement displays some sort of satisfaction one might get from that product or service. Therefore, someone who is constantly striving for short-term satisfaction is very susceptible to compulsive buying, especially with the convenience of it.

8. Desire for Luxury brands

While the majority of consumers want "more for less," there remains a group of people who find more happiness in individualism, even if it means spending a fortune. Luxury brands that produce either clothing, alcohol, accessories, food, etc., offer a unique pleasure to consumers, as it gives them an 'upper class' experience. For example, there is an edible gold leaf ranging from $30,000 to $100,00 per kg, an 18-karat gold paper clip from Tiffany & Co. for &1,500, a $3,100 handbag from Louis Vuitton, and a $304,375 bottle of Châtaeu Cheval Blanc wine. If brands sell themselves to be "top-of-the-line" and are consistent with consumer satisfaction, people will go along with the price tags. Consumers enjoy pricier products because they are deemed to be less risky. People associate higher prices with higher quality, meaning that spending more money is worth it because they will have no regrets after. A study by Insider (2018) was conducted using a “marketing placebo effect” where alcohol enthusiasts and connoisseurs attended a wine tasting session where the drinks were secretly replaced with cheap grocery store beverages. Subjects reported a higher preference for the wine they believed was more expensive no matter what it was they were actually drinking.

9. Consumer Irrationality

It’s important to understand that generally, consumers do not act rationally. A rational person would use reason and logic to make decisions that are in their favor, financially in this case. Credit cards give people the opportunity to purchase luxury goods even if they don’t have the finances for them. A large chunk of the people who enjoy buying expensive things are not as wealthy as it would appear. In fact, the population of super-rich people is not large enough to keep luxury brands in business. This means that these brands typically target middle-class people who find happiness and satisfaction in appearing wealthy. According to Statistica (2021), two in three Americans are in debt, and the average value of debt was as high as 5.5 thousand dollars. The short-term rewards from expensive purchases cause irrational behavior in consumers, setting them up for financial issues. A specific example of consumer irrationality is the desire to spend much more money on a watch that looks exactly the same as a knockoff brand, just because of the brand name. If both watches work perfectly, function the same, and have the same style, a brand-aware consumer would spend the money just to know they own the “real deal.”

There are countless examples of consumer irrationality, but one of the biggest is that we succumb to our moods. Psychologists have studied tremendously the role of emotion in decision-making (Dmasio, 1994). Some specifically study the emotions that are experienced while making decisions, known as *visceral factors* (Loewenstein, 1996). These factors include negative emotions (e.g., sadness, fear, anger), drive states (e.g., hunger, sexual desire, exhaustion, thirst), and feeling states (e.g., pain, discomfort). These visceral factors play a role in people's shopping behaviors. For this reason, many people avoid or regret grocery shopping while hungry, because they end up spending too much money on food they don't need. If they were thinking logically, they would recognize that their current state of hunger should not control what they end up purchasing. As another example, if someone was afraid of a suspicious person in the store with them, they would be much more focused on their safety than buying what they need, likely causing them to walk out without making any purchases.

Understanding the psychology of consumer behavior and advertising is beneficial for both marketers and consumers. Consumer psychology is incredibly important to understand when trying to advertise products or services. When a business understands their customers, they are better able to provide for them and advertise in ways that are likely to gain their attention or trigger their desires. With competition everywhere, companies need to guide people towards what they are selling, whether that be through product packaging, store atmospherics, advertisements, or more. Businesses need to look further than the product or service itself and come up with ways to make people not only want what they’re selling but also choose their brand over competitors. For consumers, it is helpful to gain self-awareness and recognize that their shopping decisions are not completely under their control. If people started to think twice about their desires, especially those that are impulsive, and rethink their shopping habits, they could save themselves a lot of money. As new technology, social trends and shopping experiences come about, our understanding of consumer behavior will continue to grow and will improve marketing strategies for firms and consumer welfare.

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