

Consumer Psychology: What They See and How They Think Influences What They Buy



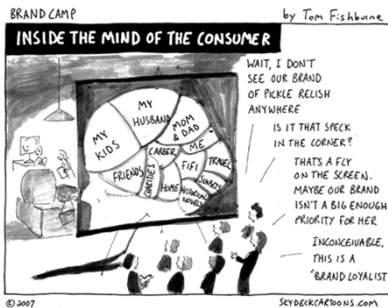
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Department of Horticulture
Michigan State University
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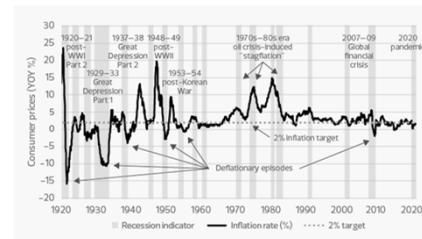
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Consumers have a lot on their minds (often not our stuff).

2

U.S. inflation rate in post-recession periods and episodes of deflation



Americans have enjoyed 40 years of low inflation. If you were an adult in the 1980's you remember!

5

Consumers aren't rational.

- Most of our research shows that consumers make product choices based primarily (and mostly) by what the product is.
- Semantics matter. It doesn't matter what they know (facts) only what they think. Meet them there. Tell them the truth. Back it with evidence.
- Perceptions matter. Understand what they perceive. Then you can be the rational one.
- Lower prices are almost always (none in my studies) preferred to higher prices. The segment that makes product choices primarily on price is less than 25%.

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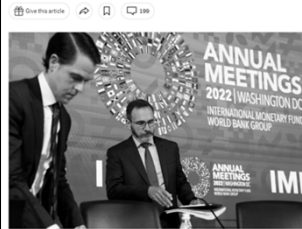
Consumer Confidence Index®



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A Warning for the World Economy: 'The Worst Is Yet to Come'

The International Monetary Fund lowered its growth outlook for 2023 and suggested that interest rate increases could spur a harsh global recession.



"The risks are accumulating," said Pierre-Olivier Gourinchas, the International Monetary Fund's chief economist, right. (Source: The New York Times)

"In short, the worst is yet to come, and for many people 2023 will feel like a recession," the International Monetary Fund report said.

The organization maintained its most recent forecast that the global economy will grow 3.2 percent this year but now projects that will slow to 2.7 percent in 2023, slightly lower than the fund's previous estimate. Both figures are big comedowns from the start of the year, when the fund projected global growth of 4.4 percent in 2022 and 3.8 percent in 2023, highlighting how the outlook has darkened in recent months.

Source: New York Times 10/11/2022

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Let's talk about price

- Outlay customers make to obtain a desired product or service.
- Price is an indication that something has value to both buyer and seller.



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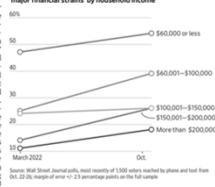
Inflation Strains Voters of All Incomes

By Jane McCormick
And Brian Mena

The economic pain from the highest inflation in four decades is reaching across all income groups and casting a broad shadow over Democrats' prospects for keeping control of Congress in Tuesday's mid-term elections, the latest Wall Street Journal poll shows.

2022 ELECTION
Lower-income voters are feeling inflation's impact the most, but the survey shows the burden of rising prices is also weighing more heavily than earlier this year even on wealthier households. Among those with annual household

Share of surveyed voters that say inflation is creating 'major financial strain' by household income



Fuel Costs Tick Up After Steady Drop

Escalated fuel prices and shortages remain a concern for U.S. consumers ahead of Tuesday's midterm elections. After a steady decline, the average price of unleaded regular gasoline has been ticking up again, reaching \$3.80 a gallon on Sunday, according to AAA, far from the \$5 that stung drivers in June but still 30 cents higher compared with the same period last year. It is \$2.40 higher than when President Biden took office. The average price of diesel hasn't dipped under \$5 a gallon.

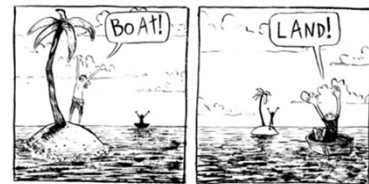
for close to a month, and stockpiles (which weekly haven't been this low since 2005, according to AAA and federal data. Forces that have pulled fuel prices higher include recovering demand after the height of the Covid-19 pandemic, a shuffling of oil flows after Russia's invasion of Ukraine and shutdowns of refineries, all against a backdrop of reduced investments in the oil and gas industry, analysts said. "We never got back to pre-Covid in terms of the balance between supply and demand for oil and gasoline and diesel," said Patrick De Haan, head of petroleum analysis at price tracker Gallopoly. —Renée Monner

WSJ 11/9/22

It is essential marketers know who their customers are!

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Willingness to pay (or perceived value) is a matter of perspective.



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Two approaches:




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What is value?
The perception of what you get for what you pay.



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If you wouldn't pay that much for something, it doesn't mean someone else won't pay that price.

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Consumer see high prices fast!


Comparison of Time to First Fixation on Signs with Price Positioned Left and Right of Center	Left Average seconds	Right Average seconds	
Price Position	1.09 A (0.0375)	1.78 B (0.0563)	F=432.96 p<0.0001



Consumers saw prices on the left faster than prices on the right. Consumers saw high and moderate prices faster than lower prices.



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Coffee:

If it was coffee (commodity) then customers would maximize their utility by getting the cheapest cup they could make.

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Numerous plant benefits add perceived value

1. Functional value
2. Epistemic value
3. Conditional value
4. Social value
5. Emotional value



Hall, C.R. and M.J. Knuth, 2019. An update of the literature supporting the well-being benefits of plants: A review of the emotional and mental health benefits of plants. *J. Environmental Horticulture* 27(1): 30-38.

Email me at behe@msu.edu for a free copy of the four articles. Ask for "Plant Benefits" articles.



Sheth, Newman, and Gross (1991) Theory of Consumption Values

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Retail Signs

People see important (to them) information fast!

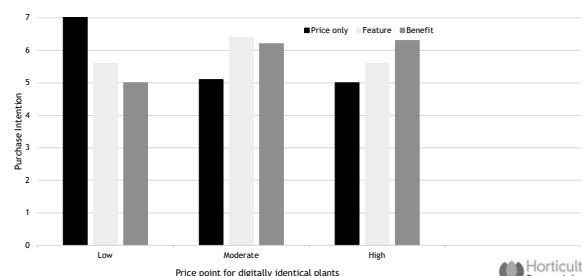
Time to first look at the information (in seconds) by consumer group			
	Key Information in their Plant Choice		
	Plant (73% of consumers)	Production method (10% of consumers)	Price (17% of consumers)
Production sign	1.23 A	0.90 B	1.17 A
Price Sign	1.89 A	2.01 A	1.62 B
Plant material	0.79 A	1.21 B	1.36 B

Behe, B.K., & L. Campbell, C.R. Hall, H. Khachatryan, J.H. Dennis, R.T. Fernandez, P. Huddleston, 2014. Incorporating eye tracking technology and consumer analytics to better understand the grower-industry consumer. *HortScience* 49(12):1550-1559.

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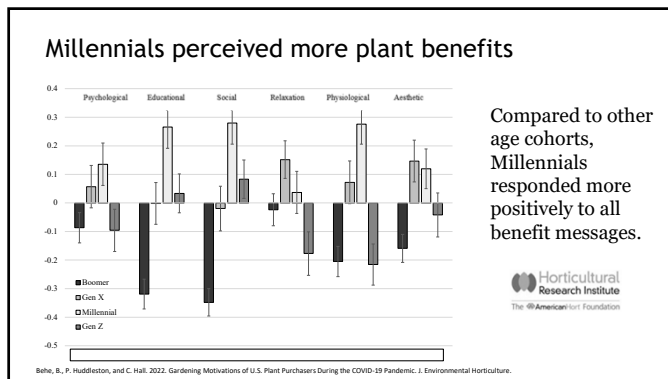
Benefits facilitated purchases more than features, especially at higher price points



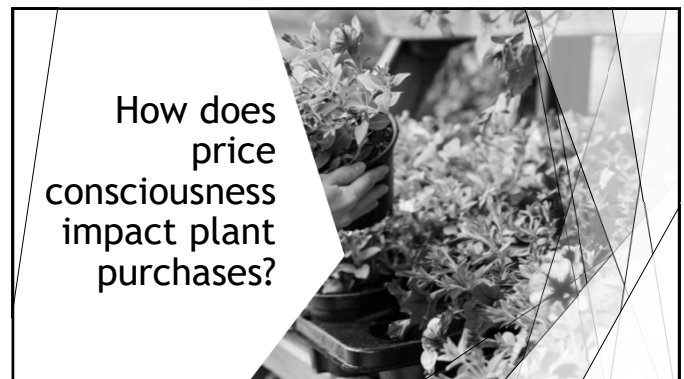
Zhu, Z., & Behe, P. Huddleston, and L. Sage, 2017. How do Pricing and the Representation of Price Affect Consumer Evaluation of Nursery Products? A Conjoint Analysis. *International Food and Agribusiness Management Review*, 20(4):477-491. DOI: 10.22434/IFAMR2017.0003



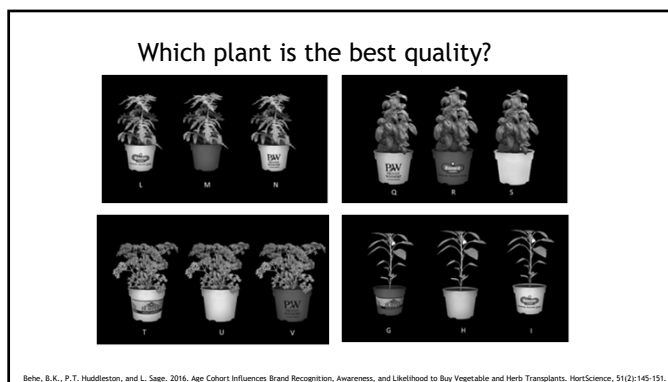
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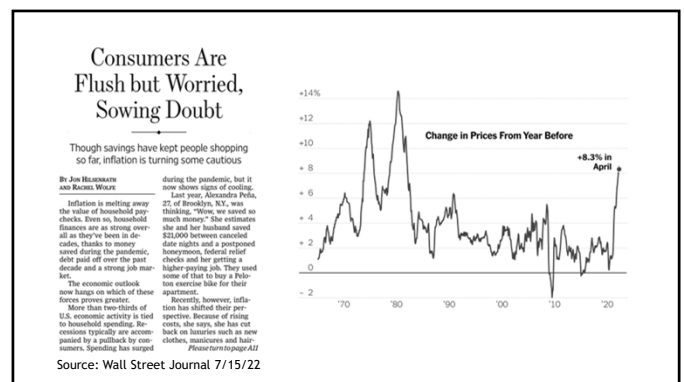
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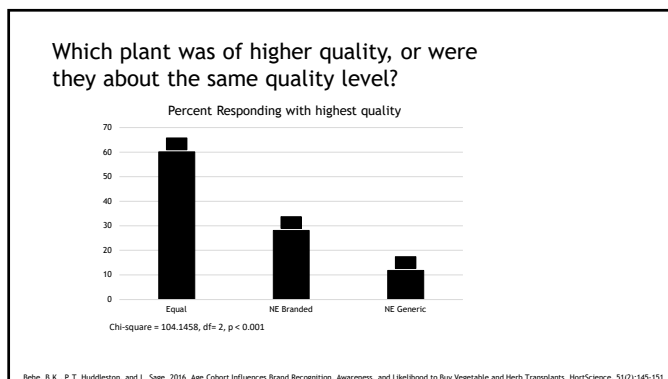
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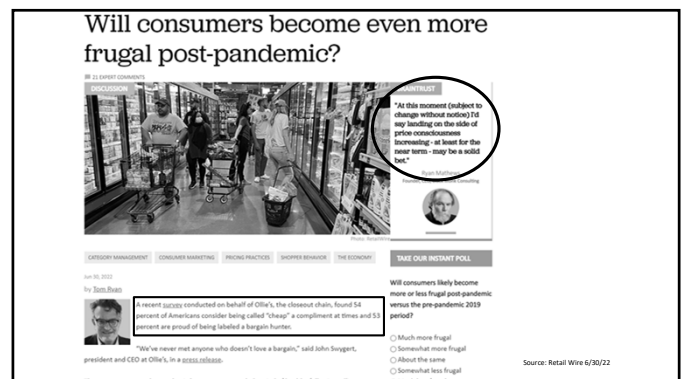
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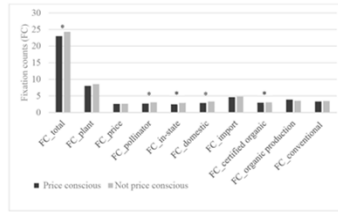


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Visual Attention Effects on Purchase

► Overall consumers impact on purchase:

- Price -
- Pollinator +
- Organic (cert or not) +
- In-state +
- Domestic +



Source: Rhee, A., H. Khachatryan, and X. Wei. 2018. Assessing purchase patterns of price conscious consumers. *Horticulture*, 4(3):13. DOI: <https://doi.org/10.3390/horticulture4030013>.

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Price influences behavior.

- Price conscious consumers need less visual attention on plant benefits to buy.
- PC consumers are less likely to purchase plants when they see:
 - Value-added attributes (e.g., pollinator friendly, local, etc.)
 - Visual attention to value-added attributes decreases purchase.

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Why Do People Love Local Plants?

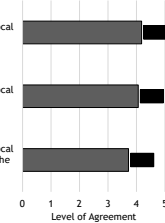
1. Local Economy Benefits



Creates more jobs in the local community.

More money stays in my local community.

Willing to pay more for local plants because it helps the local economy.



Source: Khachatryan, H., A. Rhee, B. Campbell, B. Behe, & C. Hall. 2017. How do consumer perceptions of "local" production benefits influence their visual attention to state marketing programs? *Agriculture: An International Journal*, 1-17.

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Where is the value?



Why do we communicate to customers that all the value of the product lies below the soil/media line?

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Why Do People Love Local Plants?

1. Local Economy Benefits

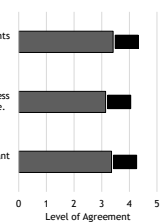
Longer shelf-life than plants produced elsewhere.

2. Quality Perceptions



Higher quality due to less transportation damage.

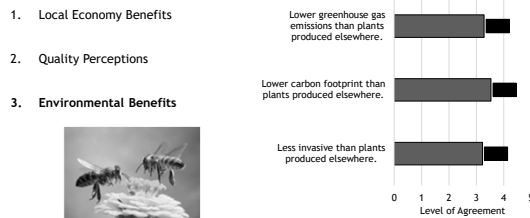
Higher quality than other plant options.



Source: Khachatryan, H., A. Rhee, B. Campbell, B. Behe, & C. Hall. 2017. How do consumer perceptions of "local" production benefits influence their visual attention to state marketing programs? *Agriculture: An International Journal*, 1-17.

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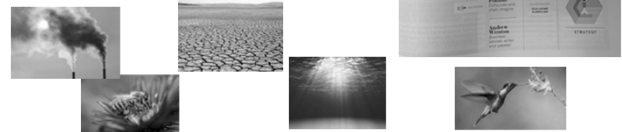
Why Do People Love Local Plants?



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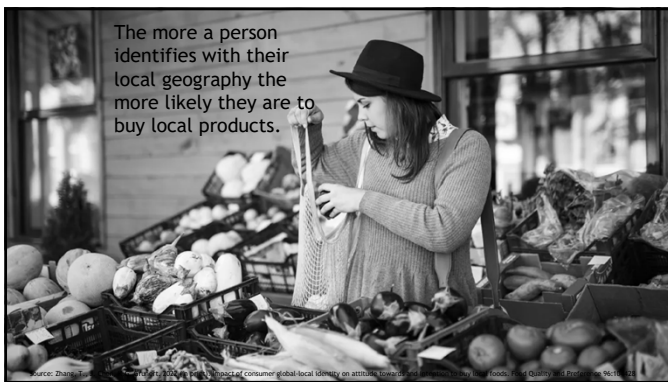
The Environment

- Pollinators
- Water quality and availability
- Air quality
- Global climate change



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The more a person identifies with their local geography the more likely they are to buy local products.



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The Opportunity Gap

Many consumers say they are willing to spend extra money in support of sustainable companies, yet most consumers remain unsure which products and companies support sustainability goals.



Hartman Analysis: This may be less a reflection of stagnant knowledge and more a result of moving goalposts. As public understanding of environmental concerns grows more nuanced, consumers may be finding it harder to navigate which products and companies best address each individual concern.

You can obtain the Sustainability 2021 Environment and Society in Focus report at the Hartman Group's website: hartman-group.com

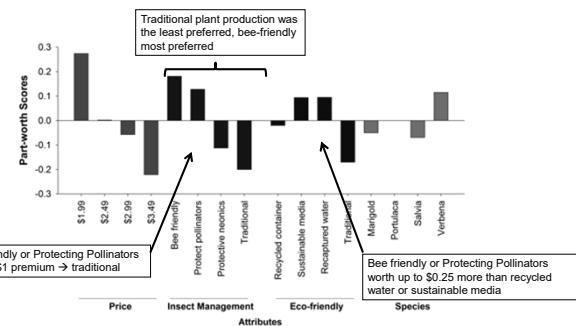
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Capitalize on local identity

- Use imagery to reinforce your location in the local geography
- Employ symbols, seals, marks that reinforce your state (or region)

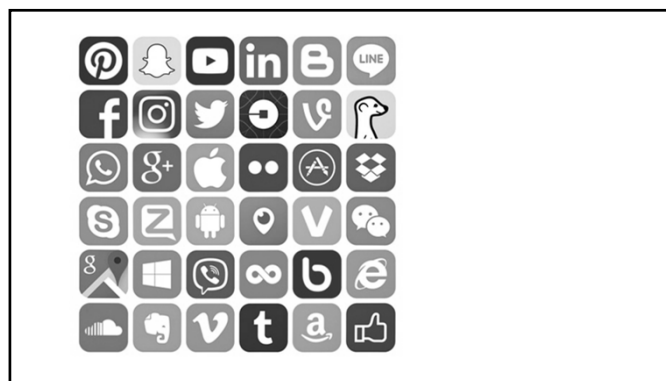
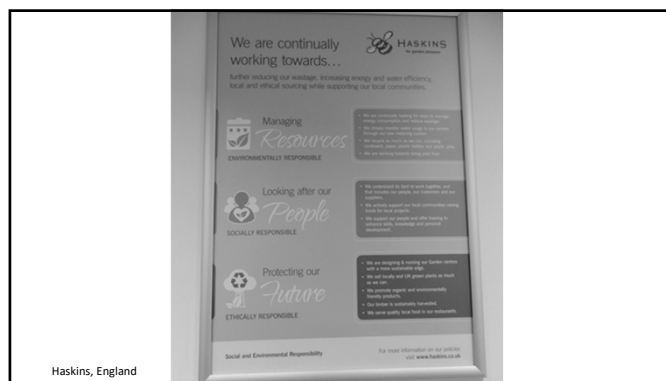
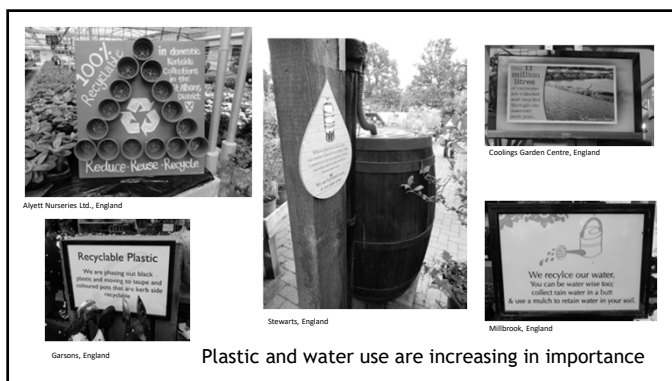


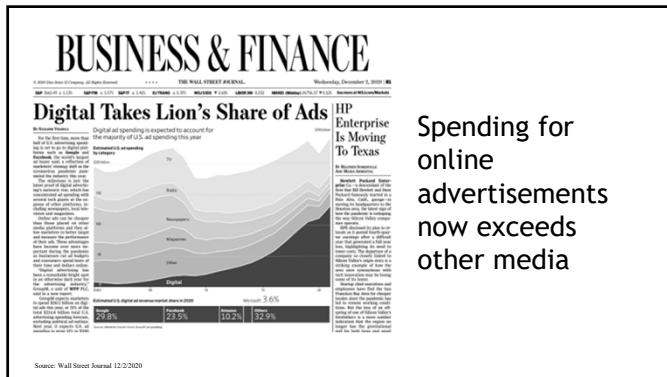
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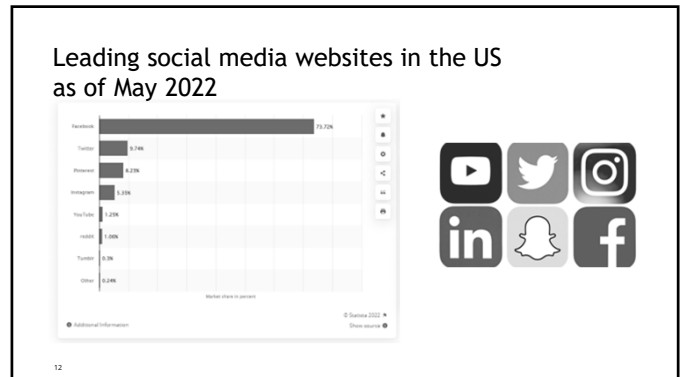
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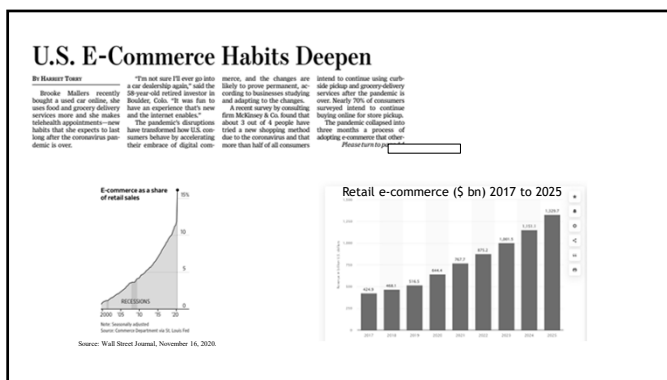




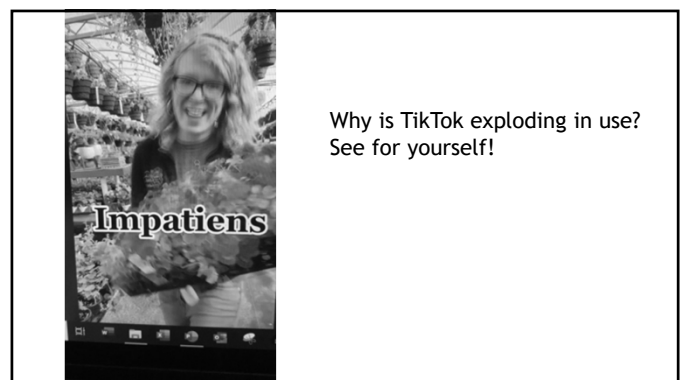
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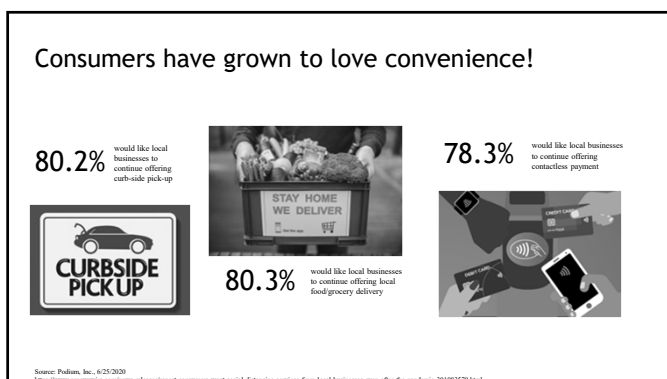
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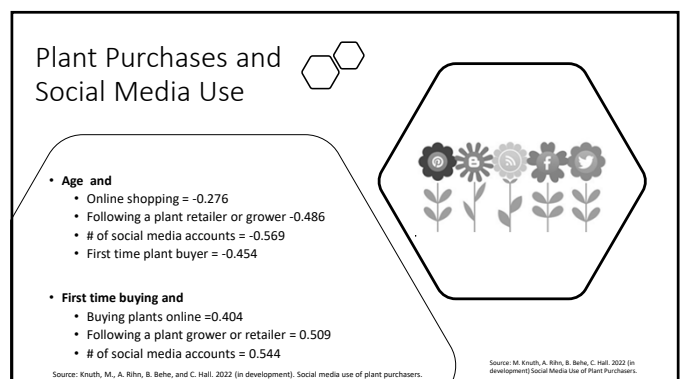
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What are they buying this spring?



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Terrariums are still hot!



Foliage forms



Carnivorous plants



Roots are in water!

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Small but mighty!



Ok, these pretty plants! Comes in a variety of colors and sizes. Perfect for a small space or as a centerpiece.

Little plant! Just like a tree. It's a small plant with a large impact.

All the beautiful orange flowers. It's a small plant with a large impact.

Mini Melons

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Night Blooming Plants for Moon Gardens

White Flowers That Shine in the Moonlight

By DAVID BEAULIEU | Updated on 10/08/21

Reviewed by JULIE THOMPSON-ADOLF | Fact checked by JESSICA WILHELM



"Moon gardens" are landscapes designed to make it possible for you to enjoy them at night, even without flooding your backyard with tons of artificial light. These gardens include plants with white flowers and silver or variegated foliage that can be seen in the reflected light from the moon. The best designs also include some fragrant plants

Source: The Spruce 10/9/21

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Marketing Munchies Podcasts:

Season 3 (2020)

Episode 102: Pat Huddleston on Customer Service Isn't Rocket Science

Episode 111-112 Trey Malone on Marketing in Turbulent Times

Episode 115: 7 Tips for Gearing Up Contactless Sales

Season 4 (2021)

Episode 137: Four Ways to Connect with Remote Consumers

Episode 140: The 4 S's to Communicate this Spring

Episode 149: Katie Elzer Peters on Micromarketing and a Couch

Season 5 (2022)

Episodes 167-168: Mel Knuth on Consumer Houseplant Purchasing



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