Heuristics in sales

This essay will point out a number of powerful heuristics used both by and against consumers in the market, also attention will be directed towards information processing strategies and customers need for cognition. The efficiency of these heuristics will be evaluated both in the scientific and in the market world.

Priming Effects

The effects of priming are based upon social judgment theory (e.g., Hovland and Sherif 1952), which asserts that people's prior attitudes serve as reference points or social anchors that affect their reactions to social stimuli. Similarly, priming involves the effects of prior context on the interpretation of new information. When a category has been activated it is temporarily accessible from memory and thus more likely to be used later in the processing of new information (Higgins, Rholes, and Jones 1977; SrU and Wyer 1979, 1980). Research indicates that recipients do not necessarily consciously compare the stimulus to the primed category; priming effects operate automatically or without one's awareness (see Bargh and Pietromonaco 1982). Moreover, all kinds of concepts, from socially significant concepts (e.g., racial categories and gender role stereotypes) to judgments, arousal and mood states, change with priming (for a review, see Fiske and Taylor 1991).

Decision making heuristics

Prus (1989) argues that sales representatives must often overcome some barriers to purchase. For instance, customers may not know what they want in products or attributes, or they may not always tell the truth regarding their purchase situations. This indecisiveness may make consumers prone to influence from significant others, persuasive sales representatives, or strategies they have used in other purchase situations. Hence, an understanding of consumers’ uses of choice heuristics during certain purchase occasions may allow sales representatives to apply appropriate compliance tactics and thereby increase selling opportunities. Table 1 lists several consumer choice heuristics and accompanying sales representatives' compliance tactics (adapted from Cialdini 1987, 1993).

Table 1

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<tr>
<th>Compliance Tactics of Sales Representatives</th>
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<td>Examples of Sales Representative Priming Expressions</td>
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Consistency:

I'm sorry. The price I quoted you on this model did not include the deluxe stereo system or the mag wheels. The actual price for this package is $2,500.00 or more. I wish I could be more flexible but my manager won't let me discount on this upgraded model.

The Heuristic:
After committing to a position, individuals should be more willing to comply with requests for behaviors that are consistent with that position.

Reciprocity:
I will be happy to see if I can get this model for you from another dealer.

The Heuristic:
Individuals feel obligated to the future repayment of favors and gifts. Thus, they should be more willing to comply with a request that constitutes a reciprocation of behavior.

Social Validation:
I sold this same model to another doctor last week. He's really happy with the car.

The Heuristic:
Individuals look at how similar others have behaved to help decide on appropriate behaviors in given situations. Thus, they should be more willing to comply with a request for behavior if similar others are or have been performing it.

Authority:
Personally, I have this model! in my home. I've tried other models; but they don't perform like this one.

The Heuristic:
Individuals should be more willing to follow the suggestions of an individual who is a legitimate authority.

Scarcity:
I only have two units left. Once they're gone, I won't get anymore.

The Heuristic:
As opportunities and items become more scarce, they are perceived as more valuable. Thus, individuals should want to try to secure those scarce opportunities.

Friendship/Liking:
Yes, indeed! That suit looks very nice on you. You have a lovely figure.

The Heuristic:
Individuals should be more willing to comply to the requests of friends or liked individuals.


Contrast heuristic
Particular light will be shed concerning the contrast heuristic, not to say that one can be labeled as more effective than another, rather because of the evaluation of market experts on the importance of this heuristic which is regarded as one of the most simple yet most profitable strategies in sales.

The heuristic relies on the fact that human minds magnify differences: when two relatively similar stimuli are placed next to each other, they'll be perceived as more different from each other than they actually are. Contrast is not only the most basic of context effects but probably the easiest to achieve. “I don’t paint things,” Matisse said. “I only paint the difference between things.”

The effect is well established in psychophysics. In a classic experiment, for example, psychologist Donald Brown asked subjects to lift various weights and judge how heavy each was. Some subjects were also asked to lift an anchor weight that was lighter or heavier than the target weight. Consistent with the contrast principle, subjects asked to lift a heavy anchor judged the target weight lighter than they had before lifting the anchor; lifting a light anchor led to judging the target as heavier. Of course, any baseball player who’s warmed up by attaching a weight to his bat could have told you the same thing.

On the sensory level, this magnification occurs physiologically. In vision, for example, we distinguish objects in space by seeing edges and boundaries. To make these edges stand out more clearly, the visual system over-sharpens them in the mind’s eye through lateral inhibition. When a sensory receptor cell is excited by a light source, it sends out two sets of messages. First, it sends impulses upward to the brain that announces the presence of light. But it also sends inhibitory messages sideways to neighboring receptor cells to keep them from becoming excited at the same time. The more strongly the target cell is lit up, and the closer the two cells are to each other, the more the adjacent cell is inhibited. As a result, a light that is turning brighter may actually appear to get dimmer—that is, if its surroundings are brightening at an even faster rate. Lateral inhibition fools the visual system into seeing more contrast than actually exists.

The contrast effect occurs not only across space but over time. Our perceptions are affected by what occurred beforehand. This is called successive contrast. A loud noise on a quiet night sounds even louder. A cool breeze on a hot day feels that much cooler. Both spatial and temporal contrast apply to virtually every input that can be scaled from high to low. Boundaries seem sharper, brights look brighter, and dark turn darker.

When we move to the level of social experience, the contrast effect is even more pervasive. The human brain finds it extremely difficult to comprehend social cues outside of a context. How we respond to a person or a request—whether it seems reasonable or excessive, important or trivial—depends on what came before and what other information sits beside it in the picture. Social psychologists call this process “social comparison.” Cognitive psychologists refer to it as “framing.”

Information Processing Strategies

Although sales representatives may use priming expressions with any consumer, not all consumers will be affected (i.e., induced to purchase). Thus, the third step in the model depends upon the information processing strategy consumers use during the sales presentation. Chaiken’s (1987) Heuristic Systematic Framework helps explain customers’ reactions to sales representative influence strategies. Chaiken proposed that message recipients may use systematic or heuristic processing strategies when considering the validity of a message’s conclusion. She argued that when recipients engage in systematic processing, they devote considerable effort to attending to, comprehending, and evaluating the message’s
arguments. For instance, in the selling context, relatively thorough processing of the semantic content of sales representatives' presentations is likely to occur in systematic processing. Here, consumers are not likely to be affected by sales representatives' priming expressions or their characteristics (e.g., expertise, likability, attractiveness). In contrast, when recipients engage in heuristic processing, they exert little cognitive effort in determining the validity of a message: there is little processing of the semantic content of arguments. Rather recipients may accept the conclusion of a message based on simple rules or heuristics that they have learned from past experiences (e.g., "expert salespersons should be trusted," or "I like her so I'll buy the product."). Thus, consumers using the heuristic processing strategy are likely to be affected by sales representatives' characteristics and their priming expressions.

The persuasion literature reveals that two factors consistently influence consumers' modes of information processing: Outcome-relevant involvement and need for cognition. Outcome-relevant involvement. Over the years, psychology has offered several conceptions of involvement (for a review, see Eagly and Chaiken 1993). Johnson and Eagly (1989) provide an extensive review of research on involvement and persuasion and their notion of outcome-relevant involvement seems particularly relevant for consumption situations. Briefly, this form of involvement concerns individuals' abilities to attain desirable outcomes. Their meta-analysis showed that high involvement subjects were more persuaded than low involvement subjects by strong arguments and less persuaded by weak arguments. Thus, consumers' levels of outcome-relevant involvement with product purchases may determine their reactions to priming expressions from sales representatives.

Need for Cognition

Recently, need for cognition, an individual's chronic tendency to engage in and enjoy thinking (e.g., Cacioppo, Petty, Kao, and Rodriguez 1986), has been found to influence the type of processing strategy one uses in the marketplace. Inman, McAlister, and Hoyer (1990) explored the notion that need for cognition influences consumers' reactions to promotional signs in retail settings. The results of their supermarket study showed that consumers high in need for cognition — who engaged in systematic processing — were affected only by promotional signs offering a price-cut (i.e., a real promotion). On the other hand, consumers low in need for cognition — who engaged in heuristic processing — were affected by promotional signs that both reduced and did not reduce cost of the brand (i.e., false promotional signs). Thus, not all consumers will be affected by the priming expression and the activated choice heuristic. When consumers lack either outcome-relevant involvement or need for cognition (i.e., be inclined to process sales representatives' expressions in the heuristic fashion), the likelihood of being affected by the priming expression is increased. For these individuals, a priming expression activates a decision rule, which in turn produces schema-directed thinking. Specifically, consumers' thoughts focus upon the simple decision rule elicited (e.g., "what others would say," "the sales representative was nice," "it is the last one") and/or imagined product consumption. These thoughts will be evaluatively consistent and will become quite intense as a result of the accessed schema. Essentially, consumers persuade themselves to feel favorable toward the product and to make the purchase. Thoughts unrelated to the activated schema assume secondary, if any, consideration (e.g., rational, controlled thoughts such as budget, timing, desired attributes). In contrast, when consumers possess outcome-relevant involvement anchor need for cognition (i.e., be inclined to process information about the purchase decision using the systematic processing strategy), they are not likely to respond to sales representatives' priming expressions. Although the expressions may activate decision rules from long term memory, these consumers are less likely to use simple decision rules in their decision making (e.g., Inman, McAlister, and Hoyer 1990). Instead, they pay closer attention to product attributes and budgetary considerations than, say, what "others are buying"
or "throw-ins" offered by sales representatives. Hence, their attitudes toward the product will be influenced by factors directly rather than indirectly related to the decision.

References: