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# Consumer Behavior: Price Attention & Memory

## Introduction

Consumer behavior is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions. (Consumer Behaviour 2014) The study of consumer Behaviour helps everybody as all are consumers. It is essential for marketers to understand consumers to survive and succeed in this competitive marketing environment.

Consumers make price based decisions every day. They consistently observe and compare prices and make buying decisions based on spot prices. They take decisions based on the knowledge they obtain by observing the prices in different stores and advertisements. Some buy products regardless of the quality and the price it is sold. One study showed that only 47% to 55% of consumers were able to recall its correct price (Dickson and Sawyer 1990; Le Boutillier, Le Boutillier, and Neslin 1994; Wakefield and Inman 1993). This could have resulted due to lack of motivation and attention by the consumer or by the distractions present in the store itself. Moreover, it could also be due to the cognitive challenges faced by the brain which enables the consumer to recall the actual price of the product. As explained by the psychologist Daniel Schacter in his book 'The Seven Sins of Memory: How the Mind Forgets and Remembers'

## Purpose of the research

The overall purpose of the research is to understand the concept between price attention and memory when purchasing items also through this research we would be able to determine whether the marketing factors effect a consumers buying power or whether people consider the price when buying goods from shops. Hence this research is done to either approve the listed hypothesis or to reject one.

## Hypothesis

A hypothesis, in a scientific context, is a testable statement about the relationship between two or more variables or a proposed explanation for some observed phenomenon. The researcher's prediction is usually referred to as the alternative hypothesis, and any other outcome as the null hypothesis -- basically, the opposite outcome to what is predicted. Nevertheless, both is proposed and one hypothesis is rejected after the research has been completed. (WhatIs.com)

### Hypothesis 1

Null hypothesis (H1) Men are better at recalling price than woman

Alternative hypothesis (H2) Women are better at recalling price than men

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As it is believed that men are more superior than woman, many agree that men have better memory than woman. Men tend to recall things that they have seen just once.

## Hypothesis 2

Null hypothesis (H5) When buying variety of items people tend to forget the prices more often

Alternative hypothesis (H6) People do not forget the prices even if they are purchasing variety of items

It is evident that no man can remember a list of items which they have seen just once. Same goes to the prices, even though they have seen the price of the item before buying it they are also exposed to the prices of other irrelevant products which confuses them and that memory is blocked by other memory which the person just saw.

## Hypothesis 3

Null hypothesis (H9) Recollection of price of grocery is much less than cosmetics

Alternative hypothesis (H10) Recollection of price of grocery is not less than cosmetics

The price of grocery varies widely and it changes due to various reasons. It can be either overpriced due to bad weather or it can be cheap due to over stock of good or other valid reason. However, when we look into cosmetics they usually have a fixed price which makes it easier to remember the price of products being bought. Additionally, people look for products which are of good quality and cheaper items.

## Methodology

“Methodology is the philosophical framework within which the research is conducted or the foundation upon which the research is based” (Brown, 2006)

To get the results for the research the whole procedure took more than a week to complete. Firstly, a small interview was conducted in order to prove the hypothesis. It only included some basic information regarding the consumer. For example; how much the person earn a month? Gender, and what the person do for a living? Is he married or not. After doing such, accompany the person to shopping, observe his/her behavior while he/she is selecting the required products. Note how much time is spent on selecting the products needed and how absent minded or how much attention is paid to the price while shopping. Also note any unusual behavior when the person checks the price of the products before actually buying it. After the person has done shopping ask for the receipt. Now explain to the person that you are going check how good his memory is. Also explain that any value close to the actual value would be fine. For example, the person bought a tooth brush which cost MVR25 but he guessed it as 24 hence his recollection of price is correct also any decimal values will not be considered as some products have values such as MVR2.345 the answer would have been correct if he says it cost MVR2 only. After you are done with the recollection of prices ask whether the person really needed to buy the products or was he/she doing it for someone else. The chances of while buying goods for others the person sometimes gives exact amount of money to buy them that is

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for everyday household items.

## Results/Analysis and finding

In Fig 1 shows a table in which a 23-year-old male went shopping for his mom. Whose occupancy range about MVR4500-8000. It took him half an hour to figure out which items to buy. He bought a mop, mop bucket, broomstick and a soft bun which was for himself. There were three different types of mop and broomstick. From his behavior he was trying to buy an item which would satisfy his mom. An item both cheap and has good quality. After he was done shopping when he was asked to recall the price as shown in Fig 1 he was able to correctly remember the price of only two items. His overall recall percentage is 96%. As the number of items purchased were less he was easily able to remember values close to the actual price. His average difference percentage is 4% which showed that he had distractions all around him but due to less variety he scored pretty well.

According to Fig 2 a 27-year-old male went shopping for his family. He did have a list of items with him while shopping. His occupancy ranges between MVR8000-12000. From his behavior and talks I was able to grasp he had kids as well. He was very focused as he had to buy mostly cosmetic products. In Fig 2 shows that he had recall percentage of 92% with an average difference of 5.8. After he done shopping he was able to recall only 3 items actual price. Other items he was able to recall very close values as he was very focused on buying cheap but quality products which matches his families need.

Fig 3 shows middle aged women who earns more than MVR10000 a month with 2 kids and came for monthly shopping. She mostly bought grocery items and a few cosmetic items. She had bought about 24 varieties of items from the same store. But she was done shopping in an hour. When buying the grocery, she did ask for the prices of the items but didn't careless and bought them anyways. When asked about the price of the items she could not recall the exact amount, when questioned she answered saying the prices vary nevertheless the prices here are affordable on top of that variety of items are available unlike other shops where only one item is available and have to go to different shops to buy the missing item. Out of 24 items she correctly recalled only 6 items price. She also had mentioned while shopping she normally does not remember the price of the items she purchases as she only goes for shopping once or twice a month. The average difference of the recollection is 7%.

In Fig 4 a 22-year-old female went shopping with her sister. Of course in order to do the research I also went along with them. They had bought cosmetics which they choose very precisely. To them the price mattered however they had an average recall percentage of 97% with an average of 3% as a difference in in the prices. They did not buy a variety of items however they had bought 7 items in which they recalled successfully the price of 5 items.

## The seven sins of memory

"The Seven Sins of Memory: How the Mind Forgets and Remembers" is a book by the chairperson of Harvard University's psychology department Daniel Schacter, PhD, a longtime memory researcher. As he has noted that same brain mechanisms are involved both memory's strengths and sins. He explains that, these sins shouldn't be taken as flaws in the architecture of memory, instead these should merely be considered as the costs paid for the benefits of

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memory. The Seven Sins of Memory can also be related with Seven Deadly Sins, which is the idea behind the book. (Shretha) In this research some of the sins were observed.

- Transience--the reduction of accessibility of memory over time. While a degree of this is normal with aging, decay of or damage to the hippocampus and temporal lobe can cause extreme forms of it. (MURRAY, 2003)
- Absent-mindedness--lapses of attention and forgetting to do things. This sin operates both when a memory is formed (the encoding stage) and when a memory is accessed (the retrieval stage). (Schacter, D. L. (2008)
- Blocking--temporary inaccessibility of stored information, such as tip-of-the-tongue syndrome.
- Suggestibility--incorporation of misinformation into memory due to leading questions, deception and other causes.
- Bias--retrospective distortions produced by current knowledge and beliefs. Psychologist Michael Ross, PhD, and others have shown that present knowledge, beliefs and feelings skew our memory for past events, said Schacter. For example, research indicates that people currently displeased with a romantic relationship tend to have a disproportionately negative take on past states of the relationship.
- Persistence--unwanted recollections that people can't forget, such as the unrelenting, intrusive memories of post-traumatic stress disorder.
- Misattribution--attribution of memories to incorrect sources or believing that you have seen or heard something you haven't.

### **Lack of data collecting methods and sample size**

Primary data was mainly used however the primary data collected was not enough to make an assumption about the whole market. It is very certain that with the results of only five people, we cannot generalize it for the whole population. Even if we do, the results are uncertain and it can either be too biased as the sample size we have chosen are random and the people selected are related to us and they almost have the same attitude and cultural preferences towards products and people. For the research only five samples were selected which is too small to make an assumption about the whole population based on the five peoples results which varies accordingly.

Recommendation: more data could have been collected with a wide range of sampling size. This would greatly give more efficient and realistic results. Also more data could have been obtained if the target market was big.

### **Limited time**

Overall the research process went very smoothly however one of the major limitation when doing the analysis was the limited time. It was very difficult as there was too much stress and a lot to be covered with in the short period of time. When evaluating the consumers about the price recall of the goods they bought most of them were in a hurry to go home. They all seemed a little too distracted while recalling the prices. One of them literally just guessed the prices and stormed off. It was difficult to convince people it would take only a minute or five for the whole process to be over.

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Recommendation: more time should have been spent with the participants so that their rational and irrational behavior can also be evaluated more. the selected participant could have been a person who had cleared his/her schedule just for shopping and a person not in a hurry which would have given accurate results as expected.

### **Lack of promotional activities/awareness**

The store selected is known to do a lot of promotional activities however the amount of promotional activities they have done is not enough to grab the attention of customers who are not focused on the price but the quality of the product. People who earn more than MVR10000 a month mostly does not consider price as a factor when purchasing goods however they do consider the quality and reliability of the products brand they want. Moreover, the store does not have labeled prices of some of the products stacked in the shelves. It also influences consumers price attention and memory.

Recommendation: More promotional activities could have been done to influence a person's memory on price of the products they purchase. Prices of the goods should have been labeled accordingly so that it does not affect the results of the research.

### **References**

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