Beauty Is In The Mind of The Beholder

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Behavioral economics

be·hav·ior·al ec·o·nom·ics

noun

a method of economic analysis that applies psychological insights into human behavior to explain economic decision-making

Vocabulary

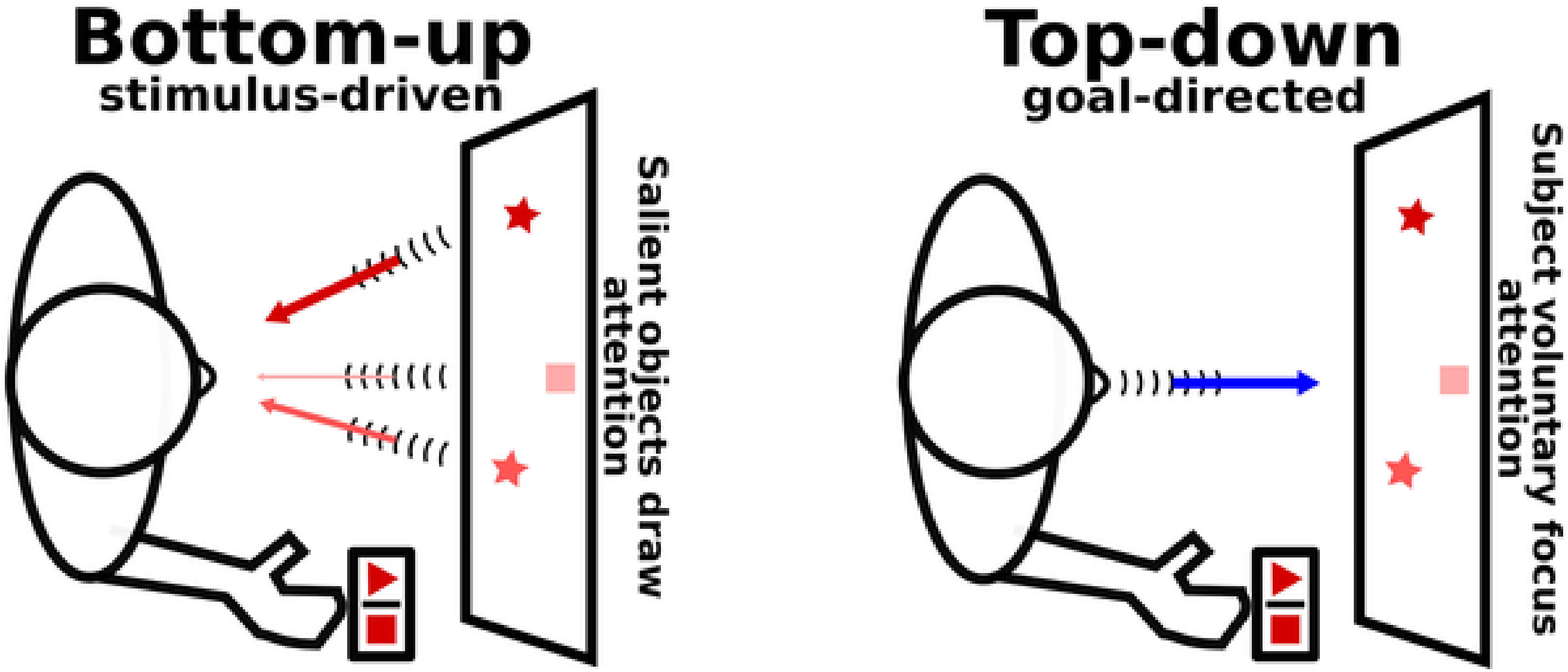
- Attention: Attention is the process by which stimuli are selected and integrated for cognitive processing (Phaf et al., 1990)
- Arousal refers to the “degree to which the person feels excited, stimulated, alert or active in the situation” (Donovan and Rossiter, 1982)
- Eye-tracking Measures: ET technology has made it possible to see exactly what a customer is looking at, for how long, and in what sequence.
    - Time to first fixation (TFF)
    - Total fixation duration (FD)
    - Fixation counts (FC)

The Retail Environment

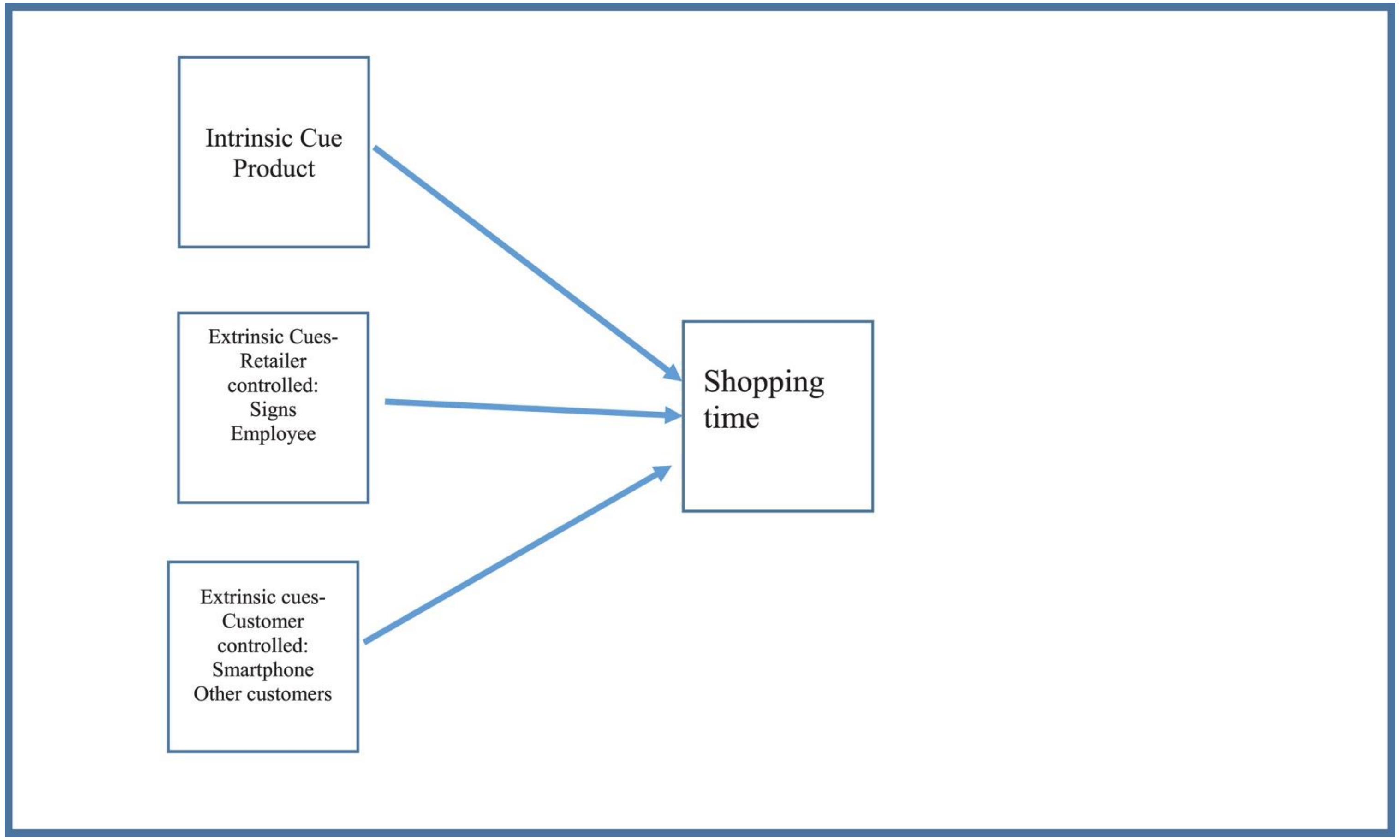
The Retail Environment

- Attract visual attention
  - Purchase intent
  - Actual purchases
- 70% of buying decisions are made at point of purchase (Ståhlberg and Maila, 2012)
- Most used cues within the retail space are **price** and **brand**
  - Brands save the shopper valuable cognitive energy and time
  - Consumers have a trade off with their utilities and money

Cognitive Processing



Influences During Purchase



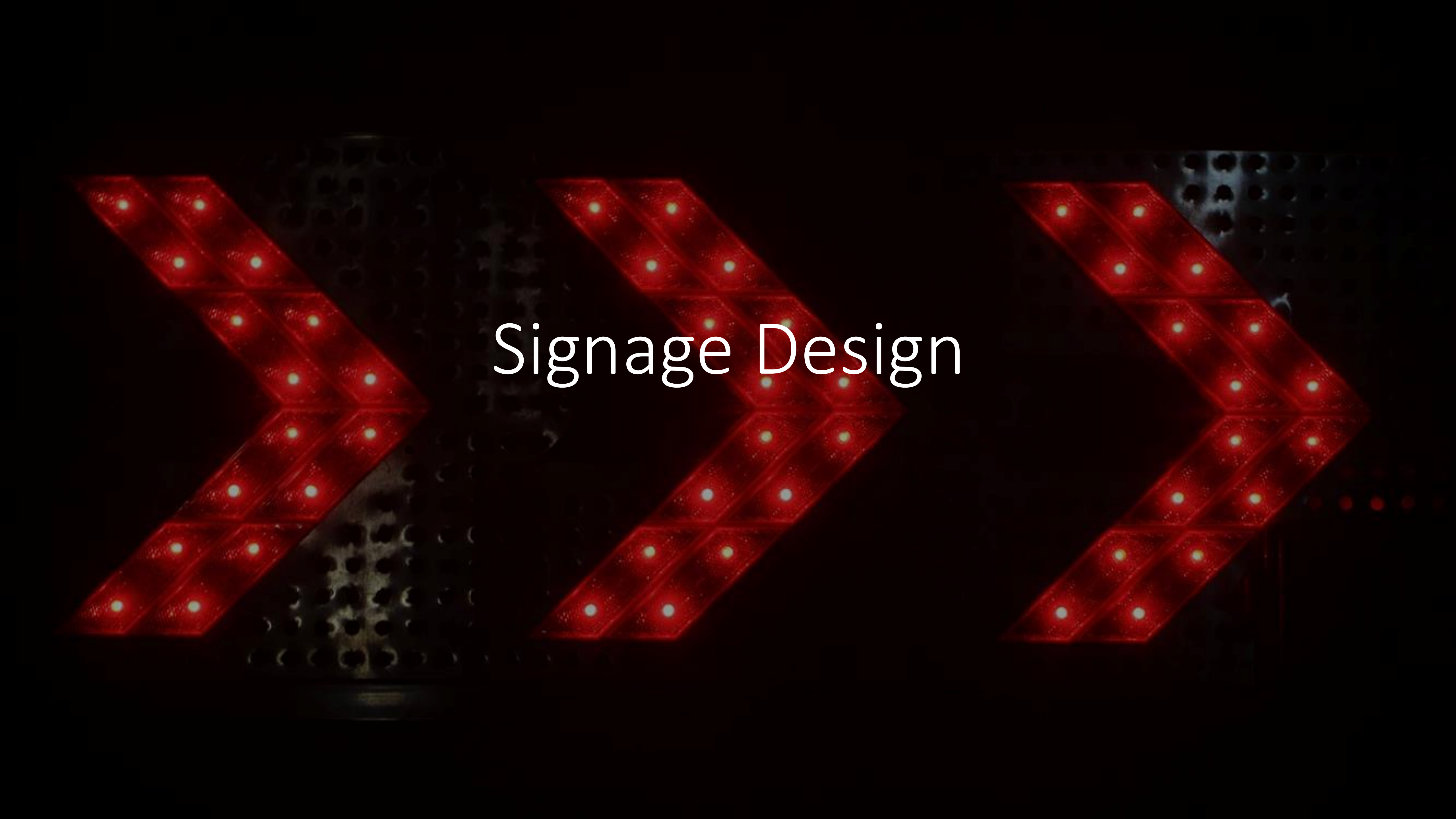
Finding Product: Wayfinding

- Customers unfamiliar with a store layout allocate more attention to in-store signage during the navigation stage of the search process
- Consumers familiar with the store layout attend more to in-store signage during the decision-making stage (Otterbring et al., 2014)
- Task specification and set up
  - Consumers who are just browsing (from afar) do so vertically (Harwood and Jones, 2014)
  - Consumers process displays easier horizontally when up close (Deng et al., 2016)

12% of total shopping experience time

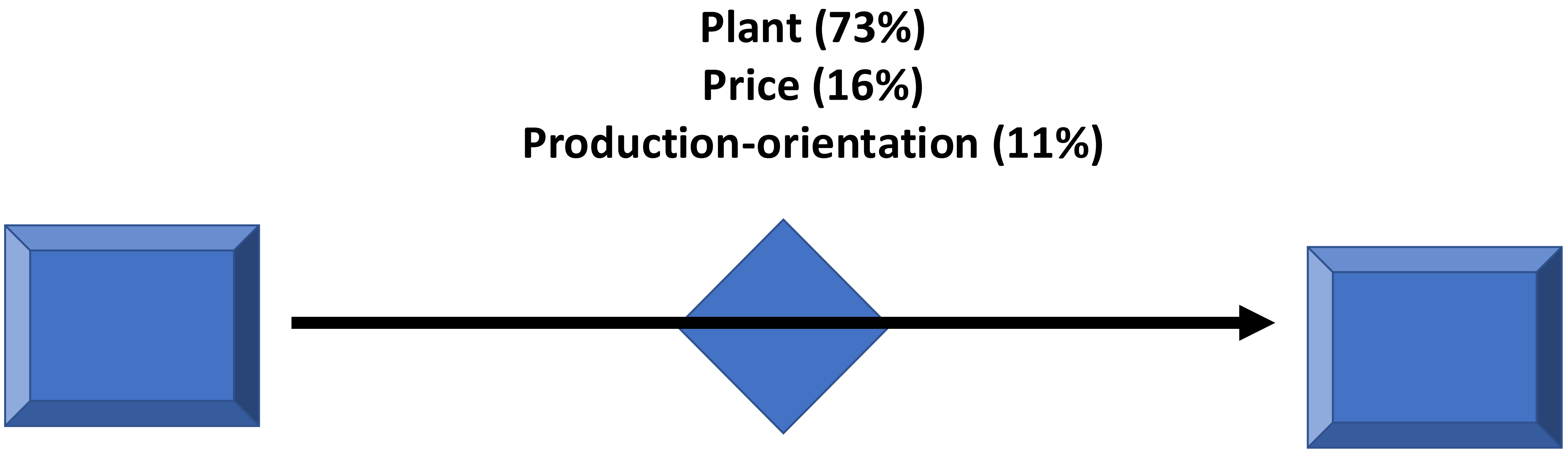
Spending time looking at and touching products translates directly to purchasing intention

Huddleston, Coveyou, and Behe



Signage Design

Sign



Color, Size, Discount

$13.99

Color, Size, Discount

$13.99

Color, Size, Discount

$13.99

20% Off

Buy 3 get one free

$2.80

Color, Size, Discount

$13.99

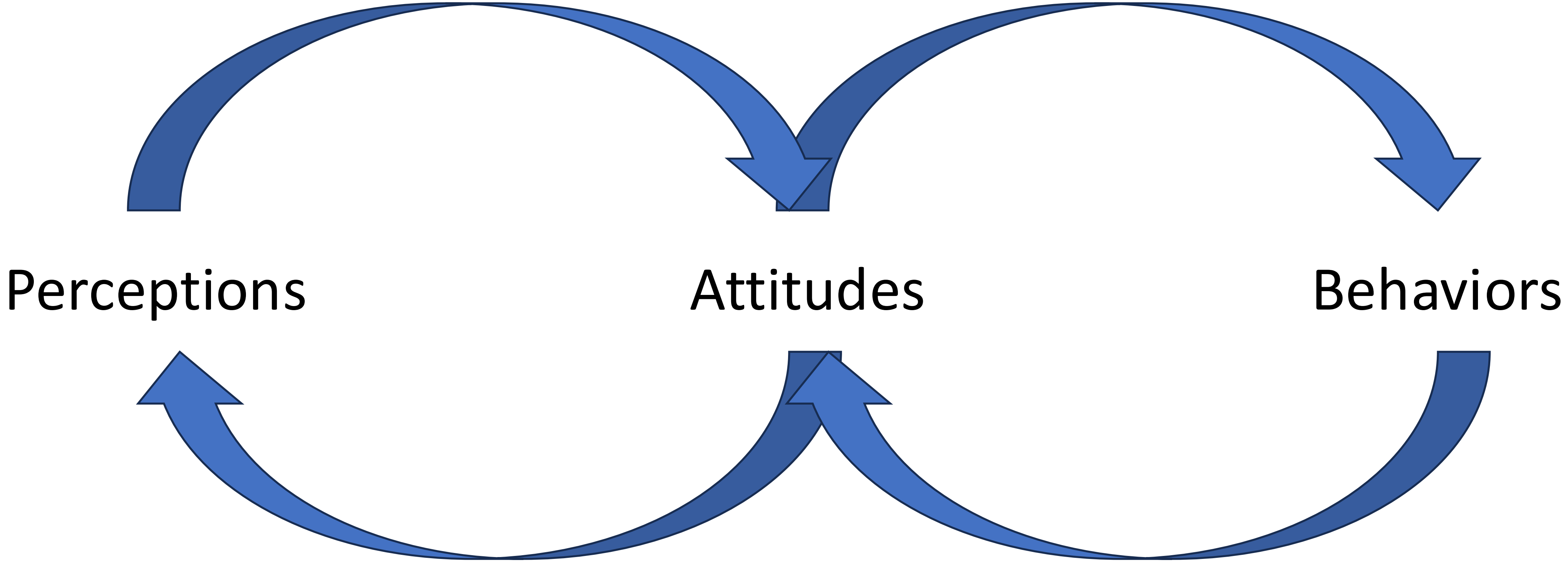
20% Off

Location on shelving: Most Expensive, Choice Product

Location on shelving: Less expensive, but still considered choice

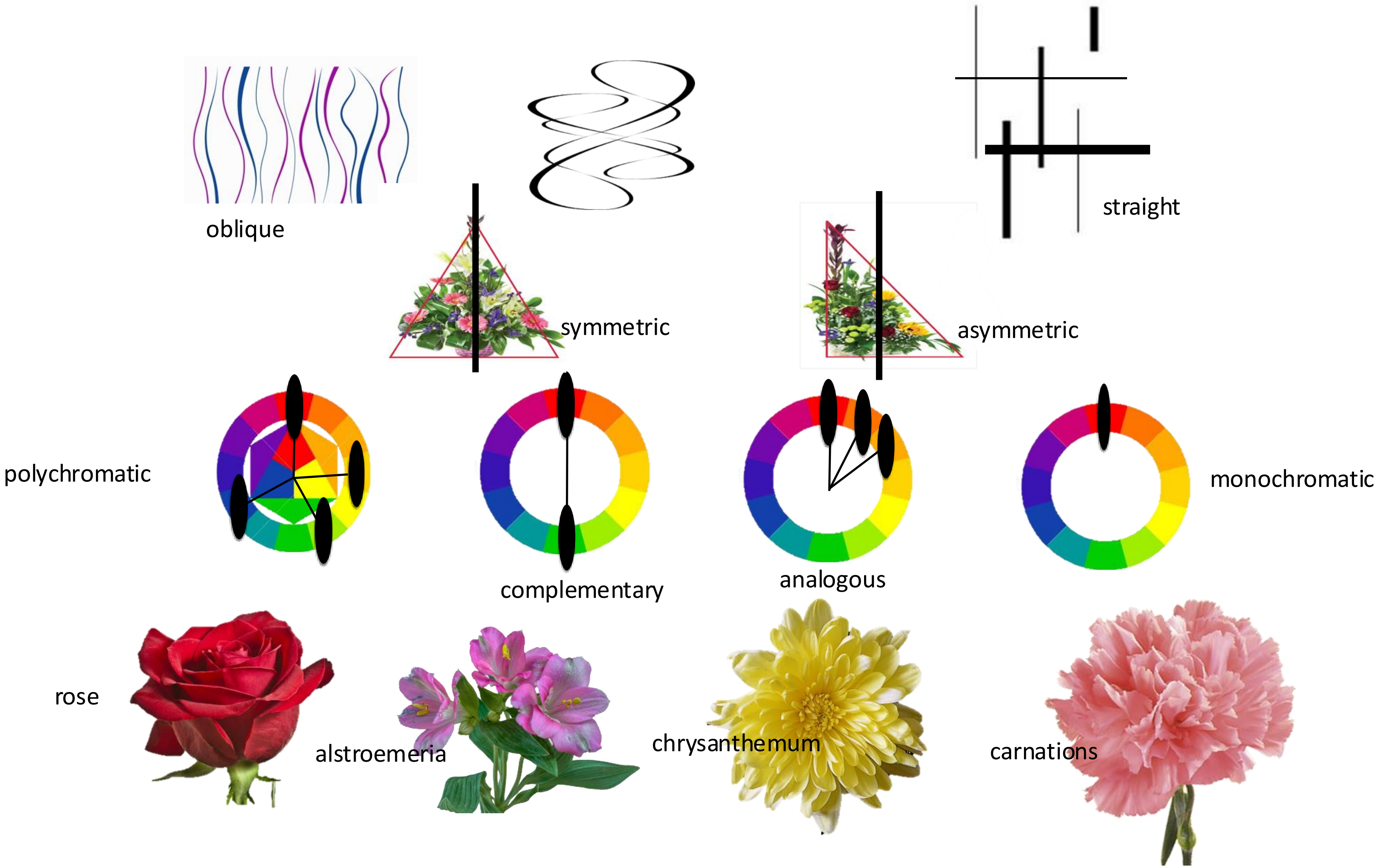
Location on shelving: Bargain products, Non-branded

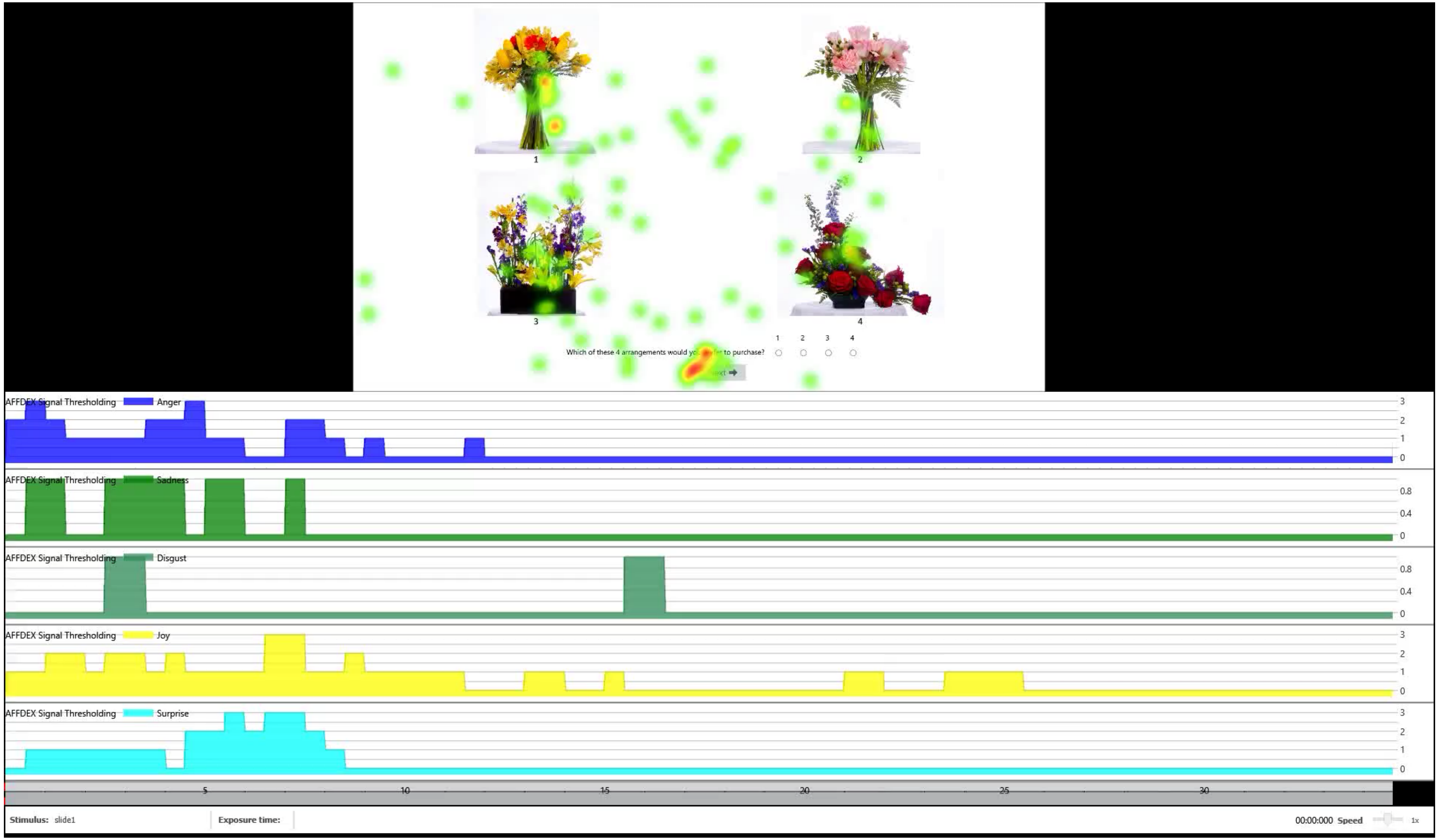
Decision-Making Process



Perceptions

Experiment 1 Design: Discrete Choice





Aggregate heat map

Eye-tracking with Floral Design

- Curved Light > Straight Line FC & TFD
- Symmetry > Asymmetry FC & TFD
- Polychromatic had > TTFF however…
  - Analogous garnered more total time and FC
- No difference in time spent looking at flowers but the consumers liked the rose arrangements the best

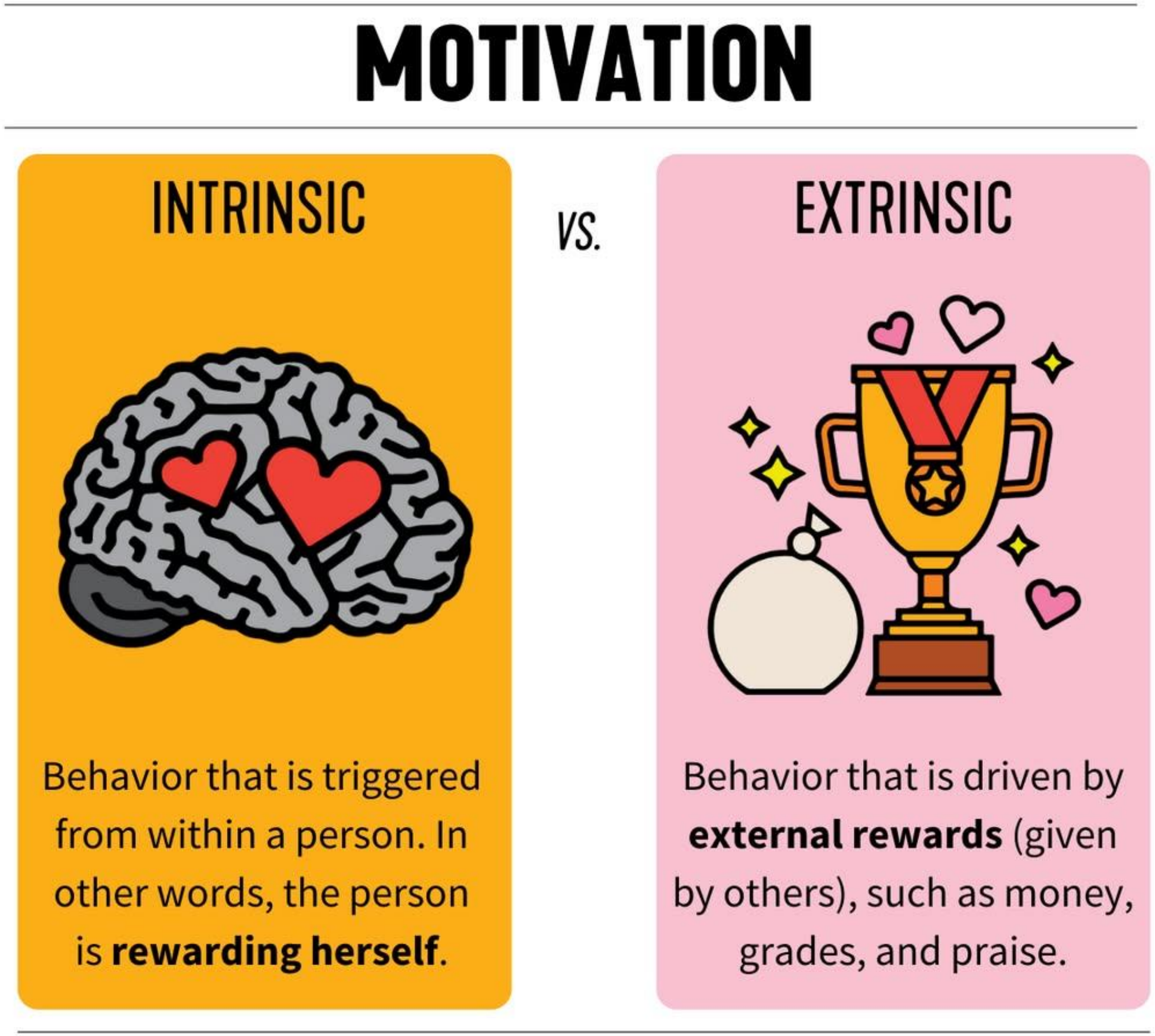
Benefits Messaging (Hall and Knuth, 2020; 2021; Knuth et al. 2023)

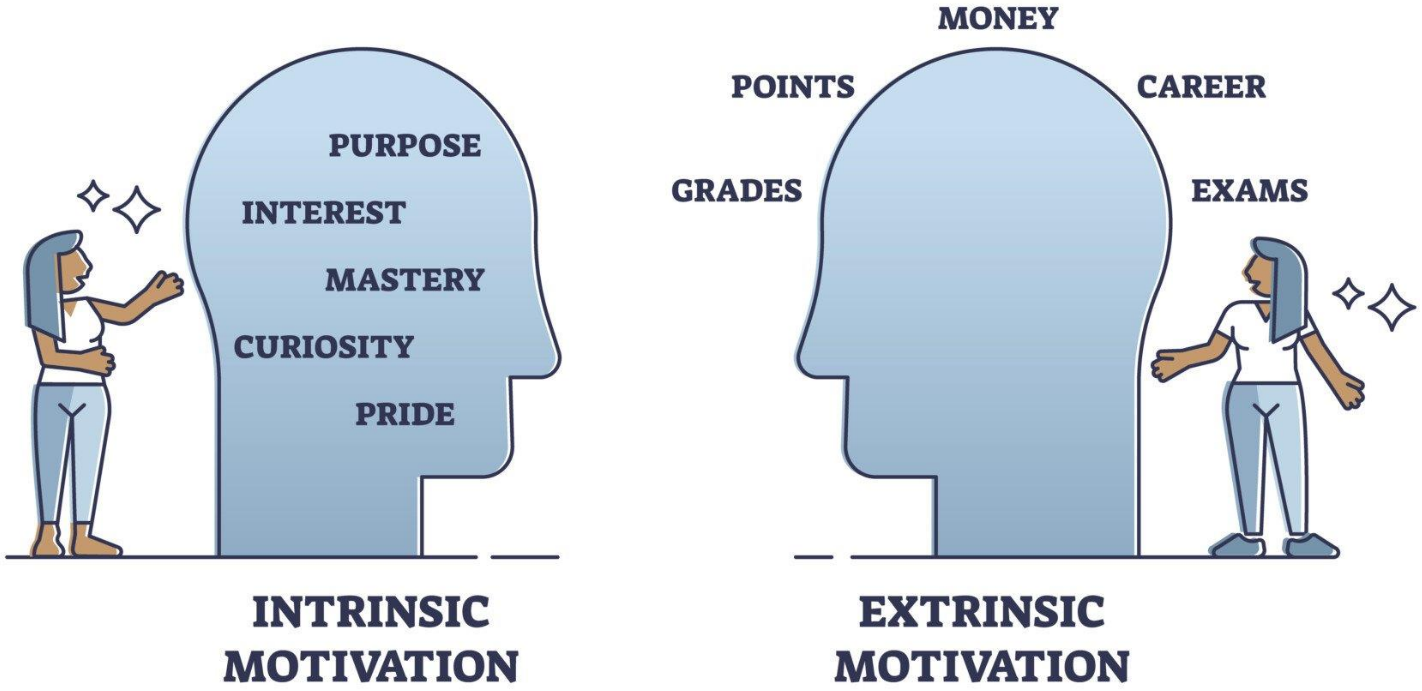
- Consumers buy benefits, not features

- Focus on what the products can do for the consumer

- **Physiological**
- Physical
- Social
- Environmental
- Economic

Gifting vs. Self Purchasing



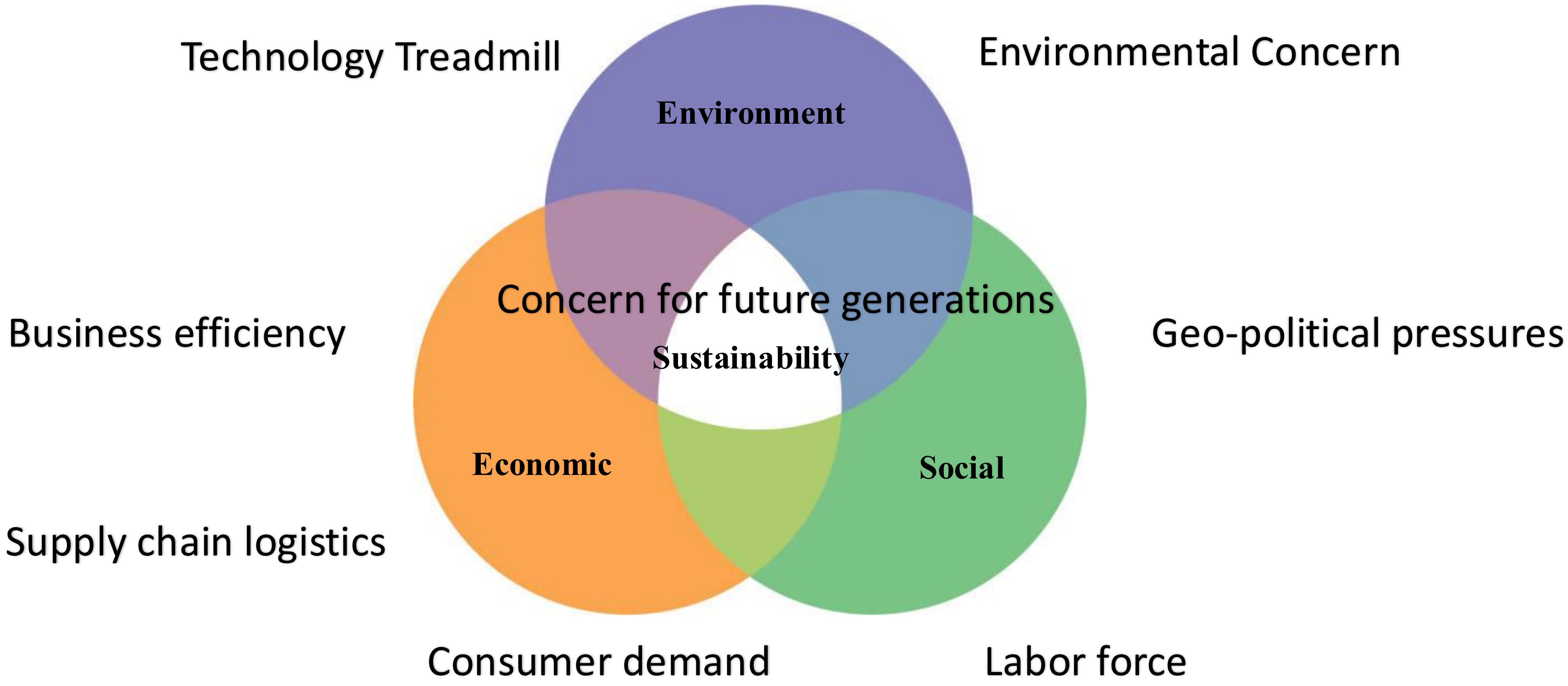

PURPOSE
INTEREST
MASTERY
CURIOSITY
PRIDE
INTRINSIC MOTIVATION
MONEY
POINTS
CAREER
GRADES
EXAMS
EXTRINSIC MOTIVATION

Gifting vs. Self-Purchasing

- Emotional and social wellbeing
- This is where we see higher expenditures with gifting
  - Self-guilt in buying for self
    - Self-Esteem
  - This is changing somewhat with social norms
- Higher end brands, ”Prestige”, can lead to high self-esteem
  - Associated with high end brand
  - Social cues of wealth and prestige
- When consumers feel constrained, they are less interested in self-gifting
  - This is driven by a belief that feeling constrained will hamper their ability to derive the emotional well-being benefits of self-gifting.

Attitudes

Driving Forces of Sustainability



Consumers are in the driver's seat

Change and Disruption in the Floral Industry

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American Floral Endowment

WffSA Wholesale Florist & Florist Supplier Association

California Cut Flower Commission

CAL FLOWERS™

EXPOFLORES

asocolflores
Asociación Colombiana de Exportadores de Flores

SAF Society of American Florists
Your Growth is Our Business

Floral Marketing Research Fund

AFIF America's Flower Connection

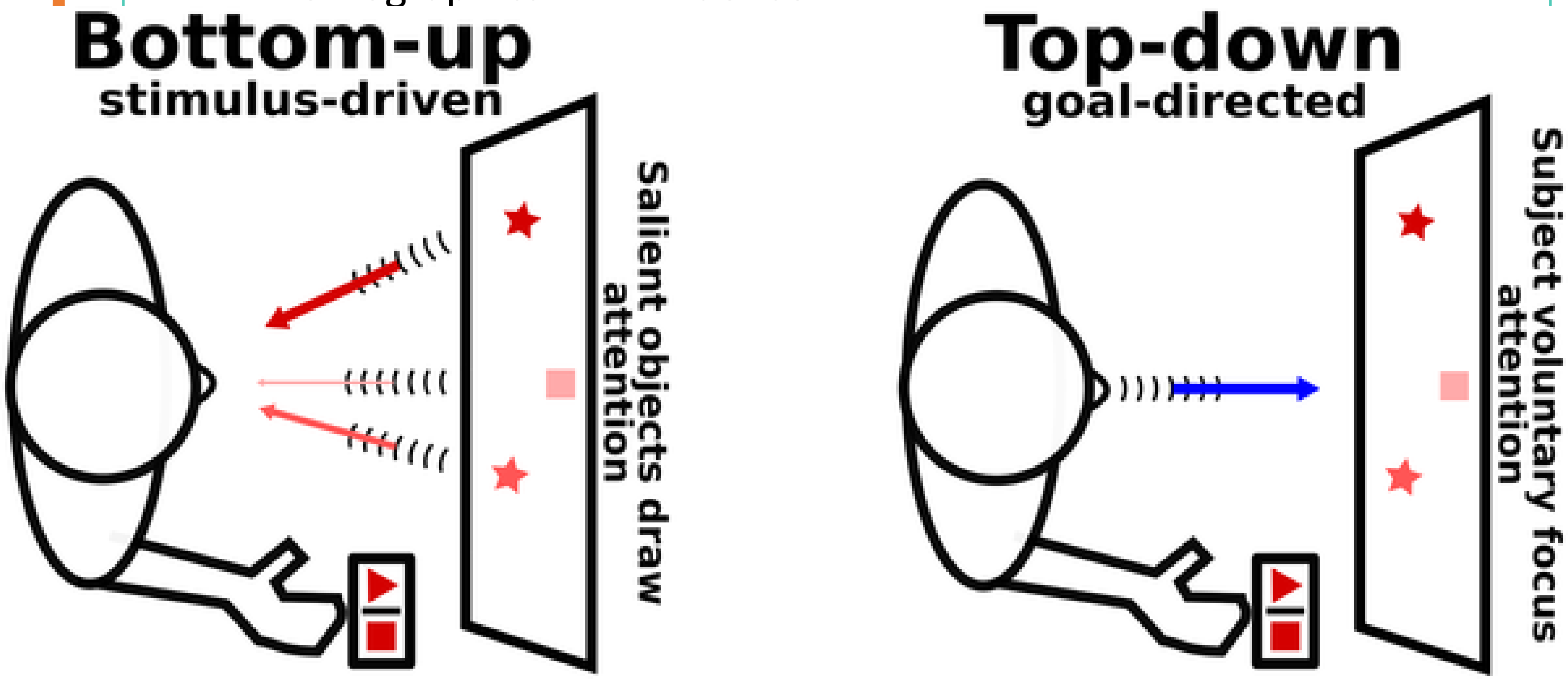
Ellison Chair in International Floriculture
Teaching, Research, Extension and Service

Why do consumers become dissatisfied?

Haters Project, Melinda's Version

Top-down factors

- Demographics will influence



loyalty

- Need to be both to repurchase

Variable	**Means or %**
First-time Plant Buyers (0-1)	**Detractors = 35.34%** **Promoters = 20.38%**
Recommendations *from* Friends (1-7)	**Detractors = 3.15** **Promoters = 3.67**
Impulse Buying (0-1)	Detractors = 1.50 Promoters = 1.42
In-store Buying (0-1)	Detractors = 45% Promoters = 51%
Plant Quality (1-7)	**Detractors = 4.22** **Promoters = 4.76**
Pleasure with Purchase Success (1-7)	**Detractors = 4.89** **Promoters = 6.48**
Purchase Outcome Desirability (1-7)	**Detractors = 4.93** **Promoters = 6.54**
How likely are you to buy a plant from that seller again? (1-10)	**Detractors = 4.67** **Promoters = 10.31**
How likely are you to write a positive review for that seller? (1-10)	**Detractors = 4.13** **Promoters = 9.18**

What sets Haters apart and how to fix it

Education is key, especially for first time buyers

Impulse purchasing and in-store versus online make no difference on satisfaction and delight

It's about the outcome of the purchase

Quality of the purchase

A great way to tell if they are loyal and happy is if they will recommend to others/make online review.

Behaviors

Social Media Use

- **Age and …**
  - Online shopping = -0.276
  - Following a floral retailer or grower -0.486
  - # of social media accounts = -0.569
  - First time buyer = -0.454

- **First time buying and …**
  - Buying flowers online =0.404
  - Following a floral grower or retailer = 0.509
  - # of social media accounts = 0.544

Source: Knuth, M., A. Rihn, B. Behe, and C. Hall. 2023 (in development). Social media use of plant purchasers.

Purchase comparison of online and in-store floral purchasers

- Online plant buyers:
  - 73% of their plants online (27% in-store)
  - 54% of online plant buyers bought no plants in the store.

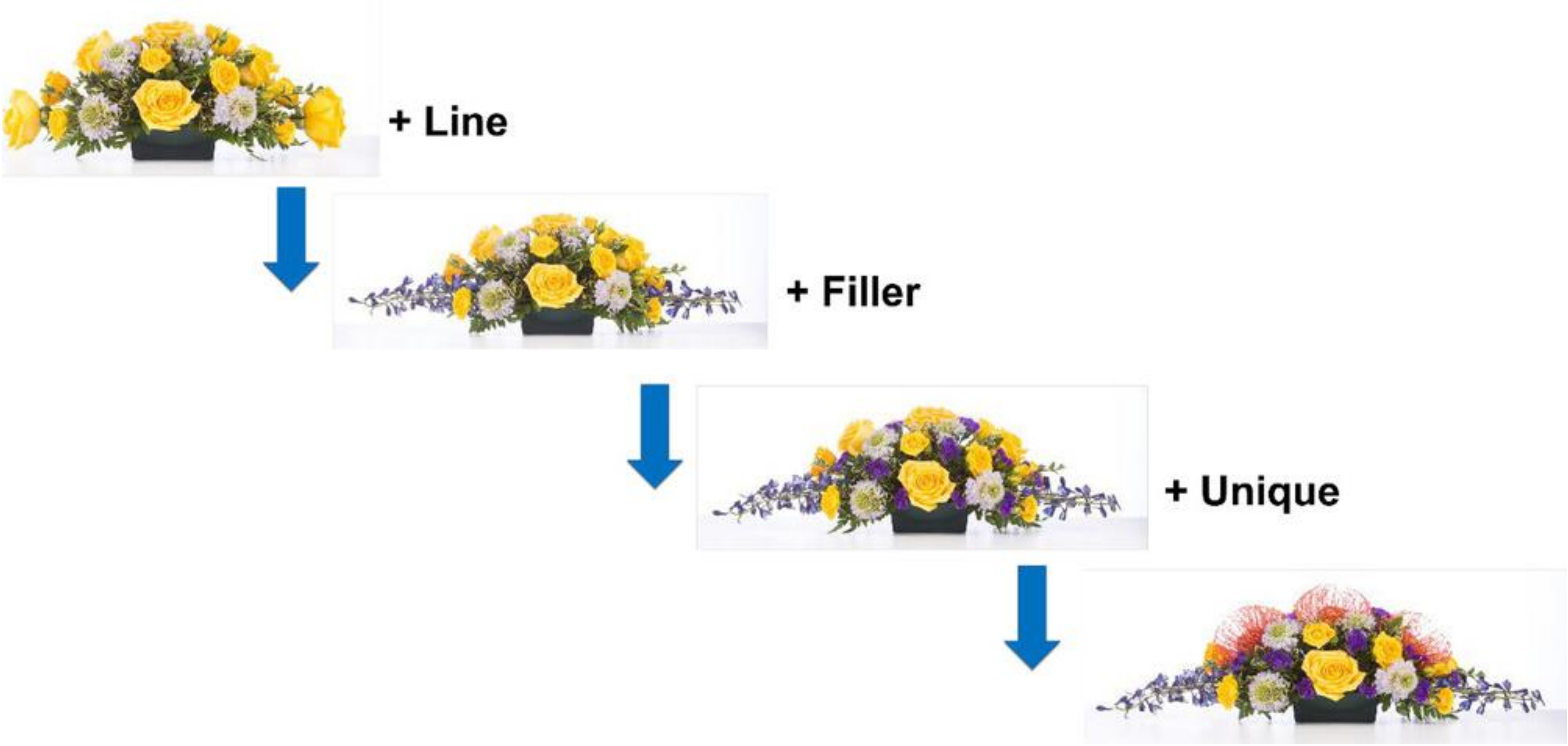
- In-store plant buyers:
  - 89.6% of their plants in-store (10.4% online)
  - Only 8% of the bought no plants online.

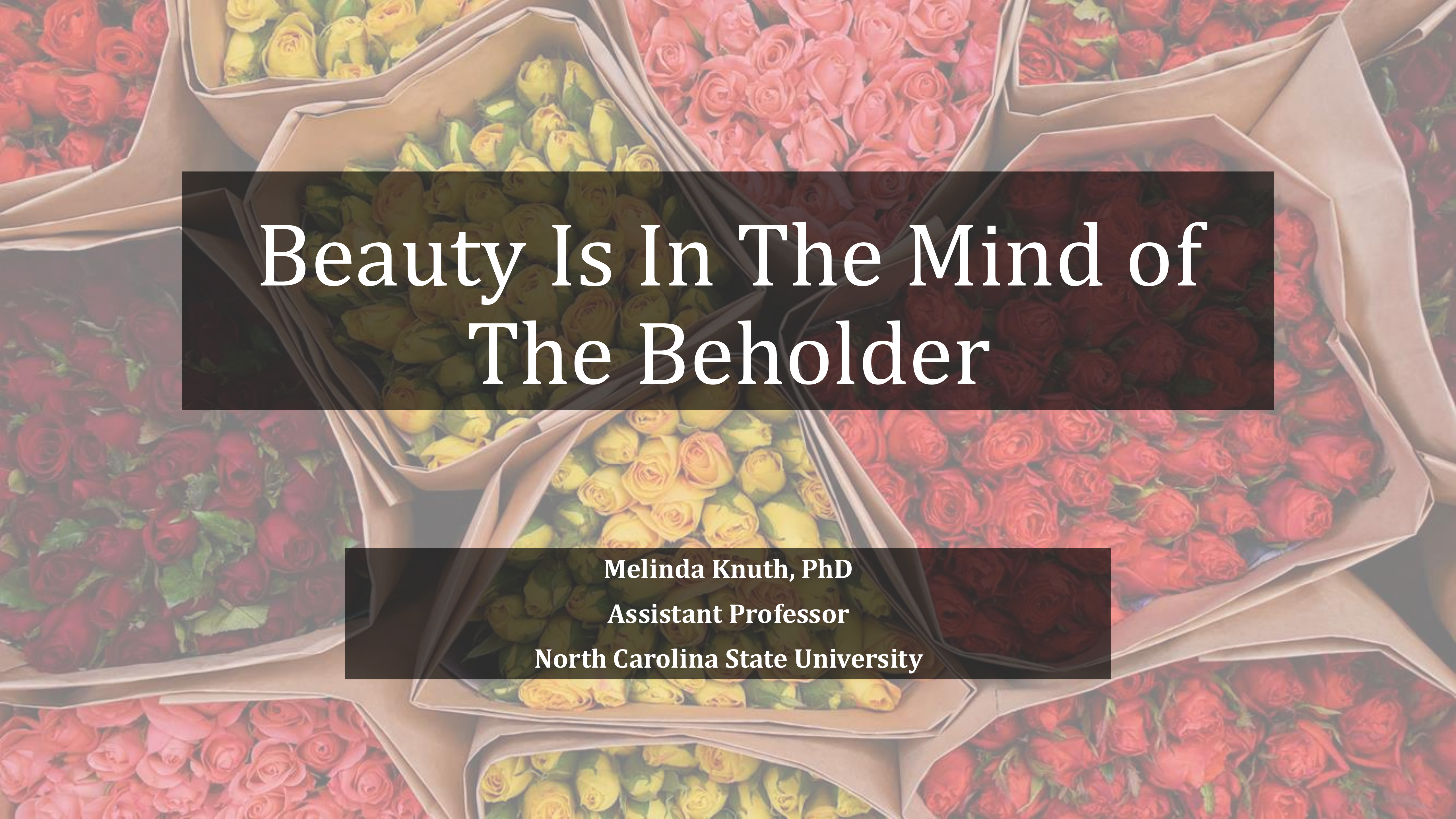
Demographics: online v. in-store floral purchasers

- Age: 42 v. 47 years old
  - Younger people shopping online
- Gender: 10% female v. 89% female
  - More males shopping online
- Income: $127K v. $65K
  - More affluent consumers shopping online

Demographics: online v. in-store plant purchasers

- Adults in household: 2.00 v. 2.03
  - Not a significant difference
- Children in household: 1.85 v. 0.50
  - More parents shopping online
- Percent Caucasian: 23.3% v. 89.9%
  - More ethnically diverse online audience


+ Line
+ Filler
+ Unique



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