



University of Maryland University College

Customer Relationship Management: Less Counting, More Courting

Dr. Leslie Dinauer

Doctor of Management Program
University of Maryland University College



University of Maryland University College

Introduction

Despite the resources spent on market research,

80% of new offerings fail!

And, many loyalty programs fail to
meet retention goals

Where is the disconnect between
customers and companies?



Introduction

Most companies do not understand the mind of the consumer.

Most companies do not understand the feelings and attitudes of the consumer.

And, by extension, most companies do not understand how mind and feelings interact to contribute to consumer brand loyalty.



The Mind of the Consumer

- Consumers are not rational.
- Consumers have poor memories.
- Consumers do not think in a “linear” way.
- Consumers do not always have access to the “good reasons” for their behavior.
- Certain concepts, ideas, and attitudes are cognitively linked in the consumer’s mind.



The Mind of the Consumer

One method to gain a “picture” of the mind of the consumer is the **Galileo Spatial-Linkage** model.

- Offers a structural model of attitudes in which changes in the model predict attitude change.
- Assumes all behavior is determined by *self concept*, which consists of individuals’ understanding of their *relationships to the social objects* which make up the *situations* through which they move...attitudes do not exist in a vacuum and they are not static.



Galileo Spatial Linkage Theory

Galileo cognitive space is a set of psychological distances between every possible pair of concepts that are relevant to, and should be included in, the space.

The importance of generating a space of accessible beliefs cannot be overestimated...accessibility influences attention, degree of message processing, perceptual biases, and responses to the attitude object (Roskos-Ewoldson, 1997)...

How can we *not* consider all accessible relevant concepts in our measurement of consumer attitudes?



Galileo Spatial Linkage Theory

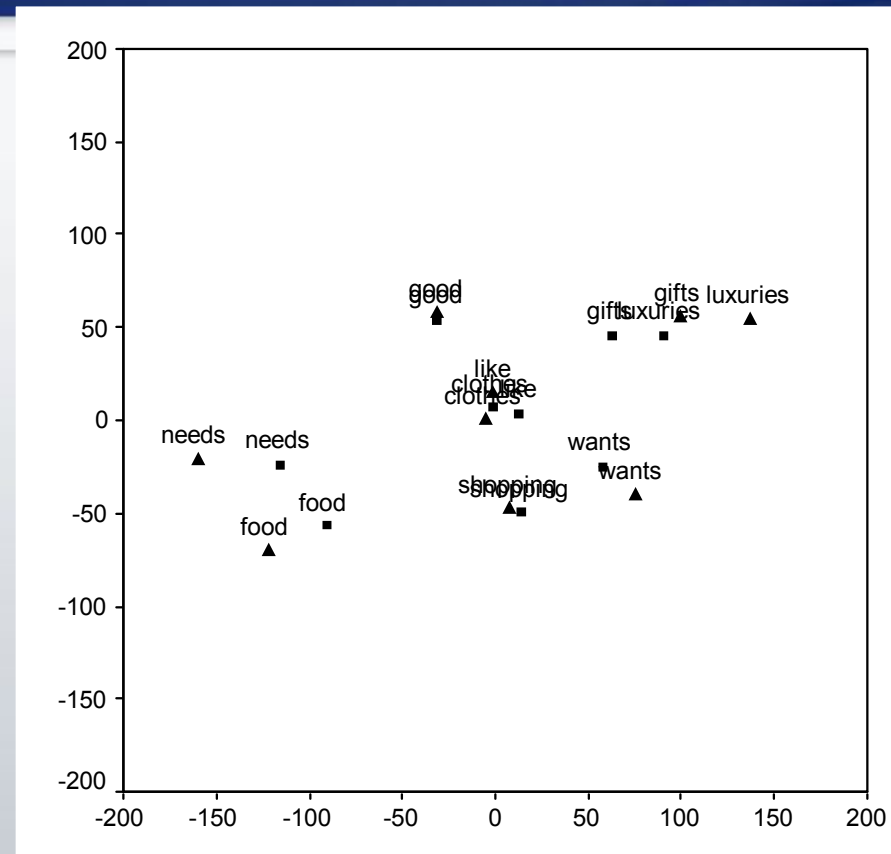


Figure 1: 2-D Galileo representation of basic consumer concepts

The objects in the neighborhood include necessities (needs, food, clothes) and non-necessities (wants, gifts, luxuries), an evaluation (like) and the self (good). This scattergram is an overlay of the first two real dimensions of two Galileo aggregate space plots in a message (▲) and control (■) condition.



Galileo Spatial Linkage Theory

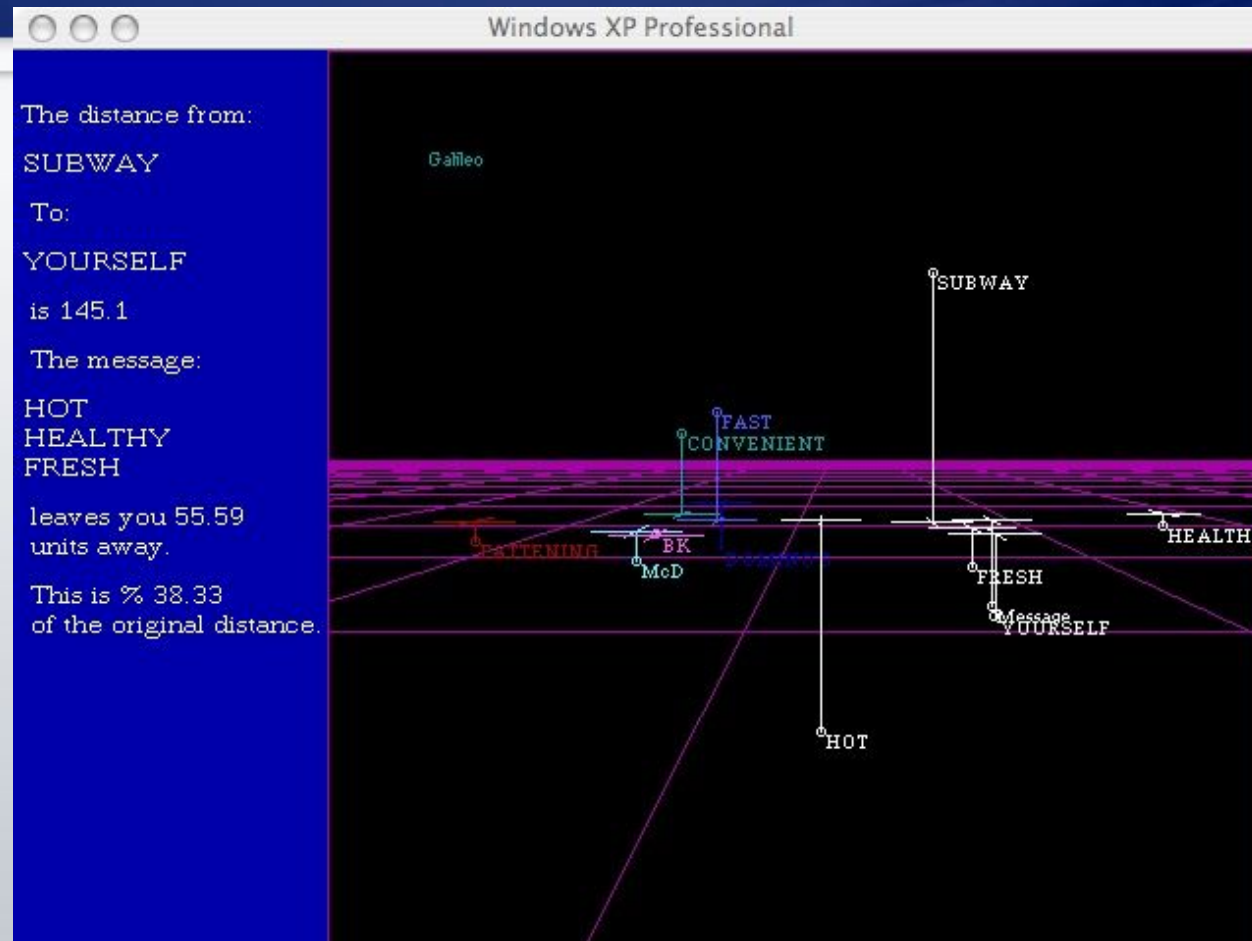


Figure 2: 3-D Galileo representation of fast food neighborhood

The objects in the neighborhood include the restaurants (McDonald's, Burger King, Subway and Domino's), several of their attributes (hot, fattening, healthy, fresh, fast, convenient) and the self (yourself).



Galileo Spatial Linkage Theory and The Consumer Mind

- Consistent with *spreading activation* – Attitudes are links between nodes representing the attitude object and the evaluative response (e.g., Anderson, 1983; Devine, 1989; Fazio, 1986; Smith, 1998)
- Consistent with *neuroscientific philosophy* – The neural circuitry of our experiences reflect specific mechanical processes in the brain; and the brain, like all other objects, is a structure operating under physical laws (e.g., Cunningham, Raye, & Johnson, 2004; Wood, Romero, Knutson, & Grafman, 2005; Voron, 2004)
- Consistent with *network analysis* – Macro-patterns can reveal characteristics of the network even if not all micro behaviors are known (e.g., Buchanan, 2002; Watts, 1999)



Consumer Feelings and Attitudes in Action

- Shopping Momentum (Dhar, Huber, & Kahn, 2007)

Shopping Momentum occurs when an initial purchase provides a psychological impulse that enhances the purchase of a second product. It is posited as a mind set/decision making phenomenon.

- Enjoyment and Entertainment (Byrne, 2003; Martineau, 1958; Rook & Gardner, 1993)

Once in the store, people shop – and consequently buy -- because it is pleasurable.



Consumer Feelings and Attitudes in Action

- Materialism (Troisi, Christopher, & Marek, 2006; Watson, 2003)

People with a materialistic orientation are likely to purchase more than their intended list.

- Self-control (Beatty & Ferrell, 1998; Rook, 1987; Vohs & Faber, 2007)

Unintended buying results from a decrease in self-regulatory resources.



How Can Marketers Use this Information?

A deep understanding of consumers enables marketers to find common behavior motivations.

The deeper you dig into consumer's thoughts and feelings, the more commonalities among consumers that you find....

And therefore, the more able you are to meet their *real* needs.



Less Counting, More Courting

Traditional Customer Relationship Management:

- Database driven – necessarily quantitative in a reductionist way
- Counts visits, purchase type, dollars spent
- Counts “longevity”
- Calculates “profitability”



Less Counting, More Courting

“Hearts and Mind” Customer Relationship Management:

- Data driven, but not reductionist
 - Higher quality data
 - Better revelations about consumers
- Calculates attitudes, suggests motivation
- Articulates authentic consumer needs that they might not be able to explicitly state themselves
- Allows companies to nurture relationship with consumers



References

- Abelson, R. P. (1967). A technique and a model for multi-dimensional attitude scaling. In M. Fishbein (Ed.), *Readings in attitude theory and measurement* (pp. 147-156). New York: Wiley & Sons.
- Ajzen, I., & Fishbein, M. (1980). *Understanding attitudes and predicting social behavior*. Englewood Cliffs, NJ: Prentice-Hall.
- Anderson, J. R. (1983). *The architecture of cognition*. Cambridge, MA: Harvard.
- Buchanan, M. (2002). *Nexus: Small worlds and the groundbreaking science of networks*. New York: W.W. Norton & Company.
- Cacioppo, J. T., Berntson, G. G., Lorig, T. S., Norris, C. J., Rickett, E. & Nusbaum, H. (2003). Just because you're imaging the brain doesn't mean you can stop using your head: A primer and set of first principles. *Journal of Personality and Social Psychology*, 85, 650-661.
- Collins, A. M., & Loftus, E. F. (1975). A spreading activation theory of semantic processing. *Psychological Review*, 82, 407-428.
- Cunningham, W. A., Raye, C. L., & Johnson, M. K. (2004). Implicit and explicit evaluation: fMRI correlates of valence, emotional intensity, and control in the processing of attitudes. *Journal of Cognitive Neuroscience*, 16, 1717-1729.

References

- Danes, J. E., Hunter, J. E., & Woelfel, J. (1978). Mass communication and belief change: A test of three mathematical models. *Human Communication Research, 4*, 243-252.
- Devine, P. G. (1989). Stereotypes and prejudice: Their automatic and controlled components. *Journal of Personality and Social Psychology, 56*, 5-18.
- Dinauer, L. D. (2003). Attitude and belief change in explicit and implicit concept hierarchies: A comparison of two models of inter-attitudinal structure. *Dissertation Abstracts International, 64* (06), 2982B. (UMI No. 3094479).
- Dinauer, L. D., & Fink, E. L. (2005). Interattitude structure and attitude dynamics: A comparison of the hierarchical and Galileo spatial-linkage models. *Human Communication Research, 31*, 1-32.
- Domke, D., Shah, D. V., Wackman, D. B. (1998). Media priming effects: Accessibility, association, and activation. *International Journal of Public Opinion Research, 10*, 51-74.
- Eagly, A. H., & Chaiken, S. (1993). *The psychology of attitudes*. Fort Worth, TX: Harcourt Brace College Publishers.
- Fazio, R. H., (1986). How do attitudes guide behavior? In R. M. Sorrentino & E.T. Higgins (Eds.), *Handbook of motivation and cognition* (pp, 204-243). New York: Guilford Press.

References

- Greenwald, A. G., Banaji, M. R., Rudman, L. A., Farnham, S. D., Nosek, B. A., & Mellott, D. S. (2002). A unified theory of implicit attitudes, stereotypes, self-esteem, and self-concept. *Psychological Review, 109*, 3-25.
- Judd, C. M., Drake, R. A., Downing, J. W., & Krosnick, J. A. (1991). Some dynamic properties of attitude structure: Context-induced response facilitation and polarization. *Journal of Personality and Social Psychology, 60*, 193-202.
- Kaplowitz, S. A., & Fink, E. L. (1988). A spatial-linkages model of cognitive dynamics. In G. A. Barnett & J. Woelfel (Eds.), *Readings in the Galileo system: Theory, methods and applications* (pp. 117-146). Dubuque, IA: Kendall/Hunt.
- Kaplowitz, S. A., Fink, E. L., & Bauer, C. L. (1983). A dynamic model of the effect of discrepant information on unidimensional attitude change. *Behavioral Science, 28*, 233-250.
- Klinger, M. R., & Greenwald, A. G. (1995). Unconscious priming of association judgments. *Journal of Experimental Psychology: Learning, Memory, and Cognition, 21*, 569-581.
- Kruskal, J. B., & Wish, M. (1978). *Multidimensional scaling*. Newbury Park, CA: Sage.
- Petty, R. E., & Cacioppo, J. T. (1986). The elaboration likelihood model of persuasion. In L. Berkowitz (Ed.), *Advances in experimental social psychology* (Vol. 19, pp. 123-205). San Diego, CA: Academic Press.

References

- Pfau, M., Gobi, I., Houston, B, Haigh, M., Sims, J., Gilchrist, E., et al. (2005). Inoculation and mental processing: The instrumental role of associative networks in the process of resistance to counterattitudinal influence. *Communication Monographs*, 72, 414-441.
- Roskos-Ewoldsen, D. R. (1997). Attitude accessibility and persuasion: Review and a transactive model. In B Burleson (Ed.), *Communication yearbook 20* (pp. 185-225). Thousand Oaks, CA: Sage.
- Roskos-Ewoldsen, D. R., & Fazio, R. H. (1997). The role of belief accessibility in attitude formation. *Southern Communication Journal*, 62(2), 107 – 116.
- Saltiel, J., & Woelfel, J. (1975). Inertia in cognitive process: The role of accumulated information in attitude change. *Human Communication Research*, 1, 333-344.
- Sarter, M., Berntson, G. G., & Cacioppo, J. T. (1996). Brain imaging and cognitive neuroscience: Toward strong inference in attributing function to structure. *American Psychologist*, 51, 13-21.
- Smith, E. R. (1998). Mental representation and memory. In D. T. Gilbert, S. T. Fiske, & G. Lindzey (Eds.), *The handbook of social psychology* (4th ed., Vol. 1, pp. 391-446). New York: McGraw-Hill.

References

- Torgerson, W. (1958). *Theory and methods of scaling*. New York: Wiley & Sons.
- Tourangeau, R., Rasinski, K. A., & D'Andrade, R. (1991). Attitude structure and belief accessibility. *Journal of Experimental Social Psychology*, 27, 48-75.
- Voron, D. (2004). *Is that all there is?* Retrieved January 31, 2006, from <http://www.skeptic.com/eskeptic/archives/2004/04-11-12.html>
- Watts, D. J. (1999). *Small worlds: The dynamics of networks between order and randomness*. Princeton, NJ: Princeton University Press.
- Wegener, D. T., & Carlston, D. E. (2005). Cognitive processes in attitude formation and change. In D. Albarracin, B. T. Johnson, & M. P. Zanna (Eds.), *The handbook of attitudes* (pp. 493-542). Mahwah, NJ: Lawrence Erlbaum.

References

- Woelfel, J., & Fink, E. L. (1980). *The measurement of communication processes: Galileo theory method*. New York: Academic Press.
- Woelfel, J., & Saltiel, J. (1988). Cognitive processes as motions in a multidimensional space: A general linear model. In G. A. Barnett & J. Woelfel (Eds.), *Readings in the Galileo system: Theory, methods and applications* (pp. 35-54). Dubuque, IA: Kendall/Hunt.
- Wood, J. N., Romero, S. G., Knutson, K. M., & Grafman, J. (2005). Representation of attitudinal knowledge: Role of prefrontal cortex, amygdale and parahippocampal gyrus. *Neuropsychologia*, 43, 249-259.
- Zaltman, G. (2003). *How consumers think*. Boston, MA: Harvard University Press.