

Editorial: *Consumer Welfare, Neuromarketing, Shopping, Wellbeing and Experiential Advantage. Valuing Happiness and Balancing Doing and Possessing*

Just a year ago we made reference to: (Purcarea, 2018) The Best Book of the Year 2009 according to The Economist and the Financial Times – “Nudge: Improving Decisions About Health, Wealth, and Happiness”, written by Richard H. Thaler and Cass R. Sunstein; (Thaler and Sunstein, 2009) the article entitled “Why nudging your customers can backfire” written by Utpal M. Dholakia, and published in 2016 in the Harvard Business Review; (Dholakia, 2016) to the Association for Psychological Science (former American Psychological Society) which reminded us in 2018 how often the so-called “psychographic profiling” is used in marketing and advertising (in order to classify people according to their attitudes, preferences, and other psychological factors); to an article written by Nir Eyal and published also in 2018 in the “Psychology Today”, starting from raising the question of what are the ethical responsibilities of companies which are able to manipulate human behavior on a massive scale, and humbly proposing the “regret test”. (Eyal, 2018) We find now useful to also recall other three sources of information for study: the article published in “Money” and entitled “The Science of How Marketers (and Politicians) Manipulate Us”, written by the consumer psychologist Kit Yarrow (author of the book “Decoding the New Consumer Mind: How and Why We Shop and Buy” - Yarrow, 2014) the foreword being written by Paco Underhill), who recommended (within the context of consumers’ information overload and anxiety) to pay attention to three types of manipulative pitches: messages in black and white, playing to our emotions, and subconscious influences; (Yarrow, 2016) the article published in 2013 in “European Journal of Risk Regulation”, Cambridge University Press, and entitled “Nudge and the Manipulation of Choice: A Framework for the Responsible Use of the Nudge Approach to Behaviour Change in Public Policy”, written by Pelle Guldberg Hansen and Andreas Maaloe Jespersen, who demonstrated that << nudging is not necessarily about “manipulation”, nor necessarily about influencing “choice” >>; (Guldberg Hansen and Jespersen, 2013) to the article published also in 2016 in INSEAD Knowledge and entitled “Manipulating Consumers is Not Marketing”, written by Hubert Gatignon, who made the distinction between influence and manipulation (“Influence, don’t manipulate”). (Gatignon, 2016)

The wise words have always had the power to impress our mind: “Time is perfecting human spirit and the spirit itself requires that”; “I am looking for the form in all that I create”; “I’ve been worrying about flight throughout my life. Flying, what happiness!” (Constantin Brancusi); “Happiness is when what you think, what you say, and what you do are in harmony” (Mahatma Gandhi); “Happiness is not something ready-made. It comes from your own actions”

(Dalai Lama); “It isn’t what you have or who you are or where you are or what you are doing that makes you happy or unhappy. It is what you think about it” (Dale Carnegie).

People care about happiness, there is no doubt. And as it was recently argued by the reputed expert in competition law Eleanor M. Fox (we had the honor to meet and discuss with the distinguished Professor at the level of the International Competition Network), the Walter J. Derenberg Professor of Trade Regulation at New York University School of Law, (Fox, 2019) people also care about fairness and being wealthy, about being provided more of what increases their welfare, including the antitrust law should recalibrate in order to satisfy the revealed consumer welfare (and find this way the fairly well aligning of the real welfare of people as consumers with the economic democracy of markets). It shouldn’t come as a surprise that we wrote again very recently (Purcarea, 2019) about the interactions between competition and consumer protection policy – including remembering an invitation to debate launched by us in 1994 (two years before the adoption of the first modern competition law in Romania) – making reference to the “European Consumer and Competition Day” Conference to be held on April 4, 2019 at the Romanian Parliament Palace within the Romanian Presidency of the Council of the European Union.

It’s been ten years since Martin Lindstrom published “Buyology”, and Paco Underhill published “Why We Buy. The Science of Shopping” (updated and revised). In a book published in 2010 (Purcarea and Ratiu, 2010) – “The Ongoing Challenge: How to Remain Competitive in the Global Service Economy” (book in English, recommended also in French and Dutch, in Brussels, in September 2010, by the well-known magazines “Distribution d’Aujourd’hui” and “Distributie vandaag”) – we cited both the above mentioned reputed authors, highlighting, among other aspects, that: today’s customers are more visually overstimulated than ever before, studies indicating that the more stimulated they are, the harder is to capture their attention, and although sight is a crucial factor in why customers buy, in many cases it isn’t as powerful as we believe, smell and sound being more potent; (Lindstrom, 2009) as customers like touching, trying, tasting, smelling, and exploring the world of desirable objects (this artful juxtaposition of those objects making all the difference most of the times), this is probably the most powerful incitement to shopping and organizations need to give to their customers the opportunity to touch, try, taste, and smell the products offered. (Underhill, 2009) We ended our book by also remembering what we pointed out on the Romanian Distribution Committee Website (while commenting a book launch), expressing the hope that (despite the economic-financial and social crisis, of moral origin) education and culture can remove evil, education meaning first of all respect, respect for human beings, for the community ... for the past, the present and the future of the community.



How to remain competitive in the global service economy

par Theodor Valentin Purcarea et Monica Paula Ratiu

Une économie globale telle qu'elle se développe actuellement. L'innovation apparaît, en effet, comme le véritable moteur de la compétitivité et par là-même comme le facteur essentiel de la réussite. L'obligation de se remettre en cause de façon constante, de se réinventer en quelque sorte, de repenser la finalité de l'entreprise, d'élaborer des stratégies de développement nouvelles, de chercher dans une meilleure connaissance de ses clients les raisons d'être et l'identification des options à prendre ; sont autant d'atouts conduisant au succès. Pour prospérer, une entreprise doit savoir ce qu'elle représente aux yeux de ses clients, et être consciente du fait que c'est sa réputation intrinsèque auprès de ceux-ci mais aussi dans l'esprit de ses collaborateurs qui garantira son avenir. Car le marketing doit se baser sur des faits et se construire sur des objectifs élabores en fonction de ceux-ci. Sans renier le marketing constructeur de marque, il importe des lors de donner au marketing du consommateur toute l'importance qui est la sienne.

« How to remain competitive in the global service economy », par Theodor Valentin Purcarea et Monica Paula Ratiu, Editions "Carol Davila" University Press, Bucarest, 150 pages L.F.W.

Source: <http://www.crd-slides.ro/2010/09/a-challenging-actual-book-wrote-by-two-in-the-same-time-representatives-of-the-romanian-american-university-bucharest-and-romanian-distribution-committee-theodor-valentin-purcarea-and-monica-psu/>

Let us also cite other two comments with regard to “Buyology” (the world’s largest neuromarketing research project, consumers’ brains being examined with the most sophisticated brain scanning technology available at that time): “... *we’re hardwired to buy brands... Want to know a secret? You’re a victim of subliminal advertising...*”; (adage.com/buyology) “*The big idea; brains scans don’t lie, people do ... the study provided results consistent with the research truism that there’s a huge difference in what people want and what they say they want, and why they do what they do and why they say they do what they do. Lindstrom suggests that the unconscious decisions our brains make when we encounter advertising are responsible for approximately 90% of consumer behaviors*”. (brandgenetics.com/buyology)

In the mid of 2016 we find out thanks to the Fast Company about “*Scientific proof that buying things can actually lead to happiness (Sometimes)*”, (Sachan, 2016) a link between spending money on items which are in sync with buyers’ personalities and happiness (this being the case of the happiest people) being underlined, starting from the fact that researchers linked happiness with experiences, taking into account, among other aspects, for instance, the decreasing in vigor overtime of the excitement of buying something new, of course depending on what kind of happiness it is valued or balancing doing and possessing. Two years later, in 2018, we also find out, this time thanks to the Association for Psychological Science, how other researchers revealed that:

- within a sales context, customers are perceiving intense displays of both happy and sad emotions as inappropriate and inauthentic, decreasing both their trust of the salesperson and their satisfaction with not only with the customer service, but also with their expected satisfaction

with the product, and their actual use of the product; (Association for Psychological Science, January 25, 2018)

- the well-known effect of greater happiness from purchasing experiences (the experiential advantage, compared to buying tangible objects) it is specific to only individuals who were relatively higher in social class, having an abundance of resources (lower-class consumers being more concerned to make wise purchases); the experiential advantage could also depend not only on the momentary changes in consumers' mindset regarding their financial resources, but also on buyers' education or subjective judgments. (Association for Psychological Science, October 3, 2018)

It was also interesting to read in the same year, on February 15, 2018 about the best practices for happiness policy as revealed by the first volume of the *Global Happiness Policy Report* (a companion to the World Happiness Report – WHR, which is reporting the who and why countries are happy) elaborated by the Global Happiness Council chaired by the Sustainable Development Solutions Network's (SDSN) Jeffrey Sachs (also Director of the Center for Sustainable Development at Columbia University). This report showed, among other aspects, that the central parts of happy lives are the good jobs, increasing staff engagement increasing job satisfaction and reducing costly job turnover, while the crucial issue for communities being the structure of social connectedness.

This year, on February 10, 2019 the 2nd edition of the Global Happiness and Well-being Policy Report (the first was released in April 2012 in support of a UN High level meeting on “Wellbeing and Happiness: Defining a New Economic Paradigm”) was launched – produced annually under the auspices of the Global Happiness and Well-being Council chaired by Professor Jeffrey Sachs and supported by the Prime Minister's Office of the United Arab Emirates – on the occasion of the 7th annual gathering of the World Government Summit in Dubai. Among the very many interesting aspects revealed by this report allow us to underline only two:

- “*The rise of digital media and the fall of everything else*”, taking into account that the report revealed: the link between the decline in general happiness, one hand and the increasing of the amount of time spent online by the American adolescents at the same time that sleep and in-person social interaction declined, on the other hand; the double effect digital media activities may have, one indirect on happiness (by displacing time that could be otherwise spent on more beneficial activities), and the other one direct on well-being;

- “*Rising stress levels associated with increased socioeconomic inequality*”, taking into account the arguments brought by the distinguished Professors Richard Wilkinson and Kate Pickett in their new book “*The Inner Level: How More Equal Societies Reduce Stress, Restore Sanity and Improve Everyone's Well-Being*” (Publisher: Penguin Press, January 22, 2019), according to which the “high and rising income inequality in high-income societies leads to stress that leads to

addiction”; it was also underline that there is research suggesting that social contagion (peer imitation and peer pressure) is often decisive for leading an individual to addiction. (Helliwell, Layard & Sachs, 2019)

And it also shouldn’t come as a surprise that this 2nd edition of the Global Happiness and Well-being Policy Report concluded that the rising challenges approached within this framework presuppose a public policy response built around well-being rather than corporate profits.

Let’s come back again to the true words of our Constantin Brancusi: *“To see far is one thing, going there is another”*.

Theodor Valentin Purcărea

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