

## 2. Influences on marketing

### Factors influencing customer choice

The 4 main factors influencing customer choices are:

<b>1. Psychological Factors</b>	Psychological factors are influences within an individual that affect his/her buying behaviours. <ul style="list-style-type: none"><li>- These influences are internal and can be affected by the buyer's perceptions (personal views), motives, attitudes, personality and self-image.</li></ul>
<b>2. Socio-Cultural Factors</b>	Sociocultural influences are those that influence buying behaviour, and are exerted by 4 main groups: <ul style="list-style-type: none"><li>- Social Status/Class (relative rank in society based on education/income/occupation)</li><li>- Peer Group (group of people with who someone identifies, adopting their values/beliefs)</li><li>- Ethnicity/Culture (learned values, beliefs, behaviours and traditions shared by a society)</li><li>- Family (Different family roles influence different buying behaviours)</li></ul>
<b>3. Economic Factors</b>	Influences affecting a buyer/business brought upon by current economic trends and family/individual income levels. <ul style="list-style-type: none"><li>- Influence varies directly with booms/recessions, and influence the capacity, willingness and ability to spend.</li></ul>
<b>4. Government Factors</b>	Governments influence marketing and customer behaviours, because the through putting in place policies to influence economic activity depending on the economic conditions, affect business activity and customer spending habits – influencing a business marketing plan. <ul style="list-style-type: none"><li>- Laws like the <i>Competition and Consumer Act 2010 (Cwlth)</i>, <i>Sales of Goods Act 1923 (NSW)</i>, and <i>Fair Trading Act 1987 (NSW)</i>, influence marketing decisions.</li><li>- 2 Important government regulatory bodies are the <i>Australian Competition and Consumer Commission (ACCC)</i> and the <i>Australian Securities and Investments Commission (ASIC)</i>.</li></ul>
In order for Marketers to succeed, they need to understand the previous factors and how they influence the choices that the consumers they're appealing to will make.	

### Consumer Laws

Consumer laws are in place to improve the protection and rights of consumers, and helps clarify the rights and responsibilities of businesses.

- **The Australian Consumer Law (ACL) 2011**, replaced 17 laws, and applies in the same way to all Australian consumers and businesses. It gives all consumers and businesses the same rights and protections wherever they are nation wide.
- **The Competition and Consumer Act 2010 (Cwlth)**, used to be known as the Trade Practices Act, affects the marketing and business practices in Australia. The CCA aims to:
  - 1) *Protect Consumers against undesirable practices*, like deceptive and misleading advertising, and price discrimination.
  - 2) *Regulate certain trade practices that restrict competition*, ensuring a number of businesses are operating at one given time to encourage competition in a market.The **Australian Competition and Consumer Commission (ACCC)** enforce the *Competition and Consumer Act*, and breaching the act results in the ACCC taking civil or criminal

proceedings (i.e. fines, suing the business/individual, etc.) against those that undertake **unconscionable conduct** (practice that is not reasonable and often illegal).

The following are 4 specific marketing practices that are regulated and prohibited by laws and acts such as the ACL and the CCA.

<b>Deceptive and Misleading Advertising</b>	<p>This is advertising that creates a false impression about the product in order to influence customers to buy it.</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> <li>- <b>Fine Print</b> (hiding hidden information, hard to read),</li> <li>- <b>Before and After Advertisements</b> (at times images are distorted and then enhanced), <b>Packaging</b> (size and shape may give misleading impression of product),</li> <li>- <b>Test Surveys</b> (when surveys are said to have been conducted when in reality it hasn't).</li> </ul>
<b>Price Discrimination</b>	<p>This is the setting of different prices for a product in separate markets.</p> <ul style="list-style-type: none"> <li>- Different pricing is possible due to geographically separated markets or product differentiation.</li> <li>- Price Discrimination can substantially reduce competition so is prohibited by the CCA</li> </ul>
<b>Implied Conditions</b>	<p>Implied conditions are the unspoken and at times unwritten terms of a contract, assumed to exist around normal usage/expectations, regardless of whether they're in writing.</p> <ul style="list-style-type: none"> <li>- To comply with this act, businesses need to ensure they're goods are of acceptable quality (fit for the purpose that it's being sold, acceptable in appearance and finish, free from defects, safe and durable).</li> </ul>
<b>Warranties</b>	<p>Warranties entitle customers to a refund or repair if goods are faulty.</p> <ul style="list-style-type: none"> <li>- Businesses by law are required to offer refunds if the products are faulty, don't match their description, or fail to do the job they were supposed to do.</li> <li>- Warranties assure the customer that a business has confidence in the quality of it's product, and can be used as a marketing tool if it includes superior options to competitors.</li> <li>- If problems arise with obtaining refunds etc. then the consumer can refer to and raise the problem with, the ACCC or the Dept. of Fair trading.</li> </ul>

## Ethical Influences

### Truth, Accuracy and Good Taste in Advertising

Advertising can at times be misleading, and this is not only unethical, but illegal. The main unethical marketing practices include:

- **Concealing Facts.** A lot of advertisements are rather 'free' with the truth, and often don't take the advertisements to be believable. The unethical side of this comes about when they conceal facts and hide the truth – purposely omitting information – the act of which can harm the trust customers have with the business and the product.
- **Exaggerating Products abilities/Being inaccurate with information.** This is also known as 'Puffery' and is a claim that can't be proved or confirmed by consumers. *E.g. a Shampoo being superior to any other one on the market.*
- **Vague Statements.** These are statements that are so broad that the consumer will assume the intended message.

- **Good Taste** in advertising is highly subjective, as some consumers due to personal reasons may find an ad offensive, whilst others find the same ad acceptable. There is usually a common societal agreement as to what is acceptable and marketers must be aware of sensitivities that consumers may have (i.e. cultural, health wise etc.). Advertisements that adhere to 'good taste' generally avoid sexualisation, discrimination, and lower advantaged societal groups.

**Products that may damage health**, are also ethical influences, as many believe that the marketing of these things (i.e. Junk Foods) shouldn't be promoted – especially as advertising codes that allow times for adverts to be broadcasted, aren't working.

- As well as these advertising codes in place there are restrictions set by the government on children's advertising, and as such, ad's can't be played during pre-school children TV shows.

#### **Engaging in Fair Competition.**

- Engaging in competition in a market can at times be hard, and so there is temptation for businesses to indulge in marketing strategies that are unfair, and can ultimately result in consumer exploitation.  
Common unfair and unlawful strategies include:
- Sugging, highly exaggerated marketing, false promises or manipulative/high-pressure selling methods.
- In order to act in fair competition, a business should develop an ethical marketing policy, which includes truth, accuracy and good taste, which will develop good customer relations and a positive reputation (which can result in increased sales).

**Sugging** – The act of selling a product under the disguise of a method of market research (i.e survey).

- Although Sugging isn't illegal, it raises ethical issues such as the invasion of privacy and deception.