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A SUBJECTIVIST VIEW

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Section F: "Beyond Positive Economics?"

The Consumer in his/her Social Setting: a Subjectivist View

by

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Abstract

This paper attempts to be both critical of positive economics, and to offer a constructive alternative, in the area of consumer behaviour theory. It is first argued that conventional consumer theory, based on the notion of utility maximization, can tell us little more than the man in the street, viz, the Law of Demand, that if relative prices are lowered consumers will buy more of the products - except when they do not. In situations of structural change, where new products are being launched, or oligopolistic markets, even the very notion of a demand function is open to question. Consumer theorists ought to be able to explain to firms how they can affect their sales at prices set in response to competitive pressures, but it is not possible to do this without a deeper understanding of consumer motives.

The subjectivist alternative sees consumers as attempting to cope with a complex and mysterious world by a process akin to normal scientific behaviour. That is to say, they form theories about how things are and then attempt to test them to see how they fit. They can only test a limited number of theories so they choose the most interesting ones. They will be afraid to choose activities which place them in situations which they cannot comprehend, particularly if they might have to justify their choices to others, or if the results of their theory-testing destroy their previously cherished beliefs. They will be especially worried about preserving their self-images, their theories of themselves.

The paper then uses this view of human behaviour to understand how consumers may be encouraged to change their behaviour, with particular attention being paid to ways in which firms can exploit the emotions of anxiety, hostility and aggression (for which we give subjectivist definitions). The theory is also used to analyse the nature of 'keeping up with the Joneses' and sudden shifts in consumer durable purchases, along with consumer persistence in activities seemingly because of, rather than despite sunk costs which conventional theory finds hard to explain.

The subjectivist view is particularly helpful in explaining the nature of clashes in tastes and why consumers of particular products, be they economic theories, styles of dress, or drinks, react with hostility towards those who choose differently from themselves. Conventional theories, for all their displays of technical virtuosity, cannot say any more than 'people choose different things because they like different things'. They cannot suggest why people might prefer others to like what they like and pressurize them to do so.

THE CONSUMER IN HIS/HER SOCIAL SETTING:

A SUBJECTIVIST VIEW

by

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1. INTRODUCTION

The aims of this paper are both critical and constructive, in keeping with the general theme of the conference. Consumer theory is selected as an area where positive economics appears to be especially weak and, after showing why it has so little to offer, we demonstrate how it is possible to go 'beyond positive economics' by using a subjectivist analysis of consumer behaviour. In particular we hope to show that a subjectivist approach can be very useful to the practicing economist who may get asked to advise on appropriate sales strategies as new products are being launched, a situation in which the consumer theories of positive economics have nothing to say.

We shall concentrate our attention on consumer choices by households though it is quite possible to extend the analysis and apply it to sales of intermediate products to firms. Industrial buyers are, after all, only human beings making choices in the presence of other people who may be concerned with their decisions, but who cannot do anything more than theorize about how these decisions have been reached or ask for justifications of them. By inquiring into the nature of human motivations rather more deeply than conventional economists do it is possible to gain insights on how human behaviour can be manipulated to suit business goals. We shall make no comments on whether or not attempts at such manipulation are desirable, but should not come under fire from positive economists for this since their methodology prevents them from saying anything on normative, welfare matters.

It should be stressed that the subjectivist view which will be

presented is very much a personal interpretation which incorporates elements not only from economists from Adam Smith (see Skinner, 1979) to Shackle (1943, 1979), but also from academics in other fields who seem to share a similar world view. These include the ethnomethodologists in sociology (Schutz (1943), Garfinkel (1967)), philosophers of science (Kuhn (1970), Popper (1976, especially p.48)), a political scientist (Steinbruner, 1974), a social anthropologist (Thompson, 1979), and the personal construct group of personality theorists in psychology (especially Kelly (1963) and Bannister and Fransella (1971)). Limitations of time and space prevent a detailed analysis of how so many researchers in such seemingly diverse areas have, often independently, come to similar conclusions about the nature of human behaviour. These limitations also prevent much discussion of whose ideas are being used at each point in the paper. Readers must therefore take the 'whole' on trust and, if they disagree, blame the author for the interpretation he has synthesised.

2. POSITIVE ECONOMICS AND CONSUMER THEORY

While subjectivists are often polymaths, practitioners of positive economics are conspicuous in their reluctance to cross the conventionally accepted boundaries of their subject. They make no attempt to borrow ideas from psychologists and sociologists or undertake any detailed consideration of the complex motives underlying human behaviour in social situations when investigating the behaviour of consumers or firms. This is hardly surprising, for it would be a very time-consuming activity and would be likely to make it difficult to express ideas mathematically or subject them to econometric testing. They would also be faced with the prospect of choosing from amongst the squabbling factions in these unfamiliar disciplines, and suffer from the anxiety

that their chosen components might later be shown to be flawed and their economic results swept away, leaving them with nothing.

To avoid such anxiety and to hasten the construction of precise and hopefully testable models, positive economists prefer to assume that the world operates 'as if' its population consists of isolated, omniscient individuals whose every action can be seen as part of an attempt to maximize 'utility', a metaphysical notion that they are unable to define without arguing in a circle. They attempt to justify their tolerance of patently unrealistic simplifying assumptions by pointing out that, in a world of partial knowledge, any theorizing involves simplification and suggesting that what matters is whether or not a theory generates realistic predictions.

This process of abstraction may sometimes seem adequate for the purpose at hand, but not always. Often the results of hypothesis testing are ambiguous and there is no reason to believe that past predictive success is necessarily a guarantee that the theory will predict well in the future. All too often predictive success with an assumptively unrealistic theory causes the positive economist to become oblivious to its limited range of convenience and neglect, while supplying policy recommendations, the warnings suggested by other theories.

A positivist approach to consumer theory necessarily stands or falls according to its success in generating testable hypotheses about consumer choices. These hypotheses should either be of relevance to policy-makers or add to knowledge for its own sake. Academic prestige demands that these hypotheses should not already be found on the list of commonsense things which everyone knows. Unfortunately, it would seem that the simple axioms of orthodox consumer preference theory

that form part of the hard core of the positivist research programme do not lend themselves to the construction of these kinds of refutable hypotheses. This does not prevent so-called positive economists from carrying out econometric investigations but, as Brown and Beaton (1972, pp.1150-2) have observed, much empirical work on consumer choice does not attempt to test hypotheses about consumer behaviour at all. Rather, it is aimed simply at estimating demand relationships; i.e. it is not so much positive economics as measurement without theory.

Orthodox preference theory can be used to generate the 'Law of Demand', and little else. The Law of Demand (which the person on the Clapham omnibus would see as commonsense) states that when the relative price of a commodity is reduced consumers will, other things equal, buy more of it - except when they do not. In situations where combinations of goods are being studied any behaviour which is at odds with the axioms of consistency and transitivity is usually explained away as being a consequence of shifts in consumer preferences. However, the positive economist's liking for independent observations, and concern with the discovery of market relationships between prices and quantities rather than the construction of preference maps for groups of representative individuals with common lifestyles, militates against actually asking consumers questions that might reveal whether such preference shifts have actually taken place.

The lack of specific results in modern consumer theory drove E.J. Mishan (1961, p.1) to suggest, cynically, that

"(A)fter all the display of technical virtuosity associated with such theorems, there is nothing that the practicing economist can take away with him to help him come to grips with the real world. Indeed, he would be no worse off if he remained ignorant of all theories of consumer's behaviour, accepting the obviously indispensable Law of Demand on trust."

Mishan's conclusion seems particularly apt when one considers the difficulties a practicing economist would face if she tried to use the positivist methodology while advising a firm launching a new consumer product in an oligopolistic market. Positive economics must remain silent while a market is undergoing a structural shift or if attempts to obtain data for hypothesis testing in advance of a policy decision would undermine the existing structure.

In the case of a new product no independent sample yet exists from which even a demand relationship might be estimated. Existing, related products might, of course, offer similar characteristics in different proportions, and the economist might attempt to use this data to estimate what the pattern of demand might be. However, this can only be done by presuming how consumers will perceive the new and old products, and the criteria they will use for evaluation, for, once again, the positive methodology's insistence on using independent (and supposedly value-free) data precludes asking the kinds of questions that market researchers would use to find out. There is no guarantee that the economist's own introspection with regard to opportunity costs will bear any close correspondence to actual consumers' perceptions of the competing products (c.f. Buchanan and Thirlby, ed., 1973).

Once a new product has been launched data about its market performance can be gathered. However, it will be difficult for the positivist economist to know to what extent shifts in sales are due to relative price changes or the effects of the diffusion of information about the product between consumers (c.f. Bain (1964), Ironmonger (1972)). The process of structural change thus prevents the discovery of a demand curve, whether noted in theory or even

merely estimated.

In oligopolistic markets firms cannot easily experiment to discover price/quantity relationships. To lower a price may spark off a price war while, in initially setting a price, they will frequently feel constrained by the threat of entry from actual or potential producers of (near) duplicate products. Hence it may seem wise to set, and keep to, an entry-detering price based on expected 'full costs' at a 'normal' level of capacity utilization (insofar as they believe their own costs are similar to those of would-be producers of the product). In such situations it is, as Andrews (1949, 1964) has observed, somewhat meaningless to think in terms of demand functions.

The firm contemplating launching a new product in a price-constrained, oligopolistic markets needs to have an idea of the likely quantity that could be sold, through time, at the entry deterring price for each of the products of which it can conceive. Products in this context should be seen as bundles of physical and selling strategy characteristics. Only then will the firm be able to choose the one which best meets the goals of its participants. It is not possible to estimate such quantities without investigating consumer motives in some detail or asking the sorts of questions of consumers that cause positive economists to stand back in horror. The positivists do not regard people who engage in this kind of work on consumer behaviour as economists but as members of the less respectable definition known as marketing. The positive economists, meanwhile, confine their attention to those issues which their methodology can handle, estimating demand equations for static market structures against a theory that seems to proclaim little more than

'consumers buy what they like' (or worse, bearing in mind the circular definitions they offer for utility - 'consumers buy what they buy').

2. A SUBJECTIVIST WORLD VIEW

The starting point of the subjectivist authors mentioned in the introduction is not always stated explicitly but it seems to be the view that what drives people into action is ignorance, wonder, or enchantment with aspects of the world of which they have not yet obtained what they feel to be an adequate grasp. Perfect knowledge, such as is commonly assumed by positive economists, is seen as leading to a state of stupifying boredom, a state of indolence rather than enterprise. Instead of regarding decision-takers as 'utility seekers' a subjectivist effectively sees them as agents attempting to discern patterns in, or impose order upon, the complex and uncertain world in which they find themselves.

People are thought of as forming theories about, or imagining relationships between, what they believe to be connected features of the world (features which can, in turn, only be described in relativistic terms). They then engage in activities the aim of which is to discover whether or not these are accurate representations of how things really are, or, in the absence of any better explanation, can be made to appear consistent with their perceptions. Success in doing this implies that a person can predict and control things, and has escaped from the nightmarish situation of being at the mercy of events where any random action would seem as likely to produce any outcome as the next. The relationships between features which people conjecture or attempt to impose are most conveniently labelled images. For most

people the key image will be their self-image, their theory of how they fit into the scheme of things. When we hear people speak of 'having an identity crisis' what they are really speaking of is an inability to form an acceptable theory of their self-image. An inability to sustain any self-image except that of a person who is a fool and cannot cope, or evidence which destroys a previously conjectured self-image without seemingly pointing towards an acceptable alternative, will represent a grave cause for anxiety. The emotion of anxiety is one for which we shall later provide a subjectivist definition with a practical application.

From this perspective choices can be seen as follows: as direct or indirect means of testing a previously unexplored idea (e.g. employment in a job that is not boring provides both the scope for exploring new fields whilst one is working, and the wherewithal for exploring consumption goods), refining a person's understanding of something of interest (connoisseurship), or preserving a set of conjectured relationships (e.g. the act of tidying up, which imposes order upon chaos, or of directing one's children's behaviour to conform with one's image of appropriate conduct).

It may be helpful to take this subjectivist view as regarding the person as a kind of generalized scientist - to put it another way, it is easier to cope with the rest of the paper by forming an image of people as researchers in what might be called the 'laboratory of life'. Just as scientists within a more narrowly defined disciplinary area are more interested in finding out about some things than others, so the inquiring person will be keener, or under greater pressure, to explore some areas rather than others. This is just as well, since only a limited number of the theories competing for someone's attention

can be uplifted from being mere daydreams and actually be subjected to testing. Even then, the evidence obtained may be ambiguous, while further attempts at connoisseurship to remove ambiguities and add detail cannot be guaranteed in advance to add anything to a persons' comprehension. Additions to people's stocks of evidence may overturn their previously acquired beliefs about how the world works, while an attempt to test what turns out to be a false hypothesis (such as an idea about where profits might be found) may be very expensive, in the sense that its results preclude the testing of many more ideas.

Subjectivists see this process - like academic science - as very much a social affair. History, a person's upbringing in a particular social situation, 'commonsense' knowledge, opinions of others, and the 'state of the news' all play vital parts in shaping a persons' interpretations of evidence and in the formation and selection of ideas. It is this aspect of behaviour, and its implications for corporate policy, upon which we shall concentrate our attention for the rest of the paper. Positive economists automatically deprive themselves of the ability to say anything about the ways in which social factors and past actions affect the current behaviour, or what the policy implications of these factors might be, since they treat consumers 'as if' they have no past experiences and live isolated existences, interacting with others only in order to make market transactions.

4. THE BENEFITS AND COSTS OF SOCIAL INTERACTION

There seem to be five main reasons why we bother to interact with other members of society:

- 1) Social interaction in the workplace is necessary if we are to obtain income with which to explore other activities or to test our hypotheses about the place of employment.
- 2) We find some people particularly interesting and wish to clarify our images of them.
- 3) Other people can help us form theories about the nature of things by offering advice and information
- 4) Other people can help us test theories, either directly (e.g. "What do you think of ...?"), or indirectly (e.g. where we can observe their experiences in particular circumstances).
- 5) If we are prepared to accept on trust what others have told us are 'commonsense things which everyone knows' we can confidently get on with considering images of more specialized aspects of reality. Social codes and customs, as well as the legal framework and reputations of people and products, enable us to save time and take a lot for granted.

But there is an important price to pay for enjoying the benefits of social interaction. In seeking to form and test their theories, including, possibly, theories about ourselves, other people may ask us why we have done certain things or demonstrate publicly that the justifications we have so far offered for our actions are, in some sense, inadequate. If we offer demonstrably inadequate justifications for our behaviour we reveal ourselves to be fools. Worse still, if we cannot provide any justification at all for the views we hold or decisions we take we demonstrate to other people that we do not understand how the world works and that our actions have not been based on well thought out choice criteria. If we cannot justify our choices or, to put it somewhat differently, if we cannot preserve or

clarify our images of things, we cannot be acting rationally; we must be acting randomly rather than according to reason. An inability to justify overt behaviour or beliefs is incompatible with a self-image as a capable, articulate and reasoning being.

Even if we do have justifications for our actions we may be reluctant to articulate them because we realize that to do so would display inconsistencies in our world views; the preservation of one image seems to require the destruction of others. In order to preserve consistency in our frameworks of belief we have to ignore certain activities and situations, if it is possible to do so, or judge the adequacy of our theories and interpret evidence in a way which preserves our most important, core presumptions. A world view is preserved by turning a blind eye or fudging things where ambiguities permit. That people behave in this way is something that has been well established by the work of cognitive psychologists, and a summary of some of their experiments and findings is to be found in Chapter 4 of Steinbruner's (1974) book.

The implication of this view of the costs of social interaction is that people will only buy products if they believe they will be able to justify their decisions to purchase them, or will not need to justify their purchases because they will be kept away from the public eye or are the approved subjects of 'commonsense' knowledge as means to particular ends. How necessary it will seem for a person to be able to justify a decision to purchase something for consumption will depend upon the social grouping to which the person feels attached. Continued membership of a social group may require a person to present an image that is neither at odds with conventional views as to how private a lifestyle may be enjoyed, nor at odds with

that group's conventions with regard to consumption behaviour or acceptable beliefs.

Consider the following example of the effects of differences in privacy of lifestyle on purchasing behaviour. A student will usually lead a very public life and may therefore be expected to be under pressure to justify the prices he or she pays for consumer durables such as hi-fi units. Such pressure may force the student to use discount shops despite the poor sales service they provide and use complex trade magazines for advice on these technically intricate products, or copy choices of peers except where that would violate a self-image as a person with a flair for individuality. Elderly working class consumers, by contrast, often lead very private lives and will not need to justify their choices to others. For these consumers self-image preservation may entail avoiding embarrassment at the point of purchase rather than during the subsequent consumption of the goods purchased. To this end, a friendly service may seem well worth paying a lot to obtain.

The problem of not being able to justify our behaviour or preserve our self-images is evidently one that will concern us most when we have to make choices outside our usual frames of reference. In such situations we may be alarmed that our actual choice criteria are of the kind we would find unconvincing or inappropriate if other people offered them to us as justifications for similar actions of their own. We will only be able to justify what we have done adequately with the benefit of hindsight (i.e. with evidence as to how things seem to be related) or if we are provided with suitable information by another party. The knowledge that someone else may have useful information does not guarantee that a person will attempt

to obtain it, for to do so could involve asking what the person construes will be seen as inane questions and this might be at odds with, say, a self-image as a confident and capable middle class consumer.

If firms fail to appreciate the concern of consumers with regard to the ease of justifying their often complex purchases and to the opinions and relative positions of other members of society about whom they have formed theories, they are likely to sell less of their products than it might actually be possible for them to sell. In particular, in selling to novice consumers they may lose out unnecessarily to those rival brands which are commonly known to be acceptable performers. For this reason it seems appropriate to spend the last section of the discussion considering how firms might put the proposed theory to practical use in attempting to understand what is happening in their markets and how they might manipulate consumer behaviour.

5. IMAGES, EMOTIONS AND BUSINESS POLICY

We have argued that as people choose to undertake particular activities they should be viewed not as attempting to maximize utility against given preference orderings, but as trying to see whether certain of their theories about the nature of things - particularly theories about themselves - that they find interesting are adequate images of reality. In order to affect consumers' behaviour, then, firms must attempt to manipulate their expectational environments so as to produce images which will deter them from switching away from, or make them switch to the firms' products. To see how they might be able to do this, and when such action will be particularly necessary, we need to analyse: first, why consumers persist with or cease buying certain

things; and second, the nature of consumer emotions, as seen from the subjectivist standpoint, with reference to which firms can design their product images. Let us consider these in turn.

In general we can say that people will cease an activity once it has become boring - i.e. when sufficient evidence has been acquired to make it seem less enchanting than another activity - or when it is no longer necessary to preserve an image, particularly if an alternative activity is construed as having greater image-preserving properties. However, people will not willingly adopt a form of behaviour which they cannot justify. Hence even if they are bored they will not venture into new areas or allow interesting things to happen to them if they expect to be unable to understand themselves or justify to others what they are doing and the consequences that might be attached. This view of consumer behaviour leads to a novel view of both persistent behaviour, where people refuse to treat sunk costs as so much water under the bridge, and sudden changes in consumption behaviour in durable goods markets, such as have been observed by Katona (1960) and Smith (1975).

Positive economists must frequently become perplexed when they see people and firms (as well as governments, as with the case of Concorde) persisting in an activity seemingly because of, rather than despite, previously sunk costs. The usual rationalization given, which is not a positive one, is that people taking the decisions sadly do not understand economic theory. It is rare to find economists actually proposing theories in which this 'misguided' behaviour is recognized, through the articles by Wolf (1970, 1973) are notable exceptions. The following subjectivist rationalization can be offered.

If people make public statements justifying a decision they will remain committed to the activity afterwards as they wait in the hope that experience will eventually throw up the evidence upon promise of which the justification was based. If things presently seem to be going in the opposite direction a person may chance everything on things coming out right in the end, no matter how implausible this might be to others at the moment, in order to avoid being humiliated by someone who presents an image of relative superiority by saying "I told you so". So long as the incremental returns to persisting with a particular line of activity are even slightly ambiguous there is scope for our minds to distort our perceptions with wishful thinking. Thus an outcome which would not have been possible had past costs not been sunk might be made to appear highly plausible. If the outcome actually occurs past behaviour which others have attempted to condemn can be shown, with the benefit of hindsight, to have a very high payoff. So long as the experiment is being continued, judgment of the hypothesis under test must be suspended and, meanwhile, critics might forget what has been promised as an outcome and turn their attention elsewhere. In the long run we may be pouring good money after bad, but in the short run our continued expenditure buys the right to delay someone else's judgment of our behaviour.

The idea that relativity notions play a key part in individuals' attempts to preserve and clarify their self-images can also be used as a way of explaining 'crowd behaviour' aspects of changes in consumer durable demands during the business cycle. If people are concerned about their positions relative to others, a change in the rate of conspicuous consumption by members of the reference group will mean

that the rate of spending an individual needs to undertake to preserve a given image changes too, and in the same direction. For example, if everyone else in the reference group is replacing their cars, a person who does not is presenting an image of relative poverty or one who is willing to accept second best. If this is at odds with the person's self-image it will be necessary to the person to follow suit to preserve the self-image, regardless of whether the existing vehicle has become boring or is wearing out. However, if members of the reference group stop buying cars there is no need for the person to replace the car unless it has become boring or worn out.

In the markets for consumer durables usually replaced before they are worn out demand can be very unstable. It only takes a withdrawal of expenditure by a minority of individuals more concerned with the embarrassment of being unable to meet commitments in the future (e.g. due to a fear of redundancy) than with a current image of being unable to 'keep up with the Joneses' to bring about a kaleidoscopic contraction in sales. Neither 'the Joneses' nor third ranking consumers will feel such a pressing need to spend. Since the third ranking consumers will, for someone else, constitute 'the Joneses' the process spreads along a chain of reference groups. Evidently, the marginal return to sales expenditure designed to stop the initial minority's break away can be quite considerable.

Sales strategies to produce or disturb patterns of persistent behaviour in groups of people with common elements to their world views - what are known in marketing circles as common lifestyles, and by philosophers of science as paradigms, ideologies or research programmes - may be designed in the light of an appreciation of the typical emotional reactions of these groups to their environments. To this end, some

particularly useful definitions of emotions can be found in the work of subjectivist psychologists of the personal construct school (see Bannister and Fransella (1971) pp. 34-41):

Anxiety is defined as the awareness that the events with which a person is confronted lie mostly outside the range of his or her theory-forming system. That is to say, the person feels that life is becoming something akin to a series of examinations in unfamiliar subjects. A natural response will be to avoid those activities which involve anxiety, just like a student will not willingly attempt subjects where failure seems likely. A firm attempting to expand (or maintain) its sales should do so in a way which suggests that people who continue to refrain from (or cease) purchasing its products will find their abilities to anticipate events, and images of themselves, will be undermined. Furthermore, the firm must ensure that its products will not cause potential purchasers to feel they might be stepping out of their depths. It will thus need to make things easy for inarticulate and inexperienced members of society to purchase and use without the fear of throwing up evidence at odds with their (often over-optimistic) self-images.

To give some examples: retailers can remove the prospect of embarrassment from the customer who is unwilling to ask for price details in the belief that then not to purchase without an appropriate justification will present an image as someone who is unable to understand what is valuable, or who is relatively poor, by displaying prices. 'No quibble guarantees' will attract the custom of those who fear the prospect of having to return faulty goods because it might involve a somewhat humiliating argument. Similarly, travel agents who offer package tours, and property developers who promise to find mortgages

handle solicitors for their customers, remove the anxiety from unfamiliar situations. It is something for which people will often be prepared to pay handsomely. The most obvious example of the creation of anxiety leading to business success is the 1970s 'body freshness' revolution.

Hostility can be seen as the continued effort by a person to extort validation evidence in favour of a type of social prediction which has already been recognized as a failure by people who matter. Hostility manifests itself as attempts by people to persuade others to conform with their expectational norms in order to prevent their previously acquired images from being destroyed. It is thus a result of anxiety. Obvious examples of people often subjected to exhortations to conform with other people's images of normality are: teetotallers, alcoholics, hippies, skinheads, punkrockers, nuclear power lovers and friends of the earth, fascists and Marxists, positive and subjectivist economists. Hostility is, in this sense, inherent whenever there is a clash of world views, whenever one group claims another's values are rubbish (c.f. Thompson, 1979).

A firm attempting to cause customer anxiety in a particular area must be careful not to overstep the mark and produce consumer hostility instead. The risk of doing this is most acute where consumers are placed in a situation in which they are being shown, explicitly or implicitly, that their core tenets are misplaced. It is simply no use to design a product which dominates in what the consumer sees as less important dimensions but which, if chosen would cause anxiety at a higher level by threatening more important images. In such situations consumers will simply filter it from their attention (see Earl, 1980) unless already in a face to face situation with a salesperson. In the

latter case there is the possibility of success despite hostility due to the consumer fudging things to remove the inconsistency in order to avoid the destruction of an even higher level image (For example, if the consumer cannot conceive of a way of saying 'no' which is not at odds with the self-image something may be bought simply to save face against the salesperson). With less captive customers a firm is most likely to succeed in displacing its rivals if it shows potential purchasers how easy it has been even for people supposed to be experts to make the kind of mistake it is implied they have been making. The citation of reports from the press expressing surprise at improvements (a strategy currently being used by British Leyland in an attempt to change attitudes) is one way of doing this.

The arguments so far advanced may be drawn together as we consider, finally, aggression, defined as the active elaboration of one's perceptual field. People will attempt to expand the scale of their understanding and control over the world, but only so long as further exploration does not threaten to destroy previously cherished beliefs about themselves and the world without providing an acceptable alternative. Where a consumer has not yet experienced a product the task of a firm is to direct the consumer's aggressive activities towards it. The firm can provide ammunition for the construction of beliefs about which characteristics really do combine to form the products and display evidence showing how rival products will not conform to a person's expectations. By doing this the firm enables consumers to justify purchasing its product and avoid anxiety, making it easier for people to do things at variance with the world views of their reference groups. However, the firm must make some slightly implausible claims about the product, for only that which is in some degree mysterious can be other than boring and thus be deemed worthy of attention.

6. CONCLUSION

It has been suggested that positive economics is inherently weak in the area of consumer behaviour theory. An alternative, subjectivist view of the consumer has been proposed which clashes with the positive economists' image of economics since it draws freely upon ideas from other disciplines, and suggests that in order to formulate successful business policy it may be necessary to engage in fieldwork which investigates consumer perceptions. Because of this the paper is unlikely to get a reception from positive economists which is less than hostile. But the proof of any pudding lies in the eating. Firms are increasingly finding it helpful to study the exceptional dynamics of potential consumers and construct cognitive maps of common lifestyles. This activity, which is known as psychographics (see Engel et al., 1978) is based explicitly on the ideas we have used from the personal construct school of psychologists. The theory that has been proposed, with its emphasis on the dependence of choices on the ways in which people think, especially about their positions relative to others, also offers promise in the field of organizational design (Eden et al., 1979) and the study of labour market behaviour (c.f. Wood (1978), Baxter (1980)). With further development in these areas, then, and given its obvious advantages over the positive theories so far offered in situations of structural change, it may survive hostility and one day become part of the mainstream economist's kit of commonsense tools with practical applications.

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