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COGNITIVE MARKETING AS A MODERN MANAGEMENT STRATEGY

КОГНІТИВНИЙ МАРКТИНГ ЯК СУЧАСНА СТРАТЕГІЯ УПРАВЛІННЯ

КОГНИТИВНЫЙ МАРКЕТИНГ КАК СОВРЕМЕННАЯ СТРАТЕГИЯ УПРАВЛЕНИЯ

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Abstract. *The development and essence of the cognitive marketing are considered in the article. Cognitive marketing is based on cognitive psychology, behavioral economics, classical marketing, which, in addition to such synergy, allows to understand more deeply customer's behavior and develop tools of traditional marketing, to help create effective marketing strategies for product positioning and product development. Cognitive psychology examines various mental processes of a person, such as sensation and perception, pattern recognition, attention, learning, memory, concept formation, thinking, speech, emotions, and developmental processes. Behavioral economics combines the study of psychological and economic sciences. Studies in behavioral economics show that in many cases people are not inclined to act under the requirements of neoclassical economics and often show a tendency to completely irrational behavior. Cognitive marketing means the establishment of new needs, not previously assimilated by the consumer of the product, which not only will satisfy the functional tasks of the given product, but will establish a new style and standard of living, that consumers of this product will desire. In the article main effects of cognitive marketing, such as formation of new lifestyle and customer's culture, new rules and practices of using products and behavior within a set situation, new vogue, trends and ways to be unique and trendy by using defined brands are considered. Also, some successful examples of proper usage of cognitive marketing on international market are analyzed.*

Key words: *cognitive marketing, cognitive psychology, behavioral economics*

Анотація. *У статті розглянуто розвиток та суть когнітивного маркетингу. Когнітивний маркетинг це міждисциплінарний напрям, який поєднує когнітивну психологію, поведінкову економіку, класичний маркетинг, який за допомогою такої синергії дозволяє глибше зрозуміти споживчу поведінку та розширити інструменти дослідження та впливу традиційного маркетингу, допомогти побудувати ефективні маркетингові стратегії позиціонування і просування товару. Когнітивна психологія розглядає різні психічні процеси людини, такі як відчуття та сприйняття, розпізнавання образів, увага, навчання, пам'ять, формування понять, мислення, мова, емоції і процеси розвитку. Поведінкова економіка поєднує дослідження психологічних та економічних наук. Дослідження з поведінкової економіки показують, що в багатьох випадках люди не схильні чинити відповідно до*

приписів неокласичної економіки і часто демонструють схильність до абсолютно нерациональної поведінки. Когнітивний маркетинг має на меті створення нових, не усвідомлених раніше споживачем потреб у певному продукті, який не лише задовольнить функціональні, тобто основні завдання даного продукту, але й створить новий бажаний стиль і стандарт життя, якого будуть прагнути споживачі даного продукту. У статті розглядаються основні ефекти когнітивного маркетингу, такі як формування нового способу життя та культури споживання, нові правила та практика використання продуктів та поведінки у певній ситуації, нова мода, тенденції та способи бути унікальними та модними за допомогою певних брендів. Також проаналізовано кілька успішних прикладів правильного використання когнітивного маркетингу на міжнародному ринку.

Ключові слова: когнітивний маркетинг, когнітивна психологія, поведінкова економіка

Анотація. В статті розглянуто розвиток і суть когнітивного маркетингу. Когнітивний маркетинг – це міждисциплінарне напрямлення, яке об'єднує когнітивну психологію, поведінкову економіку, класичний маркетинг, який з допомогою такої синергії дозволяє глибше зрозуміти поведінку споживача і розширити інструменти дослідження і впливу традиційного маркетингу, допомогти побудувати ефективні маркетингові стратегії позиціонування і просування товару. Когнітивна психологія розглядає різні психічні процеси людини, такі як сприйняття і увага, розпізнавання образів, увага, навчання, пам'ять, формування понять, мислення, мова, емоції і процеси розвитку. Поведінкова економіка поєднує дослідження психологічних і економічних наук. Дослідження в сфері поведінкової економіки показують, що во многих випадках люди не схильні діяти згідно з рекомендаціями неокласичної економіки і часто демонструють схильність до абсолютно нерационального поведінки. Когнітивний маркетинг має на меті створення нових, неосознаних раніше споживачем потреб в певному продукті, який не тільки задовольнить функціональні, тобто основні завдання даного продукту, але й створить новий бажаний стиль і стандарт життя, якого будуть прагнути споживачі даного продукту. В статті розглядаються основні ефекти когнітивного маркетингу, такі як формування нового образу життя і культури споживання, нові правила і практика використання продуктів і поведінки в певній ситуації, нова мода, тенденції і способи бути унікальними і модними з допомогою певних брендів. Також проаналізовано кілька успішних прикладів правильного використання когнітивного маркетингу на міжнародному ринку.

Ключевые слова: когнітивний маркетинг, когнітивна психологія, поведінкова економіка

Introduction. In any economic relations in which a person operates, most decisions are made under the influence of social and cultural stereotypes, perceptions, erroneous and insufficient analysis of information and market uncertainty, which is influenced by subjective psychological and irrational factors. Without taking into account the peculiarities of consumer behavior, it is very difficult to predict the actions of actors in the economic and financial markets, consumer decisions to buy a certain brand, to develop effective strategies for managing international business. Another peculiarity of modern marketing-management is the capacity to offer to the customer new unique products, which will satisfy their unconscious needs and will create a new category or niche for the company. A new concept of cognitive marketing has emerged relatively recently and implies the emergence of a new approach to influencing consumer behavior, which means the formation of consumer consciousness, the creation of a style of consumption, which in the future will determine the demand for new product.

The purpose of research is to consider the formation and *essence* of cognitive marketing, analyze *some successful examples of its proper usage on the international market*.

Literature review. The concept of cognitive marketing includes not only marketing issues but also cognitive psychology and behavioral economics. The issues of cognitive psychology, which formed the basis for the formation of a cognitive approach in marketing, were studied by such prominent scientists as Jean Piaget (Piaget, 1990), Jerome Bruner (Bruner, 2001), Leo Vygotsky (Vygotsky, 1980), Ulrich Neisser (Neisser, 1967) and Robert Solso (Solso, 2011). The essence and principles of behavior of behavioral economics are described in the works of Leon Festinger (Festinger, 1957), Herbert Simon (Simon, 1955), Daniel Kahneman and Amos Tversky (Kahneman, Tversky, 1979; Kahneman, 2018). The concepts of cognitive marketing are considered in the works of Oksana Yuldasheva (Yuldasheva, 2006), Igor Yurasov (Yurasov, 2006), Viktor Fursov and Natalia Lazareva (Fursov, Lazareva, 2015). Cognitive marketing is a fairly new area of research that requires further development of its theoretical and methodological foundations, tools and mechanisms for influencing consumer behavior.

Research findings. The term cognitive marketing includes two concepts. The concept of marketing has many definitions and is quite multifaceted. Derived from the English «market» and can be translated as an activity aimed at market formation. In general, marketing means a philosophy of management, the company's activities focused on meeting the needs of specific consumers in a constantly changing market. Cognition, derived from the Latin «cognitio» (study, awareness) - a term denoting a person's ability to mentally perceive and process external information. Cognitive processes include memory, attention, perception, understanding, thinking, decision-making, that is, everything that allows a person to perceive the world around him. In the 60's of the twentieth century, the world underwent a cognitive revolution, which gave impetus to a more thorough study of these processes.

The concept of cognitive psychology, which emerged as an alternative to behaviorism, is the basis of cognitive marketing. This area examines various mental processes of a person, such as sensation and perception, pattern recognition, attention, learning, memory, concept formation, thinking, speech, emotions, and developmental processes. According to Robert Solso, cognitive psychology is how a person receives information about the world and imagines it, how it is stored in memory and transformed into knowledge, and how this knowledge affects our attention and behavior. Cognitive psychology views the psyche as a system of cognitive reactions that are related not only to external stimuli but also to internal values such as self-awareness and selective perception. Scientists study not just human behavior and reactions, but also cognitive processes that can be assessed by external manifestations. Cognitive psychologists argue that most information is processed by a person unconsciously, which accelerates the thought process and its effectiveness. Scientists who laid the foundations for the development of cognitive psychology are Jean Piaget, Jerome Bruner, Leo Vygotsky, Edward Tolman, Frederic Bartlett, Ulrich Neisser, whose theories underlie modern concepts and research (Fig. 1).

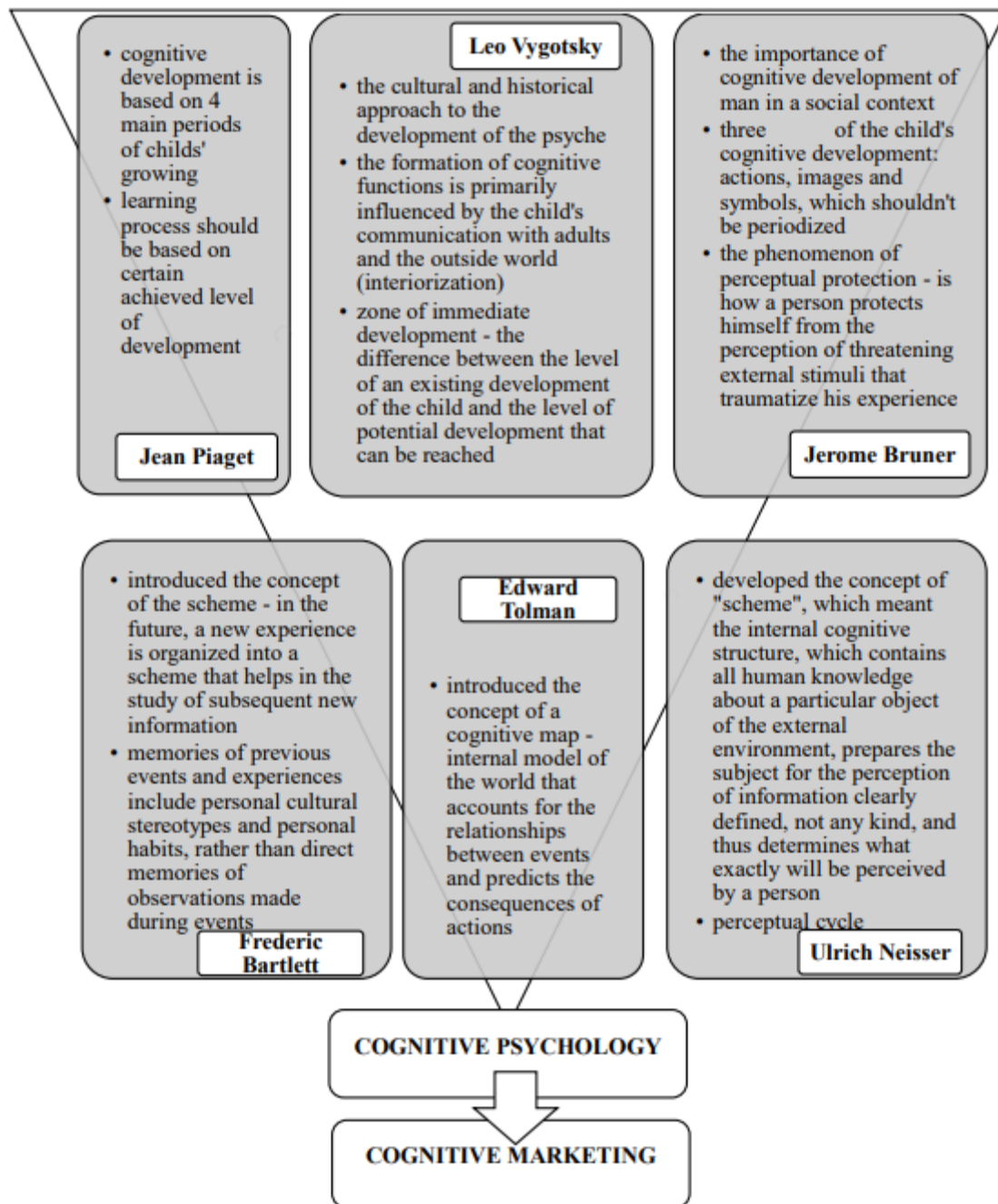


Figure 1. Foundations for the development of cognitive psychology as the basis of cognitive marketing, developed by the author, based on materials [1,2,3,4,5]

Cognitive marketing is also based on the concept of behavioral economics, which combines the study of psychological and economic sciences. Studies in behavioral economics show that in many cases people are not inclined to act under the requirements of neoclassical economics and often show a tendency to completely irrational behavior. All human decisions are almost always based on his subjective imagination, depend on his purpose, problem formulation, experience, habits and other personal characteristics. These factors influence the customers' behavior and change approaches, methods and instruments of classical marketing, complementing this with such new tendencies as a cognitive approach. Scientists who developed concept of behavioral economics are Maurice Allais, Leon Festinger, Herbert Simon, Daniel Kahneman and Amos Tversky, etc (Fig.2.).

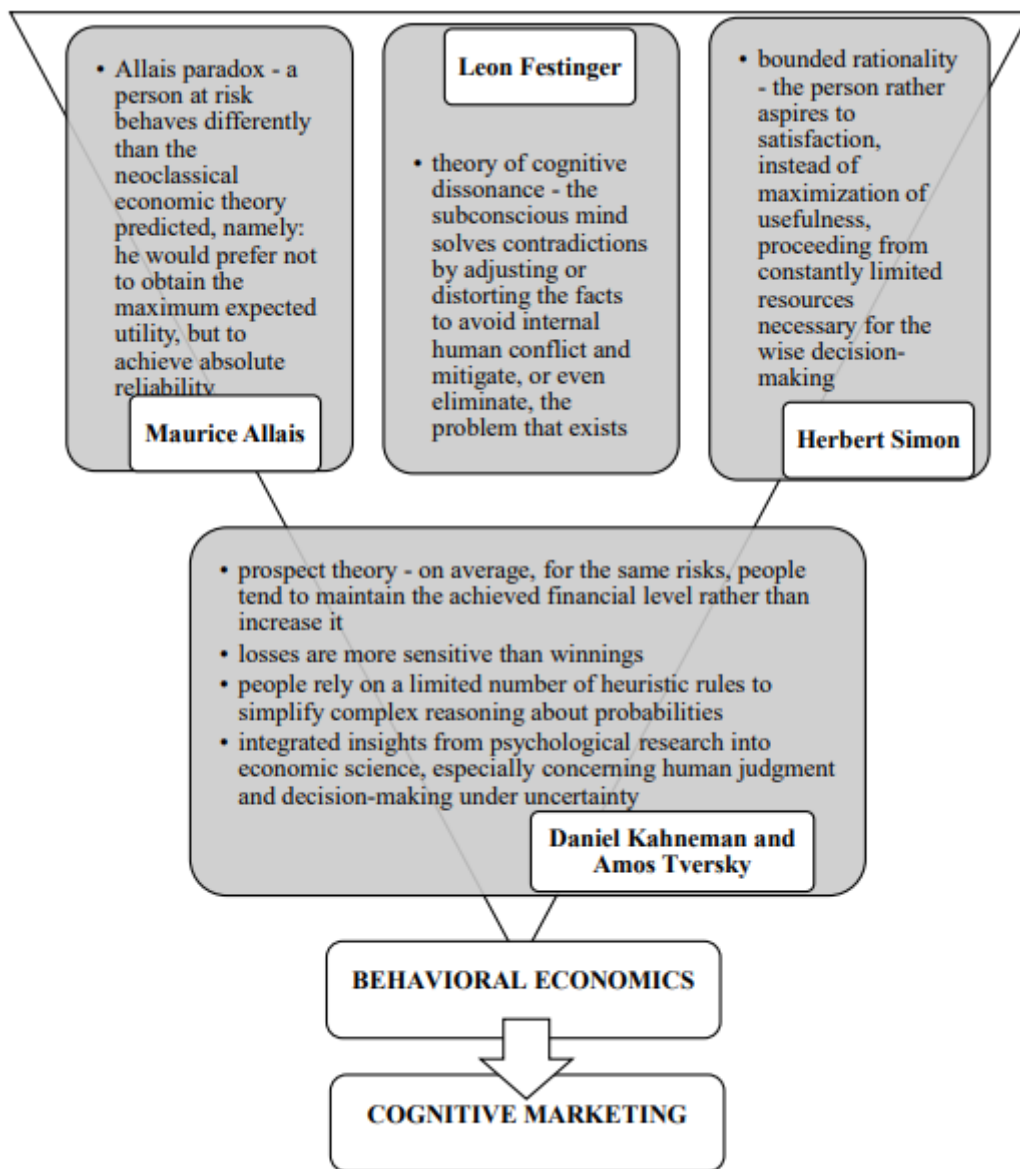


Figure 2. Foundations for the development of behavioral economics as the basis of cognitive marketing, developed by the author, based on materials [6,7,8]

Thus, cognitive marketing is based on cognitive psychology, behavioral economics, classical marketing, which, in addition to such synergy, will allow to understand more deeply customer's behavior and develop tools of traditional marketing, to help create effective marketing strategies for product positioning and product development. Developing and detailing ideas of scientists, who formulated this concept, we may note, that cognitive marketing means the establishment of new needs, not previously assimilated by the consumer of the product, which not only will satisfy the functional (basic) tasks of the given product, but will establish a new style and standard of living, that consumers of this product will desire. With the help of principles and approaches of cognitive marketing, companies can form the necessary ideas for a certain segment of consumers about the world, lifestyle and culture of consumption. Using such tools as propaganda, Public Relations, social marketing, the fashion for the desired preferences, habits of the consumer are formed and an environment for the ideal sale of certain products is created. If during the previous, marketing concept, for producers it was important to investigate the needs and wishes of clients and fulfill them into products and services, then during the modern relationship marketing concept, companies try to create necessary for them customers' culture and technology of consumption. Company should form a customer's cognition, perception, system of knowledge and preference, which generally create customers' culture. While forming customers' culture, company builds it's net of

potential customers and unites people with similar interests, lifestyle and views under one brand. Such a method of influence and promotion of goods uses a cognitive approach in marketing. As G. McCracken noted, goods are an opportunity to make culture material. Like any other species of material culture, goods allow individuals to discriminate visually among culturally specified categories by encoding these categories in the form of a set of material distinctions [9]. And today the new strategy of development for companies becomes technic of creation of new customers' culture and lifestyle, promoting under this idea new products and services. Growth and diversification of different categories of goods and services should be reconsidered as strategic direction for companies towards applying the policies and strategies for creating and preserving the new cultural values for potential customers.

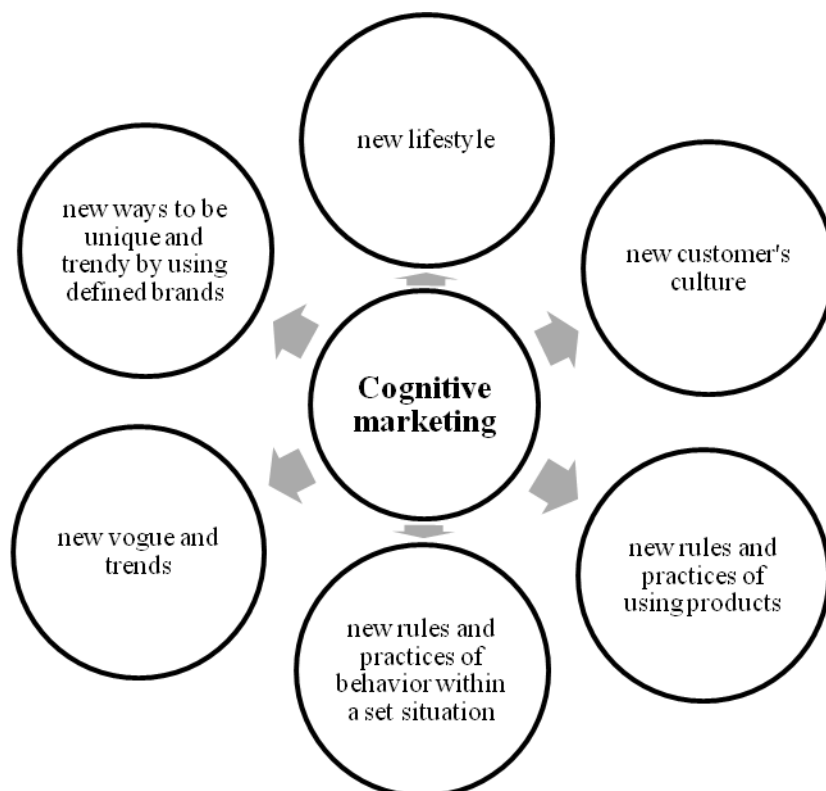


Figure 3. Effects of cognitive marketing, developed by the author

Today there are enough successful examples of proper usage of cognitive marketing. Such companies and products as Apple, Tesla Inc., Facebook, The Body Shop, Dove, Pampers, Lucky Strike, etc. implemented this strategy on the world market. It should be noted, that cognitive technics of marketing can be used with different levels of intensity. For example, O.Uldasheva identifies two main types of cognitive marketing implementation – creative and adaptive [10]. Indeed, in practice some companies create new customers' culture and lifestyle by themselves, provide society with new vogue and trends, new rules and practices of behavior within a set situation, using the company's products and services. Such marketing is very costly as it uses not only advertisement to promote its goods, but also propaganda, public relations to change peoples' attitudes towards some situation, and build new rules. Such cognitive marketing implementation is called creative. Among the examples, we may single out such companies and products as Apple, Tesla Inc., Facebook, The Body Shop, Lucky Strike, Listerine. Lucky Strike, Listerine, probably, are one of the earliest examples of using the cognitive approach. The case story of broadening the market for Lucky Strike brand to women using psychoanalysts while shaping public relations campaigns by E. Bernays is considered to be the classic example of the cognitive approach. Women who embraced cigarettes as symbolic of male power were given a possibility to contribute to the expansion of women's rights by lighting up cigarettes and smoking them for once in most public

places. In result, Lucky Strike brand was associated for women with a feeling of independence and women's rights, and as this movement was too popular at the beginning of XX century, it could generate new profit for American Tobacco Company, as could create new demand from a new segment of customers – women, who took up smoking. Another example of implementing a cognitive approach in marketing – Listerine – is known as a company, which invented such a medical condition as bad breath that requires treatment. Originally invented as a surgical antiseptic, thanks to a new marketing strategy became a mean for a happy marriage for people, who had a problem with bad breath. Listerine ran advertisements about the unmarried girl, who remained single, because of this problem, and the company promoted its antiseptic as a remedy for fresh breath. Indeed, this marketing campaign is a good example of creating new demand and customer's culture. Apple, Tesla and The Body Shop are good examples of modern companies, which marked the beginning of new categories of product, markets and social trends. Thanks to Apple customers found out that mobile phones can be without buttons and with a huge screen, that the main functions of this gadget are not only calling and messaging but also making photos, notes and listen to music. Tesla Inc. created a new vogue for electric cars and made world car producers bounce this idea. The Body Shop started campaigning to end animal testing in cosmetics and was the first global cosmetics company to fight it. Today this trend became fancy, and many well-known cosmetic companies produce goods without testing on animals. All these companies created a new lifestyle and customer culture in their segments, new vogue and trends, and new ways to be unique and trendy by using their brands.

Another type of cognitive marketing implementation can be described as adaptive. Using this strategy, companies don't create a new style of consumption but are looking for modern tendencies and try to adapt and develop them, discover the cognition and interests of customers, who follow these trends. Among examples of adaptive cognitive marketing strategy, we can single out such companies as Dove, Always, Uber, Volvo, Beyond Meat, Lush Cosmetics, Zara, etc. These companies try to follow modern social and ecological tendencies, such as: climate change (Beyond Meat produces plant-based meat, Lush Cosmetics provides all-natural bath and body goods, Zara provides Join Life collection - clothing line, which is made with forest friendly and animal friendly materials), human health (Beyond Meat produces plant-based meat, with greater or equal protein levels than their animal counterparts, no cholesterol, less saturated fat, and no antibiotics or hormones; different sport clubs with wide list of services for weight loss and proper nutrition), gender equality and women's empowerment (Dove provides advertisements and projects to help girls to raise their self-esteem and realise their full potential; Always provides LikeAGirl campaign to help girls everywhere keep their confidence by tackling the societal limitations that stand in their way), sharing economy (Uber provides rent of bike and scooter with the Uber app; Airbnb provides a platform for hosts to accommodate guests with short-term lodging and tourism-related activities).

Conclusion. Cognitive marketing is based on cognitive psychology, behavioral economics, classical marketing, which, in addition to such synergy, will allow to understand more deeply customer's behavior and develop tools of traditional marketing, to help create effective marketing strategies for product positioning and product development. Developing and detailing ideas of scientists, who formulated this concept, we may note, that cognitive marketing means the establishment of new needs, not previously assimilated by the consumer of the product, which not only will satisfy the functional (basic) tasks of the given product, but will establish a new style and standard of living, that consumers of this product will desire. Today the new strategy of development for companies becomes technic of creation of new customers' culture and lifestyle, promoting under this idea new products and services. Growth and diversification of different categories of goods and services should be reconsidered as strategic direction for companies towards applying the policies and strategies for creating and preserving the new cultural values for potential customers. Today there are enough successful examples of proper usage of cognitive marketing. Such companies and products as Apple, Tesla Inc., Facebook, The Body Shop, Dove, Pampers, Lucky Strike, Dove, Always, Uber, Volvo, Beyond Meat, Lush Cosmetics, Zara

implemented this strategy on the world market. They creates a new lifestyle and customer culture in their segments, new vogue and trends, and new ways to be unique and trendy by using their brands.

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ЗМІСТ

ПОЛІТИЧНІ ПРОБЛЕМИ МІЖНАРОДНИХ ВІДНОСИН

Koppel O.A., Parkhomchuk O.S. Megatrends In The Middle East.....	4
Nanavov A. S., Mamishova N. Sh. GUAM TRANSPORT CORRIDOR: POLITICS VS. ECONOMICS IN INTERNATIONAL RELATIONS.....	15
Efendiyeva A. F. Azerbaijani-Ukrainian relations in the sphere of art in the era of globalization.....	25

СУЧАСНА СИСТЕМА МІЖНАРОДНОГО ПРАВА

Fedorova A. L., Lysenko O. M. THE EUROPEAN SOCIAL CHARTER STANDARDS OF RIGHT TO HOUSING: UKRAINE'S COMPLIANCE WITH COMMITMENTS	34
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ОСОБЛИВОСТІ РОЗВИТКУ СВІТОВОГО ГОСПОДАРСТВА ТА МЕВ

Chugaiev O. A. Foreign trade strength of countries under the COVID-19 pandemic.....	45
Zayats O. I. TRADE AND COMPETITIVE COOPERATION OF THE EU WITH THE MAJOR INTERNATIONAL INTEGRATION GROUPINGS.....	57
Nosova O. V. Perspectives System Transformation and Development Issues	69
Pryiatelchuk O. A., Bekh A. A. CONCEPTUALIZATION OF THE DIGITAL MEDIA MARKET IN THE CONTEXT OF THE WORLD ECONOMY.....	85
Krykun V.A. COGNITIVE MARKETING AS A MODERN MANAGEMENT STRATEGY.....	96

**АКТУАЛЬНІ ПРОБЛЕМИ
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